

*Hanoi, 16<sup>th</sup> February, 2017.*

**PROPOSAL  
OF BOARD OF MANAGEMENT TO THE GENERAL MEETING OF  
SHAREHOLDERS**

*Ref: To pass the Plan of issue share certificates of Viglacera Corporation JSC to public*

**Attention to: Shareholders of Viglacera Corporation**

**I. Information of the Corporation:**

- Name of the company : Viglacera Corporation JSC
- Abbreviated name : Viglacera
- Head office : 16<sup>th</sup> & 17<sup>th</sup> Floor, Viglacera Tower, No. 1 Thang Long Avenue, Me Tri ward, Nam Tu Liem district, Hanoi city.
- Tel : (84-4) 3553 6660
- Fax : (84-4) 3553 6671
- Website : <http://www.viglacera.com.vn/>
- Charter capital : 3,070,000,000,000 dong

**II. Contents of proposal to the General Meeting of Shareholders**

- Pursuant to Law on Enterprises No. 68/2014/QH13 passed by the National Assembly of the Socialist Republic of Vietnam on 26<sup>th</sup> November, 2014 and other guiding legal documents for implementation of Law on Enterprises;
- Pursuant to Law on Securities No. 70/2006/QH11 passed by the National Assembly of the Socialist Republic of Vietnam on 29<sup>th</sup> June, 2006, Law No. 62/2010/QH12 dated 24<sup>th</sup> November, 2010 on amendment and supplementation to a number of articles of Law on Securities and other guiding legal documents for implementation of Law on Securities;
- Pursuant to Decree No. 58/2012/ND-CP dated 20/07/2012 by the Government detailing and guiding implementation a number of articles of Law on Securities and Law on amendment and supplementation to a number of articles of Law on Securities;
- Pursuant to Decree No. 60/2015/ND-CP dated 26/06/2015 by the Government on amendment and supplementation to a number of articles of Decree No. 58/2012/ND-CP dated 20/07/2012 by the Government detailing and guiding implementation a number of articles of Law on Securities and Law on amendment and supplementation to a number of articles of Law on Securities;
- Pursuant to Circular No.162/2015/TT-BTC dated 26/10/2015 by the Ministry of Finance guiding the public offering, stock swap, issuance of additional stocks, repurchase of stocks, sale of treasury

stocks and tender offer;

- According to Charter of Viglacera Corporation JSC;
- Pursuant to current legal laws;

Board of Management of Viglacera Corporation JSC propose the General Meeting of Shareholders (GMS) to pass the following contents:

## 1. Plan to issue shares to public

### a. Plan to issue

- Name of shares issued : Shares of Viglacera Corporation JSC
- Types of shares : Ordinary shares, freely transferable
- Par value : 10,000 dong/share
- Current charter capital : 3,070,000,000,000 dong
- Total of outstanding shares : 307,000,000 shares
- Expected offered shares : 120,000,000 shares
- Total value of expected issued shares at par value: 1,200,000,000,000 dong
- Ratio of expected issued shares over outstanding shares: 39.09%
- Subject to be offered: Investors being organizations and individuals at local and abroad on the security market.
- Mode of issuance: Public auction of 120,000,000 shares at Hanoi Stock Exchange
- Offering time: Expected within quarter 2 of 2017 and after the approval of State Securities Commission.
- Expected auction starting price: According to book value of VGC shares on separate Financial Statements of Viglacera Corporation JSC dated 30/09/2016.

Value per share, in accordance with accounting books (BV) is determined by equity in the accounting books divided by the total outstanding shares at the same time.

Formula of accounting value per share:

$$\begin{aligned} \text{Book value per share} &= \frac{\text{Equity}}{\text{Number of outstanding shares}} \\ &= \frac{3,723,625,393,629}{307,000,000} = 12,129 \text{ dong/share} \end{aligned}$$

Auction starting price is: **12,200 dong/share** (rounded up from book value of 12,129 dong/share).

- Restriction on transfer:  
Shares issued to public in the mode of auction at Stock Exchange are ordinary shares and freely transferable.
- Expected successful selling ratio is 80%. In case the total shares are not sold out in the mode of auction as registered and the amount of money from the issuance is not as much as expected, for the implementation of projects approved by the General Meeting of

Shareholders, the General Meeting of Shareholders shall authorize the Board of Management to take the following solutions, case by case:

- ✓ To seek, select other investors and distribute the shares which are not sold out to all investors at the price which is not lower than the lowest successful auction price at Hanoi Stock Exchange, in compliance with current regulations, and apply procedure to extend the offering time if necessary. If other investors do not buy all the unsold shares, the new charter capital will be registered according to the actual number of shares issued.
- ✓ The number of shares to be distributed to other investors through private issue will be restricted to transfer within 01 (one) year from the date of completion of the public offering.
- ✓ To add missing capital by bank loans under the credit agreement and other sources.
- Expected time for share distribution: Time for distribution of 120,000,000 shares is 90 days from the license date by the State Securities Commission (SSC), in case the auction is unsuccessful and private issue is applied, the time for share distribution shall be extended up to 30 days.

**b. Evaluation of stock dilution**

Due to the increase in the total number of the outstanding shares, the following risks relating to stock dilution are expected: (i) Diluted earnings per share (EPS), (ii) Diluted book value per share; and diluted ownership and voting right of shareholders.

After completing the public issuance, the number of outstanding shares of the Corporation is expected to increase proportionally as follows:

- Number of outstanding shares : 307,000,000 shares
- Expected offered shares : 120,000,000 shares
- Total expected number of shares after public offering : 427,000,000 shares

**(i) Diluted earnings per share**

- Earnings per share (EPS) in 2017:

$$\text{EPS} = \frac{\text{Profit/(loss) divide number of shareholders of ordinary shares}}{\text{Number of average ordinary shares in the period}}$$

In which:

$$\text{Number of average ordinary shares in the period} = \frac{X * (12-T) + Y * T}{12}$$

- X: Number of outstanding shares before issuance
- Y: Number of outstanding shares after issuance
- T: Actual outstanding time of issued shares (month)

- Assuming that the date of completion of issuance is 30/06/2017. Then:

$$\text{Number of average ordinary shares in the period} = \frac{307,000,000 * 6 + 427,000,000 * 6}{12} = 367,000,000 \text{ shares}$$

- Assuming that after-tax profit in 2017 of the Corporation is 395.28 billion dong. Then:

$$\text{EPS in 2017 before dilution} = \frac{395,280,000,000}{307,000,000} = 1,288 \text{ dong/ share}$$

$$\text{EPS in 2017 after dilution} = \frac{395,280,000,000}{367,000,000} = 1,077 \text{ dong/ share}$$

With two assumptions: (i) the offering completed on 30/06/2017 and (ii) after-tax profit of the Corporation in 2017 reached 395.28 billion, after release, EPS in 2017 of the Corporation decreases 16.35% compared to the prior issuance of additional shares.

- Assuming that consolidated after-tax profit in 2017 of the Corporation is 710.4 billion dong. Then:

$$\text{Consolidated EPS in 2017 before dilution} = \frac{710,400,000,000}{307,000,000} = 2,314 \text{ dong/ share}$$

$$\text{Consolidated EPS in 2017 after dilution} = \frac{710,400,000,000}{367,000,000} = 1.936 \text{ dong/ share}$$

With two assumptions: (i) the offering completed on 30/06/2017 and (ii) after-tax profit of the Corporation in 2017 reached 710.4 billion dong, after release, consolidated EPS in 2017 of the Corporation decreases 16.35% compared to the prior issuance of additional shares.

**(ii) Dilution of the ratio of holding and voting rights of existing shareholders**

Due to the number of outstanding shares will increase after completion of issuance, the ratio of holding and voting rights of the existing shareholders will be reduced in case such shareholders do not purchase additional shares.

**2. Plan for handling the shares not sold out**

In case the Corporation does not sell all the shares as registered through auction, the General Meeting of Shareholders authorizes the Board of Directors actively search and select other investors and make the distribution those shares to investors (including investors are stock

options subject to the provisions of Clause 3, Article 1 of Decree No. 60/2015 / ND-CP dated 26/06/2015) at the price not lower than the lowest successful bid at the Hanoi stock exchange in public issue, and ensure compliance with current regulations.

### 3. Solution of using capital from the issuance

STT	The purpose of capital	Amount of money (billions dong)
1	Project Investment for Viglacera Porcelain My Xuan factory	292
2	Project Investment in construction and infrastructure business Dong Van Industrial Park IV Phase 1 -Hanam Province	154.2
3	Project Investment in construction and infrastructure business Yen Phong Industrial Park expansion	691.69
4	Project Investment in Ultra-white Float glass production line	310
5	Additional working capital for the Corporation	16.11
<b>Total</b>		<b>1,464</b>

The General Meeting of Shareholder authorize the Management Board may adjust the amount used for each project or change the plan of capital using than the above plan for ensuring appropriate business situation of Corporation and report at the nearest General Meeting of Shareholders.

### 4. Listing number of additional shares issuance

Through the registration of additional listing at the Hanoi Stock Exchange (HNX) and register additional depository at Vietnam Securities Depository Center (VSD) the entire amount of additional shares issued under the on the court immediately after the Corporation shall report the results to issue shares under the existing legal provisions.

### 5. Authorization for the Management Board

- Authorization for the Management Board to consider and choose consultant agency, actively implement the activities related to the issuance of shares in accordance with the provisions of law and charter of the Corporation Viglacera - JSC to ensure the interests of shareholders, benefits Viglacera Corporation - JSC;
- Select the appropriate time of issuance;
- Approve the issuance plan in detail and implement necessary procedures to deploy the release plan has been approved;
- Proactively build and explain profile for permission to issue securities sent to The State Securities Commission. At the same time, actively adjusted issuance plans and other

relevant documents follow the request of The State Securities Commission and other relevant authorities;

- Flexible adjustment and allocation of the proceeds from the offering capital for purposes specified in the plan have been released;
- Flexibility to adjust the number of shares offered to the public as to ensure compliance with the provisions of law;
- Review and implement plans for additional funding through the outstanding bank loans under Credit agreements and other sources in the case the proceeds from the distribution of shares in order to implement the project approved by the General Meeting of shareholders through insufficient as planned;
- Amendment of Articles relating to the charter capital, shares, shares in the charter organization and operation of Viglacera Corporation - JSC after completion of the issuance;
- Perform the necessary procedures related to complete the issuance;
- Implementing procedures for business registration with the Department of Planning and Investment in Hanoi after completing the issuance;
- Depending on the specific case, the Management Board may authorize the General Director to carry out one or more of the above-mentioned specific work;
- Other tasks related.

### **III. Contents of absentee voting:**

#### **1. The 1<sup>st</sup> issue:**

To pass the plan to issue 120,000,000 shares certificates of Viglacera Corporation JSC to public to increase the charter capital from 3,070 billion dong to 4,270 billion dong

#### **2. The 2<sup>nd</sup> issue:**

To pass the Plan to resolve the unsold shares.

#### **3. The 3<sup>rd</sup> issue:**

To pass the plan to use the proceeds from the offering and authorized the Management Board to adjust, change the appropriate plan of using funds for the actual situation and report to the General Meeting of Shareholders at the latest meeting.

#### **4. The 4<sup>th</sup> issue:**

To pass the listing of additional issued shares.

#### **5. The 5<sup>th</sup> issue:**

To pass the authorization by the General Meeting of Shareholders to the Board of Management to decide other issues related to issuance under current laws.

### **Deadline of voting:**

*Please consider and vote the above issues in accordance with the form of Shareholders' feedback in written attached hereto and send (or fax) to **Shareholders Relation Department, Viglacera Corporation JSC before 16h00 on 06/03/2017 at the following address:***

**Viglacera Corporation JSC:**

16<sup>th</sup> and 17<sup>th</sup> floor, Viglacera Tower, No. 1 Thang Long Avenue, Me Tri ward, Nam Tu Liem

district, Hanoi

Tel: (84-4) 3553 6660

Fax: (84-4) 3553 6671

After the deadline stated above, if Viglacera Corporation - JSC did not receive votes of shareholders sent to the Corporation, it is deemed that such shareholders have no opinion on the adoption of the aforementioned contents

Kind regards./.

**FOR THE BOARD OF MANAGEMENT**

**Chairman**

**Luyen Cong Minh**