

**PHU HUNG SECURITIES  
CORPORATION**

**SOCIALIST REPUBLIC OF VIETNAM**  
**Independence – Freedom – Happiness**

No: 67/2021/PHS-BTKCT  
Re: *Disclosing information on Annual  
Report in 2020*

*Ho Chi Minh City, March 31<sup>st</sup>, 2021*

**INFORMATION DISCLOSURE ON WEBSITE OF STATE SECURITIES  
COMMISSION AND THE STOCK EXCHANGES**

**To:**

- State Securities Commission;
- Ha Noi Stock Exchange;
- Ho Chi Minh Stock Exchange.

Name: **PHU HUNG SECURITIES CORPORATION (PHS)**

Headquarters: 3<sup>rd</sup> Floor, CR3-03A, 109 Ton Dat Tien, Tan Phu Ward, District 7, Ho Chi Minh City.

Phone: (+84 28) 5413 5479 Fax: (+84 28) 5413 5472

Person to implement information disclosure: Mr. Chen Chia Ken

Type of information disclosure: ☐ 24 hours ☐ 72 hours ☐ Unusual ☒ Periodic

**Information of disclosed content:**

According to of Circular No. 96/2020/TT-BTC on guidance for information disclosure on securities market, PHS sincerely discloses information on Annual Report in 2020.

The information is disclosed on PHS's website at <https://www.phs.vn>, tab Investor Relations, and section Shareholder Information.

PHS commits the information disclosure above is true and takes entire responsibility to the laws for information of disclosed content.

**Attachments:**

- Annual Report in 2020.

**Recipient:**

- As above;
- Archive Company Secretariat.

**PERSON TO IMPLEMENT  
INFORMATION DISCLOSURE**



**Mr. CHEN CHIA KEN**





# **ANNUAL REPORT 2020**











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## **MESSAGE FROM** **THE CHAIRMAN OF BOD**



Dear valued shareholders and stakeholders,

Year 2020 is a stormy year of the world under impact of COVID-19 pandemic, causing more than 1.8 million deaths, many economies closed, global supply chain disrupted, production stagnated and unemployment increased. In such extremely difficult situation, Vietnam has become a spot light when both successfully controlling the pandemic and promoting economic growth, enhancing the country's prestige and position in international arena. In 2020, GDP growth rate of Vietnam reached 2.91%, become one of the fastest growing economies over the world thanks to promoting public investment (+34.5%YoY) and exporting (+6.5%YoY). The economy continue to maintain the stability with inflation under control at 3.23%, lower than 4% target set by the government. The exchange rate was less volatile supported by high record of trade surplus at USD 19.1 billion and disbursed FDI was quite equivalent to 2019, reaching USD 20 billion.

The stock market had a synchronous movement with the economy when recovering as “V shape” pattern. At the end of 2020, VN-Index closed at 1,103.87 points, 15% higher than the end of 2019 but nearly 70% higher than the bottom creating at the end of March 2020, and was fueled by “cheap” investment flows when operating interest rates were cut to unprecedented low level. Notably, the stock market in 2020 welcomed 392 thousand new trading accounts, double those number of last year. Trading values had a sudden increase in the last three months of the year, bringing average trading value of 2020 to VND 6,938 billion/day, increased 60% compared to the average number of 2019. The derivative market also made great stride with 39.9 million contracts being made in 2020, equivalent to an average of about 158 thousand contracts per day, almost double the average number in 2018 and 2019. Open interest (OI) at the end of December 2020 reached more than 40 thousand contracts, sharply increased from 16.6 thousand contracts at the end of 2019.

In recognition of the exceptionally challenging business environment, we have been appropriately flexible and pragmatic to facilitate PHS has accomplished its best performance under challenging caused by the COVID-19 pandemic. I am happy to inform you that the leadership and the team have achieved revenues in the year under review that are historically the best ever. The Company recorded a total revenue of VND 216,281 million and net profit of VND 52,843 million, representing a significant increase as compared to 2019 and PHS also paid cash dividend of 3.3% per share to





our Shareholders. I would like to take this opportunity to express my sincere gratitude to our shareholders and stakeholders for the support given to PHS for a successful year.

In today's rapidly changing environment, the importance of robust infrastructure cannot be overstated. We also make use of advanced data analytics to help us track fast-moving markets and enhance our surveillance capabilities. We embrace the benefits of innovative technology, regularly update our rulebooks to stay ahead of new technologies. PHS provide not only high-tech trading system but also apply the digital transformation to operating business to take advantage of the opportunities and efficiencies of innovation.

The company will continue to uphold our longstanding tradition of adhering to exemplary sustainability management and continue to adhere to all our corporate ethical codes and standards. PHS will create a healthy and vibrant organizational culture that enables our talented employees to realize their full potential. In addition, PHS will consistently commit to creating a trustworthy financial environment where all customers can trade with confidence.

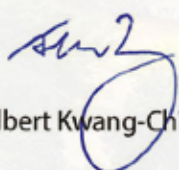
The company will continue to innovate itself to create shared values and devote to building a co-existing society. PHS will continue to create shared value so it can contribute to building a society that places the highest importance on the values of caring, sharing and mutual growth.

Over the past year, we have faced a profound crisis – not one that we created, nor one that we can solve alone – but a crisis we have faced up to nonetheless with courage, conviction, and resilience. I remain optimistic about what lies ahead, and I believe we can all be confident in our future.

As we look ahead to 2021, the Board is optimistic that PHS will emerge from this pandemic stronger than it was before. On behalf of the Board, I would like to recognize Board of Directors, Board of Management and every one of its employees, who have worked day and night to ensure that PHS's customers and communities are better prepared to weather the challenges posed by COVID-19. Finally, I would like to thank you – our shareholders – for your continued confidence as PHS manages through this challenging period.



CHAIRMAN



Albert Kwang-Chin Ting





## COMPANY INFORMATION



### General information

- 2020 Highlights
- Core Values
- Milestones







## I. GENERAL INFORMATION

# GENERAL INFORMATION

Trading name: PHU HUNG SECURITIES CORPORATION (“PHS”)

Certificate of business registration No:

- Establishment and Operational License No. 122/GP-UBCK issued by State Securities Commission dated January 20th, 2016.
- Amendment of Establishment and Operational License No. 18/GPĐC-UBCK dated June 22nd, 2016 on change in headquarter location.
- Amendment of Establishment and operation License No. 23/GPĐC-UBCK dated July 25th, 2016 updating the charter capital of VND 320,000,000,000.
- Amendment of Establishment and Operation License No. 03/GPĐC-UBCK dated January 23rd, 2017 added underwriting service.
- Amendment of Establishment and Operation License No. 03/GPĐC-UBCK dated January 11th, 2018 updating the charter capital of VND 500,000,000,000.
- Amendment of Establishment and Operation License No. 100/GPĐC-UBCK dated on November 29th, 2018 updating information of legal representative.
- Amendment of Establishment and Operation License No. 107/GPĐC-UBCK dated December 26th, 2018 updating the charter capital of VND 700,000,000,000.
- Amendment of Establishment and Operation License No. 47/GPĐC-UBCK dated on December 21st, 2019 updating information of legal representative.
- Amendment of Establishment and Operational License No. 12/GPĐC-UBCK dated March 4th, 2020 updating the charter capital of VND 900,000,000,000.

Charter capital VND 900,000,000,000

Owner's Equity VND 993,428,913,823

Address 3<sup>rd</sup> Floor, CR3-03A, 109 Ton Dat Tien Street, Tan Phu Ward, District 7, HCM City, Vietnam.

Telephone (84 28) 5413 5479

Fax (84 28) 5413 5472

Website [www.phs.vn](http://www.phs.vn)

Email [support@phs.vn](mailto:support@phs.vn)

Securities code PHS







## Headquarters

3rd Floor, CR3-03A, 109 Ton Dat Tien Street, Tan Phu Ward, District 7, HCM City, Vietnam.  
 Tel: (84 28) 5413 5479  
 Fax: (84 28) 5413 5472  
 Email: support@phs.vn

## Phu My Hung Trading Office

Ground Floor, CR2-08, 107 Ton Dat Tien Street, Tan Phu Ward, District 7, Ho Chi Minh City  
 Phone: (84 28) 5413 5478  
 Fax: (84 28) 5413 5473

## District 3 Branch

Phuong Nam Building, 2nd Floor, 157 Vo Thi Sau Street, Ward 6, District 3, Ho Chi Minh City  
 Phone: (84 28) 3820 8068  
 Fax: (84 28) 3820 8206

## Tan Binh Branch

E-Town 2 Building, Room G.4A, 364 Cong Hoa Street, Ward 13, Tan Binh District, Ho Chi Minh City  
 Phone: (84 28) 3813 2401  
 Fax: (84 28) 3813 2415

## District 1 Branch

Room 1003A, 10th Floor, Ruby Building, 81-83-83B-85 Ham Nghi, Nguyen Thai Binh Ward, District 1, HCMC  
 Phone: (84 24) 3933 4560  
 Fax: (84 24) 3933 4820

## Hanoi Branch

5th Floor, Vinafor Building, No.127 Lo Duc, Dong Mac Ward, Hai Ba Trung District, Hanoi  
 Phone: (84-24) 3 933 4566  
 Fax: (84 24) 3933 4820

## Thanh Xuan Branch

5th Floor, UDIC Complex Building, N04 Hoang Dao Thuy Street, Trung Hoa Ward, Cau Giay District, Ha Noi  
 Phone: (84 24) 6250 9999  
 Fax: (84 24) 6250 6666

## Hai Phong Branch

Eliteco Building, 2nd Floor, 18 Tran Hung Dao Street, Hong Bang District, Hai Phong  
 Phone: (84 225) 384 1810  
 Fax: (84 225) 384 1801







# 2020

## HIGHLIGHTS

Units: VND million, unless otherwise noted	2017	2018	2019	2020	Changes 2020/2019
<b>BUSINESS RESULTS</b>					
<b>Revenue</b>	<b>130,033</b>	<b>175,584</b>	<b>201,793</b>	<b>216,281</b>	<b>7.2%</b>
Brokerage	41,793	51,453	50,211	65,884	31.2%
Investments	1,181	1,625	1,523	3,976	161.0%
Advisory	270	250	935	241	-74.2%
Other	86,790	122,255	149,124	146,180	-2.0%
<b>Expenses</b>	<b>112,707</b>	<b>138,134</b>	<b>143,988</b>	<b>150,566</b>	<b>4.6%</b>
<b>Profit before tax</b>	<b>17,326</b>	<b>37,450</b>	<b>57,805</b>	<b>65,715</b>	<b>13.7%</b>
<b>Profit after tax</b>	<b>17,326</b>	<b>37,450</b>	<b>47,522</b>	<b>52,843</b>	<b>11.2%</b>
<b>ROE</b>	<b>0.04</b>	<b>0.06</b>	<b>0.06</b>	<b>0.06</b>	-
<b>ROA</b>	<b>0.02</b>	<b>0.03</b>	<b>0.03</b>	<b>0.03</b>	-
<b>ASSETS</b>					
Total assets	<b>1,152,907</b>	<b>1,512,416</b>	<b>1,676,834</b>	<b>2,135,100</b>	<b>27.3%</b>
Charter capital	320,000	700,000	700,000	900,000	28.6%
Equity	508,414	745,864	770,285	993,429	29.0%
Gross leverage ratio	2.27	2.03	2.18	2.15	
Debt / Equity ratio	1.27	1.03	1.18	1.15	
Liquid capital ratio	567%	783%	852%	863%	
<b>PER SHARE METRICS</b>					
Basic earnings per share (VND)	<b>537</b>	<b>729</b>	<b>679</b>	<b>603</b>	<b>-11.19%</b>
Weighted average number of ordinary shares	32,246,085	51,395,265	69,999,510	87,704,428	25.29%
Dividend/share (VND)	-	330	330	-	
<b>TOTAL EMPLOYEES (PEOPLE)</b>	<b>177</b>	<b>213</b>	<b>198</b>	<b>236</b>	





## Revenue

216

VND billion

Securities  
Brokerage

65,884

VND million

## Investments

3,976

VND million

## ASSETS

2.135

VND billion

Charter  
capital

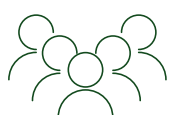
900

VND billion

## Equity

993

VND billion



## TOTAL EMPLOYEES

236

## NATIONALITIES

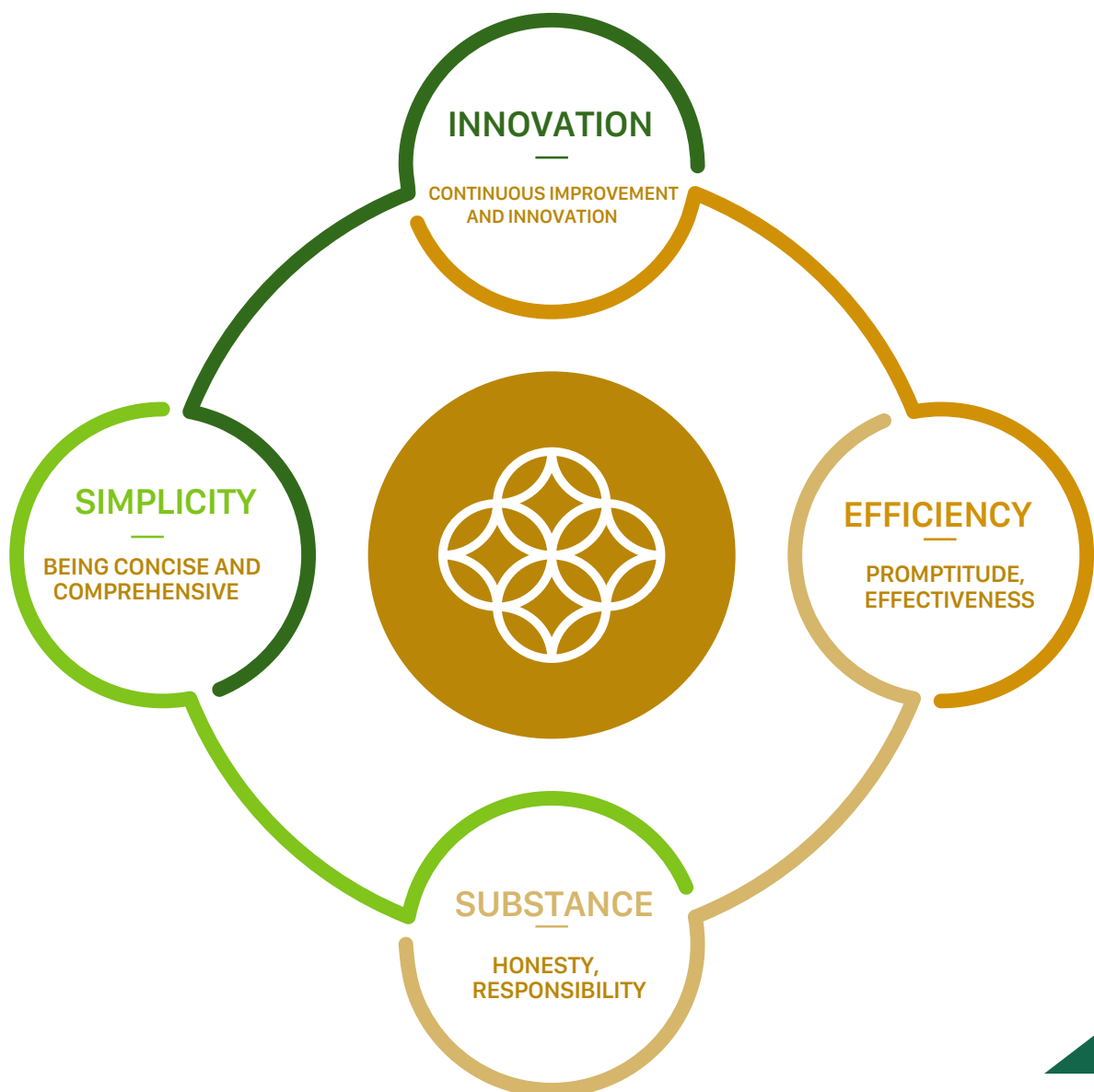
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# CORE VALUE

*PHS always considers Customers' benefit as core values that we need to continuously improve and prioritize. These values are reflected through essential principles in PHS's operation as follows*





# MILESTONES

<b>NOVEMBER 15TH, 2006</b>	Au Lac Securities Joint Stock Company ("Au Lac") was established with Business License No. 4103005552 from the Department of Planning and Investment of Ho Chi Minh City	With an initial charter capital of ▶ VND 22,680,000,000
<b>DECEMBER 1ST, 2006</b>	State Securities Commission to conduct securities business activities with the following business lines: Securities Brokerage, Dealing, Financial Advisory and Securities Investment, Securities Depository	
<b>DECEMBER 14TH, 2006</b>	Became an official member of the Ho Chi Minh Stock Exchange	
<b>DECEMBER 18TH, 2006</b>	Became an official member of the Ha Noi Stock Exchange	
<b>DECEMBER 29TH, 2006</b>		The charter capital increase of ▶ VND 50,000,000,000
<b>SEPTEMBER 5TH, 2008</b>		The charter capital increase of ▶ VND 100,000,000,000
<b>NOVEMBER 10TH, 2008</b>	Head Office was moved to the Lawrence S. Ting Building, 801 Nguyen Van Linh Street, Tan Phu Ward, District 7, Ho Chi Minh City	
<b>JANUARY 23RD, 2009</b>	Officially changed name from Au Lac Securities Joint Stock Company to Phu Hung Securities Corporation ("PHS").	
<b>APRIL 28TH, 2009</b>		The charter capital increase of ▶ VND 135,000,000,000
<b>JANUARY 12TH, 2010</b>		The charter capital increase of ▶ VND 300,000,000,000
<b>NOVEMBER 13TH, 2012</b>		The charter capital increase of ▶ VND 347,450,000,000
<b>MARCH 18TH, 2014</b>	Became a Bond member of Hanoi Stock Exchange	





<b>NOVEMBER 19TH, 2015</b>	Received a Decision on approving the consolidation between Phu Hung Securities Corporation and An Thanh Securities Corporation	
<b>JANUARY 20TH, 2016</b>	Received Establishment and Operational License No. 122/GP-UBCK	With the charter capital VND 202,585,070,000
<b>JUNE 29TH, 2016</b>	Head Office was moved to the 3rd Floor, CR3-03A, 109 Ton Dat Tien, Tan Phu Ward, District 7, Ho Chi Minh City, Vietnam	
<b>JULY 25TH, 2016</b>		The charter capital increase of VND 320,000,000,000
<b>JANUARY 23RD, 2017</b>	State Securities Commission approved to operate securities underwriting service	
<b>JANUARY 11TH, 2018</b>		The charter capital increase of VND 500,000,000,000
<b>APRIL 27TH, 2018</b>	Hanoi Stock Exchange approved the eligibility of trading member of Government bonds	
<b>DECEMBER 26TH, 2018</b>		The charter capital increase of VND 700,000,000,000
<b>JULY 19TH, 2019</b>	Hanoi Stock Exchange approved the registration of PHS shares trading	
<b>JULY 31ST, 2019</b>	PHS's shares were traded on UPCOM	
<b>MARCH 04TH, 2020</b>		The charter capital increase of VND 900,000,000,000
<b>JUNE 16TH, 2020</b>	State Securities Commission approved to operate derivative securities trading	
<b>NOVEMBER 16TH, 2020</b>	Received Decision on Establishment District 1	

#### OTHER EVENTS:

<b>DECEMBER 16TH, 2016</b>	PHS was awarded the Certificate of 10-year Achievement by the State Securities Commission for collectives and individuals of the Company.
<b>DECEMBER 2016</b>	PHS was awarded the traditional flag, certificate and Letter of Appreciation for the 10-year contribution of PHS from the state agencies.



# LINES AND LOCATION OF THE BUSINESS



*Vietnam securities market has been developing continuously with the outstanding growth of domestic economy. With strong financial competency, clear business strategy, and constant effort of all employees, PHS is always confident to appreciate concurrently with Vietnam market since its establishment.*

*Phu Hung Securities Corporation (PHS), being established in 2006, is a leading foreign securities company in Vietnam. We provides professional financial and investment services to domestic and international customers including individuals, institutional investors, funds, insurance companies, and banks.*

*From 2008, welcoming CX Technology as strategic shareholder – a listed company in Taiwan which is the leading supplier in cold forging and plastic injection components and parts, PHS continues to reinforce a strong financial foundation to be confident to provide securities business including*



**SECURITIES BROKERAGE**



**FINANCIAL INVESTMENT  
ADVISORY**



**DEPOSITORY**



**DEALING**



**UNDERWRITING**



**DERIVATIVE**

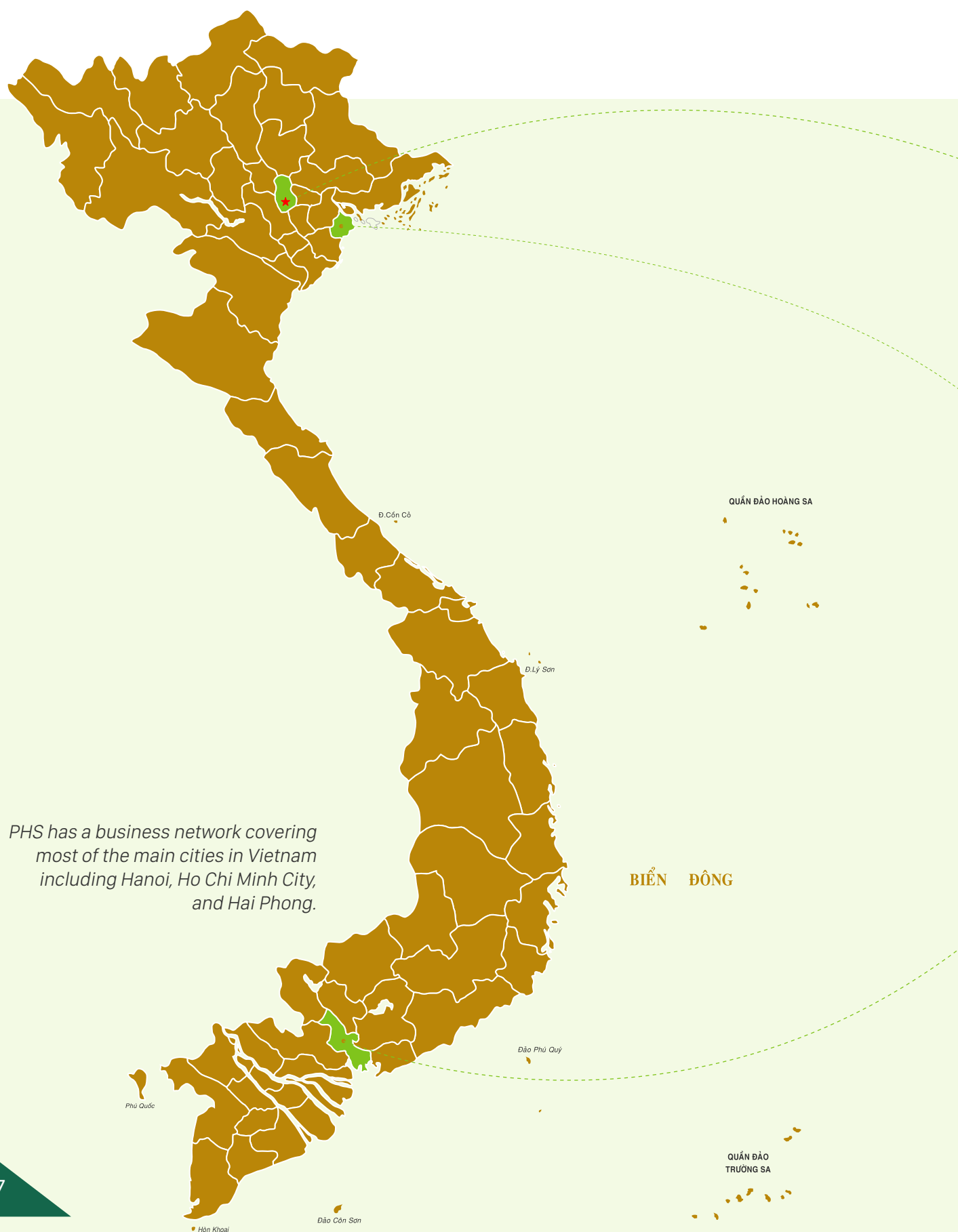








## LOCATION OF THE BUSINESS







## HEAD OFFICE

3<sup>rd</sup> Floor, CR3-03A Building, 109 Ton Dat Tien Street, Tan Phu Ward, District 7, HCM City

☎ (84-28) 5 413 5479

📠 (84-28) 5 413 5472

👤 (84-28) 5 411 8855

✉ [info@phs.vn](mailto:info@phs.vn) / [support@phs.vn](mailto:support@phs.vn)

**Call Center (to place order):** (84-28) 5 413 5488

**Website:** [www.phs.vn](http://www.phs.vn)

## HANOI

### Hanoi Branch

5th Floor, Vinafor Building, No.127 Lo Duc, Dong Mac Ward, Hai Ba Trung District, Hanoi

☎ (84-24) 3 933 4566; 📠 (84-24) 3 933 4820

### Thanh Xuan Branch

5th Floor, UDIC Complex Building, TN04 Hoang Dao Thuy, Trung Hoa Ward Cau Giay Dist., Hanoi.

☎ (84-24) 6250 9999

## HAI PHONG

### Hai Phong Branch

2<sup>nd</sup> Floor, Eliteco Building, 18 Tran Hung Dao Street, Hong Bang District, Hai Phong

☎ (84-225) 384 1810; 📠 (84-225) 384 1801

## HO CHI MINH CITY

### Phu My Hung Trading Office

CR2-08 Building, 107 Ton Dat Tien Street, Tan Phu Ward, District 7, HCM City

☎ (84-28) 5 413 5478; 📠 (84-28) 5 413 5473

### Tan Binh Branch

Ground Floor, P. G.4A, E-Town 2 Building, 364 Cong Hoa Street, Ward 13, Tan Binh District, HCM City

☎ (84-28) 3 813 2401; 📠 (84-28) 3 813 2415

### District 3 Branch

2<sup>nd</sup> Floor, Phuong Nam Building, 157 Vo Thi Sau Street, District 3, HCM City

☎ (84-28) 3 820 8068; 📠 (84-28) 3 820 8206

### District 1 Branch

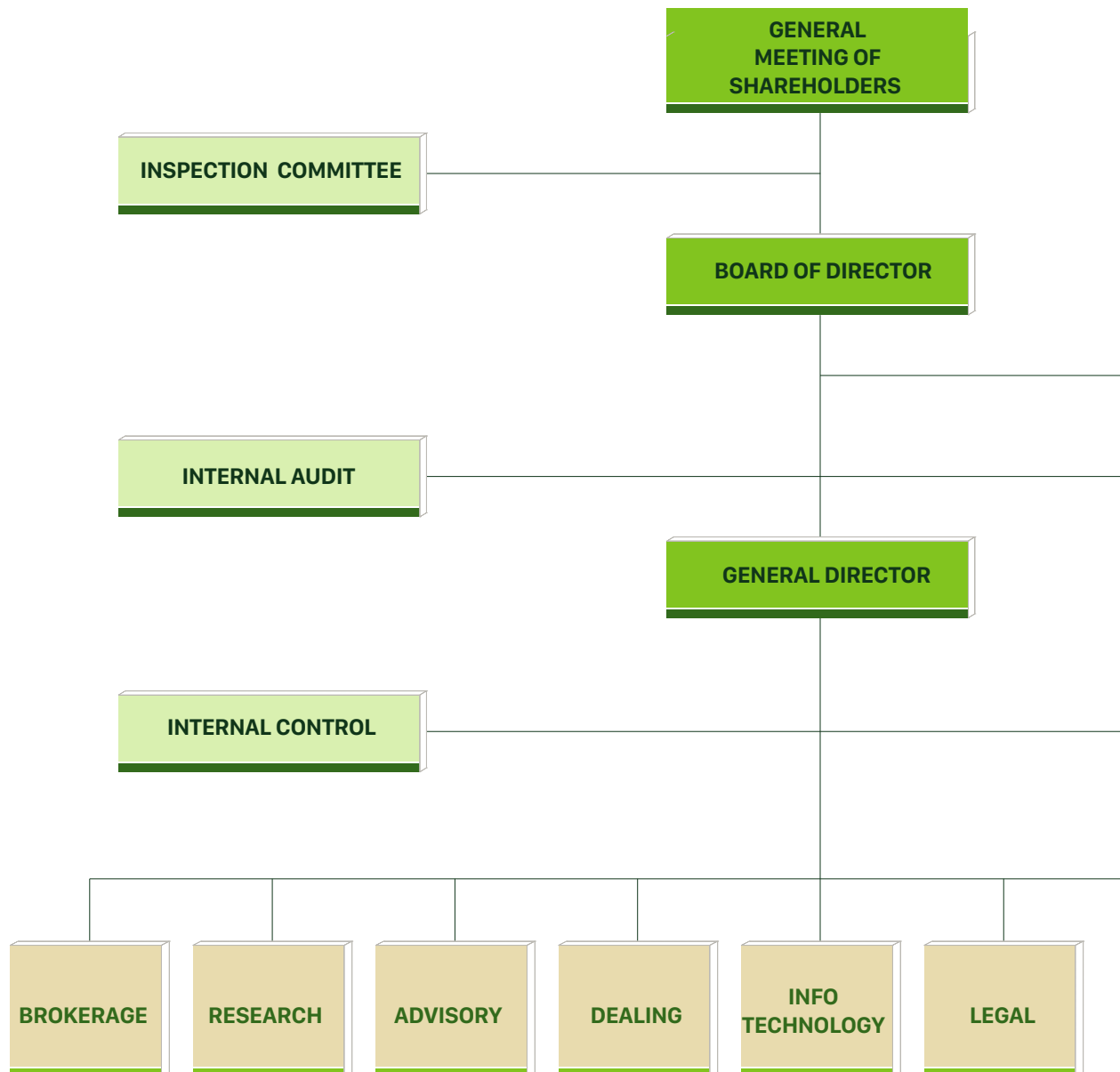
Room 1003A, 10th Floor, Ruby Building, 81-83-83B-85 Ham Nghi, Nguyen Thai Binh Ward, District 1, HCM City

☎ (84-28) 3 535 6060; 📠 (84-28) 3 535 2912

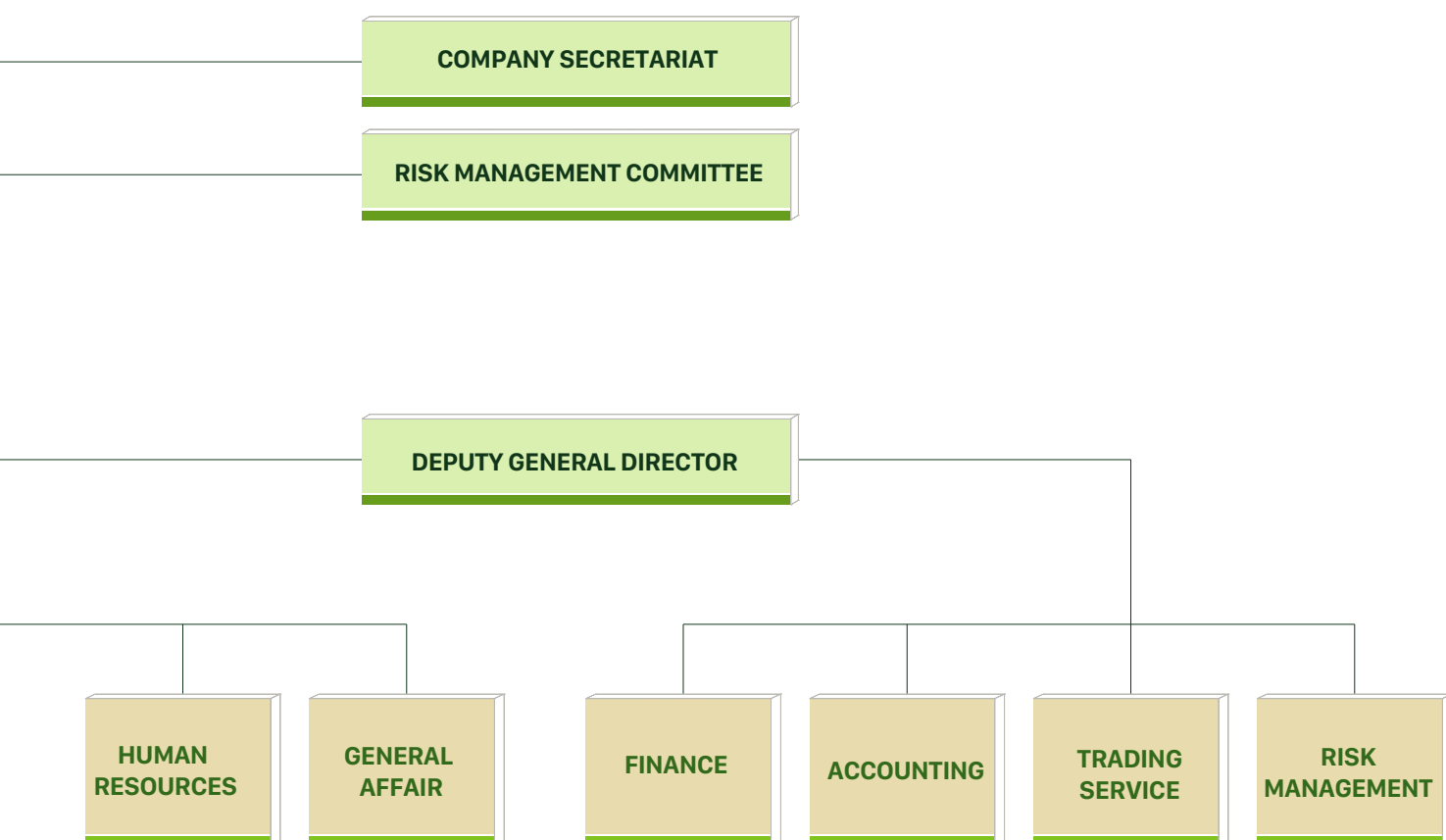




## GOVERNANCE MODEL









## GOVERNANCE MODEL

The General Meeting of Shareholders is the highest authority of the Company. The General Meeting of Shareholders elects the Inspection Committee and Board of Directors to help shareholders manage the Company. The Inspection Committee helps supervise the management and operation of the Board of Directors and the Board of Management. Board of Directors decides to all matters relating to the Company's activities, except for matters which belongs to the authority of General Meeting of Shareholders. Internal Audit and Risk Management Committee are the directly subordinate agencies of Board of Directors, Company Secretariat is in charge of administrative works in support to Board of Directors.



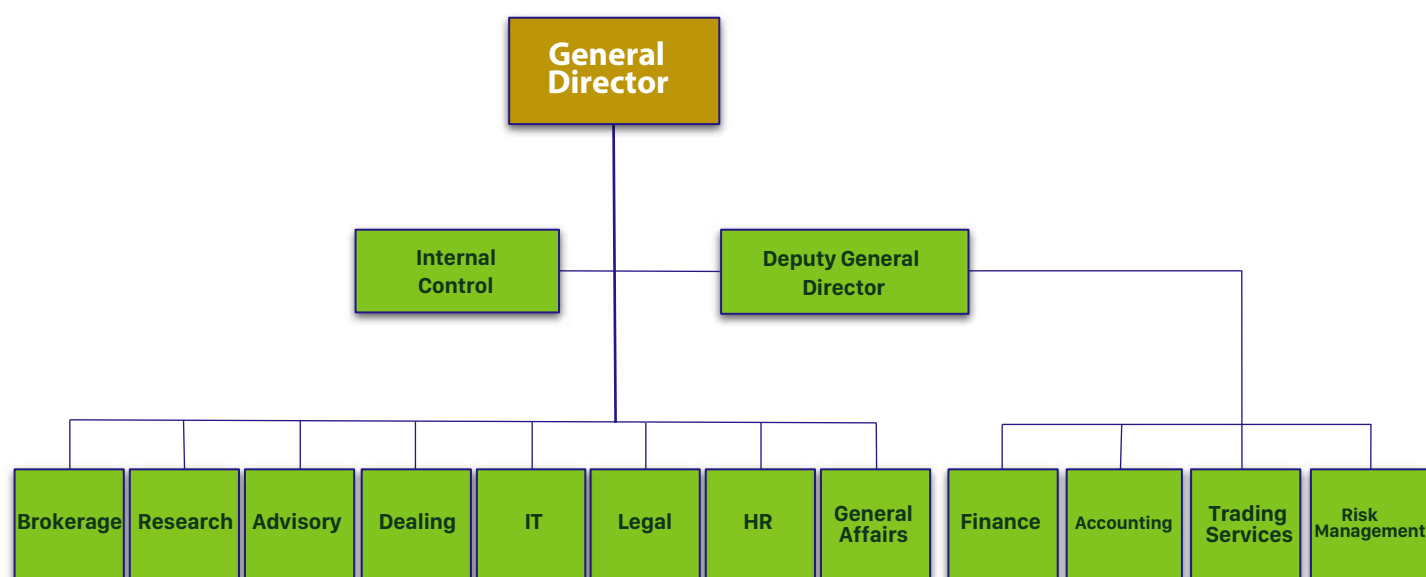


## MANAGEMENT STRUCTURE

PHS builds the executive apparatus under the leadership and responsibility of the Board of Directors. General Director is the first rank of the executive apparatus, directly guide the management of division in the Company.

The Deputy General Director assists the General Director in operating the Finance Division, Accounting Division, Trading Service Division and Risk Management Division. Internal Control Division assists the General Director in verifying compliance with procedures in daily operations.

Other divisions include: Brokerage Division, Advisory Division, Research Division, Dealing Division, General Affairs Division, Human Resources Division, Information Technology Division and Legal Division.



**SUBSIDIARIES,**  
**ASSOCIATED COMPANIES: N/A**





# **DEVELOPMENT ORIENTATIONS**

## **OBJECTIVE 2021**

In 2021, the Company is expected to move into its high-profit growth cycle amid between the optimistic market prospect and strong corporate governance. PHS will continue to increase market share in the market while simultaneously focusing on investment derivative products, advisory products, margin products, and online trading products. In addition, new products will be developed continuously to diversify product portfolio, meeting the needs of each customer segment.

Continuing to improve the quality of investment advisory and recommendations, in addition to expanding and diversifying market opportunities reports and analysis, stock analysis, cash flow and market liquidity reports. Increasing margin outstanding and diversifying financial products to provide leverage for customers. Developing trading tools to support new product development such as covered warrants.

PHS will also continue to expand its network of highly qualified personal brokers, recruit more brokers and expand its network to attract new customers. PHS will improve the account opening with high quantity. The number of target accounts will set to increase many times.

## **DEVELOPMENT STRATEGY**

PHS understands that a sustainable development must always be based on the quality of brokers. In 2021, PHS will continue focusing on recruit the number of brokers to attract new customers and maintain the current brokers force. At the same time, PHS will also update the commission policies to encourage the potential and good performance employees.

In 2021, PHS is not only trying to recruit more human resources to develop institutional customers network but it also is devoting to help institutional customer in understanding securities market and provide them professional investment consultancy next year.

To organizing meetings with listed companies at the request of institutional clients, in 2021, PHS will take the initiative to hold the meetings with listed companies featured sectors including Consumer, Real Estate, Mining, Pharmaceutical, Aviation, Agriculture, Banking, etc., and at the same time, seminars to introduce investment opportunities to individual customers at branches and transaction offices throughout the country will also continue to be launched in 2021.





# RISKS

The risk management policy of the Company is set up to detect and analyze the risks faced by the Company, provide the limits and risk control measures accordingly, observe the risks and comply with the limit. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's operations. The Company through standards, management and training process aimed to develop a disciplined, constructive and controlled environment in which all employees understand their roles and responsibilities.

## **PAYMENT RISKS**

Occur in case PHS's counterparties unable to make payment on time or failure to transfer assets on time as undertaken;

## **MARKET RISKS**

Defines the negative impacts through changing the assets value under phs's ownership;

## **LIQUIDITY RISKS**

Occur in case PHS is unable to make the payment for financial liabilities;

## **OPERATIONAL RISKS**

Occur due to technical errors, system and professional procedures errors, human errors during the operation, or capital insufficiency for business operations arising from costs, losses on investment activities, or other objective reasons;

## **LEGAL RISKS**

Mean risks that arise from the non-compliance towards legal provisions relating to business activities, and from the cancellation of contract because the contract is illegal, or falls beyond authorization, or lacked terms, or does not qualify the standards, or due to other reasons.





## II. YEARLY OPERATIONS

# SITUATION OF PRODUCTION AND BUSINESS OPERATIONS

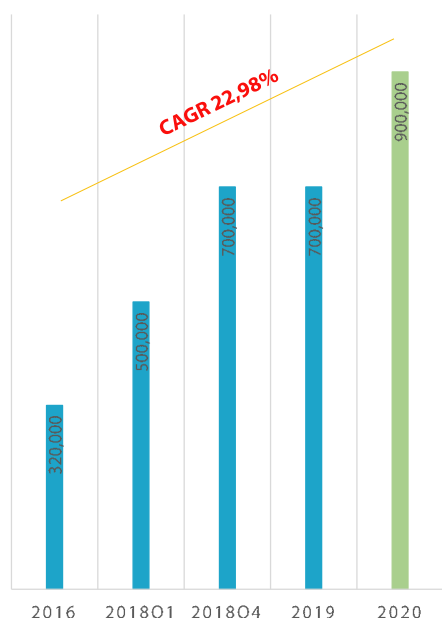
2020 is a memorable year for those working in the financial industry or investing in the Vietnamese stock market. When Covid-19 first broke out, people thought the stock market would have serious problems, but the reality was not as we thought it would be. At the end of March, the VN-Index hit the bottom and lost 30% compared to the end of 2019, and closed at 662.26 points on March 30, 2020. But by the end of December 2020, the VN-Index has recovered 67% and reached 1103.87 points. When comparing the end of 2020 compared to the end of 2019, VN-Index achieved a growth rate of 15%. More importantly, the trading values of the two Exchanges by December 2020 exceeded 59% of the total trading value of 2019. The month with the highest average trading value in 2020 was December with around VND 14,127 billion/ day, which was 156% higher than those last year at May 2019 with VND 5,508 billion/ day.

In 2020, the trading value of PHS reached more than VND 40,157 billion, brokerage fee revenue reached VND 65.8 billion, which increased 33% and 31% respectively compared to 2019. However, the stock market has entered the stage of fierce competition in margin loan interest rates, so the income from margin loan of Company in 2020 reached about VND 105.7 billion, 14% lower compared to the previous year. By the end of December 2020, PHS's market share reached 76% of annual target.



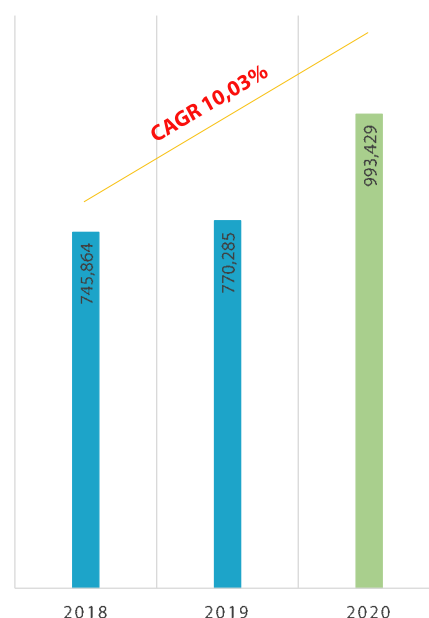
### CHARTER CAPITAL

Unit: VND Mn.



### EQUITY

Unit: VND Mn.







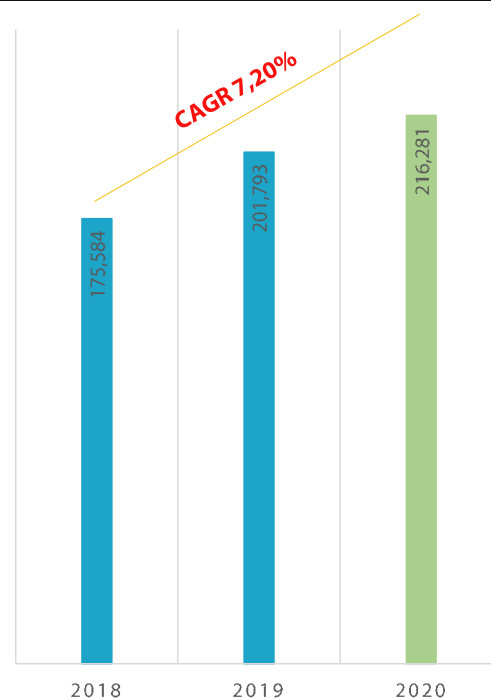
## ASSETS GROWTH

Unit: VND Mn.



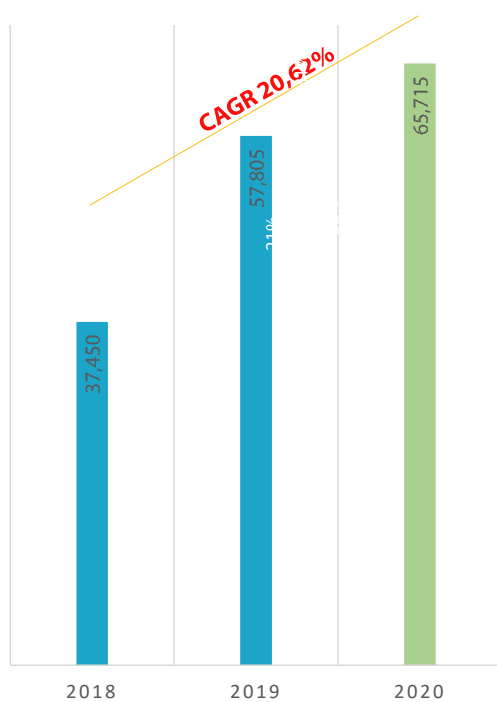
## REVENUE

Unit: VND Mn.



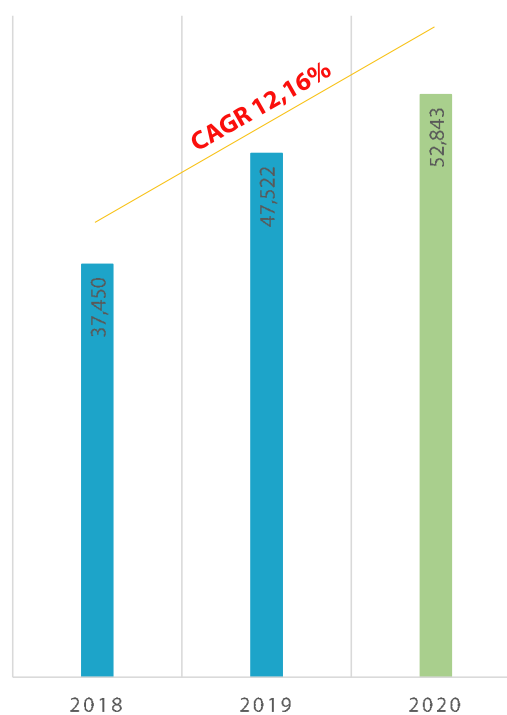
## PROFIT BEFORE TAX

Unit: VND Mn.



## PROFIT AFTER TAX

Unit: VND Mn.







## BUSINESS RESULT

During the last four years, operating profits of the Company changed in a concrete direction. Operating profit reach the peak in 2020 with about VND 65 billion. In 2020, PHS's after tax profit achieved positive results with about VND 52 billion and increased 11% compared to 2019.

## MAIN BUSINESS ACTIVITIES

### *a) Brokerage*

Contrary to the initial expectations when the Covid-19 epidemic broke out, the global and Vietnam stock markets has witnessed a great leap. Brokerage trading value and revenue of the Company has achieved positive double-digit growth in 2020. Revenue from brokerage operations contributes about 30% of total revenue of PHS. Through successful approach to many potential customers, PHS's margin loan outstanding by the end of 2020 saw a strong growth of 26% compared to those of 2019 and contributed around 48% to total revenue of Company.

### *b) Dealing*

With the efficiency of market movement tracking and well-designed risk control procedure, Dealing Division reported a gain of 31.7% in 2020. Accompanying with the adjustment of the Company's development strategy, Dealing Division has received more professional support from Research Division. We believe that with a more comprehensive and instant monitoring in fundamental and technical aspect, Dealing Division will be able to filter out more valuable investment opportunities and to report a better performance in the future.

### *c) Advisory and Research*

In order to contribute to Vietnam and foreign countries on securities exchange and to help foreign investors to understand the Vietnamese securities market, PHS provides the whole network platform, advisory services and all kinds of research reports, including daily reports, weekly reports, monthly reports, individual stocks research reports, industry reports and general economic analysis reports in 3 languages as Chinese, English and Vietnamese. Foreign investors will no longer be restricted by language barriers and will have the opportunity to participate in the development of Vietnam. Moreover, advisory services related to listing, issuance, equitization, M&A and underwriting advisory services could meet various demand of institutional clients.

## OPERATION IN BRANCHES

In 2020, Company opening new branch in District 1, Ho Chi Minh City. Not only increased the number to 7 branches and trading offices also improved the quality of employees through better recruitment and training. Operation results of branches still operate effectively, gradually affirming the sustainable development.





# ORGANIZATION AND HUMAN RESOURCES

## LIST OF THE MANAGEMENT TEAM

### **Mr. Chen Chia Ken**

Position: General Director

Year of birth: 1971

Qualification: Master's degree

Number of shares own: 0 share

### **Mrs. Pham Thi Thu Nhan**

Position: Deputy General Director

Year of birth: 1984

Qualification: Bachelor's degree

Number of shares own: 0 share

### **Mrs. Do Thi Ai Vy**

Position: Chief Accountant

Year of birth: 1986

Qualification: Bachelor's degree

Number of shares own: 0 share







## NUMBER OF STAFFS, SUMMARY AND CHANGES OF THE EMPLOYEE POLICIES

- ❖ Number of staffs updated to December 31st, 2020: 236 staffs.
- ❖ Total salary expense for employee: approximately VND 40,847,532,000 (forty billion eight hundred forty seven million five hundred thirty two thousand Vietnam dong).
- ❖ Average income: approximately VND 16,300,000 (sixteen million three hundred thousand Vietnam dong)/ person/ month.

PHS fully implement the policies of the State and the regulations and policies of the Company for the employees. Policies like as: salary, bonus, reward, discipline, labor rules and vacation regimes, holidays, social insurance, sickness, maternity, health care, labor safety and hygiene, appointment and recruitment and training. Use the reward fund and welfare fund to encourage employees enhance job performance, sticking to business.





# **INVESTMENT ACTIVITIES, PROJECT IMPLEMENTATION**

**MAJOR INVESTMENTS: N/A**

**SUBSIDIARIES, ASSOCIATED COMPANIES: N/A**

## **FINANCIAL SITUATION**

### **FINANCIAL SITUATION**

**Unit: VND**

<b>Financial Figure</b>	<b>Year 2019</b>	<b>Year 2020</b>	<b>% change</b>
Total asset	1,676,833,891,148	2,135,100,235,050	27.3%
Revenue	201,777,699,902	216,257,795,278	7.2%
Taxes and payables	4,876,090,886	7,809,489,765	60.2%
Before tax profit	57,805,349,223	65,715,361,882	13.7%
After tax profit	47,521,553,006	52,843,302,851	11.2%

### **MAJOR FINANCIAL BENCHMARKS**

**Unit: VND**

<b>Benchmarks</b>	<b>Year 2019</b>	<b>Year 2020</b>	<b>Note</b>
1. Solvency ratio			
- Current ratio:			
Short term Asset/Short term debt	1.82	1.82	
- Quick ratio:			
Short term Asset - Inventories	1.82	1.82	
Short term Debt			
2. Capital structure Ratio			
- Debt/Total assets ratio	0.54	0.53	
- Debt/Owners' Equity ratio	1.18	1.15	
3. Operation capability Ratio			
- Inventory turnover:			
Cost of goods sold/Average inventory			



Net revenue/ Total Assets	0.12	0.10	
4. Target on Profitability			
- Profit after tax/ Net revenue Ratio	0.24	0.24	
- Profit after tax/ total capital Ratio	0.06	0.05	
- Profit after tax/ Total assets Ratio	0.02	0.02	

**FOR CREDIT INSTITUTIONS AND NON-BANK FINANCIAL INSTITUTIONS****Unit: VND**

Figures	Year 2019	Year 2020	Note
1. Capital scale			
- Charter Capital	700,000,000,000	900,000,000,000	
- Total assets	1,676,833,891,148	2,135,100,235,050	
- Capital adequacy ratio	852%	863%	
2. Operating results			
- Cash deposits		—	—
- Lending	18,550,391,283,325	20,268,604,648,707	
- Debt collection	18,573,053,535,583	19,894,994,656,244	
- Outstanding debts	21,011,664,992	20,921,225,994	
- Bad debt	6,209,462,344	6,837,025,917	
- Incremental Capital Output Ratio	3.82	4.59	
- Overdue outstanding underwritten debt/ Total outstanding debt Ratio		—	—
- Overdue outstanding debts/ Total debt Ratio	0.018	0.014	
- Bad debt/Total debt Ratio	0.005	0.004	
3. Solvency			
- Short term solvency (Short term Asset/Short term debt)	1.82	1.82	
- General solvency (Short term Asset/ Total debt)	1.82	1.82	



# **SHAREHOLDERS STRUCTURE, CHANGE IN THE OWNER'S EQUITY**

## **SHARES**

Specify total number on December 31st, 2020 is 90,000,000 shares

Number of freely transferable shares is 70,000,000 shares

Number of restrictedly transferable share is 20,000,000 shares

PHS does not have securities trading abroad.

## **SHAREHOLDERS STRUCTURES**

Major shareholders (owning 5% or more) are 5 shareholders

Minor shareholders (owning less than 5%) are 250 shareholders

Institutional shareholders are 12 shareholders

Individual shareholders are 243 shareholders

Domestic shareholders are 241 shareholders

Foreign shareholders are 14 shareholders

There is no any PHS share owning by the government

Other shareholder is PHS (treasury stocks).

## **SPECIFY EQUITY INCREASES FOR THE YEAR**

On March 04th, 2020, PHS finished the private offerings with 20,000,000 shares

On June 23rd, 2020, PHS finalized list of shareholders to pay cash dividend with the ratio of 3.3% per share

## **TRANSACTION OF TREASURY STOCKS**

Treasury stocks are 490 shares. In 2020, PHS did not make any treasury stocks transaction.

## **OTHER SECURITIES**

In 2020, PHS did not make any other securities issuance.



# **REPORT RELATED IMPACT OF THE COMPANY ON THE ENVIRONMENT AND SOCIETY**

**MANAGEMENT OF RAW MATERIALS: N/A**

**ENERGY CONSUMPTION: N/A**

**WATER CONSUMPTION: N/A**

**COMPLIANCE WITH THE LAW ON ENVIRONMENTAL PROTECTION: N/A**

## **POLICIES RELATED TO EMPLOYEES**

### **Number of employees, average wages of workers**

- ❖ Number of staff updated to December 31st, 2020: 236 staffs.
- ❖ Total salary expense for employees: approximately VND 40,847,532,000 (forty billion eight hundred forty seven million five hundred thirty two thousand Vietnam dong).
- ❖ Average income: approximately VND 16,300,000 (sixteen million three hundred thousand Vietnam dong)/ person/ month.

### **Labor policies to ensure health, safety and welfare of workers**

- ❖ Annual Health check-up total fees for employee in 2020: VND 221,814,400 (two hundred twenty-one million eight hundred fourteen thousand and four hundred Vietnam dong).
- ❖ Extra health insurance fees for supervisor level up and all employees with contribution from 3 years above in 2020: VND 312,309,000 (three hundred twelve million three hundred and nine thousand Vietnam dong).
- ❖ 24/24 accident insurance for employees in 2020: VND 126,000 (one hundred twenty-six thousand Vietnam dong)/ person/ year.
- ❖ Annual trip for employees in 2020: approximately VND 5,000,000 (five million Vietnam dong)/ person.

### **Training employees**

- ❖ In 2020, the Company has organized many internal and external training courses on business and product to support all staff updating the features of services and products of Company.
- ❖ Due to the serious and complicated Covid-19 epidemic, the company has chosen to organize online soft skills training courses to help employees improve their professionalism in handling work.
  - Leadership Energy Summit Asia
  - Leadership resilience to thrive in challenging times
  - 30 tips for effective time management
  - Communication skills in the workplace
  - Presentation and public speaking skills
  - Control your emotions in all situations
  - Motivating employees

- ❖ The training content includes improving the soft skills, improving the professional job, updating the knowledge about products and services and training about labor rules and regulations of the Company.

## **REPORT ON RESPONSIBILITY FOR LOCAL COMMUNITY:**

The community investments and other community development activities, including financial assistance to community service.

## **GREEN CAPITAL MARKET ACTIVITIES UNDER THE GUIDANCE OF THE SSC: N/A**

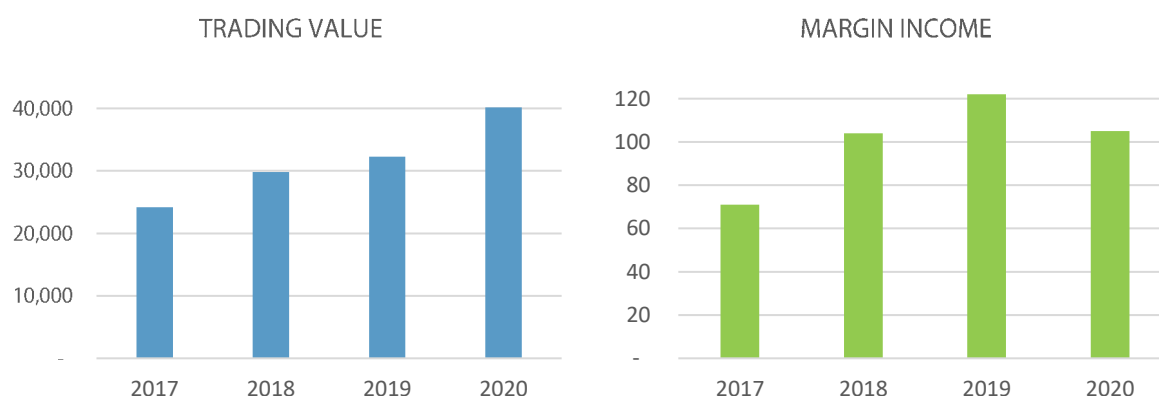




### III. REPORT AND ASSESSMENT OF THE MANAGEMENT TEAM

## ASSESSMENT OF OPERATING RESULTS

### BROKERAGE



In 2019, the proportion from brokerage fee revenue and margin loan interest contributed about 26% and 63% respectively of PHS' total income. This proportion in 2020 was 31% and 50%. Compared to 2019, interest income on margin loans in 2020 has decreased by about 14%. There are two main reasons affecting this decline. Firstly, to overcome Covid-19, the Vietnamese Government has been promoting economic growth, implementing a policy to reduce interest rates and partially affecting margin lending interest in the stock market. Second, many foreign securities companies participated in the Vietnamese stock market with very competitive margin loan rate and create great pressure for PHS.

However, with many solutions to overcome difficulties, Company's profit before tax and profit after tax reached VND 65.7 billion and VND 52.8 billion respectively, increased 14% and 11% compared to those of 2019.

This year, PHS has expanded into a new business segment, which was bond trading. In the first half year, the Company was in the top 3 bond brokerage market share of HSX. In the coming year, the Company will maintain and develop this business segment to increase income and also promote PHS brand name targeting both potential clients and staffs.

In the quarter 3 2020, after a half-year adjustment to meet customer demands, PHS launched a new version of the mobile application trading system. This software can be used on both mobile phones and tablets running iOS or Android. It met everyone's need as a convenient channel to trade stocks without sitting in front of a computer. And in the first month, Company surprised with a large number of orders placed via mobile applications. After a period of upgrading, the next updated version of PHS-Mobile Trading was launched in mid-November with some adjustments to enhance the experience for investors.

After many years of preparation, the new derivative securities trading system of PHS will be put into trial operation at the end of 2020. After the system is stable, Company will officially deploy for customers to experience with various incentives and services to attract potential investors. This will be another step to diversify the services that Company provides to customers.

### DEALING

The Vietnamese stock market continued its uptrend in the beginning of the year with the VN-Index hovering around 970-990 points. Unfortunately, the downtrend came to take hand by the end of January after the outbreak of Covid-19 pandemic. The rising cases of infection and dead casted big shadow on the prospect of global capital market. Selling pressure, ignited by the deteriorating development of pandemic prevention



around the world, dominated the the stock market and pulled the index level back to test 650-657 points with extremely high volatility never seen before.

Thanks to the successful measures applied by Vietnamese government for pandemic prevention, business and production activities in Vietnam has quickly returned to normal in April, 2020 as most of other countries around the world were still in lockdown. Since then, a strong buying force from local investors, especially the newly open accounts, has pushed the market rebound strongly in April and continued to recover during the most trading time of the year. As of Dec 31st, VN-Index closed at 1,103.87 points (+14.9%).

With the efficiency of market movement tracking and mainstream stocks's fundamental analysis, the performance of Dealing Division in 2020 was outperformed. The investment position mainly concentrated on leading stocks in the mainstream industries, and stocks with specific market events. Currently, the watch list for investable stocks is reviewed closely and adjusted based on the observation of the signals revealed from fundamental and technical indicators. The portfolios also has been well-diversified rather than concentrating on any single stock. As of Oct 31st, the return of investment portfolio was 31.7%, compared to the increasing of 14.9% of VN-Index.

## FINANCIAL AND INVESTMENT ADVISORY

In 2020, under the impact caused by the Covid-19 pandemic, most of Vietnamese enterprises had to slow down or readjust their business plans. Corporate finance advisory activities of Advisory Division are also somewhat affected. Some important services, such as share issuance as well as listing consulting, are temporarily postponed. The revenue target for 2020, as a result, has not been achieved as expected. Although advisory business was stagnant due to the Covid-19 pandemic, PHS took this chance to strengthen its connection with listed and public companies in order to find more potential demands in listing and share issuance. In the meantime, by providing more services to new customers, the Advisory Division has accumulated more experience and in-depth knowledge, which can meet the advisory for enterprises in different fields, thereby completing the deals in a more professional way. We hope our efforts can be recognized by the market and then raise the awareness of the PHS's brand name.

In 2021, the Advisory Division will continue to make efforts to complete the signed contracts in 2020 and early 2021. During this period, we will focus on projects with ability to implement quickly to boost the advisory revenue for PHS. However, the 2021 is also a year that the Securities Law and the Enterprise Law, together with a series of new Decrees and Circulars, will be issued and come into effect. The new changes in stock market administration will be a challenge for PHS and its customers. The securities offering and issuance, as well as the listing on the stock market, will be more difficult as the strength of administrative mechanisms have been enhanced. PHS will focus on enhancing its advisory capability of implementing the deals on share issuance and M&A advisory. Especially, the Company will maintain its major business strategy in providing full package advisory services to important customers, typically advisory services related to foreign investors who have demand to invest in Vietnam. To reach the targets listed above, the advisory team will strengthen cooperation with the Institutional Brokerage Division and the Dealing Division to expand domestic and international relationships. Fostering advisory experience and improving services quality are the factors that PHS will always be able to move forward and raise customers satisfaction in the future. We have strong belief that our professionalism and experience will help more customers to reach their business targets and continue to accumulate prestigious brand name in the industry.



# FINANCIAL SITUATION

## ASSETS

End of 2020, total assets were VND 2,135,100,235,050 increased VND 458,266,343,902 (27.3%) compared with the beginning of the year. Total the short-term assets are VND 2,077,677,150,112 accounted for 97.3% of total assets (the figure of beginning of the year is 98.5%), long-term assets are VND 57,423,084,938 accounted for 2.7% of total assets (the figure at the beginning of the year is 1.5%). The proportion of short-term and long-term assets at the end of 2020 compared to the beginning of the year did not change much but the total assets increased due to increasing in business activities of the company. The asset utilization rate is 0.1.

Bad debts at the end of 2020 is VND 6,837,025,917 accounted for 0.3% of total assets.

## LIABILITIES

- Current debts, major changes of debts.
- Analysis of outstanding debts, impact of the exchange rate changes on operating results of the Company, and the cost of borrowing to the Company's results.

End of 2020, liabilities of the Company were VND 1,141,671,321,227 and there is not overdue debt. Therein, liabilities to foreign organizations were VND 614,535,000,000 accounted for 54% of total liabilities so will affect to the exchange rate difference of liabilities and interest expenses.







## DEBT OBLIGATIONS

As of December 31, 2020, the balance of short-term and long-term loans was as follows:

The balance of short-term and long-term loans

	31/12/2017	31/12/2018	Unit: VND million 31/12/2019	Unit: VND million 31/12/2020
<b>Loans</b>	<b>708,217</b>	<b>1,175,168</b>	<b>1,152,506</b>	<b>1,526,116</b>
Short-term loans	708,217	1,175,168	1,152,506	1,526,116
Long-term loans	0	0	0	0
<b>Total</b>	<b>708,217</b>	<b>1,175,168</b>	<b>1,152,506</b>	<b>1,526,116</b>

## PAYABLES AS RELATED TO THE STATE

The company strictly fulfills its obligations in accordance with current regulations.

The balance of tax payables to the State as of December 31, 2020 is as follows:

Payables to the State

	31/12/2017	31/12/2018	Unit: VND million 31/12/2019	Unit: VND million 31/12/2020
Value added tax	2	5	3	3
Corporate income tax	-	-	3,249	4,084
Personal income tax	1,368	1,275	1,608	3,694
Foreign contractor withholding tax	0	-	16	28
<b>Total</b>	<b>1,371</b>	<b>1,280</b>	<b>4,876</b>	<b>7,809</b>

## RECEIVABLES, PAYABLES

### A. RECEIVABLES

Receivables

	31/12/2017	31/12/2018	Unit: VND million 31/12/2019	Unit: VND million 31/12/2020
Interest receivables from financial assets	15,979	32,398	20,294	21,522
Prepayments to suppliers	434	1,151	906	1,147
Receivables from services rendered	25,888	15,727	14,855	1,586
Other receivables	12,802	12,936	12,909	12,927
Other receivables provision	(9,470)	(9,290)	(9,326)	(9,186)
<b>Total</b>	<b>45,633</b>	<b>52,922</b>	<b>39,637</b>	<b>27,996</b>

### B. PAYABLES

Payables

	31/12/2017	31/12/2018	Unit: VND million 31/12/2019	Unit: VND million 31/12/2020
Short-term payables	644,152.3483	<b>766,188</b>	<b>906,211</b>	<b>1,140,360</b>
Long-term payables	340.4375	<b>365</b>	<b>337</b>	<b>1,312</b>
<b>Total</b>	<b>644,493</b>	<b>766,552</b>	<b>906,548</b>	<b>1,141,671</b>

## FINANCIAL SAFETY RATIOS

Financial safety ratios report 2017, 2018 and 2019, 2020

Items	Risk / Liquid capital 31/12/2017	Risk / Liquid capital 31/12/2018	Unit: VND million Risk / Liquid capital 31/12/2019	Unit: VND million Risk / Liquid capital 31/12/2020
Total market risk value	510	275	405	13,886
Total settlement risk value	28,474	34,389	28,599	45,990
<b>Total operational risk value</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>	<b>50,000</b>
<b>Total risk values</b>	<b>88,985</b>	<b>94,664</b>	<b>89,004</b>	<b>109,876</b>
<b>Liquid capital</b>	<b>504,606</b>	<b>740,875</b>	<b>758,447</b>	<b>948,638</b>
<b>Liquid capital ratio</b>	<b>567%</b>	<b>783%</b>	<b>852%</b>	<b>863%</b>

Per Circular No. 87/2017/TT-BTC

of the Ministry of Finance dated August 15, 2017, securities companies must maintain a Liquid capital ratio (LCR) of at least 180%. PHS always maintains a very high LCR, ensuring the financial safety of the company





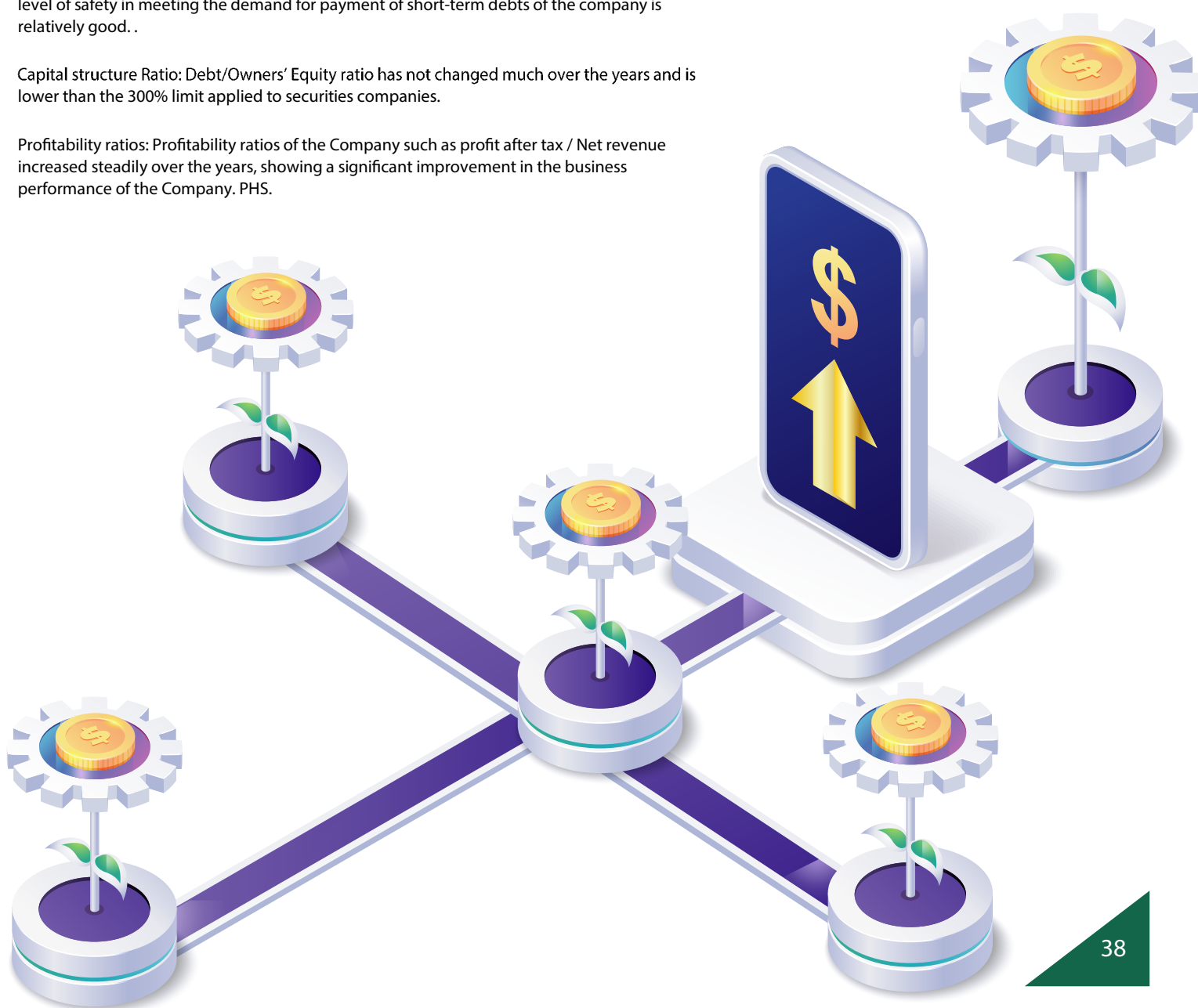
## KEY FINANCIAL METRICS

Items	Unit	2017	2018	2019	2020
Current ratio = Short term Asset/Short term debt	Lần	1.77	1.95	1.82	1.82
<b>Capital structure Ratio</b>					
Debt/Total assets ratio	%	56%	51%	54%	53%
Debt/Owners' Equity ratio	%	127%	103%	118%	115%
Net revenue/ Total Assets	%	11%	12%	12%	10%
<b>Target on Profitability</b>					
Profit after tax/ Net revenue Ratio	%	13%	21%	24%	24%
Profit after tax/ total capital Ratio (ROE)	%	4%	6%	6%	5%
Profit after tax/ Total assets Ratio (ROA)	%	2%	3%	3%	2%
Basic earnings per share	VND	537	729	679	603

Solvency ratio: PHS's current solvency ratios over the years are greater than 1, showing that the level of safety in meeting the demand for payment of short-term debts of the company is relatively good..

Capital structure Ratio: Debt/Owners' Equity ratio has not changed much over the years and is lower than the 300% limit applied to securities companies.

Profitability ratios: Profitability ratios of the Company such as profit after tax / Net revenue increased steadily over the years, showing a significant improvement in the business performance of the Company. PHS.





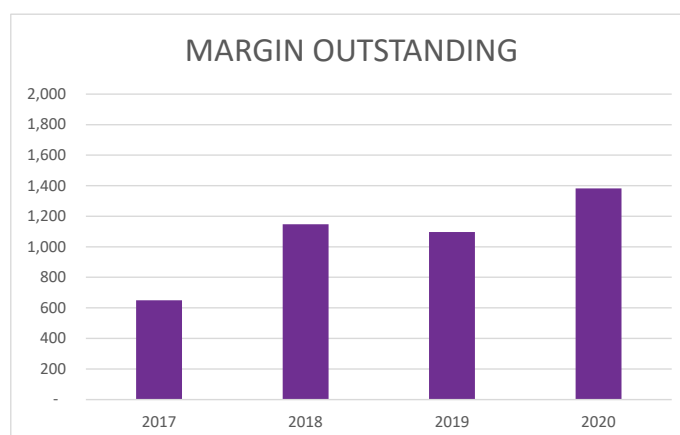
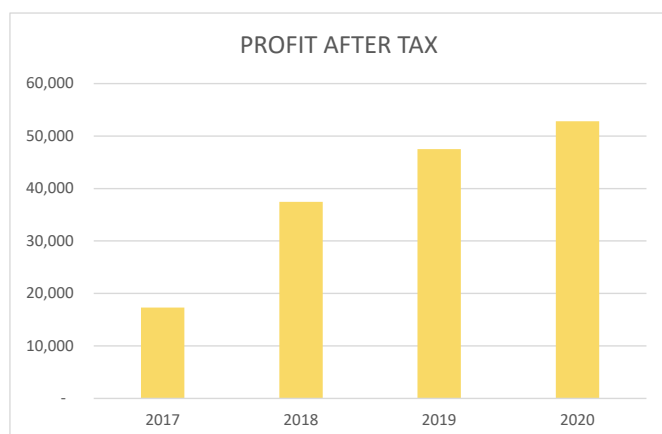
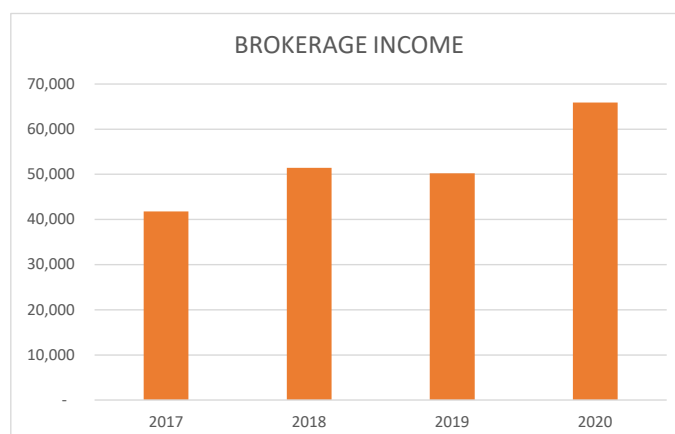
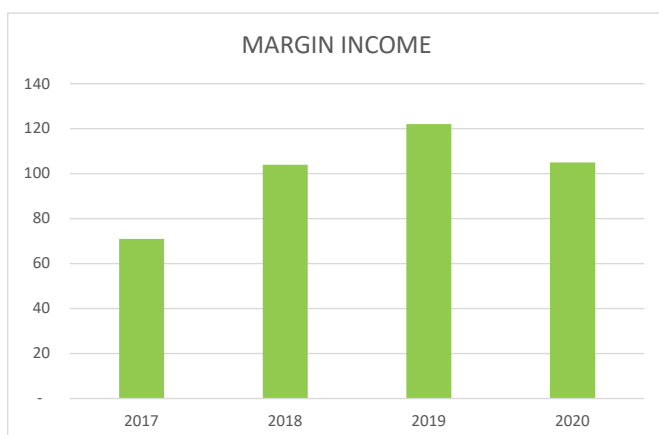


## IMPROVEMENTS IN ORGANIZATIONAL STRUCTURE, POLICIES, MANAGEMENT

- The Board of Directors has assigned a clear division of responsibility, each profession is assigned to directly responsible leaders so that the management and administration of business is fulfilled rhythmically and synchronized, which brings high efficiency. The Company re-arranged labor, strengthen the management system aim to continuously improve labor productivity, continuously improve the efficiency of using labor. The apparatus was streamlined. Functions and responsibilities of the departments were integrated into high specialization to avoid duplication. The Company has built a professional and wholeheartedly workforce for the development of Company.
- Regarding technology, products and services: the Company always concentrates to upgrade the system, innovate products and services in order to meet the needs of investors and users. Specifically, in 2020, the Company has deployed applications on Mobile platform to facilitate customers and derivative products to diversify products to retain and attract more customers for transactions at the Company.
- For policy: keep the changes to ensure compliance with the provisions of the State.

## DEVELOPMENT PLANS IN THE FUTURE

### BROKERAGE





Securities brokerage still plays an important role in PHS's revenue structure in the coming time. To build a quality brokerage team, besides recruiting a team of experienced staff, the process of incubating the seeds for the future is also extremely important. The Brokerage Division will work closely with the Human Resources Division to increase recruitment activities in 2021. Company will expand the cooperation with many universities in both the North and the South of Vietnam. Through student meetings or internship programs, PHS has the opportunity to select potential and suitable candidates to be the seed for the future. With the plan of investing in training, building new products, new policies, upgrading service quality by 2021, the HR department and the sales team will have more opportunities for successful recruitment.

After years of preparation, PHS's new derivative securities trading system is expected to be launched in early 2021. This will be another step towards diversifying the Company's earnings and to retain existing customers at the Company. In addition, the sales team will approach potential customers more advantageous when PHS is licensed to trade in derivative securities. In 2021 PHS will launch a number of new products and create policies for VIP customers to experience a sense of difference and then enhance transactions at PHS.

## DEALING

In 2021, we expect that Vietnam will continue to be one of the most compelling investment area in Asia thanks to its solid growth and healthy foundation of macro economic. The country now is attracting a large amount of foreign direct investment and has become the major beneficiary of a investment capital withdrawal from China. A torrent of foreign direct investment continues to flow into the country, help to stabilize the Vietnam dong, and drive economic growth. After a slowing down in 2020, Vietnam's economy is expected to regain its high-speed growth in economy. GDP in 2021 will bounce back to 6.3% according to the forecast from Asian Development Bank (ADB) released in September, 2020. However, the resilience will come with concerns since Covid-19 pandemic is still torturing people around the world. A report, released in October by IMF, predicted that the shrink of world economy will narrow slightly from 4.9% to 4.4% in 2021. The improvement is driven by a stronger than expectation economic rebound in the U.S and Europe after lockdown is lifted. Based on internal strong economic growth and a expected recovery of global economy in 2021, Vietnamese stock market may have chance to move in the range of 960-1,200 in 2021.

Referring to out-performance trading record of Dealing Division, it would be a suitable timing to increase the quota of investment portfolio in 2021. In the past three years, the Dealing team has accumulated profound experience in trading and built stringent investment disciplines in managing portfolios.





Meanwhile, accompanying with the adjustment of the Company's development strategy, Dealing Division will build a more closed cooperation with Research Division in 2021. With a more comprehensive and instant monitoring in fundamental and technical aspect, we believe Dealing Division will be able to filter out more valuable investment opportunities and to report a better performance in the future.

Overall, Dealing Division will keep track of market movement and be more aggressive in searching for the investment opportunities in the stock market. By closely cooperating with Research Division and using a great amount of fundamental and technical analysis, Dealing Division have been becoming more professional in chasing potential capital gain with well-analyzed reasonable risk exposure.

## MARKETING

During the first half of 2020, because of the social distancing and protecting both customers and staffs, Company has temporarily suspended the direct contacting marketing activities, such as our investment seminar or supporting regulator agencies to hold training sessions in other provinces. Instead, we have switched into the online broadcasting investment seminar and receive many good feedbacks. While Covid-19 is temporarily under controlled in Vietnam at the moment, Company is preparing a new investment seminar in both Ho Chi Minh City and Hanoi. This is a traditional and helpful way to deliver our investment service quality to customers, and also an opportunity for front team to meet their current and potential customers. During preparing process, we still have a backup plan when encountering Covid-19 complicated situation.

Internet and mobile phone are becoming more popular in Vietnam and PHS will invest more resources into direct digital marketing to amplify the marketing efficiency and enhance the level of interaction between customers with Company. At the beginning, Company will optimize current IT system so we could use direct marketing, including email and SMS, to current customers. When the market booms, besides investors who have just opened accounts, current customer database will also be a good source of customers to be reactivated and raise the revenue for PHS.

In this year, Company has started to prepare a new company brochures and it's estimated to finish at the end of the year. Including a better performance in the past few years and a bright view about PHS, it's expected that in 2021 our front team will have a qualified and detailed Company brochure to deliver of customers.

## RISK MANAGEMENT

PHS recognizes that risk is an integral and unavoidable component of business and committed to managing risk in a proactive, flexibilities, effective manner, without changing policies abruptly and good support for business activities.

In 2020, the Vietnam stock market has many fluctuations due to the affected by Covid-19 in the world. Risk Management strategies has had flexible to each period such as change force sell margin ratio, reducing margin loan ratio, control max loan price and proceeded in compliance with legal provisions and market situation. Besides, Risk Management strategy had been changed in which margin outstanding structure is mainly allocated on large-cap, fundamental stocks and strong background customers. Risk Management activities, namely margin trading service, which was highly effective. Based on the result of bad debt assessment from margin trading services, we can see that there was no any new bad debt in 2020. Risk Management Division has well-cooperated with Research Division to have advanced analyses of listing companies which is eligible for margin trading and many changes in risk management strategy in order to show effectiveness and flexibility with market changes. Simultaneously with using some data analysis tools developed by the Software department of the Information Technology Division also strongly support Risk Management Division in collecting data quickly, accurately and effectively to submit to the Risk Management Committee.

With market trend coming into 2021, the Risk Management Division will continue to apply similar risk management policies as 2020, which concentrate on fundamental stocks in order to increase their proportion in the margin stock list. Moreover, policies will also focus on improving the process of evaluating margin stocks.

Vietnam's Derivative securities market has been operation since October 2017, it can be considered as a relatively new product in the financial market, so the potential for development and market size is very potential. In December 2020, PHS officially launched Derivative product, the development of risk management strategies in derivative securities trading activities should be proactive to minimize negative impacts. The main identified risks include: market risk, capital leverage, margin requirement, legal, liquidity and system risk.



Therefore, Risk Management Division will be submitted criteria control risk real time and suitable for the market in order to minimize risks in business activities in the Derivative Market.

Besides in 2021, minimizing risks and support business operations are the most important strategies in Risk Management operation. In order to ensure those strategies, Risk Management Division will effort to cooperate with Research Division to have advanced analyses of listing companies which is eligible for margin trading and continue to use some data analysis tools developed by the Software department of the Information Technology Division to assist strongly Risk Management Division in collecting data quickly, accurately and efficiently to submit to the Risk Management Committee. Then, we continue apply more diversified margin list with different loan ratio and well-support business operations.

Above of all, Risk Management policies in 2021 must ensure independence, flexibility, uniformity, efficiency and sustainability of business growth.

## HUMAN RESOURCES

To meet the growing demands of the Company in following years, PHS will continue focusing on building a new generation of professional financial advisors as well as workforce who lead in performance, drive the behavioral changes in the way they work and serve customers (service excellence, technology –based tool, look& feel) to acquire new segments of customers. In 2021 and the following years, PHS will diversify all recruitment channels to attract more candidates who has been working in different industries to meet innovation strategy of company. Besides, building employer branding in parallel with recruitment in order to increase candidate quality, reduce turnover by bringing in the right talent, improve your company culture, increase employee engagement and motivate the current employees to drive organization forward.

Along with the development strategy of the generation of professional financial advisors leading in efficiency and service, the Company is constantly training and retraining the existing forces, building teams with a worthy success. In 2020, although there are many factors affecting the global economy, the Company still continuously organizes training courses to improve professional skills and professional knowledge for employees to support for jobs better through the forms of direct and online training. Internal training programs to improve the profession of each division/ department are always maintained regularly and promptly updated. In addition, in order to help employees improve their service delivery, the Company also registers online soft skills training programs presented by experts with years of experience and reputation in the domestic and abroad market for all levels of employees in the company with courses such as Leadership to thrive in challenging times, Communication skills in the workplace, Presentation and public speaking skills, Secret of efficient time management etc. and support for employees to attend the professional training courses about new products on stock market such as derivative products and the professional training courses to get the practicing license as regulated. In 2021 and the following years, PHS is expecting to continue the investment in training to improve professional skills and skills needed for both management and employee levels so that we can widen and improve employees' knowledge in our company. HR Division will be more active on searching the suitable courses for employees at all levels and continue the standardization of training for new employees.

On the other hand, PHS always tries to build and maintain a professional and cohesive working environment, but there is no shortage of friendliness, focusing on developing Company's culture, enhancing disciplinary compliance and continuing to improve the appropriate benefit policies to attract high quality employees to work for our Company. In 2020, following the success in building an online KPI evaluation system with more specific and detailed evaluation criteria to ensure accuracy, clarity and fairness in performance evaluation of employees, the Company has continued to build a 360-degree feedback system, which is applied in evaluating the performance of employees participating in cooperation on Company projects in the form of confidentiality and incognito. With these evaluation systems, it helps employees know their own performance and the assessment results of all levels so that they know the points that need more improvement at work. Allocating reasonably jobs for the suitable employees is to exploit the highest creative capabilities of each person and help them grow, which is also one of our targets.

HR Division will continue coordinating with divisions to develop the emulation and reward programs basing on performance, cooperation to encourage employees to work harder to reach or even exceed the target and expected performance.





# **EXPLANATION OF THE BOARD OF DIRECTORS FOR AUDITOR'S OPINIONS**

## **ASSESSMENT REPORT ON ENVIRONMENTAL AND SOCIAL RESPONSIBILITY OF COMPANY**

### **REVIEW CONCERNING THE ENVIRONMENTAL INDICATORS**

PHS is operating in securities field.

### **REVIEW CONCERNING THE WORKERS**

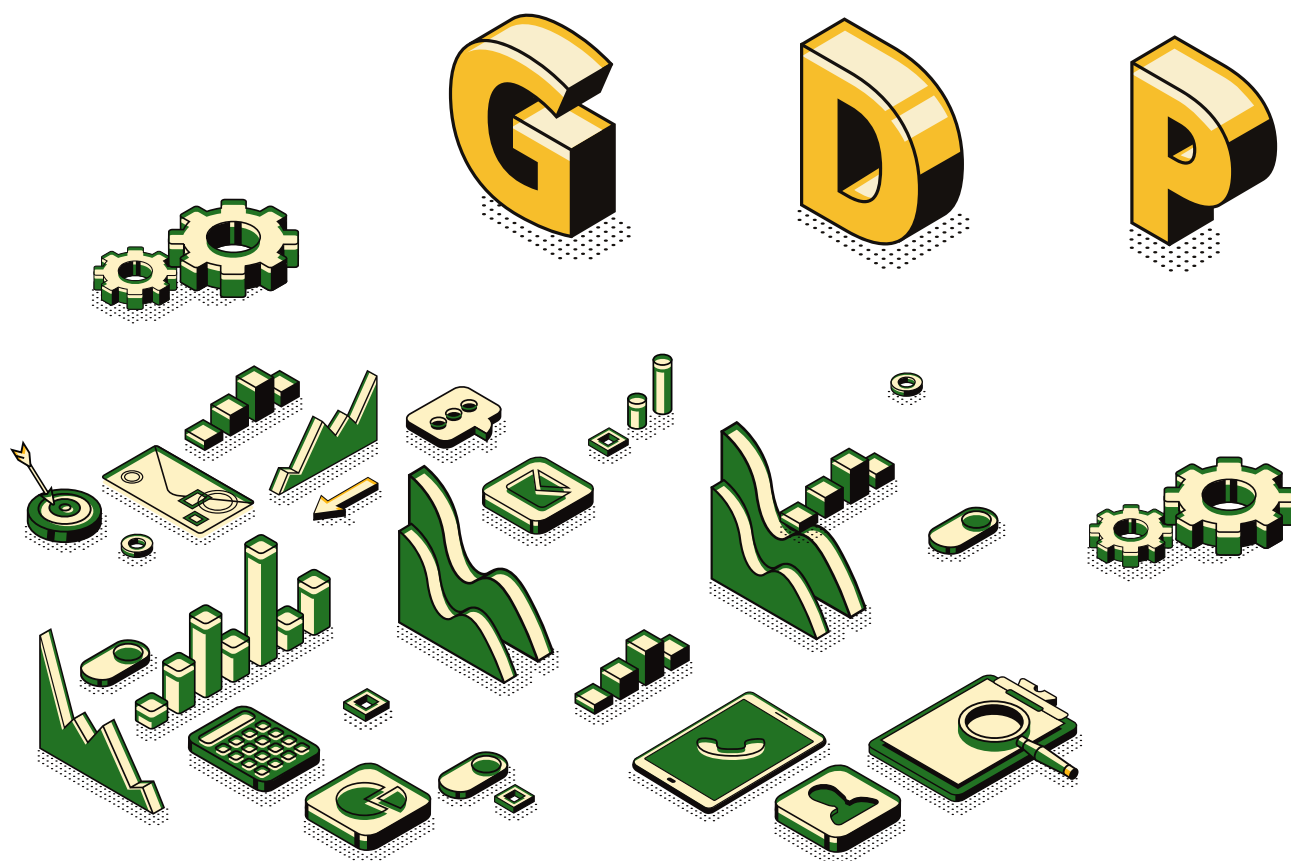
- ◆ Annual Health check-up total fees for employee in 2020: VND 221,814,400 (two hundred twenty-one million eight hundred fourteen thousand and four hundred Vietnam dong).
- ◆ Extra health insurance for staffs whose title is supervisor or above; and for all employees with contribution from 3 years above in 2020: VND 312,309,000 (three hundred twelve million three hundred and nine thousand Vietnam dong).
- ◆ 24/24 accident insurance for employees in 2019: VND 126,000 (one hundred twenty-six thousand Vietnam dong)/ person/ year.
- ◆ Annual trip for employees in 2020: approximately VND 5,000,000 (five million Vietnam dong)/ person.

### **REVIEW CONCERNING CORPORATE RESPONSIBILITY TOWARDS THE LOCAL COMMUNITY**

- ◆ The Company staff responded positively to the support of the Committee for the prevention and control of diseases Covid-19 of the Vietnam Fatherland Front Committee with the amount of contribution of VND 43,963,250 (fourty-three million nine hundred sixty-three thousand and two hundred fifty Vietnam dong).
- ◆ The Company sponsored and all employees participated in the Lawrence S.Ting charity walk program held annually by Phu My Hung Development Limited Company in coordination with the People's Committee of District 7, District 8, Binh Chanh and Nha Be District organized annually since 2006, with the purpose of raising funds to support the poor persons every spring.



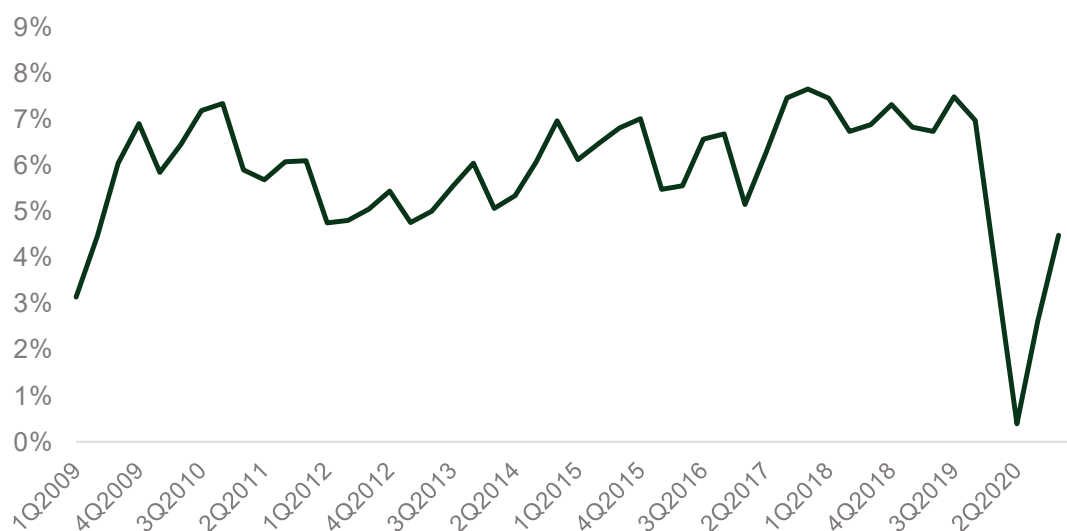




# 2.91 %

still climbed to

**GDP Growth by quarter (%YoY)**







## IV. ASSESSMENTS OF THE BOARD OF DIRECTORS ON THE COMPANY'S OPERATION

### **ASSESSMENTS OF THE BOARD OF MANAGEMENT ON THE COMPANY'S OPERATION**

#### **VIETNAM ECONOMY IN 2020**

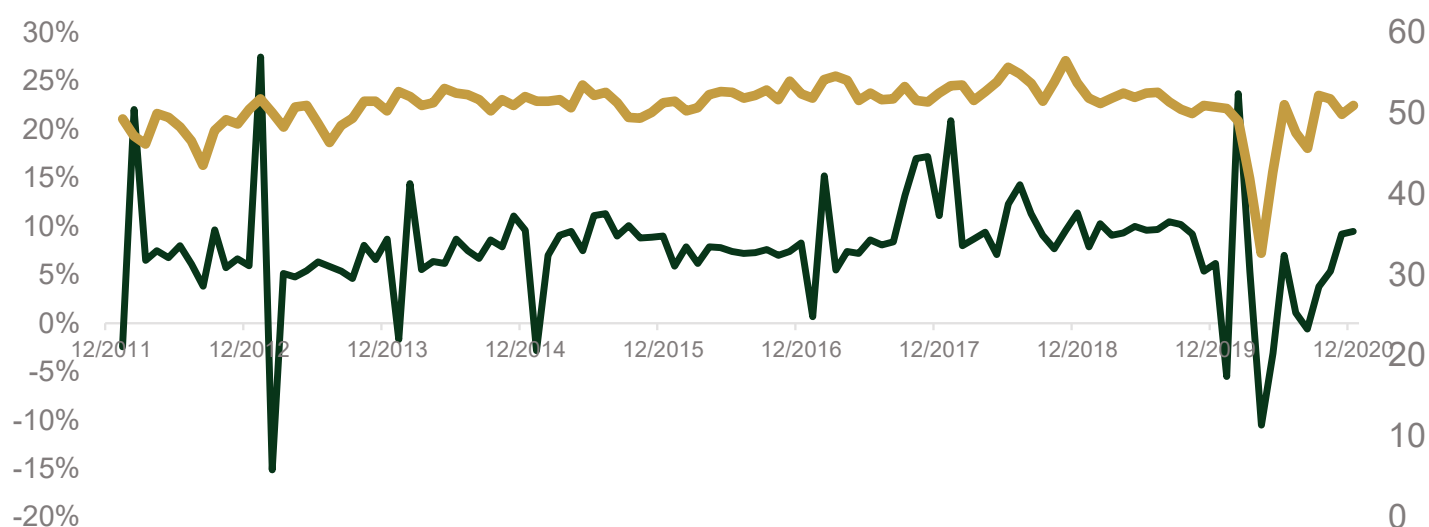
The global economy witnessed a recession in 2020 due to the impact of the Covid-19 pandemic. By the end of 2020, the world recorded nearly 84 million coronavirus cases and more than 1.8 million deaths, but the increase in new infections are still going on into 2021. Economic shutdown measures were taken to prevent the spread of disease. Following by estimation of the International Monetary Fund (IMF) and the World Bank (WB), global GDP growth in 2020 could decrease nearly -4.4% compared to 2019. Except for China which announced positive GDP growth (+2.3%YoY), the other largest economies in the world decreased sharply. Especially the US when its GDP had a strongest decline since 1946 with -3.5%YoY.

In the context of global economic recession, Vietnam had become a spotlight over the world in successfully containing the pandemic which allowed the economy to recover quickly and achieved a growth rate of + 2.91% for the whole year 2020, becoming one of the fastest growing economies in the world. However, the inflation was also paid attention. Thanks to the flexible and proactive management policies of the State Bank and favorable condition of global oil price plunge, inflation had been successfully controlled. Average CPI for the whole year only increased by 3.23%YoY, much lower than the target of 4% set by the Government.

While the manufacturing and services sectors faced many difficulties, Vietnam's economic growth was boosted by disbursement of public investment and maintaining exports. Total investment capital from the state budget for the whole year was estimated at 466.6 trillion VND (+ 34.5%YoY), completing 91% of the year plan. This is also the highest growth rate in the 2016-2020 period. Meanwhile, despite the disruption of the global supply chain, Vietnam's trade was still thriving, especially exports. Accordingly, the trade balance also achieved a record surplus of USD 19.1 billion with the main contribution from the growth in exports of the FDI sector.

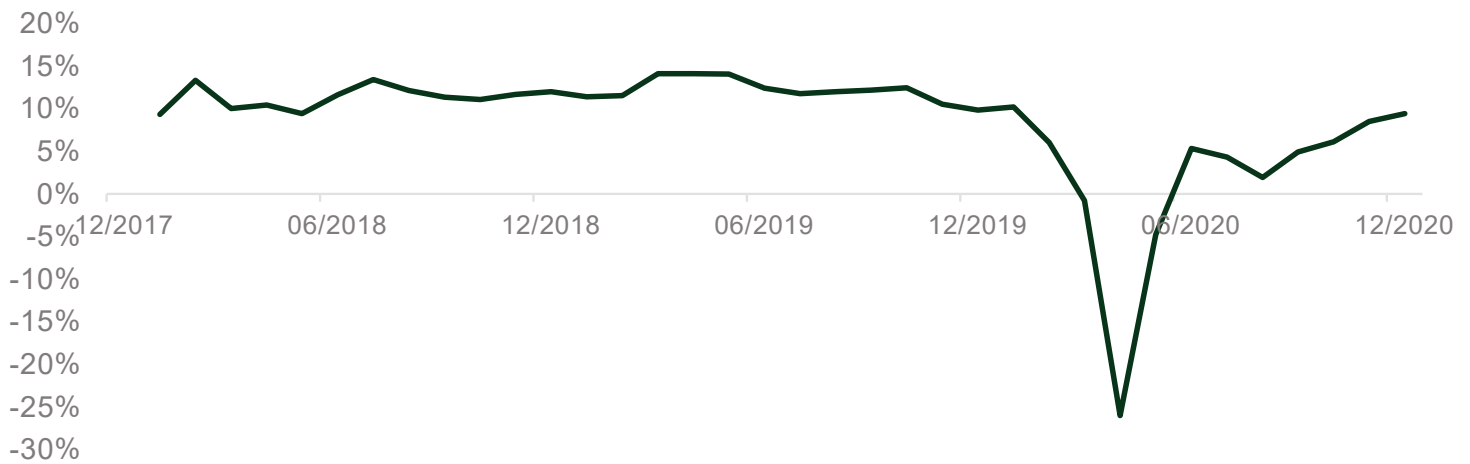
#### **Manufacturing**

— IIP (%YoY)-L — PMI-R





## Retail Sales Growth (%YoY)



The stock market in 2020 also experienced a volatile year. Along with the general trend of the world stock market, Vietnam's stock market had also plunged by 30% since the coronavirus outbreak with the running away of foreign investment funds. The VNIndex bottomed at 659 points on March 24, 2020 before entering sharply reversion. In the context of multi policies to support the economy were released all over the world, Vietnam was no exception with huge supportive package of over VND 500 trillion and 3 times of operating interest rate cut by SBV in 2020. Hence, plentiful "cheap money flow" has poured into the stock market to offset all net sale of foreign investors and support the recovery. In addition, the stock market also recorded a new high of margin lending, estimated at more than VND 81 trillion by the end of 4Q2020 and welcomed many new domestic individual investors joining after the crash over fear of COVID-19's impacts. Total new stock trading accounts in 2020 reached more than 392 thousand accounts, double that of last year. Meanwhile, despite of maintaining a net selling position, foreign investment funds also showed interest in domestic ETFs launched in the past year. Particularly, they strongly net bought ETF fund certificates tracking new indexes such as VN Diamond and VNFIN Lead. At the end of 2020, the VNIndex closed at 1,103.87 points, increased 15% compared the end of 2019. The average trading values on the stock market, included HOSE and HNX, also improved significantly to VND 6,938 billion/day, an increase of 60% compared to the average of 2019.

The size of derivative stock market had also expanded, especially during the downturn, triggering hundreds of thousands of short-sell orders to help investors hedge risks. For the whole year 2020, there were 39.9 million contracts executed, equivalent to an average of about 158 thousand contracts per day, almost double the average number of transaction contracts in 2018 and 2019. Open interest (OI) at the end of December 2020 reached 40,339 contracts, rise sharply from 16,625 contracts at the end of 2019.





## BUSINESS RESULT IN 2020

2020 is a special year of securities market, but Phu Hung Securities Corporation had a good year of business and is expecting to keep up the growth momentum as last year. After-tax profit of PHS was VND 52.8 billion which represented 97% of the Fiscal year 2020 plan approved by shareholders at last year's Annual General Meeting of Shareholders (AGMS). This had made the highest record on profit of the Company since establishment.

## STRATEGIC TRANSFORMATION IN 2020

Phu Hung Securities has been greeting a new business era after successfully consolidated An Thanh Securities in early 2016. The strategic consolidation greatly enhanced the Company's operational capacity in the northern urban area and strengthen the Company's network development expectation to the whole country. After years of effort, the Company has regained strong growth momentum and seen many beneficial prospects for the future development. In March 4th, 2020, the Company received amendment license No. 12/GPĐC-UBCK issued by State Securities Commission, approved the change of PHS's charter capital to VND 900 billion. In June 16th, 2020, PHS was approved by the State Securities Commission to operate Derivative Securities Trading as license No. 03/GCN-UBCK. In 2021, the Company expected to move into its high-profit growth cycle amid the optimistic market prospect and strong corporate governance.

Successful projects require careful planning, communication and management of a wide range of products, services and stakeholders. PHS believe the key to transformation is either in modernizing our applications, re-architecting their infrastructure or optimizing their operations to keep up with the pace of today's business. In 2021, PHS will host of new technologies into internal management system, trading system to improve our business performance.

## ENVIRONMENT AND SOCIAL RESPONSIBILITIES

### *Contribution for market information*

As one of the leading foreign securities companies in Vietnam, PHS takes on going responsibilities to contribute and develop the capital markets, especially in promoting transparency, integrity and innovation. The Company has proactively participated in market and industry activities. PHS frequently connects Taiwanese financial enterprises and experts with the State Securities Commission of Vietnam and the Stock Exchanges for mutual exchange of information and experience in deploying the new financial products for Vietnam market.

We believe that the purpose of business is not simply about profit. By contributing and developing the market, we always act as the pioneer in orienting Vietnam securities market.

### *Raising the young generation*

We realize that our responsibility is actively contribute to the environment's protection and society's development. Our development strategies are designed to enhance the expertise and experience of our staffs. Human resource is considered as our greatest asset with people management, which being a key factor in our sustainable development.



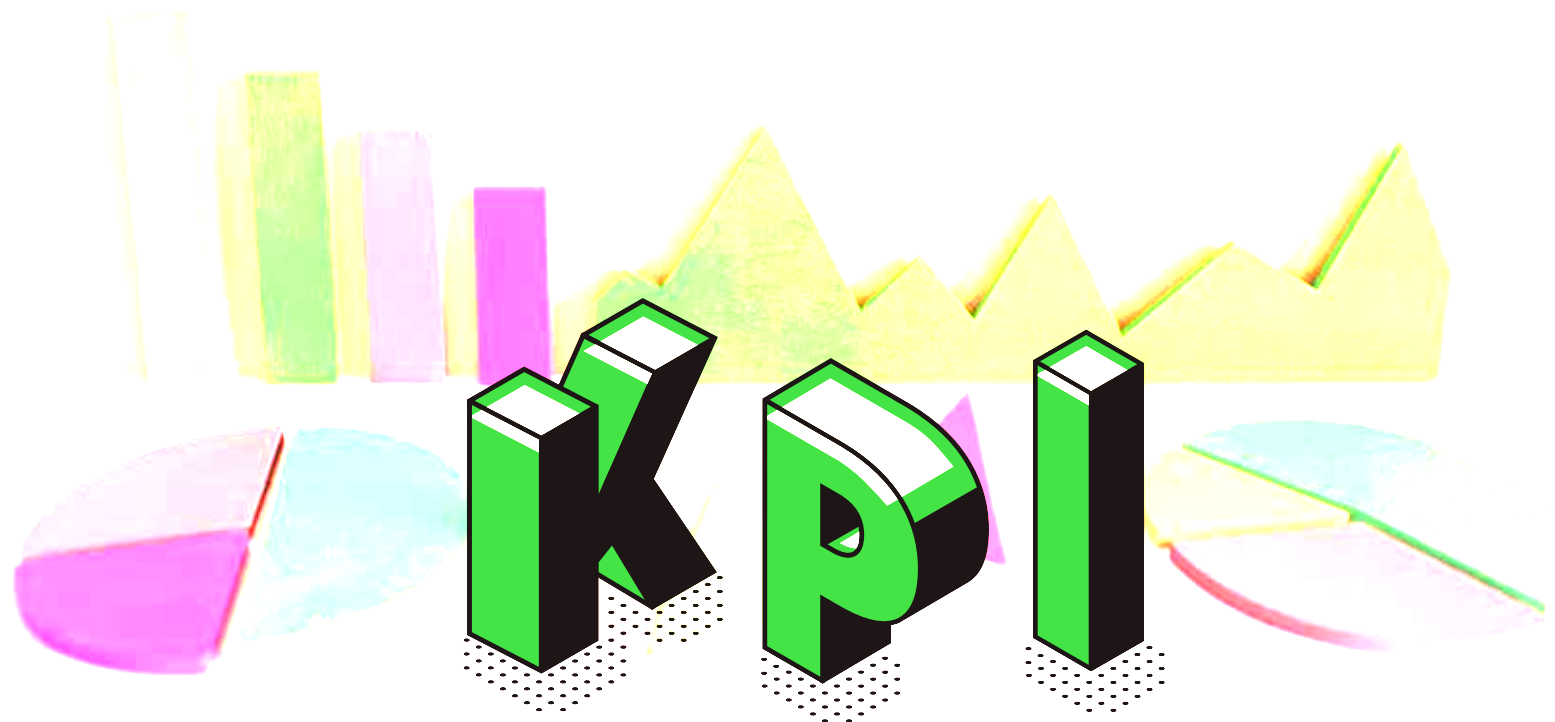
One of the social responsibility activities of PHS is frequently hold the trainings for college, university students to help them in career orientation in financial-securities field as well as supporting the younger in improving their skills, creating opportunities for them to participate in the business environment, and promoting a healthy and stimulating environment in which they can thrive.

## **ASSESSMENT OF BOARD OF DIRECTORS ON MANAGEMENT'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 Board of Management have executed their duties in compliance with prevailing laws, the Company Charter and the Resolutions of General Shareholders Meetings. Although affected by Covid-19, but revenue and profit before tax of PHS are increased significantly, which increased by 7.2% and 14%, respectively. This is strong evidence to show that our performance are really improved and much better than previous years. We 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.





## PLANS, ORIENTATIONS OF THE BOARD OF DIRECTORS

In 2021, PHS is expected to move into its high-profit growth cycle amid the optimistic market prospect and strong corporate governance. To reach the challenging goals, the Board of Directors of Phu Hung Securities will follow the critical strategies as follows:

- a) Strengthen research – We target to build a comprehensive and in depth research reports system for better support business activities of the Board of Management, sales divisions including retail and institutional and other divisions. We are proud of being a rare company in the market providing reports in Chinese besides English and Vietnamese and will continue outperform on this. Powerful research will enhance reputation and create a sustainable competitive advantage for the company in the long term.
- b) To exploit new products – The derivatives market has been continued to impress with the numbers growing rapidly in transaction scale as well as investors' interest. In 2020, PHS has completed the trading system and SSC has approved the License of eligibility to trade derivative securities for PHS. In 2021, the company will exploit and develop the derivative products to offer more investment options to customers. The Company will organize seminars for investors and training courses for all employees about derivatives products.
- c) Advanced utility services – to create the convenience of using these utilities for customers and improve quality service, in 2020, PHS has completed to develop the Mobile App securities trading platform. In 2021, we will continue to improve the interface as well as related features to provide the most comfortable and suitable for customers when trading stock.
- d) To approach institutional customer network – In 2021, PHS is not only trying to recruit more human resources to develop this kind of customers but it also devote to support institutional customer in understanding securities market and provide them professional consultancy in investment.





## V. CORPORATE GOVERNANCE

### BOARD OF DIRECTOR

#### MEMBERS AND STRUCTURE OF THE BOARD OF DIRECTORS

No.	Members of Board of Directors	Position at PHS	Position at other companies	Ratio of share owning at PHS
1.	Mr. Albert Kwang-Chin Ting	Chairman of the Board	Chairman of CX Technology Corporation	0%
2.	Mr. Nguyen Doan Hung	Member	BOD member of Masan Group Corporation	0%
3.	Mr. Wu, Jin Jeng	Member	Chairman of CX Technology (VN) Corporation	0%
4.	Mr. Chen Chia Ken	Member		0%
5.	Ms. Liu, Hsiu-Mei	Independent Member		0%

#### THE COMMITTEES OF THE BOARD OF DIRECTORS: N/A

#### ACTIVITIES OF THE BOARD OF DIRECTORS

In 2020, the Board of Directors completed the assignments from the General Meeting of Shareholders, thereby, partially contributed to the improvement of business results of PHS and increases PHS's brokerage market share in stock market.

On 21 January 2020, the Board of Directors passed the amendment of Risk Management Policy.

On 27 April 2020, the Board of Directors passed the revised Charter, and the revised Regulation in corporate governance to submit to the Annual General Meeting of Shareholders dated 27 April 2020 for approval and implementation.

The prescribed documents updated the latest regulations, created the sustainable legal frame, a firm foundation for PHS to operate effectively and promptly in accordance with the laws.

PHS also established the Risk Management Committee and Internal Audit to support the Board of Directors to control the compliance with regulations of laws and internal regulations. With members who had several years of specialist experience in securities market, the Risk Management Committee and Internal Audit helped the Board of Directors control well the risk in daily business activities of the Company.

In 2020, the Board of Directors organized 09 meetings, passed 11 Resolutions with the noticeable contents, as follows:

No.	Date	Code No. of Resolution	Content
1.	January 21 <sup>st</sup> 2020	02/46_0120/NQ-HDQT	<ol style="list-style-type: none"> <li>1. Pass the Renewing Credit Line Agreement with Cathay United Bank – Chu Lai Branch (DBU);</li> <li>2. Pass the Renewing Credit Line Agreement with renewing Credit Line Agreement with Cathay United Bank (OBU);</li> </ol>



			<ol style="list-style-type: none"> <li>3. Pass the Renewing Credit Line Agreement with Bank SinoPac, Ho Chi Minh City Branch;</li> <li>4. Pass the Renewing Credit Line Agreement with First Commercial Bank, Ho Chi Minh City Branch;</li> <li>5. Pass the Risk Management Policy 2020.</li> </ol>
2.	March 18 <sup>th</sup> 2020	01/47_0220/NQ-HĐQT	<ol style="list-style-type: none"> <li>1. Pass the Record Date, the Meeting Date of the Annual General Meeting of Shareholders;</li> <li>2. Pass the Moving Office of Hanoi Branch and changing its registered address with State Securities Commission;</li> <li>3. Pass the Renewing Credit Line Agreement with Fubon Bank, Ho Chi Minh City Branch;</li> <li>4. Pass the Signing Facility Letter with Bank Sinopac (OBU).</li> </ol>
3.	April 07 <sup>th</sup> 2019	01/48_0320/NQ-HĐQT	<ol style="list-style-type: none"> <li>1. Pass the Report on result of capital injection up to VND 900,000,000,000 (Nine hundred billion Vietnam dong);</li> <li>2. Pass the Agenda and documents using in the 2020 Annual General Meeting of Shareholders (AGMS) dated April 27th, 2020;</li> <li>3. Pass the Audited Financial Statement of 2019;</li> <li>4. Pass the Report of the Board of Directors on the Business performance in 2019;</li> <li>5. Pass the Report on Corporate Governance of PHS of 2019;</li> <li>6. Pass the Profit Distribution Plan for Year 2019;</li> <li>7. Pass the 2020 Development and Business Plan;</li> <li>8. Pass the Financial Budget Plan for Year 2020;</li> <li>9. Pass the Selection of Auditor for Year 2020;</li> <li>10. Pass the Revised Charter of PHS;</li> <li>11. Pass the Report on Utilization of Capital raised from the private placement of shares from 03 December 2018 to 06 December 2018;</li> <li>12. Pass the Report on Utilization of Capital raised from the private placement of shares dated 12 February 2020;</li> <li>13. 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 April 27th, 2020;</li> <li>14. Pass the Audited Financial Safety Ratio Report on 31 December 2019;</li> <li>15. Pass the Renewing Credit Line Agreement with Cathay Bank, Chu Lai Branch;</li> <li>16. Pass the Renewing Credit Line Agreement with Mega International Commercial Bank Co., Ltd - Ho Chi Minh Branch;</li> </ol>





			17. Pass the Renewing Credit Line Agreement with Mega International Commercial Bank Co., Ltd – Offshore Branch.
4.	May 28 <sup>th</sup> 2020	02/49_0420/NQ-HĐQT	<ol style="list-style-type: none"> <li>1. Pass the Renewing Credit Line Agreement with First Commercial Bank, Offshore Branch;</li> <li>2. Pass the Renewing Credit Line Agreement with Union Bank of Taiwan;</li> <li>3. Pass the the Renewing Credit Line Agreement with Taiwan Shin Kong Commercial Bank;</li> <li>4. Pass the Renewing Credit Line Agreement with Chang Hwa Bank, HSI-Sung Branch;</li> <li>5. Pass the Signing the Overdraft Agreement with Bank for Investment; and Development of Vietnam JSC, Nam Ky Khoi Nghia Branch.</li> </ol>
		03/49_0420/NQ-HĐQT	<ol style="list-style-type: none"> <li>1. Pass the the Date to finalize the list of shareholders to pay cash dividend in 2019.</li> </ol>
5.	July 17 <sup>th</sup> 2020	02/50_0520/NQ-HĐQT	<ol style="list-style-type: none"> <li>1. Pass the Credit Line Agreement with Vietnam Joint Stock Commercial Bank For Industry And Trade, Branch 4 Ho Chi Minh City;</li> <li>2. Pass the Renewing Credit Line Agreement with Yuanta, Offshore Banking Branch;</li> <li>3. Pass the Renewing Facility Letter with E.Sun Commercial Bank, Ltd., Dong Nai Branch;</li> <li>4. Pass the Renewing Credit Line Agreement with the Shanghai Commercial &amp; Savings Bank, Ltd., Dong Nai Branch;</li> <li>5. Pass the Renewing Credit Line Agreement with the Shanghai Commercial &amp; Savings Bank, Ltd., Hong Kong Branch.</li> </ol>
		03/50_0520/NQ-HĐQT	<ol style="list-style-type: none"> <li>1. Pass the Service Contract with Phu Hung Fund Management Joint Stock Company.</li> </ol>
6.	September 10 <sup>th</sup> 2020	01/51_0620/NQ-HĐQT	<ol style="list-style-type: none"> <li>1. Pass the Renewing Credit Line with Orient Commercial Joint Stock Bank, Ho Chi Minh City Branch;</li> <li>2. Pass the Renewing Credit Line with Taishin International Bank Co., Ltd.,;</li> <li>3. Pass the Renewing Credit Line with EnTie Commercial Bank;</li> <li>4. Pass the Renewing Credit Line with Shanghai Commercial &amp; Savings Bank, Ltd, Dong Nai Branch;</li> <li>5. Pass the Changing the Head of Risk Management Division of Company.</li> </ol>





7.	October 09 <sup>th</sup> 2020	01/52_0720/NQ-HĐQT	<ol style="list-style-type: none"> <li>1. Pass the Establishment of new Branch of the Company and the authorization to this Branch to execute securities business;</li> <li>2. Pass the Appointment of Director of Thanh Xuan Branch and registering the change of representative of this branch to State Securities Commission and Vietnam Securities Depository Center.</li> </ol>
8.	November 06 <sup>th</sup> 2020	02/53_0820/NQ-HĐQT	<ol style="list-style-type: none"> <li>1. Pass the Signing the Overdraft Agreement with Bank for Investment and Development of Vietnam JSC, Ha Thanh Branch;</li> <li>2. Pass the Renewal of Credit Line with Bank SinoPac, Ho Chi Minh City Branch.</li> </ol>
9.	December 30 <sup>th</sup> 2020	02/54_0920/NQ-HĐQT	<ol style="list-style-type: none"> <li>1. Pass the Business Plan 2021;</li> <li>2. Renewal of Credit Line with Indovina Bank.</li> </ol>

### ACTIVITIES OF INDEPENDENT MEMBERS OF THE BOARD OF DIRECTORS

In 2020, independent member of Board of Directors completed the assigned tasks. Together with Inspection Committee, independent member of Board of Directors inspected and observed the activities of Board of Directors and Board of Management of PHS in daily business operation of Company.

### LIST OF MEMBERS OF THE BOARD OF DIRECTORS POSSESSING CERTIFICATES ON CORPORATE GOVERNANCE

No.	Member of Board of Directors	Position at PHS	Certificate on corporate governance	Attendance on corporate governance program in 2020
1.	Mr. Albert Kwang-Chin Ting	Chairman of the Board	Yes	Yes
2.	Mr. Nguyen Doan Hung	Member	Yes	Yes
3.	Mr. Wu Jin Jeng	Member	No	Yes
4.	Mr. Chen Chia Ken	Member	Yes	Yes
5.	Ms. Liu, Hsiu - Mei	Independent member	No	Yes





## INSPECTION COMMITTEE

### MEMBERS AND STRUCTURE OF THE INSPECTION COMMITTEE

No.	Member of Inspection Committee	Position at PHS	Position at other companies	Ratio of share owning at PHS
1.	Mr. Liew, Sep Siang	Head of Inspection Committee	Deputy General Director of Phu Hung Assurance Corporation	0%
2.	Mr. Lii, San-Rong	Member		0%
3.	Mr. Chiu, Hsien-Chih	Member	General Director of CX Technology (VN) Corp.	0%

### ACTIVITIES OF THE INSPECTION COMMITTEE

In 2020, Inspection Committee conducted the appointed assignment in the spirit of objectivity, independence, in accordance with the regulations of laws and internal regulations of PHS, including: inspecting, observing and assessing the management of Board of Directors, Board of Management, as well as the operation of division in the Company.

In 2020, the Inspection Committee conducted the meetings as prescribed in the following meeting minutes:

No.	Date	No. of Resolution	Content
1.	April 07 <sup>th</sup> 2020	01/12_0120/BB-BKS	<ol style="list-style-type: none"> <li>Report of Inspection Committee on business performance in 2019 to the Annual General Meeting in 2020;</li> <li>Submission for approval on Selection for Auditor in 2020 to the Annual General Meeting of Shareholders in 2020.</li> </ol>
2.	September 18 <sup>th</sup> 2020	01/13_0220/BB-BKS	<ol style="list-style-type: none"> <li>Interim Financial Statements for the six-month period ended June 30<sup>th</sup>, 2020.</li> <li>Financial Statements review in August 2020;</li> <li>Business Performance review in August 2020;</li> <li>Valuation Report on controlling system at PHS in 2nd Quarter, 2020.</li> </ol>





# **TRANSACTIONS, REMUNERATIONS AND INTERESTS OF THE BOARD OF DIRECTORS, BOARD OF MANAGEMENT AND INSPECTION COMMITTEE**

## **SALARY, REWARDS, REMUNERATION AND BENEFITS**

Members of Board of Directors and Inspection Committee receive remuneration in accordance with the Company's policy. The total remuneration for members of Board of Directors and Inspection Committee is VND 1,920,000,000.

Members of Board of Management including General Director and Deputy General Director receive salary and bonus as Company's policy.

## **TRANSACTIONS OF INTERNAL SHAREHOLDERS: N/A**

## **CONTRACTS OR TRANSACTIONS WITH INTERNAL SHAREHOLDERS: N/A**

## **IMPLEMENTATION OF REGULATIONS ON CORPORATE GOVERNANCE**

In 2020, in compliance to the regulation on corporate governance of public company as provided in Decree 71/2017/NĐ-CP on guidance of corporate governance applicable to public company ("Decree 71/2017/NĐ-CP"), PHS amended and revised the Charter, and the Regulation on Corporate Governance and submitted to the Annual General Meeting of Shareholders dated 27 April 2020.

At the same time, PHS made the legal update on new regulations of Decree 155/2020/NĐ-CP for the divisions' information, disseminate on the new Securities Law No. 54/2019/QH14 effective January 1st, 2021 and further action.







## VI. FINANCIAL STATEMENTS

### **AUDITOR'S OPINIONS**

#### **INDEPENDENT AUDITOR'S REPORT**

##### **To the Shareholders Phu Hung Securities Corporation**

We have audited the accompanying financial statements of Phu Hung Securities Corporation ("the Company"), which comprise the statement of financial position as at 31 December 2020, the statements of income, cash flows and changes in equity for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Management on 3 March 2021, as set out on pages 6 to 64.

#### **Management's Responsibility**

The Company's Board of Management 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. 210/2014/TT-BTC dated 30 December 2014 ("Circular 210") issued by the Ministry of Finance on the promulgation of accounting guidance for securities companies and Circular No. 334/2016/TT-BTC dated 27 December 2016 issued by the Ministry of Finance amending, supplementing and superseding Appendix 02 and Appendix 04 of Circular 210 and the relevant statutory requirements applicable to financial reporting, and for such internal control as the Board of Management 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 Management, 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 Phu Hung Securities Corporation as at 31 December 2020 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. 210/2014/TT-BTC dated 30 December 2014 issued by the Ministry of Finance on the promulgation of accounting guidance for securities companies and Circular No. 334/2016/TT-BTC dated 27 December 2016 issued by the Ministry of Finance amending, supplementing and superseding Appendix 02 and Appendix 04 of Circular 210 and the relevant statutory requirements applicable to financial reporting.

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

Vietnam

Audit Report No.: 20-01-00135-21-1



Nelson Rodriguez Casihan  
Practicing Auditor Registration  
Certificate No. 2225-2018-007-1  
*Deputy General Director*

Nguyen Thi Thu Ha  
Practicing Auditor Registration  
Certificate No. 2236-2018-007-1

Ho Chi Minh City, 3 March 2021

## **AUDITED FINANCIAL STATEMENTS**

**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019**





				31/12/2020 VND	31/12/2019 VND
	Code	Note			
ASSETS					
A	CURRENT ASSETS (100 = 110 + 130)	100		2,077,677,150,112	1,652,163,390,210
I	Financial assets	110		2,075,272,340,831	1,650,131,619,899
1	Cash and cash equivalents	111	5	127,518,080,479	320,167,339,450
1.1	Cash	111.1		70,656,481,089	280,687,339,450
1.2	Cash equivalents	111.2		56,861,599,390	39,480,000,000
2	Financial assets at fair value through profit or loss (“FVTPL”)	112	7(a)	10,478,501,257	4,031,198,460
3	Held-to-maturity investments	113	7(b)	390,001,100,000	140,000,000,000
4	Loans receivable	114	7(c)	1,526,115,693,192	1,152,505,700,729
6	Allowance for diminution in value of financial assets	116	11(a)	(6,837,025,917)	(6,209,462,344)
7	Receivables	117	8	21,521,607,009	20,293,692,333
7.2	Dividends and interest receivables from financial assets	117.2		21,521,607,009	20,293,692,333
8	Prepayments to suppliers	118		1,146,949,756	906,042,782
9	Receivables from services rendered	119	9	1,586,330,917	14,854,588,411
12	Other receivables	122	10	12,927,427,365	12,908,730,609
13	Allowance for doubtful debts	129	11(b)	(9,186,323,227)	(9,326,210,531)
II	Other current assets	130		2,404,809,281	2,031,770,311
1	Advances	131		160,762,020	234,021,500
3	Short-term prepaid expenses	133	12(a)	2,244,047,261	1,797,748,811
B	LONG-TERM ASSETS (200 = 220 + 240 + 250)	200		57,423,084,938	24,670,500,938
II	Fixed assets	220		19,046,066,554	10,079,106,115
1	Tangible fixed assets	221	13	14,967,601,180	7,594,889,993
	Cost	222		37,403,994,515	29,261,905,860
	Accumulated depreciation	223a		(22,436,393,335)	(21,667,015,867)
3	Intangible fixed assets	227	14	4,078,465,374	2,484,216,122
	Cost	228		10,985,466,400	8,161,659,400
	Accumulated amortisation	229a		(6,907,001,026)	(5,677,443,278)
IV	Construction in progress	240	15	8,998,200,000	-
V	Other long-term assets	250		29,378,818,384	14,591,394,823
1	Long-term deposits	251	16	4,091,454,365	2,158,593,638
2	Long-term prepaid expenses	252	12(b)	5,509,349,173	5,375,565,117
3	Deferred tax assets	253	17	313,898,778	93,120,000
4	Deposits at Payment Support Fund	254	18	9,464,116,068	6,964,116,068
5	Other long-term assets	255	19	10,000,000,000	-
	TOTAL ASSETS (270 = 100 + 200)	270		2,135,100,235,050	1,676,833,891,148





	Code	Note	31/12/2020 VND	31/12/2019 VND
<b>C LIABILITIES</b> <b>(300 = 310 + 340)</b>	<b>300</b>		<b>1,141,671,321,227</b>	<b>906,548,441,876</b>
<b>I Current liabilities</b>	<b>310</b>		<b>1,140,359,800,393</b>	<b>906,211,288,048</b>
1 Short-term borrowings and finance lease liabilities	311		747,535,000,000	775,236,400,000
1.1 <i>Short-term borrowings</i>	312	20	747,535,000,000	775,236,400,000
6 Accounts payable for securities trading activities	318	21	364,528,420,516	111,293,382,916
8 Accounts payable to suppliers	320		4,111,386,287	115,116,481
10 Taxes payable to State Treasury	322	22	7,809,489,765	4,876,090,886
11 Payables to employees	323		6,146,000	5,830,000
12 Employees' benefits payable	324		376,030,823	379,476,823
13 Accrued expenses	325	23	15,185,556,152	13,772,928,606
15 Unearned revenue	327		4,999,997	-
17 Other payables	329	24	802,770,853	532,062,336
<b>II Long-term liabilities</b>	<b>340</b>		<b>1,311,520,834</b>	<b>337,153,828</b>
12 Provisions – long-term	354		1,311,520,834	317,300,000
14 Deferred tax liabilities	356	17	-	19,853,828
<b>D EQUITY (400 = 410)</b>	<b>400</b>		<b>993,428,913,823</b>	<b>770,285,449,272</b>
<b>I Owners' equity</b>	<b>410</b>		<b>993,428,913,823</b>	<b>770,285,449,272</b>
1 Share capital	411		899,998,815,000	699,998,815,000
1.1 <i>Share capital</i>	411.1	25	900,000,000,000	700,000,000,000
1.5 <i>Treasury shares</i>	411.5		(1,185,000)	(1,185,000)
4 Reserve to supplement share capital	414		5,018,242,793	2,376,077,650
5 Financial reserve	415		5,018,242,793	2,376,077,650
7 Retained profits	417		83,393,613,237	65,534,478,972
7.1 <i>Realised profits</i>	417.1		80,534,286,294	63,350,375,977
7.2 <i>Unrealised profits</i>	417.2		2,859,326,943	2,184,102,995
<b>TOTAL LIABILITIES AND EQUITY (440 = 300 + 400)</b>	<b>440</b>		<b>2,135,100,235,050</b>	<b>1,676,833,891,148</b>





## OFF-BALANCE SHEET ITEMS

	Code	31/12/2020 VND	31/12/2019 VND
<b>A. THE COMPANY'S ASSETS</b>			
6 Shares in circulation (quantity of securities)	006	89,999,510	69,999,510
7 Treasury shares (quantity of securities)	007	490	490
8 Listed/registered financial assets at Vietnam Securities Depository ("VSD") of the Company	008	2,314,440,000	1,035,980,000
9 Custodied financial assets at VSD but not yet traded of the Company	009	2,550,000	2,550,000
10 The Company's financial assets in transit	010	546,600,000	234,000,000
13 The Company's right to receive financial assets	013	80,000	220,000
<b>B. ASSETS AND PAYABLES RELATING TO ASSETS MANAGED BY THE COMPANY</b>			
1 Listed/registered financial assets at VSD of investors/customers	021	5,254,510,749,200	4,728,311,767,000
a Freely traded financial assets	021.1	4,978,338,825,200	4,588,152,077,000
b Financial assets restricted on transfer	021.2	56,603,070,000	12,941,700,000
c Pledged financial assets	021.3	59,866,560,000	59,866,560,000
d Blocked financial assets	021.4	70,000	70,000
e Financial assets awaiting settlement	021.5	159,702,224,000	67,351,360,000
2 Investors'/customers' financial assets custodied at VSD but not yet traded	022	173,019,360,000	78,327,490,000
a Freely traded financial assets at VSD but not yet traded	022.1	82,819,360,000	77,982,490,000
b Custodied financial assets at VSD but not yet traded and restricted on transfer	022.2	90,200,000,000	345,000,000
3 Investors'/customers' financial assets in transit	023	193,086,368,800	57,803,535,000
6 Investors'/customers' rights to receive financial assets	025	502,930,000	3,374,990,000
7 Customers' deposits	026	204,242,106,418	49,435,441,889
7.1 Customers' cash deposits managed by the Company for securities transactions	027	204,049,998,312	49,435,441,889
7.2 Customers' margin deposits at VSD	027.1	192,108,106	-





	<b>Code</b>	<b>31/12/2020 VND</b>	<b>31/12/2019 VND</b>
8 Payables to customers for cash deposits managed by the Company for securities transactions	031	204,049,998,312	49,435,441,889
8.1 Payables to domestic customers for cash deposits managed by the Company for securities transactions	031.1	198,767,205,992	44,338,806,235
8.2 Payables to foreign customers for cash deposits managed by the Company for securities transactions	031.2	5,282,792,320	5,096,635,654

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	Code	Note	2020 VND	2019 VND
<b>I OPERATING INCOME</b>				
1.1 Gains from financial assets at fair value through profit or loss (“FVTPL”)	01		3,976,256,726	1,523,389,675
<i>a Gains from sales of financial assets at FVTPL</i>	<i>01.1</i>	<i>26</i>	<i>3,734,101,207</i>	<i>1,295,749,556</i>
<i>b Unrealised gains from revaluation of financial assets at FVTPL</i>	<i>01.2</i>		<i>159,481,540</i>	<i>72,427,735</i>
<i>c Dividends and interest income from financial assets at FVTPL</i>	<i>01.3</i>		<i>82,673,979</i>	<i>155,212,384</i>
1.2 Interest income from held-to-maturity investments	02	27	27,614,667,457	11,269,902,468
1.3 Income from loans and receivables	03	28	113,157,436,199	129,349,693,034
1.6 Revenue from securities brokerage	06		65,883,939,919	50,210,586,426
1.9 Revenue from securities custody	09		1,646,389,358	1,532,409,051
1.10 Revenue from advisory services	10		240,898,989	934,954,546
1.11 Other operating income	11		875,546,829	760,293,206
<b>Total operating income</b>	<b>20</b>		<b>213,395,135,477</b>	<b>195,581,228,406</b>
<b>II OPERATING EXPENSES</b>				
2.1 Losses from financial assets at FVTPL	21		1,656,736,731	1,208,225,048
<i>a Losses from sales of financial assets at FVTPL</i>	<i>21.1</i>	<i>26</i>	<i>1,627,679,139</i>	<i>1,235,066,451</i>
<i>b Unrealised losses/(gains) from revaluation of financial assets at FVTPL</i>	<i>21.2</i>		<i>29,057,592</i>	<i>(26,841,403)</i>
2.4 Allowance for loans and receivables	24	11(a)	627,563,573	157,822,703
2.6 Expenses for securities trading and investments	26		1,520,697,400	1,298,954,093
2.7 Expenses for securities brokerage	27	29	75,421,882,659	65,714,817,896
2.10 Expenses for securities custody	30		1,998,397,657	2,095,489,555
2.11 Expenses for advisory services	31		1,180,083,060	872,179,884
2.12 Other operating expenses	32	11(b)	(139,887,304)	36,521,025
<b>Total operating expenses</b>	<b>40</b>		<b>82,265,473,776</b>	<b>71,384,010,204</b>





		Code	Note	2020 VND	2019 VND
<b>III</b>	<b>FINANCIAL INCOME</b>				
3.1	Realised and unrealised foreign exchange gains	41		2,518,925,808	5,907,946,744
3.2	Dividends and interest income from bank deposits	42		343,733,993	288,524,752
	<b>Total financial income</b>	<b>50</b>		<b>2,862,659,801</b>	<b>6,196,471,496</b>
<b>IV</b>	<b>FINANCIAL EXPENSES</b>				
4.1	Realised and unrealised foreign exchange losses	51		2,779,182,547	6,483,647,059
4.2	Interest expense	52	30	16,777,859,843	26,790,151,853
	<b>Total financial expenses</b>	<b>60</b>		<b>19,557,042,390</b>	<b>33,273,798,912</b>
<b>VI</b>	<b>GENERAL AND ADMINISTRATION EXPENSES</b>	<b>62</b>	<b>31</b>	<b>48,345,101,618</b>	<b>39,205,293,931</b>
<b>VII</b>	<b>RESULTS FROM OPERATING ACTIVITIES</b> (70 = 20 + 50 – 40 – 60 – 62)	<b>70</b>		<b>66,090,177,494</b>	<b>57,914,596,855</b>
<b>VIII</b>	<b>OTHER INCOME AND OTHER EXPENSES</b>				
8.1	Other income	71		23,230,909	15,752,368
8.2	Other expenses	72		398,046,521	125,000,000
	<b>Results from other activities</b> (80 = 71 – 72)	<b>80</b>		<b>(374,815,612)</b>	<b>(109,247,632)</b>
<b>IX</b>	<b>ACCOUNTING PROFIT BEFORE TAX</b> (90 = 70 + 80)	<b>90</b>		<b>65,715,361,882</b>	<b>57,805,349,223</b>
9.1	Realised profit before tax	91		65,040,137,934	52,329,380,085
9.2	Unrealised profit before tax	92		675,223,948	5,475,969,138





		Code	Note	2020 VND	2019 VND
<b>X</b>	<b>INCOME TAX EXPENSE</b>	<b>100</b>		12,872,059,031	10,283,796,217
10.1	Income tax expense - current	100.1	32	13,112,691,637	10,357,062,389
10.2	Income tax benefit - deferred	100.2	32	(240,632,606)	(73,266,172)
<b>XI</b>	<b>NET PROFIT AFTER TAX</b> <b>(200 = 90 - 100)</b>	<b>200</b>		<b>52,843,302,851</b>	<b>47,521,553,006</b>
<b>XII</b>	<b>OTHER COMPREHENSIVE</b> <b>INCOME</b>	<b>300</b>		-	-
<b>XIII</b>	<b>EARNINGS PER SHARE</b>	<b>500</b>			
13.1	Basic earnings per share	501	33	603	679





	Code	2020 VND	2019 VND
<b>I CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>1 Profit before tax</b>	<b>01</b>	<b>65,715,361,882</b>	<b>57,805,349,223</b>
<b>2 Adjustments for</b>	<b>02</b>	<b>19,230,154,324</b>	<b>36,292,416,390</b>
Depreciation and amortisation of fixed assets	03	3,738,560,161	2,580,795,791
Allowances and provisions	04	487,676,269	194,343,728
Unrealised foreign exchange gains	05	(544,800,000)	(5,376,700,000)
Interest expense	06	16,777,859,843	26,790,151,853
Gains from investment activities	07	(1,227,273)	-
Accrued interest income	08	(1,227,914,676)	12,103,825,018
<b>3 Change in non-monetary expenses</b>	<b>10</b>	<b>29,057,592</b>	<b>(26,841,403)</b>
Increase/(decrease) in revaluation losses from financial assets at FVTPL	11	29,057,592	(26,841,403)
<b>4 Change in non-monetary income</b>	<b>18</b>	<b>(159,481,540)</b>	<b>(72,427,735)</b>
Increase in revaluation gains from financial assets at FVTPL	19	(159,481,540)	(72,427,735)
<b>5 Operating profit before changes in working capital (30 = 01 + 02 + 10 + 18)</b>	<b>30</b>	<b>84,815,092,258</b>	<b>93,998,496,475</b>
Increase in financial assets at FVTPL	31	(6,316,878,849)	(1,352,732,732)
Increase in held-to-maturity investments	32	(250,001,100,000)	(60,000,000,000)
(Increase)/Decrease in loans receivable	33	(373,609,992,463)	22,662,252,258
Decrease in receivables from services rendered	37	13,268,257,494	872,427,552
(Increase)/decrease in other receivables	39	(18,696,756)	27,257,539
Increase in other assets	40	(14,359,601,247)	(2,674,040,314)
Increase in accrued expenses	41	2,330,212,027	1,196,160,820
Increase in prepaid expenses	42	(580,082,506)	(1,714,597,169)
Corporation income tax paid	43	(12,277,559,889)	(7,108,114,533)
Interest paid	44	(17,695,444,324)	(26,515,679,681)
(Decrease)/increase in accounts payable	45	(243,837,168)	194,577,918
(Decrease)/increase in employees' benefits	46	(3,446,000)	2,528,750
Increase in taxes payable to State Treasury	47	2,098,267,131	347,287,726
Increase in payables to employees	48	316,000	1,288,000
Increase in other payables	50	254,157,244,958	6,999,530,212
<b>Net cash flows from operating activities</b>	<b>60</b>	<b>(318,437,249,334)</b>	<b>26,936,642,821</b>





	Code	2020 VND	2019 VND
<b>II CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for additions to fixed assets and other long-term assets	61	(17,704,520,600)	(5,291,900,800)
Proceeds from disposals of fixed assets	62	1,227,273	-
<b>Net cash flows from investing activities</b>	<b>70</b>	<b>(17,703,293,327)</b>	<b>(5,291,900,800)</b>
<b>III CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from shares issued	71	200,000,000,000	-
Proceeds from short-term borrowings	73	5,131,947,752,099	4,154,226,008,349
Payments to settle borrowing principals	74	(5,159,104,352,099)	(4,021,278,908,349)
Dividend paid to the shareholders	76	(29,352,116,310)	(22,713,348,037)
<b>Net cash flows from financing activities</b>	<b>80</b>	<b>143,491,283,690</b>	<b>110,233,751,963</b>
<b>Net cash flows during the year</b>	<b>90</b>	<b>(192,649,258,971)</b>	<b>131,878,493,984</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>101</b>	<b>320,167,339,450</b>	<b>188,288,845,466</b>
<b>Cash and cash equivalents at the end of the year (Note 5)</b>	<b>103</b>	<b>127,518,080,479</b>	<b>320,167,339,450</b>
▪ Cash	103.1	70,656,481,089	280,687,339,450
▪ Cash equivalents	103.2	56,861,599,390	39,480,000,000





## CASH FLOWS OF CUSTOMERS FOR BROKERAGE AND ENTRUSTMENT ACTIVITIES

	Code	2020 VND	2019 VND
<b>Cash flows of customers for brokerage and entrustment activities</b>			
Proceeds from sales of securities brokered by the Company	01	20,707,417,053,638	16,250,528,692,063
Payments for purchases of securities brokered by the Company	02	(18,220,172,194,180)	(13,740,290,451,630)
Deposits received to settle securities transactions of customers	07	24,843,292,980,424	21,640,839,991,760
Investors' margin deposits at VSD	07.1	192,108,106	-
Payments to settle securities transactions of customers	08	(27,174,378,940,235)	(24,152,606,205,905)
Payments for custody fee of customers' securities	11	(1,544,343,224)	(1,135,396,445)
<b>Net cash flows during the year</b>	<b>20</b>	<b>154,806,664,529</b>	<b>(2,663,370,157)</b>
<b>Cash and cash equivalents of customers at the beginning of the year</b>	<b>30</b>	<b>49,435,441,889</b>	<b>52,098,812,046</b>
Cash in banks at the beginning of the year	31	49,435,441,889	52,098,812,046
▪ <i>Cash deposits for securities transactions of customers managed by the Company</i>	32	49,435,441,889	52,098,812,046
<b>Cash and cash equivalents of customers at the end of the year (40 = 20 + 30)</b>	<b>40</b>	<b>204,242,106,418</b>	<b>49,435,441,889</b>
Cash in banks at the end of the year	41	204,242,106,418	49,435,441,889
▪ <i>Cash deposits for securities transactions of customers managed by the Company</i>	42	204,242,106,418	49,435,441,889
<i>In which: Investors' margin deposits at VSD</i>		192,108,106	-





	Opening balance as at		Movements during the year ended				Closing balance as at	
	1/1/2019	1/1/2020	31/12/2019	31/12/2019	31/12/2020	31/12/2020	31/12/2019	31/12/2020
	VND	VND	Increase VND	(Decrease) VND	Increase VND	(Decrease) VND	VND	VND
Share capital	700,000,000,000	700,000,000,000	-	-	200,000,000,000	-	700,000,000,000	900,000,000,000
Other capital	-	-	-	-	-	-	-	-
Treasury shares	(1,185,000)	(1,185,000)	-	-	-	-	(1,185,000)	(1,185,000)
Reserve to supplement share capital	-	2,376,077,650	2,376,077,650	-	2,642,165,143	-	2,376,077,650	5,018,242,793
Financial reserve	-	2,376,077,650	2,376,077,650	-	2,642,165,143	-	2,376,077,650	5,018,242,793
Retained profits	45,864,919,566	65,534,478,972	47,521,553,006	(27,851,993,600)	52,843,302,851	(34,984,168,586)	65,534,478,972	83,393,613,237
<i>In which:</i>								
<i>Realised profits</i>	49,156,785,709	63,350,375,977	42,045,583,868	-	52,168,078,903	-	91,202,369,577	115,518,454,880
<i>Dividend distribution</i>	-	-	-	(23,099,838,300)	-	(29,699,838,300)	(23,099,838,300)	(29,699,838,300)
<i>Allocation for reserves</i>	-	-	-	(4,752,155,300)	-	(5,284,330,286)	(4,752,155,300)	(5,284,330,286)
<i>Unrealised (losses)/profits</i>	(3,291,866,143)	2,184,102,995	5,475,969,138	-	675,223,948	-	2,184,102,995	2,859,326,943
<b>Total</b>	<b>745,863,734,566</b>	<b>770,285,449,272</b>	<b>52,273,708,306</b>	<b>(27,851,993,600)</b>	<b>258,127,633,137</b>	<b>(34,984,168,586)</b>	<b>770,285,449,272</b>	<b>993,428,913,823</b>



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

## **1. Reporting entity**

### **(a) Establishment**

Phu Hung Securities Corporation (“the Company”) is a joint stock company established in Vietnam under Establishment and Operation Licence No. 122/GP-UBCK dated 20 January 2016 issued by the State Securities Commission of Vietnam.

The Company was established on the basis of combining Phu Hung Securities Corporation (“PHS”) – established under Establishment and Operation Licence No. 23/UBCK-GPHDKD dated 1 December 2006 and An Thanh Securities Joint Stock Company (“ATS”). Accordingly, the Company took over all of the assets, liabilities, rights and obligations of PHS and ATS as at 19 January 2016 and PHS and ATS ceased their operations from 20 January 2016. Assets and liabilities of PHS and ATS as at 19 January 2016 were transferred to the Company at book value and the net asset (total assets – total liabilities) of PHS and ATS as at 30 September 2015 formed the share capital of the Company.

The Company’s shares are registered for UpCoM trading with the code PHS in accordance with Decision No. 475/QĐ-SGDHN issued by Hanoi Stock Exchange on 19 July 2019.

### **(b) The Company’s charter capital**

As at 31 December 2020, the Company’s charter capital was VND 900,000,000,000 (31/12/2019: VND 700,000,000,000).

### **(c) Principal activities**

The principal activities of the Company are to carry out securities brokerage, securities trading, securities investment advisory, margin loan, securities custody and securities underwriting.

### **(d) Normal operating cycle**

The normal operating cycle of the Company is generally within 12 months.

### **(e) Number of employees**

As at 31 December 2020, the Company had 236 employees (31/12/2019: 198 employees).

## **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. 210/2014/TT-BTC dated 30





December 2014 (“Circular 210”) issued by the Ministry of Finance on the promulgation of accounting guidance for securities companies and Circular No. 334/2016/TT-BTC dated 27 December 2016 (“Circular 334”) issued by the Ministry of Finance amending, supplementing and superseding Appendix 02 and Appendix 04 of Circular 210 and the relevant statutory requirements applicable to financial reporting.

**(b) Basis of measurement**

The financial statements, except for the statement of cash flows and financial assets at fair value through profit and loss as described in Note 3(d), are prepared on the accrual basis using the historical cost concept. The statement of cash flows is prepared using the indirect 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 statement presentation purpose.

**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 rates 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 selling rates at the end of the accounting period quoted by the commercial bank where the Company most frequently conducts transactions at the end of the accounting period.

All foreign exchange (“FX”) differences are recorded in the statement of income.

**(b) Cash and cash equivalents**

Cash comprises cash on hand, cash in banks and cash deposits for securities transactions clearing and settlement of the Company. Cash deposits for securities transactions, securities transactions clearing and settlement of the customers are separated from the Company’s accounts.

Cash equivalents are short-term investments with term to maturity of not more than 3 months, which are readily convertible to known amount of cash and are subject to an insignificant risk of changes in value.

**(c) Financial assets and financial liabilities**

**(i) Recognition**

Financial assets and financial liabilities are recognised in statement of financial position when the Company becomes a party to the contractual provisions of the financial assets and financial liabilities.



**(ii) Classification and measurement**

Financial assets at fair value through profit or loss (“FVTPL”): see Note 3(d);

Held-to-maturity investments: see Note 3(e);

Loans receivable: see Note 3(f);

The Company classifies all of its financial liabilities as financial liabilities at amortised cost.

**(iii) Derecognition**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

**(iv) Offsetting**

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when and only when the Company has a legal right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**(d) Financial assets at FVTPL**

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

- It is considered by management 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.

Financial assets at FVTPL are initially recognised at cost which includes the purchase price. Subsequent to initial recognition they are measured at market price or fair value (when market price is not available) with changes in market price or fair value being recognised in profit or loss in the statement of income.

For listed securities, the market prices are the closing prices of securities from the Ho Chi Minh City Stock Exchange and the Hanoi Stock Exchange at the latest trading date prior to the reporting date.

For securities registered for trading in Unlisted Public Company Market (“UPCOM”), the market prices are the closing prices of securities from UPCOM at the latest trading date prior to the reporting date.

For unlisted securities and not yet registered for trading, the market price is the average price of the transaction prices at the latest trading date prior to the reporting date but within one month from the reporting date provided by three securities companies which are not related to the Company. In case there are no transaction prices within this period, no allowance is required.





For delisted securities and securities for which trading has been suspended or cancelled from the sixth day onward, the fair value is the book value at the latest balance sheet date.

Investments in equity instruments including derivative instruments to be settled by equity instruments are stated at cost if there are no market prices and their fair values cannot be determined reliably.

#### (e) 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 on initial recognition designates as at fair value through profit or loss;
- those that the Company on initial recognition designates as available-for-sale; and
- those that meet the definition of loans and receivable.

Held-to-maturity investments comprise term deposits at banks and these investments are stated at cost less allowance for doubtful debts.

#### (f) Loans receivable

Loans receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loans receivable comprise margin loans and advances to customers for the proceeds from selling securities and these loans receivable are stated at cost less allowance for doubtful debts. Allowance for doubtful debts is based on the difference between the market price or fair value of the collateral and the gross carrying amount of underlying loan at the reporting date.

#### (g) Accounts receivable

Receivables from sales of financial assets and services rendered and other receivables are stated at cost less allowance for doubtful debts.

Allowance for doubtful debts is made based on the overdue status of debts or expected losses on undue debts which may occur when an economic organisation is bankrupted or liquidated; or debtor is missing, running away, being prosecuted, in prison, under a trial or pending execution of sentences or deceased.

The allowance for doubtful debts based on overdue status is made by reference to overdue status as follows:

<i><b>Overdue status</b></i>	<i><b>Allowance rate</b></i>
From six (06) months to less than one (01) year	30%
From one (01) year to less than two (02) years	50%
From two (02) years to less than three (03) years	70%
From three (03) years and over	100%

For overdue debts, the Company's Management also assesses the expected recovery of the debts in determining the allowance.

Allowance for doubtful debts based on the expected losses of undue debts is determined by the Company's Management after giving consideration to the recovery of these debts.





## (h) **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 for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul cost, is charged to the statement of income in the year in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an 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 expenditure is capitalised as an additional cost 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:

▪ leasehold improvements	5 years
▪ office equipment	3 - 7 years
▪ motor vehicles	3 - 4 years
▪ fixtures and fittings	5 years

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## (i) **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 asset. Software cost is amortised on a straight-line basis over 3 to 7 years.

## (j) **Construction in progress**

Construction in progress presents the cost of software which have not been fully completed. No depreciation is provided for construction in progress during the period of installation.

## (k) **Long-term prepaid expenses**

Long-term prepaid expenses comprise of tools and instruments which include assets held for use by the Company in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under prevailing regulations. Cost of tools and instruments are amortised on a straight-line basis over a period ranging from 2 to 3 years.

## (l) **Trade and other payables**

Trade and other payables are stated at their cost.



**(m) 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 an employee who has worked for 12 months or more (“the eligible employees”) voluntarily terminates his/her labour contract, the employer is required to pay the eligible employee severance allowance calculated based on years of service and employee’s compensation at termination. Provision for severance allowance has been provided based on employees’ years of service and their average salary for the year prior to the end of the 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 PHS, ATS and the Company are excluded.

**(n) Taxation**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised as expense/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 reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided 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 tax rates enacted or substantively enacted at the reporting date.

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 differences asset 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) Share capital*****(i) Ordinary shares***

Ordinary shares are stated at par value. Incremental costs directly attributable to the issue of shares, net of tax effects, are recognised as a deduction from share premium.





**(ii) Repurchase and reissue of ordinary shares (treasury shares)**

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of tax effects, is recognised as a reduction from equity. Repurchased shares are classified as treasury shares under equity. When treasury shares are sold for reissue subsequently, cost of the reissued shares is determined on a weighted average basis. Any difference between the amount received and the cost of the shares reissued is presented within share premium.

**(p) Statutory reserves**

According to Circular No. 146/2014/TT-BTC dated 6 October 2014 issued by the Ministry of Finance, the Company is required to make the following allocations from realised profit to statutory reserves:

	Annual allocation	Maximum balance
Reserve to supplement share capital	5% profit after tax	10% of share capital
Financial reserve	5% profit after tax	10% of share capital

The reserve to supplement share capital and financial reserve are non-distributable and are classified as part of equity.

**(q) Revenue**

**(i) Gains from sales of financial assets**

Gains from sales of financial assets is recognised in the statement of income upon receipt of the order matching reports of securities transactions from Vietnam Securities Depository (“VSD”) (for listed securities) and completion of the agreement on transfer of assets (for unlisted securities).

**(ii) Dividend and interest income from financial assets**

Dividend income is recognised in the statement of income when the Company’s right to receive dividends is established. Share dividends are not recognised as income.

Interest income is recognised in the statement of income on a time proportion basis with reference to the principal outstanding and the applicable interest rate. Interest income also includes amortisation of discounts, premiums, interest received in advance or differences between the value at initial recognition and par value at maturity date.

**(iii) Revenue from securities brokerage**

Revenue from securities brokerage activities is recognised in the statement of income when the securities transactions of the customer have been processed.



**(iv) Revenue from securities investment advisory and financial advisory**

Revenue from securities investment advisory and financial advisory activities is recognised in the statement of income in proportion to the stage of completion of the transaction. The stage of completion is assessed by reference to work performed.

**(v) Revenue from securities custody**

Revenue from securities custody activities is recognised in the statement of income when the service is rendered.

**(r) Interest expense**

Interest expense is recognised as an expense in the statement of income on accrual basis.

**(s) 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.

**(t) Earnings per share**

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares.

**(u) Segment reporting**

A segment is a distinguishable component of the Company that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company's primary format for segment reporting is based on business segments.

**(v) 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.





**(w) Nil balances**

Items or balances required by Circular 334 issued by the Ministry of Finance that are not shown in these financial statements indicate nil balances.

**4. Financial instruments**

**(a) Financial risk management**

**(i) 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 Board of Directors oversees how management 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.

**(ii) Risk management framework**

The Board of Management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Management has established the Risk Management Committee ("RMC"), which is responsible for developing and monitoring the Company's risk management policies. The RMC reports regularly to the Board of Management on its activities.

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

The Inspection Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Inspection Committee.

**(b) 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 obligations.

To manage the level of credit risk, the Company attempts to deal with counterparties of good credit standing, and when appropriate, obtains collaterals. The management has established a credit policy under which each new customer is analysed individually for credit worthiness before the standard terms and conditions are offered.

Concentrations of credit risk that arise from groups of counterparties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The major concentrations of credit risk arise





from type of customer in relation to the Company's advances to customers for proceeds from selling securities and margin loans.

### ***Collaterals***

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters. The main types of collateral obtained are listed securities and cash deposited at the Company. Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for doubtful debts.

### ***Exposure to credit risk***

Not considering collaterals, the Company's maximum exposure to credit risk at the reporting date was as follows:

	<b>31/12/2020</b> <b>VND</b>	<b>31/12/2019</b> <b>VND</b>
Cash in banks and cash equivalents (i)	127,514,944,224	320,161,276,195
Held-to-maturity investments (i)	390,001,100,000	140,000,000,000
Loans receivable – gross (ii)	1,526,115,693,192	1,152,505,700,729
Receivables (ii)	21,521,607,009	20,293,692,333
Receivables from services rendered (ii)	1,586,330,917	14,854,588,411
Other receivables (ii)	12,927,427,365	12,908,730,609
Deposits at Payment Support Fund	9,464,116,068	6,964,116,068
Other long-term assets	10,000,000,000	-
	<b>2,099,131,218,775</b>	<b>1,667,688,104,345</b>

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

Cash in banks, cash equivalents and held-to-maturity investments of the Company are mainly held with well-known financial institutions. Management does not foresee any significant credit risk from these deposits and does not expect that these financial institutions may default and cause losses to the Company.





**(ii) Loans receivable and other receivables**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. In response to the risk, credit limit is established for each customer, which represents the maximum open amount. The limit is reviewed annually. Debtors with balances that are overdue are requested to settle the balances before further credit is granted. Customers are obliged to ensure their margin ratio is not lower than the maintenance margin ratio regulated by the Company. In case the customer's margin ratio drops below the maintenance margin ratio, the Company requires customer to supplement additional collateral in an agreed period. If customer did not supplement additional collateral, the Company will implement handling measure in accordance with the contract. The main types of collateral obtained are cash deposits and securities. The management of the Company monitors the market value of collateral and requests additional collateral in accordance with the underlying agreement and monitors the market price of collateral obtained during its review of the adequacy of the allowance for doubtful debts.

Loans receivable and other receivables that are neither past due nor impaired mainly relate to a wide range of customers for whom there was no recent history of default. Management believes that those receivables are of high credit quality.

An aging analysis of impaired financial assets is as follows:

	31/12/2020 VND	31/12/2019 VND
Receivables being overdue of more than 3 years	11,910,272,245	12,064,279,773
Margin loans being overdue of more than 3 years	5,974,199,169	10,197,951,244
Margin loans being overdue of less than 1 year	862,826,748	-
	<hr/> 18,747,298,162	<hr/> 22,262,231,017

Fair value of collaterals for impaired financial assets are as follows:

	31/12/2020 VND	31/12/2019 VND
Cash deposited at the Company	210,468	269,022
Listed securities on	2,723,738,550	6,726,289,120
▪ The Ho Chi Minh City Stock Exchange	4,695,950	3,434,220
▪ The Hanoi Stock Exchange	-	3,988,488,900
▪ UPCOM	2,719,042,600	2,734,366,000
	<hr/> 2,723,949,018	<hr/> 6,726,558,142





An aging analysis of financial assets that were past due but not impaired is as follows:

	31/12/2020 VND	31/12/2019 VND
Receivables being overdue of more than 3 years	3,605,514,507	491,103,403

### (c) 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.

The financial liabilities with fixed or determinable payments have the following contractual maturities including the estimated interest payments were as follows:

As at 31 December 2020	Carrying amount VND	Contractual cash flows VND	Within 1 year VND
Short-term borrowings	747,535,000,000	751,444,396,949	751,444,396,949
Accounts payable for securities trading activities	364,528,420,516	364,528,420,516	364,528,420,516
Accounts payable to suppliers	4,111,386,287	4,111,386,287	4,111,386,287
Accrued expenses	5,651,168,415	5,651,168,415	5,651,168,415
Other payables	802,770,853	802,770,853	802,770,853
	1,122,628,746,071	1,126,538,143,020	1,126,538,143,020

As at 31 December 2019	Carrying amount VND	Contractual cash flows VND	Within 1 year VND
Short-term borrowings	775,236,400,000	782,849,900,708	782,849,900,708
Accounts payable for securities trading activities	111,293,382,916	111,293,382,916	111,293,382,916
Accounts payable to suppliers	115,116,481	115,116,481	115,116,481
Accrued expenses	13,772,928,606	13,772,928,606	13,772,928,606
Other payables	532,062,336	532,062,336	532,062,336
	900,949,890,339	908,563,391,047	908,563,391,047

The Company manages its ability to meet the expected operational expenses and servicing its debts by investing its cash surpluses in cash equivalents and short-term deposits at banks.

### (d) 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*

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 is exposed to currency risk on borrowings that are denominated in a currency other than the accounting currency of the Company, which is VND. The currency in which these transactions primarily are denominated is United States Dollars (“USD”).

#### *Exposure to currency risk*

The Company had the following net monetary liability position exposed to currency risk:

	31/12/2020		31/12/2019	
	USD	VND equivalent	USD	VND equivalent
Short-term borrowings	26,500,000	614,535,000,000	28,680,000	666,236,400,000

The followings are the significant exchange rate applied by the Company:

	Exchange rate as at	
	31/12/2020	31/12/2019
USD/VND	23,190	23,230

Below is an analysis of the possible impact on the net profit of the Company, after taking into account the current level of exchange rates and the historical volatility as well as market expectations at the reporting date. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Effect to net Profit after tax VND
<b>As at 31 December 2020</b>	
USD (1% weakening against VND) – increase in net profit	4,916,280,000
<b>As at 31 December 2019</b>	
USD (1% weakening against VND) – increase in net profit	5,329,891,200

The opposite movement of the USD would have the equal but opposite effect to the net profit of the Company.

### (ii) *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.

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

	Carrying amount	
	31/12/2020 VND	31/12/2019 VND
<b>Fixed rate instruments</b>		
Cash in banks and cash equivalents	127,514,944,224	320,161,276,195
Held-to-maturity investments	390,001,100,000	140,000,000,000
Loans receivable - net	1,519,278,667,275	1,146,296,238,385





Deposits at Payment Support Fund	9,464,116,068	6,964,116,068
Other long-term assets	10,000,000,000	-
Short-term borrowings	(747,535,000,000)	(775,236,400,000)

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**(iii) Other market risk**

Equity price risk is the risk that the market values of equities decrease as a result of changes in the values of individual securities. The equity price risk exposure arises from the Company's financial assets at fair value through profit or loss.

The Company's financial assets at fair value through profit or loss are affected by market risk arising from the uncertainty of the fluctuation of the future market price of these securities. The Company's equity price risk is managed by the management who seeks to monitor the risk through a careful selection of securities within specified limits.

As at 31 December 2020 and 31 December 2019, the Company's exposure to equity price risk is minimal because the Company held insignificant portfolio of financial assets at fair value through profit or loss.





**(e) Fair value**

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position were as follows:

	31/12/2020		31/12/2019	
	Carrying amount VND	Fair value VND	Carrying amount VND	Fair value VND
<i>Categorised as financial assets at fair value through profit or loss:</i>				
▪ Financial assets at fair value through profit or loss				
<i>Listed shares</i>	10,475,155,718	10,475,155,718	4,027,877,978	4,027,877,978
<i>Unlisted shares</i>	3,345,539	3,345,539	3,320,482	3,320,482
<i>Categorised as held-to-maturity investments:</i>				
▪ Term deposits at banks	340,000,000,000	(*)	140,000,000,000	(*)
▪ Corporate bonds	50,001,100,000	(*)	-	(*)
<i>Categorised as loans and receivables:</i>				
▪ Cash and cash equivalents	127,518,080,479	127,518,080,479	320,167,339,450	320,167,339,450
▪ Loans receivable - net	1,519,278,667,275	(*)	1,146,296,238,385	(*)
▪ Receivables	21,521,607,009	(*)	20,293,692,333	(*)
▪ Receivables from services rendered	1,586,330,917	(*)	14,854,588,411	(*)
▪ Other receivables - net	3,741,104,138	(*)	3,582,520,078	(*)
▪ Deposits at Payment Support Fund	9,464,116,068	(*)	6,964,116,068	(*)
▪ Other long-term assets	10,000,000,000	(*)	-	(*)



**Phu Hung Securities Corporation****Notes to the financial statements for the year ended 31 December 2020 (continued)****Form B09 – CTCK***(Issued under Circular No. 334/2016/TT-BTC dated 27 December 2016 of the Ministry of Finance)*

	<b>31/12/2020</b>		<b>31/12/2019</b>	
	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
<b>Financial liabilities</b>				
<i>Categorised as liabilities at amortised cost:</i>				
▪ Short-term borrowings	(747,535,000,000)	(*)	(775,236,400,000)	(*)
▪ Accounts payable for securities trading activities	(364,528,420,516)	(*)	(111,293,382,916)	(*)
▪ Accounts payable to suppliers	(4,111,386,287)	(*)	(115,116,481)	(*)
▪ Accrued expenses	(5,651,168,415)	(*)	(13,772,928,606)	(*)
▪ Other payables	(802,770,853)	(*)	(532,062,336)	(*)

- (\*) The Company has not determined 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 System for enterprises and accounting guidance for securities companies. The fair values of these financial instruments may differ from their carrying amounts.





## 5. Cash and cash equivalents

	31/12/2020 VND	31/12/2019 VND
Cash on hand	3,136,255	6,063,255
Cash in banks	70,653,344,834	280,681,276,195
Cash equivalents	56,861,599,390	39,480,000,000
	<hr/> 127,518,080,479	<hr/> 320,167,339,450

As at 31 December 2020, cash and cash equivalents of VND56,861,599,390 were pledged with banks as security for loans granted to the Company (31/12/2019: VND39,480,000,000) (Note 20).

## 6. Volume and value of transactions during the year

	2020		2019	
	Volume of transactions	Value of transactions VND	Volume of transactions	Value of transactions VND
<b>a) The Company</b>				
Shares	6,930,250	207,618,833,838	4,527,988	152,661,850,513
Bond	15,091,320	1,590,274,599,640	4,661,218	480,766,016,204
Other securities	907,560	10,007,296,719	-	-
<b>b) Investors/customers</b>				
Shares	2,546,957,403	39,971,153,145,318	1,719,499,088	29,985,109,762,293
Bond	16,795,420	1,734,416,206,585	14,273,702	1,660,396,351,768
Other securities	22,433,967	193,757,069,600	3,035,480	14,935,107,200
	<hr/> 2,609,115,920	<hr/> 43,707,227,151,700	<hr/> 1,745,997,476	<hr/> 32,293,869,087,978




**Phu Hung Securities Corporation**
**Notes to the Financial Statements for the year ended 30 June 2019 (continued)**
**Form B09a – CTCK**
*(Issued under Circular No. 334/2016/TT-BTC  
dated 27 December 2016 of the Ministry of Finance)*
**7. Financial assets**
**(a) Financial assets at fair value through profit or loss**

	<b>31/12/2020</b>		<b>31/12/2019</b>	
	<b>Cost VND</b>	<b>Fair value VND</b>	<b>Cost VND</b>	<b>Fair value VND</b>
Listed shares	9,769,258,831	9,977,325,318	3,950,657,122	4,023,980,878
Shares registered for trading on UPCoM	504,069,944	497,830,400	5,817,861	3,897,100
Unlisted shares	3,345,539	3,345,539	3,320,482	3,320,482
	<b>10,276,674,314</b>	<b>10,478,501,257</b>	<b>3,959,795,465</b>	<b>4,031,198,460</b>





Movements of fair values of financial assets at FVTPL during the year were as follows:

		31/12/2020	Revaluation difference as at 31/12/2020			
	Quantity	Cost VND (1)	Fair value VND (2)	Revaluation gain VND (3) = (2) – (1)	Revaluation loss VND (4) = (1) – (2)	Revaluation value VND (5) = (1) + (3) – (4)
Listed shares						
DRC	50,001	1,121,102,793	1,147,522,950	26,420,157	-	1,147,522,950
MWG	9,007	1,071,332,599	1,070,932,300	-	400,299	1,070,932,300
CTG	30,007	1,054,803,138	1,036,741,850	-	18,061,288	1,036,741,850
TCB	30,009	898,193,185	945,283,500	47,090,315	-	945,283,500
HPG	18,008	708,077,188	746,431,600	38,354,412	-	746,431,600
NLG	25,003	735,318,788	737,588,500	2,269,712	-	737,588,500
POW	45,000	551,250,000	612,000,000	60,750,000	-	612,000,000
PLX	10,000	554,000,000	546,000,000	-	8,000,000	546,000,000
MSN	6,005	503,343,338	533,844,500	30,501,162	-	533,844,500
DGC	10,002	484,922,720	511,102,200	26,179,480	-	511,102,200
Others	43,258	2,086,915,082	2,089,877,918	21,102,089	18,139,253	2,089,877,918
276,300		9,769,258,831	9,977,325,318	252,667,327	44,600,840	9,977,325,318
UPCoM						
VEA	9,000	500,200,000	495,900,000	-	4,300,000	495,900,000
Others	290	3,869,944	1,930,400	252,081	2,191,625	1,930,400
9,290		504,069,944	497,830,400	252,081	6,491,625	497,830,400
Unlisted shares						
MCV	134	1,918,500	1,918,500	-	-	1,918,500
CIC	54	679,437	679,437	-	-	679,437
Others	94	747,602	747,602	-	-	747,602



Quantity	31/12/2020 Cost VND (1)	Fair value VND (2)	Revaluation difference as at 31/12/2020		
			Revaluation gain VND (3) = (2) – (1)	Revaluation loss VND (4) = (1) – (2)	Revaluation value VND (5) = (1) + (3) – (4)
282	3,345,539	3,345,539	-	-	3,345,539
285,872	10,276,674,314	10,478,501,257	252,919,408	(51,092,465)	10,478,501,257





	Quantity	31/12/2019	Fair value VND (2)	Revaluation difference as at 31/12/2019		
		Cost VND (1)		Revaluation gain VND (3) = (2) – (1)	Revaluation loss VND (4) = (1) – (2)	Revaluation value VND (5) = (1) + (3) – (4)
<b>Listed shares</b>						
TCB	32,209	748,428,185	758,521,950	10,093,765	-	758,521,950
DRC	32,323	747,335,377	753,125,900	5,790,523	-	753,125,900
HPG	32,294	746,782,506	758,909,000	12,126,494	-	758,909,000
VNM	4,407	525,234,462	513,415,500	-	11,818,962	513,415,500
BID	6,218	259,142,895	286,960,700	27,817,805	-	286,960,700
NVL	4,321	243,741,960	257,099,500	13,357,540	-	257,099,500
FPT	4,426	251,097,257	258,035,800	6,938,543	-	258,035,800
VCB	2,794	248,084,965	252,018,800	3,933,835	-	252,018,800
Others	7,068	180,809,515	185,893,728	13,214,914	8,130,701	185,893,728
	126,060	3,950,657,122	4,023,980,878	93,273,419	19,949,663	4,023,980,878
<b>UPCoM</b>						
HBD	60	846,765	1,296,000	449,235	-	1,296,000
Others	364	4,971,096	2,601,100	196,838	2,566,834	2,601,100
	424	5,817,861	3,897,100	646,073	2,566,834	3,897,100
<b>Unlisted shares</b>						
MCV	134	1,918,500	1,918,500	-	-	1,918,500
Others	145	1,401,982	1,401,982	-	-	1,401,982
	279	3,320,482	3,320,482	-	-	3,320,482
	126,763	3,959,795,465	4,031,198,460	93,919,492	22,516,497	4,031,198,460



**(b) Held-to-maturity investments**

	31/12/2020		31/12/2019	
	Cost VND	Fair value VND	Cost VND	Fair value VND
Term deposits at banks with original term to maturity of more than 3 months to 1 year (i)	340,000,000,000	(*)	140,000,000,000	(*)
Corporate bonds (ii)	50,001,100,000	(*)	-	(*)
	390,001,100,000	(*)	140,000,000,000	(*)

- (i) As at 31 December 2020, term deposits at banks amounting to VND60,000,000,000 were pledged with banks as security for loans granted to the Company (31/12/2019: VND110,000,000,000) (Note 20).
- (ii) As at 31 December 2020, these unlisted corporate bonds with original term to maturity of 1 year and earned interest rate of 8% per annum (31/12/2019: nil). The coupon interest income is fixed and paid after every six months.

**(c) Loans receivable**

	31/12/2020		31/12/2019	
	Cost VND	Fair value VND	Cost VND	Fair value VND
Margin loans (i)	1,390,747,070,299	(*)	1,095,599,974,467	(*)
Advances to customers for the proceeds from selling securities (ii)	135,368,622,893	(*)	56,905,726,262	(*)
	1,526,115,693,192	(*)	1,152,505,700,729	(*)

- (i) The margin loans were granted to customers for margin trade. As at 31 December 2020, these loans had original term to maturity of 90 days and earned annual interest rates ranging from 9% to 14% (31/12/2019: from 10% to 15%). The initial minimum margin is 50% - 90% (31/12/2019: 50% - 90%) and minimum maintenance margin for the margin trade is 30% - 70% (31/12/2019: 30% - 50%).
- (ii) As at 31 December 2020, advances to customers for the proceeds from selling securities earned annual interest rates ranging from 9% to 14% and had original term to maturity ranging from 1 day to 2 days (31/12/2019: from 10.5% to 14%).
- (\*) The Company has not determined 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 System for enterprises and other accounting guidances for securities companies. The fair values of these financial instruments may differ from their carrying amounts.





## 8. Receivables

	31/12/2020 VND	31/12/2019 VND
Interest receivables from margin loans	14,700,734,925	16,500,130,138
Interest receivables from corporate bonds	1,145,205,476	-
Interest receivable from term deposits at banks	5,675,666,608	3,793,562,195
	<hr/> 21,521,607,009	<hr/> 20,293,692,333

## 9. Receivables from services rendered

	31/12/2020 VND	31/12/2019 VND
Receivables from clearing and settlement of securities transactions	-	13,121,526,200
Receivables from custody services	990,205,604	921,511,291
Receivables from brokerage activities	558,190,219	181,531,948
Other receivables	37,935,094	630,018,972
	<hr/> 1,586,330,917	<hr/> 14,854,588,411

## 10. Other receivables

	31/12/2020 VND	31/12/2019 VND
Advances to customers for securities trading activities (i)	12,395,295,949	12,555,383,176
Others	532,131,416	353,347,433
	<hr/> 12,927,427,365	<hr/> 12,908,730,609

- (i) These balances represent advances to customers for securities trading activities incurring before the issuance of Decision No. 637/QĐ-UBCK dated 30 August 2011 issued by the State Securities Commission of Vietnam which provides guidance for margin trade activities. Allowance for these advances were made and presented in Note 11(b).



**11. Allowance for diminution in value of financial assets and doubtful debts****(a) Allowance for diminution in value of financial assets****2020**

	<b>As at 31/12/2020</b>			<b>Allowance as at 31/12/2019 VND</b>	<b>Allowance made during the year VND</b>
	<b>Cost VND</b>	<b>Recoverable amount VND</b>	<b>Allowance VND</b>		
Margin loans	6,837,025,917	-	6,837,025,917	6,209,462,344	627,563,573

**2019**

	<b>As at 31/12/2019</b>			<b>Allowance as at 31/12/2018 VND</b>	<b>Allowance made during the year VND</b>
	<b>Cost VND</b>	<b>Recoverable amount VND</b>	<b>Allowance VND</b>		
Margin loans	10,197,951,244	3,988,488,900	6,209,462,344	6,051,639,641	157,822,703



**11. Allowance for diminution in value of financial assets and doubtful debts (continued)****(b) Allowance for doubtful debts****2020**

	<b>As at 31/12/2020</b>			<b>Allowance as at 31/12/2019 VND</b>	<b>Allowance reversed during the year VND</b>
	<b>Cost VND</b>	<b>Recoverable amount VND</b>	<b>Allowance VND</b>		
Advances to customers for securities trading activities	11,910,272,245	2,723,949,018	9,186,323,227	9,326,210,531	(139,887,304)

**2019**

	<b>As at 31/12/2019</b>			<b>Allowance as at 31/12/2018 VND</b>	<b>Allowance made during the year VND</b>
	<b>Cost VND</b>	<b>Recoverable amount VND</b>	<b>Allowance VND</b>		
Advances to customers for securities trading activities	12,064,279,773	2,738,069,242	9,326,210,531	9,289,689,506	36,521,025



**12. Prepaid expenses****(a) Short-term prepaid expenses**

	<b>31/12/2020 VND</b>	<b>31/12/2019 VND</b>
Maintenance expense	334,380,585	443,227,615
Prepaid rental fees	324,165,784	347,919,870
Others	1,585,500,892	1,006,601,326
	<hr/>	<hr/>
	2,244,047,261	1,797,748,811
	<hr/>	<hr/>

**(b) Long-term prepaid expenses**

	<b>31/12/2020 VND</b>	<b>31/12/2019 VND</b>
Tools and instruments	2,178,127,462	1,911,021,881
Others	3,331,221,711	3,464,543,236
	<hr/>	<hr/>
	5,509,349,173	5,375,565,117
	<hr/>	<hr/>

Movements of long-term prepaid expenses during the year were as follows:

	<b>2020 VND</b>	<b>2019 VND</b>
Opening balance	5,375,565,117	4,055,303,300
Additions during the year	3,723,456,637	4,338,601,500
Amortisation during the year	(3,589,672,581)	(3,018,339,683)
	<hr/>	<hr/>
Closing balance	5,509,349,173	5,375,565,117
	<hr/>	<hr/>



**13. Tangible fixed assets**

<b>2020</b>	<b>Leasehold improvements VND</b>	<b>Office equipment VND</b>	<b>Motor vehicles VND</b>	<b>Fixtures and fittings VND</b>	<b>Total VND</b>
<b>Cost</b>					
Opening balance	1,734,108,818	25,262,357,042	2,265,440,000	-	29,261,905,860
Additions	-	9,828,567,100	-	53,146,500	9,881,713,600
Write-off	(386,757,140)	(703,045,136)	-	-	(1,089,802,276)
Disposals	-	(649,822,669)	-	-	(649,822,669)
Closing balance	1,347,351,678	33,738,056,337	2,265,440,000	53,146,500	37,403,994,515
<b>Accumulated depreciation</b>					
Opening balance	1,734,108,818	19,663,640,315	269,266,734	-	21,667,015,867
Charge for the year	-	1,921,323,416	585,021,672	2,657,325	2,509,002,413
Write-off	(386,757,140)	(703,045,136)	-	-	(1,089,802,276)
Disposals	-	(649,822,669)	-	-	(649,822,669)
Closing balance	1,347,351,678	20,232,095,926	854,288,406	2,657,325	22,436,393,335
<b>Net book value</b>					
Opening balance	-	5,598,716,727	1,996,173,266	-	7,594,889,993
Closing balance	-	13,505,960,411	1,411,151,594	50,489,175	14,967,601,180



**13. Tangible fixed assets (continued)**

<b>2019</b>	<b>Leasehold improvements VND</b>	<b>Office equipment VND</b>	<b>Motor vehicles VND</b>	<b>Total VND</b>
<b>Cost</b>				
Opening balance	1,734,108,818	22,274,342,712	-	24,008,451,530
Additions	-	3,026,460,800	2,265,440,000	5,291,900,800
Disposals	-	(38,446,470)	-	(38,446,470)
Closing balance	1,734,108,818	25,262,357,042	2,265,440,000	29,261,905,860
<b>Accumulated depreciation</b>				
Opening balance	1,734,108,818	18,395,569,176	-	20,129,677,994
Charge for the year	-	1,306,517,609	269,266,734	1,575,784,343
Disposals	-	(38,446,470)	-	(38,446,470)
Closing balance	1,734,108,818	19,663,640,315	269,266,734	21,667,015,867
<b>Net book value</b>				
Opening balance	-	3,878,773,536	-	3,878,773,536
Closing balance	-	5,598,716,727	1,996,173,266	7,594,889,993

Included in tangible fixed assets were assets costing VND17,568,510,315 which were fully depreciated as at 31 December 2020, but which are still in use (31/12/2019: VND19,049,773,760).





## 14. Intangible fixed assets

	2020 Software VND	2019 Software VND
<b>Cost</b>		
Opening and closing balance	8,161,659,400	8,161,659,400
Addition	2,823,807,000	-
Closing balance	10,985,466,400	8,161,659,400
<b>Accumulated amortisation</b>		
Opening balance	5,677,443,278	4,672,431,830
Charge for the year	1,229,557,748	1,005,011,448
Closing balance	6,907,001,026	5,677,443,278
<b>Net book value</b>		
Opening balance	2,484,216,122	3,489,227,570
Closing balance	4,078,465,374	2,484,216,122

Included in intangible fixed assets were assets costing VND1,742,545,000 which were fully depreciated as at 31 December 2020, but which are still in use (31/12/2019: VND1,305,495,000).

## 15. Construction in progress

	31/12/2020 VND	31/12/2019 VND
Opening balance	-	-
Additions during the year	8,998,200,000	-
Closing balance	8,998,200,000	-

Major constructions in progress were as follows:

	31/12/2020 VND	31/12/2019 VND
Software	8,998,200,000	-





## 16. Long-term deposits

	31/12/2020 VND	31/12/2019 VND
Security deposits for office, house and car rentals	4,091,454,365	2,158,593,638

## 17. Deferred tax assets and liabilities

### (a) Recognised deferred tax assets and liabilities

	Tax rate	31/12/2020 VND	31/12/2019 VND
Deferred tax assets:			
Accrued expenses	20%	354,264,166	93,120,000
Total deferred tax assets		354,264,166	93,120,000
Deferred tax liabilities:			
Gains from revaluation of financial assets at FVTPL	20%	(40,365,388)	(19,853,828)
Total deferred tax liabilities		(40,365,388)	(19,853,828)
Net deferred tax assets/(liabilities) - net		313,898,778	(73,266,172)

## 18. Deposits at Payment Support Fund

According to Decision No. 45/QĐ-VSD dated 22 May 2014 issued by the Vietnam Securities Depository, the Company is required to deposit an initial amount of VND120 million at the Vietnam Securities Depository and an annual contribution of 0.01% of the total value of brokered securities, which are listed and registered for transactions in the Stock Exchanges, in the previous year with the maximum of annual contribution of VND2.5 billion to Payment Support Fund.



Movements of deposits at Payment Support Fund during the year were as follows:

	<b>2020 VND</b>	<b>2019 VND</b>
Opening balance	6,964,116,068	4,464,116,068
Deposits made during the year	2,107,703,366	2,280,686,961
Interest received during the year	392,296,634	219,313,039
Closing balance	9,464,116,068	6,964,116,068

## 19. Other long-term assets

	<b>31/12/2020 VND</b>	<b>31/12/2019 VND</b>
Clearing Fund for derivatives trading activities	10,000,000,000	-

According to Decision No. 97/QĐ-VSD dated 23 March 2017 issued by the Vietnam Securities Depository on regulations on management and use of clearing fund for derivative securities activities, the Company is responsible for contributing to the Clearing Fund for derivatives trading activities (“Clearing Fund”) in cash (VND) or securities. The initial minimum contribution is VND10 billion for direct clearing members, VND15 billion for general clearing members.

The Company has become a direct clearing member of Vietnam Securities Depository under Certificate of Clearing Member No. 04/GCN-UBCK issued by Vietnam Securities Depository on 16 June 2020.

Movements of deposits at the Clearing Fund during the year were as follows:

	<b>2020 VND</b>	<b>2019 VND</b>
Opening balance	-	-
Additions during the year	10,000,000,000	-
Closing balance	10,000,000,000	-



**20. Short-term borrowings**

Description	Original currency	Interest rate (per annum)	Opening balance as at 1/1/2020 VND	Receipts VND	(Payments) VND	Foreign exchange differences VND	Closing balance as at 31/12/2020 VND
<b>Short-term borrowings from</b>							
▪ Yuanta Commercial Bank Co., Ltd.	USD	1.47% – 3.37%	116,150,000,000	116,330,000,000	(116,250,000,000)	(280,000,000)	115,950,000,000
▪ Cathay United Bank – Offshore banking unit	USD	1.70% – 3.22%	116,150,000,000	117,380,000,000	(116,775,000,000)	(805,000,000)	115,950,000,000
▪ Chang Hwa Commercial Bank Ltd. – Hsi-sung Branch	USD	1.64% – 3.70%	108,716,400,000	116,350,000,000	(109,171,600,000)	55,200,000	115,950,000,000
▪ First Commercial Bank – Offshore Banking Branch	USD	1.63% – 3.80%	69,690,000,000	69,810,000,000	(69,750,000,000)	(180,000,000)	69,570,000,000
▪ Taiwan Shin Kong Commercial Bank Co., Ltd.	USD	1.74% – 3.24%	69,690,000,000	69,620,000,000	(70,380,000,000)	640,000,000	69,570,000,000
▪ Taishin International Bank	USD	1.64% – 3.06%	-	93,760,000,000	(47,420,000,000)	40,000,000	46,380,000,000
▪ Union Bank of Taiwan	USD	1.72% – 3.44%	69,690,000,000	46,540,000,000	(69,810,000,000)	(40,000,000)	46,380,000,000
▪ Cathay United Bank – Chu Lai Branch	VND	3.80% – 5.75%	-	66,000,000,000	(26,000,000,000)	-	40,000,000,000
▪ E.SUN Bank – Dong Nai Branch (i)	VND	2.40% – 6.30%	50,000,000,000	40,000,000,000	(50,000,000,000)	-	40,000,000,000
▪ MEGA International Commercial Bank Head Office (i)	USD	2.00% – 3.40%	34,845,000,000	70,192,500,000	(70,260,000,000)	7,500,000	34,785,000,000
▪ MEGA International Commercial Bank Ho Chi Minh City Branch (i)	VND	3.40% – 5.00%	30,000,000,000	43,000,000,000	(43,000,000,000)	-	30,000,000,000
▪ Taipei Fubon Commercial Bank Co., L – Ho Chi Minh City Branch	VND	2.18%	-	46,000,000,000	(23,000,000,000)	-	23,000,000,000
▪ BIDV – Nam Ky Khoi Nghia Branch (i)	VND	5.75% – 8.90%	-	3,206,675,252,099	(3,206,675,252,099)	-	-
▪ Indovina Bank – Ho Chi Minh City Branch	VND	5.80% – 6.80%	29,000,000,000	34,000,000,000	(63,000,000,000)	-	-



Description	Original currency	Interest rate (per annum)	Opening balance as at 1/1/2020 VND	Receipts VND	(Payments) VND	Foreign exchange differences VND	Closing balance as at 31/12/2020 VND
▪ The Shanghai Commercial & Savings Bank, Ltd. – Hong Kong Branch	USD	3.66% – 3.81%	81,305,000,000	-	(81,322,500,000)	17,500,000	-
▪ OCB – Ho Chi Minh City Branch	VND	5.25% – 7.80%	-	559,600,000,000	(559,600,000,000)	-	-
▪ VietinBank Branch 4 – Ho Chi Minh city (i)	VND	6.05% – 6.10%	-	317,000,000,000	(317,000,000,000)	-	-
▪ Entie Commercial Bank Co., Ltd.	VND	1.92% – 3.44%	-	69,690,000,000	(69,690,000,000)	-	-
▪ Bank SinoPac Co., Ltd. – Ho Chi Minh City Branch	VND	4.10% – 5.00%	-	30,000,000,000	(30,000,000,000)	-	-
▪ The Shanghai Commercial & Savings Bank, Ltd – Dong Nai Branch	VND	4.40% – 6.60%	-	20,000,000,000	(20,000,000,000)	-	-
			775,236,400,000	5,131,947,752,099	(5,159,104,352,099)	(544,800,000)	747,535,000,000

- (i) As at 31 December 2020, these borrowings are secured by cash and cash equivalents of VND56,861,599,390 (31/12/2019: VND39,480,000,000) (Note 5) and term deposits at banks of VND60,000,000,000 (31/12/2019: VND110,000,000,000) (Note 7(b)).





## 21. Accounts payable for securities trading activities

	31/12/2020 VND	31/12/2019 VND
Settlements of securities transactions by customers	346,591,802,500	110,059,308,500
Clearing and settlement of securities transactions	17,936,549,200	1,199,345,600
Others	68,816	34,728,816
	<hr/> 364,528,420,516 <hr/>	<hr/> 111,293,382,916 <hr/>

## 22. Taxes payable to State Treasury

	Opening balance as at 1/1/2020 VND	Incurred VND	Net-off/paid VND	Closing balance as at 31/12/2020 VND
Corporate income tax	3,248,947,856	13,112,691,637	(12,277,559,889)	4,084,079,604
Personal income tax	1,608,072,869	21,831,785,911	(19,745,430,906)	3,694,427,874
Value added tax	2,977,273	60,154,688	(60,587,516)	2,544,445
Foreign contractor withholding tax	16,092,888	1,575,718,712	(1,563,373,758)	28,437,842
	<hr/> 4,876,090,886 <hr/>	<hr/> 36,580,350,948 <hr/>	<hr/> (33,646,952,069) <hr/>	<hr/> 7,809,489,765 <hr/>
	Opening balance as at 1/1/2019 VND	Incurred VND	Net-off/paid VND	Closing balance as at 31/12/2019 VND
Corporate income tax	-	10,357,062,389	(7,108,114,533)	3,248,947,856
Personal income tax	1,275,309,849	17,260,998,471	(16,928,235,451)	1,608,072,869
Value added tax	4,545,455	101,939,091	(103,507,273)	2,977,273
Foreign contractor withholding tax	-	2,127,434,241	(2,111,341,353)	16,092,888
	<hr/> 1,279,855,304 <hr/>	<hr/> 29,847,434,192 <hr/>	<hr/> (26,251,198,610) <hr/>	<hr/> 4,876,090,886 <hr/>





## 23. Accrued expenses

	31/12/2020 VND	31/12/2019 VND
Employee costs	9,534,387,737	8,411,023,171
Interest expense	635,401,501	1,552,985,982
Securities transaction fees	2,153,305,684	1,308,364,960
Consulting fees	129,328,861	69,066,187
Others	2,733,132,369	2,431,488,306
	<hr/> 15,185,556,152	<hr/> 13,772,928,606

## 24. Other payables

	31/12/2020 VND	31/12/2019 VND
Dividend payables (*)	734,212,253	386,490,263
Payables to customers	31,363,000	31,247,800
Other payables	37,195,600	114,324,273
	<hr/> 802,770,853	<hr/> 532,062,336

- (\*) On 28 May 2020, the Company's Board of Directors decided to distribute cash dividends of VND29,699,838,300 equivalent to VND330 per share (year ended 31 December 2019: VND23,099,838,300) based on the approved dividend plan approved by the Annual General Meeting of Shareholders on 27 April 2020.

## 25. Share capital

The Company's authorised and issued share capital are:

	Authorised and contributed			
	2020 VND	%	2019 VND	%
Phu Hung Far East Holding Corporation	414,000,000,000	46.0%	322,000,000,000	46.0%
An Thinh Development Limited	162,831,550,000	18.1%	64,831,550,000	9.3%
Others	323,168,450,000	35.9%	313,168,450,000	44.7%
	<hr/> 900,000,000,000	<hr/> 100%	<hr/> 700,000,000,000	<hr/> 100%

Movements in issued share capital during the year were as follows:

2020 VND	2019 VND
-------------	-------------





Balance at beginning of the period	700,000,000,000	700,000,000,000
Shares issued (*)	200,000,000,000	-
Balance at end of the period	900,000,000,000	700,000,000,000

- (\*) On 9 January 2020, the State Securities Commission of Vietnam issued Official Letter No. 224/UBCK-QLKD approving the Company's registration documents for the plan of private placement of shares. On 12 February 2020, the Company successfully issued 20,000,000 shares with issuance price of VND 10,000/shares and received the fund capital amounting of VND 200,000,000,000.

On 4 March 2020, the State Securities Commission of Vietnam issued Amended Establishment and Operation Licence No. 12/GPDC-UBCK to approve the increase of the Company's charter capital to VND 900,000,000,000.





## 26. Gains/(losses) from sales of financial assets at FVTPL

2020	Quantity	Average selling price VND	Total selling amount VND	Total cost VND	Gains/(losses) from sales of securities VND
<b>Financial assets at FVTPL</b>					
<i>Listed shares and shares registered for trading on UpCoM</i>					
HPG	341,190	27,257	9,299,736,500	8,858,944,423	440,792,077
CTG	200,530	25,821	5,177,961,500	4,903,793,957	274,167,543
ACB	101,900	25,465	2,594,880,000	2,729,130,000	(134,250,000)
VCB	26,200	81,748	2,141,795,000	2,021,259,437	120,535,563
GEX	117,040	21,528	2,519,610,000	2,399,970,221	119,639,779
BMP	45,610	57,808	2,636,614,000	2,537,201,274	99,412,726
MWG	25,930	92,746	2,404,916,000	2,308,272,031	96,643,969
DHC	58,500	45,603	2,667,797,000	2,577,350,000	90,447,000
VND	45,050	19,654	885,390,500	796,807,348	88,583,152
TCB	153,700	21,315	3,276,155,000	3,364,173,000	(88,018,000)
BID	18,020	46,188	832,308,000	751,009,701	81,298,299
Others	2,252,510	29,699	66,897,527,300	66,719,352,797	178,174,503
	3,386,180	29,926	101,334,690,800	99,967,264,189	1,367,426,611
<i>Listed bonds</i>					
VPL11812	950,000	102,024	96,922,800,000	96,822,100,000	100,700,000
MSN12001	480,000	103,880	49,862,400,000	49,836,480,000	25,920,000
MSN12003	480,000	103,039	49,458,720,000	49,432,800,000	25,920,000
Others	1,060,341	101,805	107,948,491,343	107,892,335,585	56,155,758
	2,970,341	102,410	304,192,411,343	303,983,715,585	208,695,758





2020	Quantity	Average selling price VND	Total selling amount VND	Total cost VND	Gains/(losses) from sales of securities VND
<i>Unlisted bonds</i>					
MSN05202301	1,930,000	100,511	193,985,309,947	193,632,527,397	352,782,550
VPL04202402	1,940,000	102,747	199,328,795,078	199,199,197,469	129,597,609
Others	705,294	103,498	72,996,632,821	72,956,010,000	40,622,821
	4,575,294	101,919	466,310,737,846	465,787,734,866	523,002,980
<i>Fund certificates</i>	453,780	11,035	5,007,296,719	5,000,000,000	7,296,719
	11,385,595	77,014	876,845,136,708	874,738,714,640	2,106,422,068



2019	Quantity	Average selling price VND	Total selling amount VND	Total cost VND	Gains/(losses) from sales of securities VND
<b>Financial assets at FVTPL</b>					
<i>Listed shares and shares registered for trading on UpCoM</i>					
FPT	63,740	49,753	3,171,275,500	2,947,250,000	224,025,500
DGW	38,500	24,235	933,039,000	984,745,000	(51,706,000)
PNJ	32,300	92,095	2,974,675,000	3,022,783,000	(48,108,000)
TCM	29,500	28,325	835,600,000	793,423,000	42,177,000
VIC	23,650	114,923	2,717,940,000	2,760,105,000	(42,165,000)
MSH	28,000	58,913	1,649,552,000	1,690,929,000	(41,377,000)
VCB	57,700	67,186	3,876,640,000	3,836,827,928	39,812,072
VNM	31,150	128,033	3,988,220,000	4,024,398,884	(36,178,884)
POW	68,200	14,987	1,022,111,000	986,210,000	35,901,000
BID	76,100	36,706	2,793,298,500	2,758,924,557	34,373,943
Others	1,784,470	28,936	51,634,923,000	51,906,247,412	(271,324,412)
	2,233,310	33,850	75,597,274,000	75,711,843,781	(114,569,781)
<i>Listed bonds</i>					
MSN11719	430,609	103,505	44,570,184,545	44,546,931,659	23,252,886
MSR118001	950,000	103,875	98,681,250,000	98,629,950,000	51,300,000
SDI11717	950,000	102,336	97,219,200,000	97,118,500,000	100,700,000
	2,330,609	103,179	240,470,634,545	240,295,381,659	175,252,886
	4,563,919	69,254	316,067,908,545	316,007,225,440	60,683,105





## 27. Interest income from held-to-maturity investments

	2020 VND	2019 VND
Interest income from term deposits	24,469,461,981	11,269,902,468
Interest income from corporate bonds	3,145,205,476	-
	<hr/> 27,614,667,457	<hr/> 11,269,902,468

## 28. Income from loans and receivables

	2020 VND	2019 VND
Interest income from margin loans	105,787,208,110	122,644,501,344
Fees from advances to customers for the proceeds from selling securities	7,370,228,089	6,705,191,690
	<hr/> 113,157,436,199	<hr/> 129,349,693,034

## 29. Expenses for securities brokerage

	2020 VND	2019 VND
Employee costs	26,835,505,940	27,416,370,356
Brokerage commissions	23,112,077,951	16,543,434,213
Securities brokerage fees	11,078,941,886	9,103,834,328
Rental expenses	7,124,972,465	6,251,671,348
External services	4,763,491,426	3,878,397,676
Tools and supplies	1,204,721,038	1,132,236,483
Depreciation and amortisation of fixed assets	5,283,549	-
Other expenses	1,296,888,404	1,388,873,492
	<hr/> 75,421,882,659	<hr/> 65,714,817,896





### 30. Interest expense

	<b>2020 VND</b>	<b>2019 VND</b>
Interest expense on borrowings	16,528,619,109	26,622,151,098
Interest expense on customers' deposits for securities trading activities	249,240,734	168,000,755
	<b>16,777,859,843</b>	<b>26,790,151,853</b>

### 31. General and administration expenses

	<b>2020 VND</b>	<b>2019 VND</b>
Employee costs	22,001,799,207	17,894,995,295
External services	15,524,678,267	12,669,290,806
Rental expenses	2,965,904,582	2,663,194,239
Depreciation and amortisation of fixed assets	3,721,495,612	2,569,426,493
Tools and supplies	1,017,018,358	763,418,918
Taxes and fees	126,797,504	37,494,603
Other expenses	2,987,408,088	2,607,473,577
	<b>48,345,101,618</b>	<b>39,205,293,931</b>





## 32. Income tax

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

	31/12/2020 VND	31/12/2019 VND
<b>Current tax expense</b>		
Current year	13,529,635,007	10,357,062,389
Over provision in prior year	(416,943,370)	-
	<hr/> 13,112,691,637	<hr/> 10,357,062,389
<b>Deferred tax benefit</b>		
Origination and reversal of temporary differences	(240,632,606)	(73,266,172)
	<hr/> 12,872,059,031	<hr/> 10,283,796,217

### (b) Reconciliation of effective tax rate

	2020 VND	2019 VND
Accounting profit before tax	65,715,361,882	57,805,349,223
Tax at the Company's tax rate	13,143,072,376	11,561,069,845
Non-deductible expenses	162,464,821	139,388,101
Non-taxable income	(16,534,796)	(31,042,477)
Over provision in prior year	(416,943,370)	-
Tax losses utilised	-	(1,385,619,252)
	<hr/> 12,872,059,031	<hr/> 10,283,796,217

### (c) Applicable tax rates

The Company's income tax rate is 20%. The income tax computation is subjected to the review and approval of the tax authorities.

### (d) Tax losses

During the year ended 31 December 2020, no tax losses was utilised (year ended 31 December 2019: VND 6,928,096,260).





### 33. Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2020 was based on the profit attributable to ordinary shareholders of VND 52,843,302,851 (year ended 31 December 2019: profit attributable to ordinary shareholders of VND 47,521,553,006) and a weighted average number of ordinary shares outstanding of 87,704,428 shares (year ended 31 December 2019: 69,999,510 shares), calculated as follows:

#### (i) *Net profit attributable to ordinary shareholders*

	<b>2020 VND</b>	<b>2019 VND</b>
Net profit for the year	52,843,302,851	47,521,553,006

#### (ii) *Weighted average number of ordinary shares*

	<b>2020 VND</b>	<b>2019 VND</b>
Issued ordinary shares at the beginning of the year	69,999,510	69,999,510
Effect of shares issued during the year	17,704,918	-
Weighted average number of ordinary shares for the year	87,704,428	69,999,510

#### (iii) *Basic earnings per share*

	<b>2020 VND</b>	<b>2019 VND</b>
Basic earnings per share	603	679

The Company did not have any dilutive potential ordinary shares at the reporting date.





### 34. Significant transactions with related parties

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

	Transaction value	
	2020	2019
	VND	VND
<b>Phu Hung Far East Holding Corporation - shareholder</b>		
Capital contribution	92,000,000,000	-
Cash dividend	13,662,000,000	10,626,000,000
<b>An Thinh Development Limited - shareholder</b>		
Capital contribution	98,000,000,000	-
Securities custody fee	-	3,087,017
Share transfer fee	-	65,494,450
Cash dividend	5,373,441,150	2,139,441,150
<b>Phu Hung Insurance Corporation - related company</b>		
Capital contribution	10,000,000,000	-
Securities custody fee	5,637,752	3,321,040
Interest expense	751,547	772,750
Cash dividend	619,584,570	289,584,570
Management fee of shareholder book	27,272,727	27,272,727
Others	81,548,197	84,426,260
<b>Dong Bang Development Limited - shareholder</b>		
Cash dividend	2,245,320,000	2,245,320,000
Securities custody fee	22,949,892	25,268,760
<b>Freshfields Capital Corporation - shareholder</b>		
Cash dividend	2,245,320,000	2,245,320,000
Securities custody fee	22,949,892	25,268,760
<b>Vu Thai Investment Consulting Co., Ltd - shareholder</b>		
Securities custody fee	39,109,001	42,172,132
Cash dividend	3,826,258,590	3,826,258,590
Interest expense	1,912,745	2,046,477
Consultant fee	-	42,909,091
<b>Remunerations of key management personnel</b>		
Salaries and other benefits	2,939,251,625	2,842,025,375



### 35. Segment reporting

#### (i) Business segments

The Company comprises the main business segments: securities brokerage, securities trading, treasury activities and other activities.

	Code	Securities brokerage VND	Securities trading VND	Treasury activities VND	Others VND	Total VND
<b>2020</b>						
1. Revenue from operating activities	01	66,455,020,536	7,121,462,202	140,664,468,458	2,016,844,082	216,257,795,278
2. Direct expenses	02	65,317,987,861	3,228,814,424	74,970,638,800	2,792,929,198	146,310,370,283
3. Depreciation and amortisation expenses	03	5,283,549	11,781,000	3,721,495,612	-	3,738,560,161
4. Allowance for diminution in value of investments	04	-	29,057,592	-	-	29,057,592
5. Allowance for doubtful debts	05	-	-	487,676,269	-	487,676,269
6. Net other income	06	-	-	-	23,230,909	23,230,909
<b>Profit/(loss) before tax</b> <b>(07 = 01 + 06 – 02 – 03 – 04 – 05)</b>	07	1,131,749,126	3,851,809,186	61,484,657,777	(752,854,207)	65,715,361,882
<b>As at 31 December 2020</b>						
Segment assets		28,148,950,026	60,547,170,051	2,045,305,977,116	1,098,137,857	2,135,100,235,050
Segment liabilities		372,083,448,327	2,250,887,085	766,529,799,819	807,185,996	1,141,671,321,227

### 30. Segment reporting (continued)

#### (i) Business segments (continued)



**Phu Hung Securities Corporation****Notes to the financial statements for the year ended 31 December 2020 (continued)****Form B09 – CTCK***(Issued under Circular No. 334/2016/TT-BTC dated 27 December 2016 of the Ministry of Finance)*

	Code	Securities brokerage VND	Securities trading VND	Treasury activities VND	Others VND	Total VND
<b>2019</b>						
1. Revenue from operating activities	01	50,542,043,973	1,523,389,675	146,862,525,500	2,849,740,754	201,777,699,902
2. Direct expenses	02	57,463,803,908	2,598,592,670	78,683,024,940	2,494,383,413	141,239,804,931
3. Depreciation and amortisation expenses	03	-	11,369,298	2,569,426,493	-	2,580,795,791
4. Reversal of allowance for diminution in value of investments	04	-	(26,841,403)	-	-	(26,841,403)
5. Allowance for doubtful debts	05	-	-	194,343,728	-	194,343,728
6. Other income	06	-	-	-	15,752,368	15,752,368
<b>Profit/(loss) before tax (07 = 01 + 06 – 02 – 03 – 04 – 05)</b>	07	(6,921,759,935)	(1,059,730,890)	65,415,730,339	371,109,709	57,805,349,223
<b>As at 31 December 2019</b>						
Segment assets		25,676,048,489	4,113,748,478	1,646,062,783,636	981,310,545	1,676,833,891,148
Segment liabilities		7,701,692,614	783,396,688	897,268,492,824	794,859,750	906,548,441,876

**(ii) Geographical segment**

All business activities of the Company are carried out in Vietnam (i.e. one single segment).





### 36. Commitments

#### *Leases*

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

	31/12/2020 VND	31/12/2019 VND
Within one year	16,265,771,623	7,312,686,090
Within two to five years	44,419,435,143	4,999,235,088
	<hr/> 60,685,206,766	<hr/> 12,311,921,178

### 37. Corresponding figures

Corresponding figures were derived from the balances and amounts reported in the Company's financial statements as at and for the year ended 31 December 2019.









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