

REPORT

Reg.: The request for approval of the adjustment of technical infrastructure investment project of Northern Vung Tau urban area, ward 12, Vung Tau city, BR-VT province.

**To: Valued Shareholders of Development Investment Construction J.S Corporation
(Stock code: DIG)**

The project of Northern Vung Tau New Urban Area was approved by the People's Committee of Ba Ria - Vung Tau province to invest in Project technical infrastructure in Decision No. 2165/QĐ-UBND, dated August 3, 2017 with an area of 90.5 ha in ward 12, Vung Tau city. Project implementation period is 15 years (from the first quarter of 2015 to the fourth quarter of 2026), the total investment is 4,029 billion VND.

I. Project implementation status up to the present time:

So far the project has basically completed the legal procedures for selecting the Investor, approving the investment, the environmental impact assessment report, the design document, and connecting the project infrastructure. Compensation for site clearance was about 7.3 ha (the entire area is in Zone C). It is approved by the Provincial People's Committee to adjust the investment policy with the content of progress adjustment, investment phasing the project is divided into 03 phases.

Currently, the Board of Directors is adjusting the detailed construction planning at the rate of 1/500 as well as coordinating with relevant agencies to issue notices of land acquisition, focusing on clearance compensation for the remaining area of Zone C, preparing the necessary conditions to start construction investment in phase 1 (Zone C) in 2021.

II. Reasons for requesting adjustment of total project investment:

Project on investment and construction of technical infrastructure of Northern Vung Tau new urban area with an area of 90.5 ha in ward 12, Vung Tau City was approved in 2017 with a total after-tax construction investment of 4,029 billion VND. Currently, DIC Corp is actively implementing compensation agreements and coordinating with State agencies to carry out procedures for land acquisition and compensation in accordance with law. At the same time, DIC Corp worked with credit institutions and was basically approved to finance the project.

Nevertheless, at present, land prices in Ba Ria - Vung Tau province fluctuate strongly, especially in the Vung Tau City and it is forecasted to rise sharply in the coming time. Therefore, the two most important parameters, compensation and payable land use fees of the Project will increase higher than expected in 2017, leading to a very higher increase in the total construction investment of the Project than previous project approval.

Therefore, in order to complete the legal investment documents according to regulations and determine the total project investment in accordance with the actual implementation situation, the Board of Directors has directed the Board of Directors to review and recalculate the effectiveness of the project of Investment and Construction of Technical infrastructure for Northern Vung Tau New Urban Area, report to the Board of Directors for consideration and submit to shareholders for approval of project adjustments. Accordingly, the total investment and the economic - technical indicators of the Project are as follows:

- Total revenue : 23,528,916 million VND;
- Construction investment cost : 10,901,895 million VND;
- Operating expenses : 1,287,286 million VND;
- Before-tax profit : 11,535,251 million VND;
- Corporate income tax : 2,307,050 million VND;
- After-tax income : 9,228,200 million VND;
- Current net price of the Project (NPV): 4,210,773 million VND;
- Intrinsic rate of return (IRR) : 43.02%

Thus, according to the report of the Board of Directors, although the construction price indexes, the cost of compensation for site clearance, land use fees, ... fluctuations increase, but the transfer price of the project also increases accordingly. Therefore, the Project still achieves economic efficiency for the Investor and brings socio-economic benefits to the locality. The project investment contributes to raising the brand of DIC in BR-VT province, increasing the reputation of DIC with the People's Committee of Vung Tau city and relevant agencies as well as customers and local people in the region.

III. Proposal for adjusting the investment project:

The implementation of investment in the construction of Northern Vung Tau New Urban Area Project is very necessary in order to contribute step by step to complete the investment according to the planning and schedule approved by the competent authorities, creating revenue sources for Corporation in the 2021 ÷ 2025 period, creating jobs for member units. Therefore, the Board of Directors respectfully submits to shareholders to approve the adjusted policy of construction investment project: Northern Vung Tau New Urban Area of Technical Infrastructure with the following specific contents:

1. **Project name:** Technical Infrastructure of Northern Vung Tau New Urban Area;
2. **Investor:** Development Investment Construction J.S Corporation (DIC Corp).



3. Investment objectives: Investing in the construction of complete technical infrastructure according to the approved planning, contributing step by step to complete the investment in Northern Vung Tau New Urban Area, creating a business land fund to bring profit to the Investor and contribute to the State Budget of Ba Ria - Vung Tau province.

4. Location and boundary of the project:

- Lot 3 (Zone C): on the right of street 3/2 from Vung Tau city to Ho Chi Minh city to the roundabout of ward 12 and next to the right of the road to Phuoc Tinh bridge;
- Lot 2 (Zone B): from the roundabout of ward 12 to the right side of Vo Nguyen Giap street in the direction of Ho Chi Minh City and the left side of the street to Phuoc Tinh bridge;
- Lot 1 (Zone A): On the left of street 2/9 to the next roundabout of ward 12 on the left side of Vo Nguyen Giap street in the direction from Vung Tau City to HCMC;

5. Land area: 905,341 m² with the specific land use structure as follows:

No.	Land use functions	Area (m2)	Proportion (%)
1	Residential land	391,592	43.25
2	Commercial and service land, market	106,211	11.73
3	Public construction land	110,894	12.25
4	Green park land	102,303	11.3
5	Urban service work construction area	81,395	8.58
6	Transport land	194,341	21.47
TOTAL		905.341	100

6. Content and scale of investment

The investor coordinates with State agencies to carry out compensation, land clearance, pay land use fees, conduct investment in the construction of complete technical assistance and organize business to exploit the entire project area.

7. Total investment:

- Investment cost of technical infrastructure: 667,780 million dongs;
- Site clearance compensation expenses : 4,680,396 million dongs;
- Payable land use fee : 3,240,244 million dongs;
- Other expenses : 33,000 million dongs;
- Contingency cost : 862,142 million dongs (*10% of investment cost of Technical infrastructure + site clearance compensation expenses + Payable land use fee + other expenses*)
- Interest : 1,488,411 million dongs.
- * Total value of after-tax investment: 10,971,973 million dongs.

8. Sources of investment capital:

- Loans of commercial credit: 4,755,397 million dong (loan for site clearance compensation and payment of land use fees in phase 1).
- Self-sufficient capital: 6,216,576 million VND to pay all the remaining costs in the total investment.

9. Project management form: The investor directly manages the project implementation. DIC Corp assigned BRVT DIC Project Management Board to manage construction investment on behalf of the Investor.

10. Construction completion time: Quarter IV of 2026 (Including compensation, site clearance, investment in technical infrastructure of zone C according to approved detailed plan of 1/500). Actual investment progress may be adjusted depending on the progress of implementing State compensation, land clearance and land allocation procedures.

IV. Propose the contents to authorize the Board of Directors:

As analyzed above, the Northern Vung Tau New Urban Area Project is a project with a relatively big total investment. If including technical infrastructure and business architecture, the total project investment can be up to hundreds of thousands of billion VND. Meanwhile, the project implementation time is not long with the amount of work to be done is very large, requires very urgent progress. Therefore, in order to promptly deploy the investment in technical infrastructure projects according to the proposed plan, as well as create an initiative in the process of investing in business architecture projects, the Board of Directors submits to valued shareholders for considering and agreeing the following policy:

1. Agree to approve the adjustment of the investment project to build the technical infrastructure of Northern Vung Tau new urban area (90.5 ha) with the contents as proposed in Section III above;
2. Authorize the Board of Directors to perform the following tasks:
 - + Approve the adjustment of investment project to build technical infrastructure of Northern Vung Tau New Urban Area (90.5 ha), approve projects according to investment stages in accordance with the approved investment phases;
 - + Approve the adjustment of overall project and component project (in case of planning adjustment, change of investment capital structure or cost change, if any); Organize the implementation of procedures for adjustment of investment guidelines in case of planning changes and total investment according to the State's regulations.
 - + Approve investment projects in architectural works on land according to the planning approved by a competent authority;
 - + Decide investment cooperation with qualified and experienced partners to implement the whole or part of the project (including technical infrastructure and architectural works) if economic efficiency is ensured and implementing of related works complies with the provisions of law and regulations of the Corporation.

- + Deploy capital mobilization on a basis in accordance with the actual needs of the project on the principle of ensuring the project's effectiveness.
- + The Board of Directors assumes responsibility to shareholders for the investment efficiency of the projects, the capital mobilization and the efficiency of investment cooperation.

The above are reports and proposals of the Board of Directors related to the Northern Vung Tau New Urban Area Project. We respectfully request the General Meeting of Shareholders to consider and approve as a basis for implementing the next work.

Respectfully submit,

Recipients:

- As above;
- Board members;
- Executive Board;
- Filing TK HDQT.

**FOR BOARD OF DIRECTORS
CHAIRMAN**

