SAVICO

BREAKTHROUGH THINKING DRIVES VALUES

Annual report 2018

CONTENT

Major Financial Benchmarks 4

Vision - Mission - Core Values 7

Chairman's Message 8

SAVICO INTRODUCTION

Establishment and Development History 12

Business Lines and Locations 14

Subsidiaries and Associates 16

Typical Awards in 2018 23

Shares and Shareholders Information 26

Development Orientation 30

Governance Model, Business Organization and Managerial Apparatus 32

Board of Directors 34

Board of Management 36

Board of Supervisors 37

2018 BUSINESS PERFORMANCE

Market Overview in 2018 40

Report of the Board of Directors 44

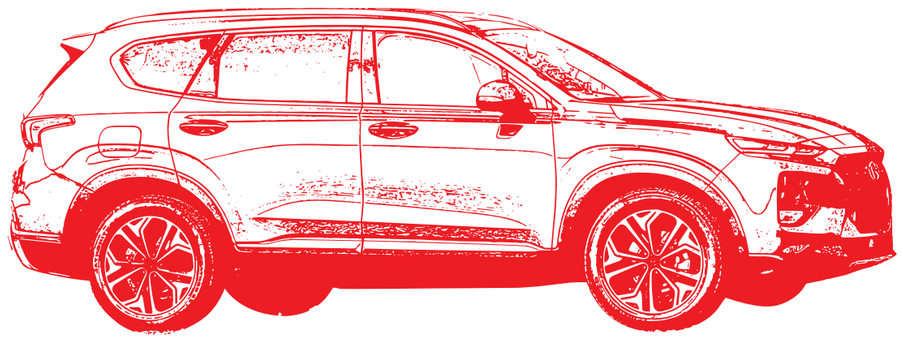
Report of the Board of Management 50

Report of the Board of Supervisors 62

Investment Situation 68

Organization and Personnel 69

Innovations on Organizational Structure and Management Policies 71



CORPORATE GOVERNANCE

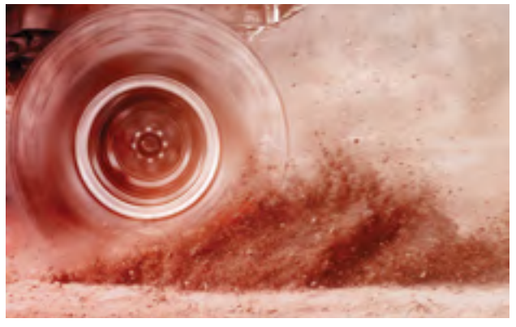
Organizational Structure & Operation of BOD 74

Sub-Committees under BOD 76

Structure & Operation of BOS 77

Transactions, Remuneration and other benefits of BOD, BOM and BOS 79

Risk Management 80



CORPORATE RESPONSIBILITY REPORT

Overview of sustainability report 86

Economic efficiency 88

Environmental target 90

Social target 92

FINANCIAL STATEMENTS

MAJOR FINANCIAL BENCHMARKS

BUSINESS PERFORMANCE

Business results in 2018

	2017	2018	2018/2017 (%)
Revenue from sales of goods and provision of services	**13,781,307**	**14,871,655**	**108%**
Cost of goods sold	***13,060,917***	***13,851,911***	***106%***
Gross profit	**720,390**	**1,019,744**	**142%**
Financial income	21,271	17,898	84%
Financial expenses	107,874	87,739	81%
In which: Interest expenses	90,915	84,957	93%
Share of profit in associates	***14,316***	***57,904***	***404%***
Selling expenses	415,118	458,727	111%
General and administrative expenses	242,352	289,674	120%
Net operating (loss)/ profit	-9,368	259,407	2,769%
Other income	186,203	106,523	57%
Other expenses	2,848	3,619	127%
Results of other activities	**183,355**	**102,905**	**56%**
Accounting profit before tax	173,987	362,312	208%
Net profit after tax	**139,056**	**300,267**	**216%**
Equity holders of the Company	***81,633***	***173,044***	***212%***
Non-controlling interest	57,422	127,264	222%

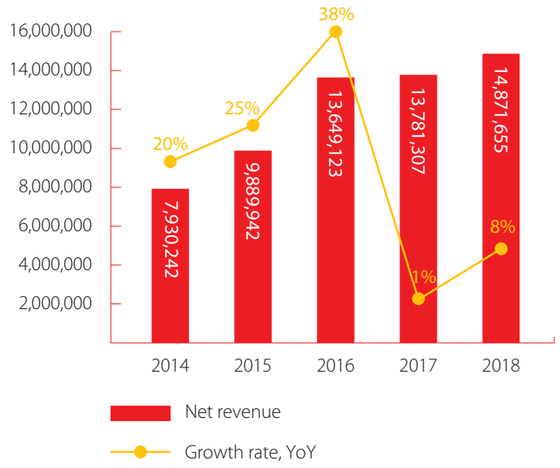
Source: 2017, 2018 Audited Consolidated Financial Statements of the Company, Unit: VND million

Financial benchmarks

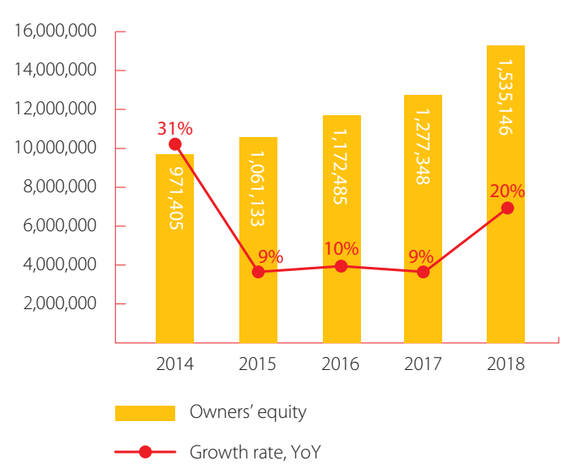
BENCHMARKS	2017	2018
Liquidity Ratios		
Current ratio	0.91	0.97
Quick ratio	0.51	0.47
Leverage Ratios		
Liabilities / Total assets	0.65	0.65
Liabilities / Owner's equity	1.83	1.84
Debt to assets ratio	0.34	0.37
Operation capability ratio		
Net revenue / Total assets	3.81	3.41
Profitability Ratio		
Profit after tax / Net revenue	1.0%	2.0%
Profit after tax / Owner's equity	11.4%	21.4%
Profit after tax / Total assets	4.0%	7.5%
Operating profit / Net revenue	-0.1%	1.7%
Result of other activities / Net revenue	1.3%	0.7%

Source: 2017, 2018 Audited Consolidated Financial Statements of the Company, Unit: VND million

Net revenue and growth rate 2014 - 2018
Unit: VND million



Owners' equity and growth rate 2014 - 2018
Unit: VND million



GENERAL INFORMATION

SAVICO

SAVICO system currently has 14 subsidiaries, 7 associates and 21 subordinated companies of subsidiaries and associates.

COMPANY'S NAME: SAIGON GENERAL SERVICE CORPORATION

Transaction name: SAVICO

Securities code: SVC (HSX)

HEAD OFFICE: 68 Nam Ky Khoi Nghia, District 1, Ho Chi Minh City

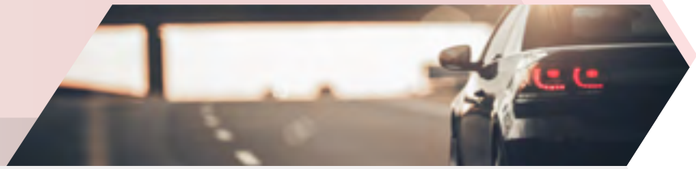
Tel: (84-28) 3821 3913

Fax: (84-28) 3821 3553/3821 5992

Email: savico@savico.com.vn

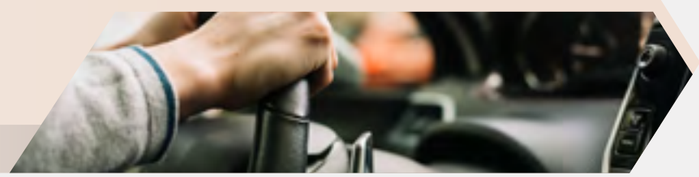
Website: www.savico.com.vn

VISION - MISSION - CORE VALUES



VISION

To become the leading investment corporation specializing in services in Vietnam, integration into regional as well as international business networks.



MISSION

To bring prestigious products and services to our consumers, improving the quality of life.

CORE VALUES

TRANSPARENCY: In transactions, actions and business.

RESPECT: Shareholders, Investors, Customers, Partners…

RESPONSIBILITY: Complying with the Law, actively contributing to the community and society.

CREATION: Always looking for opportunities, self-innovating to increase reputation and business efficiency.

SOLIDARITY: Consensus to overcome challenges; self-renewal, actively seeking opportunities, creating success.

Vision, Mission and Core values of the Company are reviewed annually by the Board of Directors, in which the Mission has been adjusted in the first periodic meeting of 2018.

CHAIRMAN'S MESSAGE

BREAKTHROUGH THINKING DRIVES VALUES

14,881 VND billion
Consolidated Revenue

Dear honorable shareholders, leaders and all employees of SAVICO!

First of all, the Board of Directors of SAVICO would like to express our sincere thanks to your support and accompanying during the last time. Particularly, we would like to express our gratitude to the leaders and all the employees of SAVICO as well as the member companies for your increasing efforts to overcome difficulties and take advantages of the market to enable SAVICO to gain outstanding achievements in 2018.

SAVICO is the pioneer among the enterprises operating in trading and services in Ho Chi Minh City in particular and in Vietnam in general. SAVICO's collective is committed to increasingly working hard and renovating to make dream come true - **SAVICO IS THE LEADER IN SERVICE BUSINESS IN VIETNAM, INTEGRATING IN THE REGION AND IN THE WORLD**. We can affirm that we have never neglected implementing this commitment.

On the way to make dream come true, the happiness has come with SAVICO when there are more and more customers satisfying with the products and services provided by SAVICO. We are happy to create jobs for more people and, together with the manufacturers, we train a team of skillful workers meeting the regional and international standards. We are happy to create a working environment of humanity, not only giving them good jobs but also giving them opportunities for starting up and building their career with SAVICO. We are also happy when SAVICO increasingly develops and brings more and more added values to the Shareholders as well as contributing to the economic growth of Ho Chi Minh City and the nation.

It is the support, cooperation and trust of shareholders together with the dedication of the leaders and the employees have brought SAVICO's achievements todays. We always believe that all achievements are common ones and we are delighted to share the joy and happiness with all shareholders and generations of leaders and employees of SAVICO system with the deepest gratitude.

SAVICO's development journey continues with challenging goals in many difficulties and obstacles in the market in 2019. However, we continue to take the spirit of **"BREAKTHROUGH THINKING DRIVES VALUES"** as a viewpoint to lead the system as well as committing to always engaging promoting internal strength to make dreams come true. Therefore, we hope that the leaders and employees of the whole system are assured, united and promote the existing values of SAVICO. We hope that shareholders will continue to trust, accompany and support us to achieve the business plan targets for 2019 so that SAVICO will grow strongly, stably and sustainably.

Yours faithfully!
Chairman

Nguyen Binh Minh

FUTURE VISION

Grasping market, staying ahead...

ESTABLISHMENT AND DEVELOPMENT HISTORY

Operation period in the form of a State-owned company

Operation period in the form of a Joint Stock Company (2004 to present)

FOUNDATION BUILD 1982 - 2004

DEVELOPMENT INTEGRATION 2004 - 2014

EXPAND BUSINESS 2015 - 2017

SUSTAINABLE DEVELOPMENT 2018 - present

1982

SAIGON GENERAL SERVICE CORPORATION (SAVICO) was formerly a State - owned company established on 01 September 1982 named District 1 Service Company.

1986

Changed the Company's name from District 1 Service Company to SAIGON GENERAL SERVICE CORPORATION (SAVICO)

1990

Invested and developed business services of automobile, motorbike, tourism, transportation - taxi, etc. creating the foundation for the development of the Service - Trading system onwards.

1995

Expanded business to Real Estate Services and put it in the core business activities of the Company.

1998

Step by step shifted operations to the investment company model - starting with the capital contribution or buying shares of companies; built and developed distribution agents of cars and motorcycles of prestigious brands such as Toyota, Ford, Suzuki, Chevrolet, etc.

2005

Equitized and operated as a Joint Stock Company from 04 January 2005. The Company's activities focus on three areas: Commercial Services, Real Estate Services and Financial Services.

2006

On 21 December 2006, the Company's shares were officially listed in Hanoi Securities Trading Center (HNX) with the stock code SVC.

2009

On 01 June 2009, the Company changed its securities to Ho Chi Minh City Stock Exchange (HOSE) with stock code SVC.

2016

Expanded into trading vehicles with Hino brands and traded high-end vehicles with Volvo brand.

2017

Promoted the development of distribution and service activities in the automotive industry.

The total number of new car dealers in this period is 22, bringing the total number of car dealers in SAVICO to 41 agents.

2018

Focused on innovating management and leadership thinking; continued to invest in developing distribution and service activities in the automotive industry, bringing the total number of current car dealers to 48; maintained and developed stable revenues from real estate services as well as promoting the support function of this field in the field of Services - Trading.

48 Agents in 2018

BUSINESS LINES AND LOCATIONS

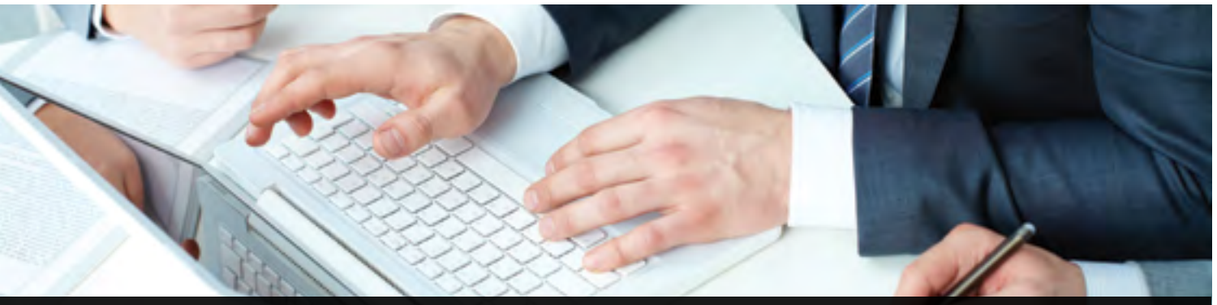
BUSINESS LINES

TRADING & SERVICE

Organize a dealer system directly distributing automobiles, motorcycles from domestic and foreign manufacturers; Repair and maintain automobiles, motorcycles and enclosed services for brands like Toyota, Ford, Volvo, Hyundai, Honda, Hino, Isuzu, Yamaha...

REAL ESTATE SERVICE

Investment and development of real estate business with orientation of office buildings, trade centers…; Investment in infrastructure supporting the activities of Trading & Service.



FINANCIAL SERVICE

Supporting the business activities of Trading & Service and Real Estate Service.

LOCATIONS

Business localities of SAVICO spreads from the North to the South.

NORTHERN

Ha Noi

Hai Duong

Nam Dinh

CENTRAL AND HIGHLANDS

Da Nang

Quang Nam

Gia Lai

Binh Dinh

HCMC AND SOUTHEAST

Binh Thuan

Binh Phuoc

Binh Duong

Ho Chi Minh City

Tay Ninh

MEKONG DELTA

Vinh Long

Can Tho

An Giang

Hau Giang

Kien Giang

SUBSIDIARIES AND ASSOCIATES

SAVICO system currently has 14 subsidiaries, 7 associates and 21 subordinated companies of subsidiaries and associates.

NO.	COMPANY'S NAME	ADDRESS	PRINCIPAL ACTIVITY	CHARTERED CAPITAL (31/12/2018) VND million	% OF OWNER'S EQUITY
			SUBSIDIARIES		
1	**Savico Hanoi Corporation**	7-9 Nguyen Van Linh, Hamlet 17, Gia Thuy ward, Long Bien district, Hanoi City	Operating trade center, providing hotel services; civil and industrial construction; agent and consignment; import and export activities; trading and maintaining automobile; providing engine rental, transportation and car parking services.	80,000	70.00%
	SAVICO Mega Mall	7 - 9 Nguyen Van Linh, Gia Thuy ward, Long Bien district, Hanoi City Tel: (84 24) 62 668 855 www.savicomegamall.com			
	Toyota Long Bien Co., Ltd.	7 - 9 Nguyen Van Linh, Gia Thuy ward, Long Bien district, Hanoi City Tel: (84 24) 62 777 999 - Fax: (84 24) 62 777 998 Hotline: 0973.778.669 Email: toyotalongbien.hn@gmail.vn www.toyotalongbien.org			
	▸ **Toyota Hai Duong Co., Ltd.**	No. 1, Ngo Quyen street, Cam Thuong ward, Hai Duong City Tel: (84 220) 3555 999 - Fax: (84 220) 3555 997 Hotline: 090.345.9775			
	Hai Duong Automobile Investment & Service Co., Ltd. (Ford Hai Duong)	Zone 14, Ngo Quyen street, Binh Han ward, Hai Duong City, Hai Duong province Hotline: 0906 931 555 www.haiduongford.vn			
2	**Savico Da Nang Corporation**	66 Vo Van Tan, Thanh Khe district, Da Nang City	Trading real estate; leasing office and workshops; consulting, and real estate brokerage services; trading automobile and spare parts; providing maintenance and repairing services; providing transportation services.	42,900	70.00%
	Dana Joint Stock Company (Danaford)	56 Dien Bien Phu, Thanh Khe district, Da Nang City Tel: (84 236) 364 6555 - Fax: (84 236) 364 6746 Hotline (rescue): 0905 444 888 Email: danaford@danaford.com.vn www.danaford.com.vn Hotline (sales): 0905 105 888 Hotline (service): 0914 061 731 Customer care service: 0905 444 838			
	▸ **Dana Ford Binh Dinh**	73 Tay Son, Quy Nhon City, Binh Dinh province Tel: (84 256) 3546 555 - Fax: (84 256) 3546 488 Hotline: 0905 631 666 Email: dongpq@danaford.com.vn			
	▸ **Dana Ford Gia Lai**	284 Le Duan, Thang Loi ward, Pleiku City, Gia Lai province Tel: (84 269) 3535555 - Fax: (84 269) 3551777			
	Auto Song Han Joint Stock Company (Hyundai Song Han)	86 Duy Tan, Hoa Thuan Tay ward, Hai Chau district, Da Nang City Tel: (84 236) 378 3555 - Fax: (84 236) 378 3883 Hotline: 0914 303 555/0511 3 783 888 www.hyundaisonghan.com.vn			
	▸ **Auto Son Tra Co., Ltd.**	286 Pham Hung, Hoa Phuoc commune, Hoa Vang district, Da Nang City Tel: 02363.773555 - Fax: 02363.773556 Hotline: 0941.555.404 Email: CSKH@hyundai-sontra.vn www.hyundai-sontra.vn			
	▸ **Auto Gia Lai Co., Ltd.**	278 Le Duan, Pleiku City, Gia Lai province Tel: (84 269) 386 2255 - Fax: (84 269) 386 2266 Hotline: (84 069) 373 5888			
	Auto Binh Dinh Joint Stock Company (Hyundai Binh Dinh)	359 Tay Son, Quang Trung ward, Quy Nhon City, Binh Dinh province Tel: (84 256) 353 5255 - Fax: (84 256) 353 5166 Hotline: (84 256) 364 7888 www.hyundaibinhdinh.com.vn			
	Auto Da Nang Co.,Ltd - Mitsubishi Savico Da Nang	02 Nguyen Huu Tho, Hoa Thuan Tay ward, Hai Chau district, Da Nang City. Tel: (84 236) 377 8555 - Fax: (84 236) 389 3789. www.mitsubishisavico.com.vn			
	▸ **Mitsubishi SAVICO Quang Nam**	475 Hung Vuong, An Son ward, Tam Ky city, Quang Nam province Hotline: 0905.606.115 mitsubishimotorsquangnam.com			
3	**Da Nang Son Tra Corporation**	Bai Trem, Son Tra district, Da Nang City	Development of Mercure Son Tra Resort	84,000	98.00%
4	**Toyota Giai Phong Joint Venture Company**	807 Giai Phong, Hoang Mai district, Hanoi City Tel: (84 24) 3664 0124 Fax: (84 24) 36640127 Hotline: 0903.259.295 www.toyotagiaiphong.com.vn www.toyotagiaiphong.vn	Trading TOYOTA cars and spare parts, providing maintenance services.	18,088	51.00%
	Toyota Giai Phong - Phap Van branch	Phap Van Highway, Hoang Liet ward, Hoang Mai district, Hanoi City Tel: (84 24) 3642 5588 - Fax: (84 24) 3642 5599 Hotline: 098 999 7879 www.toyota-phapvan.com			
	Toyota Giai Phong - Nam Dinh branch	Nam Dinh - Phu Ly street, Loc Hoa commune, Nam Dinh City, Nam Dinh province Hotline: 0974 123 535 - 0943 962 525 www.toyota-namdinh.vn			

SUBSIDIARIES AND ASSOCIATES *(continued)*

NO.	COMPANY'S NAME	ADDRESS	PRINCIPAL ACTIVITY	CHARTERED CAPITAL (31/12/2018) VND million	% OF OWNER'S EQUITY
5	**Saigon Automobile Service Joint Stock Company (Saigon Ford)**	61A Cao Thang, ward 3, district 3, Ho Chi Minh City Tel: (84 28) 3818 1458 Fax: (84 28) 3818 1466 Hotline (service): 090 746 8686 Hotline (sales): 093.878.3139 Email: saigonford@saigonford.com.vn Website: www.saigonford.com.vn	Trading FORD cars and spare parts, providing maintenance services.	86,000	52.05%
	Saigon Ford Pho Quang	Center for trading second hand automobile and auto body painting services. 104 Pho Quang, ward 2, Tan Binh district Tel: (84 28) 3844.2947/3844.2948 - Fax: (84 28) 3844 2896 Hotline: 093 811 0139 Email: phoquang@saigonford.com.vn			
	Tran Dinh Xu service workshop	72 Tran Dinh Xu, District 1, HCMC Tel: (84 28) 3838 9508 - Fax: (84 28) 3838 9521 www.mazdabenthanh.com.vn			
	Saigon Ford Tran Hung Dao	6A Tran Hung Dạo, Pham Ngu Lao Ward, District 1, HCMC Tel: 0903900911 - Fax: (84 28) 3915 3244			
	Saigon Can Tho Auto Joint Stock Company	Block 11C Vo Nguyen Giap, Phu Thu ward, Cai Rang district, Can Tho City Tel: (84 292) 3730 720/3730 719 - Fax: (84 292) 3.730.716 Hotline: 0902 357 558 Email: cantho@saigonford.com.vn www.canthoford.vn			
	Ben Thanh Automobile Service Joint Stock Company	831 Truong Chinh, Tay Thanh ward, Tan Phu district, HCMC Tel: (8428) 3815.7979 - Fax: (84 28) 3815.8989 Hotline (Service): 0908 061 061 - (Sales): 0938 191 191 Email: info@benthanhford.com.vn www.benthanhford.com.vn			
	▸ **Ben Thanh Ford Assured**	69-71 Che Lan Vien, Tay Thanh ward, Tan Phu district, Ho Chi Minh City Tel: 0908 008 998 - Fax: (84 28) 38155886 Hotline: 0931.248.248			
	▸ **Ben Thanh Tay Ninh Joint Stock Company**	226 National Highway 22B, Hiep Truong hamlet, Hiep Tan commune, Hoa Thanh district, Tay Ninh province. Tel: (84.276) 3622 711 - Fax: (84.276) 3622 911 Hotline: 0936 824 879 Email: info@tayninhford.com.vn www.tayninhford.com.vn			
	Binh Thuan Automobile Service Joint Stock Company	National Highway 1A - Block 4/3, road no. 4 Phan Thiet 1, Phong Nam commune, Phan Thiet City, Binh Thuan province Tel: (84.252) 3535 010 - Fax: (84.252) 3535 020 Hotline (Sales): 0919 828 121 Hotline (Service): 0903 618 250 www.binhthuanford.com.vn			

NO.	COMPANY'S NAME	ADDRESS	PRINCIPAL ACTIVITY	CHARTERED CAPITAL (31/12/2018) VND million	% OF OWNER'S EQUITY
	South Saigon Automobile Investment, Trading and Service Joint Stock Company (Chevrolet Phu My Hung)	1489 Nguyen Van Linh street, Tan Phong ward, district 7, Ho Chi Minh City Tel: (84 28) 3771 8888 - Fax: (84 28) 3771 8895 Hotline (Sales): 0902743783 Hotline (Service): 0938453645 Email: info@chevroletphumyhung.com.vn Website: chevroletphumyhung.com.vn			
6	**Toyota Can Tho Co., Ltd.**	K2-0, Vo Nguyen Giap, Thanh Thuan area, Phu Thu ward, Cai Rang district, Can Tho City Hotline: 0949 919 919 Email: contact@toyotacantho.com.vn www.toyotacantho.com.vn	Trading TOYOTA cars and spare parts, providing maintenance services.	49,626	51.00%
	Toyota Can Tho - An Giang Branch	28/1 Tran Hung Dao, My Quy ward, Long Xuyen city, An Giang province			
7	**Nam Song Hau Automobile Joint Stock Company (Honda Can Tho)**	Block E1-1 Vo Nguyen Giap street, Thanh Loi area, Phu Thu ward, Cai Rang district, Can Tho City Tel: 02923.838.558 Fax: 02923.838.556 Hotline (Sales): 0941 838 558 Hotline (Service): 0907 838 559 Email: hct@hondacantho.com www.hondacantho.com	Trading HONDA cars and spare parts, providing maintenance services.	50,000	51.00%
8	**Vinh Thinh Automobile Joint Stock Company (Hino Vinh Thinh)**	55/5 Binh Giao quarter, Thuan Giao ward, Thuan An town, Binh Duong province Hotline: 0905 88 96 98 Fax: 0274 363 0336. www. hinobinhduong.vn	Trading HINO truck and spare parts, providing maintenance, repairing and transportation services.	20,000	90.00%
9	**Saigon North West Automobile Joint Stock Company**	43/7A, National Highway 22, Xuan Thoi Dong commune, Hoc Mon district, Ho Chi Minh City Hotline: 0948 69 68 67 www.isuzusg.com	Trading Isuzu trucks and spare parts; providing maintenance and transportation services.	40,000	80.00%
10	**Saigon Star Corporation**	510 National Highway 13, Hiep Binh Phuoc ward, Thu Duc district, Ho Chi Minh City Tel: 08372630231 Fax: 02837273133 www.saigonngoisao.com.vn	Trading SUZUKI, HONDA automobile and motorcycle and spare parts, providing maintenance services.	20,000	56.80%
	Binh Duong Branch	780 National Highway 1K, Noi Hoa 2 quarter, Binh An ward, Di An town, Binh Duong province			
	Saigon Phuong Nam Co., Ltd.	510 National Highway 13, Hiep Binh Phuoc ward, Thu Duc District. Tel: (84 28) 3727 3438 - Fax: (84 28) 37273133			
	Saigon Vien Dong Co., Ltd.	673 Huynh Tan Phat, Tan Thuan Dong ward, district 7, Ho Chi Minh City Tel: (84 28) 37733893 - Fax: (84 28) 37733902			
	Hyundai Saigon Star Joint Stock Company	184C/1, 1A quarter, An Phu ward, Thuan An town, Binh Duong province			

SUBSIDIARIES AND ASSOCIATES *(continued)*

NO.	COMPANY'S NAME	ADDRESS	PRINCIPAL ACTIVITY	CHARTERED CAPITAL (31/12/2018) VND million	% OF OWNER'S EQUITY
11	**Saigon Cuu Long Automobile Corporation (Chevrolet Can Tho)**	274, 30/4 street, Hung Loi ward, Ninh Kieu district, Can Tho City Tel: 0292.3838 868 Fax: 0292.3 739 779 Email: contact@chevroletcantho.com.vn www.chevroletcantho.com.vn	Trading CHEVROLET cars and spare parts, providing maintenance and transportation services	12,000	84.17%
12	**Saigon Service Trading Co., Ltd. (Yamaha Saigon)**	164-166C, 3/2 street, Hung Loi ward, Ninh Kieu district, Can Tho City Tel: (84 292) 3780 164 Fax: (84 292) 3780 166 Email: saigon@yamahasaigon.com www.yamahasaigon.com	Trading YAMAHA motorcycles and spare parts, providing maintenance services.	7,660	88.12%
	Outlet Yamaha Sai Gon 2	Kiosk 15-17-19-21 Western Cultural Park, No. 45 CMT8 street, An Thoi ward, Binh Thuy district, Can Tho City Tel: (84 292) 3783 979 - (84 292) 3783 839			
	Outlet Yamaha Sai Gon 3	291 An Nhon hamlet, Trung Thanh commune, Vung Liem district, Vinh Long province Tel: (84 270) 3976 888 - Fax: (84 270) 3976 777			
	Outlet Yamaha Sai Gon 4	822 National Highway 61, Cau Xang hamlet, Tan Binh commune, Phung Hiep district, Hau Giang province Tel: 02933. 982985			
	Service and Spare Parts Center	164/1B, 3/2 Street, Hung Loi ward, Ninh Kieu district, Can Tho City Tel: (84 292) 3782 982			
13	**OtoS Joint Stock Company (OtoS)**	66 - 68 Nam Ky Khoi Nghia, Nguyen Thai Binh ward, district 1, Ho Chi Minh City	Providing e-commerce services; advertising services; Trading cars and spare parts; providing maintenance and repairing service; providing software publishment and other services related to information technology	14,300	80.86%
14	**Vinh Thinh Vehicle and Specialized Equipment Co., Ltd.**	National Highway 14, Hamlet 1, Dong Tien commune, Dong Phu district, Binh Phuoc province Tel: (02713) 826 222 Fax: (02713) 826 223 www.hyundai-vinhthinh.vn	Trading HYUNDAI truck, bus and spare parts, providing maintenance, repairing and transportation services.	20,000	55%

NO.	COMPANY'S NAME	ADDRESS	PRINCIPAL ACTIVITY	CHARTERED CAPITAL (31/12/2018) VND million	% OF OWNER'S EQUITY
	ASSOCIATES				
1	**SAVICO Investment Joint Stock Company**	66 - 68 Nam Ky Khoi Nghia, Nguyen Thai Binh ward, district 1, Ho Chi Minh City	Trading real estate; providing property consultancy, brokerage, auction; providing services on market research, surveys of public opinion; providing related architectural and engineering consulting services; providing specialized design and construction of civil works; trading cars and spare parts; providing maintenance and repairing services; providing kindergarten education service.	160,000	40%
2	**Toyota East Saigon Joint Stock Company**	507 Hanoi Highway, An Phu ward, district 2, Ho Chi Minh City Tel: (84 28) 3898 9242 Fax: (84 28) 3898 9243 Hotline: 19006428 Email: tesc@toyotasaigon.com www.toyotadongsaigon.com.vn	Trading TOYOTA cars and spare parts, providing maintenance services.	108,500	30.3%
	Go Vap branch	18 Phan Van Tri, ward 7, Go Vap district, Ho Chi Minh City Tel: (84 28) 3989 6636 - Fax: (84 28) 3989 6637 Hotline: 19006438			
	Nguyen Van Luong branch	63A Nguyen Van Luong, ward 10, Go Vap district, Ho Chi Minh City Tel: (84 28) 3921 2808 - Fax: (08) 3921 2809 Hotline: 0918335050			
	District 9 branch	850 Hanoi National Highway, Hiep Phu Ward, District 9, Ho Chi Minh City Tel: (84 28) 37361689 - Fax: (84 28) 37361690 Hotline: 0901 830 833			
	Toyota Binh Thuan Co., Ltd.	Ben Loi - Lai An Residential area, Thang Thuan hamlet, Ham Thang commune, Ham Thuan Bac district, Binh Thuan province Tel: (84 252) 3739 212 - Fax: (84 252) 3739 210 Hotline: 0931533027 www.binhthuan.toyota.com.vn/		
3	**Comfort Delgro SAVICO Taxi Co., Ltd.**	384A/2 Kha Van Can, Hiep Binh Chanh ward, Thu Duc district, Ho Chi Minh City	Providing the transportation service by taxi and other related services in Vietnam	79,315	40.03%
4	**Toyota Ly Thuong Kiet Co., Ltd.**	188 Le Trong Tan, Tay Thanh ward, Tan Phu district, Ho Chi Minh City Tel: (84 28) 3816 3636 Fax: (84 28) 3816 3366 www.toyotalythuongkiet.com.vn	Trading TOYOTA cars and spare parts, providing maintenance services.	60,000	35%
	Tan Phu Branch	151A Ly Thuong Kiet, Ward 6, Tan Binh district, Ho Chi Minh City Tel: (84 28) 3971 3838 - Fax: (84 28) 3971 3209			

SUBSIDIARIES AND ASSOCIATES *(continued)*

NO.	COMPANY'S NAME	ADDRESS	PRINCIPAL ACTIVITY	CHARTERED CAPITAL (31/12/2018) VND million	% OF OWNER'S EQUITY
	Tay Ninh Branch (Toyota Tay Ninh)	50 Hoang Le Kha, Ward 3, Tay Ninh City Hotline: 1800 6565			
5	**Bac Au Automobile Joint Stock Company (Volvo Cars Saigon)**	340 Nguyen Van Linh, Binh Thuan ward, district 7, HCMC Hotline (Sales): +84 901 69 8668 Hotline (Services): +84 935 28 7788 Email: info@volvocars.vn www.volvocars.vn	Trading VOLVO cars and spare parts, providing maintenance services.	60,000	32%
	Bac Au Ha Noi Automobile Co., Ltd. (Volvo Cars Hanoi)	7 - 9 Nguyen Van Linh, Long Bien, Ha Noi Hotline (Sales): +84 97 111 7799 Hotline (Services): +84 966 700 337 www.volvohanoi.vn			
6	**South West Star Automobile Joint Stock Company (Hyundai Tay Do)**	91 CMT8 street, An Thoi ward, Binh Thuy district, Can Tho City	Trading HYUNDAI cars and spare parts, providing maintenance services.	40,000	43.8%
	Hyundai Tay Do Kien Giang Branch	68 Vo Van Kiet, Thanh Binh hamlet, Thanh Loc commune, Chau Thanh district, Kien Giang province			
7	**Binh Duong New City Automobile Joint Stock Company (Binh Duong Ford)**	Block C13 Hung Vuong street, complex area, Hoa Phu ward, Thu Dau Mot City, Binh Duong province Tel: (0274) 3801381 Fax: (0274) 3801380 www.binhduongford.com.vn	Trading FORD cars and spare parts, providing maintenance services.	50,000	30.6%

TYPICAL AWARDS IN 2018

BRAND AWARDS

- Top 500 Vietnamese Largest Enterprises - VNR500 for 11 consecutive years.
- Typical Enterprises of Ho Chi Minh City: Saigon General Service Corporation; Toyota East Saigon JSC.; Saigon Automobile Service JSC.

- Typical Entrepreneur of Ho Chi Minh City: Mr. Huynh Van Sang - General Director of Toyota East Saigon JSC.
- Typical Entrepreneur of Ho Chi Minh City: Mr. Phan Duong Cuu Long - General Director of Saigon Automobile Service JSC.

TYPICAL AWARDS IN 2018 *(continued)*

- Vietnam Golden Star Award: Saigon General Service Corporation, Toyota East Saigon JSC.; Saigon Automobile Service JSC; Savico Ha Noi JSC. (SAVICO Mega Mall); Toyota Long Bien Co., Ltd.

- Mitsubishi
  - 3rd Prize on sale consulting service
  - 3rd Prize on internal training service
- Chevrolet
  - 2nd Prize on sale consulting service
  - 1st Prize on technical service
- Hino
  - 3rd Prize on service advice
  - Two 3rd Prizes on technical service

SKILL COMPETITION AWARDS

- Toyota
  - 2nd Prize on sale consulting service
  - 3rd Prize on customer service
- Hyundai
  - 1st Prize & Consolation Prize on service advice
  - Consolation Prize on customer consulting service
  - 1st, 3rd and Consolation Prizes on technical service
  - 02 Consolation Prizes on customer service
- Honda
  - 2nd Prize on safe & excellent tour guide

OTHER ACHIEVEMENTS OF PARTY, TRADE UNION

- Title of strong & clean Party 2018
- Excellent achievement in trade union activities & youth movements 2018
- Title of strong grassroot trade union 2018

SHARES AND SHAREHOLDERS INFORMATION

Shares information in 2018	Unit	Figures
Price as of 29/12/2017	VND / share	49,800
Price as of 28/12/2018	VND / share	43,000
Highest price in year	VND / share	57,000
Lowest price in year	VND / share	39,500
Total transaction volume share	share	5,478,150
Average transaction volume/day	share / day	22,089
Listed shares	share	24,995,573
Outstanding shares	share	24,975,507
Market capitalization (31/12/18)	VND million	1,074
Total book value (31/12/18)	VND million	1,054
EPS (2018)	VND / share	6,425
P/E (31/12/2018)	time	6.7
P/B (31/12/2018)	time	1.0
Foreign shareholders (31/12/18)	%	48.28%
State shareholders (31/12/18)	%	40.78%

Share

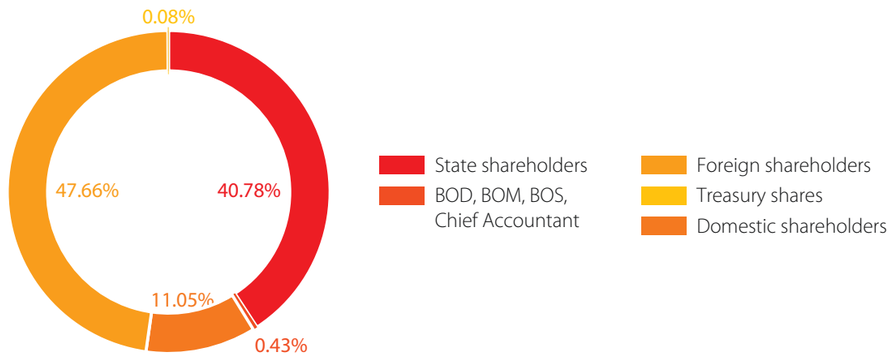
- Total issued shares: 24,995,573 shares
- Type of share: common share
- Total outstanding shares: 24,975,507 shares.
- Shares with restriction on free transfer as stipulated by Law, Charter of Company or owner's commitment: none.

The close price and transaction volume of SAVICO stocks

Shareholders structure (according to the list at the record date of 07 March 2019)

No.	Shareholders	Number of shares	(%) of share capital	Number of shareholders	Shareholders structure	
					Institutional	Individual
1	**State shareholders**	10,192,823	40.78%	1	1	0
2	**BOD, BOM, BOS, Chief Accountant**	108,484	0.43%	5	0	5
3	**Domestic shareholders**	2,760,411	11.04%	1,138	48	1,090
4	**Foreign shareholders**	11,913,789	47.66%	72	24	48
5	**Treasury shares**	20,066	0.08%	1	1	0
	Total	**24,995,573**	**100%**	**1,217**	**74**	**1,143**

Shareholders structure



List of major shareholders and strategic shareholders
(According to the List at the record date of 07 March 2019)

No.	Shareholder name	Address	Number of shares (share)	Percentage (%)
1	**Ben Thanh Group**	27 Nguyen Trung Truc, district 1, Ho Chi Minh City	10,192,823	40.78%
2	**Finansia Syrus Securities Public Company Limited**	999/9 The Offices@Central Word, 18th Floor, Rama I Road, Pathumwan Sub-District, Pathumwan District, Bangkok Metropolis	3,123,920	12.50%
3	**Pyn Elite Fund (Non-Ucits)**	PL 139, 00101 Helsinki, Finland	2,055,370	8.22%
4	**Probus Opportunities**	106, route d'Arlon, L-8210 Mamer, Luxembourg	1,917,250	7.67%
5	**Tundra Sustainable Frontier fund**	Birger Jarlsgatan 33, 111 45 Stockholm, Sweden	913,520	3.65%
	Tundra Vietnam Fund		350,730	1.40%
	Total		**18,553,613**	**74.22%**

Ownership statistics of internal shareholders:

No.	Full name	Title	Number of shares	Percentage (%)
1	**Nguyen Binh Minh**	Chairman	67,900	0.27%
2	**Mai Viet Ha**	BOD Member & General Director	7,800	0.03%
3	**Nguyen Viet Hoa**	BOD Member	0	0.00%
4	**Nguyen Cong Binh**	BOD Member & Deputy General Director	156	0.00%
5	**Doan Van Quang**	BOD Member & Deputy General Director	30,023	0.12%
6	**Luong Quang Hien**	BOD Member	0	0.00%
7	**Nguyen Duc Trong**	Independent BOD Member	0	0.00%
8	**Lars Johan De Geer (*)**	Independent BOD Member	0	0.00%
9	**Nguyen Nhu Anh**	Head of the Board of Supervisors	0	0.00%
10	**Hoang Thi Thu Huong**	BOS Member	0	0.00%
11	**Dinh Truc Phuong**	BOS Member	0	0.00%
12	**Nguyen Thai Hoa**	BOS Member	-	0.00%
13	**Nguyen Thu Nga**	Deputy General Director	2,605	0.01%
14	**Ngo Van Danh**	Chief Accountant	-	0.00%

(*) Mr. Lars Johan De Geer does not directly own SVC stocks but he is a founding member of Endurance Capital Vietnam I Limited - shareholder ownership of 882,690 shares equivalent to 3.53%. Mr. Lars Johan De Geer indirectly owns less that 1% of SVC shares.

- Change in owner's equity: in 2018, the Company did not increase / decrease the chartered capital.
- Treasury shares transaction: in 2018, the Company did not transact the treasury shares
- Other securities: none.
- Shares transaction of internal shareholders:

In 2018, Endurance Capital Vietnam I Limited, related person of Mr. Lars Johan De Geer - independent member of BOD of SAVICO has purchased 220,000 shares by put-through transaction dated July 31 2018 to increase ownership proportion of 882,690 shares, equivalent to 3.53% of the company's share ownership.

KEY OBJECTIVES IN 2019

Focusing on developing automobile dealership system, especially imported vehicles, effectively exploiting services to ensure stable and sustainable development of automobile sector.

Strengthening operation management and management role of holding company on member companies.

Strengthening cooperation and investment relations with strategic bank partners.

MEDIUM AND LONG-TERM OBJECTIVES

Maintaining the position of Vietnam's No.1 automobile distributor with total market share at least of 10% of total automobile market in Vietnam by 2020.

Trade-service continue to be main business line of the company, real estate service contributes significantly to the stable performance of the company.

SUSTAINABLE DEVELOPMENT OBJECTIVES

Implementing completed business development strategy with direction of combining economic efficiency of the company, the interests of shareholders and partners with a commitment to comply, suitable use, protect, maintain and improve the human resource, natural environment as well as participate in sharing, contributing to community and society.

GOVERNANCE MODEL, BUSINESS ORGANIZATION AND MANAGERIAL APPARATUS

GOVERNANCE MODEL

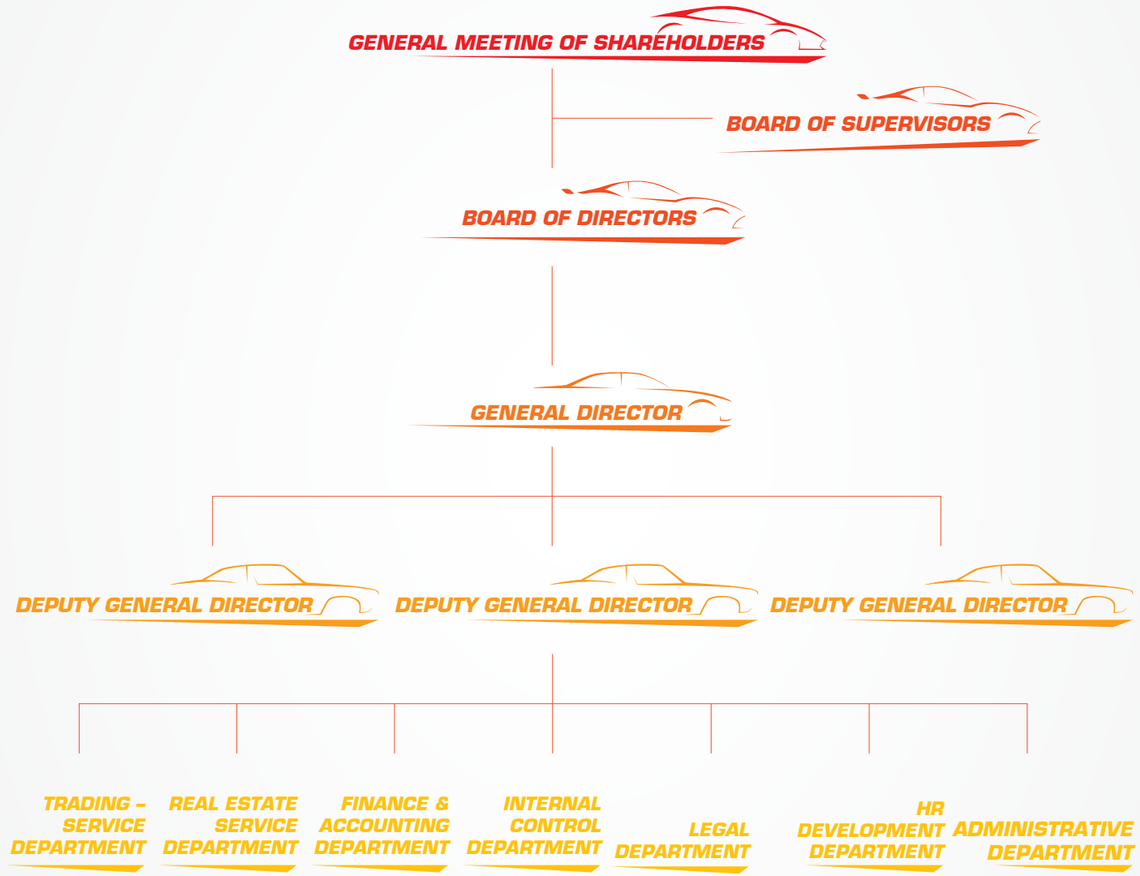
SAVICO has developed under the model of investment company (holding company)

Invests in trading-service, real estate service and financial service; contributes capital and participates in the paralleled management with subsidiaries, associates for business development.

The vertical governance model "dedicated to create the advantages" and regional management "combined to create performance".

Assigns the targets and plans for member companies, controls the operation to ensure the investment efficiency, and supports the member companies in market expansion, trains and develops human resources, increases the collaboration, coordination of the operations between the member companies, improves the competitiveness of SAVICO's system.

ORGANIZATION CHART



BOARD OF DIRECTORS

Mr. **NGUYEN BINH MINH**
Chairman

Year of birth: 1972
Qualification: Bachelor of Business Administration
25 years of experience
Positions held at other economic organizations:
- General Director of Ben Thanh Group
- Chairman of Savico Danang Corporation
- Chairman of Saigon Automobile Service JSC

Ms. **NGUYEN VIET HOA**
BOD Member

Year of birth: 1975
Qualification: MA of Accounting and Auditing
22 years of experience
Positions held at other economic organizations:
- Deputy General Director of Ben Thanh Group
- BOD Member of BTJ

Mr. **MAI VIET HA**
BOD Member and General Director

Year of birth: 1973
Qualification: MA of Business Administration
25 years of experience
Positions held at other economic organizations:
- Chairman of Nam Song Hau Automobile JSC
- Chairman of South West Star Automobile JSC
- Chairman of Bac Au Automobile JSC
- Chairman of Toyota Giai Phong Joint Venture Company

Mr. **LUONG QUANG HIEN**
BOD Member

Year of birth: 1967
Qualification: MA of Business Administration
29 years of experience
Positions held at other economic organizations:
- CEO of Hung Vuong Corporation
- Head of Board of Supervisors of KIDO Corporation

Mr. **DOAN VAN QUANG**
BOD Member and Deputy General Director

Year of birth: 1971
Qualification: Bachelor of Economics
25 years of experience
Positions held at other economic organizations:
- Chairman of Saigon Star Corporation
- Chairman of Vinh Thinh Automobile JSC

Mr. **NGUYEN DUC TRONG**
BOD Member

Year of birth: 1972
Qualification: MA of Finance Management
25 years of experience
Positions held at other economic organizations:
- Finance Consulting Director of Ho Chi Minh City Securities Corporation

Mr. **NGUYEN CONG BINH**
BOD Member and Deputy General Director

Year of birth: 1978
Qualification: Bachelor of Economics
19 years of experience
Positions held at other economic organizations:
- Chairman of Da Nang Son Tra Corporation
- BOD Member of SAVICO Investment Corporation
- BOD Member of Toyota East Saigon JSC

Mr. **LARS JOHAN DE GEER**
BOD Member

Year of birth: 1977
Qualification: MA of Business Administration
17 years of experience
Positions held at other economic organizations:
- BOD Member of Nafoods Group JSC.
- Founder of Endurance Capital Group

BOARD OF MANAGEMENT

Mr. **MAI VIET HA**
(For more information, please see page 34)

Mr. **DOAN VAN QUANG**
(For more information, please see 34)

Mr. **NGUYEN CONG BINH**
(For more information, please see 34)

Ms. **NGUYEN THU NGA**
Deputy General Director

Year of birth: 1974
Qualification: Bachelor of Economics
23 years of experience
Positions held at other economic organizations:
- BOD Member of Saigon North West Automobile JSC

Mr. **NGO VAN DANH**
Chief Accountant

Year of birth: 1975
Qualification: Bachelor of Finance - Accounting
20 years of experience
Positions held at other economic organizations:
- Head of the Board of Supervisors of East Saigon Toyota JSC
- BOD Member of Binh Duong New City Automobile Service Joint Stock Company

BOARD OF SUPERVISORS

Ms. **NGUYEN NHU ANH**
Head of the Board

Year of birth: 1976
Qualification: Master of Finance
22 years of experience
Positions held at other economic organizations:
- Head of Finance-Planning Department of Ben Thanh Group
- Head of the Board of Supervisors of Ben Thanh General Cultural JSC

Mr. **NGUYEN THAI HOA**
BOS member

Year of birth: 1980
Qualification: Bachelor of Economics, Bachelor of Law - Economic Major
16 years of experience
Positions held at other economic organizations:
- Member of the Board of Supervisors of Saigon Automobile Service JSC
- Head of the Board of Supervisors of Savico Danang Corporation
- Head of the Board of Supervisors of Savico Hanoi Corporation

Ms. **HOANG THI THU HUONG**
BOS member

Year of birth: 1972
Qualification: Bachelor of Accounting, Bachelor of Law, Bachelor of Art in English Studies
25 years of experience
Positions held at other economic organizations: None

Ms. **DINH TRUC PHUONG**
BOS member

Year of birth: 1992
Qualification: Bachelor of Business Administration
4 years of experience
Positions held at other economic organizations: None

SEPARATED VALUES

Creating new, high - class, separated values

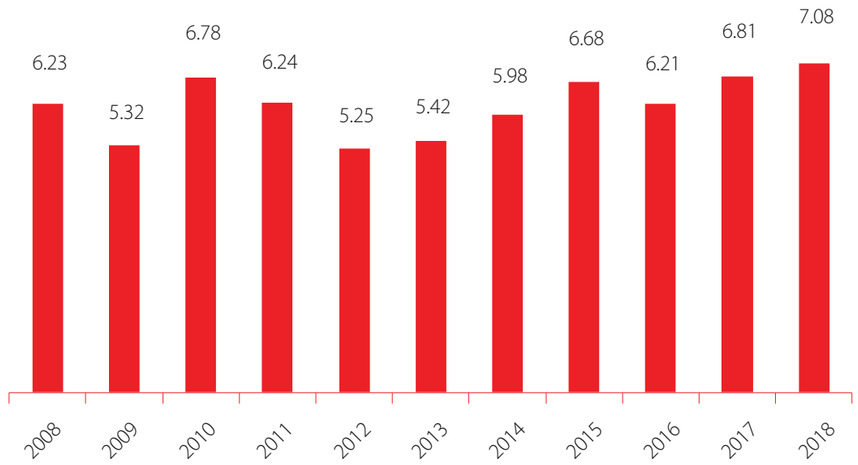
MARKET OVERVIEW IN 2018

MACROECONOMIC SITUATION

Economic growth: The socio-economic situation in 2018 was steady growth, retail sales of goods and services grew well, inflation was controlled… created favorable conditions for business operations.

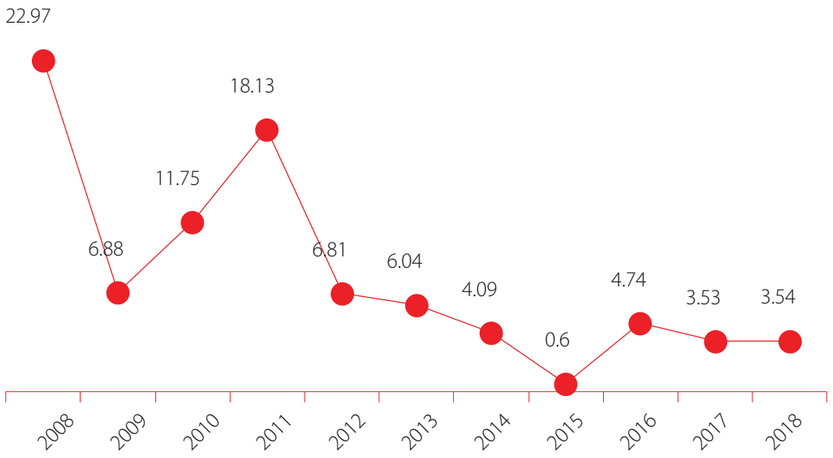
GDP in 2018 increased 7.08%, higher than the rate of 6.81% in 2017. Manufacturing continued to have a strong improvement, **PMI remained above 50 points.**

GDP: BEST PERFORMANCE SINCE 2008



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.

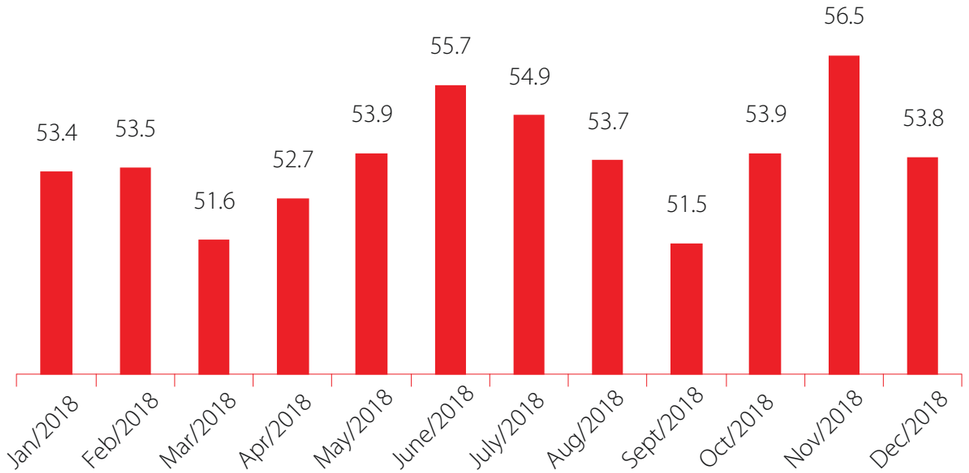
CPI (YOY)



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.

PMI IN 2018

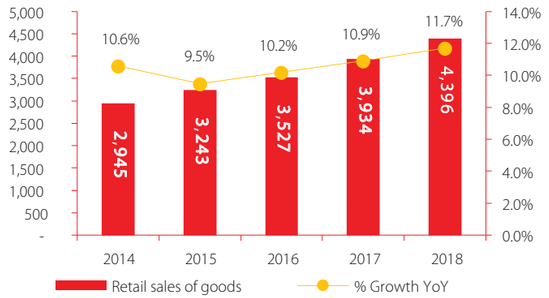


Total retail sales of goods & services in 2018 reached VND 4,396 thousand billion, up 11.7% to compare with 2017.

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 increase due to the effects of the US - China trade war and the tightening monetary policy of FED.

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)

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.

MOTORBIKE MARKET

Sales volume of VAMM in 2018 reached over 3.38 million of units, were up 3.5% YoY.

3.38 million of units
Sales volume of VAMM in 2018

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

ASSESSMENT ON THE BUSINESS OPERATIONS OF THE COMPANY

The year of 2018 is the impression year of the Vietnam economy with the best performance in the past 10 years, Vietnam GDP grew by 7.08% amid the unfavorable conditions of world economy. 2018 is also a volatile year of Vietnam automotive market with both experienced from gloom to boom. The Decree 116 (on requirements for manufacturing, assembly and import of motor vehicles and trade in motor vehicle warranty and maintenance services) was applied in January 2018, changed the balance between assembled cars and imported cars: whereby the market in first half was dominated by CKD models, only plentiful when CBU lots were massively cleared from September. According to the statistics, total car sales of whole market (VAMA + HTC) in 2018 were 352,209 units, were up 16% YoY. The real estate market in 2018 is generally stable, grew slightly across all segments.

In the volatile situation of the market in 2018, and with the spirit of ***"BREAKTHROUGH THINKING - DRIVES VALUES"***, each executive member, manager of the Company and the SAVICO network have positive changes in thinking, to take drastic and appropriate actions in order to create strong motivation for staff of the network to overcome difficulties and challenges, increase the creativity and efficiency to speed up the business performance with remarkable results as follows:

ON NETWORK DEVELOPMENT

The opening of 7 more of 2S and 3S auto outlets in 2018: Tay Ninh Ford, Hyundai Son Tra, Hyundai Kien Giang, Toyota Nam Dinh, Hai Duong Ford, Mitsubishi Quang Nam, Hyundai Vinh Thinh (commercial vehicles ("CV") and 2 more auto outlets in January 2019: Gia Dinh Ford, Hyundai Hung Thinh (CV) has increased the number of outlets in the Company network to 48 outlets so far. In 2018, the network also continues to diversify new brands of products such as Isuzu, Hyundai (CV), etc. Besides, service activities continue to be focused on increasing the sustainability of the network's core values.

Total car sales of SAVICO network in 2018 is equivalent to 10.9% of total car sales reported by VAMA - increased 1% to compare with 2017 and accounted for 8.96% market share of the total market (calculated by VAMA + HTC) - increased 0.04% to compare with 2017.

BUSINESS PERFORMANCE

Figures	2018 original plan approved by AGM	2018 revised plan	2018 actual result (A)	Actual/revised plan (%)	2018 (A)/2017 (A) (%)
Revenue	14,200	14,200	14,882	105%	108%
Profit before tax	175	250	362	145%	208%
Net profit after tax	140	200	300	150%	216%
NPAT attributable to equity holders	82	120	173	144%	212%

Unit: VND billion

INVESTMENT ACTIVITIES

In 2018, total consolidated payment for capex and for investments in other entities of the network are nearly VND 200 billion, in which the parent Company disbursed more than VND 35 billion.

CORPORATE GOVERNANCE

The Company has continued to strengthen connectivity, support companies in the network through the improvement and application of management report forms to share information, update market situation periodically and abnormally, organize many seminars in combination with workshop visits; perform assessments and recommend solutions to improve operational efficiency on companies that are not operating effectively; support the companies in auto outlet development to ensure adherence to the annual plan and the network development strategy

Focusing on liquidating inefficient financial investments to recover capital and on collecting dividends from business investments to supplement and develop core business activities.

Strategic cooperation with Vietinbank, Vietcombank: continue to promote efficiency and create favorable conditions for companies in the network to access capital with preferential policies and interest rates.

Continue to conduct risk assessment in business operations, financial management, cost control to improve business performance at each member company.

Research and apply technology in the whole network through applying ERP management system and online information sharing channel such as forum of human resources, finance, accounting and trade...

DIVIDEND

Cash dividend of 2017 was paid to shareholders in September 2018 at rate of 12% of par value in accordance with the Resolution of the AGM 2018, equivalent to nearly 30,000,000,000 VND.

To maximize the effectiveness of shareholders when investing in the Company and base on the 2018 business performance, the Board of Directors proposes the AGM 2019 to increase the cash dividend rate for 2018 from 12% as planned to 15% (of par value).

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

Companies in network continue to comply with regulations and policies on safety, environmental protection, fire prevention and control through strict control from ideas to implementation.

Responsibility for the community and society continues to be implemented in the network through care and support activities for social policy beneficiaries, difficulties and other voluntary activities.

In 2018, the member companies in the network achieved nearly 20 awards at professional competitions of manufacturers, the Company and some member companies continued to win the Vietnam Golden Star Award and Typical Enterprise of Ho Chi Minh City. The Company is also honored to be ranked 85 out of Top 500 Largest Enterprises in Vietnam and ranked 31 out of Top 500 Largest Private Enterprises in Vietnam.

MONITORING AND ASSESSMENT ON OPERATIONS OF THE BOARD OF MANAGEMENT, CAPITAL REPRESENTATIVES

The Board of Directors has supervised the operations of the Board of Management, the capital representatives through working agenda, meetings of the Board of Directors; regularly discussed and questioned the Board of Management, the capital representatives at meetings, group work sessions and via email, telephone to ensure accuracy, suitability, timeliness and efficiency.

Based on the monitoring process and the actual results of business performance, the Board of Directors recognizes that:

- From the beginning of the year, the Board of Management worked with the capital representatives in member companies to build and implement the business plan for 2018 on the basis of conformity with the characteristics of each business localities and the business practices of each company; the market forecast operatings, information sharing is done quickly and promptly; the development and expansion of networks, diversification of distribution products and increased market share for core business are focused and promoted; the implementation of procedures related to real estate projects is focused; the inspection and control of financial accounting operations, compliance control are implemented more closely and regularly.
- Based on the positive business performance of 2018 and the clearer market situation, the Board of Management and the capital representatives agreed to establish new target with some figures increased by more than 40% compared to the original target approved by the AGM. The revised target has been approved by the Board of Directors under the authorization of the AGM, as follows:

Unit: VND billion

Figures	2018 original plan approved by AGM	2018 revised plan	2018 revised/ original plan %
Revenue	14,200	14,200	100%
Profit before tax	175	250	143%
Net profit after tax	140	200	143%
NPAT attributable to equity holders	82	120	146%
Cash dividend payout ratio (by par value)	Minimum 12%	Minimum 12%	100%

- The quarterly and annual financial statements is prepared and disclosed in accordance with the current regulations.
- However, the Board of Management should focus more on implementing and supporting company members to implement legal procedures related to land for the development of trading - service projects; ensuring the completion of legal procedures to transfer some real estate projects; have solutions to improve the administration and management more and more professionally in business operations, financing operations, human resource development and risk control for the network.

THE OPERATIONS OF THE BOARD OF DIRECTORS

In 2018, the Board of Directors has operated in accordance with the provisions of Law, Company's Charter and achieved the best business performance in the ability for the Company. The work under the authority of the Board of Directors is resolved by members with the spirit of concentration, prudence, responsibility and protection of the interests of the Company and Shareholders in accordance with law and regulations; whereby, the revenue, profit, and system network scale are increasing.

The Board of Directors has directed, implemented and supervised the business operations of the Company and the network through 07 face to face meetings held quarterly and when necessary, 25 times by collecting written opinions of members, thereby issuing 27 decisions and 48 announcements.

Members of the Board of Directors are provided with information and documents in a complete and timely manner to have enough time to consider, discuss, comment and make decisions. The decisions of the Board of Directors are approved on the basis of specific, clear, complete information and consensus of the members. The guidelines and conclusions of the Board of Directors are issued quickly so that the Board of Management and capital representatives can promptly implement.

The decisions of the Board of Directors are publicly disclosed in accordance with regulations and voluntary disclosure, contributing to improving the responsibilities of the Board of Directors to shareholders, creating conditions for shareholders to supervise operations of the Board of Directors.

The Board of Directors has also closely coordinated with the Board of Supervisors to check and supervise the compliance with Law, Company's Charter and other relevant regulations in corporate governance and management operations of the Company and network.

The subcommittees of Remuneration and Human Resources managed by independent member of the Board of Directors have supported the Board of Management and advised the Board of Directors in developing policies, plans as well as review, amend the salary and bonus policies for more and more suitable; select appropriate personnel to elect and appoint key and important positions of the Company and companies in the network.

The Board of Directors has proposed and was approved by the AGM to add a new member of the Board of Directors in the independent position in order to gradually improve the proportion of independent members according to Law and meet the development requirements of the Company. New members of the Board of Directors are facilitated to interact and deeply participate in the Company's operations.

The maintenance and use of Operating Fund of Board of Directors and Board of Supervisors are implemented more reasonably and effectively. In 2018, the Company made the appropriation of operating expenses of the Board of Directors and the Board of Supervisors in accordance with the Resolution of the Annual General Meeting of Shareholders 2018, fund spending as follows:

- Fund balance at 31/12/2017: 1,692,728,077 VND
- Extracting fund according to Resolution of 2018 AGM: 2,118,331,781 VND
- Spending in 2018: 2,231,000,000 VND
- Fund balance at 31/12/2018: 1,580,059,858 VND

TRAINING IN CORPORATE GOVERNANCE

The members of the Board of Directors and managers of the Company regularly participate in training courses, seminars organized by Hochiminh City Stock Exchange and the State Securities Commission of Vietnam on corporate governance as well as training courses on management, management and leadership skills of other professional organizations such as: building and running effective BOD's activity, corporate governance scorecard and information disclosure; internal audit for members of the BODs; regulatory requirements for internal audit and establishing an effective internal audit function; errors and frauds accounting; transformational leadership; human resource,…

BUSINESS PLAN OF 2019

Vietnam economy in 2019 is forecasted to continue stable but also face with many challenges. The automotive market is forecasted to face many difficulties with new policies on taxes, fees, administrative procedures ... while the car supply is expected to increase sharply according to manufacturers' plans (increase 20% - 25% compared with 2018). The real estate market continues stable, but will also face difficulties when credit growth rate is control, exchange rates may fluctuate. Therefore, the Board of Directors sets out the following directions in 2019:

- Build up the network development roadmap in localities and companies in network.
- Mobilizing all resources of financial and human resources to develop and expand the network in accordance with set schedule and actively develop land banking for project development.
- Implement increase charter capital for the Company and enterprises companies in the network to enhance financial capability and business' financial position.
- Strengthening the cooperation and investment relations with strategic partners, connecting with investors interested in business activities of the Company.
- Enhancing the management role of the parent Company to member companies. Promote corporate culture, strengthen internal cohesion, ensure the development of the network system in the future.
- Build up goals, vision and business strategy for the term of 2020 - 2025.

From these orientations, the Board of Directors agrees on the 2019 business plan proposed by the Board of Management as follows:

Figures	2018 (A) (VND billion)	2019 Plan (VND billion)	% 2019 Plan /2018 (A)	% 2019 Plan /2017 (A)
Revenue	14,882	18,193	122%	132%
Profit before tax	362	273	75%	157%
Net profit after tax	300	241	80%	173%
NPAT attributable to equity holders	173	143	83%	175%
Cash dividend payout ratio (by par value)	Expected 15%	15%		

This plan is not included the income recognition of 104 Pho Quang project - expected of VND 56.9 billion.

In challenging market conditions of the year 2019, the Board of Directors continued to take the spirit of ***"BREAKTHROUGH THINKING - DRIVES VALUES"*** as a guideline for network governance. The Board of Directors will always accompany with the Board of Management and capital representatives in member companies to continue efforts and breakthroughs in business performance as well as expecting to continue to receive the trust, support and companionship of Shareholders and Investors to help the Company and network system achieve more new values.

362 VND billion
Consolidated profit before tax

BUSINESS RESULTS

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) (VND million)	% 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 recognized 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.

ASSESSMENT ON BUSINESS PERFORMANCE

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

TRADING - SERVICE

AUTOMOTIVE

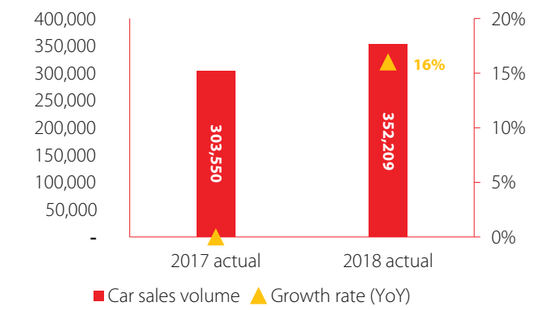
Car sales volume, market share

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:

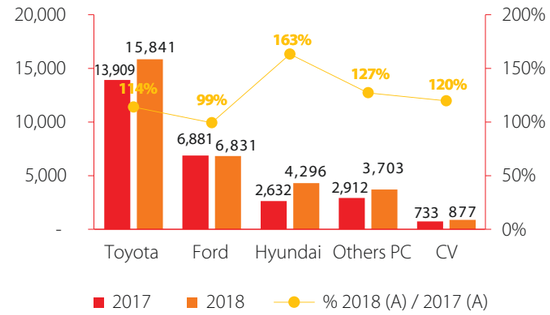
- Passenger cars sales volume of Toyota brand in SAVICO network increases by 14% YoY, equivalent to 23.9% of market share of Toyota Vietnam.
- Passenger cars sales volume of Ford brand in SAVICO network enjoys a slightly decrease of 1% YoY, equivalent to 27.7% of market share of Ford Vietnam.
- Passenger 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.

Total market car sales volume (Unit)



SAVICO car sales volume (Unit)



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% (47.2% in 2017), Ford taking up 29.5% (34% 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 452 billion came from services & spare parts, up 20.1% as of the same period VND 62 billion came from accessories, up 31 % as of the same period.

545 VND billion
Gross profit of car sales in 2018

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 thanks 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	DATE OF OPENING
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	Expected to opening in Jul 2019
Hyundai Phu Lam (CV)	Expected to opening in Q4 2019
Dana Ford Cam Le	Expected to opening in Q4 2019

MOTORCYCLES

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.

364.4 VND billion
Total Revenue

Business performance of motorcycles sector maintains stable growth thanks 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 Phung Hiep (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.

REAL ESTATE SERVICE

Business performance in 2018

Figures	UNIT	2017	2018	% 2018/ 2017
Revenue	VND million	73,200	73,719	101%
From office, retail for lease	VND million	56,859	61,712	109%
From projects	VND million	16,341	12,007	73%
Profit before tax	VND million	53,562	41,454	77%
From office, retail for lease	VND million	33,351	36,778	110%
From projects	VND million	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, ongoing 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, ongoing 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.

FINANCIAL WORK

FINANCING AND CASH FLOW MANAGEMENT WORK

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

- Trading - service: cash dividend inflow from investment in member companies 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.

Unit: VND million

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		**180,095**	**137,114**	**76%**

STRATEGIC COOPERATION WITH BANKS

Strategic cooperation with Vietinbank, 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 VND 3,000 billion, total outstanding credit disbursement maintained from VND 1,700 - 1,800 billion (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 VND 1,123 billion.
- 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.

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, Set in order, 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.

  Implementing feasibility study of ERP management program to apply to the network.

- 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.

FUTURE DEVELOPMENT PLAN

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.

TRADING - SERVICE

Business operations of the Company will face many challenges in 2019, especially the Trading - Service will be 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 (GDP Increases 1.32% - 2.01%).

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 VND million/unit.
- The Ministry of Finance proposed to impose property taxes on cars valued at more than VND 1.5 billion with a tax rate of 0.3 - 0.4%.
- Interest rates tend to increase, financial expense increase.
- 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.

OBJECTIVES - BUSINESS TARGETS IN 2019

Objectives in 2019:

Figures (by consolidated FS)	UNIT	2018 (A)	2019 Plan(*)	% 2019 Plan /2018 (A)
Revenue	VND million	14,881,843	18,192,619	122%
Profit before tax	VND million	362,312	272,774	79%
Net profit after tax	VND million	300,267	241,144	80%
NPAT attributable to equity holders of the Company	VND million	173,003	142,839	83%
Cash dividend payout ratio (by par value)	%	Expected 15%	15%	100%

(*): 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 kindergarten.
   - 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. 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.

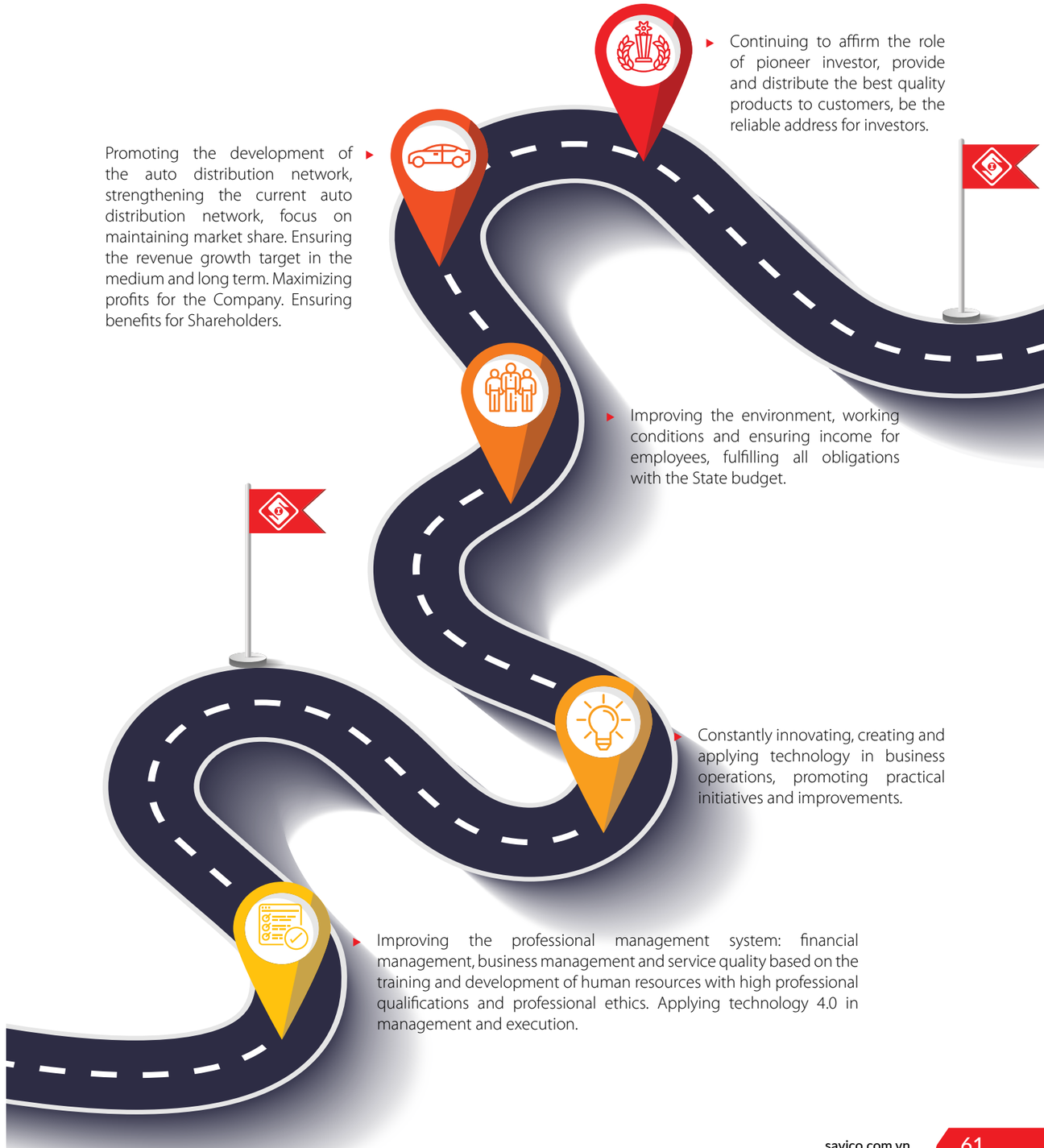
Advising works

1. Divisions of Trading - Service, Finance - Accounting, Internal Control enhance monitoring and support for new member companies 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.

ORIENTATIONS FOR MEDIUM AND LONG TERM OPERATIONS



THE OPERATIONS OF THE BOARD OF SUPERVISORS IN 2018

ORGANIZATION OF THE BOARD OF SUPERVISORS

- From January 1, 2018 to June 15, 2018, the Board of Supervisors (BOS) operates with 03 personnel including Ms. Nguyen Nhu Anh (Chief), Mr. Nguyen Thai Hoa (Member) and Ms. Phan Phuong Nga (Member).
- At the Annual General Meeting of Shareholders held on 15 June 2018, the General Meeting of Shareholders approved the resignation of Ms. Phan Phuong Nga, additionally elected Ms. Dinh Truc Phuong and Ms. Hoang Thi Thu Huong to the Board of Supervisors. Thus, since the Annual General Meeting of Shareholders in 2018, SAVICO's Board of Supervisors has been operating with 04 members.
- Each members' duties are stipulated in the meeting minutes of the Board of Supervisors on 26 July 2018. In addition, at the meetings of the Board of Supervisors, each member was assigned specific tasks depending on the number and content of the resolutions, decisions and announcements of the Board of Directors as well as the characteristics of issues arising in SAVICO in each period.

THE OPERATIONS OF THE BOARD OF SUPERVISORS

From the beginning of 2018 until the time of reporting, the Board of Supervisors has held 7 meetings to plan, implement the supervision and approve the results of business operations monitoring of SAVICO in the period of 2017, the first 06 months of 2018, the first 9 months of 2018 and the year of 2018.

The contents of the main supervision performed by the Board of Supervisors including:

- Inspecting and supervising the implementation and results of implementing the Resolution of the Annual General Meeting of Shareholders 2018 for the BOD and the BOM.
- Examining the legality, order and procedures for issuing Resolutions and Decisions of the BOD and the BOM in 2018 according to the provisions of Law and the Company' Charter.
- Reviewing the completeness and legality of the interim financial statements and the annual financial statements reviewed and audited by KPMG.
- Reviewing, checking and evaluating the effectiveness and efficiency of the internal control system.
- Controlling the Company's compliance with information disclosure of the Company in accordance with the Law; on compliance with accounting regime; on compliance with the provisions in the Company's Charter and in the Regulation on financial management of the Company.
- Commenting, making recommendations to the BOD, BOM of the Company on issues related to the Company's operations in the year.

The BOD, the BOM and the functional divisions at the Company's office have coordinated and created favorable conditions to help the Board of Supervisors perform well the inspection and supervision.

MONITORING RESULTS OF THE OPERATIONS OF THE BOARD OF DIRECTORS & BOARD OF MANAGEMENT

MONITORING RESULTS OF THE OPERATIONS OF THE BOARD OF DIRECTORS

- In 2018, the Board of Directors held 07 face-to-face meetings and 25 sessions of members' written opinions; issued 27 Decisions and 48 Notices.
- According to the Board of Supervisors, members of the Board of Directors are provided with sufficient documents and information to make decisions. The organization of meetings and issuance of documents of the Board of Directors is in accordance with the provisions of Law and the Company's Charter. The decisions/notices of the Board of Directors approved in the form of collecting written opinions are supervised and counted from representatives of the Board of Supervisors.
- The sub-committee of Remuneration & Human Resources subcommittee in charge of independent members of the Board of Directors have fully implemented the tasks assigned by the Board regarding salary and bonus policies at the Company.
- The Board of Directors proposed and was approved by the General Meeting of Shareholders to elect one more member to the Board of Directors. This member meets the criteria and conditions of independent board members. The number of independent member of the Board of Directors is increased, reaching 2/8 members. However, this rate has not met the rate of 1/3 of the Board members who are independent members as prescribed.
- The Board of Directors supervises the operations of the Board of Management in implementing the Resolution of the General Meeting of Shareholders and the business operations of the Company. The Board of Directors cooperated well with the Board of Management to direct and comprehensively manage all operations of the Company to implement the 2018 business plan according to the Resolution of the General Meeting of Shareholders;
- The Board performs other tasks according to the functions and competence of the Board of Directors.

MONITORING RESULTS OF THE OPERATIONS OF THE BOARD OF MANAGEMENT

- The Board of Management has fully and timely reported on the implementation of decisions and direction of the Board of Directors at meetings.
- The Board of Management has made efforts to manage and organize the business operations of the Company in order to achieve and exceed the targets of the 2018 plan approved by the General Meeting of Shareholders as well as the development and expansion of the network.

RESULTS OF IMPLEMENTATION OF THE RESOLUTION OF THE 2018 ANNUAL GENERAL MEETING OF SHAREHOLDERS

RESULTS OF IMPLEMENTATION OF TARGETS FOR 2018 APPROVED BY THE GENERAL MEETING OF SHAREHOLDERS

Results of implementing business targets according to audited consolidated FS:

Figures	2018 revised plan (VND mil)	2018 (A) (VND mil)	% 2018 (A)/2018 revised plan	% 2018 (A) /2017 (A)
Revenue	14,200,000	14,881,843	105%	108%
Profit before tax	250,000	362,312	145%	208%
Net profit after tax	200,000	300,267	150%	216%
NPAT attributable to equity holders of the Company	120,000	173,003	144%	212%

Consolidated revenue of SAVICO network in 2018 exceeded 5% of the plan and increased 8% to compare with 2017 with the increasing of revenue of trading - service and real estate service.

In trading - service, both of the automotive and motorcycle sector both saw growth in volume and the number of newly developed outlet. Volume of cars sold in the network was 31,548 units, reaching 108% of the plan and up 17% compared to 2017; SAVICO's automotive market share continued to grow in 2018, reached 10.9%, increased by 1.0 percentage point compared to 2017 (VAMA Report); the network also opened and put into operation 7 new outlets. For the motorcycle sector, sales volume reached 8,884 units, reaching 98% of the 2018 plan and up 2% compared to 2017. In 2018, the Company network also opened and put into operation 1 of 3S Yamaha Phung Hiep outlet (Yamaha Saigon 4).

Consolidated profit before tax of 2018 exceeded 45% to compare with the revised plan of 2018 and up 108% to compare with 2017. NPAT attributable to equity holders of the Company exceeded 44% of the plan and increased 112% compared to 2017. The increase in profit before tax mainly came from the increase in gross profit margin and thanks to the outstanding profit growth of most of the member companies in the network, especially the Bac Au Automobile JSC., Toyota Ly Thuong Kiet Co., Ltd., Toyota Giai Phong JV, Toyota Can Tho JV, Toyota East Sai Gon JSC, Savico Hanoi Corporation, Saigon Automobile Service JSC (Saigon Ford). The year 2018 also showed the efforts of the Board of Management in the merge of OtoS with Carmudi, however the operation of this Company is in difficulties; ComfortDelgro SAVICO Taxi has completed tax finalization, disposals of all cabs, stop business operations, on the step of completing the dissolution procedures

FINANCIAL SITUATION

Total assets/resources in consolidated financial statement at 31 December 2018 was VND 4,355,649 million, up VND 738,612 million to compare with the end of 2017. In which, assets increased mainly in inventory value; owner's equity increased by VND 257,798 million and liabilities increased by VND 480,813 million mainly due to the increase in short-term loans to supplement working capital. The liabilities on total assets ratio as at 31 December 2018 is 64.76%, equivalent to the end of 2017.

Total assets/resources in separate financial statement at 31 December 2018 was VND 1,280,842 million, up VND 14,606 million to compare with the end of 2017. In which, assets increased mainly in investments in subsidiaries; owner's equity increased by VND 7,489 million from profit after tax; liabilities increased by VND 7,245 million due to the increase in prepayment from customers. The liabilities on total assets ratio as at 31 December 2018 is 44.02%, equivalent to the end of 2017.

Financial ratio:

Ratio	Unit	By separate (Parent Company)		By consolidated	
		31/12/2017	31/12/2018	31/12/2017	31/12/2018
Current ratio	time	0.42	0.39	0.91	0.97
Liabilities/Owner's equity	%	4.09%	4.26%	96.20%	106.39%
Liabilities/Total assets	%	43.96%	44.02%	64.69%	64.76%
Interest coverage	time	16.82	12.51	2.91	5.26
ROE	%	7.46%	6.37%	10.89%	19.56%
ROA	%	4.18%	3.57%	3.84%	6.89%
EPS	VND/share			3,183	6,425

In 2018, although the liabilities on owner's equity ratio of the network increased from 96.2% to 106.4%, the interest coverage ratio improved significantly from 2.91 times up 5.26 times thanks to increased business performance of the network. Along with the increase in business performance; the ROE, ROA and EPS increased significantly compared to 2017. At the parent Company, the interest coverage, ROA, ROE ratios are lower than 2017 due to the decrease in parent Company's profit (parent Company's profit before tax in 2018 reached VND 45,805 million, equivalent to 80% profit before tax of 2017). The main reason is due to the decrease in income from real estate transfer compared to 2017. Even so, the Company still ensure the ability to pay interest (12.51 times) from the operating profit.

THESE RESULTS SHOW THAT SAVICO CAN FULLY PAY DIVIDEND OF 2018 AT THE RATE OF 15%, HIGHER THAN THE RATE OF 12% APPROVED BY THE 2018 GENERAL MEETING OF SHAREHOLDERS.

PROFIT DISTRIBUTION IN 2017

Funds extracting

The Company has made deductions for setting up Bonus and Welfare fund; Operating fund of the Board of Directors & Board of Supervisors from NPAT of 2017 in accordance with Resolution No. 01/2018/NQ-DHDC dated June 15, 2018 of the 2018 Annual General Meeting of Shareholders, as follows:

No.	Figures	Unit	Approved by AGM's Resolution	Actual	Actual/AGM's resolution
1	Bonus and Welfare fund (5%)	VND	2,647,914,726	2,647,914,726	100%
2	Operating fund of the Board of Directors & Board of Supervisors (4%)	VND	2,118,331,781	2,118,331,781	100%

CASH DIVIDEND OF 2017

Cash dividend of 2017 was paid to Shareholders in September 2018 at the rate of 12% of charter capital, equivalent to VND 29,970,608,400, in accordance with the Resolution of the General Meeting of Shareholders 2018.

REPORT OF THE BOARD OF SUPERVISORS *(continued)*

VERIFICATION OF SEPARATE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

The Board of Supervisors has conducted a review of the separate financial statements and consolidated financial statements of 2018. In the opinion of Board of Supervisors, audited separate financial statements and audited consolidated financial statements of the Company give a true and fair view, in all material respects of the operations in 2018 and financial position on December 31, 2018.

RESULTS OF INFORMATION DISCLOSURE OF THE COMPANY

Most information disclosure of the Company are fully implemented, in accordance with regulations of management agencies for large-scale listed companies. However, there are 2 contents related to tax violations in 2017 and 2018 that the Company has been slow to disclose information. The Company also has a written explanation on the issue of delayed publication of these information.

RECOMMENDATIONS OF THE BOARD OF SUPERVISORS:

On Corporate Governance Regulation:

- The 2015 Annual General Meeting of Shareholders approved the election results of 07/07 members of the Board of Directors, of which there were 02/7 members of the Board of Directors to ensure the standards and conditions are independent BOD members.

- However, as of August 1, 2017 - the effective date of Decree 71/2017/ND-CP guidelines on corporate governance of public companies, one member of the Board of Directors does not meet the criteria of independent BODs members. Because this member has been a member of the BODs of SAVICO for 5 consecutive years (term 2010 - 2015). This makes the number of independent Board members only 1/7 of the total number of Board members.

- At the 2018 Annual General Meeting of Shareholders, the Meeting elected 01 additional member of the Board of Directors, increasing the total number of independent Board members to be 2/8 members of the Board of Directors. However, this ratio does not guarantee the requirement that 1/3 of members are independent members of the Board of Directors. The Board of Supervisors recommends that the Board of Directors should consult Shareholders on the time to implement this content: to elect additional independent members to the Board of Directors at the General Meeting of Shareholders in 2019 or at the General Meeting of Shareholders in 2020.

Disclosure of information: It is noted to disclose of extraordinary information within 24 hours, avoiding the situation in 2018 when the Company has delayed the disclosure of information related to tax violations 2017 & 2018.

Financial Management Regulation: it is necessary to supplement regulations on management of receivables as stated in the Financial Management Regulation so as to guide how to manage appropriate receivables with different types of receivables.

Regulation of management of capital representatives: it is necessary to review & change some contents to suit the reality in order to more favorable in the management from parent Company to member companies.

Solutions should be quickly implemented to increase the efficiency of system governance.

In 2018, SAVICO has made important solutions to increase the efficiency of system governance such as:

- Completed the construction and guidance on how to set up indicators on reporting forms, which can synchronize the system of periodic reporting criteria to serve statistics and system analysis.

- Completed the construction and issuance of the Financial Management Regulation in all member companies.

- Developed and disseminated the contents of the Control Manual, Control Report Checklist to guide the contents to be controlled at member companies.

- In 2019, the Board of Management should quickly implement the following solutions as planned, including: (1) Based on the business performance of each company member, conduct assigning KPIs to capital representative groups; (2) Apply ERP system in the parent Company and member companies to serve the reporting, collecting and managing system data quickly and accurately; (3) Completion the establishment of the Finance/Investment Department to focus on managing financial analysis of financial investments of SAVICO as well as SAVICO's investment projects.

In addition to implementing the above-mentioned solutions, the Board of Supervisors recommends the Board of Management to implement more of the following contents:

- Reviewing the indicators on the report form to be able to statistically report the volume, revenue, expenses according to each sector, each brand/model of vehicle to serve the analysis work.

- Supplementing the financial indicators on the report form, especially the financial indicators to be controlled are defined in the Financial Management Regulation. This information is particularly important to help SAVICO to regularly monitor the financial situation of each member company.

INVESTMENT SITUATION

Equity investments in subsidiaries, associates in 2018

General statistics of investment situations of the parent company, subsidiaries and associates in 2018

Company's name	31/12/2017		31/12/2018		Change in Carrying Amount of the Investments
	% owner equity	Carrying Amount	% owner equity	Carrying Amount	
Subsidiaries		**341,327,031,814**		**369,850,011,814**	**28,522,980,000**
Saigon Automobile Service Joint Stock Company (Saigon Ford)	52.05%	44,763,000,000	52.05%	44,763,000,000	-
Toyota Giai Phong Joint Venture Company (TGP)	51%	9,248,504,000	51%	9,248,504,000	-
Saigon Service Trading Co., Ltd. (Yamaha Can Tho)	88.12%	7,102,684,814	88.12%	7,102,684,814	-
Saigon Star Corporation	59.62%	9,012,515,000	56.80%	9,012,515,000	-
Savico Hanoi Corporation	70%	56,000,000,000	70%	56,000,000,000	-
Toyota Can Tho Co., Ltd.	51%	25,309,668,000	51%	25,309,668,000	-
Da Nang Son Tra Investment Corporation	98%	82,320,000,000	98%	82,320,000,000	-
OtoS Joint Stock Company	80.35%	10,040,660,000	80.86%	11,563,640,000	1,522,980,000
Savico Danang Corporation	70%	27,930,000,000	70%	27,930,000,000	-
Saigon Cuu Long Automobile Joint Stock Company	84.17%	10,100,000,000	84.17%	10,100,000,000	-
Sai Gon North West Automobile Joint Stock Company	80%	16,000,000,000	80%	32,000,000,000	16,000,000,000
Vinh Thinh Automobile Joint Stock Company	90%	18,000,000,000	90%	18,000,000,000	-
Nam Song Hau Automobile Joint Stock Company	51%	25,500,000,000	51%	25,500,000,000	-
Vinh Thinh Vehicle and Specialized Equipment Co., Ltd.			55.00%	11,000,000,000	11,000,000,000
Associates		**192,251,178,945**		**193,894,178,945**	**1,643,000,000**
ComfortDelgro Savico Taxi Company	40.03%	31,750,000,000	40.03%	31,750,000,000	-
Toyota East Saigon Joint Stock Company (TESC)	30.30%	29,106,059,000	30.30%	29,106,059,000	-
Binh Duong New City Automobile Service Joint Stock Company	27.50%	13,750,000,000	30.60%	15,393,000,000	1,643,000,000
South West Star Automobile Joint Stock Company	43.80%	17,520,000,000	43.80%	17,520,000,000	-
Toyota Ly Thuong Kiet Co., Ltd.	35%	16,925,119,945	35%	16,925,119,945	-
Bac Au Automobile Joint Stock Company	32%	19,200,000,000	32%	19,200,000,000	-
Savico Investment Joint Stock Company	40.00%	64,000,000,000	40.00%	64,000,000,000	-
Total		**533,578,210,759**		**563,744,190,759**	**30,165,980,000**

(Source: 2018 Audited Separate Financial Statements of the Company)

ORGANIZATION AND PERSONNEL

TOTAL STAFF (AS AT 31 DECEMBER 2018)

By the end of 2018, SAVICO has 4,824 employees, up 12% as of 2017. In order to meet the increasing requirements of business network, in 2018, SAVICO has recruited many experienced and highly-skilled employee to gradually complete the company's personnel structure.

SAVICO Total staff (Unit: People)

Year	2014	2015	2016	2017	2018
Number of Employees	2,509	2,616	3,689	4,323	4,824

Employee structure according to gender

2018	Unit: People
Female	1,207
Male	3,617
Total	**4,824**

Employee structure according to types of labor contract

2018	Unit: People
Labor contract indefinite term	2,215
Labor contract from 01-03 years	2,244
Seasonal and probation contract	365
Total	**4,824**

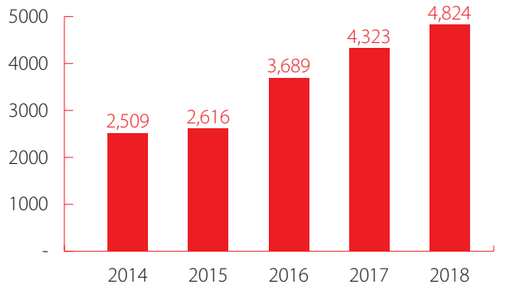
Employee structure according to age

2018	Unit: People
From 18 to 30 years of age	2,510
From 31 to 45 years of age	2,063
From 46 to 60 years of age	251
Total	**4,824**

Employee structure according to qualification

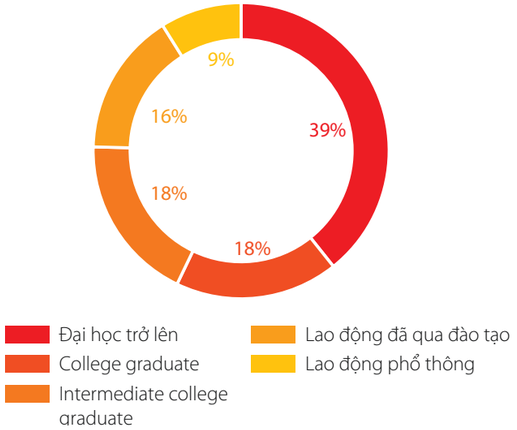
2018	Unit: People
University and post graduate	1,895
College graduate	861
Intermediate college graduate	882
Trained laborers	756
Common laborers	430
Total	**4,824**

Total staff (YoY)



Unit: People

Employee structure according to qualification



ORGANIZATION AND PERSONNEL (continued)

POLICY AND THE CHANGES IN HUMAN RESOURCES POLICY

Human resource is a core platform toward sustainable development, SAVICO always focuses on building a human resource with positive working attitude, discipline commitment, sense of teamwork, dedication to create the highest value. Besides, SAVICO aims to build and develop a qualified team to meet requirements of business activities based on specific work and the company's strategy, continuously enhance quality of human resource in line with trend and new development requirements.

RECRUITMENT POLICY

Recruitment activities are worked out based on development strategy of SAVICO and implemented according to annual plan and in each specific period.

SAVICO always chooses the best candidates for each position based on their ability, virtuous character and experience regardless of their gender, religion and race in an equal and objective manner.

TRAINING POLICY

Training and developing Human Resource is SAVICO's top priority to improve knowledge, competency professional skills as well as to build up a professional team of employees.

All employees under SAVICO system are entitled to participate in professional skill trainings based on specific work and nature of work. Besides, the company also encourages employees to study each other during their work or through internal trainings as well as to attempt self-educating.

PROMOTION AND CAREER DEVELOPMENT

At SAVICO, promotion opportunities are provided equally to everyone according to the clearly and specifically established HR plan.

The company conducts employee appraisals based on KPI on a monthly basis and on career development objectives of each individual. This is solid foundation for SAVICO to find out individuals suitable for each development period of the company. Those with big contributions, good virtue, positive working attitude, good performance, etc. will be offered rotational training programs to improve professional knowledge to hold important management positions of SAVICO.

INNOVATIONS ON ORGANIZATIONAL STRUCTURE AND MANAGEMENT POLICIES

ASSESSMENT ON INNOVATIONS IN POLICY AND MANAGEMENT

2018 was the year that SAVICO's BOM emphasized on creativity and innovation in all activities with a slogan of "breakthrough thinking, drives values". Apart from maintaining traditional humanity policies, the BOM has driven its values by:

- Implementing internal communications activities that are fit with traditional and cultural characteristics of SAVICO. These activities have been strengthened as a consistent campaign in 2018 to create a connectivity, promote innovation, creativity and recognize laborers' contributions.
- Making breakthroughs in training a future generation of human resource by sending employees to participate in direct trainings, preparing for high-ranking human resource. Staff rotation was conducted flexibly, maximizing human resource and taking advantage of the system's strength to prevent the "human capital flight" out of SAVICO.
- Salary policy and pay rise are implemented based on ability and competency of each individual and job position.
- Evaluating current human resource and management system of SAVICO, using information of consulting partner as a channel to serve action plans on improving and enhancing work performance, quality of human resource and management policy of SAVICO.
- Turnover rate of SAVICO in 2018 was slightly higher as of 2017, but the company has conducted a timely recruitment, developed human resource and made changes in human resource policy in a flexible manner but ensure the principle of stability of common internal background and enhance productivity of SAVICO.
- Board of Management has carried out many flexible policies by arranging functional units to support members, joint-ventures (Board of Supervisors, trade services, finance and accounting, legal affairs, administration and human resource, etc.). Transform of management thinking toward modern trend - servant trend for the whole system and leading in accordance with SAVICO's orientation. Board of Management has proactively directed investment activities in case of changes incurred, maximizing advantages of functional units to support its members including new members.

ASSESSMENT ON INNOVATIONS IN ORGANIZATIONAL STRUCTURE AND LABORER RELATED ISSUES

In 2018, SAVICO has hired consultancy company to support SAVICO to assess its current organizational structure and human resource. The report of the consultancy company is a useful information base for SAVICO to work out action plans to reinforce its corporate governance, to build common strategy and to develop human resource.

Basically, SAVICO's current organizational structure ensures its business activities as well as targets set by Board of Directors. SAVICO's management apparatus is developed toward specialization with a young human resource, attracting high quality human resource from labor market. Human resource is operated in a streamlined manner, improving work efficiency, encouraging creativity, applying technology, getting updates of trends and knowledge of the world.

SAVICO has deployed a flexible policy in training and developing human resource such as on the job training, in-house training, public training and job rotating.

CLOSE COOPERATION

Operating synchronously, strengthening cooperation, conquering the goals...

OPERATION OF BOD

Participation in Meetings of BOD member in the third term (2015-2020)

No.	BOD member	Position	Date of becoming BOD member	Number of meetings attended	Ratio	Reasons for absence
1	Mr. **Nguyen Binh Minh**	Chairman	24/4/2015	7/7	100%	
2	Mr. **Mai Viet Ha**	Member	24/4/2015	7/7	100%	
3	Ms. **Nguyen Viet Hoa**	Member	24/4/2015	6/7	86%	Business trip, authorizing representative to attend the meetings
4	Mr. **Nguyen Cong Binh**	Member	24/4/2015	7/7	100%	
5	Mr. **Doan Van Quang**	Member	24/4/2015	7/7	100%	
6	Mr. **Luong Quang Hien**	Member	24/4/2015	6/7	86%	Business trip, authorizing representative to attend the meetings
7	Mr. **Nguyen Duc Trong**	Member	24/4/2015	6/7	86%	Business trip, authorizing representative to attend the meetings
8	Mr. **Lars Johan Gerard De Geer**	Member	15/6/2018	3/3	100%	Joined from 15 June 2018

BOD'S INSPECTION ACTIVITIES TO GENERAL DIRECTOR

BOD has closely followed market developments, monitored and gave timely support to General Director (GD), GD's support group and representatives at units that SAVICO contributes capital to implement policies approved by General Meeting of Shareholders and BOD.

Based on positive business results in 2018 and clearer market developments, member companies and SAVICO have agreed to establish new targets and create breakthroughs of initial targets as new challenges approved by BOD and under authorization of General Meeting of Shareholders.

BOD has proposed and approved by General Meeting of Shareholders to additionally elect new member of BOD in the independent position in order to gradually improve the proportion of independent members according to the law and to meet development requirements of the company.

BOD's Decisions

Decision No.	Date	Content
01/QĐ-HĐQT-SVC	29/1/2018	Decision on capital loan at Vietcombank - Ho Chi Minh City Branch
02/QĐ-HĐQT-SVC	06/2/2018	Decision on adjustment of job title salaries and salary of Board of Management
03/QĐ-HĐQT-SVC	08/3/2018	Decision on approval of resignation of Mr. Nguyen Vinh Tho as a member of Advisory Board of BOD
04/QĐ-HĐQT-SVC	20/4/2018	Decision on approval of final list of shareholders to organize Annual General Meeting of Shareholders 2018
05/QĐ-HĐQT-SVC	26/4/2018	Decision on change of capital representative at Saigon Service Trading Co., Ltd.
06/QĐ-HĐQT-SVC	18/5/2018	Decision on change of member of Investor Relation Department
07/QĐ-HĐQT-SVC	18/5/2018	Decision on change of capital representative at Nam Song Hau Automobile JSC
08/QĐ-HĐQT-SVC	18/5/2018	Decision on approval of salary scheme 2018
09/QĐ-HĐQT-SVC	11/6/2018	Decision on capital contribution to establishment of Hyundai Vinh Thinh
10/QĐ-HĐQT-SVC	11/6/2018	Decision on authorized contributed capital representative at Hyundai Vinh Thinh
11/QĐ-HĐQT-SVC	15/6/2018	Decision on contribution of additional capital to Saigon North West Automobile JSC
12/QĐ-HĐQT-SVC	05/7/2018	Decision on change of member of Investor Relation Department
13/QĐ-HĐQT-SVC	05/7/2018	Decision on change of capital representative at Sai Gon Cuu Long Automobile JSC
14/QĐ-HĐQT-SVC	23/7/2018	Decision on selection of financial statements audit company in 2018
15/QĐ-HĐQT-SVC	25/7/2018	Decision on change of capital representative at Saigon North West Automobile JSC
16/QĐ-HĐQT-SVC	09/8/2018	Decision on change of capital representative at Melisa Wedding Conference Center
17/QĐ-HĐQT-SVC	27/8/2018	Decision on plan for dividend payment 2017
18/QĐ-HĐQT-SVC	28/8/2018	Decision on capital loan at Vietcombank - Branch 10
19/QĐ-HĐQT-SVC	9/10/2018	Decision on adjustment of business plan targets 2018
20/QĐ-HĐQT-SVC	9/10/2018	Decision on transfer of contributed capital at Vinh Thinh Vehicle and Specialized Equipment Co., Ltd.
21/QĐ-HĐQT-SVC	9/10/2018	Decision on change of capital representative at Saigon Service Trading Co., Ltd.
22/QĐ-HĐQT-SVC	7/12/2018	Decision on authorized contributed capital representative at Vinh Thinh Vehicle and Specialized Equipment Co., Ltd.
23/QĐ-HĐQT-SVC	10/12/2018	Decision on capital contribution to establishment and authorized contributed capital representative at Lam Dong Automobile Co., Ltd
24/QĐ-HĐQT-SVC	18/12/2018	Decision on asset liquidation
25/QĐ-HĐQT-SVC	18/12/2018	Decision on approval of budget to implement legal procedures for a residential area at Long Hoa Commune, Can Gio district

SALARY, REMUNERATION & HUMAN RESOURCES SUB-COMMITTEE

FUNCTION AND TASKS

Salary, Remuneration & Human Resources Sub-Committee managed by independent BOD has supported Board of Directors and given advice to BOD in building policies, plans as well as reviewing salary, remuneration policies; selecting appropriate personnel to be appointed as important positions of SAVICO and its member companies.

OPERATIONS OF BOARD OF SUPERVISORS

At the General Meeting of Shareholders held on June 15 2018, 4 members have been approved by Board of Supervisors

No.	Full name	Position	Date of being appointed as BOS member	Date of being approved resignation of BOS member	Number of meeting attended	Reasons for absence
1	Ms. **Nguyen Nhu Anh**	Head	01/4/2016		7/7	
2	Mr. **Nguyen Thai Hoa**	Member	24/4/2015		7/7	
3	Ms. **Hoang Thi Thu Huong**	Member	15/6/2018		5/5	Additional voting from June 15
4	Ms. **Dinh Truc Phuong**	Member	15/6/2018		5/5	Additional voting from June 15
5	Ms. **Phan Phuong Nga**	Member	31/3/2017	15/6/2018	2/2	Being approved resignation from June 15

OPERATION OF BOARD OF SUPERVISORS ON BOD AND BOM

Board of Supervisors has implemented its tasks in accordance with its functions, regulations and practices of the company including:

- To participate into meetings of BOD, vote counting sessions by collecting written opinions of members of BOD, annual/interim meeting of business operations, meeting with investors to approach, grasp and timely record the business operation of the company.
- Inspecting and supervising financial & business activities in 2018 and making recommendations to BOD and General Director to urge and promote business activities under provisions of the law.

Board of Supervisors was approved by General Meeting of Shareholders to additionally elect more member to Board of Supervisors to meet the company's management requirements.

Coordination between Board of Supervisors on BOD, BOM and other managers

In 2018, Board of Supervisors has been supported by BOD, BOM and GD's support group to get updates of the company's operation situation, information and document collection to serve inspection and supervision purposes.

STRUCTURE & OPERATIONS OF BOARD OF SUPERVISORS
(continued)

APPROVED CONTENT OF BOS's MEETINGS IN 2018

No.	Date	Content
1	02/02/2018	Meetings to assign content of supervision to each member to make supervisory report in 2017.
2	From 05/03/2018 to 15/03/2018	Completing supervision works and approving content of supervisory results of SAVICO in 2017.
3	26/07/2018	Organizing meeting of Board of Supervisors with 02 newly selected members by Annual General Meeting of Shareholders 2018 dated June 15, 2018. Specifically: - To agree on working plan, assign specific tasks and working method to BOS member; - SAVICO's supervision plan in the first 6 months of 2018 focused on 3 key contents: (1) Reviewing financial statement in the first 6 months of 2018 and comparing to the financial statement reviewed by independent auditor; (2) Evaluating efficiency of supervision system of member company; (3) Evaluating efficiency of projects approved by BOD in 2017 and 2018.
4	24/08/2018	Meetings to agree on supervision results of SAVICO's operation in the first 6 months of 2018
5	06/10/2018	Meetings to agree on supervision results of SAVICO's operation in the first 8 months of 2018
6	28/02/2019	To carry out supervision works on SAVICO's operation in 2018
7	11/03/2019	Meetings to agree on supervision results of SAVICO in 2018

TRANSACTIONS, REMUNERATION AND OTHER BENEFITS OF BOD, BOM AND BOS

In 2018, total payment for salary, remuneration and travel expense of SAVICO for key managers included:

Unit: VND

	2018	2017
BOD member and BOM	3,381,000,000	2,622,680,000
BOS member	820,600,000	613,200,000
	4,201,600,000	**3,235,880,000**

SAVICO's business results are impacted by some elements incurred by macro-economic environment, automobile retail and real estate market whereby main risks as follows:

STRATEGIC RISK

This risk occurs when SAVICO are implementing inappropriate, inconsistent and asynchronous strategies for its affiliates and subsidiaries. This leads to failure of implementation of long-term strategic intentions.

The control measure is to clearly convey strategic plans in preliminary meetings, year-end ceremonies and meetings at parent company and are periodically evaluated by internal control department and relevant functional units, reported to BOD, BOM in periodic meetings.

PERSONNEL AND SUCCESSION PERSONNEL RISK

This risk occurs when personnel cannot adapt to the corporate culture of the Company; One/ some key positions are vacant or cannot find enough critical positions for the Company's business projects and companies in the system in an acceptable timeframe.

The control measure is to complete the process of planning, training, rotation, personnel evaluation, improvement of employees' income policy; using the fund of talent development effectively, the trainee programs, and seek and attract experienced personnel from outside to collaborate for the development of SAVICO system.

MACRO-ECONOMIC ENVIRONMENT

AUTOMOBILE BUSINESS OPERATION

Automobile industry and automobile market have shown a significant correlation during macro-economic fluctuations in both time and scale. Currently, Vietnam automobile market continues to strongly grow. However, if these significant fluctuations incurred in the local automobile industry are resulted from development life-cycle of Marco-economy, automobile sales volumes will be surely impacted.

REAL ESTATE OPERATION

Legal corridor of real estate market is significantly improved toward stability and sustainability. Vietnam's integration into regional and global economy helps increase the requirements of office rent, space rent and retail space rent in big cities. This helps create a sustainable cash flow and brings high profit for office building investors, retail space providers. Besides, e-commerce with increasing presence of technology companies will have strong impacts on real estate market for lease and will become the biggest impact on retail real estate of Vietnam in the next coming years. Therefore, SAVICO is required to keep a close eye at economic changes and adjust general business plans, network expansion plan and marketing plans in different market conditions.

AUTOMOBILE INDUSTRY POLICIES AND ITS IMPACT

AUTOMOBILE BUSINESS OPERATION

SAVICO's business activities must comply with policies and regulations specified the Government to effectively manage automobile industry and automobile market. The changes in automobile policies can lead to a decline in market demand of products, services and escalating market competition and then a decline in revenue and profit. Therefore, SAVICO will closely monitor every change in the Government's policies in the automobile industry, regularly check and evaluate to continuously improve standard of services, to deal with every risk occurred from the changes in the automobile industry's policies.

REAL ESTATE OPERATION

The State's real estate market management activities have been strengthened toward a healthy and stable development.

2019 will be a special year for real estate market. The reason is that there will be legal changes in term of reviewing, inspecting legal status of projects and a restriction of issuance of new construction licenses, etc. This causes a series of risks that impacts on real estate market and leads to limited primary supply. However, there will an abundant real estate supply in neighboring areas and provinces, it is important to choose the types of real estates to invest.

Meanwhile, office & retail space market in HCMC continuously records a rent increase in stable and impressive margin. This reflects that the potential on real estate market is still very huge.

POLICY OF AUTOMOBILE MANUFACTURERS

As a group of car dealers, we focus on maintaining healthy cooperation relations with branded car manufacturers.

The changes in manufacturers' policies can lead to changes in sale strategies, sale incentives and business policy support, however, these changes can lead to a decline in sales volumes and revenue. Therefore, the company will strengthen contacts with car manufacturers and pursue development strategy with a series of car brands to diversify products and minimize risks.

SEVERE COMPETITION

We not only compete with other automobile dealers but also with companies and agencies in field of car repairing services in general and e-commerce in particular such as sale, repair, maintenance and other services.

Our inability to timely response to challenges emerged from our competitors can lead to a decline in number of customers, product/service revenue and profit. Therefore, it is requested that we need to adjust our strategy and to improve standard of general services to stay firm in such a severe competition.

SUPPLY CHAIN

We do not own or run any manufacturing facility, our business activities completely depend on supply sources from car manufacturers and branded automobile spare-part and component suppliers. Any interruption from manufacturers and suppliers can impact on our business activities. However, we have established long-term and stable cooperation relations with famous car manufacturers and spare-part suppliers. These relations are highly appreciated by suppliers. We have been making efforts to minimize impacts of any interruption and ensure to seek other suppliers with similar product quality and reasonable price at any time.

INFORMATION SYSTEM

Our business activities depend on IT system related to procurement, sale and distribution at all our affiliates and subsidiaries, management of inventory, customers, marketing, financial statement and automatic financial management. Any serious interruption impacting or slowing down IT system can lead to data loss, inaccurate data or a delay in operation management. Therefore, we will invest in IT system and ERP system in a continuous manner to ensure technology security, access ability and data sufficiency.

ENVIRONMENTAL PROTECTION

Our focus is in automobile and motorcycle business activities, we pay a special attention to types of cars and motorcycles which meet emission standards and causes less harm to environment for environmental protection. We also restrict selling types of vehicles that cause environmental pollution (junk or old vehicles) but providing cars that meet Euro 4 emission standard in accordance with regulations on emission limits of car, two-wheeled vehicles locally installed or imported. Regarding to repairing services, we apply waste treatment measures that meet the State's requirements on environmental management. Application of environment related standards and regulations help us improve environmental pollution in general and pollution issues in big cities in particular.

MARKET RISK

The company is subject to different market risks including credit risk, liquidity risk, interest rate risk and exchange-rate risk, details are included in Note to the financial statements The company has effectively controlled market risks by continuously monitoring all risks and changes to timely issue risk warnings and apply appropriate protective tools.

STRONG BREAKTHROUGH

Breakthrough, assertiveness, strong development...

OVERVIEW OF SUSTAINABILITY REPORT

CONTENT OF SUSTAINABILITY REPORT

SAVICO's sustainability report was implemented to review and re-evaluate principles of sustainable development at parent company and member companies. The content of report presented SAVICO's approach to sustainability related issues, key and strategic issues, medium and long-term development strategies of the company. Data and information presented in the report including: sustainability related activities implemented in 2018, development strategies in the coming years and SAVICO's commitments to stakeholders.

SCOPE AND BOUNDARY OF REPORT

Data and information presented in the report were updated for the fiscal year 2018 of SAVICO, starting from Jan 1st 2018 to Dec 31st 2018. Reports on economic, environment and social activities were generated from core activities of parent company and member companies.

The report was made in Vietnam in fields of automobile distribution, real estate of SAVICO and member companies.

MEASURE TO IDENTIFY CONTENT OF REPORT

SAVICO's approach to sustainability related issues derived from long-term growth target associated with social and environmental protection targets, making contributions to the common development of the society.

The issues related to sustainable development goals continue to be reviewed and evaluated in association with current activities, identifying key issues to review, improve and present in the content of sustainability report in 2019.

CONTACT INFORMATION

Sustainable development is a vital strategy of the company that impacts on stakeholders. Every comment related to sustainable development, please send to:

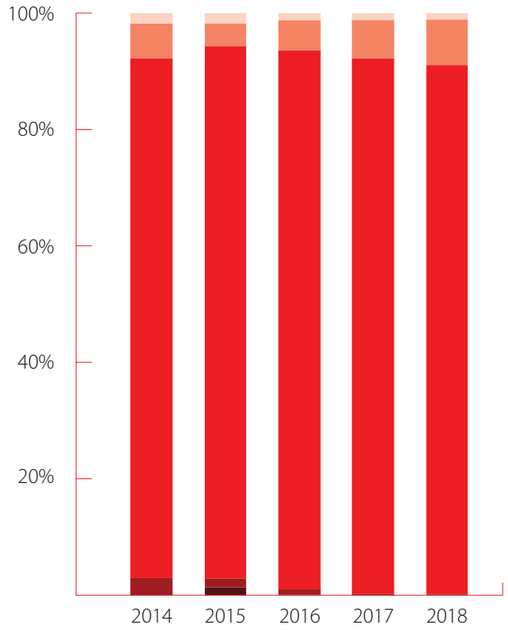
Saigon General Service Corporation (SAVICO)

Tel: 028 3821 3913

Address: 68 Nam Ky Khoi Nghia, Nguyen Thai Binh Ward, District 1, Ho Chi Minh City

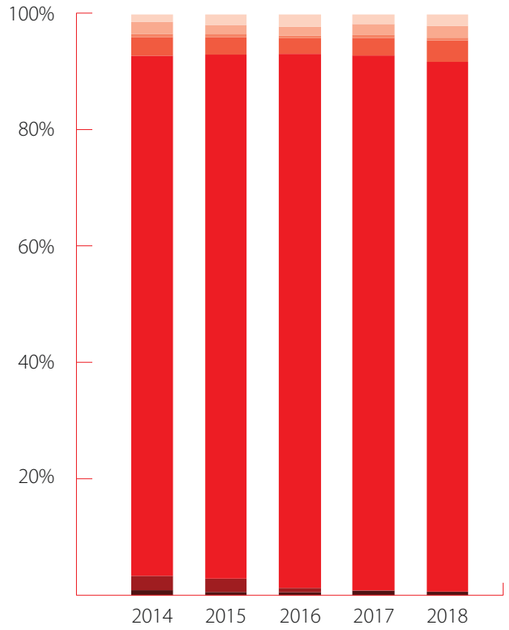
REVENUE STRUCTURE

SAVICO' revenue earned from sales and services (after-sale services of commercial and property leasing services), revenue from interim services and financial services is decreasing. With an orientation of trading-service as core business, SAVICO has effectively implemented service sector to ensure a stable and sustainable development with an annual average revenue growth in 2014-2018 period of 24.8%.



COST STRUCTURE

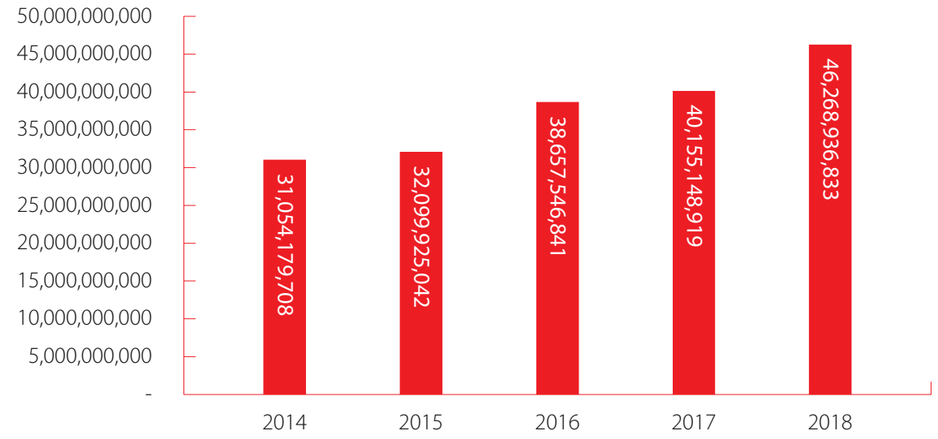
With core business activities focusing on trading-service, cost of merchandise goods accounts a majority of the company's most sensible cost structure. This is followed by labour and staff costs, outside services cost (space, workshop, service leasing, etc.)



CONTRIBUTION TO STATE BUDGET

With a consolidated revenue increasing by 17.5%/year, total consolidated corporate income tax expense of SAVICO contributed to State Budget increases by 19%/year in 2014-2018, equivalent to VND 30.8 billion in 2014 up to VND62 billion in 2018.

Contribution to the State Budget



Unit: VND million

RAW MATERIALS MANAGEMENT

Raw materials used for operation of SAVICO and member companies in the system - mainly automobile and motorcycle companies are managed and used in a reasonable manner based on strict process of raw materials management, regulations on consumption of raw materials.

Because the raw materials are disposable and they cannot be recycled, we focus on the investment in modern machine and equipment system with closed process, the wastes and water treatment systems at the source.

At the parent company, the raw materials are mainly used for the daily consumption demand including fuel, cleaning tools, and stationery. The raw materials management solution focuses on the consumption rate and use of alternative storage solutions.

CONSUMPTION OF POWER, WATER

	Unit	2015	2016	2017	2018
Power	Kw	164,477	166,970	75,606	37,547
Water	m^3	1,250	1,238	698	221
Gasoline + petrol for generators	Liter	6,359	8,940	10,987	10,149

According to the allocation rate of the office building, consumption of power, water, gasoline + petrol for generators (liter) in the second half of 2017 and 2018 saw a significant decline.

COMPLIANCE WITH ENVIRONMENTAL REGULATIONS

Apart from focusing on enhancing efficiency of investment and business, SAVICO always pays a special attention to environmental protection toward sustainable & environmentally friendly company.

In order to strengthen supervision and to better manage operations of environmental protection, most of automobile divisions under SAVICO's system are committing to apply ISO 14001 Environmental Management Systems Standard.

Technicians team and staff of automobile and motorcycle divisions under SAVICO's system are frequently popularized knowledge to classify wastes, regulations on power and water saving, etc. in all activities such as maintenance, repair, office operation as well as regulations on environmental sanitation. On a yearly basis or when there is change in environmental management system, member companies identify aspects of environment to better control the environmental protection related issues.

In addition, in order to ensure a standard working environment and to protect laborers' health, SAVICO has implemented model of green office at the company's office; member companies also implement proper facility cooling solutions, reduce noise and equip ventilation fans, industrial fans at maintenance and repair facilities, measure environmental indicators in periodic manner according to the regulations.

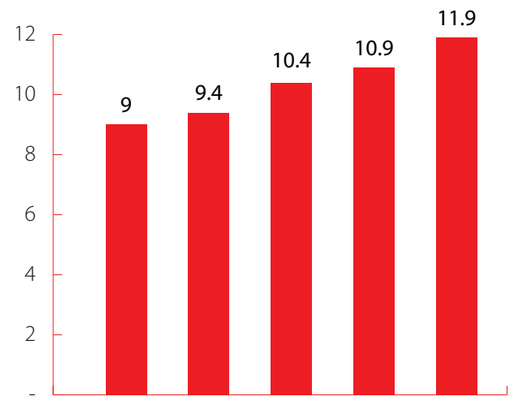
POLICIES RELATING TO EMPLOYEES

AVERAGE SALARY OF EMPLOYEES

The company applies salary, bonus and benefits associated with business performance, professional capacity, volume and quality of work of each employee commensurating with effort, responsibility and working performance; ensuring competitive income for employees as of other companies of the same business lines and region. The average income reached VND 11.9 million/person/month.

SAVICO and other companies in the system has fully implemented the policies and regulations according to the Labor Law and Collective Labor Agreement such as social insurance, health insurance, unemployment insurance, equipping uniform and personal protective equipment, meal, travel, periodical health check, personal accident insurance, sickness allowance, wedding gifts, etc. Carrying out reward policy on holidays such as Lunar New Year, Liberation Day 30/4, National Day 2/9, the anniversary of the company's establishment depending on business results.

Average salary



Unit: VND million

LABOR POLICIES ENSURING THE HEALTH, SAFETY AND WELFARE OF EMPLOYEES

In 2018, SAVICO has taken out PVI healthcare insurance to employees. The cultural, sports activities, family festival, professional knowledge clubs, etc. were always maintained and improved, creating conditions for employees of SAVICO system to meet, exchange, learn and share experience.

In addition, the company always takes a good care of spiritual and material life of employees such as study tours for employees and capital representatives; giving scholarships to employees' children, celebration of Mother's and Father's Day, International Children Day 1/6, SAVICO family festival; supporting sickness allowance, etc.

TRAINING TO EMPLOYEES

In 2018, SAVICO enhanced the development planning of internal human resources and succession team, implemented potential staff development program and appointed to positions of middle managers and senior leaders.

SAVICO has sent 255 employees to attend short-term refresher courses including:

- "Transformational Leadership" training course for senior, middle and planned mangers of SAVICO (23 employees).
- Abroad training course for senior leaders (02 employees).
- Short-term training course on acknowledge of technology 4.0 (60 employees).
- Accounting workshop (9 employees).
- Human resource workshop (5 employees).
- Short-term training course on assessment of human resource, awareness of change (60 employees).
- Building Management training course (01 employees).
- Periodical activities on updates of knowledge of TAF tax and accounting for internal control department (24 employees).
- Training on KPI implementation for HR staff of member companies in the system (26 employees).
- Secretarial & Legal training course (45 employees).

The companies in SAVICO system has applied the upgrade training policy under the suppliers' program and sent 2,001 employees to attend training courses on selling skills and technology (general repair, body, painting, consulting service) and training on management skills.

SAVICO and member companies in the system continued to focus on investing in development of skillful human resources, training of senior and middle administrators to meet the business development demand of SAVICO and other companies in the system.

STRENGTHENING CORPORATE CULTURE, BUILDING STRONG BRAND

To build and promote corporate culture is one of the key elements of SAVICO in process of brand building in many years. This consists of standards of behavior, identity, difference for each member of the company to grasp, comply, set an example and to be proud of their workplace.

At SAVICO, corporate culture has been firmly built since initial days of the company's establishment. Exemplary style of leadership with high determination of generations of leaders, solidarity, dynamism, creativity of employees, spirit of mutual support, care, sharing, harmonious benefits, responsibility of each individual, group and community are SAVICO's unique characteristics. Internal communications and system connection activities were maintained and promoted by various forms: annually periodical events, emulation and reward activities, etc. Through these activities, SAVICO brand has been well-known and trusted by a majority of customers, shareholders, domestic and international partners. Each individual of SAVICO is an ambassador to spread out SAVICO brand.

In the new journey with many changes in development strategies and organizational structure, brand development of SAVICO will surely change accordingly to catch up with common trend and vision of the system. Surely, with firm foundation, SAVICO and its experienced team of leaders will get SAVICO to a new height.

STATEMENTS RELATED TO RESPONSIBILITY TO LOCAL COMMUNITY

In 2018, SAVICO system has positively participated in social activities, charitable activities; raising spirit of "the good leaves protect the worn-out leaves", taking good care of family contributing to the revolution and people with difficult circumstances, humanitarian activities such as:

- Taking care of a Vietnamese heroic Mother at Viet Hung Ward-Long Bien;
- Giving Tet gifts to poor people in An Thoi Ward, Binh Thuy District, Can Tho City;
- Raising for learning promotion fund, supporting poor and studious pupils in Phu Thu Ward, Cai Rang District;
- Sponsoring for Vietnam Fatherland Front Committee of Lai Chau;
- Giving financial support for planting trees in 04 primary and high schools under the "Toyota joins hand to make schools green "program in 2018;
- Building rural bridge in Kien Giang;
- Building House of Gratitude in Cai Rang District;
- Supporting the "Spring of love" program in District 7;
- Contributing to Fund for poor people in Ward 6, Tan Binh District;
- Raising for learning promotion association;
- Giving 20 Tet gifts to poor people in Thu Duc District;
- Supporting flood victims in Central region;
- Contributing to Learning Promotion Fund started by People's Committee of Hung Loi Ward;
- Paying visit to Madagui Social Protection Center;
- Participating the program of rescuing Binh Thuan dragon fruit;
- Paying visit and support House of Love for lonely elderly people at Camillo Center, District 8 with total value of VND 622.4 million.

Responsibility to community was presented through activities and policies for approximately 5,000 laborers nationwide. SAVICO focuses on taking care of health, spiritual and material life, offering training and remuneration policies, maintaining equality in assessment of business performance and efforts of each employee, improving policies of taking care of employees with difficult circumstances. At first glance, these policies seem to focus on internal activities but the company is always aware that each employee in the system is an important element to build and develop the country. With approximately 5,000 laborers in the system, SAVICO will ensure happiness and comfort of approximately 5,000 families.

Besides, SAVICO also focuses on providing training courses and developing human resources to society where students of colleges and universities are key elements through programs such as internship programs, the contest "Dynamic- Students as Future Entrepreneurs" for many consecutive years. SAVICO also plays the linking bridge for youth to have opportunities to practice, experience in a highly practical, professional and dynamic environment. Many generations of young students have shown their commitments to devote and accompany with SAVICO, these students continue to be trained to become young, dynamic and enthusiastic managers of the system.

These practical and significant activities have not only contributed to the society toward common goal of building a prosperous society, a wealthy, strong and beautiful country but create a motivation for SAVICO to continuously perfect its self toward stability and sustainability

COMMITMENT TO SERVICE QUALITY

Toward modernization of maintenance and repair process.

CORPORATE INFORMATION

DECISION NO.	3448/QD-UB	9 July 2004
	3449/QD-UB	9 July 2004
	These decisions were issued by the Ho Chi Minh City People's Committee.	
BUSINESS LICENCE	4103002955	15 December 2004
	The Company's business licence has been amended several times, the most recent of which is by business licence No. 0301154821 dated 26 January 2015. The business licence was issued by Ho Chi Minh City Planning and Investment Department.	
BOARD OF MANAGEMENT	**Mr. Nguyen Binh Minh**	Chairman
	Mr. Mai Viet Ha	Member
	Ms. Nguyen Viet Hoa	Member
	Mr. Doan Van Quang	Member
	Mr. Nguyen Cong Binh	Member
	Mr. Nguyen Duc Trong	Member
	Mr. Luong Quang Hien	Member
	Mr. Lars Johan Gerard De Geer	Member (from 15 June 2018)
BOARD OF DIRECTORS	**Mr. Mai Viet Ha**	General Director
	Mr. Doan Van Quang	Deputy General Director
	Ms. Nguyen Thu Nga	Deputy General Director
	Mr. Nguyen Cong Binh	Deputy General Director
SUPERVISORY BOARD	**Ms. Nguyen Nhu Anh**	Head of the Board
	Mr. Nguyen Thai Hoa	Member
	Ms. Hoang Thi Thu Huong	Member (from 15 June 2018)
	Ms. Dinh Truc Phuong	Member (from 15 June 2018)
	Ms. Phan Phuong Nga	Member (until 15 June 2018)
REGISTERED OFFICE	68 Nam Ky Khoi Nghia Street District 1, Ho Chi Minh City Vietnam	
AUDITORS	KPMG Limited Vietnam	

STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of Saigon General Service Corporation ("the Company") presents this statement and the accompanying separate financial statements of the Company for the year ended 31 December 2018.

The Board of Directors is responsible for the preparation and fair presentation of the separate financial statements in accordance with the Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting. In the opinion of the Board of Directors:

(a) the separate financial statements set out on pages 103 to 107 give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2018, and of the unconsolidated results of operations and the unconsolidated cash flows of the Company for the six-month period then ended in accordance with the Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting; and

(b) at the date of this statement, there are no reasons to believe that the Company will not be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised the accompanying separate financial statements for issue

On behalf of the Board of Directors

Mai Viet Ha
General Director

Ho Chi Minh City, 11 March 2019

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS
SAIGON GENERAL SERVICE CORPORATION

We have audited the accompanying separate financial statements of Saigon General Service Corporation ("the Company"), which comprise the separate balance sheet as at 31 December 2018, the separate statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Directors on 11 March 2019, as set out on pages 103 to 107.

MANAGEMENT'S RESPONSIBILITY

The Company's Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting, and for such internal control as the Board of Directors determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

AUDITOR'S OPINION

In our opinion, the separate financial statements give a true and fair view, in all material respects, of the unconsolidated financial position of Saigon General Service Corporation as at 31 December 2018 and of its unconsolidated results of operations and its unconsolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

KPMG LIMITED'S BRANCH IN HO CHI MINH CITY
Vietnam
Audit Report No.: 18-01-00411-19-1

Auvarin Phor

Practicing Auditor Registration
Certificate No. 2252-2018-007-1
Deputy General Director

Nguyen Thanh Nghi

Practicing Auditor Registration
Certificate No. 0304-2018-007-1

Ho Chi Minh City, 11 March 2019

SEPARATE BALANCE SHEET

as at 31 December 2018

Form B 01 - DN
(Issued under Circular No. 200/2014/TT - BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	31/12/2018 VND	1/1/2018 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	**100**		**203,971,935,923**	**218,668,950,758**
Cash and cash equivalents	**110**	**5**	**38,335,440,900**	**49,715,957,806**
Cash	111		3,335,440,900	13,698,624,473
Cash equivalents	112		35,000,000,000	36,017,333,333
Short-term financial investments	**120**	**6(a)**	**24,575,022,740**	**31,672,861,312**
Trading securities	121		42,800,022,740	50,842,861,312
Allowance for diminution in the val-ue of trading securities	122		(18,225,000,000)	(19,170,000,000)
Accounts receivable - short-term	**130**		**50,356,394,713**	**42,401,060,175**
Accounts receivable from customers	131	7	9,914,567,599	13,815,420,637
Prepayments to suppliers	132		404,364,778	499,583,500
Loans receivable	135		17,000,000,000	14,000,000,000
Other receivables	136	8(a)	23,037,462,336	14,086,056,038
Inventories	**140**	**9**	**89,513,035,886**	**92,708,707,771**
Inventories	141		89,513,035,886	92,708,707,771
Other current assets	**150**		**1,192,041,684**	**2,170,363,694**
Short-term prepaid expenses	151		-	9,023,259
Deductible value added tax	152		1,192,041,684	2,161,340,435
Long-term assets (200 = 210 + 220 + 230 + 240 + 250 + 260)	**200**		**1,076,870,244,584**	**1,047,566,995,519**
Accounts receivable - long-term	**210**		**147,173,013,550**	**143,276,418,915**
Other long-term receivables	216	8(b)	147,173,013,550	143,276,418,915
Fixed assets	**220**		**1,673,377,115**	**2,430,618,030**
Tangible fixed assets	221	10	1,654,847,899	2,296,774,497
Cost	*222*		*10,091,586,488*	*9,982,586,488*
Accumulated depreciation	*223*		*(8,436,738,589)*	*(7,685,811,991)*
Intangible fixed assets	227	11	18,529,216	133,843,533
Cost	*228*		*836,870,000*	*836,870,000*
Accumulated amortisation	*229*		*(818,340,784)*	*(703,026,467)*
Investment property	**230**	**12**	**121,744,850,694**	**125,229,716,599**
Cost	*231*		*164,521,792,920*	*164,521,792,920*
Accumulated depreciation	*232*		*(42,776,942,226)*	*(39,292,076,321)*
Long-term work in progress	**240**		**266,525,363,208**	**263,526,949,254**
Construction in progress	242	13	266,525,363,208	263,526,949,254
Long-term financial investments	**250**	**6(b)**	**534,598,373,046**	**510,668,084,082**
Investments in subsidiaries	251		369,850,011,814	341,327,031,814
Investments in associates	252		193,894,178,945	192,251,178,945
Equity investments in other entities	253		2,250,000,000	-
Allowance for diminution in the value of long-term financial investments	254		(31,395,817,713)	(22,910,126,677)
Other long-term assets	**260**		**5,155,266,971**	**2,435,208,639**
Long-term prepaid expenses	261		1,765,771,861	-
Deferred tax assets	262	32(a)	3,389,495,110	2,435,208,639
TOTAL ASSETS (270 = 100 + 200)	**270**		**1,280,842,180,507**	**1,266,235,946,277**

The accompanying notes are an intergal part of these separate financial statements

SEPARATE BALANCE SHEET

Form B 01 - DN
(Issued under Circular No. 200/2014/TT - BTC dated 22 December 2014 of the Ministry of Finance)

as at 31 December 2018 (continued)

	Code	Note	31/12/2018 VND	1/1/2018 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	**300**		**563,766,845,090**	**556,649,920,835**
Current liabilities	**310**		**523,283,328,072**	**516,038,455,417**
Accounts payable to suppliers	311	14	693,347,699	324,093,650
Advances from customers	312	15	44,774,673,790	17,147,958,448
Taxes and other payables to State Treasury	313	16	2,188,782,349	5,992,222,416
Payables to employees	314		6,796,650,436	6,290,279,314
Accrued expenses	315	17	11,026,588,583	16,996,190,905
Other payables - short-term	319	18(a)	418,037,709,902	432,160,646,871
Short-term borrowings	320	19	30,553,419,996	29,000,000,000
Bonus and welfare fund	322	20	9,212,155,317	8,127,063,813
Long-term liabilities	**330**		**40,483,517,018**	**40,611,465,418**
Other payables - long-term	337	18(b)	40,483,517,018	40,611,465,418
EQUITY (400 = 410)	**400**		**717,075,335,417**	**709,586,025,442**
Owners' equity	**410**	**21**	**717,075,335,417**	**709,586,025,442**
Share capital	411	22	249,955,730,000	249,955,730,000
Share premium	412		317,064,858,303	317,064,858,303
Treasury shares	415	22	(690,474,358)	(690,474,358)
Investment and development fund	418	24	24,938,303,806	24,938,303,806
Retained profits	421		125,806,917,666	118,317,607,691
TOTAL RESOURCES (440 = 300 + 400)	**440**		**1,280,842,180,507**	**1,266,235,946,277**

11 March 2019

Prepared by:

Ngo Van Danh
Chief Accountant

Approved by:

Mai Viet Ha
General Director

The accompanying notes are an intergal part of these separate financial statements

SEPARATE STATEMENT OF INCOME

Form B 02 - DN
(Issued under Circular No. 200/2014/TT - BTC dated 22 December 2014 of the Ministry of Finance)

for the year ended 31 December 2018

	Code	Note	2018 VND	2017 VND
Revenue from sales of goods and provision of services	**01**	**26**	**82,886,544,985**	**154,196,983,367**
Cost of goods sold and services provided	**11**	**27**	**(35,834,872,615)**	**(74,127,499,128)**
Gross profit (20 = 01 + 11)	**20**		**47,051,672,370**	**80,069,484,239**
Financial income	21	28	47,599,702,102	37,867,103,714
Financial expenses	22	29	(11,536,398,337)	(22,690,271,718)
In which: Interest expense	*23*		*(3,978,136,124)*	*(3,628,791,313)*
Selling expenses	25		(2,598,657,358)	(2,459,828,995)
General and administrative expenses	26	30	(35,028,484,098)	(36,134,028,544)
Net operating profit (30 = 20 + 21 + 22 + 25 + 26)	**30**		**45,487,834,679**	**56,652,458,696**
Other income	31		396,041,133	759,773,591
Other expenses	32		(79,370,955)	(5,846,008)
Results of other activities (40 = 31 + 32)	**40**		**316,670,178**	**753,927,583**
Accounting profit before tax (50 = 30 + 40)	**50**		**45,804,504,857**	**57,406,386,279**
Income tax expense - current	**51**	**32(b)**	**(1,050,958,227)**	**(4,031,224,651)**
Income tax benefit/(expense) - deferred	**52**	**32(b)**	**954,286,471**	**(416,867,113)**
Net profit after tax (60 = 50 + 51)	**60**		**45,707,833,101**	**52,958,294,515**

11 March 2019

Prepared by:

Ngo Van Danh
Chief Accountant

Approved by:

Mai Viet Ha
General Director

The accompanying notes are an intergal part of these separate financial statements

SEPARATE STATEMENT OF CASH FLOWS

Form B 03 - DN
(Issued under Circular No. 200/2014/TT - BTC dated 22 December 2014 of the Ministry of Finance)

for the year ended 31 December 2018 (Indirect method)

	Code	Note	2018 VND	2017 VND
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	**01**		**45,804,504,857**	**57,406,386,279**
Adjustments for				
Depreciation and amortisation	02		4,351,106,820	4,668,108,103
Allowances and provisions	03		7,540,691,036	(11,316,214,256)
Losses on disposals of investments in subsidiaries and associates	05		-	8,400,000,000
Gains on disposals of fixed assets	05		-	(100,000,000)
Dividends and interest income	05		(46,856,952,174)	(37,832,103,714)
Interest expense	06		3,978,136,124	3,628,791,313
Operating profit before changes in working capital	**08**		**14,817,486,663**	**24,854,967,725**
Change in receivables	09		(7,885,547,089)	(24,222,631,847)
Change in inventories	10		3,195,671,885	58,283,728,524
Change in payables and other liabilities	11		12,525,330,644	224,701,945,918
Change in prepaid expenses	12		(1,756,748,602)	(9,023,259)
Change in trading securities	13		8,042,838,572	1,025,000,000
			28,939,032,073	**284,633,987,061**
Interest paid	14		(3,977,023,795)	(3,633,440,975)
Income tax paid	15		(2,704,053,465)	(9,089,549,940)
Other payments for operating activities	17		(3,562,823,222)	(5,941,205,485)
Net cash flows from operating activities	**20**		**18,695,131,591**	**265,969,790,661**

The accompanying notes are an intergal part of these separate financial statements

SEPARATE STATEMENT OF CASH FLOWS

Form B 03 - DN
(Issued under Circular No. 200/2014/TT - BTC dated 22 December 2014 of the Ministry of Finance)

for the year ended 31 December 2018 (Indirect method - cotinued)

	Code	Note	2018 VND	2017 VND
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(13,107,413,954)	(313,612,662,884)
Proceeds from disposals of fixed assets	22		-	100,000,000
Payments for granting loans	23		(35,000,000,000)	(50,577,878,732)
Receipts from collecting loans	24		22,500,000,000	34,577,878,732
Payments for investments in other entities	25		(21,917,695,333)	(44,296,729,945)
Collections of investments in subsidiary	26		-	74,600,000,000
Receipts of dividends and interest income	27		45,861,584,174	37,988,212,324
Net cash flows from investing activities	**30**		**(1,663,525,113)**	**(261,221,180,505)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings	33		30,553,419,996	30,689,432,822
Payments to settle loan principals	34		(29,000,000,000)	(38,596,628,592)
Payments of dividends	36		(29,965,543,380)	(29,968,251,980)
Net cash flows from financing activities	**40**		**(28,412,123,384)**	**(37,875,447,750)**
Net cash flows during the year (50 = 20 + 30 + 40)	**50**		**(11,380,516,906)**	**(33,126,837,594)**
Cash and cash equivalents at the beginning of the year	**60**		**49,715,957,806**	**82,842,795,400**
Cash and cash equivalents at the end of the year (70 = 50 + 60)	**70**	**5**	**38,335,440,900**	**49,715,957,806**

11 March 2019

Prepared by:

Ngo Van Danh
Chief Accountant

Approved by:

Mai Viet Ha
General Director

The accompanying notes are an intergal part of these separate financial statements

CORPORATE INFOMATION

DECISION NO.	3448/QD-UB	9 July 2004
	3449/QD-UB	9 July 2004
	These decisions were issued by the Ho Chi Minh City People's Committee.	
BUSINESS LICENCE	4103002955	15 December 2004
	The Company's business licence has been amended several times, the most recent of which is by business licence No. 0301154821 dated 26 January 2015. The business licence was issued by Ho Chi Minh City Planning and Investment Department.	
BOARD OF MANAGEMENT	**Mr. Nguyen Binh Minh**	Chairman
	Mr. Mai Viet Ha	Member
	Ms. Nguyen Viet Hoa	Member
	Mr. Doan Van Quang	Member
	Mr. Nguyen Cong Binh	Member
	Mr. Nguyen Duc Trong	Member
	Mr. Luong Quang Hien	Member
	Mr. Lars Johan Gerard De Geer	Member (from 15 June 2018)
BOARD OF DIRECTORS	**Mr. Mai Viet Ha**	General Director
	Mr. Doan Van Quang	Deputy General Director
	Ms. Nguyen Thu Nga	Deputy General Director
	Mr. Nguyen Cong Binh	Deputy General Director
SUPERVISORY BOARD	**Ms. Nguyen Nhu Anh**	Head of the Board
	Mr. Nguyen Thai Hoa	Member
	Mr. Hoang Thi Thu Huong	Member (from 15 June 2018)
	Mr. Dinh Truc Phuong	Member (from 15 June 2018)
	Mr. Phan Phuong Nga	Member (until 15 June 2018)
REGISTERED OFFICE	68 Nam Ky Khoi Nghia Street District 1, Ho Chi Minh City Vietnam	
AUDITORS	KPMG Limited Vietnam	

STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of Saigon General Service Corporation ("the Company") and its subsidiaries (together referred to as "the Group") presents this statement and the accompanying consolidated financial statements of the Group for the year ended 31 December 2018.

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting. In the opinion of the Board of Directors:

(a) the consolidated financial statements set out on pages 111 to 159 give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of the consolidated results of operations and the consolidated cash flows of the Group for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting; and

(b) at the date of this statement, there are no reasons to believe that the Group will not be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised the agccompanying consolidated financial statements for issue.

On behalf of the Board of Directors

Mai Viet Ha
General Director

Ho Chi Minh City, 11 March 2019

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS
SAIGON GENERAL SERVICE CORPORATION

We have audited the accompanying consolidated financial statements of Saigon General Service Corporation ("the Company") and its subsidiaries (together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 December 2018, the consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Directors on 11 March 2019, as set out on pages 111 to 159.

MANAGEMENT'S RESPONSIBILITY

The Company's Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

AUDITOR'S OPINION

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Saigon General Service Corporation and its subsidiaries as at 31 December 2018 and of its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

KPMG LIMITED'S BRANCH IN HO CHI MINH CITY VIETNAM
Audit Report No.: 18-01-00410-19-2

Auvarin Phor
Practicing Auditor Registration
Certificate No. 2252-2018-007-1
Deputy General Director
Ho Chi Minh City, 11 March 2019

Nguyen Thanh Nghi
Practicing Auditor Registration
Certificate No. 0304-2018-007-1

CONSOLIDATED BALANCE SHEET

Form B 01 - DN/HN
(Issued under Circular No. 200/2014/TT - BTC dated 22 December 2014 of the Ministry of Finance)

as at 31 December 2018

	Code	Note	31/12/2018 VND	1/1/2018 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	**100**		**2,196,052,230,291**	**1,624,916,635,283**
Cash and cash equivalents	**110**	**5**	**268,045,104,754**	**222,746,938,508**
Cash	111		210,007,572,879	177,619,605,175
Cash equivalents	112		58,037,531,875	45,127,333,333
Short-term financial investments	**120**		**39,488,075,283**	**40,224,913,855**
Trading securities	121	6(a)	42,802,075,283	50,844,913,855
Allowance for diminution in the value of trading securities	122	6(a)	(18,225,000,000)	(19,170,000,000)
Held-to-maturity investments	123	6(b)	14,911,000,000	8,550,000,000
Accounts receivable - short-term	**130**		**695,256,990,400**	**599,221,889,186**
Accounts receivable from customers	131	7	517,312,887,580	442,964,578,992
Prepayments to suppliers	132		85,880,071,038	69,392,710,498
Loans receivable	135		12,000,000,000	-
Other receivables	136	8(a)	80,720,767,210	87,519,799,696
Allowance for doubtful debts	137		(656,735,428)	(655,200,000)
Inventories	**140**	**9**	**1,134,474,506,423**	**719,577,703,847**
Inventories	141		1,138,523,608,918	721,918,012,039
Allowance for inventories	149		(4,049,102,495)	(2,340,308,192)
Other current assets	**150**		**58,787,553,431**	**43,145,189,887**
Short-term prepaid expenses	151	14(a)	11,734,520,242	11,679,648,079
Deductible value added tax	152		46,780,713,489	30,667,250,737
Taxes receivable from State Treasury	153	16(b)	272,319,700	798,291,071

The accompanying notes are an intergal part of these separate financial statements

CONSOLIDATED BALANCE SHEET

Form B 01 - DN/HN
(Issued under Circular No. 200/2014/TT - BTC dated 22 December 2014 of the Ministry of Finance)

as at 31 December 2018 (continued)

	Code	Note	31/12/2018 VND	1/1/2018 VND
Long-term assets (200 = 210 + 220 + 230 + 240 + 250 + 260)	**200**		**2,159,597,103,287**	**1,992,120,506,699**
Accounts receivable - long-term	**210**		**182,178,610,222**	**166,556,058,346**
Other long-term receivables	216	8(b)	183,178,610,222	170,706,058,346
Allowance for doubtful long-term debts	219		(1,000,000,000)	(4,150,000,000)
Fixed assets	**220**		**457,816,965,914**	**394,434,367,478**
Tangible fixed assets	221	10	386,374,719,139	315,443,140,263
Cost	*222*		*597,281,457,583*	*483,714,814,057*
Accumulated depreciation	*223*		*(210,906,738,444)*	*(168,271,673,794)*
Intangible fixed assets	227	11	71,442,246,775	78,991,227,215
Cost	*228*		*81,186,312,256*	*87,329,292,256*
Accumulated amortisation	*229*		*(9,744,065,481)*	*(8,338,065,041)*
Investment property	**230**	**12**	**726,184,526,348**	**711,548,558,061**
Cost	*231*		*921,828,708,866*	*883,410,133,098*
Accumulated depreciation	*232*		*(195,644,182,518)*	*(171,861,575,037)*
Long-term work in progress	**240**		**367,635,726,677**	**383,146,360,661**
Construction in progress	242	13	367,635,726,677	383,146,360,661
Long-term financial investments	**250**		**384,210,488,328**	**314,004,776,667**
Investments in associates	252	6(c)	378,850,224,328	305,315,512,667
Equity investments in other entities	253	6(c)	5,360,264,000	8,689,264,000
Other long-term assets	**260**		**41,570,785,798**	**22,430,385,486**
Long-term prepaid expenses	261	14(b)	38,061,909,597	19,845,795,757
Deferred tax assets	262	36(a)	3,508,876,201	2,584,589,729
TOTAL ASSETS (270 = 100 + 200)	**270**		**4,355,649,333,578**	**3,617,037,141,982**

The accompanying notes are an intergal part of these separate financial statements

CONSOLIDATED BALANCE SHEET

Form B 01 - DN/HN
(Issued under Circular No. 200/2014/TT - BTC dated 22 December 2014 of the Ministry of Finance)

as at 31 December 2018 (continued)

	Code	Note	31/12/2018 VND	1/1/2018 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	**300**		**2,820,503,318,544**	**2,339,689,615,983**
Current liabilities	**310**		**2,266,260,565,058**	**1,790,696,348,139**
Accounts payable to suppliers	311	15	184,846,499,376	207,578,160,576
Advances from customers	312		164,874,327,197	117,747,178,292
Taxes and other payables to State Treasury	313	16(a)	39,422,262,288	31,021,208,093
Payables to employees	314		100,659,106,107	58,474,046,547
Accrued expenses	315	17	53,055,205,113	46,957,684,139
Unearned revenue - short-term	318	18(a)	6,773,857,186	9,807,732,225
Other payables - short-term	319	19(a)	438,146,116,890	449,369,812,625
Short-term borrowings	320	20(a)	1,262,171,559,942	855,817,418,887
Bonus and welfare fund	322	21	16,311,630,959	13,923,106,755
Long-term liabilities	**330**		**554,242,753,486**	**548,993,267,844**
Unearned revenue - long-term	336	18(b)	95,941,611,058	83,845,600,000
Other payables - long-term	337	19(b)	87,253,926,927	92,192,896,656
Long-term borrowings	338	20(b)	371,047,215,501	372,954,771,188
EQUITY (400 = 410)	**400**		**1,535,146,015,034**	**1,277,347,525,999**
Owners' equity	**410**	**22**	**1,535,146,015,034**	**1,277,347,525,999**
Share capital	411	23	249,955,730,000	249,955,730,000
Share premium	412		317,064,858,303	317,064,858,303
Other capital	414		20,242,000,000	14,850,000,000
Treasury shares	415	23	(690,474,358)	(690,474,358)
Investment and development fund	418	25	43,033,201,299	47,539,169,112
Retained profits	421		424,537,839,749	297,796,407,469
Non-controlling interest	429		481,002,860,041	350,831,835,473
TOTAL RESOURCES (440 = 300 + 400)	**440**		**4,355,649,333,578**	**3,617,037,141,982**

11 March 2019

Prepared by:

Ngo Van Danh
Chief Accountant

Approved by:

Mai Viet Ha
General Director

The accompanying notes are an intergal part of these separate financial statements

CONSOLIDATED STATEMENT OF INCOME

Form B 02 - DN/HN
(Issued under Circular No. 200/2014/TT - BTC dated 22 December 2014 of the Ministry of Finance)

for the year ended 31 December 2018

	Code	Note	2018 VND	2017 VND
Revenue from sales of goods and provision of services	**01**	**27**	**14,881,843,305,842**	**13,794,724,864,291**
Revenue deductions	**02**	**27**	**(10,188,383,538)**	**(13,418,108,557)**
Net revenue (10 = 01 + 02)	**10**	**27**	**14,871,654,922,304**	**13,781,306,755,734**
Cost of goods sold and services provided	**11**	**28**	**(13,851,910,777,563)**	**(13,060,916,977,057)**
Gross profit (20 = 10 + 11)	**20**		**1,019,744,144,741**	**720,389,778,677**
Financial income	21	29	17,898,325,134	21,270,975,508
Financial expenses	22	30	(87,738,744,569)	(107,874,217,499)
In which: Interest expense	*23*		*(84,957,422,562)*	*(90,915,434,287)*
Share of profit in associates	24	6(c)	57,903,674,161	14,315,723,152
Selling expenses	25	31	(458,726,538,431)	(415,117,754,690)
General and administrative expenses	26	32	(289,673,785,247)	(242,352,462,253)
Net operating profit/(loss) (30 = 20 + 21 + 22 + 24 + 25 + 26)	**30**		**259,407,075,789**	**(9,367,957,105)**
Other income	31	33	106,523,258,417	186,202,902,608
Other expenses	32	34	(3,618,577,716)	(2,848,330,374)
Results of other activities (40 = 31 + 32)	**40**		**102,904,680,701**	**183,354,572,234**
Accounting profit before tax (50 = 30 + 40)	**50**		**362,311,756,490**	**173,986,615,129**
Income tax expense - current	**51**	**36(b)**	**(62,969,194,590)**	**(34,353,137,775)**
Income tax benefit/(expense) - deferred	**52**	**36(b)**	**924,286,472**	**(577,850,556)**
Net profit after tax (60 = 50 + 51 + 52)	**60**		**300,266,848,372**	**139,055,626,798**
Attributable to:				
Equity holders of the Company	61		173,002,896,673	81,633,249,712
Non-controlling interest	62		127,263,951,699	57,422,377,086
Basic earnings per share	**70**	**37**	**6,425**	**3,183**

11 March 2019

Prepared by:

Ngo Van Danh
Chief Accountant

Approved by:

Mai Viet Ha
General Director

The accompanying notes are an intergal part of these separate financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

Form B 03 - DN/HN
(Issued under Circular No. 200/2014/TT - BTC dated 22 December 2014 of the Ministry of Finance)

for the year ended 31 December 2018 (Indirect method)

	Code	Note	2018 VND	2017 VND
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	**01**		**362,311,756,490**	**173,986,615,129**
Adjustments for				
Depreciation and amortisation	02		73,393,593,028	71,556,453,025
Allowances and provisions	03		(2,384,670,269)	(18,751,567,398)
Gains on disposals of fixed assets	05		(2,282,130,956)	(1,694,002,773)
Loss on partial disposals of investments in subsidiary	05		-	8,385,122,777
Dividends and interest income	05		(9,201,722,200)	(7,789,660,449)
Income from associates	05		(57,903,674,161)	(14,315,723,152)
Interest expense	06		84,957,422,562	90,915,434,287
Operating profit before changes in working capital	**08**		**448,890,574,494**	**302,292,671,446**
Change in receivables and other current assets	09		(99,624,128,023)	(31,513,617,449)
Change in inventories	10		(416,605,596,879)	206,215,254,847
Change in payables and other liabilities	11		70,037,650,435	251,830,132,885
Change in prepaid expenses	12		(18,270,986,003)	2,999,382,929
Change in trading securities	13		8,042,838,572	1,025,000,000
			(7,529,647,404)	**732,848,824,658**
Interest paid	14		(84,392,802,785)	(90,702,877,746)
Corporate income tax paid	15		(46,268,936,833)	(40,155,148,919)
Other payments for operating activities	17		(14,305,735,593)	(12,734,264,532)
Net cash flows from operating activities	**20**		**(152,497,122,615)**	**589,256,533,461**

The accompanying notes are an intergal part of these separate financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

Form B 03 - DN/HN
(Issued under Circular No. 200/2014/TT - BTC dated 22 December 2014 of the Ministry of Finance)

for the year ended 31 December 2018 (Indirect method - contined)

	Code	Note	2018 VND	2017 VND
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(173,193,772,239)	(484,978,979,817)
Proceeds from disposals of tangible fixed assets	22		29,574,377,428	32,717,320,527
Proceeds from disposals of investments in subsidiary, net of cash disposed	22		-	53,382,313,983
Payments for granting loans	23		(13,000,000,000)	(25,000,000,000)
Collections of loans	23		1,000,000,000	18,000,000,000
Placement of held-to-maturity investments	23		(7,886,000,000)	(8,550,000,000)
Collection of held-to-maturity investments	23		1,525,000,000	11,750,000,000
Payments for investments in other entities	25		(26,293,000,000)	(67,381,469,945)
Receipts of dividends and interest income	27		19,863,684,700	19,159,434,749
Net payments in other non-current assets			(12,472,551,876)	(28,901,220,126)
Net cash flows from investing activities	**30**		**(180,882,261,987)**	**(479,802,600,629)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings	33		8,871,125,408,105	8,479,051,742,167
Payments to settle loan principals	34		(8,466,678,822,737)	(8,567,848,311,678)
Proceeds from equity issued by subsidiaries to non-controlling interest			35,531,430,000	30,128,740,000
Payments of dividends to equity holders of the Company	36		(29,965,543,380)	(29,968,251,980)
Payments of dividends by subsidiaries to non-controlling interest	36		(31,334,921,140)	(29,262,352,512)
Net cash flows from financing activities	**40**		**378,677,550,848**	**(117,898,434,003)**
Net cash flows during the year (50 = 20 + 30 + 40)	**50**		**45,298,166,246**	**(8,444,501,171)**
Cash and cash equivalents at the beginning of the year	**60**		**222,746,938,508**	**231,191,439,679**
Cash and cash equivalents at the end of the year (70 = 50 + 60)	**70**	**5**	**268,045,104,754**	**222,746,938,508**

11 March 2019

Prepared by:

Approved by:

Ngo Van Danh
Chief Accountant

Mai Viet Ha
General Director

The accompanying notes are an intergal part of these separate financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Form B 09 - DN/HN
(Issued under Circular No. 200/2014/TT - BTC dated 22 December 2014 of the Ministry of Finance)

for the year ended 31 December 2018

1. REPORTING ENTITY

(a) Ownership structure

Saigon General Service Corporation ("the Company") was incorporated as a joint-stock company under Decision No. 3448/QD-UB issued by the Ho Chi Minh City People's Committee on 9 July 2004 and amended by Decision No. 3449/QD-UB on the same day.

The consolidated financial statements of the Company for the year ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as "the Group") and the Group's interest in associates.

(b) Principals activities

The principal activities of the Group are:

- Services and trading: trading, distribution, repair and maintenance of cars, motorbikes and spare parts; trading jewelries, construction materials; providing bar and restaurant services;
- Real estate: trading real estate, land use rights; leasing warehouses, office, commercial centres; investing, developing real estate projects such as office buildings, apartments, villas and high-class resorts; and
- Financial services: investing in subsidiaries, associates and in shares of other entities operating in trading and services, real estate and infrastructures.

The Company's shares are listed on the Ho Chi Minh Stock Exchange.

(c) Normal operating cycle

The normal operating cycle of the Group is generally within 12 months.

(d) Group structure

As at 31 December 2018, the Group had 2,744 employees (1 January 2018: 2,629 employees).

As at 31 December 2018, the Group had 14 subsidiaries and 16 associates (1 January 2018: 13 subsidiaries and 12 associates) as follows:

1. REPORTING ENTITY (CONTINUED)

(d) Group structure (continued)

Subsidiaries

No.	Name	Principal activity	Address	Percentage of economic interest at	
				31/12/2018	1/1/2018
1	Saigon Automobile Service Joint Stock Company (SAIGON FORD)	Trading FORD cars and spare parts, providing maintenance services.	61A Cao Thang Street, Ward 3, District 3, Ho Chi Minh City, Vietnam	52.05%	52.05%
2	Toyota Giai Phong Joint Venture Company (TGP)	Trading TOYOTA cars and spare parts, providing maintenance services.	807 Giai Phong Street, Giap Bat Ward, Hoang Mai District, Hanoi City, Vietnam	51%	51%
3	Saigon Service Trading Limited Company (YAMAHA Can Tho)	Trading YAMAHA motorbikes and spare parts, providing maintenance services.	164 - 166C, 3/2 Street, Hung Loi Ward, Ninh Kieu District, Can Tho City, Vietnam	88.12%	88.12%
4	Saigon Star Corporation	Trading SUZUKI, HONDA and VEAM automobile and motorbikes and spare parts, providing maintenance services.	510 National Highway 13, Hiep Binh Phuoc Ward, Thu Duc District, Ho Chi Minh City, Vietnam	56.80%	59.62%
5	Savico Hanoi Corporation	Operating business centre, providing hotel services; civil construction, industrial projects; agents and consignment; import and export activities; trading and maintaining automobile; providing engine rental, transportation and car parking services.	7 - 9 Nguyen Van Linh Street, Long Bien Ward, Ha Noi City, Vietnam	70%	70%
6	Toyota Can Tho Company Limited	Trading TOYOTA cars and spare parts, providing maintenance services.	K2-0, Vo Nguyen Giap Street, Thanh Thuan Area, Phu Thu Ward, Cai Rang District, Can Tho City, Vietnam	51%	51%
7	Savico Da Nang Corporation	Trading real estate; providing workshops and office rental services; providing consulting and real estate brokerage services; trading automobile and spare parts; providing maintenance and repairing service; providing transportation services.	66 Vo Van Tan Street, Chinh Gian Ward, Thanh Khe District, Da Nang City, Vietnam	70%	70%
8	OtoS Joint Stock Company (otos.vn)	Providing e-commerce services; advertising services; trading cars and spare parts; providing maintenance and repairing services; providing software publishment and other services related to information technology.	68 Nam Ky Khoi Nghia Street, Nguyen Thai Binh Ward, District 1, Ho Chi Minh City, Vietnam	80.86%	80.33%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2018 (continued)
Form B 09 - DN/HN
(Issued under Circular No. 200/2014/TT - BTC dated 22 December 2014 of the Ministry of Finance)

1. REPORTING ENTITY (CONTINUED)

(d) Group structure (continued)

Subsidiaries (continued)

No.	Name	Principal activity	Address	Percentage of economic interest at	
				31/12/2018	1/1/2018
9	Da Nang Son Tra Corporation	Trading real estate; providing hotel and travel services; operating restaurant, providing foods and beverages; providing transportation and civil construction services.	Bai Trem, Hoang Sa Street, Tho Quang Ward, Son Tra District, Da Nang City, Vietnam	98%	98%
10	Saigon Cuu Long Automobile Corporation	Trading GM cars and spare parts; providing maintenance and transportation services.	274 30/4 Street, Hung Loi Ward, Ninh Kiều District, Can Tho City, Vietnam	84.17%	84.17%
11	Saigon North West Automobile Joint Stock Company	Trading trucks and spare parts; providing maintenance, repairing and transportation services.	43/7A Xuan Thoi Dong 2 Area, Xuan Thoi Dong Ward, Hoc Mon District, Ho Chi Minh City, Vietnam	80%	80%
12	Vinh Thinh Automobile Joint Stock Company	Trading HINO truck and spare parts; providing maintenance, repairing and transportation services.	5/5 Binh Giao Area, Thuan Giao Ward, Thuan An Town, Binh Dương Province, Vietnam	90%	90%
13	Nam Song Hau Automobile Joint Stock Company	Trading HONDA cars and spare parts; providing maintenance, repairing and transportation services.	Block E1-1, Vo Nguyen Giap Street, Thanh Loi Area, Phu Thu Ward, Cai Rang District, Can Tho City, Vietnam	51%	51%
14	Vinh Thinh Vehicle And Specialized Equipment Company Limited	Trading HYUNDAI truck, bus and spare parts; providing maintenance, repairing and transportation services.	Hamlet 1, Dong Tien Commune, Dong Phu District, Binh Phuoc Province, Vietnam	55%	-

1. REPORTING ENTITY (CONTINUED)

(d) Group structure (continued)

Associates

No.	Name	Principal activity	Address	Percentage of economic interest at	
				31/12/2018	1/1/2018
1	ComfortDelgro Savico Taxi Company Limited	Providing the transportation and maintenance services.	6th floor, 555 Tran Hung Dao Street, Cau Kho Ward, District 1, Ho Chi Minh City, Vietnam	40.03%	40.03%
2	Toyota East Saigon Joint Stock Company (TESC)	Trading TOYOTA cars and spare parts, providing maintenance services.	507 Ha Noi Highway, District 2, Ho Chi Minh City, Vietnam	30.30%	30.30%
3	Binh Duong New City Automobile Service Joint Stock Company	Trading FORD cars and spare parts, providing maintenance services.	Lot C13, Hung Vuong Street, Lien Hop Area, Hoa Phu Ward, Thu Dau Mot City, Binh Duong Province, Vietnam	38.51%	35.41%
4	Dana Joint Stock Company (DANA FORD)	Trading FORD cars and spare parts, providing maintenance services.	56 Dien Bien Phu Street, Thanh Khe Ward, Da Nang City, Vietnam	40.27%	40.27%
5	South West Star Automobile Joint Stock Company	Trading HYUNDAI cars and spare parts; providing maintenance, repairing and transportation services.	91 Cach Mang Thang Tam Street, An Thoi Ward, Binh Thuy District, Can Tho City, Vietnam	43.80%	43.80%
6	Toyota Ly Thuong Kiet Company Limited	Trading TOYOTA cars and spare parts, providing maintenance services, non-life insurance agency.	188 Le Trong Tan, Tay Thanh Ward, Tan Phu District, Ho Chi Minh City, Vietnam	35%	35%
7	Bac Au Automobile Joint Stock Company	Trading VOLVO cars and spare parts, providing maintenance services.	340A Nguyen Van Linh, Binh Thuan Ward, District 7, Ho Chi Minh City, Vietnam	39.81%	39.81%
8	South Saigon Automobile Service Commercial Investment Joint Stock	Trading GM cars and spare parts, providing maintenance services.	1489 Nguyen Van Linh, Tan Phong Ward, District 7, Ho Chi Minh City, Vietnam	30%	30%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2018 (continued)
Form B 09 - DN/HN
(Issued under Circular No. 200/2014/TT - BTC dated 22 December 2014 of the Ministry of Finance)

1. REPORTING ENTITY (CONTINUED)

(d) Group structure (continued)

Associates (continued)

No.	Name	Principal activity	Address	Percentage of economic interest at	
				31/12/2018	1/1/2018
9	Savico Investment Joint Stock Company	Trading real estate; providing property consultancy, brokerage, auction; providing services on market study, surveys of public opinion; providing architecture and related technology consultancy; providing specialised design and construction services; trading automobile and spare parts; providing maintenance and repairing services; providing kindergarten education.	66-68 Nam Ky Khoi Nghia Street, Nguyen Thai Binh Ward, District 1, Ho Chi Minh City, Vietnam	40%	40%
10	Bac Au Hanoi Automobile Limited Company	Trading VOLVO cars and spare parts, providing maintenance services.	9 Nguyen Van Linh, Gia Thuy Ward, Long Bien District, Hanoi City, Vietnam	25%	25%
11	Binh Thuan Automotive Service Joint Stock Company	Trading FORD cars and spare parts, providing maintenance services.	Lot 4/3, Street No.4, Phan Thiet 1 Industrial Zone, Phong Nam Commune, Phan Thiet City, Binh Thuan Province	50%	50%
12	Ben Thanh Tay Ninh Automobile Corporation	Trading FORD cars and spare parts, providing maintenance services.	Highway 22B, Hiep Truong Hamlet, Hiep Tan Commune, Hoa Thanh District, Tay Ninh Province	50%	50%
13	Da Nang Automobile Company Limited	Trading cars, motorbikes and spare parts, providing maintenance, transportation and car rental services.	No.2 Nguyen Huu Tho Street, Hoa Thuan Tay Ward, Hai Chau District, Da Nang City	50%	-
14	Savico Quang Nam Company Limited	Trading cars, motorbikes and spare parts, providing maintenance, transportation and car rental services.	1A Highway, Van Long Hamlet, Tam Dan Commune, Phu Ninh District, Quang Nam Province	50%	-
15	Sai Gon Auto Gia Dinh Service Company Limited	Trading cars, motorbikes and spare parts, providing maintenance, transportation and car rental services.	1A Highway, Thanh Xuan Ward, District 12, Ho Chi Minh City	35%	-
16	Star Hyundai Automobile Joint Stock Company	Trading Hyundai cars and spare parts, providing maintenance services.	184C/1, 1A Town, An Phu Ward, Thuan An District, Binh Duong Province	49%	-

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

(b) Basis of measurement

The consolidated financial statements, except for the consolidated statement of cash flows, are prepared on the accrual basis using the historical cost concept. The consolidated statement of cash flows is prepared using the indirect method.

(c) Annual accounting period

The annual accounting period of the Group is from 1 January to 31 December.

(d) Accounting and presentation currency

The Group's accounting currency is Vietnam Dong ("VND"), which is also the currency used for financial statement presentation purpose.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been adopted by the Group in the preparation of these consolidated financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Non-controlling interests

Non-controlling interests ("NCI") are measured at their proportionate share of the acquiree's identifiable net assets at date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners. The difference between the change in the Group's share of net assets of the subsidiary and any consideration paid or received is recorded directly in retained profits under equity.

(iii) Loss of control

When the Group losses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in the consolidated income statement. Any interest retained in the former subsidiary when control is lost is stated at the carrying amount of the retained investments in the consolidated financial statements adjusted for appropriate shares of changes in equity of the investee since the acquisition date, if significant influence in the investee is maintained, or otherwise stated at cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Form B 09 - DN/HN
(Issued under Circular No. 200/2014/TT - BTC dated 22 December 2014 of the Ministry of Finance)

for the year ended 31 December 2018 (continued)

(iv) Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method. The consolidated financial statements include the Group's share of the income and expenses of the associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

(v) Transactions eliminated on consolidation

Intra-group transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains and losses arising from transactions with associates are eliminated against the investments to the extent of the Group's interest in the associate.

(b) Foreign currency transactions

Transactions in currencies other than VND during the year have been translated into VND at rates approximating actual rates of exchange ruling at the transaction dates.

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the account transfer buying rate and account transfer selling rate, respectively at the end of the accounting period quoted by the commercial bank where the Company or its subsidiaries most frequently conducts transactions.

All foreign exchange differences are recorded in the consolidated statement of income.

(c) Cash and cash equivalents

Cash comprises cash balances and call deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(d) Investments

(i) Trading securities

Trading securities are those held by the Group for trading purpose i.e. purchased for resale with the aim of making profits. Trading securities are initially recognised at cost which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at cost less allowance for diminution in value. An allowance is made for diminution in value of trading securities if market price of the securities item falls below its carrying amount. The allowance is reversed if the market price subsequently increases after the allowance was recognised. An allowance is reversed only to the extent that the securities' carrying amount does not exceed the carrying amount that has been determined if no allowance had been recognised.

(ii) Held-to-maturity investments

Held-to-maturity investments are those that the Group's management has intention and ability to hold until maturity. Held-to-maturity investments include term deposits at bank, bonds, redeemable preference shares which the issuers are required to repurchase at a certain date and granting loans held to maturity. These investments are stated at costs less allowance for impairment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Investments (continued)

(iii) Investments in equity instruments of other entities

Investments in equity instruments of other entities are initially recognised at cost which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, these investments are stated at cost less allowance for diminution in value. An allowance is made for diminution in investment values if the investee has suffered a loss, except where such a loss was anticipated by the Group's management before making the investment. The allowance is reversed if the investee subsequently made a profit that offsets the previous loss for which the allowance had been made. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that has been determined if no allowance had been recognised.

(e) Accounts receivable

Trade and other receivables are stated at cost less allowance for doubtful debts.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a specific identification basis for real estate, cars, motorbikes and weighted average basis for other items and includes all costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price of inventory items, less the estimated costs of completion and selling expenses.

The Group applies the perpetual method of accounting for inventories.

(g) Tangible fixed assets

(i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repair, maintenance and overhaul cost, is charged to the consolidated statement of income in the year in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

(ii) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

buildings	6 - 42 years
machinery and equipment	4 - 8 years
office equipment	2 - 10 years
motor vehicles	5 - 6 years
others	3 - 5 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Form B 09 - DN/HN
(Issued under Circular No. 200/2014/TT - BTC dated 22 December 2014 of the Ministry of Finance)

for the year ended 31 December 2018 (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Intangible fixed assets

(i) Land use rights

Land use rights comprise:

- those granted by the State for which land use payments are collected;
- those acquired in a legitimate transfer; and
- rights to use leased land obtained before the effective date of Land Law (2003) for which payments have been made in advance for more than 5 years and supported by land use right certificate issued by competent authority.

Land use rights with indefinite period of use are stated at cost. Land use rights with definite period of use are stated at cost less accumulated amortisation. The initial cost of land use rights comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use rights. Amortisation is computed on a straight-line basis over 20 to 50 years.

(ii) Software

Cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software cost is amortised on a straight-line basis over 3 to 4 years.

(i) Investment property

Investment property held to earn rental

Cost

Investment property held to earn rental is stated at cost less accumulated depreciation. The initial cost of an investment property held to earn rental comprises its purchase price, cost of land use rights and any directly attributable expenditure of bringing the property to the condition necessary for it to be capable of operating in the manner intended by management. Expenditure incurred after investment property held to earn rental has been put into operation, such as repairs and maintenance, is charged to the consolidated statement of income in the year in which the expenditure is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in future economic benefits in excess of the originally assessed standard of performance of the existing investment property held to earn rental, the expenditure is capitalised as an additional cost of the investment property.

Depreciation

Land use rights with indefinite period of use are not amortised. Land use rights with definite period of use are stated at cost less accumulated depreciation. Depreciation is computed on a straight-line basis over the estimated useful lives of investment property. The estimated useful lives are as follows:

land use rights	18 - 50 years
buildings	5 - 36 years

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Construction in progress

Projects that are being constructed or developed for future mixed use as fixed assets, investment properties and property for sale (inventories) are classified as construction in progress and stated at cost, until construction or development is completed or costs can be measured reliably for the properties, at which time they are reclassified and subsequently accounted for as fixed assets, investment property or inventories, as described in respective notes.

All costs directly associated with the purchase and development of a project, costs incurred in conjunction with securing the leasehold land use rights, and all subsequent capital expenditures for the development qualifying as acquisition costs are capitalised.

Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalisation of borrowing costs may continue until the assets are substantially ready for their intended use. Capitalisation is suspended when construction or production activities of qualifying assets are suspended. The capitalisation rate is arrived at by reference to the actual rate payable on borrowings for development purposes or, with regard to that part of the development cost financed out of general funds, to the average rate.

(k) Long-term prepaid expenses

(i) Prepaid land costs

Prepaid land costs comprise prepaid land lease rentals, including those for which the Group obtained land use rights certificate but are not qualified as intangible fixed assets under Circular No. 45/2013/TT-BTC dated 25 April 2013 of the Ministry of Finance providing guidance on management, use and depreciation of fixed assets, and other costs incurred in conjunction with securing the use of leased land. These costs are recognised in the consolidated statement of income on a straight-line basis over the term of the lease of 8 years.

(ii) Tools and supplies

Tools and supplies held for use by the Group in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under prevailing regulation. Cost of tools and supplies are amortised on a straight-line basis over a period ranging from 2 to 3 years.

(iii) Others

Other prepaid expenses mainly comprise renovation expense are amortised on a straight-line basis over a period ranging from 2 to 3 years.

(l) Trade and other payables

Trade and other payables are stated at their cost.

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Form B 09 - DN/HN
(Issued under Circular No. 200/2014/TT - BTC dated 22 December 2014 of the Ministry of Finance)

for the year ended 31 December 2018 (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Share capital

(i) Ordinary shares

Ordinary shares are stated at par value. Excess of cash receipt from share issues over par value is recorded as share premium. Incremental costs directly attributable to the issue of shares, net of tax effects, are recognised as a deduction from share premium.

(ii) Repurchase and reissue of ordinary shares (treasury shares)

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of tax effects, is recognized as a reduction from equity. Repurchased shares are classified as treasury shares under equity. When treasury shares are sold for reissue subsequently, cost of the reissued shares is determined on a weighted average basis. Any difference between the amount received and the cost of the shares reissued is presented within share premium.

(o) Equity funds

Allocations are made to equity funds from retained profits each period based on percentage decided by the shareholders in their annual ordinary general meeting.

(p) Taxation

Income tax on the consolidated profit or loss for the year comprises current and deferred tax. Income tax is recognised in the consolidated statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(q) Revenue

(i) Sales of real estate

Revenue from transfer of land use rights and sale of standard-designed houses which do not require significant customisation for each customer is recognised in the consolidated statement of income when significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due. Transfer of significant risks and rewards is determined to be at the time of sale or completion of the property, whichever is later.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Revenue (continued)

(ii) Sales of merchandise goods

Revenue from the sale of merchandise goods is recognised in the consolidated statement of income when significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or possible return of goods. Revenue on sales of goods is recognised at the net amount after deducting sales discounts stated on the invoice.

(iii) Services rendered

Services mainly consist of repair and maintenance for cars and motorbikes.

Revenue from services rendered is recognised in the consolidated statement of income in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

(iv) Rental income

Rental income from leased property is recognised in the consolidated statement of income on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

(r) Financial income

(i) Interest income

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable interest rate.

(ii) Revenue from security trading

Revenue from security trading activities is recognised in the consolidated statement of income when significant risks and rewards of ownership have been transferred to the buyer. Significant risks and rewards of ownership have been transferred upon the completion of trading transaction (for listed securities) or the completion of the agreement on transfer of assets (for non-listed securities).

(iii) Dividend income

Dividends income is recognised when the right to receive dividends is established.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2018 (continued)

Form B 09 - DN/HN
(Issued under Circular No. 200/2014/TT - BTC dated 22 December 2014 of the Ministry of Finance)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Operating lease payments

Payments made under operating leases are recognised in the consolidated statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the consolidated statement of income as an integral part of the total lease expense.

(t) Borrowing costs

Borrowing costs are recognised as an expense in the year in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of qualifying assets, in which case the borrowing costs incurred during the year of construction are capitalised as part of the cost of the assets concerned.

(u) Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders (after deducting any amounts appropriated to bonus and welfare funds for the accounting period) of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares, which comprise convertible bonds and share options.

(v) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on business segment. The Group operates in Vietnam, a single geographical segment.

(w) Related parties

Parties are considered to be related to the Group if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where the Group and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

4. SEGMENT REPORTING

For the year:

	Services and trading		Investment property services		Financial services		Total	
	2018 VND	2017 VND	2018 VND	2017 VND	2018 VND	2017 VND	2018 VND	2017 VND
Segment revenue	14,674,708,467,915	13,598,271,887,416	196,946,454,389	183,034,868,318	-	-	14,871,654,922,304	13,781,306,755,734
Segment other income	154,585,003,358	195,023,642,390	6,273,827,248	884,664,367	2,390,251,428	3,660,929,300	163,249,082,034	199,569,236,057
Direct and attributable cost of sales to segments	(13,774,533,290,859)	(12,995,607,600,797)	(77,377,486,704)	(65,309,376,260)	-	-	(13,851,910,777,563)	(13,060,916,977,057)
Direct and attributable other expenses to segments	(757,057,372,525)	(689,106,343,658)	(78,442,010,940)	(73,650,399,404)	(816,307,976)	(1,430,073,930)	(836,315,691,441)	(764,186,816,991)
Segment profit	297,702,807,889	108,581,585,351	47,400,783,993	44,959,757,021	1,573,943,452	2,230,855,370	346,677,535,334	155,772,197,743
Un-allocated income							19,272,372,603	22,220,365,211
Un-allocated expenses							(3,638,151,447)	(4,005,947,825)
Income tax							(62,044,908,118)	(34,930,988,331)
							300,266,848,372	139,055,626,798

4. SEGMENT REPORTING (CONTINUED)

	Services and trading		Investment property services		Financial services		Total	
	31/12/2018 VND	1/1/2018 VND	31/12/2018 VND	1/1/2018 VND	31/12/2018 VND	1/1/2018 VND	31/12/2018 VND	1/1/2018 VND
Assets								
Current assets	1,989,572,301,235	1,408,612,853,747	180,711,121,765	184,573,839,659	25,768,807,291	31,729,941,877	2,196,052,230,291	1,624,916,635,283
Non-current assets	740,142,423,044	582,596,738,921	1,414,980,820,760	1,405,754,308,024	964,983,282	1,184,870,025	2,156,088,227,086	1,989,535,916,970
Un-allocated assets	-	-	-	-	-	-	3,508,876,201	2,584,589,729
	2,729,714,724,279	1,991,209,592,668	1,595,691,942,525	1,590,328,147,683	26,733,790,573	32,914,811,902	4,355,649,333,578	3,617,037,141,982
Liabilities								
Current liabilities	1,714,913,366,102	1,253,074,343,258	549,973,929,541	536,341,023,774	1,373,269,415	1,280,981,107	2,266,260,565,058	1,790,696,348,139
Non-current liabilities	106,885,854,951	101,169,212,863	447,016,953,436	447,393,472,653	339,945,099	430,582,328	554,242,753,486	548,993,267,844
	1,821,799,221,053	1,354,243,556,121	996,990,882,977	983,734,496,427	1,713,214,514	1,711,563,435	2,820,503,318,544	2,339,689,615,983

For the year:

	Services and trading		Investment property services		Financial services		Total	
	2018 VND	2017 VND	2018 VND	2017 VND	2018 VND	2017 VND	2018 VND	2017 VND
Depreciation and amortisation	49,610,985,547	48,340,563,875	23,782,607,481	23,215,889,150	-	-	73,393,593,028	71,556,453,025
Allowances and provisions	(1,439,670,269)	(770,524,737)	-	(21,975,574,661)	(945,000,000)	3,994,532,000	(2,384,670,269)	(18,751,567,398)
Capital expenditure	122,568,147,677	106,396,937,313	70,461,484,517	422,337,526,056	-	-	193,029,632,194	528,734,463,369

5. CASH AND CASH EQUIVALENTS

	31/12/2018 VND	1/1/2018 VND
Cash on hand	36,785,258,007	28,498,281,539
Cash in banks	173,222,314,872	149,121,323,636
Cash equivalents	58,037,531,875	45,127,333,333
	268,045,104,754	222,746,938,508

Cash equivalents at 31 December 2018 included VND11,340 million (1 January 2018: VND9,415 million) pledged with banks as security for loans granted to the Group.

6. INVESTMENTS

(a) Trading securities

	31/12/2018			1/1/2018		
	Quantity	Carrying amount	Fair value	Quantity	Carrying amount	Fair value	Allowance for diminution in value
		VND	VND		VND	VND	VND
Short-term financial investments in:							
Listed shares							
» Ho Chi Minh City Electric Power Trading Investment Corporation	1,350,000	13,500,000,000	9,315,000,000	1,350,000	13,500,000,000	(*)	(5,130,000,000)
» Tien Len Steel Corporation Joint Stock Company	3	22,740	22,740	3	22,740	22,740	-
» Ben Thanh Trading and Service Joint Stock Company	-	-	-	9	162,572	162,572	-
» Viet Thai Joint Stock Company	-	-	-	650,760	8,042,676,000	8,042,676,000	-
Non-listed shares							
» Pacific Construction Investment and Commercial Joint Stock Company	500,000	14,000,000,000	(*)	500,000	14,000,000,000	(*)	(9,000,000,000)
» Ben Thanh Non Nuoc Joint Stock Company	900,000	9,000,000,000	(*)	900,000	9,000,000,000	(*)	-
» Toan Cau Insurance Company	180,000	6,300,000,000	(*)	180,000	6,300,000,000	(*)	(5,040,000,000)
» Hai Phong Securities Joint Stock Company	812	2,052,543	(*)	812	2,052,543	(*)	-
		42,802,075,283			50,844,913,855		(19,170,000,000)

(*) At the reporting date, fair value of these investments was not available.

6. INVESTMENTS (CONTINUED)

(a) Trading securities (continued)

Movements in the allowance for diminution in value of trading securities during the year were as follows:

	2018 VND	2017 VND
Opening balance	19,170,000,000	15,175,468,000
Increase in allowance during the year	-	3,994,532,000
Written back	(945,000,000)	-
Closing balance	18,225,000,000	19,170,000,000

(b) Held-to-maturity investments

	31/12/2018		1/1/2018	
	Carrying amount VND	Fair value VND	Carrying amount VND	Fair value VND
Short-term deposits	14,911,000,000	14,911,000,000	8,550,000,000	8,550,000,000

Short-term deposit at 31 December 2018 included VND11,650 million (1 January 2018: VND6,500 million) pledged with banks as security for loans granted to the Group.

6. INVESTMENTS (CONTINUED)

(c) Equity investments in other entities

31 December 2018	% of equity owned and voting rights		Carrying amount		Fair value
	31/12/2018	1/1/2018	31/12/2018 VND	1/1/2018 VND	VND
Equity investments in:					
Associates					
» ComfortDelgro Savico Taxi Company Limited	40.03%	40.03%	31,500,211,961	34,860,332,594	(*)
» Toyota East Saigon Joint Stock Company (TESC)	30.30%	30.30%	76,941,744,016	72,435,469,630	(*)
» Binh Duong New City Automobile Service Joint Stock Company (a)	38.51%	35.41%	30,247,244,680	25,527,962,512	(*)
» Dana Joint Stock Company (DANA FORD)	40.27%	40.27%	25,367,918,284	16,429,828,085	(*)
» South West Star Automobile Joint Stock Company	43.80%	43.80%	23,037,113,380	21,436,333,643	(*)
» Toyota Ly Thuong Kiet Company Limited	35%	35%	24,886,360,146	15,834,973,826	(*)
» Bac Au Automobile Joint Stock Company	39.81%	39.81%	44,321,822,751	28,192,701,551	(*)
» South Saigon Automobile Service Commercial Investment Joint Stock Company	30%	30%	4,461,801,529	3,885,529,321	(*)
» Savico Investment Joint Stock Company	40%	40%	63,998,852,094	63,929,820,396	(*)
» Bac Au Hanoi Automobile Limited Company	25%	25%	8,410,522,331	5,266,668,731	(*)
» Binh Thuan Automotive Service Joint Stock Company	50%	50%	10,739,054,358	10,045,138,517	(*)
» Ben Thanh Tay Ninh Automobile Corporation	50%	50%	8,072,940,135	7,470,753,861	(*)
» Da Nang Automobile Company Limited (b)	50%	-	8,154,804,483	-	(*)
» Sai Gon Auto Gia Dinh Service Company Limited (c)	35%	-	9,098,729,517	-	(*)
» Star Hyundai Automobile Joint Stock Company (d)	49%	-	8,514,597,430	-	(*)
» Savico Quang Nam Company Limited (e)	50%	-	1,096,507,233	-	(*)
			378,850,224,328	305,315,512,667	
Others					
» Other long-term investments			5,360,264,000	8,689,264,000	
			384,210,488,328	314,004,776,667	

6. INVESTMENTS (CONTINUED)

(c) Equity investments in other entities (continued)

(*) At the reporting date, fair value of these investments was not available.

(a) On 12 February 2018, the Group acquired additionally 3.1% of shares of Binh Duong New City Automobile Service Joint Stock Company amounting to VND1,643 million and increased the percentage of economic interest from 35.41% to 38.51%.

(b) On 4 January 2018, the Group contributed 50% capital to form Da Nang Automobile Company Limited.

(c) On 19 June 2018, the Group contributed 35% capital to form Sai Gon Auto Gia Dinh Service Company Limited.

(d) On 17 June 2018, the Group contributed 49% capital to form Star Hyundai Automobile Joint Stock Company.

(e) On 7 June 2018, the Group contributed 50% capital to form Savico Quang Nam Company Limited.

Movements of investments in associates were as follows:

	2018 VND	2017 VND
Balance at the beginning of the year	305,315,512,667	191,844,327,217
New investments	26,293,000,000	68,402,469,945
Transfer from investment in subsidiaries and other long-term investments	-	60,400,000,000
Share of net profit in associates (net of income tax)	57,903,674,161	14,315,723,152
Dividends from associates	(10,661,962,500)	(11,047,007,647)
Partial disposal of an associate	-	(18,600,000,000)
Balance at the end of the year	378,850,224,328	305,315,512,667

6. INVESTMENTS (CONTINUED)

(c) Equity investments in other entities (continued)

Summary of financial position and performance of associates were as follows::

	Total assets as of 31/12/2018 VND	Total liabilities as of 31/12/2018 VND	Owner's equity as of 31/12/2018 VND	Net profit/(loss) after tax 2018 VND
ComfortDelgro Savico Taxi Company Limited	78,685,215,764	-	78,685,215,764	(2,400,301,583)
Toyota East Saigon Joint Stock Company (TESC)	625,066,596,234	370,663,026,873	254,403,569,361	36,372,438,831
Binh Duong New City Automobile Service Joint Stock Company	153,802,832,820	92,650,129,100	61,152,703,720	12,486,126,158
Dana Joint Stock Company (DANA FORD)	141,084,737,978	78,990,124,469	62,094,613,509	23,338,916,230
South West Star Automobile Joint Stock Company	164,069,139,373	105,058,155,757	59,010,983,616	9,654,748,258
Toyota Ly Thuong Kiet Company Limited	274,472,936,226	188,590,212,077	85,882,724,149	25,861,103,773
Bac Au Automobile Joint Stock Company	333,288,269,912	231,752,598,914	101,535,670,998	41,016,569,646
South Saigon Automobile Service Commercial Investment Joint Stock Company	90,716,135,894	76,054,736,720	1 4,661,399,174	2,640,907,362
Savico Investment Joint Stock Company	209,763,426,550	49,779,946,112	159,983,480,438	162,458,826
Bac Au Hanoi Automobile Limited Company	78,326,742,048	45,359,364,248	32,967,377,800	12,906,481,040
Binh Thuan Automotive Service Joint Stock Company	100,787,192,590	79,427,389,862	21,359,802,728	1,387,831,678
Ben Thanh Tay Ninh Automobile Corporation	88,590,689,010	72,505,027,367	16,085,661,643	1,204,372,549
Da Nang Automobile Limited Company	49,880,819,771	33,571,210,806	16,309,608,965	6,641,693,647
Sai Gon Auto Gia Dinh Service Company Limited	76,573,919,481	50,577,549,433	25,996,370,048	996,370,048
Star Hyundai Automobile Joint Stock Company	37,359,042,046	22,932,312,596	14,426,729,450	(2,623,270,550)
Savico Quang Nam Company Limited	2,227,428,467	34,414,000	2,193,014,467	(6,985,533)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2018 (continued)

Form B 09 - DN/HN
(Issued under Circular No. 200/2014/TT - BTC dated 22 December 2014 of the Ministry of Finance)

6. INVESTMENTS (CONTINUED)

(c) Equity investments in other entities (continued)

	Total assets as of 1/1/2018 VND	Total liabilities as of 1/1/2018 VND	Owner's equity as of 1/1/2018 VND	Net profit/(loss) after tax 2017 VND
ComfortDelgro Savico Taxi Company Limited	92,606,460,284	5,520,942,938	87,085,517,346	235,064,305
Toyota East Saigon Joint Stock Company (TESC)	457,361,898,701	222,519,337,247	234,842,561,454	16,313,238,600
Binh Duong New City Automobile Service Joint Stock Company	90,547,690,235	56,657,916,272	33,889,773,963	4,416,432,199
Dana Joint Stock Company (DANA FORD)	72,261,811,694	32,339,168,604	39,922,643,090	14,402,194,362
South West Star Automobile Joint Stock Company	67,216,699,873	17,860,464,515	49,356,235,358	3,468,350,996
Toyota Ly Thuong Kiet Company Limited	213,487,391,553	153,465,771,177	60,021,620,376	21,618,133
Bac Au Automobile Joint Stock Company	193,778,149,891	133,259,048,539	60,519,101,352	5,962,544,045
South Saigon Automobile Service Commercial Investment Joint Stock Company	71,246,309,415	58,294,545,014	12,951,764,401	1,000,593,205
Savico Investment Joint Stock Company	166,214,492,012	6,393,470,400	159,821,021,612	(164,026,405)
Bac Au Hanoi Automobile Limited Company	70,225,878,633	50,164,981,873	20,060,896,760	287,441,803
Binh Thuan Automotive Service Joint Stock Company	60,183,018,277	40,112,804,227	20,070,214,050	90,277,035
Ben Thanh Tay Ninh Automobile Corporation	24,107,499,276	9,165,991,555	14,941,507,721	(58,492,279)

7. ACCOUNTS RECEIVABLE FROM CUSTOMERS

Accounts receivable from customers detailed by significant customers

	31/12/2018 VND	1/1/2018 VND
Customers in relation to sales of merchandise goods	499,704,587,120	421,818,347,701
Customers in relation to rental income	1,414,782,755	4,057,261,443
Customers in relation to sales of real estate	8,289,485,711	11,392,744,882
Other customers	7,904,031,994	5,696,224,966
	517,312,887,580	442,964,578,992

8. OTHER RECEIVABLES

(a) Other short-term receivables

	31/12/2018 VND	1/1/2018 VND
Deposits for trading used cars on behalf of customers	36,330,600,000	15,678,169,967
Advances to employees	12,410,570,532	23,299,322,087
Short-term deposits	1,112,700,000	3,703,090,000
Others	30,866,896,678	44,839,217,642
	80,720,767,210	87,519,799,696

8. OTHER RECEIVABLES (CONTINUED)

(b) Other long-term receivables

	31/12/2018 VND	1/1/2018 VND
Receivables in business cooperation contracts (*)	110,328,536,203	106,431,941,568
Long-term deposits	60,563,953,009	52,395,615,531
Others	12,286,121,010	11,878,501,247
	183,178,610,222	170,706,058,346

(*) These receivables related to a real estate investment cooperation agreement with other partners.

Movements in the allowance for doubtful long-term debts during the year were as follows:

	2018 VND	2017 VND
Opening balance	4,150,000,000	4,150,000,000
Written back	(3,150,000,000)	-
Closing balance	1,000,000,000	4,150,000,000

9. INVENTORIES

	31/12/2018		1/1/2018	
	Carrying amount VND	Allowance VND	Carrying amount VND	Allowance VND
Goods in transit	304,335,682	-	1,707,995,686	-
Materials and spare parts	11,928,292,687	-	9,263,015,115	-
Work in progress	104,078,195,400	-	100,735,006,129	-
Finished goods	1,332,902,688	-	3,199,863,453	-
Merchandise inventories (cars and motorbikes)	1,019,333,833,616	(4,049,102,495)	606,554,957,529	(2,340,308,192)
Goods on consignment	1,546,048,845	-	457,174,127	-
	1,138,523,608,918	(4,049,102,495)	721,918,012,039	(2,340,308,192)

Work in progress represented residential real estate projects.

Movements in the allowance for inventories during the year were as follows:

	2018 VND	2017 VND
Opening balance	2,340,308,192	25,086,407,590
Increase in allowance during the year	1,708,794,303	1,551,889,252
Written back	-	(24,297,988,650)
Closing balance	4,049,102,495	2,340,308,192

At 31 December 2018 inventories with carrying value of VND407,441 million (1 January 2018: VND355,069 million) were pledged with banks as security for loans granted to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2018 (continued)

Form B 09 - DN/HN
(Issued under Circular No. 200/2014/TT - BTC dated 22 December 2014 of the Ministry of Finance)

10. TANGIBLE FIXED ASSETS

	Buildings VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
Cost						
Opening balance	315,818,961,753	80,707,178,578	67,463,816,194	9,538,614,429	10,186,243,103	483,714,814,057
Additions	4,457,929,073	16,417,403,301	27,295,174,280	6,295,862,964	74,909,941	54,541,279,559
Transfer from construction in progress	69,896,132,506	8,106,733,947	5,750,578,111	1,048,131,787	595,954,545	85,397,530,896
Disposals	(311,937,000)	(1,161,343,000)	(24,436,927,306)	(277,890,633)	-	(26,188,097,939)
Written off	-	(184,068,990)	-	-	-	(184,068,990)
Closing balance	389,861,086,332	103,885,903,836	76,072,641,279	16,604,718,547	10,857,107,589	597,281,457,583
Accumulated depreciation						
Opening balance	95,189,167,169	41,394,279,410	17,240,746,033	7,483,178,217	6,964,302,965	168,271,673,794
Charge for the year	23,667,442,623	11,964,472,933	11,158,679,096	835,089,372	549,301,083	48,174,985,107
Disposals	(291,141,200)	(229,035,175)	(4,652,373,382)	(183,301,710)	-	(5,355,851,467)
Written off	-	(184,068,990)	-	-	-	(184,068,990)
Closing balance	118,565,468,592	52,945,648,178	23,747,051,747	8,134,965,879	7,513,604,048	210,906,738,444
Net book value						
Opening balance	220,629,794,584	39,312,899,168	50,223,070,161	2,055,436,212	3,221,940,138	315,443,140,263
Closing balance	271,295,617,740	50,940,255,658	52,325,589,532	8,469,752,668	3,343,503,541	386,374,719,139

Included in the cost of tangible fixed assets were assets costing VND59,104 million which were fully depreciated as of 31 December 2018 (1 January 2018: VND29,241 million), but which are still in active use.

At 31 December 2018 tangible fixed assets with carrying value of VND87,071 million (1 January 2018: VND90,996 million) were pledged with banks as security for loans granted to the Group.

11. INTANGIBLE FIXED ASSETS

	Indefinite lived land use rights VND	Definite lived land use rights VND	Software VND	Total VND
Cost				
Opening balance	20,697,299,091	62,143,988,140	4,488,005,025	87,329,292,256
Additions	-	-	86,020,000	86,020,000
Transfer from construction in progress	-	-	261,000,000	261,000,000
Disposals	-	(6,460,000,000)	(30,000,000)	(6,490,000,000)
Closing balance	20,697,299,091	55,683,988,140	4,805,025,025	81,186,312,256
Accumulated amortisation				
Opening balance	-	4,413,583,582	3,924,481,459	8,338,065,041
Charge for the year	-	1,084,747,796	351,252,644	1,436,000,440
Disposals	-	-	(30,000,000)	(30,000,000)
Closing balance	-	5,498,331,378	4,245,734,103	9,744,065,481
Net book value				
Opening balance	20,697,299,091	57,730,404,558	563,523,566	78,991,227,215
Closing balance	20,697,299,091	50,185,656,762	559,290,922	71,442,246,775

Included in the cost of intangible fixed assets were assets costing VND3,244 million which were fully depreciated as of 31 December 2018 (1 January 2018: VND1,915 million), but which are still in active use.

At 31 December 2018 intangible fixed assets with carrying value of VND20,697 million (1 January 2018: VND20,697 million) were pledged with banks as security for loans granted to the Group.

12. INVESTMENT PROPERTY

Investment property held to earn rental

	Land use rights VND	Buildings VND	Total VND
Cost			
Opening balance	68,707,047,550	814,703,085,548	883,410,133,098
Transfer from construction in progress	-	38,418,575,768	38,418,575,768
Closing balance	68,707,047,550	853,121,661,316	921,828,708,866
Accumulated depreciation			
Opening balance	10,570,473,702	161,291,101,335	171,861,575,037
Charge for the year	-	23,782,607,481	23,782,607,481
Closing balance	10,570,473,702	185,073,708,816	195,644,182,518
Net book value			
Opening balance	58,136,573,848	653,411,984,213	711,548,558,061
Closing balance	58,136,573,848	668,047,952,500	726,184,526,348

Included in the cost of investment properties held to earn rental were assets costing VND9,176 million which were fully depreciated as of 31 December 2018 (1 January 2018: VND8,748 million), but which are still in active use.

At 31 December 2018 investment properties held to earn rental with carrying value of VND546,214 million (1 January 2018: VND526,286 million) were pledged with banks as security for loans granted to the Group.

The fair value of investment properties held to earn rental has not been determined as there were no recent market transactions for similar properties in the same location as the Group's investment properties held to earn rental and there is no active market for such properties.

13. CONSTRUCTION IN PROGRESS

	2018 VND	2017 VND
Opening balance	383,146,360,661	334,830,529,720
Additions during the year	108,566,472,680	344,533,978,169
Transfer to inventories	-	(57,543,338,423)
Transfer to tangible fixed assets	(85,397,530,896)	(118,592,835,130)
Transfer to intangible fixed assets	(261,000,000)	(345,093,675)
Transfer to investment property	(38,418,575,768)	-
Decrease through partial disposal of a subsidiary	-	(119,736,880,000)
Closing balance	367,635,726,677	383,146,360,661

Major constructions in progress were as follows:

	31/12/2018 VND	1/1/2018 VND
104 Pho Quang Project	266,134,935,670	263,154,634,444
Mecure Son Tra, Da Nang Project	84,351,999,406	84,351,999,406
Huynhdai Vinh Thinh's showroom construction	6,041,818,182	-
Project Savico Mall of Savico Da Nang	2,028,815,191	-
Hyundai Hung Thinh's showroom construction	1,954,725,498	-
Showroom of Tay Bac Saigon	1,399,200,000	-
Showroom of Toyota Nam Dinh, Branch of Toyota Giai Phong Joint Venture Company	-	15,580,216,010
Show room Hyundai Song Han	-	90,272,728
Auto Mall Project	-	155,027,000
Showroom of Savico Ha Noi	2,087,726,050	18,611,153,039
Ho Tram, Xuyen Moc Project	243,853,083	243,853,083
Showroom of Toyota Can Tho Company Limited	2,968,127,273	676,615,951
Others	424,526,324	282,589,000
	367,635,726,677	383,146,360,661

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2018 (continued)

Form B 09 - DN/HN
(Issued under Circular No. 200/2014/TT - BTC dated 22 December 2014 of the Ministry of Finance)

14. PREPAID EXPENSES

(a) Short-term prepaid expenses

	31/12/2018 VND	1/1/2018 VND
Office and house rental	1,572,250,669	827,806,770
Tools and supplies	2,163,071,012	2,901,392,174
Prepaid land cost	-	283,500,000
Others	7,999,198,561	7,666,949,135
	11,734,520,242	11,679,648,079

(b) Long-term prepaid expenses

	31/12/2018 VND	1/1/2018 VND
Tools and supplies	8,442,784,938	10,242,179,982
Prepaid land costs	13,001,075,924	2,108,990,485
Renovation expenses	9,694,608,585	1,187,170,471
Others	6,923,440,150	6,307,454,819
	38,061,909,597	19,845,795,757

15. ACCOUNTS PAYABLE TO SUPPLIERS

Accounts payable to suppliers detailed by significant suppliers

	31/12/2018		1/1/2018	
	Cost VND	Amount within payment capacity VND	Cost VND	Amount within payment capacity VND
Hyundai Thanh Cong Auto Viet Nam Joint Stock Company	42,479,885,050	42,479,885,050	34,450,439,189	34,450,439,189
Hino Motor Vietnam Limited	28,355,092,547	28,355,092,547	52,784,432,553	52,784,432,553
Suppliers in relation to Ford Brand	21,771,280,302	21,771,280,302	10,769,868,725	10,769,868,725
Isuzu Vietnam Co., Ltd (IVC)	21,544,993,996	21,544,993,996	-	-
Suppliers in relation to Toyota Brand	4,577,186,792	4,577,186,792	10,957,339,007	10,957,339,007
Veam Motor Vietnam Limited	-	-	39,926,097,872	39,926,097,872
Other suppliers	66,118,060,689	66,118,060,689	58,689,983,230	58,689,983,230
	184,846,499,376	184,846,499,376	207,578,160,576	207,578,160,576

16. TAXES AND OTHER PAYABLES TO STATE TREASURY

(a) Taxes and other payables to State Treasury

	1/1/2018 VND	Incurred VND	Net-off/ Reclassification VND	Paid VND	31/12/2018 VND
Taxes					
Value added tax	16,138,115,891	1,633,675,552,985	(1,439,155,126,027)	(206,741,414,866)	3,917,127,983
Corporate income tax	11,425,374,583	62,969,194,590	(527,717,241)	(46,268,936,833)	27,597,915,099
Personal income tax	3,118,392,963	21,829,167,168	1,745,870	(20,518,667,883)	4,430,638,118
Other obligations					
Land rental	-	20,490,274,831	-	(17,272,617,701)	3,217,657,130
Other obligations	339,324,656	77,915,878	-	(158,316,576)	258,923,958
	31,021,208,093	1,739,042,105,452	(1,439,681,097,398)	(290,959,953,859)	39,422,262,288

(b) Taxes receivable from State Treasury

	1/1/2018 VND	Net off/ Reclassification VND	31/12/2018 VND
Corporate income tax	700,487,440	(527,717,241)	172,770,199
Personal income tax	97,803,631	1,745,870	99,549,501
	798,291,071	(525,971,371)	272,319,700

17. ACCRUED EXPENSES

	31/12/2018 VND	1/1/2018 VND
Interest on borrowings	1,625,027,988	1,060,408,211
Rental fees	354,250,910	326,454,546
Salary and related expenses	18,616,907,553	8,951,134,473
Professional service fees	9,401,125,791	9,391,282,377
Accrued expenses for operating expenses	8,474,171,601	6,832,410,408
Others	14,583,721,270	20,395,994,124
	53,055,205,113	46,957,684,139

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2018 (continued)

Form B 09 - DN/HN
(Issued under Circular No. 200/2014/TT - BTC dated 22 December 2014 of the Ministry of Finance)

18. UNEARNED REVENUE

(a) Unearned revenue - short-term

	31/12/2018 VND	1/1/2018 VND
Warranty and customer care services	-	2,669,058,100
Buildings rental revenue received in advance	212,939,141	235,299,577
Portion of long-term unearned revenue to be realised within 12 months	6,552,650,000	6,622,065,152
Others	8,268,045	281,309,396
	6,773,857,186	9,807,732,225

(b) Unearned revenue - long-term

	31/12/2018 VND	1/1/2018 VND
Buildings rental revenue received in advance	102,494,261,058	90,467,665,152
Amount to be realised within 12 months	(6,552,650,000)	(6,622,065,152)
Amount to be realised after 12 months	95,941,611,058	83,845,600,000

19. OTHER PAYABLES

(a) Other payables - short-term

	31/12/2018 VND	1/1/2018 VND
Payable to a third party in a real estate project (*)	343,819,476,227	338,409,629,546
Instalment contribution received from customers in relation to Tam Binh Residential Project	27,567,765,400	36,686,014,014
Payable to a third party in relation to land rental paid on behalf of the Company	33,755,483,552	43,755,483,552
Dividends payable	1,367,304,945	1,362,239,925
Payables to customers	2,444,029,943	3,613,219,302
Insurance premium collected on behalf of insurance agencies	4,995,336,593	1,459,504,445
Others	24,196,720,230	24,083,721,841
	438,146,116,890	449,369,812,625

(*) Payable to a party of a real estate project represented advance from this party under the Cooperation Agreement dated 10 July 2014 on a project at 104 Pho Quang.

(b) Other payables - long-term

	31/12/2018 VND	1/1/2018 VND
Long-term deposits received	63,014,413,093	67,953,382,822
Other long-term payables (*)	24,239,513,834	24,239,513,834
Amount due after 12 months	87,253,926,927	92,192,896,656

(*) Other long-term payables, which were interest free, represented amounts contributed by business cooperation contract partners for participation in the Group's property project at Binh An project.

20. BORROWINGS

(a) Short-term borrowings

	1/1/2018		Movements during the year		31/12/2018	
	Carrying amount VND	Amount within repayment capacity VND	Increase VND	Decrease VND	Carrying amount VND	Amount within repayment capacity VND
Short-term borrowings	830,803,284,329	830,803,284,329	8,806,261,778,025	(8,402,394,275,073)	1,234,670,787,281	1,234,670,787,281
Current portion of long-term borrowings	25,014,134,558	25,014,134,558	27,500,772,661	(25,014,134,558)	27,500,772,661	27,500,772,661
	855,817,418,887	855,817,418,887	8,833,762,550,686	(8,427,408,409,631)	1,262,171,559,942	1,262,171,559,942

Terms and conditions of short-term borrowings were as follows:

	Currency	Annual interest rate	31/12/2018 VND	1/1/2018 VND
» Vietnam Joint Stock Commercial Bank For Industry and Trade (Vietinbank)	VND	5% - 7.20%	739,391,831,241	350,571,411,328
» Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank)	VND	5.20% - 6.50%	279,580,555,697	94,222,007,053
» HSBC Bank (Vietnam) Ltd.	VND	4.60% - 6.90%	97,522,244,600	91,869,420,900
» ANZ Bank Vietnam Limited	VND	4.50% - 5.50%	78,469,822,200	46,119,997,200
» Military Commercial Joint Stock Bank (MB Bank)	VND	6.80%	21,240,590,000	13,467,336,261
» CIMB Bank Vietnam Limited	VND	5.20%	6,000,000,000	-
» Bank for Investment and Development of Vietnam (BIDV)	VND	6.70% - 6.80%	5,664,334,625	10,429,238,354
» Vietnam Prosperity Joint Stock Commercial Bank (VP Bank)	VND	7.20% - 9%	4,301,408,918	3,544,062,500
» Loan from an individual	VND	5.80%	2,500,000,000	1,300,000,000
» Vietnam Thuong Tin Commercial Joint Stock Bank (Vietbank)	VND	4.90% - 7%	-	211,047,850,904
» Vietnam Export Import Commercial Joint Stock Bank (Eximbank)	VND	6%	-	8,231,959,829
			1,234,670,787,281	830,803,284,329

Included in short-term borrowings were VND357,561 million (1 January 2018: VND174,011 million) unsecured and VND877,110 million (1 January 2018: VND656,792 million) secured by the following assets:

	31/12/2018 VND	1/1/2018 VND
Cash equivalents	11,340,080,431	9,414,870,000
Inventories	370,944,563,474	382,141,735,049
Tangible fixed assets	8,639,949,095	8,424,427,947
Short-term investments	11,650,000,000	6,500,000,000
	402,574,593,000	406,481,032,996

20. BORROWINGS (CONTINUED)

(b) Long-term borrowings

	31/12/2018 VND	1/1/2018 VND
Long-term borrowings	398,547,988,162	397,968,905,746
Repayable within twelve months	(27,500,772,661)	(25,014,134,558)
Repayable after twelve months	371,047,215,501	372,954,771,188

Terms and conditions of outstanding long-term borrowings were as follows:

	Currency	Annual interest rate	Year of maturity	31/12/2018 VND	1/1/2018 VND
» Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank)	VND	8% - 11.50%	2029	351,818,024,832	333,985,585,900
» Vietnam Joint Stock Commercial Bank For Industry and Trade (Vietinbank)	VND	9.50%	2023	21,869,003,334	20,400,000,000
» Orient Commercial Joint Stock Bank (OCB)	VND	10.60% - 11%	2028	13,849,177,331	8,900,000,000
» Vietnam Public Joint Stock Commercial Bank (Pvcom Bank)	VND	11% - 12%	2024	9,807,366,993	11,565,010,993
» Military Commercial Joint Stock Bank (MB Bank)	VND	10%	2019	659,915,672	867,514,158
» Vietnam Prosperity Joint Stock Commercial Bank (VPBank)	VND	11% - 12%	2020	544,500,000	-
» Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank)	VND	11.50%	2021	-	14,325,811,468
» Vietnam Joint Stock Commercial Bank For Industry and Trade (Vietinbank)	VND	9%	2019	-	6,200,000,000
» Vietnam Joint Stock Commercial Bank For Industry and Trade (Vietinbank	VND	10.50%	2021	-	670,015,334
» Vietnam International Commercial Bank (Vietbank)	VND	7.20% - 7.60%	2019	-	1,054,967,893
				398,547,988,162	397,968,905,746

Included in long-term borrowings were VND19,388 million of unsecured borrowings (1 January 2018: VND8,900 million) and VND379,160 million of borrowings (1 January 2018: VND389,069 million) secured by the following assets:

	31/12/2018 VND	1/1/2018 VND
Inventories	36,495,951,129	-
Tangible fixed assets	78,431,263,619	82,572,007,348
Intangible fixed assets	20,697,299,091	20,697,299,091
Investment properties	546,213,846,398	526,286,191,862
	681,838,360,237	629,555,498,301

21. BONUS AND WELFARE FUND

Movements in bonus and welfare fund during the year were as follows:

	2018 VND	2017 VND
Opening balance	13,923,106,755	22,168,124,301
Appropriation from retained profits (Note 22)	9,688,951,880	3,700,978,148
Re-appropriation to retained profits (Note 22)	-	(3,000,000,000)
Utilisation during the year	(7,300,427,676)	(8,945,995,694)
Closing balance	16,311,630,959	13,923,106,755

22. CHANGES IN OWNERS' EQUITY

	Share capital VND	Share premium VND	Other capital VND	Treasury shares VND	Investment and development fund VND	Retained profits VND	Non-controlling interest VND	Total VND
Balance at 1 January 2017	249,955,730,000	317,064,858,303	2,550,000,000	(690,474,358)	46,657,038,976	261,454,985,027	295,493,154,391	1,172,485,292,339
Net profit for the year	-	-	-	-	-	81,633,249,712	57,422,377,086	139,055,626,798
Capital contribution by non-controlling interest	-	-	-	-	-	-	30,128,740,000	30,128,740,000
Appropriation to equity funds	-	-	-	-	1,870,782,882	(1,870,782,882)	-	-
Appropriation to bonus and welfare fund (Note 21)	-	-	-	-	-	(2,049,094,694)	(1,651,883,454)	(3,700,978,148)
Re-Appropriation to bonus and welfare fund (Note 21)	-	-	-	-	-	3,000,000,000	-	3,000,000,000
Dividends (Note 24)	-	-	-	-	-	(29,970,608,400)	(29,262,352,512)	(59,232,960,912)
Appropriation to Board of Management and Supervisory Board fee fund	-	-	-	-	-	(3,089,994,040)	(698,274,798)	(3,788,268,838)
Share dividends received from a subsidiary	-	-	12,300,000,000	-	(988,652,746)	(11,311,347,254)	-	-
Decreased through partial disposal of subsidiary	-	-	-	-	-	-	(599,925,240)	(599,925,240)
Balance at 1 January 2018	249,955,730,000	317,064,858,303	14,850,000,000	(690,474,358)	47,539,169,112	297,796,407,469	350,831,835,473	1,277,347,525,999
Net profit for the year	-	-	-	-	-	173,002,896,673	127,263,951,699	300,266,848,372
Capital contribution by non-controlling interest	-	-	-	-	-	-	35,531,430,000	35,531,430,000
Appropriation to bonus and welfare fund (Note 21)	-	-	-	-	-	(7,113,224,696)	(2,575,727,184)	(9,688,951,880)
Dividends (Note 24)	-	-	-	-	-	(29,970,608,400)	(31,334,921,140)	(61,305,529,540)
Appropriation to Board of Management and Supervisory Board fee fund	-	-	-	-	-	(5,411,599,110)	(1,593,708,807)	(7,005,307,917)
Share dividends received from a subsidiary	-	-	5,392,000,000	-	(3,988,710,430)	(4,283,289,570)	2,880,000,000	-
Others	-	-	-	-	(517,257,383)	517,257,383	-	-
Balance at 1 December 2018	249,955,730,000	317,064,858,303	20,242,000,000	(690,474,358)	43,033,201,299	424,537,839,749	481,002,860,041	1,535,146,015,034

23. SHARE CAPITAL

The Company's authorised and issued share capital are:

	31/12/2018		1/1/2018	
	Number of shares	VND	Number of shares	VND
Authorised share capital	24,995,573	249,955,730,000	24,995,573	249,955,730,000
Issued ordinary shares	24,995,573	249,955,730,000	24,995,573	249,955,730,000
Treasury ordinary shares	(20,066)	(690,474,358)	(20,066)	(690,474,358)
Ordinary shares currently in circulation	24,975,507	249,265,255,642	24,975,507	249,265,255,642

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at meetings of the Company. Shareholders are entitled to receive dividends as declared from time to time. All ordinary shares are ranked equally with regard to the Company's residual assets. In respect of shares bought back by the Company, all rights are suspended until those shares are reissued.

There were no movements in share capital during the year.

24. DIVIDENDS

The General Meeting of Shareholders of the Company on 15 June 2018 resolved to distribute dividends amounting to VND29,971 million (2017: VND29,971 million), which is equal to 12% of par value of shares in circulation at that time.

25. INVESTMENT AND DEVELOPMENT FUND

Investment and development fund was appropriated from retained profits in accordance with the resolution of General Meeting of Shareholders. This fund was established for the purpose of future business expansion. When the fund is utilised for business expansion, the amount utilised is transferred to Share capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2018 (continued)

Form B 09 - DN/HN
(Issued under Circular No. 200/2014/TT - BTC dated 22 December 2014 of the Ministry of Finance)

26. OFF BALANCE SHEET ITEMS

(a) Leases

The future minimum lease payments under non-cancellable operating leases were:

	31/12/2018 VND	1/1/2018 VND
Within one year	89,424,866,461	68,304,685,125
From two to five years	279,874,996,131	279,568,218,919
Over five years	580,204,669,368	197,293,850,095
	949,504,531,960	545,166,754,139

(b) Goods held for third parties

	31/12/2018 VND	1/1/2018 VND
Goods held for third parties	300,607,628,183	216,346,324,401

27. REVENUE FROM SALES OF GOODS AND PROVISION OF SERVICES

Total revenue represented the gross value of goods sold and services rendered exclusive of value added tax.

Net revenue comprised of:

	2018 VND	2017 VND
Total revenue		
» Sales of real estate	12,035,142,799	16,340,873,687
» Sales of merchandise goods	13,536,291,359,353	12,702,430,569,632
» Services rendered	1,163,177,136,820	910,629,033,908
» Rental income	170,339,666,870	165,324,387,064
	14,881,843,305,842	13,794,724,864,291
Less revenue deductions	(10,188,383,538)	(13,418,108,557)
Net revenue	14,871,654,922,304	13,781,306,755,734

28. COST OF GOODS SOLD AND SERVICES PROVIDED

	2018 VND	2017 VND
Cost of real estate sold	6,598,472,399	9,705,017,756
Merchandise goods sold	12,926,947,136,251	12,461,214,310,341
Services rendered	859,588,516,685	555,539,249,896
Investment property rental services	57,067,857,925	57,204,498,462
Allowance/(reversal of allowance) for inventories	1,708,794,303	(22,746,099,398)
	13,851,910,777,563	13,060,916,977,057

29. FINANCIAL INCOME

	2018 VND	2017 VND
Interest income from deposits	4,763,620,700	3,833,731,149
Income from security trading	742,749,928	35,000,000
Dividends	4,438,101,500	3,955,929,300
Foreign exchange gains	84,648,344	711,323
Other financial income	7,869,204,662	13,445,603,736
	17,898,325,134	21,270,975,508

30. FINANCIAL EXPENSES

	2018 VND	2017 VND
Interest expense	84,957,422,562	90,915,434,287
Loss on partial disposal of investment in a subsidiary	-	8,385,122,777
Security trading expenses	17,571,177	2,120,000
Foreign exchange losses	-	1,352,400
(Reversal of allowance)/Allowance for diminution in the value of trading securities	(945,000,000)	3,994,532,000
Other financial expenses	3,708,750,830	4,575,656,035
	87,738,744,569	107,874,217,499

31. SELLING EXPENSES

	2018 VND	2017 VND
Labour costs and staff costs	272,018,372,916	196,515,118,670
Outside service expenses	76,128,164,770	82,804,219,761
Depreciation expenses	25,401,956,131	22,709,174,148
Support and commission expenses for distributors	15,456,424,562	25,135,449,251
Tools and supplies	11,248,934,526	12,354,760,403
Others	58,472,685,526	75,599,032,457
	458,726,538,431	415,117,754,690

32. GENERAL AND ADMINISTRATION EXPENSES

	2018 VND	2017 VND
Labour costs and staff costs	140,780,044,644	108,046,674,768
Outside service expenses	75,515,375,303	56,881,146,008
Depreciation expenses	19,542,544,577	14,367,120,609
Others	53,835,820,723	63,057,520,868
	289,673,785,247	242,352,462,253

33. OTHER INCOME

	2018 VND	2017 VND
Gains on disposals of fixed assets	2,282,130,956	1,694,002,773
Deductions in payables granted by suppliers	65,001,999,045	126,965,249,954
Commission received from other parties	20,132,449,994	38,213,006,884
Compensation received from a party for cancellation of agreement	792,284,000	396,605,869
Others	18,314,394,422	18,934,037,128
	106,523,258,417	186,202,902,608

34. OTHER EXPENSES

	2018 VND	2017 VND
Compensation paid to customers for cancellation of agreements	176,623,194	369,120,000
Tax penalties for late payments	153,858,242	662,585,057
Others	3,288,096,280	1,816,625,317
	3,618,577,716	2,848,330,374

35. TRADING AND BUSINESS COSTS BY ELEMENT

	2018 VND	2017 VND
Cost of real estate sold	6,598,472,399	9,705,017,756
Cost of merchandise goods	13,400,521,128,812	12,734,292,664,568
Labour costs and staff costs	537,149,723,089	416,988,804,987
Depreciation and amortisation	73,393,593,028	71,556,453,025
Outside services	296,989,941,660	260,003,119,736
Other expenses	285,658,242,253	225,841,133,928

36. INCOME TAX

(a) Recognised in the balance sheet

	31/12/2018 VND	1/1/2018 VND
Deferred tax assets		
Accrued expenses	2,554,589,730	2,584,589,729
Tax losses carry-forwards	954,286,471	-
	3,508,876,201	2,584,589,729

36. INCOME TAX (CONTINUED)

(b) Recognised in the statement of income

	2018 VND	2017 VND
Current tax expense		
Current year	62,294,176,765	33,459,518,503
Under provision in prior years	675,017,825	893,619,272
	62,969,194,590	34,353,137,775
Deferred tax (benefit)/expenses		
Origination and reversal of temporary differences	29,999,999	(370,235,197)
Benefit of tax losses (recognised)/utilised	(954,286,471)	948,085,753
	(924,286,472)	577,850,556
Income tax expense	62,044,908,118	34,930,988,331

(c) Reconciliation of effective tax rate

	2018 VND	2017 VND
Profit before tax	362,311,756,490	173,986,615,129
Tax at income rate applicable to the Company	72,462,351,298	34,797,323,026
Non-deductible expenses	1,027,211,031	1,296,958,299
Non-taxable income	(1,760,621,784)	(725,185,860)
Effect of share of profit in associates	(11,580,734,832)	(2,863,144,630)
Deferred tax assets not recognised	3,718,395,665	3,320,062,361
Deferred tax liabilities not recognised on reversal of allowance for diminution in the value of investments in subsidiaries and associates	(1,951,441,016)	(1,788,644,137)
Tax losses utilised	(545,270,069)	-
Under provision in prior years	675,017,825	893,619,272
	62,044,908,118	34,930,988,331

Deferred tax assets have not been recognised by certain subsidiaries in respect of their tax losses because it is not probable that future taxable profit will be available against which the subsidiaries can utilise the benefits therefrom.

(d) Applicable tax rates

Under the terms of Income Tax Law, the Company and its subsidiaries have an obligation to pay the government income tax at the rate of 20% of taxable profits.

37. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share was based on the profit attributable to ordinary shareholders after deducting the amounts appropriated to Bonus and welfare fund and Board of Management and Supervisory Board fee fund and a weighted average number of ordinary shares outstanding as follows:

(i) Net profit attributable to ordinary shareholders

	2018 VND	2017 VND
Net profit attributable to ordinary shareholders of Saigon General Service Corporation	173,002,896,673	81,633,249,712
Appropriation to bonus and welfare fund	(7,113,224,696)	(2,049,094,694)
Re-appropriation to retained profits	-	3,000,000,000
Appropriation to Board of Management and Supervisory Board fee fund	(5,411,599,110)	(3,089,994,040)
	160,478,072,867	79,494,160,978

(ii) Weighted average number of ordinary shares

	2018 Number of shares	2017 Number of shares
Weighted average number of ordinary shares	24,975,507	24,975,507

As of 31 December 2018, the Group did not have potentially dilutive ordinary shares.

38. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

Identity of related parties

The Group has controlled related party relationships with its subsidiaries and has related relationship with its associates, and with its key management personnel.

Transactions with key management personnel

Total remuneration and business allowances to key management personnel were as follows:

	2018 VND	2017 VND
Board of Management and Board of Directors	3,381,000,000	2,622,680,000
Supervisory Board	820,600,000	613,200,000
	4,201,600,000	3,235,880,000

Other related party transactions

During the year, there were the following significant transactions with other related parties:

Related party	Relationship	Nature of transaction	2018 VND	2017 VND
Toyota East Saigon Joint Stock Company (TESC)	Associate	Capital contribution	-	12,307,350,000
		Purchases of cars	-	3,170,909,089
		Purchases of fixed assets	-	5,346,478,180
		Dividends	4,316,362,500	4,114,170,000
		Other income	27,721,000	-
South West Start Automobile Joint Stock Company	Associate	Capital contribution	-	6,570,000,000
		Loan granted to associate	3,000,000,000	-
		Dividends	2,628,000,000	-
		Other financial income	12,096,000	40,833,333
Toyota Ly Thuong Kiet Company Limited	Associate	Capital contribution	-	4,925,119,945
		Sales of cars	11,690,875,592	31,759,830,942
		Purchases of cars	10,441,223,858	29,786,267,735
		Dividends	-	11,900,691,000
		Loan granted to associate	-	15,000,000,000
Savico Investment Joint Stock Company	Associate	Capital contribution	-	16,600,000,000
		Loan granted to associate	-	10,000,000,000
		Purchases of service	-	1,188,927,266
		Other financial income	-	92,083,333
		Sales of services	120,000,000	-

38. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Related party	Relationship	Nature of transaction	2018 VND	2017 VND
Binh Duong New City Automobile Service Joint Stock Company	Associate	Capital contribution	1,643,000,000	5,500,000,000
		Dividends	1,101,600,000	453,750,000
		Loan granted to associate	9,000,000,000	-
		Sales of cars	20,340,009,115	-
		Purchase of cars	19,359,503,810	-
		Other income	4,704,000	-
ComfortDelgro Savico Taxi Company	Associate	Dividends	2,400,000,000	-
		Sales of rental	122,727,276	-
Bac Au Hanoi Automobile Limited Company	Associate	Capital contribution	-	5,000,000,000
		Sales of services	2,623,760,274	2,547,601,405
Binh Thuan Automotive Service Joint Stock Company	Associate	Capital contribution	-	10,000,000,000
		Sales of cars	24,423,959,881	-
		Purchases of cars	120,661,590,365	-
Ben Thanh Tay Ninh Automobile Corporation	Associate	Capital contribution	-	7,500,000,000
		Sales of land use rights	7,700,000,000	-
		Sales of cars	21,484,487,333	-
		Purchases of cars	82,023,171,336	-
Sai Gon Auto Gia Dinh Service Company Limited	Associate	Capital contribution	8,750,000,000	-
		Sales of cars	5,150,463,996	-
		Rental income	184,240,000	-
South Saigon Automobile Service Commercial Investment Joint Stock Company	Associate	Dividends	216,000,000	-
		Sales of goods	218,127,269	-
Dana Joint Stock Company (DANA FORD)	Associate	Sales of cars	3,066,373,590	3,461,567,301
		Purchases of cars	1,463,636,364	-
		Dividends	-	1,812,150,000
		Other income	3,272,727	82,233,668
Savico Quang Nam Company Limited	Associate	Capital contribution	1,100,000,000	-
Da Nang Automobile Limited Company	Associate	Capital contribution	5,000,000,000	-
		Sales of cars	21,787,135,157	-
		Sales of rental	2,746,904,343	-
		Purchases of cars	3,028,547,908	-
		Sales of fixed assets	4,092,642,092	-
		Loan granted to associate	1,000,000,000	-
		Other income	12,783,680	-
		Interest income	60,716,485	-
		Interest expenses	89,873,972	-
		Others expenses	24,750,000	-
Bac Au Automobile Joint Stock Company	Associate	Sales of services	2,623,760,274	-
Star Hyundai Automobile Joint Stock Company	Associate	Capital contribution	9,800,000,000	-

39. NON-CASH INVESTING ACTIVITIES

	2018 VND	2017 VND
Investment property acquired but not yet paid	33,755,483,552	43,755,483,552
Net off receivables from disposal of investments in associate against long-term other payables	-	18,600,000,000
Net-off receivables from disposal of investments in subsidiary against advances from customers	-	10,000,000,000
Investments in associate acquired by netting-off against short-term loan receivables	-	9,800,000,000
Investment in associates acquired by netting off against short-term other receivables	-	800,000,000
Netting off account receivable from customers against short-term loan receivables	-	200,000,000

40. CORRESPONDING FIGURES

The corresponding figures as at 1 January 2018 were brought forward from the Group's audited figures as at and for the year ended 31 December 2017.

11 March 2019

Prepared by:

Ngo Van Danh
Chief Accountant

Approved by:

Mai Viet Ha
General Director

SAVICO

SAIGON GENERAL SERVICE CORPORATION

68 Nam Ky Khoi Nghia, District 1, Ho Chi Minh City
Tel: (84-28) 3821 3913
Fax: (84-28) 3821 3553/3821 5992
Email: savico@savico.com.vn

www.savico.com.vn