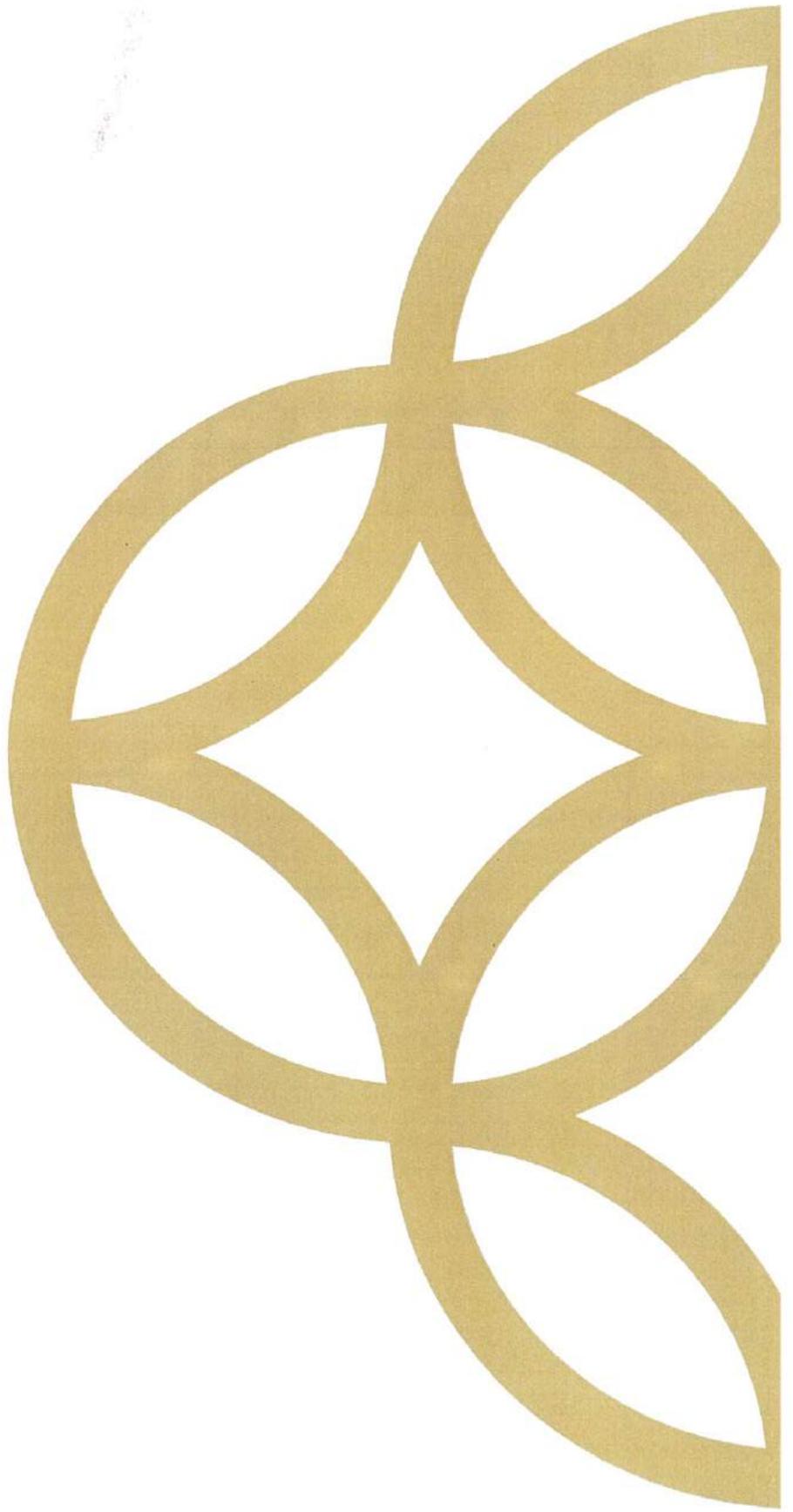
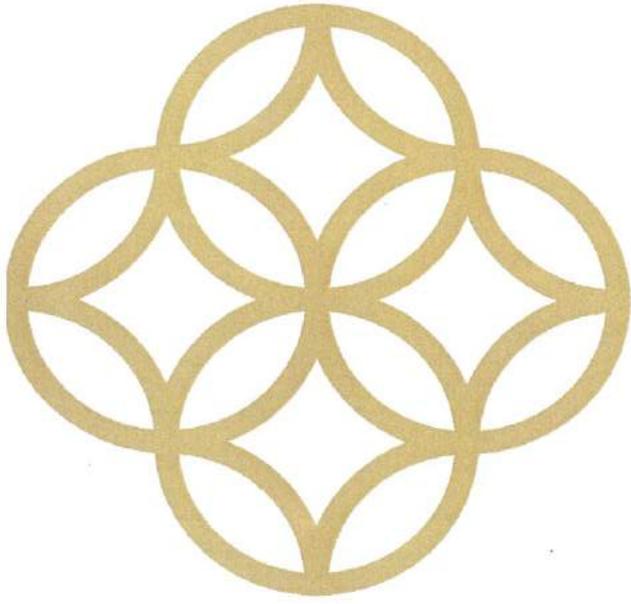




**Phu Hung**  
SECURITIES

# ANNUAL REPORT 2019

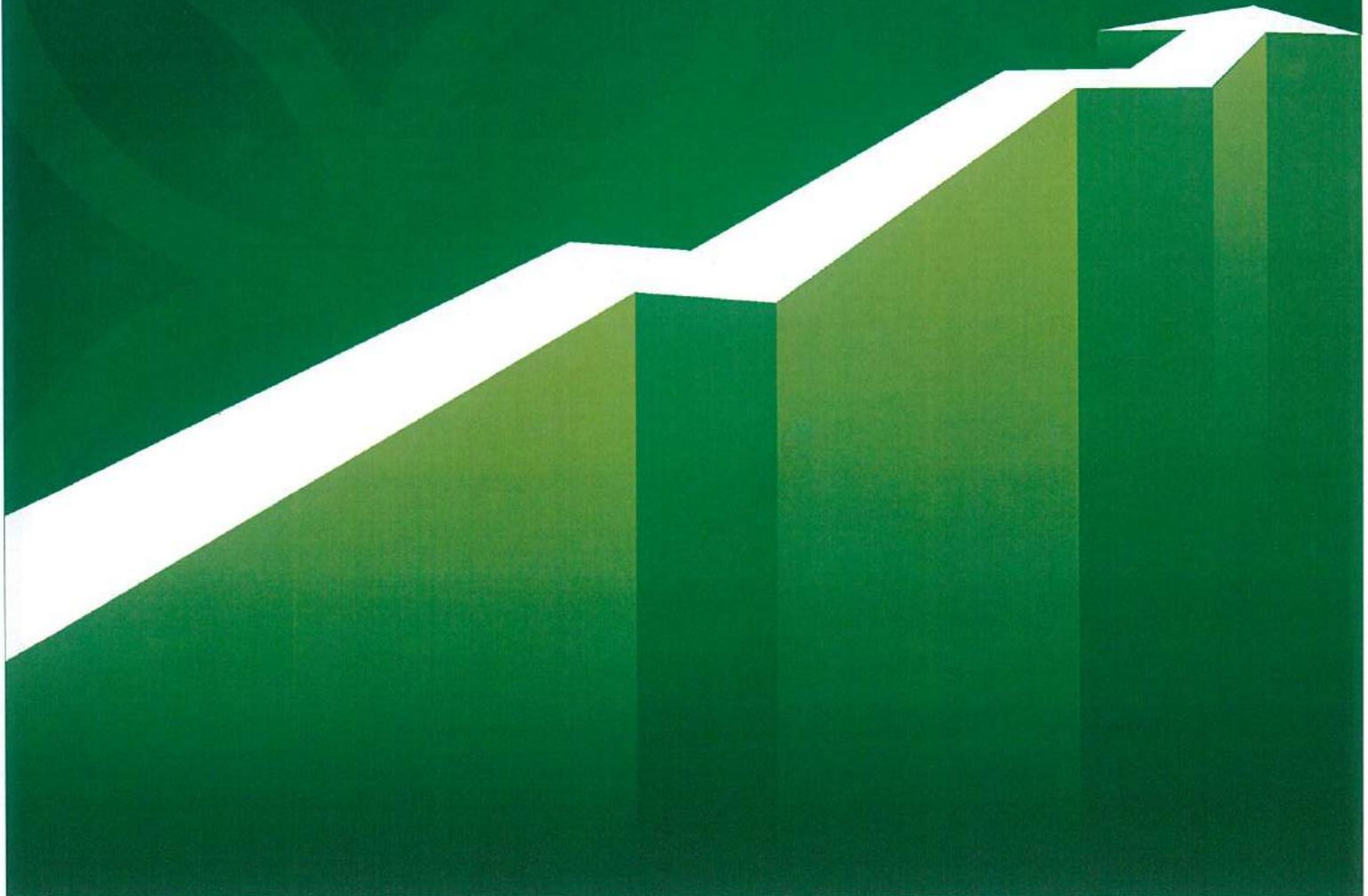






# Phu Hung

SECURITIES



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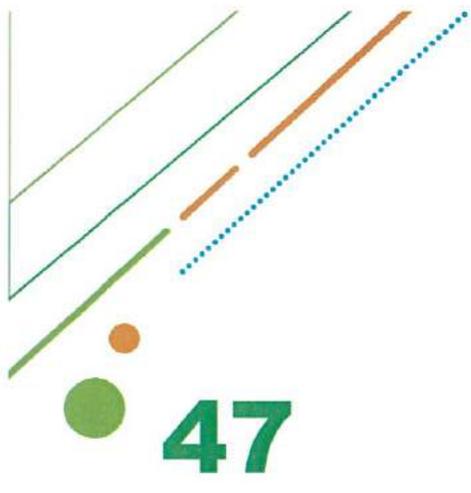
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## **MESSAGE FROM** **THE CHAIRMAN OF BOD**

Dear valued shareholders and stakeholders,

Phu Hung Securities Corporation (PHS) is delighted to share our management activities in 2019 with our shareholders and stakeholders through this report.

Even the world economy weighed down by trade conflicts, GDP of Vietnam in 2019, driving by solid growth of manufacturing and services sector, still climbed to 7.02%, only lower than 7.08% of 2018 during last decade and far exceeding the year target of 6.6-6.8%. The positive point is that high growth unaccompanied with higher inflation and credit expansion. Average CPI in 2019 just increased 2.79%, under target of 4% while credit growth recorded the lowest level since many years at 12.1%. Exchange rates were maintained stably thanks to trade surplus and FDI disbursement hit a new high of USD 11.1 billion and VND 20.4 billion, respectively.

Meanwhile, VN-Index slightly recovered 7.7%, closed the year 2019 at 960.99 points. However, the market was so quiet in 2019 due to cautious trading psychology. Monthly trading values of VN-Index was around VND 3,949 billion (-27%YoY) and lack of large IPOs or divestments at state-owned enterprises. The booming of corporate bonds market in the context of tightening credit was also considered as an affecting factor to equity stock market in 2019. In other side, domestic reforms continued to support the market such as the approval of Securities Law in November 2019 which directed to emerging market upgrade target by FTSE and MSCI, launching new product of Covered Warrant in June 2019 and set of new indices in November 2019 including VN Diamond, VNFIN Lead and VNFIN Select to solve the problem of buying full room stocks for foreign investors.

PHS has accomplished its best performance since the establishment under challenging business and market environment. I am pleased to report that PHS successfully managed through this environment with revenue up 14.9% and profit up 26.9%. In 2019, we register to trade in UPCoM under code PHS and the first year since the establishment PHS paid cash dividend of 3.3% per share to our Shareholders. I would like to take this opportunity to express my sincere gratitude to our shareholders and stakeholders for the support given to PHS for a successful year.

The securities industry has recently confronted drastic changes in the business environment, which includes technology innovation, products innovation, new regulations of law. Under the rapidly changing environment, PHS always proactively taking timely measures to respond to unpredictable developments of the market.

Growing up with the development of the financial market in general and the securities market in particular, PHS understands the important and active role of businesses in realizing on sustainable development. The integration of sustainable development goals into the Company's business strategies has been paid special attention and emphasis. Not only has PHS paid attention to revenue and profit growth, but it has also bundled such growth with environmental and social goals, ensuring a harmony of interests among stakeholders.

PHS has not been able to develop sustainably without the support from the customers, therefore, PHS always strives in every activity to bring about customer satisfaction through professional and dedicated provision of products and services, supply of new products, applies flexible and dynamic customer care mechanism.

The strategy of investing responsibility, accompanying and sharing development with associated companies and investee companies has also been pursued by PHS for many year.

PHS will also diversify its revenue structure, we will expand our product line-up and increase our standing position in market and will consistently commit to creating a trustworthy financial environment where all customers can trade with confidence.

In addition, PHS will continue to innovate itself to create shared values, will continue to execute sustainable development steps for itself, Shareholders, customers, employees, partners and the community. And the company will continue devote to building a co-existing society.

I would like to thank our valued customers and business partners who have been with us. I would like to thank our Shareholders for trusting the Board of Directors and Board of Management. Finally, I would like to thank the Board and our staffs for their dedication, support and professionalism. I am confident that together, we are well placed to meet the challenges ahead and build on the successes.

CHAIRMAN



Albert Kwang-Chin Ting



# COMPANY INFORMATION

General information

- 2019 Highlights
- Core Values
- Milestones

# GENERAL INFORMATION



Abbreviated name: PHS

Securities code : PHS

Website: www.phs.vn

**Establishment license:**

Establishment and Operational License No. 122/GP-UBCK issued by State Securities Commission dated January 20th, 2016.

Amendment of Establishment and Operation License No. 47/GPĐC-UBCK dated on December 21st, 2019 updating information of legal representative.

**Charter capital:** VND 700,000,000,000

**Equity:** VND 770,285,449,272

## Headquarters

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

## Phu My Hung Trading Office

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

## District 3 Branch

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

## Tan Binh Branch

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

## Hanoi branch

📍 3rd Floor, Naforimex Building, 19 Ba Trieu, Hoan Kiem District, Hanoi  
 ☎ Phone: (84 24) 3933 4560  
 📠 Fax: (84 24) 3933 4820

## Hai Phong Branch

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

## Thanh Xuan Branch

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

# 2019

## HIGHLIGHTS

Units: VND million, unless otherwise noted	2017	2018	2019	Changes 2019/2018
<b>BUSINESS RESULTS</b>				
<b>Revenue</b>	<b>130,033</b>	<b>175,584</b>	<b>201,793</b>	<b>14.9%</b>
Brokerage	41,793	51,453	50,211	-2.4%
Investments	1,181	1,625	1,523	-6.3%
Advisory	270	250	935	273.4%
Other	86,790	122,255	149,125	22.0%
<b>Expenses</b>	<b>112,707</b>	<b>138,134</b>	<b>143,988</b>	<b>4.2%</b>
<b>Profit before tax</b>	<b>17,326</b>	<b>37,450</b>	<b>57,805</b>	<b>54.4%</b>
<b>Profit after tax</b>	<b>17,326</b>	<b>37,450</b>	<b>47,522</b>	<b>26.9%</b>
<b>ROE</b>	<b>0.04</b>	<b>0.06</b>	<b>0.06</b>	<b>-</b>
<b>ROA</b>	<b>0.02</b>	<b>0.03</b>	<b>0.03</b>	<b>-</b>
<b>ASSETS</b>				
<b>Total assets</b>	<b>1,152,907</b>	<b>1,512,416</b>	<b>1,676,834</b>	<b>10.9%</b>
Charter capital	320,000	700,000	700,000	0.0%
Equity	508,414	745,864	770,285	3.3%
Gross leverage ratio	2.27	2.03	2.18	
Debt / Equity ratio	1.27	1.03	1.18	
Liquid capital ratio	567%	783%	852%	
<b>PER SHARE METRICS</b>				
Basic earnings per share (VND)	<b>537</b>	<b>729</b>	<b>679</b>	<b>-6.86%</b>
Weighted average number of ordinary shares	32,246,085	51,395,265	69,999,510	36.20%
Dividend/share (VND)	-	330	-	
<b>TOTAL EMPLOYEES (PEOPLE)</b>	<b>177</b>	<b>213</b>	<b>198</b>	<b>-7.04%</b>



Revenue

**201.8**

VND billion

Securities  
Brokerage

**50,211**

VND billion

Investments

**1,523**

VND billion

ASSETS

**1.676**

VND billion

Charter  
capital

**700**

VND billion

Equity

**770**

VND billion



TOTAL EMPLOYEES

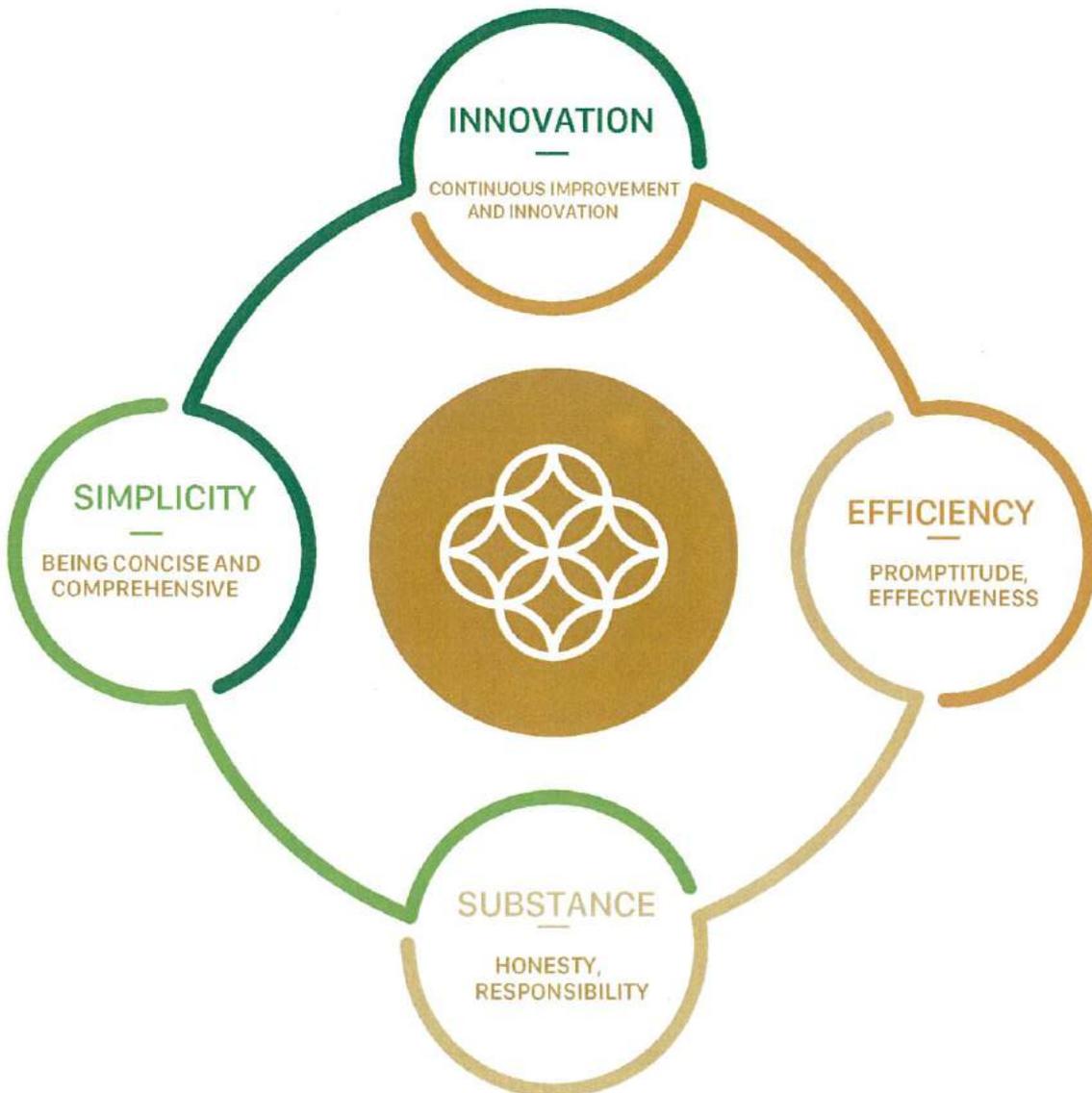
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NATIONALITIES

**2**

# CORE VALUE

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





# MILESTONES

**November  
15th, 2006**

Au Lac Securities Joint Stock Company ("Au Lac") was established with Business License No. 4103005552 from the Department of Planning and Investment of Ho Chi Minh City

Charter capital of  
VND 22,680,000,000.

**December  
1st, 2006**

Au Lac was licensed by the State Securities Commission to conduct securities business activities with the following business lines: Securities Brokerage, Dealing, Financial Advisory and Securities Investment, Securities Depository.

**December  
14th, 2006**

Au Lac became an official member of the Ho Chi Minh Stock Exchange.

**December  
18th, 2006**

Au Lac became an official member of the Ha Noi Stock Exchange

**December  
29th, 2006**

Au Lac received license updating the charter capital increase

The charter capital increase of  
VND 50,000,000,000.

**September  
5th, 2008**

Au Lac received a license updating charter capital increase

The charter capital increase of  
VND 100,000,000,000. by CX  
Technology (Cayman)

**November  
10th, 2008**

Head Office of Au Lac was moved to the Lawrence S. Ting Building, 801 Nguyen Van Linh Street, Tan Phu Ward, District 7, Ho Chi Minh City.

**January  
23rd, 2009**

PHS officially changed its name from Au Lac Securities Joint Stock Company to Phu Hung Securities Corporation ("PHS").

**March  
18th, 2014**

PHS became a Bond member of Hanoi Stock Exchange.

**November  
19th, 2015**

PHS received a Decision on approving the consolidation between Phu Hung Securities Corporation and An Thanh Securities Corporation.

**January  
20th, 2016**

PHS received Establishment and Operational License No. 122/GP-UBCK

The charter capital increase of VND VND 202,585,070,000 after the consolidation

**January  
20th, 2016**

PHS became a depository member of Vietnam Securities Depository, a trading member of Ho Chi Minh Stock Exchange, a trading member of the listed securities market and trading member of registered trading market (UPCOM) of Hanoi Stock Exchange.

**June  
29th, 2016**

PHS moved the Head Office to the 3rd Floor, CR3-03A, 109 Ton Dat Tien, Tan Phu Ward, District 7, Ho Chi Minh City, Vietnam

**January  
23rd, 2017**

PHS was approved by the State Securities Commission to operate securities underwriting service

**May 15th,  
2017**

State Securities Commission approved the maximum ratio of foreign ownership of PHS up to 100%

**April  
27th, 2018**

PHS was officially approved the eligibility of trading member of Government bonds by the Hanoi Stock Exchange

**August  
22nd, 2018**

PHS officially registered, deposited its stocks at Vietnam Securities Depository.

**July  
19th, 2019**

Hanoi Stock Exchange approved the registration of PHS shares trading in Upcom

**July  
31st, 2019**

PHS's shares were traded on UPCOM





# LINES AND LOCATION OF THE BUSINESS



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

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

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



**SECURITIES BROKERAGE**



**FINANCIAL INVESTMENT  
ADVISORY**



**DEPOSITORY**



**DEALING**



**UNDERWRITING**



Phu Hung  
FINANCIAL GROUP





## HEAD OFFICE

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

☎ (84-28) 5 413 5479

☎ (84-28) 5 413 5472

☎ (84-28) 5 411 8855

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

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

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



## HANOI

### Hanoi Branch

3rd Floor, Naforimex Building,  
19 Ba Trieu Street, Hoan Kiem District, Hanoi

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

### Thanh Xuan Branch

5st Floor, UDIC Complex Building, Le Van Luong Street,  
TN04 Hoang Dao Thuy, Trung Hoa Ward Cau Giay Dist., Hanoi.

☎ (84-24) 6250 9999



## HAI PHONG

### Hai Phong Branch

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

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



## HO CHI MINH CITY

### Phu My Hung Trading Office

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

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

### Tan Binh Branch

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

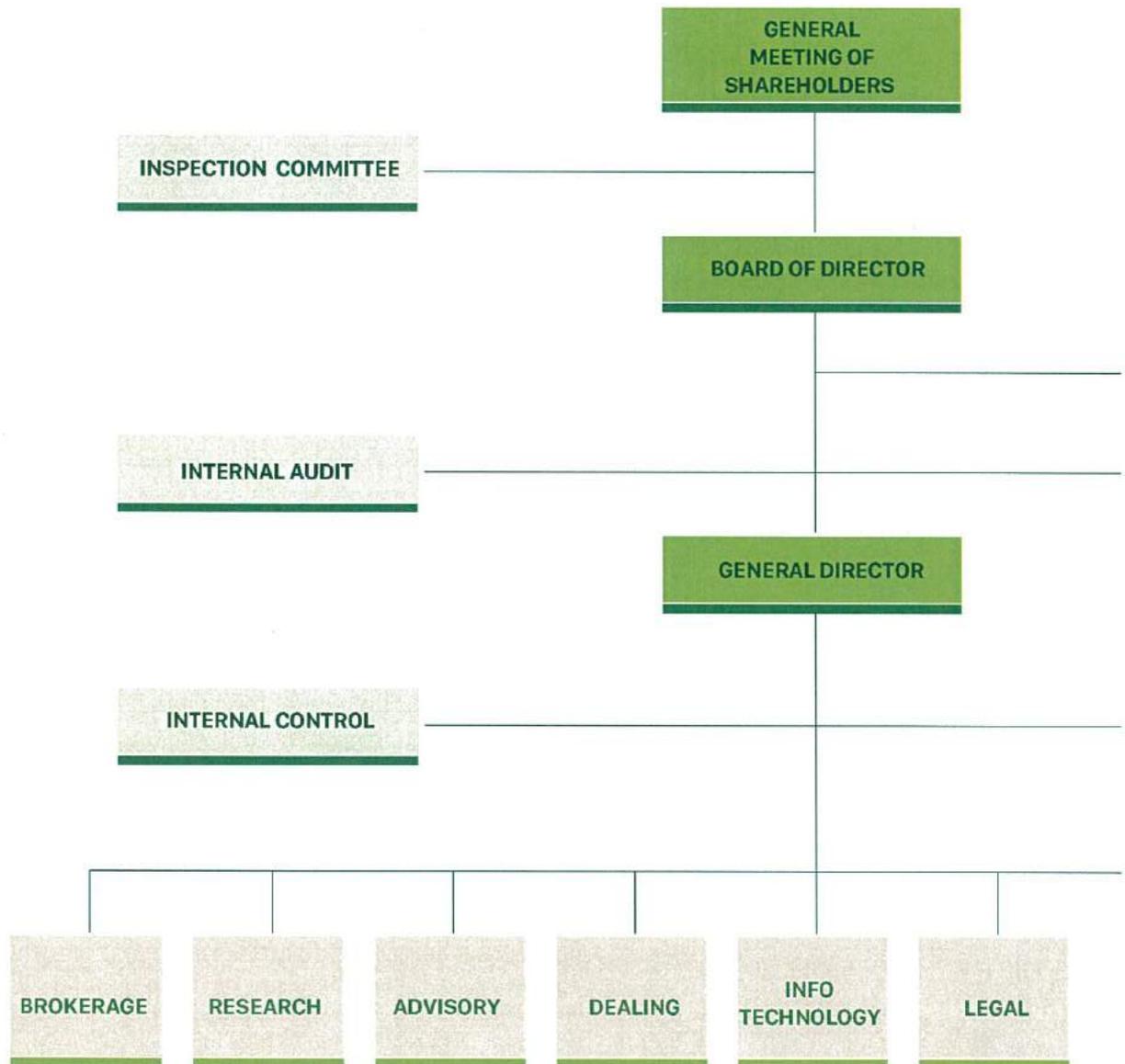
☎ (84-28) 3 813 2401; ☎ (84-28) 3 813 2415

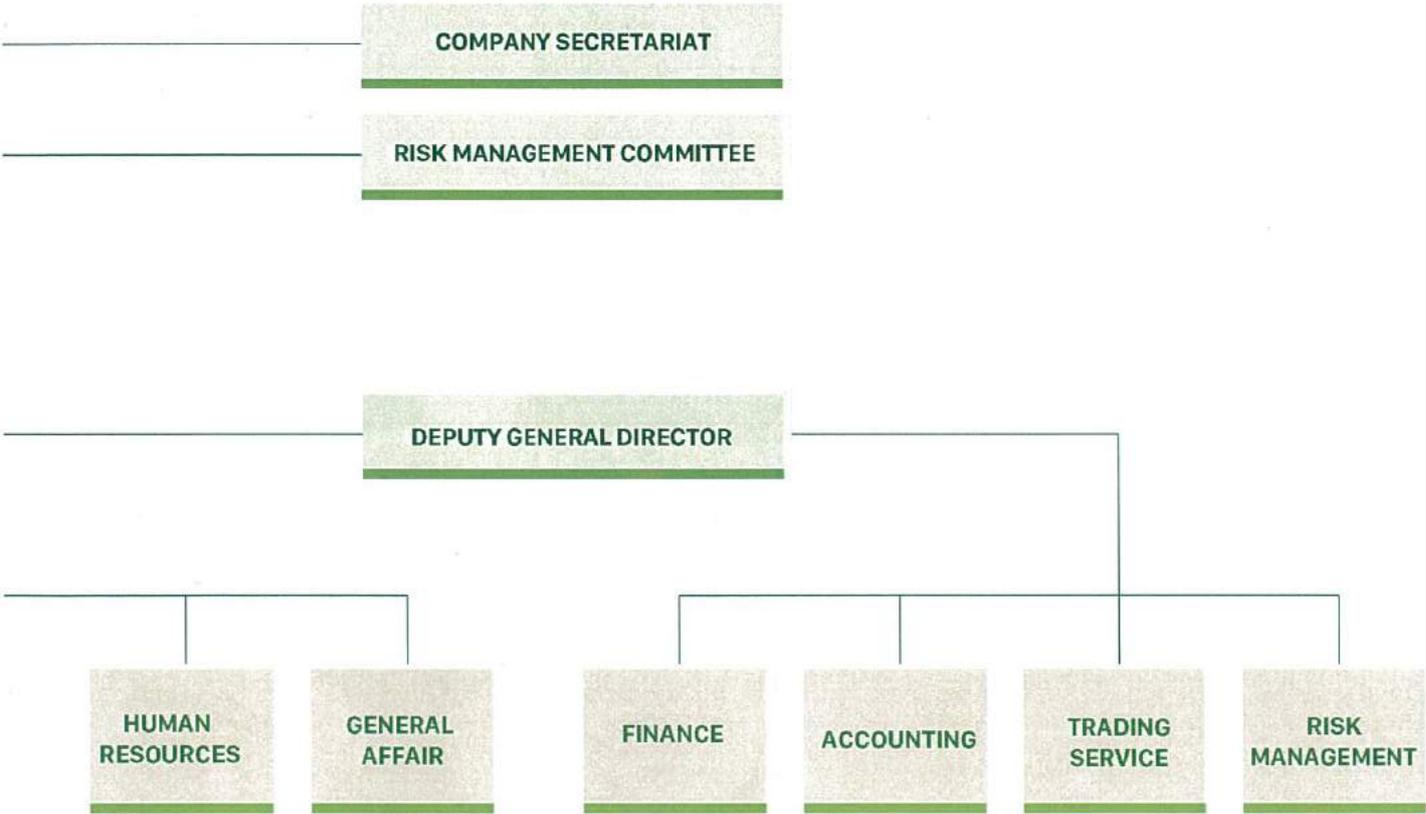
### District 3 Branch

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

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

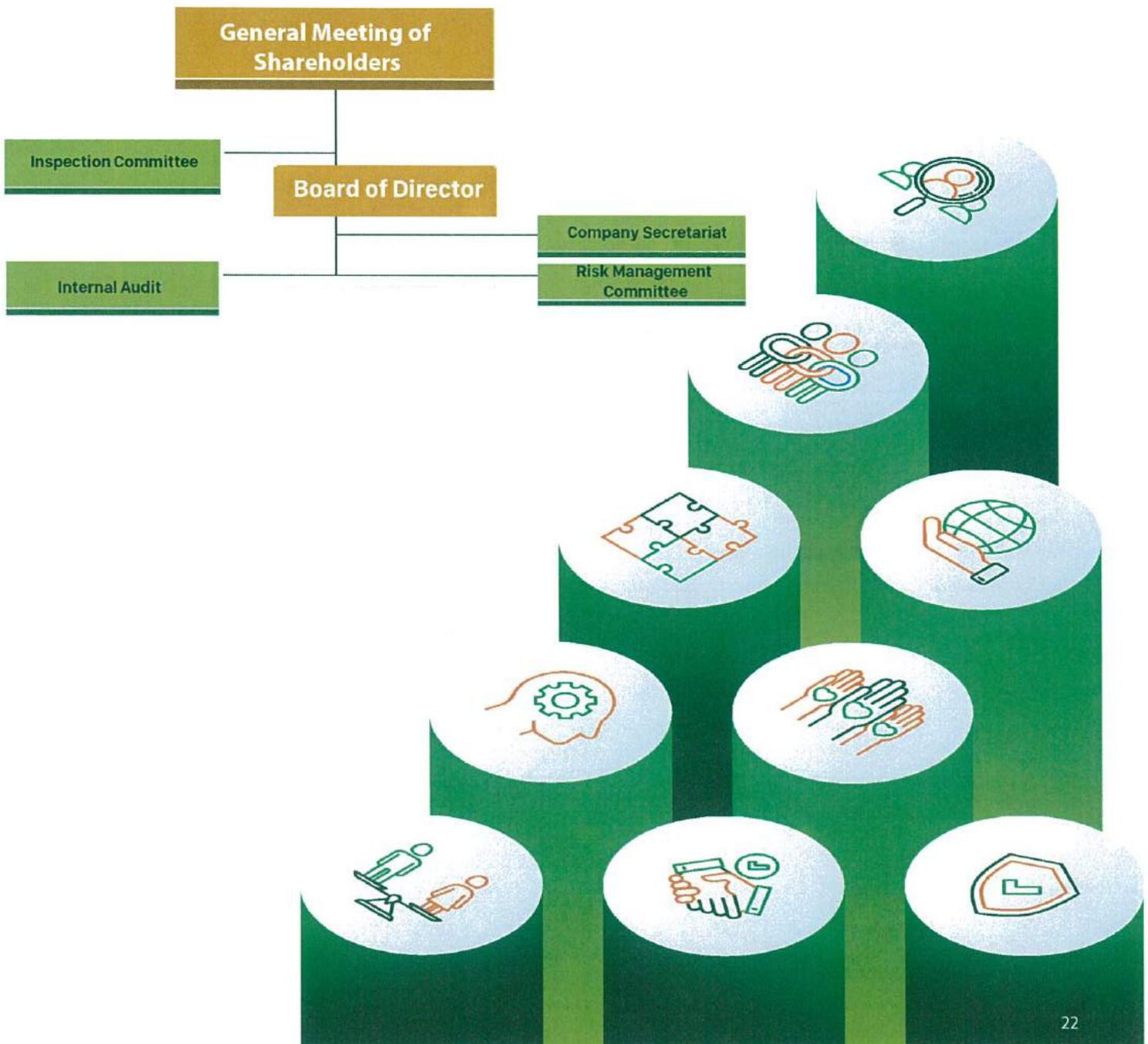
## GOVERNANCE MODEL





## GOVERNANCE MODEL

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

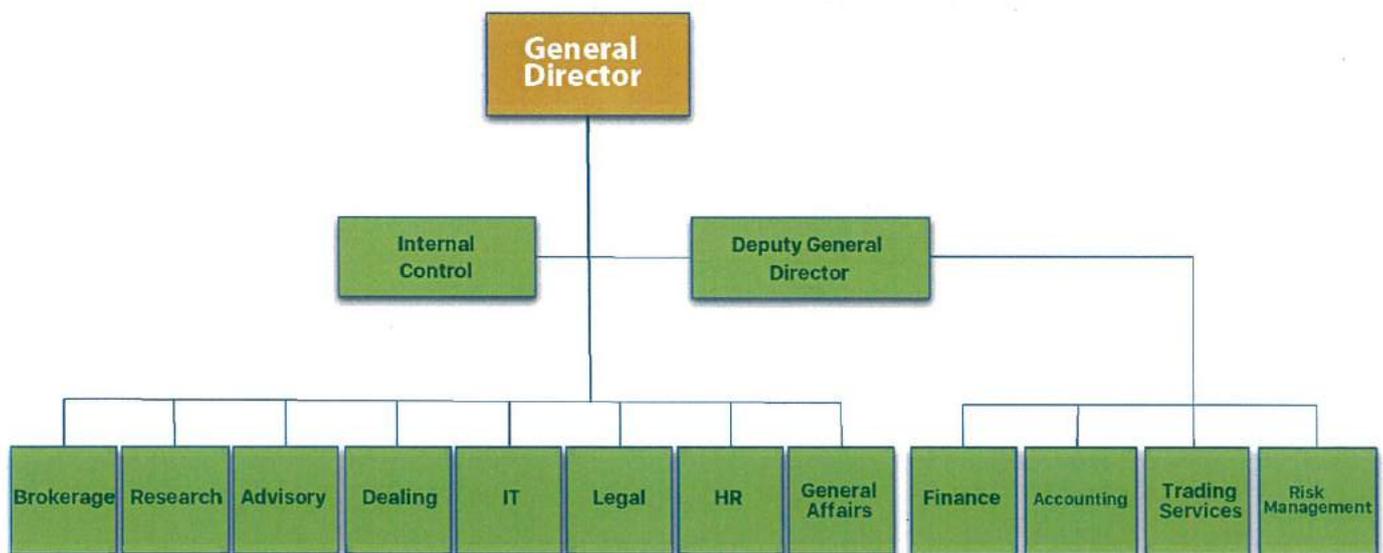


## MANAGEMENT STRUCTURE

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

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

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



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

# DEVELOPMENT ORIENTATIONS

## OBJECTIVE 2020

In 2020, Phu Hung Securities will focus mainly on enhancing our financial capacity and preparing completely for our further development. PHS will continue to increase market share in the market while simultaneously focusing on investment advisory products, margin products, and online trading products. In addition, new products will be developed continuously to diversify product portfolio, meeting the needs of each customer segment.

Continuing to improve the quality of investment advisory and recommendations, in addition to expanding and diversifying market opportunities reports and analysis, stock analysis, cash flow and market liquidity reports. Increasing margin outstanding and diversifying financial products to provide leverage for customers.

PHS will prepare derivatives license, the trading systems and other required conditions to meet the standards for joining Vietnam derivatives market.

In 2020, PHS will continue to cooperate with the vendors to provide the most suitable Mobile App securities trading for customers to create the convenience of using these utilities and improve quality service.

## DEVELOPMENT STRATEGY

Strengthen research – We target to build a comprehensive and in depth research reports system for better support business activities of the Board of Management, sales divisions including retail and institutional and other divisions. Our Research division will keep expanding with over 10 professionals next year and cover all important sectors along with macroeconomic and market strategy.

The Company believes that a famous brand, which can create a "great belief" for domestic and foreign investors. In 2020, PHS will promote in marketing our brand name through multimedia channels, social media networks, charity activities, and internal promotion for all employees. Besides, through digital marketing, PHS wants to promote our images and services to the customers, especially institutional customers.

In 2020, PHS is not only trying to recruit more human resources to develop institutional customers network but it also is devoting to help institutional customer in understanding securities market and provide them professional investment consultancy next year.

PHS has organized seminars for investors and training courses for all employees about derivatives products activities, in 2020, we will keep these activities continuing and becoming regular activities.

# RISKS

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

## **PAYMENT RISKS**

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

## **MARKET RISKS**

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

## **LIQUIDITY RISKS**

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

## **OPERATIONAL RISKS**

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

## **LEGAL RISKS**

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

# SITUATION OF PRODUCTION AND BUSINESS OPERATIONS

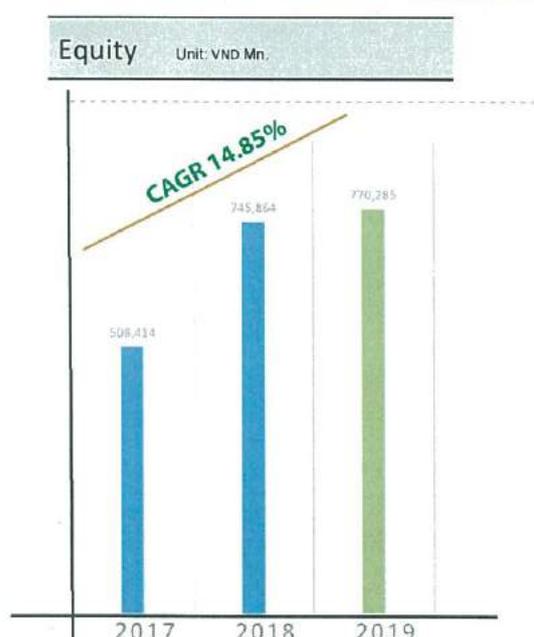
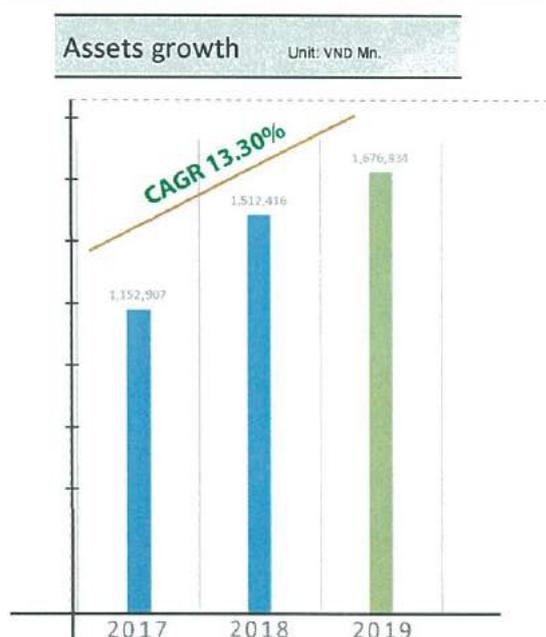


The Vietnam stock market (stock market) started in 2019 relatively prosperous, the VN-Index continuously went up strongly and exceeded the important psychological level of 1,000 points after less than 3 months. However, the excitement did not sustain for a long time, the market entered a deep correction, sometimes even falling down to 940 points.

From the bottom, the market started to stabilize and gradually became more positive. VN-Index continuously fluctuated with a narrow band, creating a cumulative position in the uptrend and had the second time conquering the threshold of 1,000 points at the end of October. The subsequent boom caused investors to be optimistic about the goal is to reach the historical peak of 1,200 points that the market once achieved in April 2018.

However, that positive signals only maintained for a short time, the pressure of taking profit strongly at the technical resistance area of 1,020 points caused VN-Index to lose its momentum and fall deeply to the area of 950 points. Currently, investor sentiment is more stable, the market continues the accumulation process and waits to shape the new trend.

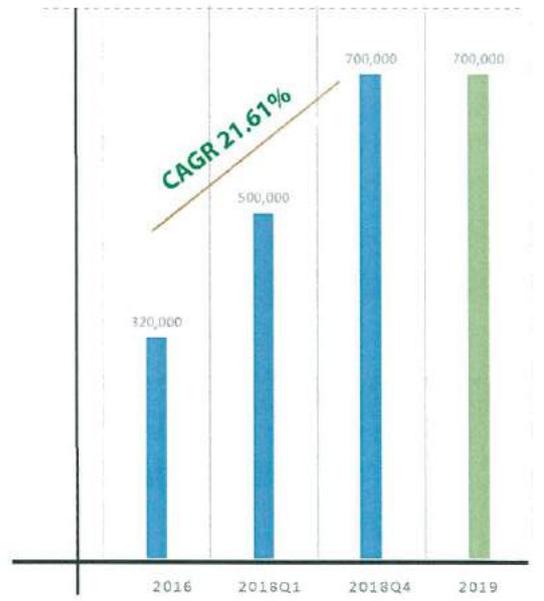
For the whole year of 2019, foreign investors bought VND 175,031 billion while sold VND 167,731 billion in the whole market, equivalent to a net buying value of VND 7,300 billion. Until the end of 2019, Vietnam Securities Depository (“VSD”) has granted securities trading codes to 4,123 foreign investors, including 492 organizations and 3,631 individuals, which compared to 2018, the number of foreign investors receiving trading codes decreased to 1,414 from 5,537 codes in 2018 to 4,123 codes in 2019.



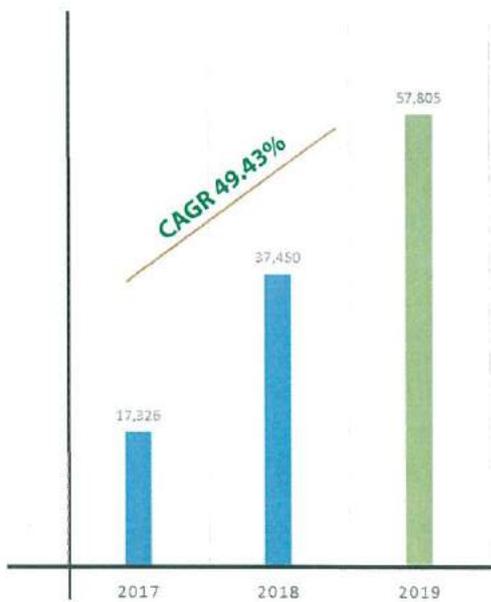
**Revenue** Unit: VND Mn.



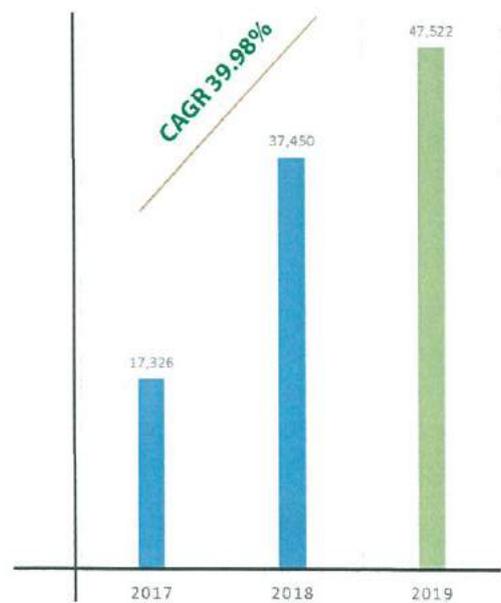
**Charter Capital** Unit: VND Mn.



**Profit before tax** Unit: VND Mn.



**Profit after tax** Unit: VND Mn.

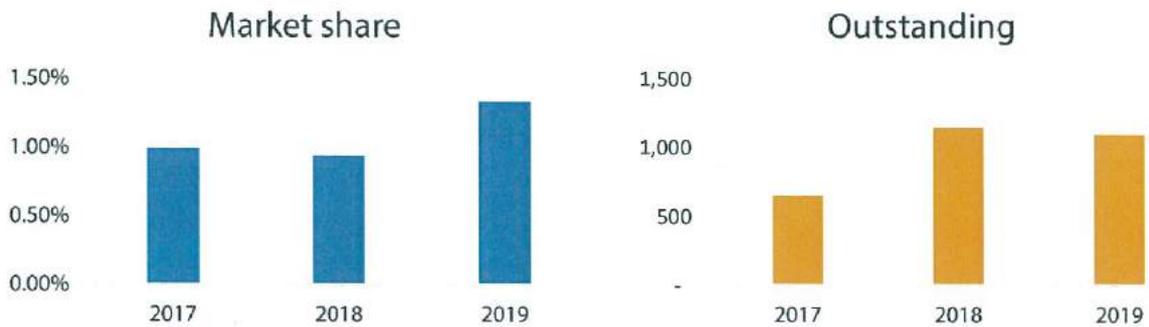


## BUSINESS RESULT

According to statistics, the revenue of securities companies this year also fell by over 20% due to the decrease in daily trading volume, fewer goods on the market. Particularly, the quantity of issued shares also decreased by half compared to the same period last year. Although the market is facing many difficulties in 2019, the Company also achieved significant results.

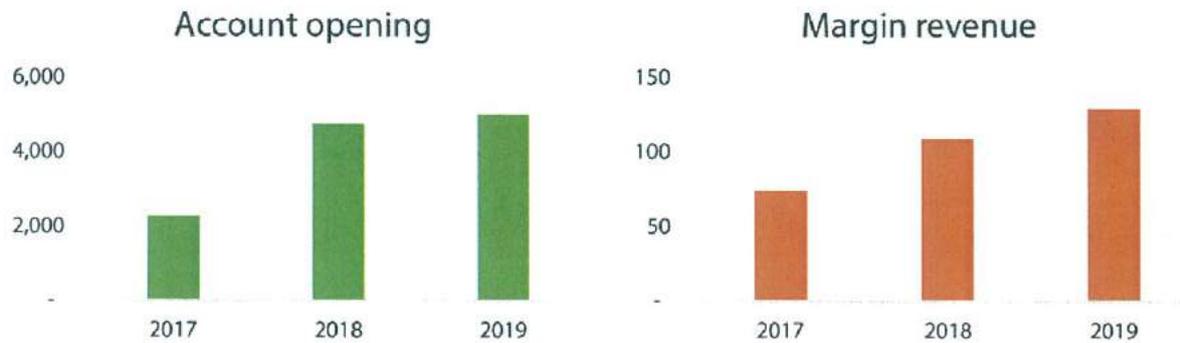
## MAIN BUSINESS ACTIVITIES

### BROKERAGE



In 2019, the general market value decreased, but the Company's market share grew sharply, increased more than 40% compared to 2018. Income from brokerage activities reached VND 49 billion, accounting for 22% of the Company's total revenue





The strong growth in the number of customer accounts is a result of constantly improving products and services and improving the quality of the brokerage team to serve customers better and better. Margin trading service increased 18.7% compared to 2018. Advance payment service increased 72%, securities depository services increased 40% compared to 2018.

## DEALING

With the accumulating experience and well-designed risk control procedure, Dealing division reported a gain of 3.9% last year. As comparing with other securities firms, our position under management in Dealing division is still small. The priority of the operation is aiming to accumulate trading experience in the market. At the moment, the target of PHS, for long term, is focused on developing a market-oriented team of Research and Dealing. We think that having an in-depth and accurate analysis skill is the key for us to make the right view and decisions on securities trading. With a more comprehensive and instant monitoring in fundamental and technical aspect, we believe Dealing division will be able to filter out more valuable investment opportunities and to report a better performance in the future.

## ADVISORY AND RESEARCH

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

## OPERATION IN BRANCHES

The number of branches in 2019 did not change, the Company still kept a total of 6 branches and trading offices, but improved the quality of employees through better recruitment and training. Operation results of branches still operate effectively, gradually affirming the sustainable development.



# ORGANIZATION AND HUMAN RESOURCES

## LIST OF THE MANAGEMENT TEAM

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

Position: General Director

Year of birth: 1971

Qualification: Master's degree

Number of shares own: 0 share

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

Position: Deputy General Director

Year of birth: 1984

Qualification: Bachelor's degree

Number of shares own: 0 share

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

Position: Chief Accountant

Year of birth: 1986

Qualification: Bachelor's degree

Number of shares own: 0 share



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

- ❖ Number of staffs updated to December 31st, 2019: 198 staffs.
- ❖ Total salary expense for employee: approximately VND 35,000,000,000 (thirty-five billion Vietnam dong).
- ❖ Average income: approximately VND 14,700,000 (fourteen million seven hundred thousand Vietnam dong)/ person/ month.

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



# INVESTMENT ACTIVITIES, PROJECT IMPLEMENTATION

**MAJOR INVESTMENTS: N/A**

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

## FINANCIAL SITUATION

### FINANCIAL SITUATION

Unit: VND

Financial Figure	Year 2018	Year 2019	% change
Total asset	1,512,415,822,665	1,676,833,891,148	10.9%
Revenue	175,580,248,661	201,777,699,902	14.9%
Taxes and payables	1,279,855,304	4,876,090,886	281%
Before tax profit	37,449,983,130	57,805,349,223	54.4%
After tax profit	37,449,983,130	47,521,553,006	26.9%

### MAJOR FINANCIAL BENCHMARKS

Unit: VND

Benchmarks	Year 2018	Year 2019	Note
1. Solvency ratio			
- Current ratio:			
Short term Asset/Short term debt	1.95	1.82	
- Quick ratio:			
Short term Asset - Inventories	1.95	1.82	
Short term Debt			
2. Capital structure Ratio			
- Debt/Total assets ratio	0.51	0.54	
- Debt/Owners' Equity ratio	1.03	1.18	
3. Operation capability Ratio			
- Inventory turnover:			
Cost of goods sold/Average inventory			
Net revenue/ Total Assets	0.12	0.12	
4. Target on Profitability			
- Profit after tax/ Net revenue Ratio	0.21	0.24	
- Profit after tax/ total capital Ratio	0.05	0.06	
- Profit after tax/ Total assets Ratio	0.025	0.028	

## FOR CREDIT INSTITUTIONS AND NON-BANK FINANCIAL INSTITUTIONS

Unit: VND

Figures	Year 2018	Year 2019	Note
1. Capital scale			
- Charter Capital	700,000,000,000	700,000,000,000	
- Total assets	1,512,415,822,665	1,676,833,891,148	
- Capital adequacy ratio	783%	852%	
2. Operating results			
- Cash deposits			
- Lending	17,440,641,278,308	18,550,391,283,325	
- Debt collection	16,973,690,371,755	18,573,053,535,583	
- Outstanding debts	22,416,018,240	21,011,664,992	
- Bad debt	6,051,639,641	6,209,462,344	
- Incremental Capital Output Ratio	3.11	3.82	
- Overdue outstanding underwritten debt/ Total outstanding debt Ratio			
- Overdue outstanding debts/ Total debt Ratio	0.019	0.018	
- Bad debt/Total debt Ratio	0.005	0.005	
3. Solvency			
- Short term solvency (Short term Asset/Short term debt)	1.95	1.82	
- General solvency (Short term Asset/ Total debt)	1.95	1.82	

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

## **SHARES**

Specify total number on December 31st, 2019 is 70,000,000 shares

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

Number of restrictedly transferable share is 0 shares

PHS does not have securities trading abroad.

## **SHAREHOLDERS STRUCTURES**

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

Minor shareholders (owning less than 5%) are 249 shareholders

Institutional shareholders are 13 shareholders

Individual shareholders are 241 shareholders

Domestic shareholders are 241 shareholders

Foreign shareholders are 13 shareholders

There is no any PHS share owning by the government

Other shareholder is PHS (treasury stocks).

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

In 2019, PHS did not increase charter capital

On June 24th, 2019, PHS finalized list of shareholders to pay cash dividend with the ratio of 3.3% per share

On July 25th, 2019, VSD transferred registration data, securities depository of PHS share from unlisted public market to UPCOM market

On July 31st, 2019, PHS's shares were officially traded on UPCOM market of Ha Noi Stock Exchange

## **TRANSACTION OF TREASURY STOCKS**

Treasury stocks are 490 shares. In 2019, PHS did not make any treasury stocks transaction.

## **OTHER SECURITIES**

In 2019, PHS did not make any other securities issuance.

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

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

**ENERGY CONSUMPTION: N/A**

**WATER CONSUMPTION: N/A**

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

**POLICIES RELATED TO EMPLOYEES**

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

- ❖ Number of staff updated to December 31st, 2019: 198 people.
- ❖ Total salary expense for employees: approximately VND 35,000,000,000 (thirty-five billion Vietnam dong).
- ❖ Average income: approximately VND 14,700,000 (fourteen million seven hundred thousand Vietnam dong)/ person/ month

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

- ❖ Annual Health check-up total fees for employee in 2019: VND 168,358,750 (one hundred sixty-eight million three hundred fifty-eight thousand and seven hundred fifty Vietnam dong).
- ❖ Extra health insurance fees for supervisor level up and all employees with contribution from 5 years above in 2019: VND 283,889,250 (two hundred eighty-three million eight hundred eighty-nine thousand and two hundred fifty Vietnam dong).
- ❖ 24/24 accident insurance for employees in 2019: VND 126,000 (one hundred twenty-six thousand Vietnam dong)/ person/ year.
- ❖ Annual trip for employees in 2019: approximately VND 4,000,000 (four million Vietnam dong)/ person.

## **Training employees**

- ❖ In 2019, the Company has organized many internal and external training courses on business and product to support all staff updating the features of services and products of Company.
- ❖ Company also organized the training courses about soft skills to help staff more professional in handling the job.
  - Project Management Skills
  - Problem Solving Skills
  - Case Study
- ❖ The training content includes improving the soft skills, improving the professional job, updating the knowledge about products and services and training about labor rules and regulations of the Company.

**REPORT ON RESPONSIBILITY FOR LOCAL COMMUNITY: N/A**

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

# ASSESSMENT OF OPERATING RESULTS

## BROKERAGE

The competition for brokers in 2020 is getting more intense, more and more difficult, PHS continues to invest in technology, people and quality of investment advisory to bring optimal efficiency to customers. PHS continues to strive and improve business performance better than 2019.

### Increase the revenue:

In terms of Vietnam stock market index, the growth index is not as expected, but in terms of trading value and market share, this is a successful year of PHS, specifically, trading value increased by 2.3% Compared to 2018 and the market share increased by 43% (2019: 1.3% and 2018: 0.91%) and expected to continue to increase in 2020.

In addition to stock, bond transactions in 2019 also reached the record of filtering into the top 10 companies with the highest market share in November 2019, which contributes to improving the position of PHS in Vietnam's stock market.

### Customer Growth and network expansion:

The total number of accounts opened in 2019 is more than 5,000 accounts higher than 2018 by 5.3%. Although the increase rate is not high, the number and quality of customers are partially improved. The company will retain this orientation in the coming years.

In 2019, the company continues its strategy of developing many brokerage teams for both the South and the North, including many of them who were the branch directors of major securities companies and well-known listing enterprises. This strategy will be maintained and developed more widely for 2020.

### Improve service quality and develop new products:

The trading system and supportive tools are constantly upgraded to ensure fast and efficient in order placing and processing, while online services are also significantly improved and upgraded. It is possible for customers to perform all services at home.

In addition, the company is also in the process of investing in upgrading the trading system on phones and tablets to create more utilities for customers to trade anytime, anywhere. With the targets of increasing capital and deploying derivative products, the Company is preparing to complete the operation process of derivative products ready to be deployed in the second quarter of 2020.

## DEALING

In 2019, Vietnam stock market entered a consolidation pattern with the VN-Index hovering around 900-1,000 points, and finished the year with a gain of 7.7%.

Vietnam stock market saw positive performance with a strong growth in the first quarter before entering a sideways movement since second quarter of 2019. The growth force of the market in the first quarter came from the bottom-fishing demand of domestic investors and net-buying cash flow of foreign investor, pushing VN-Index surpassed 1,000 points at the middle of March. However, trade conflict and global economic uncertainty made investors more cautious, the index faced profit-taking pressure as it approached towards 1,000 threshold, causing the index to correct and move in a consolidation trend (950-1,000 points) for almost the whole year. Although, VN-Index strongly surpassed 1,000 threshold again at the end of October, the market has disappointed investors and transformed into correction in the last two months. As of December 31st, VN-Index closed at 960.9 points (+7.7%), while HNX-Index declined to 102.5 points (-1.6%).

Due to the stock market mainly entered a consolidation. Especially, its volatility increased significantly in the fourth quarter of the year, causing the difficulty in trading strategies, consequently the gains of portfolios was shrinking in the last quarter. However, with the efficiency of market movement tracking and mainstream stocks's fundamental analysis, the performance of Dealing division in 2019 was better than the industry performance. In 2019, the investment position mainly concentrated on leading stocks in the mainstream industries, and stocks with specific market events.

Currently, the watch list for investable stocks is reviewed closely and adjusted based on the observation of the signals revealed from fundamental and technical indicators. The portfolios also has been well-diversified rather than concentrating on any single stock. As the end of December, the return on investment was 3.9%.

## FINANCIAL AND INVESTMENT ADVISORY

In 2019, with hands-on advisory experience, Advisory division has almost achieved the target revenue as planned. The revenue sources are quite diverse including advisory services in Share Issuance, Listing, M&A, and Bond Issuance. But the major drivers of the growth are share transfer and capital injection advisory service. During this year, PHS has strengthened its connection with listed and public companies to find more potential demands in listing and share issuance. In the meantime, by providing more services to new customers, the advisory team can accumulate more experiences and complete the deals in a more professional way. We hope our efforts can be recognized by the market and then raise the awareness of the PHS's brand name. To achieve the target revenue as planned, the advisory team has made great attempt to complete many new contracts regarding to capital injection, bond issuance, M&A, private and public share issuance, and public Company Management advisory services during 2019. Most of new contracts were completed during this year, and other ongoing contracts are expected to recognize more revenue in the near future in 2020.

In 2020, PHS will focus on enhancing its advisory capability by providing a more comprehensive consulting service, especially in the field of share issuance and M&A advisory services. The Company will maintain its major business strategy in providing full package consultancy services to important customers, especially advisory services related to foreign investors who have demand to invest in Vietnam. At the same time, Advisory division would attempt to improve services quality and enhance corporate finance advisory and M&A advisory experience to raise customers and investors satisfaction, attract new customers by expanding domestic and international relationships, and continue to build prestigious brand name in the industry.

## FINANCIAL SITUATION

### ASSETS

End of 2019, total assets were VND 1,676,833,891,148 increased VND 164,418,068,483 (10.8%) compared with the beginning of the year. Total the short-term assets are VND 1,652,163,390,210 accounted for 98.5% of total assets (the figure of beginning of the year is 98.8%), long-term assets are VND 24,670,500,938 accounted for 1.5% of total assets (the figure at the beginning of the year is 1.2%). The proportion of short-term and long-term assets at the end of 2019 compared to the beginning of the year did not change much but the total assets increased due to increasing in business activities of the Company. The asset utilization rate is 0.12.

Bad debts at the end of 2019 is VND 6,209,462,344 accounted for 0.4% of total assets.

### LIABILITIES

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

End of 2019, liabilities of the Company were VND 906,548,441,876 and there is not overdue debt. Therein, liabilities to foreign organizations were VND 668,349,100,000 accounted for 74% of total liabilities so will affect to the exchange rate difference of liabilities and interest expenses.

## DEBT OBLIGATIONS

"Due debts are always paid by the company on time and in full under the contract. The company does not have overdue debts."

As of December 31, 2019, the balance of short-term and long-term loans was as follows:

The balance of short-term and long-term loans				Unit: VND million
	31/12/2017	31/12/2018	31/12/2019	
<b>Long-term debt</b>	<b>556,826</b>	<b>647,666</b>	<b>775,236</b>	
Short-term borrowings	556,826	647,666	775,236	
Long-term	0	0	0	
<b>Total</b>	<b>556,826</b>	<b>647,666</b>	<b>775,236</b>	

## PAYABLES AS RELATED TO THE STATE

The company strictly fulfills its obligations in accordance with current regulations. The balance of tax payables to the State as of December 31,

Payables to the State				Unit: VND million
	31/12/2017	31/12/2018	31/12/2019	
Value added tax	2	5	3	
Corporate income tax	-	-	3,249	
Personal income tax	1,368	1,275	1,608	
Foreign contrac withholding tax	0	-	16	
<b>Total</b>	<b>1,371</b>	<b>1,280</b>	<b>4,876</b>	

## RECEIVABLES, PAYABLES

### RECEIVABLES

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

### PAYABLES

Payables				Unit: VND million
	31/12/2017	31/12/2018	31/12/2019	
Short-term payables	644,152	766,188	906,211	
Long-term payables	340	365	337	
<b>Total</b>	<b>644,493</b>	<b>766,552</b>	<b>906,548</b>	

## FINANCIAL SAFETY RATIOS

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

Per Circular No. 87/2017/TT-BTC of the Ministry of Finance dated August 15, 2017, securities companies must maintain a Liquid capital ratio (LCR) of at least 180%. PHS always maintains a very high LCR, ensuring the financial safety of the company

## KEY FINANCIAL METRICS

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

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

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

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

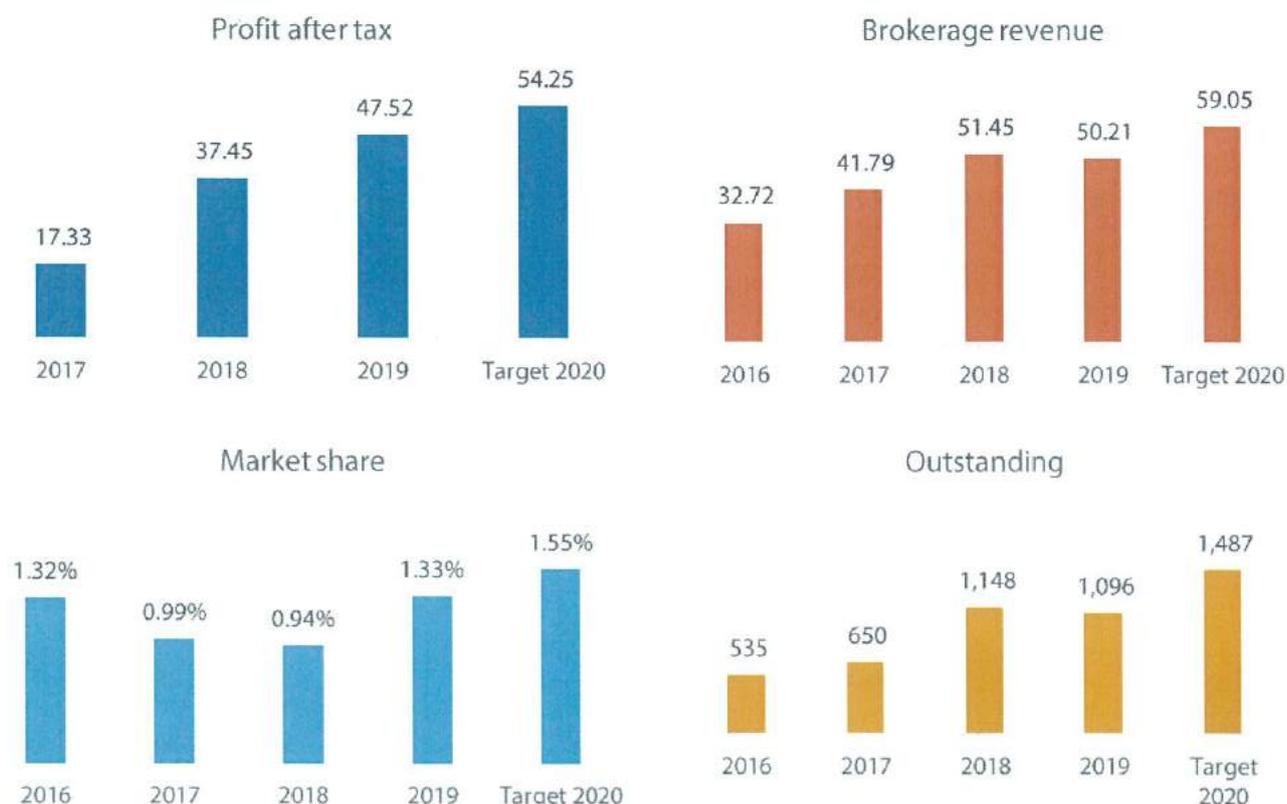


## IMPROVEMENTS IN ORGANIZATIONAL STRUCTURE, POLICIES, MANAGEMENT.

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

## DEVELOPMENT PLANS IN THE FUTURE

### BROKERAGE



To reach the target of 2020, PHS will also offer many products and services to attract domestic and foreign investors to participate in the market as follows:

- To attract new customers, as well as maintain old customers, the company created many utilities for customers to transact, manage accounts, automate a number of operations to improve customer service quality and create favorable conditions on fees for customers to buy treasury shares, purchase incentives for employees, etc.
- Continuing to target retail customers, PHS chooses a technology access strategy to bring useful services to investors and gradually attract investors to trade with PHS: utility priceboard, online trading website, online investment consulting tools, utilities for trading on phones, etc.
- Continuing to implement the recruitment and training of employees is a key task for 2020. The recruitment plan is to search for excellent, enthusiastic employees, with appropriate knowledge and expertise to In support of the company's business strategy, the company will maintain career orientation and enrollment seminars at leading universities in Vietnam: National Economics, Ton Duc Thang, Economics University Ho Chi Minh City, etc. The young people will be trained and experienced a professional working environment to show their talent of becoming PHS full-time employees.
- Stronger participation in the corporate bond market: The total number of bonds issued for the whole year was VND 280,141 billion, equivalent to 93.2% of the offering value and increased by 25% compared to 2018. Most businesses issued in a separate form, only about 6% is released to the public by commercial banks.
- Promote secondary transactions on the Government bond market: According to the Hanoi Stock Exchange (HNX), in 2019, the State Treasury mobilized VND 215,267 billion of Government bonds through bidding at HNX, gaining 86% of the 2019 issuance plan. The secondary market, PHS has just reached the top 10 but the company has the largest market share of government bonds in November, 2019.

## DEALING

In 2020, Vietnam macro will maintain solid. A torrent of foreign direct investment continues to flow into the country which helps to stabilize Vietnam dong and drive economic growth. Besides, global economy will see a small recovery after its significant weakness in 2019, according to The Conference Board Global Economic Outlook 2020. However, the market might be influence by the uncertainty factors, such as the trade conflict, political turmoil and more. Therefore, we expect that Vietnamese stock market will move in the range of 900-1,030 in 2020.

Meanwhile, accompanying with the adjustment of the Company's development strategy, Dealing division expect to receive more professional support from Research division in 2020 after the new team has been built as planned. With a more comprehensive and instant monitoring in fundamental and technical aspect, we believe Dealing division will be able to filter out more valuable investment opportunities and to report a better performance in the future.

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



## MARKETING

Since the beginning of 2019, PHS extended to build up connection with financial media channels and many Company news have been delivered to let stock market become more familiar with our brand and understand our business. These activities have provided certain supports for our sales and recruitment process.

It will be a very good opportunity for PHS to boost the PR on the occasion of launching new stock mobile trading platform and derivative trading platform, which are planned to launch in the first and second quarter of 2020 consecutively. Company will hold PR program that let investors know more about our new products and services to maintain current customers and attract new customers. It's believed that these new platforms will be much helpful for business development in the future.

Internet is becoming more popular in Vietnam and Company will invest more resources into digital marketing to amplify the marketing efficiency and enhance the level of interaction between customers with Company. At the beginning, Company will optimize current IT system so we could use email marketing to deliver more information to current customers. At the same time, we will build up a team to run our page on social network to approach potential customers on the Internet. And we also study the search engine marketing to let our brand become more familiar with internet users.

In term of internal marketing in 2019, Company organized many events which were considered helpful to strengthen our team's spirit, like PHS' MasterChef or Company T-shirt designing competition, etc. These events have received a lot of positive feedback from our staffs, which was very encouraging. It's also considered helpful for PR when those activities are willingly posted on social network by our staffs.

In 2020, Marketing is planning to launch environmental protection direction together with periodic internal team building activities. These activities will focus on following purposes: raise employee attention against environmental protection, build up the team work spirit and increase public awareness of our PHS brand. We hope that with team building activities our staff may have more changes to understand Company's culture better and also get more changes to know each other better.



## RISK MANAGEMENT

In 2019, Risk Management operations were timely updated and proceeded in compliance with legal provisions and market situation. Besides, Risk Management strategy had been changed in which margin outstanding structure is mainly allocated on large-cap, fundamental stocks and strong background customers. With market trend coming into 2020, the Risk Management division will continue to apply similar risk management policies as 2019, which concentrate on fundamental stocks in order to increase their proportion in the margin stock list. Moreover, policies will also focus on improving the process of evaluating margin stocks. Risk management activities, namely margin trading service, which was highly effective. Based on the result of bad debt assessment from margin trading services, we can see that there was no any new bad debt in 2019. Risk Management division has well-cooperated with Research division to have advanced analyses of listing companies which is eligible for margin trading and many changes in risk management strategy in order to show effectiveness and flexibility with market changes. Simultaneously with using some data analysis tools developed by the Software department of the Information Technology division also strongly support Risk Management division in collecting data quickly, accurately and effectively to submit to the Risk Management Committee.

In 2020, with SSC's project "Restructuring the securities market and insurance market to 2020 and orientation to 2025" with the goal of continuing a comprehensive restructuring to make the stock market become a medium and long-term capital channel is important for the economy, building a reasonable and balanced structure between money market and capital market, between stock and bond markets, between government bonds and corporate bonds; actively support the process of restructuring state-owned enterprises, renew the economic growth model and promote the development of the private sector; enhance openness and integration with regional and world markets; especially improving risk management capacity, strengthening the management, supervision, inspection and examination in the direction of approaching the best international standards and practices, in accordance with the actual conditions; promising many positive changes creating a coherent and effective legal framework; minimizing significantly legal risks, credit line, liquidity, payments, markets and operations.

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

Above of all, Risk Management policies in 2020 must ensure independence, flexibility, uniformity, efficiency and sustainability of business growth.



## HUMAN RESOURCES

To meet the growing demands of the Company in following years, PHS will continue focusing on retail brokerage, consolidating and thriving the number of developing brokers in order to attract new customers and maintain the current staff force and development requirement of human resource are vitally necessary for the development strategy of Company. In 2019, PHS diversified channels to attract applications for the recruitment through PHS's employees with rewards programs, relationships and signing the agreements with universities and the student securities clubs to search for new candidates who just graduated or potential employees from our internship programs in order to meet the needs of the Company. Through these channels, the Company has more potential workers such as collaborators or employees. In 2020 and following years, PHS will continue to maintain these channels to attract more candidates and develop other recruitment channels to meet the needs of human resource development of the Company. Besides that, the Company will try to increase the retention rate on the total number of employees hired during the year.

At the same time, the Company will attach special important items to the quality development strategy of human resources, such as constantly training and retraining of existing forces and building teams with a worthy success. In 2019, the Company implemented a number of internal training programs to help employees raising the professional knowledge to support their jobs such as technical analysis skills, sales skills, cases study. Besides the internal training programs, the Company invited some experts with experience in many years and have prestige on local and oversea market to train for employees such as project management skills, problem solving skills, etc. and support for employees to attend the professional training courses about new products on stock market and the professional training courses to get the practicing license as regulated. In 2020, PHS is expecting to continue focusing professional training and soft skills for management and staff level such as professional management skills, training skills, sales skills, persuasion skills, communication and interacting with customers and colleagues, foreign language skills, etc. so that we can widen and improve employees' knowledge in our company. HR division will be more active on searching the suitable courses for employees and continue the standardization of training for new employees.

On the other hand, PHS will continue making the most effort on creating a professional and friendly working environment. The Company focuses on developing Company's culture, strengthen the discipline compliance and improve the benefit policies to attract high quality employees to work for our Company. In 2019, the Company completed to improve the KPI evaluation system online with more specific and detailed evaluation criteria to ensure more accuracy and fairness. With this online KPI evaluation system, it helps employees more advantage to conduct their own performance evaluation and see the evaluation results of all levels so that they can know the points that need more improvement at work. In addition, HR division also supports the necessary procedures for staff to complete a professional certificate course for the Company's derivative project. Allocating reasonable jobs for the suitable employees is to exploit the highest creative capabilities of each person, which is also one of our targets.

HR division will continue cooperating with other divisions to set the internal competitions which aims to increasing business revenue and reduce costs. The awards of these competitions will be paid from increased revenue or cost savings. This will encourage employees to work harder to reach or even exceed the sales target and expected performance.

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

Auditor's opinions are absolutely approved.

# ASSESSMENT REPORT RELATED TO ENVIRONMENTAL AND SOCIAL

## REVIEW CONCERNING THE ENVIRONMENTAL INDICATORS

PHS is operating in securities field.

## REVIEW CONCERNING THE WORKERS

- ❖ Annual Health check-up total fees for employee in 2019: VND 168,358,750 (one hundred sixty-eight million three hundred fifty-eight thousand and seven hundred fifty Vietnam dong).
- ❖ Extra health insurance for staffs whose title is supervisor or above; and for all employees with contribution from 5 years above (up to 2019): VND 283,889,250 (two hundred eighty-three million eight hundred eighty-nine thousand and two hundred fifty Vietnam dong).
- ❖ 24/24 accident insurance for employees in 2019: VND 126,000 (one hundred twenty-six thousand Vietnam dong)/ person/ year.
- ❖ Annual trip for employees in 2019: approximately VND 4,000,000 (four million Vietnam dong)/ person.



## REVIEW CONCERNING CORPORATE RESPONSIBILITY TOWARDS THE LOCAL COMMUNITY

Employees responded to the program of group to contribute and share with people in the flood zone. The Company sponsored and all employees participated in the Lawrence S.Ting charity walk program held annually by Phu My Hung Development Limited Company in coordination with the People's Committee of District 7, District 8, Binh Chanh and Nha Be District organized annually since 2006, with the purpose of raising funds to support the poor persons every spring.

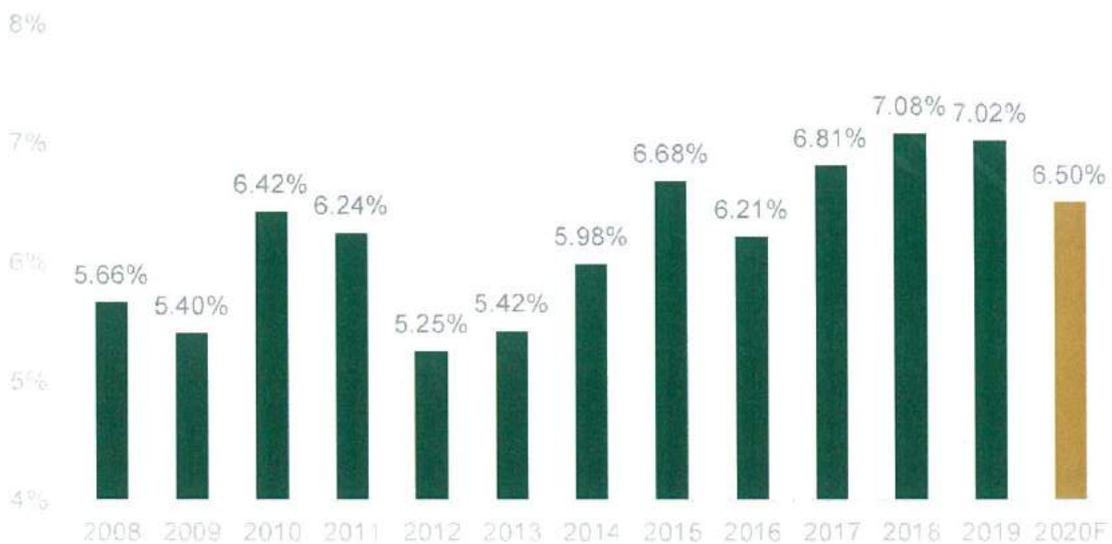




# 7.02 %

still climbed to

GDP GROWTH



Source: GSO, PHS

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

## VIETNAM ECONOMY IN 2019

The world economy is being weighed down by trade conflicts and higher uncertainty. According to IMF, world GDP growth is estimated to reduce to 3% in 2019, the lowest level since global financial crisis in 2008 and the impact has affected 90% areas of the world. In this context, GDP of Vietnam in 2019 still climbed to 7.02%, only lower than 7.08% of 2018 but higher than growth level in period 2011-2017 and far exceeding the year target of 6.6-6.8%. This achievement was really impressive because of much higher than other countries in the region such as Philippines (5.9%), Indonesia (5.02%) and Thailand (2.5%).

In 2019, agriculture sector reported a retreat due to damage of the outbreak of African swine fever, however, the solid growth of industrial and construction sector, services sector have had great contribution to the economy growth. The positive point is that high growth unaccompanied with higher inflation and credit expansion. Average CPI in 2019 just increased 2.79%, under target of 4% while credit growth recorded the lowest level since many years at 12.1%. Export turnover lower but finally, trade surplus hit a new high of USD 11.1 billion, mostly thanks to expanding of US market. Besides, estimated FDI disbursement also reached a new high of VND 20.4 billion that were strong support to maintain exchange rates stably and higher foreign reserve of USD 73 billion after first 10 months.



Source: Fiiipro, PHS

Regarding to Vietnam stock market, after around 9 month’s correction in 2018, VN-Index has recovered and mostly fluctuated below 1,000 points. The index closed the year 2019 at 960.99 points, increased 7.7% compared to end of 2018, continued the series of 6 consecutive years of gains from 2012 to 2017. Banking sector has led this time recovery thanks to its highest weight of market cap in index and better earnings released every quarter. However, with a cautious trading psychology, the market was so quite in 2019 with monthly trading values of VN-Index was around VND 3,949 billion (-27%YoY) and also lack of large IPOs or divestments at state-owned enterprises compared to the most notable period of 2017. The booming of corporate bonds market in the context of tightening credit was also considered as an affecting factor to equity stock market in 2019. In other side, domestic reforms continued by the approval of Securities Law in November 2019 which directed to emerging market upgrade target by FTSE and MSCI. Ho Chi Minh Stock Exchange has also launched new product of Covered Warrant in June 2019 and set of new indices in November 2019 including VN Diamond, VNFIN Lead and VNFIN Select to solve the problem of buying full room stocks for foreign investors when their net buy has significant decreased in 2019.

The derivatives market continued growing in 2019 with over 100 thousand matching contracts per day, increased around 32% compared to average of 2018. After more than 2 years of operation, it has proved its role in hedging risk and becoming an effective solution to retain investors when underlying market plunges.

### GLOBAL STOCK MARKET



Source: Bloomberg

## BUSINESS RESULT IN 2019

With the success of Vietnam securities market in 2019, Phu Hung Securities Corporation had a good year of business and is expecting to keep up the growth momentum as last year. After-tax profit of PHS was VND 47.5 billion which represented 89% of the Fiscal year 2019 plan approved by shareholders at last year's Annual General Meeting of Shareholders (AGMS). This had made the highest record on profit of the Company since establishment.

## STRATEGIC TRANSFORMATION IN 2019

Phu Hung Securities has been greeting a new business era after successfully consolidated An Thanh Securities in early 2016. The strategic consolidation greatly enhanced the Company's operational capacity in the northern urban area and strengthen the Company's network development expectation to the whole country. After years of effort, the Company has regained strong growth momentum and seen many beneficial prospects for the future development. In December 26th, 2018, the Company received amendment license No. 107/GPĐC-UBCK issued by State Securities Commission, approved the change of PHS's charter capital to VND 700 billion. In September 26th, 2019, Extra-ordinary General Shareholders Meeting of PHS approved the Plan on capital injection up to VND 900 billion. The main purpose of this capital injection is to create motivation and the strong base for Company's development in the long term. In 2020, the Company is estimated to finish this capital injection in the first six months and expected to move into its high-profit growth cycle amid the optimistic market prospect and strong corporate governance.

## ENVIRONMENT AND SOCIAL RESPONSIBILITIES

### Contribution for market information

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

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

### Raising the young generation

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

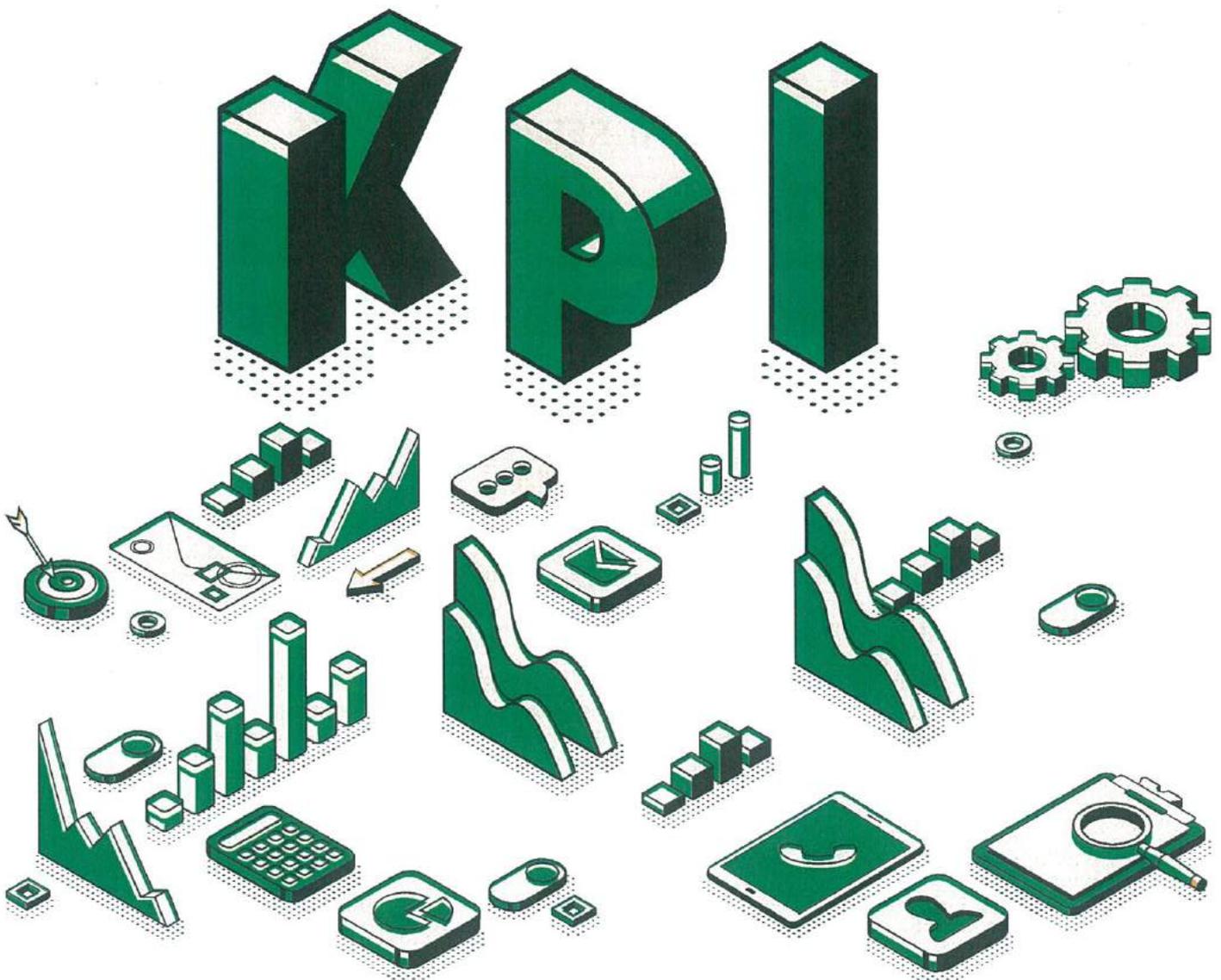
One of the social responsibility activities of PHS is frequently hold the trainings for college, university students to help them in career orientation in financial-securities field as well as supporting the younger in improving their skills, creating opportunities for them to participate in the business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

# ASSESSMENT OF BOARD OF DIRECTORS ON MANAGEMENT'S PERFORMANCE

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

Through quarterly reports on business performance, the Company's daily operational reports and ad-hoc management reports, Board of Directors evaluates that Board of Management have executed their duties in compliance with prevailing laws, the Company Charter and the Resolutions of General Shareholders Meetings. It can be seen clearly that although market trading value in 2019 decreased 28.1% compared with 2018, revenue and profit before tax of PHS are increased significantly, which increased by 11.8% and 54%, respectively. This is strong evidence to show that our performance are really improved and much better than previous years. We tried our best to achieve the targets approved at General Shareholders Meetings.

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



## PLANS, ORIENTATIONS OF THE BOARD OF DIRECTORS

In 2020, Phu Hung Securities will focus mainly on enhancing our financial capacity and preparing completely for our further development. To reach the challenging goals, the Board of Directors of Phu Hung Securities will follow the six critical strategies as follows:

- a) Strengthen financial capacity – As the market is changing and growing up day by day, PHS is trying to increase gradually its charter capital to meet the standard of securities firms depending on the need of the market. In Q4, 2017, Phu Hung Securities was processing the capital injection from VND 320 billion up to VND 500 billion, and finally completed on January 11th, 2018. In Q4, 2018 Phu Hung Securities was continued processing the capital injection from VND 500 billion up to VND 700 billion and completely finished the progress when we received the amendment license issued by State Securities Commission on December 26th, 2018. In September 26th, 2019, Extra-ordinary General Shareholders Meeting of PHS approved the Plan on capital injection up to VND 900 billion, which estimated to finish this capital injection in the first six months of 2020. At present, the strategy shareholder of PHS is CX Technology Taiwan with a high reputation in Taiwan securities market and good relationship with Taiwanese banks, which would bring PHS many kinds of financial support in its operations.
- b) Introduce experience of futures products from Taiwan – Vietnam futures market is currently in the first step while futures products in Taiwan has been developing more than 20 years. PHS will prepare its charter capital and other required conditions to meet to standard for joining Vietnam futures market. We expect that the futures market will take several years before being full-fledged. PHS, as the timing arrives, will immediately join and bring Taiwan's experience in futures investment and trade to Vietnam market. Until that moment, we are willing to share the trading and investment experience of futures products from Taiwan to Vietnam market. The Company has organized seminars for investors and training courses for all employees about futures products, and in 2020, we will keep these activities continuing and becoming regular activities.



- a) Build up new sale teams or new branches. Until now, PHS already had total 106 branches and trading office in the whole country, includes in Ho Chi Minh City, Hanoi and Hai Phong respectively. Building new sale teams or new branches will have positive effects on the Company's business performance. They contributed a significant amount in Company's revenue. Therefore, PHS is willing to achieve more success and reach our target with the support of these new teams or new branches in 2020.
- b) Improve and enhance the performance of management level are also the most important thing that PHS has to pay attention to. Manager level is one of the most essential factors who will decide the Company's success. These days, performance of all employees is evaluated by KPI method, PHS conducts twice a year for each six months. In 2020, PHS will consider to adjust some criterias in KPI's structure in a positive and strict way in order to boost them to attempt, which suitable for our business growth. We should refresh inefficiency performance, especially in the management levels. Moreover, we will find out the potential candidates who can be promoted in the future. Finally, with the long-term commitment employees, we always try our best to let them have chances to exhibit themselves in positions which they have self-confidence. From the potential employees, we will develop them for the future promotion to management level.
- c) Connect business to new generations – PHS clearly understands that a sustainable development must be based on the quality of human resources. Connecting our business teams with the rise of young generations will ensure PHS possessing incessant earning growth momentum. New generations are the potential reinforcement for our Company's future brokers and customers. From 2016 up to now, we have been organizing periodical seminars for students at branches and schools' campuses to create the connection with promising students and normalize intern plan to find more potential talents.
- d) Develop foreign investor network – Phu Hung Securities Corporation, for long-term development consideration, is devoting to help foreign investors, especially Chinese speaking investors, to more understand the Vietnamese securities market and to provide them professional investment consulting. We have built three languages service, including Chinese, English, and Vietnamese, in our investment platform and research reports. The unique trilingual services help PHS get high ground as Vietnam market has become an important piece of global investment diversification.



# **BOARD OF DIRECTOR**

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

<b>No.</b>	<b>Members of Board of Directors</b>	<b>Position at PHS</b>	<b>Position at other companies</b>	<b>Ratio of share owning at PHS</b>
1.	Mr. Albert Kwang-Chin Ting	Chairman of the Board		0%
2.	Mr. Nguyen Doan Hung	Member		0%
3.	Mr. Wu ,Jin Jeng	Member		0%
4.	Mr. Chen Chia Ken	Member		0%
5.	Ms.Liu, Hsiu-Mei	Independent Member		0%

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

## **ACTIVITIES OF THE BOARD OF DIRECTORS**

In 2019, the Board of Directors completed the assignments from the General Meeting of Shareholders, thereby, partially contributed to the improvement of business results of PHS and increases PHS's brokerage market share in stock market.

On 21 January 2019, the Board of Directors passed the amendment of Risk Management Policy.

On 17 April 2019, the Board of Directors passed the revised Charter, and the revised Regulation in corporate governance to submit to the Annual General Meeting of Shareholders dated 17 April 2019 for approval and implementation.

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

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

In 2019, the Board of Directors organized 10 meetings, passed 15 Resolutions with the noticeable contents, as follows:

No.	Date	Code No. of Resolution	Content
1.	January 24 <sup>th</sup> 2019	01/36_0119/NQ-HĐQT	<ol style="list-style-type: none"> <li>1. To pass the Extend Loan Agreement with Phu Lap Investment Consultant Company Limited;</li> <li>2. Pass the Risk Management Policy 2019;</li> <li>3. To pass the Business Plan 2019.</li> </ol>
2.	March 08 <sup>th</sup> 2019	01/37_0219/NQ-HĐQT	<ol style="list-style-type: none"> <li>1. Pass the record date, the meeting date and time of Annual General Meeting of Shareholders;</li> <li>2. Pass the Credit Line Agreement with Cathay United Bank.</li> </ol>
3.	March 28 <sup>th</sup> 2019	01/38_0319/NQ-HĐQT	<ol style="list-style-type: none"> <li>1. Pass the Report on result of capital injection up to VND 700,000,000,000 (seven hundred billion);</li> <li>2. Pass the agenda and documents using in the Annual General Meeting of Shareholders dated April 17th, 2019;</li> <li>3. Pass the Audited Financial Statements 2018;</li> <li>4. Pass the Report of the Board of Directors on the business performance in 2018;</li> <li>5. Pass the Report on Corporate Governance of Company of 2018;</li> <li>6. Pass the dividend payment for 2018;</li> <li>7. Pass the 2019 Development and Business Plan;</li> <li>8. Pass the Financial Budget Plan for Year 2019;</li> <li>9. Pass the Selection of Auditor for Year 2019;</li> <li>10. Pass the Revised Charter of the Company;</li> <li>11. Pass the Additional appointment of General Director to be the legal representative;</li> <li>12. Pass the Establishment of Representative office of Company in Myanmar (Type of enterprise in Myanmar: Overseas Corporation);</li> <li>13. Pass the the Re-appointment of Mr. Chen Chia Ken to be General Director of Company (Term 2019-2022);</li> <li>14. Pass the Report on Utilization of Capital raised from January 11th, 2018 to March 31st, 2018 from the private placement of shares from December 26th, 2017 to December 27th, 2017;</li> <li>15. Pass the Listing stock PHS on Ho Chi Minh Stock Exchange (HOSE) and the authorization for BOD to do assignments of listing shares on HOSE;</li> <li>16. Pass the Introduction of Nomination on Members of BOD and Members of Inspection Committee of Company (Term 2019-2022);</li> <li>17. Pass the POA for General Director to be the Meeting Chairman and sign the documents of the AGMS dated April 17th, 2019.</li> </ol>

4.	April 25 <sup>th</sup> 2019	02/39_0419/NQ-HĐQT	<ol style="list-style-type: none"> <li>1. Pass the Election on Mr. Albert Kwang – Chin Ting to be the Chairman of Board of Directors of Company (Term 2019 – 2022);</li> <li>2. Pass the Re-appointment of Ms. Pham Thi Thu Nhan to be Deputy General Director of Company (Term 2019 – 2022).</li> </ol>
		03/39_0419/NQ-HĐQT	<ol style="list-style-type: none"> <li>1. Pass the Renewal of Credit Line Agreement with First Commercial Bank – Ho Chi Minh City Branch;</li> <li>2. Pass the Credit Line Agreement with Shin Kong Bank;</li> <li>3. Pass the Facility Letter with The Shanghai Commercial &amp; Savings Bank, Ltd – Dong Nai Branch.</li> </ol>
		04/39_0419/NQ-HĐQT	<ol style="list-style-type: none"> <li>1. Pass the Date to finalize the list of shareholders to trade in UPCOM.</li> </ol>
5.	June 11 <sup>th</sup> 2019	02/40_0519/NQ-HĐQT	<ol style="list-style-type: none"> <li>1. Pass the Renewal on Credit Line Agreement with Chang Hwa Bank, HSI-Sung Branch;</li> <li>2. Pass the Renewal on Credit Line Agreement with CTBC Bank Co., Ltd, Ho Chi Minh City Branch;</li> <li>3. Pass the Renewal on Credit Line Agreement with the Shanghai Commercial &amp; Savings Bank, Ltd – Hong Kong Branch;</li> <li>4. Pass the Signing the Facility Letter with Taipei Fubon Commercial Bank Co., Ltd., – Ho Chi Minh City Branch.</li> </ol>
		03/40_0519/NQ-HĐQT	<ol style="list-style-type: none"> <li>1. Pass the Date to finalize the list of shareholders to pay cash dividend in Year 2018.</li> </ol>
6.	July 22 <sup>nd</sup> 2019	02/41_0619/NQ-HĐQT	<ol style="list-style-type: none"> <li>1. The Board of Directors passed the Renewal on Credit Line Agreement with First Commercial Bank, Offshore Banking Branch;</li> <li>2. The Board of Directors passed the Signing on Credit Line Agreement with Union Bank of Taiwan.</li> </ol>
7.	August 15 <sup>th</sup> 2019	02/42_0719/NQ-HĐQT	<ol style="list-style-type: none"> <li>1. Pass the Record Date and the Date of Extra-Ordinary General Meeting of Shareholders</li> </ol>
		03/42_0719/NQ-HĐQT	<ol style="list-style-type: none"> <li>1. Pass the Appointing and Registering the change of the representative of Phu My Hung Trading office to State Securities Commission</li> </ol>
		05/42_0719/NQ-HĐQT	<ol style="list-style-type: none"> <li>1. Pass the Renewal on Credit Line Agreement with Orient Commercial Joint Stock Bank – Ho Chi Minh City Branch;</li> <li>2. Pass the Renewal on Credit Line Agreement with Mega International Commercial Bank Co., Ltd, Ho Chi Minh City Branch;</li> <li>3. Passed the Renewal on Credit Line Agreement with Mega International Commercial Bank Co., Ltd, Offshore Banking Branch;</li> <li>4. Pass the Renewal on Credit Line Agreement with EnTie Commercial Bank;</li> </ol>

8.	September 5 <sup>th</sup> 2019	02/43_0819/NQ-HĐQT	1. Pass the Renewal on Credit Line Agreement with Indovina Bank – Ho Chi Minh City Branch; 2. Pass the sign on Credit Line Agreement with Taishin International Bank.
9.	October 31 <sup>st</sup> 2019	02/44_0919/NQ-HĐQT	1. Pass the signing Facility Letter with E.Sun Commercial bank, Ltd., Dong Nai Branch.
10.	December 30 <sup>th</sup> 2019	01/45_1019/NQ-HĐQT	1. Pass Business Plan 2020.

## ACTIVITIES OF INDEPENDENT MEMBERS OF THE BOARD OF DIRECTORS

In 2019, independent member of Board of Directors completed the assigned tasks. Together with Inspection Committee, independent member of Board of Directors inspected and observed the activities of Board of Directors and Board of Management of PHS in daily business operation of Company.

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

No.	Member of Board of Directors	Position at PHS	Certificate on corporate governance	Attendance on corporate governance program in 2019
1.	Mr. Albert Kwang-Chin Ting	Chairman of the Board	Yes	Yes
2.	Mr. Nguyen Doan Hung	Member	Yes	Yes
3.	Mr. Wu Jin Jeng	Member	No	Yes
4.	Mr. Chen Chia Ken	Member	Yes	Yes
5.	Ms. Liu, Hsiu - Mei	Independent member	No	Yes

## INSPECTION COMMITTEE

### MEMBERS AND STRUCTURE OF THE INSPECTION COMMITTEE

No.	Member of Inspection Committee	Position at PHS	Position at other companies	Ratio of share owning at PHS
1.	Ms. Chang, Wen- Ning	Head of Inspection Committee (until 17 April 2019)		0%
2.	Mr. Liew, Sep Siang	Head of Inspection Committee (from 25 April 2019)	Deputy General Director of Phu Hung Assurance Corporation	0%
3.	Mr. Lii, San- Rong	Member		0%
4.	Mr. Chiu, Hsien- Chih	Member	General Director of CX Technology (VN) Corporation	0%

## ACTIVITIES OF THE INSPECTION COMMITTEE

In 2019, Inspection Committee conducted the appointed assignment in the spirit of objectivity, independence, in accordance with the regulations of laws and internal regulations of PHS, including: inspecting, observing and assessing the management of Board of Directors, Board of Mangement, as well as the operation of division in the Company.

In 2019, the Inspection Committee conducted the meetings as prescribed in the following meeting minutes:

No.	Date	No. of Resolution	Content
1.	March 26 <sup>th</sup> 2019	01/09_0119/BB-BKS	<ol style="list-style-type: none"> <li>1. Report of Inspection Committee on business performance in 2018 submitted to the Annual General Meeting of Shareholders dated April 17th, 2019;</li> <li>2. Submission for approval on selection for auditor in 2019 submitted to the Annual General Meeting of Shareholders dated April 17th, 2019.</li> </ol>
2.	April 25 <sup>th</sup> 2019	01/10_0219/BB-BKS	<ol style="list-style-type: none"> <li>1. Pass the Election on Liew Sep Siang to be the Head of Inspection Committee of Company (Term 2019 – 2022).</li> </ol>
3.	October 1st 2019	01/11_0319/BB-BKS	<ol style="list-style-type: none"> <li>1. Interim Financial Statements for the six-month period ended June 30th, 2019.</li> <li>2. Financial Statements review in August 2019;</li> <li>3. Business Performance review in August 2019;</li> <li>4. Plan on private share issuance and capital usage for PHS's capital injection up to 900 Billion dong;</li> <li>5. Valuation Report on controlling system at PHS in 2nd Quarter, 2019</li> </ol>

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

## SALARY, REWARDS, REMUNERATION AND BENEFITS

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

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

## TRANSACTIONS OF INTERNAL SHAREHOLDERS: N/A

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

## IMPLEMENTATION OF REGULATIONS ON CORPORATE GOVERNANCE

In 2019, in compliance to the regulation on corporate governance of public company as provided in Decree 71/2017/NĐ-CP on guidance of corporate governance applicable to public company ("Decree 71/2017/NĐ-CP"), PHS amended and revised the Charter, and the Regulation on Corporate Governance and submitted to the Annual General Meeting of Shareholders dated 17 April 2019.

At the same time, PHS made the legal update on new regulations of Decree 71/2017/NĐ-CP for the divisions' information, disseminate on the new Securities Law No. 54/2019/QH14 effective January 1st, 2021 and further action.



# **AUDITOR'S OPINIONS**

## **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

## AUDITED FINANCIAL STATEMENTS

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



	Code	Note	31/12/2019 VND	31/12/2018 VND
<b>ASSETS</b>				
<b>A</b>	<b>100</b>		<b>1,652,163,390,210</b>	<b>1,494,640,327,367</b>
<b>CURRENT ASSETS</b> (100 = 110 + 130)				
<b>I</b>	<b>110</b>		<b>1,650,131,619,899</b>	<b>1,492,906,413,908</b>
<b>Financial assets</b>				
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				
<b>II</b>	<b>130</b>		<b>2,031,770,311</b>	<b>1,733,913,459</b>
<b>Other current assets</b>				
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				



	Code	Note	31/12/2019 VND	31/12/2018 VND
<b>B LONG-TERM ASSETS</b> (200 = 220 + 250)	<b>200</b>		<b>24,670,500,938</b>	<b>17,775,495,298</b>
<b>II Fixed assets</b>	<b>220</b>		<b>10,079,106,115</b>	<b>7,368,001,106</b>
1 Tangible fixed assets	221	13	7,594,889,993	3,878,773,536
Cost	222		29,261,905,860	24,008,451,530
Accumulated depreciation	223a		(21,667,015,867)	(20,129,677,994)
3 Intangible fixed assets	227	14	2,484,216,122	3,489,227,570
Cost	228		8,161,659,400	8,161,659,400
Accumulated amortisation	229a		(5,677,443,278)	(4,672,431,830)
<b>V Other long-term assets</b>	<b>250</b>		<b>14,591,394,823</b>	<b>10,407,494,192</b>
1 Long-term deposits	251	15	2,158,593,638	1,888,074,824
2 Long-term prepaid expenses	252	12(b)	5,375,565,117	4,055,303,300
3 Deferred tax assets	253	17	93,120,000	-
4 Deposits at Payment Support Fund	254	16	6,964,116,068	4,464,116,068
<b>TOTAL ASSETS</b> (270 = 100 + 200)	<b>270</b>		<b>1,676,833,891,148</b>	<b>1,512,415,822,665</b>
<b>C LIABILITIES</b> (300 = 310 + 340)	<b>300</b>		<b>906,548,441,876</b>	<b>766,552,088,099</b>
<b>I Current liabilities</b>	<b>310</b>		<b>906,211,288,048</b>	<b>766,187,546,432</b>
1 Short-term borrowings and finance lease liabilities	311		775,236,400,000	647,666,000,000
1.1 Short-term borrowings	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



	Code	Note	31/12/2019 VND	31/12/2018 VND
12	Employees' benefits payable	324	379,476,823	376,948,073
13	Accrued expenses	325	20	13,772,928,606
17	Other payables	329	21	532,062,336
				1,770,410,941
II	Long-term liabilities	340		337,153,828
12	Provisions – long-term	354		317,300,000
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	Share capital	411.1		700,000,000,000
				700,000,000,000
1.5	Treasury shares	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/(accumulated losses)	417		65,534,478,972
				45,864,919,566
7.1	Realised profits/(losses)	417.1		63,350,375,977
				49,156,785,709
7.2	Unrealised profits/(losses)	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



OFF -BALANCE SHEET ITEMS		Code	31/12/2019 VND	31/12/2018 VND
<b>A THE COMPANY'S ASSETS</b>				
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 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>B ASSETS AND PAYABLES RELATING TO ASSETS MANAGED BY THE COMPANY</b>				
1	Listed/registered financial assets at VSD of investors/customers	021	4,728,311,767,000	3,984,269,800,000
a.	Freely traded financial assets	021.1	4,588,152,077,000	3,671,652,630,000
b.	Financial assets restricted for transfer	021.2	12,941,700,000	206,687,280,000
c.	Financial assets under pledged transactions	021.3	59,866,560,000	59,866,560,000
d.	Blocked financial assets	021.4	70,000	70,000
e.	Financial assets awaiting for settlement	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.	Freely traded financial assets at VSD but not yet traded	022.1	77,982,490,000	193,797,200,000
b.	Custodied financial assets at VSD but not yet traded and	022.2	345,000,000	97,495,000,000



	restricted for transfer			
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
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

**STATEMENT OF INCOME FOR THE PERIOD FROM 01 JANUARY 2019 TO 31 DECEMBER 2019**

	Code	Note	2019 VND	2018 VND
I				
1.1				
a				
b				
c				
1.2				
1.3				
1.6				



	Code	Note	2019 VND	2018 VND
1.2	02		11,269,902,468	10,101,183,633
1.3	03	23	129,349,693,034	108,987,333,175
1.6	06		50,210,586,426	51,452,840,902
1.9	09		1,532,409,051	1,094,816,590
1.10	10		934,954,546	250,420,000
1.11	11		760,293,206	1,403,802,853
<b>Total operating income</b>	<b>20</b>		<b>195,581,228,406</b>	<b>174,915,887,170</b>
<b>II OPERATING EXPENSES</b>				
2.1	21		1,208,225,048	1,804,740,069
a	21.1		1,235,066,451	1,768,546,132
b	21.2		(26,841,403)	36,193,937
2.4	24	11(a)	157,822,703	2,514,983,386
2.6	26		1,298,954,093	1,071,016,902
2.7	27	24	65,714,817,896	59,582,083,973
2.10	30		2,095,489,555	1,825,205,934
2.11	31		872,179,884	1,076,967,421
2.12	32	11(b)	36,521,025	(180,651,551)
<b>Total operating expenses</b>	<b>40</b>		<b>71,384,010,204</b>	<b>67,694,346,134</b>



	Code	Note	2019 VND	2018 VND
<b>III FINANCIAL INCOME</b>				
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
<b>Total financial income</b>	<b>50</b>		<b>6,196,471,496</b>	<b>664,361,491</b>
<b>IV FINANCIAL EXPENSES</b>				
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
<b>Total financial expenses</b>	<b>60</b>		<b>33,273,798,912</b>	<b>36,838,205,298</b>
<b>VI GENERAL AND ADMINISTRATION EXPENSES</b>	<b>62</b>	<b>26</b>	<b>39,205,293,931</b>	<b>33,601,713,501</b>
<b>VII RESULTS FROM OPERATING ACTIVITIES</b>	<b>70</b>		<b>57,914,596,855</b>	<b>37,445,983,728</b>
(70 = 20 + 50 – 40 – 60 – 62)				
<b>VIII OTHER INCOME AND OTHER EXPENSES</b>				
8.1 Other income	71		15,752,368	3,999,402
8.2 Other expenses	72		125,000,000	-
<b>Results from other activities (80 = 71 – 72)</b>	<b>80</b>		<b>(109,247,632)</b>	<b>3,999,402</b>



<b>IX</b>	<b>ACCOUNTING PROFIT/(LOSS) BEFORE TAX (90 = 70 + 80)</b>	<b>90</b>		<b>57,805,349,223</b>	<b>37,449,983,130</b>
9.1	Realised profit/(loss) before tax	91		52,329,380,085	40,743,611,742
9.2	Unrealised profit/(loss) before tax	92		5,475,969,138	(3,293,628,612)
		<b>Code</b>	<b>Note</b>	<b>2019 VND</b>	<b>2018 VND</b>
<b>X</b>	<b>INCOME TAX EXPENSE</b>	<b>100</b>		<b>10,283,796,217</b>	<b>-</b>
10.1	Income tax expense - current	100.1	27	10,357,062,389	-
10.2	Income tax (benefit)/expense - deferred	100.2	27	(73,266,172)	-
<b>XI</b>	<b>NET PROFIT/(LOSS) AFTER TAX (200 = 90 - 100)</b>	<b>200</b>		<b>47,521,553,006</b>	<b>37,449,983,130</b>
<b>XII</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>300</b>		<b>-</b>	<b>-</b>
<b>XIII</b>	<b>EARNINGS PER SHARE</b>	<b>500</b>			
13.1	Basic earnings per share	501	28	679	729



## STATEMENT OF CASH FLOWS FOR YEAR ENDED 31 DECEMBER 2019 (INDIRECT METHOD)

	Code	Note	2019 VND	2018 VND
<b>I</b>				
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>1 Profit before tax</b>	<b>01</b>		<b>57,805,349,223</b>	<b>37,449,983,130</b>
<b>2 Adjustments for</b>	<b>02</b>		<b>36,292,416,390</b>	<b>20,410,798,720</b>
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 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)
<b>3 Increase in non-monetary expenses</b>	<b>10</b>		<b>(26,841,403)</b>	<b>36,193,937</b>
(Decrease)/increase in revaluation losses from financial assets at FVTPL	11		(26,841,403)	36,193,937
<b>4 Decrease in non-monetary income</b>	<b>18</b>		<b>(72,427,735)</b>	<b>68,334,675</b>
(Increase)/decrease in revaluation gains from financial assets at FVTPL	19		(72,427,735)	68,334,675
<b>5 Operating profit before changes in working capital (30 = 01 + 02 + 10 + 18)</b>	<b>30</b>		<b>93,998,496,475</b>	<b>57,965,310,462</b>
(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	37		872,427,552	10,161,299,588



services rendered			
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
<b>Net cash flows from operating activities</b>	<b>60</b>	<b>26,936,642,821</b>	<b>(398,655,971,065)</b>
<b>II CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for additions to fixed assets	61	(5,291,900,800)	(1,927,098,800)
<b>Net cash flows from investing activities</b>	<b>70</b>	<b>(5,291,900,800)</b>	<b>(1,927,098,800)</b>
<b>III CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from shares issued	71	-	200,000,000,000
Proceeds from short-term borrowings	73	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)	-
<b>Net cash flows from financing activities</b>	<b>80</b>	<b>110,233,751,963</b>	<b>287,650,900,000</b>
<b>Net cash flows during the year/period</b>	<b>90</b>	<b>131,878,493,984</b>	<b>(112,932,169,865)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>101</b>	<b>188,288,845,466</b>	<b>301,221,015,331</b>
<b>Cash and cash equivalents at the end of the year (Note 5)</b>	<b>103</b>	<b>320,167,339,450</b>	<b>188,288,845,466</b>
<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>

#### CASH FLOWS OF CUSTOMERS FOR BROKERAGE AND ENTRUSTMENT ACTIVITIES

##### 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)
<b>Net cash flows during the year/period</b>	<b>20</b>	<b>(2,663,370,157)</b>	<b>(224,382,935,668)</b>
<b>Cash and cash equivalents of customers at the beginning of the year</b>	<b>30</b>	<b>52,098,812,046</b>	<b>276,481,747,714</b>
<b>Cash and cash equivalents of</b>	<b>40</b>	<b>49,435,441,889</b>	<b>52,098,812,046</b>



<b>customers at the end of the year</b> <b>(40 = 20 + 30)</b>			
Cash in banks at the end of the year	41	<b>49,435,441,889</b>	<b>52,098,812,046</b>
<i>Cash deposits for securities transactions of customers managed by the Company</i>	42	<i>49,435,441,889</i>	<i>52,098,812,046</i>

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



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

## 1. Reporting entity

### a) Establishment

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

The Company was established on the basis of combining Phu Hung Securities Corporation (“PHS”) – established under Establishment and Operation Licence No. 23/UBCK -GPHDKD dated 1 December 2006 and An Thanh Securities Joint Stock Company (“ATS”). Accordingly, the Company took over a II 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).

## 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.

#### 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.

#### 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.

#### 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.

##### **(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 <u>years</u>

#### **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 out flow 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.

#### 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.

#### 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 securities investment and 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.

**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.

**(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.

**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 VND	31/12/2018 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
	<u>1,670,752,740,765</u>	<u>1,512,017,284,102</u>

(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.

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
	<u>22,262,231,017</u>	<u>24,157,687,668</u>

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
▪ The Ho Chi Minh City Stock Exchange	3,434,220	1,994,823,990
▪ The Hanoi Stock Exchange	3,988,488,900	4,091,674,900
▪ UPCOM	2,734,366,000	263,316,200
Delisted securities	-	3,224,328,293
	<u>6,726,558,142</u>	<u>9,620,057,838</u>



### 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	-
	<b>900,949,890,339</b>	<b>908,563,391,047</b>	<b>908,563,391,047</b>	<b>-</b>

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	-
	<b>764,526,201,055</b>	<b>775,171,765,487</b>	<b>775,171,765,487</b>	<b>-</b>

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

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
<b>As at 31 December 2019</b>	
USD (1% weakening against VND) – increase in net profit	5,329,891,200
<b>As at 31 December 2018</b>	
USD (1% 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	
	31/12/2018 VND	31/12/2017 VND
<b>Fixed rate instruments</b>		
Cash in banks and cash equivalent	320,161,276,195	188,285,392,211
Held- to- maturity investments – short- term	140,000,000,000	80,000,000,000
Loans receivable	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)

**(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.

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



## 5. Cash and cash equivalents

	31/12/2019 VND	31/12/2018 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
	<u>320,167,339,450</u>	<u>188,288,845,466</u>

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

## 6. Volume and value of transactions

	2019		2018	
	Volume of transactions	Value of transactions VND	Volume of transactions	Value of transactions VND
<b>a) The Company</b>				
Shares	4,527,988	152,661,850,513	2,908,118	112,086,562,529
Bonds	4,661,218	480,766,016,204	-	-
<b>b) Investors/customers</b>				
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
	<u>1,745,997,476</u>	<u>32,293,869,087,978</u>	<u>1,513,417,387</u>	<u>29,800,642,479,598</u>

## 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
	<u>3,959,795,465</u>	<u>4,031,198,460</u>	<u>2,607,062,733</u>	<u>2,579,196,590</u>



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)	
<b>Listed shares</b>							
TCB	32,209	748,428,185	758,521,950	10,093,765	-	758,521,950	
DRC	32,323	747,335,377	753,125,900	5,790,523	-	753,125,900	
HPG	32,294	746,782,506	758,909,000	12,126,494	-	758,909,000	
VNM	4,407	525,234,462	513,415,500	-	11,818,962	513,415,500	
BID	6,218	259,142,895	286,960,700	27,817,805	-	286,960,700	
NVL	4,321	243,741,960	257,099,500	13,357,540	-	257,099,500	
FPT	4,426	251,097,257	258,035,800	6,938,543	-	258,035,800	
VCB	2,794	248,084,965	252,018,800	3,933,835	-	252,018,800	
Others	7,492	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	
<b>Unlisted shares</b>							
MCV	134	1,918,500	1,918,500	-	-	1,918,500	
Others	145	1,401,982	1,401,982	-	-	1,401,982	
	279	3,320,482	3,320,482	-	-	3,320,482	
	126,763	3,959,795,465	4,031,198,460	93,919,492	22,516,497	4,031,198,460	

	Quantity	31/12/2018		Revaluation difference as at 31 December 2018			
		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)	
<b>Listed shares</b>							
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	
<b>Unlisted shares</b>							
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	


**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	(*)
	<u>1,152,505,700,729</u>	<u>(*)</u>	<u>1,175,167,952,987</u>	<u>(*)</u>

- (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.



## 8. Receivables

	31/12/2019 VND	31/12/2018 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
	<u>20,293,692,333</u>	<u>32,397,517,351</u>

## 9. Receivables from services rendered

	31/12/2019 VND	31/12/2018 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
	<u>14,854,588,411</u>	<u>15,727,015,963</u>

## 10. Other receivables

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

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

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

	As at 31/12/2019			As at 31/12/2018		
	Cost VND	Recoverable amount VND	Allowance VND	Allowance as at 31/12/2018 VND	Allowance made during the year VND	
2019						
Margin loans	10,197,951,244	3,988,488,900	6,209,462,344	6,051,639,641	157,822,703	
2018						
Margin loans	11,479,107,741	5,427,468,100	6,051,639,641	3,536,656,255	2,514,983,386	

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

## b) Allowance for doubtful debts

	As at 31/12/2019				
	Cost VND	Recoverable amount VND	Allowance VND	Allowance as at 31/12/2018 VND	Allowance reversed during the year 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
<hr/>					
	As at 31/12/2018				
	Cost VND	Recoverable amount VND	Allowance VND	Allowance as at 31/12/2017 VND	Allowance reversed during the year 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)



## 12. Prepaid expenses

### a) Short-term prepaid expenses

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

### b) Long-term prepaid expenses

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

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

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



### 13. Tangible fixed assets

2018	Leasehold improvements VND	Office equipment VND	Motor vehicles VND	Total VND
<b>Cost</b>				
Opening balance	1,734,108,818	22,274,342,712	-	24,008,451,530
Additions	-	3,026,460,800	2,265,440,000	5,291,900,800
Disposals	-	(38,446,470)	-	(38,446,470)
Closing balance	1,734,108,818	25,262,357,042	2,265,440,000	29,261,905,860
<b>Accumulated depreciation</b>				
Opening balance	1,734,108,818	18,395,569,176	-	20,129,677,994
Charge for the year	-	1,306,517,609	269,266,734	1,575,784,343
Disposals	-	(38,446,470)	-	(38,446,470)
Closing balance	1,734,108,818	19,663,640,315	269,266,734	21,667,015,867
<b>Net book value</b>				
Opening balance	-	3,878,773,536	-	3,878,773,536
Closing balance	-	5,598,716,727	1,996,173,266	7,594,889,993

2018	Leasehold improvements VND	Office equipment VND	Total VND
<b>Cost</b>			
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
<b>Accumulated depreciation</b>			
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
<b>Net book value</b>			
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).



## 14. Intangible fixed assets

	2019 Software VND	2018 Software VND
<b>Cost</b>		
Opening balance	8,161,659,400	8,161,659,400
<hr/>		
<b>Accumulated amortisation</b>		
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/>		
<b>Net book value</b>		
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).



## 15. Long-term deposits

	31/12/2019 VND	31/12/2018 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 VND	31/12/2018 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 VND	2018 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

## 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	-
Total deferred tax assets		<u>93,120,000</u>	<u>-</u>
Deferred tax liabilities:			
Gains from revaluation of financial assets at FVTPL	20%	(19,853,828)	-
Total deferred tax liabilities		<u>(19,853,828)</u>	<u>-</u>
Net deferred tax assets/(liabilities)		<u>(73,266,172)</u>	<u>-</u>

**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
<b>Short-term borrowings from</b>						
▪ 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)	-	-

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	4.38%	25,564,000,000	34,890,000,000	(25,723,500,000)	114,500,000	34,845,000,000
(i) 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., –	3.2% – 4.25%	116,200,000,000	109,171,600,000	(114,025,000,000)	(2,630,200,000)	108,716,400,000
▪ Hsi-sung Branch	3.8% – 4.85%	36,022,000,000	80,212,500,000	(46,531,000,000)	(13,500,000)	69,690,000,000
▪ First Commercial Bank – Offshore Banking Branch	3.17% – 3.92%	-	70,380,000,000	-	(690,000,000)	69,690,000,000
▪ Taiwan Shin Kong Commercial Bank Co., Ltd	3.43% – 3.78%	-	69,810,000,000	-	(120,000,000)	69,690,000,000
▪ Union Bank of Taiwan						
		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)).



### 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
	<hr/> 111,293,382,916	<hr/> 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
	<hr/> 1,279,855,304	<hr/> 29,847,434,192	<hr/> (26,251,198,610)	<hr/> 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
	<hr/> 13,772,928,606	<hr/> 12,302,295,614



## 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. Interest 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
Employee 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

## 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/>	<hr/>



26,790,151,853	29,404,933,593
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## 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
	39,205,293,931	33,601,713,501

## 27. Income tax

### a) Recognised in the statement of income

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

### b) Reconciliation of effective tax rate

	2019 VND	2018 VND
Accounting profit before tax	57,805,349,223	37,449,983,130
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)
	10,283,796,217	-



**c) Applicable tax rates**

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

**d) Tax losses**

During the year ended 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.

## 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 profits 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 Shares	2018 Shares
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.

## 29. Significant transactions with related parties

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

	Transaction value	
	2019 VND	2018 VND

**Dong Bang Development Limited - major shareholder**



	Transaction value	
	2019 VND	2018 VND
Receipt of capital contribution	-	19,440,000,000
Cash dividend	2,245,320,000	-
Securities custody fee	25,268,760	8,164,800
<b>Freshfields Capital Corporation - major shareholder</b>		
Receipt of capital contribution	-	19,440,000,000
Cash dividend	2,245,320,000	-
Securities custody fee	25,268,760	8,164,800
<b>Phu Hung Far East Holding Corporation - major shareholder</b>		
Receipt of capital contribution	-	92,000,000,000
Cash dividend	10,626,000,000	-
<b>Vu Thai Investment Consulting Co., Ltd - major shareholder</b>		
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	-
<b>An Thinh Development Limited - major shareholder</b>		
Securities custody fee	3,087,017	-
Share transfer fee	65,494,450	9,337,100
Cash dividend	2,139,441,150	-
<b>Phu Lap Investment Consultant Co., Ltd. - shareholder</b>		
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	-
<b>CX Technology (Vietnam) Corporation - related company</b>		
Borrowings	-	-
Repayment of borrowings	-	70,000,000,000
Interest expense	-	165,277,778
Share transfer fee	-	35,955,582
<b>Remunerations of key management personnel</b>		
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
	<u>12,311,921,178</u>	<u>19,747,799,883</u>

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

**31. Segment reporting (continued)****(i) Business segments (continued)**

2018	Code	Securities brokerage VND	Securities trading VND	Treasury activities VND	Others VND	Total VND
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
<b>Profit/(loss) before tax</b> <b>(07 = 01 + 06 – 02 – 03 – 04 – 05)</b>	<b>07</b>	<b>(3,347,084,890)</b>	<b>(1,284,029,161)</b>	<b>42,479,790,537</b>	<b>(398,693,356)</b>	<b>37,449,983,130</b>

**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.



### 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.

PHU HUNG SECURITIES CORPORATION

**CHEN CHIA KEN**  
General Director



**PHU HUNG SECURITIES CORPORATION**

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