

**RONG VIET**  
SECURITIES



ANNUAL  
REPORT

2016

**ADVANCING STRONGLY**





## ABOUT RONGVIET

RongViet is one of the leading securities firms in Vietnam, specializing in providing products related to financial services and professional financial investment for both institutional and individual investors. We always be proactive in every action to create added value for related parties, and at the same time contribute to the development of the stock market through professional services and qualified products that have been researched and analyzed.

RongViet's mission is not only pursuing our business objectives and complying with legal regulations, but we also believe that with our proactiveness for creating related parties's benefits, we can help to increase the chances of success and affirm our position in the market.

We commit to and adhere to ethical and professional standards in all activities related to our customers, employees, shareholders and society. RongViet is honored to be trusted by investors in the stock market, confidently entrusted with the task of consulting and offering the most effective investment solutions. To the employees, we are a companion on the path of their individual career development. To shareholders, we are endeavoring to continuously create the best value for each shareholder. To society, we are a companion for sharing and supporting them to overcome difficulties in life.

Apart from focusing on meeting all stakeholders's needs, RongViet continuously improves corporate governance to build a solid foundation and open up new prospects for 2017.

Along with achieving our business goals, we are proud of our contribution to society. We always share difficulties with them. Although these contributions are not so huge, it is a very meaningful symbolic action; it not only expresses the spirit of sharing, but also spreads the spirit of "mutual sympathy" in the community. For example, in the past few years, we have helped children in difficult areas, organized experience sessions for securities major students, given advice on projects related to the industry and created internship opportunities at RongViet's company. These actions support students who are beginning their career in the industry, and can be considered RongViet's responsibility in the development of society.

RongViet is a reliable companion that move towards a sustainable future!

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## CHAIRMAN'S MESSAGE

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The company's financial capacity still needs to grow further, and the business performance and competition capability still need to improve for RongViet to successfully meet its long term growth targets. The existing journey of 10 years will mark a memorable period as we continue to **THINK BIG AND ACT BIGGER**. Thinking big entails erasing old and passive thoughts out of minds, aiming to achieve the **“CLUB OF HUNDRED BILLION IN PROFIT”** target this year.



“ With enhanced financial capacity, positive business performance, and solidified workforce, RongViet has gradually strived to provide the best services and products for investors, partners, and clients. This has allowed us to contribute to the stock market's growth, as well as to other activities in society.

Dear shareholders, clients, and the entire staff of RongViet,

### 2016 – 9 YEARS OF ACHIEVEMENTS

In 2016, RongViet significantly reached one of the most important turning points after 9 years of operations. RongViet was able to raise its charter capital to VND700 billion. Moreover, thanks to our strong foundation, we have also witnessed numerous accomplishments as compared to previous years.

At the end of 2016, RongViet's revenue increased to VND238 billion, an 87.2% increase. Our earnings before tax reached VND61.35 billion, up 398.3% year-over-year. This demonstrates a considerable improvement from last year, although we were not able to reach our target this year. All of our business activities displayed positive growth, which allowed us to experience favorable growth in revenue. In addition to the robust financial capacity and effective growth of our financial results, RongViet's staffs has experienced a high turnover, and has benefitted from the consequent inflow of new employees. RongViet's core employees create a solid foundation and played a vital role in the training of new staff. The strong cooperation of our old and new workforce solidifies RongViet's foundation. Along with this, the active transformation of working behavior modification and responsibility greatly contributed to the company's accomplishments in 2016.

With enhanced financial capacity, positive business performance, and solidified workforce, RongViet has gradually strived to provide the best services and products for investors, partners, and clients. This has allowed us to contribute to the stock market's growth, as well as to other activities in society.

RongViet's shareholders, who have strictly committed to the company's growth throughout challenging years, first began receiving dividends during 2016, marking a first milestone on the pathway of RongViet's growth.

### STABLE DEVELOPMENT OF THE ECONOMY MOTIVATES THE STOCK MARKET'S GROWTH

Vietnam was able to display its numerous macroeconomic advantages during 2016 against the slowed economic growth globally. Risky factors did not negatively impact Vietnam's economy in spite of its strong global impact, which was witnessed in areas such as China's economic slowdown and the increase of interest rates by the Federal Reserve. Vietnam's economy was very stable in nature during 2016, edified by its stable inflation, interest rates, and exchange rates. This has allowed for the country's social security system to improve as well.

Vietnam's securities market was consequently able to be a beneficiary of the favorable macroeconomic environment. Vietnam was anticipated as one of the top 5 countries in Asia in terms of economic growth during 2016. The VNINDEX rose by 14.8% as of the end of December 2016, closing at 664.87 points. The total value of the country's market cap reached VND1,900 VND billion, equivalent to 45.5% of GDP. Accordingly, the average market liquidity ended at VND3,042 billion per session, up 21.69% compared to 2015. Divestment combined with the listing of SOEs on the stock exchange significantly contributed to the positive performance of Vietnam's securities market. In particular, some



large private companies successfully performed IPOs and listed on the stock exchange, including VietJet Aviation JSC and NovaLand Group. This has created more investment opportunities for the market, as well as the creation of new funds from both domestic and international investors.

### 2017 – 10-YEAR ANNIVERSARY: A NEW PERIOD OF THINKING BIG AND ACTING BIGGER

2017 marks the 10-year anniversary of the company. Although 10 years is considered to be a long journey, this can be considered as merely a stage of building and accumulating value before we reach our full potential. Vietnam securities market is achieving positive results for the first quarter of 2017, which is positive regarding the outlook for the rest of this year. Fortunately, RongViet is expected to capture the country's development opportunities. However, RongViet has to confront challenges ahead of its path to further development. Based on this message, I would like to express eagerness and pride for RongViet's success on the way forward and wish to share this spirit to all shareholders, clients, investors and staff of RongViet.

The company's financial capacity still needs to grow further, and the business performance and competition capability still need to improve for Rong Viet to successfully meet its long term growth targets. The existing journey of 10 years will mark a memorable period as we continue to **THINK BIG AND ACT BIGGER**. Thinking big entails erasing old and passive thoughts out of minds, aiming to achieve the **"CLUB OF HUNDRED BILLION IN PROFIT"** target this year. Moreover, thinking

big also requires the company to conquer great difficulties to allow the company to achieve strong growth in the future, thereby elevating the company's reputation in providing qualified services to clients, investors and partners, as well as bringing pride to all of RongViet's staffs.

Based on this great effort in 2017, RongViet aims to set important targets for the next five years:

- Ongoing standardization of the governance pattern in term of "Concentrated governance - hierarchical executive - independence control" in correspondence to "Safe operations – effective business-sustainable development" to afford immediately fluctuations and demands arising in its business operations.
- Enhance the financial capacity to ensure the quality of its services and products.
- Continuously mentor staff and search for talented human resources that build the robust foundation for expanding and developing all business aspects.
- Improving the quality of IT infrastructure to facilitate the company's business operations.
- Strictly comply with legal regulations tailored for the securities market, and supervise and actively govern unexpected fluctuations on the market;
- Actively contribute to the development of Vietnam's securities market as well as the

entire company, while remaining responsible for social activities.

RongViet's Board of Directors and the entire staff work together to transform plans into actual performance. On behalf of the Board of Directors, I am committed to our contribution to accomplish our target.

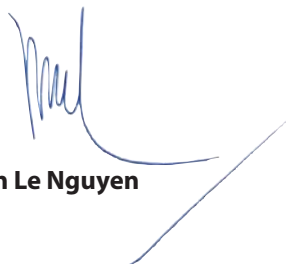
On behalf of The Board of Directors and entire staff of RongViet, I would like to express my earnest appreciation to the authorities, all clients, shareholders and investors for your assistance and your contribution to RongViet's achievement up to now, and wish to continue receiving your support in our future development.

Besides, I would like to express my sincere thankfulness for all of RongViet's employees for your contribution, creation, and greatest efforts to develop RongViet as the leading financial organization in Vietnam.

I wish you health, happiness and success.

Best Regards,

Chairman



Tran Le Nguyen



## COMPANY OVERVIEW - RONGVIET

- ABOUT RONGVIET
- KEY MILESTONES
- AWARDS & RECOGNITION
- 2016 HIGHLIGHTS



## ABOUT RONGVIET



### CÔNG TY CỔ PHẦN CHỨNG KHOÁN RỒNG VIỆT VIET DRAGON SECURITIES CORPORATION

Established : December – 2006  
Stock ticket : VDS  
Chartered capital: 700.000.000.000 VND



### HUMAN RESOURCES

As of 31/12/2016,  
RongViet has 212 staffs.



### BUSINESS ACTIVITIES



Securities brokerage;



Proprietary trading;



Share underwriting;



Securities Depository;



Financial & Securities Investment Advisory.



### NETWORK

RongViet currently has a head office in HCM City and three branches located in other big cities, such as Hanoi, Nha Trang, and Can Tho.



### TOTAL REVENUE 2016

Total revenue 2016 reached VND237.9 billion (+87,2% yoy). Earnings before tax reached VND61.3 billion (+398,3% yoy)



### ABOUT RONGVIET

Rong Viet Securities (RongViet) is a prestigious professional securities company, one of the top 15 securities companies in Vietnam. RongViet was founded in December 2006 by leading financial and trading institutions including Vietnam Export - Import Commercial Joint Stock Bank (Eximbank), Saigon Trading Group (Satra), Viet Dragon Fund Management Company (VDFM), Sai Gon Asia Financial Investment Group and financial and banking specialists in Vietnam. The company's shares were listed on the Ha Noi Stock Exchange (HNX) under the ticker VDS on 25th May, 2010.

On 17th December 2015, RongViet increased its chartered capital to VND 700 billion and belongs to top 20 biggest securities companies in terms of chartered capital. RongViet practises all securities functions including Securities Brokerage, Financial & Securities Investment Advisory, Proprietary Trading, Underwriting and Securities Depository.

With a qualified, dedicated and professional team, a widespread network, advanced technology, diversified products and services, and good relationship with local and foreign institutions, we provide a wide range of services and products to our clients both individuals and institutions, both local and foreign. We commit to provide our clients with promising investment opportunities and a comprehensive and professional financial investment services.



#### VISION

RongViet strives to become one of the leading investment banks in Vietnam.



#### MISSION

The employees of RongViet work together to create the best value for clients, shareholders and employees, while contributing to the progress of Vietnam's securities market. RongViet also strives to play its role in society, and to assist Vietnam's development.

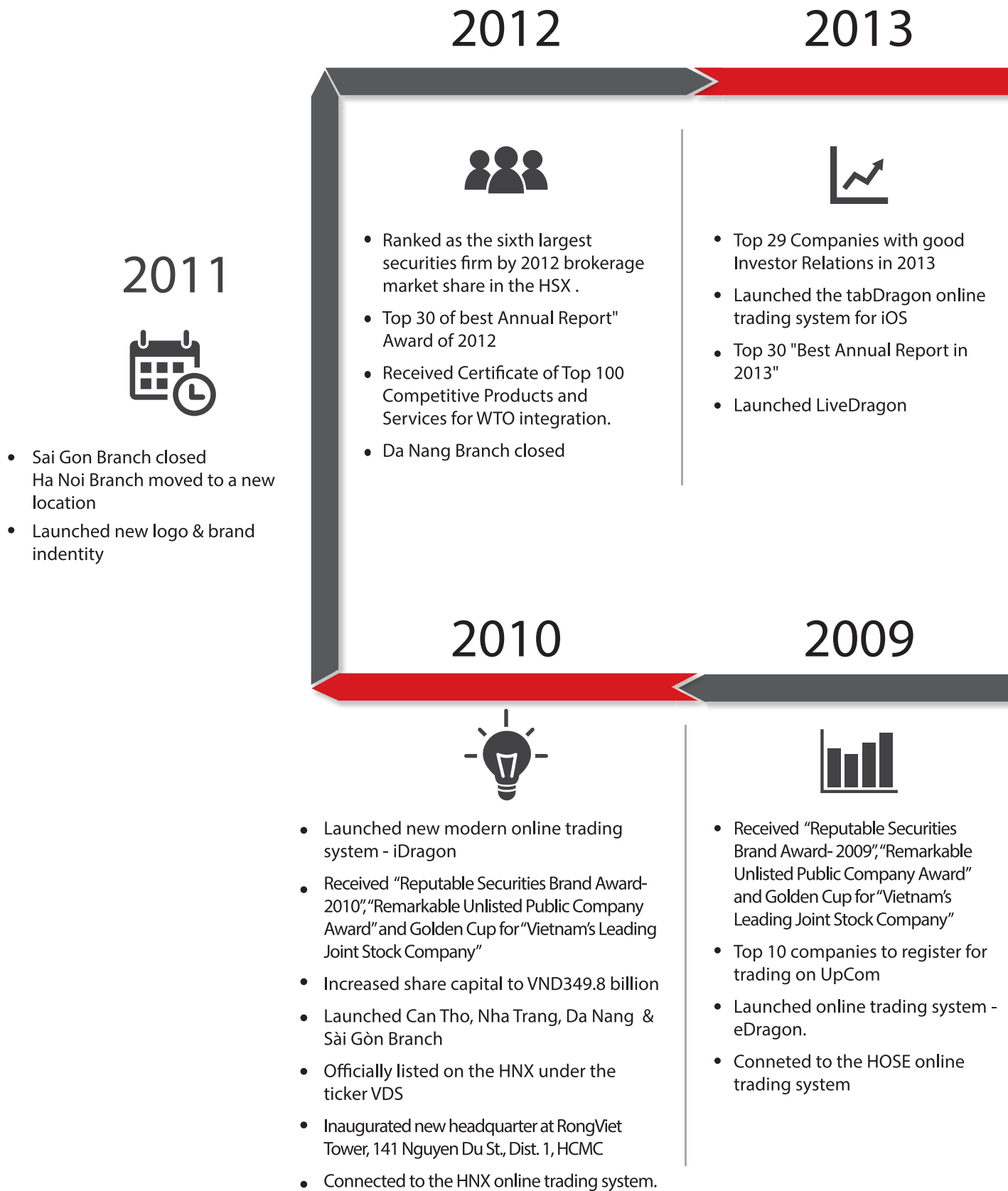


#### CORE VALUES

All members of RongViet are committed to preserving the core values of the company in the following manner:

- Client's best interestUy tín
- Prestige
- Professionalism
- Innovation
- Efficiency

## KEY MILESTONES



## KEY MILESTONES

### 2014



- Launched mailDragon
- Launched tabDragon for Android device
- Top 30 "Best annual reports in 2014"
- Launched goDragon online trading application for mobile phones running on iOS and Android.

### 2015



- Share capital raised to VND700 billion
- Top 30 enterprises for transparency in 2014-2015
- Awarded "Top M&A consulting team for their endeavors 2014 - 2015"
- Top 30 "Best annual report in 2015"

### 2016



- Top 3 most improved brokerage at Asiamoney Brokers Poll 2016
- Top 30 HNX enterprises for transparency in 2015-2016
- Top 15 typical securities companies 2015 - 2016
- Rosenblatt and Rong Viet Securities Announce Exclusive Vietnam-US Research Pact

### 2008



- Received "Prestigious Securities Brand Award", "Outstanding Unlisted Public Company Award" and Golden Cup for "Vietnam's Leading Joint Stock Company"
- Order-receiving agent launched in Binh Duong and Sài Gòn
- Charter capital increased to VND330 billion
- Launched Ha Noi branch.

### 2007



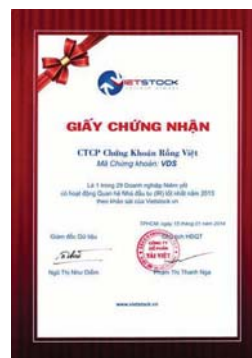
- Order-receiving agents launched in Da Nang, Can Tho and Nha Trang
- Share capital raised from VND100 billion to VND300 billion.
- Inaugurated company headquarters at 147 – 149 Vo Van Tan St., Dist. 3, HCMC.
- Became a member of Hanoi Securities Trading Center, membership of Ho Chi Minh Stock Exchange, membership of Vietnam Securities Depository.

### 2006



- Founded with initial charter capital of VND100 billion

## AWARDS & RECOGNITION







### TOP 3

Top 3 most improved brokerage at Asiamoney Brokers Poll 2016



### TOP M&A CONSULTING TEAM

voted by Vietnam M&A Forum 2015



### TOP 15

Top 15 typical securities companies 2015 - 2016



### ONE OF 29

Public Enterprise with the best IR in 2013



### TOP 30

Top 30 HNX enterprises for transparency in 2015-2016



### TOP 100

Competitive Products and Services for WTO integration



### TOP 30

Top 30 "Best annual report in 2015"



### OTHER AWARDS

Reputable Securities Brand Award; Remarkable Unlisted Public Company Award; Golden Cup for "Vietnam's Leading Joint Stock Company"

## 2016 HIGHLIGHTS

01

Top 15 typical securities companies 2015 - 2016, voted by HNX.



02

Top 30 HNX enterprises for transparency in 2015-2016.



03

Top 3 most improved brokerage at Asiamoney Brokers Poll 2016, a prestigious award of Asia.

**TOP 3**  
**ASIAMONEY**  
**2016**

# 04

RongViet is ranked among the top 10 Largest Brokerage Companies by market share on the UPCoM, with a market share of 4.22%.



# 05

Rosenblatt and Rong Viet Securities Announce Exclusive Vietnam-US Research Pact.



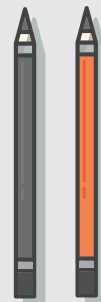
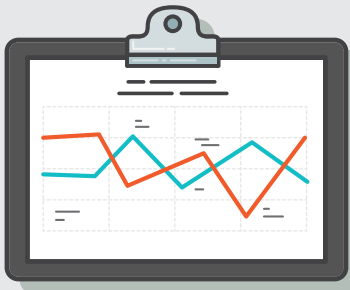
# 06

RongViet collaborates with the State Securities Commission to organize a training program for public companies in Ho Chi Minh City, Can Tho, Dong Nai and Nha Trang.





# **BUSINESS OPERATION OVERVIEW & DEVELOPMENT STRATEGY**





- BUSINESS OPERATION OVERVIEW
- INVESTMENT ACTIVITIES
- SHAREHOLDER STRUCTURE
- GROWTH ORIENTATION OF RONGVIET IN 2017-2021

# BUSINESS OPERATION OVERVIEW

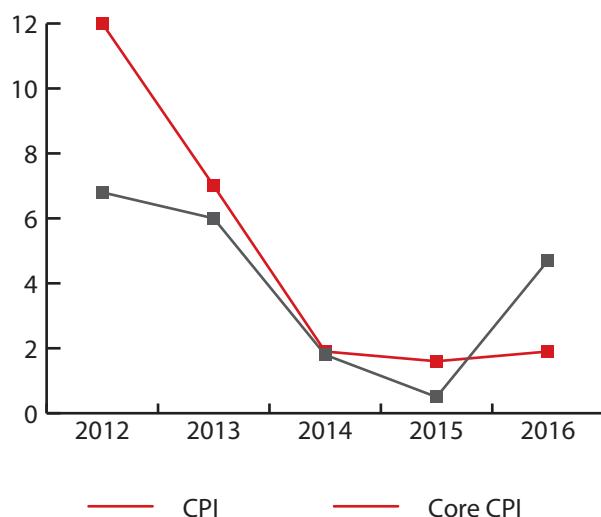
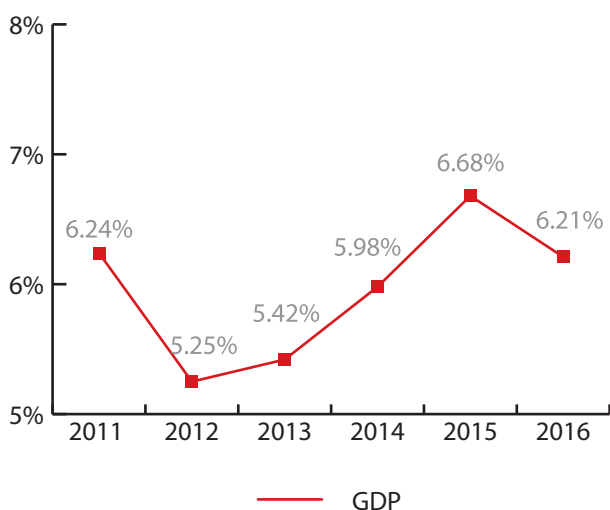


## 2016 VIETNAM'S ECONOMY AND STOCK MARKET OVERVIEW

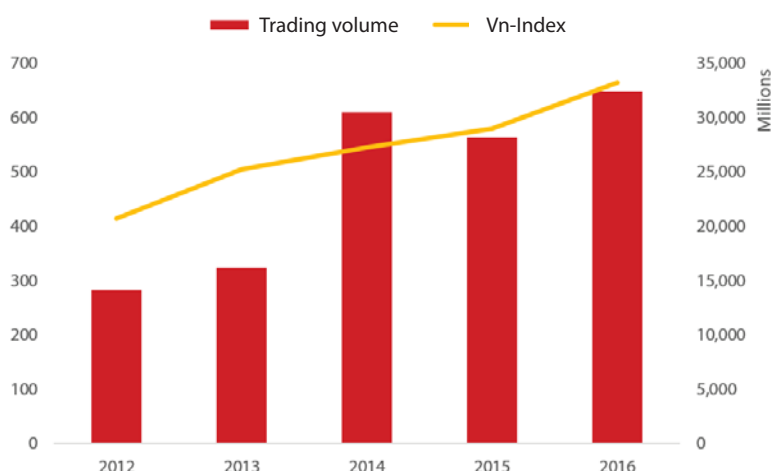
Despite the global economic slowdown, China's economy slowing down, and the Fed raising rates, Vietnam's economy still improved considerably on the macro level. This could be seen through the stability of inflation, interest rates and exchange rates. During 2016, GDP growth was 6.21%. The finance, banking and real estate sectors which contribute the most to the services industry, have been returning to growth levels experienced during 2011.

In the past year, the inflation rate was higher but still remained at a low and stable level. Particularly, CPI rose 4.74% for the year and core CPI only rose by 1.87%. This was a positive signal and convenient environment for the growth of the economy. The interest rate for USD was 0% and the new foreign exchange policy attracted local currency.

Vietnam's trade surplus was \$2.86 billion last year. FDI companies had a trade surplus of \$23.7 billion and contributed to 64% of the country's total exports. Compare to other countries in the region, Vietnam's export growth was very strong.



In 2016, Vietnam was among the top 5 countries in South East Asia in terms of economic growth. The VN-index delivered a 1 year gain of 14.8% as of the last trading day of 2016 (664.87 points). The index market capitalization was VND1,900 billion (~45.5% GDP) and liquidity improved significantly (increased by 39% compared to 2015). There were 100,000 securities trading accounts created during this period, which resulted in 1.67 million accounts in total.



In 2016, we observed notable events that made the market more attractive and also created momentum for the market in 2017:



### VNX-Allshare index

10/24/2016: VNX-Allshare index (247 tickers on HoSE and 241 tickers on HNX) operated and set the foundation for the combination of the two stock exchanges in Vietnam.



### Circular no. 115/2016/TT-BTC

11/01/2016: Circular no. 115/2016/TT-BTC was officially activated. It helped to shorten the time shares can trade on UpCom Exchange from 90 (Decision no. 51/2014/QD-TTq) to 20 business days/ Along with that, there will be significant fines if corporations delay the registration process post IPO.



### Derivatives

Regulations for Derivatives were nearly finished with Decree no. 42/2015/ND-CP and Circular no. 11/2016/TT-BTC. The platform plans to be ready for derivative trading activities in Q2 2017.



### 10 divestment corporations

State divestments in big corporations such as Vinamilk on 12/12/2016 served as a strong supporting measure for the market. After that, SCIC divested their stakes in 10 more companies as requested by the States.



### Listing companies

Habeco (Hanoi Beer Company JSC) was listed on the UpCoM on 28/10/2016 and Sabeco (Saigon Beer Company JSC) was listed on 06/12/2016. Moreover, Novaland (NVL), Petrolimex and Airport Corporation of Vietnam (ACV) were listed and attracted investments from both local and foreign investors.

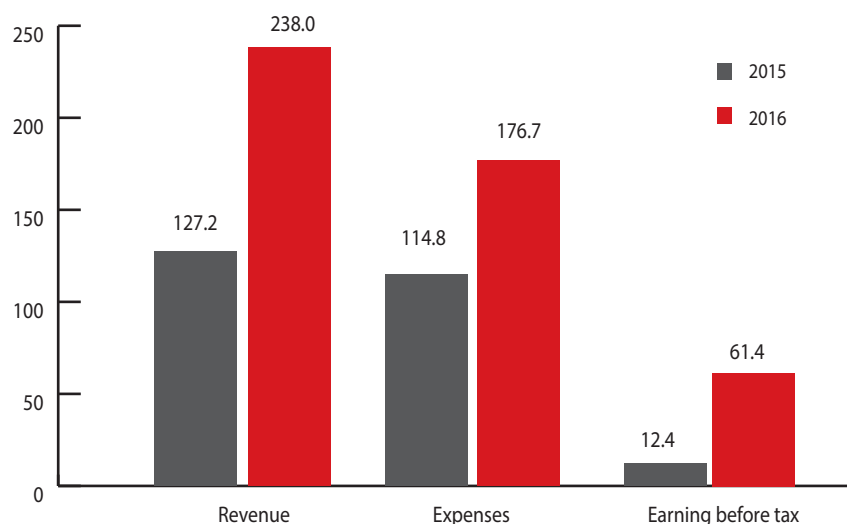
## BUSINESS OPERATION OVERVIEW



### 2016 BUSINESS PERFORMANCE

In 2016, our business results significantly improved compared to 2015 thanks to the great efforts of RongViet's staffs and the strong financial foundation. Total revenue for the year was VND238 billion equivalent to 102.6% of the plan that was approved by the board of directors. The company's total revenue increased 87.2% compared to 2015. Total income before tax was VND61.35 billion, increasing 393.3% compared to 2015.

The largest contributor to revenue growth was the securities services sector, accounting for 49% of total revenue; this was 2.4 times higher than 2015. RongViet was able to increase the turnover from prop-trading to VND50.5 billion, with growth of 96.4% over the same period.



(Unit: VND bn)

Despite the positive growth in both revenue and income, total income before tax of RongViet did not fulfill its proposed plan of VND80 billion. This resulted from interest expenses increasing sharply to VND51 billion in order to serve margin lending financing. In addition, with the unfavorable situation at the end of the year, RongViet had to make provisions for proprietary trading securities down to VND13 billion, 6.5 times higher than planned in its Shareholders General Meeting.

Target	Actual 2015	Actual 2016	% Actual 2016/2015	Planned 2016	% Actual/Planned 2016
<b>Total Net Revenue</b>	<b>127.16</b>	<b>238.00</b>	<b>187.2%</b>	<b>232.00</b>	<b>102.6%</b>
Financial Investments	25.74	50.54	196.4%	49.50	102.1%
Brokerage	37.77	49.10	130.0%	68.60	71.6%
Securities Services	48.70	116.05	238.3%	94.00	123.5%
Investment Banking	6.24	9.89	158.5%	9.20	107.5%
Other Activities	8.71	12.43	142.7%	10.70	116.2%
<b>Total Expenses</b>	<b>114.77</b>	<b>176.65</b>	<b>153.9%</b>	<b>152.00</b>	<b>116.2%</b>
Expenses paid to stock exchange	5.92	8.07	136.3%	11.40	70.8%
Expenses for commissions	1.12	4.23	379.1%	1.40	302.3%
Other expenses for brokerage services	0.76	0.67	87.4%	0.45	149.3%
Loss on sale of trading securities	24.44	5.39	22.1%	0.02	-

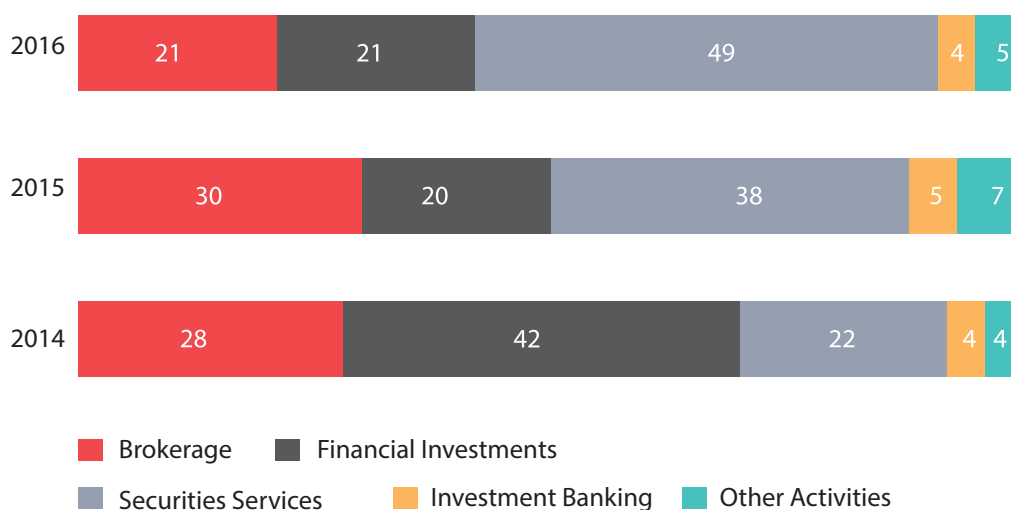


## BUSINESS OPERATION OVERVIEW

Target	Actual 2015	Actual 2016	% Actual 2016/2015	Planned 2016	% Actual/ Planned 2016
Provision for stock price decrease	(17.41)	13.01	-	2.00	650.7%
Expenses for financial consulting	0.21	0.56	263.0%	0.40	139.7%
Expenses for Custody	4.12	5.79	140.4%	5.06	114.4%
Interest expenses	24.21	50.99	210.6%	42.00	121.4%
Employee expenses	35.27	51.30	145.4%	47.00	109.2%
Depreciation of fixed assets	4.46	4.90	109.7%	6.50	75.3%
Allowances	6.86	2.01	29.3%	2.00	100.4%
Expenses for electricity	1.88	2.11	112.4%	2.40	87.9%
Expenses for rent	8.85	10.34	116.8%	10.80	95.7%
Mailing expense	1.27	1.25	98.1%	1.56	79.8%
Expenses for Events	0.67	0.76	112.8%	1.00	76.0%
Expenses for maintenance	2.09	2.74	130.9%	3.60	75.9%
Other Expenses	10.04	12.55	125.0%	14.41	87.1%
<b>EBIT</b>	<b>12.39</b>	<b>61.35</b>	<b>495.3%</b>	<b>80.00</b>	<b>76.7%</b>
Corporate Income Taxes	(8.51)	12.04	-	14.20	84.8%
<b>Profit after taxes</b>	<b>20.89</b>	<b>49.31</b>	<b>236.0%</b>	<b>65.80</b>	<b>74.9%</b>



### REVENUE STRUCTURE 2016



## BUSINESS OPERATION OVERVIEW



### REVENUE STRUCTURE 2016 (Cont)

The company's total revenue in 2016 improved significantly, reaching 102.6% of the plan for the year, and all of our business activities achieved positive results. The three main activities of RongViet (brokerage, service Securities, financial investments) continued to contribute around 90% of its total revenue, however the revenue structure had some major changes as follows:

- Revenue from securities services increased sharply in 2016, contributing significantly to total revenue in the year. This revenue proportion increased from 38% in 2015 to 49% in 2016. The financial Investments sector remained stable in total revenue structure, while the proportion of brokerage activities tended to decrease slightly in total revenue structure.
- The contribution of investment banking remained stable at 4% of total revenue. Although the contribution was not a large portion of the company's revenue structure but we observed positive changes thanks to the continued growth over the years.
- The proportion of revenue from other activities (mainly interest income) decreased slightly from the previous year and accounted for 5% of total revenue. This occurred because these activities remained the same, while all other segments experienced considerable growth.

#### Details on Various Activities' Contribution to Revenue during 2016



#### **VND50.5 billion**

##### **Revenue from financial investments**

accounting for 21% of total revenue and achieving 102.1% of the plan set by the General Shareholders' Meeting in 2016. Due to the favorable factors of the market in 2016, Viet Dragon invested in listed companies, which created a large source of revenue.



#### **VND116 billion**

##### **Revenue from Securities Services**

VND116 billion, accounting for the highest proportion (49%) of total revenue. This revenue was 123.5% of the company's plan for 2016.



#### **VND49.1 billion**

##### **Brokerage Revenue**

VND49.1 billion, accounting for 21% of total revenue compared to 30% in 2015. This was mainly due to a sharp increase in investment activities. Therefore, the contribution of brokerage activity changes to sales do not increase too much.



#### **VND9.9 billion**

##### **Revenue from investment banking activities**

accounting for 4% of total revenue, and achieving 158.5% of its revenue in 2015. Contribution of investment banking activities has remained stable over the past few years.



#### **VND12.4 billion**

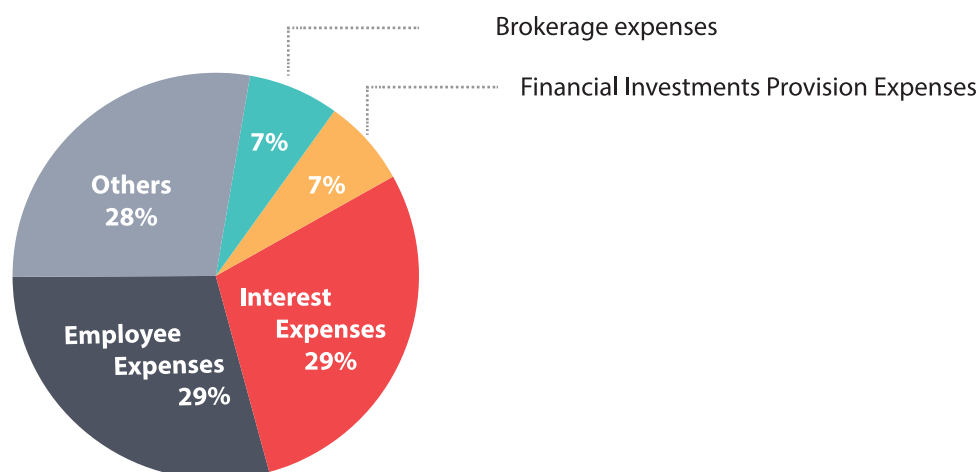
##### **Revenue from other activities**

accounting for 5% of total revenue, equivalent to 116.2% of the year's plan, and up 42.7% compared to 2015.



### EXPENSE STRUCTURE 2016

The total expenses of RongViet in 2016 were VND176.7 billion, up 53.9% compared to 2015, equivalent to 116.22% of the plan of the 2016 shareholders general meeting. The details are as follows:



**Employee Expenses:** VND51.3 billion, accounting for the largest share of operating expenses at 29%. This amount is equal to 109.2% of the plan in 2016. Employee expenses are higher than the original plan due to the increase in both the number of employees and the average salary for employees.

**Interest Expenses:** VND51 billion, accounting for 28.9% of total expenses, up 110.6% compared to 2015 and reaching 121.4% of our plan. The proportion of interest expenses increased significantly over the previous year, mainly due to the increase in outstanding transactions and advance loans, as well as the increase in financial loans for investment activities in 2016.

**Brokerage expenses:** VND12.97 billion, mainly comprised of expenses paid to the stock exchange and compensation for agents, accounting for 7.3% of total expenses, and 98% of the plan for 2016.

**Financial Investments Provision Expenses:** Due to the unfavorable movements of the stock market at the end of the year, RongViet made provisions for a price decrease for the proprietary trading at around VND13 billion, 6.5 times higher than the plan. This accounted for 7.4% of our total expenses.

**Other expenses:** Accounting for 28% of total expenses, including rent expenses, depreciation of fixed assets, electricity costs and other costs. These expenses are almost unchanged compared to the plan set in 2016.

**51,3 billion**

Employee Expenses

**51 billion**

Interest Expenses

**12,97 billion**

Brokerage expenses

**13 billion**

Financial Investments Provision Expenses

**46.63 billion**

Other expenses

## BUSINESS OPERATION OVERVIEW



### FINANCIAL PERFORMANCE

#### ■ Major Financial Ratios

On 01/01/2016, Circular 210/2014/TT-BTC), providing accounting guidance to securities firm and replacing Circular 95/2008/TT-BTC and Circular 162/2010/TT-BTC, came into effect. Accordingly, financial ratios in the balance sheet and income statement in 2016 and 2015 will be demonstrated in a separate table.

(Unit: VND bn)

Performance	2011	2012	2013	2014	2015
Net revenue	161.57	101.68	96.41	228.61	126.46
Operating profit	(128.38)	(28.46)	6.48	104.25	11.7
Earnings before tax	(126.34)	(27.64)	7.92	105.23	12.39
Earnings after tax	(126.34)	(27.64)	1.54	105.23	20.89

Performance	2015	2016
Income from operating activities	119.23	229.15
Income from financing activities	7.90	8.27
Operating net income	12.37	60.81
Earnings before tax	12.39	61.35
Earnings after tax	20.89	49.31

Balance Sheet	31/12/2011	31/12/2012	31/12/2013	31/12/2014	31/12/2015
Total assets	912.53	600.38	685.20	1,100.64	1,251.17
Short-term assets	872.64	564.55	658.39	1,074.24	1,214.09
Long-term assets	39.89	35.83	26.81	26.40	37.07
Charter capital	349.80	349.80	349.80	349.80	700.00
Owner's equity	263.33	235.69	237.23	342.46	713.55

Balance sheet	31/12/2015	31/12/2016
Total assets	1,013.35	1,593.24
Short-term assets	976.27	1,562.67
Long-term assets	37.07	30.57
Charter capital	700.00	700.00
Owner's equity	713.55	762.86

Asset structure	31/12/2012	31/12/2013	31/12/2014	31/12/2015	31/12/2016
Current assets/Total assets	94.03%	96.09%	97.60%	96.34%	98.08%
Long-term assets/Total assets	5.97%	3.91%	2.40%	3.66%	1.92%
Equity structure					
Debt/Total assets	60.74%	65.38%	68.89%	29.59%	52.15%
Owner's equity/Total assets	39.26%	34.62%	31.11%	70.41%	47.88%

## BUSINESS OPERATION OVERVIEW

(Unit: VND bn)

Profitability ratios	2011	2012	2013	2014	2015
Net income / Revenue	-78.20%	-27.18%	1.60%	46.03%	16.52%
Net income/ Average owner's equity	-38.70%	-11.08%	0.65%	36.31%	3.96%
Net income / Average total assets	-12.67%	-3.65%	0.24%	11.79%	1.78%
Net income/ Average charter capital	-36.12%	-7.90%	0.44%	30.08%	3.98%

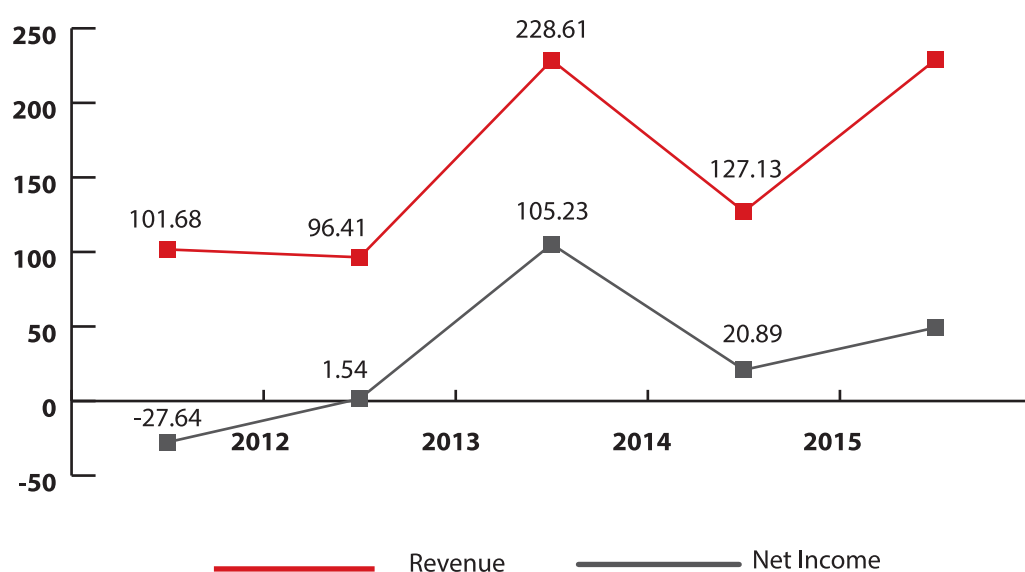
Because ratios like average owner's equity, average total assets and average Charter Capital need beginning of the year and end of the year data to calculate, while data from the beginning of 2015 or data of 2014 is not demonstrated according to (Thong tu 210), profitability still remains in 2015.

Profitability	2016
Net income / Revenue	41.54%
Net income/ Average owner's equity	6.68%
Net income / Average total assets	3.78%
Net income/ Average charter capital	7.04%

Book Value	31/12/2012	31/12/2013	31/12/2014	31/12/2015	31/12/2016
Owner's equity (VND bn)	235.69	237.23	342.46	713.55	762.86
Charter capital (VND bn)	349.80	349.80	349.80	700.00	700.00
Par value (VND)	10,000	10,000	10,000	10,000	10,000
Number of outstanding shares (shares)	34,979,987	34,979,987	34,979,987	70,000,000	70,000,000
Book value per share (VND per share)	6,738	6,782	9,790	10,132	10,898

### Revenue & Net Income

(Unit: VND bn)



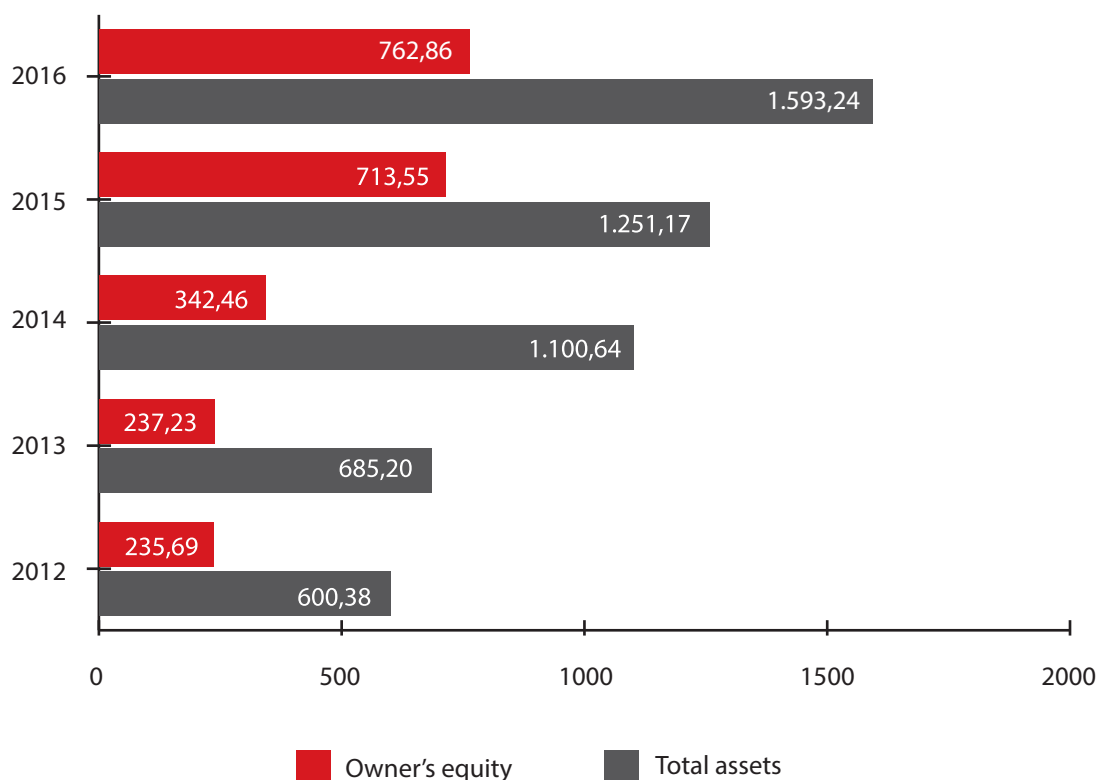
## BUSINESS OPERATION OVERVIEW



### FINANCIAL PERFORMANCE (cont)

#### Total assets vs. Owners' equity

(Unit: VND bn)



### Financial Safety Ratios

At the end of 2016, RongViet still had secure financial safety ratios:

Ratios(*)	Unit	31/12/2016	Stipulated in
Financial safety ratio	%	591.59	Greater than 180%
Total liabilities/Owner's equity	times	1.09	No greater than 3 times
Short-term debt/Current assets	times	0.53	Maximum at 1
Remaining value of fixed assets/Charter capital	%	0.84%	No greater than 50%
Investment value of unlisted stock/Owner's equity	%	7.55%	No greater than 20%

(\*): Circular 165/2012/TT-BTC issued on 09/10/2012 by the Ministry of Finance, supplies many items to Circular 226/2010/TT-BTC issued on 31/12/2010 by the Ministry of Finance regulates financial safety ratios and procedures of punishment to securities institutions that don't meet financial safety standards.



## BROKERAGE SERVICES

### Market share

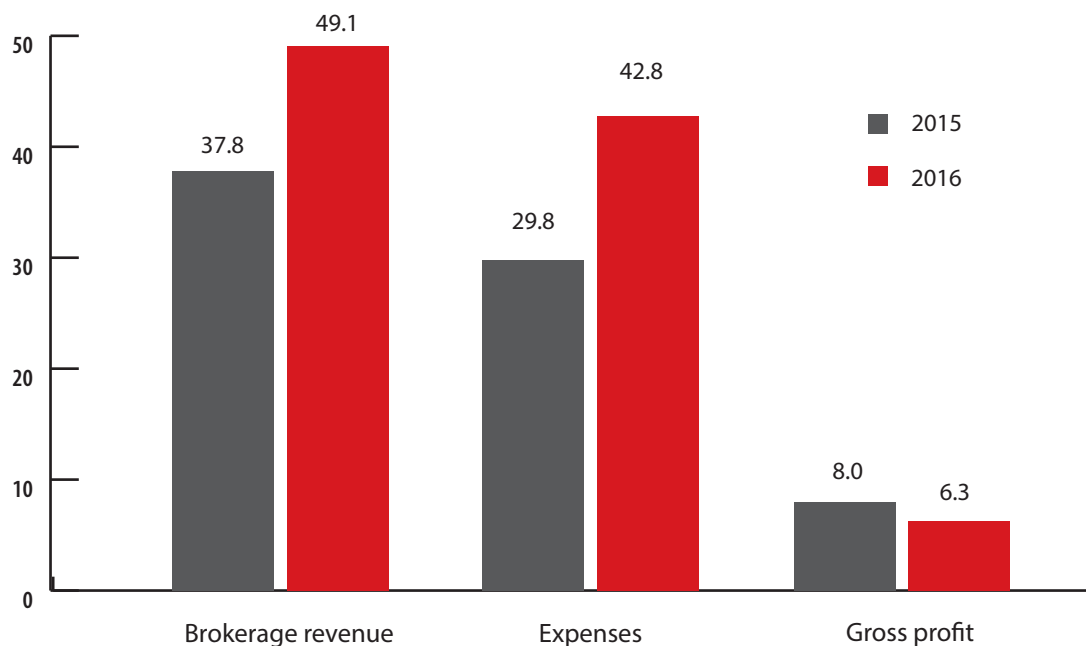
RongViet's market share in 2016 was 1.81%, equivalent to 60.4% of the annual plan (3%); Our market share in the Ho Chi Minh Stock Exchange (HSX) was 1.82%, Hanoi Stock Exchange (HNX) was 1.20% and Upcom market was 4.13%.

### Transaction value and brokerage revenue:

The value of transactions through Viet Dragon in 2016 was VND27.707 billion, up 39.4% compared to 2015.

The spectacular growth of the VN-Index combined with the positive liquidity of the stock market helped the transaction value of Viet Dragon significantly improve in 2016, contributing positively to its brokerage services income.

### Brokerage Activity of 2016:



(Unit: VND bn)

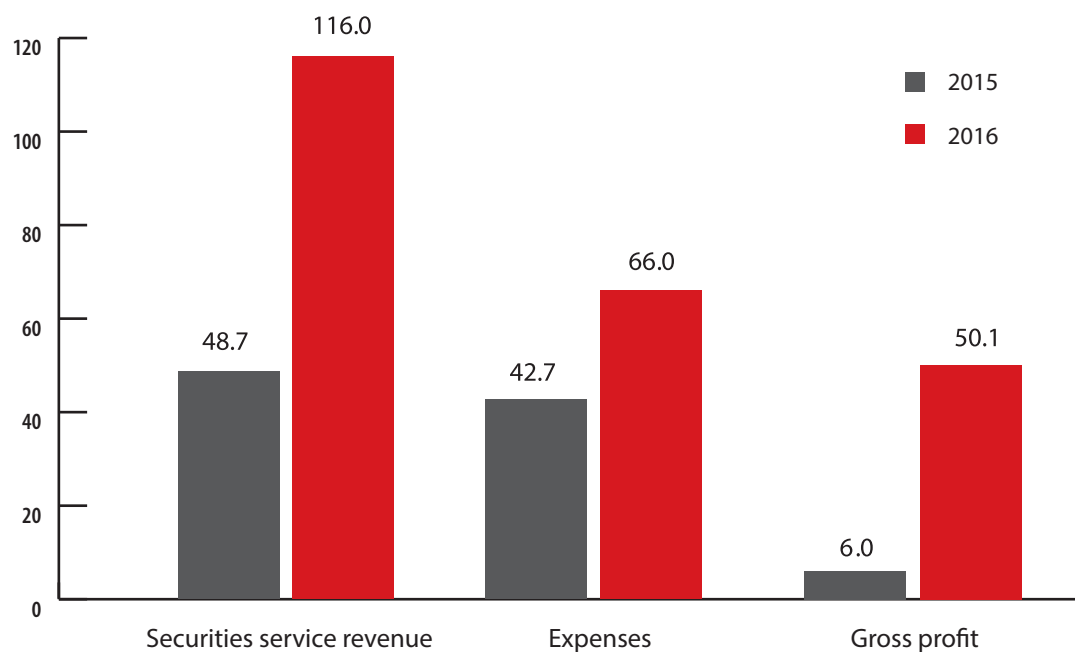
Items	Actual	Actual 2016	% Actual 2016/2015	Planned 2016	% Actual/Planned 2016 (%)
<b>Brokerage revenue</b>	<b>37.76</b>	<b>49.10</b>	<b>130.0%</b>	<b>68.60</b>	<b>71.6%</b>
Brokerage for listed stocks	3.16	48.82	138.9%	68.30	71.5%
Others	0.46	0.28	62.0%	0.30	94.0%
<b>Expenses</b>	<b>29.75</b>	<b>42.79</b>	<b>143.8%</b>	<b>42.60</b>	<b>100.4%</b>
Operating expense	25.70	37.88	147.4%	37.02	102.3%
Outsourcing expense	4.05	4.91	121.2%	5.58	87.9%
<b>Gross profit</b>	<b>8.02</b>	<b>6.31</b>	<b>78.8%</b>	<b>26.00</b>	<b>24.3%</b>

## INVESTMENT ACTIVITIES



### SECURITIES SERVICES

Revenue from securities services in 2016 reached VND116 billion, reaching 123.5% of the annual plan (94 billion dong) and increasing by 138% compared to 2015.



(Unit: VND bn)

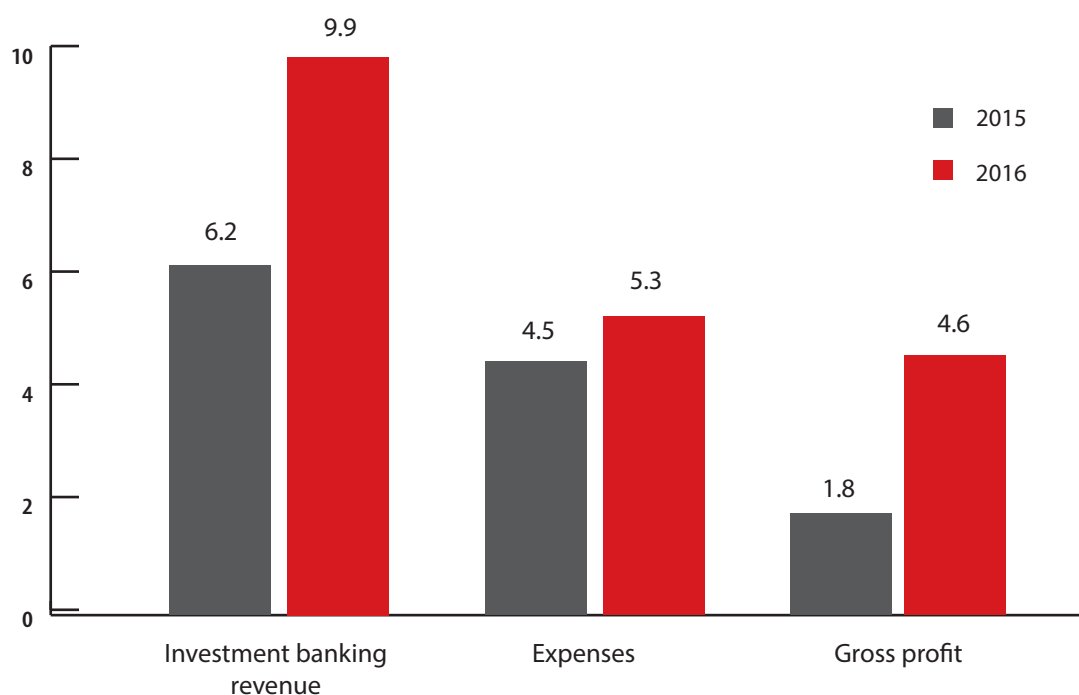
Items	Actual 2015	Actual 2016	% Actual 2016/2015	Planned 2016	%Actual/ Planned 2016 (%)
<b>Securities services revenue</b>	<b>48.65</b>	<b>116.04</b>	<b>238.6%</b>	<b>94.00</b>	<b>123.5%</b>
Transaction financing	38,18	104,20	272,9%	80,40	129,6%
Depository	3,86	5,47	141,9%	4,60	118,9%
Cash advance	6,11	6,16	100,8%	9,00	68,5%
Others	0,50	0,22	43,5%	-	-
<b>Expenses</b>	<b>42.66</b>	<b>65.95</b>	<b>154.6%</b>	<b>49.53</b>	<b>133.2%</b>
Operating expense	41,35	64,78	156,7%	48,08	134,7%
Outsourcing expense	1,31	1,17	89,6%	1,45	80,7%
<b>Gross profit</b>	<b>5,99</b>	<b>50,10</b>	<b>836,8%</b>	<b>44,47</b>	<b>112,7%</b>





## INVESTMENT BANKING

Revenue from investment banking activities in 2016 reached VND9.89 billion, which is equivalent to 107.5% of the shareholders' plan (9.2 billion dong). This segment completed a total of 49 contracts and signed 32 new contracts. As of the end of 2016, investment banking activities are working on 78 contracts with a total value of 5.4 billion dong.



(Unit: VND bn)

Items	Actual 2015	Actual 2016	% Actual 2016/2015	Planned 2016	%Actual/Planned 2016 (%)
<b>Investment banking revenue</b>	<b>6.24</b>	<b>9.89</b>	<b>158.5%</b>	<b>9.20</b>	<b>107.5%</b>
Underwriting	2,89	3,00	103,7%	3,00	100,0%
Corporate finance	3,20	3,84	120,2%	3,20	120,1%
M&A	0,15	3,05	2.100,9%	3,00	101,5%
<b>Expenses</b>	<b>4,49</b>	<b>5,30</b>	<b>118,1%</b>	<b>5,00</b>	<b>106,0%</b>
Operating expense	3,95	4,81	121,8%	4,43	108,6%
Outsourcing expense	0,54	0,49	90,8%	0,57	86,1%
<b>Gross profit</b>	<b>1,75</b>	<b>4,59</b>	<b>262,5%</b>	<b>4,20</b>	<b>109,2%</b>

# INVESTMENT ACTIVITIES



## INVESTMENT BANKING (cont)

### Main professional conducts:



#### Corporate Finance:

Focuses on IPOs, listing and equitization advisory, state divestment and other activities. Currently working on 60 contracts with domestic businesses.



#### Mergers and acquisitions (M&A):

M&A activities in 2016 had a significant take-off in terms of revenue. The main income came from completing M&A deals between foreign investors and domestic businesses. During 2016, revenue from M&A consulting reached VND3 billion, equivalent to 101.54% of our target. Positive results will encourage more M&A contracts as well as proactively engaging the connection of foreign investors from Japan, Thailand, and Singapore with potential domestic businesses.



#### Underwriting:

Underwriting activities and capital settlement reached the target of VND3 billion, which is equivalent to 100% of the annual plan. Currently, the underwriting activities are going to cover bonds as well as stocks and continue to expand as a revenue source in the future.



#### Investor relations cooperation

In 2016, RongViet investment banking department organized training sessions in cooperation with the State Security Commission of Vietnam to universalize many policies concerning the securities activities in the market to many listed companies, the public, and state enterprises. This activity made a positive contribution in terms of new client engagement. Additionally, the investment banking activities also continued to find new customers that are not official clients but were introduced to vViet Dragon services, as well as new customers introduced by Viet Dragon's loyal clients. The company made strong efforts to expand its M&A segment in 2016, and was able to increase the amount of offering deals.



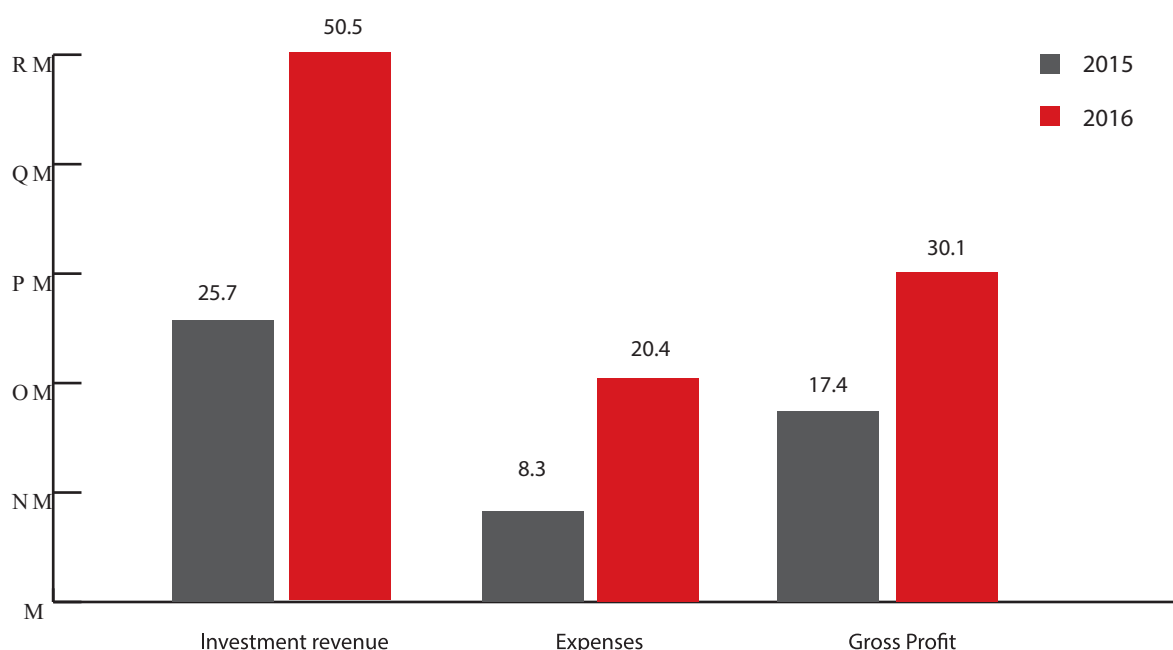
#### Other internal activities

In 2016, the investment banking division also updated and supplemented professional procedures such as: equitization, listing, IPO, auction process, shareholder meeting procedures, and inter-division cooperation (share auction, treasury stock purchase) to standardize professional conducts.



## COMPANY INVESTING ACTIVITIES

In 2016, our investment activities continue to be a significant contributor to the company's overall operations, accounting for 21% of revenue. Revenue from our investment activities in 2016 was VND50.53 billion, which is equivalent to 102.09% of the target set by large shareholders (VND49.5 billion). Favorable market conditions, as well as increased capital, are the positive contributions that enable the department to reach this target. In 2016, the company's gross profit reached VND30.14 billion, which is a 73.2% increase from 2015.



(Unit: VND bn)

Items	Actual 2015	Actual 2016	% Actual 2016/2015	Planned 2016	%Actual/ Planned 2016 (%)
<b>Total revenue</b>	<b>25,74</b>	<b>50,53</b>	<b>196,4%</b>	<b>49,50</b>	<b>102,1%</b>
Dividends	13,55	8,21	60,6%	9,00	91,2%
Revenue from securities investment	12,18	42,33	347,4%	40,50	104,5%
<b>Total expenses</b>	<b>8,34</b>	<b>20,39</b>	<b>244,6%</b>	<b>10,65</b>	<b>191,5%</b>
Operating expenses	8,11	20,09	247,8%	10,34	194,3%
Outsourcing expenses	0,23	0,30	132,0%	0,31	97,5%
<b>Gross profit</b>	<b>17,40</b>	<b>30,14</b>	<b>173,2%</b>	<b>38,85</b>	<b>77,6%</b>

### Investment Performance as of 12/31/2016:

(Unit: VND bn)

No.	Portfolio	31/12/2015	31/12/2016	% increase/ (decrease)
1	Short-term investments	111.45	360.12	323.1%
2	Other portfolio trusted	2.48	2.48	0.0%
	<b>Total</b>	<b>113,94</b>	<b>362,60</b>	<b>318,3%</b>

## INVESTMENT ACTIVITIES

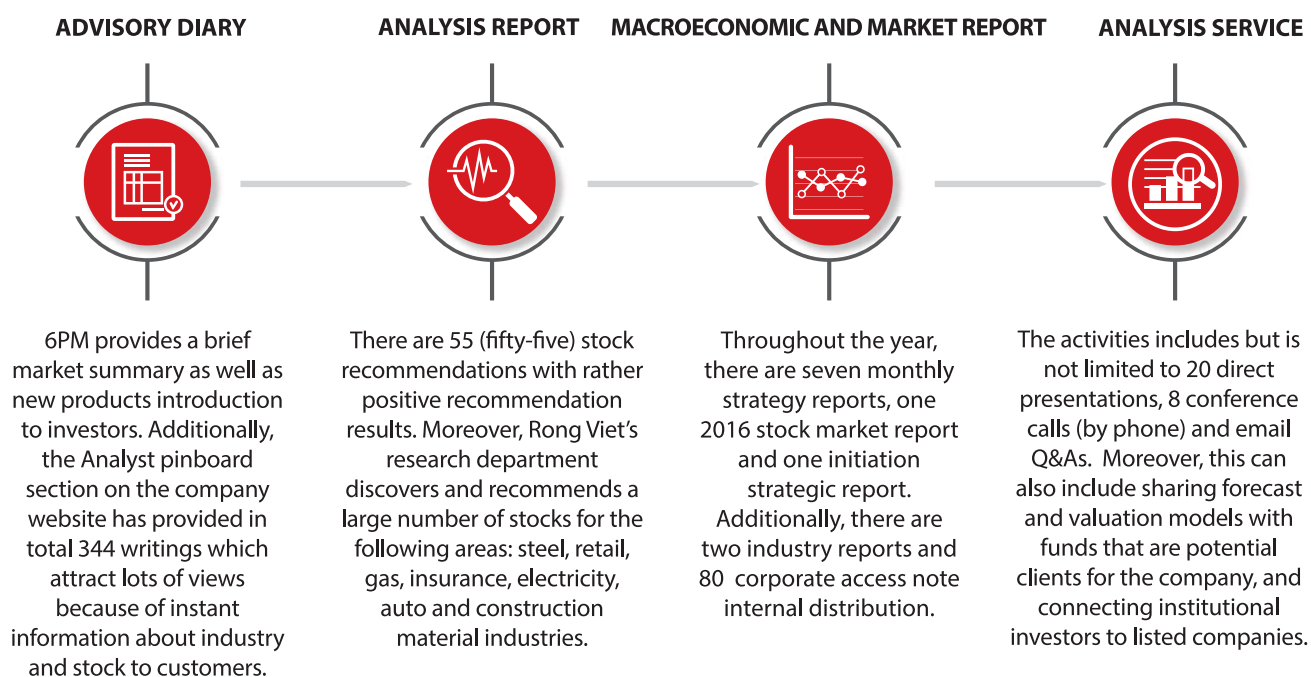


### ANALYSIS AND INVESTMENT CONSULTING ACTIVITIES

During 2016, the company's analysis and investment consulting activities made a strong impression on the investment market. Rong Viet has a large number of analysis products, including the 6PM call, analyst pinboard, company reports, and monthly strategy reports. This contributes significantly to the expansion of its relationship with institutional clients, a rather limited segment of Rong Viet for many years. This will allow us to increase our brokerage revenue in upcoming years.

In addition, many analysis activities initiated throughout the year also helped Rong Viet in advertising its brand, which includes but is not limited to reports posted on Dau Tu newspaper, journalism support, online interaction, analysis reports published on Bloomberg, Reuters, FactSet, S&P, Research Pool, Vietnamadvisors.com (US), Ahvietnam.com (US), Rosenblatt (partner), StoxPlus, InforNet, thoibaotaichinhvietnam, and other pages which Rong Viet does not directly cooperate with (Vietstock, Cafef).

It is a great privilege that Rong Viet was nominated in the Top 5 brokerages in Asiamoney Brokers Poll 2016 and Top 3 most improved brokerages.



### Many notable products

Additionally, the company analysis team also supports expanding client sources, finding new customers in which Rong Viet institutional sales team connects and present investment opportunities to these customers in Thailand, Singapore, the U.S and Hong Kong.



### PROJECT INVESTMENT AND PROCESS

#### Large Investments

In 2016, Viet Dragon Securities incurred no additional big investments.

#### Subsidiaries and Affiliates

Currently, Viet Dragon Securities doesn't have any subsidiaries or affiliates.

## SHAREHOLDER STRUCTURE



### SHAREHOLDER STRUCTURE

Share Information (as of 31/12/2016)	Total number of shares in terms of categories	Total number of outstanding shares
Number of shares	70.000.000	70.000
Par value (đồng)	10.000	10.000
Category	Common stock	Common stock

#### Shareholder structure as of 03/01/2017

No.	Types of shareholders	Number of shares owned	Proportion
<b>1</b>	<b>Domestic shareholders</b>	<b>69,970,200</b>	<b>99.96%</b>
	Entities	15,150,620	21.64%
	Individuals	54,819,580	78.31%
<b>2</b>	<b>Foreign shareholders</b>	<b>29,800</b>	<b>0.04%</b>
	Entities	100	0.0001%
	Individuals	29,700	0.0424%
<b>Total</b>		<b>70.000.000</b>	<b>100,00%</b>

(Source: Shareholder list of Viet Dragon Securities as of 01/03/2017 – Vietnam Securities Depositories)

#### Detailed information about large shareholders as of 01/03/2017

No.	Large Shareholders	National Identification/ Business Registration	Home Address/Corporate Headquarters	Number/ownership proportion as of 01/03/2017	
				Number	Proportion (%)
1	Mr. Tran Le Nguyen	023062528	201–203 Phu Gia, Phu My Hung, Q.7, TP. HCM	24.500.000	35,00%
2	Viet Asia Investment And Development Company Limited	0313483355	7th floor – Viet Dragon Tower, 141 Nguyen Du, Q.1. TP. HCM	10.520.013	15,03%
3	Vietnam Commercial Joint Stock Export Import Bank	0301179079	8th floor - VinCom Center, 72 Le Thanh Ton & 47 Ly Tu Trong, Q.1, TP. HCM	3.800.000	5,43%
4	Ms. Pham My Linh	022590875	153/13 Nguyen Van Thuong, Q. 2, TP. HCM	9.595.299	13,71%
<b>TOTAL</b>				<b>48.415.312</b>	<b>69,16%</b>

## GROWTH ORIENTATION OF RONGVIET IN 2017-2021

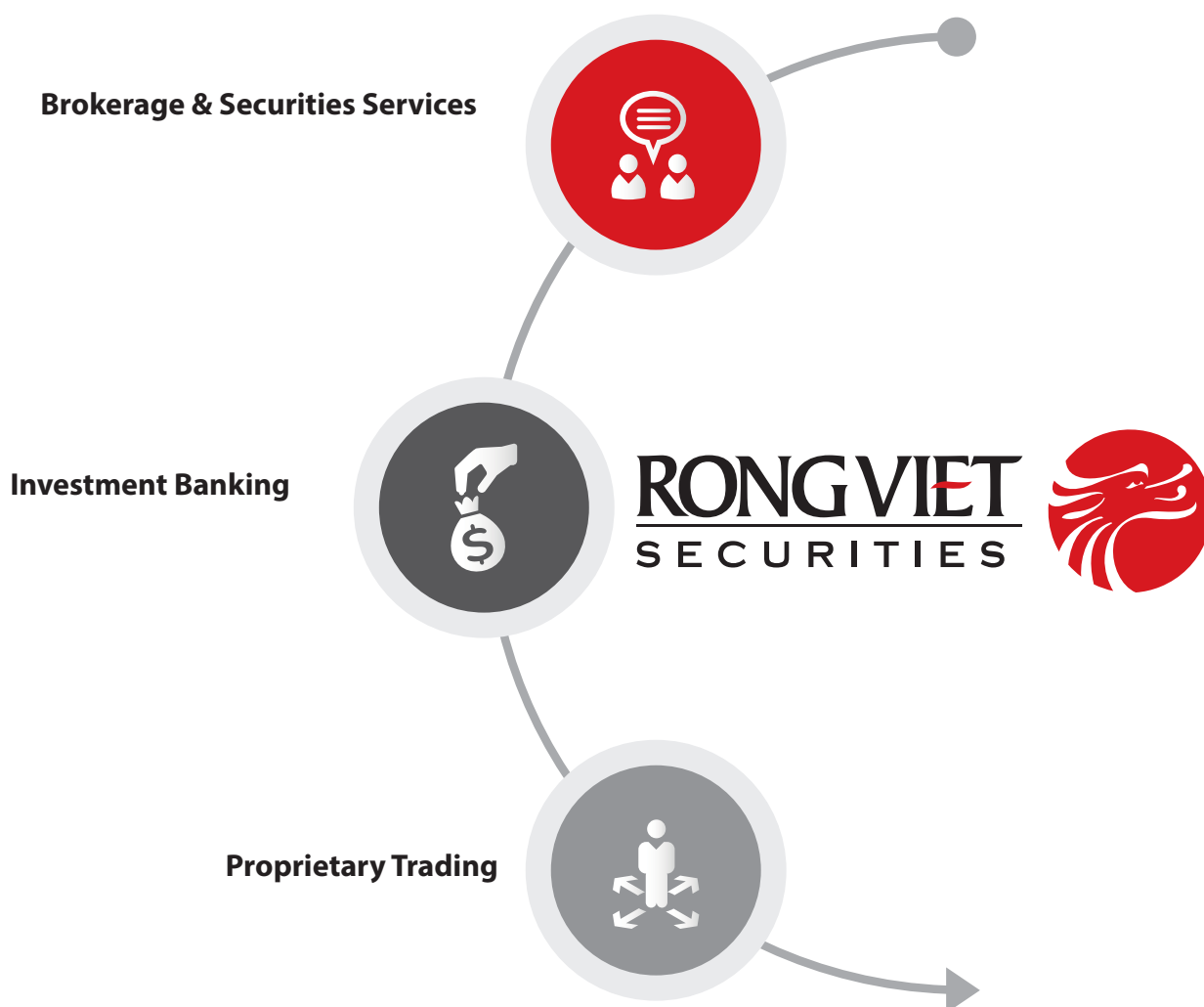


### DEVELOPMENT STRATEGY

RongViet is a well-established and prestigious company in the securities market, based on its corporate positioning and wide range of qualified products and services. However, the company is still limited in its scale, and faces strong competition challenges in most of its business lines.

Consequently, in order to become a strong and well-positioned brand, RongViet will continue to strive to achieve growth. All of RongViet's staff are unified in their vision to build and develop RongViet into a prestigious securities company, that has compliant and transparent operations, a strong financial base, and is able to provide the most qualified services.

With our vision of being one of the leading Investment banks in Vietnam, RongViet plans to gradually improve the model with the following three core activities: **"Brokerage & Securities services – Investment banking – Proprietary trading", with the support basis of "Research."**



In addition, the company's governance follows a consistent viewpoint of **"Centralized Management – Decentralized Operating – Independent Auditing"** to reach the target of **"Safe operations – Effective Transacting – Sustainable Development."**

# GROWTH ORIENTATION OF RONGVIET IN 2017-2021



## OPERATIONAL TARGETS

During 2016-2017, the company will focus on depth development, intensifying operating efficiency through qualified services, and striving to increase the company's position within Vietnam's financial market. RongViet has been striving to reform, expand and develop its business operations. The company's business results in 2016 were able to reflect the effort and endeavours of all our staff throughout this year.

According to the Development strategy adopted by the Board of Directors, RongViet has set the following targets for 2017-2021:



### Financial capacity:

The charter capital of RongViet is currently VND700 billion. RongViet has completed the initial phase of its plan of raising its charter capital from VND1,000 – VND1,500 billion in 2016-2017. In 2018-2021, RongViet plans to increase its charter capital to VND2,000 – VND2,500 billion to ensure the company's ability to expand its business activities in term of scale and so that we are able to meet the regulatory requirements when operating in the securities market.



### Operational efficiency:

Given its remarkable growth in 2016, RongViet has set the goal of to earn Profit-after-tax at the rate of 12%-15% of Charter capital during 2017-2021. Dividends will be paid out at the rate of 8% - 15% per year.



### Brokerage activities:

During 2017-2018, RongViet will attempt to enter the top 10 Securities firms holding the biggest brokerage market share and top 5 by 2019-2021.



### Investment banking activities:

Make efforts to be one of the top 10 biggest companies in regards of revenue in the market, with Corporate Finance Advisory and M&A Advisory as our two main business activities.



### Research activities:

In addition to positive business results, Rong Viet was also able to improve its research activities last year, as RongViet is in the top 3 most improved brokerages at Asiamoney Brokers Poll 2016. The company plans to be one of the top 5 companies for the best research coverage for Small and Medium Enterprises (SMEs).



### Human resources:

As of 31/12/2016, Rong Viet has 212 staff, which does not represent a significant change from 2015. The goal of the 2017-2018 period is to raise the total number to 250 – 280 and to reach 300-500 employees by 2019-2021. The enhancement in quality and size of human resources is one of the core foundations to support the growth and development of RongViet in the future.



### Distribution system:

RongViet does not intend to open more offices/branches this year. During 2018-2021, the company will consider opening 5-8 more branches/transaction offices in HCMC, Hanoi and the South East area of Vietnam.



### Service system:

RongViet has a clear objective for its service system, which is qualified, diversified, competitive and able to meet the standards of a well-organized investment bank. The company's information technological system is stable and able to handle large transaction volumes. Moreover, the controlling and risk managing ability is active and effective in its ability to provide services.



**CORPORATE  
GORVENANCE**





- BOARD OF DIRECTORS
- REPORT AND EVALUATION OF BOARD OF DIRECTORS
- EXECUTIVE COMMITTEE
- REPORT OF EXECUTIVE COMMITTEE
- ORGANIZATIONAL STRUCTURE
- BOARD OF MANAGEMENT
- REPORT AND EVALUATION OF BOARD OF MANAGEMENT
- RISK MANAGEMENT REPORT

## BOARD OF DIRECTORS



**Mr. NGUYEN HIEU**  
Member of BOD

Ownership of VDS: 33.920  
Proportion: 0,05%

**Mr. TON THAT DIEN KHOA**  
Member of BOD

Ownership of VDS: 5.300  
Proportion: 0,01%

**Mr. NGUYEN MIEN TUAN**  
Vice-chairman of BOD

Ownership of VDS: 567.100  
Proportion: 0,81%

## BOARD OF DIRECTORS



**Mr. TRAN LE NGUYEN**  
Chairman of BOD

**Mr. KELLY YIN HON WONG**  
Member of BOD

**Ms. NGUYEN NU TUONG OANH**  
Member of BOD

**Mr. NGUYEN THUC VINH**  
Member of BOD

Ownership of VDS: 24.500.000  
Proportion: 35,00%

Ownership of VDS: 31.800  
Proportion: 0,05%

## BOARD OF DIRECTORS



### INFORMATION OF MEMBERS OF BOD



**Mr. Tran Le Nguyen**  
Chairman of BOD

Mr. Nguyen is a successful entrepreneur, as well as a determined and bold leader with remarkable business achievements in the past few decades. Mr. Nguyen has contributed a significant role in building and making of Kinh Do brand, one of the leading food corporations in Vietnam. With all of his enthusiasm and passion, he has successfully led and managed Kinh Do to be a well-known brand with a diversified product line dominating Vietnam's market for years.

Mr. Nguyen currently serves as the Vice Chairman of the BOD and as the CEO of KIDO Corporation (formerly known as Kinh Do Corporation). He is an active member of the Board of Directors for the Vietnam Chamber of Commerce Industry (VCCI) and has represented the boards of several major corporations in Vietnam.

Mr. Nguyen has been officially nominated as the Chairman of RongViet's BOD since 28/10/2015.

Mr. Nguyen graduated with a Bachelor's Degree in Business Administration.



**Mr. Nguyen Mien Tuan**  
Vice-Chairman of BOD

Mr. Nguyen Mien Tuan has over 17 years of experience in investment, banking, finance, securities and capital markets in Vietnam. Additionally, he is one of RongViet's founding shareholders.

Mr. Nguyen Mien Tuan currently serves as member of the BOD of Pymerpharco JSC and Vice Chairman of the BOD of Sacombank. Prior to establishing RongViet, Mr. Tuan worked for the Ho Chi Minh Stock Exchange (HoSE) and then for Sacombank as an Investment Manager. After his contribution to found RongViet, Mr. Nguyen Mien Tuan became a Member of the Board of Director as well as General Director. In 2012, Mr. Tuan was entrusted as Chairman of RongViet's BOD, with the office term from 2012 – 2016. On 28/10/2015, Mr. Tuan resigned as the Chairman of BOD position and was elected as the Vice-Chairman of the company instead.

Mr. Tuan graduated with a Master degree in Finance and Banking at University of Economics Ho Chi Minh city.



**Mr. Kelly Yin Hon Wong**  
Member of BOD

Mr. Kelly Wong is currently the Chief Finance Officer (CFO) of KIDO Corporation. He used to be a Managing Director of Ho Chi Minh Securities Corporation (HSC). Before joining HSC in 2008, Mr. Wong worked for HSBC Vietnam for 5 years and gained extensive experience in finance, commercial banking and international markets.

Mr. Kelly Wong has been officially nominated as a member of RongViet's BOD since 28/10/2015.

Mr. Wong has Bachelor of Commerce from the University of British Columbia (Canada) and Diploma in Asia Pacific Management from the McRae Institute of Management at Capilano University.



## BOARD OF DIRECTORS



**Mr. Ton That Dien**  
Member of BOD

Mr. Ton That Dien Khoa has over 21 years of experience in finance, banking and the securities industry in Vietnam. Mr. Khoa currently serves as Financial Investment Director of Eximbank, and is the representative of Eximbank as RongViet's strategic shareholder. Besides, he is a member of BOD of Seafood No.1 JSC and a member of the Executive Committee of Vinaconex-ITC. Mr. Khoa has been officially nominated as a member of RongViet's BOD office term 2012 – 2016 since 16/10/2014.

Mr. Khoa has Master's Degree in Banking.



**Mr. Nguyen Thuc Vinh**  
Member of BOD

Mr. Nguyen Thuc Vinh was formerly the Deputy General Director of Eximbank. Previously, Mr. Vinh worked for Sacombank, in which he took the key position as Manager of Planning & Investment Department and Managing Director and member of BOD, as well as General Director of Viet Dragon Fund Management (VDFM). Mr. Vinh is currently a member of RongViet's Board of Directors.

Mr. Vinh graduated with Master's degree in Finance from University of New South Wales – Sydney, Australia.



**Ms. Nguyen Nu Tuong Oanh**  
Member of BOD

Ms. Nguyen Nu Tuong Oanh is now a lawyer of Ho Chi Minh City Bar Association and Deputy Director of Hoang Quan Law company. Previously, Ms. Oanh worked at Phuong Nam Real Estate Corporation, Tan Van Hung Real Estate Corporation as Assistant Manager and Debt Collection Center of Eximbank. Ms. Oanh represents Sai Gon - Asia Finance And Investment Joint Stock Company for RongViet's BOD.

Ms. Oanh graduated with a bachelor's degree from HCMC University of Law.



**Mr. Nguyen Hieu**  
Member of BOD

Mr. Nguyen Hieu has over 17 years working in the financial and securities market. Joining RongViet Securities in its very first day as Deputy General Director, Mr. Hieu has contributed greatly to the development and expansion of the company. He was entrusted as RongViet's General Director since 18th September, 2012 and appointed a BOD member on 15th March, 2014.

Previously, Mr. Hieu worked at Vietinbank – Ho Chi Minh city Main Operation Center II, Vietinbank Securities – Ho Chi Minh branch as a Brokerage Manager and later at Ho Chi Minh Securities Corporation (HSC).

Mr. Hieu graduated with master's degree in International Business from Curtin University of Technology – Australia.

# REPORT AND EVALUATION OF BOARD OF DIRECTORS



## EVALUATION OF BOARD OF DIRECTOR REGARDING RONGVIET'S ACTIVITIES IN 2016

The country's stock market and economy performed very strongly during 2016. At this time, RongViet was at a turning point, and raised its charter capital to VND700 billion after clearing all of its accumulated losses in 2015. The company was able to significantly improve its business performance in 2016, due to the strategic orientation of the Board of Directors, operation of Board of Management and efforts from all of the company's employees. Some of the achievements include the following:



### 238 billion

Revenue

increasing by 87% compared to that of 2015, and equivalent to 102.6% of the schedule planned by the General Meeting of Shareholders.



### 61.35 billion

Profit before tax

increase of 398.3% YoY and 76.7% of our target.

Besides making a rapid progress in our business results, RongViet received many prestigious and honorable awards from well-known regional financial institutions and domestic regulatory authorities:



### TOP 3

RongViet received an award for being one of the most improved brokers from Asiamoney Brokers Poll 2016, an Asian and regional prestigious award.



### TOP 15

RongViet is honored to be one of the top 30 most transparent listed companies on the HNX 2015 – 2016.



### TOP 30

RongViet is one of the 15 remarkable securities companies in 2015 – 2016, awarded by the HNX

In the same year, RongViet and Rosenblatt Securities Inc. officially signed the Exclusive Vietnam-US Research Pact, opening a new development prospects for foreign customers segment in Company's activities.

All these achievements provide solid evidence for the unremitting efforts of all RongViet employees as well as the trust of customers in the Company in the highly competitive and challenging business environment.



## Evaluation of Board of Directors Regarding Operations of the Board of Management (BOM)

In RongViet, the Board of Directors always closely supervises and supplies concrete guidance and timely orientation to the executive task of the Board of Management, ensuring that the Board of Management and all employees can be fully aware of and prepared to achieve the business objectives adopted by the Annual General Meeting of Shareholders.

# REPORT AND EVALUATION OF BOARD OF DIRECTORS

## Method of Supervision to the Board of Management:

The company holds period and extraordinary meetings, which are coordinated effectively with the Executive Committee and the Board of Management, so that the company can better understand its performance and make timely adjustments and recommendations to the board of management.

Accordingly, the company's quarterly business performance will be consolidated and reported directly to the Board of Directors during its regular meetings. In addition, the Board of Management has to report the implementation of assigned tasks and authority, as well as the review of the resolutions implementation and other matters delegated by the Board of Directors. Besides regular meetings, the Board of Management is obligated to provide frequent updates on ordinary activities and to also make other extraordinary reports upon request from the Board of Directors.

The board of management's administration is not only directly monitored by the Board of Directors but also oriented by many decisions and proposals of subcommittees/councils under the Board of Directors. RongViet currently has two subcommittees and one council under supervision of the Board of Directors, which have varying functions:



### **Human Resources – Salary – Bonus subcommittee:**

Promoting and appointing of senior personnel; advising on salary regulations and welfare issues for staff.



### **Risk management subcommittee:**

Assisting the Board of Directors in the risk management activities, ensuring that the business operations of the company are safe, effective and complying with the laws and regulations.



### **Investment Council:**

Managing all investment activities; examining proposals and making investment decisions, ensuring the effectiveness of investment activities.

Based on the performance of the Company and the administration of the Board of Management, the Board of Directors issues Resolutions to approve operational results and business plans for the next period after completing each meeting. At the same time, the Board of Directors also provides strategic judgments and instructions regarding market and the volatility of the economy in order to help the Board of Management determine essential objectives. This ensures that all the scheme and targets of the General Meeting of Shareholders are fulfilled.

## Evaluation Regarding the Administration of Board of Management

The Board of Management of RongViet is mandated by the Board of Directors to operate ordinary business activities, and to disseminate and deploy strategic decisions in accordance with the business plan and orientation entrusted by Board of Directors and General Meeting of Shareholders.

The Board of Directors agreed that the BOM effectively implemented the Resolutions regarding the business and investment development plan issued by the General Meeting of Shareholders, Board of Directors. Moreover, it achieved satisfactory business results compared with those of 2015.

The Board of Management exercised the rights and took on the duties assigned following the prevailing laws, the Company Charter and the Corporate Governance Regulations of RongViet. The Board of Management has made its best endeavor in operating and directing the full range of RongViet's activities, and to actively and promptly propose initiatives and measures to improve the efficiency and operations of the management. Reports and documents presented to the Board of Directors are prepared in time, qualitatively and honestly. In addition, disclosing information is also adequate and transparent.

# REPORT AND EVALUATION OF BOARD OF DIRECTORS



## ACTIVITIES OF BOARD OF DIRECTORS

### ■ Changes in Board of Directors' member

The structure of RongViet's Board of Directors remains unchanged during 2016, constantly including seven members. This includes five non-executive members, one independent member and one executive member.

### ■ Separation Between Chairman of BOD and General Director

We also take measures to ensure that there is proper division between the responsibilities of the Chairman of BOD and the General Director. This helps with the decision making process, ensures there are no cases of overlapping authorities, and increases the responsibility and effectiveness of the cross examination system.

### ■ The Roles and Responsibility of Board of Directors

Pursuant to the provisions of the Law on Enterprise 2014 and the Company Charter and Corporate Governance Regulations, the Board of Directors is the governing body, and has full power to decide and exercise all the rights and obligations on behalf of the Company, except for that of the General Meeting of Shareholders.

The Board of Directors is responsible to shareholders, relating to all of the company's activities. Concurrently, it is necessary to ensure that the regulations and company charter is certainly complied with, all shareholders are treated equally and interest of related parties is properly concerned.

### ■ Operation of Board of Directors in 2016

Last year, the Board of Directors of RongViet took advantage of the favorable conditions of Vietnam's stock market and economy, and focused on directing, supervising and promptly orienting to support BOM. This was done through ratifying resolutions and decisions related to its business activities, investment strategies, internal organizational structure and other essential issues within the competence of the Board.

Specifically, in 2016, the Board of Directors had 14 meetings to make decisions on important and urgent issues in attempt to fulfill plans approved by the General Meeting of Shareholders.

**The list of members attending the Board of Directors' meetings is as follows:**

Members of BOD	Position	Date of Appointment/ Dismissal	Number of Meetings attended (*)	Attendance rate	Reason for not Attending
Mr. Tran Le Nguyen	Chairman	28/10/2015	14/14	100%	
Mr. Nguyen Mien Tuan	Vice-chairman	Year 2007	14/14	100%	
Mr. Kelly Yin Hon Wong	Member	28/10/2015	14/14	100%	
Mr. Ton That Dien Khoa	Member	16/10/2014	14/14	100%	
Mr. Nguyen Thuc Vinh	Member	23/03/2008	14/14	100%	
Ms. Nguyen Nu Tuong Oanh	Member	18/04/2012	12/14	86%	Business trip
Mr. Nguyen Hieu	Member	15/04/2014	14/14	100%	

(\*) including collecting written opinions



## REPORT AND EVALUATION OF BOARD OF DIRECTORS

### The content of the resolutions approved at BOD meetings in 2016:

No.	Resolution No.	Date	Number of participants	Content
1	Resolution No. 01/NQ-HĐQT	14/01/2016	7/7	<ul style="list-style-type: none"> <li>Approving business operation report in 2015 and orientation to its 2016 plan</li> <li>Approving the use of capital surplus to write off the accumulated losses</li> </ul>
2	Resolution No. 02/NQ-HĐQT	20/01/2016	7/7	<ul style="list-style-type: none"> <li>Approving the relocation of our Can Tho Branch</li> </ul>
3	Resolution No. 03/NQ-HĐQT	20/01/2016	7/7	<ul style="list-style-type: none"> <li>Approving amendment of Company Charter</li> </ul>
4	Resolution No. 04/NQ-HĐQT	10/03/2016	7/7	<ul style="list-style-type: none"> <li>Approving plan for organizing our annual General Meeting of Shareholders 2015</li> </ul>
5	Resolution No. 05/NQ-HĐQT	10/03/2016	6/7	<ul style="list-style-type: none"> <li>Approving business operation report for the first two months of 2016 and business plan in 03/2016</li> <li>Approving content of organizing 2015 annual general meeting</li> </ul>
6	Resolution No. 06/NQ-HĐQT	14/03/2016	6/7	<ul style="list-style-type: none"> <li>Approving corporate bond issuance in 2016</li> </ul>
7	Resolution No. 07/NQ-HĐQT	07/04/2016	7/7	<ul style="list-style-type: none"> <li>Approving content and documents of annual General Meeting of Shareholders in 2015</li> </ul>
8	Resolution No. 08/NQ-HĐQT	01/06/2016	7/7	<ul style="list-style-type: none"> <li>Approving the second corporate bond issuance in 2016</li> </ul>
9	Resolution No. 09/NQ-HĐQT	27/06/2016	7/7	<ul style="list-style-type: none"> <li>Approving early redemption of corporate bond</li> </ul>
10	Resolution No. 10/NQ-HĐQT	29/06/2016	7/7	<ul style="list-style-type: none"> <li>Approving the selection of an audit company</li> </ul>
11	Resolution No. 11/NQ-HĐQT	11/08/2016	7/7	<ul style="list-style-type: none"> <li>Approving business operation report for the first 6 months of 2016</li> <li>Approving business plan for the last 6 months of 2016</li> </ul>
12	Resolution No. 12/NQ-HĐQT	25/08/2016	7/7	<ul style="list-style-type: none"> <li>Approving the third corporate bond issuance in 2016</li> </ul>
13	Resolution No. 13/NQ-HĐQT	26/10/2016	7/7	<ul style="list-style-type: none"> <li>Approving investment in upgrading our technology infrastructure system</li> </ul>
14	Resolution No. 14/NQ-HĐQT	16/11/2016	7/7	<ul style="list-style-type: none"> <li>Approving business operation report for 10 months of 2016 and business plan the last 02 months</li> <li>Approving orientation to 2017 plan</li> </ul>
15	Resolution No. 15/NQ-HĐQT	24/11/2016	7/7	<ul style="list-style-type: none"> <li>Approving the fourth corporate bond issuance in 2016</li> </ul>

# REPORT AND EVALUATION OF BOARD OF DIRECTORS



## ACTIVITIES OF BOARD OF DIRECTORS (Cont)

### ■ The activities of independent, non-executive members of the Board of Directors

In order to maintain the independence, transparency and supervisory competence of the management activities of the Board of Management, as well as the overall operations of the company, RongViet continues to maintain the same independent and executive members. Currently, Mr. Nguyen Hieu is the only executive member who is the General Director of the Company. Thus, the Board of Directors can make decisions in an objective and independent manner.

In addition, non-executive and independent members of the Board of Directors are actively involved in the critical activities of RongViet by holding key positions in the subcommittees/councils under supervision of the BOD. As a result, the Board of Directors can closely monitor and make timely adjustments and orientation to the company's business.

### ■ Subcommittees/councils under supervision of BOD

The Board of Directors of RongViet is currently monitoring the operation of two Subcommittees and one Council, whose duties are to provide timely advice and support the BOD in the process of supervising and managing the activities of the company. This includes the following:

- **Human Resources – Salary – Bonus Subcommittee:** This was established on the December 1st, 2015, and includes five members, four members of the Board of Directors, and one member of the Board of Management. The main function of this Subcommittee is promoting and appointing of senior personnel, as well providing advising regarding the salary regulations and welfare issues for staff.
- **Risk management subcommittee:** Established on December 1st, 2015, and consists of five members, including four members of the Board of Directors. The main function of this Subcommittee is to provide advice and recommendations for all matters related to risk management to the Board of Directors.
- **Investment Council:** Established on December 1st, 2015, and consists of six members. This includes four members of the Board of Directors. The main function of the Council is to consider and make investment decisions in accordance with the Investment Regulations and related decisions.

#### The list of the members of Subcommittees/councils under supervision of Board of Directors:

No.	Full name	Position	Human Resources – Salary – Bonus subcommittee	Risk management subcommittee	Investment Council
1	Mr. Tran Le Nguyen	Chairman of BOD Non – executive member	Subcommittee Leader		Chairman
2	Mr. Nguyen Mien Tuan	Vice - chairman of BOD	Member		Permanent
3	Mr. Kelly Yin Hon Wong	Vice - chairman of BOD	Member	Subcommittee Leader	Member
4	Ms. Nguyen Nu Tuong Oanh	Non – executive member Member of BOD		Member	
5	Mr. Nguyen Thuc Vinh	Member of BOD Independent member		Member	
6	Mr. Nguyen Hieu	Non – executive member Member of BOD	Member	Member	Member
7	Mr. Nguyen Chi Trung	Deputy General Director	Member		
8	Mr. Nguyen Hac Hai	Investment Director	Secretary		Member
9	Ms. Tran Duc My Dung	Investment Manager			Secretary
10	Ms. Phan Thi Thuan Huong	Internal Control Acting Manager		Secretary	

# REPORT AND EVALUATION OF BOARD OF DIRECTORS

## ■ Activities of Subcommittees/Councils under supervision of Board of Directors in 2016

### Human Resources – Salary – Bonus Committee

Human Resources – Salary – Bonus Committee plays a key role in human resource activities, as well as other salary and bonus matters as follows:

- Advising the Board of Directors on the nomination, appointment and dismissal of members of the Board of Directors, members of Board of Management and other managers of the Company.
- Evaluating the performance of the Board of Management.
- Deciding or approving plans for human resources development, recruitment, training and retraining of managers.
- Advising BOD on salary and bonus policies.
- Proposing the remuneration policy (compensation and other benefits) for members of the Board of Directors and Executive Committee.
- Recommending the Board of Directors to adopt the salaries and welfare policy of the members of the Board of Management, as well as advising BOD on recognition and reward for their management and administration.
- Examining and proposing bonus shares to employees of the Company.

The Committee shall consider and make decisions within the scope of its authority through public voting in subcommittee meetings or submitting written opinions. Meetings of the Subcommittee shall be convened in the following cases: upon request of the chairman of BOD, or at the request of at least two members of the Subcommittee or at the proposal of the General Director.

In 2016, the company's Human Resources – Salary – Bonus Committee advised the BOD to promulgate regulations on updating and improving the salary, bonus and welfare policy for all employee such as: Regulations on salary payment based on turnover, and regulations on salary payment based on margin trading balance. In addition, the Subcommittee also participated in annual and semi-annual meetings regarding the evaluation and adjustment of the salary of employees based on their ability, aspiration and contribution to the company.

### Risk Management Subcommittee

The Risk Management Subcommittee plays a very important role in the operations of Rong Viet Securities. It is responsible for assisting the BOD in considering and approving risk management policies and strategies, submitting and evaluating the appropriateness of the risk management policy. The risk limit management policy determines the risk limits for the company's business activities,

controls the risks allocated to either business departments or individuals involving in risky transactions.

The day to day computation of current risk levels related to all divisions is fully automatic. The Risk management department controls the company's total risk limit and updates the General Director on a monthly basis, relying on the risk management system as well as total risk and available capital reports. After this, the General Director is in charge of monitoring, consolidating and reporting to the Subcommittee all identified critical risks, and assessing and dealing with them when the risk limit is violated.

In 2016, the Risk Management Subcommittee successfully completed their assigned tasks and completed all of the business activities adequately. All critical risks are detected early, completely controlled, and timely reported. Thanks to this effort, there are not any incidents that likely harm the interests of related parties, namely customers, shareholders, investors and the Company.

### Investment Council

The Investment Council is a specialized body under the supervision of the Board of Directors and is in charge of managing all investment activities. The responsibility of the Council is to make investment decisions within the scope of their authority. With direct support from the Investment Department, the council is provided with investment reports and recommendations for their consideration and evaluation in periodic meetings. The composition of the council includes one Investment Director and one Investment Manager, who are able to convey proposals of the Investment Department to the Investment Council.

The Council shall consider and make investment decisions through public voting at regular meetings (at least every two weeks) or as requested by the General Director. In each meeting, members of the Council are informed about the updated situation of the economy, approve the contents of the investment evaluation report, and discuss and vote on corresponding proposals and solutions.

In 2016, RongViet's Investment Council achieved very satisfactory results, contributing to the rapid growth of its proprietary trading revenue. Specifically, total revenue from proprietary trading was VND50.5 billion, fulfilling 102.1% of the plan approved by its General Meeting of Shareholders (VND49.5 billion). This also represented growth of 96.4% compared to 2015, of which the dividend yield reached VND8.2 billion and profit from securities sales was VND42.3 billion. The proprietary trading continued to be the 2nd largest contributor to the company's revenue and gross profit, at 21.2% and 29.1%, respectively.

# REPORT AND EVALUATION OF BOARD OF DIRECTORS



## ACTIVITIES OF BOARD OF DIRECTORS (Cont)

### ■ Improving Corporate Governance

During the last year, members of the Board of Directors, Executive Committee, Board of Management as well as other managers actively participated in seminars and conferences to improve their competence in governance. Some typical events include the following:

- New and upcoming Circulars training conference (January 25, 2016);
- Training program in creating society and environment reports in the Annual Report for Listed Enterprises (May 05, 2016), jointly organized by the State Securities Commission and the International Finance Corporation (IFC);
- Business Law Workshop 2014: New Corporate Governance and Corporate Governance Practices (October 06, 2016) organised by the Hanoi Stock Exchange and Ho Chi Minh Stock Exchange, in collaboration with the International Finance Corporation (IFC) and Deloitte Vietnam.



### ■ An Overview of BOD's Performance in 2016

The company's BOD directed, supervised and adjusted the company's business operations in a timely manner, by issuing many resolutions and decisions related to its business activities, investment, structure organization and other important affairs. Our BOD strives to obtain professionalism in corporate governance based on current regulations and good international practices. Some typical features are as follows:

- In 2016, BOD continued to maintain its permanent presence through holding meetings quarterly, or upon request. In particular, the Board of Directors conducted 14 meetings, which include discussions and the collection of written opinions. The attendance rate was often high, ensuring independence, transparency and objectivity in the BOD's process of making decisions;
- The majority of the BOD's membership structure are non-executive (05 members) and independent (01 member) members. This displays the separation of corporate governance, as well as the supervision and evaluation of the performance of Board of Management;
- Supervising closely the implementation of Decisions of the Board of Directors and Resolutions of the General Meeting of Shareholders;
- Monitoring the activities of Subcommittees/Councils under supervision of the Board of Directors and approving their proposals in order to ensure the efficiency and timeliness of all of the company's daily business operations
- The operations of the board of management are effectively supervised, through the collection of updated information in quarterly or extraordinary reports (as requested by the Board of Directors) and association with the Executive Committee





### PLANNING AND ORIENTATION OF BOARD OF DIRECTORS

Vietnam's economy has went through positive changes, and the prospects for economic development this year are also very favorable. National Assembly has passed the development targets for 2017 as follows: GDP growth will be 6.7%, exports will increase by 6-7%, trade deficit will be approximately 3.5%, and inflation will likely reach 4%. Given the unpredictable movements of the world economy as a result of the US presidential election, Vietnam's economic development, which has suffered from many challenges, must now face some volatile situations, which are slightly unclear.

Given that the performance of the stock market and economy in 2017 is somewhat difficult to forecast, RongViet's Board of Directors will focus on strengthening

and improving its financial capacity this year. This will be done to meet the requirements of regulatory authorities to fully provide derivative services to the market, which will also help to strengthen the firm's financial foundation.

2017 will also be the 10 year anniversary of Rong Viet Securities. The company plans to increase its charter capital up to VND1,000 billion, and the company's BOD aims to help RongViet to achieve a profit before tax of at least VND100 billion during 2017.

Besides the short-term target for 2017, BOD has also set a target for the next five years (2017-2021), by simultaneously executing the following activities:

- **Governance Model:** Continuing to improve its governance model in an active, professional and comprehensive manner in order to promptly respond to fluctuations and demands arising in the course of its business operations;
- **Financial Capacity:** Ceaselessly improving the financial capacity and quality of RongViet's products and services. increasing the competitiveness, convenience, and efficiency, which allows us to create a high level of satisfaction for our customers. This will be responsible for enhancing and intensifying RongViet's core business, both in terms of breadth (market share, customer network) and depth (professionalism, innovation and diversity);
- **Transparency:** Strengthening and enhancing our transparency, independence and efficiency of corporate governance in the process of supervising, managing and operating the company. This will be implemented by members of the Board of Directors, Executive Committee and Board of Management.
- **Staff:** Enhancing the professional competence of our employees by increasing the quality and quantity of human resources, attempting to attract talented and young people, as well as reinforcing the cohesion of experienced employees.
- **Information Technology:** Consolidating and continuously investing in IT infrastructure, as well as developing new applications and software for business and internal management activities of the company.
- **Risk Management System:** Updating, adjusting and improving the risk management system, and strengthening internal control to ensure safety, efficiency and sustainable operations for all of our business activities.
- **Business Processes:** Progressively standardizing the business processes to improve the efficiency and guarantee the compliance with the laws and approach international common practices.

## EXECUTIVE COMMITTEE



### INFORMATION OF MEMBERS OF EXECUTIVE COMMITTEE

The structure of RongViet's Executive Committee did not experience any changes in 2016. The Executive Committee maintains its operations with four members, including one Head and three Members.



**Ms. Nguyen Thi Oanh**  
Head of Executive Committee

Date of first appointment : 28/10/2015  
Date of re-appointment : None  
Time as a member of EC : 1 year and 5 months  
Qualification : Bachelor's Degree in Business Administration from University of Economics Ho Chi Minh city  
Ms. Nguyen Thi Oanh currently serves as a Chief Accountant of KIDO Group and a member of the Executive Committee of KinhDoLand.



**Mr. Nguyen Van Minh**  
Member of Executive Committee

Date of first appointment : 06/03/2010  
Date of re-appointment : 18/04/2012  
Time as a member of EC : 7 years  
Qualification : Bachelor's Degree in Business.  
Mr. Nguyen Van Minh has been working in the financial industry for over 21 years. Mr. Minh currently serves as Chief Accountant of Saigon Ship Chandler Joint Stock Company (SSC) and Chief Accountant of Sai Gon - Asia Finance and Investment Joint Stock Company.



**Mr. Dao Cong Thang**  
Member of Executive Committee

Date of first appointment : 06/03/2010  
Date of re-appointment : 18/04/2012  
Time as a member of EC : 7 years  
Qualification : Master of Business Administration  
Master's degree in Information Technology.  
Mr. Dao Cong Thang currently serves as Deputy General Director of Saigon Jewelry Company Limited (SJC), member of Board of Directors of SJC – Minh Khai, member of Board of Directors of Eximgold Kim Viet and a member of the Board of Directors of Hung Vuong Insurance Joint Stock Company.



**Ms. Nguyen Thi Thuy Hang**  
Member of Executive Committee

Date of first appointment : 08/04/2015  
Date of re-appointment : None  
Time as a member of EC : 1 year and 11 months  
Qualification : Bachelor degree in Business from University of Economics HCMC.  
Ms. Nguyen Thi Thuy Hang is now the Deputy Manager of the Foreign & Institutional Clients Brokerage Dept. at RongViet Securities. Ms. Hang Nguyen has over 9 years of working experience in the stock market.





## OVERVIEW OF EXECUTIVE COMMITTEE PERFORMANCE IN 2016

The Executive Committee in RongViet represents and acts on behalf of the shareholders to inspect, monitor, and to make suggestions and petitions for the operation of Board of Directors and Board of Management regarding material matters of the Company. The goal of these measures is to ensure transparency, enhance corporate governance quality and create the best interest for shareholders as well. In particular, in 2016, RongViet's Executive Committee did the following:

- Supervised the compliance with the Law, Company Charter, Resolution of the Annual General Meeting of Shareholders and other regulations of the Company;
- Reviewed its financial statements and business performance in 2016
- Supervised the practices of the Board of Directors, Board of Management and participated in the meetings of BOD
- Resolved shareholders' petition to the Company.

### ■ Results of supervising the compliance with the Law, Company Charter, Resolution of the Annual General Meeting of Shareholders and other regulations of the Company

The activities of RongViet in 2016 fully complied with the current law, company Charter and internal governance regulations. Besides, regulations on information disclosure for listed securities companies are well-executed by the Company, with no violations. This is to ensure that shareholders, investors, and other related parties have the ability to timely keep up with critical information regarding business performance, operations and the financial condition of the company.

On 26/04/2016, the annual General Meeting of Shareholders of RongViet has approved its plan to raise its charter capital by VND350 billion, therefore anticipated to raise its charter capital to VND1,050 billion. However, the additional share issuance to existing shareholders could not be executed, due to many unfavorable factors occurring in 2016. We expect that the new share issuance will be implemented in 2017 to ensure that the company has sufficient resources to expand its current operations, as well as meet its financial requirements to enter the derivative securities market at the end of Q2 2017.

In accordance to the Resolution No. 01/2016/ĐHĐCĐ, the Board of Directors raised the foreign ownership limitation of VDSC to 100%.

### ■ Result of Reviewing Financial Statements and Business Performance in 2016

In 2016, RongViet prepared and published periodic financial reports in accordance with the law and regulatory authorities. The semi-annual financial statements, financial safety ratios report and annual financial statements in 2016 are reviewed and audited by Ernst & Young Vietnam (E&Y), an independent auditing company, following regulations of the State Securities Commission and Ministry of Finance.

During the year, the Executive Committee has held periodic meetings with the presence of the Chief Accountant to review financial statements (either internal or examined/audited version) prepared by the Board of Management, with an opinion from E&Y. In regards to material aspects, the Executive Committee believes that RongViet's financial statements give a true and fair view of its financial situation, business performance and cash flow during the period. The company's financial statements were prepared and presented in accordance with the Vietnamese Accounting Standards, Vietnamese accounting policy for enterprises and specific statutory requirements for securities companies.

All of the company's activities are legally performed and publicly announced. As a result, the Executive Committee does not detect any serious breach of accounting, finance, business performance and internal processes of the company. Moreover, there are no abnormal changes as compared to the quarterly and semi-annual financial data with annual data or unaudited with examined/audited data.

# REPORT OF EXECUTIVE COMMITTEE



## OVERVIEW OF EXECUTIVE COMMITTEE PERFORMANCE IN 2016 (Cont)

### ■ Result of supervising the practices of Board of Directors, Board of Management and participating in the meetings of BOD

In 2016, the BOD called 14 meetings (including submitting written opinions) to issue Decisions and Resolutions, with the aim of making necessary adjustments to the business operations of the company. In order to supervise the implementation of schedules adopted by General Meeting of Shareholders and contribute to the overall growth of the company, all BOD meetings are held with participation of the Executive Committee.

The key issues that were discussed and adopted in BOD's meetings are using capital surplus to eliminate accumulated losses from 2015, updating and amending company charter, corporate bond issuances, investing in the upgrade of information technology infrastructure, and submitting quarterly and semi-annual business results and business plans for the following quarters. The contributed opinions of the Executive Committee are always recorded, respected and carefully considered in the decision-making process of BOD.

### ■ Result of Resolving Shareholders' Petition to the Company

In 2016, the Executive Committee did not receive any petitions or complaints about the company's operations from shareholders and investors.



## REMUNERATION AND BENEFITS FOR BOARD OF DIRECTORS, BOARD OF MANAGEMENT AND EXECUTIVE COMMITTEE

### ■ Remuneration of BOD and the Executive Committee

Every year, remuneration of Board of Directors and Executive Committee is approved at the annual General Meeting of Shareholders. According to Resolution No. 01/2016/NQ-ĐHĐCĐ of the General Meeting of Shareholders, adopted on 26/04/2016, the remuneration of BOD and Executive Committee equals to 1.5% of profit after tax in 2016.

Total remuneration and benefits of BOD and Executive Committee is VND908,676,000

### ■ Remuneration of Board of Management

Membership structure of RongViet's Board of Management has no changes in 2016, and still remained at three members. This includes one General Director, Member of BOD (Mr. Nguyen Hieu) and two Deputy General Directors which are responsible for different operations of the company.

Total remuneration and benefits of the Board of Management in 2016 is VND3,925,694,509.

### ■ Bonus for BOD and Executive Committee

Besides the remuneration paid to members of BOD and Executive Committee as mentioned above, non-executive members of BOD, independent members of BOD and members of Executive Committee who are not Company's employees did not receive any other bonuses from welfare and reward fund of the Company.



## REPORT OF EXECUTIVE COMMITTEE

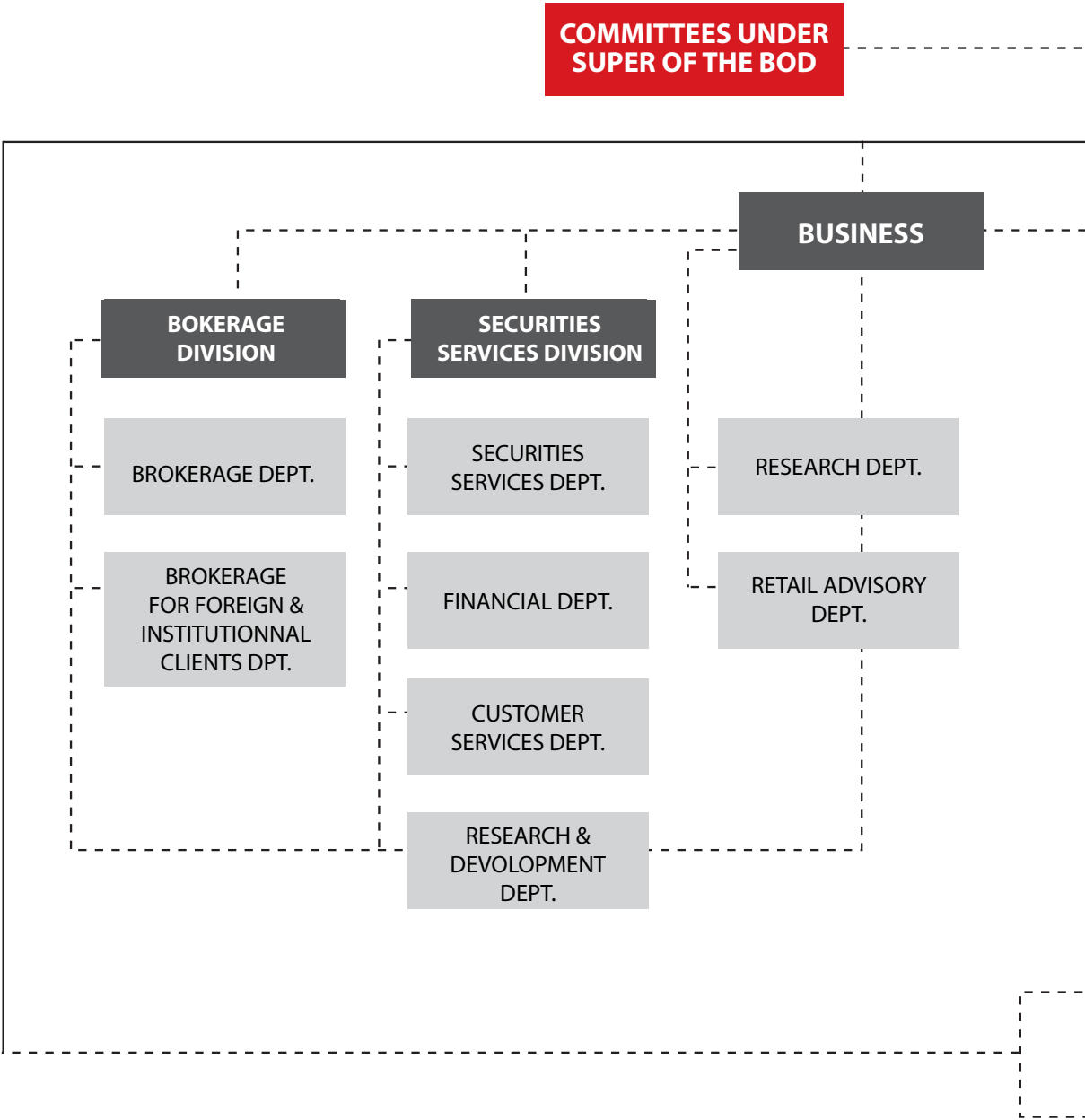
### ■ Stock transactions of major shareholders/Internal shareholders and related people:

No.	Name	Relationship with internal shareholders	Opening number of shares owned		Closing number of shares owned		Reasons for increase/decrease
			Amount	Proportion	Amount	Proportion	
1	Pham My Linh	Major share-holder	0	0,00%	9.585.299	13,69%	Registered to buy 9,585,299 shares on 02/06/2016 through agreement transaction
2	Vu Thi Bich Niem	Major share-holder	4.335.535	6,19%	0	0,00%	Registered to sell 4,335,535 shares on 02/06/2016 through agreement transaction

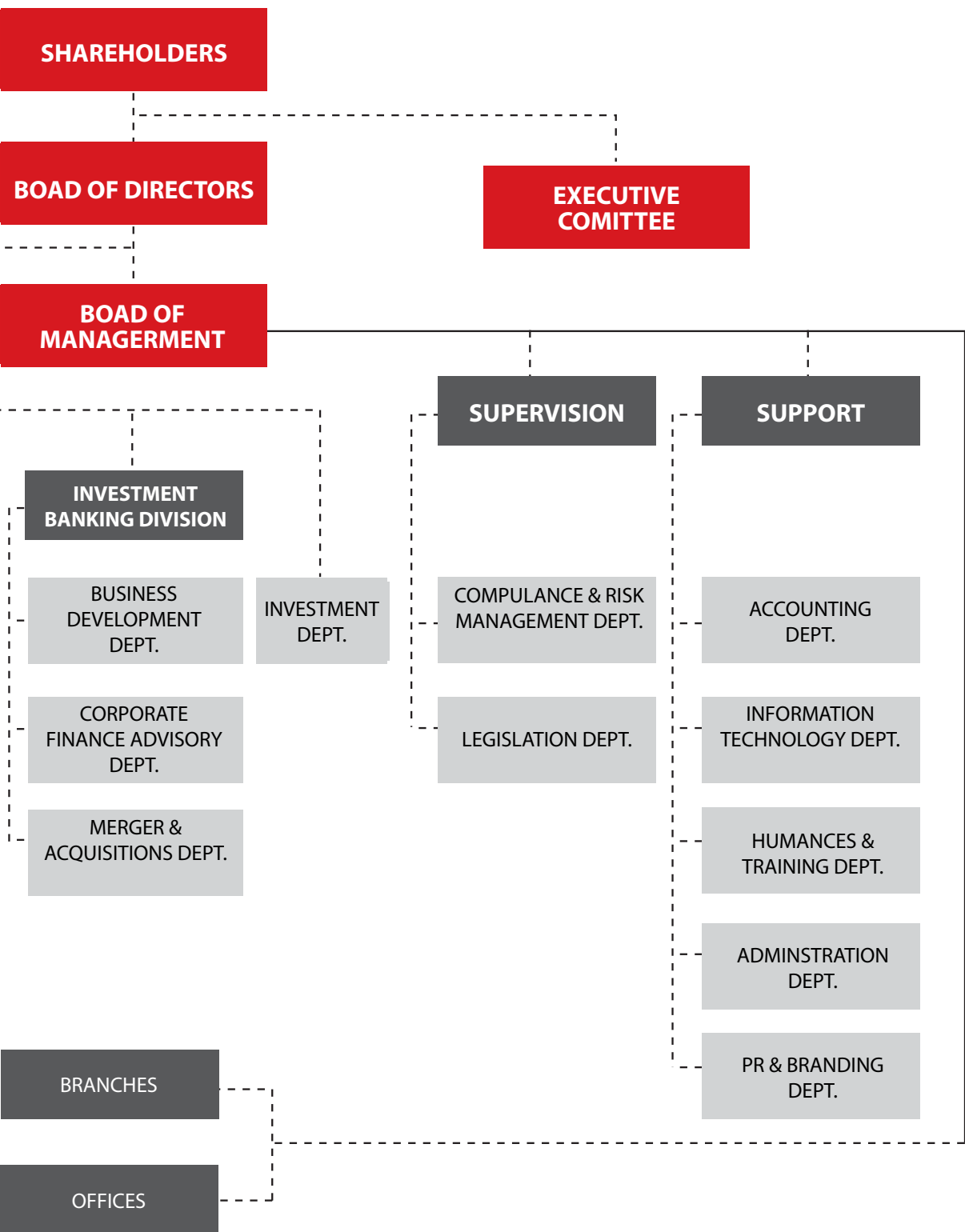
### ■ Transactions between the company and related people of the company, or between the company and major shareholders, internal people, and related people of internal people:

Related parties	Relationship	Nội dung	Giá trị (VND)
Vietnam Export-Import Commercial Joint Stock Bank (Eximbank)	Major shareholder	Interest on deposit	9.416.814.614
KIDO Corporation	Related party with Executive member of the Company	Deposit received for target shares under brokerage service contracts	1.421.839.167.480
		The amount of deposit tranferred to partners who tranfer target shares required by KIDO	(707.956.814.440)
		Total value of target shares purchased under authorization	(566.990.569.980)
		Earnings from brokerage activities following Contraction No. 001/2016/DVMG dated 29/02/2016	2.848.597.500

ORGANIZATIONAL STRUCTURE



ORGANIZATIONAL STRUCTURE



## BOARD OF MANAGMENT

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**Mr. Nguyen Hieu**  
CEO

Year of birth : 1973  
Nationality : Vietnam  
ID number : 024424031, issued on 27/06/2005 in HCM city  
Professional qualification: Master of Economics  
Positions in other entities:

- From 1998 – 2000: Credits officer in the Trading Flood II - VietinBank
- From 2000-2003 : Broker executive, Deputy Manager of VietinBank Security – Ho Chi Minh branch
- From 2003 – 2006 : Broker excutive, Manager of Brokerage department of Ho Chi Minh Securities Corporation
- From 2006 – Sept/2012: Deputy Manager of Viet Dragon Securities Corporation
- From Sept/2012 – present: Chief Executive Officer of Viet Dragon Securities Corporation

Current positions in other entities: None  
Number of shares owned (as of 31/12/2016): 33,920 –0.048%



**Mr. Nguyen Minh Nhut**  
Deputy General Director

Year of birth : 1977  
Nationality : Vietnam  
ID number : 024728372, issued on 13/03/2007 in HCM city  
Professional qualifications: Bachelor of Economics  
Positions in other entities:

- From 1998 – 2003: Credits Executive in VietinBank – Trading floor II
- From 2003 – 2006: Executive, Deputy Manager, Manager of Investment department – Ho Chi Minh Securities Corporation
- From 2007-2007: Chief Executive Officer of Sai Gon – Asia Finance and Investment JSC
- From 2008 – Jan/2015: Deputy Manager, investment banking department manager of Viet Dragon Securities Corporation
- From Jan/2015 – present: Deputy Manager – Viet Dragon Securities Corporation

Current positions in other entities: None.  
Number of shares owned (as of 31/12/2016): 5,300 –0.0076%



**Mr. Nguyen Chi Trung**  
Deputy General Director

Year of birth : 1978  
Nationality : Vietnam  
ID number : 024202717, issued on 14/11/2003 in HCM city  
Professional qualification: Master of Business Administration  
Positions in other entities:

- From 2001 – 12/2006: Broker executive, deputy manager, manager of brokerage department of VietinBank Securities – Ho Chi Minh branch
- From 2007 – July/2013: Brokerage department manager, Sai Gon branch manager of Viet Dragon Securities Corporation
- From July/2013 – present: Deputy Manager, Nha Trang branch manager of Viet Dragon Securities Corporation

Current positions in other entities: None.  
Number of shares owned (as of 31/12/2016): 80,064 –0.114%



**Mr. Le Minh Hien**  
CFO and Chief Accountant

Year of birth : 1977  
Nationality : Vietnam  
ID number : 024860484, cấp ngày 31/12/2007 tại TP. HCM  
Professional qualification : Master of Economics  
Positions in other entities:

- From 1999 – 2006: Accountant, Deputy manager of Accounting Department of Samsung Vina Electronics
- From 2006 – October/2014: Chief accountant of Viet Dragon Securities Corporation
- From October/2014 – present: Chief Financial Officer, Chief Accountant of Viet Dragon Securities Corporation

Current positions in other entities: None.  
Number of shares owned (as of 31/12/2016): 47,700 –0.068%

### Changes in Board of Management in 2016

In the fiscal year, the board of directors had no personnel change in the board of management

### Project Investment and Process

#### Large Investments

In 2016, Viet Dragon Securities incurred no additional big investments.

#### Subsidiaries and Affiliates

Currently, Viet Dragon Securities doesn't have any subsidiaries or affiliates.

# REPORT AND EVALUATION OF BOARD OF MANAGEMENT



## Evaluation of Board of Director regarding RongViet's activities in 2016

The macroeconomic environment of 2016 was very favorable despite earlier worries about certain factors that were likely to put the global economy at risk, such as the downturn in the growth of China's economy or the increase in interest rates from the Federal Reserve. In fact, these factors did not have destructive effects on the economy. Looking back at 2016, we witnessed the sustainable growth of industrial production activities as well as the stability of consumption expenditure. Moreover, the economy benefitted from moderation inflation, interest rates and exchange rates. The fact that the economy developed at a reasonable rate last year in a beneficial macroenvironment has helped Vietnam become an attractive FDI destination. 2016 also marked the recovery of the securities markets worldwide, including Vietnam. At the end of 2016, the VN-Index, the HNX-Index and the UPCOM-Index closed at 664.87 points, 80.12 points and 53.82 points, respectively, translating to growth of 14.8%, 0.2% and 5.0%, respectively.

Thanks to the supportive market conditions as well as the governance and the support from the Board of Directors, the efforts of Rong Viet Management and Staff have proved extremely fruitful:

- The business performance of 2016 dramatically outperformed compared to 2015. This motivates the company's business operations and encourages RongViet to put more efforts into new challenges
- Human resources have changed during the year. The total number of employees as of 31/12/2016 is 212 (excluding part-time staff), increasing by 30%. RongViet values investment in human resources by organizing business soft skills courses as well as sponsoring employees to study advanced professional programs.
- Risks have been well managed. RongViet continues to build up and implement an effective management system. Also, the company updates its information technology system so that it can have better stability and security.
- The company's organization works towards the model of Business – Support – Supervision. We established new departments to focus on product research and development as well as customer service and business development.

## ■ General evaluation of 2016 business operations

In FY 2016, RongViet's net income after tax reached VND49.3 billion, a growth of 137% compared to 2015, and reaching 74.93% of its guidance for 2016. Although the company failed to reach its business plan, the company's general operations during 2016 were positive:

The company's net revenue in 2016 reached VND238 billion, a growth of 87.2% compared to 2015 and equal to 102.6% of its guidance for 2016. The largest source of our revenue came from loans and receivables, reaching VND116 billion, or 49% of total revenue. The second largest was from financial investments, reaching VND50.5 billion, or 21% of total revenue. Revenue from brokerage services

was VND49.1 billion, accounting for 20% of total revenue. Revenue from investment banking reached VND9.9 billion, or 4% of total revenue. The remaining revenue came from other operating services (mostly from dividend and interest income from financial assets), and accounted for 6% of total revenue. In general, Rong Viet's revenue structure was more and more diversified with proper distributions to minimize risks in our operations for stability and sustainable development.

During FY of 2016, RongViet always maintained an outstanding liquidity and the other aforementioned safety measures.

## REPORT AND EVALUATION OF BOARD OF MANAGEMENT

### ■ Evaluation of assets and equity

During FY 2016, RongViet increased the diversification of our operation and services, and also invested considerably in human resources:

- Total assets significantly grew, mostly our short-term cash and cash equivalents.
- Total owners' equity grew to VND 762.9 billion, from VND 713.6 billion during FY of 2016.
- Current liabilities mostly sourced from BIDV and issued bonds. Those liabilities were stable and at a favorable interest rate.

#### Assets as of 31/12/2016

- As of 31/12/2016, RongViet's total assets reached VND1,593.2 billion, and most of this was current assets that reached VND1,562.7 billion, or 98.1% of total assets. During the year, total assets grew by VND579.9 billion due the increase of current asset by VND586.4 billion.
- The significant increase of current assets was due to the fluctuation of financial assets at fair value through profit and losses (+ VND 235.7 billion) and loans (+VND 352.9 billion).
- As of 31/12/2016, our investment in listed equity significantly rose to VND275 billion from VND40.9 billion, while the investment on the Over-The-Counter was stable.

(Unit: VND bn)

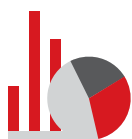
Investment items	31/12/2015	31/12/2016	2016/2015
Listed stocks	40,9	275	234,1
Unlisted stocks	59	60,6	1,6
<b>Total</b>	<b>99,9</b>	<b>335,6</b>	<b>235,7</b>

- Loans including receivables from margin and co-operation activities reached VND812.8 billion and receivables from advances to customers reached VND48.8 billion. Due to market fluctuations, receivables from margin and co-operation activities grew to VND362.5 billion in FY of 2016.

Loans	31/12/2015	31/12/2016	2016/2015
Receivables from margin	450,1	812,6	362,5
Receivables from cash advance	58,4	48,8	(9,6)
<b>Total</b>	<b>508,5</b>	<b>861,4</b>	<b>352,9</b>

- Non-current liabilities only accounted for a small portion of our total assets (1.9% as of 31/12/2016), hence, there was no significant impact on the company's structure.

# REPORT AND EVALUATION OF BOARD OF MANAGEMENT



## Evaluation of Board of Director regarding RongViet's activities in 2016

### Summary of Balance Sheet as of 31/12/2016

(Unit: VND bn)

Assets			Liabilities And Owners' Equity		
<b>A.</b>	<b>Current Assets</b>	<b>1.562,7</b>	<b>C.</b>	<b>Liabilities</b>	<b>830,3</b>
	Cash and cash equivalent	248	1.	Current liabilities	
	- Financial assets at fair value through profit and loss	335,6		- Short-term loans and financial leases	-
	- Loans	861,4		- Short-term issues bonds	503,1
	- Receivables	4,10		- Short-term trade payables	20,0
	- Other receivables	1,99		- Other current liabilities	291,6
	- Provision for impairment of financial assets and mortgaged assets	(28,6)	2.	Non-current liabilities	
	- Other current assets	134,6		- Other non-current liabilities	0,5
<b>B.</b>	<b>Non-Current Assets</b>	<b>30,5</b>	<b>D.</b>	<b>Owners' Equity</b>	<b>762,9</b>
	- Fixed assets	13,4		- Common shares	700
	- Construction in progress	0,2		- Charter capital supplementary reserve	9,2
	- Other non-current assets	16,9		- Undistributed profit	44,4
<b>Total assets</b>			<b>Total Liabilities And Owners' Equity</b>		<b>1.593,2</b>

### Total Liabilities and Owner's Equity as of 31/12/2016

- TAs of 31/12/2016, owners' equity accounted for 47.9% of Total Liabilities and Owners' Equity reached VND762.9 billion. Rong Viet recorded undistributed profit of VND44.4 billion for FY 2016.
- During 2016, issued bonds were the largest sources of liabilities, accounting for 60.6% of liabilities, at VND503.1 billion. The second largest source was current liabilities (36.9%).

(Unit: VND bn)

Criteria	Interest rate (%/năm)	31/12/2015	Addition	Repayment	31/12/2016
<b>Short-term borrowings</b>					
<b>Fund received under co-operation contracts</b>		<b>75</b>	<b>72,5</b>	<b>(147,5)</b>	
Eximgold JSC	9.5%	75	72,5	(147,5)	-
<b>Bank overdraft</b>		<b>-</b>	<b>522,8</b>	<b>(522,8)</b>	<b>-</b>
BIDV – Nam Ky Khoi Nghia	6.3% - 7.3%	-	522,8	(522,8)	-
<b>Issued bonds</b>		<b>80,8</b>	<b>823,1</b>	<b>400,8</b>	<b>503,1</b>
Individuals	9.0%- 9.5%	70,8	489,1	(126,8)	428,1
Organizations	8.75%-9%	10	339	(274)	75
<b>Total</b>		<b>155,8</b>			<b>503,1</b>

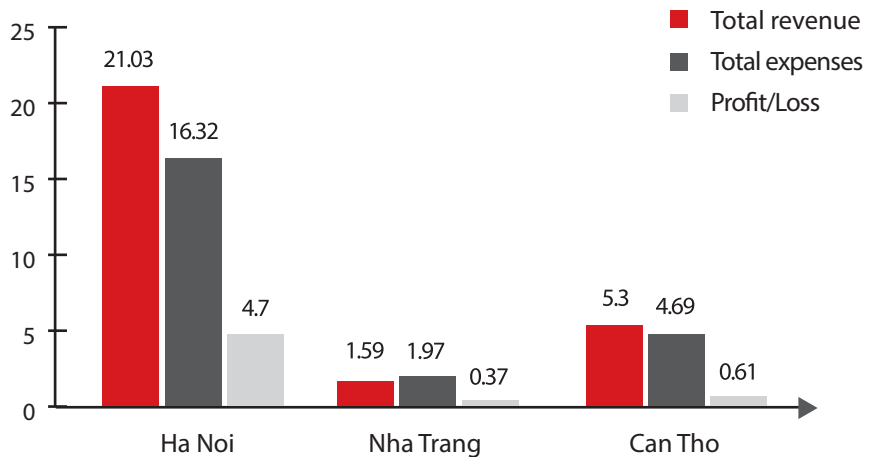
- Most other current liabilities included customers' deposits from Kido corporation JSC (VND276.5 billion) and individuals (VND 15 billion).



## REPORT AND EVALUATION OF BOARD OF MANAGEMENT

### Business Operation of Branches

During 2016, our Hanoi Branch and Cantho Branch were able to cover all expenses and began operating profitably. Both branches realized net income of VND4.7 billion and VND611 million, surpass the guidance for 2016 (VND 2.75 billion and VND50 million). However, our Nhatrang Branch recorded a loss of VND375.5 million.



### Information Technology

In the rapidly changing financial market, RongViet's high-quality information technology infrastructure guarantees stability and security. Moreover, we focused on upgrading the operations of our core System in order to meet the requirements of SSC.

Besides, RongViet continues to enhance applications for customers' extra convenience and to support their trading through Mobile apps, Price board, and Closed price alarm app.

### Financing and Accounting

**Accounting:** During FY 2016, RongViet officially adopted a new financial accounting system to meet the criteria of international accounting standards as required under Circular 210. Beside new recording processes and new accounting forms, the new accounting system improved the accuracy of internal and external reporting. Furthermore, RongViet completed taxation auditing from Hochiminh City Tax Department for 7 years from 2009 to 2015 by following processes and requirements under the regulations from the Ministry of Finance

**Financing:** To satisfy budget requirements for brokerage services for clients, the company kept constantly maintaining and increasing funding from various sources, especially at the end of 2016. Total loans recorded during 2016 reached VND787 billion, including VND503 billion from issued bonds and VND281 billion from customer deposits.

### PR/Marketing, Internal and Local Community Relations

In 2016, RongViet was honored to be in the Top 3 Securities Companies with Incredible Development in Vietnam

awarded by Asiamoney Brokers Poll. This secures the company's position in Vietnam securities market and customers' trust, and improves Rong Viet's reputation.

Not only does RongViet take care of external relations, our company also reinforces the bond between employees and between employees and management. Bonding activities include charity events, teambuilding trips, and parties. Specially, the new Labor Union leaders organized exciting activities such as RongViet League and Red Christmas Party.

### Internal Supervision and Legal Department

RongViet understands that all products and services of a security company are under the control of competent authorities, including the State Securities Commission, Ho Chi Minh City Exchange, Ha Noi Exchange, Vietnam Security Depository, Department of Environment and Resources, and the Department of Planning and Investment. Moreover, we have to comply with applicable laws and regulations such as Laws on Enterprise and Laws on Securities. Foreign investors definitely need legal assistance in the context of FDI development. Consequently, the legal department strongly cooperates and supports other business departments, especially Investment Banking, in order to minimize legal risks.

Regarding internal supervision, the department implemented several examinations at head office and branches to ensure compliance with laws and regulations. These examinations show that there was no violation causing harm to either companies or the company in 2016.

# REPORT AND EVALUATION OF BOARD OF MANAGEMENT

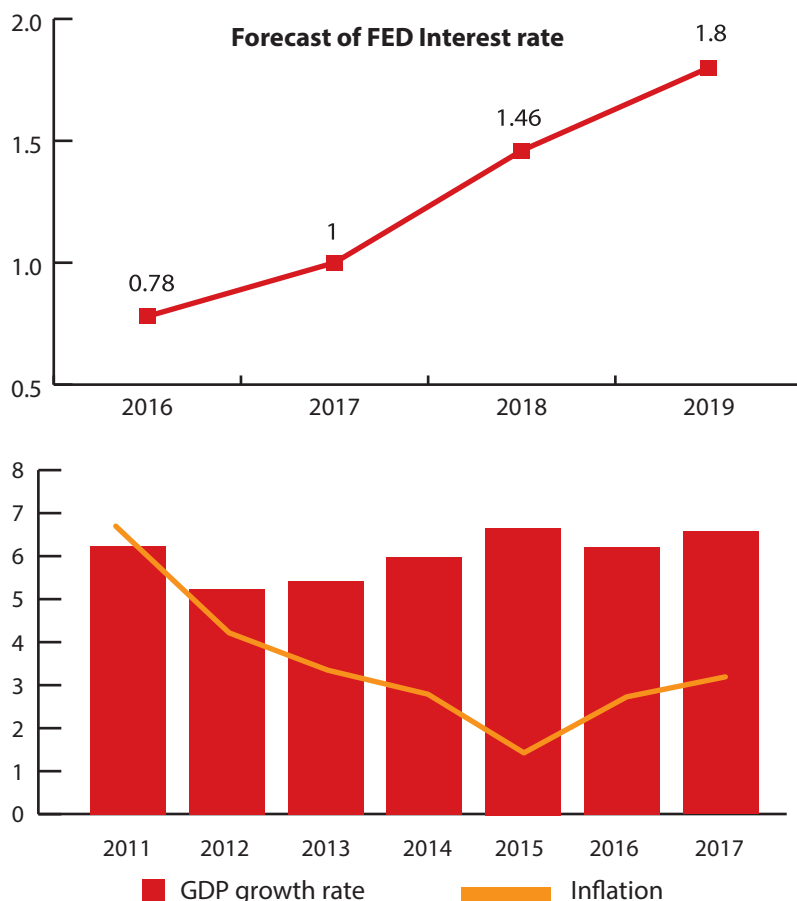


## 2017 DEVELOPMENT PLAN

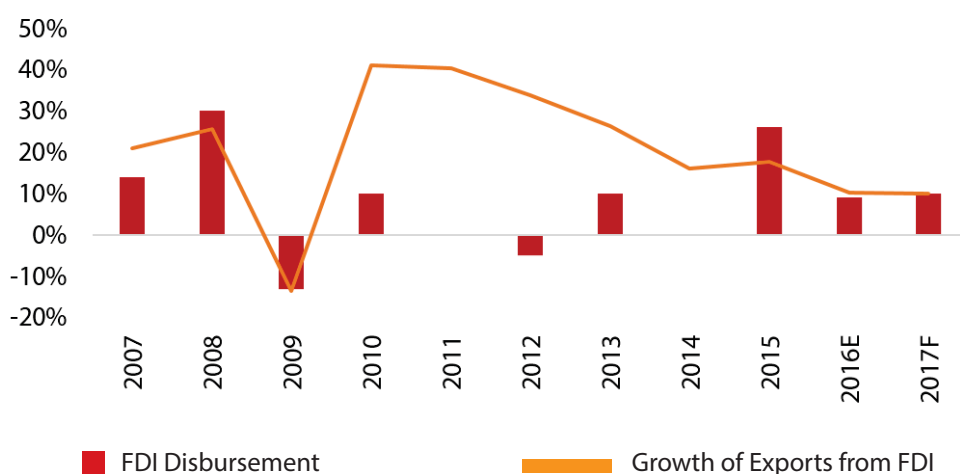
### MACROECONOMICS AND SECURITIES MARKET IN 2017

#### Macroeconomic Environment

GDP for 2017 is forecasted to grow by more than 6.25%. The Congress' target for GDP in 2017 is 6.7%. Many prestigious institutions like the World Bank and the Asian Development Bank (ADB) also forecast that Vietnam's 2017 GDP growth will be 6.3%, higher the average of 10 ASEAN countries (4.6% - 5.3%). RongViet Research forecasts a higher number at around 6.58% based on the stable growth in the manufacturing and consumption industries, as well as the positive impacts from oil price recovery and the agriculture sector. We forecast that inflation will be 6% during 2017, which is higher than the 4.47% rate of 2016. Given that the US is planning to increase interest rates next year and the further complicated situations in Europe, large organizations like the Asian Development Bank (ADB) and FocusEconomics all forecast a higher rate of inflation in 2017 than that of 2016 by 30-80 basis points.



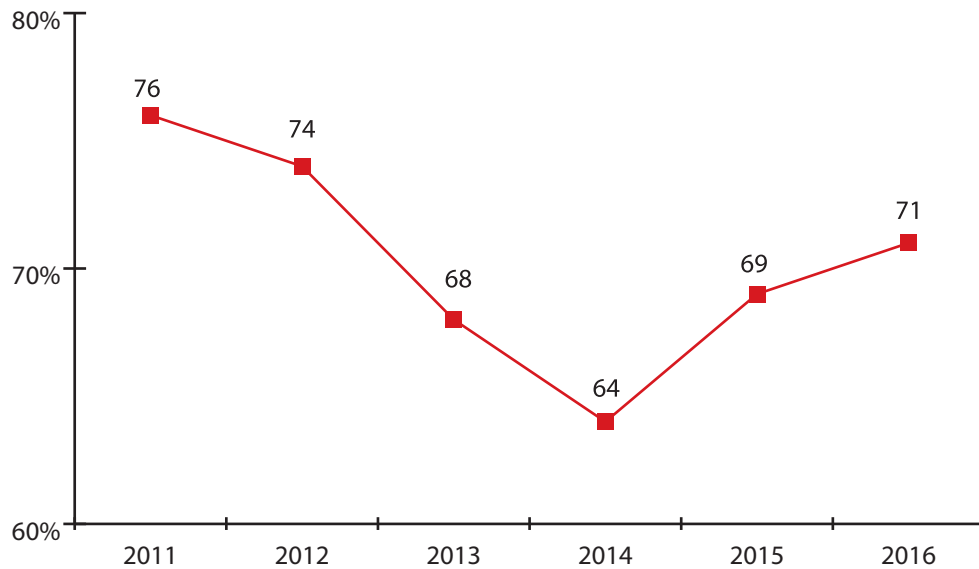
Accordingly, Vietnam is still attractive to investors in terms of growth potential compared to other developing countries and countries within the Asian region. Additionally, the FDI outflow in China is expected to be around \$100-150 billion/year between 2016-2018. Vietnam, as a result, will be the new destination for FDI outflow from China. FDI implemented in 2016 increased 9% YoY compared to that of 2015. Rong Viet forecasts a higher number in 2017, at around 10% higher as compared to 2016.



2017 macroeconomic conditions are forecasted to have highlights such as: high public debt pressure, which will neutralize fiscal tools, easing monetary policies to support growth, and high foreign exchange reserves, which will help SBV bring foreign exchange under control.

## REPORT AND EVALUATION OF BOARD OF MANAGEMENT

### Foreign Debt/Total debt



### Securities Market

In general, the biggest risk for the stock market and the economy includes concerns over external unfolding events such as president Trump's new policies, and complicated events in the EU. Nevertheless, we expect that the stock market will grow during 2017 due to internal motivation like the stabilization of the macroeconomic situation by the government, the profits of listed companies continuing to grow, and government policies being implemented, which will positively impact the economy.

Additionally, we also expect for FDI to be stronger this year, which can contribute to improved business performance for companies and increased capital flowing into the market. The country's plan to introduce a derivative market in 2017 will also further attract investors to Vietnam's stock market.

We expect positive growth prospects for industries in Vietnam:

	Growth drivers						Risk				
	SUM	Cyclicality	Regulation	input cost	Exports	Domestic demand	SUM	Competition	Commodities price risk	Interest rate risk	FX risk
Automobile & Parts	+		+	-		+	<b>MH</b>	MH	M	MH	MH
Banking	+	+	-			+	<b>MH</b>	N	MH	N	MH
Basic resources	+++	+		-	+	+	<b>MH</b>	H	M	M	MH
Chemicals	~	+		-			<b>M</b>	H	N	N	M
Construction & Building materials	++	+	+	-		+	<b>MH</b>	M	M	N	MH
Financial services	+					+	<b>M</b>	N	H	N	M
Food & Beverages	+			-		++	<b>MH</b>	M	N	M	MH
Healthcare	~	-				+	<b>MH</b>	M	N	M	MH
Industrial goods & Services	++	+	+	-		+	<b>MH</b>	M	MH	MH	MH
Insurance	+					+	<b>MH</b>	N	H	N	MH

## REPORT AND EVALUATION OF BOARD OF MANAGMENT



### 2017 DEVELOPMENT PLAN (Cont)

	Growth drivers						Risk				
	SUM	Cyclicalit	Regulation	input cost	Exports	Domestic demand	SUM	Competition	Commodities price risk	Interest rate risk	FX risk
Oil & Gas	+	+					<b>N</b>	N	M	N	M
Personal & Household goods	-			-	-	+	<b>MH</b>	M	M	H	MH
Real estate	++	+	+	-		+	<b>MH</b>	N	H	M	H
Retailing	++					++	<b>MN</b>	N	M	N	MH
Technology	~						<b>M</b>	N	M	H	M
Travel & Tourism	~			-		+	<b>M</b>	H	N	N	M
Utilities	+					+	<b>N</b>	N	N	MH	N

Seriously negative	--	<b>N</b>	Negligible
Negative	-	<b>M</b>	Moderate
Neutral	~	<b>MH</b>	Moderate to High
Positive	+	<b>H</b>	High
Very positive	++		

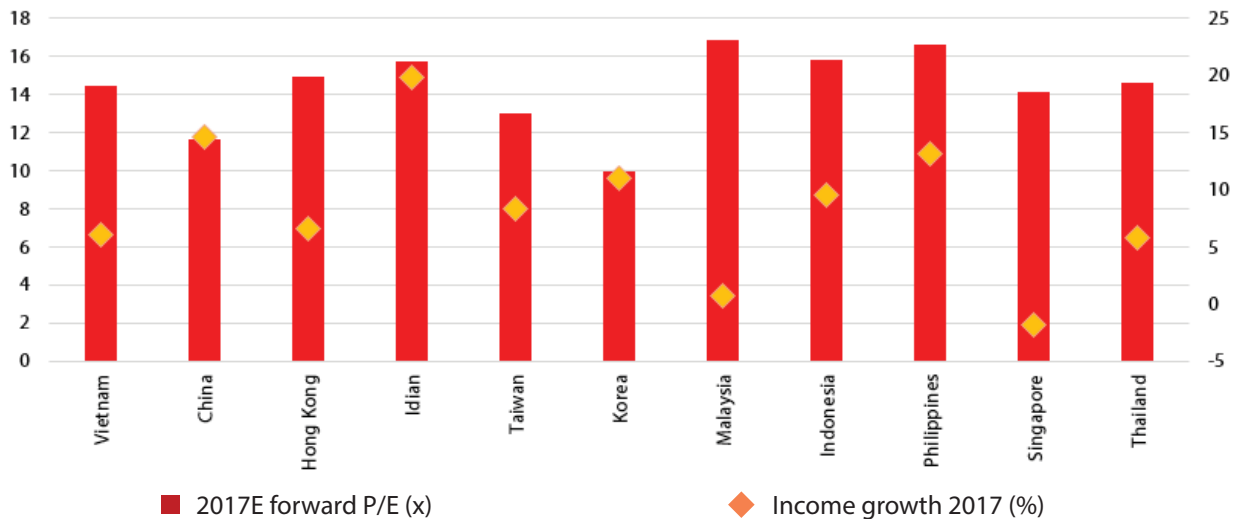
The SBV easing monetary policies such as easing the conditions for margin requirement, increasing foreign room for investors, and State divestment and aggressive state enterprise IPOs will be highlights to attract capital in the next year.

The VN-Index returned 15.4% in 2016 and the average P/E of 15.9 is neither high nor low compared to countries in the region; therefore continued capital flow attraction is feasible.

	2016 Profit growth yoy	P/E	P/B	EV/EBITDA
VNIndex	15,4%	15,9	2,0	10,7
Upcom Index	10,6%	56,5	1,5	12,3
HNXIndex	0,2%	10,2	1,0	6,8
Pakistan	42,1%	15,0	2,3	10,4
Sri Lanka	-5,7%	12,3	1,41	7,2
Bangladesh	5,7%	-	-	-
Thailand	22,6%	16,7	1,8	10,8
Singapore	6,3%	12,5	1,2	13,7
Indonesia	17,7%	24,5	2,4	12,0
Malaysia	-0,1%	17,0	1,7	10,5
Philippines	3,1%	19,1	2,3	12,5
Laos	-9,0%	9,4	0,9	12,9
Cambodia	-22,3%	-	-	-

## REPORT AND EVALUATION OF BOARD OF MANAGMENT

The market growth forecast is based on a conservative rationale. Although profit growth for 2017 was rather high at 14.4% compared to countries in the area, the P/E is forecasted to on par with other countries.



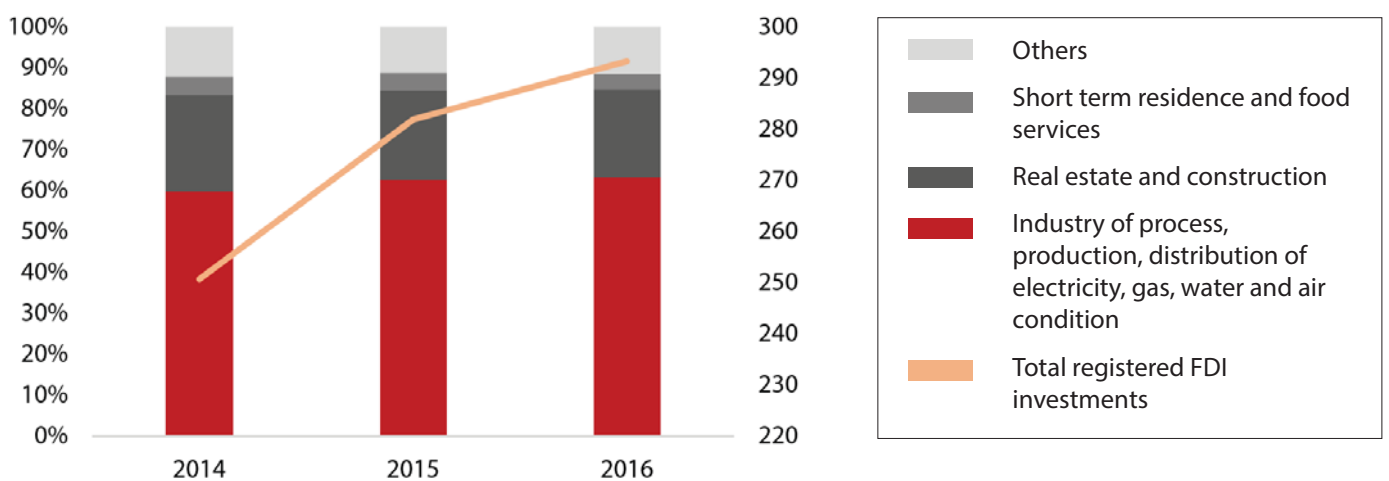
### ■ Targets and Actions for 2017

V2017 will be a promising year although there will be some risks in this environment. Therefore, we will focus on enhancing our financial health by raising charter equity, not only to meet the requirements to exercise derivative transactions, but also to lay a strong financial foundation for our development in the future.

Our priorities this year will be services, including training and developing our team, and improving customer care and our client network for our brokerage and IB team.

Brokerage activities will expand in accordance with expectations of the increase in the stock market and loosening policies on margin in 2017. Due to the positive view on FDI flows that benefit M&A, divestment and listing trends from SOEs, Rong Viet will concentrate on IB, specifically M&A and corporate finance.

Hence, the core of our M&A activities will be sectors that have drawn the most FDI over years, which is displayed below:



# REPORT AND EVALUATION OF BOARD OF MANAGEMENT



## 2017 DEVELOPMENT PLAN (Cont)

### ■ Targets and Actions for 2017 (Cont)

Regarding financing activities and investment, the two top priorities are capital preservation and risk management.

In addition, 2017 is a brand new start for RongViet after our first 10-year time of development. Based on our viewpoint and plan of raising capital to VND1,000 billion in 2017, RongViet targets profit before tax of VND100 billion this year,

Our targets are specified as below:

<b>Profit after tax</b>	We strive to reach PAT of about VND80 billion, up 62.3% over the same period; dividends to shareholders is 7%.
<b>Brokerage business activities</b>	Build up market liquidity to about VND3,000 billion/day. Brokerage staff: Increase the number of our employees from 125 to 130, and set up 3 - 4 more domestic brokerage divisions. The total market share will be 2.4%
<b>Securities services activities</b>	The company set outstanding margin lending target of VND1,575 billion, increasing by 93.7% compared to the last year, in which: <ul style="list-style-type: none"><li>Outstanding lending from RongViet: VND1,375 billion</li><li>Outstanding lending from trilateral source: VND150 billion</li><li>Outstanding lending from cash advance: VND75 billion</li></ul>
<b>Investment Banking activities</b>	IB strives to reach VND15 billion revenue, increasing by 51.7% compared to last year.
<b>Capital requirements:</b>	The demand for financing activities and investment is VND800 - 900 billion.
<b>Employees</b>	The number of company-wide personnel: 250 - 260 employees.

### ■ Detailed Financial Plan

(Unit: VND bn)

	Business performance	2016	2017 Plan	2017P/2016A
<b>I</b>	<b>Total revenue</b>	<b>238.00</b>	<b>307.50</b>	<b>+29.20%</b>
1	Brokerage	49.10	65.00	+32.38%
2	Securities services	116.04	171.50	+47.78%
3	Investment banking	9.9	15.00	+51.67%
4	Investments	50.53	46.00	-8.98%
5	Others	12.4	10.00	-19%
<b>II</b>	<b>Total expenses</b>	<b>176.65</b>	<b>207.50</b>	<b>+17.46%</b>
<b>III</b>	<b>Profit before tax</b>	<b>61.35</b>	<b>100.00</b>	<b>+62.99%</b>
<b>IV</b>	<b>Dividend</b>		<b>7%</b>	

# REPORT AND EVALUATION OF BOARD OF MANAGEMENT

## ■ Suggested Solutions

### Business Department

#### Brokerage Activities

- Combine new products and policies in financing business to enhance trading cycle of clients who use Rong Viet's financing services.
- Strengthen our staff to enhance our customer service capacity. We expect that the number of staff in our brokerage division will be 125 – 130 people compared to the current staff number of 70. Create a new division for eligible Team leaders.
- Develop our foreign and institutional brokerage business segment. Promote the role of foreign personnel to develop our institutional client base, and foreign and institutional brokerage department.
- Enhance skills training for analytics, consulting, effective customer care and development, and develop online trading system to double client transaction rates from the current 7 – 8% to 15%.

#### Securities Service Activities

- Strictly comply to professional procedures in extending and dealing with discounted securities to ensure that customer accounts are always safe for the company.
- Develop flexible, efficient and safe margin products.
- Study derivatives market products, build systems, organize training and implementation of derivatives securities software systems.
- Continue to maintain trilateral cooperation mechanisms with commercial banks and intermediaries to provide diversified and competitive margin services to clients.
- Develop criteria for customer credit appraisal to classify and evaluate customers in order to provide appropriate service packages, increase effectiveness and ensure safety.
- Continue to follow and implement the loyal customers program that RongViet has promulgated including: accumulating points for gift redemption and birthday gifts for customers.

#### Research Activities

- Develop staff capacity, and raise the standard of RongViet's analysts: Recruit more staff, develop policies on KPI, and increase salaries to produce a dynamic team.
- Improve the quality of research reports and add a new variety of services: presentations for institutions, including general presentations and investment opportunities presentation. Look for more pre-listed stocks and IPO companies to cover in future reports.
- Promote the RongViet brand and enhance the brand name of RongViet Research: Maintain the reasonable frequency of interaction with 1-2 prestigious magazines, television channels; meet the number of orders for industry and macro commentary reports for 1-2 reputable media channels that have good relationship with RongViet (Stock Investing); cooperate with PR to enhance the analyst-pinboard interaction, create effect of special interest on Research's analyst pin-board.
- Support industry research report and company reports as requested.

#### Proprietary Trading Activities

- The market will experience more changes during 2017 with a large number of to-be-listed firms and auctions. Hence, there will be a lot of good opportunities that we need to proactively seek to increase our efficiency in using capital.
- Trading volume in 2017 is expected to reach VND300 billion
- Look for more long-term prospective investment opportunities in firms that are going to IPO or list on the OTC as our capital rises.
- Draw more attention to risk management which ensures turnover to range from 16 to 18%.
- **Investment Banking Activities**
  - Focus on developing client networks. Promote contracts with current and prospective clients.
  - Speed up and complete in-progress contracts of 2016.
  - Place more concentration on underwriting corporate bond issuances.
  - Enhance relationships with domestic and foreign financial institutions as well as M&A associations to access more prospective clients.

# REPORT AND EVALUATION OF BOARD OF MANAGEMENT



## 2017 DEVELOPMENT PLAN (Cont)

### Suggested Solutions

#### Support

##### Human Resources and Training Department

Rong Viet will significantly develop its human resources during 2017, so recruitment and training will be our first priority. Therefore, Human Resources and Training Department shall continue to improve the follow activities:

###### *Recruitment*

- Propose how to recruit experienced, qualified and suitable staff.
- Connect with reputable universities to implement internships and look for talented students as a source of human capital.
- Establish special procedures for recruiting skilled and qualified staff as well as employees for the brokerage business.

###### *Training*

- Create training programs for newly hired staff, so that they can know Rong Viet's cultures and values.
- Build specific training programs for management team, along with business skill programs for business departments, especially our Brokerage Division and IB Division.

###### *Wages and Benefits*

- Complete the performance-based salary system to motivate employees.
- Create appropriate benefit policies for the entire staff.
- Develop clear career paths to set goals for each type of position.

##### Information Technology Department

###### *Infrastructure*

- Upgrade Server Core to fulfill usage requirements
- Standardize resource usage policies

###### *Application*

- Prepare application for management and for derivative/ETF transactions.
- Implement new features and upgrade current features on our online trading system.
- Carry out new features on sales management and develop other applications for management.
- Change to a new accounting system.

###### *Core System*

- Check and refine database to raise stability and increase efficiency in data processing of the core system.
- Keep close connection with suppliers to meet the demand for upgrading and replacing the system.
- Upgrade and conduct new systems for derivative transactions.
- Develop and strictly follow core system operation procedures to avoid errors.

##### Administration and Public Relations (PR) Activities

###### *Administration*

- Manage and utilize company's assets.
- Follow, manage and spend the company's budget strictly, reasonably and economically.
- Ensure high standards of safety and security.
- Organize all of the company's events and activities in a diligent manner.

###### *PR activities*

- PR plays a vital role for the company's image, internal communication, mass media, as well as managing and operating Rong Viet's brand
- Rong Viet's 10-year anniversary.



## REPORT AND EVALUATION OF BOARD OF MANAGEMENT

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### **Accounting Activities**

- Maintain and increase access to debt from banks and institutions to provide financial backup for the company. Help in maintaining capital adequacy and compliance.
- Establish tools to keep track of the company's capital budget to maximize its efficiency and help increase investments.
- Speed up the completion of a corporate governance report to provide information to the Executive Board in a timely manner; forecast and consult to build and conduct business plans.
- Update new policies on establishing and conducting accounting systems in a timely and effective manner.

### **Supervision**

Supervision consists of the Compliance & Risk management Department and Legislation Department. In order for us to stay compliant and manage risks effectively, the below solutions are suggested:

### *Risk management*

Build and operate our risk management system effectively. Computerize the current risk management system and find proper solutions to detect and prevent risks as early as possible.

Keep updated with new policies and knowledge of risk management, in order to meet all requirements.

### *Compliance*

Update compliance on a regular basis. We require strict compliance with current laws, regulations and internal procedures to prevent any derogation and damage to the company.

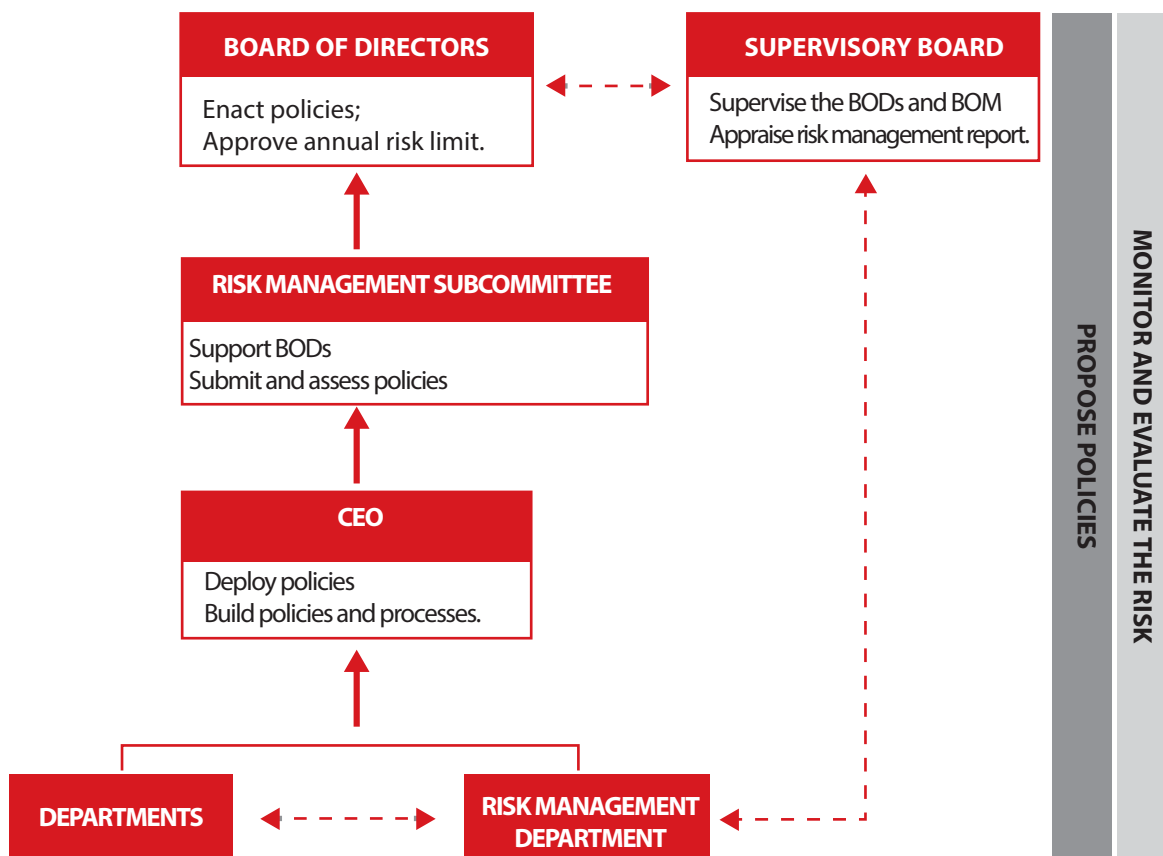
Regularly review, modify and supplement our regulation systems, operation procedures and implementation instructions to ensure legal compliance for the whole company's activities.

# RISK MANAGEMENT REPORT



## OVERVIEW OF RISK MANAGEMENT SYSTEM

RongViet's risk management system is organized as followed:



Vietnam's stock market experienced positive growth and an increase in liquidity during 2016. Nevertheless, there are also certain risks in the market, which might negatively affect companies' business performance, capital raising, and the overall reputation of the market.

The lack of transparency and accurate information of public and listed companies is currently considered as the strongest risk for both domestic and foreign investors. Some unexpected events brought significant harmful impacts on investors' confidence, especially resulting from the continuous decline of certain stocks such as TTF, DRH, ATA and "ghost companies" such as MTM. Accordingly, those events directly impacted company's proprietary trading and margin activity.

During 2016, Rong Viet Securities avoided significant damages and losses by taking advantage of its good risk management system combined with its persistent reaction to market fluctuations.

In addition, RongViet securities has maintained and improved its risk management system, which was first put into operation with the establishment of the risk management subcommittee belonging to the Board of Directors since 2013, throughout enacting policies and processes relating to risk management.



### IMPLEMENTATION OF RISK MANAGEMENT

#### ■ Risk Identification

RongViet normally applies techniques for monitoring and overseeing its business operation in order to identify general risks (economics, interest, legal, calamity) and significant risks (operation, liquidity).

Improvements in the procedures of RongViet's services and products has helped it to identify risks early and control its operations. Rong Viet always adheres to the principle that no business operation is conducted if the related risks are not identified and specific measures to eliminate them are not undertaken.

Besides, the periodic operational process is normally upgraded and adjusted to comply with current regulations, and also to prepare for unexpected issues in the stock market. Furthermore, the company also conducts different scenarios of risks arising, enhances direct and cross monitoring and proposes safety precautions to support the overall supervision.

#### ■ Risk Evaluation

Currently, RongViet evaluates risks in term of qualitative and quantitative methods. The qualitative method is to review and evaluate risk signals based on metrics and hierarchical measures. On the other hand, the company uses quantitative method to measure risk levels and specific amount of losses through detailed figures. These are 2 main type of models used to define these types of risks. In particular, the capital of risk limit is allocated to deal with company's maximum losses. The value of the risk limit is from a minimum value being equal to the total value of company's risks up to 50% company's available funds in each period. This model may calculate the value of vital risks such as market risks, liquidity risks, payment risks, operational risks and legal risks.

#### ■ Definition and Allocation of Risk Limits

The risk limit for the entire company is defined by the following factors:

- Company's operational strategy
- Company's capital
- Quality of internal control procedures;
- Ability to monitor risks and completeness of risk management system and relating procedure
- Professional level of risk management
- Historical risk management activities
- Legal regulations;
- Other issues relating to risk management.

Based on the amount of losses, the percentage of target achieved in last period, and the company's general matters and related legal regulations, RongViet's BODs annually builds risk limits for the whole company, and allocates it to each activity. In 2016, the BODs issued Decision No. 03/2016/QĐ-HĐQT about "Risk management policy", which was implemented this year. The policy enabled the company to determine the risk limit not only for each business activity but also for business departments and individuals relating to risk transactions.

# RISK MANAGEMENT REPORT



## IMPLEMENTATION OF RISK MANAGEMENT (Cont)

Allocation of risk limits for 2016:

(Unit: % available capital)

No.	Activity	Market risk	Payment risk	Liquidity risk	Operation-al risk	Legal risk
1	Management of Accounts	-	-	-	X%	-
2	Management of Transaction command	-	-	-	X%	-
3	Management of Client's cash	-	-	-	X%	-
4	Custody- Exercise rights - Clearing	-	-	-	X%	-
5	Margin	X%	X%	-	X%	X%
6	Mortgage stocks	-	-	-	X%	-
7	Advance to clients	-	-	-	X%	-
8	Proprietary trading	X%	X%	-	X%	-
9	Financial advisory services	-	X%	-	X%	X%
10	Underwriting services	X%	X%	-	X%	X%
11	Finance, accounting	-	-	X%	X%	-

Notes: X: Risk limit allocated to each activity is calculated on % available capital.

Y: Total risk limit allocated to significant risks is calculated on % available capital.

## Risk Monitoring

Based on risk limits for each service and product, RV's risk management department works directly with the CEO to establish the risk warning system. Each service/product is allowed to use up to 90% of its risk limit.

The risk management department is held responsible for managing the risk limits for the entire company, while the head of other departments is committed to the disclosed risk limit. Moreover, the risk management department forms specific risk limit monitoring processes in order to ensure the safety and effectiveness of the entire system.

The risk management system measures the current risk exposures of various departments, as well as for the entire company. In the event that the risk exposure goes beyond the warning threshold, the following measures will be taken:

- The risk management department will request specific reasons and solutions from the head of departments. All of the activities of these departments will be under the supervision of the risk management department until the degree of risk returns to a safe threshold.

- In the event that the risk exposure crosses over the continuous safety level, the risk management department will supervise departments' operations, and will also review their process implementation. The supervising time lasts for at least one month after the risk exposure returns to the safe threshold.

The risk management department monitors the degree of risk for the whole company and makes the total risk value and available funds reports on a monthly basis. If the total risk value is at or above the risk limit, the risk management department will construct the risk reduction plan through examining the risk value of each business operation. After this is completed, the risk management department makes suggestions to reduce the risk value and exposure. The period lasts for at least one week after receiving the CEO's approval for the proposed plans.

The risk management report also reports supervising works to the CEO, In addition to daily, monthly and periodic/unexpected monitoring tasks. The CEO reviews the report and adjusts the risk control duties to actual issues arising.

## ■ Solutions for Lowering Risks

When the risk is over the accepted limit, the risk management department has to follow this process:

- Review, identify the type of risk, reason for risk and estimated losses, and report this information to CEO
- Violating units shall explain and prepare the plan and time to CEO right after receiving notification from the risk management department
- Implement the selected solution and request related departments to follow the solution. All activities during the solution process are under the Risk Management's supervision



## RESULTS OF RISK MANAGEMENT IN 2016

### ■ Definition

Operational risks take place as a result of technical errors, systematic errors, process errors, or lack of business funds due to operational expenses, impairment of financial assets or other reasons.

#### Issues related to human resources:

- Losses or damages of furniture, fittings and equipment caused by employees' careless usage or cooperation with customers to illegally access to the company's assets or damage the company's reputation
- Errors in work process such as (doing something that you're not authorized to do), (not following the procedures)
- Errors occurring in document storage, causing customers' documents to be lost
- Disputes with clients: if stock trading is not performed according to client's requests; postponed cash transaction; or violation of the regulation when *notifying trading's rights for customers*.

#### Issues related to information technology:

- System errors affect the company's operations;
- Connection is lost or unstable; data transmission is slow or data can not be transmitted;
- System overloads, server damages and system shutdowns;
- Power is lost; backup power system does not work;
- Software is unstable and faulty;
- Customers can not use the online trading system;
- The information system is attacked; loss of customer's information or exposure to fake transaction accounts;

- The warning system includes the volatility of price, overtrade issues, over-risk alert, risk report information, which are not detected on time.

#### Related to other transactions:

- Errors occur in recruitment process; position's title standards and regulations for managing employees regarding securities jobs;
- Transactions are not fully and timely reported to competent authorities;
- New products and services of the company are in initial usage.

#### Management method:

##### Risk measurement:

- Display probable risks of departments;
- Synthesize frequency of occurrence;
- Assess the fluctuation of risk signals;
- Analyze the capability to have an effect on company's business activities;
- Evaluate the risk level.

##### Risk controlling:

- Ensure the ongoing performance of risk management tasks in all units
- Evaluate the performance of units in terms of risk management
- Detect high risk levels to propose timely solutions
- Track the fluctuation of different types of risk
- Apply risk hedging methods

# RISK MANAGEMENT REPORT



## RESULTS OF RISK MANAGEMENT IN 2016 (Cont)

- Build the risk management system
- Standardize preparation and issuance of documents
- Conduct standard of human resources, training and turnover
- Conduct standard of safeness and confidential information applied for infrastructure and technology
- Construct risk limits for business sectors;
- Build a plan for ongoing operations
- Share risks

### ■ Market risks

#### Definition

Market risks can harmfully influence the company's assets. These risks can include the decrease of stock prices, margin services, or in the impairment of company's fixed assets.

#### Management method:

##### *Margin activity*

- Filter the portfolio of margin securities in accordance with certain criterias.
- Provide a reasonable ratio in correspondence to each type of margin securities.
- Change the portfolio of stocks due to the fluctuation of the securities market.
- Update the list of stocks that do not meet the requirements of margin trading for two stock exchanges.

##### *Investment*

- The investment council chooses, analyses and anticipates probable portfolios.
- Allocation of investments in diversified industries.
- Conduct investment policies for short term and long-term periods.
- Monitor the volatility of the market, update information for current holdings or prospective holdings
- Consider the optimal price or limit price to make a timely decision to earn an expected profit or to cut the loss.
- Payment risks

### ■ Definition

Payment risks occur when partners cannot afford the payment on due dates or transfer due assets as committed. This can include cash deposits at financial institutions, overdue receivables, or stock borrowing contracts.

#### Management method

- Tight contracts, understanding clients, requesting warranted transactions, using clear vouchers, and applying the safest payment methods
- Payment for margin trading: Ensure the maximized portion of margin for customers; sell stocks on margin and received the amount of loan, complying with the regulations for margin trading;
- Cash deposit at bank: Choose prestigious credit institutions and avoid putting all of cash deposits in the same bank system.

### ■ Legal risks

#### Definition

Legal risks occur when the company does not comply with regulations relating to its business operations, or the company terminates a contract that is exposed as illegal lacks vital provisions, or for other reasons.

#### Management method

- Review legal status of partners before signing and performing contracts;
- Correctly evaluate the partners' capability to perform the contract;
- Ensure all of provisions comply with legal regulations;
- Regularly examine to detect copyright disputes for avoiding disclosing confidential information of technology and controlling rumors influencing the company's reputation;
- Comply with regulations of labor policy; Publicize transparent policies of salary and bonuses; protect employee's rights and responsibilities;
- Continuously and timely update newly issued legal procedures; Review the departments' compliance to detect legal risks.



### RESULTS OF RISK MANAGEMENT IN 2016

The company's operations were actively supervised and managed by the company's risk management system throughout 2016. The company did not record any damages or losses incurred by clients, shareholders, investors or for the company's capital and reputation. Along with that, RongViet is very strong in disclosing transparent and accurate information, as compared to other listed companies. This greatly solidified and enhanced trust from clients, shareholders and investors regarding RongViet's prestige.

The company's risk management department usually modifies and upgrades the current risk management system to satisfy the diversification and complexity of products and services for expanding business activities ahead; one significant development includes that derivative securities plans to be launched by the end of Q2/2017. In addition, the legal department always updates legal documents regarding securities activities in order to ensure the timely and complete compliance with regulatory requirements.

# SUSTAINABLE DEVELOPMENT REPORT

- OVERVIEW OF THE REPORT
- THE INVOLVEMENT OF RELATED PARTIES
- SUSTAINABLE DEVELOPMENT STRATEGIES
- CONTENTS OF THE REPORT
- CRITERIA FOR SUSTAINABLE DEVELOPMENT MADE BY RONGVIET







## OVERVIEW OF THE REPORT



### CONTENT OF THE REPORT

According to the United Nations, “sustainable development is the development that helps achieve current goals without causing any harm to the personal achievement of future generations”. In Vietnam, corporations are concerned about the sustainability of the long term benefits of the economy, society and itself. Since 2015, Rong Viet has organized several activities and campaigns to reinforce the connection with related parties including the environment and society. We focus on two groups: Internal and external relations. Regarding the format and content, the sustainable development report of RongViet is based on the Standard Disclosures in the Global Reporting Initiative – GRI. Some important topics of this includes performance of the economy, employment, training and education, local community, and Information about products, services, and compliance.



The application of these international standards in the report affirms the awareness and concern of Rong Viet about its responsibilities for the environment and society. This is also reflected in our Vision and Mission, which has become a part of our company culture.



### SCOPE OF THE REPORT

The sustainable development report is an integral part of our 2016 Annual Report. All of the information is obtained from the actual business operations of the head office and branches, while financial figures are retrieved from our 2016 Audited Financial Statements.

The report mainly demonstrates the performance in terms of strengths and weaknesses, and the direction of sustainable growth. The report also suggests solutions and strategies in the short, mid and long term. Rong Viet currently only operates in Vietnam, making impacts on the economy, society and population of Vietnam.



### CONTACTS

This report is made by several departments of RongViet, including the Board of Management, PR/Marketing, Internal Control, Legal Department, Investment Banking, Finance and Accounting Department, Human Resources and Training. These departments are all in charge of the content related to the campaigns and activities for the sustainable development of the company.

Please forward any comments or feedback regarding our sustainable development to the following contact:

#### PR/Marketing

Email: [khanh.tst@vdsc.com.vn](mailto:khanh.tst@vdsc.com.vn)

Phone number: (+84.8) 6299 2006

Address: Floor 1-2-3-4, Viet Dragon Tower, 141 Nguyen Du, Ben Thanh Ward, District 1, Ho Chi Minh City.



## THE INVOLVEMENT OF RELATED PARTIES

### ■ The Involvement of Related Parties

In 2016, Rong Viet successfully maintained and fostered long-standing relationships with related parties such as customers, shareholders/investors, employees, markets and various communities. Moreover, environmental issues play an important role in the company's operations. In fact, our Mission strongly states: "The people of RongViet put their minds and actions together to create the best values for our clients, shareholders and employees while contributing to the progress of Vietnam securities market and sharing the responsibilities with the society in the development of the country."

Based on this Mission, Rong Viet continues to improve its current communication channels and to establish new ones for managing the connection with various parties; particularly:

Related parties	Communication Channels
<b>Customer</b>	In-person consultancy at head office and branches
	Online consultancy via callDragon (08) 6299 2020, Skype, Yahoo
	Consultancy by appointments
	smsDragon and mailDragon system
	Customer support via Support page: <a href="http://www.vdsc.com.vn/vn/pages.rv?id=105">http://www.vdsc.com.vn/vn/pages.rv?id=105</a>
	Online survey on service quality: <a href="http://www.vdsc.com.vn/vn/survey.rv">http://www.vdsc.com.vn/vn/survey.rv</a>
	Suggestion Box at Service Counter
<b>Shareholder/Investors</b>	Shareholder's General Meeting
	Meeting with major shareholders and strategic investors
	Provision and announcement of information via Investor Relations page: <a href="http://www.vdsc.com.vn/vn/pages.rv?id=104">http://www.vdsc.com.vn/vn/pages.rv?id=104</a>
	Financial reports and Manangement reports
	Emails/Letters
<b>Employee</b>	Year-end company meeting
	Employee's Meeting and Labor Union's Meeting
	Friendly discussions during work time
	Quarterly and annual individual evaluation
	Surveys on demands for professional self-improvements and other benefits.
	Internal training programs
	Teambuilding campaigns
<b>Government and authority</b>	Attendance of Meetings/Forums/Conferences organized by authorities
	Information announcement by applicable laws
	Advice on company charter or policy
<b>Local community</b>	Charity events
	Support network for university students, including work site visits, career fairs, and talk shows on the securities market
	Support network for university students, including work site visits, career fairs, and talk shows on the securities market

## THE INVOLVEMENT OF RELATED PARTIES



### THE INVOLVEMENT OF RELATED PARTIES (Cont)

#### ■ The Involvement of Related Parties (Cont)

Rong Viet understands and believes that the related parties making profound impacts on the sustainable development of the company include customers, shareholders/investors, employees, government/authority and the local community. Among these, shareholders/Investors and employees concern and influence the company greatly, in addition to the local community.

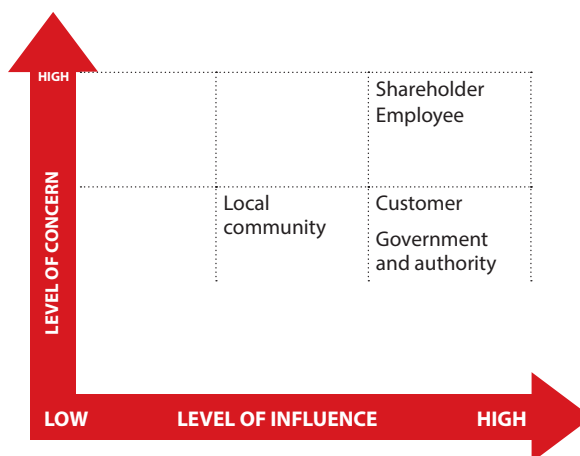


Diagram of concern and influence of related parties



### SELECTING CONTENT FOR THE REPORT

During 2016, we received a certain number of comments and feedback that both directly and indirectly affect the sustainable development of the company. We categorized these comments and feedback and presented our replies and solutions in the following table:

#### CONCERNS OF RELATED PARTIES

Related parties	Concerns	Replies and solutions of RongViet
Customer	Product/Service quality	Enhancing the quality of products and services. Updating and applying new technology.
	Information reliability and security	Updating and completing the supervision process to guarantee information security.
Shareholder/Investor	Stable and profitable business performance	Improving human resources and our organizational system. Improving management skills to guarantee sustainable growth along with risk management.
	Information transparency Salary, bonus and welfare	Assuring the transparency and compliance of information announcement and other publications such as Annual Report and Management Report. Providing competitive compensations and welfare as stipulated in Labor Agreement.
Employee	Updating and completing the supervision process to guarantee information security.	Providing competitive compensations and welfare as stipulated in Labor Agreement.
	Work environment	Building an active and friendly work environment.
	Self-development	Organizing internal training courses for both management and staff.
	Promotion	Providing high-performing employees with good promotion opportunities .

## THE INVOLVEMENT OF RELATED PARTIES

Related parties	Concerns	Replies and solutions of Rong Viet
<b>Government/Authority</b>	Corporate compliance	Having the Legal Department to assure the compliance of applicable laws and regulations and to update new laws and regulations.
	Contribution to the development of Vietnam's securities market	Attending forums/conferences organized by authorities to share ideas and update new trends in business operations.
	Obligation to the State's Budget	Fulfilling obligation to the State's Budget.
<b>Local Community</b>	Caring for the poor and needy Support in young people's self-development	Organizing at least 2 charity trips annually.  Organizing company visits, career fairs, and internship programs

Based on the importance of the concerns, we generalized and evaluated as follows:

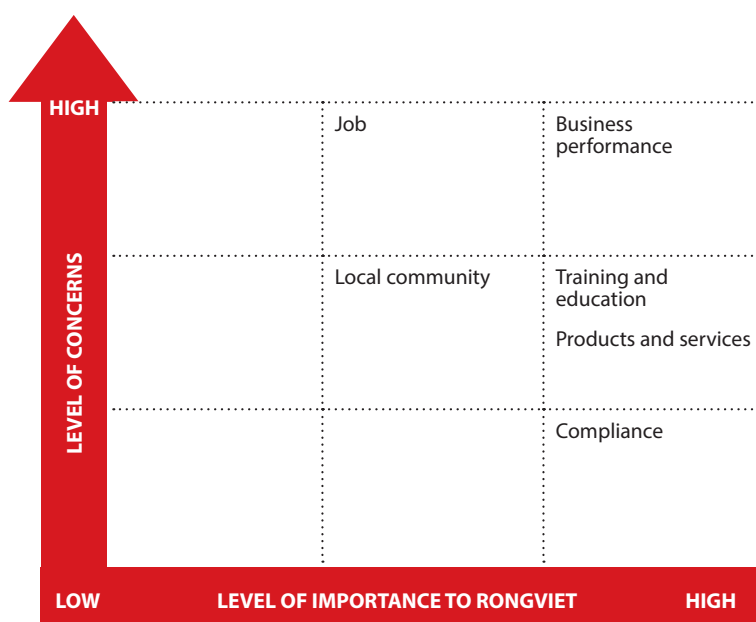


Diagram of importance of concerns

# SUSTAINABLE DEVELOPMENT STRATEGIES



## THE MODEL

RongViet understands that a corporation is like a piece of a puzzle in an economy or society. A corporation with sustainable growth significantly contributes to the development of the economy and society. Therefore, Rong Viet has put in a great deal of effort to shape, build and implement the model of sustainable development that meets the Vision, Mission and Core Values of the company as well as the policies of the government and the trends of the society. In order to build the model of sustainable development, Rong Viet used Strengths – Weaknesses – Opportunities – Threats analysis to position itself. Even though the company is not a large securities company compared to the top 10 in the market, we have made certain effects on the economy, securities market and society of Vietnam, particularly:

- Contributing to the development of Vietnam's securities market
- Creating an essential link between corporates and investors via issuance and capital restructuring
- Improving the liquidity of the secondary market via securities services
- Supporting investors in improving transactions
- Providing labor with job opportunities
- Assisting young people with their career path
- Organizing social campaigns

The greater impacts RongViet has on the related parties, the more support and interest RongViet receives from them. This motivates us to become "one of the leading investment banks in Vietnam". RongViet has a large amount of opportunities to achieve this ambition:

- The globalization and free trade have expanded via Free-Trade Agreements (FTAs) with strong and stable economies such as European Union, Korea and ASEAN Economic Community. Those agreements have enormous influences on the economy of Vietnam and make it step-by-step become a "flat"

economy. Consequently, Vietnam has attracted foreign investment and highly-experienced human resources from developed countries. Besides, the government has begun following open-door policies for outward investments, which plays a decisive role in this development.

- Vietnam pursues and maintains the stability of its political and economic environment, establishing a good basis for potential corporate development.
- Rong Viet strongly believes in our staff, as they are well-trained, experienced and dynamic. RongViet also prepares itself to have a professional organization system and good financial capability.

However, RongViet is aware that there are possible risks that negatively affect the sustainable development of the company. These include operational risks, market risks, payment risks, liquidity risks and legal risks (For details: please see the Risk Management Report in earlier parts).



## SUSTAINABLE DEVELOPMENT STRATEGIES

Based on the above definition and analysis, we built a detailed model of sustainable development focusing on Internal and External Relations as follows:

### RONGVIET MODEL OF SUSTAINABLE DEVELOPMENT

Groups of Relations	Objectives
<b>Internal Relations</b>	Maintaining profitable business performance
	Increasing both revenue and equity
	Reinforcing management and supervision system
	Valuing transparency in business operations
	Strictly complying with applicable laws and regulations
	Building highly-experienced and dynamic staff
	Assuring income and welfare for employees
	Implementing policies for the self-development of employees
<b>External Relations</b>	Research and develop products and services
	Operating for the benefits of shareholders/investors
	Contributing to the development of Vietnam securities market
	Opening up effective channels of capital raising
	Fulfilling obligations to the government
	Supporting the young generation
	Sharing social responsibilities
	Saving natural resources and the environment

### MANAGEMENT SYSTEM FOR SUSTAINABLE DEVELOPMENT

In addition to executing and managing the operations of the company, the Board of Directors also directs and sets up strategies for the sustainable development of the company periodically. The Board of Management is in-charge of implementing the strategies and supervising the performance to make sure that the objectives are obtained. Related departments should be responsible for those objectives and task assignments. The diagram for the objective-oriented management process is presented as follows:



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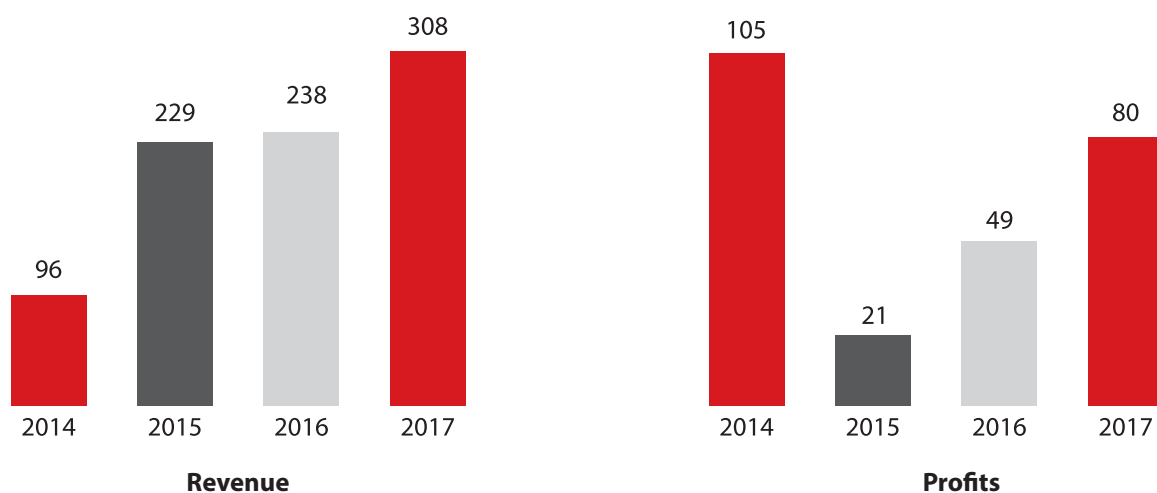


### INTERNAL RELATIONS

#### ■ Expansion and good performance

In 2015, RongViet increased its chartered capital from VND349,799,870,000 to VND700,000,000,000, officially being in the Top 15 Securities companies in terms of size of chartered capital. In 2017, Rong Viet plans to raise its chartered capital up to VND1,000 billion to increase its financial capability. The goal is for RongViet to have more strategic investors to increase its financial capability up to VND2,000 – 2,500 billion, allowing it to be one of the top 5 brokerages.

The fiscal year of 2016 was a successful year, as RongViet's earnings before tax reached VND61 billion, five times as much as that of 2015. Total revenue increased by VND238 billion, equivalent to 102.6% of its annual plan, and increasing by 87.2% compared to 2015. Net income also had strong performance at VND49.3 billion, increasing by 133% compared to 2015.



Thanks to the positive recovery of the economy and dramatic improvement of its financial capacity, RongViet has a promising business plan with an aim to bring the company to a new development era.

Criteria	2015	2016
<strong>Assets – Equity structure (VND bn)</strong>		
Current assets	976,3	1562,7
Non-current assets	37,1	30,7
Current liabilities	299,2	829,4
Non-current liabilities	0,6	0,5
Owner's equity	713,6	762,9
Total assets - equity	1.013,3	1.593,2
<strong>Liquidity ratios (times)</strong>		
Current ratio	3,3	1,9



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Criteria	2015	2016
Quick ratio	1,2	0,7
<b>Profitability ratios (%)</b>		
Earnings after tax/Total assets (ROA)	2,1%	3,1%
Earnings after tax/Equity (ROE)	2,9%	6,5%
Earnings per share (EPS – VND)	574	704
<b>Leverage ratio (%)</b>		
Total debt/Total assets	29,6%	52,1%

As of 1st January 2016, financial statements must be reported according to Circular 210/2014 issued by the Ministry of Finance, which provides guidance for the new accounting principles for securities firms. Thus, information is well obtained by comparing 2016 to 2015. Particularly, total assets increased from VND1,103 billion in 2015 to VND1,593 billion, a growth of 57.2%. Although the current ratio and quick ratio decreased from 3.3 and 1.2 to 1.9 and 1.7, respectively, leverage rose from 29.6% to 52.1%. Earnings per share in 2016 increased by 22.6% compared to 2015. ROE and ROA also increased from 2.9% and 2.1% to 6.5% and 3.1%, respectively.

### ■ Building strong and loyal human resources

Structure	Number of employees (31/12/2016)	Percentage
<b>Total</b>	212	100%
<b>Level of education</b>		
- Bachelor and above	189	89,2%
- College/vocational	23	10,8%
<b>Gender</b>		
- Male	114	53,8%
- Female	98	46,2%
<b>Age</b>		
- Under 25	30	14,2%
- 25 to 29	46	21,7%
- 30 to 39	79	37,3%
- 40 and over	57	26,9%

In 2016, RongViet experienced considerable changes in its human resources structure. Accordingly, RongViet recruited 64 new employees and 64 old employees left. The workforce has become younger, which has created a favorable workforce for the company. New labor status is the base for improvement, creativity and new contribution of Rong Viet. The newly recruited employees with the age of less than 25 and 25-30 make up 69% total new recruitment.

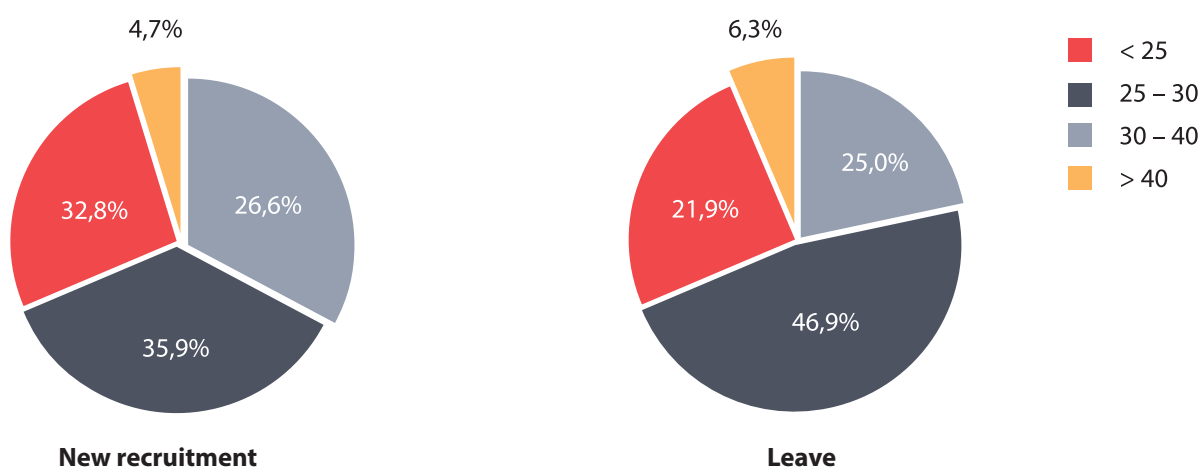
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### INTERNAL RELATIONS (Cont)

#### ■ Building strong and loyal human resources

##### Turnover statistics in 2016

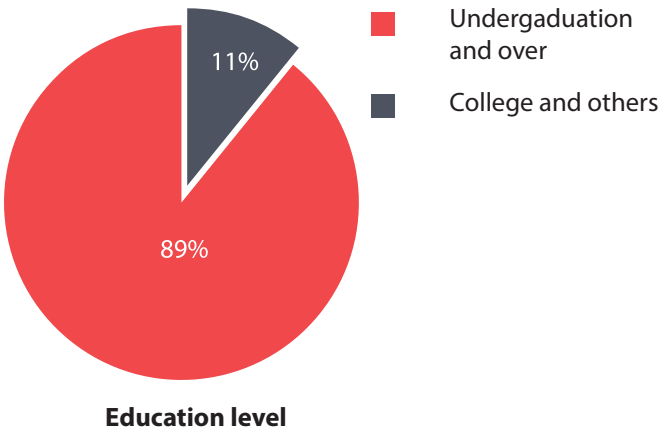
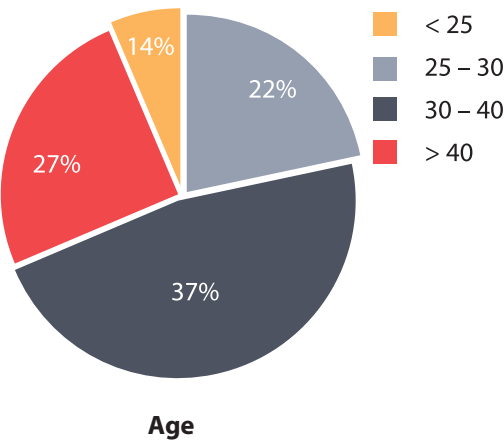
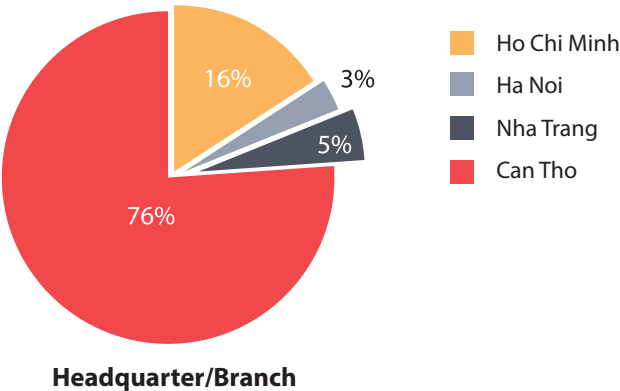
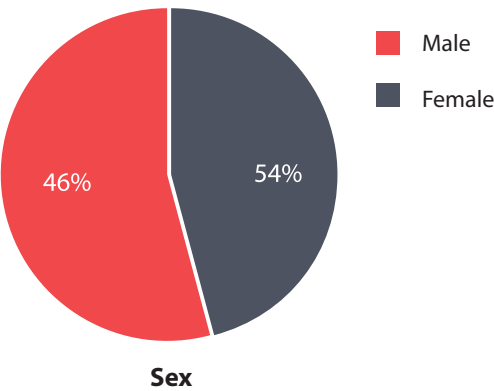


The current gender structure of human resources is seemingly balanced; it emphasizes the important position of females in the company's development. RongViet is also confident in the quality of its human resources, in which, bachelors and above make up 90% of the total labour, a strong base for its future growth.

##### Human resource structure:

Headquarter/Branch	Male		Female		Total
	Number	Percentage	Number	Percentage	
Board of Management	3	100%	0	0%	3
HCMC Headquarter	85	53,8%	73	46,2%	158
Ha Noi Brach	19	55,9%	15	44,1%	34
Nha Trang Branch	2	33,3%	4	66,7%	6
Can Tho Branch	5	45,5%	6	54,5%	11
<b>Total</b>	<b>114</b>	<b>53,8%</b>	<b>98</b>	<b>46,2</b>	<b>212</b>

Human structure by education, sex, age, Headquarter/Branch



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## INTERNAL RELATIONS (Cont)

### ■ Building strong and loyal human resources (Cont)

#### Building the team working attitude

During 2016, RongViet had many events and activities for employees such as CEO meetings, year beginning meetings, and department meetings. These meetings were able to build communication, connection, and cooperation among employees. This was an opportunity for employees and managers to share their considerations, ideas and plans to develop the company, improve the efficiency of the working environment and to remove disadvantages.

Besides, RongViet also organized activities in 2016 including Team building, Rong Viet League football league, Women's Day, Children's Day, and Mid-Autumn Festival. In addition to improving the connection, the target was to make the best environment for employees developing both health and morale, in order to contribute to the company's future purpose.



#### Recruitment policy, training and building the next-generations

In order to become a leading securities company in Vietnam, RongViet always looks for new talent to contribute to the success of company. The recruitment process is built tightly to seek the most suitable talents.

In RongViet, the candidates not only find working opportunities, they also find it as an opportunity to develop the personal career in the environment that has diverse products and services.

Towards the goal of building strong human resources for its sustainable development, RongViet combines recruitment with training to employees in term of knowledge, skills and attitude. This is a necessary step for us to develop our human resources.



At the beginning of each year, RongViet has a survey for the training demand. Whereby, company can understand the aspiration of employees to offer the suitable programs for them. During 2016, RongViet organized many courses for employees with a total cost of VND343,473,369.

**VND343,473,369** →



Number	Courses	Number of attendants
1	Sale and advisory skills course Ha Noi branch	31
2	Negotiation skills course - Headquarter	60
3	Securities certificates education courses	45
4	Introduction of RongViet (internal)	67
5	Education courses for stock brokers	31
6	Documents introduction for brokers	23
7	Introduction of products, services for broker and securities service department	28
8	Securities market training for back-office staffs	21
9	Evaluation for lending course for brokers	60
10	Business cultural	Total staffs
11	Fire prevention training	70
12	Professional training	7

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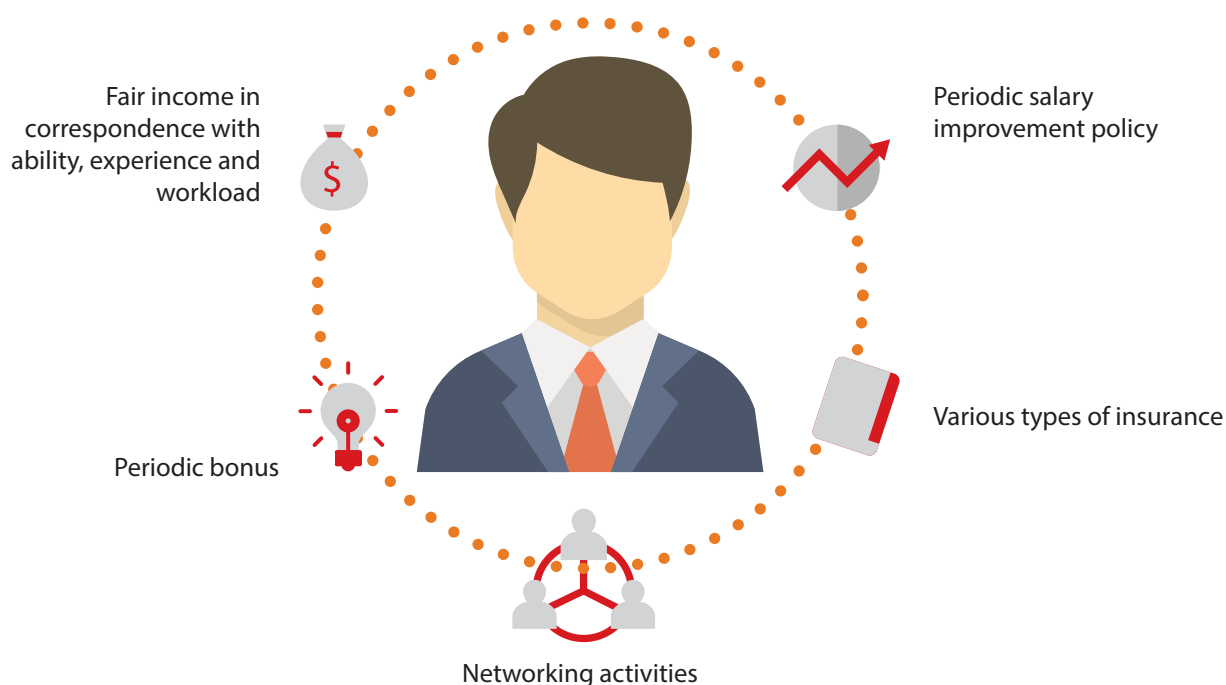


### INTERNAL RELATIONS (Cont)

#### ■ Building strong and loyal human resources (Cont)

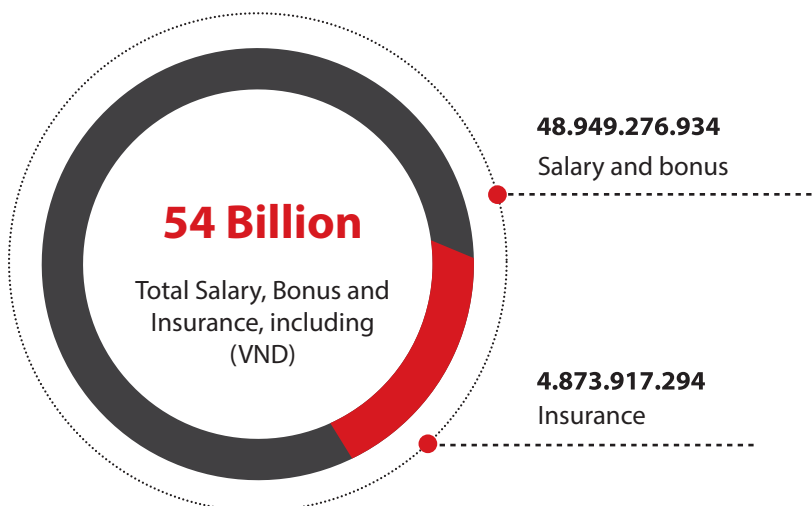
##### Securing Income and Welfare Policy for Employees

RongViet has a suitable welfare policy for employees to secure their benefits, motivating them to contribute for the company. This is a principal target of RongViet for its sustainable development. At RongViet, members have many benefit, such as:



RongViet always tries to secure the fairness in employee's performance evaluation, to provide employees with a motivating and competitive environment. Each staff practices the performance evaluation at the end of the year. This makes employees review, improve and develop themselves for the next year.

During 2016, RongViet spent around VND54 billion for salaries, bonuses and insurance for its employees, increasing by 53% compared to 2015.





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In addition to salaries, bonuses, and insurance as prescribed by regulations, RongViet also provides many benefits, such as: annual health tests, travelling, sport, social events, lunch-bonus, phone, marriage benefits, and its birthday policy. Employees also have support for Women's Day, Vietnam Women's Day, and Maternity leave.

The company also organizes a large number of sport and art activities for the entire staff. Some typical activities are RongViet League award, Happy Christmas, and Wine party. The activities are completed in order to improve the health as well as the co-operation among employees and expand the relationship with other partners, such as investment funds and other financial institutions.

*Rong Viet League 2016*



*Happy Women Day 2016*



*Red Christmas 2016*



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## INTERNAL RELATIONS

### ■ External objects of business

#### The best services to customers

RongViet provides full financial-securities services to customers, based on their diversified demands. Based on our thorough understanding of the market, customers, highly qualified workforce and our professional and wide network, RongViet has greatly satisfied the requirements of both individuals and institutions.

#### Services for individual customers



#### Brokerage and investment advisory service

With the mission of “Providing the best investment opportunities for customers” and commitment of “Appreciating customer’s benefit, express honesty, confidentiality, and responsibility in each customer’s transactions”, RongViet provides securities brokerage services for each kind of customer, basing on the diversification of products-services, in-depth knowledge of the market, and an active and loyal brokerage team.

- *Securities brokerage and investment advisory:* RongViet understands the financial status and risk preference of each customer, and is able to conduct a suitable strategy accordingly. Besides, knowledge and law in the securities industry is regularly updated. RongViet suggests the suitable strategy to actively build the portfolio, and hedge risks for the customer. Moreover, RongViet also has an effort in looking for partners to support customers in large transactions.
- *Account management:* Through our loyal and professional account management team, RongViet always focuses on taking care of each customer in account opening and transaction procedures in an honest and effective manner.



#### Securities services

- *Deposit management:* Transparency in managing deposits for securities transaction is the first priority of RongViet. RongViet offers effective deposit management, which includes management by RongViet or other

associated commercial Banks. Customer can choose the most suitable method of deposit management.

- *Securities depository:* RongViet is a member of Vietnam Securities Depository (VSD), providing full services of securities depository. RongViet commits to manage customer accounts in the safest, most confidential and fastest way.
- *Securities auction:* RongViet is a reputable auction agency on the Securities Exchanges in Vietnam, and always actively joins the securities auctions, provides advisory services, performs authorized auctions, which allows it to provide a fast, accurate, and safe service to its customers.
- *Shareholder management:* RongViet has provided shareholder management services for a large number of companies in Vietnam with the size of shareholder up to the tens thousands of shareholders. This has been done through its modest data management system, specialized management software, and simple procedures.
- *Open-end fund share distribution:* Open-end fund share investments are attractive investments, especially for long term investors or investors that do not have a large amount of time to monitor their portfolio. The advantages in open-end fund investment include the following: diversification, professional team, liquidity and high transparency, and flexible transactions.





### Research services

Our research team is very diversified with in-depth research in both English and Vietnamese. RongViet believes that our products are always important references for investor's decisions, providing transparency and timed perfectly.

- *6 PM Call*: Sharing our views on the daily market. Besides, there are comments about significant information, upcoming events or potential sectors for future investments.
- *Analyst pin board*: The official blog of RongViet Research, which shares our daily views of investment opportunities, potential sectors, macro-economics and securities market news.
- *Strategy reports*: Research reports on macro and micro economics, and its impact on businesses in Vietnam; opportunities and risks to investment, which includes our mid-long term outlook for various investment strategies.
- *Recommended portfolio*: Recommended by RongViet's technical analysis team, which is able to provide suitable buy and sell prices for stocks.
- *Special Reports*: Analysis of the news that affects national and international financial markets, and provides our strategy for various sectors and companies.
- *Stock market reports*: Research market trends and other effects in the mid and long term. RongViet also provides research service orders and can organize business meetings upon request.
- *Company reports*: These reports are made independently and objectively, and provide investment recommendations for investors (buy, accumulate, neutral, or sell).
- *Report updating system by Sector, Analyst, and Subject*: This allows investors to easily access and filter to find suitable reports.

- *Follow system*: The service that automatic updates and sends investors the news, updating reports by sector, and other event that investors previously registered for.
- *Report Search*: Supporting investors to find reports, based on the following criteria: Time, rating, download times, and time of suggestion.



### Financial services

- *Stock mortgage*: The service is offered through the cooperation between Rong Viet and other commercial banks that allows customer to make a loan quickly and conveniently with the mortgage of securities.
- *Cash advance from selling stocks*: Based on our ability to provide cash in a timely manner, RongViet always supplies the maximized demand of customer's capital. RongViet cooperates with other banks to support customers so that they can use money directly when they sell stock instead of 3 days after, according to the current law.
- *Margin loan service*: Financial leverage is a very important way for investors to increase their profit. Therefore, Rong Viet provides margin loan services with the targets of safety, effectiveness and ease of use. The service providing investors with a monthly update of Rong Viet's criteria and the stock portfolio that is accepted for margin loan by Stock Exchange, with competitive and active interest rates.
- *M+ service*: Including 9.9 Margin and Active Margin. 9.9 Margin is the service for customer who need a margin loaning service with short term, attractive interest rates. Active Margin is service for customer who opened account with margin agreement, credit contract and short term capital demand.

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## INTERNAL RELATIONS (Cont)

### ■ External objects of business

#### The best services to customers

##### Services for institutional customers



#### Brokerage and investment advisory service

RongViet provides full brokerage services for institutional investors in an honest manner, reflecting in-depth knowledge of the market. Besides, RongViet is able to do large investment deals with a high level of professionalism. RongViet currently has many services, such as:

- Managing accounts
- Supporting transactions as required
- Delivering securities services: Securities depository, share rights exercise and others
- Providing information and timely advise for customers



#### Research services

RongViet provides research services for institutional and individual clients. Moreover, RongViet also provides research reports as ordered that collect, analyze and provide information for the business plans of customers.



#### Financial services

Financial leverage is very important to increase the profit for investors. Therefore, RongViet provides a full package of financial services, such as margin loan service, cash advance from selling stocks, and stock mortgages to satisfy the demand of customers.

Based on each customer group and the liquidity of the securities portfolio, RongViet gives a limit and recommends products that are suitable to maximize effective capital use. The management of accounts is done by RongViet's auto system, which is provided by foreign partners with tight monitoring of procedures to guarantee the safety in customer's transactions.



#### Investment banking

- *Capital market services:* The financial and capital market in Vietnam have been in the improvement period of organization, applied law, operations, and have strong potential for future development. Therefore, RongViet focuses on investment banking and services in the capital market. With the target of diversified services and guarantee of service quality, RongViet is always confident in its current capital market services. To be specific, RongViet provides services such as equitization and company transformation, share offering, underwriting, listing and strategic partner search advisory.
- *Debt market service:* Due to the company's advantages from its strong human resources and wide network, RongViet's Investment Banking department always improves and enhances capacity to provide services related to debt market. This includes basic services ranging from issuing and listing bonds to complicated services such as underwriting and capital arrangement. Currently, RongViet has many services such as bond issuing, debt derivatives, underwriting of bond issuing, bond listing, bond owner's representative, and looking for and raising capital advisory.
- *Restructuring and valuation:* Restructuring and valuation services are provided to help companies take part in the financial market. These services will help businesses to increase the transparency and profession, thereby supporting the long term strategy of businesses and to take advantage of opportunities in the financial market.
- *Compliance services:* RongViet understands company's difficulties in complying with the regulatory law in financial markets and securities markets. Therefore, we provide advisory services to help customers comply with regulations in terms of the following services:

annual general meeting organizing, company charter building and fixing, public company registering, information disclosing, annual report making, and investor relations advisory.

- *Mergers and Acquisition advisory (M&A):* We have positioned ourselves in the M&A advisory sector, with a wide and diversified customer-partner network. Clients

are always provided with comprehensive services in all activities related to M&A activities. Based on customer's demands, RongViet places a priority on bringing the maximized benefit during the M&A process. M&A services are built in a diversified way to satisfy all of the requirements of customer in M&A activities, including building M&A plans, joining in dealing, looking for suitable investors and post M&A transaction plan advisory.



## CONTENTS OF THE REPORT



### INTERNAL RELATIONS (Cont)

#### ■ External objects of business (Cont)

##### Providing comprehensive and accurate information about services

Beside building an enthusiastic, loyal and experienced brokerage team and a diversified portfolio, RongViet also focuses on building these services to support our customers:

#### **liveDragon**

##### **Smart Price Board**

Built with modern technology with many advanced specifics, tool and utilities, in order to support transactions.

#### **callDragon**

##### **Call center**

A stock transaction system through call center (08) 6299 2020 with many utilities: buy/sell orders, check balance status of available cash or stocks.

#### **iDragon**

##### **Online Trading**

Stock transaction solution with many advanced utilities based on high technology, close display, and easy to use Internet devices. The system has updated a new version since 04/2016.

#### **tabDragon**

##### **Trading on Tablets**

Being designed with the standard of "Simple is effective"; transactions are done quickly every time and everywhere with the touch control.

#### **goDragon**

##### **Trading on Smart Phone**

Designed from Android and iOS systems, and convenient and suitable for using on smart phones.

#### **smsDragon**

##### **Enquiry via SMS**

This system will send messages to notify customers of transaction results, besides regularly updating customers about their balance status as requested.

#### **mailDragon**

##### **Transaction Notifications**

This system will send message to notify them about transaction results, besides regularly updating balance status and research reports.

#### **liveAccount**

##### **Online Account Opening**

An utility service allowing investors to new open trading accounts with a swift process and simple procedures on the Internet.

#### **Website**

##### **Online Account Opening**

This product allows customer to open online accounts with simple and quick procedures.

## Promotion and customer gratitude policy

- RongViet also organizes promotion events to show our customer gratitude. In 4/2016, RongViet organized the “RongViet birthday” event with many programs as accelerating points for gifts and favorable transaction fees, which received positive responses from customers.
- On the occasion of raising capital to VND700 billion in 2016, RongViet ran the event “Happy New RongViet – Happy New Year” with many favorable discounts such as decreasing interest and other fees to a very competitive level and introducing a new product, Margin 9.9.
- The program “Customer Appreciation” is run annually for all customers across the country. Whereby, customer’s transactions are recorded as points that will be rated at the end of year in term of levels such as Diamond, Gold, Silver, and Member. Each level will receive different promotions.
- Moreover, RongViet also has many events for customers to enhance bonding and express appreciation to our customers that have trusted RongViet. This includes the following: Wine Party at beginning of year-2016, and Ceremony for new license & customer appreciation-2015.

## PRODUCTS AND SERVICES OF RONG VIET

INDIVIDUAL CLIENT	INSTITUTIONAL CLIENT	PROMOTION POLICY
<b>Brokerage and investment advisory</b>	<b>Brokerage and securities service</b>	- Customer Appreciation program
- Securities brokerage	- Account management	- Others
- Investment advisory	- Support doing transactions as required	
- Account management	- Securities service as depositary, and right doing	
<b>Securities services</b>	<b>Research service</b>	
- Deposit management	<b>Financial service</b>	
- Securities depositary	<b>Investment banking</b>	
- Securities auction	- Capital market service	
- Shareholder management	- Debt market service	
- Open-end fund share distribution	- Restructure and valuation service	
<b>Research services</b>	- Compliance advisory	
- 6pm news	- Merger and Acquisition advisory	
- Analyst pin board		
- Strategy reports		
- Recommended portfolio		
- Special Reports		
- Stock market reports		
- Company reports		
<b>Financial service</b>		
- Stock mortgage		
- Cash advance from selling stock		
- Margin loan service		
- M+ service		

## CONTENTS OF THE REPORT



### INTERNAL RELATIONS (Cont)

#### ■ Contribution to the growth and development of Vietnam's securities market

RongViet ceaselessly attempts to become one of the leading securities companies in Vietnam. With the strong efforts from the organization and entire staff, RongViet completely erased its accumulated losses in 2015. During 2016, Rong Viet recorded a pre-tax profit of VND61 billion, five times higher than its profit last year. This shows the company's responsibility in protecting shareholder's benefits. Although RongViet has not paid dividends to its shareholders, RongViet plans to pay 10% dividends in 2017 due to successful past results. In 2016, RongViet was in the top 15 Typical Securities Companies for 2015-2016 by the HNX. Moreover, RongViet also received the Asiamoney Brokers Poll Award and Top 3 most improved brokerage award by Asiamoney magazine.

RongViet always focuses on the transparency of information. In 2016, RongViet was also in the top 30 most transparent listed companies in 2015-2016 by the HNX, showing RongViet's efforts to improve value for shareholders. Two

important channels connecting RongViet and shareholders are the Annual General Meeting and Annual Report. This provides shareholders with the opportunity to access and discuss information regarding business performance, strategies and the orientation in the short to mid term.

During the beginning of 2016, RongViet organized a ceremony to announce a new license & customer appreciation party to mark the following event: The State Securities Commission Of Vietnam (SSC) officially released the adjusted license No. 57/GPĐC-UBCK allowing RongViet increase the charter capital to VND700 billion.

RongViet currently created a separate area for Investor Relations (IR) on the website where shareholders can find information about the company, including stock information, operation status, and management policies.



**Stock information:** Information related to RongViet could be found here such as current price, technical chart, right schedule, and price history.



**Information Disclosing:** Includes two main subjects of disclosed information and shareholder's information. Shareholders can find the information relating to RongViet, which it is required to disclose following current law: additional listing, meeting minutes, and resolution of annual general meeting or BODs. Moreover, investors can also find the current shareholder structure of RongViet and internal transaction information.



**Financial information:** Providing quarterly and annual financial reports, annual reports and a company prospectus.



**Company regulation:** RongViet realizes that the key for success is having respect for laws, as well as absolute compliance with transparency in asset management and management procedures. Along with that, RongViet would like to receive the shareholder's understanding for this matter. Shareholders and investors can find the latest updating documents of company charter, corporate governance and corporate governance report.



### ■ Contribution to the growth and development of Vietnam's securities market

In 2016, RongViet has contributed actively in providing an analysis of macroeconomic conditions, market and industries news for investors, as well as contributing to the overall development of Vietnam's securities market. Besides, RongViet has continued its efforts to improve the role of raising capital for clients, as follows:

In July and August of 2016, RongViet collaborated with State Securities Commission (SSC) to successfully celebrate the Training program in HCMC, Can Tho, Dong Nai, and Nha Trang for public companies to timely disseminate and update news regulations relating to the securities market. These participants include more than 600 leaders that represent nearly 400 listed companies located in HCMC, Southeast area, Mekong River Delta, and provinces from the Central Coast and Highlands. According to the evaluation of local businesses, a cooperation between SSC and a securities firm to organize such a program is vital.



On 14/07/2016, RongViet securities was a sponsor for a scientific seminar named "Vietnam Derivatives market - Opportunity and Challenges", held by SSC with the support of Ton Duc Thang University (District 7, HCMC). The workshop aimed to create a favorable environment for experts, scientists, managers, enterprises and organizations in the financial sector to exchange their expertise, understand the operation mechanism, and to contribute ideas to build and develop the derivatives market in Vietnam. Participants of this workshop include Mr. Bui Nguyen Hoan – Director cum Head of SSC's representative office in HCMC; Mr. Nguyen Son – Director General of Department of Market Development of SSC; Mr. Le Nhi Nang - Director cum Head of SSC's representative office in HCMC; Mr. Nguyen Chi Trung – Deputy General Director of RongViet; other representatives of SSC, Vietnam Securities Depository, securities companies, investment funds, commercial banks, experts, scientists and nearly 500 students from Ton Duc Thang University.



On March of 2016, our Research and investment advisory department attended the online exchange program entitled "Stock Market 2016: Opportunities from Expanding Room, New Goods and Oil Price Movements" held by Dau tu chung khoan magazine at the headquarter office of the Ho Chi Minh City Stock Exchange. HCM (HOSE), which is located at 16, Vo Van Kiet, District 1, HCMC. Ho Chi Minh City. This program aims to answer questions as well as provide professional information to investors and interested subjects.

RongViet also regularly publishes Strategic Investment Reports in 2016 to provide investors with information and strategies for investment proposals. These reports are always appreciated by individual investors as well as organizations.



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### COMPLETE OBLIGATIONS TO THE STATE

RongViet always acts in compliance with laws in all of its business activities, so the financial obligation to the state is always one of RongViet's top concerns. After eliminating accumulated losses in 2015 and achieving strong growth in its profits in 2016, RongViet commits that in the new period of 2017-2020, the company will maintain a profitable business activities and contribute a portion of Its profit for the Stage budget. Through this, RongViet will have a chance to strengthen and develop socio-economic infrastructure while creating conditions for the “take-off” of the Vietnam economy.



### CONTRIBUTING TO THE DEVELOPMENT OF THE YOUNG GENERATION

Recognizing the importance of nurturing and training future generations, the company annually offers programs aimed at Vietnam's youth, especially the senior students in order to provide knowledge and skills needed for their careers in the future. In addition, RongViet also creates opportunities for students to experience a professional working environment that will help them to adapt well in their working environment after graduating. In 2016, Viet Dragon launched the following activities:

#### **The Scientific Seminar “Vietnam Derivatives Market - Opportunities and Challenges”**

sponsored by RongViet in order to create favorable conditions for students from Ton Duc Thang University, and allow them to meet and acquire more knowledge about the stock market.



**RongViet is the main Sponsor for the “Student with Finance - FSC 2016”** Contest hosted by the Foreign Trade University's Securities Club. Through this contest, RongViet created opportunities for students to develop themselves. The best students from the competition were selected to attend internship programs of the company in many different positions.







### SHARING RESPONSIBILITY WITH COMMUNITY AND SOCIETY

In addition to our efforts to develop the company and contribute to the expansion of the stock market, RongViet also shares responsibility with the community and society with practical programs such as “Spring of Love” or “Accompany you to School - Get Your Dreams”. These programs are not only supported by all members of RongViet but also receive the attention of our customers and partners. Specifically, in 2016, Rong Viet implemented the following:

#### Share the love of Spring in 2016”

This is a traditional activity of RongViet that takes place during Spring. During this event, the company’s employees and sponsors donated money and many gifts including essentials items such as rice, milk, sugar oil, and notebooks for teachers and children of Can Thanh Special School in Can Gio. Can Thanh Special School was established in October 1993 by Can Gio Parish. It has been operating for more than 20 years, and was formerly known as Can Gio School for Disabled Children. It is currently managed by the Can Gio District Education and Training Office.



#### The “Accompany you to School - Get Your Dreams” project took place for the 5th time in Bac Binh District, Binh Thuan Province:

This is a program that provides scholarships to gifted students and gifts to pupils from difficult families in remote areas before entering the new school year. RongViet’s staff visited various schools and gave presents to students at these schools. RongViet Union Executive Board awarded 2 scholarships for poor pupils, 17 scholarships for near-poor pupils and 250 handbags for pupils of the school. While the students can bring their own water to school, many children there do not have enough water to drink and their schooling equipment is lacking. The Company has donated water purifiers for students and installed 11 sets of computers for their study.



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### TO IMPLEMENT THE POLICY OF SAVING AND PROTECTING NATURAL RESOURCES AND THE ENVIRONMENT

RongViet strives to save resources such as electricity, water, office equipment, and stationery. This has been specified in RongViet's Labor Regulations, which all of RongViet's employees have agreed to follow. Our staff always follows the following principles when using the facilities:

- Saving, efficiency, and right purpose
- Awareness of conserve common properties
- Maintaining and preserving the provided tools and assets
- Compliance with property operating procedures / rules

In addition, RongViet staffs are also executing regulations on fire prevention such as powering off electricity and electrical equipment when not using it. Every year, Rong Viet periodically coordinates with the Fire Prevention and Fighting Agency to organize training courses on fire safety. This is a practical activity not only to protect the company's assets but also to protect the lives of individuals and organizations working in the area.



## CRITERIA FOR SUSTAINABLE DEVELOPMENT MADE BY RONGVIET



### GENERAL STANDARD DISCLOSURES

Categories	Description	Reference/Answer	Page
<b>Strategy and Analysis</b>			
G4-1	Messages of Executive Directors.	Annual Report – Message of Board of Directors.	06
G4-2	Describe financial effect, risk and opportunities	Sustainable Development Report – Sustainable Development model	86
<b>Organizational Profile</b>			
G4-3	Name of the organization	Annual Report – General information of RongViet	12
G4-4	Main products and services	Sustainable Development Report – Provide the best products and services to customers	96
G4-5	Address of the Headquarter	Annual Report – General information of RongViet	12
G4-6	Number of countries where the organization operates, and names of countries where either the organization has major operations or are specifically relevant to the Sustainable Development topics covered in the report.	Current, RongViet operates in Vietnam with its headquarters in Ho Chi Minh City. It also operates three other branches.	
G4-7	Nature of ownership and Legal form	Annual report – General information of RongViet	13
G4-8	Served markets (including geographic breakdown, served sectors, and types of customers and beneficiaries for serving )	Currently, RongViet serves both national and international customers	
G4-9	Scale of the organization	Annual report – General information of RongViet	12
G4-10	Human resources summary.	Sustainable Development Report – Build strong and enthusiastic human resources.	92
G4-11	Percentage of total employees covered by Labor policy	100%	
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or supply chain	Sustainable Development Report – Expanding the scale and maintaining efficiency in operations.	88
G4-15	Listing regulations, Charter or activities relating to the economy, society or environment in which the organization has built.	Sustainable Development Report – Management System for Sustainable Development	87
<b>Sphere and Boundaries of Reporting</b>			
G4-17	List all entities included in the organization's consolidated financial statements or equivalent documents. Report if any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	Currently, RongViet does not have subsidiary.	

## CRITERIA FOR SUSTAINABLE DEVELOPMENT MADE BY RONGVIET



### GENERAL STANDARD DISCLOSURES (Cont)

Categories	Description	Reference/Answer	Page
G4-18	Explain the process to define the report's content and the boundaries of reporting. Explain how the organization has implemented the reporting principles for building report content.	Sustainable Development Report – Sphere and Boundaries of reporting Sustainable Development Report – Sphere and Boundaries of reporting	
G4-19	List all the material aspects identified in the process for defining report content	Sustainable Development Report – Identify the report content	84
G4-20	For each material aspect, the Boundary of aspects within the organization is reported	Sustainable Development Report – Sphere and Boundaries of reporting	82
G4-21	For each material Aspect, the Boundary of aspects outside the organization is reported	Sustainable Development Report – Sphere and Boundaries of reporting	82
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for this.	This is the first year that Rong Viet complied with GRI	
G4-23	Report significant changes from previous reporting periods (about the sphere and matter reported)	This is the first year that Rong Viet complied with GRI	
<b>Stakeholder Engagement</b>			
G4-24	Provide a list of stakeholder groups engaged in the organization	Sustainable Development Report – Stakeholder Engagement	83
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	Sustainable Development Report – Stakeholder Engagement	83
G4-26	Report the way the organization approaches stakeholder for engagement	Sustainable Development Report – Stakeholder Engagement	83
G4-27	Report key topics and concerns that have been raised during the engagement of stakeholders. Report how the organization has responded to those key topics and concerns.	Sustainable Development Report – Identify the report content	84
<b>Reporting Profile</b>			
G4-28	Reporting period	Annual report – General information of Report	82
G4-29	Date of most recent previous report (if any)	Sustainable Development Report – Overview of Report	82
G4-30	Reporting cycle	Sustainable Development Report – Overview of Report	82
G4-31	Contact address	Sustainable Development Report – Contact information	82

## CRITERIA FOR SUSTAINABLE DEVELOPMENT MADE BY RONGVIET

Categories	Description	Reference/Answer	Page
<b>Governance Structure And Composition</b>			
G4-34	Report the governance structure of the organization, including board of the highest governance bodies.	Sustainable Development Report – Management system for Sustainable Development	88 94
<b>Ethics and Integrity</b>			
G4-56	Describe the values, principles, standards and norms of behavior such as Codes of conduct and Codes of ethics.	Annual Report – Missions, Vision, Core Values	



### SPECIFIC STANDARD DISCLOSURES

Categories	Description	Reference/Answer	Page
<b>Economic Effects</b>			
G4-EC1	Economic value generated and distributed	Sustainable Development Report – Expanding in scale and maintaining efficiency Sustainable Development Report – Secure income and welfare policy for employees	88 94
<b>Environmental Effects</b>			
	Due to industrial specific characteristics, the company does not affect the environment like manufacturers do	Sustainable Development Report – Policy for environment saving and protecting	
<b>Social Effects</b>			
<b>Jobs</b>			
G4-LA1	Total number of employees and rates of new hirings and employee turnover classified by age group, gender and region.	Sustainable Development Report – Human Resources	90
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, classified by significant division and locations.	Sustainable Development Report – Secure income and welfare policy for employees	94
<b>Training and Education</b>			
G4-LA10	Average hours of training per year per employee by gender, and by employee category Long-term management and learning programs aimed to support worker's ability to continue their careers and managing jobs.	Sustainable Development Report – Recruitment policy, training and building the next-generations.	92
<b>Local Communities</b>			
G4-S01	Activities with the engagement of local community, evaluations of the impact, and developmental programs.	Sustainable Development Report – Contribute to development of young talent. Sustainable Development Report – Share the responsibility with society	104 105
<b>Compliance</b>			
G4-PR9	Total monetary value of fines for non-compliance with laws and regulations concerning the provisions and the use of products and services.	During 2016, RongViet did not have any fines.	





# FINANCIAL STATEMENTS

- GENERAL INFORMATION
- REPORT OF THE BOARD OF MANAGEMENT
- INDEPENDENT AUDITORS' REPORT
- STATEMENT OF FINANCIAL POSITION
- INCOME STATEMENT
- CASH FLOW STATEMENT
- STATEMENT OF CHANGES IN OWNERS' EQUITY
- NOTES TO THE FINANCIAL STATEMENTS



## GENERAL INFORMATION

### ■ The company

Viet Dragon Securities Corporation (“the Company”) is a joint stock company established in Vietnam pursuant to Business Registration Certificate No. 4103005723 issued by the Department of Planning and Investment of Ho Chi Minh City on 15 December 2006 and Business License No. 32/UBCK-GPHDKD issued by the State Securities Commission (SSC) on 21 December 2006 and the following Amended Licenses issued by the SSC:

Amended License No.	Description	Date granted
32/UBCK-GP	Increase the charter capital to VND300,000,000,000	15 August 2007
147/UBCK-GP	Increase the charter capital to VND330,000,000,000	8 August 2008
312/UBCK-GP	Head office relocation	11 March 2010
347/UBCK-GP	Increase the charter capital to VND349,799,870,000	20 August 2010
57/GPDC-UBCK	Increase the charter capital to VND700,000,000,000	17 December 2015

The Company’s current principal activities are to provide brokerage services, self-trading of securities, underwriting services, financial and securities investment advisory services and securities custody services.

The Company’s head office is located at 141 Nguyen Du Street, Ben Thanh Ward, District 1, Ho Chi Minh City. As at 31 December 2016, the Company has three (3) branches in Hanoi, Nha Trang and Can Tho cities.

### ■ Main features of operation of the Company

#### Capital size

As at 31 December 2016, the Company’s charter capital amounted to VND700,000,000,000, while its owners’ equity was VND762,861,001,674 and its total assets were VND1,593,235,428,743.

#### Investment target

Being a listed securities company in the Vietnamese securities market the Company’s aims are to contribute to the development of the securities market and bring benefits to customers, investors and shareholders of the Company.

#### Investment restrictions

The Company complies with regulations at Article 44 of Circular No. 210/2012/TT-BTC dated 30 November 2012 promulgating the establishment and operation of securities companies and Circular No. 07/2016/TT-BTC dated 18 January 2016 amending and supplementing certain articles of Circular No. 210/2012/TT-BTC.

### ■ Board of Directors

Members of the Company’s Board of Directors during the year and at the date of the financial statements include:

Name	Position	Date of appointment
Mr. Tran Le Nguyen	Chairman	Appointed on 28 October 2015
Mr. Nguyen Mien Tuan	Vice president	Appointed on 28 October 2015
Mr. Nguyen Thuc Vinh	Member	Appointed on 18 April 2012
Ms. Nguyen Nu Tuong Oanh	Member	Appointed on 18 April 2012
Mr. Nguyen Hieu	Member	Appointed on 15 March 2014
Mr. Ton That Dien Khoa	Member	Appointed on 16 October 2014
Mr. Kelly Yin Hon Wong	Member	Appointed on 28 October 2015



### ■ Board of Supervisors

Members of the Company's Board of Supervisors during the year and at the date of the financial statements include:

Name	Position	Date of appointment/reappointment
Ms. Nguyen Thi Oanh	Chief Supervisor Appointed	on 28 October 2015
Mr. Nguyen Van Minh	Member Appointed	on 28 October 2015
Mr. Dao Cong Thang	Member Reappointed	on 18 April 2012
Ms. Nguyen Thi Thuy Hang	Member Appointed	on 8 April 2015

### ■ Board of Management

Members of the Company's Board of Management during the year and at the date of the financial statements include:

Name	Position	Date of appointment
Mr. Nguyen Hieu General	Director Appointed	on 18 September 2012
Mr. Nguyen Minh Nhut	Deputy General Director Appointed	on 25 September 2009
Mr. Nguyen Chi Trung	Deputy General Director Appointed	on 15 July 2013
Mr. Le Minh Hien Chief Accountant	Appointed on 20 January 2007	

### ■ Legal representative

The legal representative of the Company during the year and at the date of the financial statements is Mr. Nguyen Mien Tuan.

Mr. Nguyen Hieu - the General Director is authorized by Mr. Nguyen Mien Tuan to sign off the financial statements in accordance with Decision No. 23/2012/QĐ-HĐQT dated 16 October 2012.

### ■ Auditors

The auditors of the Company are Ernst & Young Vietnam Limited.

Management of Viet Dragon Securities Corporation (the Company) is pleased to present its report and the Company's financial statements for year ended 31 December 2016.

### ■ Management's responsibility for the financial statements

Management of the Company is responsible for the financial statements of each financial year which give a true and fair view of the financial position of the Company and of the results of its operation, its cash flows and its changes in owner's equity for the year. In preparing those financial statements, the Management is required to:

- Select suitable accounting policies and apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue its business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

Management confirmed that it has complied with the above requirements in preparing the accompanying financial statements for the year ended 31 December 2016.

# REPORT OF THE BOARD OF MANAGEMENT

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## ■ Statement by the Management

Management does hereby state that, in its opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2016 and of the results of its operation, its cash flows and its changes in owners' equity for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, accounting guidance applicable to securities companies and statutory requirements relevant to preparation and presentation of financial statements.

**On behalf of the Management:**



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**Nguyen Hieu**  
**General Director**

Ho Chi Minh City, Vietnam  
24 February 2017

# INDEPENDENT AUDITORS' REPORT

**To: The Shareholders of Viet Dragon Securities Corporation**

We have audited the accompanying financial statements of Viet Dragon Securities Corporation ("the Company") prepared on 24 February 2017 and set out on pages 6 to 64, which comprise the statement of financial position as at 31 December 2016, the income statement, cash flow statement and statement of changes in equity for the year then ended and the notes thereto.

## Management's responsibility

The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, accounting regulations and guidance applicable to securities companies and statutory requirements relevant to preparation and presentation of financial statements, and for such internal control as the Company's management determines is necessary to enable the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditors' 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, plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 judgment, 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 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.

## Opinion

In our opinion, the financial statements present truly and fairly, in all material respects, the financial position of the Company as at 31 December 2016, and of the results of its operations, its cash flows and its changes in owners' equity for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, accounting regulations and guidance applicable to securities companies and statutory requirements relevant to preparation and presentation of financial statements.

**Ernst & Young Vietnam Limited**



**Audit Practicing Registration  
Certificate No. 2036-2013-004-1**

Ho Chi Minh City, Vietnam  
24 February 2017

**Vo Ngoc Minh  
Auditor**

**Audit Practicing Registration  
Certificate No. 2105-2013-004-1**

## STATEMENT OF FINANCIAL POSITION

(Unit: VND bn)

Code	ITEMS	Notes	Ending balance	Beginning balance
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>1.562.665.911.314</b>	<b>976.274.988.243</b>
<b>110</b>	<b>I. Financial assets</b>		<b>1.428.040.695.023</b>	<b>841.286.272.875</b>
111	1. 1 Cash	5	248.012.673.266	241.819.134.521
111.1	1.1 Cash and cash equivalents		248.012.673.266	81.819.134.521
111.2	1.2 Các khoản tương đương tiền		-	160.000.000.000
112	2. Financial assets at fair value through profit and loss (FVTPL)	7.1, 7.2	335.565.864.659	99.911.875.543
114	3. Loans	7.3	861.420.252.720	508.453.622.392
116	4. Provision for impairment of financial assets and mortgaged assets	7.4	(28.610.104.426)	(26.602.182.963)
117	5. Receivables		4.145.678.317	10.789.742.146
117.1	5.1 Receivables from sale of financial assets	8	2.484.000.000	9.582.750.000
117.4	5.2 Accruals from dividend and interest income	8	1.661.678.317	1.206.992.146
118	6. Advances to suppliers	9	1.662.837.000	551.967.902
119	7. Receivables from services provided by the Company	8	5.843.493.487	6.179.827.003
122	8. Other receivables	8	1.978.208.478	2.160.494.809
129	9. Provision for impairment of receivables	8	(1.978.208.478)	(1.978.208.478)
<b>130</b>	<b>II. Other current assets</b>	<b>10</b>	<b>134.625.216.291</b>	<b>134.988.715.368</b>
131	1. Advances		132.955.166.000	132.050.815.271
133	2. Short-term prepaid expenses		1.619.001.959	2.882.344.507
134	3. Short-term deposits, collaterals and pledges		48.550.000	48.550.000
137	4. Other current assets		2.498.332	7.005.590
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>30.569.517.429</b>	<b>37.074.571.443</b>
<b>220</b>	<b>II. Fixed assets</b>		<b>13.410.029.791</b>	<b>13.526.134.207</b>
221	1. Tangible fixed assets	11.1	9.577.738.069	10.033.518.916
222	Cost		32.741.559.294	32.455.626.481
223a	Accumulated depreciation		(23.163.821.225)	(22.422.107.565)
227	2. Intangible fixed assets	11.2	3.832.291.722	3.492.615.291
228	Cost		11.707.841.628	10.124.060.628
229a	Accumulated amortization		(7.875.549.906)	(6.631.445.337)
<b>240</b>	<b>IV. Construction in progress</b>		<b>170.157.163</b>	<b>170.157.163</b>
<b>250</b>	<b>V. Other non-current assets</b>		<b>16.989.330.475</b>	<b>23.378.280.073</b>
251	1. Long-term deposits, collaterals and pledges	12	2.734.871.664	2.656.871.664
252	2. Long-term prepaid expenses	13	245.182.746	-
253	3. Deferred tax assets	27.2		8.506.770.145
254	4. 4. Deposits to Settlement Assistance Fund	14	14.009.276.065	12.214.638.264
<b>270</b>	<b>TOTAL ASSETS</b>		<b>1.593.235.428.743</b>	<b>1.013.349.559.686</b>

## STATEMENT OF FINANCIAL POSITION

(Unit: VND bn)

Code	ITEMS	Notes	Ending balance	Beginning balance
<b>300</b>	<b>C. LIABILITIES</b>		<b>830.374.427.069</b>	<b>299.795.124.344</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>829.840.256.069</b>	<b>299.173.141.344</b>
311	1. Short-term loans and financial leases	15	-	74.990.100.000
312	<i>Short-term loans</i>		-	74.990.100.000
316	2. Short-term issued bonds	15	503.120.000.000	80.780.000.000
320	3. Short-term trade payables	16	20.037.277.465	810.000.000
321	4. Short-term advances from customers		1.717.240.560	616.500.000
322	5. Taxation and statutory obligations	17	5.308.043.049	1.401.782.303
323	6. Payables to employees		7.796.755	7.796.755
325	7. Short-term accrued expenses	18	8.037.734.900	3.673.782.456
329	8. Other current liabilities	19	291.612.163.340	136.893.179.830
<b>340</b>	<b>II. Non-current liabilities</b>		<b>534.171.000</b>	<b>621.983.000</b>
353	1. Other non-current liabilities		534.171.000	621.983.000
<b>400</b>	<b>D. OWNERS' EQUITY</b>		<b>762.861.001.674</b>	<b>713.554.435.342</b>
<b>410</b>	<b>I. Owners' equity</b>		<b>762.861.001.674</b>	<b>713.554.435.342</b>
411	1. Share capital		709.240.118.792	709.240.118.792
411.1	<i>Contributed capital</i>		700.000.000.000	700.000.000.000
411.1a	<i>Common shares</i>	20.1	700.000.000.000	700.000.000.000
411.2	<i>Share premium</i>		9.240.118.792	9.240.118.792
414	2. Charter capital supplementary reserve		4.622.486.592	2.157.158.275
415	3. Operational risk and financial reserve		4.622.486.592	2.157.158.275
417	4. Undistributed profit	20.2	44.375.909.698	-
417.1	4.1 Realized profit		68.930.268.960	11.540.602.287
417.2	4.2 Unrealized loss		(24.554.359.262)	(11.540.602.287)
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>1.593.235.428.743</b>	<b>1.013.349.559.686</b>

# STATEMENT OF FINANCIAL POSITION

## OFF-BALANCE SHEET ITEMS

(Unit: VND bn)

Code	ITEMS	Notes	Ending balance	Beginning balance
<b>A. ASSETS OF THE COMPANY AND ASSETS MANAGED UNDER AGREEMENTS</b>				
006	Outstanding shares (units)		70.000.000	70.000.000
008	Financial assets of the Company listed/ registered at Vietnam Securities Depository (VSD)	21.1	87.575.160.000	41.022.530.000
009	The Company's non-traded financial assets deposited at VSD	21.2	19.120.000	4.530.000
010	The Company's awaiting financial assets	21.3	8.963.800.000	800.000.000
012	The Company's financial assets not deposit- ed at VSD	21.4	48.442.510.000	49.762.510.000
013	Entitled financial assets of the Company	21.5	370.000	1.008.250.000
<b>B. ASSETS AND PAYABLES UNDER AGREEMENT WITH INVESTORS (Quantity of shares)</b>				
021	Investors' financial assets listed/registered at VSD	21.6	829.656.532	811.804.519
021.1	<i>Unrestricted financial assets</i>		492.727.356	455.571.747
021.2	<i>Restricted financial assets</i>		3.380.298	4.493.507
021.3	<i>Mortgaged financial assets</i>		233.913.148	255.521.346
021.4	<i>Blocked financial assets</i>		90.846.126	90.846.126
021.5	<i>Financial assets awaiting for settlement</i>		8.789.604	5.371.793
022	Investors' non-traded financial assets depos- ited at VSD	21.7	27.552.795	26.507.988
022.1	<i>Unrestricted and non-traded financial assets deposited at VSD</i>		14.356.679	12.286.723
022.2	<i>Restricted and non-traded financial assets deposited at VSD</i>		13.196.116	14.221.265
023	Tài sản tài chính chờ về của Nhà đầu tư	21.8	8.744.896	6.377.944
025	Tài sản tài chính được hưởng quyền của Nhà đầu tư	21.9	5.290.131	6.763.383

## STATEMENT OF FINANCIAL POSITION

(Unit: VND bn)

Code	ITEMS	Notes	Ending balance	Beginning balance
<b>B. ASSETS AND PAYABLES UNDER AGREEMENT WITH INVESTORS (continued)</b>				
026	Investors' deposits		289.067.982.252	238.629.977.652
027	Investors' deposits for securities trading activities managed by the Company	21.10	265.493.738.775	219.624.056.410
029	Investors' deposits for securities transaction clearing and settlement	21.10	15.080.839.725	19.005.921.242
029.1	<i>Domestic investors' deposits for securities transaction clearing and settlement</i>		14.887.810.194	18.518.327.065
029.2	<i>Foreign investors' deposits for securities transaction clearing and settlement</i>		193.029.531	487.594.177
030	Deposits of securities issuers	21.11	8.493.403.752	-
031	Payables to investors relating to deposits for securities trading activities managed by the Company	21.12	286.541.231.166	235.835.303.886
031.1	<i>Payables to domestic investors relating to deposits for securities trading activities managed by the Company</i>		285.923.507.805	235.835.303.886
031.2	<i>Payables to foreign investors relating to deposits for securities trading activities managed by the Company</i>		617.723.361	-
035	Dividend, bond principal and interest payables	21.13	2.526.751.086	2.794.673.766

Prepared by:



**Ms. Duong Kim Chi**  
Deputy Manager of Accounting  
Department

Reviewed by:



**Mr. Le Minh Hien**  
Chief Accountant

Approved by:



**Mr. Nguyen Hieu**  
General Director

Ho Chi Minh City, Vietnam  
24 February 2017

# INCOME STATEMENT

## OFF-BALANCE SHEET ITEMS (cont)

(Unit: VND bn)

Code	ITEMS	Notes	Current year	Previous year
<b>20</b>	<b>I. Operating revenue</b>		<b>229.148.473.459</b>	<b>119.226.374.443</b>
01	1.1 Gain from financial assets at fair value through profit and loss (FVTPL)		53.612.118.137	26.161.350.342
01.1	a. Gain from sale of financial assets at FVTPL	22.1	42.328.974.155	12.184.968.515
01.3	b. Dividend, interest income from financial assets at FVTPL	22.3	11.283.143.982	13.976.381.827
03	1.2 Income from loans and receivables	22.3	110.358.443.341	44.291.683.270
06	1.3 Revenue from brokerage services	22.4	48.945.610.120	37.510.171.249
07	1.4 Revenue from underwriting and issuance agent services	22.4	3.000.000.000	2.894.352.900
09	1.5 Revenue from securities custodian services	22.4	5.628.981.362	3.914.767.770
10	1.6 Revenue from financial advisory services	22.4	6.889.727.272	3.343.636.363
11	1.7 Other operating incomes	22.4	713.593.227	1.110.412.549
<b>40</b>	<b>II. Operating expenses</b>		<b>(134.433.765.232)</b>	<b>(84.125.815.504)</b>
21	2.1 Loss from financial assets at fair value through profit and loss (FVTPL)		(18.406.036.380)	(7.012.323.901)
21.1	a. Loss from sale of financial assets at FVTPL	22.1	(5.392.279.405)	(24.421.387.672)
21.2	b. Loss from revaluation of financial assets at FVTPL	22.2	(13.013.756.975)	17.409.063.771
24	2.2 Provision expenses for financial assets, bad debts written off and loss from impairment of financial assets and borrowing costs to finance for loans	23	(52.997.371.945)	(31.073.886.923)
26	2.3 Expenses for propriety trading activities	24	(1.987.550.274)	(1.219.249.580)
27	2.4 Expenses for brokerage services	24	(42.338.260.891)	(28.173.107.391)
28	2.5 Expense for underwriting and issuance agent services	24	(180.000.000)	-
29	2.6 Expenses for investment advisory services	24	(450.231.499)	-
30	2.7 Expenses for securities custodian services	24	(5.786.971.449)	(4.120.408.957)
31	2.8 Expenses for finance advisory services	24	(5.121.995.390)	(4.224.300.546)
32	2.9 Other operating expenses	24	(7.165.347.404)	(8.302.538.206)



## INCOME STATEMENT

(Unit: VND bn)

Code	ITEMS	Notes	Current year	Previous year
<b>50</b>	<b>III. Financial income</b>		<b>8.266.797.949</b>	<b>7.903.331.755</b>
42	3.1 Revenue, accrued dividends, non-fixed interest income	25	8.266.797.949	7.903.331.755
<b>62</b>	<b>IV. General and administrative expenses</b>	<b>26</b>	<b>(42.167.389.178)</b>	<b>(30.632.730.224)</b>
<b>70</b>	<b>V. Operating profit</b>		<b>60.814.116.998</b>	<b>12.371.160.470</b>
<b>80</b>	<b>VI. Other income and expenses</b>		<b>535.966.930</b>	<b>15.094.729</b>
71	6.1 Other income		587.033.540	26.017.234
72	6.2 Other expenses		(51.066.610)	(10.922.505)
<b>90</b>	<b>VII. Profit before tax</b>		<b>61.350.083.928</b>	<b>12.386.255.199</b>
91	7.1 Realized profit/(loss)		74.363.840.903	(5.022.808.572)
92	7.2 Unrealized (loss)/profit		(13.013.756.975)	17.409.063.771
<b>100</b>	<b>VIII. Corporate income tax (CIT) (expenses)/income</b>	<b>27.1</b>	<b>(12.043.517.596)</b>	<b>8.506.770.145</b>
100.1	8.1 Current CIT expense		(3.536.747.451)	-
100.2	8.2 Deferred CIT (expense)/income	27.2	(8.506.770.145)	8.506.770.145
<b>200</b>	<b>IX. Profit after tax</b>		<b>49.306.566.332</b>	<b>20.893.025.344</b>
<b>400</b>	<b>X. Total comprehensive income</b>		<b>49.306.566.332</b>	<b>20.893.025.344</b>
<b>500</b>	<b>XI. Net income per share</b>			
501	11.1 Basic earnings per share	28.5	704	574
502	11.2 Diluted earnings per share	28.5	704	574

Prepared by:



**Ms. Duong Kim Chi**  
Deputy Manager of Accounting  
Department

Reviewed by:



**Mr. Le Minh Hien**  
Chief Accountant

Approved by:



**Mr. Nguyen Hieu**  
General Director

Ho Chi Minh City, Vietnam

24 February 2017 Ngày 24 tháng 2 năm 2017

# CASH FLOWS STATEMENT

(Unit: VND bn)

Code	ITEMS	Notes	Current year	Previous year
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>				
01	<b>1. Net profit before tax</b>		<b>61.350.083.928</b>	<b>12.386.255.199</b>
02	<b>2. Adjustments for:</b>			
03	Depreciation and amortization		4.894.594.971	4.460.328.255
04	Addition of provisions	23	2.007.921.463	6.859.692.210
07	Gain from investment activities		(8.786.350.105)	(7.903.331.755)
08	Accrued interest income	8	(1.661.678.317)	(1.206.992.146)
10	<b>3. Increase in non-monetary expenses</b>			
11	Loss/(gain) from revaluation of financial assets at FVTPL		13.013.756.975	(17.409.063.771)
30	<b>4. Changes in operating assets and liabilities</b>			
31	(Increase)/decrease in financial assets at FVTPL		(248.667.746.091)	70.289.588.944
33	Increase in loans		(352.966.630.328)	(110.483.055.071)
35	Decrease/(increase) in receivable from sale of financial assets		7.098.750.000	(9.582.750.000)
36	Decrease in receivables and accrued dividends, interests from financial assets		1.206.992.146	-
37	Decrease/(increase) in receivables from services provided by the Company		336.333.516	(2.862.829.290)
39	(Increase)/decrease in other receivables		(928.582.767)	32.897.036.078
40	(Increase)/decrease in other assets		(899.843.471)	2.672.396.739
41	Increase/(decrease) in accrued expense (excluding borrowing costs)		4.363.952.444	(5.473.015.058)
42	Decrease/(increase) in prepaid expense		1.018.159.802	(1.928.161.733)
43	Corporate income tax paid	17	(1.199.528.780)	-
45	Increase/(decrease) in trade payables		19.227.277.465	(4.121.399.958)
46	Decrease in employees benefit payables		-	(29.181.790)
47	Increase/(decrease) in tax payables (excluding corporate income tax paid)		1.569.042.075	(337.631.412)

## CASH FLOWS STATEMENT

(Unit: VND bn)

Code	ITEMS	Notes	Current year	Previous year
	<b>5. Lợi nhuận từ hoạt động kinh doanh trước thay đổi vốn lưu động (tiếp theo)</b>			
50	Increase/(decrease) in other payables	155.731.912.070	155.731.912.070	(72.029.200)
52	Other payments for business operation	(1.872.637.801)	(1.872.637.801)	(1.506.172.483)
<b>60</b>	<b>Net cash used in operating activities</b>	<b>(345.164.220.805)</b>	<b>(345.164.220.805)</b>	<b>(33.350.316.242)</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>				
61	1. Purchase and construction of fixed assets, investment properties and other long-term assets	11	(4.809.438.400)	(5.304.603.880)
62	2. Proceeds from disposals of fixed assets, investment properties and other long-term assets		550.500.001	-
65	3. Interest and dividends received	25	8.266.797.949	7.903.331.755
<b>70</b>	<b>Net cash from investing activities</b>		<b>4.007.859.550</b>	<b>2.598.727.875</b>
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>				
71	1. Increase share capital		-	350.200.130.000
73	2. Drawdown of borrowings		1.418.376.519.780	1.451.608.477.886
73.2	2.1 Other borrowings	15	1.418.376.519.780	1.451.608.477.886
74	3. Repayment of borrowings		(1.071.026.619.780)	(1.580.672.001.581)
74.3	3.1 Other repayment of borrowings	15	(1.071.026.619.780)	(1.580.672.001.581)
<b>80</b>	<b>Net cash from financing activities</b>		<b>347.349.900.000</b>	<b>221.136.606.305</b>
<b>90</b>	<b>NET INCREASE IN CASH DURING THE YEAR</b>		<b>6.193.538.745</b>	<b>190.385.017.938</b>
<b>101</b>	<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>241.819.134.521</b>	<b>51.434.116.583</b>
101.1	Cash	5	81,819,134,521	51,434,116,583
101.2	Cash equivalents	5	160,000,000,000	-
<b>103</b>	<b>CASH AND CASH EQUIVALENT AT THE END OF THE YEAR</b>		<b>248,012,673,266</b>	<b>241,819,134,521</b>
103.1	Cash	5	248,012,673,266	81,819,134,521
103.2	Cash equivalents	5	-	160,000,000,000

## CASH FLOWS STATEMENT

(Unit: VND bn)

Code	ITEMS	Notes	Current year	Previous year
	<b>I. CASH FLOWS FROM BROKERAGE AND TRUST ACTIVITIES OF THE CUSTOMERS</b>			
01	1. Cash receipt from disposal of securities on behalf of customers		1.365.095.050.500	2.920.407.607.698
02	2. Cash payment for acquisition of securities on behalf of customers		(2.156.356.021.500)	(1.866.079.603.600)
07	3. Cash receipt for settlement of securities transactions of customers		6.020.161.721.524	3.852.657.520.601
08	4. 4. Cash payment for settlement of securities transactions of customers		(5.316.702.675.975)	(4.949.438.422.736)
11	5. 5. Cash payment for securities depository fee of customers		2.874.789.150	3.019.159.835
14	6. 6. Cash receipt from securities issuers		266.944.441.672	205.611.421.888
15	7. 7. Cash payment to securities issuers		(131.579.300.771)	(191.630.262.084)
20	<b>Net increase/(decrease) in cash during the year</b>		<b>50.438.004.600</b>	<b>(25.452.578.398)</b>
30	<b>II. Cash and cash equivalent of the customers at the beginning of the year</b>		<b>238.629.977.652</b>	<b>264.082.556.050</b>
31	Cash at banks at the beginning of the year:		238.629.977.652	264.082.556.050
32	Investors' deposits managed by the Company for securities trading activities	21.10	219.624.056.410	262.317.183.105
34	Investors' deposits for securities transaction clearing and settlement	21.10	19.005.921.242	1.765.372.945
40	<b>III. Cash and cash equivalent of the customers at the end of the year (40 = 20 + 30)</b>		<b>289.067.982.252</b>	<b>238.629.977.652</b>
41	Cash at banks at the end of the year:		289.067.982.252	238.629.977.652
42	Investors' deposits managed by the Company for securities trading activities	21.10	265.493.738.775	219.624.056.410
44	Investors' deposits for securities transaction clearing and settlement	21.10	15.080.839.725	19.005.921.242
45	Deposits of securities issuers	21.11	8.493.403.752	-

Prepared by:

Reviewed by:

Approved by:



**Ms. Duong Kim Chi**  
Deputy Manager of Accounting  
Department

Ho Chi Minh City, Vietnam  
24 February 2017



**Mr. Le Minh Hien**  
Chief Accountant



**Mr. Nguyen Hieu**  
General Director

## STATEMENT OF CHANGES IN EQUITY

ITEMS	Notes	Beginning balance		Increase/decrease				Ending balance	
		1 January 2015	1 January 2016	Current year		Previous year		31 December 2016	31 December 2015
				Increase	Decrease	Increase	Decrease		
A	B	1	2	3	4	5	6	7	8
<b>CHANGES IN EQUITY</b>									
Share capital		383.276.000.000	709.240.118.792	-	-	350.200.130.000	(24.236.011.208)	709.240.118.792	709.240.118.792
Common shares with voting right		349.799.870.000	700.000.000.000	-	-	350.200.130.000	-	700.000.000.000	700.000.000.000
Share premium		33.476.130.000	9.240.118.792	-	-	-	(24.236.011.208)	9.240.118.792	9.240.118.792
Charter capital supplementary reserve		2.157.158.275	2.157.158.275	2.465.328.317	-	-	-	4.622.486.592	2.157.158.275
Operational risk and financial reserve fund		2.157.158.275	2.157.158.275	2.465.328.317	-	-	-	4.622.486.592	2.157.158.275
Undistributed profit/(loss)		(45.129.036.552)	-	62.320.323.307	(17.944.413.609)	45.129.036.552	-	44.375.909.698	-
Realized (loss)/profit		(16.179.370.494)	11.540.602.287	62.320.323.307	(4.930.656.634)	27.719.972.781	-	68.930.268.960	11.540.602.287
Unrealized loss		(28.949.666.058)	(11.540.602.287)	-	(13.013.756.975)	17.409.063.771	-	(24.554.359.262)	(11.540.602.287)
<b>TOTAL</b>		<b>342.461.279.998</b>	<b>713.554.435.342</b>	<b>67.250.979.941</b>	<b>(17.944.413.609)</b>	<b>395.329.166.552</b>	<b>(24.236.011.208)</b>	<b>762.861.001.674</b>	<b>713.554.435.342</b>

Prepared by:



**Ms. Duong Kim Chi**

**Deputy Manager of Accounting Department**

Ho Chi Minh City, Vietnam  
24 February 2017

Reviewed by:



**Mr. Le Minh Hien**

**Chief Accountant**

Approved by:



**Mr. Nguyen Hieu**

**General Director**

# NOTES TO THE FINANCIAL STATEMENTS

## CORPORATE INFORMATION

Viet Dragon Securities Corporation ("the Company") is a joint stock company established in Vietnam pursuant to Business Registration Certificate No. 4103005723 issued by the Department of Planning and Investment of Ho Chi Minh City on 15 December 2006 and Business License No. 32/UBCK-GPHDKD issued by the State Securities Commission (SSC) on 21 December 2006, and the following Amended Licenses issued by the SSC:

Amended License

No.	Description	Date granted
32/UBCK-GP	Increase the charter capital to VND300,000,000,000	15 August 2007
147/UBCK-GP	Increase the charter capital to VND330,000,000,000	8 August 2008
312/UBCK-GP	Head office relocation	11 March 2010
347/UBCK-GP	Increase the charter capital to VND349,799,870,000	20 August 2010
57/GPDC-UBCK	Increase the charter capital to VND700,000,000,000	17 December 2015

The Company's current principal activities are to provide brokerage services, self-trading of securities, underwriting services, financial and securities investment advisory services, and securities custody services.

The Company's head office is located at 141 Nguyen Du Street, Ben Thanh Ward, District 1, Ho Chi Minh City. As at 31 December 2016, the Company has three (3) branches in Hanoi, Nha Trang and Can Tho cities.

The Company's number of employees as at 31 December 2016 is 213 (31 December 2015: 207).

### Main features of operation of the Company

#### QCapital size

As at 31 December 2016, the Company's charter capital amounted to VND700,000,000,000, while its owners' equity was VND762,861,001,674 and its total assets were VND1,593,235,428,743.

#### Investment target

Being a listed securities company in the Vietnamese securities market, the Company's aims are to contribute to the development of the securities market and bring benefits to customers, investors and shareholders of the Company.

#### Investment restrictions

The Company complies with regulations at Article 44 of Circular No. 210/2012/TT-BTC dated 30 November 2012 promulgating the establishment and operation of securities companies, Circular No. 07/2016/TT-BTC dated 18 January 2016 amending and supplementing certain articles of Circular No. 210/2012/TT-BTC and current regulations on investment restrictions. Some investment restrictions in accordance with current regulations are as follows:

- The securities company is not allowed to purchase, contribute capital to purchase investment property, except for direct use as its head office, branch, office transaction to provide services.
- The securities company is able to purchase, invest in real estates and fixed assets with their carrying value not exceeding 50% of its total assets.
- The security company's total investment in corporate bonds must not exceed 70% of its owner equity. The security company which can provide self-trading activity on its business registration certificate is allowed to make repurchase/reverse repurchase of listed bonds in compliance with relevant regulations on repurchase/reverse repurchase of government bonds.
- The security company is not allowed to provide direct or entrusted following operations: investing in shares or contributing capital to other companies which accounts for more than 50% of its charter capital, except for purchase of odd batch of securities to meet the customers' demand; the security company and its related parties invest 5% and above in another security company's charter capital; investing more than 20% in outstanding shares, fund units of a listed entity;

investing more than 15% in outstanding shares, fund units of an unlisted entity, except for investing in member funds, exchange-traded funds and open-ended funds; investing or contributing capital more than 15% in total contributed capital of a limited liability company or a business project; investing or contributing capital more than 15% of its owner equity in an entity or a business project; investing more than 70% of its owner equity in shares, capital contribution and business projects, in which it is not allowed to invest more than 20% of its owner equity in unlisted shares, capital contribution and business projects.

### ■ BASIS OF PREPARATION

#### Applied accounting standards and system

The financial statements of the Company, expressed in Vietnam dong ("VND"), are prepared in accordance with Vietnamese Enterprise Accounting System, the accounting guidance applicable to securities companies as set out in Circular No. 210/2014/TT-BTC dated 30 December 2014 issued by the Ministry of Finance, Circular No. 334/2016/TT-BTC dated 27 December 2016 issued by the Ministry of Finance amending, supplementing and replacing appendix 02 and 04 of Circular No. 210/2014/TT-BTC, Circular No. 146/2014/TT-BTC dated 6 October 2014 providing guidance on the financial regime applicable to securities companies and fund management companies and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

- Decision No. 149/2001/QĐ-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);
- Decision No. 165/2002/QĐ-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);
- Decision No. 234/2003/QĐ-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);
- Decision No. 12/2005/QĐ-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 4);
- Decision No. 100/2005/QĐ-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 5).

#### Registered accounting documentation system

The Company's registered accounting documentation system is the General Journal system.

#### Fiscal year

The Company's fiscal year starts on 1 January and ends on 31 December.

#### Financial statements

The Company prepares its financial statements for the year from 1 January to 31 December to submit to authorities in accordance with requirements of Circular No. 155/2015/TT-BTC dated 6 October 2015 issued by Ministry of Finance.

#### Accounting currency

The financial statements are prepared in VND which is also the Company's accounting currency.

### ■ COMPLIANCE WITH VIETNAMESE ACCOUNTING STANDARDS AND ACCOUNTING SYSTEM

The Company's management confirms that the accompanying financial statements are prepared in accordance with the Vietnamese Accounting Standards and Vietnamese Enterprise Accounting System.

Accordingly, the accompanying statement of financial position, income statement, cash flow statement, statement of changes in equity and notes to the financial statements and their utilization are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the financial position, income statement, cash flow statement and statement of changes in equity in accordance with accounting principles and practices generally accepted in countries other than Vietnam.



# NOTES TO THE FINANCIAL STATEMENTS

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## ■ SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Change in accounting policies and disclosures

On 30 December 2014, the Ministry of Finance issued Circular No. 210/2014/TT-BTC providing guidance on accounting policies applicable to securities companies ("Circular 210"). This Circular replaces Circular No. 95/2008/TT-BTC dated 24 October 2008 of the Ministry of Finance providing guidance on accounting policies applicable to securities companies and Circular No. 162/2010/TT-BTC dated 20 October 2010 amending and supplementing Circular No. 95/2008/TT-BTC. Circular 210 is applicable to fiscal year beginning on or after 1 January 2016. Circular 210 prescribes contents of accounting vouchers, system of accounting accounts as well as method of preparing and presenting the financial statements of securities companies.

On 27 December 2016, the Ministry of Finance issued Circular No. 334/2016/TT-BTC amending, supplementing and replacing Appendix 02 and 04 of Circular No. 210/2014/TT-BTC dated 30 December 2014 ("Circular 334").

Circular 210 and Circular 334 leads to the following significant changes:

- Changes in name and content of the financial statements: balance sheet is renamed as statement of financial position, statement of profit or loss is renamed as income statement, statement of cash flows from brokerage and trust activities of investors is separately presented as a part of the basic financial statements.
- Financial assets are categorized into four groups: financial assets at fair value through profit and loss, available-for-sale financial assets, held-to-maturity investments and loans.
- Assets and liabilities of securities companies and investors (including deposits, securities investment and payable accounts) are separately managed.

In addition, Circular 210 and Circular 334 provides the guidance on measurement of financial assets as follows:

- Financial assets at fair value through profit and loss (FVTPL): are recognized at cost or recognized at fair value if complying with current securities regulations. Gain or loss from changes in fair value of these assets is recognized in the income statement.
- Available-for-sale (AFS) financial assets: are recognized at fair value. Any gain or loss arising from revaluation of AFS financial assets is recognized directly in owners' equity (Other comprehensive income), through statement of changes in owners' equity, except for loss from impairment of AFS financial assets.
- Held-to-maturity (HTM) financial assets: are recognized at amortized cost based on effective interest rate method.
- Loans: are recognized at amortized cost based on effective interest rate method.

Circular 210 and Circular 334 are applied for fiscal year beginning from or after 1 January 2016.

The Company has reclassified its comparative figures of previous year in accordance with Circular 210 and Circular 334's requirements as presented in Note 28.7.

### Standards issued but not yet taken effect

On 20 November 2015, the National Assembly of Vietnam passed the Law on Accounting No. 88/2015/QH13 ("the new Accounting Law"). The new Accounting Law extends its governing scope to electronic accounting documents and allows the application of fair value concept for some types of assets and liabilities which their value frequently varies due to market fluctuation, provided that the fair value of these assets and liabilities can be reliably determined. The new Accounting Law takes effect from 1 January 2017.

### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks and short-term, highly liquid investments with an original maturity of three months or less that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

Cash deposited by customers for securities trading and cash deposited by securities issuers are presented at off-balance sheet.

### Financial assets at fair value through profit and loss (FVTPL)

Financial assets recognized at fair value through profit and loss are financial assets that satisfy either of the following conditions:

*It is classified as held for trading. A financial asset is classified as held for trading if:*

- it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except derivative that is a financial guarantee contract or effective hedging instrument).

*bUpon initial recognition, a financial asset is designated by the entity at fair value through profit and loss as it meets one of the following criteria:*

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the asset or recognising gains or losses on a different basis; or
- The assets and liabilities are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

Financial assets at FVTPL are initially recognized at cost and subsequently recognized at cost less the reduction in the fair value of these financial assets as the prevailing securities regulations does not allow the use of fair value concept.

Transaction costs relating to the purchase of the financial assets at FVTPL are recognized when incurred as expenses for proprietary trading in the statement of comprehensive income

### Held-to-maturity investments (HTM)

Held-to-maturity investments are non-derivative financial assets with determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity other than:

- those that the entity upon initial recognition designates as at fair value through profit or loss;
- those that the entity designates as available for sale; and
- those meet the definition of loans and receivables.

Held-to-maturity investments are recognized initially at cost plus (+) transaction costs which are directly attributable to the investments such as brokerage fee, trading fee, agent fee, issuance agent fee and banking transaction fee. After initial recognition, held-to-maturity financial investments are subsequently measured at amortized cost using the effective interest rate ("EIR").

Amortized cost of HTM financial investments is the amount at which the financial asset is measured at initial recognition minus (-) principal repayments, plus (+) or minus (-) the cumulative amortization using the effective interest rate method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

The effective interest rate method is a method of calculating the amortized cost of a financial asset (or group of financial assets) and of allocating the interest income or interest expense over the relevant year.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter year to the net carrying amount of the financial asset.

# NOTES TO THE FINANCIAL STATEMENTS

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## ■ SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

### Loans

Loans are non-derivative financial assets with fixed or identifiable payments and not listed on the market, with the exceptions of:

- The amounts the entity has the intent to immediately sell or will sell in a near future which are classified as assets held for trading, and like those which, upon initial recognition, the entity categorized as such recognized at fair value through profit or loss statements;
- The amounts categorized by the entity as available for sale upon initial recognition; or
- The amounts whose holders cannot recover most of the initial investment value not due to credit quality impairment and which are categorized as available for sale.

Loans are recognized initially at cost. After initial recognition, loans are subsequently measured at amortized cost using the effective interest rate ("EIR").

Amortized cost of loans is the amount at which the financial asset is measured at initial recognition minus (-) principal repayments, plus (+) or minus (-) the cumulative amortization using the effective interest rate method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

### Available-for-sale (AFS)

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as:

- loans and receivables;
- held-to-maturity investments; or
- financial assets at fair value through profit or loss.

Available-for-sale financial assets are recognized initially at cost plus (+) transaction costs which are directly attributable to the purchase of the financial assets. After initial recognition, available-for-sale financial assets are subsequently measured at cost less provision for diminution (if any) as the prevailing Law on Accounting does not allow the use of fair value concept.

### Impairment of financial assets

Financial assets are assessed at the reporting date whether there is objective evidence that the assets are impaired.

Provision for impairment of transferable securities is the difference between the book value and market value of the financial assets as at the latest transaction date but not exceed one month compared to making provision date in accordance with Circular No. 146/2014/TT-BTC and Circular No. 228/2009/TT-BTC. Any increase or decrease in balance of provision is recognized in "Provision expense for financial assets, bad debts written off, impairment of financial assets and borrowing costs to finance for loans".

Market value/fair value of the securities is determined on the following basis:

- For securities listed on Hanoi Stock Exchange and Ho Chi Minh City Stock Exchange, their market prices are their closing prices on the trading day preceding the date of setting up the provision.
- For securities have not listed on Stock Exchange but registered for trading on the unlisted public company market (UPCom), their market prices are their average closing prices on the trading day preceding the date of setting up the provision.
- For the delisted securities and suspended trading securities from the sixth day afterward, their prices are the book value at the latest financial report date.

## NOTES TO THE FINANCIAL STATEMENTS

- The market price for unlisted securities and securities unregistered for trading used as a basis for setting up the provision is the average of actual trading prices quoted by 3 securities companies conducting transactions within one month before the date of setting up the provision.
- For securities which do not have reference prices from the above sources, the impairment is determined based on the financial performance and the book value of securities issuers as at the assessment date.

Provision for loans is made based on the expected loss which is calculated as the difference between market price of securities pledged for loans and outstanding loan balance.

### **Derecognition of financial assets**

A financial asset (part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either:
  - the Company has transferred substantially all the risks and rewards of the asset, or
  - the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company’s continuing involvement in the asset. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### **Financial asset reclassification**

#### **Reclassification when disposing financial assets which are not financial assets recognized at FVTPL**

The Company which disposes financial assets which are not financial assets at FVTPL is required to reclassify financial assets from other related groups to financial assets at FVTPL.

#### **Reclassification due to change in attention or holding ability**

The Company is allowed to reclassify financial assets into other groups as the result of change in its attention or holding ability. Accordingly:

Non-derivative financial assets at FVTPL which are not required to classify into FVTPL at initial recognition can be reclassified into loans and receivables in some special circumstances or cash and cash equivalents if it meets conditions to be classified into this group. Loss recorded from revaluation of financial assets at FVTPL before reclassification will not be reversed.

If the Company changes its attention or holding ability, the classification of an investment into held-to-maturity is no longer suitable. This investment must be reclassified to financial assets at AFS and revaluated at cost less provision for diminution (if any) as the prevailing Law on Accounting does not allow the use of fair value concept.

### **Receivables**

Receivables are initially recorded at cost and subsequently always presented at cost.

Receivables are subject to review for impairment based on their overdue status or estimated loss arising from undue debts of corporate debtors who have bankruptcy or are under liquidation; or of individual debtors who are missing, have fled, are prosecuted, detained or tried by law enforcement bodies, are serving sentences or have deceased. Increases or decreases to the provision balance are recorded as “General and administrative expenses” in the income statement.

# NOTES TO THE FINANCIAL STATEMENTS

## ■ SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

### Receivables (cont)

The Company has made provision for doubtful receivables in accordance with Circular No. 228/2009/TT-BTC dated 7 December 2009 issued by the Ministry of Finance. Accordingly, the provision rates for overdue receivables are as follows:

Overdue year	Provision rate
From over six (6) months to less than one (1) year	30%
From one (1) year to less than two (2) years	50%
From two (2) years to less than three (3) years	70%
From three (3) years and above	100%

### Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises of its purchase price and any directly attributable costs of bringing the tangible fixed asset to working condition for its intended use.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the income statement.

When tangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the income statement.

### Intangible assets

Intangible assets are stated at cost less accumulated amortization.

The cost of an intangible fixed asset comprises of its purchase price and any directly attributable costs of preparing the intangible fixed asset for its intended use.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and other expenditures are charged to the income statement.

When tangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the income statement.

### Depreciation and amortization

Depreciation and amortization of tangible fixed assets and intangible fixed assets are calculated on a straight-line basis over the estimated useful life of each asset as follows:

Office equipment	3 - 5 years
Transportation vehicles	6 years
Computer softwares	6 - 8 years
Copyrights	5 years
Other intangible assets	5 years

### Operating lease

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

Rentals respective to operating leases are charged to the income statement on a straight-line basis over the term of the lease.

### Prepaid expenses

Prepaid expenses are reported as short-term or long-term prepaid expenses on the statement of financial position and amortized over the year for which the amounts are paid or the year in which economic benefits is generated in relation to these expenses.

Office renovation expense was recognized as long-term prepaid expense to allocate within 5 years into the income statement.

### Borrowings and issued bonds

Borrowings and bonds issued by the Company are announced and presented according to the original balance as at the reporting date.

Borrowings costs are recognized on the accrual basis into the income statement.

### Payables and accruals

Payables and accruals are recognized for amounts to be paid in the future related to costs of borrowings and issued bonds, expense of goods and services received, whether the Company has received invoices from the suppliers or not.

### Employee benefits

#### Post employment benefits

Post employment benefits are paid to retired employees of the Company by the Social Insurance Agency, which belongs to the Ministry of Labor and Social Affairs. The Company is required to contribute to these post employment benefits by paying social insurance premium to the Social Insurance Agency at the rate of 18% of an employee's basic salary on a monthly basis. The Company has no further obligation to fund the post employment benefits of its employees, other than the liability to pay Social Insurance Agency on a monthly basis.

#### Severance pay

The Company has the obligation, under the Vietnam Labour Code, to pay allowance arising from voluntarily resignation of employees, equal to one-half month's salary plus salary allowances (if any) for each year of employment until 31 December 2008. The average monthly salary used in this calculation will be the average monthly salary of the latest year up to the resignation date.

#### Unemployment allowance

According to the applicable regulations, the Company is obliged to pay unemployment insurance at 1% of its salary fund used for payment of unemployment insurance for insurance participants and deduct 1% of salary of each employee to simultaneously pay to the Unemployment Insurance Fund.

### Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is determined according to fair value of receivables which were received or not after deducted trading discounts, price reductions and returned goods. The following specific recognition criteria must also be met before revenue is recognized:

#### Revenue from brokerage services

Where the contract outcome can be reliably measured, revenue is recognized by reference to the stage of completion. Where the contract outcome cannot be reliably measured, revenue is recognized only to the extent of the expenses recognized which are recoverable.

#### Revenue from trading of securities

Revenue from trading of securities is determined by the difference between the selling price and the cost of securities sold.

#### Other income

Revenues from irregular activities other than turnover-generating activities are recorded to other incomes as stipulated by VAS 14 - "Revenue and other income", including: Revenues from asset liquidation and sale; fines paid by customers for their contract breaches; collected insurance compensation; collected debt which had been written off and included in the preceding year expenses; payable debts which are now recorded as revenue increase as their owners no longer exist; collected tax amounts which now are reduced and reimbursed; and other revenues.

#### Interest income

Revenue is recognized on an accrual basis (taking into account the effective yield on the asset) unless collectability is in doubt.

# NOTES TO THE FINANCIAL STATEMENTS

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## ■ SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

### Revenue recognition (cont)

#### Dividends

Income is recognized when the Company's entitlement as an investor to receive the dividend is established, except for dividend received in shares which only the number of shares held by the Company is updated.

#### Other revenues from rendering services

Where the contract outcome can be reliably measured, revenue is recognized by reference to the stage of completion.

Where the contract outcome cannot be reliably measured, revenue is recognized only to the extent of the expenses recognized which are recoverable.

### Cost of securities sold

The Company applies moving weighted average method to calculate cost of equity securities sold and specific identification method to calculate cost of debt securities sold.

### Corporate income tax

#### Current income tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted as at the statement of financial position.

Current income tax is charged or credited to the income statement, except when it relates to items recognized directly to equity, in which case the current income tax is also dealt with in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Company to set off current tax assets against current tax liabilities and when the Company intends to settle its current tax assets and liabilities on a net basis.

#### Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which deductible temporary differences, carry forward of unused tax credits and unused tax losses can be utilized, except where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss.



## NOTES TO THE FINANCIAL STATEMENTS

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Previously unrecognized deferred income tax assets are re-assessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset realized or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date. Deferred tax is charged or credited to the income statement, except when it relates to items recognized directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxable entity and the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

### Owners' equity

#### Contributed capital from shareholders

Contributed capital from stock issuance is recorded at account charter capital in par value.

#### Undistributed profit

Undistributed profit comprises of realized and unrealized undistributed profit.

Unrealized profit of the year is total difference between gain or loss arising from revaluation of financial assets at FVTPL or other financial assets which are in the financial assets portfolio of the Company, charged into profit and loss in the statement of comprehensive income.

Realized profit during the year is the net difference between total revenue, income and total expenses in the statement of comprehensive income of the Company, except for gain or loss arising from revaluation of financial assets recognized in unrealized profit.

### Reserves

According to Circular No. 146/2014/TT-BTC issued by the Ministry of Finance on 6 October 2014, securities companies are required to make appropriation of profit after tax to the following reserves if accumulated loss no longer exist:

	Percentage of profit after tax	Maximum balance
Supplementary Reserve	5%	10% of charter capital
Operational risk and financial reserve	5%	10% of charter capital

Other reserves are created in accordance with the Resolution of the General Meeting of Shareholders.

## NOTES TO THE FINANCIAL STATEMENTS

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

#### Appropriation of net profits (cont)

Net profit after tax is available for appropriation to shareholders after approval by the annual general meeting, and after making appropriation to reserve funds in accordance with the Company's Charter and Vietnam's regulatory requirements.

#### Item with nil balance

The items those are not presented in the financial statements according to Circular No. 210/2014/TT-BTC dated 30 December 2014, Circular No. 334/2016/TT-BTC dated 27 December 2016 and Circular No.146/2014/TT-BTC dated 6 October 2014 issued by the MOF are items with nil balance.

### CASH AND CASH EQUIVALENTS

(Unit: VND bn)

	Ending balance	Beginning balance
<b>Cash</b>	<b>248.012.673.266</b>	<b>81.819.134.521</b>
Cash on hand	103.393.813	51.909.102
Cash at banks for operation of the Company	237.579.345.783	81.556.566.960
Cash for securities transaction clearing and settlement	10.329.933.670	210.658.459
<b>Cash equivalents</b> <b>(Deposits with term less than 3 months)</b>	-	<b>160.000.000.000</b>
<b>Total</b>	<b>248.012.673.266</b>	<b>241.819.134.521</b>

### VALUE AND VOLUME OF TRADING IN THE YEAR

	Volume of trading in the year Unit	Value of trading in the year VND
a. The Company		
Shares	43.903.430	1.171.917.369.195
b. Investors		
- Shares	1.622.072.561	26.503.510.271.800
- Bonds	2.500.000	259.036.600.000
- Others	200	2.070.000
<b>Total</b>	<b>1.668.476.191</b>	<b>27.934.466.310.995</b>

## NOTES TO THE FINANCIAL STATEMENTS

### ■ FINANCIAL ASSETS

#### Financial assets at fair value through profit and loss (FVTPL)

	Ending balance		Beginning balance	
	Cost	Revaluation value	Cost	Revaluation value
Cổ phiếu niêm yết	294.677.745.858	274.950.345.345	43.889.297.562	40.929.080.888
Cổ phiếu chưa niêm yết	65.442.478.063	60.615.519.314	67.563.180.268	58.982.794.655
<b>Tổng cộng</b>	<b>360.120.223.921</b>	<b>335.565.864.659</b>	<b>111.452.477.830</b>	<b>99.911.875.543</b>

## NOTES TO THE FINANCIAL STATEMENTS

### FINANCIAL ASSETS

#### Statement of changes in market values of financial assets

No.	Types of financial assets	Ending balance				
		Cost	Market value or fair value	Revaluation difference		Revaluation value
				Increase	Decrease	
		(1)	(2)=(1)+(3)-(4)	(3)	(4)	(5)=(1)-(4)
<b>I</b>	<b>FVTPL</b>					
<b>1</b>	<b>Shares</b>					
	1.1 Listed shares					
	HPG	60.744.102.850	60.413.883.500	-	330.219.350	60.413.883.500
	VNM	61.103.783.894	56.754.997.600	-	4.348.786.294	56.754.997.600
	FPT	53.618.967.590	52.805.984.000	-	812.983.590	52.805.984.000
	CSM	24.226.434.699	21.605.514.750	-	2.620.919.949	21.605.514.750
	VNS	19.974.742.744	19.846.163.200	-	128.579.544	19.846.163.200
	GMD	16.687.183.216	15.870.141.000	-	817.042.216	15.870.141.000
	FCN	18.447.484.520	15.633.521.900	-	2.813.962.620	15.633.521.900
	HAG	12.040.506.755	8.025.262.150	-	4.015.244.605	8.025.262.150
	CAV	6.161.310.730	6.206.696.000	45.385.270	-	6.161.310.730
	TDH	6.743.786.603	6.089.267.400	-	654.519.203	6.089.267.400
	HNG	7.688.484.571	5.579.938.000	-	2.108.546.571	5.579.938.000
	LHG	3.500.783.480	2.722.663.350	-	778.120.130	2.722.663.350
	PVS	1.888.798.828	1.644.034.400	-	244.764.428	1.644.034.400
	BCC	898.073.800	862.575.000	-	35.498.800	862.575.000
	VIT	618.082.800	633.732.000	15.649.200	-	618.082.800
	ACB	1.001.710	1.056.000	54.290	-	1.001.710
	MBB	19.014.093	19.362.000	347.907	-	19.014.093
	LSS	167.253	117.500	-	49.753	117.500
	DHC	225.882	262.500	36.618	-	225.882
	VOS	34.961	6.120	-	28.841	6.120
	BFC	246.960	236.000	-	10.960	236.000
	CTI	-	-	-	-	-
	KBC	-	-	-	-	-
	Khác	314.527.919	364.088.120	67.683.860	18.123.659	296.404.260
		<b>294.677.745.858</b>	<b>275.079.502.490</b>	<b>129.157.145</b>	<b>19.727.400.513</b>	<b>274.950.345.345</b>

## NOTES TO THE FINANCIAL STATEMENTS

(Unit: VND bn)

Beginning balance				
Cost	Market value or fair value	Revaluation difference		Revaluation value
		Increase	Decrease	
(1)	(2)=(1)+(3)-(4)	(3)	(4)	(5)=(1)-(4)
1.866.359	1.868.800	2.441	-	1.866.359
692.801	896.000	203.199	-	692.801
787.879	869.400	81.521	-	787.879
130.140	148.200	18.060	-	130.140
486.990	547.200	60.210	-	486.990
215.896	296.800	80.904	-	215.896
282.060	306.000	23.940	-	282.060
294.697	145.600	-	149.097	145.600
265.680	404.000	138.320	-	265.680
168.253	151.800	-	16.453	151.800
-	-	-	-	-
97.200	154.800	57.600	-	97.200
634.500	567.800	-	66.700	567.800
-	-	-	-	-
82.800	98.500	15.700	-	82.800
8.262.653.850	8.607.178.800	344.524.950	-	8.262.653.850
7.250.897.219	7.301.007.400	50.110.181	-	7.250.897.219
12.157.262.786	11.498.085.000	-	659.177.786	11.498.085.000
2.107.240.100	2.250.585.200	143.345.100	-	2.107.240.100
3.373.566.060	1.556.971.200	-	1.816.594.860	1.556.971.200
2.028.576.000	2.079.000.000	50.424.000	-	2.028.576.000
1.619.200.000	1.560.000.000	-	59.200.000	1.560.000.000
6.549.202.951	6.157.262.000	-	391.940.951	6.157.262.000
534.693.341	592.328.309	90.705.795	33.070.827	501.622.514
<b>43.889.297.562</b>	<b>41.608.872.809</b>	<b>679.791.921</b>	<b>2.960.216.674</b>	<b>40.929.080.888</b>

## NOTES TO THE FINANCIAL STATEMENTS

### ■ FINANCIAL ASSETS (cont)

#### Statement of changes in market values of financial assets (cont)

No.	Types of financial assets	Ending balance				
		Cost	Market value or fair value	Revaluation difference		Revaluation value
				Increase	Decrease	
		(1)	(2)=(1)+(3)-(4)	(3)	(4)	(5)=(1)-(4)
<b>I</b>	<b>FVTPL (continued)</b>					
<b>1</b>	<b>Shares (continued)</b>					
	<i>1.2 Unlisted shares</i>					
	Exim Real Estate JSC	47,543,815,300	46,665,000,000	-	878,815,300	46,665,000,000
	Can Tho Aquaproduct export and import JSC	3,933,297,000	3,933,297,000	-	-	3,933,297,000
	Nha Vui Architecture and Construction JSC	4,556,027,180	2,880,000,000	-	1,676,027,180	2,880,000,000
	Dong Phu Technical Rubber JSC	4,450,000,000	2,250,000,000	-	2,200,000,000	2,250,000,000
	Vietnam Ceramic and Glass Corporation JSC	1,900,000,000	1,900,000,000	-	-	1,900,000,000
	Vietnam Livestock Corporation	1,829,310,000	1,771,870,000	-	57,440,000	1,771,870,000
	Viettien Garment JSC	1,211,557,000	1,222,400,000	10,843,000	-	1,211,557,000
	Others	18,471,583	4,091,800	296,486	14,676,269	3,795,314
		<b>65,442,478,063</b>	<b>60,626,658,800</b>	<b>11,139,486</b>	<b>4,826,958,749</b>	<b>60,615,519,314</b>
<b>Total</b>		<b>360,120,223,921</b>	<b>335,706,161,290</b>	<b>140,296,631</b>	<b>24,554,359,262</b>	<b>335,565,864,659</b>

The Company only recorded a decrease in revaluation of financial assets at FVTPL amounting to VND24,554,359,262 as at 31 December 2016 (31 December 2015: VND11,540,602,287) and did not record an increase in revaluation of financial assets at FVTPL amounting to VND140,296,631 as at 31 December 2016 (31 December 2015: VND1,326,936,607) as the Law on Accounting No. 88/2015/QH13 only allows the use of fair value method from 1 January 2017.

## NOTES TO THE FINANCIAL STATEMENTS

(Unit: VND bn)

Beginning balance				
Cost	Market value or fair value	Revaluation difference		Revaluation value
		Increase	Decrease	
(1)	(2)=(1)+(3)-(4)	(3)	(4)	(5)=(1)-(4)
47,543,815,300	44,530,000,000	-	3,013,815,300	44,530,000,000
3,933,297,000	3,933,297,000	-	-	3,933,297,000
4,556,027,180	2,880,000,000	-	1,676,027,180	2,880,000,000
4,450,000,000	2,250,000,000	-	2,200,000,000	2,250,000,000
1,900,000,000	1,900,000,000	-	-	1,900,000,000
-	-	-	-	-
-	-	-	-	-
5,180,040,788	4,136,642,341	647,144,686	1,690,543,133	3,489,497,655
<b>67,563,180,268</b>	<b>59,629,939,341</b>	<b>647,144,686</b>	<b>8,580,385,613</b>	<b>58,982,794,655</b>
<b>111,452,477,830</b>	<b>101,238,812,150</b>	<b>1,326,936,607</b>	<b>11,540,602,287</b>	<b>99,911,875,543</b>



## NOTES TO THE FINANCIAL STATEMENTS

### ■ FINANCIAL ASSETS (cont)

#### Loans

(Unit: VND bn)

	Ending balance		Beginning balance	
	Cost	Fair value	Cost	Fair value
Receivables from margin and co-operation activities	812.632.458.420	784.022.353.994	450.054.116.890	423.451.933.927
Receivables from advance to customers	48.787.794.300	48.787.794.300	58.399.505.502	58.399.505.502
<b>Total</b>	<b>861.420.252.720</b>	<b>832.810.148.294</b>	<b>508.453.622.392</b>	<b>481.851.439.429</b>

#### Provision for impairment of financial assets and mortgaged assets

(Unit: VND bn)

	Ending balance	Beginning balance
Receivables from co-operation activities	28.610.104.426	26.602.182.963

Breakdown of provision for impairment of financial assets and mortgaged assets:

(Unit: VND bn)

	Beginning balance of doubtful debts	Beginning provision	Addition	Reversa	Ending provision	Ending balance of doubtful debts
Provision for margins and co-operations activities						
Tran Quoc Tan	12.210.000.000	12.210.000.000	-	-	12.210.000.000	12.210.000.000
Dinh Thi Thu Hong	10.000.000.000	-	-	-	-	-
Dau Khanh Thien	10.000.000.000	-	-	-	-	-
Nguyen Hong Mai	8.587.695.000	6.684.096.600	1.681.601.539	-	8.365.698.139	8.587.695.000
Tran Duc Loi	3.496.837.634	-	-	-	-	3.496.837.634
Pham Thi Kim Xuan	2.601.061.121	-	-	-	-	224.984.370
Pham Cong Khanh	2.576.209.616	2.576.209.616	-	-	2.576.209.616	2.576.209.616
Le Phuong Lan	2.259.765.992	1.293.877.092	-	(74.916.761)	1.218.960.331	1.688.609.567
Nguyen Thi Ly	1.643.644.606	1.250.764.606	347.062.130	-	1.597.826.736	1.643.644.306
Vuong Dang	1.544.620.920	1.544.620.920	-	-	1.544.620.920	1.544.620.920
Dao Thi Ho Huong	1.047.574.791	381.326.791	-	(3.480.400)	377.846.391	953.106.791
Nguyen Thu Hien	616.332.296	551.052.296	57.660.655	-	608.712.951	616.325.496
Tran Trung Nghia	109.137.598	109.137.598	-	-	109.137.598	109.137.598
Tran Quang Huy	1.097.444	1.097.444	-	(5.700)	1.091.744	1.091.744
<b>Total</b>	<b>56.693.977.018</b>	<b>26.602.182.963</b>	<b>2.086.324.324</b>	<b>(78.402.861)</b>	<b>28.610.104.426</b>	<b>33.652.263.042</b>

## NOTES TO THE FINANCIAL STATEMENTS

### RECEIVABLES

(Unit: VND bn)

	Ending balance	Beginning balance
Receivables from sale of investments	2.484.000.000	9.582.750.000
Receivables and accrual from dividend, interest of investments	1.661.678.317	1.206.992.146
Receivables from services provided by the Company	5.843.493.487	6.179.827.003
Other receivables	1.978.208.478	2.160.494.809
Provision for impairment of receivables	(1.978.208.478)	(1.978.208.478)
<b>Total</b>	<b>9.989.171.804</b>	<b>17.151.855.480</b>

Details of provision for impairment of receivables are as follows:

(Unit: VND bn)

	Beginning balance of doubtful debts	Beginning provision	Addition	Reversa	Ending balance of doubtful debts
Provision for impairment of receivables					
Van Thien Hung	1.978.208.478	1.978.208.478	-	1.978.208.478	1.978.208.478

### ADVANCES TO SUPPLIERS

(Unit: VND bn)

	Ending balance	Beginning balance
Dong Loi IT Investment JS Company	1.304.406.000	-
Nam Truong Son System Integration JS Company	149.487.000	-
Others	208.944.000	551.967.902
<b>Total</b>	<b>1.662.837.000</b>	<b>551.967.902</b>

### OTHER CURRENT ASSETS

(Unit: VND bn)

	Ending balance	Beginning balance
Advances to employees	132.955.166.000	132.050.815.271
Short-term prepaid expenses	1.619.001.959	2.882.344.507
- Office rental prepaid expenses	205.114.000	259.810.000
- IT equipment expenses	176.410.156	416.315.926
- Office renovation expenses	-	1.423.983.880
- Other short-term prepaid expenses	1.237.477.803	782.234.701
Deposits, collaterals and pledges	48.550.000	48.550.000
Receivables for overpaid tax	2.498.332	7.005.590
<b>Total</b>	<b>134.625.216.291</b>	<b>134.988.715.368</b>

## NOTES TO THE FINANCIAL STATEMENTS

### ■ FINANCIAL ASSETS (cont)

Included in advances to employees are the advances for bidding shares as instructed by the investors amounting to VND131,874,000.000 at 31 December 2016 (31 December 2015: VND131,874,000,000).

### ■ FIXED ASSETS

#### Tangible fixed assets

(Unit: VND bn)

	Transportation vehicles	Office equipment	Total
<b>Cost</b>			
Beginning balance	4.146.686.100	28.308.940.381	32.455.626.481
New purchase	2.111.065.000	1.114.592.400	3.225.657.400
Disposal	(856.030.000)	(2.083.694.587)	(2.939.724.587)
Ending balance	5.401.721.100	27.339.838.194	32.741.559.294
<b>Accumulated depreciation</b>			
Beginning balance	3.908.917.475	18.513.190.090	22.422.107.565
Depreciation in the year	245.762.583	3.404.727.819	3.650.490.402
Disposal	(856.030.000)	(2.052.746.742)	(2.908.776.742)
Ending balance	3.298.650.058	19.865.171.167	23.163.821.225
<b>Net book value</b>			
Beginning balance	237.768.625	9.795.750.291	10.033.518.916
Ending balance	2.103.071.042	7.474.667.027	9.577.738.069

Other information of tangible fixed assets:

(Unit: VND bn)

	Ending balance	Beginning balance
Cost of tangible fixed assets that were fully depreciated but still in use	12.918.890.026	13.516.667.744

#### Intangible fixed assets

(Unit: VND bn)

	Computer softwares	Trademarks	Copyrights	Other intangible assets	Total
<b>Cost</b>					
Beginning balance	8.349.362.903	307.500.192	964.693.751	502.503.782	10.124.060.628
New purchase	886.626.000	-	697.155.000	-	1.583.781.000
Ending balance	9.235.988.903	307.500.192	1.661.848.751	502.503.782	11.707.841.628
<b>Accumulated amortization</b>					
Beginning balance	4,867,914,279	307,500,192	964,693,751	491,337,115	6,631,445,337
Amortization in the year	1,102,078,738	-	130,859,164	11,166,667	1,244,104,569
Ending balance	5,969,993,017	307,500,192	1,095,552,915	502,503,782	7,875,549,906

## NOTES TO THE FINANCIAL STATEMENTS

(Unit: VND bn)

	Computer softwares	Trademarks	Copyrights	Other intangible assets	Total
<b>Net book value</b>					
Beginning balance	3,481,448,624	-	-	11,166,667	3,492,615,291
Ending balance	3,265,995,886	-	566,295,836	-	3,832,291,722

Other information of intangible fixed assets:

(Unit: VND bn)

	Ending balance	Beginning balance
Cost of intangible fixed assets that were fully depreciated but still in use	2.287.891.465	1.952.891.465

### ■ LONG-TERM DEPOSITS, COLLATERALS AND PLEDGES

This represents the deposits for the lease of the Company's Head office, Nha Trang, Ha Noi and Can Tho branches.

### ■ LONG-TERM PREPAID EXPENSES

This pertains to prepaid office renovation expenses of Can Tho branch which are being amortized during the lease term of 60 months.

### ■ ADVANCES TO SETTLEMENT ASSISTANCE FUND

Advances to settlement assistance fund represent amounts deposited at Vietnam Securities Depository.

According Decision No. 27/QD-VSD dated 13 March 2015 regarding the regulations on management and usage of the Assistance Fund issued by the General Director of the Vietnam Securities Depository, the Company must deposit an initial amount of VND120 million at the Vietnam Securities Depository and pay an addition of 0.01% of the total amount of brokered securities in the previous year, but not over VND2.5 billion per annum.

Details of the advance to settlement assistance fund are as follows:

(Unit: VND bn)

	Ending balance	Beginning balance
First payment	120.000.000	120.000.000
Addition	10.156.776.767	9.077.350.152
Received interest	3.732.499.298	3.017.288.112
<b>Total</b>	<b>14.009.276.065</b>	<b>12.214.638.264</b>

## NOTES TO THE FINANCIAL STATEMENTS

### ■ SHORT-TERM BORROWINGS

	Interest rate %/p.a	Beginning balance VND	Addition VND	Repayment VND	Ending balance VND
1. Bank overdraft	6.30 - 7.30	-	522.756.519.780	(522.756.519.780)	-
2. Funds received under cooperation contracts		74.990.100.000	72.500.000.000	(147.490.100.000)	-
Eximgold JSC	9.50	74.990.100.000	72.500.000.000	(147.490.100.000)	-
3. Issued bonds		80.780.000.000	823.120.000.000	(400.780.000.000)	503.120.000.000
Individuals	9.00 - 9.50	70.780.000.000	484.120.000.000	(126.780.000.000)	428.120.000.000
Organizations	8.75 - 9.50	10.000.000.000	339.000.000.000	(274.000.000.000)	75.000.000.000
<b>Total</b>		<b>155.770.100.000</b>	<b>1.418.376.519.780</b>	<b>(1.071.026.619.780)</b>	<b>503.120.000.000</b>

### ■ TRADE PAYABLES

(Unit: VND bn)

	Ending balance	Beginning balance
Payables for purchase of financial assets at FVTPL	19,753,634,300	810,000,000
Others	283,643,165	-
<b>Total</b>	<b>20,037,277,465</b>	<b>810,000,000</b>

### ■ TAXATION AND OTHER STATUTORY OBLIGATIONS

(Unit: VND bn)

	Ending balance	Beginning balance
Corporate income tax	2.337.218.671	-
Personal income tax - Investors	1.980.459.385	698.926.385
Personal income tax - Employees	721.712.220	451.366.588
Value added tax	252.004.946	212.802.393
Foreign contractor tax	16.647.827	38.686.937
<b>Total</b>	<b>5.308.043.049</b>	<b>1.401.782.303</b>

(Unit: VND bn)

No.	Items	Beginning balance	Payable in the year	Paid in the year	Ending balance
1	Corporate income tax	-	3,536,747,451	(1,199,528,780)	2,337,218,671
2	Value added tax	212,802,393	834,559,918	(795,357,365)	252,004,946
3	Other tax				
	Personal income tax - employees	444,360,998	3,779,424,984	(3,504,572,094)	719,213,888

## NOTES TO THE FINANCIAL STATEMENTS

(Unit: VND bn)

No.	Items	Beginning balance	Payable in the year	Paid in the year	Ending balance
	In which:				
	<i>Payables</i>	451,366,588			721,712,220
	<i>Receivables (Note 10)</i>	(7,005,590)			(2,498,332)
	<i>Personal income tax paid on behalf of investors</i>	698,926,385	12,096,719,161	(10,815,186,161)	1,980,459,385
	<i>Foreign contractor withholding tax</i>	38,686,937	527,485,255	(549,524,365)	16,647,827
	<i>Other taxes</i>	-	1,000,000	(1,000,000)	-
<b>Total</b>	<b>1.394.776.713</b>	<b>20.775.936.769</b>	<b>(16.865.168.765)</b>	<b>5.305.544.717</b>	<b>5.305.544.717</b>

### ■ SHORT-TERM ACCRUED EXPENSES

(Unit: VND bn)

	Ending balance	Beginning balance
Accrued bonus and 13th month salary of 2016	4,479,250,041	1,200,000,000
Accrued interest from issued bond, borrowings and funds financed by co-operation contracts	1,852,556,112	656,578,602
Brokerage and custody fee	1,275,976,560	1,018,989,375
Remuneration for the Board of Directors	29,526,887	457,775,333
Others	400,425,300	340,439,146
<b>Total</b>	<b>8,037,734,900</b>	<b>3,673,782,456</b>

### ■ OTHER CURRENT LIABILITIES

(Unit: VND bn)

	Ending balance	Beginning balance
Customers' deposits	291,478,407,560	132,435,222,000
- Kido Corporation JSC (Note 28.1) (i)	276,478,407,560	132,435,222,000
- Mr. Ly Van Nghia (ii)	15,000,000,000	-
Others	133,755,780	4,457,957,830
<b>Total</b>	<b>291,612,163,340</b>	<b>136,893,179,830</b>

- (i) Customer deposits for brokerage contracts to purchase targeted securities.  
(ii) Deposits for the purchase of shares belongs to the Company's investment portfolio.

# NOTES TO THE FINANCIAL STATEMENTS

## OWNERS' EQUITY

### Owners' equity

Details of the Company's share capital as at 31 December 2016 are as follows:

	Number of shares Unit	Par value VND	Ownership %
Mr. Tran Le Nguyen	24.500.000	245.000.000.000	35,00
Asia Investment Limited	10.520.013	105.200.130.000	15,03
Ms. Pham My Linh	9.595.299	95.952.990.000	13,71
Vietnam Export-Import Joint Stock Bank	3.800.000	38.000.000.000	5,43
	48.415.312	484.153.120.000	69,16
Other shareholders	21.584.688	215.846.880.000	30,84
<b>Total</b>	<b>70.000.000</b>	<b>700.000.000.000</b>	<b>100,00</b>

The Company's shares are broken as follows:

	Ending balance Unit	Beginning balance Unit
Authorized shares	70,000,000	70,000,000
Common shares	70,000,000	70,000,000
Shares issued and fully paid	70,000,000	70,000,000
Common shares	70,000,000	70,000,000
Outstanding shares	70,000,000	70,000,000
Common shares	70,000,000	70,000,000

Par value of outstanding shares: 700,000,000,000 VND (as at 31 December 2015: 700,000,000,000 VND)

### Undistributed profit

(Unit: VND bn)

	Ending balance	Beginning balance
Realized profit	68.930.268.960	11.540.602.287
Unrealized loss	(24.554.359.262)	(11.540.602.287)
<b>Total</b>	<b>44.375.909.698</b>	<b>-</b>

In 2015, according to Resolution of Annual Shareholders' Meeting No. 01/2015/NQ-DHDCD dated 8 April 2015, the Company used a partial share premium amounting to VND24,236,011,028 to write off the accumulated losses. As at 31 December 2015, in accordance with Circular No. 95/2008/TT-BTC guiding the accounting policies applicable to securities companies, there was no requirement to present the realized and unrealized profit separately. Accordingly, the accumulated profit with the nil balance was presented.

For the purpose of presenting the financial statements according to Circular 210 and Circular 334 effective on 1 January 2016 which replaces Circular No. 95/2008/TT-BTC providing the guidance on accounting policies applicable to securities companies, the Company is required to present separately the realized and unrealized profit. Accordingly, the Company presented a separate realized and unrealized profit in the accumulated profit as at 31 December 2015 for the comparative purpose by reclassifying the difference from securities revaluation as unrealized loss and making the remaining balance as the realized profit.



## NOTES TO THE FINANCIAL STATEMENTS

### DISCLOSURE OF OFF BALANCE SHEET ITEMS

(Unit: VND bn)

	Ending balance	Beginning balance
<b>Financial assets of the Company listed/registered at VSD</b>		
<b>Financial assets</b>		
Unrestricted financial assets	87.575.160.000	36.211.530.000
Financial assets awaiting for settlement	-	4.811.000.000
<b>Total</b>	<b>87.575.160.000</b>	<b>41.022.530.000</b>
<b>The Company's non-traded financial assets deposited at VSD</b>		
Unrestricted and non-traded financial assets deposited at VSD	19.120.000	4.530.000
<b>The Company's awaiting financial assets</b>		
Shares	8.963.800.000	800.000.000
<b>The Company's financial assets which have not deposited at VSD</b>		
Shares	48.442.510.000	49.762.510.000
<b>Entitled financial assets of the Company</b>		
Shares	370.000	1.008.250.000
<b>Investors' financial assets listed/registered at VSD</b>		
Unrestricted financial assets	492.727.356	455.571.747
Mortgaged financial assets	233.913.148	255.521.346
Blocked financial assets	90.846.126	90.846.126
Financial assets awaiting for settlement	8.789.604	5.371.793
Restricted financial assets	3.380.298	4.493.507
<b>Total</b>	<b>829.656.532</b>	<b>811.804.519</b>
<b>Investors' non-traded financial assets deposited at VSD</b>		
Unrestricted and non-traded financial assets deposited at VSD	14.356.679	12.286.723
Restricted and non-traded financial assets deposited at VSD	13.196.116	14.221.265
<b>Total</b>	<b>27.552.795</b>	<b>26.507.988</b>
<b>Investors' awaiting financial assets</b>		
Shares	8.744.896	6.377.944
<b>Entitled financial assets of investors</b>		
Shares	<b>5.290.131</b>	<b>6.763.383</b>
<b>Investors' deposits</b>		
Investors' deposits for securities trading activities managed by the Company	<b>265.493.738.775</b>	<b>219.624.056.410</b>
- Domestic investors' deposits for securities trading activities managed by the Company	264.876.015.414	219.624.056.410
- Foreign investors' deposits for securities trading activities managed by the Company	617.723.361	-

# NOTES TO THE FINANCIAL STATEMENTS

## DISCLOSURE OF OFF BALANCE SHEET ITEMS

(Unit: VND bn)

	Ending balance	Beginning balance
Investors' deposits for securities transaction clearing and settlement	<b>15.080.839.725</b>	<b>19.005.921.242</b>
- Domestic investors' deposits for securities transaction clearing and settlement	14.887.810.194	18.518.327.065
- Foreign investors' deposits for securities transaction clearing and settlement	193.029.531	487.594.177
<b>Total</b>	<b>280.574.578.500</b>	<b>238.629.977.652</b>
<b>Deposits of securities issuers</b>		
Deposit for settlement of bond principal and interest, dividends	<b>8.493.403.752</b>	-
<b>Payables to investors</b>		
Payables to investors – Investors' deposits for securities trading activities managed by the Company	162.044.109.084	217.038.321.162
Domestic investors	161.426.385.723	217.038.321.162
Foreign investors	617.723.361	-
Payables to investors – Deposits for securities transaction clearing and settlement	124.479.004.100	18.778.865.242
Domestic investors	124.479.004.100	18.778.865.242
Other payables to investors	18.117.982	18.117.482
Domestic investors	18.117.982	18.117.482
<b>Total</b>	<b>286.541.231.166</b>	<b>235.835.303.886</b>
<b>Dividend, bond principal and interest payables</b>		
Dividend, bond principal and interest payables to customers	<b>2.526.751.086</b>	<b>2.794.673.766</b>
<b>Payables to investors for services provided by the Company</b>		
Securities custodian fee	<b>5.092.375.148</b>	<b>2.952.328.724</b>
Message fee	349.778.000	292.721.000
Brokerage fee	197.604.040	210.792.537
Financial advisory fee	116.250.000	1.213.852.900
Other payables	87.486.299	90.936.375
<b>Total</b>	<b>5.843.493.487</b>	<b>4.760.631.536</b>
<b>Investors' loans from the Company</b>		
<b>Margin payables</b>		
Margin's principal payables		
Margin's principal payables of domestic investors	812,632,458,420	450,054,116,890
Margin's interest payables		
Margin's interest payables of domestic investors	1,661,678,317	976,686,588
Advance payments		
Advance payments' principal		
Advance payments' principal of domestic investors	48,787,794,300	58,399,505,502
<b>Total</b>	<b>863,081,931,037</b>	<b>509,430,308,980</b>

## ■ GAIN/(LOSS) FROM FINANCIAL ASSETS

Gain/(loss) from sale of financial assets at FVTPL

No.	Financial assets	Quantity	Selling price	Proceeds VND	Weighted average cost at the end of transaction date VND	Gain/(loss) from sale in the current year VND	Accumulated gain/(loss) from sale in current year VND	Accumulated Gain/(loss) from sale over the previous year VND
1.	Listed shares	18,661,731	-	486,823,904,400	449,786,383,950	37,037,520,450	37,037,520,450	(12,598,060,357)
2.	Unlisted shares	588,500	-	11,737,490,000	11,838,315,700	(100,825,700)	(100,825,700)	361,641,200
	<b>Total</b>	<b>19,250,231</b>		<b>498,561,394,400</b>	<b>461,624,699,650</b>	<b>36,936,694,750</b>	<b>36,936,694,750</b>	<b>(12,236,419,157)</b>
	In which:							
	- Gain from sale of financial assets at FVTPL						42,328,974,155	42,328,974,155
	- Loss from sale of financial assets at FVTPL						(5,392,279,405)	(5,392,279,405)

## ■ Loss from revaluation of financial assets

(Unit: VND bn)

No.	Financial assets	Cost	Revaluation value	Ending balance of revaluation difference	Beginning balance of revaluation difference	Gain/(loss) recorded in current year
I	FVTPL (Note 7.2)	360,120,223,921	335,565,864,659	(24,554,359,262)	(11,540,602,287)	(13,013,756,975)
1	Listed shares	294,677,745,858	274,950,345,345	(19,727,400,513)	(2,960,216,674)	(16,767,183,839)
2	<b>Unlisted shares</b>	<b>65,442,478,063</b>	<b>60,615,519,314</b>	<b>(4,826,958,749)</b>	<b>(8,580,385,613)</b>	<b>3,753,426,864</b>
II	Loans and receivables (Note 7.4 and 23)	861,420,252,720	832,810,148,294	(28,610,104,426)	(26,602,182,963)	(2,007,921,463)
	<b>Total</b>	<b>1,221,540,476,641</b>	<b>1,168,376,012,953</b>	<b>(53,164,463,688)</b>	<b>(38,142,785,250)</b>	<b>(15,021,678,438)</b>

## NOTES TO THE FINANCIAL STATEMENTS

### ■ GAIN, LOSS FROM FINANCIAL ASSETS (cont)

(Unit: VND bn)

	Current year	Previous year
<b>Dividend, interest income from financial assets at FVTPL, loans and receivables</b>		
From loans and receivables	<b>110.358.443.341</b>	<b>44.291.683.270</b>
From financial assets at FVTPL	11.283.143.982	13.976.381.827
- Shares	8.205.724.835	13.550.242.934
- Deposits	3.077.419.147	426.138.893
<b>Total</b>	<b>121.641.587.323</b>	<b>58.268.065.097</b>
<b>Revenue other than gain from financial assets</b>		
Revenue from brokerage services	48.945.610.120	37.510.171.249
Revenue from financial advisory services	6.889.727.272	3.343.636.363
Revenue from securities custodian services	5.628.981.362	3.914.767.770
Revenue from underwriting and issuance agent services	3.000.000.000	2.894.352.900
Other operating incomes	713.593.227	1.110.412.549
<b>Total</b>	<b>65.177.911.981</b>	<b>48.773.340.831</b>

### ■ BORROWING COSTS, PROVISION EXPENSES FOR FINANCIAL ASSETS

(Unit: VND bn)

	Current year	Previous year
Borrowing costs for financing margin and advances	50,989,450,482	24,214,194,713
Provision expense for financial assets (Note 22.2)	2,007,921,463	6,859,692,210
<b>Total</b>	<b>52,997,371,945</b>	<b>31,073,886,923</b>

### ■ OPERATING EXPENSES

(Unit: VND bn)

	Current year	Previous year
<b>1. Expenses for propriety trading activities</b>	<b>1.987.550.274</b>	<b>1.219.249.580</b>
-Salary expenses	1.545.499.336	933.980.543
-Office rental expenses	270.864.000	205.071.727
-Other expenses	171.186.938	80.197.310
<b>2. Expenses for brokerage services</b>	<b>42.338.260.891</b>	<b>28.173.107.391</b>
-Salary expenses	18.103.910.402	11.070.063.783
-Securities transaction expenses	8.535.135.260	5.920.009.820
-Expenses for brokerage services paid to collaborators	4.231.630.943	1.116.236.601
-Office rental expenses	3.663.699.600	3.060.910.410
-Depreciation and amortization expenses	2.005.219.381	1.976.725.833
-Other expenses	5.798.665.305	5.029.160.944
<b>3. Expenses for underwriting and issuance agent services</b>	<b>180,000,000</b>	-
<b>4. Expenses for investment advisory services</b>	<b>450.231.499</b>	-

## NOTES TO THE FINANCIAL STATEMENTS

### ■ OPERATING EXPENSES

(Unit: VND bn)

	Current year	Previous year
<b>5. Expenses for finance advisory services</b>	<b>5.121.995.390</b>	<b>4.224.300.546</b>
- Salary expenses	3.499.407.691	2.808.235.839
- Office rental expenses	422.994.000	432.677.766
- Other expenses	1.199.593.699	983.386.941
<b>6. Expenses for securities custodian services</b>	<b>5.786.971.449</b>	<b>4.120.408.957</b>
<b>7. Other operating expenses</b>	<b>7.165.347.404</b>	<b>8.302.538.206</b>
- Salary expenses	5.416.742.135	4.284.828.546
- Office rental expenses	1.015.185.600	1.609.129.022
- Repairing and maintenance expenses	116.028.156	929.660.600
- Other expenses	617.391.513	1.478.920.038
<b>Total</b>	<b>63.030.356.907</b>	<b>46.039.604.68</b>

### ■ FINANCIAL INCOME

(Unit: VND bn)

	Current year	Previous year
Interest income from demand deposits	8,266,797,949	7,903,331,755

### ■ GENERAL AND ADMINISTRATIVE EXPENSES

(Unit: VND bn)

	Current year	Previous year
Payroll expenses for administration	22,318,477,816	16,176,034,680
- Salary and bonus	19,908,623,816	14,102,603,292
- Social insurance, health insurance, union fee and unemployment insurance	2,409,854,000	2,073,431,388
Office rental expenses	4,963,700,800	3,544,025,075
External service expenses	3,527,223,844	3,293,722,622
Depreciation and amortization expenses	2,889,375,590	2,481,262,986
Repairing, maintenance expense	1,718,481,515	178,215,911
Advertisement expense and guest cost	1,384,168,971	875,030,248
Tools and equipment expense	520,574,744	377,471,772
Remuneration expense for Board of Directors	475,093,554	-
Stationery expense	106,594,151	361,762,492
Tax and fee expenses	8,000,000	7,000,000
Other expenses	4,255,698,193	3,338,204,438
<b>Total</b>	<b>42,167,389,178</b>	<b>30,632,730,224</b>

### ■ CORPORATE INCOME TAX

The statutory corporate income tax ("CIT") rate applicable to the Company is 20%.

The tax returns filed by the Company are subject to examination by the tax authorities. As the application of tax laws and regulations is susceptible to varying interpretations, the amounts reported in the financial statements could change at a later date upon final determination by the tax authorities.

## NOTES TO THE FINANCIAL STATEMENTS

### CORPORATE INCOME TAX (cont)

#### CIT expense

(Unit: VND bn)

	Current year	Previous year
Current tax expense	3,536,747,451	-
Deferred tax expense/(income)	8,506,770,145	(8,506,770,145)
<b>Total</b>	<b>12,043,517,596</b>	<b>(8,506,770,145)</b>
Reconciliation between CIT expense and the accounting profit multiplied by CIT rate is presented below:		
<b>Profit before tax</b>	<b>61,350,083,928</b>	<b>12,386,255,199</b>
CIT under tax rate applicable for the Company	12,270,016,785	2,724,976,144
<b>Adjustments to decrease</b>	<b>(2,492,898,880)</b>	<b>(12,933,422,356)</b>
Deferred tax asset from tax loss carried forward not recognized in previous years	-	(9,966,061,367)
Dividends, received profits not subject to CIT	(1,641,144,967)	(2,710,048,587)
Reversal of provision for doubtful debts	(851,753,913)	(111,383,280)
Impact of difference in tax rates	-	(145,929,122)
<b>Adjustments to increase</b>	<b>2,266,399,691</b>	<b>1,701,676,067</b>
Provision expense for doubtful debts	1,253,338,206	1,483,321,722
Non-deductible expense under conclusion of tax authorities	761,576,652	-
Other non-deductible expense	251,484,833	218,354,345
<b>CIT expense/(benefit) in the year</b>	<b>12,043,517,596</b>	<b>(8,506,770,145)</b>

#### Deferred income tax

Details of deferred income tax in the year are as follows:

(Unit: VND bn)

	Statement of financial position		financial position Income statement	
	Ending balance	Beginning balance	Current year	Previous year
<b>Deferred tax asset</b>				
Tax losses carried forward	-	8,506,770,145		
<b>Deferred CIT (expense)/benefit recorded into income statement</b>			<b>(8,506,770,145)</b>	<b>8,506,770,145</b>

## NOTES TO THE FINANCIAL STATEMENTS

(Unit: VND bn)

Originating year	Can be utilized up to	Tax loss amount	Utilized up to 31 December 2015	Utilized during the year	Utilized up to 31 December 2016	Unutilized at 31 December 2016
2011	2016	129.456.680.868	(114.521.623.947)	(14.935.056.921)	(129.456.680.868)	-
2012	2017	27.598.793.804	-	(27.598.793.804)	(27.598.793.804)	-
<b>Total</b>		<b>157.055.474.672</b>	<b>(114.521.623.947)</b>	<b>(42.533.850.725)</b>	<b>(157.055.474.672)</b>	<b>-</b>

### ■ OTHER INFORMATION

#### Related party transactions

Throughout daily operations, the Company has undertaken transactions with its related parties. A party is related if it has a power of control or significant influence to others' financial policies and operation. A party is deemed as a related party to the Company if:

(a) Directly, or indirectly through one or more intermediaries, the party:

- controls, is controlled by, or is under common control by the Company (this includes parents and subsidiaries);
- has contributed capital (owning at least 5% of charter capital or ordinary shares) that it has significant influence to the Company;
- has joint control over the Company.

(b) The party is a joint venture, associate in which the Company is a party of the joint venture or associate (owning at least 11% of charter capital or ordinary shares but not being a subsidiary);

(c) The party is a member of the key management personnel of the Company or its parent;

(d) The party is a close member of the family of any individual referred to in (a) or (c); or

(e) The party is a Company that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such Company resides with, directly or indirectly, any individual referred to in (c) or (d).

## NOTES TO THE FINANCIAL STATEMENTS

### ■ OTHER INFORMATION (cont)

#### Related party transactions (cont)

Significant transactions with related parties during the year 2016 are as follows:

(Unit: VND bn)

Related parties	Relationship	Transactions	Current year	Previous year
Vietnam Export-Import Joint Stock Bank	Major shareholder	Interest income from deposits	9,416,814,614	5,049,565,353
		Drawdown of short-term borrowings	-	584,268,007,857
		Repayment of short-term borrowings	-	(667,400,288,839)
		Interest expense from borrowings	-	(2,355,568,211)
Kido Corporation Joint Stock Company	Party related to key management personnel of the Company	Deposits for purchase of target securities	1,421,839,167,480	187,635,222,000
		Transfer of deposits to partners for purchase of target securities under request of Kido	(707,956,814,440)	(55,200,000,000)
		Value of purchased target securities	(566,990,569,980)	-
		Brokerage income received from service contract No. 001/2016/DVMG dated 29 February 2016	2,848,597,500	-

(Unit: VND bn)

Related parties	Relationship	Transactions	Receivable/(payable)	
			Ending balance	Beginning balance
Vietnam Export-Import Joint Stock Bank	Major shareholder	Current deposits	167,495,134,664	41,054,230,055
		Term deposit and accrued interest	-	80,100,583,333
Kido Corporation Joint Stock Company	Party related to key management personnel of the Company	Deposits	(276,478,407,560)	(132,435,222,000)
		Shares received on behalf of customers	(55,200,000,000)	(55,200,000,000)

Remuneration of members of the Board of Directors, Board of Management:

(Unit: VND bn)

	Current year	Previous year
Board of Directors	908.676.000	1.042.225.000
Board of Management	3.925.694.509	2.943.812.139
<b>Total</b>	<b>4.834.370.509</b>	<b>3.986.037.139</b>



### Segmentation information by business units

(Unit: VND bn)

	Brokerage	Securities services	Finance advisory, underwriting and issuance agent services	Securities investment	Others	Total
<i>For the year ended 31 December 2016</i>						
<b>Operating income</b>	<b>49.101.064.663</b>	<b>116.044.875.387</b>	<b>9.889.727.272</b>	<b>50.534.698.990</b>	<b>12.431.938.636</b>	<b>238.002.304.948</b>
Direct expenses	(40.783.273.009)	(65.949.690.798)	(5.301.995.390)	(20.393.586.654)	(39.329.080.198)	(171.757.626.049)
Depreciation expense	(2.005.219.381)	-	-	-	(2.889.375.590)	(4.894.594.971)
<b>Operating expenses</b>	<b>(42.788.492.390)</b>	<b>(65.949.690.798)</b>	<b>(5.301.995.390)</b>	<b>(20.393.586.654)</b>	<b>(42.218.455.788)</b>	<b>(176.652.221.020)</b>
<b>Profits before tax</b>	<b>6.312.572.273</b>	<b>50.095.184.589</b>	<b>4.587.731.882</b>	<b>30.141.112.336</b>	<b>(29.786.517.152)</b>	<b>61.350.083.928</b>
<i>For the year ended 31 December 2016</i>						
<b>Operating income</b>	<b>37.510.171.249</b>	<b>48.644.693.135</b>	<b>6.237.989.263</b>	<b>25.735.211.449</b>	<b>9.027.658.336</b>	<b>127.155.723.432</b>
Direct expenses	(27.773.312.041)	(42.657.949.126)	(4.490.183.781)	(8.336.288.028)	(27.053.746.438)	(110.311.479.414)
Depreciation expense	(1.976.725.833)	-	-	-	(2.481.262.986)	(4.457.988.819)
<b>Operating expenses</b>	<b>(29.750.037.874)</b>	<b>(42.657.949.126)</b>	<b>(4.490.183.781)</b>	<b>(8.336.288.028)</b>	<b>(29.535.009.424)</b>	<b>(114.769.468.233)</b>
<b>Profits before tax</b>	<b>7.760.133.375</b>	<b>5.986.744.009</b>	<b>1.747.805.482</b>	<b>17.398.923.421</b>	<b>(20.507.351.088)</b>	<b>12.386.255.199</b>

## NOTES TO THE FINANCIAL STATEMENTS

### ■ OTHER INFORMATION (cont)

#### Segmentation information by geographical

	Ho Chi Minh City	Ha Noi
<i>For the year ended 31 December 2016</i>		
<b>Income</b>	<b>210,076,661,886</b>	<b>21,026,531,934</b>
Brokerage income	37,772,391,361	8,456,095,954
Securities services income	101,098,480,186	11,108,167,596
Income from finance advisory, underwriting and issuance agent services	9,285,590,908	604,136,364
Income from securities Investment	50,534,698,990	-
Other income	11,385,500,441	858,132,020
<b>Operating and administrative expenses</b>	<b>(153,667,772,130)</b>	<b>(16,320,960,951)</b>
<b>Profit/(loss) before tax</b>	<b>56,408,889,756</b>	<b>4,705,570,983</b>
<i>For the year ended 31 December 2015</i>		
<b>Income</b>	<b>112,898,114,711</b>	<b>10,847,007,358</b>
Brokerage income	30,403,882,457	5,467,433,433
Securities services income	43,322,851,642	3,755,110,003
Income from finance advisory, underwriting and issuance agent services	5,398,181,818	839,807,445
Income from securities Investment	25,735,211,449	-
Other income	8,037,987,345	784,656,477
<b>Operating and administrative expenses</b>	<b>(98,703,426,587)</b>	<b>(11,677,489,513)</b>
<b>Profit/(loss) before tax</b>	<b>14,194,688,124</b>	<b>(830,482,155)</b>

## NOTES TO THE FINANCIAL STATEMENTS

(Unit: VND bn)

Nha Trang	Can Tho	Total
<b>1,595,650,718</b>	<b>5,303,460,410</b>	<b>238,002,304,948</b>
873,631,502	1,998,945,846	49,101,064,663
653,781,718	3,184,445,887	116,044,875,387
-	-	9,889,727,272
-	-	50,534,698,990
68,237,498	120,068,677	12,431,938,636
<b>(1,971,225,272)</b>	<b>(4,692,262,667)</b>	<b>(176,652,221,020)</b>
<b>(375,574,554)</b>	<b>611,197,743</b>	<b>61,350,083,928</b>
<b>1,044,855,226</b>	<b>2,365,746,137</b>	<b>127,155,723,432</b>
539,468,968	1,099,386,391	37,510,171,249
425,141,830	1,141,589,660	48,644,693,135
-	-	6,237,989,263
-	-	25,735,211,449
80,244,428	124,770,086	9,027,658,336
<b>(1,598,463,929)</b>	<b>(2,790,088,204)</b>	<b>(114,769,468,233)</b>
<b>(553,608,703)</b>	<b>(424,342,067)</b>	<b>12,386,255,199</b>

# NOTES TO THE FINANCIAL STATEMENTS

## OTHER INFORMATION (cont)

### Commitments under operating lease

The Company currently leases its offices under the operating lease contracts. As at 31 December 2016, the future rental payables as stated in the rental contracts are as follows:

(Unit: VND bn)

	Ending balance	Beginning balance
Within 1 year	10.000.077.000	10.141.603.000
From 1 - 5 years	19.057.150.000	27.464.434.733
<b>Total</b>	<b>29.057.227.000</b>	<b>37.606.037.733</b>

### Earnings per share

Basic earnings per share amounts are calculated by dividing net profit after tax for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit after tax attributable to ordinary equity holders of the Company (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the profit and share data used in the earnings per share computations:

(Unit: VND bn)

	Ending balance	Beginning balance
Profit after tax attributable to ordinary equity holders - VND		10.141.603.000
Weighted average number of outstanding ordinary shares - Unit	70.000.000	36.419.166
Basic earnings per share - VND	704	574
Diluted earnings per share - VND	704	574

### Purposes and policies of financial risk management

Financial liabilities of the Company mainly comprised of loans and borrowings, trade payables and other payables. Primary purpose of financial liabilities is to finance main business operation of the Company. The Company possesses loans, receivables from customers and other receivables, cash on hand and short-term deposit incurring directly from business operation of the Company. The Company does not hold or issue any derivative instruments.

The Company is exposed to market risk, credit risk and liquidity risk in its daily operation.

Risk management is integral to the whole business of the Company. The Company has a system of control in place to achieve an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

The management reviews and agrees policies for managing each of these risks which are summarized below:

#### 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. The Company's exposure to market risk for changes in interest rate relates primarily to the Company's cooperation contracts, customer receivables, cash and short-term deposits. These investments are mainly short term in nature and they are not held for speculative purposes.

The Company manages interest rate risk by looking at the competitive structure of the market to obtain relevant interest

## NOTES TO THE FINANCIAL STATEMENTS

policies, which are favorable for its purposes within its risk management limits.

A sensitivity analysis is not performed for the interest rate risk for the year ended 31 December 2016, as most of deposits, lendings and borrowings during the year have fixed-interest rate.

### **Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The company gets this risk because change of foreign exchange rate is involved directly in business activities of the company (when revenue and expense are recognized in foreign currency) and investments in foreign subsidiary companies.

The Company was established and operates in Vietnam with reporting currency as VND. The main transaction currency of the Company is also VND. There is no risk from change in foreign exchange rate because the Company did not hold foreign-currency assets and liabilities as at 31 December 2016.

### **Equity price risk**

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainty about future values of the investment securities. The Company manages share price risk by establishing investment limit. The Board of Directors of the Company also reviews and approves decisions to invest in shares.

At the reporting date, the fair value of the Company's listed shares amounted to VND274,950,345,345 (31 December 2015: VND40,929,080,888). A decrease by 10% on the stock market index may result in a decrease in Company's net profit before tax by VND27,418,780,255 (31 December 2015: VND4,160,909,730), depending on whether this change is significant or prolonged. An increase by 10% of securities index may result in an increase in the Company's net profit before tax by VND19,727,400,513 (31 December 2015: VND4,160,909,730).

### **Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables, securities trading receivables) and from its financing activities, including deposits with banks, and other financial instruments.

#### *Trade receivables*

The Company based on its established policies, procedures and controlled relating to customer credit risk management manages customer credit risk.

Outstanding customer receivables are regularly monitored. The requirement for impairment is analyzed at each reporting date on an individual basis for major clients. The Company has maintained strict control over its outstanding receivables and has a credit control department to minimize credit risk. In view of the aforementioned and the fact that the Company's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

#### *Bank deposits*

The Company's bank balances are mainly maintained with well-known banks in Vietnam. The Company's maximum exposure to credit risk for the components of the statement of financial position at each reporting dates are the carrying amounts as illustrated in Note 5. The Company assessed the concentration of risk with respect to bank deposits to be low.

#### *Loans and advances to customers*

The Company manages its credit risks via the use of internal control policies, processes and procedures relevant to margin and advance payments to customers. The Company conducts the customer assessment and appraisal for determining credit and advance limits prior to the signing of margin and advance payment contracts. Also, the Company yearically examines customers' financial position in order to make appropriate and timely adjustments for margin ratio and credit limits.

Apart from financial assets that have been provided for allowance as mentioned in Note 7.2 and Note 7.4, the Company's management assessed that all financial assets are neither past due nor impaired as they are related to recognized and credit worthy counter parties, except for overdue receivables but not impaired as at 31 December 2016

## NOTES TO THE FINANCIAL STATEMENTS

### OTHER INFORMATION (cont)

#### Purposes and policies of financial risk management (cont)

##### Credit risk (continued)

Details of credit risk for each group of financial assets as at 31 December 2016 are as follows:

(Unit: VND bn)

	Neither past due nor impaired	Past due but not impaired				Individually Impaired	Total
		Less than 3 months	3 - 6 months	6 - 12 months	Over 1 year		
<i>Loans and receivables - gross</i>	827.767.989.678	-	-	-	3.721.822.004	29.930.441.038	861.420.252.720
<b>Other financial assets</b>	<b>143.243.759.468</b>	-	-	-	<b>2.484.000.000</b>	-	<b>145.727.759.468</b>
Receivable from disposal of financial assets	-	-	-	-	2.484.000.000	-	2.484.000.000
Receivables and accruals from dividend and interest income	1.661.678.317	-	-	-	-	-	1.661.678.317
Receivables from services	provided by the Company	-	-	-	-	-	5.843.493.487
Deposits, collaterals and pledges	2.783.421.664	-	-	-	-	-	2.783.421.664
Advances	132.955.166.000	-	-	-	-	-	132.955.166.000
<b>TOTAL</b>	<b>971.011.749.146</b>	-	-	-	<b>6.205.822.004</b>	<b>29.930.441.038</b>	<b>1.007.148.012.188</b>

##### Liquidity risk

The liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligation due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of maturities of financial assets and liabilities.

The Company monitors its liquidity risk by maintaining a level of cash and cash equivalents and bank loans deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows

The table below summarizes the maturity profile of the Company's financial assets and financial liabilities as at 31 December 2016:

(Unit: VND bn)

	Overdue	On demand	Up to 1 year	1 - 5 years	Over 5 years	Total
<b>FINANCIAL ASSETS</b>						
<b>Financial assets at FVTPL - gross</b>	-	<b>360.120.223.921</b>	-	-	-	<b>360.120.223.921</b>
Listed shares	-	294.677.745.858	-	-	-	294.677.745.858
Unlisted shares	-	65.442.478.063	-	-	-	65.442.478.063
Loans and receivables - gross	33.652.263.042	-	827.767.989.678	-	-	861.420.252.720
<b>Other financial assets</b>	<b>4.462.208.478</b>	<b>134.620.501.332</b>	<b>7.553.721.804</b>	-	<b>2.734.871.664</b>	<b>149.371.303.278</b>
Receivable from sale of financial assets	2.484.000.000	-	-	-	-	2.484.000.000
Receivables and accruals from dividend and interest income	-	-	1.661.678.317	-	-	1.661.678.317
Receivables from services provided by the Company	-	-	5.843.493.487	-	-	5.843.493.487
Deposits, collaterals and pledges	-	-	48.550.000	-	2.734.871.664	2.783.421.664
Advances	-	132.955.166.000	-	-	-	132.955.166.000
Other receivables - gross	1.978.208.478	1.665.335.332	-	-	-	3.643.543.810
<b>Cash and cash equivalents</b>	-	<b>248.012.673.266</b>	-	-	-	<b>248.012.673.266</b>
<b>Total</b>	<b>38.114.471.520</b>	<b>742.753.398.519</b>	<b>835.321.711.482</b>	-	<b>2.734.871.664</b>	<b>1.618.924.453.185</b>
<b>FINANCIAL LIABILITIES</b>						
Short-term issued bonds	-	-	503.120.000.000	-	-	503.120.000.000
Short-term trade payables	-	20.037.277.465	-	-	-	20.037.277.465
Accrued expense	-	1.676.401.860	1.852.556.112	-	-	3.528.957.972
Other payables	-	293.863.574.900	-	-	-	293.863.574.900
<b>Total</b>	-	<b>315.577.254.225</b>	<b>504.972.556.112</b>	-	-	<b>820.549.810.337</b>
<b>Net liquidity gap</b>	<b>38.114.471.520</b>	<b>427.176.144.294</b>	<b>330.349.155.370</b>	-	<b>2.734.871.664</b>	<b>798.374.642.848</b>

# NOTES TO THE FINANCIAL STATEMENTS

## ■ OTHER INFORMATION (cont)

### Purposes and policies of financial risk management (cont)

#### Liquidity risk (continued)

The Company assessed the concentration of risk with respect to refinancing its debts to be low. Access to sources of funding and loans matured within 12 months is sufficiently available to continually finance for the Company's capital requirement.

### Reclassification of corresponding figures

During the year of 2016, due to the effects of changes in accounting policies and requirements for financial statement preparation and presentation in accordance with Circular 334, certain corresponding figures on the financial statements for the previous year have been reclassified to conform with the current year's presentation.

#### Extract from the statement of financial position

(Unit: VND bn)

ASSETS	Description	31 December 2015 (reported previously)	Circular 334 adjustments	31 December 2015 (reclassified)
<b>A. CURRENT ASSETS</b>				
<b>I. Financial assets</b>				
1. Cash	[1]	320,449,112,173	(238,629,977,652)	81,819,134,521
1. Short-term investments (**)	[2]	111,452,477,830	(111,452,477,830)	-
2. Provision for impairment of short-term investment (**)	[2]	(11,540,602,287)	11,540,602,287	-
2. Financial assets at fair value through profit and loss (FVTPL) (*)	[2]	-	99,911,875,543	99,911,875,543
1. Receivables from customers (**)	[3]	1,213,852,900	(1,213,852,900)	-
4. Receivables from securities trading activities (**)	[3]	517,498,346,495	(517,498,346,495)	-
5. Other receivables	[3]	8,061,486,955	(5,900,992,146)	2,160,494,809
6. Provision for doubtful debts (**)	[3]	(28,580,391,441)	28,580,391,441	-
4. Loans (*)	[3]	-	508,453,622,392	508,453,622,392
6. Provision for impairment of financial assets and mortgaged assets (*)	[3]	-	(26,602,182,963)	(26,602,182,963)
9. Receivables from services provided by the Company (*)	[3]	-	6,179,827,003	6,179,827,003
7.1. Receivable from sale of financial assets (*)	[3], [5]	-	9,582,750,000	9,582,750,000
7.2. Receivables and accruals from dividend and interest income from financial assets (*)	[3]	-	1,206,992,146	1,206,992,146



## NOTES TO THE FINANCIAL STATEMENTS

(Unit: VND bn)

ASSETS	Description	31 December 2015 (reported previously)	Circular 334 adjustments	31 December 2015 (re-classified)
<b>A. CURRENT ASSETS (continued)</b>				
<b>I. Financial assets (continued)</b>				
13. Provision for impairment of receivables (*)		-	(1,978,208,478)	(1,978,208,478)
<b>TOTAL</b>	<b>918,554,282,625</b>	<b>680,734,304,973</b>		
<b>b. LIABILITIES</b>				
<b>I. Current liabilities</b>				
1. Short-term loans and borrowings	[4]	155,770,100,000	(155,770,100,000)	-
1.1 Short-term loans	[4]	-	74,990,100,000	74,990,100,000
4. Short-term issued bonds	[4]	-	80,780,000,000	80,780,000,000
8. Payables related to securities trading activities	[1]	73,902,191,782	(73,902,191,782)	-
9. Dividend, bond principal and interest payables on behalf of customers (**)	[1]	2,794,673,766	(2,794,673,766)	-
8. Short-term trade payables	[5]	-	810,000,000	810,000,000
12. Other current liabilities	[1]	298,826,291,934	(161,933,112,104)	136,893,179,830
<b>TOTAL</b>		<b>531,293,257,482</b>	<b>(237,819,977,652)</b>	<b>293,473,279,830</b>

New items in the statement of financial position as required by Circular 334.

(\*\*) Items are no longer presented in the statement of financial position in accordance with Circular 334.

Detailed adjustments in the main items are as follows:

[1] Reclassify investors' deposits from on-balance sheet to off-balance sheet

[2] Reclassify investment portfolio in accordance with Circular 334

[3] Reclassify receivables in accordance with Circular 334

[4] Reclassify loans and borrowings in accordance with Circular 334

[5] Other reclassification

# NOTES TO THE FINANCIAL STATEMENTS

## OTHER INFORMATION (cont)

### Reclassification of corresponding figures (cont)

#### Extract from the income statement

(Unit: VND bn)

ASSETS	Description	31 December 2015 (reported previously)	Circular 334 adjustments	Previous year (reclassified)
<b>1. Revenue</b>	<b>[6]</b>			
<i>In which:</i>	<i>[6]</i>			
- Revenue from securities investments and capital contribution (**)	[6]	25,735,211,449	(25,735,211,449)	-
- Revenue from other activities (**)	[6]	53,119,396,013	(53,119,396,013)	-
1.1 Gain from financial assets at fair value through profit and loss (FVTPL) (*)	[6]	-	26,161,350,342	26,161,350,342
a. Gain from sale of financial assets at FVTPL (*)	[6]	-	12,184,968,515	12,184,968,515
c. Dividend, interest income from financial assets at FVTPL (*)	[6]	-	13,976,381,827	13,976,381,827
1.2 Gain from loans and receivables (*)	[6]	-	44,291,683,270	44,291,683,270
1.6 Revenue from securities custodian services (*)	[6]	3,854,767,770	60,000,000	3,914,767,770
1.7 Other revenue	[6]	-	1,110,412,549	1,110,412,549
<b>3. Net revenue from operating activities (**)</b>		<b>126,457,535,744</b>	<b>(126,457,535,744)</b>	<b>-</b>
<b>Operating revenue (*)</b>		<b>-</b>	<b>119,226,374,443</b>	<b>119,226,374,443</b>
<b>4. Operating expenses</b>	<b>[7]</b>			
<i>In which:</i>				
Direct expenses for securities trading activities (**)	[7]	(53,016,619,339)	53,016,619,339	-
Provision expense for securities investments (**)	[7]	(17,409,063,771)	17,409,063,771	-
Loss from financial assets at FVTPL (*)	[7]	-	(7,012,323,901)	(7,012,323,901)
Loss from sale of financial assets at FVTPL (*)	[7]	-	(24,421,387,672)	(24,421,387,672)
Loss from revaluation of financial assets at FVTPL (*)	[7]	-	17,409,063,771	17,409,063,771

## NOTES TO THE FINANCIAL STATEMENTS

(Unit: VND bn)

ASSETS	Description	31 December 2015 (reported previously)	Circular 334 adjustments	Previous year (reclassified)
Provision expenses for financial assets, bad debts written off and loss from impairment of financial assets and borrowing costs to finance for loan (*)	[7]	-	(31,073,886,923)	(31,073,886,923)
Expenses for trading activities (*)	[7]	-	(1,219,249,580)	(1,219,249,580)
Expenses for brokerage services (*)	[7]	-	(28,173,107,391)	(28,173,107,391)
<b>Expenses for securities custodian services (*)</b>	<b>[7]</b>	<b>-</b>	<b>(4,120,408,957)</b>	<b>(4,120,408,957)</b>
<b>Expenses for financial advisory services (*)</b>	<b>[7]</b>	<b>-</b>	<b>(4,224,300,546)</b>	<b>(4,224,300,546)</b>
<b>Other expenses (*)</b>	<b>[7]</b>	<b>-</b>	<b>(8,302,538,206)</b>	<b>(8,302,538,206)</b>
<b>3.1 Revenue, accrued dividends, interest income from demand deposits in the year (*)</b>	<b>[6]</b>			
	-	7,903,331,755	7,903,331,755	26,017,234
<b>5 Gross profit from operating activities (**)</b>		<b>56,031,852,634</b>	<b>(56,031,852,634)</b>	<b>-</b>
<b>6. General and administrative expenses</b>	<b>[7]</b>	<b>(44,332,862,618)</b>	<b>13,700,132,394</b>	<b>(30,632,730,224)</b>
<b>7. Net profit from operating activities</b>		<b>11,698,990,016</b>	<b>672,170,454</b>	<b>12,371,160,470</b>
<b>VIII. Other income and expense</b>				
1. Other income		698,187,688	(672,170,454)	26,017,234

(\*) New items in the income statement as required by Circular 334.

(\*\*) Items are no longer presented in the income statement in accordance with Circular 334.

Details adjustments in main items are as follows:

[6] Reclassify operating revenues in accordance with Circular 334

[7] Reclassify operating expenses in accordance with Circular 334

# NOTES TO THE FINANCIAL STATEMENTS

## ■ OTHER INFORMATION (cont)

### Reclassification of corresponding figures (cont)

#### Extract from the cash flows statement

The Company's cash flows statement

(Unit: VND bn)

ASSETS	Description	31 December 2015 (reported previously)	Circular 334 adjustments	Previous period (reclassified)
Cash and cash equivalents at the beginning of the period	[8]	56,454,900,875	(5,020,784,292)	51,434,116,583
Cash and cash equivalents at the end of the period	[8]	244,414,489,769	(2,595,355,248)	241,819,134,521

[8] The beginning and ending bank balance reported in the cash flow statement and for the financial year ended as at 31 December 2015 was eliminated from cash of customers. Therefore, the Company only eliminated deposits of securities issuers at the Company to pay principal, interest and dividends and cash of others enterprises and individuals according to Circular 334.

Cash flows from brokerage and trust activities of the customers

ASSETS	Description	31 December 2015 (reported previously)	Circular 334 adjustments	Previous period (reclassified)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		-	<b>264,082,556,050</b>	<b>264,082,556,050</b>
Cash at banks at the beginning of the period		-	264,082,556,050	264,082,556,050
- The investors' deposits managed by the Company		-	262,317,183,105	262,317,183,105
- The investors' deposits for securities transaction clearing and settlement		-	1,765,372,945	1,765,372,945
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		-	<b>238,629,977,652</b>	<b>238,629,977,652</b>
Cash at banks at the end of the period		-	238,629,977,652	238,629,977,652
- Investors' deposits managed by the Company for securities trading activities		-	219,624,056,410	219,624,056,410
- Investors' deposits for securities transaction clearing and settlement		-	19,005,921,242	19,005,921,242

## NOTES TO THE FINANCIAL STATEMENTS

### ■ EVENTS AFTER THE REPORTING DATE

There have been no events occurring after the reporting date that have significant impacts on the Company's activities and the income statement which would require adjustments or disclosures to be made in the financial statements.

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24 February 2017



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