

**RONGVIET**  
SECURITIES



# **FLY HIGH**

## **ANNUAL REPORT 2017**



# ABOUT RONG VIET

Rong Viet is among the leading securities companies in Vietnam which specialized in providing products, financial services, and professional investment for all investors (both institutional and individual) on the market. We always take proactive measures in each task to maximize benefits for all related parties as well as to contribute to the development of the Vietnam Securities market with high quality and professional products & services.

Rong Viet's mission is not only to pursuit business targets but also to maximize the highest return for all related parties in order to increase the chance of success and build a solid position for Rong Viet on the market.

We are committed to ethical and professionalism standards in all activities related to clients, shareholders, employees, and the society. For clients, Rong Viet is entrusted to be their partner on the securities market and to take the responsibility of providing the most effective solutions. For shareholder, we continuously try our best to achieve the highest business results. For employees, we are a strong companion who can help them with their personal development. For the community, we are the neighbor who can share the responsibility as well as to build and nurture the younger generations.

Rong Viet not only focuses on satisfying the needs from all related parties but also continues to improve its corporate governance ability to build a strong foundation for new opportunities in the future.

## ABBREVIATIONS:

Rong Viet or The Company	: Rong Viet Securities Corporation (VDSC)	IT	: Information Technology
SG	: The Shareholder General	Employees	: Working staffs
BOD	: The Board of Directors	HI/ AI	: Health Insurance / Acciden Insurance
SB	: The Supervisory Board	CIT	: Corporate Income Tax
SSC	: The State Securities Commission	PIT	: Personal Income Tax
HSX or HoSE	: The Ho Chi Minh Stock Exchange	VAT	: Value Added Tax
HNX	: The Ha Noi Stock Exchange	GDP	: Gross Domestic Products
SM	: The Securities Market	USD	: United States Dollars
SS	: Securities Services	SB	: State Budget
BD	: Brokerage Division	SBV	: State Bank of Vietnam
BD	: Brokerage Division	SOE	: State owned Enterprises
IB	: Investment Banking	CORP	: Corporate

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WITH THE BREAKTHROUGH IN MANY ASPECTS FROM BUSINESS RESULTS, CAPITAL, AND FINANCIAL CAPACITY TO HUMAN RESOURCES, INFRASTRUCTURE, AND CLIENT NETWORK, I AM COMPLETELY CONFIDENT THAT RONG VIET HAS FINALLY “FLY UP”. AND NOW, WE SHIFT OUR FOCUS TO MATERIALIZE THE DREAM TO MAKE RONG VIET “FLY HIGH, FLY FAR” IN 2018 AND THE FUTURE.



## MESSAGE FROM THE CHAIRMAN

Dear Shareholders, Clients, and all members of the Rong Viet family,

The year 2017 is considered a successful and memorable year with Rong Viet Securities when it marks the 10-year anniversary of the establishment and development of the Company (April 2007 – April 2017) by recording a significant gain in both revenue and profit. The total revenue reached VND 366 billion and the total net profit reached VND 138 billion, increased by 54% and 125% compared to those of 2016, respectively. As a result, Rong Viet has materialized its target to firmly join the “Hundred Million Profit Club.” This is a result from a rocky journey of Rong Viet over the past 10 years as well as the tireless efforts from all of its employees.

Last year, Rong Viet has completed the process to increase its Charter Capital from VND 700 billion to VND 910 billion, marking another step in its development. The current Charter Capital is 9 times larger than the original Charter Capital of VND 100 billion when the Company was established. However, this is only the beginning of the plan to increase the Capital to VND 1,500 billion in 2020 in order to set a solid financial foundation to enable the Company the ability to participate and provide all products & services on the market, including newly introduced products such as derivatives and covered warrants.

Looking back in its course of history, with the original vision of “becoming one of the best and leading investment banking in Vietnam,” Rong Viet’s Board of Management have always emphasized on building a system of various products & services that can satisfy all needs and demands from clients despite limited resources back then. At the moment, the decision to go with development in broad scales of Rong Viet has started to yield good results. What has been the weakness due to high investment costs, affecting the Company’s operating capital is now one of Rong Viet’s strongest points when the Company is able to withstand and adapt to various changes in the market, especially those “shocks” which are no stranger to the securities market.

That is what Rong Viet has accumulated and achieved over the last 10 years, so what is the Company’s direction and

strategy in the next 10 years, or 50 years, even 100 years? While brainstorming, a thought crossed my mind about a special moment in Rong Viet’s Team Building event in the last year, in which the slogan “Rong Viet: Fly up, fly high, fly far” was mentioned.

With the breakthrough in many aspects from business results, capital, and financial capacity to human resources, infrastructure, and client network, I am completely confident that Rong Viet has finally “Fly up”. And now, we shift our focus to materialize the dream to make Rong Viet “Fly high, fly far” in 2018 and the future. We are aware that opportunities, expectations, and challenges will be high, but all it requires is efforts, dedications, creativity, and a solid foundation that has been established. I have a strong belief that Rong Viet will fly high and fly further on its development.

On behalf of Rong Viet’s Board of Directors and all the staffs, I would like to express our greatest gratitude to shareholders, clients, partners, friends, and the authorities who have been confident with Rong Viet on its journey over the past 10 years as well as have recognized the tireless efforts of the whole Rong Viet family. I sincerely hope that you will continue to give us your trust and support by staying with us on our journey in the next 10 years and even further to the everlasting development of Rong Viet.

Wish you all health, happiness, prosperity, and continuity with Rong Viet.

Sincerely yours,

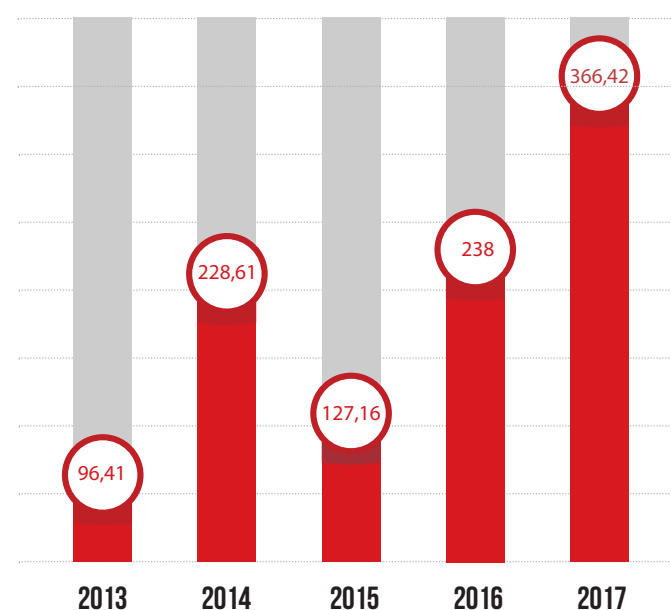
Chairman of the Board of Directors

  
Trần Lê Nguyên

# FINANCIAL HIGHLIGHTS 2013-2017

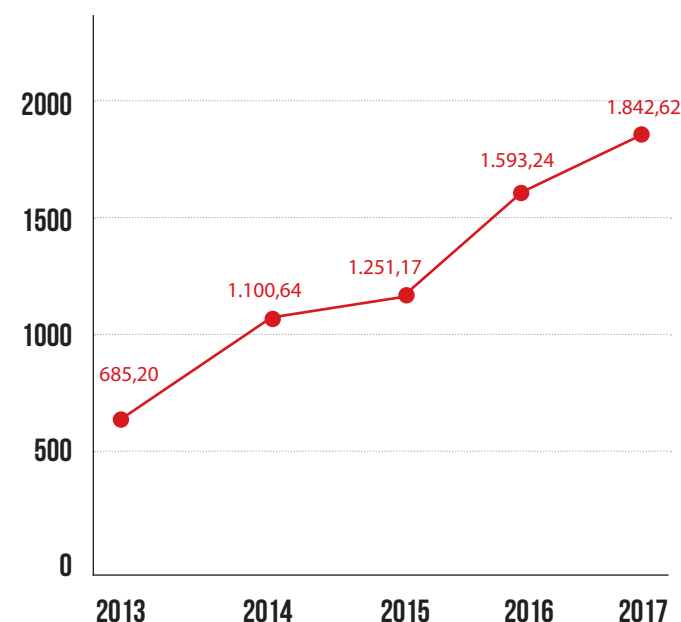
## TOTAL REVENUE

Unit: VND Million



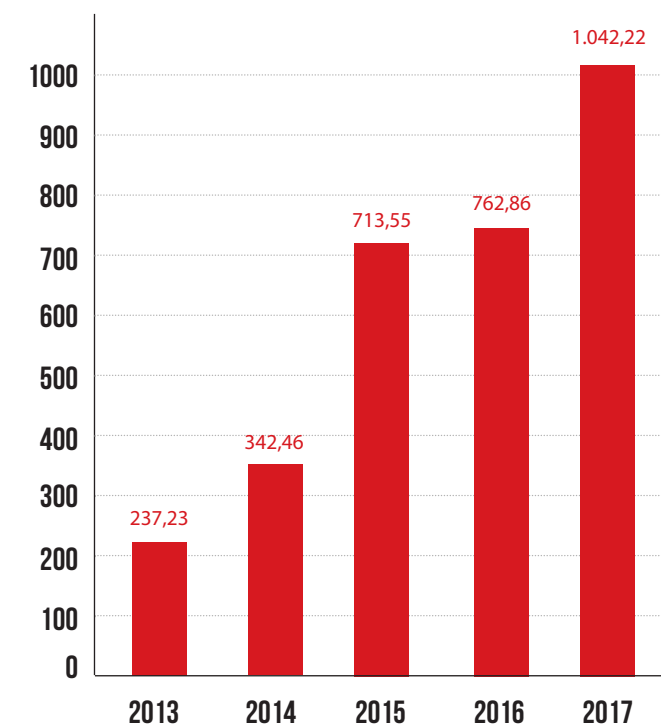
## TOTAL ASSETS

Unit: VND Million



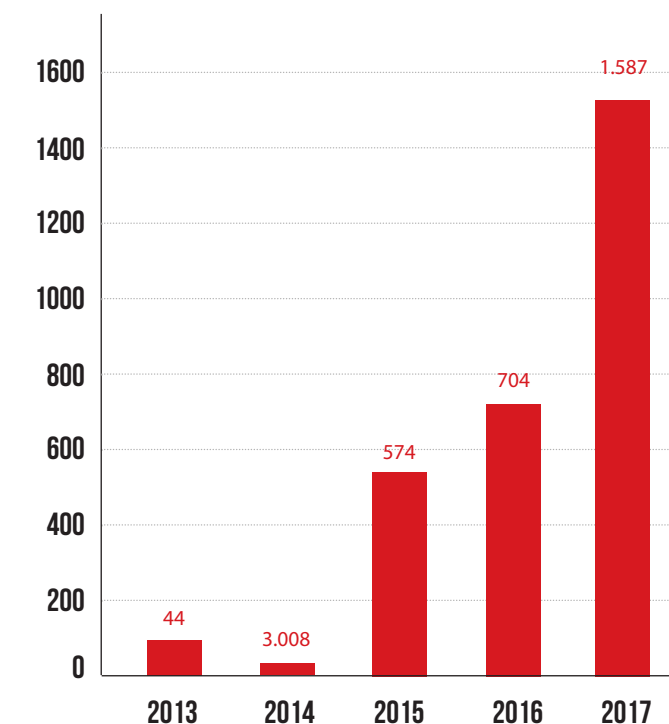
## OWNER'S EQUITY

Unit: VND Million



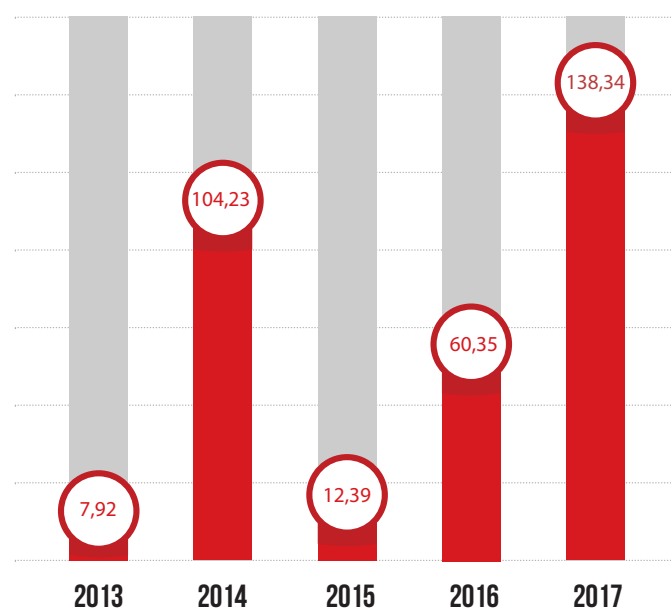
## EPS

Units: VND / Share



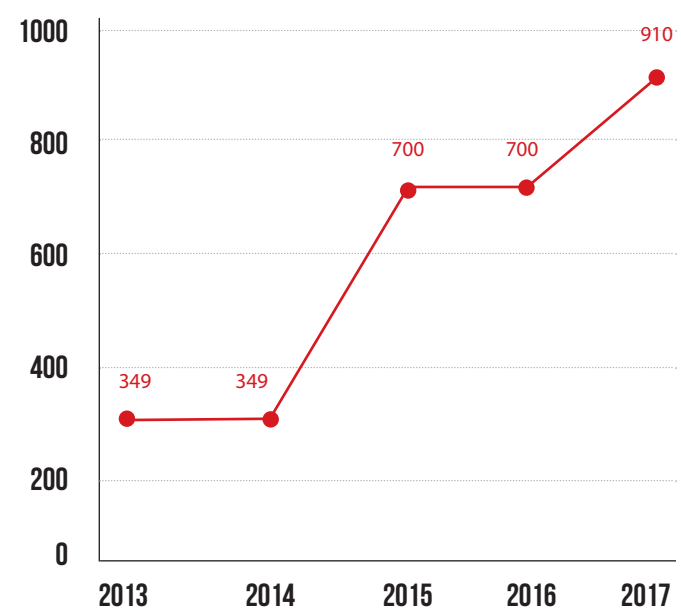
## PROFIT BEFORE TAX

Unit: VND Million



## CHARTER CAPITAL

Unit: VND Million



## PERFORMANCE HIGHLIGHTS FROM 2013 - 2017

Unit: VND Million

No.	Targets	2013	2014	2015	2016	2017
<b>Business results</b>						
1	Gross revenue	96,41	228,61	127,16	238,00	366,42
2	Profit from operations	6,48	104,25	12,37	60,81	138,01
3	Profit before tax	7,92	105,23	12,39	61,35	138,34
4	Profit after tax	1,54	105,23	20,89	49,31	111,36
<b>Balance Statement</b>						
5	Total assets	685,20	1.100,64	1.251,17	1.593,24	1.842,62
6	Charter Capital	349,80	349,80	700,00	700,00	910,00
7	Owner's Equity	237,23	342,46	713,55	762,86	1.042,22
8	EPS	44	3.008	574	704	1.587



# ABOUT RONG VIET

We always take proactive measures in each task to maximize benefits for all related parties as well as to contribute to the development of the Vietnam Securities market with high quality and professional products & services.

01. GENERAL INFORMATION
02. VISION – MISSION – CORE VALUES
03. BUSINESSES
04. HISTORY & DEVELOPMENT
05. CHARTER CAPITAL INCREMENT HISTORY
06. SHAREHOLDER STRUCTURE
07. CORPORATE STRUCTURE
08. THE BOARD OF DIRECTORS
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## VIET DRAGON SECURITIES CORPORATION

**Established** : December - 2006  
**Stock ticket** : VDS  
**Chartered capital** : VND 910.000.000.000

As of 31/12/2017  
 RongViet has

# 275 STAFFS



Total revenue 2017

# 366 BILLION

Profit before tax

# 138 BILLION



## NETWORK

**Head office** : Ho Chi Minh city  
**Branches** : Ha Noi, Nha Trang, Can Tho



## VISION

To become a leading investment bank in Vietnam.



## MISSION

Ceaselessly thinking and acting to create the best values for clients, shareholders, and employees and contributing to the development of Vietnam securities market. We are willing to share responsibilities with community and society in the national development.



## CORE VALUES

All members of Rong Viet are committed to reserve the Company's Core Values and take them as the guide for all activities.

- Clients' best interest
- Prestige
- Professionalism
- Innovation
- Efficiency

## BUSINESSE

- Securities Brokerage
- Proprietary Trading
- Securities Underwriting
- Securities Custody
- Financial Advisory and Securities Investment Advisory



# MILESTONES



Founded with initial charter capital of VND100 billion.

Member of Hanoi Stock Exchange, Ho Chi Minh Stock Exchange, Vietnam Securities Depository.

Capital raised to VND300 billion.

2006 - 2007



Launched Ha Noi branch.

Charter capital increased to VND330 billion.

Launched online trading system eDragon.

2008 - 2009



Launched Can Tho, Nha Trang Branches.

Listed on the HNX - ticket VDS.

Increased charter capital to VND349,8 billion

2010 - 2011



Ranked at the 6th largest securities firm brokerage market share on the HSX on 2012.

Launched LiveDragon, tabDragon.

2012 - 2013



Launched mailDragon, goDragon.

Charter capital raised to VND700 billion.

2014 - 2015



Top 3 Most Improved Brokerage at Asiamoney Brokers Poll 2016 & get 13 Awards at Asiamoney Brokers Poll 2017.

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

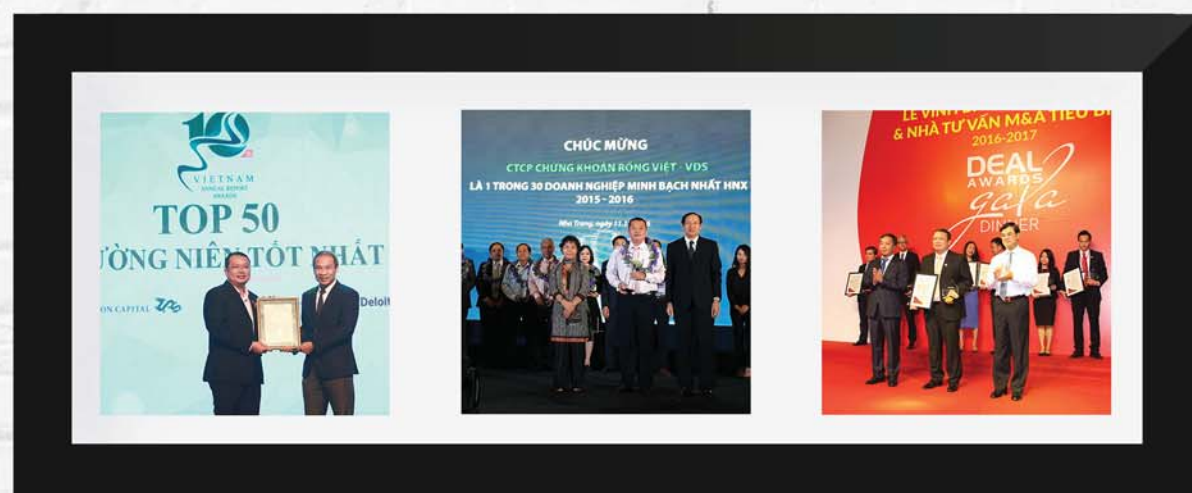
Listed on the HSX under the ticker VDS.

Capital raised to VND 910 billion.

2016 - 2017



# PRIZES & AWARDS



## DECEMBER

Won **13 PRIZES**  
in the Asiamoney Brokers Poll 2017

Increased the Charter Capital from VND 700 billion to VND **910.000.000.000**

Launched the new smart price board "liveDragon version 2017" with new tools and functions

## JULY

Rong Viet was officially listed on the Ho Chi Minh Stock Exchange (HSX)

Awarded **TOP 50**  
"Best annual reports in 2017"

## JANUARY

**TOP 10**

market share on the UPCOM in 2016



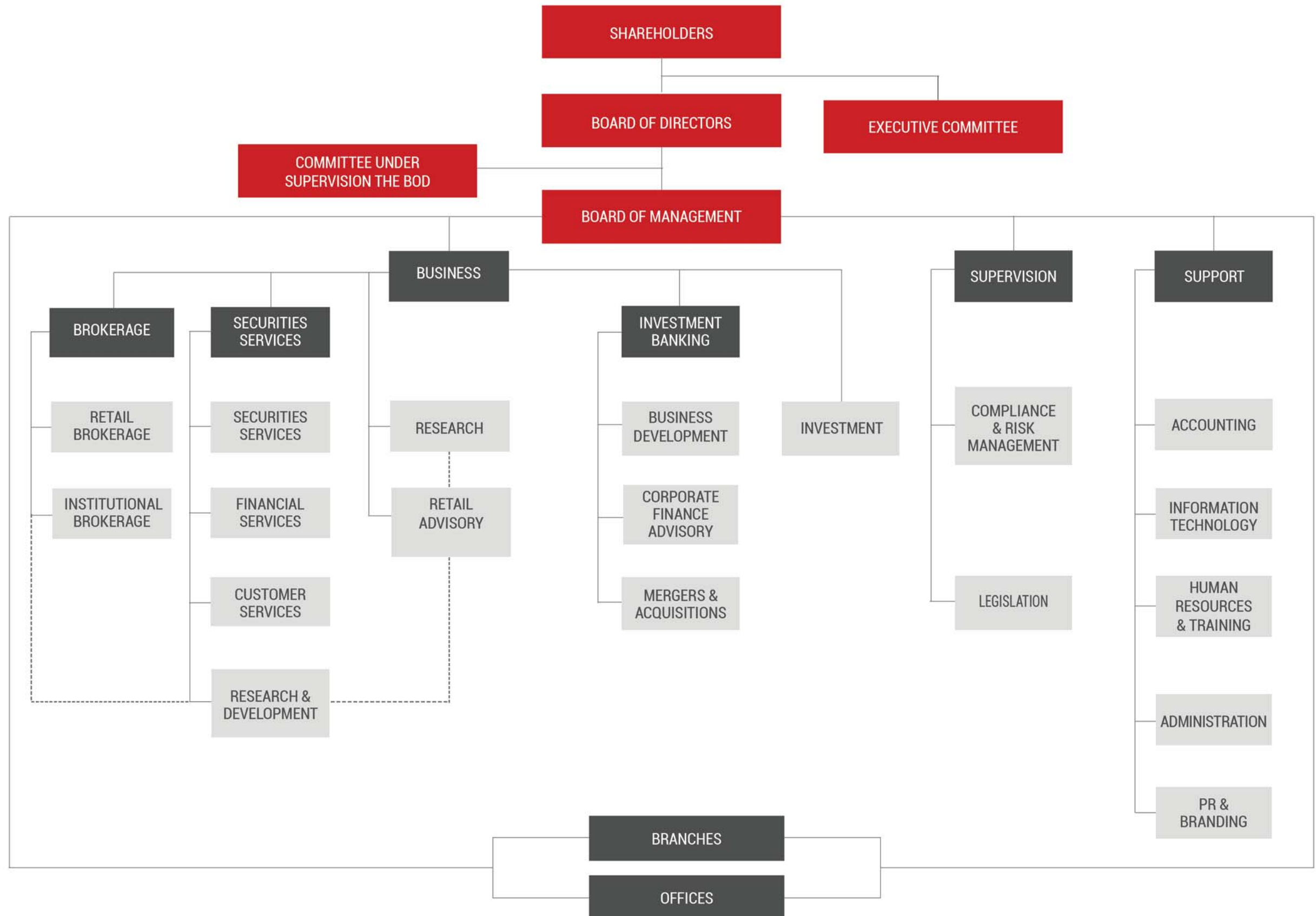
## JUNE

Rong Viet become Market Maker for the "VFMVN30 ETF"

## AUGUST

Awarded "Prestigious IPO Advisor"

# ORGANIZATIONAL STRUCTURE





**Mr. Tran Le Nguyen***Chairman*

Mr. Nguyen is a prestigious businessman, a strong and bold leader with impressive business results over the past few decades. Mr. Nguyen has contributed a large portion into making Kinh Do become one of the leading F&B companies in Vietnam. With all the passion and dedication, he has managed and made Kinh Do become a well-known brand in Vietnam with various products that dominate the market. Mr. Nguyen is the vice chairman cum CEO of KIDO group (formerly known as Kinh Do Group), member of the BOD of the Vietnam Chamber of Commerce and Industry (VCCI). He also holds important positions in other leading companies in Vietnam.

Mr. Tran Le Nguyen was official elected as the Chairman of Rong Viet from October 28, 2015 and has enabled the development of the company thanks to his vast experience in managing a number of companies. In addition, thanks to his wide network, Mr. Nguyen also refer clients to Rong Viet, helping the Company expand its business in financial advisory to corporates. Mr. Nguyen is not only a financial investor, in the role of the Chairman, he has built a bridge that helps connect Rong Viet with investment opportunities on the market. Mr. Nguyen has a degree in Business Administration.

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

Mr. Nguyen Mien Tuan has over 17 years of experience in the field of investment, finance & banking, securities and the capital market in Vietnam. Mr. Tuan is one of the founding member of Rong Viet. Being a member of the BOD cum CEO, Mr. Tuan has helped shaped Rong Viet's culture and business orientation that led to the development of the Company today.

Mr. Nguyen Mien Tuan was elected the Chairman serving the terms from 2012-2016. On October 28, 2015, Mr. Tuan was released from his duties and re-elected as Vice Chairman of Rong Viet ever since.

In addition, Mr. Nguyen Mien Tuan is currently a BOD member of Pymperpharco (PME), and Sacombank (STB)

Mr. Tuan has a Master degree in Finance & Banking from the University of Economic – Ho Chi Minh City.

**Mr. Kelly Yin Hon Wong***Member of Board of Directors*

Mr. Kelly Wong joined Kinh Do Group in August 2011. Prior to joining Kinh Do, Mr. Wong was a Managing Director of Ho Chi Minh Securities Corporation (HSC). Before joining HSC in 2008, Mr. Wong worked for HSBC Vietnam for four years where he was involved in corporate commercial banking and global markets. Mr Wong joined the Board of Directors of RongViet Securities as a member on 28th October, 2015. Mr. Wong holds a Bachelors of Commerce from the University of British Columbia in Vancouver, Canada and a Diploma in Asia Pacific Management from the McRae Institute of Management at Capilano University.

**Mrs. Pham My Linh***Member of Board of Directors*

Mrs. Pham My Linh is currently General Director of Hoang Trieu Co.,Ltd. Mrs. Linh joint RongViet's Board of Directors for the 2017 – 2021 office term in March 2017.

**Mr. Nguyen Hieu***Member of Board of Directors*

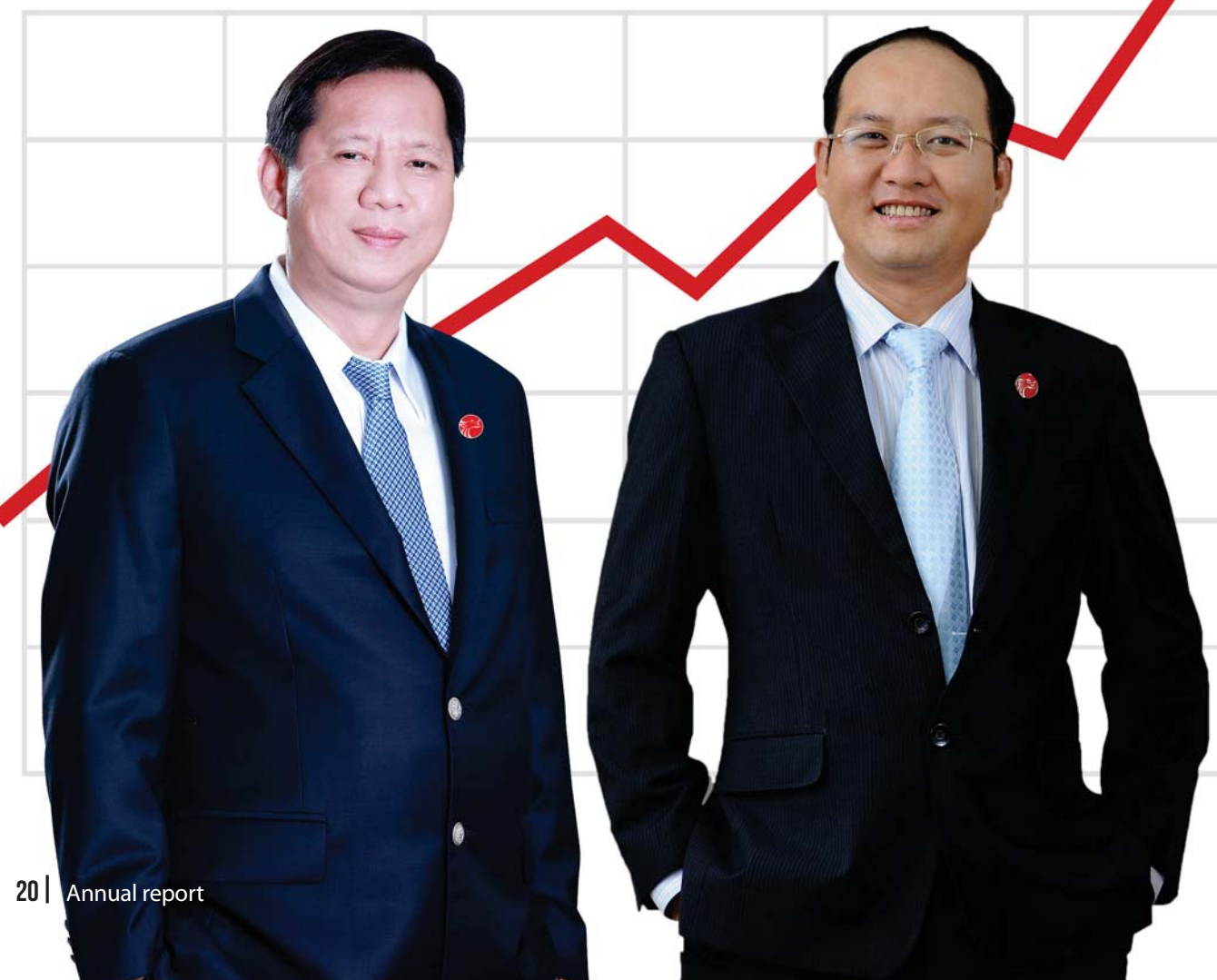
Mr. Nguyen Hieu has over 20 years working in the financial and securities market. Joining RongViet Securities in its very first days as Deputy General Manager, Mr. Hieu has contributed greatly to the development and expansion of the company. He was entrusted as the RongViet General Director since September 18th 2012 and appointed a BOD member on March 15th 2014. Before joining RongViet Securities, Mr. Hieu served as a Brokerage Manager at Vietinbank Securities (HCM-IBS) and then Hochiminh Securities Corporation (HSC). Mr. Hieu has a Master degree in International Business from Curtin University of Technology - Australia.

**Mr. Dao Hong Chau***Member of Board of Directors*

Mr. Dao Hong Chau has been working in financial industry for more over 24 years. Mr. Chau is currently Deputy General Manager of Eximbank. He joint RongViet's Board of Directors for the 2017 – 2021 office term in March 2017. He has a Master degree in Business.

**Mr. Vo Long Nguyen***Member of Board of Directors*

Mr. Vo Long Nguyen has been working in investment industry for more over 17 years. Mr. Nguyen is currently General Director of Tan Hiep Tin Investment Joint Stock Company. He joint RongViet's Board of Directors for the 2017 – 2021 office term in March 2017. He has a Bachelor's Degree in Business Administration.



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

**Date of first appointment:**  
28/10/2015

**Date of re-appointment:** None

**Qualification:** Bachelor's Degree in Business Administration from University of Economics Ho Chi Minh city

**Introduce:** Ms. Nguyen Thi Oanh currently serves as a Chief Accountant of KIDO Group and a member of the Executive Committee of KinhDoLand.

**Mr. Nguyen Thuc Vinh***Member of Executive Committee*

**Date of first appointment:** 23/03/2017

**Date of re-appointment:** None

**Qualification:** Master degree in Finance from University of New South Wales – Australia.

**Introduce:** Mr Nguyen Thuc Vinh had served as a Deputy General Manager of Eximbank. Mr Vinh had also served as Sacombank's Manager of Planning & Investment Department and Operation Manager before joining VDFM as a member of the Board of Directors and General Manager.

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

**Date of first appointment:** 06/03/2010

**Date of re-appointment:** 18/04/2012

**Qualification:** Bachelor's Degree in Business.

**Introduce:** 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 JointStock Company.

## SHAREHOLDER STRUCTURE

### RONG VIET SHAREHOLDER STRUCTURE AS OF 02/03/2018

#### FOREIGN SHAREHOLDER

No. of shares owned: 309.270

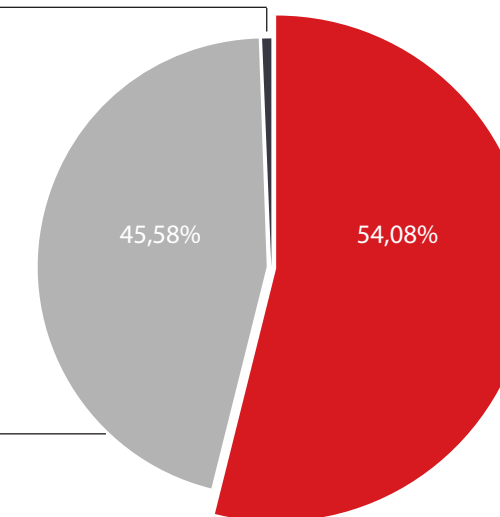
0,34%

#### OTHER LOCAL SHAREHOLDERS

No. of shares owned: 41.479.929

Institutional : 18.312.459 (tỷ lệ: 20,12%)

Individual : 23.167.470 (tỷ lệ: 25,46%)



#### INTERNAL SHAREHOLDERS

No. of shares owned	: 49.210.801
BOD	: 45.105.208
Board of Management	: 208.210
Supervisor	: 36.800
Chief Accountant	: 62.010
Staffs	: 3.798.573

### DETAILS ABOUT MAJOR SHAREHOLDERS AS OF 02/03/2018

No.	Major Shareholder	ID No. / Business Registration No.	Permanent Address/ Head office address	No. of shares / Ratio owned as of 2/3/2018	
				Số lượng	Ratio
1	Mr. Tran Le Nguyen	023062528	53 Nguyen Tieu La Street, Ward 5, District 10, HCMC	31.850.000	35%
2	Asia Investment Ltd.	0313483355	Floor 7 – Viet Dragon building, 141 Nguyen Du Street, District 10, HCMC	13.676.016	15,03%
3	Mrs. Pham My Linh	022590875	153/13 Nguyen Van Hung Street, Thao Dien Ward, District 2, HCMC	12.473.888	13,71%
TOTAL				48.415.312	63,74%

(Source: Rong Viet's shareholder list as of 02/03/2018 - Vietnam Securities Depository Center)



**Mr. Nguyen Hieu**  
*General Director*

**Year of birth:** 1973

**Professional qualification:** Master of Economics

**Introduce:**

Mr. Nguyen Hieu has over 20 years working in the financial and securities market. Joining RongViet Securities in its very first days as Deputy General Director, Hieu has contributed greatly to the development and expansion of the company.

He was entrusted as the RongViet General Director since September 18th 2012 and appointed a BOD member on March 15th 2014. Prior to RongViet Securities, Hieu served as a Brokerage Manager at Vietinbank Securities (HCM-IBS) and then Hochiminh Securities Corporation (HSC).

**Current positions in other entities:** None

**Number of shares owned (as of 02/03/2018):** 44.090  
*(ratio : 0,0485%)*

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

**Year of birth:** 1977

**Professional qualification:** Bachelor of Economics

**Introduce:**

Mr. Nguyen Minh Nhut has over 18 years of experience in banking and securities investment. He joined Rong Viet Securities in 2007 and has had major contributions in the company's development to date.

Prior to RongViet, Nhut was a Senior Credit Officer at Vietinbank, Invesment Manager of Hochiminh Securities Corporation (HSC) and CEO of Saigon Asia Financial Investment Corporation.

**Current positions in other entities:** None

**Number of shares owned (as of 02/03/2018):** 6.890  
*(ratio : 0,0076%)*

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

**Year of birth:** 1978

**Professional qualification:** Master of Business Administration

**Introduce:**

Having participated in Vietnam securities market since its inception, Mr. Nguyen Chi Trung has over 17 years of experience in the industry.

He joined Rong Viet Securities in the very first days and has left his marks in key positions in the company, including Director of Securities Services Division, Director of Brokerage Division, Director of Saigon Branch. Trung is now RongViet's Deputy General Director. Before joining RongViet Securities, Trung was a Brokerage Manager at Vietinbank Securities (IBS-HCM).

**Current positions in other entities:** None

**Number of shares owned (as of 02/03/2018):** 104.080  
*(ratio : 0,1144%)*

**Mrs. Nguyen Thi Thu Huyen**  
*Deputy General Director*

**Year of birth:** 1979

**Professional qualification:** Master degree in Finance – Banking

**Introduce:**

Mrs. Nguyen Thi Thu Huyen was appointed Deputy General Director from April 18th 2017.

Joining RongViet in the early days, at one time, Huyen was the company's Trading Department Manager and Deputy Director of Securities Services Division, Director of the Securities Services Division of RongViet Securities. Huyen has over 16 years of experience in the securities sector and was with VietinbankSC prior to her engagement with RongViet Securities.

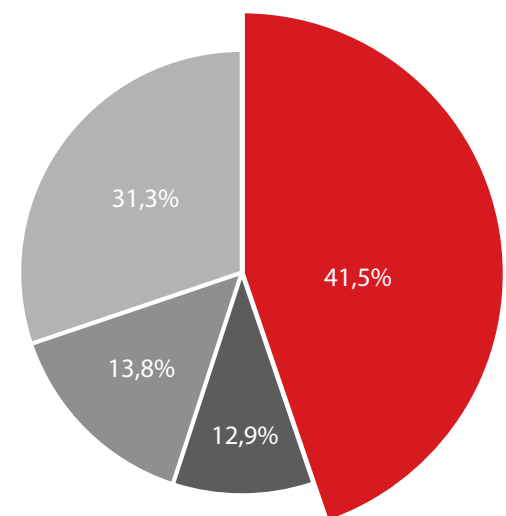
**Current positions in other entities:** None

**Number of shares owned (as of 02/03/2018):** 97.240  
*(ratio : 0,1069%)*



# HUMAN RESOURCE REPORT

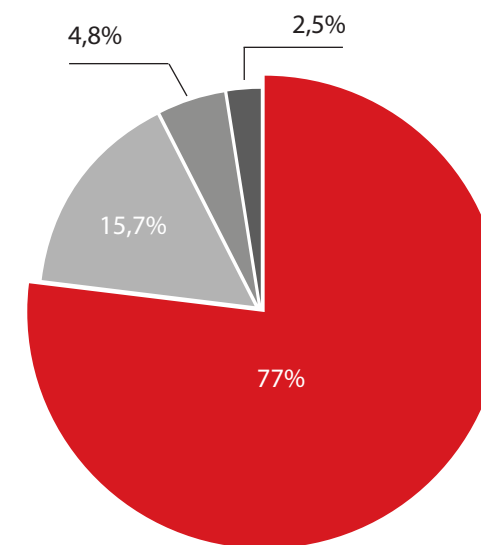
## EMPLOYMENT STATISTICS BY AGE IN 2017



### WORKFORCE DISTRIBUTION BY AGE

Under 25 years old	: 48 people (ratio: 41,5%)
From 25 to under 30 years old	: 37 people (ratio: 31,3%)
From 30 to under 35 years old	: 16 people (ratio: 13,8%)
From 35 years old	: 15 people (ratio: 12,9%)

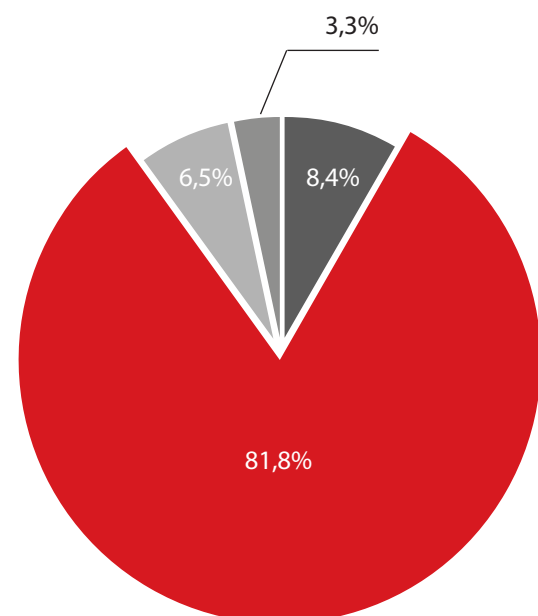
## WORKFORCE DISTRIBUTION BY GEOGRAPHIC



### HR BREAKDOWN IN TERMS OF GEOGRAPHY

Head office	: 212 people (ratio: 77%)
Ha Noi branch	: 43 people (ratio: 15,7%)
Can Tho branch	: 13 people (ratio: 4,8%)
Nha Trang branch	: 07 people (ratio: 2,5%)

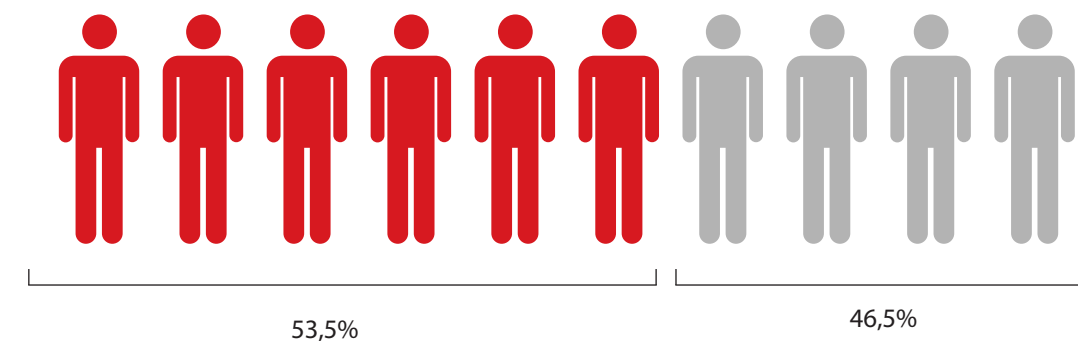
## WORKFORCE EDUCATION



### EDUCATION BREAKDOWN

Post Graduate	: 23 people (ratio: 8,4%)
Graduate	: 225 people (ratio: 81,8%)
College Degree	: 18 people (ratio: 6,5%)
Common workforce	: 09 people (ratio: 3,3%)

## WORKFORCE DISTRIBUTION BY GENDER



### HR BREAKDOWN IN TERMS OF GENDER

Male	: 147 people (ratio: 53,5%)
Female	: 128 people (ratio: 46,5%)





# BUSINESS OPERATIONS & DEVELOPMENT STRATEGY

**BUSINESS**

**IDEA**

**CREATIVE**

01. BUSINESS OPERATIONS REVIEW & THE BOARD OF MANAGEMENT'S EVALUATION
02. BUSINESS PLAN FOR 2018
03. DEVELOPMENT DIRECTION FOR 2018 -2020

## VIETNAM ECONOMY

The Gross Domestic Products (GDP) in 2017 increased by 6.81% compared to that of 2016. This growth rate exceeded the target of 6.7% and was much higher than the rates from the period from 2011 – 2016. In 2017, industrial production index increased by 9.4% year-on-year (YoY). The trade surplus in 2017 reached USD 2.5 billion (equivalent to 0.6% of total export/import value). The total export value in 2017 was USD 16.3 billion (up by 22.5%) and the total import value reached USD 213.7 (up by 22.7%) while the growth rate of export and import in 2016 were just 8.6% and 4.6%, respectively. In 2017 the CPI increased by 3.15% YoY, market the 4th consecutive year that inflation was contained under 5%. This shows that the macroeconomic foundation has been established. The budget deficit compared to GDP in 2017 was the lowest among the last 04 years. Budget collection in 2017 reached VND 1,239.5 billion (equivalent to 102.3% of the plan, up by 10.1% YoY). Budget spending reached VND 1,413.8 billion (equivalent to 101.7% of the plan, up by 9.3% YoY).

## THE VIETNAM SECURITIES MARKET

The year 2017 witnessed a significant gain from both the VNINDEX and the HNXINDEX with the growth rate of 48% and 46%, respectively. The fact that the EPS growth rate of the VNINDEX reached 19.6% and the P/E increased by 17% made a spectacular year on the Vietnam securities market. There were 03 highlights of the market in 2017:

First, the large-cap stocks were the main mover for the increase of the VNINDEX. The top 20 largest cap stocks gained by 73% and accounted for 45% of the growth of the VNINDEX.

Second, the market capitalization had significant change. The total market capitalization of all exchanges was close to 70% of the GDP. In addition to the fact that some of the large-cap stocks were listed in 2017, the main drive was still from the current listed stocks that helped pumping the market capitalization value. Some noticeable stocks such as VNM, VCB, SAB, etc. had gained significantly. On the HSX, 12.7% of the market capitalization value came from newly listed stocks and 87.4% from the current listed stocks. Specially, the market capitalization value from the UPCOM market increased by 06 times YoY thanks to the listing of 324 new stocks, much larger than the number of 26 new stocks on the HSX and 17 new stocks on the HNX. Some of the large corporations in Vietnam chose to list on the UPCOM first such as HVN, ACV, LPB, and VIB.

Third, the average liquidity per day increased significantly by 63% on both exchanges. On the HSX, the VN30 and VNMid groups recorded an impressive improvement in terms of liquidity with the growth rate of 55% and 82%, respectively. In contrary, the VNSML saw a decrease in liquidity. This partly reflected the movement of the cash from smaller investors by showing interest in large-cap stocks instead of just trying to make profits out of the mid & small cap stocks in the period from 2015-2016. The increase in liquidity is also contributed by the cash flow from foreign capital. Foreign investors have been net-buying a total amount of over VND 23,000 billion in 2017 (excluding the deal of SAB that was worth USD 4.8 billion). The 02 foreign ETF funds had opposite movement. While the VanEck Vectors Vietnam EFT attracted USD 2.2 million, the DB X-Tracker FTSE Vietnam UCITS ETF were withdrawn USD 38.9 million. Compared to 2016, the performance of these 02 funds have been improved greatly.

## BUSINESS RESULTS OF 2017

The year 2017 marks an important milestone for Rong Viet, being the 10th year anniversary of the Company as well as the turning point for building and preparation of a strong and everlasting development.

**“THINK BIG AND TRY YOUR BEST”** – the Chairman’s message is a reminder for all Rong Viet’s staffs to overcome the old way of passive thinking to materialize the targets of 2017. Thanks to the increase of Charter Capital from VND 700 billion to VND 910 billion and the solid infrastructure that Rong Viet has been building, the year 2017 was a breakthrough for Rong Viet in order to achieve a tremendous performance much greater than that of 2016 and the previous period.

### BUSINESS RESULTS OF 2017

Units: VND million

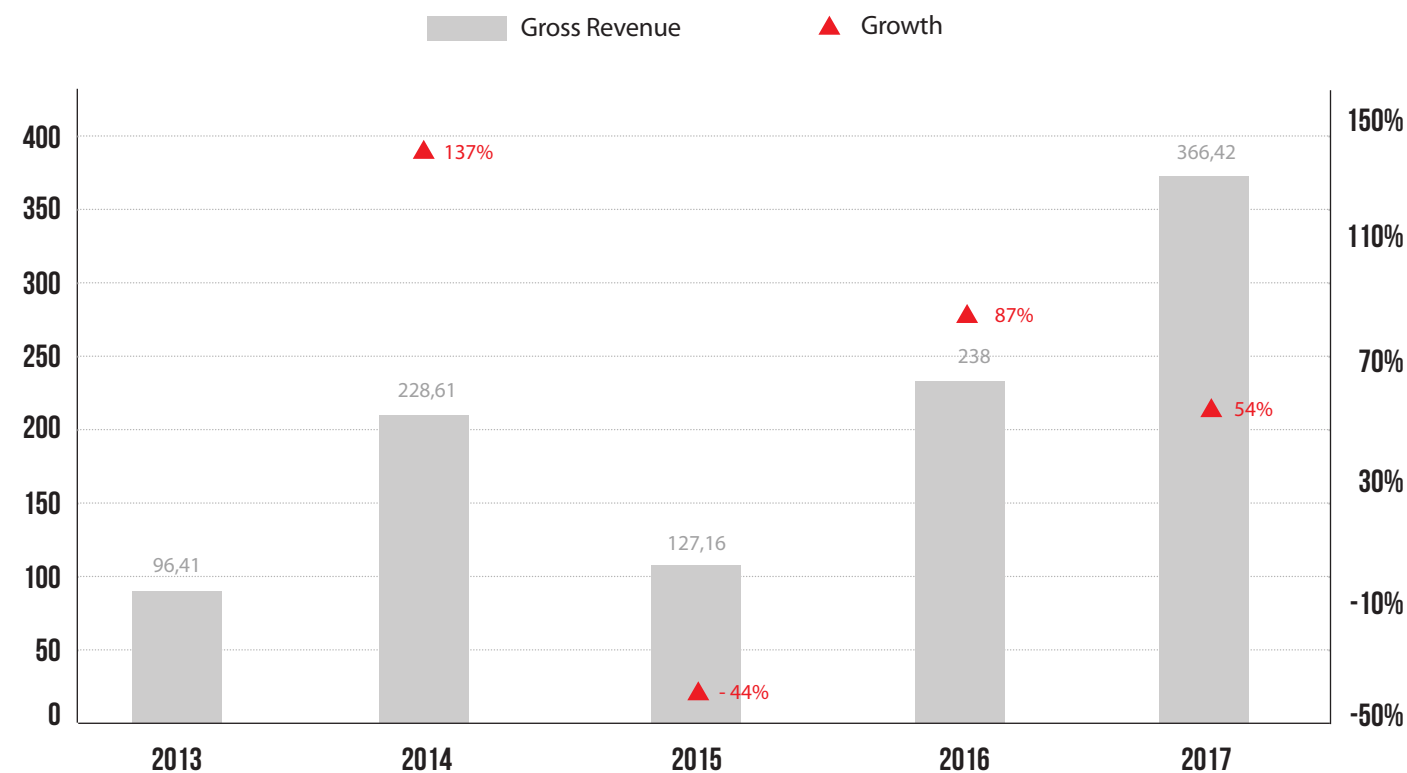
Item	2017			2016	
	Plan	Result	% Result / Plan	Result	%2017/2016
<b>Revenues</b>	<b>307.500</b>	<b>366.417</b>	<b>119,16%</b>	<b>238.002</b>	<b>153,96%</b>
Brokerage	65.000	87.130	134,05%	49.101	177,45%
Securities Services	171.500	153.741	89,65%	116.045	132,48%
Financial Investment	46.000	100.243	217,92%	50.535	198,36%
Investment Banking	15.000	11.618	77,46%	9.890	117,48%
Others	10.000	13.684	136,84%	12.432	110,07%
<b>Total Expenses</b>	<b>207.500</b>	<b>228.075</b>	<b>109,92%</b>	<b>176.652</b>	<b>129,11%</b>
Operational expenses	161.500	174.341	107,95%	134.434	129,69%
Overhead expenses	46.000	53.734	116,81%	42.218	127,28%
<b>Profit before Tax</b>	<b>100.000</b>	<b>138.342</b>	<b>128,34%</b>	<b>61.350</b>	<b>225,50%</b>
Corporate Income Tax	20.000	26.985	134,92%	12.044	224,06%
<b>Profit after Tax</b>	<b>80.000</b>	<b>111.357</b>	<b>139,20%</b>	<b>49.307</b>	<b>225,85%</b>

Thanks to the Company’s consistent focus on the targets as well as the quick adaptation to the market movement, in 2017 Rong Viet’s total revenue reached VND 366 billion, exceeding target by 19.16% and increased by 54% year-on-year and was the highest revenue level over the course of 10 years since the establishment of the Company.



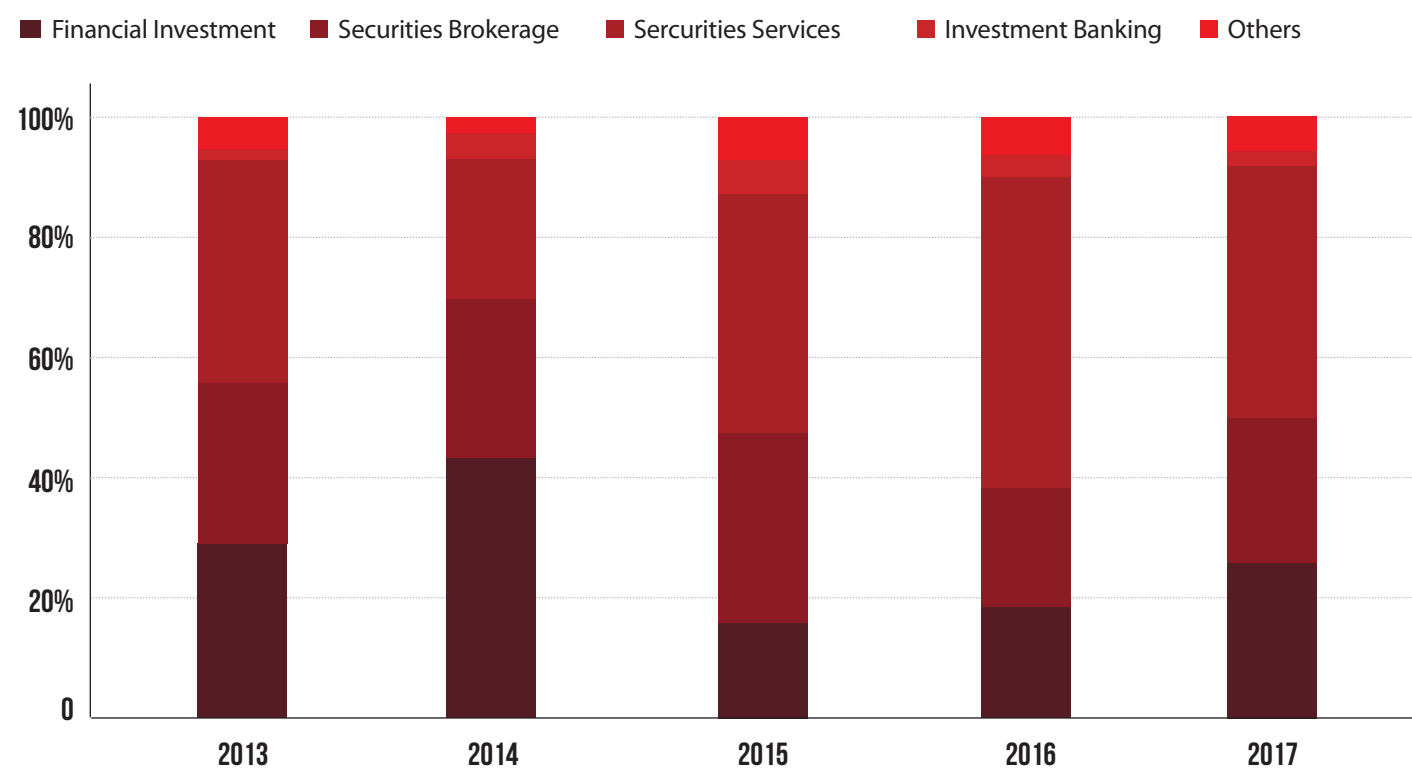
## GROSS REVENUE OVER THE YEARS

Units: VND billion



## REVENUE CONTRIBUTION BREAKDOWN BY BUSINESSES

Units: %

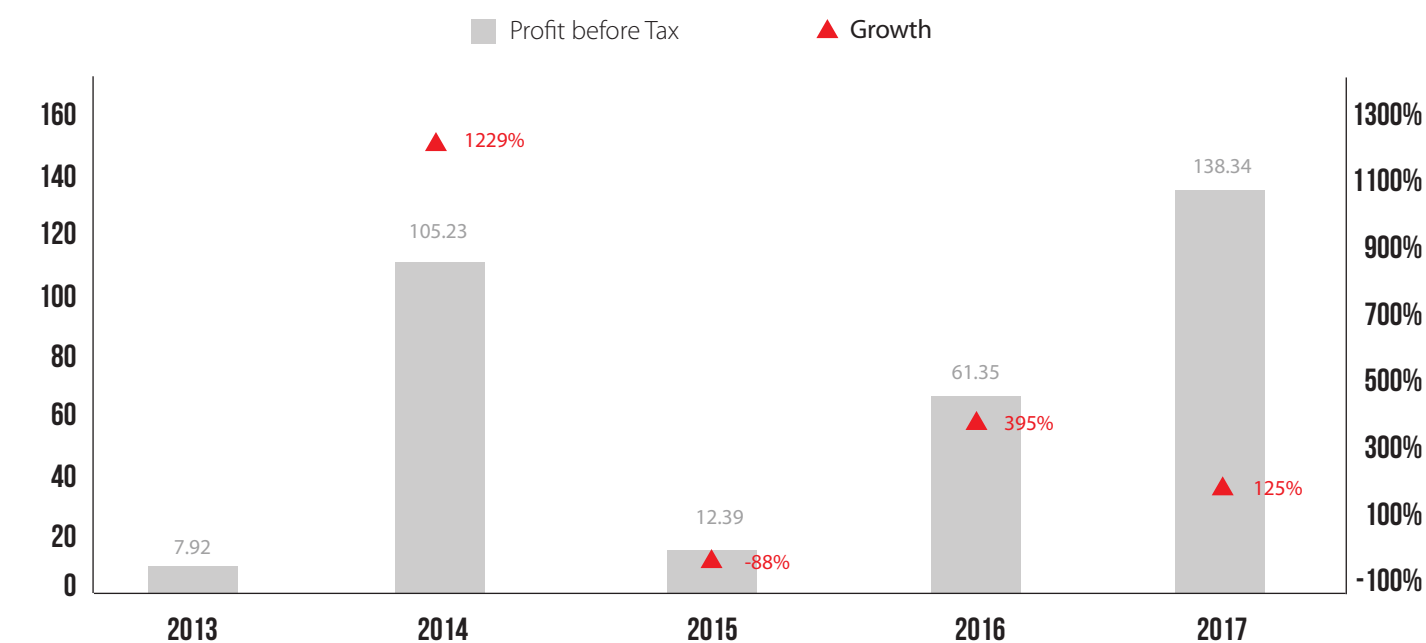


## PROFITS

Rong Viet's profit before tax in 2017 reached VND 138 billion, exceeding the plan by 38.34% and up by 125.5% compared to that of 2016. The profit in 2017 was mostly contributed by the 02 businesses: Proprietary Trading and Securities Services. Thanks to the favorable market condition and effective investments, the proprietary trading activities has yielded a very positive results with the return of over 36%, the highest over the last 05 years.

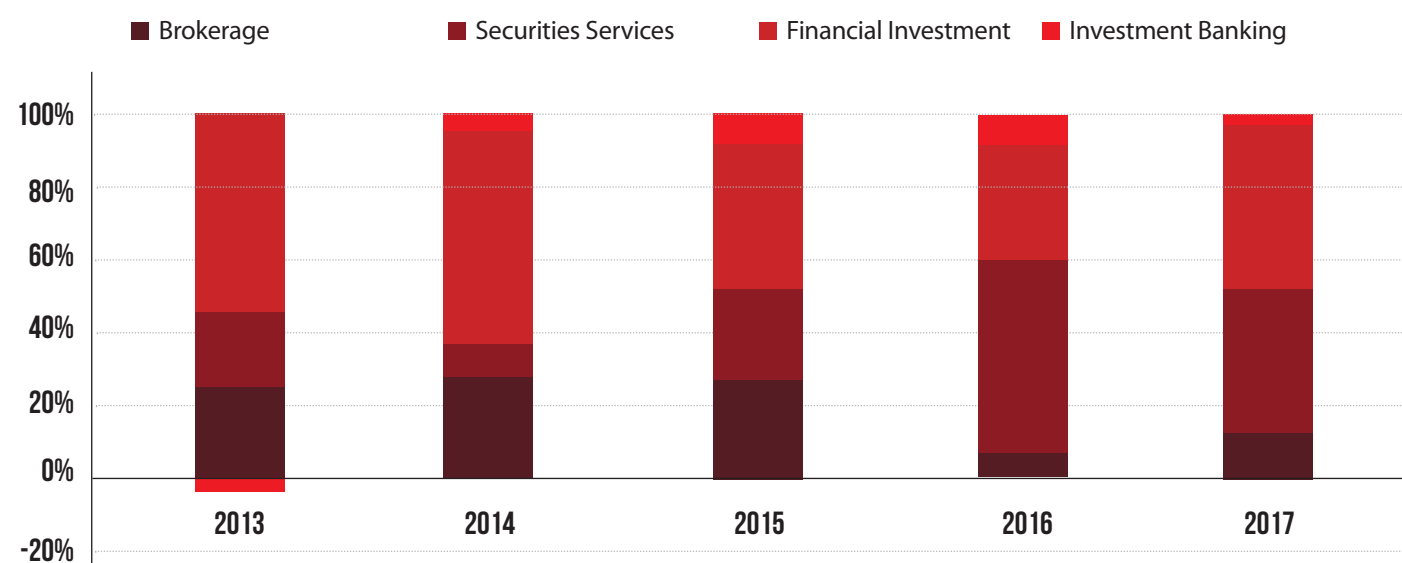
## PROFIT BEFORE TAX OVER THE YEARS

Units: VND billion



## PROFIT CONTRIBUTION BREAKDOWN BY BUSINESSES

Units: %



## FINANCIAL SAFETY RATIOS

Meeting all requirements

Item	Unit	31/12/2017	Standard
Financial Safety Ratio	%	827	Over 180%
Total Debts / Total Equity	Times	0,77	Not larger than 3 times
Short term Debts / Short term Assets	Times	0,44	At most 1
Net book value / Total assets	%	0,84	Not over 50%
Value of investment in un-listed shares / Owner's Equity	%	7,23	Not over 20%

## MAIN BUSINESSES

### SECURITIES BROKERAGE

#### Highlights from Rong Viet's Securities Brokerage Activities in 2017:

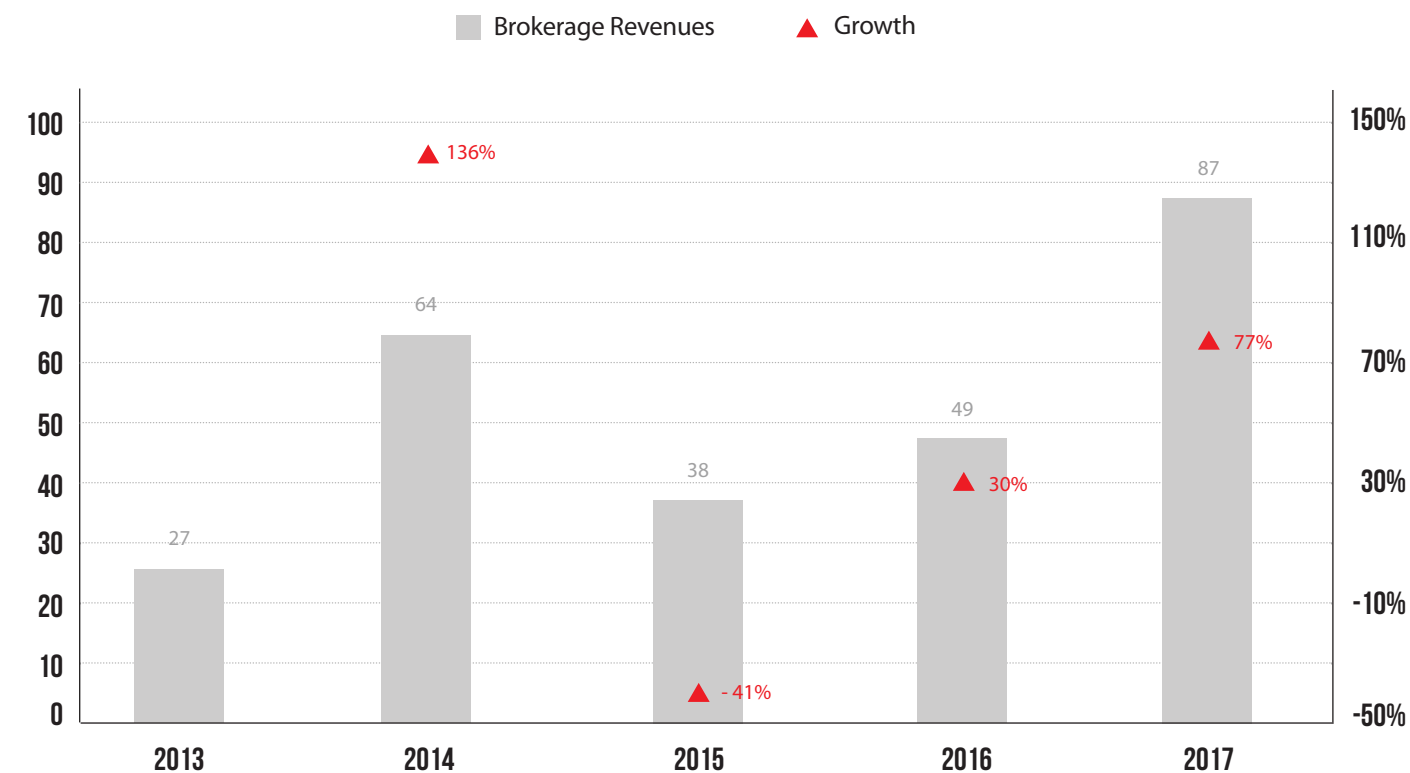
- Developed 5,874 new client accounts, increased by 70% YoY (in 2016 the number was 3,454 accounts)
- The trading value through Rong Viet increased by 73.72% YoY. In addition, the average trading value per day was VND 193 billion (up by 74.42% compared to that of last year).
- The revenue from securities brokerage increased by 77.45% YoY (exceeding the target by 34.05%) and accounted for 23.78% of the Company's total revenues.
- The number of brokers increased by 60% YoY. There has been 06 new brokerage departments established in the year.

No	Items	2017			2016	
		Plan	Result	% Result / Plan	Result	%2017/2016
1	<b>Revenues</b>	<b>65.000</b>	<b>87.130</b>	<b>134,05%</b>	<b>49.101</b>	<b>177,45%</b>
	Listed shares brokerage	64.680	77.510	119,84%	48.819	158,77%
	OTC brokerage	-	9.226	-	-	-
	Other revenues	320	394	1,23%	281	139
2	<b>Operating Expenses</b>	<b>52.618</b>	<b>62.714</b>	<b>119,19%</b>	<b>42.788</b>	<b>146,57%</b>
3	<b>Gross Revenues</b>	<b>12.382</b>	<b>24.416</b>	<b>197,19%</b>	<b>6.313</b>	<b>386,78%</b>

Units: VND Million

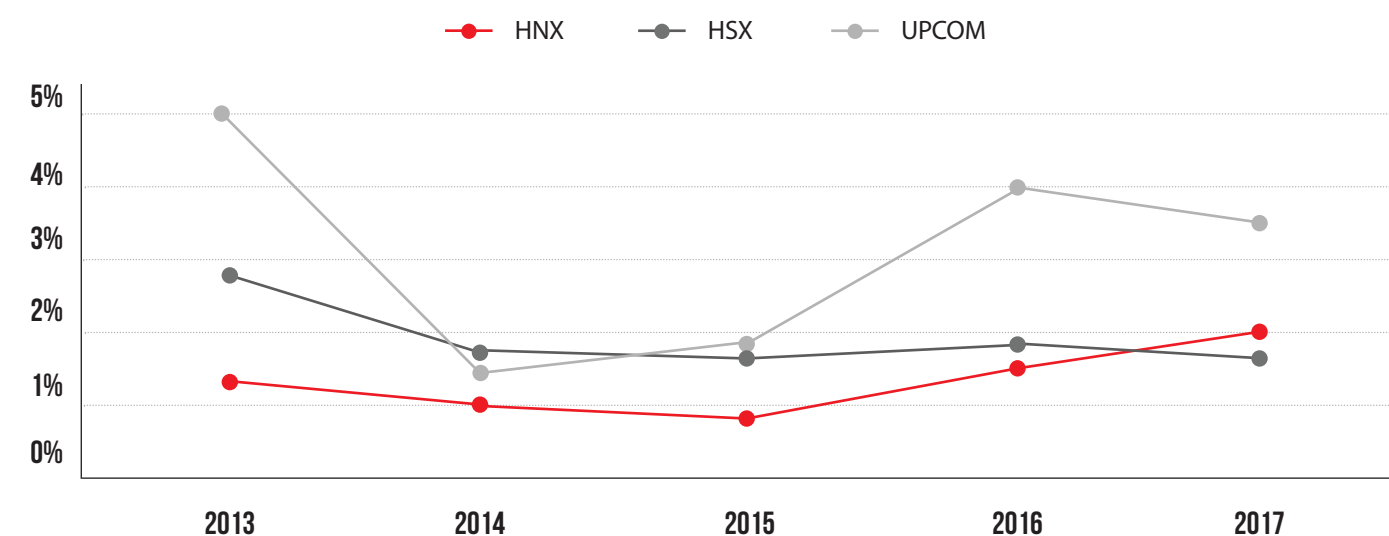
## BROKERAGE REVENUES OVER THE YEARS

Units: VND Billion



## RONG VIET'S MARKET SHARE OVER THE YEARS

Units: %





The revenues from brokerage activities have strongly fluctuated over the past 05 years. In 2014, the brokerage revenue showed good signs by increasing by 136% compared to that of 2013, reaching VND 64 billion thanks to a favorable market. However, starting from the end of 2014, the oil price took a wrong turn thus led to the fall of oil-related stocks. The unfavorable condition continued to 2015 when the market fluctuated with 03 big waves, making it hard for investors to trade. The Company's brokerage revenues significantly dropped by 41%, stayed at VND 38 billion. The picture become brighter in 2016 and 2017 when brokerage revenues gained 30% and 77%, reaching VND 49 billion and VND 87 billion, respectively. The successful increment of the Charter Capital from VND 350 billion to VND 700 billion in 2015 helped the Company with the financial capacity to invest in the brokerage staffs in terms of number of employees as well as financial services, yielding good results.

Besides the growth in numbers, Rong Viet has always emphasized on the training of its staffs to make sure they

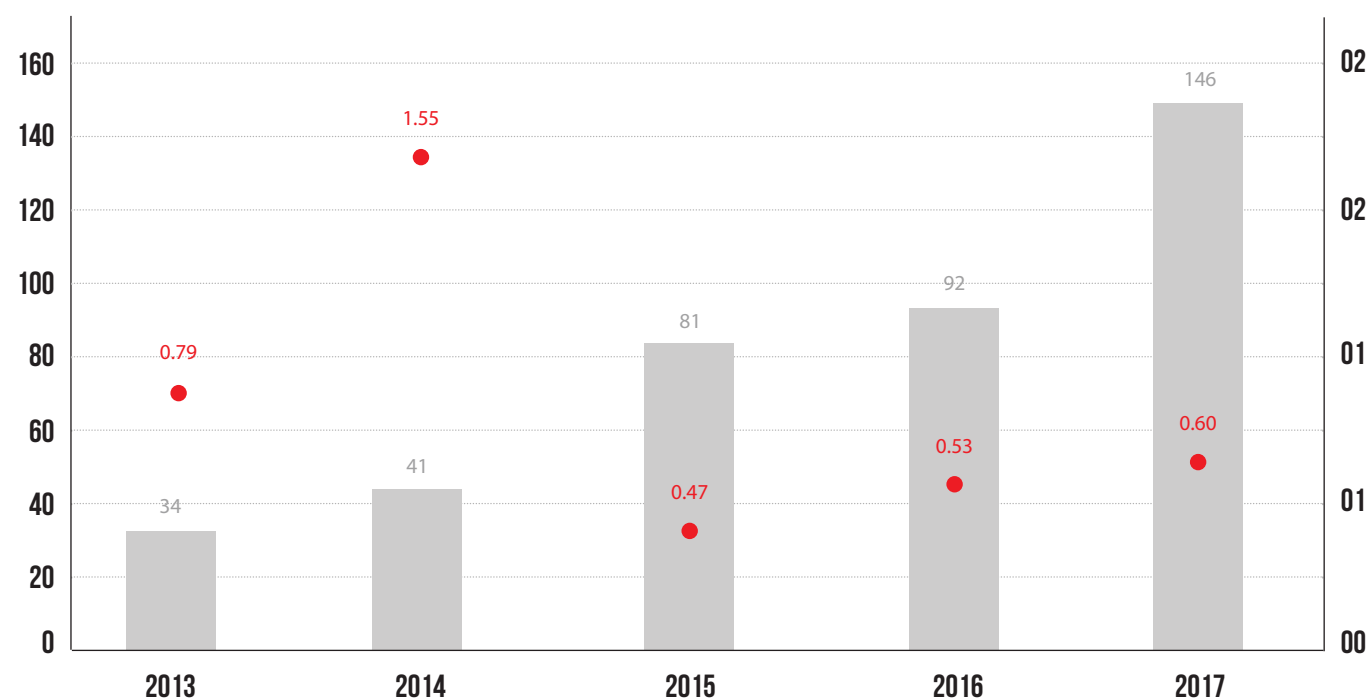
are familiar with the core values that Rong Viet has built over the past 10 years: Respect clients' benefits – Professionalism – Effectiveness – Trustworthiness – Creativity. The expansion of the brokerage workforce has been effective as all ratios related to brokerage revenues and average revenue from a single broker have shown improvement from 2015 to 2017.

As of the end of 2017, the total client accounts at Rong Viet reached 71,170 accounts (up by 8.9% compared to the number of 65,344 accounts in 2016), accounting for 3.7% of the total accounts on the market. In 2017, Rong Viet developed 5,874 new accounts in which 5,786 were local retail, 45 were local institutions, 23 were foreign institutions, and 20 were foreign retail. The growth was mostly from retail; however, Rong Viet has also heavily invested in the Foreign Brokerage segment in order to ensure a diversified and solid brokerage revenue structure as well as to improve its services to meet international standards.

## DEVELOPMENT OF THE BROKERAGE WORKFORCE

Units: VND Billion

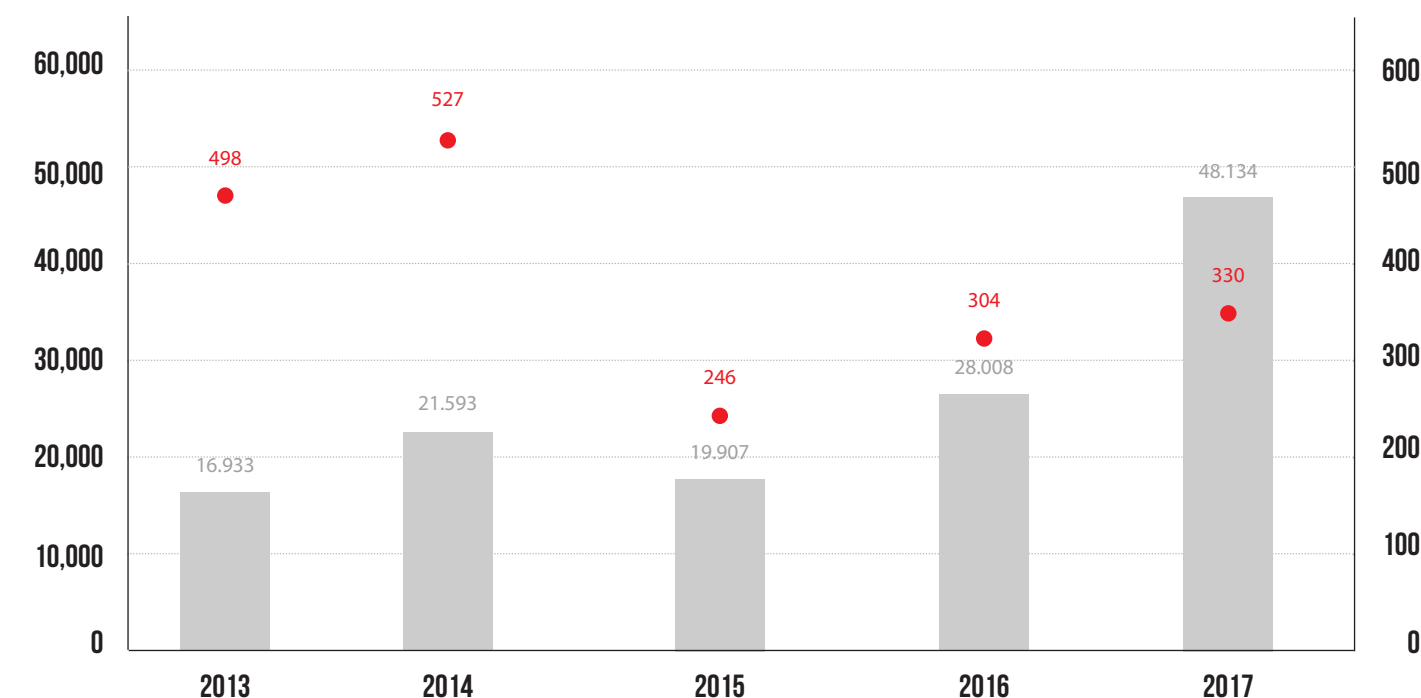
■ Number of employees (left axis) ● Average revenue from one broker (right axis)



## TRADING VALUE THROUGH RONG VIET OVER THE YEARS

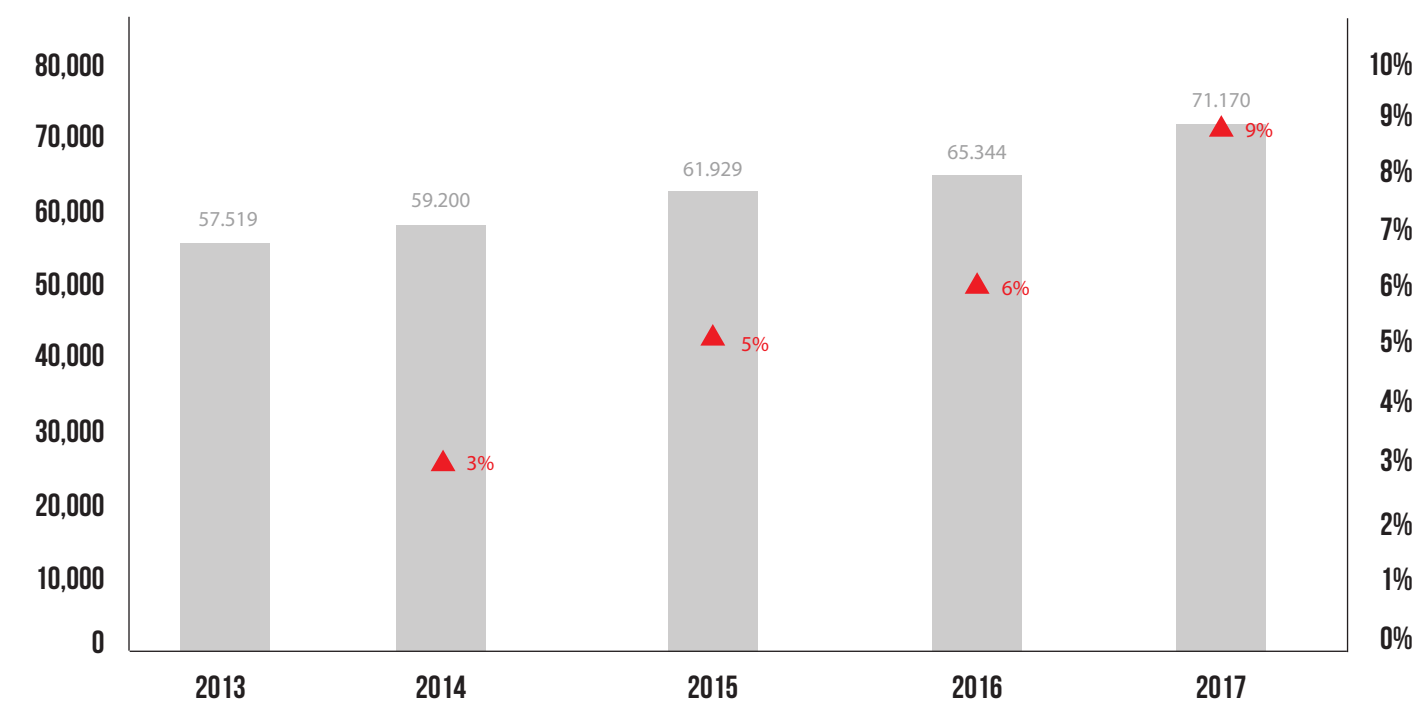
Units: VND Billion

■ Trading Value (left axis) ● Average trading value through on broker (right axis)



## NUMBER OF CLIENT ACCOUNTS AT RONG VIET OVER THE YEARS

■ No. of accounts ▲ Growth



SECURITIES SERVICES

Units: Million

No.	Item	2017			2016	
		Plan	Result	% Result / Plan	Result	%2017/2016
1	<b>Revenue</b>	<b>171.500</b>	<b>153.741</b>	<b>89,65%</b>	<b>116.045</b>	<b>132,48%</b>
	Margin Lending	157.500	135.482	86,02%	104.197	130,02%
	Cash Advance Interest	8.500	10.588	124,56%	6.161	171,84
	Revenue from Securities Custody Service	5.280	7.235	137,03%	6.470	132,28%
	Revenue from other financial services	220	436	198,40%	217	201,57%
2	<b>Operating Expenses</b>	<b>94.158</b>	<b>84.234</b>	<b>89,46%</b>	<b>65.949,7</b>	<b>127,72%</b>
3	<b>Gross Revenue</b>	<b>77.342</b>	<b>69.507</b>	<b>89,87%</b>	<b>50.095,2</b>	<b>138,75%</b>

In 2017, Securities Services activities continued to grow strongly, confirming its leading role in Rong Viet's business by bringing the revenue of VND 153.7 billion, a sharp increase of 32.48% YoY (accounting for the highest portion of the Company's total revenue at 41.96%). Although the growth rate was 32% YoY, Securities Services activities in 2017 only completed 89.65% of the plan. The main reason was that the increment in Charter Capital was finished at the end of the year, which didn't give Securities Services enough time to capitalize on it. Even though the result did not meet the target, the risk management aspect was carried out very well by Securities Services. Rong Viet is proud to be one of the few companies that did not incur any loss, bad debt, or damage from this activity. In which:

**Margin Lending Service:** Total margin lending value increased from VND 1,019.1 billion in 2016 to VND 1,333.18 billion in 2017 (an increase of 31.3%). The revenue reached VND 135.48 billion (equivalent to 86.02% of the VND 157.5 billion plan)

**Cash Advance Service:** The revenue reached VND 10.58 billion (equivalent to 24.5% of the VND 8.5 billion plan).

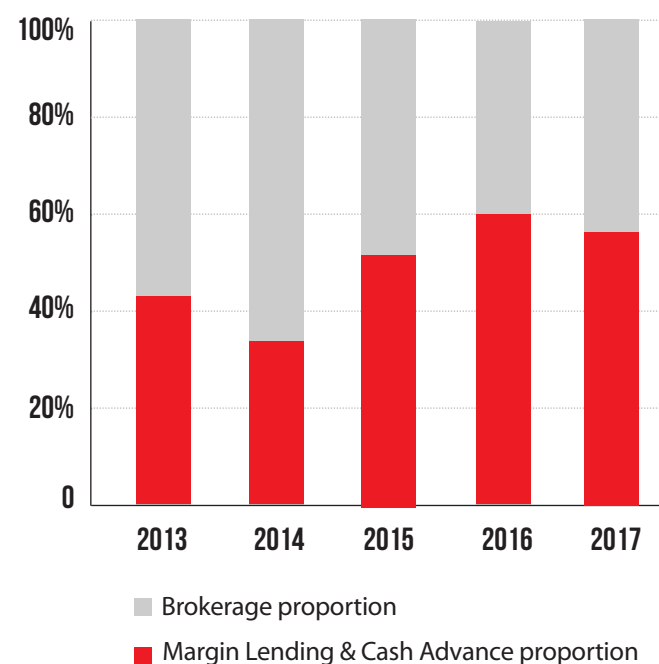
**Securities Custody Service:** The revenue reached VND 7.2 billion (equivalent to 137.03% of the VND 5.28 billion plan)

**Other financial service:** Including shareholder management, stock blockage service, auction services, etc. which generated a revenue of VND 436 million.

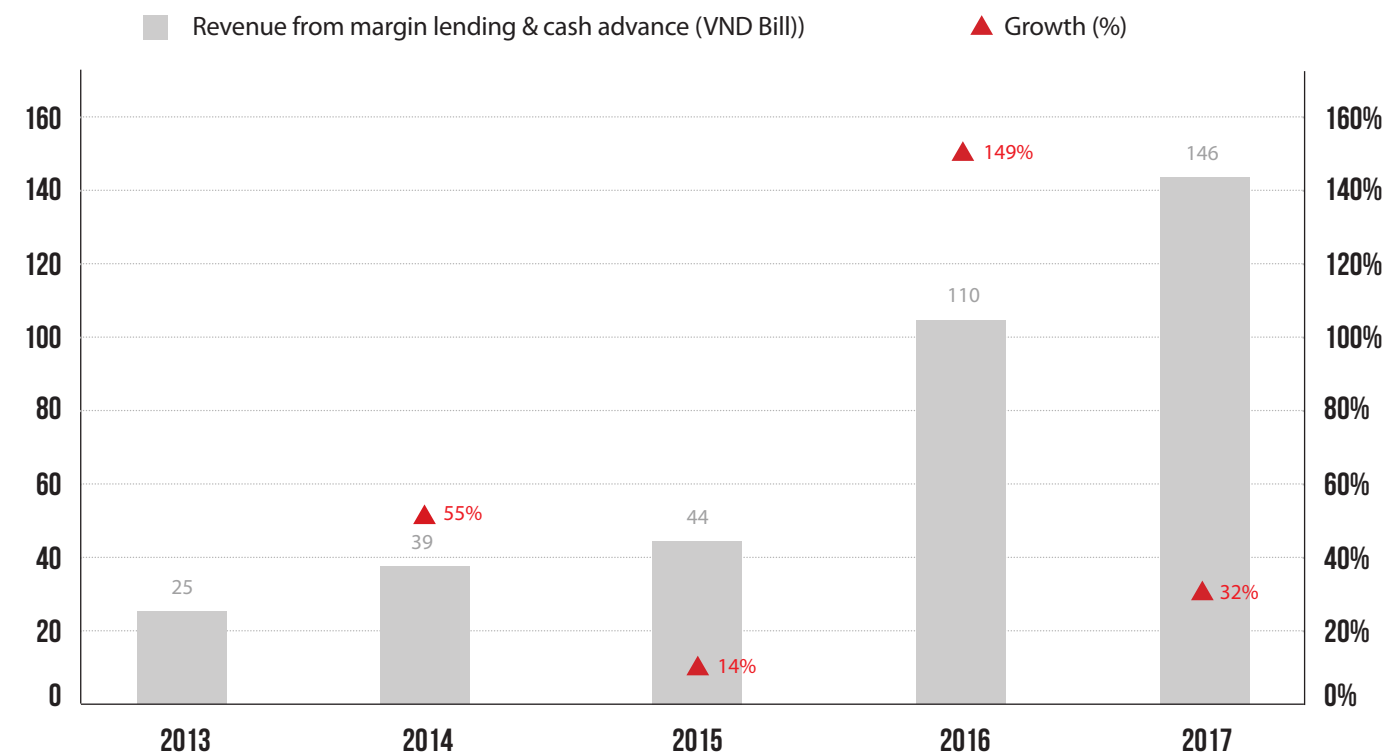
The brokerage commission rate on the securities market is constrained at the lowest rate of 0.15%. Due to the competition pressure, the commission rate stays the same

across securities companies. As a result, securities services becomes the new battle ground for securities companies. As the matter of fact, if combining the securities services and the brokerage activities together, it is obvious that even though revenues from brokerage has been rising since 2015, the revenue proportion from brokerage has actually been decreasing compared to that of securities services.

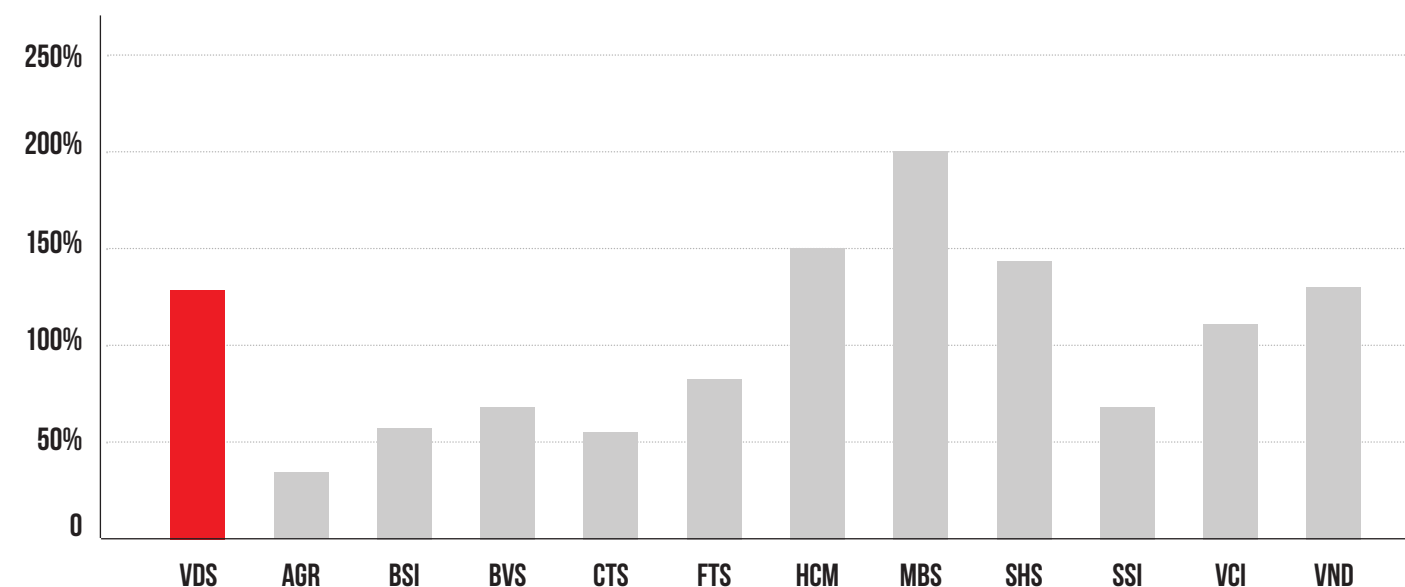
REVENUE BREAKDOWN BETWEEN MARGIN LENDING & CASH ADVANCE AND BROKERAGE



REVENUE FROM MARGIN LENDING & CASH ADVANCE



MARGIN LENDING VALUE / OWNER'S EQUITY OF COMPANIES IN THE INDUSTRY





INVESTMENT BANKING

Units: VND Million

No.	Item	2017			2016	
		Plan	Result	% Result / Plan	Result	%2017/2016
1	<b>Revenue</b>	<b>15.000</b>	<b>11.618</b>	<b>77,46%</b>	<b>9.890</b>	<b>17,48%</b>
	Revenue from Underwriting	6.400	6.349	99,20%	3.000	111,63%
	Revenue from Corporate Advisory	4.400	4.869	110,67%	3.844	26,69%
	Revenue from M&A	4.200	400	9,52%	3.046	(86,87%)
2	<b>Operating Expenses</b>	<b>5.906</b>	<b>7.510</b>	<b>127,16 %</b>	<b>5.302</b>	<b>41,65%</b>
3	<b>Gross Revenue</b>	<b>9.094</b>	<b>4.108</b>	<b>45,18%</b>	<b>4.588</b>	<b>(10,45%)</b>

In 2017, the Investment Banking division collected the revenue of VND 11.6 billion, increased by 17.48% YoY. Despite of the team's efforts, the lack of workforce has limited the ability to expand the client database as well as to carry out large deals as expected in 2017. As a result, in 2017 the division only completed 77.46% of the plan (VND 15 billion). As of the end of 2017, the Investment Banking division was still working on various contracts that were worth VND 5.3 billion.

In 2017, Rong Viet successfully organized the IPO and listing of KIDO Frozen Foods JSC (KDF) which was a highlight of IPOs for companies in the private sector in Vietnam. In addition, in 2017 Rong Viet was the advisor for Dabaco Food, regenerating a significant income from this activity. Another highlight in Rong Viet's IB activities in 2017 was the successful listing of one of the leading pharmaceutical companies in Vietnam: PYMERHARCO. With these achievements, the IB division of Rong Viet has been awarded "Prestigious IPO Advisor" prize at the Vietnam M&A Conference in 2017 organized by the Investment Magazine and AVM Vietnam, thus improving Rong Viet's position in the view of investors and corporates.

Even though the contribution to the revenue – profit structure of Rong Viet is not high in 2017, the IB Division will be an area of focus of Rong Viet in the upcoming years.



PROPRIETARY TRADING

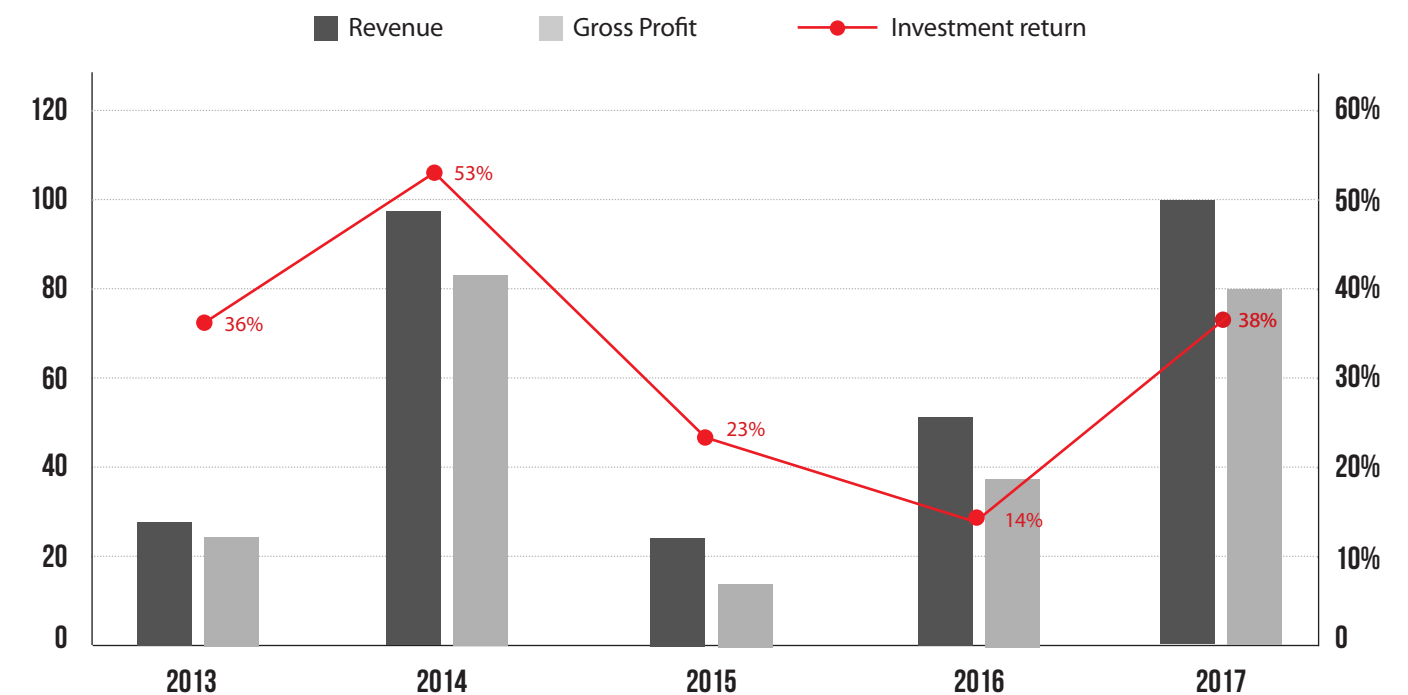
Units: VND Million

No.	Item	2017			2016	
		Plan	Result	% Result / Plan	Result	%2017/2016
1	<b>Revenue</b>	<b>46.000</b>	<b>100.243</b>	<b>217,92%</b>	<b>50.535</b>	<b>198,36%</b>
	Capital gain from securities	38.500	79.796	207,26%	42.329	188,51%
	Interest income	7.500	5.109	68,12%	8.206	62,26%
	Stock price difference	-	15.338	-	-	-
2	<b>Operating Expenses</b>	<b>8.818</b>	<b>19.817</b>	<b>224,73%</b>	<b>20.394</b>	<b>97,17%</b>
3	<b>Gross Revenue</b>	<b>37.182</b>	<b>80.426</b>	<b>216,30%</b>	<b>30.141</b>	<b>266,83%</b>

In 2017, with a stable capital along with the ability to capture the positive movement of the market, the investment activities of Rong Viet has experienced significant growth when the revenue reached VND 100.24 billion, exceeding the target by 117.92% (up by 98.36% YoY), and contributed to 27.36% of the Company's total revenue in the year.

Rong Viet's investment activities have always been a significant part in the Company's revenue and profit structure. A reasonable amount of capital is an advantage for Rong Viet to be flexible in its investment activities. In addition, investment activities were kept simple by putting allocation to financial assets and record profit / loss.

As of December 31, 2017, the total investment value of Rong Viet dropped by 27.55% YoY. Almost all of investments made in 2016 have been realized under favorable market condition to generate profits, thus recorded unusual income for the Company in 2017.



BUSINESS ACTIVITIES FROM BRANCHES

In 2017, the Ha Noi and Can Tho branches continued to perform well when making profits. The Ha Noi branch recorded a revenue over VND 10 billion (exceeding the target of VND 5.7 billion by 75.95%), up by 113.13% compared to that of 2016. The Can Tho branch also outperformed when it generated VND 146 billion worth of revenue, exceeding the target of VND 1 billion by 45.73% and up by 38.43% YoY. The Nha Trang branch recorded a loss of VND 483 billion due to the insufficient workforce and the characteristics of clients in the area.

The business condition at those branches are limited compared to that of the Head Office. As a result, in order to achieve a good business result, those branches had to be very proactive to increase their efficiency. Over the past 02 years, the Ha Noi and Can Tho branches have creatively approach clients in a “wholesale” method boy approaching corporates without geographical limitation to introduce Rong Viet’s products & services.

Units: VND Million

Item	Ha Noi Branch	Can Tho Branch	Nha Trang Branch
Revenue	34.141	7.892	1.672
Operating Expenses	24.112	6.435	2.155
Profit	10.029	1.457	(483)

RESEARCH & INVESTMENT ADVISORY ACTIVITIES

By recognizing that a timely & detailed source of information and a thorough advisory service are the key to the success of client’s investment, Rong Viet has built and provided a system of research products that are various, in depth, and objective prepared by a team of highly professional & experienced, and good market understanding analysts.

The year 2017 continued to be a remarkable year for the efforts of the Research & Investment Advisory Department. This is the 2nd year Rong Viet have won prizes in the AsiaMoney Brokers Poll award, and it was an exceptionally good year when the Company got a total of 13 awards, including 06 team awards and 07 individual awards across various categories. Thanks to such success, Rong Viet was honored to rank 2nd in terms of total number of awards among securities companies in Vietnam.

INFORMATION TECHNOLOGY (IT) ACTIVITIES

IT is a crucial aspect that provides the infrastructure for the stability and effectiveness of the whole operation of the Company. In the past year, the top priority was to strengthen the backup system and improve the securities of the system.

**Core System:** Ensure the Core System operate with high stability, handle issues swiftly, and select the appropriate upgrade to meet the demand from the new development era; prepare for the live connection of the Vietnam Securities Depository Center (VSD), and continue to test and prepare for the derivatives system.

**Application Development:** In order to provide more convenient tools for investors, in 2017, Rong Viet launched a number of new applications such as new stock quote board, new online trading software, Human Resource & Salary application. Especially, in 2017, Rong Viet launched the TouchID & FaceID feature for its mobile application, making it the 1st company in Vietnam to use this feature In order to ensure the security and convenience for clients. In order to master the technology and utilize it to simplify process & improve efficiency, in 2017, the IT department has developed the IT support website to receive and monitor IT-related requests, marking a new milestone in the process of work automation that needs to be explored.

**Infrastructure:** In order to ensure the monitoring capability as well as the speed & securities when launching new applications, in 2017, Rong Viet’s IT Department has implemented the program to manage all PCs in the Company, prepared the infrastructure to do live connection with the VSD and to trade derivatives. Security and System Monitoring are crucial to the operation of the system. In addition to the current structure, Rong Viet also emphasized on updating new technology to increase the network safety. In 2017, Rong Viet has successfully upgraded the Operating System for the Online Trading Server, transferred the File Server, strengthened and upgraded the Firewall system to prevent attacks on the online trading system as well as to improve security for connections with various business partners.

HUMAN RESOURCE ACTIVITIES

With the total number of 275 employees (excluding part-time employees), Rong Viet has welcome an additional 62 employees compared to the number of 2016 (213 employees), up by 29% YoY. The increase in the workforce was mainly to the front office in order to meet the plan to expand the Company’s business.

All of Rong Viet’s policies related to salary, compensations, and benefits are always updated and adjusted to the market standards in order to improve the lives of its employees both materially and culturally.

**Training:** In order to arm its employees with the suitable knowledge and skills, Rong Viet have always emphasized on both internal and outsource training activities. In 2017, Rong Viet has sent its employees to attend a number of courses such as “Negotiation Skills”, “Presentation & Inspiration Skills”, “Leader Mindset”, “Advanced M&A”, “Behind the Numbers”, etc. In addition, a number of in-house training courses are also organized on a regular basis.





## OUTLOOK FOR 2018: SHAPING THE FUTURE

Unit: VND Million

Item	2015	2016	2017E	2018F
Economic growth	6,68%	6,21%	6,8%	6,7% - 7,0%
Balance of trade (billion USD)	- 4,1	+ 1,78	+ 2,0	+ 1,8
Growth of export	7,9%	9,0%	18,9%	13,8%
Growth of import	12,0%	5,6%	19,2%	14,0%
Inflation	0,6%	2,66%	3,62%	3,71%
Refinancing rate	6,5%	6,50%	6,25%	6,25%
Money supply growth	14,5%	18,4%	17,5%	17%
Credit growth	17,3%	18,2%	19,0%	18,0%
Budget deficit	4,6%	3,64%	3,5%	3,7%
Exchange rate (VND/USD)	22.485	22.761	22.715	23.014

After witnessing a year with many fluctuations, beside achieving 6.8% GDP, which was higher than the rate 6.7% set by the National Assembly, and was recorded high in Asian region, Vietnam is expected to enter "Magic transition". To our optimistic viewpoint, the Government's endeavor of renovating and creating favorable business conditions is highly appreciated.

In addition, the year 2018 will witness many events contributing for long term growth, which are as followed:

➤ **Restructure of SOEs:** the privatization of 89 SOEs is continued to take place in 2018-2020. After 30 years, total SOEs experiencing privatization is 4,655, initially accomplishing the plan. Especially, the year 2018 is expected to reach the turning point as the government divests from 181 companies, accounting for 70% divested company in 2018-2020.

➤ **Restructure of State budget's revenue:** being the important obligation in new period. Accordingly, outside inflows such as import tax; aids, reduction of preferential loans, put significant pressure on revenue structure transition. Institutors of Vietnam will be busy with large scale tax reform in this year, especially with the proposal of increasing consumption tax (VAT and special consumption tax) and adjusting income tax (corporate income tax and personal income tax) thanks to increase of national debt.

➤ **Approval of development plan of administrative-special economic units:** including Van Don, Bac Van Phong and Phu Quoc. Administrative-special economic units reveal expectation for the new development of Vietnam. At those places, business lines are prioritized to be concentrated on comparable advantages of Vietnam, including logistics and tourism. According to development plan, infrastructure construction, tourism, buildings, sea ports and post services...will be beneficial.

➤ **Negotiation with parallel and multilateral trade agreement.** Beside CPTPP and RCEP, other trade agreements is expected to directly and indirectly influence on Vietnam economy.

Beside advantages, there are potential risks:

Credit capital flows into high risk fields like real estate. Speculated bubble on real estate market will be challenging to cease in the event of its existence, while the authority's intervention is relatively limited at that time.

Protectionism has been transferred to new period when parallel and multilateral trade agreements have to be renegotiated. Being an opening economy and affected from import and export activities of FDI companies, Vietnam is forecasted to one of the countries incurred bad effects if the international commercial relationship becomes negative.

To summarize, advantages, disadvantages and domestic business conditions will be kept improving based on stable economic foundation. The movement of the economy being along with 1) Diversity in raising capital of enterprises through equity market, 2) Motivation of divestment and listing/Upcom registration of giants to increase investment scales large capital from outside flows into, 3) Opening retail market and distributing products, especially in oil and gas field and 4) Tight monitor of market price to control inflation and aim to compete interest with ASEAN countries.

### OUTLOOK OF SECURITIES MARKET IN 2018

#### OPPORTUNITIES

Relied upon on uptrend movement in 2017 in accordance with stable macro factors and favorable business conditions, the securities market in 2018 is forecasted to continue to reveal advantages.

The securities market continues to be active with big deals in IPO and divestment of stated companies, which have been followed for a while and being taken place in 2018. Along with success in IPO and divestment deals, a great amount of investment is estimated to flow into the securities market in next year, or in another word, the liquidity and market capital will keep strong increase in 2018. Moreover, SOEs are expected to operate more effectively and transparently, those events also contribute bright points for market's expectation.

Earnings of listing companies maintains positive growth rate so that the securities market will continue to increase. VNIndex aims to reach higher point thanks to good growth of company' profits. Using 50 current highest market capital stocks, representing 88% total market capital, the ESP growth is forecasted at 19%. If adding potential dilution of bank stocks, the EPS growth is suggested to be 17%.

We don't highly anticipate the story of enhancing the rank of market from marginal to emerging in 2018 because of qualitative issues, but we believe in the long story of struggling to create wave "ripples" from now up to officially being ranked instead.

#### RISK

The whole picture of securities market in 2018 reveals advantages with opportunities for investor, however, it will still be exposed to certain risks. Although it does not appear any large risks to reverse the market trend in 2018, some of risks may be displayed as following:

➤ **Firstly,** risks arise from misconducts in management of SOEs. Those matters will be easily digested in "cow" market period but will become obstacles as being "amplified" outcome in adjustment range of the market.

➤ **Secondly,** postponement in divestment and listing SOEs might will become a disadvantage for the securities market. The expectation of divestment and listing activities of SOEs has been enlarged for years. Investors look forwards of new transformation of SOEs in peak period of 2018-2019, and thereby readily participating in IPO auctions and figuring out potential OTC stocks.

➤ **Thirdly,** increase of fluctuations in transaction sessions takes place. The gap between the highest level and lowest level was widen in two last quarters of 2017, and ended at average level 1,3% since 2010.

➤ **Finally,** political instability in the region or around the world may influence on the market. Some typical events arising in current years are change of exchange rate structure of China (08/2015), Brexit (06/2017) or tensions of North Korea... Those events directly affect both investor's minds and Vietnam macroeconomics including exchange rate, balance of trade...

There is not any flatten road and expected profits always goes along with risks according to brief analysis mentioned above. Along with that, opportunities of making profits in 2018 will not be difficult.

According to correlation between nature of cycle industry with market movement, securities industry is expected to absorb positive market trend in 2018. Accordingly, profits of securities companies will also obtain significant benefits. Since brokerage attaching with margin service, and investment activity have been mainly contributing for revenue and profit structure of companies, securities companies may generate good revenue and profit thanks to favorable conditions. Along with that, Rong Viet believes in setting superior objectives and business plan compared with 2017.

## RONG VIET 2018 – BUSINESS ORIENTATION AND OBJECTIVES

### BUSINESS ORIENTATION IN 2018

The charter capital was successfully increased to VND 910 billion at the end of 2017, and Rong Viet plans to increase charter capital to VND 1,000 billion in term of stock dividend in 2018. This target not only satisfies requirements of competent authority to provide full derivative securities services but also basically solidified financial foundation for Rong Viet development in new period. Moreover, Rong Viet continues to find strategy investors to increase charter capital to VND 1,200 or up to 1,300 billion if conditions permit.

Rong Viet will focus on enhancing competition capability of services in term of quality, diversity and effectiveness. In addition, capital preservation and risk management tasks are also the most priority for financial service and investment activity. Human resource will be strengthened and regularly trained to enhance knowledge and skills that contribute for creating successors in advance.

#### Objectives of Rong Viet in 2018 are determined as following:

- **The charter capital:** VND 1,000 billion
- **The demand of capital:** to serve financial services and investment activity: VND 1,100 – 1,200 billion
- **Total employees:** 400 – 410 employees
- **Profit:**
  - Profit before tax: at least VND 180 billion
  - Profit after tax: VND 144 billion, dividend for shareholders is 10%
- **Brokerage:**
  - The estimated market liquidity: VND 6,000 billion/day
  - Brokers: is estimated around 240 -250 employees
  - The market share: 2,5%
  - The estimated revenue from brokerage operation: VND 112.1 billion
- **Financial service:**
  - Margin: margin at average of VND 1,850 – 1900 billion
- **The estimated revenue:** VND 217.4 billion
- **Investment:** the limit of investment value is estimated at VND 400 billion, profit for the whole year is planned at VND 105.8 billion
- **Investment banking:** the revenue is estimated at VND 20 billion

### DETAIL OF BUSINESS PLAN

No.	Items	Performance of 2017 (VND)	Plan of 2018 (VND)	%2018/2017
<b>1</b>	<b>Total revenue</b>	<b>366.416.865.309</b>	<b>469.000.000.000</b>	<b>128,00%</b>
	Brokerage	87.130.206.398	112.100.000.000	128,66%
	Financial service	153.741.250.394	217.400.000.000	141,41%
	Investment	100.243.128.842	105.800.000.000	105,54%
	Investment Banking	11.618.454.181	20.000.000.000	172,14%
	Others	13.683.825.494	13.700.000.000	100,12%
<b>2</b>	<b>Total expenses</b>	<b>228.075.277.799</b>	<b>289.000.000.000</b>	<b>126,71%</b>
	Operating expenses	138.341.587.510	224.700.000.000	162,42%
	Administrative expenses	53.734.330.743	64.300.000.000	119,66%
<b>3</b>	<b>Profit before tax</b>	<b>138.341.587.510</b>	<b>180.000.000.000</b>	<b>130,11%</b>
	Corporate income tax	26.984.674.394	36.000.000.000	133,41%
<b>4</b>	<b>Profit after tax</b>	<b>111.356.913.116</b>	<b>144.000.000.000</b>	<b>129,31%</b>





## BUSINESS PLAN 2018 AND SOLUTIONS FROM MANAGERS

### RETAIL BROKERAGE

**With the plan of increasing the market share of Rong Viet's brokerage up to 2,5% in 2018 (from 1,8% in 2017), which factors do you think that will support the Brokerage Division to achieve this goal?**

Regarding the plan of increasing the market share of Rong Viet's brokerage up to 2,5% in 2018, in my opinion, it will put challenges for both the BOM and broker managers. However, it seems not be an impossible mission as I realize certain beneficial factors arising in 2018.

Macroeconomics and the securities market is believed to reveal advantages in 2018. The government and competent authorities continue to drastically make decisions in privatization, divestment and listing, etc. to motivate the securities market. The securities market has gradually become an attractive market for foreign investors.

To Rong Viet, the brand name has been significantly improved by better business results compared with last year. Accordingly, the increase of Charter capital and the transition to HSX of VDS stock with improved liquidity together contribute for Rong Viet's reputation. In addition, the number of Rong Viet's brokers was increased double last year, and have been still developing more. The supplement of capital will enable brokerage activity to be improved and maintained in Top 10 securities companies.

**Beside factors mentioned above, the NAV of Rong Viet ended 0,8% of total market share, to your opinion, will it be a big challenge for Rong Viet to achieve this goal?**

It is such a big challenge for Rong Viet to strongly develop brokerage operation. One of our methods to increase NAV is to push more investment banking activities such as privatization advisory, divestment advisory or listing advisory,...to attract "in full" major shareholders or shareholders to deposit and trade stocks at Rong Viet. As a result, the brokerage operation will be greatly supported. Especially in 2017, Rong Viet advised for KIDO Frozen Food JSC (KDF), Pymepharco JSC (PME), and Kien Long Bank (KLB),etc., thus solidifying reputation and enhancing brokerage operation effectiveness for Rong Viet.

**In addition, the BOM has spent lots of time for figuring out relevant solutions to reach the goal of market share. According to this, how the market share of Rong Viet will be set in the next 3 years?**



Mr. Nguyen Chi Trung  
Deputy General Director

Regarding business development strategy for brokerage operation in 2018-2022, the BOM sets specific targets as following:

- Top 10 brokerage market share in 2018 -2019;
- Top 5 brokerage market share in 2019 -2022.

The business plan of Brokerage Division is set based on the market liquidity of VND 6,000 billion/day. However, just only in the first 02 months of 2018, the total market transaction value exceeded an average of VND 9,000 billion/day. Do you think the plan is still not fully anticipated the market potentiality in 2018, and the revenue growth rate of 29% is set quite cautiously (the growth rate in 2017 is 77, 5%)?

In 2017, the transaction value has strongly improved and gained an average of VND 5,000 billion/session, especially in the very first days of 2018, the liquidity continued to jump high and was up to VND 10,000 billion/day. Although we are quite optimistic with the market status in 2018, but with the cautiousness, we will only construct liquidity plan at VND 6,000

billion/session to prevent unexpected market risks that may affect negatively on our plan.

The most important goal of Rong Viet's brokerage in 2018 is the market share growth of 2,5% and the revenue from brokerage operation of at least VND 112 billion in accordance with any market scenarios.

**With the breakthrough market in 2017 and the expected continuous growth in 2018, the matter of attracting highly experienced and skillful employees is currently putting out of top 10 securities companies in trouble. Does Rong Viet have any solutions to fit this issue to reach the target of number of broker staffs?**

Collaborating the long run view with the potential development of the securities market in the next 03-05 years, I personally spend great deal of time and priority for recruitment and training new employees instead of luring and attracting experienced employees from other securities companies. This objective will definitely cost us more expenses, efforts and time before picking "sweet fruit" form 1.5 to 2 years. Accordingly, the target of developing competent and qualified brokers not only contributes for Rong Viet's asset, but also adds human resources for the securities market in general, to which members of the securities market are paying attention.

Each securities company has a distinct method in building and developing labor force. With experienced employees, I only attract them by spending much time to share about the culture and working environment in Rong Viet, thus we will find the relevant person to stick with the company in the long term. This method is quite effective because the number of experienced brokers coming to work at Rong Viet last year occupied a significant percentage, accounting for 40% total new recruitment.



Mr. Marc Djandji  
Director of Brokerage for Foreign & Institutional Clients Division

### INSTITUTION BROKERAGE

**In last year, Rong Viet developed more 45 domestic institutional clients, 23 foreign institutional clients and 20 foreign investors, thereby increasing revenue from this operation. Which factors are considered most important in developing those clients? And how possible for Rong Viet to meet these requirements?**

In my viewpoint, focusing on client is the important key leading to success in financial service. In another word, we have to answer the question of how can we do to enable clients to approach the equity market more easily? What could we do to "attract" new clients and construct the belief with current clients? Those questions are always come up in my mind. With Institution Brokerage Division and Research Department, I am quite successful in building mindset of "client focus", and actually, we has achieved better results. Thus, I think we should spread and transfer this message to other departments in order to have better performance in advance.

**What do you think about the Rong Viet's reputation from the viewpoint of investors, foreign institution? So what should Rong Viet do to be within list of reliable places for foreign investors whenever they want to look for and enter in the Vietnam securities market?**

I may confirm that Rong Viet has been known more and recognized for our development. What does it mean to the Top 5? It is subject to two following factors: technology and Investment Banking's products. We should win much more IPO and private placement deals while still compromising to create value for customers as well as for targets and investors. We need to be active in welcoming opportunities and approaching qualified companies to create good deals that could bring "source of purchase" for foreign institutional clients to enter in Vietnam equity market.

## SECURITIES SERVICES

**To securities firms as Rong Viet, customer satisfaction has a strong influence on their loyalty. Could you please inform us about Rong Viet's 2018 strategies to boost customer satisfaction?**

To bring best values to clients has been our mission from the establishment day. Rong Viet commits to provide clients with best products and services. In the meantime, we also diversify products system to meet various investment demands.

Additionally, technology plays an important role in the development and competition of securities firms nowadays. We guarantee the speed and the stability of the system and we provide various types of online products, which is considered as the main factor to gain investors' satisfaction. Keeping that in mind, Rong Viet focuses on investing into Information Technology System to reduce risks to the minimum.

With the above directions, Rong Viet in 2018 continues to develop and upgrade the online products:

- **Firstly**, we will upgrade liveDragon Price board – version 2017 phase 2, expected date 15/03/2018. The upgraded version will have special feature such as stock comparison in terms of market capital, P/E, P/B...
- **Secondly**, Rong Viet will implement the derivatives system, expected date Q2/2018, which offers several investment options to investors.
- **Thirdly**, Rong Viet will launch Covered Warrant products, expected date Q3/2018
- **Fourthly**, Rong Viet will upgrade the Core System, expected date 07/2018. The securities market has been improved day-by-day in all aspects, especially securities products. This requires a Core System that satisfies conditions of policies and enhances transaction process capability.
- **Last but not least...** is to build and launch a supreme recommendation system. This is a fully automatic stock recommendation system that compiles various factors from both fundamental and technical analysis to rank stocks and make recommendations on the appropriate time to trade.



**Ms. Nguyen Thi Thu Huyen**  
Deputy General Director - Director of Securities Services Division

Vietnam Securities Market is having various products and services like any other securities markets in the world do; among which, derivatives and covered warrants in August 2017 are the two biggest steps. How does Rong Viet prepare itself for those steps?

Derivatives and covered warrants are already in Rong Viet's business plan. As a matter of fact, in 2017, Rong Viet increased its charter capital to VND910 billion. Also, Rong Viet prepares the Core System and takes part in system testing organized by stock exchanges (HNX, HSX) and Vietnam Securities Depository.

As I mentioned earlier, in Q2/2018, Rong Viet will officially launch Derivatives. In 2018, the Company will increase its charter capital to more than VND 1,000 billion to be well qualified for financial capability as well as legal requirements.

**What products of Rong Viet make Rong Viet different from other securities firms?**

The very first product I would like to mention is the Client Loyalty Policy. Back to March 2013, Rong Viet was the first one to carry out this policy. After 3 years, more than 70,000 clients have been evaluated, ranked and they have received bonuses and rewards, especially financial services and consulting services. Some policies receive customers' good feedback such as M+ (Flexible margin and Margin 9.9) with low interest rates or Free-of-interest In 2 Days Policy and Free-of-charge in 2 Days in Cash Advance Service.

Over the past year, Rong Viet launched the liveDragon Price board version 2017 which has several effective features such as Market Information, Suggested Price, Historical Data, Stock Filter, and Order... After only 3 months, the number of users accessing Rong Viet Price board increased to 10,000.

Another service that I have to mention is Rong Viet liveAccount 2017, which allows customers to provide information, register ETA, money transfer... Specially, clients can trade immediately after registration. Additionally, ETA is for clients who want to trade at low charge and don't need consulting services.

Finally, the Technology Revolution 4.0 brings both opportunities and challenges. In the next few years, beside the terms "Brokers" and "Clients", there will be new terms including "Leader" and "Follower". According to this new system, investment portfolio or purchase/sale orders will be shared. Investors that have gains are called "Leaders" and are followed by "Followers" who copy investment portfolio and/or execute the same orders. In order to provide clients with best references, Rong Viet implement the evaluation and ranking system based on company profiles as well as financial analysis. The list of stock ranking will be updated continuously and adjusted in terms of the market. Furthermore, based on behavior and trading analysis, the system will suggest stocks. Clients do not need to keep an eye on the Price board all the time. Instead, clients will be notified via sms, emails or any other device about market information.

liveDragon



iDragon



tabDragon



goDragon





## INVESTMENT BANKING

**Investment banking revealed some improvements; however, it still contributes a little to the total revenue. The targets for investment banking (IB) in 2018 is VND20 billion in revenue (up 72% compared to average revenue growth rate of the Company which is 28%). Is that too ambitious?**

We are taking small steps but firm. In 2017, Rong Viet reached Top 15 Securities Firms that have highest revenue from IB. Please note that Rong Viet is among 6 companies that are not subsidiaries of banks.

Over the past year, IB Department has been focused on privatization, listing, UpCom registration, share placement... Underwriting, restructuring and Mergers and Acquisitions (M&A) have also enhanced with larger deal size and more targets.

We strongly believe that the above information is a strong basis for our business plan, the growth rate at 72%, excluding any sudden risks.

**In 2018, what services will IB focus?**

2018 is when Government encourages equitizing state-owned equities with interest priorities. Thus, we will focus on:

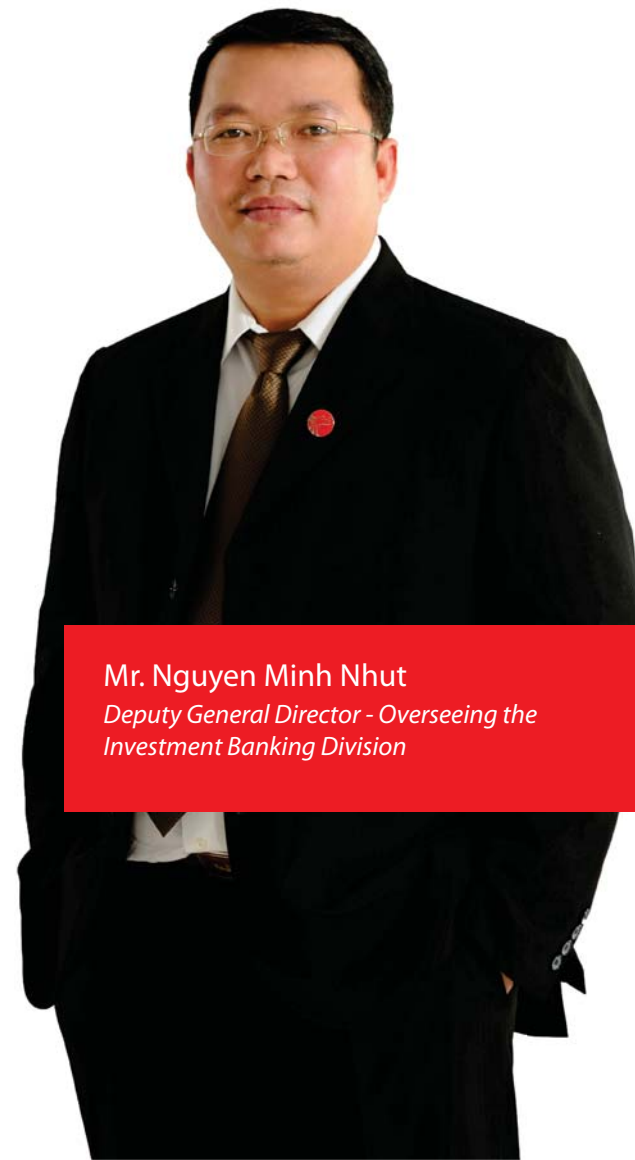
- IPO and listing
- Privatization
- Capital raising (share placement and underwriting, bond issuance)
- M&A

**Our vision is to be one of the leading investment banks. What do you think about that long-term vision?**

The young Vietnam Financial Market brings investment banks both opportunities and challenges. Fortunately, with 10 years of experience and prestige, we believe that we will have breakthroughs in the next 10 years.

We understand that people and financial capability are the two main factors in investment banking. We just increased our Charter capital to VND 910 billion and will increase it up to VND1,000 billion. As of humans, we also welcome new people to contribute.

We are widening our ecosystem in services chain so that we can accompany clients throughout a corporate's life cycle. We provide clients with value-added services so that they can be well prepared for changes in Technology Revolution 4.0



**Mr. Nguyen Minh Nhut**  
Deputy General Director - Overseeing the  
Investment Banking Division

## INVESTMENT

**The year 2017 is considered a successful year of Investment Department, with a growth rate of revenue at 118%. What would you say about opportunities in 2018? Is the business plan in which the growth rate of revenue at 5.5% too cautious?**

Securities market has developed dramatically for the past two years. Risks are increasing, yet investment opportunities encourage capital in the market. Privatization creates even targets in the market. This is the time when we need to observe both macro and micro economy to "grab" the chances.

On the other hand, the stock valuation is increasing. Vietnam Financial Market is affected by changes in other markets in the world. As a result, we think it's better to be careful when making the business plan. The growth rate in revenue at 5.5% is a cautious and suitable plan.

**Investment activities contributed to more than 58% of profit before tax (VND138.3 billion), which means that investment has a great influence on Rong Viet's general business performance. Have you ever in so much pressure that you make investment decisions on risky stocks to have big gains?**

Investment activities has taken up large percentage of Rong Viet's income in recent years. The pressure to fulfil and even exceed the business target is real to us. Even though we do not often take risky investments, we do keep an eye on these opportunities if risk is in our control.

**In 2018 business plan, what are Rong Viet's strategies? How about ROI?**

We have focused on stock with good financial performance and good price. In current market situation, we have good comments on growth potentials of Banking and Retail industry. Besides, we are looking for opportunities from IPO.

We do mid- and long-term investments while taking use of short-term opportunities at the same time. This method does not bring big gains but help keep profitability ratios higher than average. ROI this year will be 20%, I would say.



**Mr. Nguyen Hac Hai**  
Investment Director

## MANAGEMENT'S EVALUATION



Mr. Nguyen Hieu  
General Director

The year 2017 marked a turning point in Rong Viet's 10 years of development. In this year, Rong Viet recorded good financial performance with VND138.2 billion in profit before tax. Rong Viet completed the business target beforehand and the actual figures are much greater than the planned ones. This proves great efforts of the staff and enthusiastic support of the management.

After having been through tough times on the market, Rong Viet has always been proud of our mission, vision and core values. Currently, we own experienced staff. Also, we enhance our financial capability in both size and quality of assets. We hope to bring best values to customers.

The year 2018 is the first year of our new phase. We hope to fly high to be good in working environment and company culture, to be strong in finance and services providing. This is our goal for the next 10 years. We know that there are plenty of difficulties out there, but we believe that we can overcome with experiences and efforts – **RONG VIET FLY HIGH.**

## RONG VIET'S STRATEGIES FOR 2018

With the mission of becoming one of the leading investment banks, Rong Viet takes steps based on the model "**Brokerage, Securities Services – Investment Banking – Investment**" with the support of "Research".

Below is our basis for business strategies for 2018-2021:

### 01 FINANCIAL CAPABILITY

Current chartered capital is VND910 billion. Next move will be to reach VND1,200 – 1,300 billion to expand our business operation regarding size and to meet legal requirements in securities. Capital will be balanced among business activities, in which variation for investment will be maximum at 40% to manage risks.

### 02 OPERATION PERFORMANCE

Rong Viet sets the goal of being Top Securities Firms with VND 1,000 billion in revenue and VND100 billion in profit after tax.

### 03 HUMAN RESOURCES

During 2018 – 2020, Rong Viet will increase number of staff to 400 – 500 – 600 employees. Besides, we also invest in training, welfare policy to encourage and motivate their self-development.

### 04 NETWORK

Currently, we have one headquarter and three branches in Ha Noi, Nha Trang and Can Tho. We are considering to open more branches in central business districts in Ho Chi Minh City and Ha Noi.

### 06 BROKERAGE

During 2017 – 2018, we are trying our best to be Top 10 Securities Firms with largest market share and Top 5 during 2019 – 2021.

### 05 SERVICES SYSTEM

We guarantee the quality and variety of our services as an investment bank. We set our goal to be Top 3 Securities Firms with best IT system. Besides, we guarantee our ability to control and manage risks effectively.

### 07 INVESTMENT BANKING

2017 marked a successful year of this department. Rong Viet was Top 3 Securities Firms with Dramatic Development according to Asiamoney Brokers Poll 2017. In the next five years, Rong Viet will be Top 3 Securities Firms with best reports that focus on small and medium equities. Besides, Research Team will compete in regional contests to bring Rong Viet reputation worldwide.

### 08 RESEARCH

The year 2017 marked a great success for Rong Viet's Research Team. Rong Viet won the prize "Most Improved Brokerage" along with many individual and team prizes in the Asiamoney Brokers Polls 2017. In the next 05 years, Rong Viet aim to get into the top 03 best research publishers on the market with the focus on listed companies that are small & mid caps (SMEs). In addition, Rong Viet's Research Team will also participate in other contests and polls in the region as well as around the Globe to improve Rong Viet's position in the view of investors in order to support the institutional brokerage team to expand its client database.





2017

## CORPORATE GOVERNANCE

Building a good corporate governance system is a top priority of Rong Viet. With an effective corporate governance system, the Company will receive many benefits such as improving the business effectiveness, increase the chance to access the capital market, reduce the cost of capital, and strengthen Rong Viet's credibility and position.

01. REPORT FROM THE BOARD OF DIRECTORS

02. REPORT FROM THE SUPERVISORY BOARD

03. RISK MANAGEMENT REPORT

REVIEW ON RONG VIET’S OPERATIONS IN 2017

THE VIETNAM SECURITIES MARKET IN 2017

The year 2017 recognized a significant recovery of the global economy as the global economic growth reached 3.6% thanks to the growth of investment, trading, and industrial productions. Not only the US, China but also other “slow growth” economies such as Europe and Japan showed positive signals and contributed to the global economy with the growth rate of 2.1% and 1.5%, respectively. 10 years after the global economic crisis, the World economy is going through a smooth and positive period. Experts expect that this positive trend will be maintained in 2018 with the growth rate between 3.7% 0 4.0%.

Along with a positive World economy condition, Vietnam has shown impressive economic growth rate over the past few years (6.81% was the highest growth since 2011). This is also the highest GDP growth rate among ASEAN countries. This is a result of the improvement in industrial productions, increase in export with the total export value of USD 216.3 billion (up by 22.7% YoY). In addition, inflation stayed at 3.15%, recording a rate below 5% in 04 consecutive years. In 2017, the State Bank of Vietnam (SBV) continued to take measures to stabilize and reduce the loan interest to support companies and economic growth. In addition, the SBV also expanded credits and supply capital for the economy, making it easier to access capital from the banks. As of December 31, 2017, the credit growth rate reached 18.2%.

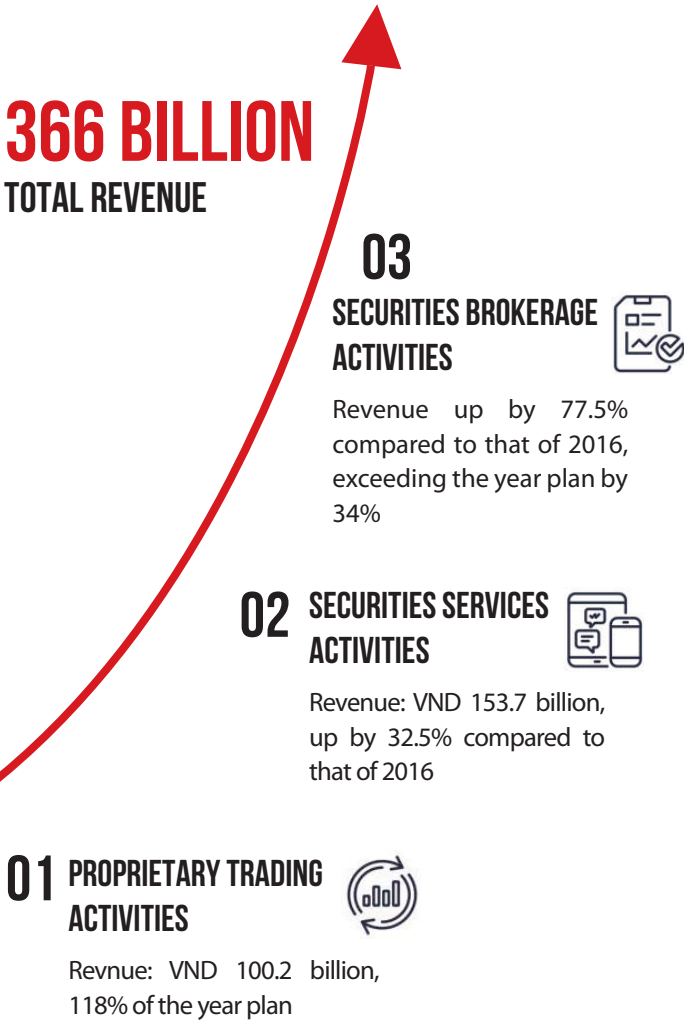
The securities markets is an effective tool to reflect the well-being of the economy. In 2017, the Vietnam securities market made an impressive gain. By the last trading session of 2017, the VN-Index gained 46% YoY and became one of the highest growing markets around the World. In addition, the liquidity of the market also had significant improvement. In 2017, there has been more and more sessions when the trading value reached VND 6 – 7 trillion became common to investors. This significant improvement was largely supported by foreign capital as foreign investors have been net-buying all year round with the total combined value of VND 26 trillion on all exchanges.

2017 BUSINESS RESULTS

Thanks to an appropriate business strategy that goes along well with the market trend and the timely direction the BOD has given the Management as well as the efforts of all its workforce, Rong Viet’s business results in 2017 showed a significant improvement. Specifically, total revenue reached VND 366 billion and profit before tax reached VND 138 billion, up by 125.5% YoY and exceeded the target approved by the Shareholder General by 38.3%.

Revenue from Brokerage activities increased by 77.5% YoY and exceeded the year target by 34%. The trading value done through Rong Viet in 2017 increased by 73.7% YoY, reaching the average of VND 193 billion per day. The number of brokers grew by 60% YoY, leading to the establishment of 06 new retail brokerage departments. Rong Viet’s overall market share reached 1.89%.

Securities Services have been playing a more and more important role in Rong Viet’s business activities with the total revenue of VND 153.7 billion, up by 32.5% YoY, accounting for 42% of The Company’s revenue structure. Besides, the Proprietary Trading activities also capitalized the positive trend of the market, contributing VND 100.2 billion to Rong Viet’s revenue, exceeding the year target by 118%.



SUPERVISION ACTIVITIES OF THE BOD UPON THE MANAGEMENT

SUPERVISION APPROACH

At Rong Viet, The BOD works closely with the Supervision Board to monitor the operations of the BOM to ensure the compliance with the Shareholder General’s decisions and other strategic direction approved by the BOD. The BOD holds regular meetings or irregular ones when needed in order to raise issues or give directions to the BOM in a timely manner. In each meeting, the BOM must report to the BOD about The Company’s current status and operational activities as well as business results and other matters that have been given by the BOD.

In order to increase the effectiveness of the BOD, Rong Viet has established 02 bodies and 01 council that report directly to the BOD with different functions. These bodies & council need to make regular reports and recommendations to the BOD, specifically:



THE HUMAN RESOURCE - SALARY- BONUS BODY

Responsible for making recommendations about promotion, appointment of management positions as well as advising the BOD about policies on salary, bonus, and other related benefits for The Company’s staff in 2017.



THE RISK MANAGEMENT BODY

Assisting the BOD with the risk management activities to ensure that The Company’s operation is safe and effective within the risk tolerance levels as well as making suggestions to improve risk management and minimize potential risks.



THE INVESTMENT COUNCIL

Assisting the BOD with The Company’s proprietary trading activities including studying and making investment decisions to ensure the effectiveness of The Company’s proprietary trading function.

The BOD will take into considerations input from the Supervisory Board, these bodies & council from time to time to evaluate the business results, the feasibility of the current plans & approaches for the next period, thus be able to make timely adjustments and suggestions for the Management Board. At the same time, the BOD also makes strategic review on the market and the economy in order to help the BOM build contingency plans to adapt to the fast changing environment so that The Company can achieve its targets given by the BOD under all market conditions.

SUPERVISION RESULTS

The timely and effective involvement of the BOD has been reflected by an impressive business results in 2017 with the following main indicators:

Name	2017	2016	% growth	Plan of 2017	Units: VND Billion
					% Results / Plan of 2017
Revenue	366,417	238.002	54%	307.500	119%
Profit before tax	138.342	61.350	125%	100.000	138%
Profit after tax	111.357	49.307	126%	80.000	139%

Based on the impressive business results and the fact that The Company’s performance exceeded the targets, the BOD highly appreciates the efforts of Rong Viet’s staffs as well as the confidence from shareholders and clients in The Company regardless of the growing competition on the market, which has given many opportunities as well as challenges.

Regarding the Management Board, the BOD concluded that in 2017 the BOM has effectively carried out the Shareholder General and the BOD business & investment – development plans, thus making a significant business result compared to that of 2016. The BOM has carried out its duties with respect to the Laws, The Company’s regulations and other code of conducts. The Management has also demonstrated the effort to manage all aspects of The Company as well as make timely suggestions that resulted in better efficiency, management, and returns to shareholders. Reports and materials submitted to the BOD have been prepared in time with high quality and have fully reflected the operation of The Company. In addition, The Company has also fulfilled its duties to disclose information and compliance to the Laws with transparency and timely manner.



REVIEW ON RONG VIET’S OPERATIONS IN 2017 (CONT)

THE BOD’S PLANS & DIRECTIONS FOR 2018

The year 2018 is expected to be another favorable year for the economy of Vietnam with better changes in both legal framework and business environment. Naturally, the securities market will be the first place to show positive signals thanks to the better confidence from investors, larger product variety, higher foreign capital inflow, and stronger ability to attract capital from other channels (gold, forex, deposit, etc.). With that reasoning, Rong Viet’s BOD sets the operation theme for the year 2018 as **“Continue to go further and grow stronger”**. As a result, the target for 2018 is **“continue to capitalize The Company’s strengths to reach higher and grow stronger in order for Rong Viet to become a good and strong securities company.”**

In order to reach that target, the BOD has identified key approaches and measures as follows:

- 01

Increase the Charter Capital to at least VND 1,000 billion by paying stock dividends and issue ESOP to employees. If the condition is favorable, The Company will continue to increase the Charter Capital to VND 1,200 – 1,300 billion to meet the capital demand for the derivatives market as well as to strengthen The Company’s financial capacity to achieve its target
- 02

Support the BOM to focus on business segments that yield high returns, especially the service segment and the ability to compete on the market. The review is set to be VND 469 billion and the profit before tax is set to be VND 180 billion
- 03

Continue to bring the highest values to clients while maintaining the lowest costs by providing the best products & services to clients. At the same time, continue to diversify The Company’s products as well as upgrade the IT infrastructure to ensure the smooth operation of the system thus improve the competitiveness in this digital era
- 04

Continue to improve the management quality, focus on supporting the BOM to develop new clients and arrange capital for business purposes
- 05

Improve the role of the bodies & council as well as strengthen the cooperation with the Supervisory Board to monitor the activities of the Management Board, thus improve the management activities over The Company
- 06

Strengthen the Risk Management system to ensure the smooth operation of The Company while maintaining compliance giving the fact that The Company needs to balance between speeding up the business operation, especially financial activities and proprietary trading, and securing the capital
- 07

Continue to maintain transparency in The Company’s operation activities and management standard to meet the trust of clients, shareholders, and investors on the market
- 08

Improve sustainable development activities, maintain the course of building Rong Viet to last based on the coordination, bonding, and the corporate culture which has always been nurtured and cherished
- 09

Focus on developing the successor generation that is well trained in technical abilities, working capacity as well as work ethic and professionalism

CORPORATE GOVERNANCE ACTIVITIES IN 2017

Rong Viet’s BOD has always been aware that building a good corporate governance system is a top priority. With an effective corporate governance system, The Company will receive many benefits such as improving the business effectiveness, increase the chance to access the capital market, reduce the cost of capital, and strengthen Rong Viet’s credibility and position.

According to good corporate governance around the World, Rong Viet focuses on 05 crucial principles in corporate governance:



ENSURE THE RIGHTS OF SHAREHOLDERS

Rong Viet always make sure that all rights of shareholders are protected and complied to the Laws, including ownership rights, transferring rights, information access rights, attending AGM rights, voting rights, and earning rights.

Rights to dividends

When investing in a stock, investors become shareholders and are entitled to the rights associated with that particular stock. In which the most important right in most shareholders’ opinion is to receive their share of profits in the form of annual dividends.

At Rong Viet, after clearing its accumulative loss in 2015, The Company began to pay dividends to shareholders based on business results of 2016. Specifically, the profit after tax of Rong Viet reached VND 49.3 billion in 2016. After using 5% of the profit after tax for probation purposes as stated by the Laws, the BOD decided to use almost all of the profit after tax to pay dividends to shareholders with the total value of VND 42 billion, or 6% cash dividends. The cash dividends was paid on April 26, 2017.

Rights to attend Annual General Meeting (AGM)

Every year Rong Viet holds its AGM to comply with the Laws. The 2016 AGM was held on March 23, 2017. Each step

of the process such as announcing the AGM, preparing shareholders list, building schedule & meeting content was carried out according to the Laws in order to ensure the rights of shareholders such as voting right, business plan approving right, or the change of company Charter approving right.

All legitimate shareholders whose names were on the list as of March 01, 2017 approved by the Vietnam Securities Depository Center (VSD) have been fully informed about time, place, terms, contents, and documents regarding the 2016 Annual General Meeting (AGM) in the Invitation Letter sent by mail. The Invitation Letter and related documents were also posted on Rong Viet’s official website on March 06, 2017 (17 days prior to the AGM) with full details on reports, proposals, and plans that will be discuss during the AGM so that shareholders could be well prepared for the AGM.

According to regulations, each shareholder attending the AGM will be provided with a voting sheet. On each voting sheet there was information about all matters that needed to be approved during the AGM. The AGM was run by the board which consisted of the Chairman, Vice Chairman, and the BOD member cum General Director.

After the AGM, the meeting minute of the 2016 AGM has been released and posted on The Company’s website within 24 hours.

## REVIEW ON RONG VIET'S OPERATIONS IN 2017 (CONT)

### SHAREHOLDERS ARE TREATED EQUALLY AND FAIRLY

To strengthen the confidence of shareholders in The Company, Rong Viet is always keen on protecting shareholders' rights as well as treating all shareholders fairly. Specifically, Rong Viet's Charter has been proved by the 2015 Shareholder General approved on April 26, 2016 with respect to the Corporate Law, Securities Law, and other related regulations. In addition, Rong Viet has built corporate governance principles that complies with regulations regarding public companies. These principles has always been respected by Rong Viet in every aspects of its management and operations.

Rong Viet's Charter and Regulations stated very clearly about all aspects ranging from prohibited activities such as insider trading to the responsibilities of the BOD and the BOM regarding timely and accurate information disclosure, fair treatment of shareholders, compliance to business ethical standards, and meeting the targets set by the Shareholder General.

### ENSURING THE RIGHTS OF RELATED PARTIES

"Related parties" refers to all group of subjects that are affected by Rong Viet's operations including shareholders/investors, clients, employees, banks, suppliers, the Authority, the community, etc. Each group of subject has its own impact on Rong Viet's activities in different ways. Clients are the main source of income for The Company; shareholders, investors, and banks are the source of capital; and the Authority ensures the stable market condition. As a result, Rong Viet always respects and protect the benefits of the related parties by making sure that its operations must be based on the win-win principle thus contributed to the sustainable development of The Company. Specifically:



#### CLIENTS

Rong Viet always strives for bringing clients the highest values with the lowest costs by continuously improving & diversifying its products & services as well as maintaining clients' trust & confidentiality to protect clients' assets.



#### SHAREHOLDERS / INVESTORS

Ensure effective business operations, create high growth as well as keep good management system, compliance system, and risk management system.



#### EMPLOYEES

The Company ensures a good policy for its employees regarding salary, compensations & benefits, training & development, working environment, and performance appraisal system to provide a professional & modern environment as well as a fair promotion opportunity for employees with good potentials and ethic.



#### THE AUTHORITY & THE MARKET

Contribute to the development of the Vietnam Securities market, fully comply with securities regulations and fulfill its tax payment duties.



#### THE LOCAL COMMUNITY

Share its responsibilities with the community & society, contribute to the development of the younger generations as well as improving the awareness about environmental protection & saving resources.

### TRANSPARENCY

Rong Viet is fully aware that it is very crucial for The Company to disclose information fully, accurately, and timely. This not only increases the confidence from shareholders, clients, and related parties but also strengthens The Company's brand name and image on the market & with the Authority. This is clearly reflected by the fact that Rong Viet has always been among listed companies that have the best Annual Reports over the years. In addition, Rong Viet was awarded the "Top 30 most transparent companies on the HNX" for 02 consecutive years (2014 – 2016). This is considered a significant recognition for Rong Viet's efforts to maintain its transparency throughout its operations.

In order to improve the transparency in all its operations, Rong Viet's information disclosure policy always complies with current regulations and ensure the highest benefits of shareholders, investors, and other related parties. All information about Rong Viet is posted on The Company's official website (<https://www.vdsc.com.vn/en/newsLocal.rv>) as well as on the Ho Chi Minh Exchange (HSX) and the State Securities Commission (SSC) websites. All related parties have the right to access the disclosed information. In addition, every 06 months Rong Viet releases its Corporate Governance report as required by laws with all information about the corporate governance activities in the period. There is also a list of insider & related persons as well as trading activities of insiders. Trading activities of major shareholders and insiders are also fully disclosed on The Company's official website (<https://www.vdsc.com.vn/en/shareInfo.rv>)

With the information disclosure policy, the Board of Management (BOM) of Rong Viet demonstrates its responsibilities for shareholders, maintains confidence of clients, business partners, and investors with the Rong Viet brand. In addition, information disclosure also helps related parties to evaluate and adapt to changes in The Company's policy and operations.



# TOP 30

## MOST TRANSPARENT COMPANIES ON THE HNX

ALL INFORMATION ABOUT RONG VIET IS POSTED ON THE COMPANY'S OFFICIAL WEBSITE AS WELL AS ON THE HO CHI MINH EXCHANGE (HSX) AND THE STATE SECURITIES COMMISSION (SSC) WEBSITES.



## REVIEW ON RONG VIET'S OPERATIONS IN 2017 (CONT)

### THE BOD'S ACTIVITIES IN 2017

In 2017, the BOD maintains the number of members to be 07; however, there have been changes as 03 members' term expired and 03 new member have been voted as replacement since March 23, 2017. As a result, the BOD structure maintains its balance among members with experience and knowledge in the field of finance, securities, and laws. Besides, the BOD is also a mixture between managing, non-managing, and independent members. Below is the list of all BOD members with ownership / voting ratio that each member represents or owns

No.	Full name	Type of Director			Ownership / Representing Ratio	
		Independent	Non-managing	Managing	% Own	% Represent
1	Mr Tran Le Nguyen		✓		35,00%	-
2	Mr Nguyen Mien Tuan		✓		0,81%	-
3	Mr Kelly Yin Hon Wong		✓		-	-
4	Ms Pham My Linh		✓		13,71%	-
5	Mr Nguyen Hieu (**)			✓	0,05%	-
6	Mr Dao Hong Chau (***)		✓		-	4,18% (*)
7	Mr Vo Long Nguyen	✓			-	-

Notes:

(\*) Representing Vietnam Import / Export Commercial Bank (Eximbank) – owning 4.18% of Rong Viet stakes.

(\*\*) Mr. Nguyen Hieu is current the General Director of Rong Viet.

(\*\*\*) Mr. Dao Hong Chau resigned from March 23, 2018.

### REPLACEMENT OF BOD MEMBERS

At Rong Viet's 2016 AGM held on March 23, 2017, the Shareholder General has approved the dismissal of the BOD and Supervisory Board of the term from 2012 – 2016 and the election of the new BOD and Supervisory Board for the term from 2017 – 2021. Among 07 members of the new BOD, there were 04 members that got re-elected and 03 newly elected members including Ms. Pham My Linh, Mr. Vo Long Nguyen, and Mr. Dao Hong Chau. The 03 previous members (Mr. Nguyen Thuc Vinh, Mr. Ton That Dien Khoa, and Ms. Nguyen Nu Tuong Oanh) were no longer on the BOD from March 23, 2017.

The election of the new BOD for the term 2017 – 2021 doesn't change the number and structure of the BOD. The current BOD consists of 07 members, in which 05 member are non-managing, 01 member is managing, and 01 member is independent.

### CHAIRMAN AND GENERAL DIRECTOR ARE HELD BY DIFFERENT PERSONNEL

Rong Viet is fully aware that one of the key role of the BOD is to monitor and set directions for the BOM to run the business effectively, thus meet the targets and plans set by the Shareholder General and the BOD. As a result, it is difficult to perform this role if the Chairman is also the General Director who is responsible for the daily operations of The Company.

As a result, in order to ensure the independence, responsibilities, and duties between the Chairman and the General Director, Rong Viet has always separated these positions over the years. This helps define a clear authority during the decision making process, clarify the responsibilities and improve the effectiveness of the monitoring activities among managing positions, thus ensure the highest quality of the corporate governance of The Company.

### THE ROLE AND RESPONSIBILITIES OF THE BOD

According to the Corporate Laws of 2014, Rong Viet's Charter & regulations, the BOD is the management body of The Company which has full rights on behalf of The Company to decide The Company's rights and obligations which do not lie with the Shareholder General.

While performing its duties, the BOD must obey to the Laws, the Company's Charter, and the decisions from the Shareholder General. In the case the decision approved by the BOD violates the Laws or The Company's Charter causing damages to The Company, all related members will be held responsible and have the obligation to compensate for The Company. All member who oppose the above mentioned decision will be free of any indemnity.

### THE BOD'S ACTIVITIES

Last year, relied on advantages of Vietnam economic factors as well as securities market information, the BOD directed, monitored and timely supported BOM in passing resolutions related to business operation, investment strategy, internal governance and other vital issues within the BOD's authorization.

In particular, the BOD organized 15 meetings in 2017, among of which are direct meetings and 3 meetings through collecting written opinions. Notices and contents of the meeting were delivered to the BOD by post at least 05 -07 days, and meeting documents are delivered at least 3 days before meeting. With meetings through collecting written opinions, contents for collecting opinions should be displayed in letters. Along with that, BOD members shall consider and feedback within 5 days since the date of sending letters.

Meetings of BOD are settled in writings and may be recorded, or restored in term of other electrical devices. All of members attending the meeting have to sign on the meeting minutes. The BOD's resolution shall be approved if more than 50 percent of attending members agree. In case number of votes is equal, the final decision will be made by the Chairman. The resolution passed by collecting written opinions relies on the approval of major BOD members, who own voting rights.

List of attending members at meetings in 2017:

No.	BOD members	Title	Beginning date / no longer a BOD member	Number of attending meetings (*)	Percentage	Reason for not attending
1	Mr Tran Le Nguyen	Chairman		15/15	100%	
2	Mr Nguyen Mien Tuan	Vice chairman		15/15	100%	
3	Mr Kelly Yin Hon Wong	Member		15/15	100%	
4	Mr Ton That Dien Khoa	Member	23/03/2017	02/15	13%	End of term
5	Mr Nguyen Thuc Vinh	Member	23/03/2017	02/15	13%	End of term
6	Ms Nguyen Nu Tuong Oanh	Member	23/03/2017	02/15	13%	End of term
7	Mr Nguyen Hieu	Member		15/15	100%	
8	Ms Pham My Linh	Member	23/03/2017	13/15	87%	Elected from Mar 23rd 2017
9	Mr Dao Hong Chau	Member	23/03/2017	12/15	80%	Elected from Mar 23rd 2017
10	Mr Vo Long Nguyen	Member	23/03/2017	13/15	87%	Elected from Mar 23rd 2017

(\*) Including collection of written opinions

## REVIEW ON RONG VIET'S OPERATIONS IN 2017 (CONT)

### THE BOD'S ACTIVITIES (Cont)

At meetings, BOD members discussed and passed quarterly and yearly business results as well as quarterly and yearly business plans, beside other matters belonging the BOD's authorization, including execution authorization for the CEO, stock dividend, plan of bond issue. Resolutions passed by the BOD in 2017 are summarized as following:

No.	Content	No.	Date
<b>I Business result and business plan</b>			
1	The report of business performance in 2016 and business plan in 2017	02/2017/NQ-HĐQT	28/02/2017
2	The report of business performance in the first quarter of 2017 and business plan for April 2017	07/2017/NQ-HĐQT	26/04/2017
3	The report of business performance in the first half 2017 and business plan for July 2017	10/2017/NQ-HĐQT	27/07/2017
4	The report of business performance in first ten months 2017 and business plan for the last two months.	16/2017/NQ-HĐQT	17/11/2017
5	The business plan for 2018	16/2017/NQ-HĐQT	17/11/2017
<b>II Company governance</b>			
1	The list of shareholders and plan of holding 2016 AGM	01/2017/NQ-HĐQT	20/01/2017
2	The content of the 2016 AGM	02/2017/NQ-HĐQT	28/02/2017
3	Mr. Tran Le Nguyen as a chairman for period 2017 -2021	03/2017/NQ-HĐQT	23/03/2017
4	Authorization of execution for the CEO	04/2017/NQ-HĐQT	23/03/2017
5	Dividend and list of shareholders being paid dividend in 2016	05/2017/NQ-HĐQT	12/04/2017
6	Procedures and documents of transfer listing of VDS stock	06/2017/NQ-HĐQT	26/04/2017
7	Rights of shareholders when delisting VDS stock on the HNX and listing on the HSX	08/2017/NQ-HĐQT	30/06/2017
8	Plan of capital use and dossiers of public offering	11/2017/NQ-HĐQT	26/09/2017
9	Timeline for public offering in 2017	14/2017/NQ-HĐQT	07/11/2017
10	Revise The Company regulation	16/2017/NQ-HĐQT	17/11/2017
11	Result of public offering in 2017 and plan of offering stocks not being sold out.	18/2017/NQ-HĐQT	26/12/2017

No.	Content	No.	Date
<b>III Other issues</b>			
1	Plan of bond issue for the first time in 2017	02/2017/NQ-HĐQT	28/02/2017
2	Plan of bond issue for the second time in 2017	09/2017/NQ-HĐQT	27/07/2017
3	Suggestion of relocation of Hanoi branch	10/2017/NQ-HĐQT	27/07/2017
4	Proposal for bank to issue credit for The Company operation	12/2017/NQ-HĐQT	06/10/2017
5	Signing cooperation agreement with Weiyang	13/2017/NQ-HĐQT	06/10/2017
6	Plan of bond issue for the third time in 2017	15/2017/NQ-HĐQT	15/11/2017
7	Relocation of Hanoi branch	17/2017/NQ-HĐQT	28/11/2017
8	Plan of investing derivative securities Core system and upgrading underlying securities Core system.	19/2017/NQ-HĐQT	28/12/2017

### OPERATION OF INDEPENDENT, NON-MANAGING BOD

In order to keep the independence, transparency and wide range of overview for the BOD, Rong Viet is currently maintaining the BOD's structure with most of members are non-managing and independent. Only one member participate in executing that is Mr. Nguyen Hieu, the CEO of The Company. With this structure, meetings of BOD always receive independent and constructive feedbacks. In addition, independent BOD members also contribute creative ideas and valuable votes at BOD's meeting, that hardly to be found at the BOD's meeting composing only major shareholders and BOM members.

Besides, non-managing and independent members of the BOD actively engage in important activities of Rong Viet through holding leading positions in Bodies/Councils of the BOD. This ensures the BOD's strict control and timely adjustment to The Company's operation.

### BODIES AND COUNCILS UNDER SUPERVISION OF THE BOD

The requirement and responsibility for the BOD become heavier in connection with the complex and diversified operation. Along with that, Rong Viet established Bodies/Councils, which are expected to become powerful tools for the BOD to monitor and timely direct for entire operation as well as enhancing objective and independent in BOD's decisions.

Currently, Rong Viet still maintains operation of 2 Bodies and 1 Council, with members are independent, non-managing BOD members. The obligation of each Body/Council is briefly summarized as followed:



#### HUMAN RESOURCES – SALARY-BONUS BODY

Established on Dec 01st 2015, including 05 members in which are 04 BOD members and 01 BOM member. The main function is to promote and appoint managerial positions, while contributing salary policy and other remuneration of employees.



#### RISK MANAGEMENT BODY

Established on Dec 01st 2015, including 5 members, in which are 04 BOD members. The main function is to propose for the BOD any solutions related to risk management.



#### INVESTMENT COUNCIL

Established on Dec 01st 2015, including 06 members in which are 04 BOD members. The main function to review and make investment decisions according to regulations of investment activities and other relating decisions.



REVIEW ON RONG VIET’S OPERATIONS IN 2017 (CONT)

BODIES AND COUNCILS UNDER SUPERVISION OF THE BOD (Cont)

List of members of each Body/Council under supervision of the BOD:

No.	Name	Title	Human-Salary-Bonus Body	Risk manage-ment Body	Investment Council
1	Mr Tran Le Nguyen	Chairman Non-managing BOD	Head of the Body		Chairman
2	Mr Nguyen Mien Tuan	Vice chairman Non-managing member	Member		Permanent member
3	Mr Kelly Yin Hon Wong	Member Non-managing member		Head of Body	Member
4	Mr Nguyen Hieu	Member Executive member	Member	Member	Member
5	Mr Vo Long Nguyen	Member Independent member		Member	
6	Mr Nguyen Chi Trung	Deputy General Director	Secretary		
7	Mr Nguyen Hac Hai	Investment Director			Member
8	Ms Phan Thi Thuan Huong	Power of Head of internal control		Secretary	
9	Ms Tran Duc My Dung				Secretary

ACTIVITIES OF BODY, COUNCIL UNDER SUPERVISION OF THE BOD

Human–Salary–Bonus Body

Human–Salary–Bonus Body holds important roles related to human resource and remuneration issues, which are as following:

- Advise, contribute for the BOD in electing, appointing, reappointing BOD members, BOM members and managerial positions of The Company.
- Evaluate level of effectiveness of the BOM's operation.
- Decide or approve plan of human resource development, recruitment, training and welfare for managers.
- Assist the BOD about salary policy for the entire company.
- Propose remuneration policy (salary, welfare and other benefits) for the BOD and SUPERVISORY BOARD members.
- Suggest the BOD to approve level of salary and relating welfare for BOM members as well as supporting the BOD in evaluating and approving rewards for BOM members in management and operation execution.
- Review, propose ESOP program for employees.

Human resource-Salary-Bonus Body review and make decisions within its authorization to pass public voting in meetings or written opinion collection. Meetings of the

Body will be gathered in following circumstances: chairman's request, request of at least 02 members of the Body or suggestion of the CEO.

In 2017, Human resource-Salary-Bonus Body advised and proposed for the BOD to issue updated regulations and to improve salary, bonus and welfare policy for employees by issuing the commission policy for brokers in capital raising for Rong Viet (March 13, 2017) and changing the salary policy (Dec 07, 2017). Moreover, the Body also join in meetings of reviewing and adjusting half or yearly entire employees' salary in accordance with their capabilities, expectations and their willingness to contribute for company operation.

Risk management body

The risk management body plays an important role in Rong Viet's operation. The Body holds the responsibility to support the BOD in reviewing and approving policies, strategies of risk management, beside proposing and evaluating the suitability of risk management policy and yearly risk limit management. Along with that, risk management policy determines limit of risk for business activities, limits risks for business units and employees exposed to transaction risks.

The level of risk for each department in the Company is daily and automatically calculated through system. And every month, based on risk management system, report of total

risk and available capital, risk management department monitors risk limit of entire company and send report to the CEO. After that, the CEO has to follow, gather information and report to the risk management Body about all exposure risks, assess of material risks and the plan of handling risks when exceeding the risk limit.

In 2017, the Risk management body completed its assignment by ensuring The Company operation, early detecting material risks, timely reporting and not handling any arising harmful issues for clients, shareholders/investors and The Company as well.

Investment Council

The investment council is a unit under supervision of the BOD. The investment council holds responsible for reviewing and making investment decisions in its granted authorization. The Investment department supports the Investment Council in providing reports and investment suggestions for the Investment Council to consider in regular meetings. Regarding structure of the Investment Council, there is 01 (one) Director of Investment, who directly proposes investment opportunities from the Investment Department to the Investment Council.

The Investment Council of The Company makes investment decisions through voting in regular meetings (at least every two weeks) or receiving any suggestion from the CEO. In the meeting, members of the Council will update market information, pass investment reports, then discuss and vote to approve proposals or solutions.

In 2017, the Investment Council accomplished positive results, which bring abundant capital contribution to investment activity of The Company. To be specific, total revenue from the investment activity gained VNĐ 100.2 billion, accounting for 218% the plan passed by Shareholders (VNĐ 46 billion), and recorded growth of 98% compared with last year. The investment activity continued to maintain second position in The Company's revenue structure, right after the financial service department with the percentage of 27%.

ENHANCE MANAGEMENT CAPABILITY

In last year, BOD, SUPERVISORY BOARD and BOM members actively participated in workshops and conferences to enhance management capability. Some typical events are as followed:

- The workshop “training workshop” and “Enhance leadership to catch trend” organized by CEO Club as of Mar 01st 2017;
- The workshop “The role of general accounting in listing companies and accounting software in enterprise governance” organized by Smart Train with the Ho Chi

Minh stock exchange (HSX) and Institute of Management Accountants as of Sep 21st 2017.

PROVIDE INFORMATION FOR THE NEW APPOINTED BOD

Every new appointed BOD member is requested to understand Rong Viet's activities by the way of discussing with old BOD members and BOM members or approaching company information on Rong Viet's website, The Company governance reports, business performance reports and annual reports,... As a result, new members easily understand and have a deep look about Rong Viet's operation, which enable them to contribute significantly for The Company development.

OVERVIEW OF THE BOD’S ACTIVITIES

Last year, the BOD directed, monitored and adjusted the business operation, investment activity, company organization, and other significant matters in their authorization by issuing related resolutions, decisions, aiming to reach profession in company governance in accordance with current regulations and international treaties. Some of outstanding events are as followed:

- In 2017, the BOD maintained their operation by quarter or requested meetings. In particular, the BOD organized 15 meetings, including collection of written opinions. Number of attending members are always recorded at high rate so that the meeting is ensured the independence, transparency, and diversity in the BOD's decision;
- Most of BOD member are non-managing and independent. This structure enabled the separation of BOD's management to accurately evaluate the BOM 's operation, thus optimizing the shareholders' benefits;
- The BOD always strictly monitored the practice of BOD's resolutions and Shareholders' resolutions;
- Supervise operation and review, approve proposals from Bodies/Council of the BOD to ensure the effectiveness in daily company operation;
- Gather with the SUPERVISORY BOARD to monitor BOM's activities and request the BOM to do regular or irregular reports.

## TRANSACTIONS, REMUNERATION AND BENEFITS OF THE BOD, THE BOM AND THE SUPERVISORY BOARD.

### THE REMUNERATION OF THE BOD AND THE SUPERVISORY BOARD

The General meeting of shareholders has the authority to decide remuneration of the BOD and the Supervisory Board. According to Resolution of General meeting of shareholders No. 01/2017/NQ-ĐHĐCĐ as of Mar 23rd 2017, the remuneration of the BOD and the SUPERVISORY BOARD in 2016 was VND 739,598,495, and remuneration plan of the BOD and Supervisory Board in 2017 was 1,5% profit after tax 2017.

According to business result in 2017, total remuneration for the BOD and the Supervisory Board is as following:

Items	Total value (VND)
Profit after tax 2017	111.356.913.116
Total remuneration of the BOD and the Supervisory Board	1.653.340.000

### THE REMUNERATION OF THE BOM

In 2017, The BOM was added one Deputy General Director so that the total members is increased up to four. Accordingly, there is 01 General Director cum the BOD member, who is Mr. Nguyen Hieu, and 03 Deputy General Directors holding responsible in different activities of The Company.

Total salary and allowance for the BOM in 2017 was VND 6.809.759.554.

### BONUS POLICY AND OTHER BENEFITS FOR THE BOD AND THE SUPERVISORY BOARD

Beside the remuneration policy for the BOD and the Supervisory Board approved by the General meeting of Shareholders, non-managing and independent Supervisory Board members and Supervisory Board members who are not employees of The Company, did not received any bonus from the bonus and welfare fund of The Company.

### STOCK TRANSACTIONS OF INSIDERS AND RELATED PEOPLE

In 2017, there was not any transactions of VDS stock related persons.

### TRANSACTION BETWEEN THE COMPANY AND RELATED PERSONS; OR BETWEEN THE COMPANY AND MAJOR SHAREHOLDERS, INSIDER, AND INDIVIDUALS RELATING TO INTERNAL PEOPLE.

In 2017, there was not any transactions arising between Rong Viet and relating people, or between Rong Viet and major shareholders, internal people and their relating people.



## MEMBERS AND THE STRUCTURE OF THE SUPERVISORY BOARD

Rong Viet's Supervisory Board (SB) consists of 03 members, down by 01 member compared to the term from 2012 – 2016. Rong Viet's 2016 AGM was held on March 23, 2017 and the Shareholder General approved the dismissal of the Supervisory Board with the term from 2012 – 2016 and the election of the new Supervisory Board from 2017 – 2021 with 02 previous members and one newly elected member. All members are qualified and fit for their duties.

No	Full Name	Title	Status	Owning / Representing Stakes	
				% Own	% Represent
1	Ms Nguyen Thi Oanh	Chairperson	Non-employee	-	-
2	Mr Nguyen Van Minh	Member	Non-employee	0,0055%	-
3	Mr Nguyen Thuc Vinh	Member	Non-employee	0,0349%	-

## THE SUPERVISORY BOARD'S ACTIVITIES REPORT

Rong Viet's Supervisory Board has a duty to represent and act on shareholders' behalf to monitor and make recommendations to the BOD and the BOM regarding important matters of The Company in order to ensure independency and improve the quality of corporate governance, thus protect the highest benefits for shareholders. The attendance list of members of the Supervisory Board in 2017 is summarized as follow:

No.	Full name	Title	Start / End Date	No. of meetings attended	Ratio	Reason
1	Ms Nguyen Thi Oanh	Chairperson		03/03	100%	
2	Mr Nguyen Van Minh	Member		03/03	100%	
3	Mr Đào Cong Thang	Member	23/03/2017	0/03	0%	End of term
4	Ms Nguyen Thi Thuy Hang	Member	23/03/2017	0/03	0%	End of term
5	Mr Nguyen Thuc Vinh	Member	23/03/2017	02/03	67%	On business trip

In 2017, the Supervisory Board has fulfilled the following duties:

- |   |  |
|---|--|
| <b>01</b> Monitor Rong Viet's compliance with the Laws, The Company's regulations, and the Shareholder General resolutions; | <b>03</b> Monitoring activities of the BOD and the Management Board; |
| <b>02</b> Monitoring the business operations & financial reports in 2017  | <b>04</b> Ressolving enquiries from shareholders.                    |



THE SUPERVISORY BOARD’S ACTIVITIES REPORT (CONT)

MONITOR RONG VIET’S COMPLIANCE WITH THE LAWS, THE COMPANY’S REGULATIONS, AND THE SHAREHOLDER GENERAL RESOLUTIONS

During the process, the Supervisory Board concluded that Rong Viet’s operational activities in 2017 have complied with the current Laws, The Company’s charter and the management code. In addition, regulations regarding information disclosure was also strictly followed by The Company without any violation. This ensures that shareholders, clients, investors, and other related parties are always updated about crucial information about The Company’s operational activities, organizational changes, and financial status. The 2016 AGM resolutions have been successfully carried out with the following details:

- Business plan for 2017:** In 2017 Rong Viet exceeded the targets for revenue and profit set by the AGM. The Company recorded VND 366.4 billion of revenue (exceeded by 19%). The profit before tax and the profit after tax reached VND 138 billion and 111 billion (exceeded by 38% and 39%), respectively.
- 2016 Profit distribution:** Rong Viet has made cash dividends payment for 2016 at the rate of 6% (VND 42 billion) to shareholders on April 26, 2017.
- Selecting the Auditor:** After carefully studying about capability, qualifications, effectiveness, and the independency of a number of auditors, Rong Viet BOD has chosen PwC (Vietnam) Ltd. to be the auditor for the 2017 financial statements.
- Switching from the HNX to the HSX:** In 2017, the BOD has completed the listing of The Company’s stocks (Ticker: VDS VN) from the Ha Noi Stock Exchange (HNX) to the Ho Chi Minh Stock Exchange (HSX). The stocks were officially traded on the HSX on July 19, 2017.

- Issuing more shares to raise the Charter Capital:** In December 2017, the BOD has successfully issued additional shares to increase the Charter Capital from VND 700 billion to VND 910 billion as approved by the Shareholder General.

MONITORING THE BUSINESS PERFORMANCE AND FINANCIAL STATUS IN 2017

In 2017, Rong Viet has prepared and published all periodical financial statements required by Laws and the Authority. The Half-year financial report, the Financial Safety Ratio report, and the Financial Statements of 2017 were audited by the independent party PwC (Vietnam) Ltd. in compliance with regulations from the State Securities Commission (SSC) and the Ministry of Finance (MoF).

During the year, the Supervisory Board has had regular meetings with the Chief Accountant to review all financial reports (both internal and audited) prepared by the BOM with comments from PwC (Vietnam) Ltd. The Supervisory Board has concluded that Rong Viet’s reports have truly reflected the financial status, business performance, and cash flow activities during the period. These reports have been prepared in accordance to the Vietnam Accounting Standards, the current corporate accounting standards, and other regulations specifically applied to securities companies.

Rong Viet’s activities were clear and transparent. The Supervisory Board did not find any severe violation of accounting, finance, business activities as well as internal procedures of The Company. There has been no extraordinary change while comparing quarterly numbers, half year and full year numbers or between unaudited and audited numbers. Some of the basic ratios that the Supervisory Board approved and shown on the audited Financial Statements of 2017 are:

Units: VND Billion

No.	Ratio	2017 Result	Asset Indicators	2017 Result
1	Total Revenue	366.417	Short term assets	1.807.003
2	Total Profit Before Tax	138.342	Long term assets	35.617
3	Total Net Profit	111.357	Total assets	1.842.620
4	Earnings Per Share (VND / share)	1.584	Total liabilities	800.402

In addition, The Company has fulfilled all its tax obligations to the State including corporate income tax, personal income tax without any overdue amount.

MONITORING ACTIVITIES OF THE BOD AND THE BOM

In 2017, the BOD has held 15 meetings (both official and written). All meetings were held in accordance with the Laws and the Charter of Rong Viet. The Supervisory Board was present in all meetings to be updated on the plans approved by the BOD so that is can make suggestions for the overall development of The Company. These suggestions were carefully considered during the decision making process of the BOD. As a result, the Supervisory Board concluded that the BOD has fulfilled all its duties given by the Shareholder General by making timely decisions & resolutions that helped shaping the direction of The Company’s business in order to achieve the targets set by the Shareholder General.

Major matters that have been discussed and approved during those BOD meetings include:

- Reports on business performance quarterly & yearly, business plans for the upcoming period
- The process to move the ticker VDS from the HNX to the HSX
- The issuance of additional shares to current shareholders in 2017
- The issuance of corporate bonds during the year
- Change in the Management principle
- The reallocation of the Ha Noi Branch
- The investment in the core system for the derivatives market and the upgrade of the current core system for common securities
- Other matters within the scope of the BOD

In 2017, the BOM has run The Company and its daily operations effectively, bringing good results. The Supervisory Board concluded that the BOM has fulfilled all its duties stated in The Company Charter and given by the BOD. The Supervision Board did not see any irregular signs from the activities of the BOM nor other level of management within The Company.

RESOLVING ENQUIRIES FROM SHAREHOLDERS

In 2017, the Supervisory Board did not receive any enquiry nor request from shareholders and investors regarding The Company business operations.

CONCLUSION

By doing the monitoring activity in 2017, the Supervisory Board concluded that the BOD and the BOM have successfully played their roles in managing and running The Company in compliance with the Laws and The Company Charter. The BOD has successfully guided the BOM to complete all resolutions made by the Shareholder General.

ACTION PLAN FOR THE SUPERVISORY BOARD IN 2018

Based on the positive result of the past year, the Supervisory Board has set the action plan for 2018 as follow:

- 01
- Continue to improve the operations, increase the monitoring activities to the BOD and the BOM over the daily operations of The Company as well as to strengthen the coordination among the BOD, the Management Board, and the Supervisory Board.
- 02
- Communicate, support, and make recommendations to the BOD & the BOM about sectors that need to be done & modified in order to improve the effectiveness of the management activities.
- 03
- Support the BOD in giving direction to the BOM to push the development of business activities, especially the revenue-driven functions such as Financial Services, Brokerage, Investment, and Investment Banking (IB) to help The Company achieve and exceed the revenue & profit targets that the Shareholder General has given.
- 04
- Strengthen the risk management activities, focusing on identifying crucial factors that can severely affect The Company’s business.
- 05
- Continue the monitoring activities about compliance with the current Laws, The Company’s Charter, and the Resolutions from the BOD as well as reviewing quarterly, half year, full year financial statements and information disclosure.

## OVERVIEW ABOUT RISK MANAGEMENT SYSTEM

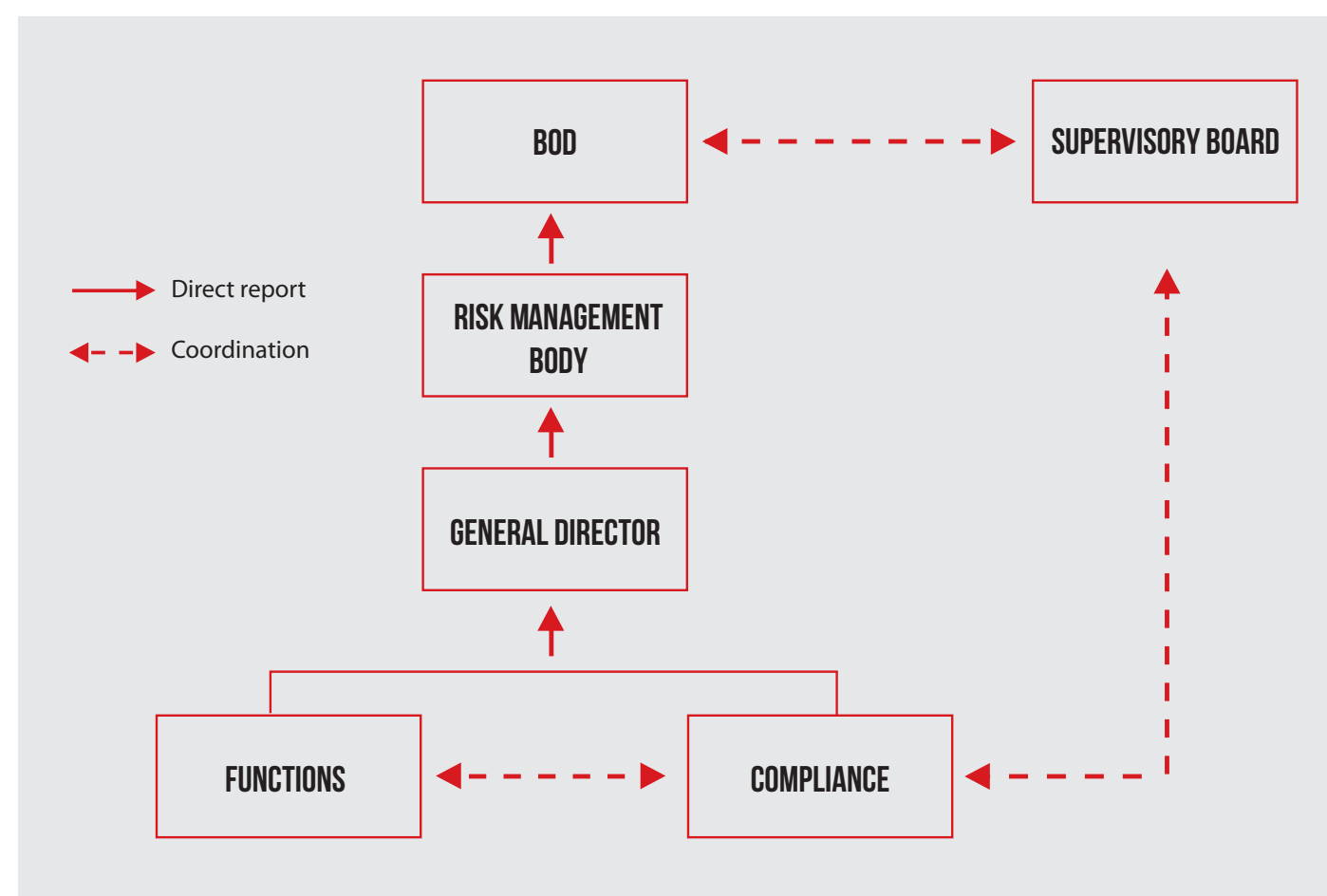
Ever since The Company's establishment, the risk management activity has always been placed on top priority by the Management Board. Being a company operating in the finance – securities field with high volatility and risks, Rong Viet is fully aware that risk management is a key factor for a company to operate stably and effectively to achieve sustainable development. Going through many ups & downs of the market, thanks to the consistency in risk management activities, Rong Viet is proud to be able to overcome many obstacles to reach a new phase when The Company can go further and higher on its path.

The year 2017 marks an impressive gain of the Vietnam securities market when both 02 main indices VN-INDEX and HNX-INDEX gained 48% and 46%, respectively. The EPS growth rate of the VN-INDEX reached 19.6% and the P/E increased by 17%. However, operating in the securities market always poses many risks. Without a well prepared and proactive risk management approach, The Company will not be able to secure its business or even incur loss and lose its brand name.

The largest risk on the Vietnam securities market is the lack of transparency and accuracy of information from public and listed companies. With a highly effective risk management system and a safe management approach along with the quick reaction to the market movement, in 2017 Rong Viet did not incur any damage from negative movement of the market, thus contributed to the highest business results during 10 years since its establishment.

Thanks to that solid foundation, Rong Viet continues to maintain and improve its risk management system, which was formally put into operation in 2013 by establishing the Risk Management Body that reports directly to the BOD. Since then, there have been many modifications on the Risk Management Policy, Risk Management Procedure, and Risk Management tolerance policy.

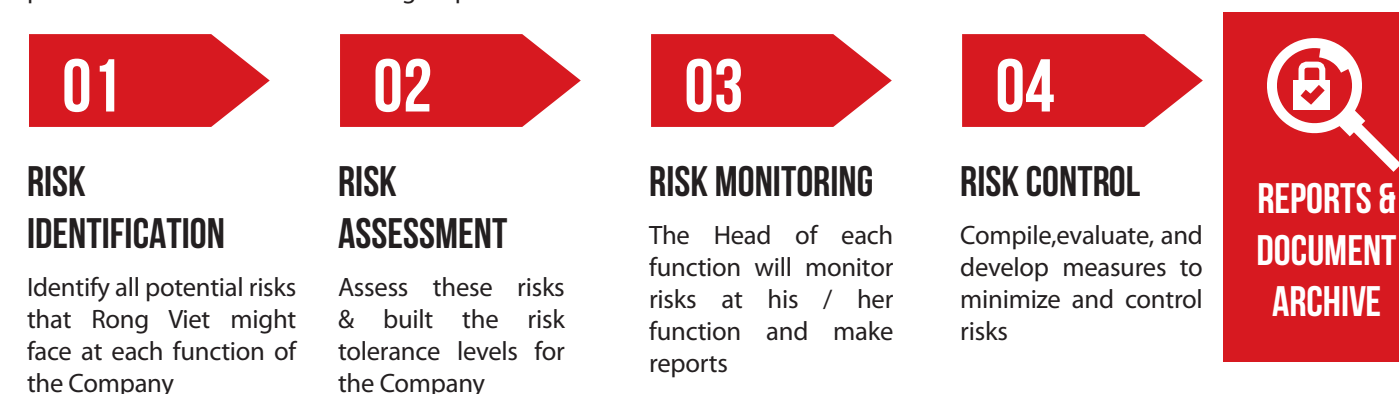
Rong Viet risk management system is setup based on the following model:



**RONG VIET RISK MANAGEMENT MODEL**

## RISK MANAGEMENT AT RONG VIET

Based on the risk management system and policy, the risk management tolerance zone was set. Rong Viet's risk management procedure consists of the following steps:



The risk management policies are set to make sure that all major risks are monitored and contained. The risk tolerance zones were set to make sure that Rong Viet's business activities do not exceed the allowed level. All related functions and persons clearly understand the limits and the procedure that must be complied to as well as the areas that are allowed. This, in turn, ensures Rong Viet's activities to develop safely, effectively while complying with regulations regarding securities companies in order to bring the highest benefits to clients within strict limits on operational procedure and potential risks that can affect The Company's business as well as clients' investment activities.

### RISK IDENTIFICATION

During the course of action, Rong Viet always tries to take proactive measures to monitor and review in order to timely & fully identify general risks (economical risk, legal risk, interest rate risk, and natural disasters) and crucial risks (operational risk, liquidity risk, etc.) that The Company might face.

Each product and service, before being introduced to clients, was carefully studied by The Company in order to complete the relevant procedure. This ensure that all potential risks are always actively identified and contained. Rong Viet always maintains a principle that no business activity is allowed to be carried out when all related risks have not been identified and contained.

In addition, periodically, all operational procedures are updated and modified in order to ensure compliance with the new Laws as well as to prepare for new movements on the market. Furthermore, during its operations, The Company also builds different scenarios to estimate the risks, directly monitor and cross monitor among all functions to strengthen the overall monitoring ability as well as to develop tools to prevent and minimize risks.

### RISK EVALUATION, DETERMINATION AND ALLOCATION

Currently, Rong Viet is evaluating and managing risks in terms of 02 major methods including qualitative and quantitative. Qualitative method is to provide comments on specific signals of risks that are identified by nominal scale and ordinal scale. Quantitative method is to provide numbers and figures on levels of risks and levels of damages. This is the method that Rong Viet implements under the model of risk limit measurement. Particularly, risk limit is the capital amount allocated to resolve any risks that stand a high chance of causing damages. Risk limit runs from the total value of risks (minimum) to the value of 50% of capital for each period (maximum). This model is helpful in calculating and estimating major risks related to market, payment, liquidity, operation and compliance.

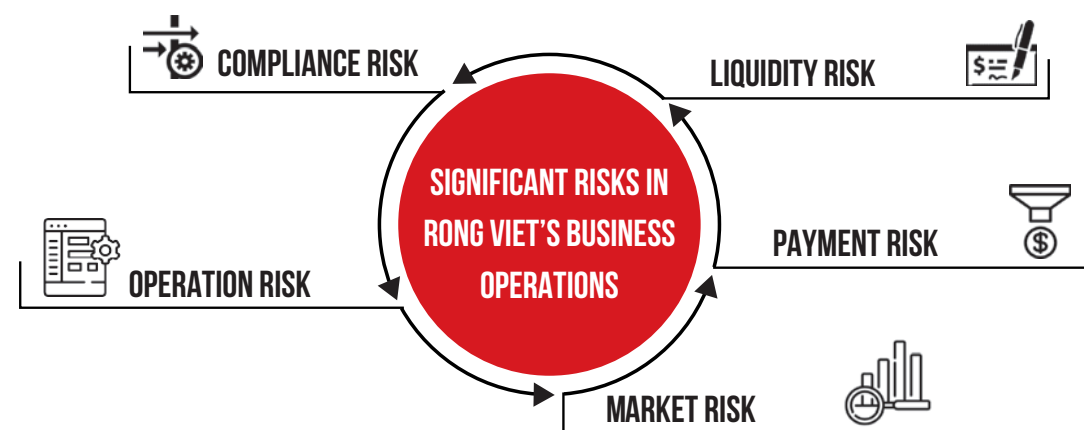
Risk limit is measured and determined based on the following factors:

- Business strategies
- Capital
- Internal supervision quality
- Risk supervision and risk management system
- Risk management expertise
- Previous risk management experience
- Legal regulations
- Other issues related to risk management



## RISK MANAGEMENT AT RONG VIET (CONT)

### RISK EVALUATION, DETERMINATION AND ALLOCATION (Cont)



Every year, the Board of Directors reviews total value of damages and actual/forecast ratios for previous periods, general performance and applicable laws to measure and determine risk limit and to allocate the limit according to business segments. In 2017, the Board of Directors imposed Decision No. 02/2017/QD-HDQT dated 13 Jan 2017 regarding "Risk Limit Management Policy" which is applied throughout the year. The policy helped Rong Viet measure and determine the risk limit for business segments, departments, individuals and transactions.

2017 Risk Limit Allocation:

No.	Activities	Market Risk	Payment Risk	Liquidity Risk	Operation Risk	Compliance Risk
1	Account management	-	-	-	X%	-
2	Transaction order management	-	-	-	X%	-
3	Clients' cash account management	-	-	-	X%	-
4	Depository – Option execution – Transaction settlement	-	-	-	X%	-
5	Margin trading	X%	X%	-	X%	X%
6	Mortgage stock	-	-	-	X%	-
7	Cash advance	-	-	-	X%	-
8	Investment	X%	X%	-	X%	-
9	Investment banking	-	X%	-	X%	X%
10	Underwriting	X%	X%	-	X%	X%
11	Accounting	-	-	X%	X%	-
<b>TOTAL</b>		<b>Y%</b>	<b>Y%</b>	<b>Y%</b>	<b>Y%</b>	<b>Y%</b>

Notes: - X: Allocated risk limit as percentage of available capital.  
- Y: Total allocated risk limit as percentage of available capital.

### SUPERVISION RISK

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.

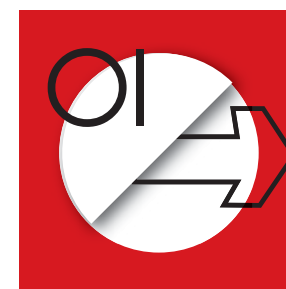
- In the event that the risk exposure crosses over the continuous safety level, the risk management department will supervise departments' operations, and will also review their process implementation. The supervising time lasts for at least one month after the risk exposure returns to the safe threshold.

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.

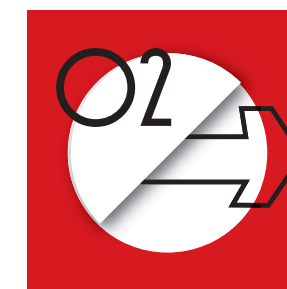
The risk management report also reports supervising works to the CEO. In addition to daily, monthly and periodic/unexpected monitoring tasks. The CEO reviews the report and adjusts the risk control duties to actual issues arising.

### SOLUTIONS TO EXCEEDING-LIMIT RISK

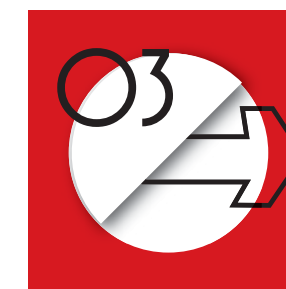
When the risk is over the accepted limit, the risk management department has to follow this process:



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



## SIGNIFICANT RISKS IN RONG VIET'S BUSINESS OPERATIONS



### MARKET RISK

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 activities:

Filter the portfolio of margin securities in accordance with certain criterias. In order to manage list of margin accounts, Rong Viet establishes Investment Council with experienced staff. The Council will review the margin accounts every month. Besides, Rong Viet updates Announcements issued by stock exchanges regarding margins;

Provide a reasonable ratio in correspondence to each type of margin securities;

Comply with regulations regarding margins in Decision No. 87/QD-UBCK dated 25 Jan 2017 issued by the State Securities Commission;

- In order to monitor, manage margin accounts and process collaterals: Rong Viet establishes Financial Services Team to deal with the management of those accounts and to provide clients with best solutions when any problems occur in accordance with applicable laws;
- Change the portfolio of stocks due to the fluctuation of the securities market. Also, clients are updated by Rong Viet via messages, email or apps.

##### Investment activities:

- 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.



### LIQUIDITY RISK

Liquidity risks occur when The Company cannot afford payment for due financial obligations on the due date or is unable to transform financial derivatives into cash with reasonable value in the short term because of the lacking liquidity in the market.

#### Liquidity risks are determined in following contracts and transactions:

- Payment for investments and payables to suppliers;
- Credit contracts and interest due;
- Underwriting (if any).

#### Management Method:

- Balance of cash flow;
- Plan on active payment: Conduct annual budget plan which can be adjusted to actual arising for months, quarters; plans of daily cash in and out to estimate the reasonable amount;
- Expand relationship and sign credit contracts with credit organizations to make necessary loans.



### OPERATION RISK

Operational risk takes 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 probable reasons.

#### Related to human:

- Company's assets being used and bought by employees are not allowed by regulations, and thus causing losses or damages for The Company as well as cooperating with clients to take unlawfully company's properties or destroy company's reputation;
- Errors arising in handling works are not abided by the authority, or properly and fully implemented the work process, or not put in tight control...
- Errors occurring in document storage cause losses of customer's documents;
- Disputes with clients: do not perform stock trading as the client's requests; postpone cash transaction; or violate the regulation when notifying trading's rights for customers...

#### Related to information technology:

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



### PAYMENT RISK

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.



## SIGNIFICANT RISKS IN RONG VIET'S BUSINESS OPERATIONS (CONT)



## OPERATION RISK

Operational risk takes 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 probable reasons.

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

**Related to other transactions:**

- Errors occurs 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 the initial usage.

**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 term of risk management;
- Detect high risk level to propose timely solutions;
- Track on fluctuation on different types of risk;

**Risk hedge:**

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



## COMPLIANCE RISK

Compliance risk occurs when The Company does not comply regulations relating with business operations, or The Company terminates contract being exposed to be illegal or lacking vital provisions, or 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 complying legal regulations;
- Regularly examine to detect copy right disputes for avoiding disclosing technology's confidential information and controlling rumors influencing on The Company's reputation;
- Comply regulations of labor policy; Publicize transparent policies of salary, bonus; 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 2017

The risk management system has always maintained stable operation. The Company operation was actively supervised and managed by company's risk management system. The Company did not record any damages or losses incurred by clients, shareholders, investors and The Company's capital and reputation. Along with that, Rong Viet is one of the companies disclosing transparent and accurate information in term of listed company. This greatly solidified and enhanced belief of clients, shareholders and investors on Rong Viet's prestige, and thus enabled The Company to achieve sustainable development.

Risk management department has been usually modifying and upgrading the current risk management system to satisfy the diversification and complexity of products and services for expanding business activities ahead. In addition, the legal department has been always updating legal documents regarding securities activities in order to ensure the timely and fully compliance with regulatory requirements.



# SUSTAINABILITY REPORT

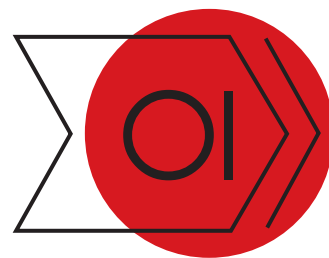
Rong Viet and its people continuously brainstorm and take actions to create the highest value for Clients, Shareholders, and Employees while contribute to the development of the Vietnam Stock Market as well as share responsibilities with the community and the society in the progress of the Country

01. OVERVIEW
02. RONG VIET'S SUSTAINABLE DEVELOPMENT ACTIVITIES IN 2017
03. RELATIONSHIPS AMONG RELATED PARTIES
04. CONTACT INFORMATION

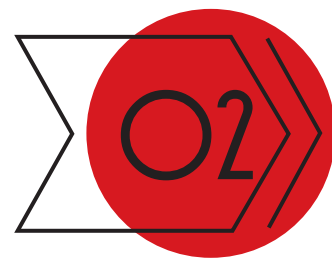


## RONG VIET'S SUSTAINABLE DEVELOPMENT DIRECTION

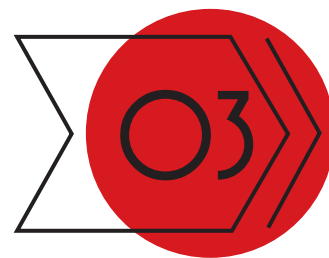
Awareness and taking action on Sustainable Development is considered one of the global strategic directions which starts from the United Nations' Summit on Global Development in the XXI century back in 1992. In which, the 03 main components of sustainable development are:



Economically stable, meaning to develop in a fast, safe, and high quality way.



Socially stable, meaning to promote social equity and human development.



Ecological and Environmental stable, meaning to balance the exploitation and usage of natural resources with environmental protection and living space improvement.



Going along with this global trend, Vietnam companies have been paying more attention to sustainable development in order to secure the long term and stable benefits for themselves, for the economy, and for the society. Rong Viet has also been identifying sustainable development to be one of the top priority to ensure the stable and everlasting development of the company.

This direction has been built based on Rong Viet's Mission Statement ever since the company's establishment: ***"Rong Viet and its people continuously brainstorm and take actions to create the highest value for Clients, Shareholders, and Employees while contribute to the development of the Vietnam Stock Market as well as share responsibilities with the community and the society in the progress of the Country"***. These are the 05 top priority groups that Rong Viet focus on so that the company can build and develop in order to serve the benefits of these groups. This, in turn, will help Rong Viet improve its transparency, complete its corporate governance system, increase its efficiency, and create larger values for Rong Viet as well as for the community and society in the future.

## RONG VIET'S SUSTAINABLE DEVELOPMENT TARGETS

Rong Viet sets specific targets and action plans in order to maximize the benefits for each group, which has always been the sole focus of the Company's operations.



### CLIENTS

- Products & Services Quality
- Trustworthiness & Confidentiality

Continuously to improve the quality of products & services. Implement new tools based on the development of the IT infrastructure.

Continuously to improve the procedures to secure clients' assets and information.



### SHAREHOLDERS

- Effective & stable operation
- Transparency

Stable development, improve the corporate governance ability to ensure the sustainable development and effective risk management.

Ensure the transparency, compliance in information disclosure and other official documents such as Annual Reports, Management Reports. Provide Audited Financial Statements every year. Allocate senior positions to do Investor Relations (IR).



### EMPLOYEES

- Income, Bonus, and Benefit Policy
- Working Environment
- Training & Development Policy
- Promotion Opportunity

Reasonable income and bonus mechanism to encourage the employees besides a good benefit and treatment policy.

Ensure a dynamic, comfortable and fair competition working environment.

Organize both in-house and outsource training courses for the company's staffs and managements.

Ensure individuals with proper qualifications and high working attitude will get an appropriate and fair chance of promotion.



### THE AUTHORITY AND THE MARKET

- Development of the Vietnam Securities Market
- Total Compliance to the Laws
- Contribution to the State Budget

Actively participate in forums, conferences and make suggestions to the Authority. Perform the role of the intermediate to help facilitate capital mobilization.

Ensure a total compliance to the laws and regulations issued by the Authority. Update new regulations frequently and quickly to prevent any violation.

Make sure that the Company fulfill all of its duties to the State Budget.



### LOCAL COMMUNITY

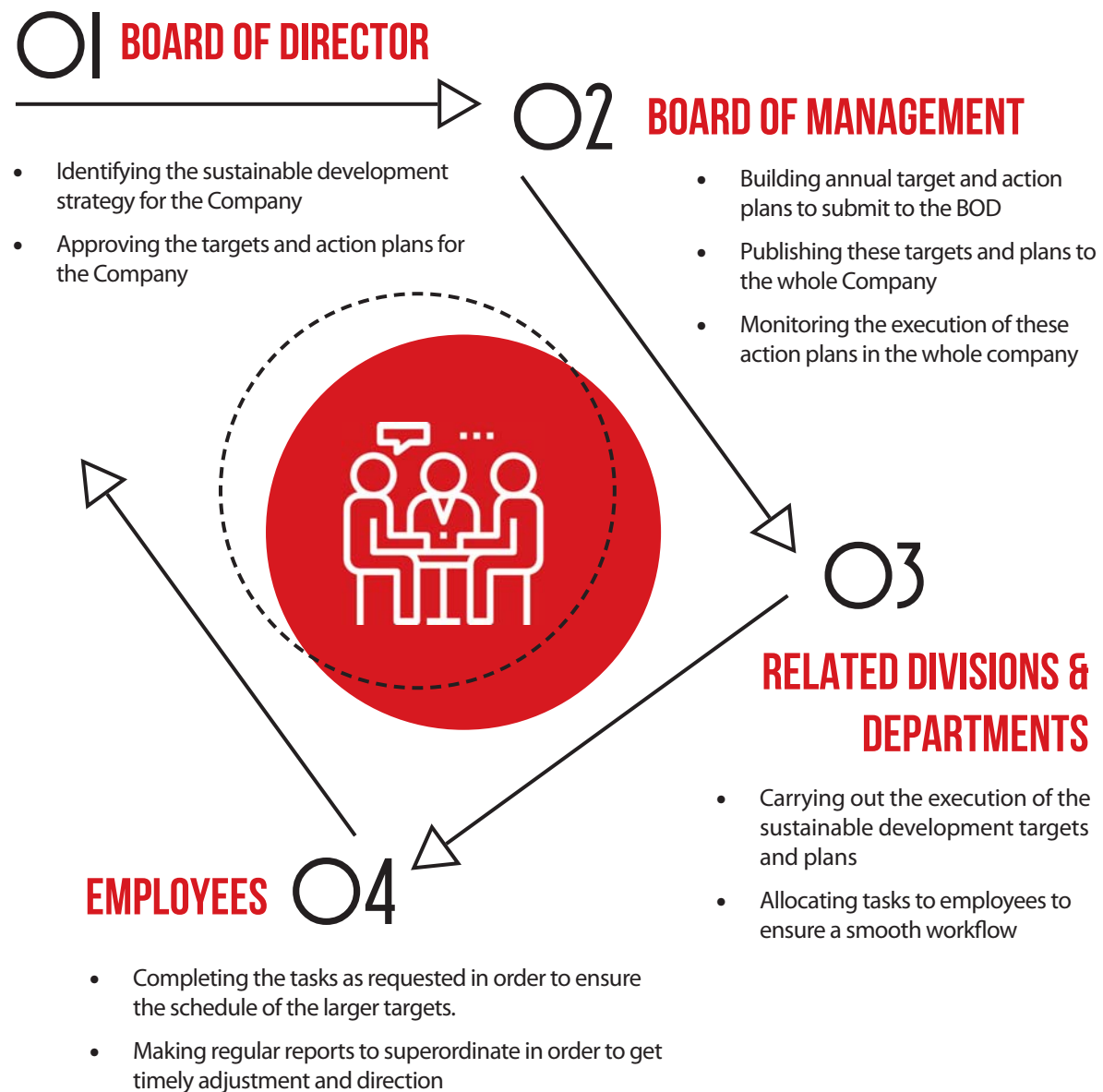
- Responsibilities with the community and the society
- Development of the younger generations
- Environmental Protection

Organize at least 02 charity trips every year to help the less fortunate.

Organize activities to help educate students from local universities such as field trips, job fairs, and internship programs.

Take proactive measures to safe energy, stationary... and ensure fire safety.

## RONG VIET'S SUSTAINABLE MANAGEMENT MODEL



## CLIENTS

Rong Viet's commitment to Clients can be summarized into 02 indicators:



Rong Viet commits to provide Clients with the best products & services, even exceeds clients' expectations. In the same time, the Company continuously diversify its products in order to meet the growing demand from investors on the market. Rong Viet always makes careful preparation and research when launching a new product or service to clients while continuously evaluate and receive feedbacks. As a result, Rong Viet was able to enhance its products & services to improve the investment return for its clients.

### PRODUCTS & SERVICES QUALITY

Due to the growing the competition in terms of products and services among securities companies, especially from the top companies in the market, Rong Viet always stay alert so that it will not be left behind. As a result, along with diversifying and improving the products, service is also a key focus area of Rong Viet.

Rong Viet understands that in order to improve clients' satisfaction with its products & services, it requires a combination of many factors: IT, Securities Services, Financial Services, Research, and Clients Services. In fact, in 2017, Rong Viet has made significant improvement in IT infrastructure, launching new services, and standardize procedures of related functions. As a result, the Company was able to diversify its products & services, increase the trading speed, simplify its procedures, and minimize the risks so that clients can get the highest quality products & services.

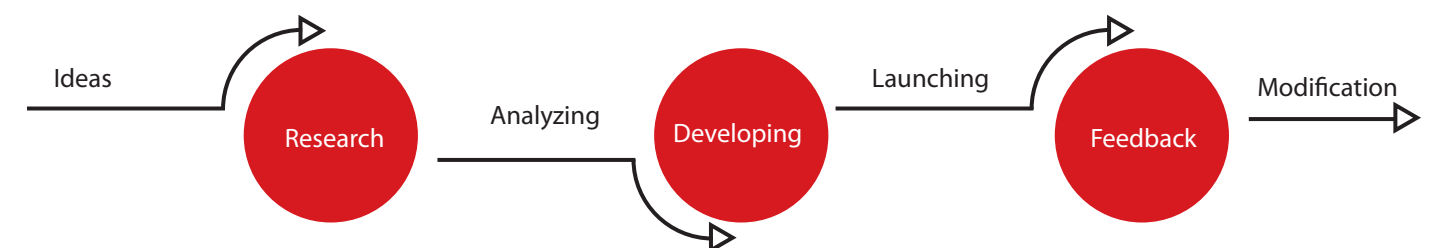
The Clients' satisfaction with Rong Viet's products & services was highly reflected by the fact that Rong Viet was awarded top 3 in the "Most improved brokerage over the last 12 months"

prize from the Asiamoney Brokers Poll 2017. This demonstrates the position of Rong Viet on the Vietnam securities market as well as reflects the confidence from clients in the Company during the period. This is the 2nd consecutive year that Rong Viet was awarded this prize. It is the result of determination and cooperation among various departments to provide clients with high quality products and services.

### R&D ACTIVITIES

In order to meet clients' demand, the Client Service department and the R&D department regularly coordinate to do market research and surveys. After catching clients' demand and desire, the R&D department will design new products as specified. There have been also training sessions offered to all the staffs before launching products to make sure clients will get the full benefits from the new products.

The survey, evaluation process will follow to measure clients' satisfaction as well as the effectiveness of the new products & services after a certain period of time. Based on the result, Rong Viet will make proper modifications and improvements to meet the expectations from clients.





CLIENTS (CONT)

NEW PRODUCTS IN 2017



NEW PRODUCTS IN 2017

Launching the service: Live Connection with BIDV (from Jan 03, 2017): Provide another cash management channel for clients in addition to the traditional channel at Rong Viet and Eximbank. By using the online trading platform iDragon, clients can make money transfer from their account to their bank accounts at BIDV, thus save time and increase the efficiency.



ETA

Launching the new service ETA (from Aug 16, 2017) to meet the demand from clients who want to trade at low cost without the need for advisory and account management service. When using this service, clients still get access to most of the information and other services provided by Rong Viet. This service is provided with many functions from basic to advance to meet various demands from clients.



FINGERPRINT AUTHENTICATION/FACE RECOGNITION

Fingerprint authentication/Face recognition is applied for online trading system goDragon, tabDragon (from Nov 23rd 2017), which support client to log in and place order quickly and easily.



LIVEACCOUNT 2017

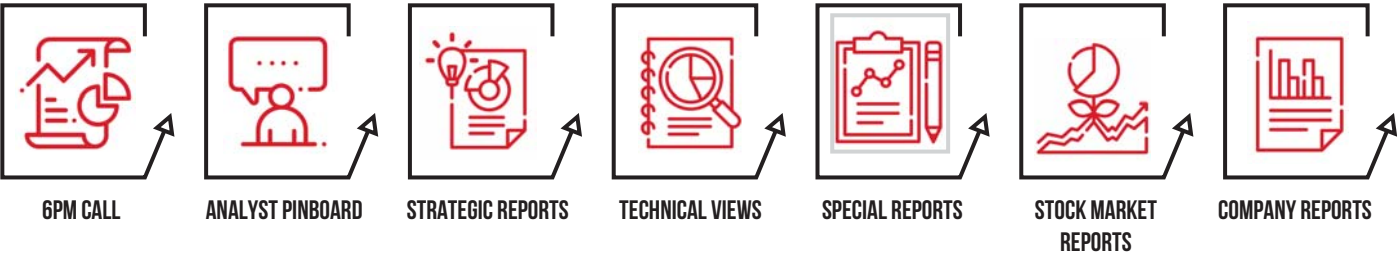
Launching the new function to open securities trading account online liveAccount 2017 (from Aug 16, 2017) with many convenient tools. It only takes 07 minutes for clients to fill information and register for many services such as margin, ETA, online cash transfer, etc. The system will enable clients to trade as soon as the process is completed.



LIVEDRAGON 2017

Smart price board liveDragon 2017 (Stage 1, from Dec 5th 2017): Price board is integrated of various superior features and utilities such as market information, price board recommendation, historical price board, stock filter, order function... to support clients in both general and specialized view to ease investment decisions.

RELIABILITY OF RESEARCH'S PRODUCTS



Integrity, independence and accuracy of analytical reports are considered top priority for the research team aiming to provide clients & investors comprehensive and honest viewpoint of investment opportunities in the financial market.

Accordingly, the research team is recruited and trained based upon on strict ethical standard. Rong Viet does not offer any commission for research team from investment results of clients or brokers. Besides, Rong Viet always procures that research team don't receive any remunerations or benefits from analyzed companies or from third parties, and are not influenced by investment department and investment banking division.

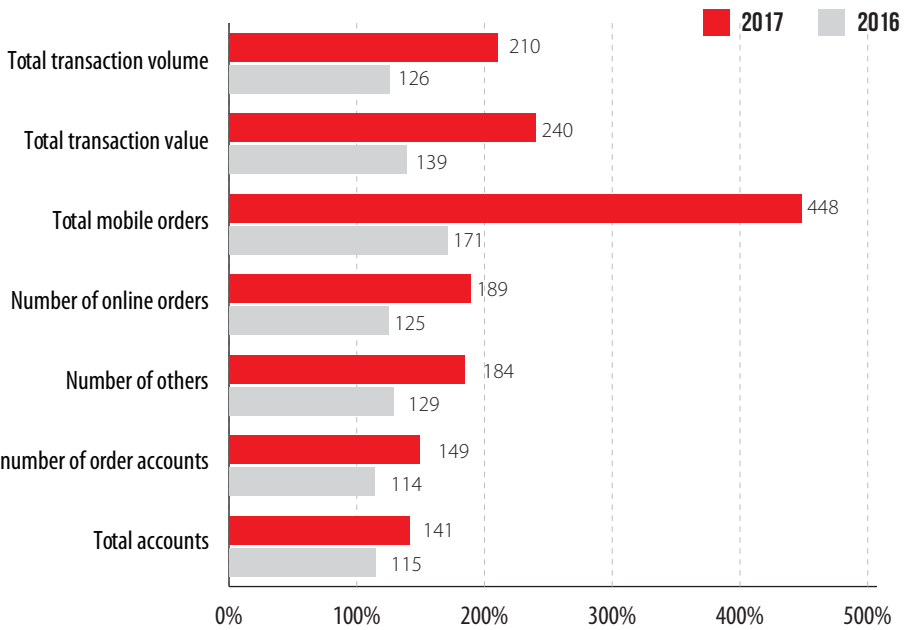
Input sources, which is filtered from prestigious partner (Bloomberg and StoxPlus), and is directly received from Rong Viet's analysts, is committed to honesty and error relief. As a result, Rong Viet's analytical reports are trusted and distributed by prestigious financial organization, as well as being used as platform for international research such as Bloomberg, Reuters, Research Pool, S&P, Factset, Smartkama.

Last year, Rong Viet's research team received 12 awards in various categories from the Asiamoney Brokers Poll 2017. It displays an obvious demonstration of trust and support from clients, investors in and out of the country for Rong Viet's research product.

UPGRADE INFORMATION TECHNOLOGY INFRASTRUCTURE

Being aware of the important role of information technology in business operation, Rong Viet usually invests a significant amount into development and stability maintenance of technology system and infrastructure. In addition, information technology department always puts relentless effort to improve and upgrade more safety and effective solutions.

Since 2016, Rong Viet's information technology has been seen the amazing growth in figure, as following.



GROWTH RATE OF PARAMETERS OF CORE SYSTEM COMPARED WITH 2015

## CLIENTS (CONT)

### UPGRADE INFORMATION TECHNOLOGY INFRASTRUCTURE (Cont)

Beside protecting the effectiveness and safety for Rong Viet's information technology under contiguous growth of securities market, in 2017, Rong Viet developed and upgraded information technology to support for entire operation effectiveness, which are as followed:



System development helps supporting process quicker, easier, more visual and friendly. Especially, this system enables time and resources saving for most of work processes because of not using printing paper as before.

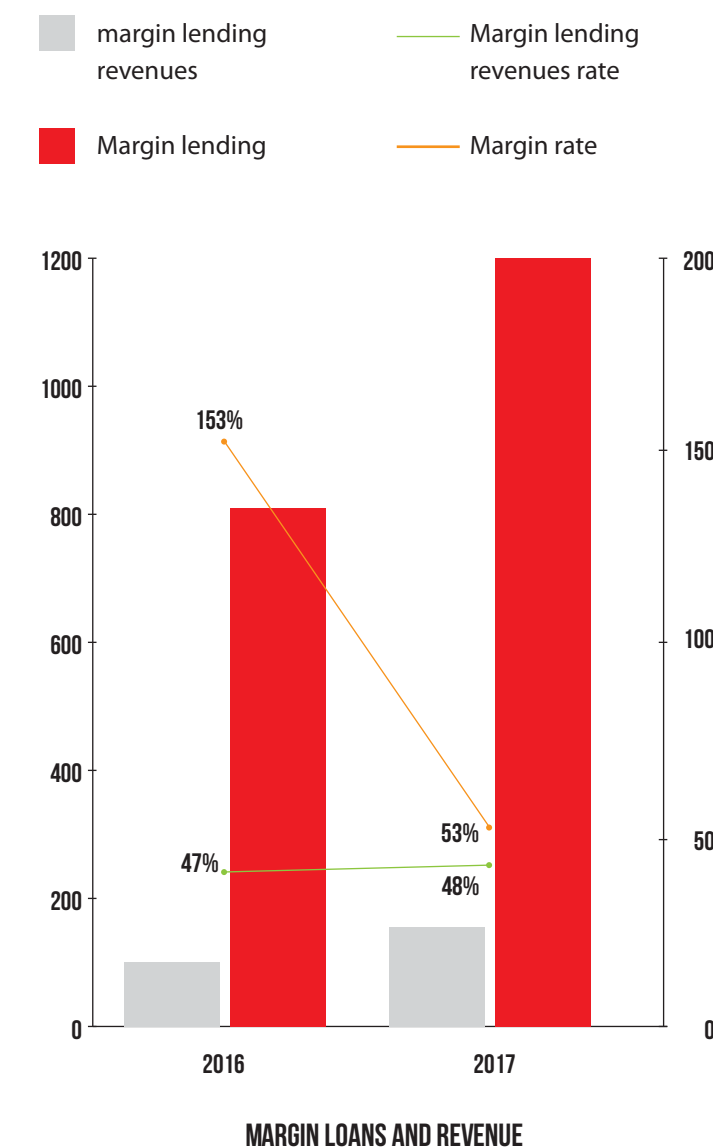
### RISK MANAGEMENT

In order to detect, timely prevent and manage arising risks in operating process, Rong Viet has built a tight risk management process, which has been being modified and upgraded continuously to adapt with market fluctuation.

With margin transaction, risk management is specialized as following:

- Obey regulations of margin transaction following Decision No. 87/QĐ-UBCK dated Jan 25th 2017 issued by State Securities Commission of Vietnam about margin trading regulations.
- With margin portfolio management: Investment Council, conducted by Rong Viet with members expertized in analysis and stock picking for margin, holds responsible of monthly review and issue the margin portfolio. In addition, Rong Viet usually tracks notices from Stock exchanges (HSX & HNX) to timely update stocks allowed for margin trading, thus timely informing to clients and having relevant solutions.
- With margin account management and disposal of collateral: Financial service Department engages in managing margin accounts, timely informing as client's portfolio is devalued, and handling near threshold portfolios as regulated.
- Margin trading management relies on modern technology system and updates constantly market information. This helps employees become active in work and companion with client's portfolios. In addition, clients are also updated of account status through online trading applications installed on various technology equipment.
- Besides, Rong Viet's broker team also goes along with clients in proving information, alarming stock's risks, and updating market information to reduce risk exposure.

With management mechanism mentioned above, Rong Viet's margin service has constantly developed while still procuring safety in a long time. In particular, margin balance has been ceaselessly increased over the years without provisioning for bad debts.





## CLIENTS (CONT)

### ENSURING CLIENTS' ASSETS

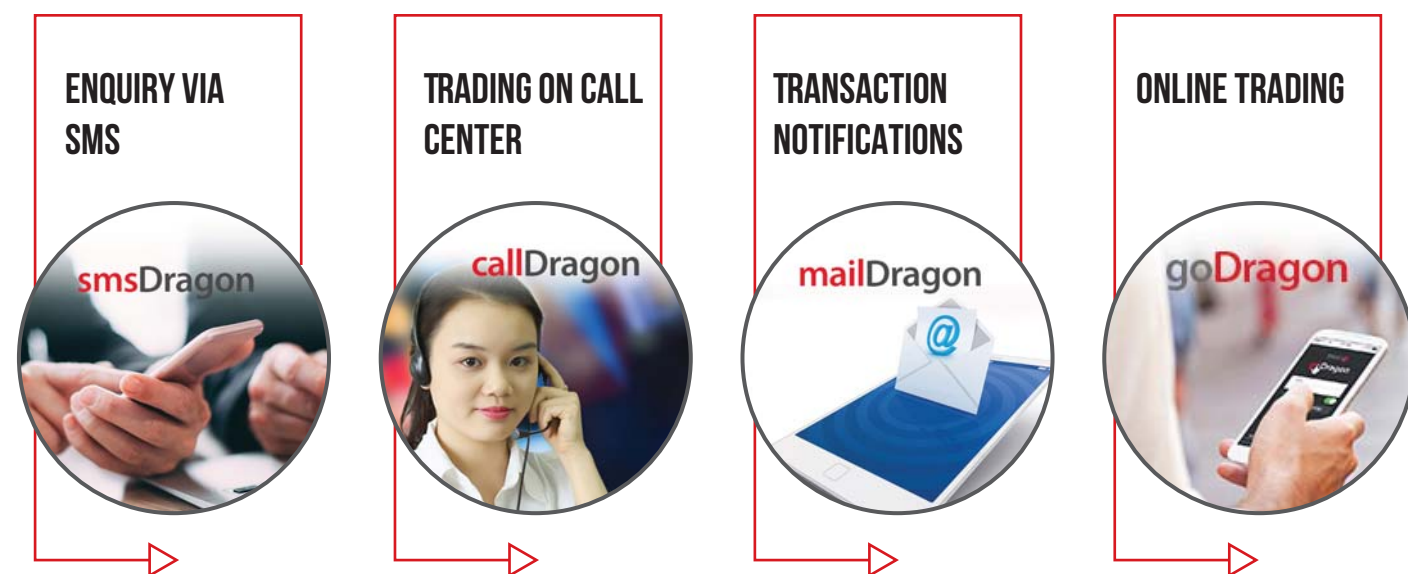
Along with achieving the business goals, Rong Viet affirmed "Prestige" as the most important element in the business, so that Rong Viet can continue to develop sustainably, overcome challenges and reduce risks. Therefore, Rong Viet makes relentless efforts to ensure client assets are always protected and accurately distinguished from others. During 12 years of development, "Clients' best interest, Prestige, Professionalism, Innovation, Efficiency" are the company's values for building long-term sustainable growth.

Under the leadership of the Board of Directors, Rong Viet has been striving to build a clearly processes and procedures relevant to all our services and constantly keeping it updated to ensure compliance with the regulatory authorities. In addition, cross-checking is done at the end of each day to ensure that information is always accurate and limited to possible risks. A decentralized system for approving transactions involving client assets is also implemented to ensure system security.

In addition to building a strict system of standards, Rong Viet also attaches importance to the training of personnel, training skills and professional ethics. Technology systems are also continuous improved to ensure that customers are always updated information related to their trading account.



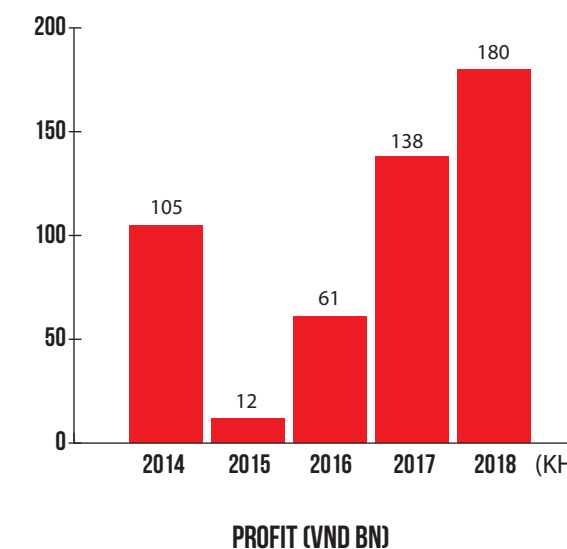
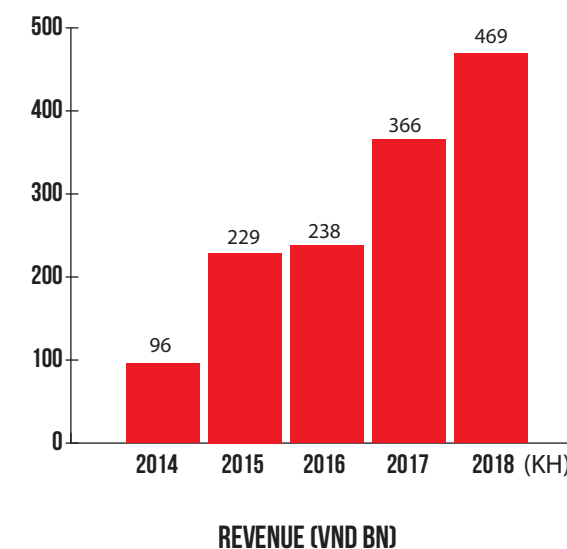
At Rong Viet, clients can check account information details through various means: Transaction Notifications (mailDragon Service), Enquiry via SMS (smsDragon Service), Trading on Call Center (callDragon Service) and online trading packaged with advanced and sophisticated features on the platform of cutting-edge technology, user-friendly interface (Online Trading iDragon, Trading on Tablets and Phone IOS tabDragon, Trading on Smart Phone Android goDragon).



## SHAREHOLDERS / INVESTORS

### IMPRESSIVE BUSINESS GROWTH

2017 was a year of revelation in Rong Viet's business and recorded impressive growth in many aspects. This result was partially supported by a safe and profitable stock market, driven by attractive macroeconomic factors, and the rest comes from the efforts of staff members in line with the strategic direction of the Board. Total revenue of 2017 reached VND 366 billion (+ 54% y-o-y). Profit before tax came to VND138 billion, surpassing 38.3% of the full year target and surpassing 125% of the year 2016 (VND 61.3 billion).



### IMPROVEMENTS IN CORPORATE GOVERNANCE

Rong Viet took a long time for more than 10 years to establish the process of the management and operation system. At Rong Viet, corporate governance structure consists of 03 pillars separately: **Business - Support - Supervision**. In order to build a good governance system, there are two elements: (1) Human Resources and (2) Support Tools.

In terms of human resources, Rong Viet has formed a culture of working with a high sense of compliance and honesty in risky business practices. For the Support Tools System, Rong Viet has built an operational process system for almost business activities, from operating to supporting and supervising. At the same time, the company has strategically invested in information technology system to provide unique and differentiated user experience through Rong Viet's integrated trading platform. With this, Rong Viet was able to develop sustainably, minimize risks and increase operational efficiency in the past period.

### INTERNAL CONTROL SYSTEM

Rong Viet has built an effective internal control system that minimizes operational risks. Risk management model of Rong Viet was formed the foundations of legal documents of risk management and financial safety criteria in securities trading. Furthermore, Rong Viet has parameterized all risk factors and measured risk limits based on discounting

available capital. This ensures a high degree of safety in the preservation of capital as well as helps to adjust actively the risk limits when the Company adjusts its business direction.

In the coming time, Rong Viet will attempt to computerize the internal control and risk management system to timely detect and prevent potential risk factors that will help our company minimize the risks.

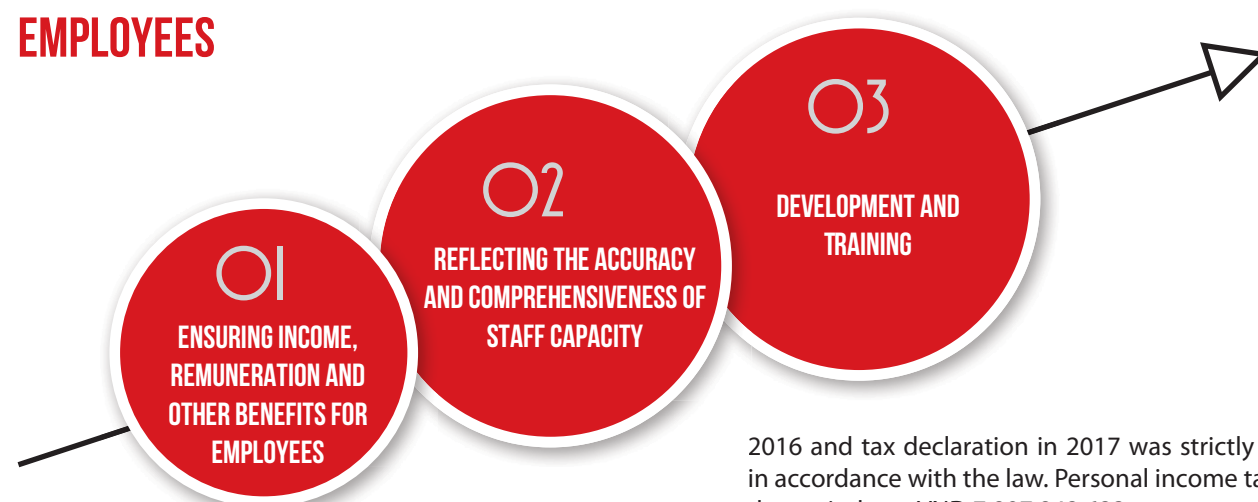
### INFORMATION TRANSPARENCY

Since its establishment, Rong Viet has been aware of shareholders' rights to access business information and activities of the company. At the same time, Rong Viet also strictly comply with regulations on information disclosure in the market. In the past years, Rong Viet has chosen international auditing companies such as E & Y and PwC to audited financial statements, to ensure transparency and prestige in the business activities. The governance reports are always disclosed fully and timely on the Company's website.

Because of these factors, Rong Viet always create credibility, trust from shareholders, partners and government agencies. Rong Viet highly committed to maintain these activities and built them better before. Information disclosure and investor relations activities will be carried out more frequently to provide the most adequate and on - time information to shareholders, investors and other related parties.



## EMPLOYEES



### ENSURING INCOME, REMUNERATION AND OTHER BENEFITS FOR EMPLOYEES

Stabilizing income and ensuring employees' benefits is one of the top concerns of Rong Viet in order to contribute to the company's sustainable development goals. Along with the positive changes in business results in 2017, the welfare policy of the company also made significant improvements. The total cost of human resources in 2017 was VND 74.524.914.331, up 45% compared with 2016.

RongViet's income policy is in line with the objective of encouraging and motivating laborers to work harder, increase labor productivity, quality of work and fulfill their assigned tasks. In addition to paying the 13th month salary, rewarding performance at the end of the year, the Company also undertakes regular or irregular commendation for collectives and individuals who had good achievements to improve business efficiency or won prizes that contributed to raise the brand name "Rong Viet".

In order to celebrate and encourage employees, contributing to improve employee satisfaction and team spirit, Rong Viet always implements welfare policies and insurance for employees that in compliance with government regulations. Moreover, the Company pays special attention to the development of voluntary welfare policies in order to increase the cohesion of employees with the Company as well as increase the competitiveness in the market. The total amount of benefits paid in 2017 was VND 3,577,701,210 which increasing 60% compared to 2016, including: periodical examination, maternity welfare, uniform, Woman Day, Children's Day, allowance for annual outing trip, the periodic health check program, health insurance and so on.

During the year, the work of salary, insurance and Personal Income Tax (PIT) has been made clear, confidential, ensured staff interests and complied with the current regulations. The total number of employees participating in compulsory insurance by the end of 2017 was 250. The premium paid in the year was VND 5,992,123,500. The PIT finalization in

2016 and tax declaration in 2017 was strictly implemented in accordance with the law. Personal income tax paid during the period was VND 7,897,842,623.

### REFLECTING THE ACCURACY AND COMPREHENSIVENESS OF STAFF CAPACITY

Rong Viet applies the staff appraisal system right from the first recruitment phase. The rigorous recruitment confirmed that Rong Viet always considers the quality of human resources as one of the most significant criteria. In addition, the appraisal will be implemented periodically after the staff completes the probation period, reappointed or re-signed labor contracts, adjusted the incomes, evaluates emulation and commendation at the end of the year.

At Rong Viet, the company affirmed the three major standards: Professional Competence, Work Skills and Attitude, this involves the identification of objectives and the measurement of results against these objectives to form the basis for important decisions involving salary, remuneration, training and development. In the coming time, with the purpose of building and applying a comprehensive evaluation system, Rong Viet will gradually improve the evaluation system and aim to associate income with work efficiency, ensure fairness among all employees.

### DEVELOPMENT AND TRAINING

At Rong Viet, the company define great importance for staff development opportunities in order to build work competencies and acquire higher skilled capacity in line with laying the foundations for sustainable growth. Training programs are selected and invested carefully in content, objects, organization, and special attention to post-training efficiency. In 2017, Rong Viet has implemented various internal training programs, combined with external training with a total expenses of nearly 700 million.

In addition, Rong Viet advocates and encourages some staffs to attend training courses and workshops according to their needs. The expenses the company has sponsored for employees to participate in training of professional securities certificates doubled compared to 2016. In particular, Rong Viet has organized training programs about the derivatives market and new relating products in 2017.

### Some highlighted externally training programs in 2017:

- Organized "The Successful Negotiation" program for 30 employees of Ha Noi Branch
- Organized "The Presentation & Meeting skills" program for 20 employees of Head Office
- Organized "Leader Mindset" program for 21 employees on annual training schedule
- "Mergers & Acquisitions Training" course for 4 employees
- "Behind the Number" course for 6 employees

### Outstanding internal training programs in 2017:

- Organized three "Orientation training programs" for new employees.
- Organized training of new Brokers, a total of 03 programs with about 70 employees
- "Brokers in-house training" course for intern brokers.



Organized "Leader Mindset" program



Organized "The Presentation & Meeting skills" program



Organized training of new Brokers

### AS A RESULT

There are 70 staffs passing the examination of the certificate of professional practice, including 42 Certificates of Brokerage, 12 Certificates of Financial analysis and 11 Certificates of Fund Management, increasing 04 certificates compared with 2016. Besides, 05 staffs have applied and been waiting for the Brokerage certificates.

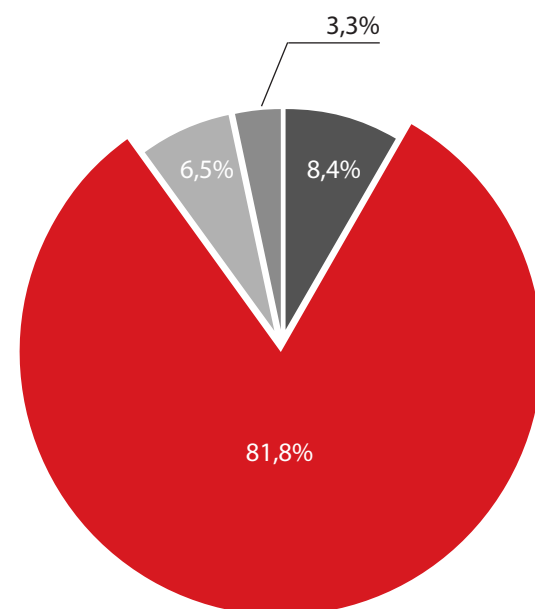
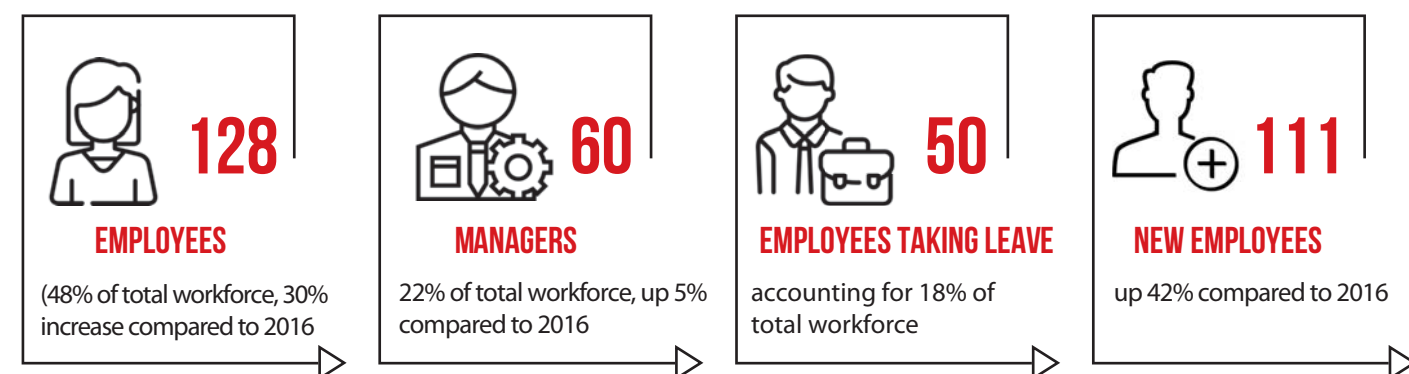
Over the years, Rong Viet has intensified its investments into the development of employees' training at all levels, contributing to encourages employees to pursue their higher education. This is because of gaining a competitive edge and sustain Rong Viet's competitive position in the stock market. The company has improved professional capacity and working skills for staff not only through short-term training but also practical training through rotation, assignment, delegation... Every year, RongViet set the plan for staffs who having the potential leadership to participate in training courses, aim to build a next Generation Leadership. This is also one of the tasks that are focused on contributing to the sustainable development of the Company.



## EMPLOYEES (CONT)

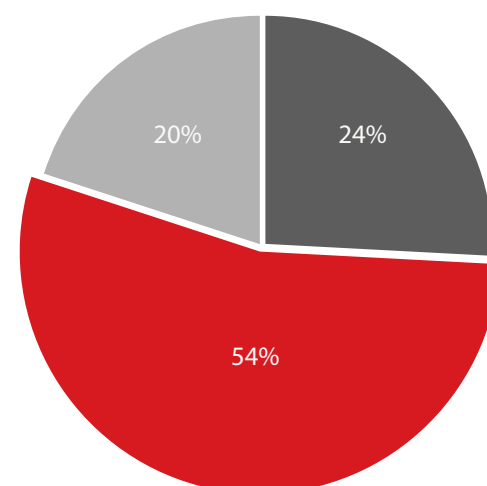
### THE DIVERSITY AND BALANCE OF THE WORKFORCE

The total number of staff of Rong Viet as of 31/12/2017 was 275 staffs, 05 collaborators, 112 co-operative partner and 27 intern brokers. The number of employees increased by 30% compared to 2016 (212 employees). Following by:



### EMPLOYEES BY EDUCATION LEVEL

■ Masters Degree	: 23 person (8,4%)
■ Bachelors Degree	: 225 person (81,8%)
■ College	: 18 person (6,5%)
■ Others	: 9 person (3,3%)



### EMPLOYEES BY AGE RANGE

■ Under 25	
■ 25 - age - 35	
■ Above 35	

The fair balance between male and female workers in Rong Viet reflects the company's value in supporting gender equality in the workplace. At Rong Viet, every employee has the same opportunity to develop, regardless of gender. The increase in the number of female employees participating in the management team also proves the role of women in the organization of Rong Viet. Currently, the number of female employees holding managerial positions in RongViet is 29/60 staff managers from the department head upward, accounting for 48%.

Besides, Rong Viet also tries to create working environments and fair development opportunities between male and female staffs. Every year, the Company has policies to support women employees during maternity leave, medical examination and treatment, as well as maintain policy income during maternity leave.



Rong Viet's work environment qualifies as an ideal one for employees with modern conference rooms, air-conditioning system and professional interior design. In addition, friendly housekeeping staff maintains fresh air and healthy environment every day.

In 2017, Rong Viet renovated all the floors at Headquarter; especially, Floor 1, where major securities trading activities take place daily, was redesigned in modern and user-friendly style.



Ha Noi Branch was relocated to Floor 10, Eurowindow Building, 2 Ton That Tung, Trung Tu Ward, Dong Da District, Ha Noi last year. This professional new place helps contribute to our staff's positive work spirit and attitude as well as helps increase the number of clients coming to Rong Viet, which encouraged the performance of Ha Noi Branch.

New place of Ha Noi Branch





## EMPLOYEES (CONT)

### BUILDING DEVOTED AND BONDING STAFF

Relationships with labors plays an important role in developing our people's long-term commitments. Therefore, in 2017 Rong Viet was keen on investing into our people and organized several activities to promote and reinforce the "fire" bonding among staff.

Over the year of 2017, the Company cooperated with the Labor Union to organize extra activities that attracted active involvement, such as:

01



Camping trip on Women's Day in Madagui (Lam Dong)

02



Rong Viet Idol in June 2017

03



Rong Viet Open League for the celebration of Rong Viet's 10 year anniversary

04



Soccer Cup for Securities Firms in December 2017 organized by Vietnam Securities Depository

05



Rong Viet League for Males and Females at Tao Dan in November 2017

06



Mid-Autumn Festival Party for Kids

07



Rong Viet Christmas Party 2017

Also, Rong Viet has many other weekly activities that are good for both mental and physical health of our people, including Yoga Club, Soccer Club, birthday parties, welfare funds...

In order to help Management Team understand people's expectations and wishes, the Company organized Happy Lunch with Management for all departments. This is an opportunity for the staff to meet up with and to have an amiable talk to the leaders, which definitely creates neighborly relations among us. Another event is CEO's Annual Presentation about Company Culture, which helps our staff to determine their career goals and build Rong Viet culture in a unitary way.

More importantly, there were many other big company events or trips such as Rong Viet 10 year Anniversary Year End Party, Year End Meeting and Honoring Best Performance. The most fascinating experience for the staff was the 2017 Team Building in Phu Quoc Island in August. The Team Building Program has brought wonderful moments and unforgettable memories for all employees.

In brief, all the bonding activities really do contribute to the team spirit and strength so that Rong Viet Team will fly high in future.

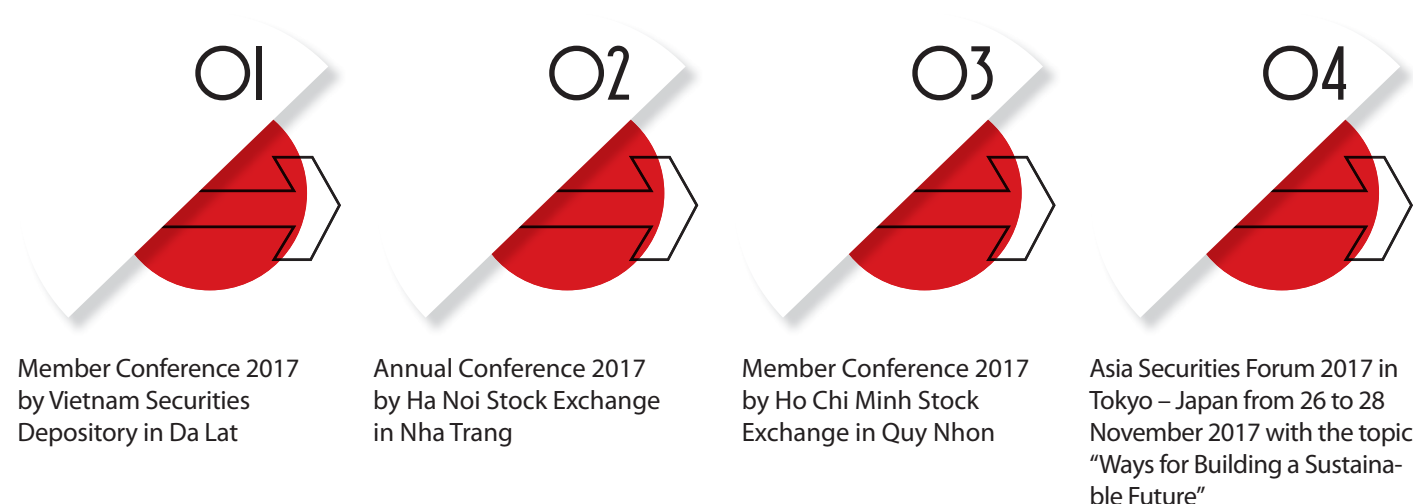




## COMPETENT LEGAL AUTHORITIES AND THE MARKET

### CONTRIBUTING TO GENERAL DEVELOPMENT OF THE MARKET

As a Member of Executive Board of Association of Securities Business, Rong Viet has attended several conferences as well as sent feedbacks to competent legal authorities such as State Securities Committee and stock exchanges to complete regulations related to securities market for its sustainable growth.



Besides, Rong Viet often provide feedbacks to Drafts of Regulations when State Securities Committee makes a survey for ideas such as ideas about margin changes. Member of Rong Viet also gave comments and evaluation on market, for example:

- O1** Head of Research commented on Investment in OTC and newly listed shares on Securities Investment Magazine dated 02 January 2017
- O2** Research of Rong Viet provided Annual Strategy Report 2017: “The Odds favor the Bold” for Vietnam Securities Market, together with Monthly Strategy Report throughout the year
- O3** M&A Director commented on M&A Market in 2017 on Securities Investment Magazine dated 28 April 2017
- O4** Head of Research and Individual Sales commented on securities market on Securities Investment Magazine dated 29 May 2017

In 2017, Rong Viet also cooperated with Ha Noi Stock Exchange to successfully host “Investment Opportunities Filter 2017” Conference for both individual and institutional clients in Ha Noi.



In addition to contributions to competent legal authorities and investors, Rong Viet performed well in equity market to connect investment opportunities. Especially:



End March 2017, Rong Viet successfully allocated 11.2 million shares of KIDO Frozen Foods Joint Stock Company (KDF), equivalent to 20% of paid up charter capital at VND 52,000 per share. Total value was VND600 billion



On 11 May 2017, Nutifood Joint Stock Company signed a cooperation contract with Dak Lak People's Committee to invest in high tech agribusiness and became a strategic shareholder of Phuoc An Coffee Company – a pioneer in Dak Lak to equitize



On 10 August 2017, Rong Viet was honored to be “Typical IPO Advisor” at Vietnam M&A Forum by Investment Magazine and Vietnam AVM

### LAW COMPLIANCE

During the business operation, Rong Viet commits to comply with laws and related regulations, especially laws on securities and securities market, such as:

- Regarding securities business, Rong Viet complied with and maintained conditions related to securities trading activities, investment activities and investment limits of a securities firm
- Regarding internal management, Rong Viet complied with regulations about internal management of a company, Annual Shareholder's Meeting, Directors' Meeting as stipulated in Laws on Securities and Laws
- Supervision and Information disclosure: reports to State Securities Committee, Stock Exchanges and Vietnam Securities Depository Center have always submitted fully and timely. The information disclosure activities (both regular and irregular) have also been done thoroughly and timely for each occasion

### OBLIGATIONS TO GOVERNMENT

Addition to contributions to equity market, especially Vietnam securities market, Rong Viet commits to be fully responsible for financial obligations to Government for the stable and sustainable growth of Vietnam Economy and Society. Particularly, total paid up corporate income tax in 2017 was VND23.92 billion.

### SUGGESTIONS TO MARKET DEVELOPMENT

To make the securities market become more transparent and sustainable, Rong Viet would like to have some comments as follows:

- Continue to improve laws and regulations about securities, especially regulations about information disclosure, reports to those who have information including shareholders, major shareholders and related persons
- Reinforce investigation and supervision of State Securities Committee and stock exchanges on suspicious trading activities
- Supplement supervision rights for securities firms, as well as problem solving capability in some cases that securities firms have signals of bad behaviors



## COMMUNITY

### SHARING THE RESPONSIBILITY WITH COMMUNITY

Besides achieving our business goals, Rong Viet continues to be active in sharing responsibility with the community and the society. In 2017, the company actively participated, sponsored and encouraged for **“Dreaming for School”** program which has gone through the sixth year. This is a traditional activity of the Rong Viet staffs before the beginning of the new school year, including providing assistance for less fortunate children, giving scholarships, supporting them to school. Through 06 years, the program has gone to places as far as Tra Vinh, Lam Dong, Daklak, Binh Thuan, and Ca Mau.

The **“Dreaming for School”** program was held on July 29, 2017 at Nguyen Duc Canh Primary School, Eahiu Commune, Krongpak District, Daklak Province, where more than 94% of students from ethnic minority areas. The total amount of contribution from staff and relatives of over VND 120,000,000. Besides expenses of building for Nguyen Duc Canh School, we provide scholarships for poor children with good academic performance, children of war invalids and martyrs, children of ethnic minority and remote areas, which worth VND 16,000,000 for more than 250 students at Nguyen Duc Canh Primary School.

Beside **“Dreaming for School”** program, Rong Viet has also organized **“Spring of Love”** program which took place every Tet occasion from 10 years ago, aimed to bring joy, warm atmosphere for the less fortunate people. In 2017, our destination is Tu Hanh Pagoda, 574/1 Kinh Duong Vuong st, Binh Tan District, Ho Chi Minh City. This pagoda has become a care home for elderly people who are helpless, orphaned for a long time. There are more than 100 orphans from 0 to 17 years old and 49 elderly people. Through the launch of the Executive Board of the Trade Union, the program received the enthusiastic support of Rong Viet employees in both spirit and material, the staffs of the company raised more than VND 54,135,000 and other items. With the total subsidy budget, we provided nurturing and caring items such as rice, milk, sugar, cooking oil, books, etc. for the elderly and the orphaned at the temple.

In 2018, Rong Viet will continue to maintain community activities with voluntary staff contributions, especially **“Dreaming for School”** and **“Spring of Love”** programs aim to enhance the quality of life for the community.



### DEVELOP THE NEXT GENERATION

Rong Viet also helps young people have real experience before making the career decision for themselves. Through the training program in 2017, Rong Viet welcome nearly 100 last year students from Foreign Trade University, Ho Chi Minh City University of Economics, RMIT, and Ton Duc Thang University... With this program students have the opportunity to rub the actual work environment and participate in a training program composed of many useful courses by Rong Viet's experts.

In the previous year, Rong Viet was the Platinum sponsor of the **“Students with Finance - FSC 2017”** competition organized by the Foreign Trade University Securities Club. The competition took place from April 22, 2017 to May 28, 2017 attracting more than 700 students from 05 economic universities in HCMC with 4 rounds of competition. Finally, Rong Viet supported 8 teams in Round 2 - Trading on the stock market and awarded 20 internships to the best students of the competition on Brokerage Business and Consulting Analysis Department.

Together with the development activities for the young generation, in 2017 Rong Viet continued to cooperate with Ton Duc Thang University to organize 04 vocational training courses for more than 150 students major in finance and banking. In addition, Rong Viet was the silver sponsor for the competition “Securities Investment” by training professional knowledge of the stock market for the participants. The competition attracted more than 1,000 students joined and it took place from March 27, 2016 to June 12, 2017.

During the year, Rong Viet continued to organize a variety of activities such as the **“Company tour”** and **“career orientation”** programs for the final year students of RMIT University. In another case, we also collaborate with the Open University, University of Economics - Law, University of Economics Ho Chi Minh City... organize seminars to introduce career opportunities, thereby helping students to experience securities investment in reality.





## COMMUNITY (CONT)

### SAVING, PROTECTING NATURAL RESOURCES AND THE ENVIRONMENT

Rong Viet always advocates the use of resources in the company such as electricity, water, office equipments, stationeries, etc. These rules has been clearly defined and detailed in the Labor regulation and are fully complied and strictly observed by all employees.

Specifically, in 2017, Rong Viet has changed the entire lighting system at the Head Office from fluorescent lamps to LEDs, ensuring the safety from fire and explosion while saving power. In total, Rong Viet has replaced and installed 441 new LED bulbs, with a total expenses of 126 million. The result of the replacement of the LED lamp is quite obvious. In the first month after Rong Viet replaced the LED system in october-2017, the company saved above VND 10 million in terms of lighting expenses, equivalent to saving 2,622 kWh / month.



**11.540 KWH**

Electricity Consumption Before LED Installment



**8.919 KWH**

Electricity Consumption after LED Installment

**EQUIVALENT TO SAVING : 2.622 KWH/MONTH**

Besides, Rong Viet staff was educated rules about fire protection such as turning off lights and other electric appliances, safe evacuation when fire alarm is on... For example, Rong Viet implemented Announcement No. 472/2015/TB-HCQT regarding cleaning and safe working. Every year, Rong Viet cooperated with Local Fire Protection Authorities to organize workshops on Fire Protection. This is not only helps to protect the Company's assets but also the people.



## RELATIONSHIPS AMONG RELATED PARTIES

With the intention to maintain and develop the strong & win-win relationship with all related parties, Rong Viet continues to improve and regularly establish open communication channels in order to facilitate information exchange as well as to collect feedbacks from priority group that Rong Viet focuses on. This process encourages the participation of all related parties and helps Rong Viet to develop a broad and multiple angles view about its sustainable development targets as well as to make strategic adjustments and solutions to ensure the sustainable development of the Company.

RELATED PARTIES	CONNECTING CHANNEL
CLIENTS	<p>Guide and communicate at Headquarter and branches.</p> <p>Online call via callDragon (028) 6299 2020, chatting via Skype, Yahoo</p> <p>Connect with advisors via either mobile phone or face to face.</p> <p>smsDragon, mailDragon system</p> <p>Support customer at Support page of Rong Viet's website: <a href="http://www.vdsc.com.vn/vn/pages.rv?id=105">http://www.vdsc.com.vn/vn/pages.rv?id=105</a></p> <p>Online survey about quality of Rong Viet's product at: <a href="http://www.vdsc.com.vn/vn/survey.rv">http://www.vdsc.com.vn/vn/survey.rv</a></p> <p>Suggestion boxes at transaction counters.</p>
SHAREHOLDERS/INVESTORS	<p>Shareholders' meeting</p> <p>Meeting with major shareholders and strategic shareholders.</p> <p>Provide and disclose information at Investor Relation page of Rong Viet's website: <a href="http://www.vdsc.com.vn/vn/pages.rv?id=104">http://www.vdsc.com.vn/vn/pages.rv?id=104</a></p> <p>Financial reports, management reports</p> <p>Email, letters to shareholders/investors</p>
LABORS	<p>Summary of the year</p> <p>Employees' meeting, Trade Union's meeting.</p> <p>Discuss in working</p> <p>Quarterly and yearly employee assessment.</p> <p>Survey, collect requests of training demand, collective bargaining agreement, etc.</p> <p>Internal training programs</p> <p>Teambuilding activities</p>
COMPETENT AUTHORITIES AND MARKET	<p>Engage in, workshops, forums, conferences, organized by competent authorities.</p> <p>Disclose information as regulated</p> <p>Contribute ideas for regulations, policies.</p>
LOCAL COMMUNITY	<p>Engage in doing public charity activities, helping individuals, organizations overcome difficult circumstances.</p> <p>Open visit tours, working opportunity celebration, training about securities market,.. for students</p>



## BUILD RONG VIET TO LAST



*The mission of Building Rong Viet to last where our Partners and Shareholders can accompany and long-term attachment, is a dream and sometimes is an obsession in my mind", said Nguyen Hieu - General Director of Rong Viet.*

To build this, it is necessary to have human resources, solidarity, cohesion, and sharing together, as well as the corporate culture must always be cultivated and nourished to ensure sustainable development. Together with the innovation in business activities will bring the highest values and efficiency to clients, investors and shareholders. From that, the company has formed the mindset of Rong Viet to be a **GOOD** company in terms of working environment and corporate culture, and having **STRONG** financial capacity and customer services system.

In the next 3-5 years, Rong Viet will strive to enter the Top 10 securities companies in the market in all aspects. Currently, the company has now joined the club VND 100 billion in term of profit and will continue to make the best efforts to join the club VND 1,000 billion in terms of revenue in 2020.

## CONTACT INFORMATION

Any comments or feedback will be appreciated and should be sent to the following contact:

### PR DEPARTMENT



tuan.nv@vds.com.vn



(+84 28) 6299 2006 (ext: 1420)



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





The background of the entire slide is a blurred photograph of a person in a white shirt working at a desk. They are holding a pen and looking at a laptop screen and several papers with colorful charts and graphs. A large red circle is overlaid on the left side of the image, containing the text 'FINANCIAL STATEMENTS'. A curved arrow points from the bottom of this circle towards the list of financial statement components on the right.

# FINANCIAL STATEMENTS

- 01.** CORPORATE INFORMATION
- 02.** STATEMENT BY THE BOARD OF MANAGEMENT
- 03.** INDEPENDENT AUDITOR'S REPORT
- 04.** STATEMENT OF FINANCIAL POSITION (FORM B 01 – CTCK)
- 05.** STATEMENT OF INCOME (FORM B 02 – CTCK)
- 06.** STATEMENT OF CASH FLOWS
- 07.** STATEMENT OF CHANGES IN EQUITY (FORM B 04 – CTCK)
- 08.** NOTES TO THE FINANCIAL STATEMENTS (FORM B 09 – CTCK)

## CORPORATE INFORMATION

### ESTABLISHMENT AND OPERATION LICENCE

No. 32/UBCK-GPHDKD dated 21 December 2006 issued by the State Securities Commission. The Establishment and operation licence was amended several times and the latest amendment No. 09/GPDC-UBCK was issued on 25 January 2018.

### BOARD OF DIRECTORS

Mr. Tran Le Nguyen	Chairman	
Mr. Nguyen Mien Tuan	Vice Chairman	
Mr. Nguyen Hieu	Member	
Mr. Kelly Yin Hon Wong	Member	
Ms. Pham My Linh	Member	(since 23.3.2017)
Mr. Dao Hong Chau	Member	(since 23.3.2017)
Mr. Vo Long Nguyen	Member	(since 23.3.2017)
Mr. Nguyen Thuc Vinh	Member	(until 23.3.2017)
Mr. Ton That Dien Khoa	Member	(until 23.3.2017)
Ms. Nguyen Nu Tuong Oanh	Member	(until 23.3.2017)

### KEY MANAGEMENT

#### Board of Management

Mr. Nguyen Hieu General	Director	
Mr. Nguyen Minh Nhut	Deputy General Director	
Mr. Nguyen Chi Trung	Deputy General Director	
Ms. Nguyen Thi Thu Huyen	Deputy General Director	(since 18.4.2017)

#### Other key management

Mr. Le Minh Hien Chief Finance Officer - cum Chief Accountant

### LEGAL REPRESENTATIVE

Mr. Tran Le Nguyen	Chairman
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### REGISTERED OFFICE

1st-2nd-3rd-4th Floors, Viet Dragon Building  
141 Nguyen Du Street, District 1, Ho Chi Minh City, Vietnam

### AUDITOR

PwC (Vietnam) Limited

## RESPONSIBILITY OF THE COMPANY'S LEGAL REPRESENTATIVE IN RESPECT OF THE FINANCIAL STATEMENTS

The Legal Representative of Viet Dragon Securities Corporation ("the Company") authorised the Board of Management to be responsible for preparation of the financial statements which give a true and fair view of the financial position of the Company as at 31 December 2017 and of the results of its operations, cash flows and changes in equity for the year then ended. In preparing these financial statements, the Board of Management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Board of 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 which enable the financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the financial statements. The Board of Management is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other errors.

## APPROVAL OF THE FINANCIAL STATEMENTS

We hereby approve the accompanying financial statements as set out on pages 5 to 62 which give a true and fair view of the financial position of the Company as at 31 December 2017 and of the results of its operations, cash flows and changes in equity for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and prevailing regulations on preparation and presentation of financial statements applicable to securities companies operating in Vietnam.

#### On behalf of the Board of Management



**Nguyen Hieu**  
**General Director**  
Authorised signatory

Ho Chi Minh City, Vietnam  
8 March 2018



## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VIET DRAGON SECURITIES CORPORATION

We have audited the accompanying financial statements of Viet Dragon Securities Corporation ("the Company") which were prepared on 31 December 2017 and approved by the Board of Management on 8 March 2018. The financial statements comprise the statement of financial position as at 31 December 2017, the statement of income, the statement of cash flows and the statement of changes in equity for the year then ended, and explanatory notes to the financial statements including significant accounting policies, as set out on pages 5 to 62.

### THE BOARD OF MANAGEMENT' RESPONSIBILITY

The Board of Management of the Company is responsible for the preparation and the true and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and prevailing regulations on preparation and presentation of financial statements applicable to securities companies operating in Vietnam and for such internal control which the Board of Management determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the 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 standards and requirements, plan and perform the audit in order to obtain reasonable assurance as to 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 an 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 controls relevant to the entity's preparation and true 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### AUDITOR'S OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2017, the results of its operations, cash flows and changes in equity for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and prevailing regulations on preparation and presentation of financial statements applicable to securities companies operating in Vietnam.

### OTHER MATTER

The financial statements of the Company for the year ended 31 December 2016 were audited by another auditor who expressed an unmodified opinion on those financial statements on 24 February 2017.

The independent auditor's report is prepared in Vietnamese and English. Should there be any conflict between the Vietnamese and English copies, the Vietnamese copy shall take precedence.

For and on behalf of PwC (Vietnam) Limited



**Nguyen Hoang Nam**

Audit Practising Licence No.

0849-2018-006-1

Authorised signatory

Report reference number: HCM6606

Ho Chi Minh City, 8 March 2018



**Nguyen Thi Cam Nhung**

Audit Practising Licence No.

2636-2018-006-1

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As indicated in Note 2.1 to the financial statements, the accompanying financial statements are not intended to present the financial position, results of operations, cash flows and changes in equity in accordance with accounting principles generally accepted in jurisdictions other than Vietnam, and furthermore their utilisation is not designed for those who are not informed about Vietnam's accounting principles, procedures and practices.”

As at 31 December				
Code	ITEMS	Note	2017 (VND)	2016 (VND)
100	Financial assets		1.807.002.654.448	1.562.665.911.314
110	Cash and cash equivalents		1.803.855.163.527	1.428.040.695.023
111	Cash	3.1	238.873.951.937	248.012.673.266
111.1	Tiền		238.873.951.937	248.012.673.266
112	Financial assets at fair value through profit or loss (FVTPL)	3.2	267.331.098.980	335.565.864.659
114	Loans	3.3	1.312.621.982.796	861.420.252.720
116	Provisions for impairment loss of financial assets and mortgages	3.3	(27.787.203.085)	(28.610.104.426)
117	Receivables	3.4	2.837.613.636	4.145.678.317
117.1	Receivables from disposals of financial assets		182.710.000	2.484.000.000
117.2	Dividend and interest receivables		2.654.903.636	1.661.678.317
117.4	Undue dividend and interest receivables		2.654.903.636	1.661.678.317
118	Prepayments to suppliers		2.077.336.500	1.662.837.000
119	Services related receivables	3.4	7.900.382.763	5.843.493.487
122	Other receivables	3.4	1.978.208.478	1.978.208.478
129	Provision for doubtful debts	3.4	(1.978.208.478)	(1.978.208.478)
130	Other current assets		3.147.490.921	134.625.216.291
131	Advances to employees	3.5	428.066.665	132.955.166.000
133	Short-term prepaid expenses	3.5	2.665.194.684	1.619.001.959
134	Pledged assets, mortgages, security deposits in short term	3.5	48.550.000	48.550.000
136	Tax and receivables from the State Budget	3.13	5.679.572	2.498.332
200	NON-CURRENT ASSETS		35.617.017.233	30.569.517.429
220	Fixed assets		15.467.769.333	13.410.029.791
221	Tangible fixed assets	3.6(a)	11.213.267.746	9.577.738.069
222	Historical cost		38.196.307.435	32.741.559.294
223a	Accumulated depreciation		(26.983.039.689)	(23.163.821.225)
227	Intangible fixed assets	3.6(b)	4.254.501.587	3.832.291.722
228	Historical cost		13.764.088.791	11.707.841.628
229a	Accumulated amortisation		(9.509.587.204)	(7.875.549.906)
240	Construction in progress		-	170.157.163
250	Other non-current assets		20.149.247.900	16.989.330.475
251	Pledged assets, mortgages, security deposits in long term	3.7	3.147.919.824	2.734.871.664
252	Long-term prepaid expenses	3.8	607.672.410	245.182.746
254	Deposits in the Settlement Supporting Fund	3.9	16.393.655.666	14.009.276.065
270	TOTAL ASSETS		1.842.619.671.681	1.593.235.428.743

As at 31 December				
Code	ITEMS	Note	2017 (VND)	2016 (VND)
300	LIABILITIES		796.877.000.248	829.840.256.069
310	Current liabilities		796.877.000.248	829.840.256.069
311	Short-term borrowings and finance lease liabilities	3.10	47.720.765.000	-
312	Short-term borrowings		47.720.765.000	-
316	Short-term issued bonds	3.10	724.455.000.000	503.120.000.000
318	Trading obligations		1.667.969.687	768.947.852
320	Short-term trade accounts payable	3.12	164.424.541	20.037.277.465
321	Short-term advances from customers		694.400.000	1.717.240.560
322	Tax and other payables to the State Budget	3.13	8.191.972.423	5.308.043.049
323	Payables to employees		7.796.755	7.796.755
325	Short-term accrued expenses	3.14	12.805.836.138	7.268.787.048
329	Other short-term liabilities	3.15	1.168.835.704	291.612.163.340
340	Non-current liabilities		3.524.756.643	534.171.000
353	Other long-term liabilities		457.195.500	534.171.000
356	Deferred income tax liabilities	3.16	3.067.561.143	-
	TOTAL LIABILITIES		800.401.756.891	830.374.427.069
400	OWNERS' EQUITY		1.042.217.914.790	762.861.001.674
410	Capital and reserves	3.17	1.042.217.914.790	762.861.001.674
411	Owners' capital		919.240.118.792	709.240.118.792
411.1	Share capital		910.000.000.000	700.000.000.000
412.2	Share premium		9.240.118.792	9.240.118.792
414	Supplementary capital reserve		10.190.332.248	4.622.486.592
415	Financial and operational risk reserve		10.190.332.248	4.622.486.592
417	Undistributed earnings	3.18	102.597.131.502	44.375.909.698
417.1	Realised profits		97.966.752.187	68.930.268.960
417.2	Unrealised profits/(losses)		4.630.379.315	(24.554.359.262)
	TOTAL EQUITY		1.042.217.914.790	762.861.001.674
440	TOTAL RESOURCES		1.842.619.671.681	1.593.235.428.743



		As at 31 December	
Code	ITEMS	Note	
		2017 (VND)	2016 (VND)
<b>A</b>	<b>ASSETS OF THE COMPANY AND ASSETS IN TRUST</b>		
006	Number of shares in issue (share)	4.1	91.000.000
			<b>Quantity</b>
008	Securities listed/registered to Vietnam Securities Depository (VSD)		70.000.000
	<i>Freely traded securities</i>		8.757.516
	<i>Securities awaiting settlement</i>		8.757.516
			-
009	Securities custodied at VSD but not yet traded		439
			1.912
010	<i>Securities awaiting settlement</i>		-
			896.380
012	<i>Securities not custodied at VSD</i>		2.959.251
			4.844.251
013	<i>Bonus shares, scrip dividends and subscription rights</i>		32
			37
<b>B</b>	<b>ASSETS OF AND LIABILITIES TO CUSTOMERS</b>		
021	Securities listed/registered to Vietnam Securities Depository (VSD)		1.006.759.581
			829.656.532
021.1	<i>Freely traded securities</i>		667.347.919
			492.727.356
021.2	<i>Blocked securities</i>		4.075.451
			3.380.298
021.3	<i>Morgaged securities</i>		213.582.842
			233.913.148
021.4	<i>Suspended securities</i>		104.040.649
			90.846.126
021.5	<i>Securities awaiting settlement</i>		17.712.720
			8.789.604
022	Securities custodied at VSD but not yet traded		36.237.084
			27.552.795
022.1	<i>Securities custodied at VSD but not yet traded – freely traded securities</i>		8.219.050
022.2	<i>Securities custodied at VSD but not yet traded – blocked securities</i>		28.018.034
			13.196.116
023	<i>Securities awaiting settlement</i>		10.169.542
			8.744.896
025	<i>Bonus shares, scrip dividends and subscription rights</i>		8.471.146
			5.290.131

		As at 31 December	
Code	ITEMS	Note	
		2017 (VND)	2016 (VND)
<b>B</b>	<b>ASSETS OF AND LIABILITIES TO CUSTOMERS (continued)</b>		
026	Customers' deposits		415.801.658.434
			289.067.982.252
027	Customers' deposits for securities trading		411.697.196.243
			265.493.738.775
029	Cash blocked for trading settlements		859.307.515
			15.080.839.725
029.1	<i>Cash blocked for trading settlements of domestic customers</i>		322.082.439
			14.887.810.194
029.2	<i>Cash blocked for trading settlements of foreign customers</i>		537.225.076
			193.029.531
030	Securities issuers' deposits		3.245.154.676
			8.493.403.752
031	<i>Payables to customers relating to their deposits at the Company for securities trading</i>		413.295.994.528
			286.541.231.166
031.1	<i>Payables to domestic customers relating to their deposits at the Company for securities trading</i>		413.235.757.449
			285.923.507.805
032.2	<i>Payables to foreign customers relating to their deposits at the Company for securities trading</i>		60.237.079
			617.723.361
035	Dividends, bond principals and interests payable		2.505.663.906
			2.526.751.086

Duong Kim Chi  
Preparer

Le Minh Hien  
Chief Accountant



Nguyen Hieu  
General Director  
8 March 2018

For the year ended 31 December

Code	ITEMS	Note	2017 (VND)	2016 (VND)
	<b>OPERATING INCOME</b>			
01	Gains from financial assets at fair value through profit or loss (FVTPL)		101.073.779.045	53.612.118.137
01.1	Realised gains on disposals of FVTPL financial assets	5.1(a)	79.796.388.798	42.328.974.155
01.2	Gains from revaluation of FVTPL financial assets	5.1(b)	15.337.805.715	-
01.3	Dividends and interest income from FVTPL financial assets		5.939.584.532	11.283.143.982
03	Interest income from loans and receivables		146.069.363.415	110.358.443.341
06	Brokerage fee income		87.002.042.082	48.945.610.120
07	Underwriting fee income and placing fee income		6.349.000.000	3.000.000.000
09	Custody service income		7.472.229.317	5.628.981.362
10	Financial consultancy service income		5.269.454.181	6.889.727.272
11	Other operating income		879.901.978	713.593.227
20	<b>TOTAL OPERATING INCOME</b>		<b>354.115.770.018</b>	<b>229.148.473.459</b>
	<b>OPERATING EXPENSES</b>			
21	Losses from financial assets at fair value through profit or loss (FVTPL)		(15.747.406.571)	(18.406.036.380)
21.1	Realised losses on disposals of FVTPL financial assets	5.1(a)	(29.594.339.433)	(5.392.279.405)
21.2	Decrease/(increase) in losses from revaluation of FVTPL financial assets	5.1(b)	13.846.932.862	(13.013.756.975)
24	Provisions for diminution in value of financial assets and impairment losses and borrowing costs to finance lending activities	5.2	(67.488.928.956)	(52.997.371.945)
26	Self-trading expenses	5.3	(4.135.204.425)	(1.987.550.274)
27	Brokerage fee expenses	5.3	(61.770.746.362)	(42.338.260.891)
28	Underwriting expenses and placing expenses	5.3	(1.542.377.378)	(180.000.000)
29	Securities investment consultancy expenses	5.3	(943.458.689)	(450.231.499)
30	Custody fee expenses	5.3	(7.467.889.242)	(5.786.971.449)
31	Financial consultancy expenses	5.3	(5.967.798.494)	(5.121.995.390)
32	Other operating expenses	5.3	(9.277.136.939)	(7.165.347.404)
40	<b>TOTAL OPERATING EXPENSES</b>		<b>(174.340.947.056)</b>	<b>(134.433.765.232)</b>

For the year ended 31 December

Code	ITEMS	Note	2017 (VND)	2016 (VND)
	<b>FINANCIAL INCOME</b>			
42	Dividend income and interest income from demand deposits		11.932.783.189	8.266.797.949
50	<b>TOTAL FINANCIAL INCOME</b>		<b>11.932.783.189</b>	<b>8.266.797.949</b>
	<b>FINANCIAL EXPENSES</b>			
51	Realised and unrealised foreign exchange losses		(51.475.000)	-
60	<b>TOTAL FINANCIAL EXPENSES</b>	5.4	<b>(51.475.000)</b>	<b>-</b>
62	<b>GENERAL AND ADMINISTRATION EXPENSES</b>		<b>(53.643.744.436)</b>	<b>(42.167.389.178)</b>
70	<b>OPERATING RESULT</b>		<b>138.012.386.715</b>	<b>60.814.116.998</b>
	<b>OTHER INCOME AND EXPENSES</b>			
71	Other income		368.312.102	587.033.540
72	Other expense		(39.111.307)	(51.066.610)
80	<b>NET OTHER INCOME</b>		<b>329.200.795</b>	<b>535.966.930</b>
90	<b>NET ACCOUNTING PROFIT BEFORE TAX</b>		<b>138.341.587.510</b>	<b>61.350.083.928</b>
91	Realised profit	5.5	109.156.848.933	74.363.840.903
92	Unrealised profit/(losses)		29.184.738.577	(13.013.756.975)
100	<b>CORPORATE INCOME TAX</b>		<b>(26.984.674.394)</b>	<b>(12.043.517.596)</b>
100.1	Corporate income tax – current		(23.917.113.251)	(3.536.747.451)
100.2	Corporate income tax – deferred		(3.067.561.143)	(8.506.770.145)
200	<b>NET PROFIT AFTER TAX</b>		<b>111.356.913.116</b>	<b>49.306.566.332</b>



For the year ended 31 December

Code	ITEMS	Note	2017 (VND)	2016 (VND)
200	NET PROFIT AFTER TAX		111.356.913.116	49.306.566.332
300	OTHER COMPREHENSIVE INCOME, NET OF TAX		-	-
400	TOTAL COMPREHENSIVE INCOME		111.356.913.116	49.306.566.332
500	EARNINGS PER SHARE	5.6		
501	Basic earnings per share (VND/share)	5.6	1.584	704
502	Diluted earnings per share (VND/share)		1.584	704

Duong Kim Chi  
Preparer

Le Minh Hien  
Chief Accountant

Nguyen Hieu  
General Director  
8 March 2018

For the year ended 31 December

Code	ITEMS	2017 (VND)	2016 (VND)
	<b>Cash flows from operating activities</b>		
01	Net profit before tax	138.341.587.510	61.350.083.928
02	Adjustments for:	(9.524.558.763)	(3.545.511.988)
03	Depreciation and amortisation	6.127.736.221	4.894.594.971
04	(Reversal of provisions)/provisions	(822.901.341)	2.007.921.463
05	Unrealised foreign exchange losses	51.475.000	-
07	Profits from investing activities	(12.225.965.007)	(8.786.350.105)
08	Accrued interest income	(2.654.903.636)	(1.661.678.317)
10	(Less)/add non-cash expenses	(13.846.932.862)	13.013.756.975
11	(Decrease)/increase in revaluation loss of financial assets at fair value through profit or loss FVTPL	(13.846.932.862)	13.013.756.975
18	Less non-cash income	(15.337.805.715)	-
19	Gains from revaluation of financial assets at fair value through profit or loss FVTPL	(15.337.805.715)	-
30	Changes in working capital	(549.985.947.906)	(415.982.549.720)
31	Decrease/(increase) in losses from financial assets at fair value through profit or loss FVTPL	97.419.504.256	(248.667.746.091)
33	Increase in loans and receivables	(451.201.730.076)	(352.966.630.328)
35	Decrease in receivables from disposals of financial assets	2.301.290.000	7.098.750.000
36	Decrease in interests and dividends receivable	1.661.678.317	1.206.992.146
37	(Increase)/decrease in services related receivables	(2.056.889.276)	336.333.516
39	Increase in other receivables	(414.499.500)	(928.582.767)
40	Decrease/(increase) in other assets	132.523.918.095	(899.843.471)
41	Increase in accrued expenses	5.537.049.090	4.363.952.444
42	(Increase)/decrease in prepaid expenses	(1.408.682.389)	1.018.159.802
43	Corporate income tax paid	(21.750.883.584)	(1.199.528.780)
45	(Decrease)/increase in trade payables	(19.872.852.924)	19.227.277.465
47	Increase in tax and other payables to the State Budget	717.699.707	1.569.042.075
50	(Decrease)/increase in other payables	(290.644.121.861)	155.731.912.070
52	Other payments for operating activities	(2.797.427.761)	(1.872.637.801)
60	Net cash outflows for operating activities	(450.353.657.736)	(345.164.220.805)
	<b>Cash flows from investing activities</b>		
61	Purchases of fixed assets	(8.015.318.600)	(4.809.438.400)
62	Proceeds from disposals of fixed assets	293.181.818	550.500.001
65	Dividend receipt and profit distribution from long-term investments	11.932.783.189	8.266.797.949
70	Net cash inflows from investing activities	4.210.646.407	4.007.859.550

For the year ended 31 December

Code	ITEMS	Note	2017 (VND)	2016 (VND)
	<b>Cash flows from financing activities</b>			
71	Proceeds from issue of shares and capital contribution		210.000.000.000	-
73	Proceeds from borrowings	6.1	2.824.035.785.912	1.418.376.519.780
74	Repayments of borrowings	6.2	(2.555.031.495.912)	(1.071.026.619.780)
76	Dividend paid		(42.000.000.000)	-
<b>80</b>	<b>Net cash inflows from financing activities</b>		<b>437.004.290.000</b>	<b>347.349.900.000</b>
<b>90</b>	<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(9.138.721.329)</b>	<b>6.193.538.745</b>
<b>101</b>	<b>Cash and cash equivalents at beginning of year</b>		<b>248.012.673.266</b>	<b>241.819.134.521</b>
101.1	Cash		248.012.673.266	81.819.134.521
101.2	Cash equivalents		-	160.000.000.000
<b>103</b>	<b>Cash and cash equivalents at end of year</b>		<b>238.873.951.937</b>	<b>248.012.673.266</b>
103.1	Cash		238.873.951.937	248.012.673.266
103.2	Cash equivalents		-	-

## CASH FLOWS OF BROKERAGE AND TRUSTING ACTIVITIES

For the year ended 31 December

Code	ITEMS	2017 (VND)	2016 (VND)
	<b>Cash flows of brokerage and trusting activities</b>		
01	Trade proceeds	7.189.541.985.430	1.365.095.050.500
02	Trade settlements	(7.203.763.517.640)	(2.156.356.021.500)
07	Receipts in customers' trading accounts	42.505.278.452.818	6.020.161.721.524
08	Payments from customers' trading accounts	(42.359.074.995.350)	(5.316.702.675.975)
11	Payment of custody expenses from customers	-	2.874.789.150
14	Receipts from securities issuers	1.534.198.468.914	266.944.441.672
15	Payments to securities issuers	1.534.198.468.914	266.944.441.672
<b>20</b>	<b>Net increase in customers' deposits</b>	<b>126.733.676.182</b>	<b>50.438.004.600</b>
<b>30</b>	<b>Customers' deposits at beginning of year</b>	<b>289.067.982.252</b>	<b>238.629.977.652</b>
31	Cash at bank	289.067.982.252	238.629.977.652
32	Customers' deposits at the Company for securities trading	265.493.738.775	219.624.056.410
34	Cash blocked for trading settlements	15.080.839.725	19.005.921.242
35	Securities issuers' deposits	8.493.403.752	-
<b>40</b>	<b>Customers' deposits at end of year</b>	<b>415.801.658.434</b>	<b>289.067.982.252</b>
<b>41</b>	<b>Cash at bank</b>	<b>415.801.658.434</b>	<b>289.067.982.252</b>
42	Customers' deposits at the Company for securities trading	411.697.196.243	265.493.738.775
44	Cash blocked for trading settlements	859.307.515	15.080.839.725
45	Securities issuers' deposits	3.245.154.676	8.493.403.752

Duong Kim Chi  
Preparer

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Chief Accountant

Nguyen Hieu  
General Director  
8 March 2018



Items	As at		For the year ended 31.12.2016		For the year ended 31.12.2017		As at	
	1.1.2016	1.1.2017	Increase	Decrease	Increase	Decrease	31.12.2016	31.12.2017
1. Owners' equity	709.240.118.792	709.240.118.792	-	-	210.000.000.000	-	709.240.118.792	919.240.118.792
1.1 Share capital	700.000.000.000	700.000.000.000	-	-	210.000.000.000	-	700.000.000.000	910.000.000.000
1.2 Share premium	9.240.118.792	9.240.118.792	-	-	-	-	9.240.118.792	9.240.118.792
2. Financial and operational risk reserve	2.157.158.275	4.622.486.592	2.465.328.317	-	5.567.845.656	-	4.622.486.592	10.190.332.248
3. Supplementary capital reserve	2.157.158.275	4.622.486.592	2.465.328.317	-	5.567.845.656	-	4.622.486.592	10.190.332.248
5. Undistributed earnings	-	44.375.909.698	62.320.323.307	(17.944.413.609)	111.356.913.116	(53.135.691.312)	44.375.909.698	102.597.131.502
5.1 Realised profits	11.540.602.287	68.930.268.960	62.320.323.307	(4.930.656.634)	82.172.174.539	(53.135.691.312)	68.930.268.960	97.966.752.187
5.2 Unrealised (losses)/profits	(11.540.602.287)	(24.554.359.262)	-	(13.013.756.975)	29.184.738.577	-	(24.554.359.262)	4.630.379.315
<b>Total</b>	<b>713.554.435.342</b>	<b>762.861.001.674</b>	<b>67.250.979.941</b>	<b>(17.944.413.609)</b>	<b>332.492.604.428</b>	<b>(53.135.691.312)</b>	<b>762.861.001.674</b>	<b>1.042.217.914.790</b>



Duong Kim Chi  
Preparer



Le Minh Hien  
Chief Accountant



Nguyen Hieu  
General Director  
8 March 2018

## GENERAL INFORMATION

### ESTABLISHMENT AND OPERATION LICENCE

Viet Dragon Securities Corporation (“the Company”) is a joint stock company incorporated in Vietnam pursuant to the Business Registration Certificate No. 4103005723 dated 15 December 2006 issued by the Department of Planning and Development of Ho Chi Minh City and the Establishment and operation licence No. 32/UBCK-GPHĐKD dated 21 December 2006 issued by the State Securities Commission (“SSC”). The Establishment and operation licence was amended several times and the latest amendment No. 09/GPDC-UBCK was issued by the SSC on 25 January 2018.

### HEADQUARTER AND CONTACT INFORMATION

The Company is headquartered at 141 Nguyen Du Street, District 1, Ho Chi Minh City, Vietnam. As at 31 December 2017, the Company had three (3) branches in Hanoi, Nha Trang City and Can Tho.

#### Contact information:

Telephone: (+84) 28 6299 2006

### CHARTER

The Company’s prevailing charter was approved on 8 January 2018.

### OPERATIONS

The principal activities of the Company are brokerage services, securities trading, securities investment consultancy services, corporate finance consultancy services, underwriting and securities custodian services.

### CHARTER CAPITAL

The Company’s charter capital according to its latest Establishment and operation licence is VND910 billion.

### INVESTMENT OBJECTIVES

Being a listed broker firm in the Vietnamese securities market, the Company aims to contribute to development of the securities market and deliver benefits to customers, investors and its shareholders.

### INVESTMENT RESTRICTIONS

The Company’s investment portfolio and its restrictions shall be in compliance with Articles 44 of Circular 210/2012/TT-BTC dated 30 November 2012 issued by the Ministry of Finance providing guidance on establishment and operation of securities companies and Circular 07/2016/TT-BTC dated 18 January 2016 issued of the Ministry of Finance amending some articles of Circular 210/2012/TT-BTC.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System, Circular 210/2014/TT-BTC dated 30 December 2014 (“Circular 210/2014/TT-BTC”), Circular 334/2016/TT-BTC dated 27 December 2016 (“Circular 334/2016/TT-BTC”) both issued by the Ministry of Finance, and prevailing regulations on preparation and presentation of financial statements applicable to securities companies operating in Vietnam. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss (FVTPL) based on market value (or fair value in case market value is undetermined).

The accompanying financial statements are not intended to present the financial position, results of operations, cash flows and changes in equity in accordance with accounting principles generally accepted in jurisdictions other than Vietnam. The accounting principles and practices utilised in Vietnam may differ from those generally accepted in countries and jurisdictions other than Vietnam.

### SIGNIFICANT CHANGES IN ACCOUNTING POLICIES APPLIED

On 20 November 2015, the National Assembly of Vietnam has passed the Law on Accounting No. 88/2015/QH13 (“Accounting Law 2015”), which includes fair value concept and fair value accounting applicable to certain assets and liabilities whose value volatilise and are required to be measured at fair value pursuantly to relevant accounting standards. Accounting Law 2015 has been effective since 1 January 2017.

Accordingly, from 1 January 2017 onwards, the Company has been measuring its FVTPL financial assets at market value or at fair value (in case market value is undetermined).

This change is the first time adoption of new statutory accounting policy without retrospective requirements, hence applied prospectively.

### FORM OF RECORDS APPLIED

The Company uses the accounting software tailored in general journal to record its transactions.

### FISCAL YEAR

The Company’s fiscal year is from 1 January to 31 December.

### CURRENCY

The financial statements are measured and presented in Vietnamese Dong (“VND”).

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction dates. Foreign exchange differences arising from these transactions are recognised in profit or loss of the statement of income.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are respectively translated at the buying and selling exchange rates at the reporting date of the commercial bank where the Company regularly trades. Foreign currencies deposited in bank at the reporting date are translated at the buying exchange rate of the commercial bank where the Company opens the foreign currency accounts. Foreign exchange differences arising from these translations are recognised as income or expenses in the statement of income.

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, cash at bank, cash in transit and other short-term investments with an original maturity of three (3) months or less and subject to insignificant risk in conversion into cash.

Cash of investors for securities trading activities and cash of issuers are accounted for off statement of financial position.

### FINANCIAL ASSETS

#### Classification

*Financial assets carried at fair value through profit or loss (FVTPL)*

Financial assets at fair value through profit or loss are financial assets held for trading or designated at initial recognition at fair value through profit or loss.

A financial asset is classified as held for trading if meeting one of the following conditions:

- It is purchased or created for resale/repurchase in short term; or
- At inition recognition, it constitutes a part of an identified portfolio of financial instruments which are traded for short-term profits; or
- It is a derivative (except those defined as financial guarantees or effective hedges).



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

### FINANCIAL ASSETS (cont)

#### Classification (cont)

*Financial assets carried at fair value through profit or loss (FVTPL) (continued)*

At initial recognition, the Board of Management designates a financial asset at fair value through profit or loss if such designation promotes the fairness of its presentation due to one of the following reasons:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency (also called as “accounting inconsistency”) that would otherwise arise due to different bases; or
- It gives rise to a group of financial assets whose performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy and internally disseminated to the Company’s key management (as defined in Vietnamese Accounting Standard on Related parties disclosure) such as Board of Directors, Board of Management and major shareholders.

Financial assets at fair value through profit or loss comprise listed securities, unlisted securities and derivatives including embedded derivatives separated from their host contracts except for those designated as hedges.

Financial assets at fair value through profit or loss are initially recorded at cost exclusive of transaction costs. Transaction costs related to purchases of FVTPL financial assets are expensed off.

Financial assets at fair value through profit or loss are subsequently measured at market value or fair value (in case market value is undetermined). All gains or losses from change in fair value of FVTPL financial assets are recognised in the statement of income.

#### *Loans and receivables*

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, excluding the followings:

- Items that the Company intends to dispose of shortly or in the foreseeable future so that classified as held for trading, or designated as FVTPL at initial recognition;
- Items classified as AFS financial assets at initial recognition;
- Items that the holders could probably not recover the majority of initial investments not due to impairment of credit quality, and classified as AFS financial assets.

Loans are initially recorded at cost and subsequently measured at amortised cost using the effective interest rate method.

Amortised cost of loans is determined at historical cost less principal received plus (or less) accumulated amortisation using the effective interest rate method of the difference between historical cost and maturity value, less impairment loss (if any).

#### Recognition/Derecognition

Purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the financial assets. Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or the Company has transferred substantially all risks and rewards of ownership.

#### Initial recognition

Financial assets carried at fair value through profit or loss are initially recorded at cost exclusive of transaction costs. Other financial assets are initially recorded at historical cost.

Bonus shares and scrip dividends are recorded as financial assets at nil value.

#### Basis of revaluation of FVTPL financial assets

The Company applies valuation bases for financial assets in accordance with Circular 87/2017/TT-BTC dated 15 August 2017 regarding capital adequacy ratio of securities trading entities and Circular 146/2014/TT-BTC dated 6 Oct 2014 regarding financial regimes for securities companies and fund management companies, both issued by the Ministry of Finance, to make provision for these financial assets, in particular:

*Equities listed on stock exchanges, equities of the public companies registered for trading on the Unlisted Public Company Market (“UPCoM”)*

These equities are revalued at the closing price of the latest trading date prior to the revaluation date.

Where equities are not traded for more than two (02) weeks prior to the revaluation date, their fair values are determined on the maximum of the following bases:

- Book value
- Purchase price
- The price determined based on the Company’s valuation techniques

*Unlisted securities registered/unregistered to the Vietnam Securities Depository (“VSD”) for trading*

These equities are revalued using the average of transacted prices quoted by at least three (03) independent quoting entities at the latest trading date prior to revaluation day but not over than one (01) month up to the revaluation date. Management and executives of the Company must not be related to management and executives of the quoting entities in accordance with Securities Law.

When it is impossible to obtain three (3) quotations as required above, these equities are revalued at the maximum of the following bases:

- Quoted prices
- Most recently reported prices
- Book value
- Purchase price
- The price determined based on the Company’s valuation techniques

*Suspended equities, delisted equities or deregistered equities*

These equities are revalued at the maximum of the following bases:

- Book value
- Par value
- The price determined based on the Company’s valuation techniques

*Equities of entities in the process of dissolution or bankruptcy*

These equities are revalued at one of the following bases:

- 80% of disposal value of these equities as at the entities’ latest reporting date prior to the Company’s revaluation date
- The price determined based on the Company’s valuation techniques

*Other equities and other capital contributions*

These equities are revalued at the maximum of the following bases:

- Book value
- Purchase price/amount of capital contribution
- The price determined based on the Company’s valuation techniques

*Bonds listed on stock exchanges*

These bonds are revalued based on the quoted price (also called “clean price”) on stock exchange at the latest trading date prior to the revaluation date plus accumulated accrued interest.

Where these bonds are not traded within the two (2) weeks prior to the revaluation date, they are revalued at the maximum of the following bases:

- Purchase price plus accumulated accrued interest
- Par value plus accumulated accrued interest
- The price determined based on the Company’s valuation techniques plus accumulated accrued interest

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

FINANCIAL ASSETS (cont)

Basis of revaluation of FVTPL financial assets (cont)

Unlisted bonds

These bonds are revalued at the maximum of the following bases:

- The quoted price on the unlisted bond quotation system (if any) plus accumulated accrued interest
- Purchase price plus accumulated accrued interest
- Par value plus accumulated accrued interest
- The price determined based on the Company’s valuation techniques plus accumulated accrued interest

Certificates of closed-end public funds

Certificates of closed-end public funds are revalued at closing prices of last trading date prior to the revaluation date.

Certificates of closed-end public funds that are not traded within two (2) weeks prior to reporting date are revalued at the latest reported net asset value per unit prior to the revaluation date.

Certificates of member funds/ open-ended funds/ shares of securities investment company

These certificates/shares are revalued at the latest reported net asset value per unit prior to the revaluation date.

Certificates of other funds/ shares of other securities investment company

These certificates/shares are revalued according to the Company’s valuation techniques.

Term deposits

Term deposits are measured at principal plus accumulated accrued interest at the reporting date.

Treasury bills, bank notes, commercial notes, transferable certificates of deposits, bonds and other discountable money market instruments

These financial instruments are revalued at purchase price plus accumulated accrued interest up to the date prior to the revaluation date.

Provision for impairment of loans

Provision for loans is made when there are indicators of decline in the recoverability of loans. Provision is determined at the difference of market value of collateral assets and carrying value of loans at reporting date. Provision/reversal of provision for loans is debited/credited to expenses in the statement of income.

Provision for impairments of receivables

Receivables are subject to impairment assessment based on the overdue status of the receivables or the estimated loss arising from undue debts of which the indebted economic entities fall bankrupt or are undergoing dissolution procedures; debtors are missing, deceased or under legal claims.

The Company has provided for overdue receivables in accordance with Circular 228/2009/TT-BTC issued by Ministry of Finance on 7 December 2009 (“Circular 228/2009/TT-BTC”). Accordingly, the provision rates for overdue receivables are as follows:

Overdue period	Provision rate
From over 6 months to less than 1 year	30%
From 1 year to less than 2 years	50%
From 2 years to less than 3 years	70%
Over 3 years	100%

Provision/(reversal of provision) is debited/credited to expenses in the statement of income.

RECOGNITION OF GAIN/(LOSS) OF FINANCIAL ASSETS

Purchasing transaction costs

Purchasing transaction costs related to FVTPL financial assets are expensed off, while purchasing transaction costs related to available-for-sales financial assets are capitalised.

Selling transaction costs

Selling transaction costs are expensed off in the year.

Gains/(losses) from disposals

Gains/(losses) from disposals of financial assets are recognised as income/(expenses) in the statement of income. Cost of disposals are determined using weighted average method up to the end of trading dates.

Provisions/(reversals of provisions) for diminution in value of financial assets

Provisions/(reversal of provisions) for diminution in value of financial assets are debited/(credited) to operating expenses in the statement of income.

FIXED ASSETS

Tangible and intangible fixed assets

Fixed assets are stated at historical cost less accumulated depreciation/amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed assets.

Depreciation and amortisation

Fixed assets are depreciated/amortised using the straight-line method to write off the cost of the assets over their estimated useful lives. The principal annual rates used are:

Motor vehicles	6 years
Office equipments	3 – 5 years
Computer software	6 – 8 years
Patents, copyrights	5 years
Other intangible fixed assets	5 years

Disposals

Gains or losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are recognised as income or expense in the statement of income.

LEASED ASSETS

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of income on a straight-line basis over the period of the lease.

PREPAID EXPENSES

Prepaid expenses include short-term and long-term prepayments on the statement of financial position. Prepaid expenses are recorded at historical cost and allocated using the straight line method over estimated useful lives.

SECURITY DEPOSITS

Short-term/long-term security deposits are recognised when the Company completes its payments in accordance with the contractual terms and classified as other current/non-current assets.



SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

LIABILITIES

Recognition/Derecognition

Liabilities are recognised when the Company has an obligation as a result of receipts of assets, commits or becomes a party to the contractual provisions. Liabilities are derecognised when such obligations are fully discharged. Liabilities are recognised on an accruals basis and on prudent concept.

Classification

Classifications of liabilities are based on their nature as follows:

- Borrowings
- Bonds
- Trading obligations including balances with Clearing House and Securities Depository
- Trade payables arising from purchases of goods or services
- Other payables not arising from purchases of goods and services

Liabilities are classified as current and non-current liabilities in the statement of financial position based on their remaining period from the reporting date to their maturity dates.

INCOME TAX PAID ON BEHALF OF CUSTOMERS

According to the prevailing taxation regulations in Vietnam, the Company is required to withhold foreign contractor tax of 0.1% on transacted amount of foreign corporate customers and pay on their behalf. For individual customers (both residents and non-residents), the Company is required to withhold personal income tax of 0.1% on transacted amount. The Company will declare and make tax payment on behalf of these customers. For customers being local organisations, the Company is not responsible for withholding tax on transacted amount as these customers have responsibility for their own tax payment and declaration.

BORROWING COSTS

Borrowing costs that are directly attributable to the construction or production of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are recognised in the statement of income when incurred.

ACCRUED EXPENSES

Accrued expenses include liabilities for goods and services received in the year but not yet paid due to pending invoice or insufficient records and documents. Accrued expenses are recorded as expenses in the year.

PROVISIONS

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligations. The increase in the provision due to passage of time is recognised as an interest expense.

EQUITY

Owners’ capital

Owners’s capital is recorded at the actually contributed amount of shareholders. Share capital is recorded at par value.

Financial and operational risk reserve and supplementary capital reserve

According to Circular 146/2014/TT-BTC issued by the Ministry of Finance on 6 October 2014, the Company is required to make annual appropriation to the financial and operational risk reserve and supplementary capital reserve at 5% of the profit after tax of the Company for each reserve in each of its profitable year until the accumulated balance of each reserve reaches 10% of the Company’s charter capital.

Undistributed profits

Undistributed profits represents cumulative undistributed post-tax profits as at reporting date including cumulative realised profits and cumulative unrealised profits.

REVENUE AND OTHER INCOME RECOGNITION

Revenue from provision of services to investors

Revenue from provision of services to investors consists of securities brokerage fees, securities underwriting fees, issue agency, securities investment consultancy fees, financial consultancy fee, securities custody services and entrustment activities which are based on agreements with investors.

Revenue from the provision of services is recognised in the statement of income when the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Revenue from the provision of services is only recognised when all four (4) following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company;
- The percentage of completion of the transaction at the reporting date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Income from securities trading and investments in other entities

Income from securities trading and investments in other entities consists of income from proprietary trading activities and dividend income.

Income from proprietary trading activities is measured as difference between selling price and costs of securities sold. Cost of securities sold is determined by weighted average method.

Dividend income is recognised in the statement of income when the Company’s right to receive dividend is established.

Income from capital activities

Income from capital activities consists of interest income from deposits at bank, income from margin loans, trading advances and financial support agreements. Income is recognised on an accrual basis.

Other income

Other income arises from other activities and is recognised on an accruals basis.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

EXPENSES

Recognition

Expenses are recognised on an accruals basis, matching with revenue and on prudence concept.

Classification

Expenses are classified by function as follows:

- Operating expenses
- Financial expenses
- Selling expenses
- General and administration expenses
- Other expenses

CURRENT AND DEFERRED 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.

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.

DIVIDEND DISTRIBUTION

Dividend of the Company is recognised as a liability in the Company's financial statements in the reporting period in which the dividends are approved by the Company's Annual General Meeting of shareholders.

RELATED PARTIES

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

SEGMENT REPORTING

A segment is a component which can be separated by the Company engaged in providing products or services (business segment), or providing products or services within a particular economic environment (geographical segment). Each segment is subject to risks and returns that are different from those of other segments. A reportable segment is the Company's business segment.

Segment reporting is prepared and presented in accordance with accounting policies applied to the preparation and presentation of the Company's financial statements in order to help users of financial statements to understand and evaluate the situation the operations of the Company in a comprehensive way.

NIL BALANCES

Items or balances required by Circular 210/2014/TT-BTC and Circular 334/2016/TT-BTC that are not presented in these financial statements indicate nil balances.

NOTES TO THE STATEMENT OF FINANCIAL POSITION

CASH AND CASH EQUIVALENTS

	As at 31 December	
	2017 (VND)	2016 (VND)
Cash on hand	60.905.770	103.393.813
Cash at bank	238.772.722.683	237.579.345.783
Cash blocked for trading settlements	40.323.484	10.329.933.670
	238.873.951.937	248.012.673.266



## NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONT)

### FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

	Cost (VND)	Increase (VND)	Comparison to market value	Market value (VND)	Remeasured amount(VND)
			Decrease (VND)		
<b>As at 31 December 2017</b>					
Listed equities	177.706.915.464	15.337.550.779	(1.087.792.523)	191.956.673.720	191.956.673.720
Unlisted equities	84.993.804.201	254.936	(9.619.633.877)	75.374.425.260	75.374.425.260
	<b>262.700.719.665</b>	<b>15.337.805.715</b>	<b>(10.707.426.400)</b>	<b>267.331.098.980</b>	<b>267.331.098.980</b>
<b>As at 31 December 2016</b>					
Listed equities	294.677.745.858	129.157.145	(19.727.400.513)	275.079.502.490	274.950.345.345
Unlisted equities	65.442.478.063	11.139.486	(4.826.958.749)	60.626.658.800	60.615.519.314
	<b>360.120.223.921</b>	<b>140.296.631</b>	<b>(24.554.359.262)</b>	<b>335.706.161.290</b>	<b>335.565.864.659</b>

## NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONT)

## FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL) (cont)

	As at 31.12.2017					As at 31.12.2016				
	Cost (VND)	Market value/ fair value (VND)	Increase (VND)	Decrease (VND)	Remeasured amount (VND)	Cost (VND)	Market value/ fair value (VND)	Increase (VND)	Decrease (VND)	Remeasured amount (VND)
<b>Listed equities</b>										
MBB	34.528.128.913	38.104.368.800	3.576.239.887	-	38.104.368.800	19.014.093	19.362.000	347.907	-	19.014.093
PHR	32.338.225.000	34.680.000.000	2.341.775.000	-	34.680.000.000	-	-	-	-	-
ACB	31.032.565.266	36.904.907.700	5.872.342.434	-	36.904.907.700	1.001.710	1.056.000	54.290	-	1.001.710
DIG	30.998.584.785	31.096.503.400	97.918.615	-	31.096.503.400	262.062	283.050	20.988	-	262.062
NT2	14.822.856.270	17.111.197.000	2.288.340.730	-	17.111.197.000	376.570	327.600	-	(48.970)	327.600
NLG	13.716.397.281	13.715.937.900	-	(459.381)	13.715.937.900	571.680	710.400	138.720	-	571.680
SAM	9.397.276.407	8.613.483.000	-	(783.793.407)	8.613.483.000	212.169	236.600	24.431	-	212.169
PC1	4.933.941.420	5.572.604.800	638.663.380	-	5.572.604.800	-	-	-	-	-
PVS	2.110.695.975	2.360.991.200	250.295.225	-	2.360.991.200	1.888.798.828	1.644.034.400	-	(244.764.428)	1.644.034.400
NBB	1.858.696.191	2.000.260.000	141.563.809	-	2.000.260.000	335.191	152.000	-	(183.191)	152.000
VCG	1.129.570.544	872.915.600	-	(256.654.944)	872.915.600	1.816.810	1.768.500	-	(48.310)	1.768.500
PAC	508.582.062	485.742.750	-	(22.839.312)	485.742.750	410.310	822.500	412.190	-	410.310
Others	331.395.350	437.761.570	130.411.699	(24.045.479)	437.761.570	292.764.946.435	273.410.749.440	128.158.619	(19.482.355.614)	273.282.590.821
	<b>177.706.915.464</b>	<b>191.956.673.720</b>	<b>15.337.550.779</b>	<b>(1.087.792.523)</b>	<b>191.956.673.720</b>	<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>
<b>Unlisted equities</b>										
HDB	54.000.000.000	54.000.000.000	-	-	54.000.000.000	-	-	-	-	-
MIG	10.470.290.000	9.127.200.000	-	(1.343.090.000)	9.127.200.000	-	-	-	-	-
DRI	6.990.507.748	6.517.200.000	-	(473.307.748)	6.517.200.000	-	-	-	-	-
DRFM(**)	4.450.000.000	225.000.000	-	(4.225.000.000)	225.000.000	4.450.000.000	2.250.000.000	-	(2.200.000.000)	2.250.000.000
CSMEX(**)	4.071.352.000	1.527.714.000	-	(2.543.638.000)	1.527.714.000	3.933.297.000	3.933.297.000	-	-	3.933.297.000
GEX	2.552.000.000	2.510.000.000	-	(42.000.000)	2.510.000.000	-	-	-	-	-
CGV	1.900.000.000	950.000.000	-	(950.000.000)	950.000.000	1.900.000.000	1.900.000.000	-	-	1.900.000.000
NHH	540.000.000	511.800.000	-	(28.200.000)	511.800.000	-	-	-	-	-
Others	19.654.453	5.511.260	254.936	(14.398.129)	5.511.260	55.159.181.063	52.543.361.800	11.139.486	(2.626.958.749)	52.532.222.314
	84.993.804.201	75.374.425.260	254.936	(9.619.633.877)	75.374.425.260	65.442.478.063	60.626.658.800	11.139.486	(4.826.958.749)	60.615.519.314
<b>Total</b>	<b>262.700.719.665</b>	<b>267.331.098.980</b>	<b>15.337.805.715</b>	<b>(10.707.426.400)</b>	<b>267.331.098.980</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>

(\*) Dong Phu Technical Rubber Joint Stock Company

(\*\*) Can Tho Import Export fishery Joint Stock Company



## NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONT)

### LOANS

		As at 31.12.2017		As at 31.12.2016
	Cost (VND)	Provision (VND)	Cost (VND)	Provision (VND)
Margin loans and investment cooperation contracts (i)	1.202.069.702.299	(27.787.203.085)	812.632.458.420	(28.610.104.426)
Trading advances (ii)	110.552.280.497	-	48.787.794.300	-
<b>Total</b>	<b>1.312.621.982.796</b>	<b>(27.787.203.085)</b>	<b>861.420.252.720</b>	<b>(28.610.104.426)</b>

#### Margin loans and investment cooperation contracts

Margin loans represent the amounts lent to customers for their purchases of listed securities in accordance with Decision No. 87/QĐ-UBCK issued by the State Securities Commission on 25 November 2017. These amounts are due in three (3) months since the date of drawdown.

For overdue balances of investment cooperation contracts whose recoverability is in doubt, the Company has made almost full provision against them, in particular:

		Doubtful amount		Provision		
	As at 31.12.2017 (VND)	As at 31.12.2016 (VND)	As at 31.12.2016 (VND)	As at (VND)	Reversal of provision (VND)	As at 31.12.2017 (VND)
Tran Quoc Tan	12.210.000.000	12.210.000.000	12.210.000.000	-	-	12.210.000.000
Nguyen Hong Mai	8.587.695.000	8.587.695.000	8.365.698.139	221.996.861	-	8.587.695.000
Tran Duc Loi	-	3.496.837.634	-	-	-	-
Pham Thi Kim Xuan	-	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	1.202.220.538	1.688.609.567	1.218.960.331	-	(720.368.531)	498.591.800
Nguyen Thi Ly	1.643.644.306	1.643.644.306	1.597.826.736	45.817.570	-	1.643.644.306
Vuong Dan	1.544.620.920	1.544.620.920	1.544.620.920	-	-	1.544.620.920
Dao Thi Ho Huong	-	953.106.791	377.846.391	-	(377.846.391)	-
Nguyen Thu Hien	616.325.496	616.325.496	608.712.951	7.612.545	-	616.325.496
Tran Trung Nghia	109.137.598	109.137.598	109.137.598	-	(66.820)	109.070.778
Tran Quang Huy	1.089.369	1.091.744	1.091.744	-	(46.575)	1.045.169
	<b>28.490.942.843</b>	<b>33.652.263.042</b>	<b>28.610.104.426</b>	<b>275.426.976</b>	<b>(1.098.328.317)</b>	<b>27.787.203.085</b>

#### Trading advances

These are the amounts advanced to customers at the trading date ("T – date advance"). These amounts were refunded within two (2) working days.

Accrued interest income for trading advances as at 31 December 2017 and as at 31 December 2016 is immaterial due to short term nature.

## NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONT)

### SHORT-TERM RECEIVABLES

	As at 31.12.2017		As at 31.12.2016	
	Book value (VND)	Doubtful amount (VND)	Book value (VND)	Doubtful amount (VND)
<b>Receivables from disposals of financial assets</b>	<b>182.710.000</b>	-	<b>2.484.000.000</b>	-
Receivables from disposals of listed equities	182.710.000	-	-	-
Receivables from disposals of unlisted equities	-	-	2.484.000.000	-
<b>Dividends and interests receivable</b>	<b>2.654.903.636</b>	-	<b>1.661.678.317</b>	-
Undue dividends and interests receivable	2.654.903.636	-	1.661.678.317	-
	<b>2.837.613.636</b>	-	<b>4.145.678.317</b>	-
<b>Services related receivables</b>	<b>7.900.382.763</b>	-	<b>5.843.493.487</b>	-
<b>Other receivables</b>	<b>1.978.208.478</b>	<b>1.978.208.478</b>	<b>1.978.208.478</b>	<b>1.978.208.478</b>

The Company had no receivable from related parties as at 31 December 2017 and as at 31 December 2016.

Details of provision for short-term doubtful debts are as follow:

	Doubtful amount		Provision			
	As at 31.12.2017 (VND)	As at 31.12.2016 (VND)	As at 31.12.2016 (VND)	Provision (VND)	Reversal of provision (VND)	As at 31.12.2017 (VND)
<b>Other receivables</b>	<b>1.978.208.478</b>	<b>1.978.208.478</b>	<b>1.978.208.478</b>	-	-	<b>1.978.208.478</b>
Mr. Van Thien Hung	1.978.208.478	1.978.208.478	1.978.208.478	-	-	1.978.208.478



## NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONT)

### OTHER CURRENT ASSETS

	As at 31 December	
	2017 (VND)	2016 (VND)
Advances to employees	428.066.665	132.955.166.000
Short-term prepaid expenses	2.665.194.684	1.619.001.959
- Information technology equipments	763.119.666	175.640.156
- Office renovation expenses	682.310.528	-
- Office rentals	-	205.114.000
- Other short-term prepaid expenses	1.219.764.490	1.238.247.803
Short-term security deposits	48.550.000	48.550.000
Personal income tax paid on behalf	5.679.572	2.498.332
<b>Total</b>	<b>3.147.490.921</b>	<b>134.625.216.291</b>

### FIXED ASSETS

#### Tangible fixed assets

	Motor vehicles (VND)	Office equipment (VND)	Total (VND)
<b>Historical cost</b>			
As at 1.1.2017	5.401.721.100	27.339.838.194	32.741.559.294
New purchases	912.539.400	5.216.689.200	6.129.228.600
Disposals	(476.357.600)	(198.122.859)	(674.480.459)
As at 31.12.2017	5.837.902.900	32.358.404.535	38.196.307.435
<b>Accumulated depreciation</b>			
As at 1.1.2017	3.298.650.058	19.865.171.167	23.163.821.225
Charge for the year	449.215.501	4.044.483.422	4.493.698.923
Disposals	(476.357.600)	(198.122.859)	(674.480.459)
As at 31.12.2017	3.271.507.959	23.711.531.730	26.983.039.689
<b>Net book value</b>			
As at 1.1.2017	2.103.071.042	7.474.667.027	9.577.738.069
As at 31.12.2017	2.566.394.941	8.646.872.805	11.213.267.746

As at 31 December 2017, the Company had no outstanding commitment to purchase or sell tangible fixed assets.

Historical cost of fully depreciated tangible fixed assets but still in use as at 31 December 2017 was VND14,957,039,284 (as at 31 December 2016: VND12,918,890,026).

The Company had no tangible fixed asset awaiting disposal as at 31 December 2017.

#### Intangible fixed assets

	Computer software(VND)	Patents (VND)	Copy rights (VND)	Other intangible assets (VND)	Total (VND)
<b>Historical cost</b>					
As at 1.1.2017	9.235.988.903	307.500.192	1.661.848.751	502.503.782	11.707.841.628
New purchases	1.877.090.000	-	-	-	1.877.090.000
Transfers from construction in progress	179.157.163	-	-	-	179.157.163
As at 31.12.2017	11.292.236.066	307.500.192	1.661.848.751	502.503.782	13.764.088.791
<b>Accumulated amortisation</b>					
As at 1.1.2017	5.969.993.017	307.500.192	1.095.552.915	502.503.782	7.875.549.906
Charge for the year	1.459.406.300	-	174.630.998	-	1.634.037.298
As at 31.12.2017	7.429.399.317	307.500.192	1.270.183.913	502.503.782	9.509.587.204
<b>Net book value</b>					
As at 1.1.2017	3.265.995.886	-	566.295.836	-	3.832.291.722
As at 31.12.2017	3.862.836.749	-	391.664.838	-	4.254.501.587

Historical cost of fully amortised intangible fixed assets but still in use as at 31 December 2017 was VND2,287,891,465 (as at 31 December 2016: VND2,287,891,465).

The Company had no intangible fixed asset awaiting disposal as at 31 December 2017.

### PLEDGED ASSETS, MORTGAGES, SECURITY DEPOSITS IN LONG TERM

These are security deposits for office rentals at head office, Nha Trang branch, Ha Noi branch and Can Tho branch.

### LONG-TERM PREPAID EXPENSES

These are the office renovation expenses at Can Tho branch being allocated over 60 months and office tools and supplies being allocated over 36 months.

### DEPOSITS IN THE SETTLEMENT SUPPORT FUND

According to Decision No.45/QĐ-VSD dated 22 May 2014 issued by the Vietnam Securities Depository, the Company is required to deposit an initial amount of VND120 million at the Vietnam Securities Depository and an additional annual contribution equivalent to 0.01% of the total value of brokered securities in the previous year up to the maximum limit of VND2.5 billion in any one year. The maximum amount of contribution is VND20 billion.

	As at 31 December	
	2017 (VND)	2016 (VND)
Initial deposit	120.000.000	120.000.000
Additional deposits	11.745.188.416	10.156.776.767
Allocated interests	4.528.467.250	3.732.499.298
	<b>16.393.655.666</b>	<b>14.009.276.065</b>

## NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONT)

### BORROWINGS

	Interest rate % per annum	Opening balance (VND)	Disbursement (VND)	Repayment (VND)	Revaluation (VND)	Closing balance (VND)
Bank borrowings (i)	5,7 - 7,3	-	1.711.080.785.912	(1.663.411.495.912)	51.475.000	47.720.765.000
Short-term issued bonds (ii)		503.120.000.000	1.112.955.000.000	(891.620.000.000)	-	724.455.000.000
<b>In which:</b>						
<i>Held by individuals</i>	9,0 - 9,5	428.120.000.000	697.955.000.000	(751.620.000.000)	-	374.455.000.000
<i>Held by institutions (*)</i>	8,0 - 9,5	75.000.000.000	415.000.000.000	(140.000.000.000)	-	350.000.000.000
<b>Total</b>		<b>503.120.000.000</b>	<b>2.824.035.785.912</b>	<b>(2.555.031.495.912)</b>	<b>51.475.000</b>	<b>772.175.765.000</b>

(i) These are loans from a foreign bank with a credit limit of USD3,000,000 and unsecured.

(ii) These are registered, unconvertible and unsecured bonds issued privately to individuals and institutions. Each bond has a par value of VND1,000,000 and a tenor of 1 year since its issue date.

(\*) Short-term borrowing from issued bonds to related parties as at 31 December 2017 was VND250 billion (as at 31 December 2016: nil) (Note 8(b)).

### TRADING OBLIGATIONS

These are expenses payable to the stock exchanges and Vietnam Securities Depository.

### SHORT-TERM TRADE ACCOUNTS PAYABLE

	As at 31 December	
	2017 (VND)	2016 (VND)
Payables for purchases of financial assets	-	19.753.634.300
Payables for purchases of listed shares (*)	-	19.753.634.300
Others	164.424.541	283.643.165
	<b>164.424.541</b>	<b>20.037.277.465</b>

(\*) This is amount payable for purchases of listed shares which is settled within two (2) working days since the transaction day (T+2) according to the current practice of securities trading in Vietnam.

The Company had no trade payables due to related parties as at 31 December 2017 and as at 31 December 2016.

The Company had no overdue trade payables as at 31 December 2017 and as at 31 December 2016.



## NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONT)

### TAX AND OTHER PAYABLES TO THE STATE BUDGET

	As at 31 December	
	2017 (VND)	2016 (VND)
Corporate income tax - current	4.503.448.338	2.337.218.671
Personal income tax paid on behalf of customers	2.226.664.928	1.980.459.385
Personal income tax	1.361.446.970	721.712.220
Value added tax	44.733.984	252.004.946
Foreign contractor tax	55.678.203	16.647.827
	<b>8.191.972.423</b>	<b>5.308.043.049</b>

	As at 1.1.2017( VND)	Incurring (VND)	Incurring (VND)	Incurring 31.12.2017 (VND)
Corporate income tax - current	2.337.218.671	23.917.113.251	(21.750.883.584)	4.503.448.338
Personal income tax paid on behalf of customers	1.980.459.385	24.165.642.093	(23.919.436.550)	<b>2.226.664.928</b>
Personal income tax	719.213.888	7.897.842.623	(7.261.289.113)	1.355.767.398
In which:				
<i>Receivable</i>	721.712.220	-	-	1.361.446.970
<i>Payable</i>	(2.498.332)	-	-	(5.679.572)
Value added tax	252.004.946	675.425.065	(882.696.027)	44.733.984
Foreign contractor tax	16.647.827	676.507.211	(637.476.835)	55.678.203
Charges, fees and other payables	-	3.000.000	(3.000.000)	-
	<b>5.305.544.717</b>	<b>57.335.530.243</b>	<b>(54.454.782.109)</b>	<b>8.186.292.851</b>

## NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONT)

## SHORT-TERM ACCRUED EXPENSES

	As at 31 December	
	2017 (VND)	2016 (VND)
13-month salary and supplemental salary	9.200.000.000	4.479.250.041
Interests on bonds and borrowings	2.326.673.020	1.852.556.112
Brokerage fee and custody fee	767.594.468	507.028.708
Others	511.568.650	429.952.187
	<b>12.805.836.138</b>	<b>7.268.787.048</b>

## OTHER SHORT-TERM PAYABLES

	As at 31 December	
	2017 (VND)	2016 (VND)
Dividend payable	908.095.800	-
Advances from customers for securities purchases	-	291.478.407.560
Related parties (Note 8(b))		276.478.407.560
Third parties		15.000.000.000
Other short-term payables	260.739.904	133.755.780
	<b>1.168.835.704</b>	<b>291.612.163.340</b>

## DEFERRED TAX LIABILITY

	As at 31 December	
	2017 (VND)	2016 (VND)
Deferred tax liability to be recovered within 12 months	3.067.561.143	-

Movement in the deferred tax liability is as follows:

	As at 31 December	
	2017 (VND)	2016 (VND)
Beginning of year	-	-
Charge for the year	3.067.561.143	-
<b>End of year</b>	<b>3.067.561.143</b>	

Details of deferred tax liability are as follows:

	As at 31 December	
	2017 (VND)	2016 (VND)
Taxable temporary differences		
Gain from revaluation of FVTPL financial assets	15.337.805.715	-
	15.337.805.715	-
Offset with deferred tax asset	-	-
	<b>15.337.805.715</b>	-

The Company uses tax rate of 20% to determine deferred tax liability.

## SHARE CAPITAL

## Number of shares

	As at 31 December	
	2017 (VND)	2016 (VND)
Number of shares registered	91.000.000	70.000.000
Number of shares issued	91.000.000	70.000.000
Number of shares repurchased	-	-
	<b>91.000.000</b>	<b>70.000.000</b>

As at 31 December 2017 and as at 31 December 2016, all of the Company's shares are ordinary shares. Each ordinary share has a par value of VND10,000. Each share is entitled to one vote at the Annual General Meetings of the Company. Shareholders are entitled to receive dividends as declared from time to time. All ordinary shares are ranked equally with regard to the Company's residual assets.

## Movement of share quantity

	Ordinary shares
As at 1 January 2016 and 31 December 2016	70.000.000
New shares issued (*)	21.000.000
As at 31 December 2017	<b>91.000.000</b>

(\*) The Annual General Meeting of Shareholders on 23 March 2017 approved the issuance of new shares to existing shareholders according to their subscription rights. The Board of Directors are authorised to distribute odd lots of shares and those not taken up to other investors in accordance with the Company's Charter and prevailing regulations at the price not lower than one offered to existing shareholders. Therefore the Company initiated the public issuance in accordance with Certificate of share offering No. 74/GCN-UBCK issued by the State of Securities Commission on 7 November 2017 and completed it on 27 December 2017.



## NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONT)

## DETAILS OF MAJOR SHAREHOLDER AS REPORTING DATE

	Number of ordinary shares (VND)	Value of charter capital contributed (VND)	Interest %
Mr. Tran Le Nguyen	31.850.000	318.500.000.000	35,00%
Asia Investment Limited	13.676.016	136.760.160.000	15,03%
Ms. Pham My Linh	12.473.888	124.738.880.000	13,71%
Other shareholders	33.000.096	330.000.960.000	36,26%
<b>Total</b>	<b>91.000.000</b>	<b>910.000.000.000</b>	<b>100,00%</b>

## Undistributed earnings

	As at 31 December	
	2017 (VND)	2016 (VND)
Undistributed realised profits	97.966.752.187	68.930.268.960
Unrealised profits/(losses)	4.630.379.315	(24.554.359.262)
	<b>102.597.131.502</b>	<b>44.375.909.698</b>

Details of changes in equity during the year are as follows:

	As at 31.12.2016 (VND)	Profits for the year (VND)
Undistributed realised profits	68.930.268.960	82.172.174.539
Unrealised (losses)/profits	(24.554.359.262)	29.184.738.577
<b>Undistributed earnings</b>	<b>44.375.909.698</b>	<b>111.356.913.116</b>

	Dividend declare (VND)	Appropriations to reserves (VND)	As at 31.12.2017 (VND)
Undistributed realised profits	(42.000.000.000)	(11.135.691.312)	97.966.752.187
Unrealised (losses)/profits	-	-	4.630.379.315
<b>Undistributed earnings</b>	<b>(42.000.000.000)</b>	<b>(11.135.691.312)</b>	<b>102.597.131.502</b>

## NOTES TO OFF STATEMENT OF FINANCIAL POSITION ITEMS

## NUMBER OF SHARES IN ISSUE

	As at 31 December	
	2017 (VND)	2016 (VND)
<b>Ordinary shares</b>		
Quantity issued within 1 year	21.000.000	-
Quantity issued for 1 year or more (share)	70.000.000	70.000.000
	<b>91.000.000</b>	<b>70.000.000</b>

## NOTES TO THE STATEMENT OF INCOME

## INCOME FROM FVTPL FINANCIAL ASSETS

## Net realised gains on disposals of FVTPL financial assets

	For the year ended 31 December	
	2017 (VND)	2016 (VND)
Realised gains on disposals of FVTPL financial assets	79.796.388.798	42.328.974.155
Realised losses on disposals of FVTPL financial assets	(29.594.339.433)	(5.392.279.405)
	<b>50.202.049.365</b>	<b>36.936.694.750</b>

## NOTES TO THE STATEMENT OF INCOME (CONT)

### INCOME FROM FVTPL FINANCIAL ASSETS (cont)

#### Net realised gains on disposals of FVTPL financial assets (cont)

Details of net realised gain from disposals of FVTPL financial assets by category are as follows:

	Quantity disposed share (VND)	Sales proceeds (VND)	
Listed shares	32.164.072	861.525.180.100	
Unlisted shares	9.399.115	274.031.933.044	
	<b>41.563.187</b>	<b>1.135.557.113.144</b>	
	Costs of disposals (*) (VND)	Realised gains in the reporting year (VND)	Realised gains in the comparative year (VND)
Listed shares	806.447.834.206	55.077.345.894	36.270.506.400
Unlisted shares	278.907.229.573	(4.875.296.529)	666.188.350
	<b>1.085.355.063.779</b>	<b>50.202.049.365</b>	<b>36.936.694.750</b>

(\*) The costs of disposals are determined by the weighted average method up to the end of the trading dates.

#### Gains/(losses) on revaluation of FVTPL financial assets

	For the year ended 31 December	
	2017 (VND)	2016 (VND)
Gains from revaluation of FVTPL financial assets	<b>15.337.805.715</b>	-
Decrease/(increase) in losses from revaluation of FVTPL financial assets	13.846.932.862	(13.013.756.975)
	<b>29.184.738.577</b>	<b>(13.013.756.975)</b>

Details of gains/losses from revaluation of FVTPL financial assets by category are as follows:

	Cost share (VND)	Market value/ fair value (VND)	Accumulated revaluation gains/(losses) as at 31.12.2017 (VND)
Listed shares	177.706.915.464	191.956.673.720	14.249.758.256
Unlisted shares	84.993.804.201	75.374.425.260	(9.619.378.941)
	<b>262.700.719.665</b>	<b>267.331.098.980</b>	<b>4.630.379.315</b>
	Accumulated revaluation gains/(losses) as at 31.12.2016 (VND)	Credited/(charged) to statement of income	
Listed shares	(19.727.400.513)	33.977.158.769	
Unlisted shares	(4.826.958.749)	(4.792.420.192)	
	<b>(24.554.359.262)</b>	<b>29.184.738.577</b>	

### PROVISIONS FOR DIMINUTION IN VALUE OF FINANCIAL ASSETS AND IMPAIRMENT LOSSES AND BORROWING COSTS TO FINANCE LENDING ACTIVITIES

	For the year ended 31 December	
	2017 (VND)	2016 (VND)
<b>Borrowing costs to finance lending activities</b>	<b>68.311.830.297</b>	<b>50.989.450.482</b>
(Reversal of provision)/provision for impairment of financial assets	(822.901.341)	2.007.921.463
	<b>67.488.928.956</b>	<b>52.997.371.945</b>

#### OTHER OPERATING EXPENSES

	For the year ended 31 December	
	2017 (VND)	2016 (VND)
<b>Self-trading activities</b>	<b>4.135.204.425</b>	<b>1.987.550.274</b>
Salaries	2.097.887.937	1.545.499.336
Office rentals	270.864.000	270.864.000
Other expenses	1.766.452.488	171.186.938
<b>Brokerage fee expenses</b>	<b>61.770.746.362</b>	<b>42.338.260.891</b>
Salaries	28.134.495.599	18.103.910.402
Securities trading transaction fees	14.309.528.597	8.535.135.260
Brokerage expense for collaborators	6.126.122.796	4.231.630.943
Office rentals	3.653.149.600	3.663.699.600
Depreciation and amortisation	2.048.658.267	2.005.219.381
Other expenses	7.498.791.503	5.798.665.305
<b>Underwriting expenses and placing expenses</b>	<b>1.542.377.378</b>	<b>180.000.000</b>
<b>Securities investment consultancy expenses</b>	<b>943.458.689</b>	<b>450.231.499</b>
<b>Custody fee expenses</b>	<b>7.467.889.242</b>	<b>5.786.971.449</b>
<b>Financial consultancy expenses</b>	<b>5.967.798.494</b>	<b>5.121.995.390</b>
Salaries	4.100.085.805	3.499.407.691
Office rentals	422.994.000	422.994.000
Other expenses	1.444.718.689	1.199.593.699
<b>Other operating expenses</b>	<b>9.277.136.939</b>	<b>7.165.347.404</b>
Salaries	7.447.277.255	5.416.742.135
Office rentals	1.045.185.600	1.015.185.600
Maintenance expenses	73.798.364	116.028.156
Other expenses	710.875.720	617.391.513
	<b>91.104.611.529</b>	<b>63.030.356.907</b>



## NOTES TO THE STATEMENT OF INCOME (CONT)

### GENERAL AND ADMINISTRATION EXPENSES

	For the year ended 31 December	
	2017 (VND)	2016 (VND)
Staff costs	31.817.605.865	22.318.477.816
Office rentals	4.971.814.800	4.963.700.800
Depreciation and amortisation	4.079.077.954	2.889.375.590
Outsourced services	3.624.897.141	3.527.223.844
Advertisement and entertainment expenses	2.302.578.121	1.384.168.971
Maintenance expenses	496.357.580	1.718.481.515
Remuneration of the Board of Directors	741.563.113	475.093.554
Tools and supplies	695.407.539	520.574.744
Office stationeries	114.177.950	106.594.151
Tax, duties and fees	42.000.000	8.000.000
Other administrative expenses	4.758.264.373	4.255.698.193
	<b>53.643.744.436</b>	<b>42.167.389.178</b>

### CORPORATE INCOME TAX

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the applicable tax rate of 20% as follows:

	For the year ended 31 December	
	2017 (VND)	2016 (VND)
Accounting profit before tax	138.341.587.510	61.350.083.928
Tax at rate of 20%:	27.668.317.502	12.270.016.785
<i>Adjustment for:</i>		
Non-taxable income	(1.021.786.866)	(1.239.560.674)
Non deductible expenses	338.143.758	1.013.061.485
Corporate income tax charge (*)	26.984.674.394	12.043.517.596
<i>Charged for the year:</i>		
Corporate income tax – current	23.917.113.251	3.536.747.451
Corporate income tax – deferred	3.067.561.143	8.506.770.145
	<b>26.984.674.394</b>	<b>12.043.517.596</b>

(\*) The corporate income tax charge for the year is based on estimated taxable income and is subject to audit and possible adjustment by the tax authorities.

The tax authorities have finalised corporate income tax up to 31 December 2015.

### EARNINGS PER SHARE

#### Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders after deducting the bonus and welfare funds by the weighted average number of ordinary shares outstanding during the year, excluding ordinary shares repurchased by the Company and held as treasury shares:

	For the year ended 31 December	
	2017	2016
Net profit attributable to shareholders (VND)	111.356.913.116	49.306.566.332
Less amount allocated to bonus and welfare funds (VND)	-	-
	111.356.913.116	49.306.566.332
Weighted average number of ordinary shares in issue (shares)	70.287.671	70.000.000
Basic earnings per share (VND)	<b>1.584</b>	<b>704</b>

#### Diluted earnings per share

The Company did not have potentially dilutive ordinary shares.

## NOTES TO THE STATEMENT OF CASH FLOW

### PROCEEDS FROM BORROWINGS

Proceeds from borrowings are loan drawdowns and proceeds from issuance of short-term bonds (Note 3.10).

### REPAYMENT OF BORROWINGS

Repayments of borrowings are loan repayments and bond repayments (Note 3.10).

## NOTES TO THE STATEMENT OF CHANGES IN EQUITY

### DISTRIBUTED EARNINGS

	For the year ended 31 December	
	2017 (VND)	2016 (VND)
Undistributed earnings brought forward	68.930.268.960	11.540.602.287
Realised profits after tax incurred in the year	82.172.174.539	62.320.323.307
Appropriations of retaining earnings:		
<i>To supplementary capital reserve</i>	(5.567.845.656)	(2.465.328.317)
<i>To financial and operational risk reserve fund</i>	(5.567.845.656)	(2.465.328.317)
Distributable profits	139.966.752.187	68.930.268.960
Dividend declared	42.000.000.000	-
Income tax withheld	(1.645.771.680)	-
<b>Net amount to be distributed to shareholders</b>	<b>40.354.228.320</b>	<b>-</b>

## NOTES TO THE STATEMENT OF CHANGES IN EQUITY (CONT)

### DETAILS OF CHANGES IN EQUITY

	Owners' capital (VND)	Share premium (VND)	Supplementary capital reserve (VND)	Financial and operational risk reserve (VND)	Undistributed earnings (VND)	Total (VND)
As at 1 January 2016	700.000.000.000	9.240.118.792	2.157.158.275	2.157.158.275	-	713.554.435.342
Profit for the year	-	-	-	-	49.306.566.332	49.306.566.332
Appropriation to reserves (Note 2.19(b))	-	-	2.465.328.317	2.465.328.317	(4.930.656.634)	-
As at 31 December 2016	700.000.000.000	9.240.118.792	4.622.486.592	4.622.486.592	44.375.909.698	762.861.001.674
Capital increased during the year Note 3.17(b))	210.000.000.000	-	-	-	-	210.000.000.000
Profit for the year	-	-	-	-	111.356.913.116	111.356.913.116
Appropriation to reserves	-	-	5.567.845.656	5.567.845.656	(11.135.691.312)	-
Dividend declared (*)	-	-	-	-	(42.000.000.000)	(42.000.000.000)
As at 31 December 2017	<b>910.000.000.000</b>	<b>9.240.118.792</b>	<b>10.190.332.248</b>	<b>10.190.332.248</b>	<b>102.597.131.502</b>	<b>1.042.217.914.790</b>

(\*) The Annual General Meeting of shareholders on 23 March 2017 approved the cash dividend for the year 2016 at 6% of the Company's charter capital as at 31 December 2016 and was paid in 2017.

## RELATED PARTIES DISCLOSURES

Related party	Relationship
Mr. Tran Le Nguyen	Major shareholder
Asia Investment Limited	Major shareholder
Mrs. Pham My Linh	Major shareholder
KIDO Group Corporation	Related to the Company's key management
KIDO Frozen Foods JSC	Related to the Company's key management
Tuong An Vegetable Oil JSC	Related to the Company's key management
Vietnam Vegetable Oils Industry Corporation	Related to the Company's key management
DABACO Group	Related to the Company's key management
Board of Directors and key executives	Key management

### RELATED PARTIES TRANSACTIONS

During the year, the following transactions were carried out with related parties:

	For the year ended 31 December	
	2017 (VND)	2016 (VND)
Revenue from brokerage services	1.110.234.507	2.848.597.500
Revenue from underwriting services	5.824.000.000	-
Revenue from other services	2.431.257.297	-
Bond issued to related parties	250.000.000.000	-
Bond interest expenses payable to related parties	16.993.055.551	-
Salary and other benefits	<b>8.612.759.617</b>	<b>4.834.370.509</b>

### YEAR-END BALANCES WITH RELATED PARTIES

	As at 31 December	
	31.12.2017 (VND)	31.12.2016 (VND)
Bonds issued to related parties (Note 3.3)	250.000.000.000	-
Accrued bond interests payable to related parties	531.944.444	-
Other payables (Note 3.15)	-	276.478.407.560
Value of shares under entrustment	-	<b>55.200.000.000</b>



## SEGMENT REPORTING

### GEOGRAPHICAL SEGMENTS

Information of segment revenue and income and expenses based on the geography segments of the Company is as follows:

	Ho Chi Minh City (VND)	Ha Noi (VND)	Nha Trang (VND)	Can Tho (VND)	Total (VND)
For the year ended 31 December 2017					
Revenue and income	322.711.748.464	34.141.021.882	1.671.631.847	7.892.463.116	366.416.865.309
Operating expenses	(151.701.118.414)	(17.794.807.584)	(1.056.532.860)	(3.879.074.505)	(174.431.533.363)
General and administrative expenses	(43.672.325.926)	(6.317.180.366)	(1.098.145.223)	(2.556.092.921)	(53.643.744.436)
<b>Profit before tax</b>	<b>127.338.304.124</b>	<b>10.029.033.932</b>	<b>(483.046.236)</b>	<b>1.457.295.690</b>	<b>138.341.587.510</b>
For the year ended 31 December 2016					
Revenue and income	210.076.661.886	21.026.531.934	1.595.650.718	5.303.460.410	238.002.304.948
Operating expenses	(119.378.623.750)	(11.317.522.050)	(1.036.267.850)	(2.752.418.192)	(134.484.831.842)
General and administrative expenses	(34.289.148.380)	(5.003.438.901)	(934.957.422)	(1.939.844.475)	(42.167.389.178)
<b>Profit before tax</b>	<b>56.408.889.756</b>	<b>4.705.570.983</b>	<b>(375.574.554)</b>	<b>611.197.743</b>	<b>61.350.083.928</b>

### BUSINESS ACTIVITY SEGMENTS

	Brokerage and services (VND)	Self-trading (VND)	Lending (VND)	Consultancy (VND)	Others (VND)	Total (VND)
For the year ended 31 December 2017						
Revenue and income	87.130.206.398	100.243.128.842	153.741.250.394	11.618.454.181	13.683.825.494	366.416.865.309
Expenses	(62.714.205.051)	(19.882.610.996)	(84.233.955.137)	(7.510.175.872)	(53.734.330.743)	(228.075.277.799)
<b>Profit before tax</b>	<b>24.416.001.347</b>	<b>80.360.517.846</b>	<b>69.507.295.257</b>	<b>4.108.278.309</b>	<b>(40.050.505.249)</b>	<b>138.341.587.510</b>
For the year ended 31 December 2016						
Revenue and income	49.101.064.663	50.534.698.990	116.044.875.387	9.889.727.272	12.431.938.636	238.002.304.948
Expenses	(42.788.492.390)	(20.393.586.654)	(65.949.690.798)	(5.301.995.390)	(42.218.455.788)	(176.652.221.020)
<b>Profit before tax</b>	<b>6.312.572.273</b>	<b>30.141.112.336</b>	<b>50.095.184.589</b>	<b>4.587.731.882</b>	<b>(29.786.517.152)</b>	<b>61.350.083.928</b>

FINANCIAL RISK MANAGEMENT

The Company’s activities expose it to market risk, credit risk and liquidity risk. The Company’s overall risk management strategy seeks to minimise the adverse effect of these risks on the Company’s financial performance.

The Board of Management is responsible for setting the objectives and underlying principles of financial risk management for the Company. The Board of Management establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company’s activities.

Financial risk management is carried out by finance personnel. The finance personnel measure actual exposures against the limits set and prepare periodical reports for the review of the Board of Management.

The information presented below is based on information disclosed by the Board of Management.

CREDIT RISK

Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company, resulting in a financial loss to the Company. It arises principally from cash at banks, financial assets, receivables and other assets.

Balances with banks

All the bank balances are placed with local financial institutions which have high credit ratings.

FVTPL financial assets

The Company’s securities will only be traded on the Ho Chi Minh City Stock Exchange and the Hanoi Stock Exchange or with counterparties which have a specified credit rating. All securities transactions are settled or paid for upon receipt/ delivery of securities via approved brokers. The risk of default is considered minimal since the delivery of securities for sales transaction is made only once payment has been received and delivery of funds for purchase transaction is only made once the securities have been received. If either party fails to meet their obligations, the trade will fail.

Trading advances

The trading advances are collected from Vietnam Securities Depository which is a state-owned entity and has no history of payment defaults.

Investment cooperation contracts

Balances from investment cooperation contracts have been overdue for more than three (3) years and the Company assesses recoverability is not probable. The Company has made almost full provision against these balances.

Margin loan

Margin loans are secured by eligible securities listed on Ho Chi Minh City Stock Exchange (“HOSE”) and Hanoi Stock Exchange (“HNX”), customers’ cash and trading proceeds. Under the local rules, the loan limit is set at 50% of the eligible securities’ value. Eligible securities are defined by the Stock Exchanges based on a number of criteria including liquidity and frequently updated.

Customers Securities department has continuous review of margin loan report which includes balances, collateral assets and margin ratio. When the secured margin ratio falls below 40% (regulated level: 30%), the system alerts and the Company makes margin calls. When the secured margin ratio falls below 30%, the Company forcedly sells out collateral assets to collect the loans.

Receivables and other assets

Credit exposure is restricted by transacting with counterparties with high credit ratings and obtaining security where necessary.

Credit risk exposure

	As at 31 December	
	2017 (VND)	2016 (VND)
<b>Cash and cash equivalents (Note 3.1)</b>		
Current accounts at bank	238.813.046.167	247.909.279.453
<b>Loans (Note 3.3)</b>		
Margin loans and investment cooperation contracts	1.202.069.702.299	812.632.458.420
Trading advances	110.552.280.497	48.787.794.300
	<b>1.312.621.982.796</b>	<b>861.420.252.720</b>
<b>Receivables (Note 3.4)</b>		
Receivables from disposals of financial assets	182.710.000	2.484.000.000
Dividends and interests receivable	2.654.903.636	1.661.678.317
Services related receivables	7.900.382.763	5.843.493.487
	<b>10.737.996.399</b>	<b>9.989.171.804</b>
<b>Total credit risk exposure</b>	<b>1.562.173.025.362</b>	<b>1.119.318.703.977</b>

MARKET RISK

Market risk is the risk that fair value or future cash flows of a financial instrument will fluctuate according to changes in market prices. The Company’s market risks include interest rate risk, currency risk and other price risk, such as share price risk.

The Company manages this risk through the careful selection of securities and other financial instruments within specified limits and by holding a diversified portfolio of listed and unlisted instruments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company’s financial instruments will fluctuate as a result of changes in market interest rates. Currently, the Company records its financial assets and financial liabilities under the historical cost convention less decrease in revaluation and provision for decline in value (if any), hence, the Company only has cash flow risk for its interest receivable/payable. The Company is exposed to interest rate risk mainly on its deposits at bank and bank borrowings.

The Company’s deposits placed with bank and borrowings are at fixed rates and due in short term so interest rate risk is minimal.

Share price risk

Listed and unlisted shares held by the Company are affected by market risks due to the uncertainty in the future value of invested shares that can result in an increase/decrease in value of these financial assets. The Company manages its share price risk by setting up investment limits. The Investment Committee also considers and approves decisions on investment in shares.

As at 31 December 2017, should the prices of the securities had increased/decreased by 10% while the other variables stay constant, the Company’s value of FVTPL financial assets would have been higher/lower by VND26,733,109,898 respectively (as at 31 December 2016: higher/lower by VND33,556,586,466).

## FINANCIAL RISK MANAGEMENT (CONT)

### LIQUIDITY RISK

Liquidity risk is the risk that the Company will encounter difficulty in performing financial obligations due to capital shortage.

The Company's approach to managing liquidity risk is to ensure that it will always have sufficient reserves of cash to meet its liquidity requirements in the short and long term.

As at 31 December 2017, the Company had financial liabilities including bank loans, short-term issued bonds, trading obligation, short-term trade payables, accrued expenses and other short-term liabilities with the amount of VND787,982,831,070 (as at 31 December 2016: VND 822,807,175,705) which represented contractual undiscounted cash outflows payable in less than one year.

### CAPITAL RISK MANAGEMENT

Capital Adequacy Ratio ("CAR") is the ratio of the Company's capital to its risks. CAR measures the Company's ability to meet its financial liabilities and absorb certain losses resulting from risks.

CAR is calculated and presented in the Company's monthly report in accordance with Circular 87/2017/TT-BTC ("Circular 87") issued by the Ministry of Finance on 15 August 2017 and took effective from 10 October 2017 onwards. Circular 87 regulates requirements of capital adequacy ratio applicable to securities business organisations and remedies for non-compliance. According to Circular 87, the Company is required to maintain a prescribed minimum level of CAR of 180%.

As at 31 December 2017, the Company's CAR was 827%.

## OPERATING LEASE COMMITMENTS

The Company is currently renting offices under operating leases. The future minimum lease payments under non-cancellable operating leases were as follows:

	As at 31 December	
	2017 (VND)	2016 (VND)
Within 1 year	10.477.897.308	8.799.698.184
From 1 to 5 year	16.993.479.370	16.596.275.468
<b>Total</b>	<b>27.471.376.678</b>	<b>25.395.973.652</b>

## SUBSEQUENT EVENTS

On 25 January 2018, the Board of Directors approved the first issuance of corporate bonds in 2018 to increase working capital capacity of the Company. Detail of this issuance are as follows:

Type of bond	Non-convertible and unsecured
Par value	VND1,000,000
Quantity of issue	500,000
Total value of issue	VND500,000,000,000
Issue price	At par value

Other than this fact, there have been no significant subsequent events occurring after the reporting date which would require adjustments or disclosures to be made in these financial statements.

## OPERATIONAL FACTS

### VOLUME AND VALUE OF TRANSACTIONS DURING THE YEAR

	Volume of transactions during the year	As at 31 December Value of transactions during the year (VND)
<b>(a) Of the Company</b>	<b>79.740.585</b>	<b>2.073.797.657.602</b>
Shares	79.140.585	2.066.563.515.602
Other shares	600.000	7.234.142.000
<b>(b) Of investors</b>	<b>2.917.030.868</b>	<b>46.248.889.220.300</b>
Shares	2.912.413.838	45.909.728.470.300
Bond	3.175.000	319.710.400.000
Other shares	1.442.030	19.450.350.000
	<b>2.996.771.453</b>	<b>48.322.686.877.902</b>

## COMPARATIVE FIGURES

Certain comparative figures have been reclassified to confirm with the current year's presentation

The financial statements were approved by the Board of Management on 8 March 2018.



Duong Kim Chi  
Preparer



Le Minh Hien  
Chief Accountant



Nguyen Hieu  
General Director  
8 March 2018



#### HEAD OFFICE

141 Nguyen Du St., Ben Thanh Ward,  
Dist. 1, HCMC

**T** +84 28 6299 2006  
**F** +84 28 6299 7986  
**E** [info@vdsc.com.vn](mailto:info@vdsc.com.vn)  
**W** [www.vdsc.com.vn](http://www.vdsc.com.vn)

#### HA NOI BRANCH

10th Floor, Eurowindow Building, 2 Ton That Tung,  
Trung Tu Ward, Dong Da Dist., Hanoi, Vietnam

**T** +84 24 6288 2006  
**F** +84 24 6288 2008  
**E** [info@vdsc.com.vn](mailto:info@vdsc.com.vn)  
**W** [www.vdsc.com.vn](http://www.vdsc.com.vn)

#### NHA TRANG BRANCH

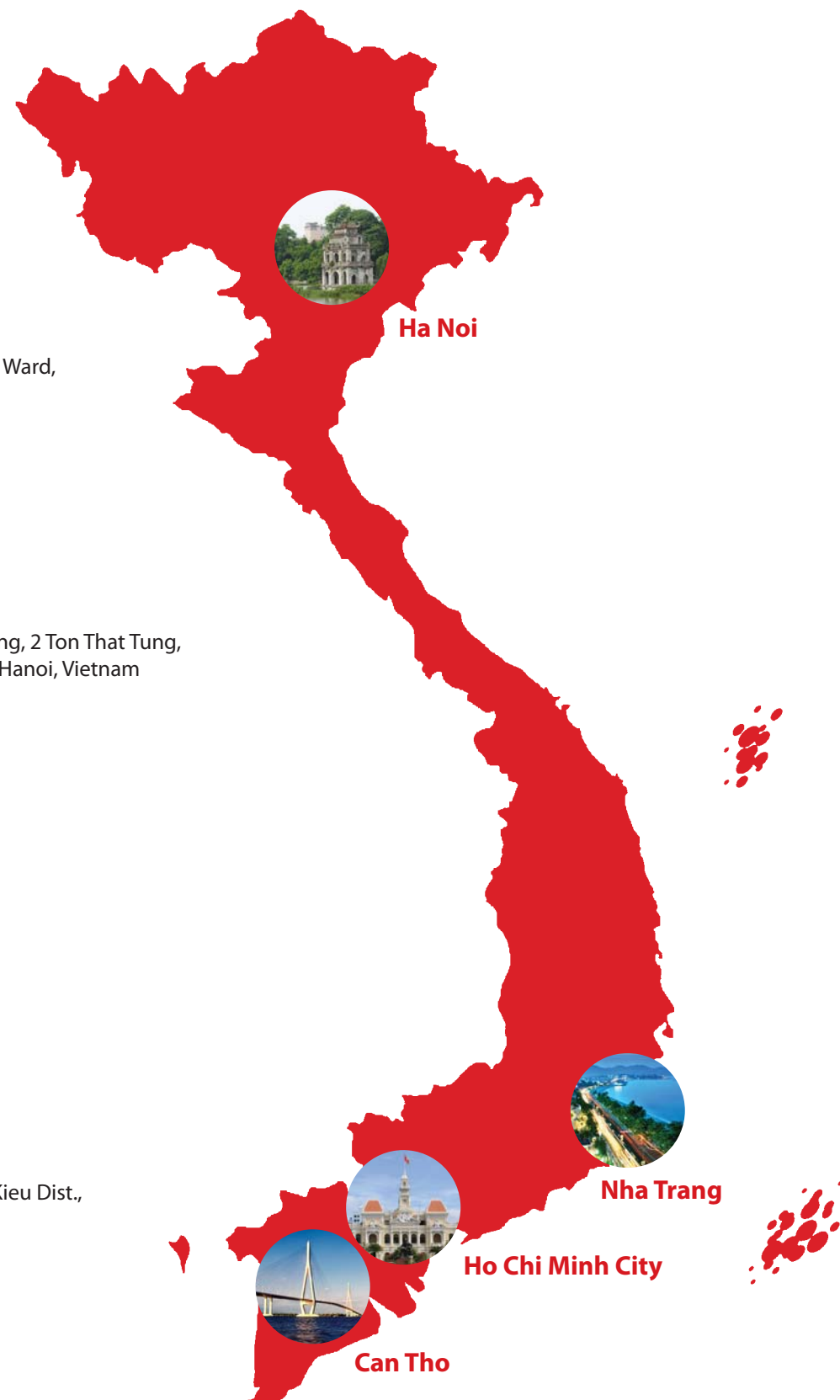
50 Bis Yersin, Nha Trang City

**T** +84 258 3820 006  
**F** +84 258 3820 008  
**E** [info@vdsc.com.vn](mailto:info@vdsc.com.vn)  
**W** [www.vdsc.com.vn](http://www.vdsc.com.vn)

#### CAN THO BRANCH

95-97-99 Vo Van Tan St., Ninh Kieu Dist.,  
Can Tho City

**T** +84 292 381 7578  
**F** +84 292 381 8387  
**E** [info@vdsc.com.vn](mailto:info@vdsc.com.vn)  
**W** [www.vdsc.com.vn](http://www.vdsc.com.vn)



**VIET DRAGON SECURITIES CORPORATION**  
Viet Dragon Tower, 141 Nguyen Du Street,  
District 1, Hochiminh City, Vietnam

**T** + 84 28 6299 2006  
**F** + 84 28 6291 7986  
**E** [info@vdsc.com.vn](mailto:info@vdsc.com.vn)  
**W** [www.vdsc.com.vn](http://www.vdsc.com.vn)