

(ENGLISH TRANSLATED)

PHU NHUAN JEWELRY JOINT STOCK COMPANY
REPORT ON THE USE OF PROCEEDS FROM THE SHARE ISSUE ON 19 JULY 2017

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STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of Phu Nhuan Jewelry Joint Stock Company (the "Company") presents this report together with the Company's report on the use of proceeds from the share issue on 19 July 2017 (the "report on the use of proceeds from the share issue").

THE BOARDS OF MANAGEMENT, SUPERVISORS AND DIRECTORS

The members of the Boards of Management, Supervisors and Directors of the Company who held office from 19 July 2017 (date of charter capital increase) and to the date of this report are as follows:

Board of Management

Ms. Cao Thi Ngoc Dung	Chairwoman
Mr. Le Tri Thong	Vice Chairman
Ms. Nguyen Thi Cuc	Member (resigned on 11 June 2018)
Ms. Pham Vu Thanh Giang	Member
Mr. Le Huu Hanh	Member
Mr. Le Quang Phuc	Member
Ms. Pham Thi My Hanh	Member
Mr. Robert Alan Willett	Member (appointed on 21 April 2018)
Ms. Huynh Thi Xuan Lien	Member (appointed on 21 April 2018)
Mr. Nguyen Vu Phan	Member (resigned on 20 April 2018)

Board of Supervisors

Mr. Nguyen Thanh Du	Head of the Board
Ms. Nguyen Ngoc Hue	Member
Mr. Le Anh Duc	Member

Board of Directors

Mr. Le Tri Thong	General Director (appointed on 21 April 2018)
Ms. Cao Thi Ngoc Dung	General Director (resigned on 20 April 2018)
Ms. Dang Thi Lai	Chief Financial Officer cum Operation Officer
Ms. Tran Thi Thu Ha	Retail Director
Ms. Nguyen Hoang Anh	Marketing Director
Mr. Nguyen Hoang Chau	Supply Chain Director
Mr. Dao Trung Kien	Chief Strategy Officer
Mr. Nguyen Ngoc Tran	IT Department Director
Mr. Nguyen Anh Hung	Human Resources Director
Mr. Duong Quang Hai	Chief Accountant

UNUSUAL AMOUNTS AND SUBSEQUENT EVENTS

As of the date of this Report, the Board of Directors of the Company believes that there is no event that could make the figures in the report on the use of proceeds of the Company be misleading.

BOARD OF DIRECTORS' STATEMENT OF RESPONSIBILITY

The Board of Directors of the Company is responsible for preparing the report on the use of proceeds from the share issue, which give a true and fair view of the use of proceeds from the share issue of the Company, and the Board of Directors is also responsible for such internal control as the Board of Directors determines is necessary to enable the preparation of the report on the use of proceeds from the share issue that are free from material misstatement, whether due to fraud or error. In preparing the report on the use of proceeds from the share issue, the Board of Directors is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- the report was prepared by the Company's Board of Directors based on the cash basis principle to meet the requirement of information on capital contribution cash flow. The framework for the preparation and presentation of the report applied is a reasonable presentation framework designed to satisfy the need for information about the owner's contributed capital received that the Company received from the owners and used in the accounting period.

The Board of Directors is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the use of the proceeds from the share issue of the Company and that the report on the use of the proceeds from the share issue of the Company complies with the cash basis principle in accordance with the use of the proceeds from the share issue of the owners.

STATEMENT OF THE BOARD OF DIRECTORS (Continued)

The Board of Directors is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

For and on behalf of the Board of Directors,

(Signed and stamped)

Le Tri Thong
General Director
30 August 2018

INDEPENDENT AUDITORS' REPORT

(on the report on the use of proceeds from the share issue on 19 July 2017)

**To: Shareholders, the Boards of Management, Supervisors and Directors of
Phu Nhuan Jewelry Joint Stock Company**

We have audited the accompanying report on the use of proceeds from the share issue on 19 July 2017 of Phu Nhuan Jewelry Joint Stock Company (the "report on the use of proceeds from the share issue") prepared on 30 August 2018 which comprises the report on the use of proceeds from the share issue on 19 July 2017 and notes to the report on the use of proceeds from the share issue on 19 July 2017 as set out from page 5 to page 6.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and fair presentation of the report on the use of proceeds from the share issue of Phu Nhuan Jewelry Joint Stock Company (the "Company") in accordance with the cash basis principle as noted in the accompanying notes to the report on the use of proceeds from the share issue. The Board of Directors is also responsible for such internal control as the Board of Directors determines is necessary to enable the preparation of the report on the use of proceeds from the share issue that are free from material misstatement, whether due to fraud or error,

Auditors' Responsibility

Our responsibility is to express an opinion on the report on the use of proceeds from the share issue based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the report on the use of proceeds are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the report on the use of proceeds from the share issue. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the report on the use of proceeds from the share issue, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the report on the use of proceeds in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the report on the use of proceeds from the share issue.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the report on the use of proceeds from the share issue present fairly, in all material respects, the use of proceeds from share issue on 19 July 2017 of the Company in accordance with the cash basis principle as noted in the accompanying notes to the report on the use of proceeds from the share issue.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Restriction on distribution of the independent auditors' report

Without denying the above opinion, we would like to draw users' attention to Note 2.3 – Purpose of using the report: This report is prepared under cash basis principle from owners' contributed capital. This report on the use of the proceeds from the share issue is only used for reporting to related parties under regulations in Circular No. 155/2015/TT-BTC dated 6 October 2015 issued by the Ministry of Finance on "Guidelines for publication of information on the stock market"; Circular No. 162/2015/TT-BTC dated 26 October 2015 issued by the Ministry of Finance on "Guidance on offering securities to the public, offering shares to swap, issuing more shares, repurchasing shares, reporting treasury stocks and public share offers" and is not used for any other purpose. This report only relates to the use of owners' contributed capital but does not extend to the Company's financial statements, taken as a whole.

(Signed and stamped)

Vo Thai Hoa
Audit Partner
Audit Practising Registration Certificate
No. 0138-2018-001-1
BRANCH OF DELOITTE VIETNAM COMPANY
LIMITED
30 August 2018
Ho Chi Minh City, Vietnam

(Signed)

Tran Thi Kim Khanh
Auditor
Audit Practising Registration Certificate
No. 0395-2018-001-1

REPORT ON THE USE OF PROCEEDS FROM THE SHARE ISSUE ON 19 JULY 2017

I. General information on share issue to increase the charter capital

1. Issuer: Phu Nhuan Jewelry Joint Stock Company
2. Name of shares offered: Shares of Phu Nhuan Jewelry Joint Stock Company
3. Type of share: Ordinary share
4. Par value: VND 10,000 / share
5. Issuing price: VND 100,880 / share.
6. Number of shares registered for offering: 9,827,457 shares (Nine million eight hundred and twenty seven thousand four hundred and fifty seven shares)
7. Number of shares sold: 9,827,457 shares (Nine million eight hundred and twenty seven thousand four hundred and fifty seven shares)
8. Offer form: Private offering
9. Amount proceeds: VND 991,393,851,000 (Nine hundred and ninety-one billion three hundred ninety three million eight hundred and fifty one thousand Vietnam dong)
10. Issuance consultancy fee: VND 16,357,998,542 (Sixteen billion three hundred and fifty seven million nine hundred and ninety eight thousand five hundred and forty two Vietnam dong)
11. Proceeds after deducting fees: VND 975,035,852,458 (Nine hundred and seventy five billion thirty-five million eight hundred and fifty two thousand four hundred and fifty eight Vietnam dong)
12. Release time: In 2017 and completed on 19 July 2017
13. Date of payment of shares: From the notice date to 19 July 2017

II. The use of the proceeds from the share issue

Based on the capital use plan, the capital use purpose was approved in the Resolution of the General Meeting of Shareholders No. 183/2017/NQ-DHĐCD-CTY dated 23 February 2017, the proceeds from the issuance after deducting the fee of VND 975,035,852,458 were used to supplement business capital, and develop retail chain.

Based on the actual situation, the proceeds from the share issue were used as follows:

	Total payment amount VND
Supplementing working capital for 54 stores opened in 2017	604,846,953,342
Investment costs for new opening stores and repairing old stores in 2017	65,917,053,420
Machinery and equipment for manufacturing and warehouse	23,233,009,218
Machinery and office equipment	15,826,994,000
Motor vehicles	5,239,871,520
Investment in business location (Nhieu Tam and Quang Ninh)	81,693,473,481
Investment in business location (Di An and Hai Ba Trung)	178,278,497,477
	<u>975,035,852,458</u>

(Signed)

Nguyen Thanh Dat
Preparer

(signed)

Duong Quang Hai
Chief Accountant

(Signed and stamped)

Le Tri Thong
General Director
30 August 2018

NOTES TO THE REPORT ON THE USE OF PROCEEDS FROM THE SHARE ISSUE ON 19 JULY 2017

These notes are an integral part of and should be read in conjunction with the accompanying report on the use of proceeds from the share issue

1. GENERAL INFORMATION

Structure of ownership

Phu Nhuan Jewelry Joint Stock Company (the "Company") was incorporated as a joint stock company under the Business Registration Certificate No. 0300521758 dated 2 January 2004 issued by the Department of Planning and Investment of Ho Chi Minh City, as amended.

The Company's shares have been listed on the Ho Chi Minh City Stock Exchange ("HOSE") with code PNJ.

Operating industry and principal activities

The Company's principal activities in the current year are to trade gold, silver, jewelry and gemstones, and to import and export jewelry in gold, silver and gemstones.

2. ACCOUNTING CONVENTION

2.1. Basis for preparation of the report on the use of proceeds from the share issue

The report on the use of proceeds from the share issue was prepared in accordance with the provisions of the Government's Decree No. 58/2012/NĐ-CP dated 20 July 2012 on "Detailing and guiding the implementation of a number of articles of Securities Law and the Law amending and supplementing a number of articles of the Securities Law, the Government's Decree No. 60/2015/ND-CP dated 26 June 2015 on amending and supplementing a number of articles of Decree 58/2012/ND-CP, and legal regulations related to the preparation and presentation of the report on the use of proceeds from the share issue.

The report on the use of proceeds from the share issue was prepared under cash basis principle and a part in the cash flow of the Company.

2.2. Reporting period

This report is prepared to present the use of the proceeds from the share issue on 19 July 2017.

2.3. Purpose of using the report

This report is prepared under cash basis principle from owners' contributed capital. This report on the use of the proceeds is only used for reporting to related parties under regulations in Circular No. 155/2015/TT-BTC dated 6 October 2015 issued by the Ministry of Finance on "Guidelines for publication of information on the stock market"; Circular No. 162/2015/TT-BTC dated 26 October 2015 issued by the Ministry of Finance on "Guidance on offering securities to the public, offering shares to swap, issuing more shares, repurchasing shares, reporting treasury stocks and public share offers" and is not used for any other purpose. This report only relates to the use of owners' contributed capital but does not extend to the Company's financial statements, taken as a whole.

(Signed)

Nguyen Thanh Dat
Preparer

(signed)

Duong Quang Hai
Chief Accountant

(Signed and stamped)

Le Tri Thong
General Director
30 August 2018