

SUBMISSION FOR APPROVAL
Report of the Board of Directors (BOD)
on the Business Performance in 2022

**To: THE ANNUAL GENERAL MEETING OF SHAREHOLDERS
OF PHU HUNG SECURITIES CORPORATION**

- Pursuant to the Law on Enterprises No. 59/2020/QH14;
- Pursuant to the Current Charter of Phu Hung Securities Corporation;

I. PERFORMANCE OF BOD

1. Structure of BOD

There are five (5) BOD members of Phu Hung Securities Corporation (PHS) term 2022 – 2025:

Mr. Albert Kwang-Chin Ting	Chairman
Mr. Nguyen Doan Hung	Member
Mr. Wu, Jin - Jeng	Member
Mr. Chen Chia Ken	Member
Ms. Liu, Hsiu - Mei	Independent Member

2. Sum up BOD meetings, resolutions and administration of BOD in 2022

BOD of Phu Hung Securities consists of five (05) people, including one (01) Chairman and four (04) members. BOD is authorized to carry out all duties and decisions related to the Company, except for those rights reserved for the Shareholder's Assembly. The activities of BOD are regulated under Article 33 of the current Company Charter.

In 2022, BOD held 10 meetings to decide the business activities for each period in accordance with the overall development objectives of the Company, specific topics addressed:

- Monthly reviewed and approved financial statements, brokerage performance reports, business plans;
- To pass the Agenda and documents using in the 2022 Annual General Meeting of Shareholders (AGMS) dated 31 March, 2022
- To pass the Report of the Board of Directors on the Business performance in 2021
- To pass the Report on Corporate Governance in 2021 of PHS
- To pass the Report on Utilization of Capital for the capital raised from the private placement of shares on 30 August, 2021
- To pass the Report on updating the charter with the head office address and charter capital in 2021
- To pass the Profit Distribution Plan in 2021
- To pass the Business Plan 2022
- To pass the Budget 2022
- To pass the Plan on private placement, capital utilization
- To pass the Introduction of Nomination on Members of BOD and Members of Inspection Committee of Company during period from 2022-2025
- To pass the Re-appoint of Mr. Chen Chia Ken to be General Director of the Company during period from 2022-2025
- To pass the Adjustment PHS organization chart and renaming Trading Service division
- To pass the Registration as a Covered Warrant issuer
- To pass the Listing of stock PHS on Ho Chi Minh Stock Exchange (HOSE)
- To pass the POA for Mr. Chen Chia Ken – BOD member cum General Director to be the Meeting Chairman and sign the documents of the AGMS dated 31 March, 2022
- To pass the Audited Financial Safety Ratio Report on 31 December 2022
- To pass the Amendment of Risk Management Policy;
- In addition, BOD also keeps track of business performance of the Company based on monthly reports and provide necessary guidelines by each period.

II. REVIEW OF THE BUSINESS PERFORMANCE IN 2022

1. Operation review

On 13 April 2022, PHS received Certificate of enterprise registration for the 13th amendment issued by Department of planning and Investment of Ho Chi Minh City.

On 14 April 2022, PHS received decision No.205/QĐ-UBCK issued by State Securities Commission, approved the advance payment service provision.

On 29 April 2022, PHS received decision No.52/QĐ-SGDVN issued by Vietnam Exchange, approved the trading member at Vietnam Exchange.

On 27 June 2022, PHS received decision No.417/QĐ-SGDHN issued by Hanoi Stock Exchange, approved the change of registration for trading shares of Phu Hung Securities Corporation with professional investor, in detail:

Name of the investor: **PHU HUNG ASSURANCE CORPORATION**

Number of shares registered for additional trading: 1,050,000 shares (One million and fifty thousand shares)

Value of shares registered for additional trading: VND 10.500.000.000 (Ten billion five hundred million dong)

On 11 August 2022, PHS received decision No.561/QĐ-SGDHN issued by Hanoi Stock Exchange, approved the change trading registration of Phu Hung Securities Corporation share to pay dividend in 2021, in detail:

Number of shares registered for additional trading: 10,009,819 shares (Ten million, nine thousand eight hundred nineteen shares)

Value of shares registered for additional trading: VND 100,098,190,000 (One hundred billion ninety eight million one hundred ninety thousand dong)

On 29 August 2022, PHS received amendment of license No.79/GPĐC-UBCK issued by State Securities Commission, approved the change of PHS's charter capital to VND 1,500,098,190,000.

On 17 October 2022, PHS received decision No.767/QĐ-UBCK issued by State Securities Commission, approved the amendment decision on establishing Tan Binh Branch.

On 19 October 2022, PHS received decision No.742/QĐ-SGDHN issued by Hanoi Stock Exchange, approved the change of registration for trading shares of Phu Hung Securities Corporation with strategic investors, in detail:

Name of the investor: **PHU HUNG FAR EAST HOLDING CORPORATION**

Number of shares registered for additional trading: 23,000,000 shares (Twenty-three million shares).

Value of shares registered for additional trading: VND 230,000,000,000 (Two hundred and thirty billion dong).

Name of the investor: **THE VU DEVELOPMENT COMPANY LIMITED**

Number of shares registered for additional trading: 2,390,000 shares (Two million three hundred and ninety thousand shares).

Value of shares registered for additional trading: VND 23,900,000,000 (Twenty-three billion nine hundred million dong).

Name of the investor: **NEW BEAM INTERNATIONAL INC**

Number of shares registered for additional trading: 23,560,000 shares (Twenty three million five hundred and sixty thousand shares).

Value of shares registered for additional trading: VND 235,600,000,000 (Two hundred thirty five billion six hundred million dong).

On 10 November 2022, PHS received amendment of license No. 110/GPĐC-UBCK issued by State Securities Commission, approved the update information of the second legal representative of the Company.

On 22 November 2022, PHS received Certificate of enterprise registration for the 14th amendment issued by Department of planning and Investment of Ho Chi Minh City.

BOD made amendment of the above licenses into the Company Charter as the Resolution No.01/2022/NQ-ĐHĐCĐ approved by PHS's General Meeting of Shareholders dated 31 March 2022. BOD reports this to the 2023 Annual General Meeting of Shareholders for acknowledge.

2. Business review

Financial highlights in 2022

Unit: VND

Category	2022
Total Assets	3,676,223,540,195
Liabilities	2,078,779,920,986
Equity	1,597,443,619,209
Revenues	593,848,771,820
Operation results	72,936,565,655
Before-Tax Profit	73,682,873,799
Net Profit	59,979,201,559

Key Ratios

Ratio	2022
1. Liquidity Ratios	
Current Ratio	1.73
2. Leverage Ratios	
Debt / Assets	0.57

Debt / Equity	1.30
3. Activity Ratios	
Asset Turnover	0.14
4. Profitability Ratios	
Return on Assets (ROA)	0.02
Return on Equity (ROE)	0.04
5. Valuation Ratios (VND)	
Basic Earnings per Share (EPS)	400
Book Value per Share (BPS)	10,649

The domestic and international factors did have an impact on PHS's 2022 results. Total revenue of the whole year was more than VND 593.8 billion, increased nearly 16.6% y-o-y and completed 98% the approved target by the General Shareholders. In 2022, the Company had profit after tax, reached VND 59.9 billion. PHS will aim for higher achievement in the upcoming time.

3. Others issues

After being in bull phase in 2021, Vietnam's stock market in 2022 have been through an unpleasant year. Vn-Index have declined nearly 33%YoY in 2022 and among one of the worst stock market performers. As end of 2022, the P/E ratio of the Vn-Index is at 9.7x which is much lower than 10 years average of 14.5x. The Board of Directors assessed that 2022 is not the right time to implement the Plan on private placement, capital utilization and the Plan to list PHS's shares to Ho Chi Minh Stock Exchange. BOD proposes to cancel the dossier to increase charter capital at State Securities Commission and the dossier to apply for Listing PHS shares at Ho Chi Minh Stock Exchange first and BOD will reassess at such time when the market conditions improve.

III. ASSESSMENT OF BOD ON MANAGEMENT TEAM'S PERFORMANCE

In accordance with our Company Charter and internal procedures & policies, the Board of Directors delegates Board of Management to carry out the daily operational activities of the Company and to implement strategic decisions aligned with our business plans.

Through quarterly reports on business performance, the Company's daily operational reports and ad-hoc management reports, Board of Directors evaluates that General Director and Board of Management have executed their duties in compliance with prevailing laws, the Company Charter and the Resolutions of General Shareholders Meetings.

Due to the influence of domestic and foreign financial markets, revenue and profit before tax of PHS in 2022 compared to 2021 are 16.6% and -58%, respectively. PHS tried our best to achieve the targets approved at General Shareholders Meetings.

Additionally, the Board of Directors has conducted and performed their duties with care, professionalism and integrity so that protecting legal rights and benefits of the Company and its shareholders.

IV. PLANS, ORIENTATIONS OF THE BOARD OF DIRECTORS

To achieve 2023 goals, the solution groups for each business segment have been specifically established based on the long-term strategic vision and focusing on the factors that create sustainable development for PHS by the Board of Directors: systems development, quality of products and services and human resource development. Customers are always the focus in all activities. Specifically:

- a) Upgrading current and developing new products – PHS is constantly researching, developing, and offering the best products and services, while also expanding many support utilities on existing products and trading tools. In 2022Q3, PHS reached TOP 10 of market share for derivatives brokerage, PHS will continue to develop new features for derivatives trading and target to TOP 8 market share in 2023. In 2023, PHS will launch Cover Warrant product to meet the different investment needs of customers.
- b) Building Disaster Recovery Site System (“DR-site”) – backing up database is one of the safest ways to ensure data being secure. Bringing confidence for customers to use our products and services, avoid the risk of putting the business in danger by continue operations using DR-site when require.
- c) Coding PHS Mobile App – PHS understood technology in a trading firm is no longer a supplementary role, but an essential factor to the key success. It is not only the fulfilment of regular demand for normal technology adaptation in stabilizing the environment and/or improving performance, but also on how to shorten the time to trading. The online trading platform are under revamping to best fit the requirements for traders from casual to professional. Looking forward to 2023, PHS is planning, exploring, improving, and implementing the online service on PHS Mobile App to react to the future changes
- d) Increasing the number of teams – PHS believes that human capital is the most valuable asset of the company. PHS has been paying special attention and focusing on the selection of potential candidates, who are enthusiastic, ambitious and willing to face new opportunities and challenges. In 2023, PHS plan to

increase the number of new employees with experiences in securities brokerage, to increase the market share of not only the individual customer, but also the institutional customer. Expanding and combining new staffs with existing experienced senior employees, PHS aim to generate result greater than one plus one equal to more than two, able to execute and realize the company's development strategies during each progressing period.

Please kindly consider and approve.

Respectfully,

**ON BEHALF OF THE BOARD OF DIRECTORS
CHAIRMAN**



ALBERT KWANG-CHIN TING