

Pinetree Securities Corporation

Financial statements

For the year ended 31 December 2021



Pinetree Securities Corporation

Financial statements

For the year ended 31 December 2021



Pinetree Securities Corporation

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Pinetree Securities Corporation

GENERAL INFORMATION

THE COMPANY

Pinetree Securities Corporation (“the Company”), initially HFT Securities Corporation, is a joint stock company established under Vietnam Law on Enterprises, Securities Trading License No. 10/GPHDKD issued by the State Securities Commission for the first time on 18 February 2003 with initial charter capital at VND 6,000,000,000. The Company’s charter capital was approved to increase to VND 970,000,000,000 in accordance with the latest amended License No. 127/GPDC-UBCK dated 27 December 2021 granted by the State Securities Commission.

As at 31 December 2021, total charter capital of the Company was VND 970,000,000,000 (as at 31 December 2020: VND 615,000,000,000).

The Company’s head office is located at Floor 20th, TNR Tower, 54A Nguyen Chi Thanh street, Lang Thuong ward, Dong Da district, Hanoi.

The Company’s current principal activities are:

- ▶ Brokerage services,
- ▶ Underwriting for securities issuance,
- ▶ Financial and investment advisory services,
- ▶ Proprietary trading,
- ▶ Securities depository, and
- ▶ Other services in accordance with law and regulations applicable to securities companies.

BOARD OF DIRECTORS

Members of the Board of Directors during the year and at the date of this report are:

Mr. Noh Eun Woo	Chairman	Appointed on 22 October 2021
Mr. Yoo Chang Min	Chairman	Resigned on 22 October 2021
Mr. Lee Jun Hyuck	Member	Appointed on 15 May 2019
Mr. Nguyen Huy Duong	Member	Appointed on 15 May 2019

BOARD OF SUPERVISION

Members of the Board of Supervision during the year and at the date of this report are:

Ms. Chu Thi Lua	Head of the Board of Supervision	Appointed on 15 May 2019
Mr. Lee Jun Hyeob	Member	Appointed on 15 May 2019
Mr. Kim Ji Yoon	Member	Appointed on 15 May 2019

MANAGEMENT AND CHIEF ACCOUNTANT

Member of the Management and the Chief Accountant during the year and at the date of this report are:

Mr. Lee Jun Hyuck	General Director	Appointed on 15 May 2019
Ms. Dinh Thi Lan Phuong	Chief Accountant	Appointed on 4 October 2019

Pinetree Securities Corporation

GENERAL INFORMATION (continued)

LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr. Lee Jun Hyuck – General Director.

AUDITORS

The auditors of the Company are Ernst & Young Vietnam Limited.

Pinetree Securities Corporation

REPORT OF MANAGEMENT

Management of Pinetree Securities Corporation (“the Company”) is pleased to present its report and the Company’s financial statements for the year ended 31 Decemer 2021.

MANAGEMENT’S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

Management of the Company is responsible for the financial statements of each financial year that give a true and fair view of the financial position of the Company and of the results of its operation, its cash flows and its changes in equity for the year. In preparing those financial statements, Management is required to:

- ▶ select suitable accounting policies and apply them consistently;
- ▶ make judgments and estimates that are reasonable and prudent;
- ▶ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ▶ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue its business.

Management of the Company is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

Management of the Company confirmed that it has complied with the above requirements in preparing the accompanying financial statements.

STATEMENT BY MANAGEMENT

The Company’s Management does hereby states that, in its opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, the results of its operations, its cash flows and its changes in equity for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, accounting guidance applicable to securities companies and the statutory requirements relevant to the preparation and presentation of the financial statements.

On behalf of Management:



Mr. Lee Jun Hyuck
General Director

Hanoi, Vietnam

25 March 2022

Reference: 61591189/22723503

INDEPENDENT AUDITORS' REPORT

**To: The Shareholders of
Pinetree Securities Corporation**

We have audited the accompanying financial statements of Pinetree Securities Corporation ("the Company") as prepared on 25 March 2022 and set out on pages 6 to 50, which comprise the statement of financial position as at 31 December 2021, the income statement, cash flow statement, statement of changes in equity for the year then ended and the notes thereto.

Management's responsibility

Management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, accounting guidance applicable to securities companies and the statutory requirements relevant to the preparation and presentation of the financial statements, and for such internal control as Management determines is necessary to enable the preparation and presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

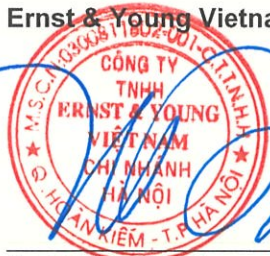
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of the Company as at 31 December 2021, and of the results of its operations, its cash flows and its changes in equity for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, accounting guidance applicable to securities companies and the statutory requirements relevant to preparation and presentation of the financial statements.

Ernst & Young Vietnam Limited



Dang Phuong Ha
Deputy General Director
Audit Practising Registration
Certificate No. 2400-2018-004-1



A blue ink signature of Nguyen Van Trung.

Nguyen Van Trung
Auditor
Audit Practising Registration
Certificate No. 3847-2021-004-1

Hanoi, Vietnam

25 March 2022

STATEMENT OF FINANCIAL POSITION
as at 31 December 2021

Code	ITEMS	Notes	31/12/2021 VND	31/12/2020 VND
100	A. CURRENT ASSETS		2,052,345,296,273	584,475,119,055
110	I. Financial assets		2,047,152,622,109	581,650,240,722
111	1. Cash and cash equivalents	5	43,325,119,239	297,756,538
111.1	1.1 Cash		43,325,119,239	297,756,538
112	2. Financial assets at fair value through profit or loss ("FVTPL")	7.1	106,545,727,849	51,801,239,280
113	3. Held-to-maturity ("HTM") investments	7.2	200,000,000,000	105,500,000,000
114	4. Loans	7.3	1,685,666,532,157	392,234,082,061
117	5. Receivables	8	9,024,311,509	2,857,469,348
117.1	5.1 Receivables from disposals of financial assets		-	2,880,000
117.2	5.2 Receivables and accruals from dividend and interest income		9,024,311,509	2,854,589,348
117.4	5.2.1 Undue accrued dividend and interest		9,024,311,509	2,854,589,348
118	6. Advances to suppliers	9	1,608,436,050	25,977,961,372
119	7. Receivables from services provided by the Company	10	311,753,427	54,913,693
122	8. Other receivables	11	670,741,878	2,926,818,430
130	II. Other current assets		5,192,674,164	2,824,878,333
133	1. Short-term prepaid expenses	13	3,845,824,818	1,467,806,092
134	2. Short-term deposits, collaterals and pledges	12	42,937,250	92,437,250
135	3. Deductible value added tax		1,213,353,101	1,174,075,996
136	4. Tax and other receivables from the State		90,558,995	90,558,995
200	B. NON-CURRENT ASSETS		79,083,135,585	36,522,656,067
220	I. Fixed assets		68,623,929,768	25,494,488,889
221	1. Tangible fixed assets	14	13,927,968,848	16,746,879,107
222	1.1 Cost		20,798,267,453	20,580,523,453
223a	1.2 Accumulated depreciation		(6,870,298,605)	(3,833,644,346)
227	2. Intangible assets	15	54,695,960,920	8,747,609,782
228	2.1 Cost		64,932,967,401	11,401,885,501
229a	2.2 Accumulated amortization		(10,237,006,481)	(2,654,275,719)
240	II. Construction in progress	16	-	2,232,405,318
250	III. Other non-current assets		10,459,205,817	8,795,761,860
251	1. Long-term deposits, collaterals and pledges	17	1,294,406,840	842,617,500
252	2. Long-term prepaid expenses	18	2,421,920,553	3,399,108,396
254	3. Payments to Settlement Assistance Fund	19	6,742,878,424	4,554,035,964
270	TOTAL ASSETS		2,131,428,431,858	620,997,775,122

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STATEMENT OF FINANCIAL POSITION (continued)
as at 31 December 2021

Code	ITEMS	Notes	31/12/2021 VND	31/12/2020 VND
300	C. LIABILITIES		666,656,362,542	46,608,363,413
310	I. Current liabilities		666,656,362,542	46,608,363,413
311	1. Short-term borrowings and financial leases		648,940,000,000	39,545,000,000
312	1.1 Short-term borrowings	20	648,940,000,000	39,545,000,000
318	2. Payables for securities trading activities	21	4,206,362,232	1,021,877,010
320	3. Short-term trade payables	22	608,443,388	2,170,913,798
322	4. Tax and other payables to the State	23	8,708,557,877	2,611,673,716
323	5. Payables to employees		8,549,209	178,234,696
325	6. Short-term accrued expenses	24	4,001,977,804	1,080,664,193
329	7. Other short-term payables		182,472,032	-
400	D. OWNERS' EQUITY		1,464,772,069,316	574,389,411,709
410	I. Owners' equity	25	1,464,772,069,316	574,389,411,709
411	1. Share capital		1,480,000,000,000	615,000,000,000
411.1	1.1 Contributed capital	25.1	970,000,000,000	615,000,000,000
411.1a	1.1.1 Ordinary shares		970,000,000,000	615,000,000,000
	1.2 Share premium	25.2	510,000,000,000	-
415	2. Operational risk and financial reserve		1,321,976,000	1,321,976,000
417	3. Undistributed loss		(16,549,906,684)	(41,932,564,291)
417.1	3.1 Realized loss	25.3	(16,601,767,901)	(41,926,134,713)
417.2	3.2 Unrealized profit/(loss)		51,861,217	(6,429,578)
440	TOTAL LIABILITIES AND OWNERS' EQUITY		2,131,428,431,858	620,997,775,122

STATEMENT OF FINANCIAL POSITION (continued)
as at 31 December 2021

OFF-BALANCE SHEET ITEMS

Code	ITEMS	Notes	31/12/2021 VND	31/12/2020 VND
A. ASSETS OF THE COMPANY AND ASSETS MANAGED UNDER AGREEMENTS				
006	Outstanding shares (number of shares)	25.4	97,000,000	61,500,000
008	Financial assets listed/registered for trading at the Vietnam Securities Depository ("VSD") of the Company	26.1	70,540,000	9,930,000
009	Non-traded financial assets deposited at VSD of the Company		230,000	-
012	Financial assets which have not been deposited at VSD of the Company		600,000	-
B. ASSETS AND PAYABLES UNDER AGREEMENTS WITH INVESTORS				
021	Financial assets listed/registered for trading at the VSD of investors	26.2	2,578,529,920,000	1,355,861,320,000
021.1	<i>Unrestricted financial assets</i>		2,269,657,150,000	732,505,550,000
021.2	<i>Restricted financial assets</i>		610,000,000	412,000,000
021.3	<i>Mortgaged financial assets</i>		-	523,400,000,000
021.4	<i>Blocked financial assets</i>		9,879,000,000	9,879,000,000
021.5	<i>Financial assets awaiting settlement</i>		298,383,770,000	89,664,770,000
026	Investors' deposits	26.3	946,504,709,202	266,804,499,176
027	Investors' deposits for securities trading activities managed by the Company	26.3	946,504,709,202	266,804,499,176
031	Payables to investors for deposits for securities trading activities managed by the Company	26.4	946,382,044,627	266,783,029,176
031.1	<i>Payables to domestic investors for deposits for securities trading activities managed by the Company</i>		934,304,766,762	254,177,999,374
031.2	<i>Payables to foreign investors for deposits for securities trading activities managed by the Company</i>		12,077,277,865	12,605,029,802
035	Dividend, bond principal and interest payables		122,664,575	21,470,000

Prepared by:


Ms. Tran Thi Minh Hien
Accountant

Reviewed by:


Ms. Dinh Thi Lan Phuong
Chief Accountant

Approved by:

Mr. Lee Jun Hyuck
General Director

Hanoi, Vietnam

25 March 2022

INCOME STATEMENT
for the year ended 31 December 2021

Code	ITEMS	Notes	2021 VND	2020 VND
	I. OPERATING INCOME			
01	1. Gain from financial assets at fair value through profit or loss ("FVTPL")		10,330,556,189	308,879,824
01.1	1.1 Gain from disposals of financial assets at FVTPL	27.1	7,441,728,532	302,207,404
01.2	1.2 Gain from revaluation of financial assets at FVTPL	27.2	123,368,070	5,888,720
01.3	1.3 Dividend, interest income from financial assets at FVTPL	27.3	2,765,459,587	783,700
02	2. Gain from held-to-maturity ("HTM") investments	27.3	7,743,816,440	19,424,279,307
03	3. Gain from loans and receivables	27.3	89,115,083,778	16,205,834,725
06	4. Revenue from brokerage services		35,032,277,805	11,288,421,762
09	5. Revenue from securities depository services		1,528,850,294	613,081,665
10	6. Revenue from financial advisory services		-	18,181,818
11	7. Revenue from other activities		570,962,835	83,196,848
20	Total operating income		144,321,547,341	47,941,875,949
	II. OPERATING EXPENSES			
21	1. Loss from financial assets at FVTPL		698,836,750	12,045,795
21.1	1.1 Loss from disposals of financial assets at FVTPL	27.1	601,360,400	330,000
21.2	1.2 Loss from revaluation of financial assets at FVTPL	27.2	65,077,275	2,615,070
21.3	1.3 Transaction costs for acquisition of financial assets at FVTPL		32,399,075	9,100,725
26	2. Expenses for proprietary trading activities		102,121,636	13,932,454
27	3. Expenses for brokerage services	28	71,965,330,290	43,007,643,332
30	4. Expenses for securities depository services		1,137,550,305	594,058,355
32	5. Expenses for other activities		4,718,447	3,543,823
40	Total operating expenses		73,908,557,428	43,631,223,759
	III. FINANCIAL INCOME			
42	1. Dividend and interest income from demand deposits	29	1,743,950,950	844,544,945
44	2. Other financial income	29	538,098,159	-
50	Total financial income		2,282,049,109	844,544,945
	IV. FINANCIAL EXPENSES			
52	1. Interest expenses from borrowings		9,313,209,205	651,443,069
55	2. Other financial expenses		4,796,466,983	-
60	Total financial expenses	30	14,109,676,188	651,443,069
62	V. GENERAL & ADMINISTRATIVE EXPENSES	31	33,171,221,905	27,913,317,139

INCOME STATEMENT (continued)
for the year ended 31 December 2021

Code	ITEMS	Notes	2021 VND	2020 VND
70	VI. OPERATING PROFIT/(LOSS)		25,414,140,929	(23,409,563,073)
	VII. OTHER INCOME AND EXPENSES			
71	1. Other income		35,630,066	-
72	2. Other expenses		67,113,388	-
80	Total other operating loss		(31,483,322)	-
90	VIII. PROFIT/(LOSS) BEFORE TAX		25,382,657,607	(23,409,563,073)
91	1. Realized profit/(loss)		25,324,366,812	(23,412,836,723)
92	2. Unrealized profit		58,290,795	3,273,650
100	IX. CORPORATE INCOME TAX ("CIT") EXPENSES		-	-
100.1	1. Current CIT expenses	32	-	-
200	X. PROFIT/(LOSS) AFTER TAX		25,382,657,607	(23,409,563,073)
501	Earnings/ (Loss) per share	33	307	(381)

Prepared by:

Reviewed by:

Approved by:



Ms. Tran Thi Minh Hien
Accountant



Ms. Dinh Thi Lan Phuong
Chief Accountant



Mr. Lee Jun Hyuck
General Director

Hanoi, Vietnam

25 March 2022

CASH FLOW STATEMENT
for the year ended 31 December 2021

Code	ITEMS	Notes	2021 VND	2020 VND
	I. CASH FLOW FROM OPERATING ACTIVITIES			
01	1. Profit/(Loss) before tax		25,382,657,607	(23,409,563,073)
02	2. Adjusted for		(29,658,888,454)	(5,296,703,096)
03	Depreciation and amortization		10,619,385,021	4,040,740,050
06	Interest expenses from borrowings	30	9,313,209,205	651,443,069
07	Gain/(Loss) from investing activities		458,467,649	(844,544,945)
08	Accrued interest		(50,049,950,329)	(9,144,341,270)
10	3. Increase in non-monetary expenses		65,077,275	2,615,070
11	Loss from revaluation of financial assets at FVTPL	27.2	65,077,275	2,615,070
18	4. Decrease in non-monetary income		(123,368,070)	(5,888,720)
19	Gain from revaluation of financial assets at FVTPL	27.2	(123,368,070)	(5,888,720)
30	5. Operating loss before changes in working capital		(1,402,629,316,483)	(174,209,658,280)
31	Increase in financial assets at FVTPL		(54,686,197,774)	(51,785,205,500)
32	(Increase)/Decrease in HTM investments		(94,500,000,000)	189,375,685,000
33	Increase in loans		(1,293,432,450,096)	(325,142,904,122)
35	Decrease/(Increase) in receivables from disposals of financial assets		2,880,000	(2,880,000)
36	Decrease in receivables and accruals from dividend and interest income		43,880,228,168	10,592,747,477
37	Decrease/(Increase) in receivables from services provided by the Company		(256,839,734)	79,137,401
39	Increase in other receivables		2,256,076,552	(1,510,733,393)
40	Increase in other assets		(2,228,119,565)	(1,615,893,931)
41	(Decrease)/Increase in accrued expenses (excluding interest expenses)		(134,871,130)	222,062,211
42	(Increase)/Decrease in prepaid expenses		(1,400,830,883)	656,578,807
44	Interest paid		(8,459,443,063)	(628,910,652)
45	(Decrease)/ Increase in trade payables		(2,561,615,546)	3,304,560,139
47	Increase in tax and payables to the State (excluding CIT paid)		6,096,884,161	1,606,398,501
48	(Decrease)/Increase in payables to employees		(169,685,487)	8,419,960
50	Increase in other payables		3,366,957,254	631,279,822
51	Other receipts from operating activities		96,540,000	-
52	Other payments for operating activities		(498,829,340)	-
60	Net cash flows used in operating activities		(1,406,963,838,125)	(202,919,198,099)

CASH FLOW STATEMENT (continued)
for the year ended 31 December 2021

Code	ITEMS	Notes	2021 VND	2020 VND
	II. CASH FLOW FROM INVESTING ACTIVITIES			
61	1. Payments for purchase & construction of fixed assets, investment properties and other long-term assets		(26,147,750,124)	(21,769,726,206)
65	2. Interest from loans, dividends from long-term investments received		1,743,950,950	844,544,945
70	Net cash flows used in investing activities		(24,403,799,174)	(20,925,181,261)
	III. CASH FLOW FROM FINANCING ACTIVITIES			
71	1. Proceeds from share issuance, capital contribution from owners		865,000,000,000	-
73	2. Drawdown of borrowings		4,020,049,000,000	800,459,703,950
73.1	2.1 Borrowings from others		4,020,049,000,000	800,459,703,950
74	3. Repayment of borrowings		(3,410,654,000,000)	(760,914,703,950)
80	Net cash flows from financing activities		1,474,395,000,000	39,545,000,000
90	NET CASH FLOW DURING THE YEAR		43,027,362,701	(184,299,379,360)
101	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		297,756,538	184,597,135,898
101.1	Cash		297,756,538	44,597,135,898
101.2	Cash equivalents		-	140,000,000,000
103	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5	43,325,119,239	297,756,538
103.1	Cash		43,325,119,239	297,756,538

CASH FLOW STATEMENT (continued)
for the year ended 31 December 2021

CASH FLOWS FROM BROKERAGE AND TRUST ACTIVITIES OF CUSTOMERS

Code	ITEMS	Notes	2021 VND	2020 VND
	I. Cash flows from brokerage and trust activities of customers			
01	1. Cash receipts from disposal of brokerage securities of customers		50,058,398,912,850	10,402,825,783,650
02	2. Cash payments for purchase of brokerage securities of customers		(53,687,122,923,100)	(10,655,155,219,900)
07	3. Cash receipts for settlement of securities transactions of customers		40,855,875,171,797	11,936,323,623,345
08	4. Cash payment for settlement of securities transactions of customers		(36,547,552,146,096)	(11,474,669,782,412)
14	5. Cash receipts from securities issuers		92,601,233,685	48,958,263,625
15	6. Cash payments for securities issuers		(92,500,039,110)	(48,937,743,625)
20	Net increase in cash during the year		679,700,210,026	209,344,924,683
30	II. Cash and cash equivalents of customers at the beginning of the year		266,804,499,176	57,459,574,493
31	Cash at banks at the beginning of the year		266,804,499,176	57,459,574,493
32	Investors' deposits managed by the Company for securities trading activities		266,804,499,176	57,459,574,493
40	III. Cash and cash equivalents of customers at the end of the year		946,504,709,202	266,804,499,176
41	Cash at banks at the end of the year		946,504,709,202	266,804,499,176
42	Investors' deposits managed by the Company for securities trading activities		946,504,709,202	266,804,499,176

Prepared by:



Ms. Tran Thi Minh Hien
Accountant

Reviewed by:



Ms. Dinh Thi Lan Phuong
Chief Accountant

Approved by:



Mr. Lee Jun Hyuck
General Director

Hanoi, Vietnam

25 March 2022

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2021

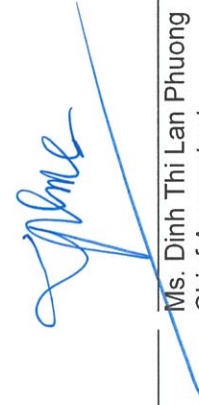
ITEMS	Opening balance		Increase/Decrease				Closing balance	
	01/01/2020 VND	01/01/2021 VND	Prior year		Current year		31/12/2020 VND	31/12/2021 VND
			Increase VND	Decrease VND	Increase VND	Decrease VND		
I. CHANGES IN OWNERS' EQUITY								
1. Share capital	615,000,000,000	615,000,000,000	-	-	355,000,000,000	-	615,000,000,000	970,000,000,000
1.1 Ordinary shares	615,000,000,000	615,000,000,000	-	-	355,000,000,000	-	615,000,000,000	970,000,000,000
2. Share premium	-	-	-	-	510,000,000,000	-	-	510,000,000,000
3. Operational risk and financial reserve	1,321,976,000	1,321,976,000	-	-	-	-	1,321,976,000	1,321,976,000
4. Undistributed loss	(18,523,001,218)	(41,932,564,291)	3,273,650	(23,412,836,723)	25,382,657,607	-	(41,932,564,291)	(16,549,906,684)
4.1 Realized loss	(18,513,297,990)	(41,926,134,713)	-	(23,412,836,723)	25,324,366,812	-	(41,926,134,713)	(16,601,767,901)
4.2 Unrealized profit/(loss)	(9,703,228)	(6,429,578)	3,273,650	-	58,290,795	-	(6,429,578)	51,861,217
TOTAL	597,798,974,782	574,389,411,709	3,273,650	(23,412,836,723)	890,382,657,607	-	574,389,411,709	1,464,772,069,316

Prepared by:



Ms. Tran Thi Minh Hien
Accountant

Reviewed by:



Ms. Dinh Thi Lan Phuong
Chief Accountant



Mr. Lee Jun Hyuck
General Director

Hanoi, Vietnam

25 March 2022

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2021 and for the year then ended

1. CORPORATE INFORMATION

Pinetree Securities Corporation (“the Company”), initially HFT Securities Corporation, is a joint stock company established under Vietnam Law on Enterprises, Securities Trading License No. 10/GPHDKD issued by the State Securities Commission for the first time on 18 February 2003 with initial charter capital at VND 6,000,000,000. The Company’s charter capital was approved to increase to VND 970,000,000,000 in accordance with the latest amended License No. 127/GPDC-UBCK dated 27 December 2021 granted by the State Securities Commission.

The Company’s principal activities are to provide brokerage services, securities underwriting, financial and investment advisory services, proprietary trading, securities depository, and other services in accordance with law and regulations applicable to securities companies.

The Company’s head office is located at floor 20th, TNR Tower, 54A Nguyen Chi Thanh street, Lang Thuong ward, Dong Da district, Hanoi.

The total number of employees of the Company as at 31 December 2021 was 72 persons (as at 31 December 2020: 59 persons).

Operations of the Company

Charter capital

As at 31 December 2021, total charter capital of the Company was VND 970,000,000,000 (as at 31 December 2020: VND 615,000,000,000).

Investment objectives

The Company is a securities company with current principal activities are to provide brokerage services; financial and investment advisory services; proprietary trading; securities depository services and other services in accordance with legal regulations applicable to securities companies. The Company’s objective is going to be one of the leading securities companies in the market, contributing to the development of the Vietnamese stock market and bringing core benefits to customers, investors and shareholders of the Company.

Investment restrictions

The Company complies with Article 28 of Circular No. 121/2020/TT-BTC dated 31 December 2020 regulating the operation of securities companies and current applicable regulations on investment restrictions. The current applicable practices on investment restrictions are as follows:

- ▶ A securities company is not allowed to purchase, contribute capital to invest in properties except for the use of head office, branches, and transaction offices directly serving operating activities of the securities company;
- ▶ A securities company may purchase, contribute capital to invest in properties and fixed assets on the principle that the carrying value of fixed assets and investment properties should not exceed fifty percent (50%) of the total assets of the securities company;
- ▶ A securities company is not allowed to use more than seventy percent (70%) of its owners’ equity to invest in corporate bonds. A securities company, licensed to engage in propriety trading, is allowed to repurchase listed bonds in accordance with relevant regulations on securities repurchase agreement;



NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

1. CORPORATE INFORMATION (continued)

Operations of the Company (continued)

Investment restrictions (continued)

- ▶ A securities company must not by itself, or authorize another organizations or individuals to:
 - Invest in shares or contribute capital to companies that owned more than fifty percent (50%) of the charter capital of the securities company, except for purchasing of odd shares per request of customers;
 - Make joint investments with a related party in five percent (5%) or more of the charter capital of another securities company;
 - Invest more than twenty percent (20%) in the total circulating shares or fund certificates of a listed entity;
 - Invest more than fifteen percent (15%) in the total circulating shares or fund certificates of a non-listed entity, this provision shall not apply to member fund, exchange-traded fund and open-ended fund certificates;
 - Invest or contribute capital in more than ten percent (10%) of the total contributed capital of a limited liability company or a business project;
 - Invest or contribute capital more than fifteen percent (15%) of its owners' equity in an entity or a business project;
 - Invest more than seventy percent (70%) of its owners' equity in shares, capital contribution and business projects, specifically invest more than twenty percent (20%) of its owners' equity in non-listed shares, capital contribution and business projects.

2. BASIS OF PREPARATION

2.1 *Applied accounting standards and systems*

The financial statements of the Company expressed in Vietnam dong ("VND") are prepared in accordance with Vietnamese Enterprise Accounting System, accounting guidance applicable to securities companies as set out in Circular No. 210/2014/TT-BTC dated 30 December 2014 ("Circular 210"), Circular No. 334/2016/TT-BTC dated 27 December 2016 amending, supplementing and replacing Appendix No. 02 and No. 04 of Circular 210, Circular No. 146/2014/TT-BTC dated 6 October 2014 providing guidance on financial regime applicable to securities companies and asset management companies and other Vietnamese Accounting Standards promulgated by the Ministry of Finance as per:

- ▶ Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 1);
- ▶ Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 2);
- ▶ Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 3);
- ▶ Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 4); and
- ▶ Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 5).

2.2 *Applied accounting documentation system*

The Company's applied accounting documentation system is the General Journal.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

2. BASIS OF PREPARATION (continued)

2.3 *Fiscal year*

The Company's fiscal year starts on 01 January and ends on 31 December.

2.4 *Accounting currency*

The financial statements are prepared in Vietnam Dong ("VND"), which is also the accounting currency of the Company.

3. STATEMENT OF COMPLIANCE WITH VIETNAMESE ACCOUNTING STANDARDS AND SYSTEMS

Management confirms that the Company has complied with Vietnamese Accounting Standards and Vietnamese Enterprise Accounting Systems, accounting regulations and guidance applicable to securities companies and the statutory requirements relevant to the preparation and presentation of financial statements.

Accordingly, the accompanying financial statements and their utilization are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the financial position, results of operation, cash flows and changes in equity in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 *Changes in accounting policies and disclosures*

The accounting policies adopted by the Company in the preparation and presentation of the financial statements are consistent with those used in the preparation and presentation of the financial statements for the year ended 31 December 2020.

New regulations have been issued but not yet effective

On 17 December 2021, the Ministry of Finance issued Circular No. 114/2021/TT-BTC to abolish Circular No. 146/2014/TT-BTC of the Minister of Finance guiding the financial regulations for securities companies, fund management companies ("Circular 114"). The main changes of Circular 114 include:

- ▶ Securities companies, fund management companies, and branches of foreign fund management companies licensed to establish and operate in Vietnam implement regulations on determination of making and settling provisions for devaluation of inventory, losses of investments, bad debts in accordance with Circular 48/2019/TT-BTC dated 8 August 2019 of the Minister of Finance providing guidance on making and settling provisions for devaluation of inventory, losses of investments, bad debts and warranty at enterprises and amending, supplementing and replacing documents (if any);
- ▶ For the balance of the additional reserve fund of charter capital set up in accordance with Circular No. 146/2014/TT-BTC: used to adjust and supplement the charter capital in accordance with current regulations;
- ▶ For the balance of the operational risk and financial reserve funds set up in accordance with Circular No. 146/2014/TT-BTC: used to supplement charter capital or used under the decision of General meeting of shareholders, Members of council or the Chairman of the company in accordance with current regulations.

Circular 114 took effect from 1 February 2022.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****4.2 Cash and cash equivalents**

Cash and cash equivalents comprise cash at banks, deposits for clearing and settlement of securities trading and short-term, highly liquid investments with an original terms of three months or less that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

Cash deposited by customers for securities trading and cash deposited by securities issuers are presented on the off-balance sheet.

4.3 Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at FVTPL are financial assets that satisfy either of the following conditions:

- a) It is classified as held for trading. A financial asset is classified as held for trading if:
 - ▶ It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
 - ▶ There is evidence of a recent actual pattern of short-term profit-taking; or
 - ▶ It is a derivative (except derivative that is a financial guarantee contract or effective hedging instrument).
- b) Upon initial recognition, the classification of the financial asset into financial asset at FVTPL is deemed reasonable if it meets one of the following criteria:
 - ▶ The classification eliminates or significantly reduces the inconsistent treatments that would otherwise arise from measuring the asset or recognising gains or losses on a different basis;
 - ▶ The financial asset is part of a group of financial assets which are managed and their performance is evaluated on a fair value basis, in accordance with the Company's risk management or investment strategy.

Financial assets at FVTPL are initially recognized at cost (excluding transaction cost arising from the purchase) and subsequently recognized at fair value.

Increase in the difference arising from revaluation of financial assets at FVTPL in comparison with the prior year is recognized into the income statement under "*Gain from revaluation of financial assets at FVTPL*". Decrease in the difference arising from revaluation of financial assets at FVTPL in comparison with the prior year is recognized into the income statement under "*Loss from revaluation of financial assets at FVTPL*".

Transaction costs relating to the purchase of the financial assets at FVTPL are recognized when incurred as expenses in the income statement.

4.4 Loans

Loans are non-derivative financial assets with fixed or identifiable payments and are non-listed in the perfect market, with the exceptions of:

- a) The items that the Company intends to sell immediately or in a near future which are classified as assets held for trading, and those which, upon initial recognition, classified as financial assets at fair value through profit or loss by the Company;
- b) The items classified as available-for-sale upon initial recognition by the Company; or

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Loans (continued)

- c) The items whose holders cannot recover the majority of initial investment value not due to the impairment of credit quality and which are classified as available-for-sale.

Loans are initially recognized at cost. After initial recognition, loans are subsequently measured at amortized cost using the effective interest rate method.

Amortized cost of loans is the amount at which the financial asset is measured at initial recognition minus (-) principal repayments, plus (+) or minus (-) the accumulated amortization using the effective interest rate method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility (if any).

Loans are subject to impairment assessment at the balance sheet date. Provision is made based on its estimated loss which is determined by the difference between the market value of securities used as collaterals for such loan and the loan outstanding balance. Any increase/decrease in the balance of provision is recorded in "Provision expenses for diminution in value and impairment of financial assets, doubtful debts, and interest expenses from borrowings" in the income statement.

Margin lending

Margin lending is the activity that the Company lends money to investors to buy securities on the margin trading accounts of investors opened at the Company, and at the same time, the investors are responsible for depositing a part or the whole of numbers of permitted securities which are in the margin trading accounts to secure such loans. Margin loans are initially recognized at cost. After initial recognition, margin loans continue to be recorded at cost and periodically assessed for impairment (if any).

4.5 Held-to-maturity ("HTM") investments

Held-to-maturity ("HTM") investments are non-derivative financial assets with fixed or identifiable payments and fixed maturity that the Company intends and is able to hold to maturity, except for:

- a) The financial assets classified as financial assets at fair value through profit or loss upon initial recognition by the Company;
- b) The financial assets classified as available-for-sale;
- c) The financial assets satisfying the definition of loans and receivables.

HTM investments are initially recognized at cost (purchase value plus (+) transaction costs which are directly attributable to the investments such as brokerage fee, trading fee, agent fee, issuance agent fee and banking fee). After initial recognition, held-to-maturity investments are subsequently measured at amortized cost using the effective interest rate method.

Amortized cost of HTM investments is the amount at which the financial asset is measured at initial recognition minus (-) principal repayments, plus (+) or minus (-) the accumulated amortization using the effective interest rate method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility (if any), and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility (if any).

The effective interest rate method is a method of calculating the cost allocation on interest income or interest expense in the year of a financial assets or a group of HTM investments.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 *Held-to-maturity (“HTM”) investments* (continued)

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset.

HTM investments are subject to impairment assessment at the balance sheet date. Provision is made for an HTM investment when there is any objective evidence that the investment is unrecoverable or there is uncertainty of recoverability, resulting from one or more events that has occurred after the initial recognition of the investment and that event has an impact on the estimated future cash flows of the investment that can be reliably estimated. Evidence of impairment may include a drop in the fair value/market value of the investment, indications that the debtors or a group of debtors are experiencing significant financial difficulties, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. When there is any evidence of impairment, provision for an HTM investment is determined as the negative difference between its fair value and amortized cost at the assessment date. Any increase/decrease in the balance of provision is recorded in “*Provision expenses for diminution in value and impairment of financial assets, doubtful debts, and interest expenses from borrowings*” in the income statement.

4.6 *Fair value of financial assets*

Fair value/market value of the securities is determined as follows:

- ▶ For securities listed on Hanoi Stock Exchange and Ho Chi Minh City Stock Exchange, market prices are closing prices on the last trading date before the revaluation date;
- ▶ For securities non-listed on the stock market but registered for trading on UPCoM, market prices are closing prices on the last trading date before the revaluation date;
- ▶ For delisted securities and suspended trading securities from the sixth day afterward, actual prices are book value at the latest financial statements date;
- ▶ For non-listed securities and securities non-registered for trading on UPCoM, actual prices are average of actual trading prices quoted by three (03) securities companies conducting transactions at the last trading date before but not exceeding the revaluation date by more than a month.

For securities which do not have reference price from the above sources, the fair value is determined based on internal valuation method of the Company.

For the purposes of determining taxable income, the tax base of the Company's financial assets is measured at cost less provision for devaluation. Accordingly, the market value of securities for the purpose of making provision is determined in accordance with Circular No. 146/2014/TT-BTC dated 6 October 2014 and Circular No. 48/2019/TT- BTC dated 8 August 2019 (“Circular 48”) of the Ministry of Finance.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 *Derecognition of financial assets*

A financial asset (or a part of a group of similar financial assets) is derecognized when:

- ▶ The Company no longer has the rights to receive cash flows from the asset; or
- ▶ The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a transfer arrangement; and either:
 - The Company has transferred substantially the risks and rewards of the asset; or
 - The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a transfer arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is still recognized as the Company's asset. In that case, the Company also recognizes a corresponding liability. The transferred asset and the corresponding liability are measured on a basis that reflects the rights and obligations that the Company has retained.

The continued participation in transferred assets in the form of guarantee will be recognized at the smaller between the initial carrying value of the assets and the maximum obligation incurred by the Company.

4.8 *Reclassification of financial assets*

Reclassification when selling financial assets other than FVTPL

When selling financial assets other than FVTPL, securities companies are required to reclassify those financial assets to financial assets at FVTPL. Difference arising from revaluation of AFS financial assets which are recognized under "Gain/(Loss) from revaluation of assets at fair value" will be recognized to the corresponding revenue or expenses at the date of reclassification of AFS financial assets.

Reclassification due to change in purpose or ability to hold

Securities companies are able to reclassify financial assets to appropriate categories upon changes in purpose or ability to hold, accordingly:

- ▶ Non-derivative financial assets at FVTPL or financial assets that are not required to classify as financial assets at FVTPL at initial recognition can be classified as loans and other receivables or as cash and cash equivalents if the requirements are met. The gains or losses arising from revaluation of financial assets at FVTPL prior to the reclassification are not allowed to be reversed;
- ▶ Due to changes in purpose or ability to hold, certain HTM investments are required to be reclassified into available-for-sale financial assets and measured at fair value. The difference arising from revaluation between carrying value and fair value are recognized as "Gain/(loss) from revaluation of assets at fair value" in owners' equity.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Recognition of mortgaged financial assets

During the year, the Company had mortgaged/pledged financial assets as collaterals for financial obligations of the Company.

According to the terms and conditions of the mortgage/pledge contracts, during the valid period of the contracts, the Company is not allowed to sell, transfer or use the mortgaged/pledged assets under repurchase agreements or swap contracts with any other third party.

In case the Company is unable to fulfill its obligations, the mortgagee/pledgee is allowed to use the mortgaged/pledged assets to settle the obligations of the Company after a specified period in the mortgage/pledge contracts after the due date.

The mortgaged/pledged assets are monitored in the Company's statement of financial position in accordance with accounting principles relevant to the assets' classification.

4.10 Receivables

Receivables are initially recognized at cost and are continuously presented at cost in subsequent periods.

Provision for receivables is determined based on the overdue status of debts or expected loss of current debts in case the debts are undue yet the organization has fallen into bankruptcy, is under dissolution process or has absconded; or individual who is being prosecuted, detained, on trial or under sentence or is suffering from fatal diseases (with medical certificate) or has deceased or the debts requested for sentence yet are unenforceable due to individual escaping or the debts sued for debt collection yet are under suspension. Provision expenses incurred are recorded in "operating expenses" in the income statement in the year.

Provision rates for overdue receivables are prescribed in Circular No. 48/2019/TT-BTC dated 08 August 2019 by the Ministry of Finance as follows:

<u>Overdue period</u>	<u>Provision rate</u>
From over six (06) months to less than one (01) year	30%
From one (01) year to less than two (02) years	50%
From two (02) years to less than three (03) years	70%
From over three (03) years	100%

Management also makes assessment on estimated losses of undue receivables based on qualitative factors and makes provision thereto.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Fixed assets

Fixed assets are stated at cost less accumulated depreciation or amortization. The cost of a fixed asset comprises of its purchase price and any directly attributable costs of bringing the fixed asset to working condition for its intended use.

Cost related to additions, improvements and renewals are capitalized while expenditures for maintenance and repairs (if any) are charged to the income statement when incurred.

When fixed assets are sold or liquidated, any gains or losses resulting from their disposal (the difference between the net proceeds from the sale of assets and the remaining value of the assets) are recorded to the income statement.

4.12 Depreciation and amortization

Depreciation of tangible and amortization of intangible assets are computed on a straight-line basis over the estimated useful lives of these assets as follows:

Machines and equipment	03 – 07 years
Office equipment	03 – 05 years
Other assets	05 years
Computer software	03 – 07 years

4.13 Leases

Whether an agreement is determined as a lease agreement depends on the nature of the agreement at the beginning: whether the implementation of the agreement depends on the use of a certain asset and whether the agreement includes terms on the rights of use of the asset.

When the Company is the lessee

Rentals under operating leases are charged to the income statement on a straight-line basis over the term of the leases.

4.14 Prepaid expenses

Prepaid expenses, including short-term prepaid expenses and long-term prepaid expenses in the statement of financial position, are amortized over the period for which the amounts are paid and in which economic benefits are generated in relation to these expenses.

The following expenses are recorded as long-term prepaid expenses and are amortized from one (01) year to three (03) years to the income statement:

- ▶ Maintenance expenses, software expenses;
- ▶ Office tools expenses and other prepaid expenses.

4.15 Borrowings

Borrowings of the Company are recorded and stated at cost at the end of the accounting period.

4.16 Payables and accrued expenses

Payables and accrued expenses are recognized for amounts to be paid in the future for interest of convertible bonds, goods and services received, whether or not billed to the Company.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.17 *Employees' benefits*

4.17.1 *Retirement benefits*

Retirement benefits are paid to retired employees of the Company by the Social Insurance Agency which belongs to the Ministry of Labour, Invalids and Social Affairs. The Company is required to pay social insurance premium to the Social Insurance Agency at the rate of 17.5% of an employee's basic salary on a monthly basis. Other than that, the Company has no further obligations.

4.17.2 *Voluntary resignation benefits*

Under Article 46 of the Vietnam Labor Code No. 45/2019/QH14 taking effect on 1 January 2021 and the Decree No. 145/2020/ND-CP of Government regulating and guiding the implementation of articles of the Vietnam Labor Code regarding working conditions and labor relations, the Company has the responsibility to pay allowance equivalent to half of their monthly salary for each year of employment for voluntarily resigned employees who fully meet the requirements in accordance with the regulations. Working time to calculate the severance allowance is the total time the employee has worked for the Company minus the time that the employee has participated in unemployment insurance in accordance with the regulations on unemployment insurance and the working time during which the employer has paid severance allowance and job-loss allowance. The average monthly salary used in this calculation is the average monthly salary of the latest six-month period up to the resignation.

4.17.3 *Unemployment allowance*

According to Article 57 of the Law on Employment No. 38/2013/QH13 effective from 01 January 2015 and Decree No. 28/2015/ND-CP dated 12 March 2015 of the Government providing guidelines for the Law on Employment in term of unemployment insurance, the Company is required to contribute to the unemployment insurance at the rate of 1% of salary and wage fund of unemployment insurance joiners and deduct 1% of monthly salary and wage of each employee to contribute to the unemployment insurance. According to Decision No. 28/2021/QD-TTg of the Prime Minister, from 01 October 2021, the Company is entitled to reduce the unemployment insurance contributions rate of 1% mentioned above to 0% within 12 months.

4.18 *Foreign currency transactions*

Transactions in currencies other than the Company's reporting currency ("VND") are recorded at the actual exchange rates at transaction dates which are determined as follows:

- ▶ Transactions resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection;
- ▶ Transactions resulting in liabilities are recorded at the selling exchange rates of the commercial banks designated for payment;
- ▶ Capital contributions are recorded at the buying exchange rates of the commercial banks designated for capital contribution; and
- ▶ Payments for assets or expenses without liabilities initially being recognized is recorded at the buying exchange rates of the commercial banks that process these payments.



NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 *Foreign currency transactions* (continued)

At the end of the fiscal year, monetary items denominated in foreign currencies are revalued at actual exchange rates at the date of the balance sheet (except for loans and liabilities that have used financial instruments to hedge against foreign exchange risks) on the following basis:

- ▶ Monetary items classified as assets are revalued at the buying rate of the commercial bank where the Company regularly conducts transactions; and
- ▶ Monetary items classified as liabilities are revalued at the selling rate of the commercial bank where the Company regularly conducts transactions;
- ▶ Borrowings and liabilities denominated in foreign currencies that have been hedged by financial instruments are not revalued.

All foreign exchange differences incurred are taken to the income statement.

4.19 *Revenue recognition*

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of receipts or receivables less trade discount, concessions and sales return. The following specific recognition criteria must also be met before revenue is recognized.

Revenue from brokerage services

Where the contract outcome can be reliably measured, revenue is recognized with reference to the stage of completion. Where the contract outcome cannot be reliably measured, revenue is recognized only to the extent that the incurred expenses would be recoverable.

Income from proprietary trading

Income from proprietary trading is determined by the difference between the selling price and the weighted average cost of securities sold.

Other incomes

Other incomes are income from irregular activities other than operating activities, including: income from disposals and sales of fixed assets; fines paid by customers for contract breaches; collection of insurance compensation; recoveries from bad debts previously written off; liabilities recognized as an increase in income as their owners no longer exist; collection of reduced and reimbursed tax; and other receipts recognizable as other income as stipulated by VAS 14 – Revenue and other incomes.

Interest income

Interest income is recognized on an accrual basis (including the effective yield on the asset) unless there is an uncertainty in the collectability.

Dividend

Dividends are recognized when the Company's right to receive payment is established. Stock dividends are not recognized as an increase in income of the Company, only the number of shares is updated.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.19 *Revenue recognition* (continued)

Revenue from other services provided

When there is a certainty in determining contract performance, income would be recognized based on percentage of contract completion. When a certainty in determining contract performance is unavailable, income would be recognized to the extent of recoverable amount of expenses incurred.

4.20 *Interest expenses*

Interest expenses include accrued interests from borrowings and interests directly related to borrowings of the Company. Interest expenses are recognized on an accrual basis.

4.21 *Method of calculation for costs of securities in proprietary trading*

Costs of securities in proprietary trading are determined using weighted average cost at the end of the transaction date method.

4.22 *Corporate income tax*

Current income tax

Current tax assets and liabilities for the current and prior year are measured at the amount expected to be paid to (or recovered from) the tax authorities using the tax rates and tax laws effective at the balance sheet date.

Current income tax is charged or credited to the income statement, except when it relates to items recognized directly to equity, in this case, the current tax is also directly recorded in equity.

Current tax assets and liabilities are offset when there is a legally enforceable right for the Company to offset current tax assets against current tax liabilities and when the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred income tax

Deferred income tax is provided on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except for deferred tax liability arising from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are levied on deductible temporary differences, deductible amounts carried over to subsequent years of taxable losses, and unutilized tax advantages when it is likely that earnings are generated in foreseeable future to use deductible temporary differences, taxable losses and tax advantages, except for deferred tax asset arising from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.22 Corporate income tax (continued)

Deferred income tax (continued)

The carrying amount of deferred tax assets is reviewed at the balance sheet date and reduced to the extent that sufficient taxable profits will be available to allow all or part of the asset to be used. Unrecognized deferred tax assets are reassessed at the balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates expected to apply in the year when the asset is realized or the liability is settled based on tax rates and tax laws effective at the balance sheet date. Deferred income tax is charged or credited to the income statement, except when it relates to items recognized directly to equity, in this case, the deferred income tax is also directly recorded in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Company to offset current tax assets against current tax liabilities and the deferred tax assets and liabilities relating to income tax levied by the same tax authority on either the same taxable entity or when the Company intends to settle its deferred tax assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously, in each future year in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

4.23 Owners' equity

Contributed capital

Contributed capital from stock issuance is recorded in the charter capital at par value.

Reserves

According to Circular No. 146/2014/TT-BTC dated 06 October 2014 by the Ministry of Finance, the Company is required to make appropriation of annual profit after tax to capital supplementary reserve and operational risk and financial reserve as follows:

	<i>Percentage of profit after tax</i>	<i>Maximum balance</i>
Capital supplementary reserve	5%	10% of charter capital
Operational risk and financial reserve	5%	10% of charter capital

Other reserves are appropriated in accordance with the Resolution of the General Meeting of Shareholders.

The Company did not make appropriation for these statutory reserves for the year ended 31 December 2021 due to accumulated losses incurred.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.23 *Owners' equity* (continued)

Undistributed profit

Undistributed profit comprises of realized and unrealized profit.

Unrealized profit of the year is the difference between gain and loss arising from revaluation of financial assets at FVTPL or other financial assets in the income statement under the Company's financial assets and deferred tax income/expenses in the year.

Realized profit during the year is the net difference between total revenue and income, and total expenses in the income statement of the Company, except for gain or loss arising from revaluation of financial assets recognized in unrealized profit.

Profit distribution

Net profit after tax is available for distribution to shareholders after being approved in the General Meeting of Shareholders and after making appropriation to reserves in accordance with the Company's Charter and Vietnamese regulatory requirements.

4.24 *Related parties*

Parties are considered to be related parties of the Company if a party has the ability, either directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or when the Company and other parties are under common control or under common significant influence. Related parties can be enterprises or individuals, including close family members of individuals who are related parties.

4.25 *Nil balances*

Items or balances required by Circular No. 210/2014/TT-BTC dated 30 December 2014, Circular No. 334/2016/TT-BTC dated 27 December 2016 and Circular No. 146/2014/TT-BTC dated 06 October 2014 issued by the Ministry of Finance that are not included in these financial statements indicate nil balance.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

5. CASH AND CASH EQUIVALENTS

	31/12/2021	31/12/2020
	VND	VND
Cash at bank for operations of the Company	43,325,119,239	297,756,538
	43,325,119,239	297,756,538

6. TRADING VALUE AND VOLUME DURING THE YEAR

	2021		2020	
	Trading volume unit	Trading value Unit	Trading volume Unit	Trading value Unit
The Company	15,458,987	3,996,993,549,118	1,002,761	1,186,113,360,804
Shares	408,738	8,369,067,180	200	6,090,000
Bonds	14,845,885	1,883,623,371,904	1,002,250	567,124,888,300
Other securities	204,364	2,105,001,110,034	311	618,982,382,504
Investors	4,152,063,571	104,804,357,281,150	1,289,255,720	21,295,258,278,250
Shares	4,008,673,971	104,250,032,980,150	1,234,377,530	21,180,432,024,750
Other securities	143,389,600	554,324,301,000	54,878,190	114,826,253,500
Total	4,167,522,558	108,801,350,830,268	1,290,258,481	22,481,371,639,054

7. FINANCIAL ASSETS

7.1 Financial assets at fair value through profit or loss ("FVTPL")

	31/12/2021		31/12/2020	
	Cost VND	Fair value VND	Cost VND	Fair value VND
Shares				
Listed shares	265,385,333	321,434,550	21,383,058	15,839,180
Unlisted shares	4,188,000	-	-	-
UPCoM shares	-	-	1,080,300	194,600
Bonds				
Unlisted bonds	5,027,748,244	5,027,748,244	51,785,205,500	51,785,205,500
Valuable papers				
Certificate of deposits	101,196,545,055	101,196,545,055	-	-
Total	106,493,866,632	106,545,727,849	51,807,668,858	51,801,239,280

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

7. FINANCIAL ASSETS (continued)

7.2 Held-to-maturity (“HTM”) investments

	31/12/2021	31/12/2020
	<u>VND</u>	<u>VND</u>
Term deposits with terms of 03 months or more	50,000,000,000	105,500,000,000
- Bank for Investment and Development of Vietnam – Thai Ha Branch (*)	50,000,000,000	105,500,000,000
Certificate of deposit	150,000,000,000	-
- Vietnam Joint Stock Commercial Bank for Industry and Trade	150,000,000,000	-
	<u>200,000,000,000</u>	<u>105,500,000,000</u>

(*) As at 31 December 2021, held-to-maturity investments are term deposits and certificate of deposit with terms of 12-months and earn interest at rates of 4.9% p.a. (as at 31 December 2020, held-to-maturity investments are term deposits with terms of 12-months earned interest at rates ranging from 5.4% p.a. to 5.6% p.a).

7.3 Loans

	31/12/2021		31/12/2020	
	Cost	Fair value (**)	Cost	Fair value (**)
	<u>VND</u>	<u>VND</u>	<u>VND</u>	<u>VND</u>
Margin lending (*)	1,204,524,997,861	1,204,524,997,861	287,772,444,276	287,772,444,276
Advance lending	481,141,534,296	481,141,534,296	104,461,637,785	104,461,637,785
Total	<u>1,685,666,532,157</u>	<u>1,685,666,532,157</u>	<u>392,234,082,061</u>	<u>392,234,082,061</u>

(*) Securities under margin activities are used as collaterals for the margin lendings granted by the Company to investors. The par value and market value of securities used as collaterals for margin lending are as follows:

	31/12/2021		31/12/2020	
	Face value	Market value	Face value	Market value
	<u>VND</u>	<u>VND</u>	<u>VND</u>	<u>VND</u>
Securities used as collaterals	661,572,790,000	2,800,325,104,900	215,521,390,000	635,299,942,750

(**) The fair value of loans is measured at cost less provision for doubtful debts.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

7. FINANCIAL ASSETS (continued)

7.4 Changes in fair value of financial assets

Changes in fair value of financial assets as at 31 December 2021 are as follows:

<i>Financial assets</i>	<i>Cost VND</i>	<i>Revaluation difference</i>		<i>Revaluation value VND</i>
		<i>Increase VND</i>	<i>Decrease VND</i>	
FVTPL				
Shares				
Listed shares	265,385,333	60,946,112	(4,896,895)	321,434,550
Unlisted shares	4,188,000	-	(4,188,000)	-
Bonds				
Unlisted bonds	5,027,748,244	-	-	5,027,748,244
Valuable papers				
Certificate of deposits	101,196,545,055	-	-	101,196,545,055
Total	106,493,866,632	60,946,112	(9,084,895)	106,545,727,849

Changes in fair value of financial assets as at 31 December 2020 are as follows:

<i>Financial assets</i>	<i>Cost VND</i>	<i>Revaluation difference</i>		<i>Revaluation value VND</i>
		<i>Increase VND</i>	<i>Decrease VND</i>	
FVTPL				
Shares				
Listed shares	21,383,058	2,791,352	(8,335,230)	15,839,180
UPCoM shares	1,080,300	44,190	(929,890)	194,600
Bonds				
Unlisted bonds	51,785,205,500	-	-	51,785,205,500
Total	51,807,668,858	2,835,542	(9,265,120)	51,801,239,280

8. RECEIVABLES

	<i>31/12/2021 VND</i>	<i>31/12/2020 VND</i>
Receivables from disposals of financial assets	-	2,880,000
Receivables from sales of listed shares	-	2,880,000
Receivables and accruals from dividend and interest income	9,024,311,509	2,854,589,348
Accrued interest from term deposits	2,946,712,330	1,716,608,220
Accrued interest from margin lending	6,027,334,369	1,125,006,631
Accrued interest from advance lending	50,264,810	12,974,497
	9,024,311,509	2,857,469,348

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

9. ADVANCES TO SUPPLIERS

	31/12/2021 VND	31/12/2020 VND
Coreflex Company Limited	-	25,368,670,458
Frontier Consulting Vietnam Company Limited	504,411,270	-
Phu Cuong Computer Company Limited	383,889,000	-
Clever Group Corporation	244,420,000	-
Other advances to suppliers	475,715,780	609,290,914
	<u>1,608,436,050</u>	<u>25,977,961,372</u>

10. RECEIVABLES FROM SERVICES PROVIDED BY THE COMPANY

	31/12/2021 VND	31/12/2020 VND
Receivables from securities brokerage activities	201,753,427	54,913,693
Others	110,000,000	-
	<u>311,753,427</u>	<u>54,913,693</u>

11. OTHER RECEIVABLES

	31/12/2021 VND	31/12/2020 VND
Foreign contractor tax arising from advances to Coreflex to implement its contract	-	2,819,957,469
Others	670,741,878	106,860,961
	<u>670,741,878</u>	<u>2,926,818,430</u>

12. SHORT-TERM DEPOSITS, COLLATERALS AND PLEDGES

	31/12/2021 VND	31/12/2020 VND
Deposit for expats' rentals	38,387,250	38,387,250
Deposit for data storage services	-	50,000,000
Others	4,550,000	4,050,000
	<u>42,937,250</u>	<u>92,437,250</u>

13. SHORT-TERM PREPAID EXPENSES

	31/12/2021 VND	31/12/2020 VND
Guarantee fee	1,475,014,348	-
Software expenses	527,174,515	561,328,072
Prepaid rentals and tuition fees for expats' children	975,865,482	477,069,047
Data purchasing and internet expenses	557,293,357	360,292,073
Brand marketing and recruitment expenses	299,491,603	69,116,900
Other prepaid expenses	10,985,513	-
	<u>3,845,824,818</u>	<u>1,467,806,092</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

14. TANGIBLE FIXED ASSETS

	<i>Machines & equipment VND</i>	<i>Office equipment VND</i>	<i>Other tangible fixed assets VND</i>	<i>Total VND</i>
Cost				
Opening balance	19,246,262,109	1,234,689,344	99,572,000	20,580,523,453
Additions	-	217,744,000	-	217,744,000
Closing balance	<u>19,246,262,109</u>	<u>1,452,433,344</u>	<u>99,572,000</u>	<u>20,798,267,453</u>
<i>In which:</i>				
- Fully depreciated tangible fixed assets in use	98,389,000	515,985,344	-	614,374,344
Accumulated depreciation				
Opening balance	3,179,420,284	629,331,067	24,892,995	3,833,644,346
Depreciation for the year	<u>2,825,336,941</u>	<u>191,402,922</u>	<u>19,914,396</u>	<u>3,036,654,259</u>
Closing balance	<u>6,004,757,225</u>	<u>820,733,989</u>	<u>44,807,391</u>	<u>6,870,298,605</u>
Net book value				
Opening balance	<u>16,066,841,825</u>	<u>605,358,277</u>	<u>74,679,005</u>	<u>16,746,879,107</u>
Closing balance	<u>13,241,504,884</u>	<u>631,699,355</u>	<u>54,764,609</u>	<u>13,927,968,848</u>

15. INTANGIBLE ASSETS

	<i>Computer software VND</i>	<i>Total VND</i>
Cost		
Opening balance	11,401,885,501	11,401,885,501
Additions	<u>53,531,081,900</u>	<u>53,531,081,900</u>
Closing balance	<u>64,932,967,401</u>	<u>64,932,967,401</u>
Accumulated amortization		
Opening balance	2,654,275,719	2,654,275,719
Amortization for the year	<u>7,582,730,762</u>	<u>7,582,730,762</u>
Closing balance	<u>10,237,006,481</u>	<u>10,237,006,481</u>
Net book value		
Opening balance	<u>8,747,609,782</u>	<u>8,747,609,782</u>
Closing balance	<u>54,695,960,920</u>	<u>54,695,960,920</u>

16. CONSTRUCTION IN PROGRESS

	<i>31/12/2021 VND</i>	<i>31/12/2020 VND</i>
Software development	-	2,232,405,318
	<u>-</u>	<u>2,232,405,318</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

17. LONG-TERM DEPOSITS, COLLATERALS AND PLEDGES

	31/12/2021 VND	31/12/2020 VND
Office rental deposits	1,167,074,340	735,157,500
House rental deposits	107,332,500	102,460,000
Other deposits	20,000,000	5,000,000
	<u>1,294,406,840</u>	<u>842,617,500</u>

18. LONG-TERM PREPAID EXPENSES

	31/12/2021 VND	31/12/2020 VND
Tools and equipment	1,545,049,125	1,852,989,735
Software expenses	220,735,408	473,620,151
Data purchasing and internet	191,493,473	4,160,000
Other prepaid expenses	464,642,547	1,068,338,510
	<u>2,421,920,553</u>	<u>3,399,108,396</u>

19. PAYMENTS TO SETTLEMENT ASSISTANCE FUND

Payments to Settlement Assistance Fund represent the amount deposited at the Vietnam Securities Depository and Clearing Corporation ("VSDC").

According to circular No. 119/2020/TT-BTC dated 31 December 2020 by the Minister of Finance providing regulations on the registration, depository, clearing and settlement of securities, Decision No. 45/QĐ-VSD dated 22 May 2014 on the promulgation of regulations on the management and use of the Settlement Assistance Fund by the General Director of the VSD, the Company is required to deposit an initial amount of VND 120 million at the VSD and pay an addition of 0.01% of the total amount of brokered securities in the prior year, but not over VND 2.5 billion p.a. The maximum contribution of each depository member being a securities company engaging in proprietary trading and brokerage services to the Settlement Assistance Fund is VND 20 billion.

Details of the payments to Settlement Assistance Fund are as follows:

	31/12/2021 VND	31/12/2020 VND
Initial balance	120,000,000	120,000,000
Additions	6,258,848,419	4,153,050,319
Distributed interest	364,030,005	280,985,645
	<u>6,742,878,424</u>	<u>4,554,035,964</u>

20. SHORT-TERM BORROWINGS

	31/12/2021 VND	31/12/2020 VND
Opening balance	39,545,000,000	-
Increase during the year	4,020,049,000,000	800,459,703,950
Decrease during the year	(3,410,654,000,000)	(760,914,703,950)
Short-term borrowings from credit institutions	<u>648,940,000,000</u>	<u>39,545,000,000</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

20. SHORT-TERM BORROWINGS (continued)

Short-term borrowings as at 31 December 2021 include:

- ▶ Overdrafts, with interest at rates ranging from 2.4% p.a. to 4.9% p.a, from domestic credit institutions; and
- ▶ Offshore borrowings with term less than 12 months and floating LIBOR 3M + 1.60% p.a. interest rate.

These borrowings are for the purpose of supplementing working capital for the Company. In which, foreign borrowings with Woori Bank Hong Kong Branch have been hedged against foreign exchange risk by cross-currency swap contract with Vietnam Maritime Commercial Joint Stock Bank. Accordingly, at the time of preparation of financial statements, the Company did not re-evaluate the borrowing denominated in foreign currencies that used financial instruments to hedge the above-mentioned foreign exchange risks.

As at the end of the year, the short-term borrowings are secured by the Company's financial assets, whose fair value are:

	31/12/2021 VND	31/12/2020 VND
Certificates of deposit	250,000,000,000	-
Term deposits	-	85,500,000,000
	<u>250,000,000,000</u>	<u>85,500,000,000</u>

As at 31 December 2021, the Company also had its obligations under an overdraft with the Joint Stock Commercial Bank for Investment and Development of Vietnam secured on VND 50 billion of term deposit. The contract had no outstanding balance as the end of the accounting period.

21. PAYABLES FOR SECURITIES TRADING ACTIVITIES

	31/12/2021 VND	31/12/2020 VND
Payables to the Stock Exchanges	4,050,486,704	955,764,071
Payables to the VSDC	155,875,528	66,112,939
	<u>4,206,362,232</u>	<u>1,021,877,010</u>

22. SHORT-TERM TRADE PAYABLES

	31/12/2021 VND	31/12/2020 VND
DTND Technology Finance Software Solution Company Limited	-	1,644,079,500
Yulchon Limited Liability Law Firm	-	165,000,000
Post Telecommunications Insurance Company – Thang Long Branch	-	106,787,910
TNL Lease property and Investment JSC	-	48,708,270
Van Tue Services Trading JSC	36,133,992	41,777,492
Corporate Customer Department – Branch of VNPT Vinaphone Corporation	-	15,725,600
Thu Cuc International Clinic - Branch of Thu Cuc Medical & Beauty Joint Stock Company	108,480,550	-
Ha Noi Server Trading Joint Stock Company	382,890,200	-
Other trade payables	80,938,646	148,835,026
	<u>608,443,388</u>	<u>2,170,913,798</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

23. TAX AND PAYABLES TO THE STATE

	31/12/2021 VND	31/12/2020 VND
Personal income tax ("PIT")	8,708,557,877	2,611,673,716
	8,708,557,877	2,611,673,716

Movements of taxation and statutory obligations during the year:

	Opening balance	Movements in the year		Closing balance
		Increases	Decreases	
PIT	2,611,673,716	60,814,825,195	54,717,941,034	8,708,557,877
Foreign contractor tax	-	2,953,879,089	2,953,879,089	-
Other taxes	-	3,000,000	3,000,000	-
	2,611,673,716	63,771,704,284	57,674,820,123	8,708,557,877

Unit: VND

24. SHORT-TERM ACCRUED EXPENSES

	31/12/2021 VND	31/12/2020 VND
Accrued interest expenses for borrowings	876,298,559	22,532,417
Accrued interest expense for swap contract	2,594,048,384	-
Accrued expenses for Pinetree Securities Brand Launching Conference	-	474,606,110
Accrued audit expenses	189,000,000	300,000,000
Accrued software maintenance expenses under Contract No. 12/HDKT/Goline-HFT	150,000,000	150,000,000
Other accrued expenses	192,630,861	133,525,666
	4,001,977,804	1,080,664,193

25. OWNERS' EQUITY

25.1 Details of owners' equity

	31/12/2021		31/12/2020	
	VND	%	VND	%
Hanwha Investment and Securities Co., Ltd	960,050,000,000	98.97	605,050,000,000	98.38
Nguyen Huy Duong	9,879,000,000	1.02	9,879,000,000	1.61
Others	71,000,000	0.01	71,000,000	0.01
Total	970,000,000,000	100.00	615,000,000,000	100.00

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

25. OWNERS' EQUITY (continued)

25.2 Changes in owners' equity

	Contributed capital VND	Share premium VND	Operational risk and financial reserve VND	Undistributed loss VND	Total VND
As at 1 January 2020	615,000,000,000	-	1,321,976,000	(18,523,001,218)	597,798,974,782
Net loss for the year	-	-	-	(23,409,563,073)	(23,409,563,073)
As at 31 December 2020	615,000,000,000	-	1,321,976,000	(41,932,564,291)	574,389,411,709
Capital increase (*)	355,000,000,000	510,000,000,000	-	-	865,000,000,000
Net profit for the year	-	-	-	25,382,657,607	25,382,657,607
As at 31 December 2021	970,000,000,000	510,000,000,000	1,321,976,000	(16,549,906,684)	1,464,772,069,316

(*) In 2020 and 2021, the Board of Directors of Pinetree Securities Corporation has twice approved to implement the offering plan to increase charter capital under private placement in accordance with the Resolution of the General Meeting of Shareholders No. 02/2020/NQ-DHDCD dated 9 December 2020 and the Resolution of the General Meeting of Shareholders No. 02/2021/NQ-DHDCD dated 22 October 2021. Accordingly, the total number of shares offered through private placement to under 100 strategic investors was 20,000,000 shares for the first time and 15,500,000 shares for the second time. According to Document No. 96/UBCK-QLKD dated 13 January 2021 and Document No. 7617/UBCK-QLKD dated 19 November 2021 by the State Securities Commission on the report on private offering results by Pinetree Securities Corporation, as at 7 January 2021, 20,000,000 shares have been issued in full at the price of VND 20,000 per share and as at 16 November 2021, 15,500,000 shares have been issued in full at the price of VND 30,000 per share.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

25. OWNERS' EQUITY (continued)

25.3 Changes in distribution to shareholders

	31/12/2021 VND	31/12/2020 VND
Realized loss undistributed at the beginning of the year	(41,926,134,713)	(18,513,297,990)
Realized profit/(loss) during the year	25,324,366,812	(23,412,836,723)
Realized loss undistributed at the end of the year	(16,601,767,901)	(41,926,134,713)

25.4 Shares

	31/12/2021		31/12/2020	
	Number of shares	VND	Number of shares	VND
Registered shares	97,000,000	970,000,000,000	61,500,000	615,000,000,000
Issued shares	97,000,000	970,000,000,000	61,500,000	615,000,000,000
- Ordinary shares	97,000,000	970,000,000,000	61,500,000	615,000,000,000
Circulating shares	97,000,000	970,000,000,000	61,500,000	615,000,000,000
- Ordinary shares	97,000,000	970,000,000,000	61,500,000	615,000,000,000

26. DISCLOSURES OF OFF-BALANCE SHEET ITEMS

26.1 Financial assets listed/registered for trading at the Vietnam Securities Depository ("VSD") of the Company

	31/12/2021 VND	31/12/2020 VND
Unrestricted financial assets	70,540,000	9,930,000
	70,540,000	9,930,000

26.2 Financial assets listed/registered for trading at the VSD of investors

	31/12/2021 VND	31/12/2020 VND
Unrestricted financial assets	2,269,657,150,000	732,505,550,000
Restricted financial assets	610,000,000	412,000,000
Mortgaged financial assets	-	523,400,000,000
Blocked financial assets	9,879,000,000	9,879,000,000
Financial assets awaiting settlement	298,383,770,000	89,664,770,000
	2,578,529,920,000	1,355,861,320,000

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

26. DISCLOSURES OF OFF-BALANCE SHEET ITEMS (continued)

26.3 Investors' deposits

	31/12/2021 VND	31/12/2020 VND
Investors' deposits for securities trading activities managed by the Company	946,504,709,202	266,804,499,176
- <i>Domestic investors' deposits for securities trading activities managed by the Company</i>	934,427,431,337	254,199,469,374
- <i>Foreign investors' deposits for securities trading activities managed by the Company</i>	<u>12,077,277,865</u>	<u>12,605,029,802</u>
	<u>946,504,709,202</u>	<u>266,804,499,176</u>

26.4 Payables to investors

	31/12/2021 VND	31/12/2020 VND
Payables to investors for deposits for securities trading activities managed by the Company	946,382,044,627	266,783,029,176
- <i>Payables to domestic investors for deposits for securities trading activities managed by the Company</i>	934,304,766,762	254,177,999,374
- <i>Payables to foreign investors for deposits for securities trading activities managed by the Company</i>	<u>12,077,277,865</u>	<u>12,605,029,802</u>
	<u>946,382,044,627</u>	<u>266,783,029,176</u>

26.5 Investors' payables for services of securities companies

	31/12/2021 VND	31/12/2020 VND
Payables for margin lending activities	1,210,552,332,230	288,897,450,907
Principal payables for margin lending activities	1,204,524,997,861	287,772,444,276
- <i>Domestic investors</i>	1,204,524,997,861	287,772,444,276
Interest payables for margin lending activities	6,027,334,369	1,125,006,631
- <i>Domestic investors</i>	6,027,334,369	1,125,006,631
Payables for advance lending activities	481,191,799,106	104,474,612,282
Principal payables for advance lending activities	481,141,534,296	104,461,637,785
- <i>Domestic investors</i>	481,141,534,296	104,461,637,785
Interest payables for advance lending activities	50,264,810	12,974,497
- <i>Domestic investors</i>	50,264,810	12,974,497

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

27. GAIN FROM FINANCIAL ASSETS

27.1 Gain/(loss) from disposals of financial assets at FVTPL

27.1.1 Gain from disposals of financial assets at FVTPL

No.	Financial assets	Quantity unit	Selling price VND/unit	Proceeds VND	Weighted average cost at the end of transaction date VND	Gain from disposal in the current year VND	Gain from disposal in the prior year VND
1	Listed shares	35,713	44,018	1,572,029,100	1,353,936,177	218,092,923	-
2	Listed bonds	649,985	108,844	70,747,114,140	70,506,636,640	240,477,500	3,500,000
3	Unlisted bonds	6,571,935	133,232	875,592,879,708	871,040,860,000	4,552,019,708	165,885,600
4	Valuable papers	102,181	9,817,068	1,003,117,851,690	1,000,686,713,289	2,431,138,401	132,821,804
	Total	7,359,814	10,103,162	1,951,029,874,638	1,943,588,146,106	7,441,728,532	302,207,404

27.1.2 Loss from disposals of financial assets at FVTPL

No.	Financial assets	Quantity unit	Selling price VND/unit	Proceeds VND	Weighted average cost at the end of transaction date VND	Loss from disposal in the current year VND	Loss from disposal in the prior year VND
1	Listed shares	165,584	14,923	2,470,977,900	2,725,014,028	254,036,128	330,000
2	Unlisted bonds	200,800	104,945	21,073,007,200	21,420,331,472	347,324,272	-
	Total	366,384	119,868	23,543,985,100	24,145,345,500	601,360,400	330,000

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

27. GAIN FROM FINANCIAL ASSETS (continued)

27.2 Gain from revaluation of financial assets at FVTPL

<i>Financial assets</i>	<i>Cost</i> VND	<i>Fair value</i> VND	<i>Revaluation</i> <i>difference at the</i> <i>end of the year</i> VND	<i>Revaluation</i> <i>difference at the</i> <i>beginning of the</i> <i>year</i> VND	<i>Gain/(Loss)</i> <i>recorded in</i> <i>the current</i> <i>year</i> VND	<i>Increase</i> VND	<i>Decrease</i> VND
FVTPL							
Shares	269,573,333	321,434,550	51,861,217	(6,429,578)	58,290,795	123,368,070	65,077,275
Listed shares	265,385,333	321,434,550	56,049,217	(5,543,878)	61,593,095	121,564,180	(59,971,085)
Unlisted shares	4,188,000	-	(4,188,000)	-	(4,188,000)	852,000	(5,040,000)
UPCoM shares	-	-	-	(885,700)	885,700	951,890	(66,190)
Bonds	5,027,748,244	5,027,748,244	-	-	-	-	-
Unlisted bonds	5,027,748,244	5,027,748,244	-	-	-	-	-
Valuable papers	101,196,545,055	101,196,545,055	-	-	-	-	-
Certificate of deposits	101,196,545,055	101,196,545,055	-	-	-	-	-
Total	106,493,866,632	106,545,727,849	51,861,217	(6,429,578)	58,290,795	123,368,070	(65,077,275)

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

27. GAIN FROM FINANCIAL ASSETS (continued)

27.3 Dividend, interest income from financial assets

	2021 VND	2020 VND
Financial assets at FVTPL	2,765,459,587	783,700
Term deposits	7,743,816,440	19,424,279,307
Loans	89,115,083,778	16,205,834,725
	<u>99,624,359,805</u>	<u>35,630,897,732</u>

28. EXPENSES FOR BROKERAGE SERVICES

	2021 VND	2020 VND
Securities trading brokerage expenses	27,624,013,453	5,748,618,213
Salaries expenses for collaborators & other expenses	2,973,365,575	2,372,187,881
Salaries and other benefits for employees	21,489,763,749	19,726,657,368
Depreciation and amortization expenses	10,494,813,225	3,914,974,230
Advertising and marketing expenses	3,164,099,996	3,634,944,471
IT services expenses (maintenance, upgrading, connection, network)	2,617,062,471	4,225,485,415
Other expenses	3,602,211,821	3,384,775,754
	<u>71,965,330,290</u>	<u>43,007,643,332</u>

29. FINANCIAL INCOME

	Năm 2021 VND	Năm 2020 VND
Interest income from demand deposits	1,379,920,945	563,559,300
Interest income from payments to Settlement Assistance Fund in the year	364,030,005	280,985,645
Other financial incomes	538,098,159	-
	<u>2,282,049,109</u>	<u>844,544,945</u>

30. FINANCIAL EXPENSES

	2021 VND	2020 VND
Interest expenses	9,313,209,205	651,443,069
Other financial expenses	4,796,466,983	-
	<u>14,109,676,188</u>	<u>651,443,069</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

31. GENERAL AND ADMINISTRATIVE EXPENSES

	2021 VND	2020 VND
Employees expenses	21,405,192,185	17,112,674,034
Office supplies	72,235,202	71,586,361
Tools and equipment	637,617,416	633,522,622
Depreciation and amortization expenses	124,571,796	125,765,820
Tax, fees and charges	1,383,860,045	697,013,326
Outsourcing expenses	9,206,123,899	9,234,884,385
Other expenses	341,621,362	37,870,591
	<u>33,171,221,905</u>	<u>27,913,317,139</u>

32. CURRENT CORPORATE INCOME TAX (“CIT”)

32.1 Current CIT expenses

The Company’s tax reports are subject to examination by the tax authorities. Because the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, amount reported in the financial statements could be changed at a later date upon final determination by the tax authorities.

Current CIT payables are determined based on taxable income of the year. Taxable income differs from the one reported in the income statement since taxable income excludes incomes which are taxable or expenses which are deducted in prior years due to the differences between the Company’s accounting policies and the tax regulations. It also excludes non-taxable income and non-deductible expenses. The current CIT payable of the Company is calculated based on the statutory tax rates applicable at the end of the year. The Company is obliged to pay CIT at the rate of 20% (in 2020: 20%) of the total taxable profit under Circular No. 78/2014/TT-BTC effective from 02 August 2014.

The estimated current CIT of the Company is represented in the table below:

	2021 VND	2020 VND
Profit/(Loss) before tax	25,382,657,607	(23,409,563,073)
<i>Plus</i>		
- Loss from revaluation of financial assets at FVTPL	2,640,126	1,503,700
<i>Minus</i>		
- Profit from revaluation of financial assets at FVTPL	(60,750,696)	(188,550)
- Dividend received	(4,565,306)	(783,700)
- Losses carried forward	(25,319,981,731)	-
Estimated current taxable loss	-	(23,409,031,623)
CIT rate	20%	20%
Estimated CIT expenses	-	-
CIT receivables at the beginning of the year	(90,558,995)	-
CIT adjustment in accordance with tax finalization	-	(90,558,995)
Recoverable CIT at the end of the year	<u>(90,558,995)</u>	<u>(90,558,995)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

32. CURRENT CORPORATE INCOME TAX (“CIT”) (continued)

32.2 Tax losses carried forward

The Company is entitled to carry tax loss forward to offset against taxable income arising within five years subsequent to the year in which the loss was incurred. As at 31 December 2021, the Company has aggregated accumulated tax losses of VND 2,824,963,395 (as at 31 December 2020: VND 36,879,443,348) available for offset against future taxable income.

Details of losses carried forward are as follows:

<i>Accounting period</i>	<i>Can be utilized up to</i>	<i>Taxable loss VND</i>	<i>Loss utilized as at the end of the year VND</i>	<i>Loss allowed to carry forward as at the end of the year VND</i>
2015 (*)	2020	(8,734,498,222)	-	-
2019 (*)	2024	(4,732,108,403)	(4,732,108,403)	-
2020	2025	(23,412,836,723)	(20,587,873,328)	(2,824,963,395)
		(36,879,443,348)	(25,319,981,731)	(2,824,963,395)

(*) Tax loss as per tax finalization

The Company has not recognized deferred income tax assets on these accumulated losses carried over from prior years due to uncertainty that future taxable profit will allow the offsetting against these losses.

33. PROFIT/(LOSS) PER SHARE

	<u>2021</u>	<u>2020</u>
Profit/(Loss) after tax distributed to ordinary shareholders (VND)	25,382,657,607	(23,409,563,073)
Weighted average outstanding ordinary shares (number of shares)	<u>82,668,493</u>	<u>61,500,000</u>
Basic profit/(loss) per share (VND/share)	<u>307</u>	<u>(381)</u>

34. RELATED PARTIES TRANSACTIONS

List of related parties and relationships with the Company is as follows:

<i>Related parties</i>	<i>Relationship</i>
Hanwha Investment and Securities Co., Ltd	Shareholders

Significant balances with related parties of the Company as the end of the year are as follows:

<i>Related parties</i>	<i>Description</i>	<i>31/12/2021 Receivables/(Payables) VND</i>	<i>31/12/2020 Receivables/(Payables) VND</i>
Hanwha Investment & Securities Co., Ltd	Prepaid expenses	1,475,014,348	-

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

34. RELATED PARTIES TRANSACTIONS (continued)

Significant transactions with related parties of the Company during the year ended 31 December 2021 and 31 December 2020 are as follows:

<i>Related parties</i>	<i>Description</i>	<i>2021</i> <i>Income/(Expenses)</i> <i>VND</i>	<i>2020</i> <i>Income/(Expenses)</i> <i>VND</i>
Hanwha Investment & Securities Co., Ltd	Capital increase	865,000,000,000	-
	Payment guarantee fees	(2,202,418,599)	-

Related parties being individuals

Remuneration of members of the Board of Directors

	<i>2021</i> <i>VND</i>	<i>2020</i> <i>VND</i>
General Director	4,112,089,663	4,425,027,905

35. OPERATING LEASES COMMITMENTS

	<i>31/12/2021</i> <i>VND</i>	<i>31/12/2020</i> <i>VND</i>
Within one year	1,886,904,250	3,234,693,000
From one year to five years	-	1,886,904,250
	<u>1,886,904,250</u>	<u>5,121,597,250</u>

36. PURPOSES AND POLICIES OF FINANCIAL RISK MANAGEMENT

The Company's financial liabilities comprise mostly loans and borrowings, payables to suppliers and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company has loans, trade and other receivables, cash and short-term deposits that arise directly from its operations.

The Company is exposed to market risk, equity price risk, credit risk and liquidity risk.

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to maintain an acceptable balance between the cost arising from risks and the cost of managing the risks. Management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

Management reviews and agrees policies for monitoring each of these risks which are summarized below:

36.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. There are four types of market risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits and investments.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

36. PURPOSES AND POLICIES OF FINANCIAL RISK MANAGEMENT (continued)

36.1 *Market risk* (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to market risk due to changes in interest rate relates primarily to cash and short-term deposits, held-to-maturity investments and loans. Financial liabilities have fixed interest rates.

The Company manages interest rate risk by looking at the competitive structure of the market to identify a proper interest rate policy which is favorable for its purposes within its risk management limits. No analysis on interest sensitivity is performed since the Company's exposure to risk of changes in interest rate is insignificant.

Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (in which revenue or expense is denominated in a different currency from the Company's accounting currency).

The Company manages foreign exchange risk by considering current and expected market conditions when the Company plans to buy and sell commodities in the future in foreign currencies.

36.2 *Equity price risk*

Listed and non-listed securities which are held by the Company are affected by market risk arising from the uncertainty of future value of invested securities. The Company manages equity price risk by establishing investment limits. The Company's Operational Management Division considers and approves decisions on investment in securities.

At the date of the financial statements, the fair value of the investments in listed shares and UPCoM shares of the Company was VND 321,434,550 (as at 31 December 2020: VND 16,033,780). If market index decreases by 10%, the Company's profit after tax will decrease by VND 32,143,455, depending on its magnitude and length as well as the Company's ownership position of securities which have significant influence on market index.

36.3 *Credit risk*

Credit risk is the risk that a counterparty would not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for loans and receivables) and from its financing activities, including deposits with banks.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

36. PURPOSES AND POLICIES OF FINANCIAL RISK MANAGEMENT (continued)

36.3 Credit risk (continued)

Receivables

Customer credit risk is managed by the Company based on its established policies, procedures and controls relating to customer credit risk management.

Outstanding customer receivables are regularly monitored. Customer credit quality's impairment is analyzed at each reporting date on an individual basis for major clients. The Company closely monitors outstanding receivables and operates a credit control unit to mitigate credit risk. Due to the fact that the Company's receivables relate to a large number of diversified customers and corresponding collateral assets, there is no significant concentration of credit risk.

Deposits at banks

The Company's bank balances are mainly maintained with high credit rating banks in Vietnam. Credit risk from balances with banks is managed by the Company's accounting department in accordance with the Company's policy. The Company evaluates the concentration of credit risk in respect to bank deposits as low.

Margin lending and advances to customers

The Company manages its credit risks via the use of internal control policies, processes and procedures relevant to margin lending and advances to customers. The Company only allows margin lending for permitted securities which are in accordance with regulations for margin lending and which are rated using the Company's quality assessment principles for securities. Credit limit is controlled on the basis of collaterals, credit worthiness of customers and other indicators on control limits.

The Company's Management assesses that all financial assets are not overdue and not impaired because these financial assets are related to customers who are reputable and have payment capability as shown below:

	<i>Neither overdue nor impaired VND</i>	<i>Overdue but not impaired VND</i>	<i>Overdue and impaired VND</i>	<i>Total VND</i>
Cash at bank and cash equivalents	43,325,119,239	-	-	43,325,119,239
HTM investments	200,000,000,000	-	-	200,000,000,000
Loans	1,682,392,124,725	3,274,407,432	-	1,685,666,532,157
Receivables	9,024,311,509	-	-	9,024,311,509
Receivables from services provided by the Company	311,753,427	-	-	311,753,427
Other receivables	670,741,878	-	-	670,741,878
Advances to suppliers	1,608,436,050	-	-	1,608,436,050
Short-term deposits, collaterals and pledges	42,937,250	-	-	42,937,250
Long-term deposits, collaterals and pledges	1,294,406,840	-	-	1,294,406,840
Prepaid expenses	6,267,745,371	-	-	6,267,745,371
Total	1,944,937,576,289	3,274,407,432	-	1,948,211,983,721

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

36. PURPOSES AND POLICIES OF FINANCIAL RISK MANAGEMENT (continued)

36.4 *Liquidity risk*

The liquidity risk is the risk that the Company will encounter difficulties in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of maturities of financial assets and liabilities.

The Company monitors its liquidity risk by maintaining a level of cash and cash equivalents and borrowings from banks deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

The Company assesses that the level of risk concentration on debt repayment is low and that the Company is able to access capital resources.

The below table summarizes the payment period of the Company's financial liabilities based on the expected payments under contracts as at 31 December 2021.

11/11/21
21
CH
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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

36. PURPOSES AND POLICIES OF FINANCIAL RISK MANAGEMENT (continued)

36.4 Liquidity risk (continued)

	Overdue VND	Current VND	Less than 1 year VND	From 1 – 5 years VND	More than 5 years VND	Total VND
FINANCIAL ASSETS						
Cash and cash equivalents	-	43,325,119,239	-	-	-	43,325,119,239
Financial assets at fair value through profit or loss ("FVTPL")	-	106,545,727,849	-	-	-	106,545,727,849
Held-to-maturity ("HTM") investments	-	-	200,000,000,000	-	-	200,000,000,000
Loans	-	-	1,685,666,532,157	-	-	1,685,666,532,157
Receivables	-	-	9,024,311,509	-	-	9,024,311,509
Receivables from services provided by the Company	-	-	311,753,427	-	-	311,753,427
Other receivables	-	-	670,741,878	-	-	670,741,878
Fixed assets	-	-	259,915,755	16,829,762,724	51,534,251,289	68,623,929,768
Payments to Settlement Assistance Fund	-	6,742,878,424	-	-	-	6,742,878,424
Total assets	-	156,613,725,512	1,895,933,254,726	16,829,762,724	51,534,251,289	2,120,910,994,251
FINANCIAL LIABILITIES						
Short-term borrowings	-	-	648,940,000,000	-	-	648,940,000,000
Payables for securities trading activities	-	-	4,206,362,232	-	-	4,206,362,232
Short-term trade payables	-	-	608,443,388	-	-	608,443,388
Tax and payables to the State	-	-	8,708,557,877	-	-	8,708,557,877
Short-term accrued expenses	-	-	4,001,977,804	-	-	4,001,977,804
Other current payables	-	-	182,472,032	-	-	182,472,032
Total liabilities	-	-	666,647,813,333	-	-	666,647,813,333
Net liquidity difference	-	156,613,725,512	1,229,285,441,393	16,829,762,724	51,534,251,289	1,454,263,180,918

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

37. EVENTS AFTER THE BALANCE SHEET DATE

There is no matter or circumstance that has arisen since the balance sheet date that requires adjustment or disclosure in the financial statements of the Company.

Prepared by:



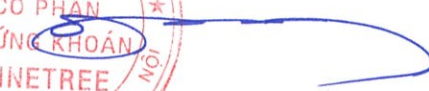
Ms. Tran Thi Minh Hien
Accountant

Reviewed by:



Ms. Dinh Thi Lan Phuong
Chief Accountant

Approved by:



Mr. Lee Jun Hyuck
General Director

Hanoi, Vietnam

25 March 2022

