

**ACE LIFE FUND MANAGEMENT COMPANY LIMITED**

**PRUDENTIAL RATIO STATEMENT  
AS AT 31 DECEMBER 2015**

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**ACE LIFE FUND MANAGEMENT COMPANY LIMITED**

**PRUDENTIAL RATIO STATEMENT  
AS AT 31 DECEMBER 2015**

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## ACE LIFE FUND MANAGEMENT COMPANY LIMITED

### CORPORATE INFORMATION

<b>Operation Licence</b>	No. 52/GP-UBCK dated 24 October 2013 No. 13/GPDC-UBCK dated 17 June 2014 were issued by the State Securities Commission of Vietnam.	
<b>The Executive Board</b>	Mr. Lam Hai Tuan Mr. Nguyen Hong Son Ms. Le Thi Hong Thai	Chairman of the Company Vice Chairman of the Company Director
<b>Legal Representative</b>	Mr. Lam Hai Tuan	Chairman of the Company
<b>Principal activities</b>	The principal activities of ACE Life Fund Management Company Limited are management of securities investment funds, securities investment portfolios and securities investment consultancy in Vietnam.	
<b>Registered Office</b>	Parcel K, 8 <sup>th</sup> Floor, Sun Wah Tower, 111 Nguyen Hue Street, District 1, Ho Chi Minh City, Vietnam	
<b>Auditor</b>	PricewaterhouseCoopers (Vietnam) Limited	

## ACE LIFE FUND MANAGEMENT COMPANY LIMITED

### STATEMENT OF THE RESPONSIBILITY OF THE EXECUTIVE BOARD IN RESPECT OF THE PRUDENTIAL RATIO STATEMENT

The Executive Board of ACE Life Fund Management Company Limited (“the Company”) is responsible for preparation of the prudential ratio statement (“the Report”) which gives a true and fair view of the Company’s prudential ratio as at 31 December 2015 in accordance with Circular No. 226/2010/TT-BTC (“Circular 226”) dated 31 December 2010, Circular No. 165/2012/TT-BTC (“Circular 165”) dated 9 October 2012 of the Ministry of Finance and prevailing regulations applicable to fund management companies operating in Vietnam. In preparing the Report, the Executive Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent.

The Executive Board of the Company 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 which enable the prudential ratio statement to be prepared which comply with the basis of accounting set out in Note 2 and Note 3 to the Report. The Executive Board of the Company is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other errors.

### APPROVAL OF THE PRUDENTIAL RATIO STATEMENT

The Executive Board hereby approves the accompanying prudential ratio statement, as set out on pages 5 to 25. The report was prepared and presented in accordance with Circular 226, Circular 165 and prevailing regulations applicable to fund management companies operating in Vietnam.

On behalf of the Executive Board *hl*



*[Signature]*  
Lam Hai Tuan  
Chairman of the Company

Ho Chi Minh City, SR Vietnam  
25 March 2016



## **INDEPENDENT AUDITOR'S REPORT TO THE EXECUTIVE BOARD OF ACE LIFE FUND MANAGEMENT COMPANY LIMITED**

We have audited the accompanying prudential ratio statement as at 31 December 2015 ("the Report") of ACE Life Fund Management Company Limited ("the Company") and explanatory notes, as set out on pages 5 to 25. The Report was approved by the Executive Board on 25 March 2016.

### **The Executive Board's Responsibility for the Report**

The Executive Board is responsible for the preparation and presentation of the Report in accordance with Circular No. 226/2010/TT-BTC ("Circular 226") dated 31 December 2010, Circular No. 165/2012/TT-BTC ("Circular 165") dated 9 October 2012 of the Ministry of Finance and prevailing regulations applicable to fund management companies operating in Vietnam and responsible for such internal control which the Executive Board determines is necessary to enable the preparation and fair presentation of the Report that is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Report based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit in order to obtain reasonable assurance as to whether the Report is free from material misstatement.

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

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

**Auditor's Opinion**

In our opinion, the prudential ratio statement of the Company as at 31 December 2015 has been prepared, in all material respects, in accordance with the guidelines of Circular 226, Circular 165 and prevailing regulations applicable to fund management companies operating in Vietnam.

**For and on behalf of PricewaterhouseCoopers (Vietnam) Limited**



Nguyen Hoang Nam  
Audit Practising Licence No.  
0849-2013-006-1  
Authorised signatory



Lai Hung Phuong  
Audit Practising Licence No.  
2432-2013-006-1

Report reference number: HCM5192  
Ho Chi Minh City, 28 March 2016



**ACE LIFE FUND MANAGEMENT COMPANY LIMITED**

Ref:

Re: Prudential Ratio Statement

**SOCIALIST REPUBLIC OF VIETNAM**  
**Independence - Freedom - Happiness**

Ho Chi Minh City, 25 March 2016

**To: The State Securities Commission**

**PRUDENTIAL RATIO STATEMENT**

As at 31 December 2015

We commit that:

- (1) The Report is prepared on the basis of data updated as at the date of the Report in accordance with Circular No. 226/2010/TT-BTC dated 31 December 2010 and Circular No. 165/2012/TT-BTC dated 9 October 2012 of the Ministry of Finance regulating financial prudential requirements applicable to the securities institutions and measures for non-compliance;
- (2) For matters that may affect the financial position of the Company after the date of this Report, we will update them in the next reporting period;
- (3) We are fully responsible under the laws for the accuracy and truthfulness of the contents of the Report.

**Chief Accountant**

Do Thi Thu Nguyet

**Head of Internal control  
department**

Bui Thanh Hiep

**Chairman of the Company**



Lam Hai Tuan

**ACE LIFE FUND MANAGEMENT COMPANY LIMITED**

**PRUDENTIAL RATIO STATEMENT  
AS AT 31 DECEMBER 2015**

**SUMMARY OF RISK AND LIQUIDITY**

Unit: VND

No.	Item	Note	Value of Risk/Liquidity
1	Total market risk value	4	-
2	Total payment risk value	5	878,084,583
3	Total operational risk value	6	5,000,000,000
4	<b>Total value of risk (4 = 1 + 2 +3)</b>		<b>5,878,084,583</b>
5	Liquidity	7	24,709,964,529
6	Liquidity ratio (6 =5/4)		420%

The notes on pages 17 to 25 are an integral part of this Report.



**ACE LIFE FUND MANAGEMENT COMPANY LIMITED**

**PRUDENTIAL RATIO STATEMENT  
AS AT 31 DECEMBER 2015**

**I. LIQUIDITY**

NO.	DESCRIPTION	LIQUIDITY		
		Liquidity VND	Deduction VND	Increase VND
A	RESOURCES	(1)	(2)	(3)
1	Paid-in capital, excluding redeemable preference shares (if any)	26,000,000,000		
2	Share premium, other capital, excluding redeemable preference shares (if any)	-		
3	Treasury shares	-		
4	Additional reserve fund of charter capital	5,159,332		
5	Investment and development fund	-		
6	Financial reserve funds	5,159,332		
7	Other funds	-		
8	Accumulated losses and losses before statutory reserves	92,867,978		
9	Differences on assets revaluation (increase by 50% or decrease by 100%)	-		
10	Foreign exchange differences	-		
11	Interest of minority shareholders	-		
12	Convertible debts			-
13	Total decrease or increase portion of securities on financial investments		-	-
<b>1A</b>	<b>Total</b>			<b>26,103,186,642</b>

The notes on pages 17 to 25 are an integral part of this Report.

**ACE LIFE FUND MANAGEMENT COMPANY LIMITED**

**PRUDENTIAL RATIO STATEMENT  
AS AT 31 DECEMBER 2015**

**I. LIQUIDITY (continued)**

NO.	DESCRIPTION	LIQUIDITY		
		Liquidity VND	Deduction VND	Increase VND
<b>B</b>	<b>CURRENT ASSETS</b>	<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
<b>I</b>	<b>Cash and cash equivalents</b>			
<b>II</b>	<b>Short-term financial investments</b>			
1.	Short-term investments			
	Securities posing market risks in accordance with Clause 2 of Article 8			
	Securities deducted from liquidity capital in accordance with Clause 5 of Article 5			
2.	Provision for diminution in value of short-term investments			
<b>III</b>	<b>Short-term receivables</b>			
1.	Trade receivables			
	Trade receivables which are due within 90 days or less			
	Trade receivables which are due within more than 90 days			
2.	Prepayments to suppliers			
3.	Short-term internal receivables			
	Internal receivables which are due within 90 days or less			
	Internal receivables due within more than 90 days			

The notes on pages 17 to 25 are an integral part of this Report.

ACE LIFE FUND MANAGEMENT COMPANY LIMITED

PRUDENTIAL RATIO STATEMENT  
AS AT 31 DECEMBER 2015

I. LIQUIDITY (continued)

NO.	DESCRIPTION	LIQUIDITY		
		Liquidity VND	Deduction VND	Increase VND
<b>B</b>	<b>CURRENT ASSETS (continued)</b>	<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
<b>III</b>	<b>Short-term receivables (continued)</b>			
4.	Receivables from securities trading activities			
	Receivables from securities trading activities which are due within 90 days or less			
	Receivables from securities trading activities which are due within more than 90 days			
5.	Other receivables			
	Other receivables which are due within 90 days or less			
	Other receivables which are due within more than 90 days		180,416,666	
6.	Provision for doubtful short-term receivables			
<b>IV</b>	<b>Inventories</b>			
<b>V</b>	<b>Other current assets</b>			
1.	Short-term prepayments		27,299,083	
2.	Deductible VAT			
3.	Taxes and other receivables from the State Budget			
4.	Other current assets			
4.1	Advances			
	Advances with a remaining reimbursement period of 90 days or less			
	Advances with a remaining reimbursement period of more than 90 days			
4.2	Other receivables, other current assets			
<b>1B</b>	<b>Total</b>			<b>207,715,749</b>

The notes on pages 17 to 25 are an integral part of this Report.

**ACE LIFE FUND MANAGEMENT COMPANY LIMITED**

**PRUDENTIAL RATIO STATEMENT  
AS AT 31 DECEMBER 2015**

**I. LIQUIDITY (continued)**

NO.	DESCRIPTION	LIQUIDITY		
		Liquidity VND	Deduction VND	Increase VND
<b>C</b>	<b>NON-CURRENT ASSETS</b>	<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
<b>I</b>	<b>Long-term receivables</b>			
1.	Long-term trade receivables			
	Long-term trade receivables which are due within 90 days or less			
	Long-term trade receivables which are due within more than 90 days			
2.	Capital in affiliated units			
3.	Long-term internal receivables			
	Long-term internal receivables which are due within 90 days or less			
	Long-term internal receivables which are due within more than 90 days			
4.	Other long-term receivables			
	Other long-term receivables which are due within 90 days or less			
	Other long-term receivables which are due within more than 90 days			
5.	Provision for doubtful long-term receivables			

The notes on pages 17 to 25 are an integral part of this Report.

ACE LIFE FUND MANAGEMENT COMPANY LIMITED

PRUDENTIAL RATIO STATEMENT  
AS AT 31 DECEMBER 2015

I. LIQUIDITY (continued)

NO.	DESCRIPTION	LIQUIDITY		
		Liquidity VND	Deduction VND	Increase VND
<b>C</b>	<b>NON-CURRENT ASSETS (continued)</b>	<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
<b>II</b>	<b>Fixed assets</b>		<b>797,699,711</b>	
<b>III</b>	<b>Investment properties</b>			
<b>IV</b>	<b>Long-term financial investments</b>			
1.	Investments in subsidiaries			
2.	Investments in associates and joint ventures			
3.	Long-term securities investments			
	Securities posing market risks in accordance with Clause 2 of Article 8			
	Securities deducted from liquidity capital in accordance with Clause 5 of Article 5			
4.	Other long-term investments			
5.	Provision for diminution in value of long-term financial investments			
<b>V</b>	<b>Other non-current assets</b>		<b>387,806,653</b>	
	Asset items considered as qualified items in the audited annual financial statements without being deducted in accordance with Article 5			
<b>1C</b>	<b>Total</b>			<b>1,185,506,364</b>
	<b>LIQUIDITY = 1A-1B-1C</b>			<b>24,709,964,529</b>

**Note:** The figures being not applicable for preparing the liquidity spreadsheet will not be shown.

The notes on pages 17 to 25 are an integral part of this Report.

ACE LIFE FUND MANAGEMENT COMPANY LIMITED

PRUDENTIAL RATIO STATEMENT  
AS AT 31 DECEMBER 2015

II. RISK VALUE

A. MARKET RISKS

<i>Investment items</i>		<i>Risk coefficient</i>	<i>Scale of risk VND</i>	<i>Risk value VND</i>
		(1)	(2)	(3) = (1) x (2)
<b>I.</b>	<b>Cash and cash equivalents, money market instruments</b>			-
1.	Cash (VND)	0%	1,927,886,359	-
2.	Cash equivalents	0%	1,000,000,000	-
3.	Valuable papers, instruments transferable on the money market, certificates of deposit	0%	22,000,000,000	-
<b>II.</b>	<b>Government bonds</b>			
4.	Interest-free Government bonds	0%		-
5.	Coupon Government bonds			
5.1	Government bonds, Government bonds belonging to OECD countries, or bonds guaranteed by the Governments or Central Banks of these countries, bonds issued by international organisations like IBRD, ADB, IADB, AfDB, EIB and EBRD	3%	-	-
5.2	Construction bonds guaranteed by the Government, or the Ministry of Finance, with a remaining maturity period of less than 1 year;	3%	-	-
	Construction bonds guaranteed by the Government, or the Ministry of Finance, with a remaining maturity period of 1 to 5 years;	4%	-	-
	Construction bonds guaranteed by the Government, or the Ministry of Finance, with a remaining maturity period of 5 years or more;	5%	-	-

The notes on pages 17 to 25 are an integral part of this Report.



**ACE LIFE FUND MANAGEMENT COMPANY LIMITED**

**PRUDENTIAL RATIO STATEMENT  
AS AT 31 DECEMBER 2015**

**II. RISK VALUE (continued)**

**A. MARKET RISKS (continued)**

<i>Investment items</i>		<i>Risk coefficient</i>	<i>Scale of risk VND</i>	<i>Risk value VND</i>
		(1)	(2)	(3) = (1) x (2)
<b>III.</b>	<b>Corporate bonds</b>			-
6.	Listed bonds with a remaining maturity period of less than 1 year, including convertible bonds	8%	-	-
	Listed bonds with a remaining maturity period of 1 to 5 years, including convertible bonds	15%	-	-
	Listed bonds with a remaining maturity period of 5 years or more, including convertible bonds	20%	-	-
7.	Unlisted bonds with a remaining maturity period of less than 1 year, including convertible bonds	25%	-	-
	Unlisted bonds with a remaining maturity period of 1 to 5 years, including convertible bonds	30%	-	-
	Unlisted bonds with a remaining maturity period of 5 years or more, including convertible bonds	40%	-	-
<b>IV.</b>	<b>Shares</b>			-
8.	Ordinary shares, preference shares listed in the Ho Chi Minh Stock Exchange; open-ended fund certificates	10%	-	-
9.	Ordinary shares, preference shares of organisations listed in the Hanoi Stock Exchange	15%	-	-
10.	Ordinary shares, preference shares of unlisted public interest entities, registered for trading through the UpCom	20%	-	-
11.	Ordinary shares, preference shares of public interest entities registered for depositing, but not listed or registered for trading; shares in an Initial Public Offering (IPO)	30%	-	-
12.	Shares of other public interest entities	50%	-	-
<b>V.</b>	<b>Fund certificates</b>			-
13.	Public funds, including public investment companies	10%	-	-
14.	Member funds, separate investment companies	30%	-	-

The notes on pages 17 to 25 are an integral part of this Report.

ACE LIFE FUND MANAGEMENT COMPANY LIMITED

PRUDENTIAL RATIO STATEMENT  
AS AT 31 DECEMBER 2015

II. RISK VALUE (continued)

A. MARKET RISKS (continued)

<i>Investment items</i>		<i>Risk coefficient</i>	<i>Scale of risk VND</i>	<i>Risk value VND</i>
		(1)	(2)	(3) = (1) x (2)
<b>VI.</b>	<b>Restricted securities</b>			-
15.	Securities suspended from trading	40%	-	-
16.	Delisted securities, cancelled securities	50%	-	-
<b>VII.</b>	<b>Other securities</b>			-
17.	Shares, capital contribution, and other securities	80%	-	-
<b>VIII.</b>	<b>Additional risk (if any)</b>			-
<b>A.</b>	<b>TOTAL MARKET RISK VALUE (A= I+II+III+IV+V+VI+VII+VIII)</b>			-

B. PAYMENT RISK

I. Pre-maturity risk

Transaction type		Risk value VND						Total risk value VND
		(1)	(2)	(3)	(4)	(5)	(6)	
<b>I.</b>	<b>Pre-maturity risk</b>							
1.	Term deposits and unsecured loans	-	-	-	-	689,325,833	-	689,325,833
2.	Securities lending	-	-	-	-	-	-	-
3.	Securities borrowing	-	-	-	-	-	-	-
4.	Contracts for purchase of securities with a commitment to resale	-	-	-	-	-	-	-
5.	Contracts for sale of securities with a commitment to repurchase	-	-	-	-	-	-	-
6.	Loan agreements for margin trading (for borrowers to purchase securities)/Economic agreements of the same nature	-	-	-	-	-	-	-
<b>I.</b>	<b>TOTAL PRE-MATURITY RISK</b>							<b>689,325,833</b>

The notes on pages 17 to 25 are an integral part of this Report.

ACE LIFE FUND MANAGEMENT COMPANY LIMITED

PRUDENTIAL RATIO STATEMENT  
AS AT 31 DECEMBER 2015

II. RISK VALUE (continued)

B. PAYMENT RISK (continued)

II. Overdue risk

Overdue period		Risk coefficient	Scale of risk	Risk value
		%	VND	VND
<b>II.</b>	<b>Overdue risk</b>			
1.	0 - 15 days past due, or after the time of transfer of securities	16%	-	-
2.	16 - 30 days past due, or after the time of transfer of securities	32%	-	-
3.	31 - 60 days past due, or after the time of transfer of securities	48%	-	-
4.	60 days or more	100%	-	-
<b>II</b>	<b>TOTAL OVERDUE RISK VALUE</b>			<b>-</b>

III. Increased risk

Details to loans to each partner		Increased by	Scale of risk	Risk value
		%	VND	VND
<b>III.</b>	<b>Increased risk</b>			
1.	Term deposits at Techcombank	30%	629,195,833	188,758,750
<b>III.</b>	<b>TOTAL INCREASED RISK VALUE</b>			<b>188,758,750</b>
<b>B.</b>	<b>TOTAL PAYMENT RISK VALUE (B=I+II+III)</b>			<b>878,084,583</b>

The notes on pages 17 to 25 are an integral part of this Report.

**ACE LIFE FUND MANAGEMENT COMPANY LIMITED**

**PRUDENTIAL RATIO STATEMENT  
AS AT 31 DECEMBER 2015**

**II. RISK VALUE (continued)**

**C. OPERATIONAL RISK**

	Description	Value VND
<b>I.</b>	<b>Total operating expenses arising within 12 months</b>	<b>5,001,096,030</b>
	<i>In which:</i>	
	- Operating expenses	1,578,572,556
	- General and administrative expenses	3,422,523,474
<b>II.</b>	<b>Deduction</b>	<b>426,000,251</b>
	1, Depreciation expenses	426,000,251
	2, Provision for diminution in value of short-term securities Investments	-
	3, Provision for diminution in value of long-term securities investments	-
	4, Provision for doubtful receivables	-
<b>III.</b>	<b>Total expenses after deduction (III = I – II)</b>	<b>4,575,095,779</b>
<b>IV.</b>	25% Total expenses after deduction (IV = 25% III)	1,143,773,945
<b>V.</b>	20% Legal capital of the Company	5,000,000,000
<b>C.</b>	<b>TOTAL OPERATIONAL RISK VALUE (C=Max {IV, V})</b>	<b>5,000,000,000</b>
<b>D.</b>	<b>TOTAL RISK VALUE ( A + B + C)</b>	<b>5,878,084,583</b>

Do Thi Thu Nguyet  
Chief Accountant

Bui Thanh Hiep  
Head of Internal control department



Lam Hai Tuan  
Chairman of the Company  
25 March 2016

The notes on pages 17 to 25 are an integral part of this Report.

## ACE LIFE FUND MANAGEMENT COMPANY LIMITED

### NOTES TO THE PRUDENTIAL RATIO STATEMENT AS AT 31 DECEMBER 2015

#### 1 GENERAL INFORMATION

ACE Life Fund Management Company ("the Company") was established in Vietnam pursuant to Investment and Operating Certificate No. 52/GP-UBCK dated 24 October 2013 and the first amended Investment and Operating Licence No. 13/GPDC-UBCK dated 17 June 2014 issued by the State Securities Commission of Vietnam.

The principal activities of the Company are management of securities investment funds, securities investment portfolios and securities investment consultancy in Vietnam.

As at 31 December 2015, the Company had 10 employees (31 December 2014: 11 employees).

#### 2 BASIS OF PREPARATION OF THE PRUDENTIAL RATIO STATEMENT

##### 2.1 Applicable legal documents and interpretations

The Company's prudential ratio statement ("the Report") is prepared and presented in accordance with Circular No. 226/2010/TT-BTC ("Circular 226") and Circular No.165/2012/TT-BTC ("Circular 165") regulating financial prudential requirements applicable to the securities institutions and measures for non-compliance.

The Report is prepared on the basis of the Company's own financial data as at 31 December 2015.

Certain detailed accounting policies and treatments are not specifically guided in Circulars 226 and 165. In preparing this report, therefore, the Company has applied some treatments based on management's judgement, which are within the broader guidance of the Circulars. These treatments are as follows:

*Item "Accumulated profit and undistributed profit before statutory provisions" (Item g, Section 1, Part 4 – Liquidity capital, Circular 226)*

This item is defined by undistributed earnings as at 31 December 2015 and provision balances as at 31 December 2015.

*Item "Receivables" (Item g, Section 1, Part 9 – Payment risk value, Circular 226)*

This item includes other receivables and other assets that have payment risk and all these items are defined payment risk by the formula in Circular 226.

##### 2.2 Reporting currency

The accounting currency is Vietnamese Dong ("VND") and the Report is presented in VND.

## ACE LIFE FUND MANAGEMENT COMPANY LIMITED

### NOTES TO THE PRUDENTIAL RATIO STATEMENT AS AT 31 DECEMBER 2015

#### 3 PRINCIPAL POLICIES FOR PREPARING THE PRUDENTIAL RATIO STATEMENT

##### 3.1 Liquidity ratio

Liquidity ratio is a measure for the Company's financial safety, reflecting the Company's ability to settle its financial obligations and compensate for risks arising during the business operation of the Company.

The Company's liquidity ratio is determined according to the formula specified in Circular 226 as follows:

$$\text{Liquidity ratio} = \frac{\text{Liquidity} \times 100\%}{\text{Total risk value}}$$

Where, total risk value is the total of market risk value, payment risk value and operational risk value.

##### 3.2 Liquidity

Liquidity is equity capital to meet its obligations due within 90 days.

Under Circular 226, the Company's liquidity is determined by total equity capital which can be converted into cash within 90 days, where accumulated profit and undistributed profit are added back to the balance of provisions in the separate balance sheet as at the date of the Report.

###### 3.2.1 *Items adjusted for increases*

The Company's liquidity is increased due to the following items:

- The Company's debts with an initial repayment period of five (5) years convertible into equity capital;
- Debts with an initial repayment period of more than 10 years have been registered with the State Securities Commission to be added to liquidity; and
- The whole increase of investments which does not include securities issued by organisations having relationships with the Company as well as securities with a remaining term of transfer limited to over 90 days from the date of the report on liquidity ratio.

The total value of items used for addition to liquidity is at most 50% of equity capital. For debts convertible into equity capital and debts that have been registered with the State Securities Commission to be added to liquidity, the Company deducted 20% of the initial value each year for the last five (5) years before the debts became due/were converted into ordinary shares and deducted 25% of the remaining value in each quarter for the last four (4) quarters before the debts became due/were converted into ordinary shares.



## ACE LIFE FUND MANAGEMENT COMPANY LIMITED

### NOTES TO THE PRUDENTIAL RATIO STATEMENT AS AT 31 DECEMBER 2015

#### 3 PRINCIPAL POLICIES FOR PREPARING THE PRUDENTIAL RATIO STATEMENT (continued)

##### 3.2 Liquidity (continued)

###### 3.2.2 Items adjusted for decreases

The liquidity of the Company is decreased by the value of the following items:

- Redeemable preference share capital and treasury shares (if any);
- Fifty percent (50%) of the increased value of fixed assets was revalued in accordance with the laws;
- The entire decrease of investments excluding securities issued by organisations having relationships with the Company and securities with a remaining term of transfer limited to over 90 days from the date of the report on liquidity ratio.
- Long-term assets and short-term assets with a remaining recovery or repayment term of over 90 days;
- Qualified items in audited financial statements (if any).

Upon determination of the deductions from liquidity, the Company decreased the deductions by an amount equal to the minimal value of the market value of assets, book value and remaining value of obligations (with regard to assets used as collaterals for the obligations of the Company or a third party) and the minimal value of the market value of assets and book value (with regard to assets secured with assets of customers).

##### 3.3 Market risk value

Market risk value is a value equivalent to the possible loss arising when the market value of assets currently owned by the Company changes towards the adverse trend and is determined by the Company at closing trading day according to the following formula:

Market risk value = Net position x Asset value x Market risk coefficient

In which the net position of securities is the number of securities currently held by the Company at the date of the report, after decrease of the number of securities lent and increase of the number of securities borrowed in accordance with the laws.

Assets not subject to market risk include:

- Treasury shares;
- Securities issued by organisations having relationships with the Company in the following cases:
  - Being the parent company, subsidiaries, joint venture companies, affiliated companies of the Company;
  - Being the subsidiaries, joint venture companies, affiliated companies of the parent company of the Company;
- Securities with a remaining term of transfer limited to over ninety (90) days from the date of calculation;
- Bonds, debt instruments, valuable papers due on the money market.

## ACE LIFE FUND MANAGEMENT COMPANY LIMITED

### NOTES TO THE PRUDENTIAL RATIO STATEMENT AS AT 31 DECEMBER 2015

#### 3 PRINCIPAL POLICIES FOR PREPARING THE PRUDENTIAL RATIO STATEMENT (continued)

##### 3.3 Market risk value (continued)

###### 3.3.1 Market risk coefficient

Market risk coefficient is determined for each value item in accordance with Circular 226.

###### 3.3.2 Asset value

###### a. Cash and cash equivalents, money market instruments

Value of cash in VND is the balance of the cash account at the date of calculation.

Value of cash in foreign currency is the value converted into VND at the exchange rates quoted by credit institutions ("CI") permitted to trade in foreign exchange at the date of calculation.

Value of term deposits and money market instruments equals to the value of deposits/purchase price plus accumulated interest which is outstanding from the date of calculation.

###### b. Bonds

Value of listed bonds is the average listed price in the trading system at the stock exchanges at the most recent date plus accumulated interest. Where bonds are not traded for more than two weeks from the date of calculation, it is the largest value among the following values: purchase price; par value; price determined according to an internal method plus accumulated interest.

Value of unlisted bonds is the largest value among the following values: Listed value in quoting systems selected by the Company (if any); purchase price plus accumulated interest; price determined according to an internal method, plus accumulated interest.

###### c. Shares

Value of listed shares is the closing price at the most recent trading day for shares listed in the stock exchanges.

Value of shares of a public company registered for trading in the UpCom Exchange is the average trading price at the most recent trading day from the date of calculation.

Where listed shares or shares registered for trading in the UpCom Exchange are not traded for more than two (2) weeks from the date of calculation, or shares are suspended from trading, cancelled listing, or deregistered for trading, the value of shares is the largest value among the following values: book value; purchase price; price determined according to an internal method of the Company.

Value of shares which have been registered, deposited but not yet listed and not yet registered for trading is the average value based on the quotations of at least three (3) securities companies not related to the Company at the most recent date of trading before the date of calculation. Where shares are not with enough quotations from at least three (03) securities companies, the value of shares is the largest value among the following values: price from quotations; price from the most recent reporting period; book value; purchase price; price specified internally by the Company.

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### NOTES TO THE PRUDENTIAL RATIO STATEMENT AS AT 31 DECEMBER 2015

#### 3 PRINCIPAL POLICIES FOR PREPARING THE PRUDENTIAL RATIO STATEMENT (continued)

##### 3.3 Market risk value (continued)

###### 3.3.2 Asset value (continued)

###### c. Shares (continued)

Value of shares of organisations in statuses of liquidation or bankruptcy is 80% of the liquidation value of such shares at the date of the most recent balance sheet, or the price specified internally by the Company.

Value of other shares or capital contributions is the largest value among the following values: book value; purchase price/capital contribution value; price specified internally by the Company.

###### d. Funds/shares of securities investment companies

Value of a public closed-end fund is the closing value at the most recent trading day from the date of calculation. Where a public closed-end fund has had no transactions for more than two (2) weeks from the date of calculation, the value of the fund is calculated equal to (Net Asset Value ("NAV")/1 Fund Certificate) in the most recent reporting period from the date of calculation.

Value of a member fund/open-ended fund/shares of a securities investment company issued in private placements equals to NAV per unit of capital contribution/unit of fund certificate/shares in the most recent reporting period before the date of calculation.

Value of other funds/shares is the value specified internally by the Company.

###### 3.3.3 Increased risk value

The market risk value of assets will be increased where the Company invests too much in such assets, except securities that are currently under issue underwriting in the form of firm commitment underwriting, Governmental bonds, bonds guaranteed by the Government. The risk value is increased on the following principle:

- Increase by 10% in case the value of this investment accounts for 10% to 15% of the Equity Capital of the Company;
- Increase by 20% in case the value of this investment accounts for 15% to 25% of the Equity Capital of the Company;
- Increase by 30% in case the value of this investment accounts for 25% or more of the Equity Capital of the Company.

Dividends, bond yields, value of preferred rights of securities (if any) or lending interest of deposits, cash equivalents, transfer instruments, valuable papers are increased into the value of assets upon determination of market risk value.

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**NOTES TO THE PRUDENTIAL RATIO STATEMENT  
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**3 PRINCIPAL POLICIES FOR PREPARING THE PRUDENTIAL RATIO STATEMENT  
(continued)**

**3.4 Payment risk value**

Payment risk value is the value equivalent to the level of loss which may happen when the partner fails to pay on time or transfer assets on time as committed. Payment risk value is determined at the end of the trading day of contracts or transactions as follows:

For term deposit contracts in credit institutions; loans to other organisations or individuals; contracts for borrowing securities in accordance with the laws; contracts for sale, with a commitment to repurchase, of securities in accordance with the laws; contracts for purchase, with a commitment to resale, of securities in accordance with the laws; contracts for lending for purchase and deposit of securities in accordance with the laws; receivables, other receivables and other assets with potential payment risks, the payment risk value before the term of receipt of securities transferred, cash and liquidation of contracts is determined according to the following formula:

Payment risk value = Payment risk coefficient according to the partner x Value with potential risks

For issue underwriting contracts signed with other organisations within an issue underwriting group in the form of firm commitment underwriting, where the Company is the main issue underwriter, the payment risk value is determined by 30% of the remaining value of outstanding issue underwriting contracts.

For overdue receivables, other receivables and other assets, securities not received on time from transferor, including securities or cash not yet received from term deposit contracts at credit institutions; loans to other organisations and individuals; contracts for borrowing of securities in accordance with the laws; contracts for sale, with a commitment to repurchase, of securities in accordance with the laws; contracts for purchase, with a commitment to resale, of securities in accordance with the laws; contracts for lending for purchase and deposit of securities in accordance with the laws which have become due, the payment risk value is determined on the following principle:

Payment risk value = Payment risk coefficient with time x Value of assets with potential payment risks

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**NOTES TO THE PRUDENTIAL RATIO STATEMENT  
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**3 PRINCIPAL POLICIES FOR PREPARING THE PRUDENTIAL RATIO STATEMENT  
(continued)**

**3.4 Payment risk value (continued)**

**3.4.1 Payment risk coefficient with time**

The payment risk coefficient is determined according to the partner and based on the overdue period as specified in Circular 226.

Payment risk coefficient by partners is determined by the Company as follows:

	<b>Payers to the Company</b>	<b>Payment risk coefficient</b>
(1)	The Government, issuing organisations guaranteed by the Government or the Ministry of Finance, the State Bank of Vietnam, Governments and Central Banks of OECD countries, People's Committees of provinces and cities under central authority	0%
(2)	Stock Exchanges, Securities Depository Centre	0.8%
(3)	Credit institutions, financial institutions, securities trading organisations incorporated in OECD countries and having credibility ratings meeting other conditions in accordance with internal regulations of securities trading organisations.	3.2%
(4)	Credit institutions, financial institutions, securities trading organisations incorporated outside OECD countries; or incorporated in OECD countries and not meeting other conditions in accordance with internal regulations of the Company.	4.8%
(5)	Credit institutions, financial institutions, securities trading organisations incorporated and existing in Vietnam	6%
(6)	Other organisations and individuals	8%

**3.4.2 Value of assets with potential payment risks**

<b>No.</b>	<b>Type of transactions</b>	<b>Value of assets with potential payment risks</b>
1.	Term deposits, unsecured loans	Entire value of the loans
2.	Securities lending	Max {(Market value of contracts – Value of collaterals (if any)),0}
3.	Securities borrowing	Max {(Value of collaterals - Market value of contracts),0}
4.	Contracts for purchase of securities with a commitment to resale	Max {(Value of contracts by purchase price - Market value of contracts x (1 – Market risk coefficient)),0}
5.	Contracts for sale of securities with a commitment to repurchase	Max {(Market value of contracts x (1 – Market risk coefficient) - Value of contracts by selling price),0}
6.	Contracts for lending for purchase and deposit of securities (for borrowers to purchase securities)/Economic agreements of similar nature	Max {(Debt balance - Value of collaterals),0}

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**3 PRINCIPAL POLICIES FOR PREPARING THE PRUDENTIAL RATIO STATEMENT  
(continued)**

**3.4 Payment risk value (continued)**

**3.4.3 Deduction of value of assets with potential payment risks**

The Company deducts the portion of value of collaterals of partners and customers upon determination of the value of assets with potential payment risks in case these contracts and transactions fully meet the following conditions:

- Partners and customers have collaterals for security of their obligations and such collaterals are cash, cash equivalents, valuable papers, documents transferred in the money markets, securities listed and registered for trading in the Stock Exchanges, Governmental bonds, bonds guaranteed by the Ministry of Finance for issue;
- The Company has the rights to determine, manage, use, transfer collaterals in case the partners fail to perform their payment obligations fully and on time as agreed in contracts.

The deducted value of assets is determined as follows:

Value of Collaterals = Asset Volume x Asset Price x (1- Market Risk Coefficient)

**3.4.4 Increase of payment risk value**

Payment risk value must be adjusted with an increase in the following cases:

- Increase by 10% in case the value of the loans to an organisation, an individual and a group of relevant organisations and individuals (if any) accounts for 10% to 15% of Equity Capital;
- Increase by 20% in case the value of the loans to an organisation, an individual and a group of relevant organisations and individuals (if any) accounts for 15% to 25% of Equity Capital;
- Increase by 30% in case the value of the loans to an organisation, an individual and a group of relevant organisations and individuals (if any) accounts for 25% or more of Equity Capital.

**3.4.5 Bilateral offsetting of the value of assets with payment risks**

The value of assets with potential payment risks is bilaterally offset when:

- The payment risks are related to the same partner;
- Payment risks arising for the same type of transactions;
- Net bilateral offsetting has been agreed by the parties in advance in writing.



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**3 PRINCIPAL POLICIES FOR PREPARING THE PRUDENTIAL RATIO STATEMENT  
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**3.5 Operational risk value**

Operational risk value is the value equivalent to a possible loss due to technical errors, system errors and business processes, people's mistakes during operation, or due to shortage of liquidity capital arising from expenses, investment losses, or other objective reasons.

The Company's operational risk value is determined by 25% of operating expenses of the Company for 12 consecutive months up to the most recent month, or 20% of Legal Capital in accordance with the laws, whichever is higher.

The Company's operating expenses are determined by the total expense arising in the period minus depreciation expenses; provision for diminution in value of short-term investments; diminution in value of long-term investments; provision for doubtful receivables.

The Report was approved by the Executive Board on 25 March 2016.

Do Thi Thu Nguyet  
Chief Accountant

Bui Thanh Hiep  
Head of Internal control department



Lam Hai Tuan  
Chairman of the Company