



Phu Hung Securities Corporation
Financial Statements
for the year ended 31 December 2019



Phu Hung Securities Corporation Corporate Information

Establishment and Operation Licence No.		
	122/GP-UBCK	20 January 2016
	18/GPDC-UBCK	22 June 2016
	23/GPDC-UBCK	25 July 2016
	03/GPDC-UBCK	23 January 2017
	03/GPDC-UBCK	11 January 2018
	100/GPDC-UBCK	29 November 2018
	107/GPDC-UBCK	26 December 2018
	47/GPDC-UBCK	21 August 2019
	12/GPDC-UBCK	4 March 2020

The Establishment and Operation Licence and its updates were issued by the State Securities Commission of Vietnam.

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

Inspection Committee		
	Mr. Liew Sep Siang	Head of Inspection Committee
	Mr. Lii, San Rong	Member
	Mr. Chiu, Hsien-Chih	Member

Board of Management		
	Mr. Chen Chia Ken	General Director
	Ms. Pham Thi Thu Nhan	Deputy General Director

Phu Hung Securities Corporation
Corporate Information (continued)

Registered offices

Head Office	Floor 3, CR3-03A 109 Ton Dat Tien Street Tan Phu Ward, District 7 Ho Chi Minh City, Vietnam
Phu My Hung Transaction Office	Ground Floor, CR2-08 107 Ton Dat Tien Street Tan Phu Ward, District 7 Ho Chi Minh City, Vietnam
District 3 Branch	Floor 2, Phuong Nam Building 157 Vo Thi Sau Street Ward 6, District 3 Ho Chi Minh City, Vietnam
Tan Binh Branch	Ground Floor, G.4A Room, E-Town 2 Building 364 Cong Hoa Street Ward 13, Tan Binh District Ho Chi Minh City, Vietnam
Hanoi Branch	Floor 3, Naforimex Building 19 Ba Trieu Street Trang Tien Ward, Hoan Kiem District Hanoi, Vietnam
Thanh Xuan Branch	Floor 5, Udic Complex Building, N04 Hoang Dao Thuy Trung Hoa Ward, Cau Giay District Hanoi, Vietnam
Hai Phong Branch	Floor 2, Eliteco Building, 18 Tran Hung Dao Street Hoang Van Thu Ward, Hong Bang District Hai Phong City, Vietnam
Auditor	KPMG Limited Vietnam

Phu Hung Securities Corporation Statement of the Board of Management

The Board of Management of Phu Hung Securities Corporation (“the Company”) presents this statement and the accompanying financial statements of the Company for the year ended 31 December 2019.

The Company’s Board of Management is responsible for the preparation and fair presentation of the financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Enterprises, Circular No. 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. In the opinion of the Board of Management:

- (a) the financial statements set out on pages 6 to 58 give a true and fair view of the financial position of the Company as at 31 December 2019, and of the results of operations and the cash flows of the Company 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; and
- (b) at the date of this statement, there are no reasons to believe that the Company will not be able to pay its debts as and when they fall due.

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


On behalf of the Board of Management

Mr. Chen Chia Ken
General Director

Ho Chi Minh City, 12 March 2020



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10th Floor, Sun Wah Tower
115 Nguyen Hue Street, Ben Nghe Ward
District 1, Ho Chi Minh City, Vietnam
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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 2019, 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 12 March 2020, as set out on pages 6 to 58.

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 2019 and of its results of operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Enterprises, Circular No. 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. 19-01-00350-20-1



Chong Kwang Puay
Practicing Auditor Registration
Certificate No. 0864-2018-007-1
Deputy General Director

Ho Chi Minh City, 12 March 2020

Pham Huy Cuong
Practicing Auditor Registration
Certificate No. 2675-2019-007-1

Phu Hung Securities Corporation
Statement of financial position as at 31 December 2019

Form B01 – CTCK

*(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)*

	Code	Note	31/12/2019 VND	31/12/2018 VND
ASSETS				
A	100		1,652,163,390,210	1,494,640,327,367
CURRENT ASSETS (100 = 110 + 130)				
I	110		1,650,131,619,899	1,492,906,413,908
Financial assets				
1	111	5	320,167,339,450	188,288,845,466
Cash and cash equivalents				
1.1	111.1		280,687,339,450	2,338,977,154
Cash				
1.2	111.2		39,480,000,000	185,949,868,312
Cash equivalents				
2	112	7(a)	4,031,198,460	2,579,196,590
Financial assets at fair value through profit or loss (“FVTPL”)				
3	113	7(b)	140,000,000,000	80,000,000,000
Held-to-maturity investments				
4	114	7(c)	1,152,505,700,729	1,175,167,952,987
Loans receivable				
6	116	11(a)	(6,209,462,344)	(6,051,639,641)
Allowance for diminution in value of financial assets				
7	117	8	20,293,692,333	32,397,517,351
Receivables				
7.2	117.2		20,293,692,333	32,397,517,351
Dividends and interest receivables from financial assets				
8	118		906,042,782	1,151,226,550
Prepayments to suppliers				
9	119	9	14,854,588,411	15,727,015,963
Receivables from services rendered				
12	122	10	12,908,730,609	12,935,988,148
Other receivables				
13	129	11(b)	(9,326,210,531)	(9,289,689,506)
Allowance for doubtful debts				
II	130		2,031,770,311	1,733,913,459
Other current assets				
1	131		234,021,500	330,500,000
Advances				
3	133	12(a)	1,797,748,811	1,403,413,459
Short-term prepaid expenses				
B	200		24,670,500,938	17,775,495,298
LONG-TERM ASSETS (200 = 220 + 250)				
II	220		10,079,106,115	7,368,001,106
Fixed assets				
1	221	13	7,594,889,993	3,878,773,536
Tangible fixed assets				
	222		29,261,905,860	24,008,451,530
Cost				
	223a		(21,667,015,867)	(20,129,677,994)
Accumulated depreciation				
3	227	14	2,484,216,122	3,489,227,570
Intangible fixed assets				
	228		8,161,659,400	8,161,659,400
Cost				
	229a		(5,677,443,278)	(4,672,431,830)
Accumulated amortisation				
V	250		14,591,394,823	10,407,494,192
Other long-term assets				
1	251	15	2,158,593,638	1,888,074,824
Long-term deposits				
2	252	12(b)	5,375,565,117	4,055,303,300
Long-term prepaid expenses				
3	253	17	93,120,000	-
Deferred tax assets				
4	254	16	6,964,116,068	4,464,116,068
Deposits at Payment Support Fund				
TOTAL ASSETS	270		1,676,833,891,148	1,512,415,822,665
(270 = 100 + 200)				

The accompanying notes are an integral part of these financial statements

Phu Hung Securities Corporation
Statement of financial position as at 31 December 2019 (continued)

Form B01 – CTCK
*(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)*

	Code	Note	31/12/2019 VND	31/12/2018 VND
C LIABILITIES				
(300 = 310 + 340)	300		906,548,441,876	766,552,088,099
I Current liabilities	310		906,211,288,048	766,187,546,432
1 Short-term borrowings and finance lease liabilities	311		775,236,400,000	647,666,000,000
1.1 <i>Short-term borrowings</i>	312	18	775,236,400,000	647,666,000,000
6 Accounts payable for securities trading activities	318	19	111,293,382,916	102,621,772,169
8 Accounts payable to suppliers	320		115,116,481	165,722,331
10 Taxes payable to State Treasury	322	20	4,876,090,886	1,279,855,304
11 Payables to employees	323		5,830,000	4,542,000
12 Employees' benefits payable	324		379,476,823	376,948,073
13 Accrued expenses	325	21	13,772,928,606	12,302,295,614
17 Other payables	329	22	532,062,336	1,770,410,941
II Long-term liabilities	340		337,153,828	364,541,667
12 Provisions – long-term	354		317,300,000	364,541,667
14 Deferred tax liabilities	356	17	19,853,828	-
D EQUITY (400 = 410)	400		770,285,449,272	745,863,734,566
I Owners' equity	410		770,285,449,272	745,863,734,566
1 Contributed capital	411		699,998,815,000	699,998,815,000
1.1 <i>Share capital</i>	411.1		700,000,000,000	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		2,376,077,650	-
5 Financial reserve	415		2,376,077,650	-
7 Retained profits	417		65,534,478,972	45,864,919,566
7.1 <i>Realised profits</i>	417.1		63,350,375,977	49,156,785,709
7.2 <i>Unrealised profits/(losses)</i>	417.2		2,184,102,995	(3,291,866,143)
TOTAL LIABILITIES AND EQUITY (440 = 300 + 400)	440		1,676,833,891,148	1,512,415,822,665

The accompanying notes are an integral part of these financial statements

Phu Hung Securities Corporation
Statement of financial position as at 31 December 2019 (continued)

Form B01 – CTCK
(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)

OFF-BALANCE SHEET ITEMS

	Code	31/12/2019 VND	31/12/2018 VND	
A. THE COMPANY'S ASSETS				
6	Shares in circulation (number of securities)	006	69,999,510	69,999,510
7	Treasury shares (number of securities)	007	490	490
8	Listed/registered financial assets at Vietnam Securities Depository ("VSD") of the Company	008	1,035,980,000	222,590,000
9	Custodied financial assets at VSD but not yet traded of the Company	009	2,550,000	8,770,000
10	Financial assets in transit of the Company	010	234,000,000	380,000,000
13	Financial assets entitled to rights of the Company	013	220,000	130,000
B. ASSETS AND PAYABLES RELATING TO ASSETS MANAGED BY THE COMPANY				
1	Listed/registered financial assets at VSD of investors/customers	021	4,728,311,767,000	3,984,269,800,000
a	<i>Freely traded financial assets</i>	021.1	4,588,152,077,000	3,671,652,630,000
b	<i>Financial assets restricted for transfer</i>	021.2	12,941,700,000	206,687,280,000
c	<i>Pledged financial assets</i>	021.3	59,866,560,000	59,866,560,000
d	<i>Blocked financial assets</i>	021.4	70,000	70,000
e	<i>Financial assets awaiting for settlement</i>	021.5	67,351,360,000	46,063,260,000
2	Custodied financial assets at VSD but not yet traded of investors/customers	022	78,327,490,000	291,292,200,000
a	<i>Freely traded financial assets at VSD but not yet traded</i>	022.1	77,982,490,000	193,797,200,000
b	<i>Custodied financial assets at VSD but not yet traded and restricted for transfer</i>	022.2	345,000,000	97,495,000,000
3	Financial assets in transit of investors/customers	023	57,803,535,000	45,946,400,000
6	Financial assets entitled to rights of investors/customers	025	3,374,990,000	61,836,170,000
7	Customers' deposits	026	49,435,441,889	52,098,812,046
7.1	Customers' cash deposits for securities transactions managed by the Company	027	49,435,441,889	52,098,812,046

The accompanying notes are an integral part of these financial statements

Phu Hung Securities Corporation
Statement of financial position as at 31 December 2019 (continued)

Form B01 – CTCK
*(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)*

	Code	31/12/2019 VND	31/12/2018 VND
8 Payables to customers for cash deposits for securities transactions managed by the Company	031	49,435,441,889	52,098,812,046
8.1 Payables to domestic customers for cash deposits for securities transactions managed by the Company	031.1	44,338,806,235	46,829,340,445
8.2 Payables to foreign customers for cash deposits for securities transactions managed by the Company	031.2	5,096,635,654	5,269,471,601

12 March 2020

Prepared by:



Ms. Nguyen Thi An Vi
Deputy Accounting Manager

Reviewed by:



Ms. Do Thi Ai Vy
Chief Accountant

Approved by:



Mr. Chen Chia Ken
General Director

The accompanying notes are an integral part of these financial statements

Phu Hung Securities Corporation

Statement of income for the year ended 31 December 2019 (continued)

Form B02 – CTCK

(Issued under Circular No. 334/2016/TT-BTC dated 27 December 2016 of the Ministry of Finance)

	Code	Note	2019 VND	2018 VND
III FINANCIAL INCOME				
3.1 Realised and unrealised foreign exchange gains	41		5,907,946,744	142,556,053
3.2 Dividends and interest income from bank deposits	42		288,524,752	521,805,438
Total financial income	50		6,196,471,496	664,361,491
IV FINANCIAL EXPENSES				
4.1 Realised and unrealised foreign exchange losses	51		6,483,647,059	7,433,271,705
4.2 Interest expense	52	25	26,790,151,853	29,404,933,593
Total financial expenses	60		33,273,798,912	36,838,205,298
VI GENERAL AND ADMINISTRATION EXPENSES	62	26	39,205,293,931	33,601,713,501
VII RESULTS FROM OPERATING ACTIVITIES (70 = 20 + 50 – 40 – 60 – 62)	70		57,914,596,855	37,445,983,728
VIII OTHER INCOME AND OTHER EXPENSES				
8.1 Other income	71		15,752,368	3,999,402
8.2 Other expenses	72		125,000,000	-
Results from other activities (80 = 71 – 72)	80		(109,247,632)	3,999,402
IX ACCOUNTING PROFIT BEFORE TAX (90 = 70 + 80)	90		57,805,349,223	37,449,983,130
9.1 Realised profit before tax	91		52,329,380,085	40,743,611,742
9.2 Unrealised gain/(loss) before tax	92		5,475,969,138	(3,293,628,612)

The accompanying notes are an integral part of these financial statements

Phu Hung Securities Corporation

Statement of income for the year ended 31 December 2019 (continued)

Form B02 – CTCK

(Issued under Circular No. 334/2016/TT-BTC dated 27 December 2016 of the Ministry of Finance)

			2019	2018
	Code	Note	VND	VND
X	INCOME TAX EXPENSE			
10.1	100.1	27	10,283,796,217	-
10.2	100.2	27	10,357,062,389	-
			(73,266,172)	-
XI	NET PROFIT AFTER TAX			
	(200 = 90 - 100)		47,521,553,006	37,449,983,130
XII	OTHER COMPREHENSIVE INCOME			
			-	-
XIII	EARNINGS PER SHARE			
13.1	501	28	679	729

12 March 2020

Prepared by:



Ms. Nguyen Thi An Vi
Deputy Accounting Manager

Reviewed by:



Ms. Do Thi Ai Vy
Chief Accountant

Approved by:



Mr. Chen Chia Ken
General Director

The accompanying notes are an integral part of these financial statements

Phu Hung Securities Corporation

Statement of cash flows for the year ended 31 December 2019 (Indirect method)

Form B03b – CTCK

(Issued under Circular No. 334/2016/TT-BTC dated 27 December 2016 of the Ministry of Finance)

	Code	2019 VND	2018 VND
I CASH FLOWS FROM OPERATING ACTIVITIES			
1 Profit before tax	01	57,805,349,223	37,449,983,130
2 Adjustments for	02	36,292,416,390	20,410,798,720
Depreciation of fixed assets	03	2,580,795,791	1,900,888,848
Allowances and provisions	04	194,343,728	2,334,331,835
Unrealised foreign exchange (gains)/losses	05	(5,376,700,000)	3,189,100,000
Interest expense	06	26,790,151,853	29,404,933,593
Accrued interest income	08	12,103,825,018	(16,418,455,556)
3 Change in non-monetary expenses	10	(26,841,403)	36,193,937
(Decrease)/increase in revaluation losses from financial assets at FVTPL	11	(26,841,403)	36,193,937
4 Change in non-monetary income	18	(72,427,735)	68,334,675
(Increase)/decrease in revaluation gains from financial assets at FVTPL	19	(72,427,735)	68,334,675
5 Operating profit before changes in working capital (30 = 01 + 02 + 10 + 18)	30	93,998,496,475	57,965,310,462
(Increase)/decrease in financial assets at FVTPL	31	(1,352,732,732)	2,145,793,349
Increase in held-to-maturity investments	32	(60,000,000,000)	-
Decrease/(increase) in loans receivable	33	22,662,252,258	(466,950,906,553)
Decrease in receivables from services rendered	37	872,427,552	10,161,299,588
Decrease/(increase) in other receivables	39	27,257,539	(134,431,786)
Increase in other assets	40	(2,674,040,314)	(2,701,318,690)
Increase in accrued expenses	41	1,196,160,820	2,871,080,030
Increase in prepaid expenses	42	(1,714,597,169)	(239,311,392)
Corporation income tax paid	43	(7,108,114,533)	-
Interest paid	44	(26,515,679,681)	(29,354,753,721)
Increase/(decrease) in accounts payable	45	194,577,918	(612,832,558)
Increase in employees' benefits payable	46	2,528,750	392,500
Increase/(decrease) in taxes payable to State Treasury	47	347,287,726	(90,775,231)
Increase in payables to employees	48	1,288,000	3,627,000
Increase in other payables	50	6,999,530,212	28,280,855,937
Net cash flows from operating activities	60	26,936,642,821	(398,655,971,065)

The accompanying notes are an integral part of these financial statements

Phu Hung Securities Corporation
Statement of cash flows for the year ended 31 December 2019
(Indirect method - continued)

Form B03b – CTCK
*(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)*

	Code	2019 VND	2018 VND
II CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets	61	(5,291,900,800)	(1,927,098,800)
Net cash flows from investing activities	70	(5,291,900,800)	(1,927,098,800)
III CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from shares issued	71	-	200,000,000,000
Proceeds from short-term borrowings	73	4,154,226,008,349	4,377,415,081,627
Payments to settle borrowing principals	74	(4,021,278,908,349)	(4,289,764,181,627)
Dividend paid to the shareholders	76	(22,713,348,037)	-
Net cash flows from financing activities	80	110,233,751,963	287,650,900,000
Net cash flows during the year	90	131,878,493,984	(112,932,169,865)
Cash and cash equivalents at the beginning of the year	101	188,288,845,466	301,221,015,331
Cash and cash equivalents at the end of the year (Note 5)	103	320,167,339,450	188,288,845,466
▪ <i>Cash</i>	<i>103.1</i>	<i>280,687,339,450</i>	<i>2,338,977,154</i>
▪ <i>Cash equivalents</i>	<i>103.2</i>	<i>39,480,000,000</i>	<i>185,949,868,312</i>

The accompanying notes are an integral part of these financial statements

Phu Hung Securities Corporation
Statement of cash flows for the year ended 31 December 2019
(Indirect method - continued)

Form B03b – CTCK
*(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)*

CASH FLOWS OF CUSTOMERS FOR BROKERAGE AND ENTRUSTMENT ACTIVITIES

	Code	2019 VND	2018 VND
Cash flows of customers for brokerage and entrustment activities			
Proceeds from sales of securities brokered by the Company	01	16,250,528,692,063	14,527,477,364,783
Payments for purchases of securities brokered by the Company	02	(13,740,290,451,630)	(15,137,731,804,400)
Deposits received to settle securities transactions of customers	07	21,640,839,991,760	20,695,901,512,942
Payments to settle securities transactions of customers	08	(24,152,606,205,905)	(20,309,173,887,297)
Payments for custody fee of customers' securities	11	(1,135,396,445)	(856,121,696)
Net cash flows during the year	20	(2,663,370,157)	(224,382,935,668)
Cash and cash equivalents of customers at the beginning of the year	30	52,098,812,046	276,481,747,714
Cash and cash equivalents of customers at the end of the year (40 = 20 + 30)	40	49,435,441,889	52,098,812,046
Cash in banks at the end of the year	41	49,435,441,889	52,098,812,046
▪ Cash deposits for securities transactions of customers managed by the Company	42	49,435,441,889	52,098,812,046

12 March 2020

Prepared by:



Ms. Nguyen Thi An Vi
Deputy Accounting Manager

Reviewed by:



Ms. Do Thi Ai Vy
Chief Accountant

Approved by:



Mr. Chen Chia Ken
General Director

The accompanying notes are an integral part of these financial statements

Phu Hung Securities Corporation
Statement of changes in equity for the year ended 31 December 2019

Form B04 – CTCK
(Issued under Circular No. 334/2016/TT-BTC dated 27 December 2016 of the Ministry of Finance)

	Opening balance as at		31/12/2018 Increase VND	Movements during the year ended			Closing balance as at	
	1/1/2018	1/1/2019		31/12/2018 (Decrease) VND	31/12/2019 Increase VND	31/12/2019 (Decrease) VND	31/12/2018 VND	31/12/2019 VND
	VND	VND		VND	VND	VND	VND	VND
Share capital	320,000,000,000	700,000,000,000	380,000,000,000	-	-	-	700,000,000,000	700,000,000,000
Other capital	180,000,000,000	-	-	(180,000,000,000)	-	-	-	-
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
Financial reserve	-	-	-	-	2,376,077,650	-	-	2,376,077,650
Retained profits	8,414,936,436	45,864,919,566	40,743,611,742	(3,293,628,612)	47,521,553,006	(27,851,993,600)	45,864,919,566	65,534,478,972
<i>In which:</i>								
<i>Realised profits</i>	8,413,173,967	49,156,785,709	40,743,611,742	-	42,045,583,868	-	49,156,785,709	91,202,369,577
<i>Dividend distribution</i>	-	-	-	-	-	(23,099,838,300)	-	(23,099,838,300)
<i>Allocation for reserves</i>	-	-	-	-	-	(4,752,155,300)	-	(4,752,155,300)
<i>Unrealised (losses)/profits</i>	1,762,469	(3,291,866,143)	-	(3,293,628,612)	5,475,969,138	-	(3,291,866,143)	2,184,102,995
Total	508,413,751,436	745,863,734,566	420,743,611,742	(183,293,628,612)	52,273,708,306	(27,851,993,600)	745,863,734,566	770,285,449,272

Prepared by:



Ms. Nguyen Thi An Vi
 Deputy Accounting Manager

12 March 2020

Reviewed by:



Ms. Do Thi Ai Vy
 Chief Accountant

Approved by:



Mr. Chen Chia Ken
 General Director

The accompanying notes are an integral part of these financial statements

Phu Hung Securities Corporation
Notes to the financial statements for the year ended 31 December 2019

Form B09 – CTCK
*(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)*

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

1. Reporting entity

(a) 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.

(b) The Company’ charter capital

As at 31 December 2019, the Company’s charter capital was VND700,000,000,000 (31/12/2018: VND700,000,000,000).

(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) Company structure

As at 31 December 2019, the Company had 198 employees (31/12/2018: 213 employees).

Phu Hung Securities Corporation
Notes to the financial statements for the year ended 31 December 2019 (continued)

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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, are prepared on the accrual basis using the historical cost concept except financial assets at fair value through profit and loss as described in Note 3(d). 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 quoted by the commercial bank where the Company most frequently conducts transactions at the end of the annual accounting period.

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

Phu Hung Securities Corporation

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

Form B09 – CTCK

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(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 from the acquisition date at the reporting date.

(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 expire.

(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.

Phu Hung Securities Corporation

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

Form B09 – CTCK

*(Issued under Circular No. 334/2016/TT-BTC
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(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 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 were no transaction prices within this period, these securities are stated at cost.

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 designates as available-for-sale; and
- those that meet the definition of loans receivable.

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

Phu Hung Securities Corporation
Notes to the financial statements for the year ended 31 December 2019 (continued)

Form B09 – CTCK
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(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 made by reference to 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 as follows:

<i>Overdue status</i>	<i>Allowance rate</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.

Phu Hung Securities Corporation

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

Form B09 – CTCK

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(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

(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) 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 regulation. Cost of tools and instruments are amortised on a straight-line basis over a period ranging from 2 to 3 years.

(k) Trade and other payables

Trade and other payables are stated at their cost.

(l) 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 six-month period prior to the end of the annual accounting period. For the purpose of determining the number of years of service by an employee, the period for which the employee participated in and contributed to unemployment insurance in accordance with prevailing laws and regulations and the period for which severance allowance has been paid by PHS, ATS and the Company are excluded.

Phu Hung Securities Corporation

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

Form B09 – CTCK

*(Issued under Circular No. 334/2016/TT-BTC
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(m) 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.

(n) 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.

(o) 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.

Phu Hung Securities Corporation
Notes to the financial statements for the year ended 31 December 2019 (continued)

Form B09 – CTCK
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(p) 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 financial advisory

Revenue from financial advisory activities is recognised in the statement of income in proportion to the stage of completion of the transaction at the reporting date. 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.

(q) Interest expense

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

(r) 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.

Phu Hung Securities Corporation

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

Form B09 – CTCK

*(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)*

(s) 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.

(t) 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.

(u) 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.

(v) Nil balances

Items or balances required by Circular 334 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.

Phu Hung Securities Corporation

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

Form B09 – CTCK

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(ii) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors 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 Directors 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.

Phu Hung Securities Corporation**Notes to the financial statements for the year ended 31 December 2019 (continued)****Form B09 – CTCK***(Issued under Circular No. 334/2016/TT-BTC dated 27 December 2016 of the Ministry of Finance)****Exposure to credit risk***

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

	31/12/2019	31/12/2018
	VND	VND
Cash in banks and cash equivalents (i)	320,161,276,195	188,285,392,211
Held-to-maturity investments – short-term (i)	140,000,000,000	80,000,000,000
Loans receivable – gross (ii)	1,152,505,700,729	1,175,167,952,987
Receivables (ii)	20,293,692,333	32,397,517,351
Prepayments to suppliers (ii)	906,042,782	1,151,226,550
Receivables from services rendered (ii)	14,854,588,411	15,727,015,963
Other receivables (ii)	12,908,730,609	12,935,988,148
Long-term deposits	2,158,593,638	1,888,074,824
Deposits at Payment Support Fund	6,964,116,068	4,464,116,068
	<hr/>	<hr/>
	1,670,752,740,765	1,512,017,284,102

(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, the Board of Management of the Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. 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. The management requires collateral based on an assessment of the credit risk of each customer. 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 value 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.

Phu Hung Securities Corporation**Notes to the financial statements for the year ended 31 December 2019 (continued)****Form B09 – CTCK***(Issued under Circular No. 334/2016/TT-BTC dated 27 December 2016 of the Ministry of Finance)*

An aging analysis of impaired financial assets is as follows:

	31/12/2019 VND	31/12/2018 VND
Receivables being overdue of more than 3 years	12,064,279,773	12,678,579,927
Margin loans being overdue of more than 6 months	10,197,951,244	11,479,107,741
	<hr/>	<hr/>
	22,262,231,017	24,157,687,668

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

	31/12/2019 VND	31/12/2018 VND
Cash deposited at the Company	269,022	45,914,455
Listed securities on	6,726,289,120	6,349,815,090
▪ <i>The Ho Chi Minh City Stock Exchange</i>	3,434,220	1,994,823,990
▪ <i>The Hanoi Stock Exchange</i>	3,988,488,900	4,091,674,900
▪ <i>UPCOM</i>	2,734,366,000	263,316,200
Delisted securities	-	3,224,328,293
	<hr/>	<hr/>
	6,726,558,142	9,620,057,838

(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 2019	Carrying amount VND	Contractual cash flows VND	Within 1 year VND	1 – 2 years 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	-
	<hr/>	<hr/>	<hr/>	<hr/>
	900,949,890,339	908,563,391,047	908,563,391,047	-

Phu Hung Securities Corporation

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

Form B09 – CTCK

(Issued under Circular No. 334/2016/TT-BTC dated 27 December 2016 of the Ministry of Finance)

As at 31 December 2018	Carrying amount VND	Contractual cash flows VND	Within 1 year VND	1 – 2 years VND
Short-term borrowings	647,666,000,000	658,311,564,432	658,311,564,432	-
Accounts payable for securities trading activities	102,621,772,169	102,621,772,169	102,621,772,169	-
Accounts payable to suppliers	165,722,331	165,722,331	165,722,331	-
Accrued expenses	12,302,295,614	12,302,295,614	12,302,295,614	-
Other payables	1,770,410,941	1,770,410,941	1,770,410,941	-
	764,526,201,055	775,171,765,487	775,171,765,487	-

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:

	31/12/2019		31/12/2018	
	USD	VND equivalent	USD	VND equivalent
Short-term borrowings	28,680,000	666,236,400,000	19,650,000	456,666,000,000

Phu Hung Securities Corporation**Notes to the financial statements for the year ended 31 December 2019 (continued)****Form B09 – CTCK***(Issued under Circular No. 334/2016/TT-BTC dated 27 December 2016 of the Ministry of Finance)*

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

	Exchange rate as at	
	31/12/2019	31/12/2018
USD/VND	23,230	23,240

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 as at 31 December 2019. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Effect to net profit VND
As at 31 December 2019	
USD (1% weakening against VND) – increase in net profit	5,329,891,200
As at 31 December 2018	
USD (2% strengthening against VND) – decrease in net profit	(7,306,656,000)

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	
	31/12/2019	31/12/2018
	VND	VND
Fixed rate instruments		
Cash in banks and cash equivalent	320,161,276,195	188,285,392,211
Held-to-maturity investments	140,000,000,000	80,000,000,000
Loans receivable - net	1,146,296,238,385	1,169,116,313,346
Deposits at Payment Support Fund	6,964,116,068	4,464,116,068
Short-term borrowings	(775,236,400,000)	(647,666,000,000)

Phu Hung Securities Corporation

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

Form B09 – CTCK

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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 2019 and 31 December 2018, 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.

Phu Hung Securities Corporation
Notes to the financial statements for the year ended 31 December 2019 (continued)

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(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:

	31/12/2019		31/12/2018	
	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>	3,956,474,983	4,027,877,978	2,574,211,308	2,574,211,308
• <i>Unlisted shares</i>	3,320,482	3,320,482	4,985,282	4,985,282
<i>Categorised as held-to-maturity investments:</i>				
▪ Term deposits at banks	140,000,000,000	(*)	80,000,000,000	(*)
<i>Categorised as loans and receivables:</i>				
▪ Cash and cash equivalents	320,167,339,450	320,167,339,450	188,288,845,466	188,288,845,466
▪ Loans receivable - net	1,146,296,238,385	(*)	1,169,116,313,346	(*)
▪ Receivables	20,293,692,333	(*)	32,397,517,351	(*)
▪ Receivables from services rendered	14,854,588,411	(*)	15,727,015,963	(*)
▪ Other receivables - net	3,582,520,078	(*)	3,646,298,642	(*)
▪ Long-term deposits	2,158,593,638	(*)	1,888,074,824	(*)
▪ Deposits at Payment Support Fund	6,964,116,068	(*)	4,464,116,068	(*)

Phu Hung Securities Corporation
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	31/12/2019		31/12/2018	
	Carrying amount VND	Fair value VND	Carrying amount VND	Fair value VND
<i>Categorised as liabilities at amortised cost:</i>				
▪ Short-term borrowings	(775,236,400,000)	(*)	(647,666,000,000)	(*)
▪ Accounts payable for securities trading activities	(111,293,382,916)	(*)	(102,621,772,169)	(*)
▪ Accounts payable to suppliers	(115,116,481)	(*)	(165,722,331)	(*)
▪ Accrued expenses	(13,772,928,606)	(*)	(12,302,295,614)	(*)
▪ Other payables	(532,062,336)	(*)	(1,770,410,941)	(*)

(*) 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.

Phu Hung Securities Corporation
Notes to the financial statements for the year ended 31 December 2019 (continued)

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5. Cash and cash equivalents

	31/12/2019	31/12/2018
	VND	VND
Cash on hand	6,063,255	3,453,255
Cash in banks	280,681,276,195	2,335,523,899
Cash equivalents	39,480,000,000	185,949,868,312
	320,167,339,450	188,288,845,466

As at 31 December 2019, cash and cash equivalents of VND39,480,000,000 were pledged with banks as security for loans granted to the Company (31/12/2018: VND49,800,000,000) (Note 18).

6. Volume and value of transactions during the year

	2019		2018	
	Volume of transactions	Value of transactions VND	Volume of transactions	Value of transactions VND
a) The Company				
Shares	4,527,988	152,661,850,513	2,908,118	112,086,562,529
Bonds	4,661,218	480,766,016,204	-	-
b) Investors/customers				
Shares	1,719,499,088	29,985,109,762,293	1,509,222,639	29,667,635,175,069
Bonds	14,273,702	1,660,396,351,768	-	-
Other securities	3,035,480	14,935,107,200	1,286,630	20,920,742,000
	1,745,997,476	32,293,869,087,978	1,513,417,387	29,800,642,479,598

7. Financial assets

(a) Financial assets at fair value through profit or loss

	31/12/2019		31/12/2018	
	Cost VND	Fair value VND	Cost VND	Fair value VND
Listed shares	3,956,474,983	4,027,877,978	2,602,077,451	2,574,211,308
Unlisted shares	3,320,482	3,320,482	4,985,282	4,985,282
	3,959,795,465	4,031,198,460	2,607,062,733	2,579,196,590

Phu Hung Securities Corporation

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

Form B09 – CTCK

(Issued under Circular No. 334/2016/TT-BTC dated 27 December 2016 of the Ministry of Finance)

Movements of fair values of financial assets at FVTPL at the end of the year were as follow:

	Quantity	31/12/2019		Revaluation difference as at 31 December 2019		
		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						
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	7,492	186,627,376	189,790,828	13,860,987	10,697,535	189,790,828
	126,484	3,956,474,983	4,027,877,978	93,919,492	22,516,497	4,027,877,978
Unlisted shares						
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

Phu Hung Securities Corporation

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

Form B09 – CTCK

(Issued under Circular No. 334/2016/TT-BTC dated 27 December 2016 of the Ministry of Finance)

	Quantity	31/12/2018	Fair value VND (2)	Revaluation difference as at 31 December 2018		
		Cost VND (1)		Revaluation gain VND (3) = (2) – (1)	Revaluation loss VND (4) = (1) – (2)	Revaluation value VND (5) = (1) + (3) – (4)
Listed shares						
VNM	2,024	250,963,626	242,880,000	-	8,083,626	242,880,000
CTD	3,111	495,939,220	497,760,000	1,820,780	-	497,760,000
CTI	20,500	490,115,000	496,100,000	5,985,000	-	496,100,000
ACB	10,000	296,000,000	296,000,000	-	-	296,000,000
BID	14,518	492,889,452	499,419,200	6,529,748	-	499,419,200
VIC	2,540	262,315,586	242,062,000	-	20,253,586	242,062,000
PLX	4,500	253,800,000	238,500,000	-	15,300,000	238,500,000
Others	3,042	60,054,567	61,490,108	7,156,229	5,720,688	61,490,108
	60,235	2,602,077,451	2,574,211,308	21,491,757	49,357,900	2,574,211,308
Unlisted shares						
MCV	134	1,918,500	1,918,500	-	-	1,918,500
XMC	132	1,664,800	1,664,800	-	-	1,664,800
Others	145	1,401,982	1,401,982	-	-	1,401,982
	411	4,985,282	4,985,282	-	-	4,985,282
	60,646	2,607,062,733	2,579,196,590	21,491,757	49,357,900	2,579,196,590



Phu Hung Securities Corporation
Notes to the financial statements for the year ended 31 December 2019 (continued)

Form B09 – CTCK
*(Issued under Circular No. 334/2016/TT-BTC
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(b) Held-to-maturity investments

	31/12/2019		31/12/2018	
	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	140,000,000,000	(*)	80,000,000,000	(*)

As at 31 December 2019, term deposits at banks amounting to VND110,000,000,000 were pledged with banks as security for loans granted to the Company (31/12/2018: VND80,000,000,000) (Note 18).

(c) Loans receivable

	31/12/2019		31/12/2018	
	Cost VND	Fair value VND	Cost VND	Fair value VND
Margin loans (i)	1,095,599,974,467	(*)	1,148,258,560,312	(*)
Advances to customers for the proceeds from selling securities (ii)	56,905,726,262	(*)	26,909,392,675	(*)
	1,152,505,700,729	(*)	1,175,167,952,987	(*)

- (i) The margin loans were granted to customers for margin trade. As at 31 December 2019, these loans had original term to maturity of 90 days and earned daily interest rates ranging from 0.027% to 0.04% (31/12/2018: from 0.029% to 0.039%). The initial minimum margin is 50% and minimum maintenance margin for the margin trade is 30% - 50% (31/12/2018: 30% - 40%).
- (ii) As at 31 December 2019, advances to customers for the proceeds from selling securities earned daily interest rates ranging from 0.029% to 0.039% and had original term to maturity ranging from 1 day to 2 days (31/12/2018: from 0.029% to 0.039%).
- (*) 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.

Phu Hung Securities Corporation
Notes to the financial statements for the year ended 31 December 2019 (continued)

Form B09 – CTCK
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8. Receivables

	31/12/2019	31/12/2018
	VND	VND
Interest receivables from margin loans	16,500,130,138	29,393,206,400
Interest receivable from term deposits at banks	3,793,562,195	3,004,310,951
	20,293,692,333	32,397,517,351
	20,293,692,333	32,397,517,351

9. Receivables from services rendered

	31/12/2019	31/12/2018
	VND	VND
Receivables from clearing and settlement of securities transactions	13,121,526,200	15,038,637,600
Receivables from custody services	921,511,291	524,410,403
Receivables from brokerage activities	181,531,948	163,902,263
Other receivables	630,018,972	65,697
	14,854,588,411	15,727,015,963
	14,854,588,411	15,727,015,963

10. Other receivables

	31/12/2019	31/12/2018
	VND	VND
Advances to customers for securities trading activities (i)	12,555,383,176	12,678,579,927
Others	353,347,433	257,408,221
	12,908,730,609	12,935,988,148
	12,908,730,609	12,935,988,148

- (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).

Phu Hung Securities Corporation

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

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11. Allowance for diminution in value of financial assets and doubtful debts

(a) Allowance for diminution in value of financial assets

2019

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

2018

	As at 31/12/2018			Allowance as at 31/12/2017 VND	Allowance made during the year VND
	Cost VND	Recoverable amount VND	Allowance VND		
Margin loans	11,479,107,741	5,427,468,100	6,051,639,641	3,536,656,255	2,514,983,386

Phu Hung Securities Corporation

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

Form B09 – CTCK

(Issued under Circular No. 334/2016/TT-BTC dated 27 December 2016 of the Ministry of Finance)

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

(b) Allowance for doubtful debts

2019

	As at 31/12/2019			Allowance as at 31/12/2018 VND	Allowance made during the year VND
	Cost VND	Recoverable amount VND	Allowance VND		
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

2018

	As at 31/12/2018			Allowance as at 31/12/2017 VND	Allowance reversed during the year
	Cost VND	Recoverable amount VND	Allowance VND		
Advances to customers for securities trading activities	12,678,579,927	3,388,890,421	9,289,689,506	9,470,341,057	(180,651,551)

Phu Hung Securities Corporation**Notes to the financial statements for the year ended 31 December 2019 (continued)****Form B09 – CTCK***(Issued under Circular No. 334/2016/TT-BTC dated 27 December 2016 of the Ministry of Finance)***12. Prepaid expenses****(a) Short-term prepaid expenses**

	31/12/2019	31/12/2018
	VND	VND
Software maintenance	443,227,615	393,824,438
Prepaid rental	347,919,870	364,844,035
Others	1,006,601,326	644,744,986
	<hr/>	<hr/>
	1,797,748,811	1,403,413,459
	<hr/>	<hr/>

(b) Long-term prepaid expenses

	31/12/2019	31/12/2018
	VND	VND
Tools and instruments	1,911,021,881	1,802,738,222
Others	3,464,543,236	2,252,565,078
	<hr/>	<hr/>
	5,375,565,117	4,055,303,300
	<hr/>	<hr/>

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

	2019	2018
	VND	VND
Opening balance	4,055,303,300	3,989,840,965
Additions during the year	4,338,601,500	3,160,895,800
Amortisation during the year	(3,018,339,683)	(3,095,433,465)
	<hr/>	<hr/>
Closing balance	5,375,565,117	4,055,303,300
	<hr/>	<hr/>

Phu Hung Securities Corporation**Notes to the financial statements for the year ended 31 December 2019 (continued)****Form B09 – CTCK***(Issued under Circular No. 334/2016/TT-BTC dated 27 December 2016 of the Ministry of Finance)***13. Tangible fixed assets**

2019	Leasehold improvements VND	Office equipment VND	Motor vehicles VND	Total VND
Cost				
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
Accumulated depreciation				
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
Net book value				
Opening balance	-	3,878,773,536	-	3,878,773,536
Closing balance	-	5,598,716,727	1,996,173,266	7,594,889,993

Phu Hung Securities Corporation**Notes to the financial statements for the year ended 31 December 2019 (continued)****Form B09 – CTCK***(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)***13. Tangible fixed assets (continued)**

2018	Leasehold improvements VND	Office equipment VND	Total VND
Cost			
Opening balance	1,734,108,818	20,347,243,912	22,081,352,730
Additions	-	1,927,098,800	1,927,098,800
Closing balance	1,734,108,818	22,274,342,712	24,008,451,530
Accumulated depreciation			
Opening balance	1,669,241,566	17,599,417,921	19,268,659,487
Charge for the year	64,867,252	796,151,255	861,018,507
Closing balance	1,734,108,818	18,395,569,176	20,129,677,994
Net book value			
Opening balance	64,867,252	2,747,825,991	2,812,693,243
Closing balance	-	3,878,773,536	3,878,773,536

Included in tangible fixed assets were assets costing VND19,049,773,760 which were fully depreciated as at 31 December 2019, but which are still in use (31/12/2018: VND18,547,264,870).

Phu Hung Securities Corporation**Notes to the financial statements for the year ended 31 December 2019 (continued)****Form B09 – CTCK***(Issued under Circular No. 334/2016/TT-BTC dated 27 December 2016 of the Ministry of Finance)***14. Intangible fixed assets**

	2019 Software VND	2018 Software VND
Cost		
Opening and closing balance	8,161,659,400	8,161,659,400
<hr/>		
Accumulated amortisation		
Opening balance	4,672,431,830	3,632,561,489
Charge for the year	1,005,011,448	1,039,870,341
<hr/>		
Closing balance	5,677,443,278	4,672,431,830
<hr/>		
Net book value		
Opening balance	3,489,227,570	4,529,097,911
Closing balance	2,484,216,122	3,489,227,570
<hr/>		

Included in intangible fixed assets were assets costing VND1,305,495,000 which were fully depreciated as at 31 December 2019, but which are still in use (31/12/2018: VND1,305,495,000).

Phu Hung Securities Corporation**Notes to the financial statements for the year ended 31 December 2019 (continued)****Form B09 – CTCK***(Issued under Circular No. 334/2016/TT-BTC dated 27 December 2016 of the Ministry of Finance)***15. Long-term deposits**

	31/12/2019	31/12/2018
	VND	VND
Security deposits for office, house and car rentals	2,158,593,638	1,888,074,824

16. Deposits at Payment Support Fund

	31/12/2019	31/12/2018
	VND	VND
Deposits at Payment Support Fund	6,964,116,068	4,464,116,068

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:

	2019	2018
	VND	VND
Opening balance	4,464,116,068	2,054,149,278
Deposits made during the year	2,280,686,961	2,303,606,256
Interest received during the year	219,313,039	106,360,534
Closing balance	6,964,116,068	4,464,116,068

Phu Hung Securities Corporation

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

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*(Issued under Circular No. 334/2016/TT-BTC
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17. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

	Tax rate	31/12/2019 VND	31/12/2018 VND
Deferred tax assets:			
Accrued expenses	20%	93,120,000	-
		<hr/>	
Total deferred tax assets		93,120,000	-
		<hr/>	
Deferred tax liabilities:			
Gains from revaluation of financial assets at FVTPL	20%	(19,853,828)	-
		<hr/>	
Total deferred tax liabilities		(19,853,828)	-
		<hr/>	
Net deferred tax assets/(liabilities)		(73,266,172)	-
		<hr/>	

Phu Hung Securities Corporation

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

Form B09 – CTCK

(Issued under Circular No. 334/2016/TT-BTC dated 27 December 2016 of the Ministry of Finance)

18. Short-term borrowings

Description	Interest rate (per annum)	Opening balance as at 1/1/2019 VND	Receipts VND	(Payments) VND	Foreign exchange differences VND	Closing balance as at 31/12/2019 VND
Short-term borrowings from						
▪ First Commercial Bank – Ho Chi Minh City Branch	7.00% – 7.25%	16,000,000,000	-	(16,000,000,000)	-	-
▪ Cathay United Bank – Chu Lai Branch	5.75%	40,000,000,000	-	(40,000,000,000)	-	-
▪ BIDV – Nam Ky Khoi Nghia Branch (i)	7.80% – 8.90%	-	2,567,342,408,349	(2,567,342,408,349)	-	-
▪ Indovina Bank – Ho Chi Minh City Branch	6.80%	-	133,000,000,000	(104,000,000,000)	-	29,000,000,000
▪ The Shanghai Commercial & Savings Bank, Ltd. – Hong Kong Branch	3.79% – 4.79%	46,480,000,000	117,344,500,000	(82,722,000,000)	202,500,000	81,305,000,000
▪ OCB – Ho Chi Minh City Branch	6.50% – 8.80%	-	423,300,000,000	(423,300,000,000)	-	-
▪ CTBC Bank – Ho Chi Minh City Branch	7.00%	30,000,000,000	-	(30,000,000,000)	-	-
▪ Phu Lap Investment Consultant Co., Ltd.	8.70%	35,000,000,000	-	(35,000,000,000)	-	-
▪ MEGA International Commercial Bank – Ho Chi Minh City Branch (i)	5.00% – 5.40%	20,000,000,000	95,000,000,000	(85,000,000,000)	-	30,000,000,000
▪ Yuanta Commercial Bank Co., Ltd.	3.38% – 4.25%	116,200,000,000	116,250,000,000	(116,860,000,000)	560,000,000	116,150,000,000
▪ E.SUN Bank – Dong Nai Branch (i)	6.26% – 6.94%	30,000,000,000	50,000,000,000	(30,000,000,000)	-	50,000,000,000
▪ Entie Commercial Bank Co., Ltd	4.22% – 4.35%	-	69,750,000,000	(69,750,000,000)	-	-
▪ Bank SinoPac Co., Ltd – Ho Chi Minh City Branch	6.00%	-	57,000,000,000	(57,000,000,000)	-	-

Phu Hung Securities Corporation

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

Form B09 – CTCK

(Issued under Circular No. 334/2016/TT-BTC dated 27 December 2016 of the Ministry of Finance)

Description	Interest rate (per annum)	Opening balance as at 1/1/2019 VND	Receipts VND	(Payments) VND	Foreign exchange differences VND	Closing balance as at 31/12/2019 VND
▪ MEGA International Commercial Bank – Head Office (i)	4.38%	25,564,000,000	34,890,000,000	(25,723,500,000)	114,500,000	34,845,000,000
▪ The Shanghai Commercial & Savings Bank, Ltd – Dong Nai Branch.	7.19% – 7.70%	20,000,000,000	40,000,000,000	(60,000,000,000)	-	-
▪ Taipei Fubon Commercial Bank Co., Ltd – Ho Chi Minh City Branch	5.65%	-	4,000,000,000	(4,000,000,000)	-	-
▪ Cathay United Bank – Offshore banking unit	3.21% – 4.01%	116,200,000,000	116,775,000,000	(114,025,000,000)	(2,800,000,000)	116,150,000,000
▪ Chang Hwa Commercial Bank Ltd., – Hsi-sung Branch	3.2% – 4.25%	116,200,000,000	109,171,600,000	(114,025,000,000)	(2,630,200,000)	108,716,400,000
▪ First Commercial Bank – Offshore Banking Branch	3.8% – 4.85%	36,022,000,000	80,212,500,000	(46,531,000,000)	(13,500,000)	69,690,000,000
▪ Taiwan Shin Kong Commercial Bank Co., Ltd	3.17% – 3.92%	-	70,380,000,000	-	(690,000,000)	69,690,000,000
▪ Union Bank of Taiwan	3.43% – 3.78%	-	69,810,000,000	-	(120,000,000)	69,690,000,000
		647,666,000,000	4,154,226,008,349	(4,021,278,908,349)	(5,376,700,000)	775,236,400,000

(i) As at 31 December 2019, these borrowings are secured by cash and cash equivalents of VND39,480,000,000 (31/12/2018: VND49,800,000,000) (Note 5) and term deposits at bank of VND110,000,000,000 (31/12/2018: VND50,000,000,000) (Note 7(b)).

Phu Hung Securities Corporation

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

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(Issued under Circular No. 334/2016/TT-BTC dated 27 December 2016 of the Ministry of Finance)**19. Accounts payable for securities trading activities**

	31/12/2019 VND	31/12/2018 VND
Settlements of securities transactions by customers	110,059,308,500	100,833,582,700
Clearing and settlement of securities transactions	1,199,345,600	1,788,040,000
Others	34,728,816	149,469
	111,293,382,916	102,621,772,169

20. Taxes payable to State Treasury

	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
	1,279,855,304	29,847,434,192	(26,251,198,610)	4,876,090,886

21. Accrued expenses

	31/12/2019 VND	31/12/2018 VND
Employees' costs	8,411,023,171	7,121,585,196
Interest expense	1,552,985,982	1,278,513,810
Securities transactions fees	1,308,364,960	968,216,888
Consulting fees	69,066,187	122,473,362
Others	2,431,488,306	2,811,506,358
	13,772,928,606	12,302,295,614

Phu Hung Securities Corporation**Notes to the financial statements for the year ended 31 December 2019 (continued)****Form B09 – CTCK***(Issued under Circular No. 334/2016/TT-BTC dated 27 December 2016 of the Ministry of Finance)***22. Other payables**

	31/12/2019 VND	31/12/2018 VND
Dividend payables (*)	386,490,263	-
Payables to customers	31,247,800	1,630,509,000
Other payables	114,324,273	139,901,941
	<hr/> 532,062,336	<hr/> 1,770,410,941

(*) On 11 June 2019, the Company's Board of Directors decided to distribute cash dividends of VND23,099,838,300 equivalent to VND330 per share (2018: nil) based on the approved dividend plan approved by the Annual General Meeting of Shareholders on 17 April 2019.

23. Income from loans and receivables

	2019 VND	2018 VND
Interest income from margin loans	122,644,501,344	105,080,358,646
Fees from advances to customers for the proceeds from selling securities	6,705,191,690	3,906,974,529
	<hr/> 129,349,693,034	<hr/> 108,987,333,175

24. Expenses for securities brokerage

	2019 VND	2018 VND
Employees' costs	27,416,370,356	22,962,317,326
Commission for broker	16,543,434,213	16,780,026,538
Securities brokerage fees	9,103,834,328	8,857,146,944
Rental expenses	6,251,671,348	5,257,345,011
External services	3,878,397,676	3,629,889,925
Tools and supplies	1,132,236,483	688,598,892
Depreciation and amortisation of fixed assets	-	64,867,252
Other expenses	1,388,873,492	1,341,892,085
	<hr/> 65,714,817,896	<hr/> 59,582,083,973

Phu Hung Securities Corporation**Notes to the financial statements for the year ended 31 December 2019 (continued)****Form B09 – CTCK***(Issued under Circular No. 334/2016/TT-BTC dated 27 December 2016 of the Ministry of Finance)***25. Interest expense**

	2019 VND	2018 VND
Interest expense on borrowings	26,622,151,098	29,059,348,497
Interest expense on customers' deposits for securities trading activities	168,000,755	345,585,096
	<hr/> 26,790,151,853	<hr/> 29,404,933,593

26. General and administration expenses

	2019 VND	2018 VND
Employees' costs	17,894,995,295	15,888,224,538
External services	12,669,290,806	10,235,540,332
Rental expenses	2,663,194,239	2,625,294,912
Depreciation and amortisation of fixed assets	2,569,426,493	1,836,021,596
Tools and supplies	763,418,918	832,040,281
Taxes and fees	37,494,603	57,900,076
Other expenses	2,607,473,577	2,126,691,766
	<hr/> 39,205,293,931	<hr/> 33,601,713,501

Phu Hung Securities Corporation**Notes to the financial statements for the year ended 31 December 2019 (continued)****Form B09 – CTCK***(Issued under Circular No. 334/2016/TT-BTC dated 27 December 2016 of the Ministry of Finance)***27. Income tax****(a) Recognised in the statement of income**

	31/12/2019 VND	31/12/2018 VND
Current tax expense		
Current year	10,357,062,389	-
Deferred tax benefit		
Origination and reversal of temporary differences	(73,266,172)	-
	<hr/>	<hr/>
Income tax expense	10,283,796,217	-
	<hr/>	<hr/>

(b) Reconciliation of effective tax rate

	2019 VND	2018 VND
Accounting profit before tax	57,805,349,223	37,449,983,130
	<hr/>	<hr/>
Tax at the Company's tax rate	11,561,069,845	7,489,996,626
Non-deductible expenses	139,388,101	136,874,012
Non-taxable income	(31,042,477)	(21,172,048)
Tax losses utilised	(1,385,619,252)	(7,605,698,590)
	<hr/>	<hr/>
	10,283,796,217	-
	<hr/>	<hr/>

(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 as at 31 December 2019, a tax losses amount of VND6,928,096,260 was utilised (2018: VND38,028,492,950). At as 31 December 2019, there was no tax losses carried forward from previous years.

Phu Hung Securities Corporation**Notes to the financial statements for the year ended 31 December 2019 (continued)****Form B09 – CTCK***(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)***28. Basic earnings per share**

The calculation of basic earnings per share for the year 2019 was based on the profit attributable to ordinary shareholders of VND47,521,553,006 (2018: profit attributable to ordinary shareholders of VND37,449,983,130) and a weighted average number of ordinary shares outstanding of 69,999,510 shares (2018: 51,395,265 shares), calculated as follows:

(i) Net profit attributable to ordinary shareholders

	2019 VND	2018 VND
Net profit for the year	47,521,553,006	37,449,983,130

(ii) Weighted average number of ordinary shares

	2019 VND	2018 VND
Issued ordinary shares at the beginning of the year	69,999,510	49,999,510
Effect of shares issued during the year	-	1,395,755
Weighted average number of ordinary shares for the year	69,999,510	51,395,265

(iii) Basic earnings per share

	2019 VND	2018 VND
Basic earnings per share	679	729

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

Phu Hung Securities Corporation

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

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*(Issued under Circular No. 334/2016/TT-BTC
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In addition to the related party balances disclosed in other notes to the financial statements, the Company had the following transactions with related parties during the year:

	Transaction value	
	2019 VND	2018 VND
Dong Bang Development Limited - major shareholder		
Receipt of capital contribution	-	19,440,000,000
Cash dividend	2,245,320,000	-
Securities custody fee	25,268,760	8,164,800
Freshfields Capital Corporation - major shareholder		
Receipt of capital contribution	-	19,440,000,000
Cash dividend	2,245,320,000	-
Securities custody fee	25,268,760	8,164,800
Phu Hung Far East Holding Corporation - major shareholder		
Receipt of capital contribution	-	92,000,000,000
Cash dividend	10,626,000,000	-
Vu Thai Investment Consulting Co., Ltd - major shareholder		
Securities custody fee	42,172,132	9,690,000
Receipt of capital contribution	-	57,807,230,000
Cash dividend	3,826,258,590	-
Interest expense	2,046,477	4,708
Consultant fee	42,909,091	-
An Thinh Development Limited - major shareholder		
Securities custody fee	3,087,017	-
Share transfer fee	65,494,450	9,337,100
Cash dividend	2,139,441,150	-
Phu Lap Investment Consultant Co., Ltd. - related company		
Repayment of borrowings	35,000,000,000	-
Securities custody fee	3,422,813	2,615,420
Interest expense	2,207,900,558	3,087,313,151
Consultant fee	71,590,910	48,250,000
Shares transferring fee	13,700,000	-
Cash dividend	230,753,160	-
CX Technology (Vietnam) Corporation - related company		
Borrowings	-	-
Repayment of borrowings	-	70,000,000,000
Interest expense	-	165,277,778
Share transfer fee	-	35,955,582

Phu Hung Securities Corporation

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

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dated 27 December 2016 of the Ministry of Finance)*

	Transaction value	
	2019 VND	2018 VND
Remunerations of key management personnel		
Salaries and other benefits	2,842,025,375	2,422,532,000

30. Commitments*Leases*

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

	31/12/2019 VND	31/12/2018 VND
Within one year	7,312,686,090	8,892,835,300
Within two to five years	4,999,235,088	10,854,964,583
	<hr/> 12,311,921,178	<hr/> 19,747,799,883

Phu Hung Securities Corporation

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

Form B09 – CTCK

(Issued under Circular No. 334/2016/TT-BTC dated 27 December 2016 of the Ministry of Finance)

31. 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
2019						
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
Profit/(loss) before tax (07 = 01 + 06 – 02 – 03 – 04 – 05)	07	(6,921,759,935)	(1,059,730,890)	65,415,730,339	371,109,709	57,805,349,223
As at 31 December 2019						
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

Phu Hung Securities Corporation
Notes to the financial statements for the year ended 31 December 2019 (continued)

Form B09 – CTCK
*(Issued under Circular No. 334/2016/TT-BTC
dated 27 December 2016 of the Ministry of Finance)*

30. Segment reporting (continued)

(i) Business segments (continued)

	Code	Securities brokerage VND	Securities trading VND	Treasury activities VND	Others VND	Total VND
2018						
1. Revenue from operating activities	01	51,678,221,666	1,625,490,017	120,138,349,282	2,138,187,696	175,580,248,661
2. Direct expenses	02	54,960,439,304	2,873,325,241	73,488,205,314	2,540,880,454	133,862,850,313
3. Depreciation and amortisation expenses	03	64,867,252	-	1,836,021,596	-	1,900,888,848
4. Allowance for diminution in value of investments	04	-	36,193,937	-	-	36,193,937
5. Allowance for doubtful debts	05	-	-	2,334,331,835	-	2,334,331,835
6. Other income	06	-	-	-	3,999,402	3,999,402
Profit/(loss) before tax (07 = 01 + 06 – 02 – 03 – 04 – 05)	07	(3,347,084,890)	(1,284,029,161)	42,479,790,537	(398,693,356)	37,449,983,130
As at 31 December 2018						
Segment assets		20,214,851,454	2,589,329,286	1,489,050,576,226	561,065,699	1,512,415,822,665
Segment liabilities		11,975,112,207	1,972,431,309	750,092,677,277	2,511,867,306	766,552,088,099

(ii) Geographical segment

All business activities of the Company are carried out in Vietnam.

Phu Hung Securities Corporation
Notes to the financial statements for the year ended 31 December 2019 (continued)

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32. Corresponding figures

Corresponding figures were derived from the balances and amounts reported in the Company financial statements as at and for the year ended 31 December 2018.

33. Post balance sheet event

As at 12 February 2020, the Company had completed an issuance of 20,000,000 shares and received cash amounting to VND200,000,000,000. The private placement of shares is pursuant to the Resolution of General Shareholders Meeting No. 02/2019/NQ-DHDCD dated 26 September 2019. 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 VND900,000,000,000.

12 March 2020

Prepared by:



Ms. Nguyen Thi An Vi
Deputy Accounting Manager

Reviewed by:



Ms. Do Thi Ai Vy
Chief Accountant

Approved by:



Mr. Chen Chia Ken
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