

**REPORT OF THE BOARD OF MANAGEMENT  
ON 2019 BUSINESS PERFORMANCE AND 2020 BUSINESS PLAN**

**Respectfully submitted to: THE ANNUAL GENERAL MEETING OF SHAREHOLDERS**

In 2019, GDP growth reached 7.02%, exceeding the target of 6.6% to 6.8% set by the National Assembly. Against such favorable macroeconomic fundamentals, with the aspiration for market leadership with a sustainable development strategy, Vingroup Joint Stock Company (“**Vingroup**” or the “**Group**”) achieved breakthroughs in various segments and encouraging business results in 2019 as evidenced by the following figures:

**I. 2019 business results of Vingroup (in accordance with the VAS consolidated financial statements)**

**1. Net revenue**

2019 net revenue reached VND 130.0 trillion, increased by VND 8.1 trillion, or 7% year-on-year. Automobile production, which started to generate revenue in 2019, and other business segments record healthy revenue growth. More specifically:

- In 2019, Vingroup delivered nearly 28,900 apartments, villas, shophouses and beach villas, and continued to consolidate its dominant position. Revenue from sale of inventory properties decreased by 23% from VND 83.3 trillion to VND 64.5 trillion in 2019 due to the fact that older projects, such as Vinhomes Golden River, Vinhomes The Harmony, Vinhomes Central Park, and Vinhomes Imperia, were handed over in 2018. However, Gross profit from the sale of inventory properties in 2019 grew by 37% compared to 2018 as the Group implemented a bulk strategy at the mega projects, because bulk sales typically has higher profit margins than retail sales.
- Revenue from leasing activities and related services grew by 22% from VND 5.6 trillion to VND 6.8 trillion in 2019 due to the nationwide expansion of shopping centers. In 2019, the Group launched 13 new shopping malls, reaching a total of 79 shopping malls with four different formats.
- Revenue from hospitality, entertainment and other services reached VND 8.6 trillion in 2019, a growth rate of 16%, as a result of an increased number of room nights sold. The increase is attributed to gradually stabilizing operations at facilities opened in 2018 as well as the opening of three new facilities in 2019, namely Vinpearl Luxury Landmark 81 (Ho Chi Minh City), Vinpearl Hotel Imperia and Vinpearl Hotel Rivera (Hai Phong) that added 800 additional hotel rooms.
- Revenue from manufacturing activities reached VND 9.2 trillion, increasing sharply as compared to 2018 thanks to the delivery of three new car models, while sales of e-scooters and smart phones were impressive thanks to product diversification and superior quality.

**2. Profit after tax**

Vingroup’s Profit after tax increased by 24% from VND 6.2 trillion in 2018 to VND 7.7 trillion in 2019.

**3. Tax obligations:**

- Vingroup’s Statutory obligations in 2019 (exclusive of land use fee and land rental fee) was VND 20.9 trillion, of which Corporate income tax was VND 8 trillion, Value added tax was VND 5.7 trillion, Personal income tax was VND 1.8 trillion, and VND 5.4 trillion was from Others.

- Total payment during the year was VND 20.3 trillion, of which Corporate income tax was VND 7.8 trillion, Value added tax was VND 5.7 trillion, Personal income tax was VND 1.7 trillion, and VND 5.1 trillion was from Others.

#### **4. Profit attributable to shareholders**

As audited by Ernst & Young Vietnam Ltd., the total profit after-tax that shareholders of the parent company earned in 2019 was VND 7.5 trillion, resulting in an earnings per share of VND 2,433.

#### **5. Project development progress**

Vingroup's competitive advantage lies in its speed of development and project deliveries to customers. Projects undertaken by the Group will continue to be handed over on time or ahead of schedule, in line with our past track record. Among the projects completed and delivered during 2019 were Vinhomes Skylake, Vinhomes Metropolis, Vinhomes The Harmony, Vinhomes Star City, Vinhomes Marina, and several shophouse, hotel and beach villa projects. Other projects are being developed by Vingroup and leading contractors with the highest level of quality and attention to deadlines. These projects include Vinhomes Ocean Park, Vinhomes Smart City, Vinhomes Grand Park, Vinhomes Marina and Vinhomes Symphony.

Vietnam is ripe for the development of industrial real estate. Over the past five years, foreign direct investment into Vietnam (FDI) recorded strong growth at an average rate of 16% per year, with more than 70% of that investment going into production and industrials. Leveraging its expertise in land acquisition, project development, and construction management, Vinhomes is well positioned to invest in a number of industrial real estate projects in the future.

## **II. 2020 business plan**

At the beginning of 2020, Vietnam and the world faced many challenges and difficulties brought on by the Covid-19. Major Financial Institutions have revised down the global growth forecast due to the on-going Covid-19, while warning that many countries will fall into a recession. With its relentless efforts, Vietnam has become one of the few countries in the world to successfully contain the Covid-19 and started easing social distancing since end of April while proactively preparing for the economic recovery. However, as Covid-19 situation is still very complicated in many other countries, 2020 will be a challenging year for Vietnam's economy as the sectors such as hospitality and industrials in Vietnam depend heavily on the international markets.

In 2020, in order to minimize the impact caused by Covid-19, Vingroup will implement austerity policies and cost saving initiatives, as well as manage its business expansion and investments prudently to optimize resources.

- In terms of business operation, in property segment, Vinhomes will continue to launch new phases in the three mega projects – Vinhomes Ocean Park, Vinhomes Smart City, and Vinhomes Grand Park – and launch low-rise units at Vinhomes Wonder Park in Dan Phuong, Hanoi. Vinhomes will also implement the strategy to increase recurring revenue by developing office leasing and industrial real estate projects. In retail leasing segment, Vincom Retail will accelerate the digital transformation and bring on the best experiences to the customers. Vinpearl will focus on boosting the business performance of the existing hotels and resorts, and optimizing operational expenses. In Industrials segment, by leveraging on Vingroup's ecosystem of products and through various promotion programs, VinFast and VinSmart are committed to win over the domestic market while preparing for international markets.
- Regarding funding sources, Vingroup will diversify its sources of investment capital both domestically and internationally and will match the availability of capital in the short-term, mid-term, and long-term with appropriate uses.
- Regarding resource management and corporate culture, during 2020, the Group will continue to implement a decentralized P&L model at its subsidiaries with an emphasis on efficiency and transparency, while continuing to implement of the "5 Transformational Principles" to build a

streamlined, multi-functional and robust governance mechanism, and promoting the role of leaders while building its leadership pool from within its ranks. Management also plans to take steps to promote healthy mind and body of employees, and to maintain an attractive, professional and friendly work environment.

With that in mind, the Management of Vingroup would like to submit to the AGM our targets for 2020 as follows:

- Net revenue: approximately VND 145 trillion
- Profit after tax: approximately VND 5 trillion.

Thank you.

*To:*

- *As stated above;*
- *Vingroup archives.*

**VINGROUP JOINT STOCK COMPANY**

**(signed)**

**NGUYEN VIET QUANG  
CHIEF EXECUTIVE OFFICER**