



No.: 11/2023/TTĐH-HĐQT-TCD

Ho Chi Minh City, March 22nd, 2023

PROPOSAL

Re: Share issuance to existing shareholders to increase the Charter Capital of the Company

To: Shareholders of TRACODI

- Pursuant to the Law No. 59/2020/QH14 passed by the National Assembly of the Socialist Republic of Vietnam on Enterprise on 17 June 2020 ;
- Pursuant to the Law No. 54/2019/QH14 passed by the National Assembly on 26 November 2019 on Securities;
- Pursuant to the Decree No. 155/2020/ND-CP issued by the Government on 31 December 2020 elaborating the Law on Securities;
- Pursuant to Circular No. 118/2020/TT-BTC promulgated by the Minister of Finance on December 31, 2020 regarding guiding a number of contents on offering, issuing securities, public offer to buy, buy back stocks, public company registration and disqualification of a public company;
- Pursuant to the Charter of Transport and Industry Development Investment Joint Stock Company (TRACODI) approved by BOD on 6 October 2022 – according to the authorization by the General Meeting of Shareholder 2021 (which was amended and supplemented at its 22nd session);
- Based on the current situation and business plan 2023;

The Board of Directors kindly submits to shareholders for consideration and approval on the share offering to existing shareholders to increase the Chapter Capital in 2023, in particular:

A. COMPANY INFORMATION

- Company name: Transport and Industry Development Investment Joint Stock Company
- Stock code: TCD
- Address: 89 Cach Mang Thang Tam, Ben Thanh Ward, District 1, HCMC
- Tel: (84 28) 38330314 Fax: (84 28) 38330317
- Charter capital: VND **2,444,183,040,000** (*Two thousand four hundred forty-four billion, one hundred eighty-three million, forty thousand dong*)
- Number of treasury shares: 0

B. ISSUANCE PLAN

1. **Name of share:** Transport and Industry Development Investment Joint Stock Company share.
2. **Stock code:** TCD
3. **Type of share:** ordinary share
4. **Face value par share:** VND 10,000 per share
5. **Expected Charter Capital at offering date:** VND 2,826,810,490,000, equivalent to 282,681,049 shares, in which:
 - + Number of outstanding shares: 244,418,304
 - + Number of shares to be issued for dividend payment 2021: 17,109,281
 - + Number of shares to be issued for dividend payment 2022: 19,553,464
 - + Number of shares under ESOP: 1,600,000
6. **Number of shares expected to issue:** 282,681,049 equivalent to 100% number of expected outstanding shares at the offering time.
7. **Total value of shares expected to be issued: VND 2,826,810,490,000**
8. **Purposes of issuance:**
 - To increase capital in order to be appropriate with total assets of the Company;
 - Refinance;
 - To supplement working capital for the Company.
9. **Form of issuance:** offering to existing shareholders.
10. **Subjects:** existing shareholders in the list at the record date, which finalized by the Vietnam Securities Depository (VSD), to exercise the right to buy shares offered in accordance with the regulation (the General Meeting of Shareholders shall authorize to the Board of Directors to decide the record date.)
11. **Offering price:**

Price calculation method:

- **Book value shown in Consolidated Financial Statement as at 31 December 2022:**

$$\begin{array}{l}
 \text{Book value} = \frac{\text{Owner Equity}}{\text{Number of outstanding shares}} \\
 \text{Book value} = \frac{3,619,455,783,531}{244,418,304} = \text{VND 14,808}
 \end{array}$$

- **Face value:** it will be identified in Hochiminh Stock Exchange during trading sessions from 10 February 2023 to 21 March 2023, TCD shares had an average closing price of less than 10,000 dong per share (details at website: www.hsx.vn)

Pursuant to Article 126 of Law on Enterprises: “The Board of Directors shall make decision on the time, method and prices for selling shares. The offering price of shares must not be lower than the market value or the latest book value of shares, except:

1. Shares that are sold for the first time to persons other than founding shareholders;
 2. Shareholders that are sold to all shareholders according to their holdings in the company;
- ...”

However, based on the positive factors of the market and the Company's business plan, the price that BOD shall offer to existing shareholders would be **VND 10,000 per share**.

12. Total value of expected selling price: VND 2,826,810,490,000.

13. Share surplus: VND 0

14. Right exercise ratio: Offered to existing shareholders with a right exercise ratio of 1:1 (At the record date a shareholder who owns one share will receive one right to buy share, for every 1 right to buy, you will be able to buy 1 new share).

15. Transfer rights: Shareholders who own the right to buy shares are allowed to transfer their right to another person and only once (the transferee cannot transfer to a third party). The transferor and transferee shall agree on the transfer price and pay the transfer fee. The time and procedure for the assignment of this right will be decided by the Board of Directors.

16. Transfer restriction:

- + The number of shares purchased by existing shareholders with the right to buy or purchased by investors due to the exercise of the right to be bought back from the existing shareholders are freely transferable.
- + The number of shares that shareholders have not bought or paid for which would be redistributed by the Board of Directors to other investors, and these shares would be restricted from transfer for at least 1 (one) year from the end of the offering as prescribed Clause 2, Article 42 of Decree 155/2020/ND-CP dated December 31, 2020.

17. Distribution method: exercising the buying rights of existing shareholders

18. Expected time: Q42023, upon approval from State Securities Commission, BOD is authorized to make decision in accordance with the laws.

(It is expected to be implemented after the Company has done share issuance to pay dividends of 7% in 2021 and 8% in 2022 respectively, which corresponding to 36,662,745 shares in total and after the Company has done share issuance under ESOP of 1,600,000 shares).

19. Handling odd shares, distributed shares after the offering (if any):

- + Handling odd shares: there is no odd shares due exercise ratio of 1:1.
- + Handling undistributed shares: shareholders authorize the BOD to distribute to others who are interested in to invest with price that may be lower than the book value at the offering time but not lower than the offering price to existing shareholders. If shares have not been distributed, then the Charter Capital shall be

increased according to value of actual number of shares sold. The above offered shares are restricted from transfer for at least 1 year from the end of the offering.

20. Capital use plan:

The amount of **VND 2,826,810,490,000** would be used for purposes as below:

- (1) **VND 700,000,000,000** would be used for setting up companies (Affiliates/Joint Ventures/Subsidiaries..)/investment/business expansion.
- (2) **VND 2,126,810,490,000** would be used for supplementing working capital for the Company to ensure in line with the Company's business plan and strategy including but not limited to debt restructuring; loan payment, interests on investment cooperation, payables; and other expenses related to business of the Company.

The General Meeting of Shareholders authorizes the Board of Directors to build the Capital Use Plan, in the mean time, allows the BOD to adjust the plan to be fit with the situation of the Company, and carry out procedures of Disclosure in accordance with regulations.

21. Plan to handle value of the unregistered stock from the offering:

The General Meeting of Shareholders authorizes the Board of Directors to make full decisions on the capital structure or build an plan to make up for the value of the unregistered stock from the offering so as not to affect on the Company.

22. Share dilution:

There would be risk of share dilution, including:

- Diluted earnings per share (EPS).
- Dilution of book value per share.
- Dilution of shareholding of the existing shareholders.

a. Diluted earnings per share (EPS) and Dilution of book value per share:

The difference in the growth rate of profit and owner’s equity of the Company will have an impact on the EPS as well as the book value as follows:

i. Net earnings per share – EPS

+ Calculation:	$\text{EPS (basic)} = \frac{\text{Profit after tax}}{\text{Weighted average of outstanding shares}}$
+ Weighted average of outstanding shares =	$(X*12+Y*t)/12$
<p>X: Number of outstanding shares</p> <p>Y: Number of additional shares to be invested</p> <p>t: Reporting period of additional issued shares in circulation</p>	

Upon completion of the offering, earnings per share (EPS) will be altered due to

changes in owner's equity and earnings growth.

ii. Book value per share:

$$\text{Formula :} \quad \text{Book value per share} = \frac{\text{Owner's Equity}}{\text{Number of outstanding shares}}$$

Upon completion of the offering, book value of each share will be changed due to changes in the number of outstanding shares and the growth of owner's equity. With the offering of additional shares at a price lower than the book value, in the short time immediately after the offering, book value per share would be decreased because the increase in the number of outstanding shares is greater than the owner's equity.

b. Dilution of shareholding of the existing shareholders

The existing shareholders' proportionate ownership in the company is reduced which corresponding to the rate that existing shareholders refuse to buy rights in this offering (compared to the time before the record date).

c. Back to reference price at the ex-right date to buy additional shares

Technical adjustment of share price of the offering: the offering to existing shareholders will cause the share price to be subject to technical adjustment calculated by the Ho Chi Minh Stock Exchange. Accordingly, it would be calculated as below:

$$P_{tc} = \frac{PR_{t-1} + (I \times P_r)}{1 + I}$$

In which:

- + P_{tc} : the reference price of TCD share on the ex-dividend date of the offering.
- + P_{Rt-1} : the price of stock before the ex-right date.
- + I : Capital increase according to the offering.
- + P_r : Share price offered to shareholders who have right to purchase.

23. Authorization, additional registration and depositoty at Vietnam Securities Depository in Ho Chi Minh City and listing on Hochiminh Stock Exchange:

a. Authorization:

The BOD seeks for approval and proposes to the General Meeting of Shareholders to authorize the BOD:

- To execute the offering plan;
- To adjust the number of shares to be offered ensuring not exceeding the number of shares expected to be offered which approved by the General Meeting of Shareholders;

- Actively carry out the necessary procedures to register the offering with the State Securities Commission and relevant agencies;
- To select a specific time of offering and carry out necessary procedures related to the offering plan in accordance with the Company's Charter and current laws to ensure the interests of shareholders;
- To amend the offering plan to ensure the success, meet the requirements of the state agencies, in line with the actual situation at the Company and in compliance with the law;
- To build capital use plan and the adjustment of the plan to be in line with the Company's situation and carry out procedures related to information disclosure in compliance with the law;
- To carry out the procedures of amendments to the Charter, and the Company's Certificate of Business Registration after completing the offering;
- Actively handle the odd number of shares, the number of shares that are not fully distributed which ensuring the interests of all shareholders and at the request of the State Securities Commission, relevant agencies and in compliance with the law;
- To perform other tasks in relation to the issuance.

b. Additional registration and depositoty at Vietnam Securities Depository in Ho Chi Minh City and listing on Hochiminh Stock Exchange:

- The Board of Directors seek for approval from the General Meeting of Shareholders to deposit and list all additional shares upon the charter capital has been increased.
- The General Meeting of Shareholders commits additional shares will be deposited with Vietnam Securities Depository (VSD) and listed on the Ho Chi Minh Stock Exchange (HSX) after the issuance has done.
- The General Meeting of Shareholders authorizes the Board of Directors to actively carry out procedures related to the depository and listing of additional shares in this charter capital increase.

Kindly submit to shareholders for consideration and approval.

Kind Regards,

Recipients:

- The AGM;
- Archived: BOD, BS Dept

**FOR AND ON BEHALF OF THE
BOARD OF DIRECTORS
CHAIRMAN**

(Signed & sealed)

Nguyen Thanh Hung