

No: 18/BC-HĐQT-SVC

Ho Chi Minh City, 18 May, 2020

***THE 2019 REPORT OF THE BOARD OF DIRECTORS AND THE SUMMARY OF
ACTIVITIES OF THE BOARD OF DIRECTORS IN THE PERIOD 2015-2019***

1. Assessment on the business operations of the Company:

With the advantages and positive growth results of 2018, Vietnam's economy in 2019 is the second consecutive year of meeting and exceeding the targets assigned by the National Assembly when GDP increased by 7.02%. However, Vietnam's economy also faced many difficulties and challenges when the global economy continued to grow slowly due to the instability of the global commerce, financial and political system. Including:

Automobile market in Vietnam has experienced difficult period, challenges and fierce competition among distributors and manufacturers due to abundant domestic and imported supply. In fact, price reduction occurred almost throughout the year in many segments and most brands. According to statistics, the total market output in 2019 reached 401,890 vehicles, increased by 14% in comparison with the same period (Report of VAMA and HTC)

The real estate market in Vietnam also faced many difficulties and fluctuations, but in general, it still grew steadily when the supply plummeted, leading to the real estate price tend to increase by 8-12% compared to 2018.

Particular for the Company, 2019, which is the last year of the strategic period 2015-2019, has been closed with encouraging results despite the market volatility. Each leader, manager, employee of the Company and member companies have accompanied the Board of Directors to overcome difficulties and challenges in order to make the Company and member companies in the network reach the business targets that the General Meeting of Shareholders assigned with the spirit of 'BREAKTHROUGH THINKING – DRIVES VALUE' as a guideline for all activities.

On network development:

With the opening and putting in to operation of 05 of 2S-3S automobile dealers, dissolution 02 car dealerships due to ineffective operation and opening 2 more car dealers in March, 2020 of Hyundai, Ford and Toyota; up to now, the Company has 52 dealers operating across the country. Services have also been focused, promoted to increase the sustainability of the value chain of the system.

The market share of Savico network in 2019 continued to grow when reaching 12,5%, increased by 1,6 % compared to the same period (Report of VAMA) and reached 10,1%, increased 1,1% compared to the same period (Report of VAMA and HTC).

Business performance:

Unit: VND million

Figures (by consolidated FS)	2019 Plan	2019 A	% 2019A/ 2019 Plan	% 2019A/ 2018
Revenue	18,192,619	18,274,374	100%	123%
Profit before tax	272,774	274,785	101%	76%
Net profit after tax	241,144	233,332	97%	78%
NPAT attributable to equity holders of the Company	142,839	153,667	108%	89%

Investment activities:

In 2019, the whole network invested in fixed asset and contributed capital to new establishment, increasing the capital contribution in existing companies in the network with the total of VND193,6 billion, in which the Parent Company disbursed VND 34 billion.

Savico network also transferred funds and undistributed profits in order to increase the charter capital in member companies to correspond to the value of long-term assets invested. Accordingly, the total consolidated amount of other capital of the Company at the end of 2019 was VND 91,89 billion, increased VND 71,65 billion compared to that at the end of 2018.

Corporate governance:

Continuing to improve the forms of operational management reports to strengthen the connection and support member companies in the network; Researching and applying technology in the whole network through developing human resources management system and information sharing channels of online forums on commerce, finance, accounting, human resources, etc.

Increasing capital management, cash flow and investment efficiency. Focusing on collecting correctly and sufficiently dividends, profits from member companies in the network and definitively resolve some ineffective portfolios to recover capital to supplement and develop the main business activities.

Strategic cooperation with Vietinbank and Vietcombank continued to promote efficiency and create favorable conditions for member companies in the network to access capital with reasonable costs and policies in order to reduce financial costs effectively and increase efficiency.

Continuing to carry out risk assessment in business activities, financial management, cost control to improve business efficiency in each member company.

Continuing to implement the succession planning program for senior and mid-level positions. Organizing training activities, developing human resources.

Dividend:

Cash dividend of 2018 were paid to shareholders in August, 2019 at a rate of 15% of par value, equivalent to VND 37.5 billion in accordance with the Resolution of the 2019 General Meeting of Shareholders.

Environmental and social responsibility:

In 2019, the Company and its member companies took part in the campaign “Say no to plastic waste” through activities: reducing the use of plastic bottles and using glass

bottles instead; cleaning, collecting rubbish, improving working environment; accompanies the Associations of nature and environment protection to follow many meaningful and practical natural and environmental protection programs. In addition, continuing to contribute daily salary to the care fund for those who live alone, have difficult circumstance and abandoned children; support people under preferential treatment policy; other volunteer programs for the community.

Safety, fire protection in the network continued to comply with regulations and policies on safety, environmental protection, fire protection through strict control in each step.

Also in 2019, the member companies of the network have won nearly 30 awards from manufacturers in Vietnam and internationally, the award of typical young entrepreneurs in Vietnam. The company continues to be on the list of the 500 largest enterprises in Vietnam and in the 100 largest public companies in Vietnam.

2. Monitoring and assessment on operations of the CEO, the Board of Management and the capital representatives in 2019

Based on the Company's Charter, the Board of Directors conducted the inspection and supervision of the operations of the CEO, members of the Board of Management and capital representatives in the implementation the objectives, plans and contents according to resolutions and notices of the General Meeting of Shareholders and the Board of Directors during the year through periodic and additional meetings of the Board of Directors; through exchanges, discussions at work programs and via email, phone to ensure the accuracy, relevance, timeliness and efficiency.

Through actual inspection and supervision, the Board of Directors assessed that the CEO, Board of Management and capital representatives had made great efforts and performed quite well the tasks assigned in 2019 including complying current laws, charter and operating regulations of the Company, improving and strengthening the organization, controlling and managing. Completed the business objectives assigned by the General Meeting of Shareholders and the Board of Directors.

However, the CEO, Board of Management and capital representatives need to find more suitable solutions for finding locations to develop projects; focus on completing legal procedures for some real estate projects; give solutions to further improve the efficiency of human resource development, knowledge management and risk control for the network.

3. The operations of the Board of Directors in 2019:

The Board of Directors has operated in accordance with the law, Charter and Corporate Governance Regulations of the Company, which have brought the greatest possible efficiency to the Company. The tasks under the authority of the Board of Directors are resolved by the board members with the spirit of concentration, cautiousness, responsibility and protecting the interests of the Company and shareholders. Therefore, the Board of Directors recognizes the contribution and promotion of the working efficiency of the Board of Directors in general and of each member of the Board of Directors in particular.

In 2019, the Board of Directors has directed, implemented and supervised the business activities of the Company and its member companies through 07 direct meetings held quarterly and 25 times collecting board members' written opinions, thereby issuing 40 Resolutions and 63 Notices.

Members of the Board of Directors are provided with timely and specific information and documents; participate in the activities of the Company. The resolutions of the Board of Directors were passed on the basis of clear, complete information and

approval of members. The directions and conclusions were issued early so that the Board of Management and capital representatives can promptly implement them. Resolutions of the Board of Directors are made publicly available in accordance with the law and voluntarily.

The Board of Directors has also closely cooperated with the Board of Supervisors to inspect and supervise the compliance with laws, charter and other relevant regulations in the process of administration and management of the Company and other member companies in the network.

The subcommittees of Remuneration and Human Resources, headed by independent member of the Board of Directors, has assisted the Board of Directors and advised the Board of Directors in creating appropriate salary and bonus policies and plans; select suitable staff to elect and appoint them to key and important positions of the Company and at the member companies in the network.

The maintenance and use of operating costs of the Board of Directors and the Board of Supervisors have been more and more reasonable and effective. In 2019, the Company made deductions for operating expenses of the Board of Directors and the Board of Supervisors in accordance with the Resolution of the 2019 Annual General Meeting of Shareholders and used as follows:

+ Fund balance at 31/12/2018	VND 1,580,059,858
+ Deduct according to Resolution of the 2019 AGM	VND 7,128,602,991
+ Total spending in 2019	VND 4,648,944,444
+ Fund balance at 31/12/ 2019	VND 4,059,718,405

4. Training on corporate governance in 2019:

Members of the Board of Directors and managerial staff of the Company regularly participated in training courses, seminars and workshops organized by the Stock Exchange and the Securities Commission on corporate governance as well as training course on management skills, administration and control of other institutions, such as:

- Training on “Decree 05/2019/ND-CP on Internal Auditing – Auditing skills and building internal audit process”.
- Workshop “Update new points in the revised Law on Enterprises and organize the company according to advanced management model”.
- Training course “Internal audit for members of the Board of Directors”.
- Workshop “Common errors and frauds in financial statements”.
- Regular updates on auditing, accounting and tax knowledge.
- Banking credit seminar – perspective from the bank.
- Training course “Auditors”.
- Training course “Blue ocean strategy”.

5. Summary the operations of the Board of Directors in term III (2015 - 2019)

In term III (2015 - 2019), the Board of Directors focused on implementing the tasks assigned by the General Meeting of Shareholders in an honest, prudent for the benefit of the Company. The Board of Director has directed the CEO, Board of Management and capital representatives at member companies to focus on the market,

seek solutions to deal with the market situation, take advantage of opportunities, use resources in the best way for the stable and sustainable development of the Company and its network.

The Board of Directors organized the General Meeting of Shareholders, periodic and additional meetings of the Board of Directors and collect written opinions in accordance with the law and the Company's Charter to carry out the main activities as follows:

- Summary of business results of the period 2015-2019:

Unit: VND billion

Figures	2015	2016	2017	2018	2019
Net revenue	9,890	13,649	13,781	14,872	18,266
Profit before tax	205,4	212,2	174,0	362,3	274,8
Net profit after tax	163,3	173,8	139,1	300,3	233,3
NPAT attributable to Equity holders	103,9	123,0	81,6	173,0	153,7
Dividend paid in the year	12%	14%	12%	12%	15%
Owners' Equity	1,061	1,172	1,277	1,535	1,639

- Nework development:

	2015	2016	2017	2018	2019
Automotive dealers	27	34	41	48	52
Motorbike dealers	07	05	05	06	06
Direct and indirect subsidiaries, associates	26	33	37	40	48

- Trading - Service :

- + Develop and deploy a strategy to develop the Service – Trade network for automotive in regions across the country.
- + Research and invest in expanding potential brands, especially imported brands.
- + Strengthen the operational management, improve the service effectively to ensure the stable and sustainable development of the network.
- + Consolidate and restructure a number of member companies, reorganize, adjust and discontinue some motorbike business lines to meet the local customers' needs.

- Real Estate Service :

- + Implementing the restructuring strategy and focusing on cutting the total investment assets in order to recover the cash flow and reduce the cost of capital.
- + Carry out step by step the legal procedures, investment and project implementation and project capitalization according to the strategy.

- + Continue to maintain and increase stable revenues from trade centers and offices, other trade services,...
- **Financial management:**
 - + Create and strengthening strategic partnerships with financial institutions have helped the enterprises in the network to access capital with reasonable costs and policies in order to reduce financial costs effectively and increase efficiency.
 - + Orient and carry out the recovery of capital from ineffective portfolios and plans to collect dividends, profits from member companies, manage and allocate cash flows in line with the development plans of projects of the Company.
 - + Coordinate to support financial management in each member company.
- **Advising works:**
 - + Strengthen connectivity, support member companies through concrete and practical solutions: annual planning conferences, industry conferences, updating and sharing market situation, governance information, policies, experience and solution handling.
 - + Implement and assess the risks in business operations, financial management, cost control to improve business efficiency.
 - + Create and implement human resource development strategy by 2020. Plan and train senior and mid-level employees as well as recruit and organize employee training to meet the requirements of the development of the Company and its network.
 - + Arranging the managerial staff, capital representatives according to the development objectives of the Company and its network.
 - + Consolidate and develop the staff support fund, the young talent fund in order to create conditions for employees to contribute to the Company.
 - + Build and standardize the brand Savico; successfully organized programs and events to celebrate the 37th anniversary of the Company's founding and create a mark as well as a closer connection between enterprises in the network.
 - + Fully comply with the regulations of listed company in doing the annual report.
- **Human resource:**
 - + In April, 2015, on the basis of unanimously electing 07 members of the Board of Directors at the 2015 AGM for Mr. Nguyen Binh Minh, Mr. Mai Viet Ha, Mrs. Nguyen Viet Hoa, Mr. Nguyen Cong Binh, Mr. Doan Van Quang, Mr. Luong Quang Hien and Mr. Nguyen Duc Trong. Mr Luong Quang Hien and Mr. Nguyen Duc Trong are non-executive members, accounting for 30% of the total number of members of the Board of Directors. The Board of Directors organized a meeting and elected Mr. Nguyen Binh Minh as the Chairman. In addition, the Board of Directors has reappointed Mr. Mai Viet Ha as the CEO, Mr. Doan Van Quang as Deputy General Director in charge of Trading Service, Mr. Nguyen Cong Binh as Deputy General Director in charge of Real Estate, Mrs. Nguyen Thu Nga as Deputy General Director in charge of Administration, Mr. Ngo Van Danh as Chief Accountant.

- + However, when the Law on Enterprises No. 68/2014/QH13 and Decree no. 71/2017/NĐ-CP took effect, Mr. Luong Quang Hien is not eligible to be an independent member of the Board of Directors. Therefore, in order to meet the rate of independent member in accordance with the law and meet the development needs of the Company and its network, based on the proposal of the Board of Directors, the 2018 AGM (in June, 2018) elected Mr. Lars Johan Gerard De Geer as the independent member of the Board of Directors. Therefore, the Board of Directors has 08 members.
- + In May, 2019, the Board of Directors appointed Mr. Phan Duong Cuu Long as the Deputy General Director of the Company in charge of managing Ford's business operations and brand development to enhance the management and administration of the Company.
- + Due to the assignment of the Ho Chi Minh City People's Committee to work in another organization and did not continue to be the capital representative of Benthanh Group at the Company. In September, 2019 Mr. Nguyen Binh Minh resigned from his position as the Chairman – Member of the Board of Directors.
- + In October, 2019 the Board of Directors approved the change of senior management staff for the remaining of the term 2015 – 2020 (until the 2020 AGM) of the Company as follows:
 - Approved the resignation from his position as the Chairman – Member of the Board of Directors of Mr. Nguyen Binh Minh.
 - The Board of Directors has 01 vacancy (The BOD has 07 members).
 - Elected Mr. Mai Viet Ha as the Chairman and approve the resignation from his position as the CEO and the legal representative of the Company.
 - Appointed Mr. Phan Duong Cuu Long as the CEO and the Legal representative of the Company.
 - Approved the resignation from the position as the Deputy General Director of Mrs. Nguyen Thu Nga in order to work at member company in the network.
- + In addition, the Board of Directors has also planned, arranged and selected suitable staff to appoint to positions in the administration and management at enterprises in the network.
- **Weaknesses:**
 - + The forecasting work has been strengthened and improved, but has not yet reached the governance goals, which cause the underestimation of market changes and adjustment of the business plan (2018).
 - + Regarding the development of the Trading - Service:
 - The Company and its network do not have suitable locations for network development.
 - The research, assessment of some business plans are not close to the reality due to the estimation and forecasts on the general situation did not match up with changes of the market.
 - + Regarding the development of real estate projects: Passive in term of legal, approval process, change of approval personnel,...especially for projects before the equitization, projects that the State allocates the land.

- + Regarding finance and accounting: The accounting software used in the whole network has not been applied; the use of financial leverage (loans) is quite large, increasing the burden as well as the level of payment risk of some member companies, debt to capital ratio (including debt and equity) at some point of time was quite high – equivalent to 80%; there are still member companies that have not yet fulfilled the criteria under the strategic cooperation contracts signed with banks, so they have not been considered for upgrading the credit rating as well as enjoying more preferential policies from banks.
- + The ability of management and control of inventories and receivables at some newly established member companies is not high; The Capital representatives has not fully promoted their role in the support and settlement of arising jobs.
- + Regarding human resource: Human resource planning has not met the network development plan. The network has not yet effectively used senior management staff, human resource planning was slow compared to the development of new dealers of the network. In most projects developed by the Company, the risk from outside recruited managers cannot be avoided (not suitable for the company's culture,...). Recruitment of sales staff, service technicians is difficult (especially in specific market regions in the province such as Mekong Delta and Binh Phuoc province).

6. Strategic orientation on 2020 - 2025:

Strategic orientation on 2020 - 2025:

- With the vision of " To become the leading investment corporation specializing in services in Vietnam, integration into regional as well as international business networks."
- Continue to assert the role of a pioneer investor in Company's core business; develop the company comprehensively, be strong in organization and always be a public company with a reputable brand.
- Develop a portfolio of effective business brands, combined with M&A activities to develop network and develop separate value-added products.
- Improve and integrate in the management system:
 - + The Parent Company digitizes and knowledge management to serve corporate governance requirements and also to develop value-added products.
 - + Member companies digitize (ERP, online sales channel, interactive app ...) to serve sales, service and customer care activities.
- Recruit and keep talented personnel on the basis of benefit sharing policy, seek and develop competitive policies to attract and keep personnel for the goal of stable and sustainable network development ..
- Reinforce and develop the Company's unique cultural characteristics in a friendly and humane way so that the employees of the Company and its network can be more confident, develop their career associated with the development of the Company; transparency, publicity and harmony of interests of customers, partners, shareholders, employees and sustainable values of the Company.

2020-2025 Objectives:

Figures	Performance in 2015-2020	Objectives of 2020 - 2025
Number of car outlets	From 25 to 52	From 52 to 72
Market share (VAMA + HTC)	7,8 – 10,1%	From 9,0 – 10,0%
Annual revenue growth rate	18,2%	From 9 - 12%
Average ROA	4,7%	From 5%
Average ROE	15,4%	From 15%
Dividend ratio by par value/ year	13,0%	From 12%

7. 2020 Business Plan:

In 2020, the global economy is forecast to decline due to the slowdown in growth of some major economies, the trade war is ongoing and especially, the Covid-19 pandemic is spreading rapidly around the world,... most businesses will be affected depending on the level of response and prevention of each country.

Vietnam's economy is forecast to receive the negative consequences of the pandemic, the Government is preparing policies to support the economy, the banks consider lowering interest rates and exempting and reducing interest rate for borrowers, enterprises are extending the progress of projects, some enterprises in the manufacturing sector reorganized their production scale and human resources due to lack of materials and market acceptance, ...

Therefore, the Board of Directors sets out the following business orientation in 2020:

- Prioritize to ensure the safety and stability of business operations of the Parent Company and companies in the network.
- Focus on handling and resolving legal issues in real estate service.
- Concentrate resources on selective development of automotive dealership, research and invest in expanding potential brands, especially imported brands according to the network development plan 2020 - 2025.
- Strengthen governance, improve and operate service activities effectively to ensure the stable and sustainable development of the automotive segment.
- Continue to increase share capital for the Company and its member companies to enhance the capacity and financial positions.
- Strengthen cooperation and investment relations with existing strategic partners. Research and seeking new strategic partners related to the Company's business activities.
- Further strengthen and improve the management role of the Parent Company to its member companies. Performing digitization in data processing and reporting to meet operational management requirements. Promote corporate culture, strengthen internal cohesion, ensure the development of the network in the new period.
- Complete strategy for the period 2020 - 2025.

From the above orientations, the Board of Directors agreed on the 2020 targets proposed by the Board of Management as follows:

Figures (by consolidated FS)	Unit	2019 A	2020 Plan (*)	% 2019 A
Revenue	VND million	18,274,374	14,762,681	81%
Profit before tax	VND million	274,785	125,256	46%
Net profit after tax	VND million	233,332	107,891	46%
NPAT attributable to equity holders of the Company	VND million	153,667	71,878	47%
Dividend	%	Expected 10%	Expected 7%	

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

Due to unpredictability of pandemic and its impacts to the economy, the Board of Directors proposes the General Meeting of Shareholders to authorize the Board of Directors to proactively adjust business targets when the market has large fluctuations.

The period 2015 - 2019 has passed a lot of difficulties for existence and development, but we ended with good results. In the next period 2020-2025, and especially the challenges of the market in 2020, the Board of Directors takes the spirit of "CONQUERING CHALLENGES –FIND OUR OWN WAYS" as a viewpoint to lead. The Board of Directors will always together with the CEO, Board of Management, the capital representatives and all the staff of the network to promote internal strength, effectively utilize the opportunities of the market, and pursue the goal of becoming a the leading investment corporation specializing in services in Vietnam, integration into regional as well as international business networks.

The Board of Directors would like to express our sincere appreciation to the Board of Management, managerial staff, the capital representatives and all the employees for their efforts and dedication to the period 2015 - 2019 and to the trust, support of customers, the cooperation and companion of partners and shareholders. The Board of Directors wish all customers, shareholders, partners and all employees good health and happiness. At the same time, we hope that our cooperation will create a strong motivation for the Company and the network in particular and Vietnam in general for a prosperous development!

Yours sincerely.

Recipient:

- As stated above;
- Company archives.

**For and behalf of BODs
CHAIRMAN**

Signed

Mai Viet Ha