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Maybank Kim Eng Securities Limited

Report of management
and financial safety ratio report (liquid capital ratio report)

30 June 2016

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Maybank Kim Eng Securities Limited

GENERAL INFORMATION

THE COMPANY

Maybank Kim Eng Securities Limited ("the Company") is a one-member limited liability company incorporated under License No. 117/GP-UBCK dated 3 January 2014, which supersedes License No. 71/UBCK-GP granted by the State Securities Commission ("SSC") on 14 December 2007.

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

The Company's head office is located at Floor 4A - 15 + 16, Vincom Center Dong Khoi, 72 Le Thanh Ton, Ben Nghe Ward, District 1, Ho Chi Minh City and its branches are located at Ho Chi Minh city, Ha Noi and other provinces which are listed below:

- ▶ Cho Lon Branch: 1st Floor, 86 Tan Da, Ward 11, District 5, Ho Chi Minh city.
- ▶ Phu Nhuan Branch: 1st Floor, Ha Phan Building, 465 Phan Xich Long, Phu Nhuan District, Ho Chi Minh City.
- ▶ An Giang Branch: 3rd Floor, Nguyen Hue Shopping Center, 9/9 Tran Hung Dao, My Xuyen District, Long Xuyen City.
- ▶ Dong Nai Branch: 249 Ha Huy Giap, Town 4, Quyet Thang District, Bien Hoa City, Dong Nai.
- ▶ Ha Noi Branch: 3rd Floor, 14-16 Ham Long Building, Phan Chu Trinh Ward, Hoan Kiem District, Ha Noi.

BOARD OF MEMBERS

Members of the Board of Members of the Company during the period and at the date of this report are as follows:

<i>Name</i>	<i>Title</i>	<i>Date of appointment/resignation</i>
Mr Ronnie Royston Fernandiz	Chairman	Appointed on 31 March 2014
Mr Ong Cheow Kheng	Deputy Chairman	Resigned on 29 July 2016
Ms Ami Moris	Member	Appointed on 13 January 2014
Mr Jeffrey Goh Cho Kiat	Member	Appointed on 13 January 2014
Mr Goh Keat Jin	Member	Appointed on 18 December 2014

SUPERVISORY BOARD

Members of the Supervisory Board of the Company during the period and at the date of this report are as follows:

<i>Name</i>	<i>Title</i>	<i>Date of appointment</i>
Mr Mohamad Yasin bin Abdullah	Chief Supervisor	28 February 2014
Ms Nguyen Tuyet Van	Member	13 January 2014
Ms Quach Thanh Bao Tran	Member	3 August 2015

Maybank Kim Eng Securities Limited

GENERAL INFORMATION (continued)

MANAGEMENT

Members of the Board of Management of the Company during the period and at the date of this report are as follows:

<i>Name</i>	<i>Title</i>	<i>Date of appointment</i>
Mr Kim Thien Quang	Chief Executive Officer	12 August 2015
Mr Nguyen Van Manh	Deputy General Director	1 September 2010
Ms Tran Thi Thu Hang	Chief Financial Officer	10 November 2014
Ms Tran Thi Ngoc Huong	Chief Accountant	10 March 2014

LEGAL REPRESENTATIVE

The legal representative of the Company during the period and at the date of this report is Mr Kim Thien Quang, the General Director.

AUDITOR

The auditors of the Company are Ernst & Young Vietnam Limited.

Maybank Kim Eng Securities Limited

REPORT OF MANAGEMENT

Management of Maybank Kim Eng Securities Limited ("the Company") is pleased to present this report and the financial safety ratio report (liquid capital ratio report) of the Company as at 30 June 2015.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT)

Management confirmed that it has complied with the requirements of Circular No. 226/2010/TT-BTC dated 31 December 2010 issued by the Ministry of Finance on financial safety ratios and remedies applicable to securities companies that fail to meet the stipulated financial safety ratios and Circular No. 165/2012/TT-BTC dated 9 October 2012 amending and supplementing a number of articles of Circular No. 226/2010/TT-BTC in preparing and presenting the financial safety ratio report (liquid capital ratio report) as at 30 June 2016.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying financial safety ratio report (liquid capital ratio report) is prepared and presented in accordance with Circular No. 226/2010/TT-BTC dated 31 December 2010 issued by the Ministry of Finance on financial safety ratios and remedies applicable to securities companies that fail to meet the stipulated financial safety ratios and Circular No. 165/2012/TT-BTC dated 9 October 2012 amending and supplementing a number of articles of Circular No. 226/2010/TT-BTC.

For and on behalf of management:



Kim Thien Quang
Chief Executive Officer

Ho Chi Minh City, Vietnam

12 August 2016

Reference: 60994674/18609013-ATTC-SX

REPORT ON REVIEW OF FINANCIAL SAFETY RATIO REPORT

To: The owner of Maybank Kim Eng Securities Limited

We have reviewed the accompanying financial safety ratio report (liquid capital ratio report) as at 30 June 2016 of Maybank Kim Eng Securities Limited ("the Company"), as prepared on 12 August 2016 and set out on pages 4 to 28.

Management's responsibility

The Company's management is responsible for the preparation and fair presentation of this financial safety ratio report (liquid capital ratio report) as at 30 June 2016 in accordance with Circular No. 226/2010/TT-BTC dated 31 December 2010 issued by the Ministry of Finance on financial safety ratios and remedies applicable to securities companies that fail to meet the stipulated financial safety ratios and Circular No. 165/2012/TT-BTC dated 9 October 2012 amending and supplementing a number of articles of Circular No. 226/2010/TT-BTC and Note 2.1 in the financial safety ratio report (liquid capital ratio report), and for such internal control as management determines is necessary to enable the preparation and presentation of this financial safety ratio report that is free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express a conclusion on the financial safety ratio report (liquid capital ratio report) based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements No. 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

A review of financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial safety ratio report (liquid capital ratio report) as at 30 June 2016, in all material respects, was not prepared and presented in accordance with the requirements of Circular No. 226/2010/TT-BTC dated 31 December 2010 issued by the Ministry of Finance on financial safety ratios and remedies applicable to securities companies that fail to meet the stipulated financial safety ratios and Circular No. 165/2012/TT-BTC dated 9 October 2012 amending and supplementing a number of articles of Circular No. 226/2010/TT-BTC and Note 2.1 in the financial safety ratio report (liquid capital ratio report).

Ernst & Young Vietnam Limited



Dang Phuong Ha
Deputy General Director
Audit Practicing Registration
Certificate No. 2400-2013-004-1

Ho Chi Minh City, Vietnam

12 August 2016

Maybank Kim Eng Securities Limited

SOCIALIST REPUBLIC OF VIETNAM
Independence - Freedom - Happiness

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Financial safety ratio report

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Ho Chi Minh City, 12 August 2016


FINANCIAL SAFETY RATIO REPORT
(LIQUID CAPITAL RATIO REPORT)


As at 30 June 2016

To: The State Securities Commission

We hereby confirm that:

- (1) The report is prepared based on the updated data at the reporting date in accordance with Circular No. 226/2010/TT-BTC on 31 December 2010 issued by the Ministry of Finance on financial safety ratios and remedies applicable to securities companies that fail to meet the stipulated financial safety ratios and Circular No. 165/2012/TT-BTC dated 9 October 2012 amending and supplementing a number of articles of Circular No. 226/2010/TT-BTC.
- (2) Subsequent events that could have effects on the financial position of the Company occurring after the date of this report will be updated in the report of the next reporting period.
- (3) We are responsible for the accuracy and truthfulness of the contents of our report .


Tran Thi Thu Hang
Chief Financial Officer


Phan Thi Thu Hien
Head of Compliance




Lien Quang
Chief Executive Officer

Ho Chi Minh City, Vietnam

12 August 2016

Maybank Kim Eng Securities Limited

FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT)
as at 30 June 2016

VND

No.	Criteria	Notes	Exposures to risk/ Liquid capital
1	Total exposures to market risk	4	367,200
2	Total exposures to settlement risk	5	16,823,142,410
3	Total exposures to operational risk	6	60,000,000,000
4	Total exposures to risk (4=1+2+3)		76,823,509,610
5	Liquid capital	7	882,474,725,188
6	Liquid capital safety ratio (6=5/4)		1,149%


Tran Thi Thu Hang
Chief Financial Officer

Phan Thi Thu Hien
Head of ComplianceThien Quang
Chief Executive Officer

Ho Chi Minh City, Vietnam

12 August 2016

Maybank Kim Eng Securities Limited

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT)
as at 30 June 2016

1. THE COMPANY

Maybank Kim Eng Securities Limited ("the Company") is a one-member limited liability company incorporated under the Law on Enterprise of Vietnam pursuant to the License No. 117/GP-UBCK dated 3 January 2014 which supersedes License No. 71/UBCK-GP granted by the State Securities Commission ("SSC") on 14 December 2007.

On 15 January 2015, the SSC issued License Amendment No. 05/GPDC-UBCK which approves the increase in the Company's charter capital to VND829,110 million.

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

The Company's head office is located at Floor 4A-15+16, Vincom Center Dong Khoi, 72 Le Thanh Ton Street, Ben Nghe Ward, District 1, Ho Chi Minh City, and its branches are located in Ho Chi Minh City, Hanoi and other provinces.

Number of the Company's employees as at 30 June 2016 was 196 persons (31 December 2015: 210).

2. BASIS OF PREPARATION

2.1 The applicable regulations and definitions

The financial safety ratio report (liquid capital ratio report) of the Company is prepared and presented in accordance with Circular No. 226/2010/TT-BTC dated 31 December 2010 issued by the Ministry of Finance on financial safety ratios and remedies applicable to securities companies that fail to meet the stipulated financial safety ratios and Circular No. 165/2012/TT-BTC dated 9 October 2012 amending and supplementing Circular No. 226/2010/TT-BTC.

The financial safety ratio report (liquid capital ratio report) is prepared based on the financial data of the Company at the reporting date.

The interpretations are applied for certain cases which do not have specific guidance in Circular No. 226/2010/TT-BTC and Circular No. 165/2012/TT-BTC amending and supplementing Circular No. 226/2010/TT-BTC.

In the preparation and presentation of this report, the Company has applied the following interpretations for certain cases which do not have specific guidance in Circular No. 226/2010/TT-BTC and Circular No. 165/2012/TT-BTC based on its understanding and assessment:

Item	Interpretation of the Company
The item " Retained earnings and undistributed profit after tax before making statutory reserves " (Item g, Clause 1, Article 4 - Liquid capital, Circular No. 226/2010/TT-BTC)	This indicator is determined by the sum of: <ul style="list-style-type: none"> - Retained earnings; - Undistributed profit after tax as at 30 June 2016; and - Closing balance of provisions as at 30 June 2016.

2.2 Accounting currency

The Company maintains its accounting records in Vietnam Dong ("VND").

Maybank Kim Eng Securities Limited

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT)
(continued)
as at 30 June 2016

3. SIGNIFICANT POLICIES IN PREPARATION OF FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT)

3.1 *Liquid capital ratio*

Liquid capital ratio is a measure of financial safety of the Company which reflects the Company's ability to quickly settle the financial obligations and its ability to absorb the risks arising in the course of business operations.

Liquid capital ratio of the Company is determined using the formula specified in Circular No. 226/2010/TT-BTC as follows:

$$\text{Liquid capital ratio} = \frac{\text{Liquid capital} \times 100\%}{\text{Total exposures to risks}}$$

In particular, total exposures to risks are the sum of exposures to market risk, settlement risk and operational risk.

3.2 *Liquid capital*

As stipulated in Circular No. 226/2010/TT-BTC, liquid capital is the equity available to meet obligations due within ninety (90) days, including:

- ▶ Paid-in capital, excluding redeemable preference shares (if any);
- ▶ Share premium;
- ▶ Supplementary capital reserve;
- ▶ Investment and development fund;
- ▶ Financial reserve;
- ▶ Other reserves belonging to owner's equity;
- ▶ Retained earnings and undistributed profit after tax before making legal reserves;
- ▶ Fifty percent (50%) of the increased value of fixed assets revaluation in accordance with regulatory requirements (in case the value of these assets is increased), or subtraction of the whole reduced value (in case the value of these assets is reduced);
- ▶ Differences in foreign exchange;
- ▶ Minority interests.

The Company's liquid capital is adjusted (i.e. increased/decreased) for the following items:

3.2.1 *Increases to liquid capital*

- ▶ Convertible debts of the Company with original maturity of five (5) years;
- ▶ Debts with original maturity of more than ten (10) years which have been registered to increase the liquid capital with the State Securities Commission; and
- ▶ Total surplus value of investments, excluding securities issued by related parties of the Company as well as securities restricted to transfer with the remaining restriction period of more than ninety (90) days from the date of this report.

Maybank Kim Eng Securities Limited

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT)
(continued)
as at 30 June 2016

3. SIGNIFICANT POLICIES IN PREPARATION OF FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT) (continued)

3.2 *Liquid capital* (continued)

3.2.1 *Increases to liquid capital* (continued)

The maximum value of items used to supplement liquid capital is 50% of the Company's owner's equity. Regarding convertible debts and debts registered to supplement the Company's liquid capital with the State Securities Commission, the Company deducts 20% of original value each year during the last five (5) years prior to maturity/conversion into common shares and deducts 25% of residual value quarterly during the last four (4) quarters prior to maturity/conversion into common shares.

3.2.2 *Decreases to liquid capital*

- Redeemable preferred shares and treasury shares (if any);
- Total decreased value of investments, excluding securities issued by the related parties of the Company as well as securities with the remaining restriction period of more than ninety (90) days from the reporting date;
- Long-term assets and short-term assets with the remaining recovery period or settlement period of more than ninety (90) days; and
- The qualification items on the audited financial statements (if any).

When determining the deductions from the liquid capital, the Company reduces the deduction value by an amount equal to the minimum value of the market value of the assets, book value, and residual value of the obligations (for assets used as collaterals for the obligations of the Company or third parties) and the minimum value of the market value of secured assets and the book value (for assets secured by the clients' assets).

3.3 *Exposures to market risk*

Exposures to market risk are the potential losses which may occur when market value of the Company's assets fluctuates in a negative trend and are determined by the Company using the following formula:

Exposures to market risk = Net position x Asset value x Market risk coefficient

In particular, net position is the quantity of securities held by the Company at the reporting date, after adjustments to decrease the number of securities for lending and increase the number of securities for borrowing in accordance with regulations.

Assets which are not used in determining exposures to market risk include:

- Treasury stocks;
- Securities issued by related parties of the Company in the following cases:
 - The parent company, subsidiaries, joint ventures, associates of the Company;
 - Subsidiaries, joint ventures, associates of the Company's parent company;
- Securities with the remaining restricted period of more than 90 days from the calculation date; and
- Matured bonds, debt instrument, and valuable papers of the monetary market.

Maybank Kim Eng Securities Limited

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT)
(continued)
as at 30 June 2016

3. SIGNIFICANT POLICIES IN PREPARATION OF FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT) (continued)

3.3 *Exposures to market risk* (continued)

3.3.1 *Market risk coefficient*

Market risk coefficient is determined for each item of assets as specified in Circular No. 226/2010/TT-BTC.

3.3.2 *Asset value*

a. *Cash and cash equivalents, monetary market instruments*

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

Value of cash in foreign currencies is the equivalent value in VND using the exchange rate published by credit institutions which are allowed to conduct foreign currencies trading at the calculation date.

Value of term deposits and monetary market instruments is the deposit/purchase value plus accrued interest as at the calculation date.

b. *Bonds*

The value of listed bonds is the average price quoted on the trading system of Securities Stock Exchange on the latest trade date plus accrued interest. In case bonds are not traded in more than two weeks prior to the date of calculation, the value of bonds is the highest value of the following: purchase price; par value; internal valuation price, including accrued interest.

The value of unlisted bonds is the highest value of the following: quoted price on the quotation system selected by the Company (if any); purchase price plus accrued interest; internal valuation price, including accrued interest.

c. *Shares*

The market prices of listed shares are determined based on closing prices on the stock markets as at 30 June 2016

The market prices of unlisted shares which are registered on the unlisted public companies market (UPCoM) are the closing prices as at 30 June 2016.

In case there is no transaction of shares during more than two (2) weeks prior to the date of calculation or shares are suspended, delisted or cancelled, value of these shares is the highest value of the following: book value; acquisition cost and internal valuation price.

Value of shares which are registered or custodied but not listed or registered for trading is the average price of quotations from at least three (3) securities companies which are not related to the Company on the latest trading day prior to the date of calculation. If there are no sufficient quotations from at least three (3) securities companies, the value of shares is the highest value of the following: quoted price; value determined in the latest reporting period; book value; acquisition cost; internal valuation price.

Maybank Kim Eng Securities Limited

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT)
(continued)
as at 30 June 2016

3. SIGNIFICANT POLICIES IN PREPARATION OF FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT) (continued)

3.3 Exposures to market risk (continued)

3.3.2 Asset value (continued)

d. Funds/shares of securities investment companies

Value of public close-end fund is the closing price of the latest trading day prior to the date of calculation. In case public close-end fund units are not traded during more than two weeks prior to the date of calculation, the value is calculated by net asset value ("NAV") per fund certificate in the latest reporting period prior to the calculation date.

Value of member/open-end fund/shares of securities investment companies in private placement is the NAV per unit of contributed capital/fund certificate unit/shares in the latest reporting period prior to the date of calculation.

3.3.3 Adjustment to increase exposures to market risk

Except for the securities under firm commitment during the underwriting period, Government bonds and bonds guaranteed by the Government, exposures to market risk of an asset will be adjusted to increase if the Company makes significant investments in such asset. The exposures to market risk will be adjusted in accordance with following principles:

- ▶ An increase of 10% if the value of this investment accounts for 10% to 15% of the owner's equity of the Company ;
- ▶ An increase of 20% if the value of this investment accounts for 15% to 25% of the owner's equity of the Company;
- ▶ An increase of 30% if the value of this investment accounts for more than 25% of the owner's equity of the Company.

Dividends, coupons, preference right of shares (if any) or interest of deposits, cash equivalents, negotiable instruments and valuable papers shall be added to the value of asset for the purpose of determining the exposures to market risk.

3.4 Exposures to settlement risk

Exposures to settlement risk are the potential losses which may occur when a counterparty fails to settle payments punctually or transfer assets on time as committed. Exposures to settlement risk are determined at the transaction date as follows:

- ▶ For term deposit contracts with credit institutions; loans to organizations and individuals; securities borrowing contracts in accordance with legal regulations; repurchase agreements and reverse repurchase agreements in accordance with legal regulations; margin loans in accordance with legal regulations; receivables, other receivables and other assets exposed to settlement risk, exposures to settlement risk before receiving securities transfer, cash and contract liquidation, should be determined according to the following formula:

Exposures = Settlement risk coefficient of counterparty x
Value of asset exposed to settlement risk;

Maybank Kim Eng Securities Limited

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT)
(continued)
as at 30 June 2016

3. SIGNIFICANT POLICIES IN PREPARATION OF FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT) (continued)

3.4 *Exposures to settlement risk* (continued)

- For issue underwriting contracts signed with other organizations which the Company is the main underwriter, exposures to settlement risk is equal to 30% of remaining value of the underwriting contracts which has not been paid;
- For overdue receivables, other overdue receivables and other overdue assets, securities which have not yet been received on time, including securities and cash which have not yet received from term deposit contracts with the credit institutions; loans to organizations and individuals; securities borrowing contracts in accordance with legal regulations; repurchase and reverse repurchase agreements in accordance with legal regulations; matured margin loans, in accordance with legal regulations, exposures to settlement risk is determined as follow:

Exposures to settlement risk = Settlement risk coefficient by time x Value of asset exposed to settlement risk.

3.4.1 *Settlement risk coefficient*

Settlement risk coefficient is determined based on the type of counterparties and the overdue period as stipulated in Circular No. 226/2010/TT-BTC.

Settlement/transfer period of securities is T+2 (for listed securities), T+1 (for listed bonds); or T+n (for transactions outside the trading system within n days under agreement of both parties).

Maybank Kim Eng Securities Limited

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT)
(continued)
as at 30 June 2016

3. SIGNIFICANT POLICIES IN PREPARATION OF FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT) (continued)

3.4 Exposures to settlement risk (continued)

3.4.2 Value of assets exposed to settlement risk

a. Purchase or sale of securities for customers or the Company

Value of assets exposed to settlement risk is the market value of the contract determined as follow:

- Value of assets exposed to settlement risk in securities borrowing and lending, margin trading, repurchase transactions, loans for margin trading, repurchase or reverse repurchase agreements:

No.	Transaction type	Value of assets exposed to settlement risk
1.	Term deposits and loans without collaterals, and receivables from the securities trading and securities services	Total loan value
2.	Securities lending	$\text{Max}\{(\text{Market value of the contract} - \text{Collateral value (if any)}), 0\}$
3.	Securities borrowing	$\text{Max}\{(\text{Collateral value} - \text{Market value of the contract}), 0\}$
4.	Reverse repurchase agreements	$\text{Max}\{(\text{Contract value based on purchase price} - \text{Market value of the contract} \times (1 - \text{Market risk coefficient})), 0\}$
5.	Repurchase agreements	$\text{Max}\{(\text{Market value of the contract} \times (1 - \text{Market risk coefficient}) - \text{Contract value based on selling price}), 0\}$
6.	Margin contracts (loans to customers to purchase securities)/other economic agreements with similar nature	$\text{Max}\{(\text{Margin balance} - \text{Collateral value}), 0\}$

Debt balance includes outstanding loan principal, interest and other fees.

Collateral value = Quantity of assets x Value of assets x (1 – Market risk coefficient).

Market risk coefficient is determined for each item of assets as specified in Circular No. 226/2010/TT-BTC.

Value of assets is determined under section 3.3.2.

Maybank Kim Eng Securities Limited

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT)
(continued)
as at 30 June 2016

3. SIGNIFICANT POLICIES IN PREPARATION OF FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT) (continued)

3.4 Exposures to settlement risk (continued)

3.4.2 Value of assets exposed to settlement risk (continued)

a. Purchase or sale of securities for customers or the Company (continued)

► Value of assets exposed to settlement risk in securities trading

No.	Period	Value of assets exposed to settlement risk
A – For the selling transactions (seller is the Company or its customers under the securities brokerage activities)		
1.	Before receiving payment	0
2.	After receiving payment	Market value of the contract (if market value is less than trading value)
		0 (if market value is greater than trading value)
B – For the buying transactions (buyer is the Company or the Company's customer)		
1.	Before receiving securities	0
2.	After receiving securities	Market value of the contract (if market value is greater than trading value)
		0 (if market value is less than trading value)

b. Receivables, matured bonds, matured debt instruments

Value of assets exposed to settlement risk is the value of receivables calculated based on par value, plus accrued interest, related costs and less cash received previously (if any).

3.4.3 Deduction of value of assets exposed to settlement risk

The Company should deduct the value of collaterals of counterparties and customers in determining value of assets exposed to settlement risk if the contracts and transactions fulfill the following conditions:

- Counterparties and customers have collaterals to ensure their performance of obligations and their collaterals are cash, cash equivalents, valuable papers, negotiable instruments on the monetary market, securities listed and registered on the Securities Stock Exchange, Government bonds, bonds issued and guaranteed by the Ministry of Finance;
- The Company has rights to control, manage, use, and transfer collaterals if counterparties fail to make payment obligations fully and timely as agreed in the contracts.

Value of asset subjected to deduction is determined as follows:

Collateral value = Quantity of assets x Value of assets x (1 – Market risk coefficient)

Maybank Kim Eng Securities Limited

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT)
(continued)
as at 30 June 2016

3. SIGNIFICANT POLICIES IN PREPARATION OF FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT) (continued)

3.4 *Exposures to settlement risk* (continued)

3.4.4 *Increase in exposures to settlement risk*

Exposures to settlement risk are adjusted to increase in the following cases:

- ▶ An increase of 10% if the value of loans to an organization, an individual and a group of related organizations/individuals (if any) accounts for from 10% to 15% of the owner's equity of the Company;
- ▶ An increase of 20% if the value of loan to an organization, an individual and a group of related organizations/individuals (if any) accounts for from 15% to 25% of the owner's equity of the Company;
- ▶ An increase of 30% if the value of loan to an organization, an individual and a group of related organizations/individuals (if any), or an individual and related parties of that individual (if any), accounts for more than 25% of the owner's equity of the Company.

3.4.5 *Netting off of value of assets exposed to settlement risk*

The value of assets exposed to settlement risk is subjected to netting off in case of:

- ▶ Settlement risk is attributable to the same counterparties;
- ▶ Settlement risk arises in the same type of transactions; or
- ▶ The net-off has been agreed in written documents by both parties.

Settlement/transfer period of securities is T+2 (for listed securities), T+1 (for listed bonds); or T+n (for transactions outside the trading system within n days under agreement of both parties).

3.5 *Exposures to operational risk*

Exposures to operational risk are the potential losses which may occur due to technical errors, system errors and business processes, human errors during operation, or due to the lack of capital resulting from expenses, losses arising from investment activities, or other objective causes.

Exposures to operational risk of the Company is the higher of 25% of the Company's operating costs for operational continuity within twelve (12) consecutive months from last month and 20% of the Company's legal capital.

The Company's costs for operational continuity are total costs incurred in the period minus: depreciation expenses; provisions for impairment of short-term and long-term investments; and provisions for doubtful debts.

Maybank Kim Eng Securities Limited

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT)
(continued)
as at 30 June 2016

4. EXPOSURES TO MARKET RISK

		Ratio %	Risk level VND	Risk exposure VND
<i>Investment portfolios</i>		(1)	(2)	(3) = (1) x (2)
I. Cash and cash equivalents, monetary market instruments				
1.	Cash (VND)	0	1,231,594,283	-
2.	Cash equivalents, term deposits	0	98,451,819,442	-
3.	Valuable papers, negotiable instruments in the monetary market, certificate of deposit	0	-	-
II. Government bonds				
4.	Zero-coupon Government bonds	0	-	-
5.	Coupon Government bonds		-	-
5.1	Government bonds, Government bonds of OECD countries or guaranteed by the Government or the Central Bank of the OECD countries, Bonds issued by international institution IBRD, ADB, IADB, AfDB, EIB and EBRD	3	-	-
5.2	Project bonds guaranteed by the Government, Ministry of Finance due within 1 year	3	-	-
	Project bonds guaranteed by the Government, Ministry of Finance due from 1 to 5 years	4	-	-
	Project bonds guaranteed by the Government, Ministry of Finance due in more than 5 years	5	-	-
III. Corporate bonds				
6.	Listed bonds due in less than 1 year, including convertible bonds	8	-	-
	Listed bonds due in from 1 to 5 years, including convertible listed bonds	15	-	-
	Listed bonds due in more than 5 years, including convertible bonds	20	-	-
7.	Unlisted bonds due in less than 1 year, including convertible bonds	25	-	-
	Unlisted bonds due in from 1 to 5 years, including convertible bonds	30	-	-
	Unlisted bonds due in more than 5 years, including convertible bonds	40	-	-

Maybank Kim Eng Securities Limited

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT)
(continued)
as at 30 June 2016

4. EXPOSURES TO MARKET RISK (continued)

		Ratio %	Risk level VND	Risk exposure VND
<i>Investment portfolios</i>		(1)	(2)	(3) = (1) x (2)
IV. Shares				
8.	Ordinary shares, preferred shares of entities listed in Ho Chi Minh Stock Exchange; open-end fund certificates	10	3,672,000	367,200
9.	Ordinary shares, preferred shares of entities listed in Hanoi Stock Exchange	15	-	-
10.	Ordinary shares, preferred shares of unlisted public entities registered trading through UPCoM system	20	-	-
11.	Ordinary shares, preferred shares of public entities registered depository, but not yet listed or registered trading; IPO shares	30	-	-
12.	Shares of other public entities	50	-	-
V. Certificates of investment securities fund				
13.	Public funds, including public securities investment companies	10	-	-
14.	Member funds, including private securities investment companies	30	-	-
VI. Restricted securities trading				
15.	Securities are suspended temporarily from trading	40	-	-
16.	Delisted, cancelled securities	50	-	-
VII. Other assets				
17.	Shares, contributed capital and other securities	80	-	-
18.	Other investment assets	80	-	-
VIII. The additional risk				
No.	Description			
			-	-
Total exposures to market risk (I+II+III+IV+V+VI+VII+VIII)				367,200

Maybank Kim Eng Securities Limited

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT)
(continued)
as at 30 June 2016

5. EXPOSURES TO SETTLEMENT RISK

	<i>Exposures to settlement risk VND</i>
Risks of undue debts (<i>Note 5.1</i>)	6,039,320,576
Risks of overdue debts (<i>Note 5.2</i>)	10,193,110,917
Increased exposures to settlement risk (<i>Note 5.3</i>)	590,710,917
Total exposures to settlement risk	<u>16,823,142,410</u>

Maybank Kim Eng Securities Limited

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT) (continued)
as at 30 June 2016

5. EXPOSURES TO SETTLEMENT RISK (continued)

5.1 Risks of undue debts

The exposures to settlement risk of undue items are determined as follows:

Type of transactions		Risk coefficient(%)	Exposures to settlement risk VNĐ						Total exposures to settlement risk VNĐ
		0% (1)	0,8% (2)	3,2% (3)	4,8% (4)	6% (5)	8% (6)		
1.	Term deposits, loans without collaterals, and receivables from the securities trading and securities services (Note 5.1.1)		98,558,803	-	-	5,907,109,167	32,022,251	6,037,690,221	
2.	Securities lendings/Economic agreements with the same nature		-	-	-	-	-	-	
3.	Securities borrowings/Economic agreements with the same nature		-	-	-	-	-	-	
4.	Reverse repurchase agreements/Economic agreements with the same nature		-	-	-	-	-	-	
5.	Repurchase agreements/Economic agreements with the same nature		-	-	-	-	-	-	
6.	Margin trading contracts (loans to customers to purchase securities)/other agreements with similar nature		-	-	-	-	-	-	
7.	Other receivables		-	-	-	1,630,355	-	1,630,355	
Total exposures to settlement risk of undue debts								6,039,320,576	

Maybank Kim Eng Securities Limited

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT)
(continued)
as at 30 June 2016

5. EXPOSURES TO SETTLEMENT RISK (continued)

5.1 Risks of undue debts (continued)

Settlement risk coefficient based on counterparties is determined as follow:

No.	The Company's counterparties	Settlement risk coefficient
1.	Government, issuers guaranteed by Government, Ministry of Finance, State Bank, Government and Central Bank of OECD countries; People's committees of provinces and cities under central authority	0%
2.	Securities Stock Exchanges, Vietnam Securities Depository	0.8%
3.	Credit institutions, financial institutions, and securities trading institutions which are established in OECD countries and have credit ratings in accordance with the internal policies of securities trading institutions	3.2%
4.	Credit institutions, financial institutions, and securities trading institutions which are established in OECD countries and do not have credit ratings in accordance with the internal policies of securities trading institutions	4.8%
5.	Credit institutions, financial institutions, and securities trading institutions are established and operated in Vietnam	6%
6.	Other entities, individuals	8%

5.1.1 Term deposits, loans without collaterals, and receivables from the securities trading and securities services

	Book value VND	Settlement risk coefficient %	Exposure to settlement risk VND
Term deposits, accrued interest and receivables from other entities	98,451,819,442	6	5,907,109,167
Receivables from advances to investors	12,319,850,358	0,8	98,558,803
Receivables from other securities trading	400,278,136	8	32,022,251
	111,171,947,936		6,037,690,221

Maybank Kim Eng Securities Limited

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT)
(continued)
as at 30 June 2016

5. EXPOSURES TO SETTLEMENT RISK (continued)

5.2 Risks of overdue debts

The total exposures to settlement risk of overdue debts are as follows:

No.	Overdue period	Settlement risk coefficient (%)	Risk level VND	Exposures to settlement risk VND
1.	0 - 15 days after the settlement/securities transfer date/term	16	-	-
2.	16 - 30 days after the settlement/securities transfer date/term	32	-	-
3.	31 - 60 days after the settlement/securities transfer date/term	48	-	-
4.	From 60 days and above	100	10,193,110,917	10,193,110,917
Total exposures to settlement risk of overdue payments				10,193,110,917

5.3 Increased exposures to settlement risk

No.	Description	Percentage increase (%)	Risk level VND	Exposures to settlement risk VND
1.	Term deposits and accrued interest at Bank for Investment and Development of Vietnam Joint Stock Commercial	10%	5,907,109,167	590,710,917
Total adjustment to increase exposures to settlement risk				590,710,917

(*) Term deposits and accrued interest at Bank for Investment and Development of Viet Nam Joint Stock Commercial at 30 June 2016 were VND98,451,819,442, accounted for 10.86% of the Company's owner's equity.

Maybank Kim Eng Securities Limited

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT)
(continued)
as at 30 June 2016

6. EXPOSURES TO OPERATIONAL RISK

No.	Items	Amount VND
I.	Total operating expenses incurred within 12 months	143,676,415,001
II.	Deductions from total expenses (<i>Note 6.1</i>)	12,889,120,721
III.	Total expenses after deductions (III = I – II)	130,787,294,280
IV.	25% of total expense after deductions (IV = 25% III)	32,696,823,570
V.	20% legal capital of the Company	60,000,000,000
Total exposures to operational risk (max {IV, V})		60,000,000,000

6.1 Deductions from total expenses

	Amount VND
Depreciation expenses	5,854,833,952
Provision expenses for doubtful debts	7,034,286,769
	12,889,120,721

Provision expenses for doubtful debts is general provision for loans in accordance with Circular 210.

Maybank Kim Eng Securities Limited

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT)
(continued)
as at 30 June 2016

7. LIQUID CAPITAL

No.	Contents	Liquid capital		
		Liquid capital VND	Deductions VND	Additions VND
A	Equity	(1)	(2)	(3)
1	Paid-in capital, excluding redeemable preference shares (if any)	829,110,000,000		
2	Share premium, other capital, excluding redeemable preference shares (if any)	-		
3	Treasury shares	-		
4	Supplementary capital reserve	5,254,677,055		
5	Investment and development fund	-		
6	Financial reserve	5,254,677,056		
7	Other reserves belonging to owner's equity	-		
8	Retained earnings and undistributed profit after tax before making statutory reserves	84,433,513,335		
	- Retained earnings and undistributed profits	67,207,150,862		
	Add back: - Closing balance of provisions	17,226,362,473		
9	Differences in asset revaluation (increasing 50% or decreasing 100%)	-		
10	Differences in foreign exchange	-		
11	Non-controlling interests	-		
12	Convertible debts			-
13	Total increase or decrease of securities in financial investments section		-	1,035,213
1A	Total			924,053,902,659

Maybank Kim Eng Securities Limited

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT) (continued) as at 30 June 2016

7. LIQUID CAPITAL (continued)

No.	Contents	Liquid capital		
		Liquid capital VND	Deductions VND	Additions VND
B	Short-term assets			
I	Cash and cash equivalents			
II	Short-term financial investments			
1.	Short-term investments			
	Securities exposed to market risks			
	Securities deducted from liquid capital		-	
2.	Provisions for impairment in short-term investments			
III	Short-term receivables, including receivables from authorization			
1.	Receivables from customers			
	Receivables from customers with remaining payment term of 90 days or less			
	Receivables from customers with remaining payment term of more than 90 days		-	
2.	Advances to suppliers		-	
3.	Short-term internal receivables			
	Internal receivables with the payment term of 90 days or less			
	Internal receivables with the payment term of more than 90 days		-	
4.	Receivables from securities trading			
	Receivables from securities trading with the payment term of 90 days or less			
	Receivables from securities trading with the payment term of more than 90 days		-	

Maybank Kim Eng Securities Limited

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT)
(continued)
as at 30 June 2016

7. LIQUID CAPITAL (continued)

No.	Contents	Liquid capital		
		Liquid capital VND	Deductions VND	Additions VND
5.	Other receivables			
	Other receivables with the payment term of 90 days or less			
	Other receivables with the payment term of more than 90 days		-	
6.	Provisions for short term doubtful debts			
IV	Inventories		-	
V	Other short-term assets			
1.	Short-term prepaid expenses		4,484,624,557	
2.	Deductibles VAT			
3.	Tax and other receivables from the State			
4.	Other short-term assets			
4.1	Advances			
	Advances with the remaining repayment term of 90 days or less			
	Advances with the remaining repayment term of more than 90 days		161,796,072	
4.2	Other receivables, short-term assets		-	
1B	Total			4,646,420,629
C	Long-term assets			
I	Long-term receivables, including receivables from authorization			
1.	Long-term receivables from customers			
	Long-term receivables from customers with the payment term of 90 days or less			
	Long-term receivables from customers with the payment term of more than 90 days		16,649,016,166	
2.	Capital investments in subsidiaries		-	

Maybank Kim Eng Securities Limited

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT)
(continued)
as at 30 June 2016

7. LIQUID CAPITAL (continued)

No.	Contents	Liquid capital		
		Liquid capital VND	Deductions VND	Additions VND
3.	Long-term internal receivables			
	Long-term internal receivables with the payment term of 90 days or less			
	Long-term internal receivables with the payment term of more than 90 days		-	
4.	Other long-term receivables			
	Other long-term receivables with the payment term of 90 days or less			
	Other long-term receivables with the payment term of more than 90 days		-	
5.	Provisions for long-term doubtful debts			
II	Fixed assets		16,980,708,910	
III	Real estate investments			
IV	Long-term financial investments			
1.	Investments in subsidiaries		-	
2.	Investments in joint ventures		-	
3.	Long-term investments			
	Securities exposed to market risk			
	Securities deducted from liquid capital		-	
4.	Other long-term investments		-	
5.	Provisions for impairment in long-term financial investments			
V	Other long-term assets		3,303,031,766	
	Assets qualified in audited financial statements that are not deducted according to Circular 226/2010/TT-BTC		-	
1C	Total			36,932,756,842
Liquid capital = 1A-1B-1C				882,474,725,188

Maybank Kim Eng Securities Limited

NOTES TO THE FINANCIAL SAFETY RATIO REPORT (LIQUID CAPITAL RATIO REPORT)
(continued)
as at 30 June 2016

8. EVENTS AFTER 30 JUNE 2016

There have been no significant events occurring after 30 June 2016 which would require adjustments or disclosures to be made in the financial safety ratio report (liquid capital ratio report) as at 30 June 2016.

Ullmann

Tran Thi Thu Hang
Chief of Financial Officer *RL*

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Phan Thi Thu Hien
Head of Compliance

Kim Thien Quang
Chief Executive Officer

Ho Chi Minh City, Vietnam

12 August 2016