

# **Mirae Asset (Vietnam) Fund Management Company Limited**

Financial Statements

For the year ended 31 December 2019



# Mirae Asset (Vietnam) Fund Management Company Limited

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# Mirae Asset (Vietnam) Fund Management Company Limited

## GENERAL INFORMATION

### THE COMPANY

Mirae Asset (Vietnam) Fund Management Co., Ltd. is a wholly owned subsidiary of Mirae Asset Global Investments Co., Ltd ("the Parent company") incorporated in the Republic of Korea. The Company is previously known as Trust Principle Fund Joint Stock Company, a company incorporated in Vietnam under Establishment and Operation License No. 36/UBCK-GP dated 2 July 2008 issued by the State Securities Commission. In 2018, shareholders of Trust Principle Fund Joint Stock Company transferred all their shares to Mirae Asset Global Investments Co., Ltd. On 20 August 2018, the State Securities Commission granted Establishment and Operation License No. 56/GP-UBCK approving the changes in name, head office location, legal representative of the Company and the transformation of the Company's type of business from a joint stock company into a limited liability company.

Below is a summary of information extracted from its Establishment and Operating License No. 56/GP-UBCK dated 20 August 2018:

Business Registration Certificate Number	0102811624
Registered company name:	Mirae Asset (Vietnam) Fund Management Company Limited
Head Office's address:	Floor 38, Keangnam Hanoi Landmark Tower, Plot E6, Cau Giay New Urban Area, Me Tri Ward, Nam Tu Liem District, Hanoi
Operating activities:	Investment funds management, investment portfolio management and providing securities investment advisory service
Charter capital:	VND 26,000,000,000
Owner:	Mirae Asset Global Investments Co., Ltd

### CHAIRMAN

The Company's Chairman during the year and at the date of this report is:

Mr. Huh Hong Suk	Chairman	Appointed on 22 March 2018
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### SUPERVISOR

Supervisors during the year and at the date of these financial statements are as follows:

<i>Name</i>	<i>Title</i>	<i>Date of Appointment/Resignation</i>
Mr. Nguyen Anh Tuan	Head of Internal Control	Appointed on 9 July 2019
Mr. Nguyen Phan Quang	Head of Internal Control	Resigned on 9 July 2019
Ms. Lai Minh Quyen	Head of Internal Control	Resigned on 15 March 2019

### CHIEF EXECUTIVE OFFICER

The Company's Chief Executive Officer during the year and at the date of these financial statements is:

Ms. Pham Minh Phuong	Chief Executive Officer	Appointed on 23 May 2018
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### LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of these financial statements is Mr. Huh Hong Suk – Chairman.

### AUDITORS

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

# Mirae Asset (Vietnam) Fund Management Company Limited

## REPORT OF CHAIRMAN

The Chairman of Mirae Asset (Vietnam) Fund Management Company Limited ("the Company") is pleased to present this report and the Company's financial statements for the financial year ended 31 December 2019

### THE CHAIRMAN'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

Chairman of the Company is responsible for the financial statements of each financial year which give a true and fair view of the financial position of the Company and of the results of its operations, its cash flows and its statement of changes in equity for the year. In preparing the financial statements, the Chairman is required to:

- ▶ select suitable accounting policies and then 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 financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue its business.

The Chairman 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 ensuring that the accounting records comply with the applied accounting system. He is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Chairman of the Company confirmed that he has complied with the above requirements in preparing the accompanying financial statements.

### STATEMENT BY THE CHAIRMAN

Chairman of the Company does hereby state that, in his opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of the results of its operations, its cash flows and its statement of changes in equity for the year then ended in accordance with Vietnam Accounting Standards, Vietnamese Enterprise Accounting System, accounting guidance applicable to fund management companies and the statutory requirements relevant to the preparation and presentation of the financial statements.



Mr. Huh Hong Suk  
Chairman

Hanoi, Vietnam

28 February 2020

Reference: 61520673/21270518

## INDEPENDENT AUDITORS' REPORT

**To: The Owners of Mirae Asset (Vietnam) Management Company Limited**

We have audited the financial statements of Mirae Asset (Vietnam) Fund Management Limited Company ("the Company") as prepared on 28 February 2020 and set out on pages 5 to 26, which comprise the balance sheet as at 31 December 2019 and the income statement, the cash flow statement and the statement of changes in owner's equity for the year then ended and the notes thereto.

### *Chairman's responsibility*

The Chairman of Company is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, accounting guidance applicable to fund management companies and the statutory requirements relevant to the preparation and presentation of the financial statements, and for such internal control as Chairman 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.

### *Auditors' responsibility*

Our responsibility is to express an opinion on these 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 auditor considers internal control 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 the Chairman, 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.

### ***Auditors' opinion***

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of the Company as at 31 December 2019, and of the results of its operations, its cash flows and its changes in owner's equity for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, accounting guidance applicable to asset management companies and other statutory requirements relevant to the preparation and presentation of financial statements.

### ***Other Matter***

The financial statements of the Company for the year ended 31 December 2018 were audited by another audit firm which expressed an unmodified opinion on those statements on 11 March 2019.

### **Ernst & Young Vietnam Limited**



Saman Wijaya Bandara  
Deputy General Director  
Audit Practising Registration  
Certificate No. 2036-2018-004-1

Nguyen Van Trung  
Auditor  
Audit Practising Registration  
Certificate No. 3847-2016-004-1

Hanoi, Vietnam

28 February 2020

## BALANCE SHEET

as at 31 December 2019

Currency: VND

Code	Assets	Notes	31 December 2019	31 December 2018
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>45,361,796,207</b>	<b>28,474,582,464</b>
<b>110</b>	<b>I. Cash and cash equivalents</b>	<b>4</b>	<b>4,196,299,777</b>	<b>3,098,217,572</b>
111	1. Cash		4,196,299,777	1,098,217,572
112	2. Cash equivalents		-	2,000,000,000
<b>120</b>	<b>II. Short-term investments</b>	<b>5</b>	<b>33,000,000,000</b>	<b>20,000,000,000</b>
121	1. Short-term investments		33,000,000,000	20,000,000,000
<b>130</b>	<b>III. Short-term receivables</b>		<b>7,039,730,834</b>	<b>4,779,720,989</b>
132	1. Prepayment to suppliers		71,694,150	293,850,000
134	2. Receivables from operating activities	6	6,302,340,797	4,219,125,783
135	3. Other receivables	7	665,695,887	266,745,206
139	4. Provision for doubtful receivables		-	-
<b>150</b>	<b>IV. Other short-term assets</b>		<b>1,125,765,596</b>	<b>596,643,903</b>
151	1. Short-term prepaid expense	8	1,125,765,596	596,643,903
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>878,472,084</b>	<b>858,169,408</b>
<b>210</b>	<b>I. Long-term receivables</b>		<b>436,193,276</b>	<b>412,193,276</b>
218	1. Other long-term receivables	9	436,193,276	412,193,276
<b>220</b>	<b>II. Fixed assets</b>		<b>-</b>	<b>-</b>
227	1. Intangible assets		-	-
228	Cost		100,000,000	100,000,000
229	Accumulated amortisation		(100,000,000)	(100,000,000)
<b>260</b>	<b>III. Other long-term assets</b>		<b>442,278,808</b>	<b>445,976,132</b>
261	1. Long-term prepaid expenses	8	442,278,808	445,976,132
<b>270</b>	<b>TOTAL ASSETS</b>		<b>46,240,268,291</b>	<b>29,332,751,872</b>

BALANCE SHEET (continued)  
as at 31 December 2019

Currency: VND

Code	Resources	Note	31 December 2019	31 December 2018
<b>300</b>	<b>A. LIABILITIES</b>		<b>5,824,255,173</b>	<b>72,250,570</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>5,824,255,173</b>	<b>72,250,570</b>
312	1. Payables to suppliers		328,825,556	72,250,570
314	2. Statutory obligations	10	474,859,618	-
315	3. Payables to employees		5,020,569,999	
<b>400</b>	<b>B. OWNER'S EQUITY</b>	<b>11</b>	<b>40,416,013,118</b>	<b>29,260,501,302</b>
411	1. Contributed charter capital		26,000,000,000	26,000,000,000
417	2. Investment and development fund		6,918,115,150	6,918,115,150
418	3. Financial reserve fund		741,148,053	406,947,950
419	4. Other funds belonging to owners' equity		741,148,053	406,947,950
420	5. Undistributed earnings/(accumulated losses)		6,015,601,862	(4,471,509,748)
<b>440</b>	<b>TOTAL LIABILITIES AND EQUITY</b>		<b>46,240,268,291</b>	<b>29,332,751,872</b>



BALANCE SHEET (continued)  
as at 31 December 2019

## OFF BALANCE SHEET ITEMS

Currency: VND

Code	Items	Notes	31 December 2019	31 December 2018
030	1. Deposits of trust investors (*)	12	25,147,915	126,005,541
031	- Deposits of domestic trust investors		25,147,915	126,005,541
040	2. Investment portfolio of trust investors (*)	13	67,554,063,035	67,554,063,035
041	- Domestic trust investors		67,554,063,035	67,554,063,035
051	3. Payables of trust investors (*)	14	145,697,107	2,898,251

(\*) In accordance with Circular No. 125/2011/TT-BTC, deposits, securities, investment portfolio, receivables and payables of trust investors as well as trust capital received are recorded and monitored in off-balance sheet.

Prepared by:



Ms. Vu Thi Thuy Lua  
Chief Accountant

Approved by:



Mr. Huh Hong Suk  
Chairman

Hanoi, Vietnam

28 February 2020

INCOME STATEMENT  
for the year ended 31 December 2019

Currency: VND

Code	Items	Note	Year 2019	Year 2018
01	1. Income from operating activities	15	36,128,981,345	7,201,080,156
02	2. Deductions		-	-
10	3. Net income from operating activities		36,128,981,345	7,201,080,156
11	4. Expenses from operating activities	16	5,597,993,659	977,097,223
20	5. Gross profit from operating activities		30,530,987,686	6,223,982,933
21	6. Finance income	17	1,704,272,746	806,098,841
22	7. Finance expenses		43,185,846	12,714,656
25	8. General and administrative expenses	18	19,178,729,317	8,000,002,146
30	9. Net operating profit/(loss)		13,013,345,269	(982,635,028)
31	10. Other income		-	-
32	11. Other expenses		-	187,908
40	12. Other loss		-	(187,908)
50	13. Profit/(loss) before tax		13,013,345,269	(982,822,936)
51	14. Current enterprise income tax expense	19	1,857,833,453	-
60	15. Net profit (loss) after tax		11,155,511,816	(982,822,936)

Prepared by:



Ms. Vu Thi Thuy Lua  
Chief Accountant

Approved by:



Mr. Huh Hong Suk  
Chairman

Hanoi, Vietnam

28 February 2020

## CASH FLOW STATEMENT

for the year ended 31 December 2019

Currency: VND

Code	Items	Notes	Year 2019	Year 2018
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01	Proceeds from fund management activities; providing services and other income		34,031,044,971	3,015,606,571
02	Payments for fund management activities and to suppliers and service providers		(6,778,948,398)	(5,274,002,035)
03	Payments to employees		(9,187,094,371)	(3,695,239,810)
05	Current income tax paid		(1,806,676,311)	-
06	Other cash inflows from operating activities		33,182,017	4,587,188
07	Other cash outflows from operating activities		(3,460,134,288)	(1,668,155,002)
20	<b>Net cash flows from/(used in) operating activities</b>		<b>12,831,373,620</b>	<b>(7,617,203,088)</b>
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
23	Purchase of debt instruments of other entities		(39,000,000,000)	(65,000,000,000)
24	Proceeds from sale/settlement of debt instruments of other entities		26,000,000,000	45,000,000,000
27	Interests and dividends received		1,266,708,585	536,137,890
30	<b>Net cash flows used in investing activities</b>		<b>(11,733,291,415)</b>	<b>(19,463,862,110)</b>
50	<b>Net change in cash for the year</b>		<b>1,098,082,205</b>	<b>(27,081,065,198)</b>
60	<b>Cash and cash equivalents at the beginning of the year</b>		<b>3,098,217,572</b>	<b>30,181,465,363</b>
61	<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>		<b>-</b>	<b>(2,182,593)</b>
70	<b>Cash and cash equivalents at the end of the year</b>	<b>4</b>	<b>4,196,299,777</b>	<b>3,098,217,572</b>

Prepared by



Ms. Vu Thi Thuy Lua  
Chief Accountant

Hanoi, Vietnam

28 February 2020

Approved by



Mr. Huh Hong Suk  
Chairman

# Mirae Asset (Vietnam) Management Company Limited

B05-CTQ

## STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2019

Unit: VND

Items	Note	Beginning Balances		Increase/Decrease				Ending balance	
		01 January 2018	01 January 2019	Year 2018		Year 2019		31 December 2018	31 December 2019
		1	2	Increase	Decrease	Increase	Decrease	7	8
1. Charter capital	12	26,000,000,000	26,000,000,000	-	-	-	-	26,000,000,000	26,000,000,000
2. Investment and development fund	12	6,918,115,150	6,918,115,150	-	-	-	-	6,918,115,150	6,918,115,150
3. Financial reserve fund	12	406,947,950	406,947,950	-	-	334,200,103	-	406,947,950	741,148,053
4. Other funds belonging to owners' equity	12	406,947,950	406,947,950	-	-	334,200,103	-	406,947,950	741,148,053
5. Undistributed retained earnings/(accumulated losses)	12	(3,488,686,812)	(4,471,509,748)	(982,822,936)	-	10,487,111,610	-	(4,471,509,748)	6,015,601,862
<b>TOTAL</b>		<b>30,243,324,238</b>	<b>29,260,501,302</b>	<b>(982,822,936)</b>	<b>-</b>	<b>11,155,511,816</b>	<b>-</b>	<b>29,260,501,302</b>	<b>40,416,013,118</b>

Prepared by:

*[Signature]*

Ms. Vu Thi Thuy Lua  
Chief Accountant

Hanoi, Vietnam

28 February 2020

Approved by: *[Signature]*  


NOTES TO THE FINANCIAL STATEMENTS  
as at 31 December 2019 and for the year then ended

**1. THE COMPANY**

Mirae Asset (Vietnam) Fund Management Co., Ltd. is a wholly owned subsidiary of Mirae Asset Global Investments Co., Ltd ("the Parent company"), a company incorporated in the Republic of Korea. The Company is previously known as Trust Principle Fund Joint Stock Company incorporated in Vietnam under Establishment and Operation License No. 36/UBCK-GP dated 2 July 2008 issued by the State Securities Commission. In 2018, the shareholders of Trust Principle Fund Joint Stock Company transferred all of their shares to Mirae Asset Global Investments Co., Ltd. On 20 August 2018, the State Securities Commission granted Establishment and Operation License No. 56/GP-UBCK approving the changes in name, head office location, legal representative of the Company and the transformation of the Company's type of business from a joint stock company into a limited liability company.

The Company's current principal activities are to manage investment funds, investment portfolios and to provide securities investment advisory service.

The Company's head office is located at Floor 38, Keangnam Hanoi Landmark Tower, Plot E6, Cau Giay New Urban Area, Me Tri Ward, Nam Tu Liem District, Hanoi.

The number of Company's employees as at 31 December 2019 is 21 people (31 December 2018: 14 people).

**2. BASIS OF PREPARATION**

**2.1 Accounting Standards and System**

The financial statements of the Company are presented in Vietnam dong ("VND") are prepared in accordance with Vietnamese Enterprise Accounting System, accounting policies applicable for fund management companies and other Vietnamese Accounting Standards issued 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).

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 operations, cash flows and statement of changes in equity in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

**2.2 Applied accounting documentation system**

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

**2.3 Fiscal year**

The Company's fiscal year applicable for the preparation of its financial statements starts on 1 January and ends on 31 December.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

**2. BASIS OF PREPARATION (continued)**

**2.4 Accounting currency**

The financial statements are prepared in Vietnam dong ("VND") which is also the Company's accounting currency.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Changes in accounting policies and notes to financial statements**

The accounting policies adopted by the Company in preparation of the financial statements are consistent with those followed in the preparation of the Company's financial statements for the year ended 31 December 2018.

**3.2 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, cash at banks and short-term, highly liquid investments with an original maturity of less than three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

**3.3 Investments**

Short-term investments consist of deposits at bank with term equal to or less than 12 months, except for deposits with terms equal to or less than 3 months which are included in "Cash and cash equivalents".

Investments are initially stated at cost. Provision of the investment is made when there are reliable evidences of the diminution in value of those investments at the balance sheet date.

**3.4 Receivables**

Receivables are presented in the financial statements at the carrying amounts due from customers and other debtors, net off provision for doubtful debts.

The provision for doubtful debts represents amounts of outstanding receivables at the balance sheet date which are doubtful of being recovered. Increases or decreases to the provision balance are recorded as general and administrative expenses in the income statement.

For overdue receivables, the Company makes provision under the guidance of Circular No. 48/2019/TT-BTC issued by the Ministry of Finance on 8 August 2019. Accordingly, provision rate for overdue receivables are as follows:

<b><u>Overdue age</u></b>	<b><u>Provision rate</u></b>
From over six (6) months to less than one (1) year	30%
From one (1) year to less than two (2) years	50%
From two (2) years to less than three (3) years	70%
Over three (3) years	100%



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **3.5 Intangible fixed assets**

Intangible fixed assets are stated at cost less accumulated amortization.

The cost of an intangible fixed asset comprises of its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use.

Expenditure for additions, improvements and renewals are capitalized. Expenditures for maintenance and repairs are charged to the income statement.

When assets are sold or disposed, their cost and accumulated amortization are derecognised from the balance sheet and any gain or loss resulting from their disposal is included in the income statement.

#### **3.6 Amortization**

Amortization of intangible fixed assets are calculated on a straight-line basis over the estimated useful life of each asset as follows:

Computer software	3 - 5 years
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#### **3.7 Short-term and long-term prepaid expenses**

Prepaid expenses include short-term and long-term prepaid expenses on the balance sheet and are amortized over the period for which the amounts are paid or the period in which economic benefits are generated in relation to these expenses.

#### **3.8 Foreign currency transactions**

Transactions in currencies other than the Company's reporting currency (VND) are recorded at the exchange rates ruling at the date of the transaction. At the end of the year, monetary assets and liabilities denominated in foreign currencies are translated at the buying exchange rate announced at the balance sheet date of the commercial bank where the Company maintains its account. All foreign exchange differences incurred are taken to the income statement.

#### **3.9 Profit appropriation**

As a wholly owned subsidiary of Mirae Asset Global Investments Co., Ltd ("the Parent company"), the Company will transfer its profit after tax to the Parent company, in accordance with the policies of the Parent company.

#### **3.10 Revenue recognition**

Revenue is recognised 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 determined by fair value of received or receivable amount after deducting trade discounts, rebate and sale returns. The following specific recognition criteria must also be met before revenue is recognised:

##### **Revenue from rendering of services**

Revenue of services comprises fund management fees, trusted portfolio management fee and fee from securities investment advisory service and on accrual basis which are recognized based on the terms and conditions stated in the fund management and advisory contracts.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.10 Revenue recognition (continued)

##### *Interest*

Revenue is recognised in the income statement on accrual basis (taking into account the effective yield on the asset) unless collectability is in doubt.

#### 3.11 Taxation

##### *Current income tax*

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted at the balance sheet date.

Current income tax is charged or credited to the income statement, except when it relates to items recognised directly to equity, in which case the current income tax is also taken to equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Company to set off 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 tax*

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

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

Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilized, except where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Previously unrecognized deferred tax assets are re-assessed at each 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 tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset realized or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date.

Deferred tax is charged or credited to the income statement, except when it relates to items recognized directly to equity, in which case the deferred tax is also dealt with in the equity account.



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.11 *Taxation* (continued)

##### *Deferred tax* (continued)

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 when they relate to income taxes levied by the same taxation authority on either the same taxable entity or when the Company intends either settle current tax liabilities and assets 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.

#### 3.12 *Nil balances*

Items or balances stipulated in Circular No. 125/2011/TT-BTC dated 5 September 2011 issued by the Ministry of Finance on the issuance of accounting regime for fund management companies that are not presented in these financial statements indicate nil balances.

#### 3.13 *Reserves*

The Company appropriates reserves from its retained earnings in accordance with Circular No. 146/2014/TT-BTC issued by the Ministry of Finance dated 6 October 2014 as follows:

	<i>Percentage of profit after tax</i>	<i>Maximum level</i>
Capital Supplementary Reserve (*)	5%	10% of charter capital
Financial reserve	5%	10% of charter capital

(\*) For the fiscal year ended 31 December 2019, Capital Supplementary Reserve is presented in "Other funds belonging to owner's equity" on the balance sheet, which is comply with presentation requirements of Circular No. 125/2011/TT-BTC.

The capital supplementary reserve is to supplement to the charter capital of the Company according to decision of the Company's Owner.

The purpose of the financial reserve is to compensate for loss incurred in the course of business, net of amount of loss that is compensated for by insurance companies or individuals causing such loss.

The Company is not allowed to use financial reserve and capital supplementary reserve to pay dividends.

The investment and development fund is allocated from retained earnings according to approval of the Company's Owner and is used for business expansion or investment activities.

The other funds are allocated from retained earnings according to approval of the Company's Owner and is used to support operating activities of the Company.

#### 3.14 *Related parties*

Parties are considered to be related parties of the Company if one party has the ability 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 party are under common control or under common significant influence. Related parties can be enterprise or individual, including close members of the family of any such individual.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

**4. CASH AND CASH EQUIVALENTS**

	31 December 2019 VND	31 December 2018 VND
Cash on hand	11,573,364	4,729,974
Cash at banks	4,184,726,413	1,093,487,598
- In VND	4,036,726,413	532,205,177
- In foreign currencies	148,000,000	561,282,421
Cash equivalents	-	2,000,000,000
	<b>4,196,299,777</b>	<b>3,098,217,572</b>

**5. SHORT-TERM INVESTMENTS**

Short-term investments as at 31 December 2019 are as follow:

	31 December 2019 VND	31 December 2018 VND
<b>Short-term deposits</b>		
Shinhan Bank Vietnam	5,000,000,000	5,000,000,000
Joint Stock Commercial Bank for Foreign Trade of Vietnam	12,000,000,000	-
Bank for Investment and Development of Vietnam	16,000,000,000	15,000,000,000
	<b>33,000,000,000</b>	<b>20,000,000,000</b>

Short-term deposits have remaining maturities from six (6) to twelve (12) months and earned interest at rates ranging from 4.3%p.a. to 7.3%p.a.

**6. RECEIVABLES FROM OPERATING ACTIVITIES**

	31 December 2019 VND	31 December 2018 VND
Receivables from trusted portfolio management services	142,918,453	14,334,261
Receivables from securities investment management service (i)	645,616,207	-
Receivables from securities investment consulting service	286,195,694	112,500,000
Receivables from other activities (ii)	5,227,610,443	4,092,291,522
	<b>6,302,340,797</b>	<b>4,219,125,783</b>

- (i) According to Fund Charter, the Company's Management fee for the year ended 31 December 2019 is determined at 1.75% of the average of daily net asset value ("NAV") of the investment portfolio during the year.
- (ii) These are receivables from Parent company for supporting them in manage their funds in Vietnam.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

7. OTHER RECEIVABLES

	31 December 2019 VND	31 December 2018 VND
Interest income receivables	665,695,887	266,745,206
	<b>665,695,887</b>	<b>266,745,206</b>

8. PREPAID EXPENSES

	31 December 2019 VND	31 December 2018 VND
<b>Short-term prepaid expenses</b>		
Prepaid office rental	451,087,628	344,102,596
Other short-term prepaid expenses	674,677,968	252,541,307
	<b>1,125,765,596</b>	<b>596,643,903</b>
<b>Long-term prepaid expenses</b>		
Tools and equipment	387,707,759	355,298,995
Software expenses	46,354,141	83,648,314
Other short-term prepaid expenses	8,216,908	7,028,823
	<b>442,278,808</b>	<b>445,976,132</b>
<b>Total</b>	<b>1,568,044,404</b>	<b>1,042,620,035</b>

9. OTHER LONG-TERM RECEIVABLES

	31 December 2019 VND	31 December 2018 VND
Deposit on office rental	394,193,276	394,193,276
Other long-term receivables	42,000,000	18,000,000
	<b>436,193,276</b>	<b>412,193,276</b>

10. STATUTORY OBLIGATIONS

	31 December 2018 VND	Accrued during the year		31 December 2019 VND
		Increased during the year VND	Paid during the year VND	
Corporate income tax	-	1,857,833,453	(1,806,676,311)	51,157,142
Personal income tax	-	2,609,986,828	(2,186,284,352)	423,702,476
Other taxes	-	48,845,896	(48,845,896)	-
	-	<b>4,516,666,177</b>	<b>(4,041,806,559)</b>	<b>474,859,618</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

# 11. OWNER'S EQUITY

Changes in owner's equity are as follows:

	Charter capital VND	Charter capital supplementary reserve VND	Financial and operational risk reserve VND	Other funds belonging to owners' equity VND	Undistributed retained earnings VND	Total VND
<b>As at 01 January 2018</b>	<b>26,000,000,000</b>	<b>6,918,115,150</b>	<b>406,947,950</b>	<b>406,947,950</b>	<b>(3,488,686,812)</b>	<b>30,243,324,238</b>
Net loss for year	-	-	-	-	(982,822,936)	(982,822,936)
<b>As at 31 December 2018</b>	<b>26,000,000,000</b>	<b>6,918,115,150</b>	<b>406,947,950</b>	<b>406,947,950</b>	<b>(4,471,509,748)</b>	<b>29,260,501,302</b>
<b>As at 01 January 2019</b>	<b>26,000,000,000</b>	<b>6,918,115,150</b>	<b>406,947,950</b>	<b>406,947,950</b>	<b>(4,471,509,748)</b>	<b>29,260,501,302</b>
Net profit for the year	-	-	-	-	11,155,511,816	11,155,511,816
Temporary appropriation to funds	-	-	334,200,103	334,200,103	(668,400,206)	-
<b>As at 31 December 2019</b>	<b>26,000,000,000</b>	<b>6,918,115,150</b>	<b>741,148,053</b>	<b>741,148,053</b>	<b>6,015,601,862</b>	<b>40,416,013,118</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

**12. DEPOSITS OF TRUST INVESTORS**

	Year 2019 VND	Year 2018 VND
Beginning balance	126,005,541	102,075,174
Increase	130,696,782	150,116,659
Decrease	(231,554,408)	(126,186,292)
<b>Ending balance</b>	<b>25,147,915</b>	<b>126,005,541</b>

**13. INVESTMENT PORTFOLIO OF TRUST INVESTORS**

	31 December 2019 VND	31 December 2018 VND
<b>Portfolio of domestic trust investors</b>		
Shares		
- Listed shares	42,554,063,035	42,554,063,035
<i>In which, securities which had diminution in value:</i>		
HAG	19,900	24,400
HPG	23,500	46,850
PVD	26,477,645,600	23,350,875,000
SSI	180,500,000	-
SAV	2,304,374,800	-
- Unlisted shares	25,000,000,000	25,000,000,000
	<b>67,554,063,035</b>	<b>67,554,063,035</b>

**14. PAYABLES OF TRUST INVESTORS**

	31 December 2019 VND	31 December 2018 VND
Payable for portfolio management fee	142,918,453	-
Custody fee payable	1,861,875	1,746,971
Custody fee payable to VSD	916,779	1,151,280
	<b>145,697,107</b>	<b>2,898,251</b>

**15. INCOME FROM OPERATING ACTIVITIES**

	Year 2019 VND	Year 2018 VND
Management fee from investment portfolio management service	325,470,439	57,392,596
Securities investment advisory fees	1,182,023,263	201,267,123
Management fee from fund management service	3,503,945,670	-
Other revenue (*)	31,117,541,973	6,942,420,437
	<b>36,128,981,345</b>	<b>7,201,080,156</b>

(\*) This represents the amount earned from the Parent company for management of investment portfolios in Vietnam of its Funds.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

**16. EXPENSES FROM OPERATING ACTIVITIES**

	Year 2019 VND	Year 2018 VND
Salary and related expenses	4,380,391,479	797,137,644
Tools and supplies	136,955,217	22,108,336
Maintenance fee	453,541,532	-
Other expenses	627,105,431	157,851,243
	<b>5,597,993,659</b>	<b>977,097,223</b>

**17. FINANCE INCOME**

	Year 2019 VND	Year 2018 VND
Interest income	1,663,109,266	802,883,096
Realized gain from exchange rates difference	41,163,480	-
Other finance income	-	3,215,745
	<b>1,704,272,746</b>	<b>806,098,841</b>

**18. GENERAL AND ADMINISTRATION EXPENSES**

	Year 2019 VND	Year 2018 VND
Salary and other related expenses	14,840,945,774	4,649,181,405
Tools and office supplies	146,056,707	120,918,111
Taxes and fees	23,955,133	10,700,000
Expenses for external services	3,172,927,937	2,906,280,416
Other expenses	994,843,766	312,922,214
	<b>19,178,729,317</b>	<b>8,000,002,146</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

**19. CORPORATE INCOME TAX ("CIT")**

According to current Tax regulation, the Company is subject to Corporate Income Tax at the rate of 20%. The tax returns filed by Company are subject to examination by the tax authorities. As the application of tax laws and regulations is susceptible to varying interpretations, the amounts reported in the financial statements could change at a later date upon final determination by the tax authorities.

	Year 2019 VND	Year 2018 VND
Current tax expense	1,857,833,453	-
<b>TOTAL</b>	<b>1,857,833,453</b>	<b>-</b>

Reconciliation between CIT expense and the accounting profit before tax multiplied by CIT rate are presented below:

	Year 2019 VND	Year 2018 VND
<b>Profit/(loss) before tax</b>	<b>13,013,345,269</b>	<b>(982,635,028)</b>
CIT at rate of 20% applicable to the Company	2,602,669,054	-
Adjustments to increase accounting profit		
- Non-deductible expenses	45,431,627	17,684,878
Adjustments to decrease accounting profit	(790,267,228)	(611,387,519)
- Tax loss carried forward	(790,267,228)	(611,387,519)
<b>CIT expenses</b>	<b>1,857,833,453</b>	<b>-</b>

**Tax losses carried forward**

The Company is entitled to carry tax loss forward to offset against taxable profits arising within five years subsequent to the year in which the loss was incurred. Details are as follows:

Currency: VND					
Originating year	Can be utilized up to	Tax loss amount (*)	Utilized up to 31 December 2019	Forfeited	Unutilized at 31 December 2019
2015	2020	2,453,489,670	(2,453,489,670)	-	-
2016	2021	535,070,589	(535,070,589)	-	-
2017	2022	68,377,334	(68,377,334)	-	-
2018	2023	894,398,547	(894,398,547)	-	-
<b>TOTAL</b>		<b>3,951,336,140</b>	<b>(3,951,336,140)</b>	<b>-</b>	<b>-</b>

(\*) Tax loss as per tax finalization minutes.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

**20. TRANSACTIONS WITH RELATED PARTIES**

Significant transactions with related parties for the fiscal year ended 31 December 2019 and 31 December 2018 are as follows:

<i>Related parties</i>	<i>Relationship</i>	<i>Description</i>	<i>Year 2019 VND</i>	<i>Year 2018 VND</i>
Mirae Asset Global Investments Co., Ltd	Parent company	Others revenue Capital contribution	31,113,540,066 -	- 26,000,000,000
Securities (Vitenam) Limited Liability Company)	Affiliate	Revenue from Securities investment advisory service	632,773,973	-
Mirae Asset Daewoo Co, Ltd	Affiliate	Revenue from Securities investment advisory service	549,249,290	-
Mirae Asset Global Investment Fund	Fund under the Company's management	Management fees Issuance and redemption fee of fund certificates	3,503,945,670 4,001,907	- -

Amounts due to and due from related parties at the balance sheet dates were as follows

<i>Related parties</i>	<i>Relationship</i>	<i>Description</i>	<i>31 December 2019 VND</i>	<i>31 December 2018 VND</i>
Mirae Asset Global Investments Co., Ltd	Parent company	Receivables from Securities investment advisory service	5,227,610,443	4,092,291,522
Securities (Vitenam) Limited Liability Company)	Affiliate	Receivables from Securities investment advisory service	-	112,500,000
Mirae Asset Daewoo Co, Ltd	Affiliate	Receivables from Securities investment advisory service	286,195,694	-
Mirae Asset Global Investment Fund Securities (Vitenam) Limited Liability Company)	Fund under the Company's management	Receivables from fund management service	645,616,207	-



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 20. TRANSACTIONS WITH RELATED PARTIES (continued)

### *Transaction with other related parties*

Remuneration to the Chairman, Head of Internal control and Chief Executive Officer for the year is as follow:

	Year 2019 VND	Year 2018 VND
Remuneration (Salary, performance bonus, allowances) of Chairman, Head of Internal control and Chief Executive Officer paid during the year	5,244,758,255	40,880,000
<b>TOTAL</b>	<b>5,244,758,255</b>	<b>40,880,000</b>

## 21. LEASE COMMITMENTS

### *Operating lease commitments*

The Company leases offices under operating lease arrangements. The lease commitments as at the balance sheet dates under the operating lease agreements are as follows:

	31 December 2019 VND	31 December 2018 VND
- Less than 1 year	1,831,148,749	1,209,324,286
- From 1 - 5 years	464,620,578	1,839,568,624
<b>TOTAL</b>	<b>2,295,769,327</b>	<b>3,048,892,910</b>

## 22. RISK MANAGEMENT POLICIES

The Company has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk; and market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk.

The Company's management has overall responsibility for the establishment of policies and controls to minimize risks as well as oversight of implementation of the established policies and controls. Risk management activities are performed mainly by the Department of Accounting and Finance in accordance with the policies and procedures approved by the Chairman.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 22. RISK MANAGEMENT POLICIES (continued)

The management reviews and agrees policies for managing each of these risks which are summarized below:

### *Credit risk*

Credit risk is defined as potential losses resulting from adverse changes in counterparties' ability to exercise their obligations under a financial instrument or customer contract. The Company is exposed to credit risk from its financial investing activities in term deposits and customer receivables.

The maximum exposure to credit risk at the reporting date was as follows:

	31 December 2019 VND	31 December 2018 VND
Cash at banks and cash equivalents	4,196,299,777	3,098,217,572
Short-term financial investments — deposits with remaining maturities not exceeding 12 months	33,000,000,000	20,000,000,000
Receivables from operating activities	6,302,340,797	4,219,125,783
Other short-term receivables	665,695,887	266,745,206
Other long-term receivables	436,193,276	412,193,276
<b>TOTAL</b>	<b>44,600,529,737</b>	<b>27,996,281,837</b>

### *Term deposits*

Credit risk related to term deposits is defined as probability that principal as well as interest are not collected at pre-determined time as credit institutions go bankrupt, lose credit rating or are insolvency

The Company's bank balances are mainly maintained with well-known banks in Vietnam. Credit risk from balances with banks is managed in accordance with the Company's policy. The Company's maximum exposure to credit risk for the components of the balance sheet at each reporting dates are the carrying amounts as illustrated in Note 4 and Note 5. The Company evaluates the concentration of credit risk in respect to bank deposit is as low.

### *Trade receivables*

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. To manage the risk, the Company attempts to deal with counterparties of good credit standing.

Receivables from operating activities and other receivables are neither past due nor impaired. Management believes that those receivables are of high credit quality.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 22. RISK MANAGEMENT POLICIES (continued)

### *Liquidity risk*

The liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligation 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 maintain a level of cash and cash equivalents deemed adequate by Management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

The table below summarizes the maturity profile of the Company's financial liabilities based on the expected payments as at 31 December 2019:

	<i>Less than 1 years VND</i>	<i>Total VND</i>
<b>As at 31 December 2019</b>		
Payables to suppliers	328,825,556	328,825,556
Statutory obligations	474,859,618	474,859,618
Payables to employess	5,020,569,999	5,020,569,999
	<b>5,824,255,173</b>	<b>5,824,255,173</b>

The table below summarizes the maturity profile of the Company's financial liabilities based on the expected payments as at 31 December 2018:

	<i>Less than 1 year VND</i>	<i>Total VND</i>
<b>As at 31 December 2018</b>		
Payables to suppliers	72,250,570	72,250,570
	<b>72,250,570</b>	<b>72,250,570</b>

### *Market risk*

Market risk is the risk that the fair value of a financial instrument will fluctuate because of changes in key drivers such as interest rates, exchange rates and equity prices.

### *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 for changes in interest rate relates primarily to its term deposits.

By holding only fixed interest rate financial instruments, the change in market interest rates does not affect the profit/loss of the Company,

The Company did not perform the sensitivity analysis for interest rate risk for the year ended 31 December 2019 because the Company assessed that its exposure to interest rate risk is immaterial.

### *Foreign currency 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. Fluctuations in exchange rates between VND and other currencies in which the Company conducts business may affect its financial condition and results of operations,

The Company is not exposed to any significant currency risk.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 23. 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. Vu Thi Thuy Lua  
Chief Accountant

Approved by



Mr. Hung Hong Suk  
Chairman

Hanoi, Vietnam

28 February 2020

