

HoChiMinh City, 08 April 2019

REPORT OF THE BOARD OF DIRECTORS AT THE 2018 ANNUAL GENERAL MEETING

I. FY2018 PERFORMANCE EVALUATION OF THE BOARD OF DIRECTORS

A. Evaluation of BOD Performance in 2018

Vietnam Stock Market in 2018

Vietnam's economy grew impressively in 2018, achieving a GDP growth of 7.1%, the highest in the last 10 years. However, Vietnam's stock markets witnessed strong volatility last year. In the first quarter, the VN-Index increased by more than 19.3% as investors remained bullish about the Vietnamese economy, and as foreign investors continued to pour capital into the market. As a result, many stock prices, especially those of large capitalization companies, increased to all-time highs, both in terms of market price and P/E valuations.

The trade dispute between the U.S. and China, even though it started in early 2017, became more intense in 2018. On March 23 the U.S. started to impose tariffs on aluminum products imported from China. China retaliated by applying tariffs on products exported from the U.S., including soybean and automobiles. These tit-for-tat tariffs between the two largest global economies negatively impacted on investor sentiment in global markets. In addition, on March 21 the U.S. Federal Reserve (the "Fed") increased its key interest rate and signaled another two hikes within the remainder of 2018. Higher interest rates triggered capital outflows from emerging markets, including Vietnam. Facing these headwinds, Vietnam's stock markets plunged significantly in the second quarter of the year, dropping by almost 20%.

The stock market recovered slightly in the third quarter, but again turned bearish in the last quarter of the year. Investors were concerned about a decelerating global economy, as a result of the on-going trade war and Fed rate hikes. Weak economic data from the Chinese economy in the fourth quarter also intensified investor concerns. The VN-Index closed the 2018 calendar year at 892 points, a drop of 9% over the year-end result in 2017. The HNX-Index also plunged by 11% to 104 points.

Although Vietnam's stock markets corrected for the first time in the last seven years, size and liquidity continued to reach new highs in 2018. Total market capitalization increased by 10.6% to VND 3.9 trillion, which was equivalent to 70.2% of Vietnam's GDP. The average daily trading value was VND 6,500 billion, increasing 29% y-o-y. The derivatives market, despite being in an early stage of development, and having simplicity with only one product, the VN30 Index Futures

Contract, was able to attract investors and had an impressive year in 2018. The total number of successful contracts was 78,800, an increase of nearly a seven-fold.

HSC 2018 Performance Overview

In 2018, HSC continued to deliver impressive performance, with total revenue of VND 1,702 billion and a net profit of VND 675 billion, representing strong growth of 23% and 22% respectively over 2017 results. All of HSC's key businesses grew in 2018. However, both actual revenue and net profit underperformed result's guidance by the Company. As analyzed earlier, investors turned cautious and accordingly reduced trading activities from the second quarter of the year, in light of the above-mentioned external factors, even though Vietnam's economy remained robust.

HSC continued to prove its leading position in the market, with an 11.4% market share that was higher than that of 11.3% in 2017, and in line with the Company target. HSC was also the market leader in the derivatives market, securing a sizable 22.6% market share. Being a pioneer in developing the market and leveraging its competitive advantages including its state-of-the-art information technology system, HSC was well-positioned to capture this opportunity in the derivatives market.

B. BOD's Supervision of the Chief Executive Officer and Board of Management

In 2018, the BOD maintained close supervision over the CEO and BOM in implementing the resolutions approved by the AGM and BOD, with details as follows.

1. Methods of Supervision

The BOD and the Supervisory Board (BOS) cooperated closely and examined HSC's business operations. This high level of understanding has enabled the two Boards to support and guide the CEO and BOM in implementing the corporate plan and fulfilling their core responsibilities.

The committees of the BOD regularly met and reported to the BOD. The sub-committees and their reporting activities are listed:

- The Risk Management Committee reported on all significant risks, such as liquidity risks, credit risks, and capital risks arising in each quarter, and proposed recommendations and necessary actions for risk mitigation.
- The Internal Audit Committee reported on the number of internal audits conducted in each quarter, the audit findings, and any audit recommendations for strengthening internal operational processes, procedures, systems and the technology environment.
- The Remuneration Committee considered, evaluated, and approved compensation, benefits, and remuneration policies for 2018.

At all times, the BOD and the BOS assessed the feasibility of action plans and recommendations, thereby proposing solutions that were more practical and appropriate for the Company's operations.

The BOD issued resolutions after each periodic meeting and upon special request, as well as to approve business results and business plans for each quarter. At the same time, the BOD also provided strategic guidance, assessments of the market and overall economic circumstances to support reviews of business plans for the subsequent quarter. There was regular communication and interaction between the CEO, the BOM and the BOD, which supported the implementation of policies and monitoring of the results of those policies to ensure that the overall objectives of HSC were achieved.

2. Supervision results

The summary of 2018 financial performance is as follows.

Unit: VND million

<i>Target</i>	<i>2018</i>	<i>2017</i>	<i>Change ratio (%)</i>	<i>2018 Plan</i>	<i>Plan Completion Ratio (%)</i>
Revenue	1,702,001	1,381,633	23%	2,110,156	81%
Profit before tax	842,186	692,601	22%	1,039,373	81%
Profit after tax	675,480	554,059	22%	818,717	83%

3. Conclusion

In accordance with HSC's Company Charter, as well as company policies and procedures, the BOD authorized the CEO and BOM to implement and manage the day-to-day operations of HSC, and to ensure the deployment of resources to achieve the strategic decisions aligned with the business plans. Through the mechanism of reporting on periodical inspection, supervision, financial performance, the daily operation of the Company, and reporting on unexpected affairs as required, the BOD concluded that the CEO and The BOM had exercised its rights and duties in accordance with the prevailing laws, as well as the Company Charter and other resolutions as discussed in the 2017 AGM. Additionally, the BOD has exercised its assigned rights and responsibilities in a manner that was prudent, professional and demonstrated integrity to ensure the maximum legitimate interests of the Company and its shareholders were attained. Moreover, the CEO and BOM have done their best to meet and exceed the business objectives approved by the 2017 AGM. At the same time, the CEO and the BOM also did well in building a great business environment where the main focuses were sustainable development, strong corporate governance, and the enhancement of risk management enhancement and control.

C. The Vision and Strategic Plans of the Board of Directors

In 2019, it is believed that Vietnam's economy will continue its growth momentum on the back of strong fundamentals. The Government particularly set a growth target of 6.6%-6.8% in 2019. With a bright macroeconomic backdrop, Vietnam's stock markets are expected to perform better in 2019 than last year. There are other factors that could impact stock market performance in 2019 as noted below.

- The global economy is anticipated to grow at a slower pace, but with less uncertainty and volatility. Talks in the trade dispute between the U.S. and China has progressed positively, as the two countries remain set to continue their trade negotiations in the first quarter of 2019. Also, the Fed has recently become more dovish, signaling a less aggressive rate hike path in 2019.
- The Prime Minister promised a push for state-owned enterprise privatizations in 2019. Big privatizations and listings will attract investment capital and increase the size of the stock market.
- The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) took effect on January 14, 2019. This trade agreement is expected to benefit the Vietnamese economy in general, and several sectors specifically.
- The derivatives markets had a successful year in 2018 and are expected to continue to attract investor attention in 2019 and subsequent years. New products such as futures contracts on other indices, futures contracts on government bonds, and covered warrants are under development. Upon their availability, these products will offer investors effective tools to diversify their portfolios, hedge risk, and explore attractive investment opportunities.
- The legal framework for Vietnam's stock markets will be enhanced as a revision of the Securities Law is underway. The new Securities Law is expected to further facilitate transparency within the stock market, and the monitoring process by authorities, as well as the protection of investor interests. Those are important factors in increasing the attractiveness of the stock market as an effective capital raising channel for companies.

Given an optimistic outlook for the stock market in 2019, the BOD shall focus on the following initiatives.

- Developing a strategic business development plan.
- Strengthening and promoting core business activities of the Company by diversifying products and improving service quality. We aim to develop and diversify products to maximize customer benefits and enhance their experience, as well as seizing new opportunities in the stock market.
- Enhancing corporate governance, risk management and risk control systems, especially in financial management, accounting and business auditing functions by improving the competencies of the Committees under the BOD.
- Continuing to seek higher levels of transparency in business operations and to enhance the role of Independent Directors.
- Standardizing processes, systems, and procedures to improve efficiency and ensure compliance with legal regulations, especially in the areas of information security, risk management, internal control, internal audit and margin lending.
- Increasing the efficiency of capital utilization through enhancing current financial products and services and investing in research and development, to create new products and services that meet international standards, regulatory requirements and client needs.

- Promoting corporate values of sustainable development in the drafting and promulgation of the CSR strategy and initiatives.
- Developing a succession plan for the next generation of leaders.

II. CORPORATE GOVERNANCE IN 2018

Strong and compliant corporate governance is one of the key factors for building a strong corporate foundation that delivers sustainable business value. HSC's approach to strong corporate governance development is to promote a set of values and behaviours that directs its day-to-day operations, provides transparency and accountability, and maximizes financial value for shareholders, stakeholders, and partners. We are committed to maintaining high standards of corporate governance, financial accountability, and financial transparency that will ensure long term sustainability.

We have strong commitment to the excellence in corporate governance standards, which we believe the foundation of the development of our business. In order to maximize business value, HSC focuses not only on business development goals for revenue and profit growth, but also on enhancing corporate governance in line with international practices. The combination of growth strategy and good corporate governance will help us maximize our resources and effectively exploit opportunities to create sustainable value in the long run.

1. Board of Directors

The BOD is responsible for ensuring that the best corporate governance practices are applied throughout the Company. The BOD has been and is going to implement the best corporate governance standards from the highest level of management board to every HSC employee as the foundation to achieve the Company's goals. Not only that, it is empowered by HSC to carry out its role and responsibilities and fulfil its obligations to shareholders, as well as to enhance corporate value.

HSC's BOD is accountable to the shareholders for the operations of the Company. The BOD is mandated to not only fulfil its roles and duties in formulating growth strategies for the Company and managing risks facing its operations, but also be the pioneers in promoting HSC's corporate culture and values both internally and externally to the shareholders and other stakeholders.

	Board Members	
	<i>Non-executive</i>	<i>Executive</i>
BOARD OF DIRECTORS	Mr. Do Hung Viet	
	Mr. Le Anh Minh	
	Mr. Lam Hoai Anh	
	Mr. Le Thang Can	
	Mr. Pham Nghiem Xuan Bac	
	Mr. Le Hoang Anh	
		Mr. Johan Nyvene

**COMMITTEES UNDER THE
BOARD OF DIRECTORS**

Risk Management Committee

Audit Committee

Remuneration Committee

Members of the Board of Directors

HSC's BOD comprises seven members, including the Chairman, five non-executive Directors and one executive Director.

All of the members of HSC's BOD are senior executives, who have strong managerial capabilities and in-depth knowledge and experience in law, corporate finance, and Vietnamese capital markets. The structure of HSC's BOD has a good balance of non-executive and executive members, and complies with the Enterprise Law in terms of the number of independent board members

Roles and responsibilities of the Board of Directors

Under the Enterprise Law and HSC's Charter, the BOD is the governing BOD of the Company and has full authority to act on behalf of the Company to exercise its rights and obligations beyond the authority of the Company's Annual General Shareholder Meetings. The BOD is responsible for monitoring HSC's operations to ensure that the Company complies with all applicable laws and its Charter, as well as internal regulations, and to assure the rights of its shareholders and stakeholders.

Accordingly, the major roles of the BOD are:

- Developing the Company's long-term strategic plan,
- Building and enhancing the Company's competitive advantages,
- Responding to major business challenges when they arise,
- Developing the Company's core competencies, and
- Creating and enhancing value for Company stakeholders.

When carrying out their functions and tasks, the BOD must strictly comply with the provisions of law, the Charter of the Company and resolutions of the Annual General Meeting of Shareholders. In the event where decisions made by BOD contravene the law or the Company's Charter, thereby causing detriment to HSC, the members who voted in favour of these decisions are jointly and individually liable for any damages in accordance with the relevant laws.

Activities of the Board of Directors in 2018

The Roles of the Board of Directors	Activities of the Board of Directors in 2018
Finance	
Business Plan	<ul style="list-style-type: none"> Reviewed and approved 2018 Business Plan (Resolution 07/2018).
Financial Performance	<ul style="list-style-type: none"> Reviewed and approved 2017 actual financial performance (Resolution 01/2018). Reviewed and approved actual financial performance in the first six months of 2018 (Resolution 18/2018). Reviewed and approved actual financial performance for the first 10 months of 2018 (Resolution 24/2018).
Share Issuance Plan	<ul style="list-style-type: none"> Approved the adjusted plans to issue shares to existing shareholders and employees under the employee stock ownership plan (ESOP 2018) (Resolution 19/2018). The initial plans were approved by shareholders at HSC's 2017 Annual General Shareholder Meeting on April 26, 2018. Approved documents for share issuance plans (Resolution 23/2018). Approved the criteria for distributing shares under the 2018 ESOP program to qualified employees (Resolution 23/2018). Approved changes to the number of shares to be issued under the 2018 ESOP program, which was approved by the 2017 AGM (Resolution 23/2018).
Covered Warrant Issuance	<ul style="list-style-type: none"> Approved the issuance of covered warrants on underlying shares of Hoa Phat Group (Resolution 07/2018). Approved the selection of banks to issue payment guarantees for the covered warrants (Resolution 09/2018)
Corporate Bond Issuance and Dividend Payment	<ul style="list-style-type: none"> Approved the issuance of HSC bonds via private placement (Resolution 10/2018). Approved the first advance of 2018 dividends (Resolution 24/2018).
Operation Monitoring	<ul style="list-style-type: none"> Approved changes to proprietary trading limits (Resolution 01/2018). Approved change in total margin lending limits (Resolution 01/2018). Approved the total debt limit for the Company in 2018 (Resolution 01/2018).
Bank Loan Monitoring	<ul style="list-style-type: none"> Approved proposals to obtain bank credit, which were within the approved limit (Resolutions 02, 03, 04, 16, 17,

	20, 21, 22/ 2018).
Quan hệ với công ty kiểm toán	<ul style="list-style-type: none"> Approved the selection of PricewaterhouseCoopers Vietnam as the statutory auditor for its 2018 financial statements (Resolution 14/2018).
Risk Management	
Charter and Internal Regulations	<ul style="list-style-type: none"> Approved the draft charter of organization and operation of the Company (Resolution 07/2018). Approved the adopting of the charter of organization and operation of the Company (Resolution 07/2018).
Human Resources	<ul style="list-style-type: none"> Approved the employee reassignment of Mr. Arnold Villanueva Pangilinan, from Risk Management Managing Director to Risk Management Advisor on November 15, 2018 (Resolution 24/2018). Approved the appointment of Ms. Nguyen Anh Xuan Trang to Risk Management Managing Director on November 15, 2018 (Resolution 24/2018).
Corporate Governance	
	<ul style="list-style-type: none"> Approved the time, venue, content and drafts of proposals for the 2017 Annual General Shareholders' Meeting (Resolution 01/2018). Approved the establishment of the Nam Sai Gon transaction office (Resolution 01/2018).

Activities of Non-executives and Independent Members of the Board of Directors

1. Assessing the independence and tenure of independent members of the Board of Directors

The independence of a member is not based on the length of time served on the Board of Directors, such as five or nine consecutive years, as stipulated by Vietnamese statutes. There are many other factors including the skills and knowledge, quality of advice, experience, ethical standards, and especially integrity and objectivity. The strengths of independent members are their understanding and insights regarding the core business, and their depth of analysis and critical thinking in making the right decisions. These competencies can only be acquired with time, exposure to, and experience in the industry.

There are two independent board members, Mr. Do Hung Viet and Mr. Pham Nghiem Xuan Bac, who have served more than 10 years, and have exceeded the statutory limit of nine years. After consulting the current legal regulations, as well as international practices, HSC's BOD recognizes that the independence of the two members in making decisions related to HSC operations remained intact. The board members have still been able to review HSC's operations and to make recommendations from an independent perspective. Additionally, they have made valuable contributions to the development of the Company. Therefore, the Company decided that, even though the re-appointment of these two members were not in compliance with the current

regulations on independent members of the Board of Directors, in terms of nature, they do play an important role as independent members of the board.

Although HSC is evaluating the independence of the members of the BOD from the perspective of their roles and contributions to the development of the Company, the BOD is also building a roadmap for selecting and appointing qualified independent BOD members to align their contributions with the requirements of the applicable laws and HSC's internal regulations.

2. Assessing the independence non-executive members of the Board of Directors

The non-executive members of HSC's BOD are representatives of two major HSC shareholders: Ho Chi Minh City Finance and Investment State-owned Company (HFIC) and HSC's strategic investor, the Dragon Capital Group (DC).

HSC's assessment of the independence of its non-executive BOD members is based on their capabilities, knowledge and experience on law, corporate finance, and the capital markets, as well as on their soft skills. Their decisions and contributions to the development of the Company are made from their independent standpoints. Although they have dual roles and dual responsibilities, they have been able to separate these roles when making relevant and important management decisions.

3. Separation of the role of the Chairman and the CEO

The separation of the role of the Chairman and the CEO reflects independence and a clear division of responsibilities between the BOD and the BOM to ensure a fair division of powers in decision-making, increased accountability and enhanced governance. The powers and duties of the Chairman and the CEO are clearly stated in the Company Charter.

HSC's Chairman has been on the BOD since its inception. He was appointed in 2007 and is currently in his fourth term on the Board.

Overall Assessment of the Operational Effectiveness of the Board of Directors

The BOD has made great efforts to improve corporate governance and align standards with current regulations and international best practices, examples of which are set out below.

- The Board of Directors maintains regular activities in accordance with the Company Charter, ensuring that regular meetings are held and that all Board members attended the meetings to meet legal requirements.
- Clearly defined the roles for independent and non-executive members have been made to maximize the interests of all shareholders.
- Supervision of the implementation of the BOD' decisions and resolutions are made at the AGM.
- Direction and supervision of the implementation of various important projects at HSC, including projects related to risk management, internal audit, new product development,

share issuance to existing shareholders, employee stock ownership plans and bond issuances via private placement.

- Supervision of Committee activities to ensure compliance with the operating principles and the Company Charter.

Meetings of Board of Directors in 2018 and Attendants

Board Members	Position	Date of Appointment	Number of Meetings	Number of Meeting Attended	Attendance Ratio
Do Hung Viet	Chairman		25 ¹	24 ³	96%
Le Anh Minh	Vice Chairman		25	25	100%
Lam Hoai Anh	Non-executive member	26/04/2018	15 ²	15	100%
Pham Nghiem Xuan Bac	Non-executive member		25	25	100%
Le Hoang Anh	Non-executive member		25	25	100%
Le Thang Can	Non-executive member		25	24 ³	96%
Johan Nyvene	Executive member		25	25	100%

¹ In 2018, there were 25 BOD meetings, of which there 22 face-to-face meetings and three BOD meetings held in the form of written ballot. Meeting agendas and documents were made available to all the members of the board no later than five days before the meetings. In the situations of written ballot, all the information, proposals, and ballots were sent to all the members no later than seven days before the ballot deadlines.

At the first meeting of the year, the BOD discussed macroeconomic conditions and the local and global stock market outlooks; thereby reviewing the feasibility of the Company's business plan and targets for the year and considering any necessary revision of the Company's long-term plan and vision. In each regular quarterly meeting, the BOD reviewed and approved the Company's actual quarterly financial performance. The BOD also discussed prevailing market conditions and reviewed and revised (if necessary) the strategic plans for upcoming quarters. The board also approved other matters falling under its responsibility and authority.

In 2018, all BOD members fulfilled their responsibilities in terms of BOD meeting participation. Furthermore, the BOD made important decisions, which were greatly beneficial to the performance of the Company during the year. A BOD resolution was only ratified when more than half of the members of the board voted for it.

² Mr. Lam Hoai Anh was appointed to be a member of the BOD at the 2017 AGM to replace Mr. Nguyen Thanh Liem, who was HFIC's representative at HSC.

³ The BOD member was not able to attend the meeting due to a previously scheduled business trip.

Board of Directors member role at other companies

HSC's Board of Directors is committed to comply with current laws, which concurrent service as a board member in more than five other companies. This regulation encourages BOD members to have more time to focus on efforts to develop HSC.

2. The Board Committees

There are three committees reporting to the BOD. They are the Risk Management Committee, the Audit Committee, and the Remuneration Committee.

The three committees are tasked with advising and assisting the Board in maintaining and enhancing internal control operations. All three committees have non-executive and executive members. The members were selected based on expertise and experience as well as their contribution to the committees.

<i>Name</i>	<i>Position</i>	<i>Risk Management Committee</i>	<i>Internal Audit Committee</i>	<i>Remuneration Committee</i>
Do Hung Viet	Chairman Independent Board member	√	Chairman √	√
Le Anh Minh	Vice Chairman Non-executive Board member	Chairman √		Chairman √
Le Thang Can	Member Non-executive Board member		√	
Le Hoang Anh	Member Non-executive Board member	√		
Johan Nyvene	Member Executive Board member			√
Vo Van Chau	Head of Supervisory Board			√
Dang Nguyet Minh	Member Member of Supervisory Board		√	

Activities of the Committees under the Board of Directors

1. Board Risk Management Committee

The Risk Management Committee was established in 2013. The Risk Management Committee is responsible for advising the Board on the issuance of risk management strategies, processes and policies. The Risk Management Committee is also responsible for analyzing and issuing warnings about the Company's safety against potential risks, as well as recommending preventative measures. Further, the Committee must analyze the Company's overall level of risk, measuring the risk tolerance level of every business function, as well as HSC's overall operations, monitor the implementation of policies and examine the Company's capital, liquidity and capital mobilization. The Risk Management Committee is responsible for reviewing and changing the risk management structure of the Company to meet the risk management requirements of its

regulatory authorities. In addition, the Risk Management Committee must evaluate the performance of the Risk Manager.

Activities of the Risk Management Committee in 2018.

- In 2018, the Risk Management Division reviewed and revised annexures on the policies covering limits for margin lending, proprietary trading and treasury management.
- The following changes in senior executives of the Committee were effective on November 15, 2018:
 - Mr. Arnold Villanueva Pangilinan was reassigned to become Risk Management Advisor; and
 - Ms. Nguyen Anh Xuan Trang was appointed to become Risk Management Managing Director.
- The Legal Department was separated from the Risk Management Department.
- The Risk Management Department modified its organizational structure to align its structure with key HSC business functions.
- On a monthly and quarterly basis, the Risk Management Department prepared and circulated a risk management report to the Risk Management Committee. The reports summarized the major risks identified in the reporting period and an action plans for the Risk Management Committee.
- The Risk Management Committee scheduled regular meetings to review and approve transactions under its responsibility and authority.

2. Internal Audit Committee

The Internal Audit Committee was founded in 2014. The Internal Audit Committee acts in accordance with principles set out in the Code of Conduct and the Charter, which have been approved by the BOD.

The Internal Audit Committee continue to cooperate on internal audit activities with KPMG Vietnam Limited in 2018.

Activities of the Internal Audit Department and follow-up on Internal Audit Findings.

- In 2018, the Internal Audit Department issued the following audit reports:
 - The anti-money laundering review report
 - The first audit on Human Resource Management Processes
 - The second audit on Retail Client Brokerage Processes
 - The second audit on Margin Lending Processes
- Currently the Internal Audit Department is conducting audits on the following processes:
 - The second audit on Information Technology Systems and Network Administration Processess
- The Internal Audit Progress Report was reported at the periodic meeting of the Internal Audit Committee.

3. Board Remuneration Committee

The Board Remuneration Committee was officially established in 2016. The Remuneration Committee was established with the aim of advising and proposing compensation, remuneration and benefits for the members of BOD, BOS and BOM. The committee also reviews the annual budget for staff compensation and decides on issues related to the Employee Selection Program for selected employees.

In 2018, the Remuneration Committee reviewed and adjusted remuneration for the members of the BOD and the BOS to the current market pay levels. The Committee also paid remuneration to the members of the BOD and BOS who were also members of the committees under the BOD, and to the secretary of the BOD.

3. Participation of the Board of Director members in corporate governance programs

All members of the BOD and the BOS participated in a “Corporate Governance” training course, except for Mr. Pham Nghiem Xuan Bac who could not due to unforeseen circumstances. HSC will arrange time as is reasonable for him to join a similar training in the future.

4. Engaging Shareholders, Investors and Partners

Annual General Meeting

In addition to information provided in the Quarterly Financial Statements, the Annual Report, and newsletters, the Annual General Meeting (AGM) of Shareholders is an important opportunity for the Company to disseminate information, and engage with shareholders, investors and partners. At the AGM, the BOD presents the financial results and initiatives undertaken in the past year, the business plan for the next financial year, and other information deemed important to seek decisions by all shareholders.

On April 26, 2018, HSC held its 2017 Annual General Meeting (2017 AGM) in Ho Chi Minh City. The AGM followed and complied with current statutory regulations, to ensure the protection of shareholder benefits and rights.

- All shareholders whose registrations were undertaken by March 9, 2018, at the latest as provided for by the Ho Chi Minh City Branch of the Vietnam Securities Depository, received full and clear information relating to the 2017 AGM as detailed in their notice of invitation. The notice of invitation clearly specified the time, venue, agenda and basic information about registration for the meeting. The full 2017 AGM documents were published on HSC's website, in both Vietnamese and English languages, twenty-one (21) days before the date of the 2017 AGM. In addition, the notice of invitation for the 2017 AGM was broadly published in the *Dau Tu Chung Khoan* newspaper.
- In order to facilitate attendance by all shareholders and their authorized representatives, the 2017 AGM was held on a working day, with the registration and admission desk opened one hour prior to the meeting. HSC used barcodes to confirm shareholder identification and other supporting documents, as well as for calculating the voting and election ratios.

- The Chairman of the BOD, BOD members, Committee Chairs, and the BOM chaired the 2017 AGM. In addition, representatives of the independent audit firm were in attendance. Representatives of minority shareholders were entitled to nominate themselves in the Vote Tally Committee to count the votes.
- Those chairing the meeting were responsible and available to respond to any questions and encouraged shareholders or authorized representatives to comment in order to jointly build sustainable growth for HSC.
- Each of proposals by the BOD was presented separately to facilitate review and approval by shareholders at the AGM. The voting results for each proposal were announced immediately and recorded in the AGM minutes.
- The minutes of the meeting, a voting results report, and resolutions from the 2017 AGM were published on HSC website in both English and Vietnamese languages within 24 hours after the AGM.

General Meeting of Shareholders by Written Ballot

On September 18, 2019, HSC held a General Meeting of Shareholders by Written Ballot to seek shareholders' approval on the share issuance plans which included the issuing of stock bonus to the existing shareholders to increase charter capital, the issuing of new shares to the existing shareholders, and the issuing of new shares to employees under an approved Employee Stock Ownership Plan. The issuance plans were ratified at the 2017 AGM and stated at Clause 12, Clause 13, and Clause 14 of the Company's AGM Resolution 01/2018/NQ-DHDCD dated April 26, 2018.

HSC strictly followed any procedures required by applicable laws to protect the rights and interests of shareholders.

- On September 18, 2018, HSC sent the share issuance proposal by its BOD and the ballot papers to all shareholders who were in the shareholder list finalized on August 31, 2018 provided by the Vietnam Depository Centre, Ho Chi Minh City Branch. The ballot clearly stated all important and required information, such as the Company's name, shareholder details, the purpose and content of obtaining shareholders's votes by written ballots, voting options, i.e. "for", "against", and "abstention", the deadline and method by which shareholders were to send their votes back to HSC. The proposal and ballot were sent to shareholders by guaranteed mail and email (if shareholder emails were available). The documents were also available on HSC's website, both in Vietnamese and English 30 days prior to the voting deadline, which was October 18, 2018.
- Representatives of the BOD counted the votes and the Vote Counting Minutes were prepared under the supervision of the Head of the BOS. The Voting Counting Minutes contained all information that required by law and internal regulations of the Company, including the total number of "for" votes, the total number of "against" votes, and the total number of "abstention" votes for each proposal.

- The Vote Counting Minutes and AGM Resolutions were posted on HSC's website and were available in both Vietnamese and English within 24 hours after the vote counting process was completed.

Dividend Payout

HSC's shareholders are entitled to receive its profit in proportion to their holding. We believe that our attractive and transparent dividend policy is one of the main reasons behind investor decision to investing in HSC's stock.

HSC's dividend policy is reviewed by the Board of Directors on an annual basis. However, HSC's practice is to maintain a dividend payout ratio of at least 50%. Over the last few years, HSC has distributed annual dividends of 12% to 20% of par value depending on its financial performance in each year. It is worth noting that HSC's actual dividends are often higher than the dividends approved at its AGM. Dividend payment announcements are transparent and come with detailed information. Also, the Company always honors its dividend payment schedule, which is usually within 30 days from the date of BOD approval.

At the 2017 AGM, shareholders approved an ordinary share dividend payment rate of 15%. The execution plan for the 2018 dividend payment is summarized as follows.

- HSC paid the first 2018 cash dividend of 6% on December 21, 2018 following approval by the Board of Directors in Resolution No. 24/2018/NQ-HĐQT dated November 15, 2018.
- The BOD plans to propose a final cash dividend payment at the 2018 AGM in accordance with the dividend approved in the 2017 AGM.

Investor relations

HSC is always proactive in engaging shareholders, investors, and its wider partnership community networks to provide timely, useful, complete, reliable and accurate information. The data and information are provided through a number of communication and media channels, such as, the website, the AGM, newsletters, videos and direct email blasts to the investment community at registered email addresses.

HSC encourages all shareholders, investors, and partners to discuss, share ideas, provide questions and engage in all possible forms of contributing information to HSC by emailing the Director of Communications.

5. Equal Treatment of Shareholders and Protection of their Rights

Appointing a proxy to the Annual General Meeting

HSC strongly encourages shareholder participation at the AGM. Should a shareholder be unable to attend the AGM, they may nominate an authorized representative, such as a BOD member or BOS member, to vote on their behalf and to decide on any resolutions and issues discussed at the AGM.

Voting at the AGM and Voting by Written Ballot

Voting at the AGM

Each shareholder or their authorized representative attending the AGM are given voting cards and voting forms printed by HSC. The cards and forms have barcodes so that the vote counting process can be more efficient and accurate. Shareholders shall use their voting cards to vote for resolutions raised at the AGM. Key information content for the AGM is sent to shareholders prior to the meeting. The shareholders must confirm their vote by marking a cross in one of the three boxes provided. The contents of the three boxes are "For", "Against" and "Abstention". Shareholders are required to sign the form to confirm and validate the vote.

Voting by Written Ballot

The written ballots and other relevant documents will be sent to each of HSC's shareholders by guaranteed mail and email (if applicable) to the addresses the shareholders have registered with the Vietnam Securities Depository Centre, Ho Chi Minh City branch. To facilitate shareholder review and voting, in 2018, HSC delivered the written ballot and materials to shareholders 30 days prior to the deadline by which shareholders had to send back their votes.

Election of BOD Members

The election, dismissal, removal, and additional election of members of the Board of Directors must be approved by the AGM. The selection of candidates and the election of new members to the BOD are carried out in accordance with the procedures stated in HSC's Charter, governance regulations, and election regulations.

In the 2017 AGM, HSC dismissed Mr. Nguyen Thanh Liem, a member of HSC's BOD and the representative from HFIC, and concurrently elected a new board member as his replacement. The election of new members of the Board of Directors is carried out using a secret ballot and adopting a cumulative voting method. Accordingly, each shareholder or authorized proxy was given a total number of votes which was equal to the total number of shares they owned or represented multiplied by the number of candidates being elected. Shareholders or authorized proxies were entitled to cast all of their votes for one candidate or proportionally to a number of candidates. The list of candidates and candidate resumes were posted on the Company's website no later than seven (07) working days prior to the 2017 AGM so that shareholders had sufficient time to consider and select qualified candidates.

Conflicts of Interest Management

There is a need to prevent conflicts of interest in operations and decision making. Recognizing this need resulted in the development of internal policies, procedures, systems of control and monitoring at HSC. Systems and processes serve to prevent or mitigate "conflict of interest" situations. The risks that are to be prevented or mitigated include actions for personal gain but that cause loss to shareholders, investors, partners and/ or HSC.

Right now, HSC is compliant with “conflict of interest avoidance” regulations under Vietnam law. The BOD has plans to raise HSC’s compliance to follow international benchmarks and best practices.

1. *Related Parties Transactions*

Related party transactions, which are not conducted at arm’s length but for personal gain, have often led to the collapse of many large corporations and the erosion of shareholder value and investor confidence in the transparency and integrity of the capital markets. This issue has become one of the biggest challenges for the business community in Vietnam in recent years.

Aware of the risk associated with illegal related party transactions, HSC is introducing a related-party-transaction policy, which is an integral part of HSC’s corporate governance framework. The policy will be designed and implemented to ensure that any potential conflicts of interest hidden in related party transactions are identified and monitored and closely controlled.

2. *Transactions of managers and executives of the Company and related parties*

Members of the BOD, the BOM, and BOS, as well as related parties who want to execute transactions in HSC shares must report and disclose all required information at least three business days prior to the transaction date. They also have to report their trading results to the State Securities Commission of Vietnam and the Ho Chi Minh Stock Exchange (“HOSE”) within three (03) business days after the registered trading period.

Members of the BOD, the BOM, and BOS must report to the BOD any potential conflict of interest with HSC’s interests from the benefits that they might receive from any transaction in HSC shares that are executed by themselves or by any related legal entity or individual. Members of the BOD, the BOM, and BOS are not allowed to use any internal information regarding HSC’s operations obtained by virtue of their position to serve their personal interests, or the interests other legal entities or individuals.

HSC does not provide loans or guarantees to any members of the BOD, the BOM, the BOS or related parties unless otherwise approved at the AGM.

HSC is not allowed to engage in any transaction that has a value equal to or greater than 35% of the total asset value of the Company as stated in its latest financial statements, with any member(s) of the BOD, the BOM, the BOS or related parties, or with shareholders, their proxies or related parties who collectively own more than 10% of HSC’s total outstanding shares unless otherwise approved at the AGM.

6. Role of Stakeholders

1. Role of Stakeholders

Investors

To thrive in the time of globalization and cross-border competition, as business professionals, we must pursue a sophisticated approach to understanding and responding to clients's expectations. Therefore, HSC measures its success by the satisfaction of investors who are also its clients.

Having a good understanding on the sophisticated demands of investors, along with our strong team of highly experienced, dynamic, and enthusiastic professionals and our proven track records and credits, we have been able to provide our clients right services at the state-of-the-art quality and attractive investment opportunities.

In order to strengthen our reputation and enhance the trust from our clients, we have been pursuing rigorous information security policies and implementing new applications and technologies from the "industrial revolution 4.0" to our securities information technology.

In addition to following the market in the development of new products, HSC also strives to create its own products and services to attract professional investors.

Shareholders

HSC has always been willing to provide necessary information to our shareholders on transparent and adequate maners. Furthermore, in our principle of equality, there is no discrimination amongst major shareholders, strategic shareholders or minor shareholders.

All necessary information on HSC's operations and performance such as the quarterly, semi-annual and annual performance results, as well as our business plans, are provided to all shareholders. Through these information disclosure sessions, HSC hopes to meet and interact directly with shareholders and investors in order to for them to understand more about our business operations, so that they can make appropriate investment decisions. This is also an opportunity for HSC to get the most meaningful feedbacks and contributions from shareholders and investors, which are then discussed in our internal meeting for further analysis and considerations.

We believe the trust from our shareholders is a concrete foundation for HSC's subtaintable development.

Human Resources

At HSC, employees are considered the most important factor determining and fostering our path to prosperity and sustainable development. By creating a strong corporate culture and a professional, dynamic, and cretative working environment, we aim to offer our employees not only a right place to work and to devote but also an environment in which they can maximize their capabilities. In addition, HSC applies a transparent and competitive policies on salary, bonus, and

welfare to ensure employees are rewarded properly for their contributions and commitment, which are measured and appraised through the implementation of KPIs in HSC's Employee Performance Management. Besides, the close relationship between leaders and staffs at HSC is also one of the factors help attract and retain talent and enhance employee loyalty and commitment.

2018 marked HSC's 15-year journey in the stock market. 15 years are not too long and also not too short, but rather enough for HSC to build its own culture – a culture that nurtures and promotes "Next Generation" and "Succession". These unique cultural factors define HSC's corporate culture.

The best way to build and strengthen corporate culture is that leaders have to pioneer in demonstrating how to act and behave appropriately to promote that culture. The culture of "Next Generation" was initiated in 2018 and was reflected in the first corporate activity – The Ceremony honoring employees who have been with HSC over the past 15 years. The next corporate activity is the formulating and executing a succession plan, in which the existing top management gradually handovers decision making power to the next generation, who were trained and promoted several years ago.

Community

The sense of shared community has been built and promoted throughout the Company's history since its early days. At the corporate level, HSC is committed to contribute to the development of Vietnam by creating jobs and paying taxes. At the same time, there have also been volunteer activities, sharing and helping the less privileged and disadvantaged groups of people. This has become a moral tradition at HSC. Above all, HSC is a cradle for spreading "community sharing" inspiration to all employees. The sense of sharing has continued to spread to their relatives and friends and has since been communicated throughout society.

HSC endeavors to implement initiatives that have long lasting impact on communities where HSC is located. HSC is dedicated to contributing to all aspects of community development. Community development is at the core of CSR where HSC believes will be an essential component for long term success.

Environment

Contributing to the development of the capital markets in Vietnam has been one of the most important targets in the development of HSC.

HSC has always been a pioneer and a bridge between the leading companies in Vietnam and the global investment community through the hosting of forums and conferences dedicated to the Vietnamese markets in general and the stock market in particular (Vietnam Investment Professionals Forum 2018, Emerging Vietnam 2018) or through organizing conferences

discussing new products (the Global Futures Symposium). With a spirit of enthusiasm and a willingness to impart experience and try to learn advanced knowledge, HSC has not only contributed to the market shaping and developing process and the nurturing the international investors's trust but also created its own opportunities to seek and approach potential investors.

Moreover, HSC is also an active member of associations and organizations in the stock market in particular and in the financial sector in general. The participation in the Vietnam Securities Trading Association (VASB), Vietnam Bond Market Association (VBMA) and Vietnam CEO Club, also helps us understand more about the markets and allows us to contribute to develop the markets.

2. Audit firm

HSC is committed to select one of the Big 4 Audit Firms in Vietnam for the interim and annual statutory audit of its financial statements. The selected auditor must be approved by the State Securities Commission of Vietnam to provide the statutory auditing services to listed companies and securities companies in Vietnam.

PricewaterhouseCoopers (PwC) VietNam Limited was re-selected as an external auditor of HSC for the 2018 fiscal year.

The 2018 audit fee amounted to VND1,221,000,000 (One billion two hundred and twenty-one million Vietnamese Dong) payable to PricewaterhouseCoopers Vietnam. The contracted audit works include the followings:

- The review of the interim financial statements;
- The review of the interim Liquidity Ratio Report;
- The audit the year end financial statements;
- The audit of the year end Liquidity Ratio Report; and
- The special audit of HSC's year end financial information, which were prepared in accordance with the International Financial Reporting Standards (IFRS).

In addition to the above audit works, PwC also issued the review report on HSC's first quarter 2018 financial statements. The review report was a required document for the share issuance plans in accordance with the regulatory requirements. Therefore, the 2018 audit fee increased by 30% compared to than in 2017.

In addition, HSC also paid a non-audit fee of VND495,000,000 (Four hundred and ninety-five million Vietnamese Dong) to KPMG Vietnam Limited, which was a joint internal auditor of HSC in 2018.

3. Contact for Media Inquiries

Currently, the only point of contact for media inquiries to HSC is the Communications Department. Any questions from stakeholders will be forwarded to the relevant department

head. Their responses will be sent to the Communications Department which shall represent HSC in responding by phone or email.

4. Information Disclosure

Policy and implementation of information disclosure

The information disclosure framework at HSC has been developed and implemented in compliance with statutory regulations, internal policies and corporate governance policies. Information disclosure must be in accordance with the following fundamental principles.

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

7. Transactions between the Company and major shareholders

1. Remuneration of the Board of Directors and the Supervisory Board

The operating fund of HSC's BOD and BOS in 2018 amounted to 1.5% of after-tax profit, as approved at the 2017 AGM.

In Q1 2018, remuneration that the members of the BOD and BOS were entitled to receive were adjusted to market pay levels. The Company also started to pay remuneration to board members who were also members of committees under the BOD and to the secretary of the BOD in accordance with Minute 01/2018/BB-RC of the Remuneration Committee dated 22 January 2018.

Remuneration for members of the BOD in 2018

<i>Position</i>	<i>Monthly Remuneration for BOD Members (after tax) (VND)</i>	<i>Monthly Remuneration for Committee Members (after tax) (VND)</i>
BOD Members	20,000,000	
BOD Members and Committee Chairman		20,000,000
Executive Members		10,000,000

Remuneration for members of the BOS in 2018

<i>Position</i>	<i>Monthly Remuneration for BOS Members (after tax) (VND)</i>	<i>Monthly Remuneration for Committee Members (after tax) (VND)</i>
Members	15,000,000	
Head		10,000,000

Remuneration for members of the Committees under the BOD in 2018

Position	Monthly Remuneration (after tax) (VND)	Note
Head	15,000,000	
Members	10,000,000	

Based on the remuneration presented above and the prevailing number of members of the BOD and BOS at specific times, the payment of remuneration and operating expenses to the members of the BOD and BOS was as detailed below.

BOD and BOS remuneration and operating expenses in 2018

Item	VND
The opening balance of Operation fund of the BOD & Supervisory Board	1,019,184,416
Operation fund of the BOD & BOS in 2018 (accounting for 1.5% of profit after tax in 2017)	8,310,887,456
Operating expenses for the BOD & BOS	8,428,529,830
In which:	
1. Remuneration for BOD & BOS in 2018	3,868,000,000 (*)
2. Other operating expenses	4,560,529,830
Unused funds of the BOD & Supervisory Board	901,542,042

Note: (*) Total BOD & BOS remuneration was VND 3,868,000,000 (including personal income tax). BOD and BOS remuneration increased over that in 2017 due to adjustments to market pay levels in Q1 2018. The Company also started to pay remuneration to board members who were also members of committees under the BOD and the secretary of the BOD.

2. Regulation on Bonuses for Members of BOD and BOS

Independent BOD members and non-exective BOD and BOS members do not receive any income or bonuses from the Company's bonus and welfare funds in addition to the remuneration for members of the BOD and BOS mentioned above.

3. Regulation Governing Benefits for Members of BOD and BOS

Currently, HSC's cost benefit regime (the Company's car use regime, telephones, social, medical and other insurance, 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 for other members of the BOD and BOS are charged to HSC (if costs are incurred).

4. Share trading transactions of internal shareholders and related parties

In the year 2018, HSC announced HSC share transactions undertaken by members of the BOD and related organizations on the HCM City Stock Exchange to the authorities within three working days. Under current regulations, they were reported as follows.

Name	Relationship with internal shareholders	Number of shares owned initially		Number of shares owned at the end period		Reasons for increase, decrease
		Number of shares	%	Number of shares	%	
Le Anh Quan	Individual related to Mr. Le Anh Minh – Vice Chairman	26,000	0.02%	0	0%	Bought 26,000 shares from 22 November 2017 to 04 December 2017 and sold 26,000 shares from 30 January 2018 to 02 February 2018
Pham Nghiem Xuan Bac	Board of Directors	290,000	0.22%	240,000	0.19%	Registered to sell 100,000 shares from 10 July 2018 to 08 August 2018 and sold 50,000 shares from 10 July 2018 to 08 August 2018.
Cong Huong Joint Stock Company	Company related to Pham Nghiem Xuan Bac - Member of the Board of Directors	450,442	0.35%	360,442	0.28%	Registered to sell 150,000 shares from 10 July 2018 to 08 August 2018 and sold 90,000 shares from 10 July 2018 to 08 August 2018.
Johan Nyvene	Chief Executive Officer and member of the Board of Directors	661,666	0.51%	461,666	0.36%	Registered to sell 200,000 shares from 02 October 2018 to 31 October 2018 and sold 200,000 shares 02 October 2018 to 23 October 2018.

5. Transactions between the Company and major shareholders

HSC and Dragon Capital Markets Limited (DC) have signed a contract to provide business consulting services, in which DC advises HSC on market research, institutional client brokerage, mergers and acquisitions, etc. The contract term is three years from 2017 to 2019.

In 2017, HSC paid an advisory fee to DC as stated in the Contract. However, in 2018, HSC terminated the Contract as the Company had no demand for these advisory services. Therefore, there was no related party transaction between HSC and DC in 2018.

Related parties	Relationship	Headquarter	Date of transaction ty	The Board of Directors Resolution No.	Quantity, percentage of shares after transactions	
					Quantity	%
Dragon Capital Markets Limited (DC)	Related parties	Room1501, 15th Floor, Me Linh Point, No 02 Ngo Duc Ke Street, District 1, HCMC	Not applicable	No. 01/2017/NQ-HĐQT dated 17/01/2017	39,278,810	30.29

The report of the Board of Directors is presented. On behalf of the Board of Directors, I would like to thank to Shareholders, Customers, Partners and Employees of HSC who have tried their best to overcome the challenges and to complete HSC's mission successfully.

Best regards.

For and on behalf of the Board of Directors
CHAIRMAN



DO HUNG VIET

To:

- As mentioned above;
- BOD Office for record,