

No: 04/2019/TTr-HDQT-VINGROUP

Hanoi, 17 October, 2019

**PROPOSAL OF THE BOARD OF DIRECTORS**

**Re: The plan to swap all outstanding shares of Sai Dong Urban Development and Investment Joint Stock Company in accordance with the Merger Agreement and share issuance for the swapping purpose**

**Respectfully submitted to: THE GENERAL MEETING OF SHAREHOLDERS OF VINGROUP JOINT STOCK COMPANY**

- Pursuant to the Law on Enterprises No. 68/2014/QH13 passed by the National Assembly of the Socialist Republic of Vietnam on November 26, 2014;
- Pursuant to the Law on Securities No. 70/2006/QH11 passed by the National Assembly of the Socialist Republic of Vietnam on June 29, 2006;
- Pursuant to the Law on Competition No. 23/2018/QH14 passed by the National Assembly of the Socialist Republic of Vietnam on June 12, 2018;
- Pursuant to Decree No. 58/2012/ND-CP issued by the Government on July 20, 2012 detailing and guiding the implementation of a number of articles of the law on securities and the law amending and supplementing a number of articles of law on securities;
- Pursuant to Decree No. 60/2015/ND-CP issued by the Government on June 26, 2015 on amending and supplementing a number of articles of Decree No. 58/2012/ND-CP dated July 20, 2012 of the Government detailing and guiding the implementation of a number of articles of the Securities Law and the Law Amending and Supplementing a Number of Articles of the Securities Law;
- Pursuant to Circular 162/2015/TT-BTC of the Ministry of Finance dated October 26, 2015 guiding the public offering, offering swap shares, issuing new shares, repurchasing shares, selling treasury shares and submitting a tender offering;
- Pursuant to the Charter of Vingroup Joint Stock Company (“**Vingroup JSC**” or “**VIC**”) which was approved by the General Meeting of Shareholders,

In order to utilize the resources and promote the restructuring of the centralized governance model, the Board of Directors (the “**BOD**”) would like to submit to the General Meeting of Shareholders (the “**GMS**”) for the approval of the plan to swap outstanding shares of Sai Dong Urban Development and Investment Joint Stock Company in accordance with the Merger Agreement and to issue new shares to increase charter capital as follows:

**A. THE PLAN TO SWAP OUTSTANDING SHARES OF SAI DONG URBAN DEVELOPMENT AND INVESTMENT JOINT STOCK COMPANY IN ACCORDANCE WITH THE MERGER AGREEMENT**

**1. About Sai Dong Urban Development and Investment Joint Stock Company:**

- ✓ Company name: **Sai Dong Urban Development and Investment Joint Stock Company (“SDI”)**

- ✓ Address: No. 7, Bang Lang 1 Street, Vinhomes Riverside Eco-Logical Urban Area, Viet Hung Ward, Long Bien District, Hanoi
- ✓ Enterprise Registration Certificate No: 0104179545 issued for the first time by Hanoi Department of Planning and Investment on 17 September, 2009, reissued for the 16<sup>th</sup> time on 1 April, 2016
- ✓ Charter capital: VND 1,199,958,000,000
- ✓ Main businesses:
  - Real Estate
  - Residential construction, Civil engineering construction
  - Lodging, Food & Beverage
  - Agriculture

## **2. Swap mechanism**

Vingroup Joint Stock Company will issue new VIC ordinary shares to shareholders of Sai Dong Urban Development and Investment Joint Stock Company other than itself, to swap for SDI ordinary shares held by these shareholders in the exchange ratio outlined below (“Exchange Ratio”).

## **3. Exchange Ratio and principle of share swap**

- Exchange Ratio: **1 : 1.1**, indicating one ordinary share of Sai Dong Urban Development and Investment Joint Stock Company (Ticker: SDI) will be exchanged for 1.1 ordinary shares of Vingroup Joint Stock Company (Ticker: VIC).
- Rounding principle: VIC shares received by shareholders of Sai Dong Urban Development and Investment Joint Stock Company will be rounded down to the nearest integer, VIC fractional shares (if any) will be void.

For example: Under the share swap with the exchange ratio of (1 : 1.1), shareholder A owning 1,243 SDI shares is entitled to receive 1,367.3 VIC shares, being 1,367 VIC shares, which was rounded down to the nearest integer.

## **4. Organizational structure of the company after the share swap**

After completion of the share swap, Vingroup Joint Stock Company will become the sole owner, holding 100% charter capital of SDI. Accordingly, Sai Dong Urban Development and Investment Joint Stock Company will be re-registered as a one member limited liability company.

Upon completion of the re-registration procedures, the one member limited liability company will be entitled to all legal rights and benefits, take responsibility for debts, employment agreements and all other obligations relating to assets from Sai Dong Urban Development and Investment Joint Stock Company. The reorganization and conversion of Sai Dong Urban Development and Investment Joint Stock Company into one-member limited liability company will be authorized to the Board of Directors of Vingroup Joint Stock Company for implementation. The Board of Directors of Vingroup Joint Stock Company will formulate a conversion plan, the Charter of the one member limited liability company, and promulgate other necessary documents as well as perform other necessary tasks as prescribed to reorganize and

convert Sai Dong Urban Development and Investment Joint Stock Company into Sai Dong Urban Development and Investment Limited Liability Company.

## **5. Business plan after the share swap**

After the swap is completed, VIC and SDI continue to maintain their current business activities. The Board of Directors of the two companies are authorized to develop and supervise the implementation of the business plans after the swap is completed to ensure the benefits of shareholders and Vingroup JSC.

## **6. Employment plan**

All employees of Sai Dong Investment and Urban Development Joint Stock Company will continue to work at Sai Dong Urban Development and Investment Limited Liability Company after the swap is completed. Sai Dong Urban Development and Investment Company Limited Liability Company will retain all employees, rights and obligations arising from the employment relations of Sai Dong Urban Development and Investment Joint Stock Company.

## **B. COMPANY'S CHARTER AFTER THE SWAP IS COMPLETED**

Vingroup Joint Stock Company is currently listed on the Ho Chi Minh Stock Exchange, so the Company's Charter has complied with the Standard Company Charter applicable to listed companies. After the share swap, the current Charter of Vingroup Joint Stock Company remains compliant with the provisions of the relevant laws and will continue to be used without being modified and supplemented, except for amending and supplementing Article 7 on the Company's charter capital due to the increase of charter capital to swap shares with SDI.

## **C. THE MERGER AGREEMENT BETWEEN VINGROUP JOINT STOCK COMPANY AND SAI DONG URBAN DEVELOPMENT AND INVESTMENT JOINT STOCK COMPANY**

The Board of Directors respectfully submit to the General Meeting of Shareholders for approval of the Merger Agreement of between the two companies as per attached, authorizing the Board of Directors to negotiate, supplement and complete the Merger Agreement to suit the actual situation and relevant regulations; and authorizing the Chief Executive Officer – the legal representatives of Vingroup Joint Stock Company to sign and implement the Merger Agreement.

## **D. THE ISSUANCE OF NEW SHARES TO SWAP FOR SDI SHARES**

### **1. Purpose of the share issuance for the share swap**

Vingroup Joint Stock Company currently owns 89.5% issued shares (equivalent to 107,400,300 shares) of Sai Dong Urban Development and Investment Joint Stock Company. Vingroup Joint Stock Company has registered to issue ordinary shares to shareholders of Sai Dong Urban Development and Investment Joint Stock Company to swap for the outstanding shares (12,595,500 shares) of Sai Dong Urban Development and Investment Joint Stock Company (Ticker: SDI) held by the remaining shareholders under the Merger Agreement signed between Vingroup Joint Stock Company and Sai Dong Urban Development and Investment Joint Stock Company, based on the swap ratio approved by the General Meeting of Shareholders.

After the share swap, Vingroup Joint Stock Company will become the sole owner, holding 100% charter capital of Sai Dong Urban Development and Investment Joint Stock Company.

## 2. The issuance of new shares to swap for SDI shares

- Type of shares: Ordinary shares.
- Par value of shares: VND 10,000 /share.
- Estimated number of VIC shares to be issued: **13,855,050 shares**
- Purpose of the issuance: to swap for shares of Sai Dong Urban Development and Investment Joint Stock Company
- Total value at par value: VND **138,550,500,000**
- Estimated charter capital after the share issuance: VND **34,437,904,390**
- Targeted shareholders: existing shareholders of Sai Dong Urban Development and Investment Joint Stock Company in the list of shareholders as of the record date, excluding Vingroup Joint Stock Company
- Exchange Ratio and principle of share swap: 1 : 1.1

One share of Sai Dong Urban Development and Investment Joint Stock Company (Ticker: SDI) will be exchanged for 1.1 shares of Vingroup Joint Stock Company (Ticker: VIC).

VIC shares received by shareholders of Sai Dong Urban Development and Investment Joint Stock Company will be rounded down to the nearest integer, VIC fractional shares (if any) will be void.

For example: Under the share swap with the exchange ratio of (1 : 1.1), shareholder A owning 1,243 SDI shares is entitled to receive 1,367.3 VIC shares, being 1,367 VIC shares rounded down to the nearest integer.

## 3. Principle to determine the Exchange Ratio

The Exchange Ratio was determined by the valuation certificate provided by Vietnam Investment and Valuation Joint Stock Company. Based on the transaction price and discounted free cash flow to the firm methods, Vietnam Investment and Valuation Joint Stock Company determined the Exchange Ratio is 1 : 1.087 (1 SDI share will be exchanged for 1.087 VIC share). The Board of Directors of both Vingroup JSC and Sai Dong Urban Development and Investment JSC have agreed to round up the ratio to 1 : 1.1 (1 SDI share will be exchanged for 1.1 VIC share).

4. **Estimated time of issuance:** Within 90 days from the date of receiving the certificate for public offering issued by SSC and subject to extension (if necessary).
5. **Waiving the pre-emptive right to buy newly issued shares:** Vingroup's General Meeting of Shareholders agrees and confirms that the existing shareholders of Vingroup Joint Stock Company will not exercise the pre-emptive rights to buy the newly issued shares in this offering.

## E. DEPOSITORY OF NEWLY ISSUED SHARES AT VIETNAM SECURITIES DEPOSITORY AND THE LISTING OF NEW SHARES ON HO CHI MINH STOCK EXCHANGE

All new shares issued (based on the actual issuance) will be deposited at Vietnam Securities Depository and listed on the Ho Chi Minh Stock Exchange.

## F. IMPLEMENTATION

To ensure the efficient and expeditious implementation of the share issuance, the BOD would like to submit the proposal to the GMS for approval of authorizing the Chairperson of the BOD to perform necessary tasks, including but not limited to:

1. Negotiate, supplement and complete the Merger Agreement between Vingroup Joint Stock Company and Sai Dong Urban Development and Investment Joint Stock Company to suit the actual situation and relevant regulations; and authorizing the legal representatives of Vingroup Joint Stock Company to sign and implement the Merger Agreement.
2. Decide on the company type of Sai Dong Urban Development and Investment Joint Stock Company after the swap to ensure the highest efficiency, and implement the conversion in compliance with the relevant laws and regulations. The content that is not in compliance with the provisions of statutory regulations will automatically be amended to conform to the laws and regulations, and authorize the Board of Directors to implement in compliance with the laws and regulations.
3. Coordinate with the Board of Directors and the Board of Management of Sai Dong Urban Development and Investment Joint Stock Company to implement business directions as specified in the Merger Agreement and create a business plan for VIC after the swap is completed.
4. Approve the amendment of the Company's Charter regarding the charter capital based on the actual issuance.
5. Implement all necessary procedures for the issuance and increase the Company's charter capital in compliance with the statutory regulations and the Company's charter;
6. Implement all necessary procedures to deposit and list the newly issued shares in compliance with the statutory regulations and the Company's Charter;

The BOD respectfully presents to the GMS for consideration and approval./.

Sincerely.

To:

- *As above mentioned;*
- *For Vingroup Archives.*

**ON BEHALF OF THE BOARD OF  
DIRECTORS**

**CHAIRPERSON**

**(signed)**

**Pham Nhat Vuong**