

SUBMISSION FOR APPROVAL No. 02 12TH ANNUAL GENERAL MEETING – 2016

Investment strategy, share issuance plan for existing shareholders & for strategic business partner

- Pursuant to the Enterprise Law No. 68/2014/QH13 dated on 26/11/2014;
- Pursuant to the Securities Law No.70/2006/QH11 dated on 29/06/2006;
- Pursuant to the Amendment of Securities Law No. 62/2010/QH12 dated on 24/11/2010;
- Pursuant to the Charter of Cotec Construction JSC – COTECONS;

In order to plan for the development strategy in the next five years, Board of Director has submitted investment plan and fund raising plan through equity to the Annual General Meeting.

I. Discussion and approval of investment activities as part of 2016-2020 growth strategy.

Investment strategy to facilitate growth in 2016-2020 period with the following contents is submitted to the Annual General Meeting for approval:

- **Purpose:** aim for stable growth of revenue and profit, diversification of revenue sources and reduction of exposure to the fluctuations in business cycle of the construction industry.
- **Intended investment areas:** Board of Directors aims for increased investments in the following areas:
 - + Vertical and horizontal integration in construction-related areas where Cotecons has plenty sources of works, including: Mechanical & Electrical engineering, Interior design, some finishing works...
 - + Developing investment in infrastructure projects in the form of BT, BOT where Cotecons plays the role of capital contributor and/or contractor.
 - + Investment in projects which would result in stable cashflows in the future, including real estate projects (office, hotels, apartments....), projects building factories that produce construction-related products.
- **Investment method:** Forming new companies or increasing share ownership percentage at existing companies or contributing capital to projects in the form of purchasing project share ownership or Business Cooperation Contract.... which are in line with Cotecons' strategies.
- **Investment funding:** Company's own funds and/or funds raised from issuance of shares and/or funds borrowed from the bank.

Board of Directors is authorized to select companies, partners & investment method; to execute according to the above plan and the requirements set in Charter; and to report to the Annual General Meeting.

II. Increasing capital through share issuance for existing shareholders (share split) and for strategic partners (individual issuance).

Capital mobilization plan (by increasing charter capital) to expand business operations as part of the company strategy is proposed by Board of Directors to the Annual General Meeting for approval. The share issuance is divided into two parts as follows:

1. Part 1: Issuance of shares from owner's equity for existing shareholders (share split):

a. Purpose of the issuance:

This increase in charter capital is to enhance the Company's image and scale, facilitating favourable conditions for tendering of big projects.

b. Issuance method:

- Share name: Cotec Construction Joint Stock Company Share
- Share type: Ordinary share.
- Par value: 10.000 VND/share.
- Issuance method: Issuing shares to **existing shareholders** in order to increase share capital using owner's equity.
- Issuance ratio: **3:1** (Shareholder owning **03** shares at the rights closing date will receive **01** new share).
- Additional shares issued from owner's equity will be rounded down; decimals (if available) will not be counted.

For example: Shareholder A owns 686 shares at the closing date. The number of shares which Mr. A receives will be $686 : 3 \times 1 = 228.67$ new shares. Hence, Mr.A will receive an additional 228 new shares, 0.67 share will not be counted.

- Planned number of newly issued shares: **16,376,805** shares.
- Finance source: From share premium;
- Anticipated issue time: In 2016, after the completion of ESOP.

c. Execution:

- Board of Directors is authorized to select issuance time and perform procedures relating to the issuance including:
- Registration and report of issuance results to State Securities Commission.
- Registratiron for depository and additional listing of all newly issued shares in accordance to the requirements of Vietnam Securities Depository and Ho Chi Minh City Stock Exchange.
- Necessary procedures with Ho Chi Minh City Department of Planning and Investment in order to register for the change in charter capital on Business Registration Certificate and to amend Charter based on the new charter capital.

2. Part 2: Individual issuance for strategic investors

a. Purposes of the issuance and methods of using funds:

Raising capital to facilitate the expansion of business activities, total capital raised will be around VND 1,500 to VND 1,800 billion, which will be utilized for the following purposes:

No.	Description	Planned investment amount (Billion VND)
1	Establishing new companies, purchasing shares (M&A) of suitable companies in order to expand business activities.	600 - 700
2	Investing directly or contributing capital to infrastructure	600 - 700

	projects, real estate projects including apartments, hotels, offices....	
3	Investing in plants and equipments for business activities.	300 - 400

Board of Directors is authorized to use the raised capital for the above purposes, to decide the adjustment allocation for each purpose and to set the progress for capital release, which is appropriate with actual demand when executing the Company strategy.

b. Offer method:

- Share name: Cotec Construction Joint Stock Company Share
- Share type: Ordinary share.
- Par value: 10.000 VND/share.
- Offer method: Individual issuance for strategic partners.
- Number of shares to be offered: maximum **14,430,000** shares.
- Criteria for selecting strategic partner: All the domestic and foreign partners that can contribute to the Company development, including:
 - + *Domestic and foreign partners with strong financial capabilities; or*
 - + *Partners with the ability to provide technical advice/support to the Company; or*
 - + *Partners with investing experience in infrastructural and real estate projects; or*
 - + *Partners who are clients that can generate works for the Company; or*
 - + *Partners who are suppliers, sub-contractors that can help the Company in enhancing its construction ability and expanding business activities which are appropriate to the Company development strategies.*
- Number of investors: from 03 to 06 investors.
- Offer price: minimum 80% of the average price of the most recent 20 stock exchange session prior to the BOD Resolution date (when the offer is effective), but not lower than book value at the most recent period prior to the offer time.
- Trading restriction: from 01 to 03 years since the completion of the issuance.
- Planned offer time: In 2016, this offer will be completed within 90-day-period, since the date which State Securities Commission of Vietnam has received in full the paperworks registering for share offer in accordance to the regulations.

c. Execution:

- Board of Directors is authorized in selecting the offer time and performing procedures relating to the share offer including:
- Selecting strategic partner based on the criteria approved in the Annual General Meeting. Calculating the number of shares offered to each investor and ensuring that the total number of shares offered do not exceed the amount approved in the Annual General Meeting.
- Negotiating and identifying specific trade lock for each investor.
- Providing specific plans for capital usage in each purpose that has been approved in the Annual General Meeting.
- Registering and reporting offer results to the State Securities Commission of Vietnam.
- Registering for the depository and additional listing of all newly issued shares in accordance to the regulation of Vietnam Securities Depository and Ho Chi Minh City Stock Exchange.

- Performing necessary procedures with Ho Chi Minh City Department of Planning and Investment in order to register for the change in charter capital on Business Registration Certificate and to amend Charter based on the new charter capital.

The following points are submitted to the Annual General Meeting for review and approval.

Ho Chi Minh City, 31 March, 2016

ON BEHALF OF BOARD OF DIRECTORS

Chairman

Mr. Nguyễn Bá Dương