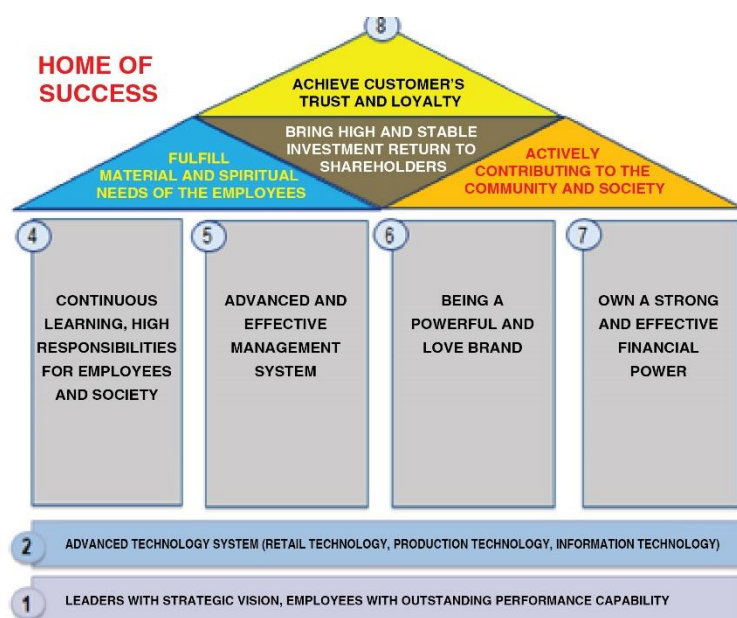


OPERATION ORIENTATIONS IN 2018 PHU NHUAN JEWELRY JOINT STOCK COMPANY

Remarkable performance over the period 2012-2016 and especially in 2017 demonstrated the right and strategic vision of BOD in choosing the home of success as the strategy model for the Company's development in the period of 2012-2022, vision to 2030.



Following the success in 2017, BOD has developed and adopted 4 major orientations for 2018 on the solid foundation of the home of success model:

- **Solid and sustainable growth**
- **Capacity development**
- **Enriching resources**
- **Preparing for the future**

1. Solid and sustainable growth:

This is a key objective in every stage of the company development. Rapid growth associated with sustainable development and business growth associated with social responsibility have always been the guidelines in all company activities.

2018 PNJ continues to build up its dominant position in current markets through key solutions:

- Increasing new customers as a reply to the trust and love of customers for PNJ brand and products.
- Increasing the loyalty of existing customers by developing special programs for return and VIP customers.

- Training and improving the quality of consultants to gain customers' love with higher KPI to achieve higher NPS than 2017.
- Increasing order value by new and high-end collections specially designed for each customer groups.
- Promoting wholesale business to exploit the potential of domestic and export markets.
- 269 existing retail stores does not seem to meet the demand of the market. Retail network expansion will continue to be PNJ's strategy in 2018 and the coming years.

2. Capacity Development:

As sustainable growth requires strong capacity foundation, PNJ has identified following key objectives in its action orientation:

- Improve human resources management and capacity development to prepare for "next leaps and bounds" by planning and developing talented human resources, focusing and increasing training activities, building policies to attract and retain talented employees.
- Enhance core competencies throughout the supply chain: Improve and restructure the production system; make most of the advantage of Asia's leading manufacturing plant and production lines by improving productivity and innovation in the process of modelling and production; improve the supply chain model with a focus on enhancing purchasing power, increasing planning and forecasting capacity and improving logistics.
- Improve retail performance by the solutions for enhancing customer experience, optimizing operations & omni-channel.
- Upgrade marketing capability 4.0: Complete CRM, upgrade NPS measurement and analysis, apply Big Data into analysis and decision making (data-driven)...
- Build strategic capacities with a focus on strategic management and technology governance capabilities, building financial management capacity for departments and units.

3. Enriching resources:

In addition to maintaining sustainable growth on the foundation of internal capacity development, PNJ also pays great attention to enriching resources in terms of:

- Human Resource: PNJ keeps on enriching this resource by enhancing management capacity and staff development, improving methods/tools to increase work efficiency. In details:
 - Implement development programs for leaders at all levels to ensure that the company's management team is kept updated with newest management technologies; meanwhile, develop comprehensive soft skills for business management process.
 - Implement Management Trainee programs to prepare management source for the development strategy for 2018-2022 and vision to 2030.
 - Apply cadre rotation program for the management team to study every aspect of the company operation.
 - Review and rebuild the welfare policy to provide a solid base for the company's Employee Retention Program.
 - Launch Life Workshop programs to create a connecting channel between the staffs and managements to share the vision, mission and core values of the Company.
- PNJ brand resource is enriched by updating brand strategy and architecture; increasing the connection between its brand with customers and society by continuing to implement PNJ's unique business philosophy of " Social Responsibility is incorporated in business"; Expanding the brand's coverage by expanding the company network and attending fairs and activities of the jewelry industry in Vietnam in particular and the world in general.

- Partnership property resource is formed by continuing to develop and tighten the relationship with strategic partners. Meanwhile, CSR program has been boosted to build firm community and social relationships.

4. Preparing for the future:

PNJ has always strived for sustainable development, especially when 2018 is the first year in the five-year strategy period of 2018-2022. Some important orientations to be implemented in the near future are:

- Prepare for new growth engines in the future such as: new businesses, new product lines, refining for each goods and customer segments
- Draw a roadmap for Digital Transformation activities – especially applying Big data to analysis and decision making, improving CRM system or applying AI to production and analysis.
- Build international financial management capacity, research and steply experiment the new organizational model for the future PNJ.

5. Investment activities:

- Opening 40 stores in 2018.
- Separate Jewelry Factory into PNJ Jewelry Trading & Processing One Member Co., Ltd. Invest more production lines (estimated VND38 billion).
- Establish a subsidiary: Customer Era one member Co., Ltd.
- Invest information technology platforms:
 - New ERP systems included: software license, implementation consultancy, hardware and infrastructure with an estimated budget of \$6.5 million (in 2018 and 2019)
 - Digital transformation: CRM, RFID with \$1.8 million (in 2018 and 2019).

6. Several consolidated financial indicators:

Unit: VND million

ITEMS	ACTUAL 2017	PLAN 2018	Growth rate (%)
Net revenue	10,976,836	13,727,000	25%
<i>In which: Retail jewelry sales</i>	<i>5,794,000</i>	<i>7,455,000</i>	<i>29%</i>
Gross profit from sale of goods and services	1,911,963	2,477,528	30%
Income from financial activities	8,794	21,701	147%
Expenses of financial activities	56,475	64,800	15%
Sales expenses	774,978	1,086,655	40%
General and administrative expenses	187,936	247,767	32%
Operating profit	901,368	1,100,007	22%

ITEMS	ACTUAL 2017	PLAN 2018	Growth rate (%)
Profit before taxes	907,379	1,100,007	21%
Profit after taxes	724,974	882,406	22%
Gross profit margin	17.4%	17.5%	
Profit Margin	6.6%	6.24%	
Dividend	20%	18%	

- In case of achieving the target of after-tax profit: bonus 1.5% of after-tax profit for the BOD and BOM (excluding abnormalities from financial investment);
- In case of exceeding the target of after-tax profit: bonus 20% of the exceeding amount for the BOD and BOM (excluding abnormalities from financial investment).

7. Conclusion:

With the philosophy of sustainable development and clear strategic orientations as well as the PNJ's people, traditions and culture; with the strong foundation built in recent years, we are totally confident that PNJ will continue to gain breakthrough results with a prospect of "success after success" in 2018.

Recipient:

- BOD, Supervisory;
- BOM;
- PNJ Shareholders;
- Reserved at Office.

CHAIRWOMAN

(Signed and stamp)

CAO THI NGOC DUNG