

No.: /2017/TTr-HDQT

Hanoi, ... May 2017

## **PROPOSAL OF THE BOARD OF DIRECTORS VNDIRECT SECURITIES CORPORATION**

**On the approval to the contents of the audited financial statements for 2016, selection of the audit firm for 2017, remuneration to the BoD and BoS, Bonuses and supplemental pay to the BoM and key officers, the change of share's listing stock exchange, profit distribution in 2016, additional shares issuance.**

### **To: Valued Shareholders of VNDIRECT Securities Corporation**

The Board of Directors (BoD) of VNDIRECT Securities Corporation (the Company) would like to submit these following subjects to consideration and approval of the Annual General Shareholders Meeting (AGM):

#### **I. 2016 Audited Financial Statements**

The BoD submits following primary items of the Company's 2016 financial statements audited by KPMG Ltd. Company to the AGM to approve:

<b>Primary Items</b>	<b>Unit (VND billion)</b>
1. Total Asset	5,174.093
2. Shareholders' Equity	1,948.264
3. Revenue	750.089
4. Profit Before Taxes	227.170
5. Profit After Taxes	186.288
6. Retained Profit	354.791

In the Independent Auditor's Report on the Company's 2016 Financial Statements, the auditors acknowledged: *"the financial statements give a true and fair view, in all material respects, of the financial position of VNDIRECT Securities Joint Stock Company as at 31 December 2016 and of its results of operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Enterprises, Circular No. 210/2014/TT-BTC dated 30 December 2014 ("Circular 210") issued by the Ministry of Finance on the promulgation of accounting systems of securities companies and Circular 334/2016/TT-BTC dated 27 December 2016 issued by the Ministry of Finance on amending, supplementing and replacing Appendix 02 and Appendix 04 of Circular 210 and the relevant statutory requirements applicable to financial reporting"*.

The completed financial statements of 2016 and independent auditor's report have been published on the website of the Company: [www.vndirect.com.vn](http://www.vndirect.com.vn). BoD would like to submit it to the AGM's approval.

#### **II. Selection of the Audit Firm for FY 2017**

The BoD submits to the AGM's approval on the selection of one audit firm to audit the Company's financial statements in 2017 from the following list of approved audit firms: (i) KPMG Limited Company; (ii) Deloitte Vietnam Limited Company; (iii) PricewaterhouseCoopers Vietnam Limited Company. These audit firms are independent from the Company and the Company's officers and they are approved by the State Securities Commission to conduct audits for listed companies.

To select the audit firm in an effective way, BoD kindly proposes a verification and discussion of the AGM to choose one of the audit firms listed above in order to sign the contract of providing financial statements auditing and financial security reporting services to the Company in 2017.

### **III. Remuneration to the BoD and BoS**

BoD would like to report to the AGM on the remuneration to the BoD and BoS as follows:

\* The total remuneration to the BoD and BoS in 2016 was 600 million, of which: The remuneration paid to the members of the BoD was VND420 million; the remuneration paid to members of the BoS was VND180 million.

\* The remuneration packages to the BoD and BoS in 2016 will also apply to 2017. In details, the remuneration to members of the BoD is VND420 million/year (equivalent to VND7 million/member/month); the remuneration to members of the BoS is VND180/year (equivalent to VND5 million/member/month).

Remuneration to members of the BoD are paid by the Company on a monthly basis, according to the actual term of office of each member.

### **IV. Bonus of preference shares to members of Management Board and key officers of the Company**

To retain talented officers and increase the cohesiveness of key personnel's team in the Company, Board of Directors proposes the Annual General Shareholders Meeting to approve bonus scheme of preference shares to members of Management Board and key officers of the Company as follows:

- Beneficiaries: Members of the BoM and key officers of the Company. The list of rewarded individuals will be decided according to the assessment results of the roles and contributions of those individuals to the Company during the pre-bonus period.
- Source of reward: extraction from profit after taxes, capital surplus of the Company.
- Reward form: bonus by treasury share of the Company.
- Authorization: the Chairwoman are authorized to specify list of rewarded individuals, the number of bonus shares, the time to implement the bonus plan and decide all issues related to the treasury stock bonus plan for members of the BoM and key officers of the Company within the context of above listed contents.

### **V. Bonus scheme and supplemental pay to the BoM and key officers of the Company in FY 2017**

The BoD proposes to the AGM to consider and approve the bonus scheme and supplemental salaries to the Board of Management (BoM) and key officers of the Company as follows:

Similar to previous years, in 2017, the Company will continue to implement bonus scheme and supplemental pay to the BoM and key officers of the Company, in which the following

principles apply: By the end of the FY 2017, if the Company's profit after taxes (consolidated) reaches or exceeds the yearly business plan, the BoM and key officers of the Company will be rewarded with bonuses and supplemental salaries (hereinafter collectively referred as bonuses) according to following principles: the bonuses are (i) 5% of the total profit after taxes; (ii) additional 20% of the surpassed amount of the profit-after-taxes; (according to the separate financial statement of the parent company) if the yearly targeted profit-after-taxes is reached or surpassed.

If the business results in 2017 do not reach the plan and besides, the BoM and key officers of the Company have given their maximum effort, the level of bonuses will be calculated in proportion to the completion rate of the business plan. Chairperson of the Directory Board will decide specifically the appropriation and implementation of bonuses in compliance with the Company's regulations and business operation.

## **VI. Change of the VNDIRECT share's listing stock exchange**

The BoD submits to the AGM to consider and approve the cancellation and change of the current stock exchange on which the shares of VNDIRECT Securities Corporation (stock code: VND) is listing:

### **1. Change of the VND share's listing stock exchange**

- The current listing stock exchange : Hanoi Stock Exchange (HNX) of VND share
- The stock exchange registered to : Ho Chi Minh Stock Exchange (HOSE) transfer the VND share listing to
- The number of shares registered to : Total issued shares as at the point that the application of changing listing stock exchange of VND share is submitted. transfer to HOSE
- Registration Time: : Immediately after the AGM has approved the proposal
- Expected official listing time on : 2<sup>nd</sup> or 3<sup>rd</sup> Quarter of 2017 HOSE
- Reason for the change : Raise the corporate value and strengthen the image and market position of VNDIRECT.

### **2. Delisting of VND share on the Hanoi Stock Exchange**

- The number of delisted shares on : Total issued shares as at the point that the application of listing cancellation on HNX is submitted. HNX to be re-listed on HOSE
- Reason for the delisting : To re-list VNDIRECT's shares on HOSE.

### **3. Authorization for the BoD**

- To develop and implement the working schedule in accordance the Law on Securities; To decide the appropriate time and number of re-listed shares in accordance with the actual situation, ensuring that the change of listing stock exchange does not affect the share trading activity of shareholders.

- To work closely with government agencies to successfully complete the transfer of share listing to HOSE and the delisting on HNX; To actively adjust the plan according to the change of law and/or the request of competent authority at the time of implementation.
- To carry out all other procedures and work required to complete the transfer of share listing.

## VII. 2016 Profit Distribution

Based on the 2016 business results audited by KPMG Limited Company, the BoD would like to submit to the General Meeting of Shareholders to approve the profit distribution plan for 2016 as follows:

No.	ITEM	AMOUNT
1	Profit after taxes in 2016	<b>186,287,528,621</b>
2	Reserve to supplement share capital (5% of profit after taxes)	9,314,376,431
3	Mandatory reserve (5% of profit after taxes)	9,314,376,431
4	Appropriated to bonus and welfare fund	9,552,372,487
5	Leftover profit in 2016 to distribute to shareholders	<b>158,106,403,272</b>
6	Leftover profit from previous years	168,503,478,246
7	Total leftover profit	<b>326,609,881,518</b>
8	Stock dividend to shareholders (10%)	<b>154,998,165,000*</b>
9	Retained earnings	<b>171,611,716,518*</b>

*\* These are estimated figures, the actual figures may differ according to the change in the number of treasury shares at the closing date to pay dividends.*

## VIII. Share issuance to pay dividends

The BoD proposes the AGM to approve the share issuance plan to pay dividends as follows:

1. Share name : Share of VNDIRECT Securities Corporation
2. Share type : Ordinary Share
3. Par value : VND 10,000 (ten thousand) /share
4. Total issued shares : 154,998,165 (One hundred fifty-four million nine hundred ninety-eight thousand one hundred sixty-five) shares
5. Subscription ratio : 100:10 (A shareholder who owns 100 shares will receive 10 additional shares)
6. Expected total number of additional issued shares : A maximum of 15,499,816\* shares
7. Total value of expected additional issued shares : VND 154,998,160,000 (One hundred fifty-four billion nine hundred ninety-eight million one hundred sixty thousand) at maximum

8. Fund resources used to issue shares : From the retained earnings of the Company which specified in audited financial statements for 2016
9. Reason for the issuance : Issuance of shares to pay dividends and to increase charter capital, thereby raise the capital size for the business operations of the Company
10. Issuance method : According to the shareholders' stock receiving rights
11. Principle of rounding and dealing with arising odd stocks : The number of shares the shareholder receives will be rounded down to the unit. The decimal fraction (if any) will be canceled.
- For example: at the closing date of the shareholders list conducted by Vietnam Securities Depository, shareholder A owns 99 shares, according to the issuance ratio, shareholder A will receive 9,9 additional shares. According to the principle of rounding, shareholder A receives only 9 shares. Odd share (0.9 shares) will be canceled.
12. Expected time of issuance : After VNDIRECT has been granted the permission from the State Securities Commission on the issuance of shares to pay dividends.
13. Additional securities depository and listing registration : The total number of successfully issued shares will be registered for additional securities depository at VSD; Also be registered for listing of additional shares on the stock exchange where VND share is listed at that point of time.
14. Authorization for the BoD :
- Perform specific tasks to issue additional shares to increase equity capital
  - Complete and/or adjust the issuance plan in accordance with the requirements of the competent authority and the stock market situation to ensure the shareholders' interests within the context of Securities Law
  - Registration of additional securities depository, listing of additional shares
  - Amend the provisions on the charter capital which are stipulated in the Charter of the Company and carry out procedures to change the Company's business license according to the results of share issuance

*\*The number of shares to be issued will be determined based on the number of treasury shares at the closing date to exercise the right to pay stock dividends to shareholders at the rate of 10%.*

## **IX. Public offers of sale of Shares**

The BoD proposes the General Meeting of Shareholders to approve the plan of public offers of sale of shares and the capital using plan as follows:

1. Share name : Share of VNDIRECT Securities Corporation
2. Share type : Ordinary Share

3. Par value : VND 10,000 (ten thousand) /share
4. Total issued shares : 154,998,165 (One hundred fifty-four million nine hundred ninety-eight thousand one hundred sixty-five) shares
5. Expected number of shares to be offered : A maximum of 51,666,055\* shares
6. Offering price : VND 10,000 /share
7. Total value of expected additional issued shares : VND 516,660,550,000 (Five hundred sixteen billion six hundred sixty million five hundred fifty thousand) at maximum
8. Offering Target : Existing shareholders whose names in the shareholders list at the registered closing date of shareholders list to exercise the right to purchase shares.
9. Offering method : In accordance with shareholders' purchasing rights
10. Subscription ratio : 3:1 (A shareholder who owns 3 shares is entitled to the right of purchasing 1 additional share)
11. Implementation time : In 2017
12. Reason for offering : To serve the purpose of increasing the capital for the Company's operations, including: (i) additional funding for margin trading loans in accordance with the law; (ii) enhancing the financial capacity of the Company to carry out underwriting contracts; (iii) proprietary trading; (iv) providing services and performing derivatives related operations.
13. Capital using plan : Additional capital gained from the share issuance will be allocated to business activities, including the provision of loans for margin trading, proprietary trading, supplementary capital for underwriting services, derivatives related services and operations. The BoD is assigned to balance the use of the additional capital from the rights offering in accordance with the specific situation of the Company in order to accomplish the listed objectives above and ensure the compliance with the development plan of the Company.
14. Issue price determining principles and the evaluation of expected dilution effects after the share issuance : The issue price is determined on the basis of comparison between book value and market price of the share when issuing. To ensure the success of the issuance, the AGM assigns the BoD to stipulate in details the issue price determining principles according to the actual conditions at the time of issuance  
  
During the rights offering period, risk of dilution effects after issuance may occur, including: (i) dilution of earnings per share; (ii) dilution of book value per share; (iii) dilution of the shareholding and voting rights; (iv) dilution of the reference price on the ex-rights date. The AGM assigns the

BoD to make a concrete assessment of the share dilution effects after issuance, based on the actual conditions at the time of issuance.

15. Additional securities depository and listing registration : Immediately after the share issuance has ended, the total number of successfully issued shares will be registered for additional securities depository at VSD; Also be registered for listing of additional shares on the stock exchange where VND share is listed at that point of time.
16. Authorization for the BoD :
- Specify supplementing, finalizing and detailing regulations on the contents of the share issuance plan and/or amend the issuance plan if necessary or upon request of the authorized agencies, in accordance with the number of treasury shares at the time of issuance and with the stock market situation to ensure a successful issuance;
  - Decide in details the time of issuing shares based on the market situation and actual demand of the Company;
  - Perform the work/ procedures related to the issuance of shares in accordance with the Charter of the Company and the provisions of the law;
  - Implement necessary procedures related to the change of charter capital, amendment/ supplement of the regulations on charter capital and amendment of the Company's business license after the share issuance has ended;
  - Perform necessary work and procedures for registration of additional securities depository and listing of additional shares on the Stock Exchange;
  - Decide all other necessary issues related to the issuance, listing and depository of additional shares.

Hereinbefore is the subjects that the BoD submits to the AGM to consider and approve.

Special thanks to all valued shareholders.

ON BEHALF OF THE BOARD OF DIRECTORS  
CHAIRWOMAN

PHAM MINH HUONG