

No: 603/2017/BB-ĐHĐCĐ-CTY

Hochiminh City, April 27th, 2017

MINUTES
THE 2017 ANNUAL GENERAL MEETING OF SHAREHOLDERS
PHU NHUAN JEWELRY JOINT STOCK COMPANY

Corporation name: Phu Nhuan Jewelry joint Stock Company

Main Office: 170E Phan Dang Luu, Ward 3, Phu Nhuan Distric, HCM City

Business Registration Certificate No. 0300521758, issued by the Department of Planning and Investment of Ho Chi Minh City on 02 January 2004, and registered for the 22nd amendment on 10 July 2015.

Today, at 09:00am, on April 27th, 2017, at Convention Center White Palace, 194 Hoang Van Thu, Ward 9, Phu Nhuan District, HCM City, Phu Nhuan Jewelry Joint Stock Company (PNJ) held the 2017 Annual General Meeting of Shareholders with following detail information:

I. CONTENTS OF THE MEETING:

- 1. Mr. Huynh Van Tan proceed the opening ceremony, included Statement of reasons and Introduction of delegates.**
- 2. Mr. Nguyen Thanh Du – Head of Supervisory Board – on behalf of committee of shareholders' status verification – report on verification of shareholders' status to attend the meeting.**

At 08:27 am, on 27 April 2017, the total number of shareholders and representatives of shareholders to attend the General Meeting is 636 people, the total shares of shareholders or authorized people of shareholders who attended the Meeting is 72,217,570 shares, equivalent to 73.49% of the total voting shares.

As a result, the 2017 Annual General Meeting of Shareholders was eligible to proceed in accordance with the law.

- 3. Mr. Huynh Van Tan presented and directed the Meeting to adopt the working and voting regulations.**

With 100% of votes approved, the entire Meeting have passed the working regulations and voting.

4. Mr. Huynh Van Tan introduced the Chairman Board, the Board of Secretaries, the Voting Committee to shareholders in the Meeting:

Chairman Board (03 persons):

- Ms. Cao Thi Ngoc Dung – Chairwoman of the BOD
- Mr. Nguyen Vu Phan – Vice Chairman of the BOD
- Ms. Nguyen Thi Cuc – Member of the BOD

Board of Secretaries (02 persons):

- Mr. Tran Van Dan
- Ms. Khuong Tran Thanh Thao

Voting Committee (03 persons)

- Mr. Nguyen Thanh Du
- Mr. Dao Trong Dai
- Ms. Tran Thi Xuan Lan

With 100% of votes approved, the Meeting has passed personnel of the Chairman board, the Board of Secretaries, the Voting Committee. Details are as follows:

5. Mr. Nguyen Vu Phan presents and direct the Meeting to adopt the agenda of the 2017 Annual General Meeting of Shareholders.

With 100% of votes approved, the Meeting has passed the agenda of the 2017 Annual General Meeting of Shareholders.

6. Ms. Nguyen Thi Cuc – Member of the BOD – Presented reports on manufacturing and trading performances in 2016 (Attached Document).

Unit: million VND

No.	INDICATORS	Results in 2015	2016		+/- (%) Compared with the same period	+/- (%) Compared with the plan
			Target	Performed		
1	Total revenue	7,695,629	8,781,963	8,566,097	111.3%	97.5%
2	Gross profit from sale and service provided	1,136,032	1,296,376	1,381,055	121.8%	106.5%
3	Income from financial activities	25,202	12,000	12,797	50.8%	106.6%

No.	INDICATORS	Results in 2015	2016		+/- (%) Compared with the same period	+/- (%) Compared with the plan
			Target	Performed		
4	Expenses of financial activities	430,803	229,000	161,892	37.6%	70.7%
5	Sales expenses	414,552	490,724	537,302	129.6%	109.5%
6	General administrative expenses	115,421	128,697	130,525	113.1%	101.4%
7	Net profit from operating activities	200,458	459,955	564,132	281.4%	122.6%
8	Profit before tax	189,961	459,955	608,069	320.1%	132.2%
9	Profit after tax	82,862	361,405	470,278	567.5%	130.0%
10	Expansion of retail system	48	25	30	62.5%	120.0%

Source: Audited separate financial reports of PNJ for the year ended 2016

- 7. Ms. Nguyen Thi Cuc – Member of the BOD – presented reports on activities of the BOD in 2016 (Attached Documents).**
- 8. Ms. Cao Thi Ngoc Dung – Chairwoman of the BOD – preprepared strategic orientation for the period of 2017 – 2022, plan for 2017 (Attached Documents).**

Consolidated business plan for the fiscal year of 2017:

Unit: million VND

Indicators	Results of 2016	Plan of 2017	Growth (%)
Net revenue	8.564.590	10.202.424	119%
Gross profit of products/service provided:	1.411.293	1.663.715	118%
Income from financial activities	5.265	11.566	220%
Expenses of financial activities	181.560	102.159	56%

Indicators	Results of 2016	Plan of 2017	Growth (%)
Sales expenses	553.623	665.306	120%
General and administrative expenses	133.281	156.812	118%
Net profit from operating activities	548.093	751.004	137%
Profit before taxes	590.627	751.004	127%
Profit after taxes	450.488	600.803	133%
Gross profit margin	16,22%	16,30%	
Profit Margin	5,26%	5,90%	
Dividend	18%	18%	

- If profit after tax is achieved as plans, 1.5% of after-tax profit will be rewarded to the Board of Directors and Supervisory Board (excluded the extraordinary factors of financial investments);
- If actual after-tax profit exceeds target after-tax profit, 20% of after-tax profit excess will be rewarded to the Board of Directors and Supervisory Board (excluded the extraordinary factors of financial investments).

9. Mr. Nguyen Thanh Du – Head of Supervisory Board presented:

- **Report on activities of Supervisory Board in 2016** (*Attached Documents*).
- **Proposal for approval of Audited financial statements for the fiscal year of 2016**
Deloitte Co. Ltd., approved all material information in the consolidated financial statements and separate financial statements for the year ended of 2016 of PNJ
- **Proposal for approval of selecting auditing for to audit the Company's financial statements for the fiscal year of 2017**
The Board of Directors is authorized to select one of auditing firms on the list to audit the Company's financial statements for the fiscal year of 2017
 - + Deloitte Vietnam Co. Ltd.,
 - + ERNST & YOUNG Vietnam Co. Ltd.,
 - + KPMG Vietnam Co. Ltd.,
 - + PRICEWATERHOUSECOOPERS Vietnam Co. Ltd.,

10. Ms. Nguyen Thi Cuc presented Proposal for approval of profit distributions, fund appropriation for the year of 2016 as follows:

I. CONSOLIDATED PROFITS BEFORE TAX, 2016	590,627,966,579 VND
- Corporate Income Tax	139,964,060,336 VND
- Deferred Corporate Income Tax Expenses	175,856,983 VND
- Profits After Tax	450,488,049,260 VND
II. PROFIT DISTRIBUTIONS:	
1. Total profits distributed	450,488,049,260 VND
2. Dividend Payments:	176,892,962,000 VND
- Phase 1:	
Paid dividend in advance in the first phase, 2016 (10% of par value):	98,273,868,000 VND
- Phase 2:	
Propose to pay undistributed dividend in the second phase of 2016 (8% of par value):	78,619,094,000 VND
3. Fund Appropriations:	139,950,000,000 VND
- Bonus and Welfare for employees fund	45,000,000,000 VND
- Investment and Development fund	76,000,000,000 VND
- Operation fund of Board of Directors, and Supervisory Board	3,750,000,000 VND
- Fund for Board of Management	3,000,000,000 VND
- Bonus to Board of Directors, and Board of Management in accordance to Resolutions of Shareholders' General Meeting (*)	12,200,000,000 VND
4. Retained Earnings:	133,645,087,260 VND

11. Mr. Nguyen Vu Phan presented and directed the Meeting vote for Proposal of discharging and appointing a member of the BOD for a substitute:

The BOD proposed to the Annual General Meeting of Shareholders for approvals of:

- Discharging Ms. Pham Vu Thanh Giang from liabilities of the member of the BOD, term of 2012 - 2017;
- Appointing Ms. Pham Thi My Hanh to the member of the BOD of the Company for the term of 05 years. After being approved by Shareholders' General Meeting, the appointing of the new member would be effective from the date Ms. Pham Thi My Hanh had been appointed by the BOD.

Discharging and appointing a member of the BOD as a substitute were approved by 100% of votes of shareholders.

12. Mr. Nguyen Vu Phan presented and directed the Meeting vote for Proposal of electing and list of candidates for the BOD, and Supervisory Board

- ✓ **Discharging members of the Board of Directors and Supervisory Board from liabilities in the term of 2012 – 2017 due to the expiration of appointing term:**

Board of Directors	
1. Mrs. Cao Thị Ngọc Dung	Chairwoman
2. Mr. Nguyễn Vũ Phan	Vice Chairman
3. Mrs. Nguyen Thi Cuc	Member
4. Mrs. Nguyen Thi Bich Ha	Member
5. Mr. Nguyen Tuan Quynh	Member
Supervisory Board	
1. Mr. Tran Van Dan	Member of supervisory board
2. Mrs. Nguyen Ngoc Hue	Member of supervisory board

- ✓ **Approved the number of members that need to be elected for the Board of Directors and Supervisory Board at the 2017 Annual General Meeting of Shareholders:**
- For the Board of Directors: 5 members.
 - For the Supervisory Board: 2 members
- ✓ **List of candidates for the members of the Board of Directors and Supervisory Board:**

List of Board of Directors' candidates	List of Supervisory Board's candidates
1. Ms. Cao Thi Ngoc Dung	1. Mr. Le Anh Duc
2. Ms. Nguyen Thi Cuc	2. Ms. Nguyen Ngoc Hue
3. Ms. Pham Vu Thanh Giang	
4. Mr. Nguyen Vu Phan	
5. Mr. Lê Trí Thông	

100% of votes approved for the election and list of candidates for the members of the BOD

and Supervisory Board as stated above.

13. Mr. Nguyen Vu Phan presented Proposal that Chairwoman of the Board of Director concurrently holds the position of General Director in 2017 .

14. Discussion in the Meeting:

- Shareholder with the code PNJ0262 – Tran Tuan Minh

1. For the business results in the Quarter 1, what are the factors that created the outstanding performance of PNJ in the Quarter 1, 2017?
 - o For the retail system, in the quarter 1, there were 4 stores newly opened, and the old stores that have been built since 2016 had sale growth of 25%. That was the reason why PNJ retail system improved significantly.
 - o For the product, the cooperation between Marketing Department and Sale Department become more effective and efficient. PNJ product strategy started from Marketing Department; thus, PNJ products were diversified and satisfied demand of the market. The stories associated with PNJ collections were well prepared and communicated to customers thoroughly. Inventories were well prepared, so there was no shortage of PNJ products in the big events such as Valentine day, Fortune day.... That all factors contributed to excellent revenues in quarter 1.

We were confident that target business results would be achieved

2. Did the Company finally decided on private placement and what would be the price per share?

Chairman: the Company is carrying out procedure of issuance with the SSC. However, the Company will not issue at any cost. the Company will issue shares only if issued price is higher than current price of PNJ share. Therefore, plan of private placement may not be executed if issued price is low. I think current price of PNJ share in the market is commensurate with true value of PNJ share.

3. When will Ms. Dung resign from General Director?

Chairman: PNJ has a professional plan of training personnel. Specifically, Mr. Nguyen Tuan Quynh withdrew after three years due to his personal plan (reason for the withdraw was that he was not suitable). 1 year ago, we prepared another person to substitute; however, plan was changed because because Director of PNJ Jewelry Factory had had problem with his health. Consequently, Mr. Le Huu Hanh had to take over the position of Director of PNJ Jewelry Factory (*Mr. Le Huu Hanh has expertises in business. He was Vice Director of PNJ Jewelry Factory and an expert of diamond, precious stone*). For now, PNJ Jewelry Factory operates in production, wholesale business, and export. Therefore, I will continuously manage PNJ for two more years, until we successfully train personnel to replace. Personnel replacement plan is always available, but it can not be transferable now.

- **Tan, shareholder:**

1. According to reports, market share of PNJ is 26.5%. Is it the market share of retail?

Chairman: PNJ based on data from World Gold Council on sale of jewelry to calculate market share of PNJ. Currently, middle and high-end products of PNJ contribute up to 50% - 60% of the market. Amount of customer intent to increase in the middle and high-end segments; thus, market share of PNJ will increase.

2. PNJ should study ERP, X-man systems of Mobile World JSC in order to manage existing stores and boost the speed of retail network expansion.

Chairman: For the ERP, PNJ can extract business date of store, check the inventory, and transfer inventory from one store to another store (if necessary)... similar to ERP system of Mobile World JSC. However, PNJ expects all ISO governance issues can be integrated into the system, so that the best management can be performed.

3. In 2016, gross profit in quarter 1 increased well, gross profit in quarter 2,3, and 4 increased slower. Will it happen again in 2017?

Chairman: Business performance in 2016 was affected by seasonality and the seasonal business rules of the jewelry industry in quarter 1 and 4, quarter 2 and 3. Additionally, there were issues in manufacturing products. We will solve these issues in 2017.

• **Shareholder code PNJ2989 - Mr Y**

1. Currently, PNJ made full provision for the investment in DongA Bank. Board of Management can please provide more detail on the relationship between PNJ and DongA Bank.

Chairman: The relationship between PNJ and DAB has been clarified several times before. Inspectors of Vietnam State Bank identified the credit relationship between PNJ and DAB in detail. Particularly, long-term loan of more than VND 40 billion and collateral assets have not been solved until now despite that PNJ asked to pay off this loan. Until now, PNJ and DAB have borrowing relationship in this loan only.

• **Shareholder code PNJ0704 – Mr Nghia**

1. When will PNJ reverse the provision of investment in DAB? For the target revenue in 2017, what is the percentage of increase in revenue from the retail?

Chairman: Retail sale increase 23%, silver 30%. For the provision of investment in DAB, PNJ made the full provision, PNJ will reverse when DAB stock can be traded again, or has the value in the market.

• **Shareholder code PNJ3059 – Mr Trung**

1. Gross profit margin in 2017 is slightly low, retail sales of gold and silver increase significantly, but the Company keeps the same business plan as the one in 2016.

Chairman: Gross profit margin of retail of gold and silver jewelries were not achieved easily. We keep the same gross profit margin as the one in 2016, gross profit

margin in 2017 is calculated as total revenue (included revenue from gold bar), this margin is reasonable.

2. Profit after tax increases 20% on average. What is the plan to achieve that growth rate?

Chairman: This is an ambitious figure, but we expect growth rate in 2017, 2018, and years after will be 20%. For this growth rate, we have plans to this growth rate (These plans do not include the plan of private placement)

3. How should the term “standard store” be understood?

Chairman: Each store is categorized into level bases on tangible indicators. PNJ has calculation sheets to specifically classify capital, human resource, square meter....into levels. Intangible indicators includes: attitudes of sale agents when they serve the customers, and PNJ randomly evaluates stores every month.

- **Shareholder code PNJ2291:**

1. There is information that there will be Jewelry Center in Ho Chi Minh City, how it will affect on PNJ?

Chairman: We are glad that People’s Committee of District 5 created Jewelry Center as a tourist destination in Ho Chi Minh City. This event does not affect business plan of PNJ. This Jewelry Center majors in wholesale. There are several wholesale customers of PNJ in this area. If they can make good business, PNJ can benefit from them.

- **Shareholder:**

1. Can Board of Management please share information on market competition? How many stores in each province are reasonable?

Chairman: The advantages of PNJ are technology and production, PNJ always earns profit margin of product. This helps PNJ creates comparative advantage in the market. PNJ can decrease selling price to increase competition capacity; however, PNJ keeps stable selling price to compete in the market. With the differences in technology, PNJ is confident to be the leading company in domestic jewelry industry.

Currently, 4 – 5 stores can be opened in a province if population in middle class increases. PNJ always makes scientific research on local population before opening new stores. We have a specialized division to evaluate and discover new markets

15. Mr. Nguyen Thanh Du – Head of Supervisory Board, presented and directed the AGM to approve regulation on electing members for Board of Directors and Supervisory Board at the 2017 Annual General Meeting of shareholders.

With 100% of votes approved, the entire shareholders adopted the regulation of the election of the Board of Directors and Supervisory Board at the 2017 Annual General Meeting of Shareholders.

Mr. Nguyen Thanh Du – Head of voting committee updated again number of shareholders attended in the 2017 AGM before voting:

At 10:00am, on April 27, 2017, the total number of shareholders and authorized representatives to attend the General Meeting of Shareholders were 748 people, equivalent 81,103,314 shares, accounting for 82.53% of the total number of common shares.

16. AGM convended to adopt reporting, vote for proposals, and vote to elect members of the Board of Directors and Supervisory Board

17. Announcing results of the votes:

Mrs. Tran Thi Xuan Lan, on behalf of voting committee, announced the results of vote to approve reports, proposals, and vote to elect members of the BOD, Supervisory Board:

17.1. Results of counting voting cards for proposal to the 2017 AGM:

No.	Contents	Agree (%)	Not Agree (%)	No opinion (%)	Final results
1	Adopted report on manufacturing and trading in 2016	63,465,748 78.25%	0%	17,637,566 21.75%	Approved
2	Adopted reports on the activities of the Board of Directors in 2016, and strategic orientation for the period of 2017 -2022, plan for 2017	63,465,748 78.25%	0%	17,637,556 21.75%	Approved
3	Adopted report of Supervisory Board in 2016	68,995,488 85.07%	0%	12,107,816 14.93%	Approved
4	Approved to select auditing firm to audit the Company's financial statements for the fiscal year of 2017	63,463,398 78.25%	0%	17,639,906 21.75%	Approved
5	Adopted Financial Statements for the fiscal year of 2016, audited by Deloitte Vietnam Co, Ltd,	63,465,758 78.25%	0%	17,637,556 21.75%	Approved
6	Approved profits distribution, fund appropriations in 2016	63,444,934 78.23%	5,532,100 6.82%	12,126,280 14.95%	Approved
7	Approved report of Chairwoman cum General Directors	55,282,475 68.16%	4,329,025 5.34%	21,491,814 26.50%	Approved

17.2. Results of counting vote to elect members for the Board of Directors, Supervisory Board

The voting committee has checked and counted the votes for candidates of the Board of Directors and Supervisory Board of Phu Nhuan Jewelry Joint Stock Company. The voting committee totally agreed on the minutes with the following results:

(i) List of candidates who are elected for the members of the Board of Directors: 05 people

- Ms. Cao Thi Ngoc Dung
- Ms. Nguyen Thi Cuc
- Ms. Pham Vu Thanh Giang
- Ms. Nguyen Vu Phan
- Mr. Le Tri Thong

(ii) List of candidates who are elected for the members of Supervisory Board: 02 people

- Mr. Le Anh Duc
- Ms. Nguyen Ngoc Hue

(iii) Results of counting votes are as follows:

- For member election of the Board of Directors

No.	Candidates	Number of vote	
		Votes	Rate
1	Ms. Cao Thi Ngoc Dung	68,882,925	84.93%
2	Ms. Nguyen Thi Cuc	69,064,008	85.16%
3	Ms. Pham Vu Thanh Giang	68,438,808	84.38%
4	Mr. Nguyen Vu Phan	68,531,121	84.50%
5	Mr. Le Tri Thong	61,152,414	75.4%

- For member election of Supervisory Board

No.	Candidates	Number of vote	
		Vote	Rate
1	Mr. Le Anh Duc	64,758,907	79.85%
2	Ms. Nguyen Ngoc Hue	64,715,833	79.79%

(iv) Pursuant to the Company's Charter and the Regulations on Election, the following candidates shall be elected as members of the Board of Directors and Supervisory Board of Phu Nhuan Jewelry Company:

- Board of Directors included 05 members:
 - Ms. Cao Thi Ngoc Dung
 - Ms. Nguyen Thi Cuc
 - Ms. Pham Vu Thanh Giang
 - Mr. Nguyen Vu Phan
 - Mr. Le Tri Thong
- Supervisory Board included 02 members:
 - Mr. Le Anh Duc
 - Ms. Nguyen Ngoc Hue

II. ADOPT THE MINUTES AND RESOLUTIONS OF SHAREHOLDERS MEETING:

On behalf of the Secretary Board, Tran Van Dan presented the Minutes and Resolutions of the 2017 Annual General Meeting of Shareholders.

With 100% of votes approved, the entire shareholders agreed to adopt the content of the minutes and resolutions of the 2017 annual meeting.

The 2017 Annual General Meeting of Shareholders of Phu Nhuan Jewelry Joint Stock company finished at 1.15pm on the same day.

BOARD OF SECRETARIES

(Signed)

TRAN VAN DAN

(Signed)

KHUONG TRAN THANH THAO

CHAIRMAN BOARD

(Signed and sealed)

CAO THI NGOC DUNG

(Signed)

NGUYEN VU PHAN

(Signed)

NGUYEN THI CUC