



No.: 07/2017/TT- HDQT

Ho Chi Minh City, 03 April, 2017

## THE 2016 ANNUAL GENERAL MEETING PROPOSAL

*Subject: To approve the adjustment of foreign investors' ownership*

*Pursuant to:*

- *The Law on Enterprises No.68/2014/QH13 issued by the National Assembly of the Socialist Republic of Vietnam on 26 November 2014 and the documents guiding the implementation of Law on Enterprise;*
- *The Law on Securities No.70/2006/QH11 issued by the National Assembly of the Socialist Republic of Vietnam on 29 June 2006 and Amendment, Law amending and supplementing a number of articles of Securities Law No.62./2010/QH12 issued by the National Assembly of the Socialist Republic of Vietnam on 24 November 2010 and some documents guiding the implementation of Securities Law;*
- *The tenth amendment of HSC Charter according to the AGM Resolution No.01/2016/NQ-ĐHĐCĐ dated 02 March 2017;*

Since the HCM stock code listed in Ho Chi Minh Stock Exchange (HOSE), the ownership ratio of foreign investors has always reached 49%. Therefore, on 17 April 2014, the 2013 AGM authorized the BOD to decide the date and the maximum increase of the ownership ratio of foreign investors complying with the relevant law regulations.

At the moment, it is stipulated that security companies are not subject to restriction on the foreign investors' ownership ratio. After considering the relevant law regulations stipulating the foreign investors' ownership ratio in security companies and the influences on our business as the ownership ratio of foreign investors equal to more than 51% at HSC, the Board of Directors find that some legal difficulties and some direct influences to our business have not been solved yet, the following details:

- ***Offshore indirect investment:*** As the ownership ratio of foreign investors equal to more than 51% at HSC, it is not permitted to carry out offshore indirect investment activities in HSC.
- ***Proprietary trading activities and Market maker:*** Basing on the newly relevant law regulations stipulating the ownership ratio of foreign investors equal to more than 51%, it is difficult to determine which types of companies. It can be considered to be an economic organization with domestic owned capital or an economic organization with foreign owned capital. And in case it is stipulated that the economic organization of which more than 51% of the charter capital is held by foreign investors is the company with foreign owned capital, some investment activities of HSC will be restricted, as details follows:

- Referring to the proprietary trading activities, HSC is required to register securities trading code;
- Some terms of the proprietary trading activities of HSC will be adjusted complies with relevant legal regulations of the ownership ratio of foreign investors;
- Financial investment that HSC intends to invest: HSC will be subject to restriction on purchasing some securities of the enterprises which are subject to restriction on the ownership ratio of foreign investors;
- Financial investment that HSC has invested: As the ownership ratio of foreign investors less than 51%, there are no legal influences to our financial investment when HSC invests to target companies of which are subject to restriction on the ownership ratio of foreign investors. But as the ownership ratio of foreign investors equal to more than 51%, HSC could be considered an economic organization with foreign owned capital. At that time, HSC could be faced with administrative penalties for violations against laws when investing to target companies exceeding the statutory ownership ratio of foreign investors.
- In the case, HSC invests to the companies of which are subject to restriction on the ownership ratio of foreign investors, there are some influences of our business activities such as market maker and index trading activities as well as securities borrowing.

Besides, the BOD realized that official increase in foreign investors' ownership ratio shall be a good opportunity for HCM stock to raise its liquidity in trading, improve the Company's funding capability when necessary and orient the Company shareholders' structure toward increase in the number of foreign investors.

To ensure the maximum benefit of shareholders, the BOD of HSC would like to propose that the 2016 Annual General Meeting to approve as follows:

1. The ownership ratio of foreign investors in HSC is 100%.
2. The 2016 Annual General Meeting authorizes the BOD to supplement the article of the ownership ratio of foreign investors in the HSC Charter.

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

**For and on behalf of the Board of Directors  
CHAIRMAN**

**(signed and seal)**

**ĐỖ HÙNG VIỆT**

**To:**

- As mentioned above;
- BOD Office for record,