

# ANNUAL REPORT 2016



*Solid* **INSIDE**  
**MOVING** *ahead* |

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Assessments and analyses contained in this year annual report based on data prepared under accounting regime for securities companies under Circular 210/2014/TT- BTC by the MoF. The MoF issues Circular 334/2015/TT-BTC to amend Circular 210. However, Assessments and analyses contained in this report do not reflect incorrectly the nature of business activities of the Company



## VISION

- Becoming a leading securities company that operates multi-functionally in accordance with investment banking model
- Being the prestige securities trademark in Asia Stock Market

## MISSION

- Maximizing return for shareholders
- Contributing to the safe and sustainable development of Vietnam stock market
- Creating a professional and flexible working environment as well as career opportunities for employees *Cung cấp những dịch vụ tài chính, chứng*
- Providing diversified and qualified financial services to SHS' clients and partners

## CORE VALUES

### CREATIVITY

Innovative ideas help us solve problems more effectively, enhancing service's quality and getting closer to clients

### INTEGRITY

Integrity including confidentiality, honesty and trust are the basis of our credibility and reputation

### PROFESSIONALISM

We are proud that individual excellence and professionalism make a great contribution to the SHS's power

### CUSTOMER'S SATISFACTION

We believe that SHS can always find ways to serve customers better. We're grateful and always listen to feedback for self-improvement

## MEDIUM AND LONG-TERM DEVELOPMENT STRATEGY

### GENERAL STRATEGY

To develop equally all business segments of a full service securities company in which brokerage and corporate financial advisory activities are core foundation

### STRATEGY FOR CORPORATE FINANCIAL ADVISORY

To use equitization advisory as the first step to do business with enterprises, then provide them with more investment banking services that have high level of intelligence and value added such as underwriting, M&A, corporate restructuring. With that, SHS hopes to position itself as one of leading corporate financial advisories and securities brokerages in Vietnam

### STRATEGY FOR PROPRIETARY TRADING

To restructure investment portfolio by weighting more proportion on long-term investments in companies that have good foundation and sustainable growth while reducing short-term investments.

### STRATEGY FOR SECURITIES BROKERAGE

To maintain the Company's presence in Top 5 securities companies that have largest brokerage market share in both stock exchanges. Increasing net asset value of our customers is our ultimate motivation. Besides, we concentrate on enhancing quality of our customer services and investment consulting by using modern, convenient, user-friendly technology and comprehensive risk management system

### STRATEGY FOR TREASURY

To diversify cooperation channels and be financially self-sufficient by raising the Company's equity step by step

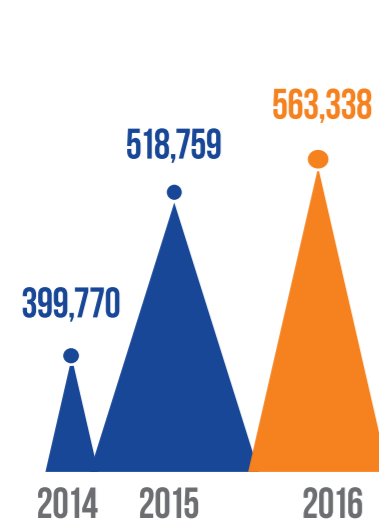
### STRATEGY FOR CORPORATE GOVERNANCE

To improve corporate governance model with strategic directions based on best modern governance rules

# FINANCIAL HIGHLIGHT

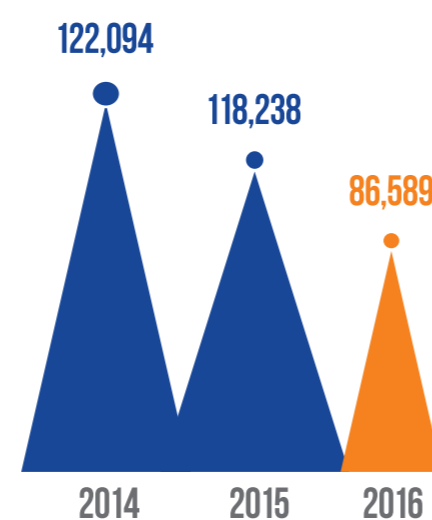
## NET REVENUE

UNIT: MILLION VND



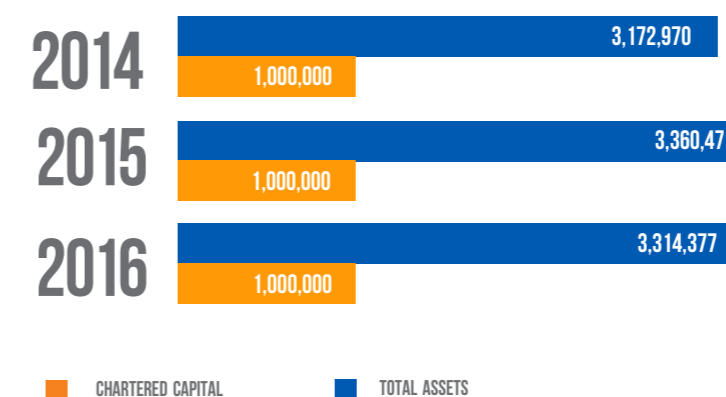
## INCOME BEFORE TAX

UNIT: MILLION VND



## TOTAL ASSETS/ CHARTERED CAPITAL

UNIT: MILLION VND



BUSINESS RESULTS	2014	2015	2016
Net revenue	399,770	518,759	563,338
Operating income	122,031	118,463	86,546
Other income	63	-225	43
Income before tax	122,094	118,238	86,589
Income after tax	122,094	118,238	86,589

BALANCE SHEET	2014	2015	2016
Total assets	3,172,970	3,360,471	3,314,377
Liabilities	2,265,171	2,332,575	2,200,891
Equity	907,798	1,027,896	1,113,485
Chartered capital	1,000,000	1,000,000	1,000,000
Outstanding shares	99,845,000	100,000,000	100,000,000

EFFICIENCY RATIOS	2014	2015	2016
<b>Asset turnover</b>	13%	15%	17%
<b>Profitability</b>			
ROA	4%	4%	3%
ROE	13%	12%	8%
PAT/ chartered capital	12%	12%	9%
Profit margin	31%	23%	15%
EPS	1,223	1,182	865.62
<b>Capital adequacy ratio as of 31/12</b>			
As of 31/12	217.43%	231.01%	236.68%

## MESSAGE FROM THE CHAIRMAN OF BOARD OF DIRECTORS

**“ We are open to new business opportunities with the established strategies from 2016. ”**

### *Dear Valued Shareholders, Investors and Clients!*

As always, it is my pleasure to share with you my personal view and Board of Directors' view on SHS operation performance and its related concerns hereof with a special pride and enthusiasm.

I would like to start this Message not from the Company's financial figures but from recalling some key points in my Message last year, which are focusing on “growth quality” rather than “the speed of growth”. You shall find out that such directions are thoroughly demonstrated in each segment of the Company as I mention hereunder.

For the business performance, total revenue reached VND 565.96 billion, equivalent to 108.3% of the 2016 target. The Company's pretax profit achieved VND 86.589 billion. Regardless of the provision of the investment in SHB shares, SHS would successfully meet 120% of target plan announced in the Annual General Shareholders Meeting.

At first glance, 2016 was seemingly an impressive year for Vietnam stock market with market liquidity hitting VND2,936 billion/ trading session, up by 18.34%. VN-Index on 31st December 2016 rose to 664.87 points or an increase of 14.82% from 2015. However, in fact, in 2016 the stock market was extremely unpredictable. A series of unprecedented risks appeared, posing big challenges for financial services such as margin lending. Many stocks plunged continuously, resulting in clients's insolvency for margin loans offered by the securities companies, leading to non-performing debts incurred by these companies.

In such context, we are proud that SHS is one of the best risk managing securities companies on the stock market, in contrast to the negative prejudices from investors and clients. In order to obtain such achievement, as set forth in the strategy, we were struggling to sacrifice the growth rate of brokerage of 21% in 2015 for that of 2% in 2016 to rebuild a more stable and convenient operation system, a more powerful and effective customer base and a successful upgrading of risk management system. Although SHS's growth rate of brokerage revenue was lower than that of other competitors namedly SSI,

HSC, VCSC, etc., the market share in Q4/2016 unveiled that: a Top 5 position on HOSE with 5.98% market share and Top 1 position on HNX with 10.6% market share, SHS successfully maintains its competitiveness and strong position on Vietnam Stock market, regardless of influence from the restructuring of the stock market in the first half of 2016.

Same story went for corporate finance advisory, the Company's achievements and effort in the year were not fully reflected by accounting numbers. Although the target plan was not successfully fulfilled, the number of signed contracts in the year reached 100 contracts. Revenue of corporate finance advisory obtained VND14.6 billion, equivalent to the value in 2015; though, the average revenue per contract increased by 25%. It is noted that in the corporate finance advisory revenue structure, operating revenue from contracts that requires highly sophisticated techniques and knowledge such as corporate finance restructuring, equitization and State divestment advisory service was sharply increased. Particularly, we are proud to be the sole advisor of the year's biggest equitization deal on the stock market: IPO of VEAM with successful auction rate up to 90%, obtaining approximately USD 100 million. We strongly believe that with the qualified, large size and highly complicated deals consulted by SHS recently, its prestige and position in this field have been significantly improved in the hearts of investors, especially institutional ones.

In 2016, we dedicated lots of time and effort on restructuring the investment portfolio. Consequently, investment activities in the year were relatively restricted, with limited negative impact of the provisions. In return, a condensed and balanced portfolio was achieved. We managed to allocate capital to unlisted companies which possess efficient core businesses, good competitive advantages, growth potential, attractive valuation and plan to get listed in the near future we expect that these would deliver sizable profits in 2017 and in coming years. For the investments in listed companies, the decisive divestments had been applied for the non-performing investments in order to focus the resources on more intensive and effective disbursements. These strategic moves will promisingly “blossom” in 2017.

Nevertheless, there were still many activities falling behind schedule in 2016. The replacement of the current core trading system not as aggressive as scheduled in the beginning of the year, although the current core trading system has been upgraded, remarkably improving stability and utility. Moreover, the proposal for replacing the compensation scheme and the operation organization of the brokerage division were not completed, dragging the deployment of brokerage business expansion plan down. The evaluation procedure for each operation segment existed but not as detailed as the advanced business models. We understand that in the increasingly fierce competition among securities companies, all above matters shall be completely solved in 2017 for SHS to maintain its ambition and position. Following the growth momentum of the stock market from the end of 2016, I believe 2017 will be another successful year of Vietnam stock market even challenges and opportunities are still interlinked. Risks arising from the world politic turbulence such as result of elections held in Germany, France or the US's decision on withdrawing TPP, influence of FED's interest rate hikes, which pose challenges on global money flows, etc., shall be the key factors leading to potential risks to the Vietnam stock market. On the bright side, many internal and external factors are seen to positively affect the market. The consensus among OPEC members in cutting down the output, pulling crude oil price out of decreasing cycle shall facilitate the recovery of oil and gas industry and oil and gas stock prices on Vietnam stock market. On macroeconomics, the concrete, bold and practical policies of the "Government for creation and service" will create greater confidence and momentum for economic growth, with significant driving force coming from the private sector.

A series of giant corporations have been and will be listed such as: Vietjet Air, Novaland, Thaco, Sabeco, Petrolimex, etc., facilitating an increase in size of market capitalization. Plans to launch new products such as derivatives, to shortern settlement cycle if materialized early will facilitate market liquidity improvement, and increase chances of upgrading Vietnam stock market from a frontier market to an emerging market, so that Vietnam will attract more foreign investment inflows. However, not all securities companies may take advantage of and benefit from such positive factors.

Ladies and gentlemen, in 2017 we are open to new business opportunities with the established strategies from 2016. Brokerage business still plays the key role in the whole company's business, functioning as the reliable backbone for the Company's development. Brokerage team is expected to be prudently and properly sized up under a new brokerage policy on commission but the same old principle: "taking the client's growth of net asset value as the drive". Corporate finance advisory shall closely be associated with the policy of capital divestment from SOEs as specified by the Government, focusing on large and high quality enterprises to improve the Company's prestige, thereby launching sophisticated, high value added deals to improve the efficiency of corporate finance advisory operation. In 2017 we shall be specially focus on improving the corporate governance quality and performance of the entire system.

2017 is acknowledged as a special year for SHS, celebrating its 10th anniversary. With 10 years of experience, we strongly believe that no one but its employees is the most precious asset of the Company. It is them who have developed SHS' culture on the basis of trust, responsibility, a can-do spirit and are people who help SHS obtain sustainable development. Therefore, Board of Directors and I completely put our entire trust on Board of Management as well as our beloved employees. Hopefully, such view should be shared by the entire shareholders. We strongly believe that SHS is on its right track, confidently sailing to the big ocean in order to deserve your expectations, supports and accompanies.

Wish you a great year of 2017, good health, happiness, luck and success on the stock market!

*On the behalf of Board of Directors*

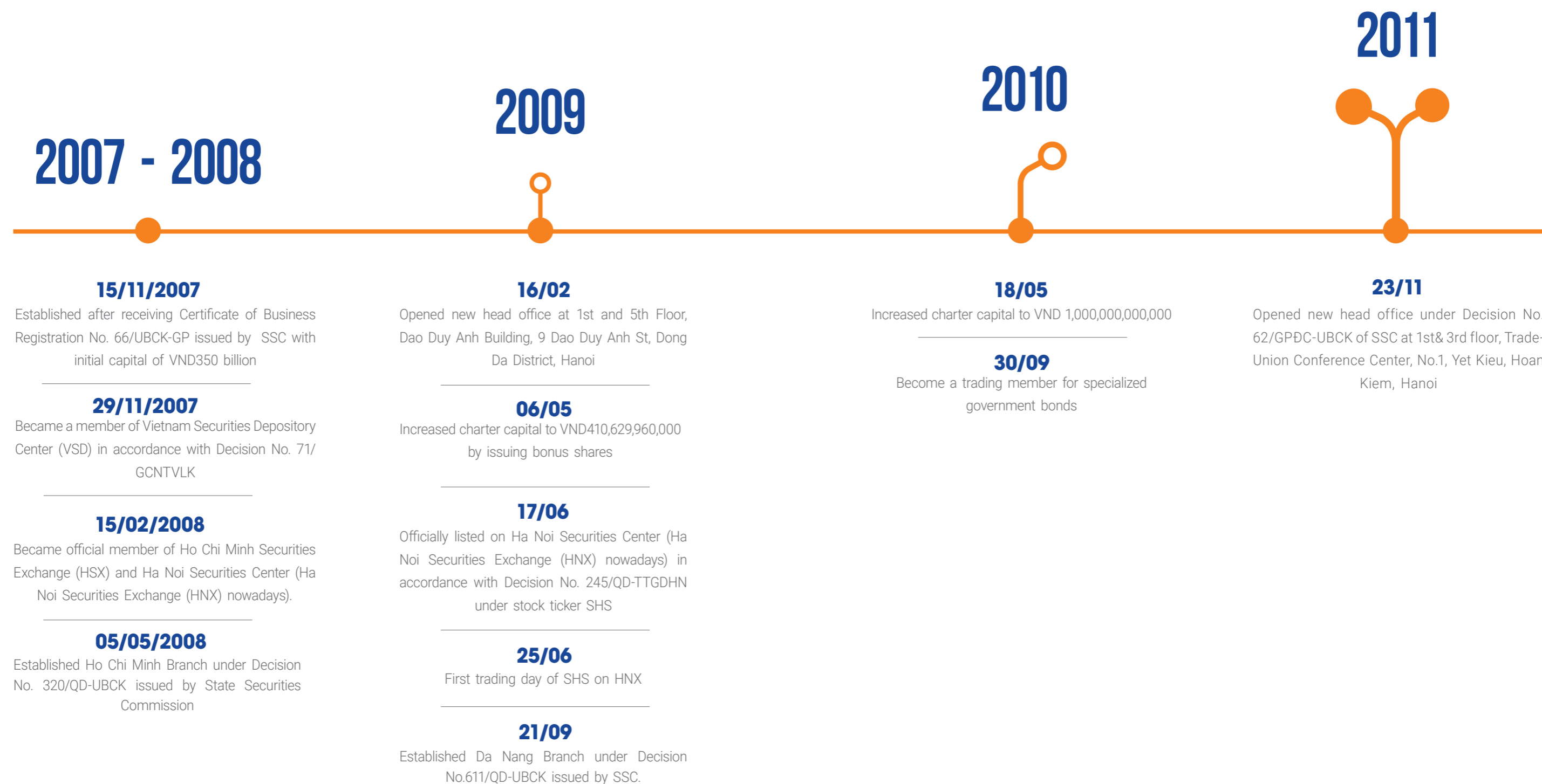


The Chairman  
**Do Quang Hien**

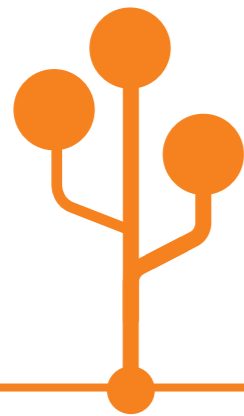




## CORPORATE MILESTONES



**2013**



**04/04**

Ho Chi Minh City branch moved to new address at 3rd floor, Artex Sai Gon building, 236-238 Nguyen Cong Tru, Nguyen Thai Binh Ward, District 1, HCMC according to Decision No. 189/QD-UBCKNN dated 04/04/2013 issued by SSC

**30/05**

Changed head office to Floor 3th, Trade-union Conference Center Building, 01, Yet Kieu Ward, Hoan Kiem District, Hanoi according to Amending License No.23/GPDC-UBCK dated 29/05/2013 issued by SSC

**2014**



**05/09**

Established Thang Long Transaction Office in accordance with Decision No.662/QD-UBCK issued by SSC Floor 3th, M5 Building, 91 Nguyen Chi Thanh St, Lang Ha Ward, Dong Da District, Hanoi

**12/2014**



SHS is one of Top 10 securities companies which have largest market share for securities brokerage in Vietnam on both HSX and HNX

**2015**



**12/2015**



SHS is one of Top 5 securities companies which have largest market share for securities brokerage in Vietnam on both HSX and HNX

**2016**



**10/2016**

Established Dong Nai Representative Office at No. 129 Ha Huy Giap, Quyet Thang Ward, Bien Hoa City, Dong Nai Province under the Decision No. 1148/QD-UBCK of State Securities Commission

**Q4/2016**



Maintained its position in Top 5 securities companies with largest securities brokerage market share in both HNX and HSX alone

# AWARDS



2014

2015

2016

- Certificate of **Vietnam famous brand name** 2014 awarded by Vietnam Intellectual Property Association and Vietnam Union of Science and Technology Associations.
- **Securities company with Best IR activity**, which was surveyed and voted by Tai Viet Communication Group.
- **Securities company with best securities brokerage**, which was organized and voted by VCCI
- **Top Hanoi gold Entrepreneur, Business in 2015** awarded by the Association of Hanoi Small and Medium Enterprises.
- **Top securities companies period 2005 – 2015** awarded by HNX.
- **Top Hanoi gold Entrepreneur, Business in 2015** awarded by the Association of Hanoi Small and Medium Enterprises.
- **Top Equitization and Divestment Consultants in 2015 in the annual M&A Forum** organized by the Vietnam Investment Review
- Certificate of **merit for great contribution to the development of State Securities Commission in the period of 1996 – 2016** awarded by State Securities Commission.
- Certificate of **merit for great achievement in 2016 emulation movement launched by the Association of Hanoi Small and Medium Enterprises** and awarded by the Chairman of Hanoi People's Committee
- **Top 50 best annual reports** by Hochiminh Stock Exchange and the Investment Review.

# SCOPES OF BUSINESS

## SECURITIES UNDERWRITING

Securities underwriting with different type of commitments (firm commitment, best effort, etc.)

## INVESTMENT CONSULTING

Provide daily call reports  
 Provide research reports (macro reports, investment advisory reports, industry research report, company reports, stock valuation reports)  
 Corporate access: company visits, seminars to introduce investment opportunities to Vietnam

## CORPORATE FINANCE ADVISORY

Capital raising (private placement and public issuance)  
 Listing and IPO  
 Equitization  
 Corporate ownership change  
 Divestiture and share auction  
 Corporate financing restructuring

M&A

Others (organize Annual General Meeting, information disclosure, prepare annual report, register public company, transaction registration, manage shareholder books, raise capital, etc.)

## FINANCIAL SERVICES

Receive sales proceeds for investors  
 Margin lending  
 Cooperate with banks to support securities trading

## SECURITIES CUSTODY & SHAREHOLDER BOOK MANAGEMENT

Securities depository and re-depository  
 Corporate actions for shareholders  
 Manage shareholder books (support for unlisted stocks transactions and corporate actions for shareholders).....

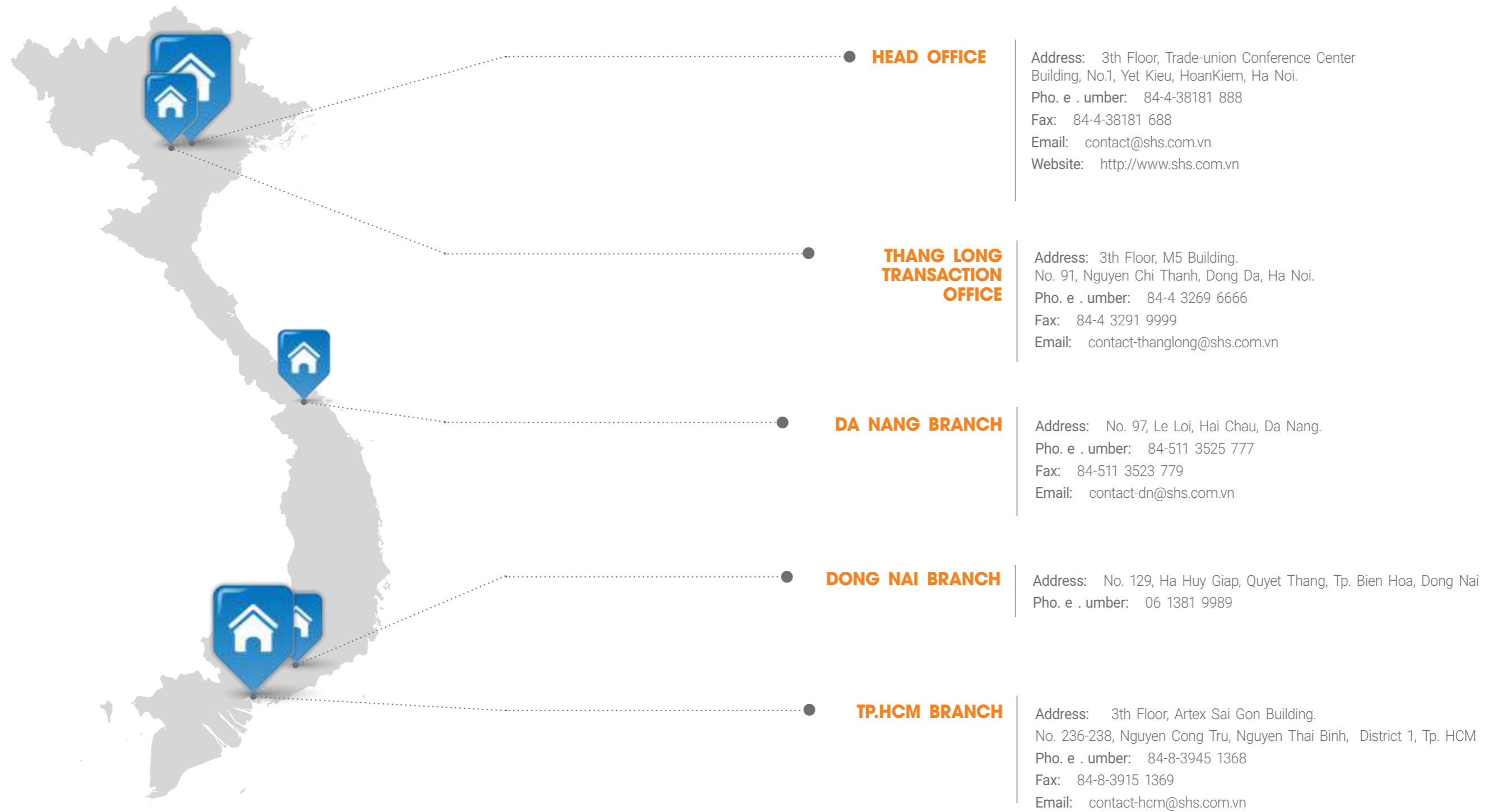
## SECURITIES BROKERAGE

*Broker various kinds of securities (stocks, bonds...), listed and unlisted securities including :*

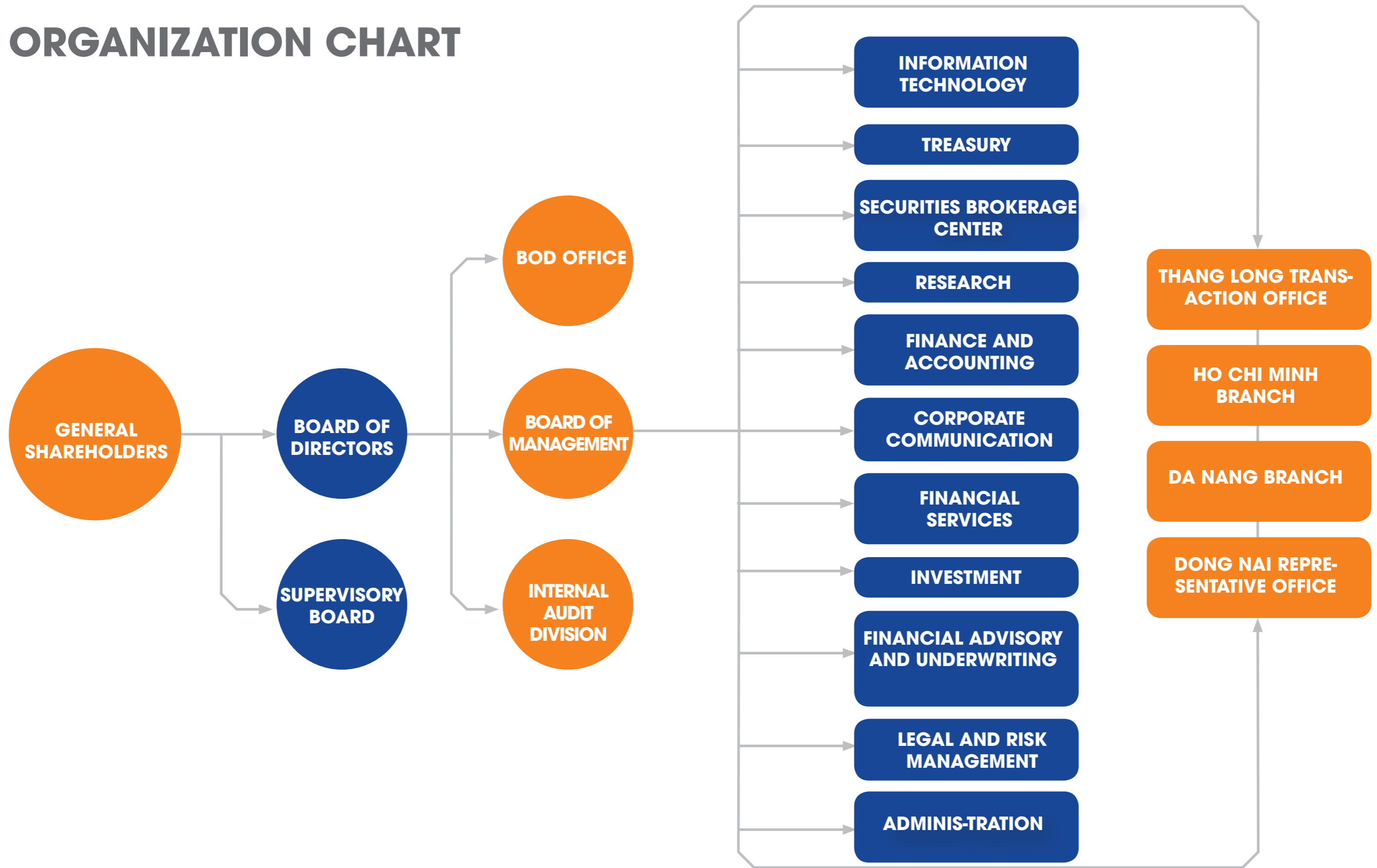
1. Open securities trading accounts (at SHS, via online)
2. Place buy/sell orders, advanced buy/sell orders through different channels (at SHS, via mobile, fax, online trading tools: SHWEB, SHMobile, SHPRO...)
3. Online banking for money transactions
4. Notify trading result via SMS
5. Notify matching orders results and securities account statements via email
6. Provide information such as trading accounts, stocks, companies
7. Monitor real-time account values, profit/loss of investor's holdings
8. Hotline customer service
9. Undertake entrusted management of individual investor's trading accounts
10. Auction and shares auction agent...

# LOCATION

The Company's operation network spreads across Vietnam. Head Office, Branches, Transaction Offices are mainly located in big cities.



# ORGANIZATION CHART





# OVERVIEW 2016 - 2017

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## THE WORLD ECONOMY

*The world economic growth rate in 2016 dropped to 3.2% from 3.1% in 2015. Enduringly unresolved and weak growth rate in some countries has driven the world economy's recovery below expectation, instable and unbalanced.*

### DONALD J. TRUMP WON THE US PRESIDENTIAL ELECTION

Seizing 304 electoral votes, billionaire Donald J. Trump won the presidential election on 8 November 2016, becoming the 45th president of the US. Stock markets around the world reacted positively to his victory, easing concerns about a dismal outlook of the US and the world economies during the presidential campaign of the candidates. DJIA jumped to the record high above 20,000 points with investors expecting a higher economic growth rate thanks to the President's sound policies.

Immediately after taking office, President Trump signed an executive order to withdraw from the Trans-Pacific Partnership with the aim of restructuring the US economy, focusing buy American, and using American labor. The TPP withdrawal of the US was not coming as a shock since it had been planned in the presidential campaign of Donald Trump. In fact, the most affected by the TPP withdrawal of the US were developed countries like Japan, Australia while it is less distressing Vietnam whose major exports to the US are necessary goods, agricultural produce, and seafood.



### BREXIT - A TURMOIL FOR THE GLOBAL FINANCIAL MARKETS



Market around the world experienced a turbulence when Brexit, known as the divorce between the UK and the EU after a 43 year marriage. In the short run, Black Friday 24 June 2016 was the darkest day since the 2008 crisis with a USD 3,000 billion capitalization running out of global markets. In the long run, Brexit might impose negative effect on economic growth rate in major regions.

- In the UK, it may take 2 years to disengage the EU with negotiations on trade and economic policies. GDP per capita in the UK is forecast to decrease by 1.3-2.6 % by 2020, GDP might be down by GBP 100 billion and unemployment rate is likely to increase to 3%. The UK's exports will decelerate without member advantage in the EU market.
- In the Asia region, a drop in export value will make the region's GDP down by 0.2%. India and Malaysia are the most possibly exposed to the slowdown risk. Also, GDP growth rate of Japan faces a strengthening JPY as a flight for quality asset.
- In a recent survey by Pew Research in France, only 30% of correspondents are confident of remaining in the EU. The number is even that of the UK before the Brexit poll.
- The EU and the Eurozone may face the risk that France, founding member and a pillar of the Eurozone considers an exit following the Brexit case.

Politically, Brexit may be seen as a precedence for left wing parties to take power in coming terms in the EU and the zone is going to be more divided. With the UK and the EU together accounting for 22% of the world GDP, combination of Brexit and political turmoil in the EU makes problems bigger, more complicated and unpredictable.

### FED HIKED RATES

FED hiked rates the first time in 2016 in mid-December; benchmark rate increased by 0.25%. Thus, overnight funds rate is target in 0.5-0.75% range. Despite problems of the global economy, the US economy is strongly recovering and approaching goals proposed by Fed. Averagely in 2016, there were 180,000 new jobs created monthly, unemployment rate dropped to 4.6% in November (the lowest in 9 consecutive years). Inflation rate touched the 2% target of Fed. Notably, FOMC was expecting to raise the number of rate hikes to 3 in 2017, 2 in 2018 and 3 in 2019.





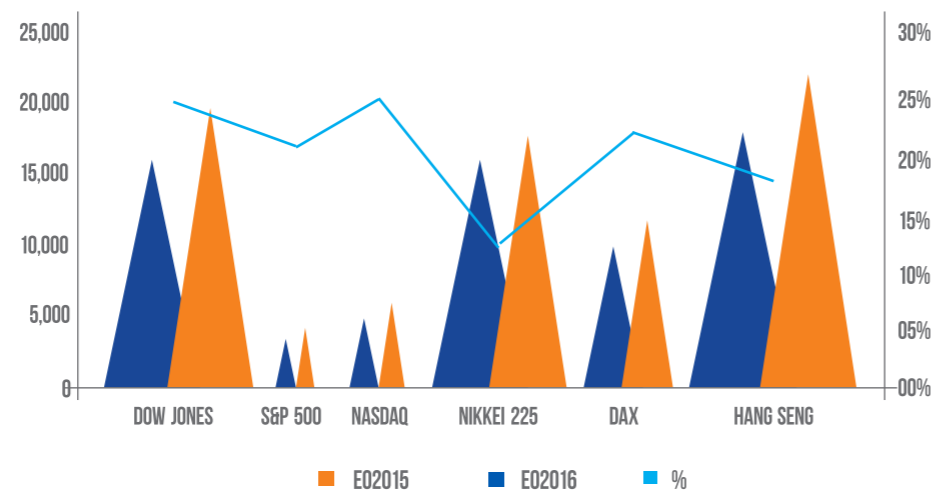
## THE RECOVERY OF OIL PRICES



Oil prices strongly recovered above USD 55 per barrel after hitting trough at USD 30 USD per barrel in January 2016. IAEA raised its forecast on the world's oil demand, in which IAEA adjusted its estimate on China's daily demand to 1.4 million of barrels up by 120.000 barrels. Currently, Abu Dhabi Zakum Oil Company of Abu Dhabi announced to cut Murban and Upper Zakum oil supply by 5%, Das oil by more than 3%. The Petroleum Corporation of Kuwait also said to slash half of crude oil supply contracted in January. Meanwhile, China's crude oil demand sharply recovered from trough. Crude oil demand in India increased by 12.1% yoy to 16.64 million tons in December 2016.

## GLOBAL STOCK MARKETS

Almost global stock markets experienced a positive year, except Japanese market rallied just 13% yoy, the rest gained at least a 20% growth yoy. The US stock market poised to be one of the best with DJIA and NASDAQ repeatedly breaking record highs.



## VIETNAM

### ECONOMY

GDP growth rate in 2016 was 6.21%. 2016 GDP growth rate was 6.21%, lower than the Government's target at 6.7% and below the rate reported to the National Assembly at 6.3% - 6.5%. Negative growth in agricultural, forestry, aquaculture sectors and plunging oil prices accounted for the missing target. Major contributors to GDP growth were construction – civil engineering ( up by 7.57%), services (up by 6.89%). Due to natural calamity, flooding and drought, the agricultural sector made up of just 1.36% in GDP. Flooding in the Middle alone made GDP growth rate decline by 0.3%.

#### **Inflation reined below 5%**

CPI in December 2016 rose by 0.23% mom, headline CPI was up by 4.74% yoy. Core inflation climbed just 2.66%, far below the 5% target of the Government.

#### **Successful FDI attraction**

By 26 December 2016, total FDI disbursement was USD 15.8 billion, increasing by 9%; total registered FDI was USD 24.372 billion. Apparently FDI attraction was the key point in the economy in 2016.

#### **Stable interest rates, steady credit growth**

Credit growth was 18.71%, capital mobilization growth was 16.88% Strain in the interbank market was absent with interbank rates fluctuating a little bit in year ending months around 4.1%-4.75%/ year for some terms. Lending rates were 6%-7% for short term loans, 9%-10% for middle term loans and 9%-10% for long-term loans respectively.

#### **Restructuring of SOEs**

In 2016, the number of listed SOEs increased by 20 to 691 companies in the two bourses, compared to 2015 new listed SOEs in 2016 decreased by 60%. However, SOEs tended to trade on Upcom with approximately 120 new listings by 31 December 2016.

***New trade agreements signed***

FTA between Vietnam and Euro-Asia Economic Union which is made up of Armenia, Belarus, Kazakhstan, Russia and Kyrgyzstan officially takes effect. Under which, Vietnam lifts import taxes for 59% of EAEU goods including meat, wheat, alcohol, mechanical equipment, steel and garment products. Equally, taxes on 30% of other goods will be reduced to 0% in the interim period. Especially, 90% of tax lines on seafood, textile and garment and leather products are in the pipeline to 0%, paving the way for Vietnamese goods to access a market with more than 183 million people.

***Steadier FX rate***

In 2016, thanks to the central FX rate mechanism of the SBV, VND devaluated just 1%-2%, compared to 2%-5% devaluation in previous years. Also, with more than 40 billion USD reserve, SBV was more flexible to deal with FX rate fluctuation as Fed hiked rates in mid December 2016 as planned.

***Continued trade surplus***

In 2016, total export value was USD 175.9 billion, total import value was USD 173.3 billion, translating to a net surplus of USD 2.68 billion.

***Surging and alarming public debt***

Vietnam is faced with public debt challenge. Public debt 2016 rose to 64% of GDP, touching the public debt ceiling of 65%. The consequence is repeated budget deficit, causing Vietnam to use debt to repay debt and offset budget deficit.

***Bad debt restructuring stands still***

Current non performing loan ratio of credit organizations was set to 3% as required by the Government. However, bad debt restructuring was not positive as expected; in terms of quantity it sounds good but not good enough in terms of quality.

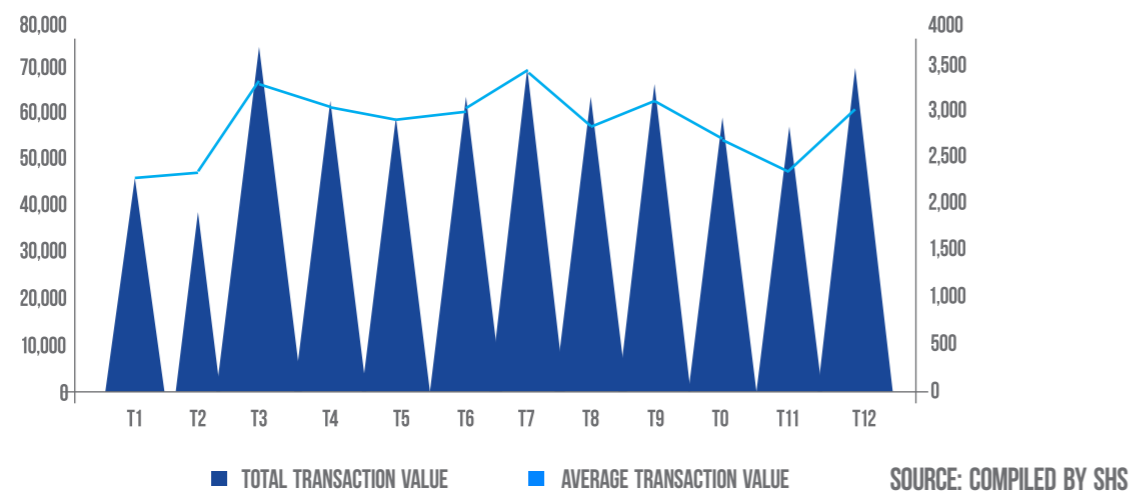
**THE STOCK MARKET AND NEW POLICIES IN 2016**

The market experienced a successful year, at least in terms of score. VNIndex conquered the 640 point threshold in the last few years; VNIndex closed the year at 664.87 points equivalent to a 15% increase yoy while HNXIndex closed the year at 80.12 points equivalent to 0.2% increase yoy. There are a number of key impacts on the stock market as follows

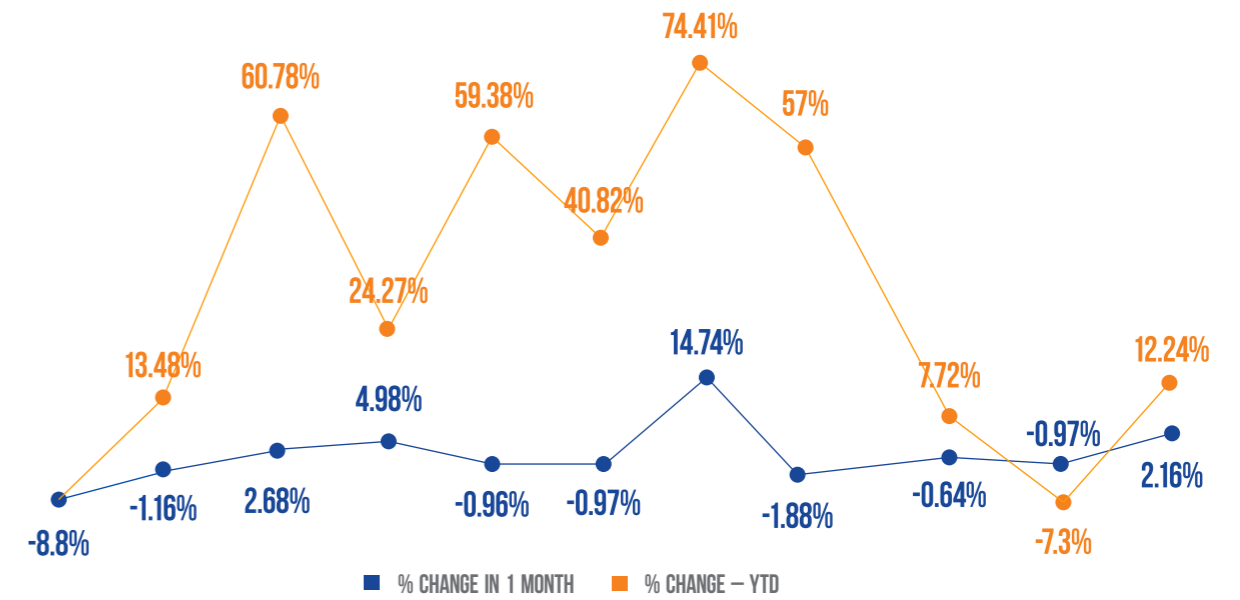
- **FIRST QUARTER:** Support news from Fed's decision not to hike rates in Q1 and to lessen possibility of raising rates in the whole year in a FOMC meeting on 15-16 March due to instability of the world economy and financial markets partly backed the rally of Vietnam's stock market. VNIndex created trough in late January around 520 points and turned back to 580 points. However, the introduction of Circular 07 regulating new requirements for margin loans stalled temporarily the rally.
- **QUARTER 2:** The market was still in a strong rally with closing the quarter at 630 points or a 70 point increase in one quarter. "Sell in May" phenomenon was proven untrue with the market as a series of blue chips pulling the market up. Money flowed steadily to the stock market thanks to intervention policies of the SBV to support business activity growth. The market also attracted P-notes capital to offset withdrawal by ETFs and VIC convertible bond. The market just corrected sharply with Brexit shock but immediately recovered, seizing all the losses and finally break 640 points in the second half of July.
- **QUARTER 3:** The market was still in a long and strong rally, in this period, the restructuring of ETFs ended and investor psychology was excited again. However, facing huge profit taking activities of investors VNIndex failed to conquer the 8 year high. At the end of the quarter, net sell of foreign investors helped alleviate anxieties on the market and the common thinking was to look forward positive Q3 and Q4 business results of leading stocks.
- **QUARTER 4:** After forming 690 point high, the market came into the consolidation phase in the first half quarter with VNIndex correcting to 650 points, affected by some key events such as: Donald J. Trump winning the Presidential election, Fed's decision to raise rates in Mid December. However, demand at 650 points of VNIndex was quite strong, pushing the market up again and VNIndex closed the quarter above 660 points.

DATA STATISTIC OF THE MARKET	2015	2016	2015 VS 2016
Market capitalization (VND million billion)	1,298	1,765	36%
Market cap / GDP	30,97%	42%	36%
Number of stock accounts (million)	1,5	1,67	11,3%
Mobilized capital (VND thousand billion)	283	348	23%
Total listed shares and fund certificates	682	695	1,9%

**Liquidity of the market** in 2016 was radically improved compared to 2015 with average trading value per trading day reaching VND 2,950 billion. Particularly, in July and September trading values peaked around VND 3,500 billion per trading day in contrast to trading value in year beginning months which averaged VND 2,300-2,400 per trading day. Nevertheless, there were some trading sessions with transacted values higher than VND 4,000 billion and 5 trading sessions with transacted values above VND 5,000 billion.

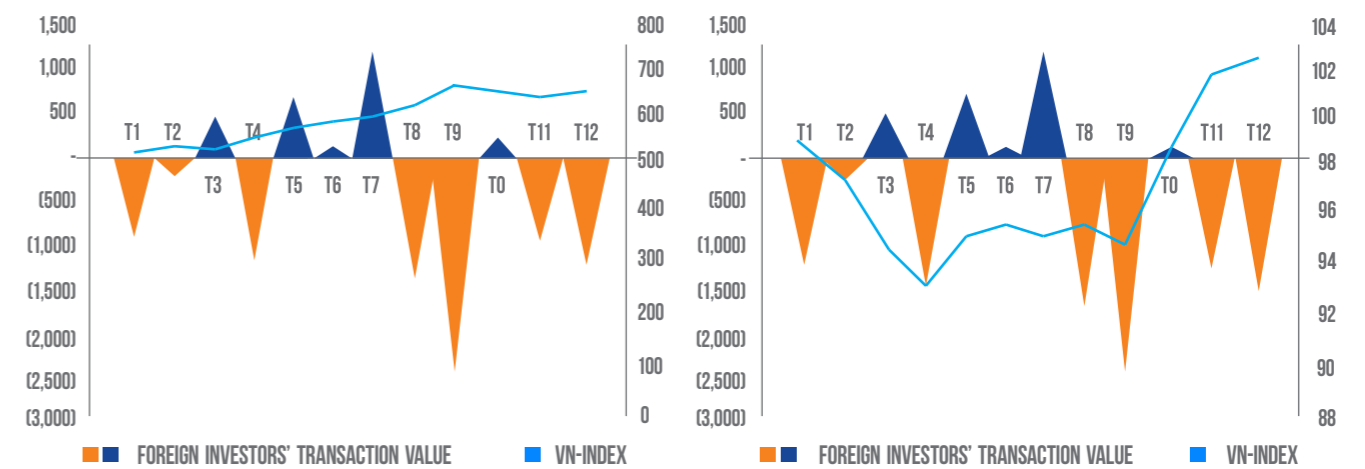


**In 2016**, classified as the 1st grade sector, telecommunications shares ranked 1st with a 74% growth, followed by pharmaceuticals and medical shares with 60% growth. In December, telecommunications share continued to rank 1st position with 15% growth. Besides, there emerged FMCG shares with average 5% growth while shares of other industries experienced negative growth.



**Net sales of foreign investors** is demonstrated in below chart, in 2016 foreign investors's net selling value was VND 6,731 billion despite VNIndex rallied by more than 17% compared to 2015. Except for their net buy in May - July, foreign investors kept selling strongly in the rest months. VNM and HPG were two of the most sold of foreign investors, notably due to capital withdrawal by ETFs such as Db x-trackers FTSE Vietnam ETF and VanEck Vectors Vietnam ETF.

**Share bidding felt below expectation.** According to data statistics, in the first 11 months of 2016, there were 481 million shares offered on HNX with total value of VND 6,500 billion. In comparison, the number of offered shares far surpassed in 2015 but bidding value rose a little bit.



TRANSACTION OF FOREIGN INVESTORS

VOLATILITY OF VNINDEX- 2016

**Policies issued in 2016**

- The regulation stipulating settlement and clearing takes effect on 1 January 2016. Under the Decision 211/QĐ-VSD, settlement and clearing period for stocks, fund certificates is T+2 and settlement and clearing period for bond is T+1
- Circular 155/2015/TT-BTC guiding information release on the stock market takes effect 1 January 2016, this Circular expands information release objectives that were regulated under Circular 52/2012/ TT-BTC
- Taking effect from 1/11/2016, Circular 115/2016/TT-BTC amends and adjoin some clauses of Circular 196/2011/TT-BTC guiding IPO process, management, use of money from equitization of 100% state owned enterprises. The difference between the two Circulars is shares after IPO will be automatically registered to Upcom listing and period of time to list shares is significantly shortened through automatic listing registration mechanism is attached in IPO subscription form.
- Circular 180/2015/TT-BTC guiding stock trading subcription for non listed shares takes effect from 1 January 2016. This Circular stipulates that within 01 years from the effective date, shares of all public companies and shares withdrawn from listing by the effective date must complete Upcom trading registrating.
- Circular 197/2015/TT-BTC stipulating securities business conditions, taking effect from 25 January 2016. This Circular provides new adjustments in compliance with provisions under Enterprise Law 2014 and Decree 60/ND – CP which compliments some clauses of Decree 58 guiding common practice of Securities Law and meets the market's practical conditions.
- Circular 203/2015/TT-BTC guiding transaction on the stock market taking effect from 1 July 2016 issued by Ministry of Finance replaces Circular 74/2011/TT-BTC which guides transaction process. The new Circular is seen as a breakthrough compared with the former.
- Regulation on securities related crimes under Criminal Law (admended) takes effect 1 July 2016. Besides 3 current crimes, a new crime added is: faking documents in offering, listing shares on the stock market.
- Circular 11/2016/TT-BTC guiding Decree 42/ND – CP on derivative securities and derivative securities market.
- Circular 107/2016/TT-BTC guiding offering and transaction of covered warrants takes effect 1/7/2016

## BUSINESS OPERATION OF SECURITIES COMPANIES AND MARKET SHARE

- By the end of 2016, the number of securities with normal operation is 79, down by 25% versus 2015. The number of fund management companies with normal operation is 46, these fund management companies possess a VND 3,785 billion chartered capital and manage more than VND 146 thousand billion up by 17.7% yoy. The number of public funds rises significantly, especially open ended funds.
- Competitive pressure among securities companies is increasing, there was no change in position of top 3 securities companies with SSI holding the biggest market share of stock and fund certificate brokerage, followed by HSC. In 2016, top 10 welcomed KIS Vietnam which replaced BVSC. With its impressive momentum, SHS ranked 5th on HSX and ranked 4th on HNX in terms of brokerage market share.

### MARKET SHARE

HSX MARKET SHARE			HNX MARKET SHARE		
CTCK	2016	RANKING 2016	CTCK	2016	RANKING 2016
SSI	13.69%	1	SSI	11.03%	1
HSC	12.45%	2	VNDS	9.35%	2
VCSC	8.86%	3	SHS	7.94%	3
VNDS	6.12%	4	HSC	6.78%	4
SHS	4.25%	6	MBS	5.60%	5
MBS	5.69%	5	KIS	4.66%	6
ACBS	4.09%	8	ACBS	4.07%	7
FPTS	3.65%	10	VCSC	3.79%	8
BSC	4.19%	7	TVSI	3.70%	9
KIS	3.87%	9	MSI	357%	10

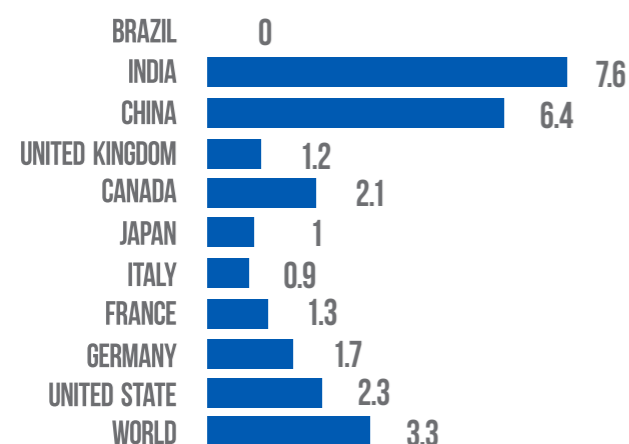
## OVERVIEW OF 2017

### THE WORLD

- The world's economic growth in 2017 is forecast to reach 3.4%, higher than 2016 growth of 3.1% on the back of growth momentum of the US economy and other emerging economies.
- The US economy profits from public spending expansion and tax cut policies of the new administration, forecast to grow by 2.3% in 2017, far higher 1.6% growth rate in 2016.
- Eurozone economy is forecast to grow slower in 2017 due to negative impact from Germany, Italia, Spain while the UK economy grows quite positively by 1.5%.
- In Asia, China is expected to grow by 6.5% in 2017 versus 6.7% growth rate in 2016. Japanese economy is forecast to grow by 0.8% in 2017 thanks to expansionary monetary policy while India is expected to grow strongly by 7.2%.
- Nevertheless, the world economy in 2017 still faces a variety of challenges including: 1. Impact of Brexit; 2. The emergence of trade protectionism might pose barrier to global economic growth, especially in Europe when Germany and France have election, 3. Impact of new and to be issued policies under Donal J. Trump presidency.

FORECAST OF THE WORLD ECONOMY 2017

SOURCE: OECD



FORECAST OF VIETNAM'S ECONOMY 2017

SOURCE: COMPILED BY SHS



### VIET NAM

- Vietnam's economy will maintain positive growth potential thanks to policies improving investment and business climate, recovery of oil price and agricultural produce, resilience of mechanical engineering industry and domestic consumption; most forecasts maintain that Vietnam is able to create 6.2-6.3% or even 6.7% growth rate in 2017.
- Inflation may be higher than 2016 due to an increase in imported material prices and an adjustment of healthcare, education services, electricity price... As such, inflation rate in 2017 is expected to be around 4%-6%
- FX rates in 2017 will be under pressure from Fed rate hike that leads to stronger USD. Besides, that China still maintain its weak CNY policy will force Vietnam to devaluate VND further to support competitiveness of export goods. However, with stable FDI and ODA in 2017 and expected trade surplus, highest FX reserves ever (USD 41 billion) will provide the SBV with more tools to better control FX rate regime so that it is unlikely for a sharp devaluation of VND but a slight adjustment around 2%-3% is more possible.
- In the short term, the US's withdrawal from TPP might not be a good news to FDI attraction and export activities of Vietnam. Nevertheless, Vietnam's increasing integration into important free trade agreements such as FTAs with South Korea, the EU and ASEAN and luring investment environment are apparent advantages of Vietnam in drawing FDI, especially the influx of Japanese and South Korean capital influx moving out of China.
- Credit growth is still favored with Government targeting a 18% growth rate in 2017. Recently BIDV, Vietinbank and Vietcombank are allowed to raise lending/ deposit rate from 80% to 90% for the purpose. But interest rates are projected to rise due to higher inflation rate, stronger USD/VND rate and that commercial banks must comply with new regulations of SBV on short term capital for mi - long term lending, higher risk factor for real estate lending..
- In 2017, the restructuring of the economy is still underway with more positive business environment, expanding business activities. FDI capital is on the rise, seafood export will be more favorable while real estate - construction sector might decelerate and frozen somewhere, domestic production and services sectors will achieve average growth rate various challenges are likely to be faced by SMEs due to increasing competition.

## STOCK MARKET 2017

- Growth of Vietnam stock market in 2017 is forecast positive, however upside possibility may be a little bit lower than in 2016

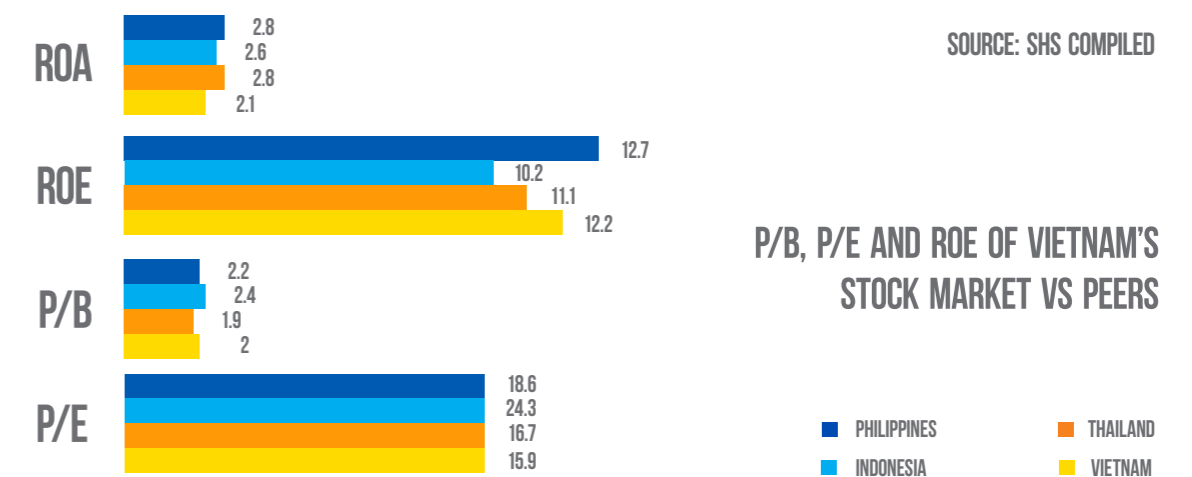
NO	KEY POLICIES AND INFORMATION	TIME	INLUENCE
<b>ADVANTAGE</b>			
1	Stable politic environment, economic growth rate >6%, resilient FDI, ODA, strong credit growth rate	2017	Average
2	Implementation of 17% corporate income tax for SMEs	Early 2017	Weak
3	Recovery of oil and commodities prices	2017	Strong
4	IPO and listing of big corporations such as Mobiphone, PVOil, Petrolimex, Vietjet Air	Early 2017	Strong
5	Merge of the two exchanges, deployment of new products, launch of derivatives market	Late 2017	Average
6	Strong ownership divestiture by the State from SOEs	2017	Strong
7	Continued room opening policy for foreign investors, upgrading stock market.		Strong

### DISADVANTAGE

1	The US withdraws from TPP, mounting trade tariffs might pose negative impact on many export sectors	2017	Average
2	Fed's plan to raise rate the third time affets foregin portfolio investment	Month 3, 6, 9, 12/2017	Strong
3	China's decelerating economic growth rate, devaluation of CNY vs USD	2017	Strong
4	Winning possibility of rising nationalism in elections in France, Germany and tension between the US and the EU	Q2& Q3/2017	Average
5	Public debt approaching 65% ceiling, the return of high inflation, devaluation of VND, increasing interest rates	2017	Average
6	Negative consequences of climate change on agriculture and GDP growth	2017	Average
7	Pressure of new share listing might overwhelm short term money flow.	2017	Strong
8	Adjustment of policies concerning SOE valuation for equitization and divestiture	2017	Strong

- P/E of Vietnam stock market is around 15.9 times, far lower than the average of ASEAN (18.9 times). Generally, Vietnam stock market is still cheaper than the region's norm, but the gap is no longer as big as it was. However, attractiveness of Vietnam stock market is added up by fast growth rate of Vietnamese companies. Vietnam is still the luring destination of foreign investors thanks to newly listed players and the State's divestment story in 2017.

- Amongst investment chanel, stock market is still poisted to be the most profitable option. According to our statistics, in 2016, investment return rate of common investment chanel were: bank deposit brought 6.5%; real estates increased by 6.4%; stock market increased by 14.8%; USD increased by 3.7%. In terms of profitability and liquidity, Vietnam stock market has its rationale to invest for either local or foreign investors in 2017.



## IMPORTANT POLICES CONCERNING THE STOCK MARKET EXPECTED TO AMEND AND ISSUE IN 2017

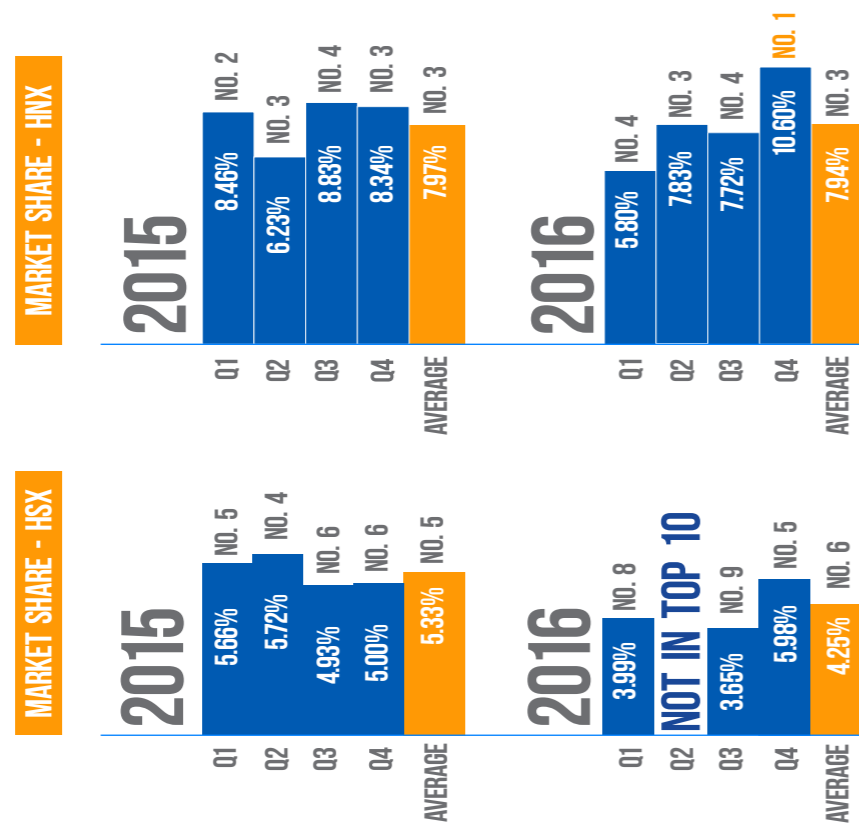
- Draft of regulations on Covered Warrant products
- Pilot testing of market maker mechansm on HNX in early 2017
- Issuance of regulation on margin trading which replaces Decree 637/QD-UBCK dated 20/8/2011 and Decree 09/QD-UBCK dated 8/1/2013 by SSC Chairman
- Proposed establishment of a stock exchange for SMEs and start up companies
- Draft Member regulation on derivatives exchange and draft regulation for listing and transation of futures contract.
- Draft Circular replacing Circular 226 and Circular 165: Adding warning mechanism for fund management and securities companies when available capital ratio is around 150%-180%



# PRINCIPAL BUSINESS ACTIVITIES

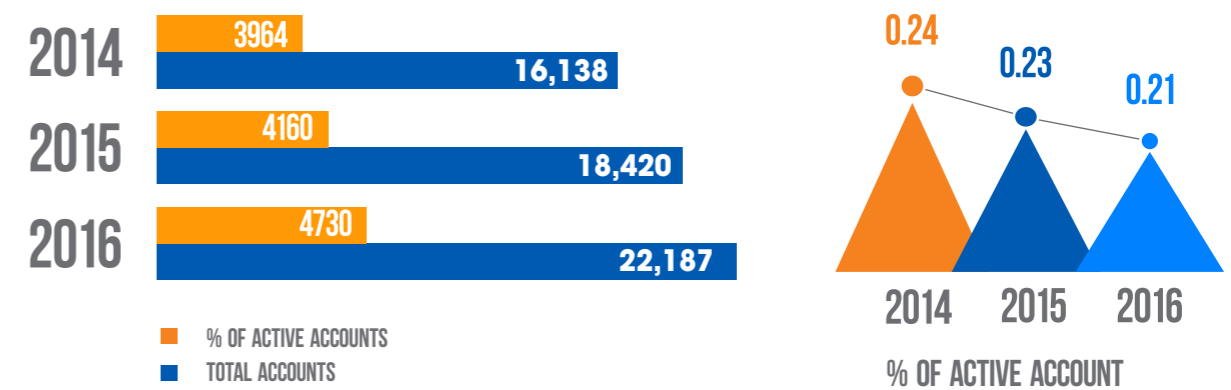
Brokerage	46
Financial services and treasury	49
Financial advisory and Underwriting	56
Principal investment	59

# BROKERAGE



Although the change in strategic orientation was timely and properly performed, weakness in brokerage service which did not successfully solve in 2016 was high operating costs due to high percentage of commission in total cost structure. Brokerage commission policy which was not properly changed in accordance with the competition conditions of current market was one of the biggest obstacles, making the Company fail to attract the talented, experienced and high qualified brokers and the out-of-date and overload trading software was not replaced as scheduled. This was demonstrated by the relatively different market share figures in HNX and HSX and the slight increase in brokerage revenue of 0.38% against 2015 and only fulfilled 85.23% compared to the target plan.

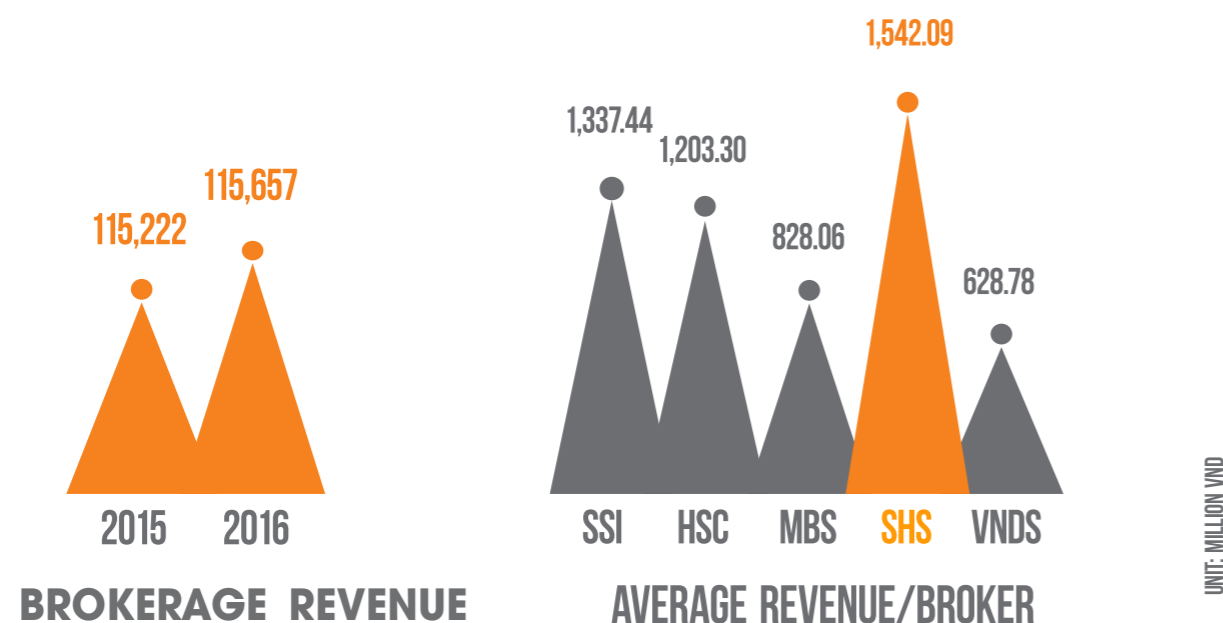
However, beyond the intrinsic difficulties and external challenges, SHS's brokerage business performance in 2016 continued to be improved. Total securities trading accounts as of 31st December 2016 were 22,187 accounts, increased 3,767 accounts, up 20% compared to 2015. Number of active trading accounts in SHS continued increasing.



Moreover, taking advantage as the leading corporate finance advisory in Vietnam, SHS actively developed clients base in the SOEs to be equitized in 2016 such as P&T Express Service Joint Stock Company, LILAMA LAND CORP, No. 1 Auto Transport Joint Stock Company, Vinafor, VEAM, etc., via account opening services, depository account opening, shareholder book management services. The most pride for us in last year brokerage service was the average net asset value per client grew approximately 17% while VNIndex just increased 11.2%



The average revenue per broker improved against 2015 as well, up by 1,45% against 2015. This criteria was high at SHS compared to other securities companies in top 10



### OPERATION PLAN IN 2017:

2017 is considered a favorable year for the stock market with investor's trust in the Government's effective macroeconomic policies and recovery of the world and the region economy; the market's liquidity continues to be improved as demonstrated by powerful enterprises to be listed in HNX and HSX as well as the gradually improved quality of listing enterprises to attract cash flow from domestic and foreign investors. Grasping the market's opportunity, SHS's brokerage will focus on:

**1.**

Develop brokerage operation sustainably, creating the best conditions for the investors through products and financial services;

**2.**

Quickly change the trading software platform;

**3.**

Changes in brokerage mechanism..

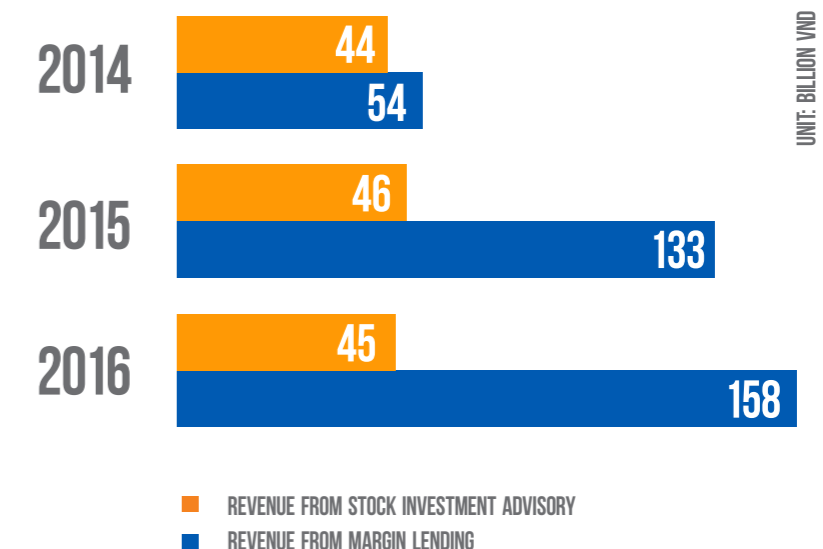
## FINANCIAL SERVICES AND TREASURY

### FINANCIAL SERVICES

#### BUSINESS PERFORMANCE IN 2016

Financial services revenue in 2016 obtained VND203.6 billion, increasing VND8.2 billion, fulfilling 4.2% of the plan and increasing 17.43% compared to 2015 level.

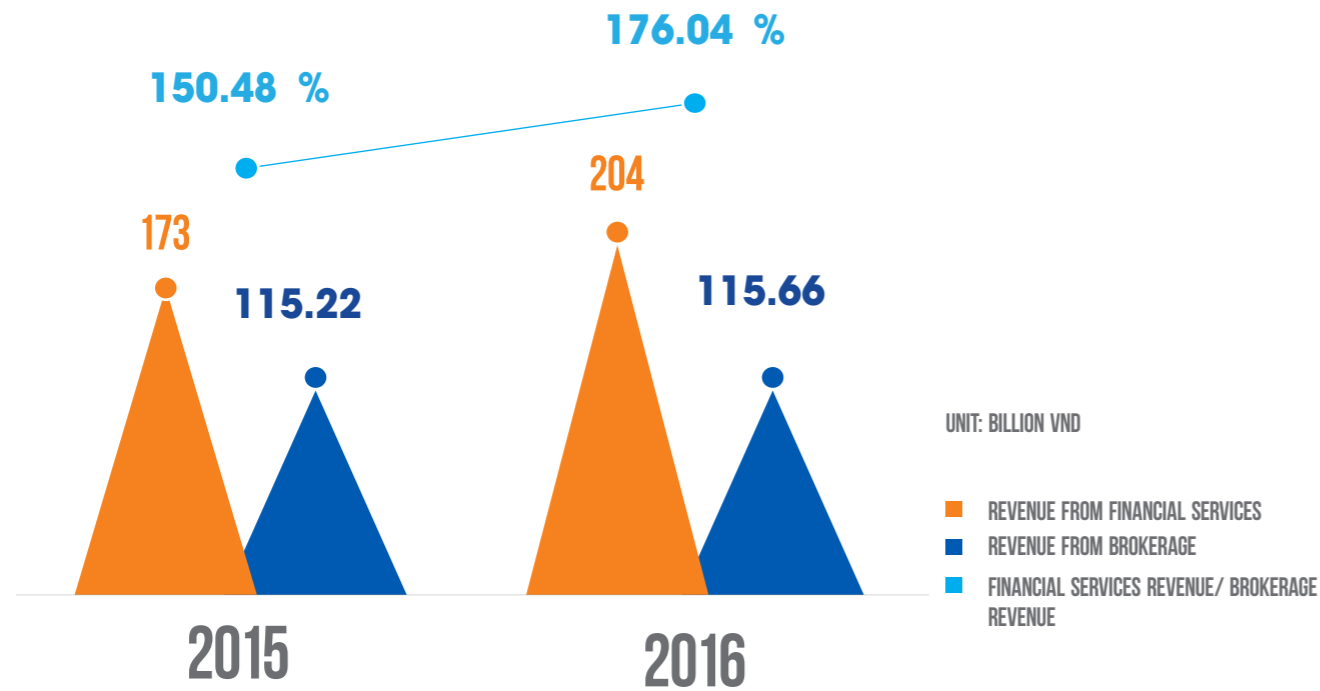
With the stability of brokerage, SHS had a remarkable improvement on revenue quality of financial services, the financial service revenue/brokerage revenue increased 176.04% in 2016 while the number in 2015 was 150.48%.



Besides the achievements, in the context of market fluctuations and development, SHS's financial services products still had shortcomings that cannot be successfully handled in short time such as:

- Trading software system was not satisfied demand of risk management for financial services products, for instant, not unavailable margin lending based on tickers, or unable to administrate room of margin lending for client groups
- External tools must be used (Open reports, excel, etc.) to follow up and manage products, resulting in time consuming in preparing management and monitoring reports.
- Uncompetitive margin lending rate applied to clients due to high cost of capital funding

In spite of the above-mentioned problems, the financial service revenue/brokerage revenue ratio was continued to improve. This was because of SHS' constant renovation in providing financial services products and solutions to meet the client demand in 2016, hence bringing higher revenue for financial services segment.



Total disbursement amount in 2016 was VND1,714 billion, increasing 46.8% against 2015. The Company built flexible policy framework for each client group according to their demand from time to time, the efficiency of financial resources was optimized. Thanks to that, SHS was able to attract more various groups of clients and capital funding was used efficiently.

The Company always ensured its competitions for margin lending portfolio, margin lending rate, margin lending scale, stability of capital funding as well. SHS also was active in finding the sources for capital funding to timely respond to client demand in accordance with the applicable regulations and laws. SHS was proud to be one of the securities companies that successfully used capital funding resources and offered a series of proper product and service solution packages regarding the transaction fee, interest rate, loan terms and customer-based risk appetite, successfully satisfying a wide range of client group.

A series of new application was successfully developed to manage operational risks for financial services thanks to the support of software provider and IT department.

- Financial services department cooperated with related divisions to apply multi-layer risk management for each product and service. Particularly, working closely with legal department to evaluate product legality, anticipating possible risks; cooperating with the treasury department daily to actively provide funding resources to clients; working with brokerage division to introduce new products, support and educate clients how to best use products and services in accordance with their investment need; daily worked with internal control and risk management division to control process of providing product and service to the client to prevent and minimize possible risks. Therefore, the process of providing products and services was the most efficient in 2016.
- Bad debts from the 2016 financial services were prevented by the Company's application of policies on flexible and proper account maintenance and release by ensuring good risk management for each product, service and client group, while the serious NPLs were being suffered by many securities companies in the stock market.

### OPERATION PLAN IN 2017:

- Maintain the funding resources for products and services in a stable and long-term manner.
- Balance the funding resources to offer a more competitive margin lending rate for clients.
- Upgrade trading software to successfully launch various products and services to meet the clients' increasing demand.

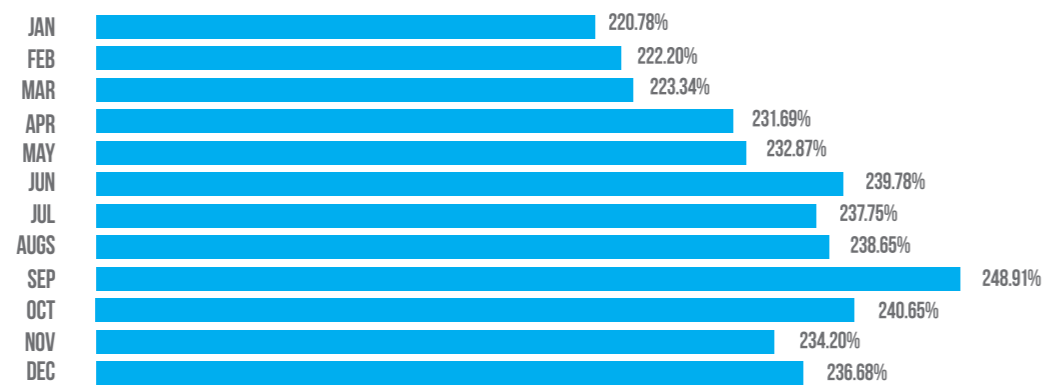
# TREASURY

## BUSINESS PERFORMANCE IN 2016

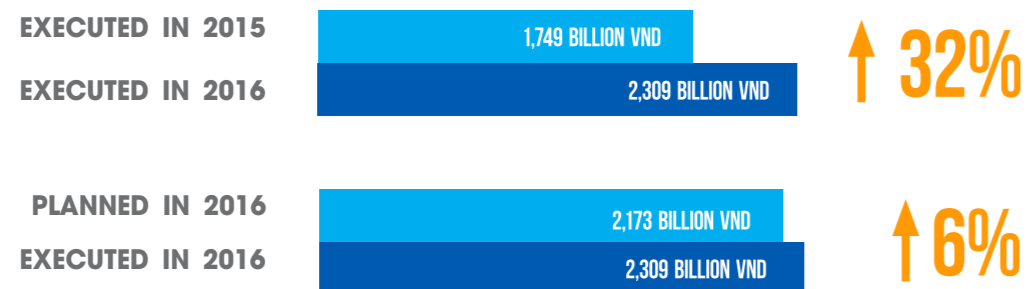
### Effective balance of funding resources

In 2016, the Company applied liquidity management program, ensuring capital liquidity for the entire company, successfully satisfying the capital demand to serve the Company's business and providing financial products and services to clients, and optimizing the funding resources via using various sources of funding for products and services of financial services, and flexibly responding to the use of products and services in accordance with capital scale and capital structure in different moments.

The Company's financial safety ratio was to be always maintained at high level in accordance with the regulations of the State Securities Commission.

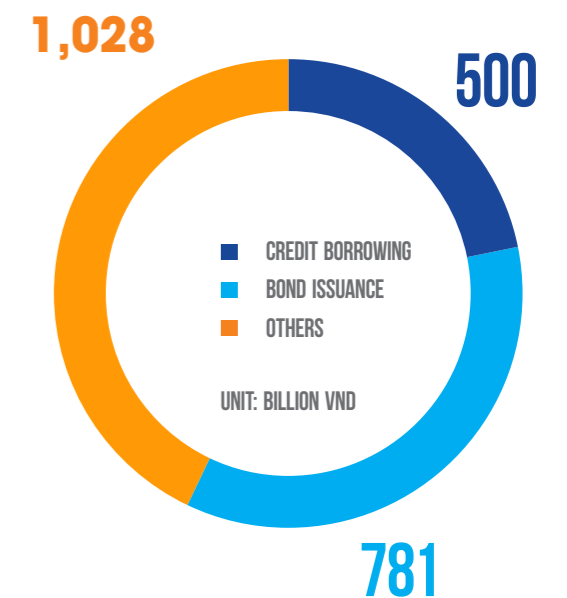


### Diversifying the funding channels



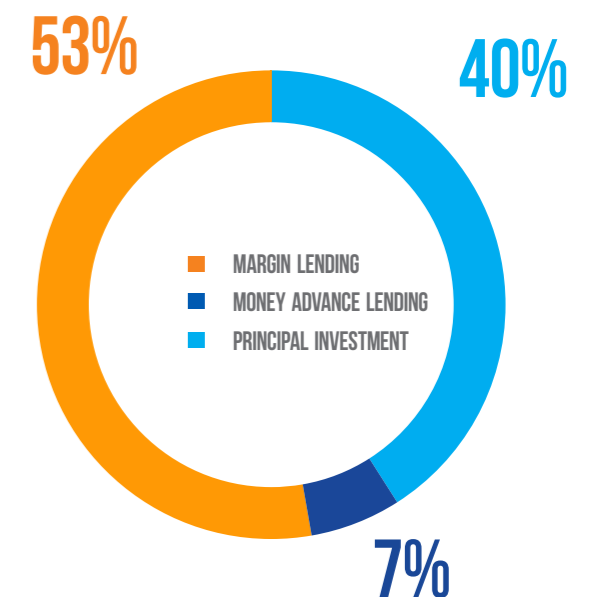
Total average funding value in 2016 obtained VND2,309 billion, increasing 32% compared to 2015 and exceeding 6% compared to the plan.

SHS's capital raising was diversified from various sources: credit loan, bond issuance and otherwise, etc. In the 2016 capital raising structure, total credit loan value and bond issuance were accounted for a high weight (approximately 57%) and stable because this was a medium and long-term loans. In 2016, the average value of credit loans obtained VND500 billion, accounting for 22% of total funding resources, although it was affected by Circular No. 36, resulting in this funding resources were insignificantly affected, SHS still successful maintained relationships with traditional partners such as SHB (with credit limit of VND500 billion), An Binh bank (with credit limit of VND100 billion), OCB (with credit limit of VND100 billion). Such credit institutions offered the preferential interest rate for SHS. The average capital raising from bond issuance was VND781 billion, accounting for 34%. However, this channel was generally characterized by higher costs than credit loans.



### Proper using funding resources

In 2016, the funding was mainly used for the investment activities and providing financial services products. In which, the monthly average funding resources for investment was VND760 billion, equivalent to 40% of the Company's financial resources. The funding for financial services was approximately VND1,142 billion/month, accounting for 60% of the Company's financial resources.



**Impressive increase in revenue and profit compared to last year**

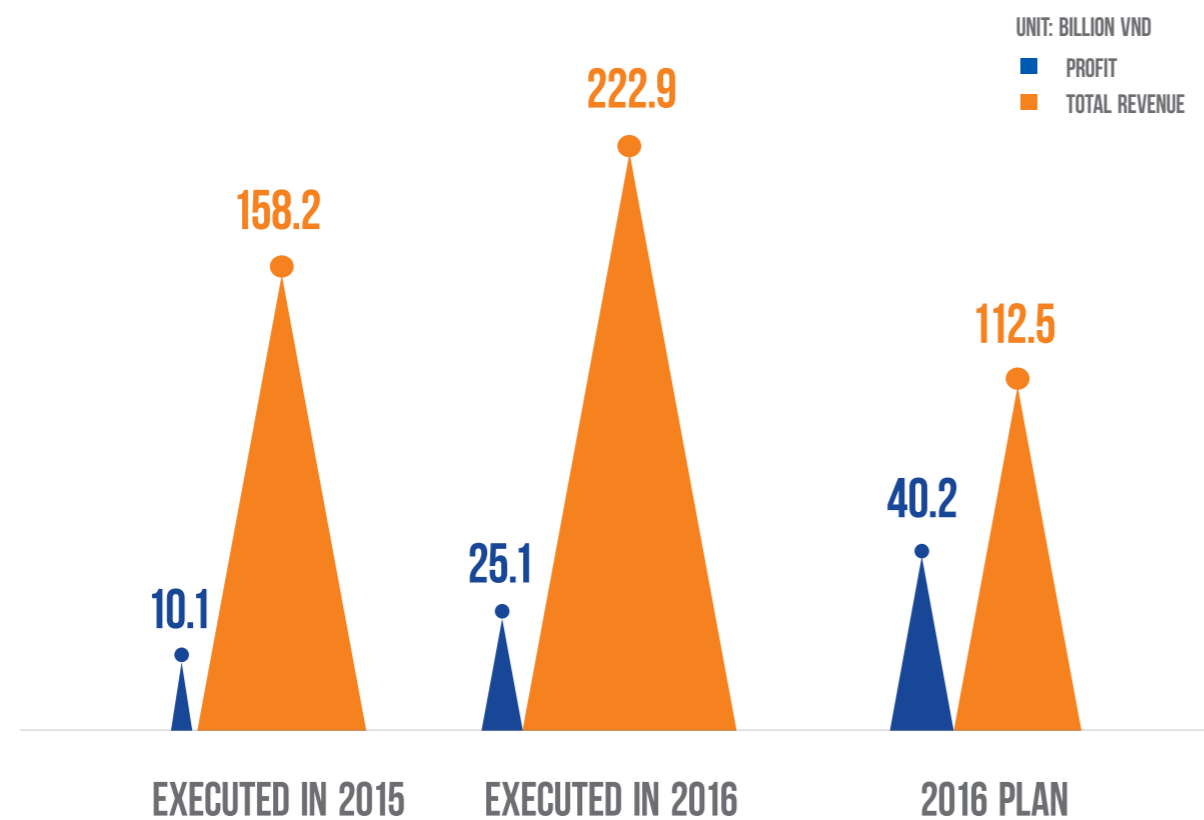
Treasury revenue was mainly originated from investments in valuable instruments such as bonds, notes, etc. Other incomes such as securities brokerage, securities issuance agent made up a small portion but that showed diversification in treasury operation in accordance with legal regulations and flexibility from time to time.

However, the operating expenses in 2016 was VND248 billion, increasing VND99.9 billion compared to the last year and exceeding VND95.3 billion, equivalent to 62% compared to the plan. The root cause of increasing expenses was higher interest payable to banking partners due to changes in loan structure: more weight in high interest-bearing loans.

Therefore, though profit obtained over VND 25.1 billion, up by VND 15 billion than 2015 level, it was still VND15.1 billion lower than 2016 plan (down 37.6% compared to the target plan).

**ACTION PLAN FOR 2017**

- 1.** Monitor and balance funding resources to ensure liquidity safety of the entire Company.
- 2.** Expand credit relationships with various commercial banks to ensure margin lending scale and proper interest rate.
- 3.** Diversify capital raising channels, focusing on increasing owner's equity.
- 4.** Work closely with brokerage, investment, financial services, corporate finance advisory and securities underwriting to manage the use of funding resources.
- 5.** Manage risks related to funding resources and prepare solutions for those risks.

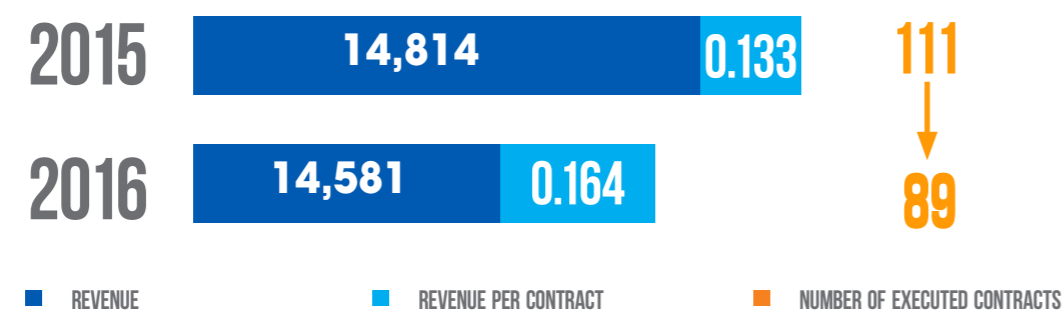


# CORPORATE FINANCIAL ADVISORY AND UNDERWRITING

## BUSINESS PERFORMANCE IN 2016

In 2016, SHS continued to leverage traditional financial advisory services which were its strengths such as equitization consultants, auction consultants, and divestments, and began to make SHS one of the best sell-side investment firms in Vietnam stock market through providing specialized advisory services such as mergers and acquisitions, underwriting, corporate restructuring

SHS went towards quality over quantity. In 2016 the number of advisory contracts signed in the year was 100 contracts, a reduction of 10% compared to 2015. Revenue reached VND14.6 billion, equivalent to last year; the average revenue per contract increased by 25%. The remarkable factor in advisory revenue structure was that revenue from high intellectual advisory services such as corporate restructuring, equitization and State divestment increased sharply. Revenue from M&A, corporate restructuring increased more than 6 times. At the same time, M&A and corporate restructuring accounted for an important weight in total revenue structure of corporate finance advisory - underwriting



Particularly, we are honored to be the consultant of the year's biggest equitization deal of the stock market: IPO of VEAM with successful auction percent up to 90%, obtaining approximately US\$100 million. We are strongly believed that with the qualified, large size and highly complicated deals consulted by SHS recently, its prestige and position in this field have been significantly improved in the hearts of investors, especially institutional investors.

## OUTSTANDING ADVISORY CONTRACTS IN 2016

In addition to main activities, corporate finance advisory during the year also actively supported other businesses of the Company such as brokerage, shareholder book management, Treasury, Financial Services. Specifically: After SHS did advisory contracts for listing and Upcom registration for some companies such as Vietnam Forestry Corporation, Hanoi Rubber JSC, Song Chay 5 Hydropower Joint Stock Company, brokerage division had opened many securities trading accounts for clients (about 25% of total new accounts opened in 2016). Through customer base from finance advisory, Shareholder Management Division also provided shareholder management services to companies such as VINAFOR, VNI, VEAM, etc. For Treasury and Financial Services, through advisory activities of listing, auction and divestment of SOEs such as VEAM, Viet Ha Beer, Vietnam Forestry Corporation VINAFOR, Armephaco Joint Stock Company ... provided related financial services.

**DIVESTMENT**  
VIETNAM POSTS AND TELECOMMUNICATIONS GROUP



**EQUITIZATION**  
GENERAL MOTORS CORPORATION AND AGRICULTURAL MACHINERY CORPORATION



**UPCOM REGISTRATION, ANNUAL GENERAL MEETING, SHAREHOLDERS BOOK MANAGEMENT, DIVESTMENT**  
VIETNAM FORESTRY CORPORATION (VINAFOR)



**DIVESTMENT**  
VINACOMIN – MINERAL HOLDING CORPORATION

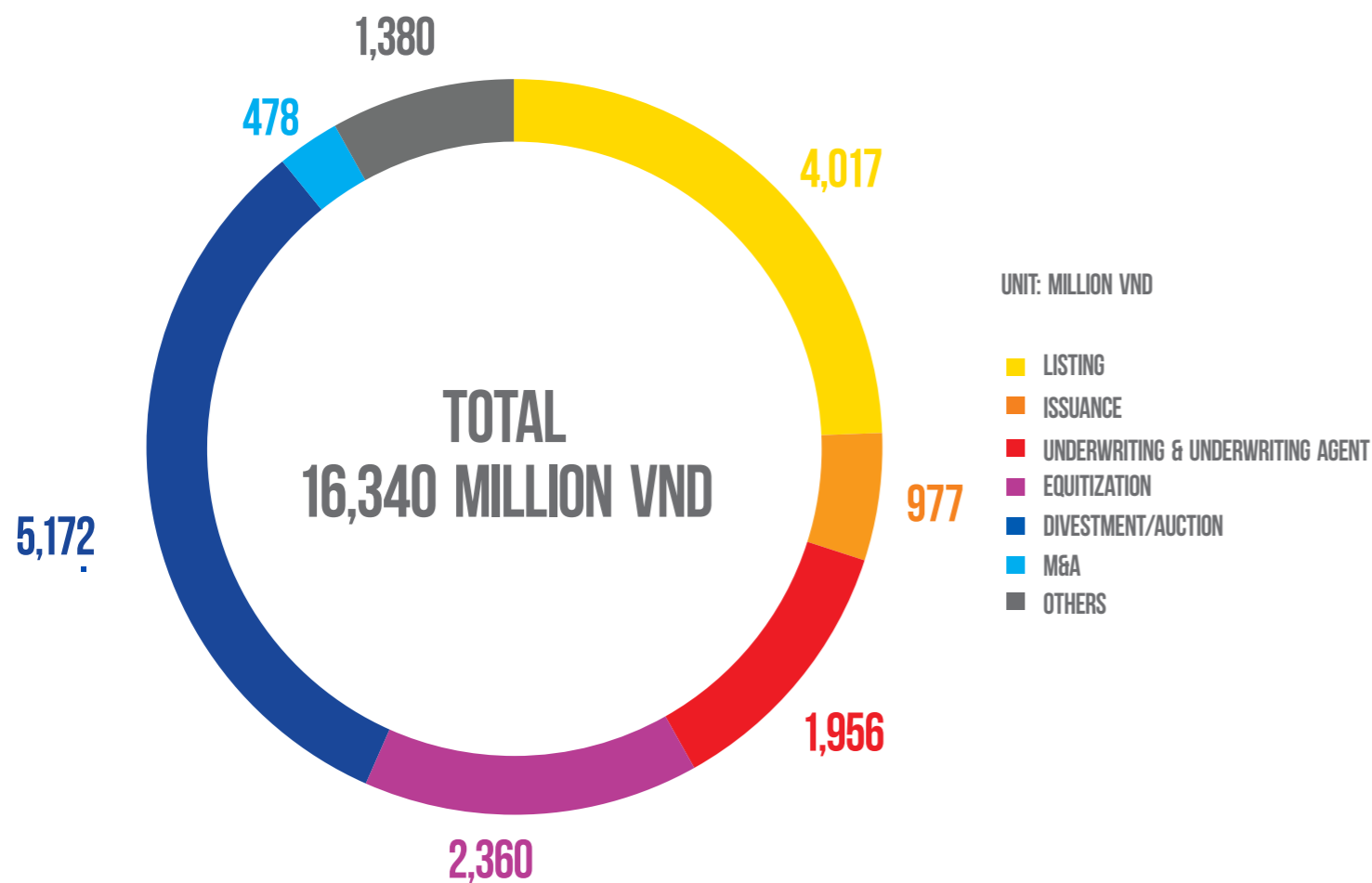


## ACTION PLAN IN 2017

2017 will be a difficult year for traditional financial advisory services because the process of equitization and divestment of SOEs are not expected to breakthrough. On that basis, SHS will focus on market-related products such as listing, transaction registration, IR consulting, etc. SHS will continue to research and seek opportunities to implement M&A deals through stock exchange

In addition, SHS will aim to promote interactions and expand relationships with clients, private enterprises with prestige and trademark in order to provide underwriting services and assist enterprises to implement IPO in accordance with international practices

### Revenue target for 2017:

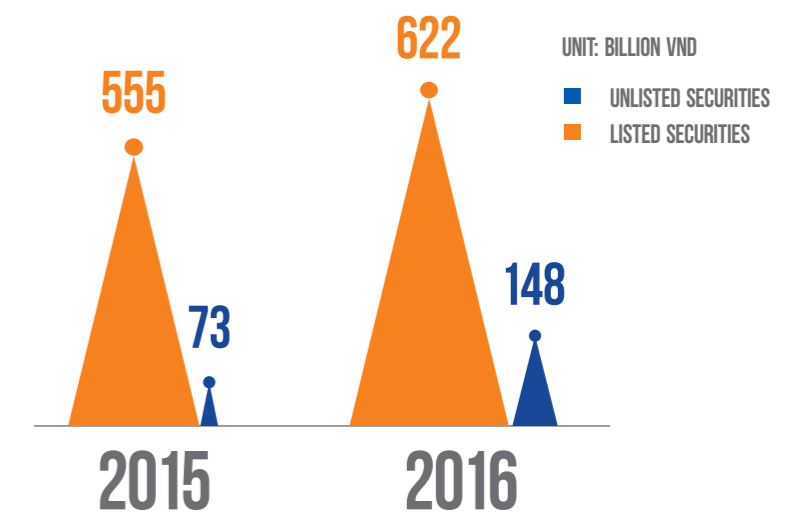


## INVESTMENTS

### BUSINESS PERFORMANCE IN 2016

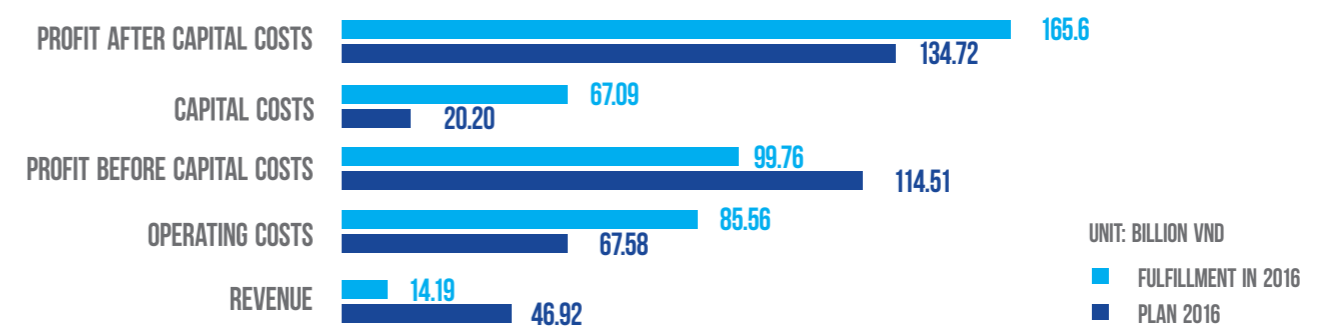
#### Increase value in new investments

2016 witnessed the Company's successfulness in securities investments. SHS bought VND6,958 billion and sold VND6,816 billion. Total new investment value increased VND141.7 billion, increasing 23% compared to last year. Investment of listed securities only increased VND66.3 billion, equivalent to 12% while investment of unlisted securities increased VND75.5 billion, equivalent to 104%.



#### Reduced revenue and profit but more sustainable portfolio

2016 was recorded with the Company's investment revenue of VND165.6 billion, exceeding 23.9% against the plan. Investment activities continued to bring profit, however, cost of capital was high and provisions were made for the previous investments, thus profit only achieved 30.2% against the plan.



- The recovery did not bring more opportunities for investors because it only happened to some stocks with large market capitalization. Although the stock market hit the record in 2016, compared with the nearest record in 2015, VN index just increased approximately 6.25% and this increase was mainly focused on stocks with large market capitalization such as VNM, VCB, BVH and stocks which were newly listed with large market capitalization such as ROS, SAB, etc. However, many stock groups were entered a fairly deep adjustment phase.

- Due to strict regulations on capital adequacy ratio as prescribed by the State Securities Commission, therefore the average capital for regular securities trading list was nearly VND500 billion compared with the initial plan of VND700 billion, resulting in the Company's failure in taking advantage of disbursement opportunities in large scale to increase investment efficiency.
- SHS's portfolio was characterized by large proportion of SHB with approximately VND137 billion. The Company had to make provisions worth nearly VND30 billion in 2016 (mostly for SHB), resulting in increase in operating costs of investment activities. Otherwise, the profit of 2016 portfolio could have increased approximately 5% against 2015.

***Restructuring oriented to a compact, efficient investment portfolio through stronger weight on M&A, share bidding.***

In 2016, SHS focused on restructuring the portfolio to become a compact, focused and efficient one. For the listed securities held by SHS, a drastic divestment had been applied for ineffective listed investments to focus resources for more profitable and effective investments. Portfolio restructuring resulted in increase in investment cost in short-term but it ensured the necessary resources, increasing the initiative for long-term investment strategy.

SHS also concentrated on acquiring unlisted securities which had effective core business, good competitive advantages, a series of growth potentials, attractive pricing and listed plan in the near future with expectation to generate big revenue in 2017 for the Company through auction or M&A. Investment value of listed securities reduced approximately VND150 billion and this amount were transferred to potential securities through auction, M&A such as Vietnam Pharmaceutical Corporation - Joint Stock Company (VINAPHARM), CIENCO 1, Binh Duong Water Supply Sewerage – Environment Co., Ltd (BIWASE), etc., these companies currently are very interested in by the market thus will bring great potential in 2017.

SHS effectively resolved non performing investments. As of 31st December 2016, SHS only had PID and PHC shares in its portfolio with investment value only accounted for a relatively small ratio in overall portfolio structure. With current market price, these investments incurred no loss, however, since PID had low liquidity, it was difficult to divest. The Company would closely follow up to divest when it is possible. For PHC shares, the Company could divest at any time but as PHC's stock was on the rise, the Company continued to hold it.

***SHS restructured for a streamline investment team.***

In 2016, the Company continued to streamline investment team, internal transfer of inappropriate personnel as well as recruiting new personnel more suitable for investment activities. Generally, new members were qualified with professional requirements, facilitating new investment plans, especially in investment activities through auction and M&A, hence helping the Company to successfully boost up new investments which could not be realized in the past.



## ACTION PLAN IN 2017:

### *Portfolio management and investment opportunities*

**1.**

Completely screen the existing portfolio, divest non-potential securities in order to focus investment resources on a more efficient and larger investment scale.

**3.**

For listed securities portfolio, new securities shall be invested for a long-term holding and higher holding percentage.

**2.**

Continue strengthen investment activities through auction and M&A and gradually reduce weight on listed securities.

**4.**

Invest in close relationships with enterprises; quickly collect information and data to actively handle the situation.

### *Human resources, training and internal management*

**1.**

Continue to recruit more qualified personnel to improve the personnel structure of investment team in the direction of specialization and depth in analysis and trading activities through auction and M&A.

**3.**

Strengthen risk management in investment by completely complying with principles, regulations and procedures developed by the Company and Supervisory Board, Internal Auditing, Supervising and Risk Management Divisions.

**2.**

Concentrate on regularly and continuously internal training to improve knowledge for investment team.

**4.**

Enhance quality of research report by improving staff quality to look for more feasible investment opportunities, and apply drastically profit-taking, cut loss principles to ensure portfolio's safe operation.







# RISK MANAGEMENT

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## RISK MANAGEMENT

2016 is the year that SHS records a strong rise and breakthrough in the top 10 securities companies of Vietnam. The achievement is the result of a great combination of flexible business strategy, and effective risk management.



SHS' risk management system has launched since 2013 in accordance with Circular No. 210/2012/TT-BTC dated 30/11/2012 of the Ministry of Finance, Decision 105/QĐ-UBCK dated 26/02/2013 of the SSC and Decision No. 35-2014/QĐ-HĐQT dated 01/06/2014 of the Board of Directors.

Accordingly, the risk management system of SHS is organized on three lines for many different types of significant risks on the basis that all the major risks in the business must have risk management procedures. The risk management process is closely connected to business processes and operational processes. The monitoring process for each type of risk consists of five basic steps: risk identification, risk measurement, risk monitoring, risk reporting and risk processing

In 2016, SHS strengthened its risk management activities, in which focused on identifying new risks, built effective information management systems that acted as a base for risk management, projected and updated risk prevention plans and, especially, built a proactive risk management culture at all levels of management. As a result, in 2016 SHS did not incur any critical risks associated with its business operation.

## IDENTIFYING RISKS IN BUSINESS ACTIVITIES

### LEGAL RISK

Legal risk is the risk arising from the Company's non-compliance with the applicable laws and regulations, or when disputes related to economic contracts that the Company has signed with clients, partners, employees ...

In 2016, the Company focused on legal risk management arising from new legal regulations on organization and operation of securities companies and from new products and services.

Solutions to prevent and minimize legal risks were:

- Proactive legal risk management was applied by all levels of employees. Each department, especially manager level, such as department head, team leader, etc., raised their awareness to take initiative in updating existing legal documents, and identifying legal risks to communicate with legal department and propose to the Board of Management solutions to prevent and minimize legal risks for the Company and for the department
- Information management systems for legal risks are developed in both vertical and horizontal dimensions. Legal risks are communicated not only from the management level to the departments and vice versa, but also from the legal department to other departments and vice versa.
- Strengthened operation of the legal department in the direction of enhancing the quality of personnel. Each legal staff is an adviser to Board of Management and other departments. Compliance involved in all processes of launching of new products and services from start to end.



## SETTLEMENT RISK

Settlement risk is the risk arising to the Company caused by the borrower or partner improperly or inadequately fulfilling their payment obligations according to the contract.

In 2016, the Company focused on management of settlement risk related to products of financial services such as margin lending, cooperation with third parties (i.e., credit institutions) for clients to borrow money to invest in securities ...

Solutions to prevent and minimize settlement risks were:

- Classified clients and partners based on different criteria to provide appropriate products and services and effective risk management solutions. Regularly, continually identified emerging risks associated with each group of clients and partners.
- Complied with regulations on client appraisal and loan referrals; on securities appraising as collateral for lending and loan referrals; on the addition of collateral and securities forced selling; and on debt collection period.
- Board of Management regularly directed related departments to monitor critical settlement risk. As a result, proactive settlement risk management's culture in all departments was increasingly enhanced.



- Built an effective information management system as a basis for managing settlement risk, in which focused on building and upgrading customer management software to become completely automatic. Brokerage and financial services together with IT and partners provided software to build and upgrade the management software.
- Regularly projected, updated, and supplement plans to deal with arising settlement risks, especially for high risk clients group.

## LIQUIDITY RISK

Liquidity risk is the risk that happens when the Company could not perform its debt obligations or unable to convert assets into cash at fair value in short term period due to ill-liquidity market.

In 2016, the Company paid special attention to management of liquidity risk. Experience shows that clients are rising their demands on capital scale, loan stability and quality of products and services provided by securities companies. Hence, ensuring a large, stable source of margin financing for clients is one of the key drivers for customer growth

Solutions to prevent and minimize liquidity risks were:

- Took initiative in margin lending sources by issuance of corporate bonds, or expanding the number of cooperated credit institutions and the scale of their lending...
- Strengthened finance safety ratio and managed risks related to products and services in order to maintain SHS' prestige to bondholders and lending partners.
- Upgraded and improved the Company's capital management software system as the basis for managing liquidity risk
- Regularly set up projected plans for the Company's liquidity risk.

## MARKET RISK

Market risk is the risk that changes the value of owned assets in an unfavorable way, negatively affecting revenue or capital of the Company due to changes in market factors.

In 2016, the Company focused on managing market risk that related to securities investments of the Company, underwriting with a firm commitment, margin lending to clients with securities on account as collateral ....

Solutions applied by the Company to prevent, limit market risks were:

- Complied with regulations on investment limits and stop losses in investment activities
- Performed underwriting with firm commitment only if there are plans already in place
- Complied with regulations on securities appraisal as collateral for lending and margin lending limit
- Upgraded and improved management software system of the Company as the basis for managing the market risk of the Company



### OPERATIONAL RISK

Operational risk is the risk that happens due to technical errors, failures of system or business processes, human mistakes during operation or due to lack of working capital resulting from expenses, from investment activities or from other reasons.

In 2016, the Company focuses on managing operational risk related to trading software and operations of staffs.

Solutions were taken to prevent and minimize operational risks:

- Bought and upgraded security software, worked closely together, regularly and continuously with partners to provide stable and secure trading software to clients.
- Trained staffs to improve their ability to identify operational risks and proactively propose solutions
- Assigned, and strengthened cross checking mechanism, mutual supervision between departments, individuals.
- Regularly reviewed and updated new operational risks, introduced risk prevention methods and solutions for operational risks
- Regularly trained staffs to improve their professional skills

### BRANDING RISK

Branding risks are the losses and damages of value due to changes in the customers' perception of the Company, affecting the demand for products and services, as well as the general operations of the Company.

2016 is the year that SHS records a strong rise and breakthrough in the top 10, then top 5 securities companies of Vietnam stock market. In the face of bad rumors, SHS is required to further improve the Company's brand risk management in order to help the Company develop sustainably and to strengthen the trust of its customers, partners and employees.

Solutions applied by the Company to prevent, limit branding risks were:



- Effective internal and external communication through various channels. Communication was active, consistent, maintaining the frequency of appearing in the press/media
- Appointed an authorized representative to do information disclosure fully, timely and transparently...
- Took initiative in developing projected plans to manage branding risk



## LIMITATIONS ON RISK MANAGEMENT IN 2016

The stock market is considered a fast growing market. However, securities risk management is a new field. Since SHS has implemented in the last 2-3 years, database and experience of securities risk management are not much. In the five risk management steps, risk measurement, especially market risk, is always a major problem for risk management managers.

Although in the year 2016, the Company has proactively performed risk management, and staffs has identified and recommended solutions for risk management, the risk management system is not really professional and needs more improvements.



## RISK MANAGEMENT PLAN FOR 2017

In 2017, risk management system of SHS will continue to operate in accordance with the prevailing laws and the direction of Board of Director and Board of Management. The Company continues to develop, upgrade and strengthen internal risk management policies, and procedures in order to adapt to the development of the Company and the increasing complexity of securities sector. Besides, the Company will focus on recognizing, measuring and dealing with new risks in order to improve the Company's business efficiency and ensure the Company's sustainable development.



# GOVERNANCE REPORT

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## MEMBERS OF BOARD OF MANAGEMENT

Mr

### VU DUC TIEN

MEMBER OF BOARD OF DIRECTORS / CEO

**Date of appointment:** 01/11/2014**Education level:** Bachelor of accounting in banking**Experience:** 21 years of experience in finance, banking, administrative management, investing**Ownership:** 79,400 SHS shares (0.0079%)**Present positions at other companies:**

- + Member of BOD of Saigon - Hanoi Insurance Jsc
- + Member of BOD of Thanh Hoa Petroleum Construction Jsc
- + Member of BOD of Petroleum logistic services and Investment Jsc
- + Member of BOD of Vung Tau Construction and Real Estate Jsc
- + Member of BOD of Saigon - Hanoi Securities Jsc



Mr

### TRAN SY TIEN

DEPUTY CEO/CHIEF ACCOUNTANT

**Date of appointment:** 16/04/2014**Education level:** Bachelor of Economics**Experience:** 21 years of experiences in the fields of banking and securities.**Ownership:** none (0%)**Present positions at other companies:**

- + Head of Supervisory Board – Thanh Hoa Petroleum Construction Joint Stock Company.
- + Member of Supervisory Board - Petroleum Infrastructure Investments Joint Stock Company.



Mr

### NGUYEN CHI THANH

DEPUTY CEO/DIRECTOR OF HO CHI MINH BRANCH

**Date of appointment:** 05/05/2014**Education level:** Master in Business Administration**Experience:** 13 years of experience in securities field**Ownership:** None (0%)**Present positions at other companies:** None

Mrs

### TRAN PHUOC HA NHI

DIRECTOR OF DA NANG BRANCH

**Date of appointment:** 09/08/2011**Education:** Master in Business Administration**Experience:** 10 years of experience in securities field**Ownership:** None (0%)**Present positions at other companies:** None

### CHANGES IN BOARD OF MANAGEMENT in 2016

Appointment: No

Dismissal: No

## REPORT OF BOARD OF MANAGEMENT

### BUSINESS IMPLEMENTATION IN 2016

2016 witnessed the turning point of management strategy towards concentrating on successfully improving operating performance and risk management of Board of Management for a long-term stable growth. Such orientation's appropriateness was proved by 2016 business performance.

SHS brokerage market share hit the record high and SHS was gradually acknowledged as a securities company with reliable position in Top 5 leading securities companies with large brokerage market share in both HNX and HSX and many solutions on transactions, products which outperformed competitors in the market. For corporate finance advisory, 2016 was recorded with SHS's key concern on powerful clients with high added value including IPO deals, divestments, capital raising, M&A initiated by many giants such as VEAM, VNPT, Ministry of National Defense, VTC, Sudico, etc., and internal clients within the group. The investment activities were restructured by reducing the reliance on investment performance in listed securities and transforming to invest in securities from auction and M&A with a series of potential stocks having a promising breakthrough growth.

End of 2016, the Company was recorded with net revenue of VND 566 billion, pre-tax earnings of VND 86.6 billion, accounting for 108.3% and 68.7% against the set plan, respectively. In comparison with the 2015 performance, revenue increased 9.1% while the profit reduced 26.7%. For each operation, investment exceeded 23.9% of revenue plan with VND 166,8 billion, brokerage & financial service fulfilled 96.2% of the revenue plan; although operating revenue was still promissory, corporate finance advisory was recorded with VND 7,34 billion in 2016 as it was affected by some objective factors, equivalent to 40% of the annual plan.

In addition to positive factors, non-addressed difficulties made the business performance reduce against the expectation. Particularly, contracting mechanism was not applied for some sales divisions to launch KPI in the entire Company. Trading infrastructure system was not replaced as scheduled. Employees' salary and income were not re-arranged as approved by Board of Directors to successfully attract the talents. Business strategy for some operations was unclear and inconsistent.

SHS's operating expenses in 2016 was VND 439,2 billion, exceeding 40.5% against the plan. The above operating expenses were not originated from the 2015 businesses, other than SHS's expectation on reimbursing provision for securities devaluation worth VND 19,7 billion from portfolio of the last years. A provision of VND 30,2 billion was required due to special disadvantages from some long-term held investments. Moreover, interest rate lightly increased and capital scale for brokerage and long-term investment activities increased resulting in an increase of 63% against the plan and the nature of the business was not properly reflected. Concretely, administration expenses were continued to be closely managed by savings measures. The total was VND 40 billion, equivalent to 47.6% against the plan, fulfilling 78% against that in 2015. It proved that expenses were well managed against 2015.

### Business performance in 2016

UNIT: VND MILLION

No.	ITEMS	PLAN IN 2016	FULFILLMENT IN 2016	% AGAINST THE PLAN
<b>1</b>	<b>Revenue (1=1.1+1.2+1.3+1.4+1.5+1.6)</b>	<b>522,804,90</b>	<b>565,950,51</b>	<b>108.3%</b>
1.1	Revenue of securities brokerage	135,553,40	115,652,86	85.3%
1.2	Revenue of securities investment and capital contribution	134,722,88	181,706,12	134.9%
1.3	Revenue of advisory service	58,415,15	50,896,19	87.1%
a/	Revenue of underwriting, securities issuance agent	6,550,00	535,00	8.2%
b/	Revenue of advisory service	51,865,15	50,361,19	97.1%
1.4	Revenue of securities depository	7,801,40	9,286,57	119.0%
1.5	Revenue of auction and trust	1,066,24	725,91	68.1%
1.6	Others	185,245,83	207,682,87	112.1%
<b>2</b>	<b>Net revenue (2=1-1.7)</b>	<b>522,804,90</b>	<b>565,950,51</b>	<b>108.3%</b>
<b>3</b>	<b>Operating cost (3=3.1+3.2+3.3+3.4+3.5+3.6+3.7+3.8)</b>	<b>312,572,53</b>	<b>439,286,27</b>	<b>140.5%</b>
3.1	Expenses of securities brokerage	25,694,87	23,322,58	90.8%
3.2	Expenses of securities investment and capital contribution	37,264,29	33,234,21	89.2%
3.3	Expenses of underwriting, securities issuance agent	-	90,00	
3.4	Expenses of advisory service	4,782,08	4,325,16	90.4%
3.5	Expenses of securities depository service	6,439,10	7,604,63	118.1%
3.6	Expenses/ provision reimbursement	(19,736,52)	30,234,25	-153.2%
3.7	Others	196,754,88	283,518,17	144.1%
3.8	Direct costs	61,373,82	56,957,25	92.8%
<b>4</b>	<b>Gross profit (4 = 2-3)</b>	<b>210,232,38</b>	<b>126,664,24</b>	<b>60.2%</b>
<b>5</b>	<b>Business administration expenses</b>	<b>84,206,25</b>	<b>40,117,59</b>	<b>47.6%</b>
5.1	Manager costs	21,004,55	22,963,71	109.3%
5.2	Materials, tool and instrument costs	698,14	814,96	116.7%



5.3	Costs of depreciating fixed assets	1,446,55	762,53	52.7%
5.4	Taxes, duties and charges	466,22	87,89	18.9%
5.4	Expenses/ provision reimbursement	47,457,04	4,721,36	9.9%
5.6	Outsourcing service expenses	5,978,11	5,500,88	92.0%
5.7	Other costs in cash	7,155,64	5,266,27	73.6%
<b>6</b>	<b>Net profit (6 = 4-5)</b>	<b>126,026,12</b>	<b>86,546,65</b>	<b>68.7%</b>
<b>7</b>	<b>Others</b>	<b>-</b>	<b>43,05</b>	
<b>8</b>	<b>Gross profit before tax</b>	<b>126,026,12</b>	<b>86,589,70</b>	<b>68.7%</b>

### Investment activities

In 2016 the Company bought VND 6,958 billion and sold VND 6,816 billion. Therefore, total investment value of SHS as of 31st December 2016 increased VND 141,7 billion, increasing 23% compared to the same period of 2015. The listed securities only increased VND 66,3 billion, equivalent to 12% while the unlisted securities increased VND 75,5 billion, equivalent to 104%.

NO.	ITEMS	AS OF 01ST JANUARY 2016	INCREASE	DECREASE	AS OF 31ST DECEMBER 2016	CHANGE AMOUNT	%
<b>I.</b>	<b>Listed securities</b>	<b>555,228,275,018</b>	<b>2,990,685,906,850</b>	<b>2,924,403,295,877</b>	<b>621,510,885,991</b>	<b>66,282,610,973</b>	<b>12%</b>
	Stocks	555,228,275,018	1,198,891,356,850	1,132,608,745,877	621,510,885,991	66,282,610,973	12%
	Bonds	-	1,791,794,550,000	1,791,794,550,000	-	-	-
	Funds	-	-	-	-	-	-
	Others	-	-	-	-	-	-
<b>II.</b>	<b>Unlisted securities</b>	<b>72,551,836,000</b>	<b>3,967,482,236,800</b>	<b>3,892,020,802,800</b>	<b>148,013,270,000</b>	<b>75,461,434,000</b>	<b>104%</b>
	Stocks	72,551,836,000	160,531,616,000	85,070,182,000	148,013,270,000	75,461,434,000	104%
	Bonds	-	3,806,950,620,800	3,806,950,620,800	-	-	-
	Funds	-	-	-	-	-	-
	Others	-	-	-	-	-	-
	<b>Total</b>	<b>627,780,111,018</b>	<b>6,958,168,143,650</b>	<b>6,816,424,098,677</b>	<b>769,524,155,991</b>	<b>141,744,044,973</b>	<b>23%</b>

## 2017 BUSINESS PLAN

### OVERVIEW

#### 1. General information for 2017

- The world's economic growth is forecast to increase in 2017, estimating 3.4% (IMF) thanks to the growth momentum of USA and some emerging and developing countries. However, the world economic in 2017 is still faced with a series of challenges including: 1/ BREXIT impacts; 2/ Emerging of trade protectionism which may adversely affect on global economic growth, especially Europe; 3/ Impacts which are not completely estimated from policies to be promulgated by the President Donald Trump.
- Generally, Vietnam economy is still actively evaluated in 2017. 2017 witnesses the challenges to Vietnam economy including: 1/ Changes in US policies and impacts on regions as well as global capital flow transfer; 2/ High public debts (64.7% of GDP) while budget deficit have not been improved yet (estimated 4.3% of GDP against 4.28% in 2015), increasing financial risks and directly affecting interest rate and expenditures for development investment; 3/ Continuous process of restructuring the economy in line with reform of growth model and focus on public investment, bad debt settlement
  - **Growth in 2017** is evaluated to be maintained at active level thanks to policies on improving investment and business environment, recovery prospects of crude oil price and price of some agricultural products, capacity to maintain manufacturing industry and increase in domestic demand and drive from export growth, especially in FDI.
  - **Inflation** is expected to be higher in 2017 due to price pressure from increase in imported raw materials and price adjustment of some services such as health care, education and electric. Therefore, inflation is expected to vary within 4% - 6%.
  - **Exchange rate** in 2017 shall be subject to pressure from FED's interest increase policy, USD appreciation, inflation increase. Moreover, the China's poor policy on Yuan maintenance is also a factor which may affect the Vietnam exchange rate. However, with reservation of FDI and ODA sources like 2016 and the highest foreign currency reserves (USD40 billion), exchange rate is expected not to be sharply varied, but within 2%- 3%.
  - **Interest rate and credit** 2017 credit is expected to grow when business environment is improved and consumption is increased, speeding up investment demand. However, with increased inflation and trend of increasing USD interest rate in the world market, interest rate hit the floor and is forecast to increase in 2017.
  - **Restructuring:** The process of SOEs equitization and investment divesture, bad debt settlement of VAMC shall be continued. For banking, in addition to strengthening the credit quality control, the bad debt settlement process shall be pushed up.

#### SOME FORECASTS ON VIETNAMESE ECONOMIC GROWTH IN 2017

SOURCE: SHS RESEARCH



#### 2. Forecast and impact analysis

2017 stock market is evaluated to be actively operated but still at prudent level and faced with potential challenges:

##### OPPORTUNITIES:

- The world economy is forecast to obtain a higher growth rate than that in 2017. This shall significantly support the recovery of Vietnam economy, especially for exporting.
- In 2017, improved business environment, reduced input costs, and policies on reducing corporate income tax for the SMEs to 17% shall support business performance of companies. This shall be a good background for overall development of stock market.
- Many policies promulgated for the stock market shall be materialized and implemented in a more drastic manner, including Decree No. 60 which expands room for foreign investors, T+2 is initiated and regulation on registering transaction in the stock exchange is applied for SOEs after IPO, regulations on launching daily transactions. Moreover, new products such as warrant guarantee, derivative stock market shall be released. The above factors shall be the legal basis to actively support development of stock market.
- Guidelines on equitization and listing many large-size enterprises, upgrading stock market from frontier market into emerging market, offering attractive price considering P/E and P/B against regional countries shall be the factors to continue attracting foreign investment flow into the stock market in 2017.

##### CHALLENGES:

- Challenges on US policies, instability in Europe shall continue risks for the global economy, including Vietnam.
- The Government's restricted budget balance and rising public debts are factors, affecting the financial resources for development investment and growth momentum of the economy.
- Exchange rate may be adversely affected by depreciation of Yuan and an increase of USD interest rate, Vietnam interest rate is expected to hike in 2017. Those factors are adversely affected foreign indirect investment (FI) on stock market
- Cashflow for securities investment is continued challenging due to impact of Circular No. 36 and Circular No. 07, restricting banking cash flow for securities investment and business activities.
- Activities of enterprises shall be sharply segregated, requiring investment and investment advisory services of securities companies to be more flexible and sensitive.
- The market growth rate is also affected by pressure from supply source. With SOEs restructuring, a large number of enterprises shall be continued to be subject to equitization; the divesture of non-core assets and guidelines on listing IPO companies shall make outstanding listing shares increase. Hence, market's overall growth shall be significantly pressed.

### 3. Impacts on SHS operations

#### OPPORTUNITIES:

- Although stock market in 2017 is evaluated to face with a series of challenges, opportunities are still available to SHS's brokerage and investment activities.
- Equitization, IPO of SOEs, divestiture of non-core assets, corporations, debt restructuring of banks, share issuance and listing are evaluated to continue to speed up, creating opportunities for SHS's Investment, Brokerage, Advisory and Underwriting.
- Improvement on the control criteria of securities companies will reduce the number of securities companies to ensure market development. Moreover, new operations such as derivatives are also characterized by stricter requirements on capital (brokerage operation requires charter capital, or owner's equity of over VND800 billion, direct settlement & clearing requires capital of over VND900 billion). Therefore, it is also a great chance for SHS to reduce the number of competitors.

#### CHALLENGES:

- Although the stock market is forecast to obtain positive signals in 2017, many potential challenges are still available, requiring the Company's activities to be flexible to take opportunities.
- Credit for securities investment and business activities are still affected by Circular No. 36 and Circular No. 07. Moreover, capital requirements for new products and for joining derivatives market require SHS to find out new channels to supplement its funding sources for operation
- Securities industry restructuring process together with new regulations shall affect operating costs, financial safety ratio, thus impact on SHS' flexibility in operation management.
- Competition among securities companies in depth, high quality of services requires SHS to continue to invest in human resources and technologies to successfully maintain and improve its market share and images. This may make operating costs increase and put pressure on the Company in short-term.

### 4. SHS business operation in 2017 shall prioritize in the following order:

- Maintain and strengthen the position firmly in 2016. Enhance intensive and extensive brokerage development in terms of both quality and quantity. The important task is to improve quality of the brokerage, especially investment advisory. Moreover, the stability of the funding resources must be maintained to serve investor's demand. The goal is ranked Top 5 securities companies with highest securities brokerage market share in both HNX and HSX and striving to be listed in Top 3.
- Improve financial product and service quality, conduct research and development of new competitive products suitable with different client segments.
- Enhance qualified human resources for operations, especially for IPO, M&A and corporate financing restructuring advisory.
- Take the opportunities available in market by investing into listed securities. Look for valuable investment opportunities by joining as strategic shareholders, auctioning the SOEs to be IPO in 2017. It aims to shift portfolio form listed securities to qualified PE securities with high profitability.
- Risk control and management, financial safety improvement must be still focused.
- Strengthen the funding resources, good financial safety ratios to satisfy the requirements of State Securities Commission and have sufficient financial resources for the operations.
- Continue to research and invest in IT to facilitate service quality improvement.

#### PLAN AND SOLUTIONS FOR 2017 BUSINESS PLAN

The 2017 economic conditions and stock market are forecast to be favorable but challenging, the Company's resources and strengths shall be developed to grasp opportunities and focus on stabilizing SHS' financial position, strengthening organization and human resources.

### 1. Key objectives and tasks

NO.	DIVISION	TASKS	OBJECTIVES
1	Brokerage	Maintain the position in Top 5 leading securities companies; Strengthen customer development, especially institutional clients; Improve the quantity and quality of brokerage team; Enhance technology application; Improve investment advisory capacity.	Develop SHS as one of the local leading brokerage companies; strive to be named in the Top 3 brokerage market share.
2	Financial services	Maintain product stability; Diversity service forms; Improve customer-oriented products towards flexibility and convenience but safety for the Company. Develop new products and services, products in combination with the third party not directly related to the securities.  Control risks, improve capital use efficiency; comply with legal regulations and the Charter	Develop flexible and convenient financial products which are fully automated and integrated with trading software, conduct good operational risk management.
3	Investments	Offer proper capital balance to grasp opportunities on listed securities investment; Continue restructuring portfolio; Strengthen investment opportunities through M& A and Private Equity within the capacity of SHS; Launch other investment channels permitted by laws and the Charter	Make use of opportunities to look for short-term profit in combination with good profitable, sustainable and long-term portfolio.
4	Advisory	Launch conventional advisory services; focus on operations on corporate financing restructuring; intermediary advisory with other IB activities; improve advisory quality.	Develop SHS to be the local leading advisor in Vietnam.
5	Treasury	Monitor treasury operation to ensure the Company's liquidity safety; closely observe the market, forecast risks affecting the Company's treasury, develop backup solutions; Look for solutions to successfully improve capital management; Launch solutions to supplement funding resources for the Company's operations.	Ensure to satisfy the departments' capital demand on the basis of optimal capital costs.
6	Management	Train, screen, and recruit to supplement and improve HR quality; Screen and control costs, improve resources efficiency; add some middle and senior leaders	Apply dynamic, professional, discipline and high quality organizational structure in business activities.

### 2. Business Plan for 2017

*Business plan is designed in accordance with some key assumptions as follows:*

- The world economy is stable;
- Vietnam economy growth is stable without abnormal changes;
- Average value in the stock market reaches VND3,300 billion/session (increasing 10% against 2016);
- VN-Index is forecast to hit 750 scores +/- 10 scores.

*Key business plan criteria in 2017:*

- Market share: **Top 5 largest securities companies**
- Revenue: **VND 625.9 billion**
- Total expenses: **VND 503.1 billion**
- Profit before tax: **VND 122.68 billion**
- Dividend: **8%**

## MEMBER OF BOARD OF DIRECTORS



Mr

### DO QUANG HIEN

CHAIRMAN OF BOARD OF DIRECTORS

**Date of appointment:** 03/12/2007**Member:** Dependent and non-executive**Education:** Engineer of radiophysics**Experience:** 23 years of experience in finance, banking, securities, management and investment**Ownership:** 25,000 SHS shares (0.025%)**Present position at other companies:**

- + BOD's Chairman of T&T Group JSC., Saigon – Hanoi Joint Stock Commercial Bank, Saigon – Hanoi Fund Management JSC., Saigon – Hanoi Insurance Corporation JSC, SHB Industrial Zone and Urban Development Joint Stock Company, T&T Ha Giang Mineral Exploitation and Processing Joint Stock Company, Transport Hospital Joint Stock Company (TRAH., JSC)
- + CEO of T&T Group JSC

Mr

### VU DUC TIEN

MEMBER OF BOARD OF DIRECTORS / CEO

**Date of appointment:** 15/09/2014**Member:** Independent and executive**Education level:** Bachelor of accounting in banking**Experience:** 21 years of experience in finance, banking, securities, management and investment**Ownership:** 79,400 SHS shares (0.0079%)**Present positions at other companies:**

- + Member of Board of Directors - Saigon – Hanoi Insurance Corporation
- + Head of Supervisory Board Thanh Hoa Petroleum Construction Joint Stock Company
- + Member of Supervisory Board of Petroleum Infrastructure Investments Joint Stock Company



Mr

### LE DANG KHOA

MEMBER OF BOARD OF DIRECTORS

**Date of appointment:** 22/03/2013**Member:** Dependent and non-executive**Education:** Master of Business Administration**Experience:** 7 years of experience in finance, banking, securities, management and investment**Ownership:** 0 SHS share (0%)**Present position at other companies:**

- + Deputy Chairman of BOD – Saigon – Hanoi Insurance Corporation JSC
- + Deputy Director of Saigon – Hanoi Joint Stock Commercial Bank

Mr

### MAI XUAN SON

MEMBER OF BOARD OF DIRECTORS

**Date of appointment:** 24/01/2014**Member:** Dependent and non-executive**Education:** Bachelor in Business Administration**Experience:** 18 years of experience in finance, business administration and investment**Ownership:** 44 SHS shares (0.002%)**Present position at other companies:**

- + Board of Directors Chairman of Handicraft and Art Article Export – Import Corporation - Artexport Vietnam
- + Deputy General Director of T&T Group JSC
- + Director of T&T Motor Co., Ltd
- + Chairman of Board of Directors of HACASEAFOOD



Mrs

### NGUYEN MINH PHUONG

MEMBER OF BOARD OF DIRECTORS

**Date of appointment:** 11/4/2016**Member:** Dependent and non-executive**Education:** Bachelor of banking and finance**Experience:** 8 years of experience in finance, banking, securities and investment**Ownership:** 0 SHS share (0%)**Present position at other companies:**

- + Member of Supervisory Board of Vegetexco Vietnam JSC.
- + Member of Supervisory Board of Transport Hospital Joint Stock Company

Changes in members of Board of Directors in 2016: Unchanged

## REPORT OF THE BOARD OF DIRECTORS

### ACTIVITIES OF SUBCOMMITTEES UNDER BOARD OF DIRECTORS

The subcommittees were established and specific duty was assigned to each BOD member as follows:

No.	SUBCOMMITTEE	BOD MEMBER IN-CHARGE	RESPONSIBILITIES
1	Governance Development policy	Mr. Do Quang Hien - Chairman of the Board of Directors	Studied the macroeconomic condition and changes of policies and laws Gave out business development plans and solutions Convened 13 BOD meetings in 2016 to discuss and approve the decisions/resolutions for issues under authority Supervised compliance with laws and fulfillment of business plans approved by the Annual General Meeting
2	Human resources, salary, bonus and system administration	Mr. Vu Duc Tien - Member of Board of Directors	Advised the Board of Directors in promulgating the internal regulations on human resources, salary and bonus. Studied and proposed HR, salary and bonus solution to Board of Directors.
3	Risk management and internal audit	Mr. Mai Xuan Son - Member of Board of Directors Mr. Nguyen Thanh Quang - Member of Board of Directors	Advised Board of Directors to promulgate risk management and internal audit policies and procedures. Directly supervised and managed operation and report of Risk Management Division and Internal Audit Division. Advised proper solutions to Board of Directors for Risk Management and Internal Audit-related issues.
4	Finance and Accounting and Internal control	Mr. Le Dang Khoa - Member of Board of Directors Ms. Nguyen Minh Phuong - Member of Board of Directors	Advised Board of Directors to promulgate Finance and Accounting and Internal Audit policies and procedures. Directly supervised and managed the operations and appraise the reports submitted by Finance and Accounting and Internal Control Division. Advised proper solutions to Board of Directors for Finance and Accounting and Internal Control-related issues.

In addition to subcommittees under the BOD, the supporting divisions are further established by the BOD, concretely:

No.	TEAM	RESPONSIBILITIES
1	BOD Office	Acted as secretary and consultant to the BOD. Complied with directions of the BOD Chairman in organizing the Annual General Meeting, Supervisory Board and the Chief Executive Officer Managed the Company's shareholders and supported the shareholders to exercise shareholders' right Prepared and set up storage system of documents, regulations, procedures, reports, etc.
2	Internal Audit Division	Conducted internal audit for the Company's governance and business management activities. Proposed and suggested solutions for the shortcomings, risks and improved the business quality.

### OPERATIONS OF BOARD OF DIRECTORS

#### Operations of Board of Directors

Operations of Board of Directors were complied with regulations of laws and the Charter

In 2016 BOD's operations was focusing on orienting BOD operations, updating the Company's performance, directing and orienting the Company's performance to Board of Management, appraising and approving business proposals submitted by Board of Management, and monitoring the activities of Board of Management.

BOD member's involvement of meetings as follows:

MEMBER OF BOARD OF DIRECTORS	TITLE	DATE STARTING AS BOD MEMBER	NUMBER OF PARTICIPATORY MEETING/PROXY
Mr. Do Quang Hien	Chairman	03/12/2007	13/13
Mr. Le Dang Khoa	Member	22/03/2013	13/13
Mr. Mai Xuan Son	Member	24/01/2014	13/13
Mr. Vu Duc Tien	Member - CEO	10/09/2014	13/13
Ms. Nguyen Minh Phuong	Member	11/04/2016	9/13

- In 2016, 2 resolutions and 30 decisions were promulgated by Board of Directors.

### Evaluating operations of BOD

In 2016, the Chairman of BOD directly directed Board of Management, regularly supervised all aspects of the Company, gave out guidelines and policies timely and properly in accordance with regulations of the laws and the Company's Charter, which were suitable with socio-economic context and each development phase of the Company.

BOD members were adhered to each assigned operation and updated it in the documents, materials and reports prepared by the Board of Management, Internal Audit Division, Supervisory Board and notified to all BOD Members for acknowledgment to take the measures to handle, oriented and supported Board of Management to find out proper solutions, especially in the context of increasingly challenging market and a wide range of changes in concerned policies.

### BOD Meetings

NO.	MEETING DATE	SESSION	MEETING CONTENTS
1	04/01/2016	Quarterly meeting in the 1st Quarter of 2016	<ul style="list-style-type: none"> <li>- Evaluated SHS governance and operations of the Subcommittees and cooperation with Supervisory Board in 2015.</li> <li>- Prepared plan and orientation of BOD and its subcommittees in 2016.</li> <li>- Conducted duty assignment in 2016 for each BOD member.</li> <li>- Discussed completion of the 2015 income statement and the 2016 business plan to submit the Annual General Meeting for approval and tasks to be launched in the early of 2016.</li> <li>- Submitted the stock and bond investment plans and portfolio of other enterprises for Board of Directors to discuss and give out the directions.</li> </ul>
2	02/03/2016	Extraordinary meeting on corporate bond issuance, first phase 2016	<ul style="list-style-type: none"> <li>- Discussed and approved the SHS Bond Private Placement Plan for the first phase in 2016, VND300 billion to support funding resources for margin lending securities. Bonds were used as the collaterals for loans at SHB.</li> </ul>
3	05/04/2016	Quarterly meeting in the 2nd Quarter of 2016	<ul style="list-style-type: none"> <li>- Approved a series of reports such as 2015 Income Statement submitted by Board of Management, Operation Report of Supervisory Board and Appraisal of 2015 Financial Statements of Supervisory Board; Report on Remuneration Payment of BOD and Supervisory Board, remuneration payment plan in 2016;</li> </ul>

			<ul style="list-style-type: none"> <li>- Approved the 2016 Annual General Meeting held on 13pm dated 22nd April 2015 at the Trade Union Conference Center located at 7th floor, No. 1, Yet Kieu, Hanoi;</li> <li>- Unified contents of documents to be submitted to the 2016 Annual General Meeting;</li> <li>- Approved the Resignation Letter submitted by Mr. Nguyen Thanh Quang - BOD Member on 11th April 2016 as prescribed in Point b, Clause 6, Article 39 of the Company's Charter;</li> <li>- Approved the appointment of Ms. Nguyen Minh Phuong to undertake the title of BOD Member for 2012-2017 term since 11th April 2016 as prescribed in Clause 4, Article 46 of the Company's Charter.</li> </ul>
4	24/05/2016	Review business performance of the first 5 months of the year and launch the 2016 business plan approved by the Annual General Meeting.	<ul style="list-style-type: none"> <li>- Considered the Company's financial position, financial resources and credit for investment, brokerage and securities underwriting and approved some margin lending plans, etc., proposed by Board of Management.</li> </ul>
5	23/06/2016	Extraordinary meeting on investment performance for the first 6 months of the year.	<ul style="list-style-type: none"> <li>- Discussed and approved some stocks/bonds investment plans proposed by Board of Management.</li> </ul>
6	11/07/2016	Quarterly meeting in the 3rd Quarter of 2016	<ul style="list-style-type: none"> <li>- Reviewed business performance of the first 06 months of the year and launched 2016 business plan approved by the Annual General Meeting</li> <li>- Summarized business performance as of 11th July 2016, particularly business investment activities and mobilize the financial resources, review, discussed and approved some business plans proposed by Board of Management.</li> </ul>
7	08/08/2016	Extraordinary meeting on investment, treasury, brokerage and risk management for the first 7 months of 2016	<ul style="list-style-type: none"> <li>- Considered the issues related to investment, treasury, and brokerage and risk management for the first 7 months of 2016.</li> <li>- Discussed and agreed some solutions on bond and stock portfolio structure by analyzing the economic situation and stock market in the Q2/2016; discussed and agreed on solutions to speed up brokerage operation and risk management; approved some Business Plans proposed by Board of Management.</li> </ul>

8	11/08/2016	Extraordinary meeting on investment performance for the first 8 months of 2016	<ul style="list-style-type: none"> <li>- Discussed stock and bond investment launched in the first 8 months of the year; discussed and approved some bond and stock investment plans proposed by Board of Management.</li> <li>- Discussed and approved the SHS Bond Private Placement Plan for the second phase in 2016, VND 400 billion to support funding for margin lending securities. Bonds were used as the collaterals for loans at SHB.</li> </ul>
9	24/09/2016	Quarterly meeting in the 3rd Quarter of 2016	<ul style="list-style-type: none"> <li>- Discussed and approved report on the Company operation submitted by Board of Management as of 20th September 2016, especially brokerage, investment, financial services, finance advisory &amp; underwriting, and risk management.</li> <li>- Approved some investment and business plans on Bonds, stocks, loans and capital raising proposed by Board of Management.</li> </ul>
10	10/10/2016	Extraordinary meeting on bond investment.	<ul style="list-style-type: none"> <li>- Discussed and evaluated bond investment opportunities in 2016.</li> <li>- Approved some bond investment and business plans proposed by the Board of Management.</li> </ul>
11	13/10/2016	Quarterly meeting in the 4th Quarter of 2016	<ul style="list-style-type: none"> <li>- Approved contents of Income Statements for the 9 first months of 2016 submitted by CEO;</li> <li>- Approved solutions on launching the Business Plan for the last 3 months of 2016 submitted by CEO, with new proposals for outstanding issues and settlements;</li> <li>- Approved Operation Report for the first 9 months of 2016 submitted by Supervisory Board and the proposals of Supervisory Board;</li> <li>- Approved the BOD contents to direct Board of Management to fulfill 2016 Business Plan and approved some contents under the authority of BOD. The CEO was responsible for launching the approved contents and then reporting the BOD.</li> </ul>
12	01/12/2016	Review the business performance for the first 11 months of 2016	<ul style="list-style-type: none"> <li>- Reviewed 2016 business performance and considered the Company's financial summary;</li> <li>- Launched the composition of 2017 Business Plan to submit to Annual General Meeting for approval;</li> <li>- Approved some contents under the authority of BOD.</li> </ul>
13	19/12/2016	Year End meeting 2016	<ul style="list-style-type: none"> <li>- Preliminarily reviewed the 2016 Income Statement and 2017 Business Plan of the Board of Directors and the Board of Management.</li> <li>- Approved some contents under the authority of BOD.</li> </ul>

## OPERATIONS OF THE INDEPENDENT MEMBERS OF BOD

No independent members of BOD are available

## LIST OF BOD MEMBERS WITH CORPORATE GOVERNANCE CERTIFICATE

BOD members have involved in the corporate governance training programs for leaders of banks, securities, etc.

## BOD'S ASSESSMENT ON THE COMPANY'S OPERATIONS

2016 marked 20th anniversary of Vietnam Stock Market and a memorable year of Vietnam Stock Market. Closing the 2016 year-end trading session (30th December), VN-Index still maintained its green, reaching to 664 points, increasing 95 points compared to 2015 level, equivalent to 15% of growth rate in last year. HNX-Index was recorded with a slight increase of 0.2% to 80.12 points. Total market capitalization in 2016 hit over VND1.64 trillion (USD72 billion), increasing VND345,000 billion (26.6%), equivalent to an increase of over USD15 billion against that at the end of 2015. 2016 Vietnam Stock Market witnessed an unexpected external shocks, such as an artificial interruption of China Stock Market on 4th January, Brexit on 24th June, US President Election Results on 9th November, bottom fluctuations and recovery of crude oil price, rubber price, gold price and some essential commodities of the world.

However, domestic impacts were much larger and characterized by a much more directly intensive influence. Many investors and securities companies lost a lot of money due to reducing price of some shares such as TTF, DRH and MTM; the fever was created for both domestic and international investors by the "Giants" in the listing market such as Habeco, Sabeco, Novaland, Petrolimex, ACV, Quang Ngai Sugar when stock price were continuously increase; Timeframe from IPO to stock market was shortened to be 20 working days; VNX-Allshare - the first index, connecting 2 stock exchanges was officially launched; A series of divestment activities in 10 big companies held by SCIC was initiated; Framework and plans to develop derivative trading system and derivative clearing settlement were introduced; the Government Bond Market in 2016 was continuously acknowledged with many impressive records with the record capital raising of VND281,000 billion in the primary market; Total Government Bond volume hit the record of VND1.5 trillion and the session's average value was over VND6,200 billion/session.





For SHS, 2016 was also recorded with a sharp and breakthrough development of being one of 10 leading securities companies in Vietnam, especially the achievement on 1st ranked in HNX in terms of brokerage market share in Q4/2016 with 10.6% of market shares; named 3rd ranked in HNX with 7.94%; 5th ranked in HOSE in Q4/2016 with 5.98% of market share, 6th ranked in HOSE for year of 2016 with 4.25% of market share. In 2016, the Company obtained accumulated revenue and profit of VND569.95 billion and VND86.59 billion, respectively.

The Company was continued to be honored and offered with a series of noble titles, such as:

- The Certificate of Merit was awarded by the People's Committee of Hanoi City for its outstanding contributions to the Capital development.
- For the second consecutive year, the Company was honored to be awarded with the title "Company with great contribution to HNX and Vietnam Stock Market development in the period of 2015 - 2016."

### **Brokerage and Financial Services:**

Core business of SHS. The securities brokerage operation was significantly developed by making use of available cash, high surplus of depository amount to satisfy investor's capital demand; financial services, finance advisory and securities brokerage services were diversified and securities system and investor information management systems were continuously upgraded. The Company's market shares in both stock exchanges were continuously improved. Brokerage revenue hit VND115.66 billion. No bad debts were recorded for the Company in 2016 in the context that many securities companies got stuck with some stocks such as TTF, DRH, and MTM...

### **Investment activities:**

2016 revenue obtained VND165.6 billion with a portfolio comprising of stocks which were sustainable; focused on assessing advantages and minimizing risks due to market influence to create a proper portfolio; expanding the bond investment activities to diversify profit and exploit all advantages of funding resources.

### **Advisory and underwriting**

Was recorded with total revenue of VND 50.9 billion in 2016; with a series of diversified products, strong development of equitization and divesture, M&A of SMEs, capital raising and financial structuring for enterprises and investors, securities investment advisory; trading and managing financial resources safe and sustainably without insolvency risk.

### **Operations division**

Operations division was strictly adhered to regulations of laws and the Company's Charter, enhancing risk management system, internal audit and control. The Company focused on completing internal procedure and regulation system, including the Company's Charter, Governance Regulation, Investment Regulation, procedure system on launching business activities and controls in accordance with changes of Enterprises Law, Civil Code, Securities Law and the guidelines. The Company also developed new procedures on derivatives operations, built more competitive salary and training scheme to successfully attract high quality and experienced human resources.

The Company satisfied all requirements of securities company ranking criteria set under CAMEL model of HNX with stable financial position and sustainable growth, sound and transparent corporate governance, compliance with the regulations, great efforts in developing the securities trading in HNX as a member, modern IT system to be continuously upgraded to synchronize with IT system of the stock exchanges and Vietnam Securities Depository.

The criteria on Listed Share Brokerage Market Share, affiliation with HNX and compliance with member obligations to rank the securities companies in HNX were applied by SHS. The Company also was strictly adhered to the reporting and information disclosure obligations to avoid any violations.

The contents in the HNX affiliation criteria were fully and actively satisfied: cooperating in ranking; cooperating in training enterprises, investors and participating into the programs held by HNX.



### **Community activities**

The Company focused on community works, environmental protection and social security in daily working conditions as well as participating in typical community activities. The Company and its employees continued launching charity activities, granting cash and clothes, furniture and materials to support the difficult persons in hospitals, charity facilities and remote areas and developing the mutual support spirit right at the Company

## BOD'S ASSESSMENT ON BOM OPERATIONS

Great efforts of Board of Management (BOM) were recorded in managing and controlling activities of all departments, operations divisions; searching and developing the partners, clients; arranging funding resources, developing products and structuring portfolio to offer best efficiency for the Company and shareholders. BOM maintained the unified and consolidated activities, assigned duties scientifically and effectively, members worked in the concurrent, flexible, decisive and professional manner in handling and finding out business solutions in the context of 2016 with a series of changes in macroeconomic policies.

BOM upheld the role of inspiring employees, promoted creativeness and activeness in operation, ceaselessly studied the knowledge, accumulated experiences and approached market, clients, mobilized a wide range of resources for SHS's effective and smooth operation.

BOM members were awarded with Certificate of Merits for their contribution to the Company's development.

Moreover, in 2016, CEO Vu Duc Tien was awarded with Certificate of Merits by the People's Committee of Hanoi City for great contribution to the Capital development. Deputy General Director Nguyen Chi Thanh and Deputy General Director Tran Sy Tien were offered with the campaign medal by HANOISME for their great achievement in 2016.

Thanks to the above efforts of BOM, the Company continued working effectively and successfully maintained its position as one of the leading securities companies and powerful trademarks in the stock market, financial market.

## BOD'S PLANS AND ORIENTATIONS

2017 is forecast to have good signs with the Government's great effort and determination in renovating business environment, which further create new drives for enterprises and facilitate new momentum for growth. For securities sector, growth opportunities are available in 2017 and different from the context in the early of 2016. The market supply is forecast to be intensively and extensively improved in 2017. Investors expect listings of a series of giants such as Vietnam Airlines, Vinatex, Petrolimex; IPO of Vietjet Air, Mobifone and changes exchange of some enterprises with large market capitalization after trading on Upcom for some time such as Habeco, Viglacera and divesture in 10 enterprises of SCIC as approved by Government. Investors also have expectations from foreign inflow to Vietnam for its competitive advantages and new products since derivatives stock market is initiated.

However, 2017 is forecast to hit the biggest risk originated from abnormal occurrence of the world's political factors, including policies of the new US President, unanticipated impacts of Brexit, Yen deflation risk which causes pressure on Vietnamese exchange rate.

In such context, SHS is determined to strengthen its position as one of the leading securities broker in Vietnam, named in the Top 3 of securities companies with highest market shares and the first rank in HNX. The Company is recorded with sustainable, safe and effective development with powerful financial position and diversified and unique products.

Therefore, as the strategic management and orientation role, the BOM prioritized two tasks simultaneously which are designing and developing effective and sustainable development strategy together with risk control and management, maintaining the achievements and protection benefit of investors and shareholders.

The meeting and discussion about authorized and strategic issues for SHS development are regularly maintained by the BOD.

All BOD members must be actively involved in operations of BOD, subcommittees under the BOD to successfully grasp and keep up with market changes and the Company operations.

The BOD's subcommittees are required to actively strengthen activities, update, advise and report the BOD existing conditions of activities launched by SHS to timely handle, as necessary.

The BOD commits to support, facilitate and advise the BOM in searching, approaching and exploiting the external resources, the partners, clients to successfully expand the business, customer base and product development.

The BOD continues directing the BOM to fulfill the following tasks:

- Outperform the strategic goals assigned by the General Shareholders' Meeting; comply with the regulations of the laws, the Articles of Association and orientations of the State Securities Commission;
- Continue applying the measures on improving the governance and management in accordance with the international standards on corporate governance, risk management and financial safety; ensuring SHS's transparent, safe and effective operations in accordance with the legal regulations;
- Continue perfecting the professional regulations and procedures, creating the legal corridors for the businesses and operations in accordance with the legal regulations and improving the professionalism.
- Focus on the spirit of Integrity - Solidarity - Responsibility - Discipline of each SHS employee to create the collective strength, striving for SHS's sustainable development;
- Facilitate the SHS's sustainable development, focus on community works, environmental protection and social security, demonstrating the social and community responsibility.

## FULFILLMENT OF CORPORATE GOVERNANCE REGULATIONS

2016 was continued to be recorded with the Company's compliance with corporate governance regulations in accordance with the applicable legal documents such as:

- Related Laws such as Civil Code, Enterprises Law, Securities Law, etc.
- Related legal regulations on corporate governance and organization, operation of Securities Company such as Circulars No. 121, No. 203, No. 155, No. 210, No. 07 on amending the Circular No. 210, etc.
- Standards on preparing Financial Statements, regulations on preparing annual reports, sustainable development report.
- Code of conducts of securities practitioners

Moreover, the best practices on corporate governance were also complied as guided by OECD to gradually become a potential, prestigious and professional financial institution.

Unfulfilled contents under legal regulations on corporate governance

NO.	PLAN ON IMPLEMENTING LEGAL REGULATIONS ON CORPORATE GOVERNANCE IN 2015	FULFILLMENT IN 2016	CAUSES	RESOLUTIONS
1	Found out the independent Member of Board of Directors	Unrealized	Have not found appropriate candidate	Find the proper person in 2017
2	Failed to apply the online voting in the event that the shareholders cannot directly participate and did not wish to authorize	Unrealized	This case rarely emerges high cost	Further survey the increase in such shareholders to decide whether to launch or not.
3	Unpaid dividend to the shareholders	Unrealized	Yet to erase accumulated loss after tax settlements in 2015 and 2016	Perform in 2017 with percent of 8%/year.
4	Failed to determine role of minor shareholders in approval, taking the viewpoints on transactions with interest conflict in the Charter	Unrealized	There was no change in Charter in 2016	Note to add into the Charter in case of amendment or the transactions with interest conflicts.
5	Approval limits and otherwise (investment limit, margin lending limit, etc.) were just designed in accordance with the applicable regulations of the laws.	Unrealized	Need more time to study, exercise, survey and build before the issuance of detailed and internal limits	Promulgate upon successful development



## MEMBERS OF SUPERVISORY BOARD



Mrs

### PHAM THI BICH HONG

HEAD OF SUPERVISORY BOARD

**Date of appointment:** 15/01/2008**Member:** Specialized**Education:** Bachelor in Finance and Accounting**Experience:** 30 years of experience in finance and accounting**Ownership:** 21,740 SHS shares (0.02%)**Present position at other companies:** None

Mr

### VU DUC TRUNG

MEMBER OF SUPERVISORY BOARD

**Date of appointment:** 06/04/2012**Member:** Non-specialized**Education:** Master of Business Administration**Experience:** 14 years of experience in auditing and securities**Ownership:** 560,000 SHS shares (0.56%)**Present position at other companies:**

+ Member of Board of Directors of Saigon – Hanoi Insurance Corporation JSC

+ Deputy General Director of Saigon – Hanoi Insurance Corporation JSC



Mrs

### LUONG THI LUU

MEMBER OF SUPERVISORY BOARD

**Date of appointment:** 27/04/2015**Member:** Non-specialized**Experience:** Master in Finance and Banking**Experience:** 11 years of experience in finance and accounting**Ownership:** 48 SHS shares (0%)**Present position at other companies:** Member of Supervisory Board of Handcraft and Art Articles Export – Import Corporation

*Changes in members of Supervisory Board in 2016: No*

## REPORT OF SUPERVISORY BOARD

### OPERATIONS OF SUPERVISORY BOARD IN 2016

#### Meetings of Supervisory Board

NO.	MEETING DATE	SESSION	NUMBER OF PARTICIPANTS	MEETING CONTENTS
1	18/01/2016	Periodically, 1st Quarter of 2016	3/3	Conducted duty assignment to each member of Supervisory Board Unified the general and specific tasks in 2016 Inspected business performance of Q4/2015, summarized 2015 business performance Reviewed 2015 Financial Statements to submit 2016 Annual General Meeting Prepared report of Supervisory Board to submit 2016 Annual General Meeting
2	09/05/2016	Periodically, 2nd Quarter of 2016	3/3	Conducted duty assignment to each member of Supervisory Board Evaluated operation of Supervisory Board in Q1/2016 and launched operations in Q2/2016 Selected Independent Auditor to review and audit the semi-annual and 2016 financial statements, financial safety ratio reports and proposed BOD for approval.
3	13/07/2016	Periodically, 3rd Quarter of 2016	3/3	Evaluated operation of Supervisory Board in Q1/2016 and launched operations in Q3/2016 Selected Independent Auditor to review and audit the financial statements, semi-annual and 2015 financial safety ratio reports and proposed BOD for approval. Participated summary meetings on business operations in the first half year
4	12/10/2016	Periodically, 4th Quarter of 2016	3/3	Evaluated operations of Supervisory Board in the first nine months of 2016 and launched operations Q4/2016 Inspected the Company's business performance and financial position in Q3/2016 and the first nine months of the year by directly inspecting or through reports of internal audit and internal control. Considered fulfillment of Resolution approved by Annual General Meeting, BOD's Decisions in 2016; evaluated fulfillment of the Company's business plan.

### **Monitoring compliance with applicable laws, the Charter and Resolutions of Annual General Meeting**

Compliance with the applicable laws and the Charter were regularly monitored in 2016 to ensure that regulations of the laws and the Charter were strictly adhered during performance. 2016 was recorded with no material violations to regulations of laws.

Obligation of information disclosure was also closely monitored for listing companies, securities companies, as well as major shareholders, internal shareholders and their related persons. 2016 was not recorded with any material violations for information disclosure obligations by the Company, major shareholders, internal shareholders and their related persons.

Fulfillment of the Resolution No. 01-2016/NQ-DHDCD approved on 26th April 2016 by the Annual General Meeting was also monitored. Issues specified in Resolution were fully fulfilled by Board of Directors and Board of Management.



### **Monitoring operations of Board of Directors, Board of Management:**

In 2016, Supervisory Board participated in the BOD's periodic meetings and some meetings of Board of Management, inspected results of BOD member consultation on the Company's important issues, involved in vote checking held by the 2016 Annual General Shareholders' Meeting and released comments within its responsibility and authority. Meetings of Annual General Meeting, Board of Directors and Board of Management were complied with regulations of applicable laws and the Charter regarding meeting sequences and procedures, consultation and voting procedures and sequences as well as preparation and maintenance of meeting-related documents.

### **Monitoring the Company's operations through internal audit:**

The Company's operations were monitored by directly involving or reviewing the reports submitted by internal audit divisions and internal control divisions. Periodic inspections were also carried out at Head Office, focusing on inspecting and supervising some main points as follows:

- Inspected and monitored compliance with the Resolution of the 2016 Annual General Meeting, business performance and financial position, management and organization of the Company.
- Supervisory Board directly inspected or through internal audit inspected or checked operational risk management and compliance with procedures and regulations in all departments.
- Upon inspections, the objective conclusions were released and the shortcomings were proposed to solve. Inspection results facilitated operations divisions to review their procedures and proposed solutions to fix errors, if any, and supported Board of Management to manage and minimize operational risks.

- Reports demonstrated the accurate and objective figures, viewpoints and the constructive proposals to ensure Shareholders' benefit and improved the Company's operation performance, encouraged departments to provide accurate and transparent figures and ensured compliance with laws and the Charter, the internal financial control system and good operational reporting regimes helped timely detect risks to take proper solutions.



Upon surveillance of the Company's operation in 2016, Supervisory Board realized Board of Directors, Board of Management and employees have made great effort and successfully obtained some encouraging achievements compared to last year. Moreover, the Company successfully managed the risks and prevented the NPLs, complied with the regulations of the laws in business activities, financial and accounting as well as news disclosures.

### ***Proposing to select the independent auditing firm and appraising the audited Financial Statements***

Board of Directors was proposed to select the independent auditing firm by seriously reviewing audit firms which are eligible to audit the listed companies and securities companies as notified by the State Securities Commission.

Supervisory Board appraised and confirmed 2015 Financial Statements numbers and considered the Company's Financial Statements audited by AASCN. Supervisory Board agreed on the numbers with AASCN, certified the Financial Statements give the true and fair view in all material aspects regarding the Company's financial position as of 31st December 2015, the business performance, cash flow statement and changes in owner's equity for financial year ended on 31st December 2015, the Report on Financial Safety Ratio as of 31st December 2015 to be complied with the applicable Vietnam Accounting Standards and Regime and the related legal regulations.

### ***Resolving shareholders' petitions against the Company***

2016 was not recorded with any petitions from shareholders or group of shareholders holding at least 5% of voting shares, requiring review of the Company's operation, management of the Board of Directors and the Board of Management.



## **REPORT OF SUPERVISORY BOARD ON OPERATIONS OF BOD AND BOM**

In 2016, the Supervisory Board recognized that the Board of Management, Board of Directors executed full functions and duties in compliance with the Corporate Law, the Company's Charter and resolutions of the AGM, as follows

### Performance of the Board of Directors

- In 2016, the BOD held 13 meetings through collective discussions and requesting paper approval on important matters of Company including : verifying quarterly and semi annual business plans, verifying votes for addition and removal of BOD members, assigning tasks for BOD members, meeting to vote for new business strategies on brokerage, financial services, financial advisory and underwriting
- BOD issued and verified proposals by the BOM regarding business activities including : Decisions on investment and borrowing, bond issuances, decision to change BOD member, decision to set up Salary Commission and decisions to appoint high profile member within BOD's coverage
- The Chairman directly led the Board of Directors on matters regarding business and investment policies, introducing practical, timely decisions in specific development of Company
- Brokerage segment of the Company made some break-through, SHS is named one of the leading securities companies

Performance of the Board of Management:

- The BOM relentlessly renovates business activities, seriously implement resolutions by the AGM and BOD
- The BOM organizes regular meeting with heads of departments, branches and requests approval from the Chairman and the BOD members to fulfill assignments of the BOD
- The BOM pays careful attention to improving personel quality, organizing internal training courses to develop employees's competence.
- Members of the BOM fulfills tasks and assignment in compliance with the BOD's guidance.

All activities of the Company are executed in compliance with Vietnamese laws, information relase is timely and transparent. Board of Supervisory recognized no suspicion in management and directing activities at SHS by the BOM, BOD and managers of Company

#### **ASSESSMENT OF CO-ORDINATION BETWEEN SUPERVISORY BOARD, BOD AND BOM**

In 2016, Supervisory Board was fully informed with resolutions, decisions by BOD, the Director in accordance with business developments.

The Supervisory Board participated in BOD meetings and regular meetings of directors on setting business plans, implementing business plans, semmi-annual and annual meetings on business result of the Company

The Supervisory Board maintained effective co-ordination relationship with the BOD, BOM and employees of company to fulfill its control and supervising tasks.



## ACTION PLAN FOR 2017

In order to successfully fulfill supervising tasks as prescribed by Enterprises Law and the Charter, 2017 action plan is released by Supervisory Board as following:

● **Specific duties are assigned to members of Supervisory Board, concretely:**



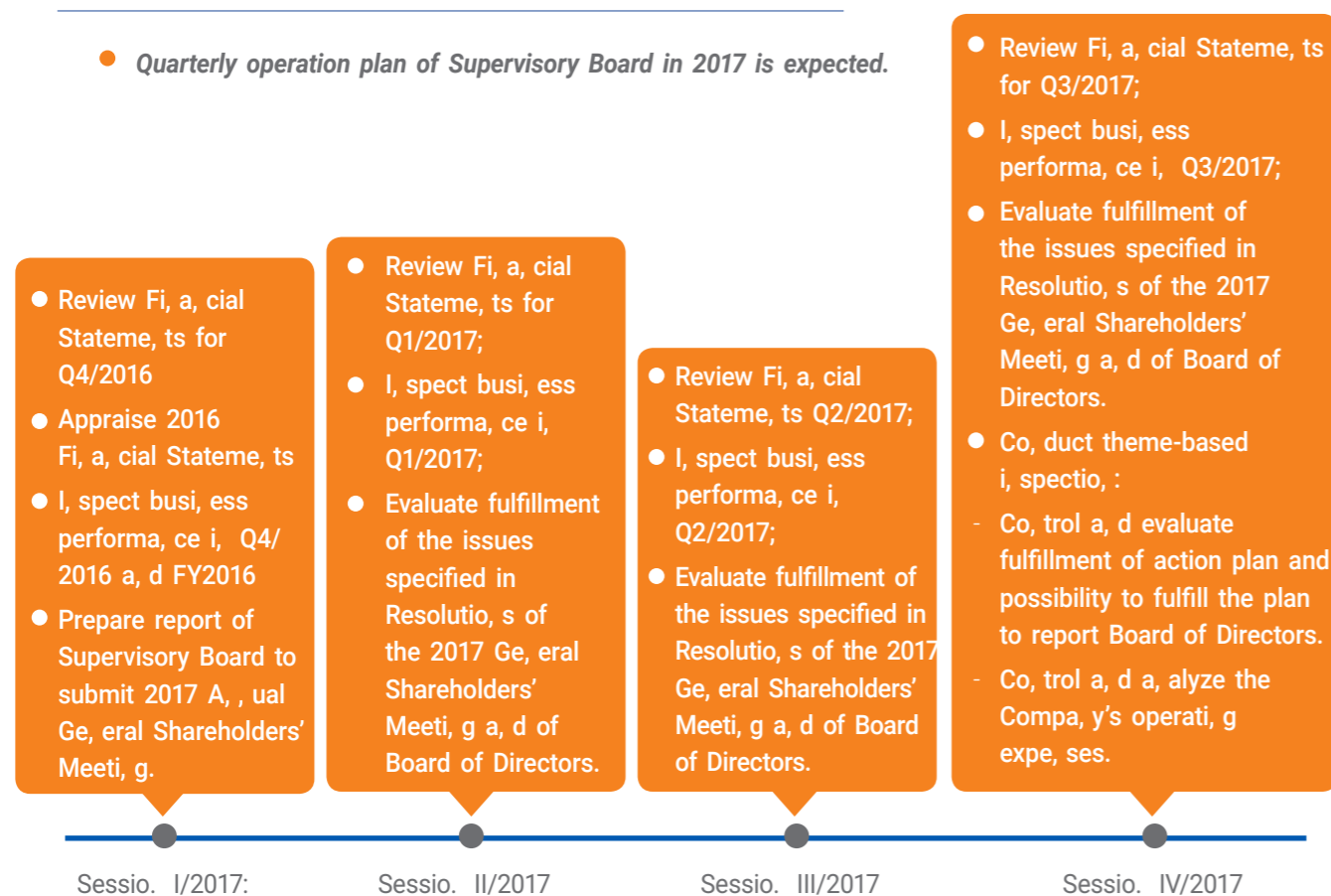
**PHAM THI BICH HONG** - HEAD OF SUPERVISORY BOARD: In charge of general issues Responsibility for inspecting and controlling departments: Investment, Treasury, Finance and Accounting, Internal Audit, Legal and Risk Management

**VU DUC TRUNG** - MEMBER OF SUPERVISORY BOARD: Responsibility for inspecting and controlling departments: Advisory & underwriting, IT, PR & Marketing, HR and Admin, Debt Settlement Committee



**LUONG THI LUU** - MEMBER OF SUPERVISORY BOARD: Responsibility for inspecting and controlling departments: Brokerage Center, Financial Services

● **Quarterly operation plan of Supervisory Board in 2017 is expected.**



- Maintain quarterly meetings to preliminarily review Supervisory Board's works and give out activities orientation for next quarter.
- Continue to inspect and supervise management and governance activities of Board of Directors and Board of Management, inspect the logicity, legality, compliance, honesty and diligence in managing and controlling the business, capital, materials and asset management, etc., of the Company.
- Review the Company's plans and reports on financial position, business condition, development plans, organizational structure, labor, salary, bonus management and otherwise related to the Company and its employees;
- Review inspection and control results of Internal Control and Internal Audit as well as the feedback of Board of Directors and Board of Management.
- Quarterly inspect the Company's accounting books, documents and otherwise, or conduct unexpected inspections as assigned by authorized person as prescribed in the Charter.
- Appraise annual, semi-annual and quarterly financial statements of the Company.
- Work closely with Board of Management to understand the difficulties and obstacles in the operation to find solutions.
- Maintain close cooperation with Board of Directors, Board of Management and other departments in the Company.
- Join training courses to improve professional qualification, fully participate in conferences and control-related workshops.





# SUSTAINABILITY REPORT

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## OVERVIEW

### APPLIED STANDARD

The Sustainability Report is created to put together SHS's announcements and operations in 2016 for the sustainable development of the Company. This is the second year SHS makes report in accordance with standard given in Sustainability report guideline of GRI, version G4. SHS picks principle "Consistent - Core" for the contents of the report in 2016.

### SCOPE OF REPORT

The Sustainability report of SHS is an integral part of Annual Report and Financial Statement Report 2016. This report is yearly composed by collecting information and data from the Company's business operation in financial year 2016.

The report is composed by the Company's Sustainability Reporting Group which comes from various departments to provide information and data in the most complete and transparent way.

Reporting period: from 01/01/2016 to 31/12/2016.

Target users are all employees of the Company as well as other stakeholders who are interested in SHS's business operations such as partners, customers, suppliers, investors, shareholders and local community.



### CONTENTS OF REPORT

Sustainability Report is to summarize sustainability operations in 2016 and to highlight strategic direction of the Company in this activity in the coming years. The report will help the related stakeholders to have a complete, accurate, and comprehensive view of the Company's business operations, corporate governance as well as its contributions to the society and community. Therefore, the report includes the following contents:

- 01** OVERVIEW
- 02** SUSTAINABLE DEVELOPMENT DIRECTION
- 03** SUSTAINABILITY REPORT OF 2016
- 04** SUSTAINABILITY PLAN OF 2017
- 05** DECLARATION ON COMPLIANCE WITH GRI4 CRITERIA



### DETERMINE THE REPORTING CONTENT

The Company's approach to sustainability comes from long-term economic growth objective combined with social development goal in order to contribute to community development.

SHS discusses with related stakeholders about sustainable development to identify their interests and expectations for the Company, and compare with SHS's current strategic business direction, then modify to achieve an equilibrium between business interests and society, community interests.

## INFORMATION MANAGEMENT OF SUSTAINABILITY

To ensure the credibility of sustainable development information, SHS has developed an effective information management process.



Information management of sustainability is carried out by the Sustainable Development Group which includes members of Board of Directors, members of Board of Management, directors of relevant departments such as accounting, legal, PR & marketing...

Information is collected throughout the year and is classified into groups such as economic efficiency, corporate governance quality, market impact, local communities impact.

Information is then discussed, evaluated and filtered by the Sustainable Development Group at the end of the year before making the sustainability report, and verified by member of BOD and BOM before issuing. If there is any feedbacks, the Sustainable Development Group will review and response promptly.



## CONTACT

For further information and comments, please contact:

**Contact:** M.s Nguyen Thi Lan Anh **Department:** PR & Marketing

**Telephone:** 0438181888 **Fax:** 04.38181688 **Email:** anh.ntl@shs.com.vn

## SUSTAINABLE DEVELOPMENT DIRECTION

### STRATEGY FOR SUSTAINABLE DEVELOPMENT

SHS insists on becoming a leading securities company that operates multi-functionally in accordance with investment banking model; maximizing shareholder value; creating a professional and flexible working environment as well as career opportunities for employees; contributing to the sustainable development of Vietnam stock market; and positive contributing to the community and social development.

### MODEL FOR SUSTAINABLE DEVELOPMENT

In pursuit of the sustainable development goal, SHS has developed a sustainable development management model operating on a top-down basis. As follows:

MANAGEMENT LEVEL	DUTIES
Board of Directors	- Give strategic direction - Approve objectives and plan of actions
Board of Management	- Develop objectives, plan of actions for BOD - Implement objectives, plan of actions approved by BOD
Divisions and Functions	- Implement plan of actions as instructed by BOM
Staff	- Perform daily tasks related to the development objectives

The sustainable development model of SHS is to connect vision, mission and direction of the Company's sustainability development. As a result, it places positive impacts on those involved inside and outside the Company.

IMPACT	CONTENTS	TARGET
Positive impact on the Company	- Stable growth - Income and welfare guarantee - Human resources development - Motivation for development - Regulatory compliance and risk management - Business transparency	- Employees

Positive impact on securities market	<ul style="list-style-type: none"> <li>- Maintain stable dividend payment and other benefits for shareholders</li> <li>- Be a trusted partner and share benefit</li> <li>- Contribute to the development of green capital markets</li> </ul>	<ul style="list-style-type: none"> <li>- Clients</li> <li>- Suppliers</li> <li>- Shareholders</li> <li>- Investors</li> <li>- Government bodies</li> </ul>
Positive impact on environment, society and community	<ul style="list-style-type: none"> <li>- Fulfill tax obligations to the State</li> <li>- Protect environment</li> <li>- Share with the community</li> </ul>	<ul style="list-style-type: none"> <li>- Tax authorities</li> <li>- Young generation</li> <li>- Local community</li> <li>- The disabled, homeless, orphaned, or sick</li> </ul>

### DETERMINE RELATED STAKEHOLDERS AND THEIR INTERESTS

Through the consultation with stakeholders via various communication channels, SHS identifies their interest with sustainable development

STAKEHOLDER	CHANNELS	FREQUENCY	INTERESTS
Employees	Internal communication Channels	Daily	Good working environment Stable job
	Periodical events	Quarterly/Semi-annual/Annual	Opportunities for promotion and development
	Internal meetings	Periodical	Competitive salary, bonus, benefits
	Other channels (emails, shared data drive...)	Daily	Good training program and development policies
Clients	SHS locations (headquarters, branches, transaction offices, representative offices)	Daily	Quality of products and services Apply IT in providing products and services
	Website	Daily	Scale and stability of margin financing
	Media (newspaper, e-news...)	Regular	Treat customers equally
	Survey	Irregular	Qualification and professionalism of employees

Suppliers	Other communication channels (in person, email, telephone...)	Daily	Trustworthy in payment
Shareholders/ investors	AGM	Periodical	Effectiveness of the Company's business activities
	Conference, workshops, seminar	Regular	
	Face to face meetings at SHS	Requested	Compete, transparent information
	Media (newspaper, e-news...)	Regular	Dividends and other rights of shareholders
	Others (website, email, telephone...)	Daily	Stock price

Government bodies/ Regulators	Reports, information disclosure announcements	Periodical/Irregular/Requested	Compliance with the law Effectiveness of the Company's business activities
	Periodical check, irregular check	Periodical/Irregular	Corporate governance and risk management
	Other channels (website, email, telephone...)	Daily	Contribution to the state budget Contribute ideas for market development

The media / press	Conference	Regular	Information about the operation of the Company
	Interviews	Periodical	
	Other channels (website, email, telephone...)	Daily	Share opinions and views on the market

Local community	SHS locations (headquarters, branches, transaction offices, representative offices)		Activities to improve the quality of community life Charity activities
	Website	Daily	Activities to develop the young generation
	Media (newspaper, e-news...)	Regular	Investment activities in sustainable development

Through the consultation process, SHS also identifies important related parties, their interest level and impact level on SHS as follows.

STAKEHOLDER	INTEREST LEVEL TO SHS	IMPACT ON SHS
Employees	High	Average
Clients	High	High
Suppliers	High	Average
Shareholders	High	High
Investors	High	Low
Management authorities	High	High
The media / press	High	High
Local community	High	Low

## RESPONSE AND ACTIONS FROM SHS

Based on the assessment of interest level and the impact on SHS, the Company provides responses and actions to each group of stakeholders as follows

STAKEHOLDER	IMPLEMENTED ACTIVITIES
Employees	<ul style="list-style-type: none"> <li>- Guarantee a stable salary and welfare benefits policy</li> <li>- Create fair environment for all staffs advancement, and encourage employees to participate in internal and external training</li> </ul>
Clients	<ul style="list-style-type: none"> <li>- Diversify products and services</li> <li>- Improve quality and competitive advantages</li> <li>- Ensure the scale and stability of the funding</li> <li>- Apply effectively IT when providing products and services</li> <li>- Improve process and procedures</li> <li>- Treat clients equally.</li> <li>- Improve the professionalism of front line employees</li> </ul>

Suppliers	<ul style="list-style-type: none"> <li>- Enhance liquidity risk management</li> </ul>
Shareholders/Investors	<ul style="list-style-type: none"> <li>- Improve business efficiency</li> <li>- Pay dividend</li> <li>- Ensure their rights and benefits</li> <li>- Disclose information fully, timely and transparently</li> </ul>
Management authorities	<ul style="list-style-type: none"> <li>- Improve business efficiency</li> <li>- Corporate governance, risk management efficiency</li> <li>- Disclosure of information fully and transparently.</li> <li>- Pay taxes and fees on time.</li> <li>- Make suggestions for market development in a practical and feasible way</li> </ul>
Local community and society	<ul style="list-style-type: none"> <li>- Save costs, recycled materials, assets, stationery, participate in local environmental protection activities</li> <li>- Organize charity activities</li> <li>- Provide opportunities for graduates to have internship or work part-time</li> <li>- Direct or indirect invest, connect capital to the Capital Market.</li> </ul>

SHS's response and action are closely linked to the Company's operation and the process of providing products and services.

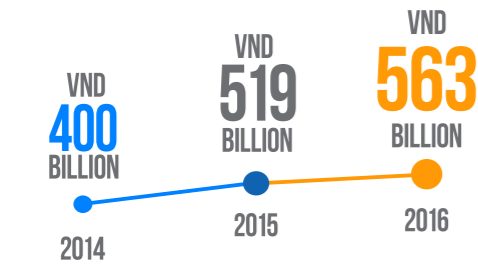
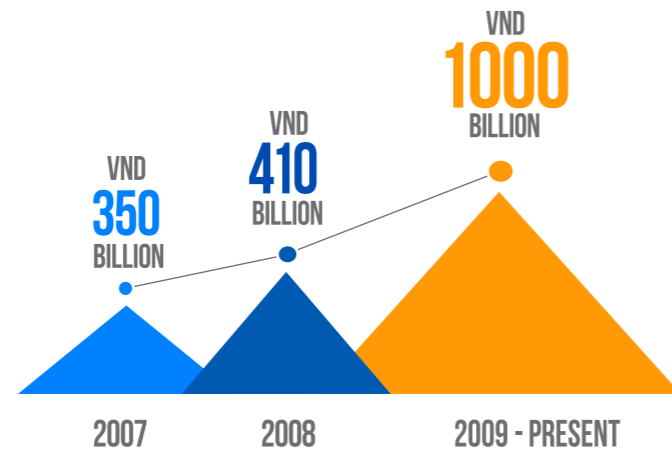
PHASE	ACTIONS OF SHS
Launching phase	<ul style="list-style-type: none"> <li>- Assess overall impacts on related stakeholders.</li> <li>- Assess solutions to the impacts on related stakeholders.</li> </ul>
Implementation phase	<ul style="list-style-type: none"> <li>- Evaluate the real impact on each stakeholder.</li> <li>- Compare with initial assessment at launching stage.</li> <li>- Report the impacts and propose solutions.</li> <li>- Evaluate the possibility of further implementation.</li> </ul>
Termination phase	<ul style="list-style-type: none"> <li>- Continue to evaluate impacts, if any, on what remains after terminating</li> </ul>

# SUSTAINABILITY REPORT 2016

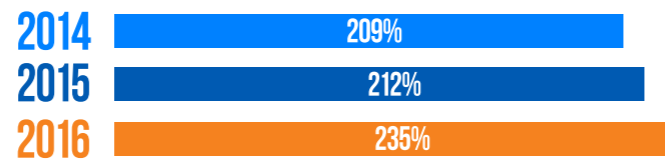
## SUSTAINABLE GROWTH

2016 is the year to celebrate the Company's 10th anniversary of. The Company has achieved remarkable results, after 9 years.

The company increased charter capital in the early years of establishment and since then has not raised capital for many years to ensure benefits for existing shareholders. After nine years of establishment, the Company's chartered capital increased only 2.86 times (from VND350 billion to VND1,000 billion)



The Company always pays great attention to business activities. Because of that, the revenue has grown dramatically over the years. In 2016, the Company's revenue grew 9% compared to revenue in 2015 and 41% compared to revenue in 2014.

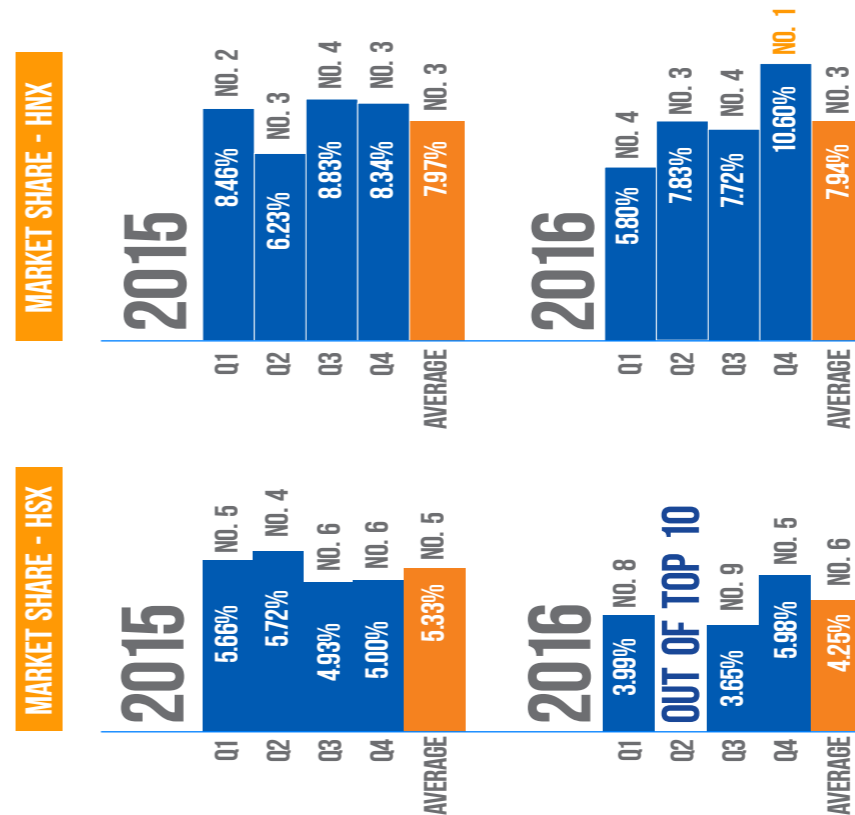
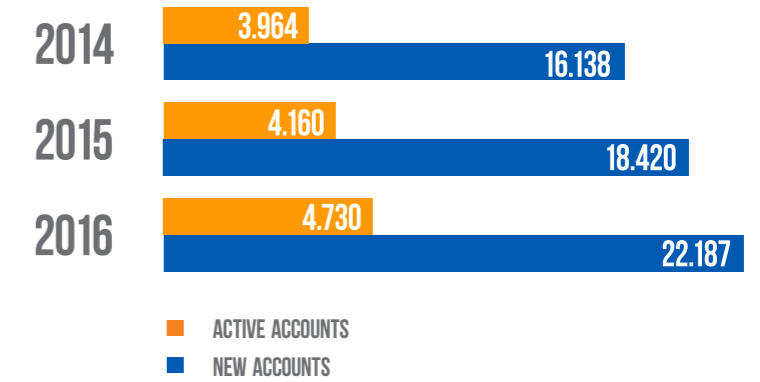


The Company is always concerned about sustainable development. The financial safety ratio of SHS is constantly improving.

With the principle of understand your investments, based on financial advisory and underwriting, as well as doing in-depth analysis of the investees, SHS carefully selects stocks that have sound investment, high profitability and long term prosperity. The Company sends experienced staff to participate in the BOD, the Inspection Committee to do business restructure, improve corporate governance, build a value chain and look for opportunities to effectively cooperate.

Thanks to the effective brokerage policies, the number of clients and the brokerage market share have improved gradually.

The number of new accounts opening in 2016 increased by 20% while it increasing only 14% in 2015, the number of active transactions in 2016 increased 14% compared to only 5% in 2015



SHS's brokerage market share has increased rapidly. It is considered a strange phenomenon when SHS got into top 10 securities companies in Vietnam in the past, however, nowadays the fact SHS is coming closer in the top 5 securities companies in Vietnam is a result of constant outstanding efforts in business and consistent business strategy.

In the face of fierce competition on the Vietnam stock market, while improving business efficiency, SHS always strives to maintain its prestige with clients and partners. As of 31/12/2016, the Company manages more than 22,000 trading accounts with VND 644 billion cash deposits and VND 13,000 billion value of securities in a transparent way

In brokerage and financial services, the Company does not focus on increasing its market share at all costs, but on raising the quality of consultancy and quality of products and services to raise the assets value. Net asset value of clients has steadily increased over the years. In addition, enhancement of the quality of consultancy and risk management also helps clients to not "burn" their securities trading accounts and the Company did not incur bad debt in 2016.

### **Sustainable corporate governance**

The Company's corporate governance system is based on the best practices of corporate governance according to the guidelines of the Organization for Economic Co-operation and Development (OECD) and the provisions of the Vietnam Laws on public companies management, securities companies management, aiming at long term development and balancing stakeholders interests and the Company's interest. The Charter of SHS clearly defines the rights and obligations of shareholders, Board of Directors, Supervisory Board and Board of Management. In addition, the Charter also specifies the establishment and operations of internal control committee, internal audit, risk management committee to monitor the Company's business operation.

### **Internal Control**

Internal control system is the first stage of enterprise compliance monitoring, which is at critical stage of each business processes and each department. However, these checkpoints are usually dependent of operational departments.

Therefore, the Internal Control Department is at Head Office and responsible for overseeing compliance throughout the Company. Internal control is carried out daily to supervise the Company and securities practitioners' compliance of the laws; implementation of internal regulations, procedures and regulations; potential conflicts of interest; implementation of employees' responsibilities; performance of authorized persons; the Company's financial safety ratios; separation of accounts to ensure safety for clients' cash and securities...

The Internal Control Department also performs regular inspections during the year. Through the process of supervising, internal control department advise for Board of Management and other departments deal with many business operations issues, corporate governance and supervisory.



### **Internal Audit**

The Company has established an internal audit department under Board of Director since 2014. The internal audit department is the second stage of enterprise compliance monitoring to detect the risks and errors that the internal control department can not detected.

According to the regulations, internal audit department of the Company has the function of independent evaluation of the suitability and compliance with the State's policies and laws, the Charter and resolutions of Annual General Meeting, Board of Directors; review and evaluate the adequacy, effectiveness and effectiveness of the internal control system under the BOD to improve better; evaluate compliance of business practices with internal policies and procedures; advise the BOD to establish internal policies and procedures; assess the control of property security measures; evaluate the effectiveness of business operations of the Company ...

The Internal Audit Department did periodical inspections throughout 2016 and informed, recommended, and advised to BOD and BOM a number of issues that could adversely affect the Company's operations as well as provided solutions for those issues.

### **Risk Management**

The Company has developed and operated a risk management system in accordance with the applicable laws including personnel, policies, regulations, procedures ... aiming at prevention, restriction and handling arising risks during the course of the business.

Risk management policy of the Company has been documented, in which defines the responsibilities of each level, identifies the types of significant risks, guides the process of managing each type of risk. All employees have the right to approach this policy and understand it.

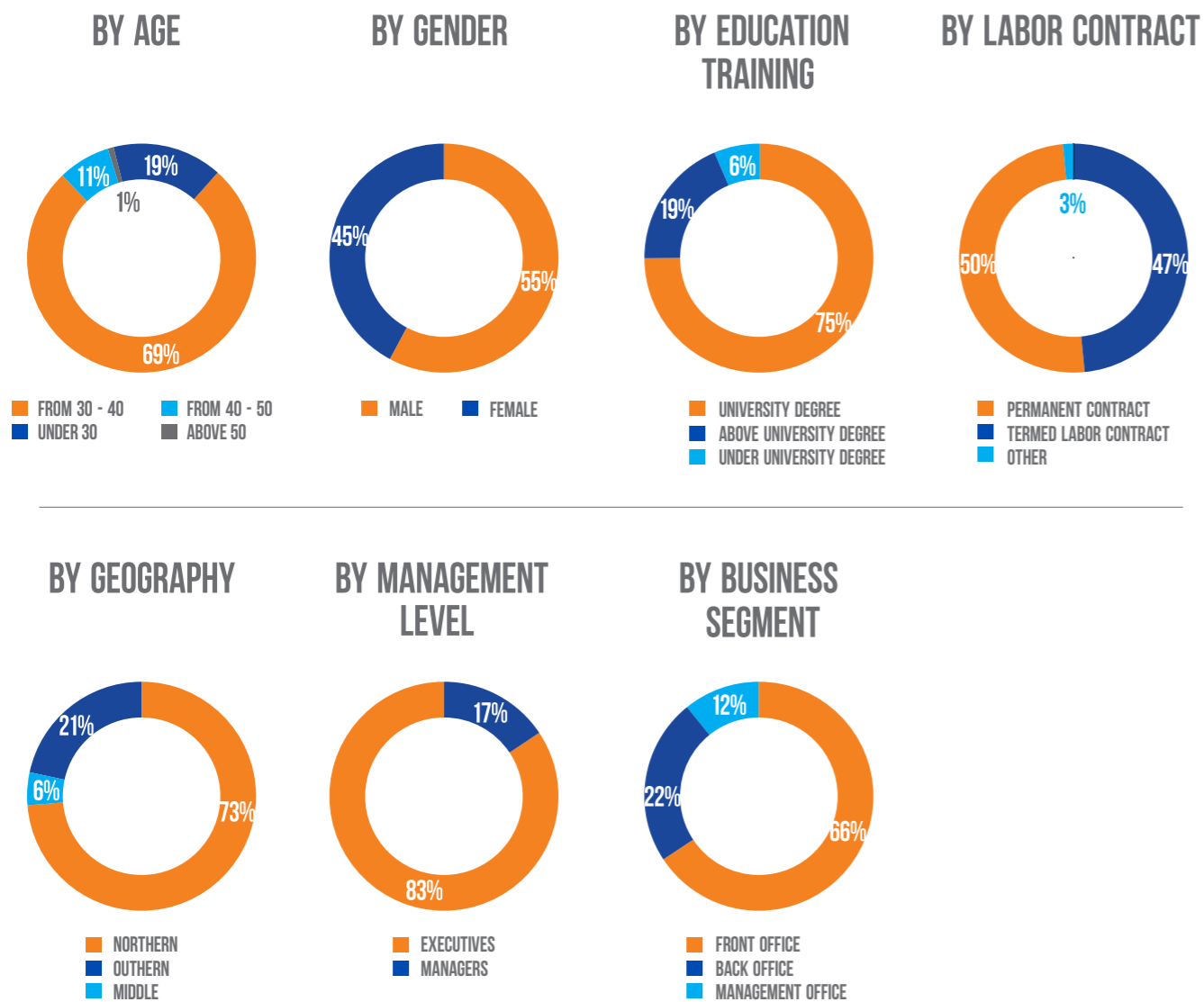
Although SHS' risk management system has only been established since 2014 and is still in the process of completion however, the risk management culture of all levels in the Company has been significantly improved. In 2016, SHS actively prevented risks, especially liquidation risk hence did not generate any bad debts.

### **Connecting for for sustainable goals**

For SHS, employees are valuable resources and motivations of its operation and development. Therefore, investments in human resources are highly focused. Besides attractive salary remuneration policy, the Company has always created a solitary and competitive working environment for employees to fully develop their creativity, to feel energetic and to contribute greatly to the Company's operating results.

**Workforce statistics**

On 31/12/2016, the total number of employees was 195, decreased 5 staffs, equivalent to 2.5% compared to the number on 31/12/2015. The staffs of the Company are youthful, mostly under 40 years old (88%) and have university or higher degrees (94%).



**Professional working environment**

The Company applies labor regime in accordance to Labor Law and provisions of Vietnam laws. Collective bargaining agreements are agreed by employees and registered with Labor, War Invalids and Social Affairs Department. All employees benefits from Collective bargaining agreements.

SHS ensures the best working conditions for employees. Head office, branches and transaction offices are designed spacious and airy; fully equipped with personal desktops or laptops, and stationeries in order to create a sense of comfort, and convenience for employees. Human resource department is responsible for regularly remind staffs to maintain a professional working environment

SHS provides gender equality in working environment as well as fair development opportunities for female employees. The Management always encourages female employees to participate in manager positions of the Company. In addition, the Company also complies to provisions of Labor Law for female employees on working time, rest time during pregnancy, and maternity leave period..

The Company holds review activities twice a year to help managers and employees reflect on what they have achieved. In addition, SHS annually organizes for managers and employees to go on vacation at least once a year for resting and having quality bonding time through team building activities. Sport activities such as soccer, yoga, etc... have been held regularly to help employees improve their health, thus working better. Welfare policy from the Company to employees includes all forms of support for employees to be ready physically and mentally at work.





**Hiring experienced staff and fit with SHS' corporate culture**

With good level of income and good working environment, together with many other good welfare policies, SHS has attracted a large, highly qualified workforce.

Recruitment process of SHS has been built scientifically and flexibly. In addition to recruitment advertising on media press and the Company's website, SHS gets its candidate pool from education & training centers, prestigious universities and professional head hunters providers. Therefore SHS has many opportunities to reach and attract highly qualified, experienced staffs who are best fit to its business development strategy. The Company absolutely do not use child labor and forced labor.

In 2016, SHS welcomes 53 new employees (increased 27%), in which 29 males and 44 females, 4 managers and 29 staffs to strengthen employee base as well as replace employees who resign, and mainly to meet the strategic plan of brokerage development of the Company. The hired employees are mostly experienced. They have worked in many other securities companies before. All applicants have to undergo a number of recruitment interviews. Selected candidates are those have experience and best fit with the Company's corporate culture.



**Appointment and internal transfer to meet the business strategy of the Company**

In 2016, the Company appointed 4 staff including 1 manager and 3 employees and internal transferred 8 employees to the brokerage division to utilize capacity of staff member, hence improving the quality of products and services provided to customers.

**Professional HR Management**

Internal regulations are available to all employees on the first day working at SHS to help employees fully understand their rights and obligations.

SHS manages personnel on human resource management software with many utilities. Employees can access information about their salaries, bonuses, allowances, personal leave, and other information about the Company's human resources. Human resources department can directly manage the Company's personnel on software with different functions such as payroll, salaries and bonuses, timekeeping, leave, training ...



**Salary and remuneration policy**

Salary and bonus regime is set to be fair, transparent, and encouraging employees to have long-term commitment to the Company. It is established to be an incentive basis for employees to improve their work quality and responsibilities.

Employees' income at SHS is the monthly net income since the Company has pay trade union fee, social insurance, health insurance, unemployment insurance, and personal income tax for employees.

Quarterly and annually, the Company organizes voting and rewards for outstanding staffs who have positive contributions to the Company's operations. The reward system in both spirit and material creates a emulation movement among employees and departments. As a result, labor productivity and quality of products and services are increased.

In 2016, thanks to the flourish of brokerage operations, revenue for brokerage increased considerably, making employee bonus increased by 20%.

ITEM	YEAR 2016	YEAR 2015	CHANGES
Salary and bonus	57,431,055,511	48,949,280,497	17%
Social insurance, health insurance, unemployment insurance	1,922,307,630	1,884,284,160	2%
<b>Total expenses</b>	<b>59,353,363,141</b>	<b>50,833,564,657</b>	<b>17%</b>
<b>Number of staffs at the end of the year</b>	<b>195</b>	<b>200</b>	<b>-2.5%</b>
<b>Salary and bonus per capita / month</b>	<b>24,543,186</b>	<b>20,395,533</b>	<b>20%</b>

### Allowances policy

In addition to salary and bonuses, employees at SHS are entitled to allowances based on the nature of their work, position, work performance and business performance of the Company (for examples: mobile allowance, fuel allowance, per diem allowance, birthday allowance, International Women's day allowance, allowances to managers and employees who have participated in the military ...)

Health care for employees has always been taken care of with annual health check-up once a year with VND1 million/pax.

The Company provides work uniforms every 02 year to managers and employees, except for divisions and departments which work closely with partners and clients, new work uniforms are given every year.

SHS cares about not only its employees but also their relatives and families. Every year, the Company rewards employees' children who have good academic performance; gives them presents on Children's Day, Mid-Autumn Day, and supports employees who have family members being sick, or who have marriage, or funeral leave.

#### Details of allowances for employees and their relatives in 2016 as following:

CONTENT	AMOUNT
Mobile allowance	VND 300,000 – Actual
Fuel allowance	VND 200,000 /pax/month
Birthday allowance	VND 300,000 /pax/month
International Women's day allowance	VND 300,000 /pax/year
Employees who have participated in the military	VND 300,000 /pax/year
Children's Day and Mid-Autumn Day allowance	VND 300,000 /pax/year
Children with good academic performance	VND 300,000 – 500,000 /pax/year
Employees with marriage, or funeral leave	Up to VND 1 million/pax

### Human resource training policy

SHS pays special attention to employee's training. Besides encouraging employees to participate in professional training courses, SHS also trains its employees for advanced skills such as communication skill, interpersonal skill, customer service skill, presentation skill, analytical skills .... Internal training or cross training between divisions are encouraged to not only improve overall employees' techniques but also create understanding and cooperation between divisions. The training is designed to make sure that the Company has backup employees waiting in the wings.

### Sharing sustainable benefits

SHS' investor relations are paid special attention with the most fundamental principle: equal treatment to shareholders and among shareholders. Accordingly, all shareholders whether individuals or institutions, domestic or foreign, major shareholders or minor shareholders ... should be treated equally. All shareholders have rights to access information about the Annual General Meeting, attend the Annual General Meeting, , vote and question BOD and BOM at the Annual General Meeting. Remote shareholders can exercise their voting rights by authorizing others. Authorization can even be made online, making it best convenience for shareholders. Minor shareholders are entitled to protect themselves by forming a group to nominate and nominate members of Board of Directors and Inspection Committee as well as request Supervisory Board to review the Company's operations, the management of BOD and BOM.

Information disclosure is concerned with goal of ensuring full, timely and transparent to ensure shareholders' right of being fully informed about regular and irregular information about the activities of the Company. The Company appoints an authorized representative in charge of disclosure of information. Website provides financial information as well as the Company's recent activities fully, promptly and transparently. Any information that may affect to the Company's operations, is disclosed publicly and transparently on media such as the Company's website, facebook page, presses... to shareholders. . Shareholders also can access information about the Company via its publications that are available at seminars held by stock exchanges, or conferences for investors. Shareholders have right to be informed about shareholder structure periodically, to access information about insiders and related personnel at any time as well as information on the final list of shareholders provided by VSD.



- **Clients**

In 2016, SHS continues to focus on upgrading trading systems and improving products and services to meet customer expectations.

Trading software is stable, supporting maximum to clients to make best decision.

Products and services of the Company are more diversified and competitive in terms of capital scale, price, paperwork, meeting diversified needs of different client groups.

The Company focuses on analysis, investment advisory and risk management, so net asset value of clients has increased rapidly. In addition, this significantly help clients prevent the case of "burning" accounts due to overtrading or due to unable to forced selling because of severe decline.

- **Suppliers**

In order to meet the increasing capital of clients, the Company has cooperated with commercial banks so that SHS customers can borrow capital for their investments in listed securities. SHS always provide its banking partners with a list of trustworthy clients. Moreover, SHS manages clients' collateral for banks through Collateral Management Contract signed by three parties. Tight policy of collateral management enhances capital disbursement in securities sectors as well as improves SHS' prestige.

Other suppliers providing tools, or stationeries ..., SHS always makes payments promptly to maintain long-term cooperation.



#### **Responsibility to green capital market**

In 2016, SHS continues to improve the organization structure toward employing resources efficiently in order to strengthen its competitive advantages.

In all of its business activities, SHS allocates part of its capital and human resources to invest and support the green capital markets.

- **Investment**

SHS has been a member of the government bond trading since 2010. In 2016, the company invested about VND1,800 billion in government bonds and 3.2 times more than the investment in 2015, VND900 billion in bonds of Vietnam Bank Social Policy and Agriculture Bank, equaling half of the investment in 2015, in order to indirectly fund the Government's targets, programs and green projects.

The Company also allocated a specific percentage of its investment in green stocks (listed companies with fundamentals, which invest in green fields, produce eco-friendly products or technology solutions such as AAA, SHI, VNM, FPT, REE, DQC, GTN ...

- **Brokerage, financial services and investment advisory**

The Company has provided a wide range of corporate financial advisory and underwriting services to green enterprises with total collected fees in 2016 of VND3 billion.

No.	COMPANY	ACTIVITIES
1	Licogi 14 Joint Stock Company	Construction of hydropower projects
2	Licogi 16 Joint Stock Company	Construction biofuel plant in Binh Phuoc
3	Bac Giang Clean Water Joint Stock Company	Projects to improve the capacity of water supply system in Bac Giang
4	The Southern Fertilizer Joint Stock Company	Productions of organic fertilizers, specialized fertilizers ... to increase productivity for farmers
5	Duc Long Gia Lai Group JSC	Applications of technology to breed organic cows to achieve Global GAP standards, reaching towards the standards of organic products Provide intelligent renewable energy solutions for Con Dao
6	Environment Construction Joint Stock Company - TKV	Drainage and waste water treatments, pollution treatments and waste managements ...
7	Sonha International JSC	Production of environmentally friendly solar water heaters, nonflammable and electricity saving
8	Inland Waterway Maintenance and Management No. 10 Joint Stock Company	Dredging of rivers, canals, leveling and treatment of waterways
9	Song Da 5 Joint Stock Company	Construction of hydropower projects which will increase the amount of electricity and minimize the environmental impact of thermal power plants
10	Song Chay 5 Hydropower Joint Stock Company	Production of electricity from nature
11	Habac Nitrogenous Fertilizer & Chemicals Company Limited	Habac Urea product is used as fertilizer in agriculture, helping farmers to have better yields
12	Haprosimex JSC	Grain products such as black pepper, white pepper, chestnut are natural and environmentally friendly. Large export amounts bring high benefits to enterprises and country
13	EVNNPC	Implementation of energy saving policies such as organizing the campaign "Family Power Saving", " Schools Power Saving " ... to disseminate and motivate users to have responsibility to save electric power
14	Vietnam Forest Corporation	Participation in research and development of forest seed. In addition, plantation of economic forests to supply raw materials, intensive plantation, large timber plantation ...
15	Vietnam Maritime University	There are research centers for technology, electrical engineering, electronics and automation. In addition, training and consulting science and technology of marine environmental protection

### Corporate finance advisory and underwriting

Green enterprises often have good business and sustainable development, so many investors choose to invest in such as PAN, FPT, REE, DQC, GTN, SHI ... Therefore, SHS, as advisors and stockbrokers for the capital market green, provides a wide range services of brokerage, investment advisory and financial services to clients who invest in these stocks.

### Contribute to the State budget

SHS diligently fulfills tax and fee obligations to the State budget such as CIT, VAT, PIT, environmental fee, registration fee ...

### Specific tax and fee obligations in 2016 as follows:

TYPE	AMOUNT	PAYABLE AT 31/12/2016
CIT	Not paid due to the loss carry forward	However, SHS had temporarily paid in advance VND 12 billion in 2011.
VAT	VND 658 million	
PIT	VND 44,6 billion	
Other taxes and charges	VND 278,5 million	

### Prioritize environmental protection

Besides actively implementing cost management (such as stationery, energy, water ...) to reduce harm to the environment, SHS improves trading platform to increase online trading thus reducing significantly printing cost. In addition, due to the regular review of forms, agreements, contracts, the cost of printing forms, agreements, contracts has also decreased significantly. SHS involves in the portal system of the General Department of Taxation, State Securities Commission of Vietnam, Hanoi Stock Exchange, Vietnam Securities Depository and Insurance Vietnam, thence reporting, information disclosure and securities custody are almost non-material. This is not only to simplify procedures but also to reduce waste paper and printing ink to minimize harm to the environment...

The Company has also taken many measures to ensure a clean and professional working environment to protect employees' health as well as surrounding environment. These measures include issuance of internal regulations for environmental protection, implementation of monitoring mechanisms, regime of reward and discipline, and forming employees' habit of protecting the environment at all times.

In 2016, the Company did not violate any legal provisions of law on environmental protection

**Create opportunities for hands-on experiences for the young generation**

SHS creates opportunities to experience hands-on work in the securities sector for about 15 students who are still studying or have just graduated from university in most of departments for 1-3 months. Especially, 6 months in some cases.

Students have opportunities to work as officers, employees of the Company, trained and immersed in the cultural activities of the Company. Students also get paid a stipend of VND 1-3 million per month to. Students who do well will have job offers after internship.

**Responsibility for the local community and society**

SHS demonstrates its responsibility to local communities and society through sponsorship activities. In 2016, SHS contributed VND 2.18 billion, nearly 10 times higher than the figure of 2015 (only VND 223 million).

**SHS's 2016 contribution to local community as follows:**

No.	ITEM	LAUNCHED BY	AMOUNT (VND)
1	Sponsor Football League HASMEA	Hanoi Association of Small and Medium Enterprises	50,000,000
2	Sponsor Saigon Football Club	Saigon Football Club	30,000,000
3	Sponsor free meals to patients at the Central Children Hospital	Hanoi Association of Small and Medium Enterprises	2,000,000,000
4	Organize the propaganda program on dissemination of new decrees, circulars on equitisation and listing at SOEs	Ministry of Finance	50,000,000
5	Sponsor celebrating 20 years of Association of Small and Medium	Hanoi Association of Small and Medium Enterprises	50,000,000
<b>Total</b>			<b>2,180,000,000</b>

The Company also represents responsibility to local community by contributing to funds for the poor, funds for education promotion... which are launched by ward, district, city committee. During the year, employees of the Company have held many charity activities, donating money and clothes, material utensils to support poor children in hospitals in Hanoi. The Company always encourages employees to share with the less fortunate and considers that as part of its cultural.

**ACTION PLAN FOR 2017**

While evaluating sustainable development performance in 2015 and comparing it with the objectives and action directions, SHS set out an action plan for 2017 as follows:

- Improve operation efficiency; corporate governance, risk management, anti-money laundry; report and disclose information fully, clearly and timely to raise SHS' prestige; increase the salary and welfare for employees to competitive level with top securities companies on the market; ensure dividend payment of at least 10% to shareholders; meet the requirements and expectations of stakeholders for SHS' stock price; contribute more taxes and fees to the State budget.
- Actively support development of youth programs by creating more internship opportunities for students and organizing career talks in universities which have securities faculties.
- Develop and provide a wide range of products and services for clients on Green Capital Markets.
- Promote and expand programs, or activities contributing to development of the community.



## DECLARATION ON COMPLIANCE WITH GRI4 CRITERIA

GRI	DESCRIPTION	REFERENCE	NOTE
<b>STRATEGY &amp; ANALYSIS</b>			
G4-1	Declaration of the leaders of the Enterprise	ANNUAL REPORT-Chairman's Message	
G4-2	Describe key impacts, risks and opportunities	SUSTAINABILITY REPORT-Business performance ANNUAL REPORT- Risk Management	
<b>COMPANY PROFILE</b>			
G4-3	Name of the organization	ANNUAL REPORT-Company overview	
G4-4	Products & Services	ANNUAL REPORT-Company overview	
G4-5	Organization's headquarters	ANNUAL REPORT-Company overview	
G4-6	The number of countries where the organization operates	ANNUAL REPORT-Company overview	SHS is now operating in Hochiminh City, Hanoi, Danang-Vietnam
G4-7	Type of ownership and legal form	ANNUAL REPORT-Company overview	
G4-8	Markets served	ANNUAL REPORT-Company overview	
G4-9	Organization scale	ANNUAL REPORT-Company overview	
G4-10	Organization's work force statistics	SUSTAINABILITY REPORT 2016	
G4-11	Percentage of total employees covered by collective bargaining agreements	SUSTAINABILITY REPORT 2016	100%
G4-12	Organization's supply chain	ANNUAL REPORT-Company overview	
G4-13	Significant changes during the reporting period regarding the	ANNUAL REPORT-Company overview	Unchanged
G4-14	organization's size, structure, ownership, or its supply chain  Report whether the precautionary approach or principle is addressed by the organization	ANNUAL REPORT- Risk Management SUSTAINABILITY REPORT 2016	

G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives which the organization endorsed	SUSTAINABILITY REPORT – Overview	
G4-16	Memberships of associations	SUSTAINABILITY REPORT 2016	Vietnam Bond Market Association ("VBMA")

### IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES

G4-17	List all entities included in the organization's consolidated financial statements or equivalent documents	ANNUAL REPORT-Audited financial statements SUSTAINABILITY REPORT – Overview	
G4-18	List all entities included in the organization's consolidated financial statements or equivalent documents	SUSTAINABILITY REPORT – Overview	
G4-19	List all the material aspects identified in the process for defining report content	SUSTAINABILITY REPORT - Sustainable Development Direction	
G4-20	For each material aspect, report the Aspect Boundary within the organization	SUSTAINABILITY REPORT - Sustainable Development Direction	
G4-21	For each material aspect, report the Aspect Boundary outside the organization	SUSTAINABILITY REPORT - Sustainable Development Direction	
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	SUSTAINABILITY REPORT – Overview	There are no restatements
G4-23	Significant changes from previous reporting periods	SUSTAINABILITY REPORT – Overview	None

### STAKEHOLDER ENGAGEMENT

G4-24	A list of stakeholder groups engaged by the organization	SUSTAINABILITY REPORT - Sustainable Development Direction	
G4-25	The basis for identification and selection of stakeholders with whom to engage	SUSTAINABILITY REPORT - Sustainable Development Direction	
G4-26	The organization's approach to stakeholder engagement	SUSTAINABILITY REPORT - Sustainable Development Direction	
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns	SUSTAINABILITY REPORT - Sustainable Development Direction	

### REPORT PROFILE

G4-28	Reporting period	SUSTAINABILITY REPORT – Overview	Year 2016
G4-29	Recent previous reporting period	SUSTAINABILITY REPORT – Overview	This is the 2nd year SHS has prepared the report
G4-30	Report cycle	SUSTAINABILITY REPORT – Overview	Yearly
G4-31	Contact point (if any)	SUSTAINABILITY REPORT – Overview	SHS

### GRI CONTENT INDEX

G4-32	The reporting option the organization has chosen	SUSTAINABILITY REPORT – Overview
G4-33	The contact point for questions regarding the report or its contents	SUSTAINABILITY REPORT – Overview
G4-34	Governance structure of the organization, including committees of the highest governance body	SUSTAINABILITY REPORT - Sustainable Development Direction

### ETHICS AND INTEGRITY

G4-56	Values, principles, standards and norms of organizational behavior	ANNUAL REPORT-Company overview SUSTAINABILITY REPORT 2016
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### SPECIFIC CONTENTS

#### Economic impact

G4-EC1	Direct economic value generated and distributed	SUSTAINABILITY REPORT – Sustainability Report 2016
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#### Environmental impact

G4-EN2	Recycled input materials	SUSTAINABILITY REPORT - Sustainability Report 2016	Recycle of one sided print paper
G4-EN6	Energy consumption within the organization	SUSTAINABILITY REPORT - Sustainability Report 2016	
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	SUSTAINABILITY REPORT - Sustainability Report 2016	
G4-EN 29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	SUSTAINABILITY REPORT - Sustainability Report 2016	

#### Social impact

G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	SUSTAINABILITY REPORT - Sustainability Report 2016
G4-LA2	Benefits provided to full-time employees	SUSTAINABILITY REPORT - Sustainability Report 2016
G4-LA10	Programs for skills management	SUSTAINABILITY REPORT - Sustainability Report 2016
G4-LA12	Composition of governance bodies and and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	SUSTAINABILITY REPORT - Sustainability Report 2016

#### Human rights impact

G4-HR5	Child labor	SUSTAINABILITY REPORT - Sustainability Report 2016	No child labor use
G4-HR6	Forced labor	SUSTAINABILITY REPORT - Sustainability Report 2016	No forced labor use

#### Local Communities

G4-S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs	SUSTAINABILITY REPORT - Sustainability Report 2016
G4-S08	Penalties	SUSTAINABILITY REPORT - Sustainability Report 2016
G4-PR3	Type of products and services	ANNUAL REPORT – Overview



## SHAREHOLDER RELATIONSHIP

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Salary, bonus and incentives	145
Transactions of shares by insiders and related bodies	146
Agreement, transactions to insiders and related bodies	146



## SHAREHOLDER STRUCTURE, CHANGE IN OWNERS' INVESTMENT CAPITAL

### Share

TOTAL 100,000,000 SHARES		
Common shares (100,000,000 shares)	Preferred shares (0 share)	
Free floating shares (100,000,000 shares)	Limited shares (0 shares)	
Outstanding shares (100,000,000 shares)	Treasury shares (0 shares)	

### Shareholder structure

((As of 24/03/2017 based on shareholder listing for 2017 AGM of SHS, prepared by VSD)

NO.	TYPE	NUMBER OF SHARES	VALUE (VND)	OWNERSHIP (%)	NUMBER OF SHAREHOLDERS
1.1	Large shareholders	18,474,700	184,474,700,000	18.47	03
1.2	Minority shareholders	81,525,300	815,253,000,000	81.53	3,040
<b>1</b>	<b>Total</b>	<b>100,000,000</b>	<b>1,000,000,000,000</b>	<b>100.00</b>	<b>3,043</b>
2.1	Institutional shareholders	20,477,132	204,771,320,000	20.48	38
2.2	Individual shareholders	79,522,868	795,228,680,000	79.52	3,005
<b>2</b>	<b>Total</b>	<b>100,000,000</b>	<b>1,000,000,000,000</b>	<b>100.00</b>	<b>3,043</b>
3.1	Local shareholders	85,775,634	857,756,340,000	85.78	3,010
3.2	Foreign shareholders	14,224,366	142,243,660,000	14.22	33
<b>3</b>	<b>Total</b>	<b>100,000,000</b>	<b>1,000,000,000,000</b>	<b>100.00</b>	<b>3,043</b>
4.1	State shareholders	0	0	0	0
4.2	Others	100,000,000	1,000,000,000,000	100	3,043
<b>4</b>	<b>Total</b>	<b>100,000,000</b>	<b>1,000,000,000,000</b>	<b>100.00</b>	<b>3,043</b>

### Treasury shares

There was no change in owners' investment capital in 2016

### Treasury shares

Treasury share transaction in 2016: No  
Number of treasury shares as of 31/12/2016: 0 shares

### Other securities

Unit: Billion VND

	TERM	ISSUANCE DATE	EXPIRY DATE	BEGINNING OF THE YEAR	PAYMENT IN THE YEAR	END OF THE YEAR
1		02/07/2015	02/07/2017	180	-	180
2		30/10/2015	30/10/2017	320	40	280
3		02/11/2015	02/11/2017	80	80	-
<b>Total in 2015</b>				<b>580</b>	<b>120</b>	<b>460</b>
1		22/03/2016	22/03/2018	60	-	60
2		28/03/2016	28/03/2018	240	140	100
<b>Total phase 1/2016</b>				<b>300</b>	<b>140</b>	<b>160</b>
1		16/09/2016	16/09/2018	50	-	50
2		18/08/2016	18/08/2018	250	-	250
<b>Total phase 2/2016</b>				<b>300</b>	<b>-</b>	<b>300</b>
<b>Total</b>				<b>1,180</b>	<b>260</b>	<b>920</b>

## SALARY, BONUS, COMPENSATION AND OTHER INCENTIVES

SEGMENT	NUMBER OF MEMBERS	SALARY, BONUS, COMPENSATION IN 2016	2016 PLAN	% OF 2016 PLAN
Board of Directors	5	2,724,617,918	3,900,000,000	97.07%
Board of Supervisory	3	1,061,304,862		
Board of Management ( including compensations for executive titles)	4	8,133,290,968 (*)		

**(\*) In which:**

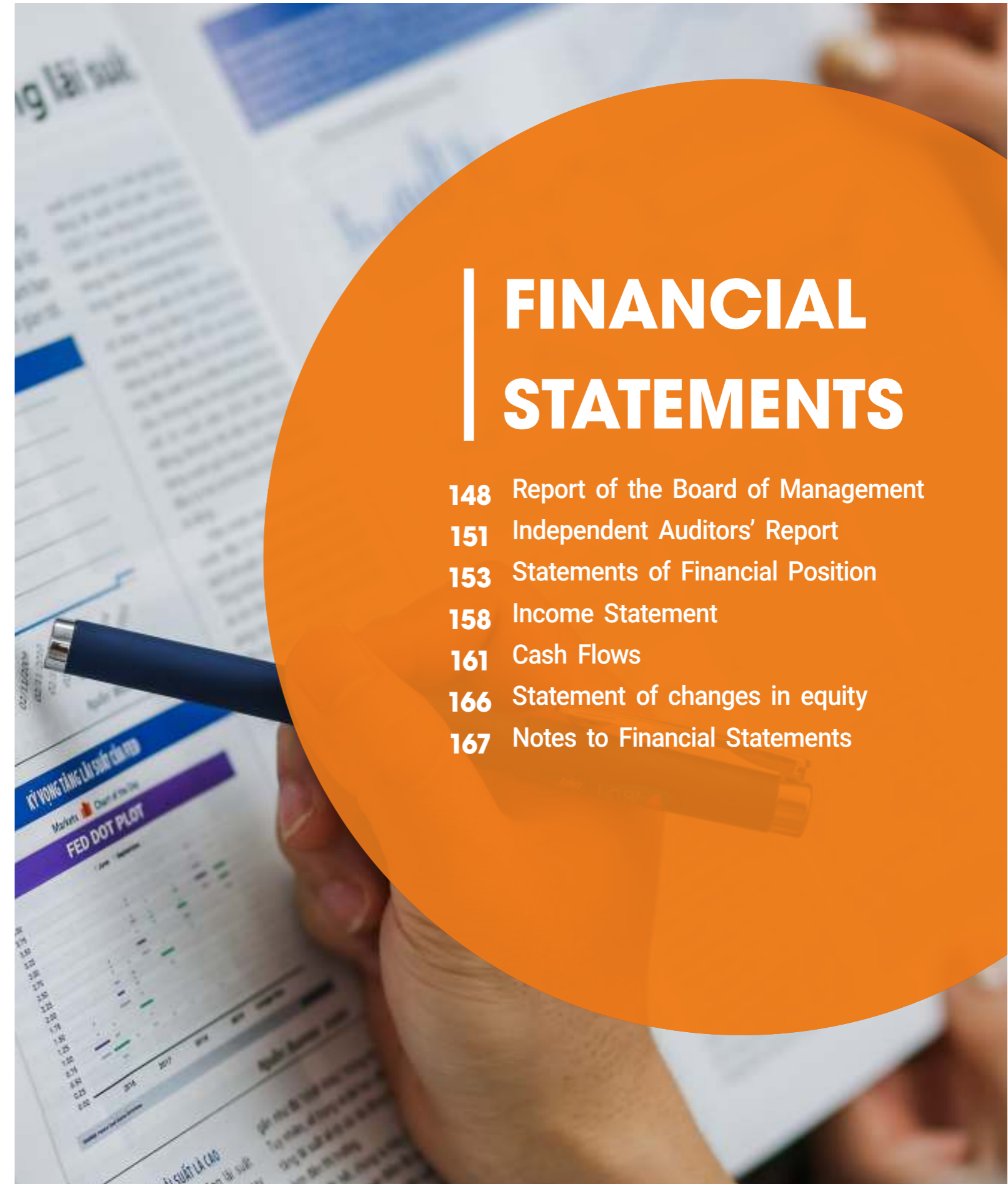
- Income from salary: **5,037,679,828 VND**
- Income from business performance: **2,884,479,443 VND**
- Compensation and allowance on salary: **211,131,697 VND**

## **TRANSACTION OF SHARES BY INSIDER SHAREHOLDER AND RELATED PARTIES**

On 19/8/2016, Saigon Ha Noi Bank – Related party: Mr Do Quang Hien, Chairman and Mr. Le Dang Khoa, member of BOM sold 4.8 million shares through put-through transaction.

## **AGREEMENT, TRANSACTION OF SHARES BY INSIDER SHAREHOLDER AND RELATED PARTIES**

(Please refer to 2016 audited financial statement)



# **FINANCIAL STATEMENTS**

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## REPORT OF THE BOARD OF MANAGEMENT

The Board of General Directors of Sai Gon – Ha Noi Securities Joint Stock Company (the “Company”) presents its report and the Company’s Financial statements for the financial year ended 31 December 2016 which are audited by the independent auditors.

### COMPANY INFORMATION

Sai Gon - Ha Noi Securities Joint Stock Company has established and operated in accordance with the License of Securities Business Operation No. 66/UBCK – GP dated 15 November 2007 and the Latest Amendment License No. 32/GPĐC – UBCK dated 01 December 2014 issued by State Securities Commission of Vietnam.

The principal activities of the Corporation for the current year are as follows:

- **Securities brokerage;**
- **Proprietary Investment;**
- **Underwriting;**
- **Securities investment advisory;**
- **Securities depository;**
- **Financial advisory and other financial services;**
- **Perform other activities in accordance with the law.**

The Head Office of the Company is located at 3rd floor, Union Trade Conference Center Building, No.1 Yet Kieu, Hoan Kiem district, Ha Noi.

### THE BOARD OF DIRECTORS

The members of the Board of Directors during the year and at the date of this report are as follows:

- Mr. DO QUANG HIEN - Chairman
- Mr. VU DUC TIEN - Member
- Mr. LE DANG KHOA - Member
- Mr. MAI XUAN SON - Member
- Ms. NGUYEN MINH PHUONG - Member (Appointed on 11 April 2016)
- Mr. NGUYEN THANH QUANG - Member (Discharged on 11 April 2016)

### THE BOARD OF MANAGEMENT AND CHIEF ACCOUNTANT

Members of the Board of Management and the Chief Accountant during the year and at the date of this report are as follows:

- Mr. VU DUC TIEN - General Director
- Mr. TRAN SY TIEN - Vice General Director cum Chief Accountant
- Mr. NGUYEN CHI THANH - Vice General Director cum Director of Ho Chi Minh Branch

### AUDITORS

Nam Viet Auditing and Accounting Financial Consulting Services Co., Ltd (AASCN) – Hanoi Branch has audited the financial statements of the Company for the year ended 31 December 2016.

### THE RESPONSIBILITY OF THE BOARD OF MANAGEMENT

The Management is responsible for the Financial Statements state of affairs of the Company which give a true and fair view as at 31 December 2016 and of its operation results, cash flows and changes in equity for the financial year ended same day, in accordance with Vietnamese Accounting Standards, accounting regime applicable to securities companies issued by the Ministry of Finance in accordance with Circular No.210/2014/TT-BTC dated 30 December 2014, Circular No.334/2016/TT-BTC dated 27 December 2016 modifying Circular No.210/2014/TT-BTC and legal regulations relating to prepare and present financial statements. In preparing these Financial Statements, the Management is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- Indicate whether the accounting standards applied to the Company have been complied with or not and all material misstatements have been disclosed and explained in the Financial Statements;

- Prepare the financial statements on going concern basis unless it is inappropriate to presume that the Company will continue in business;
- Establish and implement an internal control system effectively to mitigate the risk of material misstatement, whether due to fraud or error in the prepare and present the financial statements.

The Board of Management is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and that the financial statements comply with Vietnamese Accounting Standards, accounting regime applicable to securities companies issued by the Ministry of Finance in accordance with Circular No.210/2014/TT-BTC dated 30 December 2014, Circular No. 334/2016/TT-BTC dated 27 December 2016 modifying Circular No.210/2014/TT-BTC and legal regulations relating to prepare and present financial statements. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Board of Management commit that the Company has complied with the above requirements in preparing financial statements.

Ha Noi, 29 March 2017

On behalf of the Board of Management  
General Director



Vu Duc Tien

## INDEPENDENT AUDITORS' REPORT

Reference No. : 81/2017/BCKT-TC2

**To: THE BOARD OF MANAGEMENT AND THE BOARD OF GENERAL DIRECTORSS  
SAI GON – HA NOI SECURITIES JOINT STOCK COMPANY**

We have audited the accompanying financial Statements of Sai Gon – Ha Noi Securities Joint Stock Company for the financial year ended 31 December 2016 prepared on 29 March 2016 as set out on pages 06 to 54 attached, which comprise the Statement of financial position as at 31 December 2016, Income Statement, the Cash Flow Statement, Statement of changes in equity for the financial year ended on same day and the Notes to Financial Statements.

### Responsibility of the Board of Management

The Board of Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with Vietnamese Accounting Standards, accounting regime applicable to securities companies issued by the Ministry of Finance in accordance with Circular No. 210/2014/TT-BTC dated 30 December 2014, Circular No. 334/2016/TT-BTC dated 27 December 2016 modifies Circular No.210/2014/TT-BTC and legal regulations relating to prepare and present financial statements and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on the accompanying financial statements based on our audit. We conducted our audit in accordance with Vietnamese Auditing Standards. These standards require us to comply regulations about professional ethics, plan and perform our audit to obtain a reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of General Directors, as well as evaluating the overall presentation of the financial statements.

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

**Auditors' opinion**

In our opinion, the Financial Statements give a true and fair view, in all material respects, of the financial position of the Company as at 31 December 2016, and of the results of its operations, its cash flows and its changes in equity for the year ended in accordance with the Vietnamese Accounting Standard, accounting regime applicable to securities companies issued by the Ministry of Finance in accordance with Circular No. 210/2014/TT-BTC dated 30 December 2014, Circular No. 334/2016/TT-BTC dated 27 December 2016 modifies Circular No.210/2014/TT-BTC and legal regulations relating to prepare and present financial statements.

**Emphasis of matters**

Without denying mentioned opinions, we want to note to financial statements' reader that: as stated in Note III, since 01 January 2016, the Company has adopted Circular No. 210/2014/TT-BTC issued by the Ministry of Finance on 30 December 2014 ("Circular 210"); Circular No. 334/2016/TT-BTC dated 27 December 2016 modifies Circular No. 210 guiding the accounting regime for securities companies. Accordingly, certain figures of the statement of financial position as at 31 December 2016, of the income statement, of the cash flows and of the statement of changes in equity for the financial year ended 31 December 2015 have been reclassified for the comparability purpose due to effects of adoption of Circular 210/2014/TT-BTC and Circular 334/2016/TT-BTC on the preparation and presentation of the financial statements.

Ha Noi, 29 March 2017

Nam Viet Auditing and Accounting Financial  
Consulting Services Co., Ltd – Hanoi Branch

Vice Director

Bui Ngoc Vuong

Registered Auditor Certificate No.

0941-2013-152-1

Auditor-in-charge

Mai Van Cong

Registered Auditor Certificate No.

2920-2014-152-1

**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2016

No.	ASSETS	CODE	NOTES	CLOSING BALANCE	OPENING BALANCE
A.	CURRENT ASSETS (100 = 110 + 130)	100		<b>3,295,992,037,925</b>	2,860,910,146,634
I.	SHORT- TERM FINANCIAL ASSETS	110		<b>3,272,457,618,782</b>	<b>2,845,090,226,493</b>
1.	Cash and cash equivalents	111	<b>VI.01</b>	361,552,797,249	340,163,382,922
1.1	Cash	111.1		361,552,797,249	265,163,382,922
1.2	Cash equivalents	111.2		-	75,000,000,000
2.	Financial assets at fair value through profit or loss	112	<b>VI.03.01</b>	769,524,155,991	1,247,596,319,016
4.	Loans receivable	114	<b>VI.03.02</b>	1,714,385,482,679	1,167,096,572,535
6.	Provision for impairment of financial assets and collaterals	116	<b>VI.03.03</b>	(118,565,977,098)	(88,331,723,120)
7.	Receivables	117		16,807,997,619	16,400,753,792
7.2	Dividends and accrued interests receivable from financial assets	117.2	<b>VI.04.01</b>	16,807,997,619	16,400,753,792
7.2.1	Receivables from due dividend and interest income	117.3		16,807,997,619	16,082,304,412
7.2.2	Undue dividends and accrued interests receivable from financial assets	117.4		-	318,449,380
8.	Advances to suppliers	118		85,318,478,750	85,305,745,000
9.	Receivables from services rendered	119	<b>VI.04.03</b>	722,694,703,698	352,421,457,765
12.	Other receivables	122	<b>VI.04.04</b>	1,041,661,280	18,041,684
13.	Provision for impairment of receivable (*)	129	<b>VI.05</b>	(280,301,681,386)	(275,580,323,101)
II.	OTHER CURRENT ASSETS	130		<b>23,534,419,143</b>	<b>15,819,920,141</b>
1.	Advances	131		10,501,080,097	2,979,632,097
2.	Office supplies, tools	132	<b>VI.06</b>	139,255,107	145,913,733
3.	Short-term prepaid expenses	133	<b>VI.07</b>	702,885,409	503,175,781
4.	Short-term mortgages deposits collaterals and pledges	134		2,750,000	2,750,000
6.	Tax and receivables from state budget	136		12,188,448,530	12,188,448,530

B.	NON-CURRENT ASSETS (200=210+220+230+240+250-260)	200		<b>18,385,779,565</b>	14,704,952,329
I.	LONG-TERM FINANCIAL ASSETS	210		-	-
II.	FIXED ASSETS	220		<b>3,521,762,958</b>	<b>2,298,915,976</b>
1.	Tangible fixed assets	221	<b>VI.09</b>	2,946,431,421	1,363,156,532
	- Cost	222		17,746,068,209	14,991,359,209
	- Accumulated depreciation (*)	223a		(14,799,636,788)	(13,628,202,677)
3.	Intangible fixed assets	227	<b>VI.10</b>	575,331,537	935,759,444
	- Cost	228		20,970,056,987	20,675,056,987
	- Accumulated depreciation (*)	229a		(20,394,725,450)	(19,739,297,543)
III.	INVESTMENT PROPERTIES	230		-	-
IV.	CONSTRUCTION IN PROGRESS	240		-	-
V.	OTHER LONG-TERM ASSETS	250		14,864,016,607	12,406,036,353
1.	Long-term mortgages deposits collaterals and pledges	251		1,908,740,598	1,822,533,535
2.	Long-term prepaid expenses	252	<b>VI.07</b>	1,651,685,539	2,384,162,545
4.	Deposit to Settlement support fund	254	<b>VI.08</b>	11,303,590,470	8,199,340,273
VI.	PROVISION FOR IMPAIRMENT OF FINANCIAL ASSETS	260		-	-
	<b>TOTAL ASSETS</b> (270=100+200)	270		<b>3,314,377,817,490</b>	<b>2,875,615,098,963</b>

NO.	RESOURCE	CODE	NOTES	CLOSING BALANCE	OPENING BALANCE
C.	LIABILITIES (300=310+340)	300		<b>2,200,891,871,259</b>	1,847,718,855,199
I.	CURRENT LIABILITIES	310		<b>1,259,544,184,458</b>	1,253,836,940,620
1.	Short-term loans and obligations under finance leases	311		503,500,000,000	517,000,000,000
		312	VI.24	503,500,000,000	517,000,000,000
1.1	Short-term loans	318	VI.18	6,798,151,035	8,924,818,000
6.	Payables for securities transaction				
9.	Short-term advances from customers	321		91,001,850,000	851,000,000
10.	Tax payables and statutory obligations	322	VI.20	8,348,338,059	5,895,495,290
11.	Payables to employees	323		4,974,301,225	1,732,139,896
12.	Employee benefits	324		92,733,300	855,747,180
13.	Short-term accrued expenses	325	VI.21	22,680,855,554	5,341,400,135
16.	Short-term deposits, collaterals and pledges from others	328		613,355,143,287	711,270,551,312
		329	VI.23	7,783,643,631	1,826,620,441
17.	Other current liabilities				
19.	Bonus and welfare fund	331		1,009,168,366	139,168,366
II.	NON-CURRENT LIABILITIES	340		<b>941,347,686,801</b>	<b>593,881,914,579</b>
4.	Long-term bonds	346	VI.25	920,000,000,000	580,000,000,000
5.	Long-term trade payables	347	VI.22	14,025,690	14,025,690
7.	Long-term accrued expenses	349	VI.21	21,333,661,111	13,867,888,889
D.	EQUITY (400=410+420)	400		<b>1,113,485,946,231</b>	<b>1,027,896,243,764</b>
I.	OWNERS' EQUITY	410		<b>1,113,485,946,231</b>	<b>1,027,896,243,764</b>
1.	Contributed capital	411		1,000,310,000,000	1,000,310,000,000
1.1	Charter capital	411.1		1,000,000,000,000	1,000,000,000,000
	a. Ordinary shares have the right to vote	411.1a		1,000,000,000,000	1,000,000,000,000
	b. Preferred shares	411.1b		-	-
1.2	Share premium	411.2		310,000,000	310,000,000
4.	Charter capital supplementary reserve	414		8,057,812,432	7,420,555,826
5.	Operational risk and financial reserve	415		8,057,812,432	7,420,555,826
7.	Undistributed profit	417	VI.27	97,060,321,367	12,745,132,112
7.1	Realized profit	417.1		97,060,321,367	12,745,132,112
7.2	Unrealized profit	417.2		-	-
II.	OTHER SOURCES AND FUNDS				
	<b>TOTAL LIABILITIES AND OWNERS' EQUITY (440=300+400)</b>	440		<b>3,314,377,817,490</b>	<b>2,875,615,098,963</b>

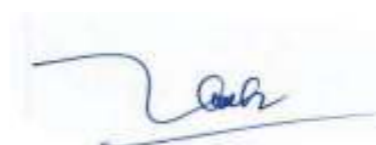
## OFF-BALANCE SHEET ITEMS

No.	ITEMS	CODE	NOTES	CLOSING BALANCE	OPENING BALANCE
<b>A. COMPANY'S ASSETS AND ASSETS MANGAGED UNDER COMMITMENTS</b>					
2.	Certificates are held in custody	002	VI.28.01	1,500,000,000	1,500,000,000
3.	Mortgaged assets	003	VI.28.02	15,036,660,000	15,936,660,000
6.	Outstanding shares	006	VI.28.03	1,000,000,000,000	1,000,000,000,000
8.	The Company's financial assets listed/ registered for trading at the Vietnam Securities Depository	008	VI.11	420,357,360,000	524,280,740,000
9.	The Company's financial assets which have not been traded at the Vietnam Securities Depository	009	VI.12	1,500,600,000	1,500,600,000
12.	The Company's financial assets which have not been registered at the Vietnam Securities Depository	012	VI.13 VI.28.05	83,364,940,000	88,400,000,000
<b>B. ASSETS AND LIABILITIES IN CUSTODY</b>					
1.	The investors' financial assets listed/ registered for trading at the Vietnam Securities Depository	021	VI.14	13,067,977,750,000	9,014,898,770,000
a.	Transferable financial assets	021.1		10,530,745,200,000	6,562,817,160,000
b.	Limited trading financial assets	021.2		856,068,450,000	497,892,740,000
c.	Collateralized financial assets	021.3		1,388,709,090,000	1,656,739,190,000
d.	Blocked financial assets	021.4		32,000,000,000	10,000,000,000
e.	Financial assets to be settled	021.5		260,455,010,000	287,449,680,000
f.	Financial assets await loans	021.6		-	-
2.	The investors' financial assets registered but not trading at the Vietnam Securities Depository	022	VI.16	8,715,090,000	1,243,918,340,000
a.	Transferable financial assets	022.1		8,715,090,000	420,783,340,000
b.	Limited trading financial assets	022.2		-	135,000,000
c.	Not traded, pledged financial assets	022.3		-	823,000,000,000
3.	Awaiting financial assets of the Investors	023	VI.15	482,133,670,000	562,857,380,000

7.	Investors' deposits	026	VI.26	644,279,232,630	484,856,494,094
7.1	Deposits for securities trading	027	VI.17	372,305,181,230	172,015,449,511
7.2	Deposit deposited securities transactions for clients	028	VI.17	271,759,124,500	300,114,855,189
7.3	Deposits for clearing and settlement of trading securities	029	VI.17	-	12,556,401,811
a.	Domestic investor's deposits for clearing and settlement of trading securities	029.1		-	12,515,227,234
b.	Foreign investor's deposits for clearing and settlement of trading securities	029.2		-	41,174,577
7.4	Deposits of securities issuers			214,926,900	169,787,583
8.	Payables to investors – investors' deposits for securities trading activities managed by commercial banks	031	VI.17 VI.28.06	644,064,305,730	484,761,056,844
8.1	Payables to investors – domestic investors' deposits for securities trading activities managed by commercial banks	031.1		644,038,924,833	484,163,438,833
8.2	Payables to investors – foreign investors' deposits for securities trading activities managed by commercial banks	031.2		25,380,897	597,618,011
12.	Dividends, bond principals and interests payable	35	VI.19	214,926,900	95,437,250

Ha Noi, 29 March 2017

Prepared by



Nguyen Thi Thuy

Chief Accountant



Tran Sy Tien

General Director



Vu Duc Tien

## INCOME STATEMENT

Year 2016

NO.	ITEMS	CODE	NOTES	CURRENT YEAR	PREVIOUS YEAR
I.	OPERATING INCOME	01			
1.1	Gain from financial assets at fair value through profit and loss (FVTPL)	01.1	VII.01	218,971,157,497	199,636,584,389
a.	Gain from disposal of financial assets at PVTPL	01.3		165,593,794,166	152,740,811,094
c.	Dividend, interest income from financial assets at PVTPL	03		53,377,363,331	46,895,773,295
1.3	Gain from loans and receivables	06		158,067,255,437	132,813,013,379
1.6	Revenue from brokerage services	07		115,656,855,552	115,222,442,972
1.7	Revenue from underwriting and issuance agent services	08		535,000,000	5,350,000,000
1.8	Revenue from securities investment consulting services	09		45,176,359,659	46,478,824,308
1.9	Revenue from securities custodian services	10		9,280,754,541	7,096,566,979
1.10	Revenue from financial advisory activities	11		5,184,828,453	8,764,701,333
1.11	Revenue from other activities	20		10,465,826,517	1,483,055,791
	<b>Total operating revenue (20=01-11)</b>			<b>563,338,037,656</b>	<b>516,845,189,151</b>
II.	OPERATING EXPENSES				
2.1	Loss from financial assets at fair value through profit and loss (FVTPL)	21		32,439,097,488	52,301,595,463
a.	Loss from disposal of financial assets at FVTPL	21.1	VII.01	32,020,042,017	51,695,927,188
c.	Transaction costs of acquisition of financial assets at FVTPL	21.3		419,055,471	605,668,275
2.4	Provision for financial assets, handling of bad debts and losses on financial assets and borrowing costs of loans	24		140,411,554,720	158,913,063,233
2.6	Expenses for proprietary trading activities	26		4,441,462,276	2,133,060,093
2.7	Expenses for brokerage services	27		100,057,158,050	59,708,145,650
2.8	Expenses for underwriting and issuance agent services	28	VII.03	1,926,937	-
2.9	Expenses for securities investment consulting services	29	VII.03	2,151,467,680	6,319,233,067
2.10	Expenses for securities custodian services	30	VII.03	7,604,634,235	5,792,220,722
2.11	Expenses for financial advisory activities	31		10,936,578,377	8,774,238,034
2.12	Expenses for other activities	32	VII.03	10,760,126,174	4,670,779,864
	<b>Total operating expenses (40=21-32)</b>	40	VII.03	<b>308,804,005,937</b>	<b>298,612,336,126</b>

III.	FINANCIAL INCOME	VII.02			
3.2	Non-fixed dividend and interest income	42	2,612,471,651	1,913,871,068	
	<b>Total finance income (50 = 41-44)</b>	50	<b>2,612,471,651</b>	<b>1,913,871,068</b>	
IV.	FINANCIAL EXPENSES				
4.2	Borrowing costs	52	VII.04	135,071,212,226	69,854,247,042
4.5	Other finance expenses	55		120,000,000	-
	<b>Total financial expenses (60=51-55)</b>	60		<b>135,191,212,226</b>	69,854,247,042
V.	SELLING EXPENSES	61		-	-
VI.	GENERAL AND ADMINISTRATIVE EXPENSE	62	VII.05	35,408,637,438	31,828,832,615
VII.	OPERATING PROFIT (70=20+50-40-60-61-62)	70		86,546,653,706	118,463,644,436
VIII.	OTHER INCOME AND EXPENSES				
8.1	Other income	71	VII.06	45,639,961	75,414,637
8.2	Other expenses	72	VII.07	2,591,200	300,979,811
	<b>Total other operating profit (80=71-72)</b>	80		<b>43,048,761</b>	<b>(225,565,174)</b>
IX.	PROFIT BEFORE TAX (90=70+80)	90		86,589,702,467	118,238,079,262
9.1	Realized profit	91		86,589,702,467	118,238,079,262
9.2	Unrealized profit	92		-	-



X.	CORPORATE INCOME TAX EXPENSES (CIT)	100	VII.08	-	-
10.1	Current CIT expense	100.1		-	-
10.2	Deferred CIT expense	100.2		-	-
XI.	PROFIT AFTER TAX (200=90-100)	200		86,589,702,467	118,238,079,262
XII.	OTHER COMPREHENSIVE INCOME (LOSS) AFTER TAX	300		-	-
XIII.	NET INCOME PER SHARE	500		866	1,183
13.1	Earning per share (VND/share)	501		866	1,183

Ha Noi, 29 March 2017

Prepared by



Nguyen Thi Thuy

Chief Accountant



Tran Sy Tien

General Director



Vu Duc Tien

## CASH FLOW STATEMENT

(Prepared in indirect method)

Year 2016

NO.	ITEMS	CODE	NOTES	CURRENT YEAR	PREVIOUS YEAR
I.	CASH FLOWS FROM OPERATING ACTIVITIES				
1.	<b>Profit before corporate income tax</b>	01		<b>86,589,702,467</b>	<b>118,238,079,262</b>
2.	<b>Adjustments for</b>	02		<b>171,127,993,300</b>	<b>114,736,950,167</b>
-	Depreciation and amortization	03		1,826,862,018	3,717,085,283
-	(Reversal) of provisions/Provisions	04		34,955,612,263	45,818,964,401
-	Interest expenses	06		135,071,212,226	69,854,247,042
-	Accrued interest income	08		(725,693,207)	(4,653,346,559)
3.	<b>Increase in non-monetary expenses</b>	10		-	-
4.	<b>Decrease in non-monetary income</b>	18		-	-
5.	<b>Operating income before changes in working capital</b>	30		<b>(559,778,572,440)</b>	<b>(1,773,553,109,630)</b>
-	Increase (decrease) in financial assets at fair value through profit or loss FVTPL	31		478,072,163,025	(489,863,280,671)
-	Increase (decrease) in loans receivable	33		(547,288,910,144)	(520,011,625,424)
-	(-) Increase, (+) decrease in dividends and accrued interests receivable from financial assets	36		318,449,380	(4,653,346,559)
-	(-) Increase, (+) decrease in receivables from services rendered	37		(370,273,245,933)	(124,631,627,986)
-	(-) Increase, (+) decrease in other receivables	39		(1,023,619,596)	3,309,296,086
-	Increase (decrease) in other assets	40		(10,631,773,321)	(3,153,848,992)
-	Increase (decrease) accrued expenses (excluding interest expenses)	41		(1,472,934,111)	2,654,766,504
-	Increase (decrease) in prepaid expenses	42		532,767,378	431,812,060
-	(-) Interest expenses paid	44		(116,258,822,696)	(72,509,013,546)
-	Increase (decrease) in trade payables	45		-	(99,304,260)

- Increase (decrease) in deductions for employee benefits	46	(763,013,880)	75,745,040
- Increase (decrease) in tax payables and statutory obligations excluding paid CIT	47	2,452,842,769	(1,552,512,575)
- Increase (decrease) in payables to employees	48	3,242,161,329	(209,212,434)
- Increase (decrease) in other payables	50	3,531,570,422	(563,169,962,489)
- Other receipts from operating activities	51	870,000,000	10,244,400,000
- Other payments for operating activities	52	(1,086,207,063)	(10,415,394,384)
<b>Net cash flows from operating activities</b>	<b>60</b>	<b>(302,060,876,673)</b>	<b>(1,540,578,080,201)</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1. Purchase and construction of fixed assets, investment properties and other assets	61	(3,049,709,000)	(686,744,897)
2. Proceeds from disposal and sale of fixed assets, investment properties and other assets	62	-	12,295,455
5. Interest and dividends from long-term investments received	65	-	176,969,311,183
<b>Net cash flows investing activities</b>	<b>70</b>	<b>(3,049,709,000)</b>	<b>176,294,861,741</b>
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
2. Repayment of capital contributed by shareholders, repurchase of issued shares	72	-	1,860,000,000
3. Drawdown of borrowings	73	2,917,754,309,039	1,864,000,000,000
3.2 Other loans	73.2	2,917,754,309,039	1,864,000,000,000
4. Repayment of borrowings	74	(2,591,254,309,039)	(1,232,000,000,000)
4.3 Other repayment of borrowings	74.3	(2,591,254,309,039)	(1,232,000,000,000)
6. Dividends, profit distributed to shareholders	76	-	(4,930,800)
<b>Net cash flow from financing activities</b>	<b>80</b>	<b>326,500,000,000</b>	<b>633,855,069,200</b>

IV. NET DECREASE/INCREASE IN CASH	90	21,389,414,327	(730,428,149,260)
V. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	101	340,163,382,922	1,070,591,532,182
Cash at banks at the beginning of the year	102		
- Cash at banks for operation of the Company	102.1	265,163,382,922	805,941,532,182
- Cash equivalents	102.2	75,000,000,000	264,650,000,000
- Foreign exchange differences	102.3	-	-
VI. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	103	<b>361,552,797,249</b>	<b>340,163,382,922</b>
Cash at banks at the beginning of the year	104	361,552,797,249	340,163,382,922
- Cash at banks for operation of the Company	104.1	361,552,797,249	265,163,382,922
- Cash equivalents	104.2	-	75,000,000,000
- Foreign exchange differences	104.4	-	-

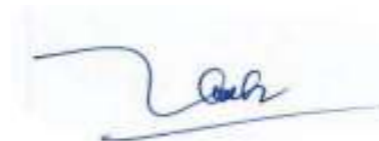
## CASH FLOWS FROM BROKERAGE AND TRUST ACTIVITIES OF THE CUSTOMERS

No.	ITEMS	CODE	NOTES	CURRENT YEAR	PREVIOUS YEAR
I.	CASH FLOWS FROM BROKERAGE AND TRUST ACTIVITIES OF THE CUSTOMERS				
1.	Cash receipt from disposal of securities on behalf of customers	1		37,735,701,103,880	36,517,524,303,700
2.	Cash payment for acquisition of securities on behalf of customers	2		(36,672,186,088,530)	(35,498,240,281,400)
7.	Cash receipt for settlement of securities transactions of customers	7		(898,135,881,169)	(1,060,537,198,855)
9.	Cash payment for custodian fees of customers	9		(6,066,249,895)	(6,818,605,290)
10.	Cash receipt for error securities transactions	10		2,000,000	-
11.	Cash payment for error securities transactions	11		(2,000,000)	-
12.	Cash receipt from securities issuers	12		594,992,645,946	627,933,108,537
13.	Cash payment to securities issuers	13		(594,882,791,696)	(627,976,089,787)
	<b>Net increase/ decrease in cash during the year</b>	<b>20</b>		<b>159,422,738,536</b>	<b>(48,114,763,095)</b>
II.	CASH AND CASH EQUIVALENTS OF CUSTOMERS AT THE BEGINNING OF THE YEAR	30		484,856,494,094	532,971,257,189
-	Cash at bank at the beginning of the year	31		484,856,494,094	532,971,257,189
-	Investors' deposits managed by the Company	32		172,015,449,511	209,102,202,299
	<i>In which term deposits</i>			-	-
-	Deposits for settlement of securities transaction payments	33		12,556,401,811	128,817,474,485
	<i>In which term deposits</i>			-	-
-	Deposit deposited securities transactions for clients	34		300,114,855,189	195,051,580,405
-	Deposits of securities issuers	35		169,787,583	-

III.	CASH AND CASH EQUIVALENTS OF THE CUSTOMERS AT THE END OF THE YEAR	40		644,279,232,630	484,856,494,094
-	<b>Cash at banks at the end of the year</b>	<b>41</b>		<b>644,279,232,630</b>	<b>484,856,494,094</b>
	Investors' deposits managed by the Company for securities trading activities	42		372,305,181,230	172,015,449,511
	<i>In which term deposits</i>			-	-
-	Deposit deposited securities transactions for clients	43		271,759,124,500	300,114,855,189
	Deposit clearing and settlement of securities transactions	44		-	12,556,401,811
-	Deposits of securities issuers	45		214,926,900	169,787,583

Ha Noi, 29 March 2017

Prepared by



Nguyen Thi Thuy

Chief Accountant



Tran Sy Tien

General Director



Vu Duc Tien

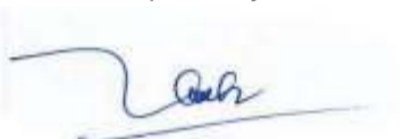
## STATEMENT OF CHANGES IN OWNERS' EQUITY

Year 2016

ITEMS	BEGINNING BALANCE		INCREASE/(DECREASE)				ENDING BALANCE	
	1 JANUARY 2015	1 JANUARY 2016	PREVIOUS YEAR		CURRENT YEAR		31 DECEMBER 2015	31 DECEMBER 2015
			INCREASE	DECREASE	INCREASE	DECREASE		
I. CHANGES IN OWNERS' EQUITY								
1. Share capital	1,108,234,052,000	1,000,310,000,000	310,000,000	(108,234,052,000)	-	-	1,000,310,000,000	1,000,310,000,000
1.1. Ordinary shares have the right to vote	1,000,000,000,000	1,000,000,000,000	-	-	-	-	1,000,000,000,000	1,000,000,000,000
1.3. Surplus share premium	108,234,052,000	310,000,000	310,000,000	(108,234,052,000)	-	-	310,000,000	310,000,000
2. Treasury shares (*)	(1,550,000,000)	-	-	1,550,000,000	-	-	-	-
3. Charter capital supplementary reserve	7,420,555,826	7,420,555,826	-	-	637,256,606	-	7,420,555,826	8,057,812,432
4. Operational risk and financial reserve fund	7,420,555,826	7,420,555,826	-	-	637,256,606	-	7,420,555,826	8,057,812,432
8. Undistributed profit	(213,726,999,150)	12,745,132,112	226,472,131,262	-	86,589,702,467	(2,274,513,212)	12,745,132,112	97,060,321,367
8.1. Realized after tax profit	(213,726,999,150)	12,745,132,112	226,472,131,262	-	86,589,702,467	(2,274,513,212)	12,745,132,112	97,060,321,367
<b>Total</b>	<b>907,798,164,502</b>	<b>1,027,896,243,764</b>	<b>226,782,131,262</b>	<b>(106,684,052,000)</b>	<b>87,864,215,679</b>	<b>(2,274,513,212?)</b>	<b>1,027,896,243,764</b>	<b>1,113,485,946,231</b>

Ha Noi, 29 March 2017

Prepared by



Nguyen Thi Thuy

Chief Accountant



Tran Sy Tien

General Director



Vu Duc Tien

## NOTES TO THE FINANCIAL STATEMENTS

Year 2016

### OPERATION CHARACTERISTICS

#### Operation License of Securities Company

Saigon - Ha Noi Securities Joint Stock Company is incorporated and operated under the Securities Operation License No. 66/UBCK-GP dated 15th November 2017 and the latest Amendment License No. 32/GPDC – UBCK issued on 1st December 2014 by the State Securities Commission.

#### Contact address of the Securities Company

The Company's registered office is located at 3rd floor, Trade Union Conference Center Building, No. 1 Yet Kieu, Hoankiem District, Hanoi City. Moreover, the Company's subsidiaries are also available as follows:

#### The Company's Branch in Ho Chi Minh City

3rd floor, Artex Saigon Buildings, No. 236-238 Nguyen Cong Tru, Nguyen Thai Binh Ward, District 1, Ho Chi Minh City

#### The Company's Branch in Da Nang City

No. 97 Le Loi, ThachThang Ward, HaiChau District, Da Nang City

#### Articles of Association

The Company operates under the Articles of Association promulgated on 3rd December 2007, amended and supplemented on 27th April 2015.

#### Main operation features

#### 1. The Company's capital scale

The Company's chartered capital under the Operation License is VND 1,000,000,000,000.

## 2. Investment objectives

The Company's business fields cover securities business in accordance with the regulations of the laws, the activities include:

- **Securities brokerage;**
- **Proprietary trading;**
- **Securities underwriting;**
- **Securities Investment Advisory;**
- **Securities depository;**
- **Corporate finance advisory and other financial services.**

## 3. The Company's investment restrictions

It is complied with Article 44 of the Circular No. 210/2012/TT-BTC of the Ministry of Finance dated 30th November 2012 and the Circular No. 07/2016/TT-BTC dated 18th January 2016. Concretely:

- The Company shall not acquire and contribute capital to acquire properties unless it is used as the registered office, branches and transaction offices, directly facilitating the operations of the Securities Company.
- The Company acquires the properties as prescribed in Clause 1 of this Article and fixed assets in accordance with the remaining value of properties and fixed assets, not exceeding fifty percent (50%) of total asset value.
- Over seventy percent (70%) of owner's equity shall not be used to invest in corporate bond acquisition or pool into other entities, not exceeding twenty percent (20%) of owner's equity to invest into the unlisted companies.
- The Company shall not directly involve in or authorize other organizations and individuals to:
  - Invest into the shares or the Company's contributed capital, holding over fifty percent (50%) of the securities company's chartered capital, unless the odd lot acquisition of shares as per request of the clients;
  - Invest over five percent (5%) of chartered capital of other securities companies in combination with the related persons;
  - Invest over twenty percent (20%) of total outstanding shares and certificate of shares of a listed entity;
  - Invest over fifteen (15%) of total shares and certificates of shares of an unlisted entity, such regulation is not applied for the member certificate of shares, fund for portfolio exchange and open funds;
  - Invest or contribute capital over ten percent (10%) of total contributed capital of a liability limited company or business project.
  - Invest or contribute capital over fifteen percent (15%) of owner's equity into an organization or business project.
  - Invest over seventy percent (70%) of owner's equity into shares, contributed capital and business project, which not over twenty percent (20%) of owner's equity shall not be invested into the unlisted shares, contributed capital and business project.

- The following conditions must be satisfied by the securities company which is expected to incorporate or reacquire the fund management company as subsidiary:
  - Owner's equity upon capital contribution for fund management company acquisition and incorporation must be at least equal to the legal capital for the business operations which are being launched by the Company;
  - Liquid capital ratio upon capital contribution for fund management company acquisition and incorporation must be at least one hundred and eighty percent (180%);
  - Upon capital contribution for fund management company acquisition and incorporation, the Company must minimize the loans as prescribed in Article 42 of the Circular No. 210/2012/TT-BTC and investment as prescribed in clause 3 and point e, clause 4, Article 44 of the Circular No.210/2012/TT-BTC.
- In the event that the exceeding investment is made by the Securities Company due to issuance of warranty guarantee under the secured commitment form due to incorporation, merger or changes in assets and owner's equity of the securities company or capital contributor, the necessary measures must be taken to comply with the investment limit as prescribed in clauses 2, 3 & 4 of this Article within one (01) year.

### List of non-incorporated and dependent accounting subordinate units

#### The Company's Branch in Ho Chi Minh City

3rd floor, Artex Saigon Buildings, No. 236-238 Nguyen Cong Tru, Nguyen Thai Binh Ward, District 1, Ho Chi Minh City

#### The Company's Branch in Da Nang City

No. 97 Le Loi, ThachThang Ward, HaiChau District, Da Nang City

### Notes on information comparison in the Financial Statements

Since 1st January 2016, the Company has applied the Circular No. 210/2014/TT-BTC of the Ministry of Finance dated 30th December 2014 ("Circular No. 210"); the Circular No. 334/2016/TT-BTC dated 27th December 2016 on amending the Circular No. 210 ("the Circular No. 334") on guiding the applicable accounting for the securities companies. This Circular is valid since 1st January 2016. Accordingly, some disclosures of the Statements of Financial Position as of 31st December 2015, the Income Statements, Cash Flow Statement and Statement on Owner's Equity Change for the financial year ended on 31st December 2015 have been re-classified for comparison purpose due to influence of application of the Circular No. 210 and the Circular No. 334 on preparation and presentation of the Financial Statements.

## FINANCIAL YEAR, ACCOUNTING CURRENCY

### **The financial year**

The Company's financial year starts on 1st January and ends on 31st December every year.

### **Accounting currency**

Accounting currency is Vietnam Dong (VND).

## ADOPTION OF NEW ACCOUNTING GUIDANCE

### **New guidance on corporate accounting policies**

The Company applies the accounting policies for securities company promulgated by the Ministry of Finance under the Circular No.210/2014/TT-BTC dated 30th December 2014 and the Circular No.334/2016/TT-BTC promulgated on 27th December 2016 by the Ministry of Finance on amending the Circular No.210 on guiding the applicable accounting for the securities company. Such Circulars specify the regulations on accounting vouchers, chart of accounts as well as how to prepare and present the financial statements of the securities company.

The purpose of the accompanying Financial Statements is not to reflect the financial position, operation performance, cash flow statement and changes in owner's equity in accordance with the widely accepted accounting principles and practices in other countries, out of Vietnam.

## APPLICABLE ACCOUNTING POLICIES

### **Estimates**

Preparation of the Financial Statements is complied with the accounting standards and policies applied for the Securities Company issued in attachment with the Circular No.210/2014/TT-BTC dated 30th December 2014, the Circular No.334/2016/TT-BTC dated 27th December 2016 on amending the Circular No.210 and the related legal regulations on preparing and presenting the Financial Statements. Accordingly, the Board of Management is required to release the have the estimates and assumptions affecting the disclosures on liabilities, assets and presentation of potential liabilities and assets as of date of financial statements as well as the disclosures on revenue and costs in the financial year. Although the estimates are released to the best knowledge of the Board of Management, the actual operation performance may be different from the set estimates and assumptions.

### **Principles of recording cash and cash equivalents**

The cash includes cash, bank deposit and cash in transit.

The cash equivalents refer to the short-term investments not over 03 months which may be easily capitalized and not characterized by a series of risk in capitalization since such investments are acquired.

Deposit for setting off the securities transactions refers to the amount that is willingly paid to set off the deals by the company.

Investors' deposit for securities acquisition is presented in the off-balance sheets.

### **Principle and method of financial accounting to record P&L, investments held to maturity, loans and receivables, financial assets available for sales, financial liabilities**

#### **1. Principle on classifying the financial assets**

Financial assets are classified into following type by its nature and ownership as of the acquisition date:

#### **Financial assets recorded at fair value through profit or loss ("FVTPL")**

The financial assets classified by FVTPL when it is held for buy-in and sales-out in the financial market through study and analysis with profitable expectation.

#### **Investments held to maturity (HTM)**

Investments held to maturity refer to the non-derivative financial assets with the fixed or determinable payments, characterized by fixed maturity that the Company has the active intention and holding capacity as of due date, except for:

- Non-derivative financial assets which have been classified as group recorded at FVTPL on the acquisition date;
- Non-derivative financial assets have been classified into the group available for sales (AFS);
- Non-derivative financial assets are satisfied with the definitions on loans and receivable accounts.

Financial assets held to maturity are initially recorded in accordance with the buying rate plus the direct transaction costs originated from acquisition of such assets. Upon initial recognition, the financial assets held to maturity are recorded in accordance with the allocated value under the effective interest method.

**Loans**

- Loans refer to the non-derivative assets with fixed or determinable payments not listed in the market.
- Applicable loan commitment forms:
  - Margin financing contracts.
  - Advance payment contract for securities sales.

**Financial assets available for sales (AFS)**

AFS refers to the non-derivative financial assets to be determined as available for sales or not classified as the loans, receivables, investments held to maturity or FVTPL.

Such AFS is initially recorded in accordance with the buying rate plus the direct transaction costs originated from acquisition of such assets.

**2. Recording principle and accounting method on recording the value of revaluating the investments at market price or fair value**

- Investments are initially determined in accordance with the historical price (buying price plus the acquisition costs) less the accumulated interest before the actual acquisition date (if any). In the next financial years, the investments are recorded in accordance with the initial value less the provisions for investment.
- The provisions are made when the value of the investments to be recorded in the accounting books is higher than the market value or subject to impairment of the investments on the date of finishing the accounting period. Increase or decrease in outstanding balance for provision is posted into the financial expenses in the comprehensive income statement.
- Market value used to make provision for devaluation of securities investments is determined as follows:
  - For the listed securities, it is the closing price on the nearest date available in HNX and HOSE as of the date of provision;
  - For the subscribed securities (shares are subscribed at UPCOM), it is the closing price on the nearest dealing date as of the date of provision;
  - For the unlisted and non-subscribed securities, it is the average price of the actual dealing rates as quoted by 03 securities companies whom deals are initiated on the date nearest to the date of provision, provided that not over one month as of the date of provision. In the event that no deals are available for the securities beyond one month, provision shall not be made; As it is impossible to identify the unlisted securities' market price, the provision is not made by the Company.
  - For the list securities to be canceled or suspended or stopped since the 6th market day, market price is the book value as of the nearest date of balance sheet.
  - In 2016, the fair value principle was not allowed to apply by the Law on Accounting. Therefore, the securities were re-valuated when the price reduction was available against the historical price.

**Principle of recording and depreciating fixed assets****1. Principle of recording the tangible and intangible fixed assets**

Tangible and intangible fixed assets are initially recognized at their cost. Subsequently, the total costs of these fixed assets comprise their historical costs and accumulated depreciation and residual value.

**2. Method of depreciating the tangible and intangible fixed assets**

Depreciation of fixed assets is calculated under straight line method in accordance with the expected useful life. Concretely:

- Plants and equipment 03 - 07 years
- Means of transportation 06 years
- Others 04 years
- Transaction software, accounting software 03 - 05 years

**Principle and method of short-term and long-term receivables**

Liabilities are recoverable amount from the client or otherwise. Liabilities are calculated by book value deducting provisions for bad debts.

Provisions for bad debts are made for the overdue liabilities over 06 months, or liabilities that the debtor is unable to make payment due to liquidation, bankruptcy or similar difficulties.

Liabilities include: Receivables from the securities deals, fees of brokerage and advisory services offered to the investors, interests in-arrears for the financial services and otherwise.

Revenue of securities deals: trade accounts receivable for depository deals, investors in securities brokerage service charge, securities depository charges, etc.

**Principle and method of short-term and long-term liabilities****Loans**

Loans are followed for each lender, each acknowledgment of debt and loan term of the concerned loans and financial leases. In case of foreign currency loans and debts, the detailed original currency follow-up is applied.

**Issued bonds**

Book value of the bonds is generally reflected on net basis, equal to the bond value in accordance with the face value deducting the bond discount plus the bond surplus.

The discount and surplus are monitored for each normal bonds and allocation of each discount and surplus when the loan expenses are determined to be included into the costs or capitalized from time to time, concretely:

- Bond discount is gradually allocated to loan expenses from time to time during the bond term.
- Bond surplus is gradually allocated to deduct the loan expenses from time to time during the bond term.

Allocation of discount or surplus may be applied with the effective interest method or straight line method:

- Under the effective interest method: Discount or surplus allocated to each period shall be calculated by difference between the payable loan expense for each interest payment period (calculated by opening book value of bonds multiplied with the effective interest rate in the market) with the payable amount from time to time.
- Under the straight line method: Discount or surplus is evenly allocated during the bond's term.

#### **Financial asset loans**

Financial asset loans must be followed-up with the principal details and re-valuated on the date of loan repayment operation under the loan term of each loan. Differences in increase or decrease on the loan obligation on the date of loan repayment or the end of the financial year are recorded into the financial expenses or financial revenue of the financial year. Re-valuation of financial asset loans must be well matched with the market price on the date of re-valuating such assets.

#### **Loan from Financial Support Fund**

Loan from Financial Support Fund includes the Company's loans from the Payment Support Fund in addition to the contributions of the Company's fund.

Such loan must be monitored against the loan amount, paid amount (principal and interest amount), remaining amount by each borrower, loan agreements, Acknowledgment of Debt by each loan term.

Loan repayment capacity must be periodically evaluated from the contribution to the Payment Support Fund of other members.

#### **Payables to securities deals**

Fees payable to the securities service providers are determined in accordance with the implemented deal volume and price agreed between the service provider and the Securities Company. Payables to securities deals are recorded in accordance with the principle of committing service supply to the clients in accordance with the realized revenue for the company's licensed business operations.

#### **Payables to securities issuers**

Payables to securities issuers include payables to the securities issuers regarding proceeds from selling warranty guarantee securities covered by the company in the main or auxiliary securities issuers, including those involving in sales of issued securities through the agents.

#### **Principle and method of recording owner's equity**

The chartered capital is recorded as the actual contributed capital of the shareholders, at least equal to the legal capital as prescribed by the laws in accordance with the licensed operations, including the operations to be supplemented as approved by the State Securities Commission.

Share premium: Refers to the difference due to sales of issued shares and re-issuance of treasury shares.

Treasury shares refer to the shares issued and reacquired by the Company. Treasury shares are recorded in accordance with the effective value and presented in the Balance Sheet as an items reducing the owner's equity.

Retained profit after tax reflects the operating results (P/L) after CIT and profit distribution or loss settlement of the Company. Retained profit after tax may be distributed to the investors as per pro-rata after the approval is released by the General Shareholders' Meeting/ Board of Directors and the funds are made as prescribed by the Articles of Association and the regulations of the Vietnam laws.

#### **Principle and method of recording revenue and income**

##### **Investment into financial tools**

Revenue from investment into financial tools include: Interest from financial assets recorded at FVTPL, HTM, loans and receivables, financial assets available for sales (AFS) records the difference in selling the Company's financial assets (recorded in accordance with the securities clearing result notice of the securities depository center) and earnings per share, bond interest, income from the financial assets (earnings per share is recorded in the comprehensive income statements) in accordance with the notice on profit distribution of entities having shares held by the Company, bond investment interest and interest from capital contribution to joint ventures and affiliates to be recorded into the comprehensive income statements on the accumulated basis).

##### **Securities brokerage activities for the investor**

Revenue from securities brokerage activities is recorded in the Comprehensive Income Statement when 04 conditions are satisfied as follows:

- Revenue is reliably determined;
- It is possible to gain economic benefits from such transactions;
- The completed works are determined as of the date of the Financial Statements;
- Accruals are determined for such transaction and costs for completing such service supply.

##### **Securities underwriting, securities issuance agent**

Revenue from securities underwriting and securities issuance agent is recorded in the Comprehensive Income Statement when the notice on securities underwriting results is released.



**Advisory activities**

Revenue from advisory activities is recorded in the Comprehensive Income Statement when the service has been provided and the revenue is reliably determined and the accruals for the transactions and expenses for completing such service supply transaction are successfully completed.

**Securities depository service**

Revenue from securities depository service is recorded in the Comprehensive Income Statement when 04 conditions are satisfied as follows:

- Revenue is reliably determined;
- It is possible to gain economic benefits from such transactions;
- The completed works are determined as of the date of the Financial Statements;
- Accruals are determined for such transaction and costs for completing such service supply.

**Auction and trust activities**

Revenue from auction and trust is recorded in the Comprehensive Income Statements when it is actually collected.

**Others**

Other revenue is recorded in the Comprehensive Income Statement on accumulated basis.

Revenues related to a series of accounting periods are recorded in accordance with the completion schedule or allocated by straight line during the service is provided. The non-distributed value is recorded as the unrealized revenue in the Statement of Financial Position.

**Principle of recording financial revenue, financial expenses****Financial revenue**

Revenue is originated from the interest, royalties, dividend, distributed profit and other financial revenues to be recorded when two (02) conditions are simultaneously satisfied:

- It is possible to gain economic benefits from such transactions;
- Revenue is reliably determined.

**Financial expenses**

The costs are recorded into the financial expense, including: interest expenses;

- Loan expenses;
- Others: The above items are recorded in accordance with the total accruals in the year, not set off with the financial revenue.

**Principle and method of recording Current Corporate Income Tax (CIT)**

Current CIT costs are determined in accordance with the taxable income and the current tax rate.

**FINANCIAL RISK MANAGEMENT FOR SECURITIES COMPANY**

The Company's operations result in the market risk, credit risk and liquidity risk. The Company's overall financial risk management policy focuses on estimating the unexpected market variations and minimizing the adverse impacts on the Company's business performance.

**Credit risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit risk is underestimated. Credit risk is available from the bank deposits, trade accounts receivable, depository transactions and financial investments. The maximum exposure to credit risk for each financial asset group is equal to the book value of such financial instrument group in the Balance Sheet.

**Liquidity risk**

Liquidity risk refers to the risk incurred by the Company when the financial obligations are fulfilled in the capital inadequacy condition. The Company's liquidity risk is mainly originated from the financial assets and liabilities with different maturity.

The liquidity risk is followed up by maintaining the percent of cash and cash equivalents to the extent that the CEO thinks it is adequate to offer the financial support for the Company's business activities and minimize the influence of the cash flow changes.

**Market risk**

Market risk refers to the risk that the fair value of the future cash flows in a financial instrument to be varied by the market price fluctuations. Market price is characterized by risks, namely: interest risk and other price risks, for example share price risk. The financial instruments are affected by the market risk, including bank deposit and short-term investments. Purpose of market risk management is to manage and control the market risk within the acceptable limit while the obtainable profit is still maximized.

**Monetary risk**

Market risk risk refers to the risk that the fair value of the future cash flows in a financial instrument to be varied by the foreign exchange fluctuations. Some foreign currency transactions shall be initiated, accordingly, the Company shall incur the risk in case of FX changes. The outstanding balance of foreign currency assets is properly maintained to satisfy the regular use demand and assure the due payment obligations by foreign currency amounts.

**Other price risks**

The listed and unlisted shares held by the Company are affected by the market risks, originated from the uncertainty of investment share's future value. Risk on share price is managed by setting up the investment limit. The decisions on share investment are also considered and approved by the Board of Management. Increase (or decrease) in securities index may increase (or decrease) a respective rate against revenue from the Company's investment activities, depending on the reduction importance and extension, as well as holding status of the portfolio for the shares significantly affecting the market index.

## NOTES TO THE STATEMENT OF FINANCIAL POSITION

### Cash and cash equivalents

UNIT: VND

	CLOSING BALANCE	OPENING BALANCE
Cash on hand	121,080,543	49,613,520
Cash at banks for the operation of the Company	361,404,317,272	262,633,889,954
Cash in bank for securities trading and settlement	27,399,434	2,479,879,448
Cash equivalents	-	75,000,000,000
<b>Total</b>	<b>361,552,797,249</b>	<b>340,163,382,922</b>

### Value and volume of transactions during the year

UNIT: VND

ITEMS	VOLUME OF TRANSACTIONS	VALUE OF TRANSACTIONS
<b>a. Proprietary trading</b>	<b>120,377,447</b>	<b>5,969,829,045,800</b>
- Stocks	80,057,427	2,008,567,787,800
- Bonds	38,320,000	3,941,748,370,000
- Other securities	2,000,020	19,512,888,000
<b>b. Investors' securities</b>	<b>5,309,457,503</b>	<b>74,412,257,558,410</b>
- Stocks	5,296,157,503	73,053,292,568,410
- Bonds	13,300,000	1,358,964,990,000
- Other securities	-	-
<b>Total</b>	<b>5,429,834,950</b>	<b>80,382,086,604,210</b>

### Financial assets

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

UNIT: VND

ASSETS FVTPL	CLOSING BALANCE		OPENING BALANCE	
	HISTORICAL COST	FAIR VALUE	HISTORICAL COST	FAIR VALUE
1. Listed shares	621,510,885,991	519,357,692,470	555,228,275,018	471,709,654,200
2. Unlisted shares	148,013,270,000	148,028,665,000	72,551,836,000	72,567,231,000
3. Listed bonds	-	-	-	-
4. Unlisted bonds	-	-	-	-
5. Currency market tool	-	-	-	-
<b>Total</b>	<b>769,524,155,991</b>	<b>667,386,357,470</b>	<b>1,247,596,319,016</b>	<b>1,164,093,093,198</b>

#### 2. Loans and receivables

UNIT: VND

LOANS AND RECEIVABLES	CLOSING BALANCE		OPENING BALANCE	
	HISTORICAL COST	FAIR VALUE	HISTORICAL COST	FAIR VALUE
1. Margin receivables	1,489,675,970,881	1,489,675,970,881	967,035,296,716	967,035,296,716
2. Cash advance from selling securities	224,709,511,798	224,709,511,798	200,061,275,819	200,061,275,819
<b>Total</b>	<b>1,714,385,482,679</b>	<b>1,714,385,482,679</b>	<b>1,167,096,572,535</b>	<b>1,167,096,572,535</b>

INUT: VND

NO.	FINANCIAL ASSETS	BASIS OF PROVISION MADE				PROVISION AS AT 31/12/2015	PROVISION PROVIDED FOR/ REVERSED DURING THE PERIOD
		QUANTITY	BOOK VALUE	MARKET VALUE AS AT 31/12/2016	PROVISION AS AT 31/12/2016		
	FINANCIAL ASSETS FVTPL		498,138,581,903	381,291,276,870	118,565,977,098	88,331,723,120	30,234,253,978
<b>1</b>	<b>Listed shares</b>		<b>464,755,555,712</b>	<b>350,330,793,270</b>	<b>116,143,434,507</b>	<b>80,298,091,146</b>	<b>35,845,343,361</b>
SHB	Saigon - Hanoi Commercial Joint Stock Bank	17,290,025	137,065,831,349	79,534,115,000	57,531,716,349	32,521,488,849	25,010,227,500
VTV	Cement Transport Materials Joint Stock Company	1,446,286	31,163,331,648	28,491,834,200	2,671,497,448	-	2,671,497,448
PVS	Petroleum Technical Services Corporation	1,045,200	22,625,430,380	17,141,280,000	5,484,150,380	6,251,947,341	(767,796,961)
HCM	Ho Chi Minh City Securities Incorporation	608,240	22,084,647,787	16,544,128,000	5,540,519,787	3,535,855,787	2,004,664,000
NTL	Tu Liem Urban Development Joint Stock Company	1,400,000	22,269,521,775	13,160,000,000	9,109,521,775	5,505,917,490	3,603,604,285
BCG	Bamboo Capital Joint Stock Company	5,100,000	26,360,000,000	25,857,000,000	503,000,000	-	503,000,000
ITD	Tien Phong Technology Joint Stock Company	824,210	22,158,616,000	19,204,093,000	2,954,523,000	-	2,954,523,000
EVE	Everpia Vietnam Joint Stock Company	1,032,000	31,078,224,000	24,716,400,000	6,361,824,000	-	6,361,824,000
	Other stocks	7,831,795	149,949,952,773	125,681,943,070	25,986,681,768	32,482,881,679	(6,496,199,911)

3. Movements in provisions for impairment of financial assets

							UNIT: VND
<b>2</b>	<b>Stock upcom floor</b>	<b>1,473,590</b>	<b>33,381,940,191</b>	<b>30,960,252,600</b>	<b>2,421,687,591</b>	<b>7,232,776,974</b>	<b>(4,811,089,383)</b>
SDI	Sai Dong Urban Development and Investment Corporation	312,000	15,300,706,009	14,976,000,000	324,706,009	7,227,772,088	(6,903,066,079)
VGC	Viglacera Corporation	913,500	15,597,290,000	13,976,550,000	1,620,740,000	-	1,620,740,000
	Other stocks	248,090	2,483,944,182	2,007,702,600	476,241,582	5,004,886	471,236,696
<b>3</b>	<b>Unlisted shares</b>	<b>60</b>	<b>1,086,000</b>	<b>231,000</b>	<b>855,000</b>	<b>855,000</b>	<b>-</b>
	Other stocks	60	1,086,000	231,000	855,000	855,000	-
<b>4</b>	<b>Money market tools</b>				<b>-</b>	<b>800,000,000</b>	<b>(800,000,000)</b>
<b>Total</b>					<b>118,565,977,098</b>	<b>88,331,723,120</b>	<b>30,234,253,978</b>

3. Movements in provisions for impairment of financial assets (Continue)

**Receivables****1. Receivables from**

UNIT: VND

	CLOSING BALANCE	OPENING BALANCE
- Receivables from due dividend and interest income	16,807,997,619	16,082,304,412
- Other receivables	-	318,449,380
<b>Total</b>	<b>16,807,997,619</b>	<b>16,400,753,792</b>

**2. Margin receivables**

UNIT: VND

	CLOSING BALANCE	OPENING BALANCE
Receivables from Margin operation	1,489,675,970,881	967,035,296,716
<b>Total</b>	<b>1,489,675,970,881</b>	<b>967,035,296,716</b>

**3. Receivables from services rendered**

UNIT: VND

RECEIVABLES FROM SERVICES RENDERED	CLOSING BALANCE	OPENING BALANCE
Receivables from securities brokerage activities	-	93,239,551
Receivables from securities underwriting	-	-
Receivables from advisory services	4,818,564,000	5,759,914,000
Receivables from securities depository	3,901,200,845	2,728,747,798
Receivables from entrusted and auctioned activities	-	64,109,661
Receivables from financial services provided by the Company	713,974,938,853	343,775,446,755
Receivables from other investment interests	20,859,590,061	17,725,163,154
Receivables from securities business cooperation contract (advance, repo, ...)	315,236,154,303	315,456,089,112
Receivables from advance to pay dividends	10,000,000,000	10,000,000,000
Receivables from securities trading activities	367,854,194,489	594,194,489
Receivables from other services	25,000,000	-
<b>Total</b>	<b>722,694,703,698</b>	<b>352,421,457,765</b>

**4. Other receivables**

UNIT: VND

	CLOSING BALANCE	OPENING BALANCE
Other receivables	1,041,661,280	18,041,684
<b>Total</b>	<b>1,041,661,280</b>	<b>18,041,684</b>

**Provisions of bad receivables**

UNIT: VND

	CLOSING BALANCE			COLLATE	THE VALUE OF BAD RECEIVABLES	DOUBTFUL DEBTS
	OPENING BALANCE	ADDITION	REVERSAL			
1. Provision for doubtful receivables from disposal of financial assets	-	-	-	-	-	-
2. Provision for doubtful dividends, interest income receivables	574,000,000	246,000,000	-	574,000,000	820,000,000	820,000,000
- No.8 Investment and Construction Joint Stock Company	574,000,000	246,000,000	-	574,000,000	820,000,000	820,000,000
3. Provision for doubtful investments matures	-	-	-	-	-	-
4. Provision for other doubtful debts	275,006,323,101	6,150,349,173	1,674,990,888	279,481,681,386	342,792,076,886	342,792,076,886
- Receivables consulting services	330,000,000	-	-	330,000,000	330,000,000	330,000,000
- Receivables from customers on margin trading	11,075,576,903	-	303,935,964	10,771,640,939	16,910,903,533	16,910,903,533
- Receivables from margin contract	249,032,540,209	2,032,988,268	998,434,948	250,067,093,529	291,120,402,719	291,120,402,719
- Other receivables	14,568,205,989	4,117,360,905	372,619,976	18,312,946,918	34,430,770,634	34,430,770,634
<b>Total</b>	<b>275,580,323,101</b>	<b>6,396,349,173</b>	<b>1,674,990,888</b>	<b>280,301,681,386</b>	<b>343,612,076,886</b>	<b>343,612,076,886</b>

**Inventories**

UNIT: VND

	CLOSING BALANCE	OPENING BALANCE
- Raw materials	62,722,107	40,619,533
- Tools and supplies	76,533,000	105,294,200
<b>Total</b>	<b>139,255,107</b>	<b>145,913,733</b>

**Prepaid expenses**

UNIT: VND

	CLOSING BALANCE	OPENING BALANCE
<b>a. Short-term prepaid expenses</b>	<b>702,885,409</b>	<b>503,175,781</b>
- Used tools & equipment awaiting for allocation	7,942,584	5,683,308
- Expense for repairing large fixed assets awaiting allocation	-	102,643,276
- Other prepaid expenses	694,942,825	394,849,197
<b>b. Long-term prepaid expenses</b>	<b>1,651,685,539</b>	<b>2,384,162,545</b>
- Used tools & equipment awaiting for allocation	701,859,489	1,168,043,973
- Expense for repairing large fixed assets awaiting for allocation	272,902,501	623,037,812
- Consultant expense waiting for allocation	448,855,219	320,905,737
- Other long-term prepaid expenses	228,068,330	272,175,023
<b>Total</b>	<b>2,354,570,948</b>	<b>2,887,338,326</b>

**Deposit to settlement support fund**

UNIT: VND

	CLOSING BALANCE	OPENING BALANCE
- Initial deposit	120,000,000	120,000,000
- Additional deposit	9,370,576,677	6,742,522,563
- Interests earned	1,813,013,793	1,336,817,710
<b>Total</b>	<b>11,303,590,470</b>	<b>8,199,340,273</b>

**Increase, decrease in tangible fixed assets**

UNIT: VND

ITEMS	MACHINERIES & EQUIPMENT	MEANS OF TRANSPORTATION	OTHER FIXED ASSETS	TOTAL
<b>HISTORICAL COST</b>				
<b>Opening Balance</b>	<b>11,433,216,529</b>	<b>3,294,576,582</b>	<b>263,566,098</b>	<b>14,991,359,209</b>
- Newly purchased	335,189,000	2,419,520,000	-	2,754,709,000
- Other additions	-	-	-	-
- Sold, disposed	-	-	-	-
- Other reduction	-	-	-	-
<b>Closing Balance</b>	<b>11,768,405,529</b>	<b>5,714,096,582</b>	<b>263,566,098</b>	<b>17,746,068,209</b>
<b>ACCUMULATED DEPRECIATION</b>				
<b>Opening Balance</b>	<b>10,173,219,854</b>	<b>3,204,499,652</b>	<b>250,483,171</b>	<b>13,628,202,677</b>
- Depreciation for the year	867,187,085	291,703,594	12,543,432	1,171,434,111
- Other additions	-	-	-	-
- Sold, disposed	-	-	-	-
- Other reduction	-	-	-	-
<b>Closing Balance</b>	<b>11,040,406,939</b>	<b>3,496,203,246</b>	<b>263,026,603</b>	<b>14,799,636,788</b>
<b>NET CARRYING AMOUNT</b>				
<b>1. As at 01/01/2016</b>	<b>1,259,996,675</b>	<b>90,076,930</b>	<b>13,082,927</b>	<b>1,363,156,532</b>
<b>2. As at 31/12/2016</b>	<b>727,998,590</b>	<b>2,217,893,336</b>	<b>539,495</b>	<b>2,946,431,421</b>

The total historical cost of tangible fixed assets was fully depreciation but still worth using is VND 11,806,182,279.

**Increase, decrease in intangible fixed assets**

UNIT: VND

ITEMS	TRANSACTIONAL SOFTWARE, ACCOUNTING SOFTWARE	TOTAL
HISTORICAL COST		
<b>Opening Balance</b>	<b>20,675,056,987</b>	<b>20,675,056,987</b>
- Newly purchased	295,000,000	295,000,000
- Other additions	-	-
- Sold, disposed	-	-
- Other reduction	-	-
<b>CLOSING BALANCE</b>	<b>20,970,056,987</b>	<b>20,970,056,987</b>
ACCUMULATED DEPRECIATION		
<b>Opening Balance</b>	<b>19,739,297,543</b>	<b>19,739,297,543</b>
- Depreciation for the year	655,427,907	655,427,907
- Other additions	-	-
- Sold, disposed	-	-
- Other reduction	-	-
Closing Balance	<b>20,394,725,450</b>	<b>20,394,725,450</b>
NET CARRYING AMOUNT		
<b>1. As at 01/01/2016</b>	<b>935,759,444</b>	<b>935,759,444</b>
<b>2. As at 31/12/2016</b>	<b>575,331,537</b>	<b>575,331,537</b>

The total historical cost of intangible fixed assets was fully depreciation but still worth using is VND 19,122,517,819.

**The company' financial assets listed/registered for trading at the Vietnam Securities Depository**

UNIT: VND

FINANCIAL ASSETS	CLOSING BALANCE	OPENING BALANCE
- Transferable financial assets	215,103,760,000	324,996,740,000
- Limited trading financial assets	-	-
- Collateralized financial assets	205,000,000,000	197,300,000,000
- Blocked financial assets	-	-
- Financial assets to be settled	253,600,000	1,984,000,000
<b>Total</b>	<b>420,357,360,000</b>	<b>524,280,740,000</b>

**The company' financial assets registered but not trading at the Vietnam Securities Depository**

UNIT: VND

FINANCIAL ASSETS	CLOSING BALANCE	OPENING BALANCE
- Transferable financial assets	1,500,600,000	1,500,600,000
- Limited trading financial assets	-	-
- Not traded, pledged financial assets	-	-
<b>Total</b>	<b>1,500,600,000</b>	<b>1,500,600,000</b>

**The Company's financial assets which have not been registered at the Vietnam Securities Depository**  
UNIT: VND

FINANCIAL ASSETS	CLOSING BALANCE	OPENING BALANCE
The Company's financial assets which have not been registered at the Vietnam Securities Depository	83,364,940,000	88,400,000,000
<b>Total</b>	<b>83,364,940,000</b>	<b>88,400,000,000</b>

**The investor's financial assets listed/registered for trading at the Vietnam Securities Depository**  
UNIT: VND

FINANCIAL ASSETS	CLOSING BALANCE	OPENING BALANCE
- Transferable financial assets	10,530,745,200,000	6,562,817,160,000
- Limited trading financial assets	856,068,450,000	497,892,740,000
- Collateralized financial assets	1,388,709,090,000	1,656,739,190,000
- Blocked financial assets	32,000,000,000	10,000,000,000
- Financial assets to be settled	260,455,010,000	287,449,680,000
<b>Total</b>	<b>13,067,977,750,000</b>	<b>9,014,898,770,000</b>

**Awaiting financial assets of the Investors**  
UNIT: VND

FINANCIAL ASSETS	CLOSING BALANCE	OPENING BALANCE
- Awaiting financial assets	482,133,670,000	562,857,380,000
<b>Total</b>	<b>482,133,670,000</b>	<b>562,857,380,000</b>

**The investors' financial assets registered but not trading at the Vietnam Securities Depository**  
UNIT: VND

FINANCIAL ASSETS	CLOSING BALANCE	OPENING BALANCE
- Transferable financial assets	8,715,090,000	420,783,340,000
- Limited trading financial assets	-	135,000,000
- Not traded, pledged financial assets	-	823,000,000,000
<b>Total</b>	<b>8,715,090,000</b>	<b>1,243,918,340,000</b>

**Deposits of investors**  
UNIT: VND

	CLOSING BALANCE	OPENING BALANCE
- Investors' deposits managed by the Company	372,305,181,230	172,015,449,511
<i>Deposits of domestic investors on securities trading under the method of securities management</i>	<i>372,279,800,333</i>	<i>171,983,224,573</i>
<i>Deposit of foreign investors on securities trading under the method of securities management</i>	<i>25,380,897</i>	<i>32,224,938</i>
- Deposit deposited securities transactions for clients	271,759,124,500	300,114,855,189
- Deposit clearing and settlement of securities transactions	-	12,556,401,811
<i>Domestic investor's deposits for clearing and settlement of trading securities</i>	<i>-</i>	<i>12,515,227,234</i>
<i>Foreign investor's deposits for clearing and settlement of trading securities</i>	<i>-</i>	<i>41,174,577</i>
<b>Total</b>	<b>644,064,305,730</b>	<b>484,686,706,511</b>

**Payables for securities transaction activities**  
UNIT: VND

	CLOSING BALANCE	OPENING BALANCE
- Payables to stock exchanges	3,129,100	8,875,588,000
- Payables to Vietnam Securities Depository (VSD)	377,998,000	49,000,000
- Payables to other organizations, individuals	6,417,023,935	230,000
<b>Total</b>	<b>6,798,151,035</b>	<b>8,924,818,000</b>

**Payables for dividends, bond principal and interest**  
UNIT: VND

	CLOSING BALANCE	OPENING BALANCE
- Payables for dividends, bond principal and interest to investors	214,926,900	95,437,250
- Payables for dividends to shareholders or profits for capital contributors	297,388,049	307,023,449
<b>Total</b>	<b>512,314,949</b>	<b>402,460,699</b>

**Taxes payable to State Treasury**

UNIT: VND

	CLOSING BALANCE	OPENING BALANCE
- Personal income tax	8,041,969,873	5,474,234,324
- Value added tax	306,368,186	421,260,966
<b>Total</b>	<b>8,348,338,059</b>	<b>5,895,495,290</b>

**Accrued expenses**

UNIT: VND

	CLOSING BALANCE	OPENING BALANCE
<b>a. Short-term</b>	<b>22,680,855,554</b>	<b>5,341,400,135</b>
- Interest expenses and bonds	18,252,675,510	4,678,206,102
- Other expenses	4,428,180,044	663,194,033
<b>b. Long-term</b>	<b>21,333,661,111</b>	<b>13,867,888,889</b>
- Bond interest payable	21,333,661,111	13,867,888,889
<b>Total</b>	<b>44,014,516,665</b>	<b>19,209,289,024</b>

**Trade payables**

UNIT: VND

	CLOSING BALANCE	OPENING BALANCE
Long-term trade payables	14,025,690	14,025,690
Other long-term trade payables	14,025,690	14,025,690
<b>Total</b>	<b>14,025,690</b>	<b>14,025,690</b>

**Other payables**

UNIT: VND

	CLOSING BALANCE	OPENING BALANCE
<b>Short-term</b>	<b>7,783,643,631</b>	<b>1,826,620,441</b>
- Payables for dividends to shareholders	297,388,049	307,023,449
- Payables for personal income tax to employees	-	113,805,046
- Payables for odd lot stock	-	4,612,354
- Payables for market analysis fee and looking for customers	-	1,022,778,847
- Other payables	7,486,255,582	378,400,745
<b>Total</b>	<b>7,783,643,631</b>	<b>1,826,620,441</b>

**Short term borrowings and liabilities**

UNIT: VND

SHORT-TERM BORROWINGS	INTEREST RATE %/ YEAR	OPENING BALANCE	ADDITION DURING THE YEAR	REPAYMENT DURING THE YEAR	CLOSING BALANCE
<b>Bank loans (*)</b>		<b>517,000,000,000</b>	<b>1,892,128,811,511</b>	<b>1,905,628,811,511</b>	<b>503,500,000</b>
Saigon - Hanoi Commercial Joint Stock Bank - Tay Nam Ha Noi Branch	8,5%	400,000,000,000	772,000,000,000	786,000,000,000	386,000,000
Orient Vietnam Commercial Joint Stock Bank - Hanoi Branch	8,1%	55,000,000,000	96,000,000,000	113,500,000,000	37,500,000,000
An Binh Commercial Joint Stock Bank - Hanoi Branch	7,5%	42,000,000,000	155,000,000,000	117,000,000,000	80,000,000,000
Petrolimex Petroleum Commercial Joint Stock Bank - Hanoi Branch	8,0%	20,000,000,000	20,000,000,000	40,000,000,000	-
Vietnam Joint Stock Commercial Bank for Investment and Development - Ha Thanh Branch	6,0%	-	849,128,811,511	849,128,811,511,00	-
<b>Total</b>		<b>517,000,000,000</b>	<b>1,892,128,811,511</b>	<b>1,905,628,811,511</b>	<b>503,500,000,000</b>

(\*) As at 31 December 2016, the Company has short term loans with term of 3 months to 12 months to supplement working capital at interest rate from 6% / year to 8,5% / year, The collateral for these loans is unlisted shares with a value at the valuation time of VND 568,194,826,000, The listed shares are valued at VND 344,604,500,000 at the valuation time,

**Long-term issued bonds**

UNIT: VND

ITEMS	INTEREST RATE %/ YEAR	OPENING BALANCE	ADDITION DURING THE YEAR	REPAYMENT DURING THE YEAR	CLOSING BALANCE
<b>Issued bonds</b>	<b>8,2% to 9,3%</b>	<b>580,000,000,000</b>	<b>710,000,000,000</b>	<b>370,000,000,000</b>	<b>920,000,000,000</b>
- Tien Phong Commercial Joint Stock Bank (a)	8,5% to 9,3%	460,000,000,000	350,000,000,000	140,000,000,000	670,000,000,000
- Vietinbank Fund Management Co.,Ltd (b)	8,2%	120,000,000,000	300,000,000,000	170,000,000,000	250,000,000,000
- Vietinbank insurance one member Co.,Ltd	8,5%	-	60,000,000,000	60,000,000,000	-
<b>Total</b>		<b>580,000,000,000</b>	<b>710,000,000,000</b>	<b>370,000,000,000</b>	<b>920,000,000,000</b>

(a): Issued bonds bought by Tien Phong Commercial Joint Stock Bank is unconvertible bonds, free transfer, no collateral; at a term of 02 years, the fixed interest rate in the first 6 months is from 8,5% / year to 9,3% / year, The next six-month floating period with the minimum interest rate is equal to the average of the four interest rates applied to VND savings deposits applicable to individuals, 12-month term, the end of the period is announced at the transaction offices of four commercial banks in Hanoi including Vietnam Joint Stock Commercial Bank for Investment and Development, Vietnam Joint Stock Commercial Bank for Foreign Trade of Vietnam, Vietnam Joint stock Commercial Bank for Industry and Trade, Saigon - Hanoi Commercial Joint Stock Bank at the date of determination of interest rate at the time of adjustment plus (+) margin of 2% - 3,0% per annum,

(b): Issued bonds bought by Vietinbank Fund Management Co.,Ltd, is unconvertible bonds, no collateral; at a term of 02 years, the fixed interest rate in the first 6 months is 8,2% / year, The next six-month floating period with the minimum interest rate is equal to the average of four interest rates applicable to VND savings deposits applicable to individuals, 12-month term, The end of the period is announced at the transaction offices of four commercial banks in Hanoi, including Bank for Investment and Development of Vietnam, Joint Stock Commercial Bank for Foreign Trade of Vietnam, Vietnam Joint Stock Commercial Bank for Industry and Trade, Bank for Agriculture and Rural Development of Vietnam at the date of determination of the interest rate at the time of adjustment plus (+) margin of 1,5% / year



**Payables for investor**

UNIT: VND

	CLOSING BALANCE	OPENING BALANCE
<b>1. Payables for investor – Investors' deposits for securities trading managed by the Company</b>	<b>372,305,181,230</b>	<b>172,089,799,844</b>
1.1 Domestic investors'	372,279,800,333	171,492,181,833
1.2 Foreign investors'	25,380,897	597,618,011
<b>3. Payables for investor – Investors' deposits for clearing and settlement of trading securities</b>	<b>271,759,124,500</b>	<b>312,671,257,000</b>
3.1 Domestic investors'	271,759,124,500	312,671,257,000
3.2 Foreign investors'	-	-
<b>4. Investors' other payables</b>	<b>214,926,900</b>	<b>95,437,250</b>
4.1 Domestic investors'	214,926,900	95,437,250
4.2 Foreign investors'	-	-
<b>Total</b>	<b>644,279,232,630</b>	<b>484,856,494,094</b>

**Undistributed profit**

UNIT: VND

	CLOSING BALANCE	OPENING BALANCE
- Realized profit	97,060,321,36	12,745,132,112
<b>Total</b>	<b>97,060,321,367</b>	<b>12,745,132,112</b>

**Notes of off-balance sheet items****1. Certificates are held in custody**

UNIT: VND

	CLOSING BALANCE	OPENING BALANCE
- Stocks	1,500,000,000	1,500,000,000
<b>Total</b>	<b>1,500,000,000</b>	<b>1,500,000,000</b>

**2. Mortgaged assets**

UNIT: VND

	CLOSING BALANCE	OPENING BALANCE
- Stocks	15,036,660,000	15,936,660,000
<b>Total</b>	<b>15,036,660,000</b>	<b>15,936,660,000</b>

**3. Outstanding shares**

UNIT: VND

	CLOSING BALANCE	OPENING BALANCE
- Type < = 1 year;	-	1,550,000,000
- Type > 1 year.	1,000,000,000,000	998,450,000,000
<b>Total</b>	<b>1,000,000,000,000</b>	<b>1,000,000,000,000</b>

**4. Listed securities deposited at VSD**

UNIT: VND

	CLOSING BALANCE	OPENING BALANCE
- Type < = 1 year;	-	-
- Type > 1 year.	215,103,760,000	324,996,740,000
<b>Total</b>	<b>215,103,760,000</b>	<b>324,996,740,000</b>

**5. Unlisted securities of securities companies**

UNIT: VND

	CLOSING BALANCE	OPENING BALANCE
- Type < = 1 year;	-	-
- Type > 1 year.	83,364,940,000	88,400,000,000
<b>Total</b>	<b>83,364,940,000</b>	<b>88,400,000,000</b>

**6. Deposits of investors**

UNIT: VND

	CLOSING BALANCE	OPENING BALANCE
<b>Deposits of investors on securities brokerage activities</b>	<b>644,064,305,730</b>	<b>484,761,056,844</b>
Investors' deposits managed by the Company	644,064,305,730	484,761,056,844
<b>Total</b>	<b>644,064,305,730</b>	<b>484,761,056,844</b>

## NOTES TO THE INCOME STATEMENT

## Income

NO.	INVESTMENTS	SELL NUMBER	PRICE	TOTAL SALE VALUE	THE WEIGHTED AVERAGE COST PRICE UNTIL THE END OF THE TRADING	UNIT: VND	
						INTEREST, (LOSS) OF SECURITIES SOLD THIS YEAR	INTEREST, (LOSS) OF SECURITIES SOLD IN THE PREVIOUS YEAR
1	Listed shares	38,039,288	27,579	1,049,077,258,800	988,412,549,877	60,664,708,923	6,739,880,850
2	Unlisted shares	5,888,376	19,559	115,169,034,889	79,531,616,000	35,637,418,889	94,305,003,056
3	Listed bonds	19,160,100	108,949	2,087,476,041,400	2,066,464,983,729	21,011,057,671	-
4	Unlisted bonds	516,700	7,193,197	3,716,724,891,071	3,700,908,687,071	15,816,204,000	-
5	Currency market tool	900,000	2,112,146	1,900,931,666,666	1,900,000,000,000	931,666,666	-
6	Fund certificates	2,000,020	9,756	19,512,888,000	20,000,192,000	(487,304,000)	-
7	Unlisted derivative investments	-	-	-	-	-	-
8	Investment loans	-	-	-	-	-	-
9	Investments take mortgages	-	-	-	-	-	-
10	Other financial assets	-	-	-	-	-	-
<b>Total</b>					<b>8,888,891,780,826</b>	<b>133,573,752,149</b>	<b>101,044,883,906</b>

## Financial income

UNIT: VND

	CURRENT YEAR	PREVIOUS YEAR
- Interest income from demand deposits	2,612,471,651	1,913,871,068
<b>Total</b>	<b>2,612,471,651</b>	<b>1,913,871,068</b>

## Expense for services rendered

UNIT: VND

	CURRENT YEAR	PREVIOUS YEAR
- Expenses for brokerage services	100,057,158,050	59,708,145,650
- Expenses for underwriting and issuance agent services	1,926,937	-
- Expenses for securities investment consulting services	2,151,467,680	6,319,233,067
- Expenses for securities custodian services	7,604,634,235	5,792,220,722
- Expenses for financial advisory activities	10,936,578,377	8,774,238,034
- Expenses for other activities	10,760,126,174	4,670,779,864
- Expenses for lease and use of assets	-	-
- Expenses for paying principal, bond interests and dividends to the issuing organization	-	-
- Other service expenses	-	-
- Expenses for prevention and treatment of bad receivable losses in the provision of securities services	4,721,358,285	19,425,373,428
<b>Total</b>	<b>136,233,249,738</b>	<b>104,689,990,765</b>

## Financial expenses

UNIT: VND

	CURRENT YEAR	PREVIOUS YEAR
- Interest expenses	135,071,212,226	69,854,247,042
- Other financial expenses	120,000,000	-
<b>Total</b>	<b>135,191,212,226</b>	<b>69,854,247,042</b>

**General and Administration expenses**

UNIT: VND

	CURRENT YEAR	PREVIOUS YEAR
Expenses for salaries and other wages	22,288,745,231	18,924,990,895
Social insurance, health insurance, Union funds, unemployment insurance	687,369,060	700,302,250
Expenses for office supplies	443,771,898	593,054,999
Expenses for tools	371,189,592	276,963,891
Depreciation expenses of fixed assets, real estate investment	762,526,646	799,904,719
Taxes, duties and fees	87,891,817	454,273,572
Expenses of outsourced services	5,500,876,272	5,053,948,822
Other expenses	5,266,266,922	5,025,393,467
<b>Total</b>	<b>35,408,637,438</b>	<b>31,828,832,615</b>

**Other income**

UNIT: VND

	CURRENT YEAR	PREVIOUS YEAR
- Gain from sold, disposed of fixed assets	-	3,545,455
- Other income	45,639,961	71,869,182
<b>Total</b>	<b>45,639,961</b>	<b>75,414,637</b>

**Other expenses**

UNIT: VND

	CURRENT YEAR	PREVIOUS YEAR
- Loss from sold, disposed of fixed assets	-	13,117,763
- Other expenses	2,591,200	287,862,048
<b>Total</b>	<b>2,591,200</b>	<b>300,979,811</b>

**Current Corporate Income Tax (CIT) expenses**

UNIT: VND

	CURRENT YEAR	PREVIOUS YEAR
- Accounting profit before tax	86,589,702,467	118,238,079,262
- Adjustments to increase to determine taxable income	-	-
- Adjustment decreases to determine taxable income	86,589,702,467	118,238,079,262
<i>Dividends received in the year</i>	<i>16,112,324,600</i>	<i>22,396,644,600</i>
<i>Transfer losses in previous years this year</i>	<i>70,477,377,867</i>	<i>95,841,434,662</i>
- Taxable income	-	-
- Corporate income tax rate	20%	22%
<b>Corporate income tax on taxable income of current year</b>	<b>-</b>	<b>-</b>

**NOTES TO CASH FLOW STATEMENT**

In the year, no amount was held but unused and no cash-based transactions affected the Cash Flow Statement.

## IX. SUPPLEMENTS TO THE STATEMENT ON CHANGE IN OWNER'S EQUITY

### Supplements to the Statement on Change in Owner's Equity

ITEMS	REMARKS
Dividend was proposed or released after the date of Financial Statements but before the Financial Statements were allowed to release.	No supplements were available
Dividend of accumulated preference shares were not recorded	No supplements were available
Income and cost, profit or loss are directly recorded in the equity resources	No supplements were available

## OTHERS

### Events arisen after the date of finishing the financial year

In the year, there is no material event to be presented or disclosed in the Financial Statements after 31st December 2016 till the date of this report as confirmed by the Board of Management.

### Details of stakeholders

#### 1. Transactions with key managers and related individuals

The key managers and related individuals comprise of: members of Board of Directors, Board of Management, Chief Accountant and close family members of such individuals.

Income of the key managers is described as follows:

UNIT: VND

	CURRENT YEAR	PREVIOUS YEAR
Income of the Board of Management and Board of Directors	10,857,908,886	8,573,273,962
<b>Total</b>	<b>10,857,908,886</b>	<b>8,573,273,962</b>

#### 2. Transactions with other stakeholders

The Company's stakeholders include:

STAKEHOLDER	RELATION
SaiGon - Ha Noi Insurance Corporation	and Chairman of Board of Directors
SHB	and Chairman of Board of Directors

Operations arisen in the year between the Company and other stakeholders are shown as follows:

UNIT: VND

	CURRENT YEAR	PREVIOUS YEAR
<b>SHB</b>		
Loan expenses	45,039,851,630	48,597,302,336
Share-based dividend (quantity)	-	1,052,207
Loan undertaking in the year	772,000,000,000	1,115,000,000,000
Loan repayment in the year	786,000,000,000	1,115,000,000,000

As of the date of finishing the financial year, the liabilities with other stakeholders are shown as follows:

UNIT: VND

	CURRENT YEAR	PREVIOUS YEAR
<b>SHB</b>	<b>137,065,831,349</b>	<b>137,065,831,349</b>
- Share investment	137,065,831,349	137,065,831,349
<b>Total</b>	<b>147,757,831,349</b>	<b>147,757,831,349</b>
<b>SHB</b>	<b>386,000,000,000</b>	<b>400,000,000,000</b>
Short-term loans	386,000,000,000	400,000,000,000
<b>Total</b>	<b>386,000,000,000</b>	<b>400,000,000,000</b>

### Sectional details

Sectional details are presented in accordance with the business field and geographic area. The main sectional report is based on business field. The main sectional report is based on the geographic area.

#### 1. Business Segments:

The Company's main business segments include: Securities brokerage, transaction, self-business, advisory and depository and otherwise.

Information about business performance, fixed assets and other long-term assets and value of the non-cash significant costs of the sector by the Company's business line is shown as follows:

	SECURITIES BROKERAGE, TRANSACTION	SELF-BUSINESS ACTIVITIES	TREASURY AND CUSTOMER SERVICE	SECURITIES UNDERWRITING AND ADVISORY	TOTAL
<b>THIS YEAR</b>					
Net profit from external sales	115,656,855,552	218,971,157,497	180,426,308,146	50,896,188,112	565,950,509,307
Net profit from internal sales	-	-	-	-	-
Allocated costs	107,293,217,737	186,550,560,942	169,285,788,971	16,274,287,951	479,403,855,601
Operating profit	8,363,637,815	32,420,596,555	11,140,519,175	34,621,900,161	86,546,653,706
Total accruals to acquire fixed assets and other long-term assets	623,234,271	1,179,958,846	972,254,158	274,261,725	3,049,709,000
<b>Closing balance of this year</b>					
Sectional assets	27,806,405,727	696,217,496,708	2,575,015,578,590	15,338,336,465	3,314,377,817,490
Undistributed assets					-
<b>TOTAL ASSETS</b>	<b>27,806,405,727</b>	<b>696,217,496,708</b>	<b>2,575,015,578,590</b>	<b>15,338,336,465</b>	<b>3,314,377,817,490</b>
Liabilities	8,764,786,877	99,884,691,444	2,088,926,724,812	3,315,668,126	2,200,891,871,259
Undistributed liabilities					-
<b>TOTAL LIABILITIES</b>	<b>8,764,786,877</b>	<b>99,884,691,444</b>	<b>2,088,926,724,812</b>	<b>3,315,668,126</b>	<b>2,200,891,871,259</b>

**2. The geographic area:** The Company launches business in the following geographic areas: the North, the Central and the South Regions.

UNIT: VND

THIS YEAR	THE NORTH	THE CENTRAL REGION	THE SOUTH	TOTAL
Net profit from external sales	494,415,999,246	9,197,283,822	62,337,226,239	565,950,509,307
Sectional assets	2,923,005,875,714	74,235,688,332	317,136,253,444	3,314,377,817,490
Total accruals to acquire fixed assets and other long-term assets	3,049,709,000	-	-	3,049,709,000

#### Fair value of financial assets and liabilities

UNIT: VND

	BOOK VALUE				FAIR VALUE	
	CLOSING BALANCE		OPENING BALANCE		CLOSING BALANCE	OPENING BALANCE
	BOOK VALUE	PROVISION	BOOK VALUE	PROVISION		
<b>Financial asset</b>						
- Cash and cash equivalents	361,552,797,249	-	340,163,382,922	-	361,552,797,249	340,163,382,922
- Trade accounts receivable, securities transactions receivable, loan receivable and others	2,467,118,293,806	(280,301,681,386)	1,548,125,274,306	(275.580.323.101)	2,186,816,612,420	1,272,544,951,205
- Financial assets recorded at fair value through profit or loss ("FVTPL")	769,524,155,991	(118,565,977,098)	1,247,596,319,016	(88.331.723.120)	650,958,178,893	1,159,264,595,896
- Long-term investment	-	-	-	-	-	-
<b>Total</b>	<b>3,598,195,247,046</b>	<b>(398,867,658,484)</b>	<b>3,135,884,976,244</b>	<b>(363.912.046.221)</b>	<b>3,199,327,588,562</b>	<b>2,771,972,930,023</b>

	BOOK VALUE		FAIR VALUE	
	CLOSING BALANCE	OPENING BALANCE	CLOSING BALANCE	OPENIN BALANCE
<b>Financial liabilities</b>				
Financial loans and debts	503,500,000,000	517,000,000,000	503,500,000,000	517,000,000,000
Issued bonds	920,000,000,000	580,000,000,000	920,000,000,000	580,000,000,000
Payables to seller, payables to securities transactions, others	-	-	-	-
Payable costs	44,014,516,665	19,209,289,024	44,014,516,665	19,209,289,024
Payables to securities deals	627,936,937,953	722,021,989,753	627,936,937,953	722,021,989,753
<b>Total</b>	<b>2,095,451,454,618</b>	<b>1,838,231,278,777</b>	<b>2,095,451,454,618</b>	<b>1,838,231,278,777</b>

### Liquidity risk

Liquidity risk refers to the risk incurred by the Company when the financial obligations are fulfilled in the capital inadequacy condition.

The liquidity risk is followed up by maintaining the percent of cash, bank deposits and cash equivalents to the extent that the CEO thinks it is adequate to offer the financial support for the Company's business activities and minimize the influence of the cash flow changes.

Maturity of the financial liabilities is based on the expected contractual payments not to be discounted is described as follows:

	LESS THAN 1 YEAR	OVER 1 YEAR TO 5 YEARS	OVER 5 YEARS	TOTAL
<b>CLOSING BALANCE</b>				
Financial loans and debts	503,500,000,000	-	-	503,500,000,000
Issued bonds	-	920,000,000,000	-	920,000,000,000
Other payables to seller	-	-	-	-
Payable costs	22,680,855,554	21,333,661,111	-	44,014,516,665
Payables to securities deals	627,936,937,953	-	-	627,936,937,953
<b>Total</b>	<b>1,154,117,793,507</b>	<b>941,333,661,111</b>	<b>-</b>	<b>2,095,451,454,618</b>

	LESS THAN 1 YEAR	OVER 1 YEAR TO 5 YEARS	OVER 5 YEARS	TOTAL
<b>OPENING BALANCE</b>				
Financial loans and debts	517,000,000,000	-	-	517,000,000,000
Issued bonds	-	580,000,000,000	-	580,000,000,000
Other payables to seller	-	-	-	-
Payable costs	5,341,400,135	13,867,888,889	-	19,209,289,024
Payables to securities deals	722,021,989,753	-	-	722,021,989,753
<b>Total</b>	<b>1,244,363,389,888</b>	<b>593,867,888,889</b>	<b>-</b>	<b>1,838,231,278,777</b>

## Comparative figures

Comparative figures refer to the disclosures in the Financial Statements for the financial year ended on 31st December 2015 audited by AASCN. Accordingly, some contents have been represented in accordance with the

regulation on preparing and presenting the Financial Statements under the Circular No. 210/2014/TT-BTC dated 30th December 2014 and the Circular No. 334/2016/TT-BTC dated 27th December 2017 on guiding the accounting applied for the securities company. Concretely:

UNDER THE CIRCULAR NO. 95/2008/TT-BTC		UNDER THE CIRCULARS NO. 210/2014/TT-BTC AND NO. 334/2016/TT-BTC		DIFFERENCE	CHANGE
ITEMS	OPENING BALANCE	ITEMS	OPENING BALANCE		
BALANCE SHEET		STATEMENT ON FINANCIAL POSITION			
ASSETS		ASSETS			
<b>I. Cash and cash equivalents</b>					
Cash	750,019,877,016	Cash	265,163,382,922	484,856,494,094	<b>Excluding investor's cash</b>
<b>Total</b>	<b>750,019,877,016</b>		<b>265,163,382,922</b>	<b>484,856,494,094</b>	
<b>II. Financial investments</b>					
Short-term investments	1,239,465,849,016	Financial assets recorded at fair value through profit or loss	1,247,596,319,016	(8,130,470,000)	<b>Rename/re-classification</b>
Provision for short-term investments	(88,331,723,120)	Provision for impairment of financial assets and mortgaged assets	(88,331,723,120)	-	
<b>Total</b>	<b>1,151,134,125,896</b>		<b>1,159,264,595,896</b>	<b>(8,130,470,000)</b>	
<b>III. Short term receivables</b>					
Securities deals	17,293,462,574	Services offered by the securities company	352,421,457,765		<b>Rename/re-classification</b>
Trade accounts receivable	5,759,914,000	Accounts receivable	16,400,753,792		
Others	1,521,013,919,202	Others	18,041,684		
Provision for bad debts	(275,580,323,101)	Loans	1,167,096,572,535		
		Provision for impairment of receivables	(275,580,323,101)		
<b>Total</b>	<b>1,268,486,972,675</b>		<b>1,260,356,502,675</b>	<b>8,130,470,000</b>	
<b>IV. Inventories</b>					
Inventories	145,913,733	Office materials, tools and instruments	145,913,733	-	
<b>Total</b>	<b>145,913,733</b>		<b>145,913,733</b>	<b>-</b>	
<b>V. Other current assets</b>					
Short-term prepayments	-	Short-term prepayments	503,175,781	(503,175,781)	<b>Reclassification</b>
Other current assets	2,982,382,097	Advance payment	2,979,632,097		<b>Rename/re-classification</b>
		Short-term mortgage, pledge, deposit, security	2,750,000		
<b>Total</b>	<b>2,982,382,097</b>		<b>3,485,557,878</b>	<b>(503,175,781)</b>	
<b>VI. Other non-current assets</b>					
Long-term prepayments	2,887,338,326	Long-term prepayments	2,384,162,545	503,175,781	<b>Reclassification</b>
Payment to the payment support fund	8,199,340,273	Payment to the payment support fund	8,199,340,273	-	
Other non-current assets	1,822,533,535	Long-term mortgage, pledge, deposit, security	1,822,533,535	-	<b>Rename/re-classification</b>
<b>Total</b>	<b>12,909,212,134</b>		<b>12,406,036,353</b>	<b>503,175,781</b>	
<b>TOTAL</b>	<b>3,185,678,483,551</b>		<b>2,700,821,989,457</b>	<b>484,856,494,094</b>	

UNDER THE CIRCULAR NO. 95/2008/TT-BTC		UNDER THE CIRCULARS NO. 210/2014/TT-BTC AND NO. 334/2016/TT-BTC		DIFFERENCE	CHANGE
ITEMS	OPENING BALANCE	ITEMS	OPENING BALANCE		
BALANCE SHEET		STATEMENT ON FINANCIAL POSITION			
SHORT-TERM LIABILITIES		SHORT-TERM LIABILITIES			
<b>I. Short-term liabilities</b>					
Trade payables	14,025,690	Short-term trade payables	-	14,025,690	
Advance from customers	851,000,000	Short-term advance from customers	851,000,000	-	
Payable costs	19,209,289,024	Short-term payments	5,341,400,135	13,867,888,889	<b>Rename/ Reclassification/Not reflecting payable deposit of investor</b>
Others	1,198,688,975,777	Others	1,826,620,441	485,591,804,024	
Dividend, principal and interest payables	95,437,250	Short-term deposits received	711,270,551,312		
		Employee benefits	855,747,180	(760,309,930)	
<b>Total</b>	<b>1,218,858,727,741</b>		<b>720,145,319,068</b>	<b>(498,713,408,673)</b>	
<b>II. Non-current liabilities</b>					
Other non-current liabilities	25,000,000	Other non-current liabilities	14,025,690	10,974,310	<b>Rename/ reclassification</b>
		Long-term payments	13,867,888,889	(13,867,888,889)	
<b>Total</b>	<b>25,000,000</b>		<b>13,881,914,579</b>	<b>13,856,914,579</b>	

OWNER'S EQUITY		OWNER'S EQUITY		DIFFERENCE	CHANGE
Owner's investment capital	1,000,000,000,000	Voting ordinary shares	1,000,000,000,000		
Others	7,420,555,826	Reserve fund for supplementing chartered capital	7,420,555,826	-	
Financial reserve fund	7,420,555,826	Operational risk and financial reserve fund	7,420,555,826	-	<b>Rename/ reclassification</b>
Retained earnings after tax	12,745,132,112	Retained earnings	12,745,132,112	-	
<b>Total</b>	<b>1,027,586,243,764</b>		<b>1,027,586,243,764</b>		
<b>TOTAL</b>	<b>2,246,469,971,505</b>		<b>1,761,613,477,411</b>	<b>-484,856,494,094</b>	



UNDER THE CIRCULAR NO. 95/2008/TT-BTC		UNDER THE CIRCULARS NO. 210/2014/TT-BTC AND NO. 334/2016/TT-BTC		DIFFERENCE	CHANGE
ITEMS	LAST YEAR	ITEMS	LAST YEAR		
<b>INCOME STATEMENT</b>		<b>INCOME STATEMENT</b>			
<b>REVENUE</b>		<b>REVENUE</b>			
Revenue of securities brokerage	115,222,442,972	Revenue of securities brokerage	115,222,442,972		
Revenue of securities investment and capital contribution	181,874,539,027	Financial assets recorded at fair value through profit or loss	199,636,584,389		
Others	152,901,272,809	Interest from loans and receivables	132,813,013,379		
Revenue of auction and trust	1,066,240,029	Revenue of securities depository	7,096,566,979		
Revenue of securities depository	7,101,039,741	Other operating income	1,483,055,791		
		Revenue, dividend paid in-arrears, call deposit interest arisen in the year			<i>Rename/ reclassification</i>
Securities underwriting revenue	4,810,000,000	Interest from financial assets available for sales	1,913,871,068		
Securities issuance agent revenue	540,000,000	Expenses of securities underwriting, issuance agent	-		
			5,350,000,000		
Revenue of advisory service	55,243,525,641	Revenue of securities investment advisory service	46,478,824,308		
		Revenue of corporate finance advisory services	8,764,701,333		
<b>Total</b>	<b>518,759,060,219</b>	<b>Total</b>	<b>518,759,060,219</b>		

<b>REVENUE</b>		<b>REVENUE</b>			
Operating costs	349,041,209,740	Loss on financial assets recorded at fair value through profit or loss	52,301,595,463		
		Provisions for financial assets, loss settlement of bad debts and loss on impairment of financial assets and loan expenses	158,913,063,233		
		Self-operating costs	2,133,060,093		
		Securities brokerage costs	59,708,145,650		
		Securities investment advisory service costs	6,319,233,067		<i>Rename/ reclassification</i>
		Securities underwriting, issuance agent costs	-		
		Corporate finance advisory service costs	8,774,238,034		
		Securities depository costs	5,792,220,722		
		Loan expenses	69,854,247,042		
		Others	4,670,779,864		
<b>Total</b>	<b>349,041,209,740</b>	<b>Total</b>	<b>368,466,583,168</b>	<b>(19,425,373,428)</b>	
General and administrative expenses	51,254,206,043	Corporate governance expenses	31,828,832,615		
<b>Total</b>	<b>51,254,206,043</b>	<b>Total</b>	<b>31,828,832,615</b>		
<b>TOTAL</b>	<b>400,295,415,783</b>	<b>TOTAL</b>	<b>400,295,415,783</b>	<b>19,425.373.428</b>	

**Information on on-going activities**

In the financial year, no activities or events are available, significantly affecting the Company's on-going activities.

Ha Noi, 29 March 2017

**Prepared by**



**Nguye. Thi Thuy**

**Chief Accou. ta. t**



**Tra. Sy Tie.**

**Ge. eral Director**



**Vu Duc Tie.**

**GENERAL INFORMATION**

**Trading name** : Saigon – Hanoi Securities Joint Stock Company

Certificate of business registration: No. 66/UBCK-GP issued on 15th November 2007 by State Securities Commission, the final amended license under the Decision No. 32/GPDC-UBCK issued on 1st December 2014 by State Securities Commission.

**Charter capital:** VND 1,000 BILLION

**Owner's capital:** VND 1,000 BILLION

**Address:** 3rd floor, Trade Union Conference Center Building, No. 1, Yet Kieu, Hoan Kiem, Hanoi.

**Telephone:** 84-4-38 181 888      **Fax:** 84-4-3 8181 688

**Website:** <http://www.shs.com.vn>

**Securities code:** SHS

**Member code:** 069

