

Maybank Kim Eng Securities Limited

Financial statements

For the year ended 31 December 2019



Maybank Kim Eng Securities Limited

CONTENTS

	<i>Pages</i>
General information	1 - 2
Report of Chief Executive Officer	3
Independent auditor's report	4 - 5
Statement of financial position	6 - 9
Income statement	10 - 11
Statement of cash flows	12 - 14
Statement of changes in owner's equity	15
Notes to the financial statements	16 - 45

Maybank Kim Eng Securities Limited

GENERAL INFORMATION

THE COMPANY

Maybank Kim Eng Securities Limited ("the Company") was incorporated under License No. 117/GP-UBCK dated 3 January 2014 and Amended License No. 30/GPDC-UBCK dated 17 April 2018, which supersedes License No. 71/UBCK-GP on 14 December 2007.

The primary activities of the Company are to provide brokerage services, proprietary trading, underwriting for share issues, custodian services, investment advisory services and margin trading services.

The Company's head office is located at Floor 4A - 15 + 16, Vincom Center Dong Khoi, 72 Le Thanh Ton, Ben Nghe Ward, District 1, Ho Chi Minh City and its branches are located at Ho Chi Minh City, Ha Noi and other provinces which are listed below:

- ▶ Cho Lon Branch: Floor 1, 86 Tan Da, Ward 11, District 5, Ho Chi Minh City;
- ▶ Phu Nhuan Branch: Floor 1, Tan Ha Phan Building, 465 Phan Xich Long, Phu Nhuan District, Ho Chi Minh City;
- ▶ An Giang Branch: Floor 3, Nguyen Hue Shopping Center, 9/9 Tran Hung Dao, My Xuyen Ward, Long Xuyen City, An Giang province;
- ▶ Dong Nai Branch: Floor 3, Room 303, NK Building, 208D Pham Van Thuan, Tan Tien Ward, Bien Hoa City, Dong Nai province; and
- ▶ Ha Noi Branch: Floor 3A - 06, Horison Building, 40 Cat Linh Street, Cat Linh Ward, Dong Da District, Ha Noi.

Main features of operation of the Company

Size of operation

As at 31 December 2019, the Company's charter capital was VND1,056,110,000,000 and total assets amounted to VND2,001,931,728,398.

Investment target

The Company operates with the common goal of providing professional services, creating value for clients of the Company and the Group, moving to the leading position in all operating activities, building smart and efficient resources and maximizing profits for the Company.

Investment restrictions

The Company complies with regulations on investments under Article 44, Circular No. 210/2012/TT-BTC dated 30 November 2012 promulgating the establishment and operation of securities companies and Circular No. 07/2016/TT-BTC dated 18 January 2016 amending and supplementing certain articles of Circular No. 210/2012/TT-BTC.

BOARD OF MEMBERS

Member of the Board of Members of the Company during the year and at the date of the financial statements are as follows:

<u>Name</u>	<u>Title</u>	<u>Date of appointment/re-appointment/resignation</u>
Ms. Che Zakiah Binti Che Din	Chairwoman	Re-appointed on 30 December 2019
Mr. Ronnie Royston Fernandiz	Chairman	Resigned on 22 February 2019
Mr. Ronnie Royston Fernandiz	Member	Re-appointed on 30 December 2019
Mr. Mohamad Yasin Bin Abdullah	Member	Re-appointed on 30 December 2019
Mr. Goh Cho Kiat Jeffrey	Member	Re-appointed on 30 December 2019
Mr. Rajiv Vijendran	Member	Appointed on 30 December 2019
Mr. Alexander Panasko	Member	Resigned on 30 December 2019

Maybank Kim Eng Securities Limited

GENERAL INFORMATION (continued)

SUPERVISORY BOARD

Member of the Supervisory Board of the Company during the year and at the date of the financial statements are as follows:

<i>Name</i>	<i>Title</i>	<i>Date of re-appointment</i>
Mr. Malique Firdauz Bin Ahmad Sidique	Chief Supervisor	Re-appointed on 30 December 2019
Ms. Tran Ngoc Nhu Hien	Member	Re-appointed on 30 December 2019
Ms. Nguyen Tuyet Van	Member	Re-appointed on 30 December 2019

MANAGEMENT

Member of the management and the Chief Accountant of the Company during the year and at the date of the financial statements are as follows:

<i>Name</i>	<i>Title</i>	<i>Date of appointment/resignation</i>
Mr. Kim Thien Quang	Chief Executive Officer	Appointed on 12 August 2015
Mr. To Quoc Tuan	Chief Financial Officer	Appointed on 9 September 2019
Ms. Tran Thi Thu Hang	Chief Financial Officer	Resigned on 10 June 2019
Mr. Tran Chau Tien	Head of IT department	Appointed on 1 April 2019
Mr. Vu Gia Vinh	Head, Investment Banking and Advisory	Appointed on 24 June 2017
Ms. Le Hong Lien	Head, Institutional Research	Appointed on 01 November 2013
Ms. Tran Thi Ngoc Huong	Chief Accountant	Appointed on 10 March 2014

LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of the financial statements is Mr. Kim Thien Quang, the Chief Executive Officer.

AUDITORS

The auditor of the Company is Ernst & Young Vietnam Limited.

Maybank Kim Eng Securities Limited

REPORT OF CHIEF EXECUTIVE OFFICER

The Chief Executive Officer of Maybank Kim Eng Securities Limited ("the Company") is pleased to present this report and the financial statements of the Company as at and for the year ended 31 December 2019.

CHIEF EXECUTIVE OFFICER'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Chief Executive Officer 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, of the results of operation, its cash flows and its changes in owner's equity for the year. In preparing those financial statements, the Chief Executive Officer 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 in business.

The Chief Executive Officer is responsible for ensuring that proper accounting records are kept disclosing, 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.

The Chief Executive Officer confirmed that he has complied with the above requirements in preparing the accompanying financial statements as at and for the year ended 31 December 2019.

STATEMENT BY CHIEF EXECUTIVE OFFICER

The Chief Executive Officer 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 changes in owner's equity for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, accounting guidance applicable to securities companies and statutory requirements relevant to preparation and presentation of financial statements.



Kim Thien Quang
Chief Executive Officer

Ho Chi Minh City, Vietnam

12 February 2020

Reference: 60994674/21231608

INDEPENDENT AUDITORS' REPORT

**To: The Owner of
Maybank Kim Eng Securities Limited**

We have audited the accompanying financial statements of Maybank Kim Eng Securities Limited ("the Company") as prepared on 12 February 2020 and set out on pages 6 to 45 which comprise the statement of financial position as at 31 December 2019, the income statement, the cash flow of statement and the statement of changes in owners' equity for the year then ended and the notes thereto.

Chief Executive Officer's responsibility

Chief Executive Officer 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 securities companies and statutory requirements relevant to preparation and presentation of the financial statements, and for such internal control as Chief Executive Officer determines is necessary to enable the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We concluded our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements, 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 control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Chief Executive Officer, 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 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 owners' equity for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, accounting guidance applicable to securities companies and statutory requirements relevant to preparation and presentation of financial statements.

Ernst & Young Vietnam Limited



Nguyễn Trần Dương
Deputy General Director
Audit Practicing Registration
Certificate No. 0893-2018-004-1



Vu Tien Dung
Auditor
Audit Practicing Registration
Certificate No. 3221-2020-004-1

Ho Chi Minh City, Vietnam

12 February 2020

Maybank Kim Eng Securities Limited

STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

B01-CTCK

Code	Items	Notes	Ending balance VND	Beginning balance VND
100	A. CURRENT ASSETS		1,944,656,437,199	1,621,968,155,928
110	I. Financial assets		1,942,352,311,439	1,617,923,057,491
111	1. Cash and cash equivalents	4	133,946,184,149	284,561,025,881
111.1	1.1 Cash		73,946,184,149	134,561,025,881
111.2	1.2 Cash equivalents		60,000,000,000	150,000,000,000
112	2. Financial assets at fair value through profit and loss (FVTPL)	6.1	2,977,010	261,000
114	3. Loans	6.2	1,793,576,529,568	1,322,832,818,859
116	4. Provision for impairment of financial assets and mortgage assets	6.3	(3,392,102,022)	(4,121,903,023)
117	5. Receivables	7	16,018,114,439	12,181,194,880
117.1	5.1 Receivables from sale of financial assets		-	-
117.2	5.2 Receivables and accruals from dividend and interest income		16,018,114,439	12,181,194,880
117.4	5.2.1 Accruals for dividend and interest income		16,018,114,439	12,181,194,880
118	6. Advances to suppliers	7	601,022,500	-
119	7. Receivables from services provided by the Company	7	1,356,418,114	2,440,310,536
122	8. Other receivables	7	448,280,576	144,649,753
129	9. Provision for impairment of receivables		(205,112,895)	(115,300,395)
130	II. Other current assets	8	2,304,125,760	4,045,098,437
131	1. Advances		125,139,773	22,208,713
133	2. Short-term prepaid expenses		2,178,985,987	4,022,889,724
200	B. NON-CURRENT ASSETS		57,275,291,199	43,466,611,485
220	I. Fixed assets		16,208,319,809	16,790,323,512
221	1. Tangible fixed assets	9	13,801,823,513	13,541,884,414
222	- Cost		54,562,758,791	50,126,168,843
223a	- Accumulated depreciation		(40,760,935,278)	(36,584,284,429)
227	2. Intangible fixed assets	10	2,406,496,296	3,248,439,098
228	- Cost		25,400,661,235	24,625,902,235
229a	- Accumulated amortization		(22,994,164,939)	(21,377,463,137)
240	II. Constructions in progress		4,584,229,000	352,868,000
250	III. Other non-current assets		36,482,742,390	26,323,419,973
251	1. Long-term deposits, collaterals and pledges		3,255,088,737	3,255,088,737
252	2. Long-term prepaid expenses	11	3,225,736,697	2,832,592,416
253	3. Deferred tax assets	12	1,916,956	235,738,820
254	4. Deposits to Settlement Assistance Fund	13	30,000,000,000	20,000,000,000
270	TOTAL ASSETS		2,001,931,728,398	1,665,434,767,413

Maybank Kim Eng Securities Limited

STATEMENT OF FINANCIAL POSITION (continued)
As at 31 December 2019

B01-CTCK

Code	Items	Notes	Ending balance VND	Beginning balance VND
300	C. LIABILITIES		674,124,806,428	406,356,789,160
310	I. Current liabilities		674,067,287,203	406,306,293,091
311	1. Short-term borrowings and financial leases		646,656,800,000	372,710,000,000
312	1.1 Short-term borrowings	14	646,656,800,000	372,710,000,000
318	2. Payables for securities transaction activities		516,000	480,050
320	3. Short-term trade payables	15	2,589,711,138	452,844,160
321	4. Short-term advances from customers		330,332,000	340,207,000
322	5. Statutory obligations	16	4,859,425,615	3,755,312,856
323	6. Payables to employees		13,999,146,234	24,025,726,671
324	7. Benefit of employees		316,210,932	-
325	8. Short-term expense payables	17	5,233,801,760	5,019,574,682
329	9. Other current liabilities		81,343,524	2,147,672
340	II. Non-current liabilities		57,519,225	50,496,069
356	1. Deferred tax liabilities	18	57,519,225	50,496,069
400	D. OWNER'S EQUITY	19	1,327,806,921,970	1,259,077,978,253
410	I. Owner's equity		1,327,806,921,970	1,259,077,978,253
411	1. Contributed capital		1,056,110,000,000	1,056,110,000,000
414	2. Capital supplementary reserve		14,952,026,685	11,515,579,503
415	3. Financial and operational risks reserve		14,952,026,685	11,515,579,499
417	4. Undistributed profit		241,792,868,600	179,936,819,251
417.1	4.1. Realized profit		241,768,818,230	179,852,534,485
417.2	4.2. Unrealized profit		24,050,370	84,284,766
440	TOTAL LIABILITIES AND OWNER'S EQUITY		2,001,931,728,398	1,665,434,767,413

Maybank Kim Eng Securities Limited

STATEMENT OF FINANCIAL POSITION (continued)
As at 31 December 2019

B01-CTCK

OFF-BALANCE SHEET ITEMS

Code	Items	Notes	Ending balance VND	Beginning balance VND
	A. ASSETS OF THE COMPANY AND ASSETS MANAGED UNDER AGREEMENTS			
005	1. Foreign currencies (original currency) USD SGD	20.1	183,219.68 1,799.88	117,182.27 13,867.92
008	2. Financial assets listed/registered for trading at Viet Nam Securities Depository ("VSD") of the Company	20.2	630,000	60,000
	B. ASSETS AND PAYABLES UNDER AGREEMENT WITH INVESTORS			
021	1. Investors' financial assets listed/ registered at VSD	20.3	8,684,463,610,000	9,469,134,310,000
021.1	- Unrestricted financial assets		8,431,799,310,000	8,711,683,810,000
021.2	- Restricted financial assets		42,354,910,000	379,876,530,000
021.3	- Mortgaged financial assets		111,517,200,000	326,717,200,000
021.5	- Financial assets awaiting settlement		98,792,190,000	50,856,770,000
022	2. Investors' non-traded financial assets deposited at VSD	20.4	1,578,650,080,000	385,703,150,000
022.1	- Unrestricted and non-traded financial assets deposited at VSD		1,344,390,870,000	367,650,670,000
022.2	- Restricted and non-traded financial assets deposited at VSD		227,259,210,000	11,052,480,000
022.3	- Mortgaged and non-traded financial assets deposited at VSD		7,000,000,000	7,000,000,000
023	3. Investors' financial assets awaiting arrival	20.5	89,159,820,000	43,733,380,000

Maybank Kim Eng Securities Limited

STATEMENT OF FINANCIAL POSITION (continued)
As at 31 December 2019

B01-CTCK

OFF-BALANCE SHEET ITEMS (continued)

Code	Items	Notes	Ending balance VND	Beginning balance VND
	B. ASSETS AND PAYABLES UNDER AGREEMENT WITH INVESTORS (continued)			
026	4. Investors' deposits	20.6	256,563,119,621	249,651,889,378
027	4.1 Investors' deposits for securities trading activities managed by the Company		131,333,951,021	187,321,346,078
028	4.2 Investors' collective deposits for securities trading activities		92,957,287,150	44,387,679,321
029	4.3 Investors' deposits for securities transaction clearing and settlement		32,271,881,450	17,942,863,979
029.1	- Domestic investors' deposits for securities transaction clearing and settlement		31,978,543,476	17,611,477,727
029.2	- Foreign investors' deposits for securities transaction clearing and settlement		293,337,974	331,386,252
031	5. Payables to investors – investors' deposits for securities trading activities managed by the Company	20.7	256,561,752,912	249,648,982,149
031.1	5.1 Domestic investors' deposits for securities trading activities managed by the Company		192,039,377,830	211,991,221,785
031.2	5.2 Foreign investors' deposits for securities trading activities managed by the Company		64,522,375,082	37,657,760,364
035	6. Dividend, bond principal and interest payables	20.7	1,366,709	2,907,229

Preparer by:



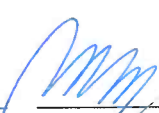
Nguyen Thi Minh Hong
Accountant

Reviewed by:



Tran Thi Ngoc Huong
Chief Accountant

Approved by:



To Quoc Tuan
Chief Financial Officer

Approved by:



Kim Thien Quang
Chief Executive Officer

Ho Chi Minh City, Vietnam

12 February 2020

Maybank Kim Eng Securities Limited

INCOME STATEMENT
for the year ended 31 December 2019

B02-CTCK

Code	Items	Notes	Current year VND	Previous year VND
	I. OPERATING REVENUE			
01	1. Revenue from financial assets at fair value through profit and loss (FVTPL)	21.1	4,258,418,879	11,948,609,958
01.1	1.1 Gain from disposal of financial assets at FVTPL		143,102,557	1,294,028,256
01.2	1.2 Gain from revaluation of financial assets at FVTPL		1,720,055	165,600
01.3	1.3 Dividend, interest income from financial assets at FVTPL		4,113,596,267	10,654,416,102
03	2. Revenue from loans and receivables	21.1	172,667,254,113	144,443,983,983
06	3. Revenue from brokerage services	21.2	101,097,873,302	125,420,915,289
08	4. Revenue from securities investment advisory services	21.2	-	2,537,393,139
09	5. Revenue from securities custodian services	21.2	5,513,391,495	5,632,744,053
10	6. Revenue from financial advisory services	21.2	382,600,000	1,778,800,000
11	7. Other revenue	21.2	7,689,234,164	7,232,731,286
20	Total operating revenue		291,608,771,953	298,995,177,708
	II. OPERATION EXPENSES			
21	1. Loss from financial assets at fair value through profit and loss (FVTPL)		1,472,404	88,994,403
21.1	1.1 Loss from disposal of financial assets at FVTPL		328,949	88,824,003
21.2	1.2 Loss from revaluation of financial assets at FVTPL		1,143,455	170,400
24	2. Provision expense for impairment of financial assets, loss from doubtful receivables and borrowing costs of loans	22	28,404,218,833	22,717,522,634
27	3. Expenses for brokerage services	23	84,727,505,985	103,037,836,619
29	4. Expenses for securities investment advisory services		-	6,463,744,638
30	5. Expenses for securities custodian services		6,558,639,783	8,327,694,957
31	6. Expenses for financial advisory services		9,314,927,574	3,665,449,798
40	Total operating expenses		129,006,764,579	144,301,243,049
	III. FINANCE INCOME			
41	1. Realized and unrealized gain from changes in foreign exchange rates		53,509,170	237,242,334
42	2. Dividend and interest income from demand deposits		3,007,066,175	4,049,366,695
50	Total finance income	24	3,060,575,345	4,286,609,029

Maybank Kim Eng Securities Limited

INCOME STATEMENT (continued)
for the year ended 31 December 2019

B02-CTCK

Code	Items	Notes	Current year VND	Previous year VND
	IV. FINANCE EXPENSES			
51	1. Realized and unrealized loss from changes in foreign exchange rates		28,770,123	32,279,861
60	Total finance expenses		28,770,123	32,279,861
62	VI. GENERAL AND ADMINISTRATIVE EXPENSES	25	80,131,098,615	77,785,989,386
70	VII. OPERATING PROFIT		85,502,713,981	81,162,274,441
	VIII. OTHER INCOME AND OTHER EXPENSES			
71	1. Other income		502,490,909	961,919,909
72	2. Other expense		1,719,666	-
80	Total other operating profit		500,771,243	961,919,909
90	IX. PROFIT BEFORE TAX		86,003,485,224	82,124,194,350
91	1. Realized profit		85,979,434,854	82,039,909,584
92	2. Unrealized profit		24,050,370	84,284,766
100	X. CORPORATE INCOME TAX (CIT) EXPENSES	26	17,274,541,507	16,608,170,896
100.1	1. Current CIT expenses		17,033,696,487	16,362,808,171
100.2	2. Deferred CIT expenses		240,845,020	245,362,725
200	XI. PROFIT AFTER TAX		68,728,943,717	65,516,023,454
400	TOTAL COMPREHENSIVE INCOME		68,728,943,717	65,516,023,454

Prepared by:

Reviewed by:

Approved by:


Approved by:



Nguyen Thi Minh Hong
Accountant



Tran Thi Ngoc Huong
Chief Accountant



To Quoc Tuan
Chief Financial
Officer



Kim Thien Quang
Chief Executive Officer

Ho Chi Minh City, Vietnam

12 February 2020

Maybank Kim Eng Securities Limited

STATEMENT OF CASH FLOWS
for the year ended 31 December 2019

B03b-CTCK

Code	Items	Notes	Current year VND	Previous year VND
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	1. Net profit before tax		86,003,485,224	82,124,194,350
02	2. Adjustments for:		10,874,936,989	(893,552,142)
03	- Depreciation and amortization	9,10	6,270,583,748	5,376,230,037
04	- Addition of provisions		(410,187,500)	(2,264,003,835)
07	- Profits from investing activities		(7,247,673,897)	(14,484,455,901)
08	- Accrued interest income		(16,018,114,439)	(12,181,194,880)
09	- Other adjustments		28,280,329,077	22,659,872,437
10	3. Increase in non-monetary expenses		(1,143,455)	170,400
11	Loss from revaluation of financial assets at FVTPL		(1,143,455)	170,400
18	4. Decrease in non-monetary income		1,720,055	(165,600)
19	Gain from revaluation of financial assets at FVTPL		1,720,055	(165,600)
30	5. Operating losses before changing in working capital		(518,768,373,397)	(16,400,765,101)
31	(Increase)/decrease financial assets at FVTPL		(3,292,610)	520,200
33	(Increase)/decrease in loans		(470,973,511,710)	7,139,659,614
35	Decrease in receivables from sale of financial assets		-	518,190,000
36	Decrease in receivables and accruals from dividend and interest income		12,181,194,880	10,614,758,824
37	Decrease/(increase) in receivables from services rendered by the Company		1,083,892,422	(1,458,745,311)
39	(Increase)/decrease in other receivables		(904,653,323)	438,909,364
40	(Increase)/decrease in other assets		(10,102,931,060)	78,695,410
41	Increase/(decrease) in accrued expenses (excluded interest expenses)		248,304,334	(724,453,483)
42	Decrease/(increase) in prepaid expenses		1,450,759,456	(985,824,343)
43	Corporate income tax paid	16	(15,565,198,639)	(17,955,011,303)
44	Interest paid		(28,314,406,333)	(22,053,743,875)
45	Increase/(decrease) in trade payables		2,136,866,978	(632,768,368)
46	Increase employee benefits		316,210,932	-
47	Decrease in statutory obligations (excluded CIT paid)		(364,385,089)	(979,828,001)
48	(Decrease)/increase in payables to employees		(10,026,580,437)	10,348,447,081
50	Increase/(decrease) in other payables		69,356,802	(401,353,250)
51	Other receivables from operating activities		-	249,533,537
52	Other payments for operating activities		-	(597,751,197)
60	Net cash (used in)/from operating activities		(421,889,374,584)	64,829,881,907

Maybank Kim Eng Securities Limited

STATEMENT OF CASH FLOWS (continued)
for the year ended 31 December 2019

B03b-CTCK

Code	Items	Notes	Current year VND	Previous year VND
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
61	Purchase and construction of fixed assets		(9,919,941,045)	(10,530,848,360)
62	Proceed from disposal of fixed assets, investment properties and other long-term assets		2,490,909	32,590,909
65	Interest and dividends received		7,245,182,988	13,351,347,621
70	Net cash (used in)/from investing activities		(2,672,267,148)	2,853,090,170
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
71	Proceeds from issuance of shares and receipt of contributed capital		-	227,000,000,000
73	Drawdown of borrowings	14	5,206,691,980,000	4,392,751,421,268
73.2	Others		5,206,691,980,000	4,392,751,421,268
74	Repayment of borrowings	14	(4,932,745,180,000)	(4,457,191,519,329)
74.3	Others		(4,932,745,180,000)	(4,457,191,519,329)
80	Net cash from financing activities		273,946,800,000	162,559,901,939
90	NET (DECREASE)/INCREASE IN CASH DURING THE YEAR		(150,614,841,732)	230,242,874,016
101	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	4	284,561,025,881	54,318,151,865
101.1	Cash		134,561,025,881	24,318,151,865
101.2	Cash equivalents		150,000,000,000	30,000,000,000
103	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	4	133,946,184,149	284,561,025,881
103.1	Cash		73,946,184,149	134,561,025,881
103.2	Cash equivalents		60,000,000,000	150,000,000,000

Maybank Kim Eng Securities Limited

STATEMENT OF CASH FLOWS (continued)
for the year ended 31 December 2019

B03b-CTCK

CASH FLOWS FROM BROKERAGE AND TRUST ACTIVITIES OF THE CUSTOMERS

Code	Items	Notes	Current year VND	Previous year VND
	I. Cash flows from brokerage and trust activities of the customers		6,911,230,243	(213,774,098,855)
01	1. Cash receipt from disposal of securities to customers		18,552,001,572,129	25,743,416,570,502
02	2. Cash payment for acquisition of securities for customers		(18,346,258,424,894)	(26,581,543,063,549)
07	3. Cash receipt for settlement of securities transactions of customers		20,958,431,519,082	29,879,887,750,737
08	4. Cash payment for settlement of securities transactions of customers		(21,151,750,044,579)	(29,249,908,356,915)
11	5. Custodian fee paid		(5,513,391,495)	(5,626,999,630)
20	Net increase/(decrease) in cash during the year		6,911,230,243	(213,774,098,855)
30	II. Cash and cash equivalents of the customers at the beginning of the year	20.6	249,651,889,378	463,425,988,233
31	Cash at banks at the beginning of the year		249,651,889,378	463,425,988,233
32	1. The investors' deposits managed by the Company for securities trading activities		187,321,346,078	202,457,063,633
33	2. The investors' collective deposits for securities trading activities		44,387,679,321	221,431,350,800
34	3. The investors' deposits for securities transaction clearing and settlement		17,942,863,979	39,537,573,800
40	III. Cash and cash equivalents of the customers at the end of the year	20.6	256,563,119,621	249,651,889,378
41	Cash at banks at the end of the year		256,563,119,621	249,651,889,378
42	1. Investors' deposits managed by the Company for securities trading activities		131,333,951,021	187,321,346,078
43	2. Investors' collective deposits for securities trading activities		92,957,287,150	44,387,679,321
44	3. Investors' deposits for securities transaction clearing and settlement		32,271,881,450	17,942,863,979

Prepared by:



Nguyen Thi Minh Hong
Accountant

Reviewed by:



Tran Thi Ngoc Huong
Chief Accountant

Approved by:



To Quoc Tuan
Chief Financial Officer

Approved by:



Kim Thien Quang
Chief Executive Officer

Ho Chi Minh City, Vietnam

12 February 2020

Maybank Kim Eng Securities Limited

B04-CTCK

STATEMENT OF CHANGES IN OWNER'S EQUITY for the year ended 31 December 2019

ITEMS	Beginning balance		Increase/(decrease)				Ending balance	
	1 January 2018 VND	1 January 2019 VND	Previous year		Current year		31 December 2018 VND	31 December 2019 VND
	1	2	Increase VND	Decrease VND	Increase VND	Decrease VND	7	8
A			3	4	5	6		
I. CHANGES IN OWNER'S EQUITY								
1. Contributed capital	829,110,000,000	1,056,110,000,000	277,000,000,000	(50,000,000,000)	-	-	1,056,110,000,000	1,056,110,000,000
- Charter capital	300,000,000,000	250,000,000,000	-	(50,000,000,000)	-	-	250,000,000,000	250,000,000,000
- Supplemental capital	529,110,000,000	806,110,000,000	277,000,000,000	-	-	-	806,110,000,000	806,110,000,000
2. Capital supplementary reserve	8,245,955,589	11,515,579,503	3,269,623,914	-	3,436,447,182	-	11,515,579,503	14,952,026,685
3. Operational risk and financial reserve	8,245,955,589	11,515,579,499	3,269,623,910	-	3,436,447,186	-	11,515,579,499	14,952,026,685
4. Undistributed profit	120,960,043,621	179,936,819,251	65,516,023,454	(6,539,247,824)	68,728,943,717	(6,872,894,368)	179,936,819,251	241,792,868,600
- Realized profit	120,959,933,341	179,852,534,485	65,431,738,688	(6,539,137,544)	68,704,893,347	(6,788,609,602)	179,852,534,485	241,768,818,230
- Unrealized profit	110,280	84,284,766	84,284,766	(110,280)	24,050,370	(84,284,766)	84,284,766	24,050,370
TOTAL	966,561,954,799	1,259,077,978,253	349,055,271,278	(56,539,247,824)	75,601,838,085	(6,872,894,368)	1,259,077,978,253	1,327,806,921,970

Prepared by:

Reviewed by:

Approved by:

Approved by:

Nguyen Thi Minh Hong
Accountant

Tran Thi Ngoc Huong
Chief Accountant

To Quoc Tuan
Chief Financial Officer

Kim Thien Quang
Chief Executive Officer

Ho Chi Minh City, Vietnam

12 February 2020

Maybank Kim Eng Securities Limited

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

B09-CTCK

1. CORPORATE INFORMATION

Maybank Kim Eng Securities Limited ("the Company") was incorporated under the Law on Enterprise of Vietnam pursuant to the License No. 117/GP-UBCK dated 3 January 2014 and Amended License No. 30/GPDC-UBCK dated 17 April 2018, which supersedes License No. 71/UBCK-GP on 14 December 2007.

The Company's head office is located at Floor 4A-15+16, Vincom Center Dong Khoi, 72 Le Thanh Ton Street, Ben Nghe Ward, District 1, Ho Chi Minh City, and its branches are located in Ho Chi Minh City, Hanoi and other provinces.

The Company has 172 employees as at 31 December 2019 (31 December 2018: 177 employees).

Main features of operation of the Company

Size of operation

As at 31 December 2019, the Company's charter capital was VND1,056,110,000,000 and total assets amounted to VND2,001,931,728,398.

Investment target

The Company operates with the common goal of providing professional services, creating value for clients of the Company and the Group, moving to the leading position in all operating activities, building smart and efficient resources and maximizing profits for the Company.

Investment restrictions

The Company complies with regulations on investments under Article 44, Circular No. 210/2012/TT-BTC dated 30 November 2012 promulgating the establishment and operation of securities companies and Circular No. 07/2016/TT-BTC dated 18 January 2016 amending and supplementing certain articles of Circular No. 210/2012/TT-BTC.

2. BASIS OF PREPARATION

2.1 *Applied accounting standards and system*

The financial statements of the Company expressed in Vietnam dong ("VND") are prepared in accordance with Vietnamese Enterprise Accounting System, the accounting regulation and guidance applicable to securities companies as set out in Circular No. 210/2014/TT-BTC dated 30 December 2014, Circular No. 334/2016/TT-BTC dated 27 December 2016 amending, supplementing and replacing Appendices No. 02 and No. 04 of Circular No. 210/2014/TT-BTC, 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/QĐ-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 1);
- ▶ Decision No. 165/2002/QĐ-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 2);
- ▶ Decision No. 234/2003/QĐ-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 3);
- ▶ Decision No. 12/2005/QĐ-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 4); and
- ▶ Decision No. 100/2005/QĐ-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 5).

2. BASIS OF PREPARATION (continued)

2.1 Applied accounting standards and system (continued)

Accordingly, the accompanying financial statements, including their utilisation 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 and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

Items or balances required by Circular No. 334/2016/TT-BTC dated 27 December 2016 and Circular No. 146/2014/TT-BTC dated 6 October 2014 issued by the Ministry of Finance that are not shown in these financial statements indicate nil balance.

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 starts on 1 January and ends on 31 December.

2.4 Accounting currency

The Company maintains its accounting records in Vietnam Dong (VND).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Changes in accounting policies and disclosures

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, except for the change in the accounting policy in relation to the following:

Circular No. 48/2019/TT-BTC providing guidance on appropriation and use of provisions for impairment of inventory, diminution of financial investments, bad debts and warranty for products, goods and construction works at enterprises

On 8 August 2019, the Ministry of Finance issued Circular No. 48/2019/TT-BTC ("Circular 48") providing guidance on appropriation and use of provisions for impairment of inventory, diminution of financial investments, bad debts and warranty for products, goods and construction works at enterprises. Circular 48 replaces Circular No. 228/2009/TT-BTC dated on 7 December 2009 and effective on 10 October 2019.

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 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Financial assets at fair value through profit and loss (FVTPL)

Financial assets recognized at fair value through profit and loss 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, a financial asset is designated by the entity as at fair value through profit and loss as it meets one of the following criteria:
 - The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the asset or recognizing gains or losses on a different basis; or
 - The assets and liabilities are part of a group of financial assets which are managed, and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

Financial assets at FVTPL are initially recognized at cost (acquisition cost of the assets 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 previous period 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 previous period 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.

3.4 Loans

Loans are non-derivative financial assets with fixed or identifiable payments that are not quoted on the active market, with the exceptions of:

- a) The amounts the entity has the intent to immediately sell or will sell in a near future which are classified as assets held for trading, and like those which, upon initial recognition, the entity categorized as such recognized at fair value through income statements;
- b) The amounts categorized by the entity as available for sale upon initial recognition; or
- c) The amounts whose holders cannot recover most of the initial investment value not due to credit quality impairment and which are categorized as available for sale.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Loans (continued)

Provision is made for loans based on their overdue status according to Circular No. 48/2019/TT-BTC as presented in *Note 3.8* or estimated loss from the uncertainty in collectability of these loans.

3.5 Fair value/market 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, their market prices are their closing prices on the trading day preceding the date of setting up the provision.
- ▶ For securities registered for trading on Unlisted Public Company Market (UpCom), their market prices are their closing prices on the trading day preceding the date of setting up the provision.
- ▶ For the delisted securities and suspended trading securities from the sixth day afterward, their prices are the book value at the latest financial report date.
- ▶ The market price for unlisted securities and securities unregistered for trading on UpCom used as a basis for setting up the provision is the average of actual trading prices quoted by 3 securities companies conducting transactions at the latest date preceding the revaluation date.

For provision purpose, market value is determined in accordance with the Circular No.146/2014/TT-BTC.

For securities which do not have reference price from the above sources, the impairment is determined based on the financial performance and the book value of securities issuers as at the assessment date.

3.6 Derecognition of financial assets

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

- ▶ The rights to receive cash flows from the asset have expired; 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 "pass-through" arrangement; and either:
 - The Company has transferred substantially all 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 pass-through 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 recognized to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the initial carrying amount of the asset and the maximum amount that the Company is required to pay.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**3.7 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. The difference arising from the revaluation of financial assets AFS which recognized in "Gain/(loss) from revaluation of financial assets AFS" will be recognized as corresponding revenue or expenses at the date of reclassification of financial assets AFS.

Reclassification due to change in purpose or ability to hold

Securities companies are required to reclassify financial assets to their applicable categories if their purpose or ability to hold has changed, consequently:

- ▶ Non-derivative financial assets at FVTPL or financial assets that are not required to classify as financial asset at FVTPL at the 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 reverse.
- ▶ Due to changes in purposes or ability to hold, some HTM investments are required to be reclassified into AFS financial assets. The difference arising from revaluation between carrying value and fair value are recognized under "Gain/loss from revaluation of assets at fair value" in Owner's equity.

3.8 Receivables

Receivables are initially recorded at cost and subsequently always presented at cost.

Receivables are subject to review for impairment based on their overdue status or estimated loss arising from undue debts of corporate debtors who have bankruptcy or are under liquidation; or of individual debtors who are missing, have fled, are prosecuted, detained or tried by law enforcement bodies, are serving sentences or have deceased.

Increases or decreases to the provision balance are recorded as "Provision expenses for diminution in value and impairment of financial assets, doubtful debts and borrowing costs of loans" in the income statement.

The Company has made provision for doubtful receivables in accordance with Circular No. 48/2019/TT-BTC. Accordingly, the provision rates for overdue receivables are as follows:

<u>Overdue period</u>	<u>Provision rate</u>
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%
From three (3) years and above	100%

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Fixed assets

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

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the income statement as incurred.

When fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the income statement.

3.10 Depreciation and amortization

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

Office equipment	5 years
Transportation and vehicles	6 years
Other tangible assets	5 years
Computer software	5 years

3.11 Operating lease

Whether an agreement is determined as a property 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 clauses on the use rights of the asset.

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

3.12 Prepaid expenses

Prepaid expenses include short-term and long-term prepaid expenses on the statement of financial position 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.

The following types of expenses are recorded as prepaid expenses and are amortized from one (1) to thirty-six (36) months in the income statement:

- ▶ Office improvement expenses;
- ▶ Office rental; and
- ▶ Office tools expenses.

3.13 Borrowings

Borrowings are announced and presented at cost of the balance at the end of the accounting period.

3.14 Payables and accrued expenses

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 *Employee benefits*

3.15.1 *Post-employment benefits*

Post-employment benefits are paid to retired employees of the Company by the Social Insurance Agency, which belongs to the Ministry of Labour and Social Affairs. The Company is required to contribute to these post-employment benefits by paying social insurance premium to the Social Insurance Agency at the rate of 17.5% on an employee's basic monthly salary, salary-related allowances and other supplements. Other than that, the Company has no further obligation relating to post-employment benefits.

3.15.2 *Unemployment allowance*

According to prevailing regulations, the Company is required to pay the unemployment insurance at 1% on salary fund of employees who engage in the unemployment insurance program and to deduct 1% from each employer's basic salary to contribute to the Unemployment Insurance Fund.

3.16 *Foreign currency transactions*

Transactions in currencies other than the Company's reporting currency of VND are recorded at the actual transaction exchange rates of commercial banks at transaction dates. At the end of the year, monetary balances denominated in foreign currencies are determined as follows:

- ▶ Monetary assets are translated at buying exchange rate of the commercial bank where the Company conducts transactions regularly.
- ▶ Monetary liabilities are translated at selling exchange rate of the commercial bank where the Company conducts transactions regularly.

All foreign exchange differences incurred during the year and arisen from the revaluation of monetary accounts denominated in foreign currencies at the end of the year are taken to the income statement.

3.17 *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. 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 by reference to the stage of completion. Where the contract outcome cannot be reliably measured, revenue is recognized only to the extent of the expenses recognized which are recoverable.

Revenue from trading of securities

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

Interest income

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

3. SUMMARY OF SIGNIFICANT ACCOUNTINGS POLICIES (continued)

3.17 Revenue recognition (continued)

Dividends

Income is recognized when the Company's entitlement as an investor to receive the dividend is established, except for dividend received in shares which only the number of shares is updated.

Other revenues from rendering services

Where the contract outcome can be reliably measured, revenue is recognized by reference to the stage of completion.

Where the contract outcome cannot be reliably measured, revenue is recognized only to the extent of the expenses recognized which are recoverable.

Other income

Revenues from irregular activities other than turnover-generating activities are recorded to other incomes as stipulated by VAS 14 - Revenue and other income, including: Revenues from disposals of fixed assets; fines paid by customers for their contract breaches; collected insurance compensation; collected debt which had been written off and included in the preceding period expenses; payable debts which are now recorded as revenue increase as their owners no longer exist; collected tax amounts which now are reduced and reimbursed; and other revenues.

3.18 Borrowing costs

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs are recorded as expense during the year in which they incur, except to the extent that they are capitalized.

3.19 Corporate income tax

Current income tax

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

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

Deferred income 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 purposes.

Deferred tax liabilities are recognized 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 transaction affects neither the accounting profit nor taxable profit (or loss).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Corporate income tax (continued)

Deferred income tax (continued)

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which deductible temporary differences, carry forward of unused tax credits 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 income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Previously unrecognized deferred income 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 income 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 equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Company to off-set 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 realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.20 Owner's equity

Contributed capital from shareholders

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

Undistributed profit

Undistributed profit comprises of realized and unrealized undistributed profit.

Unrealized profit of the period is the difference between gain and loss arising from revaluation of financial assets at FVTPL or other financial assets through profit and loss in the income statement and foreign exchange difference.

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

Maybank Kim Eng Securities Limited

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

B09-CTCK

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.20 Owner's equity (continued)

Reserves

According to Circular No. 146/2014/TT-BTC issued by the Ministry of Finance on 6 October 2014, securities companies are required to make appropriation of profit after tax to the following reserves:

	<u>Percentage of profit after tax</u>	<u>Maximum balance</u>
Charter Capital Supplementary Reserve	5%	10% of charter capital
Operational risk and finance Reserve	5%	10% of charter capital

Other reserves are created in accordance with the owner's decision.

3.21 Appropriation of net profits

Net profit after tax is available for appropriation to the owner after making appropriation to reserve funds in accordance with the Company's Charter and Vietnam's regulatory requirements.

4. CASH AND CASH EQUIVALENTS

	<u>Ending balance VND</u>	<u>Beginning balance VND</u>
Cash		
- Cash on hand	56,471,065	26,236,057
- Cash at banks for operation of the Company	73,755,915,476	92,075,623,924
- Cash for securities transaction clearing and settlement	133,797,608	42,459,165,900
Cash equivalents		
- Term deposits with maturity of 3 months or less	60,000,000,000	150,000,000,000
TOTAL	133,946,184,149	284,561,025,881

Cash equivalent is term deposit at Bank with interest rate at 5.00% per annum.

Maybank Kim Eng Securities Limited

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

B09-CTCK

5. VALUE AND VOLUME OF TRADING RESULTS IN THE YEAR

	Current year		Previous year	
	Trading volume (unit)	Trading value (VND)	Trading volume (unit)	Trading value (VND)
a. Company - Shares	2,383,645	43,821,138,622	22,277,706	418,633,313,838
b. Investors - Shares	2,319,960,457	37,051,554,800,148	2,839,803,512	52,004,598,235,130
TOTAL	2,322,344,102	37,095,375,938,770	2,862,081,218	52,423,231,548,968

6. FINANCIAL ASSETS

6.1 Financial assets at fair value through profit and loss (FVTPL)

	Ending balance		Beginning balance	
	Cost VND	Fair value VND	Cost VND	Fair value VND
Listed shares	2,400,410	2,977,010	265,800	261,000

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

6. FINANCIAL ASSETS (continued)

6.2 Loans

	Ending balance			Beginning balance		
	Cost VND	Provision VND	Fair value VND	Cost VND	Provision VND	Fair value VND
1. Margin loans	1,741,006,386,629	(3,392,102,022)	1,737,614,284,607	1,311,676,545,030	(3,892,102,022)	1,307,784,443,008
2. Advances to customers	52,570,142,939	-	52,570,142,939	10,926,472,828	-	10,926,472,828
3. Other loans	-	-	-	229,801,001	(229,801,001)	-
TOTAL	1,793,576,529,568	(3,392,102,022)	1,790,184,427,546	1,322,832,818,859	(4,121,903,023)	1,318,710,915,836

Determining the fair value of financial assets

The fair value of financial assets was reflected at the value that the financial assets are traded in the prevailing transactions between involved parties, excluding the cases that financial assets are sold or liquidated.

The Company uses the following methods and assumptions to estimate fair value:

- ▶ The fair value of margin loans and advances to customers approximates their carrying value, which is cost less provision, due to short-term maturities of these instruments.

Maybank Kim Eng Securities Limited

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

B09-CTCK

6. FINANCIAL ASSETS (continued)

6.3 Provision for impairment of financial assets and mortgage assets

	Current year VND	Previous year VND
Beginning balance	4,121,903,023	6,443,557,055
Reversal of provision during the year	(500,000,000)	(929,329,000)
Write-off bad debts	(229,801,001)	(1,392,325,032)
Ending balance	3,392,102,022	4,121,903,023

7. RECEIVABLES

	Ending balance VND	Beginning balance VND
Advances to suppliers	601,022,500	-
Receivables and accruals from dividend and interest income	16,018,114,439	12,181,194,880
- Accrued interest from margin loans	15,834,752,512	11,906,146,368
- Accrued interest from term deposits	127,397,259	251,917,805
- Accrued interest from advances to customers	55,964,668	23,130,707
Receivables from services provided by the Company	1,356,418,114	2,440,310,536
- Custodian fees receivable from investors	766,642,311	671,844,514
- Brokerage fees receivable	410,150,803	617,151,911
- Advisory and auction fees receivable	179,625,000	1,151,314,111
Other receivables	448,280,576	144,649,753
	18,423,835,629	14,766,155,169
Provision for other receivables	(205,112,895)	(115,300,395)
TOTAL	18,218,722,734	14,650,854,774

8. OTHER CURRENT ASSETS

	Ending balance VND	Beginning balance VND
Advances	125,139,773	22,208,713
Short-term prepaid expenses	2,178,985,987	4,022,889,724
- System maintenance	1,582,669,871	2,968,586,437
- Prepaid rental	237,620,376	237,620,376
- Office supplies expense	53,873,604	229,340,719
- Other short-term prepaid expenses	304,822,136	587,342,192
TOTAL	2,304,125,760	4,045,098,437

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

9. TANGIBLE FIXED ASSETS

	Office equipment VND	Transportation and vehicles VND	Others VND	Total VND
Cost				
Beginning balance	46,120,092,776	3,052,011,905	954,064,162	50,126,168,843
New purchase	4,913,821,045	-	-	4,913,821,045
Disposal	(477,231,097)	-	-	(477,231,097)
Ending balance	50,556,682,724	3,052,011,905	954,064,162	54,562,758,791
Accumulated depreciation				
Beginning balance	32,659,889,779	3,052,011,905	872,382,745	36,584,284,429
Depreciation charge	4,634,928,946	-	18,953,000	4,653,881,946
Disposal	(477,231,097)	-	-	(477,231,097)
Ending balance	36,817,587,628	3,052,011,905	891,335,745	40,760,935,278
Net carrying amount				
Beginning balance	13,460,202,997	-	81,681,417	13,541,884,414
Ending balance	13,739,095,096	-	62,728,417	13,801,823,513

The cost of tangible fixed assets that are fully depreciated but still in use as at 31 December 2019 is VND 31,497,583,022 (31 December 2018: VND28,781,765,502).

Maybank Kim Eng Securities Limited

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

B09-CTCK

10. INTANGIBLE FIXED ASSETS

	<i>Computer software</i> <i>VND</i>
Cost	
Beginning balance	24,625,902,235
New purchase	774,759,000
Ending balance	25,400,661,235
Accumulated amortization	
Beginning balance	21,377,463,137
Amortization charged	1,616,701,802
Ending balance	22,994,164,939
Net carrying amount	
Beginning balance	3,248,439,098
Ending balance	2,406,496,296

The cost of intangible fixed assets that are fully depreciated but in use as at 31 December 2019 is VND16,567,836,818 (31 December 2018: VND16,211,786,292).

11. LONG-TERM PREPAID EXPENSES

	<i>Ending balance</i> <i>VND</i>	<i>Beginning balance</i> <i>VND</i>
System maintenance	2,682,915,500	1,873,999,791
Office renovation	542,821,197	958,592,625
TOTAL	3,225,736,697	2,832,592,416

12. DEFERRED TAX ASSETS

	<i>Ending balance</i> <i>VND</i>	<i>Beginning balance</i> <i>VND</i>
Deferred tax assets		
Provision for margin loans	1,916,956	235,738,820

Deferred tax assets pertain to a temporary difference on provision of margin loans between the Company's accounting policies and Circular No. 48/2019/TT-BTC dated 8 August 2019 issued by the Ministry of Finance guiding the appropriation and use of provisions for impairment of inventory, diminution of financial investments, bad debts and warranty for products, goods and construction works at enterprises.

Maybank Kim Eng Securities Limited

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

B09-CTCK

12. DEFERRED TAX ASSETS (continued)

Movements of the deferred tax assets during the year are as follows:

	<i>Statement of financial position</i>		<i>Income statement</i>	
	<i>Ending balance VND</i>	<i>Beginning balance VND</i>	<i>Current year VND</i>	<i>Previous year VND</i>
Deferred tax assets				
Specific provision for margin loans	1,916,956	235,738,820	(233,821,864)	(242,415,418)

13. DEPOSITS TO SETTLEMENT ASSISTANCE FUND

Deposits to settlement assistance fund represent amounts deposited to Settlement Assistance Fund and contributed to Clearing Fund at Vietnam Securities Depository.

According to Decision No. 27/QD-VSD dated 13 March 2015 issued by the General Director of the Vietnam Securities Depository providing guidance on management and usage of Settlement Assistance Fund, the Company must deposit an initial amount of VND120 million at the Vietnam Securities Depository and pay an addition of 0.01% of the total amount of brokered securities in the previous year, but not over VND2.5 billion per annum. The maximum limit on contribution to the Settlement Assistance Fund is VND20 billion for custody members is a securities company providing trading securities and brokerage activities.

According to Decision No.97/QD-VSD dated 23 March 2017 issued by the General Director of the Vietnam Securities Depository regarding the issuance of the regulation on management and use of Clearing Fund, the Company is required to contribute to Clearing Fund, with an initial minimum contribution of VND 10 billion for direct clearing members.

Movements of the fund during the year are as follows:

	<i>Current year VND</i>	<i>Previous year VND</i>
Beginning balance	20,000,000,000	19,149,016,166
Addition contribution to Settlement Assistance Fund	-	850,983,834
Contribution to Clearing Fund	10,000,000,000	-
Ending balance	30,000,000,000	20,000,000,000

14. SHORT-TERM BORROWINGS

	<i>Beginning balance VND</i>	<i>Additional borrowings during the year VND</i>	<i>Repayment during the year VND</i>	<i>Ending balance VND</i>
Short-term loans	372,710,000,000	5,206,691,980,000	(4,932,745,180,000)	646,656,800,000

Short term loans include unsecured loans in foreign currency from foreign organizations bearing interest rate at 3.55% per annum and secured loans by fixed deposits from local bank bearing interest rate at 6.00% per annum. Short term loans are used to supplement working capital.

Maybank Kim Eng Securities Limited

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

B09-CTCK

15. SHORT-TERM TRADE PAYABLES

	Ending balance VND	Beginning balance VND
Payables services expenses to related parties (Note 27.1)	389,141,399	368,986,242
Other payables	2,200,569,739	83,857,918
TOTAL	2,589,711,138	452,844,160

16. STATUTORY OBLIGATIONS

No.	Items	Beginning balance VND	Payable VND	Paid VND	Ending balance VND
1	Personal income tax	2,331,233,314	39,315,903,854	(39,392,281,050)	2,254,856,118
	- Of the Company	848,682,489	20,929,700,316	(20,985,463,197)	792,919,608
	- Of the investors	1,482,550,825	18,386,203,538	(18,406,817,853)	1,461,936,510
2	Foreign contractor withholding tax	410,029,569	3,467,393,682	(3,678,220,203)	199,203,048
3	Corporate income tax	798,694,117	26,322,063,841	(24,798,502,952)	2,322,255,006
	- Of the Company	178,604,621	17,033,696,487	(15,565,198,639)	1,647,102,469
	- Of the corporate investors	620,089,496	9,288,367,354	(9,233,304,313)	675,152,537
4	Business tax	-	8,000,000	(8,000,000)	-
5	Value added tax	215,355,856	1,044,343,639	(1,176,588,052)	83,111,443
	TOTAL	3,755,312,856	70,157,705,016	(69,053,592,257)	4,859,425,615

17. SHORT-TERM EXPENSE PAYABLES

	Ending balance VND	Beginning balance VND
Accrued expenses	1,739,958,443	1,645,522,670
Transaction costs	1,491,822,268	1,204,974,536
Accrued interest expenses	1,040,021,382	1,074,098,638
Professional fees	580,129,660	662,595,062
Custody fees	381,870,007	432,383,776
TOTAL	5,233,801,760	5,019,574,682

Maybank Kim Eng Securities Limited

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

B09-CTCK

18. DEFERRED TAX LIABILITY

	<i>Ending balance</i> VND	<i>Beginning balance</i> VND
Deferred tax liability		
Depreciation of fixed assets	57,519,225	50,496,069

Deferred tax liability pertains to a temporary difference on depreciation rate of fixed assets between the Company's accounting policies and Circular No. 45/2014/TT-BTC dated 25 April 2013 and Decision No. 1173/2013/QĐ-BTC dated 21 May 2013 issued by the Ministry of Finance guiding the management, use and depreciation of fixed assets.

Movements of the deferred tax liability during the year are as follows:

	<i>Statement of financial position</i>		<i>Income statement</i>	
	<i>Ending balance</i> VND	<i>Beginning balance</i> VND	<i>Current year</i> VND	<i>Previous year</i> VND
Deferred tax liability				
Depreciation of fixed assets	57,519,225	50,496,069	(7,023,156)	(2,947,307)

Maybank Kim Eng Securities Limited

B09-CTCK

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

19. OWNER'S EQUITY

	Contributed capital VND	Capital supplementary reserve VND	Operational risk and financial reserve VND	Undistributed profit VND	Total VND
Beginning balance	1,056,110,000,000	11,515,579,503	11,515,579,499	179,936,819,251	1,259,077,978,253
- Net profit for the period	-	-	-	68,728,943,717	68,728,943,717
- Profit appropriations to reserves	-	3,436,447,182	3,436,447,186	(6,872,894,368)	-
Ending balance	1,056,110,000,000	14,952,026,685	14,952,026,685	241,792,868,600	1,327,806,921,970

Maybank Kim Eng Securities Limited

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

B09-CTCK

20. DISCLOSURE OF OFF-BALANCE SHEET ITEMS

20.1 Foreign currencies (original currency)

	<u>Ending balance</u>	<u>Beginning balance</u>
USD	183,219.68	117,182.27
SGD	1,799.88	13,867.92

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

	<u>Ending balance VND</u>	<u>Beginning balance VND</u>
Unrestricted financial assets	630,000	60,000

20.3 Investors' financial assets listed/registered at VSD

	<u>Ending balance VND</u>	<u>Beginning balance VND</u>
Unrestricted financial assets	8,431,799,310,000	8,711,683,810,000
- Shares	8,431,799,310,000	8,711,683,810,000
Restricted financial assets	42,354,910,000	379,876,530,000
Mortgaged financial assets	111,517,200,000	326,717,200,000
Financial assets awaiting settlement	98,792,190,000	50,856,770,000
TOTAL	8,684,463,610,000	9,469,134,310,000

20.4 Investors' non-traded financial assets deposited at VSD

	<u>Ending balance VND</u>	<u>Beginning balance VND</u>
Unrestricted and non-traded financial assets deposited at VSD	1,344,390,870,000	367,650,670,000
Restricted and non-traded financial assets deposited at VSD	227,259,210,000	11,052,480,000
Mortgaged and non-traded financial assets deposited at VSD	7,000,000,000	7,000,000,000
TOTAL	1,578,650,080,000	385,703,150,000

20.5 Investors' financial assets awaiting arrival

	<u>Ending balance VND</u>	<u>Beginning balance VND</u>
Shares	89,159,820,000	43,733,380,000

Maybank Kim Eng Securities Limited

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

B09-CTCK

20. DISCLOSURE OF OFF-BALANCE SHEET ITEMS (continued)

20.6 Investors' deposits

	Ending balance VND	Beginning balance VND
Investors' deposits for securities trading activities managed by the Company	131,333,951,021	187,321,346,078
- Domestic investors' deposits	80,707,806,439	152,745,032,214
- Foreign investors' deposits	50,626,144,582	34,576,313,864
Investors' collective deposits for securities trading activities	92,957,287,150	44,387,679,321
- Domestic investors' deposits	79,354,394,624	41,637,619,073
- Foreign investors' deposits	13,602,892,526	2,750,060,248
Investors' deposits for securities transaction clearing and settlement	32,271,881,450	17,942,863,979
- Domestic investors' deposits	31,978,543,476	17,611,477,727
- Foreign investors' deposits	293,337,974	331,386,252
TOTAL	256,563,119,621	249,651,889,378

20.7 Payables to investors

	Ending balance VND	Beginning balance VND
Payables to investors - Investors' deposits for securities trading activities managed by the Company	256,561,752,912	249,648,982,149
- Domestic investors	192,039,377,830	211,991,221,785
- Foreign investors	64,522,375,082	37,657,760,364
Dividend, bond principal and interest payables	1,366,709	2,907,229
TOTAL	256,563,119,621	249,651,889,378

21. OPERATING REVENUE

21.1 Dividend, interest income from FVTPL financial assets, loans and receivables

	Current year VND	Previous year VND
From FVTPL financial assets	4,258,418,879	11,948,609,958
- Interest income from term deposits	4,113,473,967	10,654,365,602
- Dividend for FVTPL financial assets	122,300	50,500
- Others	144,822,612	1,294,193,856
Loans and receivables	172,667,254,113	144,443,983,983
- Interest from margin loans	170,202,921,643	141,447,382,661
- Interest from advances to customers	2,464,332,470	2,996,601,322
TOTAL	176,925,672,992	156,392,593,941

Maybank Kim Eng Securities Limited

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

B09-CTCK

21. OPERATING REVENUE (continued)

21.2 Revenue other than gain/loss from financial assets

	Current year VND	Previous year VND
Revenue from brokerage services	101,097,873,302	125,420,915,289
Revenue from securities custodian services	5,513,391,495	5,632,744,053
Revenue from securities investment advisory services	-	2,537,393,139
Revenue from financial advisory	382,600,000	1,778,800,000
Other revenue	7,689,234,164	7,232,731,286
- Research fee and other fee incomes	7,689,234,164	7,104,021,609
- Rental income	-	128,709,677
TOTAL	114,683,098,961	142,602,583,767

22. PROVISION EXPENSE FOR IMPAIRMENT OF FINANCIAL ASSETS, LOSS FROM DOUBTFUL RECEIVABLES AND BORROWING COSTS OF LOANS

	Current year VND	Previous year VND
Interest expense	28,314,406,333	22,659,872,437
Provision expense for impairment of other receivables	89,812,500	57,650,197
TOTAL	28,404,218,833	22,717,522,634

23. EXPENSES FOR BROKERAGE SERVICES

	Current year VND	Previous year VND
Personnel expenses, bonus and welfare expenses	40,901,300,055	56,686,707,367
External services expenses	40,751,286,994	43,300,686,860
Social insurance, health insurance, unemployment insurance and union fee	2,306,084,751	2,146,054,094
Depreciation and amortization	625,429,687	658,212,466
Office supplies expenses	92,116,648	166,480,483
Expenses related to instruments and tools	51,287,850	79,695,349
TOTAL	84,727,505,985	103,037,836,619

24. FINANCE INCOME

	Current year VND	Previous year VND
Interest income from demand deposits	3,007,066,175	4,049,366,695
Foreign exchange rate differences	53,509,170	237,242,334
TOTAL	3,060,575,345	4,286,609,029

Maybank Kim Eng Securities Limited

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

B09-CTCK

25. GENERAL AND ADMINISTRATIVE EXPENSES

	<i>Current year VND</i>	<i>Previous year VND</i>
Personnel expenses, bonus and welfare expenses	43,348,699,346	44,787,487,719
External services expenses	25,657,323,801	23,476,413,872
Depreciation and amortization	5,644,316,814	4,718,017,571
Social insurance, health insurance, unemployment insurance and union fee	4,864,966,628	4,216,639,194
Expenses related to instruments and tools	394,903,216	434,027,629
Office supplies expenses	110,106,717	92,959,401
Others	110,782,093	60,444,000
TOTAL	80,131,098,615	77,785,989,386

26. CORPORATE INCOME TAX

The Company has the obligations to pay the Corporate Income Tax ("CIT") at a rate of 20% of taxable profits.

The Company's tax reporting will be subject to inspection by the tax authorities. Because the application of laws and regulations on taxes on different types of transactions can be interpreted in different ways, the tax amounts presented on the financial statements can be changed by the final decision of the tax authorities.

Current corporate income tax

The current tax payable is based on taxable profit for the year. The taxable profit of the Company for the year differs from the profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are not taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted by the reporting date.

Reconciliation between CIT expense and the accounting profit multiplied by CIT rate is presented below:

	<i>Current year VND</i>	<i>Previous year VND</i>
Profit before tax	86,003,485,224	82,124,194,350
CIT at current tax rate (20%)	17,200,697,045	16,424,838,870
Adjustments to increase		
- Non-deductible expenses	163,151,438	262,096,729
- Tax penalty	25,582,454	-
Adjustment to decrease		
- Non-taxable income and temporary taxable difference in previous years	(229,603,223)	(262,354,825)
- Adjustment of CIT in previous years	(126,131,227)	(61,772,603)
CIT expense	17,033,696,487	16,362,808,171

Maybank Kim Eng Securities Limited

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

B09-CTCK

26. CORPORATE INCOME TAX (continued)

Deferred tax

Deferred income tax expenses during the year are presented as below:

	Current year VND	Previous year VND
Deferred CIT expenses (Note 18)	7,023,156	2,947,307
Deferred CIT expense (Note 12)	233,821,864	242,415,418
TOTAL	240,845,020	245,362,725

27. OTHER INFORMATION

27.1 Related party transactions

Significant transactions with related parties during the year are as follows:

Related parties	Relationship	Transactions	Current year VND	Previous year VND
Maybank Kim Eng Holdings Limited	Parent company	Borrowings	695,844,500,000	1,621,515,000,000
		Borrowings repayment	348,000,000,000	1,848,215,000,000
		Interest paid	988,017,775	6,605,031,510
		Accrued interest	891,834,648	-
Maybank International Labuan Branch	Branch of ultimate parent company	Borrowings	4,210,847,480,000	2,493,974,000,000
		Borrowings repayment	4,234,745,180,000	2,372,948,000,000
		Interest paid	17,168,275,082	10,133,301,938
		Accrued interest	108,041,203	593,206,388
Maybank Kim Eng Securities Pte. Ltd.	Subsidiary of Maybank Kim Eng Holdings	Commission paid	6,325,068,036	5,475,420,408
		Brokerage fee received	36,852,663	1,882,026,559
		Commission fee received	217,156,954	2,537,393,139
		Information and copy right fee	-	3,653,635,537
Maybank Kim Eng Securities (Thailand) Public Company Ltd	Subsidiary of Maybank Kim Eng Holdings	Brokerage fee received	217,156,954	687,972,536
Malayan Banking Berhad - Ho Chi Minh Branch	Branch of ultimate parent company	Interest received	3,142,680	18,129,909
		Bank fee paid	9,497,430	69,545,018
		Swap fee expenses	1,856,680,000	-
		Accrued swap fee expenses	648,706,897	-

Maybank Kim Eng Securities Limited

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

B09-CTCK

27. OTHER INFORMATION (continued)

27.1 Related party transactions (continued)

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>Current year VND</i>	<i>Previous year VND</i>
Maybank Kim Eng Research Pte. Ltd.	Subsidiary of Maybank Kim Eng Holdings	Research fee received	7,689,234,164	7,104,021,609
		Research fee paid	2,325,447,129	1,823,210,053
Malayan Banking Berhad - Hanoi Branch	Branch of ultimate parent company	Swap fee expenses	-	409,237,500
		Accrued swap fee expenses	5,472,262,500	3,462,400,000
		Interest received	-	155,189,041
Maybank Investment Bank Berhad	Subsidiary of ultimate parent company	Commission fees	-	1,235,114,567
Management		Salary and remuneration	17,126,139,676	8,385,108,809

Significant receivables/(payables) with related parties at the end of the year are as follows:

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>Ending balance VND</i>	<i>Beginning balance VND</i>
Maybank Kim Eng Holdings Limited	Parent company	Borrowings	(347,844,500,000)	-
		Accrued interest	(891,834,648)	-
Maybank International Labuan Branch	Branch of ultimate parent company	Borrowings	(278,812,300,000)	(302,710,000,000)
		Accrued interest	(108,041,203)	(563,546,069)
Malayan Banking Berhad - Hanoi Branch	Branch of ultimate parent company	Swap fee payables	-	(409,237,500)
Maybank Kim Eng Securities Pte. Ltd.	Subsidiary of Maybank Kim Eng Holdings	Commission payables	(389,141,399)	(220,164,065)
		Information and license fees	-	(148,822,177)
Malayan Banking Berhad - Ho Chi Minh Branch	Branch of ultimate parent company	Deposit at bank	741,537,330	11,287,158,655
Maybank Kim Eng Securities (Thailand) Public Company Ltd.	Subsidiary of Maybank Kim Eng Holdings Limited	Trading securities payables	-	(611,489,445)

Maybank Kim Eng Securities Limited

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

B09-CTCK

27. OTHER INFORMATION (continued)

27.2 Operating lease commitments

The Company leases offices for its head office and branches under operating lease agreements. The future minimum lease commitments under the operating lease agreements at the end of the year are as follows:

	<i>Ending balance VND</i>	<i>Beginning balance VND</i>
Less than 1 year	13,429,464,553	13,429,464,564
From 1 to 5 years	11,106,745,839	23,882,025,525
TOTAL	24,536,210,392	37,311,490,089

27.3 Purposes and policies of financial risk management

Financial liabilities of the Company mainly comprised of loans and borrowings, trade payables and other payables. Primary purpose of financial liabilities is to finance main business operation of the Company. The Company possesses loans, receivables from customers and other receivables, cash on hand and short-term deposit incurring directly from business operation of the Company. The Company does not hold or issue any derivative instruments.

The Company is exposed to market risk, credit risk and liquidity risk in its daily operation.

Risk management is integral to the whole business of the Company. The Company has a system of control in place to achieve an acceptable balance between the cost of risks occurring and the cost of managing the risks. The 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 managing each of these risks which are summarized below.

Market risk

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

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 the short-term deposits. These investments are mainly short term in nature and they are not held for speculative purposes.

The Company manages interest rate risk by looking at the competitive structure of the market to obtain relevant interest policies, which are favorable for its purposes within its risk management limits.

A sensitivity analysis is not performed for the interest rate risk as the Company's exposure to interest-rate risk is minimal at the reporting date.

27. OTHER INFORMATION (continued)

27.3 Purposes and policies of financial risk management (continued)

Market risk (continued)

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. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's accounting currency).

Foreign exchange risk of the Company is minimal.

Equity price risk

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainty about future values of the investment securities.

Risk due to uncertainty about values of the investment securities of the Company is not significant.

Credit risk

Credit risk is the risk that counterparty will 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 (mainly for margin receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Bank deposits

The Company's bank balances are mainly maintained with well-known banks in Vietnam. Credit risk from balances with banks is managed by the Company's risk management department 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*. The Company evaluates the concentration of credit risk in respect to bank deposits is low.

Loans and advances to customers

The Company manages its credit risks via the use of internal control policies, processes and procedures relevant to margin and advance payments to customers. The Company conducts the customer assessment and appraisal for determining credit and advance limits prior to the signing of margin advance payment contracts. Also, the Company periodically examines customers' financial position in order to make appropriate and timely adjustments for margin ratio and credit limits.

The Company regularly monitors the receivables that has not been collected yet. The analysis of the possibility provision is made at the reporting date for each large customer. Moreover, the Company maintains strict control of outstanding receivables and established a credit control department to minimize credit risk. Activities to warning margin call of the customer is made on time and in compliance with the nature of margin trading products.

Due to the aforementioned point of view and the fact that trade receivables are allocated to a diverse number of customers, there is no significant credit risk.

Apart from financial assets that the Company made provision as mentioned in *Note 6*, the Company's management assessed that all financial assets are neither past due nor impaired as they are related to recognized and credit worthy counterparties as at 31 December 2019.

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

27. OTHER INFORMATION (continued)

27.3 Purposes and policies of financial risk management (continued)

Credit risk (continued)

	Neither past due nor impaired VND	Past due but not impaired				Total VND
		Less than 3 months VND	3 - 6 months VND	6 - 12 months VND	Over 1 year VND	
31 December 2019						
Term deposits	60,000,000,000	-	-	-	-	60,000,000,000
Loans	1,790,184,427,546	-	-	-	3,392,102,022	1,793,576,529,568
Other financial assets	18,128,910,534	-	-	-	294,925,095	18,423,835,629
TOTAL	1,868,313,338,080	-	-	-	3,687,027,117	1,872,000,365,197

Liquidity risk

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

The Company monitors its liquidity risk by maintaining a level of cash and cash equivalents and bank loans deemed to adequately finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

Maybank Kim Eng Securities Limited

B09-CTCK

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

27. OTHER INFORMATION (continued)

27.3 Purposes and policies of financial risk management (continued)

Liquidity risk (continued)

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	Overdue VND	On demand VND	Up to 1 year VND	1 - 5 years VND	Up to 5 years VND	Total VND
Financial assets						
Financial assets at fair value through profit and loss	-	-	2,977,010	-	-	2,977,010
Loans	3,392,102,022	-	1,790,184,427,546	-	-	1,793,576,529,568
Receivables from services provided by the Company	-	-	1,356,418,114	-	-	1,356,418,114
Other receivables	294,925,095	-	16,772,492,420	-	-	17,067,417,515
Cash and cash equivalents	-	73,946,184,149	60,000,000,000	-	-	133,946,184,149
TOTAL	3,687,027,117	73,946,184,149	1,868,316,315,090	-	-	1,945,949,526,356
Financial liabilities						
Short-term borrowings	-	-	646,656,800,000	-	-	646,656,800,000
Payables from securities transaction activities	-	-	516,000	-	-	516,000
Short-term trade payables	-	-	2,589,711,138	-	-	2,589,711,138
Short-term expense payables	-	-	5,233,801,760	-	-	5,233,801,760
Other liabilities	-	-	411,675,524	-	-	411,675,524
TOTAL	-	-	654,892,504,422	-	-	654,892,504,422
Net liquidity difference	3,687,027,117	73,946,184,149	1,213,423,810,668	-	-	1,291,057,021,934

Company believes that the concentration of debt repayment is low. The company has access to capital funds and loan that are due within 12 months can be continued with existing lenders.

Maybank Kim Eng Securities Limited

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

B09-CTCK

27. OTHER INFORMATION (continued)

Capital management

Liquid capital ratio measures Company's financial security, reflecting the ability to meet its financial obligations and its ability to compensate for the risks incurred during operations of Company.

This ratio is calculated and disclosed in the financial safety ratio report on a monthly basis and complied with the requirements of Circular No. 87/2017/TT-BTC dated 15 August 2017 issued by the Ministry of Finance on financial safety ratios and remedies applicable to securities companies that fail to meet the stipulated financial safety ratios. Accordingly, the Company manages and controls the liquid capital ratio not less than 180%.

At 31 December 2019, ratio available capital of company is 2,171.18%.

28. EVENT AFTER THE REPORTING DATE

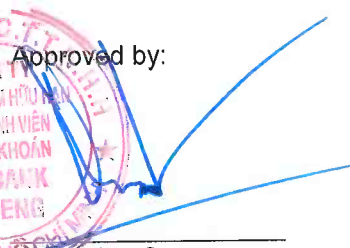

There is no matter or circumstance that has arisen since the balance sheet date that required adjustment or disclosure in the financial statements of the Company.

Prepared by:

Reviewed by:

Approved by:

Approved by:



Nguyen Thi Minh Hong
Accountant

Tran Thi Ngoc Huong
Chief Accountant

To Quoc Tuan
Chief Financial
Officer

Kim Thien Quang
Chief Executive Officer

Ho Chi Minh City, Vietnam

12 February 2020