



ANNUAL REPORT

2018



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

CONTENTS

CHAPTER 1

ABOUT RONG VIET



- HIGHLIGHTS 2018
- VISION – MISSION – CORE VALUES
- GENERAL INFORMATION
- HISTORY & DEVELOPMENT
- AWARDS 2018

CHAPTER 2

OPERATION REPORT 2018 & THE BOARD OF MANAGEMENT'S EVALUATION



- OVERVIEW ABOUT THE VIETNAM MACROECONOMY AND STOCK MARKET IN 2018
- MANAGEMENT REPORT
 - BUSINESS RESULTS
 - MAIN BUSINESSES
 - SUPPORTING ACTIVITIES
 - IMPROVEMENTS IN ORGANIZATIONAL STRUCTURES AND MANAGEMENT POLICIES

CHAPTER 3

2019 STRATEGY AND MACRO REPORT - RONG VIET'S BUSINESS DIRECTIONS



- VIETNAM ECONOMIC OUTLOOK
- STOCK MARKET OUTLOOK 2019
- DEVELOPMENT STRATEGY IN 2019 - 2020
- BUSINESS PLAN IN 2019

- THE BOARD OF DIRECTORS
- REPORT FROM THE BOARD OF DIRECTORS
- THE SUPERVISORY BOARD
- REPORT FROM THE BOARD OF DIRECTORS
- INCOME AND OTHER BENEFITS OF THE B.O.D AND THE SUPERVISORY BOARD
- ORGANIZATIONAL STRUCTURE
- THE BOARD OF MANAGEMENT
- RISK MANAGEMENT
- STOCK INFORMATION AND INVESTOR RELATION ACTIVITIES



CHAPTER 4

CORPORATE GOVERNANCE

- OVERVIEW
- RONG VIET'S SUSTAINABLE DEVELOPMENT ACTIVITIES
- RELATIONSHIPS AMONG RELATED PARTIES
- THE GRI STANDARDS
- CONTACT INFORMATION



CHAPTER 5

SUSTAINABLE DEVELOPMENT REPORT

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



CHAPTER 6

FINANCIAL STATEMENTS 2018

MESSAGE FROM THE CHAIRMAN



Versatility and sudden change in short-term are the nature of the stock market; however, the factors Human Resource – Finance – Service System are the crucial key to help Rong Viet survive and grow. Operating in this business, every member of Rong Viet needs to the ability to be adaptive and able to stay focus on targets and long-term goals.

Dear Shareholders, Clients, and Members of Rong Viet Securities,

The year 2018 was the one with lots of ups and downs for the Vietnam economy as well as the stock market. At the end of Q1/2018, the Vietnam economy achieved the GDP growth rate of 7.4%, the highest in 10 years, and the Vietnam stock market witnessed a strong rally that even broke the record of 1,174 points which was set 11 years ago.

As for Rong Viet, the previous year (2017) recorded impressive results with the EBIT reaching VND 138 billion (up by 125% YoY), setting a good start for 2018. By the end of the 1st quarter of 2018, Rong Viet made an EBIT of VND 61.7 billion, equivalent to 34.33% of the year target (VND 180 billion).

However, due to the effects from the trade war between the US and China as well as the concern about the 10-year-cycle of the world economy has upset the expectations for growth in 2018 of the Vietnam stock market in general and that of Rong Viet in specific. In the 3rd quarter of 2018, the Vietnam stock market experienced a drop of 26.8% from the peak of 1,204.3 points on April 09, 2018 and fell to 880.85 points in October 2018, making Vietnam go from the top 10 highest growth markets to the second worst performer around the World by the end of the year.

The year 2018 ended with the economic growth and the Vietnam stock market going opposite ways. The Vietnam GDP growth rate reached 7.07% (highest in 10 years) while the VNINDEX closed at 892.54 points (down by 9.32% compared to that of 2017).

In such an unstable environment, Rong Viet's business also faced many challenges. At the end of 2018, Rong Viet's revenue reached VND 434 billion (equivalent to 92.57% of the year target); however, the expenses reached VND 349 billion (120% of the year plan) in which the investment provision accounted for VND 65 billion. This led to the PAT of VND 85.1 billion (47% of the year plan). This undesirable result also made the benefit to shareholders, which was one of the key goals, become less than expected.

On the bright side, all other businesses of Rong Viet were on track. One of the highlights was the successful issuance of 10% stock dividends, increasing the Charter Capital to VND 1,000 billion. Rong Viet became the 10th company participated in the Derivatives market, and the Company managed to pay another 5% cash dividends to shareholders. Both shareholders and staffs also gained more experience and knowledge, and the Company was able to bring on board many high quality staffs fitted well with the corporate culture. In addition, Rong Viet's contribution to the development of the Vietnam stock market was highly recognized by the Authority through a number of awards and prizes from the Ministry of Finance, the Stock Exchange, and the Vietnam Securities Depository Center...

The year 2019 is going toward the end of the 1st quarter. When this message is being written, the World economy as well as the Vietnam macro environment has been facing many challenges and unexpected factors. The ongoing trade war between the US and China, the tension between the US and North Korea after the Summit in Hanoi remained as many issues were left unsolved, and the fear of another economic recession have cast a cloud over the direction of the World and the Vietnam securities markets.

Thanks to the lessons from the past and the new events in 2018, in 2019, Rong Viet will take a caution approach in its business and focus on risk management with the priority to protect the capital. The Company will also improve its working environment for its staff to build up internal strength and focus on finding business opportunities to bring the highest benefits to shareholders, thus continue to contribute to the development of the Vietnam securities market and the society. With that mindset, we choose the concept of the chessboard to demonstrate the cautiousness, discretion in every move and every activity of the Company but still be flexible and capable of seizing the opportunity to make breakthroughs in 2019 and the period of 2019 - 2020.

Versatility and sudden change in short-term are the nature of the stock market; however, the factors Human Resource – Finance – Service System are the crucial key to help Rong Viet survive and grow. Operating in this business, every member of Rong Viet needs to the ability to be adaptive and able to stay focus on targets and long-term goals. The Company always


needs to strengthen its financial capability as well as invest in high quality researches in order to provide products and services that are suitable for investors so that it can improve its competitiveness while maintaining the highest level of compliance and risk management.

Rong Viet has been through tough time in the past; however, thanks to the tireless efforts of its members, nowadays the Company stands with highly effective operations; strong financial capability; substantial charter capital that can support all financial products on the market; sufficient and various high quality products / services; and an experienced workforce with professional mindset. These precious assets enable Rong Viet to confidently advance into the new period.

On behalf of the Board of Directors, the Board of Management, and all of Rong Viet's staffs, I would like to express my greatest gratitude to Shareholders, Clients, Partners, and Government Bodies who have always trusted, supported, and stood by us throughout all those years so that Rong Viet could grow and develop to where it is today. The path ahead of our country's economy, the Vietnam stock market is full of opportunities and challenges that are waiting to be conquered. With your support and the effort of all Rong Viet's members, I have great confidence that Rong Viet will grow and develop much further.

Sincerely yours,

Chairman of the Board of Directors


Tran Le Nguyen



CHAPTER 1

ABOUT RONG VIET

- HIGHLIGHTS 2018
- VISION – MISSION – CORE VALUES
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- HISTORY & DEVELOPMENT
- AWARDS 2018

VISION - MISSION - CORE VALUES - BUSINESSE

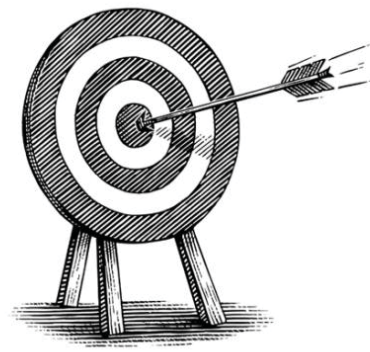
VISION

To become a leading investment bank in Vietnam.



MISSION

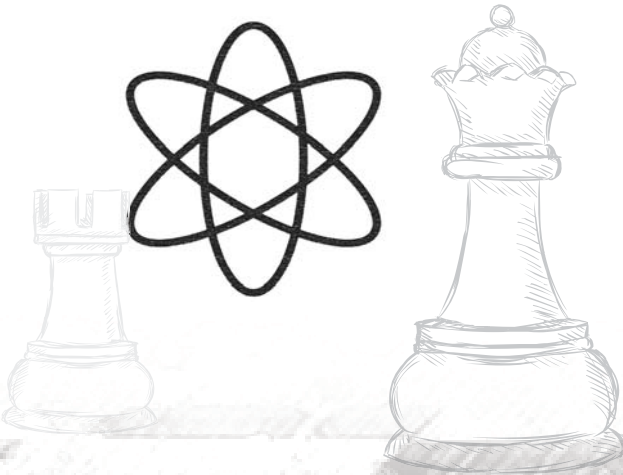
Ceaselessly thinking and acting to create the best values for clients, shareholders, and employees and contributing to the development of Vietnam securities market. We are willing to share responsibilities with community and society in the national development.



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



GENERAL INFORMATION

BUSINESSE

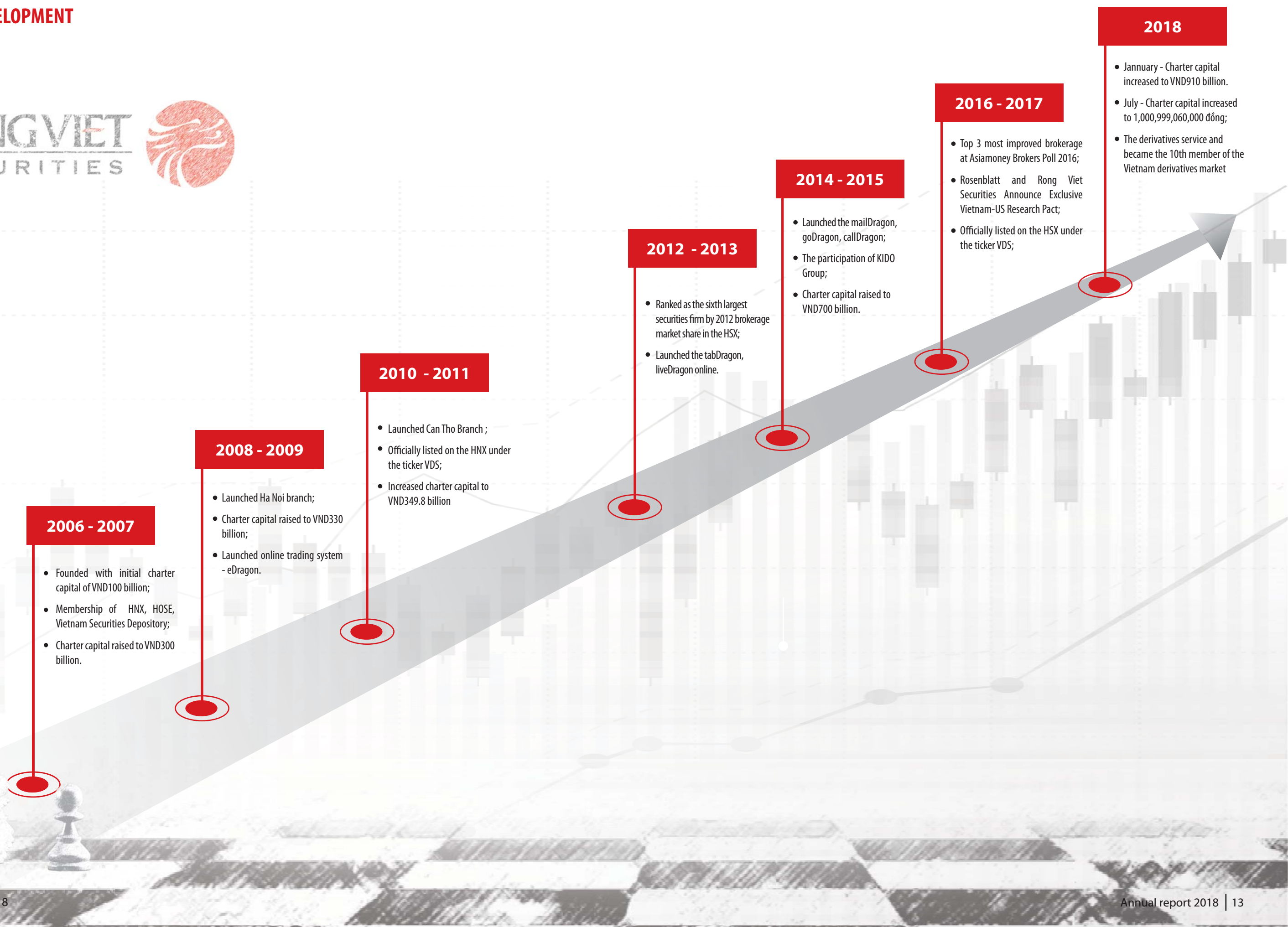
Securities Brokerage	Proprietary Trading	Securities Underwriting
Securities Custody	Financial Advisory and Securities Investment Advisory	Underwriting and Securities Depository

Rong Viet Securities (RongViet) was founded in December 2006 by leading financial and trading institutions including Vietnam Export - Import Commercial Joint Stock Bank (Eximbank), Saigon Trading Group (Satra), Viet Dragon Fund Management Company (VDFM), Sai Gon Asia Financial Investment Group and financial and banking specialists in Vietnam.

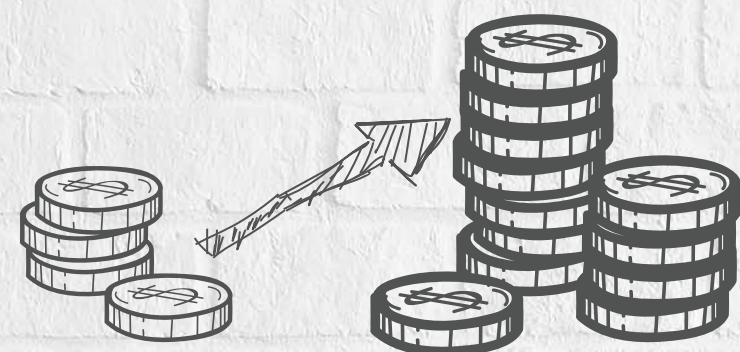
Corporate's name	: Rong Viet Securities Corporation
Established	: December 2006
Charter Capital (02/08/2018)	: VND 1,000,999,060.000
Head office	: 141 Nguyen Du, Ben Thanh Ward, Dist. 1, HCMC
Website	: www.vdsc.com.vn
Tel	: (+84) 28 6299 2006
Fax	: (+84) 28 6291 7986
Staff (As of 30/12/2018)	: 330 Persons



HISTORY & DEVELOPMENT



HIGHLIGHT 2018



August 2018:
Charter capital increased from
VND 910,000,000,000 to
VND 1,000,999,060,000

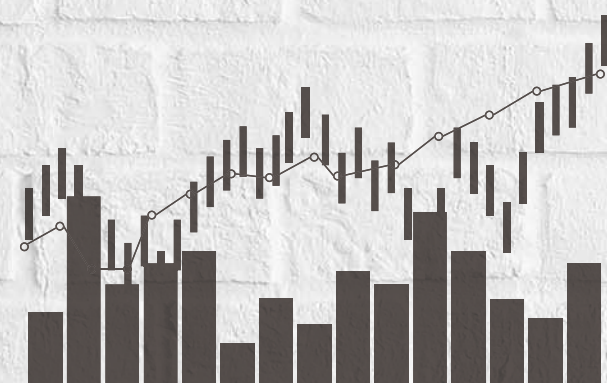
COOPERATION

September 2018: Rong Viet Securities Corporation officially formed a partnership with Exotic Capital, an Investment Bank based in London, Great Britain.



DERIVATIVES

Derivatives: Rong Viet Securities Corporation officially launched the derivatives service and became the 10th member of the Vietnam derivatives market.



AWARDS



December 2018:
Rong Viet received the commendation from the Ministry of Finance



November 2018:
Prestigious member in Securities Depository activities 2018



October 2018:
Outstanding member in Listing & Auction Advisory on the Ho Chi Minh Stock Exchange (HOSE)



August 2018:
The Securities Company of the year 2017 - 2018 Equitization Advisory Category vote by M&A Vietnam 2018 Forum



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OVERVIEW ABOUT THE VIETNAM MACROECONOMY AND STOCK MARKET IN 2018

THE VIETNAM ECONOMY

The economy of Vietnam in 2018 had the highest growth rate in 10 years (7.08% YoY). The growth came from a solid recovery of the agricultural, forestry, fishery, and services sector along with the burst of the manufacturing sector.

THE AGRICULTURAL FORESTRY, AND FISHERY SECTOR

Grew by **3.76%**
Accounted for **8.7%** of the total growth

THE INDUSTRIAL AND CONSTRUCTION

Increased by **8.85%**
Contributed to **48.6%** of the total growth

THE SERVICE SECTOR

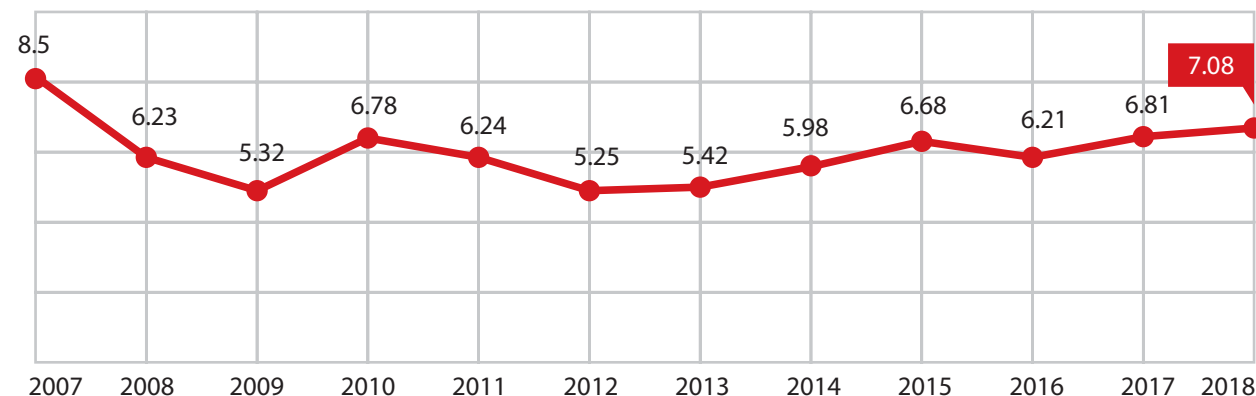
Was up by **7.03%**
Accounted for **42.7%** of the total growth

the Government's target to keep the average CPI under 4% was accomplished by adjusting prices of goods controlled by the Government in 2018.

In 2018, the total traded value reached USD 480 billion. The total trade surplus reached USD 7.21 billion. This surplus provided the foreign currency supply to increase the foreign reserve in the first half of 2018, and the timely policies from the State Bank of Vietnam (SBV) has helped the exchange rate to stay relatively stable in the second half of the year. The fact that the economy of Vietnam in general and the export sector in specific rely heavily on the FDI segment is the weakness of the economy. Moreover, the FDI segment itself also relies heavily on a few big names like Samsung (Samsung's export value of cellphones and components accounted for 20% of the Vietnam's total export value in 2018).

The average Consumer Price Index (CPI) in 2018 increased by 3.54% YoY and by 2.98% MoM. At this rate,

Vietnam gdp growth in 10 years



THE VIETNAM STOCK MARKET

The Vietnam stock market kicked off the year very smoothly in the first quarter. The VNINDEX easily reached the mark of 1,000 points and even reached the record of 1,200 points. In addition, the market liquidity was tremendous when there were trading sessions that had traded values of VND 10,000 billion. These results made the VNINDEX become the best performer in the World in the first quarter with the growth rate of 22%.

After a sweet start in the first quarter, the market took a turn for the worse in the second quarter. The concerns

about trade wars accelerated around the World. The tendency to tighten cash flows, increase interest rates, and slower global economic growth has had a significant impact on the World financial market, and Vietnam was no exception. The VNINDEX took a free fall from its highest high of 1,200 points to 900 points in the last quarter of the year (a decrease of 25%). This fluctuation made the VNINDEX become one of the top 10 most volatile markets in the World with a total of 38 sessions that had more than 2% of fluctuation in 2018.

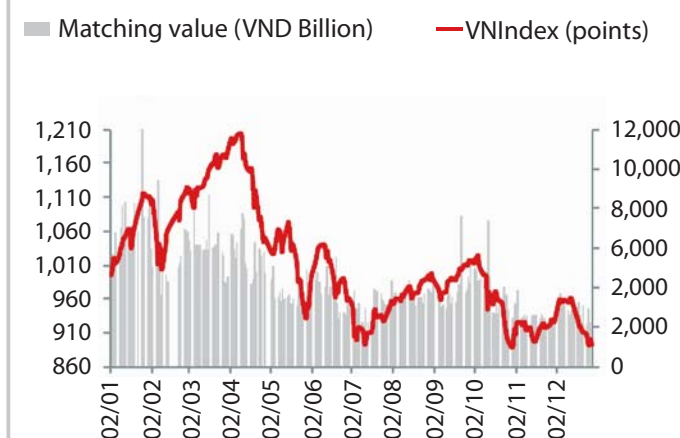


The VNINDEX closed the year 2018 at 892.54 points (down by 91.7 points for 9.32% YoY). The HNX-INDEX also dropped 12.63 points (-10.81% YoY) to 104.23 points. The UPCOM-INDEX lost 3.79% and stayed at 52.83 points. As a result, all 03 indices of the Vietnam stock market had negative growth by the end of the year. Counting from the record high of 1,204.33 points set on April 09, 2018, the VNINDEX lost nearly 26%, becoming one of the worst performers around the World.

Although all indices had negative growth, the market capitalization of the Vietnam stock market continued to grow at double digits. The total market capitalization in 2018 reached over VND 3.96 million billion, increased by 12.7% compared to that of 2017.

The Vietnam Derivatives Market officially went into operation on August 10, 2018 with a sole product: the VN30-Index futures. The year 2018 was considered a very good year for the derivatives market. This was the complete opposite of the listed market. According to data from the Ha Noi Stock Exchange (HNX), the total units traded in the year reached 19.7 million, equivalent to the market value of VND 1.86 million billion. By the end of the last session on December 28, 2018, there were 04 types of futures being traded: VN30F1901, VN30F1902, VN30F1903, and VN30F1906 that will expire in January 2019, February 2019, March 2019, and June 2019, respectively. In 2018, the number of securities companies that offer derivative trade services also doubled (from 07 to 14 companies).

VNIndex 2018



Source: Rong Viet Securities

HNX-Index 2018





THE MANAGEMENT REPORT

BUSINESS RESULTS

In 2018, the unfavorable movement of the stock market had a significant impact on the business results of Rong Viet.

In the first quarter of 2018
The Company's results reached
VND **61.8** billion
34% of the year target
of VND 180 billion

In the remaining 3 quarters
.....
When the market dropped,
Rong Viet's business results also stumbled.

The total EBI

Reached VND **85.1** billion
.....
47.3% of the year target

Units: VND Million

Item	2018			2017	
	Plan	Result	% Result / Plan	Result	% +/- 2018/2017
Revenue	469,000	434,162	92.57%	366,417	18.49%
Brokerage	112,100	112,811	100.63%	87,130	29.47%
Securities Services	217,400	219,063	100.76%	153,741	42.49%
Proprietary Trading	105,800	82,877	78.33%	100,243	(17.32%)
Investment Banking	20,000	4,071	20.35%	11,618	(64.96%)
Others	13,700	15,341	111.98%	13,684	12.11%
Expenses	289,000	349,030	120.77%	228,075	53.03%
EBIT	180,000	85,132	47.30%	138,342	(38.46%)
Corporate Income Tax	36,000	16,451	45.70%	26,985	(39.04%)
PAT	144,000	68,681	47.70%	111,357	(38.32%)

Revenues

In 2018, all of Rong Viet's businesses almost completed the revenue plan.

92.57%
of the year plan
.....
Up by **18.49%** YoY



Brokerage

The total revenue from listed stocks brokerage commission in 2018 reached VND 112.8 billion (100.63% of the plan), up by 29.47% YoY (VND 81.7 billion in 2017). This result reflects: appropriate training & development policies for new brokers; supporting products and services (research, margin, online applications, etc.) were sufficient, bringing values to investors' investment activities; and a strong & stable workforce.

Proprietary Trading Activity

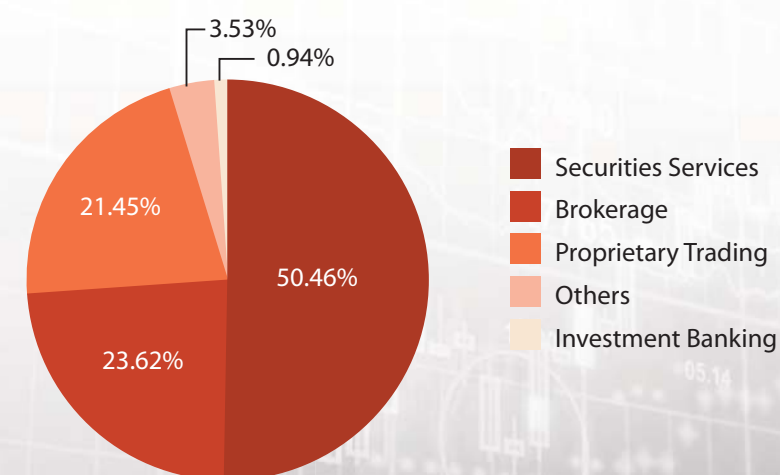
Decreased by 17.32% YoY (only reached 78.33% of the year plan). The objective reason for the performance was a negative movement of the market as well as a certain level of hesitation in divestment decisions under an unstable circumstance.

Securities Services

The revenue target was completed, up by 42.49% YoY, plays an important role in Rong Viet's business activities.

Investment Banking

The revenue only reached 20.35% of the year plan. In this line of business, the workforce was insufficient, and there is more recruitment needed in order to get new ideas for approaching and providing more services to clients in terms of advisory. In addition, most products are still designed for simple corporate activities that did not yield high values yet.



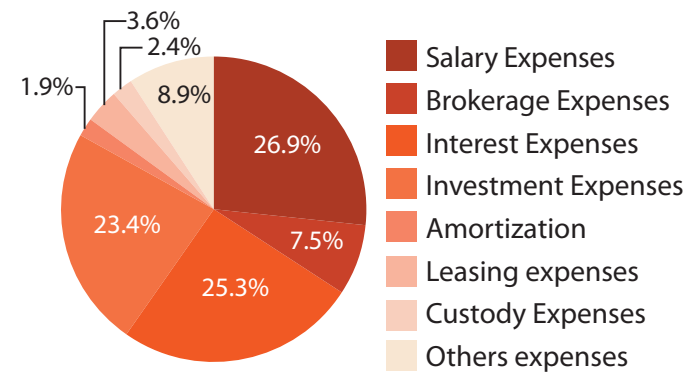


THE MANAGEMENT REPORT (continue)

BUSINESS RESULTS (continue)

Expenses

In the expenses breakdown for 2018, the highest weight was salary & benefits (26.9%). Next was interest expense that accounted for 25.3%. Third was investment expenses (including realized loss and provisions) at 23.4%. Other large expenses included brokerage expenses (7.5%), office rental (3.6%), depreciation of fixed assets (1.9%), custody expenses (2.4%), and others (8.9%).



As for interest expenses, the result reached 95.94% of the year plan. This expense increased toward the end of the year because margin lending also increased and the interest rate from bank loans was higher.

Assets

Balance Sheet (Units: VND million)	%	31/12/2018	%	31/12/2017	% Change
A SHORT-TERM ASSETS	97%	1,880,838	98%	1,807,003	4%
I. Financial Assets	97%	1,873,348	98%	1,803,855	4%
1. Cash & Cash Equivalents	4%	71,744	13%	238,874	(70%)
2. FVTPL	11%	222,036	15%	267,331	(17%)
3. Lending	81%	1,558,077	70%	1,284,835	21%
4. Other receivables	1%	21,491	1%	12,815	68%
II. Other short-term assets		7,490		3,147	138%
B LONG-TERM ASSETS	3%	51,500	2%	35,617	45%
I. Fixed Assets		14,619		15,468	(5%)
II. Construction in progress		3,218		-	100%
III. Other Long-term assets		33,663		20,149	67%
TOTAL ASSETS		1,932,338		1,842,620	5%
A PAYABLES	43%	821,439	43%	800,402	3%
I. Short-term payables	42%	820,947	43%	796,877	3%
Short-term borrowings		216,300		47,721	353%
Short-term bonds		581,674		724,455	(20%)
Other short-term payables		22,973		24,701	(7%)
II. Long-term payables		492		3,525	(86%)
B OWNER'S EQUITY	57%	1,110,899	57%	1,042,218	7%
I. Owner's Equity		1,110,899		1,042,218	
TOTAL EQUITY		1,932,338		1,842,620	5%

Financial safety ratio: Complied to all regulations

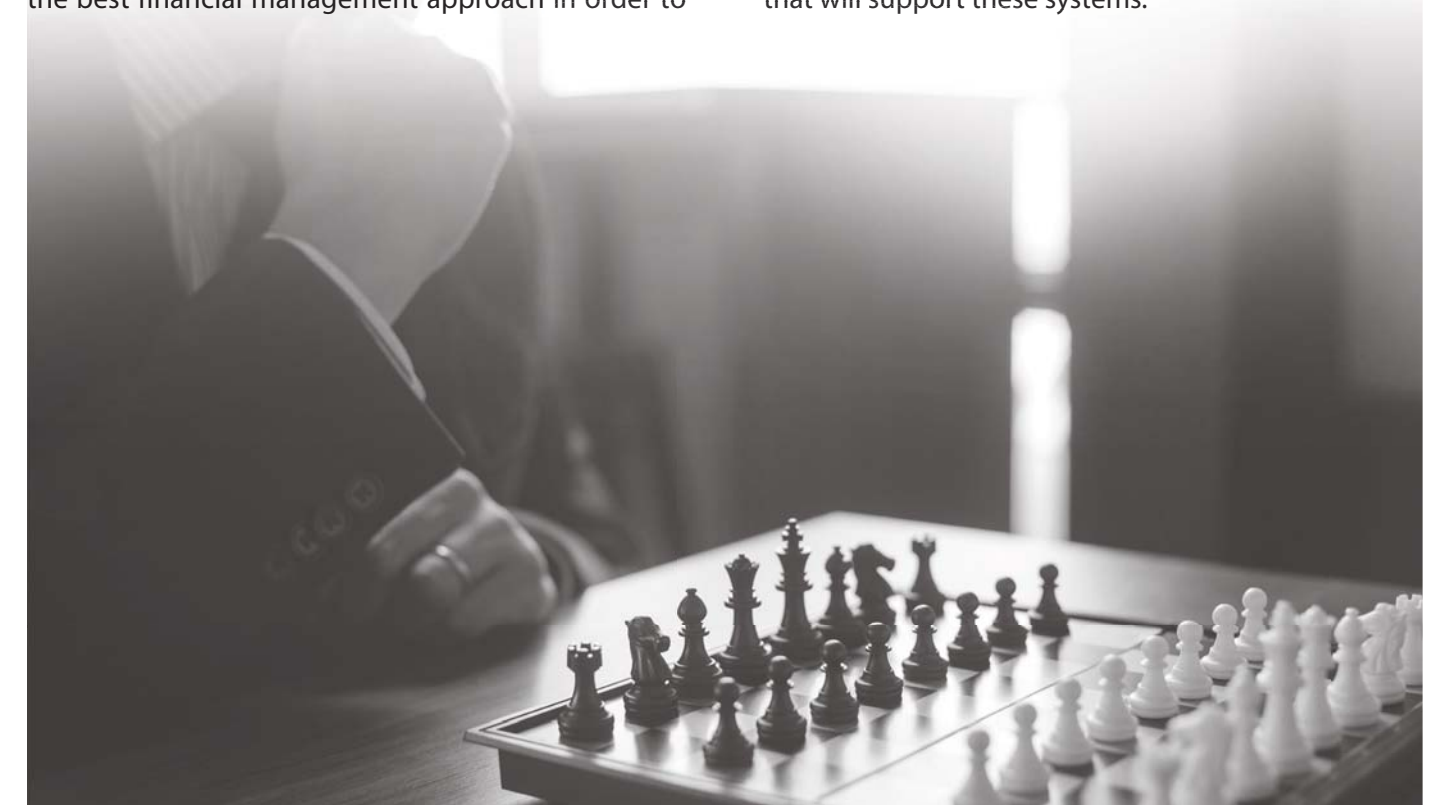
Item	Units	31/12/2018	31/12/2017	Regulation Standard
Financial Safety Ratio	%	950	827	Above 180%
Total Debts / Total Equity	Times	0.74	0.77	Not larg-er than 03 times
Short-term Debts / Short-term Assets	Times	0.44	0.44	At most 1
Residual fixed assets value / Total Assets	%	0.76	0.84	Not over 50%
Value of investment in un-listed shares/ Owner's Equity	%	6.22	7.23	Not over 20%
ROE		6%	11%	
ROA		4%	6%	

In 2018, Rong Viet's total assets increased by 5% (VND 89.7 billion) compared to that of 2017. In which VND 69 came from owners' equity (mostly from retained earnings). The capital was allocated for margin activity and other financial investments in a balanced and flexible way based on the market demand as well as to utilize the short-term loans to fund business activities that yielded good returns.

Financial Safety Ratio: Rong Viet's ratio increased from 827% in 2017 to 950% in 2018. Rong Viet has always emphasized on financial management using the best financial management approach in order to

improve the financial safety ratio in 2018. The total margin value reached VND 1,558 billion (up by 21% compared to VND 1,285 billion in 2017). In contrary, the investment value, as of the end of the year, decreased by 17% and accounted for 12% of the total assets (in 2017 it was 15%).

In order to ensure the system security as well as become a leader in providing the latest technology to investors. in 2018, Rong Viet invested heavily in its IT systems including the Core System for listed equities, the Core System for derivatives, and other softwares that will support these systems.





THE MANAGEMENT REPORT (continue)

MAIN BUSINESSES

Brokerage



Client Development

In 2018, Rong Viet has opened **5,125** new accounts

The total client accounts at Rong Viet as of December 31, 2018 were **76,221** accounts, up by **7.1%** YoY (the number of 2017 was 71,170 accounts).

Trading Value

VND
61,269
billion



27.29%
compared to the value of VND 48,134 billion in 2017)

The average trading value per session

VND **244**
billion



26.78%
compared to the value of VND 193 billion in 2017)

Market Share

Reached
1.86%



1.6%
compared to that of 2017 (1.89%)

In details, The Company's market share at the HSX, HNX, and UPCOM was 1.83%, 1.61%, and 2.72%, respectively.

Trading Value, Market Share, and Commission from brokerage activity

Item	2018		Compared to 2017	
	Trading Value (VND million)	Market Share (%)	% +/-) Trading Value	% +/-) Market Share
HSX	49,017,717	1.83%	35%	5%
HNX	6,800,037	1.63%	(10%)	(28%)
Upcom	5,451,321	2.75%	24%	(25%)
Total	61,269,075	1.86%	27%	(1.3%)

Revenue

In 2018, the revenue from Brokerage reached VND 112.8 billion, up by 29.47% YoY (VND 87.1 billion in 2017), equivalent to 100.63% of the year plan, and accounted for 25.98% of the total revenue. Specifically, revenues from listed equities was VND 111.8 billion, from derivatives was VND 300.6 million (since October 2018), and from others was VND 645.86 million.



Units: VND million

Item	2018			2017	
	Plan	Result	% Result / Plan	Result	% +/-) 2018/2017
Revenue	112,100	112,811	100.63%	87,130	29.47%
Operating Expense	90,300	85,060	94.20%	62,714	35.63%
Gross Profit	21,800	27,751	127.30%	24,416	13.66%

Securities Services

In 2018, Securities Services continued to grow strongly and remained one of the key businesses of Rong Viet with the revenue of VND 219.06 billion, equivalent to 100.76% of the year plan (VND 217.4 billion), up by 42.49% compared to that of 2017. In which:

- **Margin Services:** The accumulated revenue reached VND 197.05 billion, equivalent to 101.05% of the year target of VND 195 billion. The average margin value in 2018 reached VND 1,517 billion, up by 14% compared to the number of VND 1,333 billion in 2017.
- **Cash Advance Services:** The accumulated revenue reached VND 13.2 billion, equivalent to 90.6% of the year plan (VND 14.6 billion).
- **Custody Services:** The accumulated revenue reached VND 8.66 billion, equivalent to 113.94% of the year plan (VND 7.6 billion).



Units: VND million

Item	Năm 2018			Năm 2017	
	Plan	Result	% Result/ Plan	Result	% +/-) 2018/2017
Revenue	217,400	219,063	100.76%	153,741	42.49%
Margin	195,000	197,050	101.05%	135,482	45.44%
Interest from Cash Advance	14,600	13,233	90.63%	10,588	24.98%
Securities Custody	7,600	8,660	113.94%	7,235	19.68%
Other services	200	121	60.48%	436	(72.29%)
Operating Expense	117,550	106,115	90.27%	84,234	25.98%
Gross Profit	99,850	112,948	113.12%	69,507	62.50%

The demand for margins from investors has been growing substantially; however, with respect to the core principle, Rong Viet has always emphasized the matter of sustainable development. The growth of margin lending has been constantly under surveillance in order to comply with all lending procedures and manage all potential risks.

Research & Development (R&D): In 2018, the R&D unit of the Securities Services Division has developed and launched a series of new applications and products such as Derivative trading core system, online trading system for derivatives, new price quotes, iDragon, goDragon, and tabDragon. In addition, Rong Viet has also been working on upgrading its Core System with the embedded derivatives system as well as other related functions for the Web-broker system.

The ETA service has been effective in attracting new clients and retain current clients using a competitive fee rate. Specifically, the number of accounts that use the ETA service as of December 31, 2018 was 890, in which 270 new accounts were opened in 2018. The Client Survey activity were carried out 04 times in 2018, and it has yielded positive results with many comments and suggestions regarding the product / service quality and the sales force.



THE MANAGEMENT REPORT (continue)

MAIN BUSINESSES (continue)

Investment Banking (IB)

In 2018, the development of new clients and new contracts has not been successful for the Investment Banking Division. Although the team has put in many efforts, the staff shortage had a negative effect on getting more clients as well as significant deals as expected. On the bright side, the progress of existing contracts were on track and met the demand of clients.

However, most activities were in the corporate advisory segment, not much in the M&A segment nor the underwriting segment, so the revenue was not high. On the bright side, the average value of each contract has increased for the corporate advisory segment at both the Head Office and the Ha Noi branch.



In 2018, the Investment Banking division only collected VND 4.07 billion in revenue, equivalent to 20.35% of the year plan (VND 20 billion). The total work-in-progress is 116 contracts with the total value of VND 6.97 billion.

Units: VND million

Item	2018			2017	
	Plan	Result	% Result / Plan	Result	% +/- 2018/2017
Revenue	20,000	4,071	20.35%	11,618	(64.96%)
Underwriting	6,500	-	-	6,349	(100%)
Corporate Advisory	5,500	3,362	61.12%	4,869	(30.96%)
M&A Advisory	8,000	709	8.86%	400	77.25%
Operating Expense	9,355	7,812	83.50%	7,510	4.01%
Gross Profit	10,645	(3,741)	(35.14%)	4,108	(191.06%)

Highlights during the year

1

HOSE and HNX recognized Rong Viet as a prestigious member for the IPO and M&A advisory service.

2

Rong Viet was awarded top 30 best Annual Reports in 2018.

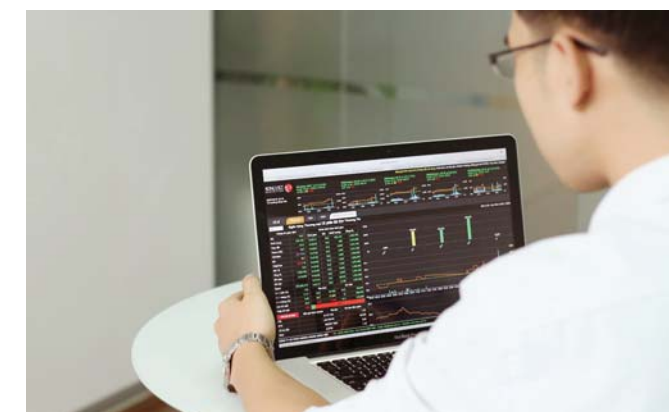
3

Stada official became a client of Rong Viet.



Proprietary Trading Activity

In 2018, the proprietary trading activity was significantly impacted by the fluctuation of the stock market. Even though it had a very good start at the beginning of the year (completing 42% of the year plan within the first 03 months of the year), the unfavorable market in the rest of the year made it difficult to achieve the target. By the end of 2018, the proprietary trading activity recorded VND 82.8 billion of profit (around 78.3% of the year plan). The fall of stock prices forced Rong Viet to reserve a provision of VND 65 billion. This was one of the reasons that made the Company fall short off its year target.



Units: VND million

Item	2018			2017	
	Plan	Result	% Result / Plan	Result	% +/- 2018/2017
Revenue	105,800	82,877	78.33%	100,243	(17.32%)
Realized profit	101,000	92,463	91.55%	79,796	15.87%
Dividends	4,800	5,474	114.05%	5,109	7.15%
Stock price difference	-	(15,060)	-	15,338	(198.19%)
Operating Expense	5,800	83,631	1,441.91%	19,817	322.01%
Gross Profit	100,000	(754)	(0.75%)	80,426	(100.94%)

Branches

In 2018, all of Rong Viet's branches yield positive results when all branches exceeded their performance from last year. Especially the Nha Trang branch and Can Tho branch actually exceeded there year target by a significant amount, achieving 524.64% and 33.37%, respectively.



The Ha Noi branch made VND 10.7 billion in profit in 2018. Although it was far from the year target of VND 17 billion, it was still significant given the market condition in the year.



The Can Tho branch's performance was 133.37% of the year plan (increased by 64.74% YoY). The Brokerage activity yielded good results by exceeded the target by 53.7%. However, the securities services activity did not meet the target (only 72% of the plan) due to the fact that clients borrowed less because of the interest.



Nha Trang branch made VND 1.25 billion in profits. The securities services activity recorded a good year by reaching 186.57% of the year plan while the brokerage activities did not meet expectations when completing 74.56% of the year plan.





THE MANAGEMENT REPORT (continue)

MAIN BUSINESSES (continue)

Branches (continue)

Ha Noi Branch:

Units: VND million

Item	2018			2017	
	Plan	Result	% Result / Plan	Result	% +/- 2018/2017
Revenue	58,850	43,100	73.24%	34,141	26.24%
Operating Expense	41,850	32,342	77.28%	24,112	34.13%
EBIT	17,000	10,758	63.28%	10,029	7.27%

Nha Trang Branch:

Units: VND million

Item	2018			2017	
	Plan	Result	% Result / Plan	Result	% +/- 2018/2017
Revenue	4,135	5,005	121.05%	1,672	199.43%
Operating Expense	3,935	3,756	95.45%	2,155	74.32%
EBIT	200	1,249	624.64%	(483)	358.63%

Can Tho Branch:

Units: VND million

Item	2018			2017	
	Plan	Result	% Result / Plan	Result	% +/- 2018/2017
Revenue	9,640	10,349	107.36%	7,892	31.13%
Operating Expense	7,840	7,948	101.38%	6,435	23.51%
EBIT	1,800	2,401	133.37%	1,457	64.74%

SUPPORTING ACTIVITIES

Research and Investment Advisory Activity

In 2018, Research and Investment Advisory Activity was conducted with 50 company reports, 7 special reports and 10 strategy reports with useful information. Many of them were cited in reputable newspapers in finance, securities and Bloomberg.

In addition, in 2018, some corporate valuation contracts and a 1-year sales of research products contract with a Japanese partner were carried out. Many online presentations were periodically hosted through Webinar to convey local and foreign investors monthly strategy reports.



Information Technology Activity

Core operation

Core project for derivatives trading was successfully launched at the end of August in 2018 and has become stably operational, meeting other departments' needs. Additionally, IT activity was tested under the management agency to launch Gateway with HNX and Warrants with HSX.



Applications development

That Derivatives Core became operational was constructed by a Hong Kong partner, TTL, requiring all related apps had to be upgraded to best support business activities. Systems accordingly upgraded included online trading on the website and mobile app, price quotes, report systems, and data integration into accounting software.

In order to transform into a smart corporate, all business processes should be gradually transformed into digitizing to reduce paper work, procedures and effort during operation time. IT activity was deployed with an effective and fast IT helpdesk system for departments in 2017 and in 2018, it remained developing the online request system for Brokerage and Securities Service activities, a helpdesk system for Administration Department. IB Division was also assisted to implement a customer service and management system and currently set up a project administration program to gather data and information, helping the business activity to be enforced safer, simpler, and more effective.

Infrastructure

Over the past few years, thanks to heavy investment into the IT system, the IT infrastructure is getting more and more stable. Being aware of the importance of IT toward the Company's operation and development. IT Infrastructure Department conducted IT upgrade and completion projects in 2018, achieving several results:

- 1 | Upgrading hardware and software for existing Core and deploying derivatives Core;
- 2 | Executing golive derivatives Core to meet requirements of the State Securities Commission, the Hanoi Stock Exchange, the Vietnam Securities Depository Center and VietinBank related to becoming a member in the derivatives market and VietinBank;
- 3 | Implementing DR Site Backup for Core system, some important apps: Accounting database, Human Resource database, etc.
- 4 | Investing Mail Security Gateway to boost the Company's mail system security, spam mail filter function, Anti-Virus, Spyware, etc.
- 5 | Additionally investing in internal equipment and Wi-Fi to meet newcomers as well as Clients accessing Wi-Fi at Rong Viet;
- 6 | Investing equipment and executing network infrastructure based on Hochiminh Stock Exchange's new WAN model;
- 7 | Maximizing flexible IT infrastructure model, high availability and security level relied on functions, such as database, internal application, online trading website via Firewall system established app-based and protocol-based access policies, as well as IPS;
- 8 | Completing connection systems with HSX, HNX, VSD and banks, such as EximBank, BIDV;
- 9 | Optimizing the Company's Core and Apps access policy, and Internet access policy.



THE MANAGEMENT REPORT (continue)

SUPPORTING ACTIVITIES (continue)

Human Resource and Training Activities



The implementation of regulations on labor management was strictly executed. Periodic and extraordinary labor reports were available on time as required by the Authority. Human resource and Training well performed human resource management and periodic assessments, as well as ensuring professional process of labor management to be stably operated in line with the Company's procedures as well as the law.

Training: In 2018, the HR Department carried out internal and outsourcing training programs as well as supported employees to join advanced professional training courses with the total cost of VND 800 billion, including internal trainings, practice certificate trainings, outsourcing trainings as job requirements as well as the Company's requirements.

As of December 25, 2018, the number of existing staff

330 Staff **↑55** People
↑20% YoY (as of December 26, 2017 the number was 275)

Capital and Accounting Financial Activities

Accounting Financial Activity: timely completed financial and internal reports. In 2018, due to Rong Viet's expansion of derivatives service supply, Accounting Financial Activity was coordinated with IT to upgrade existing software and integrate data from Core system so that work could be done more quickly and accurately.

Capital Activity: As of December 31, 2018, the total disbursed capital was VND 886 billion, VND 581.7 billion of which was from the bonds issuances to institutions and individuals. VND 88 billion of the total was from corporation sources and VND 216.3 billion of the total was from banks.



Internal Control and Legal Activities



Inspecting and controlling brokerage business activities were carried out at the Head Office and branches. The Compliance Department coordinated with the Finance and Accounting Department to conduct inspection at branches in Hanoi, Can Tho and Nha Trang, and proposed appropriate adjustments so that these branches could operate safely and effectively. Risk management reports to the State Securities Commission and anti-money laundering reports were timely submitted in accordance with regulations.



IMPROVEMENTS IN ORGANIZATIONAL STRUCTURES AND MANAGEMENT POLICIES

Organizational structure

Rong Viet's operational structure is divided into 3 business segments: Business – Support – Supervision. In 2018, the Company had several changes in the organizational structure. Particularly:

January 2018

Established Brokerage 1 Division, Brokerage 2 Division and Institutional Brokerage Division.

April 2018

Developed Retail Investment Advisory Team to Retail Investment Advisory Department.

October 2018

Developed PR & Branding Team to Marketing and PR Department.

2018

Developed Brokerage 10 Department in January 2018 and Brokerage 11 Department in March 2018; Brokerage 12 Department and Brokerage 13 Department in May 2018; Brokerage 15 Department in October 2018.

Systems of regulations and forms procedure

To ensure effectiveness, applicability and appropriateness with the State's regulations, in 2018, Rong Viet reviewed, adjusted and reissued following documents:

- Salary regulation;
- Training regulation;
- Recruitment regulation;
- Regulation on complying with manners and working hours;
- Labor discipline procedure;
- Procedure of appointing managers;
- BOD management regulation;
- Other regulations involved in allowances and commission payment for Investment Banking Division, Retail Brokerage Division, Institutional Brokerage Division, etc;
- Finalizing job descriptions and title evaluation standards for every opposition in the Company;
- Continuously and timely updating staff management software matching with changes in policies and regulations of payroll, workforce management, recruitment and training, etc.



MANAGEMENT REPORT (continue)

IMPROVEMENTS IN ORGANIZATIONAL STRUCTURES AND MANAGEMENT POLICIES (continue)

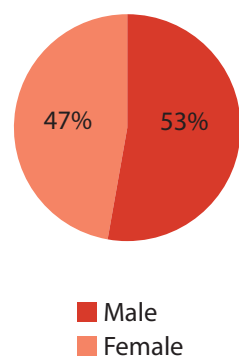
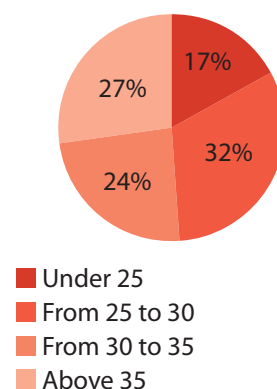
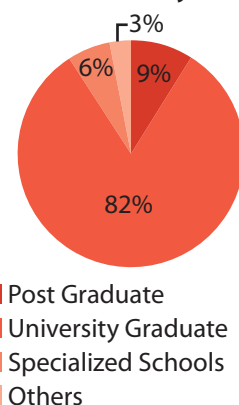
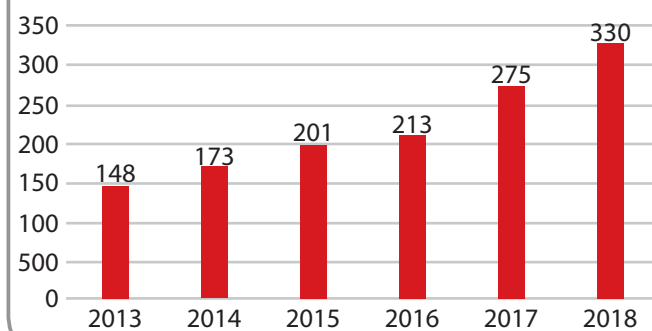
Systems of regulations and forms procedure

2018

The number of staff was **330** employees (as of December 12, 2018)

Increasing **20%** compared to 275 employees at the end of 2017 (**238** staffs were in Business Division, accounting for **72%** of the total number)

Regarding workforce structure in 2018, males occupied 53% (compared to 56% in 2017) while females accounted for 47% (compared to 44% in 2017), under-30-year employees carried 49% and 30-year-or-over staff held 51%. Regarding educational levels, with a goal of constructing and developing staff with high qualifications, Rong Viet remained the ratio of employees gaining university or postgraduate qualifications was the majority, occupying 91% of the total.

Staff distribution by gender**Staff distribution by age****Staff distribution by education****Number of staffs over the years**

requirements to update and improve qualifications for staff in various majors, not only in Business Divisions, but also in Risk Management, HR, Accounting and IT Departments. Building a culture of learning and training for the Company is both each member's right and responsibility.

In 2018, Rong Viet collaborated to host professional training courses and sent staff to 53 training courses with a total duration of over 1,336 training hours, including 203 compulsory training hours, 869 professional training hours and 264 skill training hours. In order to meet derivatives market requirements, in 2018, Rong Viet organized derivatives professional certificate training courses and related internal trainings and seminars to fully equip professional knowledge for workforce, as well as increasingly updating Clients on information.

In 2018, Rong Viet had detailed plans to spend almost VND 800 budget on internal trainings, practice certificate trainings and on-demand trainings. They were consecutively completed and renewed to meet practical



All Rong Viet's members faced 2018 with various challenges and difficulties. Despite not achieving 2018 targets, Rong Viet ended a profitable year, fulfilling 92.5% of the expected revenue, Brokerage and Securities Service activities exceeded the expectation. Rong Viet also raised its chartered capital to VND 1 trillion, ranking among top securities corporates with large capital, joined derivatives market and provided Clients with derivatives service. Rong Viet's Research stepped by stepped to become much improved, approaching and introducing analyses as well as high-qualified trading service.

However, Rong Viet also had to acknowledge lower-than expected aspects. Financial results were lower than the expectation due to increasing provision cost for investment activities, a result from targeting and allocating high capital for Proprietary Trading activity. Investment Banking activity was also underperformed on account of a focus on operational restructure and training; further, seeking new Clients was also ineffective.

Rong Viet is turning to its 12th year. Although its results were unexpected in 2018, market fluctuation, challenges and evaluations are experience and valuable lessons for Rong Viet's upcoming time. Over the past 11 years, Rong Viet has overcome obstacles and become stronger, more experienced and patient in the market's unpredicted movement every year. The success is that all Rong Viet staffs become stronger, more determined, more inspired, and well prepared for a brighter future.

In summary, in spite of the lower-than-expected business results, Rong Viet always maintains and performs necessary activities to ensure shareholders' benefits and build stronger relationships with partners. The most valuable thing the Board of Management received was the workforce's non-stop solidarity, effort and persistence, the BOD's support and timely orientation as well as Shareholders', Clients' and Partners' trust. All of these were a huge motivation.

Precious experience in 2018 helps the Management Board recognize and have a more in-depth orientation in 2019, resolute segments to move forwards the fast and sustainable development that is probably accompanied with effective risk management activities. Simultaneously, strengthening HR and service systems, and strong financial foundation to flourish to a new level to meet the expectation of each and every member of Rong Viet.



Nguyen Hieu - General Director

CHAPTER 3

2019 STRATEGY AND MACRO REPORT - RONG VIET'S BUSINESS DIRECTIONS

- VIETNAM ECONOMIC OUTLOOK 2019
- STOCK MARKET OUTLOOK 2019
- DEVELOPMENT STRATEGY IN 2019 - 2022
- BUSINESS PLAN IN 2019



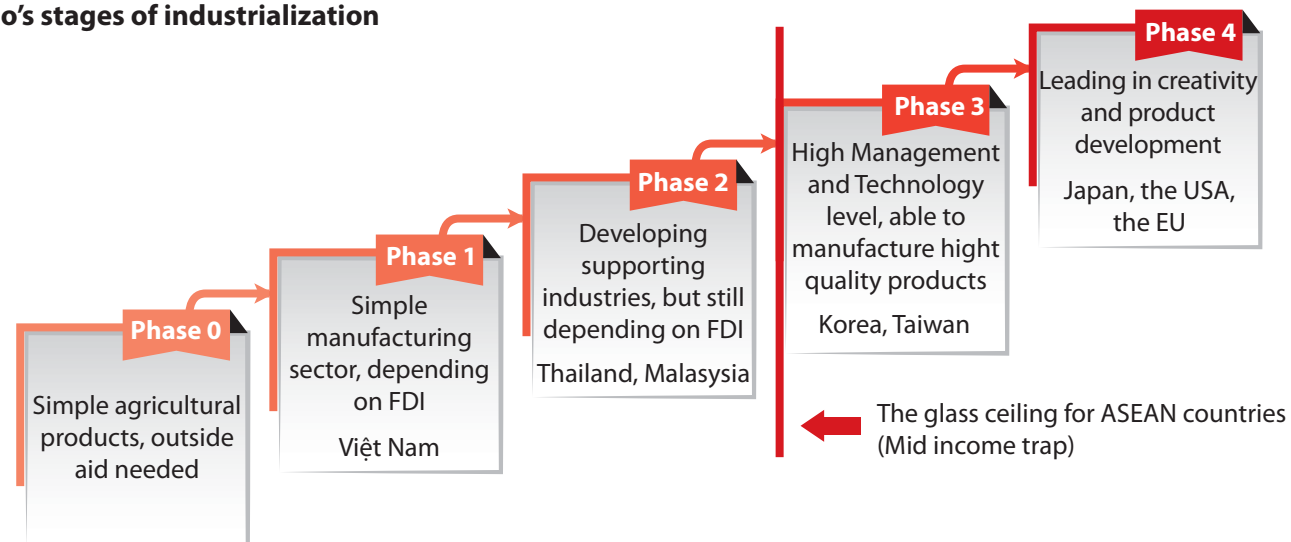


VIETNAM ECONOMIC OUTLOOK - STABILITY IS THE TOP PRIORITY

There is no doubt that the global economy is currently driven by the concern of the 'late-cycle phase' and the relationship among 'super-powerful' countries. While uncertainty has become the biggest risk, there is a once-in-a-decade opportunity for emerging markets and developing countries (EMDEs), like Vietnam, to deepen their roles in the global value chain (GVC).

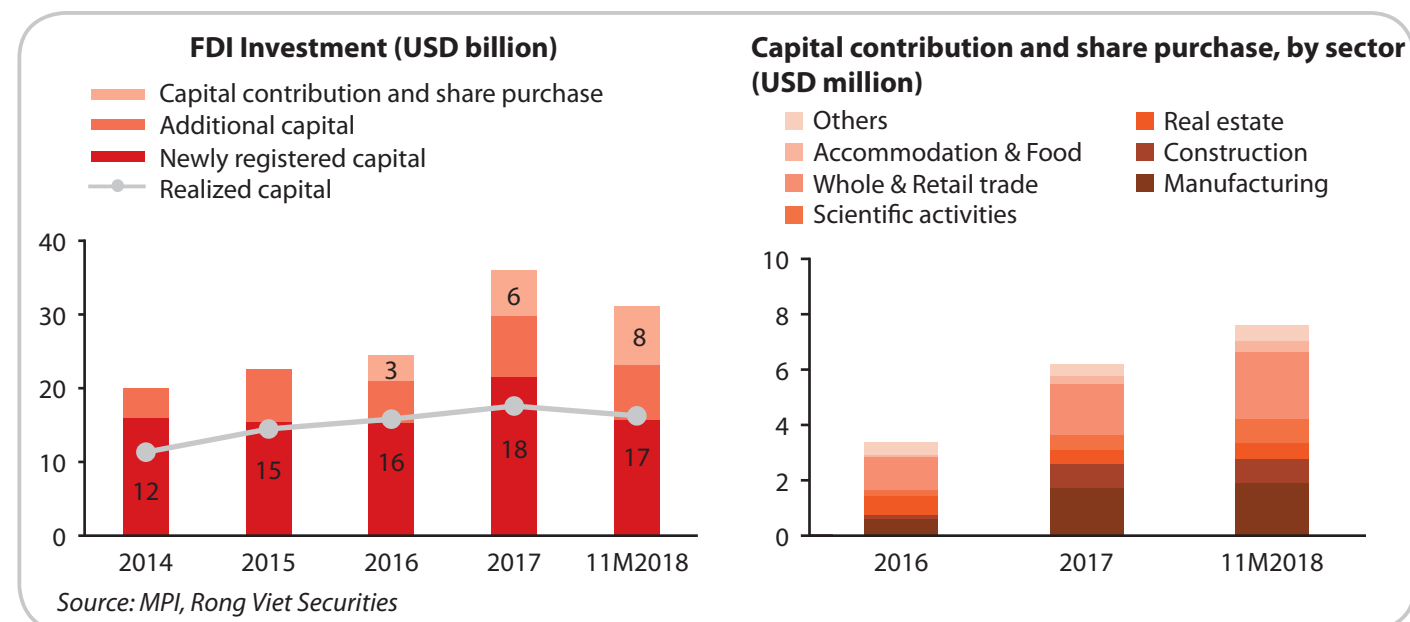
The current structural changes in global trade, drawn by the trade tensions between the US and China, and WTO reforms, is likely to speed up the "China plus one" strategy and the "new south wind" strategy of South Korea. That means foreign corporations will look for new destinations. Vietnam is obviously an attractive one due to its strategic location and connections to China, one of three production hubs in the world. However, the comparative advantage of low labor costs is not enough to speed up this process, especially since its attractiveness is fading. Therefore, the government needs to facilitate the process for companies to become more competitive.

Ohno's stages of industrialization



Source: Ohno 2009, WB, Rong Viet Securities

Besides, co-operating with and joining the value chains of multinational corporations are mandatory for the development of Vietnamese corporations. Formosa, Intel or South Korean chaebols like Samsung and LG are playing an important role in the economy. Currently, we see a new trend of FDI investment where the amount of capital contribution and share purchase is skyrocketing. The M&A market is busy.



In addition to deepening the DVCs, joining the "next-generation" international economic agreements will affect the development and the comparative advantages of Vietnam in ASEAN. While the CPTPP is likely to take effective in January 2019, there is a huge opportunity with the EU-Vietnam FTA (EVFTA).

The EVFTA is in theory the "next-generation" international economic agreement that would include issues such as investment dispute, intellectual property (IP) rights and Internet governance. Once in place, the EU will eliminate 99% of all tariffs, reduce regulatory barriers, ensure protection of geographical locations and open up the services and public procurement markets. Notably, only 42% of all goods exported to the EU is currently taxed at 0%. Obviously, there are huge promising economic benefits for Vietnam.

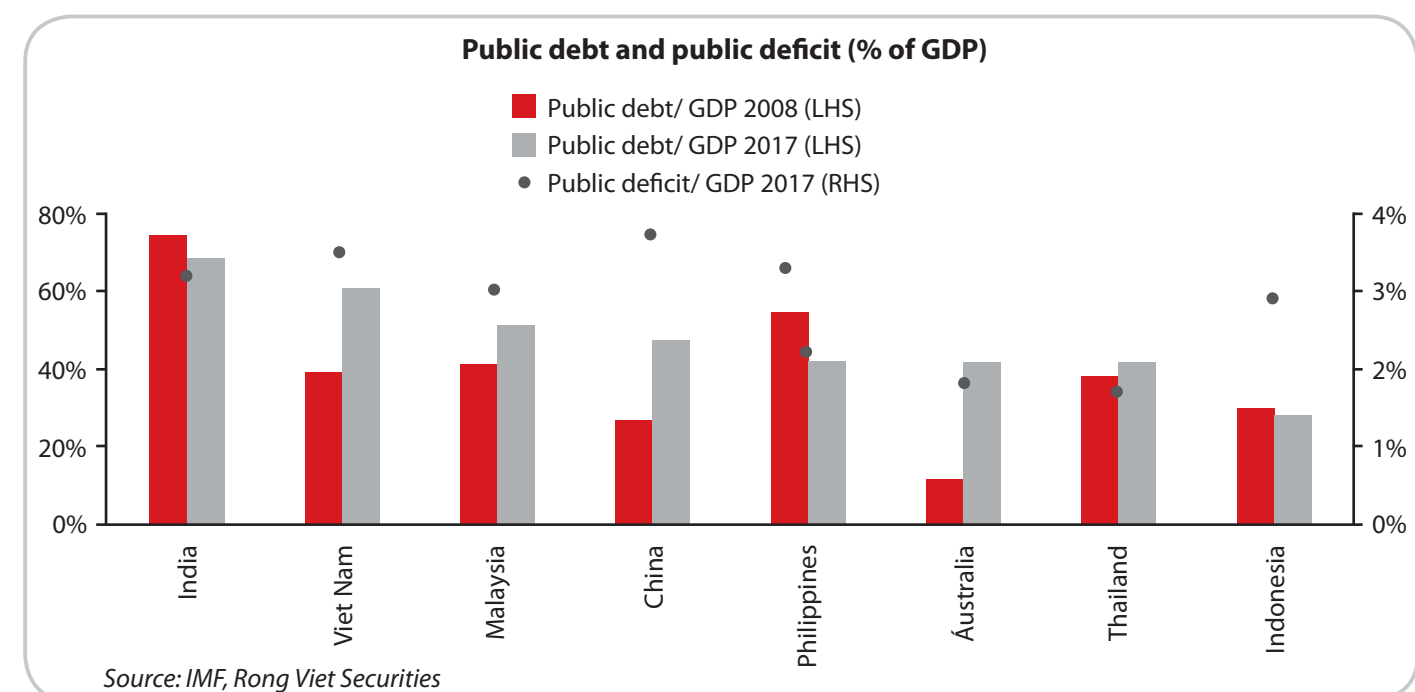
Projections for some macro indicators in 2019

	2015	2016	2017	2018E	2019F
GDP GROWTH	6.68%	6.25%	6.81%	6.8-7.0%	6.6-6.8%
TRADE BALANCE (USD IN BILLIONS)	-4.1	+1.5	+2.9	+7.0	+5.5
EXPORT GROWTH	8.1%	9.0%	21.2%	15.0%	14.0%
IMPORT GROWTH	12.0%	5.3%	20.8%	12.0%	16.0%
INFLATION	0.6%	4.7%	3.5%	3.7%	4.2%
REFINANCING RATE	6.5%	6.5%	6.25%	6.25%	6.25%
OMO RATE	5.0%	5.0%	5.0%	4.75%	4.75%
GROWTH OF MONEY SUPPLY	14.5%	16.2%	17.0%	14.0%	14.0%
GROWTH OF CREDIT	17.3%	18.7%	19.3%	16.0%	15.0%
BUDGET DEFICIT	4.6%	3.9%	3.5%	3.5%	3.6%
EXCHANGE RATE	22,485	22,761	22,715	23,340	24,040

Source: Rong Viet Securities

FISCAL STABILITY NEEDS TO BE IMPROVED

In addition to financial stability, fiscal stability is also seen as a pillar for an economy. There are two determinants, including public debt and fiscal deficit.





VIETNAM ECONOMIC OUTLOOK - STABILITY IS THE TOP PRIORITY (continue)

FISCAL STABILITY NEEDS TO BE IMPROVED (continue)

The ratio of public debt to GDP in Vietnam rose from 39% to 62% in 10 years and is relatively higher than other regional countries. During this period, bad debts of state-owned enterprises (SOEs) increased due to ineffective investment projects.

Sudden changes in the financial market are often a source of crisis. In general, Vietnam's financial stability is moderate but quite sensitive to external risks. Increasing equity, reducing bad debt rates, strengthening financial risk management and control are the top priority tasks in the period of 2019 - 2020.

STOCK MARKET OUTLOOK 2019

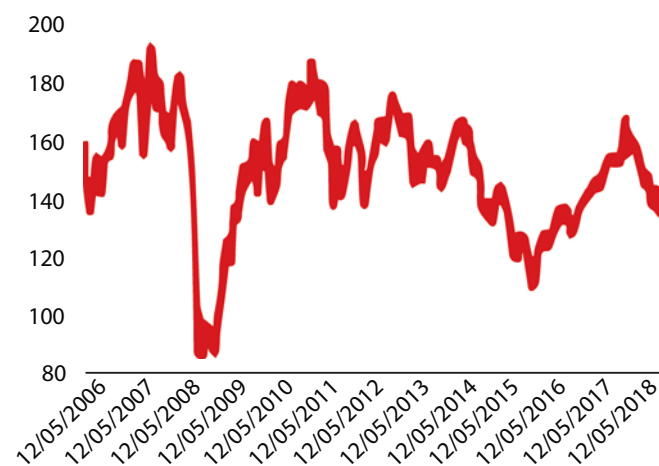


2019 is less likely to be an easy year for equities markets in general. Under the current global context, it will be hard for Vietnam to 'swim against the tide'. It is necessary to stay cautious, but investors should not be overly pessimistic. The stock market might have already gone through the worst part of exiting and repatriation of capital. Valuations are down a bit but have not reached the 'cheap' territory yet. There is potentially slower earnings growth in 2019. However, some stocks are definitely worth looking at. It all comes down to stock picking.

FOREIGN CAPITAL FLOWS

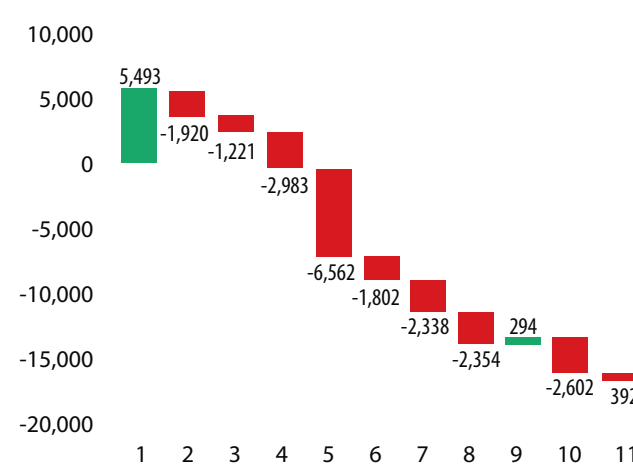
Big outflows may have already happened in 2018. The overall outflows from emerging markets started in early 2018. In Vietnam, although foreign investors injected nearly VND 43 trillion into stocks in early 2018, a large part was poured into specific deals like NVL (VND 3,500 billion), VHM's IPO (VND 28,500 billion) and MSN (VND 10,000 billion). Via order matching, foreign investors net sold throughout the rest of the year with a total value of VND 16 trillion. That partly explained the poor performance of the market.

Bloomberg's Emerging Markets Capital Flow Proxy Index



Sources: Bloomberg, Rong Viet securities

Foreign Investors' net trade via order matching 2018 YTD in Vietnam (VND bn)



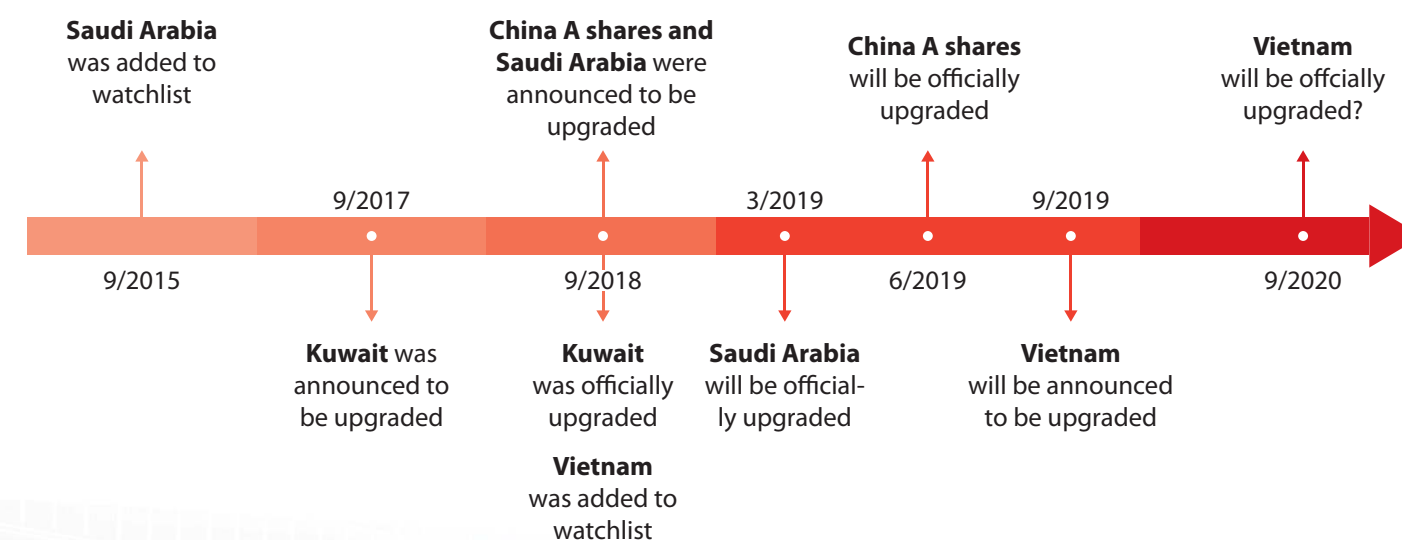
Sources: Fiinpro, Rong Viet securities



Generally, tighter monetary policies globally are not positive for equities markets. Risk aversion has made investors shift capitals from emerging markets back to developed ones. However, it seemed that large money outflows from equities, especially from emerging markets, has already happened in 2018. The most recent announcements from the FED made it difficult to believe that interest rates will rise sharply. This could be a catalyst for improvement in confidence. There might be some inflows back into markets, which will be good for Vietnam. However, it will probably take some time as investors need to recovery after a tough time in 2018.

FTSE Russell classified Vietnam as a Secondary Emerging market – Perhaps not a game changer. In the last FTSE's annual review published in September 2018, Vietnam was added to the watch list for possible upgrading to Secondary Emerging Market. In general, a country needs to be on the watch list for at least one year before a possible upgrading announcement and then another year before the official reclassification. Therefore, in an ideal scenario, Vietnam would be promoted in September 2020. Kuwait, China A shares and Saudi Arabia are the newest Secondary Emerging markets. Below is the progress and possible scenarios for Vietnam.

FTSE's upgrading process for Secondary Emerging Market in recent years



Sources: FTSE, Rong Viet securities



STOCK MARKET OUTLOOK 2019 (continue)

FOREIGN CAPITAL FLOWS (continue)

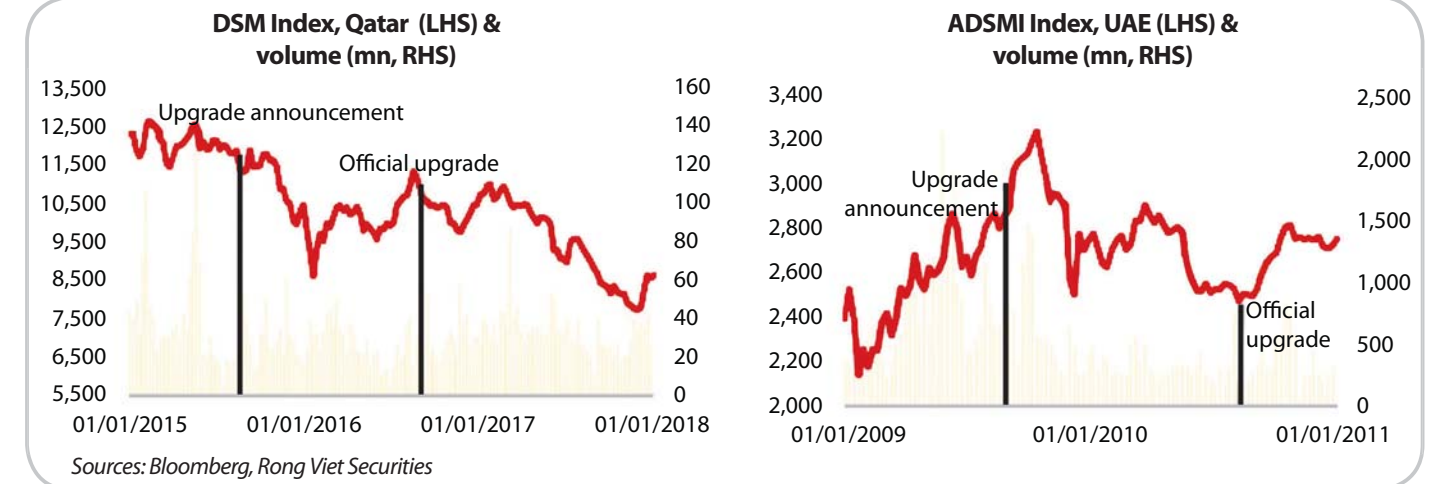
FTSE Quality of Markets - Vietnam has met nine out of nine criteria

Criteria	Developed	Advanced Emerging	Secondary Emerging	Viet Nam (9/2018 updated)
Market and Regulatory Environment				
Formal stock market regulatory authorities actively monitor market (e.g., SEC, FSA, SFC)	Pass	Pass	Pass	Pass
Fair and non-prejudicial treatment of minority shareholders	Pass	Pass		Restricted
No or selective incidence of foreign ownership restrictions	Pass	Pass		Restricted
No objection to or significant restrictions or penalties applied to the investment of capital or the repatriation of capital and income	Pass	Pass	Pass	Pass
Free and well-developed equity market	Pass	Pass		Restricted
Free and well-developed foreign exchange market	Pass	Pass		Restricted
No or simple registration process for foreign investors	Pass	Pass		Restricted
Custody and Settlement				
Settlement - Rare incidence of failed trades	Pass	Pass	Pass	Pass
Custody - Sufficient competition to ensure high quality custodian services	Pass	Pass	Pass	Pass
Clearing & settlement - T+2 / T+3	Pass	Pass	Pass	T+2
Settlement - Free delivery available	Pass			Not met
Custody - Omnibus and segregated account facilities available to international investors	Pass	Pass		X
Dealing Landscape				
Brokerage - Sufficient competition to ensure high quality broker services	Pass	Pass	Pass	X
Liquidity - Sufficient broad market liquidity to support sizeable global investment	Pass	Pass	Pass	X
Transaction costs - implicit and explicit costs to be reasonable and competitive	Pass	Pass	Pass	X
Stock Lending is permitted	Pass			Restricted
Short sales permitted	Pass			Not met
Off-exchange transactions permitted	Pass			Restricted
Efficient trading mechanism	Pass			Restricted
Transparency - market depth information/ visibility and timely trade reporting process	Pass	Pass	Pass	Pass
Derivatives				
Developed Derivatives Market	Pass			Not met

Source: FTSE

However, from the experience of some new Secondary Emerging market such as Qatar and UAE, there were no significant price increases following up the FTSE's upgrade announcements (Figure 35 and 36). It could come from the rather loose requirement of FTSE's ranking system. A country does not need to make huge improvements to be considered an emerging market from a frontier one. Therefore, it cannot be expected that much new capital will flow in. It also reflects the difference in AUM of FTSE Emerging Index trackers (USD 65 billion) and MSCI Emerging Index trackers (USD 1,600 billion).

ETFs tracking the FTSE Emerging Markets Index have around USD 65 billion in Assets under Management. Vietnam's weight in the FTSE Emerging Markets Index if it 'joined' would be over 0.4%, based on FTSE Vietnam Index's market cap (USD 17 billion) versus the total FTSE Emerging Index's market cap (USD 4,280 billion). Accordingly, there would be approximately USD 300 million of passive inflows into the equity market.



Although there are still some active funds viewing Vietnam as a promised destination, it is less likely that the upgrade of Vietnam stock market will trigger a boom of inflows, given that emerging markets should take a while to be in the spotlight again, as said earlier.

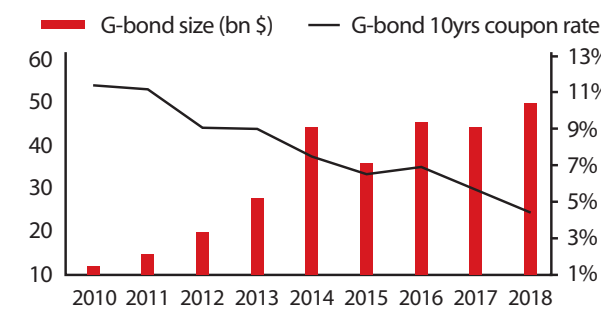
DOMESTIC FLOW

Small shift to the bond market

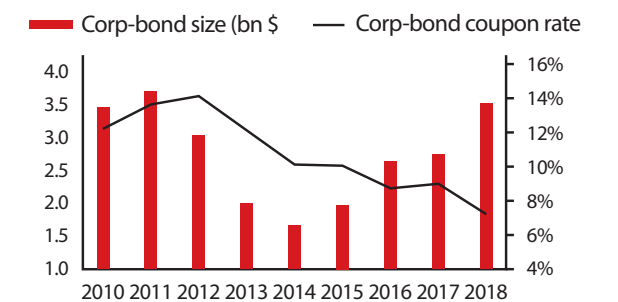


The size of the bond market in Vietnam has increased by ten times since 2006 from under VND 100 trillion. Although coupon rates have decreased since 2010, they are still higher than stock returns in 2010 - 2011, 2014 - 2015, and 2018. Even in 2016 and 2017, when the equity market delivered good returns, the size of the bond market remained constant.

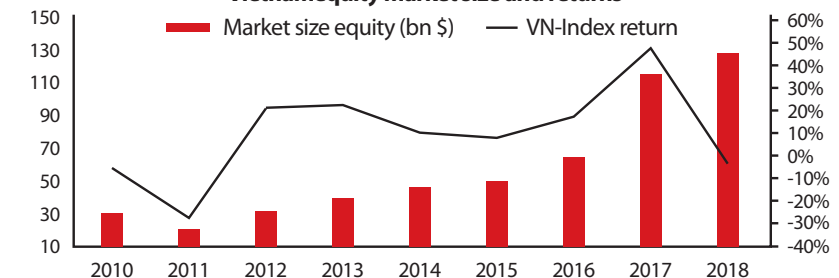
Vietnam Government Bond market size (LHS) and 10yrs G-bond coupon rate (RHS)



Vietnam Corporate Bond market size (LHS) and Corporate bond coupon rate (RHS)



Vietnam equity market size and returns



Sources: ADB, Fiinpro, Rong Viet securities



STOCK MARKET OUTLOOK 2019 (continue)

DOMESTIC FLOW (continue)

With the appearance of bond funds, the market now is not exclusive only for institution investors who are suitable for large deals but also available for individual investors. The attraction of bond funds is no doubt increasing, especially for investors who cannot bear the huge volatility of the stock market. TCBF, the largest bond fund in the market, saw its AuM increase by 185% YTD. From September to November 2018, TCBF attracted around VND 700 billion of new investment each month. Returns of bond funds so far in 2018 have outperform stocks. In Vietnam, long-term yields stand between 6.5 and 7%.

Status of some bond funds

Fund	NAV, billion VND (as of Oct - Nov 2018)	Return YTD
TCBF	5,821	8.5%
VFMVFB	647	10.6%
BVBF	109	9.9%
SSIBF	75	8.1%

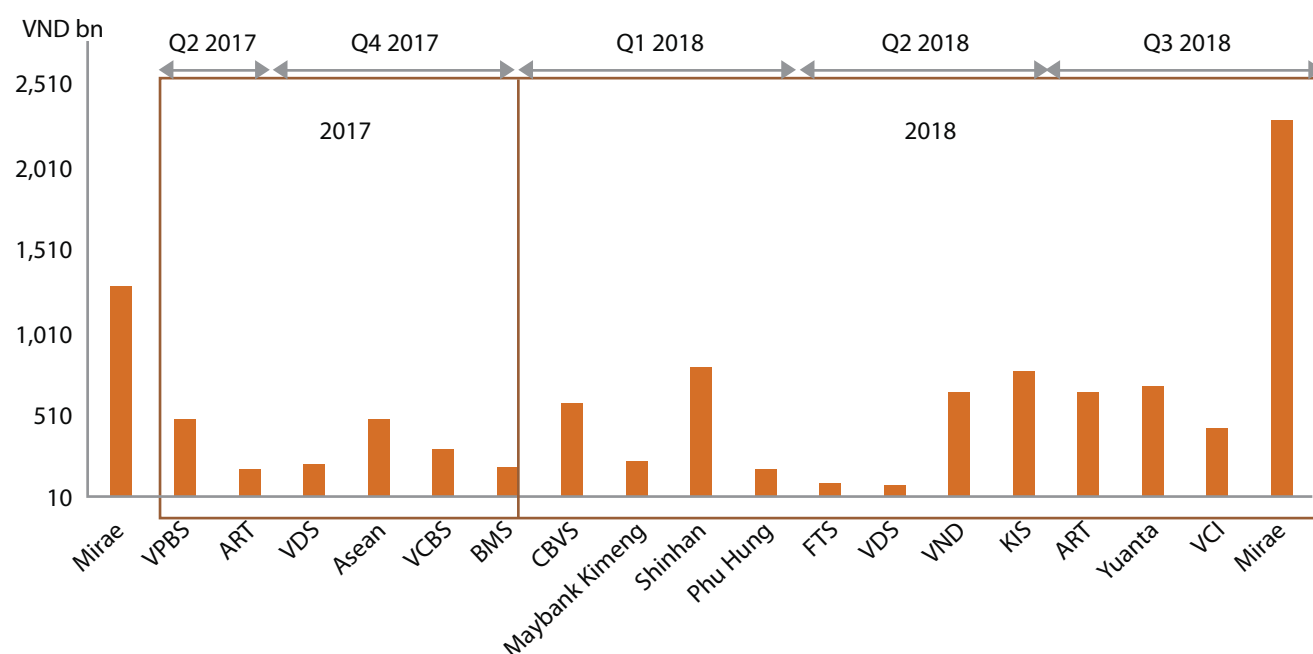
Source: Rong Viet securities

With rising interest rates, unpredictable events in global trade and high volatility in the equity market, investors in Vietnam could move part of their portfolio into fixed income. However, considering the size of the corporate bond market and bond funds, we think the amount will not be too significant.

New capital from brokerage firms to support market liquidity

30 institutions have changed charter capital in 3Q 2018, of which 22 institutions increased their capital compared to only 8 that reduced it. Net capital increase was VND 7,146 billion. Korean brokerage firms like Mirae Assets, KIS, Shinhan, and KB were the most active. This promises to boost market activity by various ways such as margin loans or direct investments.

Capital raising of securities firms since 2017



Source: Fiinpro, Rong Viet securities

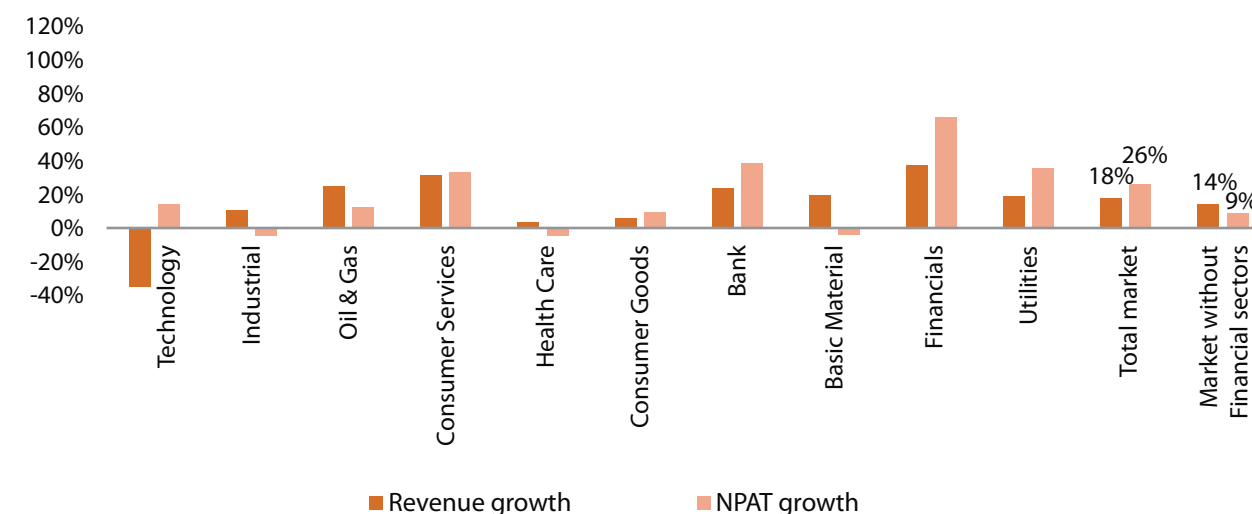


The capital raised, if it happens, should help to improve market liquidity in 2019 (average of VND 3,000 billion to VND 5,000 billion/ session), and it may create some short-term rallies. However, we think it should not be seen as a catalyst for sustainable gains. Many have talked about the increase of capital by brokerage firms as a catalyst for the market at the beginning of this year. We all know what happened.

Earnings and Valuation

NPAT of companies in 9M 2018 has grown by 26% YoY, mostly thanks to banks and the real estate sector. However, it seemed that earnings of those sectors have peaked in 2018. Earning consensus for the 50 biggest companies of the VN-Index in terms of market cap (account for 87% of total market cap) shows an increase of 14% YoY in 2019.

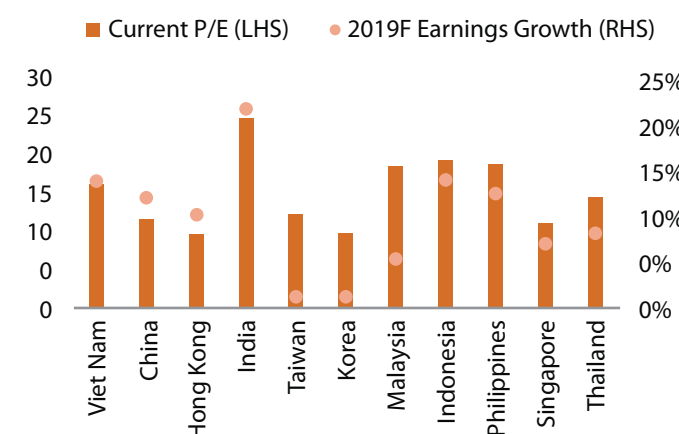
Revenue and NPAT growth in 9M 2018 by sectors



Source: Fiinpro, Rong Viet securities

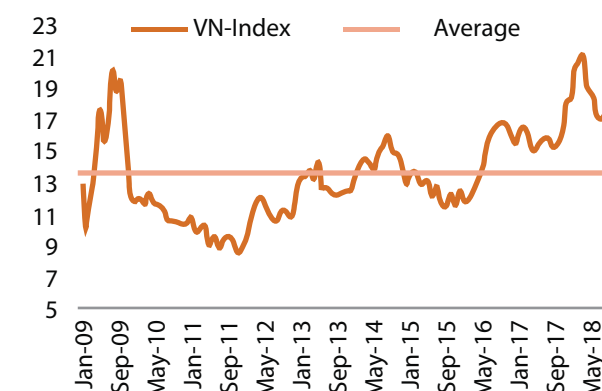
In terms of valuation, there has been some P/E contraction. Valuations have gone down a bit to reflect the slower growth in 2019. VN-Index is now trading at 16x P/E. Considering flat earnings growth and the flow of capital; it is not expected to see a P/E expansion in 2019.

Stock Markets Relative Valuation



Source: Bloomberg, Rong Viet securities

VN-index Historical Trailing P/E Ratio





STOCK MARKET OUTLOOK 2019 (continue)

DOMESTIC FLOW (continue)

The index will more likely to fluctuate around the 900 - 1000 points. In that context, stock picking is what matters. Some stocks are pricier than others. For example, VIN companies (VIC, VHM and VRE) account for 22% of total market cap of the Index. These real estate companies are trading from 3x to 6x P/B. Excluding them, the P/E of the rest of the market is more reasonable at around 14x. Companies with a strong business model will be able to resist if the market fall sharply. If this occurs, avoid owning stocks with high multiples... unless growth is extraordinary.

State Divestment

2017

A value of nearly VND **120** trillion from the SAB (VND 110 trillion) and VNM (VND 9 trillion) deals.

→ **2017 was extraordinary for state divestment**

2018

There was only VND **13.4** trillion successfully divested, mostly in VCG (VND 9.4 trillion) and BMP (VND 2.3 trillion).

18 out of 98 deals done, implying that only **20%** of the target was fulfilled.

State Divestment in recent years*

Year	2012	2013	2014	2015	2016	2017	2018
Completed deals	1	3	26	75	21	11	18
Value (VND bn)	45	33	428	236	12,388	119,261	13,380

Sources: Fiinpro, Rong Viet securities * only listed companies on HOSE, HNX and UPCOM

There are many reasons for the slow progress, but the most important one was that the Decision 32/2018/ND-CP has backfired. The Decision requires the price of the divestment to be no lower than 30-days market average, but not many investors are willing to pay the high price.

Adjustment needs to be made

Turning to 2019, there is an urgent need for the government to divest due to increasing pressure on public debt and the budget deficit. Moreover, the divestment plan is way behind schedule, with over 80 companies still pending from 2018, not to mention those that are in the pipeline for 2019. It is more likely that adjustments will be made to speed up the progress. The government needs to either lower the asking price or give up controlling shares in the business to attract investors. If they do so, there will be some interesting deals. Active divestments will also improve market sentiment, similar to what happened in the beginning of 2018 with the IPOs of BSR, OIL and POW.

While the “free money” era has come to an end, only worthy investments will have a good chance to attract foreign capital. It would be companies with dominant market share in their business (PLX, ACV), attractive land bank and resources (TVN) or being able to add synergy for strategic partner (VGT).



Some noticeable state divestment in 2019

Sticker	Company	Charter capital (VND bn)	Free-float	State's divested plan (% stakeholder)	Market cap (VND bn)	Free-float adjusted market cap (VND bn)
ACV	Airports Corporation of Vietnam	21,772	4.6%	20%	176,362	8,114
PLX	Vietnam National Petroleum Group	12,939	10%	25%	70,803	7,080
HVN	Vietnam Airlines Join Stock Company	12,275	20%	35%	49,337	9,868
TVN	Vietnam Steel Corporation	6,780	10%	58%	6,508	651
VGT	Vietnam National Textile And Garment Group	5,000	15%	53%	6,047	907
VGC	Viglacera Corporation	4,484	45%	53%	7,935	3,571
SNZ	Sonadezi Corporation	3,765	0.4%	29%	4,141	18
DVN	Vietnam Pharmaceutical Corporation	2,370	20%	30%	3,602	1,081
BHN	HABECO	2,318	0.9%	82%	18,544	167





RONG VIET DEVELOPMENT STRATEGY IN 2019 - 2022

VISION

With the vision of becoming one of the leading and top 1 Investment Bank in Vietnam, Rong Viet will gradually improve this model based on three core activities: Brokerage, Securities Services - Investment Banking - Proprietary Trading, with the support and strategic direction from Research.

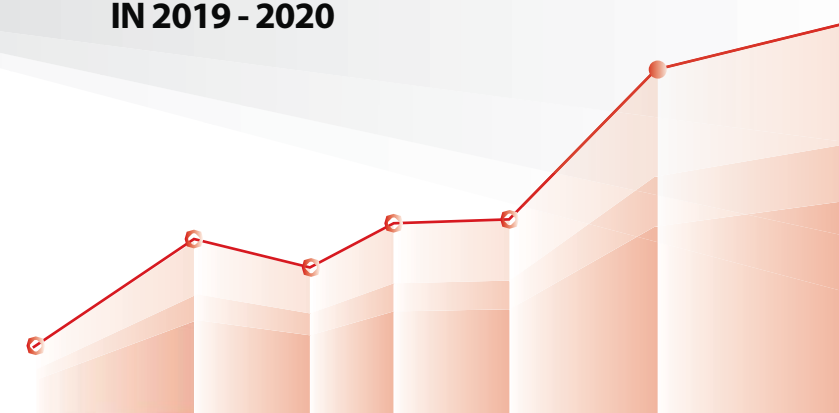


STRATEGY OBJECTIVES OF RONG VIET IN 2019 - 2022

- ➔ Revenue: target in securities companies with revenue of VND 1,000 billion.
- ➔ The charter capital in 2020: estimated to increase to VND 1,500 - 2,000 billion.
- ➔ NPAT/ (ROE): average target in 2019 - 2022 reaches 8% to 15%/ year.
- ➔ Expanding Asset Management / Fund Management activities



IMPLEMENT STRATEGY DIRECTION IN 2019 - 2020



Financial capacity

Currently, the charter capital of Rong Viet is VND 1,010 billion. The next target of the company is to reach VND 1,500 billion - VND 2,000 billion through issuance to strategic investors and retained earnings to ensure the ability to expand business operations in scale and meet legal regulations when operating in the relevant stock market.

Human Resource

In 2019 - 2022, Rong Viet aim to gradually increase up to 500 employees. Besides increasing in quantity, Rong Viet also focuses on building a well-trained, high qualification staffs that are capable of adapting to the continuous changes of fiercely competitive business environment. Rong Viet always strives to create and maintain an honest, open working environment and a place to cultivate talents encourage innovation, more commendable and importantly to convey pride, enthusiasm and determination in all areas including working and personal life.

Network

Rong Viet currently has 1 head office and 3 branches in Hanoi, Nha Trang and Can Tho. Under favorable conditions, the company may consider opening more branches in key locations such as Ho Chi Minh City and Hanoi.

Service System

Rong Viet sets a clear goal for the service system, always ensuring quality, diversity, competitiveness and meeting the standards of a true investment bank. Developing new products on consulting and recommendation investment opportunities combining fundamental analysis and technical analysis, bringing short-term and long-term investment ideas to customers. The company aims to be in top 3 companies with stable IT system which is able to handle a large volume of online transactions. Investing in developing new features of the online transaction system, increasing the ability to connect and interact with customers. In addition, the ability to provide services is the ability to control and manage risks in a proactive and effective manner.

Capital Strategy

In order to meet the business demand, Rong Viet need to gradually raise its charter capital to VND 1,500 billion by 2022, aiming to raise its charter capital to VND 2,000 billion to improve financial capacity and competitiveness. To do this, Rong Viet will deploy to raise charter capital by seeking long-term strategic partners. Capital structure is prioritized for orientation: focus on Brokerage Business, Investment, Investment Banking and other brokerage support activities such as margin, advanced, invest in IT and other services...





BUSINESS PLAN IN 2019

OPERATIONAL ORIENTATION IN 2019

Views on 2019's economy



Global: In 2019, some major risks to the global economic environment are tensions and the US - China trade wars that are unpredictable in the context of trade protectionism tends to increase. Decelerating growth in some key economies (China); increasing risks in the global financial market with adjustments in finance, monetary policies, tax reforms of major economies, credit risks, debt status...; the possibility of foreign capital inflows in emerging markets; slow progress in international economic integration and structural reforms in many economies; oil prices fluctuate unpredictably amid uncertainty in the Middle East; Global climate change is complicated.

Vietnam: In general, Vietnam's economy in 2019 continues to benefit from the optimistic outlook on the global economic and trade growth, internal positive factors such as a more stable macroeconomic environment, and the belief in reforming the investment and business environment is somehow consolidated. However, Vietnam also faces many challenges and huge risks. With the international economic integration, the Vietnam economic forecast will be influenced by many aspects of international economic developments with trade protectionism and barriers. Non-tariffs are increasing, prices of major materials can increase sharply, especially oil. This can put great pressure on Vietnam's exchange rate and inflation. At the same time, with a small economic scale, Vietnam's response to future fluctuations may be more difficult because of limited financial, monetary, and unpredictable movements of the foreign exchange market. At the same time, these challenges come from the internal factors of the economy such as low level of technology, declining land and resources, while

the productivity, efficiency and competitiveness of the foundation. Although the economy has changed, it has not been really breakthrough. The traditional growth motivation of the economy for many years is that the investment capital and mining industry have not had much room. The FDI sector in 2019-2020 has no large-scale production projects in operation, which can positively support growth like 2017 and 2018.

Vietnam stock market: With unpredictable factors caused by geopolitical tensions and trade, most analysts agree that the global economy is entering the end of the growth cycle, and 2019 could be a relatively difficult year for the stock market. Moreover, the gradual reduction of monetary easing and fiscal stimulus packages is happening globally. The possibility of foreign cash flow into marginal markets like Vietnam will not be as high as previous years. The story of upgrading Vietnam stock market to emerging markets may be a positive point to attract the interest of investors at some point of the year. This will make the market price and liquidity more volatile.

Rong Viet's targets in 2019



In 2019, with a judgement that the economy will still have many prospects to rise, it will also face unpredictable uncertainties, the Manager sets a stable development target in which the profit plan are relatively cautious. Rong Viet determined to reduce expectations on proprietary trading activities, which are greatly affected by market fluctuations. Instead, Rong Viet will focus on service activities (Securities Services, Brokerage, Investment Banking) through best efforts to meet the requirements of investors but still comply with current regulations, ensures safety for investors. Capital preservation and risk management are the top priorities for financial aid and proprietary trading activities.



Rong Viet objectives are defined as follow:

- **The charter capital:** remains at VND 1,010 billion as present.
- **PBT:** striving to achieve PBT VND 120 billion
- **Shareholders' dividend:** estimated at 8%

Details of revenue generating activities segment:

Brokerage:

- Expected liquidity of the market: VND 6,200 billion - VND 6,500 billion/ session.
- Total market share reached 2.14% - 2.2%.

Securities Service:

- Margin: outstanding balance reached an average of 1,800 - 1,900 billion VND.
- Average outstanding loan balance reaches VND 110 - 120 billion.

Investment: reduce the investment portfolio value to VND 200 - 250 billion compared to VND 300 billion at the end of 2018. Striving to make an annual investment revenue of VND 50 billion.

Investment Banking: it is expected to use a budget of VND 100 billion to support investment banking operations, underwriting activities and investment capital. IB strives to achieve the annual turnover of VND 15 billion.

Detail of business plan

Units: VND billion

ITEMS	NĂM 2018			KẾ HOẠCH NĂM 2019	
	2018 PLAN	PERFORMANCE	% PLAN	2019 PLAN	2018%
Total revenue	469,000	434,162	92.57%	439,000	101.11%
Investment	105,800	93,130	88.02%	50,000	53.69%
Financial service	217,400	219,063	100.76%	235,400	107.46%
Brokerage	112,100	102,558	91.49%	122,600	119.54%
Investment Banking	20,000	4,071	20.35%	15,000	368.49%
Others	13,700	15,341	111.98%	16,000	104.30%
Total expenses	289,000	349,030	120.77%	319,000	91.40%
Operating expenses	224,700	282,614	125.77%	246,140	87.09%
Administrative expenses	64,300	66,416	103.29%	72,860	109.70%
Profit before tax	180,000	85,132	47.30%	120,000	140.96%
Corporate income tax	36,000	16,451		24,000	
Profit after tax	144,000	68,681	47.70%	96,000	139.78%



BUSINESS PLAN IN 2019 (continue)

EXECUTION PLAN FROM MANAGERS

Brokerage



“Even though we are in the booming era of technology, people continue to play an extremely important role in the field of securities consulting. Therefore, we have never stopped looking for solutions to develop the quality and quantity of our team.”

MR. NGUYEN CHI TRUNG
Deputy General Director

In 2019, it is expected that the economy will still have potential for growth but will also face unpredictable uncertainties. What are your opinions on the advantages and disadvantages of Rong Viet's brokerage business in 2019?

In 2018, Vietnam's economy has maintained its goal of stabilizing macroeconomics and promoted economic growth. This is a premise to expect that the economic prospect of Vietnam in 2019 continue to be positive, especially stable macroeconomic. There is a belief in government reform and improved investment business environment is strengthened. The Government and The State Security Commission are taking measures to develop the Vietnamese stock market such as promoting privatization, listing enterprises, divesting from state capital, and increasing products for the market (derivative, contracts), efforts to upgrade the market, ... These will create conditions to attract domestic and foreign investment capital to participate in the stock market. Besides advantages coming from objective factors, Rong Viet itself with

the orientation of developing core human resources, appropriate organizational structure will contribute to grow in the future. The expansion of the "Trainee Broker" program has great significance in recruiting and developing brokers. The financial capacity of the company is sufficient to meet the demand for use and it is expected to increase in the upcoming time, which will create conditions to boost revenues, ensure the implementation of the plan.

However, Viet Nam economy also faces challenges such as increasing economic growth depending on the the FDI sector, high credit growth and money supply that will prolong potential risks to national debt and macroeconomic instability. The trade war has not shown signs of decline and the 10-year recession is growing. This negatively affects the growth of world securities in general and Vietnamese securities in particular. The exchange of securities companies with large capital from abroad in 2018 and in the upcoming time is also a factor making the competitiveness more and fiercer.



In your opinion, what factors will help Brokerage achieve the planned target in 2019?

To achieve the planned target for 2019, the Brokerage Division should focus on:

- Developing the system of domestic individual clients; building and developing a system of institutional and foreign clients;
- Combined with new products and policies from the financial aid segment to increase the transaction turnover of clients who use Rong Viet's financial products;
- Promoting online trading activities (ETA service) to diversify client development channels provide cheap and convenient transaction services to clients;
- Promoting training on analytical skills, investment, development and customer service skills;
- Customer Advisory Division should actively coordinate with Research and Brokerage departments to plan for training and client counseling programs to help clients invest effectively and develop new clients as well as promote Rong Viet's image.

How do you aim to reach the top in terms of market share in the next 5 years?

In business development strategy from 2019 - 2023, the Manager sets specific goals for brokerage as follow:

- Top 10 in brokerage market share by 2020;
- Top 5 brokerage market share in 2023 and onwards.

With carefulness in business operations in 2019, is attracting human resources brokerage still a top target? Does Rong Viet have any solutions to this problem?

Human resources for securities activities in general and brokerage in particular in the market are still very lacking. Even though we are in the booming era of technology, people continue to play an extremely important role in the field of securities consulting. Therefore, we have never stopped looking for solutions to develop the quality and quantity of our team. We are choosing a parallel solution to this problem and can be summarized as follow:

- Developing the human resources quality for intensive investment consulting;
- Develop diverse technology applications for simple and extensive investment advice at low cost.



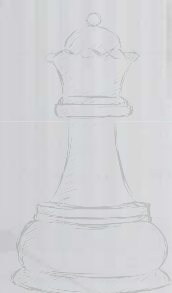


BUSINESS PLAN IN 2019 (continue)

EXECUTION PLAN FROM MANAGERS (continue)

Securities Service

“Creating the highest value for clients is the mission that Rong Viet has pursued from the early days of establishment. Rong Viet is committed to make effort to provide products and services that can best meet clients' expectations as well as diversify their product systems to suit the diverse needs of the investors.”



NGUYEN THI THU HIEN

Deputy General Director
Director of Securities Services Division and IT



In 2018, with the development of core derivative system, Rong Viet has officially become the 10th member to provide derivative services in Vietnam stock market. In the upcoming time, what steps should the Securities Services activities take to become a pioneer in providing advanced products to investors?

On August 28, 2019, Rong Viet officially provided derivative securities services to investors after a thorough preparation of infrastructure, building a core derivatives system, and a trading system, online derivative securities for clients and business processes. Previously, to be licensed as the 10th member to join the derivative stock market, Rong Viet had to fully participate in the testing system phase of Hanoi Stock Exchange (HNX), Vietnam Securities Depository (VSD) and (Viettinbank) and pass all the tests to ensure the stability of the system and comply with regulations on derivative securities transactions.

For products and services provided to clients participating in derivative securities transactions,

Rong Viet has integrated the derivatives securities transaction system on the online system (iDragon, goDragon, tabDragon) for clients' convenience and ensure that they can transact derivatives securities anytime, anywhere.

Creating the highest value for clients is the mission that Rong Viet has pursued from the early days of establishment. Rong Viet is committed to make effort to provide products and services that can best meet clients' expectations as well as diversify their product systems to suit the diverse needs of the investors. IT application is a key factor for the development and enhancement of Rong Viet's competitiveness in the financial industry in the rapidly developing technology era.

Understanding this problem, Rong Viet always focuses on investing in IT infrastructure system, ensuring that the system always operates stably, and minimizing possible incidents. Online products always aimed at usability, efficiency and user-friendliness. With orientations and strategies throughout the year.

In 2019, Rong Viet continues to focus on developing and improving some products:

For stock trading system and online trading: In 2019, Rong Viet is working with partners to provide the investment securities core system to upgrade the current stock trading version to the new version with new features, integrate base stock core and derivative stock core, accelerate the speed of receiving and routing clients' orders to the Stock Exchange. Accordingly, the online trading systems (iDragon, goDragon, tabDragon) for clients will also be changed in terms of interface and features in order to match the new Stock Exchange Core and meet clients' demand.

For LiveDragon system: In 2019, Rong Viet continues to improve a number of functions such as derivatives price quotes, changes chart and price fluctuation chart of future contracts and indices as well as graphs showing level effects of stocks on the VN30INDEX, technical analysis, historical price quote, volume correlation between prices... Regularly monitoring so that the price quote system always operates stably, provides timely information, most intuitive and most complete stock trading news to clients.



In addition, Rong Viet continues to research and develop systems and tools to support brokers in client management, such as deploying a chat box system to increase the channel of interaction between Brokers and Clients; building Client Management system for brokers.



Besides, advertising and product introduction activities continue to be emphasized: Upgrading and changing Email Marketing interface, continuing to make video clip and upload on the Company's Website so that clients are well informed about products and services of Rong Viet.

In addition, another important task of Rong Viet in 2019 is to continue to coordinate with the Ho Chi Minh Stock Exchange, the Ha Noi Stock Exchange and the Vietnam Securities Depository Center in terms of building and participating in transaction system tests: Transaction system for warrants, system under the project "Design solutions, provide installation and transfer of IT systems" for Vietnam Stock Market... and other testing sessions as required by related Departments and Vietnam Securities Depository.





BUSINESS PLAN IN 2019 (continue)

EXECUTION PLAN FROM MANAGERS (continue)

Investment Banking

“We value revenue quality as well as its sustainability through the development of a highly feasible business portfolio. At the same time, the Investment Banking team is determined to accomplish the task.”



MR. NGUYEN MINH NHUT

Deputy General Director
Overseeing the Investment Banking Division



temporarily postpone their plans for IPOs and listing on the stock market during the year. In addition, capital arrangement contracts and large blocks offers were also affected.

Investment banking activities have specific characteristics that lead to a very clear diversification among securities companies with and without capital arrangement activities, especially bonds. According to financial reports in 2018, there were 16 companies that IB revenue was over VND 15 billion. Top 6 companies with issuance and underwriting were very far from the other group with a total revenue of over VND 100 billion.

Therefore, we believe that the VND 15 billion plan without capital arrangement, underwriting and M&A activities will not be easy to complete and vice versa. We value revenue quality as well as its sustainability through the development of a highly feasible business portfolio. At the same time, the Investment Banking team is determined to accomplish the task.



Investment Banking Division activities in 2018 slowed down and did not contributed much to the company's performance. With the 2019 plan, the revenue of Investment is set at VND 15 billion. In your opinion, what are the difficulties of completing the plan?

Since the first quarter of 2018, the stock market has shifted to a correction period, which made clients



In 2019, which dominant operations that IB will focus on?

The high-turnover operations often come with strong financial resources or the investment process of pursuing business over the years. With the list of M&A deals transferred from 2018, as well as the plan to use a certain proportion of financial resources to participate in underwriting in the deals of equity and bond arrangements, we expect M&A consulting and capital arrangement services will promote better results than previous years. Meanwhile, the corporate financial advisory service has created reputation and branding in the existing customer system and the business community that can continue to contribute steadily to the total revenue of investment banking in 2019.

Do you have specific development orientations and training for 2019?

Vietnam's financial market is a fledgling market with a relatively primitive product system, along with a premature legal system to guide the development of new financial instruments. With finite tools as well as services that the corporate customer advisory team can perform, we think that following the direction of bringing more benefit to clients is a must. We will promote external training and internal training with internal workshops and competitions.

With the vision of making Rong Viet become one of the best investment bank in Vietnam, should you share the development strategy of Investment Banking Division to meet the long-term goal?

We are still pursuing the goal of developing investment banking which phase have different focus. Brokerage or distribution channel of investment banking products is still being actively developed. It is expected to test the new financial product distribution in 2019. Investment activities will spend a part of capital for participating in investing in financial products from investment banking division.

The staff of the investment banking division continues to be strengthened and determined that corporate customer advisory is equally important to deals. We look forward to a long-term partnership with our existing customers as well as our potential customers.





BUSINESS PLAN IN 2019 (continue)

EXECUTION PLAN FROM MANAGERS (continue)

Human Resource



“Regardless of the conditions, Human Resources & Training activities must stick to the goal, be flexible in the way of implementation to be able to complete the assigned tasks.”

MS. NGUYEN NGOC VAN PHUONG
Head of HR

What is your assessment of the status of human resources in 2018 and the orientation of human resource development in 2019?

Different from the optimistic predictions about the market situation in 2018, securities companies in general and Rong Viet in particular have experienced a year of ups and downs along with the unpredictable changes of the stock market. These challenges not only directly affect the business performance but also affect the general sentiment of people who working in this field.

With the current situation, Human Resource activities are confident to successfully complete professional operations in the areas of Human Resources: policies, regimes, training, recruitment... After spending a full year of 2018 to complete and update the organizational system, 2019 will have more favorable conditions to focus on the efficiency and quality of the assigned work. Besides that advantage, there are still great challenges for human resources. That challenge comes from external factors such as markets, competitors,



and internal factors such as lack of determination, or the reluctance to change are also become invisible barriers to breakthroughs. Regardless of the conditions, Human Resources & Training activities must stick to the goal, be flexible in the way of implementation to be able to complete the assigned tasks:

- Meeting divisions' human resources needs in terms of both quantity and quality, which plays an important role in achieving the Company's



guidance for 2019. Especially, retail brokerage division should be put in a high priority.

- Continuing to optimize corporate structure, internal rules and regulations, and other related policy to enhance operational efficiency, applicability, and compliance with current government legislation and regulations.
- Strengthening the application of technology in human resource management aiming to: limiting errors, saving time and managing science more effectively.
- Enhance the effectiveness of training, especially the orientation of training on thinking and skills for managers.
- Continuing to improve the salary and bonus policies, with income orientation will be associated with work efficiency, an effective tool to attract & retain employees.
- Optimizing human resources: In addition to recruit new staffs, it is necessary to pay attention to the dual arrangement, transfer and rational assignment



to optimize resources. There is a backup plan when there are changes in personnel.

- Stabilizing, uniting, and developing the team in the spirit of working for the common purpose of the organization. The direction of each individual must meet the requirements of the job.



CHAPTER 4

CORPORATE GOVERNANCE

- INTRODUCTION ABOUT BOARD OF DIRECTORS
- OPERATIONS REVIEW BY THE BOARD OF DIRECTORS
- SUPERVISORY BOARD INTRODUCTION
- SUPERVISORY BOARD'S ACTIVITIES REPORT
- REMUNERATION AND BENEFITS OF THE BOARD OF DIRECTORS & SUPERVISORY BOARD
- ORGANIZATIONAL CHART
- EXECUTIVE BOARD
- RISK MANAGEMENT ACTIVITIES
- STOCK INFORMATION & INVESTOR RELATIONSHIPS



THE BOARD OF DIRECTORS (BOD)

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 Pympherpharco (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 5 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 - General Director

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. Nguyen Quoc Bao

Member of Board of Directors

Mr. Bao is currently Chairman of the Board of Directors of Thanh Cong Mobile JSC. He joint RongViet's Board of Directors for the 2017 – 2021 office term in March 2018. 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.



REPORT FROM THE BOARD OF DIRECTORS

EVALUATION OF THE BOD ABOUT RONG VIET'S OPERATIONS IN 2018

Vietnam's macroeconomy stock market in 2018

Vietnam's macroeconomy

2018 is viewed as a successful year of Vietnam's macroeconomy, when average CPI increased by 3.54% compared to 2017, and 2.98% compared to 12/2017; GDP increased by 7.08%, which is the highest since 2008. Total export values reached VND 244.7 billion, increased by 13.8% compared to that of 2017.

The Vietnam stock market

The Vietnam stock market in 2018 witnessed high fluctuations. This is the first decrease year, after 5 years of continuous increase together with the macroeconomic growth. The VNIndex reached a new height of 1,211 points in April 10, 2018, and then it decreased to 900 points in the last three quarters of the year (equivalent to 25%). The VNIndex has a significant fluctuation in 2018, and was one of the top-10 global stock indices with the highest fluctuations.

Business results 2018

At the end of 2018, Rong Viet achieved the following results:

Total revenue
VND 434.16 billion, reaching 92.57% compared to the targeted total revenue (VND 469 billion).

Total expense
VND 348.03 billion, reaching 120.7% compared to the targeted total expense (VND 289 billion).

Profit before tax
VND 85.13 billion, reaching 47.3% compared to the targeted profit before tax (VND 180 billion).

Profit after tax
VND 68.68 billion, reaching 47.7% compared to the targeted profit after tax (VND 144 billion).

Supervision results of Supervision Board

Supervision methodologies

At Rong Viet, the BOD collaborates with the Supervision Board in supervising activities of the Executive Board in implementing decisions made at general meetings of shareholders, and strategies made by the Board of Directors. As a result, the Board of Directors organizes regular meetings or extraordinary meetings, in order to make timely suggestions for the Executive Board. In every meeting, the Executive Board has to report operational activities of the company, report results in implementing assigned responsibilities, and review the implementation of decisions and assigned responsibilities from Board of Directors.



In order to consolidate the supervision of Board of Directors, Rong Viet has 2 sub-boards and 1 council directly under Board of Directors, with different specializations. These sub-boards and board have the responsibility to make regular reports and suggest recommendations for the Board of Directors. Specifically:

- The Human Resources sub-board suggests promotions of management executives, advises Board of Directors about salary, compensation and other welfare policies for staffs in 2018.
- The Risk Management sub-board advises Board of Directors in risk management practices, ensuring all business activities of Rong Viet are under the risk limits, and suggests recommendations for improvement and minimizes potential risks.
- The Investment Council helps Board of Directors in managing all investment activities including: stock evaluation and recommendation, investment decision making, and ensuring efficiencies of the proprietary trading department.

The Board of Directors will consult the Supervision Board, and its sub-boards to evaluate the activities of the last period, and the feasibility of the plans for the next period so that they could make timely suggestions for the Executive Board. Simultaneously, the Board of Directors also makes evaluation and strategy based on the market conditions and economic variances, so that the Executive Board has different plans for different scenarios, ensuring the ability to complete the targets assigned by the Board of Directors under any scenarios.

Supervision results

Based on responsibilities of the Board of Directors and the General Director specified in the Company Charter, in 2018, the Board of Directors has supervised the General Director in the following areas:

- Implementation of business plan for 2018;
- Implementation of decisions made at the AGM in 2018 and decisions made by the Board of Directors;
- Operation of daily business activities;

Board of Director is pleased to announce the supervision result as below:

Unit: VND million

Item	Plan 2018	Result 2018	% Result/ Plan 2018
Revenue	469,000	434,162	93%
Profit before tax	180,000	85,132	47%
Profit after tax	144,000	68,681	48%

The inability to reach the targeted profit was mostly due to the proprietary trading activities of the company. Specially, when the stock market went down, especially in the later half of 2018, Rong Viet's portfolio was significantly impacted. Rong Viet had to make a significant provision for value reduction of stocks in the portfolio, which directly decreased the profit of the company.

Apart from proprietary trading activities, all other activities have good results in 2018.



REPORT FROM THE BOARD OF DIRECTORS (continue)

PLANS OF THE BOARD OF DIRECTORS



With the macroeconomic challenges, together with uncertain factors presented by political and commercial tensions, 2019 could be a challenging year for Vietnam's stock market. Besides, as the decrease in monetary and fiscal stimulus packages are taking place worldwide, foreign investment into emerging markets such as Vietnam will not be as high as before.

Based on the above analysis of the macroeconomic and stock markets, Rong Viet's 2019 business activities will face uncertain fluctuations. As a result, the Board of Directors has to set targets for 2019 with prudence and efficiency. In order to reach the above goals, the Board of Directors sets the following major strategies:

- 1 Operation of business activities: Make sure the Executive Board will carry out business activities that with high efficiencies with minimum impact from the market, such as Brokerage and Securities Services, Investment Banking, and to decrease business activities that are risky and highly sensitive to the market such as Proprietary Trading². Besides, from the experience of 2018, the Board of Directors needs to closely supervises and directs the Executive Board in the proprietary trading activities of the company in order to minimize potential risks that may hinder the profit of the Company.
- 2 Increasing the company's capital: In 2019, Rong Viet does not have a plan to increase capital. As a result, the Board of Directors will increase its support for the Executive Board in seeking capital from other channels in order to ensure the company has sufficient resources to provide its services to customers.

- 3 Increasing the staff training and development activities, nurturing the next generation of leaders of the company.
- 4 Consolidating the risk management system of the company, ensuring that all activities of the company are operated in a safe and compliant manner. In particular, financial support activities and proprietary trading activities need sufficient capital and efficient operation.
- 5 Continuing to maintain transparency in all activities of the Company and in management standards in order to maintain trust of clients, shareholders, and investors on the market.
- 6 Promoting the sustainable development, maintaining the strategy to build Rong Viet sustainably based on a united workforce, commitment and corporate cultures that are continuously consolidated and strengthened.

MANAGEMENT ACTIVITIES IN 2018

The Board of Directors is aware that building an efficient management system is a top priority for the Company. With an efficient management system, the Company will gain benefits such as higher efficiencies, better access to the capital markets, lower capital cost, higher asset values, higher credibility on the market. According to good corporate governance practices in the world, Rong Viet aims to maintain the following 5 values in its management system:

- 1 Reasonable management structure;
- 2 Efficient operation of Board of Director and Supervision Board;
- 3 Ensured rights and benefits of shareholders and related parties;
- 4 Fair dealing among shareholders;
- 5 Transparency in all activities of the company;

Promotion of relationships between the company, shareholders and investors

Rong Viet strives to ensure basic rights and benefits of shareholders are protected in compliance with the Laws including: ownership registration rights; ownership transfer rights; rights to access information about the company in a timely and regular manner; rights to attend and vote at annual general meetings; rights to vote for appointment and dismissal of members of Board of Directors; and rights to benefit from profit of the company.



Rights to receive dividend

When investing in a stock, investors become shareholders of the company, and benefit from rights attached to the stock. The most important right to all shareholders is the right to share profit of the company, via annual dividends payment.

At Rong Viet, after clearing all accumulated loss in 2015, the Company began to pay dividends based on business results in 2016. Specifically, profit after tax of Rong Viet in 2016 was VND 49.3 billion. After reserving 5% of profit after tax for funds as required, the company used almost all remaining profit after tax totaling VND 42 billion to pay dividend, which was equivalent to the dividend ratio of 6%. Dividends payment was made once to shareholders on April 26, 2017. In 2018, the company made an advanced payment at the ratio of 5% on January 30, 2019.

Rights to attend annual general meetings

Each year, Rong Viet organizes annual general meetings according to the regulations. The 2017 annual general meeting was organized on March 28, 2018. All procedures including notification, compilation of the shareholder list, event preparation, and discussion content preparation complied with the regulations to ensure the justifiable rights and benefits of shareholders, including the rights to vote for appointment and dismissal of members of Board of Directors, rights to approve business plan of the company in the next year, and rights to approve amendment of the Company Charter.

All shareholders listed in the shareholder list as at the last registration date March 01, 2018 provided by Vietnam Securities Depository (VSD) received sufficient information about date, time and requirements to attend the annual general meeting, discussion content of the meeting, meeting materials, and registration method in the invitation letter. The invitation letter and all meeting materials are published on the company's website on March 12, 2018, 17 days before the meeting date, with all reports, releases, and drafts used in the meeting, in order to ensure that the shareholders have sufficient information about discussion matters in the meeting.

According to the policies regarding procedures and voting at the meeting, each shareholder register for attendance at the meeting will be provided with a voting card. On each voting card, there is sufficient information about the shareholder and matters requiring for approval in the meeting. The meeting chairs are comprised of 3 people, including Chairman of the Board of Directors, Vice-Chairman of the Board of Directors, and General Director aka Member of the Board of Directors.

After the end of the meeting, a meeting minute and 2017 annual meeting decision was published on the company's website in 24 hours.

Fair dealing among shareholders

In order to consolidate trust of shareholders, the Company strives to ensure fair dealing among all shareholders. Specifically, the Company Charter approved on March 28, 2018 met all requirements from



REPORT FROM THE BOARD OF DIRECTORS (continue)

MANAGEMENT ACTIVITIES IN 2018 (continue)

Corporate Laws, Securities Law and related regulations. Besides, Rong Viet also has a management system compliant with regulations on public companies. These regulations are unfailingly met by Rong Viet and applied in all aspects of operations and management of the Company.

The Company Charter specifies such regulations as prohibition of insider trading. The BOD and Executive Board must make announcement about any related benefits. The BOD must practice the followings: ensuring fair dealing among all shareholders; staying objective on evaluation and facilitation of information to all shareholders; making timely and accurate announcement; applying of codes of conducts; and completing of responsibilities as defined in the annual general meeting.



Roles of related parties

Related parties include all groups such as shareholders, investors, clients, staffs, banks, suppliers, regulators, and communities. Each and every group has its impact on the business activities of Rong Viet in different aspects. Clients is the major group bringing revenues to the company; shareholders, investors, and banks provide capital; and regulators have the responsibility to issue policies that ensure the sustainable operation of the market.

As a result, Rong Viet unfailingly respects and promotes interests of related parties, ensuring that the Company's activities are constructed based on mutual benefits, and striving towards a sustainable development. Specifically:

Clients

Rong Viet brings to clients the highest values at the lowest costs, based on continuous quality improvement and service diversification, maintaining trust, information security, and asset security for clients.

Rong Viet ensures efficient business activities and impressive growth, coupled with an efficient management system, supervision system, and risk management system. In addition, Rong Viet strives for improved transparency in all activities and compliance with disclosure regulations.

Shareholders / Investors

Staffs

The Company ensures salary, compensation, and welfare policies for its labor, with available policies for staff training and development, striving towards an energetic, modern, professional, and fair working environment, where all staffs with capabilities and ethics have fair promotions opportunities.

Rong Viet contributes to the development of Vietnam's stock market, complying with all regulations for the stock markets and meeting all responsibilities with the national budget.

Regulators

Communities

Rong Viet shares responsibilities with the communities, contributing to the development of the young, and increasing the awareness on protection the environment and efficient use of resources.

Information disclosure

Rong Viet is aware of the importance of adequate, accurate and timely disclosure of information, as it not only consolidates trust of shareholders, customers, and related parties, but also promotes the brand of Rong Viet on the market and among regulators. This is demonstrated via Rong Viet's naming on the list of companies with the best annual reports in consecutive years. This is considered a recognition of the company's efforts to

maintain transparency throughout its operations. In order to promote transparency in all activities, all disclosure policies of Rong Viet comply with current regulations, ensuring the highest rights and benefits of shareholders, investors and related parties. All information about Rong Viet is published on the company's website (at the address <https://www.vdsc.com.vn/vn/newsLocal.rv>), website of Ho Chi Minh City Stock Exchange (HoSE), and website of State Securities Commission of Vietnam (SCC). Accordingly, all related parties have access to information disclosed by Rong Viet. Besides, on a 6-month basis, Rong Viet publishes its management report as required by regulations, with information about management activities in the

period, together with the list of internal personnel, stock trading activities of these internal personnel and their related people. These stock trading activities by internal personnel and major shareholders are also published on the company's website (at the address <https://www.vdsc.com.vn/vn/shareInfo.rv>).

Via its disclosure policies, the Executive Board of the company demonstrates its reporting responsibility before shareholders, maintain trust of customers, partners, and investors in the brand Rong Viet. Besides, the disclosure also assists related parties in coming up with timely evaluation, with time to adjust to changes in the policies and activities of the company.

No.	Full Name	Member			Ownership	
		Independent	Non-management	Management	% Owned	% Representing
1	Mr. Tran Le Nguyen		✓		35.00%	-
2	Mr. Nguyen Mien Tuan		✓		0.81%	-
3	Mr. Kelly Yin Hon Wong		✓		-	-
4	Mr. Pham My Linh		✓		13.71%	-
5	Mr. Nguyen Hieu (**)			✓	0.05%	-
6	Mr. Vo Long Nguyen	✓			-	-
7	Mr. Nguyen Quoc Bao (***)	✓			-	-
8	Mr. Dao Hong Chau (****)		✓		-	4.18% (*)

Notes:

(*) Representative of Vietnam Export Import Commercial Joint Stock Bank (Eximbank) with 4.18% of ownership at Rong Viet as of March 28, 2018.

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

(***) Mr. Nguyen Quoc Bao is the new member of the Board of Directors from 28/3/2018.

(****) Mr. Dao Hong Chau resigned from the Board of Directors from 22/3/2018.

Changes in member composition



At the annual general meeting 2017 organized on March 28, 2018, the resignation and appointment of a member of the board for the term 2017-2021 was approved, with 1 member resigned and 1 member appointed.

The new member of the Board of Directors for the term 2017-2021 does not change the number of members and composition of the original Board of Directors. At the present, the Board of Directors still has 7 members, with

5 non-management members, 1 management member, and 1 independent member.

Board Chairman no cum General Director

Rong Viet is aware that major responsibilities of Board of Directors are to direct Executive Board for efficient business activities, reaching targets set by the Annual General Meeting and by the Board of Directors. As a result, this responsibility would be challenging if the Board Chairman is also the General Director, in charge of the daily operations of the company. Accordingly, in order to maintain independence and accountability between Board Chairman and General Director, Rong Viet has always separated the two roles in the past years. This facilitates separate power in decision making, increasing responsibilities and supervision capabilities among management members, ensuring the most efficient operation management activities.



REPORT FROM THE BOARD OF DIRECTORS (continue)

MANAGEMENT ACTIVITIES IN 2018 (continue)

Roles and responsibilities of Board of Directors

According to the Corporate Laws in 2014, and the Company Charter, the Board of Directors is the management body of the company, with the legal right of the company to make decisions regarding the company's rights and responsibilities not belonging to the Annual General Meeting.

When implementing their responsibilities, the Board of Directors abide by regulations, the Company Charter and decisions of the Annual General Meeting. In case decisions of the Annual General Meeting conflict with the regulations or the Company Charter, causing damages to the company, members approving the decisions have the joint responsibilities to account for the damages and compensate for the company.

Activities of the Board of Directors

In the past year, Board of Directors of Rong Viet has focused on directing, supervising, and making timely suggestions for the Executive Board, via decisions related to the

business activities, investment strategies, organization of the internal system, and other major matters under the responsibilities of the Board.

Specifically, the Board of Directors organized 09 meetings in 2018 including both actual meetings and remote meetings with approval in written forms. Announcements and meeting agendas of meetings were sent directly or sent via post at least 5-7 days in advance of the meeting date, and meeting documents were sent at least 3 days in advance. As for the remote meetings opinions asked were presented clearly in the documents, and the time for board members to consider and reply is 5 days from the date of the documents being sent.

Meetings of the Board of Directors are recordable, stored under electronic forms, and signed by all meeting attendants. Decisions by the Board of Directors were approved if more than ½ of the meeting attendants approved. In the case when the voting are draw, the final decision is the one voted by the Board Chairman. Decisions made by remote meetings were approved if the majority of members with voting rights approved.

The list of members attending the Annual General Meetings in 2018 is in the table below:

No.	Full Name	Position	Board date/ Resignation date	Number of meetings attended (*)	% Attendance	Reason for absence
1	Mr. Tran Le Nguyen	Chairman		9/9	100%	
2	Mr. Nguyen Mien Tuan	Vice-Chairman		9/9	100%	
3	Mr. Kelly Yin Hon Wong	Member		8/9	89%	Business trip
4	Mrs. Pham My Linh	Member		8/9	89%	Business trip
5	Mr. Nguyen Hieu	Member <i>General Director</i>	23/03/2017	9/9	100%	
6	Mr. Vo Long Nguyen	Independent Member	23/03/2017	9/9	100%	
7	Mr. Nguyen Quoc Bao	Independent Member	28/3/2018	6/9	67%	Appointed on 28/3/2018
8	Mr. Dao Hong Chau	Member	22/3/2018	2/9	23%	Resigned on 22/3/2018. Absent in 1 meeting because of business trip

(*) Including paper meetings



In these meetings, the Board of Directors discussed and approved all business activities of the previous year and plans for the next years, reported quarterly business activities and plans for the next quarter, and discussed other matters under the responsibilities of the board such as delegation to General Director, dividend payment, corporate bond issuance, etc. In particular, the matters approved in decisions by Board of Directors in 2018 are summarized below:

No.	Content	Board of Directors Decision No.	Approved date
I	Business result and Business plan		
1	The report of business performance in 2017 and business plan in 2018	03/2018/NQ-HĐQT	24/01/2018
2	The report of business performance in the first half of 2018 and business plan for the second half of 2018	08/2018/NQ-HĐQT	09/08/2018
3	The report of business performance in first eleven months 2018 and business plan for the full year 2018.	10/2018/NQ-HĐQT	10/12/2018
4	The business plan for 2019	10/2018/NQ-HĐQT	10/12/2018
II	Company governance		
1	Approval of Charter amendment and additional listing registration	01/2018/NQ-HĐQT	08/01/2018
2	The result of public share offerings	01/2018/NQ-HĐQT	08/01/2018
3	Plan for Annual General Meeting 2017	03/2018/NQ-HĐQT	24/01/2018
4	Plan to look for strategic partners	04/2018/NQ-HĐQT	23/03/2018
5	Plan to issue new shares to increase charter capital in 2018	05/2018/NQ-HĐQT	16/04/2018
6	Plan to apply for bank loans for the Company's operation activities	06/2018/NQ-HĐQT	19/04/2018
7	Plan to issue corporate bonds second round 2018	07/2018/NQ-HĐQT	25/05/2018
8	Amendment of the Company's Charter	09/2018/NQ-HĐQT	11/09/2018
III	Other issues		
1	Remuneration for the Board of Directors and Supervisory Board in 2017	03/2018/NQ-HĐQT	24/01/2018
2	Issue corporate bond 2018	02/2018/NQ-HĐQT	24/01/2018
3	Plan to upgrade IT infrastructure in 2019	09/2018/NQ-HĐQT	11/09/2018



REPORT FROM THE BOARD OF DIRECTORS (continue)

MANAGEMENT ACTIVITIES IN 2018 (continue)

Operation of independent, non-managing BOD

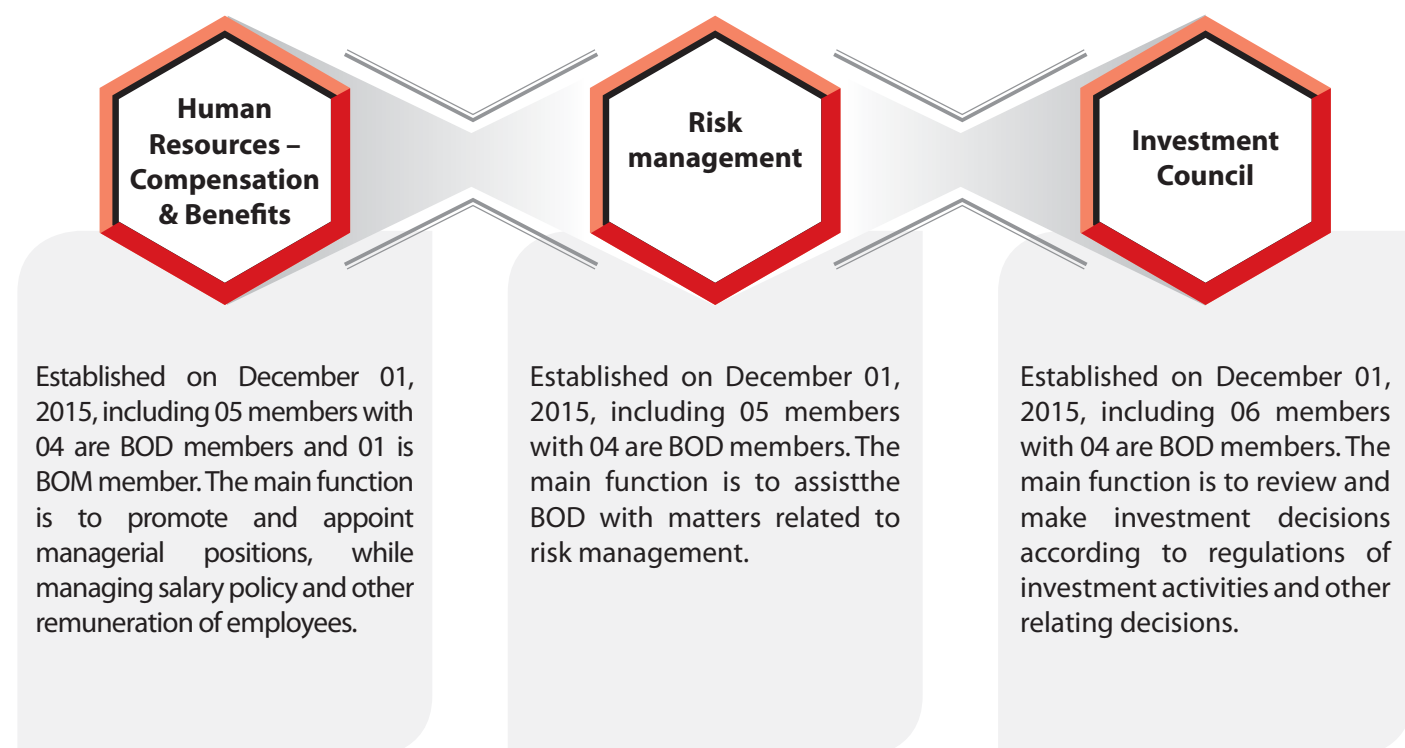
In order to keep the independence, transparency and wide overview for the BOD, Rong Viet is currently maintaining the BOD's structure with most of members are non-managing and independent. Currently, only one member participates in execution that is Mr. Nguyen Hieu, CEO of the Company. With this structure,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

Besides, non-managing and independent BOD members 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 BOD's supervision

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

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



List of members of each Body/Council under BOD's supervision:

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

Activities of Body, Council under BOD's supervision



Human – Salary - Bonus

At Rong Viet, Human Resources – Compensation & Benefits holds important roles related to human resource and remuneration issues, which are as following:

- Providing advices and suggestions for the BOD in electing, appointing and reappointing BOD/BOM members and managerial positions of the Company;
- Evaluating level of effectiveness of the BOM's operation;
- Deciding or approve plan of human resource development, recruitment, training and welfare for managers;

- Assisting the BOD about salary policy for the entire company;
- Proposing remuneration policy (salary, welfare and other benefits) for the BOD and Supervisory Board members;
- Suggesting 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;
- Reviewing and proposing ESOP program for employees.

Human resources - Compensation & Benefits Body review and make decisions within its authorization through public voting in meetings or written opinion collection. Meetings of the Body will be gathered in following circumstances: Chairman's request, request from at least 02 members of the Body or suggestion by the CEO.

In 2018, Human resources-Compensation & Benefits Body advised and proposed to the BOD to issue updated regulations and to improve salary, bonus and welfare policy for employees by issuing the

REPORT FROM THE BOARD OF DIRECTORS (continue)

MANAGEMENT ACTIVITIES IN 2018 (continue)

Activities of Body, Council under BOD's supervision (continue)

commission policy for Investment Banking Division, Individual Client Brokerage and Institutional Client Brokerage Divisions and commission policies regarding capital raising for Rong Viet (updated on September 11, 2018) and changing the salary policy (Decmeber 07, 2017). Moreover, the Body also joined in meetings of reviewing and adjusting half year or full year employees' salary in accordance with their capabilities, expectations and their willingness to contribute for company operation.

Risk management



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, besides proposing and evaluating the suitability of risk management policy and annual risk limit management. Along with that, risk management policy determines the risk limit for the Company's business activities, for each business unit and employees exposed to transactional risks.

The risk level for each department in the Company is daily and automatically calculated through system. Every month, based on the risk management system and reports of total risk and available capital, the risk management department monitors risk limit of entire company and sends report to the CEO. After that, the CEO has to follow up, gather information and report to the risk management Body about risk exposure,

material risk assessment and the plan of handling risks when exceeding the risk limit.

In 2018, the Risk management body completed its assignment by ensuring the Company's operation, early detecting material risks, timely reporting and not recorded any arising harmful issues for clients, shareholders/investors and the Company as well.

Investment Council

The investment council is an unit under BOD's supervision. The investment council holds responsibility for reviewing and making investment decisions within 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 upon 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 and solutions.



Enhance management capability

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 training workshop "Enhance leadership to catch the trend" organized by CEO Club on March 01, 2017;
- The workshop "Technology for Internal Audit - Doing More with Less" organized by TeamMate Asia Pacific on September 27, 2018;
- The workshop "Vietnamese Banking Stocks" organized by FiinForm – StoxPlus in order to summarize the situation of Vietnamese banking stocks in the last 5 years and point out the coming opportunities and risks;
- The workshop "Vietnam Investment Professionals Forum (VIPF 2018)" organized from November 08, 2018 to November 11, 2018 in order to comment on macro issues, investment ideas and industry trends in 2018.

Each newly nominated member of the BOD is required by the BOD to take time to finding out about the activities of Rong Viet through many sources of information such as exchanging with the old BOD members, the Executive Board members, company website, company management reports, performance reports, annual reports, etc. Thereby, the new BOD members will quickly grasp and have a more in-depth look at Rong Viet's operation in order to make positive and valuable contributions to the development of the Company.

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 and decisions, aiming to reach profession in company governance in accordance with current regulations and international treaties. Some of outstanding events are as followed:

- In 2018, the BOD maintained their operation by quarterly meetings or as per requested meetings. In particular, the BOD organized 9 meetings, including collection of written opinions. Number of attendance were 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;
- Supervising operation and review, approve proposals from Bodies/Council of the BOD to ensure the effectiveness in daily company operation;
- Together with the Supervisory Board to monitor BOM's activities and request regular or irregular reports from BOM.



THE SUPERVISORY BOARD

Ms. Nguyen Thi Oanh
Chief Supervisor

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 Board of Supervisors

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 Board of Supervisors

Date of first appointment:
06/03/2010

Date of re-appointment: None

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.

REPORT FROM THE BOARD OF DIRECTORS

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 2012 – 2016. Rong Viet's Annual General Meeting 2016 was held on March 23, 2017 and subsequently approved the dismissal of the Supervisory Board in the term 2012 – 2016 and the election of the new Supervisory Board for the term 2017 – 2021 with 02 existing members and 1 newly elected member. All members are qualified and fit for their duties.

No.	Full Name	Title	Status	Owning / Representing Stakes at VDS	
				% Ownership	% Representative
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 2018 is summarized as follow:

No.	Full Name	Title	Start / End Date	No. of meetings attended	Ratio	Reason for absence
1	Ms. Nguyen Thi Oanh	Chairperson		02/02	100%	
2	Mr. Nguyen Van Minh	Member		02/02	100%	
3	Mr. Nguyen Thuc Vinh	Member		02/02	100%	

In 2018, the Supervisory Board has fulfilled the following duties:

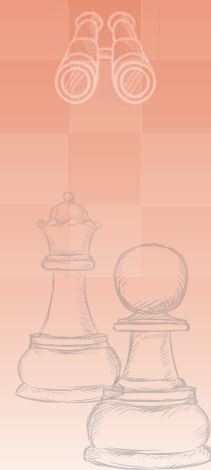
- Monitor Rong Viet's compliance with the Laws, the Company's regulations, and the Shareholder General resolutions;
- Monitoring the business operations & financial reports in 2018;
- Monitoring activities of the BOD and the Management Board;
- Resolving shareholders' requests to the Company.



REPORT FROM THE BOARD OF DIRECTORS (continue)

THE SUPERVISORY BOARD'S ACTIVITIES REPORT (continue)

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 2018 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 violations. This ensured that shareholders, clients, investors and other related parties were always updated about important information about the Company's operational activities, organizational changes and financial status. The Annual General Meeting 2017 resolutions have been successfully carried out with the following details:

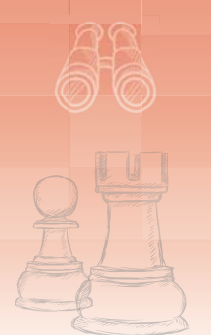
- **Business plan for 2018:** In 2017 Rong Viet exceeded the targets for revenue and profit set by the AGM. The Company recorded VND 366.4 billion of revenue (exceeded the plan by 19%). The profit before tax and the profit after tax reached VND 138 billion and 111 billion (exceeded the plan by 38% and 39%), respectively.
- **2017 Profit distribution:** Rong Viet has completed the issuance of shares to pay 10% dividend to shareholders in

accordance with the plan approved by the General Meeting of Shareholders to raise the total capital of the Company to VND 1,000,999,060,000.

Selecting the Auditor: After carefully studying about capability, qualifications, effectiveness and the independency of a number of auditors, Rong Viet's BOD has chosen PwC (Vietnam) Ltd. to be the auditor for its 2018 financial statements.

Regarding the issuance of shares under the employee selection program (ESOP): On April 16, 2018, the BOD agreed to implement the ESOP issuance plan and reported to the Securities and Exchange Commission. However, the issuance has not been completed due to the fact that the number of employees who registered to buy shares was too low (as the issuing price for employees is VND 10,000 / share, much higher than the price of VDS shares being trading on the market at around VND 8,000 / share, so it was not attractive to employees). Because the number of shares registered to buy shares issued by employees is not enough, the BOD has temporarily suspended the issuance.

Monitoring the business performance and financial status in 2018



In 2018, 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 2018 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 with 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 2018 are:

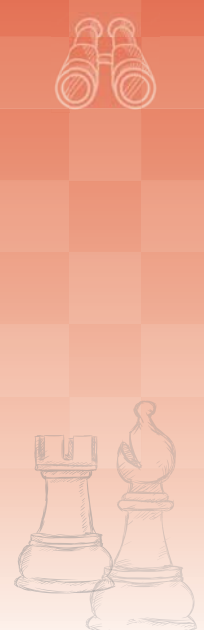
No.	Ratio	2018 Result	Asset Indicators	2018 Result
1	Total Revenue	434,162	Short term assets	1,880,838
2	Total Profit Before Tax	85,132	Long term assets	51,500
3	Total Net Profit	68,681	Total assets	1,932,338
4	Earnings Per Share (VND/ share)	686	Total liabilities	821,439

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

Some basic financial indicators:

No.	Indicators	Năm 2018	Năm 2017
1	Financial safety ratio	950%	827%
2	Solvency indicators		
a	Current ratio (times)	0.44	0.44
b	Long-term debt to total asset ratio (times)	0.43	0.43
3	Capital structure indicators		
a	Equity capital to total equity (times)	0.57	0.57
4	Profitability ratios		
a	ROAE (Net profit/ equity)	6%	11%
b	ROAA (Net profit/Total asset)	4%	6%

Monitoring activities of the BOD and BOM



In 2018, the BOD held 9 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 it 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 had been discussed and approved during those BOD meetings last year include:

- Reports on business performance quarterly & yearly, and business plans for the upcoming period;
- Plan of issuing shares under the employee selection program (ESOP);

- The issuance of corporate bonds during the year
- Change in the Management principle;
- Profit distribution in 2017 and profit distribution plan for 2018;
- Investment in the core system for derivatives market and the upgrade of the current core system for common securities;
- Provide derivative securities trading operation;
- Participate in Covered Warrant
- Other matters within the scope of the BOD.

In 2018, 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.



REPORT FROM THE BOARD OF DIRECTORS (continue)

THE SUPERVISORY BOARD’S ACTIVITIES REPORT (continue)

Resolving enquiries from shareholders



In 2018, 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 2018, 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 2019

Based on the positive result of the past year, the Supervisory Board has set the action plan for 2019 as follow:

- Continuing 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;
- Communicating, supporting, and making recommendations to the BOD & the BOM about tasks that need to be done & modified in order to improve the effectiveness of the management activities.
- Supporting 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 set by the Shareholder General.
- Strengthening the risk management activities, focusing on identifying crucial factors that can severely affect the Company’s business;
- Continuing 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.

INCOME AND OTHER BENEFITS OF THE B.O.D AND THE SUPERVISORY BOARD

REMUNERATION FOR THE BOD AND THE SUPERVISORY BOARD

Rong Viet’s Annual General Meeting is the agency that decides the level of remuneration for the Board of Directors and the Supervisory Board. According to the Resolution of the General Meeting of Shareholders No. 01/2018/NQ-DHDCD approved on March 28, 2018, the remuneration of the Board of Directors and the Supervisory Board in 2018 is VND 1.67 billion, and the remuneration plan for the Board of Directors and the Supervisory Board in 2018 is equal to 1.5% (one point five percent) of net profit after tax in 2018.

Based on the actual business situation in 2018, the amount of remuneration for the Board of Directors and the Supervisory Board in 2018 is as follows:

Content	VND
Net profit 2018	68,680,982,416
Remuneration for the BOD and the Supervisory Board	1,030,214,736

BONUS REGIME AND OTHER REMUNERATION FOR MEMBERS OF THE BOARD OF DIRECTORS AND THE SUPERVISORY BOARD

In addition to the remuneration regime approved by the Annual General Meeting of Shareholders for the activities of the BOD and the Supervisory Board, non-executive or independent members of the BOD and members of the Supervisory Board did not receive any bonus from the Bonus and welfare fund of the Company.

STOCK TRANSACTIONS OF INTERNAL AND RELATED PEOPLE

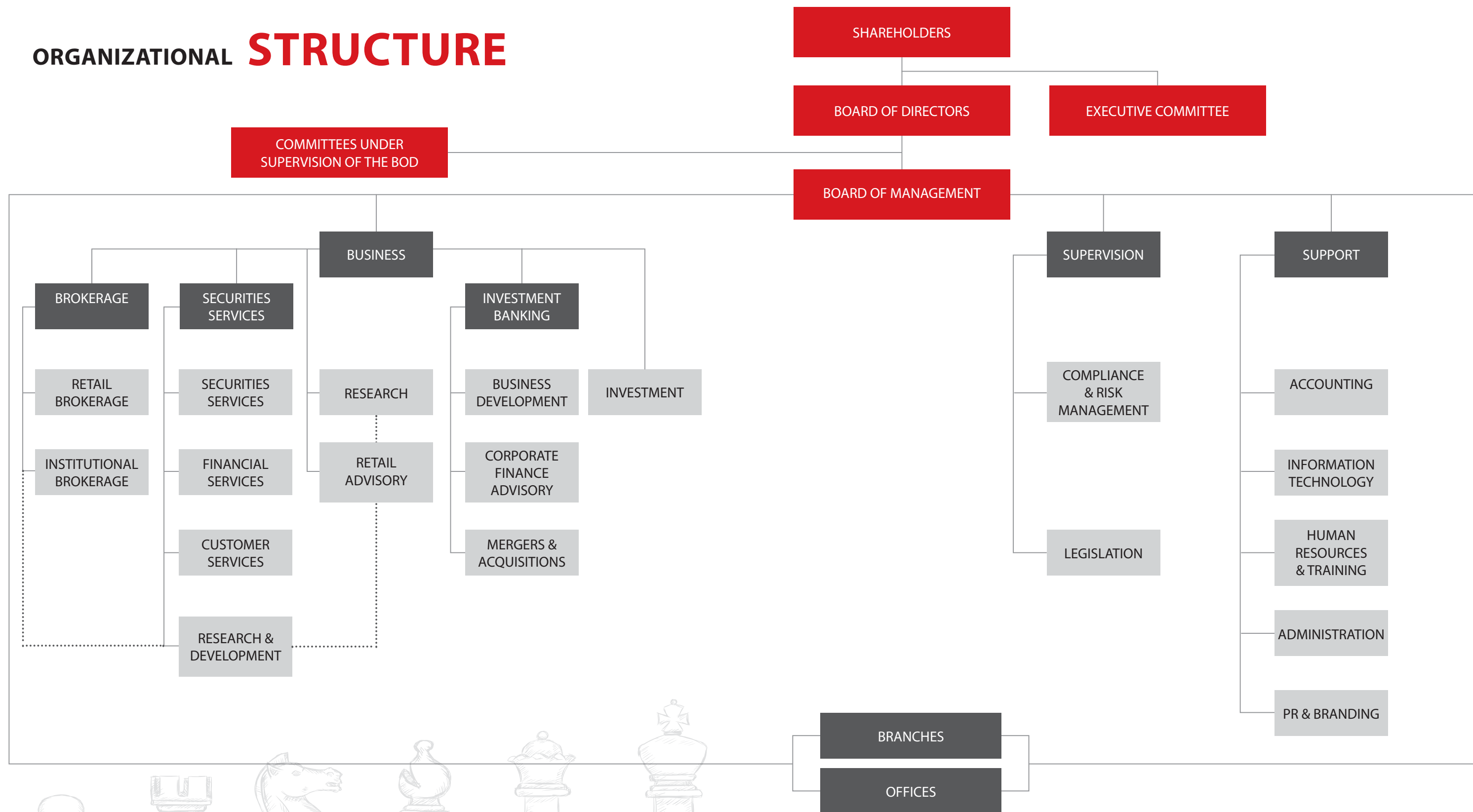
In 2018, there was no transaction of VDS shares arising between Rong Viet’s internal and related people.

TRADING FROM THE COMPANY AND RELATED PERSONS; OR BETWEEN THE COMPANY AND MAJOR SHAREHOLDERS, INSIDERS, INDIVIDUALS RELATED TO INSIDERS

In 2018, there was no trading between Rong Viet and any related persons, nor between Rong Viet and major shareholders, insiders, nor individuals that are related to insiders.



ORGANIZATIONAL STRUCTURE





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 Manager, Mr Hieu has contributed greatly to the development and expansion of the company. He was entrusted as the RongViet General Manager since September 18th 2012 and appointed a BOD member on March 15th 2014.

Prior to 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.

Current positions in other entities: None

Number of shares owned (as of 02/03/2018): 48.499
(ratio: 0,05%)



Mr. Nguyen Minh Nhut

Deputy General Director

Year of birth: 1977

Professional qualification: Bachelor of Economics

Introduce:

Mr. Nguyen Minh Nhut has over 19 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, Investment Manager of Hochiminh Securities Corporation (HSC) and CEO of Saigon Asia Financial Investment Corporation.

He has a Bachelor degree in Business from the HCMC Economics University

Current positions in other entities: None

Number of shares owned (as of 02/03/2018): 7.579 (ratio: 0,01%)



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).

He has a MBA from a cooperative Master program between the NEU (Vietnam) and SBS-EM (Belgium).

Current positions in other entities: None

Number of shares owned (as of 02/03/2018): 114.488
(ratio: 0,11%)



Ms. Nguyen Thi Thu Huyen

Deputy General Director - Director of Securities Services Division

Year of birth: 1979

Professional qualification: Master of Economics

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.

She has with a Master degree in Finance – Banking from the National Economics University.

Current positions in other entities: None

Number of shares owned (as of 02/03/2018): 106.964
(ratio: 0,11%)

RISK MANAGEMENT

OVERVIEW ABOUT RISK MANAGEMENT SYSTEM



Ever since The Company's establishment, the risk management activity has always been given 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.

2018 is a volatile year of global stock markets, including Vietnam. Besides raising US interest rates and US-China trade war, the movement of the VNINDEX mainly depends on the large market capitalization stocks list, leading by Real estate, construction, and banking. Those are always sensitive to the fluctuation of macro factors. Since reaching 1,204 points in April 2018, the VN-Index has continuously plunged, falling as low as 893 points, ended the year in the red. 2018 becomes the first year since 2011 recorded a negative growth. This implies that there are always risks in the securities market. If there is no preparation and risk management,

it will not only endanger business results but also pose the threat of reducing operation capital, affecting the overall business strategy.

The largest risk on the Vietnam securities market is the lack of transparency and accuracy of information from public and listed companies. Information from the website of the HSX in 2018 shows that there are 70 cases of companies violating information disclosure. In addition, the phenomenon of a number of stocks increased quickly in a short of time and then reduced, causing disbelief in investors and directly affected the operation of securities corporations in proprietary trading and Margin lending.

With a good risk management system and ensures efficiency in operations, safety in corporate governance, combined with the ability to respond quickly and adapt well to fluctuations in the market, during 2018, Rong Viet does not suffer any damage from negative fluctuations, contributes to preserving business results. Risk indicators are controlled at the safety limit, especially the market risk indicators of proprietary trading and margin operations of the company.

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.

RISK MANAGEMENT AT RONG VIET

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 as follow:





RISK MANAGEMENT (continue)

RISK MANAGEMENT AT RONG VIET (continue)

Particularly, risk limit is the capital amount allocated to resolve any risks that stand a high chance of causing damages. Usable capital is defined at Circular 87/2017/ TT-BTC dated August 15, 2017, providing financial safety indicators and measures for securities business organizations, those do not meet the financial safety indicators of the Ministry of Finance.

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:



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. 02/2018/QD-HDQT dated 17 Jan 2018 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.

2018 Risk Limit Allocation:

Units: % Usable Capital

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%	-



No.	Activities	Market Risk	Payment Risk	Liquidity Risk	Operation Risk	Compliance Risk
9	Investment banking	-	X%	-	X%	X%
10	Underwriting	X%	X%	-	X%	X%
11	Accounting	-	-	X%	X%	-
TOTAL		Y%	Y%	Y%	Y%	Y%

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, Rong Viet's risk management body works directly with the General Director to establish the risk warning system. Each service/product is allowed to use up to 90% of its risk limit.

The risk management body is held responsible for managing the risk limits for the entire company, while heads of other departments are committed to the disclosed risk limit. Moreover, the risk management body 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. If the risk limit is at safe level:

- Manager monitors the risk of the department against the warning threshold to calculate the necessary risk reduction options.
- If the risk incident has arisen at the department that is likely to increase the loss value in the risk limit, manager is responsible for supervising and implementing resolve problems.
- If manager detects that risk incident has a risk level that can exceed the ability of department, the manager is responsible for reporting to Risk Management Division, estimated losses and risk control plans for Risk Management Department in order to coordinate with department has risk prevention and mitigation plans.
- Incidents that have arisen or arising must be recorded in the risk management system in order to make changes and improve appropriate risk handling measures.

In the event that the risk exposure goes beyond the warning threshold, the following measures will be taken:

If the risk level has been previously reported, the Risk Management Body and department implement the risk mitigation options that has been proposed until the loss recovery has been completed.

If the warning system detects the risk level beyond the warning threshold:

- Risk Management Body requires the manager to report the specific causes and remedies. All activities of the unit are subject to the supervision of the Risk Management Body until the risk level returns to a safe level.
- If the risk level exceeds the safety level continuously, the Risk Management Body will monitor the operation of the violating department and check the implementation of the business process. The monitoring period is at least 01 (one) month after the risk level returns to a safe level.

The risk management body 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 body will construct the risk reduction plan through examining the risk value of each business operation. After this is completed, the risk management body 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 General Director, In addition to daily, monthly and periodic/unexpected monitoring tasks. The General Director reviews the report and adjusts the risk control duties to actual issues arising.



RISK MANAGEMENT (continue)

RISK MANAGEMENT AT RONG VIET (continue)

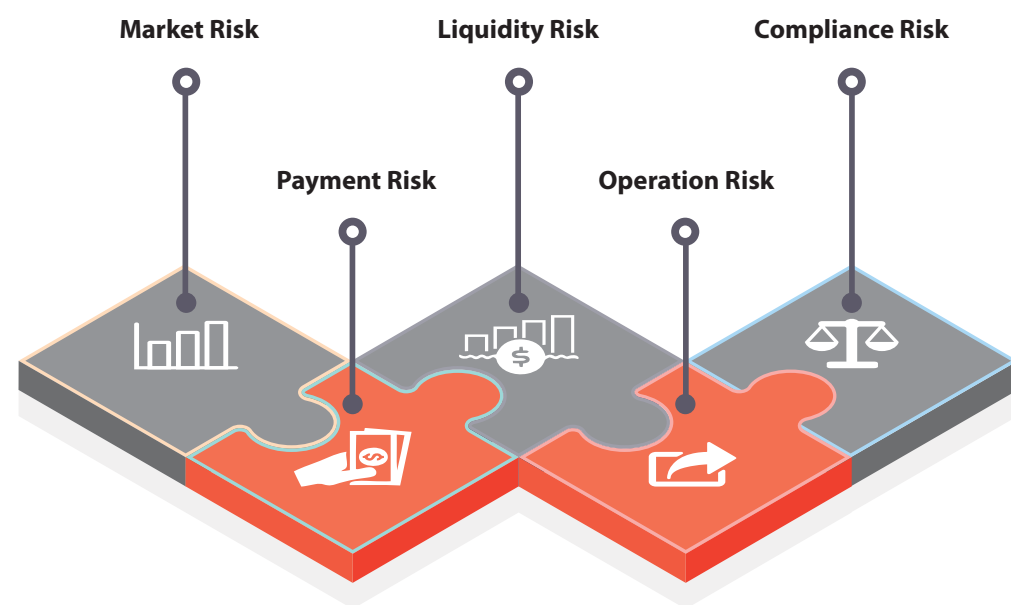
Solutions to exceeding-limit risk

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

- Review, identify the type of risk, reason for risk and estimated losses, and report this information to General Director;
- Violating units shall explain and prepare the plan and time to General Director 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.
- For the case of safety violations, it will comply with the provisions of the Risk Management Policy.

SIGNIFICANT RISKS IN RONG VIET'S BUSINESS OPERATIONS



Market Risk

Description:

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:

- Filtering the portfolio of margin securities in accordance with certain criteria. 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 (HSX, HNX) regarding margins; to promptly update the securities permitted for margin trading, the securities are excluded from the margin-trading list. From that time, promptly notify customers and take appropriate measures;

- Providing a reasonable ratio in correspondence to each type of margin securities;
- Regularly monitoring and assessing the volatility

situation in the market to change the securities in the deposit portfolio accordingly;

- Updating the list of securities that are not eligible for margin trading on 2 exchanges every day;
- Monitoring, managing margin accounts, and processing collaterals: Rong Viet establishes Financial Services Department to deal with the management of those accounts and to provide clients with best solutions when any problems occur in accordance with applicable laws;
- Changing the portfolio of stocks due to the fluctuation of the securities market. In addition, clients are kept 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;
- There are separate investment policies for short term and long-term investment horizon;
- Monitoring the volatility of the market, update information for current holdings or prospective holdings;
- Considering the optimal price or limit price to make a timely decision to earn an expected profit or to cut the loss.

Payment Risk

Description:

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.



Liquidity Risk

Description:

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;
- Expanding relationship and sign credit contracts with credit organizations to make necessary loans.

Operation Risk

Description:

Operational risk takes place because 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, 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 rights for customers...

RISK MANAGEMENT (continue)

RISK MANAGEMENT AT RONG VIET (continue)

Operation Risk (continue)



Related to IT:

- System errors affecting 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;
- 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 regrading securities jobs;
- Transactions are not fully and timely reported to competent authorities;
- New products and services of The Company are in the initial usage.

Management Method:

Risk Measurement:

- Displaying probable risks of departments;
- Synthesizing frequency of occurrence;
- Assessing the fluctuation of risk signals;
- Analyzing the capability to have an effect on company's business activities;
- Evaluating the risk level.

Risk controlling:

- Ensuring the ongoing performance of risk management tasks in all units;
- Evaluating the performance of units in term of risk management;
- Detecting high risk level to propose timely solutions;
- Tracking on fluctuation on different types of risk.

Risk hedging:

- Building the risk management system;
- Standardizing preparation and issuance of documents;
- Conducting standard of human resource, training and rotation;
- Conducting standard of safeness an confidential information applied for infrastructure and technology;
- Constructing risk limits for business sectors;
- Building a plan for ongoing operation;
- Sharing risks.

Compliance Risk

Description:

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:

- Reviewing legal status of partners before signing and performing contracts;
- Correctly evaluating the partners' capability to perform the contract;

- Ensuring all of provisions complying legal regulation;
- Regularly monitoring to detect copy right disputes for avoiding disclosing technology's confidential information and controlling rumors influencing on The Company's reputation;
- Complying to regulations of labor policy; Publicize transparent policies of salary, bonus; protect employee's rights and responsibilities;
- Continuously and timely updating newly issued legal procedures; Review the departments 'compliance to detect legal risks.

RESULTS OF RISK MANAGEMENT IN 2018



The risk management system has always maintained stable operation. The Company operation was actively supervised and managed by the 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.

The Risk Management Body has been usually modifying and upgrading the risk management system to meet the need of business expansion, which should be accompanied by increasingly diversified and complicated products/services. The Legal Department has been always updating relevant legal documents covering brokerage activities to ensure timely and full compliance

with regulatory requirements, mitigating legal risks that could undermine the Rong Viet brand name.

In 2018, the Company ensured to implement the total risk value lower than the total risk limit and less than 50% of the available capital. All metrics relating to market risk, payment risk, liquidity risk, operational risk, and compliance risk are below threshold limits. In particular, the risk levels of proprietary trading and margin lending (the two that have the greatest impact on the company-wide risk level) in the period stayed at only 43% and 60% of the permitted limits, respectively.

PLANS OF RISK MANAGEMENT IN 2019

In 2019, along with enriching available capital, growing both human assets and client network, accelerating new financial instruments (including derivatives), the Company will likely to face problems related to operational risks. In addition, the stock market's unclear perspective for 2019 is expected to put the margin lending activity into a risky environment. Therefore, the Company will continue to monitor closely movements on both underlying and derivatives markets. Particularly, stocks suffering from negative news flow and, consequently, high volatility will be removed from the margin lending approval securities list.

Based on 2018 database, the Board of Management will submit to the Board of Directors an amendment in risk threshold limits for particular categories. Accordingly, the operational risk limit is expected to increase by 1 ppt, while the market risk limit for margin lending will remain unchanged as the Company plans to increase margin balance this year.

The Company continues to improve risk management efficiency by regularly identifying, evaluating and monitoring risks, especially risks related to operations and markets. The Risk Management Department works closely with business departments in continuous monitoring and timely adjustments to minimize risks.

Risk management department in conjunction with the information technology department plans to deploy risk management reporting software for every departments in 2019. Accordingly, instead of monitoring and monitoring departments and periodically report on written risk management as before, the new software will provide maximum support in risk management work of departments, thereby helping departments quickly and promptly.



STOCK INFORMATION AND INVESTOR RELATION ACTIVITIES

(Source: Shareholders' list as of January 17, 2019)

DETAILED LIST OF INTERNAL SHAREHOLDERS AND AUTHORIZED PERSONS TO DISCLOSE INFORMATION:

No.	Full name	Position	Restricted transfer shares (*)	Free transfer shares (*)	Total (*)	Ownership rate (%)
BOARD OF DIRECTOR				49,615,728	49,615,728	49.57%
1	Tran Le Nguyen	Chairman	-	35,035,000	35,035,000	35.00%
2	Nguyen Mien Tuan	Vice chairman	-	810,953	810,953	0.81%
3	Kelly Yin Hon Wong	Member	-	-	-	0.00%
4	Pham My Linh	Member	-	13,721,276	13,721,276	13.71%
5	Nguyen Hieu	Member General Director	-	48,499	48,499	0.05%
6	Vo Long Nguyen	Independent member	-	-	-	0.00%
7	Nguyen Quoc Bao	Independent member	-	-	-	0.00%
EXECUTIVE BOARD				345,741	345,741	0.35%
1	Nguyen Hieu	General Director	-	-	-	-
2	Nguyen Minh Nhut	Vice Director	-	7,579	7,579	0.01%
3	Nguyen Chi Trung	Vice Director	-	114,488	114,488	0.11%
4	Nguyen Thi Thu Hien	Vice Director	-	106,964	106,964	0.11%
5	Le Minh Hien	Chief Accountant	-	68,211	68,211	0.07%
SUPERVISORY BOARD				40,480	40,480	0.04%
1	Nguyen Thi Oanh	Head	-	-	-	0.00%
2	Nguyen Thuc Vinh	Member	-	34,980	34,980	0.03%
3	Nguyen Van Minh	Member	-	5,500	5,500	0.01%
TOTAL				49,953,450	49,953,450	49.90%



TYPE OF OWNERSHIP

Object	Restricted transfer shares (*)	Free transfer shares (*)	Total (*)	Ownership rate (%)
I. Internal shareholders		49,953,450	49,953,450	49.9%
II. Treasury share		-	-	-
III. Others	50	50,097,907	50,097,957	50.1%
1. Domestic	50	49,378,786	49,378,836	49.3%
1.1 Individuals	0	30,547,639	30,547,639	30.5%
1.2 Organizations	50	18,831,147	18,831,197	18.8%
2. Foreigner	0	719,121	719,121	0.7%
2.1 Individuals	0	152,695	152,695	0.2%
2.2 Organizations	0	566,426	566,426	0.6%
TOTAL	50	100,099,856	100,099,906	100.0%

DETAILED INFORMATION ABOUT MAJOR SHAREHOLDERS

No.	Major shareholders	ID card	Address	Quantity, ratio	
				Quantity	Ratio
1	Tran Le Nguyen	023062528	53 Nguyen Tieu La, W.5 D.10 HCMC	35,035,000	35.0%
2	Asian Investment Limited Company	0313483355	Floor 7th , Viet Dragon Building, 141 Nguyen Du, D.1, HCMC	15,043,617	15.0%
3	Pham My Linh	022590875	153/13 Nguyen Van Huong, W. Thao Dien, D.2, HCMC	13,721,276	13.7%
TOTAL				63,799,893	63.7%

STOCK INFORMATION AND INVESTOR RELATION ACTIVITIES (continue)

SHARE INFORMATION

Total share	100,099,906	Shares
Share type	Common	
Face value	VND 10,000/ Share	
Treasury stock	-	Shares
Circulated shares	100,099,906	Shares
Restricted transfer shares	50	Shares
Free transfer shares	100,099,856	Shares

SHARE RATIO

No.	Object	Quantity	Ownership rate (%)	Number of shareholders	Shareholder structure	
					Organization	Individual
1	Government	-	0.0%	-	-	-
2	Major shareholders	63,799,893	63.7%	3	1	2
	Domestic	63,799,893	63.7%	3	1	2
	Foreigner	-	0.0%	-	-	-
3	Treasury stock	-	0.0%	-	-	-
4	Others	36,300,013	36.3%	811	29	782
	Domestic	35,580,892	35.5%	791	21	770
	Foreigner	719,121	0.7%	20	8	12
	TOTAL	100,099,906	100.0%	814	30	784
	Domestic	99,380,785	99.3%	794	22	772
	Foreigner	719,121	0.7%	20	8	12

CHAPTER 5

SUSTAINABLE DEVELOPMENT REPORT

- OVERVIEW
- RONG VIET'S SUSTAINABLE DEVELOPMENT ACTIVITIES
- RELATIONSHIPS AMONG RELATED PARTIES
- THE GRI STANDARDS
- CONTACT INFORMATION





OVERVIEW

Rong Viet clearly understands the intrinsic value of the Company and its current resources. Building a sustainable business strategy in order to adapt to the changing economy, society, and the environment is a process that Rong Viet has been seriously following with the mindset of “Think Big, Specific Actions” and the belief that every small action carries large meanings since they come from the heart.

Documents that are used as reference for rong viet’s sustainable development report of 2018

- This report is partially based on the GRI (Sustainable Reporting Standards) – 2016 by the Global Reporting Initiative
- 17 sustainable development goals by the United Nations until 2030.
- 17 sustainable development goals by the Socialist Republic of Vietnam until 2030
- Guidelines on building sustainable reports by IFC and the Vietnam State Securities Commission (SSC).
- The 2030 Resolution for sustainable development in accordance with Decision No. 622/QĐ-TTg by the Prime Minister of Vietnam on May 10, 2017.
- Decision No. 2183/QĐ-BTC regarding the plan of the Financial Sector to execute the State Strategy for green development to 2020.
- Circular No. 155/2015/TT-BTC by the Ministry of Finance requesting listed companies to disclose information on sustainable development.

Contents of the report

- 1 The participation of related parties
- 2 The environment for sustainable development
- 3 The level of importance



Principles for the quality of the report



Scope and scale of the report

The sustainable development report of Rong Viet is embedded in the Annual Report and will have the same scope and scale as the Annual Report.



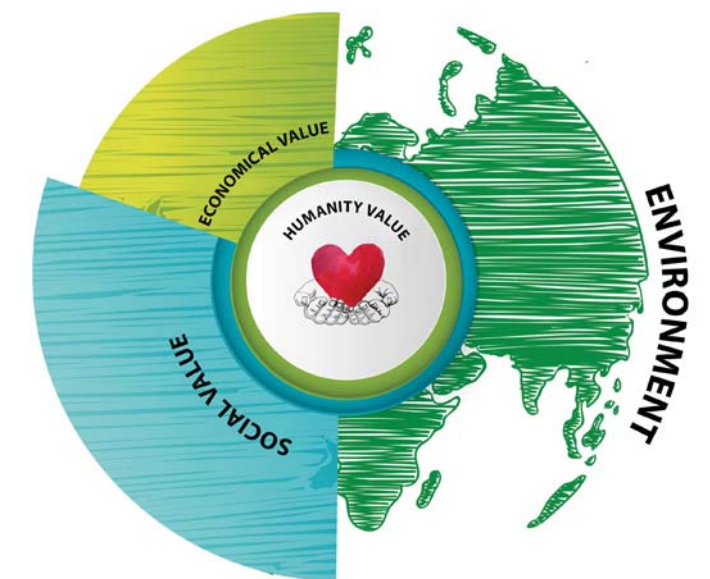
RONG VIET’S SUSTAINABLE DEVELOPMENT DIRECTION

Based on the Resolution of 2030 for sustainable development by the United Nations General Assembly in 2015, Vietnam has issued a State Action Plan to carry out the Resolution in accordance with Decision No. 622/QĐ-TTg by the Prime Minister of Vietnam on May 10, 2017. According to the plan, sustainable development is a balanced combination of the 03 factors: Economy, Society, and Environment. These factors will be resolved using a series of commitments based on the followings:



Rong Viet understands that the Business Strategy and the Sustainable Development Strategy are the two sides of the equation that will enable an everlasting growth of a company. This can be achieved by proper management that can bring the most benefits to all related parties (according to Alison Ramsden – Leading researcher about Sustainable Development):

- On a Global scale, thanks to the fast development of science – technology, the World is facing great challenges in terms of politics, culture, society, and especially environment. As a result, the mindset of changing from “Development” to “Sustainable Development” has been on the table around the World since the 1960s.
- Vietnam has also participated in this common movement of the World and has been committed to build a National Sustainable Development Strategy. According to this, the human factor is the center of the sustainable development (based on the 2030 Resolution for sustainable development by the U.N. and that of Vietnam, 2015 – 2017). Over the years, Rong Viet has carried out a series of actions with the starting point of building humanity within each member of Rong Viet in order to create a long-term and stable development for the Company by smoothly combining economical values and social value within a green eco-social system (GES).
- 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”.

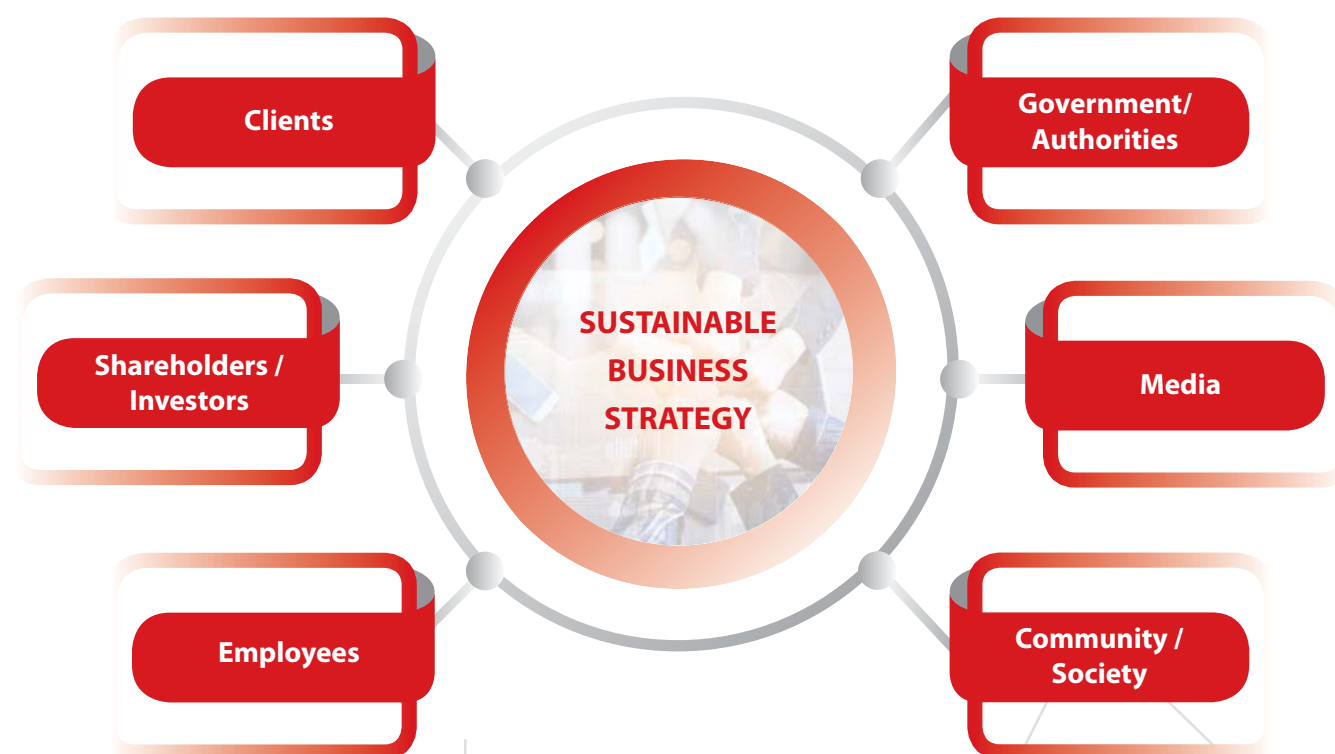




OVERVIEW (continue)

RONG VIET'S SUSTAINABLE DEVELOPMENT TARGETS

Rong Viet is aware that sustainable development has become a standard for 06 groups of stakeholders to evaluate a company. As a result, Rong Viet aims to maximize the benefits to these stakeholders by improving the business efficiency, transparency, risk management system, and ethical standards of the Company.



Clients



Benefits

- Significant Returns
- Risk Management
- Time Saving.
- Reasonable Expenses.
- Trustworthiness.
- Effectiveness.
- Capital Utilization.
- Goodwill.
- Investors Community.
- Transparency.

Rong Viet's Activities

- Providing various products & services to create more benefits to clients.
- Service quality has been improved
- Organizing conferences to connect analysts, brokers, and clients on a regular basis.
- Organizing chat rooms for investors using applications developed by Rong Viet.
- Improving the Risk Management activity.
- Improving the credibility of Rong Viet's research products
- Utilizing capital effectively

Reference

- Point 102-11 GRI 102 – Precautionary principle or approach
- Point 201-1 GRI 201 – Direct economic value generated and distributed.
- The 10th principle of the Vietnam Global Agreement: Companies need to fight corruption in any way, shape, or form.

Features & Events in 2018

- Charter Capital was increased from VND 910 billion to VND 1,001 billion, and Rong Viet became the 10th broker on the Derivatives Market.
- Total investment to IT reached VND 15 billion in 2018.
- 14 conferences with various topics have been held to present investment ideas to clients.
- The TabDragon application has been upgraded.
- Internal policy regarding conflict of interests have been issue to protect clients.
- Procedures have been built to connect green companies.
- In 2018, Rong Viet was honored as Outstanding Member in custody and M&A activities on the HSX, and as Outstanding Member in Advisory Activities by the M&A Forum.
- In September 2018, Rong Viet officially entered the partnership with Exotic Capital, a London based investment bank.



OVERVIEW (continue)

RONG VIET'S SUSTAINABLE DEVELOPMENT TARGETS (continue)

Shareholders/
Investors

Rong Viet's Activities

- Maintaining a stable growth of business results.
- Improving the business results.
- Organizing AGMs and BOD meetings.
- Maintaining information transparency.
- Improving the corporate management model, the risk management system, compliance, and business effectiveness.



Reference

- Point 102-11 GRI 102 – Precautionary principle or approach
- Point 201-1 GRI 201 – Direct economic value generated and distributed.
- The 10th principle of the Vietnam Global Agreement: Companies need to fight corruption in any way, shape, or form.



Benefits

- Transparency.
- Risk Management.
- Sustainable Development.
- Goodwill.
- High ROE.

Features & Events in 2018

- Rong Viet's revenue and profit growth rate in 04 years (2015 - 2018) reached 49.1% and 48.7% per annum, respectively.
- Rong Viet's auditor is one of the Big Fours.
- Rong Viet has not had any bad debt from clients over the last 6 years.
- Annual cash dividends remain stable at 5% - 10% per year.
- The new Core System has been launched with new features that enable Compliance to improve productivity by 30%.



Employees



Rong Viet's Activities

- Offering training programs that can improve knowledge and skills for employees.
- Maintaining a balance ratio between male and female employees.
- Creating a healthy environment for employees to grow.
- Launching the program called "Building Rong Viet's professional corporate culture".

Reference

- Point 201-1 GRI 201 – Direct economic value generated and distributed.
- Point 404-1 GRI 401 – Average Hours of training per year per employee.
- Point 404-2 GRI 401 – Programs for upgrading employee skills and transition assistance programs.
- Point 405-1 GRI 405 – Diversity of governance bodies and employees.
- The 10th principle of the Vietnam Global Agreement: Prevention of Workplace discrimination in Vietnam.



Benefits

- Effective Employee Policy.
- Gender Equality.
- Training & Development Policy.
- Good Working Environment.
- Promotion Opportunity.

Features & Events in 2018

- Organized a series of in-house training courses and outsourced training programs with the expenses of VND 800 million.
- Female employees account for 48.2% of the total employees and female managers are 29/68 (42.6%).
- The Broker Internship Program was successful with 24 out of 97 interns have passed and become full time employees.
- The new image of a young and professional Rong Viet has been introduced to the public via the OPEN campaign. Over 60% of employees has improved in terms of professionalism and over 30% of employees has improved work efficiency, especially the brokers.
- Organized a photo / video competition called "Rong Viet through Your Eyes".





OVERVIEW (continue)

RONG VIET'S SUSTAINABLE DEVELOPMENT TARGETS (continue)

Government/ Authorities



Benefits

- Compliance to all Laws & Regulations.
- Fulfillment of all Tax Duties.
- Responsible Investment.
- Contribution to the Stock Market.

Rong Viet's Activities

- Contributing to the development of the Vietnam Stock Market by connecting and learning from other markets around the World.
- Fulfilling all tax duties.
- Compliance to all Laws & Regulations.



Reference

- Point 102-13 GRI 102 – Membership of association.
- Point 201-1 GRI 201 – Direct economic value generated and distributed.

Features & Events in 2018

- Contributed to the draft change of the Securities Laws; Circular on pricing of securities services; circular on business restrictions; and circular on margin trading.
- Contributed to the State Budget through VND 19 billion of corporate income tax in 2018.
- Participated in the Annual Conference of the ICSA in Taipei – Taiwan with the theme: "The economic development of the ASEAN region".
- Participated in the Asia Securities Forum (ASF) in Bali (Indonesia) from October 31, 2018 to November 03, 2018.

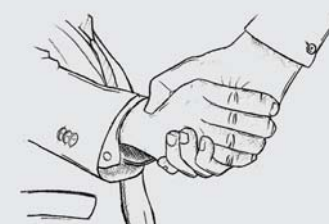


Media



Rong Viet's Activities

Coordinating with news and media to provide market information and introduce investment opportunities to both current and potential clients.



Reference

Point 203-2 GRI 203 – Significant indirect economic impacts.



Benefits

- Information Connection.
- Information Transparency.
- Investors Connection.

Features & Events in 2018

- Sponsored for the M&A Forum, the largest annual M&A event in Vietnam, organized by Securities Investment Magazine.
- Cooperated with VietStock to sponsor for the IR Awards 2018 – a recognition of listed companies that had the best IR activity in 2018.
- Provided information on a regular basis to Rong well-known news providers such as the Vietnam Securities Time, Bizlive online, CafeF, VietStock, Saigon Businessman, etc.





OVERVIEW (continue)

RONG VIET'S SUSTAINABLE DEVELOPMENT TARGETS (continue)

Community / Society



Benefits

- Helping the less fortunate.
- Investing in education & younger generations.
- Promoting Environmental Protection.
- Saving natural resources.
- Sharing responsibility with the community.

Rong Viet's Activities

- Organizing charity events such as "Spring with Love" and "Dreaming for School" to help the less fortunate as well as to assist employees who are in need.
- Sponsoring events in Universities and organizing "Company Tours".
- Using environmental friendly materials in many activities.
- Launching new procedures and regulations on fire safety and environmental protection.

Reference

- Point 201-1 GRI 201 – Direct economic value generated and distributed.
- Point 413-1 GRI 413 – Operation with local community engagement, impact assessment and development programs.
- The 01st target of the Sustainable Development Strategy to 2030 by the U. N. and Vietnam: Poverty Fighting.
- The 06th target of the Sustainable Development Strategy to 2030 by the U. N. and Vietnam: Hygiene & Clean Water.

Features & Events in 2018

- Rong Viet's employees donated over VND 145 million for the "Dreaming for School" event and over VND 80 million for the "Spring with Love 2018" event.
- Employees and related ones contributed over VND 243 million to a fund for a member who is fighting cancer.
- Sponsored various competitions in universities such as "Students & Finance – FSC 2018", "RMIT Research Challenge" and "UFM Investor 2018"
- Organized Company Tours and Career Orientation day for students from various universities such as Ton Duc Thang University, Industrial University, Banking University, etc.
- Replaced plastics with paper-based products as well as started to categorize wastes.
- Issued Announcement No. 472/2015/TB-HCQT regarding work safety and fire safety as well as cooperation with the Fire Safety Body to provide training for employees.



RONG VIET'S SUSTAINABLE MANAGEMENT MODEL

BOD

- Identifying the sustainable development strategy for the Company
- Approving the targets and action plans for the Company
- Providing adjustment and direction for the Board of Management
- Taking advice from the Supervisory Board and other related parties

4/7 members of the BOD are non-managing. 02 BOD members are independent. Only one member is managing Mr. Nguyen Hieu - General Director.

Management

- Overseeing the execution of the sustainable business strategy
- Ensuring the execution of all plans to reach sustainable development targets
- Carrying out internal communications to all employees
- Taking advice from Compliance, Risk Management, and Legal bodies

The General Director directly approves and oversees the achievements of sustainable development targets of all functions in order to ensure the balance of the 03 aspects: Economy, Society, and Environment

Middle Management

- Carrying out the plan to achieve sustainable development targets
- Directly executing specific tasks and allocating workload to subordinates
- Coordinating with Compliance and Legal on a regular basis

The President of the Union is a middle manager who will be responsible for connecting and improving the well-being of all employees of Rong Viet using an independent budget and report directly to the General Director.

Employees

- Performing daily tasks and jobs to achieve sustainable development targets
- Reporting to direct manager on a regular basis in order to make timely adjustment
- Complying to all regulations regarding risk management and internal control of the Company

In addition to daily tasks and events from the Company, all employees of Rong Viet are encouraged to participate in social activities and environmental protection activities.





PROCESS OF ACTIVITY CONNECTION TO BUILD A SUSTAINABLE DEVELOPMENT AT RONG VIET

ACTIVITIES SPREADING HUMANITY AT RONG VIET

Ensuring employees salary, bonus and benefit policies

According to the Board of Management, expanding workforce is always the focus towards the Company's sustainable development. After concentration on rising staff size to meet market expansion and increase operation scale, the Company is aiming to improve staff quality, reflected in specially designed training plans that are suitable for personnel with various professional skills, positions, roles and backgrounds. In addition, remaining good benefit policy combined with creating a closer working environment is a motivation for employees to devote themselves to the Company's sustainable development.

The market's unpredictable volatility and unfavorable performance in 2018 directly affected not only the Company's business performance, but also insiders' general sentiment. Stabilizing income and ensuring benefits for employees, nevertheless, were the Company's top concerns, contributing to the sustainable development. In 2018, the Company adjusted its basic salary in accordance with the regional salary stipulated by the Government (January 2018) and executed income adjustment for employees.

Accordingly, the total personnel cost in 2018 was VND 84,852,319,451, up 14% compared to 2017 (insurance expense and personal income tax deducted was VND 19,291,861,624) and the average salary was VND 21,427,353 per employee.

Rong Viet's income policy accompanied with a target, a motivation for employees to constantly strive, increase their work productivity and quality, as well as fulfilling their assigned tasks. Apart from 13th month pay and year-end bonus, the Company also advocates regular or extraordinary rewards for collectives and individuals gaining good achievements, contributing to improving business efficiency or winning awards lifting Rong Viet's reputation in the market.

In order to reinforce employees' income and tie-up with Rong Viet, the Company always cares and complies with State regulations regarding benefit and insurance policy implementation for employees. Moreover, the Company focuses in particular on development of voluntary benefit policies to enhance employees'



To encourage brokers to exceed monthly targets, the Company rewarded outstanding brokerage teams in 2018 with VND 70,000,000. Furthermore, the Company executed extraordinary rewards collectives and individuals with good achievements, contributing to improving business efficiency, with incurred cost of VND 184,664,400.

commitment, as well as increasing competitiveness in the market. The total welfare amount paid in 2018 was VND 2,128,247,651, 48% higher than 2017, including programs such as periodic medical examinations, maternity benefits, uniforms, International Women's Day (March 8), International Children's Day (June 1), travelling, health insurance, accident insurance and surgical insurance renewals, and charity.

In 2018, salary, insurance and personal income tax payment were transparently and privately executed to ensure employees' benefits and comply with current law provisions. Personal income tax settlement and 2018 tax declaration were strictly implemented in accordance with the law regulations. Moreover, the Company always ensures to exactly carry out severance allowance regulations so that employees can receive adequate benefits after resigning at the Company.

The total number of employees participating in compulsory insurance by the end of 2018 was 290.

The insurance amount paid in 2018 was VND 8,323,745,500.

The personal income tax amount paid in the period was VND 10,968,116,124.

Completing systems of regulations and forms procedure

With the orientation of completing organizational structure, systems of relevant regulations and guidelines to rise the Company's efficiency and applicability, matching the Government's general regulations and enterprises, in 2018, the Company revised, adjusted and re-issued regulations related to salary, training, recruitment, etc., leading to complement in the Company's training and management policies, to improve working environment and staff quality.



Reflecting accurately and comprehensively staff capacity



Rong Viet applies a staff evaluation system at the very first recruitment stage. Strict selection indicates Rong Viet always considers quality of human resources as one of the top criteria. In addition, staff evaluation is periodically carried out after employees complete their probationary, re-appointment and labor contract re-signing, income adjustment and year-end evaluation.

3 Major criteria proposed during the evaluation

- ✓ Professional competence
- ✓ Working skills
- ✓ Attitude

Three major criteria proposed by Rong Viet during the evaluation are professional competence, working skills and attitude; thereby, the Company can correctly and full evaluate staff's potential development. In the upcoming time, with a goal of building and applying an all-inclusive evaluation system, Rong Viet will gradually improve the system and attach income with work performance, ensuring fairness among all employees.

Training and developing staffs

Training staff's professional capacity and working skills is an important factor to build and develop Rong Viet's team. Training programs are all carefully selected and invested in their content, objects, organization, and the Company specially pays attention on effectiveness in post-training. In 2018, Rong Viet implemented internal trainings combined with outsource trainings, and supported employees to attend professional training courses with a total cost of nearly VND 800,000,000.

Outstanding outsource trainings in 2018:

- "Sales advantages" - Dale Carnegie
- "Breakthrough leader" - Dale Carnegie
- "Leader Mindset" - Training to change the leadership model
- "Middle management skills" - PACE
- A number of intensive M&A course, Behind the Number, etc...

Outstanding internal trainings in 2018:

- 02 orientation sessions for newly recruited employees.
- 04 training programs for new brokers.
- 02 training programs for trainee brokers.





PROCESS OF ACTIVITY CONNECTION TO BUILD A SUSTAINABLE DEVELOPMENT AT RONG VIET (continue)

ACTIVITIES SPREADING HUMANITY AT RONG VIET (continue)

Training and developing staffs (continue)

The average number of the Company's training hours in 2018 was 4.1 hours /person (3.1 hours /manager and 4.3 hours /employee).

Additionally, the Company also has an encouraging policy to support a part of expenses for employees attending trainings and seminars replied on their job demands. Due to a significant increase in the personnel number, the Company sponsored employees participating in training of professional securities certificates with a total cost nearly double compared to 2017; especially, the Company held In-house Class Company to train derivatives for whole staff.

Regarding results, the Company currently has 72 employees passing the Examination of Practicing Certificate, including 47 Securities Brokerage Certificates, 11 Financial Analysis Certificates and 11 Fund Management Certificates, and 03 employees remaining have applied and waited for practicing certificates issued, increasing by 2 certificates compared to 2017.



Focusing on investing in Rong Viet's training activities over the years also partly confirms how concerned it is in human resources development in general and contributes to the orientation of staff's professional development in particular. Improving employees' professional capacity and working skills is not only participating in short-term training courses, but also focusing on practical training by work rotation, assignment and delegation. Every year, Rong Viet plans potential employees to build and foster their next generation. This is also one of the tasks focused to contribute to the Company's sustainable development goal.

Workforce diversity and balance

The total number of existing employees as of December 31, 2018 of Rong Viet

330 Employees

292 Official employees
35 Probationary employees
03 Freelancers

↑ **20%** compared to 2017 (275 employees)

Female employees: 159 people (accounting for 48.2% of the total), up 25.2% compared to 2017 (127 people)

Management employees: 68 people (accounting for 20.6% of the total), up 13.3% compared to 2017 (60 people)

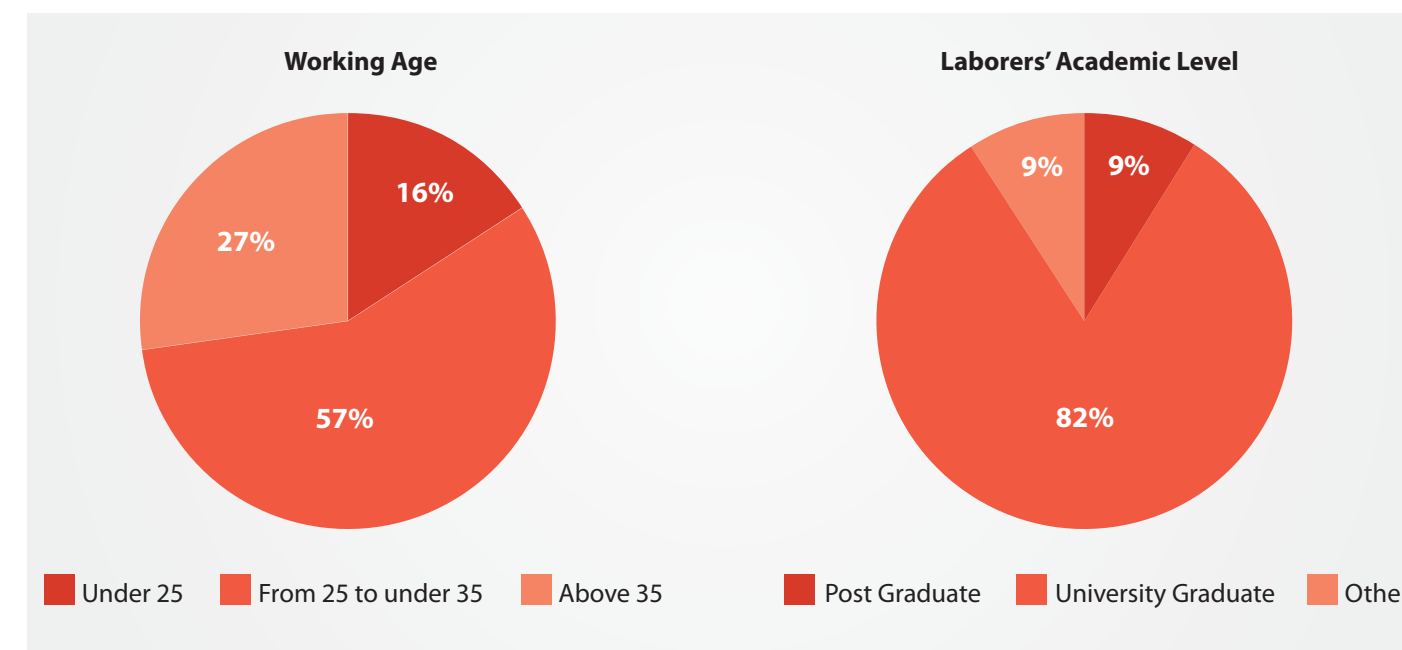
Resigning employees: 86 people (accounting for 27% of the total), up 7% compared to 2017

New employees: 141 people, up 24.3% compared to 2017 (111 people)

Fairly balanced ratio between male and female staff at Rong Viet also partly shows the Company's support to gender equality issue. At Rong Viet, every employee has same development opportunities, regardless of their gender. The increasing number of female employees participating in the management team also proves women role in Rong Viet's organizational structure. Currently, the number of female employees who are managers is 29 out of 68, accounting for 42.6%.

Female employees are always facilitated as much as possible. Further, the Company also has supporting policies for female staff during pregnancy, medical examination and treatment, as well as supporting income policies during their maternity leave.

The majority of the Company's team are young, dynamic and enthusiastic staff (accounting for 57%). The Company always creates favorable conditions for young potentials to integrate and offers many opportunities for them to demonstrate their capacity and development. The young heirs are the core force contributing not only to the sustainable development, but also to general development of the stock market.



Non-stop improvement of working environment

Rong Viet's current working environment satisfies staffs' working needs, equipped with modern and spacious rooms, a professional air-conditioning system and spacious working arrangement. Moreover, a professional cleaning team ensures a clean, safe and healthy working environment for employees every day.

In 2018, the Company implemented renovation of the stock exchange at the Head Office to raise facility quality and meet brokerage staff size, which is increasingly growing.



Building an enthusiastic and engaged team

Labor relations play an important factor in creating a working environment ensuring staff's long-term commitment. Hence, in 2018, Rong Viet invested in implementing many programs to enhance unity and "keep fire" for employees.

Last year, the Company cooperated with its Trade Union to organize many activities attracting numerous employees, creating exchanging occasions among the headquarters, branches and departments.

Additionally, Rong Viet also organizes many periodic activities to lift staff's health and spiritual life, such as weekly yoga club for females, weekly soccer club for

males, celebrating birthdays, visiting and sharing with employees' families who are in need of support, etc.

Especially, in 2018, the Company first launched Rong Viet Library, an open space for all Rong Viet staff to search, choose or borrow books. Rong Viet library is diverse in sorts, such as self-help, administration, entrepreneurship, stock investment, economy - history, literature, education, etc. to promote workforce's reading habits, aiming to develop their skills, awareness, positive thinking to contribute to their self-improvement.



PROCESS OF ACTIVITY CONNECTION TO BUILD A SUSTAINABLE DEVELOPMENT AT RONG VIET (continue)

ACTIVITIES SPREADING HUMANITY AT RONG VIET (continue)

Building an enthusiastic and engaged team (continue)

Particularly, there were some outstanding activities



4/2018

Friendly Soccer Games for men and women, celebrated the Company's 11-year establishment anniversary



8/2018

Rong Viet's Got Talent contest



9/2018

Mid-Autumn Festival Night for employees and families



10/2018

Rong Viet Traditional Men Soccer Tournament at Tao Dan park

Following the success in 2017, the Happy Lunch with the Board of Management was remained in 2018, an opportunity for employees to discuss with the Leadership Board, creating Rong Viet's open and united environment. In addition, the General Director annually has two talks to share the corporate culture with all employees, helping them understand the orientation of uniformly developing and building Rong Viet's culture.

Connecting activities also took place large-scale events, such as 11th Anniversary Party, Year-end Party, and Honoring Excellent Individuals and Teams Ceremony, etc. Especially, the most meaningful connecting event in 2018 is Team Building in Da Lat City, held in June 2018. The event brings unforgettable experiences and emotions to all employees.



In 2018, the Company deployed "OPEN – Build Rong Viet's Professional Culture" Campaign with a goal of calling workforce to be right aware about an image of a "professional" employee, whose actions are based on standards to produce their beautiful image, for the Company's and construct habits of meeting workplace and working standards. Marketing & PR Department also hosted a photo or video reporting contest named "Rong Viet in Your Eyes" to establish a creative playground for employees and reflect both their look and awareness of "OPEN – Build Rong Viet's Professional Culture" Campaign. Results were quite satisfactory when Rong Viet's youthful image was popularly known, expressing through like-share calls for their creations, information or photos during the campaign. More than 60% of employees improved their discipline awareness and 30% of them developed their work performance, especially brokers.

Apart from fulfilling tasks and joining the Company's activities, all employees were encourage to participate in social activities to enrich their health and protect environment, like the Dalat run, Ultra Trail 2018 Marathon, HCMC Marathon, HCMC Green Living Festival 2018, etc.

Overall, connecting activities in 2018 really contributed to collective strength, creating a base for the Company to navigate to its sustainable development goal.



Creating opportunities for successors and growth



A recruitment program of trainee brokers is also considered as the Company's bright spot in 2018. It brings many job opportunities for young students so that they can become official employees after their training course involved in brokerage knowledge and skills. Up to 97 probationary brokers were recruited in 2018, and 24 of them have been converted into full-time employees, accounting for 25% of the total, conveying the very beginning success of the testing program and promising to release a more complete one in 2019.



PROCESS OF ACTIVITY CONNECTION TO BUILD A SUSTAINABLE DEVELOPMENT AT RONG VIET (continue)

ACTIVITIES SPREADING HUMANITY AT RONG VIET (continue)

2018	The number of trainee brokers	The number of trainee brokers working	The number of trainee brokers converted into official staff
Brokerage Division 1	21	3	3
Brokerage Division 2	66	14	18
The Ha Noi branch	10	3	3

OPERATIONS TO CREATE STABLE ECONOMIC BENEFITS

Providing useful services to build more values for Clients



Since the early days of establishment, Rong Viet has always pursued the mission of “Creating the highest value for Clients and Shareholders” and a choice of “Supporting Clients to invest effectively and reduce risks with reasonable fee rates”, expressed through its workforce’s prestige and creativity, which is the core value.

Therefore, during the past years, Rong Viet has provided Clients with a system of diversified and complete securities services in various means, from direct service at counters to teleservice and online trading service. In addition to traditional brokerage services, because of IT system development, a Client can handle things online, such as opening accounts with liveDragon and call Dragon, registering ETA self-service, placing orders on iDragon, goDragon and tabDragon, using margin service marginDragon, receiving transaction announcement messages via smsDragon or statement

of cash / order matching via mailDragon. Transferring cash to bank accounts can be executed through online trading systems developed on many smart technology devices such as tablets, smartphones, etc.

The fact that Rong Viet is the 10th securities company to provide derivative services in Vietnam on August 28, 2018 came from diversity need in order that the Company can do best services for Investors, creating more investment opportunities for Clients in the unpredictable market.

Thereby, upgrading IT infrastructure to ensure a safe and efficient operation system in the fast growing market is also the Company’s regular investment. In 2018, the General Director directly assigned implementation of real-time data backup for Core systems at Data Recovery Center located in Quang Trung Software Park. Despite high rental cost (only about 10 securities companies register this service because this is not HOSE’s compulsory requirement), Rong Viet is still determined to implement it to learn from incidents and protect Clients’ entirety and continuity of transaction data. The total investment cost in IT in 2018 was over VND 15,000,000,000.

Moreover, the Company also organized many events and workshops with in-depth topics to introduce Clients investment opportunities, close connecting among Clients, partners, workforce, experts and Management Board, creating an investment community with long-term and sustainable development values and enhancing transparency in information sharing.



Investment Topic:

STOCK SEASON IN APRIL



On April 3, 2018, Rong Viet successfully hosted the “Stock Season in April” workshop at the Head Office in the Ho Chi Minh City area. The event attracted more than 150 attending investors with participation of the leading expert on securities, Mr. Bernard Lapointe, Head of Analysis & Investment Advisory Department, sharing about the global market performance and his overview on Vietnam’s stock market, securities expectations and risks in bot April and 2Q18, as well as Vietnam’s property market prospects in 2018 - 2020.

Investment Opportunity Sharing Topic:

POTENTIAL INVESTMENT OPPOTUNITIES AT KSB



In the afternoon of September 6, 2018, Rong Viet cooperated with Binh Duong Mineral and Construction Joint Stock Company (KSB) to hold a meeting with Investors to introduce potential investment opportunities, as well as update on KSB’s strategy, business operation information and financial situation.

Derivatives Topic:

REAL EXPERIENCE - EFFECTIVELY OPEN AND CLOSE POSITION



On October 18, 2018, Rong Viet organized a workshop to help Investors understand investment knowledge and techniques, and to regularly update on leading experts’ experiences in derivative investment with 3 main strategies, including short-term strategy, intraday strategy and scalping strategy, and to guide Investors to use technical tools in derivatives, such as Trend line, Bollinger band, Elliot wave... As a result, Investors can choose appropriate investment tools and strategies.

Investment Topic:

MARKET COMMENTS AT THE END OF 2018 AND THE BEGINNING OF 2019 - CAN THO BRANCH



On November 22, 2018, Rong Viet successfully hosted an investment workshop in Can Tho branch with numerous Clients attending. In the workshop, market comments AT the end of 2018 and at the beginning of 2019 were raised, helping Investors get an overview and to build appropriate investment strategies.

Investment Opportunity Sharing Topic:

MEETING WITH INVESTORS AND BROKERAGE SPECIALISTS - HA NOI BRANCH



On December 06, 2018, Rong Viet - Hanoi Branch cooperated with Ha Do Group (HDG) to successfully organize a workshop “Meeting investors and brokerage specialists” to update on HDG’s business strategy, operations and financial situation, based on two-way evaluation by HDG and Rong Viet, reinforcing transparency in information sharing.

(5 out of 14 major conferences in 2018)





PROCESS OF ACTIVITY CONNECTION TO BUILD A SUSTAINABLE DEVELOPMENT AT RONG VIET (continue)

OPERATIONS TO CREATE STABLE ECONOMIC BENEFITS (continue)

Enhancing risk management practices



The Company is aware that only strong internal management can create sustainable values for stakeholders. As a result, from the date of establishment, Rong Viet have built a rigid risk management system, and updated it regularly over the years to adapt with the market fluctuations.

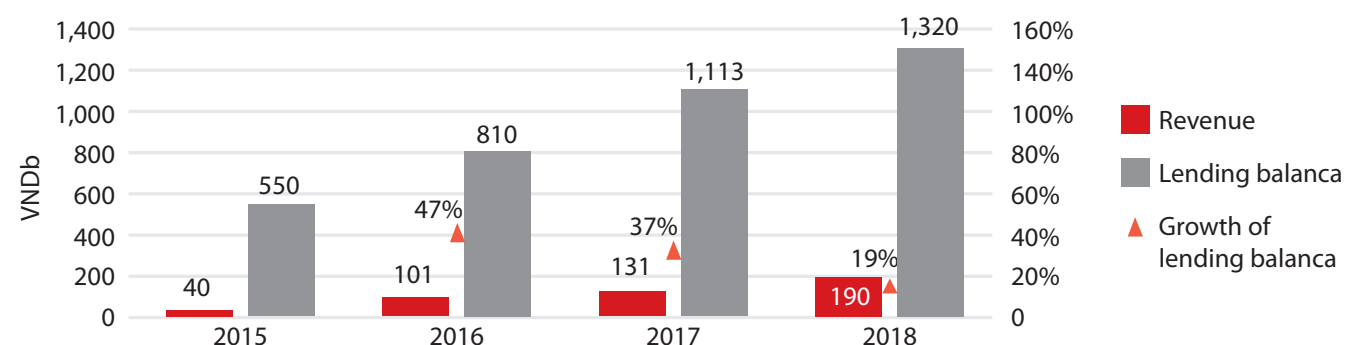
Regarding Rong Viet's margin lending business, Rong Viet's risk management practices are specified as follows:

- Publishing monthly portfolios of margin trading securities, in compliance with Ho Chi Minh City Stock Exchange and Hanoi Stock Exchange.
- Publishing quarterly reports on capital support other than margin lending, financial statements of the parent company with off-balance sheet items, update reports on brokerage and principal investment in listed stocks business on a weekly basis and daily basis in accordance with requirements by State Security Commission of Vietnam.
- Monitoring fluctuations in the stock market and derivative market, especially stocks with negative

news and unusual fluctuations, to suggest exclusion from the portfolio or sales for debt recovery.

- Regarding portfolio management for margin lending, the Company established an investment board whose members are experienced analysts choosing stocks for margin lending. The portfolio of margin trading securities are revised and updated on a monthly basis.
- Regarding the supervision and management of margin trading accounts and collateral assets, the Company established the Financial Service department to manage the margin trading accounts of Clients, notify on a timely manner when the Client accounts decreased, and strictly take action when there is margin call.
- The management of margin trading service is based on the modern IT infrastructure, updated with the stock market movements, and thus facilitating Rong Viet's staffs in closely following Clients' portfolio. Besides, Rong Viet's Clients receive updates on their accounts via messages, emails, and online trading applications supporting following the account balance installable on many devices.
- In addition, Rong Viet's brokerage staffs provide information, alert and advise Clients continuously as events happen in order to minimize the risks to Clients.
- With the above-mentioned management system, Rong Viet's margin lending business has grown fast yet still ensured safety during the past year. Margin lending balance increased continuously over the years without any requirement for provisions.

Growth of lending balance and revenue from margin lending



Continuously improving the quality and coverage of Rong Viet's analysis products

In order to best satisfy the Client demand for information and professional analysis, the Company always aims to produce diverse, genuine, independent and sound analysis reports that provide Clients a full and genuine view about investment opportunities on the market.

No.	Classification	Quantity
1	Monthly/Annual Strategy Report	10 reports
2	Company Report	53 reports
3	Thematic Report	7 themes
4	Analyst's Note	221 reports
5	Fund Support (email, skype, call, presentation)	206 turns
6	Morning News – Professional View	120 sessions
7	Morning Café	52 sessions
8	6am News	260 sessions
9	Recommended Investment Portfolio	50-55 tickets with regular update

In 2018, the Company issued "Policy on conflict management for conflicts related to investment research". This policy describes Rong Viet's methodologies in identifying and managing potential conflicts related to the publication of research reports. Rong Viet's analysts are required to sign a copy of this policy. This policy also describes compliance requirements by which Rong Viet's analysts can/cannot trade stocks in order to ensure independence from the analyzed companies, third parties, Rong Viet's Investment department, or Rong Viet's Investment Banking department.

Input data are selected from trusted suppliers (Bloomberg and StoxPlus), and collected directly by Rong Viet's analysts, to ensure integrity and minimal errors. As a result, Rong Viet's research reports are trusted and circulated by many creditable international financial organizations and platforms such as Bloomberg, Reuters, Research Pool, S&P, Factset, Smartkarma, etc.

In the past year, Rong Viet's Research department worked with a Japanese partner to produce some contracted valuation reports and share research reports.

Via the above-mentioned activities, the Company have proved Rong Viet's seriousness and efforts to develop sustainably, especially via transparent sharing and highest support to bring the best values to Clients, domestic and foreign investors. In addition, Rong Viet's Research department always have independent and straightforward views on

events on the financial markets, with the hope to ensure transparency of the market, fairness between investors, and sustainable development of Vietnamese financial market.

Using capital efficiently



In order to meet the increasing demand of Clients and the fast growth of the securities market, the Company provided a margin balance of VND 1,320 billion in 2018, an increase of 19% compared to that of 2017, with new contracts accounting for 30% of total margin trading contracts. From 2/2/2018, advances for securities sales are free of interest charge. Margin borrowing with 2 days free interest expense is applied across the Company to facilitate Clients' borrowing. This practice is under the strict supervision of the Internal Audit and Risk Management department.



PROCESS OF ACTIVITY CONNECTION TO BUILD A SUSTAINABLE DEVELOPMENT AT RONG VIET (continue)

OPERATIONS TO CREATE STABLE ECONOMIC BENEFITS (continue)

As for the Investment Banking business, the Company always put ESG in connecting businesses and financial investors, strategic investors and public investors. In particular, the fundraising activities not only bring values to the individual business, but also create social values such as synergy values between parties, local partnership, or new technology application that reduces negative environment and social impact. In 2018, the Company has closed 30 deals on IPO, private placements, listing, divestment, valuation and M&A.

As for Rong Viet's M&A advisory business, in the past year, the Company has been selected by 2 companies in the energy industry. Both these companies have strong growth potential and solid experience in developing wind power and solar power farms in Vietnam. The Company is trying its best to raise fund for these green businesses, according to the spirits of the Ministry of Finance from the Decision No. 2183/QD-BTC regarding

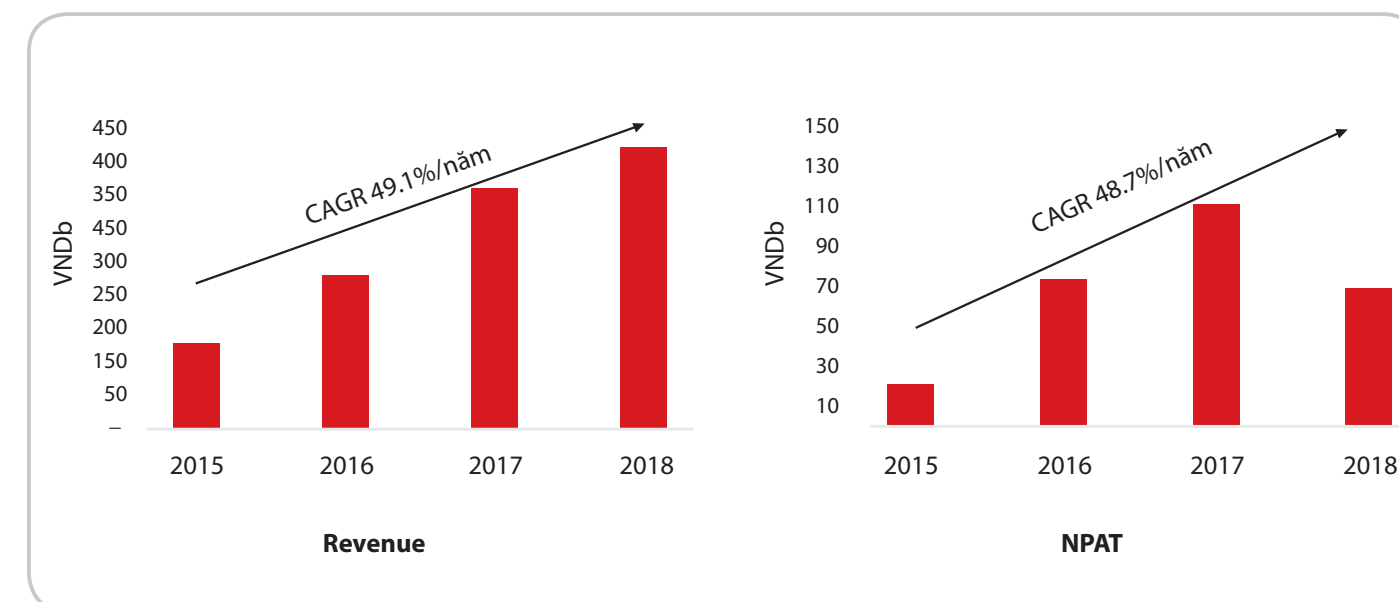
the action plan of the finance industry in implementing the national plan for green growth to 2020. This project is expected to create jobs for local people, sustainable tax income for the local governments, and positive impact on the environment via renewable energy sources such as wind power and solar power.

The green capital is still a relatively new concept in Vietnamese financial market. As a result, there is a need for awareness promotions, identification of opportunities and challenges in Vietnam. The approval of Decision No. 11/2017 in 11//2017 by the Prime Ministry regarding incentives for the development of solar power farms and Decision No. 39/2018/QĐ-TTg in 10/9/2018 revising Decision No. 37/2011/QĐ-TTg in 29/6/2011 regarding governmental support for the development of wind power projects is a milestone in eliminating financial and technological barriers to green businesses and promoting green capital market.



Bringing sustainable growth values to shareholders

In 2018, unfavorable stock market movements considerably affected the Company's performance. Rong Viet's EBT is VND 85.1b. However, from a long-term view, Rong Viet are on a growing trend in the past 4 years, with sales CAGR of 49.1% and NPAT CAGR of 48.7%. Dividend ratio is 5 - 10% per year.



Building a management and operation system is a long-term journey of the Company in the past 11 years. Rong Viet's management system is comprised of three separate pillars: Business – Support – Supervision. Building a strong management system requires two elements: humans and tools.

Regarding humans, Rong Viet have developed a culture of integrity, compliance, and caution in every aspect,

from business, support to supervision. Besides, Rong Viet have invested in the IT system for all businesses at the highest extent, e.g. purchases of equipment Email Security Gateway Barracuda 400, fingerprint system, online approval system, etc.

Rong Viet's risk management system is built on the basis of regulations on risk management practices and criteria for securities industry. Besides, the Company has digitalized all risk factors and measured risk levels based on discount rate for available capital. This ensures a high level of safety in capital preservation, and allows flexibility in adjusting risk levels when the Company changes its business strategies. In 2018, the Company promoted the digitalization practice to identify and prevent potential risks in a timely manner, by investing in the Core system with add-ons enabling the Internal Audit department to increase its productivity by 30%.

The Company has consistently selected big audit firms such as EY and PwC to perform the audit to ensure transparency and creditability. Financial statements are published on the Company's website on a sufficient and timely manner.



PROCESS OF ACTIVITY CONNECTION TO BUILD A SUSTAINABLE DEVELOPMENT AT RONG VIET (continue)

CONTRIBUTIONS TO THE DEVELOPMENT AND TRANSPARENCY OF VIETNAMESE AND GLOBAL SECURITIES MARKET



Contribution to Vietnamese stock market

The Company replied to the Official Letter No. 4706/BTC-QLG 24/4/2018 from the Ministry of Finance about composing and circulating regulations on securities service fees, with the aim to contributing ideas to amend the drafted circular on securities service fees used at stock exchanges and Vietnam Securities Depository. Representatives of the Company said that there is a difference between derivatives service fees and service fees of transfer between investor's accounts at the clearing house.

As for the Official Letter from the Vietnam Association of Securities Business suggesting the Company to contribute ideas for the drafted decree on investment requirements within the regulation of the Ministry of Finance, the Company suggested increasing the legal capital for the brokerage business and requirements for foreign securities firm to establish a branch in Vietnam.

In addition, the Company voiced its standing on the reasons for the strong growth of sizes and ratios, and presented a positive view towards the margin lending activities. The Company also suggested the initial margin in the draft amendment on regulations on margin trading attached to Decision No. 87/QĐ-UBCK. In 2018, the Company also contributed ideas to the drafted Securities Law Revision, assisting State Securities Commission of Vietnam to build a transparent and well-developed investment environment and capital market.

In 12/2018, the Company is honored to receive a Certificate of Merit from the Ministry of Finance for accomplishments and contributions to the development of Vietnamese securities market during

2016-2018. In 2018, the Company is also recognized as an outstanding participant in the securities depository business and HOSE-listing & auctioning advisory business. The Company is also recognized by 2018 M&A Forum as an outstanding securities firm in 2017-2018 in financial advisory segment.

Contributing to the International stock market

Vietnam Association of Securities Business (VASB), as a representative of Vietnam's securities business organizations, has actively participated in numerous activities, set up business network with international financial institutions, and promoted closer cooperation among VASB, regional organizations and international associations. In June 2018, as per the invitation from Taiwan Association of Securities Business, Rong Viet's and VASB's representatives attended the Annual Meeting hosted by International Council of Securities Association (ICSA) in Taipei, Taiwan to discuss "Economic Development in ASEAN region". Rong Viet's representative had participated in opinion exchange over the implementation of legal framework on domestic and foreign markets, as well as proposed ideas and suggestions on regulation reform in order to boost up efficiency in the global capital market. Besides, Rong Viet also sent representatives to attend the Asian Securities Forum (ASF) in Bali (Indonesia) from 31st October to 3rd November 2018.

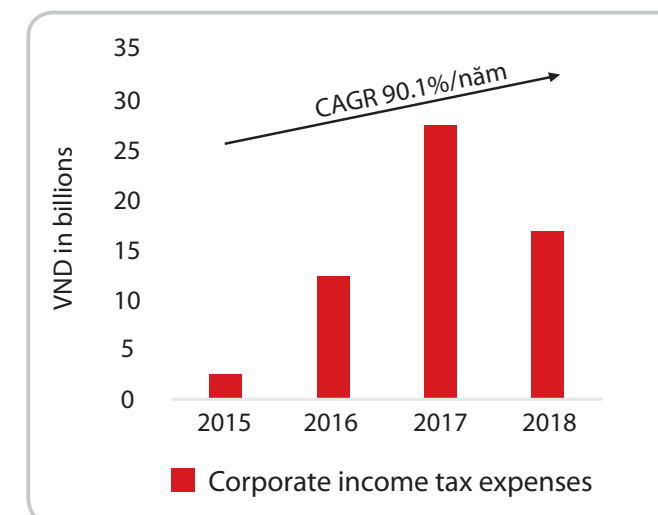
Complying with legal regulations



During its business operation, Rong Viet has always been strictly complied with legal regulations and cooperated with the authorities. Rong Viet has complied with and maintained its business conditions

in accordance with securities trading regulation, abided regulations on investment and restricted investment, as well as disclosed information timely and fully. Over the past 11 years, Rong Viet has never been fined for failing to be in compliance with regulations or any decrees/circulars issued by the authorities in charge of securities market.

For year 2018, Rong Viet has paid over VND 16 billion in corporate income tax, with VND 19.5 billion in current corporate income tax.



GREEN ENVIRONMENTAL ECOSYSTEM PROTECTION ACTIVITIES

Sharing the responsibility with community

Besides contribution to the development of stock market, Rong Viet continues to be active in sharing responsibility with the community and the society via programs like "Spring with Love" and "Dreaming for School". In details, in 2018, the company had continued its participation and sponsorship for "Dreaming for School" program that has gone through seven years. The event occurred on 26th August 2018 in Ho Dinh Tay 1 Primary School, Phu Hoa, Phu Yen province, a school in the rural mountainous area with harsh weather, difficult economic conditions and people mostly live on agriculture.

Rong Viet's staff and other sponsors had contributed money to build a mini sport ground for the school and donate many other gifts and necessities to the students. The total amount raised was VND 145 million. In which, VND 103 million was spent on the construction of the sport playground, and VND 20 million was spent on scholarship for financial-difficult students with good academic results, and the rest is for gifts and necessities for all students.



Cooperating and supporting press and media agencies

Aim to contribute to the overall development of the media network, including widespread of valuable information to investor community as well as facilitate relevant events and activities, it was a pleasure for Rong Viet to become a sponsor for various events organized by the media press agencies. In 2018, Rong Viet had sponsored a client partner program for M&A Forum – Vietnam's largest forum on M&A and Investment connection, organized by Investment Online News. Besides, in the event IR Awards 2018 – Vote for listed companies with best IR activity 2018 hosted by Vietstock News, Rong Viet was a sponsor and in the judge panel along with 13 other top securities companies in Vietnam market.

Rong Viet has also actively established relationship with the media via regular connection and information support to several newspapers like Vietnam Securities Times, Bizlive Online, CafeF, Dantri International News, Vietstock, DoanhNhan Saigon Online...; coordinate with FBNC for a regular weekly Stock Commentary program; and connect with HTV, VTV media channels to have Rong Viet expert commenting on their financial news.





PROCESS OF ACTIVITY CONNECTION TO BUILD A SUSTAINABLE DEVELOPMENT AT RONG VIET (continue)

GREEN ENVIRONMENTAL ECOSYSTEM PROTECTION ACTIVITIES (continue)

Sharing the responsibility with community (continue)

The CEO's assessment on corporate's responsibility with the social community: As determined on the mission of Rong Viet, other than contribution to the development of the stock market, Rong Viet would not forget its responsibility to the society and community; through various charitable and voluntary programs, the Company has played a part in sharing the difficulties with and supporting unfortunate young generation. These practical activities would help Rong Viet stay closer to the whole community's objective, towards achieving a sustainable future.



In 2018, Rong Viet's staff had chosen to visit Dieu Phap Pagoda in Binh Thanh District, Ho Chi Minh City and help orphaned children adopted here. The total donation was VND 79.6 million as well as other necessities and supplies. In which, VND 18.5 million was spent on books, dairy products and snack for the children, VND 14 million was spent on lucky money for the children and the nannies, and the rest as a gift to the pagoda.

Other than "Dreaming for School", another charitable activity organized by Rong Viet is "Spring with Love 2018", which takes place every year during the Tet holiday, to bring joy and happiness to many unfortunate people.



Besides, in 2018, the Company had given special support and care to an employee that diagnosed with cancer. Specifically, Rong Viet's staff and other sponsors, including ex-employees, had raised in total VND 243 million to support his healthcare treatment expenses. This should be seen as a humanitarian gesture, another way to motivate and encourage this employee on his journey to combat his illness.

The year 2019 will certainly be another year of many more charitable events. The Company is conducting survey in the hometowns of its employees, to find another destination for its 8th program "Dreaming for School" before this new school year, as well as for the program "Spring with love" to continue bring festive Tet holiday every year.

Developing the next generation

For career guidance purpose, Rong Viet has helped young students to have real-life experience before making their own career decision. Through the Internship training program in 2018, Rong Viet welcome nearly 100 final year students from Foreign Trade University, Ho Chi Minh City University of Economics, RMIT and Ton Duc Thang University... Via this program, these young students had the taste of a real professional working environment and involved in many useful training courses prepared by the Company itself.



In the previous year, Rong Viet was the Silver sponsor of the contest "Students with Finance - FSC 2017" organized by Foreign Trade University Securities Club. The contest had 3 rounds and took place from 11th March 2018 to 13th June 2018, and attracted hundreds of students from finance-securities major, as well as economic major from all around HCMC. The contest is an useful playground for the students to gather many up-to-date knowledge of the financial and securities market. Other than that, Rong Viet also sponsored other contests including "RMIT Research Challenge" and "UFM Investor 2018", in order to help the students apply their theoretical knowledge into real world environment, and gain more professional knowledge regarding the stock market and stock trading regulation.

Many other programs continued to be set up though out the year, for example, the program "Company Tour" and career guidance for final year students of Ton Duc Thang University, University of Economics and Law, Vietnamese – German University, Industrial University and Banking University... to introduce career opportunities, thereby helping students to experience securities investment in reality at Rong Viet's trading platform.

To accompany young people and develop the next talent generation is one of those activities Rong Viet had, have and will continue committing to, for a stable growth of Rong Viet as well as to reflect its responsibility to the community.



PROCESS OF ACTIVITY CONNECTION TO BUILD A SUSTAINABLE DEVELOPMENT AT RONG VIET (continue)

GREEN ENVIRONMENTAL ECOSYSTEM PROTECTION ACTIVITIES (continue)

A list of some sponsored programs at university for Internship recruitment 2018:

Time	University	Program	Target
17/03/2018	RMIT University	Sponsor the contest "RMIT Research Challenge"	University students majored in Economics in Ho Chi Minh City
19/03/2018	Foreign Trade University	Sponsor the contest "Students with Finance"	University students majored in Economics in Ho Chi Minh City
28/03/2018	Ton Duc Thang University	Company Tour	30 Second-year students majored in Banking Finance
30/03/2018	Ton Duc Thang University	Company Tour	30 Second-year students majored in Banking Finance
21/04/2018	University of Economics and Law	Career Day UEL 2018	Fourth-year students of University of Economics and Law
16/05/2018	Vietnamese – German University	Company Tour	50 students majored in Financial Accounting and Business Administration
20/07/2018	Hutech University	Innovation Day Hutech 2018	Hutech University students
16/08/2018	Industrial University	Company Tour	70 Third and Fourth-year students majored in Banking Finance
23/08/2018	Industrial University	Company Tour	70 Third and Fourth-year students majored in Banking Finance
29/08/2018	Industrial University	Company Tour	70 Third and Fourth-year students majored in Banking Finance
07/09/2018	Industrial University	Company Tour	70 Third and Fourth-year students majored in Banking Finance
11/10/2018	Banking University	Company Tour	80 First-year students of Banking University
25/10/2018	Foreign Trade University	Company Tour	40 Second-year students majored in Finance
07/10/2018	University of Finance - Marketing	Sponsor "UFM Investor 2018"	Students of University of Finance - Marketing

Saving, protecting natural resources and the environment



Saving, protecting natural resources and the environment is always the top concern of Rong Viet. This mindset has been materialized into the Company's Labor regulation and been strictly followed and abided by all employees.

In 2018, the Company implemented an environmental protection policy in which paper cups, instead of plastic cups, are used to serve Clients, and to stop providing plastic cups to all employees. Besides, the Company started to separate its waste into



recyclable and biodegradable categories, to establish an environmental friendly habit for all staff, as well as to respond to environmental protection policies of the city. Over the past 11 years, Rong Viet has never received any fines over environmental violations.

In addition, in 2018, Rong Viet had conducted inspection and replaced almost-expired fire extinguishers to ensure fire safety. Rong Viet's staff also been trained on fire prevention and fighting regulations like turn off un-used electrical devices as per regulations, safe evacuation when there is fire alarm... For example, the Company implemented Announcement No. 472/2015/TB-HCQT regarding hygiene and fire safety working environment. Every year, Rong Viet cooperated with Local Fire Protection Authorities to organize workshops on Fire Protection. This helps to protect not only the Company's assets but also the assets of its employees and nearby people and organizations.

The Company always did monthly check up on its air conditioning system and indoor ventilation system to avoid dirt accumulation and decrease in the system efficiency, to reduce electricity consumption. Rong Viet always repaired failures in a timely manner to avoid energy loss for the system.

All Rong Viet' staff Rong are constantly reminded to "Save electricity and water" to preserve these two precious resources.

According to the General Director, environmental protection is the right and obligation of each and every member of Rong Viet's family. The Company always implements new activities related to environmental preservation and guides the staff to form this habit from everyday activities in the Company. This is considered as a practical objective to contribute to not only a sustainable growth for the Company but also a clean and green environment for the city.



RELATIONSHIPS WITH RELATED PARTIES

With the objective of continuously maintaining and developing long-term, mutual-benefit relationship with all stakeholders, Rong Viet has never stopped to improve itself and regularly opened new communication channels to promote information exchange and feedback receive from target group. This process encourages the participation of related parties and allows Rong Viet to have a multi-dimensional and comprehensive viewpoint about its sustainable development goals, as well as to make promptly strategical adjustments.

RELATED PARTIES	CONNECTING CHANNEL
CLIENTS	Guide and communicate at Headquarter and branches. Online call via callDragon (028) 6299 2020, chatting via Skype, Yahoo Connect with advisors via either mobile phone or face to face. smsDragon, mailDragon system Support Client at Support page of Rong Viet's website: http://www.vdsc.com.vn/vn/pages.rv?id=105 Online survey about quality of Rong Viet's product at: http://www.vdsc.com.vn/vn/survey.rv Suggestion boxes at transaction counters.
SHAREHOLDERS/ INVESTORS	Shareholders' meeting Meeting with major shareholders and strategic shareholders. Provide and disclose information at Investor Relation page of Rong Viet's website: http://www.vdsc.com.vn/vn/pages.rv?id=104 Financial reports, management reports Email, letters to shareholders/investors
LABORS	Annual meeting Employees meeting, Trade Union meeting. Discussion during work Quarterly and yearly employee assessment. Conduct survey and collect requests of training demand, collective bargaining agreement, etc. Internal training programs Teambuilding activities
COMPETENT AUTHORITIES AND MARKET	Engage in workshops, forums and conferences... organized by competent authorities. Disclose information as regulated
PRESS MEDIA AGENCIES	Connect and provide information regularly to the press agencies Participate in program sponsorship
LOCAL COMMUNITY	Engage in doing public charity activities, helping individuals, organizations to overcome difficult circumstances. Organize Company Tours, Career day, Career Guidance Workshop, Securities market training... for students



GRI STANDARDS INDEX

GRI Standards	Disclosure Information	Report Content	Page
GRI 100: Universal Standards 2016			
Organization profile			
102-1	Name of the organization	Beginning of Annual Report	11
102-2	Activities, brands, products and services	Beginning of Annual Report	11
102-3	Location of headquarter	Beginning of Annual Report	11
102-7	Scale of the organization	Beginning of Annual Report	12
102-11	Precautionary principle or approach	Report risk management	84
		Improve Risk management activities	116
102-13	Membership of association	Activities to contribute to the development and transparency of Vietnam and international stock market	120
Strategy			
102-15	Key impacts, risks and opportunities	Report risk management	84
		Improve Risk management activities	116
Governance			
102-18	Governance structure	Rong Viet’s Management model for sustainable development	107
102-20	Executive-level responsibility for economic, environmental and social topics	Rong Viet’s Management model for sustainable development	107
102-35	Remuneration policies	Remuneration and benefits for Board of Directors and Supervisory Board	79
Stakeholder engagement			
102-40	List of stakeholder group	Rong Viet’s sustainable development goals	100
102-42	Identifying and selecting stakeholders	Rong Viet’s sustainable development goals	100
102-43	Approach to stakeholder engagement	Rong Viet’s sustainable development goals	100
		Connecting stakeholders	126



GRI STANDARDS INDEX (continue)

GRI Standards	Disclosure Information	Report Content	Page
GRI 100: Universal Standards 2016			
Reporting practice			
102-46	Defining report content and topic boundaries	Report overview	98
102-53	Contact point for questions regarding the report	Contact point	129
102-54	Claims of reporting in accordance with the GRI Standards	Report overview	98
102-55	GRI Content Index	GRI Standards Index	127
GRI 200: Economics Standards 2016			
201-1	Direct economic value generated and distributed	Activities to create stable economic benefits	114
		Activities to spread human values in Rong Viet	108
		Activities to create social value and protect the green environmental ecosystem	121
		Strictly abide the law	120
203 - 2	Significant indirect economic impacts	Activities to contribute to the development and transparency of Vietnam and international stock market	120
GRI 400: Social Standards 2016			
404-1	Average hours of training per year per employee	Activities to spread human values in Rong Viet	108
404-2	Programs for upgrading employee skills and transition assistance programs	Activities to spread human values in Rong Viet	108
405-1	Diversity of governance bodies and employees	Activities to spread human values in Rong Viet	108
413-1	Operation with local community engagement, impact assessment and development programs	Activities to create social value and protect the green environmental ecosystem	121



CONTACT POINT

For related queries as well as all feedback about Rong Viet’s Sustainable Development Report, please contact:



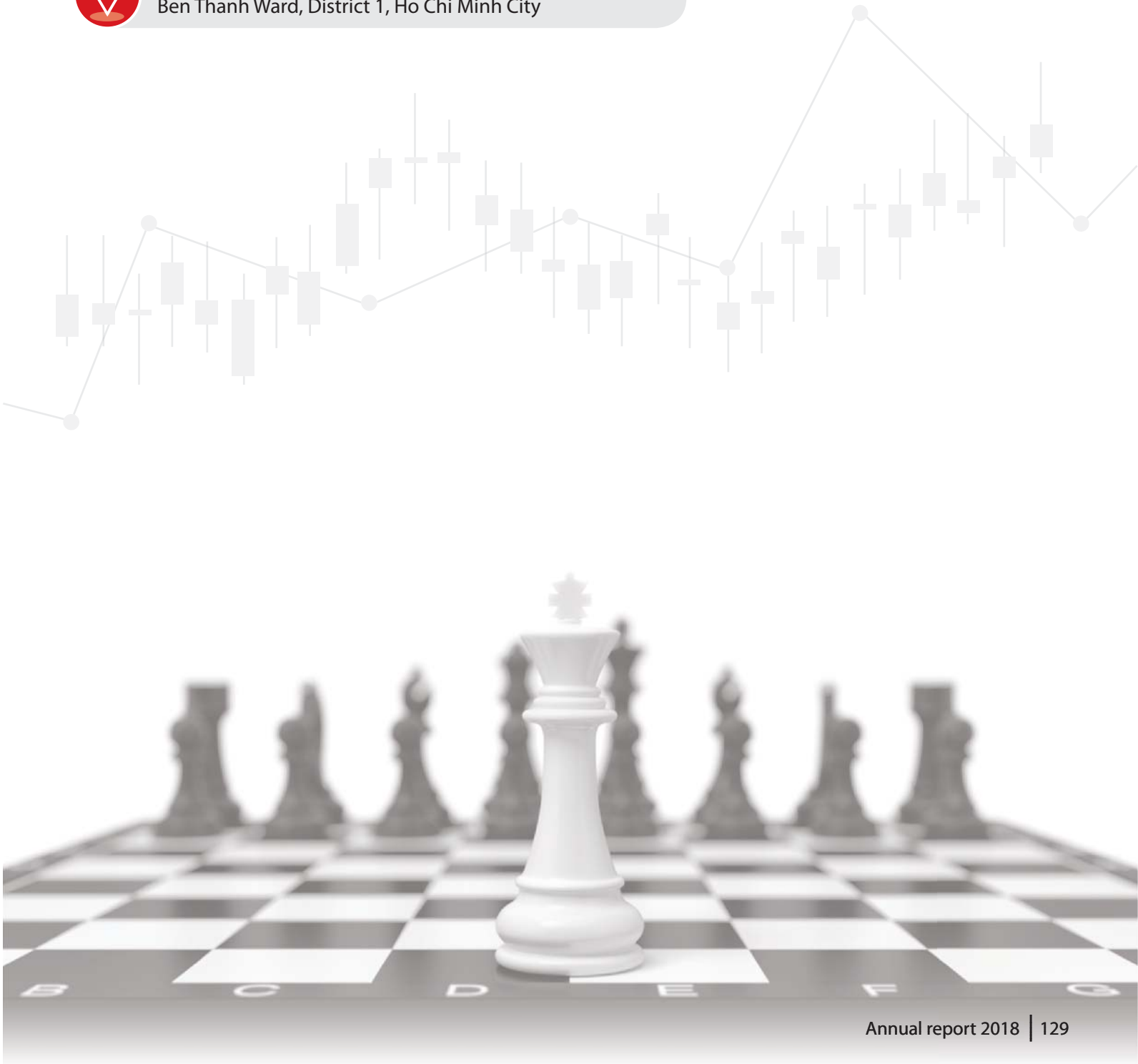
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(+84) 28 6299 2006



Floor 1-2-3-4-5, Viet Dragon Tower, 141 Nguyen Du Street, Ben Thanh Ward, District 1, Ho Chi Minh City



CHAPTER 6

FINANCIAL STATEMENTS 2018

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



CORPORATE INFORMATION

ESTABLISHMENT AND OPERATION LICENCE No. 32/UBCK-GPHĐKD dated 21 December 2006 issued by the State Securities Commission. The Establishment and operation licence was amended several times and the latest amendment No. 56/GPĐC-UBCK was issued on 2 August 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
	Mr. Vo Long Nguyen	Member
	Mr. Dao Hong Chau	Member (until 28 March 2018)
	Mr. Nguyen Quoc Bao	Member (since 28 March 2018)

BOARD OF SUPERVISION	Ms. Nguyen Thi Oanh	Chief Supervisor
	Mr. Nguyen Thuc Vinh	Member
	Mr. Nguyen Van Minh	Member

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
	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
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AUDITOR	PwC (Vietnam) Limited
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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 2018 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 66 which give a true and fair view of the financial position of the Company as at 31 December 2018 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 2019



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 2018 and approved by the Board of Management on 8 March 2019. The financial statements comprise the statement of financial position as at 31 December 2018, 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 66.

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 2018, 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 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: HCM7679
Ho Chi Minh City, 8 March 2019

Nguyen Thi Cam Nhung

Audit Practising Licence No.
2636-2018-006-1





STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December

Code	ITEMS	Note	2018 (VND)	2017 (VND)
100	CURRENT ASSETS		1,880,837,990,128	1,807,002,654,448
110	Financial assets		1,873,348,069,169	1,803,855,163,527
111	Cash and cash equivalents	3.1	71,744,099,797	238,873,951,937
111.1	Cash		71,744,099,797	238,873,951,937
112	Financial assets at fair value through profit or loss (FVTPL)	3.2	222,036,422,110	267,331,098,980
114	Loans	3.3	1,585,365,383,073	1,312,621,982,796
116	Provisions for impairment loss of financial assets and mortgages	3.3	(27,288,622,415)	(27,787,203,085)
117	Receivables	3.4	3,539,330,720	2,837,613,636
117.1	Receivables from disposals of financial assets		-	182,710,000
117.2	Dividend and interest receivables		3,539,330,720	2,654,903,636
117.4	Undue dividend and interest receivables		3,539,330,720	2,654,903,636
118	Prepayments to suppliers		597,735,273	2,077,336,500
119	Services related receivables	3.4	17,349,672,513	7,900,382,763
122	Other receivables	3.4	1,982,256,576	1,978,208,478
129	Provision for doubtful debts	3.4	(1,978,208,478)	(1,978,208,478)
130	Other current assets		7,489,920,959	3,147,490,921
131	Advances to employees	3.5	2,547,968,621	428,066,665
132	Office tools and supplies	3.5	62,271,700	-
133	Short-term prepaid expenses	3.5	3,074,807,176	2,665,194,684
134	Pledged assets, mortgages, security deposits in short term	3.5	21,400,000	48,550,000
136	Tax and other receivables from the State Budget	3.14	1,783,473,462	5,679,572
200	NON-CURRENT ASSETS		51,499,766,728	35,617,017,233
220	Fixed assets		14,618,771,551	15,467,769,333
221	Tangible fixed assets	3.6(a)	12,135,495,992	11,213,267,746
222	Historical cost		43,903,688,535	38,196,307,435
223a	Accumulated depreciation		(31,768,192,543)	(26,983,039,689)
227	Intangible fixed assets	3.6(b)	2,483,275,559	4,254,501,587
228	Historical cost		13,764,088,791	13,764,088,791
229a	Accumulated amortisation		(11,280,813,232)	(9,509,587,204)
240	Construction in progress	3.7	3,218,325,000	-
250	Other non-current assets		33,662,670,177	20,149,247,900
251	Pledged assets, mortgages, security deposits in long term	3.8	3,127,076,384	3,147,919,824
252	Long-term prepaid expenses	3.9	1,641,938,127	607,672,410
254	Deposits in the Settlement Supporting Fund	3.10	18,893,655,666	16,393,655,666
255	Other long-term assets		10,000,000,000	-
270	TOTAL ASSETS		1,932,337,756,856	1,842,619,671,681



As at 31 December

Code	ITEMS	Note	2018 (VND)	2017 (VND)
300	LIABILITIES		821,438,859,650	800,401,756,891
310	Current liabilities		820,947,212,327	796,877,000,248
311	Short-term borrowings and finance lease liabilities	3.11	216,300,000,000	47,720,765,000
312	Short-term borrowings		216,300,000,000	47,720,765,000
316	Short-term issued bonds	3.11	581,674,000,000	724,455,000,000
318	Trading obligations		1,462,093,407	1,667,969,687
320	Short-term trade accounts payable	3.13	167,554,100	164,424,541
321	Short-term advances from customers		744,200,000	694,400,000
322	Tax and other payables to the State Budget	3.14	5,447,743,588	8,191,972,423
323	Payables to employees		176,546,755	7,796,755
325	Short-term accrued expenses	3.15	14,254,810,696	12,805,836,138
329	Other short-term liabilities	3.16	720,263,781	1,168,835,704
340	Non-current liabilities		491,647,323	3,524,756,643
353	Other long-term liabilities		436,145,500	457,195,500
356	Deferred income tax liabilities	3.17	55,501,823	3,067,561,143
400	OWNERS' EQUITY		1,110,898,897,206	1,042,217,914,790
410	Capital and reserves	3.18	1,110,898,897,206	1,042,217,914,790
411	Owners' capital		1,010,239,178,792	919,240,118,792
411.1	Share capital		1,000,999,060,000	910,000,000,000
411.1a	Ordinary shares		1,000,999,060,000	910,000,000,000
412.2	Share premium		9,240,118,792	9,240,118,792
414	Supplementary capital reserve		13,624,381,369	10,190,332,248
415	Financial and operational risk reserve		13,624,381,369	10,190,332,248
417	Undistributed earnings	3.19	73,410,955,676	102,597,131,502
417.1	Realised profits		148,478,416,393	97,966,752,187
417.2	Unrealised (losses)/profits		(75,067,460,717)	4,630,379,315
400	TOTAL RESOURCES		1,932,337,756,856	1,842,619,671,681



STATEMENT OF FINANCIAL POSITION (continued)

OFF STATEMENT OF FINANCIAL POSITION ITEMS

As at 31 December

Code	ITEMS	Note	2018 (VND)	2017 (VND)
A	ASSETS OF THE COMPANY AND ASSETS IN TRUST			
006	Number of shares in issue (share)	4.1	100,099,906	91,000,000
				<i>Par value (VND)</i>
008	Securities listed/registered to the Vietnam Securities Depository (VSD)		127,015,730,000	92,502,600,000
	Freely traded securities		127,015,730,000	92,478,400,000
	Securities awaiting settlement		-	24,200,000
009	Securities custodied at VSD but not yet traded		3,090,000	4,390,000
010	Securities awaiting settlement		-	-
012	Securities not custodied at VSD		9,592,580,000	29,592,510,000
013	Bonus shares, stock dividends and subscription rights		822,980,000	320,000
B	ASSETS OF AND LIABILITIES TO CUSTOMERS			
				<i>Quantity</i>
021	Securities listed/registered to the Vietnam Securities Depository (VSD)		991,062,625	1,006,759,581
021.1	Freely traded securities		691,654,714	667,347,919
021.2	Blocked securities		6,072,633	4,075,451
021.3	Morgaged securities		191,454,831	213,582,842
021.4	Suspended securities		74,286,355	104,040,649
021.5	Securities awaiting settlement		27,593,680	17,712,720
021.7	Customers' deposits for derivatives trading		412	-
022	Securities custodied at VSD but not yet traded		3,110,126	36,237,084
022.1	Securities custodied at VSD but not yet traded – freely traded securities		2,806,126	8,219,050
022.2	Securities custodied at VSD but not yet traded – blocked securities		304,000	28,018,034
023	Securities awaiting settlement		31,425,272	10,169,542
025	Bonus shares, stock dividends and subscription rights		1,258,695	8,471,146



As at 31 December

Code	ITEMS	2018 (VND)	2017 (VND)
B	ASSETS OF AND LIABILITIES TO CUSTOMERS (continued)		
026	Customers' deposits	772,514,226,857	415,801,658,434
027	Customers' deposits for securities trading	619,604,766,756	411,697,196,243
027.1	Customers' deposits at VSD	12,786,914,195	-
029	Cash blocked for trading settlements	128,763,551,154	859,307,515
029.1	Cash blocked for trading settlements of domestic customers	128,616,469,545	322,082,439
029.2	Cash blocked for trading settlements of foreign customers	147,081,609	537,225,076
030	Securities issuers' deposits	11,358,994,752	3,245,154,676
031	Payables to customers relating to their deposits at the Company for securities trading	770,016,299,091	413,295,994,528
031.1	Payables to domestic customers relating to their deposits at the Company for securities trading	769,893,104,544	413,235,757,449
032.2	Payables to foreign customers relating to their deposits at the Company for securities trading	123,194,547	60,237,079
035	Dividends, bond principals and interests payable	2,497,927,766	2,505,663,906

Duong Kim Chi
PreparerLe Minh Hien
Chief AccountantNguyen Hieu
General Director
8 March 2019
(Authorised signatory)



STATEMENT OF INCOME

For the year ended 31 December

Code	ITEMS	Note	2018 (VND)	2017 (VND)
OPERATING INCOME				
01	Gains from financial assets at fair value through profit or loss (FVTPL)		82,876,555,054	101,073,779,045
01.1	Realised gains on disposals of FVTPL financial assets	5.1(a)	92,462,610,942	79,796,388,798
01.2	(Decrease)/increase in revaluation gains of FVTPL financial assets	5.1(b)	(15,060,296,602)	15,337,805,715
01.3	Dividends and interest income from FVTPL financial assets		5,474,240,714	5,939,584,532
03	Interest income from loans and receivables		210,282,054,604	146,069,363,415
06	Brokerage fee income		112,169,672,813	87,002,042,082
07	Underwriting fee income and placing fee income		-	6,349,000,000
09	Custody service income		8,665,556,303	7,472,229,317
10	Financial consultancy service income		4,070,681,819	5,269,454,181
11	Other operating income		1,242,244,757	879,901,978
20	TOTAL OPERATING INCOME		419,306,765,350	354,115,770,018
OPERATING EXPENSES				
21	Losses from financial assets at fair value through profit or loss (FVTPL)		(81,710,746,131)	(15,747,406,571)
21.1	Realised losses on disposals of FVTPL financial assets	5.1(a)	(17,073,202,701)	(29,594,339,433)
21.2	(Increase)/decrease in revaluation losses of FVTPL financial assets	5.1(b)	(64,637,543,430)	13,846,932,862
24	Provisions for diminution in value of financial assets and impairment losses and borrowing costs to finance lending activities	5.2	(87,764,645,546)	(67,488,928,956)
26	Self-trading expenses	5.3	(1,920,032,384)	(4,135,204,425)
27	Brokerage fee expenses	5.3	(83,336,331,858)	(61,770,746,362)
28	Underwriting expenses and placing expenses	5.3	(2,200,000)	(1,542,377,378)
29	Securities investment consultancy expenses	5.3	(1,720,375,520)	(943,458,689)
30	Custody fee expenses	5.3	(8,518,171,532)	(7,467,889,242)
31	Financial consultancy expenses	5.3	(7,809,400,711)	(5,967,798,494)
32	Other operating expenses	5.3	(9,834,267,974)	(9,277,136,939)
40	TOTAL OPERATING EXPENSES		(282,616,171,656)	(174,340,947,056)
FINANCIAL INCOME				
41	Realised and unrealised foreign exchange gains		378,444,203	-
42	Dividend income and interest income from demand deposits		14,406,934,398	11,932,783,189
50	TOTAL FINANCIAL INCOME		14,785,378,601	11,932,783,189



For the year ended 31 December

Code	ITEMS	Note	2018 (VND)	2017 (VND)
FINANCIAL EXPENSES				
51	Realised and unrealised foreign exchange losses		(1,989,621,703)	(51,475,000)
60	TOTAL FINANCIAL EXPENSES		(1,989,621,703)	(51,475,000)
62	GENERAL AND ADMINISTRATION EXPENSES	5.4	(64,423,881,395)	(53,643,744,436)
70	OPERATING RESULT		85,062,469,197	138,012,386,715
OTHER INCOME AND EXPENSES				
71	Other income		69,899,577	368,312,102
72	Other expense		(333,085)	(39,111,307)
80	NET OTHER INCOME		69,566,492	329,200,795
90	NET ACCOUNTING PROFIT BEFORE TAX		85,132,035,689	138,341,587,510
91	Realised profit		164,829,875,721	109,156,848,933
92	Unrealised (loss)/profit		(79,697,840,032)	29,184,738,577
100	CORPORATE INCOME TAX	5.5	(16,451,053,273)	(26,984,674,394)
100.1	Corporate income tax – current		(19,463,112,593)	(23,917,113,251)
100.2	Corporate income tax – deferred		3,012,059,320	(3,067,561,143)
200	NET PROFIT AFTER TAX		68,680,982,416	111,356,913,116
EARNINGS PER SHARE				
501	Basic earnings per share (VND/share)	5.6	686	1,440
502	Diluted earnings per share (VND/share)	5.6	686	1,440

Duong Kim Chi
PreparerLe Minh Hien
Chief AccountantNguyen Hieu
General Director
8 March 2019
(Authorised signatory)



STATEMENT OF CASH FLOWS (Indirect method)

For the year ended 31 December

Code	ITEMS	2018 (VND)	2017 (VND)
Cash flows from operating activities			
01	Net profit before tax	85,132,035,689	138,341,587,510
02	Adjustments for:	(11,983,466,906)	(9,524,558,763)
03	Depreciation and amortisation	6,556,378,882	6,127,736,221
04	Reversal of provisions	(498,580,670)	(822,901,341)
05	Unrealised foreign exchange (gains)/losses	(95,000,000)	51,475,000
07	Profits from investing activities	(14,406,934,398)	(12,225,965,007)
08	Accrued interest income	(3,539,330,720)	(2,654,903,636)
10	Add/(less) non-cash expenses	64,637,543,430	(13,846,932,862)
11	Increase/(decrease) in revaluation losses of financial assets at fair value through profit or loss FVTPL	64,637,543,430	(13,846,932,862)
18	Add/(less) non-cash income	15,060,296,602	(15,337,805,715)
19	Decrease/(increase) in revaluation gains of financial assets at fair value through profit or loss FVTPL	15,060,296,602	(15,337,805,715)
30	Changes in working capital	(348,833,320,358)	(549,985,947,906)
31	(Increase)/decrease in financial assets at fair value through profit or loss FVTPL	(34,403,163,162)	97,419,504,256
33	Increase in loans and receivables	(272,743,400,277)	(451,201,730,076)
35	Decrease in receivables from disposals of financial assets	182,710,000	2,301,290,000
36	Decrease in interests and dividends receivable	2,654,903,636	1,661,678,317
37	Increase in services related receivables	(9,449,289,750)	(2,056,889,276)



For the year ended 31 December

Code	ITEMS	2018 (VND)	2017 (VND)
39	Decrease/(increase) in other receivables	1,475,553,129	(414,499,500)
40	(Increase)/decrease in other assets	(3,911,974,106)	132,523,918,095
41	Increase in accrued expenses (exclusive of interest expenses)	3,966,378,453	5,537,049,090
42	Increase in prepaid expenses	(1,443,878,209)	(1,408,682,389)
43	Corporate income tax paid	(25,736,372,165)	(21,750,883,584)
45	Increase/(decrease) in trade payables	3,129,559	(19,872,852,924)
47	Increase in tax and other payables to the State Budget	3,529,030,737	717,699,707
48	Increase in payable to employees	168,750,000	-
50	Decrease in other payables	(625,698,203)	(290,644,121,861)
52	Other payments for operating activities	(12,500,000,000)	(2,797,427,761)
60	Net cash outflows for operating activities	(195,986,911,543)	(450,353,657,736)
Cash flows from investing activities			
61	Purchases of fixed assets	(8,925,706,100)	(8,015,318,600)
62	Proceeds from disposals of fixed assets	-	293,181,818
65	Dividend receipt and profit distribution from investments	14,406,934,398	11,932,783,189
70	Net cash inflows from investing activities	5,481,228,298	4,210,646,407



STATEMENT OF CASH FLOWS (Indirect method) (continued)

For the year ended 31 December

Code	ITEMS	Note	2018 (VND)	2017 (VND)
Cash flows from financing activities				
71	Proceeds from issue of shares and capital contribution		-	210,000,000,000
73	Proceeds from borrowings	6.1	2,786,498,830,000	2,824,035,785,912
74	Repayments of borrowings	6.2	(2,763,122,998,895)	(2,555,031,495,912)
76	Dividend paid		-	(42,000,000,000)
80	Net cash inflows from financing activities		23,375,831,105	437,004,290,000
90	Net decrease in cash and cash equivalents		(167,129,852,140)	(9,138,721,329)
101	Cash and cash equivalents at beginning of year		238,873,951,937	248,012,673,266
101.1	Cash		238,873,951,937	248,012,673,266
101.2	Cash equivalents		-	-
103	Cash and cash equivalents at end of year		71,744,099,797	238,873,951,937
103.1	Cash		71,744,099,797	238,873,951,937
103.2	Cash equivalents		-	-

CASH FLOWS OF BROKERAGE AND TRUSTING ACTIVITIES

For the year ended 31 December

Code	ITEMS	2018 (VND)	2017 (VND)
Cash flows of brokerage and trusting activities			
01	Trade proceeds	6,857,795,298,521	7,189,541,985,430
02	Trade settlements	(6,729,891,054,882)	(7,203,763,517,640)
07	Receipts in customers' trading accounts	50,026,329,150,934	42,505,278,452,818
07.1	Customers' deposits at VSD	69,650,516,518	-
08	Payments from customers' trading accounts	(49,875,285,182,744)	(42,359,074,995,350)
14	Receipts from securities issuers	762,515,743,146	1,534,198,468,914
15	Payments to securities issuers	(754,401,903,070)	(1,539,446,717,990)
20	Net increase in customers' deposits	356,712,568,423	126,733,676,182
30	Customers' deposits at beginning of year	415,801,658,434	289,067,982,252
31	Cash at bank at beginning of year	415,801,658,434	289,067,982,252
32	Customers' deposits at the Company for securities trading	411,697,196,243	265,493,738,775
34	Cash blocked for trading settlements	859,307,515	15,080,839,725
35	Securities issuers' deposits	3,245,154,676	8,493,403,752
40	Customers' deposits at end of year	772,514,226,857	415,801,658,434
41	Cash at bank at end of year	772,514,226,857	415,801,658,434
42	Customers' deposits at the Company for securities trading	619,604,766,756	411,697,196,243
42.1	Customers' deposits at VSD	12,786,914,195	-
44	Cash blocked for trading settlements	128,763,551,154	859,307,515
45	Securities issuers' deposits	11,358,994,752	3,245,154,676

Duong Kim Chi
Preparer

Le Minh Hien
Chief Accountant



Nguyen Hieu
General Director
8 March 2019
(Authorised signatory)



STATEMENT OF CHANGES IN EQUITY

	As at			For the year ended 31 December 2017		For the year ended 31 December 2018		As at	
Items	1.1.2017	1.1.2018	Increase	Decrease	Increase	Decrease	31.12.2017	31.12.2018	
1. Owners' equity	709,240,118,792	919,240,118,792	210,000,000,000	-	90,999,060,000	-	919,240,118,792	1,010,239,178,792	
1.1 Share capital	700,000,000,000	910,000,000,000	210,000,000,000	-	90,999,060,000	-	910,000,000,000	1,000,999,060,000	
1.2 Share premium	9,240,118,792	9,240,118,792	-	-	-	-	9,240,118,792	9,240,118,792	
2. Financial and operational	4,622,486,592	10,190,332,248	5,567,845,656	-	3,434,049,121	-	10,190,332,248	13,624,381,369	
3. Supplementary capital reserve	4,622,486,592	10,190,332,248	5,567,845,656	-	3,434,049,121	-	10,190,332,248	13,624,381,369	
5. Undistributed earnings	44,375,909,698	102,597,131,502	111,356,913,116	(53,135,691,312)	148,378,822,448	(177,564,998,274)	102,597,131,502	73,410,955,676	
5.1 Realised profits	68,930,268,960	97,966,752,187	82,172,174,539	(53,135,691,312)	148,378,822,448	(97,867,158,242)	97,966,752,187	148,478,416,393	
5.2 Unrealised (losses)/profits	(24,554,359,262)	4,630,379,315	29,184,738,577	-	-	(79,697,840,032)	4,630,379,315	(75,067,460,717)	
Total	762,861,001,674	1,042,217,914,790	332,492,604,428	(53,135,691,312)	246,245,980,690	(177,564,998,274)	1,042,217,914,790	1,110,898,897,206	

Duong Kim Chi
Preparer

Le Minh Hien
Chief Accountant



Nguyen Hieu
General Director
8 March 2019
(Authorised signatory)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

GENERAL INFORMATION

Establishment and listing status

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. 56/GPĐC-UBCK was on 2 August 2018.

The Company was listed on the Ho Chi Minh City Stock Exchange in accordance with Decision No. 229/QĐ-SGDHCM issued by the Ho Chi Minh City Stock Exchange on 29 June 2017.

Headquarter and contact information

The Company is headquartered at 141 Nguyen Du Street, District 1, Ho Chi Minh City. As at 31 December 2018, 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 issued on 11 September 2018.

Principal activities

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 VND1,000,999,060,000.

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

2.1 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 indeterminable).

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.

The financial statements in Vietnamese language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Vietnamese language financial statements.

2.2 Form of records applied

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

2.3 Fiscal year

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

2.4 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.

2.5 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.

2.6 Financial assets

(a) Classification

(i) *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 by the Board of Management 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 initial 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).

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.





NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Financial assets (continued)

a) Classification (continued)

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

- 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 indeterminable). All gains or losses from change in fair value of FVTPL financial assets are recognised in the statement of income.

(II) Loans

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 that the Company classified as available-for-sale (AFS) financial assets at initial recognition; or
- 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).

(iii) Receivables

Receivables comprise receivables from disposal of financial assets, dividend and interest receivable, service related receivables, receivables from trade errors and other receivables. Receivables are recorded on an accrual basis and presented at cost less provision for impairment of doubtful debts (if any).

Receivables are classified as current and non-current assets in the statement of financial position based on their remaining maturity as at the reporting date.

b) 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.

(c) 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 inclusive of transaction costs.

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



(d) 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:

(i) 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 valuation date.

Where equities are not traded for more than two (02) weeks prior to the valuation 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

(ii) 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 (3) independent quoting entities at the latest trading date prior to the valuation date but not over than one (1) month up to the valuation 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

(iii) 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

(iv) 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 valuation date
- The price determined based on the Company’s valuation techniques

(v) 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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Financial assets (continued)

d) Basis on revaluation of FVTPL financial assets (continued)

(vi) Bonds listed on stock exchanges

These bonds are revalued based on the average quoted price of outright transactions on stock exchanges at the latest trading date prior to the valuation date plus accumulated accrued interest.

Where these bonds are not traded for more than two (2) weeks prior to the valuation 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

(vii) 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

(viii) Certificates of closed-end public funds

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

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

(ix) 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 one (1) unit of contributed capital/ certificates/shares prior to the valuation date.

(x) Certificates of other funds/ shares of other securities investment company

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

(xi) Term deposits

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

(xii) 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 valuation date.

(e) 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 the reporting date. Provision/ reversal of provision for loans is debited/credited to expenses in the statement of income.

(f) 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) incurred during the year is debited/credited to expenses in the statement of income.

2.7 Recognition of gains/(losses) of financial assets

Purchasing transaction costs

Purchasing transaction costs related to FVTPL financial assets are expensed off, while purchasing transaction costs related to other financial assets are capitalised.

Selling transaction costs

Selling transaction costs are expensed off.

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.

2.8 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, in details:

Motor vehicles	6 years
Office equipment	3 – 5 years
Computer software	6 – 8 years
Trademark	5 years
Copyrights, patents	5 years
Other intangible fixed assets	5 years





NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Fixed assets (continued)

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.

2.9 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.

2.10 Prepaid expenses

Prepaid expenses include prepayments for goods and services, tools and equipment not qualified to be recognised as fixed assets under prevailing regulations. Prepaid expenses are recorded at historical cost and allocated using the straight line method over estimated useful lives.

2.11 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.

2.12 Liabilities

(a) 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 accrual basis and on prudence concept.

(b) Classification

Classifications of liabilities are based on their nature as follows:

- Borrowings;
- Bonds;
- Trading obligations including balances with stock exchanges and Securities Depository;
- Trade payables arising from purchases of goods or services; and
- 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.

2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and the Company has an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.14 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.

2.15 Borrowing costs

Borrowing costs that are directly attributable to the construction or production of any qualified assets are capitalised during the 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.

2.16 Accrued expenses

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

2.17 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.

2.18 Equity

(a) Owners' capital

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

Share premium is the difference between the par value and the issue price of shares and the difference between the repurchase price and re-issuing price of treasury shares.

(b) 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.

(c) Undistributed profits

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

Unrealised profit/(loss) of the year is the total difference between gain and loss arising from revaluation of financial assets at FVTPL charged into the statement of income.

Realised profit of the year is the difference between total revenue, income and total expenses in the statement of income, except for gain or loss arising from revaluation of financial assets recognised in unrealised profit/(loss).





NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Revenue and other income recognition

(a) 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.

(b) 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 inclusive of transaction costs and costs of securities sold. Cost of securities sold is determined by weighted average method up to the end of trading dates.

Cash dividend is recognised as income in the statement of income when the Company's right to receive dividend is established, while stock dividends is not recognised as income, instead their quantity are added to the Company's securities portfolio.

(c) Income from capital activities

Income from capital activities consists of interest income from deposits at bank, income from margin loans and trading advances. This income is recognised on an accrual basis unless collectability is in doubt.

(d) Other income

Other income arises from other activities other than those listed above and is recognised on an accrual basis.

2.20 Expenses

(a) Recognition

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

(b) Classification

Expenses are classified by function as follows:

- Operating expenses
- Financial expenses

- General and administration expenses
- Other expenses

2.21 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 statement of income, 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 statement of income, 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.

2.22 Dividend distribution

Dividend of the Company is recognised as a liability in the Company's financial statements when the dividend is declared in accordance with the Company's charter and prevailing applicable regulations.





NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 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.

2.24 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.

2.25 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

	2018 (VND)	2017 (VND)
Cash on hand	75,416,597	60,905,770
Cash at bank	71,179,367,991	238,772,722,683
Cash blocked for trading settlements	489,315,209	40,323,484
	71,744,099,797	238,873,951,937

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

	Comparison to market value/fair value			Market value/ fair value VND	Remeasured amount VND
	Cost	Increase VND	Decrease VND		
As at 31 December 2018					
Listed equities	207,176,237,029	45,589,251	(54,322,567,750)	152,899,258,530	152,899,258,530
Unlisted equities	89,927,645,798	231,919,862	(21,022,402,080)	69,137,163,580	69,137,163,580
	297,103,882,827	277,509,113	(75,344,969,830)	222,036,422,110	222,036,422,110
As at 31 December 2017					
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
	262,700,719,665	15,337,805,715	(10,707,426,400)	267,331,098,980	267,331,098,980



NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

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

As at 31 December 2018						As at 31 December 2017				
	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)
Listed equities										
DIG	102,344,006,383	73,779,690,000	-	(28,564,316,383)	73,779,690,000	30,998,584,785	31,096,503,400	97,918,615	-	31,096,503,400
MBB	38,034,949,270	28,014,846,400	-	(10,020,102,870)	28,014,846,400	34,528,128,913	38,104,368,800	3,576,239,887	-	38,104,368,800
GEX	25,903,377,060	19,473,526,900	-	(6,429,850,160)	19,473,526,900	-	-	-	-	-
CTG	16,644,718,735	11,580,193,000	-	(5,064,525,735)	11,580,193,000	1,151,299	1,500,400	349,101	-	1,500,400
HPG	12,264,663,204	9,288,187,850	-	(2,976,475,354)	9,288,187,850	494,040	655,900	161,860	-	655,900
PC1	9,464,374,180	8,441,771,200	-	(1,022,602,980)	8,441,771,200	4,933,941,420	5,572,604,800	638,663,380	-	5,572,604,800
PTB	2,020,086,842	1,866,783,000	-	(153,303,842)	1,866,783,000	3,732,300	4,734,000	1,001,700	-	4,734,000
VPB	218,203,552	166,343,100	-	(51,860,452)	166,343,100	37,170	41,000	3,830	-	41,000
Others	281,857,803	287,917,080	45,589,251	(39,529,974)	287,917,080	107,240,845,537	117,176,265,420	11,023,212,406	(1,087,792,523)	117,176,265,420
	207,176,237,029	152,899,258,530	45,589,251	(54,322,567,750)	152,899,258,530	177,706,915,464	191,956,673,720	15,337,550,779	(1,087,792,523)	191,956,673,720
Unlisted equities										
BSR	46,348,798,393	31,760,080,000	-	(14,588,718,393)	31,760,080,000	-	-	-	-	-
POW	14,271,500,000	14,320,000,000	48,500,000	-	14,320,000,000	-	-	-	-	-
MPC	9,141,000,000	8,060,000,000	-	(1,081,000,000)	8,060,000,000	-	-	-	-	-
VIB	5,602,980,000	4,967,776,000	-	(635,204,000)	4,967,776,000	-	-	-	-	-
CSMEX(*)	4,071,352,000	4,071,352,000	-	-	4,071,352,000	4,071,352,000	1,527,714,000	-	(2,543,638,000)	1,527,714,000
C4G	2,409,500,000	1,980,000,000	-	(429,500,000)	1,980,000,000	-	-	-	-	-
ACV	1,708,100,000	1,890,000,000	181,900,000	-	1,890,000,000	-	-	-	-	-
CGV	1,900,000,000	1,852,500,000	-	(47,500,000)	1,852,500,000	1,900,000,000	950,000,000	-	(950,000,000)	950,000,000
DRFM(**)	4,450,000,000	225,000,000	-	(4,225,000,000)	225,000,000	4,450,000,000	225,000,000	-	(4,225,000,000)	225,000,000
Others	24,415,405	10,455,580	1,519,862	(15,479,687)	10,455,580	74,572,452,201	72,671,711,260	254,936	(1,900,995,877)	72,671,711,260
	89,927,645,798	69,137,163,580	231,919,862	(21,022,402,080)	69,137,163,580	84,993,804,201	75,374,425,260	254,936	(9,619,633,877)	75,374,425,260
Total	297,103,882,827	222,036,422,110	277,509,113	(75,344,969,830)	222,036,422,110	262,700,719,665	267,331,098,980	15,337,805,715	(10,707,426,400)	267,331,098,980

(*) Can Tho Import Export Fishery Joint Stock Company

(**) Dong Phu Technical Rubber Joint Stock Company



NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

LOANS

		As at 31 December 2018		As at 31 December 2017	
		Amortised cost (VND)	Provision (VND)	Amortised cost (VND)	Provision (VND)
Margin loans and investment cooperation contracts	(i)	1,347,690,622,065	(27,288,622,415)	1,202,069,702,299	(27,787,203,085)
Trading advances	(ii)	237,674,761,008	-	110,552,280,497	-
Total		1,585,365,383,073	(27,288,622,415)	1,312,621,982,796	(27,787,203,085)

(i) 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/QD-UBCK issued by the State Securities Commission on 25 January 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 31.12.2018 (VND)	As at 31.12.2017 (VND)	As at 31.12.2017 (VND)	Provision (VND)	Reversal of provision (VND)
Tran Quoc Tan	12,210,000,000	12,210,000,000	12,210,000,000	-	-
Nguyen Hong Mai	8,587,695,000	8,587,695,000	8,587,695,000	-	-
Pham Cong Khanh	2,576,209,616	2,576,209,616	2,576,209,616	-	-
Le Phuong Lan	-	1,202,220,538	498,591,800	-	(498,591,800)
Nguyen Thi Ly	1,643,644,306	1,643,644,306	1,643,644,306	-	-
Vuong Dang	1,544,620,920	1,544,620,920	1,544,620,920	-	-
Nguyen Thu Hien	616,325,496	616,325,496	616,325,496	-	-
Tran Trung Nghia	109,137,598	109,137,598	109,070,778	20,540	(23,920)
Tran Quang Huy	1,085,094	1,089,369	1,045,169	20,247	(5,737)
	27,288,718,030	28,490,942,843	27,787,203,085	40,787	(498,621,457)

(ii) 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 2018 and as at 31 December 2017 is immaterial due to short term nature.



NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

RECEIVABLES

	As at 31 December 2018		As at 31 December 2017	
	Book value (VND)	Doubtful amount (VND)	Book value (VND)	Doubtful amount (VND)
Receivables from disposals of financial assets	-	-	182,710,000	-
Receivables from disposals of listed equities	-	-	182,710,000	-
Dividends and interests receivable	3,539,330,720	-	2,654,903,636	-
Undue dividends and interests receivable	3,539,330,720	-	2,654,903,636	-
	3,539,330,720	-	2,837,613,636	-
Services related receivables	17,349,672,513	-	7,900,382,763	-
Other receivables	1,982,256,576	1,978,208,478	1,978,208,478	1,978,208,478

The Company had no receivables from related parties as at 31 December 2018 and as at 31 December 2017.

Details of provision for doubtful debts are as follows:

	Doubtful amount		Dự phòng			
	As at 31.12.2018 (VND)	As at 31.12.2017 (VND)	As at 31.12.2017 (VND)	Provision (VND)	Reversal of provision (VND)	As at 31.12.2018 (VND)
Other receivables	1,978,208,478	1,978,208,478	1,978,208,478	-	-	1,978,208,478
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 (continued)

OTHER CURRENT ASSETS

3.5 Other current assets

	As at 31 December	
	2018 (VND)	2017 (VND)
Advances to employees	2,547,968,621	428,066,665
Office tools and supplies	62,271,700	-
Short-term prepaid expenses	3,074,807,176	2,665,194,684
- Information technology equipments	699,114,622	763,119,666
- Office renovation expenses	163,793,975	682,310,528
- Other short-term prepaid expenses	2,211,898,579	1,219,764,490
Short-term security deposits	21,400,000	48,550,000
Corporate income tax overpaid (Note 3.14)	1,769,811,234	-
Personal income tax paid on behalf (Note 3.14)	13,662,228	5,679,572
	7,489,920,959	3,147,490,921

3.6 Fixed assets

a) (a) Tangible fixed assets

	Motor vehicles (VND)	Office equipment (VND)	Total (VND)
Historical cost			
As at 1.1.2018	5,837,902,900	32,358,404,535	38,196,307,435
New purchases	-	5,707,381,100	5,707,381,100
As at 31.12.2018	5,837,902,900	38,065,785,635	43,903,688,535
Accumulated depreciation			
As at 1.1.2018	3,271,507,959	23,711,531,730	26,983,039,689
Charge for the year	503,934,060	4,281,218,794	4,785,152,854
As at 31.12.2018	3,775,442,019	27,992,750,524	31,768,192,543
Net book value			
As at 1.1.2018	2,566,394,941	8,646,872,805	11,213,267,746
As at 31.12.2018	2,062,460,881	10,073,035,111	12,135,495,992

As at 31 December 2018, 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 2018 was VND18,237,026,246 (as at 31 December 2017: VND14,957,039,284).

The Company had no tangible fixed asset awaiting disposal as at 31 December 2018.

(b) Intangible fixed assets

	Computer software (VND)	Trademark (VND)	Copyrights (VND)	Other intangible assets (VND)	Total (VND)
Historical cost					
As at 1.1.2018 and as at 31.12.2018	11,292,236,066	307,500,192	1,661,848,751	502,503,782	13,764,088,791
Accumulated amortisation					
As at 31.12.2018	7,429,399,317	307,500,192	1,270,183,913	502,503,782	9,509,587,204
Charge for the year	1,596,595,032	-	174,630,996	-	1,771,226,028
As at 31.12.2018	9,025,994,349	307,500,192	1,444,814,909	502,503,782	11,280,813,232
Net book value					
As at 1.1.2018	3,862,836,749	-	391,664,838	-	4,254,501,587
As at 31.12.2018	2,266,241,717	-	217,033,842	-	2,483,275,559

As at 31 December 2018, the Company had the commitment to purchase intangible fixed assets with a total value of VND3,629,175,000 (Note 12) (as at 31 December 2017: nil).

Historical cost of fully amortised intangible fixed assets but still in use as at 31 December 2018 was VND2,287,891,465 (as at 31 December 2017: VND2,287,891,465).

The Company had no intangible fixed asset awaiting disposal as at 31 December 2018.

3.7 Construction in progress

Construction in progress as at 31 December 2018 comprised development costs of the derivatives trading and settlement system and upgrading costs for the underlying securities trading and settlement system.

Movements in the construction in progress during the year were as follows:

	For the year ended 31 December	
	2018 (VND)	2017 (VND)
Beginning of year	-	170,157,163
Additions	3,218,325,000	9,000,000
Transfers to intangible fixed assets	-	(179,157,163)
End of year	3,218,325,000	-

3.8 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.

3.9 Long-term prepaid expenses

	As at 31 December	
	2018 (VND)	2017 (VND)
Office renovation expenses	1,108,190,299	188,602,110
Other long-term prepaid expenses	533,747,828	419,070,300
	1,641,938,127	607,672,410



NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

3.10 Deposits in the Settlement Support Fund

According to Decision No. 45/QD-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	
	2018 (VND)	2017 (VND)
Initial deposit	120,000,000	120,000,000
Additional deposits	13,308,567,704	11,745,188,416
Interests	5,465,087,962	4,528,467,250
	18,893,655,666	16,393,655,666

3.11 Borrowings

Details of movements in borrowings during the year are as follows:

	Interest rate % per annum	Opening balance VND	Drawdowns VND	Repayments VND	Interest capitalised into principal VND	Revaluation VND	Closing balance VND
Bank borrowings		47,720,765,000	2,256,804,830,000	(2,090,647,998,895)	2,517,403,895	(95,000,000)	216,300,000,000
<i>In which:</i>							
From domestic banks	(i)	-	1,466,499,500,000	(1,369,016,903,895)	2,517,403,895	-	100,000,000,000
From a foreign bank	(ii)	47,720,765,000	790,305,330,000	(721,631,095,000)	-	(95,000,000)	116,300,000,000
Short-term issued bonds	(iii)	724,455,000,000	529,694,000,000	(672,475,000,000)	-	-	581,674,000,000
<i>In which:</i>							
Held by individuals	8,0 - 9,5	374,455,000,000	386,694,000,000	(382,475,000,000)	-	-	378,674,000,000
Held by institutions	8,0 - 9,5	350,000,000,000	143,000,000,000	(290,000,000,000)	-	-	203,000,000,000
Total		772,175,765,000	2,786,498,830,000	(2,763,122,998,895)	2,517,403,895	(95,000,000)	797,974,000,000

(i) The closing balance represents loans from a domestic bank with a credit limit of VND100,000,000,000 valid until 29 May 2019, with tenors of 2 months. Value of collateral assets as at 31 December 2018 was VND1,588,904,713,793 (as at 31 December 2017: nil).

(ii) The closing balance represents unsecured loans from a foreign bank with a credit limit of USD5,000,000 and longest tenor not exceeding 30 days from date of drawdown.

(iii) 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.

Trading obligations



NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

3.12 Trading obligations

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

3.13 Short-term trade accounts payable

	As at 31 December	
	2018 (VND)	2017 (VND)
Third parties	167,554,100	164,424,541

The Company had no overdue trade payables as at 31 December 2018 and as at 31 December 2017.

3.14 Tax and other payables to/(receivables from) the State Budget

	As at 31 December	
	2018 (VND)	2017 (VND)
Payables		
Corporate income tax - current	-	4,503,448,338
Personal income tax paid on behalf of customers	3,718,970,788	2,226,664,928
Personal income tax	1,311,238,541	1,361,446,970
Value added tax	148,583,927	44,733,984
Foreign contractor tax	268,950,332	55,678,203
	5,447,743,588	8,191,972,423
Receivables (Note 3.5)		
Corporate income tax overpaid	1,769,811,234	-
Personal income tax paid on behalf	13,662,228	5,679,572
	1,783,473,462	5,679,572
	3,664,270,126	8,186,292,851



	As at 1.1.2018 (VND)	Incurred (VND)	Paid (VND)	As at 31.12.2018 (VND)
Corporate income tax - current	4,503,448,338	19,463,112,593	(25,736,372,165)	(1,769,811,234)
Personal income tax paid on behalf of customers	2,226,664,928	27,924,961,093	(26,432,655,233)	3,718,970,788
Personal income tax	1,355,767,398	10,434,351,295	(10,492,542,380)	1,297,576,313
In which:				
Payable	1,361,446,970			1,311,238,541
Receivable	(5,679,572)			(13,662,228)
Value added tax	44,733,984	608,804,158	(504,954,215)	148,583,927
Foreign contractor tax	55,678,203	2,050,573,961	(1,837,301,832)	268,950,332
Charges, fees and other payables	-	4,000,000	(4,000,000)	-
	8,186,292,851	60,485,803,100	(65,007,825,825)	3,664,270,126

3.15 Short-term accrued expenses

	As at 31 December	
	2018 (VND)	2017 (VND)
Supplemental salary	7,900,000,000	9,200,000,000
Interests on bonds and borrowings	5,002,450,476	2,326,673,020
Brokerage fee and custody fee	622,626,876	767,594,468
Others	729,733,344	511,568,650
	14,254,810,696	12,805,836,138

3.16 Other short-term payables

	As at 31 December	
	2018 (VND)	2017 (VND)
Dividend payable	141,556,800	908,095,800
Other short-term payables	578,706,981	260,739,904
	720,263,781	1,168,835,704



NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

3.10 Deposits in the Settlement Support Fund

According to Decision No. 45/QD-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	
	2018 (VND)	2017 (VND)
Initial deposit	120,000,000	120,000,000
Additional deposits	13,308,567,704	11,745,188,416
Interests	5,465,087,962	4,528,467,250
	18,893,655,666	16,393,655,666

3.11 Borrowings

Details of movements in borrowings during the year are as follows:

	Interest rate % per annum	Opening balance VND	Drawdowns VND	Repayments VND	Interest capitalised into principal VND	Revaluation VND	Closing balance VND
Bank borrowings		47,720,765,000	2,256,804,830,000	(2,090,647,998,895)	2,517,403,895	(95,000,000)	216,300,000,000
<i>In which:</i>							
From domestic banks	(i)	-	1,466,499,500,000	(1,369,016,903,895)	2,517,403,895	-	100,000,000,000
From a foreign bank	(ii)	47,720,765,000	790,305,330,000	(721,631,095,000)	-	(95,000,000)	116,300,000,000
Short-term issued bonds	(iii)	724,455,000,000	529,694,000,000	(672,475,000,000)	-	-	581,674,000,000
<i>In which:</i>							
Held by individuals	8,0 - 9,5	374,455,000,000	386,694,000,000	(382,475,000,000)	-	-	378,674,000,000
Held by institutions	8,0 - 9,5	350,000,000,000	143,000,000,000	(290,000,000,000)	-	-	203,000,000,000
Total		772,175,765,000	2,786,498,830,000	(2,763,122,998,895)	2,517,403,895	(95,000,000)	797,974,000,000

(i) The closing balance represents loans from a domestic bank with a credit limit of VND100,000,000,000 valid until 29 May 2019, with tenors of 2 months. Value of collateral assets as at 31 December 2018 was VND1,588,904,713,793 (as at 31 December 2017: nil).

(ii) The closing balance represents unsecured loans from a foreign bank with a credit limit of USD5,000,000 and longest tenor not exceeding 30 days from date of drawdown.

(iii) 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.

Trading obligations



NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

3.12 Trading obligations

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

3.13 Short-term trade accounts payable

	As at 31 December	
	2018 (VND)	2017 (VND)
Third parties	167,554,100	164,424,541

The Company had no overdue trade payables as at 31 December 2018 and as at 31 December 2017.

3.14 Tax and other payables to/(receivables from) the State Budget

	As at 31 December	
	2018 (VND)	2017 (VND)
Payables		
Corporate income tax - current	-	4,503,448,338
Personal income tax paid on behalf of customers	3,718,970,788	2,226,664,928
Personal income tax	1,311,238,541	1,361,446,970
Value added tax	148,583,927	44,733,984
Foreign contractor tax	268,950,332	55,678,203
	5,447,743,588	8,191,972,423
Receivables (Note 3.5)		
Corporate income tax overpaid	1,769,811,234	-
Personal income tax paid on behalf	13,662,228	5,679,572
	1,783,473,462	5,679,572
	3,664,270,126	8,186,292,851



	As at 1.1.2018 (VND)	Incurred (VND)	Paid (VND)	As at 31.12.2018 (VND)
Corporate income tax - current	4,503,448,338	19,463,112,593	(25,736,372,165)	(1,769,811,234)
Personal income tax paid on behalf of customers	2,226,664,928	27,924,961,093	(26,432,655,233)	3,718,970,788
Personal income tax	1,355,767,398	10,434,351,295	(10,492,542,380)	1,297,576,313
In which:				
Payable	1,361,446,970			1,311,238,541
Receivable	(5,679,572)			(13,662,228)
Value added tax	44,733,984	608,804,158	(504,954,215)	148,583,927
Foreign contractor tax	55,678,203	2,050,573,961	(1,837,301,832)	268,950,332
Charges, fees and other payables	-	4,000,000	(4,000,000)	-
	8,186,292,851	60,485,803,100	(65,007,825,825)	3,664,270,126

3.15 Short-term accrued expenses

	As at 31 December	
	2018 (VND)	2017 (VND)
Supplemental salary	7,900,000,000	9,200,000,000
Interests on bonds and borrowings	5,002,450,476	2,326,673,020
Brokerage fee and custody fee	622,626,876	767,594,468
Others	729,733,344	511,568,650
	14,254,810,696	12,805,836,138

3.16 Other short-term payables

	As at 31 December	
	2018 (VND)	2017 (VND)
Dividend payable	141,556,800	908,095,800
Other short-term payables	578,706,981	260,739,904
	720,263,781	1,168,835,704



NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

3.17 Deferred tax liability

	As at 31 December	
	2018 (VND)	2017 (VND)
Deferred tax liability		
Deferred tax liability to be recovered within 12 months	55,501,823	3,067,561,143

Movement in the deferred tax liability is as follows:

	For the year ended 31 December	
	2018 (VND)	2017 (VND)
Opening balance	3,067,561,143	-
(Credited)/charged to profit or loss	(3,012,059,320)	3,067,561,143
Closing balance	55,501,823	3,067,561,143

Details of deferred tax liability are as follows:

	As at 31 December	
	2018 (VND)	2017 (VND)
<i>Taxable temporary differences</i>		
Gain from revaluation of FVTPL financial assets	277,509,113	15,337,805,715
<i>Calculated at tax rate of 20%:</i>		
Deferred tax liability to be recovered within 12 months	55,501,823	3,067,561,143

3.18 Share capital

(a) Number of shares

	As at 31 December	
	2018 (VND)	2017 (VND)
Number of shares registered	100,099,906	91,000,000
Number of shares issued	100,099,906	91,000,000
Number of shares repurchased	-	-
	100,099,906	91,000,000

As at 31 December 2018 and as at 31 December 2017, 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.

(b) Movement of share quantity

	Ordinary shares
As at 1 January 2017	70,000,000
New shares issued	21,000,000
As at 31 December 2017	91,000,000
New shares issued (*)	9,099,906
As at 31 December 2018	100,099,906

(*) The Annual General Meeting of Shareholders on 28 March 2018 approved the issuance of new shares to pay dividend to existing shareholders at a ratio of 10:1. Accordingly, the Company issued 9,099,906 shares on 25 June 2018. The numbers of the new shares issued were rounded down to units, numbers of shares after decimal stop were forfeited.

(c) Details of major shareholders as at the reporting date

	Number of ordinary shares (VND)	Value of charter capital contributed (VND)	Interest %
Mr. Tran Le Nguyen	35,035,000	350,350,000,000	35.00%
Asia Investment Company	15,043,617	150,436,170,000	15.03%
Ms. Pham My Linh	13,721,276	137,212,760,000	13.71%
Other shareholders	36,300,013	363,000,130,000	36.26%
Total	100,099,906	1,000,999,060,000	100.00%

3.19 Undistributed earnings

	As at 31 December	
	2018 (VND)	2017 (VND)
Undistributed realised profits	148,478,416,393	97,966,752,187
Unrealised (losses)/profits	(75,067,460,717)	4,630,379,315
	73,410,955,676	102,597,131,502

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

	As at 31.12.2017 (VND)	Profits/(losses) for the year (VND)	Dividend declared (VND)	Appropriations to reserves (VND)	As at 31.12.2018 (VND)
Undistributed realised profits	97,966,752,187	148,378,822,448	(90,999,060,000)	(6,868,098,242)	148,478,416,393
Unrealised profits/(losses)	4,630,379,315	(79,697,840,032)	-	-	(75,067,460,717)
Undistributed earnings	102,597,131,502	68,680,982,416	(90,999,060,000)	(6,868,098,242)	73,410,955,676



NOTES TO OFF STATEMENT OF FINANCIAL POSITION ITEMS

4.1 Number of shares in issue

	As at 31 December	
	2018 (VND)	2017 (VND)
Ordinary shares		
Quantity issued within 1 year	9,099,906	21,000,000
Quantity issued for 1 year or more	91,000,000	70,000,000
	100,099,906	91,000,000

NOTES TO THE STATEMENT OF INCOME

5.1 Income from FVTPL financial assets

(a) Net realised gains on disposals of FVTPL financial assets

	For the year ended 31 December	
	2018 (VND)	2017 (VND)
Realised gains on disposals of FVTPL financial assets	92,462,610,942	79,796,388,798
Realised losses on disposals of FVTPL financial assets	(17,073,202,701)	(29,594,339,433)
	75,389,408,241	50,202,049,365

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

	Quantity disposed share (VND)	Sales proceeds (VND)	Costs of disposals (*) (VND)	Realised gains/(losses) in this year (VND)	Realised gains/(losses) in prior year (VND)
Listed shares	27,795,283	807,334,831,600	729,153,972,071	78,180,859,529	55,077,345,894
Unlisted shares	4,404,268	74,045,510,000	76,836,961,288	(2,791,451,288)	(4,875,296,529)
	32,199,551	881,380,341,600	805,990,933,359	75,389,408,241	50,202,049,365

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

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

	For the year ended 31 December	
	2018 (VND)	2017 (VND)
(Decrease)/increase in revaluation gains of FVTPL financial assets	(15,060,296,602)	15,337,805,715
(Increase)/decrease in revaluation losses of FVTPL financial assets	(64,637,543,430)	13,846,932,862
	(79,697,840,032)	29,184,738,577

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

	Cost (VND)	Market value/fair value (VND)	Accumulated revaluation losses as at 31.12.2018 (VND)	Accumulated revaluation gains/(losses) as at 31.12.2017 (VND)	Charged to statement of income (VND)
Listed shares	207,176,237,029	152,899,258,530	(54,276,978,499)	14,249,758,256	(68,526,736,755)
Unlisted shares	89,927,645,798	69,137,163,580	(20,790,482,218)	(9,619,378,941)	(11,171,103,277)
	297,103,882,827	222,036,422,110	(75,067,460,717)	4,630,379,315	(79,697,840,032)

5.2 Provisions for diminution in value of financial assets and impairment losses and borrowing costs to finance lending activities

	For the year ended 31 December	
	2018 (VND)	2017 (VND)
Borrowing costs to finance lending activities	88,263,226,216	68,311,830,297
Reversal of provisions for impairment of financial assets	(498,580,670)	(822,901,341)
	87,764,645,546	67,488,928,956

5.3 Other operating expenses

	For the year ended 31 December	
	2018 (VND)	2017 (VND)
Self-trading activities	1,920,032,384	4,135,204,425
Salaries	1,473,070,243	2,097,887,937
Office rentals	266,896,080	270,864,000
Other expenses	180,066,061	1,766,452,488
Brokerage fee expenses	83,336,331,858	61,770,746,362
Salaries	39,139,916,538	28,134,495,599
Securities trading transaction fees	18,220,124,451	14,309,528,597
Brokerage expense for collaborators	7,469,390,789	6,126,122,796
Office rentals	6,561,013,233	3,653,149,600
Depreciation and amortisation	2,048,658,264	2,048,658,267
Other expenses	9,897,228,583	7,498,791,503
Underwriting expenses and placing expenses	2,200,000	1,542,377,378
Securities investment consultancy expenses	1,720,375,520	943,458,689
Custody fee expenses	8,518,171,532	7,467,889,242
Financial consultancy expenses	7,809,400,711	5,967,798,494



NOTES TO THE STATEMENT OF INCOME (continued)

5.3 Other operating expenses (continued)

	For the year ended 31 December	
	2018 (VND)	2017 (VND)
Salaries	6,217,904,234	4,100,085,805
Office rentals	524,580,925	422,994,000
Other expenses	1,066,915,552	1,444,718,689
Other operating expenses	9,834,267,974	9,277,136,939
Salaries	7,658,544,022	7,447,277,255
Office rentals	1,155,653,836	1,045,185,600
Maintenance expenses	79,701,599	73,798,364
Other expenses	940,368,517	710,875,720
	113,140,779,979	91,104,611,529

5.4 General and administration expenses

	For the year ended 31 December	
	2018 (VND)	2017 (VND)
Staff costs	31,796,874,517	31,817,605,865
Office rentals	4,097,399,658	4,971,814,800
Outsourced services	4,860,007,929	3,624,897,141
Depreciation and amortisation	4,507,720,618	4,079,077,954
Advertisement and entertainment expenses	2,910,572,742	2,302,578,121
Maintenance expenses	1,218,817,630	496,357,580
Remuneration of the Board of Directors	1,717,803,000	741,563,113
Tools and supplies	1,687,264,887	695,407,539
Office stationeries	101,067,544	114,177,950
Tax, duties and fees	21,280,000	42,000,000
Other administrative expenses	5,505,072,870	4,758,264,373
	64,423,881,395	53,643,744,436

5.5 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	
	2018 (VND)	2017 (VND)
Accounting profit before tax	85,132,035,689	138,341,587,510
Tax at rate of 20%:	17,026,407,138	27,668,317,502
Adjustment for:		
Non-taxable income	(1,194,564,277)	(1,021,786,866)
Non deductible expenses	619,210,412	338,143,758
Corporate income tax charge (*)	16,451,053,273	26,984,674,394
Charged/(credited) for the year:		
Corporate income tax – current	19,463,112,593	23,917,113,251
Corporate income tax – deferred	(3,012,059,320)	3,067,561,143
	16,451,053,273	26,984,674,394

(*) 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 2017.

5.6 Earnings per share

(a) 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	
	2018 (VND)	2017 (VND) Trình bày lại *)
Net profit attributable to shareholders (VND)	68,680,982,416	111,356,913,116
Less amount allocated to bonus and welfare funds(VND)	-	-
	68,680,982,416	111,356,913,116
Weighted average number of ordinary shares in issue (shares)	100,099,949	77,316,438
Basic earnings per share (VND)	686	1,440



THÔNG TIN BỔ SUNG BÁO CÁO KẾT QUẢ HOẠT ĐỘNG

5.6 Earnings per share

(*) Basic earnings per share of the year ended 31 December 2017 was restated to reflect the impact of stock dividend declared and issued in 2018 on the number of ordinary shares issue (Note 3.18(b)), in particular:

	For the year ended 31 December 2017		
	As previously reported	Adjustments	As restated
Net profit attributable to shareholders (VND)	111,356,913,116	-	111,356,913,116
Weighted average number of ordinary shares in issue (shares)	70,287,671	7,028,767	77,316,438
Basic earnings per share (VND)	1,584		1,440

(b) Diluted earnings per share

The Company did not have potentially dilutive ordinary shares.

NOTES TO THE STATEMENT OF CASH FLOW

6.1 Proceeds from borrowings

Proceeds from borrowings are loan drawdowns and proceeds from issuance of bonds (Note 3.11).

6.2 Repayment of borrowings

Repayments of borrowings are loan repayments and bond repayments (Note 3.11).



NOTES TO THE STATEMENT OF CHANGES IN EQUITY

7.1 Distributed earnings

	For the year ended 31 December	
	2018 (VND)	2017 (VND)
Undistributed realised profits brought forward	97,966,752,187	68,930,268,960
Cumulative unrealised losses as at the reporting date	(75,067,460,717)	-
Realised post-tax profits incurred	148,378,822,448	82,172,174,539
Appropriations of retaining earnings:		
To supplementary capital reserve	(3,434,049,121)	(5,567,845,656)
To financial and operational risk reserve fund	(3,434,049,121)	(5,567,845,656)
Distributable profits	164,410,015,676	139,966,752,187
Dividend declared	90,999,060,000	42,000,000,000
Income tax withheld (*)	-	(1,645,771,680)
Net amount to be distributed to shareholders	90,999,060,000	40,354,228,320

(*) Stock dividend declared in 2018 was paid by shares (Note 3.18(b)). For income from stock dividend, individual investors are not yet liable to pay personal income tax when they receive their allotted shares. When these shares are realised, individual investors are liable to pay personal income tax on income from capital investment and income from securities transfer under the law on personal income tax.



NOTES TO THE STATEMENT OF CHANGES IN EQUITY (continued)

7.2 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 31 December 2018	910,000,000,000	9,240,118,792	10,190,332,248	10,190,332,248	102,597,131,502	1,042,217,914,790
Stock dividends (Note 3.18(b))	-	-	-	-	68,680,982,416	68,680,982,416
Appropriation to reserves (Note 2.18(b))	90,999,060,000	-	-	-	(90,999,060,000)	-
	-	-	3,434,049,121	3,434,049,121	(6,868,098,242)	-
As at 31 December 2018	1,000,999,060,000	9,240,118,792	13,624,381,369	13,624,381,369	73,410,955,676	1,110,898,897,206
As at 1 January 2017	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 (*)	210,000,000,000	-	-	-	-	210,000,000,000
Profit for the year	-	-	-	-	111,356,913,116	111,356,913,116
Appropriation to reserves (Note 2.18(b))	-	-	5,567,845,656	5,567,845,656	(11,135,691,312)	-
Cash dividends (**)	-	-	-	-	(42,000,000,000)	(42,000,000,000)
As at 31 December 2017	910,000,000,000	9,240,118,792	10,190,332,248	10,190,332,248	102,597,131,502	1,042,217,914,790

(*) 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.

(**) 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.

Dividend declared after the reporting date is presented in Note 13.1.



RELATED PARTIES DISCLOSURES

Related party	Relationship
Mr. Tran Le Nguyen	Major shareholder
Asia Investment Limited	Major shareholder
Ms. 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
Hoang Trieu Company Limited	Related to the Company's key management
Pymepharco Joint Stock Company	Related to the Company's key management
Board of Directors and Board of Management	Key management

(a) Related parties transactions

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

	For the year ended 31 December	
	2018 (VND)	2017 (VND)
Revenue from brokerage services	-	1,110,234,507
Revenue from underwriting services	-	5,824,000,000
Revenue from other services	286,363,636	2,431,257,297
Dividend received from related parties	1,300,126,000	-
Realised gains on disposal of shares of related parties	1,446,732,040	-
Shares of related parties purchased	52,002,565,810	-
Shares of related parties sold	53,451,398,000	-
Services provided by related parties	11,027,810,159	10,582,786,721
Bond issued to related parties	-	250,000,000,000
Bond settlements to related parties	150,000,000,000	-
Bond interest expenses payable to related parties	22,559,284,633	16,993,055,551
Salary and other benefits	11,870,963,054	8,612,759,617

(b) Year-end balances with related parties

	As at 31 December	
	2018 (VND)	2017 (VND)
Bonds issued to related parties	100,000,000,000	250,000,000,000
Accrued bond interests payable to related parties	143,150,685	531,944,444
Fair value of equity interest in related parties	-	2,436,000

SEGMENT REPORTING

(a) Geographical segments

The principal activities of the Company are carried out within Vietnam territory. Risks and returns of the Company are not materially affected by distinctions between geographical areas. On these grounds, the Board of Management determines that the Company has only one geographical segment.



9 SEGMENT REPORTING (continued)

(b) Business activity segments

Revenue, income and expenses based on the Company's business activity segments were as follows:

	For the year ended 31 December 2018				
	Brokerage (VND)	Self-trading (VND)	Securities services and lending (VND)	Consultancy (VND)	Total (VND)
Revenue and income (*)	112,811,165,175	82,876,555,054	219,548,363,302	4,070,681,819	419,306,765,350
Expenses	(85,056,707,378)	(83,630,778,515)	(106,117,085,052)	(7,811,600,711)	(282,616,171,656)
In which:					
Direct cash expenses	(72,275,738,089)	(18,705,980,004)	(105,100,189,099)	(7,029,397,597)	(203,111,304,789)
Total amount of significant non-cash expenses, other than depreciation, amortisation and allocation of prepaid expenses	-	(64,637,543,430)	498,580,670	-	(64,138,962,760)
Total depreciation and amortisation of fixed assets	(2,048,658,264)	-	-	-	(2,048,658,264)
Allocation of long-term and short-term prepaid expenses	(10,732,311,025)	(287,255,081)	(1,515,476,623)	(782,203,114)	(13,317,245,843)
Segment result	27,754,457,797	(754,223,461)	113,431,278,250	(3,740,918,892)	136,690,593,694
Net financial income					12,795,756,898
General and administration expenses					(64,423,881,395)
Net other income					69,566,492
Operating result					85,132,035,689
	For the year ended 31 December 2017				
	Brokerage (VND)	Self-trading (VND)	Securities services and lending (VND)	Consultancy (VND)	Total (VND)
Revenue and income (*)	87,612,286,398	101,073,779,045	153,811,250,394	11,618,454,181	354,115,770,018
Expenses	(62,714,205,051)	(19,817,056,376)	(84,299,509,757)	(7,510,175,872)	(174,340,947,056)
In which:					
Direct cash expenses	(53,623,298,321)	(33,341,455,136)	(83,797,998,260)	(6,770,404,863)	(177,533,156,580)
Total amount of significant non-cash expenses, other than depreciation, amortisation and allocation of prepaid expenses	-	13,846,932,862	822,901,341	-	14,669,834,203
Total depreciation and amortisation of fixed assets	(2,048,658,267)	-	-	-	(2,048,658,267)
Allocation of long-term and short-term prepaid expenses	(7,042,248,463)	(322,534,102)	(1,324,412,838)	(739,771,009)	(9,428,966,412)
Segment result	24,898,081,347	81,256,722,669	69,511,740,637	4,108,278,309	179,774,822,962
Net financial income					11,881,308,189
General and administration expenses					(53,643,744,436)
Net other income					329,200,795
Operating result					138,341,587,510

(*) All of revenues are from services rendered to external customers, and all of income is generated from transactions with external partners.



SEGMENT REPORTING (continued)

(b) Business activity segments (continued)

Assets and liabilities based on the Company's business activity segments were as follows:

	For the year ended 31 December 2018				
	Brokerage (VND)	Self-trading (VND)	Securities services and lending (VND)	Consultancy (VND)	Total (VND)
Segment assets	40,539,423,116	222,525,737,319	1,648,035,890,269	225,500,000	1,911,326,550,704
Unallocated assets					21,011,206,152
Total assets					1,932,337,756,856
Segment liabilities	(4,265,132,764)	(245,690,000)	(804,020,850,339)	(1,497,070,000)	(810,028,743,103)
Unallocated liabilities					(11,410,116,547)
Total liabilities					(821,438,859,650)
Total expense incurred for purchases of fixed assets					
In which:					8,925,706,100
Fixed assets in segments					
Fixed assets in unallocated assets	3,218,325,000	-	-	-	3,218,325,000
					5,707,381,100

	For the year ended 31 December 2017				
	Brokerage (VND)	Self-trading (VND)	Securities services and lending (VND)	Consultancy (VND)	Total (VND)
Segment assets	26,366,643,035	267,554,132,464	1,532,924,942,037	147,250,000	1,826,992,967,536
Unallocated assets					15,626,704,145
Total assets					1,842,619,671,681
Segment liabilities	(12,147,132,805)	-	(774,502,438,020)	(694,400,000)	(787,343,970,825)
Unallocated liabilities					(13,057,786,066)
Total liabilities					(800,401,756,891)
Total expense incurred for purchases of fixed assets					
In which:					8,185,475,763
Fixed assets in segments					
Fixed assets in unallocated assets	3,498,220,000	-	-	-	3,498,220,000
					4,687,255,763



10 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.

(a) 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 the 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 stock exchanges, 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.

	As at 31 December	
	2018 (VND)	2017 (VND)
Cash and cash equivalents (Note 3.1)		
Cash at bank	71,179,367,991	238,772,722,683
Cash blocked for trading settlements	489,315,209	40,323,484
	71,668,683,200	238,813,046,167
Loans (Note 3.3)		
Margin loans and investment cooperation contracts	1,347,690,622,065	1,202,069,702,299
Trading advances	237,674,761,008	110,552,280,497
	1,585,365,383,073	1,312,621,982,796
Receivables (Note 3.4)		
Receivables from disposals of financial assets	-	182,710,000
Dividends and interests receivable	3,539,330,720	2,654,903,636
Services related receivables	17,349,672,513	7,900,382,763
	20,889,003,233	10,737,996,399
Total credit risk exposure	1,677,923,069,506	1,562,173,025,362

(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 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.



FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk (continued)

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 2018, had the prices of the securities increased/decreased by 10% with all other variables being held constant including tax rate, the Company's profit after tax would have been higher/lower by VND17,762,913,769 respectively (as at 31 December 2017: higher/ lower by VND21,386,487,918 respectively).

(c) 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 2018, 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 VND814,578,721,984 (as at 31 December 2017: VND787,982,831,070) which represented contractual undiscounted cash outflows payable in less than one year.

(d) 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 2018, the Company's CAR was 950%.

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	
	2018 (VND)	2017 (VND)
Within 1 year	11,382,797,929	10,477,897,308
From 1 to 5 years	9,718,675,489	16,993,479,370
Total	21,101,473,418	27,471,376,678

CAPITAL EXPENDITURE COMMITMENTS

Capital expenditure contracted for at the reporting date but not recognised in the financial statements was as follows:

	As at 31 December	
	2018 (VND)	2017 (VND)
Derivatives trading and settlement system and upgrade of underlying securities trading and settlement system	3,629,175,000	-

SUBSEQUENT EVENTS

13.1 Dividend declared after the reporting date

On 2 January 2019, the Board of Directors of the Company approved the advance of cash dividend for the year 2018 at 5% of par value, equivalent to VND500/share. The list of shareholders entitled to this advanced dividend was finalised on 17 January 2019 and the payment was made on 30 January 2019.

13.2 Issuance plan for corporate bonds in 2019

On 8 January 2019, the Board of Directors of the Company approved the issuance of corporate bonds in 2019 to increase working capital capacity of the Company. Details 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 these facts, there have been no further 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 VND	Value of transactions during the year VND
(a) Of the Company	65,037,460	1,646,385,029,880
Shares	65,037,460	1,646,385,029,880
(b) Of investors	3,193,612,202	59,459,744,221,982
Shares	3,191,735,712	59,284,954,482,082
Bonds	1,500,000	168,256,900,000
Other shares	376,490	6,532,839,900
	3,258,649,662	61,106,129,251,862

Duong Kim Chi
Preparer

Le Minh Hien
Chief Accountant



Nguyen Hieu
General Director
8 March 2019
(Authorised signatory)



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