



ANNUAL | 2016
REPORT

CO-
PIONEERING
IN DIGITAL TRANSFORMATION

ABBREVIATIONS

AGM	Annual General Meeting of Shareholders
BOD	Board of Directors
BOM	Board of Management
CEO	Chief Executive Officer
HCMC	Ho Chi Minh City
ICT	Information Communications and Technology
IoT	Internet of Things
FPT	FPT Corporation
FPT Education	FPT Education Company Limited
FPT IS	FPT Information System Company Limited
FPT Investment	FPT Investment Company Limited
FPT Online	FPT Online Service Joint Stock Company
FPT Retail	FPT Digital Retail Joint Stock Company
FPT Software	FPT Software Company Limited
FPT Telecom	FPT Telecom Joint Stock Company
FPT Trading	FPT Trading Group Company Limited
PBT	Profit before tax
R&D	Research and Development
S.M.A.C	Social, Mobile, Analytics/big data, Cloud
USD	US dollar
VND	Vietnam dong
YoY	Year on Year

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CHAIRMAN'S MESSAGE

Dear Valued Shareholders,

2017 will be the hinge year towards the 30th anniversary of FPT, in which FPT will co-pioneer the digital revolution together with leading corporations in the world. A market of 100 million young people, a constructive government, and open policies will be a great opportunity for FPT to grow strongly in the domestic market besides continuing to promote its existing advantages in foreign markets. FPT's workforce will soon exceed 30,000 people, creating the strength to be ready for a new transformation in terms of scale, work and position!

In the domestic market, value-added services on telecommunications networks, in IoT and on social platforms; opportunities in education offered by the Fourth Industrial Revolution; PPP (Public-Private Partnership) IT outsourcing projects with the Government; the need for intelligent solutions in the areas of transportation, health care, electricity, and others; and increasing consumer spending on electronic devices, will all be major growth engines for 2017 and beyond.

On the global level, major industrial and service corporations are rushing to update their technologies to maintain their position. The governments of developing countries are facing pressure to fully computerize their activities so as to lift their countries out of poverty. This provides a great opportunity for FPT's IT engineers to be trained according to international standards, update to new technologies, become fluent in foreign languages, and be able to provide services at competitive prices. The Corporation will continue to restructure its organization, focus on its core business, and train its staff to be dynamic, self-learning and adaptive to new environments.

The foundations for the above direction are the achievements FPT has gained in 2016.

In the domestic market, large-scale outsourcing projects and national projects in the areas of e-government, deposit insurance, electronic medical records, smart transportation were put into operation and started to achieve good results.

Globalization continues to be FPT's growth engine producing growth of 26% in revenue and 40% in profit. Profit from globalization also accounted for one third of the total profit of the Corporation. Software outsourcing's human resource has approached the scale of India's top 15 software services companies. FPT Japan's revenue has approached Japan's top 50 IT services companies.

FPT has signed many significant contracts in developing markets such as Bangladesh and Myanmar, including two ERP utilities contracts in Bangladesh with a total value of USD 17.9 million, and a contract to implement Myanmar's financial switching system.

FPT has built up partnerships with major global technology companies such as General Electric, Amazon Web Services, Microsoft and IBM to help FPT provide the most advanced IoT solutions to customers, so that they can achieve their goal of digital transformation quickly and easily.

FPT has research programs to develop the foundations for the transformation through technologies such as artificial intelligence, robotics, IoT and cloud computing.

FPT has stable technological underpinnings for the digital transformation which will evolve into new applications, such as diverse infrastructure and popular apps that can be transformed into a common platform for the community.

FPT is constantly seeking new initiatives in the community through the establishment of a venture capital fund and a start-up acceleration program.

Although growth in 2016 was not as expected, these achievements have laid the foundation for the future.

Dear shareholders!

In only one more year, FPT will turn 30 years old. If each FPT staff member is willing to deliver their highest dedication and determination, then FPT can affirm its position on the global IT map.

I would like to express my heartfelt thanks to all FPT employees. Your spirit, enthusiasm and hard work will make FPT great on a global scale. And I extend my thanks to our valued shareholders who have always supported and trusted the development directions of FPT.

**On behalf of the Board of Directors
Chairman**

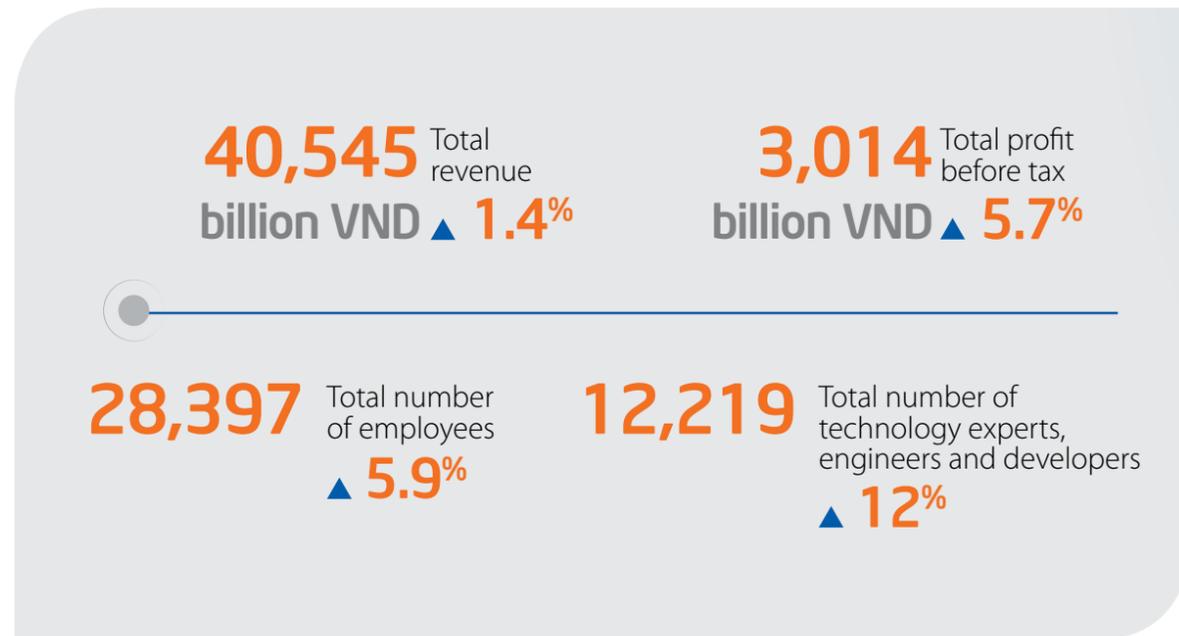


Truong Gia Binh



KEY INDICATORS, PRIZES AND AWARDS FOR 2016

KEY INDICATORS FOR 2016



Globalization created momentum for growth

21
Countries
all over the world

Contribution of overseas to total revenue



6,121 Overseas revenue
billion VND ▲ **26%**

Contribution of overseas to total profit before tax



935 Overseas profit before tax
billion VND ▲ **40%**

Technology capability affirmed

Senior partner on IoT and Cloud to General Electric (GE), Microsoft, and Amazon Web Services (AWS)



PRIZES AND AWARDS

TOP 100

IAOP's Global Outsourcing



TOP 300

Asian companies



TOP 5

Best companies for corporate governance in Vietnam



TOP 50

Listed Vietnamese companies



TOP 50

Vietnam Brands 2016



Award

Digital Transformer of The Year



2016 OUTSTANDING EVENTS AND ACTIVITIES

1 Signing two ERP contracts with a total value of USD 17.9 million in Bangladesh, bringing the total value of the contracts FPT has deployed in this market up to nearly USD 60 million.



2 Accompanying leading global firms to pioneer transforming their operation and business models in the digital economy. In 2016, FPT is currently regional partner in IoT with GE, the global leading industrial corporation; has been awarded a special certification by AWS for having more than 200 AWS certifications; and has been recognized a Fujitsu Distinguished Partner.

3 Receiving the title "Digital Transformer of the Year", which is hosted by the multi-national group International Data Corporation (IDC), for its great efforts in providing telecom services during the competitive process of global integration, especially the ability to gain a head start in the market to commercialize telecom services.



4 Launching the English version of VnExpress.net, which helped expand advertising markets outside of Vietnam.

5 FPT's workforce for software outsourcing has reached 10,000 employees, achieving the personnel scale equivalent to the top 15 software companies of India.



6 Successfully implementing many important IT projects such as: The traffic violation surveillance and monitoring system on the Noi Bai-Lao Cai highway; and new information and communication systems for business processes related to deposit insurance in Vietnam.



7 Officially launching the brand of FPT Education and the strategy of "Five criteria", including multi-level, multidisciplinary, multi-segment, multi-modal and multi-location with an aim to reach 100,000 students by 2025.

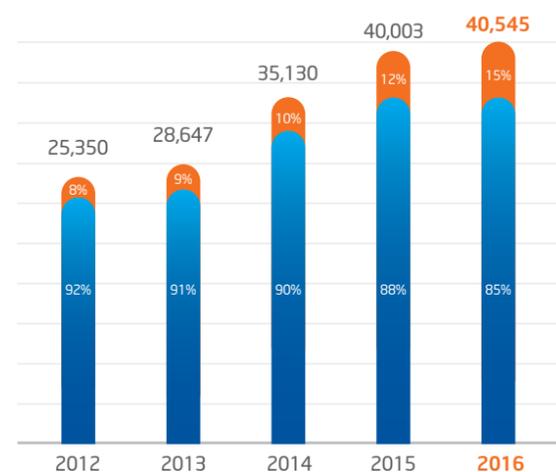
8 Officially reaching 385 shops nationwide, 133 shops of which opened in 2016.



FINANCIAL HIGHLIGHTS FOR THE 2012 - 2016 PERIOD

Consolidated revenue

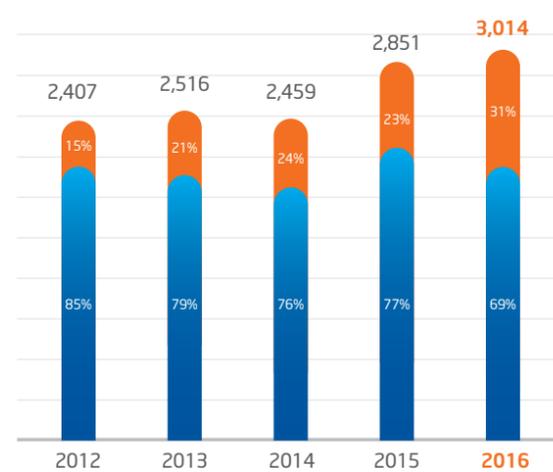
Unit: VND in billions



● Domestic revenue ● Overseas revenue

Profit before tax

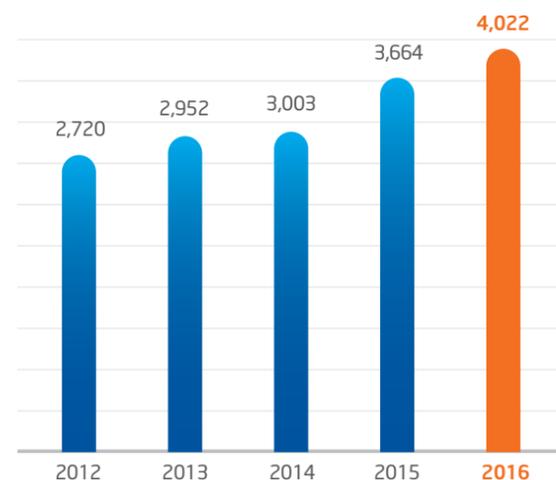
Unit: VND in billions



● Domestic profit before tax ● Overseas profit before tax

Earnings before interest, tax, depreciation and amortization (EBITDA) (*)

Unit: VND in billions

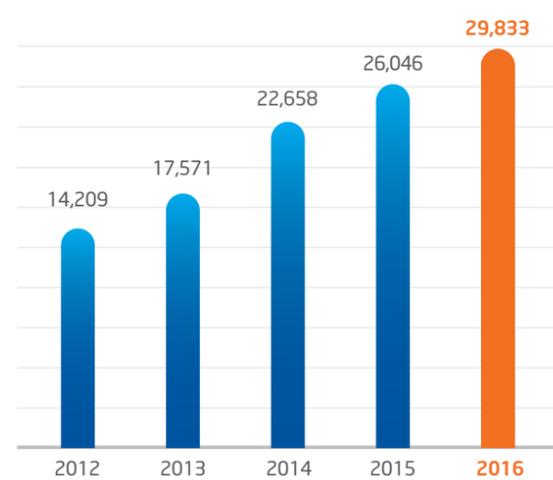


*Note: EBITDA was calculated using the following formula:

$$\text{EBITDA} = \text{Profit before tax} + \text{Interest expenses} - \text{Interest from bank deposits} + \text{Depreciation \& Amortization.}$$

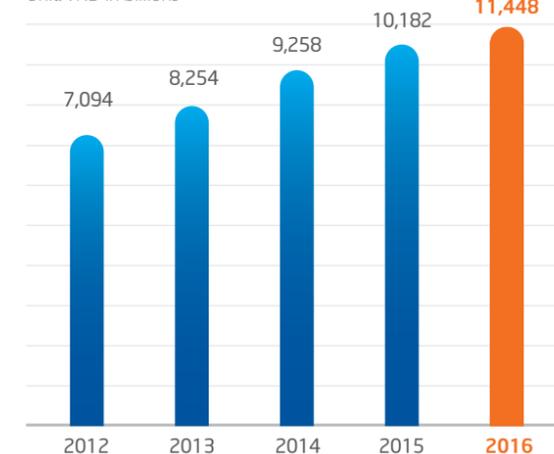
Total assets

Unit: VND in billions

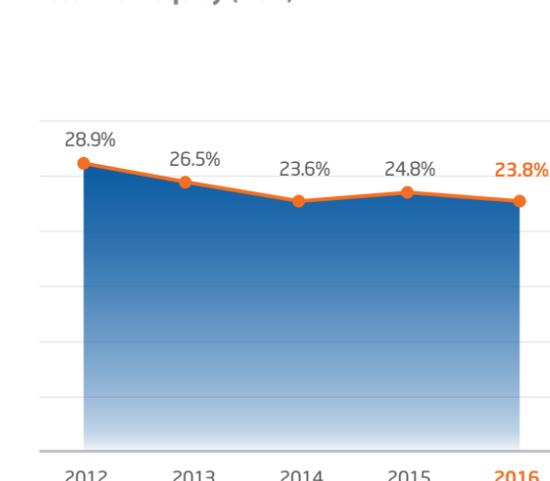


Owner's equity

Unit: VND in billions

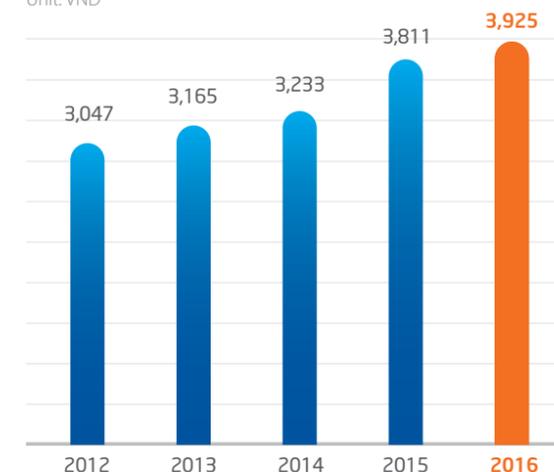


Return on equity (ROE)



Earnings per share (EPS) (*)

Unit: VND



*Note: EPS in the 2012–2015 period was retroactively adjusted to take into account a stock dividend of 15% in 2016 and to follow the new regulation of EPS calculations under Circular 200/2014/TT-BTC.

Financial performance in 2012 – 2016

Unit: VND in billions

No.	Metrics	2012	2013	+/-	2014	+/-	2015	+/-	2016	+/-
1	Total revenue	25,350	28,647	13.0 %	35,130	22.6%	40,003	13.9%	40,545	1.4%
2	Operating profit	2,318	2,451	5.7%	2,389	-2.5%	2,802	17.3%	2,964	5.8%
3	EBITDA	2,720	2,952	8.5%	3,003	1.7%	3,664	22.0%	4,022	9.8%
4	EBIT	2,320	2,509	8.1%	2,456	-2.1%	2,931	19.3%	3,089	5.4%
5	EBT	2,407	2,516	4.5%	2,459	-2.2%	2,851	15.9%	3,014	5.7%
6	NPAT	1,985	2,065	4.0%	2,079	0.7%	2,438	17.3%	2,576	5.6%
7	NPAT attributable to company's shareholders	1,540	1,608	4.4%	1,632	1.5%	1,931	18.3%	1,991	3.1%

+/- : YoY change

02

OVERVIEW



DIGITAL TRANSFORMATION
IN FPT

2

ACCOMPANYING
CORPORATIONS
THAT OWN
TECHNOLOGY
PLATFORMS

1

DIGITAL TRANSFORMATION
IN SOCIO-ECONOMIC AREAS

3

SEEKING NEW
BUSINESS MODELS

4

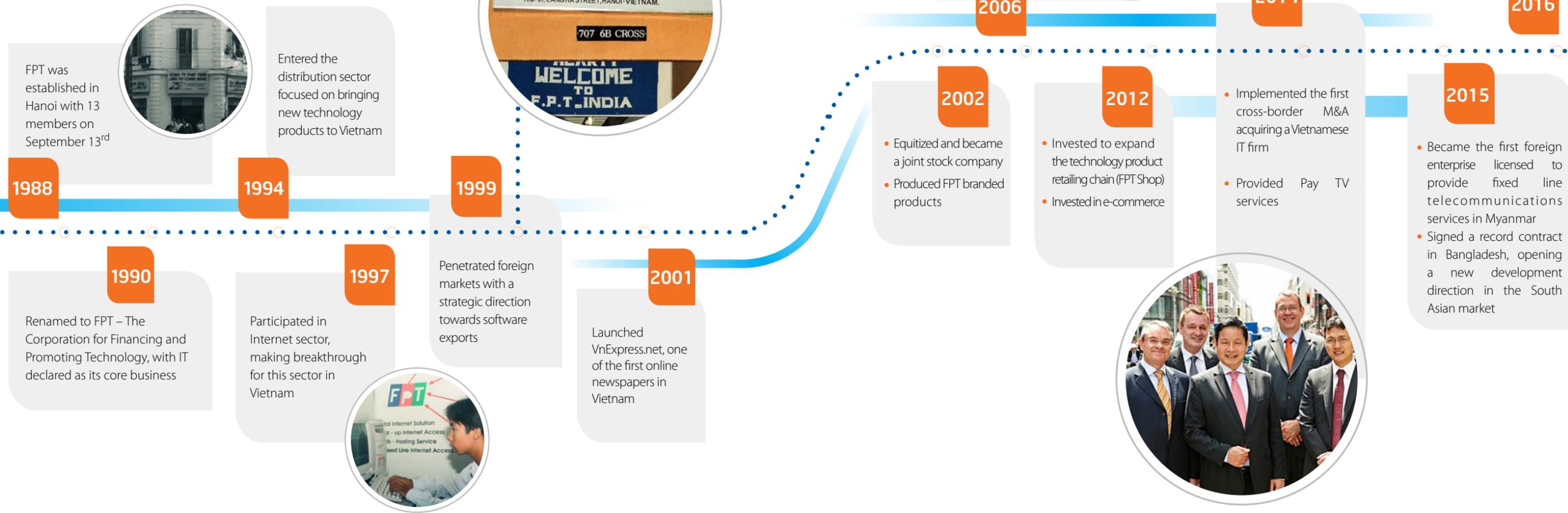
FPT's technology ORIENTATIONS

FPT co-operates with major global technology corporations to accelerate R&D to gradually master core technologies of the digital revolution, seeking new business models, and stimulating the digital transformation process in Vietnam and the world.

COMPANY INTRODUCTION

"FPT is striving to become a company guided by technological innovations, committed to the highest level of customer satisfaction, contributing to the nation's prosperity and providing its employees with the most favorable work environment possible, and enabling them to reach their full potential both in terms of their careers and personal lives."

HISTORY



GENERAL INFORMATION

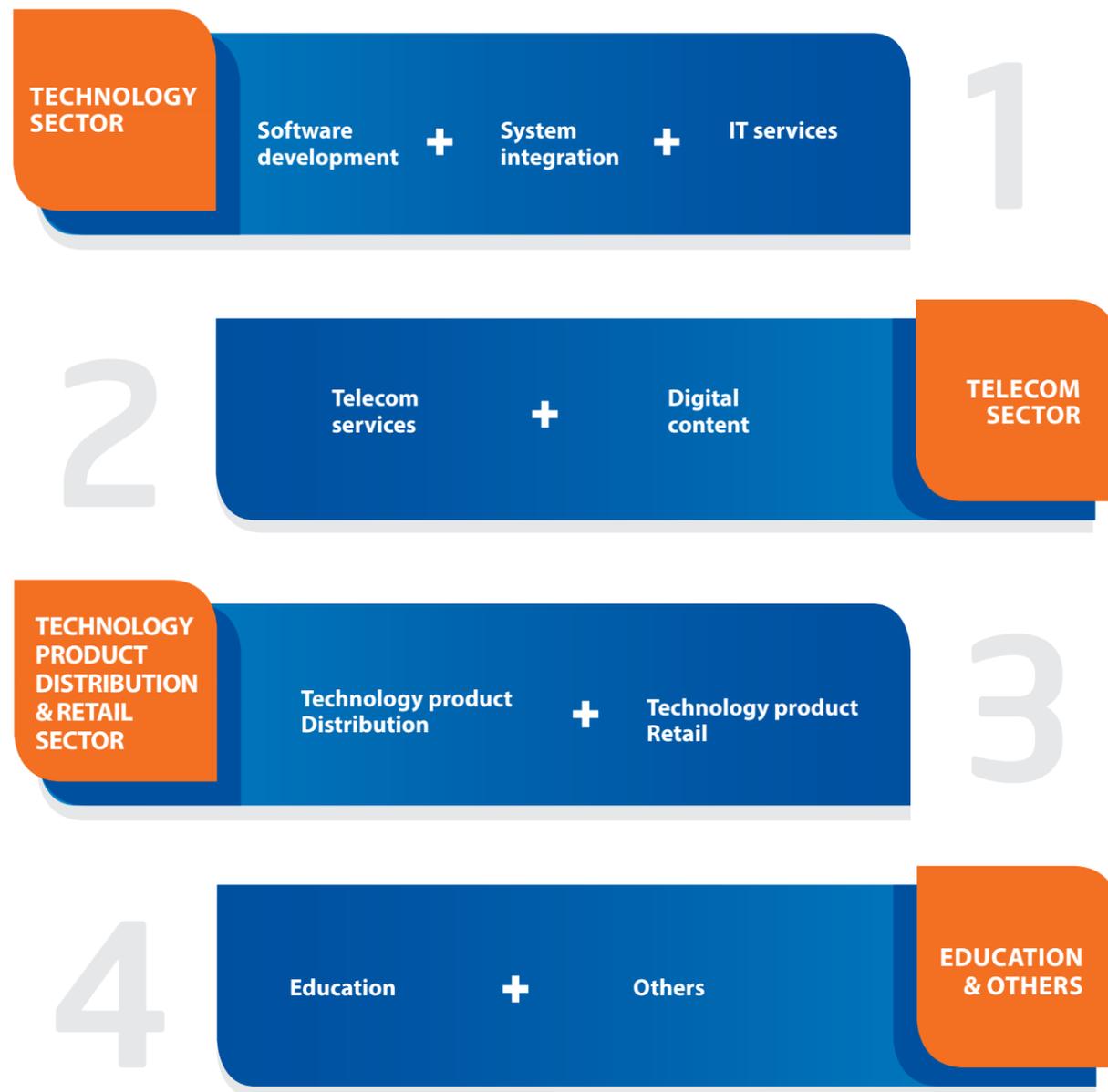
FPT CORPORATION

Abbreviation:	FPT	Headquarters:	FPT Building, Duy Tan street, Cau Giay district, Dich Vong Hau ward, Hanoi, Vietnam
Date of establishment:	September 13 rd , 1988	Phone:	+84 4 7300 7300
Stock code:	FPT	Fax:	+84 4 3768 7410
Charter capital:	VND 4,594,266,840,000	Website:	http://www.fpt.com.vn
Owner's equity:	VND 11,448,075,264,819		

Business registration certificate and tax code number: 0101248141

BUSINESS SECTORS

As No.1 IT service company in Vietnam, FPT operates in the key fields of IT and telecommunications, from software development, system integration, IT services, telecommunications, technology product distribution and retail, to high-quality IT human resource training. FPT's business is grouped under four main sectors: Technology, Telecom, Technology product Distribution and Retail, Education and Others.



TECHNOLOGY SECTOR

PRODUCTS, SERVICES

Software development

- Software solutions in domains of expertise such as government, public finance, telecommunications, transportation, banking-finance, electricity, water, gas and healthcare;
- Specialized enterprise resource planning (ERP) on SAP, Oracle, People Soft platforms, and other technology firms; human capital management (HCM); business intelligence (BI) and data warehousing (DWH);
- Consultancy, R&D, provision and deployment of SMAC/IoT-based technology services;
- Product design: Embedded software; CAD/CAM; IC design;
- Technology migration: Application services; business application services; business process outsourcing (BPO); legacy migration.

System integration

- IT infrastructure services;
- Database design and construction for enterprises;
- Network systems, security;
- Payment, surveillance systems and specialized equipment for the banking sector; specialized products for telecommunications, transportation and customs;
- Implementation of banking, securities, and telecommunications solutions;
- Server hosting;
- Database management.

IT services

- FPT e-services: certificate of authorization service (FPT.CA), customs filing service (FPT.VNACCS), and online tax filing service (FPT.eTax);
- Authorized warranty and maintenance of IT products for hardware vendors;
- Provision and repair of IT equipment and components.

**Highest-ranking partner of
AWS, GE, Microsoft, Cisco,
IBM, SAP and Symantec**

POSITION AND CAPACITY

- 100 copyrighted software solutions in domains of expertise such as government, public finance, banking-finance, education, healthcare and transportation;
- Highest-ranking partner of AWS, GE, Microsoft, Cisco, IBM, SAP and Symantec;
- Implements the majority of IT systems for organizations that form the backbone of the Vietnamese economy.

12,219 engineers, developers and technology experts

TOP 100 IAOP's Global Outsourcing

TELECOM SECTOR

PRODUCTS, SERVICES

Telecom services

- Broadband internet (xDSL, FTTH);
- Television services: FPT Television, FPT Play;
- Leased lines;
- Data centers;
- Landline telephone;
- Interprovincial and international connection services;
- Online and OTT services: online music (Mix166) and online data sharing services (Fshare, FSend), cloud camera and domain hosting;
- Video conferencing.

Digital content

- Online newspapers including VnExpress.net; ngoisao.net; iOne.net;
- Online advertising;
- Smart advertisement system Ad Network eClick.

POSITION AND CAPACITY

- Providing internet infrastructure coverage in 59 of the country's 63 cities and provinces;
- Pioneering in the deployment of the IPv6 network protocol;
- Owning a large telecommunications infrastructure that includes a North-South axis; a Central Highlands axis; an international axis connecting China, Cambodia and Laos, and other interprovincial axes connecting 59 cities and provinces throughout the country;
- International bandwidth capacity of 700 Gbps;
- Four data centers in Vietnam;
- Ranking number one in online advertisement services in Vietnam.

59/63 Internet infrastructure coverage
cities and provinces

700 Gbps International bandwidth capacity



TECHNOLOGY PRODUCT DISTRIBUTION AND RETAIL SECTOR

PRODUCTS, SERVICES

Technology product distribution

- Distribution of IT products and solutions, mobiles, mobile devices from Apple, IBM, Lenovo, Microsoft, HP, Nokia and Toshiba;
- Production of FPT-branded products, including desktops, smart phones and tablets.

Technology product retail

- Computers; Tablets; Smartphones; Accessories;
- Apple products sold via a chain of Apple-format retail stores.

POSITION AND CAPACITY

- Distributor for over 30 large technology partners;
- 1,500 distribution agents in Vietnam's 63 cities and provinces;
- 385 'FPT Shop'-branded retail stores in all 63 cities and provinces nationwide;
- Retail chain of all Apple's licensed retail store formats, including Level 1 - APR (Apple Premium Reseller), Level 2 - AAR (Apple Authorized Reseller) and CES (Consumer Electronic Stores) under the 'F.Studio' brand in Hanoi, Ho Chi Minh and Da Nang.

EDUCATION SEGMENT

PRODUCTS, SERVICES

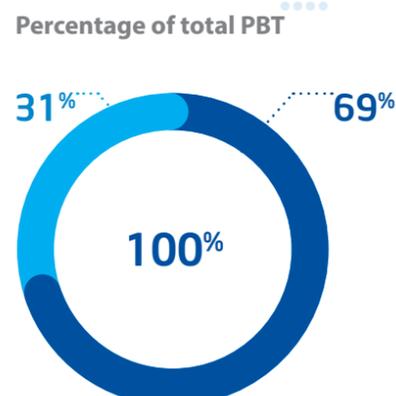
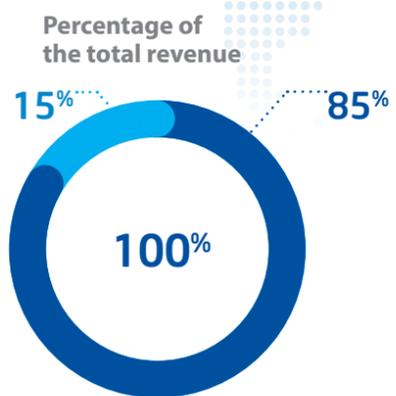
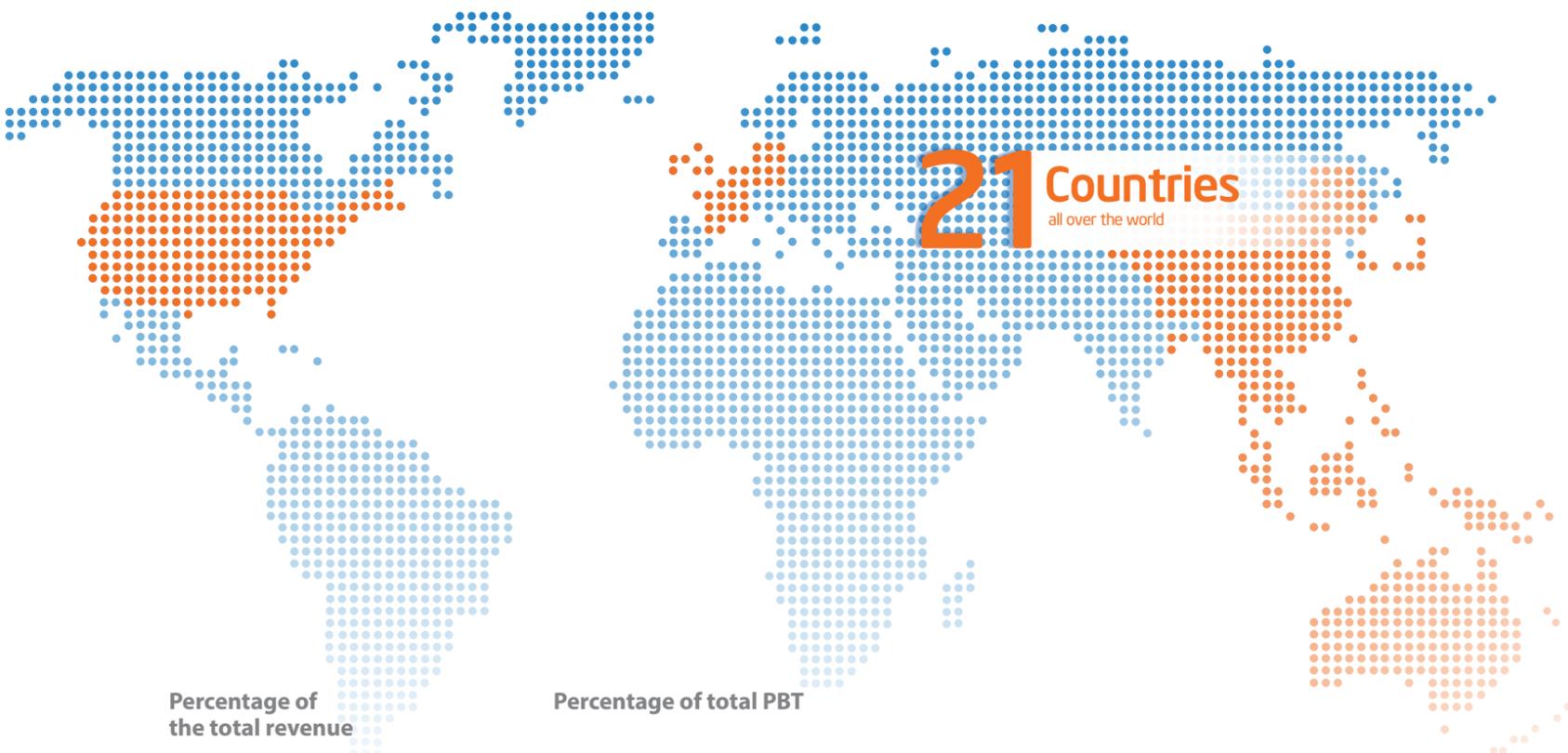
- Upper secondary education; Vocational education; Graduate and post-graduate education;
- International associated programs; International student development programs;
- Corporate training programs.

POSITION AND CAPACITY

- The first Vietnamese university to be given a 3-star rating by QS for two consecutive terms;
- Currently enrolling 19,563 students at all levels;
- 98% of graduate students are able to find jobs within 12 months;
- FUNiX, the first online university in Vietnam, with nearly 1,000 attendees from 62 cities and provinces nationwide and 13 different countries around the world.



GEOGRAPHICAL COVERAGE

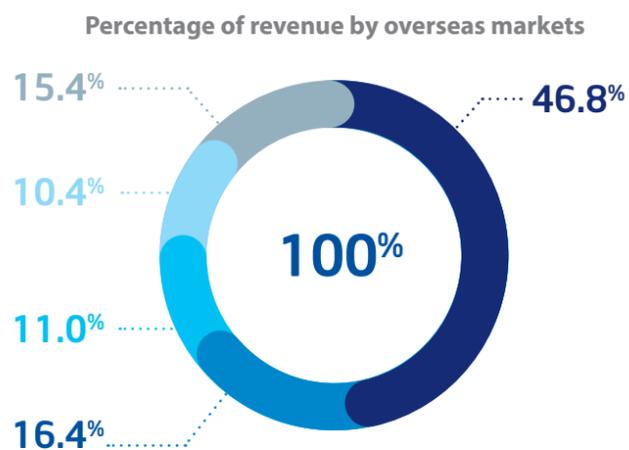


63
cities and provinces nationwide

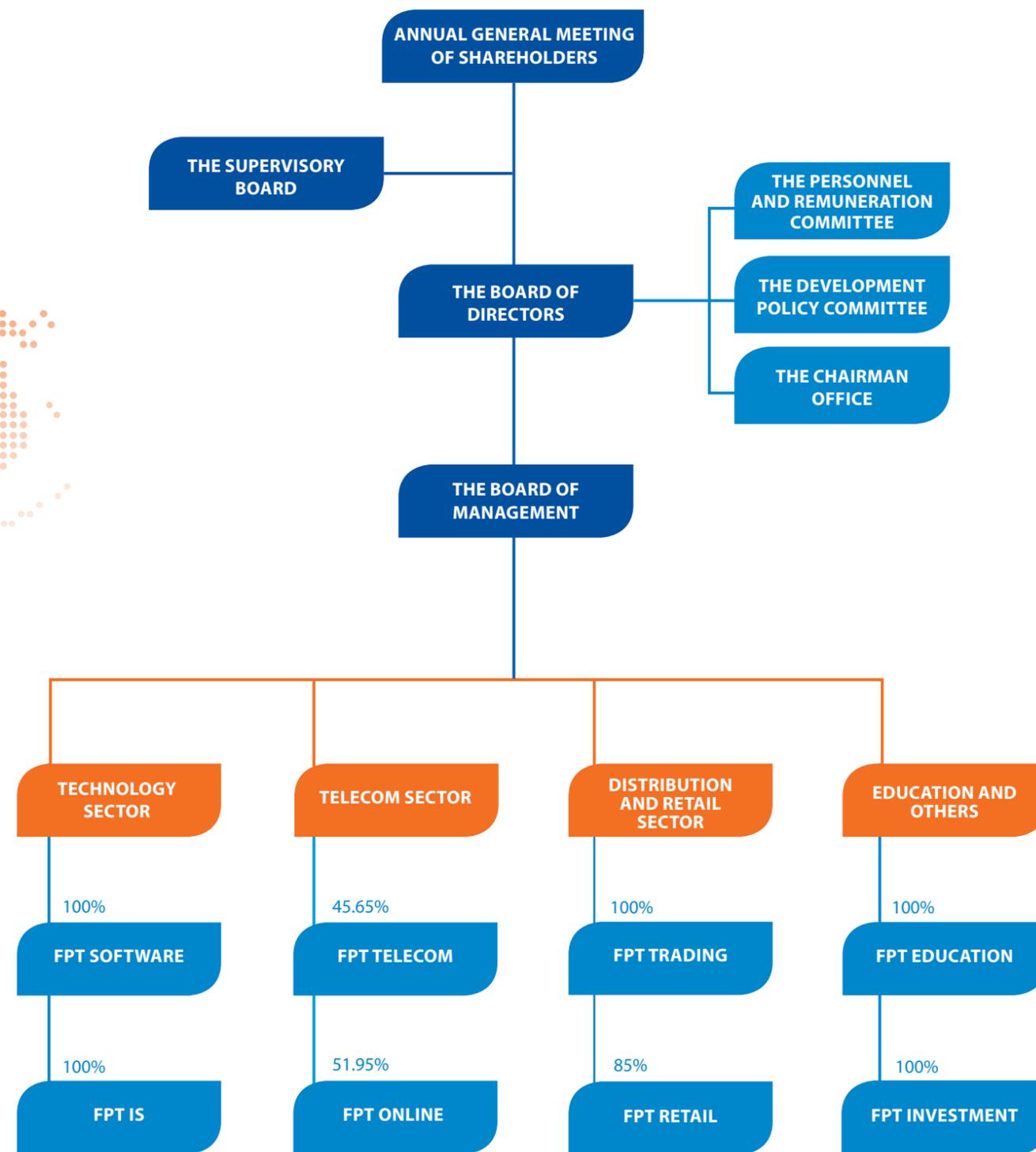
● Domestic ● Overseas

● Domestic ● Overseas

- Japan, Korea, China
- The US
- Europe including: the UK, Germany, the Netherlands, France, Slovakia
- Asia Pacific including: Singapore and Australia
- Developing countries including: Bangladesh, Cambodia, Indonesia, Kuwait, Laos, Malaysia, Myanmar, Philippines, Thailand



ORGANIZATIONAL STRUCTURE



SUBSIDIARIES AND ASSOCIATES

As of December 31st, 2015 FPT has eight subsidiaries (excluding a subsidiary which has been scaled down since 2011) and two associates.

SUBSIDIARIES

FPT Software Company Limited

- Floor 6-12, FPT Building, Duy Tan street, Dich Vong Hau ward, Cau Giay district, Hanoi
- Providing software products and services

Charter capital
1,000,000,000,000 VND



FPT Information System Company Limited

- Floor 22, Keangnam Landmark 72, E6 Pham Hung, Nam Tu Liem district, Hanoi
- Providing applications, software solutions, ERP, IT services and integrated system services

Charter capital
850,000,000,000 VND



FPT Education Company Limited

- FPT Building, Duy Tan street, Dich Vong Hau ward, Cau Giay district, Hanoi
- Providing upper secondary education; vocational education; graduate and post-graduate education; international associate degree programs; international student; development programs; corporate training programs

Charter capital
250,000,000,000 VND



FPT Trading Company Limited

- FPT Building, Duy Tan street, Dich Vong Hau ward, Cau Giay district, Hanoi
- Distributing ICT products, solutions and components; manufacturing desktops, smart phones and tablets

Charter capital
680,000,000,000 VND



FPT Telecom Joint Stock Company

- Floor 2, FPT Building, Duy Tan street, Dich Vong Hau ward, Cau Giay district, Hanoi
- Providing broadband internet services, leased lines, data centers, voice, television services and other online services

Charter capital
1,370,786,090,000 VND



FPT Online Service Joint Stock Company

- Floor 2, Tan Thuan FPT Building, Lot 29B-31B-33B, Tan Thuan street, Tan Thuan Export Processing Zone, Tan Thuan Dong ward, district 7, Ho Chi Minh city
- E-newspapers, online advertising

Charter capital
140,853,360,000 VND



FPT Digital Retail Joint Stock Company

- 261-263 Khanh Hoi, ward 5, district 4, Ho Chi Minh city
- Retail of ICT products, components

Charter capital
200,000,000,000 VND



FPT Investment Company Limited

- FPT Building, Duy Tan street, Dich Vong Hau ward, Cau Giay district, Hanoi
- Financial services' support activities (investment consulting excluding legal and financial advice)

Charter capital
800,000,000,000 VND



ASSOCIATES

FPT Securities Joint Stock Company

- Floor 2, 71 Nguyen Chi Thanh street, Dong Da district, Hanoi
- Securities trading, brokerage, investment advisory and securities depository services

Charter capital
903,437,270,000 VND



FPT Fund Management Joint Stock Company

- Floor 9, TTC Building, Lot B1A, Dich Vong Hau ward, Cau Giay district, Hanoi
- Portfolio and fund management and other services

Charter capital
110,000,000,000 VND



LEADERSHIP

THE BOARD OF DIRECTORS

Jean-Charles Belliol is no longer the representative for major shareholder Red River Holdings in FPT's BOD as of August 2016. As of December 31st, 2016, FPT's BOD has seven members. Three of the members are foreign independent members of the BOD.



1 Truong Gia Binh

Founding member, Chairman of the BOD

- Graduated in 1979 from the Math-Mechanics Department, Lomonosov Moscow State University, Russia. Successfully defended his doctoral thesis at the university in 1982. Awarded title of Associate Professor by the State in 1991.
- Given the Nikkei Asia Award by the Nikkei Group, Japan, in 2013 for his contributions to the development of Vietnam's IT sector.
- During the firm's development process, he laid out the firm's long-term vision and strategic directions that have enabled FPT to maintain its growth over the past 28 years.

2 Bui Quang Ngoc

Founding member, Vice Chairman of the BOD

- Graduated from the Mathematics Department of Kishinhov University, Moldova, in 1979. Successfully defended his doctoral thesis on databases at the University of Grenoble, France, in 1986.
- Selected as one of the top 10 chief information officers in Indochina in 2005.
- First head of the IT division of FPT, predecessor of important firms such as FPT IS, FPT Software, FPT Telecom and FPT Trading.
- Being prominent in FPT's administration, he has pioneered the modernization of the Corporation's administration systems, ensuring that all activities have been carried out efficiently and accurately in accordance with international quality standards.

3 Do Cao Bao

Founding member, member of the BOD

- Graduated in 1984 from the Military Technical Academy in Vietnam with a degree in Mathematics of Control.
- With 29 years of experience in IT, he is a respected software expert in Vietnam. He has managed many national-scale projects, making significant contributions to the development of FPT.
- As the top leader of FPT IS from 1994 to 2015, he has made FPT IS one of FPT's technology flagships, continuously leading Vietnam's system integration, software development and IT service markets.

4 Tomokazu Hamaguchi

Independent member of the BOD

- World renowned IT guru with 40 years of experience. Formerly Chairman and CEO of NTT Data, the world's sixth largest IT service provider. NTT Data is a part of the NTT Group, Japan.
- Mr. Hamaguchi is currently the Chairman of JISA – Japan's largest non-profit organization.
- He is currently playing the role of strategic consultant for FPT's globalization strategy, particularly in the Japanese market.

5 Le Song Lai

Non-executive member of the BOD

- Received his MA in law from Hanoi National University in 1998, and from Cambridge University, UK in 1999.
- He has many experience in the fields of finance and investment at many state-owned enterprises. Currently he is a Deputy General Director of the State Capital and Investment Corporation (SCIC).

7 Jean-Charles Belliol

Non-executive member of the BOD

- Holds an MBA from the École Supérieure de Commerce de Reims, France.
- Has worked in Vietnam for 14 years. He used to be the CEO of a well-known French bank in Vietnam. He is a banking expert with 25 years of experience in corporate finance, technical finance and project finance.
- He is a commercial counselor for the French Embassy in Vietnam, and a member of the BOD at Everpia Corporation.
- He was nominated by Red River Holdings as a member of FPT's BOD for the 2012-2017 term. However, as of early August 2016, he is no longer the representative of major shareholder Red River Holdings in FPT's BOD and has become an independent member of the BOD.

6 Dan E Khoo

Independent member of the BOD

- Over 25 years of experience in IT.
- Has been a top leader in many prestigious technology organizations throughout the world, including the Southeast Asia Information Technology Organization (SITO), and the Asian-Oceanian Computing Industry Organization (ASOCIO).
- Currently holds the Chairman Emeritus of the World Information Technology and Services Alliance (WITSA).
- Is taking the post of an independent member on FPT's BOD, providing instruction on implementing FPT's globalization strategy and consultation on its strategies and operations in developing countries.

THE BOARD OF MANAGEMENT

In January 2016, FPT's BOD appointed Mr. Do Cao Bao to the position of Executive Vice President of Business Development from March 15th, 2016. In December 2016, FPT's BOD dismissed Mr. Nguyen Khac Thanh from the position of Executive Vice President of Global Human Resources from January 01st, 2017 to take the position of the Rector of FPT University for the third term from 2016 - 2021.

4 Nguyen Khac Thanh Executive Vice President of Global Human Resources

- Joining FPT in 1991, he directly participated in ensuring human resources for software outsourcing.
- A founding member of FPT University, he has helped steer the expansion and scope of its fields of training.
- He resigned from the position of FPT's Executive Vice President of Global Human Resources on January 1, 2017. He is now the Rector of FPT University.

5 Duong Dung Trieu Executive Vice President of Global Expansion

- Graduated from the University of Science and Technology and has nearly 22 year experience in IT.
- Holding important positions in member companies, he has a wealth of experience in managing and implementing large FPT IT projects in the banking, telecommunications and tax sectors in both domestic and foreign markets.

1 Bui Quang Ngoc Chief Executive Officer

- Graduated from the Mathematics Department, Kishiniov University, Moldova, in 1979. Successfully defended his doctoral thesis on databases at the University of Grenoble, France, in 1986.
- Selected as one of the top 10 chief information officers in Indochina in 2005.
- Was the first head of the IT division of FPT, the predecessor of important firms such as FPT IS, FPT Software, FPT Telecom and FPT Trading.
- Being prominent in FPT's administration, he has pioneered the modernization of the company's administration systems, ensuring all activities have been carried out efficiently and accurately in accordance with the international quality standards.

2 Do Cao Bao Executive Vice President of Business Development

- Graduated from the Military Technical Academy in Vietnam with a degree in Mathematics of Control in 1984.
- With 29 years of experience in IT, he is a respected software expert in Vietnam. He has managed many national scale projects, making significant contributions to the development of FPT.
- From 1994 to 2015, as the top leader of FPT IS, he made FPT IS one of FPT's technology flagships, continuously leading Vietnam's system integration, software development and IT service markets.

3 Nguyen The Phuong Executive Vice President and Chief Financial Officer

- Graduated from the Foreign Trade University, Hanoi, Vietnam.
- Has over 16 years of experience in the financial sector.
- Since joining FPT in August 2000, he has made remarkable contributions to the construction of FPT's finance and accounting system, bringing them up to international standards.



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6 Le Hong Viet Chief Technology Officer

- Graduated from Sydney University (Australia) in 2004 with a degree in software engineering.
- After joining FPT in 2005, he has held many important positions and has contributed positively in technology activities and in the manufacturing business of software outsourcing.
- With a solid technical foundation and working experience in many countries, he is one of the people who has laid the foundations for the application and development of new technologies at FPT.

7 Hoang Viet Ha Chief Operating Officer

- Holds a doctoral degree in Business Management from Macquarie Graduate School of Management, Sydney, Australia.
- He has many years of experience managing large companies and groups. He served as the Chief Operating Officer of Bao Viet Group from 2011 to January 2015, Vice Chairman of HIPT's BOD for the 2012 to 2016 term, and is a member of the National Reinsurance Company's BOD.

8 Uwe Schlager M&A Director

- Joined FPT Software in the middle of 2012 with a mission of market development in Germany and Europe. Previously he worked for Daimler Benz and T-Systems in Germany and Singapore as a senior manager of operations and sales.
- He was the most important contributor in FPT's M&A deal with the RWE Group in June 2014. This was the first M&A deal in a foreign market for FPT in particular and for Vietnam's IT industry in general.
- In April 2015, he was appointed to the position of M&A Director to promote M&A activities, increase revenue from overseas market and drive global expansion of the Corporation.

THE SUPERVISORY BOARD



2

1

3

2 Nguyen Khai Hoan
Member of the Supervisory Board

- Graduated from the Finance Institute, Russia, in 1999 and holds a doctoral degree in economics (majoring in investment) from the Economics Institute of the Russian Academy of Sciences, 2003.
- He joined FPT in 2003, and was the Chief Accountant of FPT Software from 2004 to 2010.
- Since January 2011, he has been the Executive Vice President of Finance for FPT Software.

1 Nguyen Viet Thang
Head of the Supervisory Board

- Graduated from Hanoi Commerce University in 1989, and holds a doctoral degree in economics from Philippines' Bulacan University in 2014.
- He has been the Vice Principal of FPT University cum Director of FPT School of Business under FPT University since October 2009. He acted as the Deputy Head of the Business Administration Department of Hanoi National University.

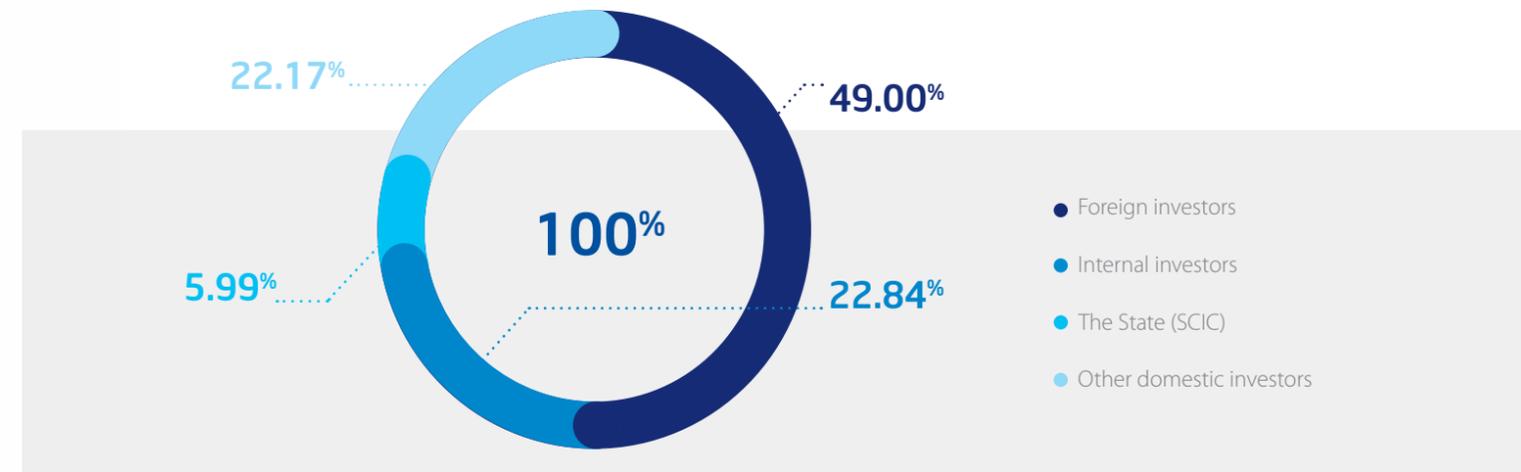
3 Cao Duy Ha
Member of the Supervisory Board

- Awarded an honorary BA degree in economics from New South Wales University (Australia); a BA degree in Finance and Banking from Newcastle University (Australia) and a master's degree in asset management from SMU (Singapore).
- From 2008 till now, he worked for State Capital and Investment Corporation (SCIC). He is now the Secretary of the Deputy General Director of SCIC.

EQUITY AND SHAREHOLDING INFORMATION

STOCK INFORMATION

Shareholding structure



Some key indicators
as of December 31st, 2016

Charter capital
4,594,266,840,000 VND

Number of authorized shares
459,426,684

Type of shares
Common shares

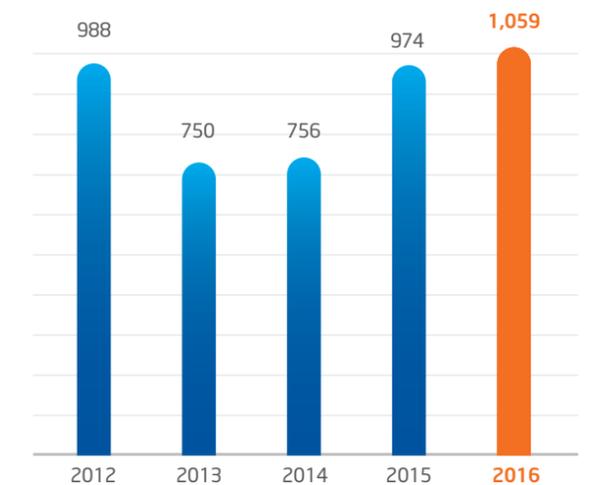
Number of outstanding shares
459,344,308

Treasury shares
82,376

Par value
10,000 VND

DIVIDEND PAYMENT HISTORY FROM 2012 TO 2016

Dividend payment history
Unit: VND in billions



* **Note:** The graph uses cash dividend data paid in 2016, including remaining dividend payment of the previous year (if any) and advance dividend payment of the current respectively year.

STRATEGIC DIRECTIONS FOR THE 2017-2019 PERIOD

MACROECONOMIC PROSPECTS

According to the World Bank (WB), global GDP of 2017 is expected to have growth of 2.7% compared to 2.3% growth of 2016. In Vietnam, according to Resolution No.23/2016/QH14 on Social-Economic Development Plan in 2017, GDP is forecasted to rise about 6.7%, total exports increasing in the range of 6% - 7%; total investment of social development around 31.5% of GDP, the average of the consumer prices index (CPI) about 4%, the rate of trained laborers reaching 55% - 57%. These are considered favorable conditions for enterprises to develop.

INDUSTRY PROSPECTS AND OPPORTUNITIES FOR FPT

The global market opens up big opportunities

Global IT services trends

According to Gartner, IT services market is forecasted to reach USD 943 billion by 2017, growing by 4.8% compared to 2016. In particular, outsourcing will contribute 57% of the market growth. IT services market is expected to be worth nearly USD 1,100 billion in 2020. This opened great opportunities for IT service companies like FPT.

Digital Transformation

The 4th Industrial Revolution – Digital revolution is driving many innovative business development models, creating new industries and blurring geographical boundaries. In the digital revolution, all organizations, enterprises, leaders and budgets will become digital; every individual will be able to become a digital firm.

Gartner has listed 10 technology trends of 2017 which will profoundly impact business activities of all types of businesses, including:

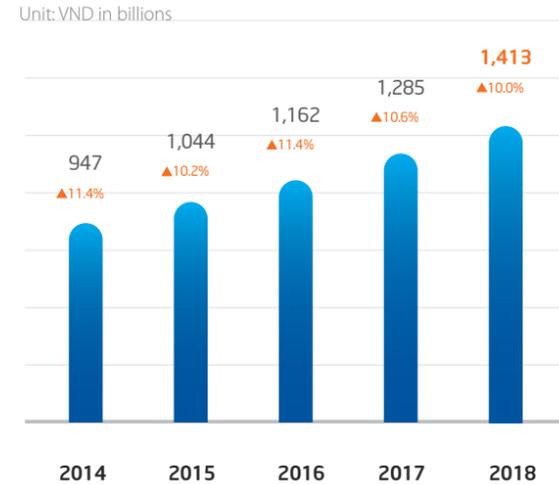
- 01 Artificial Intelligence (AI) & Advanced Machine Learning**
Include technologies such as deep learning, neural networks and natural-language processing, can also encompass more advanced systems that understand, learn, predict, adapt and potentially operate autonomously, leading to the creation of more intelligent devices and programs
- 02 Intelligent Apps**
Include technologies like virtual personal assistants (VPAs), have the potential to transform the workplace by making everyday tasks easier and its users more effective. By 2018, Gartner expects most of the world's largest 200 companies to exploit intelligent apps and utilize the full toolkit of big data and analytics tools to refine their offers and improve customer experience.
- 03 Intelligent Things**
Generally fall into three categories: robots, drones and autonomous vehicles. Each of these areas will evolve to impact a larger segment of the market and support a new phase of digital business.
- 04 Virtual and Augmented Reality**
Transform the way individuals interact with each other and with software systems creating an immersive environment. Enterprises should look for targeted applications of VR and AR through 2020.
- 05 Digital Twin**
Using physics data on how the components of a thing operate and respond to the environment as well as data provided by sensors in the physical world.
- 06 Blockchain**
Blockchain is a type of distributed ledger in which value exchange transactions (in bitcoin or other token) are sequentially grouped into blocks.
- 07 Conversational Systems**
Do not use text/voice as the exclusive interface but enable people and machines to use multiple modalities (e.g., sight, sound, tactile, etc.) to communicate across the digital device mesh (e.g., sensors, appliances, IoT systems).
- 08 Mesh App and Service Architecture**
A multichannel solution architecture that leverages cloud and serverless computing, containers and microservices as well as APIs and events to deliver modular, flexible and dynamic solutions.
- 09 Digital Technology Platforms**
Digital technology platforms are the building blocks for a digital business and are necessary to break into digital. Every organization will have some mix of five digital technology platforms: Information systems, customer experience, analytics and intelligence, the Internet of Things and business ecosystems
- 10 Adaptive Security Architecture**
Required security teams to work with application, solution and enterprise architects to consider security early in the design of applications or IoT solutions. Multilayered security and use of user and entity behavior analytics will become a requirement for virtually every enterprise.

Domestic market trends in the ICT industry

Integrated system and infrastructure solutions market – Expectation of new policies

According to IDC, Vietnam is undergoing a strong growth and needs to invest heavily in infrastructure, especially in the IT infrastructure. The system integration market in Vietnam is worth USD 1.28 billion in 2017 and will continue to grow by 10% next year.

The system integration market value in Vietnam from 2014 to 2018 (Source: IDC, 2015)



According to IDC, the system integration market in Vietnam is worth USD 1.28 billion in 2017 and will continue to grow by 10% next year

There will be many advantages for domestic IT enterprises in 2017 as the government aims to build e-government via the continued implementation of resolution 36a/NQ-CP. Along with the increase in demand for IT outsourcing services by the government, we can say Vietnam's IT sector is facing great opportunities. Besides public investment, information technology expenditure of the business sector is also on the rise. Recognizing the importance of investing in IT, many enterprises has run IT applications in management, manufacturing, business and achieved certain results.

Fixed-line telecommunications and Pay-TV market – Full of growth potential

Vietnam had the dynamic Internet market, with 78% of Internet users in Vietnam going online daily, 55% of them use smartphones.

Pay TV services firms in Vietnam are expected to have around 12.5 million subscribers by the end of 2016. In recent years, the sector has witnessed the growth of various types of service such as cable TV, digital terrestrial television, satellite television, Internet TV and Mobile TV. Firms also offer a lot of value-added services on the same network infrastructure as high-speed Internet, GPON optical fiber network, Video on demand (VOD), 4K - 8K TV, Internet phone – VoIP, etc. This market offers many potentials to exploit.

Mobile phone and IT and IoT products – Continue to grow

IDC's report indicated that IT and mobile retail market in Vietnam is worth around USD 5 billion. In particular, the mobile sector over two-thirds of the combined market value. IDC forecasts that in 2017, the growth will keep trending higher (9%), reach USD 3.7 billion.

IT human resource training and development – Opportunities for universities

The shortage of human resources in the field of IT is one of the challenges for Vietnam's economic development. According to the Vietnam Software and IT Services Association (VINASA), Vietnam will lack of some 400,000 workers in IT sector by 2020 (averagely 80,000 people to be lacked each year). Meanwhile, only 32,000 students in IT and related fields graduate each year. In fact, Vietnam is possible to overcome this problem thanks to young population and their ability to learn. Therefore, human resources training to meet needs both in terms of quality and quantity is both a challenge and an opportunity for universities, including FPT University.

“CO-PIONEERING IN THE DIGITAL TRANSFORMATION”

STRATEGIC BUSINESS DIRECTIONS FOR THE 2017 – 2019 PERIOD

From 2017 to 2019, FPT focuses on the goal of “Co-pioneering in the digital transformation.” Accordingly, the company will attach special importance to relationships with its customers, the leading technology firms in the world to offer digitizing products/services in order to pioneer together in the transition to the digital world. Four goals and action groups include:

ASPIRING TO BE A GLOBAL CORPORATION

Goal

- Promoting globalization with higher growth rate of global market than the domestic one;
- Being a global partner at the highest level of giants in the world;
- Expanding out the list of Forbes - 500 customers;
- Internationalizing FPT culture.

Action

- Enhancing international competitiveness;
- Developing programs to bid for international projects and capacity to implement them;
- Developing new international cooperation programs;
- Developing human resources abroad, training BrSE;
- Disseminating English in the Corporation.

PIONEERING IN THE DIGITAL WORLD

Goal

- Making digital transformation (implementing or applying advanced technologies such as S.M.A.C, IoT, AI, Security, Robotics, chatbot, VR/AR, 3D-printing ...) for customers and FPT and its member companies;
- Building FPT’s own ecosystem with core technologies, enabling partners to exploit and create competitive strength and new growth;
- Becoming the leading company in providing IoT services.

Action

- Strengthening R&D of digital transformation;
- Developing ecosystem of data and core technologies among its member companies, connecting with the community to enhance its competitive strength;
- Developing and implementing the program of digital transformation for FPT;
- Putting digital transformation into training programs of FPT University and other universities. Developing digital transformation training programs of strategic technology partners;
- Branding FPT as a pioneer in the digital revolution in Vietnam and around the world.

HEIGHTENING THE POSITION

Goal

- Making gigantic changes in business scale via large long-term contracts; full service solutions; high-value services; new products or services, new areas with significant sales;
- Increasing leadership capacity to work out development strategy of the Corporation; implementing policies that urge each employee to invest in on-demand learning for career;
- Improving competitiveness, avoiding turning the Corporation into a bureaucracy, promoting Founder’s Mentality.

Action

- Participating in implementing large projects worth USD 10-30 million of strategic customers;
- Promoting new business models;
- Quickly replicating successful models;
- Investing in potential solutions and services;
- Improving capacity to deploy services in finance and banking, infrastructure, health, e-government, transport, CME, retail, automotive, manufacturing;
- Implementing the program of “Personal Development”, including building learning organization;
- Developing a program of “Competitiveness enhancement”, promoting Founder’s Mentality.

ORIENTATION FOR SUSTAINABLE DEVELOPMENT

Goal

As the largest technological corporation in the private sector in Vietnam, FPT recognizes the role of realizing its sustainable development strategy at present and in the future. Accordingly, FPT strives to implement the economic activities as well as give support to the community and offer environmental protection.

Some key goals

- Obtaining sustainable revenue growth from the traditional sectors and increasing revenue from global activities, S.M.A.C/smart services/ IoT;
- Always being on the list of preferred employers in the IT sector; making FPT become a learning organization and improving human resources according to development needs, in line with globalization and S.M.A.C/IoT;
- Developing technology for the community, spreading kindness;
- Complying with the provisions of law on environmental protection and raising awareness of environmental protection and energy saving.

03

BUSINESS PERFORMANCE ANALYSIS 2016 AND GUIDEDANCE FOR 2017

 Microsoft

 IBM

 GENERAL ELECTRIC

 amazon
web services

ACCOMPANYING CORPORATIONS

THAT OWN TECHNOLOGY PLATFORMS

FPT co-operates with Amazon Web Services (AWS), General Electric (GE), Microsoft and others to research and apply solutions and services that are based on core technologies of the digital revolution such as Cloud, IoT and IIoT, to bring them into reality within global organizations and businesses.

OVERALL FINANCIAL PERFORMANCE AND MANAGEMENT DISCUSSION

THE MACRO-ECONOMIC CONTEXT

In 2016, the world economy continued to recover slower than expected. The World Bank estimated global GDP increased by only 2.3% in 2016 – the lowest level since the global recession. Also, the UK's decision to withdraw from the European Union and the result of the US Presidential election has raised concern over the return of protectionism.

Domestic GDP growth was estimated at 6.2%, lower than the 6.7% growth planned at the beginning of the year. It has continued to be in the low range since 2007, reflecting the challenges facing economic growth. Inflation was maintained at a stable low level from 2012 to date, thus pressure on increasing wage costs has been maintained at a stable low level in recent years.

The budget deficit continued at a high level, reaching 5.6% in 2016, equivalent to 106.3% of the plan. In particular, the regular spending of the State budget continued to increase while the share of investment decreased, from an average of 29% in the period 2001-2010 to 25.6% in the period 2011-2015, and was estimated to have dropped to 20.1% in 2016. In contrast, regular spending has been maintained at over 70% of total spending from 2011 until now, showing that the capital available for investment from the State budget in general, and for IT projects in particular, will hardly be improved in the short term.



“ Three out of FPT's four business sectors, including Technology, Telecommunications, Education and Investment achieved good growth in 2016. Globalization continued to be the main driver of growth, contributing nearly a third of the Corporation's profits. New elements appeared in all domains of business: new services, new sales methods, new positions and new strategies, all combining to create momentum for growth in 2017. In 2017, FPT continues to be a pioneer in the digital transformation in business, administration, and solutions and services for customers. ”

Mr. Bui Quang Ngoc
FPT CEO

Summary of key financial performance metrics in 2016 were as follows:

Unit: VND in billions

Items	2015	2016	+/-
Total assets	26,046	29,833	14.5%
Consolidated business revenue	40,003	40,545	1.4%
Operating profit	2,802	2,964	5.8%
EBITDA	3,664	4,022	9.8%
Profit before tax	2,851	3,014	5.7%
Profit after tax	2,438	2,576	5.6%
Earnings per share (VND)	3,811	3,925	3.0%
Cash dividend paid during the year	974	1,059	8.7%
Payout ratio	39.9%	41.1%	

* **Note:** Paid cash dividend included the last cash dividend of the previous year, and the interim cash dividend for the reported year. (Source: Consolidated cash flow statement.)

Financial performance by operating sectors

Three out of four business sectors of FPT comprising Technology, Telecom, Education and Investment have delivered strong growth in 2016. Specifically, the Technology sector recorded revenue up 16% and PBT up 19% compared with 2015, and continued as the leader in the globalization strategy of the Corporation. The Telecom sector recorded revenue and PBT up 22% and 15%, respectively, compared with 2015. Ending 2016, the percentage of contribution to consolidated PBT of the Technology and Telecom sectors was 76%, an increase of 7% compared with that in 2015. With a strategic focus on Technology and Telecom, these operating sectors will continue to remain key contributors to the consolidated PBT of the Corporation.

The sector of Education and Investment recorded revenue and PBT up 27% and 12% over 2015. Only the Distribution and Retail sector recorded negative growth, mainly due to the wholesale distribution segment being depressed by Microsoft's decision to stop its Lumia phone business. By the end of 2016, the Distribution and Retail sector saw its revenue and PBT fall 9% and 25% YoY, respectively.

Technology and Telecom sectors contributed 76% to the consolidated PBT

Real annual GDP growth

Unit: %



CPI

Unit: %



BUSINESS PERFORMANCE IN 2016 AND MANAGEMENT DISCUSSIONS

Overall financial performance

In FY2016, EPS was VND 3,925, up 3.0% YoY. The payout ratio has been maintained at a high level of 41%. Key financial performance indicators have delivered positive growth, including revenue up 1.4%, PBT up 5.7%, yet they have failed to achieve the initial targets. The main reason for this was the sharp decline in the mobile handset distribution segment's performance when Microsoft suddenly declared its shutdown of their Lumia phone business, which has put the sale of such products into difficulties. Excluding the performance of the distribution segment, the other operating sectors combined have accomplished 103% and 106% of the revenue and PBT targets, respectively.

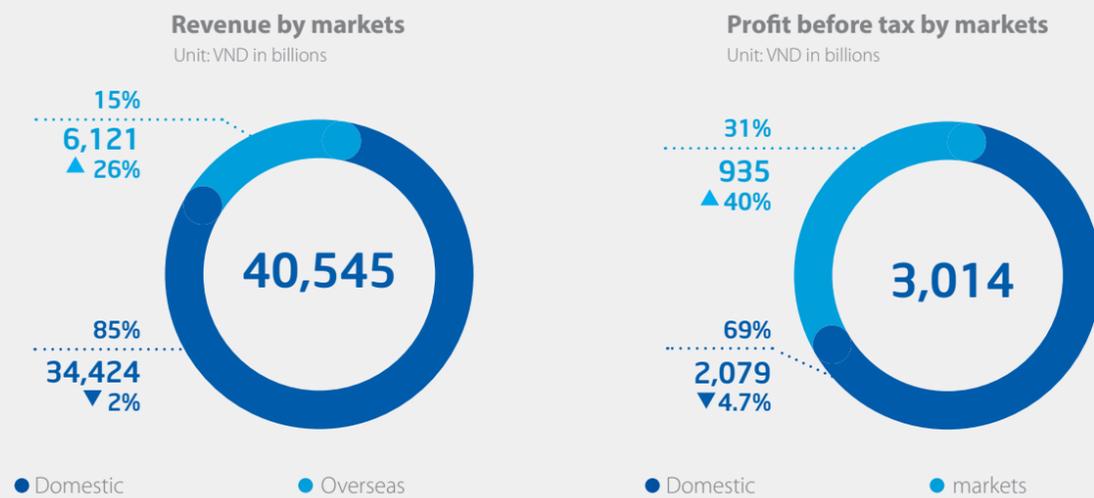
40,545
Billion VND
Consolidated business revenue
▲ **1.4%**

3,014
Billion VND
Profit before tax
▲ **5.7%**

Financial performance by domestic and overseas markets

The year 2016 continued to mark an outstanding success of the “Going Global” strategy with revenue from overseas markets increasing by 26% and PBT up 40% YoY. Japan continued to be the most important market in the globalization strategy with revenue in 2016 surpassing the USD 100 million milestone, reaching USD 128 million, up 49% YoY (equivalent to 52% YoY growth in VND terms), accounting for 47% of total revenue from the overseas market of the Corporation.

In contrast to the above “Going Global” strategy performance, facing challenges from the macroeconomic context, as well as changes in vendors’ strategies and policies, domestic market performance has experienced negative growth as revenue and PBT decreased by 2.0% and 4.7%, respectively, which caused the consolidated revenue and PBT to increase by only 1.4% and 5.7%, respectively.



FINANCIAL POSITION

Total assets

Total assets was VND 29,833 billion as of December 31st, 2016, up 14.5% YoY, which was mostly thanks to business expansion that allowed profits to increase healthily versus last year. Cash flow from operations increased strongly to VND 4,312 billion which made the cash and short-term deposit balance to increase by VND 3,336 billion to VND 9,443 billion by year end, while payables were undue, causing total assets to increase as compared to opening balance.

Cash flow from operations has increased sharply thanks to a number of reasons. Firstly, the accounts receivable balance increased by VND 515 billion, which was mostly from Software Outsourcing segment, being in line with this segment’s revenue growth of 26% YoY, and a higher percentage of receivables from fixed price contracts as the Corporation has intentionally increased the percentage of contributions of this type of contract during the year. Secondly, the inventory balance has reduced by VND 714 billion by year end. This was mostly from the Distribution segment by reducing the inventory balance of iPhone and Lumia products, and from the Telecom services segment as the fiber optic swap project has finished most of its work, resulting in a reduced inventory level. Thirdly, the accounts payable balance has

increased substantially due to increased purchasing volume in the Retail segment thanks to business expansion, and better payment terms enjoyed in other operating segments.

Pertaining to the balance of provision for doubtful accounts receivable, in the Telecom Services segment, the provision was made based on the historical percentage of customers who dropped out and of whom the receivable amount was unable to be collected. In the Telecommunication business, this is considered an operation expense. By year end 2016, the Corporation has written off the provision of doubtful accounts which were related to drop-off customers in previous years, which amounted to VND 171 billion. Besides, the balance of provision for doubtful accounts receivable has increased by another VND 40 billion by the end of 2016 relating to new drop-off customer in 2016, reflecting the sharp increase in revenue of the Telecom Services segment during the year. Movement of provision for doubtful accounts receivable of the Telecom Services segment was the main reason for the decrease of this account on a consolidated basis of VND 139.5 billion, to VND 142.7 billion as of December 31st, 2016.

Total liabilities

As of December 31st, 2016, the total interest-bearing debt balance has increased from VND 8,806 billion to VND 9,939 billion, equivalent to an increase of VND 1,133 billion, of which the short-term borrowing balance increased by VND 1,015 billion, and long-term borrowing increased by VND 118 billion. However, the cash balance as of December 31, 2016, also increased by VND 3,336 billion so the net debt (equivalent to total interest-bearing debts minus cash) was VND 497 billion, down VND 2,202 billion compared with 2015. The net debt to equity ratio was only 4.3%, which is lower than that at the end of last year (In 2015: 26.5%). Besides, accounts payable balance increased strongly as compared to the end of last year mostly thanks to the expansion of the Retail segment and better payment terms earned by other segments, which increased amounts payable while they weren’t due at year end.

The net debt to equity ratio was 4.3%

Fundamental ratios

Ratios	2015	2016
1. Liquidity ratios		
• Current ratio (times)	1.27	1.26
• Quick ratio (times)	0.91	1.00
2. Leverage and coverage ratios		
• Debt/Total assets	33.8%	33.3%
• Debt/Equity	86.5%	86.8%
• Net debt/Equity	26.5%	4.3%
3. Operating efficiency ratios		
• Inventory turnover (times)	6.6	6.6
• Accounts receivable turnover (times)	8.9	8.3
• Accounts payable turnover (times)	11.8	10.6
• Cash conversion cycle (in days)	65.2	65.2
4. Profitability ratios		
• Operating profit margin	7.0%	7.3%
• Profit before tax margin	7.1%	7.4%
• Profit after tax margin	6.1%	6.4%
• Return on capital employed (ROCE)	15.4%	14.4%
• Return on equity (ROE)	24.8%	23.8%
• Return on assets (ROA)	10.4%	9.7%

PERSONNEL AND ORGANIZATION STRUCTURE

Restructuring at three subsidiaries

Aiming to enhance the competitiveness of subsidiaries, contributing to boost the business performance of the Corporation in accordance with the targets set out for the 2016-2018 period, in 2016, FPT has implemented restructuring at three of the Corporation subsidiaries including FPT IS, FPT Trading and FPT Education. Details are as follows:

- At FPT IS: constructing and reorganizing the whole company into business domains and verticals;
- At FPT Trading: constructing and reorganizing the sales department by products; and centralizing business support departments aiming towards a leaner organization;
- At FPT Education: splitting the company into specific blocks, in which the FPT University block includes the new campuses to be opened in Ho Chi Minh City, Da Nang and Can Tho.

1.4.2. The Board of Management and the Chief Accountant as of December 31st 2016

No	Senior management	Position	Percentage of ownership
1	Mr. Bui Quang Ngoc	Chief Executive Officer	3.71%
2	Mr. Do Cao Bao	Executive Vice President	1.18%
3	Mr. Nguyen The Phuong	Executive Vice President	0.08%
4	Mr. Duong Dung Trieu	Executive Vice President	0.35%
5	Mr. Nguyen Khac Thanh	Executive Vice President	0.24%
6	Mr. Hoang Viet Ha	Chief Operating Officer	0.00%
7	Mr. Le Hong Viet	Chief Technology Officer	0.00%
8	Mr. Uwe Schlager	M&A Director	0.00%
9	Hoang Huu Chien	Chief Accountant	0.02%

Changes in senior management positions during the year included:

- Appointing Mr. Do Cao Bao as Executive Vice President of Business Development from March 15th, 2016;
- Dismissing Mr. Nguyen Khac Thanh as Executive Vice President of Global Resources from January 1st, 2017, and concurrently appointing Mr. Thanh as the Rector of FPT University for the third term from 2016 to 2021.

Human resources

The human resource pool of the Corporation continued to grow in size and quality in 2016. By the end of December 2016, the total headcount has reached 28,397 people, an increase of 5.9% from 2015. The number of engineers, programmers and IT experts reached 12,219 people and accounted for 43% of the total headcount of the Corporation.

In order to improve employees' capabilities to catch up with changes in the business and technology world, FPT has placed a stronger focus on internal training. The BOM has issued a training policy that requires FPT staff to participate in continuous training programs suggested by FPT Corporate University, or complete at least one online course. In 2016, there were 223,399 turns of trained employees with a total of more than 1 million hours of training recorded; there were 914 technology certificates obtained by FPT employees from global tech-giants, bringing the total number of international technology certificates owned by FPT employees to 3,283 certificates.

Compensation, welfare policies, enhanced working facilities as well as many other measures were conducted during the year to increase employees' loyalty to the Corporation. The annual employee survey has revealed that we have an active, professional, and flexible working environment, with friendly and supportive colleagues, good promotion prospects, excellent training and development opportunities, all offered with competitive compensation packages.

Accordingly, FPT has consolidated its position as one of the top companies offering an attractive working environment. The year 2016 marked the second consecutive year that FPT has earned two important awards in the HR field, including the 'Enterprise with the best working environment' and 'Enterprise with the best training and human resource development policy', as presented at the HR Awards by Talentnet.

INVESTMENTS AND MAJOR CAPITAL EXPENDITURE PROJECTS

As usual, major capital expenditure projects occurred mainly in the Telecom sector (to invest in infrastructure, expand the customer base and invest in new products), the Technology sector (to build office complexes to accommodate an increasing workforce), and invest in research for software solutions. In 2016, the Telecom sector finished most of its fiber optic project across the country. Therefore, cash paid to buy fixed assets in 2016 was VND 1,433 billion, a decrease of VND 688 billion, equal to a 32% reduction compared with 2015.

Details of capital expenditure investments by business sectors are as follows:

Unit: VND in billions

Business sectors	Reimbursed in FY2015	Reimbursed in FY 2016	Major Projects
Telecom sector	1,488	1,003	Investment in infrastructure, customer acquisition, fiber optic swap project, pay TV services ...
Technology sector	536	286	Investment in office building to support business expansion, R&D
Distribution and Retail sector	37	116	
Education and Investment sector	60	28	
Total capital expenditure	2,121	1,433	

REPORT ON THE CORPORATION'S CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITIES

Together with business development and corporate governance, FPT has fully realized its responsibilities in contributing to the development of Vietnamese society, especially in aiding education support programs, which will in turn help with youth development.

In 2016, FPT and its employees have altogether contributed VND 32.2 billion to community activities, in which:

- The contribution from the Corporation was VND 26.8 billion; and
- The contribution from employees was VND 5.4 billion.

The expenditure was divided for three main purposes, including spending on education and young people's development programs, and charitable programs to support families living in poor conditions and disaster victims.

Details of the programs that have been contributed to during the year are as follow:

No.	Program	Number of beneficiaries / people attended	Amount
I	Supporting education and the younger generation's development		28,576
1	Scholarships and grants	802	21,584
2	Applying technology in education	24,973,518	3,725
3	Supplying learning tools (PCs, books, notepads, etc.)	17,960	2,634
4	Honoring and encouraging talented students in various disciplines	3,000	513
5	Other education supporting activities	500	120
II	Disaster relief	4,549 households / 18 affected areas, 5,118 pupils from 17 schools	1,722
III	Humanitarian and charity activities	19,952	1,920

Environmental responsibilities: FPT also had activities and programs to encourage employees to have an environmental protection mindset, and also to prioritize the use of new technologies and environment-friendly materials to maximize the use of renewable energy at the company's offices so as to minimize environmental impact.

Please refer to the Sustainability Report from page No. 102 to 107.



TECHNOLOGY ACTIVITIES IN 2016

In order to create more value and help customers improve efficiency in their operation, FPT has researched solutions based on verticals such as e-government, smart healthcare, intelligent transportation, automotive technologies and energy. Some typical technologies that have been deployed to customers in 2016 include:

- Comprehensive e-government solutions:** Completed a comprehensive solution package for the e-government site FPT.eGov on various technology platforms, which are available for digital transformation and are gaining popularity. FPT.eGov provides tools that are totally based on a digital platform with 100% digitalized and reliable data, with improvements made to administrative processes and procedures that are typical for public sector organizations, which will in turn offer convenience to people.
- Solutions for the healthcare sector:** The hospital management solution FPTe.Hospital has been converted into a fully functioning cloud-based version, meeting the needs of hospital management in 40 functional areas. The system has contributed to improving resource utilization by two to three times as compared with previous manual work.
- Solutions in the transportation sector:** Developing and deploying the 'Free-flow electronic toll collection and vehicle load controlling systems'solution across the country, including the Application System at toll booths and the Control System at data centers; The Traffic Violations Monitoring and

Management System that utilizes video image processing solutions to provide recorded images for immediate ticketing and as well as offline ticketing, and also allows the monitoring of traffic flows, measuring and counting of vehicles, and is used as inputs for traffic modelling for better administration. The company has also delivered an electronic bus ticketing system to the public sector, and launched web-based and mobile applications to provide traffic information using IoT and Big Data technologies..

- Solutions for the energy sector:** Researching Smart Metering solutions for the electricity industry with three key innovations: Advanced Metering Infrastructure and Automatic Meter Reading (AMI/AMR), Meter Data Management System (MDMS), and Billing & CIS (prepaid and postpaid).
- Solutions for the automotive industry:** Researching solutions in relation to the driverless auto concept such as automatic lane detection, driverless cars using sound detection sensors; and multi-object detection using cameras.

FPT has also been applying new technologies in sales and operation support for FPT and its subsidiaries in order to improve customer experience, improve efficiency and effectiveness, as well as forming new business models. These included the digital transformation at FPT Telecom and FPT Retail with Mobile POS and Mobile Sales, which has helped users to have the most up-to-date information and shorten delivery times.

PERFORMANCE ANALYSIS BY BUSINESS SECTOR IN 2016

TECHNOLOGY SECTOR

Technology sector includes two companies:

- FPT Software operates in the Software Outsourcing segment
- FPT IS operates in the Software Solutions, System Integration and IT Services segments.

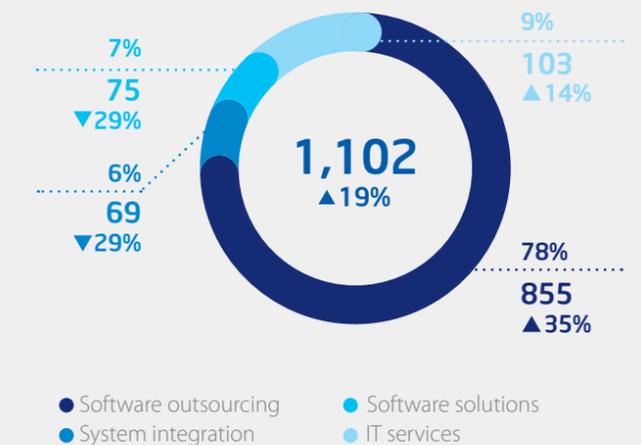
Technology sector revenue

Unit: VND in billions



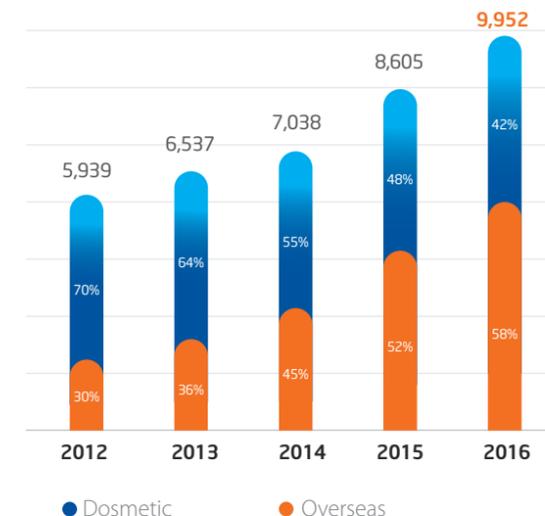
Technology sector PBT

Unit: VND in billions



Contribution of overseas revenue to Technology sector's revenue during 2012 - 2016 period

Unit: VND in billions



In 2016, the Technology sector including the Software Development segment (incorporating Software Outsourcing and Software Solutions), System Integration (hardware) segment and the IT Services segment recorded revenue of VND 9,952 billion, up 16%, and PBT of VND 1,102 billion, up 19% compared with 2015, contributing 25% and 37% in consolidated revenue and PBT, respectively. The profit margin improved mainly thanks to the Software Outsourcing segment increasing its resource utilization and movements in the Japanese Yen that were more favorable than in the previous three years.

The Technology sector continues its leading role in the globalization strategy of the Corporation

In 2016 the Technology sector had 58% of revenue and 79% of PBT from overseas markets. "Going Global" strategy continues to be an important growth driver of the Technology sector in particular, and of the Corporation in general, and is also the biggest differentiator between FPT and other companies in the industry, revenues of which are generally dependent on the domestic market where investment growth has been low, or even negative in some of the past five years.

During the 2012 – 2016 period, the Technology sector revenue has delivered a CAGR of 14% per annum, while its overseas part has its CAGR of 35% per annum over the same period.

Besides the Software Outsourcing segment, which has maintained a high compounded annual growth rate of 31% over the past five years, other segments in the Technology sector could also find opportunities to export solutions that have successfully been deployed in the domestic market to other developing markets, especially Bangladesh. In 2016, FPT has successfully implemented the project to “Supply and deploy an integrated income tax management system to the Bangladesh tax agency (BITAX)”, and signed two more ERP contracts that amount to USD 17.9 million in the country. By the end of 2016, total contracts signed in Bangladesh were worth over USD 60 million.

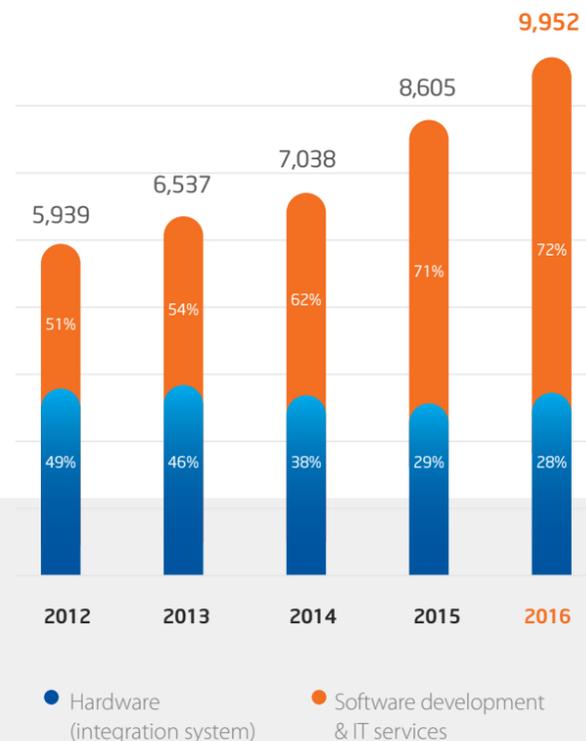
The trend of declining hardware contributions with increasing contributions from software and services has continued strongly

GDP growth has continued in the low range in 2017, the rate of budget deficit to GDP has increased over the years, which has led the Government to cut expenditure in many areas, including in information technology. The difficulties in solving bad debts in the banking industry from 2011 until now have caused an absence of large projects in the market, which had a large impact as those projects are mostly related to hardware. Over the past five years, the Technology sector’s hardware revenue has declined in both absolute value and as a percentage of total revenue. As a percentage of total revenue within the Technology sector, hardware has dropped from 49% in 2012, to only 28% in 2016. In absolute terms, it recorded revenue of VND 2,782 billion in 2016, down from VND 3,297 billion in 2011.

However, along with the ‘Going Global’ strategy, subsidiary restructuring towards focusing on software and services and the intentional reduction of hardware revenue in the Technology sector has created a clear difference between FPT and its peers. Revenue from the Software Development and IT Services segments has altogether contributed 72% to revenue of the Technology sector, as compared with 51% in 2012 (see chart ‘Percentage of hardware vs. software and services in technology sector revenue’). This will continue to be the direction of the Technology sector going forward, taking advantage of capital and human resource scales.

Percentage of hardware vs. software and services in technology sector revenue

Unit: VND in billions



The Technology sector continues its leading role in the globalization strategy of the Corporation

Software outsourcing segment

Software outsourcing continued a successful year with revenue of VND 5,181 billion, up 26%, and PBT of VND 855 billion, up 35% compared with 2015.

5,181 Revenue
Billion VND ▲ **26%**

855 Profit before tax
Billion VND ▲ **35%**

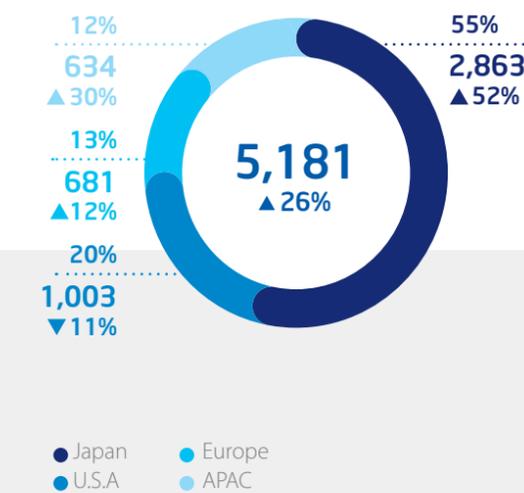


“The smooth running of the new organizational structure and strong investment in key technologies has helped FPT Software continue high growth in 2016. In 2017, FPT Software will continue to promote these core technologies to achieve a 30% increase in revenue and human resources.”

Mr. Hoang Viet Anh
FPT Software CEO

Software outsourcing revenue by markets in 2016

Unit: VND in billions



Some highlights in 2016

- The key Software outsourcing market continued to deliver impressive growth

In 2016, the largest market – Japan continued to see a high growth with an increase of 52% YoY, reaching VND 2,863 billion, accounting for 55% of Software outsourcing revenue (see more in chart ‘Software outsourcing revenue by markets in 2016’). With such a scale, FPT Japan’s revenue has approached the top 50 largest IT companies in Japan.

New markets including Europe also grew well, with its revenue up 12%, Asia-Pacific, or APAC, had its revenue up 30% YoY.

Only the US market decreased by 11% due to one of FPT’s largest customers being acquired, leading to a reduction of workload after the merger. This incident is believed to be a one off as M&A activity is unlikely to happen more frequently.

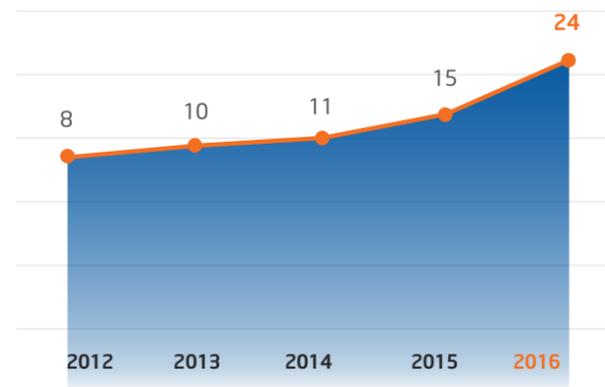
- Enhancing position through signing larger contracts and partnering with larger clients

The number of clients in the Software outsourcing segment where revenues surpassed milestones such as USD 1 million and USD 5 million, have all increased as compared with 2015. This is also one of FPT’s strategy directions, which is to improve its track record and increase its reputation by signing and delivering larger and larger contracts.

Large client groups by revenue in the Software outsourcing segment

Milestones	2012	2013	2014	2015	2016
Number of clients with revenue of USD 1 million ++	20	25	24	25	27
Number of clients with revenue of USD 5 million ++	1	3	5	3	10
Number of clients with revenue of USD 10 million ++			1	3	3

Number of Forbes 500 clients



Concurrently, the number of customers who are among the largest companies in the world (referring to the Forbes 500 list) has also increased in recent years. In 2012, FPT only had 8 customers in the Forbes 500 list. By 2016 that number has tripled to 24 customers.

- **Software Outsourcing segment continued to diversify its client base**

In 2016, the five largest customers accounted for 29% of revenue in Software outsourcing, down 2% compared with the previous year due to revenue lost from one large customer in the US as described above. The fact that the revenue growth of this group of clients in VND terms was 16% in 2016, lower than the other groups also reflects this.

However, the Top 10, Top 20, and Top 30 customers have delivered good growth of 29%, 41% and 41%, respectively. Such growth rates were higher than the CAGR of Software outsourcing revenue during the 2012–2016 period of 31%, and higher than top line growth from the Top 5 customers. Higher revenue growth has also resulted in a higher contribution in 2016 by Software outsourcing revenue.

Revenue growth and proportion of largest customers

	Percentage of total			FY2016 revenue growth
	2014	2015	2016	
Top 5 customers	26%	31%	29%	16%
Top 10 customers	39%	41%	43%	29%
Top 20 customers	56%	53%	61%	41%
Top 30 customers	66%	62%	70%	41%

- **Human resource growth in the Software outsourcing segment**

In 2016, the total headcount in the Software outsourcing segment has surpassed 10,000 people, almost doubling in three years, and has been in line with revenue growth. In addition, the restructuring of the delivery function in 2016 has caused the average total headcount (weighted by actual working time) to increase by only 11%, and average delivery headcount to increase by 7%, while still maintaining revenue growth of 26% in 2016. Productivity, being defined as revenue per average headcount was VND 554 million per person per year, equivalent to USD 24,617 per person per year in 2016, up 14% and 12% YoY, respectively, which was the highest surge in productivity in the past five years.

Software outsourcing segment's headcount and productivity

Indicator	2014	+/-	2015	+/-	2016	+/-
Average total headcount	6,262	31%	8,465	35%	9,359	11%
Average delivery headcount	5,723	42%	7,692	34%	8,243	7%
Annual revenue per head (VND in millions)	468	4%	485	4%	554	14%
Annual revenue per head (USD)	21,866	3%	21,987	1%	24,617	12%

+/-: YoY change

Software Solutions, IT Services and (Hardware) System Integration segments



“ In 2016, FPT IS signed major contracts in Bangladesh, Myanmar and Laos; completed national-scale IT projects in the field of e-government, deposit insurance, electronic medical records; and put into operation a number of intelligent transportation projects. In 2017, FPT IS will continue going global and accelerate the deployment of intelligent solutions for e-government, transportation, healthcare, and electricity, to create momentum for growth of the Company. ”

Mr. Pham Minh Tuan
FPT IS CEO

4,770 Revenue
Billion VND ▲ 6%

4,627 Value of contracts signed in 2016
Billion VND ▲ 6.2%

Unlike Software Outsourcing markets which are for developed countries, the remaining segments of the Technology sector including Software Solutions, IT Services and (Hardware) System Integration, derive their revenue from Vietnam and developing countries such as Cambodia, Myanmar and Bangladesh.

In 2016, these business segments recorded revenue of VND 4,770 billion, up 6%, and PBT of VND 247 billion, down 16% compared with 2015. Such a decline in profit was attributed to increased costs to solve extra requirements in some large projects. However, as most of the major module problems have been solved, such out of budget expenses will no longer be an issue in 2017, making a good base for project growth in 2017. The total value of contracts signed in 2016 was VND 4,627 billion, up 6.2%, which will pave the way for growth in 2017.

FPT has also been investing in developing solutions to catch up with new opportunities. The year 2016 has marked initial success in applying researched solutions to real projects. Some typical solutions and projects include:

- The Traffic Violation Execution System on the Noi Bai–Lao Cai expressway using applied video image processing, which was put into use by the Ministry of Public Security. After nearly two months of operation, the system has already helped to identify and ticket 265 violation cases.
- A traffic information hub deployed by the Ho Chi Minh City authority at www.giaothong.hochiminhcity.gov.vn, which has recorded 200,000 visits after one month of operation. In particular, there have been 60,000 downloads of the 'Thong tin giao thong' (literally "Traffic Information") application on mobile devices. Using integrated input data from in-car GPS devices and traffic cameras, the application has enabled users to view real-time traffic status, providing navigation, search, and browsing information relating to blocked roads, petrol stations, parking lots, etc.
- The free-flow electronic toll collection and vehicle weight control nationwide system, which has been deployed on National Road No. 1 and No. 14 according to the plan in the 2016–2018 period.

- The e-government project in Quang Ninh province. This is the first time a holistic e-government solution has been deployed at a provincial administration unit, opening up opportunities to deploy in other provinces nationwide.
- The hospital management system FPT.eHospital has been converted into a cloud-based solution and offered as a managed service to clients. In 2016, deployment time of a new system has been shortened by 70%. The FPT.eHospital solution is being used by 150 large hospitals and healthcare organizations nationwide. Capitalizing on that success, FPT is going to offer more versions that can be deployed at more types of healthcare organizations, such as smaller district

hospitals, clinics, and hotel-hospitals. The transformation from a pay-as-you-go to a managed service and changing FPT's role into a vendor instead of implementer has helped speed up and scale up the deployment process, thanks to the ability to partner with other firms in deploying the system at various locations at the same time.

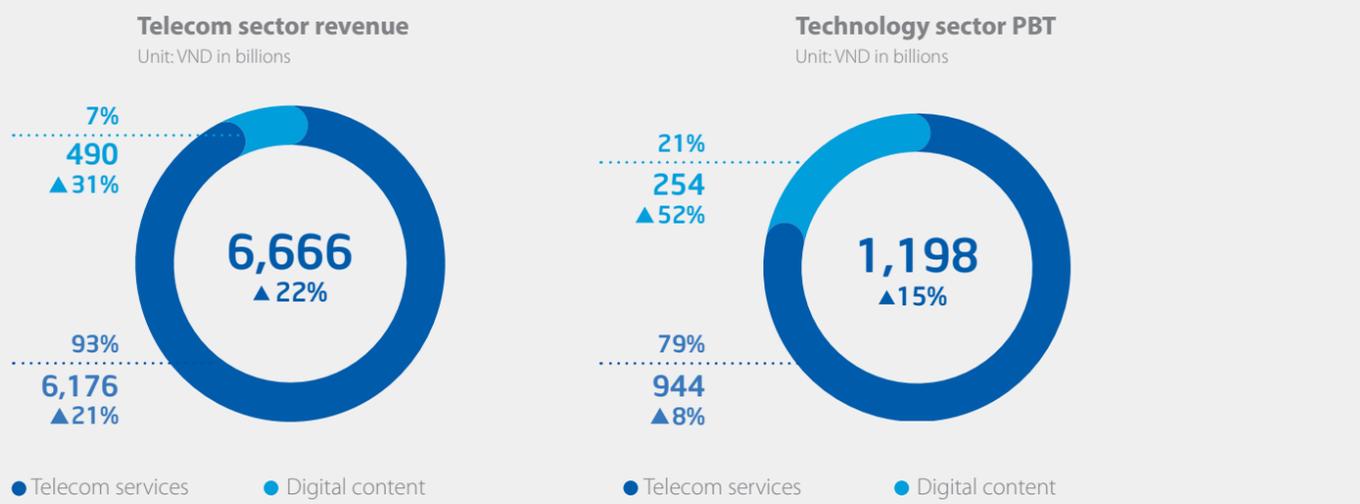
The above-mentioned solutions also have potential to be applied in other developing countries thanks to similar levels of technological advancement as in Vietnam. Therefore, FPT is concurrently bidding for similar projects in countries including Laos, Cambodia, Myanmar and Bangladesh, to name a few.

TELECOM SECTOR

Telecom sector includes two companies:

- FPT Telecom operates in the Telecom Services segment.
- FPT Online operates in the Digital Content segment.

The Telecom sector, including Telecom Services and Digital Content, recorded revenue in 2016 of VND 6,666 billion, up 22%, and PBT of VND 1,198 billion, up 15%, contributing 16% and 40% to FPT's consolidated revenue and PBT, exceeding the annual targets by 2% and 15%, respectively.



Telecom Services segment

Accelerating the deployment of fiber optic swapping project in major cities and provinces, internet subscribers continue to grow well

In 2016, FPT Telecom has continued to conduct terminal fiber optic infrastructure roll out and equipment swap (from copper to fiber) for customers in the major cities, bringing the fiber optic infrastructure coverage to 20 cities and provinces.

cities of Hanoi and Ho Chi Minh City has also been completed in 2016, resuming PBT growth. The fiber optic roll out is expected to continue to be implemented in another city, but on a much smaller scale, which will produce profits significantly lower than those of the 2014-2016 period.

Revenue from the Telecom Services segment reached VND 6,176 billion, up 21%, and PBT reached VND 944 billion, up 8% compared with 2015. Revenue from internet broadband services was VND 4,259 billion, up 17% compared with 2015. Under strong competitive pressure from large rivals, the number of internet subscribers continue to grow at double-digit pace, in line with the general growth rate of the whole market, showing that the broadband internet market in Vietnam has more growth capacity. At the same time, the allocation of fiber optic costs of previous years relating to subscribers in the two largest

The Telecom Services segment that provides services to corporate clients, with services including leased lines, hosting, etc. also recorded a healthy revenue growth of 18%, in which pay TV revenues recorded strong revenue growth of 124% compared with 2015. In 2016, for the first time, FPT introduced a new set-top box generation FPT TV 2016. The new set-top box integrated a breakthrough in technology with the ftvOS2.5 operating system, which was crafted and developed completely by FPT's technology experts.



“Ending its optical fibre campaign in 12 large provinces and cities, FPT Telecom has made good progress in providing internet and pay-television services. The pay-television service in particular has brought customers a new experience. In 2017, FPT Telecom will continue to aggressively implement its customer-focused strategy to deliver a great customer experience.”

Mr. **Nguyen Van Khoa**
FPT Telecom CEO

6,176 Revenue
Billion VND ▲ 21%

944 Profit before tax
Billion VND ▲ 8%

“Going Mobility” and applying “Digital Transformation” in supporting the functions of the Telecom Services segment.

In the telecom industry, there are three large workforces who are always on-the-go: sales, technical support and payment collection. Therefore, FPT has “mobilized” processes that are being adopted by these three groups of employees with a technology platform called INSIDE, with three matching mobile applications called MobiSale, MobiNet, and MobiPay.

Leveraging “Digital Transformation” to enhance competitive advantages within the “Customer Voice” program

- **Application of model efficient customer experience enhancement:** Putting the customer at the center of its development strategy, FPT believes that the application of “Customer Experience Management” (CEM) will be the primary differentiator through the continuous enhancement of customer experience.
- **The “Customer Voice”:** program deployed in FPT's Telecom Services segment aims to “listen” to customers, “understand” them, and turn this understanding into actions to improve customer satisfaction. From the “Digital Transformation” point of view, “Customer Voice” is actually a platform to centralize, manage and process customer feedback. The system measures customer satisfaction and records customer feedback at critical touch points across channels, from Call Centers, Live Chat, Facebook to new channels such as the mobile app Hi FPT. The level of satisfaction is rated by the method of CSAT (Customer Satisfaction). Low CSAT ratings feedback is sent to the relevant units to analyze and resolve, according to the principle of “closed loop feedback” – immediately handling each customer response.

- **MobiSale:** is a mobile app to improve sales people's efficiency with a high level of personalization and flexibility. MobiSale helps to digitalize 90% of business related processes, reduces 80% of paper work processes, has enabled “anywhere sales”, helped supervisors get real-time information about sales efficiency and has reduced 50% of the time and cost of sales while increasing sales orders by 25%.

- **MobiNet:** is a mobile app used by the technical force of FPT's Telecom Services segment to manage the implementation of technical work and technical support for customers. By tracking locations and digitalizing the customer support process, MobiNet has succeeded in reducing the total time and deployment for customer support from two days to 3-4 hours, reducing 35% of wasted time and cost, and allowing the management and monitoring of performance of 100% of the technical force.

- **MobiPay:** is designed to manage all payment collection activities in a highly secure app and is integrated with the billing systems of partners. This app aims to minimize manual processes and unnecessary paperwork, improving payment collection efficiency. Operating costs relating to payment collection activities are down 35%, and bad debt has been reduced by 20% thanks to the use of this app.

In late 2016, FPT Telecom won the ‘Digital Transformation of the Year’ award from International Data Corporation (IDC) at the Asia Media Conference in Singapore, in recognition of its efforts in digital transformation.

Digital Content segment

Digital Content segment recorded a year of outstanding growth



“ The most remarkable thing in 2016 was that the quality and prestige of VnExpress were highly appreciated by its readers. In 2017, FPT Online will continue building a high-quality press, developing mobile content and promoting videos to maintain its position as a pioneer in the digitized-platform based press and in the advertising business based on brand. ”

Mr. Thang Duc Thang
FPT Online CEO

In 2016, the Digital Content segment recorded revenue of VND 490 billion and PBT of VND 254 billion, up 31% and 52% compared with 2015, respectively. During the year, the segment recorded a financial gain, and normalized operating profit increased by 34% excluding the gain.

The above results reflect a year with many achievements. In business, after restructuring the sales force, all selling programs have exceeded plans. Advertising activity on mobile devices grew 70%, higher than the average growth of the segment. Content-based advertisement activities were better implemented with many new and attractive forms like infographics and interactive advertisements. Advertising, sales and content teams also coordinated better. In 2016, customers also spent more on advertising, especially in the real estate and pharmaceutical verticals.

490 Revenue
Billion VND ▲ **31%**

254 Profit before tax
Billion VND ▲ **52%**

Besides business, Digital Content segment applied Big Data systems to recommendations and advertisements to enhance automated handling and reduce processing time in daily work by 40%; deployed self-protected systems, which have isolated the system from many attacks; improved video function and automatic internet connection speed detection to serve suitable video quality; and developed internal governance systems to gradually put transformation strategies into practice.

Advertising activity on mobile devices grew 70% and were better implemented with many new and attractive forms

DISTRIBUTION AND RETAIL SECTOR

Distribution and Retail sector includes two companies:

- FPT Trading operates in the Distribution segment
- FPT Retail operates in the Retail segment.

The Distribution and Retail sector in 2016 recorded revenue of VND 23,037 billion, down 9%, and profit before tax of VND 544 billion, down 25% from the previous year. The main cause of the decrease comes from the Distribution segment.

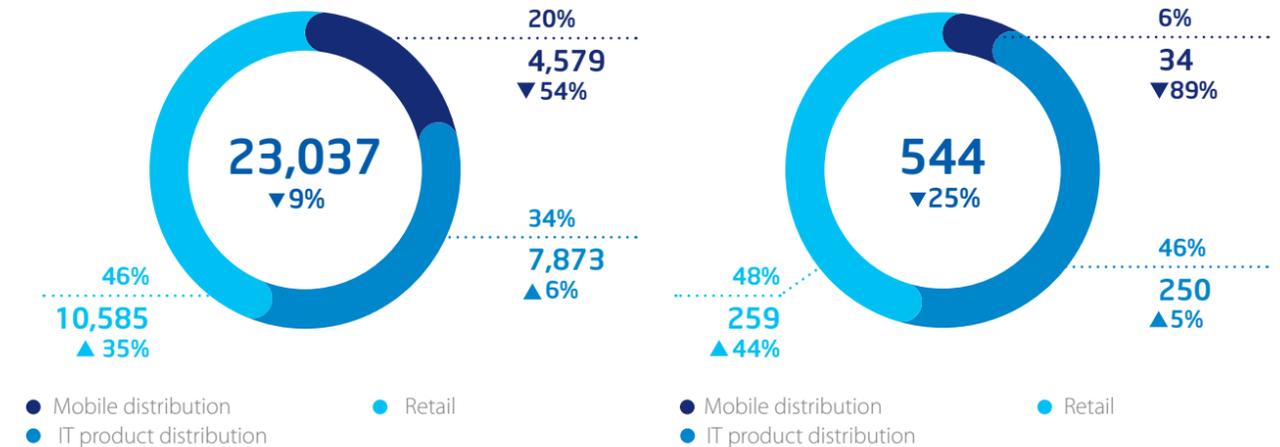
Distribution and Retail sector revenue

Unit: VND in billions



Distribution and Retail sector PBT

Unit: VND in billions



Distribution segment



“ In 2016, FPT Trading decided to restructure its organization towards becoming more streamlined and efficient. This created a strong foundation for the future operation of the Company. In 2017, FPT Trading will focus on finding and expanding into new business directions. ”

Mr. Bui Ngoc Khanh
FPT Trading CEO

The IT Distribution segment continued to grow in the context of a declining market. However, the Mobile Handset Distribution segment had difficulties, causing the Distribution segment to decline.

As expected from the beginning of the whole year, the policy change of Apple in Vietnam's distribution market by allowing large retailers to directly import iPhones, made the iPhone revenue of FPT Trading plummet more than VND 3,000 billion. Another event – and the main cause of the decline in revenue and profit of the Distribution segment – was that Microsoft said it was to shut down the Lumia smartphone business. This information made the consumption of Lumia products extremely difficult. The discount to release Lumia inventory made the profit of the Distribution sector in 2016 fall sharply. However, by the end of the year this product inventory had been sold out, so it will not affect the profit of 2017. The 2017 business plan will reflect this factor.

Retail segment



“ In 2016, FPT Retail continued to achieve high growth and improve its management system. In 2017, FPT Retail will focus on expanding its sales channels and in enhancing the customer experience. ”

Ms. Nguyen Bach Diep
FPT Retail CEO

Despite some concerns of more intensified competition in the industry, the Retail segment continued to record remarkable growth in revenue, profit and profit margins.

Revenue of the Retail sector in 2016 reached VND 10,585 billion, up 35%, and PBT of VND 259 billion, up 44%. The profit before tax margin was 2.5%, as compared with 2.3% in 2015. Online sales reached VND 900 billion in 2016, up 54.6% YoY, accounting for 8.5% of the Retail segment’s revenue.

In 2016, the Retail segment continued to implement major campaigns, which have brought about good sales effects such as the “We love FPT Shop” campaign, changing the attitude of both sales and support staff, such as security personnel who are often the first point of contact with customers, to create better empathy with customers to purchase from FPT stores. The F.Friends campaign, which labeled the program of cooperation with enterprises both inside and outside of FPT Corporation, helped to bring instalment payment solutions to another potential customer segment.

10,585 Revenue
Billion VND ▲ **35%**

259 Profit before tax
Billion VND ▲ **44%**

Digital transformation in the Distribution and Retail sector

The Distribution segment is highly competitive, so effective operation as well as cost management is the element to produce competitive advantage in this unit. Therefore, the Distribution segment has been investing to build a digital platform to manage supply chains and business operations comprehensively and transparently. The first expansion is to support e-commerce enterprises in using FPT as a logistic platform. FPT provides information about inventory and policies through an API for e-commerce providers, and manages all warehouses and logistics. Messages will be handled automatically through this platform. Another business model is being tested on this platform to support individual retail operations, where people can become product consultants through the Vimua hub to consult with end-users to choose appropriate products and trade on the digital platform of FPT.

The Retail segment, and other segments also have the same goal of serving individual customers of FPT, including telecom, information, education, and e-commerce. FPT is developing a general data management platform and is using Big Data technology to apply this in practice, such as with content recommendations. The application of content recommendations in FPT Shop has reduced human labor in giving product recommendations and improved the customer experience. In some categories and products, the click through rate increased by more than 100%, which is an encouraging initial achievement.

FPT is also using Artificial Intelligence systems (FPT.AI) to develop chatbots focusing on sales and consultancy about products to users through Facebook channels.

EDUCATION SEGMENT



“ In 2016, FPT University achieved impressive growth rates in enrolment and in the number of graduates who entered jobs after graduation. In 2017, FPT Education will set up new branches and implement a school education system at multiple levels and in many different locations. ”

Mr. Le Truong Tung
Chairman of FPT University

2016 is the second consecutive year that FPT University delivered an enrollment growth rate of over 30% compared with the previous year, equivalent to 2,004 new students being enrolled in 2016. By the end of the year, FPT’s education at all levels, including university, college and international cooperation with high schools, etc. had a total of 19,563 students, an increase of 18% compared with 2015.

In 2016, FPT University also received good news after receiving three licenses to establish branches in Ho Chi Minh City, Da Nang and Can Tho. As this is where FPT’s Software outsourcing segment is strong, this should create more synergies between these two segments of the Corporation

The online university FUNiX has attracted a total of 1,000 students in 62 out of 63 cities and provinces in Vietnam and from 13 countries around the world.

2016 was the second consecutive year that FPT University record its student enrolment growth that is above 30% compared with the prior year



ASSESSMENT OF THE BOD ON THE COMPANY'S PERFORMANCE

ASSESSMENT ON BUSINESS PERFORMANCE

Ending FY2016, FPT recorded consolidated revenue of VND 40,545 billion, up 1.4% compared with FY2015. PBT was up 5.7% YoY to VND 3,014 billion. However, these results of revenue and PBT were equivalent to 89% and 96% of the year to date (YTD) target, respectively. Most of the business sectors saw a high rate of YTD target achievement, except the Distribution business that recorded a drop in revenue and profit due to Microsoft's closure of their Lumia phone business, which made

consumption difficult and forced the Corporation to sell at a loss to release inventory. Excluding the revenue and PBT of the Distribution segment, the total remaining segments achieved 103% of the YTD revenue target and 106% of the YTD PBT target.

Overseas markets continued to be a key growth driver, going forward with revenue increasing 26% YoY to VND 6,121 billion, and PBT up 40% YoY to VND 935 billion.

RESULTS OF IMPLEMENTING STRATEGIC DIRECTIONS

Aspiring to be a global corporation

In 2016, the globalization direction of FPT continued to bring fruitful results, contributing significantly to overall performance.

- Revenue from overseas markets grew 26% compared with 2015, accounting for 15% of the total revenue, as compared with a 12% contribution in 2015. PBT increased by 40% compared with 2015, accounting for 31% of total PBT, compared with a 23% contribution in 2015;
- Three new offices were opened in Japan, Korea and China, bringing the total number of representative offices to 21;
- FPT affirmed its position in some overseas markets. The Japanese market exceeded USD 100 million in revenue, approaching the top 50 IT service providers in Japan in terms of scale. The Bangladesh market also achieved a total contract value of nearly USD 60 million;
- The number of foreign employees reached 1,210, up 6.6% compared with 2015. The total average number of employees participating in providing IT services abroad was 10,000.

Pioneering in the digital world

With the development of technology, the fourth industrial revolution will bring outstanding development opportunities not only to FPT, but to all enterprises, institutions and Vietnam in general. FPT has been working with technology corporations who are leading the digital revolution and engaging more deeply in the global technology value chain, especially in S.M.A.C and the Internet of Things (IoT).

- Revenue from providing new technology (S.M.A.C, IoT) related solutions to customers saw an impressive increase of 144% to VND 2,197 billion in 2016;
- Accompanying enterprises owning IoT and Industrial Internet of Things (IIoT) technology platforms to help leading global firms change their ways of doing business, and their business models, in the digital economy. FPT is a local partner in IoT of General Electric, a leading global industrial group, and has been granted a special AWS certificate for companies with 200 or more AWS certificates, representing growth and FPT's remarkable capability in AWS's Cloud technology;

- Together developing a technological community through launching the OpenFPT port (sharing and connecting technologies and research results of FPT and its subsidiaries to the tech community), co-founding the Vietnam Innovative Startup Accelerator (VIISA), and organizing the "Digital race" programming contest;
- Accelerating the digital transformation of FPT by implementing Facebook At Work across the Group as an effective work tool; FPT will be the first and largest Vietnamese enterprise to implement Microsoft's cloud computing technology across the entire operation of the Group in order to optimize operational efficiency and improve competitiveness; deploy the recommendation system for VnExpress, FPT Play, FPT Shop, Sendo.vn to suggest content and products to users; and digitally transform business processes at FPT Telecom and FPT Retail with applications such as Mobile POS and Mobile Sale;
- Employees have obtained 3,283 technology certificates from large corporations;
- The first Vietnamese enterprise to have achieved a 'Digital Transformer of The Year' award as voted by the multinational group International Data Corporation (IDC) for its efforts in providing telecom services and approaching international integration, particularly the ability to catch the market to commercialize telecom services.

Heightening the position

With the desire to improve Vietnam's position in the global technology value chain, FPT has been trying to build the image of the Corporation in both the domestic and overseas markets.

- Three consecutive years in the 'Top 100 Global Service Providers' as assessed by IAOP;
- Featured in the 'Top 300 Asian Enterprises' as assessed by Nikkei;
- Signing 21 large contracts with the revenue of each contract amounting to over USD 2 million.

At the same time, we continued to build the Corporation into a learning organization in order to meet rapidly changing technology and increase the capacity of the management team. In 2016, the number of training hours per person was 41 hours compared with the average target of 20 hours.

ASSESSMENT ON VALUES FPT BROUGHT TO STAKEHOLDERS TOWARDS SUSTAINABILITY

Stakeholders	Values
Shareholders and investors	<ul style="list-style-type: none"> • PBT: VND 3,014 billion, up 5.7%; • EPS: 3,925 VND/share; • Paid final dividends of VND 2,000 per share in cash and 15% by stock; • Recognized as one of five companies with the best corporate governance in Vietnam by financial publication Asia Money. FPT continued winning two out of five important categories including 'Best for Shareholders' Rights and Equitable Treatment in Vietnam' and 'Best for Investor Relations in Vietnam', and was ranked among the 'Top 3 for Disclosure and Transparency'.
Customers	<ul style="list-style-type: none"> • Provided products, services and solutions based on core technology platforms of the digital revolution such as IoT, IoV, analytics, and robotics in order to help customers catch up with trends and improve competitiveness; • Implemented effective programs to enhance customer experience and satisfaction such as the 'We love FPT Shop', and the 'Managing the customer experience' programs held by FPT Telecom.
Employees	<ul style="list-style-type: none"> • Recorded 1,011,455 training hours with 223,399 people trained; • Continued to be honored at the Vietnam HR Awards 2016 (the awards for enterprises with outstanding HR policies in Vietnam) in two categories: 'The Best Working Environment Award', and 'The Training & Human Capital Development Award'.
Vietnamese Government	<ul style="list-style-type: none"> • Contributed VND 5,638 billion to the State Budget; • Deployed many important nationwide IT Projects in the field of e-government, public finance, transportation, healthcare, etc.
Community	<ul style="list-style-type: none"> • Considering education as a key factor for growth, FPT set investment for education as the focus of community activities. In 2016, FPT spent VND 28.6 billion on investment in education, accounting for 88.7% of total funding for social activities; • Organized a variety of community activities, attracting thousands of employees in attendance; • 14 blood donation campaigns, collecting 2,647 units of blood; • 15 campaigns of assistance and relief for 4,549 households impacted by floods and other natural disasters in 18 cities and provinces.
Environment	<ul style="list-style-type: none"> • FPT has always completed the Environment Impact Assessment Report as well as complied with regulations related to environmental protection. Simultaneously, during the office design process, FPT consistently prioritized the application of new, eco-friendly technologies and materials, and makes the most of natural energy sources to minimize environmental impacts; • Disseminated and increased the awareness of all staff members about the importance of protecting our environment: the "10 DO to save electricity" posters, and activities in response to Earth Hour, to name a few.

ASSESSMENT OF THE BOD ON THE BOM'S PERFORMANCE

MONITORING METHOD

The BOD monitored the BOM's activities by:

- Monitoring the completion of important indicators committed to by the CEO and the BOM;
- Requesting the CEO and the BOM report business performance at quarterly meetings of the BOD;
- Coordinating with the Supervisory Board to closely monitor the company's operations in order to raise practical recommendations for the CEO and the BOM to fulfill the tasks assigned by the AGM and the BOD;
- In order to follow business operations of the company, the BOD's members actively participated in weekly meetings and other periodic meetings of the BOM.

GENERAL ASSESSMENT

In 2016, the CEO and the BOM at all levels have worked hard in implementing the business goals of the Corporation. Failure to meet the business plan in 2016 was partly due to FPT's inventory management problem with Microsoft Lumia phones. However, the key influence event was that Microsoft decided to stop business operations for Nokia Lumia. Excluding the impact from this incident, the other sectors of FPT grew and PBT for the whole Corporation will achieve double-digit growth.

The BOD highly appreciated the CEO and the BOM in implementing the globalization strategic direction. The objectives of the globalization strategic direction achieved positive results and made significant contributions to the business results of the Corporation. Revenue and profit from globalization continued to grow well, up 26% and 40% respectively compared with 2015.

During the operation, the BOM has complied with all the provisions of law, the Company Charter, the Resolution of the AGM, the Resolutions of the BOD and the Decisions of the Chairman.

THE BOD'S PLAN AND GUIDANCE FOR 2017

Based on macroeconomic condition analysis and forecasts in the country and abroad, the trends of IT industry and strategic directions of the Corporation, the BOD has approved the guidance for 2017 as follows:

MAIN TARGETS FOR 2017:

Unit: VND in billions

Business sectors	Revenue			Profit before tax		
	2016	2017	YoY change	2016	2017	YoY change
Technology	9,962	11,830	18.9%	1,102	1,359	23.3%
Telecom	6,666	7,746	16.2%	1,198	1,210	1.0%
Distribution & Retail	23,037	26,093	13.3%	544	741	36.2%
Education & Investment	878	950	6.8%	170	98	-42.2%
Total	40,545	46,619	15.0%	3,014	3,408	13.1%

PROSPECT AND DIRECTIONS BY BUSINESS SECTORS

Technology sector

Software Outsourcing continued to play an important role in the globalization strategy. The BOD decided to select several specific directions for 2017 including: promoting both digital transformation-related and traditional services; focusing on big global customers; stimulating domain business in automobiles, banking and finance, and utilities; and increasing fixed price contracts. In addition, the Corporation continued to seek M&A opportunities to drive external growth.

The Software Solutions, IT Services and System Integration segments will step up R&D of smart solutions in many fields. In addition, the Corporation will continue to focus on bidding for projects funded by international organizations in developing countries.

Telecom sector

In 2017, the Corporation will continue to upgrade infrastructure in remaining areas and expand coverage to develop new subscribers. Following 2016's growth momentum, the Corporation will also develop PayTV services in 2017. In the Digital Content segment, the Corporation will develop the English language version as well as new websites, focusing on mobility features and new trends.

Distribution and Retail sector

In the Retail segment, the Corporation will continue to expand its scale in 2017. In addition, the Corporation will strengthen business efficiency by continuing investment in e-commerce, customer programs and new products.

In the Distribution segment, FPT will promote participation and enhancement of value chains in the distribution field such as logistics and sales. In addition, the Corporation will strengthen investment in repair and warranty service chains on a national scale.

Education segment

With the direction to become an educational system with the five criteria of multi-level, multidisciplinary, multi-segment, multi-modal and multi-location, in 2017, in addition to enrolment activities, FPT will enhance new investments in education campuses in HCMC, Da Nang and Can Tho cities under the newly issued license.

46,619 Revenue in 2017
Billion VND ▲ 15%

3,408 Profit before tax in 2017
Billion VND ▲ 13%

THE INVESTMENT PLAN FOR 2017

In 2017, FPT will focus on some of following main activities:

- Investment in infrastructure for Telecom services and Pay-TV services;
- Investment in offices for the Technology sector to meet long-term demand with reasonable costs;
- Investment in new educational campuses.

The investment demand in 2017 is as follows:

Unit: VND in billions

Capital expenditure guidance by business sectors	2017
Technology	534
Telecom	1,537
Distribution & Retail	13
Education & Others	200
Total capex needed for existing businesses	2,284

In 2017, the BOD will maintain regular quarterly meetings according to the law and organize some sessions in the form of collecting opinions in writing to implement the resolutions of the AGM. It will also direct the implementation of strategic directions, programs and targets for 2017. Details are as follow:

- Promoting Globalization and Pioneering in Digital Transformation, driving the growth motivation for the Corporation;
- Supervising the implementation of restructuring in subsidiaries to improve efficiency;
- Enhancing capability of management teams in response to the development strategies of the Corporation and promote the Founder's Mentality;
- Improving corporate governance in accordance with international standards, while at the same time enhancing the role of risk control in financial management, accounting and auditing, and corporate risk management;

- Continuing to promote the platforms built for years to achieve sustainable business growth, build up strong human resources and technology development for the community as well as raise awareness about protecting the environment in employees.

Promoting Globalization and Pioneering in Digital Transformation, driving the growth motivation for the Corporation

04

CORPORATE GOVERNANCE

DIGITAL TRANSFORMATION

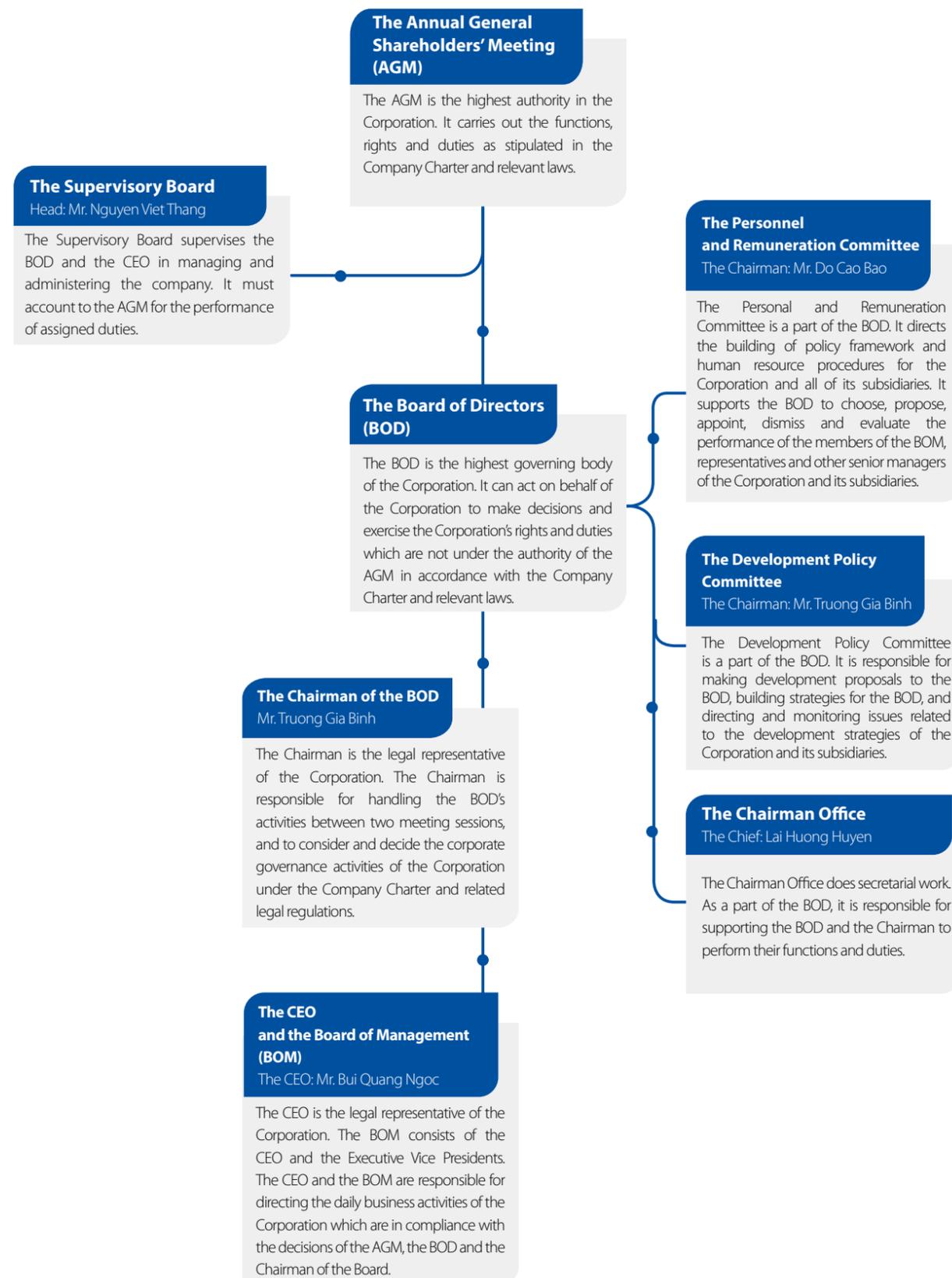
IN FPT

Digital transformation plays a pivotal role in improving customer experiences, expanding business models, and enhancing operational efficiency, which helps FPT create competitive advantages, increase service quality and stimulate growth.



OVERALL CORPORATE GOVERNANCE STRUCTURE

THE CORPORATION'S GOVERNANCE STRUCTURE CONSISTS OF:



INFORMATION AND ACTIVITIES OF THE BOD

BOARD MEMBERS AND STRUCTURE

No.	Member	Position	Percentage of voting rights / share ownership	Current title in the BOD of other companies (as of December 31 st , 2016)
1	Mr. Truong Gia Binh	Chairman	7.12%	<ul style="list-style-type: none"> Member of the BOD of FPT Telecom Joint Stock Company. Member of the BOD of FPT Education Company Limited. Member of the Board of Members of FPT Information System Company Limited.
2	Mr. Bui Quang Ngoc	Vice Chairman	3.71%	<ul style="list-style-type: none"> Member of the BOD of FPT Telecom Joint Stock Company. Member of the BOD of FPT Education Company Limited. Member of the Board of Members of FPT Information System Company Limited.
3	Mr. Do Cao Bao	Member	1.18%	<ul style="list-style-type: none"> Chairman of FPT City Da Nang Joint Stock Company. Member of the Board of Members of FPT Information System Company Limited.
4	Mr. Le Song Lai	Non-executive member	0.00%	<ul style="list-style-type: none"> Member of the BOD of Vietnam Dairy Products Joint Stock Company. Member of the BOD of Bao Minh Insurance Corporation. Member of the BOD of Vietnam National Reinsurance Corporation. Chairman of the Board of Member of SCIC Investment Company Limited. Chairman of the Board of Members of Trang Tien Plaza Company Limited.
5	Mr. Jean-Charles Belliol	Non-executive member	0.00%	<ul style="list-style-type: none"> None
6	Mr. Tomokazu Hamaguchi	Independent member	0.00%	<ul style="list-style-type: none"> Member of the BOD of IHI Corporation. Member of the BOD of JR East Railway Company. Member of the BOD of Kuraray Co.,Ltd.
7	Mr. Dan E Khoo	Independent member	0.00%	<ul style="list-style-type: none"> Chairman of Malaysia Digital Economic Corporation (MDEC) Americas Inc.

(Note: The number of owned shares is referred to in the list of shareholders as of March 1st, 2017)

ACTIVITIES OF THE BOD

Number of BOD meetings

No.	Board member	Position	Commencement date	Number of meetings attended	Percentage of attendance
1	Mr. Truong Gia Binh	Chairman	April 12 th , 2012	8/8	100%
2	Mr. Bui Quang Ngoc	Vice Chairman	April 12 th , 2012	8/8	100%
3	Mr. Do Cao Bao	Member	April 12 th , 2012	8/8	100%
4	Mr. Le Song Lai	Member	April 12 th , 2012	8/8	100%
5	Mr. Jean-Charles Belliol	Member	April 12 th , 2012	8/8	100%
6	Mr. Tomokazu Hamaguchi	Member	April 3 rd , 2014	8/8	100%
7	Mr. Dan E Khoo	Member	April 3 rd , 2014	8/8	100%

Contents and results of the meetings

In 2016, 08 sessions were held, include 04 face-to-face meetings and 04 written working sessions. Only 05 out of 08 sessions have resolutions issued, the remaining 03 sessions include discussions without issuing resolutions.

Session	Participants	Main content
Session 01 January 6 th – 13 th , 2016	Opinions collected in writing	<ul style="list-style-type: none"> Reported the proposal to appoint Mr. Do Cao Bao as Executive Vice President of Business Development. Reported the change in organizational structure of FPT IS. Reported the holder-of-record date and date to organize the 2016 AGM. Reported 2015 Employee Stock Ownership Plan (ESOP) program.
Session 02 January 27 th , 2016	The BOD: 7/7 Observers: <ul style="list-style-type: none"> The Supervisory Board: 3/3 The BOM: 4/6 	<ul style="list-style-type: none"> Reported the business result of 2015. Reported the 2016-2018 strategy.
Session 03 March 10 th , 2016	The BOD: 7/7 Observers: <ul style="list-style-type: none"> The Supervisory Board: 1/3 The BOM: 4/6 	<ul style="list-style-type: none"> Reported the 2016 AGM agenda and content. Reported the BOD report and direction for 2016. Reported the proposal on the BOD's budget & compensation package for FY2016. Reported 2015 audited financial statements. Reported the proposal of 2015 profit distribution plan and 2016 cash dividend policy. Reported the amendment of Company Charter in accordance with Law on Enterprises 2014. Reported the proposal of independent auditors to conduct audit on 2016 financial statements. Reported the regulations for 2015 Employee Stock Ownership Plan (ESOP) program.
Session 04 April 19 th – 26 th , 2016	Opinions collected in writing	<ul style="list-style-type: none"> Reported the 2015 final cash dividend payment. Reported the stock dividend policy using retained earnings to distribute to existing shareholders.
Session 05 June 28 th – July 04 th , 2016	Opinions collected in writing	<ul style="list-style-type: none"> Reported the appointment of Deloitte Vietnam Ltd. as the auditor of FPT Corporation for the year 2016.
Session 06 July 25 th , 2016	The BOD: 7/7 Observers: <ul style="list-style-type: none"> The Supervisory Board: 2/3 The BOM: 5/6 	<ul style="list-style-type: none"> Reported the business result in the first half of 2016 and the plan for the second half of 2016. Reported the plan to increase charter capital for FPT Software. Reported cash dividend payment plan in advance for the first phase of 2016. Reported the reappointment of Mr. Bui Quang Ngoc, Vice Chairman of the BOD to the CEO of FPT Corporation.
Session 07 November 10 th , 2016	The BOD: 7/7 Observers: <ul style="list-style-type: none"> The Supervisory Board: 2/3 The BOM: 6/6 	<ul style="list-style-type: none"> Reported the business result in the third quarter and plan to complete the target for 2016.
Session 08 December 26 th – December 30 th , 2016	Opinions collected in writing	<ul style="list-style-type: none"> Reported the proposal to dismiss Mr. Nguyen Khac Thanh as Executive Vice President of Global Human Resources.

Resolutions issued by the BOD in 2016

No.	Resolution No.	Date	Content
1	01.01-2016/NQ-HĐQT FPT	Jan 28 th , 2016	<ul style="list-style-type: none"> Appointed Mr. Do Cao Bao as Executive Vice President of Business Development. Approved the organizational change of FPT IS (a FPT's subsidiary) from having a Chairman into having a Board of Members to conduct similar roles. Approved the holder-of-record date and date to organize the 2016 AGM. Exercised the 2015 AGM Resolution on approving the 2015 Employee Stock Ownership Plan (ESOP) program.
2	02.01-2016/NQ-HĐQT FPT	Feb 2 nd , 2016	<ul style="list-style-type: none"> Approved the business results of 2015. Approved the 2016-2018 Strategy with three key directions including Becoming a global corporation; Pioneering in the digital world and Heightening the position, and the 2016 business plan.
3	01.03-2016/NQ-HĐQT FPT	March 10 th , 2016	<ul style="list-style-type: none"> Approved the 2016 AGM agenda. Approved the BOD report on 2015 performance, direction and business plan for 2016. Approved the Proposal on the BOD's budget & compensation package for FY2016. Approved 2015 Audited Financial Statements. Approved the proposal of 2015 profit distribution plan and 2016 cash dividend policy. Approved the amendment of Company Charter in accordance with Law on Enterprises 2014. Approved proposal of independent auditors to conduct audit on 2016 Financial Statements to submit the AGM for approval.
4	02.03-2016/NQ-HĐQT FPT	March 14 th , 2016	<ul style="list-style-type: none"> Approved the regulations for 2015 ESOP program.
5	01.04-2016/NQ-HĐQT FPT	April 26 th , 2016	<ul style="list-style-type: none"> Approved the 2015 final cash dividend payment. Approved the stock dividend policy using retained earnings to distribute to existing shareholders.
6	01.07-2016/NQ-HĐQT FPT	July 07 th , 2016	<ul style="list-style-type: none"> Appointed Deloitte Vietnam Ltd. as the auditor of FPT Corporation for the year 2016.
7	02.07-2016/NQ-HĐQT FPT	July 25 th , 2016	<ul style="list-style-type: none"> Approved to increase charter capital for FPT Software. Approved the interim cash dividend payment in 2016. Approved to reappoint Mr. Bui Quang Ngoc, Vice Chairman of the BOD to the CEO of FPT Corporation from August 05th, 2016.
8	01.12-2016/NQ-HĐQT FPT	December 29 th , 2016	<ul style="list-style-type: none"> Approved to dismiss Mr. Nguyen Khac Thanh as Executive Vice President of Global Human Resources.

Activities of non-executive and independent members of the BOD

By December 31st 2016, FPT's BOD had three independent members, including: Mr. Jean-Charles Belliol, Mr. Tomokazu Hamaguchi and Mr. Dan E Khoo. These independent members participated in all regular meetings of the BOD in 2016 and contributed important ideas and recommendations in the Corporation's operation and development strategy, as well as actively discussed about business targets, development directions in each business sector and gave suitable proposals and solutions. In addition, with their experience as a BOD member in many big firms, they made many important contributions to the Corporation's corporate governance.

Notable activities of the BOD's independent members in 2016 are as follows:

Mr. Jean-Charles Belliol: With his vast experience in the field of banking and finance, in the BOD meeting sessions as well as the Corporation's Strategic Conference and the weekly briefing, he actively contributed ideas and recommendations for the financial and investment activities as well as some business targets for 2016 and the period of 2017-2019 of the Corporation and some subsidiaries.

Mr. Tomokazu Hamaguchi: With vast experience in globalization in general and Japan market in particular, he made several recommendations to promote globalization activities and enhance competitive capability of some important business segments of the Corporation such as software outsourcing and telecom services. In 2016, FPT's revenue in Japan exceeded USD 100 million, reached USD 128 million, up 49% against 2015, equivalent to 52% growth in VND term.

Mr. Dan E Khoo: As the Chairman Emeritus of the World Information Technology and Services Alliance (WITSA), he had many chances to quickest access new global technology trends. These are important practical experience which helped him make strategic advices for FPT to invest and develop products, services and solutions to meet the technology transformation trends, especially digital transformation-related ones. In the role of strategic consultant for the Corporation in developing countries, he also connected FPT with some partners and customers to supply IT services in Malaysia.

The BOD member owning certificates on corporate governance

In 2016, FPT Corporation appointed three directors to participate in corporate governance training course held by The Securities Research and Training Center under the State Securities Commission. Up to now, the Corporation has four directors who are members of the BOD, the Supervisory Board, and the BOM owning certificates on corporate governance as regulated in Article 34, Circular 121/2012/TT-BTC regulating on corporate governance for public companies. The details are as follow:

- Mr. Le Song Lai - Non-executive member of the BOD
- Mr. Do Cao Bao - Executive Vice President of Business Development, member of the BOD
- Mr. Hoang Viet Ha - Chief Operating Officer
- Mr. Nguyen Viet Thang - Head of the Supervisory Board

ACTIVITIES OF COMMITTEES UNDER THE BOD

There are three committees under the BOD. The details of activities are shown below:

The Personnel and Remuneration Committee

Implementing the senior leadership planning and development program:

- Planning, evaluating, rotating and training senior managers.
- Building the leadership evaluation radar chart with 13 criteria that will be applied to those at the parent company and subsidiaries.
- The result: completed the evaluation of 248 leaders/managers at all levels of FPT.

Implementing the corporate restructuring program:

- Implementing the restructuring of FPT Information System Company Limited (FPT IS) following BOD's direction towards rebuilding the whole organizational structure to strengthen its competitiveness and to be in line with FPT's overall strategies and reorganizing FPT IS into business domains and verticals.
- Implementing the restructuring of FPT Trading Company Limited (FPT Trading) following BOD's direction towards rebuilding the whole organizational structure to strengthen its competitiveness and to be in line with FPT's overall strategies; reorganizing the salesforce by products and centralizing and trimming the business support units in order to have leaner supporting functions, and to be more adaptive to business needs.
- Implementing the restructuring of FPT Education to divide into specific blocks, in that the FPT University block includes FPT University and new campuses in Ho Chi Minh City, Da Nang and Can Tho.

Issuing the updated corporate personnel and remuneration policies:

- Updating FPT's basic salary matrix subject to regulatory requirements.
- Amending internal policies and regulations including FPT Commendation Regulation, and basic salary matrix subject to government's regulations.
- Directing and supervising the drafting and issuance of regulations and policies of subsidiaries to make sure they are compliant with FPT regulations.

Formulating the human resource (HR) development strategy:

- Directing the formulation of HR development strategy using 2016 Balanced Scorecard (BSC) which applies to all subsidiaries and their own subsidiaries with detailed action plans and indicators customized for different periods at different subsidiaries.
- Directing the drafting of action plans in 2016 in accordance with the HR development strategy.
- Directing the project of formulating detailed job descriptions (MyFPT project) at all subsidiaries.

Directing the formulation and implementation of the project to develop top talents:

- Building policies for top talents.
- Directing the training and development programs for top talents, including training MiniMBA and leadership skills.
- Managing, keeping track of and coaching top talents through training and development programs for each group, drafting specific policies for the groups of top talent.

Directing the creation and implementation of the project to improve the quality of FPT's human resources to meet global standards:

- Directing the creation of full Job Descriptions (JD) for positions involving the "Going Global" strategy, and working standards in an international environment; preparing human resources pool for "Going Global" using both Vietnamese and non-Vietnamese resources; and strengthening the branding of FPT in recruitment.
- Directing the drafting and supervising the implementation of training programs in terms of foreign languages, professional skills and expertise to meet global standards, which have been actively implemented by FPT Software and FPT IS.
- Working with FPT Corporate University to implement training programs that are applicable to all FPT staff; logging number of hours spent on teaching and studying for each employee; and putting online training programs such as Massive Open Online Courses (MOOC) into operation.
- Directing the Mentor-Mentee program, applied across the corporation, to train managers to be trainers.

The Development Policy Committee

- Tracking and directing the implementation of the 2016 Business Plan to achieve targets.
- Organizing FPT strategic conference to evaluate the results and further developing the 2017-2019 strategy with the theme "Co-pioneering in the digital revolution".
- Organizing symposium to research, develop and implement strategies including digital transformation, rapid growth and the company's position enhancement, and founders' mentality promotion.
- Continuing to monitor and implement restructuring and improving competitiveness of member companies including FPT IS and FPT Trading; enhancing international competitiveness; and serving VIP customers of FPT Software in the group-wise globalization strategy.
- Directing the making of the 2017 Business Plan at FPT and subsidiaries with challenging double-digit growth targets.

- Giving guidance to the development of advanced technologies such as S.M.A.C/IoT, AI, Security, etc. to co-pioneer with global corporations in the digital revolution.

- Step-by-step implementing of a risk management system to identify and limit business and operating risks.

The Chairman's Office

- Assisting the Chairman and the BOD to hold periodic meetings and collect opinions in writing; drafting and releasing documents of the BOD in accordance with regulations specified in the Corporate Governance Framework, the Company Charter, the Law on Enterprises and other legislative regulations.
- Coordinating to hold the AGM in March 2016.
- Providing information to members of the BOD and the Supervisory Board and the Corporation's shareholders upon request.

OVERALL EVALUATION OF THE BOD'S PERFORMANCE

In 2016, FPT's BOD was always attentive to business activities, complied with the general regulations of the BOD, directed and strictly supervised the operation of the BOM to ensure the implementation of strategic goals and plans in a timely manner, focused on globalization and defined foreign markets as the key growth target in the future.

The development of strategy continues to be consolidated. The strategy building model was implemented at the corporate level to define strategic goals, strategic actions and action plans that must be implemented immediately. The BOD Chairman directed and supervised the dissemination and implementation of the strategic building model in every subsidiary to ensure consistency in direction and performance at all levels.

According to the strategic direction agreed upon in the Corporation since the beginning of the year, the BOD directed and supported the BOM in implementing the quick restructuring and streamlining of subsidiaries, whereby subsidiaries' operational systems have been strengthened, senior leaders have been rotated, cohesive and strong teams formed, and a new vitality for delivering business growth has been created, which is developing momentum for the great long-term goals ahead.

The Corporation continues to improve transparency in corporate governance. The BOD's independent members are all foreigners who have held leadership positions for many years and have highly-regarded reputations in the regional information technology sector. They also have profound experience and an extensive network of contacts that allows them to make large contributions to FPT's global strategy in terms of direction and the development of new markets in 2016.

REPORT OF THE SUPERVISORY BOARD

THE INFORMATION OF THE SUPERVISORY BOARD MEMBERS

No.	Member	Position	Commencement Date	Number of attendance	Percentage of attendance	Reasons for absence
1	Mr. Nguyen Viet Thang	Head	April 12 th , 2012	5/5	100%	
2	Mr. Cao Duy Ha	Member	April 12 th , 2012	5/5	100%	
3	Mr. Nguyen Khai Hoan	Member	April 12 th , 2012	4/5	80%	On business trip

ACTIVITIES OF THE SUPERVISORY BOARD

The board's meeting sessions

In 2016, the Supervisory Board held 05 meetings. The details and main contents are below:

Session	Participation	Main content
Session 01 Jan 26 th , 2016	3/3	<ul style="list-style-type: none"> Reviewed and evaluated the Corporation's 2015 consolidated financial statement; evaluated the 2015 business results that the BOM had prepared for the 2015 fourth quarter BOD meeting. Evaluated supervision compliance with regulations of members of the BOD, the BOM and the management positions of the Corporation in 2015. Discussed and assigned preparations for the reports on 2015's activities and 2016's plan of the Supervisory Board.
Session 02 May 18 th , 2016	3/3	<ul style="list-style-type: none"> Assigned detailed tasks to each member in 2016 after the AGM. Approved the Supervisory Board's 2016 action plan with details regarding its members pursuant to the BOD's resolution. Reviewed and evaluated the Corporation's first quarter financial statements.
Session 03 July 20 th , 2016	3/3	<ul style="list-style-type: none"> Reviewed and evaluated the Corporation's 2016 second quarter consolidated financial statements; evaluated the business results in the first half of 2016 which the BOM had prepared for the 2016's second quarter BOD meeting. Evaluated supervision compliance with regulations of members of the BOD, the BOM and the management positions of the Corporation in the first half of 2016. Planned to evaluate overdue and bad debts in 2016 that is expected to be executed in September 2016.
Session 04 November 5 th , 2016	3/3	<ul style="list-style-type: none"> Reviewed and evaluated the Corporation's 2016 third quarter consolidated financial statements; evaluated the business results in nine months of 2016 which the BOM had prepared for the 2016's third quarter BOD meeting; assessed the ability to reach the 2016 revenue and profit target. Reviewed and evaluated the internal supervision results of the Compliance Monitoring Department in the first nine months of 2016.
Session 05 December 20 th , 2016	2/3	<ul style="list-style-type: none"> Assessed the supervision of overdue debts and 2016's third quarter consolidated financial statement; evaluated the 2015 ESOP shares issuance result. Assessed the ability to fulfil the Corporation's 2016 plan and reviewed the 2016 business results. Discussed and assigned the board members' activities from now to the 2017 AGM.

Monitoring the implementation of the resolution of the 2016 AGM

In 2016, FPT did not complete all the goals approved in the resolutions of the 2016 AGM.

- 2016 business results: Revenue reached VND 40,545 billion, completing 89% of the 2016 plan and increasing by 1.4% against 2015. Profit after tax reached VND 2,576 billion, completing 97% of the plan and increasing by 5.6% against 2015.
- The Corporation completed forming funds as regulated, and ensured the full payment obligation to the State budget.
- The Corporation paid 2015 dividend of 10% in cash and 15% by stock and paid in advance 2016 dividend of 10% in cash in accordance with the resolution passed at the 2016 AGM.

- Remuneration paid to the BOD and Supervisory Board: In 2016, the Corporation paid the BOD and the Supervisory Board members in accordance with the regulations and norm that was approved by the 2016 AGM.

Supervising the Corporation's operations and finances

- Reviewed the Corporation's quarterly financial statements prepared by the BOM.
- Monitored the 2015 dividend payment (which had been issued in 2016) to ensure compliance with the legal regulations and the AGM's approval.

Monitoring the members of the BOD, the BOM and management staff

- Checked, supervised and ensured the Corporation's activities complied with the Law on Enterprise; the Company Charter and the 2016 AGM resolution.
- Assigned members to take part in all BOD meetings and enthusiastically contribute to corporate governance activities.
- Supervised the plan and implementation of 2015 ESOP shares in compliance with the AGM resolution.

The operating collaboration between the Supervisory Board and the BOD, BOM and management staff

- The Supervisory Board always received full information on the Corporation's business plan in the period.

- The Supervisory Board actively and regularly coordinated with the BOD and BOM.

- The Supervisory Board tightly collaborated with the Compliance Monitoring Department to monitor the supervision results in the period.

Monitoring the compliance

In 2016, the Supervisory Board did not uncover any unusual matters which affected or violated regulations of the State and the Corporation in activities of members of the BOD, BOM, or the Corporation's managers.

Selecting an independent auditor for 2015

The Supervisory Board collaborated with the BOM to evaluate and choose Deloitte Vietnam Company Limited to be the Corporation's independent financial auditor for 2016.

SUMMARY OF THE REMUNERATION AND OPERATING EXPENSES OF THE SUPERVISORY BOARD

In 2016, the Supervisory Board's members attempted to implement their functions and duties. The total remuneration provided in advance to each Supervisory Board member was VND 663,000 million out of a total of VND 788 million approved by the 2016 AGM.

THE SUPERVISORY BOARD'S 2017 OPERATING PLAN

- Monitoring compliance with the resolutions of the 2016 AGM Meeting; Reviewing evaluation report of the Independent Auditor and monitoring the implementation of issues raised by the audit.
- Reviewing and supervising annual financial regulations, rules, operational regulations and policies issued by the BOD and BOM; at the same time, ensuring legal compliance and assessing impacts on the interests of shareholders when implementing these regulations.
- Strengthening cooperation between the Supervisory Board and Compliance Monitoring Board to assess and timely handle emerging issues; and supervising the process after checking/inspection. In 2017, the Supervisory Board expects to cooperate with from three to four delegations with the Compliance Monitoring Department in periodical or thematic monitoring plans during the year.

TRANSACTIONS, REMUNERATION AND OTHER BENEFITS FOR THE BOD, THE SUPERVISORY BOARD AND THE CEO

REMUNERATION AND OTHER BENEFITS

Pursuant to the 2016 remuneration package approved by the AGM 2016, the actual remuneration for the BOD, the CEO and the Supervisory Board are as follows:

Unit: VND in millions

	Salary		Bonus (% profit before tax)		Compensation	
	Approved by the AGM	2016	Approved by the AGM	2016	Approved by the AGM	2016
The BOD Executive members	10,760	9,870	Not exceed 0.49%	0.44%	None	None
The BOD Independent, Non-executive members	None	None	None	None	5,300	5,010
The Supervisory Board members	None	None	None	None	788	663

The detailed salary, bonus and compensation for all BOD members in 2016 are as follows:

Unit: VND

Members	Position	Executive	Independent, Non-executive	Monthly compensation	Salary	Bonus	Compensation	Total
Mr. Truong Gia Binh	Chairman	x			44%	56%	0%	100%
Mr. Bui Quang Ngoc	Vice Chairman, CEO	x			40%	60%	0%	100%
Mr. Do Cao Bao	Member	x			47%	53%	0%	100%
Mr. Le Song Lai	Member		x	20,000,000	0%	0%	100%	100%
Mr. Jean-Charles Belliol	Member		x	20,000,000	0%	0%	100%	100%
Mr. Tomokazu Hamaguchi	Member		x	186,945,883	0%	0%	100%	100%
Mr. Dan E Khoo	Member		x	186,945,883	0%	0%	100%	100%

The detailed compensation for members of the Supervisory Board in 2016 is as follows:

Unit: VND

Members	Position	Compensation
Mr. Nguyen Viet Thang	Head	299,000,000
Mr. Nguyen Khai Hoan	Member	158,600,000
Mr. Cao Duy Ha	Member	205,400,000

TRANSACTIONS OF INTERNAL AND MAJOR SHAREHOLDERS

No.	Transaction executor	Internal shareholder/ Major shareholder or related person	Number of shares owned at the beginning of the period		Number of shares owned at the end of the period		Reason for change (shares)	
			Number of shares	Percentage	Number of shares	Percentage		
1	Mr. Nguyen Viet Thang	Head of the Supervisory Board	52,414	0.01%	44,859	0.01%	Sold 25,000 shares, received 8,333 ESOP shares and 9,112 stock dividends	
2	SCIC Investment One Member Company Limited	Le Song Lai – BOD Member	18,962	0.31%	1,675,663	0.36%	Bought 1,464,590 shares, received 192,111 stock dividends	
3	Bao Minh Insurance Corporation	Le Song Lai – BOD Member	100,000	0.025%	172,500	0.04%	Bought 50,000 shares, received 22,500 stock dividends	
4	Vietnam Enterprise Investments Limited	Major shareholder Dragon Capital	7,333,195	1.84%	10,568,174	2.30%	Bought 2,060,000 shares, received 1,174,979 stock dividends	
5	Norges Bank		6,239,900	1.56%	9,575,505	2.09%	Bought 2,219,670 shares, received 1,115,935 stock dividends	
6	Amersham Industries Limited		8,130,638	2.04%	9,380,233	2.04%	Bought 30,000 shares, received 1,219,595 stock dividends	
7	Wareham Group Limited		6,403,271	1.60%	7,363,761	1.60%	Received 960,490 stock dividends	
8	DC Developing Markets Strategies Public Limited Company		792,227	0.20%	1,443,260	0.32%	Bought 505,150 shares, received 145,883 stock dividends	
9	Grinling International Limited		801,880	0.20%	1,021,162	0.22%	Bought 99,000 shares, received 120,282 stock dividends	
10	Balestrand Limited		745,273	0.19%	940,063	0.20%	Bought 83,000 shares, received 111,790 stock dividends	
11	Venner Group Limited		814,510	0.20%	936,686	0.20%	Received 122,176 stock dividends	
12	The CH/SE Asia Investment Holdings (Singapore) Pte. Ltd.		108,520	0.03%	124,798	0.03%	Received 16,278 stock dividends	
All investors related to major shareholder Dragon Capital			31,369,414	7.85%	41,353,642	9%	Bought 4,996,820 shares, received 4,987,408 stock dividends	
13	Mr. Duong Dung Trieu		Executive Vice President	1,082,688	0.27%	1,599,258	0.35%	Bought 306,251 shares, received 41,666 ESOP shares and 168,653 stock dividends
14	Mr. Nguyen Khac Thanh		Executive Vice President	736,146	0.19%	1,081,322	0.24%	Bought 209,200 shares, received 22,222 ESOP shares and 113,754 stock dividends
15	Red River Holding	Major shareholder	22,646,457	5.70%	21,041,999	4.58%	Sold 5,001,426 shares, received 3,396,968 stock dividends	

The above table is arranged based on the transaction date

CONTRACTS OR TRANSACTIONS WITH INTERNAL SHAREHOLDERS

With the Parent Company - Subsidiary Company model, some members of the Board of Directors of FPT concurrently hold some positions in the Boards of Directors, the Board of Members and the Supervisory Board of subsidiaries. In 2016, FPT executed regular transactions with subsidiaries and other companies in which the Corporation holds control rights. Details as follow:

No.	Name of organization	Relationship	Transaction
1	FPT Software Company Limited	Subsidiary	<ul style="list-style-type: none"> Let out the office, charged management fees and utility services. Bought software services.
2	FPT Information System Company Limited	Subsidiary	<ul style="list-style-type: none"> Let out the office, charged management fees and utility services. Bought IT and Network devices.
3	FPT Telecom Joint Stock Company	Subsidiary	<ul style="list-style-type: none"> Let out the office, charged management fees and utility services. Bought internet services and Data Center services.
4	FPT Online Service Joint Stock Company	Subsidiary	<ul style="list-style-type: none"> Let out the office, charged management fees and utility services. Bought advertising services.
5	FPT Education Company Limited	Subsidiary	<ul style="list-style-type: none"> Bought training services.
6	FPT Trading Company Limited	Subsidiary	<ul style="list-style-type: none"> Provided utility services and collected management fees. Bought computer and IT devices.
7	FPT Digital Retail Joint Stock Company	Subsidiary	<ul style="list-style-type: none"> Bought computer and IT devices.

IMPLEMENTATION OF CORPORATE GOVERNANCE REGULATIONS

FPT always strives to abide by the provisions related to corporate governance in general as well as its own administrative regulations for listed public joint stock companies, including the:

- Enterprise Law 2014
- Circular 121/2012/TT-BTC on corporate governance applicable to public companies
- Circular 155/2015/TT-BTC on information disclosure on the stock market

In addition, to enhance compliance with laws related to corporate governance, FPT defines these regulations in the following internal documents:

- Company Charter
- Regulation on Corporate Governance

In 2015, FPT strived to abide by all essential legal requirements on corporate governance, related to information disclosure and the composition of the BOD, the Supervisory Board and the AGM.

The Corporation has always been one of the first listed companies to submit its quarterly financial statements and annual Financial Statement (usually 10-15 days prior to the due date). This is highly appreciated by the State Securities Commission of Vietnam (SSC) and the Ho Chi Minh City Stock Exchange (HoSE).

Besides the legislative regulations, FPT also strived to improve the quality of its corporate governance in accordance with international standards by applying and following closely the criteria of the OECD's Principles of Corporate Governance, including the following key issues:

- Ensure all shareholders' rights
- Ensure the equitable treatment of all shareholders
- Ensure the rights and roles of the related parties
- Disclosure and transparency of information
- Emphasize the responsibilities of the BOD to shareholders

Currently, compared with ASEAN Corporate Governance Scorecard, FPT has made many efforts to improve corporate governance over the years and has been approaching the regional standards. In particular, FPT has responded well and excellently to the criteria related to shareholders' rights, equal treatment for shareholders, related parties' roles, information disclosure and transparency. FPT is also working on a plan to best meet the criteria of ASEAN Corporate Governance Scorecard on all matters covered by the Scorecard.

In 2016, FPT continued to be recognized as one of five companies with the best corporate governance in Vietnam by financial publication Asia Money. FPT won two out of five important categories, including Best for Shareholders' Rights and Equitable Treatment in Vietnam, and Best for Investor Relations in Vietnam, and ranked among the Top 3 for Disclosure and Transparency.

RISKS MANAGEMENT

RISK MANAGEMENT MODEL

Risk management is an inseparable part of FPT's overall strategy of sustainable development. Risks are divided into different groups to evaluate their impact on business goals. This allows FPT to work out procedures to early identify and quantify the risk associated with business plans, allowing for the implementation of measures to monitor and eliminate those risks. The identified major risk groups are integrated into the contents of the BSC - the planning and governance system applied comprehensively at FPT and its subsidiaries.

FPT's risk inspection levels are as follows:



The risk management mechanism is clearly assigned from the Corporation to its subsidiaries to ensure risks to be handled by the relevant leaders and individuals with authority. FPT's risk management mechanism is decentralized and yet is composed of a single united system, consistent between the Corporation and its subsidiaries. FPT also builds a mechanism of internal audit, collaborating with the internal audit departments at its subsidiaries to manage the compliance risks in the whole corporation. Functional units performs risk management related activities.

FPT also established the SMO (Strategic Management Office) in order to monitor and evaluate the KPIs system, which includes indicators of risk management throughout the Corporation to ensure prompt identification and monitoring of operation related risks. Risk is handled within a closed process of five steps: (1) Risk identification; (2) Risk assessment and analysis; (3) Action plan; (4) Risk treatment; (5) Risk measurement and monitoring.

Risk Management model of the FPT Corporation



MAJOR RISKS AND RISK MANAGEMENT MEASURES

Types of strategic risks

Name of risk	Risk description	Risk management measures
Risk of strategies, visions	Risks of strategies and visions can lead to unreasonable investment in resource allocation, failure to develop new potential business segments or to provide new hi-tech products and services to better meet market demands.	<ul style="list-style-type: none"> Hold annual strategic conference to update the latest trends in business and technology to ensure strategic directions and vision to be accurately implemented. Apply BSC to monitor and manage the process to implement the strategies and to ensure the strategies be accurately implemented.
Risk of competitive decline	Risk of falling competitiveness, failing to capture market demands and trends. Most of the Corporation's business sectors have low entry barriers and they have faced big difficulties as foreign or newly emerging competitors arrive and seize market share.	<ul style="list-style-type: none"> Provide overall services which meet international quality standards to comprehensively meet consumer needs. Continuously improve business models, information systems and internal processes to optimize operations and expenditures by making use of a modern corporate governance system.

Operating risks

Name of risks	Risk description	Risk management measures
Risk of information disclosure	These risks derive from information not being disclosed in a timely, accurate and sufficient manner.	<ul style="list-style-type: none"> Update legal regulations related to information disclosure for listed companies; Build internal processes on information provision and disclosure in order to ensure the information of operation and finance to be reported in time and accurately; Regularly discuss with those in charge of information disclosure at the State Securities Commission and the Ho Chi Minh City Stock Exchange to check the sufficiency and accuracy of information to be disclosed.
Risk of human resources	These risks refer the quantity and quality of personnel failing to keep up with development needs as well as international standards for effective globalization.	<ul style="list-style-type: none"> Build FPT to become a learning organization, develop highly qualified human resources, organize and arrange human resources based on the Corporation's long-term goals. Keep investing in training programs at FPT University as well as internal training programs such as 10,000 Bridge Software Engineer to improve and make use of high quality and abundant human resources. M&As to increase the number of domestic and international experts.
Risk of information security	Information is one of the important and valuable assets of an organization or enterprise. Risk related to information, such as information improperly disclosed, altered, lost or rejected, seriously affects an organization's operations, reputation and strategy.	<ul style="list-style-type: none"> Aggressively adopt methods to avoid the loss of data and enhance system safety to ensure information security within the Corporation. Annually update FPT's information security processes, apply the latest security standards, and assign responsibility to the Corporation's employees to avoid information security violations which could lead to serious consequences.

Financial risks

Name of risk	Risk description	Risk management measure
Risk of exchange rate	Highly fluctuating exchange rates have a huge impact on profits earned from business activities. A number of FPT's business operations, including distribution, retail, system integration, and software outsourcing are potentially influenced by exchange rate fluctuations.	<ul style="list-style-type: none"> Closely monitor those factors that affect exchange rates. Implement appropriate exchange rate insurance measures which include foreign currency futures and options. Implement flexible sales policies based on exchange rate fluctuations.
Risks in normal business	Risks in normal business activities include uncontrolled bad debts and high inventories.	<ul style="list-style-type: none"> Create policies to control customer liabilities and to manage inventories. Analyze and closely control from the beginning the quantification of demands to purchase inputs.

Regulatory risks

Name of risk	Risk description	Risk management measure
Regulatory risk	FPT's business activities also take place outside of Vietnam. This globalization requires FPT to comply with laws, especially regulations on migrant employee activities. In addition, cultural differences in a multinational workforce and between the company and its partners are becoming a big challenge.	<ul style="list-style-type: none"> Closely follow the policies and major directions of the Government, actively research and give recommendations to competent authorities to promote the role of IT in boosting economic growth. Research, update and comply with provisions and respect the cultural and business environment of related foreign markets. Train employees on the culture in the country where FPT operates business.

Risk management related to sustainability

As a green-oriented enterprise, FPT has turned its attention to environmental protection and resource savings by implementing specific solutions such as: compliance with legal regulations related to protection of the environment and natural resources; construction of environment-friendly working office systems; applying technology to reduce energy consumption, and raising the awareness of environmental protection in staff.

Over the years, FPT has focused on implementing risk management related to sustainable development from the perspective of reviewing and managing the risks that affect the sustainable development of FPT, the risks arising from the social environment affecting FPT, and risks from FPT's operation and business affecting the social environment. For its sustainability strategy, FPT has built and integrated the Corporation's vision for sustainable development into its business strategy.

For financial statements and corporate governance, FPT has built mechanisms that provide non-financial information and financial statements to enhance the transparency of information provided to stakeholders.

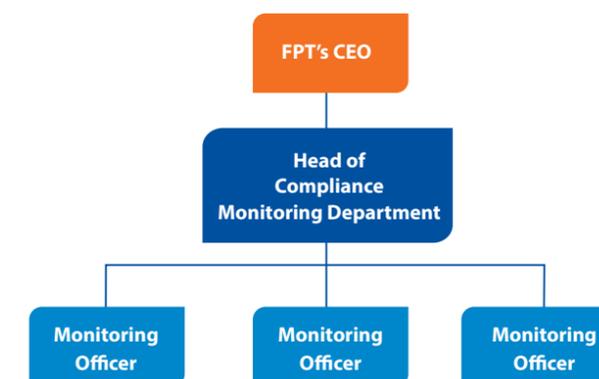
FPT has also implemented the Sustainability Report requested by the State Securities Commission. The report is the Corporation's disclosure and commitments to stakeholders on its activities towards sustainable development. In this report, FPT assesses and discloses information on its operation efficiency in terms of society and the environment, in addition to providing information on financial efficiency and capital management. The Sustainability Report is a new way to build and quantify corporate value.

Compliance and internal audits

FPT considers compliance and internal audits effective measures to prevent and minimize risk associated with business activities. The assessment made in 2016 included compliance with the law, regulations and internal procedures of FPT and provisions ensuring benefits for employees such as compensation and other personnel policies. Along with the internal audit system, the assessment of compliance risk helps FPT ensure

its sustainable development strategy be implemented in all business areas of FPT and throughout its entire system.

FPT's Compliance Monitoring Department Structure



Risk management in 2016

In 2016, FPT and some subsidiaries have researched and incorporated advanced risk management models that have been applied in some specific business segments such as software outsourcing. This is the first step to further improve the application of advanced risk management with the aim of perfecting this system.

Risk management in some key operating segments has been integrated by upgrading and completing processes such as sales, project implementation and procurement. Risk management continues to be deployed through the close cooperation of all levels of management, including the BOM, Compliance Monitoring Department, Quality Assurance Department, Internal Audit and head of related departments in subsidiaries. The issues which need to be controlled include: regions where potential risks may occur, especially those related to compliance, standards, procedures and legal provisions. In addition, these activities are also conducted with good coordination between the Corporation and subsidiaries on the basis of direct and periodic meetings.

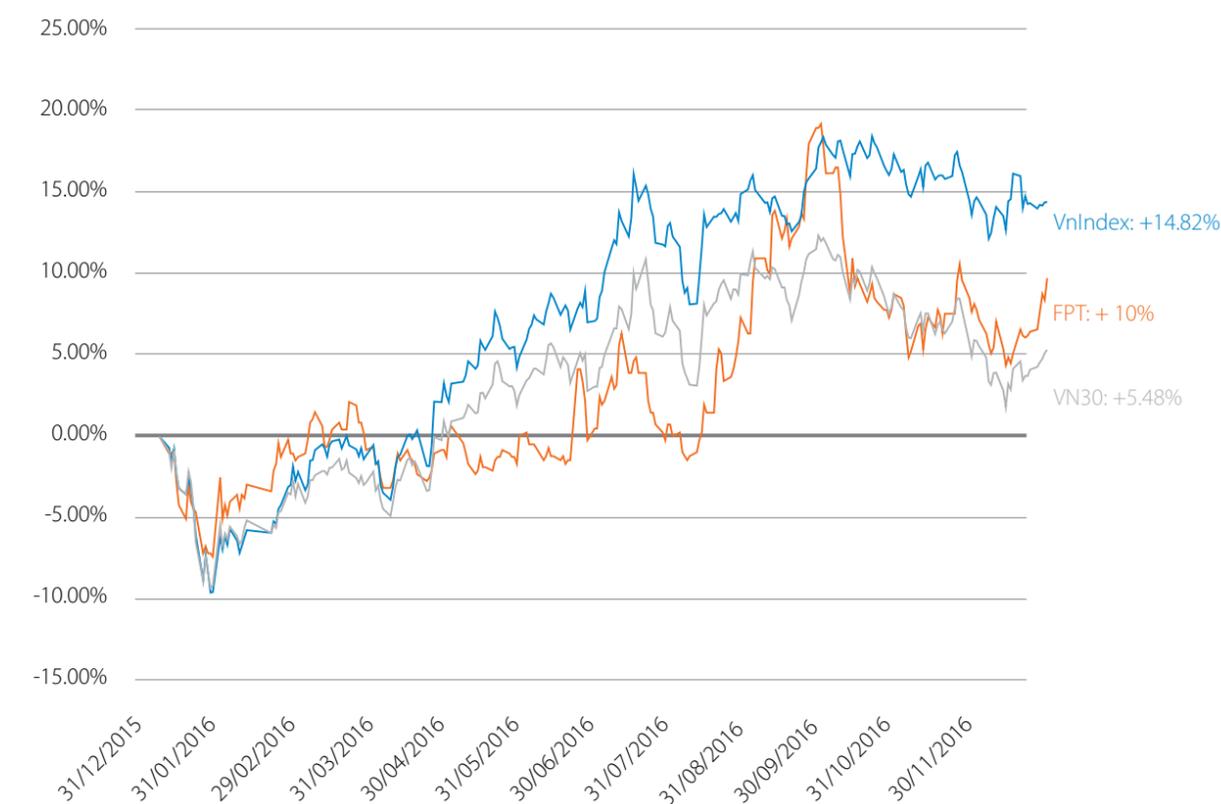
INVESTOR RELATIONS

STOCK INFORMATION

Statistics on stock transactions and FPT's stock movements in 2016

No.	Items	Amount	Unit
1	Total trading sessions	251	sessions
2	Total order-matching volume	191,646,440	shares
3	Total order-matching value	8,625,269	million VND
4	Average order-matching volume per session	763,532	shares
5	Highest order-matching volume in 52 weeks (dated September 8 th , 2016)	3,243,480	shares
6	Lowest order-matching volume in 52 weeks (dated December 8 th , 2016)	145,770	shares
7	Highest price in 52 weeks (dated September 28 th , 2016)	47,900	VND/share

Return rate of FPT stock in 2016 in comparison with December 31st, 2015



Statistics on transactions by foreign investors in 2016

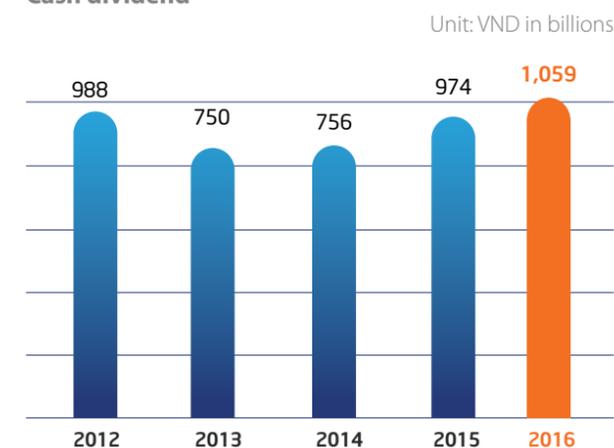
The foreign ownership rate in FPT always reached the legal ceiling of 49% in 2016, the number of foreign transactions was 225 with a total volume of more than 56.4 million shares, amounted to VND 2,766 billion. As the foreign ownership rate reached the maximum percentage permitted, there were no longer stocks available to buy on December 31st, 2016.

Dividend payment

In 2016, FPT dividend payments included:

- Payment of 2015's final cash dividend to shareholders at the rate of 10% of par value on June 10th, 2016;
- Payment of 2015's stock dividend to shareholders at the rate of 15% on May 30th, 2016. New shares were transacted officially on July 14th, 2016;
- Payment of 2016 interim cash dividend to shareholders at the rate of 10% par value on September 7th, 2016.

Cash dividend



***Note:** Cash dividends are made at the rate approved by the AGM for the respective year. This number includes advance dividend payments of the current year and dividend payments of the previous year (if any).

Dividend history

Year	Cash dividend payment (%/ charter capital)	Stock dividend payment (%/ charter capital)
2016	20%	15%
2015	20%	15%
2014	25%	25%
2013	15%	None
2012	30%	25%
2011	15%	None

Additional share issuance

In 2016, FPT additionally issued 1,986,829 shares to employees with significant contributions in 2015. These shares are locked up three years from the date of issue. The date of transaction is expected to be April 5th, 2019.

The Corporation's charter capital increased in two phases in 2016, in which the charter capital rose to VND 3,995,184,690,000 in the first phase because the Corporation had paid ESOP shares; and to VND 4,594,266,840,000 in the second phase because the Corporation had paid stock dividends to shareholders in 2015 in accordance with the Resolution of the 2016 AGM.

Transaction of treasury shares

In 2016, the Corporation did not make any purchase of shares under the scheme of preference share buyback from staff leaving the Corporation, therefore the treasury shares remained unchanged compared to the beginning of the year with 82,376 shares.



No. 01

Best for Shareholders' Rights and Equitable Treatment in Vietnam.

No. 01

Best for Investor Relations in Vietnam.

56.4 million

Transaction volume of foreign investors.

The charter capital, up to December 31st 2016

VND 4,594,266,840,000

SHAREHOLDERS' STATISTICS

By the list of shareholders as of March 1st, 2017

By type of shares

Type of shares	Number of shares	Percentage	Par value (VND)	Voting right
Common shares	459,344,308	99.98%	10,000	1:1
Preference shares for employee	82,376	0.02%	10,000	1:0
Total of authorized shares	459,426,684	100.00%		

By number of shares owned

Number of shares	Number of shareholders	Percentage	Number of shares	Percentage
1-999	12,494	68.89%	2,026,101	0.44%
1,000-10,000	4,317	23.80%	13,473,946	2.93%
10,001-1,000,000	1,249	6.89%	108,002,200	23.51%
More than 1,000,001	76	0.42%	335,842,061	73.10%
Treasury shares			82,376	0.02%
Total	18,136	100.00%	459,426,684	100.00%

By shareholding groups

Type	Number of shareholders	Percentage	Number of shares	Percentage
State (SCIC)	1	0.01%	27,507,668	5.99%
Internal shareholders	1,791	9.88%	105,891,135	23.05%
<i>The BOD, the BOM, the Supervisory Board and Chief Accountant</i>	8	0.04%	57,407,738	12.50%
<i>Staff</i>	1,783	9.83%	48,483,397	10.55%
External shareholders (individual investors)	16,022	88.34%	64,757,700	14.10%
External shareholders (institutional investors)	322	1.78%	261,187,805	56.86%
Treasury shares			82,376	0.02%
Total	18,136	100.00%	459,426,684	100.00%

By geography

Location	Number of shareholders	Percentage	Number of shares	Percentage
Vietnam	16,897	93.17%	234,232,833	50.98%
<i>Individual investors</i>	16,737	92.29%	166,866,924	36.32%
<i>Institutional investors</i>	160	0.88%	67,365,909	14.66%
Abroad	1,239	6.83%	225,111,475	49.00%
<i>Individual investors</i>	1,076	5.93%	3,781,911	0.82%
<i>Institutional investors</i>	163	0.90%	221,329,564	48.18%
Treasury shares			82,376	0.02%
Total	18,136	100.00%	459,426,684	100.00%

Top 10 shareholders

Top 10 shareholders	Shares	Percentage
Mr. Truong Gia Binh	32,692,287	7.12%
The State Capital and Investment Corporation (SCIC)	27,507,668	5.99%
Macquarie Bank Limited	18,988,574	4.13%
Mr. Bui Quang Ngoc	17,046,361	3.71%
Government of Singapore	16,308,780	3.55%
Vietnam Enterprise Investments Limited	10,568,174	2.30%
Norges Bank	10,075,095	2.19%
Amersham Industries Limited	9,380,233	2.04%
The Caravel Fund (International) Limited	9,100,080	1.98%
Kuroto Fund Lp	8,368,793	1.82%

ACTIVITIES WITH SHAREHOLDERS AND INVESTORS

FPT's Department of Investor Relations (IR) expressed their professionalism via the two-way activities between the Corporation and investors in order to satisfactorily answer questions about strategy and business performance. It made a significant contribution to establish trust in the FPT brand with investors.

Some outstanding activities of IR in 2016:

- Fully complying with regulatory requirements on information disclosure;
- Announcing business results on a monthly basis to the State Securities Commission, Ho Chi Minh City Stock Exchange and mass media;
- Providing monthly reports to investors;
- Organising quarterly analyst meetings with investors;
- Replacing the interface of the investor relations section on the Corporation's website; helping investors more easily access updated and accurate information;
- More and more investment funds pay attention to FPT. FPT's Department of Investor Relations held 96 meetings and talked to 183 offshore investment funds (excluding foreign investment funds with offices in Vietnam).

FPT stock always wins investors' trust. More than 10 securities companies regularly published analyzes and made stock recommendations for these stocks. In addition, the Corporation leaders also participated in some workshops held by investment funds and large stock companies:

- VietCapital Securities Company's Vietnam Access Day Workshop held in Ho Chi Minh City in March, 2016;
- CLSA Workshop in Vietnam in September 2016.

The Investor Relations Department has set the following goals for 2017:

- Being an effective channel with full information for investors;
- Providing transparent and accurate information through monthly quarterly business results, monthly newsletters and others.

FPT stock always wins investors' trust

05

SUSTAINABILITY REPORT

DIGITAL TRANSFORMATION

IN SOCIO-ECONOMIC AREAS

Specialized products and solutions developed by FPT for socio-economic areas have been improved on the basis of IoT, IIoT, Big Data, and Artificial Intelligence to help businesses and organizations maximize their efficiency in the digital economy.

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THE CEO'S MESSAGE

Dear Valued Shareholders and Stakeholders,

Sustainable development is to ensure a balance between the three factors of economic growth, contributing to the development of society, and protecting the environment. In particular, economic goals have to be guaranteed first, because only once the business grows and develops will it be able to offer long-term benefits to all stakeholders.

Over the years, FPT has consistently implemented these goals via the following directions:

Firstly, sustainable development indicators have to be quantified, measured and controlled by suitable tools. From 2012, with the application of the Balanced Scorecard, the goals of human resource development, and social and environmental program implementation have been realized in addition to the goals of revenue and profit growth.

Secondly, contributions to the development of society and environmental protection have to be based on Technology - the core strength of the Corporation. Technology is considered the foundation and driving force for sustainable development. As an IT company, FPT must be a pioneer in implementing technological solutions to improve the enterprise's productivity, enhance the management efficiency of State authorities, and help solve social problems including saving energy, reducing emissions, and keeping the environment clean.

Thirdly, humans are always the key factor in sustainable development. FPT will continue focusing on investing in human resources, as well as supporting education and the younger generation.

With these directions, in 2016, FPT continued to maintain its economic targets with a revenue of VND 40,545 billion, up 1.4% YoY, and a profit before tax of VND 3,014 billion, up 5.7% YoY. FPT contributed VND 5,638 billion to the State budget and has made great contributions during the past years: creating jobs for 28,397 people and helping reduce unemployment and bring stability to society; spending VND 32.2 billion on social activities, of which 88.7% was invested in education and the younger generation; and spending VND 34.4 billion on internal training activities with 223,399 participations.

FPT has also strived to minimize the impact of the Corporation's activities on the environment by seeking green designs, applying advanced technological solutions in offices building nationwide, as well as raising the awareness of staff about environmental protection.

With its efforts in 2016, FPT was honored as one of Vietnam's 'Top 10 Sustainable Businesses in the Field of Trade and Services', as awarded by the Vietnam Business Council for Sustainable Development (VBCSD) in collaboration with several ministries and organizations.

In 2017, with the desire to contribute more to the common development of society and bring the highest benefits to all stakeholders, FPT will strive to fulfill its economic objectives and standardize the goals of its sustainable development strategy according to the guidelines of the Global Reporting Initiative, based upon the United Nations' 17 Millennium Goals for Sustainable Development. Simultaneously, we also expect our social activities to connect more than 28,000 FPT employees together to work for the common development of the community and promote the sustainable growth of the Corporation.

My sincere thanks to all our valued shareholders and stakeholders.

FPT's CEO



BUI QUANG NGOC



GENERAL INFORMATION

GENERAL INFORMATION

The report summarizes and assesses the sustainability activities of the Corporation for 2016. Based on the vision, development directions and business strategy of the Corporation, the report presents FPT's material aspects that have significant impacts on economic, social and environmental issues.

FPT's Sustainability Report is included in its Annual Report to help investors, shareholders and stakeholders access information on FPT's development strategy and business operations in terms of sustainable development.

Method of developing the report content: This report was developed based on the Global Reporting Initiative – GRI version G4 – guidelines choosing the 'Core' option and supplemented with some important indexes from the 'Comprehensive' option. In addition, in 2016, FPT also referenced the sustainable development strategy with 17 millennium objectives towards sustainable development set by the United Nations.

Reporting period: 01/01/2016- 31/12/2016.

Scope of the report: This report summarizes activities of FPT and its subsidiaries in the field of ICT within Vietnam and some other countries where FPT is operating. Particularly, energy consumption indexes (electricity, water) are restricted in FPT's seven offices in Hanoi, Ho Chi Minh City, Da Nang, including: FPT Cau Giay, F-Ville, FPT University, F-Town, FPT Tan Thuan, F-Complex, and FPT Massda. This is the first year FPT has released this index.

Contact: The report was prepared by the FPT Corporation's Corporate Communications Department, please contact:

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Head of FPT Corporation's Corporate Communications Department

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Cau Giay district, Hanoi

Tel: (+84) 4 7300 7300

Email: chaubnp@fpt.com.vn

CORPORATE INFORMATION

Operating sectors: FPT operates in most key IT and telecommunications fields, including software development, systems integration, IT services, telecommunications, technology product distribution and retailing, and high-quality IT human resource training. (See details about operating sectors of FPT on pages from 16 to 19).

Scale: FPT's 2016 revenue reached VND 40,545 billion with 28,397 employees working in 21 countries and territories in four continents around the globe, including Vietnam (head office), the US, Japan, Germany, the UK, France, the Netherlands, Slovakia, Singapore, Malaysia, Thailand, the Philippines, Bangladesh, Indonesia, Laos, Cambodia, Myanmar, Australia, Kuwait, Korea and China.

OVERVIEW OF FPT'S SUSTAINABILITY

OUTSTANDING INDEXES



5,638
billion VND

Contributed to the State budget

28,397
jobs

Contributed to the society

32.2
billion VND

Spent on community activities

25
million

Beneficiaries

1,011,455
training hours

For employees

223,399
training participations

For employees

38.4
billion VND

Spent on training activities

IMPACTS OF SUSTAINABILITY TRENDS ON FPT

In 2012, Vietnam issued the sustainability strategy for the period 2011-2020, which aims at sustainable and efficient growth, coupled with social progress and justice, protection of natural resources and the environment, political and social stability, and the firm safeguarding of independence, sovereignty, unity and the territorial integrity of the country.

In the period 2016-2020, this strategy is reflected in the following basic objectives:

Economy: Economic growth rate reaches a 5-year average of 6.5 - 7% per year. The State budget deficit does not exceed 4% of GDP. Total Factor Productivity (TFP) contributes about 25-30% to growth. Social labor productivity increases on average 4-5% per year. Energy consumption per GDP decreases on average by 1-1.5% per year. The rate of urbanization to 2020 is 38-40%.

Society: The number of laborers working in agriculture makes up 35-40% of the total labor force by 2020. The percentage of trained labor reaches about 65-70%, including laborers owning diplomas or certificates reaching 25-26%. The unemployment rate in urban areas is less than 4%.

Environment: By 2020, 95% of the urban population, and 90% of the rural population has access to clean water.

As technology enterprises will be pioneering in the 4th industrial revolution, the national targets made FPT face many challenges as well as provided enormous opportunities.

Technology is seen as the foundation and driving force for sustainable development. FPT must take the lead in implementing e-government solutions, smart business management, introduce educational technology, smart healthcare, and apply the latest technology in social infrastructure including transportation, electric system management, and waste water treatment, in order to contribute towards improving labor productivity, ensuring the quality of people's lives, solve pressing social problems, and protect the environment.

In addition, it is impossible to separate Vietnam's sustainability from global climate change. DARA International Foundation's research on vulnerable climate change estimates that climate change has cost Vietnam USD 15 billion per year, equal to 5% of the country's GDP. Without effective and urgent measures being taken, the impact caused by climate change will likely cost Vietnam even more, perhaps more than 11% of its GDP by 2030.

The impact caused by climate change on the country's economy will likely pose a risk to FPT's business activities in terms of direct impacts on the operation of clients and partners, especially in the fields of banking, transportation, energy, insurance, oil and gas. This may lead to the situation that investment in ICT will be replaced by other urgent priorities of customers and partners to serve alternative short-term goals. Also, this is great opportunity for FPT to involve itself in the construction of systems for disaster warning and relief with the most modern technologies.

IMPACT OF FPT'S ACTIVITIES ON SUSTAINABILITY FACTORS

The assessment of the impact of FPT's activities on economic, social and environmental factors will help FPT define its role, responsibilities and necessary activities to ensure its sustainable development and contribution to the sustainable development of Vietnam and other countries FPT operates in.

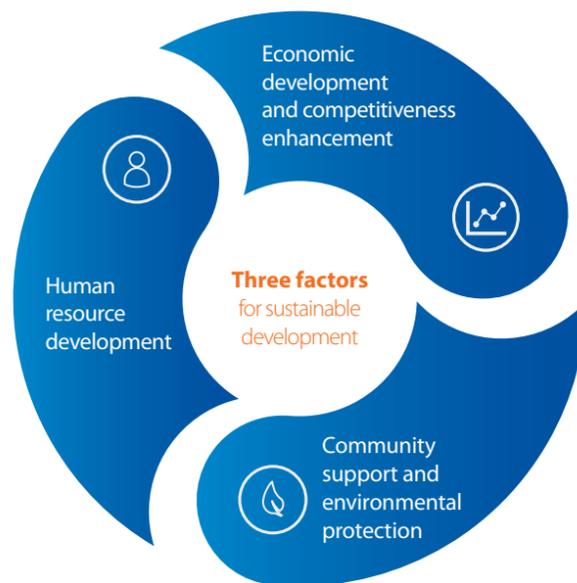
Economic impacts FPT always ensures stable revenue and profit growth, as well as its contribution to the State budget. As the Vietnam's biggest IT service provider, FPT is always a pioneer in new technological trends, invests in R&D, contributes to modernizing ministries and industries, and improves the competitiveness of the economy and enterprises.

Social impacts: Over the years, FPT has always created jobs, offered stable incomes for tens of thousands of people, and contributed to social stability. FPT also focuses on improving the quality of human resources by further raising the quality of training by FPT Education. In addition, with the desire to promote the application of IT in solving social problems, FPT has been actively investing in R&D and the implementation of solutions in key areas of the social economy, and focusing on investment in education and the younger generation.

Environmental impacts: IT and telecommunications are environment-friendly business segments. Therefore, FPT's environmental impacts mostly come from water and energy consumption in operating its office buildings, shops, and thus depends on its employees' awareness of environmental protection. Accordingly, FPT ascertains that it is essential to comply with water and energy consumption regulations. FPT also cares about applying green architectures and technological solutions to minimize energy consumption in operating office buildings and shops nationwide. FPT also actively works to raise employee's awareness of environmental protection.

FPT'S SUSTAINABILITY ORIENTATION

FPT's sustainable development model



Sustainability orientation and strategy

The United Nations' Sustainable Development Objectives related to FPT's sustainability orientation

4
Quality education

Quality education: Ensuring educational quality, and improve lifelong learning opportunities for all people.

- FPT University has developed training programs following international training standards and linked them with enterprises' demands;
- FPT has deployed scholarship programs for students.

7
Sustainable & clean energy

Sustainable and clean energy: Ensuring access to energy with reasonable, reliable, sustainable and modern energy for everyone.

- FPT raises the awareness of energy saving in employees;
- FPT increases the use of renewable energy and recyclable resources and energy-saving materials in FPT's buildings.

8
Creating jobs & boosting economic growth

Creating jobs and boosting economic growth: Promoting long-term, open and sustainable economic growth, and creating jobs for all.

- FPT ensures growth in traditional businesses; promotes R&D to increase revenue from new technology-based services and solutions, and from markets outside of Vietnam;
- FPT creates jobs and stable incomes for thousands of people.

9
Industrialization, innovation and infrastructure

Industrialization, innovation and infrastructure: Building up solid infrastructure, promoting open and sustainable industrialization, and encouraging innovation.

- FPT develops and implements IT solutions for key areas of the economy to improve competitiveness;
- FPT expands the provision of internet services, and enhances access to services for people.

12
Responsible consumption & production

Responsible consumption and production: Ensuring sustainable consumption and production models.

- FPT applies advanced management standards and procedures.

13
Action to respond to climate change

Action to respond to climate change: Taking urgent measures to respond to climate change and its effects.

- FPT raises the awareness of environmental protection against climate change in employees.

Based on 17 millennium objectives towards sustainable development set by the United Nations in 2015, FPT has analyzed and selected targets that will guide the 2016-2020 sustainable development strategy as follows:

Objectives	Content
SUSTAINABLE GROWTH	<p>Objective 1: (SD 8-Creating jobs and boosting economic growth)</p> <ul style="list-style-type: none"> Sustainable growth in revenue from traditional business segments through expanding geographical coverage and by offering new products and services; Boosting R&D to increase revenue from S.M.A.C, smart services, and IoT-based services and solutions; Promoting policies to encourage creativity, innovation and promoting entrepreneurship within the Corporation; Improving competitiveness and labor productivity through the application of technology, and making the Corporation a learning organization; Building the best working environment for employees to develop their in their personal capacity and dedication to the Corporation; Developing policies to discover, attract, foster, and reward talent.
CONTRIBUTION TO SOCIAL DEVELOPMENT	<p>Objective 2: (SD 4-Quality education)</p> <ul style="list-style-type: none"> FPT University has trained high quality human resources in line with the practical requirements of enterprises. The training programs follow international standards, aiming at comprehensive development and the preservation of national values. FPT University's training programs are built along international training standards, including practical and foreign language skills, and comprehensive personal development activities; FPT University builds a dynamic learning environment with modern facilities; Integrating advanced educational technology and IT into teaching and learning. Modern educational technologies such as Tectonic Theory, Project Based Learning, and online management of the entire course material and attendance system; The online university FUNiX offers a new way of learning, whereby each student determines his or her learning progress. Also, they learn from the world's best lecturers and can get in touch with top experts working in Vietnam's IT industry. By pioneering in the application of advanced IT in distance learning, FUNiX offers lifelong learning opportunities for learners; Building scholarship programs for students.
	<p>Objective 3: (SD9-Industrialization, innovation and infrastructure)</p> <ul style="list-style-type: none"> Building and developing internet infrastructure to meet the bandwidth demands of users and enterprises; Providing IT solutions for key national economic industries, contributing to modernization, and raising the efficiency of industries; Applying IT to contribute towards the solving of pressing social problems.
CONTRIBUTING TOWARDS PROTECTING THE ENVIRONMENT	<p>Objective 4: (SD 7-Cleaning and sustainable energy)</p>
	<p>Objective 5: (SD 12-Responsible consumption and production)</p> <ul style="list-style-type: none"> Complying with regulations on environmental protection; Raising awareness of environmental protection and energy conservation in employees; Using efficient energy solutions in corporate buildings; Applying technology to minimize the use of environmental resources; Periodically evaluating the discharge of wastes to take measures to minimize environmental pollution.
	<p>Objective 6: (SD13-Actions to respond to climate change)</p>

ASSOCIATION OF SUSTAINABLE DEVELOPMENT TO CORPORATE GOVERNANCE

FPT defines corporate governance as one of the most important elements to ensure efficient growth, sustainable development, contribute to ensure long-term benefits for shareholders, customers, employees and the community. Besides building a strong management system on the basis of compliance with the legal provisions and the application of advanced management models in the world, FPT also issued a system of internal regulations in order to create unified management mechanisms.

MANAGEMENT MODEL AND STAKEHOLDERS' ROLES AND RESPONSIBILITIES IN SUSTAINABLE DEVELOPMENT MANAGEMENT

Sustainable development management model



Stakeholders' roles and responsibilities in sustainable development management

Body	Roles and activities	Person/ units in charge
The BOD	<ul style="list-style-type: none"> Approving and issuing sustainable development strategies and directions for the Corporation 	<ul style="list-style-type: none"> The BOD
The CEO and BOM	<ul style="list-style-type: none"> Working out specific sustainable development goals for each department and subsidiaries; Directing the implementation of sustainable development related tasks; Supervising the results of the implementation of sustainable development policies of departments and subsidiaries. 	<ul style="list-style-type: none"> The CEO and Director of Corporate Social Responsibility
Internal Control	<ul style="list-style-type: none"> Independently and objectively evaluating the risk management and corporate governance system in operational areas; Providing periodic and irregular reports when problems arise in implementing sustainable development activities. 	<ul style="list-style-type: none"> Balanced Scorecard (BSC) management team; Corporate Quality Assurance Department; Corporate Communications Department.
Corporate business administration departments	<ul style="list-style-type: none"> Implementing sustainable development activities at corporate level; Advising and supporting the implementation of sustainable development goals at subsidiaries. 	<ul style="list-style-type: none"> Corporate Communications Department and other corporate business administration departments
Subsidiaries	<ul style="list-style-type: none"> Implementing sustainable development activities as planned; Reporting on the sustainable development activities of subsidiaries to the BOM. 	<ul style="list-style-type: none"> Division in charge of sustainable development at subsidiaries.

SUSTAINABILITY-RELATED RISK MANAGEMENT

FPT’s sustainability-related risk management goal is to ensure corporate development in association with environmental protection and the support of society and the community. To achieve this goal, FPT has taken the following actions:

- FPT’s corporate strategy map was developed following the Balanced Scorecard, including economic growth and other targets on the development of social, environmental and human resources.
- The targets are concretized into numerical targets with a person in charge to implement, supervise and report on a monthly, quarterly and yearly. Currently, these indicators have been managed online. When the indicators are not passed, there are warnings to take timely measures.

In addition, FPT Corporation has created a Sustainability Report at the request of the Vietnam State Security Commission. The Sustainability Report includes FPT’s commitment to carry out activities towards sustainable development. In this report, the Corporation provides information about its performance with regards to the environment and society, along with its financial activities and capital governance. The Sustainability Report is presented as a new way to build and quantify the value of the business.

ATTACHING CONCERN FOR THE ENVIRONMENT, SOCIETY AND APPLYING INTERNATIONAL-STANDARD ADVANCED MANAGEMENT PROCEDURES TO THE VALUE CHAIN OF FPT

Continuously improving the efficiency of corporate governance and production management is the most effective way to ensure customer satisfaction, enhance competitiveness and bring sustainable benefits to stakeholders. This is also an important tool to ensure compliance and achieve FPT’s sustainable development goals in line with international standards.

- Applying strategic management methods with the Balanced Scorecard (BSC) system. BSC has helped FPT set up the most effective management system by:
 - (1) Establishing and measuring the most important goals of the Corporation, each subsidiary and each department to each employee;
 - (2) Synchronizing daily activities with the whole organization’s vision, mission, goals and strategy;
 - (3) Helping employees, departments and subsidiaries operate according to these goals.

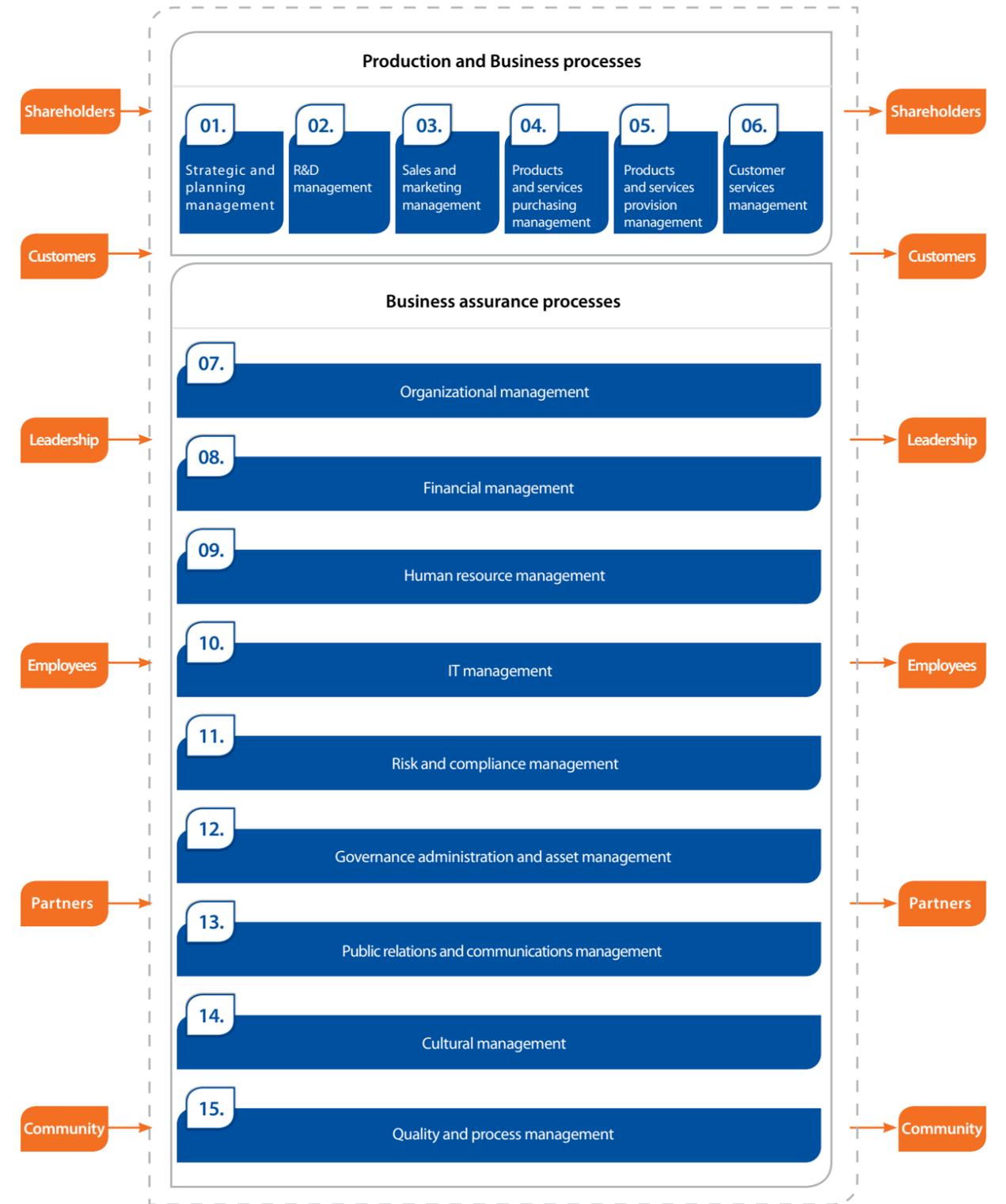
BSC not only promotes the strong development of the organization, but also ensures sustainability in development, as the system always keeps both financial and non-financial goals “balanced” including: short-term and long-term goals; tangible and intangible goals; and organizational goals and social objectives.

- Building a comprehensive management system that aims to set standards for all activities of the Corporation; providing a job guidance system so that all employees can follow and comply with those standards.

In addition, each business sector of the Corporation also won many international standard certifications, specifically:

No.	Business sector	Certificates
1	Technology (Software development, System integration, IT services)	<ul style="list-style-type: none"> • CMMI5: Certificate for software development processes. • ISO 27001: Standard for information security management system. • ISO 20000: Standard for IT service management system.
2	Telecommunications	<ul style="list-style-type: none"> • ISO 50001:2011: International standard for energy management system. • Uptime Tier III: International certificate for data center. • ISO 27001: Standard for information security management system. • ISO 20000: Standard for IT service management system.
3	Distribution, retail and manufacturing of technology devices	<ul style="list-style-type: none"> • ISO 14001: Standard for environmental management in production/business activities. • ISO 17025: General requirements for the competence of testing and calibration laboratories.
4	Education	<ul style="list-style-type: none"> • Rated 3-star by QS World University Rankings.

FPT’s management system model



STAKEHOLDER ENGAGEMENT

STAKEHOLDER ENGAGEMENT

FPT defines stakeholders as those who influence or are influenced to some extent by the business activities of the Corporation. Seven key stakeholders of FPT are: customers; shareholders and investors; employees; partners and suppliers; the community; the Vietnamese Government, ministries and authorities; the press and media.

Feedback from stakeholders is an important factor in defining FPT's mindset and ways of managing and operating business activities.

Methods of communicating and getting feedback from stakeholders

Stakeholder	Interactive channels	Frequency
Customers	• Sales, consultancy, services;	• Frequently/ At events
	• Customer care centers and hotlines for units in-charge;	• 24/7
	• Social networks such as Facebook and online forums;	• Frequently
	• FPT and subsidiaries' websites;	• Frequently
	• Exhibitions, fairs and workshops;	• At events
Shareholders and investors	• Face to face meetings and on request;	• Quarterly/ On request/ At events
	• Annual General Shareholders meeting;	• Annually
	• Investors' monthly bulletins;	• Monthly
	• FPT websites.	• Frequently
Employees	• Internal conferences, internal workshops and seminars;	• At events
	• The 'Chungta.vn' internal news portal and other publications;	• Frequently
	• Social networks such as Facebook, Workplace;	• Frequently
	• Internal training courses;	• Frequently
	• Internal sporting, performance, and sum-up activities.	• Frequently
Partners and suppliers	• Face-to-face meetings;	• At events
	• Company profiles;	• Frequently
	• Conferences and seminars.	• At events
Community	• Face-to-face meetings to understand demand;	• At events/ On request
	• Collaborating with social organizations and charities to gain information;	• At events/ On request
	• Via the press.	• At events/ On request
Vietnamese Government, ministries and authorities	• Participating in IT conferences and workshops held by the Government and governmental agencies.	• At events
	• Joining competitiveness enhancement and specialized seminars organized by ministries and government agencies;	• At events
	• Participating in organizations and associations.	• Depending on the Corporation's demand in each period
Press and media	• Press conferences;	• At events
	• Interviews and periodic press releases;	• At events/ On request
	• FPT website;	• Frequently
	• Social networks such as Facebook and YouTube;	• Frequently
	• FPT News.	• Weekly

STAKEHOLDER ENGAGEMENT IN FPT'S POLICIES AND OPERATIONS

Customers: FPT makes a significant effort to satisfy customers by attempting to understand their insights and meet their demands with constantly enhanced dedication and capabilities.

Customer interests	FPT's actions	Value offered to customers
<ul style="list-style-type: none"> • Products and services with advanced technology that meet the requirements of customers; • Dedicated professional customer care that complies with a business code of ethics; • Delivering quality products and services in a timely manner with dedicated pre-sales and after-sales support. 	<ul style="list-style-type: none"> • Investing in R&D for new products, services and solutions based on new trends in technology; • Clearly and precisely defining customers' requirements in product specifications, communication, behavior, branding and technology; • Establishing and applying written codes of conduct in customer liaison and treatment; • Evaluating customers' satisfaction in order to find ways to improve their satisfaction; • Improving FPT's brand reputation. 	<ul style="list-style-type: none"> • Providing products and services based on core technologies of the digital revolution such as IoT, IoV, Analytics and rob that helps customers catch up with trends and enhance competitive competency in the 4th industrial revolution; • Enhancing brand reputation. In 2016, FPT's brand was valued at USD 302 million by Brand Finance; • Being awarded "Digital Transformation of the Year" by the IDC; • Being acknowledged by Fujitsu as a Distinguished Partner; • Being marked star for customer satisfaction and among the TOP 100 global outsourcing companies by IAOP.

Shareholders and Investors: FPT makes great efforts to act in the best and sustainable interests of shareholders.

Shareholder and investor interests	FPT's actions	Value offered to shareholders- and investors
<ul style="list-style-type: none"> • Ensuring benefits for shareholders and investors; Transparent information disclosure; • High and sustainable returns on investment; • Enhancing management capability and market value of shares. 	<ul style="list-style-type: none"> • Focusing on core business areas, paying special attention to high-tech sectors creating high added-value, potentially increasing shareholder value and maintaining sustainable growth; • Seeking suitable business models based on modern technology platform, boosting sustainable growth; • Expanding business market, especially overseas ones; • Full, timely and transparent communication with and listening to feedback from shareholders. 	<ul style="list-style-type: none"> • FPT fulfilled commitments of paying 2015's cash dividends of 10%; 2015's stock dividend at the rate of 15% and 2016 interim cash dividend at the rate of 10%; • Boosting investor relations by organizing 96 meetings and discussions with big investment funds. Investor's information is updated immediately, and transparently; • FPT stock code is always considered as creditable by the investor community including more than ten stock companies that issue analysis reports giving good recommendations; • FPT maintained its ranking as one of the top 5 companies in Vietnam with outstanding corporate governance. FPT was ranked first in two out of five important ranking tables in 2016 by Asia Money including: 'Best for Shareholders' Rights and Equitable Treatment', and 'Best for Investor Relations'. Ranked in the top 3 best companies for 'Information Disclosure and Transparency'; • Being named in the Top 2 listed companies with the best IR activities in 2016, and in the Top 5 listed companies highly regarded by financial institutions.

Employees: FPT attempts to build a strong workforce to meet the development demands of the Corporation, to preserve and promote the Corporation's core values, create opportunities for each employee to prove their abilities and succeed, ensure for both material and mental lives of its employees.

Employee interests	FPT's actions	Value offered to employees
<ul style="list-style-type: none"> Being given an opportunity to fully develop their capability to accompany the company's success; Ensuring both the material and mental lives of employees; A friendly and creative working environment. 	<ul style="list-style-type: none"> Continuously creating opportunities and challenges, and ensuring a collaborative, equal and creativity-encouraging environment; Building and maintaining training programs for succession leaders who are loyal to company's ideals; Building and executing human resource development plans to be aligned with the goals and development strategies of the Corporation; Drafting and applying reasonable encouragement and compensation policies that match with working performance and contribution by employees; Periodically surveying, collecting employee opinions on the Corporation to provide appropriate actions; Applying insurance and welfare policies in accordance with the corporate union's regulations; Building and developing the culture and core values of the Corporation; Building workplaces following campus models of large global corporations. 	<ul style="list-style-type: none"> Average training hours of 41 hours per employee per year; Total spending in training activities of VND 38.4 billion; Providing periodic health checks once a year and collaborating with a prestigious insurance company to execute the FPT Care program for all FPT staff; Opening two additional campus complexes following the model of large technology corporations in the world, and adding up to seven FPT-owned campuses; Awarded two Vietnam HR Awards for 2016 (for businesses that have outstanding human resource policies in Vietnam: 'Best working environment and excellent training', and 'Developing human resources'); Holding cultural and sporting events such as: the FPT Village Festival, Manoeuvre, and FPT's birthday celebration.

Community: FPT attempts to contribute to the community, which is considered a foundation for the sustainable development of the Corporation.

Community Interests	FPT's action	Value offered to communities
<ul style="list-style-type: none"> Supporting community development; Reliable support for communities. 	<ul style="list-style-type: none"> Offering scholarships and implementing talent support programs; Developing programs to apply IT in education, and social activities in order to disseminate knowledge and new technologies to communities; Organizing the FPT Community Day (on March 13th) so that all FPT staff can make practical contributions to society; Promoting the Corporation's volunteer programs such as establishing libraries, offering scholarships to poor students, giving gifts to child patients, blood donation, etc. 	<ul style="list-style-type: none"> Granting 802 scholarships to pupils and students, with a total value of VND 21.6 billion; Approximately 24.97 million pupils from primary to high school attended the ViOlympic contest hosted by FPT under the direction of Vietnam's Ministry of Training and Education; 17,960 beneficiaries of the "Inspiring a Dream" program; Spending VND 28.6 billion on education and the younger generation, accounting for 88.7% of the total cost for social activities; 2,647 blood units donated by FPT staff; VND 1.1 billion in supporting FPT staff in difficult circumstances; More than 25 million miserable people benefited from FPT's community activities.

The Government, ministries and authorities: FPT actively coordinates with enforcement agencies to carry out the policies and regulations of the Government and State bodies for the sustainable development of the Corporation and for national prosperity.

Government, ministries and authorities interests	FPT's actions	Value offered to Government, ministries and authorities
<ul style="list-style-type: none"> Fully achieving obligations to the State; Complying with regulations on information disclosure for listed companies; Complying with regulations of the industry in particular and the law in general. 	<ul style="list-style-type: none"> Fulfilling corporate obligations such as paying taxes, social insurance, etc.; Disclosing information fully and timely as regulated; Applying the State Securities Commission's information disclosure regulations via an Information Disclosure System (IDS), and participating in training courses as required. Actively commenting on relevant documents upon request; Actively participating in foreign trade and investment promotion programs organized by the Government and relevant ministries and authorities in domestic and global markets; Supporting the development of businesses in the same industry. 	<ul style="list-style-type: none"> Contributing VND5,638 billion to the State budget in 2016; Sponsoring and organizing many events in the industry such as 'The ICT Summit', 'Japan from Israel', 'IT day in Vietnam', and 'Building up start-up innovation ecosystem in Vietnam'; Being listed among the Top 4 companies with the best annual reports; Being listed among the Top 10 companies with the best sustainable development reports.

Partners and suppliers: FPT attempts to establish strong relationships with partners based on a deep mutual understanding to maximize cooperation and create long-term attachments to succeed and sustainably develop together.

Partner and supplier interests	FPT's action	Value offered to partners and suppliers
<ul style="list-style-type: none"> Building powerful alliances and win-win relationships for mutual benefit and success; Working with partners to expand business areas and develop new products and services. 	<ul style="list-style-type: none"> Building and implementing standards on how to work with and behave towards partners; Selecting and sorting partners based on basic criteria such as technology, market share, brand and collaboration; Building long-term alliances with partners on the basis of business sectors, geographic conditions and market/customer segments; Establishing two-way communications between FPT's subsidiaries and partners, and cooperating with partners to solve emerging issues as quick as possible. 	<ul style="list-style-type: none"> Based on competencies in technology and expertise, FPT established strategic partners with many corporations. In 2016, FPT partnered with: <ul style="list-style-type: none"> General Electric (GE), who acknowledged FPT as a regional partner in the Industrial Internet (Industrial IoT or IIoT); Amazon Web Services awarded FPT the AWS Partner Network Certification Distinction (exclusively for companies that have earned at least 200 AWS certificates).

Press and Media: FPT provides information on the activities of the Corporation and its subsidiaries in a timely and transparent manner to the press and media.

Press and Media interests	FPT's actions	Value offered to the press and media
<ul style="list-style-type: none"> Providing up-to-date and precise information about FPT's activities; Actively providing media with information on the activities of the Corporation and the ICT industry. 	<ul style="list-style-type: none"> Actively and regularly providing information to the media through FPT bulletins, press releases, press conferences and articles; Regularly and timely supporting and providing answers to inquiries from the press; Providing analysis and evaluation of the development of the domestic ICT industry as well as forecasts about global IT trends, and accommodating the press and media with general information of the industry. 	<ul style="list-style-type: none"> Providing valuable and useful information to the community on diverse topics, from business experience, new trends in technology, business results, and development direction of the Corporation; Nearly 20,000 articles about FPT in the media, an average of nearly 56 articles posted daily.

IDENTIFICATION OF MATERIAL ASPECTS

Principles and processes to identify material aspects

Principles: Based on the context of the domestic and global IT market, as well as stakeholders' feedback and concerns, and as referred to in the 17 millennium goals towards sustainable development, the material aspects were evaluated and identified according to the relationship between the economic, social and environmental factors and the Corporation's business activities.

Process of identifying material aspects

01.
Identifying the key issues that have significant impacts on the business operations of the Corporation and the interests of stakeholders.

- Researching information from market and industry reports;
- Analyzing evaluation reports and customer surveys of the Corporation;
- Specific business sectors and areas of activity of the Corporation;
- According to the guidance from building a sustainable development report;
- According to the contents of meetings with shareholders and investors.

02.
Analyzing and identifying the material aspects of interest to stakeholders.

- Selecting material aspects of interest to stakeholders according to four criteria: improving corporate governance; ensuring economic growth; developing human resources; and reflecting social and environmental responsibilities.

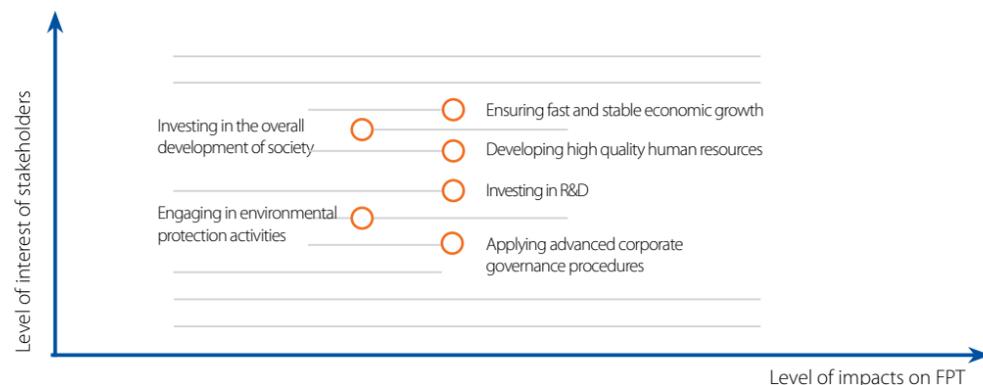
03.
Analyzing material aspects with relationship to stakeholders.

- Establishing a matrix of material aspects.

List of material aspects in relation to economic, social and environmental issues

Criteria	Material aspects	Main contents	Corresponding content in GRI
Economy	Ensuring stable economic growth	Orientation and solutions to ensure stable economic growth	G4-EC1
	Investing in R&D	R&D orientation and activities	G4-EC8
	Applying advanced corporate governance procedures	Corporate governance model and activities	G4-12, G4-34
Society	Developing high quality human resources	Human resources general information, orientation and policy development	G4-SO6, G4-LA2, G4-LA9, G4-LA 11, G4-LA12, G4-10
Community	Supporting the community based on technological strengths	Orientation and activities related to investing in the overall development of society	
Environment	Engaging in environmental protection activities	Orientation, activities and innovative ideas related to environmental protection	G4-EN3, G4-EN6, G4-EN7

Matrix of material aspects



ENSURING STABLE ECONOMIC GROWTH

Maintaining sustainable growth and contributing to the economic development of Vietnam

FPT understands that only by reaching economic targets can the Corporation develop sustainably and ensure the interests of the stakeholders. In order to guarantee stable economic development, FPT has ensured steady revenue and profit growth over the years; maintained its market share in core business areas; continuously expanded into new markets; and searched for suitable business models. FPT attaches special importance to research and development, creating growth drivers for the Corporation in the future; promotes the advantages of a large distribution network with highly qualified employees and agent consultants; and always guaranteed the solvency of its units. Economic growth has also helped FPT increase its impact upon society through contributing to the State budget; ensuring its shareholders' financial interests; and creating jobs for local people.

By promoting its IT advantages, FPT has also indirectly contributed to the economic growth of Vietnam through providing technological solutions that help improve the competitiveness and productivity of the country's key industries; and applying technology to partly solve problems within society thus improving the general quality of life. Simultaneously, FPT has also stimulated the training of high quality human resources within society.

STABLE BUSINESS INDICATORS

In 2016, FPT's consolidated revenue reached VND 40,545 billion, up 1.4% compared with 2015. Profit before tax increased 5.7% over the previous year, reaching VND 3,014 billion. With a one-third contribution to total profit before tax of the Corporation, globalization continues to be an important growth driver for FPT. Foreign markets recorded a satisfactory result of VND 6,121 billion in revenue, up 26%, and VND 935 billion in profit before tax, an increase of 40% over the same period last year.

CONTRIBUTIONS TO THE DEVELOPMENT OF VIETNAM'S ECONOMY

In 2016, FPT contributed VND 5,638 billion to the State budget and made contributions to the overall operation of the economy as well as in the field of IT & Telecommunications sectors.

Contributing to improving the competitiveness of the economic sectors

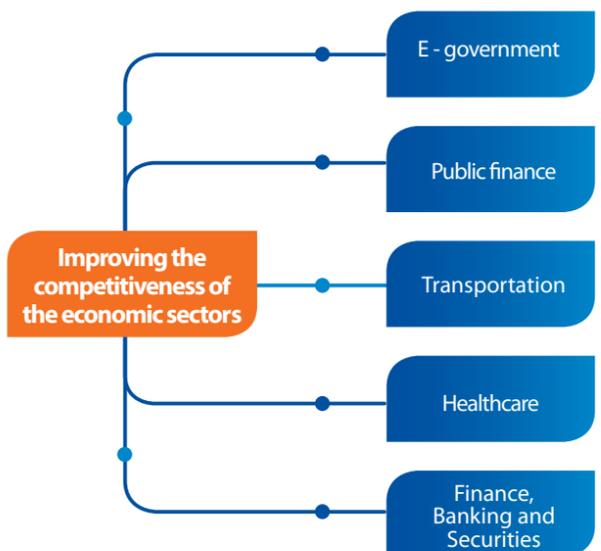
As the largest IT service provider in Vietnam, FPT has provided effective solutions and IT services in almost all important socio-economic fields. In particular, as part of the Fourth Industrial Revolution, FPT has focused on researching solutions and services according to the latest trends in technology to help digitally transform economic sectors, enhance competitiveness and better serve the community.

- E-government:** FPT has developed several software applications for state agencies such as the: Electronic Government Information System (FPT.eGov); Business License Management software; Electronic Government Portal; Criminal Data Management software at the Supreme People's Procuracy; and the Criminal Case Statistics

Management software at the Supreme People's Court. The systems provided by FPT have helped many government agencies enhance the service quality, improve administration, avoid waste, and generate people's trust in public services. In particular, FPT.eGov has been deployed at more than 500 Government agencies at all levels. The system has partly helped Ho Chi Minh City become the city with the highest information technology application index nationwide.

- Public finance:** FPT has built most of the significant IT systems for ministries and authorities including the Ministry of Finance, the General Department of Taxation, the General Department of Vietnam Customs, and the State Treasury. Typical systems include the Tax Management System, Electronic Customs System, and other software that considerably support public finance officials in Vietnam. Among them, the Tax Management System is the core operational system of the tax industry in Vietnam; the Electronic Customs System (FPT.eCustom) has helped businesses save time and the costs of customs procedures. Customs declaration information has become consistent and standardized for both enterprises and customs facilitating the management of customs clearance and the stages following.

- Transportation:** FPT has provided four types of transportation solutions: Law and Enforcement; Transport Infrastructure Management; Terminal Equipment Management and Intelligent Transportation System (ITS). The Bus Information and Control System for Ho Chi Minh City's Department of Transportation deployed by FPT has helped manage more than 3,000 buses, 120 bus routes and 17,000 bus trips per day. The Railway Electronic Ticket System that FPT built for the Vietnam Railways Corporation has helped to consolidate the ticket list throughout the system and assisted people to buy tickets anywhere at any time. The Traffic Violation Surveillance and Monitoring System on the Noi Bai - Lao Cai Highway developed by FPT has been officially sanctioned to the pilot stage since November 2016, helping to control vehicles running on the highway, automatically providing warnings of violations and of expired vehicle registration among other roles.



- Healthcare:** After nearly 20 years of development, the establishment of the Hospital Management System (FPT. eHospital) has been implemented in more than 100 hospitals and health facilities across the country. The system has helped decrease the patient subscription time from 4 minutes to 1 minute; the doctor's prescription time from 5 minutes to 2 minutes; report synthesis time from 1-2 days to only 5 minutes; speed up the discharge fee procedures 1.5 times with higher accuracy; reduce the time for issuing medicines and collecting fees from 5 minutes to 2 minutes per person; test results are displayed instantly; and doctors can diagnose remotely.
- Finance, Banking and Securities:** FPT has introduced a variety of products with many different versions to suit each customer and market stage such as SmartBank, FPT.UTS, FPT. Smart connect, and FPT.SBRS. Among them, SmartBank – a core banking software system – has been applied to manage the business operations of banks with several convenient features including: centralized and online processing; great flexibility, parameterization and automation; high security; user-friendly interface; multi-currency processing; allowing money transactions and withdrawals at many places; and easily connecting to external systems and service channels. SmartBank has been applied in more than 20 banks in Vietnam and other countries.

Empowering the position and brand of Vietnam's IT sector

- Significantly contributing to the growth of the sector's workforce.** By the end of 2016, FPT had 28,397 employees. In the field of software, FPT's workforce reached 10,000, equivalent in scale to one of the top 15 companies in India.
- Affirming the brand of Vietnamese software in the Japanese market.** In 2016, FPT's revenue in this market officially exceeded USD 100 million, which is approximately equivalent in revenue to one of the top 50 IT service providers in Japan.
- Confirming the position of Vietnam in the global technology value chain.** FPT became the only partner of GE in the ASEAN region in IIoT technology. FPT is also certified as special partner of AWS with more than 200 technology certifications.

PROMOTING HIGH-QUALITY HUMAN RESOURCE TRAINING AND OFFERING LIFELONG LEARNING OPPORTUNITIES

After 10 years, FPT University has educated 19,563 students, including 11,664 full-time students in the FPT Education organization. Having the advantage of being the first university in Vietnam founded by a leading ICT corporation, FPT University providing a quality workforce for both international and Vietnamese enterprises.

FPT training programs are designed to meet business needs. Students are provided the best conditions for professional development including foreign languages

skills, personal development, social awareness, soft skills and on-the-job training (OJT) to meet the requirements of becoming qualified experts in a global working environment.

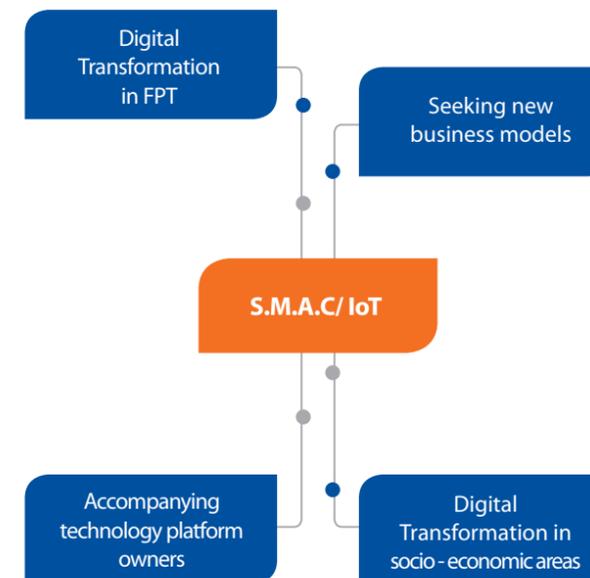
- 100% of students are trained so well that they can study English manuals and programs;
- 100% of the books are imported from abroad, except for compulsory courses as required by the Ministry of Education and Training;
- The training programs are designed and renovated accordingly to the training programs of famous schools across the world, following the standardized training of the employment organizations such as AACSB for Economics, ACM for Information Technology, and NASAD and RIBA for Graphics;
- 100% of FPT students are provided the best conditions for professional development and soft skills via life skills training programs;
- 100% of FPT University students have the chance to join enterprises' practicum (OJT) for 4–8 months. Not only can students apply their knowledge to work, they can also accumulate practical experience and learn from experts in their fields;
- Is one of the first universities to integrate advanced training technologies and IT into teaching and learning. Constructivism, project-based learning, learning materials and attendance are administered online;
- FPT attaches great importance to investing in modern facilities and creating a dynamic internationalized learning environment for its students.

Thanks to these efforts, 98% of FPT University students get a job straight after graduation with an average starting salary of VND 8.3 million, 4.5% begin startups, many of whom have achieved national and international startups awards; 9.8% become business leaders or managers, and 15% of graduates are studying or working abroad. FPT University became the first university in Vietnam to be awarded a 3-star ranking by the QS World University Ranking System - one of the three most well-known university ranking systems in the world. Building on this success, the University was ranked 3.5 by the end 2015, with 5 stars in the four main sectors of Teaching, Employability, Facilities and Social Responsibility.

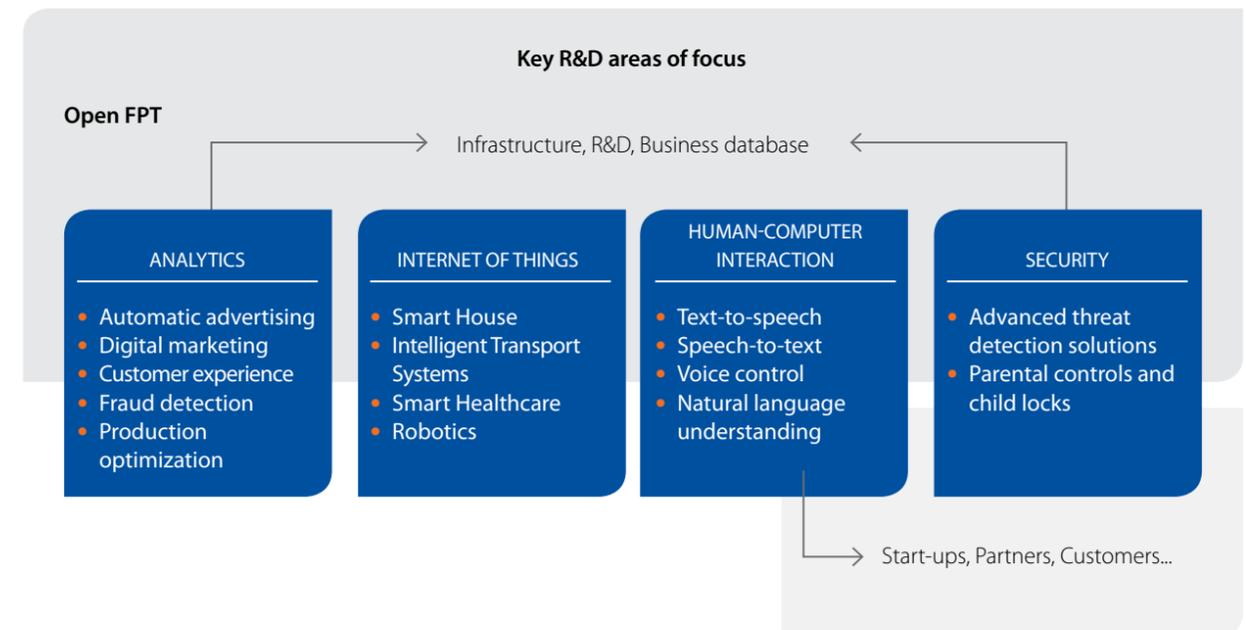
In 2015, the online university FUNiX was founded. FUNiX is organized by taking advantage of technology application and the great support of leading experts from the technology community of Vietnam. By choosing FUNiX, students have chosen a new method of studying that mainly depends on them. The element that makes FUNiX's training program unique and desirable is the comprehensive mentoring network by experienced specialists from prestigious organizations in ICT field of Vietnam. FUNiX offers learners lifelong learning opportunities. One year after its launch, FUNiX has already attracted nearly 1,000 students from 62 provinces and cities across the country and 13 countries around the world. The youngest is 13 years old and the oldest is 76.

INVESTING IN R&D

Research and Development Strategic Direction



Operating in such a rapidly developing and changing industry as ICT, FPT identifies investment in R&D as one of the most important factors that will help the Corporation catch up with new technological trends to meet customer demands.



Some results in 2016

Step-by-step mastering of technologies such as IoT, Big Data, Mobile, AI, Robotics, etc. through digital transformation in FPT and for corporate customers. These are also the core technologies of the digital revolution.

- Digital transformation in FPT:** FPT offers online, telecom, retail and online training services. It is important for FPT to improve customer experience to provide it with a competitive advantage. Interactive channels that help connect with and understand customers will be developed based on artificial intelligence and chatbot.
 - The recommended system is implemented for VnExpress, FPT Play, FPT Shop and Sendo.vn, which helps recommend popular content and products to users;
 - Transforming business processes at FPT Telecom and FPT Retail with apps such as Mobile POS and Mobile Sales.
- Digital transformation for corporate customers:** A network of global partners help FPT and its partners give customers the best possible experience. In recent years, FPT has become a partner with GE, AWS and Microsoft. These partnerships enable FPT to offer the most advanced IoT solutions and global-scale services that help customers with rapid digital transformation.
 - Intelligent traffic solutions are deployed in HCMC and on the Hanoi-Lao Cai Highway, which help with automated traffic control, traffic analysis and visualization, as well as automatic charging;
 - eMobiz, a sales management solution, helps enterprises manage the entire chain from production to consumption of products.

Joining hands to develop a digital technology community: With the desire to build a developed and sustainable technology community in Vietnam, FPT has been building an open technology ecosystem in order to connect and effectively support the activities of the technology community, where FPT plays the role of a pioneer connecting individuals and organizations.

In 2016, FPT made some of its platforms opened source at OpenFPT.vn:

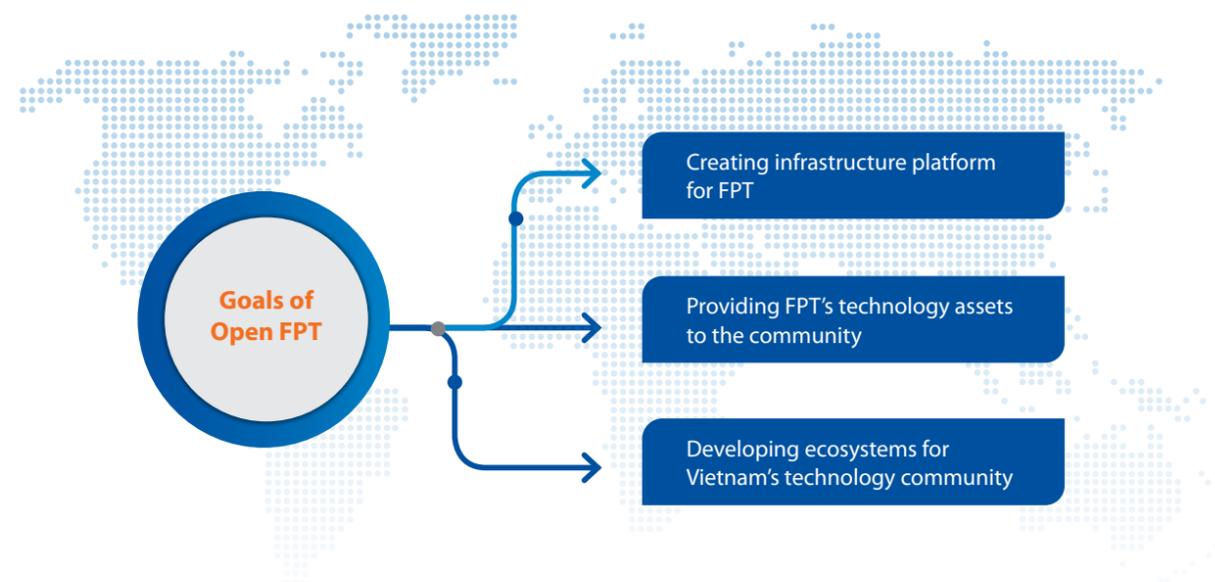
- FPT runs as an infrastructure platform for member companies to deploy their products and open them up to the technology community;
- Opening up FPT's valuable assets such as technology infrastructure, R&D results, and business datasets to external developers;
- Supporting and building tech ecosystems for the community, including start-ups funded by FPT Ventures and VIISA.

In 2016, FPT introduced its 'Digital Race', which brought digitization closer to the Vietnamese technology community. The first year's topic was "Driverless", an increasingly widespread trend that has attracted investment in research and development from big names such as Google, GM and Toyota, etc.

At the FPT Hackathon 2016, participants in the FPT community have the opportunity to learn about systems and products that member companies are deploying. Many valuable APIs are opened up at OpenFPT.vn for contestants to apply to their product and applications.

Patents Registration: Since 2016, the authors of patents registered for exclusive patent protection by FPT have received deserved recognition and reward. From June 2011 till the present, FPT has had over 70 technological inventions registered for exclusive protection at the National Office of Intellectual Property of Vietnam.

In the coming period, FPT will not only continue to invest in the development of key digital convergence services such as IoT, Big Data, Cloud, Robotics... but also closely follow technological needs and trends arising from the interaction with customers, partners and analysts. Those may include niches to exploit and be tools to occupy new customers.



DEVELOPING HUMAN RESOURCES

Promoting new training methods that offer all staff learning opportunities and promotes skilled human resources.

Defining human as the core element to create the sustainable development of the Corporation, from the beginning of its establishment, FPT has made many efforts to "enable staff to reach their full potential in terms of both their careers and personal lives."

Therefore, in the human resource management strategy, FPT always focuses on developing and implementing solutions to build a dynamic and creative work environment; drafting policies to discover, attract, foster and recruit talents, transforming FPT into a learning organization, developing highly trained and qualified human resources; Assessing staff competency in a fair and transparent way; and creating engagement through the installation of FPT's core values and corporate culture.

HUMAN RESOURCE STRUCTURE

According to the Global Reporting Initiative (GRI), the level of diversity within an organization (G4 – LA12) provides insights into the human capital of the organization. Comparisons between broad workforce diversity and management team diversity also offer information on equal opportunity.

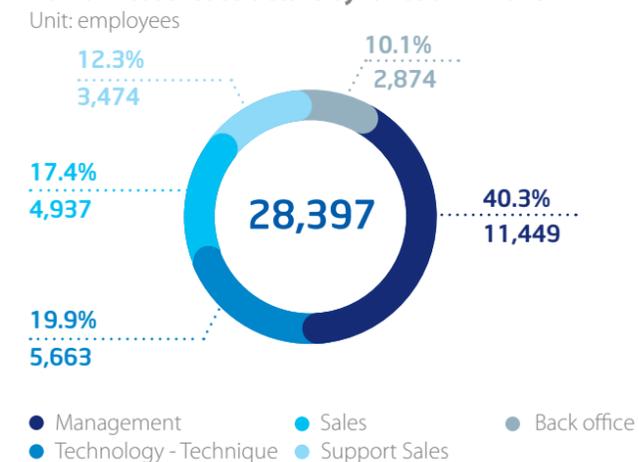
By the end of 2016, FPT employed 28,397 people, an increase of 5.9% compared with 2015. The HR structure and quality remains stable. The number of undergraduates and post-graduates accounts for 64.2% of the total workforce (an increase of 4.8% compared to 2015, equivalent to 18,237 employees. The number of engineers, developers and technology experts is 12,219*, up by 12% against 2015, accounting for 43% of the total workforce.

(*): The number "12,219" includes Technology - Technique human resources and IT-specialized management.

Number of employees in the last five years



Human resource structure by function in 2016



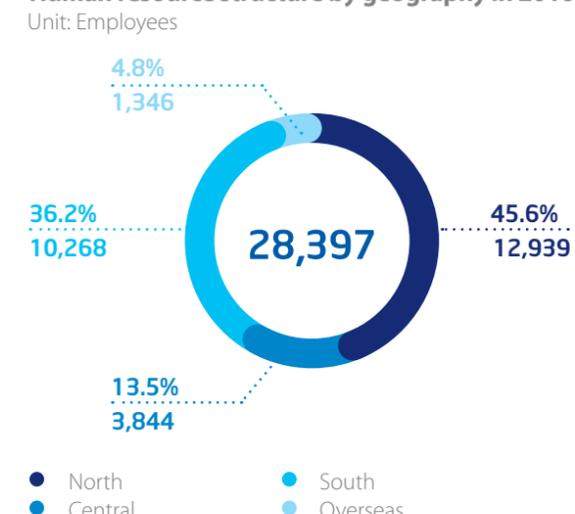
Human resource structure by gender in 2016

Gender	Total (employees)	% of total
Female	10,575	37.2%
Male	17,822	62.8%

Human resource structure by age in 2016

Age	Total (employees)	% of total
Below 25	8,527	30.0%
25-30	12,489	43.9%
31-40	6,545	23.1%
41-50	648	2.3%
Above 50	188	0.7%

Human resource structure by geography in 2016



ENSURING EMPLOYEES' RIGHTS AND DEVELOPING HIGH QUALITY HUMAN RESOURCES

FPT's greatest asset is its human, therefore we have always recognize and realize the employees' efforts and contributions to the Corporation's sustainable development.

FPT always adheres to the provisions of the labor law and ensure employees' rights.

FPT ensures the right of employees to freely participate in the Trade Union and creates favorable conditions in which the Trade Union can operate under the Trade Union Act and Labor Laws. 100% of FPT employees participate in a Collective Bargaining Agreement at all levels. Employees' rights are also concretized in the following policies:

Compensation policies: FPT pays close attention to compensation and promotion policies, taking good care of its employees so as to enable them to reach their full potential in terms of both their careers and personal lives. FPT's compensation policy is built based on the following criteria:

- Being commensurate with working results and contributions to FPT;
- Market competitiveness;
- Encouragement to increase work quality and productivity;
- Fairness and transparency.

FPT's compensation structure consists of four components:

- Salary: A 12 month base salary and a 13th month' salary paid on FPT's Anniversary and on the occasion of New Year. Every year, the company conducts salary surveys performed by some of the world's largest human resource consulting firms such as Mercer to consider adjusting the base pay to suit the Company's development, the labor market and the inflation index (CPI) of Vietnam.
- Travelling, mobile phone top-up, plurality, long-term working abroad allowances. These regimes have regularly been reviewed, supplemented and updated to ensure maximum support for employees.
- Bonuses based on employee's performance and work achievements. There are no caps to the bonuses provided to the employees based on their performance at FPT. The regime is designed to encourage employees to give total dedication to the company. The achievements are always recognized in a timely, fair and transparent way.
- Welfare policies: Social/Health/Unemployment insurance...

Welfare policies: FPT's policies are specifically designed to enable employees to benefit from productivity and creativity gained through increased health and fitness:

- Coordinating with prestigious hospitals and clinics, FPT provides a free annual medical check-up to all employees. Costs of periodic health check-ups are 100% paid by the Corporation.

- FPT coordinates with insurance companies to provide insurance benefits to employees and their dependents (FPT Care) to reduce economic concerns and provide good quality healthcare coverage for employees in case of accident or illness.
- Preferential policies when using services of subsidiaries of the Corporation: Employees who have been signed official labor contracts and their relatives are free or discounted in services of subsidiaries. Preferential treatment is specified for each service.

Checkpoint system: FPT staff conduct checkpoints twice a year to review results and construct a yearly plan. All employees signing official employment contracts must participate in the checkpoint system. They must report their tasks and plans and submit recommendations via an online system. Their managers will then review and approve employees' submissions as well as discuss development orientation and opportunities.

Training policies: According to the Global Reporting Initiative (GRI), maintaining and improving human capital, particularly through training that expands the knowledge base of employees, is a key element in organizational development. This indicator provides insight into the scale of the organization's investment in this area and the degree to which the investment is made across the entire employee base. The access to training opportunities also supports progress in other areas of social performance, such as ensuring equal opportunity in the workplace.

As technology requires constant change and innovation, FPT has built up generations of employees who increasingly learn and strive to help FPT succeed. FPT staff at level 3 or above must participate in an annual training program provided by FCU or complete at least one online course on MOOC (Massive Open Online Courses).

In 2016, FPT spent VND 38.4 billion on training programs and activities with 223,399 participations. Some key FPT training programs include: new staff training; technology staff training; professional training; and future workforce training.



Some educational metrics in 2016

Metrics	2016
Training budget	VND 38.4 billion
Participations	223,399 participations
Training hours	1,011,455 hours
Training costs per staff member	VND 1,55 million
Participations per staff members	9 participations/person
Training hours per staff member	41 hours/person
Number of certificates issued to FPT staff members	3,283 certificates

ATTRACTING AND DEVELOPING TALENTED PEOPLE

FPT accepts everyone as they are, with their strengths and weaknesses, and their good and bad points, as well as provides the best conditions for each member to be themselves and fulfil their ambitions.

- **"Trang FPT"** is an annual competition that has been held since 2003 to seek and develop new talent within the Corporation. Many winners at "Trang FPT" have been appointed to senior management positions such as Vice Executive President of FPT Corporation, CEO of FPT IS, and CEO of FPT Software.
- **Talent internship program:** implemented since 2003 with the purpose of recruiting top students in economics and technology for potential management positions;
- **Personnel arrangement:** aims at building a team of young, trained and experienced staff who deeply understand FPT's business operations and core values, and are ready to assume leadership and senior management positions in the Corporation and its subsidiaries.

CREATING A SPECIFIC CORPORATE CULTURE

FPT is one of only a few Vietnamese companies building and maintaining specific corporate cultural values which have given it a unique advantage in attracting talent, as well as creating linkages among its employees and between employees and the Corporation.

The FPT culture in general is the summary of its codes of conduct in its business activities as well as in other activities to support employees' lives.

Code of conduct and code of ethics in FPT: "Respect - Innovation - Team spirit - Objectivity - Exemplarity - Wisdom"

Every FPT employee needs to have the spirit of "Respect - Innovation - Team spirit".

- **RESPECT** - The spirit of Respect means "respecting individuals", including Frankness, Listening and Tolerance. In FPT, employees can speak directly to managers, regardless of their position or relationship.

- **INNOVATION** - The spirit of Innovation includes Learning, Innovation and STCo (the typical humor of FPT's people).
- **TEAM SPIRIT** - The Team spirit in FPT includes Consensus, Unity and Sincerity. FPT leaders must possess the three core values: "Objectivity - Exemplarity - Wisdom"
- **OBJECTIVITY** - Objectivity is the most important virtue of leaders, which helps them gain the trust of employees and inspires them to work with increased dedication instead of flattering their leaders.
- **EXEMPLARITY** - Leaders must be the ones who most clearly reflect the FPT spirit of "Respect - Innovation - Team spirit".
- **WISDOM** - Leaders must be visionary and decisive.

FPT also deploys cultural activities to ensure a rich mental life for its employees, giving them excitement and enthusiasm in their work via:

- Annual events such as FPT's Anniversary (September 13th); Towards the Origins Day (March 10th in the lunar calendar); Parents Day (November 19th); International Women's Day (March 8th) and Men's Day (November 11th), ect.
- Internal publications that help employees learn about the history and core values of the company such as: Historical Records, a brief history, the internal magazine chungta.vn; FPT News; Tech Insight News; and Fun4Fun.
- Social activities to inspire benevolence among all employees. FPT holds FPT Community Day (March 13th) annually, where FPT employees take part in community activities across the country. At the same time, FPT calls for each staff to contribute one day's wage to support people and colleagues in need.

FPT'S COMMITMENT TO HUMAN RESOURCE USAGE

FPT adheres to the provisions of the Labor Laws to ensure employees' rights:

- Signing labor contracts with employees as stipulated by the provisions of the Labor Laws and the guiding documents of the State and the internal regulations of the Corporation;
- Arranging for employees to work accordingly to their qualifications, expertise, capabilities, health, job position and gender;
- Strictly complying with the provisions of the Labor Laws and the terms of the Collective Labor Agreement;
- Recruiting in accordance with procedures posted publicly on the Corporation's website. Accordingly, candidates do not have to pay for public examination and candidate selection is based on personal capabilities;
- Creating an innovative work environment. FPT focuses on developing facilities and building a modern nature-friendly work environment. Offices that have been built on the campus model are F-Ville (Hoa Lac Hi-Tech Park, Hanoi), F-Town (Saigon Hi-Tech Park in District 9, Ho Chi Minh City), and the FPT Complex (Da Nang Hi-Tech Park).

CORPORATE SOCIAL RESPONSIBILITY AND ENVIRONMENTAL PROTECTION

CORPORATE SOCIAL RESPONSIBILITY

Investing in overall social development

At FPT we believe that human are the most valuable asset of all nations, enterprises in general and at FPT in particular. For the company, sustainable development means not only building and developing its current team, but also taking on more responsibility and making a contribution towards society. We also desire to develop a team of FPT employees with compassionate hearts that reflect a responsibility to society. The Corporation also calls for employees' contributions to its own social activities. In 2016, FPT and its employees spent VND 32.2 billion on social activities, supported more than 25 million people nationwide, including:

- The Corporation's budget: nearly VND 26.8 billion
- FPT staff contributions: VND 5.4 billion

In addition, FPT also mobilized a number of individuals and organizations to join hands to contribute VND 1.6 billion, raising the total amount of money for social activities in 2016 to VND 33.8 billion.

These funds were spent mainly on investing in education and the younger generation, and in supporting families in need and victims of disasters.

Investing in education and the younger generation: Youth shape the future of the nation, while education is a vital factor in the development of the younger generation. So FPT considers investing in education and the younger generation as key to its social activities. In 2016, FPT invested VND 28.6 billion in education and the younger generation, accounting for 88.7% of total social expenditure.

32.2 billion VND Spent on community activities

28.6 billion VND Spent on education and the younger generation

Some outstanding activities:

• The FPT Centre for Young Talent

The FPT Centre for Young Talent (FYT) was established in 1999 with the purpose of gathering young talent in the country, providing them with the conditions to develop comprehensively, and helping them become successful people in society and contribute to national prosperity.

Throughout their time at FYT, young talents had chances to communicate, enrich their knowledge and look for their mission, as well as be inspired to study in-depth expertise and advanced soft skills to support for their future career.

After 17 years of operation, FYT has gathered 418 talented students, more than 200 of whom are living and working abroad. Many having become successful, including Dam Quang Minh, Rector of FPT University; Vuong Vu Thang, CEO of the Vietnam Communications Corporation; Vuong Quang Khai, Vice President of the VinaGame Corporation; and Nguyen Hoa Binh, CEO of PeaceSoft, ect.

In 2016, FYT recruited 25 members including 07 international award winners and 11 national award winners.



• ViOlympic Internet-based math contest

After eight years of development, ViOlympic has become a popular intellectual playground for millions of Vietnamese students. It reached beyond the national borders when the global version of VioGlobal attracted members from 32 countries around the world in the first month. 24.97 million ViOlympic members (an increase of 20% YoY) have had the opportunity to study and challenge themselves through the internet-based mathematics competition in Vietnamese and English and also the Physics Contest.

In November 2016, FPT officially brought the online math puzzle contest to Laos with the desire to enrich knowledge, enhance skills and build a strong intellectual foundation in the younger generation of Laos.

24.97 million ViOlympic members ▲ 20%

• Digital Race – the technology competition with topic: “Driverless” for students

The competition attracted 145 teams from 26 different universities in the country. The teams were supported to improve their professional knowledge and soft skills such as project management and teamwork.

FPT has previously held many other technology competitions such as the Vietnamese Intellectuals (from 2000 to 2007), the Mobile Labs (2008 and 2009), the Mobile Robot Challenge (2013), and the S.M.A.C Challenge (2014 and 2015).



• The Nguyen Van Dao Scholarship

The Nguyen Van Dao Scholarship aims to offer the best study conditions and development opportunities to talented young students and students from poor families. In 2016, FPT provided 522 scholarships worth VND 20.8 billion. These included:

- ▶ The “Fondness for learning” scholarships for students in need of good academic achievement;
- ▶ The ‘Excellent student’ scholarships for students with excellent academic performance;
- ▶ The ‘Arts, Entertainment, Performance & Sports’ scholarships for students with excellent achievements in the fields of sports, culture or art.

Over the past six years, FPT has provided 1,671 scholarships worth VND 108.6 billion.

1,671 Provided over 06 years
Nguyen Van Dao Scholarships

Total numbers of Nguyen Van Dao scholarship in the period of 2010-2016

Year	Number of scholarships	Expenditure (VND in millions)
2010	93	7,417
2011	103	10,093
2012	102	14,951
2013	47	18,385
2014	122	16,886
2015	682	20,047
2016	522	20,844
Total	1,671	108,623

Investment in education and the younger generation in 2016

No.	Program	Beneficiary	Specific program	Number of beneficiaries/ participants	The Corporation's budget (VND in millions)	FPT staff's contribution (VND in millions)	Total cost (VND in millions)
1	Offering scholarships	Students	Nguyen Van Dao Scholarship Scholarships for children who were exposed to Dioxin FPT Center for Young Talent (FYT)	522 200 80	20,844	240	20,844 240 500
2	Implementing programs applying technology in training	Primary to high school students	Violympic - an internet-based math competition in Vietnamese and English and physics contest to help students improve their knowledge of mathematics and English, access to modern computing and new methods of applying IT in teaching and learning. FPT brought the online math contest to Laos.	24,973,518	3,725		3,725
3	Providing learning facilities (books, bookcases, computers, etc.)	pupils/ students	"Inspiring a Dream" program giving bookcases, computers and learning tools Giving Laptops to Hanoi University of Science and Technology	17,960	1,084	1,550	2,634
4	Honoring and encouraging students who have IT capability	pupils/ students	Digital Race 2016-2017; the Young IT contest; the 25th IT Contest for Students in Vietnam; ACM/ICPC 2016	3,000	513		513
5	Others		Tikkun Olam Maker with Israeli Embassy; Data Mining Summer School of VNU University of Engineering and Technology; ASIACRYPT 2016 - Annual International Conference on the Theory and Applications of Cryptology and Information Security	500	120		120
Total				24,995,780	26,786	1,790	28,576

SOCIAL ACTIVITIES

Voluntary activities are enthusiastically welcomed by FPT's employees who wish to share with disadvantaged people. In 2016, FPT spent VND 3.6 billion for hundreds of visits and giving gifts to families in difficult. FPT's employees organized 15 programs to give appliances and necessities and cash to more than 4,549 households in Soc Trang, Lao Cai, Nghe An, Ha Tinh, Quang Binh; providing water wells, water tanks and water filters for some drought-stricken districts in Kien Giang, Lam Dong, Ben Tre, Binh Thuan, Tien Giang. FPT organized 14 blood donations in Hanoi and Ho Chi Minh City with donated 2,647 blood units. FPT also planted hundreds of green trees in Quy Duc commune and Luu Huu Phuoc Park in Ho Chi Minh City and a number of other environmentally friendly volunteer activities. It is estimated that in the year 2016, FPT's voluntary programs have accessed and supported 43,266 poor households (in which one household has 4 people).



2,647
blood units

Donated

43,266
poor households

Supported

Social activities in 2016

No.	Program	Beneficiary	Specific program	Number of beneficiaries/ participants	The Corporation's budget (VND in millions)	FPT staff's contribution (VND in millions)	Total cost (VND in millions)
1	Blood donation	Anemia patients	Holding blood donation drives	2,647 blood units	31		31
2	Support for students and people in difficult circumstances	Students and people in difficult circumstances	81 support programs for students and people in difficult circumstances	17,209		788	788
3	Support for FPT staff in difficult circumstances	FPT staff and their relatives in difficult circumstances	Visiting and giving cash to them	96		1,101	1,101
4	Support for flood disaster victims	Students and people in the disaster areas	15 trips giving scholarships, school supplies and computer labs to students in order to help them get back to school after natural disasters and providing the basic necessities of life to people.	4,549 ^(*) households/ 18 localities, 5,118 students of 17 schools		1,722	1,722
Total				43,266	31	3,611	3,642

(*) One household is calculated to have four people

Some typical programs

• **FPT Community Day (March 13th)**

Since 2010, every year FPT has held the FPT Community Day (March 13th). On this day, FPT employees take part in community activities across the country. On FPT Community Day in 2016, FPT deployed 82 activities, attracting 4,650 employees in 59 cities and provinces; donating 1,026 units of blood; giving out 265 scholarships, 44 computers, 12 medical boxes, and nearly 30,000 notebooks to students in need. They also gave out 44 gifts to pediatric patients at the National Institute of Hematology and Blood Transfusion.



• **“FPT for the Community” fund**

Since 2013, FPT has called on each staff member to contribute one day’s wages towards the “FPT for the Community” fund on FPT Community Day. The fund has no legal status. The cost of running the fund is contributed to by FPT staff to give support to people in need.

In 2016, 20,983 employees collectively contributed VND 5.9 billion to the “FPT for the Community” fund.

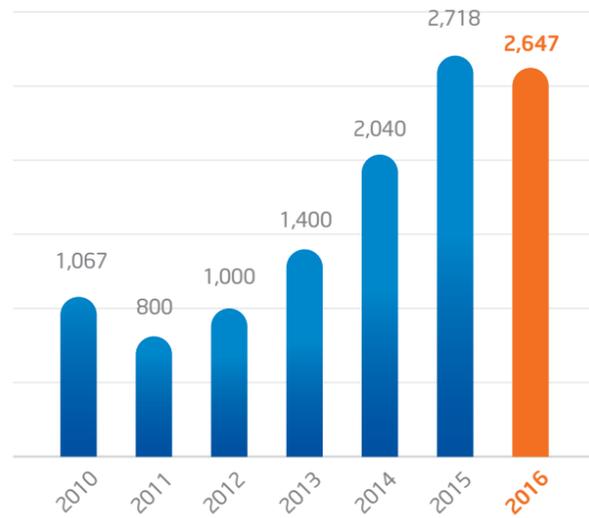


• **Blood donation**

Multiple blood donation drives are held annually by FPT, attracting thousands of FPT employees. In 2016, FPT held 14 blood donation drives in Hanoi and HCMC collecting, 2,647 units of blood. Also in 2016, FPT received a certificate of merit from the Vietnam Red Cross Society for blood donations.

Blood donation details for FPT

Unit: blood unit



ENGAGING IN ENVIRONMENTAL PROTECTION ACTIVITIES

Ensure the efficient use of natural resources, comply with the provisions of the Law on Environmental Protection, give priority to using alternative energy sources, and raise awareness of environmental protection.

Constructing environment-friendly offices

With offices all across the country, FPT is always conscious that a green office model not only helps the Corporation achieve energy efficiency and reduce operating costs, but also enhances the awareness of environmental protection among its employees.

Accordingly, during the construction of its facilities, FPT always carries out an environmental impact assessment and complies with regulations on environmental protection. In the design process, FPT always gives priority to applying new technologies and environment-friendly materials, as well as utilizing natural energy sources to minimize environmental impact and energy consumption.

- FPT Complex (Da Nang) achieved the EDGE (Excellence in Design for Greater Efficiency) standard by the Ministry of Construction and the World Bank, after reaching minimum savings of 20% in energy, water, and construction materials.
- The Administrative Building of FPT University (Hoa Lac Hi-tech Park) won the Future Projects - Education category at the World Architecture Festival (WAF) and first prize at the Green Architecture Awards hosted by the Vietnam Architects' Association.
- FPT’s offices were built on the environment-friendly campus model (office complex integrated with amusement parks, trees, landscaping and other features), including F-Ville (Hoa Lac Hi-tech Park, Hanoi), F-Town (Saigon Hi-tech Park, District 9, Ho Chi Minh City) and the FPT Complex (Da Nang Hi-Tech Park).

For the first time, FPT announced its indicators related to energy and water consumption in seven buildings in Hanoi, HCM and Da Nang. Details are as follows:

Building	Hanoi			Da Nang		HCM City	
	FPT Cau Giay	FPT University (Hoa Lac)	F-Ville	FPT Massda	FPT Complex	FPT Tan Thuan	F-Town
Electricity (Kw)	3,915,700	28,929,00	1,895,590	913,882	2,000,240	2,328,816	1,788,326
Water (m ³)	18,253	Not summarized	Not summarized	8,772	12,821	37,387	30,298

Raising awareness of environmental protection among employees

FPT regularly implements programs to raise awareness of and promulgate knowledge about environmental protection among its employees:

- Collaborating with international and domestic organizations to raise awareness of environmental protection and energy saving by all FPT employees;
- Building and adjusting the electricity use in all office buildings;
- Encouraging staff to use the stairs and restrict elevator usage;
- Establishing a bicycle club and encouraging staff members to cycle to work;
- Supporting and responding to the Earth Hour campaign.



FPT always carries out an environmental impact assessment and complies with regulations on environmental protection

06

AUDITED CONSOLIDATED FINANCIAL STATEMENTS



SEEKING NEW BUSINESS MODELS

FPT seeks new business models that are based on new technology platforms through strongly supporting and building technology ecosystems within Vietnam's startup community in which FPT plays a central role in connecting players.





FPT CORPORATION

(Incorporated in the Socialist Republic of Vietnam)

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2016

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STATEMENT OF THE BOARD OF MANAGEMENT

The Board of Management of FPT Corporation and its subsidiaries (herein collectively called the "Corporation") presents this report together with the Corporation's consolidated financial statements for the year ended 31st December 2016.

THE BOARDS OF DIRECTORS AND MANAGEMENT

The members of the Boards of Directors and Management of the Corporation who held office during the year and to the date of this report are as follows:

Board of Directors

Mr. Truong Gia Binh	Chairman
Mr. Bui Quang Ngoc	Vice Chairman
Mr. Do Cao Bao	Member
Mr. Le Song Lai	Member
Mr. Jean Charles Belliol	Member
Mr. Tomokazu Hamaguchi	Member
Mr. Dan E Khoo	Member

Board of Management

Mr. Bui Quang Ngoc	Executive President
Mr. Nguyen The Phuong	Executive Vice President
Mr. Duong Dung Trieu	Executive Vice President
Mr. Do Cao Bao	Executive Vice President (appointed on 15 March 2016)
Mr. Nguyen Khac Thanh	Executive Vice President (resigned on 01 January 2017)

BOARD OF MANAGEMENT' STATEMENT OF RESPONSIBILITY

The Board of Management of the Corporation is responsible for preparing the consolidated financial statements, which give a true and fair view of the financial position of the Corporation as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. In preparing these consolidated financial statements, the Board of Management is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the consolidated financial statements;
- Prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Corporation will continue in business; and
- Design and implement an effective internal control system for the purpose of properly preparing and presenting the consolidated financial statements so as to minimize errors and frauds.

STATEMENT OF THE BOARD OF MANAGEMENT *(Continued)*

The Board of Management of the Corporation is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Corporation and that the consolidated financial statements comply with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. The Board of Management is also responsible for safeguarding the assets of the Corporation and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Board of Management confirms that the Corporation has complied with the above requirements in preparing these consolidated financial statements.

For and on behalf of the Board of Management,



NGUYEN THE PHUONG

Executive Vice President

Power of Attorney No. 94.3-2013/QĐ-FPT-TGD
dated 05 August 2013

28 February 2017

INDEPENDENT AUDITORS' REPORT

Deloitte.

No.: 459/VN1A-HN-BC

**To: The Shareholders
The Boards of Directors and Management
FPT Corporation**

We have audited the accompanying consolidated financial statements of FPT Corporation and its subsidiaries (the "Corporation"), prepared on 28 February 2017 as set out from page 114 to page 153, which comprise the consolidated balance sheet as at 31 December 2016, the consolidated income statement and consolidated cash flows statement for the year ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements 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 to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Corporation's preparation and fair presentation of the consolidated 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 Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.



TRAN THI THUY NGOC

Deputy General Director

Audit Practising Registration Certificate
No. 0031-2013-001-1

For and on behalf of
DELOITTE VIETNAM COMPANY LIMITED

28 February 2017
Hanoi, S.R. Vietnam

DO HONG DUONG

Auditor

Audit Practising Registration Certificate
No. 2393-2015-001-1

CONSOLIDATED BALANCE SHEET

As at 31 December 2016

FORM B 01-DN/HN
Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		21.908.662.957.423	18.959.009.136.105
I. Cash and cash equivalents	110	6	6.013.361.389.774	3.584.709.151.769
1. Cash	111		2.708.396.961.973	1.879.397.318.868
2. Cash equivalents	112		3.304.964.427.801	1.705.311.832.901
II. Short-term financial investments	120		3.472.087.285.737	2.617.441.917.720
1. Held-to-maturity investments	123	7	3.472.087.285.737	2.617.441.917.720
III. Short-term receivables	130		6.640.135.921.823	5.534.209.011.621
1. Short-term trade receivables	131		4.813.644.916.901	4.477.122.078.998
2. Short-term advances to suppliers	132		502.798.063.471	346.030.178.124
3. Receivables from contracts under percentage of completion method	134	8	621.152.412.137	516.837.479.455
4. Other short-term receivables	136	9	845.228.760.854	476.421.501.226
5. Provision for short-term doubtful debts	137		(142.688.231.540)	(282.202.226.182)
IV. Inventories	140		4.553.808.475.949	5.268.099.617.220
1. Inventories	141	11	4.617.030.139.516	5.332.031.654.362
2. Provision for devaluation of inventories	149	11	(63.221.663.567)	(63.932.037.142)
V. Other short-term assets	150		1.229.269.884.140	1.954.549.437.775
1. Short-term prepayments	151	12	700.736.999.465	829.521.434.436
2. Value added tax deductibles	152		405.361.079.316	1.106.181.985.080
3. Taxes and other receivables from the State budget	153	13	123.171.805.359	18.846.018.259

CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2016

FORM B 01-DN/HN
Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
B. NON-CURRENT ASSETS	200		7,924,598,856,728	7,086,579,408,323
I. Long-term receivables	210		380,965,916,003	348,638,580,505
1. Long-term trade receivables	211		242,327,520,000	242,327,520,000
2. Other long-term receivables	216	9	192,339,224,231	160,161,888,733
3. Provision for long-term doubtful debts	219		(53,700,828,228)	(53,850,828,228)
II. Fixed assets	220		4,589,983,193,268	4,292,253,138,079
1. Tangible fixed assets	221	14	4,131,298,588,426	3,971,402,119,342
- Cost	222		7,932,027,298,677	6,937,072,376,415
- Accumulated depreciation	223		(3,800,728,710,251)	(2,965,670,257,073)
2. Finance lease assets	224		2,463,716,693	1,737,003,927
- Cost	225		3,446,506,943	2,400,601,505
- Accumulated depreciation	226		(982,790,250)	(663,597,578)
3. Intangible assets	227	15	456,220,888,149	319,114,014,810
- Cost	228		821,227,956,626	610,345,105,736
- Accumulated amortisation	229		(365,007,068,477)	(291,231,090,926)
III. Long-term assets in progress	240		1,020,980,424,296	692,575,366,258
1. Long-term work in progress	241		14,238,138,008	13,400,125,582
2. Construction in progress	242	16	1,006,742,286,288	679,175,240,676
IV. Long-term financial investments	250		826,327,509,802	727,905,697,262
1. Investments in associates	252	18	289,799,251,298	271,434,002,318
2. Equity investments in other entities	253	7	756,802,393,141	632,649,372,195
3. Provision for impairment of long-term financial investments	254	7	(221,058,175,167)	(176,177,677,251)
4. Held-to-maturity investments	255		784,040,530	-
V. Other long-term assets	260		1,106,341,813,359	1,025,206,626,219
1. Long-term prepayments	261	12	1,017,386,186,501	808,536,902,438
2. Deferred tax assets	262	19	88,955,626,858	216,669,723,781
TOTAL ASSETS (270 = 100 + 200)	270		29,833,261,814,151	26,045,588,544,428

CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2016

FORM B 01-DN/HN

Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		18,385,186,549,332	15,863,302,791,405
I. Current liabilities	310		17,429,655,689,537	14,967,554,324,100
1. Short-term trade payables	311		3,757,370,436,671	2,815,055,125,562
2. Short-term advances from customers	312		582,218,403,864	296,629,535,411
3. Taxes and amounts payable to the State budget	313	13	342,476,553,769	318,469,453,775
4. Payables to employees	314		826,716,964,713	694,086,202,995
5. Short-term accrued expenses	315	20	602,957,629,994	518,769,375,019
6. Payables relating to contracts under percentage of completion method	317		18,960,567,464	12,916,413,403
7. Short-term unearned revenue	318	21	1,242,029,648,962	1,491,947,971,642
8. Other current payables	319	22	523,625,410,753	302,282,737,618
9. Short-term loans and obligations under finance leases	320	23	9,206,666,235,567	8,191,325,008,702
10. Short-term provisions	321	24	7,733,835,968	16,952,179,257
11. Bonus and welfare funds	322		318,900,001,812	309,120,320,716
II. Long-term liabilities	330		955,530,859,795	895,748,467,305
1. Long-term advances from customers	332		54,229,591,822	54,207,388,091
2. Long-term unearned revenue	336	21	12,305,331,089	34,976,753,365
3. Other long-term payables	337	22	148,828,875,776	185,412,671,965
4. Long-term loans and obligations under finance leases	338	25	732,697,612,808	614,354,593,251
5. Deferred tax liabilities	341		1,666,814,550	-
6. Long-term provisions	342	24	5,610,537,467	6,604,964,350
7. Scientific and technological development fund	343		192,096,283	192,096,283

CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2016

FORM B 01-DN/HN

Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
D. EQUITY	400		11,448,075,264,819	10,182,285,753,023
I. Owners' equity	410		11,445,325,264,819	10,179,535,753,023
1. Owners' contributed capital	411	26	4,594,266,840,000	3,975,316,400,000
- Ordinary shares carrying voting rights	411a		4,594,266,840,000	3,975,316,400,000
2. Share premium	412	26	49,465,703,201	49,465,703,201
3. Other owner's capital	414	26	56,882,670,000	-
4. Treasury shares	415	26	(823,760,000)	(823,760,000)
5. Foreign exchange reserve	417	26	(5,875,468,099)	(6,549,325,268)
6. Investment and development fund	418	26	126,889,833,508	79,036,549,084
7. Other reserves	420	26	87,227,200,764	87,227,790,014
8. Retained earnings	421	26	4,614,339,862,503	4,394,554,749,025
- Retained earnings accumulated to the prior year end	421a		3,083,041,592,112	3,051,113,855,690
- Retained earnings of the current year	421b		1,531,298,270,391	1,343,440,893,335
9. Non-controlling interests	429		1,922,952,382,942	1,601,307,646,967
II. Other resources and funds	430		2,750,000,000	2,750,000,000
1. Non-business expenditure fund	431		2,750,000,000	2,750,000,000
TOTAL RESOURCES (440=300+400)	440		29,833,261,814,151	26,045,588,544,428

NGUYEN TIEN HAO
Preparer

28 February 2017

HOANG HUU CHIEN
Chief Accountant



NGUYEN THE PHUONG
Executive Vice President

CONSOLIDATED INCOME STATEMENT

FORM B 02-DN/HN
Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance

For the year ended 31 December 2016

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
1. Gross revenue from goods sold and services rendered	01	27	40,447,137,929,383	38,707,143,264,487
2. Deductions	02	27	915,669,265,439	747,444,508,465
3. Net revenue from goods sold and services rendered (10=01-02)	10	27	39,531,468,663,944	37,959,698,756,022
4. Cost of sales	11	28	31,093,333,588,720	30,465,878,878,610
5. Gross profit from goods sold and services rendered (20=10-11)	20		8,438,135,075,224	7,493,819,877,412
6. Financial income	21	30	574,759,707,458	452,546,690,212
7. Financial expenses	22	31	694,213,959,980	620,411,567,508
- In which: Interest expense	23		374,186,078,800	262,502,327,611
8. Share of net profit from associates	24		35,133,362,370	34,474,687,218
9. Selling expenses	25		2,638,454,515,198	2,226,870,805,958
10. General and administration expenses	26		2,751,158,473,432	2,331,789,496,610
11. Operating profit (30=20+(21-22)+24-(25+26))	30		2,964,201,196,442	2,801,769,384,766
12. Other income	31	32	99,839,840,254	146,796,066,673
13. Other expenses	32		50,142,370,455	97,416,623,718
14. Profit from other activities (40=31-32)	40		49,697,469,799	49,379,442,955
15. Accounting profit before tax (50=30+40)	50		3,013,898,666,241	2,851,148,827,721
16. Current corporate income tax expense	51	33	424,741,482,194	497,001,075,715
17. Deferred corporate tax expense/ (income)	52	33	13,466,338,768	(83,937,013,159)
18. Net profit after corporate income tax (60=50-51-52)	60		2,575,690,845,279	2,438,084,765,165
18.1. Equity holders of the Holding Company	61		1,990,642,578,391	1,930,895,920,629
18.2. Non-controlling interests	62		585,048,266,888	507,188,844,536
19. Basic earnings per share	70	34	3,925	3,811
20. Diluted earnings per share	71		3,925	3,811

NGUYEN TIEN HAO
Preparer

28 February 2017

HOANG HUU CHIEN
Chief Accountant



NGUYEN THE PHUONG
Executive Vice President

The notes are an integral part of these consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT

FORM B 03-DN/HN
Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance

For the year ended 31 December 2016

Unit: VND

ITEMS	Codes	Current year	Prior year
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	3,013,898,666,241	2,851,148,827,721
2. Adjustments for:			
- Depreciation and amortisation of fixed assets	02	933,439,677,116	732,880,119,304
- Provisions	03	110,598,342,842	94,014,920,103
- Foreign exchange loss/(gain) arising from translating foreign currency items	04	16,019,559,188	(3,154,674,532)
- (Gain) from investing activities	05	(351,181,315,186)	(318,812,983,950)
- Interest expense	06	374,186,078,800	262,502,327,611
3. Operating profit before movements in working capital	08	4,096,961,009,001	3,618,578,536,257
- Increase, decrease in receivables	09	(514,700,144,026)	(863,521,059,691)
- Increase, decrease in inventories	10	714,102,101,632	(693,098,534,961)
- Increase, decrease in payables (excluding accrued loan interest and corporate income tax payable)	11	1,123,673,242,082	395,158,777,335
- Increase, decrease in prepaid expenses	12	14,764,983,297	(526,455,061,497)
- Interest paid	14	(359,766,741,527)	(211,922,502,790)
- Corporate income tax paid	15	(531,442,237,616)	(438,294,708,886)
- Other cash outflows	17	(231,933,719,551)	(124,560,415,953)
Net cash generated by operating activities	20	4,311,658,493,292	1,155,885,029,814
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(1,433,113,297,810)	(2,090,200,759,463)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	4,641,163,312	115,905,779,112
3. Cash outflow for lending, buying debt instruments of other entities	23	(912,254,841,704)	(1,218,529,160,271)
4. Equity investments in other entities	25	(314,070,117,375)	-
5. Cash recovered from investments in other entities	26	322,220,162,456	65,345,000,000
6. Interest earned, dividends and profits received	27	308,769,840,197	226,569,380,961
Net cash used in investing activities	30	(2,023,807,090,924)	(2,900,909,759,661)

The notes are an integral part of these consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

FORM B 03-DN/HN

Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance

For the year ended 31 December 2016

Unit: VND

ITEMS	Codes	Current year	Prior year
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from share issue and owners' contributed capital	31	66,576,590,000	30,953,970,000
2. Capital withdrawals, buy-back of issued shares	32	(876,300,000)	(4,349,500,000)
3. Proceeds from borrowings	33	22,299,129,726,143	23,921,460,737,848
4. Repayment of borrowings	34	(21,165,445,479,721)	(21,980,611,812,448)
5. Dividends and profits paid	36	(1,058,583,700,785)	(974,001,961,553)
Net cash used in financing activities	40	140,800,835,637	993,451,433,847
Net increase/(decrease) in cash (50=20+30+40)	50	2,428,652,238,005	(751,573,296,000)
Cash and cash equivalents at the beginning of the year	60	3,584,709,151,769	4,336,282,447,769
Cash and cash equivalents at the end of the year (70=50+60)	70	6,013,361,389,774	3,584,709,151,769

NGUYEN TIEN HAO

Preparer

28 February 2017

HOANG HUU CHIEN

Chief Accountant



NGUYEN THE PHUONG

Executive Vice President

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FORM B 09-DN/HN

Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance

These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements

1. GENERAL INFORMATION

Structure of ownership

FPT Corporation (the "Company") was incorporated as a State-owned company in Vietnam and subsequently equitised in accordance with Decision No. 178/QĐ-TTg, following which the Company officially operated as a joint stock company. FPT Corporation was established under Business Registration Certificate No. 0103001041 issued for the first time by Hanoi Department of Planning and Investment dated 13 May 2002 and its amendments.

According to the amended Business Registration Certificate dated 19 December 2008, the Company changed its name from the Corporation for Financing and Promoting Technology to FPT Corporation.

According to the amended Business Registration Certificate dated 23 June 2016, the Company's charter capital is VND 4,594,266,840,000.

Since December 2006, the Corporation's shares have been listed on Ho Chi Minh City Stock Exchange.

The total number of the Corporation's employees as at 31 December 2016 was 28,397 (31 December 2015: 26,818).

Operating industry and principal activities

The principal activities of the Corporation are to provide IT and telecommunication products and services. The main products and services provided are (i) software development including software outsourcing; software solutions, software services and ERP services; (ii) system integration; (iii) informatics services including system management, BPO service, Data Center service etc.; (iv) telecommunication services including internet services and value added services; (v) digital content service including online advertising etc.; (vi) college, university and postgraduate training services; (vii) production, distribution and retails of IT and telecommunication products.

Normal production and business cycle

The Company's normal production and business cycle is carried out for a time period of 12 months or less except some system integration projects which are carried out for a time period of more than 12 months.

The Corporation's structure:

As at 31 December 2016, FPT Corporation had 9 subsidiaries as follows:

- FPT Information System Corporation;
- FPT Trading Company Limited;
- PT Telecom Joint Stock Company;
- FPT Software Company Limited;
- FPT Education Company Limited;
- FPT Online Service Joint Stock Company;
- FPT Investment Company Limited;
- FPT Digital Retail Joint Stock Company;
- FPT Media Company Limited.

And 2 associates as follows:

- FPT Fund Management Joint Stock Company;
- FPT Securities Joint Stock Company.

Disclosure of information comparability in the consolidated financial statements

Comparative figures are the figures of the audited consolidated financial statements for the year ended 31 December 2015.

2. ACCOUNTING CONVENTION AND ACCOUNTING PERIOD

Accounting convention

The accompanied consolidated financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.

The accompanied consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

Accounting period

The Corporation's financial year begins on 01 January and ends on 31 December.

3. ADOPTION OF NEW ACCOUNTING GUIDANCE

On 21 March 2016, the Ministry of Finance issued Circular No. 53/2016/TT-BTC ("Circular 53") amending and supplementing certain articles of Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance guiding the accounting regime for enterprises. Circular 53 is effective for the financial years beginning on or after 01 January 2016. Accordingly, the Corporation has applied Circular 53 in the preparation and presentation of the Corporation's consolidated financial statements for the financial year ended 31 December 2016.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, which have been adopted by the Corporation in the preparation of these consolidated financial statements, are as follows:

Estimates

The preparation of the consolidated financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these accounting estimates are based on the management's best knowledge, actual results may differ from those estimates.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (its subsidiaries) for the period from 01 January 2016 to 31 December 2016. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Company.

Intragroup transactions and balances are eliminated in full on consolidation.

Non-controlling interests consist of the amount of those non-controlling interests at the date of the original business combination and the non-controlling interests' share of

changes in equity since the date of the combination. Losses in subsidiaries are respectively attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Business combinations

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is credited to the consolidated profit and loss in the period of acquisition.

The interest of non-controlling shareholders is initially measured at the minority's proportion of the net fair value of the assets, liabilities, and contingent liabilities recognized.

Investments in associates

An associate is an entity over which the Corporation has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Interests in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Corporation's share of the net assets of the associate. Losses of an associate in excess of the Corporation's interest in that associate (which includes any long-term interests that, in substance, form part of the Corporation's net investment in the associate) are not recognized.

Where a group entity transacts with an associate of the Corporation, unrealised profits and losses are eliminated to the extent of the Corporation's interest in the relevant associate.

Goodwill

Goodwill represents the excess of the cost of acquisition over the Corporation's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary at the date of acquisition. After acquisition date, if the Parent continues making investment in the subsidiary, it should determine the cost of additional investment and corresponding increase in ownership of the carrying value of the acquired net asset of the subsidiary (not applying fair value as on acquisition date). The difference between the cost of additional investment and the carrying value of the acquired net asset should be recorded directly into retained earnings (similar to transactions among internal shareholders).

Goodwill arising on the acquisition date is presented separately as an intangible asset in the consolidated balance sheet and is amortised on the straight-line basis in the consolidated income statement according to current regulation. In case where the amount of goodwill impairment loss in the period is more than the annual amortised amount on the straight-line basis, the loss amount shall be recognised.

On disposal of a subsidiary, the attributable amount of unmortised goodwill is reduced corresponding to the disposed share proportion and included in retained earnings in case where the Parent remains its control of the subsidiary, or reduced in full and included in the determination of the profit or loss in case where the Parent loses the control.

Financial instruments

Initial recognition

Financial assets

At the date of initial recognition, financial assets are recognized at cost plus transaction costs that are directly attributable to the acquisition of the financial assets.

Financial assets of the Corporation comprise cash and cash equivalents, trade and other receivables, short-term and long-term investments.

Financial liabilities

At the date of initial recognition, financial liabilities are recognized at cost plus transaction costs that are directly attributable to the issue of the financial liabilities.

Financial liabilities of the Corporation comprise trade and other payables, loans and obligations under finance leases and accrued expenses.

Subsequent measurement after initial recognition

Currently, there are no requirements for the subsequent measurement of the financial instruments after initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial investments

Held-to-maturity investments

Held-to-maturity investments comprise investments that the Corporation has the positive intent or ability to hold to maturity,

including term deposits (commercial bills), bonds, preference shares which the issuer shall redeem at a certain date in the future, loans held to maturity to earn periodic interest and other held-to-maturity investments.

Held-to-maturity investments are recognised on a trade date basis and are initially measured at acquisition price plus directly attributable transaction costs. Post-acquisition interest income from held-to-maturity investments is recognised in the consolidated income statement on accrual basis. Pre-acquisition interest is deducted from the cost of such investments at the acquisition date.

Held-to-maturity investments are measured at cost less provision for doubtful debts.

Provision for doubtful debts relating to held-to-maturity investments is made in accordance with prevailing accounting regulations.

Equity investments in other entities

Equity investments in other entities represent the Corporation's investments in ordinary shares of the entities over which the Company has no control, joint control, or significant influence.

Equity investments in other entities are carried at cost less provision for impairment.

Provisions for impairment of long-term financial investments

Provisions for impairment of long-term financial investments are made in accordance with Circular No. 228/2009/TT-BTC dated 07 December 2009 issued by the Ministry of Finance on "Guiding the appropriation and use of provisions for devaluation of inventories, loss of financial investments, bad debts and warranty for products, goods and construction works at enterprises", Circular No. 89/2013/TT-BTC dated 28 June 2013 by the Ministry of Finance amending and supplementing Circular No. 228/2009/TT-BTC and prevailing accounting regulations. In some cases, according to the estimate of the Board of Management, the Corporation prudently makes more provision for impairment of long-term financial investments than required as per the prevailing accounting regulations.

Receivables

Receivables represent the amounts recoverable from customers or other debtors and are stated at book value less provision for doubtful debts.

Provision for doubtful debts is made for receivables that are overdue for six months or more, or when the debtor is in dissolution, in bankruptcy, or is experiencing similar difficulties and so may be unable to repay the debt.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and where applicable, direct labor costs, and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost of inventories within the Corporation is calculated using the first in first out (FIFO) method and inventory recording method is the perpetual method. Net realizable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

The evaluation of necessary provision for inventory obsolescence follows current prevailing accounting regulations which allow provisions to be made for obsolete, damaged, or sub-standard inventories and for those which have costs higher than net realisable values as at the balance sheet date.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working condition and location for their intended use.

The costs of self-constructed or manufactured assets are the actual construction or manufacturing cost plus installation and test running costs.

Tangible fixed assets are depreciated using the straight-line method over their following estimated useful lives:

Unit: Years

	2016
Buildings and structures	5 - 25
Machinery and equipment [†]	3 - 25
Motor vehicles	3 - 10
Office equipment	3 - 8
Other assets	3 - 25

Finance lease assets and depreciation

Finance lease assets are acquired from finance lease transactions, whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Corporation at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease

payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Corporation's general policy on borrowing costs.

Intangible assets and amortisation

(i) Land use rights

Intangible assets represent land use rights that are stated at cost less accumulated amortisation. Definite land use rights are amortised using the straight-line method over the duration of the right to use the land. Indefinite land use rights are not amortised.

(ii) License, copyright and patent

Purchase price of license is accounted for as intangible asset. License is amortised to the consolidated income statement on straight-line basis over a period of 3 to 5 years. The right to operate the high-speed internet line of Asia America Gateway ("AAG") project is amortised over 15 years of the operation right.

Purchase prices of copyright and patent are capitalized and accounted for as intangible asset. Copyright and patent are amortised to the consolidated income statement on straight-line basis over a period of 3 to 5 years.

(iii) Brand name and trademark

Purchase prices of trademark and brand name are recorded as intangible asset. Trademark and brand name are amortised to the consolidated income statement on straight-line basis over their estimated useful lives.

(iv) Computer software

Purchase price of new computer software, which is not an integral part of related hardware is capitalized and accounted for as intangible asset. Computer software is amortised to the consolidated income statement on straight-line basis over a period of 3 to 5 years.

Construction in progress

Properties in the course of construction for production, rental, or administrative purposes, or for other purposes, are carried at cost. Cost includes costs that are necessary to form the assets in accordance with the Corporation's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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Long-term prepayments

Long-term prepayments comprise prepaid land rental and its attributable cost and office rental. Prepaid land rentals are charged to the consolidated income statement using the straight-line method over the lease term.

Tools and supplies issued for consumption, small devices and office refurbishment are stated at cost and expensed in accordance with the prevailing regulations.

Payable provisions

Payable provisions are made when the Corporation has a present obligation as a result of a past event, and it is probable that the Corporation will be required to settle that obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation as at the balance sheet date

Provision for warranties

The provision for warranties relates mainly to goods sold and services rendered. The provision is based on estimates derived from historical warranty data associated with similar products and services.

Bonus and welfare funds

The Corporation distributes up to 10% of net profit after tax of subsidiaries to bonus and welfare funds.

Revenue recognition

Revenue is recognized when the outcome of such transactions can be measured reliably and it is probable that the economic benefits associated with the transactions will flow to the Corporation.

Revenue from the sale of goods

Revenue from the sale of goods is recognised when all five (5) following conditions are satisfied:

- the Corporation has transferred to the buyer significant risks and rewards of ownership of the goods;
- the Corporation retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Corporation; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from services

Revenue of a transaction involving the rendering of services is recognised when the outcome of such transactions can be measured reliably. Where a transaction involving the rendering of services is attributable to several periods, revenue is recognised in each period by reference to the percentage of completion of the transaction at the consolidated balance sheet date of that year. The outcome of a transaction can be measured reliably when all four (4) following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Corporation;
- the percentage of completion of the transaction at the consolidated balance sheet date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue from software development, system integration and informatics services

Revenue is recognised in the consolidated income statement by reference to the percentage of completion of transaction at the year end. The percentage of completion is assessed by performance or the percentage of the incurred expense of the completed work over the total contract cost estimate. Revenue is not recognised if there is material unreliable element related to recovery of receivables.

Revenue from processing services

Revenue from processing services is recognised in the consolidated income statement when the goods have been processed and accepted by the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the receivables due.

Revenue from telecommunication services

Revenue from telecommunication services is recognised on pro-rata basis over the period during which the services are actually provided to customers.

Revenue from online advertising services

Revenue from online advertising services is recognised on the basis of work completed.

Revenue from tuition and fees

Revenue is recognised in the year when services are rendered. Tuition and fees collected in advance from the students are recorded as unearned revenue on the consolidated balance sheet and released to the consolidated income statement in the year in which the semester falls.

Tuition and fee payment

Tuition and fees are fully payables in advance prior to the beginning of each semester.

Enrolment fee or application fee

A one-time fixed application fee is charged per student and collected with applications for enrolment. Proceeds from the application fees are used to defray the costs associated with all procedures relating to processing each student's enrolment, including the administration of applicable assessment evaluation of prior school records and appropriate placement for the student. The application fee is not refundable.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable interest rate.

Dividend income from investments is recognised when the Corporation's right to receive payment has been established.

Foreign currencies

The Corporation applies the method of recording foreign exchange differences in accordance with Circular No. 202/2014/TT-BTC dated 22 December 2014, Circular 53/2016/TT-BTC and the Vietnamese Accounting Standard No. 10 (VAS 10) "Effects of changes in foreign exchange rates". Accordingly, transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognised in the consolidated income statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Financial statements of foreign operations

For the purpose of presenting consolidated financial statements, the assets and liabilities of the foreign operations (including comparative figures) are expressed in reporting currency using exchange rates prevailing on the balance sheet date. Income and expense items (including comparative figures) are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly during that year, in which case the exchange rates at the dates of the transactions are used.

Exchange differences arising, if any, are classified as equity and transferred to the Corporation's foreign exchange reserve. Such translation differences are recognised in profit or loss in the year in which the foreign operation is disposed of.

Borrowing costs

Borrowing costs are recognised in the consolidated income statement in the year when incurred unless they are capitalised in accordance with Vietnamese Accounting Standard No. 16 "Borrowing costs". Accordingly, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. For specific borrowings for the purpose of construction of fixed assets and investment properties, borrowing costs are capitalised even when the construction period is under 12 months.

Earnings per share

The Corporation presents basic earnings per share (EPS) and diluted earnings per share (Diluted EPS) for its ordinary shares. Basic EPS is calculated by having the profit or loss attributable to the ordinary shareholders of the Corporation divided by the weighted average number of outstanding ordinary shares during the year. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding taking into consideration the effect of all dilutive potential ordinary shares, which comprise convertible bonds and share options.

Related parties

Related parties include associates and key management personnel of the Corporation.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated income statement because it excludes

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items of income or expense that are taxable or deductible in other years (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

Deferred tax is recognised on significant differences between carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Corporation intends to settle its current tax assets and liabilities on a net basis.

The determination of the tax currently payable is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

5. SEGMENT REPORTING

A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments.

The Corporation has two major segments under the management of FPT Corporation (the "Corporation") as follows:

- **Telecommunication:** providing internet services to individuals and households, internet services to enterprises such as providing internet leased line service, domestic and international telecommunication, domain, hosting, Web Portal services, IPTV etc.;
- **Digital content:** providing online services for enterprises and individual customers, including online newspapers (such as VnExpress.net, Ngoisao.net, iOne.net, PCWorld.com.vn, Gamethu.vn etc.); online advertising, AdNetwork, online music, e-payment etc.;
- **Software development:** software production; software development; programming and maintenance services, quality assurance testing, ERP implementation and management services;
- **System integration:** supplying IT equipment, providing application software solution, providing information system integration services for offices, enterprises and organizations in such fields as banking, finance, telecommunication, public health, public utilities and for the Government etc.;
- **Informatics services:** providing business process outsourcing (BPO) service, e-connection services among civils, enterprises and the Government, cloud computing, digital signature authentication, confidentiality, maintenance services for IT, telecommunication and network equipment;
- **Manufacture, distribution and retails of technology products:** producing technology products and distributing IT products including IT hardware, application software for mobile phones via chains of retail IT product shops/showrooms.

Investment and education: including the following main activities:

- Providing training services in IT, business management majors at high education, university, and post-graduate levels;
- Managing investments in associates operating in the finance field;
- Managing and developing real estate projects relating to the Corporation's infrastructure needs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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Current year

Unit: VND millions

Items	Informatics and Telecommunication							Elimination	Total
	Telecom- munication	Digital content	Software development	System integration	Informatics services	Education and investment	Manufacture, distribution and retail of technology products		
Segment revenue									
External revenue	6,175,519	490,028	6,189,377	2,612,093	815,336	1,157,344	22,091,772	-	39,531,469
Inter segment revenue	921	-	111,726	188,076	58,706	592,193	1,091,496	(2,043,118)	-
Total segment revenue	6,176,440	490,028	6,301,103	2,800,169	874,042	1,749,537	23,183,268	(2,043,118)	39,531,469
Segment expenses (i)									
Directly attributable expenses, in which:	(5,189,977)	(294,835)	(5,254,707)	(2,734,598)	(788,222)	(1,631,688)	(22,665,283)	2,076,363	(36,482,947)
- Depreciation and amortisation	(737,030)	(5,685)	(115,242)	(18,112)	(5,220)	(47,351)	(9,091)	4,291	(933,440)
- Allocation of long-term prepaid expenses	(170,375)	(60,622)	(111,664)	(29,978)	(8,641)	(113,686)	(134,956)	-	(629,922)
Segment result (ii)	986,463	195,193	1,046,396	65,571	85,820	117,849	517,985	33,245	3,048,522
Segment profit before tax	944,050	254,258	930,926	68,702	102,623	1,288,277	543,797	(1,118,734)	3,013,899
Segment assets	7,666,007	862,151	3,336,845	2,416,413	696,509	7,645,750	10,157,299	(2,947,712)	29,883,262
Segment liabilities	4,947,606	378,775	1,900,313	1,765,012	508,749	4,620,957	8,316,169	(4,052,394)	18,385,187
Total expenses for acquisition off fixed assets	1,007,197	54,386	709,451	27,448	7,912	204,205	257,096	23,404	2,291,099

- (i) Segment expenses arising from the business activities of the segment are charged directly to that segment and part of the business costs are allocated to that segment, including costs outbound sales and expenses related to transactions with other parts of the business. Accordingly, segment expense include cost of sales, selling and administration expenses.
- (ii) Segment result is the segment revenue less segment expense.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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Previous year

Unit: VND millions

Items	Informatics and Telecommunication							Elimination	Total
	Telecom- munication	Digital content	Software development	System integration	Informatics services	Education and investment	Manufacture, distribution and retail of technology products		
Segment revenue									
External revenue	5,104,331	448,551	5,185,371	2,417,858	834,258	731,345	23,237,985	-	37,959,699
Inter segment revenue	14,745	-	74,159	111,983	38,638	168,583	2,399,372	(2,807,480)	-
Total segment revenue	5,119,076	448,551	5,259,530	2,529,841	872,896	899,928	25,637,357	(2,807,480)	37,959,699
Segment expenses									
Directly attributable expenses, in which:	(4,229,600)	(298,391)	(4,485,903)	(2,369,703)	(817,642)	(863,513)	(24,777,779)	2,817,992	(35,024,539)
- Depreciation and amortisation	(543,002)	(9,019)	(97,862)	(25,084)	(8,655)	(45,712)	(7,837)	4,291	(732,880)
- Allocation of long-term prepaid expenses	(63,753)	(15,598)	(299,842)	(36,225)	(12,499)	(104,574)	(61,216)	-	(593,707)
Segment result	889,476	150,160	773,627	160,138	55,254	36,415	859,578	10,512	2,935,160
Segment profit before tax	877,505	166,940	741,346	96,306	89,663	1,885,196	728,176	(1,733,983)	2,851,149
Segment assets	7,260,414	694,502	3,816,502	2,169,229	748,470	4,866,102	8,500,116	(2,009,746)	26,045,589
Segment liabilities	4,955,895	242,497	2,417,866	1,492,760	515,062	1,642,669	7,026,508	(2,429,954)	15,863,303
Total expenses for acquisition off fixed assets	1,835,357	12,114	514,249	82,858	28,589	333,461	97,486	-	2,904,114

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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6. CASH AND CASH EQUIVALENTS

Unit: VND

	Closing balance	Opening balance
Cash on hand	103,615,081,671	217,540,867,601
Bank demand deposits	2,604,781,880,302	1,661,856,451,267
Cash equivalents	3,304,964,427,801	1,705,311,832,901
	6,013,361,389,774	3,584,709,151,769

7. FINANCIAL INVESTMENTS

Unit: VND

	Closing balance		Opening balance	
	Cost	Carrying amount	Cost	Carrying amount
a. Held-to-maturity investments	3,515,704,023,221	3,472,087,285,737	2,646,233,222,047	2,617,441,917,720
- Term deposits	3,429,337,941,445	3,429,337,941,445	2,517,867,140,271	2,517,867,140,271
- Other short-term investments	86,366,081,776	42,749,344,292	128,366,081,776	99,574,777,449
	Closing balance		Opening balance	
	Cost	Carrying amount	Cost	Carrying amount
b. Other short-term investments				
b1. Investments in associates	137,500,000,000	-	137,500,000,000	-
- FPT Capital Management Joint Stock Company	27,500,000,000	-	27,500,000,000	-
- FPT Security Joint Stock Company	110,000,000,000	-	110,000,000,000	-
b2. Equity investments in other entities	756,802,393,141	(221,058,175,167)	632,649,372,195	(176,177,677,251)
- Vietnam Japan Investment Fund	-	-	44,870,000,000	(8,132,510,645)
- Vietnam Investment Fund	4,200,000,000	-	10,650,000,000	-
- Other investments	752,602,393,141	(221,058,175,167)	577,129,372,195	(168,045,166,606)

In accordance with Circular No. 200/2014/TT-BTC dated 22 December 2014, the fair value of investments in associates and investments in other entities as at 31 December 2016 should be presented. However, as at 31 December 2016, as associates and other entities in which the Corporation invests were not listed on the stock market and there is no guidance to determine the fair value of investments in unlisted shares, the Corporation has not yet presented the fair value of these investments.

8. RECEIVABLES FROM CONTRACTS UNDER PERCENTAGE OF COMPLETION METHOD

Unit: VND

	Closing balance	Opening balance
Recognised revenue to date under percentage of completion method	1,772,369,103,380	1,983,467,611,881
Less: progress billings and advances from customers	(1,151,216,691,243)	(1,466,630,132,426)
	621,152,412,137	516,837,479,455

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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9. OTHER RECEIVABLES

Unit: VND

	Closing balance	Opening balance
a) Current		
Receivables related to maintenance services	136,898,781,308	119,119,747,291
Receivables related to support from suppliers	303,648,144,565	183,064,955,871
Deposits and mortgages	63,213,551,424	82,961,439,470
Other receivables	341,468,283,557	91,275,358,594
	845,228,760,854	476,421,501,226
b) Non current		
Deposits and mortgages	137,214,287,867	95,148,463,192
Other receivables	55,124,936,364	65,013,425,541
	192,339,224,231	160,161,888,733

10. BAD DEBTS

Unit: VND

	Closing balance		Opening balance	
	Cost	Recoverable amount	Cost	Recoverable amount
Total amount of receivables past due or not past due but impaired	254,137,566,017	57,748,506,249	392,429,395,668	56,376,341,258

11. INVENTORIES

Unit: VND

	Closing balance		Opening balance	
	Cost	Provision	Cost	Provision
Goods in transit	416,075,802,077	-	463,819,057,341	-
Tools and supplies	87,766,304,143	-	107,035,823,637	-
Work in progress	663,345,582,162	-	891,024,964,660	-
Merchandise	3,449,842,451,134	(63,221,663,567)	3,870,151,808,724	(63,932,037,142)
Total	4,617,030,139,516	(63,221,663,567)	5,332,031,654,362	(63,932,037,142)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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12. PREPAYMENTS

Unit: VND

	Closing balance	Opening balance
a) Current		
Expenditure for transferring to optical fiber system	192,453,308,435	286,575,813,914
Other current prepayments	508,283,691,030	542,945,620,522
	700,736,999,465	829,521,434,436
b) Non-current		
PayTV installation cost	267,928,451,861	231,193,175,317
Initial set-up for shops	230,768,170,923	138,602,169,735
Office repair and maintenance	153,075,038,876	61,808,963,677
Prepayments for systems integration contracts	38,632,661,595	60,936,232,369
Electronic equipment and computer system	37,296,690,569	92,667,879,184
Other non-current prepayments	289,685,172,677	223,328,482,156
	1,017,386,186,501	808,536,902,438

13. TAXES AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE BUDGET

Movement of taxes and other receivables from/payables to the State budget:

Unit: VND

Items	Opening balance	Amount payable	Amount paid and deducted	Closing balance
Value added tax	117,274,368,572	4,865,584,725,679	4,849,397,412,272	133,461,681,979
- Output value added tax	116,569,100,996	3,775,940,148,939	3,759,753,422,245	132,755,827,690
- Value added tax on imports	705,267,576	1,089,644,576,740	1,089,643,990,027	705,854,289
Import duties	47,419,206	16,191,899,045	16,191,287,371	48,030,880
Corporate income tax	158,969,917,360	419,199,669,540	531,442,237,616	46,727,349,284
Personal income tax	15,538,251,548	284,587,922,449	273,675,360,282	26,450,813,715
Foreign contractor withholding tax	6,630,053,535	43,790,195,894	42,415,892,572	8,004,356,857
Other taxes and fees	1,163,425,295	8,283,665,570	4,834,575,170	4,612,515,695
Total	299,623,435,516	5,637,638,078,177	5,717,956,765,283	219,304,748,410

In which:

- Taxes and other receivables from the State budget	18,846,018,259	123,171,805,359
- Taxes and amounts payable to the State budget	318,469,453,775	342,476,553,769

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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The balance of taxes and other receivables from/payables to the State budget in detail:

- Taxes and amounts receivable from the State budget

Unit: VND

	Closing balance	Opening balance
Value added tax	5,630,266,065	953,442,792
Import duties	34,802,628	34,802,629
Corporate income tax	116,579,453,690	16,955,759,914
Personal income tax	825,915,529	370,544,381
Foreign contractor withholding tax	101,367,447	-
Other taxes and fees	-	531,468,543
Total	123,171,805,359	18,846,018,259

- Taxes and amounts payable to the State budget

Unit: VND

	Closing balance	Opening balance
Value added tax	139,091,948,044	118,227,811,364
Import duties	82,833,508	82,221,835
Corporate income tax	163,306,802,974	175,925,677,274
Personal income tax	27,276,729,244	15,908,795,929
Foreign contractor withholding tax	8,105,724,304	6,630,053,535
Other taxes and fees	4,612,515,695	1,694,893,838
Total	342,476,553,769	318,469,453,775

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

14. INCREASE, DECREASE IN TANGIBLE FIXED ASSETS

Unit: VND

	Buildings, structures	Machinery, equipment	Motor vehicles	Office equipment	Others	Total
COST						
Opening balance	1,128,166,105,134	4,721,674,392,537	83,286,558,714	907,272,149,621	96,673,170,409	6,937,072,376,415
Purchases	732,417,268	882,372,133,908	15,680,316,363	31,163,881,612	59,050,000	930,007,799,151
Transfer from construction in progress	14,576,609,167	76,545,455,580	-	21,911,022	-	91,143,975,769
Disposals	-	(12,166,315,054)	(2,444,261,586)	(10,093,156,215)	(456,749,633)	(25,160,482,488)
Reclassification	-	177,971,734,944	(5,199,118,707)	(114,216,611,286)	(58,556,004,951)	-
Other increases/(decreases)	(4,089,784,958)	(10,221,190,379)	84,174,406	14,639,067,921	(1,448,637,160)	(1,036,370,170)
Closing balance	1,139,385,346,611	5,836,176,211,536	91,407,669,190	828,787,242,675	36,270,828,665	7,932,027,298,677
ACCUMULATED DEPRECIATION						
Opening balance	180,246,133,873	2,013,495,514,343	43,280,872,171	696,871,417,256	31,776,319,430	2,965,670,257,073
Charge for the year	53,838,352,438	733,701,860,038	4,768,306,477	60,737,190,508	1,220,715,860	854,266,425,321
Disposals	-	(7,841,930,096)	(2,444,261,586)	(6,048,362,862)	(411,417,164)	(16,745,971,708)
Reclassification	-	131,715,906,415	(5,199,118,707)	(113,389,954,340)	(13,126,833,368)	-
Other increases/(decreases)	(1,968,407,377)	(7,362,002,448)	(596,415,237)	7,880,777,370	(415,952,743)	(2,462,000,435)
Closing balance	232,116,078,934	2,863,709,348,252	39,809,383,118	646,051,067,932	19,042,832,015	3,800,728,710,251
NET BOOK VALUE						
Closing balance	907,269,267,677	2,972,466,863,284	51,598,286,072	182,736,174,743	17,227,996,650	4,131,298,588,426
Opening balance	947,919,971,261	2,708,178,878,194	40,005,686,543	210,400,732,365	64,896,850,979	3,971,402,119,342

As at 31 December 2016, the cost of the Corporation's assets including machinery and equipment, motor vehicles and office equipment which had been fully depreciated but are still in use was approximately VND 1,178,130 million (as at 31 December 2015: VND 947,480 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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15. INCREASE, DECREASE IN INTANGIBLE ASSETS

Unit: VND

	Land use right	Computer software	License, copyright and patent	Total
COST				
Opening balance	49,257,150,650	275,721,902,403	285,366,052,683	610,345,105,736
Addition	126,312,793,731	16,497,293,514	13,748,341,654	156,558,428,899
Disposals	-	(2,568,979,133)	(4,489,154,554)	(7,058,133,687)
Other increases/(decreases)	-	7,088,672,347	54,293,883,331	61,382,555,678
Closing balance	175,569,944,381	296,738,889,131	348,919,123,114	821,227,956,626
ACCUMULATED AMORTISATION				
Opening balance	3,682,067,852	177,796,687,553	109,752,335,521	291,231,090,926
Charge for the year	980,706,032	43,184,989,498	34,688,363,593	78,854,059,123
Disposals	-	(2,474,175,891)	(4,225,973,880)	(6,700,149,771)
Other increases/(decreases)	-	681,910,047	940,158,152	1,622,068,199
Closing balance	4,662,773,884	219,189,411,207	141,154,883,386	365,007,068,477
NET BOOK VALUE				
Closing balance	170,907,170,497	77,549,477,924	207,764,239,728	456,220,888,149
Opening balance	45,575,082,798	97,925,214,850	175,613,717,162	319,114,014,810

16. CONSTRUCTION IN PROGRESS

Unit: VND

	Current year	Prior year
Opening balance	679,175,240,676	537,241,674,698
Additions	556,442,887,428	385,429,374,070
Transferred to fixed assets	(152,644,134,326)	(224,407,652,595)
Other decrease	(76,231,707,490)	(19,088,155,497)
Closing balance	1,006,742,286,288	679,175,240,676

Details by project are as follows:

Unit: VND

	Closing balance	Opening balance
Construction in progress		
Constructions	1,006,742,286,288	679,175,240,676
In which:		
- Asia Pacific Gateway Cable Network	200,345,640,231	158,813,175,651
- Nam An Khanh project	92,999,271,455	92,999,271,455
- FPT office project in Da Nang	341,918,642,898	137,777,321,581
- F-Town 2 project	206,965,877,936	52,637,529,278
- Other constructions	164,512,853,768	236,947,942,711
	1,006,742,286,288	679,175,240,676

During the period, total interest expense capitalized into the cost of construction in progress was approximately VND 3,615 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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17. INVESTMENTS IN SUBSIDIARIES

Details of the Corporation's subsidiaries as at 31 December 2016 are as follows:

Name of subsidiaries	Place of incorporation and operation	Proportion of ownership rate	Proportion of voting power held	Principal activities
FPT Information System Corporation	Floor 22, Keangnam Landmark 72, E6 Pham Hung, Me Tri, Tu Liem, Hanoi	100%	100%	Providing application software solution, ERP service, IT service and integrated system service
FPT Software Company Limited	Floor 6-12 FPT Cau Giay Building, Duy Tan Street, Cau Giay District, Hanoi	100%	100%	Providing software services and products
FPT Trading Company Limited	FPT Cau Giay Building, Duy Tan Street, Cau Giay District, Hanoi	100%	100%	Producing technology products and distributing IT devices and mobile phones; and manufacturing computers
FPT Telecom Joint Stock Company (i)	Floor 2, FPT Cau Giay Building, Duy Tan Street, Cau Giay District, Hanoi	45,65%	45,65%	Providing ADSL services, fixed line internet services, online advertising and other online services
FPT Education Company Limited	FPT Cau Giay Building, Duy Tan Street, Cau Giay District, Hanoi	100%	100%	Providing training and technology services
FPT Online Service Joint Stock Company	No. 408 Dien Bien Phu Street, Ward 11, District 10, Hochiminh City	51,95%	84,08%	Providing online services
FPT Investment Company Limited	Floor 13, FPT Cau Giay Building, Duy Tan Street, Cau Giay District, Hanoi	100%	100%	Providing financial services activities (investment consulting service, excluding legal and financial consulting services)
FPT Digital Retail Joint Stock Company	No. 261 - 263 Khanh Hoi, Ward 5, District 4, Hochiminh City	85,00%	85,00%	Retails of computers, peripheral devices, software and telecommunication equipment; telecom service agent
FPT Media Company Limited (ii)	FPT Cau Giay Building, Duy Tan Street, Cau Giay District, Hanoi	100%	100%	Producing news and entertainment shows; providing telecom and advertising services

(i) As at 31 December 2016, FPT Corporation holds 45.65% ownership interest (31 December 2015: 45.64%) and 45.65% of voting rights (31 December 2015: 45.64%) at FPT Telecom Joint Stock Company. However, the Corporation has the power to cast the majority of votes at meetings of the Board of Directors of FPT Telecom Joint Stock Company and thus, the Corporation has the power to control the financial and operating policies of FPT Telecom Joint Stock Company. Therefore, the Corporation has control over FPT Telecom Joint Stock Company, and thus, the financial statements of FPT Telecom Joint Stock Company are incorporated in the Corporation's consolidated financial statements.

(ii) On 08 August 2011, Executive President of FPT Corporation issued Decision No. 79.1-2011/QD-FPT-TGD on temporarily narrowing the business activities of FPT Media Company Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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18. INVESTMENTS IN ASSOCIATES

Unit: VND

	Current year	Prior year
Opening balance	271,434,002,318	251,078,173,392
Share of net profit after corporate income tax of associates	27,967,915,280	27,689,161,926
Dividends received	(8,066,666,300)	(7,333,333,000)
Other decreases	(1,536,000,000)	-
Closing balance	289,799,251,298	271,434,002,318

Details of the Corporation's associates as at 31 December 2016 which the Corporation accounted for using the equity method in its consolidated financial statements are as follows:

Name of associate	Place of incorporation and operation	Proportion of ownership and voting right	Principal activities
FPT Securities Joint Stock Company	Floor 2, 71 Nguyen Chi Thanh Street, Dong Da District, Hanoi	20%	Securities trading, brokerage investment advisory and securities depository services
FPT Fund Management Joint Stock Company	Floor 9, TTC Building, Lot B1A, Dich Vong Hau Ward, Pham Hung Street, Cau Giay District, Hanoi	25%	Portfolio and fund management and other services

19. DEFERRED TAX ASSETS

Unit: VND

	Fixed assets	Provisions	Revenue	Total
Opening balance	19,511,967,770	6,442,820,333	190,714,935,678	216,669,723,781
Transferred to the consolidated income statement of the year	(858,283,264)	4,943,961,428	(15,885,202,382)	(11,799,524,218)
Other decreases	-	-	(115,914,572,705)	(115,914,572,705)
Closing balance	18,653,684,506	11,386,781,761	58,915,160,591	88,955,626,858

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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20. SHORT-TERM ACCRUED EXPENSES

Unit: VND

	Closing balance	Opening balance
Accrued expenses for system integration projects	283,923,262,971	242,366,174,929
Others	319,034,367,023	276,403,200,090
	602,957,629,994	518,769,375,019

21. UNEARNED REVENUE

Unit: VND

	Closing balance	Opening balance
a) Current		
Unearned revenue related to telecom service	866,098,041,817	1,141,049,275,657
Unearned revenue related to tuition and fees	166,774,771,397	104,112,569,879
Other unearned revenues	209,156,835,748	246,786,126,106
	1,242,029,648,962	1,491,947,971,642
b) Non-current		
Unearned revenue related to telecom service	7,745,770,847	15,488,875,267
Other unearned revenues	4,559,560,242	19,487,878,098
	12,305,331,089	34,976,753,365

22. OTHER PAYABLES

Unit: VND

	Closing balance	Opening balance
a) Current		
Trade union fee	43,310,476,507	35,250,149,382
Social, health and unemployment insurance	39,424,867,479	33,690,405,484
Short-term deposits received	165,183,629,597	127,756,116,846
Dividends payable	80,751,052,964	4,901,045,648
Support fee received in advance from suppliers	12,826,578,188	34,293,441,263
Other current payables	182,128,806,018	66,391,578,995
	523,625,410,753	302,282,737,618
b) Non-current		
Long-term deposits received	3,208,810,814	20,051,178,357
Other non-current payables	145,620,064,962	165,361,493,608
	148,828,875,776	185,412,671,965

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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23. SHORT-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

Unit: VND

Item	Opening balance		In the year		Closing balance	
	Amount	Amount able to be paid off	Increase	Decrease	Amount	Amount able to be paid off
Short-term loans from banks and business entities (i)	8,033,199,204,598	8,033,199,204,598	21,831,107,292,820	21,005,627,744,815	8,858,678,752,603	8,858,678,752,603
Current portion of long-term loans and liabilities (see details in Note 25)	158,125,804,104	158,125,804,104	349,679,413,766	159,817,734,906	347,987,482,964	347,987,482,964
- Current portion of long-term loans	157,608,397,509	157,608,397,509	348,847,542,872	159,245,751,357	347,210,189,024	347,210,189,024
- Current portion of long-term obligations under finance leases	517,406,595	517,406,595	831,870,894	571,983,549	777,293,940	777,293,940
Total	8,191,325,008,702	8,191,325,008,702	22,180,786,706,586	21,165,445,479,721	9,206,666,235,567	9,206,666,235,567

(i) Most of short-term loans from banks and business entities are unsecured. These loans can be withdrawn in either Vietnam Dong or United States Dollar. Interest rate is determined in respect of each specific withdrawal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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24. PROVISIONS

Unit: VND

	Short-term provisions for warranties	Long-term provisions for warranties	Long-term provisions for guarantees on student loansTotal	Total
Opening balance	16,952,179,257	6,592,059,350	12,905,000	23,557,143,607
Additional provision in the year	25,084,195,183	9,689,671,535	-	34,773,866,718
Reversal of provisions	(12,905,379,758)	(2,537,269,812)	-	(15,442,649,570)
Utilisation of provisions	(21,397,158,714)	(8,146,828,606)	-	(29,543,987,320)
Closing balance	7,733,835,968	5,597,632,467	12,905,000	13,344,373,435

Warranties

The provision for warranties relates mainly to goods sold and services rendered. The provision is based on estimates derived from historical warranty data associated with similar products and services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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25. LONG-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

Unit: VND

Item	Opening balance		In the year		Closing balance	
	Amount	Amount able to be paid off	Increase	Decrease	Amount	Amount able to be paid off
Long-term loans	770,459,605,554	770,459,605,554	466,536,571,332	159,245,751,358	1,077,750,425,528	1,077,750,425,528
Long-term obligations under finance leases	2,020,791,801	2,020,791,801	1,485,861,991	571,983,548	2,934,670,244	2,934,670,244
Total	772,480,397,355	772,480,397,355	468,022,433,323	159,817,734,906	1,080,685,095,772	1,080,685,095,772

Of which:

- Amount due for settlement within 12 months	158,125,804,104	347,987,482,964
- Amount due for settlement after 12 months	614,354,593,251	732,697,612,808

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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Details of long-term loans by term:

Unit: VND

	Closing balance	Opening balance
Long-term loans	1,077,750,425,528	770,459,605,554
- 3 year-term	216,021,865,713	33,942,829,692
- 4 year-term	684,076,132,429	553,729,286,688
- 5 year-term	177,652,427,386	182,787,489,174
Long-term obligations under finance leases	2,934,670,244	2,020,791,801
Total	1,080,685,095,772	772,480,397,355

Of which:

- Amount due for settlement within 12 months	347,987,482,964	158,125,804,104
- Amount due for settlement after 12 months	732,697,612,808	614,354,593,251

Long-term loans are repayable as follows:

Unit: VND

	Closing balance	Opening balance
On demand or within one year	347,210,189,024	157,608,397,509
In the second year	334,995,327,274	250,434,604,057
In the third to fifth year inclusive	395,544,909,230	362,416,603,988
	1,077,750,425,528	770,459,605,554
Less: Amount due for settlement within 12 months (shown under current liabilities)	347,210,189,024	157,608,397,509
Amount due for settlement after 12 months	730,540,236,504	612,851,208,045

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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26. OWNERS' EQUITY

Movement in owners' equity

Unit: VND

	Owners' contributed capital	Share premium	Other owners' capital	Treasury shares	Foreign exchange reserve	Investment and development fund	Investment and development fund	Retained earnings	Total
Prior year's opening balance	3,439,766,000,000	49,465,703,201	-	(823,760,000)	(12,569,673,745)	79,400,040,851	87,203,093,024	4,268,153,638,489	7,910,595,041,820
Shares issued	17,193,170,000	-	-	-	-	-	-	-	17,193,170,000
Profit for the year	-	-	-	-	-	-	-	1,930,895,920,629	1,930,895,920,629
Transferred to bonus and welfare funds	-	-	-	-	-	-	-	(190,005,736,294)	(190,005,736,294)
Stock dividends declared	518,357,230,000	-	-	-	-	-	-	(518,357,230,000)	-
Cash dividends declared	-	-	-	-	-	-	-	(743,062,805,000)	(743,062,805,000)
Other movements	-	-	-	-	6,020,348,477	(363,491,767)	24,696,990	(353,069,038,799)	(347,387,485,099)
Current year's opening balance	3,975,316,400,000	49,465,703,201	-	(823,760,000)	(6,549,325,268)	79,036,549,084	87,227,790,014	4,394,554,749,025	8,578,228,106,056
Shares issued	19,868,290,000	-	-	-	-	-	-	-	19,868,290,000
Profit for the year	-	-	-	-	-	-	-	1,990,642,578,391	1,990,642,578,391
Transferred to bonus and welfare funds	-	-	-	-	-	-	-	(190,500,613,310)	(190,500,613,310)
Distribution and utilisation of investment and development fund	-	-	-	-	-	47,853,284,424	-	(60,240,152,320)	(12,386,867,896)
Stock dividends declared (i)	599,082,150,000	-	56,882,670,000	-	-	-	-	(655,964,820,000)	-
Cash dividends declared	-	-	-	-	-	-	-	(858,780,401,000)	(858,780,401,000)
Other movements	-	-	-	-	673,857,169	-	(589,250)	(5,371,478,283)	(4,698,210,364)
Current year's closing balance	4,594,266,840,000	49,465,703,201	56,882,670,000	(823,760,000)	(5,875,468,099)	126,889,833,508	87,227,200,764	4,614,339,862,503	9,522,372,881,877

(i) In the year, the Corporation issued 59,908,215 shares for dividend payment of 2015 according to the Company's Shareholders' Annual General Meeting of 2016. FPT Telecom Joint Stock Company (a subsidiary in the Corporation) also issued 5,688,267 of stock dividend paid to the Corporation as dividend payment of 2015 which was recorded as other owners' capital according to the Circular No. 202/2014/TT-BTC dated 22 December 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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Dividends

On 31 March 2016, at the Company's Shareholders' Annual General Meeting, shareholders approved the plan of stock dividend payment of 2015 at the pay-out ratio of 15% (03 new shares for every 20 shares held) and second cash dividend payment of 2015 at the pay-out ratio of 10% of par value (VND 1,000/share) and approved the plan of 2016 cash dividend advance of 20% of par value (VND 2,000/share).

According to the Resolution of the Board of Directors No. 02.07-2016/NQ-HDQT-FPT dated 25 July 2016, the Corporation made cash dividend advance of 2016 at the pay-out ratio of 10% of par value (VND 1,000/share). The cash dividend pay-out ratio of the whole year 2016 will be decided by the Company's Shareholders' Annual General Meeting in 2017.

Number of outstanding shares

	Closing balance (Number of shares)	Opening balance (Number of shares)
Authorised share capital	459,426,684	397,531,640
Issued share capital	459,426,684	397,531,640
Ordinary shares	459,426,684	397,531,640
<i>In which shares subject to restriction in ownership transfer</i>	4,258,824	4,004,296
Treasury shares	(82,376)	(82,376)
<i>In which shares subject to restriction in ownership transfer</i>	(82,376)	(82,376)
Outstanding shares in circulation	459,344,308	397,449,264
Ordinary shares	459,344,308	397,449,264
<i>In which shares subject to restriction in ownership transfer</i>	4,176,448	3,921,920

All ordinary shares have a par value of VND 10,000. Each share is entitled to one vote at shareholders' meetings of the Company. Shareholders are entitled to receive dividends as declared at each point of time. All ordinary shares are ranked equally with regard to the Company's residual assets. In respect of shares bought back by the Company, all rights are suspended until those shares are re-issued.

Shares subject to restriction in ownership transfer have a par value of VND 10,000. These shares are subject to restrictions according to which share owners are not allowed to resell their shares within specified term from the date of issue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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27. REVENUE

Unit: VND

	Current year	Prior year
Sales of merchandise and services	40,447,137,929,383	38,707,143,264,487
In which:		
- Sales of finished goods, merchandise	27,423,091,645,447	26,896,196,932,365
- Sales of services	13,024,046,283,936	11,810,946,332,122
Deductions	915,669,265,439	747,444,508,465
Net sales	39,531,468,663,944	37,959,698,756,022

Net sales represent the Corporation's sales to external parties. For management purpose, the Corporation maintains data of business revenue that comprises the Corporation's sales to external parties and sales to entities within the Corporation made on commercial basis. The sales to entities within the Corporation were eliminated on consolidation. An analysis of the composition of the Corporation's revenue is as follows:

Unit: VND

	Current year	Prior year
Net sales to external parties	39,531,468,663,944	37,959,698,756,022
Net sales to entities within the Corporation	1,013,108,806,543	2,043,363,930,736
Total business revenue	40,544,577,470,487	40,003,062,686,758

28. COST OF SALES

Unit: VND

	Current year	Prior year
Cost of finished products, goods sold	22,415,164,867,980	25,605,786,214,688
Cost of services rendered	8,678,879,094,315	4,875,857,687,623
Reversal of devaluation of inventories	(710,373,575)	(15,765,023,701)
	31,093,333,588,720	30,465,878,878,610

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29. PRODUCTION COST BY NATURE

Unit: VND

	Current year	Prior year
Cost of goods purchased	19,378,179,095,188	21,059,900,444,318
Raw materials	3,336,163,930,418	3,159,346,972,946
Labour	5,250,349,855,969	4,722,452,975,719
Depreciation and amortisation	1,563,361,396,827	1,326,587,798,427
Out-sourced services	5,533,718,614,773	4,016,977,543,294
Other monetary expenses	1,053,957,945,886	653,079,815,673
	36,115,730,839,061	34,938,345,550,377

30. FINANCIAL INCOME

Unit: VND

	Current year	Prior year
Interest from bank deposits and loans	299,391,605,935	182,528,342,673
Foreign exchange gain	140,131,739,284	164,042,301,703
Other financial income	135,236,362,239	105,976,045,836
	574,759,707,458	452,546,690,212

31. FINANCIAL EXPENSES

Unit: VND

	Current year	Prior year
Interest expense	374,186,078,800	262,502,327,611
Foreign exchange loss	235,544,592,503	247,952,957,200
Other financial expenses	84,483,288,677	109,956,282,697
	694,213,959,980	620,411,567,508

32. OTHER INCOME

Unit: VND

	Current year	Prior year
Proceeds from disposals of fixed assets	-	9,998,167,634
Bonuses, commission and compensation received	19,205,958,315	719,417,204
Others	80,633,881,939	136,078,481,835
	99,839,840,254	146,796,066,673

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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33. CORPORATE INCOME TAX EXPENSES

Unit: VND

	Current year	Prior year
Current corporate income tax expenses		
- Corporate income tax based on taxable profit in the current year	424,968,102,423	497,887,752,934
- Adjustments for corporate income tax expenses in previous years to that in the current year	(226,620,229)	(886,677,219)
Total corporate income tax expenses	424,741,482,194	497,001,075,715

Unit: VND

	Current year	Prior year
Deferred corporate income tax income		
- Deferred corporate income tax expenses arising from taxable temporary differences	70,941,103,514	102,218,868,499
- Deferred corporate income tax incomes arising from deductible temporary differences	(59,503,245,670)	(187,099,993,248)
- Deferred corporate income tax expenses arising from unrealised profit in the current year	2,028,480,924	944,111,590
Total deferred corporate income tax expenses	13,466,338,768	(83,937,013,159)

Applicable tax rate

Under its Business Registration Certificate and prevailing tax regulations, the Corporation is obligated to pay CIT at the rate of 10% of taxable income on software production and service, 10% of taxable income on training education and 20% of taxable income on goods sold and the other services rendered.

Tax rates applicable to subsidiaries of FPT Corporation are in accordance with the prevailing tax regulations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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34. BASIC EARNINGS PER SHARE

Basic earnings per share for the year ended 31 December 2016 was calculated based on the profit attributable to ordinary shareholders and a weighted average number of outstanding ordinary shares during the period, as follows:

Unit: VND

	Current year	Prior year
Accounting profit after corporate income tax	1,990,642,578,391	1,930,895,920,629
Distribute bonus and welfare fund	190,500,613,310	190,005,736,294
Weighted average number of outstanding ordinary shares	458,682,032	456,784,373
Basic earnings per share	3,925	3,811

Restatement of weighted average number of ordinary shares

In the year ended 31 December 2016, FPT Corporation paid dividends by shares, which led to a retrospective adjustment to the weighted average number of outstanding ordinary shares of the the year ended 31 December 2015, as follows:

	Weighted average number of ordinary shares	Earnings per share
Ordinary shares outstanding at the beginning of the year	396,876,158	4,386
Ordinary shares outstanding at the beginning of the year	59,908,215	(575)
As restated	456,784,373	3,811

35. FINANCIAL INSTRUMENTS

Capital risk management

The Corporation manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to the shareholders through the optimisation of the debt and equity balance.

The capital structure of the Corporation consists of net debt (borrowings disclosed in Notes 23 and 25, offset by cash and term deposits with terms within 12 months) and owners' equity (comprising capital, reserves and retained earnings).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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Gearing ratio

Unit: VND

	Closing balance	Closing balance
Loans and obligations under financial leases	9,939,363,848,375	8,805,679,601,953
Less: Cash and term deposits with terms less than 12 months	9,442,699,331,219	6,102,576,292,040
Net debt	496,664,517,156	2,703,103,309,913
Net debt to equity ratio	11,445,325,264,819	10,179,535,753,023
Net debt to equity ratio	0.04	0.27

Significant accounting policies

Details of the significant accounting policies and methods adopted by the Corporation (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in Note 4.

Financial risk management objectives

The Corporation has set up risk management system to identify and assess the risks exposed to the Corporation and designed control policies and procedures to manage those risks at an acceptable level. Risk management system is audited on a regular basis to reflect changes in market conditions and the Corporation's operations.

Financial risks include market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk.

Market risk

The Corporation's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and prices.

Foreign currency risk management

Certain business operations of the Corporation are exposed to risk of foreign exchange rate fluctuation such as distribution, retail, system integration and software export. Despite the fact that for IT products, foreign exchange rate fluctuation is reflected into selling price, the Corporation still proactively hedges and mitigates unidentified risks by closely monitoring principal factors affecting exchange rates as well as taking into account assessments by big financial institutions, taking appropriate hedging measures such as forward contracts, option contracts and other natural hedging measures such as fixing selling exchange rates, advance payment and others.

The carrying amounts of the Corporation's foreign currency denominated monetary assets and monetary liabilities at the end of the year are as follows:

Unit: VND

	Liabilities		Assets	
	Closing balance	Opening balance	Opening balance	Opening balance
United States Dollar (USD)	1,971,391,027,060	2,339,124,953,902	860,476,931,109	789,662,100,983
Euro (EUR)	68,492,481,932	38,814,271,024	207,023,726,267	150,543,970,827
Japanese Yen (JPY)	423,062,639,575	193,303,306,462	940,414,984,796	534,644,564,219
Singapore Dollar (SGD)	81,015,737,069	64,481,616,969	168,269,166,723	141,440,485,866

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Foreign currency sensitivity analysis

The Corporation is mainly exposed to United States Dollar, Euro, Japanese Yen and Singapore Dollar.

The following table details the Corporation's sensitivity to a 5% increase and decrease in Vietnam Dong against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. For a 5% increase/decrease in the following foreign currencies against Vietnam Dong, the profit before tax in the year would decrease/increase by the following amount:

Unit: VND

	Current year	Prior year
United States Dollar (USD)	(55,545,704,798)	(77,473,142,646)
Euro (EUR)	6,926,562,217	5,586,484,990
Japanese Yen (JPY)	25,867,617,261	17,067,062,888
Singapore Dollar (SGD)	4,362,671,483	3,847,943,445

Interest rate risk management

The Corporation has significant interest rate risk arising from interest bearing loans which are arranged. The Corporation is exposed to interest rate risk as the Corporation borrows funds in VND and foreign currencies at fixed rates and floating rates. To minimize risks, through analysis and projection, the Corporation has selected appropriate time and terms in the period to make appropriate decisions on maintaining borrowings as well as debt structure between VND and foreign currencies at fixed interest rates.

Share price risk management

Shares held by the Corporation are affected by market risks arising from the uncertainty about future prices of such shares. The Corporation manages this risk exposure by setting up investment limits. The Corporation's Board of Directors also assesses and approves decisions on share investments such as operating industry, investees, etc. The Corporation assesses the share price risk is immaterial.

The Corporation is also exposed to equity price risks arising from investments in subsidiaries and associates. The Corporation's Board of Directors assesses and approves decisions on investments in subsidiaries and associates such as operating industry, investees, etc. Investments in subsidiaries and associates are held for long-term strategic investments rather than trading purposes. The Corporation does not have any intention to trade these investments in the foreseeable future.

Commodity price risk management

The Corporation purchases materials, commodities from local and foreign suppliers for business purpose. Therefore, the Corporation is exposed to the risk of changes in selling prices of materials, commodities. For risk mitigation, the Corporation pays due attention to inventory count, ensuring tight and effective management of inventories from importing stage by evaluating market demand, monitoring inventories on a daily basis to take proper and timely action on the slow-moving goods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Corporation. The Corporation has set up a constantly and systematically updated internal rating system in place for assessing and rating customers' financial capability over time, taking into account the ratings and assessments by intermediary financial organizations as a basis for sales on credit to customers. In addition, guarantees are required for most of the Corporation's customers who are granted with sales on credit.

The Corporation monitors its liabilities on an on-going basis, including analysis of aging report and recovery dates, customer updates and assessment etc. to take proper actions. The Corporation also buys insurance for its receivables to mitigate unpredictable risks at reasonable cost.

Liquidity risk management

The purpose of liquidity risk management is to ensure the availability of funds to meet present and future financial obligations. Liquidity is also managed by ensuring that the excess of maturing liabilities over maturing assets in any period is kept to manageable levels relative to the amount of funds that the Corporation believes can generate within that year. The Corporation's policy is to regularly monitor current and expected liquidity requirements to ensure that the Corporation maintains sufficient reserves of cash, borrowings and adequate committed funding from its shareholders to meet its liquidity requirements in the short and longer term. The Corporation has been able to optimize its payments and made use of credit from customers and counterparties via the central account.

The following table details the Corporation's remaining contractual maturity for its non-derivative financial assets and financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial assets and undiscounted cash flows of financial liabilities based on the earliest date on which the Corporation can be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand the Corporation's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Unit: VND

Closing balance	Less than 1 year	From 1 - 5 years	Total
Cash and cash equivalents	6,013,361,389,774	-	6,013,361,389,774
Trade and other receivables	6,104,567,810,464	380,965,916,003	6,485,533,726,467
Held-to-maturity investments	3,472,087,285,737	-	3,472,087,285,737
Equity investments in other entities	-	756,802,393,141	756,802,393,141
Total	15,590,016,485,975	1,137,768,309,144	16,727,784,795,119

Unit: VND

Closing balance	Less than 1 year	From 1 - 5 years	Total
Loans and obligations under finance leases	9,206,666,235,567	732,697,612,808	9,939,363,848,375
Trade and other payables	4,166,585,454,179	8,893,281,263	4,175,478,735,442
Accruals	602,957,629,994	-	602,957,629,994
Total	13,976,209,319,740	741,590,894,071	14,717,800,213,811
Net liquidity gap	1,613,807,166,235	396,177,415,073	2,009,984,581,308

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Unit: VND

Opening balance	Less than 1 year	From 1 - 5 years	Total
Cash and cash equivalents	3,584,709,151,769	-	3,584,709,151,769
Trade and other receivables	5,154,274,387,534	348,027,975,696	5,502,302,363,230
Held-to-maturity investments	2,617,441,917,720	-	2,617,441,917,720
Equity investments in other entities	-	632,649,372,195	632,649,372,195
Total	11,356,425,457,023	980,677,347,891	12,337,102,804,914

Unit: VND

Opening balance	Less than 1 year	From 1 - 5 years	Total
Loans and obligations under finance leases	8,191,325,008,702	614,354,593,251	8,805,679,601,953
Trade and other payables	3,073,364,855,326	27,232,837,622	3,100,597,692,948
Accruals	518,769,375,019	-	518,769,375,019
Total	11,783,459,239,047	641,587,430,873	12,425,046,669,920
Net liquidity gap	(427,033,782,024)	339,089,917,018	(87,943,865,006)

The management assessed the liquidity risk at acceptable level. The management believes that the Corporation will be able to generate sufficient funds to meet its financial obligations as and when they fall due.

36. RELATED PARTY TRANSACTIONS AND BALANCES

List of related parties:

Related party	Related party
FPT Fund Management Joint Stock Company	Associate
FPT Securities Joint Stock Company	Associate

During the year, the Corporation entered into the following significant transactions with its related parties:

Unit: VND

	Current year	Prior year
Dividends received in cash		
FPT Securities Joint Stock Company	8,066,666,300	7,333,333,000

As at the balance sheet date, the Corporation had significant outstanding balances with its related parties, as follows:

Unit: VND

	Closing balance	Opening balance
Entrusted investments and loans to		
FPT Fund Management Joint Stock Company	92,366,081,776	134,366,081,776
Capital contribution		
FPT Fund Management Joint Stock Company	27,500,000,000	27,500,000,000
FPT Securities Joint Stock Company	110,000,000,000	110,000,000,000

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37. COMMITMENTS

Up to 31 December 2016, the Corporation had approved the following projects :

- The plan of investment in FPT Digital Retail Joint Stock Company (FRT) with the total amount of VND 250 billion. As at 31 December 2016, the Company had contributed VND 170 billion in FRT.
- The plan of construction of FPT office - Phase 1 in Da Nang with the total project investment capital of VND 495,953,272,931.
- The commitment to invest in Asia - Pacific Gateway Cable Network ("APG Project") through the business cooperation contract with Viettel Group (represented by Viettel Telecom - a member of Viettel Group) and CMC Telecommunication Infrastructure Joint Stock Company. This is the project to build submarine cable network connecting countries in Asia (including Vietnam, Japan, Hong Kong, China, Singapore, Malaysia, Taiwan, South Korea and Thailand). Viettel Telecom acts as a representative for other three entities to participate in this project. Accordingly, the Corporation commits to contributing the total estimated amount of USD 10 million, equivalent to 25% the total capital contributed by Viettel Telecom as representative in this project. Capital contributions will be made according to the progress of the project and Viettel Telecom's notification. As at 31 December 2016, the actual contribution of the Corporation to this project was USD 9,349,494.94, equivalent to VND 200,345,640,231.
- The Corporation is carrying out the construction of FPT Software Park - 2nd Phase located at Lot 3, Hoa Lac Hi-tech Park with the total estimated investment capital of approximately VND 375,727,849,000 (including 10% VAT) under Decisions No. 26-2014/QĐ-FPT-TGD dated 29 April 2014 and No. 4424/2014/QĐ/FSOFT-FID by the Chairman of FPT Software Company Limited dated 07 November 2014. As at 31 December 2016, the Corporation had recorded construction in progress with a carrying value of approximately VND 191,611,139,677 (31 December 2015: VND 52,637,529,278).
- On 25 February 2015, the Corporation entered into a comprehensive cooperation agreement with Tien Phong Commercial Joint Stock Bank for supporting students who joined the training courses under the 10,000 Bridge Software Engineer program. In this program, approximately 10,000 students will be trained in Japan within 6 - 12 months. The students who participate in this training course in Japan will be rewarded financial guarantee by the Corporation equivalent to 90% of their total credit obligations arising at the Bank, with a maximum credit limit of VND 400 million. As at 31 December 2016, the number of students participating in the program in Japan are about 426 people, and the total estimated guarantee amount is VND 107,729,632,245, respectively.

38. SUBSEQUENT EVENTS

As at 13 January 2017, FPT Telecom Joint Stock Company (a subsidiary in the Corporation) and FPT Securities Joint Stock Company (an associate in the Corporation) listed separately on UPCOM and HOSE.

NGUYEN TIEN HAO
Preparer
28 February 2017

HOANG HUU CHIEN
Chief Accountant



NGUYEN THE PHUONG
Executive Vice President

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Charter capital: VND 1,000,000,000,000

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Charter capital: VND 250,000,000,000

FPT Online

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Website: <http://www.fptonline.net>
Charter capital: VND 140,853,360,000

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Charter capital: VND 200,000,000,000

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