



Hanoi, 6 April 2012

**VINCOM JOINT STOCK COMPANY BOARD OF MANAGEMENT  
REPORT ON BUSINESS MANAGEMENT IN 2011  
TO THE GENERAL SHAREHOLDERS OF VINCOM JOINT STOCK COMPANY  
(VINCOM JSC)**

**1. Company operations in 2011**

The year 2011 was a stormy one for the Vietnamese economy with slow growth, increased inflation and CPI (Consumer Price Index), gloomy financial and stock markets and a virtually frozen real estate market.

Like other enterprises, over the past few years, Vincom JSC (the "Company") has been faced with numerous difficulties and challenges in its attempts to overcome the crisis and continue developing. Nevertheless, thanks to its firm foundation of experience, good reputation and brand name, plus all-out efforts from its team of leaders and staff, the Company had a relatively successful year in its investments and business activities, as well as enterprise governance and administration. During 2011, the Company gained a total net revenue of VND2,314 billion and profits before tax of more than VND1,471 billion. It also gained outstanding progress in its professional management and administration capabilities and deployed large-scale projects across the country while markedly improving its sales figures. The merger of Vinpearl JSC into the Company at the end of 2011 was another outstanding milestone in the evolution of the enterprise. The past year's achievements helped elevate the Company's status and brand name to a higher level, making it one of the leading private economic groups in Vietnam capable of integrating and competing in the international arena.

*Please refer to the enclosed Annual Report, Report of the Board of Directors and Reports on Project Implementation for more information.*

**2. Board of Management (BoM) activities**

**a. General activities:**

In 2011, the Company's BoM mapped out strategies and introduced specific decisions and orientations that resulted in the Company's high economic and investment efficiency as well as its sustainable development.

The BoM passed a number of important resolutions in 2011 that marked significant milestones for the Company:

- Strategic orientations were set out for the Company's businesses and investments during the year in an attempt to overcome the economic crisis and seize post-crisis opportunities for development while making opportune decisions on the Company's overall investments.

- The BoM devised a feasible plan and organized an extraordinary General Shareholders' Meeting (GSM) to seek suggestions from the General Shareholders on the Merger with Vinpearl JSC to form a powerful private international level economic group focused on the four strategic brands: Vincom (real estate), Vinpearl (hospitality and recreation services), Vincharm (fitness and beauty), and Vinmec (high quality health care services). This strategic change is an attempt to combine strength, expand markets, and intensify the scale of operations, in addition to gaining synergistic efficiency and enhancing the Company's competitive status. This plan was agreed and endorsed by the majority of shareholders at the Extraordinary GSM on 15 November 2011).
- The proposal to increase the Company's charter capital by converting international bonds into shares was approved to raise funds for new projects.
- The proposal to dispose of the office space in Vincom Center Hanoi Tower B at 191 Ba Trieu, Le Dai Hanh Ward, Hai Ba Trung district, Hanoi was approved and the space was subsequently transferred to Techcombank AMC.
- The BoM continued to guide the Company's development towards becoming a multisectoral corporation focused on high-end real estate and tourism, high-end and mixed-use urban complexes and large scale international class hotels and resorts.

#### **b. BoM supervisory activities**

The BoM has enhanced its role as monitor of the operation of the Board of Directors and other managers to ensure that all the Company's activities are in strict compliance with the laws and properly implemented to conform with the General Shareholders' Resolutions. The BoM has focused on risk management and simultaneously implemented standardized governance procedures and regulations and strengthened the supervision and monitoring of these procedures and regulations in all aspects of the Company's operations. The BoM has also instructed Company divisions in charge of supervision and inspection, such as the Inspection Committee, Legal Division, and Internal Auditing, and collaborated with them to uncover and correct shortcomings, which has created momentum for sustainable development.

Regular and ad-hoc inspections have been conducted by the Company leadership, as well as heads of divisions and affiliated companies to avoid losses and damages to property, preclude violations in daily operations, and minimize waste and operational risks.

The BoM has studied and referred to advanced international organizational, administrative and governance models to use as a basis for the Company's internal administrative regulations, with the aim of gradually standardizing management, minimizing investment, business and operational risks, establishing transparency and creating favourable conditions for shareholders, investors and management authorities.

### **3. Proposed plans**

With its new status achieved after the merger with the Vinpearl brand, the Company will develop towards sustaining and promoting its existing advantages and prestige with a strategic focus on investment and the sale of high-end real estate and tourism, and

concentrate on uniform and consistent management to form the Vingroup into an international standard brand in Vietnam.

In 2012, the Company will continue implementing the following plans:

- a. Stabilize management under the Group's model and develop the new Vingroup brand, to maximize and promote the status, stature and prestige of the Vincom, Vinpearl, Vinmec, and Vincharm brands.
- b. Enhance service quality and management capacity; maximize shopping centres, offices, hotels, recreational complexes, international standard hospitals and Vincharm spas.
- c. Accelerate the construction and completion of Times City, Royal City and Vincom Village in Hanoi, and Eden A in District 1, Ho Chi Minh City to match the scheduled progress and put the projects into operation to generate a quick return on investment.
- d. Use the Company's existing advantages and experience to make key investments in real estate and tourism projects in major cities with an IRR of more than 20%.
- e. Consolidate and reinforce human resources, especially high-level personnel, to prepare for the anticipated development of the enterprise in the years to come. Invest in and strengthen training, and raise the quality of staff across the whole operation. Establish senior advisory councils made up of experienced experts in investment, finance, and legislation, and continue enhancing the management capacity of the enterprise.
- f. Accelerate diversified fundraising plans to reduce the Company's capital expenditures and finance specific projects.
- g. Expand cooperation with reputable advisory organizations and partners with experience in specialized fields to learn new ways to enhance the efficiency of investment projects while promoting the Company's image and status in the International arena.

To:

- As above;
- Filed at the office.

**ON BEHALF OF THE BOM  
CHAIRMAN**

**(signed)**

**Pham Nhat Vuong**

*Notes: This document is subject to amendments and supplements and shall be submitted to the General Shareholders for their consideration and final decision at the Meeting.*