

SUPERVISORY COMMITTEE'S OPERATIONAL REPORT 2012

PHU NHUAN JEWELRY JOINT STOCK COMPANY

Based on:

- PNJ Organizing and Operating charter
- PNJ Administrative Regulation
- 3rd term (2012 – 2017) PNJ Supervisory Committee's Operating Regulation
- PNJ Separated and Consolidated Financial Report (Audited) 2012
- PNJ Summary Operational Report 2012

□ Here is PNJ Overview Operational Report Supervisory Committee 2012 which dearly sends to Assembly General Meeting.

1. TASKS PERFORMANCE STATUS ACCORDING TO 2012 ASSEMBLY GENERAL MEETING RESOLUTIONS:

1.1 BASIC INDEXES IN BUSINESS ACTIVITIES:

1.1.1 Revenue growth rate in 2012 of the main business activities comparing to the plan:

No	Norms	2011 (million VND)	2012 (million VND)	Difference	Growth rate 2012/2011 (%)	Comparing to plan 2012 (%)
I	PNJ OPERATIONAL RESULTS					
1	Total revenue	17,335,035	6,428,395	-10,906,640	-62.92%	-40.56%
1.1	Gold jewelry	3,541,023	3,647,058	106,035	2.99%	14.04%
	<i>In which, export</i>	96,717	86,193	-10,524	-10.88%	30.00%
1.2	Silver jewelry	164,861	155,778	-9,083	-5.51%	40.00%
	<i>In which, export</i>	15,134	14,646	-488	-3.22%	
	<i>Total export</i>	111,851	100,839	-11,012	-9.85%	
1.3	Gold bullion	8,639,728	2,609,487	-6,030,241	-69.80%	-30.00%
1.4	Export gold	4,966,948	-	-4,966,948	-100.00%	
1.5	Watches	5,502	6,207	705	12.81%	60.00%
1.6	Other revenues (rents, other services...)	16,973	9,865	-7,108	-41.88%	

Revenue of main activity declined comparing to 2011 due to following reasons:

- PNJ focused on increasing value in every product sold out for higher profit per revenue unit or product sales.

- In 2012, there wasn't export gold revenue, equivalent to nearly 4,967 billion VND reduced (accounting for 28.65% of 2011 revenue structure).
- Gold bullion revenue (domestic) decreased 6,030 billion VND due to impact of policies in managing gold business operations from State Bank (Decree 24/2012/ND-CP). Investors became cautious and reduced speculating gold due to impact of interest rates and gold deposit rate.
- For only gold bullion and 24K gold export decreased 10,997 billion comparing to 2011, equivalent with 63.44%. Meanwhile gold jewelry revenue still increased 2.99% comparing to 2011. Total revenue fell 62.92%. Although the plan wasn't completed as the resolution of the Assembly General Meeting proposed, the actual number reflects the extraordinary efforts and performance of leaders and all PNJ system.

1.1.2 Operating profit growth rate of the business activities in 2012 compared to the plan:

No	Norms	31/12/2011 (Million VND)	31/12/2012 (Million VND)	Changes (Million VND)	Growth rate (%)	Effect/ Total authorized capital (%)
I	PNJ OPERATIONAL RESULTS					
2	EBT	302.073	280.003	-22.070	-7.31%	4.70%
2.1	Operation profit	290.983	266.139	-24.844	-8.54%	
2.2	Other profits	11.090	13.864	2.774	25.01%	
3	EAT	241.710	225.148	-16.562	-6.85%	4.32%
4	EPS (VND)	4,029	3,127	-902	-22.38%	

Comparing to 2011 earnings before tax (EBT) fell 7.31% and net profit fell 6.85%, although not achieved as plan of Assembly General Meeting Resolution, the effort on managing profitable operations that could make a profit to offset declining profits due to significantly declining sales in 2012 proved to be very effective for the PNJ.

Operating profit includes profit from financial investments and profits from selling and services.

In 2012, profits of PNJ individually created an EPS (calculated on the total number of circulating shares) of 3,127 VND / share. If using weighted average number of shares during the year, EPS is 3,574 VND / share.

1.1.3 Consolidated business result in 2012 comparing to plan:

No	Norms	31/12/2011 (Million VND)	31/12/2012 (Million VND)	Changes (Million VND)	Growth rate (%)	Effect/ Total authorized capital (%)
II	PNJ and SUBSIDIARY OPERATIONAL RESULTS (consolidated)					
1	Total revenue	18,038,055	6,777,870	(11,260,185)	-62.42%	
2	EBT	318,166	310,094	(8,072)	-2.54%	2.50%
3	EAT	257,507	254,409	(3,098)	-1.20%	2.50%
4	EPS (unit: VND)	4,285	3,534	(751)	-17.53%	
5	Dividend	25%	Advancing			23%

Investment strategy and execution of Assembly General Meeting Resolutions in many years along with the agility of the Board of Directors, the Executive Board has helped PNJ achieve the best profits in 2012 in the difficult situation of economy and society. With profits achieved as well as the

power of the PNJ developed strongly throughout 2012 and previously, we believe that the interests of shareholders and other related will be ensure stably and have better opportunities in the future.

Basic earnings per share (EPS) with weighted average number of shares during the year was 4,038 VND / share, fell 247 down 5.76% comparing to 2011.

1.2 OTHER NORMS / TARGETS

In 2012, PNJ has fully implemented tasks set out in 15th AGM Resolution 2012, details:

1.2.1 Implementation of 2012 Quality Norm "Creating breakthrough as a precondition for development strategy in 2012-2017 term, confirming the leading position in jewelry manufacturing and business in Vietnam"

- Company leaders have implemented strategic restructuring project in 2012.
- Managing process is continuous improved in a systematic way with the support of IT.
- Creativity and the difference for each product line has been gradually improved.
- Expanding retail system in key markets in 2012:
 - PNJ Gold Store: opened 08 new (plan is to open 09 stores), suspended 06 stores due to end of renting time. Most of recently opened PNJ Gold stores in 2012 reached expected revenue.
 - PNJ Silver Store: opened 15 new (plan is to open 21 stores), suspended 04 stores. Recently opened PNJ Silver stores in 2012 didn't reach expected revenue.
 - By 31/12/2012, PNJ store system consisted of 167 stores.

Beside successfully completed tasks above, Supervisory Committee also identified two following tasks did not create a significant difference or not achieve desired objectives:

- Increasing productivity and reducing cost, lowering the cost of products.
- Increasing incomes for employees.

1.2.2 Investment

Successfully completed tasks:

- Completely transfered all shares in Dai Viet Energy Company.
- Invested in EAB as capital increasing plan of EAB.
- Completed the new PNJ Jewelry workshop, PNJ Jewelry Center at 52 Nguyen Van Troi

Incompleted tasks or being suspended tasks:

- Divesting from Saigon M&C JSC => Ongoing, not complete.
- Investing in Dong A Land => DongA Land did not increase capital in 2012.
- Expanding large-scale tourism center in Hoang Minh Giam, Phu Nhuan District => paused due to lack of applicability.
- Completing mall center for tourism in Thu Khoa Huan, District 1 => is preparing to put into the business.

Supervisory Committee finds that all the problems in implementation solutions package carried out by Board of Directors and General Director of PNJ both appropriate with the capacity of the PNJ , social and market situation in 2012 the following year.

2. COMPLIANCE WITH THE LAWS AND REGULATIONS:

About the compliance with laws and regulations of the PNJ in 2012, Supervisory Committee has

some comments:

- PNJ maintained and increased capacity to ensure adequate control over the activities of PNJ with the law and specific regulations of PNJ.
- Activity of PNJ, documents and records PNJ appropriate with law and specific regulations of PNJ (Company charters, Company governance regulation and Operating regulation, processes ...). PNJ abide information disclosure of a large scale public company.
- In 2012 gold business suffered from adjustment of state documents, with the scale of PNJ fully and timely compliance with law is a major effort in corporate governance activities.

3. 2012 PNJ CONSOLIDATED AND SEPARATE FINANCIAL REPORT APPRAISAL:

By studying the consolidated financial report of PNJ and its subsidiaries (collectively referred to as PNJ Group) & separate financial report of PNJ in 2012 by Ernst & Young Vietnam and audit records concerned, Supervisory Committee agrees with all consolidated financial reportss of PNJ Group & audited separate financial report of PNJ in 2012.

Supervisory Committee considers the financial situation of PNJ Group and PNJ is healthy, giving a true and fair view in all material respects, in full compliance with accounting laws of Vietnam.

3.1. About PNJ Group owner's equity:

Owners equity related norms that changed comparing to 31/12/2011

No	Norms	31/12/2011 (Million VND)	31/12/2012 (Million VND)	Changes (Million VND)	Growth rate (%)	Effect/ Total authorized capital (%)
B	OWNERS' EQUITY	1,130,451	1,241,739	111,288	9.84%	9.84%
1	Charter capital	599,991	719,978	119,987	20.00%	10.61%
2	Surplus equity	225,009	105,022	(119,987)	-53.33%	-10.61%
3	Development fund	72,461	96,071	23,610	32.58%	2.09%
4	Financial provision	35,866	46,377	10,511	29.31%	0.93%
5	Treasury shares	(7.09)	(7.09)	-	0.00%	0.00%
6	Undistributed earnings	197,131	274,298	77,167	39.15%	6.83%

Authorized capital of PNJ Group until 31/12/2012 is 1,241,739,016,273 VND, rose 9.84% compared to 2011, primarily due to:

- Increasing Funds (development fund, financial provision fund) made Authorized capital increase to 3.02%.
- Undistributed profit rose 77.167 billion (rose 39.15% compared to 2011) made Authorized capital increase 6.83%.

Implementation of 2012 AGM resolutions, on 08/2012 PNJ conducted shares issuance to current shareholders at a ratio of 20% of the share capital account surpluses, with corresponding amounts of 119,986,930,000 VND. After shares issuance, Authorized capital of PNJ is: 719,978,350,000 VND.

3.2. About PNJ Group liabilities:

No	Norms	31/12/2011 (Million VND)	31/12/2012 (Million VND)	Changes (Million VND)	Growth rate (%)	Effect/ Total authorized capital (%)
A	LIABILITIES	1,771,025	1,301,247	(469,778)	-26.5%	-26.5%
1	Short-term debts	973,412	1,130,465	157,053	16.1%	8.9%

No	Norms	31/12/2011 (Million VND)	31/12/2012 (Million VND)	Changes (Million VND)	Growth rate (%)	Effect/ Total authorized capital (%)
1.1	Short-term Loan & debts	604,357	1,008,230	403,873	66.8%	22.8%
1.2	Sellers payables	123,649	52,169	(71,480)	-57.8%	-4.0%
1.3	Pre-paid	10,272	1,737	(8,535)	-83.1%	-0.5%
1.4	Tax and Government payable	29,561	21,768	(7,793)	-26.4%	-0.4%
1.5	Employees payable	46,403	7,999	(38,404)	-82.8%	-2.2%
1.6	Payable cost	8,432	3,330	(5,102)	-60.5%	-0.3%
1.7	Other short-term payables	133,760	27,480	(106,280)	-79.5%	-6.0%
1.8	Award - welfare fund	16,978	7,751	(9,227)	-54.3%	-0.5%
2	Long-term debts	797,613	170,782	(626,831)	-78.6%	-35.4%
2.1	Other long-term payables	62,532	426	(62,106)	-99.3%	-3.5%
2.2	Long-term Loan & debts	730,659	170,356	(560,303)	-76.7%	-31.6%
2.3	Severance pay provision	4,422	-	(4,422)	-100.0%	-0.2%

Comparing to 31/12/2011, liabilities PNJ decreased 26.5%, due to:

- Long-term liabilities decreased 626.831 billion made liabilities decrease 35.4% comparing to the same period. Mainly due to reducing long-term gold loans. The proportion of long-term debt in Total liabilities of PNJ in 2011 is 45.04%, 2012 is 13.12%.
- Short-term liabilities increased 53.157 billion made liabilities increase 8.9%. Mainly due to PNJ increasing short-term borrowing (403.873 billion VND, increased 66.8% comparing to the same period) made Liabilities increase 22.8%. PNJ has adjusted the remaining debt portfolio in short-term debt made Total liabilities reduce 13.9%.

Liabilities increase will press the entire system, requiring PNJ enhance solutions to improve the capital turnover, reduce the days of Inventories and reduce receivable days.

Over recent years PNJ Group has effectively used leverage to improve profit. At the end of 2012 the proportion of liabilities / total assets was 51.17%, decreased comparing to the same period in 2011 (2011: 60.48%). PNJ regularly balance loans to limit the risk of price fluctuations.

Equity Overview

No	Norms	31/12/2011 (Million VND)	31/12/2012 (Million VND)	Changes (Million VND)	Growth rate (%)	Effect/ Total authorized capital (%)
	TOTAL EQUITY	2,928,113	2,542,986	(385,127)	-13.2%	-13.2%
A	LIABILITIES	1,771,024	1,301,247	(469,777)	-26.5%	-16.0%

No	Norms	31/12/2011 (Million VND)	31/12/2012 (Million VND)	Changes (Million VND)	Growth rate (%)	Effect/ Total authorized capital (%)
	Short-term debts	973,412	1,130,465	157,053	16.1%	5.4%
	Long-term debts	797,612	170,782	(626,830)	-78.6%	-21.4%
B	AUTHORIZED CAPITAL	1,130,451	1,241,739	111,288	9.8%	3.8%
C	MINORITY INTEREST	26,637	-	(26,637)	-100%	-0.9%

Total equity of PNJ Group until 31/12/2012 is 2,542,985,963,259 VND, decreased 13.2% comparing to the same period of 31/12/2011, due to some following reasons:

- Liabilities decreased 469.777 billion VND, equivalent to 26.5% made total capital decrease 16% comparing to the same period.
- Authorized capital increased 111.288 billion, equivalent to 9.8% made total capital increase 3.8% comparing to the same period.

3.3. About PNJ Group Assets:

No	Norms	31/12/2011 (Million VND)	31/12/2012 (Million VND)	Changes (Million VND)	Growth rate (%)	Effect/ Total authorized capital (%)
	TOTAL ASSETS	2,928,112	2,542,986	(385,126)	-13.2%	-13.2%
1	SHORT-TERM	1,605,037	1,342,948	(262,089)	-16.3%	-9.0%
1.1	Cash and cash equivalents	454,114	468,656	14,542	3.2%	0.5%
1.2	Short-term investments	70,000	-	(70,000)	-100.0%	-2.4%
1.3	Receivables	70,871	53,723	(17,148)	-24.2%	-0.6%
1.4	Inventories	968,915	791,136	(177,779)	-18.3%	-6.1%
1.5	Others	41,137	29,434	(11,703)	-28.4%	-0.4%
2	LONG-TERM	1,323,075	1,200,038	(123,037)	-9.3%	-4.2%
2.1	Receivables	-	-	-		
2.2	Fixed Assets	419,578	431,899	12,321	2.9%	0.4%
2.3	Real estate Investment	-	-	-		
2.4	Long-term investments	712,436	760,781	48,345	6.8%	1.7%
2.5	Goodwill	-	-	-		
2.6	Others	191,062	7,358	(183,704)	-96.1%	-6.3%

Total assets of PNJ Group until 31/12/2012 is 2,542,985,963,259 VND, decreased 13.2% comparing to the same period of 31/12/2011, due to some following reasons:

- *Current assets decreased 262.89 billion, equivalent to 16.3% made total assets decrease 9% comparing to the same period, of which significantly affected by:*
 - Short-term Financial investments decreased 70 billion made total assets decrease 2.4%. This is deposit of PNJ in HSBC transferred into the margin account to complete the selling procedures of investment in Dai Viet Energy Company, in 2012 PNJ completed the contract and put this money into business.

- b. Inventories decreased 177.779 billion made total assets decrease 6.1%.
- In 31/12/2011, Inventories accounted for 33.1% of total assets and gold price at this time was 41.480 million VND / tael.
 - In 31/12/2012, Inventories accounted for 31.1% of total assets and gold price at this time was around 43.681 million VND / tael.

Thus the fact, number of stores increased, price of gold increased but ratio of Inventories / total assets decreased, PNJ efficiently used the capital in condition reserving products to serve the needs of shopping in New Year holidays earlier than usual.

c. Cash and cash equivalents made total assets increase 0.5%.

d. Receivables made total assets decrease 0.6%..

➤ *Long-term assets reduced 123.37 billion, equivalent to 9.3% made total assets decrease 4.2% comparing to the same period, of which significantly affected by:*

- a. Other long-term assets decreased 183.704 billion, equivalent to 96.1% comparing to 2011 made total assets decrease 6.3%.
- b. Long-term financial investments increased 48.345 billion made Total assets increase 1.7%.
- c. Fixed assets increased 12.321 billion made Total assets increase 0.4%.

3.4. Investment:

In recent years, PNJ has conducted safe investment objectives and restructured portfolio, focused on core business activities, with advantages. Until 31/12/2012 long-term financial investment of PNJ is as following:

No	Investment	Num. of share	Capital ratio	Total investment value (VND)	Investment price /share (VND/sP)	2012 revenue (million VND)	EAT or Dividend 2012 (million VND)
1	SUBSIDIA-RIES			20,000,000,000		79,900	2,572
1.1	CAO Fashion Ltd		100%	10,000,000,000		73,000	795
1.2	PNJ Lab Ltd		100%	10,000,000,000		6,900	972
2	ASSOCIAT-ES			230,474,829,680		2,187,000	21,100
2.1	EAB Real-estate	9,186,630	30.62%	91,866,300,000	10,000	89,000	2,000
2.2	SFC	5,134,708	49.99%	138,608,529,680	26,994	2,098,000	19,100
3	SHARES			503,151,908,400			
3.1	EAB	42,345,875	7.70%	395,271,613,400	9,334		12%
3.2	SG M&C Real estate (**)	2,615,215		65,380,375,000	25,000		

No	Investment	Num. of share	Capital ratio	Total investment value (VND)	Investment price /share (VND/sP)	2012 revenue (million VND)	EAT or Dividend 2012 (million VND)
3.3	Quê Hương Liberty JSC	916,622		42,499,920,000	46,366		9%
4	BONDS & OTHER INVESMENTS			10,089,500,000			
4.1	HMG project			10,089,500,000			
	INVESMENT PROVISION FOR DEPRECIATION						
5.1	Provision for depreciation (beginning of year)			34,178,223,355			
5.1.1	Provision for depreciation of investment in associated companies			13,053,529,105			
5.1.2	Provision for depreciation of other long-term investments			21,124,694,250			
5.2	Provision set in 2012			19,487,170,728			
5.3	Provision reversal in 2012			10,324,694,250			
5.4	Provision for depreciation of long-term financial investments at the end of year			43,340,699,833			
5.4.1	Provision for depreciation of investment in associated companies			32,540,699,833			
5.4.2	Provision for depreciation of other long-term investments			10,800,000,000			
	TOTAL			720,375,538,248			

Note:

- Main financial activities received 67.537 billion dividends in 2012, mainly from EAB, Que Huong Liberty and SFC.
- Complete transferred the investment in Dai Viet Energy Company gained a profit of 40.250 billion.

(*)**DongA Land JSC**: In the real estate sector, in 2012 the market had no positive signs and real estate business faced many difficulties. By the end of 2012 Dong A Land JSC has not settled all the constructions. Estimated revenue is 89 billion, earning after tax is 2 billion..

(**) **M&C Land JSC**: High building project at 34 Ton Duc Thang Street is implementing, PNJ leaders are looking for the right partner to transfer this investment

Book value of investments after provision in 31/12/2012:

Investment	Value	Value after provision	Book value after provision (VND/share)
Quê Huong Liberty	42,499,920,000	31,699,920,000	34,583
Dong A Real estate	91,866,300,000	79,836,300,000	8,690
EAB (Dong A Bank)	395,271,613,400	395,271,613,400	9,334
SFC	138,608,529,680	118,166,529,680	23,013

Supervisory Committee considers most of PNJ investments are safety, the provision amounts corresponds to depreciation risk.

3.5. Assessment of some main assets (at 31/12/2012):

No	Norms	PNJ Group		PNJ	
		2011	2012	2011	2012
1	EAT / Equity (ROE)				
2	EAT / Authorized capital ⁽¹⁾	42.85%	40.38%	40.29%	35.74%
3	EAT / Total assets (ROA)	8.79%	10%	9.0%	8.97%
4	EAT / Net revenue	1.43%	3.79%	1.4%	3.45%
5	Gross profit / Net revenue (BH & CCDV)	4.11%	8.91%	3.7%	8.6%
6	Total Assets Turnover ⁽³⁾	6.66 r	2.46 r	7.07 r	2.46 r
7	Inventories Turnover	20.02 r	6.95 r	20.04 r	6.75 r
8	Fixed Assets Turnover	47.83 r	16.34 r	51.10 r	16.04 r
9	Total debt / Total assets	60.48%	51.17%	60.03%	52.65%
10	Current Ratio	1.65	1.19	1.71	1.17
11	Quick Ratio ⁽⁴⁾	0.65	0.49	0.65	0.48

Notes:

- (1) Authorized capital, weighted average method.
- (2) As for sales operations and service only.
- (3) Average total assets.
- (4) Inventories according to specific of industry.

Generally, some assessment criterias of operational and financial performance of PNJ and PNJ Group 2012 are shown relatively stable and secure in the harsh and extreme business environment in 2012.

4. VERIFICATION OF PROFIT DISTRIBUTION PLAN IN 2012:

According to the 2012 profit distribution proposal of Board of Directors sent to AGM, Supervisory Committee reviewed and considered the profit distribution plan in 2012 ensuring compliance with the provisions law as well as PNJ Charter and ensuring 2012 23% dividend plan passed by AGM in 2011. Details:

4.1 Dividend:

PNJ advanced 1st time dividend with rate of 10% face value, corresponding to 59,998,433,000 VND.

Board of Directors plans to propose the dividend rate of 23% for 2012 to AGM. Accordingly, PNJ will distribute to shareholders for the 2012 2nd time dividend at the rate 13% of par value, corresponding to 93,597,185,500 VND.

=> General level of dividend payment in 2012 was 153,595,618,500 VND

4.2 Funding scheme: 70,272,263,000 VND, details:

STT	FUND	AMOUNT	NOTE
1	Financial provision	11,257,421,000	(5% EAT)
2	Development fund	30,000,000,000	
3	Awards and Welfare for staff and employees	22,514,842,000	(10% EAT)
4	Board of Directors & Supervisory Committee Operational fund	2,000,000,000	
5	General Directors Operational fund	4,500,000,000	
	TOTAL	70,272,263,000	

4.3 Retained earnings: 1,280,539,193 VND

5. BOARD OF DIRECTORS OPERATION

- The Board has fully implemented issues raised in the 2012 AGM. Major objectives of term have been proposed strategies to implement by The Board.
- All resolutions of the Board of Directors were issued closely to reality and forecasts, General Director has implemented many advantages, internally fit to PNJ and the external impact of PNJ.
- Benefits of PNJ and shareholders is always a standing target of the Board. The Board has operated with the assignment / assigned specific tasks to each board member.
- Each board member represents the spirit, enthusiasm and highly responsible attitude for PNJ and strictly adhere to rules, regulations and laws of PNJ..

6. SUPERVISORY COMMITTEE OPERATION

Company Supervisory Committee currently has 03 members led by Mr. Pham Van Tan as Chief. As the first year of the 3rd term of 5 years, with members of the new Supervisory Committee working together, initially crestfallen but with the help of previous Supervisory Committee, Board of Directors and Executive Board of PNJ, we have accomplished authorities entrusted by shareholders.

Supervisory Committee operated, met, exchanged work in accordance with the proposed program. The quarterly meeting of the Supervisory Committee is the same day and right after the Board meeting.

Supervisory Committee has maintained close contact with the Board, General Director and Chief Accountant of the company. Accessing to the units and review the records / documents are favorable, we are highly optimistic and believe PNJ activities was reflected in the completeness and truthfulness with the documents of PNJ.

Salary of Supervisory Committee:

- Chief of Supervisory Committee : 8,000,000 VND/month
- Member of Supervisory Committee : 4,000,000 VND/month

7. CONCLUSION – RECOMMENDATION:

In 2012, the economic situation continued to face obstacles, fluctuating gold prices, rising unemployment, State Bank intervene in the gold market, gold import was not licensed ... These constraints has a significant effect on the activities of the PNJ. In difficult circumstance, the Board of Directors, General Directors and the entire staff of PNJ Group have strived to achieve great results as analysis and evaluation above, and that is a very respectable success.

By controlling all aspects of the operation of PNJ, Supervisory Committee proposes some content for The Board and General Director of PNJ as following:

7.1 Proposal to The Board:

- From 2012, the loan interest rate decreased, but also potential volatility and risk remained, at the same time gold price was high and under pressure to increase, the raw gold loan needs to balance (balance shifted from gold to cash balance). Dearly propose Board of Directors to maintain and regularly review and timely direct so PNJ can continue exploiting the efficiency of financial leverage and still control risks.
- Dearly propose to The Board to continue to issue preferred shares to the staff of PNJ in 2013, and continue the capital plan raising (5 million shares to strategic partners) to meet the demand for capital activities to ensure sustainable and long-term growth objectives of PNJ.
- Due to efficient investment in people and equipments, for many years the verification quality of PNJ always appreciated and has high prestige in the market, dearly propose to the Board to consider for more research, promoting building brand of PNJ Lab to become a prominent brand and a pioneer in the field of testing diamonds – gems - Precious metals in Vietnam and the region.
- Currently the building at 170E Phan Dang Luu street was renovated into a comfortable office building by PNJ, however with the position, stature and reputation of PNJ in Vietnam and in the international jewelry industry, Supervisory Committee dearly recommend the Board to consider long-term investment plans of PNJ head office as a landmark in image-building strategy of PNJ.

7.2 Proposal to General Director:

- Prioritize the development of the design team, with preferential policies to encourage and develop the high skilled workforce.
- Prioritizes for further strategic development of new products, improve the value added on every product, promote the market power, reflect strong market-leading functionality of a leading enterprise.
- Further accelerate the development of HR policy - strategy (including the income of the employees), maintain the core values awareness training for PNJ employees.
- During the restructuring process, periodically evaluate and review comprehensively restructuring

operations to avoid systemic risks after restructuring.

- Continue to develop and improve successful jewelery company operational model in which focuses on soft power (capacity management, skills, working awareness - behavior, process - technology ...) .
- Further accelerate the progress of Phase 3 ERP project (project name is XMAN production).

The above report is 2012 PNJ Operational Control of the Supervisory Committee dearly sends to 2013 AGM.

Supervisory Committee would like to thank the Board, General Directors, all units of PNJ group that facilitated so Supervisory Committee could perform tasks smoothly in 2012.

Recipients of this document:

- Board of Directors, Supervisory Board
- Board of Management
- PNJ Shareholders
- Archived by the Board
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**ON BE HALF OF SUPERVISORY BOARD
HEAD OF SUPERVISORY BOARD**

(Signed)

PHAM VAN TAN