



VINGROUP JOINT STOCK COMPANY

THE SOCIALIST REPUBLIC OF VIETNAM



Independence - Freedom - Happiness

No.: 03/2021/TTr-HDQT-VINGROUP



Hanoi, 12 May 2021

## PROPOSAL OF THE BOARD OF DIRECTORS

**Re.: 2020 business performance and 2021 business plan of Vingroup Joint Stock Company**

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

During 2020, the world economy contracted due to the Covid-19. Thanks to the Government's success in preventing the pandemic's spread, Vietnam maintained a positive GDP growth rate of 2.91%. However, given that domestic industries were negatively affected, Vingroup Joint Stock Company ("**Vingroup**" or the "**Group**") has quickly adapted to the new situation and promoted flexibility in operations management as well as business strategies. This has not only helped the Group minimize the negative impact of the pandemic, but also achieve some positive results as detailed in the report below.

### **I. Vingroup's business performance in 2020 (Based on the 2020 Consolidated Financial Statements in accordance with the Vietnamese Accounting Standards).**

#### **1. Net Revenue**

Net revenue in 2020 was VND 110.5 trillion, a decline of VND 19.6 trillion, or 15% over 2019 mainly due to Vingroup's exit in the retail business.

- Revenue from the sale of inventory properties increased by 12% from VND 64.5 trillion in 2019 to VND 72.2 trillion in 2020, reflecting the hand-over of Vinhomes Ocean Park, Vinhomes Smart City, and Vinhomes Grand Park projects during the year. The gross profit margin from sale of inventory properties reached 39%.
- Revenue from manufacturing activities reached VND 17.4 trillion, an increase of 89% year-over-year, due to the enthusiastic market reception of vehicles and smartphones.
- Revenue from leasing and related services in 2020 was impacted by the pandemic, particularly in the second quarter, but recovered considerably in the third and fourth quarters. For the full year, revenue from leasing activities and related services decreased by 2% from nearly VND 6.8 trillion in 2019 to nearly VND 6.7 trillion in 2020. The Group launched a new shopping mall in 2020, the Vincom Mega Mall Ocean Park in Hanoi, bringing the total number of shopping malls in operation to 80 across four different formats.
- Revenue from hospitality and entertainment totaled VND 4.9 trillion in 2020, a decline of 43% year-over-year, due to the impact of the pandemic since the second quarter of 2020 on the number of international tourists.

#### **2. Profit after tax**

The Group's Profit after tax decreased by 41% from VND 7.7 trillion in 2019 to VND 4.5 trillion in 2020.

#### **3. Statutory obligations**

- Vingroup's statutory obligations in 2020 (exclusive of land use fee and land rental fee) was VND 21.2 trillion, of which Corporate income tax was VND 10.1 trillion, Value added tax was VND 3.6 trillion, Personal income tax was VND 1.7 trillion, and VND 5.8 trillion was from Others.

- Total statutory obligation payment during the year was VND 19.3 trillion, of which Corporate income tax was VND 8.5 trillion, Value added tax was VND 3.7 trillion, Personal income tax was VND 1.7 trillion, and VND 5.3 trillion was from Others.

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

As audited by Ernst & Young Vietnam Ltd., the total profit after-tax attributed to parent company's shareholders in 2020 was VND 5.5 trillion, resulting in an earnings per share of VND 1,691.

#### **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. Other projects are being developed by Vingroup and leading contractors with the highest level of quality and attention to deadlines.

The three mega projects continued to be developed by Vingroup and leading contractors with the highest level of quality and attention to deadlines. In 2020, Vingroup, including Vinhomes and its subsidiaries, set a record with 54,100 apartments, villas and shophouses being handed over, including the retail units and retail equivalent units in bulk sale transactions.

The year 2020 marked the Group's entry into the promising field of industrial real estate. This category offers new sources of revenue to drive future growth. Vinhomes IZ (VHIZ) is a subsidiary focused on Industrial Real Estate to leverage the Company's strong brand, proven skills, and site clearance capabilities. Vinhomes projects are a top destination for both domestic and international investors. VHIZ's initial focus will be on attracting companies in the automotive supply chain in order to build a supply ecosystem around VinFast factories and production processes.

During 2020, Vincom Retail opened a new mall in the Vinhomes Ocean Park mega project, increasing its total to 80 retail malls spread across 43 cities and provinces with a total gross floor area of 1.7 million square meters.

Vinpearl continues to invest in new resort projects in strategic tourism locations, as well as hotels in city centers. In Entertainment, Vinpearl is in the final phase of adding new features to VinWonders Nha Trang for a near-term opening.

## **II. 2021 business plan**

In 2021, Vingroup will promote operations that transform its business and strengthen its three core pillars: Technology, Industrials, and Services. The Group continues to maintain a decentralized P&L model at its subsidiaries with an emphasis on efficiency and transparency and further promote the implementation of the "5 Transformational Principles" to build a streamlined, multi-functional and robust governance mechanism. Specifically:

- Business development: diversify the products and services of each business segment with the aim of delivering products of the highest quality to consumers, thereby diversifying revenue sources and driving customers' attachment to services and products in the ecosystem; applying technology to all activities to catch up with the world's general development trends and expand the export of industrial products.

In Technology and Industrials segments, VinFast plans to launch five electric motorcycle models and three smart electric cars, VF e34, VF35 and VF36, of which the VF e34 model will be launched as EVs only while the VF35 and VF36 models can be either ICE or EV. The new models are expected to enable VinFast to maintain its position in the domestic market, while expanding its presence abroad. In the smart device business, VinSmart will focus on the development of IoT devices and Infotainment features for VinFast cars, as well as a smart ecosystem centered on three pillars: smart cities, smart homes, and smart services. During 2021, Vingroup will continue to conduct technology research and development to support the Group's focus on Industrials, Technology, and Services.

Along with its long-term technology research plans, Vingroup is striving to promote the application of home-grown technologies to build products that meet market needs.

In Residential Property, Vinhomes continues to handover units in the mega projects, promote the Online-to-Offline model, and launch secondary sales platform to support home buyers. In Retail Property, Vincom Retail expects to add 100 thousand sqm of retail GFA, bringing the total area to 1.8 million sqm across the network, thereby maintaining its leading position in the number of retail malls, market share and quality. In Hospitality and Entertainment, Vinpearl will maintain and develop its position in the domestic market by focusing on online sales and corporate sales through its distribution channels, while developing and expanding key foreign markets through robust marketing and communication activities to prepare for new opportunities that emerge once international flight routes are reopened.

- Regarding funding sources, Vingroup will diversify its sources of investment capital both domestically and internationally, effectively manage new investments and optimize the capital in the short-term, mid-term, and long-term with appropriate uses.
- Regarding resource management and corporate culture, the Group will continue to promote 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 a professional work environment with an emphasis on effectiveness, fairness and transparency.

With that in mind, the Board of Directors of Vingroup would like to submit to the General Meeting of Shareholder our targets for 2021 as follows:

- Net revenue: approximately VND 170 trillion
- Profit after tax: approximately VND 4.5 trillion.

Thank you.

*To:*

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

**ON BEHALF OF THE BOARD OF  
DIRECTORS  
CHAIRMAN**

**(signed)**

**PHAM NHAT VUONG**

*Note: Further amendments and supplements to this document may be proposed for approval at the AGM.*