



TRACODI

Ho Chi Minh City, March 24th 2022

No: **16/2022/TTĐH-HĐQT-TCD**

PROPOSAL

Re: Issuing shares to existing shareholders to increase the Company's Charter Capital

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 13 January 2022 – according to the authorization by the General Meeting of Shareholder on 29 April 2021 (which was amended and supplemented at its 18th session);
- Based on the current situation and business plan 2022 of TRACODI;

Board of Directors of TRACODI (BOD) would submit the General Meeting of Shareholders to approve the method of issuing public shares to existing shareholders, increasing charter capital in 2022, details as follow:

A. COMPANY INFORMATION BEFORE ISSUANCE

- Company: Transport and Industry Development Investment Joint Stock Company
- Trading code: TCD
- Address: 89, Cach Mang Thang 8 Strt, Ben Thanh Ward, District 1, Ho Chi Minh City
- Phone: (84 28) 38330314 Fax : (84 28) 38330317
- Current charter capital: **1.744.183.040.000 VND** (*One thousand seven hundred forty four billion, one hundred eighty three million, forty thousand dong*).

- Number of treasury shares: 0 share.

B. METHOD OF ISSUANCE TO EXISTING SHAREHOLDERS

- 1. Company:** Transport and Industry Development Investment Joint Stock share.
- 2. Trading code:** TCD
- 3. Type of share:** Common share
- 4. Par value:** 10,000 VND/share
- 5. Expected charter capital at the time of issuance: 2.582.392.190.000 VND, equivalent to 258.239.219 shares, which includes:**
 - + Number of outstanding shares: 174.418.304 shares
 - + Number of shares being offered privately to investors: 50.000.000 shares
 - + Number of shares to be converted from bonds: 20.000.000 shares
 - + Number of shares to be issued to pay dividends in 2021: 12.220.915 shares
 - + Number of shares to be issued ESOP: 1.600.000 shares
- 6. Number of offering shares: 258.239.219 shares, equal to 100% of the issued shares at the issuing date.**
- 7. Total expected offering value according to par value: 2.582.392.190.000 VND**
- 8. Purpose of issuance:**
 - To improve capital capacity in corresponding to total assets of the Company;
 - Supplementing capital to expand investment activities in infrastructure, industrial parks, real estate (including but not limited to setting up new businesses, buying shares/contributing capital/contributing capital to other enterprises operating in the field of infrastructure, industrial parks, real estate, quarrying, etc.)
 - To supplement working capital for the Company.
- 9. Form of issuance:** issuing shares to existing shareholders.
- 10. Subjects of Issuance:** Existing shareholders finalized on the record date, which approved by BOD under authorization of the AGM, provided by Vietnam Securities Depository (VSD).
- 11. Offering price:**

How to define the offering price:

 - *Book value as at December 31st, 2021 in the consolidated Financial Statement:*

$$\text{Book value} = \frac{\text{Owner's equity}}{\text{Number of outstanding shares}}$$

$$\text{Book value} = \frac{1.269.465.519.989}{87.209.152} = 14.557 \text{ dong}$$

- **Market price:** Share price of TCD share for the thirty (30) consecutive trading days (30day trailing average), during the time from February 10th, 2022 to March 23th, 2022, was VND 24.490 on the Ho Chi Minh Stock Exchange, (visit website: www.hsx.vn)

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

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

To ensure the success of issuance, BoD proposes the offering price to existing shareholders is: **10.000 VND per share.**

12. Total capital based on the offering price: 2.582.392.190.000 VND.

13. Surplus equity: 0 VND.

14. Execution rate: 1:1 (shareholder owns one (01) share will receive one (01) right to purchase one (1) additional new share.

15. Transferring rights: Shareholders have right to transfer their ownership and be allowed to be transferred once only (The receivers shall not be allowed to transfer to the third party). The transferers and the receivers will have their own agreement on transfer price and payment method. Schedule and procedure will be determined by the BOD.

16. Transfer restriction: transfer shall not be restricted.

17. Method of issuance: Existing shareholders execute rights to purchase shares.

18. Expected issuing schedule: 3Q2022, upon approval from State Securities Commission, BOD is authorized to make decision in accordance with the laws and market situation.

(It is expected to be done after the Company completes the private placement for investors corresponding to 50.000.000 shares; converts bonds into shares corresponding to 20.000.000 shares; pays dividend by 5% of shares which equals to 12.220.915 shares and issues ESOP which is expected to be 1.600.000 shares).

19. Plans for settlement of the odd and undistributed shares after the offering (If any):

- + The odd shares: there is no odd shares as the execution ratio is 1:1
- + The undistributed shares: The General Meeting of Shareholders authorizes BOD to make decision on investor selection, the price can be lower than book value at the offering period but can not be lower than the price offered to existing shareholders. In case of all shares is not distributed, the charter capital will be increased by the number of shares distributed. These shares will be one (1) year transferring restricted since the offer has done.

20. Capital use plan:

The entire amount of **2.582.392.190.000 VND** expected to be collected from the offering will be used for the following purposes:

- (1) Supplementing capital to expand investment activities in infrastructure, industrial parks, real estate (including but not limited to setting up new businesses, buying shares/contributing capital/contributing capital to other enterprises operating in the field of infrastructure, industrial parks, real estate, quarrying, etc.) with a value of about: 1.500 billion VND, including
 - + Investment cooperation with Cat Trinh Industrial Area BCG Joint Stock Company to implement Cat Trinh Industrial Park Project
 - + Invest in buying shares/existing capital contributions of Bang Duong E&C Joint Stock Company to improve construction capacity;
 - + Investment cooperation with enterprises/partners to implement projects on transport infrastructure;
 - + Investing in buying shares/contributing capital/contributing capital to enterprises/partners to exploit natural resources and construction materials.
- (2) Supplementing working capital include but not limited to payments on due date debt, new contracts with EPC, suppliers, banks and other partners: **1.082 billion VND**

The General Meeting of Shareholders authorizes BOD to build capital use plan and shall adjust the plan to be suitable with the situation of the Company and in compliance with the laws in Information Disclosures.

21. Settlement plan in case of not collecting enough capital:

The General Meeting of Shareholders fully authorizes BOD to make decision and the capital or give solution to ensure it will not affect the Company's capital and business activities.

22. Share dilution:

Dilution risks may occur, including:

- Diluted earnings per share (EPS).

- Diluted book value per common share.
- Dilution on holding rate and voting rights.

a. Diluted earnings per share (EPS) and Book value:

The difference in the growth rate of profit and equity of the Company will affect the EPS as well as the book value, as follows:

i. Earnings per share – EPS

+ Formula :	EPS (basic) =	$\frac{\text{Total earnings}}{\text{Average outstanding shares}}$
+ Average outstanding shares =	$(X*12+Y*t)/12$	
<p>X: Average outstanding shares before the issuance Y: Number of additional issued shares t: Reporting period of additional issued shares in circulation</p>		

Upon the completion of the offering, basic earnings per share (EPS) will be changed due to changes in equity and profit growth.

ii. Book value per share:

Formula : Book value per share =
$$\frac{\text{Owner equity}}{\text{Outstanding shares}}$$

Upon the completion of the offering, the book value of per share will be changed due to changes in the number of outstanding shares and the growth rate of equity. With the secondary share offering at a price lower than the book value, in the short time after offering resulting from the increase rate of the number of outstanding shares is greater than the increase rate of equity, so it will lead to the decrease in book value per share of the Company.

b. The holding rate and voting rights:

The holding rate as well as the voting rights of existing shareholders will be reduced by a proportion corresponding to the rate that the existing shareholders refused the right to buy in this offering (before the record date to finalise the list of existing shareholders who execute the rights to purchase additional shares).

c. The reference price on ex-right date to purchase additional shares:

Adjust share price of the offering to existing shareholders: the price will be adjusted technically which calculated by the Hanoi Stock Exchange. Accordingly, the formula is as follows:

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

In which:

- + P_{tc} : The reference price of TCD shares on the ex-right date in the offering to raise capital.
- + PR_{t-1} : Share price before ex-right date.
- + I : The ratio of capital increased according to share right issuance.
- + P_r : Share price offered to shareholders who has the rights to purchase shares.

23. Authorization, listing and depository of new shares:

a. Authorization:

The BOD proposes to the General Meeting of Shareholders to authorize the BOD to:

- Implement the issuance plan;
- Proactively perform the necessary procedures to register the issuance to the State Securities Commission and relevant authorities;
- Select the appropriate time for issuance and carry out the necessary procedures to complete the issuance plan, submit for approval and perform works in accordance with the Company's Charter and the laws, to ensure the benefit of shareholders.
- Adjust, amend, complete the issuance plan to ensure the success, ensure meeting the requirements of State management agencies, according to the actual situation of the Company and in compliance with the laws.

- Build capital use plan in details to be suitable with current situation of the Company and perform works in compliance with the regulations on Information Disclosure.
- Conduct necessary procedures on amending the Company's Charter, changing in the Charter Capital and adjusting the Business Registration Certificate of the Company upon the issuance has done.
- Proactively adjust the plan to handle the odd numbers of shares, the number of undistributed shares to ensure the interests of shareholders as requested by the State Securities Commission, relevant agencies and in compliance with the laws.

b. Additional share listing and depository

- BOD asks for opinions of the General Meeting of Shareholders for depositing and listing all additional issued shares after the increase in the Charter Capital.
- The General Meeting of Shareholders commits to deposit and list all additional shares on the Ho Chi Minh Stock Exchange after the issuance has done.
- The General Meeting of Shareholders authorizes BOD to actively perform procedure related to depositing and listing additional issued shares.

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**

(Sign & seal)

Nguyen Ho Nam