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REPORT ON 2016 FINANCIAL RESULTS OF VINGROUP JOINT STOCK COMPANY

Respectfully submitted to: THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

In 2016, Vingroup Joint Stock Company (“**Vingroup**”) had a successful year with positive key financial indicators for the financial year ended 31 December 2016, as shown in the 2016 audited consolidated financial statements as follows:

1. Assets

Vingroup's consolidated *total assets* increased by VND 34.9 trillion, from VND 145.6 trillion at the end of 2015 to VND 180.5 trillion as at 31 December 2016, an increase 24%.

Items with major changes in 2016 are shown below:

- *Fixed assets and investment properties* increased by VND 7.6 trillion largely due to the completion of Vinpearl Can Tho Hotel and Vinmec Ha Long International Hospital. *Total assets* also increased thanks to the opening of shopping malls such as Vincom Plaza Bien Hoa, Vincom Plaza Ly Bon – Thai Binh, Vincom Plaza Bac Tu Liem, Vincom Plaza Tran Phu, Vincom Plaza Le Van Viet, Vincom Plaza Buon Ma Thuot;
- *Long-term assets in progress* increased by VND 15.9 trillion, reflecting the ongoing construction activities at new projects such as Can Gio Urban Tourism Project, Vinhomes Golden River, Vinhomes Metropolis, and Vinhomes Green Bay;
- *Inventories* increased by VND 21.8 trillion driven mostly by the properties under construction such as Vinhomes Gardenia, Vinhomes Central Park, Vinhomes Riverside The Harmony, Vinhomes Dragon Bay and beach villas in Nha Trang and Phu Quoc;
- *Short-term and long-term financial investments* decreased by VND 16.9 trillion because of acquisition by Vingroup of additional shares and capital in its associates which subsequently became the Group's subsidiaries and redemption of held-to-maturity investments upon their maturity;
- *Short-term and long term receivables* increased by VND 4.5 trillion mainly due to extension of short-term loans to business partners and changes in receivables related to the normal course operation;
- *Other current and long-term assets* decreased by VND 0.9 trillion due to changes in deposits held for investment in, and acquisition of potential real estate projects.

2. Consolidated borrowings and Owners' Equity

2.1. Sources of borrowings in 2016

Domestic and foreign borrowings at Vingroup and its subsidiaries reached VND 39.8 trillion as at 31 December 2016, an increase of VND 2.8 trillion compared to the previous year, equivalent to an 8% increase. Of the total borrowings, VND 5.6 trillion was short-term debt (including current portions of long-term debt) and VND 34.2 trillion long-term debt.

The increase in debt was mostly due to the changes in borrowings as follows:

- Net borrowings decreased by VND 3.0 trillion due to new borrowings of VND 20.9 trillion from banks and credit institutions during the year and repayment of VND 23.9 trillion borrowings which include the conversion of international convertible bonds into ordinary shares and the prepayment of approximately USD 200 million of unsecured international bonds. As at 31 December 2016, foreign currency-denominated borrowings accounted for 18.5% of Vinroup's total borrowings.
- Borrowings related to M&A activities increased by VND 12.6 trillion from consolidation of the borrowings of new subsidiaries acquired during the period and decreased by VND 7.3 trillion from divestiture of subsidiaries, resulting in a net increase in borrowings of VND 5.3 trillion.

2.2. Net increase in Owners' Equity

- The *charter capital* increased by VND 7.7 trillion as international convertible bonds of Vingroup were converted into ordinary shares and the Group issued bonus shares from retained earnings;
- *Capital surplus* decreased by VND 3.3 trillion largely due to the issuance of bonus shares;
- *Owners' equity* increased by VND 2.4 trillion from net profit for the year;
- During the year, Vingroup paid stock dividends of VND 2.1 trillion and increased owners' equity by VND 4.8 trillion from retained earnings;
- *Minority interest* rose sharply mostly due to capital contribution from minority shareholders, acquisition of new subsidiaries and profit distributed to minority shareholders during the year.

3. Consolidated revenue and profit growth:

- In 2016, Vingroup reported VND 57.6 trillion of *net revenue*, an increase of VND 23.6 trillion, or 69% compared to 2015;
- 2016 *gross profit* was VND 17.4 trillion, an increase of 49% compared to that of 2015. Average gross profit margin reached 30%.
- *Earnings before tax* and *net profit after tax* reached VND 5.8 trillion and VND 3.5 trillion, respectively, representing an increase of 103% and 134% compared to 2015; and
- Total taxes payable to the State Budget (including value-added tax, corporate income tax and other taxes) were VND 6.6 trillion, of which VND 6.2 trillion has been paid during the year.

VINGROUP JOINT STOCK COMPANY

To:

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

(signed)

**DUONG THI MAI HOA
CHIEF EXECUTIVE OFFICER**

Note:

- *Vingroup's 2016 Financial Statements were audited by Ernst & Young Viet Nam Ltd., and are published on the Company's official website: www.vingroup.net.*