

No.09/2021/TT- HĐQT

Ho Chi Minh City, 31 March 2021

THE 2020 ANNUAL GENERAL MEETING PROPOSAL

Subject: Adjusting the ownership limit of foreign shareholders

- *In accordance with Law on Enterprises No.59/2020/QH14 issued by the National Assembly of the Socialist Republic of Vietnam on June 17, 2020 and the documents guiding the implementation of Law on Enterprise;*
- *In accordance with Law on Securities No.54/2019/QH14 issued by the National Assembly of the Socialist Republic of Vietnam on November 26, 2019 and some documents guiding the implementation of Securities Law;*
- *HSC's Corporate Charter according to AGM Resolution No.01/2020/NQ-ĐHĐCĐ dated June 23, 2020,*

The Law on Securities 2019 and the Decree 155/2020/NĐ-CP, which came into effect on 01 January 2021 and regulates the detailed application of some provisions of the Law on Securities, regulate that when companies (public companies, securities companies, etc.) have foreign shareholders who own more than 50% charter capital of the companies based on the list of shareholders at the last day the companies finalize the list of shareholders eligible to attend their Annual Meeting of Shareholders (AGM), the companies must follow the conditions, the process and procedures for making investments in the stock market that are applicable for foreign-invested companies.

Accordingly, HSC might be treated as a foreign-invested securities company at the time HSC finalizes the list of shareholders eligible to attend AGM and accordingly has to follow the process and procedures applicable to foreign investors. That will consequently impact the major businesses of HSC as below:

1. Indirect investments oversea: When HSC has foreign shareholders, who own more than 50% equity interest of the Company, HSC will not be allowed to make indirect investments oversea (buy or sell securities or valuable papers or invest via securities investment funds or intermediary financial institutions oversea).
2. Businesses at HSC: The Company will not be allowed to operate in some businesses or invest in companies that have no remaining foreign ownership room. Particularly, in that situation, the following businesses will be impacted:
 - (i) HSC must register securities trading code for the proprietary investments business;
 - (ii) The proprietary investments business of HSC will be regulated by the applicable laws that govern the ownership limit of foreign investors in companies;

- (iii) With intended investments: The investment activities of HSC will be limited when HSC invests in stocks of companies that have foreign ownership limit;
- (iv) With existing investments: When HSC's foreign shareholders own less than 50% equity interest of the Company (in this case HSC is treated as a local company), HSC is allowed to invest in companies that have foreign ownership limit. However, when HSC's foreign shareholders own from 50% equity interest of the Company, HSC might be treated as a foreign-invested company and therefore any existing investments of HSC in companies that have no remaining room for foreign investors must be divested. Violation will be subject to financial penalty and repeated violations might lead to the withdrawal of the proprietary investments license;
- (v) The market making activity, the trading of ETF products and the securities lending activity will be impacted when HSC buys shares of companies that have foreign ownership limit; and
- (vi) The borrowing of short-term capital will also be limited when HSC becomes a foreign-invested company.

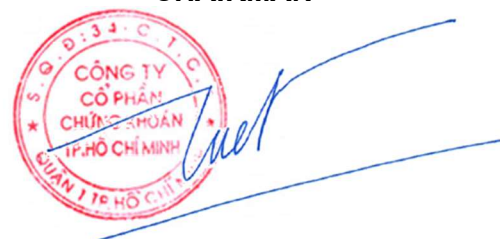
Previously, HSC increased the foreign ownership limit to 100% as the Company wanted to offer foreign investors more opportunities to invest in its shares and accordingly improve the share liquidity, facilitate capital raising activity and improve shareholder structure. However, based on the historical data in the last four (04) years, HSC's foreign ownership ratio just ranged from 49% to 51%.

Therefore, with an aim of ensuring that HSC's businesses are not constrained by the conditions that are applicable to foreign investors, the Board of Directors would like to submit the proposal to reduce the foreign ownership limit of HSC's charter capital to 49% from 100% to the AGM for shareholders consideration and approval.

The BOD would like to submit to the AGM for your respective approval.

For and on behalf of the Board of Directors

CHAIRMAN



DO HUNG VIET

To:

- As mentioned above;
- BOD Office for record,

