

SAIGON GENERAL SERVICE CORPORATION

SAVICO

REPORT & ASSESSMENT OF
BOARD OF MANAGEMENT

2018



SAVICO

I. MACROECONOMIC SITUATION

Economic growth: The socio-economic situation in 2017 was steady growth, retail sales of goods and services grew well, inflation was controlled... created favorable conditions for business operations.

GDP in 2018 increased 7,08%, higher than the rate of 6,81% in 2017. Manufacturing continued to have a strong improvement, **PMI remained above 50 points**.

CPI in December 2018 increased 2.98% compared to the same period. The average CPI in 2018 increased 3,54% compared to that of 2017 and met the target of the National Assembly.

FDI in 2018: the total registered capital of new projects and supplementary capital reached US\$ 25.58 billion, decreased 13.9% to compare with 2017. However, disbursed FDI reached US\$ 19.1 billion, increased 9.1% to compare with that of 2017.

Trade balance in 2018 was surplus of US\$ 7.21 billion, strong increased to compare with the total of US\$ 2.91 billion in 2017.

Total retail sales of goods & services in 2018 reached VND 4,396 thousand billion, up 11.7% to compare with 2017.

Credit growth in 2018 was 14%, a slight decrease to compare with growth rate of 2017. Mobilized capital increases about 16%, similar to the growth rate of 2017.

But the deposit rates and lending rates started in trend of increase at the end of 2018, liquidity of the banking system was less abundant. Exchange rate risk has tended to increased due to the effects of the US - China trade war and the tightening monetary policy of FED.

Information related to business lines of the Company

Automotive market: 2018 was a volatile year with the effect of the Decree 116 as well as zero import tax on auto imported from ASEAN. Car supply was limited in first half and dominated by CKD models, only plentiful when CBU lots were massively cleared from September. Total car sales in 2018 reported by VAMA were 288,683 units, increasing 6% to compare with 2017, in which CKD increased 11%, CBU decreased 6%. Total car sales of whole market (VAMA + HTC) were 352,209 units, were up 16% YoY.

Motobike market: sales volume of VAMM in 2018 reached over 3.38 million of units, were up 3.5% YoY.

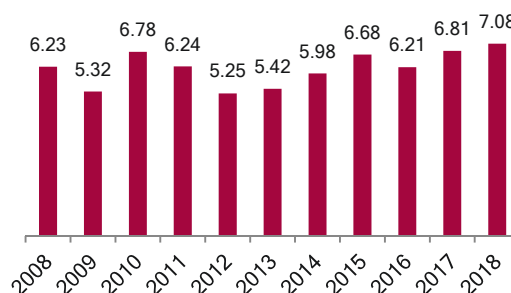
Real estate market: continued to grow steadily. The trend of buying real estate to invest has increased. Total inventory value of the country was VND 22,976 billion at the end of 2018, declined 11% to compare with the same period and declined 82.1% to compare with value at the beginning of 2013 (about VND 105,572 billion).

The implementation of the Prime Minister's conclusion on the amendment and supplement of Decision 09 impacted on some real estate projects of the Company.

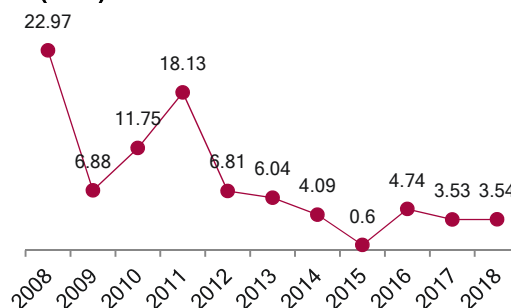
Reference sources:

- General Statistics Ofce (GSO), VAMA, HTC, Registration data.
- Government Resolution, Vietnam PMI Report (Nikkei, Markit).
- Financial news: BSC, HSC...

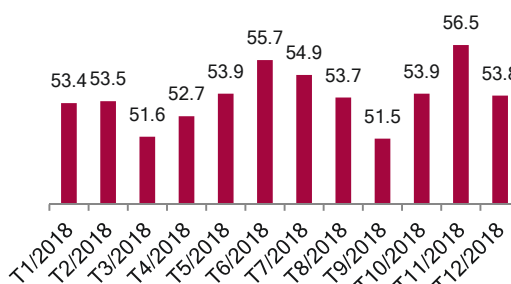
GDP: best performance since 2008



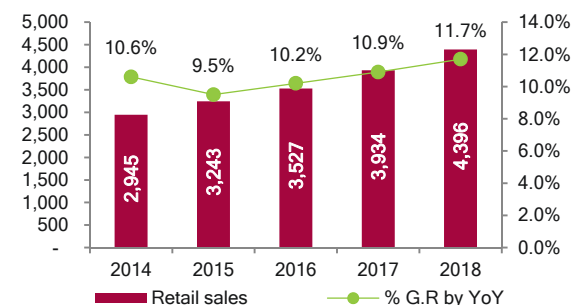
CPI (YoY)



PMI in 2018



Retail sales of goods & services in 2018



Lending interest rate

Term	2017	2018	Change
Short term VND	6,8 - 8,5	6,0 - 9,0	(0,8) - 0,5
Medium, long term VND	9,3 - 11,0	9,0 - 11,0	(0,3) - 0,7
Short term USD	2,8 - 4,2	2,8 - 4,7	0,5
Medium, long term USD	4,6 - 6,0	4,5 - 6,0	(0,1)

II. BUSINESS RESULTS

1. Implementation of business results:

- *The consolidated revenue* reached **VND 14.881 billion**, achieving 105% of 2018 plan, increasing 8% YoY.
- *The consolidated profit before tax* reached **VND 362 billion**, achieving 145% of 2018 plan, increasing 108% to compare with 2017 due to an increase 17% of total car sales volume of automotive sector of the network, taking advantage of opportunities on sales of CKD & CBU car models to significantly improve gross profit from car sales.

Figures	2018 actual result (A)	% 2018 actual/ revised plan	% 2018 (A) / 2017 (A)
Consolidated revenue	14,881,843	105%	108%
Csld Profit before tax	362,312	145%	208%
Csld Net profit after tax	300,267	150%	216%
NPAT attributable to equity holders of the Company	173,003	144%	212%
Profit before tax - by separate FS	45,805	107%	80%

- *NPAT attributable to equity holders of the Company* was **VND 173 billion**, achieving 144% of 2018 plan, increasing of 112% to compare with 2017.
- *Profit before tax - by separate of the parent Company* was **VND 45.8 billion**, achieving 107% of 2018 plan, decreasing 20% to compare with 2017 because the parent Company only recognised VND 4.7 billion in revenue from sales of land-lot products in 2018 of Tam Binh - Hiep Binh Phuoc project compare to VND 20.2 billion of the last year.

2. Assessment on business performance:

The Company has implemented many solutions to enhance investment efficiency in every business activities as follows :

2.1. Trading - service

- **Automotive :**

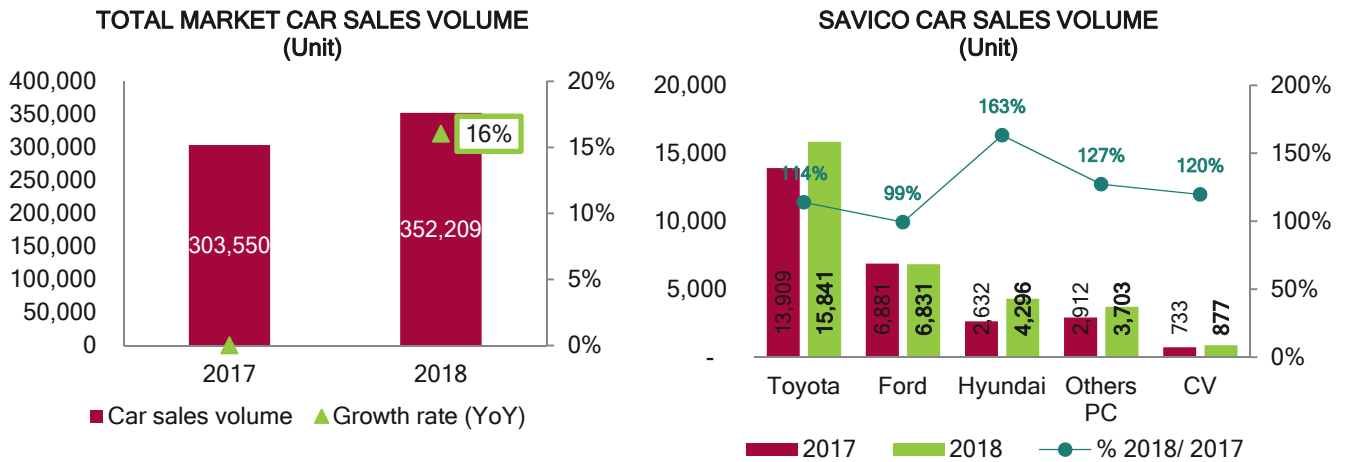
Car sales volume, market share:

Total car sales volume reached 31,548 units, achieving 108% of 2018 year- plan, up 17% compared to 2017. Car sales market share of SAVICO continues to grow, accounting for 10.9% of total car sales reported by VAMA - increased 1 percentage point to compare with 2017 and accounted for 8.96% market share of the total market (calculated by VAMA + HTC) - increased 0.04 percentage point to compare with 2017, in which:

- Passenger cars sales volume of Toyota brand in SAVICO network increases by 14% YoY, equivalent to 23.9% of market share of Toyota Vietnam.
- Passenger cars sales volume of Ford brand in SAVICO network enjoys a slightly decrease of 1% YoY, equivalent to 27.7% of market share of Ford Vietnam.
- Passenger cars sales volume of Hyundai brand in SAVICO network increases by 63% YoY, equivalent to 8.3% of market share of Hyundai Vietnam.
- Passenger cars sales volume of other brands in SAVICO network increase by 27% YoY.
- Commercial vehicles sales volume in SAVICO network increase by 20% as of 2017, accounting for 1.7% of market share, increasing of 0.6 percentage point to compare with the last year.

The SAVICO network has put into operation 7 more of 2S and 3S auto outlets in 2018 and 2 more auto

outlets in January 2019. The implementation progress of some projects is still slow as planned, some fail to meet the planned targets due to legal issues and land allocation.



Revenue from sales of goods and provision of services:

Consolidated revenue from sales of goods and provision of services of automotive network was VND 14,590 billion, achieving 104.8% of 2018 plan, increasing 7.9% YoY. In which, revenue from car sales was VND 13,347 billion, increasing 9.9% YoY; revenue from provision of services - spare parts - accessories was VND 1,134 billion, increasing 18.2% YoY.

The year 2018 saw a slightly change in term of revenue structure as of the same period, of which Toyota brand car taking up 45.2% (34.0% in 2017), Hyundai accounting for 12.1% (8.5% in 2017), other passenger car brands taking up 8.7% (6.1% in 2017), commercial vehicles taking up 4.5% (4.2% in 2017) of consolidated revenue from sales of goods and provision of services.

Expenses:

Total expenses of automotive sector reached VND 950 billion, up 17.2% as of the same period, equivalent to 6.5% of total revenue compared to 6.1% YoY, including:

- Total SG&A expenses were VND 880 billion, increased 18.9% as of 2017 and accounting for 92.7% of total expenses mainly allocated for promotion and stimulus programs in line with car sales and the increase in number of auto outlets.
- Financial expenses were VND 53.4 billion, decreased 4.5% as of the same period, accounting for 5.6% of total expenses mainly due to high car stocks of commercial vehicles in 2018.
- Other expenses reached VND 16.4 billion, increased 11% as of the same period, accounting for 1.7% of total expenses.

Gross profit:

Gross profit of car sales in 2018 reached VND 545 billion, up 38.6% as of the same period, of which VND 254 billion comes from Toyota car sales, up 31.6% as of the same period; VND 133 billion comes from Ford, up 42.7% as of the same period; VND 59.8 billion comes from Hyundai brand, up 28.9% as of the same period; VND 76.6 billion comes from other brands, up 102.2% as of the same period due to significant growth of Honda Can Tho, Sai Gon Cuu Long, etc.; while gross profit of commercial vehicles brands stayed at VND 21.1 billion, down 6.2% as of the same period due to numerous difficulties, especially huge stocks of E2 models in the commercial vehicles market in 2018.

Gross profit from provision of services - spare parts - accessories reached VND 514 billion in 2018, up 21.3% as of the same period; of which VND 142 billion came from services & spare parts, VND 62 billion came from accessories, up 31 % as of the same period.

Profit before tax:

Consolidated profit before tax of automotive sector was VND 296 billion, achieving 157.3% of 2018 year-plan, increasing 156.2% to compare with 2017 thanked to well taking advantage of opportunities to promote sales of CKD and CBU models. These have significantly improved in gross profit from car sales, especially in Toyota and Ford, thereby contributing to improving the efficiency of companies in automotive sector.

Auto outlets put into operation in 2018:

Name of outlet	Date of opening
Tay Ninh Ford	Officially put into operation on 05.Feb.2018
Hyundai Son Tra	Officially put into operation on 09.May.2018
Hyundai Kien Giang	Officially put into operation on 31.Jul.2018
Toyota Nam Dinh	Officially put into operation on 15.Sep.2018
Hai Duong Ford	Officially put into operation on 15.Nov.2018
Mitsubishi Quang Nam	Officially put into operation on 15.Nov.2018
Hyundai Vinh Thinh (CV)	Officially put into operation on 28.Dec.2018

Implementation progress of auto outlets under developing:

Name of outlet	Implementation progress
Gia Dinh Ford	Officially put into operation on 09.Jan.2019
Hyundai Hung Thinh (CV)	Officially put into operation on 17.Jan.2019
Hyundai Ngoi Sao (CV)	Expected to opening in Apr.2019
Toyota An Giang	Broken ground in Oct.2018 Expected to opening in Jul.2019
Hyundai Phu Lam (CV)	Expected to opening in Q4.2019
Dana Ford Cam Le	Received the LOI from the manufacturer

❖ **Motocycles**

Sales volume: Total sales volume reached 8,884 units, equivalent to 98% of 2018 year-plan, and up 2% as of the same period; including 5,162 units from Yamaha brand models - equivalent to 103% of 2018 plan - up 1% YoY and 3,722 units from Honda brand models - equivalent to 91% of 2018 plan and up 5% YoY.

Revenue: reached VND 364.4 billion, equivalent to 110% of 2018 year-plan, up 10% YoY, of which VND 73.5 billion came from services and spare parts, up 27% YoY (increasing about VND 15.7 billion).

Expenses: SG&A expenses were VND 40.3 billion in 2018, increasing 15.8%YoY. Expenses on revenue ratio enjoys a slight change as of the last year, of which this ratio of Yamaha is 10.85% (9.55% in 2017),

this ratio of Honda is 10.58% (9.73% in 2017).

Gross profit: gross profit of SAVICO motorcycles' members reached VND 46.7 billion, increasing 20% YoY, including VND 23.9 billion from motorcycle sales, up 25% YoY and accounting for 51% of the total gross profit; VND 22.9 billion from services-spare parts-accessories, up 17% YoY and accounting for 49% of total gross profit.

Profit before tax:

Profit before tax of SAVICO motorcycles' members reached VND 9.3 billion, achieving 104% of 2018 year-plan, up 12% YoY, of which VND 3.5 billion from Yamaha - up 7% YoY and VND 5.8 billion from Honda - up 16% YoY. The brands that SAVICO members trading (Yamaha and Honda) are big brands, always providing suitable product lines to the market and their outstanding vehicles in the market also ensure the stable growth in services- spare parts - accessories operations.

Business performance of motorcycles sector maintains stable growth thanked to:

- Implementation of marketing programs to boost sales as well as services activity, ensured a stable gross profit on every unit sales.
- The increase of 17% in revenue from services- spare parts - accessories has ensured the overall performance.

Motorcycles network development:

Saigon Service Trading Co., Ltd completed and put into operation the 3S outlet of Yamaha Phụng Hiệp (Yamaha Sai Gon 4) on 29 October 2018.

❖ **Other services:**

Consolidated profit before tax of other services reached VND 46.1 billion in 2018, achieving 116.3% of 2018 year-plan, up 47,4% YoY.

Savico MegaMall (SMM) Trade Center, occupancy rate of block A and block B was 97% and 100% respectively (occupancy rate of 2017 was 95% and 100% respectively). Revenue grew steadily, especially after the cinema at the center was officially put into operation from April 30, 2018, contributing to improving visitor arrival and thereby revenue from renter.

Savico Da Nang, profit before tax in 2018 was VND 7.4 billion, achieving 186% of 2018 year-plan, up 135% YoY.

Melisa Wedding Conference Center, in the face of strong competition in 2018, the center also maintained a 110% growth rate in 2018 with profit before tax of VND 11.5 billion, up 86% YoY.

OtoS, merged with Carmudi in 2018 but facing many difficulties .

ComfortDelgro Savico Taxi, completed tax finalization, disposals of all cabs, stop business operations, on the step of completing the dissolution procedures.

2.2. Real estate service:

Business performance in 2018:

Figures	Unit	2017	2018	% 2018/ 2017
Revenue	Mil VND	73,200	73,719	101%
From office, retail for lease	Mil VND	56,859	61,712	109%
From projects	Mil VND	16,341	12,007	73%

Profit before tax	Mil VND	53,562	41,454	77%
From office, retail for lease	Mil VND	33,351	36,778	110%
From projects	Mil VND	20,211	4,676	23%

Comments:

- Office and retail for lease operating: revenue of 2018 was VND 61.7 billion, up 9% YoY. Profit before tax was VND 36.8 billion, up 10% YoY.
- The occupancy rate was maintained at high level, the rate in Ho Chi Minh City and Can Tho was 90.8%.
- The 66 - 68 Nam Ky Khoi Nghia office building: completed foundation construction, on going of body construction, expected to put into operation at the end of 2019.

Projects implementation:

Project name	Implementation situation
104 Pho Quang	Under following up and implementing necessary procedures for transfer a part of project .
Hiep Binh Phuoc - Tam Binh Residential Area	Completing construction of embankment, on going of landscape construction.
Mercure Son Tra	Awaiting conclusion of the Government on construction investment projects on the Son Tra Peninsula.
Long Hoa - Can Gio Residential Area	Adjusting the detailed master plan of 1/500 and ongoing procedures for granting land use right certificates.

The implementation progress of real estate projects is slower than the planned schedule (104 Pho Quang, Mercure Son Tra, 68 Nam Ky Khoi Nghia, etc.) due to difficulties in legal procedures.

2.3. Financial work:

FINANCING AND CASH FLOW MANAGEMENT WORK

At the end of 2018, cash inflow from operating activities was 137.1 billion VND, in which:

- Trading - service: cash dividend inflow from investment in companies member was VND 39.1 billion.
- Real estate service: reached VND 87.5 billion, including: inflow of VND 27.5 billion from transfer a part of Nam Cam Le project, VND 5 billion from 277 - 279 Ly Tu Trong project, inflow of VND 5.1 billion from return investment capital and cash dividend of Melisa, inflow of VND 49.9 billion from office and retail for lease.
- Financial service: cash dividend inflow of VND 1.6 billion from financial investments, VND 8.8 billion from disposal of investment in Viet Thai Electric Cable Corporation.

SAVICO has paid for investment in member companies with a total value of VND 32.4 billion as well as provided financial support (granting loans) to member companies with total value of VND 49.8 billion. By the end of 2018, the Company has also provided financial support to member companies of VND 22.3 billion.

Sector	Cash inflow	2017	2018	% 2018/ 2017
Trading - service	Cash dividend	33,600	39,137	116%
Real estate service	Projects & rental	144,886	87,530	60%
Financial service	Cash dividend & disposal	1,609	10,447	649%
Total (million VND)		180,095	137,114	76%

STRATEGIC COOPERATION WITH BANKS

Strategic cooperation with Vietinbank Branch 10, Vietcombank continued to promote efficiency and create favorable conditions for companies in the network to access the short-term/ long-term capital with preferential policies and interest rates.

Total short-term/ long-term credit limitation for the network was more than 3,000 billion VND, total outstanding credit disbursement maintained from 1,700 - 1,800 billion VND (accounting for 80% of outstanding borrowings of the network), together with many preferential policies, helping network to significantly reduce financial expenses (about VND 22 billion / year compared to the average cost of capital by the market), contributing to increase the profit of the network.

- Vietinbank: Total credit limitation granted for 28 member companies of SAVICO network by 31/12/2018 was VND 2,331 billion, outstanding loans was 1.123 tỷ đồng.
- Vietcombank: Total credit limitation granted for 14 member companies of SAVICO network by 31/12/2018 was VND 1, 514 billion, outstanding loans was VND 919 billion.

3. Innovations in organization and management:

❖ Evaluating performance based on KPIs and apply 5S in business operations:

- Being applied from 2016, the program of evaluating performance based on KPIs has a positive impact on operations at the Company' office. Each staff of the Company is always aware of the responsibility for the assigned work, builds a reasonable work plan and has a realistic action plan to ensure the best performance of the assigned tasks, thereby contribute to complete the objectives assigned by the General Meeting of Shareholders and the Board of Directors to the Company.
- With the basic steps "Sort, Straighten, Shine, Standardize, Sustain", the application of 5S at the Company's office has contributed to raising the voluntary awareness and self-awareness in doing business culture; improving positive working spirit, responsibility of each company employee; building a dynamic and professional working.

❖ Research and application of Information Technology in operations:

- Developing the internal online information sharing channels through online forums. Building forums on human resources, finance and accounting, trade ... to convey information quickly and.
- Implementing feasibility study of ERP management program to apply to the network.

❖ Improving and applying the form of management reports, enhancing the effectiveness of sharing information on management in the whole network.

- ❖ Continue to strengthen the connection, sharing experiences and information throughout the network through organizing seminars on sales and services combined with actual sightseeing, through groups and forums to share online: Zalo, Facebook, clubs.

III. FUTURE DEVELOPMENT PLAN

3.1. 2019 MARKET OUTLOOK

GENERAL SITUATION

Vietnam macroeconomic situation in 2019 is expected to continue to be stable. The participation in many bilateral and multilateral free trade agreements has reduced unfavorable impacts from international market. However, with the increasingly deep integration with the world economy, Vietnam's economy will be influenced by many aspects, all changes of the world can affect the domestic economy, even the Vietnam's economy can be caught up in the "whirlpool" of those fluctuations. At the same time, with a small economic scale, the response to future fluctuations may be more difficult because of limited financial and monetary balance.

Business operations of the Company will face many challenges in 2019, especially the Trading - Service will directly affected by automotive policies:

❖ OPPORTUNITIES:

- Macro economy is expected to continue to grow steadily IN 2019.
- The Ministry of Finance proposed to adjust the special consumption tax from 7 2019 for cars below 1.5l to 25%, down 20% compared to the current tax rate ⇒ Opportunities for cars with cylinder capacity below 1.5l.
- The automotive market will continue to grow strongly due to abundant car supplies, many new models will be upgraded, launched ⇒ Market capacity of 2019 is expected to increase by 20-25% compared to 2018.
- CPTPP officially took effect in Vietnam from January 14, 2019 ⇒ Attracting investment capital inflows ⇒ Promoting economic growth.

❖ CHALLENGES:

- Supply, new dealership network of manufacturers is expected to increase strongly, the entry of new manufacturers. ⇒ Strenuous competition in price, volume, market share, human resources.
- Commercial vehicle stocks in the market are still quite high, the Commercial vehicle market has not yet recovered.
- Decree 154 stipulates the quality control of spare parts when customs clearance ⇒ Technical barrier to limit CBU cars to Vietnam.
- The exchange rate can rise further , oil prices tend to rise ⇒ May cause an increase in cars' price.
- The Ministry of Finance proposed to adjust the special consumption tax from July 2019 with tax rate of 60% - 150% for cars over 2.5l ⇒ The car price has cylinder capacity over 2.5l can increase 15-20%.
- Registration fee for pickup increased by 60% compared to Passenger cars' tax rate ⇒ Pickup price increased by at least 30 - 70 million VND / unit.

- The Ministry of Finance proposed to impose property taxes on cars valued at more than 1.5 billion with a tax rate of 0.3 - 0.4%.
- Interest rates tend to increase ⇒ increase financial expense.
- Grab will be tightly controlled and proceed to attach identification caps and meters like traditional Taxi ⇒ Reduced demand.

Real estate service: Real estate market is expected to continue to grow stably:

- Affordable real estate still plays a key role. However, the size of low-end real estate market is narrowed, mainly focusing on middle and high-end segment.
- Land-lot continues to be an attractive investment channel in 2019, especially in sub-urban areas;
- Credit tightening (According to Circular 36/2014 / TT-NHNN and Circular 16/2018 / TT-NHNN) is a bottleneck of the market, reducing the development of the real estate market. At the same time, this is also the opportunity for the market to be purified, towards sustainable development, stability and in-depth development.

Financing: Credit growth is forecasted at 14% in 2019, interest rates rise slightly, exchange rates will still flexibly and less volatile in 2019. However, the following points should be noted. :

- *The exchange rate may fluctuate from 1.7 to 3.0% depending largely on the US-China trade war;*
- *FED keeps the policy of raising interest rates 4 times in 2019 - Influencing monetary policy as well as the movement of foreign capital flows.*

3.2. OBJECTIVES - BUSINESS TARGETS IN 2019

Objectives in 2019:

Figures (by consolidated FS)	Unit	2018 (A)	2019 Plan	% 2019 Plan /2018 (A)
Revenue	Mil VND	14,881,843	18,192,619	122%
Profit before tax	Mil VND	362,312	272,774	79%
Net profit after tax	Mil VND	300,267	241,144	80%
NPAT attributable to equity holders of the Company	Mil VND	173,003	142,839	83%

(*): *The plan will be updated and adjusted when the market has big fluctuations.*

Excluding the recognition of the 104 Pho Quang project, expected profit is VND 56.9 billion.

Orientation of targets in 2019:

- (1) Focusing on monitoring, updating, analyzing, forecasting, timely sharing information on market situation, Government policies and manufacturers to propose appropriate solutions. Working with member companies to set targets and solutions to best implement the planned targets for 2019.
- (2) Mobilizing resources to promote the development of automotive outlet network, researching and expanding investment into promising cars and brands, especially imported brands according to network development plan for the period of 2019 - 2021, thereby affirming the role of Trading -

Service as the core foundation for business operations, focusing on increasing the Company's operational efficiency.

- (3) Enhancing management, improving and operating effectively services with revenue and gross profit growth of 20% per year, ensuring stable and sustainable development of the automotive sector.
- (4) Continuing to strengthen the connection, sharing experiences and information of the whole network through organizing seminars on sales and services combined with actual sightseeing, through online sharing groups and forums (club, Zalo, Facebook, Viber).
- (5) Network development:
 - Updating, monitoring and supporting to ensure that projects are implemented and opened according to schedule ;
 - Developing specific plans, roadmaps, assigning and organizing the implementation of new outlet network development as planned for each localities and member companies ;
 - Reviewing and adjusting policies to keep and attract human resources, implementing appropriate personnel planning.
- (6) Strengthening cooperation and investment relations with strategic banking partners, increase credit limitation with preferential interest rates, ensure operating cash flow.
- (7) Strengthening the management role of the parent Company to the member companies.

Solutions

Trading - service:

Forecasting: Continuously updating, analyzing and forecasting, timely sharing information on market situation, policies on taxes and fees, policies of manufacturers to promptly propose solutions.

Order (purchase) management - inventory management:

- Continue to strengthen sales forecasting, ordering, optimal inventory control (maximum equivalent to 1 month sales inventory);
- Strengthening the review and management of costs through the allocation of cost plans for each division; carrying out inspection, control and explanation when there arises (at least 10% reduction of fixed costs compared to 2018).

Business management:

- Member companies take advantage of every opportunity to increase the efficiency of sales, services, accessories, insurance, and other value-added services, especially in the first half;
- Coordinating the member companies to focus on fully and promptly implementing monthly management reports, enhancing the effectiveness of sharing information on management throughout the network, implementing ERP management program;
- Organize seminars, workshops, share experiences among member companies;
- Setting out specific targets for divisions and member companies; carrying out assessment and review the performance of quarterly and thereby setting targets and solutions for the next quarter .

Network development: Member companies planning to develop outlets must set up a project management team to focus on implementing and ensuring the completion of the project as scheduled.

Commercial vehicles: Maintaining the organization of seminars, workshops to strengthen links, discuss, share experiences, increase sales efficiency, order, inventory, solution for truck body- building.

Financial management:

- SAVICO and member companies continue to work with bank partners, seeking preferential loans to save interest expenses. ;
- Coordinating to support financial management in each member company;
- Member companies with large-scale operations need to have personnel in charge of financial management.

Human resources: Coordinating with each member company to perform the assessment and review of the human resources situation, complete the human resources planning before June 2019 to ensure for the development plan of 2019 - 2021.

Real estate service:

1. Maintaining the maximum occupancy rate of space for lease, completing legal procedures to record business results of real estate projects.
2. Continuing to implement projects:
 - *104 Pho Quang:* Complete project transfer.
 - *Hiep Binh Phuoc - Tam Binh:* Completing construction of landscape, green trees and road mats to hand over to local agency. Exploiting the remaining land-lot to increase revenue. Finding collaborative / rental partners to develop the preschool school.
 - *Mercure Son Tra:* Following the conclusion of the Government Inspectorate and thereby have appropriate solutions .
 - *Nam Cam Le project:* Looking for partners to lease the remaining land area.
 - *Warehouse 403 Tran Xuan Soan:* Complete construction and put new warehouse into operation.
 - *Long Hoa - Can Gio project:* Completing procedures for granting land use right certificates.

Financial service:

1. Cooperation program with strategic bank: Monitoring and evaluating the effectiveness of strategic cooperation program with Vietinbank, Vietcombank for member companies. The Financial - Accounting Division is responsible for updating information related to financial activities in order to note and propose in time to SAVICO's BOM and member companies about possible financial risks.
2. Coordinating with functional divisions to evaluate and analyze investment efficiency and develop long-term financial plans in parallel with investment plans for sectors .
3. Increasing the capital resources management, cash flow management and investment efficiency: focus on collecting dividends from member companies from financial investments, ensuring the correct collection and sufficient dividends according to the planning. Actively allocate cash flow in line with the development of projects of the Company.

Advising works:

1. Divisions of Trading - Service, Finance - Accounting, Internal Control enhance monitoring and support for new member companies, companies that are facing difficulties in business operations, advising

and supporting help improve efficiency at member companies.

2. The BOM coordinates with the director and deputy directors of the divisions to determine the objectives and development orientation of the Company in the period of 2019 - 2021, whereby propose appropriate business solutions and aim to maximize investment efficiency.
3. Promoting recruitment channels in parallel with adjusting human resources policy, human resources planning and training to keep and attract good human resources.

3.3. ORIENTATIONS FOR MEDIUM AND LONG TERM OPERATIONS

- Continuing to affirm the role of pioneer investor, provide and distribute the best quality products to customers, be the reliable address for investors.
- Promoting the development of the auto distribution network, strengthening the current auto distribution network, focus on maintaining market share. Ensuring the revenue growth target in the medium and long term. Maximizing profits for the Company. Ensuring benefits for Shareholders.
- Improving the environment, working conditions and ensuring income for employees, fulfilling all obligations with the State budget.
- Constantly innovating, creating and applying technology in business operations, promoting practical initiatives and improvements.
- Improving the professional management system: financial management, business management and service quality based on the training and development of human resources with high professional qualifications and professional ethics. Applying technology 4.0 in management and execution.

This is the report and assessment of the Board of Management on business operations of the Company in 2018; targets, directions for 2019 and operational orientation for the following years of Saigon General Services Corporation (SAVICO).

Yours sincerely.

CEO

(Signed)

Mai Viet Ha