

A close-up photograph of an engine's belt drive system, featuring a large alternator with a cooling fan, a serpentine belt, and various pulleys. The image is overlaid with a semi-transparent red banner in the top-left corner and a solid red banner at the bottom. The text is white and bold.

***CLOSE
COOPERATION***

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

ORGANIZATIONAL STRUCTURE & OPERATION OF BOD

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.

RISK MANAGEMENT (continued)



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.



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.



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.



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.

