

## **HOSE -Index version 4.0**

According to the direction of the State Securities Commission (SSC) and the Vietnam Stock Exchange (VNX), on December 30, 2024, the Ho Chi Minh City Stock Exchange (HOSE) issued the Ground rules for management of the HOSE-Index series version 4.0, attached to Decision No. 747/QD-SGDHCM of the Chairman of HOSE. Decision No. 747/QD-SGDHCM takes effect after 60 days from the date of signing and replaces Decision No. 788/QD-SGDHCM about the Ground rules for management of the HOSE-Index series Version 3.1 issued on October 25, 2022. Thus, the HOSE-Index Version 4.0 will officially take effect from March 2025.

Some changes may affect the screening of indexes in the HOSE-Index series, including the VN30 Index.

The VN30 Index was launched by HOSE on February 6, 2012, accounting for 69.37% of the market capitalization of the entire stock market listed on HOSE (according to data on December 31, 2024). The VN30 Index is the underlying asset for futures contracts listed and traded on the Hanoi Stock Exchange (HNX). The VN30 Index is also the reference index for 04 Exchange Traded Funds (ETFs) listed on HOSE and 03 ETFs listed on the regional stock market. In addition, the VN30 Index is also a criterion for screening the underlying securities for covered warrants listed on HOSE.

### **Major changes in version 4.0**

#### *1. Adjust liquidity screening criteria*

In sections 4.3.1.a and 4.3.1.b, the constituent stocks of the VNAllshare index will be considered for selection based on the Order-matching trading volume (KLGD\_KL). Stocks with a KLGD\_KL less than 300,000 shares and stocks with a Order-matching trading value (GTGD\_KL) less than VND 30 billion VND will be removed from the consideration list. According to HOSE-Index version 3.1, the minimum KLGD\_KL is 100,000 shares and the minimum GTGD\_KL is 10 billion VND.

#### *2. Supplementing Net profit after tax (LNST) criteria*

– LNST in HOSE-Index version 4.0 is defined as net profit after tax collected from the most recent audited semi-annual financial statements (FS) or the most recent audited annual financial statements of the listed companies. Use the LNST of the parent company's shareholders on the consolidated financial statements in the case where the listed companies is the parent company. Use the consolidated financial statements in the case where the listed companies is a superior accounting unit with a subordinate accounting unit.

– Net profit after tax is the criterion in screening stocks to participate in the VN30 Index basket, specifically: stocks with negative net profit after tax will be removed from the consideration list, and only consider financial statements with an audit unqualified

opinion. In case stocks have positive LNST and financial statements with an audit unqualified opinion but contain issues of note, issues that need to be emphasized or other issues of the auditing unit, HOSE will consult with the Index Committee on whether or not to remove these stocks at this step before deciding the constituents of VN30.

### *3. Supplementing the capping of stocks in the same sector in VN30 index.*

In section 7.4 of HOSE-Index version 4.0, for VN30 index, an additional threshold of 40% capping is added for groups of stocks in the same sector (version 3.1 does not have this regulation).

In addition, HOSE-Index version 4.0 also adjusts the information disclosure time on changing the list of constituent stocks of the indexes on **the 3rd Wednesday** (in version 3.1 it is **Monday**) of January and July every year, and announcing the updated information on outstanding shares and free-float of constituent stocks on **the 3rd Wednesday** (in version 3.1 it is **Monday**) of January, April, July and October every year.

### **Changing reasons**

The ground rules of the HOSE-Index version 4.0 are adjusted to suit the actual situation, while ensuring the stability and quality of the index as well as increasing the liquidity of stocks in the index basket, specifically:

- Increasing the order-matching trading volume and order-matching trading value when selecting stocks helps increase the liquidity of the stocks in the basket.
- supplementing the financial criteria of non-negative net profit after tax helps improve the quality of stocks screened into the VN30 index. It affirms that the companies in this index are all companies with good development foundations.
- The capping for a group of stocks in the same sector in the VN30 index is limited to 40%, contributing to stabilizing the sector structure and limiting the proportion of one sector in the index to be too large./.