

**BOARD OF DIRECTORS' PROPOSAL**  
**(Re: Private placement plan to increase charter capital**  
**of VNECO4 Electricity Construction Joint Stock Company )**

*Pursuant to:*

- *Law on Enterprises No. 59/2020/QH14 issued on June 17, 2020, amended by Law No. 03/2022/QH15 issued on January 11, 2022 and documents guiding its implementation;*
- *Law on Securities No. 54/2019/QH14 issued on November 26, 2019, amended by Law No. 56/2024/QH15 issued on November 29, 2024;*
- *Decree No. 155/2020/ND-CP dated December 31, 2020 of the Government detailing the implementation of several articles of the Law on Securities;*
- *Operating charter of VNECO4 Electricity Construction Joint Stock Company;*
- *The situation of production, business and investment activities of the company.*

**I - NECESSITY OF CAPITAL INCREASE**

**1. Current situation of the Company:**

As of December 31, 2024, the Company's owner's equity was VND 9.9 billion, including contributed capital from the owner (charter capital) of VND 10.28 billion and accumulated losses of VND 4.63 billion. Owner's equity accounted for 16.03% of total assets, and the debt-to-equity ratio was 5.24 times (figures are based on the Company's audited financial statements for 2024).

In 2025, the Company targets revenue of VND 115.09 billion and plans to implement an investment project. To meet the 2025 business plan and support future development, the current capital is insufficient. Furthermore, borrowing from credit institutions is increasingly restricted and requires collateral. In addition to ensuring cash flow for business operations, the Company must also proactively enhance its construction capabilities to maintain competitiveness and ensure operational efficiency.

**2. Necessity of capital mobilization to increase charter capital:**

**a. Urgency**

- Increasing charter capital helps the Company improve its financial capacity, increase its capital scale, thereby improving its financial capacity, reducing pressure from credit loans and proactively providing part of its finance to serve the Company's production and business activities.

- Increase charter capital to ensure regulations on minimum charter capital for public companies, specifically:

According to the provisions of Point a, Clause 11, Article 1, Law No. 56/2024/QH15 amending Point a, Clause 1, Article 32, Securities Law No. 54/2019/QH14 stipulates as follows: “1. A public company is a joint stock company in one of the following two cases: a) A company with contributed charter capital of VND 30 billion or more, equity capital of VND 30 billion or more and at least 10% of voting shares held by at least 100 investors who are not major shareholders”.

At Point d, Clause 1, Article 11 - Law No. 56/2024/QH15: “ A public company whose shares were listed or registered for trading before January 1, 2021 still meets the conditions prescribed in the Securities Law No. 70/2006/QH11, which was amended and supplemented by a number of articles under Law No. 62/2010/QH12, but by January 1, 2026 does not meet the conditions prescribed in Point a, Clause 11, Article 1 of this Law, shall have its public company status revoked in accordance with Clause 15, Article 1 of this Law, except in cases where the General Meeting of Shareholders decides to revoke its public company status before January 1, 2026”.

Currently, the Company has a charter capital of VND 10.28 billion, equity as of December 31, 2024 (according to the audited financial statements of 2024) of VND 9.9 billion, which does not meet the capital requirements of a public company as prescribed above. If this condition is still not met by January 1, 2026, the Company will be considered for revocation of its public company status and mandatory delisting of the Company's shares on the Stock Exchange. Thus, it is necessary to increase the charter capital in 2025.

#### **b. Purpose of using capital mobilized from charter capital increase**

In 2025, the Company plans to achieve revenue of VND 115.09 billion, after-tax profit of VND 922 million. The Company has approached investors with small and medium-sized projects suitable for the competitive bidding capacity of specific units at Power Transmission Company 1, Power Grid Project Management Board, Power Development Project Management Board, Northern Power Construction Project Management Board, Nghe An Power Transmission Company, Ha Tinh Power Transmission Company... and especially the Central Power Project Management Board and the Southern Power Project Management Board. To achieve the 2025 business goals, the Company needs to ensure sufficient capital for construction and installation activities, including: purchasing materials, hiring workers, operating costs, advances to subcontractors and maintaining liquidity reserves.

Operating in the field of electrical construction requires a long production - capital recovery cycle, capital is stuck in inventory, unfinished costs and receivables from investors. Based on the construction plan of the projects, the total cost to be spent in the year (including raw materials, labour, machinery, advances...) is estimated at about 90 – 95% of revenue, equivalent to 103 - 109 billion VND. Of which, the capital that needs to be paid in advance (before collecting money from the investor) accounts for a large proportion, because projects are usually only paid after completing acceptance of each stage.

Assuming the Customer's billing cycle is 90 – 120 days, and the input payment cycle (for suppliers, workers, etc.) is 45 days, the amount of working capital needed to be maintained continuously in 2025 is estimated at about 40 billion VND. Currently, the Company's credit limit at commercial banks is maintained at about 20 billion VND.

Therefore, to ensure financial security, create initiative in cash flow and increase the capacity to carry out construction works through the purchase of additional machinery and

equipment, the Company needs to increase its charter capital through the issuance of shares to supplement the capital shortage. The capital increase not only helps to balance finances for 2025 but also enhances its reputation with partners and banks, expands credit limits and creates a premise for stable growth in the following years.

## **II- PLAN TO OFFER SHARES TO INCREASE CHARTER CAPITAL**

### **1. Offering plan.**

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|----|--|---|--|
| a. | Stock name                               | : | Shares of VNECO4 Electricity Construction Joint Stock Company  |
| b. | Stock code                               | : | VE4  |
| c. | Stock exchange                           | : | HNX  |
| d. | Type of shares                           | : | Common shares  |
| e. | Par value of shares                      | : | VND 10,000 (Ten thousand dong)   |
| f. | Purpose of offering                      | : | Mobilize capital to repay loans from credit institutions to improve capital autonomy and reduce financial pressure for the Company. and proactively finance part of the Company's production and business activities.  |
| g. | Number of additional shares offered      | : | 2,000,000 shares vote  |
| h. | Total par value of shares to be offered: | : | 20,000,000,000 VND (calculated at par value)   |
| i. | Method of offering                       | : | Private placement  |
| j. | Offered Object                           | : | Offer for strategic investors and/ or professional securities investors in accordance with the provisions of the Law on Securities and relevant legal documents.   |
| k. | Number of investors                      | : | Less than 100 investors, excluding professional stock investors.   |
| l. | Criteria for selecting investors         | : | <div style="margin-left: 20px;">                     - For strategic investors: Domestic organizations and individuals that meet the following criteria:                     <ul style="list-style-type: none"> <li>▪ As an investor operating/working in a field related to the company's business operations, priority is given to the company's traditional and potential partners ;</li> <li>▪ Have financial capacity and ability to contribute branch capital when registering to buy shares ;</li> <li>▪ Commit to long-term benefits with the company for at least 03 years, support the company in terms of capital, market and technology ;</li> <li>▪ Other criteria that the Board of Directors deems necessary.</li> </ul> </div> |

List of strategic investors according to Appendix I attached to this Proposal.

- For professional securities investors: Domestic organizations and individuals who are professional securities investors according to the provisions of current law, belonging to one of the following subjects:
  - Companies with contributed charter capital of over 100 billion VND or listed organizations, organizations registered for trading;
  - Person with securities practice certificate;
  - An individual holding a listed securities portfolio, registered for trading with a minimum value of VND 2 billion as confirmed by a securities company at the time the individual is identified as a professional securities investor;
  - Individuals whose taxable income in the most recent year is at least VND 1 billion up to the time the individual is determined to be a professional securities investor according to the tax declaration submitted to the tax authority or tax deduction documents of the paying organization or individual.

The General Meeting of Shareholders authorizes the Board of Directors to determine professional securities investors according to the investor selection criteria approved by the General Meeting of Shareholders (Including selection and determination of the number of shares offered to each investor). The selection of investors must ensure that the offering of shares meets the maximum foreign ownership ratio at the Company according to current law.

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| m. | Transfer restrictions.                    | : | The number of shares offered for private placement is limited within 03 years for strategic investors and 01 year for professional securities investors.  |
| n. | Principles for determining offering price | : | The private offering price of shares is determined based on a price not lower than the book value of the shares and the par value of the shares offered, and at the same time, considering the future growth prospects of the Company, avoiding dilution of existing shareholders' interests when issuing new shares. |

The Company's book value as of December 31, 2024 (Data according to the audited 2024 Financial Statements) is:

Book value per share

$$= \frac{\text{Owner's equity} - \text{Intangible assets}}{\text{Number of outstanding shares}}$$

$$= \frac{9.904.137.427 - 0}{1.028.000}$$

$$= 9,634 \text{ (VND/share)}$$

- o. Offering price : The General Meeting of Shareholders authorizes the Board of Directors to decide on the specific offering price at the time of offering to investors, based on negotiations with investors, ensuring alignment with the actual capital needs, while protecting the legitimate rights and interests of shareholders and optimizing the interests of the Company.
- p. Expected offering period : Expected to be implemented in 2025 after receiving written notice from the State Securities Commission on receipt of the Company's complete application for private placement of shares.
- The General Meeting of Shareholders authorizes the Board of Directors to decide on the appropriate time to implement the private placement of shares.
- q. Treatment of shares that investors do not register to buy or pay for : In case a strategic investor does not register to buy or pay for the purchase (part or all of the shares approved by the General Meeting of Shareholders), the number of shares that the investor does not register to buy or pay for the purchase (if any) will be distributed to one or several professional securities investors determined by the Board of Directors based on the criteria for selecting investors approved by the General Meeting of Shareholders.
- In case by the end of the prescribed offering period or another time determined by the Board of Directors before this period, no professional securities investors have paid to buy, the Board of Directors shall decide to cancel the number of shares that have not been fully distributed and end the offering.
- r. Fundraising plan if the offering is not fully subscribed: : In case the shares are not fully distributed as planned and the amount of mobilized capital is not as expected, the Board of Directors will consider adjusting the capital source and mobilizing borrowed capital or other legal capital sources for supplementation.
- s. Compliance with : Currently, the foreign investor ownership ratio at the

foreign ownership limit      Company is 0% of the charter capital. The criteria for selecting investors for the offering are domestic organizations and individuals, so the offering does not change the foreign ownership ratio, ensuring compliance with the foreign ownership ratio as prescribed.

## **2. Plan for using the proceeds from the offering:**

The total amount expected to be collected from the private placement of shares of the offering (calculated on the offering price determined by the Board of Directors at the time of offering) will be used for the following purposes:

<b>NO.</b>	<b>PURPOSE</b>	<b>PROPORTION OF CAPITAL USED FOR EACH PURPOSE</b>	<b>EXPECTED TIME OF USE</b>
I	Repayment of loans from organizations and individuals	50 %	In the fourth quarter of 2025 and 2026
II	Supplementing working capital	50 %	In the fourth quarter of 2025 and 2026
	<b>TOTAL</b>	<b>100%</b>	

The General Meeting of Shareholders approved the above capital usage plan and authorized the Board of Directors to:

- Based on the actual operating situation of the Company in each period to balance and allocate the proceeds from the offering in a reasonable and effective manner, ensuring maximum benefits for the Company and shareholders.
- In case the shares are not fully distributed as planned and the amount of mobilized capital is not as expected, the Board of Directors shall adjust the capital source and mobilize borrowed capital or other legal capital sources for supplementation.
- Direct relevant units and departments in the Company to organize and implement the use of proceeds from the private share offering, ensuring safety and efficiency in accordance with the provisions of law.

## **III. ADJUSTMENT OF REGISTERED SECURITIES QUANTITY AND SUPPLEMENTARY LISTING REGISTRATION OF SHARES**

The total number of shares actually offered for sale will be adjusted with information on the number of securities registered at the Vietnam Securities Depository and Clearing Corporation and registered for additional listing at the Hanoi Stock Exchange after completing the stock offering in accordance with current law.

## **IV. AMENDING THE CHARTER AND REGISTERING CHANGES TO BUSINESS REGISTRATION CONTENTS**

The General Meeting of Shareholders authorizes the Board of Directors to amend the content in Article 6 of the Company's Charter of Organization and Operation with the charter capital and number of outstanding shares corresponding to the new charter capital after completing the private offering of shares and to register the change in business registration content at the competent authority to record the actual charter capital after completing the share offering.

## **V. AUTHORIZATION TO THE BOARD OF DIRECTORS TO IMPLEMENT RELATED WORK**

To complete the capital increase procedures in accordance with the law, the General Meeting of Shareholders authorizes the Board of Directors, based on the actual situation, to organize and perform the following detailed tasks:

- Choose the time to implement the offering plan in accordance with the Company's needs on the basis of ensuring compliance with legal regulations;
- Identify professional securities investors and the number of shares offered for each investor according to the criteria for selecting investors, the transfer restriction period for each investor and the detailed conditions in the offering plan approved by the General Meeting of Shareholders (*in the case of offering shares to professional securities investors*). The selection of investors must ensure that the offering of shares meets the maximum foreign ownership ratio at the Company according to current law provisions;
- Details of the plan for using capital raised from the offering. In case it is necessary to adjust the plan for using capital in accordance with the provisions of law and the actual situation of the enterprise, the Board of Directors shall make adjustments and report to the nearest General Meeting of Shareholders;
- Approve, adjust plans and carry out necessary procedures to ensure that the offering of shares meets the foreign ownership ratio at the Company according to current laws;
- registration documents to submit to the State Securities Commission and competent authorities.
- Complete other contents related to the Offering Plan as required by competent authorities so that capital mobilization is carried out legally and in accordance with regulations;
- Update and amend provisions related to charter capital, shares, and stocks in the Company's Charter of Organization and Operation after completing the stock offering and change the business registration content at the competent authority to record the actual charter capital after completing the stock offering;
- Carry out necessary tasks and procedures to adjust information on the number of securities registered at the Vietnam Securities Depository and Clearing Corporation and register for an amendment of the listing at the Stock Exchange after completing the stock offering in accordance with applicable regulations.

## **VI. IMPLEMENTATION ORGANIZATION**

The General Meeting of Shareholders considers, approves and authorizes the Board of Directors to consider, select a consulting firm and decide on the time of offering, implement the procedures to implement the above offering plan in an appropriate time depending on the market

situation and the Company's business activities, ensuring the interests of shareholders, the success of the offering and compliance with the provisions of the Law and the Company's Charter./.

**O.B.O. BOARD OF DIRECTORS**  
**CHAIRPERSON**



**Tran Van Huy**



## APPENDIX I – LIST OF STRATEGIC INVESTORS PARTICIPATING IN THE PRIVATE SHARE OFFERING

*(Attached to Proposal No.:... TT/VNECO4/HĐQT dated June..., 2025)*

No.	Investor name	ID card number/Citizen identification card/Passport or Business registration certificate	Category		Number of shares owned before the offering	Number of shares expected to be distributed (shares)	Proportion Expected ownership after the offering (%)
			Strategic investor/ Professional investor	Foreign investors/Economic organizations with foreign investors holding over 50% of charter capital/Domestic investors			
1	Tran Quang Duc	001070018586	Strategic Investor		0	2,000,000	66.05%
<b>Total</b>					<b>0</b>	<b>2,000,000</b>	<b>66.05%</b>