

**CÔNG TY CPCK SÀI GÒN – HÀ NỘI  
SAIGON – HA NOI SECURITIES JSC.,**

Số/No: **533** /2020/CV - SHS  
(V/v: Công bố thông tin  
Báo cáo thường niên năm 2019  
bằng tiếng Anh)  
(Ref: Information disclosure  
of Annual Report 2019 in English)

**CỘNG HÒA XÃ HỘI CHỦ NGHĨA VIỆT NAM  
THE SOCIALIST REPUBLIC OF VIETNAM**

**Độc lập – Tự do – Hạnh phúc  
Independence - Freedom - Happiness**

Hà Nội, ngày **15** tháng 06 năm 2020  
Hanoi, June th, 2020

**Kính gửi/To: Ủy ban Chứng khoán Nhà nước/The State Securities Commission  
Sở Giao dịch Chứng khoán Hà Nội/Ha Noi Stock Exchange  
Sở Giao dịch Chứng khoán Tp. Hồ Chí Minh/Hochiminh Stock Exchange**

1. Tên công ty/Organization name: Công ty Cổ phần Chứng khoán Sài Gòn - Hà Nội/Saigon-Hanoi Securities JSC.,
2. Mã chứng khoán/Securities Code: SHS
3. Mã thành viên/Member code: 069
4. Địa chỉ trụ sở chính/Address of head office: Tầng 1-5, Toà nhà Unimex Hà Nội, số 41, Ngô Quyền, Hoàn Kiếm, Hà Nội/1st -5th Floors, Unimex Hanoi Building, No. 41, Ngo Quyen road, Hoan Kiem district, Hanoi city.
5. Điện thoại/Telephone: 024.38.181888 Fax/Fax: 024.38.181688
6. Người thực hiện công bố thông tin/ Spokesman: Vũ Đức Tiến – Tổng Giám đốc đồng thời là Người đại diện theo pháp luật/Vu Duc Tien – General Director and Legal Representative
7. Loại thông tin công bố/Information disclosure type: Định kỳ/Periodicity
8. Nội dung của thông tin công bố/Contents of information disclosure:  
- Báo cáo thường niên năm 2019 bằng tiếng Anh/Annual Report 2019 in English.
9. Địa chỉ website đăng tải thông tin công bố/The website's address of the disclosure::  
<https://www.shs.com.vn/News/2020611/1010394/shs-cong-bo-thong-tin-bao-cao-thuong-nien-2019-bang-tieng-anh.aspx>

Chúng tôi xin cam kết các thông tin công bố trên đây là đúng sự thật và hoàn toàn chịu trách nhiệm trước pháp luật về nội dung thông tin công bố/We hereby certify that the information provided is true and correct and we will bear the full responsibility to the law.


Trân trọng/Best regards./.

**Tài liệu kèm theo/Attached documents:**

- Báo cáo thường niên 2019 bằng tiếng Anh/ Annual Report 2019 in English.

**Nơi nhận/Recipients:**

- Như trên /As stated above;  
- Lưu VT, P.PC&QTRR/Kept at Achives and L&R management department.

**CÔNG TY CPCK SÀI GÒN – HÀ NỘI  
SAIGON – HA NOI SECURITIES JSC.,**  
  
**VŨ ĐỨC TIẾN  
TỔNG GIÁM ĐỐC  
GENERAL DIRECTOR**



CONVERTING OPPORTUNITIES INTO VALUES



Annual Report 2019

# UNITY TO OVERCOME DIFFICULTIES





UNITY TO OVERCOME  
DIFFICULTIES



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# GENERAL INTRODUCTION

- General information message from the Chairman of the Board of Directors
- 2019 Highlights
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- Basic indicators (KPIs)

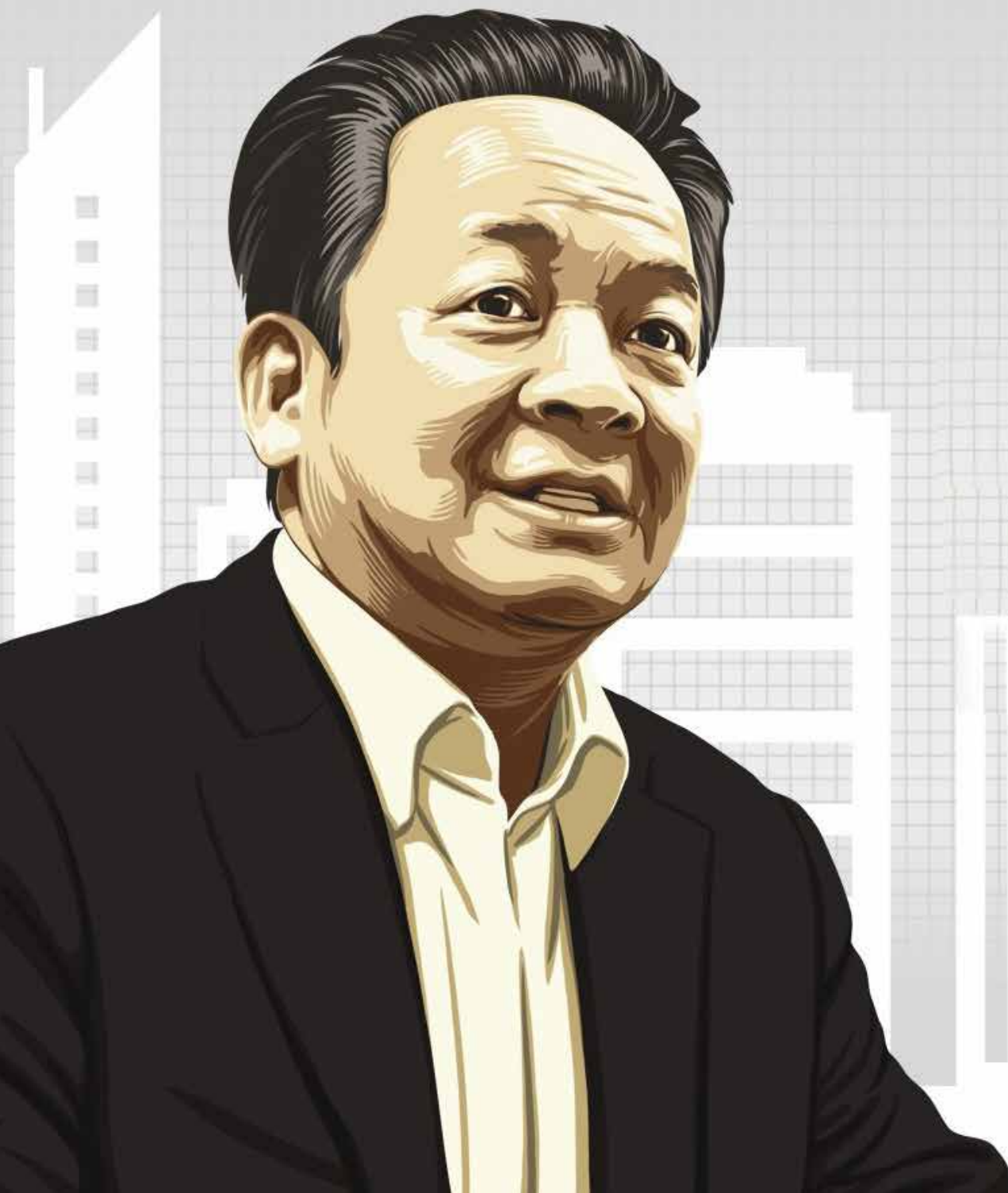






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# GENERAL INFORMATION MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS



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## Maintaining and improving the quality of services and advisory activities for the goal of “growing the customers’ net asset values” is always the direction that we pursue.

### Dear Shareholders, Investors, and Customers!

First and foremost, on behalf of the Board of Directors and the Executive Board of the Company, I would like to send to you our sincerest thanks for your continued support. This is more valuable during the turbulent and challenging 2019 that we experienced. The general market situation has been unfavorable with many inherent risks, together with more competitive pressures from foreign-invested securities companies. This has made it more difficult for domestic securities companies to achieve impressive business results. SHS has been no exception. The total revenue of the Company reached VND 1,072.4 billion. This represents 83.1% of the plan, and a drop of 14.1% compared to the same period in 2018. Meanwhile, the Company’s profit before tax reached VND 312.0 billion, achieving 74.2% of the plan assigned by the 2019 Annual General Meeting of Shareholders. This represents a fall of 24.0% compared to the same period last year.

Although our business results have not reached the set targets, the contribution of each segment has demonstrated the efforts of the Board of Directors and the Executive Board in the adjustment our business operations to achieve the best results possible in an unfavorable overall context. Specifically, the brokerage segment - which contributed a large proportion in previous years - was most directly affected this year by the competition from foreign-invested securities companies, which reduced its contribution proportion in both revenue and profit of the Company. Frankly speaking, foreign-invested securities companies have stronger financial potential and the advantages of cheaper capital and more accumulated experience from international stock markets. Our competitiveness has, therefore, declined and a lower market share is unavoidable. The Board of Directors and the Board of Management, after a thorough assessment, understand that the allocation of more resources to other areas of activity where we have strengths could enhance the performance of the whole Company. This is reflected in the proportion of SHS’s revenue and profit from the bond guarantees and issuance agency segment. During the year, this segment reached VND 126.9 billion, up 152.8% on the same period last year.

Regarding other activities, SHS also acknowledges the technological transformation in the financial market in general and the stock market in particular. This requires greater caution when selecting the technology partners to accompany us in the near future. That is also the main reason why our core software upgrade project has not been implemented as planned. It is also worth noting that SHS has upgraded the insurance package for its employees. This shows the respect and consideration of the Company for its employees - our most valuable asset.

In 2020, SHS’s assessment is that the global economy will face many unpredictable risks which will negatively impact the Vietnamese economy in general and its stock market in particular. In this situation, the preparation of different scenarios and solutions to mitigate risks and crises are necessary. An unpredictable market fluctuations will also open up reasonable investment opportunities if we have immediate capital resources and detailed research. SHS also expects that our “provisional” investments in the previous years will bear fruit this year, bringing significant profits in 2020. In brokerage activities in particular and business activities in general, we will not play into the “price war” that other competitors in the industry are pursuing. Maintaining and improving the quality of services and advisory activities for the goal of “growing the customers’ net asset values” is always the direction that we pursue. Our advisory activities are on the right track and receiving high trust from large corporate clients. We will continue to exploit and promote this strength. Regarding the legal framework, the newly-issued Securities Law, together with a series of related guiding documents, will require the Company and its employees to update, complete and even rebuild the current system of processes, regulations, internal guidelines and training programs to ensure compliance at the highest level.

Ladies and Gentlemen! Like any other year, on behalf of the Board of Directors and the Executive Board, I would like to use this last part of the letter to send you our warmest wishes. I wish you and your family good health, good luck, happiness and success in the stock market!

Best regards!

ON BEHALF OF BOARD OF DIRECTORS

Chairman



**Do Quang Hien**

# 2019 HIGHLIGHTS



Top - 10 Best Annual Report  
of medium - cap group

Total assets - highest-ever level

**6,072.7** billion

an increase of

**↑ 24.7%**

## Brokerage market share

6<sup>th</sup> on HNX – Listed stock  
6<sup>th</sup> on HNX – Government  
bonds  
10<sup>th</sup> on HSX – Government  
bonds



Management of

**45,454** accounts

an increase of

**↑ 6.6%**

Typical members of  
**HNX, HSX, VSD**  
Typical M&A consultant

Charter capital - highest - everlevel

**2,072.7** billion

an increase of

**↑ 96.7%**

# GENERAL INFORMATION

Transaction name: Saigon-Hanoi Securities Joint Stock Company  
License of establishment and operation: 66/UBCK-GP issued by SSC on November 15<sup>th</sup>, 2007  
Address: 1-5 Floor, Unimex Hanoi Building, No. 41, Ngo Quyen, Hang Bai, Hoan Kiem, Hanoi  
Tel: 84-24-38 181 888  
Fax: 84-24-38 181 688  
Website: <http://www.shs.com.vn>

Stock code  
**SHS**

Member code  
**069**

Charter capital  
VND **2,072.7**  
billion

Owner's investment capital  
VND **2,295.3**  
billion



## VISION

To become a multi-functional securities company under the leading investment bank model in Vietnam and a prestigious brand in the Asian stock market.



## MISSION

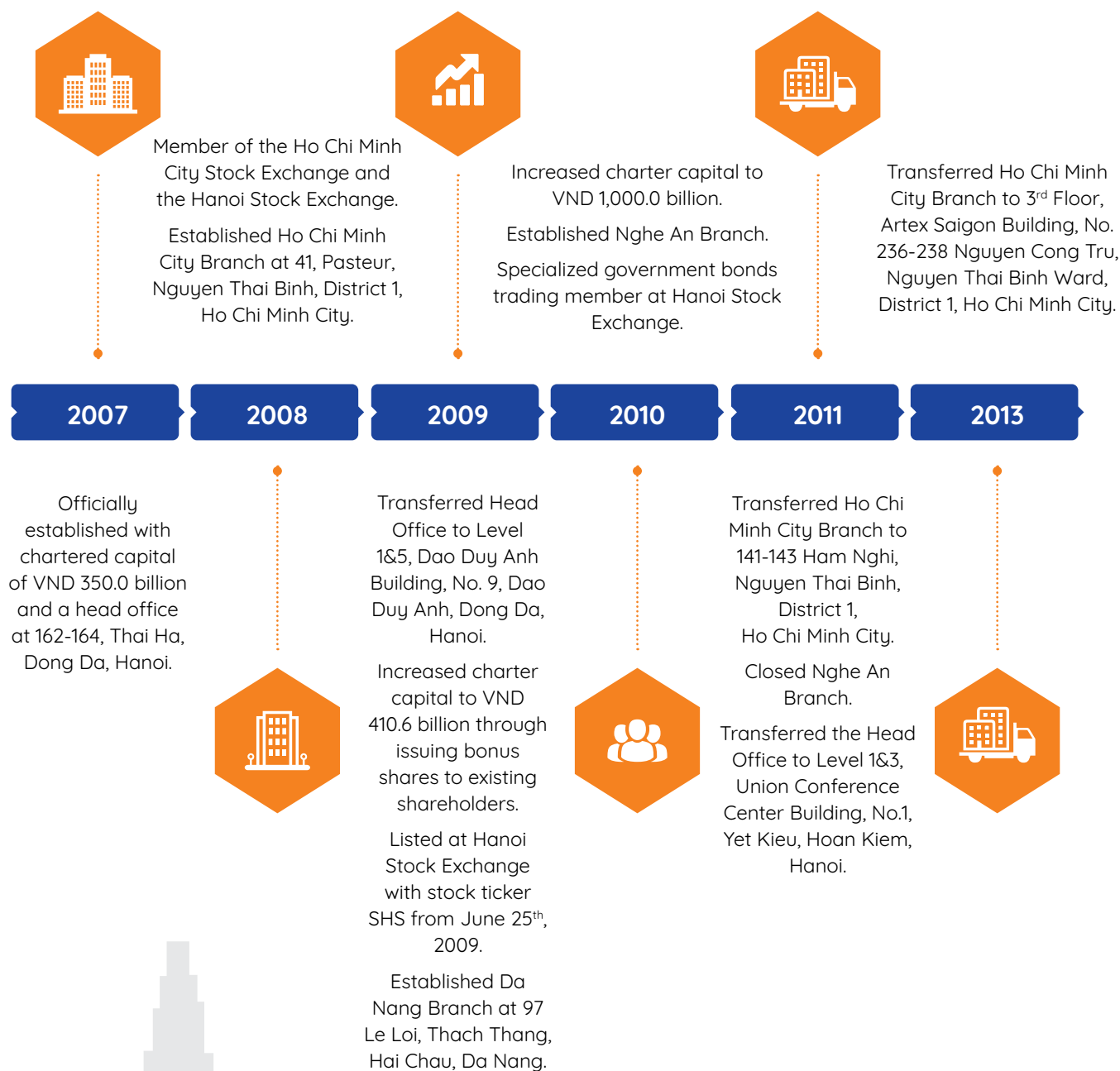
To create maximum profits for shareholders; contribute to, build, and develop Vietnam's stock market safely and effectively; to create a good working environment, high income, and promotion opportunities for officials and employees; to provide diversified and quality financial services and securities to customers and partners.



## CORE VALUES

Integrity  
Creativity  
Professionalism  
Customer satisfaction

# HISTORY OF FORMATION AND DEVELOPMENT





Became one of the top-five securities companies with the largest listed stock brokerage market share on both HNX and HSX.



Expanded the Ho Chi Minh City Branch at Floor 1&3, Building AS, No. 236-238 Nguyen Cong Tru, Nguyen Thai Binh Ward, District 1, Ho Chi Minh City.



Moved Da Nang Branch to Level 8, Thanh Loi 2 Building, No.3, Le Dinh Ly, Vinh Trung, Thanh Khe, Da Nang. Increased charter capital to VND 2,072.7 billion.



2014

2015

2016

2017

2018

2019

Became one of the top-10 securities companies with the largest listed securities brokerage market share on both HNX and HSX.



Established Thang Long Transaction Office at: 3<sup>rd</sup> floor, Building M5, No. 91, Nguyen Chi Thanh, Lang Ha Ward, Dong Da District, Hanoi.

Established Dong Nai Representative Office at 129, Ha Huy Giap, Quyet Thang, Bien Hoa, Dong Nai.



Moved Head Office to Level 1-5, Unimex Hanoi Building, No. 41, Ngo Quyen, Hang Bai, Hoan Kiem, Hanoi.

SHBS officially merged into SHS and increased its charter capital to VND 1,054.0 billion by stock swap method.



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# FIELDS OF OPERATION

## Stock brokerage

SHS provides a variety of securities brokerage services such as listed and unlisted stocks, bonds and fund certificates in accordance with current laws. SHS is also a supplier of auction services in many forms (such as directly holding auctions and acting as auction agents of the Stock Exchange). SHS is a reputable and reliable securities brokerage service provider for tens of thousands of domestic and foreign customers with outstanding technology and professional staff.

## Depository and management of shareholders' books

Depository and management of shareholders' books are indispensable services for securities companies with securities brokerage services. Therefore, SHS offers a variety of depository services to customers including, but not limited to, securities custody and re-custody; exercise rights for shareholders; securities transfer and settlement; giving and inheriting securities; blockade and release securities; and odd-lot securities trading.

SHS is also a professional shareholder management service provider for many issuers, contributing to saving costs and time for businesses and increasing the liquidity of managed securities through typical services such as tracking and managing transfers and exercising rights for shareholders.

## Securities investment

SHS uses its own capital to make for-profit investments on the basis of compliance with the principle of not conflicting with the interests of customers. The Company's portfolio is very diverse, including listed and unlisted stocks, bonds, and fund certificates in various sectors and industries and in enterprises of different sizes. Investments are made on the basis of their potential for growth and profitability and the quality of the assets.

## Analysis and investment advisory

To support customer investment activities, SHS provides a variety of analytical reports and investment advisory services. These include newsletters; macro analysis reports; market commentary; industry, business and stock analysis; investment recommendation reports; investment opportunity seminars; organizational visits and businesses exploration; and stock quotes.

## Finance advisory

SHS offers a wide range of financially advisory services from a team of professional and experienced consultants. These include issuance consulting (private and public); listing consulting; equitization consulting; bond issuance advice; consulting on form conversion, enterprises, divestment and share auctions; corporate restructuring; consulting on mergers and acquisitions; and other consultations (organization of General Meetings of Shareholders, information disclosure, annual report, post-signing public companies, registering transactions, managing shareholders and raising capital).

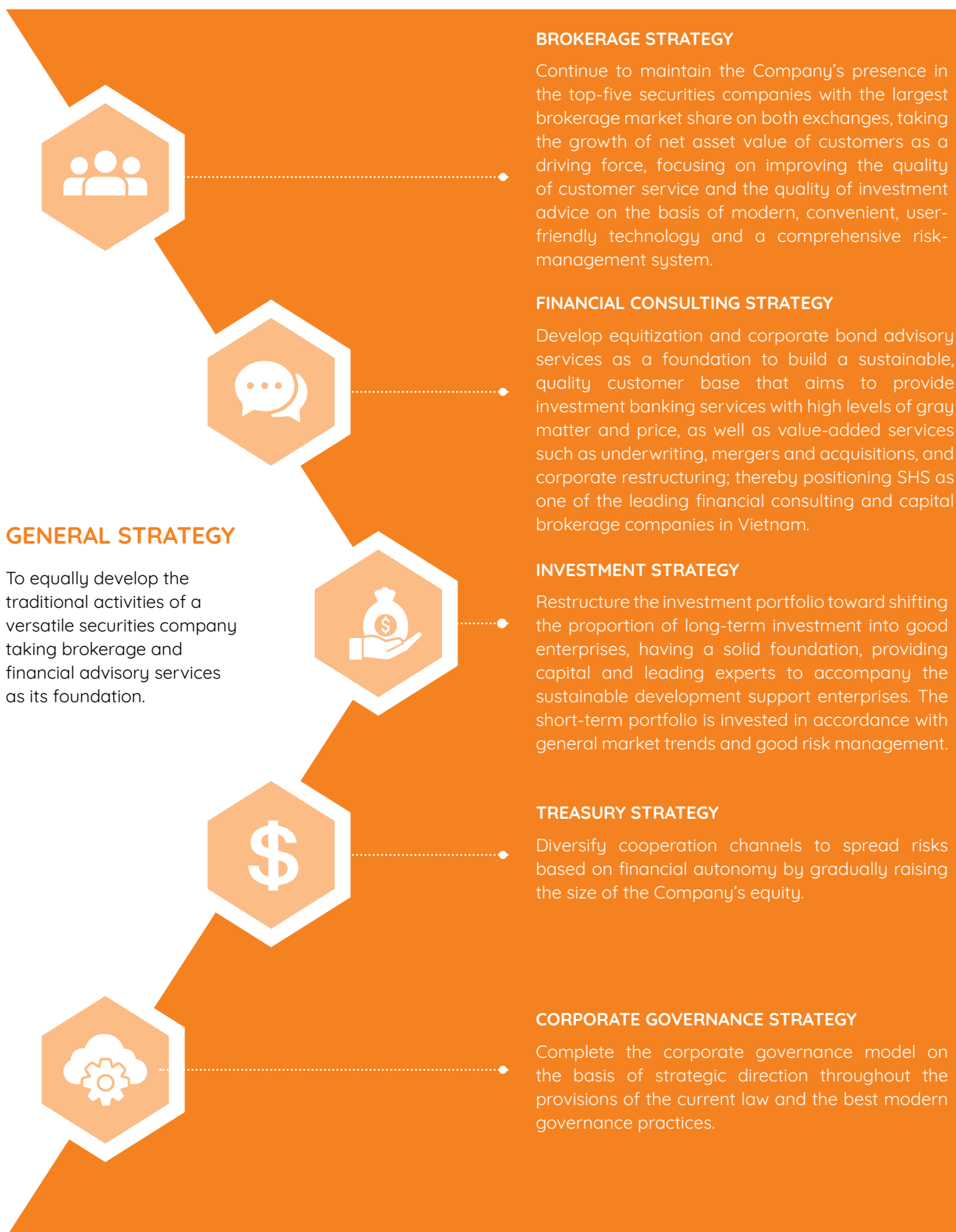
## Underwriting

Underwriting is an important SHS service, in which the Company provides underwriting services in different forms (such as guarantee with firm commitment and guarantee with the highest effort). In addition, SHS also provides auction consulting services in different forms (such as directly organizing auctions and acting as auction agents of the Stock Exchange).

## Financial services

In order to meet the capital requirements for customers' securities investment, SHS offers a variety of financial services. These include buying the right to sell securities, lending to margin trading, investment advisory and management, and guaranteed assets for third-parties providing SHS financial services to customers. SHS ensures that financial services are provided with fast and flexible procedures and records suitable for many customers.

# MID AND LONG TERM DEVELOPMENT STRATEGIES





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# ACHIEVEMENTS AND AWARDS

## HONORS BY THE STATE MANAGEMENT AUTHORITIES

### Hanoi people's committee

- Merit certification for achievements in the movement of the Association of Small and Medium Enterprise from 2015 to 2019.
- Merit certification for achievements in the movement thematic budget 2017 and 2019.
- Typical business on fulfilling tax obligations in 2019.

### Ministry of planning and investment

- Typical SOE Equitization and Equitization Consultant in 2014-2015.
- Typical IPO Consultant in 2016-2017.
- Prestigious securities company in 2015.
- Typical M&A consultant in 2017-2018 and 2019.

### State securities committee

- Certificate of Merit for contribution to the development of the SSC in the period of 1996-2016 and 2017.

### Hanoi stock exchange

- Typical securities companies in the period 2005-2015, 2015-2016, 2017-2018 and 2018-2019.
- The best listed corporate governance company in 2016-2017.

### Ho Chi Minh stock exchange

- Typical securities company in the period of 2017-2018 and 2018-2019.
- Top 50 Best Annual Reports awarded in 2013, 2016, and 2017.
- Top 30 Best Annual Reports and Top 20 Best Governing Reports of medium-cap group awarded in 2018.
- Top 10 Best Annual Reports of medium-cap group awarded in 2019.

### Vietnam securities depository center

Typical securities companies in securities depository activities in 2016 and 2017.  
Typical members in payment activities in 2018 and 2019.

### Hanoi tax department

Taxpayer who implement well tax law policies in 2017.

## HONORS BY OTHER ENTITIES

### Intellectual property of vietnam

Top 50 famous brands in 2016, 2017 and 2018.

### Hanoi small and medium enterprises association

Typical entrepreneurs, enterprises in Hanoi gold 2015.



**Vietnam chamber of commerce and industry**

- Top 100 enterprises with good financial management capacity index in 2016, 2017 and 2018.
- Best financial management capability index of Vietnam securities industry in 2018.

**Accounting & auditing and enterprise forum**

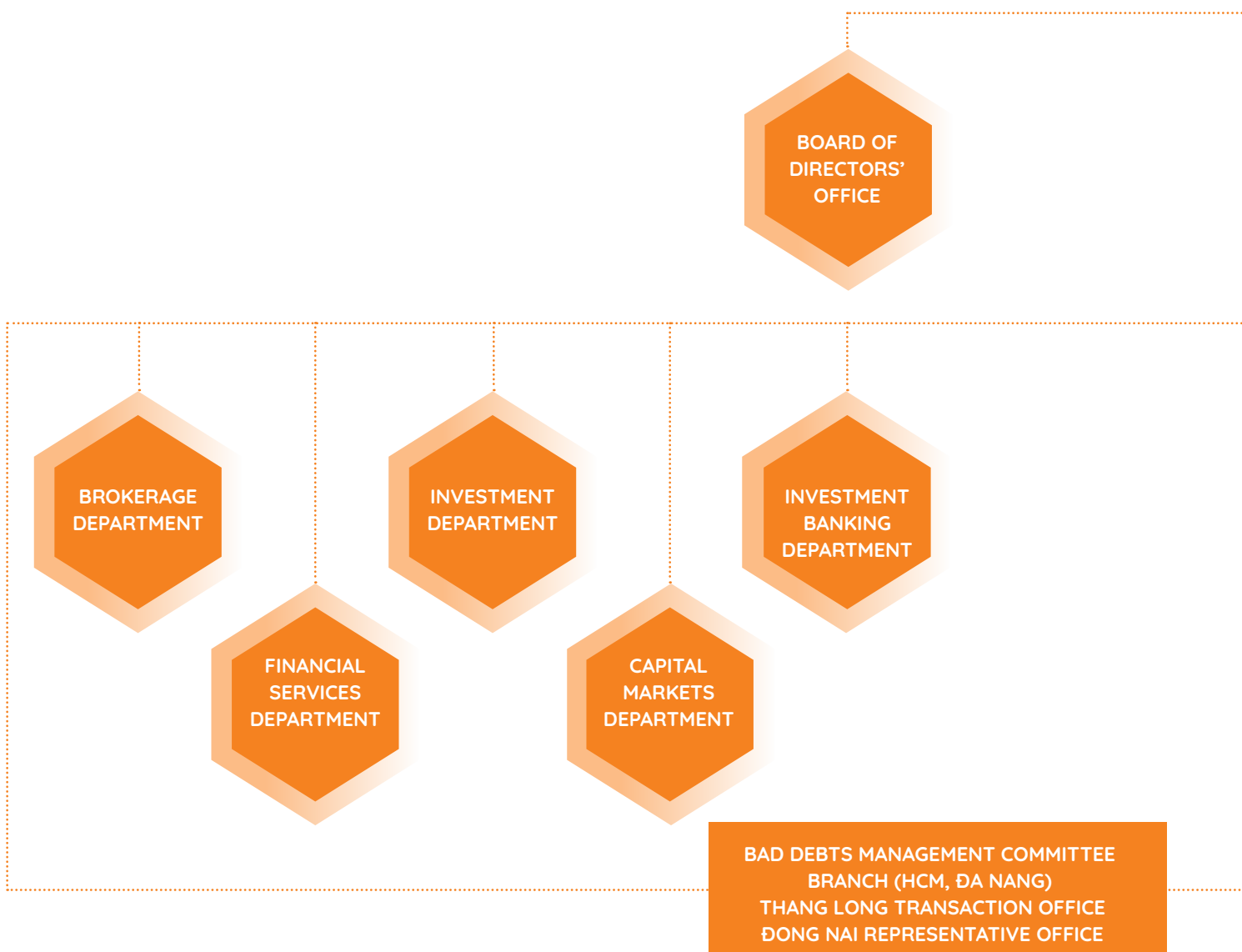
Achieved the best financial capacity index for 3 consecutive years (2017-2019).

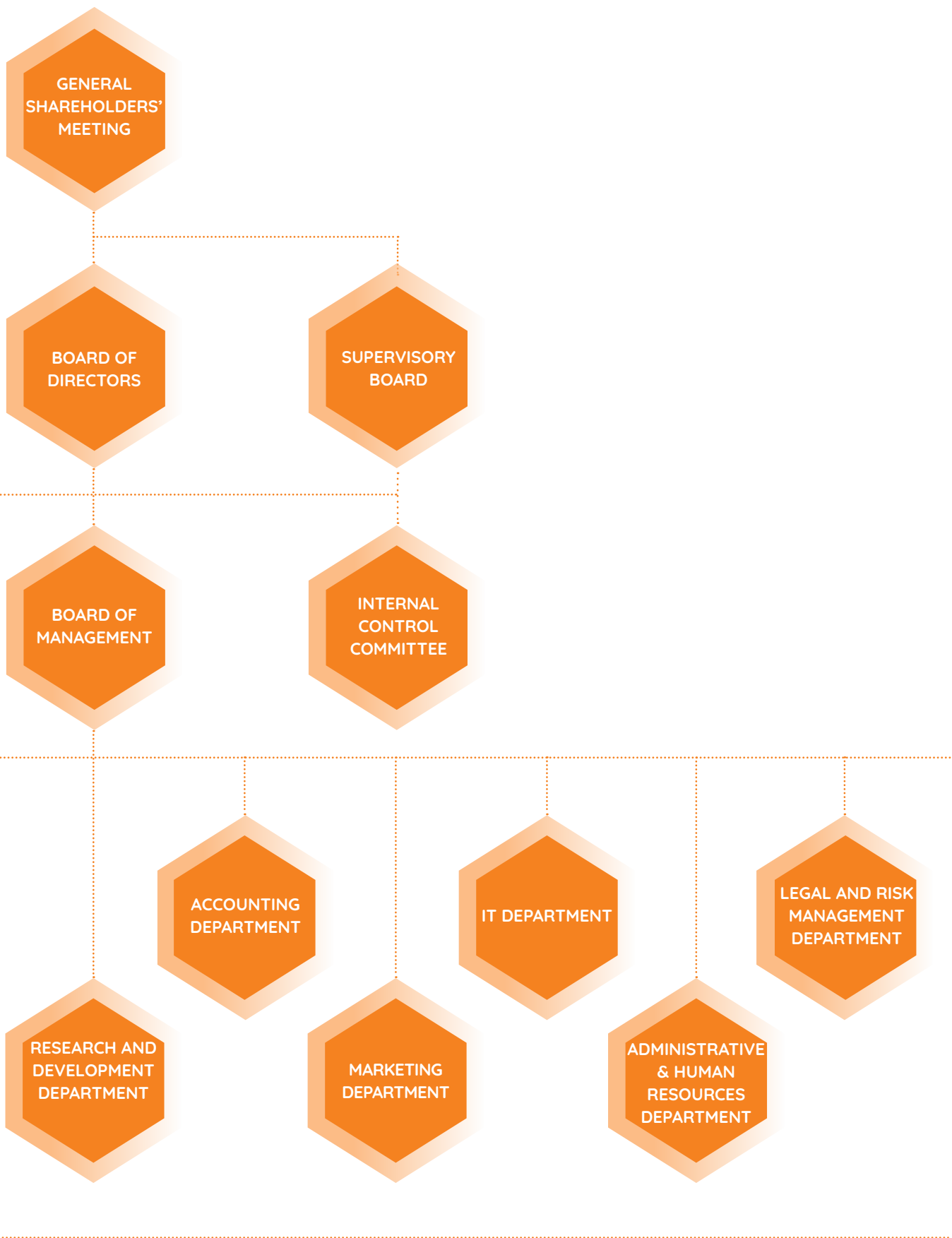
# GOVERNANCE MODEL AND ORGANIZATIONAL STRUCTURE

## GOVERNANCE MODEL

SHS is a large-scale public company listed on the Hanoi Stock Exchange. Besides, SHS operates in a specific area of securities. Therefore, SHS applies a corporate governance model that has a Supervisory Board in accordance with the current regulations of Vietnam which are specified in the Enterprise Law, the Securities Law and their guiding, amending and supplementing documents. In the context of international integration, SHS is constantly improving its governance quality, following international standards and practices in order to improve timeliness, initiatives, flexibility and orientation of sustainable development..

## ORGANIZATIONAL STRUCTURE





# NETWORK AND OPERATING AREA

## Ha Noi



### HEADQUARTERS

Address: 1-5 Floor, Unimex Hanoi Building,  
No. 41, Ngo Quyen Street, Hang Bai  
Ward, Hoan Kiem District, Hanoi City  
Phone: 84-24-38181 888  
Fax: 84-24-38181 688  
Email: [contact@shs.com.vn](mailto:contact@shs.com.vn)  
Website: <http://www.shs.com.vn>

### THANG LONG TRANSACTION OFFICE

Address: 3<sup>rd</sup> Floor, M5 Building,  
No. 91, Nguyen Chi Thanh  
Street, Dong Da District, Hanoi City  
Phone: 84-24-32696 666  
Fax: 84-24- 32919 999  
Email: [contact-thanglong@shs.com.vn](mailto:contact-thanglong@shs.com.vn)

## Da Nang



### DA NANG BRANCH

Address: 8<sup>th</sup> Floor, Thành Lợi 2 Building, No. 3, Le Dinh Ly,  
Vinh Trung, Thanh Khe, Da Nang City  
Phone: 84-236-3525 777  
Fax: 84-236-3525779  
Email: [contact-dn@shs.com.vn](mailto:contact-dn@shs.com.vn)

## TP. HCM



### HO CHI MINH CITY BRANCH

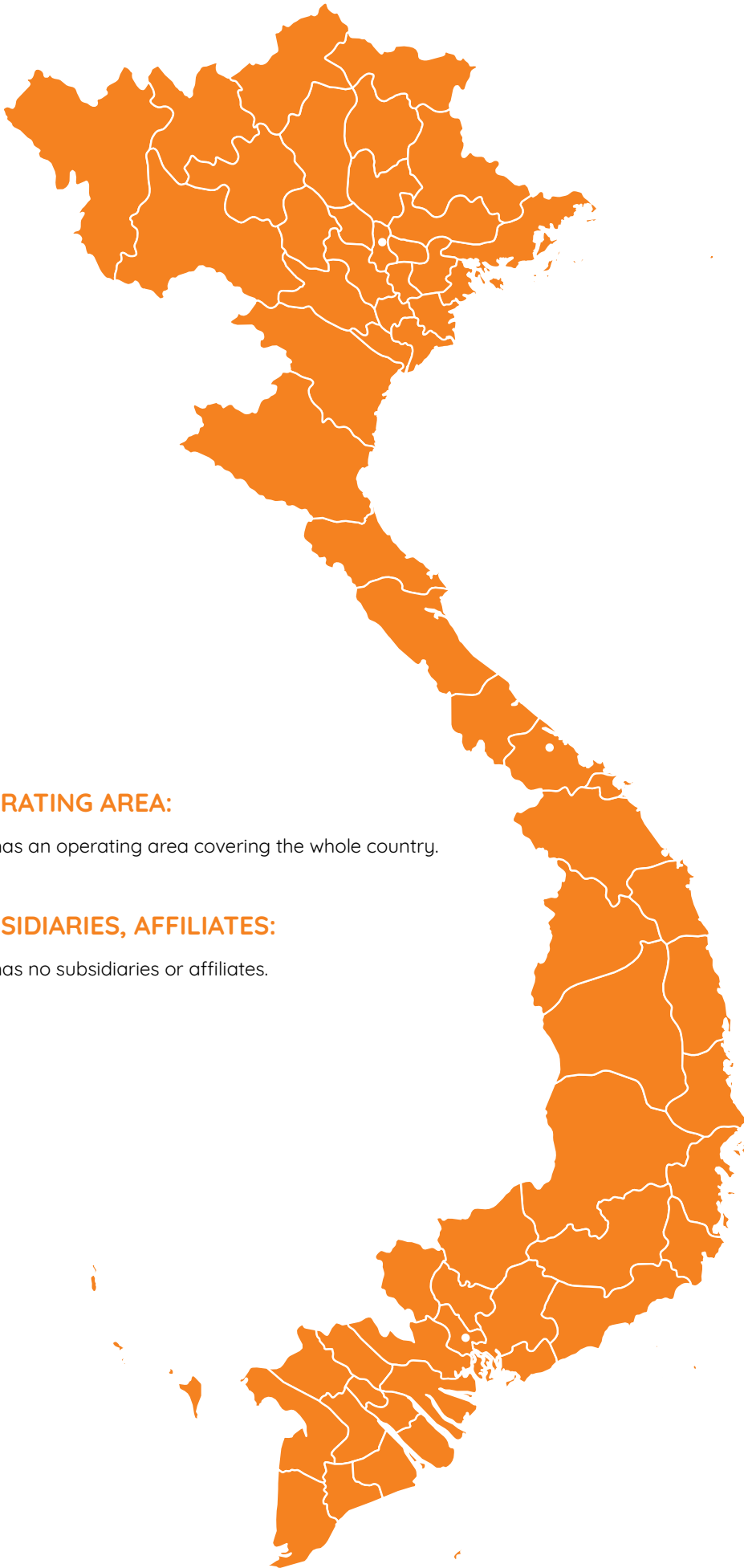
Address: Floor 1&3, AS Building No. 236-238, Nguyen Cong Tru Street,  
Nguyen Thai Binh Ward, District 1, Ho Chi Minh City  
Phone: 84-28-3945 1368  
Fax: 84-28-3915 1369  
Email: [contact-hcm@shs.com.vn](mailto:contact-hcm@shs.com.vn)

## Dong Nai



### DONG NAI REPRESENTATIVE OFFICE

Address: No. 129, Ha Huy Giap Street, Ward Wins Decision ,  
Bien Hoa City, Dong Nai Province  
Phone: 84-251-3819989



**OPERATING AREA:**

SHS has an operating area covering the whole country.

**SUBSIDIARIES, AFFILIATES:**

SHS has no subsidiaries or affiliates.



# BASIC INDICATORS (KPIs)

## BALANCE SHEET INDICATORS

(Unit: VND billion)

	2017	2018	2019
Total assets	4,134.5	4,869.0	6,072.7
Liabilities	2,668.5	3,003.6	3,380.4
Owner's equity	1,466.0	1,865.3	2,692.3
Charter capital	1,000.0	1,054.0	2,072.7
Number of outstanding shares (shares)	100,000,000	105,395,674	207,268,201

## INCOME STATEMENT INDICATORS

(Unit: VND billion)

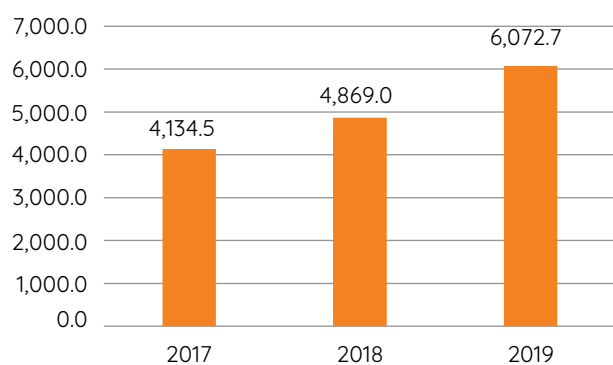
	2017	2018	2019
Total revenue and other income	1,093.7	1,247.9	1,072.4
Total revenue CAGR and other income	69.0%	56.2%	41.4%
Total expenses	643.0	837.2	760.4
Profit before tax	450.7	410.7	312.0
Profit after tax	369.6	358.1	254.6
After-tax profit CAGR	135.7%	98.6%	67.3%

## OTHER SPECIAL INDICATORS

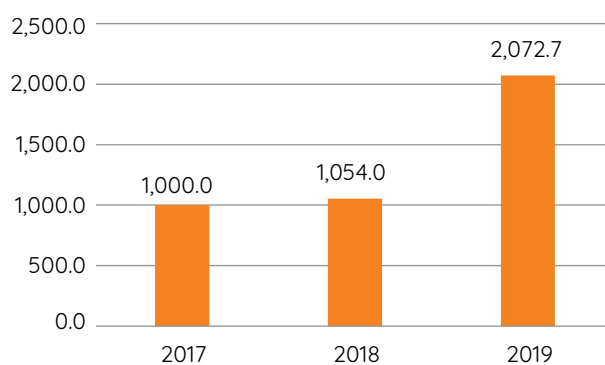
(Unit: VND billion)

	2017	2018	2019
Quick ratio	46.1%	66.0%	31.2%
Current ratio	192.3%	375.5%	177.5%
Return on Equity (ROE)	28.7%	21.5%	11.2%
Return on Assets (ROA)	9.9%	8.0%	4.7%
Book value per share (BV)	14,659	17,698	12,990
Basic earnings per share (EPS)	2,925	2,746	1,359
Capital adequacy ratio available at 31/12	294.2%	351.6%	338.4%

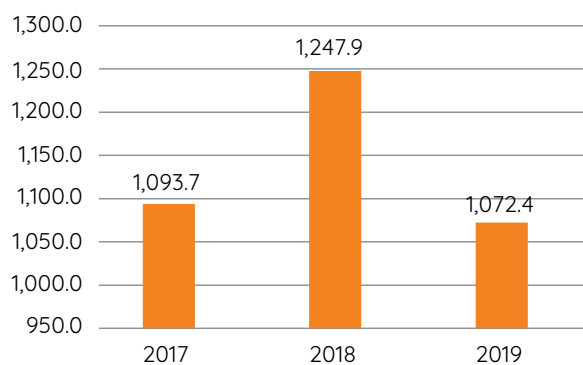
**Total assets (VND billion)**



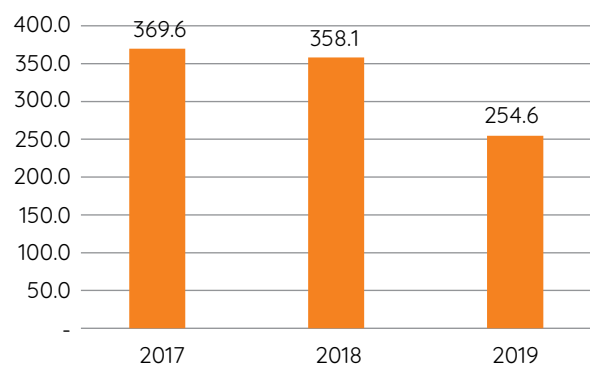
**Charter capital (VND billion)**



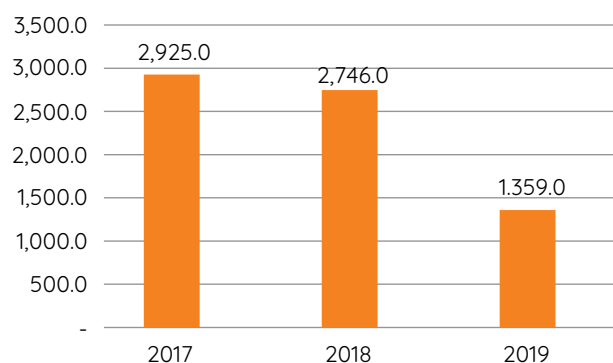
**Total revenue and other income ( VND billion)**



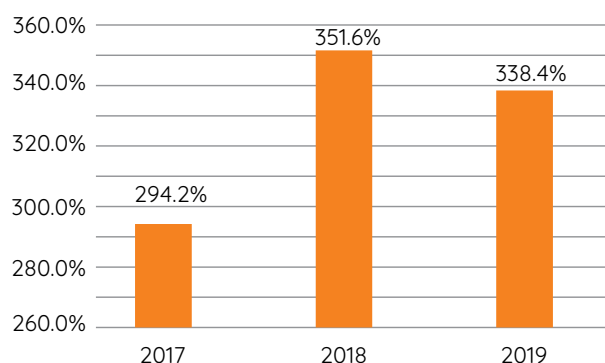
**Profit after tax (VND billion)**



**Basic earnings per share (EPS)**



**Capital adequacy ratio available at 31/12**





# 02





# 2019 BUSINESS REPORT

- Overview of the economy and securities market in 2019
  - Report of the Board of Directors
  - Report of the Board of Management

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# OVERVIEW OF THE ECONOMY AND SECURITIES MARKET IN 2019

## WORLD FINANCE – ECONOMY

The highlight of the global economy in 2019 continued to be the trade war between the world's two largest economies, the United States and China. Negotiations took place with a mixture of positive expectations and disappointments with threats traded, tariffs increased and companies banned from trading with the government. China even sued the US at the WTO. After 13 rounds of negotiations, tensions between the two countries finally cooled with gradually exempted tax for goods and an official agreement reached on phase one by the 13<sup>th</sup> of December. The trade war has dramatically slowed production and investment, resulting in a sharp fall in global trade and a negative impact on the global economy. According to the IMF, the US economy grew by 2.4% in 2019 compared to 2.9% in 2018. China's economy, meanwhile, grew by 6.1% compared to 6.6% in 2018. Other key economies, including emerging economies and European countries, also witnessed a slowdown. Consequently, the global economy is estimated to have grown by only 3.0% compared to 3.6% in 2018.

2019 continued to be a year of recovery for the commodity market. This was particularly true for the price of crude oil, though it did not reach the level of over US\$ 80/barrel seen in 2018. However, at the end of the year, it reached

around US\$ 70/barrel, representing an increase of 30.3% year-on-year (YoY). For precious metals, due to economic uncertainties in 2019, gold prices increased sharply and overcame the oscillating levels seen in the last 4 years. Prices closed at US\$ 1,514/ounce, up 18.1% YoY and only 13.0% from the historic peak (US\$ 1,720/ounce). Agricultural products (except for sugar and soybeans) experienced sideways movements, while rubber, coffee and corn saw highly-fluctuating increases in price.

In the financial markets, several countries had to lower interest rates to support their economies in light of the US-China trade war. Indeed, according to Central Bank News, 53 countries lowered their interest rates in 2019, and the FED did so 3 times for a total reduction of 0.8%. The global stock market, once again, saw strong gains over the year: According to Deutsche Bank, the total market capitalization of all stock markets in 2019 increased by US\$ 17,000 billion to reach over US\$ 85,000 billion. The US stock index continued to set record highs thanks to the sublimation of stocks from technology sectors, while the Chinese stock market recovered from the 3-year bottom due to a policy of monetary easing and beneficial trade negotiations.

## VIETNAM'S FINANCE - ECONOMY

Vietnam's economy continued to prosper in 2019 as GDP grew by 7.0%. In doing so, it exceeded the target of 6.8% and, although below the figure recorded in 2018, marked the second consecutive year of growth above 7.0%. While the growth rate of the agriculture, forestry and fisheries sectors slowed to only 2.0% due to weather and disease, the industrial sector (especially manufacturing) maintained its momentum thanks to foreign investment. The service sector also achieved higher growth than in 2018 thanks to domestic consumption and tourism (the number of international visitors to Vietnam in 2019 reached a record of over 18 million people). The average CPI in 2019 increased by 2.8%, the lowest in the last 3 years and lower than the target of 4.0%. Meanwhile, FDI attraction (excluding capital contribution and share purchase) continued to decrease by 12.0% for registered

capital with US\$ 22.5 billion. On the other hand, realized capital increased by 6.7% to reach a record US\$ 20.4 billion. In addition, the total import and export turnover exceeded US\$ 500 billion for the first time, while the trade balance reached a surplus for the fourth consecutive year with US\$ 9.9 billion; higher than the record US\$ 7.2 billion in 2018. Indirect investment flow increased by 56.4% (US\$ 15.5 billion) supporting Vietnam's foreign exchange reserves, which set a record high of US\$ 80 billion. This is equivalent to over 15 weeks of imports, thereby helping to maintain the exchange rate (which increased by only 1.5%). The banking system is particularly liquid, interest rates for short-term loans in priority industries were reduced on the 19<sup>th</sup> of November 2019, and the NPL ratio as of December 2019 remains constant at 1.9% as it was at the end of 2018.



Some of Vietnam's economic indicators in 2019

Indicators	2016	2017	2018	2019
GDP growth (%)	6.2	6.8	7.1	7.0
Average CPI growth (%)	2.7	3.5	3.5	2.8
Credit growth (%)	18.7	18.2	14.0	13.6
Central exchange rate (USD/VND)	22,159	22,425	22,825	23,155
Foreign exchange reserves (USD billion)	40.0	51.5	60.0	80.0
Budget deficit/surplus (compared to GDP) (%)	-4.3	-2.3	0.007	2.6

(Source: TCTK, WB, HSBC, NHNN, SHS Research)

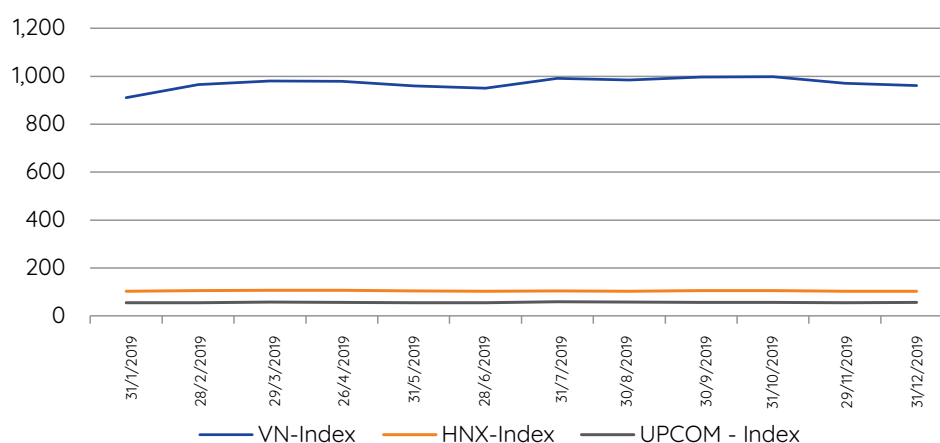
## VIETNAM'S STOCK MARKET

In 2019, the Vietnamese stock market was not upgraded by FTSE Russell from a marginal market to a type-II emerging market. It was also not included in the list to be considered for upgrade from the marginal edge to the emerging market by MSCI as had been expected.

Although the stock market in 2019 recorded a growth of market index, the performance was not as good as had been hoped for. After a period of strong growth in the first quarter of 2019, the VN-Index showed further

positive signs, growing from 938 points to 1,000 points over the following 7 months. The rally in early November 2019 raised expectations that the index could reach 1,029 points. However, the month-long plunge until early December and subsequent stabilization meant that, by the end of 2019, the VN-Index had reached 960.99 points, up 7.7% compared to the end of 2018. Meanwhile, the HNX-Index closed at 104.23 points, down 1.7% compared to the end of 2018.

Movements of Vietnam's Stock Market in 2019

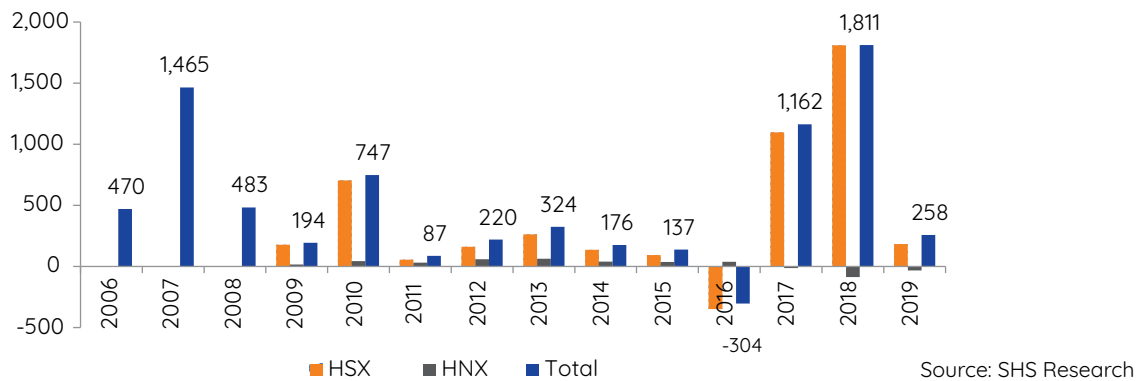


Source: SHS Research

Market liquidity in 2019 (including UPCOM) decreased by 29.5% compared to 2018, with an average trading value of VND 4,630 billion per session. In detail, the HNX fell sharply by 48.0% and the HSX fell by 26.6%. Although foreign investors still net-bought shares in 2019, they reduced their trading activities on the listing market when the net buying value on both exchanges was only VND 5,976 billion (equivalent to US\$ 258 million), down to 85.7 % of the figure in 2018. Foreign capital flows in 2019 switched from buying shares in the stock exchange

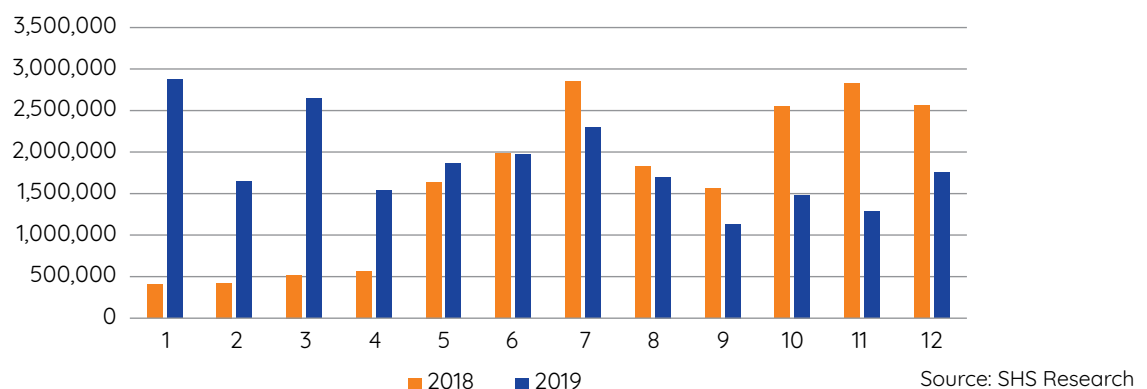
to buying shares from private issuance channel off-floor. Some typical examples include: SK's purchase of Vingroup shares (US\$ 1 billion), KEB Hana Bank's purchase of BIDV shares (VND 20,000 billion), Samsung SDS's purchase of CMC Group shares (VND 850 billion), Taisho's purchase of Hau Giang Pharmaceutical shares (VND 2,470 billion), and Mitsui's purchase of Minh Phu shares (US\$ 150 million). The market capitalization at the end of 2019 reached VND 4.3 million billion, a historically highest level and one which is equivalent to 72.6% of GDP.

**Net buying/selling value of foreign investors (USD billion)**



The derivatives market continued to grow in 2019 with the average trading volume reaching 88,741 contracts/session over the year, up 12.6% compared to 2018. The number of derivative trading accounts at the end of month 11 was 89,795, an increase of 32,118 accounts and equivalent to 55.6% compared to the end of 2018.

**Number of derivative contracts traded by month**



Covered Warrant (CW) products have been implemented since June 2019. By the end of the year, 8 securities companies participated in issuing a total of 53 CW tickers with a volume of 128.2 million CW based on 17 underlying stocks. The issuance and listing of CW tickers have had a positive effect on the price and liquidity of some underlying stocks. However, CW transactions are generally low, with the average trading volume after 6 months only reaching 2.9 million shares/session. This is equivalent to an average trading value of VND 7.2 billion/session, representing 1.5% in volume and 0.2% in value compared to HSX at the same time.

Listing activity in 2019 fell sharply and was at the lowest level for the last 5 years with only 13 new enterprises on HSX. That was down 63.0% compared to 2018, in which 8 enterprises moved from UPCOM and HNX. On HNX, there were only 9 newly-listed enterprises compared to 10 in 2018. New business applications to UPCOM were also quiet. Only 80 new enterprises were listed in 2019 compared to 137 in 2018, few of which other than Viettravel and LegameX have a good reputation. The securitization and divestment process of State-Owned Enterprises (SOEs) also fell short of expectations with only 9 enterprises securitized (compared to 11 in 2018) and only 13 divestments (compared to 18 in 2018). The main reasons include delays in the process of

transferring SOEs into joint stock companies; handing over the equity rights of State-owned capital to SCIC; and inadequacies in the law related to the stock auction and enterprise valuation.

While the stock market was quiet in 2019, the private offering activities of bond issuance were highly active.

A total of 905/1,242 offering sessions took place worth VND 296,713 billion/VND 440,426 billion via HNX. That represented an increase of 32.0%, equivalent to VND 73,000 billion, compared to 2018. Last year, the main economic sectors to have issued bonds include banking (37.0%) and real estate (19.0%), while securities companies raised VND 8,442 billion.

### The statistics of Vietnam's stock market

Contents	2017	2018	2019	+/- 2019 compared to 2018 (%)
VN-Index	984.2	892.5	961.0	7.7
HNX-Index	116.9	104.2	102.5	-1.7
Upcom-Index	54.9	52.8	56.5	7.1
Market capitalization (VND billion)	3,475	3,960	4,384	10.7
Capitalization/GDP	69.4%	71.6%	72.6%	
Number of accounts (million accounts)	1.9	2.2	2.4	
<b>Total shares/fund certificates listed (billion shares/fund certificates)</b>	<b>740</b>	<b>754</b>	<b>744</b>	

Source: SHS Research

### ASSESSMENT OF IMPACT ON SHS:

Besides the advantages and opportunities of unfavorable market conditions, SHS also faced many challenges in 2019. The Company has had to adjust its strategic business direction accordingly to maintain and develop in this competitive environment.

#### Advantages

SHS is a domestic securities company with an understanding of the domestic market. The Company owns a diverse database of customers. SHS receives strong support from the banking system, especially SHB.

#### Disadvantages

Internal limitations such as technology, human resources, capital readiness, internal management, etc. make it difficult for the Company to sustain the growth achieved in previous years.

#### Opportunities

The Company has a good relationship with the banking system, including large corporate customers with whom a corporate bond segment can be developed.

#### Threats

Unfavorable movements of the stock market put a constraint on the growth of almost all major business segments of the Company such as brokerage, proprietary trading, etc. The banishment of minimum transaction fees led to fierce competition and a lowering of transaction fees among securities companies. There continues to be strong competition in the brokerage segment from some securities companies with technological advantages and strong competition in the lending segment from Korean securities companies with cheaper capital.

## LEGAL FRAMEWORK

The project “Restructuring the securities market and insurance market to 2020 and orientation to 2025” has been approved by the Prime Minister. This project has many major goals such as market size, products, trading technology, market rating upgrade etc. At the National Assembly meeting held in October 2019, the amended Securities Law was passed and will take effect from January 1, 2021. The law includes a number of new points related to the conditions for securities offering, private offering of bonds and organization of a Stock Exchange. However, some old and controversial issues remain unresolved including expanding room for foreign investors and shortening the time for selling securities (T + 0).

The effective system of legislative documents from 2019 focuses on creating a legal corridor for the following issues of the stock market:

- Restructuring the Vietnam Securities Market;
- Establishing a legal corridor for the merger of 2 Stock Exchanges (HNX and HSX) into the Vietnam Stock Exchange;
- Improving the supervision of State agencies on Vietnam’s stock market;
- Regulating service charges in the securities sector;
- Standardizing the activities on the Government bond market;
- Establishing a legal corridor to develop the corporate bond market, and;
- Standardizing regulations on Vietnam Securities Exchanges and Vietnam Securities Depository.

The list of related legal documents is as follows:

Agency issued	Number of documents	Content of documents	Enforcement
<b>The Government</b>	163/2018/ND-CP dated 04/12/2018	Regulations on corporate bond issuance.	01/02/2019
	165/2018/ND-CP dated 24/12/2018	Regulations on electronic trading in financial activities.	10/02/2019
	32/QĐ-TTg dated 07/01/2019	Decision on approving the scheme on the establishment of Vietnam Stock Exchange.	07/01/2019
	05/2019/ND-CP dated 22/01/2019	Decree on internal audit.	01/04/2019
	242/QĐ-TTg dated 28/02/2019	Decision on approving the scheme “Restructuring the securities market and insurance market till 2020 and orientations to 2025” promulgated by the Prime Minister.	28/02/2019
<b>Ministry of Finance</b>	111/2018/TT-BTC dated 15/11/2018	Guiding on the issuance and payment of Government debt instruments in the domestic market.	01/01/2019
	127/2018/TT-BTC dated 27/12/2018	The regulations on service prices in the securities sector apply to the Stock Exchange and Vietnam Securities Depository Center.	15/02/2019
	128/2018/TT-BTC dated 27/12/2018	Regulations on service prices in the securities sector apply to securities trading organizations and commercial banks participating in Vietnam Securities Depository Center	15/02/2019
	13/2019/TT-BTC dated 15/03/2019	Amending and supplementing a number of articles of the Circular No. 180/2015/TT-BTC dated November 13 <sup>th</sup> , 2015 guiding registration of securities transactions on the trading system for unlisted securities.	01/05/2019
	21/2019/TT-BTC dated 11/04/2019	The Circular guides the first sale of shares and the transfer of state capital by the method of book making.	03/06/2019
	28/VBHN-BTC dated 09/05/2019	The document incorporates the Circulars guiding securities trading registration on the unlisted securities trading system.	09/05/2019

<b>Ministry of Finance</b>	30/2019/TT-BTC dated 28/05/2019	The Circular No.30/2019/TT-BTC guiding on the registration, deposit, listing, transaction and payment of Government debt instruments, Government-guaranteed bonds issued by the Bank for Policy and Local Government Bonds.	15/07/2019
	36/VBHN-BTC dated 05/07/2019	Consolidated Document No.36/VBHN-BTC detailing and guiding the implementation of a number of articles of the Securities Law and the Law to amend and supplement a number of articles of the Securities Law.	05/07/2019
	37/VBHN-BTC dated 05/07/2019	Consolidated document No.37/VBHN-BTC prescribing conditions for securities investment and trading.	05/07/2019
	34/2019/TT-BTC dated 11/06/2019	Amending and supplementing a number of articles of the Circular No.40/2018/TT-BTC dated May 4 <sup>th</sup> , 2018 of the Ministry of Finance guiding the first sale of shares and the management and use of proceeds from equitization of SOEs and public one-member limited liability companies invested by SOEs with 100% of charter capital converted into joint stock companies.	29/07/2019
	35/2019/TT-BTC dated 12/06/2019	Amending and supplementing a number of articles of Circular No.115/2017/TT-BTC dated October 25 <sup>th</sup> , 2017 guiding supervision of securities transactions on the stock market and Circular No.116/2017/ TT-BTC dated October 25 <sup>th</sup> , 2017 guiding the compliance of the State Securities Commission with securities trading activities of the Stock Exchange and Vietnam Securities Depository Center.	01/08/2019
	50/2019/TT-BTC dated 08/08/2019	Circular guiding the auction of shares lots with receivable debts of State enterprises with the function of buying, selling and handling debts.	01/10/2019
	1571/QĐ-BTC dated 19/08/2019	Amending and supplementing administrative procedures at the Decision No.2002/QĐ-BTC dated September 20 <sup>th</sup> , 2016 of the Minister of Finance.	19/08/2019
	47/VBHN-BTC dated 14/10/2019	Consolidated Circular guiding the State Securities Commission's supervision of compliance with securities trading activities by the Vietnam Stock Exchange and Vietnam Securities Depository Center issued by the Minister of Finance.	14/10/2019
	48/VBHN-BTC dated 14/10/2019	Document of consolidation guiding securities trading supervision on the securities market.	14/10/2019
91/2019/TT-BTC dated 31/12/2019	Amending and supplementing a number of circulars on reporting regime and administrative procedures applicable to fund management companies, securities investment funds and securities investment companies.	15/02/2020	
<b>State Securities Committee</b>	Not applicable.		
<b>Hanoi Stock Exchange</b>	62/QĐ-SGDHN dated 24/01/2019	Decision on amending and supplementing the Regulation on listed securities transactions at the Hanoi Stock Exchange.	24/01/2019
	63/QĐ-SGDHN dated 24/01/2019	Decision on time to trade corporate bonds.	24/01/2019
	194/QĐ-SGDHN dated 16/04/2019	Decision on amendment and supplementation of Operation Regulation of market-creating members at Hanoi Stock Exchange.	16/04/2019
	345/QĐ-SGDHN dated 05/06/2019	Decision on amending and supplementing the Regulation on Stock Listing at Hanoi Stock Exchange.	05/06/2019



<b>Hanoi Stock Exchange</b>	391/QĐ-SGDHN dated 19/06/2019	Decision on the trading time of 5-year Government bond futures contracts.	19/06/2019
	430/QĐ-SGDHN dated 03/07/2019	Regulation on members of trading registered and listed market at Hanoi Stock Exchange.	03/07/2019
	1571/QĐ-BTC dated 19/08/2019	Decision on the publication of amended and supplemented administrative procedures related to securities trading registration activities on the trading system for unlisted securities under the management of the Ministry of Finance.	19/08/2019
	634/QĐ-SGDHN dated 24/09/2019	Regulation on organization and management of unlisted securities trading markets at Hanoi Stock Exchange.	24/09/2019
	635/QĐ-SGDHN dated 24/09/2019	Decision on the amplitude of price fluctuation of registered securities.	24/09/2019
	636/QĐ-SGDHN dated 24/09/2019	Decision on the trading time of securities registered for trading.	24/09/2019
	796/QĐ-SGDHN dated 27/11/2019	Decision on amending and supplementing a number of articles of the Regulation on listing and trading future contracts at Hanoi Stock Exchange issued together with the Decision No.189/QĐ-SGDHN dated March 24 <sup>th</sup> , 2017 by General Director of Hanoi Stock Exchange.	27/11/2019
<b>HCM City Stock Exchange</b>	49/QĐ-SGDHCM dated 27/02/2019	Decision on conditions and prices of trading services applicable to the organization creating market of exchange-traded fund at Ho Chi Minh City Stock Exchange.	27/02/2019
	295/QĐ-SGDHCM dated 30/07/2019	Decision to amend and supplement the Regulation on listing securities at Ho Chi Minh Stock Exchange.	30/07/2019
<b>Vietnam Securities Depository Center</b>	39/QĐ-VSD dated 18/02/2019	Amendments to the Appendix of Regulation on organization of securities lending activities issued under the Decision No.157/QĐ-VSD dated August 21 <sup>st</sup> , 2017.	18/02/2019
	No number 07/03/2019	Provisions on voluntary securities blockade on demand.	07/03/2019
	72/QĐ-VSD dated 02/04/2019	Amendments of the Regulation on management and use of Payment Assistance Fund issued in accordance with the Decision No.27/QĐ-VSD dated March 13 <sup>th</sup> , 2015.	02/04/2019
	146/QĐ-VSD dated 28/08/2019	Regulations on issuance of securities codes, registration and depository for winning shares/shares purchased by the book-setting method of equitized enterprises.	28/08/2019
	156/QĐ-VSD dated 05/09/2019	Amendments and supplements to the Regulation on registration, depository, clearing, payment and performance of warrant warrants issued together with the Decision No.32/QĐ-VSD dated March 15 <sup>th</sup> , 2018 of the General Director of Vietnam Securities Depository Center.	05/09/2019
	213/QĐ-VSD dated 24/12/2019	Regulations on the organization and provision of personal pension account management services for the voluntary supplementary retirement fund at Vietnam Securities Depository Center.	24/12/2019



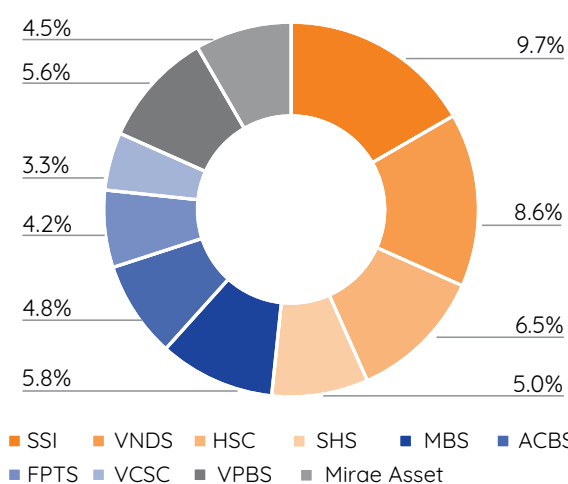
## OPERATION OF SECURITIES COMPANIES

There were 75 active securities companies at the end of 2019. By the end of November 2019, 55 securities companies reported profitable business with a total profit of VND 7,420 billion (down by VND 1,068 billion YoY). The total revenue of securities companies reached VND 20,774 billion, equivalent to 85.2% of the previous year and down 8.3% over the same period compared to 2018. There were 2 M&A deals in 2019 between Korean partners and securities companies. Hanwha acquired HFT Securities and JB Financial Group acquired Morgan Stanley Gateway Securities, thereby increasing the number of Korean capital securities companies to seven.

## MARKET SHARE

Competitive pressure continued to increase in 2019, especially from foreign-invested securities companies. After the floor transaction fee was abolished, the race to lower transaction fees was particularly fierce and some companies even applied a zero transaction fee to attract more customers from other companies. Besides, lots of foreign securities companies, after raising their capital, have continued to launch more margin lending programs with low-interest rates to compete with domestic securities companies. This has led to an increasingly intense race among securities companies.

Listed stock and fund certificates brokerage market share on HNX in 2019



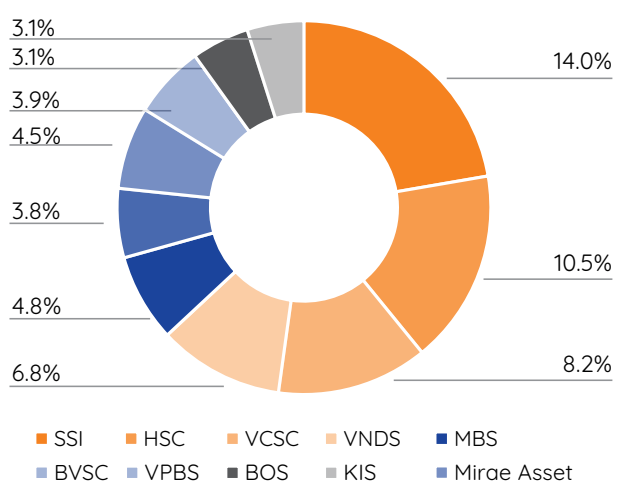
Source: SHS Research

Movements of listed stock and fund certificates brokerage market share on HNX in 2019

Company name	2018	2019	Changes
SSI	11.9%	9.7%	-2.2%
VNDS	9.2%	8.6%	-0.6%
HSC	8.6%	6.5%	-2.1%
SHS	8.4%	5.0%	-3.4%
MBS	7.5%	5.8%	-1.7%
ACBS	5.0%	4.8%	-0.2%
FPTS	4.9%	4.2%	-0.8%
VCSC	4.5%	3.3%	-1.2%
BSC	3.7%	N/A	
VPBS	3.5%	5.6%	2.2%
Mirae Asset	N/A	4.5%	

Top-10 securities companies with the largest brokerage market share on HNX in 2018 such as SSI, HSC, SHS, MBS, ACBS, FPTS, VCSC and VPS, though maintaining their positions in the top-10 in 2019, saw a large decline in market share (of up to nearly 10.0%). BSC is no longer in the top-10, and has instead been replaced by a Korean securities company, Mirae Asset.

### Listed stock and fund certificates brokerage market share on HSX in 2019



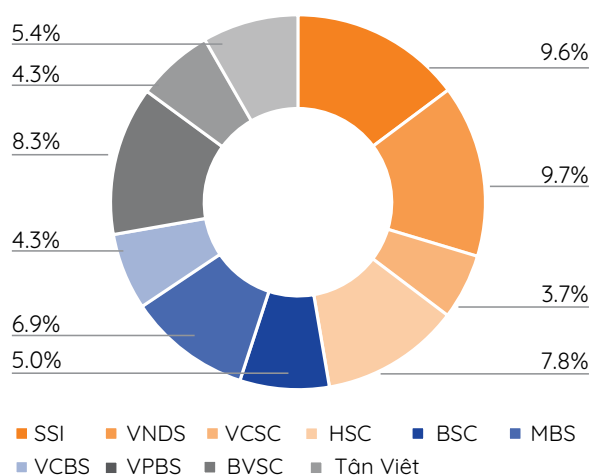
Source: SHS Research

### Movements of listed stock and fund certificates brokerage market share on HSX in 2019

Company name	2018	2019	Changes
SSI	18.7%	14.0%	-4.7%
HSC	11.2%	10.5%	-0.7%
VCSC	11.0%	8.2%	-2.8%
VNDS	7.3%	6.8%	-0.5%
MBS	5.6%	4.8%	-0.9%
SHS	4.0%	N/A	
ACBS	3.5%	N/A	
FPTS	3.3%	N/A	
BVSC	3.0%	3.8%	0.8%
BSC	2.8%	N/A	
Mirae Asset	N/A	4.5%	
VPBS	N/A	3.9%	
BOS	N/A	3.1%	
KIS	N/A	3.1%	

Similar to HNX, HSX also showed a decline in market share of leading securities companies such as SSI, HSC, VCSC, VNDS, and MBS with a total reduction of about 10.0%. However, the level of competition between the remaining securities companies (from 2018) with the foreign-invested securities companies became much fiercer. Some domestic securities companies have left the top including SHS, ACBS, FPTS and BSC. Instead, foreign-invested securities companies such as Mirae Asset, BOS, KIS and new-entrant VPBS have made their entrance near the top in 2019.

### Trading registered stock brokerage market share on UPCOM in 2019



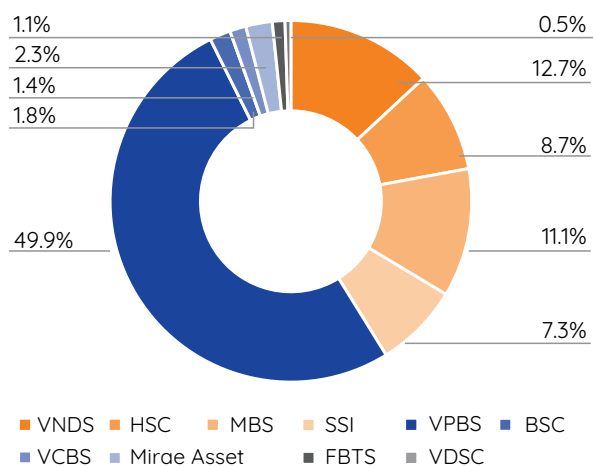
Source: SHS Research

### Movements of trading registered stock brokerage market share on UPCOM in 2019

Company name	2018	2019	Changes
SSI	11.1%	9.6%	-1.5%
VNDS	10.4%	9.7%	-0.7%
VCSC	7.7%	3.7%	-4.0%
HSC	6.5%	7.8%	1.4%
BSC	5.5%	5.0%	-0.5%
MBS	5.2%	6.9%	1.7%
SHS	5.1%	N/A	
VCBS	4.6%	4.3%	-0.3%
IBSC	4.5%	N/A	
VPBS	4.0%	8.3%	4.4%
BVSC	N/A	4.3%	
Tân Việt	N/A	5.4%	

On UPCOM, the market share of leading securities companies such as SSI, VNDS, VCSC, HSC, BSC and VCBS did not change much. However, SHS and IBSC had to leave the top in 2019 to be replaced by BVSC and Tân Việt Sec. On the UPCOM floor, there was an absence of foreign-invested securities companies. However, UPCOM saw a strong breakthrough of VPBS, Tan Viet and BVSC.

### Market share of derivatives securities brokerages



Source: SHS Research

### Movements of market share of derivatives securities brokerages in 2019

Company name	2018	2019	Changes
VNDS	23.9%	12.7%	-11.2%
HSC	22.4%	8.7%	-13.7%
MBS	16.6%	11.1%	-5.4%
SSI	14.5%	7.3%	-7.2%
VPBS	13.6%	49.9%	36.3%
BSC	4.2%	1.8%	-2.3%
VCSC	2.4%	N/A	
VCBS	1.3%	1.4%	0.1%
Mirae Asset	N/A	2.3%	
FPTS	0.0%	1.1%	1.1%
VDSC	1.0%	0.5%	-0.5%

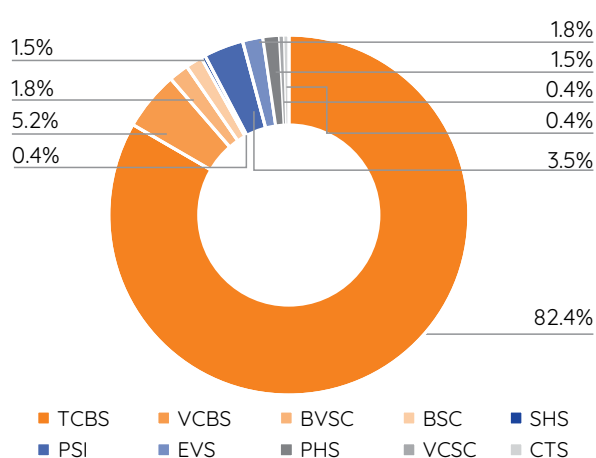
2019 was the second year that derivatives products were available on Vietnam's stock market. At the end of 2018, only 13 securities companies were licensed. However, by the end of 2019, 17 securities companies had been licensed to broker securities. In 2018 and 2019, the top-10 securities companies collectively held nearly 100% market share. However, in 2019 leading securities companies such as VNDS, HSC, MBS, SSI and BSC have seen their market share fall drastically by nearly 40%. Instead, the market share of VPBS's derivative securities brokerage increased by 36.26% and a new player, Mirae Asset, reached the top position and achieved a market share of 2.30%. As of the date of publication, SHS has not yet started to provide this service.

### Government bond brokerage market share on HNX

Company name	Năm 2018	Năm 2019	Changes
Group with market share above 10%	BSC, BVSC, VCBS, HSC	BSC, VCBS, BVSC, HSC	No change
Group with market share from above 5% to 10%	VCSC	VCSC, SHS, ACBS	Add SHS, ACBS
Group with market share of 5% or less	VPBS, SHS, Mirae Asset, SSI	VPBS, SSI, Thiên Việt	Remove SHS, Mirae Asset Add Thiên Việt

SHS increased its market share and went up a tier from the "5% or less market share" group to the "5-10% market share" group. ACBS and Thien Viet Sec entered the top while Mirae Asset dropped out.

### Government bond brokerage market share on HSX



Source: SHS Research

### Movements of Government bond brokerage market share on HSX

Company name	2018	2019	Changes
TCBS	81.7%	82.4%	0.7%
VCBS	3.8%	5.2%	1.4%
BVSC	3.4%	1.8%	-1.6%
BSC	2.0%	1.5%	-0.5%
VPBS	1.9%	N/A	
VNDS	1.8%	N/A	
SHS	1.3%	0.4%	-0.9%
HSC	1.1%	N/A	
IBSC	1.0%	N/A	
MBS	0.9%	N/A	
PSI	N/A	3.5%	
EVS	N/A	1.8%	
PHS	N/A	1.5%	
VCSC	N/A	0.4%	
CTS	N/A	0.4%	

The Government bond brokerage market share in HSX in 2019 has changed compared to 2018, but even so, more than 80% of the market share still belongs to TCBS.

## POSITIONING SHS

### COMPARING SHS TO THE MARKET AND TO THE SECTOR

Indicators	P/E of 2019 (times)	EPS of 2019 (VND)
SHS	6.4	1,229
VN-Index	15.7	3,890
HNX-Index	9.1	2,705
Upcom Index	17.0	2,313
Securities sector	10.3	1,653

SHS's EPS is slightly lower than that of the securities industry but much lower than the market. However, the P/E of SHS is much lower than the market and industry. This shows that SHS's stock price is undervalued and there will be plenty of room to increase in 2020.

### COMPARING SHS TO OTHER SECURITIES COMPANIES

#### Total assets

No.	Company name	Amount (VND billion)
1.	SSI	27,044
2.	VPBS	12,004
3.	VND	11,577
4.	MASC	9,846
5.	HCM	7,488
6.	VCI	7,242
7.	TCBS	6,301
8.	SHS	6,072
9.	MSI	5,565
10.	MBS	4,750

#### Total liabilities

No.	Company name	Amount (VND billion)
1.	SSI	17,643
2.	VND	8,328
3.	VPBS	7,381
4.	MASC	3,709
5.	MSI	3,553
6.	SHS	3,380
7.	VCI	3,191
8.	HCM	3,184
9.	MBS	3,080
10.	TVS	2,006

#### Owner's equity

No.	Company name	Amount (VND billion)
1.	SSI	9,401
2.	MASC	6,137
3.	TCBS	4,627
4.	VPBS	4,623
5.	HCM	4,304
6.	VCI	4,051
7.	VND	3,248
8.	SHS	2,692
9.	FTS	2,111
10.	KISVN	2,098

#### Charter capital

No.	Company name	Amount (VND billion)
1.	MASC	5,455
2.	SSI	5,100
3.	VPBS	3,500
4.	HCM	3,058
5.	VND	2,204
6.	AGR	2,120
7.	SHS	2,072
8.	KISVN	1,897
9.	MSI	1,675
10.	VCI	1,644

### ROA

No.	Company name	Amount (VND billion)
1.	TCBS	27.3%
2.	ORS	27.2%
3.	DVSC	11.4%
4.	VCI	10.1%
5.	APG	8.9%
6.	FTS	8.5%
7.	ART	7.3%
8.	VIX	7.1%
9.	TCI	7.0%
10.	TVSI	6.9%
24.	SHS	4.7%

### EPS

No.	Company name	Amount (VND billion)
1.	TCBS	12,950
2.	VCI	4,216
3.	MBS	1,882
4.	BVS	1,875
5.	FTS	1,782
6.	VND	1,734
7.	SSI	1,566
8.	VCBS	1,456
9.	HCM	1,414
10.	TVS	1,376
14.	SHS	1,229

Source: SHS Research

### ROE

No.	Company name	Amount (VND billion)
1.	TCBS	37.6%
2.	ORS	33.1%
3.	VCI	18.0%
4.	MBS	14.7%
5.	VND	12.3%
6.	TVS	11.9%
7.	HCM	11.8%
8.	TVSI	11.5%
9.	DVSC	11.4%
10.	SHS	11.2%

SHS is ranked from 6<sup>th</sup> to 8<sup>th</sup> position in terms of total assets, debt, equity and charter capital. However, SHS is positioned 10<sup>th</sup> for ROE, 14<sup>th</sup> for EPS and 24<sup>th</sup> for ROA, showing that business results and asset efficiency are not high. This can be explained by the fact that the capital increase in 2019 was not completed until April 30<sup>th</sup> 2019, so it has not had much impact on SHS's business results.



# REPORT OF THE BOARD OF DIRECTORS

## EVALUATION OF THE OPERATIONS OF THE COMPANY

### THE IMPLEMENTATION OF THE APPROVED BUSINESS PLAN

The 2019 Annual General Meeting of Shareholders passed a Resolution on the Company's business plan for 2019. This Resolution is based on assumptions about the macro-economic situation, the development of Vietnam's stock market and the brokerage market share obtainable to SHS. In 2019, the implementation of the business plan according to the Resolution of the 2019 Annual General Meeting of Shareholders was enacted as follows:

	Assumptions/Plan	Implementation	Evaluation
<b>I. ASSUMPTIONS</b>			
Macro-economic situation	Stability	Stability	Achieved
Average trading value of the whole market	VND 5,580 billion/ session	VND 4,630 billion/ session	Decreased by 20.5%
SHS's market share	HSX: 3.82%	HSX: 2.99%	Giảm 0.83%
	HNX: 8.02%	HNX: 5.04%	Giảm 2.98%
<b>II. PLAN</b>			
Total revenue	VND 1,291.0 billion	VND 1,072.4 billion	Achieved 83.1%
Total expenses	VND 870.7 billion	VND 760.4 billion	Achieved 87.3%
Total profit before tax	VND 420.3 billion	VND 312.0 billion	Achieved 74.2%

In 2019, the Company reached 83.1% of its revenue plan and 74.2% of its profit plan. There are numerous reasons for this, both subjective and objective. However, one of the most important factors is that the Company had not been able to accurately predict the stock market situation in 2019. In the context of such unfavorable market movements, most of SHS's business activities were greatly affected. Specifically:

- Brokerage and depository activities: SHS's revenue and market share went down because of the sharp decline in market liquidity as well as the increase in competitive pressure not only from leading securities companies but also those with advantages in capital and technology. Revenue dropped by 46.1% compared to the previous year, reaching only 58.2% of the plan. As a result, SHS ranked 12<sup>th</sup> among securities companies in Vietnam. Moreover, SHS was no longer in the top-10 listed securities brokers on the HSX (falling 2 places), while also ranking 6<sup>th</sup> on HNX (down 3 places) and 11<sup>th</sup> on UPCOM (falling 3 places). In addition, in terms of Government bonds, SHS dropped 3 places to end up 10<sup>th</sup> on HSX, but increased by 2 places on HNX (to reach 6<sup>th</sup> position). Meanwhile, the number of new accounts still rose significantly by 2,799 - equivalent to an increase of 6.6% - and reached a total of 45,454 accounts.
- Investment activities: Investment activities faced many difficulties in 2019. The variance of indices was high, many blue-chips declined, while small and medium-cap stocks rallied. These increasing stocks were not allocated in most portfolios of institutional investors such as SHS. Moreover, low levels of activity in equitization and stock auctions led to limited opportunities to invest in the potential stocks of this group. The unstable capital and investment limit regulations also created many difficulties. However, due to a proper assessment of the situation, the Company has actively reduced investment activities in both listed and unlisted stocks, focusing on investment in bonds and term deposits. Hence, in 2019, SHS recorded VND 329.1 billion in revenue, reaching 61.8% of its plan and only falling by 32.1% compared to the previous year. This resulted in the Company ranking 11<sup>th</sup> in investment activities among securities companies operating in Vietnam.
- Financial service activities: The ordinary capital sources for securities investment activities have continued to face difficulties, especially capital from banks as well as fiercer competition from securities companies with foreign capital and lower required interest rates. However, the financial services's revenue of the Company still reached



VND 459.6 billion, equal to 129.6% of its plan and an increase of 5.7% compared to the previous year. As a result, SHS ranked 4<sup>th</sup> among securities companies in Vietnam owing to a successful redirection of its target customers, developing diversified and customer-oriented products and services.

- Financial advisory & underwriting and issuing agents: Financial advisory activities of securities companies in general and SHS in particular have continued to be affected by the difficult market. Issuance and listing activities also slowed, while equitization and divestment activities almost froze due to the unresolved difficulties and obstacles on policies and procedures. Consequently, traditional consulting revenue plummeted. However, thanks to the longstanding policy of restructuring products and services, revenue from specialized consulting as well as bond guarantee and issuance activities have grown sharply. For the whole year of 2019, the Company's revenue from financial advisory & underwriting and issuing agents reached VND 135.3 billion. That represents an increase of 131.3% compared to the previous year and a 261.2% plan completion rate, helping SHS to rank 4<sup>th</sup> among securities companies operating in Vietnam.

The above results show that, although the business plan for 2019 approved by the Annual General Meeting of Shareholders was not fulfilled, the Company has made great efforts and tried to implement many solutions in order to achieve it.

## THE COMPLETION OF THE FINANCIAL SAFETY ASSURANCE AND RISK MANAGEMENT SYSTEM

In 2019, the Company's operations strictly complied with the provisions of the law and the Company's Charter. Human resource management and improvement of internal processes and regulations were still prioritized. SHS also implemented synchronous solutions to enhance the financial capacity of the Company, such as increasing the charter capital, issuing bonds under private placement, restructuring assets and debts and so on. The financial safety ratio of the Company has met the prevailing regulations. In 2019, SHS did not need to use the Payment Support Fund of the Vietnam Securities Depository. The risk management, internal control and internal audit continued to be strengthened in order to protect the Company's business achievements.

## IMPROVEMENT OF THE COMPANY'S COMPETING CAPABILITY AND REPUTATION

In 2019, the Company successfully raised its chartered capital to VND 2,072.7 billion with reasonable payment conditions and timelines. This increased SHS's competitive advantage in light of high pressure from other securities companies with more abundant capital. As a result, SHS ranked 7<sup>th</sup> in the largest securities companies in terms of chartered capital. The Company also successfully issued a series of private bonds worth VND 700 billion to compensate for the maturity of previously issued bonds.

The Board of Directors and all SHS employees have made great efforts to implement various solutions in order to gradually improve the competitiveness of the Company. In particular, SHS effectively grasped market trends as well as all opportunities. This resulted in more efficient investment and a streamlining of business processes which, in turn, has reduced procedures and documents, created more convenience for customers, and improved the quality of products and services. Although SHS's products and services no longer hold the leading position in the market, they are still highly appreciated thanks to their flexibility and investor-orientation.

With the results achieved in business activities and the improvement in competitiveness, the Company has gradually promoted its brand and reputation to customers, partners and the authorities. In 2019, SHS continued to be honored and awarded by many agencies and organizations (*please see the Achievement Section - the General Information of the Company*).



## IMPLEMENTATION OF ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

In 2019, SHS continued to focus on its sustainable development goals. The Board of Directors has assigned one of its members to be in charge of the Company's sustainable development. In addition to the implementation of the business plan as assigned by the General Meeting of Shareholders, the Company also made great efforts to fulfill its responsibilities to environmental and social issues. Specifically, all employees continued to save electricity, water and materials during operations, and reused or treated office waste scientifically to reduce environmental harm. The Company provided stable jobs with competitive salaries for all employees also while strictly prohibiting the use of child or forced labor. The Company covered life insurance for 15 years at Dai-ichi Insurance Company (Japan), annual life insurance at Saigon-Hanoi Insurance Company (BSH), and an annual medical examination for all employees at Medelab Hospital. Education and training programs were also considered and encouraged. In 2019, the Company spent VND 76.5 million on training courses provided by third parties, along with many internal training programs. The Company also paid attention to gender equality and the freedoms of employees in accordance with the law. SHS made a positive contribution to the green capital market through all its key activities, such as brokerage, analysis, investment and consulting. In 2019, SHS invested VND 17.2 trillion in Government and green bonds in order to protect the environment and improve social security. More than VND 650 million has been spent on investing in the younger generation through sponsoring programs such as "Investors' Bravery" and "Light up Hope for Children". Meanwhile, more than VND 500 million has been spent on sponsoring the local community and the entire society. It can be said that sustainable development and continuous contributions to the community and society have become the Company's guideline for its activities. However, it must also be said that, in 2019, although the Company has done well in its responsibilities to the community and society, more could be done regarding sustainable development. This is reflected in the reductions of the Company's business and key operating results. Thus, all members of the Board of Directors and employees must continue to make strategic orientations, implement synchronous solutions and increase the flexibility and creativity of business activities to contribute to the sustainable development of the Company and to the wider community and society.

## EVALUATION OF THE BOARD OF MANAGEMENT'S ACTIVITIES

Although the Company did not complete its business plan as approved by the 2019 Annual General Meeting of Shareholders, the Board of Directors has still acknowledged the great efforts of the Board in operating and managing the Company. These efforts are particularly appreciated in light of the fact that the Vietnamese stock market faced a lot of difficulties in 2019 with higher competition pressure from securities companies with more technological and financial advantages. The Board of Directors has made efforts to find and develop relationships with new customers and partners. It has also arranged capital, developed products and restructured the investment portfolio which has had positive effects on the Company and its shareholders, stabilized the organization and ensured good risk management. The Board of Directors has fueled the passion of the Company's employees; encouraged creativity, initiative, and constant learning; mobilized all available resources to reach markets and customers; and implemented stricter management and administration to keep the Company's system operating effectively. The Board of Directors also recognized the opportunities and advantages of SHS exploiting the bond segment. The General Director has boldly proposed the recruitment of an additional experienced Deputy General Director to be in charge of this segment, as well as built and developed a specialized team in August 2019 to catch up with the business opportunities. These steps have contributed to the increase in revenue and profit as well as the image and brand of SHS.

## BUSINESS PLAN AND ORIENTATION IN 2020

2020 is considered to be a difficult year for businesses in general and SHS in particular due to the effects of the Covid-19 pandemic which has expanded worldwide. However, the Board of Directors has identified both the challenges and opportunities for SHS. The organizational restructure both in terms of quantity and quality based on available resources, as well as a mitigation of the inherent limitations shall be conducted. In addition, SHS will explore more opportunities for development, especially regarding its brokerage, financial services, investment and consulting activities, while still facing the increasing competition pressure among securities companies. The Company has to make a difference and focus on its customers, improve the quality of products and services, apply modern technologies and enhance risk management. Based on the newly-issued Securities Law with strict regulations on the operation of State agencies and of securities companies and securities trading activities, it is increasingly necessary for SHS to establish a standardized, professional operating system which is fully compliant with legal regulations while also being flexible enough to cope with market movements.

The Board of Directors has requested the Board of Management to handle the following main tasks:

- Achieve the strategic objectives approved by the General Meeting of Shareholders, in compliance with the provisions of law, the Company's Charter and the operational orientation of the State agencies.
- Continue to implement solutions in order to improve the executive management capacity in accordance with international and Vietnamese standards on corporate governance, risk management and financial safety.
- Continue to improve the system of regulations and professional processes while also creating a legal corridor for the Company's business activities on the basis of compliance with the law and greater professionalism.
- Enhance the spirit of "Integrity - Solidarity - Responsibility - Discipline" for each employee to create and maintain the strength of the Company.
- Enhance sustainable development by focusing on community work, environmental protection and social security to demonstrate high social and community responsibility.

Based on the Company's five-year business strategy (2017-2021), the Board of Directors continues its comprehensive renovation related to the operational goals, people, systems, technology, finance and business activities, etc. of SHS in 2020. Specifically, this entails:

- Completing the implementation of the solutions to maintain and increase the market share during the significant increase of foreign capital flow, especially from foreign institutional customers. In 2020, SHS will highly commit to the goal of "All for the Growth of Customers' Net Asset Values", continuing to maintain its position as one of the top-5 leading securities brokers in Vietnam, and aiming to be one of the top-3 securities companies with the largest market share in listed securities brokerage.
- Completing the implementation of solutions to increase SHS's competitive advantages through innovation and the development of service quality, and continuing to invest in human resources and technology.
- Searching for and exploiting new solutions and services in business activities, breaking away from traditional business activities, markets, products and customers. The Company continues to follow its sustainable development strategies and provide unique financial products and services.
- Implementing the business plan on the derivatives and covered warrants, as well as investment strategies, consulting and brokerage plans in order to develop bond products and services.
- Continuing to invest in listed securities, realize unlisted investments, restructure the portfolio through the participation in equitization auctions, the IPOs of the State-owned enterprises, and in the divestment process of corporations as well as in the debt restructuring activities of banks. In addition, the stock issuance and listing will be strengthened again which will lead to great opportunities for investment, brokerage, consulting and underwriting activities.
- Completing the implementation of the solutions related to the operational cost control and financial safety criteria of the Company while the restructuring process of the securities industry takes place along with many new regulations.
- Completing the implementation of the solutions to deal with potential challenges in order to ensure that the Company's operation is flexible, quick and effective.



# REPORT OF THE BOARD OF MANAGEMENT

## ANALYSIS REPORT OF BUSINESS RESULTS

### COMPARISON WITH PLAN

Facing unfavorable movements in the Vietnam stock market and fierce competition from foreign-invested securities companies and securities companies with technological advantages in 2019, the Company's total revenue and other income only reached VND 1,072.5 billion, equal to 83.1% of the plan. Despite all the cost-saving measures, the total cost of the Company in 2019 is still VND 760.4 billion, equivalent to 87.3% of the plan. As a result, for the whole of 2019, the Company's accounting profit before tax reached VND 312.0 billion, or 74.2% of the business plan approved by the 2019 Annual General Meeting of Shareholders.

(Unit: VND billion)

No.	Criteria	2019 Actual	2019 Plan	Change
I	Total revenue and other incomes	1,072.4	1,291.0	83.1%
II	Total expenses	760.4	870.7	87.3%
III	Profit before tax	312.0	420.3	74.2%

### COMPARISON WITH THE PREVIOUS YEAR

Criteria	2019 actual	2018 actual	Change between 2019 actual and 2018 actual	
			Amount	% change
<b>I. Total revenue, in which:</b>	<b>1,072.4</b>	<b>1,247.9</b>	<b>-175.5</b>	<b>-14.1%</b>
1. Operating revenue	1,067.3	1,243.6	(176.3)	-14.2%
- Gain from financial assets at fair value through profit and loss	329.1	484.6	(155.5)	-32.1%
- Gain from loans and receivables	425.5	375.1	50.4	13.4%
- Revenue from brokerage services	128.0	245.8	(117.8)	-47.9%
- Revenue from securities underwriting and issuance agent services	126.9	50.2	76.7	152.8%
- Revenue from securities investment advisory services	34.1	59.7	-25.6	-42.9%
- Revenue from securities custody services	14.6	18.7	-4.1	-21.9%
- Revenue from financial advisory services	8.4	8.3	0.1	1.2%
- Revenue from other activities	0.7	1.2	-0.5	-41.7%
2. Financial income	3.1	3.2	(0.1)	-3.1%
3. Other income	2.0	1.1	0.9	81.8%

<b>II. TOTAL EXPENSE, in which:</b>	<b>760.4</b>	<b>837.2</b>	<b>(76.8)</b>	<b>-9.2%</b>
1. Operating expense	459.8	581.1	(121.3)	-20.9%
2. General and administrative expense	66.6	53.1	13.5	25.4%
3. Finance expense	234.0	202.7	31.3	15.4%
4. Other expenses	0	0.3	(0.3)	-100.0%
<b>III. PROFIT BEFORE TAX</b>	<b>312.0</b>	<b>410.7</b>	<b>(98.7)</b>	<b>-24.0%</b>
<b>CORPORATE INCOME TAX (CIT) EXPENSE, in which:</b>	<b>57.4</b>	<b>52.6</b>	<b>4.8</b>	<b>9.1%</b>
1. Current CIT expense	62.3	52.7	9.6	18.2%
2. Deferred CIT expense	-4.9	-0.1	(4.8)	4,800.0%
<b>V. PROFIT AFTER TAX</b>	<b>254.6</b>	<b>358.1</b>	<b>(103.5)</b>	<b>-28.9%</b>

## Revenues

The Company's total revenue in 2019 reached VND 1,072.4 billion. This was down by VND 175.5 billion, equivalent to a fall of 14.1% YoY. Compared to 2018, 3 activities of the Company saw an increase in revenue. Firstly, revenue from lending activities reached VND 425.5 billion, up by VND 50.4 billion and equivalent to an increase of 13.4%. Secondly, revenue from underwriting activities and securities issuance agents reached VND 126.9 billion, up by VND 76.7 billion and equivalent to a rise of 152.8%. Thirdly, other income was VND 2.0 billion, up by VND 0.9 billion or 81.8% YoY.

In addition to the above-mentioned activities with increased revenue, other activities of the Company saw a fall in revenue. Firstly, revenue from investment activities decreased by VND 155.5 billion, equivalent to a fall of 32.1%. Secondly, brokerage revenue decreased by VND 117.8 billion, equivalent to a drop of 47.9%. Thirdly, revenue from investment advisory activities decreased by VND 25.6 billion, equivalent to a fall of 42.9%. Fourthly, revenue from depository activities decreased by VND 4.1 billion, equivalent to a decline of 21.9%. Meanwhile, other revenue decreased by VND 0.5 billion, equivalent to a drop of 41.7%, and financial income decreased by VND 0.1 billion, equivalent to a decrease of 3.1% YoY.

The decline in revenue from SHS's core business segments such as brokerage, proprietary trading, investment advisory and depository was due to fluctuations in the stock market indices in 2019. Even at their highest points, the VN-Index, HNX-Index and UPCOM-Index only increased by 9.7%, 4.5% and 5.8% respectively compared to the beginning of 2019. In addition, in 2019, other securities companies continued to promote brokerage activities for derivative securities, which attracted a large number of investors to shift from stocks to derivatives while SHS does not provide this service. Securities companies with foreign capital also competed fiercely with SHS in brokerage and financial services with cheaper interest rates which have attracted a large number of customers to those companies. However, SHS's loan revenue still achieved impressive results. SHS has reoriented the target lending customers and created flexibility in the loan portfolio, interest rates, etc. to the maximum benefit of both customers and the Company. Similarly, revenue from underwriting activities and securities issuance agents also increased significantly. This is due to the fact that, since 2018, in recognition of the strong growth potential in the corporate bond and term-deposits market, SHS established a corporate bond brokerage division - consultancy and investment, and created advantageous conditions for its development. SHS has advanced its activities in providing package services from brokerage, financial advisory, issuance agents, underwriting, and assistance in finding partners to buy related corporate bonds, fund certificates, etc. of commercial banks. Furthermore, SHS has also promoted auction activities and share auction agents for businesses at the Company. As a result, revenue in the form of agency auction fees has increased significantly.

## Expenses

Thanks to efficient cost control measures, the Company's total cost in 2019 was VND 760.4 billion, down VND 76.8 billion and equivalent to a drop of 9.2% compared to 2018. The decline in expenses in 2019 was mainly due to a reduction in operating expenses in line with the reduction in revenue of most aspects of the Company's core business. However, because the stock market was not so favorable, the provision expense in investing and lending activities of the Company increased to VND 32.6 billion, equivalent to a rise of 16.6%.

## Profit before and after tax

Accounting profit before tax in 2019 was VND 312.0 billion, down 24.0% YoY. The Company's accounting profit after tax was VND 254.6 billion, down 28.9% YoY. This is because total revenue and other income decreased by 14.1% but total cost only decreased by 9.2% YoY. In 2019, the Company recorded an 18.2% increase in the current corporate income tax expense and an increase of 4,800.0% of the deferred corporate income tax expense YoY.

## ANALYSIS REPORT OF THE FINANCIAL SITUATION

### ASSETS SITUATION

(Unit: VND billion)

Criteria	31/12/2019		31/12/2018		Change	
	Amount	Weighting	Amount	Weighting	Amount	% change
<b>CURRENT ASSETS</b>	<b>5,989.9</b>	<b>98.6%</b>	<b>4,773.9</b>	<b>98.0%</b>	<b>1,216.0</b>	<b>0.6%</b>
Cash & cash equivalents	1,052.4	17.3%	838.8	17.2%	213.6	0.1%
Short-term investments	1,570.1	25.9%	1,006.5	20.7%	563.6	5.2%
Receivables	3,360.2	55.3%	2,924.0	60.1%	436.2	-4.8%
Other current assets	7.2	0.1%	4.6	0.1%	2.6	0.0%
<b>NON-CURRENT ASSETS</b>	<b>82.8</b>	<b>1.4%</b>	<b>95.1</b>	<b>2.0%</b>	<b>(12.3)</b>	<b>-0.6%</b>
Fixed assets	4.4	0.1%	2.9	0.1%	1.5	0.0%
Long-term investments	78.4	1.3%	92.2	1.9%	(13.8)	-0.6%
<b>Other long-term assets</b>	<b>6,072.7</b>	<b>100.0%</b>	<b>4,869.0</b>	<b>100.0%</b>	<b>1,203.7</b>	<b>0.0%</b>



## Asset structure

The Company's total assets at the end of 2019 reached the highest-ever level of VND 6,072.7 billion, an increase of VND 1,203.7 billion YoY. The Company's assets are mainly composed of short-term assets. Short-term assets at the end of 2019 accounted for 98.6% of total assets, a slight increase of 0.6% YoY. The Company's short-term assets in 2019 were mainly composed of:

- Short-term receivables, including receivables from financial services loans, prepayments to suppliers, receivables and accrued dividends, interest and other receivables. Short-term receivables in 2019 accounted for 55.3% of total assets.
- Short-term investments, including short-term cash investments, listed and unlisted securities investments such as stocks, Government bonds, commercial bank bonds and corporate bonds, and bank certificates of deposits. Short-term investments of the Company in 2019 accounted for 25.9% of total assets.
- Cash and cash equivalents, including cash on hand, bank deposits in the form of payment accounts, deposit accounts for less than 3 months, deposits for sale of underwriting securities, clearing deposits and payment of securities transactions, etc. Cash and cash equivalents of the Company in 2019 accounted for 17.3% of total assets.

## Changes in assets compared to the previous year

Total assets at the end of 2019 were VND 6,072.7 billion, an increase of VND 1,203.7 billion YoY. Of these, short-term assets accounted for VND 5,989.9 billion, up 0.6%; and long-term assets totalled VND 82.8 billion, down by 0.6%. This is because, in expectation of a favorable stock market in 2019, the Company continued to promote business activities.

- For short-term assets: All short-term investment items at the end of 2019 increased YoY. Cash and cash equivalents increased by VND 213.6 billion, equivalent to a slight increase of 0.1%; short-term investments increased by VND 563.6 billion, equivalent to an increase of 5.2% as a result of an increase in proprietary trading; and receivables increased by VND 436.2 billion, though its proportion in total assets declined to 4.8%. Other current assets increased by VND 2.6 billion but the proportion of total assets remained unchanged.
- For long-term assets: The Company's long-term assets decreased mainly due to the reduction of other long-term assets by VND 13.8 billion, equivalent to a decrease of 0.6%. This was mainly because SHS allocates goodwill from merging SHBS into the Company's expenses in 2019.

## LIABILITIES AND EQUITY SITUATION

(Unit: VND billion)

Items	31/12/2019		31/12/2018		Change	
	Amount	Weighting	Amount	Weighting	Amount	% change
<b>LIABILITIES</b>	<b>3,380.3</b>	<b>55.7%</b>	<b>3,003.6</b>	<b>61.7%</b>	<b>376.7</b>	<b>-6.0%</b>
Current liabilities	3,374.0	55.6%	1,271.4	26.1%	2,102.6	29.5%
Non-current liabilities	6.3	0.1%	1,732.2	35.6%	(1,725.9)	-35.5%
<b>OWNER'S EQUITY</b>	<b>2,692.4</b>	<b>44.3%</b>	<b>1,865.3</b>	<b>38.3%</b>	<b>827.1</b>	<b>6.0%</b>
Share capital	2,295.3	37.8%	1,125.5	23.1%	1,169.8	14.7%
Funds and undistributed profit	397.1	6.5%	739.8	15.2%	(342.7)	-8.7%
<b>TOTAL LIABILITIES AND OWNER'S EQUITY</b>	<b>6,072.7</b>	<b>100.0%</b>	<b>4,869.0</b>	<b>100.0%</b>	<b>1,203.7</b>	<b>0.0%</b>

## Liabilities and equity structure:

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The Company's capital at the end of 2019 reached the highest-ever level of VND 6,072.7 billion, an increase of VND 1,203.7 billion YoY. The Company's capital is made up of liabilities and owner's equity, of which liabilities accounted for 55.7% and equity accounted for 44.3%.

The Company's liabilities consisted of:

- Short-term liabilities: As of December 31<sup>st</sup> 2019, the Company's short-term payables amounted to VND 3,374.0 billion including short-term bank loans, long-term bonds with maturities of less than 1 year, seller payables, securities trading payables, taxes and State payables, payables to employees, short-term accrued expenses, payables for short-term deposits and collaterals, bonus and welfare fund, other payables, etc. Short-term liabilities of the Company accounted for 55.6% of the total capital.
- Long-term liabilities: As of December 31<sup>st</sup> 2019, the Company's long-term liabilities were VND 692.4 billion, including long-term bonds payable, long-term seller payables, and payables for long-term deposits and collaterals. Long-term liabilities of the Company accounted for 44.3% of total capital.

The Company's equity consisted of:

- Owner's invested capital, including the owner's contributed capital and equity surplus. Owner's invested capital accounted for 37.8% of the Company's total capital.
- Funds which are undistributed profits, including the charter capital supplement fund, financial reserve and professional risk fund, and undistributed profits. The funds accounted for 6.5% of the Company's total capital.

## Changes in liabilities and equity compared to the previous year:

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At the end of 2019, the total capital of the Company was VND 6,072.7 billion, an increase of VND 1,203.7 billion compared to the same period in 2018. This was due to an increase in owner's equity of VND 827.1 billion, equivalent to 6.0% YoY, and an increase in liabilities of VND 376.7 billion, equivalent to 6.0% YoY. The increase in the proportion of equity indicated that the Company had more financial autonomy. In detail:

- The increase in equity was due to an increase in owner's equity of VND 1,169.8 billion, equivalent to a rise in the proportion of total capital to 14.7%. Meanwhile, undistributed funds and profits decreased by VND 342.7 billion, equivalent to a reduction in the proportion of total capital to 8.7%. The reason for this is that, in 2019, SHS completed the issuance to increase its chartered capital by more than VND 1,000 billion. Therefore, the equity surplus also increased by about VND 150 billion, additional funds were deducted from profit after tax in 2018 of approximately VND 38 billion and about VND 310 billion was spent to pay dividends to shareholders.
  - Although liabilities increased, the short-term and long-term debt structure fluctuated in opposite directions. Short-term liabilities increased by VND 2,102.6 billion, equivalent to an increase of 29.5%. Meanwhile, long-term liabilities decreased by VND 1,725.9 billion, equivalent to 35.5%. This is because, in 2019, the Company increased short-term loans from banks and issued bonds through Private Placement to finance the increase in investing and lending activities during the year. At the same time, the Company transferred long-term corporate bonds issued in previous years into short-term bonds to be ready to pay to bondholders when the payment is due in 2020.
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## ANALYSIS REPORT OF KEY FINANCIAL RATIOS

Criteria	2019	2018	% change
<b>LIQUIDITY RATIOS</b>			
Quick ratio	31.2%	66.0%	-34.8%
Current ratio	177.5%	375.5%	-198.0%
<b>LEVERAGE RATIOS</b>			
Debt-to-asset ratio	55.7%	61.7%	-6.0%
Debt-to-equity ratio	125.6%	161.0%	-35.4%
<b>OPERATIONAL RATIOS</b>			
Account receivable turnover	0.3	0.4	(0.1)
Working capital turnover	0.3	0.5	(0.1)
Asset turnover	0.2	0.3	(0.1)
<b>PROFITABILITY RATIOS</b>			
Operating profit/revenue	56.9%	53.3%	3.6%
Profit before tax/revenue	29.2%	33.0%	-3.8%
Profit after tax/revenue	23.9%	28.8%	-4.9%
Profit before tax/owner's equity (ROE)	11.2%	21.5%	-10.3%
Profit before tax/total asset (ROA)	4.7%	8.0%	-3.3%
Earning per share (EPS)	1,359.0	2,746	(1,387.0)
<b>CAPITAL ADEQUACY RATIO</b>			
Financial Safety Ratio as of 31/12	338.4%	351.6%	-13.2%

- The liquidity ratios such as quick ratio and current ratio of the Company decreased significantly in 2019 compared to the previous year. This indicates that the ability to pay short-term and due debts by short-term liquid assets of the Company has declined.
- The capital structure ratios such as debt/total assets and debt/equity ratio of SHS all decreased in 2019, showing a more active level of the Company's equity compared to the previous year. Compared to reality, in 2019, SHS has increased capital from stock dividends, ESOP issuance and issuing more shares to existing shareholders, thereby improving the equity of the Company.
- The efficiency ratios of the Company – such as accounts receivable turnover, working capital turnover and total assets turnover – decreased in 2019 compared to the previous year. This was due to the fall in revenue while receivables, working capital and owner's equity of the Company increased. This shows that the capital increased and the Company promoted lending activities but also that the efficiency reflected in revenue in 2019 was not adequate or timely.
- The profitability ratios of SHS in 2019 (except operating profit/revenue ratio) decreased compared to the previous year from 10% to 3%. The most significant reduction was the ratio of net profit after tax/equity, indicating that the increase of equity in 2019 from stock dividends, issuance of additional shares to existing shareholders and ESOP issuance did not have positive and timely impacts on SHS's after-tax profit in 2019.
- The financial safety ratio as of 31/12/2019 decreased by 13.2% to reach 338.4% instead of the 351.6% seen in the same period last year, showing that the Company's financial safety level decreased. The reason is that although the Company's available capital increased (mainly due to the increase in equity from increasing capital, equity surplus and fund appropriation), the Company's market risk value and payment risk value increased more considerably. Specifically, the market risk value of SHS in 2019 increased mainly because the Company increased investment in stocks of unlisted public companies with a higher risk coefficient. The Company's payment risk value increased from both receivables before and past the due date.



## REPORT OF THE COMPANY'S OPERATIONS

### BROKERAGE AND CUSTODY

#### OPERATIONAL RESULTS

##### ► Revenue

In 2019, brokerage and depository revenue of the Company was VND 142.6 billion, representing 58.2% of the plan and a YoY fall of 46.1%. The reasons for this are as follows:

- Vietnam's stock market was less favorable in 2019 with liquidity sharply decreasing. The average trading value per session on all 3 floors reached VND 6,500 billion/session in 2018. However, in 2019, it reached just VND 4,700 billion/session, down 28%. The VN-Index, after peaking in April 2018 at 1,211 points, continued to decline until the end of 2019.
- Capital from banks for stock investment activities, which used to be an advantage of SHS, continued to face difficulties.
- There continued to be fierce competition from leading securities companies, foreign-invested securities companies, securities companies with strong investment advisory and asset management teams, and securities companies with technological advantages.
- The derivatives market continues to thrive while SHS has not yet joined this market

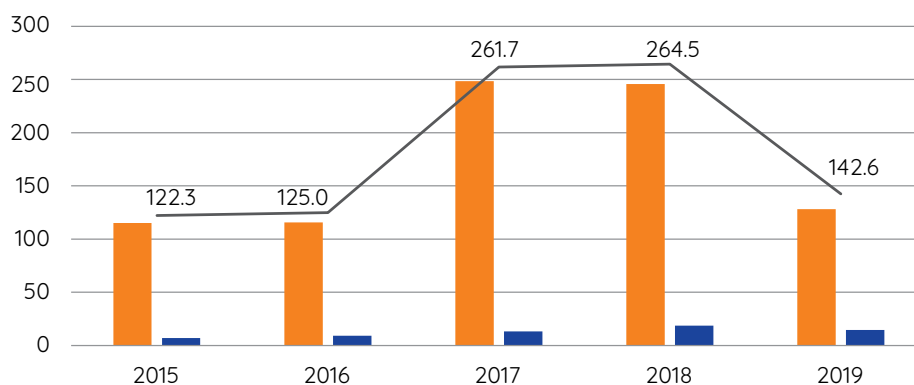
For the above reasons, domestic individual investors – the main customers of SHS – were less involved in the market. Furthermore, some of the many new accounts being opened at securities companies were, in fact, customers switching to companies with advantages in capital and technology.

(Unit: VND billion)

Revenue	2018	2019		Change	
		Actual	Plan	% change compared to 2018 actual	% change compared to 2019 plan
Brokerage	245.8	128.1	225.2	-47.9%	56.9%
Depository	18.7	14.5	19.7	-22.5%	73.5%
<b>Total</b>	<b>264.5</b>	<b>142.6</b>	<b>244.9</b>	<b>-46.1%</b>	<b>58.2%</b>

Thanks to the recovery of Vietnam's stock market between 2015 and 2019 - especially in 2017 and 2018 - and thanks to assertive policies which were suitable to the Company's market, there was strong, continuous growth in brokerage and depository revenue of SHS. However, entering 2018, the Company's brokerage and depository revenue showed signs of slowing down. By 2019, this revenue had decreased.

**Brokerage revenue and depository revenue of SHS (VND billion)**



In the structure of brokerage and depository revenue by geography in 2019, the Head Office accounted for 74.7%, the Ho Chi Minh City branch accounted for 21.3% and the Da Nang Branch accounted for 4.0%. Thus, brokerage and depository revenue of the Company was still concentrated mainly at the Head Office and Ho Chi Minh City branch.

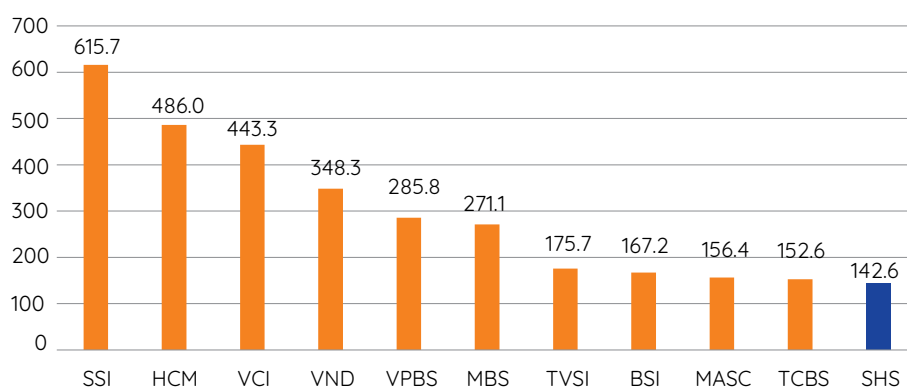
(Unit: VND billion)

Division	Brokerage		Custody		Total	
	Amount	Weighting	Amount	Weighting	Amount	Weighting
Head Office	93.7	73.1%	12.8	88.3%	106.5	74.7%
Da Nang branch	5.4	4.2%	0.3	2.1%	5.7	4.0%
HCM branch	29.0	22.6%	1.4	9.7%	30.4	21.3%
<b>Total</b>	<b>128.1</b>	<b>100.0%</b>	<b>14.5</b>	<b>100.0%</b>	<b>142.6</b>	<b>100.0%</b>

Compared to other securities companies operating in Vietnam, in 2019, SHS ranked 11<sup>th</sup> in terms of brokerage revenue (VND 128.1 billion) and 9<sup>th</sup> in terms of depository revenue (VND 14.5 billion). Meanwhile, the Company ranked 12<sup>th</sup> in terms of operating, brokerage and depository revenue (VND 142.6 billion).

#### Brokerage revenue and depository revenue (VND billion)

Rank	Brokerage		Custody		Total	
	Company	Amount	Company	Amount	Company	Amount
1	SSI	582.1	TVSI	53.9	SSI	615.7
2	HCM	478.3	CTS	34.5	HCM	486.0
3	VCI	433.7	SSI	33.6	VCI	443.3
4	VND	335.4	VPBS	33.5	VND	348.3
5	VPBS	252.2	TCBS	31.2	VPBS	285.8
6	MBS	250.8	BSI	30.4	MBS	271.1
7	MASC	151.8	MBS	20.3	TVSI	175.7
8	ACBS	140.7	VCBS	17.6	BSI	167.2
9	BSI	136.8	SHS	14.5	MASC	156.4
10	BVS	135.9	VND	12.9	TCBS	152.6
12	SHS					142.6



Source: SHS Research

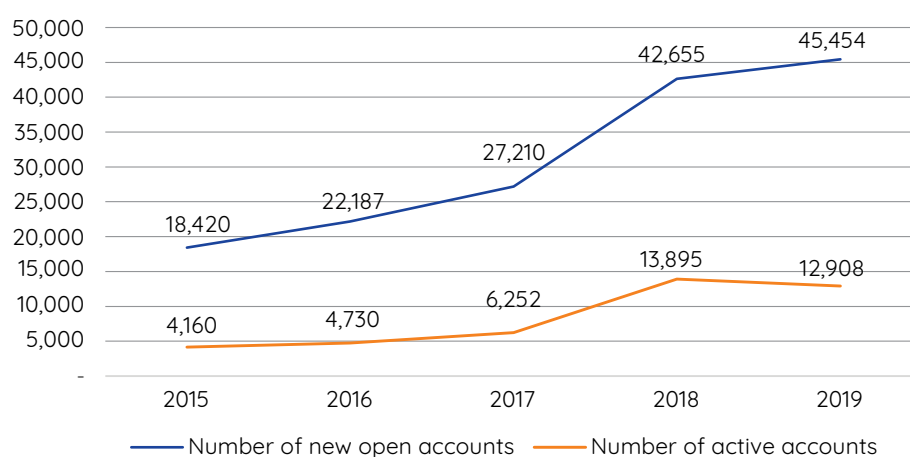
## ► Market share

The Company's listed share brokerage market share grew continuously from 2015 to 2017 and then gradually decreased from 2017 to 2019 (for HNX). For HSX, on the other hand, it fluctuated in a downward trend from 2015 to 2019. This shows that, despite having an advantage on HNX over HSX, SHS still faces stiff competition from other securities companies. To overcome the decline in market share of the Company on the listed exchange, SHS has repositioned its business strategy. Since 2018, the Company has focused on developing a strong market share of Government bond brokerage on both HNX and HSX.

Stock Exchanges	Market share/rank	2015	2016	2017	2018	2019
HNX-Stock	Market share	8%	8%	11%	8.4%	5%
	Rank	3	3	2	4	6
HSX-Stock	Market share	5.3%	4.3%	5.1%	4%	3%
	Rank	5	6	7	6	13
Upcom	Market share			7.9%	5.1%	3%
	Rank			4	8	11
HNX-Bond	Market share				<5%	<5%
	Rank				8	6
HSX-Bond	Market share				1.3%	0.4%
	Rank				7	10

## ► Number of accounts

The number of new accounts opened at SHS increased by 2.5 times from 2015 to 2019, rising from 18,420 accounts to 45,454 accounts. Meanwhile, the number of accounts with transactions in one year increased by 3.1 times during this period, growing from 4,160 accounts to 12,908 accounts. The proportion of accounts having transactions during the year at SHS tends to increase and reached the highest level in 2018. However, SHS's clients are mainly individual customers (accounting for 99.2% in 2019) and domestic customers (accounting for 99.9% in 2019). Compared to the whole market, the number of new accounts opened at SHS annually accounted for about 1.5% and the accumulated number of investors' accounts at SHS until the end of 2019 accounted for nearly 2.0%.



## ► Other results

- In 2019, the Company prepared initial conditions such as human resources, processes, etc. to act as a fund certificate distribution agent in subsequent years. In addition, SHS started to implement retail and unlisted bond brokerage activities. In doing so, it has contributed to the diversification of products, services and sales channels, creating additional revenue sources for the Company.
- In the past year, based on existing customer relationships from financial advisory and underwriting activities, the Company also focused on developing more customers for brokerage activities as shareholders of the group, SOEs that SHS advised on IPO, listing, etc.

## DRAWBACKS

Some targets for brokerage activities set at the beginning of the year have not been achieved as planned:

- Failed to hold the position of top-5 securities companies with the largest brokerage market share on both exchanges;
- A derivative securities brokerage service remains to be implemented;
- The renovation of the salary payment mechanism for brokers in the direction of competition remains to be implemented;
- Brokerage capacity and quality have not been improved as planned and expected, especially in consulting, reviewing and monitoring customers;
- The plan to change the stock core software has not been completed in the context that the current core software had reached its critical point, and;
- The application of information technology in improving advisory activities for customers, increasing customer transactions and developing the customer base on advanced technology platforms remains limited.

## 2020 PLAN

The above limitations in brokerage activities of the Company should continue to be addressed in 2020. Specifically, the Company intends to:

- Sustain the goal of maintaining the brokerage market share in the top-5 securities companies with the largest market share on both exchanges, aiming to become top-3;
- Consolidate and improve existing stock brokerage products and services in a way that meets the needs of each customer group, with a particular focus on the customer group with a high transaction turnover rate;
- Diversify brokerage products such as derivative securities, corporate bonds, fund certificates, deposit certificates, etc., contributing to increasing brokerage fees for the Company;
- Complete and implement the innovation of a competitive payroll mechanism to retain good brokers in the Company, attract high-quality brokers from other securities companies, create stability and increase the efficiency of brokerage activities;
- Train the staff of brokers on financial investment knowledge in order to upgrade from securities investment brokerage advisory to asset management consultancy for customers, and;
- Until the core software can be changed, focus on upgrading the current software system in order to meet the needs of asset management and diversify investment channels for customers.

## INVESTMENT

### OPERATIONAL RESULTS

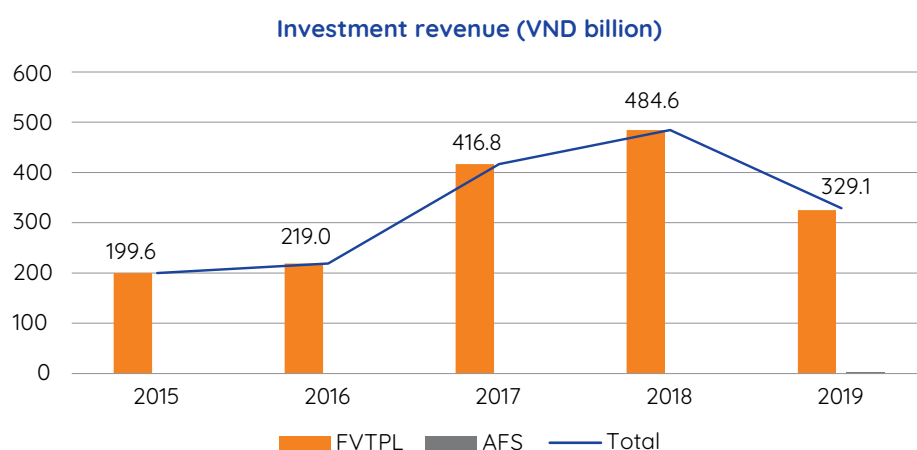
#### ► Revenue

In 2019, market movements were difficult for investment activities when the index accumulated in a wide range. Many blue-chips dropped (13 out of 30 in the VN-30 basket, equivalent to 43%, fell) while many gainers were mostly small and medium-sized stocks which were not in the investment list of organizations like SHS. Equitization and auction activities were not active, limiting opportunities to invest in potential stocks of this group. In addition, the capital source for investment activities was not only unstable but also subject to regulations on investment limits. This severely limited disbursement into good investment opportunities and affected the performance of investment activities. However, thanks to detailed and in-depth business analysis focusing on selecting stocks with good fundamentals and supporting factors, combined with assessing market and stock trends to create a foundation for appropriate trading decisions, maximizing profits and reducing the risks of investments, investing activities reached VND 329.1 billion in revenue in 2019. This met 61.8% of the plan and represented a decline of 32.1% YoY.

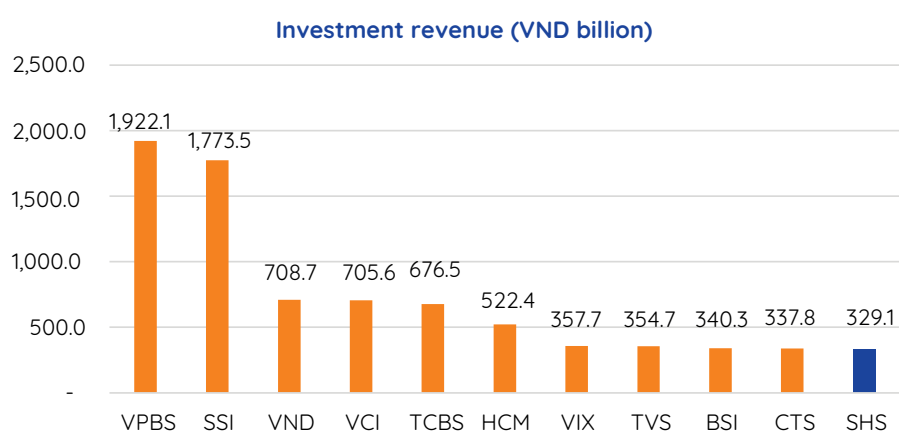
(Unit: VND billion)

Revenue	2018	2019		Change	
		Actual	Plan	% change compared to 2018 actual	% change compared to 2019 plan
Investment	484.6	329.1	533.0	-32.1%	61.8%

Thanks to the recovery of Vietnam's stock market, the investment revenue of the Company increased continuously from 2015 to 2018 and only declined in 2019.



Compared to other securities companies operating in Vietnam, SHS's investment income in 2019 was VND 329.1 billion, ranking 11<sup>th</sup>.



Source: SHS Research

### ► Investment scale

The Company's investment activities in 2019 continued to see a strong shift towards investing in listed and unlisted bonds (such as bonds issued by Government, banks and corporations) and term deposits with positive outlooks. For listed and unlisted stocks, the Company invested in accordance with the plan, which remained the same or increased in proportion slightly because of insignificant growth potentials. In the case of stock investment, the Company focused on investing in a portfolio of listed stocks with growth potential.

(Unit: VND billion)

Criteria	As of 01/01/2019	Increase	Decrease	As of 31/12/2019
<b>Buying price</b>	<b>1,028.2</b>	<b>48,546.6</b>	<b>47,943.6</b>	<b>1,631.2</b>
<b>FVTPL assets</b>				
Listed stocks	767.1	429.8	494.6	702.3
Unlisted stocks	116.1	305.6	134.3	287.4
Listed bonds		18,351.5	18,010.0	341.5
Term deposits	145.0	12,579.2	12,724.2	
<b>AFS assets</b>				
Unlisted bonds		16,880.5	16,580.5	300.0
<b>Difference upon revaluation of financial assets recognized through profit/loss</b>	<b>(21.7)</b>	<b>(24.5)</b>	<b>14.9</b>	<b>(61.1)</b>
<b>Total</b>	<b>1,006.5</b>	<b>48,522.1</b>	<b>47,958.5</b>	<b>1,570.1</b>

## ► Other results

- The Company has strictly complied with the current provisions of the law on investment restrictions specified in Circular 210 and Circular 07.
- Investment process was completed day-by-day; investment personnel were added promptly; the information technology system served and supported investment activities; and records, papers and procedures were increasingly standardized.

## DRAWBACKS

- The capital for investment activities was unstable and limited by regulations on investment quotas, which limited the disbursement of good investment opportunities.
- Some investments are still in the form of unlisted shares. These could not be divested immediately because the time was not ripe or the business results of the enterprise had not reached the expected level, causing the stock value to not increase.
- An inadequate mechanism of assigning, monitoring and evaluating the employees had not been developed.

## 2020 PLAN

- Research and list the investable potential securities including information about target price, cut-loss price and expected holding horizon so that, when opportunities are available, the capital can be disbursed immediately.
- Continue to timely update and review available investments – including listed and unlisted securities – determining the target price for equitization, advising business leaders on how to improve operating results, strengthening investor relations activities, finding potential buyers and negotiating to reach appropriate prices for each investment deal.
- Look for good businesses to implement M&A and for bonds with good interest rates and high-quality collaterals for investment disbursement.

## FINANCIAL SERVICES

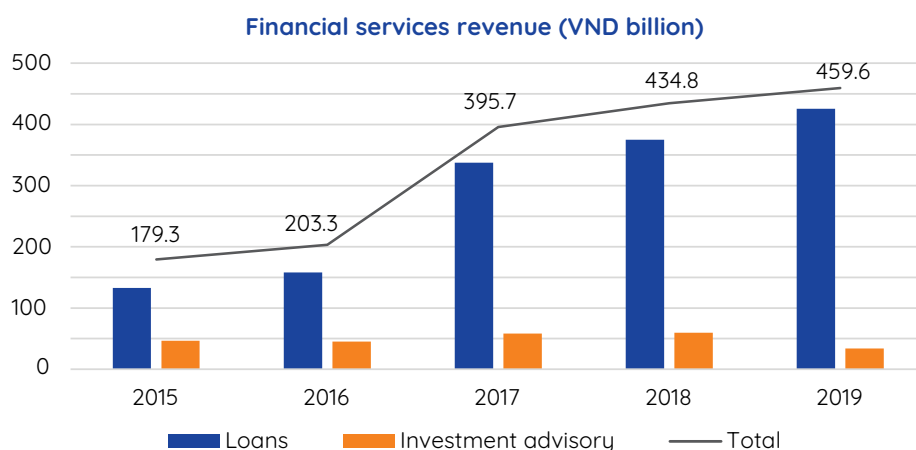
### OPERATIONAL RESULTS

#### ► Revenues

In 2019, in spite of the difficulties in financial fundraising for securities investment activities and of fierce competition from securities companies with foreign capital and lower lending rates, the Company's revenue from financial services still reached VND 459.6 billion. This represents 129.6% of the plan's target and an increase of 5.7% compared to the previous year. SHS's traditional lending activities increased compared to 2018 and exceeded the plan. Revenue from investment advisory and collateral management activities for investors' loans from banks, on the other hand, decreased sharply compared to the previous year and did not meet the plan. This result was reasonable because, since April 2019, financial funds for securities investment in banks have been limited.

Revenue	2018	2019		Change	
		Actual	Plan	% change compared to 2018 actual	% change compared to 2019 plan
Loans	375.1	425.5	300.5	13.4%	141.6%
Investment advisory	59.7	34.1	54.0	-42.9%	63.1%
<b>Total</b>	<b>434.8</b>	<b>459.6</b>	<b>354.5</b>	<b>5.7%</b>	<b>129.6%</b>

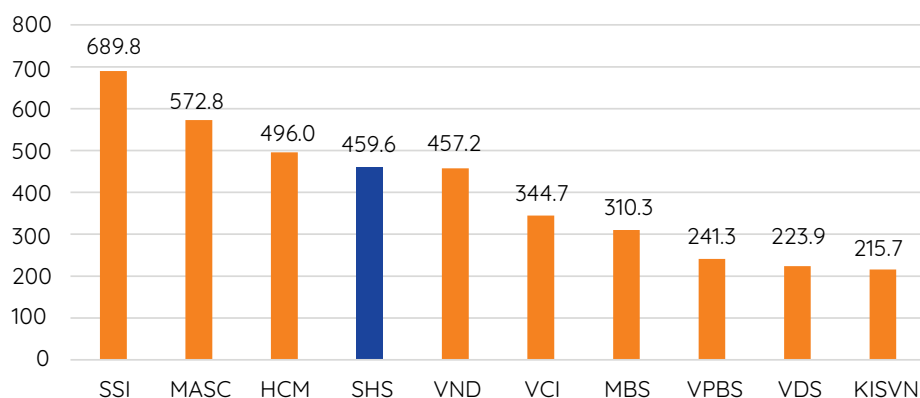
The Company's revenue from financial services has grown continuously over the past 5 years, to the point where revenue in 2019 was 2.6 times higher than in 2015.



Among the securities companies in Vietnam in 2019, SHS ranked 5<sup>th</sup> in terms of revenue from lending activities with VND 425.5 billion and 1<sup>st</sup> in terms of revenue from investment advisory with VND 34.1 billion. In terms of total revenue from financial services, SHS ranked 4<sup>th</sup> with VND 459.6 billion.

**Financial services revenue (VN billion)**

Rank	Loans		Investment advisory		Total	
	Company	Amount	Company	Amount	Company	Amount
1	SSI	677.9	SHS	34.1	SSI	689.8
2	MASC	572.8	VND	24.3	MASC	572.8
3	HCM	496.0	VCI	13.0	HCM	496.0
4	VND	432.9	NASC	12.9	SHS	459.6
5	SHS	425.5	SSI	11.9	VND	457.2
6	VCI	331.7	ROSE	9.0	VCI	344.7
7	MBS	310.3	TVB	4.8	MBS	310.3
8	VPBS	241.3	VFSC	3.4	VPBS	241.3
9	VDS	223.9	JSIC	2.0	VDS	223.9
10	KISVN	215.7	IRSC	1.8	KISVN	215.7



Source: SHS Research

## ► Other results

- Diversified products and services were provided to customers.
- An appropriate policy framework for each customer group was developed to meet customers' needs and to optimize efficiency, especially as the sources of loans from banks are limited.
- Relevant departments regularly appraised, revalued and updated the portfolio of securities and room for securities investment lending to make them suitable with the market situation and to guarantee good risk management.
- Flexible and reasonable policies on controlling, recovery and settlement of debt were implemented.
- Business processes and procedures were regularly reviewed and improved.
- The upgrading and application of the Company's information technology system was promoted in financial service activities to help improve customer reporting and management, especially for VIP and institutional customers.
- Staff were increasingly improved and developed in a comprehensive and intensive direction.

## DRAWBACKS

- Banks' lending capital for securities investment has declined since April 2019 and coordination with the bank to re-implement this source has not achieved the expected result, significantly affecting customers and the Company.
- Products and services provided to customers were diversified but still not competitive in the market, especially the lending rate.
- Efforts have been made to effectively exploit the current information technology system in financial services. However, there remains a lot of manual work.

## 2020 PLAN

- Diversify funding sources for financial services activities to ensure stability.
- Restructure the use of capital for financial services activities to ensure safety, efficiency and sustainability.
- Develop mechanisms and policies on customer care and assessment to more frequently provide more suitable and updated products, attracting and increasing the transaction value of customers.
- Upgrade the software system and improve the processes and procedures to suit the actual situation, thereby accelerating the speed of work and managing risk more effectively.
- Conduct internal training when there is a change in technologies, policies or products.

## FINANCIAL ADVISORY AND UNDERWRITING

### OPERATIONAL RESULTS

#### ► Revenue

In 2019, financial advisory activities of securities companies in general, and SHS in particular, continued to be affected by negative market conditions, the slowdown in issuance and listing activities, as well as the near-freeze in equitization and divestment activities due to unresolved difficulties caused by various mechanisms and policies. Consequently, traditional advisory service revenue plummeted. However, thanks to the policy of restructuring products and services oriented from the previous years, revenue from intensive advisory services and from bond underwriting and issuance agency services (taking advantage of the bond market thriving in 2019) have grown sharply. In 2019, the Company's revenue from financial advisory, underwriting and issuance agency services reached VND 135.3 billion, increasing by 131.3% compared to the previous year and equivalent to 261.2% of the plan's target.

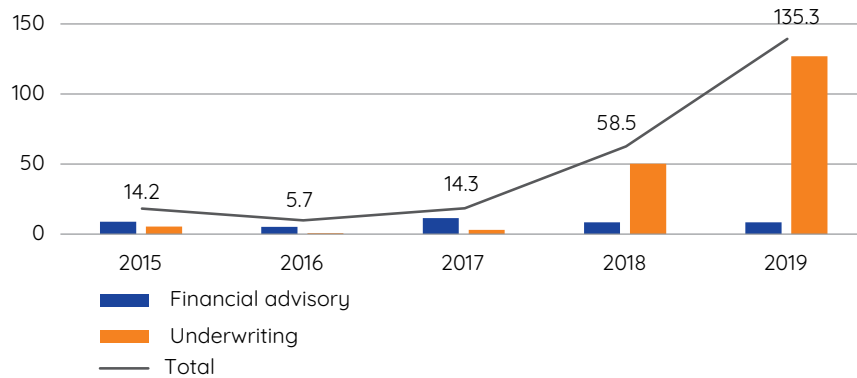
(Unit: VND billion)

Revenue	2018	2019		Change	
		Actual	Plan	% change compared to 2018 actual	% plan
Financial advisory	8.3	8.4	21.8	1.2%	38.5%
Underwriting	50.2	126.9	30.0	152.8%	423.0%
<b>Total</b>	<b>58.5</b>	<b>135.3</b>	<b>51.8</b>	<b>131.3%</b>	<b>261.2%</b>



The Company's revenue from financial advisory, underwriting and issuance agency has grown continuously over the past 5 years, to the point where revenue in 2019 was 9.5 times higher than in 2015.

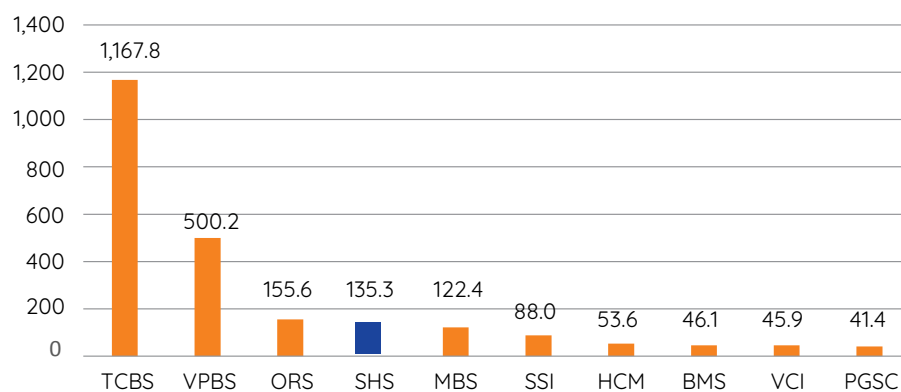
Revenue from financial advisory, underwriting and issuance agency (VND billion)



Among securities companies operating in Vietnam, SHS is ranked 18<sup>th</sup> in financial advisory service revenue, 2<sup>nd</sup> in underwriting and issuance agency service revenue and 4<sup>th</sup> in summary of financial advisory, underwriting and issuance agency service.

Rank	Financial advisory		Underwriting		Total	
	Company	Amount	Company	Amount	Company	Amount
1	VPBS	500.2	TCBS	1,163.9	TCBS	1,167.8
2	ORS	155.3	SHS	126.9	VPBS	500.2
3	MBS	122.3	PGSC	33.5	ORS	155.6
4	SSI	59.2	TVSI	32.9	SHS	135.3
5	HCM	53.6	SSI	28.8	MBS	122.4
6	VCI	43.9	VCBS	26.1	SSI	88.0
7	NASC	37.0	BMS	24.5	HCM	53.6
8	TVS	29.4	VND	23.7	BMS	46.1
9	BMS	21.6	NVSC	16.1	VCI	45.9
10	APS	18.2	MSI	13.3	PGSC	41.4
18	SHS	8.4				

Financial advisory, underwriting and issuance agency service (VND billion)



Source: SHS Research

## ► Results of contract exploitation

In addition to recorded revenue, exploitation revenue continued to grow in 2019 when compared with the previous year. In 2018, the value of exploitation revenue reached VND 48.8 billion with 93 contracts. However, in 2019, the number of contracts was only 77 but the exploitation revenue was VND 127 billion. Thus, the average value of each contract in 2019 grew 3 times compared to 2018. This was also consistent with the orientation implemented in recent years, step-by-step, toward intensive advisory services.

## ► Other results

- SHS's customer base and reputation increasingly improved.
- The team of advisory staff specialized in two main operations, namely traditional financial advisory and intensive financial advisory.
- In addition to the main business in 2019, advisory activities also actively supported other activities of the Company, creating goods for investment activity, developing customer networks for brokerage, financial service, depository, shareholder book management and treasury activity among others.

## DRAWBACKS

- The ability of staff to self-exploit contracts remains limited.
- Relationships with major financial partners and institutions remains limited.
- The market in the South was well exploited, with most revenue coming from the Company's Headquarters (accounting for 99.6%).

## 2020 PLAN

- Following the success of previous years, in 2020, the Company is focused on the main activities: Traditional consulting (equitization, divestment, listing, IR, share issuance, and Annual GMS); M&A advisory; and corporate bond advisory. Accordingly, the organizational structure will also be decentralized and improved in three areas. The Company will continue to recruit qualified and experienced personnel for M&A consulting activities and search for personnel who will take charge of foreign investors in bond advisory activities.
- Continue to follow signed and unfulfilled contracts and exploit new contracts on the basis of the existing customer base.
- Closely coordinate consulting activities with other activities of the Company to find customers and to promote cross-sales.

## TREASURY

### OPERATIONAL RESULTS

#### ► Balancing resource management activities

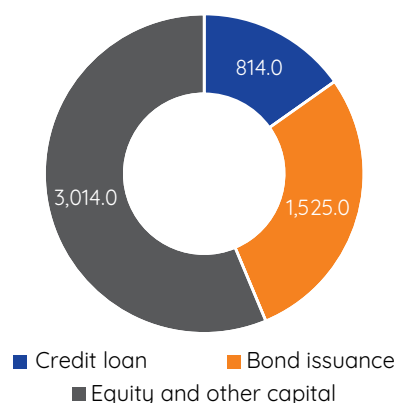
- The Company has ensured liquidity for the entire system of SHS in 2019.
- The Company has also met the capital demand for business activities of SHS and financial support for investors.

#### ► Capital mobilization activ

In 2019, the capital resources of the Company were as follows:

- The average loan value from credit institutions was VND 814.0 billion, accounting for 15.2% of the Company's total capital - a fall of 2.0% compared to 2018. SHS still maintained relationships with its traditional banking partners such as SHB, An Binh Bank, Indovina Bank, CTBC Bank and VPBank.

Total capital resources (VND billion)

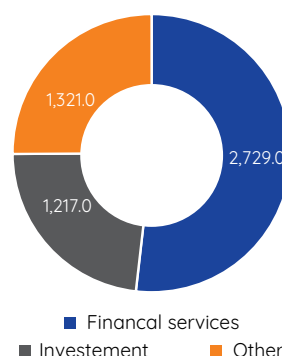


- Capital raised from bond issuance accounted for 28.5% of the Company's total capital. When the ability to raise capital from credit institutions in 2019 was limited, promoting the issuance of corporate bonds was a timely solution to supplement long-term capital for the Company's activities. Accordingly, SHS issued new bonds to gradually offset matured bonds, maintaining the bond issuance balance at around VND 1,500 billion.
- Equity and other capital accounted for about 56.3% of the Company's total capital, making a significant contribution to maintaining a stable source of capital for business activities as well as financial support for investors, partly reducing the Company's cost of capital.

### ▶ Capital usage activities

The Company's capital was used for its financial services activities (accounting for 51.8%), investment activities (accounting for 23.1%), and other activities (accounting for 25.1%). The use of capital in 2019 was relatively effective, contributing to the assurance of the Company's planned revenue.

Capital usage activities (VND billion)



## DRAWBACKS

- The important capital sources for the Company's business activities were still short-term and unstable.
- The capital of SHS was mainly liabilities with high interest rates and depended on market fluctuations. Therefore, the Company's lending interest rate meant that it was difficult to compete with other securities companies.
- When bank capital sources, disbursed directly to investors, were limited, SHS was passive in seeking alternative offset capital sources to maintain financial products for customers, negatively affecting the whole Company's product system.

## 2020 PLAN

### Balancing resource management activities

- Continue to conduct resource balancing operations on a daily basis, ensuring liquidity throughout the system.
- Manage liquidity risk throughout the system.
- Strengthen the management of capital plans by each department/branch.
- Calculate and allocate monthly capital expense to each department and branch using capital to increase responsibility and efficiency in using capital.

### Capital mobilization activities:

- Sign the credit limit of 2020 with banks and continue to negotiate to reduce interest rates.
- Issue SHS's bond privately.
- Continue to promote cooperation with banks that directly lend to SHS investors.
- Periodically assess the efficiency of raising capital activities and the structure of capital.

### Capital usage activities:

- Allocate capital to the Company's activities in a scientific, flexible, safe and recoverable way; limiting short-term redundancy or redundancy due to the fact that the use of sources is different from the registered plan due to adverse market movements.
- Periodically assess the capital allocation structure and capital usage efficiency.
- Promote coordination in the handling of the Company's redundant capital.

### Other activities:

- Continue to promote staff training and internal rotation; improve processes, procedures and regulations.



## INFORMATION TECHNOLOGY

### OPERATIONAL RESULTS

Information technology is an important support activity for the Company's key activities such as brokerage and financial services. In 2019, SHS expected to change the core software. However, after reviewing the market, considering the direction of information technology innovation of securities industry management agencies and evaluating the existing software system, the renewal of the core software was postponed. Instead, the Company will implement synchronized solutions to enhance and optimize the current software system for the Company's activities. The Company's IT results in 2019 were as follows:

- Maintained the stability of the existing core software system, meeting the requirements of changing and upgrading the software of HSX, HNX and VSC.
- Deployed the first phase of the development of the bond trading system.
- Changed the decentralization to increase information security.
- Added CRM reports to support brokers.
- Upgraded the Company's email system to Microsoft Exchange 2016 version.
- Upgraded load balancing equipment for internet users at Headquarters.
- Planned and standardized database servers (Oracle, SQL server), file server.
- Maintained the stability of the infrastructure/network/security system.

### DRAWBACKS

- The stability of the system has improved but needs to be further upgraded.
- Implementation of the derivatives trading software project and the upgrading of securities core software has not been approved.
- The upgrading of servers, web application firewalls and proxies has not been implemented due to unapproved funding.

## 2020 PLAN

- Maintain stable hardware and software systems.
- Meet all requirements of the State management agencies including SSC,VSD, HSX and HNX on information technology changes.
- Upgrade the current software core or change the software core when conditions allow.
- Implement the derivatives trading system when conditions allow.
- Conduct phase 2 of the development of the bond trading system.
- Continue to carry out other project upgrades as planned.

## RESEARCH

### OPERATIONAL RESULTS

Research is one of the important support activities for the Company's main business. In 2019, the Company's research was focused on the following main areas:

- Analysis which includes macro analysis, industry analysis and business analysis for SHS and provides daily market newsletters for both the Company and its customers.
- Investment advisory which includes providing support for customers of brokerage activities, for customers of financial services and for investment activities of the Company; providing market assessment; and contacting with customers and businesses.
- Market and competitor research.
- Monitoring and adjusting lending portfolio and room for each stock in the lending portfolio.
- Other support activities.

Research activities in 2019 significantly contributed to the Company's performance, especially to brokerage, financial services and investment performance.



## **DRAWBACKS**

- The research products provided for brokerage, financial services and investment activities and for the BOM of the Company were still limited in quality.
- The macro, industry, business analysis and new policy impact analysis products were limited in number and did not meet demand.
- The form, frequency and quality of research products did not attract much attention from customers.
- Human resources were insufficient in quantity and need to continue to improve in terms of quality, i.e. expertise and analysis experience.

## **2020 PLAN**

- Stabilize existing personnel and appropriately assign tasks including the combination with external resources.
- Recruit more personnel for analysis activities including macro analysis (01 person) and business analysis (from 2-3 people).
- Promote advisory and analysis activities, become more active in independent activities and in adjusting the lending portfolio to support brokerage and financial services while still following the risk management requirements of the Company. Research and implement a new evaluation system for creating a lending portfolio and calculating lending room in a timely manner and in accordance with the requirements of risk management policies and regulations of SSC and banking partners.
- Promote business contacting to enhance practical knowledge and improve the quality of analytical activities.
- Improve the qualifications of employees through training activities including practical and soft-skill training and prioritizing internal training. Ensure that, by the end of 2020, all analysts have practicing certificates.
- Coordinate closely and effectively with other activities of the Company such as brokerage, financial services, investment and financial advisory.

## **LEGAL ACTIVITIES**

### **OPERATIONAL RESULTS**

The legal activity plays an increasingly important role in the operation of securities companies in general and SHS in particular. In 2019, legal activities focused on the following:

- Advising the Board of Directors, other departments and branches in the Company on legal issues related to the entire operation of the Company, so that SHS operated safely, efficiently and in compliance with the law.
- Drafting and assisted in drafting documents of the Company at the request of the Board of Directors, other departments and branches of the Company.
- Reviewing and giving legal advice on the Company's documents.
- Reviewing and coordinating with other departments and branches to standardize internal processes, regulations and official forms of the whole Company.
- Reviewing, proposing and drafting authorization documents and monitoring the implementation of authorization within the Company.
- Participating in resolving disputes, complaints, denunciations and non-performing loan handling related to the Company and in proceedings in court.
- Updating and disseminating legal regulations and bulletins throughout the Company.
- Participating in legal seminars hosted by State agencies, contributing/sending written comments.

In 2019, in addition to the above-mentioned basic activities, the legal department actively contributed to supporting important, high-performance activities such as financial services and brokerage, investment, bond underwriting and issuance advisory activities.

### **DRAWBACKS**

The drawbacks of legal activity in 2019 include the following areas:

- Standardization of the Company's official forms such as contracts and contract appendices.
- Standardization of processes and regulations of the Company to suit the new situation.
- Participation in debt settlement did not meet expectations.

## 2020 PLAN

Based on an evaluation of the limitations of the legal department and the expected legal issues affecting securities companies in 2020, the Company has set out the legal department's operational plan in 2020 as follows:

- Complete tasks related to the functions of the department. Based on the plans and work assignments of the head of the department, the Board of Directors will make detailed work implementation plans and assignments for each employee.
- Collaborate with relevant departments to continue reviewing and developing processes and official forms in accordance with current laws and the new Securities Law, which will take effect in 2021.
- Train and recruit personnel and assign and arrange jobs logically to maximize the capacity of the department and make it more professional.
- Actively advise and propose solutions on the handling of legal risks in the Company's operations directly, regularly and continuously in the process of developing products, services and handling assigned work.
- Depending on the actual situation, use legal support services to serve the Company's activities, especially when participating in proceedings.

## NON-PERFORMING LOAN (NPL) HANDLING

### OPERATIONAL RESULTS

The total value of the Company's NPLs on December 31<sup>st</sup> 2019 was VND 520.6 billion. During the year, SHS made an additional provision of VND 14.2 billion, increasing the Company's balance of provision for NPLs by the end of 2019 to VND 442.0 billion. The ratio (balance of provision for NPL)/(balance of NPL) as of 31<sup>st</sup> December 2019 was 84.9%, the ratio of 2019 (additional provision of NPL)/(balance of NPL) was 2.7%.

Year	Balance of NPL (end of year)	Balance of provision of NPL (beginning of year)	Additional provision of NPL	Reversal of provision of NPL	Balance of provision of NPL (end of year)	Balance of provision for NPL/Balance of NPL	Additional provision of NPL/Balance of NPL
2019	520.6	432.8	14.2	5.0	442.0	84.9%	2.7%
2018	495.5	266.7	168.9	2.8	432.8	87.3%	3.6%
2017	360.2	280.3	6.2	19.8	266.7	74.0%	1.7%
2016	343.6	275.6	6.4	1.7	280.3	81.6%	1.9%
2015	342.5	256.2	19.4		275.6	80.5%	5.7%

The management of NPLs in 2019 continued to focus on completing the necessary documents; monitoring progress; coordinating with the related departments, branches and individuals to urge customers to settle outstanding debt. For customers who were sued at the court, the Company continued to provide requested information and implement proceedings according to the notice of the courts and the legal proceedings.

### DRAWBACKS

The management of bad debts in 2019 did not achieve the expected results. The value of NPLs recovered was not high due to the complexity of debts, lengthy legal proceedings and the limitations of legal staff in terms of quantity, qualifications and experience in legal proceedings.

## 2020 PLAN

Based on the assessment of limitations in 2019, the Company intends to manage NPLs in 2020 as follows:

- Continue to supplement and complete legal documents on NPLs to ensure the efficiency of managing debts.
- Urge and coordinate effectively with the departments, branches and individuals involved in the recovery of NPLs.
- Conduct an overall assessment of each lawsuit and the likelihood of winning and recovering NPLs in order to decide whether to continue or withdraw the petition. For cases where the decision is to continue, the Company will continue to work with the courts to speed up the trial and enforcement process.

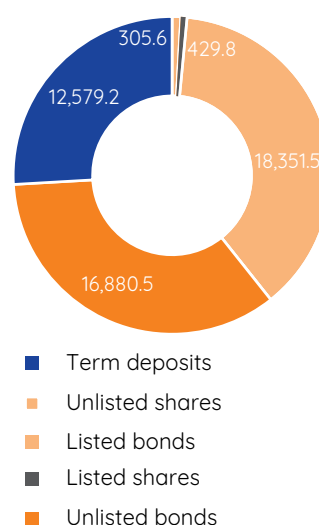
## REPORT ON THE INVESTMENT SITUATION AND IMPLEMENTATION OF INVESTMENT PROJECTS

### MAJOR INVESTMENT

#### Financial investment

Because the listed stock market was expected to be less favorable in 2019, SHS focused on investing in the bond and money markets as they were expected to be more favorable. Accordingly, in 2019, SHS only spent VND 429.8 billion (0.9% of investment value) in listed stocks and VND 305.6 billion (0.6% of investment value) in unlisted stocks. Instead, the Company invested VND 18,351.5 billion (37.8% of investment value) in listed bonds, VND 16,880 billion (34.8% of investment value) in unlisted bonds and VND 12,579.2 billion (25.9% of investment value) in term deposits.

The allocated capital for investment activities at the end of 2019 increased significantly compared to the end of 2018. In detail: There was an increase of VND 603 billion taking the allocated capital from VND 1,028.2 billion to VND 1,631.2 billion, equivalent to a growth rate of 58.6%. Although SHS invested heavily in listed and unlisted bonds and term deposits during the year, by the end of the year the Company had realized the profit of most of these investments.



(Unit: VND billion)

Criteria	As at 01/01/2019	As at 31/12/2019	Change	
			Amount	%
Listed shares	767.1	702.3	(64.8)	-8.4%
Unlisted shares	116.1	287.4	171.3	147.5%
Listed bonds		341.5	341.5	
Unlisted bonds		300.0	300.0	
Term deposits	145.0		(145.0)	-100.0%
<b>Total</b>	<b>1,028.2</b>	<b>1,631.2</b>	<b>603.0</b>	<b>58.6%</b>

At the end of 2018, the investment structure of SHS focused mainly on listed stocks, which accounted for 74.6%. However, at the end of 2019, there was a diversification of invested securities. In detail: Listed stocks only accounted for 43.1%, a fall of 31.6%; unlisted stocks accounted for 17.6%, an increase of 6.3%; listed bonds accounted for 20.9%, a rise 20.9%; unlisted bonds accounted for 18.4%, up 18.4%; and term deposits accounted for 0%, a drop of 14.1%.

Criteria	As at 01/01/2019		As at 31/12/2019	
	Amount	Weighting	Amount	Weighting
Listed shares	767.1	74.6%	702.3	43.1%
Unlisted shares	116.1	11.3%	287.4	17.6%
Listed bonds			341.5	20.9%
Unlisted bonds			300.0	18.4%
Term deposits	145.0	14.1%		
<b>Total</b>	<b>1,028.2</b>	<b>100.0%</b>	<b>1,631.2</b>	<b>100.0%</b>



Some large financial investments (from VND 20 billion or more) in the year 2019 were as follows:

### Shares

Bamboo Capital Joint Stock Company

Vietnam Rubber Industry Group

Vietnam Coal-Mineral Industry Group

Saigon-Hanoi Insurance Joint Stock Corporation

Long Giang Urban Development and Investment Joint Stock Company

VRC Real Estate and Investment Joint Stock Company

Petroleum Machine-Equipment Joint Stock Company

Vietnam Prosperity Joint Stock Commercial Bank

### Bonds

Government bonds

Saigon-Hanoi Commercial Joint Stock Bank

Viet A Commercial Joint Stock Bank

An Binh Commercial Joint Stock Bank

ACB Commercial Joint Stock Bank

Bac A Commercial Joint Stock Bank

Bank for Investment and Development of Vietnam

Social Policy Bank

Housing Development Commercial Joint Stock Bank Ho Chi Minh City

HCM City Development Commercial Joint Stock Bank

IPA Investment Group Joint Stock Company

Lien Viet Post Joint Stock Commercial Bank

Southeast Asia Commercial Joint Stock Bank

Technological and Commercial Joint Stock Bank

Viet Star Real Estate Investment Company Limited

Truong Thinh Group Joint Stock Company

Green Land Group Joint Stock Company

### Monetary market tools

HCM City Development Commercial Joint Stock Bank

Finance Company Limited - Saigon-Hanoi Commercial Joint Stock Bank

Financial Company Limited - Vietnam Prosperity Bank

HD Saison Finance Company Ltd.,

Vietnam Maritime Commercial Joint Stock Bank

Vietnam Thuong Tin Commercial Joint Stock Bank

Mirae Asset Company Limited

## PROJECT INVESTMENT

The Company had no project investments in 2019.

## SUBSIDIARIES AND ASSOCIATED COMPANIES

The Company has no subsidiaries or affiliates.

## PROGRESS MADE DURING THE YEAR

### **Raised the Company's charter capital to VND 2,072.7 billion**

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In 2019, SHS raised its capital from VND 1,054.0 billion to VND 2,072.7 billion in the following ways: Offering to existing shareholders at the rate of 66.7%; paying share dividends with the ratio of 25%; and ESOP offering at the rate of 4.99%. The successful increase of capital has contributed to the improvement of capital resources management of the Company, making SHS 7<sup>th</sup> in the list of securities companies with the highest charter capital value in the market.

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### **Successfully issuing VND 700 billion of corporate bonds**

In 2019, SHS successfully issued bonds amounting to VND 700 billion. The successful issuance of these bonds with the advantage of cheaper interest rates than the rate of loans from bank credit has contributed to the reduction in interest expenses. In turn, it has improved the Company's business performance and increasingly affirmed the prestige and brand of SHS in the market.

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### **Increasingly asserted the Company's position in the market**

SHS was no longer in the top 10 securities companies with the largest stock brokerage market share on the HSX in 2019. However, SHS remained in the top 10 on the HNX - Listed; UPCOM and HNX - Government bond brokerage market share; and HSX - Government bond brokerage market share. This was achieved in a context of fierce competition of foreign-invested securities companies with advantages in capital, lending rates and domestic securities companies with technological advantages.

Despite a decrease in brokerage activities compared to 2018, SHS's financial services still grew strongly, increasing by 29.6% compared to 2018. This shows that financial products and services of SHS were still highly evaluated by the market.

Financial advisory activities gradually shifted to intensive advisory, especially bond issuance advisory, underwriting and issuance agency services which have brought significant revenue in 2019. This demonstrated that the Company has not only seized the opportunity timely but also increasingly enhanced its prestige, brand and position in the financial advisory market.

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### **Increasingly considered to be a reputable and responsible securities company**

In 2019, SHS continued to receive many certificates and awards from State management agencies such as Hanoi City, SSC, HSX, HNX and VSD. This proved the confidence not only of customers and partners but also of State management agencies in SHS (*please see Award Section - General Information of the Company*).

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## IMPROVEMENTS IN THE STRUCTURE OF THE ORGANIZATION AND MANAGEMENT POLICY

In 2019, the Company intended to apply KPIs in human resource management, thereby improving work efficiency. However, due to both objective and subjective reasons, the Company was unable to complete this plan in 2019. SHS expects to carry out KPI application in 2020.

Although the KPI application was not completed, the Company regularly conducted reviews to improve its organizational structure and management policies. In particular, the Company conducted reviews to recruit and supplement key personnel for the brokerage and bond divisions; rotated and transferred a number of employees; and improved working regulations and procedures to optimize labor productivity. As a result, SHS has remained one of the securities companies with the highest revenue per employee.

# BUSINESS PLAN IN 2020

- Overview of 2020
- Business plan in 2020

03



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# OVERVIEW OF 2020

## THE WORLD

The global economy has become less predictable in 2020 and its prospects have worsened as the Covid-19 pandemic spread around the world, starting in China in mid-December 2019. To prevent and limit the spread of disease, countries have been forced to take extreme measures. These have included quarantine; border closures; banning or limiting commuting as well as closing schools, restaurants, and entertainment venues. These measures have severely affected economic activities in many countries and stalled production has disrupted global supply chains. Some industries such as aviation, travel and retail have been heavily affected. Global stock markets also wavered as investors sold off risky assets, causing key stock indices to lose all their previous gains and fall into a “bear market”. Meanwhile, the Russia-Saudi Arabia oil price war caused oil prices to plummet to 20 US \$/barrel, their lowest level for 20 years, worsening the situation for countries that depend on oil exports. Global economic growth is forecast to be lower than 3.0% in 2019 but, until now, the specific number has not been determined because it depends on the situation of the virus. According to the OECD, global GDP growth in 2020 will decrease from 0.5% to 1.5% depending on the level of pandemic control. In addition, this forecast does not take into account some risks that the world economy is facing, including:

- The risk of a global financial crisis which stems from the overheated growth of stock markets in recent years and an economic recession due to the impact of the pandemic;
- The US - China war has not ended and may start again at any time if the two sides fail to reach agreement on negotiations in phase 2, and;
- Geopolitical risks in large regions of the world.

## VIETNAM

Vietnam’s economy is expected to be positive in 2020. However, there are still many challenges, including:

- The direct and indirect impact of the Covid-19 pandemic on economic growth;
- The impact of the US-China trade war, and;
- The impact of speeding up the restructuring process of the economy and State-owned enterprises.

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### GDP growth

GDP growth in 2020 is expected to be lower than in 2019 due to the impact of Covid-19. However, the actual rate is still to be determined as the pandemic is not over. MPI has forecast growth of 5.9% - 6.3%, while 5.0% growth rate is considered a positive scenario. Sectors that have been affected by the epidemic include logistics, tourism, domestic consumption and production, as well as import-export. Investment may also be affected, if the epidemic lasts longer than expected.

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### Inflation

Inflation will be under less pressure to rise in 2020, although factors such as unpredictable weather and epidemics may affect food prices. However, there are some supportive factors such as falling demand, the cost of fuel and the fact that the prices of some services such as health, education and electricity are no longer being adjusted.

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### Exchange rates

In 2020, the exchange rate is expected to be under a lot of pressure in light of the fact that the FED and many other countries in the world are lowering interest rates. Unstable financial markets affecting capital flows will also be a factor. However, with quite large foreign exchange reserves (US \$80 billion), the fluctuation in exchange rates will likely be around 3.0%.

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### Interest and credit

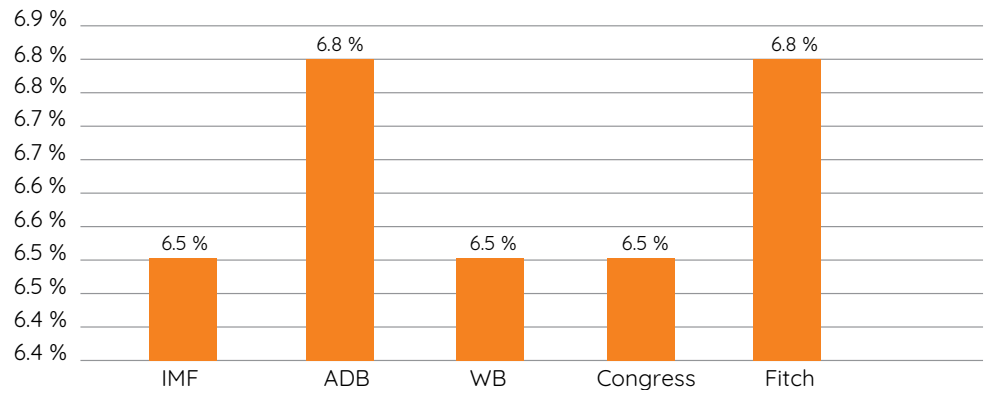
Credit is forecast to continue growing slowly in 2020 due to slower economic growth. Meanwhile, the LDR ratio of State-owned commercial banks will decrease from 90.0% to 85.0% according to Circular No.22. And disbursement of public investment is set to be accelerated to support the economy, while the interest rate level is expected to be lower.

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## Restructuring

The restructuring and equitizing of SOEs, as well as the process of divesting and handling bad debts of VAMC, will continue to be strongly implemented.

### Economic forecasts for Vietnam in 2020 (before the outbreak of Covid-19)



## GENERAL IMPACT PREDICTION

### OPPORTUNITIES

- Vietnam's economy is still forecast to be more positive than many other countries in the region and the world. In addition, after the end of the Covid-19 pandemic, the influx of FDI is expected to continue flowing into Vietnam as foreign companies realize the importance of diversifying suppliers in global production chains. Furthermore, the EVFTA will likely take effect in July 2020, opening up many opportunities to boost exports for Vietnamese.
- To support and stimulate economic growth after the Covid-19 pandemic, many monetary and fiscal policies will be promoted more quickly, thereby creating conditions for some industries and companies to further develop.
- Vietnam stock market has fallen enough to become an attractive investment opportunity, thereby attracting more domestic and foreign investment.
- In 2020, the draft amendments to the Law on Investment and the Law on Enterprises are scheduled to be presented to the National Assembly for approval. Many new points are expected to remove bottlenecks related to foreign ownership in enterprises. In addition, these amendments will also create a legal framework for the issuance of Non-Voting Depository Receipts (NVDRs), thereby attracting more foreign capital into the market. Moreover, several new regulations and products will be considered for implementation. These include widening the trading band based on each classification, launching a new covered warrant with base assets as an index, and a new ETF fund based on 3 new indices on HOSE. A new IT system is also expected to be implemented to improve the overall infrastructure for the trading system in the market and prevent the transaction suspension which happened in early 2018. The Ministry of Finance is also expected to issue a Decree amending Decree 126/2017/ND-CP and Decree 32/2018/ND-CP which aims to solve various problems related to the equitization process. These factors will be a legal basis and a platform to actively support the development of the stock market.
- A number of factors should improve liquidity in the market and the number of products available. These include the process of restructuring SOEs; equitizing and listing large enterprises such as Mobifone, VNPT, Satra, Genco 2, Genco 1, Vichemand Vinataba; the process of divesting in listed enterprises such as ACV, Vietnam Airlines, Viglacera, PV Gas and Petrolimex; along with the moving of many large stocks from Upcom to HSX/HNX.
- Vietnam's stock market is also being considered for an upgrade by FTSE. This would increase the weighting of Vietnam's stocks in the MSCI Frontier Markets Index and the ability to upgrade to the Emerging Market in the period 2020 - 2021.

- Global economic growth is projected to decline in 2020 due to the impact of Covid-19. There is even risk of recession and financial crisis if the pandemic is prolonged, not to mention other risks such as protectionism and the US-China trade war. In addition, geopolitical risks in hot spots around the world are also likely to escalate, adversely affecting international and Vietnamese financial markets.
- Vietnam’s economic growth will also slow due to the impact of epidemics and, as a result, many industries and companies will face difficulties.
- The 2020 US presidential election may lead to abnormal changes in that country’s economic and political policies. Meanwhile, the increase in capital inflows into Vietnam and increasing exports to the US of many commodities will put Vietnam at risk of becoming a target for anti-dumping duties or tax evasion penalties, thereby affecting many sectors of the economy.
- Securities investment cash flow continues to face many difficulties due to:
  - Being affected by Circular No. 36 and Circular No. 07;
  - A decrease in credit growth in 2020 and the policy of limiting capital flows from banks for risky activities including investment in securities, and;
  - The SSC strengthening the process of controlling risks at securities companies, especially lending activities through third parties and also from the capital of the securities companies themselves.
- Business operations will continue to strongly diverge, requiring both investment and investment advisory activities of securities companies to be more flexible and agile.
- 2020 is the last year in Government’s 2017-2020 plan for equitization and divestment. So far, 314 out of 406 enterprises remain to be divested and 92 companies must still be equitized. Pressure from these activities will create a large supply, affecting the overall growth of the market.



# BUSINESS PLAN IN 2020

The business plan is based on an overview of the global and Vietnamese economic in 2020 as well as forecasts of possible impacts on businesses in a general and securities companies in particular. The Company focuses on analyzing its strengths, weaknesses, opportunities and challenges under the SWOT model to determine the business plan as follows:

## SWOT ANALYSIS

### STRENGTHS

- SHS is a reputable securities company and one which is positioned as a large player in the market.
- Strongly supported by SHB, T&T and associated financial institutions in terms of financial resources, customer base and strategic orientation.
- Large partners and a large customer base.
- Highly qualified, experienced, and long-term staff.
- Diverse and flexible financial products and services.

### WEAKNESSES

- Business growth has not been sustainable. Business results of major operations such as brokerage, financial services, investment and consulting are heavily subject to market fluctuations.
- Despite large partners and a large customer base, the network of branches/dealing rooms is small, as is the number of brokers.
- Although staff are qualified and experienced, levels of professional standards are not uniform across the organization.
- Although the Company manages a huge number of customers, domestic customers account for 99.9% of the client base and 99.2% of clients are individual customers, thus limiting the implementation of a centralization strategy. The Company is lacking cooperation and support from foreign partners and capital.
- The source of capital is unstable and highly dependent on loans. Meanwhile, the cost of capital is higher than average for the top 5 securities companies with the largest market share in Vietnam.
- The current trading software system has reached a critical point, revealing many inadequacies in tracking and managing customers, products and services. It has also proved difficult to upgrade and develop applications to keep pace with the Fourth Industrial Revolution.
- The Company's website lack functionality and is not very appealing visually, causing difficulties in searching and reducing in efficiency in information disclosure.
- The corporate governance, risk management, internal control and audit systems are good but not completely compliant with Vietnamese and international practices.

### OPPORTUNITIES

- Along with the fact that credit growth will remain the same as in 2019, banks will have to control the requirements under the new regulations of Basel II and the SBV. Meanwhile, corporate bond issuance activities are forecast to remain positive, thereby creating opportunities for brokerage, investment and advisory activities.
- The sharp decline in prices of many stocks on the market will create attractive long-term investment opportunities for investment activities.
- 2020 will be the peak year of equitization, IPOs, and divestments in SE as well as bank debt restructuring. This will provide opportunities for brokerage, investment, consulting and underwriting activities.
- The continuing enhancement of operating control criteria will reduce the number of securities companies and ensure the proper development of the market.



- Circular No. 36 and Circular No. 07 continue to affect credit capital for securities investment and trading activities. In addition, the fact that the State Securities Commission and the State Bank of Vietnam are advocating control of lending activities through third parties, which are commercial banks, will cause many disadvantages for securities companies, including SHS.
- Competition pressure in terms of both interest rates and brokerage fees from other companies continues to increase, especially from foreign-owned companies. Besides, the fact that SHS has not joined the derivatives market and has not issued covered warrants also makes the Company's financial products less competitive than others.
- The cash flow of foreign investors, especially foreign institutional customers, has increased sharply recently. In this context, securities companies in the lower group will face many challenges, including SHS, as the top-3 companies (SSI, HSC and Ban Viet) currently hold almost all the market share of this group of customers.
- Bond yields have plummeted to their lowest level in 10 years. The Government bond market is predicted to be more difficult in 2020 due to bond yields drifting sideways. Security investment activities, therefore, will be riskier and profitability will be more difficult to achieve.
- The process of restructuring the securities industry takes place along with many new regulations. These will impact upon operating costs and financial safety ratios, thereby affecting the flexibility of SHS's management activities.
- The fact that the stock market is expected to be highly volatile in 2020 requires SHS to take flexible and agile actions in order to manage risks and seize opportunities.
- Besides scaling up, competition among securities companies continues to intensify and drive up the quality of services, requiring SHS to invest still further in human resources and technology to maintain and improve market share. This may increase operating costs and put pressure on the Company in the short term.

## BUSINESS PLAN IN 2020

Based on the SWOT analysis, combined with the medium and long-term strategic orientation, SHS will propose the below business plan to the Annual General Meeting of Shareholders. However, due to the implementation of the Government's social distancing policy related to the spread of Covid-19, SHS has postponed the AGM until June 2020. Therefore, the following 2020 business plan is only provisional and will be updated after the official Resolution of the AGM 2020.

### Assumptions:

- Macroeconomic situation: instability in the first 6 months and stability in the last 6 months of 2019.
- Some assumptions related to the stock market:

	Estimate in 2020
Trading value of the whole market (VND billion/session)	5,100
<b>SHS's market share:</b>	
HSX	3.0%
HNX	5.0%
The whole market	3.3%

## Business plan in 2020:

No.	Criteria	Plan for 2020 (VND billion)
1	Total revenue	950.0
2	Total expenses	700.0
3	Total profit before tax	250.0

## Business priorities in 2020:

- Promote and develop brokerage activities in terms of scale and quality, improve the quality of investment advisory, and maintain financial stability to serve investors' needs. The goal is to be ranked in the top-5 securities companies with the largest market share of brokerage on listed stocks on both HNX and HSX, striving to reach the top 3.
- Securities companies in the developed stock market tend to shift their operations from charging brokerage fees to charging fees for asset management. SHS will focus on researching, developing and implementing a model that provides portfolio management services for clients.
- Prepare all necessary conditions to implement derivatives market operations.
- Improve the quality of financial products and services and develop new products that are competitive in the market and suitable for each customer segment.
- Ensure that investment activity in listed stock takes advantage of opportunities available in the market, seeking investment opportunities through strategic investment and participation in the auction of SOEs that will IPO in 2020.
- Based on the results achieved for the fixed-income segment in 2019, SHS will continue to take advantage of trading opportunities as well as consulting and underwriting bonds issued by corporations or credit institutions in 2020.
- Build a new, modern and professional organizational structure model.
- Recruit more qualified staff for business operations, especially for IPO consulting, M&A consulting and restructuring activities.
- Invest in and upgrade the current information technology system and invest in a derivatives trading system.
- Focus on and enhance control activities, risk management, and financial safety enhancement in business operations.





# CORPORATE GOVERNANCE

- Key personnel
- Board of Directors
- Supervisory Board
- Internal control and internal audit
- Risk management
- Information for shareholders
- Execution of regulations on corporate governance
- Wages, rewards, remuneration and other benefits
- Corporate governance and financial assessment

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# KEY PERSONNEL

## BOARD OF DIRECTORS



1

### MR. DO QUANG HIEN

Chairman of the Board  
(non-independent and  
non-executive member  
of the BOD)



2

### MR. LE ĐANG KHOA

BOD member  
(non-independent and non-executive)



3

### MR. VU DUC TIEN

BOD member  
(executive and non-independent)  
and General Director

### 1. MR. DO QUANG HIEN

<b>Date of appointment and reappointment:</b>	03/12/2007, 06/04/2012 and 26/04/2017
<b>Date of birth:</b>	29/10/1962
<b>Education:</b>	Radio physics engineer - Vietnam National University, Hanoi
<b>Ownership:</b>	593,416 SHS shares with voting rights (percentage of 0.2863%)
<b>Working experience:</b>	35 years of experience in commerce, manufacturing, finance, banking and securities
<b>Achievements:</b>	Second and Third Class Labor Medal awarded by the President of the Socialist Republic of Vietnam "Asian Entrepreneur 2018" honored by Enterprise Asia magazine
<b>Current positions:</b>	
<b>At listed companies:</b>	Chairman of the Board - Saigon-Hanoi Commercial Joint Stock Bank Chairman of the Board - Saigon-Hanoi Securities Joint Stock Company
<b>At unlisted companies:</b>	Chairman of the Board and General Director - T&T Group Joint Stock Company Chairman of the Board - Saigon-Hanoi Insurance Joint Stock Corporation Chairman of the Board - Transport Hospital Joint Stock Company Chairman of the Board - T&T Ha Giang Mining and Processing Joint Stock Company
<b>Other companies:</b>	President of Hanoi Association of Small and Medium Enterprises Member of Central Committee of Vietnam Fatherland Front

### 2. MR. LE ĐANG KHOA

<b>Date of appointment and reappointment:</b>	22/03/2013 and 26/04/2017
<b>Date of birth:</b>	18/08/1974
<b>Education:</b>	Master of Business Administration - National Economics University Bachelor of Accounting - Banking Academy
<b>Ownership:</b>	50,000 SHS shares with voting rights (percentage of 0.0241%)
<b>Working experience:</b>	10 years of experience in banking and securities
<b>Current positions:</b>	
<b>At listed companies:</b>	Deputy General Director of Saigon-Hanoi Commercial Joint Stock Bank Member of the Board - Saigon-Hanoi Securities Joint Stock Company
<b>At unlisted companies:</b>	Vice Chairman of the Board - Saigon-Hanoi Insurance Joint Stock Corporation

### 3. MR. VU DUC TIEN

<b>Date of appointment and reappointment:</b>	15/09/2014 and 26/04/2017 to BOD member 01/11/2014 and 01/11/2017 to General Director
<b>Date of birth:</b>	02/09/1973
<b>Education:</b>	Bachelor of Banking and Finance - Banking Academy Bachelor of English - Hanoi University of Foreign Languages
<b>Ownership:</b>	Certificate of financial analysis practice - SSC
<b>Working experience:</b>	4,644,250 SHS shares with voting rights (percentage 2.24%) 24 years of experience in finance, banking and securities
<b>Current positions:</b>	
<b>At listed companies:</b>	Member of the Board and General Director of Saigon-Hanoi Securities JSC Member of the Board of Bien Hoa Packaging Company
<b>At unlisted companies:</b>	Member of the Board of Saigon-Hanoi Insurance Joint Stock Corporation Vice Chairman of the Board of Thanh Hoa Petroleum Construction JSC Member of the Board of Petroleum Infrastructure Services Investment JSC

## BOARD OF DIRECTORS



4

### MR. MAI XUAN SON

BOD member  
(non-independent and non-executive)

5

### MR. MAI ANH CHINH

BOD member (independent and  
non-executive)

6

### MR. NGUYEN VAN HUNG

BOD member  
(non-independent and non-executive)

### CHANGE IN THE BOD'S MEMBERSHIP DURING THE YEAR

The Annual General Meeting of Shareholders held on April 23<sup>rd</sup> 2018, approved the Resolution No. 01-2019/NQ-DHDCD on changing the BOD's membership from April 11<sup>th</sup> 2019 as follows:

- Appoint: Mr. Mai Anh Chinh.
- Dismiss: Mr. Nguyen Nguyen Van Hung.

On November 14<sup>th</sup> 2019, the Board of Directors issued Decision No.32-2019/QD-HDQT on changing the membership of the Board of Directors from November 14<sup>th</sup> 2019 as follows:

- Dismiss: Mr. Mai Anh Chinh

#### 4. MR. MAI XUAN SON

<b>Date of appointment and reappointment:</b>	24/01/2014 and 26/04/2017
<b>Date of birth:</b>	25/07/1974
<b>Education:</b>	Bachelor of Business Administration – Hanoi University of Commerce Bachelor of English – Hanoi University of Foreign Languages
<b>Ownership:</b>	50 SHS shares with voting rights (percentage of 0%)
<b>Working experience:</b>	22 years of experience in commerce, manufacturing, finance, banking and securities
<b>Current positions:</b>	
<b>At listed companies:</b>	Member of the Board of Saigon-Hanoi Securities Joint Stock Company
<b>At unlisted companies:</b>	Chairman of the Board of Hanoi-Can Tho Seafood Joint Stock Company Member of the Board and Deputy General Director of T&T Group Joint Stock Company Chairman of the Board of Handicraft Import Export Joint Stock Company - Artexport Vietnam Member of the Board of Thong Nhat Electromechanical Joint Stock Company Chairman of the Board of Viet Ha Trading and Investment Joint Stock Company Deputy Director - T&T Motor Company Limited

#### 5. MR. MAI ANH CHINH

<b>Date of appointment and reappointment:</b>	11/04/2019
<b>Date of birth:</b>	14/10/1976
<b>Education:</b>	Master of Business Administration – Hanoi University of Science and Technology Bachelor of Economic Management – National Economics University Bachelor of Economics Law – Hanoi Open University Institute Bachelor of English – Hanoi Foreign Language University
<b>Ownership:</b>	0 SHS shares with voting rights (percentage of 0%)
<b>Working experience:</b>	21 years of experience in project, insurance, banking and securities
<b>Current positions:</b>	
<b>At listed companies:</b>	Member of the Board of Saigon-Hanoi Securities Joint Stock Company
<b>At unlisted companies:</b>	Financial Services Manager - Financial Services Department - T&T Group Joint Stock Company Member of the Board of Saigon-Hanoi Insurance Joint Stock Corporation

#### 6. MR. NGUYEN VAN HUNG

<b>Date of appointment and reappointment:</b>	11/04/2018
<b>Date of birth:</b>	30/11/1979
<b>Education:</b>	Master of Business Administration – The Hanoi University of Foreign Trade Bachelor of Business Administration – Hanoi Polytechnic University Bachelor of Organic Chemistry – Hanoi Polytechnic University
<b>Ownership:</b>	0 SHS shares with voting rights (percentage of 0%)
<b>Working experience:</b>	17 years of experience in manufacturing, real estate and securities
<b>Current positions:</b>	
<b>At listed companies:</b>	Member of the Board of Saigon-Hanoi Securities Joint Stock Company
<b>At unlisted companies:</b>	Deputy Director of Investment Department - T&T Group Joint Stock Company



## SUPERVISORY BOARD



1

**MRS. PHAM THI BICH HONG**

Head of Supervisory Board  
(in charge)



2

**MR. VU ĐUC TRUNG**

Member of Supervisory Board  
(non-in charge)



3

**MRS. LUONG THI LUU**

Member of Supervisory Board  
(non-in charge)

### CHANGE OF THE SUPERVISORY BOARD'S MEMBERS DURING THE YEAR

- Appointed: None.
- Dismissed: None.

### 1. MRS. PHAM THI BICH HONG

<b>Date of appointment and reappointment:</b>	15/01/2008, 06/04/2012 and 26/04/2017
<b>Date of birth:</b>	08/02/1968
<b>Education:</b>	Master and Bachelor of Finance and Accounting – University of Finance and Accounting (now the Academy of Finance) Securities brokerage practice certificate - SSC
<b>Ownership:</b>	27,175 SHS shares with voting rights (percentage of 0.013%)
<b>Working experience:</b>	30 years of experience in textiles, banking and securities
<b>Current positions:</b>	
<b>At listed companies:</b>	Member of Supervisory Board of Saigon-Hanoi Commercial Joint Stock Bank Head of Supervisory Board of Saigon-Hanoi Securities Joint Stock Company
<b>At unlisted companies:</b>	None

### 2. MR. VU ĐUC TRUNG

<b>Date of appointment and reappointment:</b>	06/04/2012 and 26/04/2017
<b>Date of birth:</b>	25/12/1980
<b>Education:</b>	Master of Business Administration – Edith Cowan-Australia University Bachelor of Auditing – National Economics University Certified practicing auditor – Vietnam Association of practicing auditors Certificate of fund management practice – SSC
<b>Ownership:</b>	700,000 SHS shares with voting rights (percentage of 0.338%)
<b>Working experience:</b>	17 years of experience in auditing, commerce, manufacturing and securities
<b>Current positions:</b>	
<b>At listed companies:</b>	Member of Supervisory Board of Saigon-Hanoi Securities Joint Stock Company
<b>At unlisted companies:</b>	Member of the Board and Deputy General Director of Saigon-Hanoi Insurance Joint Stock Corporation Head of Supervisory Board - Thang Long Corporation Joint Stock Company

### 3. MRS. LUONG THI LUU

<b>Date of appointment and reappointment:</b>	27/04/2015 and 26/04/2017
<b>Date of birth:</b>	09/11/1983
<b>Education:</b>	Master in Banking and Finance – National Economics University Bachelor of General Accounting and Insurance Economics – National Economics University
<b>Ownership:</b>	60 SHS shares with voting rights (percentage of 0%).
<b>Working experience:</b>	13 years of experience in commerce, manufacturing and securities
<b>Current positions:</b>	
<b>At listed companies:</b>	Member of the Supervisory Board of Saigon-Hanoi Securities Joint Stock Company
<b>At unlisted companies:</b>	General Accountant of T&T Group Joint Stock Company Member of the Supervisory Board of Handicraft Import-Export Company

## BOARD OF MANAGEMENT



1

### **MR. VU DUC TIEN**

BOD's member and  
General Director

2

### **MR. TRAN SY TIEN**

Deputy General Director  
and Chief Accountant

3

### **MR. NGUYEN CHI THANH**

Deputy General Director and  
Director of Ho Chi Minh Branch

### 1. MR. VU DUC TIEN

<b>Date of appointment and reappointment:</b>	15/09/2014 and 26/04/2017 to BOD's member 01/11/2014 and 01/11/2017 to General Director
<b>Date of birth:</b>	02/09/1973
<b>Education:</b>	Bachelor of Banking and Finance – Banking Academy Bachelor of English – Hanoi University of Foreign Languages Certificate of financial analysis practice - SSC
<b>Ownership:</b>	4,644,250 SHS shares with voting rights (percentage 2.24%)
<b>Working experience:</b>	24 years of experience in finance, banking and securities
<b>Current positions:</b>	
<b>At listed companies:</b>	Member of the Board and General Director of Saigon-Hanoi Securities Joint Stock Company Member of the Board of Bien Hoa Packaging Company
<b>At unlisted companies:</b>	Member of the Board of Saigon-Hanoi Insurance Joint Stock Corporation Vice Chairman of the Board of Thanh Hoa Petroleum Construction Joint Stock Company Member of the Board of Petroleum Infrastructure Services Investment Joint Stock Company

### 2. MR. TRAN SY TIEN

<b>Date of appointment and reappointment:</b>	16/04/2014 and 16/04/2017 to Deputy General Director 20/09/2011 to Chief Accountant
<b>Date of birth:</b>	06/05/1973
<b>Education:</b>	Bachelor of Banking and Finance – Hanoi National Economics University Bachelor of Credit – Banking Academy Certificate of financial analysis practice - SSC
<b>Ownership:</b>	0 SHS shares with voting rights (percentage of 0%)
<b>Working experience:</b>	25 years of experience in banking and securities
<b>Current positions:</b>	
<b>At listed companies:</b>	Deputy General Director and Chief Accountant of Saigon-Hanoi Securities Joint Stock Company
<b>At unlisted companies:</b>	Member of the Board of Aviation Insurance Joint Stock Company

### 3. MR. NGUYEN CHI THANH

<b>Date of appointment and reappointment:</b>	05/05/2014 and 05/05/2017 to Deputy General Director 26/11/2019 to Director of Ho Chi Minh Branch
<b>Date of birth:</b>	13/11/1980
<b>Education:</b>	Master of Business Administration – Boston University (USA) Bachelor of Foreign Economics – Hanoi Foreign Trade University Certificate of fund management practice – SSC
<b>Ownership:</b>	0 SHS shares with voting rights (percentage of 0%)
<b>Working experience:</b>	16 years of experience in project and securities
<b>Current positions:</b>	
<b>At listed companies:</b>	Deputy General Director of Saigon-Hanoi Securities Joint Stock Company
<b>At unlisted companies:</b>	None

## BOARD OF MANAGEMENT



4

**MRS. TRAN THI THU THANH**

Deputy General Director



5

**MRS. TRAN PHUOC HA NHI**

Director of Da Nang Branch

#### 4. MRS. TRAN THI THU THANH

<b>Date of appointment and reappointment:</b>	01/08/2018
<b>Date of birth:</b>	08/04/1975
<b>Education:</b>	Bachelor of Banking and Finance – Banking Academy Bachelor of English – University of Foreign Language Education Certificate of fund management practice – SSC
<b>Ownership:</b>	146,600 SHS shares with voting rights (percentage of 0.07%)
<b>Working experience:</b>	24 years of experience in banking and securities
<b>Current positions:</b>	
<b>At listed companies:</b>	Deputy General Director of Saigon-Hanoi Securities Joint Stock Company
<b>At unlisted companies:</b>	None

#### 5. MRS. TRAN PHUOC HA NHI

<b>Date of appointment and reappointment:</b>	09/08/2011
<b>Date of birth:</b>	29/03/1982
<b>Education:</b>	Master of Business Administration – Columbia Southern University Bachelor of Accounting – Da Nang University of Economics Securities brokerage practice certificate – SSC
<b>Ownership:</b>	11,750 SHS shares with voting rights (percentage of 0.0057%)
<b>Working experience:</b>	13 years of experience in securities
<b>Current positions:</b>	
<b>At listed companies:</b>	Director of Da Nang Branch of Saigon-Hanoi Securities Joint Stock Company
<b>At unlisted companies:</b>	None

#### CHANGE OF THE BOARD OF MANAGEMENT'S MEMBERS DURING THE YEAR

SHS's Board of Directors issued the Decision No. 36-2019/QĐ-HĐQT dated November 26<sup>th</sup> 2019 on changing the Director of Ho Chi Minh Branch from November 26<sup>th</sup>, 2019 as follows:

- Appoint: Mr. Nguyen Chi Thanh – SHS's Deputy General Director concurrently held the position of Director of Ho Chi Minh Branch.
- Dismiss: Mr. Nguyen Hong Diep – Director of Ho Chi Minh Branch.

# BOARD OF DIRECTORS

## MEMBERS OF THE BOARD OF DIRECTORS

As of December 31<sup>st</sup> 2019, the Board of Directors of SHS had 5 members. In 2019, the change of BOD members of SHS was as follows:

Full name	Position	Term	Start/End date of term	Reason for change
<b>Do Quang Hien</b>	Chairman of the BOD	2017-2022	Start: 26/04/2017	
<b>Le Dang Khoa</b>	Member of the BOD	2017-2022	Start: 26/04/2017	
<b>Vu Duc Tien</b>	Member of the BOD	2017-2022	Start: 26/04/2017	
<b>Mai Xuan Son</b>	Member of the BOD	2017-2022	Start: 26/04/2017	
<b>Nguyen Van Hung</b>	Member of the BOD	2017-2022	End: 11/04/2019	According to personal wishes
<b>Mai Anh Chinh</b>	Member of the BOD	2017-2022	Start: 11/04/2019	Due to the requirement of strengthening the Board of Directors

Please see information of the members of the Board of Directors in the Key Personnel - Corporate Governance section.

## ACTIVITIES OF SUB-COMMITTEES UNDER THE BOARD OF DIRECTORS

### SUB-COMMITTEES UNDER THE BOARD OF DIRECTORS

In 2019, the Board of Directors established five sub-committees and assigned management responsibilities of the sub-committees to the Board members as follows:

Sub-committee	Person in charge	Responsibilities
<b>General governance and development of policy</b>	Mr. Do Quang Hien Chairman of the Board	Set out the direction and solutions to develop business operations of the Company. Supervise the compliance with the law and the implementation of the operational and business plans approved annually by the General Meeting of Shareholders.
<b>Financial Accounting and Internal Control</b>	Mr. Le Dang Khoa	Advise the BOD to issue internal documents related to financial accounting and internal control. Directly supervise and manage financial accounting and internal control activities. Appraise reports of the Accounting and Internal Control Department. Advise the BOD on appropriate measures to deal with issues related to financial accounting and internal control.

<b>Administration, Human Resources and salary</b>	Mr. Vu Duc Tien	<p>Research and propose that the BOD issue internal documents related to human resources, salaries and bonuses.</p> <p>Directly supervise and manage activities and reports of the HR Department, including on salaries and bonuses.</p> <p>Advise the BOD on appropriate measures to deal with personnel, salary and bonus issues.</p> <p>Advise the Board of Directors on the appointment, dismissal, transfer... of personnel; the payment of salaries and bonuses as well as the increase and decrease of salaries and bonuses of managers.</p>
<b>Risk Management and Internal Audit</b>	Mr. Mai Xuan Son Mr. Nguyen Van Hung (from 11/4/2018 to 11/4/2019) Mr. Mai Anh Chinh (from 11/4/2019)	<p>Advise the Board on issuing internal documents related to risk management and internal audit.</p> <p>Directly monitor and manage activities and reports of the Risk Management Department and Internal Audit Department.</p> <p>Advise the Board of Directors on appropriate handling measures for issues related to risk management and internal audit.</p> <p>Advise the Board of Directors on the appointment and dismissal of independent audits.</p>

In addition to the above sub-committees, the Board of Directors has also established the following supporting units:

#### Office of The Board of Directors

Advise and support the Board on issues related to shareholders and the Board itself.

Implement the direction of the Chairman of the Board of Directors in organizing the General Meeting of Shareholders and the work of the Board of Directors.

Manage shareholders of the Company and support shareholders to exercise their rights.

Prepare and store documents related to BOD resolutions, decisions and reports.

#### Internal Audit Department

Perform internal audits of the Company's management and business management activities, reporting directly to the Board of Directors.

Request and make proposals towards thoroughly resolving the Company's shortcomings and risks, contributing to improving the quality of the Company's business operations.





## MEETINGS OF SUB-COMMITTEES UNDER THE BOARD OF DIRECTORS

Sub-Committee	Number of meetings	Meeting contents	Meeting results
General governance	04	<p>Develop specific orientation for the Company's development strategy and business plan in 2019 and submit it to the General Meeting of Shareholders for approval.</p> <p>Implement the development strategy and business plan in 2019 according to the Resolution of the General Meeting of Shareholders.</p> <p>Develop and implement activities of direction and supervision of the Board of Directors to the Board of Management.</p> <p>Determine the role and limit of authority of the Board of Directors for business activities of the Company and for the Board of Management.</p> <p>Build and implement measures to prevent and manage risks, ensure financial safety for the Company's business operations, especially in the context of intense and abnormal market fluctuations.</p>	<p>Members of the Board of Directors agreed with 100% consensus.</p> <p>Issued resolutions and decisions related to the Company's development strategy, business plan of the whole Company and each main business activity in 2019.</p>
Developing policy	04	<p>Build and implement the developing policy for the Company's business activities, which in the year 2019 focused on bond investment and issuance, brokerage, capital fund, investment, financial advisory and underwriting on the basis of exploiting the Company's strengths and advantages from macroeconomic policies and policies to develop and perfect Vietnam's Stock Market.</p>	
Personnel, bonus, salary and system administration	04	<p>Review the Company's remuneration, salary, bonus, welfare and training policies for members of the Board of Directors, Supervisory Board, and Board of Management to adjust and improve to maximize human resources.</p> <p>Search for, evaluate and propose the recruitment of a Deputy General Director in charge of bonds.</p> <p>Consider increasing and reducing the scale of recruitment and training in some positions of mid-level officials to ensure the smooth and efficient operation of the system.</p>	<p>Members of the Board of Directors agreed with 100% consensus.</p> <p>Issued relevant resolutions and decisions to build and maintain a qualified and experienced team, consistent with the development orientation of the Company.</p>
Financial accounting and internal control	04	<p>Evaluate the compliance and appropriateness of the financial accounting system and financial reports prepared by the Board of Directors and auditing units.</p> <p>Review and evaluate the internal control system and the system of internal regulations and processes to ensure compliance with the law and synchronous and standardized operation.</p>	<p>Members of the Board of Directors agreed with 100% consensus.</p> <p>Approved statements and reports related to financial accounting and internal control activities.</p>
Risk management and internal audit	04	<p>Build, implement and adjust the risk management plan and internal audit plan in accordance with the business operation conditions of SHS.</p> <p>Assess the appropriateness of policies, risk appetite as well as compliance with risk limits.</p> <p>Check the risk management system and internal audit to ensure efficiency.</p> <p>Recommend the appointment and dismissal of independent auditors.</p>	<p>Members of the Board of Directors agreed with 100% consensus.</p> <p>Approved risk policies, tasks and limits, risk management plans as well as internal audit plans.</p>

## EVALUATION OF OPERATIONS OF THE SUB-COMMITTEES UNDER THE BOARD

Sub-committees under the Board have done well in their roles and responsibilities in advising the Board of Directors in issuing important resolutions and decisions affecting the entire business operations of the Company. They have also done well in performing the directing, orienting and consulting role for the Board of Management in the Company's business activities. Through the activities of the sub-committees under the Board of Directors, the key issues of the Company arising in each area went through a process of communication, discussion and agreement on solutions.

## ACTIVITIES OF THE BOARD OF DIRECTORS AND OF THE INDEPENDENT MEMBERS OF THE BOARD OF DIRECTORS

In 2019, the Board of Directors implemented its functions and duties in accordance with the law, the Company's Charter and on the basis of the work plans and task assignments for 2019.

### ACTIVITIES OF THE BOARD OF DIRECTORS IN 2019

The Board of Directors has done well in the role of directing, orienting and advising the Board of Management in administering and managing all business activities of the Company. In 2019, the Board's activities focused on the following tasks:

#### **Operational orientation of the Board of Directors**

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The Board focused on reviewing and learning from the experience of the Board of Directors' activities in 2018 and implementing the activities of 2019 according to the orientation of the Board of Directors for the 2017-2022 term and according to the operation and business plan of 2019 approved by the General Meeting of Shareholders. The Board focused on assigning tasks to members and implementing tasks effectively.

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#### **Discuss and approve the contents of the Annual and Extraordinary General Meeting of Shareholders**

The Board discussed and approved the contents submitted to the Annual General Meeting 2019 such as:

- Reports of the Board of Directors and Supervisory Board;
  - Business report for 2018 and audited Financial Statement BCTC of 2018;
  - Business plan for 2019;
  - BOD's decision on changing a member of the BOD;
  - Profit distribution plan and setting up funds in 2018;
  - Remuneration fund spending report for BOD and SB in 2018 and remuneration fund-collecting report for the BOD and SB in 2019;
  - Selecting an independent auditing company in 2019.
- 

#### **Direct, supervise and orientate all aspects of the Company's business activities**

In 2019, the Board strengthened the orientation and direction of the Board of Management in effectively using the capital gained from the issuance of additional shares, in risk management and in ensuring the safety and sustainability of financial resources. The Board of Directors also strengthened the supervision of the Company's important activities such as securities brokerage, securities investment, financial services, financial advisory and underwriting, control of business management costs and structured inventory of stocks and bad debts.

In addition, the Board has directed the Board of Management to continue to focus on maintaining the current high brokerage market share in parallel with ensuring the safety of capital of investors, alongside developing a variety of securities brokerage and financial service products to meet the needs of investors in compliance with the provisions of the law.

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#### **Review and approve the Company's strategic investments, salary and bonus issues, and issues of senior management personnel structure under the authority of the Board of Directors**

The Board of Directors reviews and approves the limits and portfolio of listed and unlisted stocks and bonds as well as the Company's valuable papers. The Board also supervises and directs the Board of Management and Investment Department to implement investment according to market trends and risk management in compliance with the Company's investment regulations and the plans approved by the General Meeting of Shareholders and legal regulations.

The Board considers recruitment, appointment, transfer, salary increase and related benefits of the personnel under the authority of the Board of Directors to recruit, appoint and manage, on the basis of the development orientation of Company's personnel, with the budget approved by the General Meeting of Shareholders, and stipulated by the Company's Wage Regulation and relevant laws.

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**Review the management system, checkpoints, critical control and risk management system**

In 2019, the Board of Directors, the Financial Accounting & Internal Control and Risk Management & Internal Audit sub-committees periodically coordinated with the Supervisory Board and Internal Audit Department to review the Company's management and risk management systems and its key inspection and control points to direct the Board of Management in considering implementing measures to improve these.

**Appraising and approving other business proposals of the Board of Management**

The Board of Directors issued two resolutions, 36 decisions, and signed and approved 40 statements of the Board of Management related to many key issues, as a basis and orientation for the Board of Management to implement the tasks.

**Monitoring the activities of the Board of Management**

The Board of Directors directs and supervises the operation of the Board of Management in accordance with the law and the Charter of the Company. It also reviews the report of the Internal Audit Department and the Supervisory Board's opinions to enhance the effectiveness of public relations. In so directing and orienting, it contributes to boosting the Company's business activities and ensuring financial safety, sustainable management systems and legal compliance.

**MEETINGS OF THE BOARD**

In 2019, the Board of Directors conducted 9 meetings and approved the Minutes of meetings, focusing on the key issues of the Company as follows:

No.	Date	Detail	Percentage of Board members attending
1.	18/01/2019	Implementing the business plan of 2019.	100%
2.	19/03/2019	Issuing corporate bonds in the first phase of 2019.	100%
3.	25/03/2019	Transaction between SHS and SHB.	100%
4.	03/06/2019	Implementing the business plan of 2019 approved by the Annual General Meeting of Shareholders (focusing on business activities and capital development, capital exploitation and mobilization; brokerage and financial services; implementing the co-operation between SHS and SHB to develop bond retail products for individual customers).	100%
5.	05/11/2019	Implementing investment activities, financial advisory, approving credit issues and developing capital for business activities by cooperating with Vpbank.	100%
6.	10/09/2019	Implementing investment activities, financial advisory, approving credit issues and developing capital for business activities by cooperating with Indovinabank.	100%
7.	11/11/2019	Implementing investment activities, financial advisory, approving credit issues and developing capital for business activities by cooperating with Vpbank.	100%
8.	11/11/2019	Reviewing the expected business results of 2019 and developing the business plan for 2020. Deploying underwriting activities, approving credit issues and capital development by cooperating with SHB Ha Noi.	100%
9.	23/11/2019	Implementing investment activities, financial advisory, approving credit issues and developing capital for business activities by cooperating with SHB Hang Trong.	100%

## PARTICIPATION OF MEMBERS OF THE BOARD OF DIRECTORS

Report on the attendance of Board members in meetings in 2019 is as follows:

No.	Full name	Position	Period of membership	Number of meetings attended/ authorized to attend
1	Do Quang Hien	Chairman of the BOD	01/01/2019-31/12/2019	9/9
2	Le Dang Khoa	Member of the BOD	01/01/2019-31/12/2019	9/9
3	Vu Duc Tien	Member of the BOD cum General Director	01/01/2019-31/12/2019	9/9
4	Mai Xuan Son	Member of the BOD	01/01/2019-31/12/2019	9/9
5	Nguyen Van Hung	Member of the BOD	01/01/2019-11/04/2019	3/9
6	Mai Anh Chinh	Member of the BOD	11/04/2019-14/11/2019	5/9

## CONTENTS APPROVED BY THE BOARD OF DIRECTORS IN 2019

No.	Number	Date	Detail
<b>I</b>	<b>RESOLUTIONS</b>		
1	01-2019/NQ-HĐQT	19/03/2019	Approval of the plan to issue bonds in the first phase of 2019.
2	02-2019/NQ-HĐQT	26/04/2019	Amending the Charter
<b>II</b>	<b>DECISIONS</b>		
1	01-2019/QĐ-HĐQT	18/02/2019	Borrow capital from ABBank
2	02-2019/QĐ-HĐQT	18/02/2019	Excellent Collective Award
3	03-2019/QĐ-HĐQT	18/02/2019	Excellent Individual Award
4	04-2019/QĐ-HĐQT	11/04/2019	Changing Board member
5	05-2019/QĐ-HĐQT	23/02/2019	Establishing the Organizing Committee of the General Meeting of Shareholders 2019
6	06-2019/QĐ-HĐQT	23/02/2019	Establishment of the Inspection Committee for Status of Shareholders Meeting 2019
7	07-2019/QĐ-HĐQT	01/03/2019	Settlement of expenses for the Annual General Meeting of Shareholders 2019
8	08-2019/QĐ-HĐQT	05/03/2019	Extension of SHS securities offering certificate
9	09-2019/QĐ-HĐQT	25/03/2019	Transaction between SHS and SHB
10	10-2019/QĐ-HĐQT	14/03/2019	Handling residual shares
11	11-2019/QĐ-HĐQT	14/03/2019	Handling outstanding ESOP shares
12	12-2019/QĐ-HĐQT	01/04/2019	Handling shareholder records
13	13-2019/QĐ-HĐQT	05/04/2019	Continuing to appoint Director of City Branch. HCM
14	14-2019/QĐ-HĐQT	11/04/2019	Changing Board member
15	15-2019/QĐ-HĐQT	26/04/2019	Remuneration for the Board of Directors and the Supervisory Board
16	16-2019/QĐ-HĐQT	20/03/2019	Cooperating with SHB Finance
17	17-2019/QĐ-HĐQT	22/04/2019	Buy assets and labor tools for Head Office
18	18-2019/QĐ-HĐQT	23/04/2019	Additional income in the occasion of 01/5
19	19-2019/QĐ-HĐQT	24/05/2019	Borrow capital from VPB
20	20-2019/QĐ-HĐQT	03/06/2019	Dividend payment in 2018
21	21-2019/QĐ-HĐQT	03/06/2019	Cooperating with SHB to develop retail bond services
22	22-2019/QĐ-HĐQT	14/08/2019	Dispatch officials going abroad
23	23-2019/QĐ-HĐQT	01/10 /2019	Cooperating with Indovinabank
24	24-2019/QĐ-HĐQT	26/07/2019	Transaction between SHS and SHB
25	25-2019/QĐ-HĐQT	16/08/2019	Insurance regime for officials and employees
26	26-2019/QĐ-HĐQT	30/09/2019	Adjusting the type of securities for securities owners

27	27-2019/QĐ-HĐQT	01/10 /2019	Cooperating with Indovinabank
28	28-2019/QĐ-HĐQT	04/11/2019	Cooperating with VPBank
29	29-2019/QĐ-HĐQT	10/11/2019	Additional income in the occasion of the Company's birthday (15/11)
30	30-2019/QĐ-HĐQT	08/11/2019	Borrow capital from VPBank
31	31-2019/QĐ-HĐQT	12/11/2019	Borrow capital from SHB Ha Noi
32	32-2019/QĐ-HĐQT	14/11/2019	Dismissing the member of the Board of Directors to Mr. Mai Anh Chinh
33	33-2019/QĐ-HĐQT	14/11/2019	Guarantee for Hai Phong bond issuance in 2019
34	34-2019/QĐ-HĐQT	26/11/2019	Borrow capital from SHB Hang Trong
35	35-2019/QĐ-HĐQT	26/11/2019	Dismissing the Director of Ho Chi Minh City Branch to Mr. Nguyen Hong Diep
36	36-2019/QĐ-HĐQT	26/11/2019	Assigning concurrently the Director of Ho Chi Minh City Branch to Mr. Nguyen Chi Thanh - Deputy General Director

## ACTIVITIES OF INDEPENDENT BOARD MEMBERS

In the structure of the Board of Directors in 2019, 1/5 of Board members are independent members and 4/5 of Board members are non-executive. Therefore, the instructions of the Board always ensure objectivity and timeliness, keep up with daily business activities, and ensure the common interests of shareholders and the Company.

The Company does not distinguish between independent board members and regular board members. The independent members of the Board are proactive and active in implementing their responsibilities, contributing positively to the general decisions of the Board.

## CORPORATE GOVERNANCE TRAINING

All members of the Board of Directors and Supervisory Board, the Company Secretary, authorized persons of corporate governance and authorized persons of information disclosure have participated in training courses and seminars on corporate governance, information disclosure, annual report preparation, and sustainability report preparation organized by the IFC, SSC, and stock exchanges.

## PLAN AND ORIENTATION FOR OPERATIONS OF THE BOARD OF DIRECTORS IN 2020

With its roles of governance and strategic orientation, the Board of Directors prioritizes the development and implementation of strategies with a vision of effectiveness and sustainability, together with managing and controlling risk, maintaining achievements and protecting the rights of investors and shareholders.

There will be many fluctuations in 2020 due to the domestic and global economy being deeply affected by the pandemic situation which has led to a dramatic change in the capital structure of local and international investors. The birth of the Law on Securities 2019, with many new regulations, is also one of the important and noticeable factors.

**Therefore, the Board of Directors directs the activities of the Board in 2020 as follows:**

- The Board of Directors will continue to play the key role in orienting the business strategy of the whole Company.
- The Board of Directors will maintain regular meetings and discuss issues under the authority of the Board of Directors and strategic issues for the development of the Company.
- All members of the Board of Directors must actively participate in the activities of the Board of Directors and the Sub-Committees under the Board of Directors to keep up with the fluctuations of the market and the changing of the Company's activities.
- Sub-committees under the Board of Directors will actively enhance activities; update, advise and report to the Board of Directors the actual status of the Company's activities to propose timely solutions.
- The Board of Directors will supervise and promote the process of innovation and comprehensive restructuring of SHS's activities in order to improve operational efficiency and bring the Company to a new level both in the scale and depth of core business segments.
- The Board of Directors will support and advise the Board of Management in finding, accessing and exploiting external resources, partners, customers, and businesses to increase capital, expand business operations, increase the number of customers and develop products.
- The Board of Directors will support and advise the Board of Management, the Board of Directors' Office and relevant departments to amend and supplement the Company's Charter, the Internal Governance regulations of relevant documents/regulations of SHS (if any) to make the legal corridor for SHS business activities implemented in compliance with the provisions of the law.

# SUPERVISORY BOARD

## MEMBERS OF THE SUPERVISORY BOARD

The Supervisory Board of SHS consists of 3 members elected at the 2017 Annual General Meeting of Shareholders:

Full name	Position	Term	Start date of term
Pham Thi Bich Hong	Head of the SB	2017-2022	26/04/2017
Vu Duc Trung	Member of the SB	2017-2022	26/04/2017
Luong Thi Luu	Member of the SB	2017-2022	26/04/2017

Please see information of members of SB in the Key Personnel - Corporate Governance section.

## MEETINGS OF THE SUPERVISORY BOARD DURING 2019

The Supervisory Board held four meetings during 2019 in order to periodically supervise and deploy the work as follows:

No.	Meeting	Meeting contents	Number of members attending	Percentage
1.	<b>Meeting in the first quarter of 2019</b>	<p>Assigned tasks to the members of the Supervisory Board.</p> <p>Examined business activities during the fourth quarter of 2018 and consolidated business data of 2018.</p> <p>Appraised the 2018 financial statements to be submitted to the 2019 Annual General Meeting.</p> <p>Consolidated the Annual Report of the Supervisory Board to be submitted to the 2019 Annual General Meeting.</p>	3/3	100%
2.	<b>Meeting in the second quarter of 2019</b>	<p>Evaluated the Supervisory Board's activities during the first quarter of 2019 and prepared for the second quarter of 2019.</p> <p>Selected an independent auditor to audit the semi-annual and annual Financial Statements, report the financial safety ratio of 2019 and propose it to the Board of Directors for approval.</p>	3/3	100%
3.	<b>Meeting in the third quarter of 2019</b>	<p>Evaluated the Supervisory Board's activities during the first half of 2019 and prepared for the third quarter of 2019.</p> <p>Assessed business activities and financial activities of the Company during the first half of 2019.</p> <p>Attended preliminary meetings, summarized the business activities of the Company during the first half of 2019 and consolidated the results of the meetings of the Board of Directors.</p>	3/3	100%

4. <b>Meeting in the fourth quarter of 2019</b>	<p>Evaluated the Supervisory Board's activities during the three quarters of 2019 and prepared for the fourth quarter of 2019.</p> <p>Assessed the business situation and financial situation of the Company in the third quarter of 2019 and the first 9 months of the year through direct inspection or through reports of internal audit and internal control.</p> <p>Assessed the implementation of the Resolution of the General Meeting of Shareholders and the Resolution of the Board of Directors in 2019; assessed the level of completion of the Company's plan.</p>	3/3	100%
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## BOARD OF SUPERVISORS' OPERATIONS IN 2019

### BOARD OF SUPERVISORS' OPERATIONS

Based on the duties and powers of the Supervisory Board specified in the Company's Charter, Operational Regulations and Operational Plan of the Supervisory Board in 2019, the Supervisory Board has implemented the following activities:

#### Supervise legal compliance, the execution of the Company's Charter and implementation of the Resolution of the Annual General Meeting of Shareholders

Throughout 2019, the Supervisory Board monitored compliance with legislative provisions and the Company Charter of members of the Board of Directors, Board of Management and the Chief Accountant to ensure that the Company strictly complied with the provisions of law and the Company's Charter during its operations.

The Supervisory Board also closely monitored the implementation of Resolution No. 01-2019/NQ-DHĐCĐ dated April 23<sup>rd</sup> 2019 of the Annual General Meeting of Shareholders. The issues raised in the Resolution were fully and seriously implemented by the Board of Directors and the Board of Management.

The Supervisory Board participated in counting votes at the Annual General Meeting of Shareholders in 2019 and provided comments on the scope of its responsibilities and powers.

The Supervisory Board also closely monitored the implementation of information disclosure obligations for listed companies, securities companies, major shareholders, internal shareholders and related persons. In 2019, there were no serious violations related to information disclosure obligations in the Company.

#### Monitor the Board of Directors' activities

The Supervisory Board participated in a number of regular meetings of the Board of Directors, checked the results of the opinions of Board of Directors' members on important issues of the Company as well as the meeting minutes, resolutions, and decisions issued by the Board of Directors.

#### Monitor the Company's activities

The Supervisory Board has supervised the activities of the Company through periodic inspections, directly at the Head Office of the Company and its branches, or indirectly through reports of the Board of Management, Internal Control Department, and Internal Audit department. Inspection and supervision activities focus on the following key areas:

- Checking and supervising compliance with legislation procedures, the resolution of the Annual General Meeting of Shareholders in 2019, the implementation of the business plan, as well as the financial situation and management of the Company.
- Checking and evaluating risk management in business activities.
- Checking compliance with the processes and regulations in most departments of the Company as well as the effectiveness of inspection and control activities.
- Checking and evaluating the effectiveness of business operations.

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**Propose the selection of an independent auditing unit and assess the audited financial statements**

The Supervisory Board has appraised and confirmed the matching of figures of the 2019 Financial Statements as well as reviewed the audited Financial Statements of the Company by AASC Auditing Company Limited. The Supervisory Board agreed on the data of AASC, confirming the Financial Statements, reflecting honestly and reasonably in terms of the key aspects of the Company's financial situation as of December 31<sup>st</sup>, 2019, business performance, cash flow situation and volatility of equity for the fiscal year ending December 31<sup>st</sup> 2019. The report on the financial safety ratio as of December 31<sup>st</sup> 2019 was consistent with current Vietnamese accounting standards, regimes and related legal regulations.

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**Resolve shareholders' recommendations to the Company**

In 2019, the Supervisory Board did not receive any inquiries from shareholders or groups of shareholders holding 5% or more of voting shares requesting a review of the Company's operations, the activities of the Board of Directors or the Board of Management.

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## **THE SUPERVISORY BOARD'S EVALUATION**

Based on the results of the Supervisory Board's activities in 2019, the Supervisory Board evaluated the activities of the Company and the Supervisory Board as follows:

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**Regarding compliance with the law and accounting policies**

The Company has strictly complied with the provisions of the current law in its business activities and with the current accounting regime in the preparation of financial statements and financial safety ratio reports.

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**Regarding the management activities of the Board of Directors, the Board of Management and other managers**

The Board of Directors has strictly complied with the provisions of law, the Company's Charter, and corporate governance regulations in directing and supervising the Board of Management's activities. The Board has conducted meetings and issued appropriate and timely resolutions and decisions which positively affected the Company's business activities.

The Board of Management has been united, active, creative, assertive and flexible in management activities; has grasped business opportunities; and has made good efforts to implement the business plan agreed at the 2019 Annual General Meeting.

The managers have been dedicated and professional, making great efforts in management as well as completing their assigned work.

The Supervisory Board did not notice any unusual signs or any indications of non-compliance with the laws and regulations of the Company in directing, administrating and management activities of the Board of Directors, Board of Management and managers.

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**Regarding the Company's performance**

In 2019, the Board of Directors, the Board of Management and all officials and employees of the Company maintained a good business performance. Besides, the Company also effectively managed risks, did not incur more bad debts, and complied with the provisions of the law in business activities, financial work, accounting work and information disclosure.

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**Regarding coordination between the Supervisory Board and the Board of Directors, the Board of Management and shareholders**

The Supervisory Board has maintained a good relationship with the Board of Directors and the Board of Management based on the principle of maximizing shareholders' interests, complying with the law and regulations of the Company.

In 2019, the Supervisory Board maintained a good relationship with the shareholders and did not receive any complaints from the shareholders regarding the direction, administration and management activities of the Board of Directors, Board of Management, and managers of the Company as well as business activities of the Company.

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**Regarding the Supervisory Board's activities**

Within its authority, the Supervisory Board has fully performed its responsibilities in accordance with the provisions of law and the Charter of the Company.

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## OPERATIONAL PLAN FOR 2020

In order to complete the supervising responsibilities under the Enterprise Law and the Company's Charter, the Supervisory Board has proposed the operational plan for 2020 as follows:

### GENERAL PLAN

Continue to inspect and supervise the operation and management activities of the Board of Directors and the Board of Management, and check the rationality, legality, compliance, honesty and prudence in management and operation of the business as well as the management of capital, supplies and assets of the Company.

Review plans and reports of the Company on its financial situation; business situation; development plans; management of organization, labor, salary, bonuses, and other policies related to the Company and its employees.

Review the inspection and control results of the Internal Department, Audit Internal Control Department and feedback of the Board of Directors and CEO of the Company.

Coordinate with the Board of Directors to understand difficulties and problems in different areas of business

activities to approach and resolve these issues.

Maintain smooth coordination in operation among the Board of Directors, Board of Management and the departments in the Company.

### DETAILED PLAN

- Prepare the Annual Report of the Supervisory Board to be submitted to the Annual General Meeting of 2020.
- Attend the 2020 Annual General Meeting.
- Plan the implementation of the Resolution of the 2020 Annual General Meeting of Shareholders, as well as other resolutions and decisions of the Board of Directors in the year.
- Audit quarterly and annual financial statements.
- Audit operations of the whole Company.

### HUMAN RESOURCES PLAN

No.	Full name	Position	Expected work assignment
1	<b>Pham Thi Bich Hong</b>	Head of the SB	Has overall responsibility. In charge of inspection and control of the Investment Department, Capital Markets Department, Accounting and Finance Department, Internal Auditing Department, Legal and Risk Management Department, as well as branches and transaction offices.
2	<b>Vu Duc Trung</b>	Member of the SB	In charge of inspection and control of the Investment Banking Department, IT Department, PR & Marketing Department, Administration Department and Debt Handling Board.
3	<b>Luong Thi Luu</b>	Member of the SB	In charge of inspection and control of the Securities Trading Center and Financial Services Department.



# INTERNAL CONTROL AND INTERNAL AUDIT

## POSITION AND ROLE OF INTERNAL CONTROL AND INTERNAL AUDIT TO SHS

### INTERNAL CONTROL SYSTEM

Right from its establishment, SHS has focused on establishing a complete internal control system including organizational structure, processes and internal regulations applicable to all positions, units and divisions and to the Company's operations. The Internal Control System is the Company's first line of defense and is regularly reviewed to ensure the following objectives:

- Operations of securities companies shall comply with the provisions of the Securities Law and other relevant documents;
- Ensuring customers' interests;
- Operations of securities companies are safe and effective; protecting, managing and using assets and resources safely and effectively;
- Financial information systems and management information are honest, reasonable, adequate, timely and honest in the preparation of the Company's financial statements.

SHS's internal control system was set up carefully, ensuring the Company's safe and effective operation.

### INTERNAL CONTROL DEPARTMENT

The Company also established an independent Internal Control Department under the Legal and Risk Management Division and under the Board of Management. The Internal Control Department reports directly to the CEO. This is the Company's second line of defense and controls compliance with the following:

- Examining and monitoring compliance with legal provisions; Company ordinance; decisions of the General Meeting of Shareholders and the Board of Directors; regulations, business processes and risk-management processes of the Company, its relevant departments and securities practitioners;
- Monitoring the implementation of internal regulations; the activities of potential conflicts of interest within the Company, especially for business activities and employee's transactions; monitoring the implementation of officials' and employees' duties in the Company and partners' duties for the authorized activities;
- Checking the contents and monitoring the implementation of the rules of professional ethics;
- Monitoring the calculation and complying with regulations on financial security;
- Separating customers' assets;
- Preserving and keeping customers' assets;

- Controlling the compliance with the provisions of the law on the prevention of money laundering, and;
- Other contents assigned by the CEO.

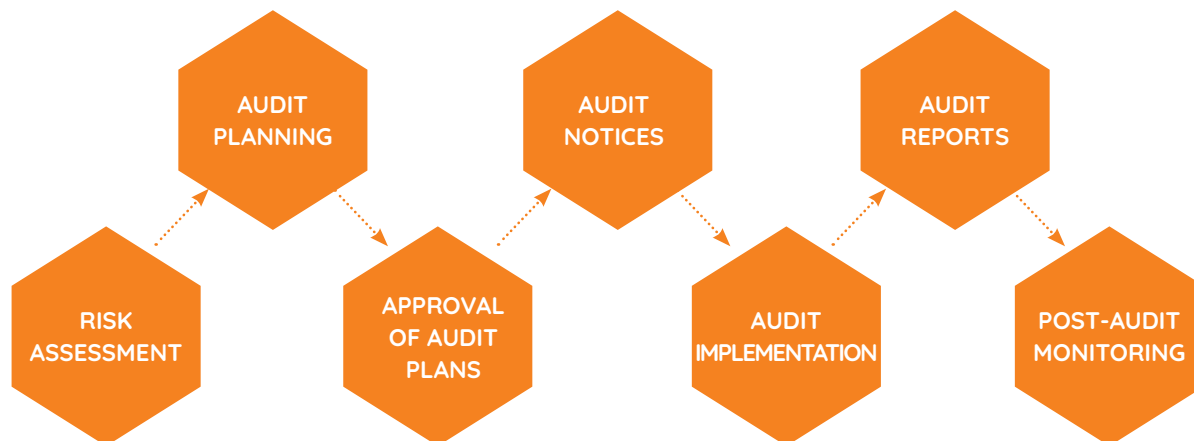
The Company's Internal Control Department operates on the basis of the Annual Control Plan approved by the General Director including regular control plans and periodic control plans. The annual control content under the control program has been developed and oriented by risks.

### INTERNAL AUDIT DEPARTMENT

The Company established the Internal Audit Department in 2014 in accordance with the Circular No. 210/2012/TT-BTC dated 30/11/2012 of the Ministry of Finance guiding the establishment and operation of securities companies. The Internal Audit Department sits under the Board of Directors and reports directly to them. This is the third line of defense of the Company with the following functions and tasks:

- Independently assessing suitability and compliance with policies and law, ordinance and decision of the General Meeting of Shareholders, Owners, Board of Directors and Board of Members;
- Inspecting, reviewing and assessing the adequacy, efficiency and effectiveness of the internal control system under the Board of Directors in order to improve the system;
- Assessing the compliance of business operations for policies and internal processes;
- Advising on the establishment of internal policies and procedures;
- Assessing compliance with regulations of the law and control of asset safety measures;
- Assessing the process of determination, assessing and managing business risks;
- Assessing the effectiveness of activities;
- Assessing compliance with contractual commitments;
- Performing the control of the information technology system;
- Investigating violations inside the securities company, and;
- Performing internal audit inside the securities company and subsidiaries of securities companies.

The Internal Audit Department operates on the basis of the Internal Audit Plan approved by the Board of Directors annually. The content of annual audit plan under the audit program has been developed and oriented by risk. The Internal Audit Division follows the internal audit process issued when it performs auditing, including the following steps:



## INTERNAL CONTROL AND INTERNAL AUDIT ACTIVITIES IN 2019

### INTERNAL CONTROL ACTIVITIES

In 2019, the Internal Control Department focused on regular (daily, monthly) control for high-risk activities. Regular control activities included checking:

- Compliance with current legal regulations, internal processes and regulations of the Company by officials and employees;
- Potential conflicts of interest mainly in activities such as investment and lending;
- Employees' and officials' performance of their responsibilities such as brokerage, mortgages, loan distribution, debt collection, system installation and authorization;
- The implementation of professional ethical rules of practicing staff such as brokerage staff, depository staff, investment staff and consulting staff;
- Compliance with mobilization, lending, investment and underwriting limits;
- The use of the Company's general account;
- Signing of contracts such as opening and closing accounts and lending;
- The completion of the order form;
- The preparation and presentation of reports sent to the outside clients;

In addition to regular internal control, the Internal Control Department also performed periodic control activities, focusing on the following controls:

- Inadequacies of the system of processes and internal regulations;
- Operation and operational efficiency of departments, divisions and branches, and;

- The preparation and presentation of the Company's financial statements and financial safety ratio statements.

Through regular and periodic control activities, the Internal Control Department promptly reported to the Board of Management the limitations and shortcomings in internal processes and regulations as well as financial and operational issues of the Company. At the same time, the Company also coordinated with related departments and branches to complete and correct the weaknesses of the internal control system in a timely manner.

### INTERNAL AUDIT ACTIVITIES

In 2019, the Internal Audit Department conducted internal audits on the basis of its plan and the report approved by the Board of Directors, including:

- Auditing activities and financial statements quarterly and annually for all departments at the Head Office and Thang Long Transaction Office, and;
- Auditing annual activities for branches and Dong Nai Representative Office.

In addition, the division also conducts extraordinary thematic audits such as investment audit, financial service audit, etc. The results of periodic and specialized audits are issued as audit reports and reported to the Board of Directors and the Board of Management.

The 2019 internal audit detected a number of key issues related to activities such as investment, credit and compliance with the Company's financial and accounting regime. However, after consulting from the Internal Audit Department, the Board of Management and related departments adjusted and completed these according to the opinion of the Internal Audit Department.

## INTERNAL CONTROL AND INTERNAL AUDIT PLAN IN 2020

In 2020, besides complying with the audit and control plans already approved by the General Director and the internal audit plans approved by the Board of Directors, the focus of the operational plans of these departments is to review and evaluate the effectiveness of departmental activities. In particular, their focus

is to find solutions to improve, enhance operational capacity, contribute more actively to the Company's management activities, and especially to enhance the capacity of control and audit of network security and activities towards sustainable development of the Company.

# RISK MANAGEMENT

## OVERVIEW OF RISK MANAGEMENT ACTIVITIES

As soon as the regulations on risk management in securities companies were issued, SHS quickly built a risk management system for the Company. Accordingly, SHS has established the Risk Management Department separate from other departments and branches as a focal point for risk management. In addition, the Company has built risk management culture at all levels to ensure that every officer and employee in the Company, not only those in the Risk Management Department, is aware of the need to identify and prevent important risks of the Company. The purpose of building a risk management system is to ensure the full and timely identification of risks, including:

- Full measurement of the impact of risks.
- Effective decision making to handle risks promptly.
- Develop a monitoring mechanism and report risks fully and continuously.

## RISK MANAGEMENT MODEL

SHS's risk management model is built on three levels in order to fulfill all functions such as strategy formulation, strategy implementation and monitoring the implementation of risk management strategies.



**Board of Directors**  
**Risk Management Sub-committee**  
**Supervisory Board**  
**Internal Audit Department**

- Develop and issue risk management strategies, policies, and regulations.
- Establish risk limits.
- Independently monitor and evaluate the effectiveness of risk management.



**General Director**  
**Legal & Risk Management Department**

- Monitor and ensure that risk management activities are consistent with established strategies and policies.



**Other departments, branches, transaction offices, and representative offices**

- Directly manage risk by using risk tools, processes, and limits.

## RISK MANAGEMENT PROCESS

SHS has developed a risk management process according to international standards with 5 steps to identify, measure, track, report and effectively handle risks.



## MAJOR RISKS

SHS focused on identifying and handling 6 key types of risks: Legal risks, operational risks, market risks, credit risks, liquidity risks and brand risks.

### LEGAL RISK

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Legal risk is the risk arising when the Company does not correctly comply, either in full or in part, with the current legal regulations in its operational process. For example, if the Company were to operate and supply products and services without legal provisions; or if the Company were to enter into illegal contracts beyond its authority, missing important terms, disputes or complaints related to economic contracts that the Company has signed with customers, partners, or employees.

To mitigate legal risk, the Company has established the Legal Department to provide legal advice to the Company's Board of Management and other departments and branches. It also participates in building products and services of the Company; drafts and reviews most of the Company's agreements, contracts, documents and papers; and updates and disseminates legal documents, regimes and policies for the whole Company. Legal officers and employees are regularly required to attend legal seminars and provide full comments on the projects and draft legal documents when required. In addition, the Company is also focused on improving legal knowledge and experience for the Board of Management and Heads of Department based on strengthening exchange, training, and sharing legal knowledge and experience with the Legal Department and State management agencies related to legal activities.

## OPERATIONAL RISK

Operational risk is the risk arising from technical or system errors of the information technology system; incomplete, obsolete, or inappropriate business processes or procedures; human error through incorrect procedures or intentional mistakes; delayed or erroneous financial controlling and reporting; and a lack of capital and objective external reasons.

To mitigate operational risk, the Company has built an internal control system and set up an Internal Control Department. Besides, the Company has also implemented activities to mitigate this risk such as: Issuing a Code of Professional Ethics and supervising compliance with this Code of Conduct; regularly reviewing, amending, supplementing and updating internal processes and regulations; increasing automation in providing products and services, minimizing manual manipulation; regularly upgrading security software and working with partners to provide software to ensure the stability and security of the trading software system; clearly assigning, strengthening and cross-checking among departments and individuals, including through a mutual supervision mechanism; strengthening activities of checking and controlling compliance with internal processes and regulations; and developing a preventive mechanism to cope with arising risks.

## MARKET RISK

Market risk is the risk arising in activities such as investment, deposits and loans which is caused by a fall in the value of the Company's investments, the interest rate of deposits and the value of customers' collateral with loans, thus causing adverse effects to the Company.

To mitigate market risk, the Company has implemented many different measures including:

- For investment activities in listed and unlisted stocks and fund certificates: The Investment Department successfully analyzed, forecasted and closely monitored market fluctuations and stock prices, applying risk assessment tools to enter and exit in a timely manner.
- For investment activities in bonds, including Government bonds, corporate bonds and other financial tools: The Treasury Department closely monitored fluctuations of interest rates in the market to promptly decide when to buy and sell.
- For deposit activities: The Treasury Department updated deposit interest rates at banks daily, balanced the Company's capital resources appropriately, and diversified banks and deposit terms to ensure maximum benefit for SHS.
- For lending activities: The Analysis Department and Financial Services Department updated the lending interest rate level of securities companies; analyzed, forecasted and closely monitored market fluctuations and securities prices as collateral for loans of customers; and elaborated and complied with regulations on securities mortgage sale

## CREDIT RISK

Credit risk is the risk arising when customers, banks and partners do not pay or pay incompletely and untimely to SHS loans, deposits and debt tools such as bonds.

To mitigate credit risk, the company takes many different measures:

- For lending activities: The Company classifies customers; develops loan limits; and applies credit policies in accordance with customers' credibility, solvency, and collateral assets. SHS also develops a list of loan securities and lending, retention and mortgage rates in accordance with the law and the Company's regulations; and effectively manages mortgage settlements, the calling for additional collateral and debt recovery.
- For the investment in bonds, including Government and Corporate bonds: the Company complies with the investment limit in accordance with the law, the Company Charter and the reports approved by the Board of Directors. It also carefully assesses the credibility, solvency and collateral of issuers and develops specific policies to handle the collateral assets of issuing organizations in case issuers are at risk of insolvency.
- For deposit activities: the Company complies with the annual deposit limit (if any) approved by the Board of Directors, deposits money at highly-rated credit institutions on diversified terms.

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## LIQUIDITY RISK

Liquidity risk is the risk that occurs when the Company cannot pay its due financial obligations or cannot promptly convert assets into cash with reasonable value in a short amount of time. This risk arises when the Company is unable to balance its input and output capital flows.

To mitigate liquidity risk, the Company has expanded the form and scale of mobilized capital such as mergers, capital raised, and corporate bond issuance; and expanded the number of credit institutions for business loans. It has also expanded the number and form of credit institutions to lend money to securities investors, reducing pressure on the use of equity for lending. Furthermore, the company reasonably balances the terms of loans; reasonably allocates capital for investment and lending activities; and makes use of idle deposits to maximize the efficient use of resources as well as to contribute to stabilizing liquidity.

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## BRAND RISK

Brand risk is the loss of or damage to the image and brand of the Company due to a change in the perception of customers and partners. This may greatly affect the demand for products or services of the Company as well as its entire operation.

To mitigate brand risks, the Company works to constantly improve the quality of its products and services and to complete the organizational structure and operational apparatus. SHS also develops and maintains good relationships with shareholders, customers, and partners; ensures effective internal and external communication through the diversification of information channels and proactive, consistent communication with the media. Information is published regularly in English to enhance the knowledge of investors and international partners; full-time staff are put in charge of communication and reporting, and of disclosing information fully, promptly and transparently; and contingency plans are proactively prepared to manage brand risk.

Besides the six main types of risk discussed above, other risks have also been considered and evaluated by the Company in the process of its operation. These include environmental risks, strategic risks, and competitive risks. In detail:

- To address the risks of the business environment: SHS operates in the financial sector. So elements of the business environment such as politics, economics and culture all have significant impacts on SHS's business activities. Therefore, SHS regularly updates changes in the business environment and assesses their impacts on all aspects of the Company's operations whenever elements of the business environment change.
- To address strategic risks: SHS judges that not having a suitable and effective business strategy or improperly implementing the business strategy are the Company's strategic risks. Accordingly, annually and periodically, the Company concentrates resources to build an appropriate and effective business strategy. The implementation of this strategy is regularly reviewed and evaluated.
- Regarding competitive risks: SHS, as a company operating in the financial sector with a constantly changing business environment, often faces competitive risks. The principal risk is of failing to maintain the Company's position and market share.
- In order to effectively control these risks, SHS concentrates its resources to synthesize information and identify changes in politics, economics, the stock market and among competitors which could affect the Company's operations. SHS also builds annual business strategies in a feasible and effective manner; perseveres in implementing the proposed strategy; and flexibly adapts to developments of the market and of competitors.

## RISK MANAGEMENT OPERATIONS IN 2019 AND THE PLAN FOR 2020

According to the plan of 2019, SHS will focus on standardizing risk management to improve the business performance of the Company and ensure its safe and effective development. The Risk Management department works closely with other departments in risk management and continues to focus on developing an extensive risk management culture so that each individual and department contributes to managing the Company's significant risks.

Evaluation of the risk management plan's implementation in 2019 has shown that the Company's risk management is increasingly standardized. The risk management culture has been developed extensively to every officer, employee and department of SHS. Each individual and department contributes to the good management of the Company's risks. However, the construction of automated measuring and monitoring tools has not been implemented successfully. The Company will continue to perfect this work in 2020.





# INFORMATION FOR SHAREHOLDERS

## SHS SHARES

Stock code

**SHS**

Listed floor

**HNX**

In 2019, the information on SHS shares was as follows:

Lowest price:	VND <b>6,500</b> /share
Highest price:	VND <b>10,810</b> /share
Total trading volume in 2019:	<b>140,034,655</b> (shares)
Total transaction value in 2019:	VND <b>1,300.33</b> billion
EPS:	VND <b>1,359</b> /share
P/B:	<b>0.6</b>
P/E:	<b>6.3</b>

On 31/12/2019, the information on SHS shares was as follows:

Number of shares issued:

**207,268,201** (shares)

Number of common shares:

**207,268,201** (shares)

Number of outstanding shares:

**207,268,201** (shares)

Number of treasury shares:

**0** (shares)

Number of transferable shares:

**147,592,659** (shares)

Number of listed shares:

**207,268,201** (shares)

Change of owner's equity:

Increase from VND **1,053.96** billion to  
**2,072.68** billion  
from 26/04/2019.

Market price at 31/12/2019:

VND **7,700** /share

Market capitalization at 31/12/2019:

VND **1,595.97** billion

Treasury stock transactions: None.

BV:

VND **12,990**

**Other information:**

**Paying dividends in 2017 by shares with the ratio of 4:1, issuing additional shares to existing shareholders with a ratio of 3:2 at VND 12,000/share**

Last registration date: 15/01/2019  
 Shares on account: 13/05/2019  
 First trading day of additional listed shares: 22/05/2019  
 The number of shares paying dividends and additional issuance: 101,872,527 (shares)  
 The number of additional listed shares: 101,872,527 (shares)  
 In which: The number of shares restricted to transfer 1 year (to 11/04/2020): 57,045,542 (shares)

**Issuing ESOP shares to employees:**

The number of shares issued: 2,630,000 (shares)  
 In which: The number of shares restricted to transfer 1 year (to 11/04/2020): 2,630,000 (shares)

**Paying dividends in cash in 2018 at the rate of 15%:**

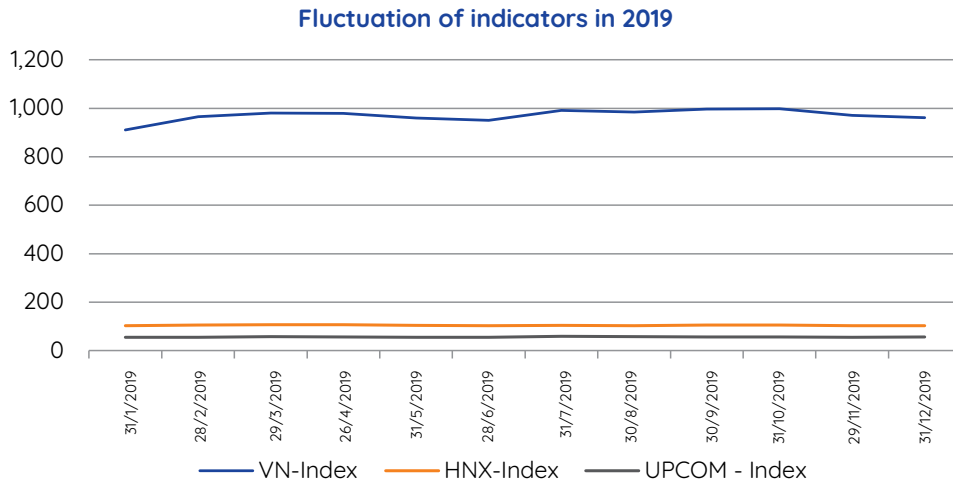
Last registration date: 20/06/2019  
 Cash on account: 15/07/2019

**Organizing the Annual General Meeting of Shareholders in 2019:**

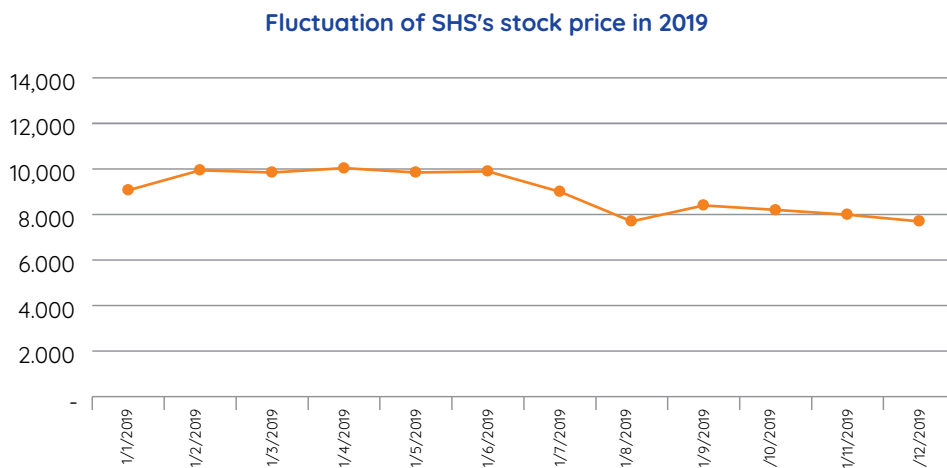
Last registration date: 22/03/2019  
 Held date: 23/04/2019

**FLUCTUATION IN SHS'S PRICE IN 2019**

**FLUCTUATION IN SHS'S PRICE**



Source: SHS Research



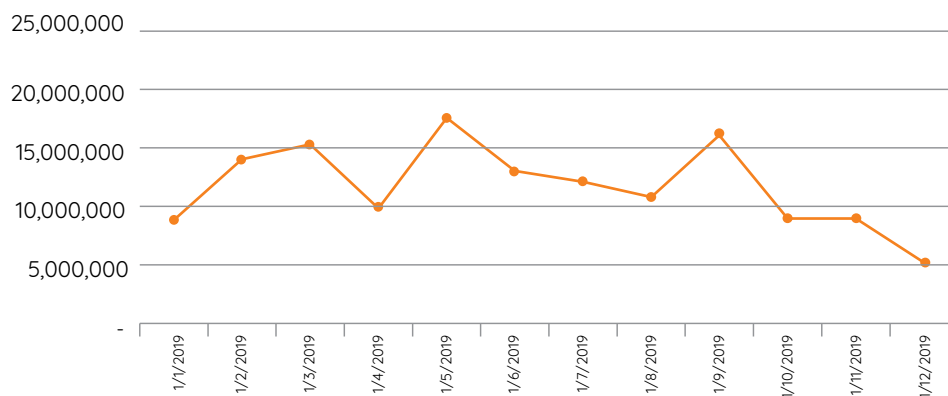
Source: Finpro

Months	VN-Index	HNX-Index	UPCOM Index	SHS
The beginning of the year	910.7	102.9	54.7	9,070
The end of the year	961	102.5	56.6	7,700
Lowest	910.7	102.3	54.7	7,700
Highest	998.8	107.5	57.8	10,030
The fluctuation between the year end and the beginning of the year	5.5%	-0.4%	3.5%	-15.1%
The fluctuation between the highest and the lowest	9.7%	5.0%	5.8%	30.2%
The fluctuation between the lowest and the beginning of the year	0.0%	-0.5%	0.0%	-15.1%
The fluctuation between the highest and the beginning of the year	9.7%	4.5%	5.8%	10.6%

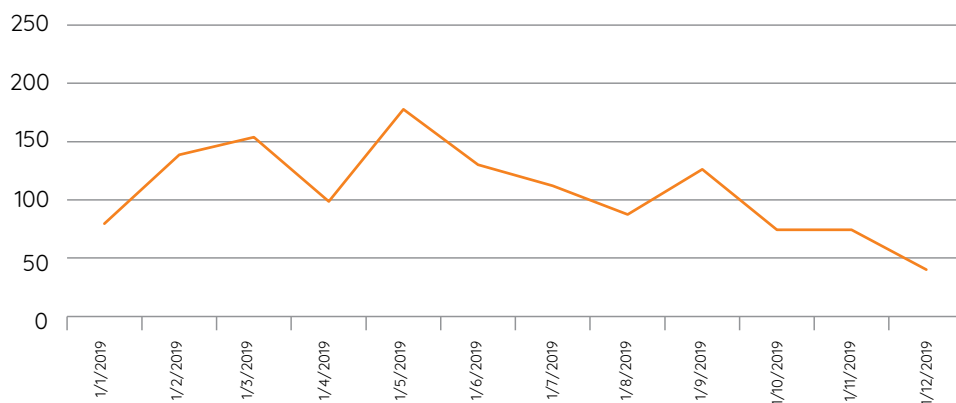
Comparing fluctuations in the price of SHS with the VN-Index, HNX-Index and UPCOM-Index shows that, at the end of the year, the price of SHS had decreased by 15.10% compared to the beginning of the year. Most other indices increased over this period. At the time of the lowest and highest prices in 2019, compared to the beginning of the year, the price of SHS also fluctuated greatly at 15.10% and 10.58%, respectively. During the year, the price of SHS shares between the highest and lowest points also fluctuated greatly (at 30.26%) while other indices only fluctuated by, at most, nearly 10%. This shows that the attractiveness of SHS shares in 2019 to investors and the year-end valuation is much lower than the book value. Therefore, SHS will have room to increase in 2020.

## FLUCTUATION IN VOLUME AND VALUE OF SHS SHARES

Fluctuation in volume of SHS shares



Fluctuation in value of SHS shares (VND billion)

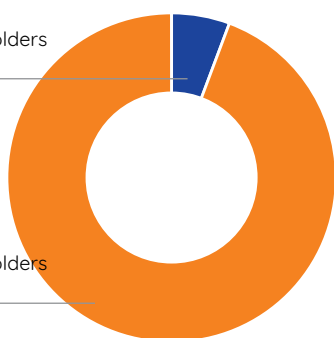


## SHAREHOLDER STRUCTURE

(Figures as of June 20<sup>th</sup>, 2019 - the final registration date closed the list of shareholders to pay dividends in cash in 2018 of SHS).

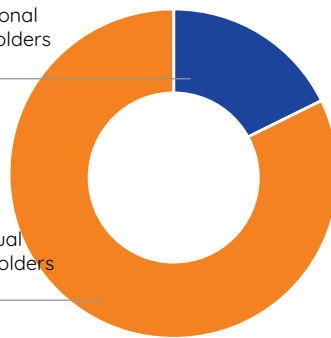
No	Category	2019		
		No. of shareholders	No. of shares	% of ownership
1.1	Major Shareholders	1	11,743,416	5.7%
1.2	Small Shareholders	4,749	195,524,785	94.3%
2.1	Institutional Shareholders	58	36,574,529	17.7%
2.2	Individual Shareholders	4,692	170,693,672	82.3%
3.1	Local Shareholders	4,663	180,910,546	87.3%
3.2	Foreign Shareholders	87	26,357,655	12.7%
4.1	State-owned Shareholders	0	0	0%
4.2	Other Shareholders	4,750	207,268,201	100%
<b>Total</b>		<b>4,750</b>	<b>207,268,201</b>	<b>100%</b>

Major shareholders  
5.7%



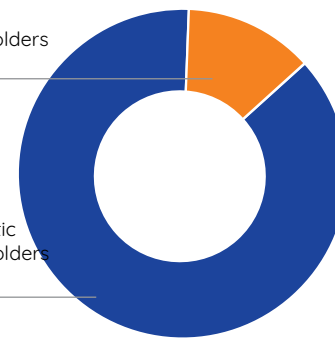
Small shareholders  
94.3%

Institutional shareholders  
17.7%



Individual shareholders  
82.3%

Foreign shareholders  
12.7%



Domestic shareholders  
87.3%

## TRANSACTIONS OF MAJOR SHAREHOLDERS

No.	Shareholders	01/01/2019		In 2019				31/12/2019	
		Number of shares	Percentage of ownership	Increase	Decrease	Date	Reason	Number of shares	Percentage of ownership
1.	T&T Group JSC	6,127,000	5.8%	5,616,416	-	11/04/2019	Purchase due to additional release	11,743,416	5.7%
2.	Pyn Elite Fund (Non Ucits)	7,656,100	7.3%	-	2,620,550	11/03/2019	Buy /sell on the floor	5,035,550	2.4%
3.	YURIE VIETNAM shareholder group	5,288,700	5.1%	1,677,425	69,000	20/06/2019	Buy /sell on the floor	6,897,125	3.3%

## CONTRACTS AND TRANSACTIONS WITH MAJOR SHAREHOLDERS

In 2019, no contracts and transactions arose between SHS and any major shareholders, except with T&T Group JSC. This is both SHS's major shareholder and a related organization (See audited Financial Statements 2019).

## TRANSACTIONS OF INTERNAL INDIVIDUALS AND RELATED ORGANIZATIONS/ INDIVIDUALS

### OF INTERNAL INDIVIDUALS

No.	Full name	Position	01/01/2019		Change in the year		31/12/2019	
			Number of shares	Percentage of ownership	Increase	Decrease	Number of shares	Percentage of ownership
<b>A. INTERNAL INDIVIDUALS</b>								
<b>I. MEMBERS OF THE BOARD OF DIRECTORS FOR THE TERM 2017-2022</b>								
1.	Do Quang Hien	Chairman of the BOD	25,000	0.024%	568,416	-	593,416	0.2863%
2.	Le Dang Khoa	Member of the BOD	-	-	50,000	-	50,000	0.0241%
3.	Vu Duc Tien	Member of the BOD	79,400	0.075%	4,564,850	-	4,644,250	2.24%
4.	Mai Xuan Son	Member of the BOD	40	-	10	-	50	-
5.	Nguyen Van Hung	Member of the BOD (to 11/04/2019)	-	-	-	-	-	-
6.	Mai Anh Chinh	Member of the BOD (to 11/04/2019)	-	-	-	-	-	-
<b>II. MEMBERS OF THE SUPERVISORY BOARD FOR THE TERM 2017-2022</b>								
1.	Pham Thi Bich Hong	Head of the SB	21,740	0.021%	5,435	-	27,175	0.013%
2.	Vu Duc Trung	Member of the SB	560,000	0.531%	140,000	-	700,000	0.338%
3.	Luong Thi Luu	Member of the SB	60	-	-	-	60	-
<b>III. MEMBERS OF THE BOARD OF MANAGEMENT AND CHIEF ACCOUNTANT</b>								
1.	Vu Duc Tien	CEO	79,400	0.075%	4,564,850	-	4,644,250	2.24%
2.	Tran Sy Tien	Deputy General Director cum Chief Accountant	-	-	-	-	-	-
3.	Tran Thi Thu Thanh	Deputy General Director	-	-	146,600	-	146,600	0.07%
4.	Nguyen Chi Thanh	Deputy General Director	-	-	-	-	-	-
5.	Nguyễn Hồng Diệp	Director of Ho Chi Minh Branch	-	-	-	-	-	-
6.	Tran Phuoc Ha Nhi	Director of Da Nang Branch	9,400	0.009%	2,350	-	11,750	0.0057%
<b>IV. AUDIT DEPARTMENT</b>								
1.	Tran Thi Bich Thao	Member	-	-	-	-	-	-
<b>V. SECRETARY OF THE COMPANY/INDIVIDUAL IN CHARGE OF CORPORATE GOVERNANCE</b>								
1.	Doan Thi Nhu Quynh	Deputy Chief of Office of the BOD	-	-	-	-	-	-
<b>VI. COMPANY'S SPOKESPERSON</b>								
1.	Nguyen Thuy Hanh Mai	Head of Legal and Risk Management	25,676	0.024%	6,419	-	32,095	0.015%



## RELATED ORGANIZATIONS/INDIVIDUALS

No.	Full name	Related individual	01/01/2019		Change in the year		31/12/2019	
			Number of shares	Percentage of ownership	Increase	Decrease	Number of shares	Percentage of ownership
<b>I. RELATED ORGANIZATIONS/INDIVIDUALS OF MEMBERS OF THE BOARD OF DIRECTORS FOR THE TERM 2017-2022</b>								
1.	Do Thi Thu Ha	Do Quang Hien Chairman of the BOD	26,400	0.025%	6,600	-	33,000	0.025%
2.	T&T Group JSC	Do Quang Hien Chairman of the BOD Mai Xuan Son Member of the BOD	6,127,000	5.813%	5,616,416	-	11,743,416	5.67
3.	Le Trong Khue	Le Dang Khoa Member of the BOD	-	-	33,000	-	33,000	0.016%
4.	Uong Van Hanh	Vu Duc Tien Member of the BOD	31,980	0.030%	29,315	-	61,295	0.030%
<b>III. RELATED ORGANIZATIONS/INDIVIDUALS OF MEMBERS OF THE BOARD OF MANAGEMENT</b>								
1.	Uong Van Hanh	Vu Duc Tien Member of the BOD	31,980	0.030%	29,315	-	61,295	0.030%

## TRANSACTIONS AND CONTRACTS WITH INTERNAL INDIVIDUALS AND RELATED ORGANIZATIONS/INDIVIDUALS

(see Audited Financial Statements 2019)



## INVESTOR RELATIONS

### Investor relations department

The Investor Relations department, directly under the Board of Directors, is always a bridge between the Company, its shareholders and potential investors. Information about the individual in charge of the Shareholder Relations department is as follows:

#### **Mrs. Doan Thi Nhu Quynh**

- Education: Bachelor of Foreign Affairs University
- Working experience: 11 years of experience in finance, banking and securities
- Position at SHS: Deputy Chief of the Office of BOD/Secretary of the Company/ Individual in charge of shareholder relations
- Phone contact: 024.38.181.888 (312)
- Email: quynh.dtn@shs.com.vn

### Investor relations in 2019

In 2019, the Company's Shareholder Relations department has successfully performed its role in exercising the rights and legitimate interests of shareholders. These include the right to participate and vote at the Annual General Meeting of Shareholders, the right to receive dividends, the right to update information about the Company's operations and business results, the right to correct the shareholder book, the right to re-issue the shareholder book when it is lost, and the right to appeal.

The Shareholder Relations department has reported the wishes and aspirations of shareholders to the members of the Board of Directors and the Supervisory Board. It has also arranged appointments between shareholders, potential investors and the Board of Management of the Company.

The Shareholder Relations department also represents the Company in carrying out activities to ensure fair treatment among shareholders. These include ensuring that all shareholders are invited to attend the Company's Annual General Meeting of Shareholders and voted regardless of whether they are domestic or foreign shareholders, individuals or organizations, own more or fewer shares, are of male or female gender etc. It also ensures that shareholders who were unable to attend may authorize others easily; the process and procedures for organizing the Company's Annual General Meeting of Shareholders as well as the regulations on election and voting at it are public and comply with legal regulations; at the General Meeting of Shareholders, the questions raised by investors were answered fully, clearly and transparently by the Company; and interpreters and representatives of independent auditing firms were invited to assist in answering investors' questions.

## Investor relation strategy for 2020

In short, SHS has fully met the legal regulations on shareholder relations activities. Facing the strong development of science and technology, and the growing demand for online transactions, the Company plans to strongly deploy the application of modern information technology in an online General Meeting of Shareholders by 2020. Electronic votes should create the most favorable conditions for shareholders to exercise their rights and interests, especially those who are far away, busy or who cannot attend directly.

## INFORMATION DISCLOSURE

### Reporting and information disclosure department

The Reporting and Information Disclosure Department sits under the Legal and Risk Management Division. The department is responsible for regularly reviewing the current laws to update the list of reports and information to be disclosed by the Company. On that basis, the department is responsible for guiding and encouraging other departments to submit timely reports and propose information to be announced to the Board of Management. This department is also the focal point to send reports and disclose information to the State management agencies and post on the Company's website.

The individual in charge of reporting and disclosing information is as follows:

#### **Mrs. Nguyen Thuy Hanh Mai**

- Education: Master of Accounting
- Working experience: 12 years of experience in auditing and securities
- Position at SHS: Head of Legal & Risk Management Department
- Phone contact: 024.3818.1888 (318)
- Email: mai.nth@shs.com.vn

### Information disclosure in 2019

In addition to ensuring full and timely reporting and disclosure of information to regulatory agencies and on the Company's website, in 2019, SHS has focused more on disclosing information in English for investors throughout the Company's annual reports and disclosed information. The Company's website is still an effective means of disclosing information, in which the Investor Relations Section updates timely information and reports to shareholders. The Company's Reporting and Information Disclosure Department is also the focal point to answer questions of shareholders and State management agencies about the Company's reported information. In 2019, no State management agency issued a reminder or sanctioned administrative violation to SHS on the obligation to report and disclose information.

Below is a list of reported and disclosed information of SHS in 2019:

Month	Date	Disclosed information
January	2/01/2019	Report on bond issue result in the fourth round of 2018
	18/01/2019	Financial statements Quarter 4/2018
	23/01/2019	Report providing information on corporate governance in 2019
	23/01/2019	Report on the list of major shareholders and State shareholders in 2019
	31/01/2019	Report on corporate governance in 2019
February		None



March	07/03/2019	The final registration date to close the list of shareholders attending the 2019 Annual General Meeting of Shareholders
	11/03/2019	Decision to amend the Decision to establish Da Nang Branch due to the change of location
	14/03/2019	Decision to extend the certificate of registration of public offering of shares to SHS
	19/03/2019	Resolution of the Board of Directors on issuing corporate bonds, phase 1/2019
	29/03/2019	Audited Financial Statements and Financial Safety Ratio statement of 2018
April	05/04/2019	Reappointed Mr. Nguyen Hong Diep to be the Director of HCM City Branch
	08/04/2019	Change in the number of outstanding voting shares
	11/04/2019	SSC approved the issuance results
	12/04/2019	Dismissing the member of the Board of Directors for Mr. Nguyen Van Hung
	19/04/2019	Annual Report 2018
	20/04/2019	Financial statements Quarter 1/2019
	23/04/2019	Resolution and Minutes of the 2019 Annual General Meeting of Shareholders
	25/04/2019	License to amend the establishment license of the Company due to an increase in charter capital to VND 2,072.68 billion
	26/04/2019	Amended and supplemented Charter
May		None
June	24/06/2019	The final date of registration for dividend payment in cash at the rate of 15% in 2018
July	10/07/2019	Correction of the 2018 Annual Report
	19/07/2019	Financial Statements Quarter 2/2019
	24/07/2019	Acquired 100 SHS bonds before maturity
	29/07/2019	Signing the contract to review and audit the semi-annual and year 2019 Financial Statements and Financial Safety Ratio statements
	31/07/2019	Corporate governance report for the first 6 months of 2019
August	15/08/2018	The Financial Statements and Financial Safety Ratio statements are reviewed in the first 6 months of 2019
September	24/09/2019	Acquired 200 SHS bonds before maturity
October	18/10/2018	Financial Statements Quarter 3/2019
November	14/11/2019	Dismissing the member of the Board of Directors for Mr. Mai Anh Chinh
	26/11/2019	Dismissing the Director of Ho Chi Minh City Branch for Mr. Nguyen Hong Diep and appointed Mr. Nguyen Chi Thanh - Deputy General Director cum Director of Ho Chi Minh City Branch
December	4/12/2019	Acquired 100 SHS bonds before maturity
	27/12/2019	Decision to amend the Decision to establish Ho Chi Minh City Branch due to the change of Branch Director

## REPORTING AND INFORMATION DISCLOSURE PLAN IN 2020

To continue attracting overseas investors, in 2020, SHS plans to strengthen reporting and information disclosure in English as well as provide authorized services of individual/organizational investors to disclose information.

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# EXECUTION OF REGULATIONS ON CORPORATE GOVERNANCE

As a reputable securities company and a typical listed company in the market, SHS always strives to comply with corporate governance regulations in order to improve itself and meet shareholders and employees' expectations and the trust of customers, the community and State management agencies.

In 2019, the Company continued to strictly adhere to the current regulations on corporate governance prescribed in:

- The Enterprise Law 2014;
- The Securities Law 2006 and the Law amending and supplementing the Securities Law 2010;
- The Decree No. 71/2017/ND-CP guiding the governance of public companies;
- The Circular No. 95/2017/TT-BTC guiding the Decree No. 71/2017/ND-CP;
- The Circular No. 210/2012/TT-BTC providing guidance on the establishment and operation of securities companies and Circular No. 07/2016/TT-BTC amending and complementing Circular No. 210/2012/TT-BTC and;
- The Circular No. 155/2015/TT-BTC on information disclosure.

At the same time, SHS also continued to self-assess the Company's internal governance activities according to the Corporate Governance Principles according to Vietnam's best practice, which was issued in August 2019 (*please see the detail of evaluation results at the section called "Corporate Governance and Financial Evaluation"*).

There have been many efforts to implement regulations on corporate governance. However, SHS has found that, although the Company's management is good, it is not fully qualified according to international practices. Therefore, it is necessary to further improve in order to contribute to sustainable profitability for the Company and strengthen the confidence of stakeholders.

The Company's 2020 plan is to continue reviewing the current legal provisions, the Company's Charter and the Company's internal governance regulations in order to comply with the relevant regulations, improve internal governance and strive to comply with the Decree No. 71/2017/ND-CP dated June 6<sup>th</sup>, 2017 of the Government on:

- Issuing decisions to officially appoint titles according to corporate governance regulations, although the Company has arranged personnel to hold these positions from previous years.
- Coordinating with the Vietnam Institute of Board of Directors' members (VIOD) to organize a centralized training course on corporate governance to issue certificates to all members of the Board of Directors, Supervisory Board, Board of Management, Secretary of the Company and individuals in management positions, the Company's Information Disclosure and Sustainable Development personnel.
- Increasing the rate of independent BOD members to a minimum of 1/3 and ensuring that the Board of Directors member in charge of the Human Resources, Salary, and Bonus Subcommittee is independent.
- Requiring each member of the Board of Directors to not be concurrently a board members of more than 5 companies from August 1<sup>st</sup>, 2020.
- Strengthening supervision to ensure responsibility for reporting on interests and transactions of related parties and with related parties (of members of the Board of Directors, Supervisory Board and managers of the Company) as well as the ratification of transactions requiring approval of the General Meeting of Shareholders and the Board of Directors in accordance with the current law.

In addition, the Company focuses on researching the Securities Law 2019 (effective from 01/01/2021) to make the active and necessary preparations in the Company's business and administration activities.

# WAGES, REWARDS, REMUNERATION AND OTHER BENEFITS

## WAGES, REWARDS AND REMUNERATION

### PRINCIPLES OF PAYMENT

#### For members of the Board of Directors and Supervisory Board

The principles of remuneration fund deduction and payment to members of the Board of Directors and the Supervisory Board complies with the provisions of the Company's Charter. Besides, the Annual General Meeting of Shareholders 2019 of the Company approved the Statement No. 03-2019/TTr-HĐQT on the remuneration fund of the Board of Directors and Supervisory Board in 2019. Accordingly, the remuneration fund for members of the Board of Directors and the Supervisory Board in 2019 is 1.5% of profit after tax, but not lower than the remuneration fund in 2018 (VND 4.6 billion). The level of detailed allocation for each member of the Board of Directors and the Supervisory Board should be decided by the Board of Directors in line with the Company's business results in 2019.

#### For members of the Board of Directors

The payment of salary to members of the Board of Management complies with the Company's Charter, Salary Regulation and Labor Contract. In addition, the Board of Directors will decide bonuses for members of the Board of Management based on the business and performance results of the Company.

#### For Managers (including Company Secretary)

Managers appointed by the Board of Directors are paid according to the Company's salary regulation and labor contract. In addition, the Board of Management will decide bonuses for managers based on the business results and the assessment of performance in the year.

## WAGES, BONUSES AND REMUNERATION ACHIEVED

### COLLECTING AND SPENDING FUNDS FOR THE BOARD OF DIRECTORS AND SUPERVISORY BOARD (For 5 members of the Board of Directors and 3 members of the Supervisory Board)

No.	Criteria	Amount (VND)
1.	Funds balance as of 01/01/2019	709,721,508
2.	Setting up funds in according with the Resolution of the Annual General Meeting of Shareholders 2019	3,695,674,436
3.	Funds expenditures in 2019 (*)	4,405,395,944
4.	Funds balance until 31/12/2019	-

(\*) Of which:

- Remuneration payment: VND **3,690,107,620**
- Bonuses payment: VND **715,288,324**

Details of the payment are as follows:

No.	Full Name	Title	Remuneration	Bonus
<b>I. MEMBERS OF THE BOARD OF DIRECTORS</b>				
1.	Do Quang Hien	Chairman of BOD	v	v
2.	Le Dang Khoa	Member of BOD	v	v
3.	Vu Duc Tien	Member of BOD	v	v
4.	Mai Xuan Son	Member of BOD	v	v
5.	Nguyen Van Hung	Member of BOD (01/01/2019-10/04/2019)	v	v
6.	Mai Anh Chinh	Member of BOD (11/04/2019-31/12/2019)	v	v
<b>II. MEMBERS OF THE SUPERVISORY BOARD</b>				
1.	Pham Thi Bich Hong	Head of SB	v	v
2.	Vu Duc Trung	Member of SB	v	v
3.	Luong Thi Luu	Member of SB	v	v

### SALARY AND REWARDS OF THE BOARD OF MANAGEMENT:

- Income from salary VND **3,805,277,365**
- Income based on business results: VND **3,522,218,350**

Details of the payment are as follows:

No.	Full Name	Title	Salary	Bonus
1.	Vu Duc Tien	General Director	v	v
2.	Tran Sy Tien	Deputy General Director cum Chief Accountant	v	v
3.	Tran Thi Thu Thanh	Deputy General Director	v	v
4.	Nguyen Chi Thanh	Deputy General Director and Director of HCM Branch (26/11/2019-31/12/2019)	v	v
5.	Nguyen Hong Diep	Director of HCM Branch (01/01/2019 - 26/11/2019)	v	v
6.	Tran Phuoc Ha Nhi	Director of Da Nang Branch	v	v

### WAGES AND REWARDS OF MANAGERS

Number of manager(s): 32 people

Details of remuneration for managers:

- Income from salary: VND **16,352,877,992**
- Income based on business results: VND **15,421,914,280**

### OTHER BENEFITS

In addition to remuneration, salaries and bonuses, members of the Board of Directors, the Supervisory Board and the Company's managers were also entitled to other benefits in 2019 as follows:

- Lunch regime
- Permission mode
- Compulsory insurance (social insurance, health insurance and unemployment insurance)
- Voluntary insurance (life insurance and annual health insurance)
- Periodic health check-up
- Gasoline, telephone and working fee
- Other benefits (ESOP in accordance with the Resolution of the Annual General Meeting of Shareholders 2018).

# CORPORATE GOVERNANCE AND FINANCIAL ASSESSMENT

## CORPORATE GOVERNANCE ASSESSMENT

### ACCORDING TO THE BEST GOVERNANCE PRACTICE OF VIETNAM

No.	Content of question	Performance 2019	Performance 2018	Assessment
<b>A.</b>	<b>THE RESPONSIBILITY OF THE BOARD OF DIRECTORS</b>			
<b>1.</b>	<b>ESTABLISHING CLEAR ROLES, RESPONSIBILITIES AND COMMITMENT OF THE BOARD</b>			
<b>1.1.</b>	<b>The board should clearly define and disclose the full scope of its roles, responsibilities and accountabilities</b>			
1.1.1.	The Board should adopt a separate Board charter that clearly defines its roles, responsibilities and accountabilities; the Board charter should be disclosed on the company's website.	Good	Good	Operation regulation of the Board of Directors is in the internal regulation on corporate governance - posted on the website.
1.1.2.	The Board should review and guide corporate strategy, major plans of action, risk policy, annual budgets and business plans; set performance objectives; monitor implementation and corporate performance; and oversee major capital expenditures, acquisitions and divestitures.	Good	Good	
1.1.3.	The Board should monitor the effectiveness of the company's governance, environmental and social policies and practices, and adhere to applicable laws.	Good	Good	
1.1.4.	The Board should embody high standards of business ethics and oversee the implementation of codes of conduct that engender a corporate culture of integrity.	Good	Good	
1.1.5.	The Board should assess the major risks facing the company and the steps taken by management to monitor and control such risks.	Good	Good	
1.1.6.	The Board should oversee the integrity of the company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.	Good	Good	
1.1.7.	The Board should select, compensate, monitor and, when necessary, replace key executives and oversee their succession planning.	Good	Good	
1.1.8.	The Board should align key executive and board remuneration fairly with risk appetite and the longer-term interests of the company and its shareholders	Good	Good	

1.1.9.	The Board should monitor and manage potential conflicts of interest of management, board members, supervisory board (if applicable) and shareholders, including misuse of corporate assets and abuse in related-party transactions.	Good	Good
1.1.10.	The Board should oversee the process of disclosure and communications of the company.	Good	Good
<b>1.2.</b>	<b>Board members should fully understand their fiduciary duties to act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and the shareholders, while taking into account the interest of the company's relevant stakeholders.</b>		
1.2.1.	Board members should perform their duties in good faith and in the best interest of the company and all shareholders, avoiding all potential or actual conflicts of interest.	Good	Good
1.2.2.	Board members who are working within the structure of a group of companies: even though a company might be controlled by another entity, the duty of loyalty for a board member relates to the company and all its shareholders and not to the controlling entity of the group.	Good	Good
1.2.3.	Board members should exercise maximum care and prudence in the performance of their duties that may be expected from a good director in a similar situation and under similar circumstances.	Good	Good
1.2.4.	Board members should fully understand the Board's roles and responsibilities as described in the law and company policies, and help ensure the Board is effectively discharging its roles and responsibilities.	Good	Good
1.2.5.	Board members should inform themselves of applicable corporate governance and ethics requirements and ensure the company continuously acts in accordance with its policies on good governance and ethical conduct.	Good	Good
1.2.6.	Board members should actively participate in overseeing the activities of the company, in discussions of respective bodies and making adequate efforts to obtain the information with regard to the discussed matters. Board members are expected to have reviewed all materials distributed to them prior to board meetings in order to be prepared for their contributions in the board room.	Good	Good
1.2.7.	Each board member has a responsibility to attend all Board meetings of the company during a year.	Good	Good
1.2.8.	Unless required to do so by law, board members should not, during their membership on the Board of afterwards, disclose any information that they know or should know to be of a confidential nature and that came to their knowledge through their work at the company's Board. Board members should not use such confidential information for their personal benefit.	Good	Good
1.2.9.	If Board members resign or are unable to perform their functions, the Board should immediately take steps necessary to ensure substitution or replacement on the Board following best practice guidance and in accordance with current law and regulations.	Good	Good

<b>1.3.</b>	<b>Together with senior management, the Board should promote a good corporate governance culture within the company and monitor its effectiveness at all times.</b>		
1.3.1.	The Board of directors sits at the center of the corporate governance system of the company and plays a critical oversight role.	Good	Good
1.3.2.	The Board should ensure the company adopts its own corporate governance code that is based upon principles of transparency, accountability, responsibility, and fairness, in line with best practices and current regulations to demonstrate the company's commitment towards good corporate governance.	Good	Good
1.3.3.	To foster the confidence of shareholders, employees, investors, and the public, a corporate governance code should reach beyond compliance with established local legal and regulatory frameworks to embrace both nationally and internationally recognized corporate governance best practices.	Good	Good
1.3.4.	The Board should actively conduct a regular review of the corporate governance implementation of the company to ensure that there are clear lines of accountability for management throughout the organization.	Good	Good
1.3.5.	The company should disclose its governance structures and policies, in particular, the content of any corporate governance code or policy and the process by which it is implemented. It is also good practice to disclose the company charter, board charters, corporate governance code and, where applicable, committees' structures and charters.	Good	Good
<b>1.4.</b>	<b>The Board should be responsible for ensuring and adopting an effective succession planning program for directors, CEO and key executive management positions to ensure growth and a continued increase in the shareholders' value.</b>		
1.4.1.	The transfer of company leadership to highly competent and qualified individuals is the goal of succession planning. It is the Board's responsibility to implement a process to appoint competent, professional, honest and highly motivated management officers who can add value to the company.	Good	Good
1.4.2.	A good succession plan is linked to the documented roles and responsibilities for each position, and should start in objectively identifying the key knowledge, skills, and abilities required for the position.	Good	Good
1.4.3.	For any potential candidate identified, a professional development plan is defined to help the individuals prepare for the job (e.g. training to be taken and cross experience to be achieved).	Good	Good
1.4.4.	The process is conducted in an impartial manner and aligned with the strategic direction of the organization.	Good	Good

<b>2. ESTABLISHING A COMPETENT AND PROFESSIONAL BOARD</b>				
<b>2.1. Collectively, the Board should possess a diversified and broad range of views, expertise, skills, and competencies, sufficient to provide effective stewardship and oversight of the company.</b>				
2.1.1.	Board diversity is crucial because it allows the company to take advantage of a plurality of arguments and of a richer and more reliable decision-making process.	Good	Good	
2.1.2.	The composition of the Board of directors must consider a diversity of knowledge, experiences, behaviours, cultural aspects, age and gender.	Good	Good	
2.1.3.	The Board must ensure that the executive management defines and promotes policies that provide equal opportunities for women to access high leadership positions within the organization.	Good	Good	
2.1.4.	The Board should develop a Board skills matrix with a description of the role and capabilities required or Board appointments, including factors such as independence, diversity, age, gender, future succession planning, integrity, skills, expertise, breadth of experience, knowledge about the company's business and industry, and willingness to devote adequate time and effort to Board responsibilities in the context of the existing composition and needs of the Board and its committees.	Good	Good	
2.1.5.	The Board, with the assistance of the nomination committee, should select and recommend director nominees for election by shareholders. The nomination committee of the Board should oversee the development and implementation of the formal board nomination process. The Board should disclose the process in appointing new directors, and the criteria used to select new directors.	Good	Good	
2.1.6.	All shareholders should have the opportunity to nominate candidates to the Board of Directors. The shareholders owning at least 5 percent of company shares should be provided with a right to propose nominees. The shareholders owning less than 5 percent of the company's voting shares should be provided with the opportunity to propose nominees. The deadlines for nominee director proposals, procedures for considering them and including into the agenda should be determined in the Board charter.	Good	Good	
2.1.7.	An odd number of Board members between five and eleven is recommended. This number may vary according to the company's industry, size, complexity, as well as where it is in its life cycle, and what committees need to be created.	Good	Good	The Board of Directors of SHS has 5 members.
2.1.8.	The Board should aim to have at least two female members or 30% of female directors to optimize the benefits of gender diversity on the Board.	Not good	Not good	In 2018 and 2019, the Board of Directors of SHS had no female members.
<b>2.2. The Board should be composed of at least two-thirds of non-executive directors who possess the necessary qualifications to effectively participate and help secure objective, independent judgment on corporate affairs and to substantiate proper checks and balances.</b>				



2.2.1.	The right combination of executive directors and non-executive directors (NEDs), which includes an independent director, ensures that no director or small group of directors can dominate the decision-making process.	Good	Good	
2.2.2.	Further, a Board composed of at least two-thirds NEDs assures protection of the company's interest over the interest of the individual shareholders.	Good	Good	In 2018 and 2019, the Board of Directors of SHS had 4/5 non-executive members.
2.2.3.	The company determines the qualifications of the NEDs that enable them to effectively participate in the deliberations of the Board and carry out their roles and responsibilities.	Good	Good	
<b>2.3.</b>	<b>The Board shall appoint a professionally qualified Corporate Secretary who is accountable directly to the Board of Directors on all matters to do with the proper functioning of the Board.</b>			
2.3.1.	The modern Corporate Secretary is normally a senior management position of the company and is now expected to provide professional guidance to shareholders, boards, individual directors, management, and other stakeholders on the governance aspects of strategic decisions.	Good	Good	
2.3.2.	The Corporate Secretary typically would act as a bridge for information, communication, advice, and arbitration between the Board and management. The Corporate Secretary would also act as a bridge between the company and its shareholders and stakeholders, however, in big companies this is the job of an "investor relations officer".	Good	Good	The Board of Directors of SHS hasn't issued any decision to appoint a Company Secretary and the person in charge of shareholder relations but has arranged Mrs. Doan Thi Nhu Quynh - Deputy Chief of the Office of the Board of Directors to assume this role.
2.3.3.	The roles and responsibilities of a Corporate Secretary include, but are not limited to the following: (1) Manage all Board and committee meeting logistics, attend and record meetings; (2) minute all Board and committee meetings and facilitate Board communications; (3) advise the Board and Board committees on its roles and responsibilities; (4) facilitate the orientation of new directors and assist in director training and development; (5) advise the Board on corporate disclosures and compliance with company and securities regulations and listing requirements; (6) manage processes pertaining to the annual shareholder meeting; (7) monitor corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations; and (8) serve as a focal point for stakeholders' communication and engagement on corporate governance issues.	Good	Good	

2.3.4. To carry out his/her role effectively, a Corporate Secretary needs to act with the highest integrity and independence in protecting the interests of the company, its shareholders, and others with a legitimate interest in the company's affairs. This level of responsibility calls for a thorough knowledge of the business environment in which the company operates as well as of the laws, rules, and regulations that govern its activities. The Corporate Secretary should undertake continuous professional development and maintain neutrality and objectivity in supporting the Board and relevant bodies in its work.	Good	Good
<b>2.4. The Company should provide in its Board Charter and Corporate Governance Regulations a policy on the continuing development of directors, including an orientation program for first-time directors and relevant annual continuing training for all directors.</b>		
2.4.1. All directors should be properly oriented upon joining the Board to ensure that new members are appropriately appraised of their duties and responsibilities before beginning their directorships.	Good	Good
2.4.2. The orientation program shall be developed by the Board (with support of its relevant committee or the Corporate Secretary) and cover key corporate governance topics (including this Code) and an introduction to the company's business, its Charter and Code of Conduct. It should be able to meet the specific needs of the company and the individual directors and aid any new directors in effectively performing his or her functions.	Good	Good
2.4.3. Board members should have the necessary resources and network to develop and maintain their knowledge, skills, and expertise to help promote effective Board performance and continuing qualification of the directors in carrying out their duties and responsibilities.	Good	Good
2.4.4. All directors should attend at least one corporate governance or director training program organized by an accredited and professional organization to ensure they understand key principles of good corporate governance and strive to update themselves annually with the latest governance trends and requirements.	Good	Good
2.4.5. The company should disclose within the Corporate Governance Section of their annual reports the policies and practices of professional development and training for board members, both as part of the onboarding process and on an ongoing basis.	Good	Good
<b>3. ENSURING EFFECTIVE BOARD LEADERSHIP AND INDEPENDENCE</b>		
<b>3.1. Once elected, all Board members have a responsibility to the company, regardless of the shareholders, shareholder group, administrator or stakeholder who appointed them to the position.</b>		
3.1.1. Board members must perform their duties based on technical knowledge, with full objectivity and without the influence of any personal or professional relationships. They must create and preserve value for the organization as a whole, within the appropriate legal and ethical guidelines.	Good	Good

3.1.2.	Board members who are conflicted on a particular matter must refrain from participating in the discussion and the decision on that specific issue. Board members who feel they can no longer maintain an appropriate level of objectivity in discharging their duties due to improper pressure or influence, should resign from the board if they cannot otherwise mitigate the issue.	Good	Good	At SHS: Board members who have conflicts of interest are not allowed to vote on related issues.
3.1.3.	Board members should not serve as paid consultants or advisors to the company.	Good	Good	At SHS: there is no Board member who works as a consultant or an adviser paid by the Company.
<b>3.2.</b>	<b>To promote independent judgment by all Board members and the integrity of the governance system, Boards should contain at least one-third independent directors.</b>			
3.2.1.	The presence of independent directors in the Board ensures the exercise of independent judgment on corporate affairs and proper oversight of managerial performance, including prevention of conflict of interest and balancing of competing demands of the corporation.	Good	Good	
3.2.2.	There is increasing global recognition that the presence of independent directors on the Board will help ensure more objective decision-making, particularly in conflict of interest situations.	Good	Good	
3.2.3.	In addition, experts have recognized that there are varying opinions on the optimal number of independent directors in the Board. However, the ideal number ranges from one-third to a substantial majority.	Not good	Not good	In 2018 and 2019: SHS had 1/5 independent BOD members.
<b>3.3.</b>	<b>The Board should ensure that its independent directors possess the necessary qualifications and none of the disqualifications for an independent director to hold the position.</b>			
3.3.1.	Independent directors need to possess a good general understanding of the industry they are in.	Good	Good	
3.3.2.	It is worth noting that independence and competence should go hand-in-hand.	Good	Good	
3.3.3.	It is important that independent directors possess the qualifications and stature that would enable them to effectively and objectively participate in the deliberations of the Board.	Good	Good	
3.3.4.	All companies should have at least one independent director who has financial expertise and experience to participate and lead the Audit Committee.	Good	Good	The independent Board member – Mr. Mai Xuan Son – has financial expertise and experience.
<b>3.4.</b>	<b>The Board's independent directors should serve for a maximum cumulative term of nine years.</b>			
3.4.1.	Service in a board for a long duration may impair a director's ability to act independently and objectively. Hence, the tenure of an independent director is set to a cumulative term of nine years.	Good	Good	Mr. Mai Xuan Son has been a member of the Board of Directors of SHS since January 24 <sup>th</sup> , 2014.
3.4.1.	After nine years, the independent director should be perpetually barred from re-election as such in the same company, but may continue to qualify for nomination and election as a non-independent director.	Good	Good	

<b>3.5.</b>	<b>The Board should designate a lead director among the independent directors if the Chairman of the Board is not independent, including if the positions of the Chairman of the Board and Chief Executive Officer (CEO) are held by one person.</b>			
3.5.1.	The Chairman of the Board and the CEO are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making. It is also recommended that the Chairman is an independent director.	Relatively good	Relatively good	At SHS: The Chairman of the Board of Directors is not concurrently the CEO but is a non-independent member.
3.5.2.	In cases where the Chairman is not independent and where the role of Chair and CEO are combined, putting in place proper mechanisms ensures independent views and perspectives. More importantly, it avoids the abuse of power and authority, and potential conflicts of interest.	Does not apply	Does not apply	At SHS: The Chairman of the Board of Directors is not concurrently the CEO but is a non-independent member.
3.5.3.	A suggested mechanism is the appointment of a strong “lead director” among the independent directors and it is also recommended that Boards are comprised of a majority of independent directors where the Chairman is not independent.	Relatively good	Relatively good	SHS has only one independent member.
3.5.4.	This lead director has sufficient authority to lead the Board in cases where the remaining directors (including the dual Chairman-CEO) have clear conflicts of interest.	Good	Good	SHS has only one independent member.
<b>4.</b>	<b>ESTABLISHING BOARD COMMITTEES</b>			
<b>4.1.</b>	<b>The Board should set up specialized Board committees to support the Board in the performance of its functions and to avoid any conflicts of interest.</b>			
4.1.1.	The Board should create an audit committee which should be composed of a minimum of three Board members, all non-executives and a majority of whom, including the committee chair, should be independent.	Not good	Not good	Due to the small number of BOD members and the fact that the BOD has many sub-committees, the Audit Committee of SHS has only two members.
4.1.2.	The committee should have collective knowledge in terms of internal audit, IFRS and VAS accounting, compliance, financial reporting and control. The chair of the audit committee should have financial expertise and be an independent director.	Good	Good	
4.1.3.	The role and responsibilities of the audit committee should be covered in a separate charter which should be adopted by the Board and disclosed on the company’s website. The authorities, composition and working procedures specified in the audit committee charter should be developed as a practical benchmark, against which performance of the audit committee would be evaluated.	Good	Good	

<p>4.1.4. The primary responsibilities of the audit committee are to: (1) Oversee the integrity of the financial statements of the company and any formal announcements relating to the company's financial performance; (2) review the company's internal financial controls, internal control and risk management systems; (3) review related-party transactions which meet the Board or shareholders' meeting approval threshold and make a recommendation on these transactions to the Board or shareholders for approval; (4) oversee the company's internal audit function; (5) recommend the appointment, remuneration and terms of engagement of the external auditor for the Board's review and approval (before submitting to the AGM for final approval); (6) monitor and review the external auditors' independence and objectivity and the effectiveness of the audit process, especially when the company uses non-audit services of the external auditors; (7) develop and implement policy on the engagement of the external auditor to supply non-audit services; and (8) ensure the company's compliance with all legal and regulatory requirements and other internal regulations of the company.</p>	Good	Good	At SHS: It is the Supervisory Board.
<p><b>4.2. The Board should establish a competent risk management committee to ensure that the risks inherent to the company's business activities are properly managed.</b></p>			
<p>4.2.1. The Board should establish a risk management committee with at least three non-executive directors; the majority of whom, including the committee chairman, should be independent.</p>	Not good	Not good	Due to the small number of BOD members and the fact that the BOD has many sub-committees, the Risk Management Committee of SHS has only 2 members.
<p>4.2.2. The Board should adopt a risk management committee charter which should be made publically available via the company's website. The authorities, composition and working procedures specified in the risk management committee charter should be developed as a practical benchmark, against which performance of the risk management committee would be evaluated.</p>	Relatively good	Relatively good	The Board of Directors has approved the operational regulations of the Risk Management Committee but it has not been posted on the website.

4.2.3. The primary responsibilities of the risk management committee are to: (1) Approve and oversee the company's procedures and policies in identifying and managing risk; (2) oversee and monitor senior management's performance in implementing the company's risk management policy; (3) review and recommend for Board approval risk appetite and risk management strategies; (4) recommend to the Board exposure limits and risk-taking authority delegated to chief executive officer (CEO) and senior management; (5) consider risk aspects of strategies and proposals by management; (6) monitor the effectiveness of the risk management function and ensure that there are adequate resources and systems in place to meet the desired level of capability and exceed minimum compliance requirements; and (7) establish a continuing education program to improve member knowledge of risk management.	Good	Good	
4.2.4. Subject to legal requirements on company size, the nature of its business environment and other factors, if there is no urgent need to establish the separate risk management committee, the audit committee may combine audit and risk management oversight responsibilities.	Good	Good	
<b>4.3. The Board should establish a corporate governance, nomination and remuneration committee to strengthen the effectiveness of the company's corporate governance framework and ensure that the company's nomination and remuneration policies and practices support the successful appointment, development, and retention of directors and managers.</b>			
4.3.1. The Board should establish a corporate governance, nomination and remuneration (CGNR) committee which should be composed of at least three qualified non-executive directors, the majority of whom, including the committee chairman, should be independent.	Not good	Not good	Due to the small number of BOD members and the fact that the BOD has many sub-committees, the SHS's System Management and Salary Committee has only one member and he is a non-independent member.
4.3.2. The Board should adopt a CGNR committee charter which should be made publically available via the company's website. The authorities, composition and working procedures specified in the CGNR committee charter should be developed as a practical benchmark, against which performance of the CGNR committee would be evaluated.	Relatively good	Relatively good	The Board of Directors approved CGNR's operating regulations but this has not been posted on the website.

4.3.3.	The primary responsibilities of the CGNR committee are to: (1) Develop, recommend and annually review the company's corporate governance policies and oversee corporate governance matters; (2) identify individuals qualified to become Board members and recommend such individuals to the Board for nomination for election to the Board; (3) make recommendations to the Board concerning committee appointments (other than the CGNR Committee); (4) coordinate an annual evaluation of the Board, directors and committee; (5) ensure compliance with the company's corporate governance policy (manual) and the Code of Conduct; (6) assist the Board with discharging its responsibilities relating to the remuneration of the directors, CEO, senior management, the company secretary and such other members of the management as it is designated to consider by the Board; (7) oversee the administration of the company's compensation and benefits plans; and (8) prepare an annual report on remuneration policy and practices which will form part of the company's annual report.	Good	Good	
<b>5. ENSURING EFFECTIVE PERFORMANCE OF THE BOARD</b>				
<b>5.1. The Board should conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. Every three years, the assessment should be supported by an external facilitator.</b>				
5.1.1.	Board assessment helps the directors to thoroughly review their performance and understand their roles and responsibilities.	Good	Good	
5.1.2.	The periodic review and assessment of the Board's performance as a body, the board committees, the individual directors, and the Chairman show how the afore-mentioned should perform their responsibilities effectively.	Good	Good	
5.1.3.	In addition, it provides a means to assess a director's attendance at Board and committee meetings, participation in boardroom discussions and manner of voting on material issues.	Good	Good	
5.1.4.	The use of an external facilitator in the assessment process increases the objectivity of the same. The external facilitator can be any independent third party such as, but not limited to, a consulting firm, academic institution or professional organization.	Not good	Not good	SHS has not yet hired external auditors.
<b>5.2. The Board should have in place a system that provides, at a minimum, criteria and processes to determine the performance of the Board, the individual directors, and its committees. Such a system should allow for a feedback mechanism from the shareholders.</b>				
5.2.1.	Disclosure of the criteria, process and collective results of the assessment ensures transparency and allows shareholders and stakeholders to determine if the directors are performing their responsibilities to the company.	Good	Good	
5.2.2.	Companies are given the discretion to determine the assessment criteria and process, which should be based on the mandates, functions, roles and responsibilities provided in the Board and Committee Charters.	Good	Good	

5.2.3.	In establishing the criteria, attention is given to the values, principles and skills required for the company. Normally, the Corporate Governance Nomination and Remuneration Committee oversees the evaluation process.	Good	Good	
<b>5.3.</b>	<b>When proposing director remuneration to the shareholders' meeting for approval, the Board should consider whether the remuneration structure is appropriate for the directors' respective roles and responsibilities, linked to their individual and company performance, and provide incentives for the Board to lead the Company in meeting its objectives, both in the short and long term.</b>			
5.3.1.	The Board's remuneration committee with the majority of its members and the chairman being independent directors is responsible for setting the remuneration policy.	Good	Good	
5.3.2.	The remuneration of the Board should be consistent with the Company's strategies and long-term objectives, and reflect the experience, obligations, scope of work, accountability and responsibilities, and contribution of each director. Directors who have additional roles and responsibilities, such as a member of a committee, should be entitled to additional remuneration, comparable to industry practice.	Good	Good	
5.3.3.	Shareholders must approve the Board remuneration structure, including level and pay components (both cash-based and non-cash compensation). The Board should consider the appropriateness of each pay component, both in terms of fixed rates (such as retainer fee and attendance fee) and remuneration paid according to the company's performance (such as bonus and rewards). The remuneration should reflect the values that the Company creates for shareholders taking a long-term perspective on company performance, and the pay level should not be too high so as to avoid the Board excessively focusing on the Company's short-term results.	Relatively good	Relatively good	SHS's Annual General Meeting of Shareholders only approves the total remuneration of the BOD and the Supervisory Board by year. The AGM authorizes the Board of Directors to allocate the remuneration fund to each member.
<b>6.</b>	<b>ESTABLISHING AND MAINTAINING AN ETHICAL CORPORATE CULTURE</b>			
<b>6.1.</b>	<b>The Board should ensure the adoption of a Code of Business Conduct and Ethics to set an appropriate ethical business culture within the company. This Code would provide standards for professional and ethical behaviors, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings. The Code should be properly disseminated to the Board, Senior Management and employees. It should also be disclosed and made available to the public through the company website.</b>			
6.1.1.	A Code of Business Conduct and Ethics formalizing ethical values is an important tool to install an ethical corporate culture that pervades throughout the company.	Good	Good	
6.1.2.	The main responsibilities to create and design a Code of Business Conduct and Ethics suitable to the needs of the company and the culture by which it operates lies with the Board.	Good	Good	
6.1.3.	To ensure proper compliance with the Code, appropriate orientation and training of the Board, Senior Management and employees on the same are necessary.	Good	Good	



<b>6.2. The Board should ensure the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.</b>			
6.2.1.	The Board has the primary duty to make sure that the internal controls are in place to ensure the Company's compliance with the Code of Business Conduct and Ethics and its internal policies and procedures. Hence, it needs to ensure the implementation of said internal controls to support, promote and guarantee compliance.	Good	Good
6.2.2.	This includes efficient communication channels, which aid and encourage employees, customers, suppliers and creditors to raise concerns on potential unethical/unlawful behavior to the Board's appropriate communication channel, without fear of retribution.	Good	Good
6.2.3.	A company's ethics policy can be made effective and inculcated in the company culture through a communication and awareness campaign, continuous training to reinforce the code, strict monitoring and implementation and setting in place proper avenues where issues may be raised and addressed without fear of retribution.	Good	Good
<b>6.3. The Board of Directors is the focal point of and collectively bears accountability for the governance of the company, its long-term success and the delivery of sustainable value to its stakeholders. The Board should set the role model for management and employees of the company to follow.</b>			
6.3.1.	The Board and management of the company shall act in an ethical manner, with honesty and integrity in all of its dealings with and on behalf of the company and its shareholders at all times.	Good	Good
6.3.2.	The Board and management of the company shall ensure that all deliberations, decisions and actions are founded on core values underpinning good governance-responsibility, accountability, fairness and transparency.	Good	Good
6.3.3.	The Board and management of the company shall ensure that the company complies with applicable laws, regulations, standards and internal policies.	Good	Good
<b>B. CONTROL ENVIRONMENT</b>			
<b>7. ESTABLISHING A SOUND RISK MANAGEMENT AND CONTROL ENVIRONMENT</b>			
<b>7.1. The Board of Directors should ensure integration of strategy, risk and control, and oversee the effectiveness of the company's internal control system.</b>			
7.1.1.	The Board has the ultimate responsibility for oversight of the company's risk management and internal control frameworks. The Board should ensure that an effective means of risk oversight is in place and clear lines of responsibility and accountability throughout the organization are enforced.	Good	Good
7.1.2.	The Board should approve strategic plans and monitor their effective implementation. The Board, with assistance from the audit and risk committees, should periodically review the effectiveness of the company's internal controls. The Board's agenda on internal control should not be static and it should be tailored to the issues and risk that demands the Board's highest attention.	Good	Good

7.1.3.	The Audit and Risk Committees should ensure that the management team is equipped with the mechanisms and internal controls to identify, assess, and mitigate risks, with a view to keeping them at levels in line with the company's risk appetite. The internal control system should have forward-looking and pro-active perspectives in an attempt to anticipate potential risks. Committees should organize face-to-face meetings with the executive team to understand the most pressing internal control issues.	Good	Good
7.1.4.	The Board should ensure that all necessary control bodies (e.g. risk management, compliance, internal audit) within the company are established with adequate standing, authority and reporting lines.	Good	Good
7.1.5.	All Board-level committees should ensure adequate flow of information, on individual incidents or themes that might indicate an underlying or emerging risk, among the committees.	Good	Good
7.1.6.	The Board, with an aim to support the internal control framework, should develop a whistle-blowing mechanism which would enable employees and stakeholders to make early disclosures about wrongdoing, so that problems can be identified and resolved. Employees should be protected from possible reprisals and they should not be at risk of losing their job or suffering any form of retribution as a result of reporting alleged wrongdoing.	Good	Good
<b>7.2.</b>	<b>The Board of Directors should establish an internal audit function that provides objective assurance and consulting activity designed to add value and improve an organization's operations.</b>		
7.2.1.	The Company should have an independent internal audit function that provides assurance to the Board as to the effectiveness and efficiency of the company's governance, risk management framework and internal control system. The internal auditor's authority, composition, remuneration, annual budget, working procedures and other relevant matters are regulated in a separate internal audit charter approved by the audit committee.	Good	Good
7.2.2.	The Head of Internal Audit (Chief Audit Executive) should directly report to the Board or Audit Committee. The Head shall be a senior executive of the organization (but not part of the senior management team). Appointment and dismissal of the Head of Internal Audit shall be approved by the audit committee.	Good	Good
7.2.3.	The internal audit function should be established in line with applicable legal requirements and the standards adopted by the Institute of Internal Auditors (IIA) which are widely accepted as international best practice.	Good	Good
7.2.4.	The Audit Committee should receive results of the annual risk assessment, internal audit reports, results of quality assessment and improvement plan of the internal audit department, updates on key audit issues, extensions on audit resolutions, and provide necessary guidance.	Good	Good

<b>7.3. The Board should establish a compliance function as a second line of defense with the necessary standing and authority.</b>			
7.3.1.	The Company should have a compliance function that ensures proper compliance with all applicable external laws and regulations as well as internal policies. The compliance function shall monitor activities of the company and its employees to ensure compliance and report to senior management and the Board on a regular basis.	Good	Good
7.3.2.	The Compliance Unit will be able to discharge its function better when its independence is reinforced through a direct reporting line to the Board. The Head of Compliance should have the necessary standing and authority within the company. The Head should have direct and unfiltered access to the Board or a board-level committee (E.g. Risk Committee, Audit Committee). The Board or its related Committee should receive periodic updates from the Compliance function.	Not good	Not good The Legal and Internal Control Department only report directly to the CEO.
7.3.3.	The Head of Compliance should advise senior management and the Board on the applicable laws, rules and standards, including keeping them informed on developments in the area; educate staff on compliance issues; identify, document, assess, measure, monitor and report the compliance risks associated with the company's business activities.	Relatively good	Relatively good
<b>7.4. The Board should oversee the company's enterprise-wide risk management and ensure the risk management activities help the company in making better and risk-informed strategic decisions, and managing risks within the company's risk appetite.</b>			
7.4.1.	The Board should regularly monitor implementation of the company's strategy and discuss business risks, the management's assessment of the internal risk management and control systems, and any significant changes to such systems. The Board should ensure that sufficient time is devoted to discussing risk-management strategy, including social and environmental risks, activities and outcomes, at Board meetings.	Good	Good
7.4.2.	The Board should set the risk appetite and risk tolerance limits per the company's strategy. The Board should ensure that the company's risk management framework is reviewed at least on an annual basis. The Audit Committee should receive a report from the internal audit on the effectiveness of the risk management framework on an annual basis.	Good	Good
7.4.3.	The Board should develop and publish a risk management policy with a clear risk management framework and structure. This framework should incorporate a "three lines of defense" concept, where management is the first line of defense, risk management and compliance functions are the second line of defense, and internal audit is the third line of defense.	Good	Good

7.4.4.	The Board, with an aim to encourage prudent risk-taking, should ensure that executive remuneration packages aligned with the long-term interest of the shareholders and are adjusted for all types of risks (e.g. operational risks, reputational risks). Organizations can employ risk-adjustment measures such as deferral of payment, longer performance periods etc. when designing their remuneration framework.	Good	Good	
7.4.5.	The company should appoint a Chief Risk Officer (CRO) to head its risk management function. The CRO should have direct access to the Board and/or Risk/Audit Committee.	Good	Good	
7.4.6.	The CRO is responsible and accountable for the execution of the risk-management policy and development of risk management strategies.	Good	Good	
<b>7.5.</b>	<b>The Board should ensure that a foundation and framework for a cyber-resilient company are properly established.</b>			
7.5.1.	The Board should have the necessary capacity to understand cybersecurity risks and related legal implications. If necessary, the Board should seek independent cybersecurity expertise to have discussions on this topic.	Good	Good	
7.5.2.	Cybersecurity risk should be dealt with as part of the company's enterprise-wide risk management rather than as a separate issue. Adequate time should be given to the cybersecurity on the Board's agenda to ensure satisfactory cyber protection.	Good	Good	
7.5.3.	The Board should approve the company's strategy on identification and mitigation of cyber risks, including the transfer of risks through insurance.	Good	Good	
7.5.4.	The Board should seek annual reports from the internal auditors on the company's cybersecurity program.	Good	Good	
<b>7.6.</b>	<b>The Board of Directors should establish the selection criteria for the external auditor, evaluation of the quality of work of the external auditor, and set procedures for follow-up on external auditors' recommendations.</b>			
7.6.1.	The external auditor will be appointed by the general assembly (unless otherwise required by specific laws). The Audit Committee should report to the Board and the annual general assembly on the Committee's recommendations with respect to the selection of the external auditor, engagement fees and the overall terms of service to be provided by the external auditor.	Good	Good	At SHS: Every year, the Annual General Meeting of Shareholders authorizes the Board of Directors to select an independent auditing company from at least 3 independent auditing companies on the basis of the Supervisory Board's offer.

7.6.2.	The Audit Committee should determine and oversee the audit quality indicators (e.g. external auditor's compliance with independence requirements, years of audit experience and industry specialization, attribution rate etc.) and oversee the work of the external auditor and the effectiveness of the audit process. The committee should review the company's policies on external auditor (e.g. selection, rotation, performance assessment etc.) and report to the board the Committee's recommendations for any modification of such policies.	Good	Good	
7.6.3.	The external auditor should be independent, well-qualified to carry out their duties, and free of conflicts of interest. The external auditor should provide only an audit opinion and refrain from providing any other non-audit services to the company. Financial Statements should be audited in accordance with Internal Standards on Auditing (ISA),	Good	Good	The Independent Auditing Company audits SHS's financial statements according to Vietnamese Standards on Auditing.
7.6.4.	The company should disclose all fees payable to the external auditor including both assurance and non-assurance services. The Audit Committee should ensure that the amount of non-audit (non-assurance) fees, if any, does not exceed the amount of fees paid for the provision of external audit services.	Good	Good	SHS only pays auditing fees to the Independent Auditing Company.
<b>C.</b>	<b>DISCLOSURE AND TRANSPARENCY</b>			
<b>8.</b>	<b>STRENGTHENING COMPANY DISCLOSURE PRACTICES</b>			
<b>8.1.</b>	<b>The Board should ensure adequate communications with shareholders, investors, regulators and the general public by pursuing a transparent and effective disclosure policy.</b>			
8.1.1.	The Board should adopt the disclosure policy which ensures that all relevant information on the governance and operations of the company is disclosed accurately, in time and in full in accordance with applicable laws and regulations, and that it is available to shareholders and other stakeholders at the same time. In particular, the company should make a full, fair, accurate and timely disclosure of every material fact or event that occurs, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	Good	Good	
8.1.2.	The Board of Directors should ensure that the company's disclosure practices follow the disclosure policy. The company's disclosure system should guarantee equal access to information to shareholders, investors, and other stakeholders and should not allow for any abuse of internal information or insider trading.	Good	Good	
8.1.3.	The Audit Committee should oversee all financial and non-financial reports in accordance with the policy.	Good	Good	
8.1.4.	The Board should adopt a policy requiring all directors and senior managers to disclose/report to the company any dealings in the company's shares within 3 business days.	Good	Good	All SHS's internal and related people are required to report before trading SHS shares in accordance with the provisions of Circular 155.

8.1.5.	The company should have a dedicated investor relations function, responsible for overseeing the external communications and statutory filings.	Good	Good
8.1.6.	The company must absolutely comply with all applicable laws and regulations, national and international standards as required elsewhere.	Good	Good
<b>8.2.</b>	<b>To promote effective, cost-efficient access to relevant information, the Board should ensure easy and non-discriminatory access to disclosed information using diverse tools of communication</b>		
8.2.1.	The Board should ensure that relevant company information is published as soon as possible, and for that reason, the company's disclosure policy should cover the procedures for electronic disclosure.	Good	Good
8.2.2.	The company should establish and continuously update a corporate website. The Board of a listed company should ensure that all information provided via its website is available in both Vietnamese and English.	Good	Good
8.2.3.	The company should allow investors and analysts to ask their questions related to the company's operations. This can be achieved through open meetings with investors/analysts, press conferences, analyst's briefings or in other formats allowed by a company and subject to guidance defined in the applicable legislation/listing rules.	Good	Good
<b>8.3.</b>	<b>The Board should ensure disclosure of key non-financial information, including environmental and social reporting.</b>		
8.3.1.	The Board should ensure that company disclosures are updated and relevant information about its corporate governance practices and structures are published on its website and in annual reports. At a minimum, the company should disclose corporate governance policies and charters in accordance with this Code.	Good	Good
8.3.2.	The Board should disclose the detailed level and roadmap of the company's compliance with this Code in its annual report.	Good	Good
8.3.3.	The Board should ensure that the company discloses information on its significant environmental and social (E&S) impacts and its approach to E&S risk management. The information should be prepared in accordance with globally accepted standards, such as standards issued by the Integrated Reporting Council (IIRC), or the Global Reporting Initiative (GRI) or the Sustainable Assurance Standards Board (SASB), and subject to independent verification.	Good	Good
8.3.4.	The Board should ensure that appropriate governance policies and processes are in place to monitor the quality of environmental and social information. The Board should ensure that the information is linked to the strategy, governance and performance of the company, to promote the long-term sustainable success of the company.	Good	Good
<b>8.4.</b>	<b>The Board should ensure remuneration of members of the Board and key executives are disclosed publicly to satisfy concerns of the shareholders with regards to remuneration, performance and value creation.</b>		

8.4.1.	The Board should disclose in the company's annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of: (a) Each individual director, member of the Supervisory Board (if applicable) and the CEO; and (b) top key management personnel (who are not directors or the CEO)	Relatively good	Relatively good	SHS discloses the total remuneration and total salary but also details the types of remuneration, salary, bonus... that each member is entitled to.
8.4.2.	The Board should disclose in the company's annual report all forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company. It also discloses details of employee share schemes.	Good	Good	
8.4.3.	The Board should also disclose the directors' remuneration policy that reflects the duties and responsibilities of each individual, including the pay components and level received by each director. The remuneration disclosed for each director should also include remuneration for what each individual receives from holding directorships at the company's subsidiaries (if any).	Relatively good	Relatively good	SHS hasn't disclosed the remuneration outside the Company that each member of the Board of Directors receives.
<b>D.</b>	<b>SHAREHOLDER RIGHTS</b>			
<b>9.</b>	<b>ESTABLISHING A FRAMEWORK FOR EFFECTIVE EXERCISE OF SHAREHOLDER RIGHTS</b>			
<b>9.1.</b>	<b>The Board should establish and disclose the policy protecting shareholders rights and oversee their implementation</b>			
9.1.1.	The Board should adopt a comprehensive policy with a description of shareholders' rights and requirements on the authorities' procedures for preparing, conducting, and making decisions at shareholders' meetings.	Good	Good	
9.1.2.	To avoid share dilution, the charter of the company should provide for the preemptive rights of shareholders allowing the company's shareholders to maintain a proportionate share of the ownership of a company when the company issues new shares. The share purchase price and purchase terms for shareholders should not be less favorable than those proposed to third parties.	Good	Good	
9.1.3.	The company should disclose the shareholder policy and the rules and procedures for shareholder participation in the shareholder meetings on its website.	Good	Good	
9.1.4.	The Board should ensure that the company has a system of registering shareholder complaints and effectively regulating corporate disputes.	Good	Good	
9.1.5.	The company should disclose the ultimate beneficial ownership (citing natural persons) of 5% or more of its shares.	Good	Good	
<b>9.2.</b>	<b>The Board should organize effective shareholder meetings.</b>			

9.2.1. The Board should send the notice of annual and extraordinary shareholders' meetings with sufficient and relevant information, at least 21 days before the meetings.	Good	Good	In 2018: the Annual General Meeting of Shareholders met on April 24 <sup>th</sup> , 2018. The notice of the meeting was given on April 2 <sup>nd</sup> , 2018.  In 2019: the Annual General Meeting of Shareholders met on April 23 <sup>rd</sup> , 2019. The notice of the meeting was given on March 29 <sup>th</sup> , 2019.
9.2.2. Each shareholder should receive advance notification, an agenda, as well as accurate, objective, and timely information sufficient for making an informed decision about the issues to be decided at the shareholders' meeting.	Good	Good	
9.2.3. The Board should provide shareholders with comprehensive information regarding the experience and background of the candidates for membership of the Board of Directors, including the age, academic qualifications and other relevant experience including the directorships in other listed and non-listed companies.	Good	Good	
9.2.4. The Board should have in place a fair and effective procedure for submitting proposals to the agenda of the shareholders' meeting, including proposals for the nomination of Board members. The shareholders owning at least 10 percent of the company's voting shares should be provided with a right to include additional items in the meeting agenda. The shareholder(s) owning less than 10 percent of the company's voting shares should be provided with the opportunity to propose additional items to the agenda of the shareholders' meeting.	Good	Good	
9.2.5. Shareholders or a group of shareholders holding 10 percent of the company's voting shares should be able to call for an extraordinary meeting of shareholders.	Good	Good	
9.2.6. The Board should ensure that shareholders can vote via authorized representatives (proxies) in accordance with the instructions of the shareholders. The rules of absentee voting shall be defined in the policy on shareholders' meeting of the company. The Board should also encourage and allow shareholders to vote via email or by postal services, and to participate at the shareholders meeting via conference calls or video conferences in a manner which does not make voting procedures unnecessarily difficult or expensive.	Relatively good	Relatively good	In 2018 and 2019: SHS has just registered for attending the GMS online, but has not implemented the online GMS meeting, electronic vote or vote via postal service.
9.2.7. The shareholders' meetings should be held at a time and place that is the most convenient for shareholders.	Good	Good	



9.2.8.	The directors, senior management and external auditors should attend the shareholders' meetings to answer questions asked by the shareholders at the meeting.	Good	Good	
9.2.9.	The company should disclose the voting results within 1 day after the annual or extraordinary shareholders' meeting. Voting results should include a breakdown of the approving and dissenting votes on the matters raised during the shareholders' meeting.	Good	Good	In 2018 and 2019: SHS disclosed voting results on the day of the Annual General Meeting of Shareholders.
9.2.10.	The minutes of the annual and extraordinary shareholders' meetings should be available on the company website within 24 hours after the meeting. In addition to the regulatory requirements, the minutes should include the following: (1) Voting procedures; (2) if the opportunity was given to shareholders to ask questions, as well as a record of the questions asked and the answers received; (3) the matters discussed and the resolutions reached; (4) voting results for each agenda item; (5) a list of the directors, officers, external auditors and shareholders who attended the meeting; and (6) dissenting opinion on any agenda item that is considered significant in the discussion process.	Good	Good	In 2018 and 2019: SHS disclosed Minutes of the General Meeting of Shareholders on the day of the Annual General Meeting of Shareholders.
<b>9.3. The Board should develop and implement a fair and consistent dividend policy.</b>				
9.3.1.	The Board should adopt a clear and transparent policy on the dividend distribution and payment process. Shareholders should be given full information on conditions of dividends distribution and payout procedures and there should be no hindrance for shareholders in obtaining their dividends.	Good	Good	
9.3.2.	The cash dividends should be paid within 30 days after the adoption of the relevant resolution. In case the company had a resolution to pay dividends by shares, the script dividends should be paid within 60 days.	Not good	Not good	Resolution of the Annual General Meeting of Shareholders 2019 (April 23 <sup>rd</sup> , 2019) approved the dividend payment in 2018 at the rate of 15%, payment date July 15 <sup>th</sup> , 2019.  Resolution of the Annual General Meeting of Shareholders 2018 (April 24 <sup>th</sup> , 2018) approved the dividend payment in 2017 by shares with the ratio of 4: 1, the stock date to the account on May 13 <sup>th</sup> , 2019.
9.3.3.	The company is responsible for paying all declared dividends. Accordingly, the Board shall be liable to its shareholders for the failure to discharge this duty, pursuant to the applicable legislation.	Good	Good	
9.3.4.	The Board should disclose the dividend policy via the company's website.	Good	Good	
<b>9.4. All shareholders shall be treated equally.</b>				

9.4.1.	All shareholders' rights shall be recognized, respected and protected by the Board. In particular, minority shareholders shall be protected from any abuse by controlling or significant shareholders, holding shares directly or indirectly, who may control or significantly influence company decisions.	Good	Good	
9.4.2.	Shareholder voting shall be on a 'one share, one vote' basis. All rights pertaining to each class of shares shall be publicly disclosed.	Good	Good	
9.4.3.	Foreign and domestic shareholders shall be encouraged to participate and vote at the AGM. Impediments to cross-border voting at the AGM shall be eliminated. AGM materials, including documents, resolutions and minutes, shall be provided in English to enable full participation by those not familiar with Vietnamese and translators shall be provided at the AGM where necessary.	Good	Good	
9.4.4.	The company shall establish and publish on its website an effective Complaints Policy and mechanism which enables shareholders and others to register their complaint, have it investigated and acted upon.	Good	Good	
<b>9.5.</b>	<b>Related-party transactions (RPTs) should be approved and conducted in a manner that ensures proper management of conflict of interest and protects the interest of the company and its shareholders.</b>			
9.5.1.	The Board must ensure that transactions between related parties are conducted according to market practices in all aspects (e.g. price, term, guarantees, and general conditions). All RPTs, if they occur, should be subject to strict review and (dis)approval processes following the defined approval matrix, and should be properly disclosed.	Good	Good	
9.5.2.	Members of the Board and key executives should be required to disclose to the Board whether they, directly, indirectly or on behalf of third parties, have a material interest in any transaction or matter directly affecting the corporation.	Good	Good	
9.5.3.	Companies should issue a written policy on RPTs (approved by the Board) and publish it on their website. This policy should incorporate, as a minimum, the following elements: (1) Policy objective; (2) definitions; (3) policy owner; (4) applicability of the policy; (5) identification of RPs and RPTs, including thresholds and disclosure requirements; (6) notification, accountabilities and processes; (7) review and (dis)approval processes; (8) monitoring of RPTs; (9) transparency and disclosure/reporting of RPTs; and (10) publication and promotion of the policy.	Good	Good	The Company's Charter and Internal Regulations on Corporate Governance have been provided.
9.5.4.	Independent, non-conflicted directors should be identified and their duties with regard to RPTs formalized in a committee charter. These directors should support implementation of the RPT policy, review and (dis)approval processes and have close interactions with the internal audit function and the external auditor who provides RPT assurance.	Good	Good	

9.5.5.	In the case of RPTs that are large in scale or which could shape the company's strategic direction or capital structure, shareholders should have the right to approve RPTs. The Board should submit the transaction for shareholder approval and disclose the following information (both before concluding the transaction and in the company's annual report): (1) The identity of the ultimate beneficiaries, including any controlling owner and any party affiliated with the controlling owner with any direct/indirect ownership interest in the company; (2) other businesses in which the controlling shareholder has a significant interest; and (3) shareholder agreements (e.g. commitments to related party payments such as license fees, service agreements and loans).	Good	Good
<b>E.</b>	<b>STAKEHOLDER RELATIONS</b>		
<b>10.</b>	<b>BUILDING EFFECTIVE STAKEHOLDER ENGAGEMENT</b>		
<b>10.1.</b>	<b>The Board should ensure establishing rules for stakeholder protection and engagement.</b>		
10.1.1.	The Board should ensure that there is a formal stakeholder identification process and that company's stakeholders include the employees, creditors, clients, suppliers, the local communities and key Non-Governmental Organizations. The Board should adopt well-defined stakeholder policies with differentiated approaches for identified priority groups.	Good	Good
10.1.2.	The Board should ensure that the Company respects the legitimate interests and rights of stakeholders as established by law or contractual commitments. The Board should set up high expectations for stakeholder interactions and demonstrate the commitment to stakeholder engagement in the Code of Conduct.	Good	Good
10.1.3.	As a priority, the Board should adopt employee policies and programs, in particular on safety, welfare and development, so company employees are able to actively contribute to the achievement of the company's objectives and can participate in its governance.	Good	Good
10.1.4.	The Board should ensure that the company adopts and enforces a strict anti-corruption and anti-bribery policy in its Code of Business Conduct and Ethics.	Good	Good
10.1.5.	The Board should ensure that company's social and environmental requirements are incorporated into requirements for contractors.	Good	Good
<b>10.2.</b>	<b>The Board should ensure and oversee the appropriate dialogue between the company and its stakeholders.</b>		
10.2.1.	The Board should establish and oversee a mechanism for employees and other stakeholders to formally report their questions and complaints.	Good	Good
10.2.2.	The Board should adopt a transparent and publicly accessible communication procedure which allows the company to: (1) Receive and register external communication from the external stakeholders; (2) assess issues raised and determine a response; and (3) provide and document responses, if any.	Good	Good

## ACCORDING TO CAMEL REGULATIONS

No.	Criteria	Value	Score	Proportion	Total score in 2019	Total score in 2018
1	Years of leadership (in the Board of Directors/ General Director) in the finance/securities sector of the Chairman of the BOM	>=5 years	100	4%	4	4
2	Years of leadership (in the Board of Directors/ General Director) in the securities sector of the Director/General Director	>=5 years	100	6%	6	6
3	Years of experience in the finance/securities sector of the Chairman of the Board	>=7 years	100	4%	4	4
4	Years of experience in the securities sector of the Director/General Director	>=7 years	100	6%	6	6
5	Stability of key leadership positions (Director (CEO, CFO), Deputy Director, Heads of Departments) for the past 3 years. Calculated with the total number of personnel changes in these positions (leaving the company)/total of these positions	Under 5%	80	4%	3.2	1.2
6	The adequacy of professional procedures in accordance with the law on securities and regulations of the Exchange and Securities Depository Center	Issued fully, met the actual requirements	100	5%	5	5
7	Risk management policy for all operations	An independent risk management unit has been established, policies have been issued fully, meeting practical requirements.	100	5%	5	5
8	Evaluating the operational capability of the internal inspection and control department	Has been established, and fully met the requirements for effective operation	100	5%	5	5
9	Evaluating the control quality of investors' deposits for stock trading	The Company has a process for managing investors' deposits and investors' deposits are strictly controlled and managed.	100	5%	5	5

10	Transparency of financial information	Financial information is publically available, complete and timely on the mass media and there are no significant corrections after the publication date.	100	6%	6	6
11	Years of operation	>7 years	100	6%	6	6
12	The proportion of securities transaction turnover through the Company (on both exchanges)/ total transaction turnover of the market (total transaction turnover of two exchanges)	From 2% to 5%	80	8%	6.4	8
13	Modernity of information technology systems	Having an online transaction system and an effective internal management information system	100	5%	5	5
14	The size of the equity of the Company compared to the common ground of securities companies on the market	Top 10	90	5%	4.5	3.5
15	Stability and ability to increase (or decrease) equity over the next two years (plan to increase capital, profit or loss)	Having clear capital raising plans and prospects and high feasibility	100	4%	4	4
16	Stability and sustainability of growth, reflected by the average revenue growth rate in the last 3 reporting periods (6 months)	Over 20%	100	6%	6	6
17	Using the settlement support fund of the Securities Depository Center due to lack of money for clearing securities transactions	Not used	100	5%	5	5
18	Situation of compliance (violation) of legal regulations in the field of securities and securities market in the last 6 months	Not violated	100	6%	6	0
19	The number of licensed operations of the Company	Over 4 operations	100	5%	5	5
<b>Total</b>					<b>97.1</b>	<b>89.7</b>

#### Governance score: Increased from 89.7 points to 97.1 points

The results of the corporate governance self-assessment according to Camel regulations show that the Company's governance score increased sharply (by more than 7.4 points) compared to the previous year. The reason for the increase in the Company's governance score is mainly that the Company has created a better working environment for its employees, so it can stabilize the key leadership positions and comply with securities laws. However, the decrease in the Company's share brokerage market share compared to the previous year contributed to reducing the Company's governance score.

## CORPORATE FINANCIAL ASSESSMENT

### ACCORDING TO CAMEL REGULATIONS

No.	Name of criteria	Value	Score	Proportion	Total score in 2019	Total score in 2018
<b>I.</b>	<b>The level of capital adequacy</b>					
1	Equity/Total assets	44%	20	10%	2	2
2	Equity/Legal capital	130%	60	10%	6	8
3	Net available capital ratio	340%	100	10%	10	10
<b>II.</b>	<b>Asset quality</b>					
4	Ratio of total assets after adjusting risk/Total assets (excluding fixed assets)	88%	80	5%	4	4
5	Provision rate/(short-term investment + long-term investment + receivables)	9%	20	10%	2	0
6	Accounts receivable/Total assets ratio	55%	50	10%	5	5
<b>III.</b>	<b>Profitability</b>					
7	Profit after tax/Total revenue	24%	100	10%	10	10
8	Profit after tax/Average equity	11%	70	10%	7	7
<b>IV.</b>	<b>Quality of liquidity</b>					
9	Short-term assets/Short-term liabilities	247%	100	15%	15	15
10	Cash and cash equivalents/Short-term liabilities	44%	100	10%	10	10
<b>Total</b>				<b>100%</b>	<b>71</b>	<b>71</b>

#### Financial score: No change at 71 points

The Company's financial self-assessment results, according to Camel regulations, show that due to the decrease of the Company's equity/legal capital ratio, the financial score of the Company reduced by 2 points. Meanwhile, the provision ratio/(short-term investments + long-term investments + receivables) of the Company decreased, contributing to increasing the Company's financial score with corresponding points. The result is that the value of the Company's financial score under the Camel regulations was the same as the previous year and reached 71 points.





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# SUSTAINABLE DEVELOPMENT

- Sustainable development goal
- 2019 Sustainable development report
- Sustainable development plan in 2020
- Evaluation of SHS's sustainable development under GRI standards





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# SUSTAINABLE DEVELOPMENT GOAL

The global challenge of the 21<sup>st</sup> century is to reduce the gap between rich and poor and ensure a good quality of life for everyone without depleting natural resources or reducing economic growth. To that end, governments and businesses need to look for a sustainable development model in which the balance of economic and environmental factors are achieved.

SHS is not only interested in promoting business activities to increase revenue and profit. The Company also recognizes that the over exploitation of natural resources and unbalanced development in society creates negative effects which reduce the efficiency of business activities. Therefore, SHS's sustainable development objective is to focus on the successful implementation of solid long-term economic growth in combination with the implementation of environmental and social goals, ensuring the harmony of interests with stakeholders. SHS's specific sustainable development goals are:

- To become a versatile operating securities company following the model of leading investment banks in Vietnam.
- To be a reputable securities company brand in the Asian stock market.
- To contribute to, build and develop Vietnam's stock market to work safely and effectively.
- To maximize profit for shareholders.
- To provide diversified and qualified financial and securities services to customers and partners.
- To create a good working environment that provides safety, high income and promotion opportunities for employees.
- To associate the Company's business goals with environmental and social goals, ensuring the harmony of interests with stakeholders.



# 2019 SUSTAINABLE DEVELOPMENT REPORT

## SUBJECTS AND SCOPE OF THE REPORT

SHS has prepared this year's Sustainable Development Report based on a synthesis of information and data from the actual operation of the whole Company in the 2019 fiscal year. The report was made by the Sustainable Development Report Group of the Company. This group comes from many different departments to provide the most complete and honest information and data. Subjects of the report are directed to each and every employee of the Company as well as stakeholders involved in SHS's activities such as its partners, customers, suppliers, investors, shareholders, local communities and society, etc.

In this report, SHS focuses on evaluating the implementation of some typical criteria, consistent with the characteristics of the industry and business activities of SHS according to the GRI Standards, specifically as follows:

Standard group	Standard sub-group	Specific standard
General standards		Gri 101 - Overview of sustainable development
		Gri 102 - General information
Specific standards	Economic standards	Gri 201 - Economic efficiency
		Gri 202 - Market presence
	Environmental standards	Gri 301 - Materials
		Gri 302 - Energy
		Gri 303 - Water
		Gri 306 - Effluences and wastes
		Gri 307 - Compliance with environmental protection regulations
	Societal standards	Gri 401 - Employment
		Gri 403 - Occupational health and safety
		Gri 404 - Education and training
		Gri 405 - Diversity and equal opportunity
		Gri 407 - Freedom of association and collective bargaining
		Gri 413 - Local communities
		Gri 418 - Customer privacy

## GRI 101 - FOUNDATION OF SUSTAINABLE DEVELOPMENT

This Sustainable Development Report is designed to synthesize SHS's announcements and activities in 2019 towards the sustainable development of the Company. This is the fifth year in which SHS has made this report in accordance with the Global Reporting Initiative (GRI) guidelines for the financial sector. Accordingly, SHS selects the principles of "Participation of the Parties" and "Materiality" to determine the content of the report. At the same time, SHS also selects the principles of "Completeness, Clarity, Consistency, Reliability and Comparability" to determine the quality of this year's Sustainable Development Report.

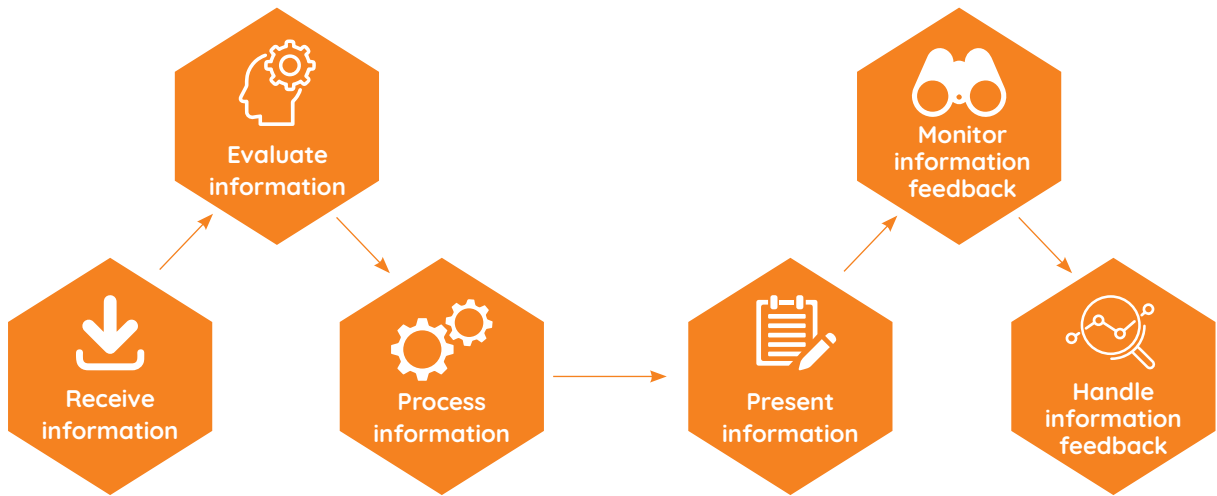
**GRI 102 - GENERAL INFORMATION**

**GRI 102 - 14: STRATEGY**

**► SUSTAINABLE MANAGEMENT MODEL**



**► SUSTAINABLE DEVELOPMENT INFORMATION MANAGEMENT PROCESS**



**► INFORMATION ABOUT THE PEOPLE WHO ARE RESPONSIBLE FOR SUSTAINABLE DEVELOPMENT ISSUES**

	<b>Mr. Mai Xuan Son</b>	<b>Mrs. Tran Thi Trang</b>
Education	Bachelor of Commercial Business Management - University of Trade and Bachelor of English - University of Language	- Master of Business Administration - LaTrobe University, Australia
Working experience	22 years of experience in trade, manufacturing, finance, banking and securities	14 years of experience in finance and securities
Position at SHS	Member of BOD	Deputy Head of Marketing Department
Telephone	024.38.181.888 (0)	024.38.181.888 (333)
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## GRI 102 – 40, 42, 44: RECOGNIZING RELATED PARTIES AND CONCERNS

Through surveys from different channels, SHS has identified the stakeholders who affect the Company and who the Company, in turn, affects. These stakeholders have been divided into two groups: those inside the Company and those outside. Since then, SHS has continued to investigate their concerns regarding the Company's sustainable development and provided solutions to meet their expectations.

Related party	Related party details	Channel for information access and feedback record	Concerns	Solution to meet expectations
Internal	<b>Shareholders Investors</b>	<ul style="list-style-type: none"> <li>- At General Meeting of Shareholders</li> <li>- Via the SHS website</li> <li>- Direct meetings</li> <li>- Via phone, post, email, Facebook</li> </ul>	<ul style="list-style-type: none"> <li>- Effective business operations</li> <li>- Full, transparent, and timely publication of information</li> <li>- Ensure dividends and the legal rights of shareholders</li> <li>- Stable and rising stock prices</li> </ul>	<ul style="list-style-type: none"> <li>- Complete and exceed the business plan approved by the General Meeting of Shareholders</li> <li>- Professionalize the activities of the Office of the Board of Directors, the Information Disclosure Division and the PR &amp; Marketing Division</li> <li>- Strictly comply with commitments to shareholders on payment of dividends and other legal rights</li> <li>- Complete and constantly improve the corporate governance system in accordance with the laws and best governance practices</li> </ul>
	<b>Employees</b>	<ul style="list-style-type: none"> <li>- Through HR Division/union</li> <li>- Through preliminary and summarizing conferences</li> <li>- Through direct meetings, phone calls, mailings, emails, Facebook</li> <li>- Through internal training programs</li> </ul>	<ul style="list-style-type: none"> <li>- Good working environment</li> <li>- Stable employment</li> <li>- Promotion and development opportunities</li> <li>- Full and transparent payment of salary, bonus, and competitive benefits</li> <li>- Good staff training and development policy</li> </ul>	<ul style="list-style-type: none"> <li>- Constantly expand and improve business performance to create stable employment with increasing income for employees</li> <li>- Constantly improve the Company's culture to create an effective and competitive working environment</li> <li>- Plan and regularly organize appropriate training programs inside and outside the Company</li> <li>- Regularly organize personnel assessment, promoting and rewarding staff who perform their tasks well</li> </ul>
External	<b>Customer</b>	<ul style="list-style-type: none"> <li>- Through the opinion of the brokerage team and employees in direct contact with customers</li> <li>- Direct contact at transaction floor, seminars, customer appreciation conferences etc.</li> <li>- Customer care switchboard</li> <li>- Customer calls, mails, emails, Facebook</li> </ul>	<ul style="list-style-type: none"> <li>- Product quantity and quality, good and competitive service with reasonable price</li> <li>- Fast and modern IT application in providing products and services</li> <li>- The scale and stability of loan capital</li> <li>- Qualifications and professionalism of staff</li> </ul>	<ul style="list-style-type: none"> <li>- Professionalize the product research and development department</li> <li>- Regularly research, update and upgrade IT systems</li> <li>- Actively use capital as well as link with other organizations and individuals to ensure the size of loan capital is growing and diverse</li> <li>- Regularly organize internal training courses, on-the-job training as well as appoint employees to participate in external training courses to improve customer care skills</li> </ul>

<b>Suppliers</b>	<ul style="list-style-type: none"> <li>- Direct meetings and negotiations</li> <li>- Through website, capacity assessments and other documents</li> </ul>	<ul style="list-style-type: none"> <li>- Fairness and transparency in the supplier selection process</li> <li>- Prestige in payment</li> </ul>	<ul style="list-style-type: none"> <li>- Develop a supplier evaluation and selection process</li> <li>- Establish a contractor selection council consisting of many departments to ensure righteous review</li> <li>- Promote inspection and control activities for the purchase process, also operate legal and accounting activities for contract review</li> </ul>
<b>Direct State management agencies and media agencies</b>	<ul style="list-style-type: none"> <li>- Direct contact</li> <li>- Through seminars, conferences, and training programs</li> </ul>	<ul style="list-style-type: none"> <li>- Compliance with the law</li> <li>- Effective business performance of the Company</li> <li>- Corporate governance and risk management</li> <li>- Contribution to the State budget</li> <li>- Sharing of ideas, views and suggestions on the market</li> </ul>	<ul style="list-style-type: none"> <li>- Promote corporate governance activities, internal legislation, inspection and internal control</li> <li>- Complete and exceed the business plan approved by the General Meeting of Shareholders</li> <li>- Actively send reports, provide information, comments and professional experience sharing</li> </ul>
<b>Associations</b>	<ul style="list-style-type: none"> <li>- Participate in meetings of association members, seminars, and forums</li> </ul>	<ul style="list-style-type: none"> <li>- Participate fully in the meeting of the Association</li> <li>- Contribute ideas to build and develop the Association's activities</li> <li>- Fully comply with financial obligations towards the Association</li> </ul>	<ul style="list-style-type: none"> <li>- Monitor and arrange personnel to fully participate in the Association's meetings</li> <li>- Actively contribute ideas and arrange personnel to fully engage with the comments initiated by the Association</li> <li>- Make full and timely financial contributions as notified by the Association</li> </ul>
<b>Tax agency</b>	<ul style="list-style-type: none"> <li>- Through direct exchanges, phone calls, emails, and periodic inspections</li> </ul>	<ul style="list-style-type: none"> <li>- Fully contribute to the State Budget</li> </ul>	<ul style="list-style-type: none"> <li>- Coordinate with departments to regularly process a review of activities and legal regulations to ensure the full calculation and payment of tax and fee obligations to the State Budget</li> </ul>
<b>Young generation</b>	<ul style="list-style-type: none"> <li>- Through Facebook and phone calls</li> </ul>	<ul style="list-style-type: none"> <li>- Provide financial assistance programs and activities for the development of the young generation</li> </ul>	<ul style="list-style-type: none"> <li>- Develop a minimum annual limit amount to participate in supporting and sponsoring the development of the young generation</li> </ul>
<b>Local communities and society</b>	<ul style="list-style-type: none"> <li>- Through local government and local authorities</li> <li>- Direct contact</li> </ul>	<ul style="list-style-type: none"> <li>- Compliance with the law on environmental protection</li> <li>- Implement activities to improve the quality of community life</li> <li>- Implement volunteer activities</li> <li>- Implement investment and support investment activities in sustainable development areas</li> </ul>	<ul style="list-style-type: none"> <li>- Implement programs and solutions to save energy and water resources at the office</li> <li>- Set a minimum annual limit to contribute, support and sponsor social security programs</li> <li>- Set a minimum annual limit to invest in stocks and green bonds</li> </ul>

## GRI 201 - ECONOMIC EFFICIENCY

Under the unfavorable movements of Vietnam's stock market in 2019, by implementing the Resolution of the 2019 AGM, SHS has promoted all resources, implemented synchronous solutions, and taken advantage of every opportunity in the market to strive to complete the proposed business plan.

### Business performance

Ranked 6<sup>th</sup> in brokerage market share on HNX – equity; ranked 6<sup>th</sup> on HNX – bonds; ranked 10<sup>th</sup> on HSX – bonds

Total assets and charter capital reached their highest ever level: VND 6,072.7 billion and VND 2,072.7 billion

Total revenue and other income: VND 1,072.4 billion

Total profit before taxes: VND 312.0 billion

Undistributed profits: VND 340.6 billion

ROE (11.2%), ROA (4.7%), EPS (1,359), financial safety ratio (338.4%)

### Ensure the rights of shareholders

Paid dividends of 15% in cash and 25% in stocks

### Ensure the rights of employees

Average income reached VND 28.7 million/person/month

Paid VND 4.3 billion/VND 4.4 billion social insurance, health insurance, and unemployment insurance

### Asset management

Managing 45,454 individual and organizational accounts

Managing VND 1,275.9 billion of deposits and managing securities equivalent to VND 27,350.5 billion

### Contribution to State Budget

Paid VND 151.7 billion/VND 172.8 billion in taxes and fees

Provided support for all customers, partners, and staff settling taxes at the Company

### Improving corporate governance

Built a corporate governance framework in accordance with Camel and Vietnam's best management practices

Supported shareholders to fully exercise their legitimate rights and interests as well as ensured that shareholders are treated fairly

Organized the AGM in accordance with the procedures as prescribed by law, the Company's Charter and internal management regulations

Enhanced the capacity, roles, responsibilities and commitments of the Board of Directors, the Supervisory Board and the managers of the Company

Disclosed information fully, promptly and transparently

## GRI 202 - MARKET PRESENCE

In 2019, SHS continued to strengthen its presence on the Vietnam stock market through a number of important events:

- SHS continued to maintain its position among the top securities companies with the largest brokerage market share in Vietnam. Specifically: SHS ranked 6<sup>th</sup> on HNX stocks, with a market share of 5.04%; 6<sup>th</sup> on HNX bonds, with a market share of less than 5%; and 10<sup>th</sup> on HSX bonds, with a market share of 0.38%.
- SHS continues to receive many certificates of merit from organizations including the SSC, 2 stock exchanges, VSD, and the Vietnam Association of Small and Medium Enterprises for achievements in business operations as well as contributions to the stock market.
- SHS is among the top 10 listed capitalization companies with the best annual reports.
- SHS has welcomed many potential partners including foreign and institutional investors who are interested in the Company's business activities and wish to cooperate in many fields such as becoming strategic shareholders, strategic investment, consulting, financial services and so on.



### GRI 301 - MATERIAL

With the characteristics of a securities company, the main materials used by SHS are printing paper, ink, forms, books, documents, and stationery of all kinds. The annual volume of these materials is not large, so there is no significant effect on the environment.

(Unit: VND million)

Year	Stationery	Forms	Ink	Documents	Total
2019	111.1	249.7	127.5	180.7	669.1
2018	124.7	113.6	134.2	138.8	511.3
2017	134.4	258.5	193.7	86.3	672.9

The use of materials is based on an annual proposal of departments and branches. In case extra materials are used, the head of department must provide a proper explanation. All materials are fully utilized and properly treated after use to ensure environmental protection requirements.

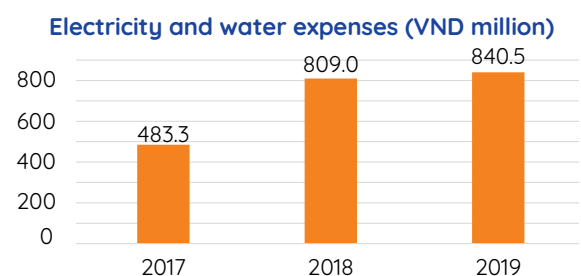
### GRI 302 AND 303 - ENERGY AND WATER

Due to the characteristics of the company that provides the service, SHS does not use as much electricity and water as companies in other fields. However, SHS always connects its goals to environmental protection in business activities and raises awareness of staff about the need to protect the environment, save energy and water resources.

For energy (electricity): In line with the policy of saving energy, the Company has installed its entire lighting system using energy-saving devices. The departments are designed with multiple windows to increase their exposure to sunlight and natural wind. The central air conditioning system is always set at a reasonable level to reduce the difference between the outdoor and indoor temperature. SHS does not encourage its employees to work overtime to ensure a reduction of labor power and energy savings. Staff must register in advance if they want to work overtime. Every day at 7 pm, the General Administration Department is responsible for checking and turning off the lights and air-conditioning in the lobby and the rooms if they have been left on. The Company has periodic maintenance contracts in place for air conditioning systems and machine reviews (computers, printers etc.) to maintain capacity and limit power loss.

For water: The General Administration Department regularly checks the faucets to ensure there is no water leakage and that no one has forgotten to turn off the faucet. Bottled drinking water is provided on each floor according to the quota.

Besides implementing policies and procedures, the Company has also issued sanctions to departments and staff who have violated regulations on electricity and water use such as forgetting to turn off lighting, air conditioners, faucets, or for not using water sparingly.



## GRI 306 - EFFLUENCES AND WASTE

In order to minimize pollution, the Company has also implemented a number of measures to reduce emissions and waste discharged into the environment. Specifically:

### For air-conditioning system:

The modern, high-tech air-conditioning system is regularly checked and maintained to avoid leaking harmful emissions into the environment.

### For waste:

- Office waste is classified into organic waste, recyclable waste and hazardous waste. Waste collectors are required to classify the waste before handing it over to the waste collection company.
- Cleaning staff are required to collect organic waste daily to avoid polluting the office. In every department and corridor, toilets always have closed trash receptacles.
- Cleaning staff collect recyclable waste such as paper, cardboard, plastic bottles and glass separately for sale or reuse.
- Hazardous waste like ink, batteries and light bulbs are collected separately and handed over to ink suppliers or garbage collection companies.

## GRI 307 - COMPLIANCE WITH REGULATIONS ON ENVIRONMENTAL PROTECTION

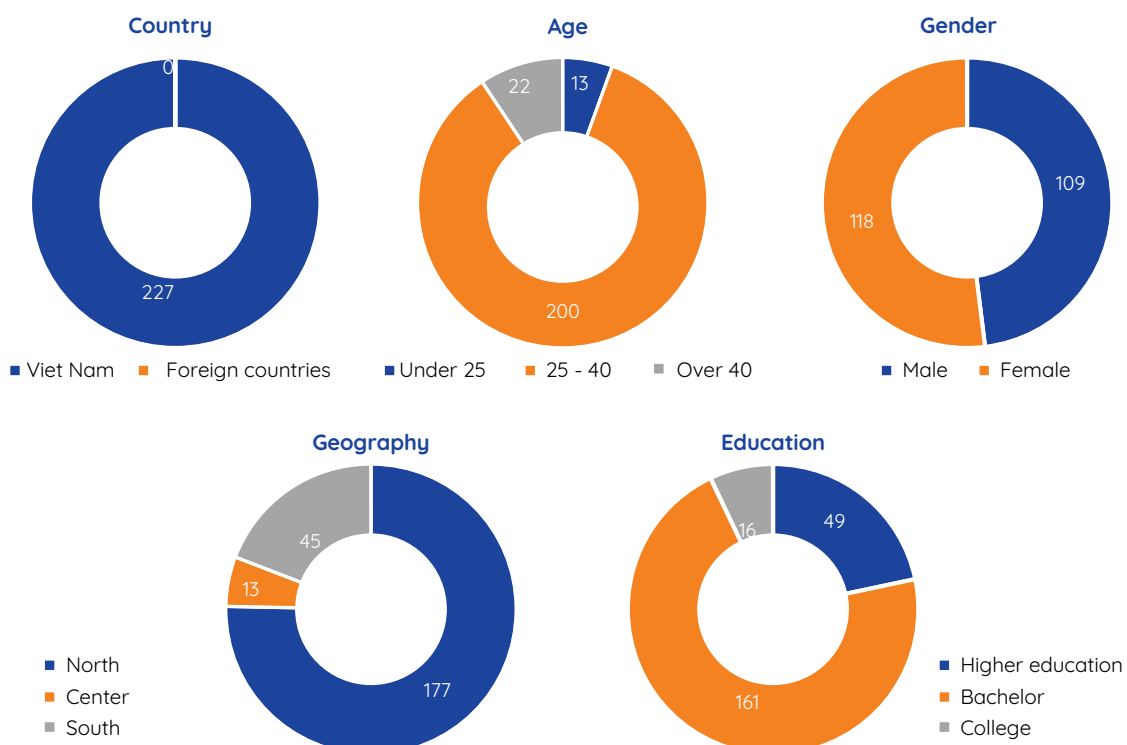
The office is the place where staff spend most of their time. In order to ensure the health of all employees, and to contribute to keeping the environment green, clean and beautiful, cleaning staff are required to clean 2 times/day in common areas and 1 time/day for specific areas. Staff are required to regularly clean desks/equipment and arrange documents neatly and logically. The Company has also hired a unit to periodically take care of the plants and maintain the machines throughout the office.

The Company has not recorded any violations of environmental protection regulations in 2019.

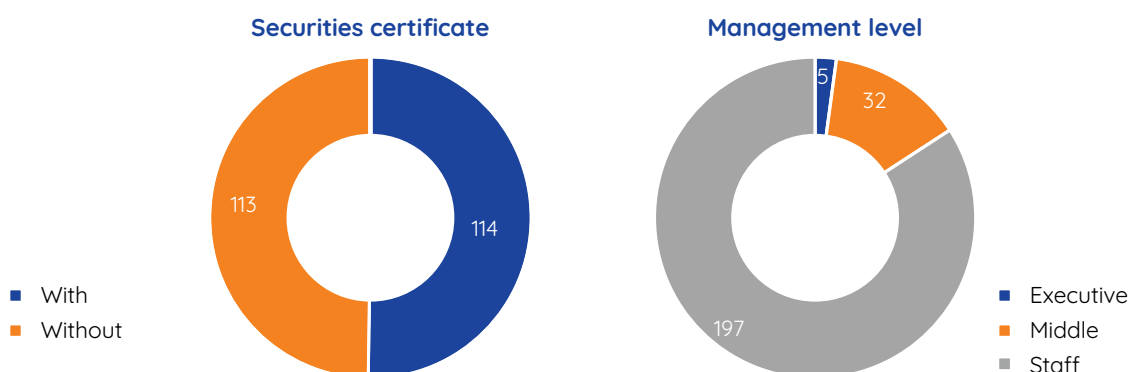
## GRI 401 - EMPLOYMENT

### The human resource structure of SHS

The total number of SHS employees as of December 31<sup>st</sup>, 2019 was 227 people. The human resource structure of SHS is as follows:







## Recruiting talented, passionate and devoted employees dedicated to business strategies and company culture

The personnel recruitment of SHS is built in a scientific and flexible way. The annual recruitment plan is based on the business plan and development goals as well as on the proposals of departments, branches and transaction offices. Recruitment is conducted through many different channels such as announcements in the mass media, on the Company's website and through referrals and professional recruitment organizations. Therefore, SHS has many chances to approach and attract highly-qualified and experienced personnel. All candidates must undergo a number of exams and interviews to ensure the most experienced and suitable candidates are selected in line with the Company's business strategy and culture. In 2019, SHS recruited 19 new members of staff in all 3 regions. SHS categorically does not use child labor or forced labor.

### Professional personnel management

All employees are fully informed of the Labor Rules and related processes and regulations right from their first working day to ensure that they understand their rights and obligations in the workplace.

The Company manages its personnel by business location and by department. The General Director is responsible for managing the Deputy General Directors and Heads of Department. Heads of Department are responsible for managing their own staff. Directors of branches, transaction offices and Heads of Representative Offices are responsible for managing the staff of branches, transaction offices and representative offices, respectively. Staff are obliged to record attendance by biometric finger printing. At the end of each month staff are required to complete the timesheet for days without attendance, submit it to superior authorities for approval and then transfer it to the General Administration Department for wage calculation.

SHS has also equipped HR management software with many useful utilities. Staff can find information about salaries, bonuses, allowances, annual leave, timekeeping and more on the system. The HR department can directly manage personnel using the many different functions of the software such as salary calculation, bonuses and deductions, attendance management, and annual leave.

### Appointments and transfers to meet the Company's business strategy

In 2019, SHS recruited 19 people, raised the salaries of 35 people, reassessed the labor contracts of 50 people, and settled the 29-person leave based on personal aspirations, skills and an appropriateness assessment to best promote the capabilities of each employee thereby contributing to improving the quality of products and services provided to customers.

### Attractive salary and bonus regime

SHS's salary and bonus system is based on the principle of agreement to ensure competition, transparency, and to encourage employees to remain with the Company for a long time. It is also designed to motivate staff to improve their quality of work and sense of responsibility.

Employees earn a monthly net income paid in two installments worth 30% and 70% of their salary, respectively. The Company deducts and pays all social insurance, health insurance, unemployment insurance and personal income tax for 100% of employees before paying income in accordance with the law.

The structure of employees' income includes their basic salary, salary based on business performance paid monthly, 13<sup>th</sup>-month salary, bonus based on business performance, overtime, meal allowances and other income. Particularly for the Brokerage Division and its supporting departments, the Company has a policy of sharing brokerage fees with the brokers and salaries according to the Brokerage Revenue for Support Department.

Targets	2017 (VND)	2018 (VND)	2019 (VND)
Salary, bonus, overtime paid	77,275,806,982	78,564,275,086	75,405,201,484
Salary deduction (trade union fee, insurance, medical insurance, unemployment insurance)	2,353,806,190	2,845,270,120	2,691,475,976
Total cost	79,629,613,172	81,409,545,206	78,096,677,460
Employees at the end of the year	209	235	227
Average income/person/month	30,811,725	28,868,633	28,669,852

SHS has voted for and rewarded excellent employees who have made positive contributions to the Company's operations with a total value of VND 135 million. Of these:

- The Chairman of the Board of Directors rewarded 2 teams and 1 individual
- The General Director rewarded 1 team and 4 individuals

The reward regime in both spirit and material has created a continuous movement of emulation among staff between departments. As a result, it has increased labor productivity and the quality of products and services provided to customers.

### Full support for allowance and welfare for employees and their relatives

In addition to salaries and bonuses, employees are also entitled to other allowances depending on their specific job, position, capacity and the business results of the Company (such as allowances for telephones, petrol, meals, business trips, personal birthdays, company birthdays, November 15<sup>th</sup>, March 8<sup>th</sup>, October 20<sup>th</sup>, and allowances for employees who have previously joined the army).

Female employees are entitled to full 6-month maternity leave and a 1-hour reduction in working hours during a pregnancy from the 7<sup>th</sup> month onwards and for 1 year after giving birth. Male workers are entitled to 5-14 days leave when their wife gives birth. During the year, the Company has approved the maternity regime for 9 people. In addition, SHS also fully implements other regimes such as sick leave, maternity leave, annual leave, etc. to ensure maximum benefits for employees. There have been no complaints about the implementation of employee policies in 2019.

In August 2019, SHS also spent VND 2.9 billion for the entire staff to summarize the business activities combined with sightseeing in Korea for 5 days/4 nights. This trip not only gave the Company time to discuss all business activities in the year but also provided an opportunity for employees to rest and visit a beautiful and developed country. At the same time, it helped employees from 3 regions to enhance exchanges and learn from each other's experiences.

The Company not only cares directly about its employees but also their relatives and families. Every year, SHS organizes rewards for children who have had good academic results during the year; presents gifts for children on Tet holiday and Mid-Autumn Festival; and provides support for families with sick relatives, weddings and funerals of up to VND 2 million/case.

### GRI 403 - OCCUPATIONAL HEALTH AND SAFETY

SHS is dedicated to providing a safe, professional, effective, fair, friendly and open working environment. The Company guarantees the best working conditions for all employees. Head office and its branches, transaction offices, and representative offices are spacious and airy and equipped with personal computers and other working tools to create a sense of comfort and convenience for employees. The General Administration Department is responsible for regularly reminding employees to maintain a safe, clean and professional working environment.

Sports activities such as running, soccer and tennis are encouraged and organized regularly to help employees improve their health to work and contribute better. In 2019, SHS hosted a men's football tournament between securities companies in the North and won first prize, creating a useful playground and contributing to an environment of exchange between securities companies. In addition, SHS also sponsored VND 20 million and participated in a men's soccer tournament organized by VSD and took part in a friendly women's football match with Vietinbank.

Health care for workers is always prioritized. In 2019, SHS purchased annual life insurance for 211 employees at a total cost of about VND 740 million, bought long-term life insurance at Dai-ichi (Japan) for 128 employees with a total annual premium of about VND 1.7 billion and provided an annual health check-up at Medelab Hospital for 134 people with a total cost of VND 170 million.

## GRI 404 - EDUCATION AND TRAINING

SHS attaches special importance to training because employees are the most valuable asset of the Company. SHS can only develop sustainably if employees are regularly cared for and their development fostered. In addition, training is oriented in a practical way and designed to develop the contingent of human resources, encouraging initiative in personnel issues. In 2019, the number of employees sent for outside training was as follows:

(Unit: VND)

Course	No. of staff	Organization	Fees
Derivatives	16	The Securities Research and Training Center	35,200,000
Corporate governance	1	The Securities Research and Training Center	1,500,000
Method of detecting financial fraud	8	AFA Consulting Company	34,200,000
Securities trading training	2	VSD	4,000,000
Registration, depository and clearing operations	2	VSD	1,600,000
<b>Total</b>			<b>76,500,000</b>

Furthermore, the Company also sent many employees to attend training courses of the SSC and stock exchanges on information disclosure, making annual reports and reports on sustainable development, updating new regulations related to the securities sector, corporate governance and other securities practice certificates. Meanwhile, internal training courses are still delivered regularly to improve the professional, communication and customer service skills of employees.

## GRI 405 - DIVERSITY AND EQUAL OPPORTUNITY

SHS always ensures fairness in the working environment as well as development opportunities for female employees. The proportion of women in the Company is 52.0%, an increase of 2.2% compared to 2018. The Company's salary and bonus regime does not discriminate between male and female workers. Women are always encouraged to comment and participate in management positions and the Company always complies with the law on women's policies such as working time and rest time when pregnant.

## GRI 407 - FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

SHS implements the labor regime in accordance with the Labor Law and current regulations. The collective labor agreement is approved by all employees of the Company and registered with the Department of Labor Invalids and Social Affairs. All employees benefit from this agreement. The life of officials and employees is taken care of through the Company's trade union party and reward and welfare fund. Any conflict of interest between the Company and its employees (if any) shall be settled by the trade union party to ensure the legitimate rights and interests of employees.

Staff and employees are free to set up associations to improve their morale and health. Some associations were newly established or maintained regularly in 2019 including a yoga group, soccer club, athletic group, etc.

## GRI 413 - THE LOCAL COMMUNITY

### Being a typical and responsible member for the direct management agencies and associations

In 2019, SHS actively participated in activities organized by direct management agencies and associations. Specifically:

- The Company participated in all suggestions to amend legal documents requested by the SSC, SE, the Securities Business Association and others such as the drafting of amendments to the Securities Law.
- The Company contributed many important comments to State management agencies (such as the SSC, SE, VSD, VCCI, and Ministry of Planning and Investment) as well as the Securities Investment Association, Association of Small and Medium Enterprises and the Bond Association. These contributions have included issues such as improvement in the operation quality of securities companies, the process of equitization of State-owned enterprises, among

others. These contribute to building a safe, efficient securities market in Vietnam and improving the quality of operations and competitiveness of small and medium-sized enterprises.

- The Company participated in all workshops to revise legal documents organized by the SSC and Securities Investment Association, as well as in all seminars to disseminate legal documents and regulations on corporate governance and on making regular and sustainable reports.
- The Company has sent reports and disclosed information fully, promptly and transparently to various management agencies such as the State Securities Commission, 2 stock exchanges, VSD, National Financial Supervisory Commission, the State Bank, the Tax Authority, the Statistics Agency and Insurance Agency.
- The Company has provided full and reasonable explanations about the business and its financial and customer situation upon request of the State management agencies.
- The Company has continued to promote cooperation with many communication agencies and newspapers to provide proactive, complete, timely and responsible information to the public.

Because of its positive contributions in 2019, the Company was honored to receive many certificates of merit and awards from the Association of Small and Medium Enterprises, the Ministry of Planning and Investment, SSC, Hanoi and HCM Stock Exchanges and VSD (Please see the Award section).

### **Contribute positively to the Green Capital Market**

In 2019, SHS continued in its business strategy of more efficiently using existing resources to enhance the competitiveness of businesses towards sustainable development. One of the priorities of the sustainable development strategy is to devote a significant portion of resources to invest in and support the green capital market through brokerage activities, financial services, investment and advisory activities.

#### **► Brokerage and financial service activities**

SHS has provided diversified brokerage and financial services to clients who invest in listed green stocks such as VNM, DHG, BVH, PAN, FPT, REE, DQC, GTN, SHI, DVN, BWE, SKV, AAA, and DQC as well as unlisted green stocks such as DTH and HCB.

Furthermore, the Company has provided a range of brokerage and financial services to green organizations to improve their financial capacity and corporate governance. SHS has also assisted them in their transactions and helped to improve the liquidity of green stocks so that more investors will be aware of stocks such as SHI and SKV.

SHS is also a trustee and auctions agent for many green shares through the stock exchange and through the securities company. The operation of SHS has contributed to assisting the divestment and equitization of green organizations to enable them to be more efficient.

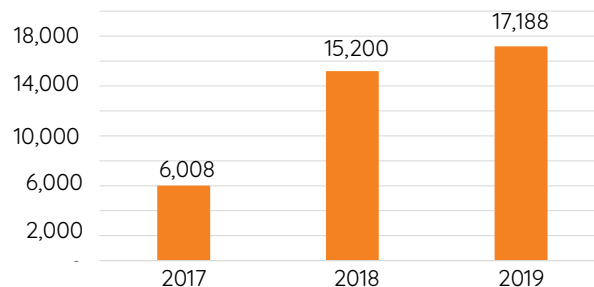


*SHS's General Director and his staff are involved in tree planting at the joint hand-over-planting program in Vietnam*

### ► Investment activities

In 2019, SHS invested more than VND 17,188 billion in Government bonds, underwritten Government bonds and Government-guaranteed corporate bonds. This accounted for 32% of the total investment capital in 2019, an increase of 13.1% on the previous year and 186.1% on 2017 to indirectly finance the Government's green objectives, programs and projects. This shows that the Company's investment in green bonds tends to increase.

Green bond investment value (VND billion)



The Company has also spent hundreds of billions of VND investing in green stocks (stocks of listed companies having a basic foundation who invests in green areas, produce products that protect or improve human health, save energy, are environmentally friendly or apply environmentally friendly technology solutions. Examples include CMC, DHG, DMC, DSN, FPT, GEG, GEX, IMP, PMC, SSC, SKV, REE, KDC, SAB and LIX.

### ► Financial Advisory and Underwriting activities

The Company has provided financial advisory and underwriting services to green organizations including advisory on equitization, divestment, listing and issuance. Typical customers in 2019 are as follows:

STT	Company	Lines of business
1	Vietnam Forestry Corporation (VINAFOR)	Participates in research and development of forest plant varieties. The company also plants economical forests to supply raw materials and is involved in intensive forest planting and large timber plantations.
2	Vung Tau Urban and Green Park Development Joint Stock Company (UPC)	Managing, caring for, protecting, maintaining, renovating and planting new parks and urban greenery in Vung Tau city; designing gardens, bonsai and flowers.
3	Urenco Hanoi Urban Environment Company Limited	Environmental management, collection and treatment of waste in central districts and some suburban districts of Hanoi; management of Nam Son-Soc Son Waste Treatment Complex and some concentrated waste treatment areas of the city.
4	Lighting and Urban Equipment Company Limited	Lighting and urban equipment.
5	Thuan An Coffee Joint Stock Company	Planting, tending, managing and exploiting 228.27 ha of coffee, greening bare land and bare hills, preventing soil erosion and creating jobs for ethnic minority people in Dak Mil district, Dak Nong.
6	Camimex Group Joint Stock Company	Farms organic shrimp to contribute to the protection of mangroves in Ca Mau.
7	Hanoi Clean Water Company Limited	Produces clean water that contributes to improving the quality of life of people in Hanoi.
8	Vietnam Post and Telecommunication Group	Specializes in investment, production, or business in the post and telecommunications sector that contributes to improving and expanding information to people.
9	Saigon-Hanoi Commercial Joint Stock Bank	Provides capital for businesses and individuals operating in production, business, and consumption, creating motivation for economic development.
10	Asia Commercial Joint Stock Bank	Provides capital for businesses and individuals operating in production, business and consumption, creating motivation for economic development.
...		

## ► Investment analysis and advisory activities

SHS often advises clients to prioritize their investment in these stocks by using the Company's analysis and investment advisory reports in recognition of the sustainability and efficiency of investing in these securities codes. SHS is willing to share information and opportunities to invest in green stocks with its customers. In 2019, SHS provided many advisories to invest in green stocks such as VHC, MPC, BOT, VSI and AMV.

## Contributing to the development of the young generation

To help develop the younger generation, in 2019, SHS continued to be a Diamond Sponsor for the "Investor Skill and Spirit 2019" contest organized by the Banking Academy. In addition to providing VND 50 million in financial support for the competition and VND 50 million for 10 students participating in the contest, SHS also assigned its employees to share their knowledge and real-life experience in investment and the working environment in a securities company. Through the contest, the participating students themselves and others had the opportunity to understand the securities field more clearly and gain a better understanding of this career path. In addition, in 2019, SHS started to sponsor the "Light up the Faith" scholarship fund with a total sponsorship of VND 550 million. This sponsorship has contributed to helping millions of studious but disadvantaged children across the country have the opportunity to go to school.

## Demonstrating a deep sense of responsibility for the local community and society

In 2019, SHS actively participated in community activities not only to support disadvantaged people but also to create a better living environment for the community. Details of SHS funding in 2019 are as follows:

STT	Funding details	Financial support (million VND)
1	Support to Caravan Charity Journey 2019 in Moc Chau-Son La	200
2	Support to the Hanoi Children Support Fund at the program "Exchange Between Donors and Children in Special and Difficult Circumstances"	200
3	Support to the Blind Association of Hoan Kiem District and Elderly Association of Hang Bai Ward in 2019	2
4.	Vietnam Planting Joint Program	100
<b>Total</b>		<b>502</b>

Furthermore, in 2019, the Company's employees continued to organize volunteer programs such as raising money and materials to support disadvantaged and diseased children in big hospitals in Hanoi (such as Hospital K, Heart Hospital and Bach Mai Hospital). SHS has always encouraged and reminded its employees of the importance of sharing love and supporting those who have unfortunate lives and considers it an integral part of the Company's culture.

## GRI 418 - CUSTOMER PRIVACY

As a securities company managing 45,454 customer accounts with VND 1,275.9 billion of deposits and VND 27,350.5 billion of securities value for clients, the privacy of customer information is a top priority. The Company has issued internal regulations regarding customer privacy protection as well as outlined punishments for failing to meet these regulations. All securities trading and accounting software is purchased from reputable partners. Furthermore, their use is decentralized and access to information and data is based on the written proposal of the department's head. It is also subject to the approval of the Board of Directors and is decentralized and implemented by the IT Department. The Company has also bought software to protect the security of and prevent illegal access to the Company's website and software systems. All contracts, records and documents related to customer information are managed by the departments concerned and kept in locked cabinets and are destroyed when no longer in use, in accordance with the Company's regulations.

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# SUSTAINABLE DEVELOPMENT PLAN IN 2020

Based on an assessment of the results of sustainable development in 2019 and comparing it to the objectives and direction of action, SHS's proposed action plan for 2020 is as follows:

## Enhance business effectiveness

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Complete and exceed the 2020 business plan approved by the General Meeting of Shareholders.

Maintain SHS's position in the top-5 securities companies with the largest brokerage market share in Vietnam.

Achieve other non-financial goals.

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## Ensure commitments with related parties

### To employees

- Increase salary and bonus by at least 10%.
- Creates an equal and professional working environment with opportunities for promotion.

### To shareholders

- Ensure dividends and other benefits of at least 10%.
- Disclose information promptly and transparently.

### To customers and suppliers

- Complete and continue to improve the quality of products and services provided at competitive prices.
- Be a regular, reliable partner and share benefits together.

### To management agencies, associations and the media

- Fulfill obligations to the State Budget.
  - Be an active member and contribute effectively to the development of Vietnam's stock market and its associations.
  - Cooperates in reporting, information disclosure and communication.
- 

## Enhance social responsibilities

### Develop a long-term strategy for environmental protection and volunteering.

#### To the environment

- Comply with legal regulations on environmental protection.
- Implement solutions to save more energy and water resources.
- Actively protect the environment in many different forms.

#### To the young generation

- Create more opportunities for employment and study.
- Increase financial support for the young generation.

#### To society

- Strengthen voluntary work and social security programs.
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# EVALUATION OF SHS'S SUSTAINABLE DEVELOPMENT UNDER GRI STANDARDS

GRI	Description	Reference	Page
<b>1. STRATEGY AND ANALYSIS</b>			
G4-1	Declaration of senior manager	Annual Report - Message from the Chairman of the Board of Directors	8
G4-2	Describe main impacts, risks and opportunities	Annual Report - Risk management	99
<b>2. COMPANY PROFILE</b>			
G4-3	Company name	Annual Report - General information	11
G4-4	Products and services	Annual Report - Lines of business	14
G4-5	Head office	Annual Report - Operating network	20
G4-6	Number of countries where the business operates	Annual Report - Operating network	21
G4-7	Type of ownership, management model	Annual Report - Governance model and organization structure	18
G4-8	Market served	Annual Report - Operating network	21
G4-9	Business scale	Annual Report - General information	11
G4-10	Statistics on the labor force	Sustainable Development - Sustainable Development Report in 2019	149
G4-11	Percentage of employees entitled to collective labor agreement	Sustainable Development - Sustainable Development Report in 2019	152
G4-12	Supply chain of enterprises	Annual Report - Lines of business	14
G4-13	Report changes in scale, structure, ownership and supply chain	Annual Report - Information for shareholders	104
G4-14	Report on whether a business has a preventative method or principle	Annual Report - Risk management Sustainable Development - Sustainable Development Report in 2019	99 155
G4-15	List the economic, environmental and social terms, principles developed outside the organization or other initiatives that the organization endorses or supports	Sustainable Development - Sustainable Development Report in 2019	143
G4-16	Association member	Sustainable Development - Sustainable Development Report in 2019	152-153
<b>3. DETERMINATION OF BOUNDARIES AND MAJOR FIELDS</b>			
G4-17	Units included in the consolidated financial statements or equivalent documents	Annual Report - Audited Financial Report	177



G4-18	Process of determining report content and field boundaries	Sustainable Development Report in 2019	Development Report in 2019	-	Sustainable	144
G4-19	List of identified key areas	Sustainable Development Report in 2019	Development Report in 2019	-	Sustainable	143
G4-20	For each critical area, report the field boundaries within the organization	Sustainable Development Report in 2019	Development Report in 2019	-	Sustainable	143
G4-21	For each critical area, report the boundary outside the organization	Sustainable Development Report in 2019	Development Report in 2019	-	Sustainable	143
G4-22	Report the impact of any re-presentation of the information provided in the previous report and the causes of the re-presentation	Sustainable Development Report in 2019	Development Report in 2019	-	Sustainable	143
G4-23	Big changes compared to the previous reporting period	Sustainable Development Report in 2019	Development Report in 2019	-	Sustainable	143
<b>4. CONSULTATION OF RELATED PARTIES</b>						
G4-24	List of related party	Sustainable Development Report in 2019	Development Report in 2019	-	Sustainable	145
G4-25	Foundations of selection and determination of related party	Sustainable Development Report in 2019	Development Report in 2019	-	Sustainable	145
G4-26	Approach for the related party	Sustainable Development Report in 2019	Development Report in 2019	-	Sustainable	145
G4-27	Key topics and concerns raised in the stakeholder engagement process and firm feedback	Sustainable Development Report in 2019	Development Report in 2019	-	Sustainable	145
<b>5. REPORT PROFILE</b>						
G4-28	Report period	Sustainable Development Report in 2019	Development Report in 2019	-	Sustainable	143
G4-29	The latest report time	Sustainable Development Report in 2019	Development Report in 2019	-	Sustainable	143
G4-30	Reporting cycle	Sustainable Development Report in 2019	Development Report in 2019	-	Sustainable	143
G4-31	Contact address (if any)	Sustainable Development Report in 2019	Development Report in 2019	-	Sustainable	144
<b>6. GRI's LIST OF CONTENTS</b>						
G4-32	Business report options	Sustainable Development Report in 2019	Development Report in 2019	-	Sustainable	143
G4-33	Contact points for questions related to the content of the report	Sustainable Development Report in 2019	Development Report in 2019	-	Sustainable	144
G4-34	Governance apparatus	Sustainable Development Report in 2019	Development Report in 2019	-	Sustainable	144
<b>7. ETHICS AND INTEGRITY</b>						
G4-56	The values, principles and standards of organizational behavior	Annual Report - Sustainable Development Report in 2019	General information - Sustainable Development Report in 2019	-		11 142

## 8. SPECIFIC CONTENTS

### Economic Impacts

G4-EC1	Direct economic values created	Sustainable Development Report in 2019	Development Report in 2019	-	Sustainable	147
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### Impacts on the Environment

G4-EN2	Use of recycled materials	Sustainable Development Report in 2019	Development Report in 2019	-	Sustainable	148-149
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G4-EN6	Reduce energy consumption	Sustainable Development Report in 2019	Development Report in 2019	-	Sustainable	148-149
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G4-EN27	Scope of mitigating the environmental impact of products and services	Sustainable Development Report in 2019	Development Report in 2019	-	Sustainable	149
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G 4 - E N 29	The monetary value of the money due to non-compliance with environmental laws	Sustainable Development Report in 2019	Development Report in 2019	-	Sustainable	149
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### Impacts on Society

G4-LA1	Total labor force, proportion of types	Sustainable Development Report in 2019	Development Report in 2019	-	Sustainable	149
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G4-LA2	Welfare for workers	Sustainable Development Report in 2019	Development Report in 2019	-	Sustainable	150-151
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G4-LA10	Training programs	Sustainable Development Report in 2019	Development Report in 2019	-	Sustainable	152
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G4-LA12	Details of employment	Sustainable Development Report in 2019	Development Report in 2019	-	Sustainable	149
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### Related impacts on human rights

G4-HR5	Use of child labor	SHS does not use child labor			150
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G4-HR6	Use of forced labor	SHS does not use forced labor			150
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### Indicators by sector

G4-SO1	Percentage of activities with local community participation	Sustainable Development Report in 2019	Development Report in 2019	-	Sustainable	155
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G4-SO8	Cash value of fines	Sustainable Development Report in 2019	Development Report in 2019	-	Sustainable	149
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G4-PR3	Information about products and services	Annual Report – General information			14
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# AUDITED REPORTS IN 2019

- Explanation on the opinion of the independent auditor
- Financial statements
- Financial safety ratio statement





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# EXPLANATION ON THE OPINION OF THE INDEPENDENT AUDITOR

## Audited reports:

Financial Statements and Financial Safety Ratio Statement in 2019



## Auditing Company:

AASC Auditing Firm Ltd.,

## Auditor's opinion:

Full acceptance



## Explanation on the opinion of the Independent Auditor:

In 2019, the Independent Auditor gave a full accepted opinion for the Financial Statements and Financial Safety Ratio Statement. Therefore, there is no explanation of the SHS's Board of Management on the opinion of the Independent Auditor.

# FINANCIAL STATEMENTS

## STATEMENT OF THE BOARD OF MANAGEMENT

The Board of Management of Saigon-Hanoi Securities JSC (“the Company”) presents its report and the financial statements of the Company for the financial year ending December 31<sup>st</sup>, 2019.

### COMPANY

Saigon-Hanoi Securities Joint Stock Company was established and operates under license No. 66/UBCK-GP issued by the State Securities Commission on November 15<sup>th</sup>, 2007 and the latest adjustment license No. 27/GPDC-UBCK issued by the State Securities Commission on April 25<sup>th</sup>, 2019.

Company Head Office: Floors 1-5, Hanoi Unimex Building, 41 Ngo Quyen Street, Hang Bai Ward, Hoan Kiem District, Hanoi City.

### BOARD OF MANAGEMENT, BOARD OF DIRECTORS AND SUPERVISORY BOARD

Members of the Board of Directors during the year and on the date of this report:

Mr.	<b>Do Quang Hien</b>	Chairman	
Mr.	<b>Vu Duc Tien</b>	Member	
Mr.	<b>Le Dang Khoa</b>	Member	
Mr.	<b>Mai Xuan Son</b>	Member	
Mrs.	<b>Nguyen Dieu Trinh</b>	Member	Appointed 03/01/2020
Mr.	<b>Nguyen Van Hung</b>	Member	Dismissed 11/04/2019
Mr.	<b>Mai Anh Chinh</b>	Member	Resigned 15/11/2019

Members of the Board of Management who led the Company during the year and on the date of this report:

Mr.	<b>Vu Duc Tien</b>	General Director
Mr.	<b>Tran Sy Tien</b>	Deputy General Director cum Chief Accountant
Mr.	<b>Nguyen Chi Thanh</b>	Deputy General Director
Mrs.	<b>Tran Thi Thu Thanh</b>	Deputy General Director

Members of the Supervisory Board:

Mrs.	<b>Pham Thi Bich Hong</b>	Chief of Supervisory Board
Mrs.	<b>Luong Thi Luu</b>	Member
Mr.	<b>Vu Duc Trung</b>	Member

### AUDITORS

The AASC Auditing Co., Ltd. has audited the financial statements of the Company.

## STATEMENT OF RESPONSIBILITIES OF BOARD OF MANAGEMENT FOR FINANCIAL STATEMENTS

The Board of Management is responsible for the preparation of financial statements which give a true and fair view of the financial position, results of operations, cash flow and changes in equity of the Company during the year. During the preparation of financial statements, the Board of Management has pledged to comply with the following requirements:

- Establishing and maintaining internal control that the Board of Management and the management of the Company determine as necessary to ensure that the preparation and presentation of the financial statements is free from material misstatements, whether due to fraud or error;
- Selecting suitable accounting policies and then applying them consistently;
- Making judgements in a rational and cautious manner;
- Stating whether the applicable accounting standards have been adhered to, whether there are material misstatements to be disclosed and explained in the Financial Statements;
- Preparing and presenting the financial statements in accordance with Accounting Standards, Vietnamese Accounting System for securities companies and applicable regulations governing the preparation and presentation of financial statements;
- Preparing the financial statements based on a business continuity basis unless it is inappropriate to assume that the Company will continue in business.

The Board of Management ensures that the accounting records are kept to reflect the financial position of the Company in an honest and reasonable manner at all times and to ensure that financial statements comply with the legal regulations of the State. It is also responsible for safeguarding the assets of the Company and taking measures to prevent and detect fraud and other violations.

The Board of Management commits that the financial statements give a true and fair view of the financial position of the Company on December 31<sup>st</sup>, 2019; the results of operations, cash flows and changes in equity for the year ending December 31<sup>st</sup>, 2019 in line with Accounting Standards and Vietnamese Accounting System applicable to securities companies and current regulations related to the preparation and presentation of financial statements.

### Other commitments

The Board of Management is committed to complying with Decree 71/2017/ND-CP dated 06/06/2017 on corporate governance applicable to public companies and the Company has not violated the information disclosure obligation prescribed in Circular No. 155/2015/TT-BTC dated 06/10/2015 of the Ministry of Finance guiding the disclosure of information on the stock market.

On behalf of the Board of Management



**Vu Duc Tien**  
General Director

Hanoi, March 18<sup>th</sup>, 2020

## INDEPENDENT AUDIT REPORT

**To: Shareholders, Board of Directors and Board of Management  
of Saigon-Hanoi Securities JSC**

We have audited the accompanying financial statements of Saigon-Hanoi Securities JSC prepared on March 18<sup>th</sup>, 2020, from pages 06 to 48, including: Statement of Financial Position on December 31<sup>st</sup>, 2019, Statement of Operational Results, Statement of Cash Flow, Statement of Changes in Equity for the year then ended and Notes on the Financial Statements.

### Responsibilities of the Board of Management

The Board of Management is responsible for the preparation and fair and reasonable presentation of the Company's financial statements in accordance with Vietnamese Accounting Standards and Vietnamese Accounting Standards applicable to securities companies and legal regulations related to the preparation and presentation of financial statements. It is also responsible for internal control that the Management determines is necessary to ensure that the preparation and presentation of the financial statements are free of material misstatement, whether due to fraud or error.

### Responsibilities of auditors

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. These standards require that we comply with ethical standards and regulations, plan and implement audits to ensure reasonable assurance as to whether the Company's financial statements are free from material misstatement.

An audit includes completion of procedures to collect audit evidence supporting the figures and notes in the financial statements. The selected audit procedures are selected based on the judgment of the auditor, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or error. When assessing these risks, the auditor considered internal control of the Company in relation to the preparation and presentation of a fair and reasonable financial statement in order to design appropriate audit procedures with the actual situation, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes assessing the appropriateness of audit principles 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 that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion of the auditor

In our opinion, the financial statements give a true and fair view of the financial position of Saigon-Hanoi Securities Joint Stock Company as of December 31<sup>st</sup>, 2019, as well as its operating results, cash flow and changes in equity for the year then ended in accordance with Accounting Standards and Vietnamese Accounting Standards applicable to the securities companies and other legal documents related to the preparation and presentation of the financial statements.



## Issues to be highlighted

We point the readers to Note 6 in the “Short-term Receivables” section of the Notes on the Financial Statements, whereby the figures disclosed in the Financial Statements are subject to change based on the final judgment of the Supreme People’s Court.

This emphasis does not change our overall acceptance.

## AASC Auditing Co., Ltd.



A blue ink signature of Nguyen Tuan Anh, consisting of a stylized 'N' followed by 'Anh'.

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### Vu Xuan Bien

Deputy General Director  
Audit practice registration certificate  
No: 0743-2018-002-1  
Hanoi, March 23<sup>rd</sup>, 2020

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### Nguyen Tuan Anh

Auditor  
Audit practice registration certificate  
No: 1369-2018-002-1

# STATEMENT OF FINANCIAL SITUATION

As of 31/12/ 2019

Code		ASSETS	Note	31/12/2019	01/01/2019
				VND	VND
<b>100</b>	<b>A.</b>	<b>CURRENT ASSETS</b>		<b>5,989,907,588,500</b>	<b>4,773,903,146,557</b>
<b>110</b>	<b>I.</b>	<b>Financial Assets</b>		<b>5,982,620,174,098</b>	<b>4,769,306,051,715</b>
111	1.	Cash and cash equivalents	4	1,052,419,267,919	838,785,387,863
111.1	1.1	Cash		1,052,419,267,919	838,785,387,863
112	1.	Financial assets recognized through profit/loss (FVTPL)	5	1,270,103,498,366	1,006,453,343,406
114	2.	Loans	5	1,647,839,423,627	2,051,008,965,835
115	3.	Financial assets available for sale (AFS)	5	300,000,000,000	-
117	4.	Receivables	6	47,668,983,400	93,173,312,756
117.1	4.1	Receivables selling financial assets		-	50,807,500,000
117.2	4.2	Receivables and estimated receivables of dividends and interests of financial assets		47,668,983,400	42,365,812,756
117.3	4.2.1	Receivable dividend, interest to payment date		47,668,983,400	42,365,812,756
118	5.	Advance payment to the sellers	7	2,247,585,608	741,970,854
119	6.	Receivables from services provided by securities	6	2,059,380,600,595	1,152,128,250,233
122	7.	Other receivables	6	45,021,531,845	59,862,400,297
129	8.	Provision for impairment of receivables	8	(442,060,717,262)	(432,847,579,529)
<b>130</b>	<b>II.</b>	<b>Other current assets</b>		<b>7,287,414,402</b>	<b>4,597,094,842</b>
131	1.	Advance payment		6,605,055,591	3,041,944,389
132	2.	Office supplies, tools and instruments	9	267,329,831	237,121,841
133	3.	Short-term prepaid costs	10	412,278,980	1,315,278,612
134	4.	Mortgages, pledges, deposits, short-term deposits	11	2,750,000	2,750,000
<b>200</b>	<b>B.</b>	<b>NON-CURRENT ASSETS</b>		<b>82,769,951,720</b>	<b>95,057,343,675</b>
<b>220</b>	<b>II.</b>	<b>Non-current financial assets</b>		<b>4,426,059,066</b>	<b>2,911,082,500</b>
221	1.	Tangible fixed assets	12	4,426,059,066	2,874,075,323
222	-	Original price		31,441,199,258	31,459,531,443
223a	-	Accumulated depreciation		(27,015,140,192)	(28,585,456,120)
227	2.	Intangible fixed assets	13	-	37,007,177
228	-	Original price		31,196,229,207	31,196,229,207
229a	-	Accumulated depreciation		(31,196,229,207)	(31,159,222,030)
<b>250</b>	<b>V.</b>	<b>Other long term assets</b>		<b>78,343,892,654</b>	<b>92,146,261,175</b>
251	1.	Mortgages, pledges, deposits, long-term deposits	11	890,532,343	897,532,343
252	2.	Long-term prepaid costs	10	58,197,258,349	74,761,131,339
254	3.	Payment for Settlement Assistance Fund	14	19,256,101,962	16,487,597,493
<b>270</b>		<b>TOTAL ASSETS</b>		<b>6,072,677,540,220</b>	<b>4,868,960,490,232</b>

# STATEMENT OF FINANCIAL SITUATION

As of 31/12/2019 (continued)

Code		EQUITY AND LIABILITIES	Note	31/12/2019	01/01/2019
				VND	VND
<b>300</b>	<b>C.</b>	<b>LIABILITIES</b>		<b>3,380,341,789,038</b>	<b>3,003,646,101,986</b>
<b>310</b>	<b>I.</b>	<b>Current Liabilities</b>		<b>3,374,023,210,957</b>	<b>1,271,429,315,273</b>
311	1.	Short-term borrowings and financial leasing debts	15	988,000,000,000	546,980,000,000
312	1.1	Short-term borrowings		988,000,000,000	546,980,000,000
316	2.	Short-term bonds	17	950,000,000,000	150,000,000,000
318	3.	Payables from securities trading activities		345,340,035	1,933,932,035
320	4.	Short-term payables to the sellers	16	59,135,976	22,644,494,436
321	5.	Short-term prepayments of buyers		1,961,500,000	1,655,600,000
322	6.	Tax and State payables	18	24,438,863,837	45,588,288,300
323	7.	Payables to employees		11,624,933,886	2,998,902,021
324	8.	Deductions to pay employee welfare		379,279,297	296,220,507
325	9.	Short-term payable costs	19	78,374,868,256	65,489,100,310
328	10.	Received short-term deposits	20	1,266,400,629,532	405,561,401,617
329	11.	Other payables, short-term payables	21	19,202,991,772	9,412,507,681
331	12.	Reward, welfare funds		33,235,668,366	18,868,868,366
<b>340</b>	<b>II.</b>	<b>Non-current liabilities</b>		<b>6,318,578,081</b>	<b>1,732,216,786,713</b>
346	1.	Long-term bonds	17	-	1,721,000,000,000
347	2.	Long-term payables to the sellers	16	14,025,690	14,025,690
352	3.	Receiving deposits, long-term deposits	20	25,000,000	25,000,000
356	4.	Payable deferred income tax	38	6,279,552,391	11,177,761,023
<b>400</b>	<b>D.</b>	<b>EQUITY</b>		<b>2,692,335,751,182</b>	<b>1,865,314,388,246</b>
<b>410</b>	<b>I.</b>	<b>Equity</b>	<b>22</b>	<b>2,692,335,751,182</b>	<b>1,865,314,388,246</b>
411	1.	Investment capital of owners		2,295,262,472,800	1,125,489,636,800
411.1	1.1	Contributions of owners		2,072,682,010,000	1,053,956,740,000
411.1a	1.1.1	Common shares with voting rights		2,072,682,010,000	1,053,956,740,000
411.2	1.2	Excess share capital		222,580,462,800	71,532,896,800
414	2.	Chartered capital reserve funds		48,863,340,849	29,901,717,464
415	3.	Financial and professional risk provision		48,863,340,849	29,901,717,464
417	4.	Non-distributed profit		299,346,596,684	680,021,316,518
417.1	4.1	Profit after tax realized		340,550,702,961	681,893,377,170
417.2	4.2	Profit not realized		(41,204,106,277)	(1,872,060,652)
<b>440</b>		<b>TOTAL LIABILITIES AND EQUITY</b>		<b>6,072,677,540,220</b>	<b>4,868,960,490,232</b>

## INDICATORS OUTSIDE OF THE STATEMENT OF FINANCIAL SITUATION

Code		CRITERIA	Note	31/12/2019	01/01/2019
	<b>A.</b>	<b>ASSETS OF SECURITIES COMPANY AND ASSETS MANAGED UNDER COMMITMENT</b>			
002	1.	Valuable certificates held for safekeeping		1,500,000,000	1,500,000,000
003	2.	Pledged asset		6,903,330,000	6,903,330,000
006	3.	Shares in circulation		207,268,201	105,395,674
008	4.	Financial assets listed/registered for trading at VSD of securities company	23	841,851,110,000	572,659,310,000
009	5.	Financial assets listed/registered for trading at VSD of securities company	24	1,501,490,000	1,501,490,000
010	6.	Financial assets awaiting for securities companies		-	8,025,000,000
012	7.	Financial assets not deposited at VSD of securities company	25	179,531,730,000	108,924,040,000
	<b>B.</b>	<b>ASSETS AND PAYABLES RELATED TO ASSETS MANAGED UNDER COMMITMENT WITH CUSTOMERS</b>			
021	1.	Financial assets listed/registered for trading at VSD of investors	26	26,232,263,140,000	23,818,185,330,000
021.1	a.	<i>Freely transferable financial assets</i>		21,105,570,290,000	18,635,568,100,000
021.2	b.	<i>Limited transferable financial assets</i>		3,109,444,650,000	2,836,585,260,000
021.3	c.	<i>Financial assets pledged</i>		1,814,684,440,000	2,012,928,610,000
021.4	d.	<i>Financial assets blocked, withheld</i>		50,000,000,000	50,000,000,000
021.5	e.	<i>Financial assets with pending payment</i>		152,563,760,000	283,103,360,000
022	2.	Financial assets of investors deposited at VSD and not traded	27	960,385,460,000	836,895,610,000
022.1	a.	<i>Financial assets deposited at VSD and not traded, freely transferrable</i>		740,054,780,000	631,803,410,000
022.2	b.	<i>Financial assets deposited at VSD and not traded, limited transferrable</i>		205,035,000,000	205,092,200,000
022.3	c.	<i>Financial assets deposited at VSD and not yet traded or pledged</i>		15,295,680,000	-
023	3.	Financial assets of investors - currently pending	28	157,948,760,000	277,880,837,800
026	4.	Deposit of customers	29	640,275,385,374	558,016,415,263
027	4.1	Deposits of investors for securities trading under securities company's management		440,076,755,463	264,543,388,401
028	4.2	Deposit of general securities trading for customers		195,589,127,600	277,880,837,800
030	4.3	Deposit of securities issue organizations		4,609,502,311	15,592,189,062

031	5.	Payables to investors of securities trading in the mode of securities company's management	30	635,665,883,063	542,424,226,201
031.1	5.1	<i>Payables to domestic investors of securities trading in the mode of securities company's management</i>		635,107,914,454	536,854,311,664
031.2	5.2	<i>Payables to foreign investors of securities trading in the mode of securities company's management</i>		557,968,609	5,569,914,537
035	6.	Payable dividends, principals and interests of bonds	31	4,609,502,311	15,592,189,062

**Nguyen Thi Thuy**  
Preparer

**Tran Sy Tien**  
Chief Accountant



**Vu Duc Tien**  
General Director  
*Hanoi, March 18<sup>th</sup>, 2020*

# STATEMENT OF OPERATIONAL RESULTS

The year of 2019

Code		CRITERIA	Note	2019	2018
				VND	VND
	<b>I.</b>	<b>OPERATIONAL REVENUE</b>			
01	1.1	Profit from financial assets recognized through profit/loss (FVTPL)		325,334,482,231	484,647,097,181
01.1	a.	Profit from sale of financial assets FVTPL	33.a)	308,597,466,757	457,894,267,236
01.2	b.	Increased difference from valuation of financial assets under FVTPL	33.b)	(24,491,043,155)	(718,293,399)
01.3	c.	Dividend, interest from financial assets under FVTPL	33.c)	41,228,058,629	27,471,123,344
03	1.2	Interest from loans and receivables	33.c)	425,503,987,684	375,127,431,396
04	1.3	Gains from available-for-sale financial assets (AFS)	33.c)	3,774,246,575	-
06	1.4	Revenue from stock brokerage activities		128,053,138,116	245,847,834,316
07	1.5	Revenue from stock guarantee and issuance service		126,918,670,182	50,150,000,000
08	1.6	Revenue from stock investment		34,110,544,513	59,661,895,628
09	1.7	Revenue from stock depository service		14,540,334,446	18,710,377,182
10	1.8	Revenue from financial consulting service		8,406,237,262	8,325,280,304
11	1.9	Other operational income	33.d)	743,373,648	1,122,704,304
<b>20</b>		<b>Total operating income</b>		<b>1,067,385,014,657</b>	<b>1,243,592,620,311</b>
	<b>II.</b>	<b>OPERATIONAL EXPENSES</b>			
21	2.1	Loss of financial assets recognized through profit/loss (FVTPL)		66,582,614,774	148,479,403,879
21.1	a.	Loss from sale of financial assets under FVTPL	33.a)	50,584,111,108	126,713,145,150
21.2	b.	Decreased difference from valuation of financial assets FVTPL	33.b)	14,841,002,470	20,433,251,472
21.3	c.	Costs of purchase for transactions of financial assets under FVTPL		1,157,501,196	1,333,007,257
24	2.2	Costs of provision for financial assets, handling losses of bad receivables and loss of impairment of financial assets and borrowing costs of loans		229,331,688,430	196,710,033,029
26	2.3	Proprietary operational costs		7,489,793,466	6,053,535,290
27	2.4	Costs of securities brokerage activities		112,282,782,564	176,783,367,079
28	2.5	Costs of securities guarantee and issuance service		2,210,853,909	-
29	2.6	Costs of securities investment consulting		706,686,378	2,686,919,122
30	2.7	Costs of securities depository		10,670,343,319	14,615,129,488
31	2.8	Costs of financial consulting activities		9,167,497,623	12,574,063,869
32	2.9	Costs of other services	34	21,348,146,399	23,223,489,731
<b>40</b>		<b>Total operating expenses</b>		<b>459,790,406,862</b>	<b>581,125,941,487</b>

	<b>III.</b>	<b>REVENUE FROM FINANCIAL OPERATIONS</b>	<b>35</b>		
42	3.1	Revenue, accrued dividend, interests of flexible bank deposits		3,115,765,920	3,247,133,001
<b>50</b>		<b>Total revenue from financial operation</b>		<b>3,115,765,920</b>	<b>3,247,133,001</b>
	<b>IV.</b>	<b>FINANCIAL EXPENSES</b>	<b>36</b>		
52	4.1	Loan interest expenses		230,077,492,225	202,726,366,390
55	4.2	Other financial expenses		3,930,697,260	-
<b>60</b>		<b>Total financial expenses</b>		<b>234,008,189,485</b>	<b>202,726,366,390</b>
<b>62</b>	<b>VI.</b>	<b>TOTAL OPERATING EXPENSES OF SECURITIES COMPANY</b>	<b>37</b>	<b>66,611,003,094</b>	<b>53,102,391,889</b>
<b>70</b>	<b>VII.</b>	<b>OPERATING INCOME</b>		<b>310,091,181,136</b>	<b>409,885,053,546</b>
	<b>VIII.</b>	<b>OTHER INCOME AND OTHER EXPENSES</b>			
71	8.1	Other income		1,954,319,000	1,070,955,752
72	8.2	Other expenses		6,500,002	268,175,227
<b>80</b>		<b>Total income and other expenses</b>		<b>1,947,818,998</b>	<b>802,780,525</b>
<b>90</b>	<b>IX.</b>	<b>TOTAL ACCOUNTING PROFIT BEFORE TAX</b>		<b>312,039,000,134</b>	<b>410,687,834,071</b>
91	9.1	Profit realized		351,371,045,759	431,839,378,942
92	9.2	Profit not realized		(39,332,045,625)	(21,151,544,871)
<b>100</b>	<b>X.</b>	<b>CORPORATE INCOME TAX EXPENSE</b>	<b>38</b>	<b>57,400,731,698</b>	<b>52,606,911,247</b>
100.1	10.1	Current corporate income tax expense	38.1	62,298,940,330	52,750,569,927
100.2	10.2	Deferred corporate income tax expenses	38.2	(4,898,208,632)	(143,658,680)
<b>200</b>	<b>XI.</b>	<b>ACCOUNTING PROFIT AFTER CIT</b>		<b>254,638,268,436</b>	<b>358,080,922,824</b>
<b>500</b>	<b>XIII.</b>	<b>NET INCOME ON COMMON SHARES</b>			
501	13.1	Basic interest on shares (VND/share)	39	1,359	2,746

**Nguyen Thi Thuy**  
Preparer

**Tran Sy Tien**  
Chief Accountant



**Vu Duc Tien**  
General Director  
*Hanoi, March 18<sup>th</sup>, 2020*

# STATEMENT OF CASH FLOWS

The year of 2019  
(According to indirect method)

Code	CRITERIA	Note	2019	2018
			VND	VND
	<b>I. CASH FLOW FROM BUSINESS OPERATIONS</b>			
<b>01</b>	<b>1. Profit before corporate income tax</b>		<b>312,039,000,134</b>	<b>410,687,834,071</b>
<b>02</b>	<b>2. Adjustment for items</b>		<b>236,214,521,564</b>	<b>214,998,070,378</b>
03	- Appreciation of fixed assets		998,748,434	834,803,386
	<i>Depreciation of tangible fixed assets in the period</i>		961,741,257	
	<i>Depreciation of financial fixed assets in the period</i>		-	
	<i>Depreciation of intangible fixed assets in the period</i>		37,007,177	
	<i>Depreciation of investment properties in the period</i>		-	
04	- Provisions		9,213,137,733	14,994,124,513
	<i>Provision expense and dealing with bad receivables for sale, maturity of financial assets and other receivables (Account 6324)</i>		-	
	<i>Provision expense and dealing with bad receivables for dividends, interest from financial assets (Account 6325)</i>		-	
	<i>The cost of provision for diminution in value of collateral and mortgage of loans with collateral (Account 6326)</i>		-	
	<i>Provision for doubtful debts and handling of receivables related to provision of securities services (Account 6339)</i>		9,213,137,733	
	<i>Provision for devaluation of financial assets</i>		-	
	<i>Provision (Account 635)</i>		-	
	<i>Provision (Account 64206)</i>		-	
05	- Unrealized gains (losses) of foreign exchange rates		-	-
	<i>Gains from exchange rate differences due to revaluation of monetary items denominated in foreign currencies at the end of the period (Account 515)</i>		-	
	<i>Foreign exchange losses due to revaluation of monetary items denominated in foreign currencies at the end of the reporting period (Account 635)</i>		-	
06	- Loan interest costs		230,077,492,225	202,726,366,390
07	- Profit, loss from investment activities		(4,074,856,828)	(3,557,223,911)
	<i>Gains from liquidation of fixed assets (Account 711)</i>		959,090,908	
	<i>Losses from liquidation of fixed assets (Account 811)</i>		-	
	<i>Gains from sale of investments in subsidiaries, associates, recovery of contributed capital in jointly controlled entities and other long-term investments</i>		-	



		<i>Losses from sale of investments in subsidiaries, associates, recovery of contributed capital in jointly controlled entities and other long-term investments</i>	-	
		<i>Deposit interest, loan interest</i>	3,115,765,920	
		<i>Dividends and profits shared from equity investments in other entities (excluding trading gains and losses)</i>	-	
08	-	Accrued interest	-	-
09	-	Other adjustments	-	-
<b>10</b>	<b>3.</b>	<b>Increase of non-monetary costs</b>	<b>14,841,002,470</b>	<b>3,432,336,472</b>
11	-	Loss from valuation of financial assets recognized through profit/loss FVTPL	14,841,002,470	3,432,336,472
12	-	Loss of value of held-to-maturity investments (HTM)	-	-
13	-	Losses in the value of loans	-	-
14	-	Loss on recognition of the assessed difference at fair value of financial assets available for sale AFS upon reclassification	-	-
15	-	Impaired value of fixed assets, investment properties	-	-
16	-	Provisions for diminution in value of long-term financial investments	-	-
17	-	Other losses	-	-
<b>18</b>	<b>4.</b>	<b>Decrease of non-monetary revenue</b>	<b>24,491,043,155</b>	<b>718,293,399</b>
19	-	Profit from valuation of financial assets recognized through profit/loss FVTPL	24,491,043,155	718,293,399
20	-	Gains from recognition of fair value at fair value of financial assets available for sale (AFS) when reclassifying	-	-
21	-	Other gains	-	-
<b>30</b>	<b>5.</b>	<b>Profit from business operations before changes in working capital</b>	<b>(501,033,750,510)</b>	<b>(431,375,024,374)</b>
31	-	Increase (decrease) of financial assets recognized through profit/loss FVTPL	(302,982,200,585)	(295,884,917,661)
		<i>Financial assets recognized through profit/loss at the beginning of the period</i>	1,028,200,165,218	
		<i>Financial assets recognized through profit/loss at the end of the period</i>	(1,331,182,365,803)	
32	-	Increase (decrease) of held-to-maturity investments (HTM)	-	-
		<i>Held-to-maturity investment at the beginning of the period</i>	-	
		<i>Held-to-maturity investment at the end of the period</i>	-	
33	-	Increase (decrease) of loans	403,169,542,208	276,663,430,487
		<i>Loans at the beginning of the period</i>	2,051,008,965,835	
		<i>Loans at the end of the period</i>	(1,647,839,423,627)	
34	-	Increase (decrease) of financial assets available for sale AFS	(300,000,000,000)	148,592,871,859

		<i>Financial assets available for sale at the beginning of the period</i>	-	
		<i>Financial assets available for sale at the end of the period</i>	(300,000,000,000)	
35	-	(-) Increase. (+) decrease of receivables from sale of financial assets	50,807,500,000	(50,769,008,700)
		<i>Receivables from sale of financial assets at the beginning of the period</i>	50,807,500,000	
		<i>Receivables from sale of financial assets at the end of the period</i>	-	
36	-	(-) Increase. (+) decrease of receivable and accrued dividends, interests of financial assets	(5,303,170,644)	(15,485,063,371)
		<i>Receivable and accrued dividends, interests of financial assets at the beginning of the period</i>	42,365,812,756	
		<i>Receivable and accrued dividends, interests of financial assets at the end of the period</i>	(47,668,983,400)	
37	-	(-) Increase. (+) decrease of receivables from services provided by securities company	(906,946,450,362)	(117,806,186,160)
		<i>Receivables from services provided by securities company at the beginning of the period (Debit)</i>	1,152,128,250,233	
		<i>Receivables from services provided by securities company at the end of the period (Debit)</i>	(2,059,380,600,595)	
		<i>Receivables from services provided by securities company at the beginning of the period (Credit)</i>	(1,655,600,000)	
		<i>Receivables from services provided by securities company at the end of the period (Credit)</i>	1,961,500,000	
38	-	Increase or decrease of receivables from securities trading errors	-	-
		<i>Receivables from securities trading errors at the beginning of the period</i>	-	
		<i>Receivables from securities trading errors at the end of the period</i>	-	
39	-	Increase (decrease) of other receivables	14,840,868,452	(7,110,105,705)
		<i>Other receivables at the beginning of the period</i>	59,862,400,297	
		<i>Other receivables at the end of the period</i>	(45,021,531,845)	
40	-	Increase (decrease) of other assets	(6,361,823,661)	29,938,006,489
		<i>Advances at the beginning of the period</i>	3,041,944,389	
		<i>Office supplies, tools, tools at the beginning of the period</i>	237,121,841	
		<i>Advances at the end of the period</i>	(6,605,055,591)	
		<i>Office supplies, tools, tools at the end of the period</i>	(267,329,831)	
		<i>Payment Support Fund at the beginning of the period</i>	16,487,597,493	
		<i>Payment Support Fund at the end of the period</i>	(19,256,101,962)	
		<i>Deducted VAT at the beginning of the period</i>	-	
		<i>Deducted VAT at the end of the period</i>	-	
41	-	Increase (decrease) of payable costs (excluding loan costs)	32,850,163,797	(50,354,427,448)
		<i>Payable costs at the beginning of the period</i>	(13,357,652,619)	

		<i>Payable costs at the end of the period</i>	46,207,816,416	
42	-	Increase (decrease) of prepaid costs	17,466,872,622	11,563,250,022
		<i>Prepaid costs at the beginning of the period</i>	76,076,409,951	
		<i>Prepaid costs at the end of the period</i>	(58,609,537,329)	
43	-	Corporate income tax paid	(82,054,737,086)	(49,388,864,829)
		<i>Corporate income tax incurred in the period</i>	(57,400,731,698)	
		<i>Income taxes from previous years are recorded in this period</i>	-	
		<i>Corporate income tax deferred at the end of the period</i>	6,279,552,391	
		<i>Corporate income tax deferred at the beginning of the period</i>	(11,177,761,023)	
		<i>Overpaid corporate income tax at the end of the period</i>	-	
		<i>Overpaid corporate income tax at the beginning of the period</i>	-	
		<i>Corporate income tax payable at the end of the period</i>	20,298,940,330	
		<i>Corporate income tax payable at the beginning of the period</i>	(40,054,737,086)	
44	-	Loan interest paid	(250,041,888,076)	(161,853,763,241)
		<i>Loan interest arising in the period</i>	(230,077,492,225)	
		<i>Accrued interest at the end of the period</i>	32,167,051,840	
		<i>Accrued interest at the beginning of the period</i>	(52,131,447,691)	
		<i>Loan interests payable at the end of the period</i>	-	
		<i>Loan interests payable at the beginning of the period</i>	-	
45	-	Increase (decrease) in payables to the sellers	(24,090,973,214)	97,397,904,179
		<i>Payables to short-term sellers at the beginning of the period (Credit)</i>	(22,644,494,436)	
		<i>Payables to short-term sellers at the end of the period (Credit)</i>	59,135,976	
		<i>Payables to long-term sellers at the beginning of the period (Credit)</i>	(14,025,690)	
		<i>Payables to long-term sellers at the end of the period (Credit)</i>	14,025,690	
		<i>Prepayments to sellers at the beginning of the period (Debit)</i>	741,970,854	
		<i>Prepayments to sellers at the end of the period (Debit)</i>	(2,247,585,608)	
46	-	Increase (decrease) in deductions for employee welfare	83,058,790	59,979,762
		<i>The deductions for employee benefits at the beginning of the period</i>	(296,220,507)	
		<i>The deductions for employee benefits at the end of the period</i>	379,279,297	
47	-	Increase (decrease) in tax and payables to the State (excluding CIT)	(1,393,627,707)	(4,998,872,811)
		<i>Taxes payable at the beginning of the period (Credit)</i>	(5,533,551,214)	

		<i>Taxes payable at the end of the period (Credit)</i>	4,139,923,507	
		<i>Taxes payable at the beginning of the period (Debit)</i>	-	
		<i>Taxes payable at the end of the period (Debit)</i>	-	
48	-	Increase (decrease) in payables to employees	8,626,031,865	(11,004,353,114)
		<i>Payables to employees at the beginning of the period</i>	(2,998,902,021)	
		<i>Payables to employees at the end of the period</i>	11,624,933,886	
49	-	Increase (decrease) must returned payables for mistaken transaction of financial assets	-	-
50	-	Increase (decrease) in payables, other payables	858,923,283,091	(229,270,367,707)
		<i>Payables for securities trading activities at the beginning of the period</i>	(1,933,932,035)	
		<i>Payables for securities trading activities at the end of the period</i>	345,340,035	
		<i>Other payables at the beginning of the period (Credit)</i>	(9,057,532,882)	
		<i>Other payables at the end of the period (Credit)</i>	8,730,180,058	
		<i>Other payables at the beginning of the period (Debit)</i>	-	
		<i>Other payables at the end of the period (Debit)</i>	-	
		<i>Receiving deposits for brokerage contracts at the beginning of the period</i>	(405,586,401,617)	
		<i>Receiving deposits for brokerage contracts at the end of the period</i>	1,266,425,629,532	
51	-	Other income from business operations	49,000,000	1,444,689,115
52	-	Other expenditures for business operations	(8,675,200,000)	(3,109,225,540)
<b>60</b>		<b>Net cash flow from business operations</b>	<b>86,551,816,813</b>	<b>198,461,509,946</b>
	<b>II.</b>	<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
61	1.	Expenditures for purchase, construction of fixed assets, investment real estate and other estates	(2,513,725,000)	(1,431,457,350)
62	2.	Proceeds from liquidation, sale of fixed assets, real estate and other assets	959,090,908	310,090,910
63	3.	Payments for capital investment in subsidiaries, joint ventures, associates and other investments	-	-
64	4.	Cash recovered from investments in subsidiaries, joint ventures, associates and other investments	-	-
65	3.	Income from dividends and profits shared from long-term financial investments	3,115,765,920	3,247,133,001
		<i>Income from deposits, dividends and shared profits</i>	3,115,765,920	
		<i>Accrual at the beginning of the period</i>	-	
		<i>Accrual at the end of the period</i>	-	
<b>70</b>		<b>Net cash flow from investment activities</b>	<b>1,561,131,828</b>	<b>2,125,766,561</b>
	<b>III.</b>	<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
71	1.	Proceeds from the issuance of shares and capital contribution from owners	906,285,396,000	6,598,972,811
72	2.	Payment for capital contribution to owners, repurchase issued shares	-	-

73	2.	Principal loans		19,885,051,179,366	7,298,763,174,874
73.1	3	Loan from Payment Support Fund		-	-
73.2	3	Other loans		19,885,051,179,366	7,298,763,174,874
74	4.	Payment for loan principal		(20,365,031,179,366)	(6,753,093,881,402)
74.1	4.1	Payment for loan principal of the Payment Support Fund		-	-
74.2	4.2	Payment for loan principal of financial assets		-	-
74.3	4.1	Other payment for loan principal		(20,365,031,179,366)	(6,753,093,881,402)
75	5.	Payments for principal lease finance		-	-
76	5.	Dividends, profit paid to owner		(300,784,464,585)	(15,835,730)
		<i>Dividends, profit shared during the period</i>		<i>310,902,301,500</i>	
		<i>Payable dividends at the end of the period</i>		<i>(10,472,811,714)</i>	
		<i>Payable dividends at the beginning of the period</i>		<i>354,974,799</i>	
<b>80</b>		<b>Net cash flow from financial activities</b>		<b>125,520,931,415</b>	<b>552,252,430,553</b>
<b>90</b>	<b>IV.</b>	<b>Net increase (decrease) during the year</b>		<b>213,633,880,056</b>	<b>752,839,707,060</b>
<b>101</b>	<b>V.</b>	<b>Cash and cash equivalent at the beginning of the year</b>		<b>838,785,387,863</b>	<b>85,945,680,803</b>
101.1		- Cash		838,785,387,863	85,945,680,803
101.2		- Cash equivalents		-	-
102		- The effects of changes in foreign exchange rates		-	-
<b>103</b>	<b>VI.</b>	<b>Cash and cash equivalent at the end of the year</b>	<b>4</b>	<b>1,052,419,267,919</b>	<b>838,785,387,863</b>
103.1		- Cash		1,052,419,267,919	838,785,387,863
103.2		- Cash equivalents		-	-
104		- The effects of changes in foreign exchange rates		-	-

**Nguyen Thi Thuy**  
Preparer

**Tran Sy Tien**  
Chief Accountant

**Vu Duc Tien**  
General Director  
Hanoi, March 18<sup>th</sup>, 2020

## CASH FLOW FROM BROKERAGE AND TRUST ACTIVITIES OF CUSTOMERS

*The year of 2019*

Code	CRITERIA	Note	2019	2018
			VND	VND
	<b>I. Cash flow from brokerage, trust activities of customers</b>			
01	1. Income from sale of brokerage securities for customers		46,644,424,552,681	75,390,478,761,848
02	2. Expenditure for purchase of brokerage securities for customers		(47018941270040)	(74,036,533,162,612)
07	3. Receiving deposits for payment of securities trades for customers		475,848,408,870	(1,674,059,684,917)
11	4. Payment of securities depository fees of customers		(8,090,034,649)	(10,532,112,307)
14	5. Income from Securities issuing organization		2,755,151,118,282	3,353,754,320,333
15	6. Payment to Securities issuing organization		(2,766,133,805,033)	(3,367,894,845,756)
<b>20</b>	<b>Net increase/decrease in the year</b>		<b>82,258,970,111</b>	<b>(344,786,723,411)</b>
<b>30</b>	<b>II. Customers' cash and cash equivalent at the beginning of the year</b>		<b>558,016,415,263</b>	<b>902,803,138,674</b>
31	Bank deposit at the beginning of the year:		558,016,415,263	902,803,138,674
32	- Deposit of investors of securities trading under the securities company's management		264,543,388,401	252,206,200,535
33	- Deposit of general securities trading for customers		277,880,837,800	649,145,274,500
35	- Deposit of issuing organizations		15,592,189,062	1,451,663,639
<b>40</b>	<b>III. Customers' cash and cash equivalent at the end of the year</b>	<b>29</b>	<b>640,275,385,374</b>	<b>558,016,415,263</b>
41	Bank deposit at the end of the year:		640,275,385,374	558,016,415,263
42	- Deposit of investors of securities trading under the securities company's management		440,076,755,463	264,543,388,401
43	- Deposit of general securities trading for customers		195,589,127,600	277,880,837,800
45	- Deposit of issuing organizations		4,609,502,311	15,592,189,062



**Nguyen Thi Thuy**  
Preparer



**Tran Sy Tien**  
Chief Accountant



**Vu Duc Tien**  
General Director  
*Hanoi, March 18<sup>th</sup>, 2020*

# STATEMENT OF CHANGES IN EQUITY

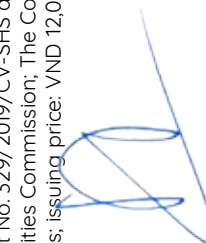
The year of 2019

CRITERIA	Balance at the beginning of the year		Increase/ Decrease				Balance at the end of the year	
	01/01/2018	01/01/2019	2018		2019		31/12/2018	31/12/2019
			Increase	Decrease	Increase	Decrease		
	VND	VND	VND	VND	VND	VND	VND	VND
<b>I Change in equity</b>								
1. Investment capital of owner (*)	1,000,310,000,000	1,125,489,636,800	125,179,636,800	-	1,169,772,836,000	-	1,125,489,636,800	2,295,262,472,800
1.1 Common shares with voting rights	1,000,000,000,000	1,053,956,740,000	53,956,740,000	-	1,018,725,270,000	-	1,053,956,740,000	2,072,682,010,000
1.2 Preferred shares	310,000,000	71,532,896,800	71,222,896,800	-	151,047,566,000	-	71,532,896,800	222,580,462,800
2. Chartered capital reserve funds	12,387,297,555	29,901,717,464	17,514,419,909	-	18,961,623,385	-	29,901,717,464	48,863,340,849
3. Financial and professional risk provision	12,387,297,555	29,901,717,464	17,514,419,909	-	18,961,623,385	-	29,901,717,464	48,863,340,849
4. Difference from valuation of assets under fair value	68,882,003,841	-	-	68,882,003,841	-	-	-	-
5. Non-distributed profit	371,969,233,512	680,021,316,518	358,080,922,824	50,028,839,818	254,638,268,436	635,312,988,270	680,021,316,518	299,346,596,684
5.1 Profit after tax realized	352,689,749,293	681,893,377,170	379,232,467,695	50,028,839,818	293,970,314,061	635,312,988,270	681,893,377,170	340,550,702,961
5.2 Profit not realized	19,279,484,219	(1,872,060,652)	(21,151,544,871)	-	(39,332,045,625)	-	(1,872,060,652)	(41,204,106,277)
<b>TOTAL</b>	<b>1,465,935,832,463</b>	<b>1,865,314,388,246</b>	<b>518,289,399,442</b>	<b>118,910,843,659</b>	<b>1,462,334,351,206</b>	<b>635,312,988,270</b>	<b>1,865,314,388,246</b>	<b>2,692,335,751,182</b>
<b>II. Other comprehensive income</b>								
1. Profit/loss from valuation of financial assets available for sale	68,882,003,841	-	-	68,882,003,841	-	-	-	-
<b>TOTAL</b>	<b>68,882,003,841</b>	<b>-</b>	<b>-</b>	<b>68,882,003,841</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

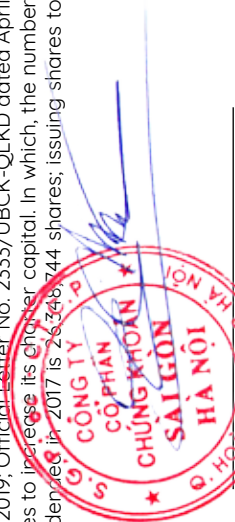
(\*) According to the Report on results of public offering, results of stock issuance to pay dividends, results of stocks issuance under the employee-selection program of Saigon - Hanoi Securities Joint Stock Company under the Report No. 330/2019/CV-SHS, Report No. 329/2019/CV-SHS and Report No. 331/2019/CV-SHS dated April 8<sup>th</sup>, 2019; Official Letter No. 2333/UBCK-QLKD dated April 1<sup>st</sup>, 2019 on reporting the results of public offering to the State Securities Commission; The Company was approved to issue 101,872,527 shares to increase its charter capital. In which, the number of issued shares offered to existing shareholders is 70,263,783 shares; issuing price: VND 12,000/share; and the number of shares to be dividendes in 2017 is 26,748,744 shares; issuing shares to employees is 5,260,000 shares, issuing price is VND 12,000 / share.



**Nguyen Thi Thuy**  
Preparer



**Tran Sy Tien**  
Chief Accountant



**Vu Duc Tien**  
General Director  
Hanoi, March 18<sup>th</sup>, 2020

# NOTES ON FINANCIAL STATEMENTS

Year 2019

## 1. GENERAL INFORMATION

### 1.1. Operational characteristics of the securities company

Saigon-Hanoi Securities Joint Stock Company was established and operates under the Securities Business License No. 66/UBCK-GP issued by the State Securities Commission on 15 November 2007 and the latest adjustment license No.27/GPDC-UBCK issued by the State Securities Commission on April 25<sup>th</sup>, 2019.

Company head office: Floors 1-5, Hanoi Unimex Building, 41 Ngo Quyen Street, Hang Bai Ward, Hoan Kiem District, Hanoi City.

The chartered capital of the Company is VND 2,072,682,010,000 and the chartered capital actually contributed as of 31/12/2019 is VND 2,072,682,010,000 - equivalent to 207,268,201 shares. The par value of a share is VND 10,000.

On 17/06/2009, SHS was officially listed on Hanoi Securities Trading Center (HNX) under Decision No. 245/QD-TTGDHN under the stock code SHS.

The Company's subsidiaries are as follows:

Name	Place of establishment and operation
Branch of Saigon-Hanoi Securities Joint Stock Company in Ho Chi Minh City	3 <sup>rd</sup> floor, Artex Saigon Building, No. 236-238 Nguyen Cong Tru, Nguyen Thai Binh Ward, District 1, HCM City
Saigon-Hanoi Securities Joint Stock Company in Danang City	8 <sup>th</sup> floor, Thanh Loi 2 Building, No.3, Le Dinh Ly, Vinh Trung, Thanh Khe, Da Nang City.

### 1.2. Business lines

Business activities of the Company include: Securities brokerage; securities self-trading; underwriting; securities investment advisory; securities depository; financial advice and other financial services.

### 1.3. Operational characteristics of the business in the fiscal Year affecting the financial statements

In recent years, the Vietnam Stock Market has continuously decreased, leading to a decrease in the total revenue and operating expenses of the Company compared to the previous year.

On April 1<sup>st</sup>, 2018, the Company officially merged with SHB Securities Joint Stock Company according to the stock swap plan. Therefore, the figures in this year's Statement of Operational Results can't be compared with the figures in the previous year's Statement of Operational Results.

## 2. ACCOUNTING STANDARDS AND POLICIES APPLIED IN THE COMPANY

### 2.1. Accounting period, currency used in accounting

The fiscal year of the Company commences on 01/01 and ends on 31/12 of the year.

The currency used in accounting records is Vietnam dong (VND).

### 2.2. Accounting standards and policies applied

#### *Accounting policies applied*

The Company applies the accounting policies applicable to securities companies issued in accordance with Circular No. 210/2014/TT-BTC dated 30/12/2014 of the Minister of Finance guiding the accounting applicable to securities companies (replacing Circular No. 95/2008/TT-BTC dated 24/10/2008, Decision No. 99/2000/QD-BTC dated 13/06/2000, and Circular No. 162/2010/TT-BTC dated 20/10/2010); Circular No. 334/2016/TT-BTC dated 27/12/2016 of the Minister of Finance amending, supplementing and replacing Appendixes 02 and 04 of Circular 210/2014/TT-BTC.

#### *Statement on compliance with Accounting Standards and Policies*

The Company has adopted Vietnamese Accounting Standards and guideline documents issued by the State. The financial statements are prepared and presented in accordance with all regulations of each standard and Circular guiding the implementation of current accounting standards and regulations.

#### *Form of accounting applied.*

The Company applies the form of computerized accounting.



### 2.3. Basis of financial statements

The financial statements are prepared on the original cost basis.

The financial statements of the Company are prepared on the basis of a combination of transactions and operations that are entered in the accounting books of dependent subsidiaries and at the office of the Company.

In the Company's financial statements, internal transactions and internal balances relating to assets, capital and liabilities, internal receivables and liabilities have been eliminated.

### 2.4. Cash

Cash includes cash on hand, operating deposit of the securities company.

Deposits for sale of underwriting securities are deposits earned from the sale of underwriting securities at designated commercial banks by the Company's performing their functions. Securities underwriting organizations (primary or auxiliary underwriting, including proceeds from securities sale agents) and principal, interest and dividend payments of the issue organizations.

Deposits for clearing payment for securities transactions are amounts ready for clearing and settlement of the Company and customers at T + x at the request of the Vietnam Securities Depository Center (VSD), may be opened at the nominated bank for payment of securities purchase or sale according to the net clearing result.

Investors' deposits for trading securities are presented at the indicators outside the financial situation (off-balance sheet).

### 2.5. Financial assets and financial liabilities

#### a) *Initial recognition*

Financial assets

Financial assets of the Company include cash and cash equivalents, financial assets recognized through profit or loss (FVTPL), held-to-maturity investments (HTM), loans, financial assets available for sale (AFS) and receivables. At the time of initial recognition, financial assets are measured at their acquisition price/issue cost plus any costs incurred directly attributable to the acquisition, issue of such financial assets, unless financial assets recognized through profit/loss (FVTPL) are determined only at the acquisition price / issue cost.

Financial liabilities

Financial liabilities of the Company include loans, trade payables and other payables, fees payable. At the time of initial recognition, financial liabilities are measured at issue cost plus any costs directly attributable to the issue of the financial liabilities.

#### b) *Classification principles*

**Financial assets recognized through profit or loss (FVTPL):** financial assets are classified according to FVTPL when such financial assets are held for the purposes of buying or selling in the financial market through research and analysis with lucrative expectations. Financial assets classified as other classes when sold need to be reclassified into FVTPL.

Financial asset FVTPL is a debt instrument upon maturity which must be recognized as receivable and provision for doubtful debts (if any).

**Loans:** are non-derivative financial assets with fixed or determinable payments that are not listed in the perfect market.

Types of loan commitments are as follows:

- Escrow trading contract;
- Contract on advance of the sale of securities.

After initial recognition, loans are measured at amortized value using the effective interest rate method, except for loans to financial assets recognized at fair value through profit or loss. The financial liabilities arising from the transfer of a financial asset that is not eligible for stopping recognition or, if appropriate, in accordance with the continued relevant provisions or financial guarantee agreements.

**Available-for-sale financial assets (AFS)** are non-derivative financial assets that are designated as available for sale or are not classified as:

- Loans and receivables;
- Held-to-maturity investments;
- Financial assets recognized through profit or loss.

Financial assets are invested by the Company but have no short-term investment objectives and long-term objectives have not been identified. So, this is the type of limited financial assets classified in the Company's operations.

**Financial liability recognized through profit or loss:** is a financial liability that satisfies one of the following conditions:

- Financial liabilities are classified by the Board of Directors into the group Held-to-business;
- At the time of initial recognition, the Company classifies financial liabilities into the group recognized through profit/loss.

**Financial liabilities are measured at amortized cost:** financial liabilities are not classified as financial liabilities recognized through profit or loss.

c) *Principles for re-evaluation of financial assets*

The re-evaluation of FTVPL and AFS financial assets at market value or fair value is done according to the method of valuation in accordance with the law. In the absence of market price at the most recent transaction date, the Company uses the fair value to re-evaluate its financial assets. The fair value is determined on the basis of respect for the principle, method or model of valuation theory of financial assets as defined in the Charter or valuation manual of the Company or after being given Boards of Directors approval in writing.

The fair value/market value of financial assets is determined in accordance with Circular No. 146/2014/TT-BTC as follows:

- The market value of securities listed on the Hanoi Stock Exchange and Ho Chi Minh City Stock Exchange is the closing price of the last trading day to the date of revaluation.
- For securities of companies that have not yet been listed on the stock exchange but have registered for trading on the trading market of unlisted public companies (UPCom), the market value shall be determined as average closing price at the last trading day to the date of re-evaluation.
- For listed securities that have been cancelled or suspended from trading or ceased trading from the trading day on Friday forwards, the actual securities price is the book value at the date of preparing the latest accounting balance sheet.
- For unlisted and unregistered securities on the trading market of unlisted public companies (UPCom), the actual price of securities on the market as the basis for re-evaluation is the average price of actual transaction prices at the quotation of three (03) securities companies transacted at the latest time with the re-evaluation time but not more than one month prior to the re-evaluation date.

For securities with no reference price, the Company does not recognize the fair values of these securities as Vietnamese Accounting Standards and Vietnamese Accounting Policies applicable to securities companies do not have specific guidelines on revaluation of fair value. Accordingly, the fair value is estimated at the original cost of the investment.

For unlisted shares merged from SHB Securities Joint Stock Company, the basis for re-evaluation is the quotation provided at the time of merger, March 31<sup>st</sup>, 2018. As of December 31<sup>st</sup>, 2018, the Company did not collect the quotes of these stocks, thus maintaining the value of re-evaluation at the time of merger.

The difference of revaluation by market price or by the most authentic value (in case there is no market price) of financial assets recorded through profit/loss FVTPL is on the list of securities assets of securities companies at the end of the accounting period. This is separately monitored on the Level 2 account "Revaluation difference" of Account 121 - "financial assets are recognized through profits/losses" without any increase or decrease in the purchase price of the financial assets on the "Purchase Price" account and are specifically determined for each re-evaluation as follows:

- At the first re-evaluation, the fair value of the revaluation of financial assets recorded through profit/loss FVTPL on the list of securities companies' financial assets is reflected in Account 1212 "evaluation difference". This is the difference between the revaluation value of financial assets recognized through FVTPL profit/loss at the time of revaluation at market price or fair value and the initial purchase price of financial assets FVTPL recorded profit/loss through FVTPL on the list of securities companies' financial assets.
- At the second re-evaluation, the revaluation of financial assets recorded through profit/loss FVTPL on the list of securities companies' financial assets is reflected in Account 1212 "difference of revaluation". This is the difference between the purchase price of the financial assets recognized through FVTPL profit/loss and the revaluation price at the market price or fair value of this period. The difference between the assessments is recorded in Account 51112 - "The increase in revaluation of financial assets recognized through FVTPL profit/loss" or Account 63213 "Reduced difference in revaluation of assets of financial products recorded through FVTPL profit/loss".

Differences of increase or decrease due to revaluation of FVTPL are recorded according to the principle of non-offsetting and presented in the Statement of operational results according to 02 indicators:

- Reduced spread due to revaluation of financial assets recognized through profit/loss FVTPL reflects on the 'loss' and the cost of buying financial assets, FVTPL and self-trading details. The decrease in the revaluation of financial assets is recognized through profit/loss FVTPL.
- Increased gap due to revaluation of financial assets recognized through profit/loss FVTPL reflected in the "income" indicator, details "Increased gap on re-evaluation - financial assets recorded through profit/loss.

Differences in increase or decrease due to revaluation of AFS are recognized according to the principle of non-offsetting and directly in equity of the statement of financial situation at the item "financial asset revaluation difference at fair value".

Loans are considered to have the ability of impairment at the balance sheet date. Provision for loans is set on the basis of estimated losses, which are calculated by the difference between the market value of securities used as collateral for loan and the balance of the loan. Increases and decreases to the provision balance is recorded in the statement of operational results at the item "costs of provision for financial assets, handling loss of bad debts, loss of impairment of financial assets and borrowing costs of loans.

## 2.6. Short and long-term deposits

Short and long-term deposits reflect the Company's cash receipts and deposits with the subjects in the Company's operations in accordance with the relevant legal provisions. Deposits receipts and deposits are not part of the Company's assets, the Company must be responsible for managing them separately from the Company's cash assets.

## 2.7. Short-term and long-term receivables

**Receivables from sale of financial assets:** reflecting the total value of receivables when selling financial assets belonging to the financial asset portfolio of the Company (not through the Securities Exchanges), including due value of financial assets or liquidation of financial assets.

**Receivables and accrued dividends and interests from financial assets:** reflecting all receivables and accrued dividends and interests from financial assets belonging to financial assets portfolio of the Company.

**Receivables of services provided by the Company:** reflecting the receivables of the Company with the Stock Exchange, the Vietnam Securities Depository (VSD), the investors as the customer of the Company, with securities issuers or underwriters of securities and receivables from securities trading activities.

**Provision for impairment of receivables:** is extracted for debts and overdue payments recorded in economic contracts, the loan agreements, contractual commitments or debt commitments and debts which are not yet due but difficult to recover. In particular, the deduction for the provision of overdue receivables is based on the original repayment period according to the original purchase contract, regardless of the debt extension between the parties and undue receivables, but where the debtors have fallen into bankruptcy or are in the process of dissolving, going missing or fleeing.

The provision for doubtful debts is determined in accordance with Circular No. 48/2019/TT-BTC issued by the Ministry of Finance on 08/08/2019 as follows:

Overdue time	Provision level
From > six (06) months to < one (01) year	30%
From one (01) year to < two (02) years	50%
From two (02) years to < three (03) years	70%
From three (03) years or more	100%

## 2.8. Fixed assets

Tangible fixed assets are initially stated at buying value. During use, tangible fixed assets are stated at original cost, depreciation and net book value.

Depreciation of fixed assets is calculated on a straight-line basis over the estimated depreciation time as follows:

- Machinery, equipment 03-07 year (s)
- Means of transportation 06 year (s)
- Management equipment, tools 04-05 year (s)
- Transactional software, accounting software 03-05 year (s)

## 2.9. Prepaid expenses

Expenditures incurred in connection with business operations of more than one accounting period are included in the prepaid expenses which are amortized to the business operations results in the subsequent accounting periods.

The calculation and allocation of long-term prepaid expenses into business expenses in each accounting period is based on the nature and extent of each type of expense to select the method and criteria for rational allocation. Prepaid expenses are amortized on a straight-line basis.

Goodwill arising on merger with SHB Securities Joint Stock Company is amortized within 7 years.

## 2.10. Short-term and long-term payables

Payables are monitored by the maturity date, the payable subject, the type of currency payable and other factors at management requests of the Company.

**Loans:** reflect the situation of bond issuance and bond payment; reflect the temporary borrowings and repayment status of the loan with the Bank, the Vietnam Securities Depository Center (VSD), the Payment Support Fund or other creditors in accordance with the regulations on borrowing activities applicable to securities companies.

**Payables for securities trading activities:** reflect the payment status of fees for securities trading and services to the Stock Exchange, the Vietnam Securities Depository Center (VSD), and payables to the securities issue agent of the Company.

**Payables to securities issuers:** reflect the receipt and payment of securities payable to securities issues for issuance of securities underwritten by the Company at the primary or auxiliary underwriting Company, including the case where the underwriting Company sells the issued securities through agents.

## 2.11. Payable costs

Payables for goods and services received from the seller or provided to the buyer during the reporting period but unrealized and other payables such as interest expenses payable, brokerage fees, etc. are recognized in the operational expenses of the reporting period.

Recognition of payable costs in business operation activities under the year is made in accordance with the principle of matching between revenue and expenses incurred in the year. Payable costs will be settled with actual costs incurred. The difference between the prepaid amount and the actual costs is reversed.

## 2.12. Equity

The owner's capital is recorded according to the owner's actual capital.

Equity surplus reflects the difference between par value, direct costs associated with stock issuance and stock issuance price (also for re-issuance of treasury shares) and can be a positive surplus (if the issue price is higher than the par value and direct expenses related to the issuance of shares) or a negative surplus (if the issue price is lower than par value and direct expenses related to the issuance of shares).

Undistributed profits of the Company include realized profits and unrealized profits. The undistributed realized profit of the Company accumulated until the Year end before is the basis for distributing the profit to the owner. The profit not realized by the Year end before is the basis for distributing to the owner.

Realized profit is the difference between total revenue and income and total expenses incurred in the statement of operational results of the Company accumulated during the period. The profit used to distribute to owners must subtract the accumulated loss from the beginning of the current period and the accumulated loss not realized until the distribution of interest to the owner. The distribution of the Company's profits to the owner must be clear, transparent and in compliance with the provisions of the law on enterprises, securities and other relevant laws applicable to the securities Company, charter of the securities Company, and Resolution of the General Meeting of Shareholders. The realized profits shall be distributed to the capital contributing members or shareholders after subtracting the payable tax liability calculated on the income amounts to be enjoyed.

Dividend payable to shareholders is recognized as a liability on the Company's Balance Sheet after the dividend payment notice of the Company's Board of Management and the date of closing the right to receive dividend of the Vietnam Securities Depository Center.

## 2.13. Revenue, income

### *Revenue from service provision*

Revenue from service provision is recognized when the outcome of such transactions is determined reliably. In case of service provision related to many years, the revenue is recognized in the Year in which the portion of the work completed as at the date of the financial statements of that year. The outcome of a service provision transaction is determined when the following conditions are met:

- The revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company;
- The portion of the work completed at the date of making the financial statement can be determined;
- The costs incurred for the transaction and the cost of completion of the service delivery transaction can be determined.

The completed service provision work is determined by the completed work assessment method.

### *Income from securities trading*

Income from sales of FVTPL and AFS financial assets is determined as the difference between the selling price and capital cost on the basis of FVTPL and AFS's financial assets sold. Income from sale of financial assets is income realized.

Income from increased valuation of financial assets in FVTPL's financial asset portfolio at fair value. Revenue from financial assets under the FVTPL financial asset portfolio is unrealized income.

Income derived from self-traded financial assets FVTPL and HTM; loans include: loan interest arising from loans in accordance with the Law on Securities; dividends, profits distributed from shares, bond interests; interest arising from fixed deposits.

Dividends and profits distributed arising from financial assets belonging to the Company's investment portfolio: FVTPL and AFS are recognized when the Company is entitled to receive dividends from the ownership of the shares already established.

### *Revenue from business cooperation contract*

Revenue is recognized when the parties taking part in the business cooperation contract announce the revenue distribution in accordance with the provisions of the contract.

## 2.14. Operational expenses and Company management costs

Cost is recognized to the extent that it is likely to decrease the economic benefits at the arising time or possibly determined to arise, notwithstanding payment.

## 2.15. Financial revenue, financial operational expenses

### *Financial revenue includes*

- Revenue from non-fixed bank deposit interest;
- Bonus shares or stock dividends: No income is recognized when the right to receive bonus shares or stock dividends is established.

### *Financial operational expenses include*

- Loan interest expenses;
- Other financial expenses (money transfer fee, etc.).

## 2.16. Taxes

### a) *Deferred income tax payable*

Deferred tax income tax payable is determined at the current CIT rate (or tax rates that are expected to be changed in the future if the repayment of the deferred tax liability is within the validity of new tax rate), based on tax rates and tax laws that have been enacted at the end of the financial year.

Deferred tax assets and deferred income tax are compensated when the financial situation is prepared.

### b) *Current CIT expense and deferred CIT expense*

The current CIT expense is determined on the basis of the taxable income in the current year and the CIT rate in the current fiscal year.

Deferred CIT expenses are determined on the basis of deductible temporary differences, taxable temporary incomes and corporate income tax rates.

No offset of current corporate income tax expenses with deferred corporate income tax expenses.

c) *Corporate income tax rate*

The Company currently applies the CIT rate of 20% for all taxable income for the fiscal year ending December 31<sup>st</sup>, 2019.

## 2.17. CIT rate

Basic earnings per share are calculated by dividing the profit or loss after tax attributable to the shareholders owning the common shares of the Company (after adjusting for the deduction of bonus, welfare and bonus fund and reward for the Executive Board) for the weighted average number of ordinary shares outstanding in the year.

## 2.18. Related parties

A party is considered a related party if that party has the ability to control or otherwise has a material adverse effect on the other party in making a decision about financial and operating policies. The related parties of the Company include:

- Entities who, directly or indirectly through one or more intermediaries, have the power to control the Company or to be subject to the Company's control or joint control with the Company, including parent companies, subsidiaries, and affiliated companies;
- Individuals who, directly or indirectly, hold the Company's voting power and have a significant influence on the Company, the key management personnel of the Company, and close family members of these individuals;
- Businesses owned by the above individuals who directly or indirectly hold an important part of voting rights or who have a significant influence on these businesses.

In considering each possible related party relationship for the preparation and presentation of the Financial Statements, the Company pays close attention to the nature of the relationship rather than the legal form of those relations.

## 2.19. Department information

A department is a component which can be determined separately by the Company engaged in providing products or services related (parts divided by operating activities), or providing products or services within a specific economic environment (divisions divided by geographic area). Each of these parts is subject to different risks and benefits compared to other parts.

Department information is prepared and presented in accordance with the accounting policies applicable to the preparation and presentation of the Company's financial statements in order to help the user of the financial statements understand and evaluate the operations of the company in a comprehensive way.

## 3. VALUE OF SECURITIES TRADING VOLUMES REALIZED IN THE YEAR

	Securities trading volume in the Year	Value of securities trading in the Year
		VND
<b>Of Securities Company</b>	<b>390,042,448</b>	<b>36,983,089,580,620</b>
Shares	66,872,448	979,514,125,620
Bonds	323,170,000	36,003,575,455,000
<b>Of investors</b>	<b>5,207,831,729</b>	<b>96,656,975,456,130</b>
Shares	5,014,849,749	73,873,527,499,810
Bonds	190,078,860	22,780,020,982,520
Other securities	2,903,120	3,426,973,800
	<b>5,597,874,177</b>	<b>133,640,065,036,750</b>

#### 4. CASH AND CASH EQUIVALENT

	31/12/2019	01/01/2019
	VND	VND
Cash in hand	55,644,272	48,231,185
Bank deposits for the Company's operations	1,051,978,622,315	838,465,832,700
Deposits for clearing and paying securities transactions	385,001,332	271,323,978
	<b>1,052,419,267,919</b>	<b>838,785,387,863</b>

#### 5. TYPES OF FINANCIAL ASSETS

##### a) *Financial assets recognized through profit/loss (FTVPL)*

	31/12/2019		01/01/2019	
	Original price	Fair value	Original price	Fair value
	VND	VND	VND	VND
Listed shares	702,337,011,133	661,132,707,070	767,061,797,970	765,189,214,610
Unlisted shares	287,407,854,670	267,533,291,296	116,138,367,248	96,264,128,796
Listed bonds	341,437,500,000	341,437,500,000	-	-
Term deposits	-	-	145,000,000,000	145,000,000,000
	<b>1,331,182,365,803</b>	<b>1,270,103,498,366</b>	<b>1,028,200,165,218</b>	<b>1,006,453,343,406</b>

##### b) *Financial assets available for sale (AFS)*

	31/12/2019		01/01/2019	
	Original price	Original price	Giá gốc	Fair value
	VND	VND	VND	VND
Unlisted bonds	300,000,000,000	300,000,000,000	-	-
	<b>300,000,000,000</b>	<b>300,000,000,000</b>	<b>-</b>	<b>-</b>

##### c) *Loans*

	31/12/2019	01/01/2019
	VND	VND
Margin operations	1,544,724,340,397	1,793,602,615,403
Advance of sale operations	103,115,083,230	257,406,350,432
	<b>1,647,839,423,627</b>	<b>2,051,008,965,835</b>

d) Table of changes in market value

	Buying price		Market price		Increased valuation difference		Decreased valuation difference		Revaluation value	
	31/12/2019	01/01/2019	31/12/2019	01/01/2019	31/12/2019	01/01/2019	31/12/2019	01/01/2019	31/12/2019	01/01/2019
	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND
<b>FVTPL</b>	<b>1,331,182,365,803</b>	<b>1,028,200,165,218</b>	<b>1,270,103,498,366</b>	<b>1,006,453,343,406</b>	<b>33,153,664,946</b>	<b>55,894,208,101</b>	<b>(94,232,532,383)</b>	<b>(77,641,029,913)</b>	<b>1,270,103,498,366</b>	<b>1,006,453,343,406</b>
Listed shares	702,337,011,133	767,061,797,970	661,132,707,070	765,189,214,610	31,400,932,668	55,894,208,101	(72,607,784,731)	(57,766,791,461)	661,132,707,070	765,189,214,610
- SHB	137,065,831,349	137,065,831,349	120,814,044,000	133,824,787,200	-	-	(16,251,787,349)	(3,241,044,149)	120,814,044,000	133,824,787,200
- GVR	88,727,133,688	83,461,934,417	92,398,080,000	100,907,040,000	3,670,946,312	17,445,105,583	-	-	92,398,080,000	100,907,040,000
- RCC	52,895,611,009	52,895,611,009	57,500,000,000	62,100,000,000	4,604,388,991	9,204,388,991	-	-	57,500,000,000	62,100,000,000
- BSI	37,913,027,320	36,574,984,000	31,905,932,500	36,394,265,000	-	-	(6,007,094,820)	(180,719,000)	31,905,932,500	36,394,265,000
- VGC	-	63,327,791,251	-	65,945,880,000	-	2,618,088,749	-	-	-	65,945,880,000
- VRC	101,644,178,789	47,203,703,389	93,865,894,500	39,987,220,000	-	-	(7,778,284,289)	(7,216,483,389)	93,865,894,500	39,987,220,000
- KTL	19,108,674,800	-	25,074,774,200	-	5,966,099,400	-	-	-	25,074,774,200	-
- Other shares	284,091,228,978	346,531,942,555	264,648,756,070	326,030,022,410	23,125,597,365	26,626,624,778	(42,570,618,273)	(47,128,544,923)	264,648,756,070	326,030,022,410
Other listed shares	1,506,475,532	1,507,650,610	1,506,751,640	1,504,473,640	2,232,278	-	(1,956,170)	(3,176,970)	1,506,751,640	1,504,473,640
- Hanoi Petroleum Construction JSC	1,503,750,000	1,503,750,000	1,503,750,000	1,503,750,000	-	-	-	-	1,503,750,000	1,503,750,000
- Other shares	2,725,532	3,900,610	3,001,640	723,640	2,232,278	-	(1,956,170)	(3,176,970)	3,001,640	723,640
Unlisted shares (*)	285,901,379,138	114,630,716,638	266,026,539,656	94,759,655,156	1,750,500,000	-	(21,622,791,482)	(19,871,061,482)	266,026,539,656	94,759,655,156
- Nha Trang Tourism Trade JSC	-	22,458,332,000	-	22,458,332,000	-	-	-	-	-	22,458,332,000
- Saigon - Hanoi Insurance Joint Stock Corporation (BSH)	145,257,484,500	29,949,990,000	145,257,484,500	29,949,990,000	-	-	-	-	145,257,484,500	29,949,990,000
- ICA Biotechnology - Pharmaceutical JSC	35,682,501,638	-	16,787,500,000	-	-	-	(18,895,001,638)	-	16,787,500,000	-
- My Xuan Shipbuilding and Port Services JSC	84,000,000,000	-	84,000,000,000	-	-	-	-	-	84,000,000,000	-
- Other shares	20,961,393,000	62,222,394,638	19,981,555,156	42,351,333,156	1,750,500,000	-	(2,727,789,844)	(19,871,061,482)	19,981,555,156	42,351,333,156
Listed bonds (**)	341,437,500,000	-	341,437,500,000	-	-	-	-	-	341,437,500,000	-
- Government bonds were auctioned in round 14/2015	341,437,500,000	-	341,437,500,000	-	-	-	-	-	341,437,500,000	-
Term deposits	-	145,000,000,000	-	145,000,000,000	-	-	-	-	-	145,000,000,000
- Vietnam Prosperity JSC Bank	-	145,000,000,000	-	145,000,000,000	-	-	-	-	-	145,000,000,000
<b>AFS</b>	<b>300,000,000,000</b>	<b>-</b>	<b>300,000,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>300,000,000,000</b>	<b>-</b>
Unlisted bonds (***)	300,000,000,000	-	300,000,000,000	-	-	-	-	-	300,000,000,000	-
- Bonds of Bank for Investment and Development of Vietnam issued on 05/11/2019	300,000,000,000	-	300,000,000,000	-	-	-	-	-	300,000,000,000	-
<b>Total</b>	<b>1,631,182,365,803</b>	<b>1,028,200,165,218</b>	<b>1,570,103,498,366</b>	<b>1,006,453,343,406</b>	<b>33,153,664,946</b>	<b>55,894,208,101</b>	<b>(94,232,532,383)</b>	<b>(77,641,029,913)</b>	<b>1,570,103,498,366</b>	<b>1,006,453,343,406</b>

(\*) A number of shares acquired from SHB Securities Joint Stock Company are being assessed at market value according to the quotes provided at the time of the merger on March 31<sup>st</sup>, 2018. As at December 31, 2019, the Company did not collect quotes of these shares, so it retained the revaluation value at the time of the merger. For the remaining unlisted stocks, due to the failure to collect 3 quotes of the securities company that traded at the time closest to the evaluation time, the market value is estimated at cost.

(\*\*) Government bonds bidding in the term of 14/2015 has a term of 15 years from the date of issuance on February 28<sup>th</sup>, 2015 with interest rate of 7.5%/ year.

(\*\*\*) Bonds issued by Joint Stock Commercial Bank for Investment and Development of Vietnam have a term of 7 years from the date of issue on November 5<sup>th</sup>, 2019, the date of exercising the right to transfer is November 5<sup>th</sup>, 2021 with an interest rate of 8.2%/year.



## 6. SHORT-TERM RECEIVABLES

### Short-term receivables

	31/12/2019	01/01/2019
	VND	VND
Receivables for sale of investments	-	50.807.500.000
Receivable and accrued dividends, interests of investments	4,594,246,575	820,000,000
Accounts receivable from term deposits	-	5,440,876,714
Receivable interest from Margin operations	43,074,736,825	36,104,936,042
Receivable from services provided by the Securities Company	2,042,590,000,595	1,128,450,150,233
<i>Receivable from business cooperation contracts</i>	<i>427,767,228,594</i>	<i>424,095,886,615</i>
<i>Receivable interest from business cooperation contracts</i>	<i>58,256,550,516</i>	<i>61,963,493,316</i>
<i>Receivables must be paid in advance to pay dividends</i>	<i>10,000,000,000</i>	<i>10,000,000,000</i>
<i>Receivables from other securities trading activities</i>	<i>1,546,566,221,485</i>	<i>632,390,770,302</i>
Receiving advisory activities	16,790,600,000	23,678,100,000
Other receivables	45,021,531,845	59,862,400,297
<i>Receivables from self-trading auctions</i>	<i>-</i>	<i>9,855,820,000</i>
<i>Agricultural Materials Joint Stock Company (*)</i>	<i>45,006,580,297</i>	<i>45,006,580,297</i>
<i>Other receivables</i>	<i>14,951,548</i>	<i>5,000,000,000</i>
	<b>2,152,071,115,840</b>	<b>1,305,163,963,286</b>

(\*) This is an amount of receivables related to the lawsuit between the Company and Agricultural Products Joint Stock Company on the handling of collateral for margin lending. On January 16, 2019, the Company received a notice from the Supreme People's Court to answer the Court's receipt of the Company's application for consideration of review of cassation procedures and will notify the Company again when the final conclusion is available. The Company sent Official Letter No.1278/2019/CV-SHS dated December 30<sup>th</sup>, 2019 to the Supreme People's Court, which requested the review of cassation procedures for Appellate Commercial Business Judgment No.36/2017/KDTM-PT dated May 16<sup>th</sup>, 2017 of the People's Court of Hanoi. On 06/01/2020, the Company received the Official Letter No. 01/TB-ANDTC-VP of the Supreme People's Court in response to the above dispatch regarding the treatment by the Supreme People's Court. The Supreme People's Court has considered the case and it has been settled according to the provisions of the law. When the settlement results are available, the Supreme People's Court will notify the Company. With the documents submitted by the Company to the Court, the Board of Management believes that the outcome of the lawsuit can be changed and the data presented on the Financial Statements accordingly may change based on the final ruling of the Supreme People's Court.

## 7. SHORT-TERM PREPAYMENT TO THE SELLERS

	31/12/2019	01/01/2019
	VND	VND
DAI-ICHI Vietnam Life Insurance Co., Ltd.	1,249,031,000	-
Saigon - Hanoi Insurance Joint Stock Corporation	613,666,668	-
Other prepayments	384,887,940	741,970,854
	<b>2,247,585,608</b>	<b>741,970,854</b>

## 8. DỰ PHÒNG PHẢI THU KHÓ ĐÒI

	Value of bad receivables	Current year's provision		Previous year's provision
		Set amount	Refunded amount	
	Balance at the beginning of the year	VND	VND	VND
<b>Provision for bad receivable and accrued dividend, interest due</b>	<b>820,000,000</b>	<b>-</b>	<b>-</b>	<b>820,000,000</b>
- No 8 Construction and Investment JSC	820,000,000	-	-	820,000,000
<b>Provision for bad receivable from margin contracts</b>	<b>23,204,719,173</b>	<b>10,109,115,265</b>	<b>-</b>	<b>1,545,481,857</b>
- Receivable of principal and interest from securities trading cooperation contracts	483,285,797,998	4,093,607,195	(4,989,584,727)	417,153,177,664
- Receivable from prepayment to pay dividends on behalf	10,000,000,000	-	-	10,000,000,000
- Receivable from consulting activities	330,000,000	-	-	330,000,000
- Receivable from other financial services	2,998,920,008	-	-	2,998,920,008
	<b>520,639,437,179</b>	<b>14,202,722,460</b>	<b>(4,989,584,727)</b>	<b>442,060,717,262</b>
				<b>432,847,579,529</b>

## 9. OFFICE SUPPLIES, TOOLS AND INSTRUMENTS

	31/12/2019	01/01/2019
	VND	VND
Office supplies	205,494,831	163,096,841
Tools, instruments	61,835,000	74,025,000
	<b>267,329,831</b>	<b>237,121,841</b>

## 10. PREPAID EXPENSES

### a) Short-term prepaid expenses

	31/12/2019	01/01/2019
	VND	VND
Costs of tools and instruments with pending allocation	-	1,414,165
Rental costs pending allocation	140,025,000	134,085,000
Costs of telecommunication network with pending allocation	20,203,348	12,320,000
Costs of maintenance of machinery and equipment with pending allocation	-	9,075,000
Advertisement costs with pending allocation	-	681,266,661
Other short-term prepaid costs	252,050,632	477,117,786
	<b>412,278,980</b>	<b>1,315,278,612</b>

### b) Long-term prepaid expenses

	31/12/2019	01/01/2019
	VND	VND
Goodwill when merging (*)	54,577,078,100	64,972,712,024
Costs of tools and instruments with pending allocation	1,056,588,059	1,695,994,359
Consulting costs with pending allocation	434,233,219	472,233,219
The cost of overhaul of fixed assets pending allocation	43,665,411	118,520,415
Telecommunication costs with pending allocation	733,087,851	1,057,051,541
Office rental costs	-	4,368,367,796
Maintenance costs with pending allocation	812,437,939	1,947,578,095
Other long-term prepaid costs	540,167,770	128,673,890
	<b>58,197,258,349</b>	<b>74,761,131,339</b>

(\*) All are goodwill advantages arising from the merger with SHB Securities Joint Stock Company, the Company has adjusted its allocation from 10 years to 7 years.

## 11. MORTGAGE, PLEDGE, DEPOSITS

### a) Short-term

	31/12/2019	01/01/2019
	VND	VND
Deposit for Bond Brokerage Contract	-	-
Deposit for water bottle	2,750,000	2,750,000
	<b>2,750,000</b>	<b>2,750,000</b>

b) Long-term

	31/12/2019	01/01/2019
	VND	VND
Deposit for Bond Brokerage Contract	-	-
Deposit for office rent	886,132,343	893,132,343
Other deposits	4,400,000	4,400,000
	<b>890,532,343</b>	<b>897,532,343</b>

## 12. TANGIBLE FIXED ASSETS

	Machinery and equipment	Transport, transmission means	Equipment, tools for management	Total
	VND	VND	VND	VND
<b>Original Price</b>				
As of 01/01/2019	24,899,744,436	6,128,019,297	431,767,710	31,459,531,443
Purchase in the year	174,085,000	2,339,640,000	-	2,513,725,000
Transfer or liquidation	(419,612,070)	(2,081,392,115)	(31,053,000)	(2,532,057,185)
<b>As of 31/12/2019</b>	<b>24,654,217,366</b>	<b>6,386,267,182</b>	<b>400,714,710</b>	<b>31,441,199,258</b>
<b>Accumulated depreciation</b>				
As of 01/01/2019	24,559,814,872	3,850,866,150	174,775,098	28,585,456,120
Annual depreciation	201,294,990	703,336,791	57,109,476	961,741,257
Transfer or liquidation	(419,612,070)	(2,081,392,115)	(31,053,000)	(2,532,057,185)
<b>As of 31/12/2019</b>	<b>24,341,497,792</b>	<b>2,472,810,826</b>	<b>200,831,574</b>	<b>27,015,140,192</b>
<b>Remaining value</b>				
As of 01/01/2019	339,929,564	2,277,153,147	256,992,612	2,874,075,323
<b>As of 31/12/2019</b>	<b>312,719,574</b>	<b>3,913,456,356</b>	<b>199,883,136</b>	<b>4,426,059,066</b>

Of which:

- The cost of fixed assets at the end of the year has been fully depreciated but still in use: VND 25,633,395,807.
- The fair value of these fixed assets has not been determined due to Vietnamese Accounting Standards and Vietnamese Accounting System applicable to securities companies not having specific guidance on determining reasonable value.

## 13. INTANGIBLE FIXED ASSETS

Intangible fixed assets of the Company are transactional and accounting software, and the cost of these assets as of December 31<sup>st</sup>, 2019 is VND 31,196,229,207. The remaining value as of December 31<sup>st</sup>, 2019 is VND 0, of which the depreciated depreciation for the year is VND 37,007,177.

The fair value of these fixed assets has not been determined due to Vietnamese Accounting Standards and Vietnamese Accounting System applicable to securities companies without specific guidance on determining reasonable value.

## 14. PAYMENTS TO PAYMENT SUPPORT FUNDS

	31/12/2019	01/01/2019
	VND	VND
Initial payment	120,000,000	120,000,000
Additional payment	17,173,800,433	14,554,583,700
Interests allocated in the year	1,962,301,529	1,813,013,793
<b>Balance at the end of the year</b>	<b>19,256,101,962</b>	<b>16,487,597,493</b>

## 15. SHORT-TERM LOANS

	01/01/2019	Loan for the year	Payment in the year	31/12/2019
	VND	VND	VND	VND
<b>Short-term loans</b>	<b>546,980,000,000</b>	<b>19,185,051,179,366</b>	<b>(18,744,031,179,366)</b>	<b>988,000,000,000</b>
Bank loans	546,980,000,000	19,185,051,179,366	(18,744,031,179,366)	988,000,000,000
	<b>546,980,000,000</b>	<b>19,185,051,179,366</b>	<b>(18,744,031,179,366)</b>	<b>988,000,000,000</b>

<b>Detailed short-term loans</b>	31/12/2019	01/01/2019
	VND	VND
Saigon-Hanoi Commercial Joint Stock Bank	543,000,000,000	276,980,000,000
An Binh Commercial Joint Stock Bank	51,000,000,000	70,000,000,000
Joint Stock Commercial Bank for Investment and Development	294,000,000,000	-
Vietnam Prosperity Joint Stock Commercial Bank	-	100,000,000,000
CTBC Bank Ltd., - Ho Chi Minh branch	100,000,000,000	100,000,000,000
	<b>988,000,000,000</b>	<b>546,980,000,000</b>

As of December 31<sup>st</sup>, 2019, the Company has short-term loans with terms from 13 days to 12 months to supplement working capital, interest rates from 6%/year to 10.5%/year. Secured assets for these loans are listed and unlisted stocks, detailed by each credit contract or mortgage agreement.

## 16. PAYABLES TO THE SELLERS

a) *Detailed payables to the sellers by payment term*

	31/12/2019	01/01/2019
	VND	VND
Short-term payables to the sellers	59,135,976	22,644,494,436
Long-term payables to the sellers	14,025,690	14,025,690
	<b>73,161,666</b>	<b>22,658,520,126</b>

b) *Detailed payables to the seller by contents*

	31/12/2019	01/01/2019
	VND	VND
Payables of purchase of financial assets	-	22,458,332,000
Other payables to the sellers	73,161,666	200,188,126
	<b>73,161,666</b>	<b>22,658,520,126</b>

## 17. ISSUANCE BONDS

	01/01/2019		Increased in the year				Decreased in the year				31/12/2019	
	VND		Loans during the year		Other increased (*)		Payment during the year		Other decreased (*)		VND	
			VND		VND		VND		VND			
<b>Short-term debt</b>	<b>150,000,000,000</b>		<b>600,000,000,000</b>		<b>1,446,000,000,000</b>		<b>(1,121,000,000,000)</b>		<b>(125,000,000,000)</b>		<b>950,000,000,000</b>	
Fund Management Company Ltd., - Vietnam Joint Stock Commercial Bank for Industry and Trade	-		-		117,000,000,000				(117,000,000,000)		-	
Fides Xin Zhao Private Investment Trust 1	-		-		300,000,000,000				-		300,000,000,000	
Fides Xin Moi B&I Private Investment Trust 3	-		-		100,000,000,000				-		100,000,000,000	
Tien Phong Commercial Joint Stock Bank	-		-		500,000,000,000				-		500,000,000,000	
Other organizations and individuals	150,000,000,000		600,000,000,000		429,000,000,000		(1,121,000,000,000)		(8,000,000,000)		50,000,000,000	
<b>Long-term debt</b>	<b>1,721,000,000,000</b>		<b>100,000,000,000</b>		<b>194,000,000,000</b>		<b>(500,000,000,000)</b>		<b>(1,515,000,000,000)</b>		<b>-</b>	
Vietnam Prosperity Joint Stock Commercial Bank	-		100,000,000,000		72,000,000,000				(172,000,000,000)		-	
Fides Xin Zhao Private Investment Trust 1	800,000,000,000		-		-		(400,000,000,000)		(400,000,000,000)		-	
Fides Xin Moi B&I Private Investment Trust 3	200,000,000,000		-		-		(100,000,000,000)		(100,000,000,000)		-	
Tien Phong Commercial Joint Stock Bank	500,000,000,000		-		-		-		(500,000,000,000)		-	
Hai Phat - Binh Thuan one-member Company Ltd., Vietnam Financial Investment JSC	-		-		50,000,000,000				(50,000,000,000)		-	
Vinausteel Steel Joint Venture Company	-		-		22,000,000,000				(22,000,000,000)		-	
Other organizations and individuals	221,000,000,000		-		-		-		(221,000,000,000)		-	
	<b>1,871,000,000,000</b>		<b>700,000,000,000</b>		<b>1,640,000,000,000</b>		<b>(1,621,000,000,000)</b>		<b>(1,640,000,000,000)</b>		<b>950,000,000,000</b>	

(\*) Other increases/decreases due to switching from long-term debt to long-term debt on due date and by transfer of bonds between individuals and organizations. The balance reflects the bonds sold to organizations and individuals according to the issuances of the Company, with the following details:

- + Face value: VND 1,000,000,000/bond (with 950 bonds);
- + Term: 02 years;
- + Method of issuance: Issued separately through issuing agents;
- + Collateral: No collateral;
- + Interest rate: Regulated and adjusted in detail in each issuance period;
- + Purpose of issuance: Additional funding for securities margin lending activities.

## 18. TAX AND PAYABLES TO THE STATE

	31/12/2019	01/01/2019
	VND	VND
Value added tax	553,699,786	341,517,342
Corporate income tax	20,298,940,330	40,054,737,086
Personal income tax	3,586,223,721	5,192,033,872
	<b>24,438,863,837</b>	<b>45,588,288,300</b>

Tax settlement of the Company will be subject to inspection by the tax authorities. Since the application of tax laws and regulations to a variety of transactions can be explained in different ways, the amount of taxes presented in the financial statements may be subject to change at the discretion of the tax authorities.

## 19. SHORT-TERM PAYABLE EXPENSES

	31/12/2019	01/01/2019
	VND	VND
Payable loan interest cost	15,792,379,085	12,746,026,268
Interest cost of securities brokerage contracts	40,757,606,799	6,770,388,458
Payable bonds interest cost	16,374,672,755	39,385,421,423
Payable costs of exchanges	2,311,705,941	2,941,822,816
Costs of introduction of product information	1,986,349,196	3,089,516,865
Appropriation to Board of Directors' remuneration	591,830,000	-
Office rental costs in 2018 at 41 Ngo Quyen - Hanoi	330,000,000	325,600,000
Software maintenance costs	230,324,480	230,324,480
	<b>78,374,868,256</b>	<b>65,489,100,310</b>

## 20. ACKNOWLEDGMENT, SIGNATURE

### a) Short-term

	31/12/2019	01/01/2019
	VND	VND
Receive deposit of securities brokerage contract (*)	1,266,400,629,532	405,561,401,617
	<b>1,266,400,629,532</b>	<b>405,561,401,617</b>

### b) Long-term

	31/12/2019	01/01/2019
	VND	VND
Receive deposit of bonds brokerage contract	-	-
Other items	25,000,000	25,000,000
	<b>25,000,000</b>	<b>25,000,000</b>

(\*) The balance reflects the deposit received in accordance with the brokerage contracts to buy securities between the Company and customers. Accordingly, the Company is responsible for finding organizations and individuals wishing to sell securities and carrying out relevant procedures to transfer securities to customers. In case the Contract cannot be executed, the Company is responsible for repaying the deposit received and the opportunity fee calculated on the amount received by the deposit multiplied by the specified interest rate and the number of actual holding days.

## 21. SHORT-TERM PAYABLES

	31/12/2019	01/01/2019
	VND	VND
Dividend payable to shareholders	10,472,811,714	354,974,799
Payable costs of market development and customer seeking	2,632,801,089	1,278,044,015
Dividend refunded to Aviation Insurance Corporation	1,764,634,850	1,764,634,850
Other payables	4,332,744,119	6,014,854,017
	<b>19,202,991,772</b>	<b>9,412,507,681</b>

## 22. OWNER'S INVESTMENT CAPITAL

### a) Detailed investment capital of owners

	Percentage	31/12/2019	Percentage	01/01/2019
	(%)	VND	(%)	VND
T&T Group JSC	5.67%	117,434,160,000	5.81%	61,270,000,000
Other shareholders	94.33%	1,955,247,850,000	94.19%	992,686,740,000
	<b>100%</b>	<b>2,072,682,010,000</b>	<b>100%</b>	<b>1,053,956,740,000</b>

### b) Profits not distributed

	31/12/2019	01/01/2019
	VND	VND
Profits realized, not distributed	340,550,702,961	681,893,377,170
Profits not realized	(41,204,106,277)	(1,872,060,652)
	<b>299,346,596,684</b>	<b>680,021,316,518</b>

### c) State of income distribution to shareholders or contributing members

	2019	2018
	VND	VND
Profit realized, not distributed of the previous year	681,893,377,170	352,689,749,293
Loss has not been realized until the end of the fiscal year	(41,204,106,277)	(1,872,060,652)
Profit made this year since the beginning of the year	293,970,314,061	379,232,467,695
Distributed profit basis to shareholders or contributing members until the end of the financial year	975,863,691,231	731,922,216,988
Setting funds from profit	(60,923,246,770)	(50,028,839,818)
Reserve funds to supplement chartered capital	(18,961,623,385)	(17,514,419,909)
Financial and professional risk provision funds	(18,961,623,385)	(17,514,419,909)
Welfare and reward funds	(23,000,000,000)	(15,000,000,000)
Interest distributed to shareholders or contributing members this year	(574,389,741,500)	-
<b>Profit realized not distributed until the end of the financial year</b>	<b>340,550,702,961</b>	<b>681,893,377,170</b>



According to the Resolution of General Meeting of Shareholders No. 01-2019/NQ-DHĐCD dated April 23<sup>rd</sup>, 2019, the Company discloses the distribution of profit after tax not distributed in the year 2018 as follows:

	Rate	Value
	(%)	VND
Profit after Corporate Income Tax	100.00%	379,232,467,695
Setting chartered capital reserve funds	5.00%	18,961,623,385
Setting financial and professional risk provision funds	5.00%	18,961,623,385
Setting Welfare and reward funds	6.07%	23,000,000,000
Dividend payment (equal to 15% of chartered capital)	81.98%	310,902,301,500
Profit not distributed	1.95%	7,406,919,425

d) *Capital transactions with owners and dividend distribution, profit sharing*

	2019	2018
	VND	VND
Owner's investment capital	2,295,262,472,800	1,125,489,636,800
<i>Capital contributed at the beginning of the Year</i>	<i>1,125,489,636,800</i>	<i>1,000,310,000,000</i>
<i>Contributed capital increased during the Year</i>	<i>1,169,772,836,000</i>	<i>125,179,636,800</i>
<i>Capital contributed at the end of the Year</i>	<i>2,295,262,472,800</i>	<i>1,125,489,636,800</i>
Dividends and profits shared		
<i>Dividends and profits must be paid at the beginning of the year</i>	<i>354,974,799</i>	<i>370,810,529</i>
<i>Dividends and profits must be paid in the year</i>	<i>574,389,741,500</i>	-
+ Dividends, profits divided from previous year's profits	574,389,741,500	-
<i>Dividends and profits paid in cash</i>	<i>(300,784,464,585)</i>	<i>(15,835,730)</i>
+ Dividends, profits divided from previous year's profits	(300,784,464,585)	(15,835,730)
<i>Dividends and profits paid in stocks</i>	<i>(263,487,440,000)</i>	-
+ Dividends, profits divided from previous year's profits	(263,487,440,000)	-
<i>Dividends and profits must be paid at the end of the year</i>	<i>10,472,811,714</i>	<i>354,974,799</i>

e) *Shares*

	31/12/2019	01/01/2019
Number of shares registered to issue	207,268,201	105,395,674
Number of shares sold to the public	207,268,201	105,395,674
<i>Common shares</i>	<i>207,268,201</i>	<i>105,395,674</i>
Number of outstanding shares	207,268,201	105,395,674
<i>Common shares</i>	<i>207,268,201</i>	<i>105,395,674</i>
Face value of outstanding shares (VND)	10,000	10,000

**23. FINANCIAL ASSETS LISTED / REGISTERED TRANSACTIONS OF SECURITIES**

	31/12/2019	01/01/2019
	VND	VND
Financial assets free transferrable	152,713,610,000	356,721,810,000
Financial assets for mortgage transactions	439,137,500,000	215,937,500,000
Financial assets pending payment	250,000,000,000	-
	<b>841,851,110,000</b>	<b>572,659,310,000</b>

## 24. FINANCIAL ASSETS DEPOSITED AT VSD AND NOT TRADED OF SECURITIES

	31/12/2019	01/01/2019
	VND	VND
Financial assets deposited at VSD and not traded, free transferrable	1,501,490,000	1,501,490,000
	<b>1,501,490,000</b>	<b>1,501,490,000</b>

## 25. FINANCIAL ASSETS NOT DEPOSITED AT VSD OF SECURITIES COMPANY

	31/12/2019	01/01/2019
	VND	VND
Financial assets not deposited at VSD of the Company	179,531,730,000	108,924,040,000
	<b>179,531,730,000</b>	<b>108,924,040,000</b>

## 26. FINANCIAL PROPERTY LISTED / REGISTERED TRANSACTION OF INVESTORS

	31/12/2019	01/01/2019
	VND	VND
Financial assets free transferrable	21,105,570,290,000	18,635,568,100,000
Financial assets limited transferrable	3,109,444,650,000	2,836,585,260,000
Financial assets under mortgage transactions	1,814,684,440,000	2,012,928,610,000
Financial assets blocked, withheld	50,000,000,000	50,000,000,000
Financial assets with pending payment	152,563,760,000	283,103,360,000
	<b>26,232,263,140,000</b>	<b>23,818,185,330,000</b>

## 27. FINANCIAL ASSETS DEPOSITED AT VSD AND NOT TRADED OF INVESTORS

	31/12/2019	01/01/2019
	VND	VND
Financial assets deposited at VSD and not traded, free transferrable	740,054,780,000	631,803,410,000
Financial assets deposited at VSD and not traded, limited transferrable	205,035,000,000	205,092,200,000
Financial assets deposited at VSD and not yet traded or pledged	15,295,680,000	-
	<b>960,385,460,000</b>	<b>836,895,610,000</b>

## 28. FINANCIAL ASSETS WAITING FOR INVESTORS

	31/12/2019	01/01/2019
	VND	VND
Financial assets waiting for investors	157,948,760,000	277,880,837,800
	<b>157,948,760,000</b>	<b>277,880,837,800</b>

## 29. DEPOSITS OF INVESTORS

	31/12/2019	01/01/2019
	VND	VND
<b>Deposits of investors for securities trading in the mode of Securities</b>	<b>4 40,076,755,463</b>	<b>264,543,388,401</b>
1. Domestic investors	439,518,786,854	258,973,473,864
2. Foreign investors	557,968,609	5,569,914,537
<b>Deposit for general securities trading for customers</b>	<b>195,589,127,600</b>	<b>277,880,837,800</b>
<b>Deposits for issuing organizations</b>	<b>4,609,502,311</b>	<b>15,592,189,062</b>
1. Deposits for paying dividends of issuing organizations	4,609,502,311	15,592,189,062
	<b>640,275,385,374</b>	<b>558,016,415,263</b>

## 30. PAYABLES TO INVESTORS

	31/12/2019	01/01/2019
	VND	VND
<b>1. Payables to investors - Deposits of investors for securities trading in the mode of Securities Company's management</b>	<b>4 40,076,755,463</b>	<b>264,543,388,401</b>
1.1. Domestic investors	439,518,786,854	258,973,473,864
1.2. Foreign investors	557,968,609	5,569,914,537
<b>2. Payables to investors - Deposits for clearing and paying securities trades of investors</b>	<b>195,589,127,600</b>	<b>277,880,837,800</b>
2.1. Domestic investors	195,589,127,600	277,880,837,800
	<b>635,665,883,063</b>	<b>542,424,226,201</b>

## 31. PAYABLE DIVIDEND, PRINCIPAL AND BONDS INTEREST

	31/12/2019	01/01/2019
	VND	VND
Paying dividends, principal and bond interest to investors	4,609,502,311	15,592,189,062
	<b>4,609,502,311</b>	<b>15,592,189,062</b>

## 32. LOAN PAYABLES TO SECURITIES COMPANY OF INVESTORS

	31/12/2019	01/01/2019
	VND	VND
<b>1. Payables of margin operations</b>	<b>1,587,799,077,222</b>	<b>1,829,707,551,445</b>
1.1. Payables of margin principal	1,544,724,340,397	1,793,602,615,403
<i>Domestic investors</i>	<i>1,544,724,340,397</i>	<i>1,793,602,615,403</i>
1.2. Payables of margin interest	43,074,736,825	36,104,936,042
<i>Domestic investors</i>	<i>43,074,736,825</i>	<i>36,104,936,042</i>
<b>2. Payables of advance payment for sale of securities</b>	<b>103,115,083,230</b>	<b>257,406,350,432</b>
2.1. Principal payables of advance payment for sale of securities	103,115,083,230	257,406,350,432
<i>Domestic investors</i>	<i>103,115,083,230</i>	<i>257,406,350,432</i>
	<b>1,690,914,160,452</b>	<b>2,087,113,901,877</b>

### 33. INCOME

#### a) Profit and loss from sale of financial assets

	Total sale value		Total cost value		Profit and loss of selling securities this year		Profit and loss of selling securities last year	
	VND	VND	VND	VND	Loss	Profit	Loss	Profit
Listed shares	557,692,396,300	494,610,962,135	88,300,181,880	25,218,747,715	164,788,828,875	126,298,678,423		
Unlisted shares	134,793,407,200	134,347,656,000	445,751,200	-	46,859,482,254	(1,045,415,000)		
Listed bonds	16,251,573,835,000	16,057,809,770,000	208,217,721,159	14,453,656,159	237,416,146,786	73,272,727		
Unlisted bonds	16,575,586,824,473	16,580,483,183,598	5,346,653,723	10,243,012,856	6,672,055,749	1,386,609,000		
Money market instruments	16,855,239,602,125	16,849,621,137,716	6,287,158,795	668,694,378	2,157,753,572	-		
	<b>50,374,886,065,098</b>	<b>50,116,872,709,449</b>	<b>308,597,466,757</b>	<b>50,584,111,108</b>	<b>457,894,267,236</b>	<b>126,713,145,150</b>		

#### b) Difference of revaluation of financial assets

	Original cost	Market value/ Fair value	Revaluation difference at 31/12/2019		Revaluation difference at 01/01/2019		Recorded in current year	
			Increase	Decrease	Increase	Decrease	Increase	Decrease
<b>FVTPL</b>	<b>1,331,182,365,803</b>	<b>1,270,103,498,366</b>	<b>33,153,664,946</b>	<b>(94,232,532,383)</b>	<b>55,894,208,101</b>	<b>(77,641,029,913)</b>	<b>(24,491,043,155)</b>	<b>14,841,002,470</b>
Listed shares	702,337,011,133	661,132,707,070	31,400,932,668	(72,607,784,731)	55,894,208,101	(57,769,968,431)	(24,491,043,155)	14,841,002,470
Unlisted shares	1,506,475,532	1,506,751,640	2,232,278	(1,956,170)	-	(3,176,970)	-	-
Unlisted shares	285,901,379,138	266,026,539,656	1,750,500,000	(21,622,791,482)	-	(19,867,884,512)	-	-
Listed bonds	341,437,500,000	341,437,500,000	-	-	-	-	-	-
	<b>1,331,182,365,803</b>	<b>1,270,103,498,366</b>	<b>33,153,664,946</b>	<b>(94,232,532,383)</b>	<b>55,894,208,101</b>	<b>(77,641,029,913)</b>	<b>(24,491,043,155)</b>	<b>14,841,002,470</b>

c) *Dividend and interests arisen from financial assets FVTPL, loans and AFS*

	2019	2018
	VND	VND
From financial assets FVTPL	41,228,058,629	27,471,123,344
From loans	425,503,987,684	375,127,431,396
From financial assets available for sale (AFS)	3,774,246,575	-
	<b>470,506,292,888</b>	<b>402,598,554,740</b>

d) *Revenue other than income from financial assets*

	Năm 2019	Năm 2018
	VND	VND
<b>Other operating income</b>	<b>743,373,648</b>	<b>1,122,704,304</b>
<i>In which:</i>		
Other revenue	743,373,648	1,122,704,304
<b>The deduction from revenue</b>	<b>-</b>	<b>-</b>
<b>Net income from other operations</b>	<b>743,373,648</b>	<b>1,122,704,304</b>

### 34. EXPENSES OTHER THAN EXPENSES OF FINANCIAL ASSETS

	2019	2018
	VND	VND
<b>Cost of providing other services</b>	<b>21,348,146,399</b>	<b>23,223,489,731</b>
- Other financial services costs	12,135,008,666	8,229,343,218
- Costs from repayment of bond principals, interests and dividends of issuing organizations	-	22,000
- Provision for bad debts and handling bad receivable losses on securities service provision	9,213,137,733	14,994,124,513
	<b>21,348,146,399</b>	<b>23,223,489,731</b>

### 35. REVENUE FROM FINANCIAL ACTIVITIES

	2019	2018
	VND	VND
Revenue of interests of non-term deposits	3,115,765,920	3,247,133,001
	<b>3,115,765,920</b>	<b>3,247,133,001</b>

### 36. FINANCIAL EXPENSES

	2019	2018
	VND	VND
Loan costs	230,077,492,225	202,726,366,390
Other investment costs	3,930,697,260	-
	<b>234,008,189,485</b>	<b>202,726,366,390</b>

### 37. COSTS OF MANAGEMENT OF SECURITIES COMPANY

	2019	2018
	VND	VND
Salary expenses and salary deductions	34,405,116,163	26,395,673,182
Cost of union, social insurance, health insurance and unemployment	2,815,082,516	880,050,082
Cost of office supplies	699,622,915	657,864,527
Cost of tools, instruments	697,156,250	570,941,847
Cost of depreciation of fixed assets, investment real estate	888,173,879	684,637,285
Cost of tax, fees and charges	210,151,567	224,087,767
Outsourcing service costs	9,090,196,731	8,935,705,794
Other costs	17,805,503,073	14,753,431,405
	<b>66,611,003,094</b>	<b>53,102,391,889</b>

### 38. CURRENT CORPORATE INCOME TAX

#### 38.1 Current corporate income tax

	2019	2018
	VND	VND
Total accounting profit before tax	312,039,000,134	410,687,834,071
Increase adjustments	717,686,664	604,761,891
<i>Invalid cost</i>	717,686,664	604,761,891
Decrease adjustments	(1,261,985,149)	(147,539,746,329)
<i>Dividend, profit distributed</i>	(25,753,028,304)	(22,030,246,630)
<i>Loss transfer of previous years (*)</i>	-	(126,227,793,098)
<i>Increase difference from revaluation of financial assets FVTPL</i>	24,491,043,155	718,293,399
Income subject to corporate income tax	311,494,701,649	263,752,849,633
<b>Cost of current corporate income tax (tax rate 20%)</b>	<b>62,298,940,330</b>	<b>52,750,569,927</b>
CIT from SHB Securities Joint Stock Company transferred due to merger	-	567,039,398
Corporate income tax payable at the beginning of the year	40,054,737,086	36,125,992,590
Corporate income tax paid during the year	(82,054,737,086)	(49,388,864,829)
<b>Corporate income tax which must be paid at the end of the year</b>	<b>20,298,940,330</b>	<b>40,054,737,086</b>

#### 38.2 Deferred income tax

	31/12/2019	01/01/2019
	VND	VND
<b>Deferred income tax payable</b>		
Increase difference from revaluation of financial assets FVTPL	(4,898,208,632)	(143,658,680)
Deferred tax liabilities have been recognized from previous years	11,177,761,023	11,321,419,703
	<b>6,279,552,391</b>	<b>11,177,761,023</b>
	2019	2018
	VND	VND
<b>Deferred income tax charges are included in the Statement of Income</b>		
Deferred tax expense arising from temporary differences is taxable	(4,898,208,632)	(143,658,680)
	<b>(4,898,208,632)</b>	<b>(143,658,680)</b>

### 39. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share for distributing to common shareholders of the Company is based on the following data:

	2019	2018
	VND	VND
Total profit after tax	254,638,268,436	358,080,922,824
Profit distributed to common shares	254,638,268,436	358,080,922,824
Average ordinary shares in circulation in the year	187,349,841	130,414,153
<b>Basic earnings per share</b>	<b>1,359</b>	<b>2,746</b>

The company hasn't planned to deduct Bonus and Welfare Fund from profit after tax for the fiscal year which ended on December 31<sup>st</sup>, 2019.

Basic earnings per share have been retrospectively adjusted in accordance with Vietnamese Accounting Standard No. 30 - Earnings per share..

### 40. FINANCIAL INSTRUMENTS

Types of financial instruments of the Company include:

	Value of accounting books			
	31/12/2019		01/01/2019	
	Original price/ fair value	Provision	Original price/ fair value	Provision
	VND	VND	VND	VND
Cash and cash equivalent	1,052,419,267,919	-	838,785,387,863	-
Financial assets recognized through profit/loss	1,270,103,498,366	-	1,006,453,343,406	-
Financial assets available for sale	300,000,000,000	-	-	-
Loans	1,647,839,423,627	(11,654,597,122)	2,051,008,965,835	(1,545,481,857)
Receivables	2,152,071,115,840	(430,406,120,140)	1,305,163,963,286	(431,302,097,672)
	<b>6,422,433,305,752</b>	<b>(442,060,717,262)</b>	<b>5,201,411,660,390</b>	<b>(432,847,579,529)</b>
			31/12/2019	01/01/2019
			VND	VND
Loan and debt			1,938,000,000,000	2,417,980,000,000
Payables to sellers, payables from trading activities and other payables			19,621,493,473	34,004,959,842
Payable cost			78,374,868,256	65,489,100,310
			<b>2,035,996,361,729</b>	<b>2,517,474,060,152</b>

According to the provisions of Circular 210/2009/TT-BTC, Circular 146/2014/TT-BTC, and Circular 334/2016/TT-BTC, financial assets and financial liabilities have been revalued at fair value as of the balance sheet date.

#### Financial risk management

The Company's financial risks include market risk, credit risk and liquidity risk. The Company has developed a control system to ensure a fair balance between the cost of risk incurred and risk management costs. The Board of Management is responsible for monitoring the risk management process to ensure a fair balance between risk and risk management.

► Market risk

Business operations of the Company will mainly bear the risk of changes in prices and interest rates.

*Price risk:*

The Company bears a price risk for capital instruments arising from short-term securities investments due to uncertainty over the future price of the investment securities.

	1 year or less	1 - 5 years	More than 5 years	Total
	VND	VND	VND	VND
<b>As of 31/12/2019</b>				
Financial assets recognized through profit/loss	1,270,103,498,366	-	-	1,270,103,498,366
Financial assets available for sale	300,000,000,000	-	-	300,000,000,000
	<b>1,570,103,498,366</b>	<b>-</b>	<b>-</b>	<b>1,570,103,498,366</b>
<b>As of 01/01/2019</b>				
Financial assets recognized through profit/loss	1,006,453,343,406	-	-	1,006,453,343,406
	<b>1,006,453,343,406</b>	<b>-</b>	<b>-</b>	<b>1,006,453,343,406</b>

*Exchange rate risk:*

The Company is exposed to exchange rate risk because the fair value of future cash flows of a financial instrument will fluctuate with the changes in the foreign exchange rates when loans, revenues and expenses of the company are made in currencies other than Vietnamese dong.

*Interest rate risk:*

The Company bears interest rate risk because the fair value of future cash flows of a financial instrument fluctuates in response to changes in market interest rates when the Company incurs deposits with or no term, loans and floating interest rate debt. The Company manages interest rate risk by analyzing the competitive situation in the market to get the interest rate favorable for the purpose of the Company.

► Credit risk

Credit risk is the risk that a party to a financial instrument or contract is unable to meet its obligations resulting in a financial loss to the Company. The Company is exposed to credit risk from its business activities (principally for accounts receivable from customers) and financial activities (including bank deposits, loans and other financial instruments).

	1 year or less	1 - 5 years	More than 5 years	Total
	VND	VND	VND	VND
<b>As of 31/12/2019</b>				
Cash and cash equivalents	1,052,419,267,919	-	-	1,052,419,267,919
Loans	1,636,184,826,505	-	-	1,636,184,826,505
Receivables	1,721,664,995,700	-	-	1,721,664,995,700
	<b>4,410,269,090,124</b>	<b>-</b>	<b>-</b>	<b>4,410,269,090,124</b>
<b>As of 01/01/2019</b>				
Cash and cash equivalents	838,785,387,863	-	-	838,785,387,863
Loans	2,049,463,483,978	-	-	2,049,463,483,978
Receivables	873,861,865,614	-	-	873,861,865,614
	<b>3,762,110,737,455</b>	<b>-</b>	<b>-</b>	<b>3,762,110,737,455</b>



► Liquidity risk

Liquidity risk is the risk that a Company may face when fulfilling financial obligations due to lack of funds. Liquidity risk arises mainly from the fact that financial assets and financial liabilities bear different maturities.

The maturity of the financial liabilities is based on the expected payments under the contract (based on the cash flow of the principal) as follows:

	1 year or less	1 - 5 years	More than 5 years	Total
	VND	VND	VND	VND
<b>As of 31/12/2019</b>				
Loan and debt	1,938,000,000,000	-	-	1,938,000,000,000
Payable to the sellers, payable from securities trading activities and other payables	19,607,467,783	14,025,690	-	19,621,493,473
Payable cost	78,374,868,256	-	-	78,374,868,256
	<b>2,035,982,336,039</b>	<b>14,025,690</b>	<b>-</b>	<b>2,035,996,361,729</b>
<b>As of 01/01/2019</b>				
Loan and debt	696,980,000,000	1,721,000,000,000	-	2,417,980,000,000
Payable to the sellers, payable from securities trading activities and other payables	33,990,934,152	14,025,690	-	34,004,959,842
Payable cost	65,489,100,310	-	-	65,489,100,310
	<b>796,460,034,462</b>	<b>1,721,014,025,690</b>	<b>-</b>	<b>2,517,474,060,152</b>

The Company believes that the degree of risk concentration for debt repayment is low, and that the Company is able to repay its receivables due from cash flows from operating activities and proceeds from financial assets due.

## 41. REPORT OF DEPARTMENTS

### By business sector

	Underwriting	Securities brokerage and depository	Investment activities	Other activities	Total: Departments	Total: the Company
	VND	VND	VND	VND	VND	VND
Operating revenues	126,918,670,182	142,593,472,562	329,108,728,806	468,764,143,107	1,067,385,014,657	1,067,385,014,657
Operating costs	2,210,853,909	122,953,125,883	303,404,096,670	31,222,330,400	459,790,406,862	459,790,406,862
Non-allocated revenues	-	-	-	-	3,115,765,920	3,115,765,920
Non-allocated costs	-	-	-	-	300,619,192,579	300,619,192,579
<b>Operating results</b>	<b>124,707,816,273</b>	<b>19,640,346,679</b>	<b>25,704,632,136</b>	<b>437,541,812,707</b>	<b>310,091,181,136</b>	<b>310,091,181,136</b>
Direct segment assets	-	25,209,952,980	1,574,697,744,941	1,783,604,675,697	3,383,512,373,618	3,383,512,373,618
Indirect segment assets	-	-	-	-	2,689,165,166,602	2,689,165,166,602
<b>Total assets</b>	<b>-</b>	<b>25,209,952,980</b>	<b>1,574,697,744,941</b>	<b>1,783,604,675,697</b>	<b>6,072,677,540,220</b>	<b>6,072,677,540,220</b>
Direct department liabilities	-	1,310,136,377,455	-	37,019,122,034	1,347,155,499,489	1,347,155,499,489
Non-allocated liabilities	-	-	-	-	2,033,186,289,549	2,033,186,289,549
<b>Total liabilities</b>	<b>-</b>	<b>1,310,136,377,455</b>	<b>-</b>	<b>37,019,122,034</b>	<b>3,380,341,789,038</b>	<b>3,380,341,789,038</b>

### By geographic area

	Head office	Da Nang branch	Ho Chi Minh branch	Total
	VND	VND	VND	VND
Operating revenues	951,465,999,472	12,861,769,722	103,057,245,463	1,067,385,014,657
Department assets	5,316,931,390,984	116,778,491,833	638,967,657,403	6,072,677,540,220
Department liabilities	3,145,730,034,564	44,819,266,596	189,792,487,878	3,380,341,789,038

## 42. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No material event occurred after the Balance Sheet date requiring

## 43. OPERATIONS AND BALANCE WITH RELATED PARTIES

In the year, the Company has transacted with related parties as follows:

	Relationship	2019	2018
		VND	VND
<b>Brokerage revenue</b>			
Crystal Plastic Manufacturing and Technology Joint Stock Company	(*)	640,681,818	-
<b>Receipt of loans</b>			
Saigon-Hanoi Commercial Joint Stock Bank	Same Chairman of BOD	1,897,017,338,699	2,317,763,174,874
<b>Payment of loans</b>			
Saigon-Hanoi Commercial Joint Stock Bank	Same Chairman of BOD	1,630,997,338,699	2,931,493,881,402
<b>Loan interest cost</b>			
Saigon-Hanoi Commercial Joint Stock Bank	Same Chairman of BOD	19,107,481,507	45,910,738,060
<b>Deposit interest cost</b>			
Saigon-Hanoi Commercial Joint Stock Bank	Same Chairman of BOD	-	81,345,967,854

Balance with related parties at the end of the financial year:

	Relationship	31/12/2019	01/01/2019
		VND	VND
<b>Cash in bank</b>			
Saigon-Hanoi Commercial Joint Stock Bank	Same Chairman of BOD	716,841,796,269	835,829,361,155
<b>Stock investment</b>			
Saigon-Hanoi Commercial Joint Stock Bank	Same Chairman of BOD	137,065,831,349	137,065,831,349
Saigon - Hanoi Insurance Joint Stock Corporation	Same Chairman of BOD	145,257,484,500	29,949,990,000
Crystal Plastic Manufacturing and Technology Joint Stock Company	(*)	14,155,460,000	26,695,500,000
<b>Receivables from customers</b>			
Crystal Plastic Manufacturing and Technology Joint Stock Company	(*)	494,000,000	-
Thanh Hoa Petroleum Construction Joint Stock Company	(*)	38,000,000	38,000,000
<b>Prepaid for sellers</b>			
Saigon - Hanoi Insurance Joint Stock Corporation	Same Chairman of BOD	613,666,668	-
<b>Receive deposit escrow</b>			
Saigon-Hanoi Commercial Joint Stock Bank	Same Chairman of BOD	760,000,000,000	-
<b>Short-term loan</b>			
Saigon-Hanoi Commercial Joint Stock Bank	Same Chairman of BOD	543,000,000,000	276,980,000,000

(\*) Mr. Vu Duc Tien is a member of the Board of Directors cum General Director of Saigon - Hanoi Securities Joint Stock Company, and a member of the Board of Directors of Crystal Plastic Manufacturing and Technology Joint Stock Company and Thanh Hoa Petroleum Construction Joint Stock Company.

In addition to information on the above related parties, transactions with other related parties are as follows:

	2019	2018
	VND	VND
Income of General Director	2,802,829,870	2,420,382,800
Income of other members of BOM and BOD	11,141,240,883	9,202,733,954

#### 44. COMPARATIVE FIGURES

Comparative figures are data on the Financial Statements for the fiscal Year ending December 31<sup>st</sup>, 2018 audited by AASC Auditing Company Limited.

From April 1<sup>st</sup>, 2018, the Company has officially merged its business with SHBS Securities Joint Stock Company so the scale of operations of the Company in the fiscal year ending December 31<sup>st</sup>, 2019 is bigger than last year. Therefore, the figures on the Income Statement, Cash Flow Statement and the corresponding Notes to the Financial Statements of the year ending December 31<sup>st</sup>, 2018 are not comparable with the corresponding figures of this year.



**Nguyen Thi Thuy**  
Preparer



**Tran Sy Tien**  
Chief Accountant



**Vu Duc Tien**  
General Director  
*Hanoi, March 18<sup>th</sup>, 2020*

# FINANCIAL SAFETY RATIO STATEMENT

## STATEMENT OF THE BOARD OF MANAGEMENT

The Board of Management of Saigon-Hanoi Securities JSC (“the Company”) presents its financial safety ratio statement of the Company for the financial year ending December 31<sup>st</sup>, 2019.

### COMPANY

Saigon-Hanoi Securities Joint Stock Company was established and operates under license No.66/UBCK-GP issued by the State Securities Commission on November 15<sup>th</sup>, 2007 and the latest adjustment license No. 27/GPDC-UBCK issued by the State Securities Commission on April 25<sup>th</sup>, 2019.

Company Head Office: Floors 1-5, Hanoi Unimex Building, 41 Ngo Quyen Street, Hang Bai Ward, Hoan Kiem District, Hanoi City

### BOARD OF MANAGEMENT, BOARD OF DIRECTORS AND SUPERVISORY

Members of the Board of Directors during the year and on the date of this report:

Mr.	<b>Do Quang Hien</b>	Chairman	
Mr.	<b>Vu Duc Tien</b>	Member	
Mr.	<b>Le Dang Khoa</b>	Member	
Mr.	<b>Mai Xuan Son</b>	Member	
Mrs.	<b>Nguyen Dieu Trinh</b>	Member	Appointed 03/01/2020
Mr.	<b>Nguyen Van Hung</b>	Member	Dismissed 11/04/2019
Mr.	<b>Mai Anh Chinh</b>	Member	Resigned 15/11/2019

Members of the Board of Management who led the Company during the year and on the date of this report:

Mr.	<b>Vu Duc Tien</b>	General Director
Mr.	<b>Tran Sy Tien</b>	Deputy General Director cum Chief Accountant
Mr.	<b>Nguyen Chi Thanh</b>	Deputy General Director
Mrs.	<b>Tran Thi Thu Thanh</b>	Deputy General Director

Members of the Supervisory Board:

Mrs.	<b>Pham Thi Bich Hong</b>	Chief of Supervisory Board
Mrs.	<b>Luong Thi Luu</b>	Member
Mr.	<b>Vu Duc Trung</b>	Member

### AUDITORS

The AASC Auditing Co., Ltd. has audited the financial safety ratio statement of the Company.

## STATEMENT OF RESPONSIBILITIES OF BOARD OF MANAGEMENT FOR FINANCIAL SAFETY RATIO STATEMENT

The Board of Management ensures that the information system and internal control system are built and maintained to ensure the financial safety ratio is reflected honestly and reasonably at any time in accordance with the requirements of the Ministry of Finance's Circular No. 87/2017 / TT-BTC of August 15<sup>th</sup>, 2017 stipulating financial safety norms and handling measures for securities business organizations that do not meet the financial safety criteria.

The Company's Board of Management committed to complying with the requirements of the Ministry of Finance's Circular No. 87/2017/TT-BTC dated August 15<sup>th</sup>, 2017 defining financial safety criteria and handling measures for Securities business organizations that do not meet the financial safety criteria in preparing and presenting the financial safety ratio statement as at December 31<sup>st</sup>, 2019.

### OTHER COMMITMENTS

The Board of Management is committed to complying with Decree 71/2017/ND-CP dated 06/06/2017 on corporate governance applicable to public companies and the Company has not violated the information disclosure obligation prescribed in Circular No. 155/2015/TT-BTC dated 06/10/2015 of the Ministry of Finance guiding the disclosure of information on the stock market.

On behalf of the Board of Management



**Vu Duc Tien**

General Director

Hanoi, March 18<sup>th</sup>, 2020

## INDEPENDENT AUDIT REPORT

**To: Shareholders, Board of Directors and Board of Management  
of Saigon-Hanoi Securities JSC**

We have audited the accompanying financial safety ratio statement of Saigon-Hanoi Securities JSC prepared on March 18<sup>th</sup>, 2020, from pages 06 to 14, which was prepared by the Board of Management of Saigon-Hanoi Securities Joint Stock Company in accordance with the regulations on preparation and presentation of the report in Circular No. 87/2017/TT-BTC dated August 15<sup>th</sup>, 2017 of the Ministry of Finance. Financial regulations on financial safety criteria and handling measures for securities business organizations that do not meet financial safety criteria.

### Responsibilities of the Board of Management

The Board of Management is responsible for the preparation and fair and reasonable presentation of the Company's financial safety ratio statement in accordance with the legal rules on the preparation and presentation of reports in the Ministry of Finance's Circular No. 87/2017 / TT-BTC of August 15<sup>th</sup>, 2017, stipulating financial safety criteria and handling measures for organizations. The securities trading organization does not meet the financial safety criteria and is responsible for the internal control determined by the Board of Management as necessary to ensure the preparation and presentation of the financial safety ratio statement. There is no major mistake by fraud or error.

### Responsibilities of auditors

Our responsibility is to express an opinion on this financial safety ratio statement based on our audit. We conducted our audit in accordance with Vietnamese standards on auditing No.800 - "The Auditor's report on special purpose audit engagements" and other relevant Vietnamese Standards on Auditing. Those standards require that we comply with standards, ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial safety ratio statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial safety ratio statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial safety ratio statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial safety ratio statement that give a true and fair view 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial safety ratio statement.

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

### Opinion of the auditor

In our opinion, the financial safety ratio statement of Saigon - Hanoi Securities company at December 31<sup>st</sup>, 2019 gives a true and fair view, in accordance with the requirements of the Ministry of Finance's Circular No. 87/2017/TT-BTC of August 15<sup>th</sup>, 2017 stipulating financial safety norms and handling measures for securities business organizations that do not meet the financial safety criteria.

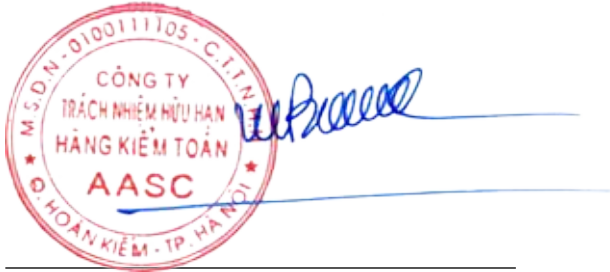
### Accounting policy

Without denying the above opinion, we remind the readers that this financial safety statement was prepared to help Saigon-Hanoi Securities Joint Stock Company meet the requirements of the State management agency. As a result, this financial safety ratio statement may not be suitable for other purposes.

## Other problems

Saigon-Hanoi Securities JSC prepared the accompanying financial statements on 31 December 2019 in accordance with Vietnamese Accounting Standards and Vietnamese Accounting Standards applicable to securities companies and legal regulations related to the preparation and presentation of financial statements. And we have audited those financial statements prepared on March 23<sup>rd</sup>, 2020.

### AASC Auditing Co., Ltd.



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**Vu Xuan Bien**

Deputy General Director

Audit practice registration certificate

No: 0743-2018-002-1

*Hanoi, March 23<sup>rd</sup>, 2020*

A blue ink signature of Nguyen Tuan Anh.

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**Nguyen Tuan Anh**

Auditor

Audit practice registration certificate

No: 1369-2018-002-1



**To: State Securities Committee**

## FINANCIAL SAFETY RATIO STATEMENT

*As of December 31<sup>st</sup> 2019*

We hereby confirm that:

1. The report is prepared on the basis of data updated at the reporting date and in accordance with the regulations under Circular No. 87/2017/TT-BTC dated 15 August 2017 issued by the Ministry of Finance on financial safety ratio and remedies applicable to securities that fail to meet the stipulated financial safety ratio;
2. Subsequent events after the date of this report that can have effects on the financial position of the Company will be updated in the next reporting year;
3. We bear full legal responsibility for the accuracy and truthfulness of the contents of our report.



**Tran Sy Tien**

Chief Accountant



**Nguyen Thuy Hanh Mai**

Head of Internal Control



**Vu Duc Tien**

General Director

*Hanoi, March 18<sup>th</sup>, 2020*

# FINANCIAL SAFETY RATIO STATEMENT

As of 31/12/ 2019

## I. LIQUID CAPITAL

No	CONTENTS	LIQUID CAPITAL		
		Liquid capital	Deductions	Increases
A	OWNERS' EQUITY	(1)	(2)	(3)
1	Owners' equity, excluded redeemable preferred shares (if any)	2,072,682,010,000		
2	Share premium, excluded redeemable preferred shares (if any)	222,580,462,800		
3	Treasury shares	-		
4	The conversion option of convertible bonds option - equity component	-		
5	Other owners' equity	-		
6	Difference from revaluation of assets at fair value	-		
7	Charter capital supplementary reserves	48,863,340,849		
8	Operational risk and financial reserves	48,863,340,849		
9	Other funds belonging to the owner's equity	-		
10	Undistributed profit	299,346,596,684		
11	Provision for impairment of assets	442,060,717,262		
12	Difference from revaluation of fixed assets	-		
13	Foreign exchange rate differences	-		
14	Convertible debts			-
15	Total increase or decrease in securities investment value		-	21,625,058,299
16	Other capital (if any)	-		
<b>1A</b>	<b>Total</b>			<b>3,156,021,526,743</b>
<b>B</b>	<b>CURRENT ASSETS</b>			
<b>I</b>	<b>CASH AND CASH EQUIVALENTS</b>			
1	Tiền và các khoản tương đương tiền			
	Financial assets at fair value through profit and loss (FVTPL)			
2	- Securities exposed to market risk			
	- Securities deducted from liquid capital		-	
	Held- to-maturity (HTM) investments			
3	- Securities exposed to market risk			
	- Securities deducted from liquid capital		-	
4	Loans		-	
	Available for sale (AFS) financial assets			
5	- Securities exposed to market risk			
	- Securities deducted from liquid capital		-	
6	Provision for impairment of financial assets and mortgage assets			

7	Receivables (Receivables from disposal of financial assets, receivables and accruals from dividend and interest income)		
	- Receivables due in 90 days or less		
	- Receivables due in more than 90 days	4,594,246,575	
8	Covered warrant has not yet been fully issued		
9	The underlying securities for the purpose of hedging when issuing covered warrant		-
	Receivables from services provided by the Company		
10	- Receivables due in 90 days or less		
	- Receivables due in more than 90 days	452,315,307,052	
	Internal receivables		
11	- Internal receivables due in 90 days or less		
	- Internal receivables due in more than 90 days		-
	Receivables due to error in securities transactions		
12	- Receivables due in 90 days or less		
	- Receivables due in more than 90 days		-
	Other receivables		
13	- Other receivables due in 90 days or less		
	- Other receivables due in more than 90 days	45,006,580,297	
14	Provisions for impairment of receivables		
15	Payables to the sellers	2,247,585,608	
<b>II</b>	<b>OTHER CURRENT ASSETS</b>		-
	Advances		
1	- Advances with the remaining repayment term of 90 days or less		
	- Advances with the remaining repayment term of more than 90 days		-
2	Office supplies, tools and materials	267,329,831	
3	Short-term prepaid expenses	412,278,980	
4	Short-term deposits, collaterals and pledges	2,750,000	
5	Deductible value added tax		-
6	Tax and other receivables from the State		-
7	Other current assets		-
8	Provision for impairment of other current assets		
<b>1B</b>	<b>Total</b>		<b>504,846,078,343</b>
<b>C</b>	<b>NON-CURRENT ASSETS</b>		
<b>I</b>	<b>LONG-TERM FINANCIAL ASSETS</b>		
1	Long-term receivables		-
2	Investment		
	HTM investments		
2.1	- Securities exposed to market risk		
	- Securities are deducted from liquid capital		-
2.2	Investments in subsidiaries		-
2.3	Investment in associates and joint ventures		-
2.4	Other long-term investments		-

<b>II</b>	<b>FIXED ASSETS</b>		<b>4,426,059,066</b>	
<b>III</b>	<b>INVESTMENT PROPERTIES</b>		-	
<b>IV</b>	<b>CONSTRUCTION IN PROGRESS</b>		-	
<b>V</b>	<b>OTHER LONG-TERM ASSETS</b>			
1	Long-term deposits, collaterals and pledges		890,532,343	
2	Long-term prepaid expenses		58,197,258,349	
3	Deferred income tax assets		-	
4	Deposit for Settlement Assistance Fund		19,256,101,962	
5	Other long-term assets		-	
<b>VI</b>	<b>PROVISION FOR IMPAIRMENT OF NON-CURRENT ASSETS</b>			
	The qualified, adverse of disclaimed items on the audited, reviewed financial statements that are not deducted according to Article 5, Circular 87		-	
<b>1C</b>	<b>Total</b>			<b>82,769,951,720</b>
<b>D</b>	<b>ESROW, COLLATERAL ITEMS</b>			
1	Value of the escrow			
1.1	Value of deposit to Settlement Assistance Fund of VSD (for derivatives market)		-	
1.2	Value of deposit to the clearing fund of the central settlement counterparty for the open position of the clearing member (for derivative market)		-	
1.3	Value of cash escrow and banks' guarantee for issuing covered warrants		-	
2	Value of collaterals of obligations which are due in more than ninety (90) days		-	
<b>1D</b>	<b>Total</b>		-	
	<b>LIQUID CAPITAL = 1A-1B-1C-1D</b>			<b>2,568,405,505,880</b>

# FINANCIAL SAFETY RATIO STATEMENT

As of December 31<sup>st</sup>, 2019

## II. TABLE OF RISK VALUE

<b>A MARKET RISK</b>				
Investment items		Risk coefficient	Scale of risk	Exposures to risk
		(1)	(2)	(3) = (1) x (2)
<b>I</b>	<b>CASH AND CASH EQUIVALENTS, MONETARY MARKET INSTRUMENTS</b>			
1	Cash (VND)	0%	1,052,419,267,919	-
2	Cash equivalents	0%	-	-
3	Valuable papers, negotiable instrument in the money market, Certificate of deposit	0%	-	-
<b>II</b>	<b>GOVERNMENT BONDS</b>			<b>10,243,125,000</b>
4	Zero-coupon Government bonds	0%	-	-
5	Coupon Government bonds			
5.1	Government bonds (include bond and construction bond issued), Government bonds of OECD countries or guaranteed by the Government or the Central Bank of the OECD countries, Bonds issued by international institutions such as IBRD, ADB, IADB, AFDB, EIB and EBRD	3%	341,437,500,000	10,243,125,000
<b>III</b>	<b>CORPORATE BONDS</b>			<b>120,000,000,000</b>
	Listed bond having remaining maturity of less than 1 year, including convertible bonds	8%	-	-
	Listed bond having maturity of 1 to under 3 years, including convertible bonds	10%	-	-
6	Listed bond having maturity of 3 to under 5 years, including convertible bonds	15%	-	-
	Listed bond having maturity of more than 5 years, including convertible bonds	20%	-	-
	Unlisted bond having remaining maturity of less than 1 year, including convertible bonds	25%	-	-
	Unlisted bond having maturity of 1 to under 3 years, including convertible bonds	30%	-	-
7	Unlisted bond having maturity of 3 to under 5 years, including convertible bonds	35%	-	-
	Unlisted bond having maturity of more than 5 years, including convertible bonds	40%	300,000,000,000	120,000,000,000
<b>IV</b>	<b>SHARES</b>			<b>246,217,209,228</b>
8	Ordinary shares, preferred shares of entities listed on Ho Chi Minh Stock Exchange; open-end fund certificates	10%	210,968,518,750	21,096,851,875
9	Ordinary shares, preferred shares of entities listed on Hanoi Stock Exchange	15%	174,759,455,200	26,213,918,280
10	Ordinary shares, preferred shares of unlisted public entities registered for trading on Upcom	20%	275,402,497,520	55,080,499,504

11	Ordinary shares, preferred shares of public entities registered for depository, but not yet listed or registered for trading, shares under IPO	30%	-	-
12	Shares of other public companies	50%	287,651,879,138	143,825,939,569
<b>V</b>	<b>CERTIFICATES OF INVESTMENT SECURITIES FUND</b>			<b>-</b>
13	Public funds, including public securities investment companies	10%	-	-
14	Member funds, private securities investment companies	30%	-	-
<b>VI</b>	<b>RESTRICTED SECURITIES TRADING</b>			<b>754,353,029</b>
15	Securities temporarily suspended from trading	40%	-	-
16	Delisted, cancelled securities	50%	1,508,706,057	754,353,029
<b>VII</b>	<b>DERIVATIVE SECURITIES</b>			<b>-</b>
17	Index futures contracts	8%	-	-
18	Government bond futures contracts	3%	-	-
<b>VIII</b>	<b>Other securities</b>			<b>-</b>
19	Shares, capital contribution and other shares	80%	-	-
20	Shares listed on foreign markets included in the benchmark	25%	-	-
21	Shares listed on foreign markets not included in the benchmark	100%	-	-
22	Covered warrants listed on Ho Chi Minh Stock Exchange	8%	-	-
23	Covered warrants listed on Hanoi Stock Exchange	10%	-	-
24	Covered warrents issued by the Company		-	-
25	Securities acquired from hedging activities for the covered warrants issued by the Copany (in case of covered warrants without interest)		-	-
26	The difference between the value of the underlying securities used by the Company to hedge against the risk of covered warrants and the value of the underlying securities necessary to hedge for covered warranties		-	-
<b>IX</b>	<b>THE ADDITIONAL RISK (IF ANY) (BASED ON THE LIQUIDITY AFTER MAKING ALL PROVISIONS)</b>			<b>13,024,312,500</b>
	<b>Securities code</b>	<b>Risk coefficient (%)</b>	<b>Scale of risk</b>	<b>Exposures to risk</b>
1	Government bonds tended for round 14/2015	3%	341,437,500,000	1,024,312,500
2	Bond of Investment and Development of Vietnam issued 05.11.19	40%	300,000,000,000	12,000,000,000
<b>A</b>	<b>TOTAL EXPOSURES TO MARKET RISK (A= I+II+III+IV+V+VI+VII+VIII+IX)</b>			<b>390,239,129,317</b>

# FINANCIAL SAFETY RATIO STATEMENT

As of December 31<sup>st</sup>, 2019

The details of settlement risk coefficient by counterparties are determined as follows:

B	SETTLEMENT RISK	Type of transactions	Exposures to settlement risk (VND)						Total exposures to settlement risk
			(1)	(2)	(3)	(4)	(5)	(6)	
		Risk coefficient	0.0%	0.8%	3.2%	4.8%	6.0%	8.0%	
I		RISK BEFORE THE DUE DATE							127,888,390,536
1		Term deposits, loans without collateral, and receivables - from the securities trading and securities services and other potential payment risk items.	-	-	-	-	-	127,888,390,536	127,888,390,536
2		Given securities loans/economic agreements with the same nature	-	-	-	-	-	-	-
3		Taken securities loans/economic agreements with the same nature	-	-	-	-	-	-	-
4		Securities trading contracts with commitment to sell - back/economic agreements with the same nature	-	-	-	-	-	-	-
5		Securities trading contracts with commitment to buy - back/economic agreements with the same nature	-	-	-	-	-	-	-
No			Counterparties of the Company						Settlement risk coefficient
1		Government, issuers guaranteed by the Government, Government and Central Banks of OECD countries, People's Committees of provinces and centrally-controlled municipalities							0%
2		Securities Stock Exchanges and Vietnam Securities Depository							0.8%
3		Credit institutions, financial institutions, and securities trading institutions which are established in OECD countries and have credit ratings in accordance with the internal policies of securities trading institutions							3.2%
4		Credit institutions, financial institutions, and securities trading institutions which are not established in OECD countries or which are established in OECD countries and do not meet the requirements specified in the internal policies of securities trading institutions							4.8%
5		Credit institutions, financial institutions, and securities trading institutions being established and operating in Vietnam							6.0%
6		Other entities and individuals							8.0%





# FINANCIAL SAFETY RATIO STATEMENT

As of December 31<sup>st</sup>, 2019

## II. TABLE OF RISK VALUE

C	RISK OF OPERATION (WITHIN 12 MONTHS)	Risk value
I	TOTAL EXPENSES ARISING WITHIN 12 MONTHS	760,409,599,441
II	AMOUNTS DEDUCTED FROM THE TOTAL EXPENSE	10,211,886,167
	1. Depreciation expenses	998,748,434
	2. Provision for devaluation of short-term financial investments and collateral assets	-
	3. Provision for devaluation of long-term financial investments	-
	4. Provision for bad receivables	9,213,137,733
	5. Provision for other short-term assets	-
	6. Provision for long-term assets	-
III	TOTAL EXPENSE AFTER DEDUCTION (III = I - II)	750,197,713,274
IV	25% OF TOTAL EXPENSE AFTER DEDUCTION (IV = 25% III)	187,549,428,319
V	20% OF LEGAL CAPITAL OF THE SECURITIES INSTITUTION	40,000,000,000
C	TOTAL VALUE OF OPERATION RISK (C=MAX {IV, V})	187,549,428,319
D	TOTAL VALUE OF RISK (A+B+C)	758,993,250,232

## III. SUMMARY OF RISK AND LIQUIDITY

No	Items	Risk value/Liquid capital	Note (if any)
1	Total value of market risk	390,239,129,317	
2	Total value of payment risk	181,204,822,156	
3	Total value of operation risk	187,549,428,319	
4	Total value of risk (4=1+2+3)	758,993,379,792	
5	Liquidity	2,568,405,496,680	
6	Liquidity ratio (6=5/4)	338.40%	



**Tran Sy Tien**  
Preparer



**Nguyen Thuy Hanh Mai**  
Head of Internal Control



**Vu Duc Tien**  
General Director  
Hanoi, March 18<sup>th</sup>, 2020

REPRESENTATIVES OF  
**SAIGON-HANOI SECURITIES JOINT STOCK COMPANY**

*Hanoi, April 17<sup>th</sup>, 2020*



**VU DUC TIEN**  
General Director



**SAIGON - HANOI SECURITIES JOINT STOCK COMPANY**

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