

CEO MESSAGE

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MR. JOHAN NYVENE

Chief Executive Officer

Dear shareholders, clients, and colleagues,

Despite a challenging year in 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 the society. To me, society begins with **Humanity**.*

We need not look far to do something good for the society. As an individual and a manager, I recognize that the first place I should try to make positive 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 and 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 on a voluntary basis 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. 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 would 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 at 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 impoverish 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 which helps youths on 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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JOHAN NYVENE
Chief Executive Officer