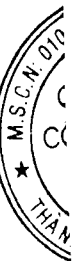




**Eastspring Investments Fund  
Management Limited Liability Company**

Financial Statements for the year ended  
31 December 2019



**Eastspring Investments Fund Management Limited Liability Company  
General Information**

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**Eastspring Investments Fund Management Limited Liability Company  
Corporate Information**

<b>Business Registration Licence No.</b>	4104000113 1 <sup>st</sup> amendment	24 May 2005 23 January 2006
<b>Fund Management Establishment and Operation Licence No.</b>	03/UBCK-GPHDQLQ 17/UBCK-GP 27/UBCK-GPDC 67/UBCK-GPDC 25/GPDC-UBCK 51/GP-UBCK 08/GPDC-UBCK 29/GPDC-UBCK 63/GPDC-UBCK	26 May 2005 23 July 2008 20 November 2008 15 April 2010 9 December 2011 23 March 2012 26 March 2013 12 September 2013 10 August 2018

**Business Licence No.** 51/GP-UBCK 23 March 2012

The Business Registration Licence and Fund Management Establishment and Operation Licence were issued by the Ho Chi Minh City Department of Planning and Investment and the State Securities Commission, respectively. On 23 March 2012, the State Securities Commission issued Business Licence No. 51/GP-UBCK which allows the Company to provide portfolio management services. On 26 March 2013, the State Securities Commission issued Amendment Licence No. 08/GPDC-UBCK to supplement securities advisory services to the existing Company's licences.

The Company's operating period, as defined in the charter, is to be consistent with the period of the parent company, Prudential Assurance Vietnam Private Limited. The parent company's investment licence is valid until 29 October 2049.

<b>Members' Council</b>	Buwalda Jeroen Jelle Bart	Chairman (from 18 March 2019)
	Xavier Bernard Maurice Meyer	Chairman (until 17 March 2019)
	Ngo The Trieu	Member
	Clive Darren Baker	Member
<b>Board of Directors</b>	Ngo The Trieu	Chief Executive Officer
<b>Registered Office</b>	Saigon Trade Center 37 Ton Duc Thang Street, District 1 Ho Chi Minh City Vietnam	
<b>Auditor</b>	KPMG Limited Vietnam	

## Eastspring Investments Fund Management Limited Liability Company Statement of the Board of Directors

The Board of Directors of Eastspring Investments Fund Management Limited Liability Company (“the Company”) presents this statement and the accompanying financial statements of the Company for the year ended 31 December 2019.

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises, Circular No. 125/2011/TT-BTC dated 5 September 2011 issued by the Ministry of Finance on promulgation of accounting guidance for investment fund management companies and the other relevant statutory requirements applicable to financial reporting. In the opinion of the Board of Directors:

- (a) the financial statements set out on pages 5 to 36 give a true and fair view of the financial position of the Company as at 31 December 2019, and of its results of operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises, Circular No. 125/2011/TT-BTC dated 5 September 2011 issued by the Ministry of Finance on promulgation of accounting guidance for investment fund management companies and the other relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Company will not be able to pay its debts as and when they fall due. The financial statements have been prepared on a going concern basis.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.



Ngô The Trieu

Chief Executive Officer

Ho Chi Minh City, 13 March 2020



KPMG Limited Branch  
10<sup>th</sup> Floor, Sun Wah Tower  
115 Nguyen Hue Street, Ben Nghe Ward  
District 1, Ho Chi Minh City, Vietnam  
+84 (28) 3821 9266 | kpmg.com.vn

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Investor Eastspring Investments Fund Management Limited Liability Company**

We have audited the accompanying financial statements of Eastspring Investments Fund Management Limited Liability Company ("the Company"), which comprise the balance sheet as at 31 December 2019, the statements of income, changes in equity and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Directors on 13 March 2020, as set out on pages 5 to 36.

### **Management's Responsibility**

The Company's Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises, Circular No. 125/2011/TT-BTC dated 5 September 2011 issued by the Ministry of Finance on promulgation of accounting guidance for investment fund management companies and the other relevant statutory requirements applicable to financial reporting, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on 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 of 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 auditor's judgement, 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 Company's Board of Directors, 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.

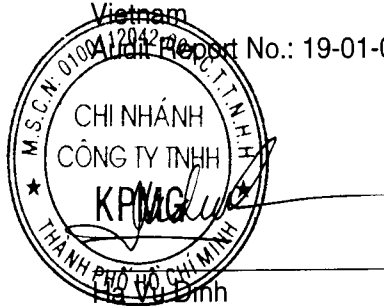


### Auditor's Opinion

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of Eastspring Investments Fund Management Limited Liability Company as at 31 December 2019 and of its results of operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises, Circular No. 125/2011/TT-BTC dated 5 September 2011 issued by the Ministry of Finance on promulgation of accounting guidance for investment fund management companies and the other relevant statutory requirements applicable to financial reporting.

### KPMG Limited's Branch in Ho Chi Minh City

Vietnam  
Audit Report No.: 19-01-00345-20-1



Practicing Auditor Registration  
Certificate No. 0414-2018-007-1  
*Deputy General Director*

Tran Thi Le Hang  
Practicing Auditor Registration  
Certificate No. N.3782-2017-007-1

Ho Chi Minh City, 13 March 2020

**Eastspring Investments Fund Management Limited Liability Company**  
**Balance sheet as at 31 December 2019**

**Form B01 - CTQ**  
*(Issued under Circular No. 125/2011/TT-BTC dated 5 September 2011 of the Ministry of Finance)*

	Code	Note	31/12/2019 VND'000	31/12/2018 VND'000
<b>ASSETS</b>				
<b>Current assets (100 = 110 + 120 + 130 + 150)</b>	<b>100</b>		<b>218,474,932</b>	<b>140,444,525</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>4</b>	<b>110,034,045</b>	<b>69,292,045</b>
Cash	111		4,034,045	4,292,045
Cash equivalents	112		106,000,000	65,000,000
<b>Short-term financial investments</b>	<b>120</b>		<b>65,000,000</b>	<b>38,000,000</b>
Held-to-maturity investments	123	5	65,000,000	38,000,000
<b>Accounts receivable</b>	<b>130</b>	<b>6</b>	<b>41,793,426</b>	<b>31,512,171</b>
Prepayment to suppliers	132		94,987	-
Receivables from fund management activities	134		40,576,618	30,323,369
Other short-term receivables	135		1,136,821	1,188,802
Allowance for doubtful debts	137		(15,000)	-
<b>Other current assets</b>	<b>150</b>		<b>1,647,461</b>	<b>1,640,309</b>
Short-term prepaid expenses	151		1,647,461	1,640,309
<b>Long-term assets (200 = 220 + 260)</b>	<b>200</b>		<b>4,254,505</b>	<b>4,921,728</b>
<b>Fixed assets</b>	<b>220</b>		<b>915,252</b>	<b>1,444,070</b>
Tangible fixed assets	221	7	915,252	1,423,226
Cost	222		5,035,629	5,035,629
Accumulated depreciation	223		(4,120,377)	(3,612,403)
Intangible fixed assets	227	8	-	20,844
Cost	228		982,797	982,797
Accumulated amortisation	229		(982,797)	(961,953)
<b>Other long-term assets</b>	<b>260</b>		<b>3,339,253</b>	<b>3,477,658</b>
Deferred tax assets	262	9	2,157,688	2,441,946
Other long-term assets	268	10	1,181,565	1,035,712
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>222,729,437</b>	<b>145,366,253</b>

*The accompanying notes are an integral part of these financial statements*

**Eastspring Investments Fund Management Limited Liability Company**  
**Balance sheet as at 31 December 2019 (continued)**

**Form B01 - CTQ**  
*(Issued under Circular No. 125/2011/TT-BTC  
dated 5 September 2011 of the Ministry of Finance)*

	Code	Note	31/12/2019 VND'000	31/12/2018 VND'000
<b>RESOURCES</b>				
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>36,097,823</b>	<b>29,453,386</b>
<b>Current liabilities</b>	<b>310</b>		<b>31,113,111</b>	<b>22,991,439</b>
Accounts payable to suppliers	312		338,976	214,114
Taxes payable to State Treasury	314	11	5,424,669	539,918
Payables to employees	315		56,824	-
Accrued expenses	316	12	22,106,302	18,839,446
Other short-term payables	319	13	3,186,340	3,397,961
<b>Long-term liabilities</b>	<b>330</b>		<b>4,984,712</b>	<b>6,461,947</b>
Provision for severance allowance	336	14	1,385,147	1,365,483
Provisions	337	15	3,599,565	5,096,464
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>186,631,614</b>	<b>115,912,867</b>
<b>Equity</b>	<b>410</b>		<b>186,631,614</b>	<b>115,912,867</b>
Contributed capital	411	16	25,000,000	25,000,000
Financial reserve	418		2,500,000	2,081,457
Supplement charter capital reserve	419		2,500,000	2,081,457
Retained profits	420		156,631,614	86,749,953
- Retained profits brought forward	420a		86,749,953	51,743,112
- Retained profit for the current year	420b		69,881,661	35,006,841
<b>TOTAL RESOURCES (440 = 300 + 400)</b>	<b>440</b>		<b>222,729,437</b>	<b>145,366,253</b>

*The accompanying notes are an integral part of these financial statements*



**Eastspring Investments Fund Management Limited Liability Company**  
**Balance sheet as at 31 December 2019 (continued)**

**Form B01 - CTQ**  
*(Issued under Circular No. 125/2011/TT-BTC  
dated 5 September 2011 of the Ministry of Finance)*

**OFF BALANCE SHEET ITEMS**

	Code	Note	31/12/2019 VND'000	31/12/2018 VND'000
Foreign currencies	005	23	73,291	73,513
Cash and cash equivalents of local entrustors and a fund under management	030	17	1,760,229,638	2,437,616,703
Investment portfolio of local entrustors and a fund under management	040	18	100,737,388,254	73,345,192,234
Receivables of local entrustors and a fund under management	050		154,006,917	343,606,502

13 March 2020

Prepared by:



Le Minh Thuy  
Chief Accountant



Approved by:

Go The Trieu  
Chief Executive Officer

*The accompanying notes are an integral part of these financial statements*

**Eastspring Investments Fund Management Limited Liability Company**  
**Statement of income for the year ended 31 December 2019**


**Form B02 - CTQ**

*(Issued under Circular No. 125/2011/TT-BTC dated 5 September 2011 of the Ministry of Finance)*

	Code	Note	2019 VND'000	2018 VND'000
<b>Net revenue</b>	<b>10</b>	<b>19</b>	<b>142,933,017</b>	<b>108,641,872</b>
Financial income	21	20	5,368,909	2,775,489
General and administration expenses	25	21	64,400,565	72,494,067
<b>Net operating profit {30 = 10 + 21 - 25}</b>	<b>30</b>		<b>83,901,361</b>	<b>38,923,294</b>
<b>Accounting profit before tax (50 = 30)</b>	<b>50</b>		<b>83,901,361</b>	<b>38,923,294</b>
<b>Income tax expense – current</b>	<b>51</b>	<b>22</b>	<b>12,898,356</b>	<b>-</b>
<b>Income tax expense – deferred</b>	<b>52</b>	<b>22</b>	<b>284,258</b>	<b>26,805</b>
<b>Net profit after tax (60 = 50 – 51 – 52)</b>	<b>60</b>		<b>70,718,747</b>	<b>38,896,489</b>

13 March 2020

Prepared by:



Le Minh Thuy  
Chief Accountant

Approved by:



The Trieu  
Chief Executive Officer

*The accompanying notes are an integral part of these financial statements*

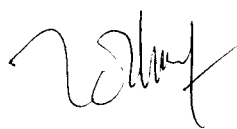
**Eastspring Investments Fund Management Limited Liability Company**  
**Statement of cash flows for the year ended 31 December 2019 (Direct method)**

**Form B03 - CTQ**  
*(Issued under Circular No. 125/2011/TT-BTC dated 5 September 2011 of the Ministry of Finance)*

	Code	2019 VND'000	2018 VND'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from fund management activities	01	132,679,768	99,640,149
Cash payments to employees	03	(38,059,497)	(62,484,552)
Payments of corporate income tax	05	(7,903,510)	-
Other payments for operating activities	07	(24,278,904)	(23,426,276)
<b>Net cash flows from operating activities</b>	<b>20</b>	<b>62,437,857</b>	<b>13,729,321</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for additions to fixed assets	21	-	(1,359,351)
Placement of term deposits at banks	23	(65,000,000)	(68,000,000)
Collection of term deposits at banks	24	38,000,000	30,000,000
Receipts of interest	27	5,304,143	2,084,632
<b>Net cash flows from investing activities</b>	<b>30</b>	<b>(21,695,857)</b>	<b>(37,274,719)</b>
<b>Net cash flows during the year (50 = 20 + 30)</b>	<b>50</b>	<b>40,742,000</b>	<b>(23,545,398)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>60</b>	<b>69,292,045</b>	<b>92,837,443</b>
<b>Cash and cash equivalents at the end of the year (70 = 50 + 60) (Note 4)</b>	<b>70</b>	<b>110,034,045</b>	<b>69,292,045</b>

13 March 2020

Prepared by:



Le Minh Thuy  
Chief Accountant



Approved by:

Ngô The Trieu  
Chief Executive Officer

*The accompanying notes are an integral part of these financial statements*

**Eastspring Investments Fund Management Limited Liability Company**  
**Statement of changes in equity for the year ended 31 December 2019**

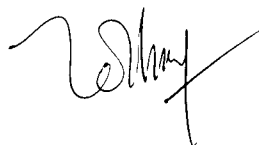
**Form B05 - CTQ**

*(Issued under Circular No. 125/2011/TT-BTC  
dated 5 September 2011 of the Ministry of Finance)*

	<b>Contributed capital VND'000</b>	<b>Financial Reserve VND'000</b>	<b>Supplement charter capital reserve VND'000</b>	<b>Retained profits VND'000</b>	<b>Total VND'000</b>
<b>Balance at 1 January 2018</b>	25,000,000	136,633	136,633	51,743,112	77,016,378
Net profit for the year	-	-	-	38,896,489	38,896,489
Appropriation to reserves	-	1,944,824	1,944,824	(3,889,648)	-
<b>Balance at 1 January 2019</b>	25,000,000	2,081,457	2,081,457	86,749,953	115,912,867
Net profit for the year	-	-	-	70,718,747	70,718,747
Appropriation to reserves	-	418,543	418,543	(837,086)	-
<b>Balance at 31 December 2019</b>	25,000,000	2,500,000	2,500,000	156,631,614	186,631,614

13 March 2020

Prepared by:



Le Minh Thuy  
Chief Accountant



Approved by:

Ngô The Trieu  
Chief Executive Officer

**Eastspring Investments Fund Management Limited Liability Company**  
**Notes to the financial statements for the year ended 31 December 2019**

**Form B09-CTQ**

*(Issued under Circular No. 125/2011/TT-BTC  
dated 5 September 2011 of the Ministry of Finance)*

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

**1. Reporting entity**

**(a) Ownership structure**

Eastspring Investments Fund Management Limited Liability Company (“the Company”) is a limited liability company licenced and incorporated in the Socialist Republic of Vietnam.

**(b) Principal activities**

The principal activities of the Company are to establish and manage securities investment funds, to provide portfolio management services and to provide financial consultancy and securities investment consultancy under the Fund Management Establishment and Operation Licence and its amendments.

The charter capital of the Company as stipulated in the Fund Management Establishment and Operation Licence is VND25 billion.

As at 31 December 2019, the Company had 21 employees (31/12/2018: 20 employees) of which one (1) is management personnel. During the year, there was one (1) employee resigning and no disciplinary action was taken against any of the employees. As at 31 December 2019, the Company had 9 employees (31/12/2018: 10 employees) who were qualified for fund and assets management.

**2. Basis of preparation**

**(a) Statement of compliance**

The financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises, Circular No. 125/2011/TT-BTC dated 5 September 2011 issued by the Ministry of Finance on promulgation of accounting guidance for investment fund management companies and the relevant statutory requirements applicable to financial reporting. These standards and relevant statutory requirements may differ in some material respects from International Financial Reporting Standards and the generally accepted accounting principles and standards of other countries. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with generally accepted accounting principles and practices in countries or jurisdictions other than Vietnam. Furthermore, their utilisation is not designed for those who are not informed about Vietnam’s accounting principles, procedures and practices applicable to fund management companies.

**Eastspring Investments Fund Management Limited Liability Company**  
**Notes to the financial statements for the year ended 31 December 2019 (continued)**

**Form B09 - CTQ**

*(Issued under Circular No. 125/2011/TT-BTC  
dated 5 September 2011 of the Ministry of Finance)*

**(b) Basis of measurement**

The financial statements, except for the statement of cash flows, are prepared on the accrual basis using the historical cost concept. The statement of cash flows is prepared using the direct method.

**(c) Annual accounting period**

The annual accounting period of the Company is from 1 January to 31 December.

**(d) Accounting and presentation currency**

The Company's accounting currency is Vietnam Dong ("VND"), which is also the currency used for financial statements presentation purpose, rounded to the nearest thousand ("VND'000").

**3. Summary of significant accounting policies**

The following significant accounting policies have been adopted by the Company in the preparation of these financial statements.

**(a) Foreign currency transactions**

Transactions in currencies other than VND during the year have been translated into VND at rate approximating actual rates of exchange ruling at the transaction dates.

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the account transfer buying rate at the end of the annual accounting period quoted by the commercial bank where the Company most frequently conducts transactions.

All foreign exchange differences are recorded in the statement of income.

**(b) Cash and cash equivalents**

Cash comprises cash balances and call deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

**Eastspring Investments Fund Management Limited Liability Company**  
**Notes to the financial statements for year ended 31 December 2019 (continued)**

**Form B 09-CTQ**

*(Issued under Circular No. 125/2011/TT-BTC  
dated 5 September 2011 of the Ministry of Finance)*

**(c) Investments**

**Held-to-maturity investments**

Held-to-maturity investments are those that the Company's Board of Directors has the intention and ability to hold until maturity. Held-to-maturity investments comprise term deposit at banks with term to maturity of more than three months to one year. These investments are stated at cost less allowance for doubtful debts.

**(d) Accounts receivable**

Accounts receivable from fund management activities and other receivables are stated at cost less allowance for doubtful debts.

**(e) Tangible fixed assets**

**(i) Cost**

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after tangible fixed assets have been put into operation, such as repairs, maintenance and overhaul costs, are charged to the statement of income in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditures are capitalised as additional costs of tangible fixed assets.

**(ii) Depreciation**

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

- |                    |             |
|--------------------|-------------|
| ▪ renovation costs | 3 years     |
| ▪ office equipment | 3 – 4 years |

**(f) Intangible fixed assets**

**Software**

Cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible fixed asset. Software cost is amortised on a straight-line basis over 4 years.

**Eastspring Investments Fund Management Limited Liability Company**  
**Notes to the financial statements for year ended 31 December 2019 (continued)**

**Form B 09-CTQ**

*(Issued under Circular No. 125/2011/TT-BTC  
dated 5 September 2011 of the Ministry of Finance)*

**(g) Accounts payable to suppliers and other payables**

Accounts payable to suppliers and other payables are stated at their cost.

**(h) Provisions**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

***Severance allowance***

Under the Vietnamese Labour Code, when employees who have worked for 12 months or more (“eligible employees”) voluntarily terminates his/her labour contract, the employer is required to pay the eligible employees severance allowance calculated based on years of service and employees’ compensation at termination. Provision for severance allowance has been provided based on employees’ years of service and their average salary for the six-month period prior to the end of the annual accounting period. For the purpose of determining the number of years of service by an employee, the period for which the employee participated in and contributed to unemployment insurance in accordance with prevailing laws and regulations and the period for which severance allowance has been paid by the Company are excluded.

**(i) Long-term incentive bonus**

The long-term incentive bonus is a cash award scheme granted to employees over a period of three years. It is recognised as an expense in the statement of income, with a corresponding increase in liability, over the period that the employees become entitled to the awards (“vesting period”). The amount recognised as an expense is adjusted annually to reflect the increase/decrease by reference to the profitability of total Eastspring Investments business in Asia during the vesting period.

**(j) Portfolio management contracts**

The Company receives money from clients and uses the money to invest in securities on behalf of the clients in accordance with the terms of the portfolio management contracts. Investments in securities on behalf of clients under portfolio management contracts together with assets and liabilities in relation to such contracts are recorded off balance sheet in accordance with the guidance in Circular No. 125/2011/TT-BTC dated 5 September 2011 issued by the Ministry of Finance.

**(k) Contributed capital**

Contributed capital is recognised on the contribution date at the actual amount contributed less any directly attributable transaction costs.



**Eastspring Investments Fund Management Limited Liability Company**  
**Notes to the financial statements for year ended 31 December 2019 (continued)**

**Form B 09-CTQ**

*(Issued under Circular No. 125/2011/TT-BTC  
dated 5 September 2011 of the Ministry of Finance)*

**(l) Statutory reserves**

According to Circular No. 146/2014/TT-BTC dated 6 October 2014 issued by the Ministry of Finance providing guidance on the financial regime for securities companies and investment fund management companies, the Company is required to make the following allocations:

	<b>Annual allocation</b>	<b>Maximum balance</b>
Financial reserve	5% of profit after tax	10% of charter capital
Supplement charter capital reserve	5% of profit after tax	10% of charter capital

---

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.

Supplement charter capital reserve is allocated from annual profit after tax and is to supplement charter capital of the Company.

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

**(m) Classification of financial instruments**

Solely for the purpose of providing disclosures about the significance of financial instruments to the Company's financial position and results of operations and the nature and extent of risk arising from financial instruments, the Company classifies its financial instruments as follows:

**(i) Financial assets**

*Financial assets at fair value through profit or loss*

A financial asset at fair value through profit or loss is a financial asset that meets either of the following conditions:

- It is considered by the Board of Directors as held for trading. A financial asset is considered as held for trading if:
  - it is acquired principally for the purpose of selling it in the near term;
  - there is evidence of a recent pattern of short-term profit-taking; or
  - a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Company as at fair value through profit or loss.

**Eastspring Investments Fund Management Limited Liability Company**  
**Notes to the financial statements for year ended 31 December 2019 (continued)**

**Form B 09-CTQ**

*(Issued under Circular No. 125/2011/TT-BTC  
dated 5 September 2011 of the Ministry of Finance)*

*Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity that the Company has the positive intention and ability to hold to maturity, other than:

- those that the Company upon initial recognition designates as at fair value through profit or loss;
- those that the Company designates as available-for-sale; and
- those that meet the definition of loans and receivables.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those:

- that the Company intends to sell immediately or in the near term, which are classified as held for trading, and those that the Company on initial recognition designates as at fair value through profit or loss;
- that the Company upon initial recognition designates as available-for-sale; or
- for which the Company may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as available-for-sale.

*Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or that are not classified as:

- financial assets at fair value through profit or loss;
- held-to-maturity investments; or
- loans and receivables.

**(ii) *Financial liabilities***

*Financial liabilities at fair value through profit or loss*

A financial liability at fair value through profit or loss is a financial liability that meets either of the following conditions:

- It is considered by the Board of Directors as held for trading. A financial liability is considered as held for trading if:
  - it is incurred principally for the purpose of repurchasing it in the near term;
  - there is evidence of a recent pattern of short-term profit-taking; or
  - a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Company as at fair value through profit or loss.

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**Notes to the financial statements for year ended 31 December 2019 (continued)**

**Form B 09-CTQ**

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*Financial liabilities carried at amortised cost*

Financial liabilities which are not classified as financial liabilities at fair value through profit or loss are classified as financial liabilities carried at amortised cost.

The above described classification of financial instruments is solely for presentation and disclosure purpose and is not intended to be a description of how the instruments are measured. Accounting policies for measurement of financial instruments are disclosed in other relevant notes.

**(n) Taxation**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the annual accounting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantively enacted at the end of the annual accounting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(o) Revenue and other income**

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.

**(i) Services rendered**

Fund and portfolio management fees, administration fees and asset allocation service fee are recognised in the statement of income when earned. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

**Eastspring Investments Fund Management Limited Liability Company**  
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**(ii) Interest income**

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable interest rate.

**(p) Operating lease payments**

Payments made under operating leases are recognised in the statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of income as an integral part of the total lease expense.

**(q) Related parties**

Parties are considered to be related to the Company if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where the Company and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

Related companies refer to the parent company, its ultimate parent company and their subsidiaries and associates. Related parties also include funds managed by the Company.

**(r) Nil balances**

Items or balances required by Circular No. 125/2011/TT-BTC dated 5 September 2011 issued by the Ministry of Finance on the promulgation of accounting guidance for investment fund management companies and the Vietnamese Accounting System for enterprises that are not shown in these financial statements indicate nil balances.

**(s) Segment reporting**

The Company operates as one segment, which is investment management and one geographical segment, which is Vietnam.

**Eastspring Investments Fund Management Limited Liability Company**  
**Notes to the financial statements for year ended 31 December 2019 (continued)**

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**4. Cash and cash equivalents**

	<b>31/12/2019</b>	<b>31/12/2018</b>
	<b>VND'000</b>	<b>VND'000</b>
<b>Cash at banks</b>		
▪ Deutsche Bank AG – Ho Chi Minh City Branch	2,792,987	3,814,421
▪ HSBC Bank (Vietnam) Ltd.	1,241,058	477,624
	4,034,045	4,292,045
<b>Cash equivalents - Term deposits with original term to maturity not exceeding three months</b>		
▪ ANZ Bank (Vietnam) Limited	20,000,000	40,000,000
▪ Deutsche Bank AG – Ho Chi Minh City Branch	55,000,000	15,000,000
▪ HSBC Bank (Vietnam) Ltd.	31,000,000	10,000,000
	106,000,000	65,000,000
<b>Cash and cash equivalents in the statement of cash flows</b>	110,034,045	69,292,045

The Company's cash equivalents as at 31 December 2019 earned annual interest at rates ranging from 3.44% to 4.41% (31/12/2018: from 3.63% to 4.99%) for term deposits in VND. In the event of withdrawal before the maturity, these term deposits earn interest at rates in accordance with the bank's policy applied for withdrawal before maturity.

**5. Short-term financial investments**

	<b>31/12/2019</b>	<b>31/12/2018</b>
	<b>VND'000</b>	<b>VND'000</b>
<b>Held-to-maturity investments - Term deposits with term to maturity of more than three months to one year</b>		
▪ ANZ Bank (Vietnam) Limited	65,000,000	13,000,000
▪ Deutsche Bank AG – Ho Chi Minh City Branch	-	25,000,000
	65,000,000	38,000,000

Held-to-maturity investments as at 31 December 2019 represented term deposits at banks denominated in VND, with term to maturity of more than three months to one year, earned annual interest at rates ranging from 3.90% to 4.10% (31/12/2018: from 2.75% to 4.50%).



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**Eastspring Investments Fund Management Limited Liability Company**  
**Notes to the financial statements for the year ended 31 December 2019 (continued)**

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**6. Accounts receivable**

Receivables from fund management activities comprised:

	<b>31/12/2019</b>	<b>31/12/2018</b>
	<b>VND'000</b>	<b>VND'000</b>
Amounts due from the parent company	40,391,618	30,148,369
Amounts due from other related companies	185,000	175,000
	<hr/>	<hr/>
	<b>40,576,618</b>	<b>30,323,369</b>
	<hr/>	<hr/>

The amounts due from the parent company and other related companies were unsecured, interest free and are receivable upon demand.

Other short-term receivables comprised:

	<b>31/12/2019</b>	<b>31/12/2018</b>
	<b>VND'000</b>	<b>VND'000</b>
Interest receivables	1,011,342	1,002,427
Deposits for rental	39,000	39,000
Receivables from employees	55,840	13,000
Others	30,639	134,375
	<hr/>	<hr/>
	<b>1,136,821</b>	<b>1,188,802</b>
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Included in receivables as at 31 December 2019 were overdue receivables with carrying value amounted to VND30 million (31/12/2018: Nil).

**Eastspring Investments Fund Management Limited Liability Company**  
**Notes to the financial statements for year ended 31 December 2019 (continued)**

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**7. Tangible fixed assets**

<b>2019</b>	<b>Renovation costs VND'000</b>	<b>Office equipment VND'000</b>	<b>Total VND'000</b>
<b>Cost</b>			
Opening balance/closing balance	1,858,849	3,176,780	5,035,629
<b>Accumulated depreciation</b>			
Opening balance	1,382,030	2,230,373	3,612,403
Charge for the year	172,259	335,715	507,974
Closing balance	1,554,289	2,566,088	4,120,377
<b>Net book value</b>			
Opening balance	476,819	946,407	1,423,226
Closing balance	304,560	610,692	915,252

**Eastspring Investments Fund Management Limited Liability Company**  
**Notes to the financial statements for year ended 31 December 2019 (continued)**

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<b>2018</b>	<b>Renovation costs VND'000</b>	<b>Office equipment VND'000</b>	<b>Total VND'000</b>
<b>Cost</b>			
Opening balance	1,544,802	2,131,476	3,676,278
Additions	314,047	1,045,304	1,359,351
Closing balance	1,858,849	3,176,780	5,035,629
<b>Accumulated depreciation</b>			
Opening balance	1,268,800	2,062,352	3,331,152
Charge for the year	113,230	168,021	281,251
Closing balance	1,382,030	2,230,373	3,612,403
<b>Net book value</b>			
Opening balance	276,002	69,124	345,126
Closing balance	476,819	946,407	1,423,226

Included in tangible fixed assets as at 31 December 2019 were assets costing VND3,474 million (31/12/2018: VND3,226 million) which were fully depreciated but which are still in active use.



**Eastspring Investments Fund Management Limited Liability Company**  
**Notes to the financial statements for year ended 31 December 2019 (continued)**

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**8. Intangible fixed assets**

	<b>Software</b>	
	<b>2019</b>	<b>2018</b>
	<b>VND'000</b>	<b>VND'000</b>
<b>Cost</b>		
Opening balance/closing balance	982,797	982,797
<hr/>		
<b>Accumulated amortisation</b>		
Opening balance	961,953	941,109
Charge for the year	20,844	20,844
<hr/>		
Closing balance	982,797	961,953
<hr/>		
<b>Net book value</b>		
Opening balance	20,844	41,688
Closing balance	-	20,844
<hr/>		

Included in intangible fixed assets as at 31 December 2019 were assets costing VND983 million (31/12/2018: VND899 million) which were fully amortised but which are still in active use.

**9. Deferred tax assets**

	<b>31/12/2019</b>	<b>31/12/2018</b>
	<b>VND'000</b>	<b>VND'000</b>
Deferred tax assets:		
Accrued expenses	1,880,659	2,168,849
Provision for severance allowance	277,029	273,097
<hr/>		
Total deferred tax assets	2,157,688	2,441,946
<hr/>		

**Eastspring Investments Fund Management Limited Liability Company**  
**Notes to the financial statements for the year ended 31 December 2019 (continued)**

**Form B09 - CTQ**  
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**10. Other long-term assets**

	<b>31/12/2019</b>	<b>31/12/2018</b>
	<b>VND'000</b>	<b>VND'000</b>
Deposits for office rental	1,181,565	1,035,712
	1,181,565	1,035,712

**11. Taxes payable to State Treasury**

	<b>1/1/2019</b>	<b>Incurred</b>	<b>Paid</b>	<b>31/12/2019</b>
	<b>VND'000</b>	<b>VND'000</b>	<b>VND'000</b>	<b>VND'000</b>
Personal income tax	284,063	9,052,937	(9,052,839)	284,161
Withholding tax	255,855	472,488	(582,681)	145,662
Value added tax	-	6,050	(6,050)	-
Corporation income tax	-	12,898,356	(7,903,510)	4,994,846
	539,918	25,592,207	(20,707,457)	5,424,669

**12. Accrued expenses**

	<b>31/12/2019</b>	<b>31/12/2018</b>
	<b>VND'000</b>	<b>VND'000</b>
Bonus and incentives	12,732,792	7,584,414
Current portion of long-term incentive bonus (Note 15)	4,475,625	5,759,325
Accrued operating expenses	3,032,820	3,580,517
Others	1,865,065	1,915,190
	22,106,302	18,839,446

**13. Other short-term payables**

Other short-term payables mainly represented the IT and back office related costs payable to related companies, detailed as follows:

	<b>31/12/2019</b>	<b>31/12/2018</b>
	<b>VND'000</b>	<b>VND'000</b>
Amounts due to the parent company – Non-trade	2,091,131	1,242,248
Amounts due to other related companies – Non-trade	653,939	1,721,242
	2,745,070	2,963,490

The amounts due to the parent company and other related companies were unsecured, interest free and are payable at call.

**Eastspring Investments Fund Management Limited Liability Company**  
**Notes to the financial statements for year ended 31 December 2019 (continued)**

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**14. Provision for severance allowance**

	<b>2019</b> <b>VND'000</b>	<b>2018</b> <b>VND'000</b>
Opening balance	1,365,483	1,252,809
Provision made during the year	95,015	112,674
Provision utilised during the year	(75,351)	-
	<hr/>	<hr/>
Closing balance	1,385,147	1,365,483
	<hr/>	<hr/>

**15. Provisions**

	<b>31/12/2019</b> <b>VND'000</b>	<b>31/12/2018</b> <b>VND'000</b>
Long-term incentive bonus (i)	3,270,500	4,917,727
Other bonus schemes	329,065	178,737
	<hr/>	<hr/>
	3,599,565	5,096,464
	<hr/>	<hr/>

(i) Movements of long-term incentive bonus during the year were as follows:

	<b>2019</b> <b>VND'000</b>	<b>2018</b> <b>VND'000</b>
Opening balance	4,917,727	6,365,711
Provision made during the year	2,828,398	4,311,341
Transfer to current portion of long-term incentive bonus (Note 12)	(4,475,625)	(5,759,325)
	<hr/>	<hr/>
Closing balance	3,270,500	4,917,727
	<hr/>	<hr/>

**Eastspring Investments Fund Management Limited Liability Company**  
**Notes to the financial statements for the year ended 31 December 2019 (continued)**

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**16. Contributed capital**

The Company's authorised charter capital of VND25,000,000,000 has been fully contributed by the parent company, Prudential Vietnam Assurance Private Limited, a company incorporated in Vietnam.

The ultimate parent company, Prudential plc, is incorporated in the United Kingdom.

**17. Cash and cash equivalents of local entrustors and a fund under management**

Details of cash and cash equivalents held on behalf of local entrustors and a fund under management by the Company were as follows:

	<b>31/12/2019</b>	<b>31/12/2018</b>
	<b>VND'000</b>	<b>VND'000</b>
<b>Shareholder Fund</b>	<b>635,015,353</b>	<b>356,741,734</b>
Cash at banks	384,015,353	56,741,734
Cash equivalents (*)	251,000,000	300,000,000
<b>Universal Life Fund</b>	<b>109,051,578</b>	<b>23,475,157</b>
Cash at banks	9,051,578	23,475,157
Cash equivalents (*)	100,000,000	-
<b>Life Fund</b>	<b>698,573,568</b>	<b>1,727,183,590</b>
Cash at banks	424,745,568	326,526,512
Cash equivalents (*)	273,828,000	1,400,657,078
<b>Unit-linked Funds</b>	<b>287,815,965</b>	<b>280,874,356</b>
Cash at banks	142,038,560	91,112,558
Cash equivalents (*)	145,777,405	189,761,798
<b>Eastspring Investments Vietnam Navigator Fund</b>	<b>25,237,303</b>	<b>35,356,442</b>
Cash at banks	5,175,659	2,781,925
Cash equivalents (*)	20,061,644	32,574,517
<b>Pension Fund</b>	<b>4,535,871</b>	<b>13,985,424</b>
Cash at banks	4,535,871	13,985,424
	<b>1,760,229,638</b>	<b>2,437,616,703</b>

(\*) Cash equivalents represented term deposits at banks with original terms to maturity of not more than three months.

**Eastspring Investments Fund Management Limited Liability Company**  
**Notes to the financial statements for the year ended 31 December 2019 (continued)**

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**18. Investment portfolio of local entrustors and a fund under management**

Details of investment portfolio held on behalf of local entrustors and a fund under management were as follows:

	Quantity	31/12/2019 Cost VND'000	Market value VND'000	Quantity	31/12/2018 Cost VND'000	Market value VND'000
<b>Shareholder Fund</b>						
Listed debt securities	42,437,000	4,754,463,677	5,493,678,443	40,119,363	4,553,648,857	4,815,854,188
Term deposits	N/A	2,397,620,671	2,397,620,671	N/A	1,197,754,525	1,197,754,525
<b>Universal Life Fund</b>						
Listed debt securities	24,673,371	3,440,682,853	4,056,781,862	25,832,757	2,954,209,359	3,242,367,870
Term deposits	N/A	590,321,382	590,321,382	N/A	260,000,000	260,000,000
<b>Life Fund</b>						
Listed equity securities	50,337,686	1,563,629,156	1,586,428,094	14,029,817	511,821,592	517,143,527
Listed debt securities	506,344,783	67,974,543,634	77,299,468,077	467,933,894	58,235,185,338	59,423,541,657
Term deposits	N/A	4,754,208,976	4,754,208,975	N/A	954,848,336	954,848,336
<b>Unit-linked Funds</b>						
Listed equity securities	108,540,776	3,410,959,029	3,547,695,656	55,385,903	2,197,294,741	2,165,502,613
Listed debt securities	3,900,000	433,776,780	460,554,293	3,270,000	360,217,003	369,838,322
Term deposits	N/A	168,344,308	168,344,308	N/A	77,648,185	77,648,185
<b>Eastspring Investments Vietnam Navigator Fund</b>						
Listed equity securities	3,751,392	78,468,249	86,656,335	2,955,553	66,459,141	73,520,460
Term deposits	N/A	38,934,892	38,934,892	N/A	22,517,909	22,517,909
<b>Pension Fund</b>						
Listed debt securities	1,335,000	136,459,566	164,808,088	1,235,000	126,010,885	142,367,260
Term deposits	N/A	91,887,177	91,887,178	N/A	82,287,382	82,287,382
		89,834,300,350	100,737,388,254		71,599,903,253	73,345,192,234

**Eastspring Investments Fund Management Limited Liability Company**  
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**19. Net revenue**

Net revenue represents the gross invoiced value of services rendered exclusive of value added tax.

	<b>2019</b>	<b>2018</b>
	<b>VND'000</b>	<b>VND'000</b>
Revenue from management of investment portfolios and funds	125,775,610	97,812,246
Revenue from administration of investment portfolios	8,713,866	7,152,038
Revenue from asset allocation service	8,443,541	3,677,588
	142,933,017	108,641,872
	142,933,017	108,641,872

As at 31 December 2019, there were five (05) investment portfolios and an investment fund with total net asset value of VND102,652 billion (31/12/2018: VND76,126 billion) under the Company's management.

The Company manages the investments of Shareholder Fund, Universal Life Fund, Life Fund, Unit-linked Funds and Pension Fund of Prudential Vietnam Assurance Private Limited (the parent company) under an investment management agreement effective from 1 January 2008. For the year ended 31 December 2019, portfolio management fees earned from services rendered to Prudential Vietnam Assurance Private Limited amounted to VND123,649 million (2018: VND95,566 million).

The Company also manages Eastspring Investments Vietnam Navigator Fund, an open ended fund established in the Socialist Republic of Vietnam under Fund Establishment Certificate No. 09/GCN-UBCK issued by the State Securities Commission of Vietnam dated 25 March 2014. For the year ended 31 December 2019, management fees earned from services rendered to Eastspring Investments Vietnam Navigator Fund amounted to VND2,126 million (2018: VND2,246 million).

For the year ended 31 December 2019, revenue earned from administration services rendered to Prudential Vietnam Assurance Private Limited amounted to VND8,714 million (2018: VND7,152 million).

For the year ended 31 December 2019, revenue earned from asset allocation service rendered to Prudential Vietnam Assurance Private Limited amounted to VND8,444 million (2018: VND3,678 million).

There was no performance fee received by the Company for the years ended 31 December 2019 and 2018 because the conditions were not met.

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**20. Financial income**

	<b>2019</b> <b>VND'000</b>	<b>2018</b> <b>VND'000</b>
Bank interest income	5,313,058	2,723,731
Foreign exchange gain	55,851	51,758
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	5,368,909	2,775,489
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**21. General and administration expenses**

	<b>2019</b> <b>VND'000</b>	<b>2018</b> <b>VND'000</b>
Staff costs	39,589,894	47,531,029
Consultancy and other services costs	9,083,510	8,196,691
Office rental	4,011,477	3,828,779
Other expenses	11,715,684	12,937,568
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	64,400,565	72,494,067
	<hr/>	<hr/>

**22. Income tax**

**(a) Recognised in the statement of income**

	<b>2019</b> <b>VND'000</b>	<b>2018</b> <b>VND'000</b>
<b>Current tax expense</b>		
Current year	12,898,356	-
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	284,258	26,805
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Income tax expense	13,182,614	26,805
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**Eastspring Investments Fund Management Limited Liability Company**  
**Notes to the financial statements for year ended 31 December 2019 (continued)**

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**(b) Reconciliation of effective tax rate**

	<b>2019</b>	<b>2018</b>
	<b>VND'000</b>	<b>VND'000</b>
Accounting profit before tax	83,901,361	38,923,294
Tax at the Company's tax rate	16,780,272	7,784,659
Non-deductible expenses	368,094	675,420
Tax losses utilised	(3,965,752)	(8,433,274)
	<u>13,182,614</u>	<u>26,805</u>

**(c) Applicable tax rates**

The prevailing corporate income tax rate applicable to the Company is 20%. The corporate income tax computation is subject to the review and approval of the tax authorities.

**(d) Unrecognised deferred tax assets**

Deferred tax assets have not been recognised in respect of the following items:

	<b>31/12/2019</b>		<b>31/12/2018</b>	
	<b>Temporary difference VND'000</b>	<b>Tax value VND'000</b>	<b>Temporary difference VND'000</b>	<b>Tax value VND'000</b>
Tax losses	-	-	19,828,762	3,965,752

**23. Other off balance sheet items**

**(i) Lease commitments**

The future minimum lease payments under non-cancellable operating leases were:

	<b>31/12/2019</b>	<b>31/12/2018</b>
	<b>VND'000</b>	<b>VND'000</b>
Within one year	4,414,225	4,011,477
Within two to five years	11,754,666	2,071,423
	<u>16,168,891</u>	<u>6,082,900</u>



**Eastspring Investments Fund Management Limited Liability Company**  
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**(ii) Foreign currencies**

	31/12/2019		31/12/2018	
	Original currency	VND'000 equivalent	Original currency	VND'000 equivalent
USD	3,172.75	73,291	3,172.75	73,513

**24. Significant transactions with related parties**

In addition to related party balances disclosed in other notes to the financial statements, the Company had the following transactions with related parties during the year:

Related party	Relationship	Nature of transaction	2019 VND'000	2018 VND'000
Prudential Vietnam Assurance Private Limited	Parent company	Management fees	123,649,317	95,565,896
		Fund administration service fees	8,713,866	7,152,038
		Asset allocation service fees	8,443,541	3,677,588
		IT and back office services costs charged by the parent company	3,347,941	2,270,215
		Expenses paid on behalf of the Company	857,233	56,927
Prudential Holdings Ltd	Related company	Expenses paid on behalf of the Company	515,014	968,058
		Expense paid by the Company on behalf of the related company	53,006	-
Eastspring Investments (Singapore) Limited	Related company	IT and back office services costs charged by the related company	6,191,134	6,447,492
		Expenses paid by the Company on behalf of the related company	-	450,917
Eastspring Investments Vietnam Navigator Fund	Fund under management	Management fees	2,126,293	2,246,350

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## **25. Financial risk management**

### *Overview*

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 Members' Council oversees how the Board of Directors monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

### **(a) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation, and arises principally from cash in banks and cash equivalents, held-to-maturity investments and accounts receivable.

#### *Exposure to credit risk*

The total of carrying amounts of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	<b>Note</b>	<b>31/12/2019 VND'000</b>	<b>31/12/2018 VND'000</b>
Cash and cash equivalents	(i)	110,034,045	69,292,045
Held-to-maturity investments	(i)	65,000,000	38,000,000
Accounts receivable	(ii)	41,754,426	31,473,171
		<hr/>	<hr/>
		216,788,471	138,765,216

#### **(i) Cash and cash equivalents and held-to-maturity investments**

Cash and cash equivalents and held-to-maturity investments of the Company are mainly held with well-known financial institutions. The Board of Directors does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Company.

#### **(ii) Accounts receivable**

Accounts receivable mainly include management fees receivable. Credit risk in relation to management fees receivable is considered minimal as these are receivables from related parties and funds under management of the Company who have good collection track records with the Company.

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**(b) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

At the reporting date, the financial liabilities with fixed or determinable payments have the following contractual maturities including the estimated interest payments as follows:

	Carrying amount VND'000	Undiscounted contractual cash flows VND'000	Less than 1 month VND'000	From 1 to 3 months VND'000	From 3 months to 1 year VND'000	From 1 year to 5 years VND'000
<b>As at 31 December 2019</b>						
Accounts payable to suppliers	338,976	338,976	338,976	-	-	-
Accrued expenses	5,811,755	5,811,755	-	5,811,755	-	-
Other short-term payables	3,186,340	3,186,340	3,186,340	-	-	-
	9,337,071	9,337,071	3,525,316	5,811,755	-	-
<b>As at 31 December 2018</b>						
Accounts payable to suppliers	214,114	214,114	214,114	-	-	-
Accrued expenses	5,495,707	5,495,707	-	5,495,707	-	-
Other short-term payables	3,397,961	3,397,961	3,397,961	-	-	-
	9,107,782	9,107,782	3,612,075	5,495,707	-	-

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**(c) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's results of operations or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**(i) Currency risk**

*Exposure to currency risk*

At the reporting date, the Company had the following net monetary asset position exposed to currency risk as follows:

	<b>Denominated in USD</b>	
	<b>31/12/2019</b>	<b>31/12/2018</b>
	<b>VND'000</b>	<b>VND'000</b>
Cash and cash equivalents	73,291	73,513

The following was the significant exchange rate applied by the Company:

	<b>Exchange rate as at</b>	
	<b>31/12/2019</b>	<b>31/12/2018</b>
USD/VND	23,100	23,170

Below is an analysis of the possible impact on the net profit of the Company as at 31 December 2019 and 2018. This analysis assumes that all other variables, in particular interest rates, remain constant:

	<b>Effect to net profit</b>	
	<b>31/12/2019</b>	<b>31/12/2018</b>
	<b>VND'000</b>	<b>VND'000</b>
USD (1% strengthening)	586	588

The opposite movement of the USD would have equal but opposite effect to the net profit of the Company as at 31 December 2019 and 2018.

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**(ii) Interest rate risk**

Interest rate risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate as a result of changes in market interest rates. The Company's exposure to interest rate risk due to changes in interest rates is minimal since all term deposits have fixed rates.

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was:

	<b>Carrying amount</b>	
	<b>31/12/2019</b>	<b>31/12/2018</b>
	<b>VND'000</b>	<b>VND'000</b>
<i>Fixed rate instruments</i>		
Cash equivalents	106,000,000	65,000,000
Held-to-maturity investments	65,000,000	38,000,000
<i>Variable rate instruments</i>		
Cash at banks	4,034,045	4,292,045

A change of 100 basis points in interest rates would have increased or decreased the net profit of the Company by VND32 million (31/12/2018: VND34 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

**(iii) Market price risk**

Market price risk is the risk that the value of the financial instruments will decrease as a result of changes in equity indices and the values of individual securities. The Company is not directly exposed to market price risk as it did not hold any equity securities as at 31 December 2019 and 2018.

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**(d) Fair value of financial assets and liabilities**

Fair value is the value which is determined as the price appropriate to market price that would be received for sale of an asset or paid to transfer a liability at the measurement date.


The fair values of financial assets and liabilities, together with the carrying amounts shown on the balance sheet were as follows:

	31/12/2019		31/12/2018	
	Carrying amount VND'000	Fair value VND'000	Carrying amount VND'000	Fair value VND'000
<i>Financial assets categorised as loans and receivables:</i>				
▪ Cash and cash equivalents	110,034,045	110,034,045	69,292,045	69,292,045
▪ Accounts receivable	41,754,426	(*)	31,473,171	(*)
<i>Financial assets categorised as held-to-maturity investments:</i>				
▪ Held-to-maturity investments	65,000,000	(*)	38,000,000	(*)
<i>Financial liabilities categorised as financial liabilities carried at amortised cost:</i>				
▪ Accounts payable to suppliers	338,976	(*)	214,114	(*)
▪ Accrued expenses	5,811,755	(*)	5,495,707	(*)
▪ Other short-term payables	3,186,341	(*)	3,397,961	(*)

- (\*) The Company has not determined the fair values of these financial instruments for disclosure in the financial statements because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under Vietnamese Accounting Standards, the Vietnamese Accounting Systems for enterprise, Circular No. 125/2011/TT-BTC dated 5 September 2011 issued by the Ministry of Finance on promulgation of accounting guidance for securities investment fund management companies and the other relevant statutory requirements applicable to financial reporting. The fair values of these financial instruments may differ from their carrying amounts.

13 March 2020

Prepared by:



Le Minh Thuy  
Chief Accountant

Approved by:



Ngô The Trieu  
Chief Executive Officer



