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EVALUATION BY THE BOARD OF DIRECTORS ON THE OPERATION OF THE COMPANY

GROWING NEW HEIGHTS

The slender and delicate bamboo trunk, though thin, is tough and divided into sections to create branches, rich in vitality and easily adaptable to the environment, making bamboo unique compared to other plants. Similarly, at Searefico, the differences in abilities and personalities of individuals are regarded as valuable assets. Guided by a leadership team that is both conscientious and competent, sharing common values and business philosophy – “Maintaining trust, Valuing relationships, Balancing interests” – new opportunities are opened for Searefico to transform, break through, and grow new heights.

1. GENERAL ASSESSMENT BY THE BOARD OF DIRECTORS



In 2023, the global economy faced numerous difficulties and challenges. The Russia-Ukraine war continued to escalate unpredictably, while new conflicts between Israel and Hamas and the Red Sea crisis in the latter months of the year increased inflation forecasts and disrupted the global supply chain. Against this backdrop, many countries decided to maintain their tight monetary policies to control their economies, prioritizing curbing inflation and addressing weak trade growth and the slow recovery of consumer confidence. Vietnam's economy was no exception, affected by fluctuations in both the global and domestic economies. Tight credit policies for high-risk sectors, a gloomy corporate bond market, and negative impacts from major projects led to a domino effect, causing further difficulties as companies closed old projects and launched new ones. Nevertheless, during the economic downturn and the low point of the construction and real estate industries, Searefico's core values bravery in facing difficulties, flexible adaptability, dedication to responsibility, and a spirit of sacrifice helped the company to survive, overcome crises, maintain its values, and seize opportunities in adversity to make a breakthrough. It can be said that we have "successfully navigated the storm."

By regularly updating reports on domestic and global economic and political situations, the BOD has consistently supported and worked alongside the BOM in providing timely responses to unpredictable market fluctuations, thereby enhancing operational efficiency and achieving positive results. This has laid

the groundwork for preparing internal resources to bounce back when the market recovers, regain growth momentum, and achieve a breakthrough in alignment with the "pivot" strategy associated with the Searefico Group's 5-year plan for the 2024-2028 period.

The BOD has outlined specific directions and instructions to assist the BOM in restructuring the organization towards greater efficiency, improving corporate governance and internal control, and continuing to innovate and develop the organization through committees under the BOD, such as the Audit Committee, the Human Resources and Salary and Bonus Committee, and the Innovation and Organizational Development Committee. The BOD has stood by and supported the BOM in adjusting business strategies and enhancing corporate governance and management efficiency. Various measures have been implemented to optimize resources, reduce costs, manage cash flows effectively, and actively collect debts.

Thanks to efforts to overcome difficulties, Searefico continues to hold prestigious awards: Top 500 Largest Private Enterprises in Vietnam (VNR500); Top 3 prestigious M&E Contractors; Top 10 Enterprises with Excellent Business Culture in Vietnam; Top 100 Vietnam Best Places To Work. Notably, in 2023, Searefico was nominated for the first time among the Top 5 Listed Companies (Small-Cap Category) for the best corporate governance and received numerous merit certificates and awards for its positive contributions to the community.

1.1. Assessment of business activities of the Company

Unit: billion VND

Indicator	2023 plan	Implementation in 2023	Implementation/Plan
Signed contract value	1,500	1,116	74.40%
Revenue	1,700	1,644	96.69%
Earning after taxes of Parent Company	5.46	1.32	24.18%
Consolidated earnings after taxes	31.48	3.76	11.95%

In contrast to the forecasts in the business plan prepared at the end of 2022 and early 2023, 2023 continued to be the year when the real estate market was at its lowest, as many of our subsidiaries failed to meet the targets for signed contracts and profit margins. Nevertheless, our consolidated revenue grew by more than 38% YoY, and, particularly, we had our first subsidiary, Searefico E&C, achieve revenue of over 1,000 billion VND with more expectations in the ecosystem to reach this mark in the 5-year plan for 2024-2028 period.

Our production and business activities were still consistently maintained thanks to the relatively large number of contracts carried over for implementation in 2024. We continued cooperating more intensively with long-term customers and enter into contracts with leading partners for domestic and foreign-invested projects, those with high technological content, serving as a testament to our management qualifications, professional capacity, and ability to lead the industry in our fields of operation.



1.2. Assessment of operations of the Board of Management

- a. The BOM has made significant efforts to implement the policies of the BOD, promptly taking action to strengthen internal resources and flexibly respond to market fluctuations. One of the outstanding achievements in implementing this pivot strategy is that we have won many large projects in the fields of industry - technology, automation, logistics, green buildings, and FDI projects, and reaffirmed our position in the pharmaceutical, biological and irradiation industries and projects with high technology content.
- b. The BOM has maintained effective control over operating costs, coordinated and strictly managed the cash flows, promoted credit relationships with banks, flexibly regulated the sources of income and expenditure, and promptly responded to cash demand of the Group.
- c. The BOM has supported Group subsidiaries in many activities, particularly business and bid operations, to win major projects, acquire new customers/fields of business, expand the markets, strengthen customer relationships, and seek M&A and joint venture deals with partners.
- d. The BOM has persistently applied integrated solutions in risk management, financial management, and resource optimization, such as loan restructuring, inventory control, debt reduction, and control of costs within the approved budget, preventing impact on production and construction activities.
- e. The BOM has gradually improved the system of internal regulations, upgraded HR and accounting software, and relocated the office, assuring that our operations were secured and smooth.
- f. Despite many difficulties, in 2023, the BOM prioritized taking good care of personnel welfare and maintaining a positive working environment where leaders know how to empower and employees are motivated.

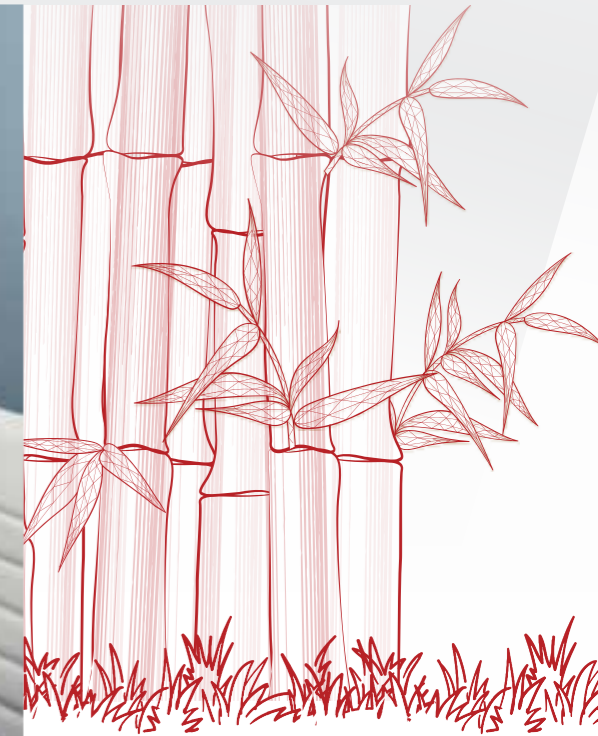


2. RECOMMENDATIONS FOR IMPROVEMENT



- a. The BOM should focus on increasing their influence and leadership capacity to lead the Group into a new period and regain high growth momentum with a challenging 5-year plan for 2024-2028 period. The BOM also needs to elevate the relationship between the BOM and BOD by proactively seeking support from members of the BOD in certain key areas.
- b. While it did a good job in saving costs in 2023, the BOM has set a major goal to optimize costs in 2024 by identifying and minimizing unnecessary expenses and focusing on those costs that offer significant value and benefits or have positive long-term impacts.
- c. The BOM should prioritize SRF's core activities of financial investment and capital control, with a key focus on risk management and debt collection, aiming to improve profitability indicators in the model of a Pure Holding, and promoting shareholder value, brand reputation, and recognition as a market leader.
- d. The BOM should consolidate the management information system, learn and apply good standards of practice in the world, improve management reports in line with the requirements, ensure regular and consistent compliance among the subsidiaries and Parent Company to promptly and accurately reflect the situations of cash flows, inventory, warehouse, debt, progress, and budget. Additionally, it should complete the Company's risk management framework to ensure the effectiveness and substance of risk management and compliance control.
- e. The BOM should restructure the team of IT leaders and set up a unified method for IT management within the Group to ensure the unity, integrity and security of IT system under all circumstances, promote digital transformation (SDP project), and apply technological advancements to business operations.
- f. The BOM should rearrange internal resources with external experts to promote Knowledge Management Project (KMP), and Searefico Reinvention Project (SRP), and continually improve internal processes as required by the BOD.
- g. The BOM should implement the "management by culture" strategy, provide the guidance and ongoing communication on the vision, mission, corporate philosophy, and business goals to all employees.

3. PLANS AND ORIENTATIONS OF THE BOARD OF DIRECTORS



3.1. Short-term plans

- 2024 Plan: Reach the targets of signed contract of 2,200 billion VND, revenue of 2,000 billion VND, and consolidated earning after taxes of 22 billion VND; focus on projects with good revenue and reputable investors and those in industrial sector or niche markets, or those with high technology content and short time-to-market to optimize the cash flow and returns.
- Develop a specific plan for the pivot strategy, expand the market, and find new directions to increase returns.
- Strengthen R&D for new environmentally friendly products/solutions and apply smart tech solutions and automation to increase our competitive advantage.
- Endeavour to completely resolve outstanding debts and continue resolving bad debts. Strictly control and manage cash flows to ensure healthy financial health and minimize risks.
- Maintain and develop the corporate culture, promote core values, and strengthen organizational development activities to build a friendly and positive working environment and increase employee motivation and engagement.
- Focus on improving corporate governance and standardization of processes to achieve optimal performance; focus on recruiting young employees and strengthening the management system; focus on applying technology to improve the efficiency and labour productivity, an innovative and advanced approach to business and production management.
- Take advantage of all opportunities with the potential to expand Searefico Group ecosystem through M&A, business cooperation, joint ventures, and partnerships.

3.2. Long-term orientation

- As a multi-sector corporation in the field of Engineering - Technology, Searefico focuses on the industries with high technology content and market potential. Searefico is well known by domestic and foreign customers and partners for top class quality (advanced solutions and technology) in line with global development trends;
- Increase the operational efficiency in traditional sectors while expand the investment into sectors with high technology content and market potential, such as logistics, industrial real estate, smart warehouses and automation, new construction materials, biotechnology, new energy, and data center.
- Searefico may not be the largest brand, but we are highly reputable among domestic and foreign partners for our top quality and corporate philosophy of seeking profit and serving the society by creating national brands of international standards built on customers' and partners' trust and respect.
- "Build to Last" is the guideline throughout our governance, management, and investment activities.
- Develop corporate culture to further promote Searefico's core values and standardize our activities related to the first and second layers of culture. Build a brand identity system under the Pure Holding model and publish the Corporate Culture Guide, including the Company's Code of Conduct.
- Develop investor relations, be proactive and transparent in information disclosure, diversify the channels for disclosing information to shareholders and ensuring the rights and equality for investors/shareholders.
- Focus on creating a dynamic, creative and humane working environment that always promotes and encourages those employees with the desire to become rich and the spirit of patriotism, which shall enable the employees to realize the values of their works and the organization's expectations by offering promotion opportunities to them; build a learning organization and promote employee engagement through a sharing and support culture; develop human resource for a succession plan; innovate the competitive compensation and welfare policies; and set out specific career development roadmap.