

A black and white photograph of two young children in a field of tall grass. The child in the foreground is smiling and holding a large, bright yellow leaf on a long stem. The child behind them is also smiling and has their arms around the first child. The background is a soft-focus field of tall grass under a bright sky.

HUMANITY

HSC ANNUAL REPORT 2015

.hsc

HSC is a **leader** and **pioneer** in the development of Vietnam's capital markets through....

combining award winning **research** with best execution to private and institutional clients to....

deliver long term **sustainable value** to our shareholders and displaying **humanity** with all stakeholders.



HUMANITY

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Humanity may mean different things to different people. At HSC we view Humanity as acting responsibly in everything we do. Not only do we pursue legitimate commercial and professional objectives, we also believe that acting in the best interests of our stakeholders underpins our business success, and the corporate image we wish to portray. We expect that our business partners and suppliers also meet these standards.

We advocate in accordance with the highest ethical and professional standard to the society, our customers, employees, and shareholders. For the societies, we are a committed corporate citizen. For our customers, we are a reliable business partner. For our employees, we are an attractive, long-term oriented employer. And for our shareholders, we maintain an unrelenting focus on business results.

The content of the 2015 Annual Report goes further than simply including what is expected from our stakeholders. It also documents HSC's sustainability activities that promote "doing the right things" as the fundamental premise upon which shareholder value is built. HSC embraces 2016 with renewed optimism through fostering humanity with all of our stakeholders.

HSC is not simply a broker.

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TABLE OF CONTENTS

CEO MESSAGE

01

INTRIGUING INSIGHTS

Financial Highlights	04
HSC Profile	07
Corporate Milestones	08
2015 Awards	10

OPERATIONAL OVERVIEW

Review of Operations	14
Private Client Division	18
Institutional Sales Division	20
Corporate Finance Division	22
Treasury Trading Division	23
Strategy and Macro Report	29

GROWING GOVERNANCE

Board of Directors	40
Report of the Board of Directors	44
Supervisory Board	56
Report of the Supervisory Board	58
Organization Chart	61
Management Team	62
Shareholders' Information	66

SHARED SERVICES

Operation Services Division	74
Information Technology Function	75
Risk Management Division	77
Internal Audit Function	80

SOWING SUSTAINABILITY

Our Financial Highlights	84
Our Sustainability Model	85
Our Material Issues and Responses	86
Our Business	89
Our People	93
Our Citizenship	98
GRI – G4 Disclosure & Content Index	102

FINANCIAL FACTS

Financial Statements	106
Operational Network	151

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Apart from our business achievements, we are proud of the less tangible, but valuable contributions we make to society, through encouraging the future generation of leaders. Under the theme, "Humanity", we cooperate with different associations and NGOs on the development of education and soft skills, as well as providing mentoring projects and internship opportunities. The goal of these initiatives is to help young people with their first career steps. We recognize our responsibility to actively contribute to the development of the environment and society in Vietnam.

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CEO MESSAGE

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*My stance on **Humanity** is my observation on how we as human beings treat one another and how we behave toward our fellow human beings.*

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MR. JOHAN NYVENE

Chief Executive Officer

Dear shareholders, clients, and colleagues,

Despite a challenging 2015, we continued to define HSC's path to a sustainable future. On the business front, although our profitability was inevitably affected by a lackluster market performance, a lower level of market liquidity and unfavorable legal restrictions, we further cemented our core business model and set the platform for the next level of market development.

With the brokerage business being extremely competitive both in the retail and institutional customer segments, we continued to invest in and prepare our technological platform, in order to anchor our position in the internet trading segment. Our advances in internet trading have given us a superior capability to further automate the margin lending functionality, which has become our core revenue contributor in our business model, and resulted in a significant expansion in our margin loan book by the end of 2015. This significant development is a very important component in our comprehensive brokerage business model, which has allowed us to increase our leverage capability, and enhance the ultimate return to shareholders without requiring additional shareholder capital.

We also overhauled our corporate finance advisory function with new and senior personnel. We are firmly determined to secure a top position in the ranks of reputable local advisory firms given the fact that we already have a superior HSC brand value and distribution network. With a growing deal flow and solid distribution capabilities, the synergy between the corporate finance advisory business and the brokerage business has never been better defined, facilitating investment banking transactions in the future.

*While our business model gradually reveals our future identity, the concept of sustainable growth has taken a more concrete shape. Throughout the year we endured and sustained competitive pressures in all facets of the business, including pricing, products, policies, and ultimately people. To succeed and outperform, I believe we need to raise our business ideology and focus to a higher level. I wish to call this level **Humanity**.*

*The word **Humanity** began to stick in my mind at one point during 2015 when I was following the news on the Syrian crisis. As painful and disheartening as those images can be, the pictures of suffering people fleeing from the war torn areas were shown almost every day across news and internet channels. The situation has worsened even to this day.*

*The picture of a two year-old Syrian refugee child, who drowned during a boat smuggling trip and washed ashore brought the world to anger and tears, but it was still not enough to bring any resolution to what started as a political conflict then became a humanitarian crisis. It may have triggered some sentiments from the rich countries to open up their hearts for the refugees, but the plight of the little girl only accelerated the exodus of the people and made parts of the world more divided on refugee issues, and on the concept of **Humanity**.*

In writing this letter to HSC's stakeholders, I have tried to refrain from making sentimental remarks. But emotions are what make us human, and as a manager in this people-powered business, I find myself challenged, fulfilled, agonized, and elated by people and with people issues on a daily basis.

CEO MESSAGE (cont.)

*I was personally touched by an occurrence a few months ago. At lunch by myself one day, I was tapped on the shoulder, turned around and encountered two boys in elementary school uniform who begged me for food. They claimed that their father was out working as a motorbike taxi driver and did not leave them any money for lunch. Their ages 9 and 6, were coincidentally the same as my two sons. I bought them lunch and believe this was my reminder of the principle of **Humanity**, on how misfortune, pain and suffering can be very close to home, and that we often forget these misgivings can be overlooked within our proximity as we frequently take things for granted.*

*My stance on **Humanity** is my observation on how we as human beings treat one another and how we behave toward our fellow human beings. An inspiring friend of mine has a principle of categorizing everyone he knows into either a “taker” or a “giver.” We can probably recognize subjectively that we are sometimes givers and sometimes takers. But what we can also recognize is that the world is full of situations in which we make it troublesome for others to live. We can see these situations in geopolitical confrontations, racial tensions, and conflicts in religious beliefs or ideologies. We can also see them in colleagues backstabbing each other at work, in motorists cursing at one another and yielding to no one, in neighbors quarreling over a fence, on the sporting field and even in our family being withdrawn at the dinner table. In business, it’s the rule of “survival of the fittest” and a highly competitive world in which we live in. We have all learnt to compete against one another from very early on in life, but sadly this is often at the expense of others.*

*As a corporation, we must be able to compete and advance. But this is where I have recognized a very fine line between taking and giving. Within the context of business, we need to find a balance to satisfy customer demands, to fulfill shareholders’ requirement for financial returns, and at the same time keep employees happy. On the business front, I believe we should have many things to rave about. However, with an ever increasing awareness and expectation for sustainable growth, we also need to find a balance between doing good business, and doing good deeds for society. To me, society begins with **Humanity**.*

We need not look far to do something good for society. As an individual and a manager, I recognize that the first place I should try to make a positive impact impacts is at HSC, for my colleagues, for Vietnam’s capital market, and at a further reach, for the people of Vietnam.

*HSC is still a relatively young company of thirteen years in the making. With respect to local equity markets and our 2015 results, I reflect on 2015 as a year of consolidation in the natural course of the “2 steps forward, 1 step back” catchphrase reflecting normal progress. Our business environment is full of optimism however Vietnam’s capital markets are in their infancy and remain challenging to investors and operators alike. Global economic and geopolitical impacts have made it much harder for Vietnam’s economy and securities market to prosper. HSC’s resources are still limited so our ability to attract, retain, and develop our personnel is also restricted. But I think the element of **Humanity** here extends beyond pay, perks, and policies. I believe that concurrent with meeting the basic requirements, we as human beings need to treat one another with respect and decency. While we need to conform and contribute to a common goal, we can also accommodate and encourage one another’s personal endeavors and aspirations. And we should try to come to the aid of those most in need, or when one of us is in a dire situation. To me this is where **Humanity** begins.*

We have had a few instances at HSC where our colleagues or their immediate family members suffered terminal illnesses and did not have the means to cover medical expenses or family obligations. The financial collections from friends and colleagues while genuine, were reactive in nature and sometimes too little and too late. Starting this year, in addition to increasing the coverage of our employee medical and accidental insurance, I have called upon my colleagues to set up an emergency assistance fund whereby each of us in the Company will be able to commit to a monthly contribution of one percent of our salary on a voluntary basis. Our lower income colleagues would potential be the biggest beneficiaries of this endeavor whereas our manager levels would have a chance to help on a more sustainable basis, and hopefully we will be able to grow the fund over time.

The majority of my HSC colleagues are young and starting out family life and I understand the need of our staff to take care of family requirements whilst being able to also work. We have initiated a policy on working from home to accommodate colleagues in special situations. As I myself am aiming to

achieve a better work – life balance, I would encourage our staff, committee members and colleagues in the Trade Union to engage more members on sports and wellness activities, as well as in special interest hobbies where the Company compensates part of the costs.

We at HSC are probably more fortunate compared to the majority of people in Vietnam, both in rural areas as well as in the slums of the big cities. Last Lunar New Year, I was extremely touched by my colleagues in Hanoi who drove a fund raising effort to bring warm clothing and other basic amenities to the poor people in the mountainous regions in Son La Province. Seeing the photos of children who braved the extreme cold weather with what little cover they had was disheartening. Another HSC colleague in Ho Chi Minh City took a personal initiative to facilitate for us to donate used computers to a middle school in Hoa Binh Province. We received a very emotional thank-you letter from the head of that school and the gift was highly appreciated by the disadvantaged students in the countryside. I praise and thank my colleagues for their good hearts and commit to supporting them in similar future endeavors. I hope we can make similar charitable contributions more regularly.

One of my personal social endeavors is to contribute to the development of Vietnam's youth, from impoverished disadvantaged children to new college graduates preparing to enter the work force. I recently accepted to join the boards of advisors of two very meaningful organizations: AIESEC Vietnam, the local chapter of a global non-profit organization that helps youths with leadership development and cross cultural networking; and Streets International, a private charity from New York with a base in Quang Nam Province, which aims to improve the lives and work skills of orphans and street kids in Vietnam. I hope that with my personal time and with the networks and resources of HSC, we can contribute and positively influence the goals and aspirations of these organizations in helping young people in Vietnam.

*As an economy and a society, Vietnam has undoubtedly advanced on many fronts over the last twenty years. In technical terms, Vietnam has advanced from a low income country to a middle income country. But I don't think it is just the income levels that define **Humanity**. I believe Humanity needs to be defined by the dignity that we afford our fellow human beings, and the dignity that we hold for ourselves.*

*As a service provider in the capital markets of Vietnam, HSC has made firm steps in our growth and presence, including 2015 when we enhanced our position for a sustainable future. But while we have gradually become institutionalized, we have also emerged more visibly as a people driven institution. One can see this critical difference in the correlation between our growth and low staff turnover rate. Our investment in people is no doubt the most critical investment we need to make. This is where **Humanity** needs to be nurtured, for HSC, for Vietnam's capital markets, and for Vietnam.*

*I greatly cherish your partnership with HSC and hope you can join me in further investing in, defining and promoting **Humanity**.*

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As a service provider in the capital markets of Vietnam, HSC has made firm steps in our growth and presence, including 2015 when we enhanced our position for a sustainable future.

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JOHAN NYVENE
Chief Executive Officer



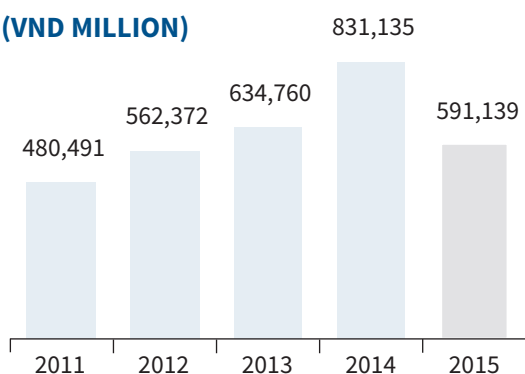
INTRIGUING INSIGHTS

FINANCIAL HIGHLIGHTS

	2011	2012	2013	2014	2015
Statement of income (VND million)					
Revenue	480,491	562,372	634,760	831,135	591,139
In which:					
- Brokerage fees	90,904	145,027	199,104	299,432	262,076
- Principal investment	30,345	29,807	152,919	194,425	35,026
- Financial advisory services	27,943	12,772	16,399	12,362	11,155
- Other revenues	331,298	374,765	266,337	324,916	282,882
Operating expenses	242,972	255,685	260,049	349,692	319,667
Net profit from operating activities	237,519	306,686	374,711	481,443	271,472
Other profit/(loss)	(630)	158	718	4	28
Profit before tax	236,889	306,844	375,428	481,447	271,500
Profit after tax	194,420	246,381	282,174	376,152	213,310
Balance sheet (VND million)					
Total assets	2,628,208	3,198,935	3,127,781	4,069,804	3,596,583
Charter capital	998,486	1,008,486	1,272,568	1,272,568	1,272,568
Shareholders' equity	2,028,968	2,162,514	2,247,348	2,358,231	2,279,549
Financial indicators					
Return on average assets (ROAA)	7.5%	8.5%	8.9%	10.5%	5.6%
Return on average equity (ROAE)	10.7%	11.8%	12.8%	16.3%	9.2%
Equity's value					
Outstanding shares	99,617,517	100,565,957	127,249,720	127,229,583	127,185,417
Basic earnings per share - VND	2,920	2,474	2,241	2,794	1,677
Book value per common share - VND	20,368	21,503	17,661	18,535	17,923
Dividend - VND	1,600	2,000	1,700	2,100	1,430 (*)
Market price at year end - VND	14,000	21,600	24,500	31,200	30,800
P/E	4.8	8.7	10.9	11.2	18.4

(*) estimated for 2015 depending on final resolution of shareholders

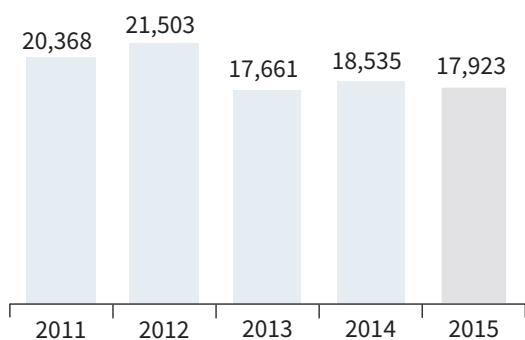
**REVENUE
(VND MILLION)**



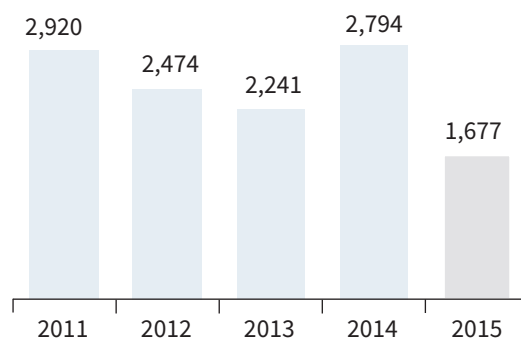
**PROFIT AFTER TAX
(VND MILLION)**



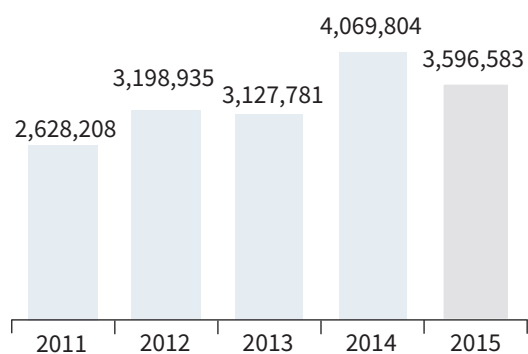
**BOOK VALUE PER COMMON SHARE
(VND)**



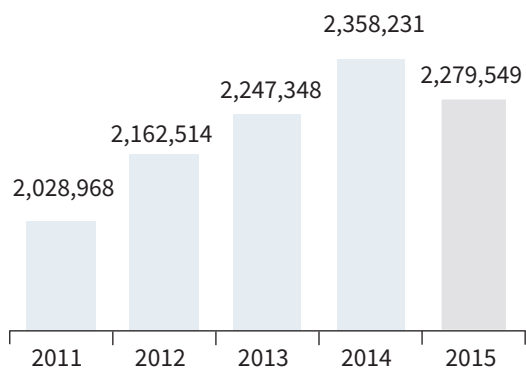
**BASIC EARNING PER SHARE
(VND)**



**TOTAL ASSETS
(VND MILLION)**



**SHAREHOLDER'S EQUITY
(VND MILLION)**





HSC PROFILE

Ho Chi Minh City Securities Corporation (HSC) is a leading and award-winning professional securities brokerage and equities firm in Vietnam, one of the fastest growing Asian economies. HSC offers a full suite of services and financial products to private and institutional clients, providing professional investment advisory services backed by solid, trusted, award winning research. Through its Corporate Finance Division, HSC has established an exceptional track record of connecting businesses to investors and creating long-term sustainable partnerships.

HSC benefits from synergy between two financial powerhouses in Vietnam; the founding shareholder Ho Chi Minh City Finance and Investment State-owned Company (HFIC); and strategic shareholder Dragon Capital Group, a prominent and leading diversified investment group.

Officially listed on the Ho Chi Minh Stock Exchange (HOSE) in May 2009 under the ticker HCM, as of 31/12/2015, shareholders' equity of HSC totaled VND2,280 billion (approximately US\$ 101 million), making HSC one of the largest securities companies in the country with a strong financial base and investment capacity.

HSC strives to continuously develop its core competencies and fosters human capital in research and technology to improve and develop our products and services, and grow the scope of business based on the evolving needs of clients. We emphasize ongoing enhancements in Corporate Governance as the cornerstone to ensuring long term sustainable growth.

Over the 12-year period since commencing operations, HSC has affirmed its top position among securities firms in Vietnam by consistently gaining a leading market share nationwide.

Alongside developing its business, HSC aims to have a positive influence by continuously redefining the securities industry, and contributing overall to the development of society in Vietnam.

VISION

To become one of the country's most admired, trusted, and valued financial institutions, and be an active contributor to the economy and communities of Vietnam.

MISSION

Being a leading securities company in the industry and Vietnam's capital markets raising the standards of professionalism, innovation, financial health and sustainability.

CORE VALUES

At HSC, we strive to be true to our corporate values and to apply them in everything we do.

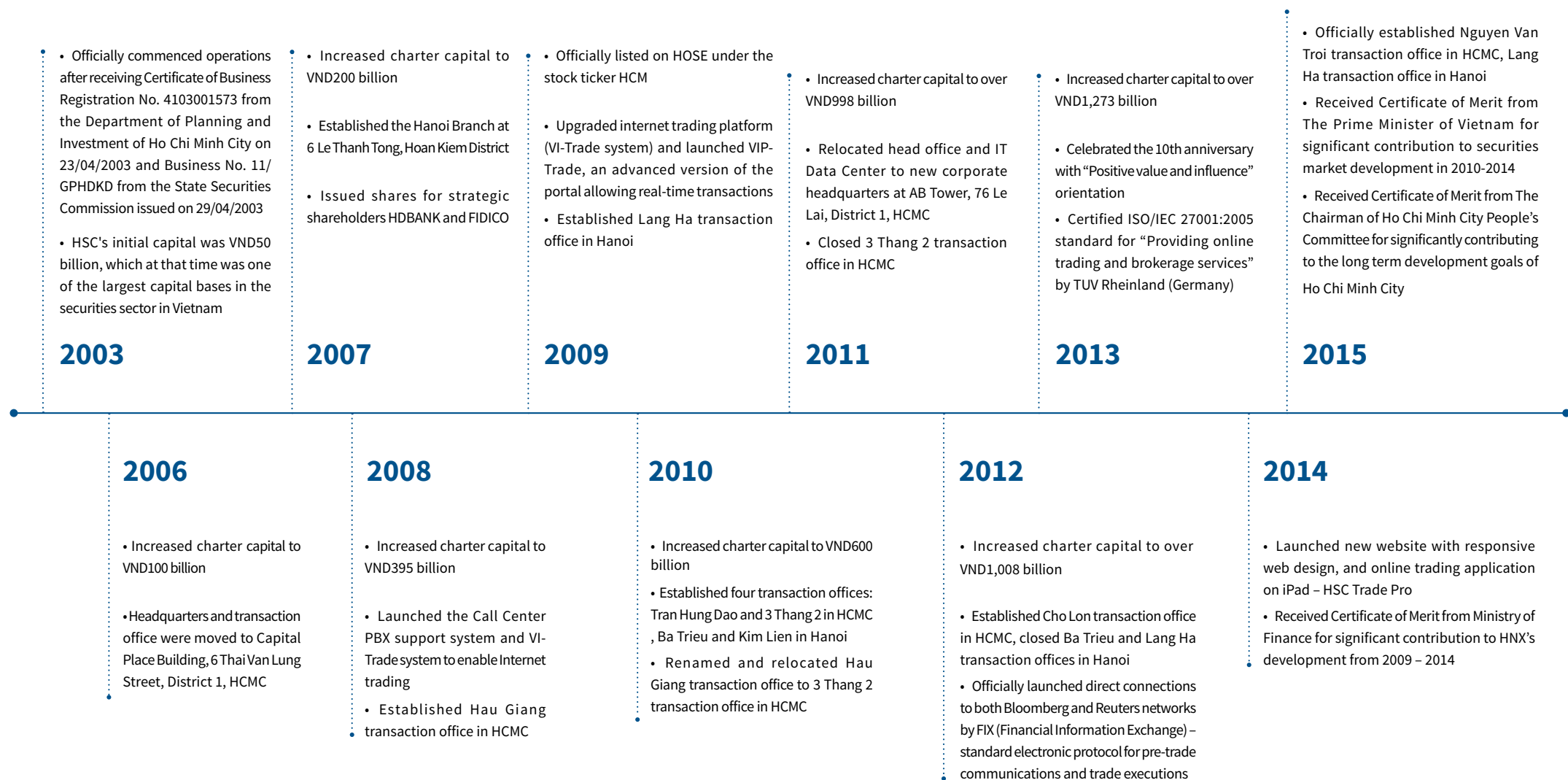
Integrity: It is our aim to build a high level of trust with our clients, investors and those in the securities business in Vietnam and beyond.

Dedication: At all levels, our staff are dedicated to providing the best service to our clients, going the extra mile for our partners, and forging strong relationships with all our stakeholders.

Professionalism: We constantly develop and adopt best practices, upgrade our expertise and processes to execute all transactions in the best interest of our valued clients.

HSC MILESTONES

Since commencing operations in 2003, HSC's continual growth in both capital and scale of business has made it one of the leading securities and financial services firms in Vietnam. Over the past 12 years, HSC has affirmed its position as the leading securities company in Vietnam, while orientating itself towards sustainable development.



2015

AWARDS

Top 50 selected by Forbes Vietnam

Based on our sustainable growth and strong corporate governance, we were the proud recipient of an award from Forbes Vietnam as one of Top 50 listed companies for 3 consecutive years.

1st Prize in Annual Report Competition

HSC won first Prize for the Best Annual Report, the Best content of Corporate Governance 2015 and in the Top 3 Best Sustainability report given by Vietnam Investment Review and HOSE. This recognizes our continued focus on corporate governance and complying with regulatory requires information disclosures.

Bronze award for Annual Report

For the last 10 years, brokerage services at HSC have been recognized by local and international investors for its professional and value added services and research. In the event of 10-year anniversary of Ha Noi Stock Exchange for period of 2005-2015, HSC was voted as the best member firm. In addition, HSC was also selected as the best brokerage service provider by both local and international institutions.

Certificate of Merit from the Prime Minister of Vietnam

On the 25/07/2015, it was our great honor to receive a Certificate of Merit from the Prime Minister on the occasion of the 15th anniversary of the HOSE. HSC is one of only two securities companies in Vietnam recognized by the Prime Minister for excellence in business performance and contribution to the general development of Vietnam's capital markets during 2010-2014.

Top 50 selected by The Business Review Magazine

Based on the financial growth, return on average equity and return on equity, HSC was accredited as one of 50 best performing companies in Vietnam by The Business Review Magazine ("Nhịp cầu đầu tư").

Top securities member firm

For the last 10 years, brokerage services at HSC have been recognized by local and international investors for its professional and value adding services and research. In the event of 10-year anniversary of Ha Noi Stock Exchange for period of 2005-2015, HSC was voted as the best member firm. In addition, HSC was also selected as the best brokerage service provider by both local and international institutions.

Top 3 Publicly Listed Companies

On 14/11/2015 at the Corporate Governance Scorecard awards at the Manila Polo Club in The Philippines, HSC was recognized for being one of the Top 3 Publicly Listed Companies from Vietnam with the strongest corporate governance.

Merit from Chairman of HCMC's People Committee

Rewarded for our long-term contribution to the development goals of HCMC, on 15/06/2015, HSC was delighted to receive the Certificate of Merit from the Chairman of Ho Chi Minh City's People Committee. The accolade recognized the tireless efforts of HSC in implementing its sustainability program, and the contribution this makes to long term shareholder value.





OPERATIONAL **OVERVIEW**

REVIEW OF OPERATIONS

PERFORMANCE OVERVIEW

Against the backdrop of a strong performance by local indices in 2014, investors and market participants entered 2015 with significant optimism. And by some measures, this optimism was fulfilled. The VN-Index rose by a little over 6% during 2015 and the market capitalization of listed Vietnamese stocks across 2 exchanges rose 17% to U\$58 billion from a year earlier.

However this was only part of the 2015 story that ultimately was a year of two distinct halves. In July the VN-Index hit the 2015 high, up 17.5% from the 31/12/2014 close. However market momentum changed significantly from mid-July as local bourses followed a mild downward trend in global equities. China devalued their currency twice in 2 days in August and this helped to quicken the already established downward momentum. Foreign fund inflows to Vietnam's equity markets reversed direction at that time and offshore investors became net sellers for the remainder of 2015. This impacted frontier markets such as Vietnam more than developed markets and left the VN-Index down 10% from the mid-year high.

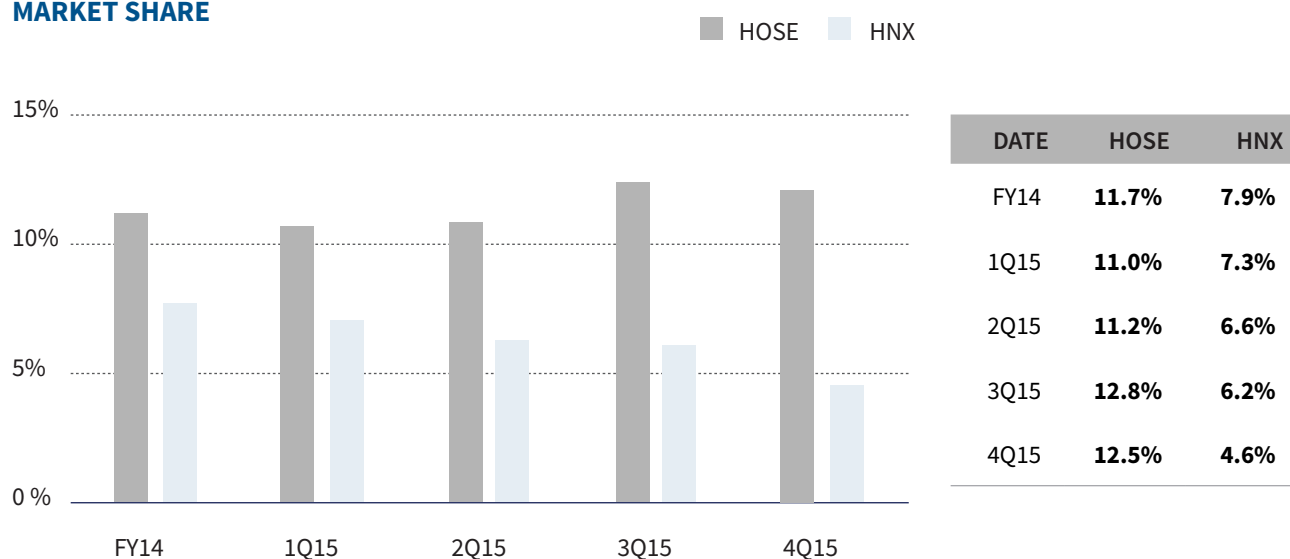
Daily average trading volume on Vietnam's two exchanges was VND2,570 billion which was down 14% from the 2014

comparative of VND3,000 billion. It was also substantially below the 2015 Plan number of VND4,000 billion approved at the AGM in April 2015. 2H15 daily average turnover was 12% higher than the first half of the year as the foreign sell off in Vietnamese equities was offset by a significant pickup in margin lending activity by local investors.

While the total daily average trading volume fell 14% as noted above, foreign investor volume decreased only 2%. This led to an increase in the foreign investor share as a percentage of total volume to 11.3% in 2015, up from 9.9% the previous year.

Whilst overall flow fell significantly during 2015, HSC maintained its position as the number 2 broker in Vietnam with a market share of 10.4%, down marginally from 10.6% in 2014. This was against the FY2015 Plan percentage of 11.1%. It is worthwhile noting that our HOSE market share increased significantly in the second half of 2015 year which is quite an achievement given that HOSE represents nearly 90% of the market capitalization of all Vietnamese listed stocks, with about 10% listed on HNX. The momentum of increased flow in 2H15 coupled with our rising market share on HOSE puts HSC in a strong position going into 2016.

MARKET SHARE



Source: HSC

FY2015 PERFORMANCE SUMMARY

ITEMS	FY2015	FY2014	% CHANGE	PLAN 2015	% PLAN 2015
Income statement (VND million)					
Revenue	591,139	831,135	-29%	779,171	76%
Brokerage	262,076	299,432	-12%	416,027	63%
Margin and advances income	222,636	248,786	-11%	212,500	105%
Proprietary investment	34,666	194,425	-82%	65,742	53%
Interest income	54,719	67,241	-19%	52,395	104%
Corporate finance	11,155	12,362	-10%	25,707	43%
Other revenues	5,887	8,889	-34%	6,800	87%
Operating expenses	319,667	349,692	-9%	363,519	88%
Other profit/(loss)	28	4		-	
Profit before tax	271,500	481,447	-44%	415,651	65%
Profit after tax	213,310	376,152	-43%	324,208	66%
Balance sheet at year end (VND million)					
Total assets	3,596,583	4,069,804	-12%	3,604,708	100%
Owners' equity	2,279,549	2,358,231	-3%	2,407,569	95%
Financial indicators					
Return on average assets (ROAA)	5.6%	10.5%		8.7%	
Return on average equity (ROAE)	9.2%	16.3%		13.7%	
Equity's value					
Number of outstanding shares	127,185,417	127,229,583		127,229,583	
Basic earnings per share - VND	1,677	2,794	-40%	2,548	66%
Book value per common share - VND	17,923	18,535	-3%	18,923	95%
Market price at balance sheet date - VND	30,800	31,200	-1%		
P/E	18.4	11.2			
Total Shareholder return	5.4%	32.2%			

Overall, the results of 2015 were satisfactory in the face of challenging market and trading conditions.

Profit after tax for 2015 was VND213 billion, 43% lower than the 2014 number and 66% of the 2015 Plan. There were 2 significant items that contributed to lower profitability during the year:

- a fall in the average daily market trading volumes by 14% compared to the previous year; and

- lower revenue from proprietary trading being affected by some losses confined to a few individual names.

Total FY2015 revenue was VND591 billion, down 29% from 2014. This represented 76% of the 2015 Plan revenue target of VND 779 billion and is explained by the dual impact of lower volumes and the decrease in profits from trading activity.

Brokerage income contributed the largest proportion to the Company's revenue at 44%, and amounted to VND 262 billion, a decrease of 12% from 2014 and equivalent to 63% of the Plan. Our FY2015 Plan number was premised on the expectation that average daily trading volumes would continue to increase after doubling in 2014, however they fell by 14%.

The decrease in FY2015 brokerage revenue was mirrored by a corresponding fall in margin lending income of 11%. However, it is worthwhile noting that the full year result exceeded the Plan number for 2015 as margin lending activity took off in 2H15. The full year result for margin lending was 105% of Plan. The total margin balances of HSC's clients reached VND 2,800 billion compared with the peak period in 2014 of VND 2,000 billion. Client assessment protocols and controls around margin lending remained robust and have been subject to Internal Audit review with no material process weaknesses identified. HSC's margin lending activity remains within the risk appetite parameters set by the Board of Directors and is in full compliance with the regulations of the State Securities Commission.

Proprietary trading in equities and bonds for 2015 was VND 35 billion, contributing 6% to total revenue and representing 53% of the 2015 Plan for trading. This was down from 2014 when trading revenue represented 23% of 2014 total revenue. Whilst the trading desk contributed to revenue, the lower profit figure in 2015 was due to some concentrated losses in a few names. The prior year result was also significantly higher due to some legacy "one-off" income gains.

Corporate Finance and Investment Banking activities continued to face considerable obstacles in 2015. A lackluster IPO market coupled with an absence of institutionally driven corporate research opportunities meant that FY2015 consulting revenue from the Corporate Finance function was 10% lower than FY2014.

Interest income revenue contributed 9% of the total revenue number and met 104% of the 2015 Plan. This was due to higher customer balances maintained as funds on deposit and a also marginal uptick in interest rates over the course of the year.

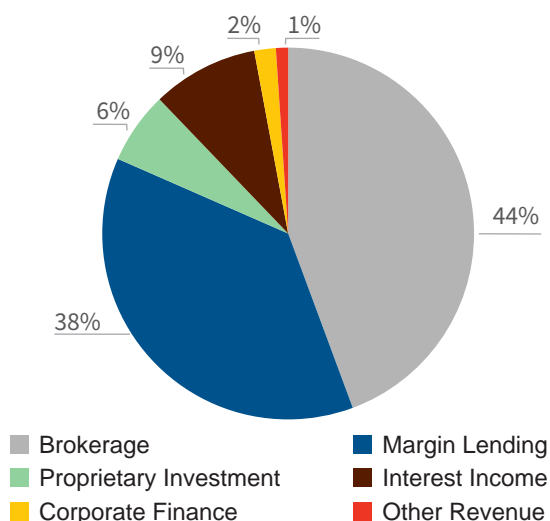
Cost to Income ratio for 2015 was 54% compared to 42% in 2014 and this compares favorably to other local brokers regionally. Operating expenses were VND320 billion, 9% lower than operating expenses for 2014, and only 88% of the planned expense amount. The main reasons for the drop in operating expenses were:

- A concerted effort to monitor costs in a challenging year, whilst fulfilling our commitments to stakeholders and increasing our contribution to ongoing sustainability and shareholder value.
- A reduction in overall staff numbers via attrition in non-core functions.
- A reduction in brokerage, clearing and exchange fees as a result of lower overall client trading activity.
- A reduction in the provision against long term holdings of unlisted securities not classed as trading stock.

Basic earnings per share (EPS) is VND1,677 and return on average equity (ROAE) is 9.2%.

These results do not fully reflect the progress made by HSC over 2015 or previous years. However HSC's Board of Directors, the senior management of the Company highlight that several external factors during 2015 contributed to a very challenging environment. We are confident that market negativity will subside over the ensuing months and that these factors will clear the uncertainty. That may have already started and we remain very optimistic in 2016, not just for equities, but most importantly for Vietnamese equities.

FY2015 REVENUE COMPOSITION



BUSINESS PERFORMANCE REVIEW

In 2015 our operations comprised four primary business functions:

- 1) Private Client Division
- 2) Institutional Sales Division
- 3) Corporate Finance Division
- 4) Treasury Trading Division
 - a. Proprietary Trading Function (PTF)
 - b. Treasury Function (TF)

At HSC, we monitor and assess the economic performance of all divisions. Reporting of results at the divisional level is essential to track actual performance against plan, to undertake sensitivity analysis to monitor trends, and to determine controllable and uncontrollable factors so that change can be implemented in a timely manner. Our Finance & Accounting Function prepare detailed monthly reports soon after the month end that enable senior management to make effective and informed decisions.

2015 DIVISIONAL PERFORMANCE (MILLION VND)

	Private Client	Institutional Client	Corporate Finance	Proprietary Investment	Treasury	Other Items	Totals
Revenue	391,068	114,928	6,093	21,525	57,525	28	591,167
Direct Expenses	(147,277)	(59,016)	(5,355)	(28,394)	(10,269)	(12,000)	(250,311)
Indirect Expenses	(41,081)	(8,561)	(4,856)	(1,521)	(1,337)		(57,356)
Operational Expenses	(188,358)	(67,577)	(10,211)	(29,915)	(11,606)	(12,000)	(319,667)
Profit Before Tax	202,710	47,351	(4,118)	(8,390)	45,919	(11,972)	271,500
% Total revenue	66%	19%	1%	4%	10%		100%
% Total PBT	75%	17%	-2%	-3%	17%	-4%	100%

Detailed analysis and commentary of divisional performance is provided on the following pages.

1. PRIVATE CLIENT DIVISION (PCD)

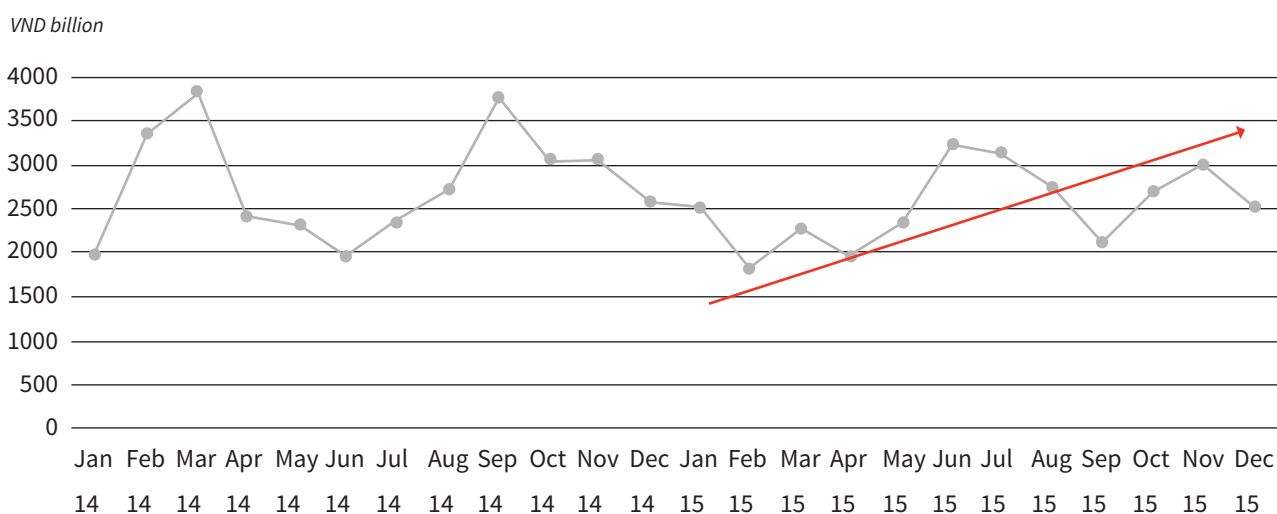
2015 was a challenging year for the securities markets globally and in Vietnam. Notwithstanding, the Private Client Division continued to be the primary business driver for HSC and contributed VND 203 billion, or 75% of HSC's profit before tax.

PRIVATE CLIENT DIVISION (MILLION VND)	2015	2014	% CHANGE	2015 PLAN	% 2015 PLAN
Revenue	391,068	463,652	-16%	514,292	76%
Brokerage fees	168,216	210,582	-20%	295,992	57%
Margin lending interest income + advances	218,065	247,269	-12%	212,500	103%
Other revenue	4,788	5,801	-17%	5,800	83%
Operation expenses	188,358	190,984	-1%	250,053	75%
Direct expense	147,277	151,987	-3%	200,789	73%
Indirect expense	41,081	38,997	5%	49,264	83%
Profit before tax	202,710	272,668	-26%	264,239	77%
% Total HSC revenue	66%	56%		66%	
% Total HSC profit before tax	75%	57%		64%	

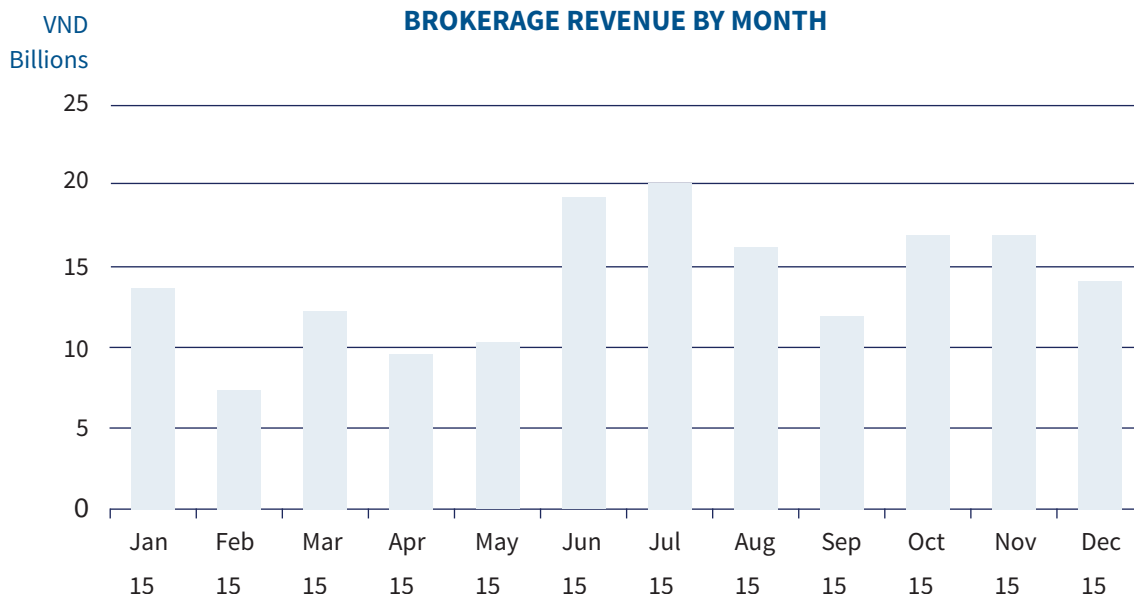
The division's revenue originates primarily from brokerage fees and interest on margin lending and advances, together contributing just under 99% of division revenue. Total divisional FY2015 revenue was VND 391 billion, representing 76% of the plan, and down 16% from a year earlier. The primary factors contributing to this result were:

- Brokerage fees fell 20% to VND 168 billion, 57% of the plan, and 20% lower than 2014. This resulted from a sharp fall in daily average trading values, however the trend since February 2015 has been upward. Brokerage fee rates were stable over the course of the year.

AVERAGE DAILY TRADING VOLUMES BY MONTH



Source: HSC

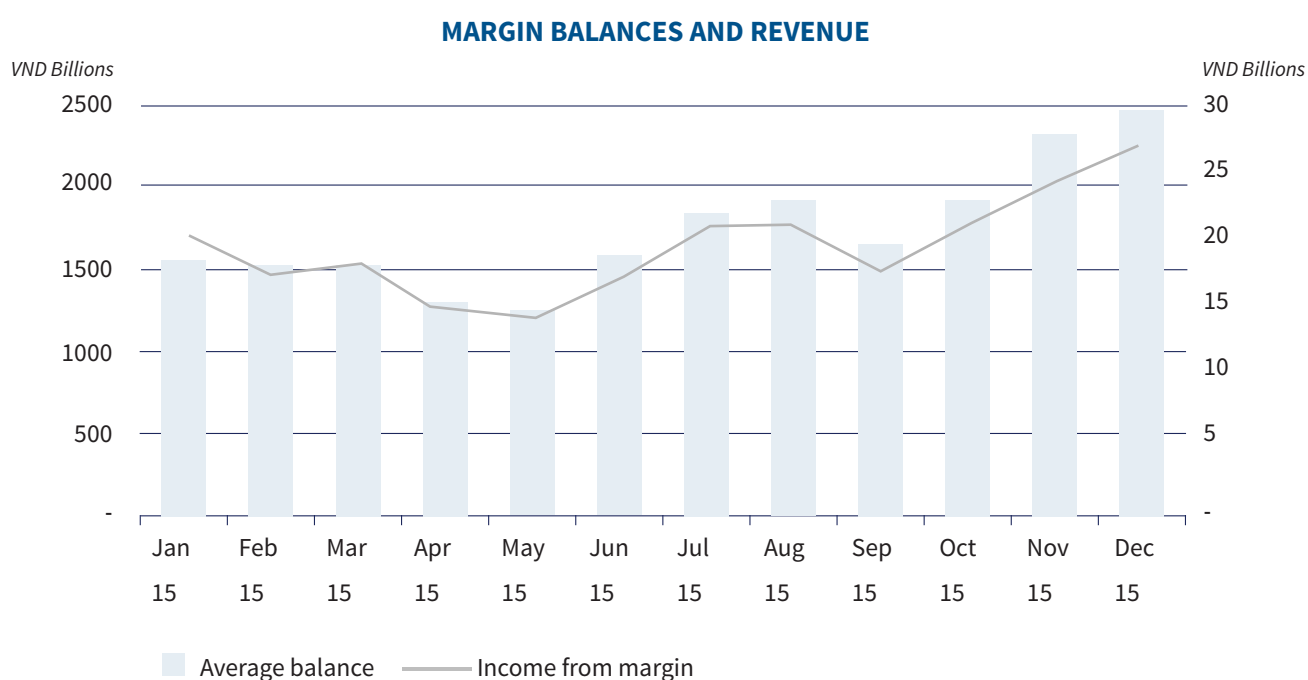


- Margin lending interest income and advances

Income from margin lending and advances achieved 103% of the plan for 2015. Total interest income from this activity was VND218 billion which decreased 12% from 2014. This was due to two main factors:

* Outstanding margin lending in 2015 is VND1,588 billion, slightly increased 1% comparing with VND1,574 billion in 2014. However as the chart below indicates, margin balances increased considerably in 2H15, which produced the sharp rise in monthly income, as the grey line shows.

* The average margin lending interest rate decreased to 13.5% from 15.4% in 2014, and spreads narrowed. The lower interest rate environment was due to the low inflation environment and increased competition across the brokerage sector as a value add to investors.



- Other revenue

Other revenue includes custody services, fees from securities transfer services and shareholder management service fees.

Operating expenses comprise direct and indirect costs. Direct costs are those costs that are directly attributable to the operations of PCD. Indirect are those that are shared across all departments and allocated on an equitable basis. Total operating expenses were 1% lower in 2015.

Brokerage expenses paid to stock exchanges and commission paid decreased 22%, in line with the decrease in trading value by PCD.

Other direct expenses mainly include office rental, IT systems and full-time basic salaries. The 23% increase in these expenses was due to greater investment in staff and technology for the new offices in Hanoi and HCMC which opened in December 2014, although overall salary costs, which includes commissions paid to brokers, decreased 7% compared to 2014.

The operating margin of PCD fell marginally from 58.8% in 2014 to 51.1% in 2015. However PCD increased its contribution to the Company's profit before tax from 57% to 75% for FY2015. While the revenue and profitability result was down from the previous year, we are confident that the upward trend in daily volumes will continue and also that local investors will increasingly use margining for their trading activities.

DIRECT EXPENSES ACCOUNT FOR 78% TOTAL OPERATING EXPENSES:

OPERATING EXPENSES OF PCD (MILLION VND)	2015	2014	% CHANGE
Direct Costs			
Brokerage expenses & commissions	68,388	87,891	-22%
Other direct expenses	78,889	64,096	23%
Indirect Costs	41,081	38,997	5%
Total	188,358	190,984	-1%

Alongside daily business, PCD also deployed specific action plans to enhance staff competency. Putting customers in the heart of every business agenda and raising customer satisfaction are main KPIs set in these action plans. "ASK" (Attitude, Skills, Knowledge) is the name of a training program in that sense with an aim of equipping all staff members with necessary knowledge and skills on how to build personal competency.

Here are some statistics about training during 2015 within PCD only:

NO	TRAINING PROGRAM	NUMBER OF TRAINING SESSIONS	NUMBER OF TRAINING HOURS	STAFF ATTENDANCE TURNS
1	Instructions on securities transactions and investment consultancy	25	25	750
2	Training and Repeat training of brokerage service skill	205	425	2,036
3	Training of soft skills, analyst skill	26	80	269
		256	530	3,055

2. INSTITUTIONAL SALES DIVISION (ISD)

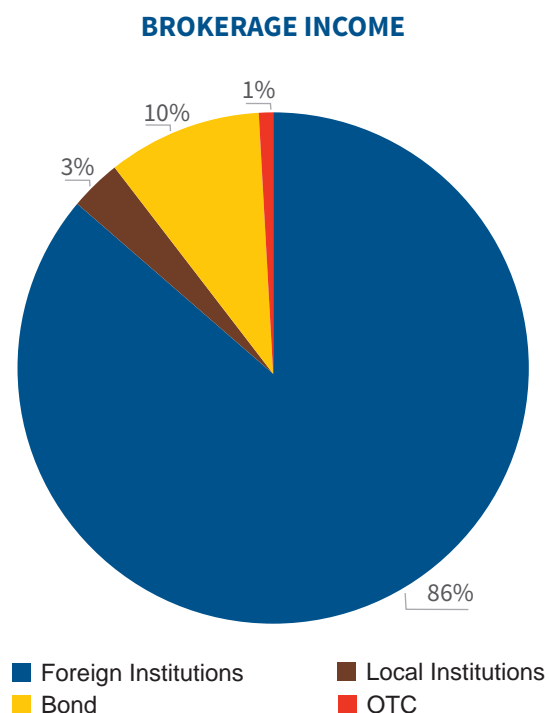
The Institutional Sales Division contributed pre-tax earnings of more than VND47 billion, an increase of 30% compared to 2014. This accounted for 17% of HSC's 2015 profit, which was more than double ISD's profit contribution the previous year. Revenue increased 11% to VND115 billion, representing 89% of the plan.

More than 80% of ISD revenue is derived from brokerage fees. Market wide daily average trading volumes fell 14% in 2015. Nevertheless, the Division managed to generate a modest 6% increase in brokerage fee income to VND94 billion. This was mainly due to the heavy selling by offshore institutional investors. HSC has a 28% market share in foreign Institutional trading.

INSTITUTIONAL CLIENT DIVISION (MILLION VND)	2015	2014	% CHANGES	2015 PLAN	% 2015 PLAN
Revenue	114,928	103,976	11%	129,741	89%
Brokerage	93,861	88,574	6%	120,035	78%
Margin income	4,572	1,517	201%	-	-
Income from capital utilization	10,471	9,774	7%	7,000	150%
Other revenue	6,025	4,112	47%	2,707	223%
Operating expenses	67,577	67,418	0%	73,213	92%
Direct expenses	59,015	58,506	1%	62,969	94%
Indirect expenses	8,561	8,913	-4%	10,244	84%
Profit before tax	47,351	36,558	30%	56,528	84%
% Total HSC revenue	19%	13%		17%	
% Total HSC profit before tax	17%	8%		14%	

Brokerage fee revenue consists of:

- Institutional client brokerage (domestic and international) of VND62 billion, 10% lower than 2014. This is less than brokerage revenue falls of other customer groups because the transaction values of Institutional client holdings were less affected by the general decline of the market. Fee rates remained steady.
- Institutional client brokerage fees stemming from an introduction by a foreign broker was VND20 billion, a 42% increase from the prior year. This was primarily driven by the foreign selling that hit the local market in 2H15. Fee rates for these clients are typically higher than our established institutional clients.
- Bond commission fees of VND9 billion, up 10% from 2014 driven by increased activity on both primary and secondary markets



Occasionally, ISD may purchase directly from institutional clients looking to sell their position. This is done on a selective basis as part of the client service offering, and where there is a lack of liquidity in the market. A market price is agreed between HSC and the client and normally higher brokerage fees are charged. Any gain or loss made on these facilitation trades are attributed to HSC. In 2015, ISD reported a VND4 billion profit on facilitation trades, which does not include the brokerage component.

Gain from margin tripled in 2015 to VND4.6 billion due to increasing demand for margin in equity transactions of our institutional clients.

Revenue from using capital reached 10,5 billion VND, increased by 7% in comparison to 2014 and was 150% of the Plan.

Revenue from using capital used to facilitate institutional buy and sell orders was VND10.5 billion. Average investment capital was VND36 billion per order and the average return rate for each buy or sell order was 26%. This compares to revenue of VND9.8 billion in 2014, with average investment capital of VND17 billion and average return rate of 39%.

Other revenue mainly derived from the supply of data analysis services to institutional clients.

Operating expenses of ISD remained favorable to plan, accounting for 92% of budgeted costs. Direct Costs accounted for 87% of total ISD expenses in 2015.

There are no discernable differences when comparing ISD's full year operating expenses between 2014 and 2015. Brokerage expenses fell slightly and in line with the reduction in brokerage revenue resulting from lower trading flow of HSC's institutional clients.

Commission expenses is a pay away to offshore brokers from introducing foreign institutional clients to HSC, and increased 36 % as a result of the 42% increase in flow from these customers.

Other direct expenses included staff costs and information technology expenses, which remained almost unchanged from 2014.

OPERATING EXPENSES – INSTITUTIONAL SALES DIVISION (MILLION VND)	WEIGHT	2015	2014	% CHANGES
Direct Costs	87%	59,016	58,505	
Brokerage expenses	24%	16,002	16,432	-3%
Commission	18%	11,959	8,771	36%
Other direct expenses	43%	30,038	30,193	-1%
Loss on securities trading	2%	1,017	3,109	-67%
Indirect Costs	13%	8,561	8,913	-1%
Total	100%	67,577	67,418	0%

3. CORPORATE FINANCE DIVISION (CFD)

Revenue of Corporate Finance Division in 2015 was VND6 billion, 44% lower than 2014 and only 26% of the Plan.

Revenue generated from stock issuance consultancy fees for Nam Long Investment JSC, SAVI Pharmaceutical JSC, Indo

Tran Logistics Corporation, Trang JSC and stock bidding fee for subsidiaries of Vinachem. Revenue from consultancy services was 25% of the Plan. There were three main reasons for this. Firstly, the negative market sentiment, meaning corporates are less likely to undertake M&A or IPO transactions. Secondly,

the longer than expected lead time for SOE equitisation. And thirdly, the lack of guidance on relaxing Foreign Ownership Limits (FOL) has dampened the appetite for cross-border activity into Vietnam.

Mezzanine revenue in 2015 mainly comprised of debt restructuring for Nam Long Investment Joint Stock Company. Average mezzanine finance in 2015 was VND18 billion and average return rate was 2% annually. There was no mezzanine finance in 2014.

Operating expenses of CFD in 2015 were 25% lower in 2015 due to significantly lower direct costs. Direct

expenses decreased mainly due to the reduction of a function Head from the middle of the year. The allocation of indirect expenses essentially remained unchanged from 2014.

HSC remains committed to building a profitable and sustainable Corporate Finance function. In January 2016, HSC hired Mr. Pham Ngoc Bich to Head up the Corporate Finance Division. We expect Vietnam's capital markets to develop significantly over the next few years. HSC is well positioned to provide strategic support to our corporate clients as well as help them to fulfil their capital raising plans.

CORPORATE FINANCE DIVISION (MILLION VND)	2015	2014	% CHANGES	2015 PLAN	% 2015 PLAN
Revenue	6,093	10,901	-44%	23,000	26%
Advisory fee	5,733	10,901	-47%	23,000	25%
Mezzanine finance	360	-	-	-	-
Operating expenses	10,211	13,541	-25%	13,232	77%
Direct expenses	5,355	8,585	-38%	7,551	71%
Indirect expenses	4,856	4,956	-2%	5,682	85%
Profit before tax	(4,118)	(2,640)	56%	9,768	-42%
% Total revenue of HSC	1%	1%		3%	
% Total profit before tax of HSC	-2%	-1%		2%	

4. TREASURY TRADING DIVISION

4.a. Proprietary Investment Function (PIF)

The Proprietary Investment Function trades listed and unlisted equities using HSC's capital. Revenue in 2015 was VND21.5 billion. This was 84% lower than the trading results from 2014 primarily due to last years' one-off contribution from crystallizing profits on the sale of the fund certificates portfolio. PIF revenue for 2015 met 50% of the plan number.

The proprietary trading desk earned revenue from 2 main portfolios:

- Trading in listed Vietnamese stocks which earned profits totaling VND21 billion, with an average position size of VND80 billion.
- Dividends received from the OTC portfolio held in the previous year brought to account in 2015 totaling VND0.4 billion. Average investment of OTC portfolio in 2015 was VND53 billion.

In transactions with respect to ETF, HSC was market maker. Therefore, revenue was immaterial with an average investment balance of VND23 billion.

For the whole portfolio in 2015, the average investment balance was VND158 billion compared to VND185 billion in 2014.

PROPRIETARY INVESTMENT FUNCTION (MILLION VND)	2015	2014	% CHANGES	2015 PLAN	% 2015 PLAN
Revenue	21,525	135,586	-84%	42,742	50%
Listed stocks and fund certificates	21,062	134,967	-84%	42,000	50%
Fund certificates	-	85,762	-100%	-	n/a
Listed Stocks	21,062	49,205	-57%	42,000	50%
OTC portfolio	462	619	-25%	742	62%
Operating expenses	29,915	48,348	-38%	4,690	638%
Direct expenses	28,393	46,955	-40%	3,164	897%
Indirect expenses	1,521	1,393	9%	1,526	100%
Profit before tax	(8,390)	87,238	-110%	38,052	-22%
% Total revenue of HSC	4%	16%		5%	
% Total profit before tax HSC	-3%	18%		9%	

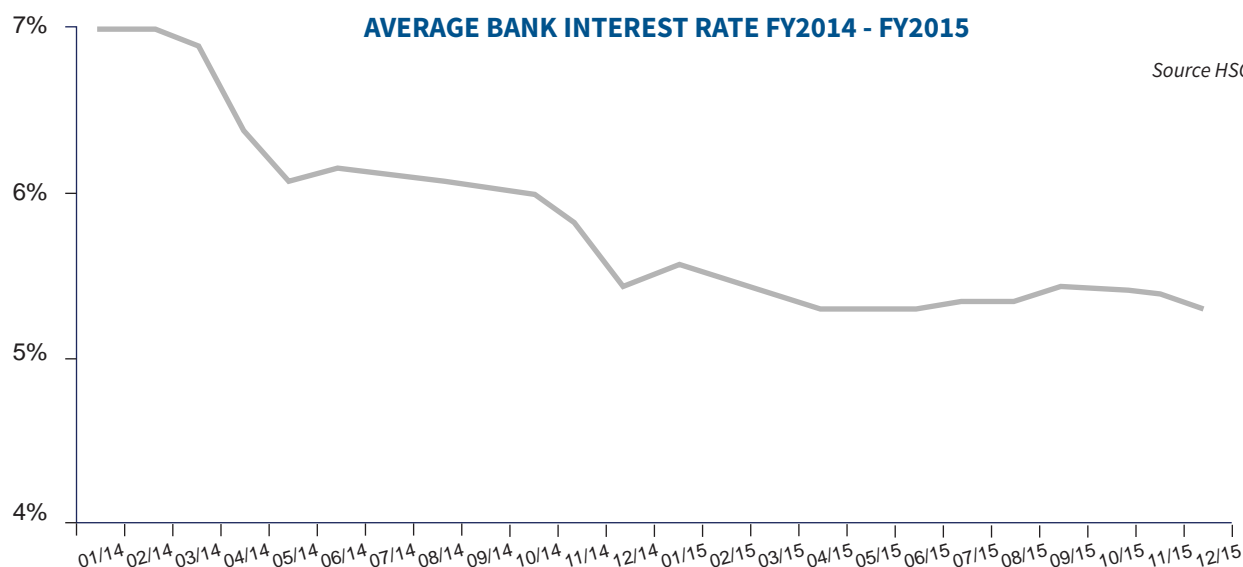
Operating expenses

Total operating expenses of Proprietary Investment Function dropped sharply in 2015, driven by lower direct costs which accounted for 95% of the total. Total direct costs fell 40% compared to 2014, and mainly comprised expenses relating to securities investment, and also release of provisions held against the OTC portfolio.

4.b. Treasury Function (TD)

The role of the Treasury Function is to efficiently manage HSC's balance sheet by utilizing surplus funds more productively. It does this by investing cash in term deposits matching the liquidity requirements of HSC, as well as investing in government bonds.

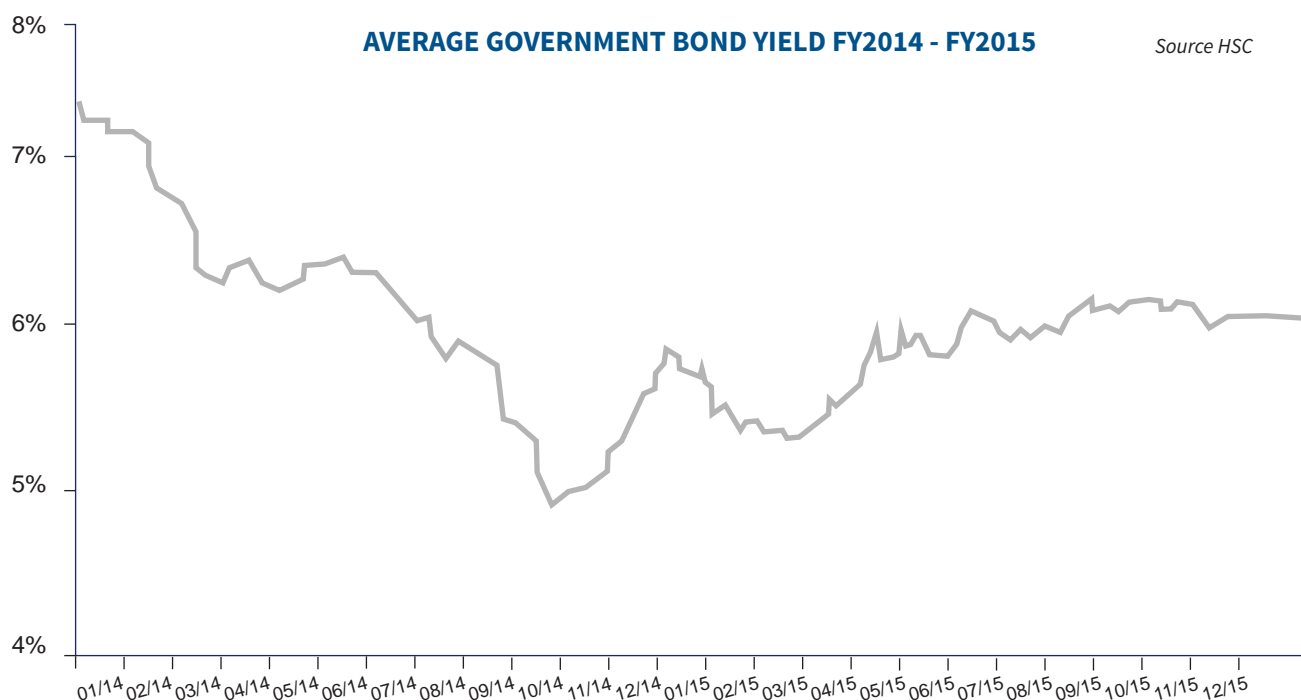
TREASURY FUNCTION (MILLION VND)	2015	2014	% CHANGES	2015 PLAN	% 2015 PLAN
Revenue	57,525	117,020	-51%	69,395	83%
Interest from bank deposit	54,719	67,241	-19%	52,395	104%
Bond investment	2,670	48,251	-94%	16,000	17%
Bond trading	-	796	-100%	-	n/a
Other revenue	136	732	-81%	1,000	n/a
Operating expenses	11,606	11,068	5%	7,530	154%
Direct expenses	10,269	9,758	5%	6,004	171%
Indirect expenses	1,337	1,310	2%	1,526	88%
Profit before tax	45,919	105,952	-57%	61,865	74%
% Total HSC revenue	10%	14%		9%	
% Total profit before tax	17%	22%		15%	



Revenue from bank deposit interest was nearly VND55 billion, 19% lower than 2014. This was due to deposit rates falling from 5.8% to 4.9% coupled with lower average deposit balance from VND1,250 billion to VND1,200 billion. Interest revenue was 104% of 2015 plan. See above a 2-year chart of deposit interest rates.

bonds, which dampens bond prices. In this environment, Treasury Function did not consider investing in bonds as an attractive alternative to cash over the year. Revenue from bond investments was VND2.5 billion, just 17% of budget. Average investment in bonds in 2015 was 35 billion VND and profitability was 8% on an annualized basis. (2014: average investment in bond was 168 billion VND and profitability was 29% annualized).

Bond investment activities were not favorable in 2015 due to increasing coupon rates of government



Other revenue mainly consisted of bond bidding fees that were earned from successfully bidding for government bonds on behalf of customers. The total volume of the successful bids in 2015 was VND6,085 billion.

Operating expenses of the Treasury Function increased by 5% in 2015, mainly due to increasing interest expenses as HSC used loans from bank to finance business operation, which led to increasing by 46% in comparison to 2014. In the contrary, operating expenses decreased by 41% as a result of no expenses incurred from bond reverse repo and bond brokerages fee in 2014.

OPERATING EXPENSES OF HSC 2015

Operating expenses of each division has been presented in the divisional performance reviews above. At the corporate level, HSC also undertakes monthly variance analysis across all expense categories, and the year-end summary of this is shown below.

OPERATING EXPENSES (VND MILLIONS)	WEIGHT	2015	2014	CHANGE
Salary and relevant expenses	44%	141,389	146,923	-4%
Brokerage expenses	14%	44,444	50,745	-12%
Outsourcing expenses	15%	48,685	48,353	1%
Securities trading expenses	15%	49,496	16,385	202%
Information Technology expenses	5%	14,811	16,877	-12%
Leasing expenses	6%	20,079	15,487	30%
Depreciation and Amortization	2%	5,507	4,255	29%
Other expenses	6%	19,598	20,399	-4%
Operating expenses before provisions		344,009	319,424	8%
Provisions/(reversal) for impairment of investment	-8%	(24,342)	36,865	
Reversal of provision for doubtful debts	0%	-	(6,597)	
Total operating expenses	100%	319,667	349,692	-9%
% Operating expenses/ Total revenue		54%	42%	
% Operating expenses before provisions / Total revenue		58%	38%	

Total operating expenses in 2015 were VND320 billion, 9% lower than 2014. Decreasing in operating expenses was less than decreasing in total revenue, which led to the cost to income ratio increasing to 54% in 2015 from 42% a year earlier. For total operating expenses before allowances, operating expenses in 2015 was about VND344 billion, an increase of 8% in comparison to 2014 and the ratio of Operating expenses before allowances/ Total revenue was 58%, higher than 38% of 2014.

Salary and relevant expenses

Salary and relevant expenses were accountable for 44% of total operating expenses in 2015, and decreased by 4% in comparison to 2014. This was mainly due to:

- Salary expenses of PCD which was 51% of total salary costs, falling by 6% as a result of:

- o Increase in total official brokers at transaction offices and marketing departments of Private Client Division since beginning of 2015 was 27%, which led to salary expenses increasing by 4%;

- o To the contrary, brokerage commission paid to brokers decreased by 20% as a result of decreasing in total transaction value at HSC, which led to salary expenses decreasing by 8%.

- Salary costs across other divisions and functions were comparable to 2014.

Brokerage expenses

Brokerage expense accounted for 14% of total operating expenses and decreased by 12% in comparison to 2014. The downward movement was in line with the overall trend of lower total transaction trading value at HSC during 2015.

Outsourcing expenses

Outsourcing expenses accounted for 15% of total operating expenses, inching up 1% compared to 2014. Outsourcing expenses include items such as the audit fee, cash count performing by banks at transaction offices, car rental, car parking, security, cleaning and printing.

Securities trading expenses

This is the expense incurred where securities were sold at a lower price than the price at which they were purchased, thereby resulting in a loss. In accordance with Circular 95/2008/ TT-BTC issued by Ministry of Finance dated 24/10/2008 guiding on accounting of securities investment, this should be booked as a direct cost, rather than as a contra against revenue.

Information Technology expenses

This expense decreased 12% in comparison to 2014 because there was no AFE man-day package expenses as in 2014.

Leasing expenses

Leasing expense increased by 30% in comparison to 2014 because of 2 new transaction offices in HCMC and Hanoi since December 2014. Existing leasing contracts are all long-term with fixed monthly fees.

Depreciation and Amortization

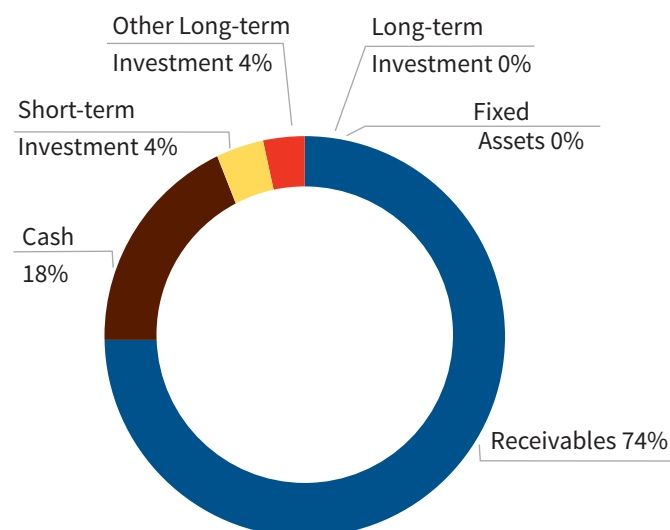
Depreciation and amortization in 2015 increased by 29% in comparison to 2014, mainly due to increased depreciation of information technology assets by 40% during the period. About 90% of depreciation expenses resulted from writing down the capitalized cost of information technology assets.

New information technology assets increased at the end of 2014 and in 2015, including, website improvement and enhancement, Customer Relationship Management software (CRM), equipment for 2 new transaction offices and servers for the archive system.

Allowances for diminution of securities expenses

This credit for VND24 billion was the reversal of allowances for diminution of securities, as a result of selling some stocks in the OTC portfolio in 2015. It forms part of the result of the Proprietary Investment Function.

ASSET STRUCTURE:



Total assets as at 31/12/2015 mainly includes receivables (74%), cash (18%), short-term investments and other long-term assets. Included in receivables at the end of the year are mainly margin and receivables with respect to securities transactions from securities exchanges.

OPERATING EXPENSES IN 2015 (cont.)

The value of short-term investment at the end of the year has decreased due to unfavorable market conditions as forecast at beginning of the year.

Other long-term assets mainly include rent prepaid for 35 years for AB building.

Key operating ratios

KEY RATIOS	2015	2014
Operating ratios		
Quick asset ratio	2.6	2.5
Short-term asset turnover	0.2	0.3
Total asset turnover	0.2	0.2
Operating Leverage		
Liabilities/Total Equity	0.6	0.6
Liabilities/Total Asset	0.4	0.4
Profit ratios		
Gross profit margin	62.2%	68.4%
Net profit margin	36.1%	45.3%
ROAE	9.2%	16.3%

STRATEGY AND MACRO REPORT

KEY INDICATORS	2015	2016 (HSC FORECAST)
MACRO STRATEGIC		
GDP	+ 6.68%	+ 6.2%
CPI	+ 0.63%	+ 5%
Oil Price (US\$/barrel)	US\$37.28	US\$50
VND	- 4.97%	- 5%
Exports	+ 11%	+ 5.5%
Money supply (M2)	+ 16.5%	+ 18%
BANKING SECTOR INDICATORS		
Local Bank Foreign Ownership Cap	<30%	<49%
Credit growth	+ 18%	+ 15%
Deposit Growth	+ 16.5%	+ 18%
VND Interest rates movement	0 bps	+100 bps
US\$ Onshore Interest Rates	0%	0.25%
VGB Bond Yields	6.09%	6.59%
STOCK MARKET INDICATORS		
VN Index	+ 6%	+ 21%
Valuations (P/E)	10.9x	11.3x
Margin Lending (yoy)	+89%	Significant Increase
Foreign Equity Buying and Selling	+2,88 trillion VND	Moderate Increase
IPO Calendar		
Risks & Opportunities		

1. MACRO-ECONOMIC INDICATORS REMAIN COMPELLING AND STABLE.

- GDP to decrease slightly to 6.2% in 2016 from 6.7% in 2015
- CPI and interest rates will increase moderately in 2016
- VND will depreciate further, similar to 2015

1.1 HSC forecasts GDP expansion to slow to 6.2% in 2016

This represents a mild slowdown from the FY2015 number of 6.68%. This outlook is below consensus as most forecasts suggest that the FY2016 number will be broadly similar to last year. These more optimistic forecasts assume that FDI fuelled exports will continue to grow at a strong pace while the domestic recovery gathers pace led by the construction, real estate, and retail segments. Whilst we broadly accept this argument, we sense there may be a few headwinds that will affect overall growth. We have sensed a slowdown in key indicators such as the PMI (until the December release), and also exports since the middle of Q3 FY2015 and suspect that this will have an impact on the manufacturing series in 1H16. We also feel that a more pronounced slowdown in the mining sector growth (which includes oil & gas) is inevitable given the continuing drop in crude oil prices. This GDP component has remained surprisingly robust in the face of falling prices and we question whether this is sustainable.

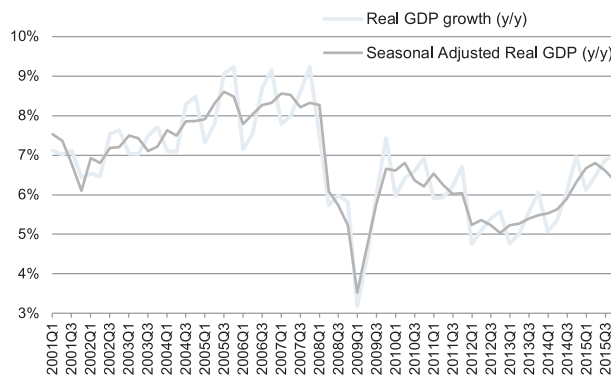
We also sense that the government investment component of GDP may struggle to expand much given the tight fiscal situation and this may also impact the final number. The MOF may be cautious with public investments in 2016 unless additional sources of revenue from either new taxes or asset sales help to improve the overall fiscal situation.

These considerations are the rationale we provide that support a mild deceleration in the overall growth rate for 2016. A caveat to this may be if the global economy speeds up in the 2H16 or if the MOF identifies new sources of revenue then we may well see a recovery later in the year.

The longer term the growth outlook remains bright and we expect GDP hitting 7% in 2017. TPP will start to have a clear impact on net trade from FY2017 onwards (as factories built this year begin producing) and there is an expectation that the Chinese economy will have bottomed out and started to recover. Additionally, this should coincide with a bottom in

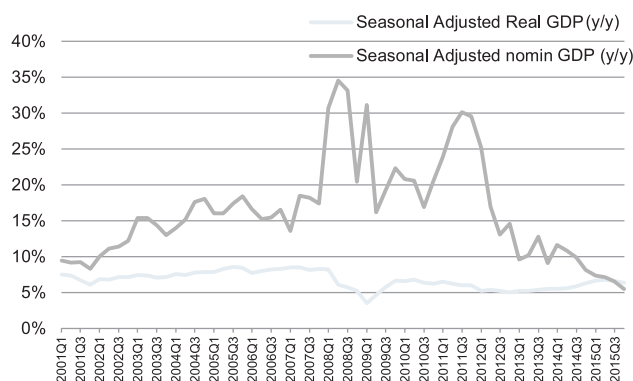
the commodity super cycle so the mild headwind appears temporary to us. Notwithstanding, developing economies achieving a better than 6% GDP growth number are not common and should be celebrated as part of the continued Vietnam growth story.

Real GDP and Seasonal Adjusted y/y



Source: GSO; all calculations by HSC

Seasonal Adjusted GDP y/y and q/q



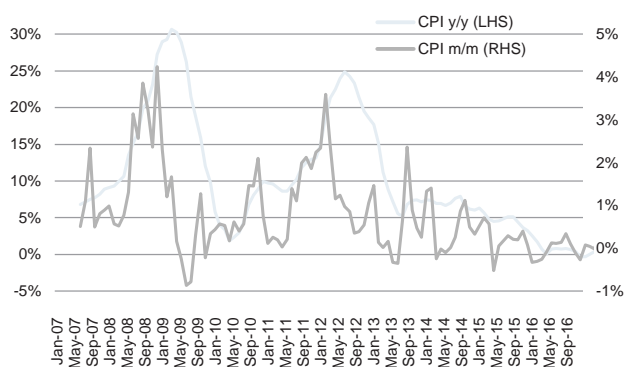
Source: GSO; all calculations by HSC

1.2 CPI increased 0.63% in 2015. HSC forecasts an increase of 5% in 2016

In early 2016, the General Statistic Office published nationwide FY2015 CPI which showed a very mild increase of 0.63% y/y. The official FY2015 was the lowest since Vietnam started calculating the inflation numbers in 2006, and the GSO attributed the result predominantly to falling oil prices. The figure was much lower than the National Assembly's target of 5% which incidentally was also HSC's original target set at the end of 2014. Meanwhile FY2015 core inflation, which excludes food, energy and Government services, rose by 2.05% y/y. The divergence between core and headline CPI can be mainly explained by the drop in crude oil and paddy rice prices.

HSC forecasts that headline CPI will accelerate to 5% for the full year 2016. Although we expect the benign inflation numbers to continue for the first half of 2016, we anticipate higher fuel and food prices in the second half of the year. However because of the very low base effect, the turn, when it comes will be powerful and propel prices higher within a matter of months.

CPI - m/m and y/y trend

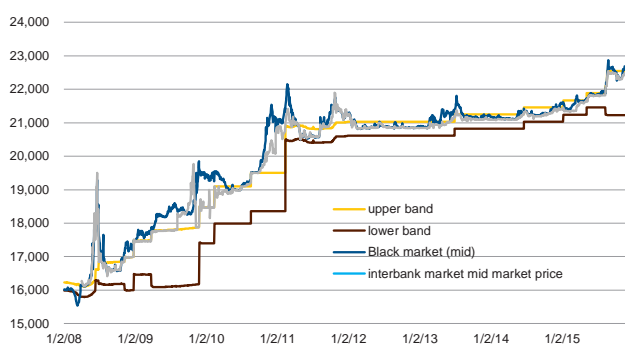


Source: GSO; all forecasts by HSC

1.3 HSC expects VND to fall another 5% in FY2016

HSC forecasts that VND will lose another 5% of its value versus the US\$ in FY2016. The VND fell by 4.97% in FY2015. However VND has merely tracked most Asian currencies especially the Chinese Yuan with which it shares a peg with US\$. And we think this relationship is now the most important factor in considering the future direction of VND. We expect VND to track the Chinese Yuan fairly closely, which we forecast will also fall by 5% in 2016. This position can be justified and based on recent evidence that the SBV will respond immediately to any major shift in the Yuan.

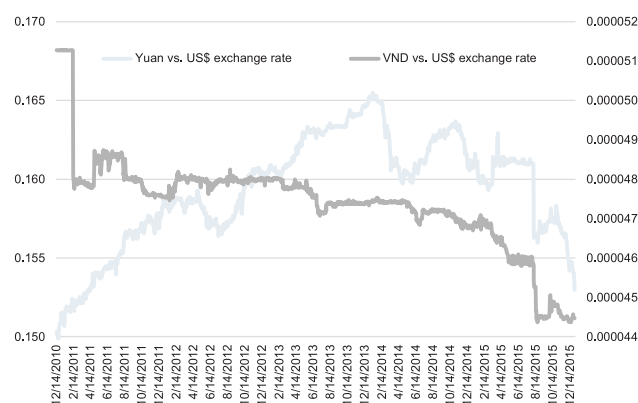
VND US\$ exchange rate and band



Source: GSO

The SBV intervened to devalue VND three times during 2015. From now on we can expect regular and minor adjustments to the rate in what is a radical break with past policy. Effectively we are shifting more closely to a managed float policy where they will adjust the rate continuously to prevent pressure building up in the currency markets and also to better preserve currency reserves which have apparently dropped sharply since May 2015.

CNY vs. US\$ and VND vs. US\$



Source – Reuters

The new approach focuses on 2 key inputs. The first is the movement of major currencies that are most relevant to the VND and this is a clear reference to the currencies of Vietnam's major trading partners. Other than the US\$, they would likely be looking at the Chinese Yuan, Euro and Japanese Yen plus other South East Asian currencies. The second input is the review of onshore and offshore money market developments and this means that they will fix rates with respect to news events both domestically and internationally.

In late December, the SBV cut the US\$ deposit cap to zero from 0.25% for individuals. US\$ deposits are now zero for all individual and non-individual depositors, except deposits from foreign credit institutions. Reducing US\$ deposits in the banking system may further reduce outstanding US\$ loan balances. So far this policy has been fairly successful with foreign currency deposits down over 10% since the end of August. The risk going forward however is that this zero deposit rate policy might have an impact on incoming remittance numbers as clearly with higher US\$ rates overseas there is no incentive in remitting money to Vietnam unless this is immediately converted into VND. No doubt the SBV will monitor the effects of this policy closely to see what the full macroeconomic impacts are, and adjust as required.

2. BANKING SECTOR MANAGEMENT REMAINS A DELICATE ACT, WITH THE SECTOR CONTINUING TO BE CONSTRAINED BY THE NPL HANGOVER.

- Banking sector restructuring is premised on consolidation and increasing regulations
- VAMC supports NPL resolution but progress is slow
- Credit growth to increase 15% in 2016, compared to 18% FY2015
- Deposit growth to increase to 18% in 2016 from 16.5% in FY2015

2.1 We expect foreign ownership limits in the banking sector to increase

The implementation of the Vietnamese project, “Restructuring the system of credit institutions in 2011-2015” has achieved its purpose, which was to strengthen the banking sector. However it is not yet complete and several aspects of this initiative are ongoing. The restructuring has so far helped the banking system avoid the risk of collapse and has seen large non-performing loans (NPLs) removed from banks balance sheets. The restructuring process has been slow despite the SBV taking some drastic measures. The VAMC has bought approximately US\$10 billion of NPL from local banks with bonds that can be re-hypothecated with the SBV for cash. The value of the bonds is written off against future profits over 5 years.

In addition, several banks have been “bought” by the SBV for zero VND in an attempt to cease banking malpractices in some of the weaker banks and to protect deposit holders of those banks. It seems that the SBV will continue to provide the necessary liquidity to the banking sector, although support may be waning. The issue remains that the banking sector needs additional capital to support aggressive asset growth strategies of local banks, whilst maintaining adequate buffers over prudential requirements.

New regulations in June 2015 eased restrictions on foreign ownership limits for many sectors, but did not address the banking sector. Foreign Ownership Limits (FOL's) for the sector currently stand at 30%, with a single investor allowed a maximum of 20%. The last significant foreign investment in the banking sector was BTMU's purchase of 18.73% of Vietinbank in December 2012. Relaxing foreign ownership restrictions in the local banking sector will bring significant

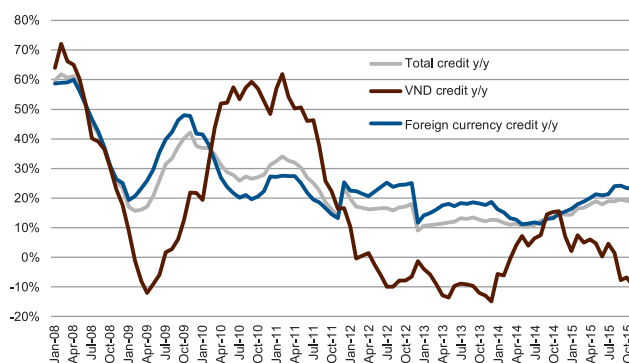
benefits, not just funding balance sheet growth, but technical assistance covering governance and risk management, as well as access to global funding markets.

2.2 Total credit growth was 18% in FY2015. We expect a 15% increase in 2016..

Credit growth in 2015 grew at the fastest rate since 2011, quickening to 18% and beating the Government's target of 17%. It is interesting to note the divergence between strong VND credit growth and the declining lending in foreign currency during 2015. We estimate that VND credit growth has risen by about 23.5% in 2015 and foreign currency credit looks to have declined by around 10% over the same period. The acceleration in VND credit growth began from Q2 onwards before leveling off slightly in Q415. In contrast the growth of foreign currency lending fell consistently throughout 2015 and is concurrent with the stall in foreign currency deposit growth.

HSC is more conservative in our estimate for 2016 and forecasts credit growth will be to about 15% this year, but we acknowledge that this view is not shared by most market followers. The SBV is targeting credit growth of 18-20% for 2016. The official target reflects lending growth at the same levels as 2015 and is presumably premised on a steady recovery in the economy driven by the same key sectors as 2015; namely manufacturing, infrastructure, real estate and retail lending.

Total Credit Growth vs. VND Credit growth vs. Foreign Currency Credit Growth



Source: SBV; HSC

Our estimate is more conservative for the following reasons:

- (1) Manufacturing as represented by the PMI has been slowing in recent months and fell below 50 in 3Q15

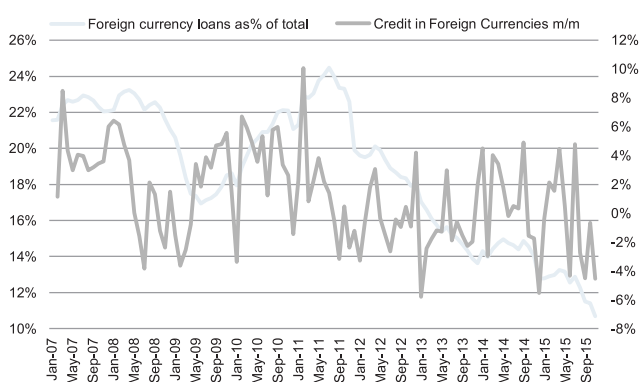
(2) The sharp expansion in infrastructure lending in 1Q15 was in stark contrast to the weak trend for credit growth seen at the beginning of every other year since 2011, and perhaps a “one-off” event.

(3) Pure loan to deposit ratios, which is the international benchmark, remain high at 91%.

(4) The introduction of Basel 2 will constrain lending as banks seek to meet tougher regulatory capital hurdles.

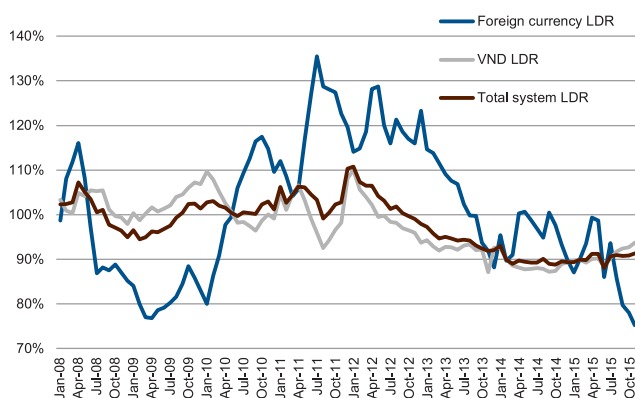
(5) Foreign currency loan balances are falling with no hint of a compensatory increase in VND lending.

Foreign currency lending as % of total vs m/m growth



Source: HSC estimates

Banking system LDRs



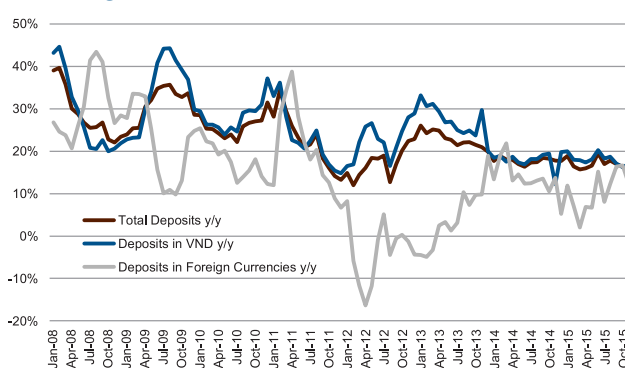
Source: HSC estimates

HSC is simply forecasting a deceleration in credit growth next year following a notable acceleration in FY015. And, in our opinion 15% credit growth still represents a very respectable number. Then by currency we expect VND credit growth to expand by 17%; with foreign currency lending falling slightly.

2.3 We forecast deposits will grow by 18% in 2016

In 2015 deposit growth unexpectedly lagged credit growth. The full FY2015 increase in deposits of 16.5% represents the slowest growth since 2011. Throughout the year, deposit growth has ranged widely between 15.5-19.4% before settling at the lower end of the range recently. Concern over currency stability has meant that M2 growth has been slower than in previous years as the authorities keep an eye on the supply of VND.

Vietnam Total Deposit growth vs. VND Deposit Growth vs. Foreign Currency Deposit Growth



Source: SBV/HSC

For 2016, we forecast that deposits will grow by around 18% y/y. This is closely linked to our forecast for M2 growth which we also have at 18% y/y. By currency we expect VND deposit growth to expand by 19% y/y with foreign currency deposits shrinking slightly.

3. STOCK MARKET OUTLOOK – DON'T LET NEAR TERM GLOOM HIDE MEDIUM TERM OPPORTUNITY

- We have set a target of 700 for FY2016 year-end, a 21% increase from the 2015 close of 579.
- Valuations look reasonable at the moment with Top 50 stocks trading at a forward FY2016 P/E of 11.3x.
- We are Underweight on banks; Overweight on real estate and small caps.
- Several interesting IPO's are on the horizon.
- We see getting back into resource stocks soon to be the largest opportunity.
- We consider the 2 biggest risks to be de-rating of equities globally, and capital flight from China.

3.1 Despite current difficulties we see the VN index at 700 by the year-end

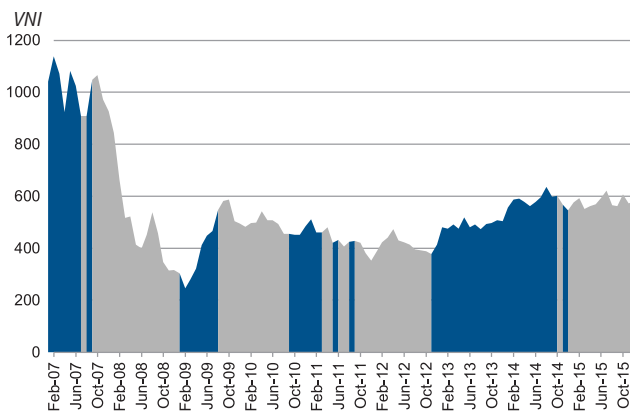
The VN index traded between 511 and 641 over the course of 2015, so whilst our FY2016 target may seem very ambitious with the current headwind, we think these issues will gradually clear later in the year and the long term secular growth themes will re-emerge and propel the market higher.

The VN index has remained in the 510-650 range since Q3 FY2014. The main factors contributing to the sideways movement are the free liquidity gap first closed and then turned negative, lack of real progress with respect to foreign ownership limit (FOL) reform, and that emerging and frontier markets in general have felt the impact of funds flowing back to the US as a result of a stronger US\$. We maintain that the equity story in Vietnam still looks better than in many other developing markets given strong GDP growth and reasonable valuations.

One of the main hurdles for the stock market over 2015 was the fact that free liquidity went into reverse for much of the year. As our bull bear chart below illustrates, the pink color represents those times when domestic free liquidity is unfavorable which resulted in stock prices being heavily reliant on foreign net buying levels to stay afloat. For FY2016 we are a little more optimistic and forecast that free liquidity will return to a slightly positive position.

Heading into 2016, the domestic liquidity environment still looks rather negative while the growth themes of increased market access and a more open economy lack a sense of urgency at the moment. The economy is still growing at a fast clip and strong corporate earnings are being released, however in the absence of positive domestic liquidity the market remains reliant on foreign indirect investment flows into the market to drive prices higher.

VN Index Bull vs. Bear

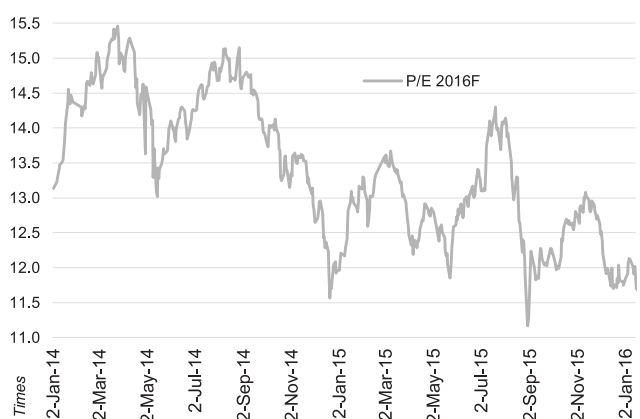


Despite our view that the macro economy will slow somewhat in 1H16, we are optimistic on the stock market later this year. There are several reasons for this:

- Credit growth will slow to around 15% in FY2016 against a M2 growth of 18% thereby providing additional free liquidity.
- Some of the remaining hurdles related to FOL reform will be cleared in order to allow several planned equitizations and sales of government stakes in several large companies to proceed.
- A recovery in commodity prices will lead to improved earnings prospects for resource; agri product and consumer sector companies.
- An acceleration in GDP & credit growth in the 2H16 will enhance prospects for banks.
- On a forwards earnings basis, Vietnamese equities are currently the cheapest they have been since FY2011.

Our VN index target of 700 by the year-end is predicated on these factors.

Top 50 - FY2016 forward P/E

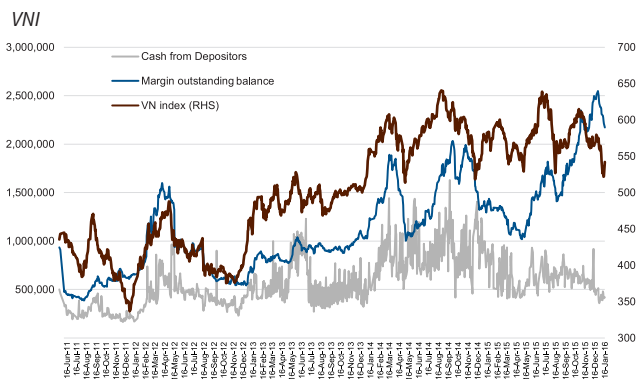


3.2 Local investors have piled up a lot of margin debt in recent months

Margin lending is largely funded by bank credit and operates independently of free liquidity. At the beginning of January 2016, observable margin positions hit a peak of over VND2.5 trillion, which was 139% higher than the 12 month low seen in early April 2015.

Domestic investors have been keen to rack up more margin debt in recent months even as the VN index retreated from year highs. The last 5 months of 2015 saw a surge in margin lending as new supply came on stream from several banks who still had room to expand credit lines to securities brokers to the allowed limits under Circular 36. Outstanding balances have now reached historically high levels compared to the VN index with most of the lending being invested in just a handful of blue chips.

Observable margin positions vs. VN Index



Source - Bloomberg & HSC data collection

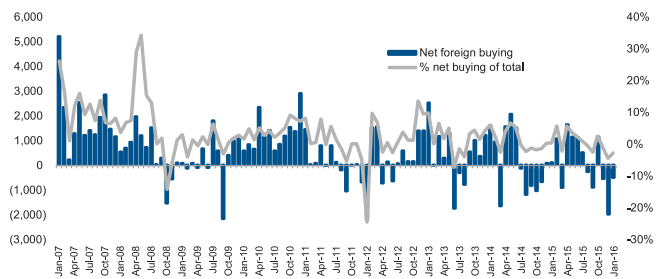
We believe the total amount of outstanding margin is closely correlated to the market share of the brokers that offer it. On that basis we guesstimate that the total amount of outstanding margin in the market currently amounts to about VND21-23 trillion and therefore represents just 2% of the total market capitalization.

3.3 Foreigners have been net sellers since August 2015. We expect modest net inflows for 2016

Foreigners bought a net total of VND2,883 trillion on both exchanges in FY2015, slightly less than the year before. 2015 was a year of two halves; on HSX alone foreigners bought a net VND4,698 trillion in the first 7 months; before turning net sellers in August. And from then until the year-end they sold a net VND2,595 trillion, pulling out well over half of what they had bought earlier. They were net sellers for exactly 6 of 12 months last year.

The heaviest month of net selling was in December where net foreign selling was VND1,997 trillion. Other emerging & frontier markets also saw heavy outflows following the December hike in US interest rates.

HOSE Net foreign buying vs net buying as % of total



Source: Bloomberg

FOREIGN NET BUYING OF EQUITIES (FY2007-2015 YTD)

	HOSE	HNX	TOTAL	TOTAL
	VND billion		US\$ million	
FY2007	22,875	2,865	25,740	1,225.71
FY2008	5,827	554	6,381	303.86
FY2009	3,177	370	3,546	168.87
FY2010	15,367	823	16,191	770.98
FY2011	1,263	642	1,905	90.69
FY2012	3,321	1,083	4,404	209.71
FY2013	5,502	1,304	6,806	324.10
FY2014	2,155	877	3,031	144.35
FY2015	2,095	788	2,883	137.28

Source: HSX, HNX

Vietnam has never had a year of foreign net selling mainly because the inflows have been quite modest to begin with. Our 2016 forecast calls for a continuation of modest foreign net buying, especially with FOL progress and some significant one-off inflows from listed name auctions and increased IPO activity. A broader inflow of new monies will depend on how many other large cap stocks are able or willing to open up the foreign room this year.

3.4 The IPO calendar is still full of potential

The list of likely IPOs for 2016 is varied and includes several conglomerates, a Telco, the leading meat processor, a private sector airline and the leading rice exporter. Based on evidence from prior years, it is likely that only 3-5 out of the

10 candidates will be listed this year. There have been several other smaller IPOs in recent months, with the largest being Housing Development and Trading Company Limited in January with a market capitalization of VND2.2 trillion.

MAJOR IPOs OF LIKELY INTEREST IN 2016

NO.	NAME	LIKELY TIMING	TYPE	BRIEF DESCRIPTION
1	Becamex IDC	1Q/16	SOE	Strong name in development of industrial, residential, urban and transportation infrastructure
2	VRG	2016	SOE	Largest rubber group with several subsidiaries already listed. No clear timetable yet
3	GENCO 3	March 2016	SOE	Largest of the three GENCOs owned by the Electricity of Vietnam group (EVN)
4	Mobifone	2016	SOE	One of the 3 big mobile phone operators owned by the Ministry of Information and Communications
5	Vinalines	2016	SOE	A restructured national shipping line, plans to sell 30% to strategic investors and 33.75% to the public
6	Satra	2016	SOE	Very reputable company with over 70 subsidiaries including supermarkets and convenience stores
7	Benthanh Group	2016	SOE	Commerce, tourism, industrial production, and real estate conglomerate
8	Vissan	03/07/2016	SOE	One of the leaders in the food market, especially in fresh meat and processed foodstuff
9	VietJet Air	1Q16	Private Sector	A Vietnamese privately owned low cost carrier planning for rapid expansion for 2016
10	Vinafood 2	April 2016	SOE	Leading rice exporter and completed the IPO evaluation process at the end of 2015

Source: Various media

3.5 Risks and opportunities – a case of near term risk versus medium term opportunity

The near term outlook for global equities looks clouded given well known concerns over the three Cs: Currencies, Commodities and China. Fortunately, Vietnamese asset classes never became overpriced in the zero cost money era while growth has continued at a decent clip.

We will have a new 5 year political cycle and the removal of political uncertainty can only be good for markets. Solid macroeconomic prospects coupled with expected earnings growth this year should be reasonable as the banking sector continues its gradual recovery. Add to this further market reforms, the introduction of same day trading from the summer, further clarification on expanding market access, and the ongoing evolution of the TPP agreement, all lead to prospects for accelerated growth and higher equity prices.

Risks for the market & economy in 2016

RISKS	IMPACT ON VIETNAM'S ECONOMY & STOCK MARKET
Slowdown in Chinese economy	Likely spillover effect from Chinese currency weakening Increase in flow of cheap imports such as steel from China further downside risk for many commodities
Collapse in crude oil prices	Damage to fiscal position as oil related revenues dry up Weakens balance sheet of the PVN group which is important to the economy Will have some impact on GDP growth as mining segment growth falters
Correction in global equities	Continued withdrawal of capital from frontier and emerging markets Falling valuations make Vietnamese equities look less cheap in comparison

Source: HSC

Opportunities for the market & economy in 2016

OPPORTUNITIES	IMPACT ON VIETNAM'S ECONOMY & STOCK MARKET
TPP approval process goes smoothly during 1H16	Lift for general economy adding 0.2-0.5% to GDP growth from next year onwards Major boost to FDI prospects Good for exporters of manufacturing or processed goods
Needle moves on stock market access reform	To facilitate the sale of a significant stake in Vinamilk (VNM) and large SOE's Other listed firms will announce plans to open up ownership beyond 49% Intra-day trading will show that the market is indeed opening up
New political cycle brings commitment for sustainable growth	Moves to tackle fiscal deficit with possible tax reforms More sustainable funding for infrastructure projects involving private sector Clear growth targets

Source: HSC



GROWING GOVERNANCE

BOARD OF DIRECTORS



MR. DO HUNG VIET

- Chairman
- Independent member of the Board of Directors

Date of appointment: 30/06/2007

Date of reappointment: 08/04/2011

Duration: 8 years 6 months

Age: 61 years old

Education level: Bachelor of Economics – Faculty of Banking

Employment history:

2011 – present	Chairman of the Board of Directors of HSC
2010 – present	Vice Chairman of Vietnam Association of Securities Business (VASB)
2007 – 2011	Vice Chairman of the Board of Directors of HSC
2006 – 2010	Member of the Supervisory Board of VASB
2003 – 2006	Director of HSC
1998 – 2002	Fund Manager of HCMC Investment Fund for Urban Development(HIFU)

Present positions

At listed companies	Chairman of the Board of Directors of HSC
At other companies	None



MR. LE ANH MINH

- Vice Chairman
- Non-executive member of the Board of Directors

Date of appointment: 30/06/2007

Date of reappointment: 08/04/2011

Duration: 8 years 6 months

Age: 46 years old

Education level: Master of Business Administration

Employment history:

2016 – present	CEO of Dragon Capital Group (DCG)
2010 – 2015	Deputy CEO cum CFO of Dragon Capital Group (DCG)
2002 – 2010	Director of Dragon Capital Group (DCG)
1998 – 2002	CFO of Coca Cola South East Asia Inc.
1993 – 1996	Deputy Managing Director of Dai Nam Commercial J.S Bank
1991 – 1993	Project Director of Peregrine Vietnam Company

Present positions

At listed companies	Vice Chairman of the Board of Directors of HSC Member of the Board of Directors of Vietnam Dairy Products JSC (Vinamilk)
At other companies	CEO of Dragon Capital Group (DCG)



MR. NGUYEN THANH LIEM

- Vice Chairman
- Non-executive member of the Board of Directors

Date of appointment: 08/04/2011

Duration: 4 years 8 months

Age: 57 years old

Education level: Master of Business Administration

Employment history:

2010 – present	Deputy Director of Hochiminh City Finance and Investment State-owned Corporate (HFIC)
2007 – 2009	Deputy Director of Hochiminh City Investment and Fund for Urban Development (HIFU)
2006 – 2007	Head of Pricing, Department of Finance
2005 – 2006	Director of Property Evaluation and Auction Center
1994 – 2004	Head of District Budget Management, Head of Asset, Head of Budget, State Department of Finance

Present positions

At listed companies	Vice Chairman of the Board of Directors of HSC
At other companies	Deputy Director of Hochiminh City Finance and Investment State-owned Corporation (HFIC)



MR. PHAM NGHIEM XUAN BAC

- Member
- Independent member of the Board of Directors

Date of appointment: 02/12/2002

Date of reappointment: 30/06/2007

Date of second reappointment: 08/04/2011

Duration: 13 years 1 months

Age: 54 years old

Education level: Master of Business Administration, Bachelor of Law

Employment history:

1999 – present	CEO of Vision & Associates Company
1989 – 1999	Deputy Director of InvestConsult Group Vietnam

Present positions

At listed companies	Member of the Board of Directors of HSC Member of the Board of Directors of Southern Waterborne Transport Corporation (Sowatco)
At other companies	CEO of Vision & Associates Company Chairman of the Board of Managing Partners of Vision & Associates Legal Chairman of the Board of Directors of Cong Huong JSC



MR. LE THANG CAN

- Member
- Non-executive member of the Board of Directors

Date of appointment: 16/04/2014

Duration: 8 months

Age: 39 years old

Education level: Bachelor of Economics

Employment history:

2/2016 – present	Head of Investment of Hochiminh City Finance and Investment State-owned Corporation (HFIC)
2013 – 2/2016	Deputy Manager of Finance – Accounting of Hochiminh City Finance and Investment State-owned Corporation (HFIC)
2006 – 2013	Finance – Accounting Specialist of Hochiminh City Finance and Investment Stated-owned Corporation (HFIC)
2004 – 2005	CFO of Viet Huy Ltd. Company
1999 – 2004	Chief Accountant of Ruby Ltd. Company

Present positions

At listed companies	Member of the Board of Directors of HSC
At other companies	Head of Investment of Hochiminh City Finance and Investment State-owned Corporation (HFIC)



MR. JOHAN NYVENE

- Member
- Executive member of the Board of Directors

Date of appointment: 30/06/2007

Date of reappointment: 08/04/2011

Duration: 8 years 6 months

Age: 50 years old

Education level: Bachelor of Banking and Finance

Employment history:

2007 – present	CEO of HSC
2005 – 2007	Branch Manager of HSBC in Hanoi
1998 – 2005	Director of Global Banking at HSBC in HCMC
1990 – 1998	Director of International Banking at Corestates – First Union Bank, Philadelphia, USA

Present positions

At listed companies	CEO of HSC
At other companies	None



MR. TRINH HOAI GIANG

- Member
- Executive member of the Board of Directors

Date of appointment: 08/04/2011

Duration: 4 years 8 months

Age: 46 years old

Education level: Master of Business Administration

Employment history:

2007 – present	Deputy CEO – Chief Operating Officer of HSC
2010 – present	Vice Chairman of Vietnam Bond Market Association
2005 – 2007	Corporate Finance Associate Director of Dragon Capital Markets Limited(DC)
2003 – 2005	Studied MBA in the US, Fullbright Scholarship
2001 – 2003	Credit Officer of Vietcombank
1995 – 2001	Foreign Exchange Dealer of Vietcombank's Treasury

Present positions

At listed companies	Deputy CEO – Chief Operating Officer of HSC
At other companies	None



MS. THAN THI THU DUNG

- Secretary of the Board of Directors

Date of appointment: 16/03/2006

Duration: 9 years 8 months

Age: 41 years old

Education level: Bachelor of Economics

Employment history:

2006 – present	Secretary of the Board of Directors of HSC
2005 – 2006	Secretary of the Board of Directors of Saigon Health Investment Corporation
2000 – 2005	CEO Assistant at Hoang Lan Ltd. Company

Present positions

At listed companies	Secretary of the Board of Directors of HSC
At other companies	None

REPORT OF THE BOARD OF DIRECTORS

1. ASSESSMENT OF THE BOARD OF DIRECTORS ON THE OPERATIONS OF HSC IN 2015

1.1 Vietnam's economy in 2015

In 2015 the Vietnamese economy faced 3 major challenges. Firstly, the slow recovery of the global economy was perhaps the most significant challenge. Secondly, the significant fall of the oil price adversely affected the Government's budget structure. And thirdly, the local currency has been under considerable pressure stemming from the Chinese decision to devalue their currency coupled with rising US interest rates.

These challenges aside, Vietnam's industrial production growth and low inflationary environment contributed to an overall stronger domestic economy in 2015. The National Assembly introduced the Enterprise Law and the Investment Law; new regulations that help improve the business environment. Additionally, the TPP trade agreement was signed and several other important market development initiatives were introduced by regulators to help facilitate the ongoing recovery of domestic economic growth.

But stronger economic growth in 2015 did not result in a corresponding recovery of the local stock market. Vietnam's stock market continued to be impacted by several external factors, such as events in the East Sea, the volatility and collapse in oil prices, China's stock market, exchange rate pressures and movements in international capital flows. Several internal factors also contributed to the failure of the stock market to meaningfully recover. While we welcomed Decree 60/2015 on increasing foreign ownership limits in Vietnamese companies, investors require further clarity on eligible industries and limits. This delay in regulatory guidance has been disappointing for investors wanting more exposure to Vietnamese equities. The other significant internal factor holding back the market in 2015 was the failure to complete the equitization plan for 200 state-owned enterprises, as anticipated. Investors were expecting the listing of several trillion VND IPOs that ultimately did not happen and this adversely affected investor behavior.

1.2 Business result in 2015

Combined together, these negative domestic and international factors did have an impact on our 2015 results. The HSC after-tax profit was VND 213 billion which represented 65% of the FY2015 plan approved by shareholders at last year's Annual General Meeting (AGM). Whilst 3 of the 4 Divisions were profitable, the targets were not achieved. The overall weak results were typified by the performance of the Proprietary Investment Function which were significantly adversely affected due to inaccurate market forecasts.

Although the brokerage sector suffered somewhat in 2015, HSC remains confident in our sustainable development strategy. Our brokerage market share for Private Clients Division dropped to 6.9% from 7.4% in 2014. This was primarily due to a decrease in market trading value from 2014 as well as fierce pricing competition between companies in the industry in which we operate. Meanwhile Institutional Sales Division maintained its market share and achieved its target of 3.4%.

1.3 Enhancing Corporate Governance

Effective corporate governance is an essential objective at HSC. We aim to meet international standards by ensuring we maintain an effective governance framework right across the company. We made some notable corporate governance enhancements during 2015, such as:

- Formally establishing an Executive Committee (EXCO) and Investment Committee (IC) and documenting the operational responsibilities of these committees.
- The name of the Risk Management Executive Committee (RMEC) was changed to the Risk Management Committee (RMC) and its mandate and objectives were clearly documented.
- Limits of Authority (LoA), which set out transactional and departmental financial limits were reviewed and updated by the Risk Management Division. Limits for non-financial activities are also being developed to ensure the financial and non-financial activities are separately considered.

- The scope of the Business Process Improvement (BPI) project was extended to the Business Process Management (BPM) project, which will increase our risk management capabilities.

HSC received several awards during 2015 that recognize our enhancements in corporate governance and risk management activities, as well as our sustainable contribution to the community:

- In July 2015, we received a certificate of merit from the Prime Minister, Mr. Nguyen Tan Dung, recognizing HSC for outstanding contribution to the development of the stock market in the period of 2010 – 2014. HSC was one of only two brokers to receive this award.
- In November 2015, we received the award for Corporate Governance: “ASEAN Corporate Governance” awarded by ASEAN Corporate Governance Scorecard.
- During the year we were the recipient of several awards relating to our 2015 Annual Report by HOSE and Vietnam Investment Review.

2. ASSESSMENT OF THE BOARD OF DIRECTORS ON THE PERFORMANCE OF THE MANAGEMENT TEAM

In 2015, the Board of Directors supervised the activities of the CEO and Management Team relating to the implementation of resolutions of the shareholders agreed at the FY2014 AGM as detailed below.

2.1 Methods of supervision

The Board of Directors and the Supervisory Board thoroughly understood the operations of the Company, enabling them to assist the CEO and the Management Team in the fulfilment of their respective responsibilities.

Representatives of the Board sub-committees regularly reported at the meetings of the Board of Directors as follows:

- The Board Risk Management Committee reported all significant risks arising in each quarter, and proposed recommended action plans to mitigate these risks; and
- The Board Internal Audit Committee reported on the number of internal audits conducted in the

quarter, including audit findings and recommendations for strengthening the internal control environment.

The Board of Directors and the Supervisory Board assessed the feasibility of all action plans and all recommendations, seeking to provide more practical solutions where applicable.

The Board of Directors issued resolutions after each periodic meeting and upon request, to approve the business results for each quarter. The Board also provided strategic guidance, oversight and input relating to the state of the markets and general economy which was used to help develop business plans for the subsequent quarter. Regular communication by the Board with the CEO and Management Team helped to oversee the implementation of these plans to help meet HSC’s strategic objectives.

2.2 Results of supervision

Business results in 2015 with the basic financial indicators are as follows:

Unit: VND million

TARGET	2015	2014	CHANGE	2015 PLAN	% PLAN
Revenue	591,139	831,135	-29%	779,171	76%
Profit before tax	271,500	482,161	-44%	415,651	65%
Profit after tax	213,310	376,152	-43%	324,208	66%

2.3 Conclusion

In accordance with our Company Charter and policies & procedures, the Board of Directors delegates the Management Team to carry out the daily operational activities of the Company and to implement strategic decisions aligned with our business plans. Through quarterly reports on business performance, the Company’s daily operational reports, and ad-hoc management reports, the Board of Directors evaluates that the CEO

and the management team have executed their duties in compliance with prevailing laws, the Company Charter and the AGM shareholders' resolutions. Additionally, the Board of Directors have conducted and performed their duties with care, professionalism and integrity, thus protecting the interests of the Company and its shareholders. Every effort was made to achieve the targets set by shareholders at last years' AGM, however due to several external factors beyond our control, we were unable to fully meet these targets.

2.4 Plans and strategies of the Board of Directors

We expect that globally, economic conditions will remain challenging in 2016. It is likely that China's economy will continue to slow and there is uncertainty and volatility in commodity prices. Europe's debt woes continue to overhang progress in the Eurozone. However there are compelling domestic reasons that we believe will drive stock market growth in Vietnam. GDP is expected to increase underpinned by stable macro-economic factors such as benign inflation and a managed exchange rate. Relaxing foreign ownership rules, a strong IPO calendar, trade agreements and the anticipated introduction of listed derivatives in early 2017 are persuasive factors that should reinforce and support trigger local equity markets in 2016. In light of this, and to drive sustainable shareholder value, the Board of Directors will focus on the following activities in 2016:

- Developing a five-year strategic plan for the period of 2016 - 2020;
- Strengthening and developing the Company's key businesses activities by expanding the operational network and diversifying products and services for our clients;
- Enhancing corporate governance as well as control responsibilities in financial management, accounting and auditing, and enterprise risk management by upgrading the capabilities and competencies of the committees under the Board of Directors;
- Continuing to enhance transparency in business operations, and ensuring fulfillment of the Board of Directors' independent member's responsibilities;
- Committing to standardizing our procedures to drive efficiency gains, aligning our current processes with applicable laws, especially relating to information security, risk management, internal controls, internal audit and margin lending;

- Increasing the efficiency of capital utilization through enhancing product and service offerings, as well as investing in research and development activities for new products and services to meet both international standards, regulatory requirements and clients' needs;

- Researching and implementing effective and efficient operational models to enable sales and trading of listed derivative products;

- Promotion and enhancement corporate values by sustainable development through participating in drafting strategic CSR development plan;

- Develop a succession plan for the next generation of management.

3. CORPORATE GOVERNANCE 2015

Strong corporate governance is an essential element to building a solid business foundation and bringing sustainable value to our business. Our approach to corporate governance is derived from a set of values and behaviours that underpin our daily activities, provide transparency and accountability, and seek to protect stakeholder interests. We are committed to excellence in corporate governance standards, which we see as fundamental to the sustainability of our business and performance.

3.1 Rights of Shareholders

3.1.1 Shareholders meeting

On 16/04/2015, HSC held the 2014 Annual General Meeting (2014 AGM). All procedures, laws and regulations at that AGM were followed to ensure protection of shareholders' benefits and rights.

- All shareholders received full and concise information relating to the 2014 AGM in the invitation. The invitation contained the time, place, agenda and basic information for registration. All information of the 2014 AGM was published on the HSC website in both Vietnamese and English fifteen (15) days prior to the AGM. In addition, the invitation was also published on Vietnam Investment Review.

- To facilitate all shareholders and proxy representatives, the 2014 AGM was held on a working day and the admission desk was opened one (1) hour prior the meeting. HSC used barcodes

to confirm shareholders' ID and supporting documents as well as the voting and election ratios.

- A group of chairing members was selected to oversee the AGM which included the Chairman, the Board of Directors' members and the CFO. Additionally, external audit representatives were also invited to the meeting. The chairing members were available to respond to any questions and encouraged shareholders or proxy representatives to comment in order to jointly build sustainable growth for HSC.

- Meeting minutes, the voting result report and the 2014 AGM Resolutions were published on the HSC website in two (02) languages (English and Vietnamese) within twenty four (24) hours after the AGM.

3.1.2 Dividend payment

- In line with current practice, seventy percent (70%) of the profit after tax is used to pay annual dividends to shareholders. Depending on the business results in past years, the dividend rate ranged from twelve percent (12%) to twenty percent (20%). HSC always commits to pay at least between these boundaries or even at a higher rate than approved rate at the AGM.

- At the 2014 AGM, shareholders approved an ordinary share dividend payment rate of 12% in 2015. The execution plan for the dividend payment in 2015 is summarized as follows:

- The company issued the 1st cash dividend advancement in 2015 at a rate of five percent (5%), which was paid to shareholders on 06/01/2016. This was announced by the Board of Directors in Resolution No. 05/2015/NQ-BODs dated 23/10/2015.

- In order to maintain an attractive equity return rate for shareholders, the Board of Directors will propose a higher rate for second cash dividend payment at AGM 2015 comparing to the approved plan.

3.2 Shareholders' equal rights

3.2.1 Appoint a proxy in the General Meeting of Shareholders

Where a shareholder is absent and cannot delegate a proxy to attend the AGM, that shareholder has the right to delegate

a member of the Board of Directors or Supervisory Board on their behalf and to make decision on all the resolutions and issues discussed at the AGM.

3.2.2 Voting at AGM

Each shareholder or proxy attending the AGM were given voting cards and voting forms using HSC templates. The voting card and voting form have barcodes so the vote count can be conducted efficiently and accurately. Shareholders use voting cards to vote for resolutions raised at the AGM. Key content for the AGM was sent to shareholders prior to the meeting. Shareholders must confirm their voting by inserting a cross in one of three (3) boxes provided. These boxes are termed "approved", "fail" and "no comment" and the shareholders are required to sign the form to confirm and validate the vote.

3.2.3 Election, discharge, dismissal and addition of members into the Board of Directors and Supervisory Board

Election, discharge, dismissal and addition of members into the Board of Directors and Supervisory Board must be approved at the AGM.

The selection and appointment of new members to the Board are made in accordance with formal procedures stated clearly and transparently in the Company Charter and Corporate Governance Policies. In the event of composition changes to the Board of Directors during the middle of member's term, the Board will nominate and appoint the temporary member according to the Company Charter and Corporate Governance Policies. The nomination and appointment will be submitted at the next AGM for ratification.

3.3 Stakeholder relationships

Clients

As a leading financial services provider, HSC strives to provide best execution and quality research to our broad range of institutional and private brokerage clients. For our corporate clients, we provide connectivity that reaches beyond Vietnam and therefore provides potential capital flows from abroad. Continuous product and IT innovation coupled with a quality service mind set builds trust with our clients. We demonstrate the highest standards of professional integrity to our clients.

Shareholders

HSC is committed to creating long term sustainable value for our shareholders. Exploiting our competitive advantages is the key to delivering value to our shareholders. We always protect the rights of our shareholders without discrimination. All shareholders have equal access to information to ensure they are fully informed to make investment decisions appropriate for them.

Employees

HSC considers people as one of the most valuable assets. Development strategy is based on professionalism and competence. We promote a work-life balance that respects the diverse backgrounds of our employees. We expect our staff to treat each other with courtesy and respect. We expect our staff to demonstrate kindness, care and empathy to each other at all times to help strengthen the already established bonds between them. Furthermore, we expect that our staff respect the same protocols towards external parties, exhibiting altruism to human nature in the environment in which we live.

Working in an environment where Humanity is respected as a virtue and expressed as a corporate value, behaviour can be shaped in a very positive way and exhibited to all stakeholders. All staff at HSC, including the Board of Directors, become ambassadors to convey the humanity message to all stakeholders included clients, shareholders, regulators, authorities and communities.

Communities

HSC is dedicated to contributing to all aspects of community development. We endeavour to implement initiatives that have long term positive impacts on all communities in which we live in and work, and also those where we don't. We believe that whilst giving back to communities enhances our corporate image, our driver in community development is simply one of Humanity. Raising community standards is a core objective which we believe will be an essential component of our future success.

Environment (Market)

We recognize our responsibility to contribute to the development Vietnam's capital markets. We are recognized as a pioneer locally, supporting holistic growth in products,

market activity and corporate expansion and therefore fostering goodwill from domestic and foreign observers. We play an active role in shaping the market and the rules by which we are bound, through our interaction and ongoing dialogue with the Regulator. It is a leadership and supporting role that HSC is obligated to fulfil.

3.4 Communication channel

HSC Head of Communication, Mr. Hoang Cong Tuan is the central contact point for all external communication. He may be contacted on (+ 84 8) 3823 3299 (Ext 194) or by email tuan.hc@hsc.com.vn. All questions will be transferred to the relevant department.

Information Disclosure

Policy on information disclosure

Information disclosure policies at HSC comply with all regulations and are aligned with our corporate governance policies. The information HSC discloses is in accordance with the following principles:

1. The disclosed information should be accurate, complete, clear and must be disclosed within the agreed time frame;
2. The disclosed information must comply with current regulations;
3. All stakeholders have the right to access disclosed information;
4. Information that may have a significant impact on the share price of HCM, or possibly influence investor decisions, affect shareholder rights, or events occur that may adversely affect the legitimate interests of investors, should be disclosed in timely manner and shall be disclosed in HSC's official website, and to the Ho Chi Minh City Stock Exchanges (HOSE) and the State Securities Commission (SSC).

4. BOARD OF DIRECTORS

4.1 Board of Directors members and its structure

In 2015 the Board of Directors has maintained operations in compliance with the Company Charter and corporate governance policies. The Board of Directors consists of seven (7) members. Its structure ensures the balance

between members with various skills, knowledge and experience including legal, finance and securities professionals with a balance between executive, non-executive and independent members. The names of the persons who have been or are Directors in the reporting period are listed below, along with their shareholding and the voting rights of each member including individuals and representatives:

FULL NAME	BOARD OF DIRECTORS' MEMBER .			HCM SHARES OWNERSHIP %	
	Independent	Non-executive	Executive	% Representative	% Owned
Do Hung Viet	√				0.01
Le Anh Minh		√		15.43 (**)	0.03
Nguyen Thanh Liem		√		20.63 (*)	-
Le Thang Can		√		8.84 (*)	-
Pham Nghiem Xuan Bac	√			-	0.28
Johan Nyvene			√	15.43 (**)	0.40
Trinh Hoai Giang			√		0.10

Notes:

(*) The percentage of representatives from the HCM Finance and Investment state-owned Company (HFIC), a key state-owned shareholder owning 29.47% of HSC's charter capital.

(**) The percentage of representatives from the Dragon Capital Markets Limited (DC), a key foreign shareholder accounting for 30.87% HSC's charter capital.

4.2 Board of Directors members changes

At the 2014 AGM, HSC elected Mr. Le Thang Can as a representative of HFIC, to replace Mr. Hoang Dinh Thang who resigned. This appointment was affective from 16/04/2015.

4.3 Chairman of the Board of Directors and CEO are separate roles

The separation of the Chairman and CEO roles demonstrates independence and a clear delineation of responsibilities between the Board of Directors and the Management team. This separation ensures the dispersion of decision making, greater accountability and independence in Board of Director governance.

The Chairman of the Board of Directors is an independent member. He was appointed to the Board of Directors in 2007 and is now in his third term on the Board.

4.4 Roles and responsibilities of the Board of Directors

In accordance with the provision of Enterprise Law and the Company Charter, the Board of Directors is the governing body of HSC, which has ultimate decision-making authority, and it is empowered on behalf of the Company to carry out its duties and fulfil its obligations to the shareholders, which are not necessarily under the jurisdiction of the AGM.

In carrying out its duties, the Board of Directors must comply with all laws, the Company Charter and resolutions made at the AGM. In the event decisions made by the Board contradict the law or Company Charter, thereby causing damage to the Company, the members who voted in favour of for these decisions are jointly and individual liable for any damages.

4.5 Board of Directors activities

The Board of Directors held six (6) meetings during the financial year. At these meetings, the Board assessed quarterly business results and market commentary, reviewed strategic plans for the subsequent quarter, and approved other matters under their authority.

Resolutions were passed only when more than half the members voted in favour of the resolution. Each Director attended the following Board of Director meetings during the financial year ended 31/12/2015.

Meetings of the Board of Directors in 2015

BOARD MEMBER	POSITION	START DATE / END DATE TERM	ATTENDED	PARTICIPATION PERCENTAGE	REASONS FOR ABSENCE
Do Hung Viet	Chairman	08/04/2011	6/6	100%	
Le Anh Minh	Vice chairman	08/04/2011	6/6	100%	
Nguyen Thanh Liem	Vice chairman	08/04/2011	6/6	100%	
Pham Nghiem Xuan Bac	Member	08/04/2011	6/6	100%	
Hoang Dinh Thang	Member	16/04/2015	2/6	34%	Resigned 16/04/2015
Johan Nyvene	Member	08/04/2011	6/6	100%	
Trinh Hoai Giang	Member	08/04/2011	6/6	100%	
Le Thang Can	Member	16/04/2015	4/6	66%	Appointed 16/04/2015

Resolutions of the Board of Directors during Board Meetings in 2015

SESSION	RESOLUTION NUMBER	NO. OF PARTICIPANTS	CONTENT
Session 1 09/02/2015	01/2015/NQ-HĐQT Collecting written opinions	7/7	Approved the time and venue of the 2014 AGM and the main content of the reports to be presented at the meeting
Session 2 25/03/2015	02/2015/NQ-HĐQT	7/7 Observer: BOS	<ul style="list-style-type: none"> - Reviewed 2015 business plan forecast - Approval of Board member change from Ho Chi Minh City Finance and Investment Company - Updated the AGM 2015 agenda - Appointed representatives at HD Saison
Session 3 14/05/2015	03/2015/NQ-HĐQT Collecting written opinions	7/7	<ul style="list-style-type: none"> - Approval of the selection of external auditor for 2015 - Increased the credit limits at Ho Chi Minh City Development Joint Stock Commercial Bank (HD Bank)
Session 4 14/08/2015	04/2015/NQ-HĐQT	7/7 Observer: BOS	<ul style="list-style-type: none"> - Reporting of financial results for the first 6 months of 2015 - Review forecasts for 2H15 - Implemented the required current legal procedures to maximize foreign ownership percentage - Prepared for new securities market initiatives - Relocated Kim Lien transaction office, Hanoi Branch
Session 5 23/10/2015	05/2015/NQ-HĐQT	7/7 Observer: BOS	<ul style="list-style-type: none"> - Reporting business results for the first 9 months of 2015 - Approved the first advanced dividend payment for 2015 - Officially approved the establishment of Executive Committee (EXCO), Investment Committee (IC) and updated the name of Risk Management Executive Committee (RMEC) to Risk Management Committee (RMC)
Session 6 17/11/2015	06/2015/NQ-HĐQT Collecting written opinions	7/7	<ul style="list-style-type: none"> - Approved the increase of credit limit at Ho Chi Minh City Development Joint Stock Commercial Bank - Approved credit limit appraisal at Vietnam Prosperity Bank

4.6 Committees under the Board of Directors

The Board of Directors has established two (2) committees under the Board of Directors including Board Risk Management and Board Internal Audit Committee. Their responsibilities are to consult and assist the Board of Directors in maintaining

and reinforcing internal control activities. The structure of both Committees comprises independent and non-executive members of the Board of Directors who have been selected based on their skills, knowledge and experience.

NO.	FULL NAME	TITLE	BOARD RISK MANAGEMENT COMMITTEE	BOARD INTERNAL AUDIT COMMITTEE
01	Do Hung Viet	Chairman Independent member	√	Chairman √
02	Le Anh Minh	Vice chairman Non-executive member	Chairman √	
03	Le Thang Can	Member Non-executive member		√
04	Pham Nghiem Xuan Bac	Member Independent member	√	
05	Dang Nguyet Minh	Member Member of BOS		√

4.7 Activities of non-executive members of the Board of Directors

The current structure of the Board of Directors ensures the balance between executive and non-executive members. At least one-third of the total members of the Board of Directors are independent members. This ensures the Board of Directors reach objective and independent decisions.

Most non-executive members are also members of Committees under the Board of Directors. In addition to their duties as Board Directors, they are also responsible for assigned work at their respective Committees.

4.8 Activities of the Committees under the Board of Directors

1. THE BOARD RISK MANAGEMENT COMMITTEE

The Board Risk Management Committee assists in supervising:

- (i) The structure of corporate risk management;

- (ii) Policies and guidelines on governance, risk assessment and evaluation;

- (iii) Levels of risk tolerance;

- (iv) Sources of capital, liquidity capabilities and capital raising activities of the Company, and

- (v) The performance of the Head of the Risk Management Division.

In 2015, the Risk Management Division submitted for Board of Director approval the Operating Principles of Executive Committee (EXCO), Investment Committee (IC), and updated the name of Risk Management Executive Committee (RMEC) to Risk Management Committee (RMC) as well as updating the Operating Principles of this committee. The Risk Management Division is in the process of updating and amending Limits of Authority (LoA) which will be presented to the Board Risk Management Committee for approval before submitting to the Board of Directors.

4.8 Activities of the Committees under the Board of Directors (cont)

On a quarterly basis, the Risk Management Division reports to the Risk Management Committee on all identified significant risks, and remediation plans and status assessments of those significant risks. These are reported to and discussed at Board of Directors meetings to ensure risk issues receive appropriate consideration and guidance.

2. THE BOARD INTERNAL AUDIT COMMITTEE

The Board Internal Audit Committee was established at the beginning of 2014 and has completed and submitted its Operating Principles and Charter for the approval of the Board of Directors.

The Board Internal Audit Committee continues to cooperate on internal audit activities with KPMG Vietnam, as per a three-year contract from 2014 to 2016. During this time, the Internal Audit Function, as well as the Board Internal Audit Committee, will be trained by KPMG in the design of internal audit plans, and jointly perform annual, half year or ad-hoc internal audits. At the end of this contract, HSC expects to have an independent and fully capable Internal Audit Function that reports directly to the Board Internal Audit Committee.

In 2015, several Internal Audit reviews were performed, including reviews of the Private Client Division, Institutional Sales Division and information technology process. In addition to these reviews the Internal Audit Function monitors the implementation of audit recommendations on these processes to ensure remediation to the internal control environment. Implementation and remediation reports are presented at meetings of Board Internal Audit Committee.

4.9 Participation of members of the Board of Directors in corporate governance programs

All members of the Board of Directors actively participated in a two-day corporate governance training program run by The Securities Research and Training Center in Ho Chi Minh City branch. All members received a certificate verifying their successful completion of this program, except for Mr. Pham Nghiem Xuan Bac, who was unable to attend.

The Chairman represented HSC at several corporate governance seminars during 2015, including:

- International Forum: Improving Corporate Governance Practices in ASEAN (04/09/2015), hosted by State Securities Commission of Vietnam and International Finance Corporation (IFC);

- Investor Relations seminar (16/10/2015) hosted by Ho Chi Minh Stock Exchange and Maybank Kim Eng Securities JSC.

4.10 Assessment of the Board of Directors' performance

The Board of Directors have taken several steps to improve corporate governance and align our standards with current regulations and international practice. For example, during 2015, the Board:

- Carried out activities appropriate to the Company Charter, ensuring the number of meetings were held and that all Board members attended the meetings
- Clearly defined the roles of independent and non-executive members in order to maximize interests of all shareholders
- Supervised the implementation of the Board of Directors decisions and resolutions at the AGM
- Directed and supervised the implementation of various important projects at HSC, including those relating to risk management, internal audit, and improvements in business processes;
- Oversaw the Board Committees to ensure compliance with the Operating principles and Company Charter

5. TRANSACTIONS, REMUNERATION AND BENEFITS OF THE BOARD OF DIRECTORS, MANAGEMENT TEAM AND SUPERVISORY BOARD

5.1 Remuneration of the Board of Directors and Supervisory Board

The operating funds of HSC's Board of Directors and Supervisory Board in 2015 amount to one percent of profit after tax, as approved at the AGM 2014.

Quarterly remuneration payments to members of the Board of Directors and Supervisory Board comply with Resolution 12/2011/NQ-HĐQT, dated 21/12/2011, which covers the approval of remuneration for the Board of Directors and Supervisory Board.

Remuneration of the members of the Board of Directors in 2015

Unit: VND

NO.	NAME	POSITION	SPECIALIZATION	EXECUTIVE ROLE	REMUNERATION PER MONTH (AFTER TAX)	NOTE
01	Do Hung Viet	Chairman	√			Salaried employee
02	Le Anh Minh	Vice Chairman			10,000,000	
03	Nguyen Thanh Liem	Vice Chairman			10,000,000	
04	Pham Nghiem Xuan Bac	Member			10,000,000	
05	Hoang Dinh Thang	Member			10,000,000	Resigned 16/04/2015
06	Le Thang Can	Member			10,000,000	Appointed 16/04/2015
07	Johan Nyvene	Member		√		Salaried employee
08	Trinh Hoai Giang	Member		√		Salaried employee

Remuneration of the members of the Supervisory Board in 2015

Unit: VND

NO.	NAME	POSITION	REMUNERATION PER MONTH (AFTER TAX)
01	Vo Van Chau	Chairman	10,000,000
01	Doan Van Hinh	Member	6,000,000
03	Dang Nguyet Minh	Member	6,000,000

Based on the remuneration presented above and the prevailing number of members of the Board of Directors and Supervisory Board at certain times, the payment of remuneration and operating expenses to the members of the Board of Directors and Supervisory Board specifically are detailed as below.

Table detailing remuneration and operating expenses of the Board of Directors and Supervisory Board in 2015

NO.	CONTENT	AMOUNT (VND)
01	Operating fund of the Board of Directors and Supervisory Board at the beginning of 2015	586,231,248
02	Operating fund of the Board of Directors and Supervisory Board in 2015 (1% of 2014 profit after tax)	3,761,520,472
03	Operating expenses of Board of Directors and Supervisory Board	3,650,602,391
	1. Remuneration of the Board of Directors & Supervisory Board in 2015	882,666,656 (*)
	2. Other operating expenses	2,767,935,735
04	Operating fund of the Board of Directors & Supervisory Board carried forward at the end of 2015	697,149,329

Note: (*) Total remuneration of the Board of Directors was VND 559,999,992 and Supervisory Board was VND 322,666,664 (including personal income tax).

5.2 Regulation of bonuses to the Board of Directors and Supervisory Board's members:

Other than the regulation of remuneration to the members of the Board of Directors and Supervisory Board as presented above, the independent and non-executive members of the Board of Directors and Supervisory Board do not receive any amount as bonuses from the Company bonus & welfare funds.

5.3 Regulation on benefits to the members of the Board of Directors and Supervisory Board

Currently, the Company' business expenses benefits (including those relating to the use of company cars, telephones, social, medical and other insurance, the annual health check (and other items specified in the Company's policies) and other benefits in internal policies are only applicable to the Chairman of the Board of Directors. Only business travel expenses from other members of the Board of Directors and Supervisory Board are charged to the Company (if incurred).

5.4 Share trading transactions of internal shareholders

In 2015, HSC recorded the following transactions of HCM shares with respect to internal shareholders:

NO.	NAME	RELATIONSHIP WITH INTERNAL SHAREHOLDERS	NUMBER OF SHARES OWNED INITIALLY		NUMBER OF SHARES OWNED AT THE END PERIOD		REASONS FOR INCREASE, DECREASE (PURCHASE, SELL, CONVERT, REWARD)
			Number of shares	Percentage (%)	Number of shares	Percentage (%)	
01	Resonance JSC	Company related to Pham Nghieng Xuan Bac Member of the Board of Directors	651,672	0.51	651,672	0.51	Registered to sell 100,000 shares from 10/07/2015 to 07/08/2015, but not yet sell due to inappropriate shares' price.
			651,672	0.51	451,672	0.35	20,000 shares decreases after sales transaction from 14/08/2015 to 19/08/2015.
			451,672	0.35	481,672	0.38	30,000 shares increase after purchases transaction from 04/12/2015 to 31/12/2015.
02	Pham Nghieng Xuan Bac	Member of the Board of Directors	360,000	0.28	360,000	0.28	Registered to sell 60,000 shares from 10/07/2015 to 07/08/2015, but not yet sold due to inappropriate shares' price.

5.5 Transactions with related parties, major shareholders, internal stakeholders and their related parties.

In 2015, HSC recorded the following transactions of HCM shares with respect to internal shareholders:

NO.	RELATED PARTIES	RELATIONSHIP	HEADQUARTER	DATE OF TRANSACTION	THE BOARD OF DIRECTORS RESOLUTION NUMBER	QUANTITY, PERCENTAGE OF SHARES AFTER TRANSACTIONS	
						Quantity	Percentage
01	Dragon Capital Markets Limited (DC)	Strategic shareholder	Room1501, 15th Floor, Me Linh Point, No 02 Ngo Duc Ke Street, District 1, HCMC	07/12/2015	No. 08/2014/ NQ-HDQT dated 03/10/2014	39,278,810	30.87

Note:

HSC and DC signed a contract for DC to provide consulting services relating to business processes, market research, debt financing, institutional brokerage, and merger and acquisition. The contract term is three (03) years from 2014 to 2016 and consultancy fees for 2015 was VND 9,618,991,691 (VAT included)

SUPERVISORY BOARD



MR. VO VAN CHAU

• Chairman of the Supervisory Board

Date of appointment: 02/12/2002

Date of first reappointment: 30/06/2007

Date of second reappointment: 08/04/2011

Duration: 13 years 1 month

Age: 62 years old

Education level: Bachelor of Economics

Employment history:

10/2014 – present	Member of the Board of Directors, CEO of Kien Long Bank
2013 – 10/2014	Consultant to the Board of Management of Kien Long Bank
2009 – 2013	Consultant to the Board of Management of TrustBank
2002 – 2009	General Director of Phuong Dong Commercial Bank
1993 – 2002	Branch Director of Asia Commercial Bank

Present positions

At listed companies	Chairman of the Supervisory Board of HSC
At other companies	Member of the Board of Directors, CEO of Kien Long Bank



MR. DOAN VAN HINH

• Member of the Supervisory Board

Date of appointment: 30/06/2007

Date of reappointment: 08/04/2011

Duration: 8 years 6 months

Age: 62 years old

Education level: Bachelor of Economics

Employment history:

2007 – 08/2014	Chief Financial Officer of Saigon Co-op J.S Investment and Development Company
1997 – 2007	Chief Accountant of Saigon Co-op

Present positions

At listed companies	Member of the Supervisory Board of HSC
At other companies	None



MS. DANG NGUYET MINH

- Member of the Supervisory Board

Date of appointment: 26/04/2013

Duration: 2 years 8 months

Age: 27 years old

Education level: Bachelor of Economics and Business Administration

Employment history:

2014 – present

Associate Director of Dragon Capital Markets Limited (DC)

2012 – 2014

Senior Financial Analyst of Dragon Capital Markets Limited (DC)

2009 – 2012

Financial Analyst of Dragon Capital Markets Limited (DC)

Present positions

At listed companies

Member of the Supervisory Board of HSC

At other companies

Associate Director of Dragon Capital Markets Limited (DC)

REPORT OF THE SUPERVISORY BOARD

Ladies and Gentlemen,

2015 was indeed a very challenging year for HSC and for the securities industry in Vietnam and abroad. Locally, progressive market reform and compelling domestic macro-economic metrics were outweighed by uncertainty in the global economy, especially the deterioration in Chinese equity markets and the collapse in oil prices. Foreigners became heavy net sellers in the second half of the year and competition in commission pricing and margin lending activities intensified. HSC's market share fell marginally from 2014 however the after tax result fell 43% year on year was mainly driven by lower profitability in the Private Client Division and the Proprietary Investment Function. Notwithstanding this, HSC has focused on advancing all aspects of our corporate governance including improvements in risk management, internal audit and the internal control environment. 2015 was a year where governance initiatives have delivered sustainable service improvements for our clients, helped to develop the skills of our employees and increased our contribution to the communities in which we operate.

I. ACTIVITIES OF THE SUPERVISORY BOARD 2015

The Supervisory Board consists of three members, including two independent members, who together act as shareholders' representatives, supported by the Executive Committee and the Board of Directors. The Supervisory Board examines, supervises and advises on risk management and corporate governance issues at HSC. In 2015, the main areas were overseen by the Supervisory Board as below:

- The activities of the Board of Directors, and the implementation of resolutions passed at the FY2014 Annual General Meeting ("AGM");
- Business activities and the preparation of the 2015 financial statements; and
- Internal audit activities in 2015.

1. SUPERVISING THE ACTIVITIES OF THE BOARD OF DIRECTORS, AND THE IMPLEMENTATION OF RESOLUTIONS PASSED AT THE FY2014 AGM:

The Supervisory Board attended and participated in all Board of Directors meetings, providing insights into HSC's business performance, advising the Board of Directors and the EXCO on the implementation of strategic objectives approved at the previous AGM in April 2015.

The key issues discussed in the Board of Directors meetings included Corporate Governance, the official establishment of Executive Committee (EXCO), Investment Committee (IC), Risk Management Committee (RMC) and their operating principles. Additionally, quarterly business results, capital structure, suitable margin lending limits in line with risk appetite, debt to equity ratio, the impact of the increase in foreign ownership limits under Decree 60/2015, preparation for new products and the introduction of listed derivatives were discussed in a transparent and responsible manner. The contribution and opinions of the Supervisory Board, and its role as a representative of investors, were all respected by, and considered in the decisions of the Board of Directors.

2. SUPERVISING BUSINESS ACTIVITIES AND FINANCIAL STATEMENTS IN 2015

In 2015, the Supervisory Board organized regular meetings with HSC's independent auditors, Ernst & Young Vietnam Limited, to discuss the statutory audit scope, audit findings and other relevant matters contained in the Management Letter issued by them. The Supervisory Board has found HSC's business operations are conducted in a transparent manner, with no significant violations relating to the accounting, finance, business operations and internal processes of HSC. This year, Ernst & Young Vietnam Limited only provided audit services to HSC and they did not provide any advisory services. The total expenditure relating to the 2015 audit was VND 1,016,400,000, which included VAT.

Additionally, the Supervisory Board analysed the quarterly financial statements and reviewed the 2015 half year and full year audited reports. The financial ratios presented by EXCO at the Board of Director meetings are also reviewed by the Supervisory Board. These regular assessments provide the Supervisory Board with sufficient information to make an informed view on HSC's financial strength. HSC's Liquidity Capital Safety Ratio and all other key

financial safety ratios were maintained or improved in 2015. The Supervisory Board acknowledged that the financial position remained healthy throughout the year and that satisfactory results were achieved in 2015 despite:

- Challenging market conditions that resulted in a decrease in profitability that did not meet the targets approved at the prior year AGM
- Average daily trading volumes decreasing about 16% compared to 2014
- Margin lending interest rates declining significantly
- Poor proprietary trading results from Proprietary Investment Function

BASIC FINANCIAL RATIOS:

NO.	KEY RATIO	FY 2015	FY 2014
1	Liquid Capital Safety Ratio	1,053%	798%
2	Liquidity and Solvency Ratios		
a	Current Ratio (times)	2.6	2.5
b	Total Debt to Total Assets Ratio (times)	0.4	0.4
3	Capital Structure Ratios		
a	Owner's Equity to Total Assets Ratio (times)	0.6	0.6
4	Profitability Ratios		
a	ROAE (Net Profit after Tax to Average Owners' Equity)	9.2%	16.3%
b	ROAA (Net Profit after Tax to Average Total Assets)	5.6%	10.5%

3. SUPERVISING INTERNAL AUDIT ACTIVITIES IN 2015

One of the main responsibilities of the Supervisory Board is to oversee HSC's internal audit activities. More broadly, this involves considering the effectiveness of the internal control environment, the internal audit system and risk management framework. The Supervisory Board noted that the Internal Audit Function performed reviews of several key processes in accordance with the 2015 Internal Audit Plan. The findings from these reviews have been tabled and discussed at the Board Audit Committee meetings and these findings have been communicated to and reviewed by the Supervisory Board. We acknowledge that the Internal Audit Function completed reviews of the following processes:

- The Anti-Money Laundering policies and procedures
- Information Technology Function
- Institutional Client Brokerage Services
- Proprietary Investment Function

The audit results show that the EXCO is aware of inherent risks involved, and there are current policies and procedures to prevent these risks. However, this has been implemented in silo by Department Heads in a piecemeal fashion. Although no financial loss has occurred, the risk remains and therefore the development and implementation of a comprehensive set of policies and procedures documents should be prioritized in HSC's plans.

4. REMUNERATION OF THE SUPERVISORY BOARD IN 2015

In 2015, members of the Supervisory Board received remuneration as follows (includes personal income tax):

Unit: VND

MEMBER	POSITION	PER MONTH
Mr. Vo Van Chau	Chairman	10,000,000
Mr. Doan Van Hinh	Member	6,000,000
Ms. Dang Nguyet Minh	Member	6,000,000

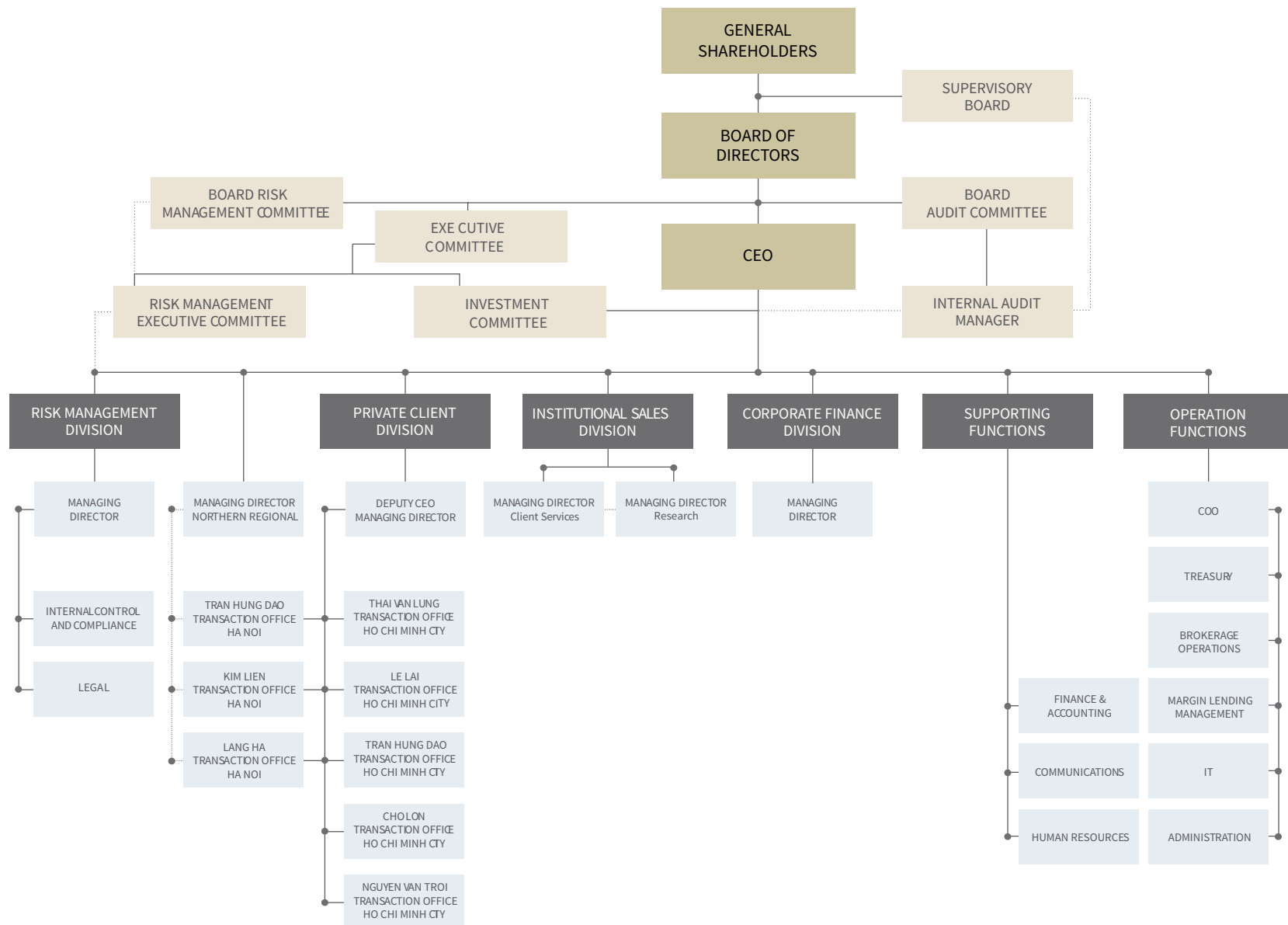
II. PLAN OF THE SUPERVISORY BOARD FOR 2016:

Based on the three-year plan proposed in 2014, the Supervisory Board continues to accompany and supervise the Internal Audit Function in the audits of the following business areas:

NO.	PROCESSES BUSINESS AREA TO BE AUDITED	EXPECTED TIME FOR AUDIT
1	Anti-money laundering processes	15/02/2016 – 29/02/2016
2	Human resources management	15/02/2016 – 13/05/2016
3	Accounting and financial reporting	16/05/2016 – 29/07/2016
4	IT and Security Management	Negotiating with audit service provider
5	Margin lending process (2nd review)	01/08/2016 – 14/10/2016
6	Private Client Brokerage (2nd review)	17/10/2016 – 30/12/2016

The Supervisory Board will continue to oversee the improvement of HSC's risk management framework, as well as the development of the Company's long term strategic plans. The Supervisory Board commits to continually developing its own operational processes and to strive to maintain international corporate governance standards and practices. We would like to sincerely thank our shareholders for their trust and ongoing support as we aim to deliver greater long term value to our shareholders by fostering higher standards in sustainability and humanity.

ORGANIZATION CHART



MANAGEMENT TEAM



MR. JOHAN NYVENE

- Chief Executive Officer

Date of appointment: 15/05/2007

Age: 50 years old

Education level: Bachelor of Banking and Finance

Employment history:

2007 – present	CEO of HSC
12/2014 – 12/2015	Managing Director – Head of Corporate Finance Division
2010 – present	Vice Chairman of CEO Club
2005 – 2007	Branch Manager of HSBC in Hanoi
1998 – 2005	Director of Global Banking at HSBC in HCMC
1990 – 1998	Director of International Banking at Corestates – First Union Bank, Philadelphia, USA



MR. LE CONG THIEN

- Deputy CEO
- Managing Director – Head of Brokerage and Sales, Private Client Division

Date of appointment: 12/08/2013

Age: 47 years old

Education level: Master of Business Administration

Employment history:

2012 – present	Deputy CEO – Managing Director – Head of Brokerage and Sales, Private Client Division of HSC
2010 – 2012	Managing Director – Head of Brokerage and Sales, Private Client Division at HSC
2008 – 2010	Head of Small and Medium Enterprise Banking of ANZ Vietnam
2007 – 2008	General Director of Cho Lon Securities J.S. Company
2004 – 2007	Head of Commodity and Trade Finance / Chief Manager of ANZ Vietnam
1998 – 2004	Trade Sales Manager / Assistant Vice President; Relationship Manager of Citigroup / Citibank N.A. HCMC, Vietnam
1996 – 1998	Relationship Manager of Deutsche bank AG HCMC, Vietnam
1992 – 1996	Credit Officer of Vietcombank HCMC, Vietnam

**MR. TRINH HOAI GIANG**

- Deputy CEO
- Chief Operating Officer

Date of appointment: 15/05/2007**Age:** 46 years old**Education level:** Master of Business Administration**Employment history:**

2007- present	Deputy CEO – COO of HSC
2010 - present	Vice Chairman of Vietnam Bond Market Association
2005 – 2007	Corporate Finance Associate Director of Dragon Capital Markets Limited (DC)
2003 – 2005	Studied MBA in the US, Fulbright Scholarship
2001 – 2003	Credit Officer of Vietcombank
1995 – 2001	Foreign Exchange Dealer of Vietcombank's Treasury

**MR. JOHAN KRUIER**

- Managing Director
- Co-head of Institutional Sales Division

Date of appointment: 26/07/2007**Age:** 52 years old**Education level:** Free University Amsterdam, Masters Degree in Finance and Investments**Employment history:**

2007 – present	Managing Director – Co-head of Institutional Sales Division of HSC
2005 – 2007	Deputy Director of Kredietbank Luxembourg (KBL), Monaco
2000 – 2005	Senior Private Banker at ABN AMRO Bank N.V., Monaco
1995 – 1999	Founder and Managing Director – Institutional Clients at Asian Pacific Partners B.V. in Amsterdam
1994 – 1995	Senior Sales Manager (Europe) – Institutional Clients at ABN AMRO MeesPierson N.V., Amsterdam
1988 – 1993	Senior Investment Advisor Institutional Clients at Pacific Basin Invest Securities B.V. Amsterdam



MR. FIACHRA MAC CANA

- Managing Director
- Co-head of Institutional Sales Division

Date of appointment: 01/03/2008

Age: 51 years old

Education level: Bachelor of Commerce

Employment history:

2008 – present	Managing Director of Research Department – Co-head of Institutional Sales Division of HSC
2007 – 2008	Head of Research and Brokerage Division of VinaSecurities
2006 – 2007	Head of Research Department of VinaCapital
2003 – 2004	Co-founder of JCN network – a leader in Japanese corporate news
1997 – 2003	Head of Research for Japanese Equities at WestLB AG



MR. BACH QUOC VINH

- Managing Director - Head of Northern Region

Date of appointment: 17/08/2007

Age: 41 years old

Education level: Bachelor of Finance

Employment history:

2007 – present	Managing Director – Head of Northern Region of HSC
2000 – 2007	Unit Manager of Northern branch and Branch Manager of General Agency franchise of Prudential at Nghe An and Ha Tinh
1997 – 2000	Sales Manager – Coca Cola Hanoi

**MR. ARNOLD V. PANGILINAN**

- Managing Director - Head of Risk Management Division

Date of appointment: 12/08/2013

Age: 51 years old

Education level: Bachelor of Business Administration

Employment history:

2012 – present	Managing Director – Head of Risk Management Division at HSC
2010 – 2011	Chief Financial Officer of JSM Indochina Ltd
2008 – 2010	Compliance / Risk Manager, Controller of Indochina Capital Advisors Ltd. / Indochina Capital Corporation
2003 – 2008	Chief Financial Officer of DHL – VNPT Express Ltd
1997 – 2002	Financial Controller / Compliance Manager of HSBC Vietnam
1995 – 1997	Financial Controller / Administration Manager of Ing. G. Rodio Spa – a leading Italian construction firm

**MR. PHAM NGOC BICH**

- Managing Director of Corporate Finance Division

Date of appointment: 17/01/2016

Age: 60 years old

Education level: Master of Business Administration

Employment history:

2016 – present	Managing Director of Corporate Finance Division of HSC
2010 – 2014	Managing Director of Saigon Securities Inc
2007 – 2009	CEO of Prudential / Eastspring Vietnam Fund Management
1994 – 2007	VP then Managing Director of CIBC Global Asset Management, Canada, Hong Kong
1993 – 1994	Assistant VP – Derivative Trading of Credit Lyonnais Canada

SHAREHOLDERS' INFORMATION

DETAILS OF INSIDE SHAREHOLDERS AND SPOKESPERSON

NO.	NAME	POSITION	NUMBER OF SHARES OWNED AS OF 08/01/2015		NUMBER OF SHARES CHANGED (DECREASED) IN SHAREHOLDERS' TERM		NUMBER OF SHARES OWNED AS OF 24/12/2015	
			Quantity	%	Quantity	%	Quantity	%
A	BOARD OF DIRECTORS							
1	Do Hung Viet	Chairman	17,968	0.01%	-	-	17,968	0.01%
2	Nguyen Thanh Liem	Deputy Chairman	26,250,000	20.63%	-	-	26,250,000	20.63%
	Privately owned							
	Representatives		26,250,000	20.63%	-	-	26,250,000	20.63%
	HCMC Finance and Investment State-owned Company (HFIC) (State Shareholders)							
3	Le Anh Minh	Member	19,683,373	15.47%	-	-	19,683,373	15.47%
	Privately owned		43,968	0.03%	-	-	43,968	0.03%
	Representatives		19,639,405	15.43%	-	-	19,639,405	15.43%
	Dragon Capital Markets Limited (DC)							
4	Le Thang Can	Member	11,250,000	8.84%	-	-	11,250,000	8.84%
	Privately owned		-	-	-	-	-	-
	Representatives		11,250,000	8.84%	-	-	11,250,000	8.84%
	HCMC Finance and Investment State-owned Company (HFIC) (State Shareholders)							
5	Pham Nghiem Xuan Bac	Member	360,000	0.28%	-	-	360,000	0.28%
6	Johan Nyvene	Member	20,151,071	15.83%	-	-	20,151,071	15.83%
	Privately owned		511,666	0.40%	-	-	511,666	0.40%
	Representatives		19,639,405	15.43%	-	-	19,639,405	15.43%
	Dragon Capital Markets Limited (DC)							
7	Trinh Hoai Giang	Member	123,665	0.10%	-	-	123,665	0.10%
	TOTAL		77,836,077	61.16%	-	-	77,836,077	61.16%
B	MANAGEMENT TEAM							
1	Johan Nyvene	CEO						Same as A6
2	Trinh Hoai Giang	Deputy CEO						Same as A7
3	Le Cong Thien	Deputy CEO	214,125	0.17%	150,000	0.12%	64,125	0.05%
	TOTAL		214,125	0.17%	150,000	0.12%	64,125	0.05%
C	SUPERVISORY BOARD							
1	Vo Van Chau	Chairman	17,322	0.01%	-	-	17,322	0.01%
2	Doan Van Hinh	Member	4,687	0.0037%	-	-	4,687	0.0037%
3	Dang Nguyet Minh	Member	-	-	-	-	-	-
	TOTAL		22,009	0.02%	-	-	22,009	0.02%
D	CHIEF FINANCIAL OFFICER - SPOKESPERSON							
1	Lam Huu Ho	CFO	83,853	0.07%	-	-	83,853	0.07%
2	Hoang Cong Tuan	Spokesperson	-	-	-	-	-	-
	TOTAL		78,156,064	61.42%	150,000	0.12%	78,006,064	61.30%

Notes:

Mr. Johan Nyvene – Member of Board of Directors and CEO has dual citizenship:

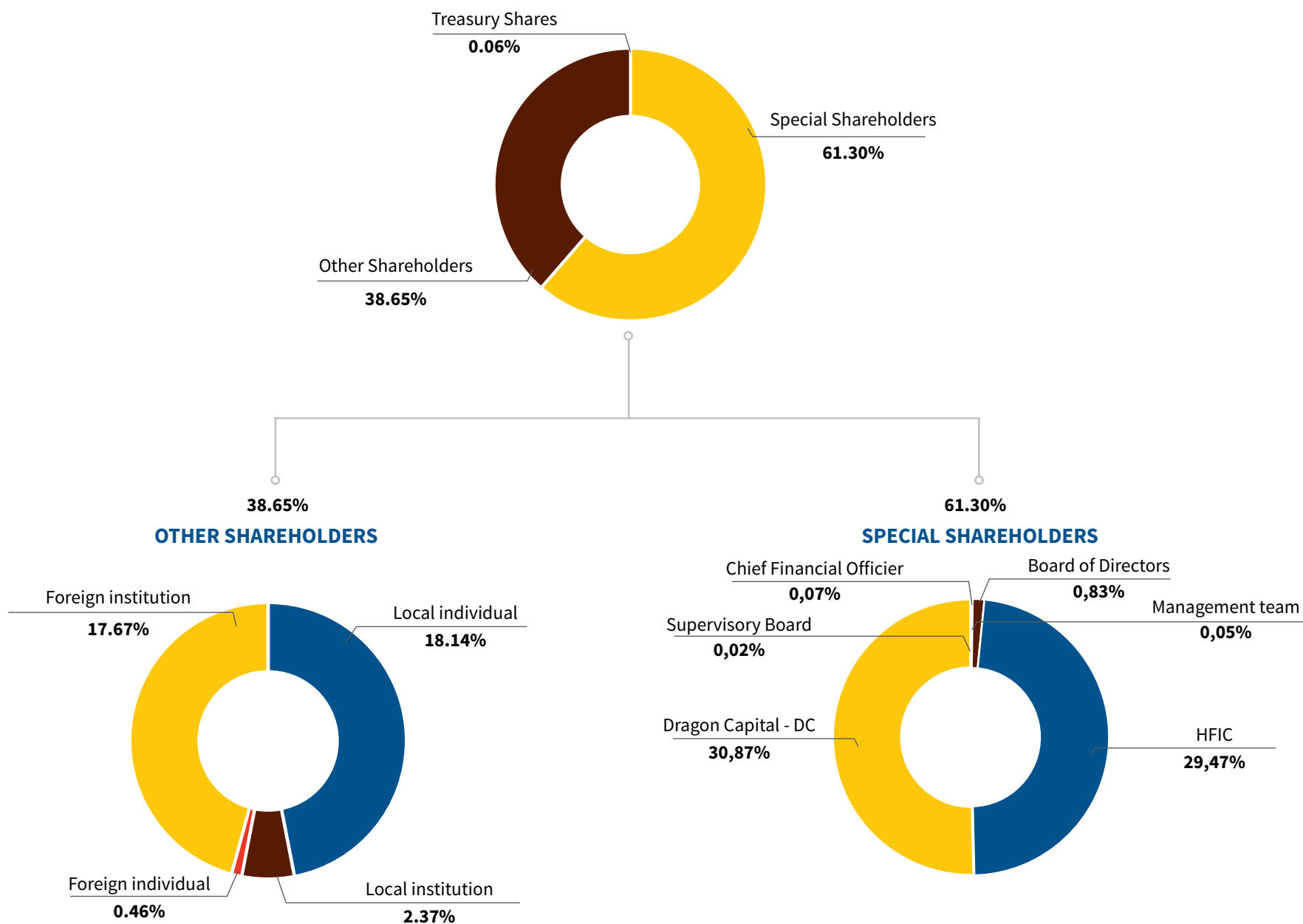
(1) US nationality named Johan Nyvene,

(2) Vietnamese nationality named Nguyen Quoc Huan. All shares of HCM which Mr. Johan Nyvene is holding belong to a securities account named Nguyen Quoc Huan.

SHAREHOLDER STRUCTURE WITH MAJOR SHAREHOLDERS AND SECURITIES

NO.	OBJECT	NUMBER OF STOCKS	PERCENTAGE OF OWNERSHIP (%)	QUANTITY	SHAREHOLDER STRUCTURE	
					Organization	Individual
1	Major Shareholders (above 5% ownership, not classified as Securities Companies)	-	-	-	-	-
	- Domestic	-	-	-	-	-
	- Foreign	-	-	-	-	-
2	Securities Companies (above 5% ownership)	76,778,810	60.33%	2	2	-
	- Domestic	37,500,000	29.47%	1	1	-
	- Foreign	39,278,810	30.87%	1	1	-
3	Securities Companies (less than 5% ownership)	22,564,755	17.73%	37	37	-
	- Domestic	1,837,419	1.44%	12	12	-
	- Foreign	20,727,336	16.29%	25	25	-
	TOTAL	99,343,565	78.07%	39	39	-

OWNERSHIP STRUCTURE



SHAREHOLDER'S EQUITY RATIO

NO.	OBJECT	NUMBER OF STOCKS	PERCENTAGE OF OWNERSHIP (%)	QUANTITY	SHAREHOLDER STRUCTURE	
					Organization	Individual
1	State Shareholders	37,500,000	29.47%	1	1	-
2	Major Shareholders (above 5% ownership)	39,278,810	30.87%	1	1	-
	- Domestic	-	-	-	-	-
	- Foreign	39,278,810	30.87%	1	1	-
3	Treasury Shares	71,341	0.06%	-	-	-
4	Other Shareholders	50,406,607	39.61%	3,956	94	3,862
	- Domestic	27,330,662	21.48%	3,827	64	3,763
	- Foreign	23,075,945	18.13%	129	30	99
	TOTAL	127,256,758	100.00%	3,958	96	3,862
	Including: - Domestic	64,902,003	51.00%	3,828	65	3,763
	- Foreign	62,354,755	49.00%	130	31	99

SHARES

Total number of shares:	127,256,758
Type of outstanding shares:	Common
Par value:	VND 10,000/share
Treasury shares:	71,341
Number of outstanding shares:	127,185,417
Number of restricted transferable shares:	446,800
Number of transferable shares :	126,738,617

SPECIAL SHAREHOLDERS

NO.	NAME OF ORGANIZATION	NUMBER OF STOCKS	PERCENTAGE OF OWNERSHIP (%)	PERCENTAGE OF REPRESENTATIVE (%)	TRANSFER RESTRICTED STOCKS
A. State Shareholder cum Strategic Shareholder (with above 5% ownership)					
1	HCMC Finance and Investment State-owned Company (HFIC) Representatives	37,500,000	29.47%		-
1.1	Nguyen Thanh Liem	26,250,000		20.63%	-
1.2	Le Thang Can	11,250,000		8.84%	-
TOTAL A:		37,500,000	29.47%		-
B. Major Shareholder cum Strategic Shareholder (with above 5% ownership)					
2	Dragon Capital Markets Limited (DC) Representatives	39,278,810	30.87%		-
2.1	Le Anh Minh	19,639,405		15.43%	-
2.2	Johan Nyvene	19,639,405		15.43%	-
TOTAL B:		39,278,810	30.87%		-
TOTAL (A+B):		76,778,810	60.33%		-

CATEGORY	NUMBER OF TREASURY SHARES AT 01/01/2015		NUMBER OF TREASURY SHARES CHANGE (INCREASE*) IN TERM		NUMBER OF TREASURY SHARES AT 31/12/2015	
	Quantity	Percentage	Quantity	Percentage	Quantity	Percentage
Number of treasury shares	27,175	0.021%	44,166	0.035%	71,341	0.056%

Notes:

* In 2015, HSC has recovered 44,100 shares of five (05) resigned employee participated in the ESOP 2013 program pursuant to regulations on issuing shares for key personal and acquired 66 odd lot shares from investors.



SHARED SERVICES

OPERATION SERVICES DIVISION

Exceeding Client Expectations

The principal function of the Operation Services Division is to provide support services to our clients that complement their trading and investment activities. As part of HSC's holistic client service offering, OSD plays an important role by providing services such as account management, securities depository, OTC and trading transaction management, and credit services.

We strive for excellence in our pursuit to exceed client expectations, whilst complying with all relevant laws and regulations, and to aim meet international standards in the services we provide to all HSC clients. A constantly changing regulatory environment coupled with new initiatives in product development, the OSD faces increasingly higher expectations on the Division's time, resources and processes. We maintain our high standards in the face of increasing demands from our clients and internal and external service partners. In 2015, the Business Process Improvement (BPI) initiative has significantly helped to standardize our internal processes and procedures and to improve the efficiency and transparency of all OSD activities. Additionally in 2015, significant enhancements were made to how OSD interacts with clients with the implementation of the Customer Relationship Management initiative.

Customer Relationship Management (CRM) program

The CRM initiative helps HSC understand our clients better, and enhances the Account Manager / client relationship. CRM reports on client investment and trading patterns in a timely and practical format and allows HSC Account Managers to have more meaningful dialogue on client investment trends and therefore maximize profitability for client portfolios. The CRM has also been used to track and resolve client complaints and other issues.

Phase 1 of the CRM initiative was completed in 2015. Phase 2 will be completed in 2016 and will introduce additional functionality and reporting for HSC and our clients. CRM availability will also be made to other functions, including our Investment Banking and Corporate Finance Team.

New IT functionality in 2015

New client trading functionality was introduced in 2015. This included HSC Trade Pro for Ipad and HSC Trade for Iphone. OSD play an important role in the development of these trading channels by providing opinions on the new interface, conducting trial test, reporting technical errors during the trial test, preparing for go-live environment and developing the user manual.

OSD supports clients to install and launch new technology by responding to queries and questions received directly from the call center or by email.

Advancements in Electronic Messaging

In 2015, HSC assisted VSD with developing, standardizing and testing new electronic messaging protocols. We introduced new communication standards in accordance with ISO 15022, the global benchmark for electronic message exchange in the financial services sector. As an early adopter of this standard, HSC has reduced errors in miscommunication with external parties, reduced the potential for risk or error, increased information security and lowered transaction time.

It is expected that 2016 will again be another dynamically changing year for the securities industry in Vietnam. Regulatory initiatives such as "same day trading" and the introduction of listed derivatives will bring new challenges for OSD. Listed Index Futures require ongoing margin management by the various parties (including the Exchange, the Broker) to ensure that variation margin is settled daily. System amendments, or indeed new systems and processes will need to be developed to manage all aspects of the product life cycle for these new products. OSD is committed to this process change in the wider interests of our clients, shareholders and management.

INFORMATION TECHNOLOGY FUNCTION

Information Technology (IT) plays an essential role in supporting HSC's business operations. The IT function completed all commitments and targets for 2015. For 2016, the IT Function aims to complete the next phases of existing IT initiatives and intends to improve overall IT performance, thereby delivering more value to the business.

The IT function is divided into 3 teams:

- Business Development team
- Operation team
- Security Team

The 3 teams completed several important initiatives during 2015 and these are listed below.

Business Development Initiatives

A major revamp has been made to the information contained on iTrade, HSC's online trading platform. iTrade now provides more quality information including detailed financial indicators, reports and professional analysis which provide deeper industry insight for our clients. The IT function is currently working on a client segmentation project which will enable HSC to distinguish between different types and categories of clients. This will allow our best clients to receive more information and therefore incentivise other clients to attain VIP3 premium account status. As planned, all accounts will have the same interface to maintain the ease of use, however different types of accounts will have access to different fields of information. VIP3 accounts have more information than other clients and more flexibility to customize the screen layout and tailor it for their own requirements.

The application Trade Pro for iPad has received significant positive feedback since going live in 2015, especially for its ease of use, smooth operation and regularly updated information. Continuing this success, in 3Q15, HSC launched the application designed specifically for iPhone, HSC Trade. The application for Android is being developed and expected to be rolled out in 2016.

In 2Q15, the IT Service Management was upgraded to Services General Management consisting of 4 Domains: Service Strategy,

Service Design, Service Transition and Service Operation & Continuous Improvement. This improvement was implemented to meet the latest standard ITIL.v3 framework. In the next phase, the IT Function is planning to develop Service Level Agreements (SLAs) for several business and non-business functions at HSC. This will involve cooperating with other functions to define types of agreements and the criteria that should be included in the SLA that is agreed between both IT and the relevant function with which the SLA is prepared. This phase is scheduled to be completed in 2016.

COBIT 5 is the latest edition of a globally accepted guidance for IT Governance. It provides an end-to-end business view of the governance of enterprise IT, reflecting the central role of information and technology in creating value for enterprises. HSC's senior management is looking to roll out COBIT5 in the near future. To enable this, preparation is underway and the IT function is researching the COBIT5 principles to determine applicability and relevance in a manner consistent with the actual situation of HSC. Whilst the adoption is still in the preliminary stage, significantly progress has been made on this project. IT co-ordinated the first 2 components of this project in 2015, which culminated in the design and implementation of Customer Relationship Management System and Business Process Management.

BPI is a major project involving several functions to review and optimize HSC's standard operation procedures (SOP's). In this project, IT is responsible for mapping all business procedures into computerised programs. This helps to automate the internal control environment and enhance risk mitigation. In 3Q15, IT function completed the design phase of this project and established the operational mechanism of the Business Process Management program.

Business Process Management (BPM) is a systematic approach to make an organization's workflow more effective, more efficient and be flexible with the constantly changed environment. In 2015, IT successfully developed and applied BPM in the designs of two processes: Cash Advance to client and Online cash transferring. In 2016, IT will continue the next phase of BPM, which is the implementation of those two processes with automatic controls, ensure the processes are operating as designed and agreed.

The Customer Relationship Management (CRM) system was developed and commenced in late 2014 with the purpose of improving customer services, enhancing data access across HSC and marketing capabilities. Over the course of 2015, CRM was implemented and rolled out in HCMC in early 2016. On a quarterly basis, the IT Function is responsible for reviewing, testing and assessing the CRM performance based on feedback from stakeholders for continuous improvement.

Information Security Enhancement

The existing Information Security Management System (ISMS) ISO 27001:2005 will be upgraded to meet the newest standard ISO 27001:2013. In 2015, significant improvement were made to the ISMS relating to technology and infrastructure, including the conduct of penetration tests, the setup of checkpoints for monthly vulnerability reports and the implementation of several technical tools. Additionally, the Information Protection will be enhanced and strengthened holistically across HSC. The

IT Function will coordinate with other departments finalize and develop an official Authorization Matrix which maps the level of access to information to appropriate roles and responsibilities of each position across functions.

The design of Disaster Recovery Site (DR Site) was completed and approved in 4Q15. The implementation phase is scheduled to be started in 3Q16. This will mitigate the risk of extraordinary events adversely impacting HSC's business.

Legal compliance is extremely important to HSC, and the IT function has played a major part in assisting with some of the compliance and statutory requirements. HSC was required to comply with new VSD standardized and automated messaging protocols under ISO 15022. This new messaging standards have been fully integrated into HSC's systems in 2015. In 2016, HSC is preparing to re-configure systems to comply with new regulations relating to intraday transactions prescribed in Circular 203/2015/TT-BTC which will take effect on 1/07/2016.

RISK MANAGEMENT DIVISION

Over the past decade the financial services industry and capital markets have been, and may continue to be, adversely affected by market volatility. This has resulted in increasing compliance requirements and a wider appreciation across the securities industry of how financial and other risks should be managed. HSC's vision is to be the leading broker in Vietnam, helping our shareholders, clients, industry, communities and people to prosper and grow. Effective risk management is one of the key ingredients to achieving this goal. It influences our client experiences and public perceptions, our financial performance, reputation and shareholder expectations, and therefore our future success. We regard managing risk as a fundamental activity, performed across all levels of the Company. We adopt a "three lines of defense" approach to risk management that reflects our culture of 'risk is everyone's business' and that all HSC staff are responsible for identifying, reporting and managing risk as a basic part of our overall risk management framework.

The "three lines of defense" risk management model allows segregation of duties between business, risk management and internal audit functions and also supports business development in accordance with HSC's risk management principles. The Risk Management Division acts as the second line of defense in HSC's overall Risk Management strategy. Under the leadership of the Chief Risk Officer, Mr. Arnold V. Pangilinan, the Risk Management Division plays an essential part in HSC's strategic decision making process having a second veto power at EXCO level and being the Chairman of the RMC. Additionally, the implementation of Enterprise Risk Management (ERM) in 2014 helps HSC manage risk on a holistic basis and identifies all material risks we face.

The Risk Management Strategy is approved by the Board and reviewed by the Board Risk Management Committee (BRMC) on periodic basis. The Chief Executive Officer (CEO) and the Risk Management Committee (RMC) are responsible for implementing our Risk Management Strategy/Frameworks, and for developing policies, controls, processes and procedures for identifying and managing risk in all of HSC's activities.

The Risk Management Division supports HSC to achieve the following key objectives with respect to managing risk by:

- Applying risk management principles systematically in all important business decisions
- Ensuring the risk identification, control, monitoring and reporting process is transparent
- Complying with all regulatory requirements and respond quickly to changes as mandated by various regulatory bodies
- Supporting other business functions in the enhancement and efficiency of their own policies and procedures to ensure risks are managed effectively;
- Organising legal training for all HSC staff in order to enhance their legal awareness; and
- Consulting local authorities and seek further guidelines in the event that the laws and regulations are unclear, or if there is any potential conflict with the issued legal documents.

The Risk Management Division has been the operational driver to enable HSC to meet these objectives and has contributed significantly to an enhanced risk culture across the Company.

Risk Management initiatives for 2015

During 2015 the Risk Management Division led a number of important initiatives, such as:

1Q15: HSC's Risk Parameter, Risk Appetite, Risk Tolerance, KRIs and Risk Management policiess

- Risk Management Policy documents are now being discussed at IC/RMC level and send to the Board for approval – if needed.
- Splitting the roles of the Risk Management Executive Committee (RMEC) by dividing it into Investment Committee (IC) to oversee the management of financial risks, and the Risk Management Committee (RMC) to oversee the management of non-financial risk.
- Escalation of Risk Parameters, Risk Appetite, and Risk Tolerance including any significant risk issues on the HSC's Risk Register to relevant Functions (business units).

2Q15: Board approval sought for the risk related statements to be formalized into policy documentation

- Terms of References for EXCO, IC, and RMC were formally approved by the Board in Q4 2015 and had been formalized into a Policy documentation since then.

3Q15: Cascading relevant risk information and targeted training programs for staff

- The RMD Team conducted Risk Culture Awareness and Legal Training for all relevant Staff across Head Office as well as for three Transaction Offices in Ho Chi Minh City and in Hanoi.

4Q15: Implementation and monitoring of the approved policies and programs

- Five significant Policies were established, approved by HSC's Board and were formally introduced in late 2015:

1. Personal Account Trading Policy;
2. Anti-bribery and Corruption Policy;
3. Fraud Control Policy;
4. Conflict of Interest; and
5. Insider Trading Policy

These policies are currently being implemented by HSC with oversight from the Risk Management Division. Any exceptions to these Policies are being registered, monitored, mitigated and resolved with material diversions being escalated to EXCO, RMC, IC, Front-Back Office Operations and in Weekly Functional Meetings to rectify any issue that arises.

Ongoing development of HSC policies that are ultimately embedded into actual procedures is driving a positive risk culture across the Company. Risk and compliance are being viewed as part of HSC's "business as usual" operations.

Risk Register

HSC's Enterprise Risk Management Manual, which was developed in late 2012 sets out the Company's Risk Management

Framework and Policy. The Risk Register is one of the primary tools HSC use to manage current and emerging risks. The Risk Register captures identified risks and helps monitor, report and resolve risks in a systematic manner, and also allows for structured risk reporting to EXCO, IC, RMC and the Board of Directors (if required).

During 2015, some of the additions to the Risk Register were Strategic/ Business Risk, IT (Cyber) Risk, and Human Resources Risk. Several risks that are compliance in nature were removed from the Risk Register in 2015 because remediation processes were put in place to ensure compliance with those regulatory requirements. As part of strategic planning, HSC also consider and evaluate emerging risks and their potential impact on our business and operations. We actively seek to minimize the impact of all current and emerging risks through the design of mitigation strategies and by having strong corporate governance and an efficient and effective control environment.

In November 2015, HSC was recognized as one of the top 3 Listed Companies in terms of Corporate Governance by receiving the Award from the ASEAN Corporate Governance Conference and Awards in Manila. Risk Management has played a significant role contributing to this achievement as HSC's corporate governance is geared towards strong risk management culture.

Though, HSC faces some material risks that are inherent within our normal business operations. We manage these risks in a balanced manner to maximize shareholder return. Credit Risk on Margin Lending, Counterparty Risk and Equity Risk are three such material risks. These risks are permanently maintained on the Risk Register as we seek to manage these risks in an efficient and controlled manner through regular audits.

Credit Risk and Counterparty Risk

Credit Risk is the risk of financial loss where a customer or counterparty fails to meet their financial obligations to HSC. It is a significant risk and arises primarily from our Margin Lending business and as a result of settling trades on behalf of our clients. HSC imposes individual client and concentration limits across Credit Risk and Counterparty Risk. Margin Lending is only available for the most liquid listings and only to the most creditworthy clients. HSC also strictly complying with the statutory credit limits as prescribed in the margin lending regulation.

Equity Risk

Equity Risk is the potential for financial loss arising from movements in equity values. HSC's Equity Risk arises from principal investments and trading or underwriting positions in listed or unlisted equities. We manage Equity Risk by imposing concentration limits and stop loss limits on our investment and trading operations and these are monitored daily. Risk Management division oversees the controls around investment approval and position monitor via daily reporting.

Evolving Regulation

Our business is regulated by several authorities including the State Securities Commission (SSC), the Ho Chi Minh Stock Exchange (HOSE), Hanoi Stock Exchange (HNX), Vietnam Securities Depository (VSD), the State Bank of Vietnam (SBV) and the General Department of Taxation (GDT). We are responsible for ensuring that we comply with all applicable legal and regulatory requirements (including Vietnamese accounting standards) and industry codes of practice as well as meeting our own ethical standards.

During 2015, several new regulations were introduced and HSC has responded in a timely manner to meet these regulatory requirements. A summary of these is listed below:

- Decree No. 42/2015/NĐ-CP on the derivatives and derivatives market
- Circular No. 11/2016/TT-BTC providing guidance a number of articles of Decree No. 42/2015/NĐ-CP on the derivatives and derivatives market (issued in 2016)
- Circular No. 123/2015/TT-BTC guiding the foreign investment activities on Vietnam securities market
- Decree No. 60/2015/ND-CP amending and supplementing a number of articles of Decree No.58/2012/ND-CP providing details and guidance to carry out the Securities Law and the Law on amending and supplementing a number of articles of the Securities Law
- Official Letter No. 4493/UBCK-PC implementing Decree No. 60/2015/ND-CP
- Decree No. 118/2015/ND-CP guiding on Law on Investment

- Circular No. 155/2015/TT-BTC on information disclosure on securities markets

- Circular No. 07/2016/BTC-TT amending and supplementing a number of articles of Circular No. 210/2012/TT-BTC providing guidelines on establishment and operation of securities companies

As Vietnamese capital markets undergo rapid development and products for investors become more sophisticated, the regulatory horizon also becomes increasingly more complex. Through open dialogue with the SSC and also with foreign securities regulators, HSC is well positioned to manage the challenges of complying with future regulations related to capital market development and the implications of introducing new products.

Risk Training and Risk Awareness

As part of on-going training for HSC's staff, risk and legal training and awareness sessions were conducted in 3Q15 for relevant staff in Head Office, as well as three Transaction Offices in Ho Chi Minh City and Hanoi.

More than 20 staff attended the risk culture awareness training session whilst more than 170 staff attended the legal training. Training and risk awareness sessions are on ongoing and essential part of HSC's strategy to enhance risk culture across the Company, with the next sessions planned for 2Q16 and 4Q16,

INTERNAL AUDIT FUNCTION

A strong internal control system, including an independent and effective Internal Audit function, is an essential part of sound corporate governance. HSC's Board of Directors and the Board Audit Committee understand the significant role Internal Audit play in determining that policies and practices are consistently followed and that management takes appropriate actions to strengthen the control environment.

HSC's Head of the Internal Audit reports directly to the Board Audit Committee, and administratively to the CEO, thereby enabling the function to have sufficient standing and to also allow internal auditors to carry out their assignments with objectivity and independence. The Board of Directors is deeply committed to strengthening the Internal Audit function and has therefore selectively recruited specialist internal auditors that have experience in the financial services sector. To evidence this, HSC recently appointed Mr. Bach Dang Thanh to the position of Director, Head of Internal Audit. Mr. Bach joins HSC having previously 18 years of experience and held several senior local and regional roles in external audit, risk management, compliance, internal control and internal audit, including most recently as Head of Internal Audit for a major international financial services company based in Vietnam.

In just its second full year of operations, the Internal Audit Function has taken significant steps in 2015 to help strengthen HSC's internal control, risk management and governance systems and processes. The 2015 Internal Audit Plan included the review of several material and high risk processes including Institutional Brokerage and Private Client Brokerage reviews, an IT review, as well as evaluations of other compliance and risk management initiatives. Some of these initiatives were undertaken with our outsourced Internal Audit partner, KPMG, and have contributed significantly to the sustainable development of HSC. It is a significant achievement that HSC have been able to successfully undertake reviews of some material processes without reliance on external support and this demonstrates the developing maturity of our Internal Audit function. This could not have been achieved fully without the support of senior management and the cooperation of divisional stakeholders.

For the reviews undertaken by Internal Audit in 2015, an independent evaluation is made with respect to:

- The effectiveness and efficiency of internal control, risk management and governance systems in the context of both current and potential future risks
- The reliability, effectiveness and integrity of management information systems and processes (including relevance, accuracy, completeness, availability, confidentiality and comprehensiveness of data)
- Monitoring of compliance with laws and regulations, including any requirements from regulators
- The safeguarding of HSC's assets

The Internal Audit findings for 2015 noted that whilst controls are in place to mitigate risks, formal policy and procedures documents are yet to be developed for some processes. These policies and procedures document are earmarked for development in 2016.

HSC's 2016 Internal Audit Plan has been endorsed by the Board Audit Committee. The careful selection of initiatives is based on those areas that contain the most significant risks to HSC's business. The 2016 Plan is designed ultimately to enhance the company's control environment and corporate governance and reduce and manage risk effectively, ultimately adding value to our shareholders.





SOWING **SUSTAINABILITY**

OUR FINANCIAL HIGHLIGHTS

FINANCIAL PERFORMANCE INDICATORS

Margin lending balance
VND2,800 BN

Capital safety ratio
1053%

P/E
18.4

Basic EPS
VND 1,677

NON-FINANCIAL PERFORMANCE INDICATORS

Staff turnover ratio
10.6%

Post-graduates percentage
10.4%

Vietnam tax paid ranking
61

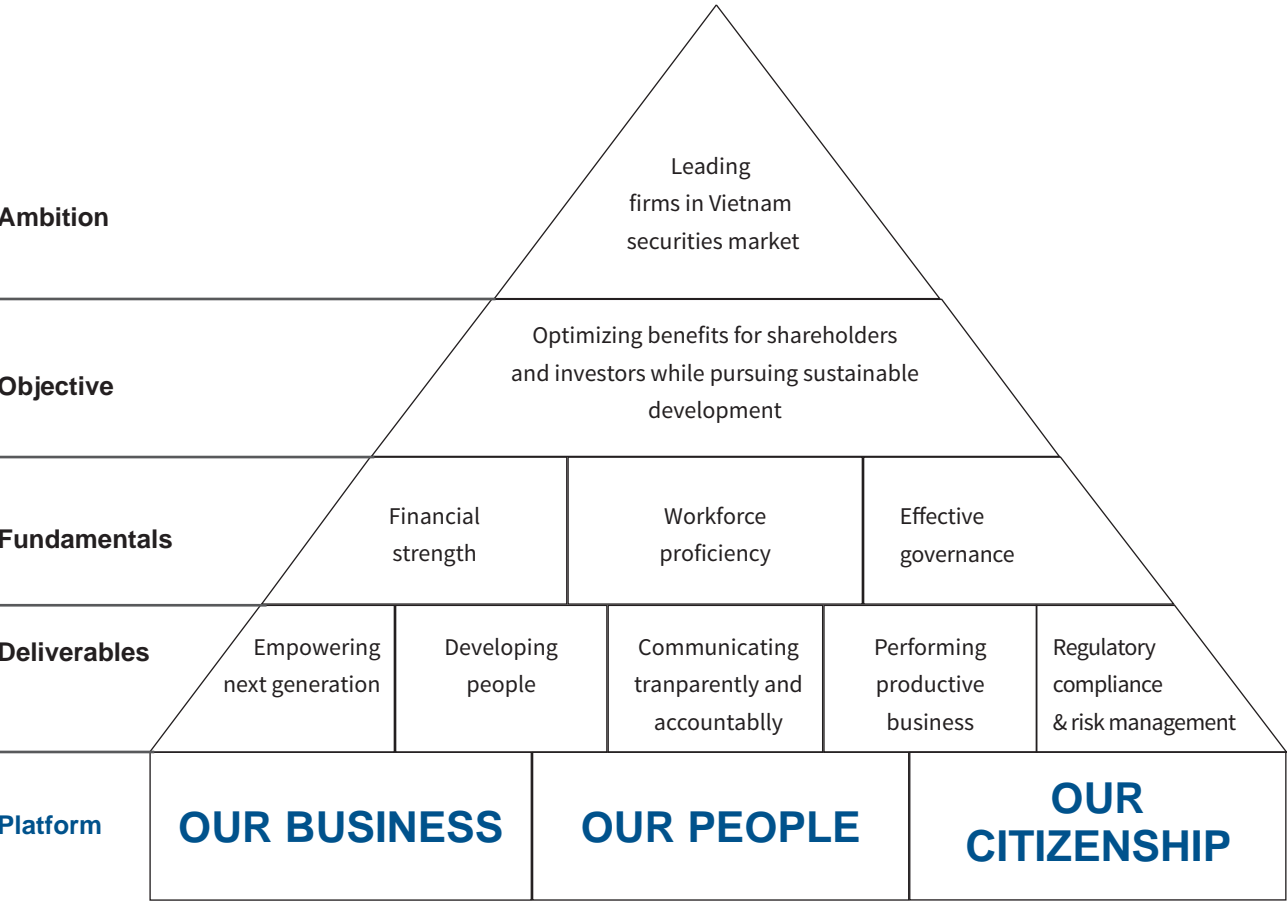
Average age of the workforce
30

OUR SUSTAINABILITY MODEL

INTRODUCTION

A sustainability report conveys disclosures on an organization’s most critical impacts, irrespective of those impacts being positive or negative, on the environment, society, the economy, the industry and the Company. By developing and communicating their understanding about the connections between sustainability and business, companies can enhance their value, measure and manage change, thereby driving improvement and innovation. Corporate responsibilities and the requirement to satisfy all stakeholders’ needs is driving companies to be transparent about their sustainability goals, performance and impacts.

THE PYRAMID



OUR MATERIAL ISSUES AND RESPONSES

The materiality assessment process is critical to our corporate sustainability strategy because it ensures that we respond to our stakeholders' needs in an appropriate manner. To determine this, we conduct a formal materiality assessment on internal and external stakeholders.

Step 1: The key stakeholders identified include shareholders, clients, partners, government bodies, regulators, professional associations, employees, society and the media. We assess the levels of interest and influence of each stakeholders in their relationship with HSC.

Step 2: We conduct the following activities to collect our stakeholders' concerns:

- Structured interviews with senior management on their current business results and growth as well as their emerging sustainability issues considered as high priority for growth.
- Collecting information from Customer Relationship Management system for improving service to clients such as technical feedback and other service related indicators.
- Interviewing members of EXCO and other senior management to better understand their points of view on issues relevant to day-to-day operations.
- Meeting with regulators and other government agencies, communities, non-governmental organizations (NGOs), including social activists, academics, and stock market investors.

THE TABLE

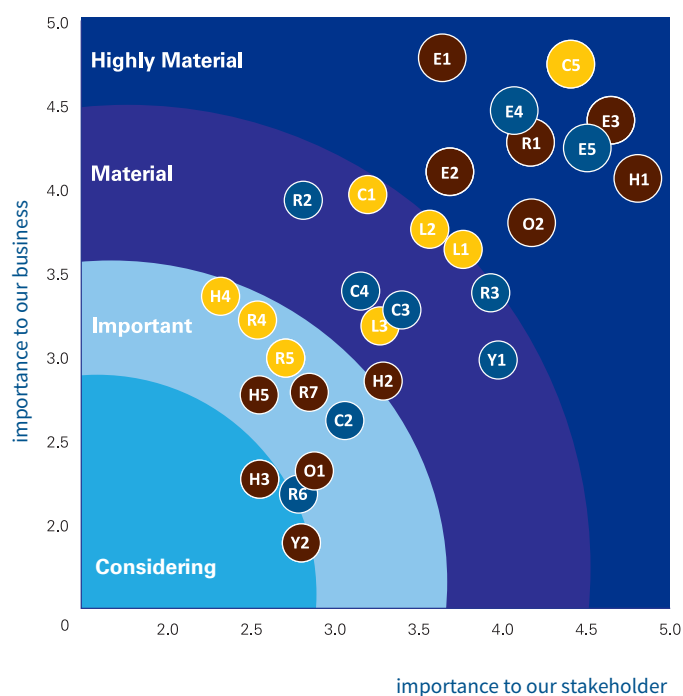
MATERIAL ISSUES			MATERIAL ASPECTS (GRI)	REPORT SECTIONS
Our Business				
O2	Transaction efficiency and effectiveness		Products and Services	Products and Services
E4	Consultancy services			
R3	Execution platform			
C5	Research capabilities			
C2	Customer services			
1. Financial outputs				
E1	Economic performance		Economic performance	Direct and indirect economic benefit
E2	Dividend scheme			
E5	Share price			
O1	Government obligation			
2. Operation management				
R2	Regulatory compliance		Compliance	Regulatory Compliance
R1	Financial resilience			
R5	Corporate governance		Corporate Governance	Corporate governance and Risk Management
R4	Risk management			
Our people				
Workforce Statistics				
1. Human Resources Management				
H2	Equal opportunities		Equal Remuneration for Women and Men	Working environment
R6	Human rights			
H3	Diversity and inclusion		Human Rights	Employees' well-being
R7	Freedom of association and collective bargaining			
H5	Health and safety		Labor Relations	Employees' well-being
L2	Performance assessment			
H1	Benefit scheme		Employment	Employees' well-being
L3	Ethical conduct			
2. People development				
H4	Attraction and retention		Recruitment	Internal and external recruitment
L1	Training and coaching		Training and education	Training and development
L3	Ethical conduct		Ethics	Ethical conduct
Our Citizenship				
1. Transparent and Accountable communication				
C3	Transparency and public disclosure		Transparency and Reporting	360° dialogue
C4	Transparency and internal communication			
C1	Market development		Market contribution	Market development contribution
2. Youth orientation				
Y1	Youth orientation, employability, education and entrepreneurship		Local communities	Community investment in the next generation
Y2	Corporate Social Responsibility			Supporting to the unfortunate
				One at a time (CSR plan 2016)

Step 3: We perform the assessment to prioritize key issues based on the following criteria:

- The level of importance to our business
- The level of importance to our stakeholders
- The urgency of the issue

All issues are classified as either Group A (Highly Material), B (Material), C (Important) and D (Considering) based on the level of importance and Highlighted in Red (Highly urgent), Yellow (Urgent) and Green (Neutral) considering the level of urgency. We complete “The Table” and apply the results to “The Matrix”, a heat map (except for Group D). We consider our commitments and priorities to set our responses.

THE MATRIX



To sustain, we have to confront the facts. To understand our issues, we listen to our stakeholders, share their concerns and response in a correct manner timely. Our resources are limited. We prioritize and take on first thing first.

STAKEHOLDERS	GROUP	URGENCY
Shareholders	A	E1
Shareholders	A	E2
Shareholders	B	E5
Regulators	C	O1
Client	A	E3
Partners, Client	A	O2
Partners, Client	A	E4
Partners, Client	B	R3
Partners, Client	A	C5
Client	C	C2
External stakeholders	B	C3
Employees	B	C4
Regulators, Partners	B	C1
Regulators, Partners	B	R2
Regulators, Partners	A	R1
Shareholders	C	R5
Shareholders	C	R4
Employees	C	H4
Employees	B	L1
Employees	B	L3
Employees	B	H2
Employees	C	R6
Employees	C	H3
Employees	C	R7
Employees	A	H1
Employees	C	H5
Employees	B	L2
Employees	C	H4
Youth	B	Y1
Youth	C	Y2

OUR BUSINESS

PRODUCTS AND SERVICES

HSC provides a range of financial services that cater to individual, institutional and corporate clients.

We organize our resources into three Client Divisions with a shared Research Center.

Individual Clients

- Securities brokerage: in order to fully understand the financial capacity, risk acceptance level and any other relevant needs of HSC's clients, and to enable them to consistently provide effective, bespoke solutions, the Company's brokers maintain regular contact with clients via phone and email.
- Fund certificate distribution: HSC offers a range of funds to its clients, allowing them the flexibility to select desired levels of market exposure and to take advantage of the diversification built into these products.
- Securities services: HSC provides account management functionality to international standards, with transactions and relevant information being continuously updated, managed and monitored.
- Financing services: Owing to the robustness of its balance sheet and IT systems, HSC is able to provide a range of approved financial instruments that can simplify and expedite the process of raising capital for its clients.
- Research Center: Many prestigious organizations across the world have voted HSC's research team as the best in Vietnam. The strength of HSC reports is built around in-depth analysis, up-to-date information and sensible forecasts based on comprehensive macro-economic, sector and company research. The top 70 listed and OTC stocks are closely monitored with rated reports and detailed earnings models. Products provided to clients by the HSC Research Team include:

1) Strategy reports, published 3-4 times per year, including analysis and forecasts for macroeconomic indicators, stock market analysis and investment strategy



2) Macro reports, published periodically as well as when required by market developments

3) Company reports, including ranking reports of the top 70 listed and OTC stocks, divided into eight main industries including real estate; financial services; consumer goods; agriculture; manufacturing; technology; energy; and logistics. Company report provide in-depth analysis of stock value, risk, volatility of stock price and business outlook. HSC's analysts also closely monitor daily information relating to the companies and assess any impact on share value. The analysts also conduct analysis of periodic financial reports, corporate visits, and interviews with management teams, corporate clients and industry specialists, in order to construct a comprehensive view of the enterprise. Company reports are published on a quarterly basis as well as when required by market developments

4) Technical reports, analyzing market trends through the VN index and HNX Index, from long term, medium term and short term perspectives, technical reports are published daily

5) The Vietnam Daily, HSC's daily report providing detailed information and comment on stock markets, macro-economic news and companies, as well as recommendations for investors.

Institutional Clients

- **Brokerage and sales:** HSC offers professional and distinctive brokerage services to meet the needs of institutional clients. HSC is the only brokerage firm in Vietnam that can send trading confirmation/allocation via the OMGEO Central Trade Manager platform, as well as receive client orders via Bloomberg FIX (Financial Information Exchange). HSC is also currently working with custodians to launch a SWIFT connection that will improve order proceeding speeds.
- **Trading and execution:** through a project with PwC Vietnam, HSC improved its internal control environment and ensure compliance with internal policies improving the integrity and efficiency of clients' transactions. HSC has also adopted the ITIL standard, which focuses on aligning IT services with the specific needs of the business and its clients. In addition to monitoring trade risks, this system reduces the risk of service disruption through unforeseen events.
- **Fixed income and treasury services:** HSC is one of the few securities companies in Vietnam with the strength and capabilities to provide treasury services to institutional clients. HSC endeavors to develop and executive client specific portfolio solutions, as well as deepen and expand client relationships.
- **Research Centre:** in addition to the reports detailed in the "Services for individual clients" section, HSC also provides connecting services for institutional clients and arranges direct meetings with companies.

Corporate Clients

HSC's Corporate Finance Division works closely with corporates in fully understanding their needs and growth potential, in order to provide tailored solutions. Corporate finance services provided by the division include valuation, restructuring and capital planning.

Clients' success and satisfaction are our key drivers for business activities. At HSC, we imagine ourselves in the clients' shoes so we can truly understand their needs and expectations. Tailoring our products and services to client demands allows HSC to explore opportunities for sustainable growth.

To meet the evolving financing demands in capital markets, we focus on two main quality drivers: highly qualified professionals plus an accumulated knowledge base. In

2015, we invested heavily in recruiting for key management positions. This experience allows us to work closely with each client to understand thoroughly their demands, expectations and search for potential growth.

In our drive for excellence in client service, we also rely heavily on a strong technology platform and first class research.

For technology, we focus on continuous development of an efficient execution platform and our comprehensive security system was one of our top priorities in 2015. We launched the Customer Relationship Management system which complements our consultants' capabilities and provides our clients with more convenient access to account information. Secondly, we have taken firm steps towards achieving international information technology standards by complying with ISMS-ISO 27001 and completed the second phase of ITIL. Additionally, COBIT 5 is initiated and aimed to start the EITS next year. Since launching this CRM system, there were no substantiated complaints regarding breaches of customer privacy or loss of customer data.

The research team comprises highly talented and experienced resources and is considered as one of the best research teams in Vietnam. In 2015, we provided additional insights into our research reports, especially the macro and strategy research reports. The research team, the research team also provided workshops and discussion sessions to brokers to enrich their knowledge in different industries. This allows brokers to provide greater insight to clients seeking specific industry information for investment purposes.

In 2016, HSC has 2 main strategic objectives. Firstly, preparing for the launching of listed derivatives and derivative secondly focusing on expanding the corporate finance business to meet client needs.

FINANCIAL OUTPUT

Direct and indirect economic benefits

Profitability provides us with the capacity to add more value to our shareholders' investments as well as fulfil our social responsibility. Therefore, economic performance is defined as our most material aspect as it enables the execution of our sustainability strategy.

In 2015, we paid VND139 billion in compensation and benefits for full-time employees. In addition, we paid taxes to local and national governments that help fund schools, hospital, community infrastructure, and other public services. In 2015, HSC paid VND55 billion in taxes in Vietnam.

We also generate a wide range of indirect economic benefits for different stakeholders via our numerous transaction offices across Vietnam. Additionally, we take a strong interest in the development of talent through our internship program and also the HSC sponsorship of the FESE virtual stock exchange for students at the University of Economics and Law in HCMC.

Achieving baseline economic performance allows us to invest in R&D initiatives for new segments, products and services that benefit clients, the industry and shareholders. As an example, HSC is a pioneer in product development in the Vietnamese stock market and was the sole distributor and market maker of ETF product in 2014. We are now working with SSC to help with the development of the listed derivatives market.

Economic performance

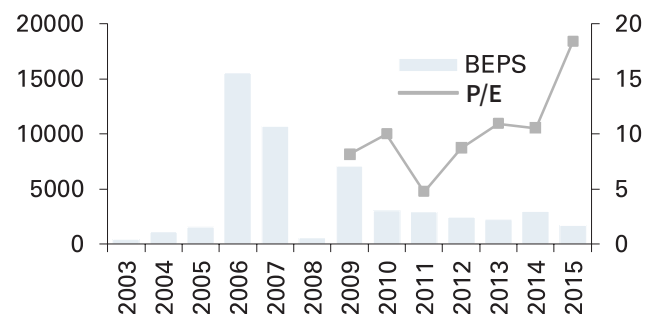
As we primarily act as an intermediary to match the demand and supply of capital markets, our stakeholder's success is our success. HSC maintained its position as the number 2 broker in Vietnam with market share of 10.4%. Profit after tax for 2015 was VND213 billion. Brokerage income contributed the largest proportion to the Company's revenue at 44%, and amounted to VND262 billion. The total margin balances of HSC's clients reached VND2,800 billion compared with the peak period in 2014 of VND2,000 billion.

- For our clients, our services such as holding of assets and the lending we make available to clients to realize their investment ambitions reflects our trust and commitment to investors.
- For our shareholders, efficiency and effectiveness in our business operations is our commitment. EPS is the primary indicator to measure our past and present profitability and more importantly, our sustainability.
- For our partners, short-term growth is from fierce competition to gain market share. However, long-term growth must come from true financial health. Maintaining the balance between the business growth and the discipline of financial safety is our imperative. The two indicators are financial safety ratio and leverage ratio.
- For other stakeholders, the ranking of our State budget contribution and total compensation to our workforce to total operating expenses as the key measurements for direct and indirect economic benefit.

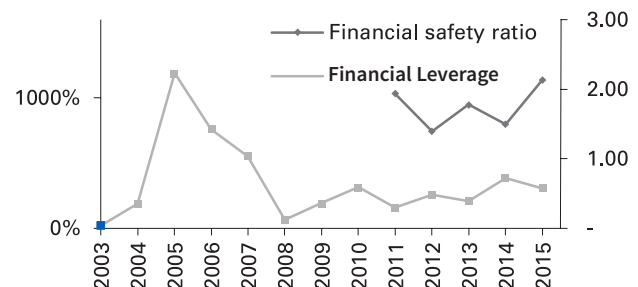
From the movement of financial indicators over several years, several key trends are noticeable

- HSC has consistently returned stable EPS since 2009.
- Margin and advance scaled up while financial safety has remained strong.

Basic EPS vs P/E



Financial Leverage vs Financial Safety ratio



As the set of financial indicators seems slightly volatile, from 2016 we are planning to set up a system to monitor these figures as regularly as possible. Obtaining more frequent data will help us analyze and integrate our understanding of the volatility into our daily business management and decision making processes.

OPERATION MANAGEMENT

Regulatory compliance

As a leading player in Vietnam's securities sector, HSC upholds compliance with local laws and international practices.

The HSC Code of Conduct prescribes that employees are required to maintain the highest standards of integrity in relationships with colleagues, clients, competitors and the community. All new hires receive training on this code soon

after joining the Company. Any employee who is suspected of committing or being involved in fraud or corruption will be investigated by the respective Managing Director and the results of the investigation will be reported to the Compliance, the CRO and senior management. Investigations must be completed within 28 days. The Compliance Department has responsibility to monitor and supervise all investigations. In 2015, HSC did not receive any customer or employee complaints about corruption.

Preventing and detecting insider trading is a challenge in many securities markets, particularly in emerging and developing markets such as Vietnam. In any market trading involving numerous buyers and sellers, it is critical that laws and regulations are established to protect the rights of investors in a free market. To this extent, Article 9 of the Law on Securities prohibits a person from:

- Using inside information to purchase or sell securities for that him or herself or for a third party
- Disclosing or giving inside information to another person
- Advising another person to purchase or sell securities on the basis of inside information

For purposes of the provisions of Article 9, the Law defines “inside information” to include: “information about a public company or a public fund, for which information has not yet been disclosed to the public and which, if disclosed, could have an impact on the price of the securities issued by such public company or public fund”. In complying with the local laws, we include in our code the Personal Trading and Insider Trader Policies which clearly state that HSC’s clients’ interests should take precedence over personal interests. HSC also has policies and procedures to enforce employee compliance, detect and prevent HSC employees from taking advantage of their fiduciary responsibilities to clients. In 2015, no case of personal trading fraud was reported.

In 2015, HSC did not have any fines or non-monetary sanctions for non-compliance with laws and regulations.

Corporate Governance and Risk Management

Enhancing corporate governance and risk management have high priority at HSC. Three years ago we launched the Enterprise Risk Management (“ERM”) Project and have taken concerted steps to assess all material risks that we face and to mitigate these risks through strengthening the control environment.

For Corporate Governance, we currently have 25 policies and procedures for Information Technology processes in accordance with ITIL framework. Other firm-wide policies are currently being developed and are expected to be completed before the end of 2017. The Business Process Improvement Project (“BPI Project”) and the Business Process Management Project (“BPM” Project) have advanced our capacity to automate and standardize our operational procedures. These projects are in progress, and we expect they will deliver a more effective corporate governance framework to help manage risk more effectively in a rapidly changing operational environment.

In 2014 we developed our Risk Management Framework which included risk management tools such as Risk Identification, Risk Register, Risk Matrix and Risk Heat Map. The establishment of the Internal Audit Function forms the most significant landmark to complete our “three lines of defense”. In 2015, we built up Risk Appetite, Risk Tolerance Statement and we are now developing Key Risk Indicators.

The Board delegates authority for day-to-day management including economic and social topics to the EXCO, which comprises the senior management from all major business functions. The EXCO further delegates relevant authority to other senior management across all functions.

HSC separated the roles of CEO and Chairman. This could provide the best decision for business at its best interest of shareholders. Additionally, the Chairman is a previous CEO and provides guidance on important management decisions when needed.

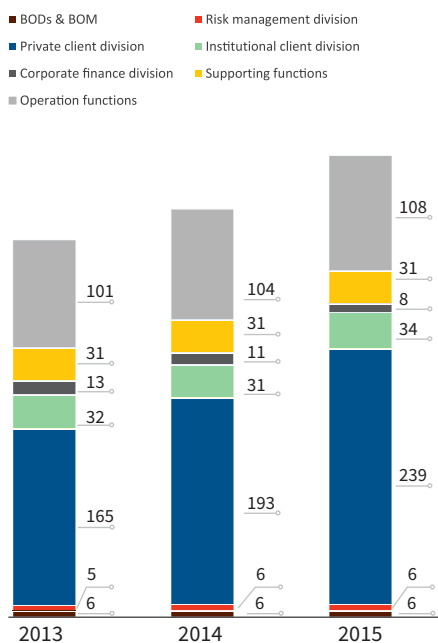
CORPORATE GOVERNANCE MODEL



OUR PEOPLE

WORKFORCE STATISTICS

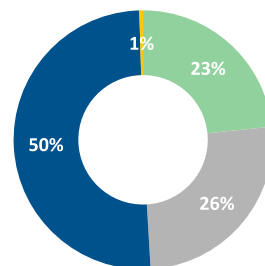
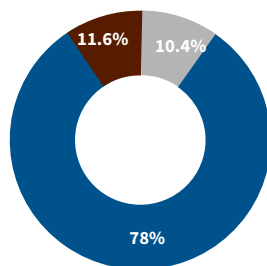
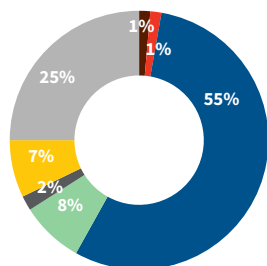
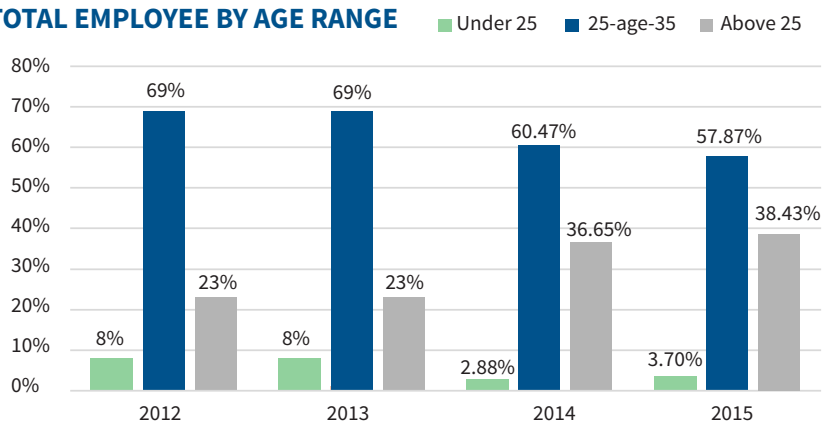
TOTAL NUMBER OF EMPLOYEES



WORKFORCE BY GENDER



TOTAL EMPLOYEE BY AGE RANGE



EMPLOYEES BY BUSINESS LINE

BY EDUCATION LEVEL

SERVICE LENGTH

The total number of FTE at HSC at the end of 2015 was 432, an increase of 50 FTE compared to the previous year. HSC has a staff turnover rate of approximately 10% with more than 50% of staff having between 5 to 10 years of service. This is a comparatively low turnover rate by industry standards and reflects the positive working environment at HSC.

In 2015, the structure of HSC's workforce did not change significantly. The gender ratio remained consistent and reflected our recruitment policy encouraging gender equality in the workplace. To evidence the educational level of our workforce, 95% of our staff have college degree or higher.

HUMAN RESOURCES MANAGEMENT

One of key factors of business success is the competency of the workforce and HSC strives to constantly develop and enhance the skills and capabilities of our human capital. We consider training and development as one of the key objectives of the HR department. Employees are empowered to explore their full capability. All material aspects related to our people are managed through a centralized human resources department with policies, training and monitoring programs, goal setting and key performance indicators. HR policies are maintained and posted on the intranet and updated regularly.

Working environment

HSC is committed to providing an open and transparent environment where staff can raise genuine concerns about possible malpractice without fear of reprisal. The malpractice includes serious breaches of HSC's internal rules, policies or business principles, other unethical conduct, criminal offences or breaching civil laws or regulations. Examples would be market abuse, breach of client confidentiality, money laundering, insider trading, theft, fraud, or financial irregularity.

At HSC, we encourage raising concerns about compliance, ethics, or business conduct with our direct supervisor. Our policy is that employees will not face retaliation if violations or suspected violations are reported in good faith that may contravene HSC's legal, ethical, or policy obligations. We can also contact any other management level or the HR representative for our respective departments.

We work closely with labor union representatives to build and maintain a long-term, constructive, and mutually beneficial relationship. We communicate frequently with our people and their union across all levels of the Company to ensure that all parties are working toward positive and congruent outcomes. We respect the rights of employees in HSC to join unions without fear of retaliation and to engage in collective bargaining without interference or fear of retaliation. All staff at HSC are represented by a trade union. Maintaining a productive relationship with the trade union enables us to collaborate with them on key issues affecting our Company's success. It also enables us to solve problems positively and constructively and to manage risk.

Our commitment to human and workplace rights, as well as our commitment to operating a sustainable business, compel us



to respect the rights of all employees. To help increase human and workplace rights related capabilities among our staff, our Company has included these contents into a series of development sessions and training programs during orientation day. Most people already have an innate sense of what it means to be treated with dignity and respect. But formalized principles and policies are important for defining common standards of human rights and ensuring they are upheld throughout an organization.

For many years, our Company has been named to numerous "employer of choice" list – a strong endorsement of our workplace culture and policies, and one component we use to track our progress toward our people goals. This is listed under Anphabe and Talent Net – Vietnam Best Place work.

Employees' well-being

HSC offers employees several programs and benefits to promote individual health and wellbeing. We administer several benefit plans to meet the health and wellbeing needs of various employee groups. In addition, we make contributions on behalf of employees in union administered plans.

While there are variations in available plans, the following is an overview of HSC employee benefits:

- Annual Health-check, Business travel accident insurance (24/24), Insurance of professional liability
- Work-life balance program (tours, vacations, sports, community activities)
- Financial support (Emergency loans) for immediate financial considerations for timely treatment of urgent health issues to assist employees

- Flexible working locations for employees' health and family related issues
- Other programs that help employees and their families deal with a wide range of issues, including serious disease, substance abuse, diabetes, high blood pressure, and other medical issues• Flexible working locations for employees' health and family related issues

A summary of the benefits HSC provided to its' staff over 2015 is shown below, with comparatives.

DESCRIPTION	2015 (VND)	2014 (VND)
Salaries	73,352,184,177	61,788,882,505
Social insurance, health insurance and union fee	10,971,071,000	9,479,205,000
Unemployment insurance expenses	591,940,000	410,005,000
Remuneration	54,532,884,959	73,161,276,579
Total compensation in 2015	139,448,080,136	144,839,369,084

HSC believes in the policy of enabling employees to participate in the ownership of the Company and share its wealth creation, as they are responsible for the management, growth and financial success of the Company. Our ESOP began in 2007. The qualified employees should achieve a certain level of job grade, the number of years in service and the possibility to commit with the Company in longer term.

	2007	2009	2011	2013	2014	2015	2016 (*)
Total headcounts	115	175	322	354			
Number of qualified	115	175	51	64			
Percentage	100%	100%	16%	18%			
ESOP paid out/ committed					948,000	335,100	420,800

(*) estimated figures

In addition, HSC provides employees with the opportunities to be involved in various community activities. This helps to maintain work-life balance, including Team briefings, Luncheon with the CEO, International Woman's Day, Children's Day and the Mid-Autumn Festival celebrations.



PEOPLE DEVELOPMENT

To sustain our success and to continue to do more for our clients, we must remain at the forefront of knowledge and technology. This is why we invest in training and development opportunities, and providing proper trainings and development to potential leadership in our workforce. These investments are materially important to our sustainability because they enable innovation and efficiency and generate a culture of diversity.

INTERNAL AND EXTERNAL RECRUITMENT

We recruit talented people, regardless of their race, nationality, sex, gender identity, sexual orientation, age, disability, or religion. We also strive to recruit people from within the local communities in Vietnam and also from the other countries where possible.

We have a culture of developing our people within their current positions and for positions of greater responsibility. It is the responsibility of management to formally train and informally coach the people they manage. Our senior management play an active role in motivating and developing our people.

Goals and performance for each individual is tied with each division and division head will allocate any bonus from division to each person. HSC evaluates the performance of its employees based on the methodology of Management by Objective – MBO. According to this mechanism, each staff is set specific KPIs to assess the outcome of their work, based on their level of responsibility. The employees are aware of their objectives and their personal opinions are also discussed during the process of self-evaluation.

We believe HSC's employees are among the most motivated, high-performing people in our industry. Our approach is to identify and recruit the best people and to provide them with a dynamic and professional working environment. This helps us retain our staff for the long term. Our management approach to staff engagement includes:

- Keeping our people employed through the business cycle
- Giving credit where credit is due and promoting on merit

- Promoting from within the Company

- Offering a range of training and talent development opportunities

When the business cycle or other external forces drive changes in our staffing needs, we take active steps to retain people rather than release them. These steps include limiting new hiring, internal transfer, and providing training for new assignments. This approach contributes to our high employee retention rate.

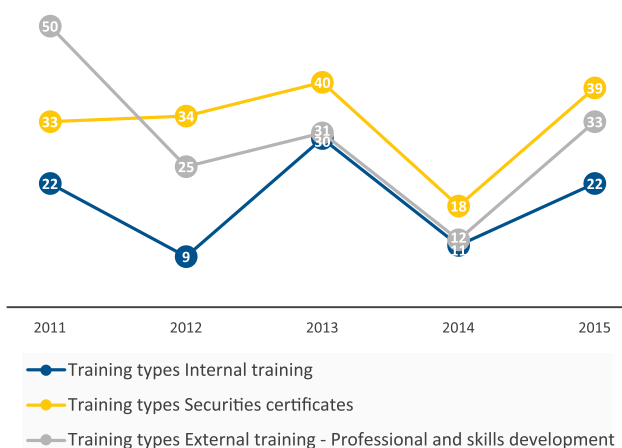
TRAINING AND DEVELOPMENT

We offer employees at all levels of the Company a range of training and development options. This strategy is embedded in our culture. It ensures employees have the skills and knowledge required to successfully perform their current tasks, and also encourages them to continue to develop their careers with HSC.

Our approach to training and development is one of shared responsibility between the Company and individual employees. We offer a wide range of training, education, and development opportunities for employees at every level, so they are prepared for today's tasks and tomorrow's challenges. We connect employees with career development resources and support their decisions to take advantage of the vast opportunities at HSC.

Employees receive formal and informal trainings delivered through live and virtual classrooms, as well as on the job training constructive feedback, coaching, and counseling

TRAINING TYPES

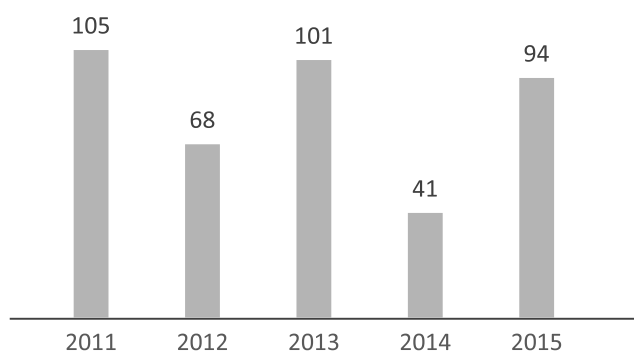


from management and co-workers also form part of our informal training.

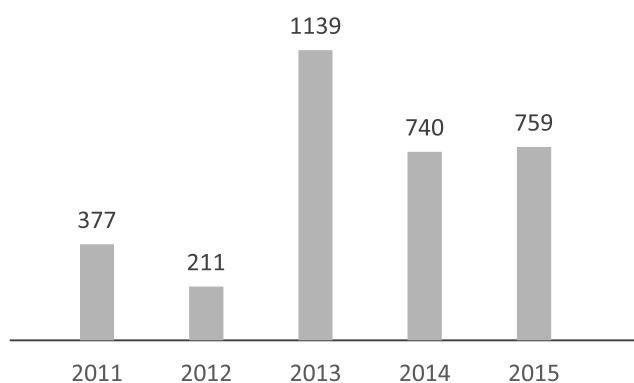
We provide a number of external programs for career development. These include support for professional certifications and attendance at seminars and conferences.

We encourage all our staff to pursue additional professional qualifications. As an example, brokers are required to become licensed securities dealers and also we encourage our accountants to achieve higher qualifications such as ACCA or CPA.

NUMBER OF TRAINING COURSES



NUMBER OF TRAINING PARTICIPANTS



ETHICAL CONDUCT

Ethical conduct and principled business practices are the foundation for our growth as a business, our stewardship of the environment, and our responsibilities as an employer.

The HSC Code of Conduct sets out the behaviors we expect from our employees, the processes available to them for raising concerns about ethical conduct, and the channels we use to respond. This code is available on intranet for reference and updates.

Our code of conduct defines our commitment to high ethical standards throughout the business. It is based on our values and clarifies the principles and expectations for everyone who works at HSC. It applies to all employees, officers and members of the Board. The most common concerns raised relate to the people section of the code. This includes treating people fairly, with dignity, and giving everyone equal opportunity; creating a respectful harassment-free workplace and protecting privacy and confidentiality.

The HSC values are fundamental to our ability to create sustainable shareholder value, support the communities in which we operate, and protect our reputation. Operating with integrity is something we strive to do every day to earn clients' trust. We seek to demonstrate this in a number of ways, including the development of strong measures to prevent both corruption and insider trading, as well as ensuring compliance with all applicable laws and regulations.

At HSC, commitment to operating responsibly is the right thing to do. We recognize our ethical business practices can be a competitive advantage, enabling us to:

- Take strong, proven compliance practices and core values with us when we enter new markets
- Successfully identify, acquire, and integrate businesses that fit into our culture of integrity.

OUR CITIZENSHIP

TRANSPARENT AND ACCOUNTABLE COMMUNICATION

360° dialogue

We aim to gain insight into all stakeholder views and opinions via maintaining open communication channels and encourage feedback and questions from them.

Stakeholder engagement is an essential aspect of a good corporate governance. We maintain two-way and 360° communication to promote effectiveness and efficiency, and to ensure that we are receiving all positive and negative views from our stakeholders. In the course of ongoing sustainable development, HSC interacts with numerous stakeholders using the following channels:

STAKEHOLDERS		COMMUNICATION CHANNELS
Employees	Quarterly team briefings Luncheon with CEO and Happy lunch	Internal communication channels: - Intranet - Telephones and emails - Internal training programs
Shareholders	AGM Face-to-face meetings Investor relations channel including Q&A and regular emails on business results	Information published such as financial statements, annual report, and sustainability report
Clients / investors	Workshops, seminar and conference. Meetings Call center Help desk	Service departments supporting function. Other communication channels comprised emails, letterbox for comments and suggestions
Partners	Financial statements. Annual report	Sustainability report
Government bodies/ Regulators	Conference Workshops	
Professional associations and organization	Associations & clubs included: • Vietnam Association of Securities Business • Vietnam Bond Market Association • Vietnam Business Council for Sustainable Development • CEO Club	Bill boards
Society and the young generation	Events of students' organizations and universities	Charity and donation; environment and community activities
The media / press	Conference and interviews Forum and workshops Quarterly analyst briefing	Other communication channels - Phone and emails - Q&A to Communication Departments

MARKET DEVELOPMENT CONTRIBUTION

As one of the leading securities firms in Vietnam, we take ongoing responsibility to contribute and develop the capital markets, especially in promoting transparency, integrity and innovation.

We proactively participate in market and industry activities. HSC representatives are members of the Index Committee, VBMA and CEO Forum. HSC hosts quarterly Analyst Conferences for journalist and investment funds, providing local and foreign investors with access to relevant, accurate and timely information to support their investment activities.

The below are some activities and events that HSC participated in in 2015 for sharing information and knowledge with local and foreign investors and organizations:

- A field trip to Thailand and Malaysia, accompanying representatives from HOSE for knowledge sharing on Non-voting Depository Receipt (NVDR) with Stock Exchange of Thailand (SET) and Restricted Share in Bursa, Malaysia
- A seminar on fund management services and ETF development hosted by VSD
- Asia Securities Forum hosted by the Korea Financial Investment Association (KOFIA) and Japan Securities Dealer Association (JSDA) in Seoul
- A field trip to Malaysia organized by Vietnam Bond Market Association to broaden the experience of developing the bond market attended by corporate bond market and rating agency representatives
- Field trips to Malaysia to understand the operational processes and structure of the derivatives market. Attended jointly with HNX and Bursa Malaysia Derivatives, the trip involved study tours and conferences
- Participating in developing strategies with Vietnam Securities Market Development for the period to 2020 organized by State Securities Commission of Vietnam
- HSC provides input to the development of pending regulations, such as Decree 60 and Circular 203
- Participating in Enhancing Competencies of the Board of Directors Seminar on 04/11/2015 at HOSE head office

- Attendance at Investment Conference 2015: The Stock Market 2016 Where to invest

- Attendance at Promoting investment in the US from MOF and SSC organized 1-5/07/2015

- Attendance at Vietnam M&A Forum 2015 on 06/08/2015, Countdown to the next market boom

We believe that the purpose of doing business is not simply only for bottom line concern. Through our contribution and participation to develop the market, we play a leading role in the future direction of the securities market in Vietnam. To all our stakeholders, we continue to be a trusted advisor.

YOUTH ORIENTATION

Our development strategies are designed to enhance the expertise and experience of our staff. Human capital is considered our greatest asset with people management being a key factor in our sustainable development. HSC defines its long term objectives to be aligned with our overall contribution to society. We realize our responsibility to actively contribute to the construction and development of the environment and the society. HSC's social responsibility activities focus on supporting young people improve their skills, creating opportunities for them to participate in the business environment, as well as promoting a healthy and stimulating environment in which they can thrive.

Community investment in the next generation

In addition to achieving our business targets, we are committed to providing a significant contribution to society by investing in future generations. We work with educational institutions on business awareness and soft skills training, as well as working with non-profit and non-governmental organizations on mentoring projects and career opportunities for students. The goal of these initiatives is to help young people receive proper orientation and take their first step on their career path.

One of the key initiatives HSC sponsored was the Virtual stock exchange program FESE. This is a highly successful program that allows students to invest hypothetically in the stock market with prizes awarded for the most successful portfolio return over a fixed period. HSC aims that this program will enable Vietnamese students to be better prepared for real world practices and consider the securities industry as a potential workplace option.

Other 2015 youth development initiatives included:

- Supporting an urban school by providing new computers to improve their education
- Delivery speech on Risk Management topics to AIESEC
- Career Days at various universities to acknowledge the industry to the students
- Sponsoring to SEO-V to access to resume pool for future talent recruitment
- Internship and Scholarship for graduates

Case study 1

We have sponsored AIESEC for 3 consecutive years and each year we have participated in different events designed for AIESEC members. The topic and scale of the program is aligned with HSC's vision and strategies and designed to have positive impacts to the economy and to society. The events provide a series of activities such as Seminars, Conference and Career fairs attracting 40 companies and 500 students from different institutes and universities across Vietnam. In 2015, the theme was Risk Management with the case study "Strengthening risk management framework, actively responding to threats and opportunities"



Case Study 2

Sponsorship and Cooperation with FESE virtual stock exchange

This is a virtual stock exchange program for educational purposes to provide knowledge for potential investors. HSC has consecutive supporting the University of Law and Economics in HCMC. This year is the 2nd year that HSC have sponsored this event and attracted more than 3,000 students.

Supporting to the unfortunate

Education is a long-term investment and should be available to every child across the country. In addition to providing activities designed for future business leaders, HSC also arranges programs to visit pupils living in poor conditions in remote areas. HSC staff bring gifts for the children, provide some teaching and training skills, and encourage them to go to school by sharing their success stories with them. Every child has the right to enjoy a proper education leading to better living conditions. In 2015, HSC commenced several activities addressing under privileged school students:

- Visited several schools, including Tan Son Nhi School, Binh Tan District and An Boi Primary School, Thai Binh Province to give gifts, teach basic English and play with more than 300 pupils from Grade 1 to 5
- Sadeco flea market to raise funds for charity events
- Tet Gifts to Chieng Bom village, Son La province

One at a time (CSR Plan 2016)

HSC have developed a CSR plan for 2016 that is aligned with our strategy and vision. A summary of our CSR plan is below:

HSC will continue to sponsor and join student programs, including:

- FESE 2016 with UEL
- Youth Speaking contest, Y2B & YSF, and Anniversary Gala with AIESEC
- Events and programs organized by universities and student organizations

Additionally, HSC have established an internal fund to collect donations for disadvantaged patients in Children Hospital

No.1 & No.2 and the Oncology Hospital. In late 2016, HSC will participate in social activities for children, including:

- Giving donation and organizing Children Day for poor children at Thi Nghe shelter;
- In-kind support for Christina Noble Children's Foundation;
- Organizing Mid-Autumn festival for Go Vap Orphanages Center.

GIR – G4 DISCLOSURES

1.1. Scope of the report

This report contains the accomplishments and achievements of HSC's ongoing sustainability management. This report is prepared in line with the "In Accordance – Core" Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidance, the most widely used comprehensive sustainability reporting standard in the world.

This includes the sustainability management results during period January 2015 to December 2015. The previous report was prepared the year 2014.

1.2. Contact

For further information and comments in relation to HSC's 2015 Sustainability Report, please contact:

Mr. Hoang Cong Tuan, Communications Director

(+84 8) 3823 3299 (ext. 109)

tuan.hc@hsc.com.vn

Level 6, AB Tower, 76 Le Lai Street,

Ben Thanh ward, District 1, Ho Chi Minh City

APPENDIX – GRI CONTENT INDEX

1 GENERAL STANDARD DISCLOSURES				
ITEM	DESCRIPTION	REFERENCE SECTION	PAGE	REASON FOR OMISSION
1.1	Strategy and analysis			
G4-1	Statement by CEO	AR- CEO message	01	
G4-2	A description of key impacts, risks and opportunities	SR- Our material issues and responses	86	
1.2	Organization profile			
G4-3	Name of the organization	AR-HSC Profile	07	
G4-4	Primary products and services	SR-Our Business	89	
G4-5	Location of organization's headquarters	AR-HSC Profile	07	
G4-6	The number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	HSC is now operating in Ho Chi Minh City and Hanoi, Vietnam	Cover 3	
G4-7	The nature of ownership and legal form	AR-HSC profile	07	
G4-8	The markets served (including geographic breakdown, sectors served, and types of customers)	Vietnamese and International clients		
G4-9	The scale of the organization	AR-HSC Profile	07	
G4-10	The organization's workforce statistics	SR-Our People	93	
G4-11	The percentage of total employees covered by collective bargaining agreements	100%		
G4-12	A description of the organization's supply chain	AR-HSC profile	07	
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	There is no significant change		
G4-14	Report whether the precautionary approach or principle is addressed by the organization	Due to the nature of HSC's service in financial service sector, HSC has a minor impact on the environment, and the Company has not invested in any projects that cause harm to the environment. However, HSC still actively responds to any environmental protection activities, practicing a green lifestyle philosophy at its offices		
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives which the organization endorsed	SR-Our material issues and responses	86	
G4-16	Memberships of associations	Index Committee, Vietnam CEO Club and Vietnam Bond Market Association ("VBMA")		

1.3	Identified materials aspects and boundaries		
G4-17	List all entities included in the organization's consolidated financial statements or equivalent documents		HSC does not have subsidiary
G4-18	Explain the process for defining the report content and the boundaries	SR-Our material issues and responses	86
G4-19	List all the material aspects identified in the process for defining report content	SR-Our material issues and responses	86
G4-20	For each material aspect, report the Aspect Boundary within the organization	SR-Our material issues and responses	86
G4-21	For each material aspect, report the Aspect Boundary outside the organization	SR-Our material issues and responses	86
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements		No material restatements
G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries		No significant changes to 2014, new information has been collected
1.4	Stakeholder engagement		
G4-24	A list of stakeholder groups engaged by the organization	SR-Our material issues and responses	86
G4-25	The basis for identification and selection of stakeholders with whom to engage	SR-Our material issues and responses	86
G4-26	The organization's approach to stakeholder engagement	SR-Our material issues and responses SR-Transparent and accountable communication	86 98
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns (including through its reporting)	SR-Our material issues and responses	86
1.5	Report profile		
G4-28	Reporting period	SR-Scope of the report	101
G4-29	Date of most recent previous report	SR-Scope of the report	101
G4-30	Reporting cycle	SR-Scope of the report	101
G4-31	The contact point (if any)	SR-Contact	101
G4-32	The reporting option the organization has chosen	SR-Scope of the report	101
1.6	Governance		
G4-34	Governance structure of the organization, including committees of the highest governance body	AR-Organization chart	61
1.7	Ethics and integrity		
G4-56	The organization's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics	SR- Ethical conduct	97

APPENDIX – GRI CONTENT INDEX (cont)

2 SPECIFIC STANDARD DISCLOSURES				
ITEM	DESCRIPTION	REFERENCE SECTION	PAGE	REASON FOR OMISSION
2.1	Economic			
2.1.1	Economic performance			
G4-EC1	Direct economic value generated and distributed	SR-Financial Outputs	90	
G4-EC3	Coverage of the organization's defined benefit plan obligations	SR-Human Resources Management	94	
2.1.2	Indirect Economic Impacts			
G4-EC7	Development and impact of infrastructure investments and services supported	SR-Financial Outputs	90	
2.2	Social			
2.2.1	Labor practices and decent work			
2.2.1.1	Employment			
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	SR-Workforce Statistics	93	
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	SR-Trainings and development	96	
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	SR-Workforce Statistics	93	
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	SR-Workforce Statistics	93	
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	SR-Human Resources Management	94	
2.2.1.2	Training and education			
G4-LA9	Average hours of training per year per employee by gender, and by employee category	SR-Trainings and development	96	
2.2.2	Human Right			
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	SR-Working environment	94	No human rights violations reported. The content of HSC's policies and procedures preserve human rights according to the basic level.

2.2.3	Society			
2.2.3.1	Local communities			
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	SR-Our Citizenship	98	
G4-SO2	Operations with significant actual and potential negative impacts on local communities			No negative impacts
2.2.3.2	Anti-corruption			
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	SR-Regulatory Compliance	91	
2.2.3.3	Compliance			
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	SR-Regulatory Compliance	91	No case was found
2.2.4	Product responsibility			
2.2.4.1	Product and service labeling			
G4-PR3	Type of product and service information required by the organization's procedures, and percentage of significant product and service categories subject to such information requirements	SR-Our Business	89	
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	SR-Regulatory Compliance	91	There is no case occurred



FINANCIAL STATEMENTS

General Information	108
Report of the Management	110
Independent Auditors' Report	111
Balance Sheet	112
Income Statement	116
Cash Flow Statement	117
Statement of Changes in Equity	119
Notes to the Financial Statements	120

GENERAL INFORMATION

THE COMPANY

Ho Chi Minh City Securities Corporation (“the Company”) is a joint stock company incorporated under the Law on Enterprises of Vietnam pursuant to Business Registration Certificate No. 4103001573 issued by the Ho Chi Minh City Department of Planning and Investment on 23 April 2003, Business License No. 11/UBCK-GPHDKD issued by the State Securities Commission on 29 April 2003, and other amended licenses.

The current principal activities of the Company are brokerage services, securities trading, underwriting for share issues, custodian services, finance and investment advisory services, and margin trading services.

The Company’s head office is located at 5th and 6th Floor, AB Tower, 76 Le Lai Street, Ben Thanh Ward, District 1, Ho Chi Minh City. At 31 December 2015, the Company had two branches located in Ho Chi Minh City and Hanoi, and transaction offices in Ho Chi Minh City and Hanoi.

THE BOARD OF DIRECTORS

Members of the Board of Directors during the year and at the date of the financial statements include:

NAME	TITLE	DATE OF APPOINTMENT/REAPPOINTMENT/RESIGN
Mr. Do Hung Viet	Chairman	Appointed on 8 April 2011
Mr. Le Anh Minh	Vice Chairman	Reappointed on 8 April 2011
Mr. Nguyen Thanh Liem	Vice Chairman	Appointed on 8 April 2011
Mr. Pham Nghiem Xuan Bac	Member	Reappointed on 8 April 2011
Mr. Johan Nyvene	Member	Reappointed on 8 April 2011
Mr. Trinh Hoai Giang	Member	Appointed on 8 April 2011
Mr. Le Thang Can	Member	Appointed on 16 April 2015
Mr. Hoang Dinh Thang	Member	Resigned on 16 April 2015

BOARD OF SUPERVISION

Members of the Board of Supervision during the year and at the date of the financial statements include:

NAME	TITLE	DATE OF APPOINTMENT/REAPPOINTMENT
Mr. Vo Van Chau	Chief Supervisor	Reappointed on 8 April 2011
Mr. Doan Van Hinh	Member	Reappointed on 8 April 2011
Ms. Dang Nguyet Minh	Member	Appointed on 26 April 2013

MANAGEMENT

Members of management during the year and at the date of the financial statements include:

NAME	TITLE	DATE OF APPOINTMENT
Ông Johan Nyvene	Chief Executive Officer	Appointed on 15 May 2007
Ông Trinh Hoai Giang	Deputy Chief Executive Officer	Appointed on 15 May 2007
Ông Le Cong Thien	Deputy Chief Executive Officer	Appointed on 12 August 2013
Ông Johan Kruimer	Managing Director	Appointed on 26 July 2007
Ông Fiachra Mac Cana	Managing Director	Appointed on 1 March 2008
Ông Bach Quoc Vinh	Managing Director	Appointed on 1 February 2010
Ông Arnold V. Pangilinan	Managing Director	Appointed on 12 November 2012

LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr. Johan Nyvene, the Chief Executive Officer.

AUDITOR

The auditor of the Company is Ernst & Young Vietnam Limited.

REPORT OF THE MANAGEMENT

Management of Ho Chi Minh City Securities Corporation (“the Company”) is pleased to present its report and the financial statements of the Company for the year ended 31 December 2015.

MANAGEMENT’S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the financial statements of each financial year which give a true and fair view of the financial position of the Company and of the results of its operations, its cash flows and its changes in equity for the year. In preparing those financial statements, 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 standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue its business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and to ensure that the accounting records comply with the registered accounting system. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirmed that it has complied with the above requirements in preparing the accompanying financial statements.

STATEMENT BY THE MANAGEMENT

Management hereby state that, in its opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2015 and of the results of its operations, its cash flows and its changes in equity for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, accounting regulations and guidance applicable to securities companies and other statutory requirements relevant to preparation and presentation of financial statements.

For and on behalf of the Management:



Johan Nyvene
CHIEF EXECUTIVE OFFICER
Ho Chi Minh City, Vietnam
22 March 2016

Reference: 60790272/17910718

INDEPENDENT AUDITORS' REPORT

To: The Shareholders of Ho Chi Minh City Securities Corporation

We have audited the accompanying financial statements of Ho Chi Minh City Securities Corporation ("the Company") as prepared on 22 March 2016 and set out on pages 5 to 46, which comprise the balance sheet as at 31 December 2015, and the income statement, the cash flow statement and the statement of changes in equity for the year then ended and the notes thereto.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, accounting regulations and guidance applicable to securities companies and other statutory requirements relevant to preparation and presentation of financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the 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 Company'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 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 financial statements give a true and fair view, in all material respects, of the financial position of the Company as at 31 December 2015, and of the results of its operations, its cash flows, and its changes in equity for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, accounting regulations and guidance applicable to securities companies and other statutory requirements relevant to preparation and presentation of financial statements.

Ernst & Young Vietnam Limited



Nguyen Xuan Dai
DEPUTY GENERAL DIRECTOR

Audit Practicing Registration
Certificate No. 0452-2013-004-1
Ho Chi Minh City, Vietnam
22 March 2016



Nguyen Quoc Tuan
AUDITOR

Audit Practicing Registration
Certificate No. 1841-2013-004-1

BALANCE SHEET

as at 31 December 2015

B01-CTCK

VND

CODE	ASSETS	NOTES	ENDING BALANCE	BEGINNING BALANCE
100	A. CURRENT ASSETS		3,463,437,280,168	3,939,812,503,492
110	I. Cash and cash equivalent	4	657,156,819,577	1,717,060,130,176
111	1. Cash		657,156,819,577	1,717,060,130,176
120	II. Short-term financial investments	6	132,174,873,494	197,474,340,107
121	1. Short-term investments		190,079,349,659	279,720,963,132
129	2. Provision for short-term investments		(57,904,476,165)	(82,246,623,025)
130	III. Short-term receivables	7	2,669,287,700,463	2,021,465,503,113
131	1. Trade receivables		1,517,336,513	1,796,217,100
132	2. Advances to suppliers		511,650,108	3,941,320,615
135	3. Receivables from securities trading activities		2,680,281,654,037	2,025,959,756,897
138	4. Other receivables		3,696,364,899	6,487,513,595
139	5. Provision for doubtful debts		(16,719,305,094)	(16,719,305,094)
150	IV. Other current assets		4,817,886,634	3,812,530,096
151	1. Short-term prepaid expenses	11	4,637,718,956	3,633,259,136
158	2. Other current assets		180,167,678	179,270,960
200	B. NON-CURRENT ASSETS		133,146,147,996	129,991,561,736
220	I. Fixed assets		10,305,668,048	6,013,088,125
221	1. Tangible fixed assets	9	5,406,970,081	4,379,088,951
222	- Cost		43,397,152,620	40,204,022,446
223	- Accumulated depreciation		(37,990,182,539)	(35,824,933,495)
227	2. Intangible fixed assets	10	4,898,697,967	1,633,999,174
228	- Cost		28,463,749,200	23,089,878,017
229	- Accumulated amortization		(23,565,051,233)	(21,455,878,843)
240	II. Long-term assets in progress		1,807,447,420	2,410,507,676
242	Construction in progress		1,807,447,420	2,410,507,676
260	III. Other long-term assets		121,033,032,528	121,567,965,935
261	Long - term prepaid expenses	11	99,512,289,868	102,687,119,775
263	Advance to Settlement Assistance Fund	12	16,832,583,310	14,332,583,310
268	Other long-term assets	13	4,688,159,350	4,548,262,850
270	TOTAL ASSETS		3,596,583,428,164	4,069,804,065,228

CODE	RESOURCES	NOTES	ENDING BALANCE	BEGINNING BALANCE
300	A. LIABILITIES		1,317,034,101,102	1,711,573,455,836
310	I. Current liabilities		1,317,034,101,102	1,711,573,455,836
311	1. Short-term loans	14	654,103,204,781	210,437,041,099
312	2. Trade payables		2,132,789,448	1,861,719,700
314	3. Statutory obligations	15	27,383,031,945	25,004,270,953
316	4. Accrued expenses	16	17,066,319,798	24,509,074,595
319	5. Other payables	17	72,050,198,601	70,701,055,922
320	6. Payables for securities trading	18	526,864,031,101	1,366,499,871,795
321	7. Dividend, principal and coupon payables		2,148,185,349	2,008,561,292
323	8. Bonus and welfare fund		15,286,340,079	10,551,860,480
400	B. OWNERS' EQUITY	19	2,279,549,327,062	2,358,230,609,392
410	I. Capital		2,279,549,327,062	2,358,230,609,392
411	1. Share capital		1,272,567,580,000	1,272,567,580,000
411a	Shares of shareholders have voting rights		1,272,567,580,000	1,272,567,580,000
412	2. Share premium		310,343,798,499	310,343,798,499
414	3. Treasury shares		(770,889,458)	(327,808,838)
417	4. Investment and development fund		3,961,374,994	3,961,374,994
418	5. Financial reserve		203,572,745,263	182,241,735,237
420	6. Undistributed earnings		489,874,717,764	589,443,929,500
440	TOTAL LIABILITIES AND OWNERS' EQUITY		3,596,583,428,164	4,069,804,065,228

OFF BALANCE SHEET ITEMS

CODE	ITEMS	ENDING BALANCE	BEGINNING BALANCE
004	1. Bad debts written-off	345,059,000	345,059,000
005	2. Foreign currencies	937,626,048	630,227,456
006	3. Custody securities	9,459,118,460,000	8,014,031,350,000
	Including:		
007	3.1. Trading securities	8,605,696,190,000	6,592,209,670,000
008	3.1.1. Trading securities of custody investors	36,626,890,000	37,433,960,000
009	3.1.2. Trading securities of local investors	8,384,594,290,000	6,406,281,610,000
010	3.1.3. Trading securities of foreign investors	184,475,010,000	148,494,100,000
012	3.2. Temporarily unprocessed securities	40,947,100,000	42,884,600,000
013	3.2.1. Temporarily unprocessed securities of custody investors	585,000,000	200,000,000
014	3.2.2. Temporarily unprocessed securities of local investors	37,562,100,000	40,484,600,000
015	3.2.3. Temporarily unprocessed securities of foreign investors	2,800,000,000	2,200,000,000
017	3.3. Mortgaged securities	561,031,770,000	321,512,960,000
019	3.3.1. Mortgaged securities of local investors	537,423,670,000	297,904,860,000
020	3.3.2. Mortgaged securities of foreign investors	23,608,100,000	23,608,100,000
027	3.4. Securities awaiting settlement	237,168,260,000	1,049,305,470,000
028	3.4.1. Securities awaiting settlement of custody investors	3,149,700,000	8,190,000
029	3.4.2. Securities awaiting settlement of local investors	233,471,460,000	1,049,058,280,000
030	3.4.3. Securities awaiting settlement of foreign investors	547,100,000	239,000,000
037	3.5. Securities waiting for trading	14,275,140,000	8,118,650,000
038	3.5.1. Securities waiting for trading of custody investors	10,000	70,000
039	3.5.2. Securities waiting for trading of local investors	11,223,870,000	7,296,370,000
040	3.5.3. Securities waiting for trading of foreign investors	3,051,260,000	822,210,000

OFF BALANCE SHEET ITEMS (cont)

CODE	ITEMS	ENDING BALANCE	BEGINNING BALANCE
050	4.Custody securities of unlisted public companies	864,106,700,000	651,413,380,000
	Including:		
051	4.1. Trading securities	852,013,100,000	645,658,480,000
052	4.1.1. Trading securities of custody investors	3,541,520,000	2,931,610,000
053	4.1.2. Trading securities of local investors	831,742,550,000	630,781,250,000
054	4.1.3. Trading securities of foreign investors	16,729,030,000	11,945,620,000
056	4.2. Temporarily unprocessed securities	801,500,000	873,500,000
057	4.2.1. Temporarily unprocessed securities of custody investors	-	354,000,000
058	4.2.2. Temporarily unprocessed securities of local investors	801,500,000	519,500,000
061	4.3. Mortgaged securities	-	1,300,000,000
063	4.3.1. Mortgaged securities of local investors	-	1,300,000,000
071	4.4. Securities waiting for settlement	11,112,100,000	3,401,400,000
073	4.4.1. Securities waiting for settlement of local investors	11,112,100,000	3,401,400,000
076	4.5. Blocked securities waiting for releases	180,000,000	180,000,000
078	4.5.1. Blocked securities waiting for releases of local investors	180,000,000	180,000,000
083	5. Non-custody securities held of securities companies	44,914,770,000	55,268,770,000

INCOME STATEMENT

for the year ended 31 December 2015

B02-CTCK

VND

CODE	ITEMS	NOTES	CURRENT YEAR	PREVIOUS YEAR
01	1. Revenue		591,138,977,810	831,135,291,006
	In which:			
01.1	Revenue from brokerage services		262,076,234,335	299,431,882,181
01.2	Revenue from securities investments		35,025,916,039	194,425,395,876
01.3	Revenue from underwriting services		-	19,029,812
01.5	Revenue from finance advisory services		11,154,708,555	12,362,171,402
01.6	Revenue from custodian services		3,952,302,881	3,502,787,744
01.9	Other revenue	20	278,929,816,000	321,394,023,991
10	2. Net revenues from operating activities		591,138,977,810	831,135,291,006
11	3. Operating expenses	21	(223,713,900,687)	(262,284,254,449)
20	4. Gross profit from operating activities		367,425,077,123	568,851,036,557
25	5. General and administrative expenses	22	(95,952,923,083)	(87,407,721,377)
30	6. Net profit from operating activities		271,472,154,040	481,443,315,180
31	7. Other income		28,037,441	4,090,909
32	8. Other expenses		-	-
40	9. Other profit		28,037,441	4,090,909
50	10. Profit before tax		271,500,191,481	481,447,406,089
51	11. Current corporate income tax expense	23.1	(58,190,091,220)	(105,295,358,840)
60	12. Net profit after tax		213,310,100,261	376,152,047,249
70	13. Basic earnings per share	27	1,677	2,794
71	14. Diluted earnings per share	27	1,677	2,794

CASH FLOW STATEMENT

for the year ended 31 December 2015

B03-CTCH

VND

CODE	ITEMS	NOTES	CURRENT YEAR	PREVIOUS YEAR
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	1. Net profit before tax		271,500,191,481	481,447,406,089
	2. Adjustments for:			
02	Depreciation and amortization	21, 22	5,506,890,305	4,255,226,561
03	Provision charged/ (reversal)		(24,342,146,860)	30,267,871,369
05	Profits from investing activities		(62,739,762,476)	(119,616,575,866)
06	Interest expense		7,390,345,537	6,488,285,876
08	3. Operating profit before changes in working capital		197,315,517,987	402,842,214,029
09	Increase in receivables		(653,348,260,714)	(627,738,762,673)
10	Decrease in short-term investments		89,641,613,473	117,744,559,355
11	(Decrease)/increase in payables (other than interest, corporate income tax)		(1,058,054,310,971)	572,082,214,753
12	Decrease in prepaid expenses		2,170,370,087	7,528,319,377
13	Interest paid		(6,486,708,265)	(6,951,035,444)
14	Corporate income tax paid	23.1	(54,941,674,651)	(123,582,104,212)
16	Other cash outflows from operating activities		(20,186,278,609)	(46,791,497,842)
20	Net cash flows generated from/ (used in) operating activities		(1,503,889,731,663)	295,133,907,343
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase and construction of fixed assets		(9,196,409,972)	(5,308,359,612)
22	Proceeds from disposals of fixed assets and other long-term assets		20,400,000	-
23	Loans to other entities and payments for purchase of debt instruments of other entities		(966,707,400,000)	(1,356,507,877,419)
24	Collections from borrowers and proceeds from sale of debt instruments of other entities		968,253,300,000	1,622,629,521,118
27	Interest and dividends received		64,201,380,385	95,251,810,647
30	Net cash flows generated from investing activities		56,571,270,413	356,065,094,734

CASH FLOW STATEMENT (CONT)

for the year ended 31 December 2015

B03-CTCH

VND

CODE	ITEMS	NOTES	CURRENT YEAR	PREVIOUS YEAR
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
32	1. Capital redemption		(2,080,620)	(4,256,945)
33	2. Drawdown of borrowings		1,154,103,204,781	560,437,041,099
34	3. Repayment of borrowings		(500,000,000,000)	(350,000,000,000)
36	4. Dividends paid to equity holders	19.2	(266,685,973,510)	(152,445,541,195)
40	Net cash flows generated from financing activities		387,415,150,651	57,987,242,959
50	Net (decrease)/increase in cash and cash equivalents during the year		(1,059,903,310,599)	709,186,245,036
60	Cash and cash equivalents at the beginning of the year	4	1,717,060,130,176	1,007,873,885,140
70	Cash and cash equivalents at the end of the year	4	657,156,819,577	1,717,060,130,176

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2015

B05-CTCK

VND

ITEMS	NOTES	BEGINNING BALANCE		INCREASE/(DECREASE)				ENDING BALANCE	
		Previous year	Current year	Previous year		Current year		Previous year	Current year
				Increase	Decrease	Increase	Decrease		
Share capital	18	1,272,567,580,000	1,272,567,580,000	-	-	-	-	1,272,567,580,000	1,272,567,580,000
Share premium	18	310,343,798,499	310,343,798,499	-	-	-	-	310,343,798,499	310,343,798,499
Treasury shares	18	(123,551,893)	(327,808,838)	(204,256,945)	-	(443,080,620)	-	(327,808,838)	(770,889,458)
Investment and development fund		3,961,374,994	3,961,374,994	-	-	-	-	3,961,374,994	3,961,374,994
Financial reserve		144,626,530,513	182,241,735,237	37,615,204,724	-	21,331,010,026	-	182,241,735,237	203,572,745,263
Undistributed earnings		515,972,461,055	589,443,929,500	376,152,047,249	(302,680,578,804)	213,310,100,261	(312,879,311,997)	589,443,929,500	489,874,717,764
TOTAL		2,247,348,193,168	2,358,230,609,392	413,562,995,028	(302,680,578,804)	234,198,029,667	(312,879,311,997)	2,358,230,609,392	2,279,549,327,062

NOTES TO THE FINANCIAL STATEMENTS

B09-CTCK

as at and for the year ended 31 December 2015

1. CORPORATE INFORMATION

Ho Chi Minh City Securities Corporation (“the Company”) is a joint stock company incorporated under the Law on Enterprises of Vietnam pursuant to Business Registration Certificate No. 4103001573 issued by the Ho Chi Minh City Department of Planning and Investment on 23 April 2003, Business License No. 11/UBCK-GPHDKD issued by the State Securities Commission on 29 April 2003, and other amended licenses.

The current principal activities of the Company are brokerage services, securities trading, underwriting for share issues, custodian services, finance and investment advisory services, and margin trading services.

The Company’s head office is located at 5th and 6th Floor, AB Tower, 76 Le Lai Street, District 1, Ho Chi Minh City. At 31 December 2015, the Company had branches located in Ho Chi Minh City and Hanoi, and transaction offices in Ho Chi Minh City and Hanoi.

The number of the Company’s employees as at 31 December 2015 was 679 persons (31 December 2014: 573 persons).

2. BASIS OF PREPARATION

2.1 Accounting Standards and System

The financial statements of the Company expressed in Vietnam dong (“dong” or “VND”), are prepared in accordance with accounting regulations applicable to securities companies under Circular No. 95/2008/TT-BTC dated 24 October 2008, Circular No. 162/2010/TT-BTC dated 20 October 2010 which amended Circular No. 95/2008/TT-BTC, and Circular No. 146/2014/TT-BTC dated 20 October 2014 issued by the Ministry of Finance and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

- Decision No. 149/2001/QĐ-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 1);
- Decision No. 165/2002/QĐ-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 2);

- Decision No. 234/2003/QĐ-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 3);
- Decision No. 12/2005/QĐ-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 4); and
- Decision No. 100/2005/QĐ-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 5).

The accompanying balance sheet, income statement, cash flow statement, statement of changes in equity and related notes, including their uses are not designed for those who are not informed about Vietnam’s accounting principles, procedures and practices and furthermore are not intended to present the financial position, results of operations, cash flows and changes in equity in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

Items or balances required by Circular No. 95/2008/TT-BTC dated 24 October 2008 issued by the Ministry of Finance, Circular No. 162/2010/TT-BTC dated 20 October 2010 regarding the amendment and supplement of Circular No. 95/2008/TT-BTC and Circular No. 146/2014/TT-BTC dated 6 October 2014 issued by the Ministry of Finance that are not shown in these financial statements indicate nil balance.

2.2 Registered accounting documentation system

The Company’s applied accounting documentation system is the General Journal system.

2.3 Fiscal year

The Company’s fiscal year starts on 1 January and ends on 31 December.

2.4 Accounting currency

The Company maintains its accounting records in VND.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Change in accounting policies and disclosures

The accounting policies applied to these financial statements are consistent with accounting policies applied to the financial statements for the year ended 31 December 2014, except for the below changes:

On 22 December 2014, the Ministry of Finance issued Circular No. 200/2014/TT-BTC guiding the accounting policies applicable to enterprises in all business lines and economic sectors ("Circular 200"). This Circular is effective for the financial year ended 31 December 2015. The significant changes in Circular 200 are as follows:

Fixed asset liquidation presentation:

- Other gain and loss from fixed asset liquidations is presented at net amount on the income statement.

The following additional disclosures are required in the financial statements:

- Financial investments: Detail of each investments accounting for 10% of the total investment balance and above should be disclosed;
- Trade receivables: Detail of trade receivable accounting for 10% of the total trade receivables balance and above should be disclosed.
- Doubtful debts: Detail of each overdue debt or debt not yet overdue but unlikely to be recovered accounting for 10% the total doubtful debt balance and above should be disclosed by the overdue period, overdue amount, late payment penalty charge; and recoverability.
- Written-off debts: Detail of debt written off within 10 years by customers and rationale for writing off should be disclosed by original currencies and VND.
- Construction in progress: Detail of each construction in progress accounting for 10% the total construction in progress balance and above should be disclosed.

- Trade payables: Detail of each trade payable accounting for 10% total trade payable balance and above should be disclosed by suppliers and overdue rationale,
- General and administrative expenses: Detail of each item accounting for 10% of total general and administrative expenses and above should be disclosed.

The effects of the change in accounting policies in accordance with Circular 200 are applied by the Company on a prospective basis as Circular 200 does not require retrospective application. The Company also reclassifies certain corresponding figures of prior year to align with the presentation of the current year in accordance with Circular 200 as disclosed in Note 30.

3.2 New accounting policies issued but not yet effective

On 30 December 2014, the Ministry of Finance issued Circular No. 210/2014/TT-BTC ("Circular 210") providing the guidance on the accounting regime applicable to securities companies which is more conformity with International Financial Reporting Standards. This Circular defines the accounting documents, chart of accounts, accounting treatments, accounting books, templates of financial statements, guidance of preparation and presentation of financial statements applicable to securities companies. This Circular takes effect from 1 January 2016 and replaces Circular No. 95/2008/TT-BTC dated 24 October 2008 and Circular No. 162/2010/TT-BTC dated 20 October 2010. Significant changes in Circular 210 are as follows:

There are changes in forms of financial statements. Statement of comprehensive income, cash flow statement from brokerage activities and investor's trusted funds are presented separately as part of the basic financial statements.

- Financial assets are classified into four (4) categories as financial assets through profit or loss, financial assets available for sale, financial assets held to maturity and loans. Measurement for each category of financial assets is as follows:
- Financial assets through profit or loss are recognized at fair value;

- Financial assets available for sales are recognized at fair value;
- Financial assets held to maturity are recognized at amortized cost using the effective interest rate;
- Loans are recognized at amortized cost using the effective interest rate. Loans will be classified into five groups and a specific provision is created by using fixed provision rates for each borrower. The Company is also required to fully create and maintain a general provision at 0.75% of total loans classified in groups 1 to 4.

The Company will adopt this standard as from the date the Circular takes effect.

3.3 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks, investors' deposits for securities trading and short-term, highly liquid investments with an original maturity of less than three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

3.4 Receivables

Receivables are initially recorded at cost and subsequently presented at cost in the following periods.

Receivables are subject to review for impairment based on their overdue status or estimated loss of undue receivables from economic entities which fall bankruptcy or are undergoing dissolution procedures; or from debtors who are missing, have fled, are prosecuted, detained or tried by law enforcement bodies, are serving sentences or have deceased. Increase or decrease to the provision balance is recorded as "General and administrative expenses" in the income statement.

Provision for overdue receivables is made in accordance with Circular No. 228/2009/TT-BTC dated 7 December 2009 issued by the Ministry of Finance as follows:

Overdue period	Provision rate
From six (6) months to less than one (1) year	30%
From one (1) year to less than two (2) years	50%
From two (2) years to less than three (3) years	70%
From three (3) years and above	100%

3.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises of its purchase price and any directly attributable costs of bringing the tangible fixed asset to working condition for its intended use.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the income statement as incurred.

When tangible fixed assets are sold or retired, their costs and accumulated depreciation are removed from the balance sheet and any gain or loss resulting from their disposal is included in the income statement.

3.6 Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortization.

The cost of an intangible fixed asset comprises of its purchase price and any directly attributable costs of preparing the intangible fixed asset for its intended use.

Expenditures for additions, improvements are added to the carrying amount of the assets and other expenditures are charged to the income statement as incurred.

When intangible fixed assets are sold or retired, their costs and accumulated amortization are removed from the balance sheet and any gain or loss resulting from their disposal is included in the income statement.

3.7 Depreciation and amortization

Depreciation and amortization of tangible fixed assets and intangible assets are calculated on a straight-line basis over

the estimated useful life of each asset as follows:

Transportation vehicles	6 years
Office equipment	3 - 5 years
Computer software	3 - 4 years

3.8 Operating lease

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

Rentals under operating leases are charged to the income statement on a straight-line basis over the term of the lease.

3.9 Prepaid expenses

Prepaid expenses are reported as short-term or long-term prepaid expenses on the balance sheet and amortized over the period for which the amount are paid or the period in which economic benefit are generated in relation to these expenses.

The following types of expenses are recorded as long-term prepaid expense and are amortized to the income statement over two (02) to forty (40) years:

- Office renovation costs;
- Office rentals; and
- Office equipment costs.

3.10 Investments in securities

According to Circular No. 95/2008/TT-BTC issued by the Ministry of Finance on 24 October 2008, securities companies are allowed to recognize investments in securities at either cost or fair value. Accordingly, the Company has applied the cost method to recognize investments in securities.

3.10.1 Short-term investments in securities

Short-term securities either have recovery period of within one year or are held for trading purposes. These securities are

initially recorded at cost, including purchased costs plus (+) transaction costs (if any) such as brokerage and transaction fee, information fee, taxes, levies and banking fees.

Accrued interest income of debt securities is recognized as a deduction in carrying value of trading securities for the portion incurred before the purchasing date and as an investment income for the amount incurred since the purchasing date.

Trading securities are subject to review for impairment at each balance sheet date. Provision for impairment of trading securities is made when their carrying value is higher than market value. Provision for impairment loss is recognized in "Operating expenses" in the income statement.

3.10.2 Long-term investments in securities

Long-term investments in securities comprise of held-to-maturity securities and available-for-sale securities.

Held-to-maturity securities are non-derivative and have predetermined cash flows and fixed maturities and the Company has intention to hold these securities until the maturity date.

Securities shall not be classified in held-to-maturity category if during the current year or recent two years, a substantial volume of securities is sold or reclassified earlier than their maturities, unless these sales and reclassification are:

- Close to the maturity date;
- The Company recovered a majority of cost of securities according to repayment schedule or received earlier than the maturity date; or
- Subject to a non-controllable event of the Company and this event occurred one time only and unpredictably.

Available-for-sale securities are non-derivative which are not classified as neither held-to-maturity securities nor trading securities.

Long-term investments in securities are measured at cost plus transaction costs directly attributable to the acquisition.

Provision for impairment is recognized in the income statement when there is sufficient objective evidence of the long-term diminution of the investments.

3.11 Provision for impairment of short-term and long-term investment securities

Provision for impairment of investment securities is made for individual stocks when the market values are lower than original costs. Provision amount for transferable securities is the difference between the original cost and market value of those securities at the balance sheet date in accordance with Circular No. 146/2014/TT-BTC issued by the Ministry of Finance on 6 October 2014 regulating the financial mechanism for securities companies, asset management companies. Any increase or decrease in balance of provision is recognized to financial expenses for the year.

For securities listed on the Hanoi Stock Exchange and Ho Chi Minh Stock Exchange their market prices are their closing prices on the trading day preceding the date of provision calculation.

The market price for unlisted securities and securities registered for trading (UpCom) used as a basis for provision calculation which their market prices are their closing prices on the trading day preceding the date of provision calculation.

The market price for unlisted securities and securities unregistered for trading (Upcom) used as a basis for provision calculation is the average of actual trading prices incurred within one month before the date of provision calculation which are quoted by three securities companies.

Securities without reference price used for provision calculation are evaluated for impairment based on financial conditions of issuing entities and book value of securities as at 31 December 2015.

For delisted securities and suspended trading securities from the sixth day afterward, their prices are the book value at the latest financial report date.

3.12 Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase at a specified future date (“repos”) are not derecognized from the financial statements. The corresponding cash received is recognized in the financial statements as a liability. The difference between

the sale price and repurchase price is recognized as interest expense and is accrued over the life of the agreement using the straight-line method.

Conversely, securities purchased under agreements to resell at a specified future date (“reverse repos”) are not recognized in the financial statements. The corresponding cash paid is recognized in the balance sheet as an liability. The difference between the purchase price and resale price is treated as interest income and is accrued over the life of the agreement using the straight-line method. For overdue commitments, the difference shall not be accrued and recognized in the income statement when amount is actually received.

3.13 Payables and accruals

Payables and accruals are recognized as amounts to be paid in the future for goods and services received, whether or not billed to the Company.

3.14 Employee benefits

3.14.1 Post-employment benefits

Post-employment benefits are paid to retired employees of the Company by the Social Insurance Agency which belongs to the Ministry of Labor and Social Affairs. The Company is required to contribute to these post-employment benefits by paying social insurance premium to the Social Insurance Agency at the rate of 18% of an employee’s basic salary on a monthly basis. The Company has no further obligation to fund the post-employment benefits of its employees, other than the liability to pay the Social Insurance Agency on a monthly basis.

3.14.2 Provision for retrenchment allowance

Retrenchment allowance occurs as a result of a constructive obligation to restructure when the Company has a detailed and formal plan for restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it. Retrenchment allowance is provided at the rate of one month’s salary for each working year up to 31 December 2008 and the minimum amount for each employee is two months’ salary in accordance with the Labor Code and related implementing guidance. From 1 January 2009, the average monthly salary used in this calculation is the average monthly

salary of the latest six-month period up to the resignation date. The increase in this provision will be accounted in the income statement.

According to current regulation the Company is obliged Provision for retrenchment allowance fund used to pay for unemployment allowances arising from the termination of labor contracts.

3.14.3 Unemployment benefits

According to current regulation the Company is required to pay unemployment insurance at 1% of salary of employees who participate in the unemployment allowances arising from the termination of labor contracts.

3.15 Foreign currency transactions

Transactions in currencies other than the Company's reporting currency of VND are recorded at the actual transaction exchange rates at transaction dates. At the end of the year, monetary balances denominated in foreign currencies are translated into VND using the actual exchange rates at the balance sheet date which are determined as follows:

- Monetary assets are translated at buying exchange rate of the commercial bank where the Company conducts transactions regularly;
- Monetary liabilities are translated at selling exchange rate of the commercial bank where the Company conducts transactions regularly.

All realized and unrealized foreign exchange differences are taken to the income statement.

3.16 Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss upon purchase, sale, issue or cancellation of the Company's own equity instruments.

3.17 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

The following specific recognition criteria must also be met before revenue is recognized:

Revenue from brokerage investment

Where the contract outcome can be reliably measured, revenue is recognized by reference to the stage of completion. Where the contract outcome cannot be reliably measured, revenue is recognized only to the extent of the expenses recognized which are recoverable.

Revenue from securities trading

Revenue from securities trading is recognized on the basis of the difference between selling price and cost of securities sold.

Revenue from securities repurchase and reverse repurchase agreements.

Revenue from securities repurchase and reverse repurchase agreements is recognized over the life of the agreement using the straight-line method.

Interest income

Revenue is recognized as the interest accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

Dividend

Income is recognized when the Company's entitlement as an investor to receive the dividend is established, except for dividend received in shares which only changing number of shares is reflected the Company's investment portfolio.

Rendering of other services

Where the contract outcome can be reliably measured, revenue is recognized by reference to the stage of completion.

Where the contract outcome cannot be reliably measured, revenue is recognized only to the extent of the expenses recognized which are recoverable.

3.18 Cost of securities sold

The Company applies the moving weighted average method to calculate cost of equity securities sold and the specific identification method to calculate cost of debt securities sold.

3.19 Taxation

Current income tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted as at the balance sheet date.

Current income tax is charged or credited to the income statement, except when it relates to items recognized directly to equity, in which case the current income tax is also dealt with in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Company to set off current tax assets against current tax liabilities and when the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred income tax

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the related transaction affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against deductible temporary differences. Carried forward unused tax credit and unused tax losses can be used, except where the deferred tax asset in respect of deductible temporary difference arising from the initial recognition of an asset or liability at the time of the related transaction, which affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset

to be utilized. Previously unrecognized deferred income tax assets are re-assessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date.

Deferred tax is charged or credited to the income statement, except when it relates to items recognized directly to equity, in which case the deferred tax is also dealt with in the equity account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Company to off-set current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on:

- either the same taxable entity; or
- When the Company intends to either settle current tax liabilities and assets on a net basis or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered

3.20 Statutory reserves

According to Circular No. 146/2014/TT-BTC issued by the Ministry of Finance on 6 October 2014, securities companies are required to make appropriation of profit after tax to make the following reserves:

	PERCENTAGE OF PROFIT AFTER TAX	MAXIMUM LEVEL
Charter capital supplementary reserve	5%	10% of share capital
Financial and operational risk reserve	5%	10% of share capital

Supplementary capital reserve is used to supplement annual Charter capital of the Company.

Financial reserve is used to compensate for remaining loss, property damage arising in business after receiving indemnity from related organization, individual, insurance company.

Other reserves are created in accordance with the resolution of the shareholders at the Company's Annual General Meeting.

3.21 Appropriation of net profits

Net profit after tax (excluding negative goodwill arising from a bargain purchase) is available for appropriation to investors/shareholders after approval by the shareholders at the Annual General Meeting, and after making appropriation to reserve funds as required by the Company's Charter and Vietnam's regulatory requirements.

4. CASH AND CASH EQUIVALENTS

VND

	ENDING BALANCE	BEGINNING BALANCE
Cash on hand	720,277,993	719,861,313
Cash at banks	656,436,541,584	1,716,340,268,863
In which:		
- Cash of the Company	163,426,982,820	996,111,796,568
- Investors' deposits for securities trading (Note 18)	493,009,558,764	720,228,472,295
TOTAL	657,156,819,577	1,717,060,130,176

5. VALUE AND VOLUME OF TRADING RESULTS IN THE YEAR

VND

	TRADING VOLUME IN THE YEAR (UNITS)	TRADING VALUE IN THE YEAR (VND)
a. Trading results of the Company	177,805,492	4,738,870,993,100
- Shares	160,405,492	2,805,456,193,100
- Bonds	17,400,000	1,933,414,800,000
	6,922,034,606	185,567,134,950,845
	6,393,662,885	130,349,625,951,900
b. Trading results of the investors	528,371,721	55,217,508,998,945
- Shares		
- Bonds		
TOTAL	7,099,840,098	190,306,005,943,945

6. FINANCIAL INVESTMENTS (CONTINUED)

6.1 Held-for-trading securities

					VND
	QUANTITY (UNIT)	COST VND	COMPARED TO THE MARKET VALUE		TOTAL MARKET VALUE VND
			Increase VND	Decrease VND	
Short-term investments					
- Listed shares	3,881,919	80,432,079,611	704,296,557	(7,516,485,414)	73,619,890,754
- Unlisted shares	4,541,535	109,647,270,048	490,925,954	(50,387,990,751)	59,750,205,251
TOTAL	8,423,454	190,079,349,659	1,195,222,511	(57,904,476,165)	133,370,096,005

Movements of provision for impairment of short-term investments during the year are as follows:

	VND	
	CURRENT YEAR	PRIOR YEAR
Beginning balance	82,246,623,025	45,382,091,656
Provision charged (<i>Notes 21</i>)	25,449,339,849	44,894,071,082
Reversal of provision (<i>Notes 21</i>)	(49,791,486,709)	(8,029,539,713)
Ending balance	57,904,476,165	82,246,623,025

6.2 Details of provision for impairment for short-term investments

VND

Items	CARRYING VALUE		COMPARED TO MARKET VALUE		TOTAL MARKET VALUE	
	Ending year	Beginning year	Ending year	Beginning year	Ending year	Beginning year
Listed shares	62,884,748,314	131,290,627,290	(7,516,485,414)	(5,420,132,273)	55,368,262,900	125,870,495,017
Hoa Phat Group Joint Stock Company (HPG)	20,394,096,921	20,683,396,020	(1,395,535,139)	-	18,998,561,782	20,683,396,020
Thanh Cong textile Joint Stock Company (TCM)	17,135,433,133	189,506	(2,016,175,133)	-	15,119,258,000	189,506
Ho Chi Minh City Infrastructure Investment Joint Stock Company (CII)	12,125,701,577	165,300	(1,204,739,173)	-	10,920,962,404	165,300
Viettronics Tan Binh Joint Stock Company (VTB)	8,168,464,264	8,469,329,905	(2,549,526,264)	(2,777,875,647)	5,618,938,000	5,691,454,258
Other shares	5,061,052,419	102,137,546,559	(350,509,705)	(2,642,256,626)	4,710,542,714	99,495,289,933
Unlisted shares	70,241,999,502	107,434,499,502	(50,387,990,751)	(76,826,490,752)	19,854,008,751	30,608,008,750
Dong A Commercial Joint Stock Bank	16,967,999,502	16,967,999,502	(11,425,935,501)	(11,425,935,502)	5,542,064,001	5,542,064,000
Tan Binh Real Estate Joint Stock Company	12,025,000,000	12,025,000,000	(5,715,000,000)	(5,715,000,000)	6,310,000,000	6,310,000,000
Ca Mau Seafood Joint Stock Company	10,950,000,000	10,950,000,000	(10,365,030,000)	(10,365,030,000)	584,970,000	584,970,000
Minh Hai Export Frozen Seafood Processing Joint-Stock Company	8,000,000,000	8,000,000,000	(7,670,000,000)	(7,670,000,000)	330,000,000	330,000,000
Special Aquatic Products Joint-Stock Company	7,550,000,000	7,550,000,000	(5,389,983,000)	(5,389,983,000)	2,160,017,000	2,160,017,000
Vass Assurance Corporation	5,442,600,000	5,442,600,000	(4,302,600,000)	(4,302,600,000)	1,140,000,000	1,140,000,000
Saigon Postel Corp.,	4,406,400,000	4,406,400,000	(2,205,560,000)	(2,205,560,000)	2,200,840,000	2,200,840,000
Can Tho Import - Export Seafood Joint Stock Company	4,900,000,000	4,900,000,000	(3,313,882,250)	(3,313,882,250)	1,586,117,750	1,586,117,750
Other shares	-	37,192,500,000	-	(26,438,500,000)	-	10,754,000,000
TOTAL	133,126,747,816	238,725,126,792	(57,904,476,165)	(82,246,623,025)	75,222,271,651	156,478,503,767

7. SHORT-TERM RECEIVABLES

7.1 SHORT TERM RECEIVABLES

VND

Items	BEGINNING BALANCE			MOVEMENTS DURING THE YEAR		ENDING BALANCE			
	Total	Overdue	Doubtful	Increase	Decrease	Total	Overdue	Doubtful	Provision
1. Trade receivables	1,796,217,100	-	1,275,517,100	151,692,912,108	(151,971,792,695)	1,517,336,513	-	1,275,517,100	1,275,517,100
- Advisory services	1,666,350,000	-	1,145,650,000	11,515,444,395	(11,794,468,395)	1,387,326,000	-	1,145,650,000	1,145,650,000
- Securities investments	129,867,100	-	129,867,100	140,177,324,300	(140,177,324,300)	129,867,100	-	129,867,100	129,867,100
- Others	-	-	-	143,413	-	143,413	-	-	-
2. Advance to suppliers	3,941,320,615	-	-	3,374,485,058	(6,804,155,565)	511,650,108	-	-	-
3. Receivables from securities trading	2,025,959,756,897	-	15,443,787,994	349,054,303,577,227	(348,399,981,680,087)	2,680,281,654,037	-	15,443,787,994	15,443,787,994
- Margin trading (i)	1,343,689,148,244	-	-	146,665,487,827,600	(145,504,753,083,888)	2,504,423,891,956	-	-	-
- Clearing and settlement of securities trading with VSD (ii)	639,046,907,550	-	-	197,282,511,326,433	(197,901,762,024,923)	19,796,209,060	-	-	-
- Advances to investors (iii)	42,977,170,002	-	15,443,787,994	4,720,841,249,694	(4,643,718,749,128)	120,099,670,568	-	15,443,787,994	15,443,787,994
- Receivables from foreign investors	246,531,101	-	-	98,795,594,606	(98,565,340,438)	476,785,269	-	-	-
- Receivables from investors for securities trading(iv)	-	-	-	286,667,578,894	(251,182,481,710)	35,485,097,184	-	-	-
4. Other receivables	6,487,513,595	-	-	13,808,453,467	(16,599,602,163)	3,696,364,899	-	-	-
- Interest receivables from bank deposits	5,204,636,976	-	-	4,517,919,741	(7,543,983,105)	2,178,573,612	-	-	-
- Reverse repurchase agreements of shares (v)	1,164,000,000	-	-	-	-	1,164,000,000	-	-	-
-Others	118,876,619	-	-	9,290,533,726	(9,055,619,058)	353,791,287	-	-	-
TOTAL	2,038,184,808,207	-	16,719,305,094	349,223,179,427,860	(348,575,357,230,510)	2,686,007,005,557	-	16,719,305,094	16,719,305,094

(i) These represent receivables under securities margin trading contracts which are secured by investors' securities portfolio or assets. Contract duration is less than three (3) months and interest rate was from 9.5% to 14.6% per year as at 31 December 2015.

(ii) These represent receivables from Vietnam Securities Depository for clearing and settlement of securities trading of investors in last three days of the year.

(iii) This account includes doubtful debts of VND15,443,787,994 relating to the purchase of shares of a company which occurred in previous years and provision for doubtful debts was fully provided.

(iv) These represent receivables relating to the purchase of shares of Saigon Beer-Alcohol-Beverage Joint Stock Corporation which have not yet been transferred the ownership to the Company.

(v) These represent receivables relating to repurchase and reverse repurchase agreements. The Company has received ownership of these securities. At the date of the financial statements, these securities are not impaired.

7.2 Provision for doubtful receivables

VND

	CURRENT YEAR	PREVIOUS YEAR
Beginning balance	16,719,305,094	23,315,965,094
Reversal of provision for the year (Notes 22)	-	(6,596,660,000)
Ending balance	16,719,305,094	16,719,305,094

8. BAD DEBTS

VND

	ENDING BALANCE		BEGINNING BALANCE	
	Recoverable		Recoverable	
	Cost	amount	Cost	amount
Debtor Individual customer (*)	15,443,787,994	-	15,443,787,994	-
Others	1,275,517,100	-	1,275,517,100	-
Total	16,719,305,094	-	16,719,305,094	-

(*) This includes doubtful debts relating to the purchase of shares of a company that investors failed to repay the obligation which occurred in previous years and provision for doubtful debts was fully provided.

9. TANGIBLE FIXED ASSETS

VND

	TRANSPORTATION VEHICLES	OFFICE EQUIPMENT	TOTAL
Cost:			
Beginning balance	3,474,189,544	36,729,832,902	40,204,022,446
Additions	-	4,425,599,045	4,425,599,045
Disposal	-	(1,232,468,871)	(1,232,468,871)
Ending balance	3,474,189,544	39,922,963,076	43,397,152,620
In which:			
Fully depreciated	2,342,966,144	32,240,166,356	34,583,132,500
Accumulated depreciation:			
Beginning balance	2,608,534,626	33,216,398,869	35,824,933,495
Depreciation for the year	188,537,232	3,209,180,683	3,397,717,915
Disposal	-	(1,232,468,871)	(1,232,468,871)
Ending balance	2,797,071,858	35,193,110,681	37,990,182,539
Net carrying amount:			
Beginning balance	865,654,918	3,513,434,033	4,379,088,951
Ending balance	677,117,686	4,729,852,395	5,406,970,081

10. INTANGIBLE FIXED ASSETS

VND

		COMPUTER SOFTWARE
Cost:		
Beginning balance		23,089,878,017
Additions		5,373,871,183
Ending balance		28,463,749,200
In which:		
Fully amortized		21,494,156,067
Accumulated amortization:		
Beginning balance		21,455,878,843
Amortization for the year		2,109,172,390
Ending balance		23,565,051,233
Net carrying amount:		
Beginning balance		1,633,999,174
Ending balance		4,898,697,967

11. PREPAID EXPENSES

VND

	ENDING BALANCE	BEGINNING BALANCE
Short-term		
Tools and supplies	1,250,712,942	1,217,939,176
Prepaid operating lease	995,775,902	499,139,705
Maintenance expense	922,614,939	522,090,724
Software license	345,556,804	152,343,994
Office renovation	300,833,876	318,328,768
Others	822,224,493	923,416,769
	4,637,718,956	3,633,259,136
Long-term		
Prepaid office rentals	98,201,690,504	102,144,206,606
Office renovation cost	1,174,321,586	199,544,147
Office tools and equipment	136,277,778	343,369,022
	99,512,289,868	102,687,119,775
TOTAL	104,150,008,824	106,320,378,911

Prepaid office rentals mainly include the unamortized portion of the full prepayment for lease of 1,802 square meters at AB Tower for the remaining period of 35 years. Movements of prepaid expenses during the year are as follows:

VND

	CURRENT YEAR	PREVIOUS YEAR
Short term	3,633,259,136	6,110,580,511
Beginning balance	35,778,815,895	26,020,747,717
Increased in year	39,412,075,031	32,131,328,228
Amortization for the year	(34,774,356,075)	(28,498,069,092)
Ending balance	4,637,718,956	3,633,259,136
Long term		
Beginning balance	102,687,119,775	107,738,117,777
Increased in year	1,515,345,740	629,800,676
Amortization for the year	(4,690,175,647)	(5,680,798,678)
Ending balance	99,512,289,868	102,687,119,775
TOTAL	104,150,008,824	106,320,378,911

12. ADVANCE TO SETTLEMENT ASSISTANCE FUND

Advance to Settlement Assistance Fund represent deposits at the Vietnam Securities Depository.

According to Decision No. 45/QĐ-VSD dated 22 May 2014 issued by the Vietnam Securities Depository, the Company is required to deposit an initial amount of VND120 million and make an annual additional contribution of 0.01% of total value trading of dealing and brokered securities in prior year but not exceed VND2,500 million per year, with total contribution not exceed VND20 billion.

Movements of advance to Settlement Assistance Fund during the year are as follows:

VND

Initial contribution	120,000,000
Total additional contribution up to 2014	10,735,293,399
Total interest received up to 2014	3,477,289,911
Balance as at 31 December 2014	14,332,583,310
Additional contribution in 2015	1,685,466,261
Interest received in 2015	814,533,739
Balance as at 31 December 2015	16,832,583,310

13. OTHER LONG-TERM ASSETS

This represents long-term deposits for the leases of the Company's offices.

14. SHORT-TERM LOANS

This represents long-term deposits for the leases of the Company's offices.

VND

	OPENING BALANCE (RESTATED)	MOVEMENT IN YEAR	ENDING BALANCE			
	Amount	Repayable amount	Increase	Payment	Amount	Repayable amount
Short-term loans						
Bank loans (i)	-	-	900,000,000,000	(500,000,000,000)	400,000,000,000	400,000,000,000
Bank overdrafts (ii)	210,437,041,099	210,437,041,099	222,166,147,373	(178,499,983,691)	254,103,204,781	254,103,204,781
TOTAL	210,437,041,099	210,437,041,099	1,122,166,147,373	(678,499,983,691)	654,103,204,781	654,103,204,781

(i) Loans have term of one month, bear interest at rate 7% per annum.

(ii) Bank overdrafts bear interest at rate ranging from 5.8% to 6.3% per annum.

15. STATUTORY OBLIGATIONS

VND

ITEMS	BEGINNING BALANCE	PAYABLE IN THE YEAR	PAID IN THE YEAR	ENDING BALANCE
Payables				
Corporate income tax (Note 23)	15,675,689,311	58,190,091,220	54,941,674,651	18,924,105,880
Personal income tax of investors	4,622,512,213	45,972,910,377	47,113,063,269	3,482,359,321
Corporate income tax of foreign investors	2,404,746,569	18,868,435,558	18,413,197,318	2,859,984,809
Foreign contractor withholding tax	1,174,457,245	2,856,933,805	3,070,471,278	960,919,772
Personal income tax of the employees	950,764,440	16,239,017,735	16,418,777,791	771,004,384
Value added tax	176,101,175	1,142,359,294	933,802,690	384,657,779
Business registered tax	-	10,000,000	10,000,000	-
TOTAL	25,004,270,953	143,279,747,989	140,900,986,997	27,383,031,945

16. ACCRUED EXPENSES

VND

	ENDING BALANCE	BEGINNING BALANCE
Short-term		
Allowance for working performance payable to employees	12,000,000,000	18,000,000,000
Brokerage fee payables to Stock Exchange	3,953,370,562	4,413,444,803
Other accrued expenses	1,112,949,236	2,095,629,792
TOTAL	17,066,319,798	24,509,074,595

17. OTHER PAYABLES

VND

	ENDING BALANCE	BEGINNING BALANCE
Short-term		
Dividend payable to shareholders	67,479,807,249	67,067,361,859
Trade union fee	2,569,676,745	1,970,347,488
Unemployment insurance	100,888,151	58,817,736
Social insurance and health insurance	40,757,550	109,286,769
Other payables	1,859,068,906	1,495,242,070
TOTAL	72,050,198,601	70,701,055,922
In which:		
Payable to other parties	33,660,793,601	32,311,650,922
Payable to related parties (Note 24)	38,389,405,000	38,389,405,000

18. PAYABLES FOR SECURITIES TRADING

VND

	ENDING BALANCE	BEGINNING BALANCE
Investors' deposits for securities trading	493,009,558,764	720,228,472,295
Payables to investors for selling transactions	16,585,598,900	639,100,199,500
Deposits for purchasing of shares	17,170,000,000	7,171,200,000
Other payables	98,873,437	-
TOTAL	526,864,031,101	1,366,499,871,795
In which:		
Payable to other parties	526,839,400,335	1,366,475,453,310
Payable to related parties (Note 24)	24,630,766	24,418,485

19. OWNERS' EQUITY

19.1 SHARE CAPITAL

VND

	ENDING BALANCE	BEGINNING BALANCE
Contributed by shareholders	1,272,567,580,000	1,272,567,580,000
Share premium	310,343,798,499	310,343,798,499
Treasury shares	(770,889,458)	(327,808,838)
TOTAL	1,582,140,489,041	1,582,583,569,661

19.2 DIVIDENDS

VND

	CURRENT YEAR	PREVIOUS YEAR
Dividends paid during the year		
2 nd dividends for 2014: VND1,600 per share	203,181,544,555	-
1 st dividends for 2014: VND500 per share	63,504,428,955	-
2 nd dividends for 2013: VND1,200 per share	-	152,426,341,195
Dividends paid for previous years	-	19,200,000
TOTAL	266,685,973,510	152,445,541,195

19.3 SHARES

VND

	ENDING BALANCE SHARE	BEGINNING BALANCE SHARE
Authorized shares	127,256,758	127,256,758
Issued shares	127,256,758	127,256,758
Issued and paid-up shares		
Ordinary shares	127,256,758	127,256,758
Treasury shares		
Held by the Company		
Ordinary shares	71,341	27,175
Outstanding shares		
Ordinary shares	127,185,417	127,229,583

20. OTHER REVENUE

VND

	CURRENT YEAR	PREVIOUS YEAR
Revenue from margin trading	219,351,065,116	244,351,278,978
Interest income from bank deposits	54,718,577,175	67,240,846,714
Revenue from advances to investors	3,285,351,413	4,434,997,453
Revenue from reverse repurchase agreements	-	3,040,279,838
Other revenues	1,574,822,296	2,326,621,008
TOTAL	278,929,816,000	321,394,023,991

21. OPERATING EXPENSES

VND

	CURRENT YEAR	PREVIOUS YEAR
Employees cost	88,478,764,888	92,922,418,194
Brokerage expenses	54,902,667,474	59,515,773,909
Loss on securities trading	49,496,478,969	16,384,828,032
External services	27,418,066,016	26,494,009,818
External management consultancy fee	9,757,443,491	12,560,055,469
Interest expenses	7,390,345,537	2,302,083,333
Security custodian expenses	4,025,649,485	3,559,399,407
Material and tool expenses	2,870,443,429	1,279,280,378
Depreciation and amortization	2,176,177,440	1,645,673,885
Other expenses	1,540,010,818	4,569,998,112
Cost of repurchase agreements of bonds	-	4,186,202,543
Provision for impairment of investments	25,449,339,849	44,894,071,082
Reversal of provision for impairment of investments	(49,791,486,709)	(8,029,539,713)
TOTAL	223,713,900,687	262,284,254,449

22. GENERAL AND ADMINISTRATIVE EXPENSES

VND

	CURRENT YEAR	PREVIOUS YEAR
Employees cost	52,910,472,825	54,000,342,982
Office rental	20,079,286,165	15,486,840,239
External services	15,860,913,409	17,405,906,453
Depreciation and amortization	3,330,712,865	2,609,552,676
Office supplies	730,844,250	652,149,080
Office renovation expenses	445,755,732	415,980,096
Taxes and other fees	337,145,376	251,997,184
Other expenses	2,257,792,461	3,181,612,667
Reversal of provision for doubtful debts	-	(6,596,660,000)
TOTAL	95,952,923,083	87,407,721,377

23. CORPORATE INCOME TAX

The Company has the obligation to pay corporate income tax ("CIT") at the rate of 22% of taxable profits (2014: 22%).

The Company's tax reporting will be subject to inspection by the tax authorities. Because the application of laws and regulations on taxes on different types of transactions can be interpreted in different ways, the tax amounts presented on the financial statements can be changed by the final decision of the tax authorities.

23.1 CURRENT CORPORATE INCOME TAX EXPENSE

VND

	CURRENT YEAR	PREVIOUS YEAR
Current tax expense	58,810,888,290	105,295,358,840
Adjustment for reversal of OTC impairment provision made in 2008	(620,797,070)	-
TOTAL	58,190,091,220	105,295,358,840

The current tax payable is based on taxable profit for the current year. The taxable profit of the Company for the year differs from the profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

Provision for current income tax expense is computed as follows:

VND

	CURRENT YEAR	PREVIOUS YEAR
Profit before tax	271,500,191,481	481,447,406,089
Adjustments to increases (decreases) accounting profit		
Non-deductible expenses	1,154,767,860	1,292,420,014
Tax-exempt dividend income	(5,332,739,846)	(4,124,558,645)
Current taxable profit	267,322,219,495	478,615,267,458
Estimated current CIT	58,810,888,290	105,295,358,840
Adjustment for reversal of OTC impairment provision made in 2008	(620,797,070)	-
Estimated current CIT payable during the year	58,190,091,220	105,295,358,840
CIT payable at the beginning of the year	15,675,689,311	33,962,434,683
CIT paid during the year	(54,941,674,651)	(123,582,104,212)
CIT payable at the end of the year	18,924,105,880	15,675,689,311

23.2 DEFERRED CORPORATE INCOME TAX

There was no deferred tax recognized as at 31 December 2015 since there are no significant identified temporary differences between the carrying value and the tax base of assets and liabilities in the financial statements.

24. TRANSACTIONS WITH RELATED PARTIES

List of the related parties and the relationship with the Company are as follows:

RELATED PARTIES	RELATIONSHIP
Dragon Capital Markets Limited (DC)	Strategic shareholder – holding 30.87% of share capital. The Company's Vice Chairman of the Board of Directors is the Deputy General Director of DC. The Company's member of the Board of Directors, cum Chief Executive Officer is representative for DC's shares.
Ho Chi Minh Finance and Investment State-owned Company (HFIC)	Strategic shareholder – holding 29.47% of share capital. The Company's Vice Chairman of the Board of Directors is the Deputy Director of HFIC. The Company's member of the Board of Directors is Deputy Head of Finance and accounting Department at HFIC.
Vietnam Debt Fund SPC (VDF)	DC's subsidiary
Vietnam Enterprise Investments	DC's subsidiary
Amersham Industries Limited	DC's subsidiary
Vietnam Property Fund Limited	DC's subsidiary
Cam Vietnam Mother Fund	DC's subsidiary
DC Developing Markets Strategies Public Limited Company	DC's subsidiary

Significant transactions with related parties during the year are as follows:

VND

RELATED PARTIES	TRANSACTIONS	CURRENT YEAR	PREVIOUS YEAR
Dragon Capital Markets Limited (DC)	Paid dividend	82,485,501,000	66,773,977,000
	Brokerage service - Selling securities	70,436,770,000	115,725,500,000
	Advisory expenses	9,618,991,691	10,710,271,469
	Brokerage income	105,655,155	23,145,100
	Selling bonds	-	55,583,000,000
	Brokerage service - Purchasing securities	-	30,150,000,000
Ho Chi Minh City Fund and Investment Corporation (HFIC)	Paid dividend	78,750,000,000	63,750,000,000
	Brokerage service - Selling securities	-	54,776,917,000
	Brokerage income	-	82,165,414
Vietnam Debt Fund SPC.	Brokerage service - Purchasing securities	312,443,000,000	55,583,000,000
	Brokerage service - Selling securities	305,571,036,000	234,358,000,000
	Brokerage income	164,906,482	57,988,200
	Purchasing bonds under reverse repurchase agreement	-	50,000,000,000
	Selling bonds under repurchase agreement	-	45,201,933,330

Significant transactions with related parties during the year are as follows (continued):

VND

RELATED PARTIES	TRANSACTIONS	CURRENT YEAR	PREVIOUS YEAR
Vietnam Enterprise Investments Limited	Brokerage service - Selling securities	852,530,825,880	1,108,671,899,800
	Brokerage service - Purchasing securities	295,550,719,600	626,913,839,100
	Brokerage income	1,722,122,409	2,603,378,913
Cam Vietnam Mother Fund	Brokerage service - Selling securities	298,402,500,000	425,575,360,752
	Brokerage service - Purchasing securities	198,587,753,000	78,901,910,000
	Brokerage income	723,417,899	686,055,914
Amersham Industries Limited	Brokerage service - Selling securities	573,694,428,940	957,086,392,360
	Brokerage service - Purchasing securities	177,658,936,820	270,424,735,000
	Brokerage income	1,127,030,325	1,901,266,983
Vietnam Property Fund Limited	Brokerage service - Selling securities	64,959,176,200	112,611,773,480
	Brokerage income	97,438,764	168,917,661
DC Developing Markets Strategies Public Limited Company	Brokerage service - Selling securities	85,969,849,300	43,765,257,000
	Brokerage service - Purchasing securities	47,363,399,000	72,622,537,000
	Brokerage income	199,999,952	174,581,761
The Board of Directors, the Board of Supervisors and the Board of Management	Remuneration and salary	17,546,041,623	18,398,371,308

Amounts due to related parties at the balance sheet date are as follows:

VND

RELATED PARTIES	TRANSACTIONS	ENDING BALANCE	BEGINNING BALANCE
Dragon Capital Markets Limited (DC)	Dividend payable	(19,639,405,000)	(19,639,405,000)
Ho Chi Minh City Fund and Investment Corporation (HFIC)	Dividend payable	(18,750,000,000)	(18,750,000,000)
	Deposits for trading securities	(24,630,766)	(24,418,485)

25. SEGMENT INFORMATION LIST OF THE RELATED PARTIES AND THE RELATIONSHIP WITH THE COMPANY ARE AS FOLLOWS:

Business segment

Information of business segment's revenue, profit, assets and liabilities of the Company as below:

VND

	BROKERAGE AND CUSTOMER SERVICES	TRADING	ADVISORY SERVICES	TREASURY ACTIVITIES	OTHER SEGMENTS	UNALLOCATED	TOTAL
For the financial year ended 31 December 2015							
1. Revenue from operating activities	266,028,537,216	35,025,916,039	11,154,708,555	277,354,993,704	1,574,822,296	-	591,138,977,810
2. Direct costs	101,101,518,819	30,875,079,389	5,548,680,052	175,995,681,833	638,973,372	-	314,159,933,465
3. Depreciation and amortization	2,295,180,408	21,880,404	14,288,568	3,164,053,449	11,487,476	-	5,506,890,305
Other profit	-	-	-	-	28,037,441	-	28,037,441
Profit before tax	162,631,837,989	4,128,956,246	5,591,739,935	98,195,258,422	952,398,889	-	271,500,191,481
As at 31 December 2015							
1. Segment assets	93,344,545,636	132,174,873,494	1,387,326,000	3,253,384,819,724	991,738,303	-	3,481,283,303,157
2. Allocated assets	88,160,519,140	1,122,042,972	1,602,918,530	1,763,210,382	16,189,477,150	-	108,838,168,174
3. Unallocated assets	-	-	-	-	-	6,461,956,833	6,461,956,833
Total assets	181,505,064,776	133,296,916,466	2,990,244,530	3,255,148,030,106	17,181,215,453	6,461,956,833	3,596,583,428,164
1. Segment liabilities	531,223,994,522	-	-	655,006,842,053	964,638,682	-	1,187,195,475,257
2. Unallocated liabilities	-	-	-	-	-	129,838,625,845	129,838,625,845
Total liabilities	531,223,994,522	-	-	655,006,842,053	964,638,682	129,838,625,845	1,317,034,101,102

Geographical segment

All operations of the Company are taken place within Vietnam territory.

26. OPERATING LEASE COMMITMENTS

The Company leases its offices under operating lease agreements as at 31 December 2015 as follows:

In Ho Chi Minh City:

- Head office at 5th and 6th Floor, AB Tower at 76 Le Lai, Ben Thanh Ward, District 1.
- Branch office at 1st Floor, 6 Thai Van Lung, Ben Nghe Ward, District 1.
- Transaction office at 569-571-573 Tran Hung Dao, Cau Kho Ward, District 1.
- Transaction office at 633 Nguyen Trai, Ward 11, District 5.
- Transaction office at Ground Floor, Centre Point Building, 106 Nguyen Van Troi, Ward 8, Phu Nhuan District.

- Warehouse for archiving documents at 81, Street No.42, Binh Trung Dong Ward, District 2.

In Hanoi:

- Branch office at 66A Tran Hung Dao, Tran Hung Dao Ward, Hoan Kiem District.
- Transaction office at 18th floor, VCCI Building, No.9, Dao Duy Anh Street, Phuong Mai Ward, Dong Da District, Hanoi
- Transaction office at 6th Floor, Vinaconex Building, 34 Lang Ha, Lang Ha Ward, Dong Da District.
- Warehouse for archiving documents at P803, 8th Floor CT5, Me Tri Commune, Tu Liem District.

As at the balance sheet date, the operating lease commitment payables under the operating lease agreements as follow:

VND

	ENDING BALANCE	BEGINNING BALANCE
Less than 1 year	14,971,363,980	10,113,773,140
From 1 - 5 years	32,425,760,135	23,221,002,507
Over 5 years	-	354,665,228
TOTAL	47,397,124,115	33,689,440,875

27. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit after tax for the year attributable to ordinary shareholders of the Company (after adjusting for the bonus and welfare fund) by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit after tax attributable to ordinary equity holders of the Company (after adjusting for interest

on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations.

	CURRENT YEAR	PREVIOUS YEAR (RESTATED)
Net profit after tax - VND	213,310,100,261	376,152,047,249
Bonus and welfare fund	-	20,688,362,599
Net profit attributable to ordinary equity holders for calculation of basic earnings per share - VND	213,310,100,261	355,463,684,650
Weighted average number of ordinary shares for basic earnings per share calculation	127,201,122	127,232,806
Basic earnings per share - VND	1,677	2,794
Diluted earnings per share - VND	1,677	2,794

According to resolution of shareholders meeting No.01/2015/NQ-ĐHCD at 16 April 2015, the Company has made an adjustment and restatement of profit used to calculate earnings per share in the 2014 financial statements to reflect the creation of actual bonus and welfare fund for the year ended 31 December 2014.

Profit used to compute earning per share for 2015 was not adjusted for the creation of 2015 bonus and welfare as resolution of the shareholders meeting on the distribution of the profit after tax of the current year is not yet available.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company implements a comprehensive risk management framework as follows:

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risks: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits and available-for-sale investments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to market risk for changes in interest rate relates primarily to the Company's cash and short-term deposits. These investments are mainly short term in nature and they are not held for speculative purposes.

The Company manages interest rate risk by looking at the competitive structure of the market to obtain rates which are favorable for its purposes within its risk management limits.

A sensitivity analysis has not been performed for interest rate risk at 31 December 2015 as the Company's exposure to interest-rate risk is minimal or debts bear fixed interest rate at reporting date.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's Operating activities (when revenue or expense is denominated in a different currency from the Company's accounting currency).

Foreign currency risk is low since most of all the Company's assets and liabilities are in Vietnam dong.

Equity price risk

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainty about future values of the investment securities. The Company manages the stock price risk by setting limits on stock investments. The Board of Directors of the Company also reviews and approves all investment decisions on stocks.

As at reporting date, the exposure to listed equity securities at fair value was VND80,432,079,611 (31 December 2014):

VND131,920,049,245). A decrease of 10% on the stock market index would result in a decrease in the profit after tax of the Company by VND6,273,702,210 (31 December 2014: VND10,289,763,841), depending on the significance or period of decrease, and also depending on whether the holding status of the portfolio have significant impact on the market index. An increase of 10% on those stock market index would result in an increase in the profit after tax of the company VND6,273,702,210 (as at 31 December 2014: VND10,289,763,841).

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables from margin trading transactions) and from its financing activities, including deposits with banks and other financial instruments.

Trade receivables

Customer credit risk is managed by the Company based on its established policy, procedures and control relating to customer credit risk management.

Outstanding customer receivables are regularly monitored. The requirement for impairment is analyzed at each reporting date on an individual basis for major clients. The Company has maintained strict control over its outstanding receivables and has a credit control department to minimize credit risk. The margin call is conducted on time and complies with the nature of the margin product.

In view of the aforementioned and the fact that the Company's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Bank deposits

The Company's bank balances are mainly maintained with well-known banks in Vietnam. Credit risk from balances with banks is managed by the Company's treasury department in accordance with the Company's policy. The Company's maximum exposure to credit risk for the components of the balance sheet at each reporting dates are the carrying amounts as illustrated in Note 4. The Company evaluates the concentration of credit risk in respect to bank deposit as low.

Liquidity risk

The liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligation due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of maturities of financial assets and liabilities.

The Company monitors its liquidity risk by maintain a level of cash and cash equivalents and bank loans deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual discounted payments:

VND

	ON DEMAND	LESS THAN 1 YEAR	TOTAL
Ending balance			
Short-term loans and borrowings	-	654,103,204,781	654,103,204,781
Payables to securities transactions	509,694,031,101	17,170,000,000	526,864,031,101
Other short-term payables	2,132,789,448	70,650,748,906	72,783,538,354
Accrued expenses	-	5,066,319,798	5,066,319,798
	511,826,820,549	746,990,273,485	1,258,817,094,034
Beginning balance			
Payables to securities transactions	1,359,328,671,795	7,171,200,000	1,366,499,871,795
Other short-term payables	2,751,650,573	68,995,722,012	71,747,372,585
Accrued expenses	-	6,509,074,595	6,509,074,595
	1,362,080,322,368	82,675,996,607	1,444,756,318,975

The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

Collateral

The Company used its receivables to guarantee for the loans at HD Bank (Note 14).

The Company holds the securities of customers as the collateral assets for its receivables at 31 December 2015 and 31 December 2014.

29. ADDITIONAL PRESENTATION AND DISCLOSURE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The following shows the additional presentation and disclosure of financial instruments as required by Circular No. 210/2009/TT-BTC.

Financial assets

Financial assets of the Company under the Circular No. 210/2009/TT-BTC comprise cash, deposits at credit institutions, trading and investment securities, receivables and other assets under monetary derivative contracts.

According to Circular No. 210/2009/TT-BTC, financial assets are classified appropriately, for the purpose of explanation in the financial statements, into one of the following categories:

Financial asset recognized at fair value through profit and loss:

Is one that satisfies either of the following conditions:

- a) Being classified as held for trading. A financial asset will be classified as securities held for trading if:
 - It is purchased or created mainly for the purpose of resale/redemption in a short term; or
 - There is an evidence that such instrument is traded for the purpose of gaining short-term profits.
- b) Upon initial recognition, the entity categorizes the financial asset as such reflected at fair value through profit and loss.

Held-to-maturity investments are non-derivative financial assets with fixed or identifiable payments and fixed maturity periods which an entity has the intent and ability to hold until the date of maturity, with the exceptions of:

- a) Financial assets that, upon initial recognition, were categorized as such recognised at fair value through profit and loss;
- b) Financial assets already categorised as available for sale; or
- c) Financial assets that meet the definitions of loans and receivables.

Loans and receivables:

These are non derivative financial assets with fixed or identifiable payments and not listed on the market, with exceptions of:

- a) The amounts the entity has the intent to immediately sell or will sell in a near future which are classified as assets held for trading and like those which, upon initial recognition the entity categorised as such recognized at fair value through profit and loss statement;
- b) The amounts categorized by the entity as available for sale upon initial recognition; or
- c) The amounts whose holders cannot recover most of the initial investment value not due to credit quality impairment and which are categorised as available for sale.

Available-for-sale assets:

These are non-derivative financial assets determined as available for sale or not classified as:

- a) Loans and receivables;
- b) Held-to-maturity investments; or
- c) Financial assets recognized at fair value through profit and loss statement.

Financial liabilities

Financial liabilities of the Company under the Circular No. 210/2009/TT-BTC consist of borrowings, payables and other liabilities under monetary derivative contracts.

According to Circular No. 210/2009/TT-BTC, financial liabilities are classified appropriately, for the purpose of explanation in the financial statements, into one of the following categories:

Financial liabilities recognized at fair value through profit and loss statement are ones that meet either of the following conditions:

a) Being classified as held for trading. A financial liability will be classified as securities held for trading if:

- It is purchased or created mainly for the purpose of resale/redemption in a short-term; or

- There is an evidence that such instrument is traded for the purpose of gaining short-term profits.

b) Upon initial recognition, the entity categorises the financial liability as such reflected at fair value through profit and loss.

Financial liabilities determined at the fair amortized cost

Financial liabilities not categorized as such recorded at fair value through profit and loss will be classified as such determined at amortized cost.

29. ADDITIONAL PRESENTATION AND DISCLOSURE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments that are carried in the financial statements:

	CARRYING AMOUNT				FAIR VALUE	
	Ending balance		Beginning balance		Ending balance	Beginning balance
	Cost	Provision	Cost	Provision		
Financial assets						
Held to trading investments						
Listed shares	80,439,156,111	(7,516,485,414)	131,920,049,245	(5,420,132,273)	73,626,967,254	126,751,111,400
Unlisted shares	109,640,193,548	(50,387,990,751)	147,800,913,887	(76,826,490,752)	59,743,128,751	71,786,628,750
Short – term deposit	631,900,000,000	-	1,482,000,000,000	-	631,900,000,000	1,482,000,000,000
Receivables	2,685,453,094,032	(16,719,305,094)	2,034,223,315,602	(16,719,305,094)	2,685,453,094,032	2,034,223,315,602
Other financial assets	4,713,857,950	-	4,588,661,450	-	4,713,857,950	4,588,661,450
Cash and cash equivalents	25,256,819,577	-	235,060,130,176	-	25,256,819,577	235,060,130,176
TOTAL	3,537,403,121,218	(74,623,781,259)	4,035,593,070,360	(98,965,928,119)	3,480,693,867,564	3,954,409,847,378
	CARRYING AMOUNT				FAIR VALUE	
	Ending balance		Beginning balance		Ending balance	Beginning balance
Financial liabilities						
Loans			654,103,204,781	210,437,041,099	654,103,204,781	210,437,041,099
Payables to securities trading			526,839,400,335	1,366,475,453,310	526,839,400,335	1,366,475,453,310
Payables expense			5,066,319,798	6,509,074,595	5,066,319,798	6,509,074,595
Payables to related parties			38,414,035,766	38,413,823,485	38,414,035,766	38,413,823,485
Other payables			34,394,133,354	33,357,967,585	34,394,133,354	33,357,967,585
TOTAL			1,258,817,094,034	1,655,193,360,074	1,258,817,094,034	1,655,193,360,074

The fair value of the financial assets and liabilities are the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

- Fair values of cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts due to the short-term maturities of these instruments

- Fair value of available-for-sale financial assets is derived from quoted market prices in active markets, if available or from at least three (03) quotations from big and prestigious securities companies. When the above three quotations are not available, the Company refers to reputable and reliable sources of information in the market as well as the financial conditions of the issuers to determine the fair value of financial assets.

30. RECLASSIFICATION OF CORRESPONDING FIGURES FOLLOWING APPLICATION OF CIRCULAR 200

Certain corresponding figures on the balance sheet as at 31 December 2014 have been reclassified to align with the presentation of the current year in accordance with Circular 200/TT-BTC as follows

VND

	NOTES	BEGINNING BALANCE (PRESENTED PREVIOUSLY)	RECLASSIFIED	BEGINNING BALANCE (RESTATED)
BALANCE SHEET				
Cash	(i)	1,506,623,089,077	210,437,041,099	1,717,060,130,176
Short-term loans and borrowings	(i)	-	210,437,041,099	210,437,041,099
INCOME STATEMENT				
Earnings per share	(ii)	2,956		2,794
Diluted earnings per share	(ii)	-		2,794
CASH FLOWS				
Short-term and long-term loans	(i)	350,000,000,000	210,437,041,099	560,437,041,099

(i) Reclassification and representation of bank overdrafts.

(ii) Earnings per share were re-computed due to the impact of bonus and welfare fund (Note 27).

30. EVENTS AFTER THE BALANCE SHEET DATE

There is no matter or circumstance that has arisen since the balance sheet date that requires adjustments or disclosures to be in the financial statements of the Company.

OPERATIONAL NETWORK

HO CHI MINH CITY

1. HEAD OFFICE

Level 5&6, AB Tower,
76 Le Lai, Ben Thanh Ward, District 1, Ho Chi Minh City
Tel : +84-8 3823 3299
Fax: +84-8 3823 3301

2. LE LAI TRANSACTION OFFICE

Level 5, AB Tower,
76 Le Lai, Ben Thanh Ward, District 1, Ho Chi Minh City
Tel : +84-8 3829 3296
Fax: +84-8 3823 2621

3. THAI VAN LUNG BRANCH

Level 1, Capital Place Building,
6 Thai Van Lung, District 1, Ho Chi Minh City
Tel : +84-8 3823 2981
Fax: +84-8 3823 2982

4. TRAN HUNG DAO TRANSACTION OFFICE

Level 1 & 2, 569-571-573 Tran Hung Dao, District 1, Ho Chi Minh City
Tel : +84-8 3836 4189
Fax: +84-8 3836 4198

5. CHO LON TRANSACTION OFFICE

633 Nguyen Trai, District 5, Ho Chi Minh City
Tel : +84-8 3855 2907
Fax: +84-8 3855 2917

6. NGUYEN VAN TROI TRANSACTION OFFICE

Ground Floor, Centre Point Building,
106 Nguyen Van Troi, Phu Nhuan District, Ho Chi Minh City
Tel : +84-8 3997 2836
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HA NOI

7. HA NOI MAIN OFFICE

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T: +84-4 3933 4693
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8. KIM LIEN TRANSACTION OFFICE

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9. LANG HA TRANSACTION OFFICE

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