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Hanoi, ... May 2017

**REPORT OF SUPERVISORY BOARD
AT THE ANNUAL GENERAL MEETING OF SHAREHOLDERS 2017**

Dear fellow Shareholders of VNDIRECT Securities Corporation

- *Pursuant to the Charter on the organization and operation of VNDIRECT Securities Corporation;*
- *Pursuant to the Resolution of the Annual General Meeting of Shareholders 2016 of VNDIRECT Securities Corporation;*
- *Pursuant to the business situation, management and execution of VNDIRECT Securities Corporation in 2016;*

The Supervisory Board reports to the Annual General Meeting of Shareholders of VNDIRECT Securities Corporation (VNDIRECT) with the following information:

I. THE ACTIVITIES OF SUPERVISORY BOARD

As at the Annual General Meeting of Shareholders 2017, The Board of Supervisors (BOS) of VNDIRECT comprises of 03 members:

- Ms. Hoang Thuy Nga – The Head of the Supervisory Board
- Ms. Huynh Thanh Binh Minh - Member
- Ms. Nguyen Thi Minh Hanh - Member

In 2016, based on the Company's Charter, BOS has performed functions and duties as follows:

- Coordinate with the Management Board to perform two internal reviews to evaluate the implementation of business plans, Resolutions of the General Shareholder Meeting (AGM) and Resolutions of the Board of Directors (BOD) in 2016;
- Play an observation role to assess the compliance with applicable laws, the Charter and regulations of the Company as well as the reasonableness of business execution and resource allocation to carry out business plans;
- Corporate with the Management Board to conduct detailed checks on several trading activities: brokerage, depository of securities.

II. RESULTS OF THE SUPERVISORY BOARD'S MAJOR ACTIVITIES

1. Evaluation on business activities

Business results in 2016

(Unit: VND billion)

Item	Plan 2016	Actual 2016	Actual 2015	% Complete 2016	Growth rate 2016/2015
Revenue (VND billion)	673.0	746.5 ¹	532.2	110%	37%
Expenses (VND billion)	441.6	519.8 ²	305.1	118%	64%
Profit before taxes (VND billion)	231.4	226.7	227.1	98%	0%
Net profit after taxes (VND billion)	185.1	185.7	181.8	100%	2%
Market share (%)	7.00%	6.07%	6.21%	87%	-1%
Number of brokers	444	457	444	103%	3%

BOS gives the following opinions on the business results of 2016:

- Revenue and expenses after offsetting cash flow from proprietary trading activity only reached 100% and 101% of the plan. Provision for margin trading activity exceeded the plan was approximately VND 37.7 billion. If that amount of provision is excluded, the 2016 actual expenses only reached 92.7% of the plan → The Company has shown good initial cost control.
- Profit before taxes reached 98% of the plan. Net profit after taxes reached the plan due to the effect of tax reduction from 22% to 20% and the received dividends from investment which were not subject to Corporate Income Taxes.
- Regarding securities brokerage market share: On the HNX, the market share of VND increased impressively from 7.95% to 8.73% but the market share of the Company in the whole market still decreased slightly because the HSX proportion accounted for large percentage of trading value but there was not much growth in market share of the Company on the HSX.
- The number of brokers was 3% higher than the plan. In 2016, the Company changed business mechanism to improve quality of brokerage team, which means several substandard brokers may lose their jobs. BOS believes that Management Board should apply more administrative as well as supporting methods to improve quality of brokerage team.

Objectives in 2016

No	Objective	Assessment
1	In-depth development and improvement of brokerage team, service quality improvement of each broker	Changed brokerage mechanism to focus on growth in quality Need management solution to support brokerage team to complete KPIs

¹ Revenue after offsetting proprietary trading was VND 673.9 billion, reaching 100% of the plan

² Expenses after offsetting proprietary trading were VND 447 billion → reaching 101% of the plan. If the provision of VND 37.7 billion is excluded, the amount of expenses reach VND 409.5billion or 92.7% of the plan

No	Objective	Assessment
2	Develop investment banking and underwriting services	<p>Compared to 2015:</p> <ul style="list-style-type: none"> - Revenue doubled that of 2015. - Gross profit showed an increase of 1% - 2% - Profit margin increased by 25% to 30% <p>However, the result only reached 35% of the plan</p>
3	Focus on bond brokerage market	Bond brokerage market share dropped from 1.9% in 2015 to 0.4% in 2016 due to the change made by Management Board to not concentrate on this activity
4	Develop and perfect services for active trading customers	<p>In 2016, the Company improved system and developed new products such as price board, data feed, financial products, etc.</p> <p>Nevertheless, detailed plans need to be built up between departments to focus on each single objective.</p>
5	Improve technology to support derivatives and day trading systems.	<p>Developed derivatives trading system in accordance with the project of HNX</p> <p>Day trading system has not received operational guidelines.</p>

2. Evaluation on the accounting system

- The Company has demonstrated the proper compliance with Vietnamese accounting standards and prevailing accounting regime in performing accounting operation, booking, entering in the accounts and preparing quarterly financial statements with integrity, honesty and legitimacy.
- The Supervisory Board highly appreciated the use of new information technology on saving and accessing information effectively to prepare management reports.
- The Supervisory Board acknowledged that the financial figures of the BOD's report which was audited independently by KPMG Ltd. have reflected a true and fair view of financial position, cash flows and financial performance of the Company during the period.

3. Evaluation on governance activities

- BOS affirms that there is no abnormal signal in business operation of the Company. All operating activities complied with the Law on Enterprises, Law on Securities, the Charter, the Resolution and other relevant provisions of law. The Company also complied with statutory requirements applicable to information disclose in stock market.

- The Management Board added some key performance indicators to regularly evaluate and run business activities (in addition to financial indicators). Business plan was also divided into detailed tasks to each department and even every single employee.
- At the end of 2016, the Company decided to acquire IPA Securities Investment Fund Management Limited Company to optimize analytic and investment resources as well as to support the margin trading service of the Company.
- In 2016, some regulation violation cases of employee occurred, the Company had timely and satisfactory solutions to mitigate losses and negative influences on customers and the Company's reputation.

VNDIRECT continued to remain sustainable development strategy to invest in system, human resource and enhance management governance. BOS supposes that the Company needs put more efforts to close the management gap between Board of Directors, Management Board and middle level managers to implement business and governance plan more synchronously and effectively.

The Supervisory Board hereinbefore presents the full report of the Board to shareholders. The Supervisory Board respectfully proposes the report to shareholders to consider and approve.

We wish the Meeting a great success.

ON BEHALF OF THE SUPERVISORY BOARD

Head of the Supervisory Board

HOANG THUY NGA