

REPORT OF THE BOARD OF DIRECTORS

AT THE 2020 ANNUAL GENERAL MEETING

HOCHIMINH CITY SECURITIES CORPORATION

I. 2020 PERFORMANCE EVALUATION BY THE BOARD OF DIRECTORS

A. EVALUATION OF 2020 PERFORMANCE BY THE BOARD OF DIRECTORS

The Vietnamese Stock Market in 2020

In 2020, the global economy witnessed substantial disruption and difficulties caused by the Covid-19 pandemic. As a result, the global economy fell into recession as many countries posted negative economic growth and the global financial market experienced significant chaos and faced lingering uncertainties.

Despite facing the huge challenges, Vietnam was able to not only contain the virus but also grow its economy in 2020. With the GDP growth of 2.9%, Vietnam was among the top 16 most successful emerging markets and among the top 10 highest growing economies in the world. That macroeconomic performance was beneficial for the Vietnamese stock market, one of the most resilient and best-performing stock markets globally. The VN-Index posted a gain of 14.9% in spite of historic downs and ups during the year. The surge in liquidity was another spot light of the Vietnamese stock market in 2020 with daily average trading value increased strongly by 59.3% yoy to VND7,240 billion, a record level. New individual investors, who opened 393,659 accounts in 2020, contributed considerably to the increase in market trading value.

HSC's Business Performance in 2020

HSC delivered solid business performance in 2020 on the back of the strong recovery of the stock market. The Company achieved total revenue of VND1,591 billion, or an increase of 26% YoY and 123% of the approved guidance. Profit after tax increased by 23% YoY to VND530 billion, which was equal to 117% of the approved guidance.

HSC's market share in the securities services market in 2020 was at 8.0%, which was lower than 9.8% in 2019, while HSC's market share in the derivatives market increased to 10.4% from 8.7% in the year before.

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

In 2020, the BOD maintained close supervision of activities of the Chief Executive Officer (“CEO”) and Board of Management (“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 to supervise 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.

Representatives of committees of the BOD presented regularly at BOD meetings as below:

- The Risk Management Committee reported on all significant risks, in each quarter, in the first half and in the whole year, and proposed recommendations and necessary actions for risk mitigation.
- The Internal Audit Committee reported on the number of internal audits conducted in each quarter, in the first half and in the year 2020 including the audit findings, and any audit recommendations to strengthen internal environment and to ensure that internal audit system operates effectively.
- The Remuneration Committee reviewed, evaluated, and approved compensation, benefits, and remuneration policies for 2020.

The BOD and the BOS assessed 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 and ad-hoc meeting to approve quarterly, semi-annually, and annually business results and business plans and other business matters under the BOD’s authorization. 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 upcoming quarters. The CEO, the BOM and the BOD maintained regular communication and interaction throughout the year. That collaborative approach supported the implementation of policies and supervision of results of those policies to ensure that the overall objectives of HSC were achieved.

2. Supervision Results

The summary of 2020 financial performance is as follows:



Unit: VND Million

Target	FY2020	FY2019	% Change	FY2020 plan	% 2020 Plan completion
Revenue	1,591,734	1,262,261	26%	1,297,586	123%
Profit before tax	660,305	531,406	24%	566,883	116%
Profit after tax	530,452	432,565	23%	453,507	117%

3. Conclusion

In accordance with HSC's Charter, policies and procedures, the BOD authorized the CEO and BOM to implement and manage day-to-day operations of HSC, and to ensure the deployment of resources to pursue strategic decisions that were aligned with approved 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 successfully and compliantly exercised their rights and duties in accordance with the prevailing laws, as well as the Company Charter and other resolutions as discussed in the FY2019 AGM. Additionally, the BOD 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 the BOM made their best efforts to deliver and exceed the business objectives approved by the FY2019 AGM. At the same time, the CEO and the BOM also well achieved an important accomplishment - to further fortify the already-solid business environment at HSC 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

The challenges and uncertainties caused by the Covid-19 pandemic are expected to linger in 2021. However, with the government's experience in containing the virus and stronger fundamentals, the Vietnamese economy as well as the stock market is well-positioned to capture new opportunities.

The stock market in 2021 is believed to be driven by the following factors and themes:

- The timeline of widespread vaccination.
- The stability of the operating systems of HOSE and HNX.
- The strong headroom of the covered warrant business.



- The derivatives market is expected to grow considerably as more investors realize its benefits as an effective hedging tool when the underlying market is volatile.
- The emerging local ETFs as an effective investment product for both local and foreign investors who pursue passive investment strategy.
- The Vietnamese listed companies will account for the largest proportion in the MSCI Frontier Markets index, helping Vietnam to attract sizable capital inflow from foreign investment funds which track the MSCI Frontier Markets 100 index.
- The rigorous legal framework for the capital markets including the Securities Law, the Law on Enterprises, the Law on Investment as well as other documents guiding implementation of relevant laws will contribute significantly to the development and transparency of the Vietnamese stock market and investment products. Those will benefit the monitoring and management of the stock market and subsequently help protect investor interests, facilitating capital raising activities of corporates and then healthy development of the market.

The Covid-19 pandemic, though creating unprecedented challenges, forced businesses to uncover their strengths and transform their operations to survive and grow. In light of the aforementioned assessment of the stock market as well as opportunities in 2021, the BOD will focus on the following strategies:

- Build business growth strategies upon digitization to stay ahead of the emerging trend in the stock market and to create positive operational changes.
- Solidify the core strengths of HSC to further enhance its competitive advantages, positioning it well to capture structural trends and opportunities in the market. Specific initiatives include a comprehensive talent development strategy and a strong push to digital transformation that, collectively, allow HSC to seize opportunities and mitigate identified risks.
- Further enhance corporate governance and risk management in the financial management, accounting and internal auditing processes and strengthen the capabilities and roles of committees under the BOD and members of the BOD.
- Develop a strategic plan for corporate social responsibility activities to further enhance the transparency as well as the competitive advantages and sustainable growth of HSC.



II. CORPORATE GOVERNANCE IN 2020

HSC believes that strong corporate governance is one of the key factors for building a solid corporate foundation that delivers sustainable business value, enhances long term competitive advantages and reputation of companies. Having these strengths will facilitate companies' capital market access, which in turn supports growth of the capital markets and the economy.

HSC's approach to strong corporate governance is to promote a culture of shared belief, transparency and accountability, which are crucial for the Company to pursue long term growth, financial stability and business ethics.

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 corporate value, HSC focuses not only on achieving business development goals for revenue and profit growths, but also on enhancing our corporate governance in line with international best 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.

Members of the Board of Directors

HSC's BOD comprises seven (07) members, including the Chairman, six (06) non-executive Directors.



All members of HSC's BOD are senior executives, who have strong managerial capabilities and in-depth knowledge and experience in law, corporate finance, and capital markets. The structure of HSC's BOD has a good balance of non-executive members.

Activities of Non-executive 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 (05) or nine (09) 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.

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 was 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.

HSC always wants to comply with the prevailing regulations on the number of independent BOD members in listed companies. Also, HSC evaluates the independence of the members of the BOD from the perspective of their roles and contributions to the development of the Company. Therefore, the list of BOD member candidates in the V term (2021-2025) that will be presented for shareholder approval in the upcoming 2020 AGM includes two independent members.

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 and successfully accomplished their duties.

3. Separation of Chairman and CEO roles

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.

The current Chairman was HSC's CEO when the Company was incepted. He was appointed Chairman in 2007 and currently serves his fourth term on the Board.

Roles and responsibilities of the Board of Directors

Under the Enterprise Law and HSC's Charter, the BOD is the governing body 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.
- ↳ Developing the company's core competencies.
- ↳ 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



favor of these decisions are jointly and individually liable for any damages in accordance with relevant laws.

In 2020, the BOD was responsible for an emerging and critical task “to formulate and execute strategies to overcome to the challenges caused by the Pandemic”. Subsequently, various initiatives were introduced and implemented such as working-from-home, allowing HSC not only to maintain business continuity but also comply with social distancing orders of the authorities. The BOD also made an important decision which was on capital issuance as well as closely monitored the digital transformation progress. Those efforts, collectively, will help HSC to serve the surge in demand of investors including the new (F0) investors without system disruption and margin lending capital constraint.

The board of director member nomination and candidacy processes

The board of director member nomination and candidacy processes are amongst the most important processes of the Company as standardized processes are crucial to the structure of board of director and quality and capability of members.

The board of director member nomination and candidacy processes are comprised of the following steps:

- Determine the requirements and conditions on board member candidate.
- Select qualified board member candidates.
- Assess the selected candidates.
- Executive members of the board of directors interview the selected candidates.
- Propose the final candidates for the consideration of the BOD and approval of the AGM.

Information submission to the BOD

Information that the BOM presents in the BOD meetings or in the BOD’s materials must be accurate, adequate, and clear to provide the BOD a solid ground for making important decisions and approvals at BOD meetings.

In the situations that the BOD requires further information or clarification, the BOM must provide the required information one (01) day before BOD meetings.

Meeting request and agenda must be circulated 15 days in advance to all BOD members. Meeting materials must be available five (05) days before the meetings. In situations that meetings are held in the form of written ballot, proposals must be circulated to all BOD members seven (07) days before the dates the BOD members are requested to approve or disapprove the proposals.



Commitment of Board of Directors

Members of the BOD commit to comply with applicable laws requiring that the board members are not also members of board of directors of other companies for more than five (05 years). This regulation is to ensure that BOD members could spend more time, efforts, and dedication to support HSC.

Agendas of meetings in upcoming year are finalized at the last meeting of each year. In addition to the scheduled BOD meetings, when necessary, chairman of the BOD can request ad-hoc face-to-face meetings or meetings held in the form of written ballot. All BOD members commit to consider the proposed matters thoroughly before making decision.

Overall Assessment of the Operational Effectiveness of the Board of Directors

The BOD has made great efforts to improve corporate governance and align with current regulations and international best practices. Particularly:

- Maintained 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 nonexecutive members have been made to maximize the interests of all shareholders and to assure fairness of minor shareholders.
- Supervised the implementation of the BOD' decisions and resolutions that were made at the AGM.
- Directed and supervised the implementation of various important projects at HSC.
- Supervised activities of Committee to ensure compliance with the operating principles and the Company Charter.

Meetings of BOD in 2020

	Position	Date of Appointment	Number of Meetings	Number Meetings Attended	Attendance Ratio
Do Hung Viet	Chairman	21/04/2016	38	38	100%
Le Anh Minh	Vice Chairman	21/04/2016	38	38	100%
Lam Hoai Anh	Non-executive member	26/04/2018	38	38	93%
Pham Nghiem Xuan Bac	Non-executive member	21/04/2016	38	38	100%



Le Hoang Anh	Non-executive member	21/04/2016	38	38	100%
Le Thang Can	Non-executive member	21/04/2016	38	38	100%
Johan Nyvene	Non-executive member (*)	21/04/2016	38	38	100%

(*) Mr. Johan Nyvene assumed the non-executive BOD member from 16/03/2020 after his resignation from the CEO position.

In 2020, there were 38 BOD meetings, of which there 22 face-to-face meetings and 16 BOD meetings held in the form of written ballot.

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 to ensure that the Company's operations are well managed. 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. At the last meeting of a year, the BOD finalizes dates of meetings in the upcoming year to accommodate schedule of all BOD members.

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.

Activities of the Board of Directors in 2020

The Roles of the Board

Activities of the Board of Directors in 2020

Finance

Financial Performance Supervision	<ul style="list-style-type: none"> - Reviewed and approved 2019 actual financial performance (Resolution 01/2020). - Approved target performance in the first quarter of 2020 (Resolution 05/2020). - Reviewed and approved business results in the first six months of 2020 and the plans for the second half of 2020 (Resolution 16/2020).
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The Roles of the Board

Activities of the Board of Directors in 2020

	<ul style="list-style-type: none">- Reviewed and approved financial performance for the Q3.2020 and forecast of Q4.2020 and accumulative performance of FY2020 (Resolution 25/2020).
Covered Warrant Issuance	<ul style="list-style-type: none">- Approved the issuances of covered warrants (resolution 02/2020; 19/2020; 32/2020).- Approved the additional issuance of covered warrants (resolution 23/2020; 30/2020; 36/2020).- Approved the amendment of issuance of covered warrants (resolution 35/2020).
Operational supervision	<ul style="list-style-type: none">- Approved an amendment of the total of credit lines in 2020 (resolution 05/2020)- Approved the first advance of 2020 dividends (Resolution 37/2020).
Bank Loan Monitoring	<ul style="list-style-type: none">- Approved proposals to obtain bank credit, which were within the approved limit (Resolutions 04, 06, 07, 08, 14, 15, 17, 18, 20, 21, 22, 24, 26, 27, 28, 33, 34, and 38/2020).- Approved the change of exchange risk hedging rate (resolution 01/2020).- Approved of the Company participating in exchange rate risk hedging through currency exchange agreements and interest rate derivatives with banks (resolution 31/2020).

Risk Management

Human Resources	<ul style="list-style-type: none">- Approved the dismissal of Mr. Johan Nyvene, Chief Executive Officer on March 16, 2020 (Resolution 01/2020).- Approved the appointment of Mr. Trinh Hoai Giang as the Chief Executive Officer on March 16, 2020 (Resolution 01/2020)- Approved the dismissal of Mr. Le Cong Thien, Deputy CEO on February 26, 2020 (Resolution 03/2020).- Approved the appointment of Mrs. Than Thi Thu Dung as the person in charge of corporate governance (Resolution 25/2020)
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Corporate Governance

	<ul style="list-style-type: none">- Approved the time, venue, content, and drafts of proposals for the 2019 Annual General Shareholders' meeting (Resolution 01/2020).
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The Roles of the Board

Activities of the Board of Directors in 2020

- Approved the delay of organization of the FY2019 Annual General Meeting of Shareholders (Resolution 05/2020).
- Approved the time, venue, content, and proposals for the 2019 Annual General Shareholders' Meeting (Resolution 09/2020).
- Approved the establishment of Hoan Kiem Branch in the North (Resolution 29/2020).
- Approved the closure of branch and transaction offices in the North and in the South (Resolution 29/2020)

Remuneration of the Board of Directors, the Board of Management, and the Supervisory Board

❖ Remuneration of the Board of Directors and the Supervisory Board

The operating fund of HSC's BOD and BOS in 2020 amounted to 1.5% of after-tax profit, as approved at the 2019 AGM.

Based on the remuneration norm in the Minutes No. 01/2018/BB-RC dated January 22, 2018 of the Remuneration Committee, the payment of remuneration and operating expenses to the members of the BOD and BOS was as detailed below.

BOD and Supervisory Board remuneration and operating expenses in 2020

Item	VND
The opening balance of Operation fund of the BOD & BOS	3,274,017,325
Operation fund of the BOD & BOS in 2020 (accounting for 1.5% of profit after tax in 2019)	6,488,473,776
Operating expenses for the BOD & BOS In which:	7,892,403,208
1. Remuneration for BOD & BOS in 2020 (*)	3,680,000,000
2. Other operating expenses	4,212,403,208
Unused funds of the BOD & Supervisory Board in 2020	1,870,087,893

Note: (*) BOD remuneration was VND2,733,333,333 and BOS remuneration was VND946,666,667 (including personal income tax).



❖ **Regulation on Bonuses for Members of BOD and BOS**

Independent BOD members and non-executive BOD and BOS members do not receive any income or bonuses from the Company's bonus and welfare funds.

❖ **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).

Participation by 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.

2. Committees under the Board of Director

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:

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



Activities of the Board Committees

1. The 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 2020:

- In 2020, the Risk Management Division continued to finetune its risk management model by adopting COSO guidelines.
- 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 2020.

Activities of the Internal Audit ddepartment and follow-up on Internal Audit Findings. In 2020, the Internal Audit department issued the following internal audit reports:

- The anti-money laundering review report



- Review human resources management activities of the Private Client Department (the second audit)
- Review operational model of Finance and Accounting Department
- The Internal Audit Progress Report was reported at the regular meeting of the Internal Audit Committee.

3. 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.

3. Engaging Shareholders, Investors and Partners

Investor relations

In 2020, all shareholders are provided relevant information accurately, adequately and timely via communication channels. The information included quarterly financial statements, semi-annual financial statements, annual auditor report, annual report, as well as other information announced at the annual shareholder meeting.

❖ Annual General Shareholder Meeting

Annual general meeting (“AGM”) is an important corporate event in which the Company’s representatives meet and interact with shareholders. At an AGM, the BOD presents financial performance of the previous year, business guidance for the upcoming year and other business matters that are deemed important and under the authorization of an AGM.

According to the plan, the FY2019 AGM would be held on April 22, 2020. But due to Covid-19 pandemic, the Company decided to postpone and held the FY2019 AGM on June 23, 2020. The AGM had followed and complied with current statutory regulations, to ensure the protection of shareholder benefits and rights.

- All shareholders whose registrations were undertaken by May 27, 2020, at the latest as provided for by the Ho Chi Minh City Branch of the Vietnam Securities Depository, received full and clear information related to the FY2019 AGM as in the invitation. The notice of invitation clearly specified the time, venue, agenda and basic information about registration for the meeting. The full 2019 AGM documents were published on HSC’s website, in both Vietnamese and English languages, fifteen (15) days before the date of



the 2019 AGM. In addition, the notice of invitation for the 2019 AGM was broadly published in the Dau Tu Chung Khoan newspaper no. 72 on June 15, 2020.

- To ensure the health safety of shareholders, the Company has taken appropriate precaution against such as handing out masks and spraying disinfectant hand sanitizer to all shareholders and their authorized representatives attending the FY2019 AGM. The FY2019 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 ratios.
- The Chairman of the BOD, BOD members, Chairman of Committees and the BOM chaired the FY2019 AGM. In addition, representatives of the independent audit firm were also present at the meeting and representatives of minority shareholders were elected to the Vote Counting Committee to count the votes.
- The BOD, BOS members were responsible and available to respond to all questions of shareholders in the meeting time and continued to respond via email to unanswered questions. The delegator team encouraged shareholders or their authorized representatives to contribute their ideas to the sustainable growth of HSC.
- Each of proposals by the BOD was presented separately to facilitate the 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, report of voting results, and resolutions from the FY2019 AGM were published on HSC website in both English and Vietnamese languages within 24 hours after the meeting.

❖ **Dividend Policy**

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 years, HSC has distributed annual dividends of 12% to 20% of par value depending on its financial performance in each year. Dividend payment announcements are transparent and come with detailed information. Also, HSC always ensures the correct payment time with dividend rate equal to or higher than the rate approved by the AGM.

At the 2019 AGM, shareholders approved the FY2020 dividend payment rate of 12%. The executive plan for the FY2020 dividend payment is summarized as follows:



- HSC advanced the first cash dividend payment of 5% on January 20, 2020 following the approval by the Board of Directors in Resolution No. 37/2020/NQ-HĐQT issued on December 08, 2020.
- At the upcoming 2020 AGM, the BOD plans to propose the second cash dividend payment which is aligned with 2020 financial performance and HSC dividend policy.

Investor relations

HSC is always proactive in engaging shareholders to provide timely, completed, 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, quarterly meetings and direct email.

Despite the Covid-19 pandemic, HSC keeps continue its investor relation activities thoroughly via online platform with flexible timeframe which allows local and foreign shareholders to be fully participated.

HSC encourages all shareholders, investors, and partners to discuss or contribute ideas to HSC through the email address of Communications Department.

4. Equal Treatment of Shareholders

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 on resolutions and issues discussed at the AGM.

Voting at the AGM and Voting by Written Ballots

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. The shareholders must confirm their vote by marking a cross in one of the three boxes provided. The contents of the three boxes are “approve”, “not approve” and “no comment”. Shareholders are required to sign the form to confirm and validate the vote.



Voting by Written Ballots

The written ballots and other relevant documents will be sent to each of HSC's shareholders by guaranteed post mail and email (as registered) to the addresses the shareholders have registered with the Vietnam Securities Depository Centre, Ho Chi Minh City branch. In order to ensure the shareholders' rights, HSC BOD sent out the written ballots and materials to shareholders 15 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.

The election of new members of the Board of Directors is carried out using a closed 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 their votes for one candidate or proportionally to a number of candidates. The list of candidates and candidate resumes will be posted on the Company's website no later than ten (10) working days prior to the AGM so that shareholders have enough time to consider and select qualified candidates.

Conflict 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.

Currently, HSC is complying with "conflict of interest avoidance" regulations of Vietnam law. The Company is in the progress of developing an internal regulation of avoiding conflict of interest with an aim to identify and prevent or manage conflicts that might arise during the operation of the company.

❖ Related Party 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 an internal regulation of related party transaction management, 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 closely controlled.

❖ ***Transactions by internal shareholders and their 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 03 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 seven (07) business days after trading day.

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 their 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 20% 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.

5. The roles of stakeholders

1. Related Parties

Shareholders



HSC has always been willing to provide necessary information to our shareholders on transparent and adequate manners. 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, semiannual, and annual performance results, as well as our business plans, are provided to all shareholders. The social distance caused by Covid-19 pandemic did not affected the Company's information disclosure progress as HSC has adopted online platforms to regularly approach and deliver information of business performance to its shareholders.

Investors

The Covid-19 pandemic has changed profoundly the way in which investors invest. Particularly, more investors prefer investment products and services that are available online. The change in investor preference underscores the importance of digital transformation to success of securities companies.

As a pioneer in the Vietnamese capital market, digitalization continues to be our focus in future. We have invested in a new digital platform which offers clients a lot more advanced functions such as online account opening, money transfer and portfolio management than the current one.

Employees

A strong and diverse source of human capital is pivotal for HSC's success. For example, as digital transformation has been an irreversible trend, sourcing a highly-skilled team to lead and execute digitization initiatives is critical for HSC's success in the digital transformation journey.

As we deeply care about our employee personal development, training and developing human resources are our key focus. We have been developing a flexible learning culture which encourages employees to learn new knowledge and skills to help them adapt new changes. Accordingly, in 2020, we launched the digital learning platform - HSC E-learning Centre - which provides comprehensive learning courses on legal, leadership, communication and soft skills online with flexibility in time and location. The platform transforms the way our people access to learning courses and enhances their learning experience.



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.

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.

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' 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. Auditors

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

PricewaterhouseCoopers (PwC) Vietnam Limited is the external auditor of HSC in three years consecutively.

- 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 was prepared in accordance with the International Financial Reporting Standards (IFRS)

The 2020 audit fee amounted to VND957,000,000 (Nine hundred and fifty-seven million Vietnamese Dong)

❖ ***KPMG Vietnam Limited***

KPMG Vietnam Ltd provided internal audit services to HSC in 2020.

The audit service fee was VND1,081,176,250 (One billion eighty-one million one hundred seventy-six thousand and two hundred fifty Vietnamese Dong)

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 the implementation of information disclosure

The information disclosure framework at HSC has been developed and implemented in compliance with 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).



6. Transactions, Remuneration and Benefits of Members of the BOD, BOM, and BOS

1. Share trading transactions of internal shareholders and related parties

In 2020, HSC announced HCM 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	Percentage	Number of shares	Percentage	
Hochiminh City Finance and Investment state – owned Company (HFIC)	Company related to Lam Hoai Anh and Le Thang Can – Members of the Board of Directors	87,500,000	28.61%	87,500,000	28.61%	Registered to sell 10,000,000 shares during 09/01/2020 to 07/02/2020. The transactions were not executed as market prices were not aligned with expectations.
Synergy Company Limited	Company related to Pham Nghiem Xuan Bac – Member of the Board of Directors	841,030	0,28	841,030	0.28%	Registered to sell 200,000 shares during 23/03/2020 to 21/04/2020. The transactions were not executed as market prices were not aligned with expectations.
Pham Nghiem Xuan Bac	Member of the Board of Directors	560,000	0.18%	560,000	0.18%	Registered to sell 200,000 shares during 23/03/2020 to 21/04/2020. The transactions were not executed as market prices were not aligned with expectations.
Hochiminh City Finance and Investment state – owned Company (HFIC)	Company related to Lam Hoai Anh and Le Thang Can – Members of the Board of Directors	87,500,000	28.61%	87,500,000	28.61%	Registered to sell 25,000,000 shares during 13/11/2020 to 27/11/2020. The transactions were not executed as market prices were not aligned with expectations.



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	Percentage	Number of shares	Percentage	
Synergy Company Limited	Company related to Pham Nghiem Xuan Bac – Member of the Board of Directors	841,030	0,28	841,030	0.28%	Registered to sell 200,000 shares during 16/11/2020 to 15/12/2020. There were only 150,000 shares executed as market prices were not aligned with expectations.
Pham Nghiem Xuan Bac	Member of the Board of Directors	560,000	0.18%	560,000	0.18%	Registered to sell 160,000 shares during 16/11/2020 to 15/12/2020. There were only 100,000 shares executed as market prices were not aligned with expectations.
Hochiminh City Finance and Investment state – owned Company (HFIC)	Company related to Lam Hoai Anh and Le Thang Can – Members of the Board of Directors	87,500,000	28.61%	87,500,000	28.61%	Registered to sell 25,000,000 shares during 03/12/2020 to 25/12/2020. There were only 14,524,820 shares executed as market prices were not aligned with expectations.
Synergy Company Limited	Company related to Pham Nghiem Xuan Bac – Member of the Board of Directors	691,030	0.23%	500,030	0.16%	Registered to sell 200,000 shares during 16/11/2020 to 15/12/2020. The transactions were not executed as market prices were not aligned with expectations.
Phi Thuyen Investment Company Limited	Company related to Pham Nghiem Xuan Bac – Member of the Board of Directors	-	-	-	-	Registered to buy 350,000 shares during 25/12/2020 to 22/01/2021. The transactions were not executed as market prices were not aligned with expectations.



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	Percentage	Number of shares	Percentage	
Pham Nghiem Xuan Bac	Member of the Board of Directors	460,000	0.15%	350,000	0.11%	Registered to sell 160,000 shares during 25/12/2020 to 22/01/2021. There were only 110,000 shares executed as market prices were not aligned with expectations.

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,

