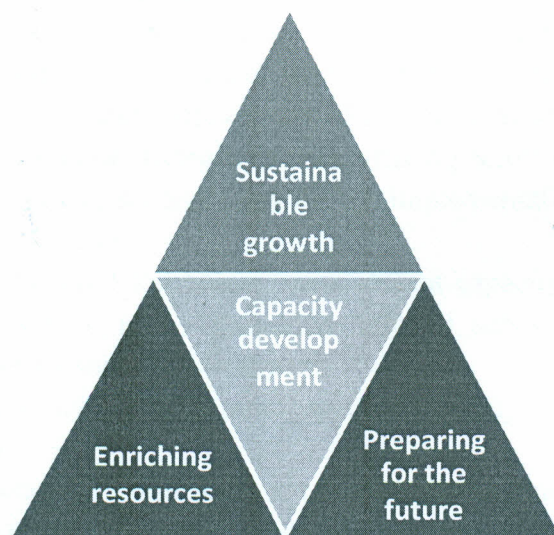


STRATEGIC OPERATION ORIENTATIONS IN 2019 PHU NHUAN JEWELRY JOINT STOCK COMPANY

Company Development Strategy period 2017 – 2022 with the vision to 2030 is a solid foundation for PNJ in the steps to achieve the long term development goals. Results of business activities grow strongly that has one more time proved the correctness and strategic vision of Board of Directors (BOD).

To follow the success in 2018 and complete the business and development goals in 2019, BOD continues consistently with 4 strategic orientations which have been set from 2018 based on the foundation of strategy model “Home of Success”. Basing on the strategy orientations in 2017 – 2022, BOD offers the orientations in 2019 as below:

- **Sustainable growth**
- **Capacity development**
- **Enriching resources**
- **Preparing for the future**



STRATEGIC OPERATION ORIENTATION IN 2017 – 2022

1. Sustainable growth:

On the solid foundation of the success in 2018 and the rapid change of business environment in Vietnam in particular and the world in general, in 2019, PNJ will continue conquer the sustainable development goals by these key solutions:

- Build higher and firmer the No.1 position in Tier 1 market.
- Expand the No.1 position in Tier 2&3 nationwide market.
- Continue to promote the development of core business lines.
- Cost control – improving operational productivity and quality.

2. Capacity development:

As sustainable growth requires a strong capacity foundation and internal power, PNJ determines some main solutions for capacity development orientation:

- Accelerate the evolution of human resources management: improve quality and depth quality of human resources through training programs/ developing human resources and welfare, increasing the employee engagement – increase the empowerment and clarity about responsibility...
- Continued investment in key areas to modernize production, fabrication and product design capabilities, in parallel with the strong application of IoT, Data Analytics to improve productivity, production efficiency and detail in crafting of product.
- Rapidly promote the evolution of marketing capacity – transform from products marketing to customer marketing, continue to improve digital marketing capacity...
- Improve retail management capacity: complete model & people of retail section – improve organizational capacity – planning capacity – quantitative capacity, improve coaching & training capacity...
- Improve advantage in production management capacity: optimize the process of production, invest and apply new technology to manufacturing, manage and optimize production cost and improve both productivity and capacity...
- Continue to build supply chain management capacity: continue to complete structure and personnel – build new capacity for supply chain section, increase the effectiveness of coordination with related units in commodity planning/ providing, exploit cleverly and creatively on ERP –SAP platform ...
- Continue to build strategic management capacity: increasing the deeper building of strategic orientation and capacity for implementation at the group and department level / subsidiaries,
- Continue to build technology management capacity: transform from advisor role to business partner role – guarantee internal service quality, financial management capacity in technology investment.
- Rapidly promote to build public relation capacity to enrich more company assets and resources.
- Enrich financial management capacity: build financial management capacity for business units, implement programs of cost control and investment effectiveness, leverage investor relation activities and capital market capacity.

3. Enriching resources:

Beside on maintain sustainable growth base on internal capacity development foundation, company also focuses on resources enrichment on these following aspects:

- Human resources.
- PNJ brand equity.

- Step by step systematize and enrich the knowledge property of PNJ.
- Enrich customer relationship assets.
- Enrich partner relation asset/ business coordinate relation asset: Enrich relation/ social/ communication assets, financial resources and the relation on financial market and institutions.

4. Preparing for the future:

With the expanding scale of company and continuously changing business environment, PNJ needs to have a carefully and long term preparing for the future. Some important actions that need to be implemented in near future such as:

- Complete the group organization model for PNJ Group: Organizational restructuring – group architecture/governance and new management method; Regulations/ Mechanism/ Charter/ Group Management Practice, exploit the internal power and increase the self-responsibility capacity.
- Prepare for future human resource: implement the Succession planning program for PNJ Group, continue development MT 2018 and increase the quality of MT 2020, build cooperation program to select and develop talents.
- Prepare & build new growth engines and new competitiveness for future.

5. Investment Activities:

- In 2019, PNJ will continue to open 40 more stores.
- Construct new PNJ building at 577 Nguyen Kiem Street, Phu Nhuan District, HCMC.
- Purchase equipment and machine for PNJ Production company to increase operation efficiency.
- Invest in some key projects:
 - Information technology projects: continue to complete and add in modules of SAP-ERP project.
 - Digital transformation projects: BPM, HCM, CRM and others projects.

6. The 2019 operation plan of Strategy subcommittee and Finance subcommittee:

• Strategy subcommittee:

- Continue to review strategic plan updates.
- Update strategic implementation plan in period 2019 – 2022 base on strategy orientation in period 2019 – 2022 which has been approved by BOD.
- Building strategy orientation for existing business activities such as PNJP, CAF, PNJL, CECL and researching strategy orientation for new business activities.
- Orientate and follow the implementation of platform strategy projects of Digital Transformation process: Go live ERP project, continue to implement necessary modules of ERP project; Supply chain management optimization project, improve service quality and customer experience, customer relationship management, human resource management – HCM; Data warehouse project...

152
G T
H A N
Đ Á C
J A N
H O C

- Continue to accelerate the development of strategic capabilities: Technology, Data Analytics, Digital Marketing, Strategic management, Risk management, Integrated distribution channel management (omni channel)...

• **Finance subcommittee:**

- Planning and monitoring the implementation of financial plan 2019.
- Researching and proposing principles, opinions, policies and regulations on the company's internal control and studying the application of good practices on internal control follow the current updated regulations.
- Monitoring, controlling and evaluation the implementation and ensuring the internal control regulations of the company.
- Researching and proposing principles, opinions, policies and regulations on accounting management of the company.
- Direct and monitor the BOM to build the structure, content and form of the company's accounting system to ensure its compliance with the law.
- Reviewing, commenting and evaluating the accounting reports prepared by the BOM before submitting to the BOD and AGM for approval.
- Orientate and build the financial strategy in period 2019 – 2022 according to business strategy.

7. Some planned targets as following (Consolidated):

Unit: Million VND

Indicator	Result of 2018	Budget of 2019	+/- (%)
Net revenue	14,571,135	18,207,610	25%
<i>Including: Jewelry retail revenue</i>	<i>7,926,675</i>	<i>10,225,411</i>	<i>29%</i>
Gross profit from sale of goods and rendering of services	2,779,083	3,477,800	25%
Financial income	6,846	10,000	46%
Financial expenses	66,345	105,000	58%
Selling expenses	1,170,069	1,454,000	24%
General and administration expenses	345,868	448,000	30%
Net operation profit	1,203,646	1,480,000	23%
Net profit before tax	1,205,550	1,480,000	23%
Net profit after tax	959,923	1,181,760	23%
Gross profit /Revenue ratio	19.10%	19.10%	
Net profit after tax /Revenue ratio	6.60%	6.49%	

Indicator	Result of 2018	Budget of 2019	+/- (%)
Dividend	20%	18%	

Source: PNJ Internal Report

- If reaching the profit after tax plan, it is reward for BOD and key managers:
 - Reward 1.5% of profit after tax
 - Share placement in accordance with ESOP: 1% on the number of outstanding shares.
- If exceeding the profit after tax plan, it is compensation to BOD and key managers:

Share placement in accordance with ESOP: every over 1% of the profit after tax plan will be issued ESOP 0.03% on the number of outstanding shares but not exceed 0.5% on the number of outstanding shares.
- Total number of share placements of reaching and exceeding the profit after tax are not more than 1.5% on the number of outstanding shares, the issue price is VND 20,000 per share and the transfer restriction is 36 months from the date of completion of the issuance.

Conclusion:

In 2018, PNJ has marked a lot of new feats in operation and business, marked an important milestone for glorious 30-year journey of establishment and development. Into 2019, with current **strong internal force**, PNJ believe in the creation a **fast breakthrough** to make a **great feat** with sustainable development goal and bring the best benefit to shareholders, staff and society.

Recipient:

- BOD, Supervisory
- BOM
- PNJ Shareholders
- Archived: BOD Office
- Archived: Record Section

P

ON BEHALF OF BOARD OF DIRECTORS
CHAIRWOMAN



CAO THI NGOC DUNG