

**BOARD OF DIRECTORS' REPORT**  
**AT THE ANNUAL GENERAL MEETING OF SHAREHOLDERS 2017**

**Dear valued shareholders of VNDIRECT Securities Corporation**

To accomplish the duties and competence of Board of Directors (BoD) as stipulated in the Company's Charter and the Law on Enterprises, BoD of VNDIRECT Securities Corporation reports on the activities of BoD in 2016 and business orientation in 2017 as follows:

**1. Evaluation of BoD on the Company's activities in 2016**

In 2016, the activities of VNDIRECT have achieved positive and noteworthy results.

In terms of business results, the performance of VNDIRECT has exceeded the target plan set at the Annual General Meeting of Shareholders (AGM) 2016. Specifically:

- Total revenue of VNDIRECT in 2016 reached VND 756.5 billion, surpassing 11% of the yearly plan, up nearly 40% compared to 2015.
- Net profit after taxes in 2016 reached VND 186.3 billion, slightly increased from VND 181.8 billion in 2015 and completed 100.6% of the 2016 yearly target plan.
- Total assets of the Company in 2016 grew adequately and reached VND 5,144.1 billion, representing an increase of 11% compared to 31<sup>st</sup> Dec 2015. Total owner's equity was VND 1,948.3 billion.
- The brokerage market share of the Company rose from 8.10% to 9.35% on the Hanoi Stock Exchange (HNX) and increased from 5.67% to 6.12% on the Ho Chi Minh Stock Exchange (HSX). VNDIRECT maintained firmly the top 2 and top 4 positions on HNX and HSX respectively in terms of brokerage market share.

In terms of Treasury activities, VNDIRECT always ensures the liquidity in all transactions. Therefore, the Company has created prestige in the market and built up a good relationship with financial institutions. At present, VNDIRECT has successfully established credit limits at all leading banks in Vietnam. In 2016, the total revenue of Treasury activities reached VND 435.9 billion, representing an increase of 49.77% compared to 2015.

Regarding Proprietary Trading activities, VNDIRECT achieved remarkable results as the revenue from this segment increased 114% from VND 82 billion in 2015 to an impressive figure - VND177 billion in 2016. .

In terms of technology infrastructure, in the past year, VNDIRECT continuously upgraded the system, diversified online services and launched superior products for customers in order to affirm the technological pioneer position of the Company.

About training and team building activities, in 2016, in addition to organizing training programs to develop professional knowledge of employees, VNDIRECT also enhanced the working environment through programs and events such as: Brokerage Knowledge Exam, D-Factor Campaign - Discover the VNDIRECT Factor and Sales Forces Campaign - Dwinner.

Regarding the management and operation finalizing activities, in 2016, the BoD focused on the standardization and revision of the internal regulations and procedures, thereby to amend, supplement and/or promulgate a total of 25 internal processes and regulations of the Company. As a result, VNDIRECT was able to standardize the operational process and further improve the efficiency of the Company.

## **2. Evaluation on the Board of Management's activities**

In 2016, Board of Management (BoM) of the Company exercised their rights and duties in accordance with the provisions of law, the Charter and resolutions of the AGM;

The BoD acknowledged that the activities of the Company's BoM truly reflected the orientation determined by the AGM and the BoD in accordance with the authority stipulated in the Company Charter and the Enterprise Law. All of the BoM, officers and employees of the Company had a close connection in the daily activities and responded positively to the challenges in business activities.

The Company's business results for FY 2016 showed that the BoM has run and managed the Company's activities in a flexible and effective way.

## **3. Activities of the BoD in 2016**

In 2016, BoD of the Company maintained the operation in accordance with the Charter and provisions of law with 05 members, including: Mrs. Pham Minh Huong - Chairwoman, Mr. Nguyen Hoang Giang cum Chief Executive Officer, Mr. Vu Hien, Mr. Pham Le Nhat Quang, Mrs. Nguyen Ngoc Thanh. There were 03 non-executive members, including Mr. Vu Hien, Mr. Pham Le Nhat Quang and Mrs. Nguyen Ngoc Thanh.

The members of the BoD are all experienced and capable of managing and operating the Company.

In 2016, the BoD of VNDIRECT held several face-to-face meetings or conference calls via electronic devices to carry out the tasks within the duties and competence of the Board. The BoD suggested important Decisions and Resolutions related to the organization and operation of the Company.

The BoD fulfilled responsibilities devotedly for deciding the strategy, business plan, investment plan and solutions for the Company development in order to continuously strengthen the market position of VNDIRECT.

The BoD also fulfilled responsibilities for overseeing the operation of the Company, regularly directing and communicating with the BoM in the implementation of the AGM's resolutions and ensuring that the Company's activities comply with provisions of the Charter, the Company's regulations and relevant legal documents.

## **4. Business Orientation of the BoD in 2017**

The BoD unanimously agreed with the operational and business orientation for the Company as follows:

About business targets: The BoD unanimously approved the business development plan of the Company in 2017 with the targets of profit as reported by the BoM with the after-taxes profit target of VND 231 billion.

In terms of brokerage activity: VNDIRECT will focus on increasing the brokerage market share in 2017 by at least 15% compared to 2016 and increasing the total net asset value of customers at VNDIRECT by least 80% compared to 2016.

About Treasury activity: In 2017, VNDIRECT will continue to establish new credit limits to increase working capital for business activities of the Company, raising total average credit debt of VNDIRECT at banks in 2017 to a minimum amount of VND 3,500 billion and raising the average balance on margin loans by at least 15% compared to 2016.

Regarding investment banking activity: In 2017, the Company will keep focusing on the development of listing, issuance and equitization advisories to serve large real estate enterprises and joint-stock commercial banks.

In terms of technology infrastructure: VNDIRECT will continue to invest in technology to establish and develop derivatives market and day trading system. The Company invests in technology infrastructure to improve the efficiency of core businesses, especially brokerage activity as well as ensure the ability to conduct new securities services.

As regards the management of securities investment fund: By acquiring IPA Securities Investment Fund Management Limited Company, in 2017, VNDIRECT will concentrate on the development of fund management products and services with a clear objective of establishing a good reputation in the fund management field as well as creating fund management products in line with the need of investors.

Regarding corporate governance activity: The Company will continue to promote the role of executive officers, creating a clear decentralized mechanism so that executive officers are truly leaders of employees in their business field. The whole Company must standardize the product, service and organizational structure and simplify the business operation system to achieve the goal of constantly improving the management process, quality control, service standards throughout the Company.

About human resource management and corporate culture building: VNDIRECT will continue to improve the human resources structure and promote training activities to boost the capacity, professionalism and discipline of the Company. Additionally, VNDIRECT will promote the leadership development programs for excellent staffs at the branches, creating an efficient working environment and affirming that VNDIRECT is one of leading securities companies with the best working environment in Vietnam.

Dear fellow Shareholders, hereinbefore is the report from the BoD of VNDIRECT Securities Corporation on 2016 operation and business orientation in 2017 that the BoD submits to Shareholders to consider and approve.

On behalf of the BoD, I would like to wish the AGM success and I wish Shareholders good health, happiness, and prosperity.

ON BEHALF OF THE BOARD OF DIRECTORS  
CHAIRWOMAN

PHẠM MINH HƯỜNG