

EQUITIZATION STEERING COMMITTEE OF PARENT COMPANY – VIETNAM NATIONAL SHIPPING LINES AND PARENT COMPANY - VIETNAM NATIONAL SHIPPING LINES HIGHLY RECOMMEND INVESTORS TO CAREFULLY READ ALL INFORMATION CONTAINED HEREIN AND REGULATION OF BIDDING BEFORE PARTICIPATING IN THE BIDDING. (THIS INFORMATION ANNOUNCEMENT IS MADE IN VIETNAMESE AND ENGLISH. IN CASE THERE IS ANY DIFFERENCE OR CONFLICT BETWEEN VIETNAMESE AND ENGLISH, VIETNAMESE VERSION IS PRIORITIZED TO BE APPLIED FOR EXPLANATION OF THIS INFORMATION ANNOUNCEMENT).

INFORMATION ANNOUNCEMENT FOR INITIAL PUBLIC OFFERING OF SHARES OF VIETNAM NATIONAL SHIPPING LINES

(Business Registration number 0100104595 issued for the first time by Hanoi City's Planning and Investment Department on 07 July 2010, with the 5th amendment dated 13 October 2015)



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DEFINITION AND ABBREVIATION

Within this information announcement, the following terms are construed as follows:

IPO	Initial Public Offering is the offering of shares from the equitizing State owned Enterprise publicly held towards investors with competitive price, particularly herein, the shares of Vietnam National Shipping Lines.
Investor	Any domestic or foreign economic organization or individual as stipulated at Decree No. 126/2017/ND-CP dated 16 November 2017 by the Government on the transformation of state-owned enterprises and one-member limited liability companies with 100% charter capital invested by state-owned enterprises into joint stock companies.
Equitization Steering Committee	Equitization Steering Committee of Vietnam National Shipping Lines.
Vinalines Parent Company	Vietnam National Shipping Lines – an one-member limited liability company under the Ministry of Transport.
Financial Statements	Financial Statements of Parent Company of Vietnam National Shipping Lines and its subsidiaries and branches.
Consolidated Financial Statements	Financial Statements which are prepared on the basis of consolidation of the financial statements of Vietnam National Shipping Lines and the financial statements of Vietnam National Shipping Lines and the financial statements of companies controlled by Vietnam National Shipping Lines.
SSI	Saigon Securities Inc.
BRC	Business Registration Certificate
Ltd	Limited liability Company
JSC	Joint Stock Company
MC	Members' Council
BoD	Board of Directors
BoS	Board of Supervisors
SAV	State Audit Office of Vietnam
MOT	Ministry of Transport

LEGAL BASE

- ✓ Decree No.126/2017/ND-CP dated 16 November 2017 by the Government on the transformation of state owned enterprises and one-member limited liability company with 100% charter capital invested by state-owned enterprises into joint stock company;
- ✓ Decree No.63/2015/ND-CP dated 22 July 2015 by the Government' providing for policies towards redundant employees resulted from restructuring of state-owned one-member limited liability companies;
- ✓ Circular No. 44/2015/TT-BLDTBXH dated 22 October 2015 by the Ministry of Labour, Invalids and Social Affairs guiding the implementation of the Decree No. 63/2015/ND-CP dated 22 July 2015 by the Government providing for policies towards redundant employees resulted from restructuring of state-owned one-member limited liability companies;
- ✓ Circular No. 40/2018/TT-BTC dated 4 May, 2018 of the Ministry of Finance providing guidelines for initial offering of shares and management and use of proceeds from equitization of state-owned enterprises and one-member limited liability companies with 100% charter capital invested by state-owned enterprises transformed into joint stock companies;
- ✓ Circular No.41/2018/TT-BTC dated 04 May 2018 by the Ministry of Finance providing guidelines on a number of contents regarding financial handling and valuation of enterprises upon transformation of state-owned enterprises and one-member limited liability companies with 100% charter capital invested by state-owned enterprises into joint stock companies;
- ✓ Decree No. 276/QD-TTg dated 04 February 2013 by the Prime Minister approving the Scheme for Restructuring of Vietnam National Shipping Lines and amendments;
- ✓ Decree No. 2023/QD-BGTVT dated 29 May 2014 by the Ministry of Transport approving the list of equitized enterprises;
- ✓ Decree No. 51/2014/QD/TTg dated 15 September 2014 by the Prime Minister prescribing a number of contents on capital withdrawal, offering of shares, trading and listing registration on securities market of state-owned enterprises;
- ✓ Document No. 86/TTg-DMDN dated 13 October 2017 by the Prime Minister on the equity holding proportion of Vinalines in subsidiaries; Document No. 625/VPCP-DMDN dated 02 March 2018 by the Government Office on the equity holding proportion of Vinalines in subsidiaries; Document No. 198/BGTVT-QLDN dated 30 March 2018 by the Ministry of Transport on the plan for capital withdrawal/reduction of Vinalines in the period 2018-2020
- ✓ Decree No.842/QD-BGTVT dated 24 March 2014 by the Ministry of Transport on the establishment of Equitization Steering Committee of Parent Company - Vietnam National Shipping Lines and Decisions on the change of members of Steering Committee; Decision No. 3088/QD-BGTVT dated 13 August 2014, Decision No. 4838/QD-BGTVT dated 22 December 2014, Decision No. 3247/QD-BGTVT dated 09 September 2015, Decision No. 4243/QD-BGTVT dated 30 November 2015, Decision No. 975/QD-BGTVT dated 12 April 2017, Decision No. 2962/QD-BGTVT dated 23 October 2017, Decision No. 3273/QD -GTVT dated 27 November 2017;
- ✓ Decree No. 253/QD-HHVN dated 29 May 2017 by the MC of Vietnam National Shipping Lines on the establishment of Assistant Team for Equitization Steering Committee of Parent Company - Vietnam National Shipping Lines;
- ✓ Decree No. 1677/QD-BGTVT dated 08 May 2014 by the Ministry of Transport approving the results of the bidding package named "Selection of consultant for determination of enterprise value for equitization of Parent company - Vietnam National Shipping Lines"; Official Letter No. 1280/BGTVT-QLDN dated 10 February 2017 by the Ministry of Transport on the selection of consultant for determination of enterprise value for equitization of Parent company - Vietnam National Shipping Lines;

- ✓ Consulting services contract for determination of enterprise value No. 036/2014/HD-HHVN dated 09 May 2014 and Appendix No. 01/2017/PLHD-HHVN dated 28 February 2017 between Vietnam National Shipping Lines and Joint Venture of Vietnam Auditing and Valuation Company Limited and ATC Auditing and Valuation Firm Company Limited;
- ✓ Decree No. 1188/QD-KTNN dated 08 August 2017 by the State Audit Office of Vietnam on the auditing of the results of valuation consultancy and handling of financial matters prior to the official announcement of equitized enterprise value for Parent company - Vietnam National Shipping Lines;
- ✓ Document No. 572/KTNN-TH dated 23 November 2017 by the State Audit Office of Vietnam regarding the Report on auditing of the results of valuation consultancy and handling of financial matters prior to the official announcement of equitized enterprise value for Parent company - Vietnam National Shipping Lines;
- ✓ Decree No. 3402/QD-BGTVT dated 08 December 2017 by the Ministry of Transport on the enterprise value for equalization of Parent company - Vietnam National Shipping Lines;
- ✓ Document No.2228/VPCP-DMDN dated 9 March 2018 by the Government Office on Vinalines's equalization plan; Document No. 2635/BGTVT-QLDN dated 16 March 2018 by the Ministry of Transport on the completion of Equitization plan of Parent company - Vietnam National Shipping Lines;
- ✓ Document No. 102/QHLDLTL-CSLD dated 20 April 2018 by the Ministry of Labour, Invalids and Social Affairs providing guidelines on the formulation of plans for employment and settlement of redundant employees resulted from equitization of enterprises;
- ✓ Document No. 5602/BTC-TCDN dated 15 May 2018 by the Ministry of Finance on the adjustment of data in accounting books according to announced enterprise value;
- ✓ Document No. 172/CDHHVN dated 20 March 2018 by the Trade Union of Vietnam National Shipping Lines on the registration of purchase of preferred shares;
- ✓ Minutes and Resolutions of the Employee Conference dated 23 March 2018 on the approval of the equitization plan and the regime of preferential share purchase for employees in accordance with Article 42 of the Decree No. 126/2017/ND-CP and the plan for distribution of Reward fund, Welfare fund and Bonus fund for enterprise's managers, supervisors;
- ✓ Document No. 13948/BGTVT-QLDN dated 04 November 2014 by the Ministry of Transport on the selection of consultant for formulation of equitization plan of Parent company - Vietnam National Shipping Lines; Document No. 8065/BGTVT-QLDN dated 21 July 2017 by the Ministry of Transport on the selection of consultant for formulation of equitization plan.
- ✓ Consulting services contract No. 168/2014/SSI-HN/NHDT dated 17 November 2014 and Appendix No. 02/2017/SSI-HN/NHDT dated 08 August 2017 between Vietnam National Shipping Lines and Saigon Securities Inc.;
- ✓ Decision No. 751/QD-TTg dated 20 June 2018 by the Prime Minister on the approval of equitization plan of Parent company – Vietnam National Shipping Lines;
- ✓ Document No. 17334/BGTVT-QLDN dated 31 December 2015 by the Ministry of Transport on the selection of consultant for initial public offering of Parent company – Vietnam National Shipping Lines; Document No. 5863/BGTVT-QLDN dated 04 June 2018 by the Ministry of Transport on the continuation of the Consulting services contract for initial public offering of Parent company – Vietnam National Shipping Lines;
- ✓ Consulting services contract No. 02/2016/SSI-HN/NHDT dated 17 January 2016 and the Annex dated 08 June 2018 between Vietnam National Shipping Lines and Saigon Securities Incorporation upon the initial public offering consultancy.

I. PERSONS IN CHARGE OF INFORMATION ABOUT VIETNAM NATIONAL SHIPPING LINES

1. Equitization Steering Committee

The Equitization Steering Committee of Parent Company - Vietnam National Shipping Lines was established under the Decision No. 842/QĐ-BGTVT dated 24 March 2014 by the Ministry of Transport;

Decisions on change and addition of members of Steering Committee:

- Decision No. 3088/QĐ-BGTVT dated 13 August 2014 by the Ministry of Transport,
- Decision No. 4838/QĐ-BGTVT dated 22 December 2014 by the Ministry of Transport,
- Decision No. 4243/QĐ-BGTVT dated 30 November 2015 by the Ministry of Transport,
- Decision No. 3247/QĐ-BGTVT dated 09 September 2015 by the Ministry of Transport,
- Decision No. 975/QĐ-BGTVT dated 12 April 2017 by the Ministry of Transport,
- Decision No. 2962/QĐ-BGTVT dated 23 October 2017 by the Ministry of Transport,
- Decision No. 3273/QĐ-BGTVT dated 27 November 2017 by the Ministry of Transport.

TT	Name	Title
1	Mr. Le Anh Son	Chairman of Vinalines Members' Council – Head of Committee
2	Mr. Nguyen Canh Tinh	Member of the Members' Council, Acting Director of Vinalines – Permanent Deputy Head of the Committee
3	Mr. Do Duc Tien	Deputy Director General of the Department of Business management, Ministry of Transport – Deputy Head of the Committee
4	Mr. Nguyen Chi Thanh	Deputy Director General of the Department of Finance, Ministry of Transport- Deputy Head of the Committee
5	Mr. Kieu Anh Quan	Deputy Director of the Department of Enterprise Innovation, Government office - Member
6	Mr. Le Trung Son	Deputy Head of the Profession division 2, Department of Enterprise Finance, Ministry of Finance - Member
7	Mr. Nguyen Dinh Chung	Member of Vinalines Members' Council- Member
8	Mr. Do Tien Duc	Member of Vinalines Members' Council- Member
9	Mr. Nguyen Van Hanh	Vice President of Vinalines- Member
10	Mr. Bui Viet Hoai	Vice President of Vinalines- Member
11	Mr. Le Phan Linh	President of Vinalines Labor Union- Member
12	Mr. Luong Dinh Minh	Chief accountant of Vinalines- Member
13	Ms. Doan Thi Thu Huong	Director of Vinalines Personnel Department- Member
14	Mr. Nguyen Manh Thinh	Head official of the Department of Enterprise Management, Ministry of Transport- Member (Retired since 01 July 2018)
15	Mr. Dinh Cong Minh	Head official of the Department of Enterprise Management, Ministry of Transport- Member

TT	Name	Title
16	Ms. Pham Thi Giang	Head official of the Department of Finance, Ministry of Transport- Member (retired since 01 February 2018)
17	Mr. Tran Trong Ngon	Head official of the Department of Workers organization, Ministry of Transport- Member

2. Equitized enterprise: Vietnam National Shipping Lines

Mr. **Le Anh Son** – Chairman of the Members' Council of Vietnam National Shipping Lines

Mr. **Nguyen Canh Tinh**- Acting President and CEO of Vietnam National Shipping Lines

We represent that the information and data contained in this Information Announcement are in line with the approved equitization plan of Parent company – Vietnam National Shipping Lines and the actual situation of current activities of Vietnam National Shipping Lines.

3. Initial public offering consultant: Saigon Securities Incorporation (SSI)

Ms. **Nguyen Ngoc Anh** - Title: Head of the SSI Investment Banking North (*Letter of Authorization No. 03/2014/UQ-SSI dated 17/10/2014 by Mr. Nguyen Duy Hung, Chairman-co-CEO of SSI*)

This information announcement is a part of the application file for initial public offering partially involved by SSI – Hanoi Branch basing on the consulting contract with Vietnam National Shipping Lines. We represent that the analysis, evaluation and word selection in this information announcement are undertaken with suitability and caution, basing on the information and data provided by Parent company - Vietnam National Shipping Lines.

II. INTRODUCTION OF EQUITIZED ENTERPRISE

1. Equitized Enterprise

1.1 Basic Information

- Vietnamese name : TỔNG CÔNG TY HÀNG HẢI VIỆT NAM – CÔNG TY TRÁCH NHIỆM HỮU HẠN MỘT THÀNH VIÊN
- English name : VIETNAM NATIONAL SHIPPING LINES
- Abbreviation : VINALINES
- Address of head office : Ocean Park Building, No. 1 Dao Duy Anh, Phuong Mai, Dong Da District, Hanoi.
- Telephone : (+84) 24 35770825
- Fax : (+84) 24 35770850
- Website : www.vinalines.com.vn
- Logo : 
- Business registration : 0100104595 issued for the first time by the Department of Planning and Investment of Hanoi city on 07 July /2010 with the fifth amendment dated 13 October 2015)
- Charter capital : VND 10.693.000.000.000 (*In words: Ten thousand, six hundred and ninety three billion Vietnamese dong*)

1.2 Legal basis of establishment

- Decision No. 250 / TTg dated 29 April 1995 by the Prime Minister on the establishment of Vietnam National Shipping Lines;
- Decision No. 216/2006 / QD-TTg dated 29 September 2006 by the Prime Minister approving the Scheme for transformation of Vietnam National Shipping Lines into an organization to operate following the parent-subsiaries company model;
- Decision No. 217/2006 / QD-TTg dated 29 September 2006 by the Prime Minister on the establishment of the Parent company – Vietnam National Shipping Lines;
- Decision No. 985 / QD-TTg dated 25 June 2010 by the Prime Minister on the transformation of the Parent company – Vietnam National Shipping Lines into a state-owned one-member limited liability company.

1.3 Brief overview of formation and development process

Vietnam National Shipping Lines was established in 1995 under Decision No. 250 / TTg dated 29 April 1995 by the Prime Minister. On 29 September 2006, Vietnam National Shipping Lines was transformed to operate under the parent-subsiaries company model under the Prime Minister's Decision No. 216/2006 / QD-TTg. At the same time, the Prime Minister issued Decision No. 217/2006 / QD-TTg on the establishment of Parent company – Vietnam National Shipping Lines.

On 25 June 2010, the Prime Minister issued Decision No. 985 / QD-TTg on transforming the Parent company – Vietnam National Shipping Lines into a state-owned one-member limited liability company. Vietnam National Shipping Lines is currently being organized and operated under the Charter approved by the Government attached to Decree No. 184/2013/ ND-CP dated 15 November 2013.

2. Main products and services

The main services that the Parent company include:

- Shipping:
 - + Transport of bulk and general cargo
 - + Container
 - + Oil Product
- Port Operation
- Logistics & Maritime services

Subsidiaries of the Vietnam National Shipping Lines provide the following services:

- Multimodal transport;
- Shipping agency, sea transport;
- Maritime brokeage, forwarding agency;
- Warehouse services and cargo-handling at warehouses;
- Ship supply, ship cleaning;
- Cargo tally.

3. Business segments

Under the business registration certificate No. 0100104595 issued for the first time on 07 July /2010 with the 5th amendment dated 13 October 2015, the current registered business lines of Vietnam National Shipping Lines include:

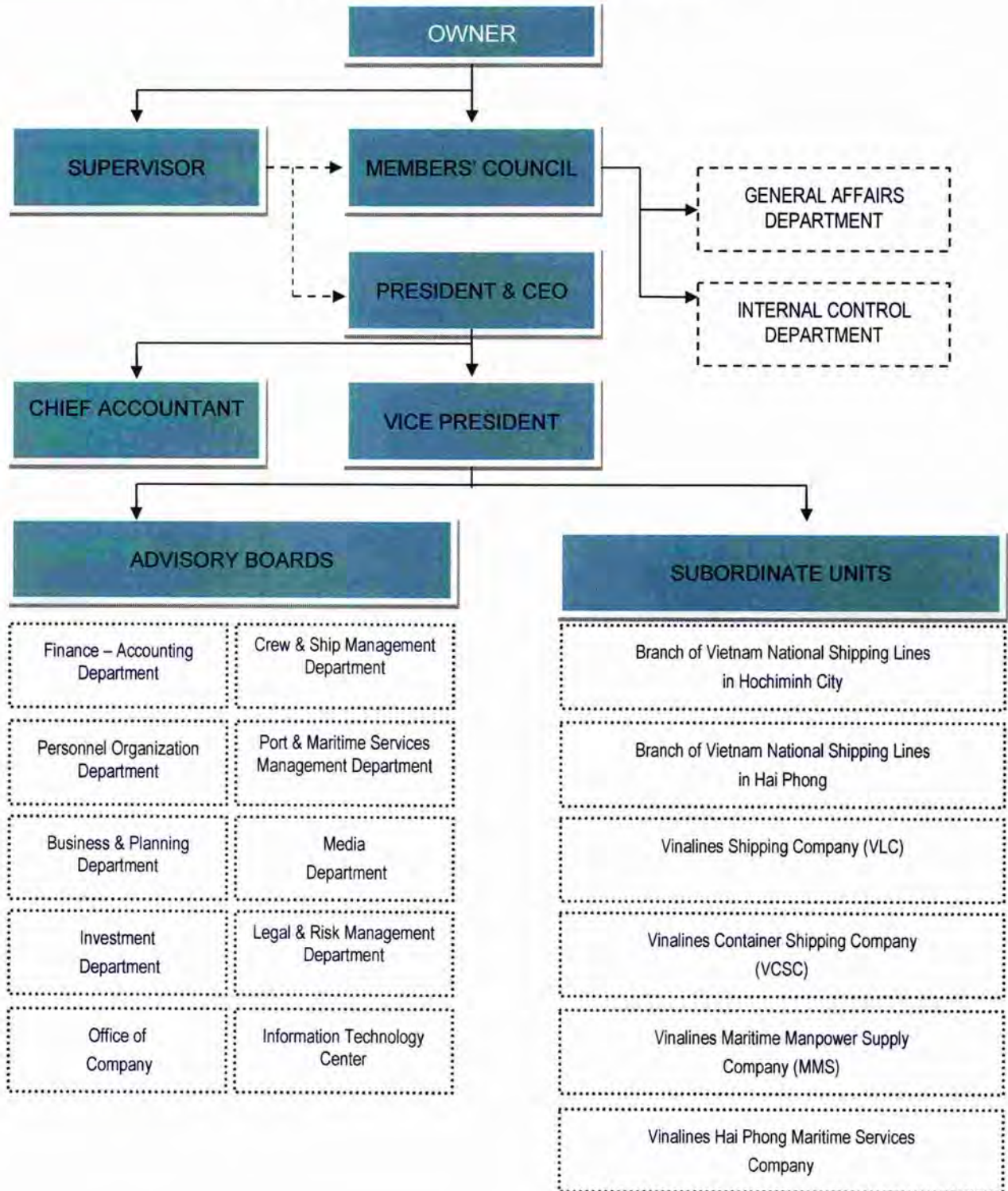
Table 1: Business lines of Vietnam National Shipping Lines

No.	Name of business line	Code
1	Sea and coastal freight water transport - Maritime transport business activities;	5012
2	Inland water transport - Waterway transport business activities;	5022
3	Road transport - Road transport business activities;	4933
4	Other transport support activities - Multimodal transportation services; Logistics services; - Agents, brokers providing maritime services; ship supply, towage service, river ships, crew and waterway support services;	5229
5	Service activities incidental to water transport - Operations at seaports, river ports;	5222
6	Warehousing and storage - Warehousing and storage business activities;	5210
7	Repair and maintenance of transport vehicles (except automobiles, motorcycles, and other motor vehicles) - Repair of sea transport vehicles;	3315
8	Maintenance and repair of automobiles and other motor vehicles - Repair of road transport vehicles and other vehicles;	4520
9	Manufacture of other transport vehicles and equipments n.e.c - Manufacture of vehicles and equipments for specialized transportation and handling;	3099
10	Wholesale of other machinery and equipments n.e.c - Wholesale of vehicles and equipment for specialized transportation and handling;	4659
11	Leasing of other machinery, equipment, and tangible goods - Leasing of vehicles and equipments for specialized transportation and handling;	7730
12	Supply and management of labor resources - Labor export and domestic and foreign organizations (operating only when permitted by competent authorities);	7830
13	Other supporting business segments include: - Exportation services of specialized maritime vehicles, equipments, raw materials, and fuels; Supply services of materials, fuels, food, and fresh water;	8299
14	Real estate activities (either with owned lands or leased property) In detail: Leasing and operation of real estate with owned or leased property;	6810
15	Short-term accommodation activities In detail: Hospitality business (excluding bar, karaoke bar, discotheque);	5510
16	(For conditional business lines, enterprises are only permitted to carry out business activities up on satisfying conditions in accordance with the law)	

4. Organizational structure of Vietnam National Shipping Lines

4.1. Organizational structure of Parent company – Vietnam National Shipping Lines

Figure 1: Current organizational structure



(Source: Vinalines)

Parent company – Vietnam National Shipping Lines is an one-member limited liability company with 100% charter capital owned by the State, organized and operated under the parent-subidiaries business model in accordance with the law. Members’ Council is the direct representative of the owner at the company. Below the Members’ Council is the President &CEO, Vice-President, Chief Accountant and functional departments responsible for specific activities.

4.2. List of branches and dependent companies under the Parent company-Vinalines

Currently, Vietnam National Shipping Lines has 06 subsidiaries which are branches and dependent companies in the fields of shipping, warehousing and seafarers export.

Table 2: List of current branches – dependent companies

No.	Name of branches/subsidiaries	Business fields	Main business activities
1	Vinalines Shipping Company	Shipping business	Managing and operating fleets of bulk carriers and oil tankers
2	Vinalines Container Shipping Company	Shipping	Shipping business Managing and operating container ships
3	Vinalines Maritime Supply Company	Manpower	Export of seafarers Training and exporting seafarers
4	Vinalines branch office in Hai Phong	Petroleum, transport agency, office leasing, forwarding multimodal transport, warehousing	Engaging in the business of Petroleum, transport agency, office leasing, forwarding multimodal transport, warehousing, hospitality
5	Branch of Vietnam National Shipping Lines in Hochiminh City	Trading focal point	Trading focal point in the South
6	Vinalines Hai Phong Services Company	Maritime Warehousing and Transport	Warehousing and Transport services

Source: Vinalines

4.3. Members’ Council

Members’ Council is the State owner’s representatives in Vinalines, with rights and responsibilities summarized as follows:

- To receive and efficiently manage the capital, assets, land, natural resources and other resources invested by the owners for the company.
- To decide on strategies, production and business plans, development investment plans.
- To decide on the capital contribution, capital increase or decrease of the company at other enterprises; decide on and assign tasks to representatives at other companies.
- To make decisions on project investment, contracts for borrowing and lending, purchase, sale, rent or lease of assets valued at under 50% of the company’s charter capital. To propose the competent authority to approve for contracts valued at more than or equal to 50% of the Company’s charter capital.
- To manage and operate the company in strict compliance with the provisions of the law and

decisions of owners. To manage the safe use and development of capital effectively.

- To have other powers and responsibilities in accordance with provisions of the law.

List of members of the Members' Council

No	Full Name	Title
1	Mr. Le An Son	Chairman of the Members' Council
2	Mr. Nguyen Canh Tinh	Member of the Members's Council
3	Mr. Do Tien Duc	Member of the Members's Council
4	Mr. Nguyen Dinh Chung	Member of the Members's Council
5	Mr. Do Hung Duong	Member of the Members's Council

4.4. Supervisor

Supervisors of the company shall be appointed, re-appointed, dismissed, resigned, rewarded, disciplined, evaluated, and paid by the Ministry of Transport.

Supervisors have the following rights and obligations:

- To inspect the lawfulness, truthfulness and prudence of the Members' Council and the President and CEO in exercising the owner's right in managing and operating business activities.
- To appraise financial statements, business reports, management evaluation reports, etc., prior to their submission to the Ministry of Transport or concerned agencies.
- To review any dossiers and documents of the company at its head office or its branches or representative offices.
- To have other rights and obligations.

Supervisor of the company:

No.	Full name	Title
1	Mr. Do Duc Tien	Deputy Director of Enterprises Management Department, Ministry of Transport

4.5. Board of Directors

- The President & CEO is the legal representative of the company, managing day-to day activities in line with the objectives, plans and decisions of the Members' Council, in accordance with the Charter and provisions of the laws; taking responsibility before the law and the Members' Council for the exercise of the rights and duties assigned.
- Vice President: There are 05 Vice Presidents to assist the President & CEO of the company as assigned and authorized by the President & CEO.

List of the Board of Directors:

No	Full name	Title.
1	Mr. Nguyen Canh Tinh	Acting President & CEO
2	Mr. Nguyen Van Hanh	Vice President
3	Mr. Le Quang Trung	Vice President
4	Mr. Truong Viet Dong	Vice President
5	Mr. Bui Viet Hoai	Vice President
6	Mr. Pham Anh Tuan	Vice President

4.6. Chief accountant

- The chief accountant is responsible for organizing the accounting of the company, proposing solutions and conditions to create capital sources for the production, business demands and development of the company.

Chief accountant of the company:

	Full name	Title
1	Mr. Luong Dinh Minh	Chief accountant

4.7. Company's offices

The Office of the company shall advise and assist the Members' Council and the President & CEO of the company in:

- Formulating working programs, plans and working schedules of the company's Office; coordinating with functional departments and branches, subsidiaries of the company and relevant partners in monitoring, urging and organizing the implementation thereof.
- Organizing the implementation of clerical – archiving work at the Office of the company; instructing branches, subsidiaries of the Company in the implementation of the regulations of the State and the company on clerical – archiving work.
- Ensuring infrastructure, facilities and working conditions for the Office of the company; ensuring the protection of the internal order.
- Monitoring and managing the operation of the buildings and offices for lease of the company
- Other work.

4.8. Crew and ship management Department

The crew and ship management department shall advise and assist the Members' Council and the President & CEO of the company in the following fields:

- Management of maritime engineering, seafarer safety and security.
- Management of ship operation.
- Other duties: Purchase, sale, building, liquidation of ships; cooperation with Legal & Risk Management Department in resolving legal disputes arising from maritime incidents and disputes over shipping business contracts; contribution of opinion to the Ministries and Branches on the mechanisms and policies related to shipping activities and seafarers.

4.9. Port management and Maritime services Department

- To manage the production and business activities of ports and maritime service units under the Company; to monitor, supervise and coordinate ports and maritime service units in the implementation of chain services.
- To assist port enterprises and maritime service units of the Company in the activities of approaching customers; building sales capabilities; environmental protection.
- Allocating resources related to port activities and maritime services.
- Formulating development strategies, plan for each business and market segment related to port activities and maritime services of the Company.

4.10. Finance – accounting Department

- Mobilizing and securing financial resources for long-term and annual development strategies of the Company in accordance with the approved plans.
- Making long-term and annual financial plans of the Parent company and the companies having contributed capital.
- Formulating and promulgating regulations on financial management for the management and guidance of financial policies in the company.
- Organizing accounting work in accordance with the current regulations of the State and directly performing accounting operations.
- Synthesizing, integrating and guiding the accounting work, financial regimes and policies at the units under the Company, subsidiaries and affiliates in accordance with the State's regulations.

4.11. Legislation and Risk Management Department

- Assisting, consulting and advising the Members' Council and the President & CEO of the Company on legal issues related to the organization, management and operation of business activities of the Company and its branches, subsidiaries, and affiliates.
- Identifying legal risks of business activities and implementing compliance measures under the decision-making system of the Parent company.

4.12. Media Department

- Communication, propaganda and brand promotion of the Company.
- Study and proposal of plans for reorganization and renewal of enterprises and units under the Company.
- Searching for potential partners, proposing plans for the establishment and expansion of the company's business.
- Management of scientific research activities, technology transfer, innovations and technical improvements to increase labor productivity, management and business efficiency of the Company.

4.13 Investment Department

- Advising the Members' Council and the President & CEO of the Company on the elaboration of strategies and plans for development investment.
- Making development investment plans of the Company.
- Instructing, inspecting and urging subsidiaries, affiliates and units under the Company to implement the policies and regulations of the State as well as the regulations and decisions of the Company in the field of investment.
- Studying and carrying out the preparation of investment projects of the Company.

- Managing, supervising and carrying out investment in the Company's investment and construction projects.
- Managing and instructing the work of capital investment outside enterprise at the subsidiaries.

4.14. Business & Planning Department

Advising and assisting the Members' Council and the President & CEO of the Company in:

- Business development: market analysis, evaluation, forecasting and research.
- Promotion of the development of domestic and foreign customers and partners, finding of investment sources, investment partners for the development of the Company.
- Promotion of international cooperation, development and expansion of international relations in the fields of shipping, ports and logistics aimed at enhancing business cooperation and external relations.
- Production and business plan, statistical work, general production and business results of the Company and its subsidiaries.
- Formulation of development strategies of the Company in the fields of shipping, ports and logistics & maritime services.

4.15. Personnel Department

Assisting the Members' Council and the President & CEO of the Corporation in:

- Implementation of personnel organization, training, labor, salaries, social insurance/health insurance/unemployment insurance, labor export, occupational safety and health, emulation and commendation; inspection and handling of complaints and denunciations of the Company and its subsidiaries.
- Instructing, inspecting and urging subsidiaries with 100% charter capital owned by the Company and the units under the Company to implement the relevant policies and regulations of the State as well as the decisions of the Company.

4.16. General Department

The General Affairs Department is a functional department within the apparatus advising and assisting the Members' Council with the following functions and duties:

- Advising and assisting the Members' Council in handling managerial and executive tasks.
- Advising and assisting the Members' Council in controlling the compliance with the process and procedures of documents and submissions for the opinions of the Members' Council; the forms and the contents of documents of the Members' Council.
- Advising and assisting the Members' Council in formulating, monitoring, supervising, reporting and evaluating the implementation, review and revision of the Company's strategies and five-year and mid-term plans and schemes under the authority and direction of the Members' Council and other related work.

4.17. Internal Control Department

The Internal control Department is a specialized department of the Members' Council, which has the duties to advise and assist the Council in inspecting and supervising the efficiency of management, production, and business operation of the Company in accordance with current regulations, specifically:

- Inspecting and supervising the management, use, preservation and development of capital, assets and other resources of the Company; Making proposals to the Members' Council on the decisions of the Members' Council regarding the use of capital, assets and resources aimed at controlling the efficient use of these resources for the right purposes and in accordance with the laws.

- Inspecting and supervising the management, use, preservation and development of capital, assets and other resources of the Company; Making proposals to the Members' Council on the decisions of the Members' Council regarding the use of capital, assets and resources aimed at controlling the efficient use of these resources for the right purposes and in accordance with the laws.
- Inspecting and supervising the implementation of production and business strategies and plans of the Company and its subsidiaries.
- Inspecting and supervising economic contracts and transactions falling under the deciding competence of the Members' Council of the Company; Making proposals to the Members' Council on the activities of purchase, sale, transfer, liquidation of assets, handling of debts, etc. which fall under the deciding competence of the Members' Council.

5. Labor transferred to the joint-stock company

The total number of employees of the Parent company by the date of enterprise valuation on 31 December 2016 is 1,415 people, among whom, 1,096 people will transfer to joint stock company. In which, the structure of employees by qualification is as follows:

Table 3: Employees of Parent company as at 31 December 2016

Classification by qualification	Number
Number of employees with undergraduate and post-graduate degrees	883
Number of employees with associate and intermediate degrees	304
Number of employees being technical/vocational workers	209
Number of other employees	19
Total	1,415

Source: Vinalines

Table 4: Employees of Parent company to be transferred to Joint Stock Company

Classification by qualification	Number
Number of employees with undergraduate and post-graduate degrees	763
Number of employees with associate and intermediate degrees	149
Number of employees being technical/vocational workers	167
Number of other employees	17
Total	1,096

Source: Vinalines

6. Enterprise value and state-owned capital contribution portion in enterprise

6.1. Enterprise value and state-owned capital contribution portion in enterprise

Vietnam National Shipping Lines is a state-owned one-member limited liability company. The State holds 100% of the charter capital of the Company.

Pursuant to Decision No. 3402 / QD-BGTVT dated 08 December 2017 by the Ministry of Transport on the enterprise value and the value of the state-owned capital contribution portion in the parent company – Vietnam National Shipping Lines; the result of enterprise valuation as at 31 December 2016 is as follows:

- Actual value of equitized enterprise: VND 18,094,949,825,512.
- Actual value of state-owned capital in enterprise: VND 11,946,058,840,580.

Table 5: Valuation result of the Company as of 31 December 2016

Unit: VND

Items	Enterprise Valuation Data	Adjusted valuation in accordance to audit results of the State Audit	Difference
(1)	(2)	(3)	(4)=(3)-(2)
A. Assets (I+II+III+IV)	16.741.439.488.779	18.094.949.825.512	1.353.510.336.733
I. Fixed assets and long-term investment	13.414.625.012.648	14.761.766.362.326	1.347.141.349.678
1. Fixed assets	3.297.184.036.084	4.344.939.864.956	1.047.755.828.872
a. Tangible assets	3.295.499.891.755	4.343.255.720.627	1.047.755.828.872
b. Intangible assets	1.684.144.329	1.684.144.329	-
2. Investment Property	351.667.007.494	351.667.007.494	-
3. Long-term investment in Progress	248,754,137,655	469,075,475,875	220,321,338,220
a. Long-term production and business in progress	-	-	-
b. Long-term basic construction in Progress	248,754,137,655	469,075,475,875	220,321,338,220
4. Long-term financial investments	9,486,754,708,682	9,487,881,774,063	1,127,065,381
5. Other long-term assets (excluding goodwill)	30,265,122,733	108,202,239,938	77,937,117,205
II. Current assets and short-term investments	2,918,382,936,436	2,749,367,617,310	(169,015,319,126)
1. Cash and cash equivalents	625,335,232,921	435,335,232,921	(190,000,000,000)
+ Cash in hand	3,879,133,893	3,879,133,893	-
+ Cash at bank	153,818,125,695	153,818,125,695	-
+ Cash equivalents	467,637,973,333	277,637,973,333	(190,000,000,000)
2. Short-term Financial investments	1,125,500,000,000	1,125,500,000,000	-
3. Receivables	864,043,723,680	881,528,706,093	17,484,982,413
a. Short-term receivables	727,078,951,767	744,563,934,180	17,484,982,413
b. Long-term receivables	136,964,771,913	136,964,771,913	-
4. Supplies and goods in stock	212,541,299,752	216,040,998,213	3,499,698,461
5. Other short-term assets	87,748,383,690	87,748,383,690	-

Items	Enterprise Valuation Data	Adjusted valuation in accordance to audit results of the State Audit	Difference
(1)	(2)	(3)	(4)=(3)-(2)
6. Non-business expenditure	-	-	-
7. Fully utilized instruments and tools	3,214,296,393	3,214,296,393	-
III. Business goodwill	407,697,865,695	583,082,171,876	175,384,306,181
IV. Land use right value	733,674,000	733,674,000	-
B1. Non-use assets at the parent company (specify only the remaining value according to the accounting books)	1,237,746,711,859	1,016,181,133,206	(221,565,578,653)
I. Fixed assets and Long-term investments	710,551,436,898	488,985,858,245	(221,565,578,653)
1. Fixed assets (tangible + intangible)	273,945,072	134,487,929	(139,457,143)
2. Long-term assets in Progress (Basic construction in Progress)	220,321,338,220	0	(220,321,338,220)
3. Long-term financial investments	489,956,153,606	488,851,370,316	(1,104,783,290)
4. Other long-term assets	-	-	-
II. Current assets and short-term investments	527,195,274,961	527,195,274,961	-
1. Irrecoverable debts	522,562,252,646	522,562,252,646	-
2. Stagnant, poor-quality inventories	4,633,022,315	4,633,022,315	-
B2. Stagnant, Poor-quality inventories from Sai Gon Port upon equitization, directly handed over directly to DATC (Specify only the remaining value according to the accounting books)	2,818,241,959	2,818,241,959	-
C. Assets awaiting liquidation	-	-	-
I. Fixed assets and long-term investment	-	-	-
II. Current assets and short-term investments	-	-	-
D. Assets formed from reward and welfare funds	-	-	-
TOTAL ASSETS VALUE OF ENTERPRISE (A + B1 + C + D)	17,979,186,200,638	19,111,130,958,718	1,131,944,758,080

Items	Enterprise Valuation Data	Adjusted valuation in accordance to audit results of the State Audit	Difference
(1)	(2)	(3)	(4)=(3)-(2)
Including: TOTAL ACTUAL ENTERPRISE VALUE (Item A)	16,741,439,488,779	18,094,949,825,512	1,353,510,336,733
E1. Actual payables	6,597,056,884,582	6,148,890,984,932	(448,165,899,650)
Including: New land use right value remitted into the state budget	733,674,000	733,674,000	-
E1.1. Total Liabilities	6,597,056,884,582	6,148,890,984,932	(448,165,899,650)
E1.2. Reward and welfare funds forming fixed assets	-	-	-
E2. Non-business expenditure source	-	-	-
TOTAL ACTUAL VALUE OF STATE-OWNED CAPITAL IN THE ENTERPRISE [A - (E1+E2)]	10,144,382,604,197	11,946,058,840,580	1,801,676,236,383

Source: Vinalines

(*) As for the case of Bien Dong shipping company limited:

The audited financial statement has noticed that the valuation of Bien Dong shipping company limited was not undertaken at the same time with the valuation of the Company valuation and recorded as VND 0. Whereas, as of 12/31/2016, the company reported large losses, the paid-in capital's value is realized of minus VND 4,846,790 million. According to Enterprises Law, the parent company Vinalines shall suffer all owner's responsibility within the capital investment into Bien Dong shipping company limited; therefore, in the case of a below zero capital, the parent company Vinalines no longer has investment capital in that company. However, the valuation of paid-in capital in case of a below zero capital has not received any legal instruction. Therefore, SAV had already submitted proposal to the MOT and the MOF for consideration.

The Letter No. 13340/BTC-TCDN dated 5/10/2017 issued by the MOF answering SAV on the obstacle in financial handling and valuation before equitization of Vinalines, the MOF had stated that, in order not to affect the progress of Vinalines equitization, while no results on restructuring of Bien Dong shipping company limited, the temporary valuation of Bien Dong shipping company limited is appropriate with the progress of equitization, business activities, financial status and restructuring process of Bien Dong. In case, at the time of transformation to JSC model, value of paid-in capital of the parent company – Vinalines at Bien Dong increases in comparison with the moment of valuation of Bien Dong, the change in capital will be recorded as increase of State's capital at Vinalines.

However, to ensure the handling of obstacles in valuation and solution for incurred issues as well as the responsibilities at Bien Dong shipping company limited, comprehensively and competently, MOT has reported to the Prime Minister for assessment and decision. To answer this, MOT submitted to the Prime Minister the Letter No. 10202/BGTVT-QLDN dated 9/08/2017, in which proposing "In case, at the time Vinalines officially transformed into JSC model, if Bien Dong shipping company limited still holds states' capital, this capital will be handed in the Fund for arranging and developing enterprises, or changed this capital to SCIC". On 11/23/2017, the Government Office has Letter No. 12530/VPCP-DMDN approving on temporary evaluation of capital investment of Vinalines at Bien Dong shipping company limited at the value of VND 0. At the time Vinalines officially becomes a JSC, value of paid-in

capital of the parent company – Vinalines at Bien Dong increases in comparison with the moment of valuation of Bien Dong, the change in capital will be recorded as increase of State's capital at Vinalines.

6.1. Excluded items when evaluating enterprise value

6.2.1. Excluded items in enterprise valuation for equitization:

According to Letter No. 13377/BGTVT-QLDN dated 11/27/2017 by the MOT upon assets to be excluded in enterprise valuation for equitization of the parent company – Vietnam National Shipping Lines, Decision No. 3402/QĐ-BGTVT dated 12/08/2017 by the MOT upon the enterprise value for equitization of the parent company – Vietnam National Shipping Lines, assets to be excluded (as per book value) includes:

- **Assets not in use waiting for liquidation at the parent company is VND 1,016,181,133,206**
- **Inventory in stagnance, poor quality from Sai Gon port one member limited company when equitization is VND 2,818,241,959.**

In which, details of assets not in use waiting for liquidation at the parent company are as follows:

No.	Assets, liabilities not in use	Amount (VND)
1	Fixed assets and long-term investment	488,985,858,245
1.1	Fixed assets	134,487,929
1.2	Long-term investment	488,851,370,316
2	Current assets and short-term investment	527,195,274,961
2.1	Irrecoverable receivables	522,562,252,646
2.2	Inventory in stagnance and poor quality	4,633,022,315
	Total	1,016,181,133,206

+ Total value of long-term investment is VND 488,851 million (item 1.2) including 04 companies: Vinashin ocean shipping company limited (Vinashinlines) of VND 414,281 million, Ca Mau Shin company limited (Camau Shin Co.) of VND 7,844 million, Maritime Equipment Export-Import company of VND 15,725 million, Vietnam Petro shipping JSC (Falcon Shipping) of VND 51,000 million. Those are companies which already submitted to declare for bankruptcy and accepted by the court, as approved in Letter No. 10468/VPCP-DMDM dated 12/29/2014 by the Government Office under Deputy Prime Minister Vu Van Ninh upon the exclusion of the value of bankrupted companies as approved by the Prime Minister within the enterprise valuation when equitizing the parent company – Vietnam National Shipping Lines.

+ Irrecoverable receivables is valued at VND 522,562 million (item 2.1) to be excluded from the enterprise valuation for equitization. Several notices upon the contributed irrecoverable receivables are as follows:

No.	Item	Amount (VND)
	Total value of Irrecoverable receivables	522,562,252,646
I	Office of the parent company - Vinalines	521,186,138,560
I.1	Short-term and long-term receivables	508,078,450,783
(1)	Receivables of individuals being prosecuted and executed under the judgement relating to Floating Dock 83M (*)	288,072,474,785
(2)	Receivables of 04 subsidiaries receiving decision to implement bakruptcy process:	217,581,589,948
	Maritime Equipment Export-Import company	22,044,517,406
	Vietnam Petro shipping JSC (Falcon Shipping)	160,320,990,472
	Vinashin ocean shipping company limited (Vinashinlines)	34,380,859,813
	Ca Mau Shin company limited (Camau Shin Co.)	835,222,257
(3)	Receivables of deferred interest from Marine construction and investment JSC (**)	2,424,386,050
I.2	Advanced payment of suppliers	6,117,461,634
I.3	Receivables of short-term loans	6,990.226.143
II	Vinalines shipping company	1,376,114,086

(*) As for the case of individuals being prosecuted and executed under the judgement relating to Floating Dock 83M, receivables are currently considered to be irrecoverable long-term debts and debtor are under prosecution and execution at the Hanoi Court of appeals. According to judgement dated 5/07/2014, the Court stated on civil liabilities of the aboved culprits with total amount of VND 358,930,032,432 to be handed in, in which Vinalines shall recover VND 325,685,573,319. As of 12/31/2016, the receivable amount is VND 288,012,436,335.

(**) The receivables from of deferred interest from Marine construction and investment JSC is the advanced payment for bidder at Project to construct Ba Ngoi port incurred since 2010 and deferred interest according to Agreement on debt payment dated 5/08/2014. Vinalines had issued many debt collection letters and sued to the court to order for bankruptcy process. However, up to the date of enterprise valuation document issuance, there was no verification of debt of 12/31/2016. On 8/16/2016, Vinalines continued to sue to the Civil court of Hai Phong city requiring for the bankruptcy process to be in implementation and the Court agreed.

6.2.2. Responsibilities to transfer to DATC

The Equitization steering committee of the parent company- Vietnam National Shipping Lines has the responsibilities to instruct Vietnam National Shipping Lines to transfer to DATC all assets not in use waiting for liquidation, inventory in stagnance and poor quality, irrecoverable receivables of the parent company including:

- Fixed assets: VND 134,487,929
- Irrecoverable receivables: VND 522,562,252,646
- Inventory in stagnance and poor quality: 4,633,022,315
- Inventory in stagnance and poor quality from Sai Gon port one member limited company when equitization is VND 2,818,241,959.
- Receivables handled with reserve funds in the last 5 years before handing in to DATC with total value of VND 19,857,284,912 and USD 2,000 (incurred from the period prior to 2014 and under reserve funds handling as a result of company decisions) according to Article 9 Circular No. 127/2014/Thủ tướng chính phủ -BTC, Vinalines has no responsibilities to collect all dossiers and documents to transfer receivables which are excluded from the enterprise value for equitization to DATC as regulated at Paragraph 2 Article 4 Decree No. 59/2011/ND-CP. In the meantime when Vietnam National Shipping Lines has not completed the transformation into a joint stock company, Vinalines still has the responsibility to continue management and handling as regulated.

Currently, the parent company – Vietnam National Shipping Lines is completing dossiers of assets and receivables to undertake transferration to DATC.

6.3. Other several notices at Audit Report No. 572/KTNN-TH dated 11/23/2017 by SAV

- Rate of receivables verification: rate of receivables verification (as per value of receivables) according to Article 15 Decree No.59/2011/ND-CP (expired on 01/01/2018): receivables of the parent company – Vietnam National Shipping Lines only reached to 77.84% rate of recovery (a majority of which is from receivables of foreign customers, individuals under prosecution and justice execution, irrecoverable receivables that the company has issued letter of debt collection but not yet received agreement of verification)
- Rate of payable verification: the rate of payable verification reached to 96%. In which, short-term payables to sellers at several companies are recorded at a low rate of payment including Vinalines branch in Hai Phong with 49.71%, Vinalines branch in Ho Chi Minh city with 15.02%, Vinalines Maritime Manpower Supply Company with 1.41%, etc. Payables at Vinalines Maritime Manpower Supply Company with Japan's Worliding JSC (MMS) with payables valued at VND 15,851,994,080 among the total payables at the MMS of VND 16,166,550,172 (occupying 98%). This is the incurred payables from all contracts for exporting Vietnamese labor to work oversea, with potentially high risks. Vinalines has instructed MMS to continue the verification after collecting all verification agreement and in case of differences, adjustment is to be defined. At the time Vinalines is granted the first business registration, under financial statement elaboration to transfer from a 100% state-owned enterprise to a joint stock company, if those irrecoverable receivables already receive verification agreement but debtors do not confirm, the receivables will be recorded as an increase in state's capital as payables without debtors' confirmation.

7. Major assets of enterprise

7.1. Land

As of 31/12/2016, the Company is managing the total area of 1,048,164.61 m², of which the areas of allocated and leased lands are as follows:

Table 6: Land use status prior to equitization

Land classification	Area (m2)	Proportion (%)
Land allocated by the State with collection of land use fees	871,000.00	83.10
✚ Land allocated for long-term use	-	-
✚ Land allocated for definite-term use	871,000.00	83.10
Land leased by the State	177,163.61	16.90
✚ One-time payment	442.00	0.04
✚ Annual payment	176,721.61	16.86
✚ Other land	-	-
Total	1,048,164.61	100.00

Source: Vinalines

(Refer to Appendix 9 for the list of status of arrangement and use of land plots managed by Parent Company)

7.2. Building and structures

Table 7: Value of houses and structures

No	Property	Valuation	
		Value	Residual
1	Vinalines branch in Hai Phong	42,747,631,204	20,518,959,460
2	Vinalines Hai Phong Maritime Services Company	118,654,848,000	88,754,873,985
	Total	161,402,479,204	109,273,833,445

(Source: Enterprise valuation dossier of Parent company - Vietnam National Shipping Lines as at 31 December 2016. Refer to Appendix 1 for more details)

7.3. Machinery and equipments

Table 8: Value of machinery and equipment

No	Assets	Revised	
		Fixed cost	Residual value
1	Office of the Company	545,556,818	118,249,440
2	Vinalines Container Shipping Company	111,086,133,276	30,673,355,648
3	Vinalines branch office in Hai Phong	1,342,490,910	412,307,307
4	Vinalines branch office in Ho Chi Minh city	200,000,000	200,000,000
5	Vinalines Hai Phong Maritime Services Company	4,945,028,742	3,236,666,603
	Total	118,119,209,746	34,640,578,998

(Source: Enterprise valuation dossier of Parent company - Vietnam National Shipping Lines as at 31 December 2016. Refer to Appendix 2 for more details)

7.4. Vehicles

Table 9: Value of vehicles

No	Assets	Revised	
		Historical cost	Residual value
1	Office of the Company	26,711,616,345	9,444,540,725
2	Vinalines Shipping Company	7,349,650,115,815	3,174,702,056,038
3	Vinalines Container Shipping Company	1,482,958,061,822	973,487,833,588
4	Vinalines branch in Hai Phong city	1,503,443,409	780,946,720
5	Vinalines branch in Ho Chi Minh city	1,736,471,191	957,081,818
6	Vinalines Maritime Manpower Supply Company	1,276,640,000	822,156,160
7	Vinalines Hai Phong Maritime Services Company	68,631,168,976	34,216,875,671
	Total	8,932,467,517,558	4,194,411,490,720

(Source: Enterprise valuation dossier of Parent company - Vietnam National Shipping Lines as at 31 December 2016. Refer to Appendix 3 for more details)

8. List of parent company, subsidiaries, joint ventures, and affiliates

8.1. Parent company

None

8.2. Subsidiaries, joint ventures, affiliates and capital contributions

As of 31/12/2017, the parent company owns 19 subsidiaries with the ownership proportion of more than 50% of charter capital and a total investment capital of VND 7,444 billion, including:

- 10 port companies;
- 05 shipping companies;
- 04 maritime services & logistics companies.

(Refer to Appendix 4 for the list of subsidiaries, joint ventures, affiliates, and capital contributions)

In addition, the Parent company owns 11 affiliates (holding from 20% to less than 50% of charter capital) and 04 capital contribution investments (holding less than 20% of charter capital). The total investment capital in affiliates, investments of the Parent company is 1,204 billion VND.

On 13 October 2017, the Prime Minister issued the Document No. 86/TTg-ĐMDN on the equity holding proportion of Vinalines in subsidiaries. On 02 March 2018, the Government Office issued the Document No. 625/VPCP-ĐMDN dated 02 March 2018 by the Government Office on the equity holding proportion of Vinalines in subsidiaries. On 30 March 2018, the Ministry of Transport has issued the Document No. 198/BGTVT-QLDN on the plan for capital withdrawal/reduction of Vinalines in the period 2018-2020. Accordingly, the equity ownership proportion of Vinalines in subsidiaries in the period 2017-2020 is implemented under the direction of the Government, the Prime Minister and the Ministry of Transport.

8.3. Holding companies or company holding controlling shares of the Company

None

9. Business performance and results of business activities in 3 years prior to equitization

9.1. Business sectors

The parent company - Vietnam National Shipping Lines and its member units provide services relating to maritime industry, which is divided into 03 main sectors as shipping, port and logistics.

The parent company – Vietnam National Shipping Lines directly provides shipping and maritime service through its dependent accounting units. At the same time, it plays a role in dominating, directly involving in the management of production and business activities of member units in the field of shipping, port operation and logistic & maritime service all over the country.

9.1.1. Shipping

a. Operation capacity

Shipping is one of the main business lines, accounting for nearly 68% of total revenue of the Company - as consolidated in 2017. In the field of shipping, the Company owns the largest fleet in the country and plays an important role in the economy. Despite lots of difficulties, the Company has determined shipping as one of the key business activities in order to focus on restructuring and stabilizing production and business activities in this field.

As of 12/31/2017, the Company owns a fleet of 84 vessels (including 18 vessels directly under the parent company), with an average age of 16.9 years, total deadweight tonnage of 1,800.625 DWT and an average deadweight tonnage of 21,436 DWT/ship.

Table 10: Statistics of the number of ships as of 12/31/2017

Type of ship	The Parent company - Vietnam National Shipping Lines		Subsidiaries, affiliates	
	Quantity	Deadweight tonnage DWT	Quantity	Deadweight tonnage DWT
Oil tanker	2	101,060	4	187,271
Container Ship	3	48,602	10	88,016
Dry cargo ship/bulk carrier	13	363,826	52	1,011,850
Total	18	513,488	66	1,287,137

Sources: Vinalines

In term of scope of activities, the main transportation route of the Company in recent years has been classified by area and by tonnage of ships, including:

Table 11: Transportation route and ship operating efficiency at the Company

Type of ship	Deadweight tonnage	Transportation route	Average number of days of carriage involved	Type of cargo
Dry cargo ship	<13.000DWT	Asia	350	Dry cargo
Dry cargo ship	13.000DWT-	Worldwide	355	Dry cargo

Type of ship	Deadweight tonnage	Transportation route	Average number of days of carriage involved	Type of cargo
	22.500DWT			
Dry cargo ship	22.500DWT-40.000DWT	Worldwide	350	Dry cargo
Dry cargo ship	40.000DWT-53.000DWT	Worldwide	355	Dry cargo
Dry cargo ship	53.000DWT-70.000DWT	Worldwide	345	Dry cargo
Container ship	< 2.000TEUs	Inland, adjacent area	345	General cargo in container
Oil tanker	50.000DWT	Worldwide	355	Gasoil, ULSD, Jet A1, Naptha, ...

Sources: Vinalines

The Company's customers include a number of large charterers in the world such as: Rio Tinto (crude ore), BHP Billiton (raw ore), ED & F Man Sugar, London, Louis Dreyfus (LDC), Bunge, Czanikow, Cargill, Raffles, Glencore, Marubeni, Shell, BP, Vitol, Morgan Stanley, etc.

For domestic customers, the Company provides shipping services for large corporations in state-owned enterprises with high and stable transportation demand such as Electricity of Vietnam, Vietnam National Coal - Mineral Industries Holding Corporation, Vietnam Steel Corporation, VietNam Northern Food Corporation, VietNam Southern Food Corporation, Vietnam Cement Industry Corporation, PetroVietnam Power Corporation, and joint stock companies such as Hoa Phat Group.

In the coming time, the Company will develop shipping business in the direction of consolidating container ships and dry cargo ships, occupying the export and import market, domestic market and intra-Asia market; promoting the signing of long-term contracts (COA - Contract of Affreightment), of which the contracts are signed on a yearly basis, rates are fixed at a reasonable level with the terms of fuel price adjustment, commitment to annual transport volume, increase in the proportion of routing contracts and two-way cargo market

✓ **General cargo and bulk cargo transport**

As of 31 December 2017, the parent company - Vietnam National Shipping Lines and its member companies operated 65 dry cargo ships/ bulk carriers with a total deadweight tonnage of 1,375,676 DWT. At the parent company, Vinalines Shipping Company is a dependent accounting firm which directly engages in 13 dry cargo ships/ bulk carriers with an average age of 14.5 years.

In term of operation, dry cargo ship/bulk carrier fleets of the Company mainly provide shipping services by way of self-operation or TC according to the specific market assessment to achieve optimal results. For cargo ships/ bulk carriers, the network of transportation is relatively diverse and widespread throughout the world due to non-routing but is mainly concentrated in South East Asia, North Asia, Middle East, etc.

Commodities are transported in a wide variety of categories, but mainly agricultural products, steel, ores, coal, clinker and cement

✓ **Container Transport**

As of 31 December 2017, the parent company - Vietnam National Shipping Lines and its subsidiaries and associates operated 13 container ships with a total deadweight tonnage of 136,618 DWT. Container ships are mainly operated in fixed routes, while some large-scale container ships are TC.

The operation of container ships of the parent company - Vietnam National Shipping Lines is being delivered to Vinalines Container Shipping Company (03 ships), mainly exploiting transport on the North-South domestic routes and maintaining operations on existing liner routes in the region, including Hai Phong - Hong Kong, Ho Chi Minh City - Singapore, Ho Chi Minh City - Thailand. This is a relatively stable operation segment with a capacity of 300,000-4,000,000 TEUs/year, volume of transport of around 10 billion tons/year.

✓ **Petroleum transport**

As of 31 December 2017, the parent company - Vietnam National Shipping Lines and its subsidiaries and associates operated 06 oil tankers with a total deadweight tonnage of 288,331 DWT. At the parent company, Vinalines Shipping Company is a dependent accounting firm which directly engages in 02 oil tankers, over 50,000 DWT/tanker. Vietnam Ocean Shipping Joint Stock Company manages 02 oil tankers and Bien Dong Shipping Company Limited manages other two oil tankers. For oil tankers, the network of transportation is relatively diverse and widespread throughout the world due to non-routing, depending on the transportation needs of customers. These tankers are mainly exploited in the form of a fixed-lease basis. Volume of freight and freight traffic are about 1 million tons of cargo and from 3 to 4 billion tons.km, respectively.

Table 12: Transport volume of the Parent company - Vietnam National Shipping Lines

Target	Unit	2014	2015	2016	2017
Volume of transport	Thousand tons	11,307	10,162	9,609	8,214
<i>In which: container</i>	<i>Thousand Teus</i>	215	226	234	137
Volume of freight traffic	Million tons.km	29,407	23,718	29,448	29,196

Source: Vinalines

Table 13: Transport volume of the Parent company - Vietnam National Shipping Lines and subsidiaries

Item	Unit	2014	2015	2016	2017
Volume of goods delivery	Thousand tons	27,551	22,472	24,019	24,758
<i>Where in: container</i>	<i>Thousand Teus</i>	458	446	455	339
Transfer volume	Million tons.km	110,565	62,232	71,393	79,534

Source: Vinalines

b. Business Efficiency

In general, there is a tendency of decrease in both volume and profit gained from shipping business.

This results from the decline of goods and economic recession, leading to lower demand for transportation, while there has been no change in the fleet that has been built and developed since the previous years, putting a lot of pressure on freight rates. In details:

- In the dry bulk cargo sector, BDI (Baltic Dry Index, which is a benchmark for dry bulk freight rates) shows no cyclical fluctuations without any signs of recovery.. In recent years, the BDI reached the highest level in December 2013 at 2,277 points, hitting new bottom (290 points) in February 2016 after many fluctuations. In the past year, the market has shown signs of a rebound with a smaller margin at 960 points by the end of 2016 and was at 1,200 points by the third quarter of 2017. Adverse weather factors also lengthen the cargo handling time, reduce the efficiency of exploitation activities.
- In the field of liquid transport (crude oil and oil products), the market situation was bleak mainly due to an excess supply of ships. In 2015, freight was at a good level due to the fall in oil prices and the increase in speculation. In 2016, 2017, the freight went down due to rising oil prices, reduced demand.
- In the field of container shipping, container freight also fell sharply due to fierce competition as the supply of ships increased. In addition, shipowners have had difficulties in the domestic transport market, while shipping lines have been confronted with inequalities on both North and South routes. Shipping carriers are forced to accept the transportation of empty containers, especially in Hai Phong - Ho Chi Minh City route, affecting the efficiency of the operation. On the other hand, major shipping lines in the world are making huge investment in upsizing their vessels (upwards of 20,000 Teus) to enjoys Economies of Scales, causing the freight continue to decline in recently.

In addition, the Company and its member companies have reduced the number of ships by the liquidation of some inefficient ships, thus reducing the transport volume. In the past three years, there has been a decline in the price of fuel oil, which has helped to offset the cost burden of the Company's fleet.

The profit earned from shipping business was largely invested for the fleet of the Company at the peak of shipping market (2007-2008) with high investment costs resulting in low competitiveness, high borrowing costs and depreciation, which led to the loss of some enterprises from 2008 to now. Currently, the investment made by foreign and domestic private enterprises in new ships, young fleets with integrated modern technology, lower fuel costs and lower repair and maintenance costs also have had a significant impact on the competitiveness of the Company

Table 14: Revenue, profit from shipping

Unit: VND million

Target	2014	2015	2016	2017
Parent company				
Revenue	1,761,519	1,510,809	1,178,961	1,290,997
Profit	(740,879)	(745,904)	(776,661)	(809,183)
Consolidated				
Revenue	8,740,396	7,252,746	7,394,020	6,624,339
Profit	(3,607,042)	(1,001,079)	(634,818)	(391,985)

Sources: Vinalines

In the coming time, the Company will focus on financial restructure of shipping enterprises and restructure and rearrangement of fleets such as: selling old, poorly technical or inefficient ships, replacing by ships with new technology, modern features, reasonable investment rate for higher exploitation efficiency.

9.1.2 Port operation

a. Operation Capacity

The Company has contributed capital at 14 port companies and 1 river port company (Khuyen Luong port) (including 10 subsidiaries) across the country with 72 berths at a total length of 12,591 m, accounting for 27% of total berth number and 20% of total berth length of the country (in addition, there are 630m terminals of Vinalines - Dinh Vu Port Joint Stock Company in the process of construction investment)

Port is one of the strengths, strategic business area that always brings revenue and stable profit for the Company over the years. Despite not directly involving in Port operation, the parent company - Vietnam National Shipping Lines is holding dominant shares of over 65% in the important ports in the country.

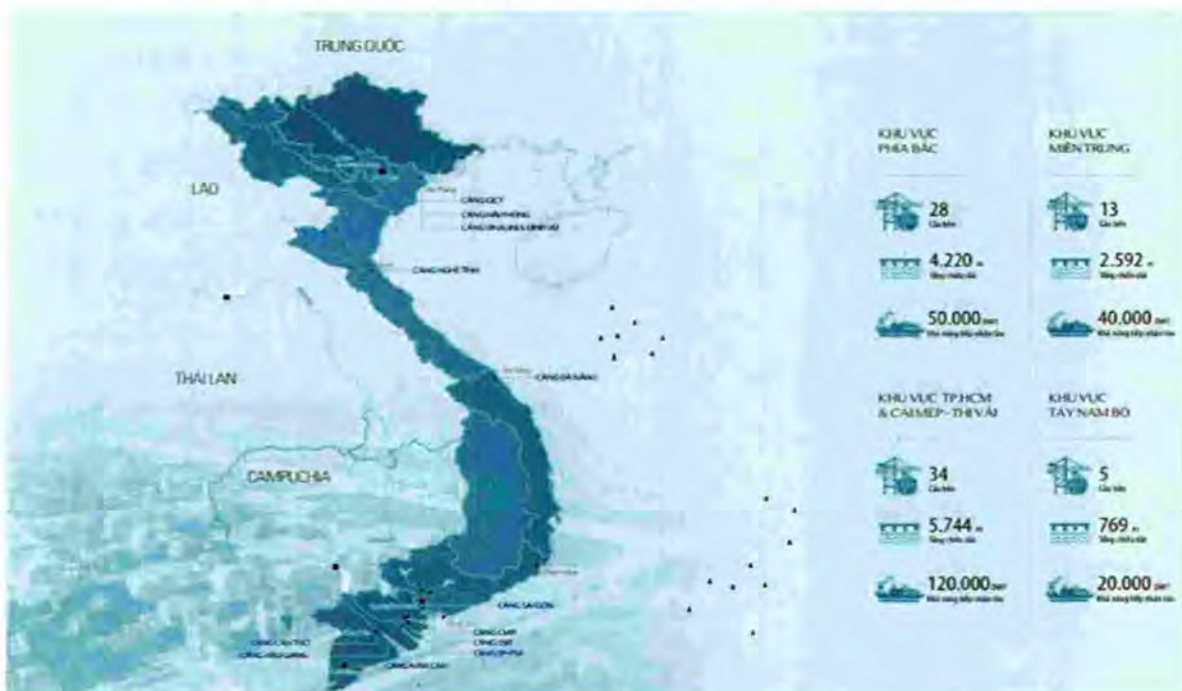
The Ports of which the parent company - Vietnam National Shipping Lines hold dominant shares have a special position in cargo transport and economic development in the region:

No.	Enterprise	Land are (ha)	Number of Bridges	Total of bridge length (m)	The largest ship to receive with capacity of	Notice
I Northern Area						
1	Hai Phong port JSC	91.5	18	3,064	55,000 DWT	
2	Cai Lan Port JSC	18	3	594	3,000 – 4,000 TEU 85,000 DWT bulk cargo off load	Infrastructure of CITC port
3	Transvina high-tech transport company	4	1	169	12,000 DWT	
4	Vinalines Dinh Vu port JSC	21				Under construction
5	Khuyen Luong port JSC	4	4	134		Domestic land port
II Central area						
1	Nghe tinh port JSC	22.7	7	776	15,000 – 25,000 DWT	
2	Da Nang port JSC	44.9	9	1,694	- Container ship: 50,000 DWT - Synthetic ship: 70,000 DWT	
3	Cam Ranh port JSC	25	4	709	50,000 DWT	Total planned area of 67.09 ha
III Ho Chi Minh city and Cai Mep – Thi Vai area						
1	Sai Gon port JSC	55.7	12	2,284	50,000 DWT	Excluding Nha Rong Khanh hoi about to be transfered

No.	Enterprise	Land are (ha)	Number of Bridges	Total of bridge length (m)	The largest ship to receive with capacity of	Notice
2	SP-PSA	27	2	600	117,000 DWT	
3	CMIT	48	2	600	194,000 DWT	
4	SSIT	60	2	600	200,000 DWT	
	Lighter port		2	450	5,000 DWT	
IV Western Southern area						
1	Can Tho port JSC	32	4	667	23,000 DWT	
2	Nam Can port JSC	8	1	100	4,000 DWT	
3	Hau Giang Marine service company limited	87.1	1	150	20,000 DWT	Phase completed
	Tổng cộng	548.9	72	12,591		

Source: Vinalines

Figure 2: Map of ports of Vietnam National Shipping Lines



Sources: Vinalines

In term of market share, in 2017, total throughput of goods transported through the port system of the Company reached 88.4 million tons, accounting for about 20.1% of total throughput of goods transported through the port system of Vietnam (estimated at 440 million tonnes), of which, the number of throughput of container reached over 3.9 million TEUs, accounting for 26.6% of output container across the country. Port system of the Company has many deep water ports equipped with

relatively modern equipment system. Regarding the container port system, this area has been modernly invested to ensure customer service in accordance with international standards and practices.

b. Business efficiency

In general, the main ports of the Company are operating effectively (Hai Phong Port, Nghe Tinh Port, Da Nang Port, Sai Gon Port), some other ports have small scale and relatively low production efficiency (Transvina, Khuyen Luong, Cam Ranh, Can Tho, Nam Can, etc.), while group of joint venture ports (CICT, SSIT, CMIT, SP-PSA) are facing many difficulties due to large investment and failure of operating at full capacity.

These ports provide main services such as loading and unloading, yard rental/warehousing services, towage/ship support/transshipment and other support services

Table 15: Volume of goods transported through ports over the years

Volume of goods	2014	2015	2016	2017
Total volume of	59,159,000	70,386,000	79,257,000	88,365,000
Container (teus)	2,552,000	2,813,000	3,085,000	3,916,000

Source: Vinalines

Table 16: Volume of goods transported through ports by type of goods

Volume of goods	2014	2015	2016	2017
Total volume of goods (tons)	59,159,000	70,386,000	79,257,000	88,365,000
Container (teus)	2,552,000	2,813,000	3,085,000	3,916,000
Items out of container (tấn)	N/A	N/A	36,067,000	33,541,000
Iron and steel	N/A	N/A	17,203,834	14,273,948
Agricultural products, feedstuffs	N/A	N/A	8,004,957	8,176,354
Coal, ore, plaster	N/A	N/A	3,328,794	3,400,068
Wood shavings	N/A	N/A	2,298,453	2,347,666
Fertilizer	N/A	N/A	1,505,883	1,538,126
Machinery and equipment	N/A	N/A	317,028	323,816
Other	N/A	N/A	3,408,051	3,481,022

Source: Vinalines

The parent company – Vinalines does not directly operate port , thus the revenue from port operation is recorded into the consolidated revenue as follows:

Table 17: Revenue, profit from port operation through years

Unit: VND million

Item	2014	2015	2016	2017
Revenue	5,956,703	5,093,295	4,826,808	4,531,974
Earnings before tax	69,049	937,848	1,023,118	1,257,340

Source: Vinalines

For Hai Phong area, despite difficulties due to objective factors of urban planning, moving wharves and berths, the volume of goods transported through ports is quite stable and production and business results are always profitable. This sector is under pressure to competition, sharing container loading and unloading market in the region such as the new container port group put into operation in early 2014 of Nam Hai Dinh Vu, Port 128 Hai Quan, VIP Greenport, etc. Moreover, the ports are affected by the development planning of Hai Phong city, for example, the construction of new bridges such as Bach Dang Bridge, Nguyen Trai Bridge, Vu Yen Bridge on Cam River will reduce the static height of ships in this area. In addition, port access in Hai Phong is subject to alluvial accretion, affecting the ability to receive ships that have large tonnage and deep drafts into the port; meanwhile, the traffic situation behind the port has not been significantly improved, frequent congestion occurs that impedes the circulation of goods, slows down the ship release speed. Some upstream ports (Transvina Port and Hoang Dieu Port, Chua Ve Port belonging to Hai Phong Port Joint Stock Company) are facing many difficulties.

In Quang Ninh, CICT is a joint venture port between Cai Lan Port Investment JSC (CPI) - a subsidiary of the parent company - Vietnam National Shipping Lines and Carrix/SSA (USA). CICT is a container terminal that has been invested in modern and synchronous infrastructure, capable of receiving container ships of up to 5,000 TEUs. However, as container volume has been declining in recent years due to the inferior competitiveness compared to other ports in the Hai Phong, the business performance of this region is rather low, especially in the context that the current exploitation products are mainly bulk cargo while the design capacity is extended for a container port. Recently, in addition to bulk cargo, the port has begun to receive container ship for Hyundai/Zim's ACS service with the size of 5,000 TEUs.

For the Central region, the volume of throughput cargo of the Company has achieved good growth over the years. Da Nang Port has good and stable revenue and profit growth rate. A disadvantage on port exploitation in this region is low economic growth rate in the region compared to the North and the South. In contrast, the ports of the Company in this region may take the advantage of having fewer competitors. Therefore, Da Nang port has many opportunities to develop, utilize the growth of goods transport in the Central region. After the parent company - Vietnam National Shipping Lines divested all of smaller ports in the region, it has concentrated capital and strengthened management at Da Nang Port.

For the Southern region, Saigon Port is an enterprise with long tradition, strength in handling and general cargo, and is currently in the process of relocation and transformation of functions of Nha Rong Khanh Hoi. The volume of goods transported through the port tends to decrease compared to that of competitors such as Ben Nghe Port, Tan Lai Cat Lai Port, VICT Port.

Joint venture ports such as SP-PSA (a joint venture between the parent company - Vietnam National Shipping Lines, Sai Gon Port and PSA, Singapore), SSIT (a joint venture between the parent company, Sai Gon Port and Carrix/SSA, USA), CMIT (a joint venture between the parent company, Saigon Port and APMT, Denmark) are joint ventures with shipping companies and major port operators in the world. However, due to the surplus capacity of this area, loading and unloading rates remain low. Business results are not profitable. However, the volume of goods transported through the port of the region is growing at a high and stable rate. Cai Mep region's ports of Vinalines (SSIT, CMIT) have the advantage in terms of location, berth and equipment. In the trend of using large container ships in Cai Mep area, SSIT, CMIT ports are having a great opportunity to attract shipping lines, compete with other upstream ports. SSIT is focusing on converting to containerized cargo to take advantage of this opportunity. SP-PSA port continues to be the bulk carrier waiting for recovery from the region's high container volumes. In parallel with business activities, these joint ventures are focusing on financial restructure, cost reduction and exploitation optimization in order to minimize negative impacts of the market. In the future, after these ports are restructured in term of loans, together with the situation that shipping lines bring larger ships of over 8,000 into ports, the trend of moving goods from Ho Chi Minh City to Cai Mep - Thi Vai, the available facilities invested with modern technology, high productivity, the joint venture ports of the Company will be able to promote its

potential.

For Southwestern region, Can Tho port has not been exploited to its full capacity as planned due to the inundation of estuaries and channels on Hau River. For Nam Can Port, the situation that the port has not yet been fully invested and Bo De port has been depleted due to sedimentation, has impacted the arrival of ships.

9.1.3. Logistics & Maritime services

Logistics & maritime services are closely related to the business and production situation of shipping companies and seaports of the Company and play an important role in supporting the two business lines to improve operational capacity and coordinate in the process of providing complete services to customers.

a. Operation Capacity

Logistics & Maritime services are directly operated by the parent company - Vietnam National Shipping Lines through its two subordinate units, Vinalines Hai Phong Maritime Services Company and Vinalines Maritime Manpower Supply Company with the main business lines of freight forwarding services, multi-modal transportation services, warehousing, seafarers export.

The corporation also has 08 subsidiaries, associates providing various maritime services. These companies manage and exploit distribution centers, large ICDs across the country such as Depot Nam Hoa, Lao Cai ICD, CFS warehouse system in Dinh Vu, Hai Phong, etc. *(Details of warehouse area of each company are listed in Appendix 5).*

For the remaining enterprise, they serve major customers including Bao Minh Import-Export Co., Ltd, Duc Giang Lao Cai Chemicals Joint Stock Company, Toyota Vietnam, Kintetsu, etc.

Maritime service companies often work together to link service chains of freight, forwarding, warehousing, loading and unloading to meet the needs of door-to-door shippers. They have been recognized to be profitable in recent years.

The parent company - Vietnam National Shipping Lines and its subsidiaries provide the customers with a variety of services such as: petroleum trading, exporting seafarers, leasing space and leasing office. Petroleum trading is one of the major business areas, however, it is maintained at the Company's branch in Hai Phong only due to low business performance

b. Production and business activities efficiency

In general, the logistics & maritime service companies have small and medium scale, provide logistics services and marine support. Logistic activities are no longer a new industry for the corporation but have not achieved high results due to the late access and exploitation, In addition, logistics companies in the maritime sector of the Company are facing many difficulties in the situation of weak logistics infrastructure, low efficiency of organization method, small scale of operation and high competitive pressure against foreign enterprises.

Table 18: Revenue from port operation and logistics & maritime services

Unit: Million VND

Items	2014	2015	2016	2017
Revenue	3,682,195	5,961,586	5,797,945	4,619,529
Earnings before tax	117,454	129,047	(151,920)	64,628

Source: Vinalines

9.2. Input factors

In the maritime sector, input factors play an important role and have a great influence on the business including: fuel costs, seafarer salary and cost of spare parts (accounting for 35%, 6% and 5% service cost respectively). In the field of port operation and logistics & maritime services, input costs account for a large proportion including direct labor cost, cost of petroleum and spare parts (accounting for 37%, 6% and 5% cost of capital cost).

a. Fuel

For domestic ships and port operation, petroleum supplied by domestic suppliers, domestic fuel prices are higher than those at foreign ports in the region.

In order to minimize the impact of abnormal fluctuations in petroleum prices, shipping companies need to follow the pre- and post-shipment plan, calculate the amount of fuel and lubricant to ensure the planned operation, avoid the backlog of capital, choose the optimal purchase options at the ports with the best fuel prices and lowest costs.

The Companies must manage their fuel consumption through fuel consumption and lubricant norms and review, adjust these norms on a yearly basis when there is any change, at the same time, install cameras to observe the main engine operating parameters on the ships to ensure that these ships are operated in accordance with the exploitation regime specified in the fuel norms.

b. Supplies, spare parts

Major types of machines used on the ships are relatively diversified from manufacturers such as Sulzer, Man B & W, Mitsubishi, Akaska, Hanshin, Makita, Kawasaki, Wartsila, Hyundai-Man B & W. The supply source of spare parts mainly comes from Japan, Korea, Singapore, etc., with relatively high quantity and quality assurance. Replacement and repair plans are usually prepared by the units three months in advance (according to the process) to ensure timely delivery of parts.

In addition, conventional supplies (according to IPMA code - provided by the International Marine Purchasing Association (IMPA)) are provided at ports that facilitate ships arriving at ports in Vietnam, Hong Kong, China and Singapore to minimize costs. These supply sources are considered relatively stable, easy and convenient.

The Company mainly uses the paint of manufacturers such as Hempel, Jotun, Interpaint, etc., which always ensure the requirements.

c. Seafarers

After a long time of investing and training marine personnel, the parent company - Vietnam National Shipping Lines and member companies are managing and exploiting onshore staff and seafarers who has reached the regional level. The fleets not only operate in domestic routes and Asia, but in America, Africa, Australia and Europe as well. Shipping companies in the Company such as: Vosco, Vinaship, Vinalines Shipping, Vinalines Container, Inlaco Sai Gon, etc., have officers and seafarers on top quality in Vietnam so far.

9.3. Technology level

9.3.1. Shipping

The majority of the Company's ships are built in Japan, Korea, Vietnam, with an average age of 16 years. Machinery and equipment on the ships are periodically inspected by the registry offices and issued with certificates of reliability, safety and environmental protection. In general, technical conditions, machinery and hull structure are relatively good, meeting the requirements of the registry offices, international maritime organizations and compliance with existing international conventions.

The ships are equipped with modern communication facilities, convenient for using phone, fax, email, data transfer, etc. There are technical management software applied on the ships and in the office such as SMMS, ship position tracking software and weather forecasting software such as Vishipel's ship management software, findship, netpas, passageweather, etc. In the office, there are types of

software for spare parts management, crew management software, accounting, etc.

9.3.2. Port Operation

Quality of services provided at the port depends largely on the system of means and specialized equipment available for loading and unloading operations, warehousing and storage. The seaports of the Company are invested with a complete system of auxiliary machinery and equipment from the front line to the rear line, suitable for the operation of bulk cargoes, general cargoes and containerized cargoes.

In term of technology related to lifting equipment, specialized cranes/containers, the seaports are equipped with relatively adequate and equivalent technology to Vietnam's seaports as well as seaports of other countries.

For information technology, EDI (electronic data interchange) and electronic information management system and container terminal management software system play an important role in the exploitation and handling of containerized goods. CICT, CMIT, SP PSA, Hai Phong Port are the leading ports in the application of information technology and electronic data interchange system in the exploitation and management process, of which CMIT and SP - PSA ports are equipped with most modern technology, equivalent to the largest competitors in the country.

9.3.3. Maritime services & Logistics

Technological factors for maritime enterprises are mainly the system of specialized means for transportation, loading, unloading and storage. The Company's enterprises are provided with relatively new equipment, GPS (navigation system) in the management and auxiliary equipment system at warehouses that are suitable for both bulk, and containerized cargo. The system of warehouses and yards are constructed in conformity with each type of goods according to the needs of customers, and at the same time ensure the regulations on safety, security and fire prevention.

9.4. Research and development

Functional Departments of the Company include Port & Maritime Services Management Department, Crew and Ship Management Department, Business-Planning Department, Investment Department, Finance and Accounting Department, etc., are in charge of assisting the Members' Council and the President and CEO to manage and supervise the main business fields of the Company. Apart from the management and supervision of member enterprises, these functional departments conduct the market research and assessment, technological development according to each field of the Company as well as compiling reports and evaluating the market of member enterprises.

9.5. Technical quality management system

The Parent company - Vietnam National Shipping Lines is applying ISO 9001: 2008 quality management system. On a yearly basis, it regularly carries out continuous review and control of the maintenance and improvement of quality management system of the Company's office through internal assessment, assessment and supervision of the certification body.

In addition, all departments are required to develop their own "Quality objectives" and "Quality objectives implementation plan" in the spirit of closely following the Company's business plan, contributing to the implementation and completion of key tasks of production and business of the Company.

At each department (division, office), there are two people in charge of implementing the quality management system (one of which is the head of department in charge of the system and one support specialist). Moreover, the parent company - Vietnam National Shipping Lines has a specialized unit in charge of deploying and monitoring the implementation and maintaining the application of the quality management system of the office under the Company.

9.5.1. Shipping

The shipping companies apply the Safety Management System (according to ISM Code) and use the ship maintenance and management software. In addition, they strictly comply with international regulations such as: SOLAS 74/78, MARPOL, IMBC Code, IMDG Code, etc., and standards provided by ship registration agencies.

For seafarers working on the ships, they are obliged to follow regulations on training and licensing as follows:

- International Code STCW78/95 (supplemented and amended in 2010);
- Maritime Labor Convention 2006
- Vietnam Maritime Code;
- Circular No. 17/2017/TT-BGTVT and Circular No. 04/2013/TT-GTVT of the Ministry of Transport regulating titles and tasks according to the titles of seafarers and the registration of seafarers working on Vietnamese seagoing ships;
- Decision No. 31/2008/QĐ-GTVT of the Ministry of Transport on professional criteria and certificates of seafarers and the minimum safety margins of Vietnamese seagoing ships
- The seafarers are arranged on seagoing ships under full-time titles, specifically: Captain, Chief Engineer, Chief Officer, Second officer, Third officer, Second Engineer, Third Engineer, Fourth Engineer, Boswain, Fitter, Seafarer, Mechanician, Electrician, Cook, Mess man.

9.5.2. Port operation

It is required to develop a "Process of Port's Service Quality Inspection and Assessment" regulating the provision of services and the control and circulation of vouchers as well as the development of economic-technical norms aiming to manage and reduce costs, raise the efficiency of production and business of enterprises such as: loading and unloading norms at ports, loading and unloading norms for each means, loading and unloading procedures, regulations on maintenance and repair of means and equipment, etc., to reduce fuel costs, repair costs and ensure occupational safety. Specifically:

- Procedures and regulations for service deployment and vouchers control and distribution (Procedures for controlling, establishing, transferring money, vouchers and recording service charges for infrastructure; regulations of port forwarding and consignment; procedures for establishing and transferring vouchers and recording the collection of service charges for loading and unloading, storage of containerized cargo; procedures for verifying, transferring vouchers for services arising out of goods orders) have been implemented well.
- Currently, the Company has applied the "Criteria for assessing the the quality of production and business activities of port enterprises under Vietnam National Shipping Lines" issued in Decision No. 533/QĐ-HHVN dated 09/18/2014 at the seaports of the Company.

9.5.3. Logistics & Maritime services

Enterprises operating in the field of logistics & maritime services must comply with the Commercial Law of 2005 and Decree No. 140/2007/ND-CP dated September 5, 2007, providing detailed regulations on the Commercial law regarding conditions for engaging in logistic services business, and standards for quality and technical management as follows:

Table 19: Technical quality management system

Standard	Content
Fire prevention and fighting standard	
TCVN 48:1996	Fire fighting in commercial and services enterprises – general regulations
TCVN 3197:1990	Loading and unloading
Occupational safety standard	
TCVN 2287-1978	Occupational safety standard system Basic regulations
TCVN 2288-1978	Hazardous and harmful factors in production. Classification
TCVN 2289-1978	Production process. General safety requirements
Technical standards on technical safety of means and loading and unloading equipment	
TCVN 3147-1990	Safety rules in loading and unloading General requirements
TCVN 5208-1990	Lifting machine General safety requirements
TCN 224-2000	Standards on technical safety and environmental protection of.

Sources: Vinalines

9.6. Marketing activities

With the aim of speeding up the market development, the parent company - Vietnam National Shipping Lines has cooperated with its member units to meet and interact with enterprises and goods owners specializing in import and export to find orders, connect and create business opportunities.. These activities are promoted through the Business and Planning Dept.

Trademarks, registered inventions and copyright of Vinalines are shown in the following table:

Table 20: Trademarks, registered inventions and copyright



Logo of Vietnam National Shipping Lines has been registered since 1998.

9.7. Development and investment activities

In recent years, the Company has adjusted its investment plans, halted ship purchase and building projects, sold old, technically poor and inefficient ships. For investment projects on capital construction and equipment procurement, member enterprises of the Company have reviewed, stopped, extended or reduced investment capital for projects not belonging to the main business lines, inefficient or lowly effective projects, concentrated on implementing some important and urgent investment projects such as upgrading and new construction of berths, warehouses, loading and unloading equipment at the same time in order to enhance the competitive capacity of the port system and the existing logistics service of the Company and meet the needs of domestic and international customers

Table 21: Investment value in 3 years prior to equitization

TT	Target	Volume of investment made (VND Million)		
		2015	2016	2017
1	Parent company	136.248	146.487	13.445
2	Consolidated	492.505	984.063	1.614.000

Source: Vinalines

10. Business operation and financial status in the last three years before equitization

10.1. Financial status and business results in the last 3 years before equitization

10.1.1 Consolidated income statement

Table 22: Major items in the consolidated income statement 2015 - 2017

Item	Năm 2015	Năm 2016	Năm 2017
Owner's equity	8,170,316	5,439,558	7,968,685
Net Revenue	16,718,334	14,637,076	13,560,894
Cost of goods sold	15,330,635	14,539,798	12,752,366
Gross Profit	1,387,698	97,277	808,528
Gross Profit Margin	8%	1%	6%
Net Operating Loss	-467,231	-2,171,407	-537,257
Net Loss/Revenue Ratio	-3%	-15%	-6%
Profit (Loss) before tax	772,582	591,582	969,466
Profit (Loss) after tax	525,974	388,836	748,335
Profit (Loss) after tax of minority shareholders	-158,415	-61,670	155,343
Profit (Loss) after tax of parent shareholders	684,389	450,506	592,991
Profit (Loss) after tax of parent shareholders/net revenue ratio	3.15%	2.66%	5.52%
Profit (Loss) after tax of parent shareholders/total asset ratio	2.27%	1.34%	2.66%
Total number of employees (people)	15,482	13,071	11,442
Total salary fund	1,948,874	1,756,742	767,529
Average monthly income/person	10.49	11.2	11.18

Source: Audited Consolidated Financial Statements in 2015, 2016 and 2017

- Vietnam National Shipping Lines

In the recent period, member enterprises, after completing the equitization process, have gradually stabilized their production and business capacity to meet the demand of transportation and goods circulation of the market, improve performance over the years.

Shipping companies are under pressure due to excess supply of ships in the context of a decline in demand for ships and shrinkage of transportation of major commodities such as iron ore, coal, etc. Crude oil prices in the world have decreased sharply, helping many enterprises reduce the proportion of fuel costs included in freight but bringing the freight to continue to decrease. In addition, many enterprises have incurred high interest expenses and fixed asset depreciation due to great investments in ships during the peak period of the maritime industry with large investment rate.

Exploitation profit obtained by these enterprises is insufficient enough to cover the above costs. In the current period, the enterprises have taken many measures to control, cut repair costs, fuel costs

(accounting for 40-50% of the total operating costs), actively have looked for markets and adjusting domestic routes (for container ships) at the same time, the fleet operation of most of the units has started to improve, which has helped to improve their fleet operations.

For port operators, the Company has equitized and promoted the management tasks as well as improved the quality of operation services. Compared with other shipping companies, port operators such as Hai Phong Port, Da Nang Port, Saigon Port, etc., have had positive business results; however, some ports have difficulties in slow development of local economy, failure to achieve the planned exploitation efficiency despite modern equipment.

The restructuring and liquidation of a number of assets with large accounting value have led to a large reduction in the business results of enterprises.

The Company's net revenue increased slightly in 2015 while net profit improved over the years from a loss reduction by 93.7% in 2015 thanks to improved gross profit margin and interest expenses. Net revenue decreased in 2016 and 2017 due to the Company's divestment in some member enterprises and reduction of fleet size.

The liquidation of a number of ships and the divestment from some ineffective units have resulted in the recognition of significant expenses on the business results of the Company.

Restructuring and equitization have resulted in the recognition of income from debt restructuring and reversal of provision in the Company as follows:

- ✓ Year 2015: The increase in other income from debt restructuring was recognized at VND 1,018.3 billion
- ✓ Year 2016: The increase in other income from debt restructuring was recognized at VND 1,198.9 billion; The amount of reversal of provision for other income was VND 3,050.9 billion (in which the amount of reversal of provision for financial investment was VND 2,709.9 billion, for bad debts was VND 341 billion).
- ✓ Year 2017: The increase in other income from debt restructuring through debt trading company (not DATC) was VND1,227.7 billion.

10.1.2. Income statement of the Parent company – Vietnam National Shipping Lines

Table 23: Major items in the income statement 2015 – 2017 of the parent company

Unit: VND Million

Item	2015	2016	2017
Owner's equity	10.377.973	11.946.059	12.469.452
Net Revenue	1.702.130	1.363.858	1.456.683
Cost of goods sold	2.037.696	2.685.058	1.816.912
Gross profit	-335.566	-1.321.199	-360.229
Gross profit margin	-20%	-97%	-25%
Net operating profit/loss	-43.820	-1.519.627	-791.041
Net loss/Revenue Ratio	-3%	-111,4%	-54,0%
Profit (loss) before tax	981.529	2.505.596	305.592
Profit (loss) after tax/net revenue ratio	58%	184%	21%

Item	2015	2016	2017
Profit (loss) after tax/total assets ratio	5%	14%	2%
Total number of employees (people)	1.535	1.456	1.456
Total salary fund	209.916	219.963	183.165
Average monthly income/person	11.4	12.58	12.58

*Source: Audited Financial Statements in 2015, 2016 and 2017 of the Parent company
- Vietnam National Shipping Lines*

Revenue of the parent company - Vietnam National Shipping Lines tended to decrease due to reduction of revenue from shipping activities from ships liquidation to ensure profitability. In addition, the Company also arranged and restructured, narrowed down activities in the direction of streamlined operations, concentration in production and business in three main areas: Shipping, port operation and logistics & maritime services. The financial situation improved, the Company gradually overcame difficulties and improved business results significantly.

In 2016 and 2017, profit of the parent company - Vietnam National Shipping Lines were VND 2,505 billion and VND 311 billion, respectively; while revenue of the parent company - Vietnam National Shipping Lines were VND1,363 billion and VND1,457 billion, respectively. Profit in 2016 was higher than revenue due to the reversal of provision for long-term financial investments and income from financial restructuring.

Specific figures of capital increase and income from debt restructuring and reversal of provision until the issuance of equitization plan are as follows

- 2015: The figure of other income increased from the restructuring of debt was VND 1,018.3 billion
- 2016: The figure of other income increased from the restructuring of debt was VND1,198.9 billion; The reversal of provision for other incomes was VND 3,050.9 billion (in which the reversal of provision for financial investment was VND 2,709.9 billion, reversal of provision for bad debts was VND 341 billion)
- 2017: The figure of other income increased from the restructuring of debt through other debt trading companies (not DATC) was VND1,227.7 billion.

10.2 Loans and debts of the parent company – Vietnam National Shipping Lines

Table 24: Details of short-term and long-term debt of the parent company

Item	31/12/2015	31/12/2016	31/12/2017
Short-term loans and bills	2,452,560	2,302,792	556,773
Long-term loans and bonds	3,059,649	2,373,085	1,588,912

*Source: Audited Financial Statements in 2015, 2016 and 2017 of the Parent company
- Vietnam National Shipping Lines*

10.3. Obligations guaranteed and undertaken by the parent company – Vietnam National Shipping Lines to member units

The Company has a letter of payment guarantee for Cai Cui Port construction investment project - phase II of Can Tho Port Joint Stock Company when borrowing capital at Vietnam Joint Stock Commercial Bank for Industry and Trade - Chuong Duong Branch (VTB Chuong Duong), total outstanding debt at 12/31/2017 at VND 84.74 billion

In addition, during the implementation of the program of building 32 new ships and investment in fleet development in previous years, the parent company - Vietnam National Shipping Lines has made a written commitment to repay debts on behalf of its member units in the event that these units fail to repay the debt for the Development Assistance Fund with respect to loans intended for new ship building and investment projects from 2003 to 2009. The Company is considering the legality of such guarantees and commitments.

10.4 Tax and amounts payable to the State by the parent company

Table 25: Tax and amounts payable to the State by the parent company

Unit: VND Million

Item	12/31/2015	12/31/2016	12/31/2017
Taxes and other payables to the State budget	6,094	9,953	1,515

*Source: Audited Financial Statements in 2015, 2016 and 2017 of the Parent company
- Vietnam National Shipping Lines*

10.5 Structure of liabilities and owner's equity

10.5.1 The parent company – Vietnam National Shipping Lines

Table 26: Structure of Assets, Liabilities and Owners' equity

Unit: VND Million

Item	31/12/2015	31/12/2016	31/12/2017
Current assets	3,046,435	2,609,188	2,025,609
Non-current assets	14,839,925	15,485,761	14,359,019
Total assets	17,886,361	18,094,950	16,384,629
Current liabilities	4,437,012	3,761,820	2,313,628
Non-current liabilities	3,071,376	2,387,071	1,601,549
Owner's equity	10,377,973	11,946,059	12,469,452
Total liabilities and owner's equity	17,886,361	18,094,950	16,384,629
Structure of assets and liabilities and owner's equity			
Non-current liabilities/owner's equity	30%	20%	13%
Current liabilities/owner's equity	43%	31%	19%

Item	31/12/2015	31/12/2016	31/12/2017
Liabilities/Total assets	42%	35%	24%
Owner's equity/Total assets	58%	66%	76%
Non-current assets/Total assets	83%	86%	88%

*Source: Audited Financial Statements in 2015, 2016 and 2017 of the Parent company
- Vietnam National Shipping Lines*

Total assets of the parent company - Vietnam National Shipping Lines slightly decreased in the past three years. This resulted from the reduction of non-current assets through the liquidation of a number of ships, equipment, facilities and other fixed assets. In term of total assets structure, non-current assets accounted for the majority, from over 80% to nearly 90% in the asset structure of the parent company-corporation.

Profit gained after financial restructuring of the Company contributed positively to the financial situation of the Company in recent years. Accordingly, there was an gradually increasing proportion of owner's equity in the total liabilities and owner' equity of the Company. Owner's equity grew at approximately 30% over the years. Owner's equity induced in the total liabilities and owner' equity increased from 58% in 2015 to 76% in 2017. There was a constant decrease in the amount of loans over the years.

Table 27: Some financial ratios of the parent company during 2015 - 2017

Item	31/12/2015	31/12/2016	31/12/2017
Solvency ratio			
Current ratio	0.69	0.69	0.88
Quick ratio	0.64	0.62	0.72
Profitability ratio			
Return on assets (ROA)	5.5%	13.7%	1.9%
Return on equity (ROE)	9.5%	21.0%	2.5%
Operating Efficiency Ratio			
Total assets turnover	0.09	0.08	0.08
Accounts receivable turnover	1.79	1.76	2.17
Accounts payable turnover	9.97	10.82	6.82
Inventory turnover	10.76	13.25	5.83

*Source: Audited Financial Statements in 2015, 2016 and 2017 of the Parent company
- Vietnam National Shipping Lines*

Solvency of the parent company - Vietnam National Shipping Lines increased significantly compared to 2014 and tended to improve. There was an increase in the current ratio and quick ratio from 0.69 in 2015 to 0.88 in 2017, and from 0.64 in 2015 to 0.72 in 2017, respectively. It can be seen from the figures that the Company's financial status tends to improve and the debt burden of previous years is gradually resolved. The parent company - Vietnam National Shipping Lines still needs to continue to improve financial targets in order to ensure its financial capacity

There was a significant increase in profitability ratios mainly due to the profit from financial restructuring activities of the Company in recent years.

✚ Note (Exclusion from UHY Audit Firm at 2017 Financial statement):

+ With regard to the audited financial statements of the parent company in 2017, the auditors expressed their qualified opinion due to the failure to collect sufficient evidence of balance for the purpose of auditing accounts receivable, accounts payable from a third party, accordingly, details of unconfirmed accounts receivable, accounts payable are as follows: accounts receivable from customers 44.40%, other short-term accounts receivable 16.47%, accounts payable to sellers 67.72%, prepayments to customers sellers 16.70%. Other audit procedures did not provide adequate and suitable evidence of the adequacy and appropriateness of outstanding balance of unconfirmed items and their effect on the related targets in the financial statements for the fiscal year ended 12/31/2017 of the Company.

+ According to the Resolution No. 513/NQ-HĐTV dated march 06, 2015 of the Members' Council of the Company for stopping the project of building 02 ships 47,500 DWT - HB 02/03 of the Company at Ha Long Shipbuilding Limited Company, Resolution No. 2328/NQQ-HHVN dated July 02, 2014 of the Members' Council on the suspension of shipbuilding projects under the program of receiving 20 ships currently under construction at Vinashin and the program on suspension of building 32 ships of the Company including 22,500 DWT ship (BV-12_ - VNL Mercy, as of 12/31/2017, the total investment value of the above 03 ships was being monitored by the Company on the item "Inventory" (Code 141 in the Balance Sheet) with a value of VND 227,643,721,900. The auditors did not assess the future economic benefits as well as the ability to recover the value of three projects mentioned above.

Currently, Vinalines are implementing the liquidation process of the abovementioned assets.

+ As of 12/31/2017, there were a number of projects that have been stopped with a total value of VND 171,183,298,434 in the item "Construction in progress" (code 242 in the Balance sheet). The auditors did not have sufficient information to assess the recoverability and value of the above-mentioned projects as well as their effects (if any) on relevant targets in the financial statements for the fiscal year. ended 12/31/2017 of the Company.

Currently, Vinalines is implementing the transfer procedure of Van Phong port to the Vietnam's Department of Custom and already reported to the Prime Minister about incurred issues relating to fees of documents elaboration for detailed designs, design examination, consulting fees of Lach Huyen port for the Prime Minister's consideration and decision.

+ With regard to the qualified contents of auditors, price appraisers, based on the opinions of the State Audit, did make valuation of the items described in section (II.6.2.) above.

10.5.2. Consolidated figures – Corporation

Table 28: Structure of Assets, Liabilities and Owners' equity

Unit: VND Million

Item	31/12/2015	31/12/2016	31/12/2017
Current assets	8,499,688	8,032,198	8,099,185
Non-current assets	25,580,437	20,990,339	20,038,544
Total assets	34,080,126	29,022,537	28,137,729
Current liabilities	13,346,201	13,028,891	11,309,784
Non-current liabilities	12,563,609	10,554,088	8,859,259
Owner's equity	8,170,316	5,439,558	7,968,685
Total liabilities and owner's equity	34,080,126	29,022,537	28,137,729
Structure of assets and liabilities and owner's equity			
Non-current liabilities/owner's equity	154%	194%	111%
Current liabilities/owner's equity	163%	240%	142%
Liabilities/Total assets	76%	81%	72%
Owner's equity/Total assets	24%	19%	28%
Non-current assets/Total assets	75%	72%	71%

Source: Audited Consolidated Financial Statements in 2015, 2016 and 2017

- Vietnam National Shipping Lines

Table 29: Some consolidated financial ratios of Vinalines during 2015 - 2017

Item	31/12/2015	31/12/2016	31/12/2017
Solvency ratio			
Current ratio	0.64	0.62	0.72
Quick ratio	0.60	0.58	0.66
Profitability ratio			
Return on assets (ROA)	2%	1%	3%
Return on equity (ROE)	6%	7%	9%
Operating Efficiency Ratio			
Total assets turnover	0.41	0.46	0.47

Item	31/12/2015	31/12/2016	31/12/2017
Accounts receivable turnover	5.6	5.8	6.0
Accounts payable turnover	6.5	12.4	10.4
Inventory turnover	24.3	29.9	22.4

Source: Audited Consolidated Financial Statements in 2015, 2016 and 2017

- Vietnam National Shipping Lines

10.6. Factors affecting business activities of the company

The Company has experienced a difficult period since 2009 due to the financial crisis and economic recession in the world, which has seriously affected the development of the maritime industry. The sharp fall of sea transport market and freight have caused negative impacts on the Company's business operations, reduced the Company's profit from the years and led to losses in 2011. In 2014, the Company's profit before tax was VND -2,469 billion and until 2015 it was able to balance its revenue and expense by successfully implementing some restructuring solutions for the period 2012-2015.

The member enterprises, after completing the equitization process, have gradually stabilized their production and business capacity to meet the demand for transportation and goods circulation of the market, gradually improve performance over the years

Shipping companies are under pressure due to excess supply of ships in the context of a decline in demand for ships and shrinkage of transportation of major commodities such as iron ore, coal, etc. Crude oil prices in the world have decreased sharply, helping many enterprises reduce the proportion of fuel costs included in freight but bringing the freight to continue to decrease. In addition, many enterprises have incurred high interest expenses and fixed asset depreciation due to great investments in ships during the peak period of the maritime industry with large investment rate. Exploitation profit obtained by these enterprises is insufficient enough to cover the above costs. In the current period, the enterprises have taken many measures to control, cut repair costs, fuel costs (accounting for 40-50% of the total operating costs), actively have looked for markets and adjusting domestic routes (for container ships) at the same time, the fleet operation of most of the units has started to improve, which has helped to improve their fleet operations

For port operators, the Company has equitized and promoted the management tasks as well as improved the quality of exploitation services. Compared with other shipping companies, port operators such as Hai Phong Port, Da Nang Port, Saigon Port, etc., have had positive business results; however, some ports have difficulties in slow development of local economy, failure to achieve the planned exploitation efficiency despite modern equipment

The restructuring and liquidation of a number of assets with large accounting value have led to a large reduction in the business results of enterprises.

11. Positions of the Company compared to other enterprises in the same industry

11.1. Positions of the Company in the industry

11.1.1. Shipping

As a leading company in the industry, the Company has a number of strengths in the shipping field, including:

Vinalines has the largest fleet in Vietnam

In the field of shipping, the Company owns the largest fleet in the country and plays an important role in the economy. With a fleet of 84 ships, totaling 1,800,625 tons as of 12/31/2017, Vinalines's fleet accounts for about 25% of the total national ship fleet, carry a large proportion of volume of goods exported and imported into Vietnam annually, contributes to the expansion of Vietnam's trade to many countries and territories as well.

<i>Unit: Thousand tons</i>	2015	2016	2017
Total volume of goods exported through seaports	127,523	111,535	109,952
Total volume of goods imported through seaports	153,963	143,937	121,966
Volume of good transported by Vinalines fleet	22,472	24,019	24,758

Source: General Department of Vietnam Customs and Vinalines

The fleet of the Company and its subsidiaries comprises up to 65 dry cargo ships/bulk carriers up to 1.4 million tons with young medium age to meet international ship standards. Major transportation products of the fleet include dry goods, agricultural products known as the strength of Vietnam, metal and construction materials. In addition, with 13 container ships, the Company operates inland transportation, mainly for commercial items, concentrates container lines in the areas to Hong Kong, Thailand and Singapore.

The oil tanker fleet consists of six oil tankers at the parent company - Vietnam National Shipping Lines and associates, of which 02 tankers are managed directly by the parent company with a tonnage of 50,000 tons. The remaining 04 oil tankers are managed by Vietnam Ocean Shipping Joint Stock Company and Bien Dong Shipping Company Limited. The current form of exploitation applied by the corporation is long-term lease.

Large transport route

For dry shipping, Vinalines has a global transport network, with average number of days of carriage involved from 345 to 355 days, most commonly at 350 days. The dry bulk shipping system has a wide range of tonnage of less than 13,000 tons to 70,000 tons (See Table 11 - Transport route and operational efficiency - Section 9.1.1.)

For liquid cargo, mainly petroleum, Vinalines also has global transport routes with ship weight of 50,000 tons and average number of days of carriage involved of 355 days.

Experienced and qualified seafarers

For the shipping industry, seafarers play a particularly important role in the management, maintenance and operation of ships. In the world's maritime history, catastrophic accidents causing loss to people, goods, vehicles and serious environmental damage can result from negligence of seafarers on the ship.

As recognizing the importance of this matter, Vinalines pay special attention to the recruitment, training and use of seafarers. All seafarers employed, trained and assigned by Vinalines must strictly

follow the established procedures, meet the requirements of the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW 78) and latest amendments made by the International Maritime Organization (IMO). As a result, the fleet of Vinalines is able to operate efficiently, minimize ship retention time, increase ship's useful life, contribute to reducing operating costs. At the same time, it is possible to significantly reduce the number of ships being held by the Port state control in the world (PSC).

From the many years of experience in recruiting, training and using seafarers, Vinalines member companies set up seafarer centers in order to conduct recruiting and training activities for the company, as well as exporting thousands of seafarers on a yearly basis to countries with developed maritime industries under strict requirements such as: Japan, Netherlands, etc. In particular, some centers also provide training and coaching activities for foreign sailors, such as Nigeria, etc.

Seafarer export service not only creates jobs for Vietnamese seafarers, brings revenue for the corporation but it provides opportunities for them to be trained in professional working environments on the ships, especially on the ships with strict safety requirements such as oil tankers, chemical tankers, liquefied gas carriers, etc. Therefore, when any members of Vinalines bring new ships into operation, they can be proactive in human resources, limit the hiring of foreign officers for the purpose of costs saving.

In order to ensure that the seafarers of Vinalines's member companies achieve standards of professional ethics, qualifications and professional experience, foreign languages, etc, the corporation issues the "United Regulation on Vinalines' seafarers "for member companies to follow. On a yearly basis, Vinalines takes the Day of the Seafarer (20/6) as a milestone for the organization of Vinalines seafarers meeting, which is an opportunity for the seafarer centers, companies using seafarers, seafarers, managers, etc., to share experiences, update new regulations. Vinalines's seafarers are guaranteed in terms of benefits of insurance, social welfare, health care, salaries, etc., in compliance with the requirements of the Maritime Labor Convention MLC 2006.

The major seafarer centers of Vinalines include: Vosco, MMS, Inlaco, Vitranschart.

A customers network with large domestic and foreign corporations

As for domestic enterprises, the Company's market share is concentrated on large customers, which are state-owned enterprises with stable and regular volume of goods such as coal, minerals, common metals, items for construction, petroleum, and agricultural products, food. This is one of stable revenue sources of the Company, contributing a large portion of the market share of Vinalines in the total transport market share of the country.

International customers of the Company are well-known brands for charter, mainly raw ore transportation. Customers come from a variety of markets, even those that have stringent quality requirements such as Europe and America.

11.1.2. Port Operation

The position as a leading enterprise, especially in the field of port operation of the Company is confirmed thanks to the following strengths:

The port system spreads across the country and lies at the strategic location

The parent company - Vietnam National Shipping Lines currently has contributed capital at 14 port companies and 01 river port companies (Khuyen Luong Port), of which 10 operators are subsidiaries of the Company.

In term of business model, Vinalines's ports are organized in many types in the process of investment and management of exploitation: 03 joint-venture ports, 01 one member limited liability company, one limited liability company with two members or more and 10 joint-stock companies.

In term of capacity, Vinalines has 72 berth (accounting for over a quarter of the total number of berth in the country) with a total length of nearly 13,000m (accounting for about one fifth of the total length of

the berth), total designed capacity of about 142.7 million tons/year, accounting for 26.29% of the total designed capacity of the national port system.

Vinalines's port system spreads from north to south, whereby almost ports are in a favorable position for the circulation of goods, classified as type I - a key port plays an important role in cargo transport, acts as a traffic hub and a gateway for trade with great significance in economic development in the region and national security.

(Details of locations of Vinalines ports are shown in Figure 2)

The joint-venture ports and deep-water ports in Cai Mep - Thi Vai area of the Company are invested synchronously, provided with modern equipment to be comparable to that of the region and are possible to receive ships of up to 190,000 tons

✦ Large volume of goods transported through ports

The volume of goods transported through ports of Vinalines accounts for a large proportion (approximately 30%) of the total volume of goods exported and imported through Vietnam's seaports at a relatively stable level over the years:

<i>Unit: Thousand ton</i>	2015	2016	2017
Total of export goods through port	127.523	111.535	109.952
Total of import goods through port	153.963	143.937	121.966
Total of goods through Vinalines port	70.386	79.257	88.365

11.1.3. Logistics & Maritime services

As a large-scale corporation, Vinalines also provides logistics & maritime services as a complementary business line with two other major lines, shipping and port operation to complete the maritime package for its customers. However, regarding the maritime service filed only, the Company also has superior strengths compared to other companies in the industry, including:

✦ Diversified maritime services

Vinalines operates six major maritime services, from multimodal transport, shipping agency, maritime brokerage, forwarding agency, warehousing, loading and unloading of goods to ship supply, ship cleaning and tallying. In order to operate these services, almost all forwarding, multimodal transport and warehousing services are deployed by Vinalines through Vinalines Hai Phong Maritime Services Company and Vinalines Maritime Manpower Supply Company.

Vinalines also has eight subsidiaries to provide nationwide service in the implementation of the remaining services.

✦ Large customer system, leading ship agency service

In the field of shipping agency, Vietnam Ocean Shipping Agency Corporation is the leading unit in providing brokerage services, shipping agency services. Customers served by Vietnam Ocean Shipping Agency Corporation in the field of shipping agency are the major shipping lines in the world such as Namsung Shipping, Sinotrans Container Line, NYK Line, etc. For freight forwarding, logistics services, customers include Bunge Daio, Sumiso, Louis Dreyfus, etc.

✦ Owning a large warehouse system across the country

Vinalines has a total of 537,689 m2 of warehousing space, including 7,978 m2 of CFS warehousing space, and 7,516 m2 of bonded warehouse space, mainly container warehouses with an area of 270,719 m2 and ICD warehouse with an area of 40,140 m2. Subsidiaries, associates of the parent company - Vietnam National Shipping Lines manage and exploit distribution centers, large ICDs

across the country such as DepotNam Hoa, Lao Cai ICD, CFS warehouse system in Dinh Vu, Hai Phong, etc.

This warehouse system supports the Company in the process of providing warehousing services, ensuring the storage capacity for large consignments, supporting container shipping services, especially dry cargo - the main transportation item of the Company in the export - import and transit through the territory of Vietnam.

11.2 Industry development prospects

11.2.1 Global economic growth and trade forecasts

According to the World Bank (WB) forecast, global GDP will grow by 2.9% in 2018. The average economic growth rate for the period 2017-2020 is forecast to be 2.95% in America, 1.97% in EU 28 and 1.74% in Eurozone, while China's average economic growth rate is predicted to slow down to 6.6% in 2017 and only 6.61% in the next few years until 2020, and emerging economies may hit over 4% led by the world economy and the Indian economy.

World trade is forecast to grow at 4.98% in the period of 2017-2020. In the coming period, intra-Asia trade is expected to have a major impact on the world's demand. As the Middle East, North America and sub-Saharan regions are expected to see significant changes in trade opening, these regions will play a large role in assembly and production.

11.2.2 International shipping market forecasts

Global maritime trade is forecast to increase by over 15,000 million tons by 2035, including an increase to 6,000 million tons of total dry cargo transported by sea, 3,100 million tons of cargo transported by container ships and an increase by 1.8% in the volume of oil transported by sea.

Figure 3: Developments and forecasts of global trade growth until 2035

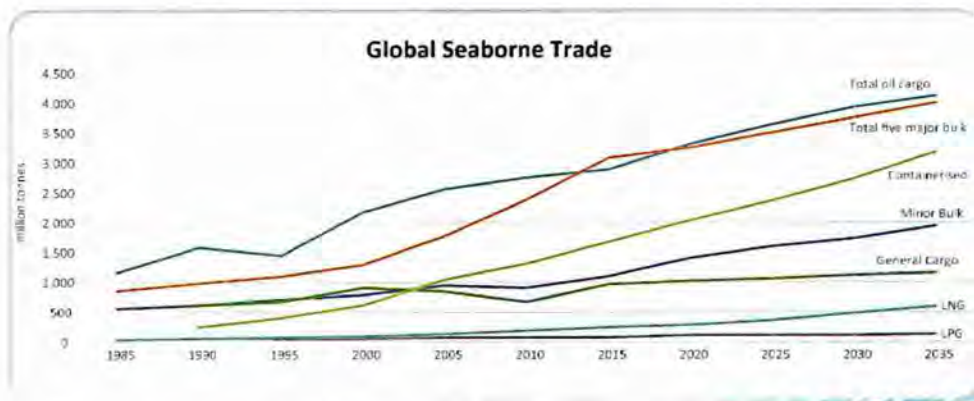
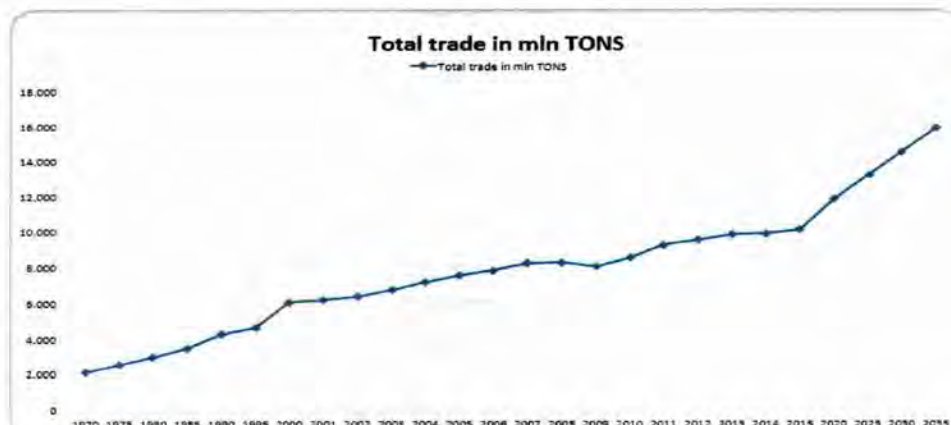


Figure 4: Total volume of goods transported by sea over the years



✦ Dry cargo market

a. Transport demand

The dry cargo market in the first 4 months of 2018 continuously went down after reaching its peak in 2017 with BDI reaching 1,730 points. The freight market tended to decrease compared to the previous months. This mainly resulted from the fact that the supply and demand imbalance has not been improved, making the market unable to recover.

It is predicted that during the period of 2018-2020, the market may witness a sudden increase due to the influence of the world economy and world political situation and the fact that an excess of tonnage over the demand for goods has not been improved. In the coming time, China's demand for coal will be reduced as China cuts its coal-fired power projects. If China's coal is unavailable, handymax operations will become difficult as they have been in previous years when running other routes.

b. Ship supply

The world's dry cargo fleet is expected to grow at a slower pace, projected to increase by 1.6% in 2018 (according to BIMCO's report dated March 9) and 1.8% according to IHS Markit analysis on March 10, 2017. According to IHS, in the next three years, there will be a gradual decrease in the fleet growth to an average of 1% compared to growth in demand. In the period of 2016-2020, it is estimated that there will be 177 dry cargo ships, equivalent to 1,039 million GT delivered each year; meanwhile, the number of ships left for demolition will remain steady during this period, from 323 to 340 ships, equivalent to 1.3 to 1.4 million GT per year.

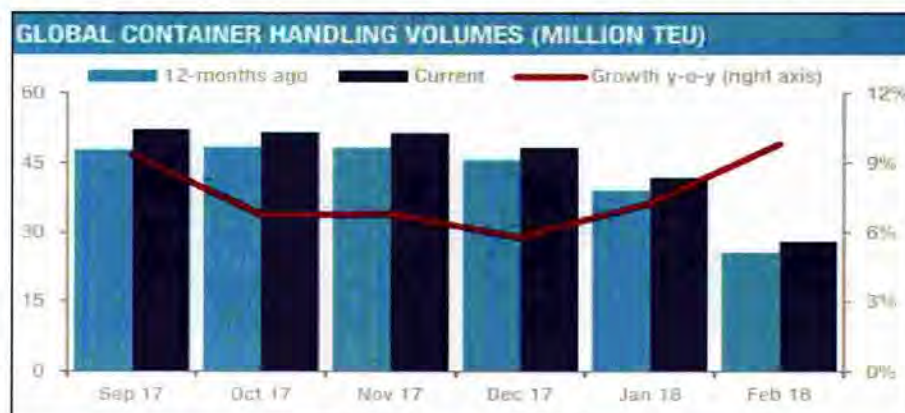
✦ Container market

2018 continues to be a challenging year for the global container ship market with the large number of container ships expected to be delivered, which will make the oversupply situation more worrisome.

a. Transport demand

The global container shipping demand in 2017 did grow at an average annual rate of 5.5 percent from 2016, and is expected to continue to grow at 5 percent in 2018, the Asia-North America and Asia-Europe routes grew by 5-6% and in particular, the Asia-US East Coast route is a transportation route with remarkable growth expected to maintain this growth rate at 8%. With the economic growth forecast mentioned in Section I above, in which developed countries, which regulate most of the global demand for container shipping such as the US, China, Japan and the European region still maintain the current growth rate, the demand for container shipping in the period of 2018-2020 is expected to continue growing at a rate of 4-6% per year.

Figure 5: Global container handling volumes from September 2017-February 2018



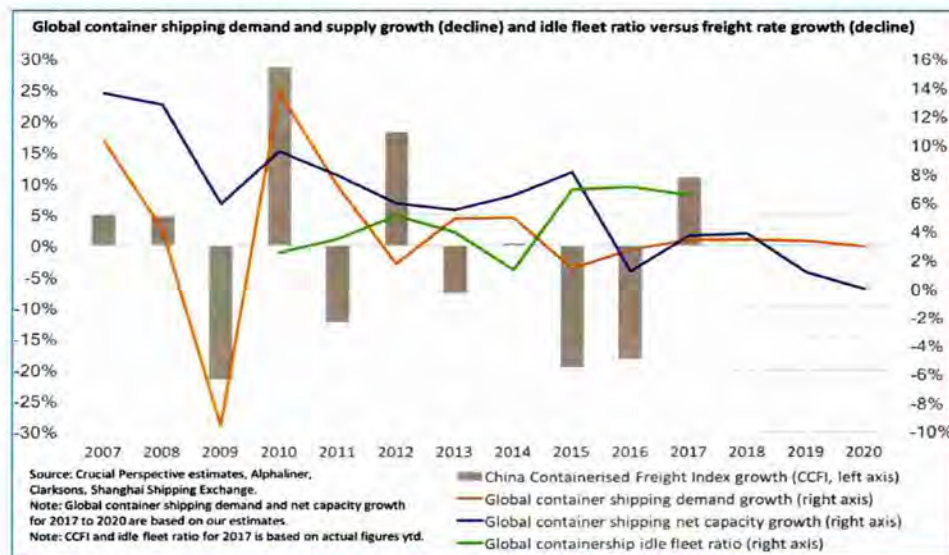
(Source: Drewry)

b. Ship supply

Based on figures of current plans for container ship building and container ship delivery, global container ships are predicted to grow 3.8% in 2017, 1.5% in the first four months of 2018, 1.2% in 2019 and 0.01% in 2020, while the growth rate in 2016 was just 1.2%. The growth rate of the fleet in the coming period will exceed the growth rate of transport demand (only 3.1% per year during the past 5 years).

The average age of the world's container ships fleet is about 12 years old, of which only container ships less than 1700 TEUs have the highest average age of 17 years. According to the forecast from 2018 to 2020, the rate of container ships to be demolished will remain at least 2% per year, especially as fuel prices continue to be low. This rate is considered too low to improve supply and demand imbalances, unless transportation demand growth is at least 4% per year.

Figure 6: Expected global container shipping market demand and supply growth until 2020



(Source: Crucial Perspective)

Oil tanker market

a. Transport demand

As forecast by OPEC, the oil tanker market will continue to struggle in the coming years as global exports are projected to fall to 14.6 million barrels/day by the end of 2025 despite the oil demand shows an upward trend. The number of newly built tankers continues to increase while the number of tankers to be demolished is too low may cause spot freight to drop and prevent the demand for tanker from being improved. The supply and demand balance can only be re-established in 2020 as series of expansion projects are being implemented in developing countries, particularly in the Middle East; meanwhile, the demand for imported oil continues decreasing in the United States and Europe

b. Ship supply

In 2017 and the first four months of 2018, the market for oil tanker faces surplus supply, while rents fall by half in just six months and are currently approaching the previous low level while the spot freight tends to increase slightly. The tanker fleet grew 6% in 2016 and showed signs of cooling in 2017. According to statistics from IHS Maritime & Trade, total tonnage of the oil tanker fleet increased by 3.5% in 2017 and by 1.3% in 2018, while total tonnage of MR fleet increased by only 3% in 2017 and only by 1.1% in 2018.

11.2.3. Domestic Shipping market forecasts

Dry cargo market

In 2016, Vietnam's fleets had to face many difficulties when the market had many negative changes:

Almost all traditional market of Vietnamese fleet have low profit margin. For other routes with good freight such as Korea, Japan, North China, Vietnam's fleets are not eligible to arrive, or may arrive, but are frequently arrested, resulting in unforeseen costs.

For regular routes of Vietnam's fleets such as Thailand to Myanmar, India to Bangladesh, India to the Maldives, Vietnam to the Philippines, Vietnam to Malaysia, Vietnam to Bangladesh, etc., the cargo owner often enforce freight and contract terms.

Many transport companies return to the domestic market to transport domestic goods due to increased demand as Vinh Tan and Tra Vinh thermal power plants start to operate and there are investment projects in Phu island. However, the cargo handling system in this region's ports is not fully provided with stable infrastructure resulting in slow shipment, inability to receive ships with large load, increase in logistics costs and reduction in freight as well.

According to forecasts in the coming time, the transport market for Vietnam's fleets is still not optimistic at all:

- From 2017, the demand for commodities such as plaster from the Middle East to Vietnam or coal from Indonesia, Australia and China to Vietnam is expected to increase due to the higher demand of cement plants and thermal power plants. However, these items are handled by foreign fleets as Vietnam's ships are not eligible for transport.
- In term of rice, the volume of rice exported to China in the previous years was mainly by small quota, which was transported entirely by Vietnam's shipping companies by taking advantage of 3,000 DWT ships. From 2017, most Chinese businesses tends to buy rice in bulk (in large quantities), which will make Vietnam's ship fleet unable to transport a large quantity of rice because it cannot compete with China's fleets.
- Vietnam's regular export cargo such as wood chips is mainly transported by specialized ships of China and Japan; even some Vietnam's companies but the volume of cargo transported is negligible. Sliced cassava exported to China is mainly borne by China's fleets.

Therefore, Vietnam's ship fleet will face many challenges in the context that the sources of goods are not good, the route remains unchanged, most of the goods are low value and difficult to handle and price competition among Vietnamese enterprises for signing contract of carriage continues.

Opportunities for Vietnam's shipping companies come from the fact that domestic thermal power plants are in active operation, domestic industrial zones are developed, and the construction market in Phu Quoc is boosted to increase the demand for transportation.

Table 30: Some major commodities imported and exported in 2016

No.	Product	Output(ton)	Value (USD)
I	Export		
1	Crude oil	6,849,594	2,357,575,301
2	Coal	1,276,694	141,065,451
3	Ores and other minerals	2,073,700	147,366,953
4	Clinker and cement	14,733,804	561,007,952
5	Iron and steel of all kinds	3,476,118	2,030,699,554
6	Seafood		7,053,125,559

No.	Product	Output(ton)	Value (USD)
7	Rice	4,835,718	2,171,813,253
II	Import		
1	Seafood		1,106,069,250
2	Coal	13,327,310	927,383,429
3	Ores and other minerals	6,240,430	519,371,747
4	Petroleum of all kinds	11,855,795	4,944,149,572
5	Iron and steel of all kinds	18,366,293	8.016.213.704
6	Crude oil	435,422	157,719,362
7	Iron and steel scrap	3,899,693	872,081,909

Targeted market evaluation

➤ Coal:

In 2017, the coal industry had many positive signals, especially in the consumption market. Some traditional partners have come back to make and enter into contracts after a period of time. Prices of some minerals on the world market, especially coal showed signs of recovery.

The domestic market also showed good signs of recovery. In 2017, TKV consumed about 36 million tons of coal, including, over 34 million tons under domestic consumption and 2 million tons of coal exported to other regions. Finished coal reached 33 million tons, while the remaining amount of coal was mobilized from the output of coal in stock. At present, TKV continues to complete the coal purchase contracts with customers buying coal in domestic and foreign markets, insurance contracts and coal transport contracts. Especially, TKV is preparing to exchange long-term contracts for coal export with Japan's steel customers.

➤ Grain:

According to the Vietnam Food Association (VFA), about 2.97 million tons of rice are expected to be exported in the last 6 months. Rice export prices have been rising steadily thanks to an increasing demand for rice in the world market, especially from rice importers in Asia. After signing the rice trade memorandum with Vietnam, Bangladesh asked to buy 200,000 tons of rice, while the Philippines expected to import a minimum of 1.5-1.6 million tons of rice. Recently, Malaysia has returned to purchase 40,000 tons of rice and is purchasing 80,000 tons of rice of Vietnam. Indonesia is also making plans for import of rice again. Demand for rice from two other important markets, China and Africa, is on the rise as well.

➤ Fertilizer:

Fertilizer market is diverse in terms of type, while supply and price are under fierce competition among brands. As the supply shows signs of surpassing demand, fertilizer prices continue to fall or stabilize. Vietnam's export market continues to be optimistic. Fertilizer manufacturers are targeting to Southeast Asian countries, with large agricultural land and growing demand for fertilizers such as Cambodia, Myanmar, Laos and Thailand.

➤ Steel:

According to the General Department of Customs, the export volume of iron and steel of Vietnam in the first 5.5 months of 2017 reached 1.78 million tons, showing a sharp increase compared to the

same period last year. In term of import, total import volume of iron and steel reached over 6.8 million tons, worth nearly US \$ 4 billion, showing a decrease nearly by 13% in volume but an increase by 32.8% in value over the same period last year.

China remains Vietnam's largest importer of steel that imported more than 3.33 million tons, accounting for nearly 50% of total import value in the first five months of 2017

Total volume of steel consumed in the first 6 months of 2017 reached 7.838 million tons, showing an increase by 11.7% over the same period in 2016, of which, construction steel reached 4.231 million tons, showing an increase by 10.3%; steel pipe reached 1.029 million tons, showing an increase by 19.2%; galvanized steel reached 1.606 million tons, showing an increase by 19.7%; cooling rolled steel coil reached 0.926 million tons, showing a decrease by 1.6%..

➤ *Cement, clinker:*

In the first 6 months of 2017, total volume of cement and clinker consumed reached 38.25 million tons, showing an increase of 4% over the same period of 2016. Total domestic consumption volume of cement in the first 6 months of 2017 reached 28.7 million tons, equivalent to the same period of 2016. In this period, Vietnam also exported 9.5 million tons of cement and clinker, earning US \$ 330.8 million worth of export; showing an increase both in quantity and value over the same period in 2016, at 19.9% and 12.4%, respectively.

Bangladesh and the Philippines are still the two largest exporters of cement and clinker in Vietnam; accordingly, the export value of cement and clinker to Bangladesh and the Philippines in the first 6 months of 2017 accounted for 35.2% and 33.8% of the total export value of this item, respectively.

✚ **Container market**

a. Domestic transport forecasts

Goods transported through inland water containers are mainly traditional goods such as:

- From North to South: The main goods are raw materials such as stone powder, lime, coal, DAP, phosphate and NPK fertilizers, etc. In addition, consumable goods such as electronics, motorcycles, paper, home appliances, dairy products; plywood, fiber, etc., are available.
- From South to North: Main commodities are agricultural products (mainly rice), animal feeds, consumer goods such as soft drinks, food (sweeteners, seasonings, noodles). milk powder and liquid milk, electronic and refrigeration, cosmetics (detergent, fabric softener, bath oil, shampoo, toothpaste), etc.

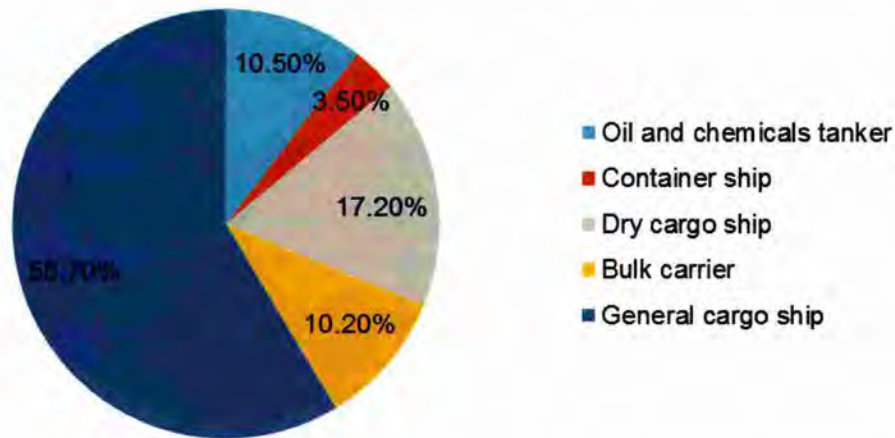
Cargo transport forms continues to be transformed from road, rail and sea to containerized transport in the Central region of Vietnam (Nha Trang, Quy Nhon, Da Nang, Nghe An, etc.), especially since the Ministry of Transport has strictly controlled the truck load.

In Cai Mep area, the gradual improvement of infrastructure of ports in this area, combined with the merger, establishment and adjustment of routes of major shipping alliances around the world have strengthened the MLO' s demand for taking ships to Cai Mep. The ships arriving in Cai Mep are ships to Europe and the US with large size, while cargo from the South is not sufficient enough to load the ship so, it is crucial to attract more goods from the North and the Central region to ensure the ensure the maximum capacity utilization when ships leave from Cai Mep.

There is a continuous increase in the demand for cargo transport between the Mekong Delta (MRD) and other areas in the country. In fact, manufacturers are more likely to choose cargo-included containers transport by barges to and from the area due to high road costs. In addition, large-scale production plants tend to be relocated in the Mekong Delta, which creates a large demand for transportation of items (machinery, equipment, ...) to serve the construction of plants

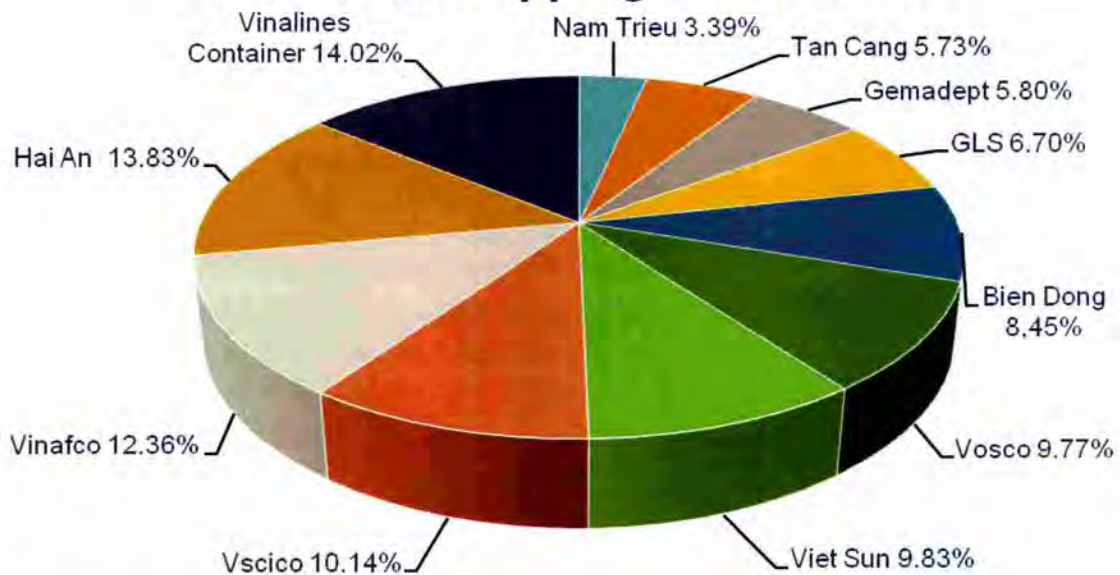
With the aforementioned analysis and forecasts, it is expected that the demand for domestic transportation will continue to grow by 2-3% in the period of 2018-2020.

Figure 7: Structure of Vietnam's cargo ship fleet in 2016 by type



Source: Marine Department of Viet Nam

Domestic shipping market 2016



b. Forecast of transport demand of neighboring countries

Trade agreements made and entered into between Vietnam and other countries in the region create favorable conditions for the transportation of goods

➤ Laos

Vietnam is one of the top investors in Laos with total investment capital of over \$ 5 billion in more than 270 projects which are diversified in term of industry and stretch across different areas of Laos. Vietnam's structure of exported goods to Laos market is mainly: aquatic products, leather shoes, garments, construction materials, fertilizers; the main structure of imported goods is timber and wood products, common metals, ores, raw materials for cigarettes, etc.

Focusing on exploiting cargo routes from Vung Ang or from Da Nang (by road) to Laos as well as taking the transit container of Laos through Vung Ang port instead of the port of Thailand to shorten the supply of transportation and save cost are really a good opportunity for shipping companies as

well as logistics companies of Vietnam.

➤ **Cambodia**

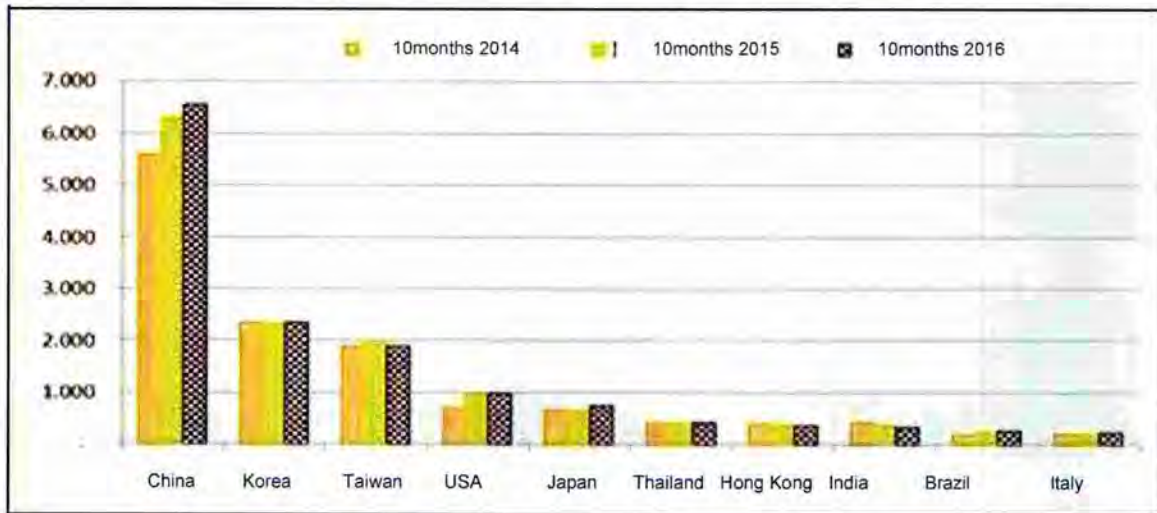
Products exported from Ho Chi Minh City and Mekong Delta to Phnom Penh are mainly brick, construction materials, consumer goods (noodle soups, cosmetics, beer, etc.), seafood and rice. Products from Phnom Penh to Hai Phong/Da Nang include fresh water jars. The group of commodities that are transshipped include all kinds of imported raw materials through Ho Chi Minh port, Ba Ria Vung Tau to Phnom Penh & goods imported to Ho Chi Minh City (mainly through Cai Mep port) are garment, textile, fresh water, etc. The majority of these items (about 80%) are transshipped from Cai Mep port to Europe/USA, the remaining goods are transported to Cat Lai port for export to Japan/Korea/China.

➤ **South China region**

China is Vietnam's largest import market for most of machinery, equipment and materials. On the export side, goods exported are still traditional items, mainly processed goods and mineral materials. In addition to the export of items mentioned above, China has a sharply increasing demand for seafood.

It can be seen from the forecasts of domestic container transport market as well as transport demand of some neighboring countries as above that there is an increasing demand for transportation of imported and exported goods and domestic goods by sea in Vietnam and the development of inland shipping, multimodal transport and logistics services of Vinalines are indispensable in the trend of the economy, in line with the general development strategy of the Company and the transport industry.

Figure 8: Import from other countries to Vietnam during 2014-2016



Source: Government Statistic Organization

c. Forecast of development trend of Vietnam's port system

In the context of the recovery of the world economy and the participation of Vietnam in TPP Agreement, EVFTA, the import and export of goods will open a series of new opportunities with many challenges. With the development of foreign trade as well as inland trade, the market of port services and logistics has the most favorable growth rate in the key economic region of Ha Noi - Hai Phong - Quang Ninh (in the North), Ho Chi Minh City - Dong Nai - Ba Ria - Vung Tau (in the South) with an average annual growth rate of 20-25%, contributing to the socio-economic development of the country.

It is forecast that containerized cargo through the world's port system will grow at an average annual rate of 2-3% per annum during the period of 2015-2020, with major growth drivers coming from China and the Southeast Asia. Vietnam has the highest growth rate, reaching 9.2% per year

According to the Prime Minister's Decision No. 1037/QD-TTg dated June 24, 2014 approving the

adjusted planning on development of Vietnam's seaport system by 2020, with orientations to 2030, seaport development trend is oriented as follows:

To ensure the approval of the whole volume of export and import goods and exchange among regions in the country by sea to meet the country's socio-economic development requirements according to the planning of the seaport system at planning time

Table 31: Forecast of cargo volume through Vietnam's ports to 2020, 2030

Unit: million ton, million TEU

No	Item	2020		2025		2030	
	Total volume of cargo	634,42	677,62	831,88	904,87	1041,35	1162,22
1	General	373,71	395,11	494,21	540,10	632,98	713,35
	- In land	310,49	327,01	417,66	453,53	543,28	606,92
	- Transit	63,22	68,10	76,55	86,57	89,70	106,43
2	Bulk coal, ore	148,91	165,41	221,97	243,57	274,37	294,87
	- Coal	85,66	97,16	128,27	143,97	177,57	191,97
	- Ore	63,25	68,25	93,70	99,60	96,80	102,90
3	Liquid Product	111,80	117,10	115,70	121,20	134,00	154,00
	- Crude oil	60,50	64,00	60,50	64,00	70,50	84,00
	- Petroleum	51,30	53,10	55,20	57,20	63,50	70,00
4	Container exclusively	202,31	224,23	289,61	334,17	406,08	467,06
	Million TEUs	17,59	19,50	25,18	29,06	35,31	10,61

Source: Vietnam Maritime Administration, Transport Development and Strategy Institute

Up to the present time, the country still has excess capacity of ports exploitation, of which the situation is most serious in the South. In term of future long-term prospects, growth rate among ports tend to deepen, in particular:

- Ho Chi Minh's port system (including the Cat Lai, Saigon and Hiep Phuoc port clusters) will not have much growth momentum while Cai Mep - Thi Vai deep-water port will benefit from the trend of increase in ship size of the world.
- Da Nang's port system will benefit from FDI inflows to Vietnam, but after 2018, competition in freight may be more severe as the second phase of Tien Sa port is put into operation, which may increase the source of supply, make the supply exceeds demand this year at 293.00 TEU as expected, and even make the situation further serious when Lien Chieu deep-water port goes into operation in 2023.
- Hai Phongs port system will benefit from a strategic location near the Northeast Asian countries and the transportation infrastructure is gradually improving. However, there will be difference between the two areas in term of growth rate behind and in front of Bach Dang bridge. In particular, seaports in front of Bach Dang Bridge (Tan Vu, Xanh VIP, Nam Hai Dinh Vu and

Vinalines Dinh Vu) will get more benefits thanks to the ability to accommodate ships while the ports behind Bach Dang Bridge gradually shift to develop logistics services.

Under the master plan for ports in 2020-2030, cargo through Hai Phong ports is expected to reach 109-114 million tons per year by 2020, of which container output is expected to be around 5, 84-6.2 million TEU/year, equivalent to CAGR of 8.97-10.29%/year. From a prudent point of view, assuming that the growth rate of container output through Hai Phong ports is maintained at 10.0% per annum, by 2017, the demand and supply through the ports may reach a balance, approximately 4,900 thousand TEU

Logistics market forecasts

Logistics services are closely related to the development of transportation infrastructure, multi-modal forms of transportation. According to the World Bank's ranking table on logistics performance index (LPI), Vietnam logistics service occupies the 48th place in the ranking of 189 economies. The average logistic market growth rate is 16-20%/year, with about 1,200 enterprises participating in the logistics market, accounting for 20% of the market, while the remaining 80% market share are held by 25 foreign logistics enterprises. Due to limitations in term of transportation infrastructure, failure of information technology to make effective support, logistic costs in Vietnam are relatively high, accounting for 25% of GDP (compared to only 9-15% at developed countries), of which transportation cost accounts for 30% to 40% of product cost (15% in other countries), which reduces the competitiveness of Vietnamese goods.

With an advantageous geographical location by lying on the border with the sea, on the international trade route, in the dynamic development zone with a long coastline and many convenient locations for building deep-water ports, Vietnam will be a potential country to exploit and develop logistics services, create conditions for domestic logistics enterprises to continue to develop their strengths and utilize available resources.

Forecast of development trend of Vietnam's ICD system

The demand for container shipping by sea as well as the volume of containerized cargo through Vietnam seaport system is expected to continue growing strongly. It is forecast by 2020 that the total volume of containerized cargo through Vietnam's seaport system will be 202-224 million tons (17.6-19.5 million TEU), more than double the figure in 2013. It is forecast by 2030 that the total volume of containerized cargo through Vietnam's seaport system will be 406-467 million tons (35.3-40.6 million TEU), more than double the figure in 2020.

According to a survey of the Vietnam Maritime Administration, the volume of goods transported by container through seaports, ICD and inland clearance points is as follows:

➤ Northern region:

The proportion of imported and exported containerized goods transported through ports, ICD, inland clearance points accounts for less than 10%, while the remaining goods are transported directly from warehouses to the port under customs procedures at the port

➤ Central region:

As the central provinces from Thanh Hoa to Binh Thuan have a part of border contiguous to the sea, low volume of imported and exported goods and many ports receiving container ships, containerized goods are transported from warehouses of owners to seaports to make import and export procedures; for the Central Highlands, exported and imported goods, mainly agricultural products, forest products and fertilizers are also transported to seaports in the central and southern regions to carry out import and export procedures

➤ Southern region:

The Southeast is the region with the largest volume of exported and imported goods in the country and accounts for 40% of the total volume of goods exported and imported through seaports, ICD and

inland clearance points; for the Mekong Delta, exported and imported goods, mainly agricultural products, forest products and fertilizers are also transported to seaports of Ho Chi Minh and Can Tho.

It can be seen that the demand for container shipping development in Vietnam has been and will continue to show strong growth that is reflected in the volume of containerized cargo through Vietnam's seaport system. In order to meet the development demand, in addition to investing in the construction of seaport system with full capacity, it is necessary to develop a ICD network and distribution centers/logistics centers which are arranged in a scientific, modern and synchronous manner with a reasonable scale to ensure efficient exploitation.

Table 32: Aggregate demand for development of ICD system by 2020, 2030

No.	Region	Size (ha)		Capacity (TEU/year)
		2020	2030	
1	Northern region	110 - 160	330	4,220,000
2	Central region and Tay Nguyen Area	70 - 120	200	1,900,000
3	Southern region	260 - 270	650	8,800,000
	Total	440 - 550	1.18	14,920,000

Source: Vietnam Maritime Administration

Table 33: Projected volume of goods transported by container through ICD

Unit: TEU

No.	Economic Corridor, Economic Area	2020	2030
1	Coastal economic area	156,365	531,869
2	Ha Noi – Lang Son economic corridor	249,870	649,365
3	Ha Noi – Lao Cai economic corridor	260,359	680,431
4	Western North economic area of Ha Noi	81,830	225,554
5	Eastern South economic area of Hà Nội	712,537	1,482,137
	Total of Northern area	1,460,961	3,569,356
6	Nghi Son economic area	26,262	108,369
7	Economic corridor of Road No. 8 & 12A	22,175	118,899
8	Economic corridor of Road No. 9	22,167	82,641
9	Economic area of Da Nang – Hue, Road No. 14	96,505	332,529
10	Economic corridor of Road No. 19	44,153	100,134
	Total of Central area	211,265	742,571
11	Eastern North economic area of HCM city	3,966,018	8,537,418

No.	Economic Corridor, Economic Area	2020	2030
12	Western South economic area of HCM city	553,374	1,482,557
13	Cuu Long River Delta economic area	251,418	675,522
	Total of Southern area	4,770,810	10,695,496
	Total of all economic areas	6,443,037	15,007,423

Source: Vietnam Maritime Administration

11.3 Assessment the suitability of the development orientation of the Company with the orientation of the industry, policies of the State, and general trends in the world.

Vietnam National Shipping Lines has set the main objectives of becoming the core and key player in Vietnam's maritime industry; a highly competitive company in the international maritime market; a company that receives the participation of all economic sectors; focuses on the shipping, Port operation and logistics & maritime services operating in the international scope; a unit that has high and modern technology; direct and close connection between science - technology - training - research and development with production and business efficiency; a unit that fully and promptly meets the quality of all maritime services of the country and is equally involved in maritime service activities abroad to share the regional market; a unit that contributes actively to the socio-economic development of the country; ensures security and national defense and contributes to the achievement of the objectives of the Vietnam Marine Strategy to 2020.

The development orientation given by the Company on the basis of assessing the prospects of the maritime industry as presented above is in line with the forecast of the market for sea transport and the State's development orientation for seaports. More specifically, the Company sets the following specific objectives to maintain its business activities and to welcome new opportunities:

- To ensure the acceleration of the capital accumulation and concentration process to step by step raise the tonnage and rejuvenate the fleet; renovate and upgrade ports and renovate the loading and unloading technologies and well implement the development strategy of Vietnam National Shipping Lines in the 2016-2020 period and orientations to 2030.
- To restore growth, improve efficiency, competitiveness and ensure the integration of the region and the world.
- To renovate the organization and management mechanism so as to create a firm and stable association of capital and interests between the parent company - Vietnam National Shipping Lines and the member enterprises and among member enterprises under the control of the parent company - Vietnam National Shipping Lines to realize the common objectives and ensure the interests of each member enterprise as well as the common interests of the whole Company.

Through investing in capital, contributing capital, assets, etc., gradually diversify its ownership, focus on the main business lines of shipping, port operation and logistics & maritime services

III. INVESTMENT AND DEVELOPMENT PLAN OF THE ENTERPRISE AFTER EQUITIZATION

1. General Information after equitization

- Vietnamese name TÔNG CÔNG TY HÀNG HẢI VIỆT NAM - CTCP
- English name VIETNAM MARITIME CORPORATION
- Abbreviated name VIMC
- Type of enterprise Joint-stock Company
- Address Ocean Park Building, No. 1 Dao Duy Anh, Phuong Mai Ward, Dong Da District, Hanoi, Vietnam
- Telephone (+84) 24 35770825
- Fax (+84) 24 35770850
- Logo



Vietnam Maritime Corporation has the legal standing as from the date it is granted the Business certificate, has the independent economic accounting system, has its own seal and is entitled to open bank account. The Corporation operates under the Law of Enterprise No. 68/2011/QH13 dated 29/11/2014, and other relevant legal documents and Charter of the Corporation.

2. Form of equitization

Based on the actual situation of the parent company and its business plan for the 3 years after equitization and the charter capital requirement of the plan;

Pursuant to the Government Office's Notice No. 449/TB-VPCP dated 30/12/2016 on the State ownership in Vietnam National Shipping Lines upon its equitization of 65% of the charter capital;

Pursuant to the provisions of Article 5 of the Government's Decree No. 126/2017/NĐ-CP dated 16/11/2017 on transformation of State enterprises and one member limited liability company, which is invested by a State enterprise with 100% charter capital into a joint stock company;

Pursuant to the Prime Minister's Decision No. 751/QĐ-TTg dated June 20, 2018, approving the plan on equitization of the parent company - Vietnam National Shipping Lines.

The form of equitization of the parent company – Vietnam National Shipping Lines is the combination of the sale of a portion of state capital and share issuance to increase charter capital.

3. Business lines

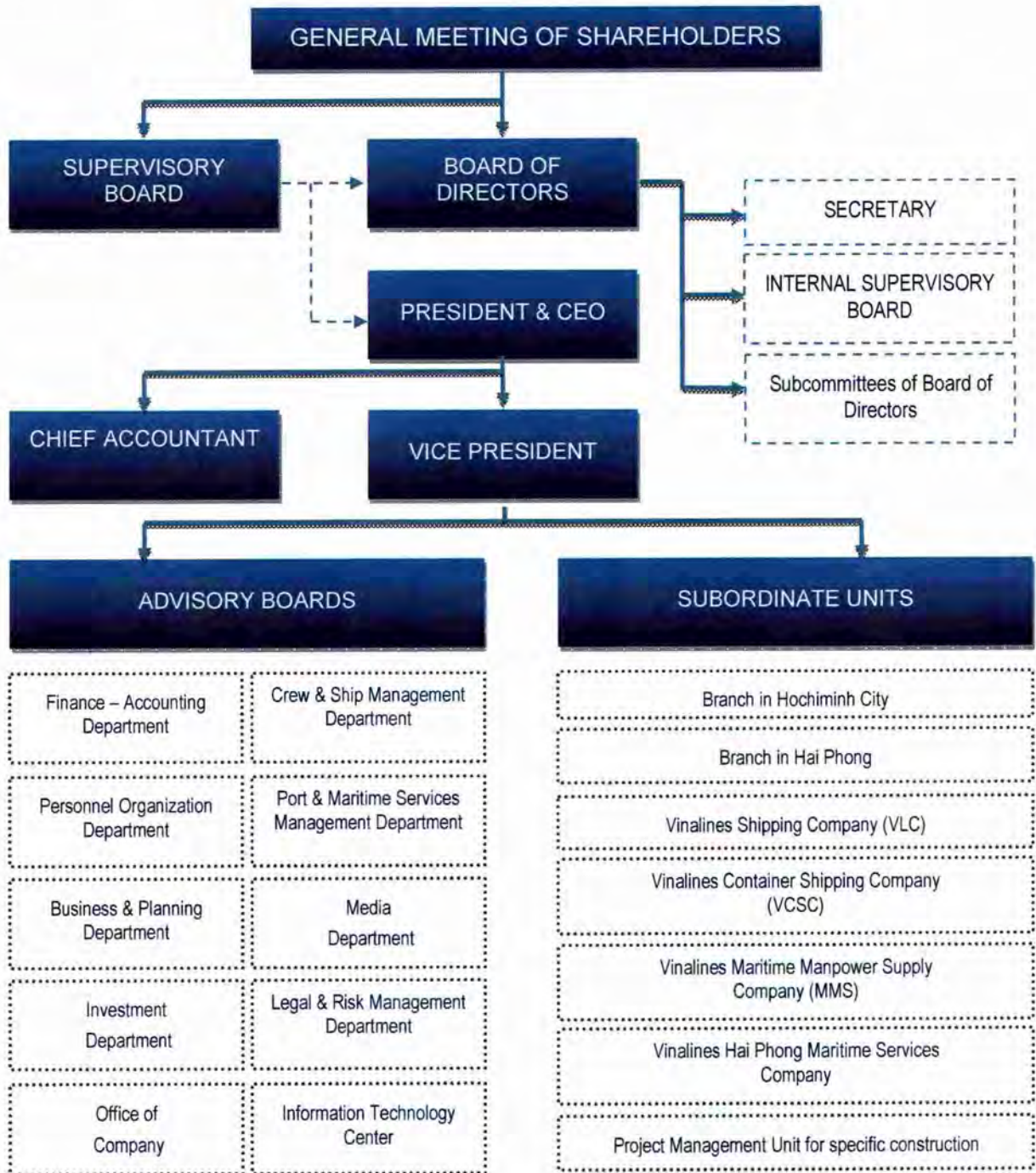
Table 34: Business activities of Vietnam Maritime Corporation

No	Segments	Segment code
1	Coastal and ocean transportation of goods - Detail: Sea transport	5012
2	Inland waterway cargo transport - Waterway transport;	5022
3	Cargo transport by road - Road transport;	4933

No	Segments	Segment code
	Provide other support services related to transport	
4	<ul style="list-style-type: none"> - Multimodal transportation services; Logistics services; - Agencies providing brokerage services; ship supply, towing services of seagoing vessels, river ships, seafarers and waterway support services; - Ship management services; ship brokerage, freight forwarding; - Operations of customs clearance and cargo; - Shipping agency services; sea transport agency services; - Air ticket agency service; 	5229
	Provide direct support services for water transport	
5	<ul style="list-style-type: none"> - Seaports and river ports; - Ship activities, barges; 	5222
6	Warehousing and cargo storage <ul style="list-style-type: none"> - Providing warehouse and yard services; 	5210
7	Maintenance and repair of transport means (excluding automobiles, motorcycles, and other motor vehicles) <ul style="list-style-type: none"> - Repair of sea transport vehicles; 	3315
8	Maintenance and repair of cars and other motor vehicles <ul style="list-style-type: none"> - Repair of road transport vehicles and others; 	4520
9	Manufacture of vehicles and other transport equipment not elsewhere classified <ul style="list-style-type: none"> - Manufacture of means and equipment for transportation, loading and unloading 	3099
10	Wholesale of machinery and equipment and spare parts <ul style="list-style-type: none"> - Sales and purchases of means and equipment for transportation, loading and unloading; 	4659
11	Rental of machinery, equipment, and other tangible goods <ul style="list-style-type: none"> - Rental of means and equipment for transportation, loading and unloading; 	7730
12	Supply and management of labor resources <ul style="list-style-type: none"> - Maritime labor supply service to domestic and export to foreign organizations (operating only when permitted by competent authorities); 	7830
13	Other supporting business segments not classified elsewhere include: Exportation of specialized maritime vehicles, equipment, raw materials, and fuels; supply services of materials, fuels, food, and fresh water;	8299
14	Real estate business (either with owned lands or rented lands) <ul style="list-style-type: none"> - Rent and operate real estate business with lands either owned or rented; 	6810
15	Short-stay service <ul style="list-style-type: none"> - Hospitality business (not including bar business, karaoke room, discotheque); 	5510
16	(For conditional business segments, the corporation shall operate in accordance with the business conditions prescribed by law)	

4. Organization structure after equitization

Figure 9: Organization structure post-equitization



(Source: Vinalines)

❖ **Shareholders General Committee:**

The Shareholders General Committee holds the utmost authority within VIMC

❖ **Board of Directors:**

The Board of Directors is voted by the Shareholders General Committee, which gives the Board full authority to make decisions on behalf of VIMC Joint stock company and uphold the rights and duties of

the Company. The Joint stock company is not subjected to the control of the Shareholders General Committee. The minimum members of the Board are 5 members and would not exceed 11 members. The number of Board members who are independent and do not directly administer the Company must be at least one third of the Board members.

❖ **Supervisory Board:**

The Supervisory Board is voted on by the Shareholders General Committee. The Board represents the Committee to supervise all business and administrative decisions of Vinalines Joint stock company. The number of the members of the Supervisory Board must be at least 03 and should not exceed 05 members.

❖ **President & Chief Executive Officer (C.E.O):**

The C.E.O oversees Vinalines' daily operation under the supervision of the Board of Directors and must be responsible for any actions taken under the rule of law.

❖ **Vice President :**

The Deputy C.E.Os assist the C.E.O in directing and administering the fields appointed to them. The Deputies can perform duties and assignments on behalf of the C.E.O and are held accountable for their actions under the rule of law.

The Deputies also assist the C.E.O by directly resolve business issues if applicable.

5. The restructuring of Subsidiaries and Affiliates ownership after equitization

After equitization, VIMC will hold capital in 19 subsidiaries and 15 affiliates.

After following through with the divestment plan, VIMC is projected to own capital in 15 subsidiaries, 8 affiliates and 3 other enterprises. The following table shows the specific detail of these companies.

Table 35: The list of subsidiaries, associates of Vietnam Maritime Corporation

Enterprises at which Vietnam Maritime Corporation divest a part of its contributed capital but still ensure the ownership of more than 50% of charter capital:

1	Hau Giang Maritime Service One-member limited company
2	Saigon Port Joint stock company (SAIGON PORT)
3	Cam Ranh Port Joint stock company (CAMRANH PORT)
4	Nghe Tinh Port Joint stock company (NGHETINH PORT)
5	Can Tho Port Joint stock company (CANTHO PORT)
6	Port of Hai Phong Joint stock company (PORT OF HAIPHONG)
7	Da Nang Port Joint stock company (DANANG PORT)
8	Cai Lan Port investment Joint stock company (CPI)
9	Vietnam Maritime development Joint stock company (VIMADECO)
10	Vietnam Vinalines Logistic Joint stock company
11	Vietnam Ocean Shipping Agency Joint stock company (VOSA)
12	Vinalines Dinh Vu Port Joint stock Company
13	Vietnam Hi-tech Transportation Limited company

14 East Sea Transportation One-member limited company

15 VinaBridge Container Joint-venture company (VINABRIDGE)

Enterprises which Vietnam Maritime Corporation holds from 20% to 50% of the charter capital

1 Vietnam Ocean Shipping Joint stock company (VOSCO)

2 Vietnam Shipping Joint stock company (VINASHIP)

3 Khuyen Luong Port Joint stock company

4 Transportation and Trading services Joint stock company (TRANSCO)

5 Construction Consultation for Maritime Building Joint stock company (CMB)

6 International Shipping and Labor Cooperation Joint stock company (INLACO SAIGON)

7 Vietnam-Japan International Transport Joint-venture company (VIJACO)

8 Cai Mep International Port Limited company

Other enterprises which Vietnam Maritime Corporation holds less than 20% of the charter capital

1 SP- PSA International Port Limited company

2 SP - SSA International Terminal Joint-venture company (SSIT)

3 Saigon Maritime Joint stock company

(The list of enterprises expected to divest is in appendix 8)

6. Main information about the development strategy and investment plan of the parent company after equitization

6.1. Development strategy of the Company after equitization

📌 General Target

Vietnam Maritime Corporation has set the main objectives of becoming the core and key player in Vietnam's maritime industry; a highly competitive company in the international maritime market; that focuses on shipping, port operation and logistics & maritime services operating in the international scope; a unit that fully and promptly meets the quality of all maritime services of the country and is equally involved in maritime service activities abroad to share the regional market; a unit that contributes actively to the socio-economic development of the country; ensures security and national defense and contributes to the achievement of the objectives of the Vietnam Marine Strategy to 2020

📌 Development orientation

- Invest to develop more ships to increase DWT capacity, rejuvenate the fleet; invest in construction, renovation of infrastructure, renewal of loading technique, application of information technology to management and exploitation of ports; develop new services to accomplish the development strategy of VIMC until 2020 with long-term vision of 2030.
- Restore the growth rate, improve efficiency, competitiveness and ensure the ability to participate into region and the world.
- Renew organization, management scheme to create concrete linkage, clarity in investment capital and profits between VIMC and subsidiaries, as well as amongst all subsidiaries under VIMC's administration to reach to the common target and ensure the individual benefit of each

companies along with the common benefit of the Corporation.

Detailed orientation

(i) Shipping

- **Detailed target:** Until 2020, VIMC fleet has capacity of 1,1 millionDWT, the fleet's average age is 14 with the components of: 13% of container ships, 9% of liquid goods ships, and 78% of dry cargo and bulk cargo ships.
- **Investment activities:**
 - ✓ Focusing on restructuring of the fleet through fostering the sale of old ships with low productivity and bad technical situation to cut loss and create reciprocal capital to undertake projects for ships construction when the market has signs of recovery and the financial capability allows.
 - ✓ Change of investment by leasing/purchases-leasing ships to exploit and invest only when the market factors are favorable and upon the condition when COA contracts are signed with customers, strengthening and developing container ships and dry cargo.
- **Business direction:**
 - ✓ Foster market development with sustainability for the business such as implementation of COA contracts with big customers.
 - ✓ Widen the activity of liner shipping line within the region; Meet the demand of feeder for bigger ship to enter into transferring port in the region of Cai Mep – Thi Vai and to other transfer center in the region.
 - ✓ Develop potential market such as coastal shipping and domestic line within Northern area and Cuu Long river delta, Ro-Ro shipping (contributing to lessen the burden of highway transport in line with instruction from MOT and increase the choices of customers needing to deliver heavily weighted goods, container, etc.)
 - ✓ Deliver services of management over leased ships for other companies
 - ✓ Move forward to participate into international shipping alliance to increase the appearance as a regional container shipping unit. To cooperate/affiliate with other container shipping units between Vietnam and other countries in the world through transfer ports, systematic deep sea ports of the Corporation
- The planned progress of increasing/decreasing capital at the company: According to Letter No. 86/TTg-DMDN dated 10/13/2017 by the Prime Minister, Letter No. 625/VPCP-DMDN dated 3/02/2018 by the Government Office, Letter No. 198/BGTVT-QLDN dated 3/30/2018 by MOT, VIMC will divest from companies with inefficient operations, adjusting the proportion of ownership of VIMC at all companies, diversifying ownership methods to enhance the efficiency and corporate governance.

(ii) Port operation

- **Detailed target:** Until 2020, port system belonged to the Corporation will endeavour to take into 30% of goods in delivery through all national ports and maintain to be the significant ports in the northern, central and southern areas.
- **Investment activity:**
 - ✓ Invest to build two container terminals at the international gateway of Hai Phong (Lach Huyen) to be able to receive ships up to 8,000 Teus, main investor is Hai Phong port JSC, the Corporation's subsidiary. The Corporation and Hai Phong port JSC target to receive approval on such investment in 2018 and implement the investment during 2019 – 2020, finally to get in use of the port in 2020 to lessen the burden of ships reception in Hai Phong city.

- ✓ Foster the cooperation progress of grain port at the international gateway of Hai Phong (Lach Huyen), investment cooperation and operation of the 250 ha logistics center opposite to the grain port to optimize the loading, storage, processing and distribution of grain within the region.
 - ✓ Cooperate with partners to invest in the construction of general port to serve for the replacement of Hoang Dieu port.
 - ✓ Fasten the progress of investment project to build a 630m berth by the Vinalines Ding Vu port JSC.
 - ✓ Enhance the capacity and restructure of venture ports at Cai Mep – Thi Vai, Ba Ria – Vung Tau province to have sufficient capacity to take into the role of international container transfer ports, in line with the Master plan for development of Vietnam's coastal ports till 2020 with vision to 2030.
 - ✓ Invest to build Lien Chieu port (starting phase) with the size of 02 ports to be able to receive ships of 100,000 DWT for lessening the burden of goods delivery and 50,000 DWT for sufficient capacity, investor is Da Nang port JSC. The Corporation and Da Nang port JSC targets to finish research and implement the investment within 2017-2024 and to get in use in 2023 or 2024.
 - ✓ Research on oversea investment through investing directly or venture investment of port operation.
- **Business direction:**
- ✓ Per region:
 - *Northern area:* Enhance the role and position of Hai Phong port to maintain as the leading figure in port operation of the Northern area in dry cargo and containers. Develop Lach Huyen port (Hai Phong) to be worth as the international port gate.
 - *Central area:* Develop Da Nang port to become the significant port in containers operation, dry cargo and passengers, the main center of trade in the East-West trade corridor. Nghe Tinh port is to become the main center for developing economy of Northern Central land and Southern Laos.
 - *Southern area:* Finish and get in operation of Sai Gon – Hiep Phuoc port phase 2 in line with the approved Master plan of developing coastal ports system. Focus in enhancement of management and business efficiency, operation of the venture port in Cai Mep – Thi Vai, Ba Ria – Vung Tau province (CMIT, SSIT, SP-PSA ports).
 - *Western Southern area:* develop general port of Vinalines Hau Giang, Can Tho port to serve for goods delivery in Cuu Long river delta when Quan Chanh Bo line is in operation.
 - ✓ Define the targeted market: develop the business of port operation in significant economic areas: Eastern Northern area, Northern, Central and Southern Central areas, Eastern and Western Southern areas; coastal economic and industrial zones, as well as international ports.
 - ✓ Comprehensively develop with sufficient capacity of services for port operation. Form the supply chain of shipping – port operation – maritime services for Northern – Central – Southern regions.
 - ✓ Form the system of ports with modern management within the whole Corporation. Strengthen the business activities of current available ports within the Corporation to maintain the market share as well as utilize the capacity of port berth, operating equipment and the efficiency of operation.
 - ✓ Create the connection between ports in the Corporation to share experiences of management, operation and increase of quantity and revenue; seek cooperation

opportunities between member ports. Actively connect and support the operation of shipping and maritime services business line within the Corporation.

- ✓ Define the development strategy, business direction in line with ports. Financially restructure with success for ports. Research all types of affiliates with not only the port operation business companies but also with the large shipping business companies.
- **Orientation of ownership relation and ownership proportion between the Corporation and member port companies:** with the current ownership relation, although the Corporation does not directly operate the ports, as a mother company, the Corporation currently holds major proportion with more than 50% of many ports at significant locations in the nation. Ports are very important center for delivery within the system of national transport to be defined as one of the marine economic focuses. Ports under the ownership of the parent company all locate at strategical locations and play an important role with the economic development in all three region of the North, the Central and the South. Therefore, the Corporation's maintainance, strengthening and the development of the port system is one of necessary activities to overcome challenges and sustain the business activities, enhance services quality for stable and balance development with vision to 2030, to be worth as a State's major coporation in the fields of shipping, port operation and maritime services in Viet Nam.

(iii) Logistics & Maritime services:

- **Detailed target:** to reach 2020 with the formation of logistics system with interaction on the basis of information technology to connect all goods delivery and distribution within the nation. To completely build logistics infrastructure with a connecting system between seaports, airports, all biggest distribution centers in Vietnam with the national road and railway system.
- **Investment:**
 - ✓ Foster the investment of logistics infrastructure including ICD yard, logistics centers at significant locations as planned according to Decision No. 2223/QĐ-TTg dated 12/13/2011 by the Prime Minister approving the plan of developing dry cargo port system in Vietnam till 2020 with vision to 2030, Decision No. 1012/QĐ-TTg dated 7/3/2015 by the Prime Minister approving the development plan of logistics center system in the nation till 2020, with vision to 2030, as well as investment in servicing measures such as trucks, lighters, etc. so that the Corporation will have advantages of competition, esp. competition after the limitation of investment by foreign companies is lifted.
 - ✓ Foster investment in ICD, distribution centers in Lach Huyen (Hai Phong city), at cities of Ha Noi, Da Nang, Ho Chi Minh and at provinces: Hau Giang, Dong Nai (Long Binh) by the parent company – Corporation and its subsidiaries to be investor with size of 10 -30 ha to be implemented during 2017 – 2020.
- **Business orientation:**
 - ✓ Enhance ventures, affiliate relations with international partners, big corporations in maritime services, in which the Coporation holds the dominant proportion of ownership to utilize the available market, networkds of agents, information infrastucture, global forces, credit line of the international partners.
 - ✓ Attempt to become the solution provider for optimality in delivery, storage basing on the supply of "Door to Door" services, gradually forming the services of "global supply chain" with the best service quality to attract customers and raise the revenue by logistics services to occupy big proportion within the Corporation's revenue.

6.2. Indicators of business plans

Indicators of Business strategic

The market of shipping is expected to recover at a slow pace for the 2018-2020 period. As a result, shipping enterprises will make effort to maintain the fleet capacity and operation so when the market recovers, companies will be able to expand, invest and develop the fleets.

According to the progress of investment projects, market development and import-export activity in Vietnam, Vinalines expects the average increment to the number of goods transported to reach 6.4 million tons by 2020.

Table 36: Plan on VIMC's volume of cargo transported during 2018-2020

Target	Unit	Q1 and Q2 of 2018	Q3 and Q4 of 2018	2019	2020
Volume of goods		3,353,789	3,219,789	6,393,270	6,405,329
Domestic transport		529,231	529,231	868,652	867,998
Volume of transport	Tons	529,231	529,231	868,652	867,998
Container transport	TEU	41,197	41,197	48,544	48,495
- Volume of delivery	Thousan tons.Tkm	677,123	677,123	971,415	969,446
Foreign transport		2,824,558	2,690,558	5,524,618	5,537,331
- Volume of transport	Tons	2,824,558	2,690,558	5,524,618	5,537,331
Container transport	TEU	55,560	55,560	112,605	112,605
- Volume of delivery	Thousan tons.Tkm	1,240,936	1,240,936	2,330,649	2,330,649

Source: Vietnam National Shipping Lines

Table 37: Consolidated product plan during 2018-2020

Target	Unit	Plan for 2018	Plan for 2019	Plan for 2020
Total amount of good transported				
- Volume of goods transported	TONS	8,181,677	8,223,155	8,251,991
Container transport	TEU	266,078	246,772	248,007
- Volume of goods in transit	Thousan tons.Tkm	7,685,506	7,539,347	7,569,100
Domestic transport		-	-	-
- Volume of goods	Tons	2,818,688	3,086,207	3,106,106
Container transport	TEU	131,163	144,337	145,347
- Volume of goods in transit	Thousan tons.Tkm	4,994,448	5,496,147	5,521,420
International transport		-	-	-
- Volume of goods transported	Tons	5,362,989	5,136,949	5,145,885
Container transport	TEU	134,915	102,435	102,660
- Volume of goods in transit	Thousan tons.Tkm	2,691,058	2,043,199	2,047,680

Target	Unit	Plan for 2018	Plan for 2019	Plan for 2020
Volume of goods passing through ports	Tons	54,543,800	57,021,883	67,199,215
<i>Container transport</i>	TEU	873,500	953,548	1,257,608
Export	Tons	13,148,982	14,176,639	15,928,021
<i>Container transport</i>	TEU	184,247	212,198	233,580
Import	Tons	21,180,818	22,000,991	25,976,472
<i>Container transport</i>	TEU	161,320	183,343	199,853
Domestic	Tons	20,214,000	20,844,253	25,294,722
<i>Container transport</i>	TEU	527,933	558,006	824,174

Source: Vinalines

Table 38: Production forecast of the Parent company during 2018-2020

Unit: Million of VND

No.	Target	Q1 and Q2 of 2018	Q3 and Q4 of 2018	2019	2020
1	Revenue of sales and service	533,840	504,787	1,048,014	1,063,147
	<i>Revenue from shipping</i>	428,658	435,471	886,272	907,597
	<i>Other revenue</i>	105,174	69,297	161,742	155,550
2	Costs of goods sold	491,455	495,954	946,935	920,692
3	Gross profit on sales and services	42,385	8,833	101,079	142,456
4	Financial Income	201,998	299,901	372,851	318,024
5	Financial expenses	1,207,915	0	0	0
6	Sales expenses	11,249	11,385	23,066	20,319
7	Administration cost	93,889	88,496	171,096	141,393
8	Net profit from business activities	-1,068,670	208,853	279,768	298,768
9	Other income	186,194	2,160	12,120	67,654
10	Other costs	258,382	31,125	70,337	87,021
11	Other profit	-72,188	-28,965	-58,217	-19,367
12	Profit before tax (Parent company)	-1,140,858	179,888	221,551	279,401
13	Profit after tax	-1,140,858	143,910	177,241	223,521
	Appropriation of funds (10% of EAT)		14,391	17,724	22,352
	Dividends		129,519	159,517	201,169
14	Expected charter capital		14,046,058	14,046,058	14,046,058
15	Shareholders' Equity		14,060,056	14,107,777	14,171,781
16	Rate of dividends	N/a	0,9%	1,1%	1,4%
17	Profit Ratio / Equity Ratio		1,0%	1,3%	1,6%
18	Average no. of workers	1,250	1,175	1,170	1,150

No.	Target	Q1 and Q2 of 2018	Q3 and Q4 of 2018	2019	2020
	(person)				
19	Average monthly salary (VND/person)	14,66	15,6	15,67	16,00
20	Salary fund (millions of VND)	110,000	110,000	220,000	225,000

Source: Vinalines

Table 39: Forecast of consolidated business results of the Corporation 2018-2020

Unit: Millions of VND

No.	Targets	Q1 and Q2 of 2018	Q3 and Q4 of 2018	Plan for 2019	Plan for 2020
1	Revenue	6,345,510	7,293,000	12,714,516	13,423,238
	<i>Revenue from shipping</i>	<i>2,352,370</i>	<i>1,318,000</i>	<i>3,883,668</i>	<i>4,117,280</i>
	<i>Revenue from port operation</i>	<i>2,061,760</i>	<i>3,007,000</i>	<i>4,394,147</i>	<i>4,538,857</i>
	<i>Revenue from logistics</i>	<i>1,931,380</i>	<i>2,968,000</i>	<i>4,436,701</i>	<i>4,767,101</i>
2	Consolidated profit before tax	178,296	490,103	711,445	953,432
3	Consolidated profit after tax	80,512	361,189	536,171	775,952
4	Profit after tax accrued to the Parent company	23,890	201,779	300,571	628,485

Source: Vinalines

When preparing the equitization plan, the Company plans to convert into a joint-stock company on 06/30/2018. Profit is different due to the following main causes:

- + The Company focuses on restructuring the fleet, selling some ineffective ships
- + The Company has to make financial settlement at the time of being converted into a joint-stock company under the guidance of the Ministry of Finance, in which the difference of revaluation of investment capital decreased compared with the valuation of enterprise value due to the decrease in securities prices, losses accounted into business results. Debts restructured through DATC must be accounted for an increase in the state capital. When the Company moves to new shares, it is allowed to account for other incomes

Clarifications on the business plan of VIMC

✦ Efficiency of main business operation

The international shipping market is forecast to remain unresolved, considering both the transport demand and freight, in the first years of 2018-2020, VLC's bulk cargo transported is expected to have low growth, and low profitability. Business plans are made on the basis of assumptions: (i) Freight is established on the basis of forecasts of dry freight index (Baltic Dry Index - BDI) at 1,000 points. With the reduction in ownership at some major shipping companies, revenue from sea transport of the parent company - VIMC will decline sharply from the end of 2018, but at the same time, it also reduces cost pressure on the profit of this segment.

In addition, the effectiveness of sea transport is expected to continue experiencing difficulties as depreciation expense of seagoing ships is maintained at the fixed cost under the accounting book according to the value of enterprise without re-measurement at the new fixed cost.

Port operation activities in is forecast to have good growth due to favorable macroeconomic factors as well as well-defined planning elements described in Section 1 of this part.

Revenue from financial activities

Vietnam Maritime Corporation will concentrate on making the divestment of 18 member enterprises (in Appendix 8) in the period of 2018-2020 according to the guidelines and plans approved by the Government, the Prime Minister and Ministry of Transport. Profit and dividends shared by member companies contributing to Vietnam Maritime Corporation are about VND 229 billion per year.

Interest expenses

After adopting debt restructuring methods, average interest expenses of Vinalines will be within 16 billion VND/year.

6.3. Investment plan

Fleet development

It is necessary to restructure and rejuvenate the fleet and study the investment in modern and fuel-efficient ships in order to replace old ships and increase the competitiveness when the shipping market is recovered. It is expected by 2020 that the fleet of the Company will have a total tonnage of about 1,100 thousand DWT, with an average age of about 14 years under the following structure: About 13% of container ships, about 9% of liquid cargo ships, and about 78% of dry cargo ships and bulk carriers.

Port infrastructure

In the integration trend together with the recovery of domestic and world economy, great investments in new ports to catch up with the development trend in parallel with the investment and upgrading of existing seaports plays a very important role in ensuring the development of the Company and ensures its ability to maintain and strengthen the core position in the field of port operation. In general, the Company's infrastructure investment projects are focused on seaport, warehousing and logistic as a part of port system and maritime services development strategies for the purpose of improving capacity through the ports, meeting the demand for goods circulation of the economy as well as increasing the proportion of maritime service in the business structure of the Company. However, due to difficulties in capital resources together with the policy of investment reduction, the Company will only focus resources on important and efficient projects, national strategic port project related to deep-water ports, international gateway ports, and maintain a dominant share at the ports.

Northern region:

It is necessary to ask for guidelines for building a two-berth investment project at Lach Huyen in 2017, building in 2018 and putting into operation in 2020. It is crucial to continue researching, ask for guidelines for building 4 more berths at Lach Huyen Port to increase the total number of berth at Lach Huyen Port to 6 container berths with the capacity of receiving ships up to 8,000 TEUs (50,000 - 100,000 DWT) and a total length of 2,250m divided into two phases:

- Phase 1: It is expected to start in 2018: To invest in the construction of 2 berths
- Phase 2: After 2020 (o invest in the construction of 4 wharves): It is planned to invest in two berths at first and then invest 2 further berths depending on the market conditions as permitted)

Lach Huyen international gateway port will contribute to bring the exported and imported goods of the Northern region directly to the European and American markets (without no need to transship through transit ports in areas such as Singapore, Hong Kong); contribute to attracting the volume of goods to be transshipped in northeastern Laos through the East-West Corridor and South China through the Two Corridors and One Ring program

Central region:

The Company intends to combine with Da Nang Port Joint Stock Company to invest in the project at Lien Chieu wharf area, Da Nang seaport in Kim Lien Bay, Hoa Hiep Ward, Lien Chieu District, Da Nang City with 08 container berths, 05 general berths, 04 oil berths and inland wharf area with the capacity of receiving ships up to 100,000 DWT for container ships, 20,000 DWT - 50,000 DWT for dry cargo ships, and 10,000 DWT for oil tankers.

☑ Southern region:

Based on the demand for goods through the Mekong Delta and the clearance of Quan Chanh Bo line and the market situation, the Company will invest in the next two berths of Vinalines Hau Giang General Port Project through Hau Giang Vinalines.

☑ Development of a system of ICD, logistic centers, distribution centers and depots system

The Corporation plans to carry out research to develop some ICD, logistics centers, distribution centers, depots in the North, Central and South according to the detailed planning on the development of ICD system in Vietnam, logistics centers by 2020 with orientations to 2030 as follows:

- Northern region: Mong Cai (Quang Ninh), Lach Huyen (Hai Phong), Bac Ninh, South Hanoi, Lang Son, Dinh Vu (Hai Phong).
- Central region: Da Nang city, Central Highlands
- Southern region: Hiep Phuoc (Ho Chi Minh City), District 9 (Ho Chi Minh City), Cai Mep - Thi Vai (Ba Ria - Vung Tau), Binh Duong/Dong Nai
- The Mekong Delta: Can Tho, Hau Giang
- To invest in the construction of inland water ports with warehousing centers and distribution centers in the North East
- To develop and expand Lao Cai ICD in the northern region

The general list of major projects under implementation and to be invested in are as follows (*Detailed list of projects to be continued/to be invested by VIMC and subsidiaries, affiliates is referred to Appendix 10*)

Table 40: List of major projects under implementation

No.	General Information	Implementation Time	Current situation	Size and location
1	<p>Investment Project to build Vinalines Dinh Vu port</p> <p>Type: new construction project</p> <p>Investor: Vinalines Dinh Vu JSC</p> <p>Investment capital: 1,490,569,787,000</p>	<p>QIII/201 - 2019 phase 1 to be completed and in use</p>	<p>Construction of building port and berth procurement to be started on 31/3/2018</p>	<p>Investment focuses on construction of phase 1 including 420m berth (02 berths) able to receive ships of 20.000 DWT along with the system of storage and yard, in-line technical infrastructure to meet the demand of goods delivered through reaching 5.3 million tons/year.</p> <p>Location: downstream of the Dinh Vu peninsular, Dong Hai 2 ward, Hai An District, Hai Phong city.</p>
2	<p>Project to Upgrade and expand of Tien Sa port (phase II)</p> <p>Type: new construction project</p> <p>Investor: Da Nang Port JSC</p> <p>Investment capital: 1,069,890,929,000</p>	<p>12/2014-6/2018</p>	<p>Procurement of construction is already completed, except for the dredging because of geological complexity, weather's influence,</p>	<p>Invest in 01 berth of 50.000 DWT (to receive container ship up to 50.000 DWT, bulk ship upto 70.000 DWT and travel ship up to 100.000 GT) and 01 port bridge of 20.000 DWT (to receive up to 20.000 DWT and container ship with similar specifications) with equipments and technical</p>

No.	General Information	Implementation Time	Current situation	Size and location
			<p>temporary of ship exploitation and several subjective factors. Plan to finish dredging and rocks removal before 30/6/2018.</p> <p>- Equipment package: under implementation, plan to finish in July 2018</p>	<p>network in line to ensure the exploitation demand.</p> <p>Location: Tien Sa port, Tho Quang ward, Son Tra district, Da Nang city.</p>
3	<p>General project to build Vinalines Hau Giang port (Phase I)</p> <p>Type: new construction project/ Project group B/ level II sea construction</p> <p>Investor: Hau Giang Maritime services one-member limited company</p> <p>Investment capital: 394,546,212,000</p>	<p>Phase 1: 01/2016 - 01/2017, Q1/2017 to be in use.</p> <p>Phase 2: 2019 - 2020</p>	<p>Finised and in use since 5/2017</p>	<p>Construct 01 berth at downstream land with the length of 175m, area of 10,35ha including: bridge with length of 150m with a system of moorings to receive 20.000DWT ship with a system of connecting bridge, protection embankment, storage, yards, technical network and operation equipment with capacity designed to reach 1 million ton per year</p>
4	<p>Project Sai Gon Hiep Phuoc port (Phase I)</p> <p>Level II sea port transportation construction/ New construction project</p> <p>Investor: Sai Gon – Hiep Phuoc port JSC</p> <p>Investment capital: 2,777,258,048,000</p>	<p>Re-activated: 2015-2016</p> <p>Finish 2017-2018</p>	<p>Accomplish to 81% of the whole process</p>	<p>To build in replacement for Nha Rong – Khanh Hoi at Sai gon port with volume of goods in delivery reaching 7.37 million ton/year.</p> <p>Location: Hiep Phuoc ward – Nha Be District – Ho Chi Minh city</p>

Source: Vietnam National Shipping Lines

Table 41: List of major projects proposed for investment

No.	General Information	Investor	Current situation	Size and location
1	Project to build two berth No. 3, 4 Lach Huyen	Hai Phong Port JSC	Submitted to the Prime Minister to ask for approval of investment	<p>Project type A, basing on self-mobilized capital and loaned capital.</p> <p>Period of implementation: 2017 – 2020</p> <p>Invest to build 2 berth with the length of 750m, to receive container ships of 100.000DWT, to build 01 lighter port at the planned location with capacity of 100-160TEU and invest in technical infrastructure to meet a volume of goods in delivery at 1.0 – 1.1 million ton/year.</p> <p>Location: Cat Hai – Hai Phong</p>
2	Project to build berth 5-9 Lach Huyen	Hai Phong Port JSC	Under research for proposal to ask for investment permission	
3	Project to build Lien Chieu Da Nang port	Da Nang Port JSC	Under research for proposal to ask for investment permission	
4	General project to build Vinalines Hau Giang port (Phase 2)	Hau Giang Maritime services one-member limited company	Under research for proposal to ask for investment permission	
5	Project Sai Gon Hiep Phuoc port (Phase 2)	Sai Gon – Hiep Phuoc port JSC	Under research for proposal to ask for investment permission	
6	Sai Gon Hiep Phuoc port logistics area	Sai Gon – Hiep Phuoc port JSC	Under research for proposal to ask for investment permission	

IV. CHARTER CAPITAL AND CAPITAL STRUCTURE

According to Decision No. 751/QĐ-TTg dated 20/6/2018 by the Prime Minister approving the plan on equitization of the parent company - Vietnam National Shipping Lines, the charter capital of the Parent company – Vietnam National Shipping Lines after equitization is VND 14.046.058.000.000, respectively comprised of 1.404.605.800 shares;

According to Decision No. 1659/QĐ-BGTVT dated 03/08/2018 approving result of selection of strategic shareholders and amendment of number of shares for initial public offering of the parent company – Vietnam National Shipping Lines,

The State ownership, the proportion of initial public offering shares, proportion of shares to sell to labors, unions as follows:

Table 42: Structure of projected charter capital

No	Shareholder	Number of shares	Face Value	Ownership (%)
1	States's ownership	912,993,770	9,129,937,700,000	65.00
2	Offered shares for staff	2,293,900	22,939,000,000	0.16
2.1.	<i>Offered shares for staff basing number of years working as state cadres</i>	1,599,000	15,990,000,000	0.11
2.2.	<i>Offered shares for staff and experts basing on the committed number of years working for the new joint stock company</i>	694,900	6,949,000,000	0.05
3	Offered shares for the Union	500,000	5,000,000,000	0.04
4	Initial public offering shares	488,818,130	4,888,181,300,000	34.80
	Total	1,404,605,800	14,046,058,000,000	100.00

Notice: The proportion of ownership in the abovementioned charter capital may vary according to the modification result of state's ownership at the point of balancing state's capital when the parent company – Vietnam National Shipping Lines officially changes its business into joint stock company.

V. INFORMATION ON SHARES OFFERING

1. Initial Public Offering (IPO)

1.1. Offering Method

- Number of shares offered: 488.818.130 shares (Which combines (i) the number of shares for initial public offering as approved for Equitization to be 280,921,160 shares, and (ii) the number of shares to sell to strategic investor now changed into initial public offering shares according to Decision No. 1659/QD-BGTVT dated 03/8/2018 by the MOT to be 207,896,970 shares)
- Type of stock: Common stock
- Face value: VND 10,000/share
- Bidding price starts at VND 10,000/share
- Offering methods: publicly auctioning at Hanoi Stock Exchange

1.2. Participants and number of shares registered to buy

- According to the Regulation on the first public auction of Vietnam National Shipping Lines issued by the Hanoi Stock Exchange

1.3. Time and location of issuing stock

- The time and location receiving information disclosure, registration for participation in auction, payment of deposit money and auction participation slip: The provisions in the Regulation on the first auction of shares of the Vietnam National Shipping Lines.
- The time for agencies to receive auction participation tickets: According to the provisions in the Regulation on the first auction of shares of the Vietnam National Shipping Lines.
- Time for holding auction: According to the provisions in the Regulation on the first auction of shares of the Vietnam National Shipping Lines.
- Location of auction: Hanoi Stock Exchange – 2 Phan Chu Trinh, Hoan Kiem, Hanoi
- Payment of shares and return of deposit deadline: According to the provisions in the Regulation on the first auction of shares of the Vietnam National Shipping Lines.

1.4 Organizations related to the initial public offering

❖ Organization implementing the initial public offering

HANOI STOCK EXCHANGE

Address: 2 Phan Chu Trinh, Hoan Kiem, Hanoi

Phone number: (84-24) 39412626 – Fax: (84-24) 39347818

Website: www.hnx.vn

❖ Consulting organization for equalization plan and initial public offering

SAIGON SECURITIES INCORPORATION

Headquarter: 72 Nguyen Hue, District 1, Ho Chi Minh City

Phone number: (84-28) 38242897 - Fax: (84-28) 38242997

Hanoi branch: 1C Ngo Quyen, Hoan Kiem, Hanoi

Phone number: (84-24) 39366321 - Fax: (84-24) 39366311

Website: www.ssi.com.vn

❖ **Consulting organization for valuation of enterprises**

VIETNAM AUDITING AND VALUATION COMPANY LIMITED

Address: 14th floor, HH3 Suico Building, Me Tri road, Tu Liem, Hanoi

Phone number: (84-24) 8689566 - Fax: (84-24) 8686248

Website: www.kiemtoanava.com.vn

And

ATC AUDITING AND VALUATION FIRM LIMITED

Address: P201 - Unit 2 - 262 Building, Nguyen Huy Tuong Street, Thanh Xuan Trung Ward
Thanh Xuan District, Hanoi, Vietnam

Phone number: (84-24) 6266 2284 - Fax: (84-24) 6266 2285

Website: <http://atcf.vn>

❖ **Auditing firm of valuation consultancy and financial treatment of equitized enterprise**

SPECIALISED AUDIT DEPARTMENT NO VI – STATE AUDIT OFFICE OF VIETNAM

Address: 111 Tran Duy Hung, Cau Giay District, Hanoi

Phone number: (84-24) 62822150 - Fax: (84-24) 62822161

Website: www.sav.gov.vn

❖ **Auditing financial statements organization**

KPMG TAX AND CONSULTING LIMITED

Address: 46th floor, Keangnam Hanoi Lanmark Tower 72, Lot E6, Pham Hung Street,
Me Tri, Tu Liem, Hanoi, Vietnam

Phone number: (84-24) 39461600 - Fax: (84-24) 39461601

Website: www.kpmg.com.vn

❖ **Auditing financial statements organization for 2017 FY**

UHY AUDITING AND CONSULTING LIMITED LIABILITY COMPANY

Address: 9F, HL Building, 82 Duy Tan Street, Cau Giay District, Ha Noi, Viet Nam

Phone number: (84-24) 37557446 - Fax: (84-24) 37557448

Website: www.uhy.vn

2. Offered shares for employees basing on the number of years working in the state sector

2.1. Offering targets

The purpose of offering shares to employees is to connect employees and create incentives for employees to contribute to the development of the parent company - Corporation after equitization.

The total number of employees eligible to purchase offered shares according to number of years working in the state sector is 1,965 and the total number of years in the public sector is 15,990 years, corresponding to the number of registered shares. Preferential buying is 1,599,000 shares.

2.2. Offering price

The price of offered shares to employees in the firm is worth 60% of the face value of 01 share (face value is 10,000 VND/share).

The price of shares for employees to buy in additional volume is 10,000 VND/share.

3. Offered shares for employees and experts basing on the number of years committed to work for the joint stock company

3.1. Offering target

The number of employees and managers registered to buy more shares by the number of years commitment to work at 200 shares per year commitment is 102 people, corresponding to the number of offered shares is 114,700 shares.

3.2. Offering price

The share price offered to the employees according to the number of years committed to the JSC is 10,000 VND/share.

4. Offered Shares for the Union

The number of shares to be sold to Trade union of Vietnam National Shipping Lines is 500,000.

The share price for Trade union of Vietnam National Shipping Lines is 10.000 VND/share.

5. Shares for strategic investors

On 22/6/2018, the Parent company – Vietnam National Shipping Lines had disclosed information announcement to sell shares to strategic investors. Until 12/7/2018 (the date of deadline for strategic investor registering), there was 01 investor registered to be strategic investor which is SK Securities Limited liability company. However, the registered investor does not meet the requirements for selection of strategic investor. Therefore, on 20/7/2018, the steering committee has already submitted Letter no. 1982/TTr-HHVN to the MOT on results of registering and selection of strategic investors, as well as propose to modify the number of shares intended to sell to strategic investors as approved in the Plan for Equitization to initial public offering shares.

On 03/8/2018, MOT issued Decision No. 1659/QD-BGTVT approving strategic investors selection results and modifying number of initial public offering shares upon equitization the parent company – Vietnam National Shipping Lines.

6. Plan on the use of money proceeds from shares offering

The proceeds from equitization are handled on the basis of shares offering results in accordance with the law.

The calculation is made on the basis of assumptions:

- ✓ Subjects are offered to buy all shares;
- ✓ Estimated selling price temporarily calculated according to the initial price is at VND 10,000/share.
- ✓ The lowest successful auction price temporarily calculated is 10,000 VND/share.

The proceeds from equitization are handled in accordance with the provisions of Article 39 of the Government’s Decree No. 126/2017/NĐ-CP dated November 16, 2017.

Table 43: Plan on the use of money proceeds from shares offering

Item	Note	Value	Unit
1. Value of state capital at the time of enterprise valuation	(a)	11,946.06	VND billion
2. Charter capital after equitization	(b)	14,046.06	VND billion
3. Selling price (minimum)	(c)	10,000	VND/share
4. Total number of additional shares	(d)	210,000,000	share

Item	Note	Value	Unit
5. Proceeds from equitization	(e) = (f) + (g) + (h) + (j)	4.909,72	VND billion
6. Proceeds from the sale of shares to employees	(f)	16.54	VND billion
<i>Purchase by the number of years working in the State sector</i>		9.59	VND billion
<i>Purchase under the commitment for long-term contractual of years in the joint stock company</i>		6.95	VND billion
7. Proceeds from the sale of shares to the Union	(g)	5.00	VND billion
8. Proceeds from the external auction	(h)	4,888.18	VND billion
9. Proceeds from strategic investors	(j)	0	VND billion
10. Value of shares sold by the State at face value	(i)	2,816.12	VND billion
11. Value corresponding to the number of additional shares issued at face value to be retained by the enterprise	(k)	2,100.00	VND billion
12. Cost of equitization	(l)	11.31	VND billion
13. Implementation of policies with redundant workers	(m)	2.33	VND billion
14. Supplementary capital from the support Fund for Enterprise Reorganization and Development to pay equitization expenses and assist enterprises in implementing policies with redundant workers	(n)=[(b-a)/b]x[e-i-k-l-m]	(3.00)	VND billion
15. Proceeds from the equitization to be remitted to the Support Fund for Enterprise Reorganization and Development according to regulations	(p) = (e) - (k) - (l) - (m) - (n)	2,799.08	VND billion

VI. RISK FACTORS

Vietnam Maritime Corporation has 6 subordinate units which are branches, representative offices and dependent accounting companies in the field of shipping, warehousing and seafarers export. Therefore, the Company faces some risks in the operation process as follows:

1. Economic risk

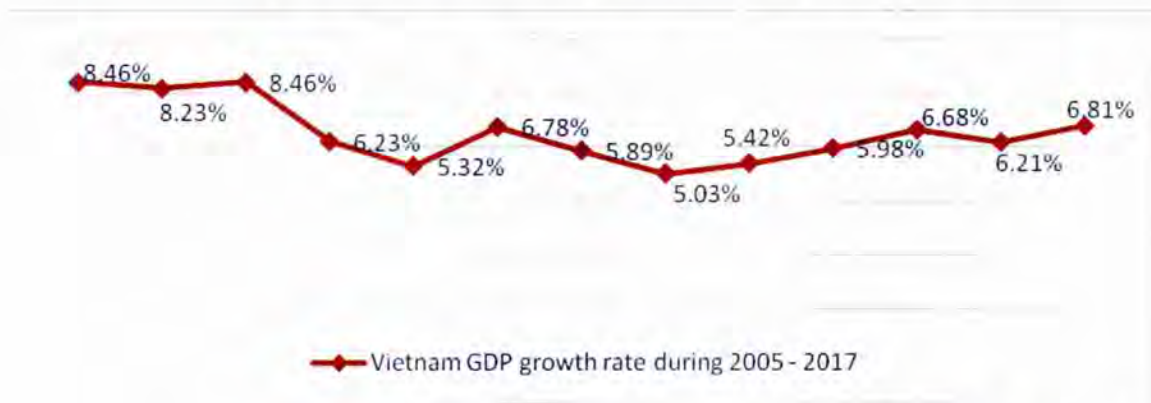
In the past few years, the Government of Vietnam has been taking many measures to promote economic growth and rational allocation of resources, supporting the economy to have significant growth compared to previous years ago as well as other countries in the region. Economic growth brings both opportunities and challenges to the firm.

Basically, when the economy is in the cycle of growth, the macro factors are strictly controlled, the demand increases sharply to motivate the production and business activities of the enterprise. However, when the economy enters a period of recession, unfavorable factors such as high interest rates and inflation, exchange rate fluctuations, sharp decreases in the consumer demand will create forces which prevent the development of production and business activities of enterprises.

1.1. Economic growth rate

According to data collected by the General Statistics Office, GDP growth rate of Vietnam has recovered positively since 2012. In 2017, Vietnam recorded a growth rate of 6.81%, the highest in the past years, overcoming many forecasts from international organizations. The size of the economy in 2017 at current prices reached 5,007,9 trillion VND. Average GDP per capita was estimated at 53.5 million VND, equivalent to 2,385 USD, an increase of 170 USD compared to 2016. The growth was maintained at 6% continuously since 2014, and continued to grow in the second half of the 2011-2017 period. This suggests that the macroeconomic environment is currently in a growth cycle.

Figure 10: Vietnam's GDP growth rate during 2005 - 2017



Source: General Statistics Office

According to the General Statistics Office, GDP growth rate in 2017 increased by 6.81%, exceeding the target of 6.7% and higher than the growth rate during 2011 – 2016 period. The record growth is possible because of the agriculture sector, forestry and fishery sector recovered remarkably by 2.9%, contributing 0.44 percentage points to the overall increase. Industrial and construction sector increased by 8%, contributing to 2.77 percentage points. Services sector increased by 7.44%, contributing 2.87 percentage points.

Up until now, Vietnam has fulfilled its commitments under the newly signed agreements: the Vietnam-South Korea Free Trade Agreement, the Free Trade Agreement between Vietnam and the Asia-Europe. At the same time, Vietnam also continue to negotiate to take positive steps in the Vietnam-EU Free Trade Agreement and joining the ASEAN Economic Community, facilitating the pace of GDP growth. 2016-2017. The recovery of Vietnam's economy and the implementation of trade agreements in the future will facilitate favorable development, an important basis for economic experts to unify

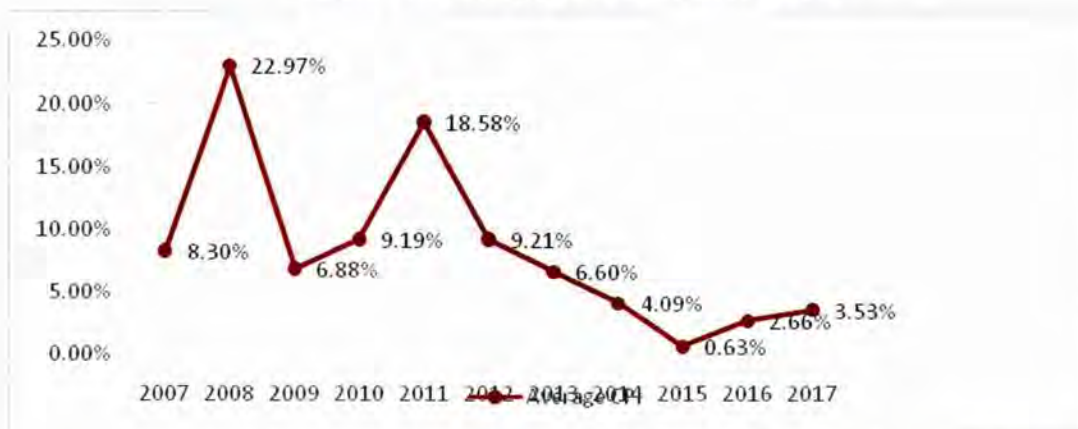
views and set goals for growth of 6.7% in 2018. Aside from that, there are many challenges for domestic corporations to overcome barriers and continue to grow in the next phase.

GDP growth was maintained at a fairly good level to help increase income and improve consumer psychology. These are actors that drive real demand for investment and construction in the economy. The economic growth rate is an important indicator for the company to develop appropriate business strategies for each period.

1.2. Risk of inflation

From 2-digit inflation rate before 2012, the government has run a policy of inflation curbing and stabilizing the macroeconomy in a fierce manner, from which inflation has fallen from 9.21% in 2012 to 0.63% in 2015 and 2.66% in 2016. In 2017, with an inflation rate of 3.53%, the government has achieved the target of curbing inflation below 4% in order to stimulate economic development.

Figure 11: Average CPI during 2007 – 2017



Source: General Statistics Office

Low inflation is a positive signal for increased spending, also the basis for the State Bank to reduce lending interest rates, loosen monetary policy, encourage consumer and businesses to borrow money to meet the demand in economic sectors. High inflation will affect the company's operations through an increase in input costs, especially raw material costs, construction, labor and loan interest.

1.3. Interest rate risk

Interest rates play a very important role in the financial management of firms. In 2016, deposit and lending rates are relatively stable.

Figure 12: Short-term interest rate fluctuation during 2008 – 2016



Source: SSI

Therefore, VND savings interest rates in VND below 12-month term are mostly at 6.5-6.8 per annum, interest rates in VND in less than 12 months have fallen to about 9 -11% per annum from 20% - 22% per annum in 2008. The mobilization interest rate in 2017 is relatively stable with the common lending rate at 6% - 9% per annum for short term and 9 - 11% per annum for medium and long term.

Low interest rates have improved liquidity as well as increased access to businesses' credits. The fluctuation of interest rates will affect business results of companies in general and the firm separately.

1.4. Currency exchange risk

Since 2012, the State Bank of Vietnam has applied a policy of adjusting the exchange rate, adjusting the exchange rate fluctuations 2 - 3% over the previous year. This policy ensures that the market is able to determine the expected exchange rate and associated risk. The State Bank of Vietnam's involvement in absorbing a large amount of foreign exchange reserves has also stabilized the value of the VND.

According to the Decision No. 2730/QĐ-NHNN dated 31/12/2015, the State Bank of Vietnam announced the central exchange rate of Vietnam dong against the US dollar and the cross rate of VND against other foreign currencies. According to this mechanism, the central exchange rate of VND against USD announced by the State Bank is the basis for commercial banks to determine the buying and selling rates of VND against the USD. The State Bank has put the exchange rate into the price system in Vietnam operating under a more realistic market mechanism; and in particular, this mechanism will also bring domestic companies into a more equitable and transparent market exchange environment.

However, regarding the exchange rate, the risk of fluctuations depends heavily on policies of strong foreign exchange holders such as the United States, the European Union, Japan, China, etc. At a time when international trade is affected largely as in 2018, the company will face a high risk of exchange rate fluctuations and should take into account risk prevention measures for import and export activities, mainly through traing in foreign currency forward contracts.

2. Legal Risks

Legal risks are the risks of policy changes that are detrimental to the business of firms. Legal risk is also the risk arising from not applying timely and in accordingly with the legal documents related to business activities of firms.

In order to strengthen management effectiveness as well as create legal corridors for firms' growth and development, the State has issued a series of legal documents.

Therefore, the operation of the company is regulated by the system of legal documents: Law on management and use of state capital invested in production and business at the company, Enterprise Law The Law on Securities, Commercial Law, legal documents, decrees, guiding circulars, relating to the main activities of the enterprise, participation in the prevention of exchange rate risks, will belong to Scope of the Ordinance on Foreign Exchange Management ...

Vietnam is in the process of developing and integrating into the world economy; however, the law and legal framework has not been renewed commensurate with the pace of economic development and is still in the process of building and completing. Therefore, the current changes and guidelines of the law can have an impact on the business and production of the company.

3. Industry risks

As a company operates within the field of shipping business, warehouse business and export crew, in addition to the above risks, the company is able to face some specific risks of the industry as follows:

3.1. Competitive risks

In the field of container shipping, due to the increasing competition from the supply of ships, container

freight also declined sharply. In addition, the ship owners also have difficulties in the domestic transport market, shipping lines always face the phenomenon of inequality on the source of goods on the North - South. Shipping lines are forced to accept empty containers, especially in the direction of Hai Phong - Ho Chi Minh City, affecting the efficiency of exploitation. On the other hand, major shipping lines in the world are stepping up investment and exploitation of medium-sized vessels (from over 20,000 Teus) to transport maximum cargo per trip, causing the freight rates continue to decline recently. In addition, the company and its partner companies have reduced the number of vessels due to the liquidation of some inefficient ships, thus reducing the volume of cargo.

3.2. Risks of raw materials, fuel, inputs

In the maritime sector, important inputs affecting the business include petroleum, crew and spare parts (accounting for 35%, 6% and 5% cost of services. In the field of seaport exploitation and maritime services, input costs account for a large proportion including direct labor costs, petroleum and spare parts (accounting for 37%, 6% and 5% cost of capital cost).

a. Petroleum

For domestic shipping and port operations, gasoline is supplied by domestic suppliers, domestic fuel prices are higher than those at foreign ports in the region.

In order to minimize the impact of abnormal fluctuations in petrol prices, shipping companies keep track of their pre and post harvest planning, calculating the amount of fuel and lubricant that will ensure the plan of exploitation, Select the best option at the ports with the best fuel, lubricant and with the lowest cost.

Fuel consumption of ships operating units through indication of fuel consumption and lubricant consumption and will be adjusted annually when there is a change in this indication. Aside from that, operating units will install CCTV Number of the main engines operating on the ships to ensure that the fishing vessels comply with the exploitation regime prescribed in the permitted fuel.

b. Spare parts

The main types of engines on board are relatively diversified by manufacturers such as Sulzer, Man B & W, Mitsubishi, Akaska, Hanshin, Makita, Kawasaki, Wartsila, and Hyundai-Man B & W. The supply of spare parts is mainly from Japan and Korea. Repairing and replacing plans must be prepared by the units months in advance, in order to ensure the process and avoid very risk-prone to limited spare parts.

Common supplies (according to IMPA code) are provided at convenient ports when ships arrive through ports such as Vietnam, Hong Kong, China and Singapore to minimize costs. These supplies are now quite stable, easy and convenient, so there is not much risk. The company still maintains the paint used by paint manufacturers such as Hempel, Jotun, and Interpaint.

c. Seafarers

After a long time of investing and training marine personnel, the parent company, corporation and operational units are managing and exploiting the staff of onshore management and crewmen has achieved the regional level. The fleet of companies not only operates in domestic and Asia, but also in Americas, Africa, Australia and Europe. The shipping companies in the Corporation such as Vosco, Vinaship, Vinalines shipping, Inlaco Sai Gon ... are the enterprises that have the staff of top quality officers in Vietnam so far.

However, the crew factor plays an essential role in the operation of ships, and is particularly important to a service provider such as the Vietnam National Shipping Lines. If there is a risk from the labor factor, the risk of doing business is not trivial.

4. Risks of the offering and the plan for use of money proceeds from the offering

The 2018 economy in general and the stock market in particular have a complicated fluctuations and

are difficult to forecast, so the offering can incur a risk of insufficient shares purchase. In this case, the volume of undistributed shares will be treated according to the regulation on handling undistributed shares at No. 37 Decree No. 126/2017/ND-CP dated 11/16/2017 by the government on the transformation of state-owned enterprise and one-member limited liability with 100% charter capital invested by state-owned enterprise into joint stock companies. At the same time, money proceeds from the initial public offering will be handled according to the regulation of management and use of money proceeds from equitization in Article 39 Decree No. 126/2017/ND-CP dated 11/16/2017 by the government on the transformation of state-owned enterprise and one-member limited liability with 100% charter capital invested by state-owned enterprise into joint stock companies.

5. Risks relating to issues that need further handled during equitization and transfer to the joint stock company

Upon being transformed from a 100% state-owned one-member limited liability company to a joint stock company, Vinalines should continue to deal with arising issues and make a final settlement of transfer of capital and assets from the time of determining enterprise value (12/31/2016) until officially transforming to the joint stock company. Results obtained may affect the value of the State's contributed capital in joint-stock companies, the company's charter capital, charter capital structure and may increase the payment to the State, or incur financial liabilities upon VIMC.

Besides, with unfinished economic contracts, ship building projects under implementation, Projects to build Van Phong port, Lach Huyen port as described at section II.10.5, VIMC may face up risks as a result of being unable to evaluate future economic promising profit, as well as the ability to balance out those projects.

The securities market may continue to have fluctuating trading pattern within the upcoming period, influencing the market value of long-term investment by the parent company – Corporation, thus influencing the value of investment at the time when Vinalines transformed into VIMC. In addition, the amendment of regulations on investment capital transfer by the Government will also affect costs, progress of implementing investment capital structure, esp. at the companies that have recorded losses majorly owned by Vinalines.

6. Guarantee risk for member enterprises

As of 12/31/2017, the parent company - Vietnam National Shipping Lines guarantees loans of Can Tho port JSC at Vietinbank Chuong Duong, 03 guarantees for social insurance, health insurance, unemployment insurance at local social insurance agencies. Besides, there were 07 loans from Vietnam Development Bank (VDB), which currently is examined by Vinalines upon the commitment document (211/CV-TCKT dated 03/10/2006), and 01 loan from Asian Commercial Bank ACB which is under controversy about guarantee.

(The list of guarantees and commitments of the parent company - Vietnam National Shipping Lines for member enterprises as of 12/31/2017 is provided in Appendix 7).

These guarantees and commitments also pose a risk to the Corporation in the event that the subject of loan guarantee fails to fulfill debt repayment obligations to the Bank. Partially, ships construction loans alone already reached a total of 19 cases, a majority of which is under normal operation, but among which, there are 01 case where the Corporation must work with the insurance agency to receive the compensation for sinking incident, 03 cases suffering from damages or failure to operate for technical reasons, resulting in an increased risk of repayment of debts. Among the guarantees, three cases that have received the Court's decision to open the bankruptcy procedures, including: (i) Vietnam Petro Shipping Joint Stock Company, (ii) Vietnam Shipbuilding Industry Corporation, and (iii) Ca Mau Shipbuilding Industry Company Limited With regard to the guarantees of enterprises receiving the decision on opening of bankruptcy procedures, there are 02 items not yet identified as interest arrears until 12/31/2017.

7. Risk relating to the obligation of Vinalines at CICT Joint Venture

Risk relating to the responsibility of additional funding at CICT: Vinalines and other shareholders acting as the Sponsor are obliged to fund the deficit of up to USD 8,058,000 (directly or indirectly through Cai Lan Port Investment Joint Stock Company) under the Agreement on Contribution Capital and Project-financing capital (PFERA). Currently, Vinalines has not fulfilled this obligation.

Besides, the parent company - Vinalines also has a risk relating to the loan to PSA VN and SP-PSA re-loan; the investment into SSIT relating to the asset-backed contract at the bank leading to an indirect effect to capital/assets of Vinalines at Sai Gon port (Vinalines's subsidiary). As for the investment from Saigon port into CMIT, SSIT, SP-PSA, those are recorded according to regulation of Decree No. 59/2011/ND-CP dated 7/18/2011 by the Government.

8. Other risks

Some other risks are of force majeure which are less likely to happen but will have a significant impact on the business operations of the Corporation, such as risks of earthquakes, fires, droughts and storms, floods, war or dangerous epidemics, etc.

Hanoi, date 03 month 8 year 2018

REPRESENTATIVE OF EQUITIZATION STEERING COMMITTEE

HEAD OF COMMITTEE



Le Anh Sơn

REPRESENTATIVE OF VIETNAM NATIONAL SHIPPING LINES

CHAIRMAN OF MEMBERS' COUNCIL



Le Anh Sơn

ACTING PRESIDENT & CEO



Nguyễn Canh Tinh

REPRESENTATIVE OF CONSULTANCY COMPANY

SAIGON SECURITIES INCORPORATION



Nguyễn Ngọc Anh

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Appendix 1: List of houses and structures

No.	Houses and structures	Figures of financial statements audited by KPMG				Re-evaluation		Difference	
		Fixed cost	Depreciation expense	Residual Proportion	Residual value	Re-determined fixed cost	Residual value	Fixed cost	Residual Value
1	2	6	7	8	9 =6-7	10	11	12=10-6	13=11-9
1	Vinalines branch in Hai Phong city	18,277,841,468	13,636,801,465		4,641,040,003	42,747,631,204	20,518,959,460	24,469,789,736	15,877,919,457
1	Five-floor Hotel	6,928,724,545	5,409,756,482		1,518,968,063	21,354,545,455	8,573,850,000	14,425,820,910	7,054,881,937
-	Five-floor hotel	6,883,518,185	5,402,222,089		1,481,296,096				
-	Laundry area T5 KS	45,206,360	7,534,393		37,671,967				
2	Construction restaurant	414,899,114	414,899,114		-	1,571,552,182	747,587,373	1,156,653,068	747,587,373
3	2-floor house	1,235,320,823	1,235,320,823		-	4,270,909,091	1,498,662,000	3,035,588,268	1,498,662,000
4	3-floor house	2,419,588,163	2,085,422,777		334,165,386	6,726,681,818	2,909,962,554	4,307,093,655	2,575,797,168
-	3-floor house	2,001,881,430	2,001,881,430		-				
-	Renovation of the first floor of 3-floor house	417,706,733	83,541,347		334,165,386				
5	Office area CN								

No.	Houses and structures	Figures of financial statements audited by KPMG				Re-evaluation		Difference	
		Fixed cost	Depreciation expense	Residual Proportion	Residual value	Re-determined fixed cost	Residual value	Fixed cost	Residual Value
		4,455,454,486	4,009,909,012		445,545,474	5,979,272,727	4,285,942,691	1,523,818,241	3,840,397,217
6	Parking lot 2	256,982,636	256,982,636		-	277,798,230	92,395,691	20,815,594	92,395,691
7	Stainless steel folding door	64,260,000	14,994,002		49,265,998	64,260,000	56,458,836	-	7,192,838
8	New kitchen KS	256,598,252	25,659,825		230,938,427	256,598,252	238,482,415	-	7,543,988
9	Office (renovated from old kitchen)	952,481,486	95,248,149		857,233,337	952,481,486	885,236,293	-	28,002,956
10	Office (renovated from massage area)	833,386,842	83,338,684		750,048,158	833,386,842	771,049,506	-	21,001,348
11	New guard house	34,450,000	1,722,501		32,727,499	34,450,000	33,636,980	-	909,481
12	Office (renovated from old laundry area)	425,695,121	3,547,460		422,147,661	425,695,121	425,695,121	-	3,547,460
II	Vinalines Hai Phong Maritime Services Company	111,504,617,688	26,367,324,836		85,137,292,852	118,654,848,000	88,754,873,985	7,150,230,312	3,617,581,133
1	Container office area	90,272,727	90,272,727	0%	-	97,629,641	35,761,737	7,356,914	35,761,737
2	Bridge leading to the container	52,000,000	44,571,451	14%	7,428,549	48,063,870	19,211,129	(3,936,130)	11,782,580

No.	Houses and structures	Figures of financial statements audited by KPMG				Re-evaluation		Difference	
		Fixed cost	Depreciation expense	Residual Proportion	Residual value	Re-determined fixed cost	Residual value	Fixed cost	Residual Value
3	Yard road system	22,716,709,201	5,982,482,908		16,734,226,293	24,539,202,975	17,020,391,183	1,822,493,774	286,164,890
-	Yard road system	22,417,845,591	5,927,357,342	74%	16,490,488,249				
-	Renovation of entrance to gate 3	138,139,973	26,954,320	80%	111,185,653				
-	Renovation of entrance to gate 4	160,723,637	28,171,246	82%	132,552,391				
4	Drainage system	4,006,277,171	1,059,273,900	74%	2,947,003,271	4,637,155,037	3,216,330,734	630,877,866	269,327,463
5	Container yard	30,811,565,788	8,095,144,472		22,716,421,316	33,291,003,505	23,090,640,031	2,479,437,717	374,218,715
-	Foundation texture of container yard	30,450,430,117	8,051,200,947	74%	22,399,229,170				
-	Guardhouse 1 (Forwarding team's office)	254,605,455	31,825,710	87%	222,779,745				
-	Guardhouse 2 (Gate 2)	106,530,216	12,117,815	89%	94,412,401				
6	Entrance gate of yard	3,913,468,567	2,069,469,782	47%	1,843,998,785	4,439,409,940	3,079,174,734	525,941,373	1,235,175,949
7	3-floor office	4,420,934,547	837,151,787		3,583,782,760	5,573,536,364	4,830,583,967	1,152,601,817	1,246,801,207

No.	Houses and structures	Figures of financial statements audited by KPMG				Re-evaluation		Difference	
		Fixed cost	Depreciation expense	Residual Proportion	Residual value	Re-determined fixed cost	Residual value	Fixed cost	Residual Value
-	3-floor office	4,388,441,820	829,013,560	81%	3,559,428,260				
-	Document storage	32,492,727	8,138,227	75%	24,354,500				
8	Electric lighting system	2,392,636,504	1,009,725,872	58%	1,382,910,632	2,339,380,100	1,486,442,116	(53,256,404)	103,531,484
9	Cargo bridge to CFS warehouse	63,000,000	47,153,226	25%	15,846,774	58,231,228	27,694,772	(4,768,772)	11,847,998
10	Pallet refurbishment (cargo bridge)	30,240,000	22,633,548	25%	7,606,452	27,950,989	13,293,490	(2,289,011)	5,687,038
11	Renovation of entrance to the company	1,130,558,182	164,873,100	85%	965,685,082	1,130,558,182	974,880,320	-	9,195,238
12	Container office area 20FT	50,000,000	21,796,612	56%	28,203,388	50,000,000	36,905,000	-	8,701,612
13	Furniture counter in the transaction office	42,230,000	21,584,243	49%	20,645,757	42,230,000	31,423,343	-	10,777,586
14	Canteen	446,228,182	45,042,679	90%	401,185,503	446,228,182	405,933,777	-	4,748,274
15	Container repair yard	467,227,109	31,839,273	93%	435,387,836	467,227,109	435,362,220	-	(25,616)
16	CFS warehouse	23,161,996,992	5,647,652,677	76%	17,514,344,315	23,668,363,636	17,545,357,963	506,366,644	31,013,648

No.	Houses and structures	Figures of financial statements audited by KPMG				Re-evaluation		Difference	
		Fixed cost	Depreciation expense	Residual Proportion	Residual value	Re-determined fixed cost	Residual value	Fixed cost	Residual Value
17	Wick drain	16,967,742,207	784,530,018	95%	16,183,212,189	16,967,742,207	16,183,832,517	-	620,328
18	Yard fence (temporary)	741,530,511	392,126,561	47%	349,403,950	830,935,035	321,654,952	89,404,524	(27,748,998)
	Total	129,782,459,156	40,004,126,301		89,778,332,855	161,402,479,204	109,273,833,445	31,620,020,048	19,495,500,590

Appendix 2: List of machinery and equipment

No	Name of asset	Figures of financial statements audited by KPMG				Re-evaluation			Differences	
		Fixed cost	Depreciation expense	Residual value	Residual %	Fixed cost	Residual %	Residual value	Fixed cost	Residual value
1	2	7	8	9	10	11	12	13	14=11-7	15=13-9
I	Company's office	545,556,818	545,556,818	-		545,556,818		118,249,440	-	118,249,440
1	OP building CCTV system	545,556,818	545,556,818	-	0.0%	545,556,818	21.7%	118,249,440	-	118,249,440
II	Vinalines shipping company									
III	Container Vinalines Shipping company	111,090,006,003	91,066,511,261	20,023,494,742		111,086,133,276		30,673,355,648	(3,872,727)	10,649,860,906
	Machinery and equipment - HAN	110,515,226,763	90,960,754,612	19,554,472,151		110,515,226,763		30,166,292,695	-	10,611,820,544
1	Container lot 1	16,626,407,993	16,626,407,993	-	0.0%	16,626,407,993	20.0%	3,325,281,599	-	3,325,281,599
2	Container lot 2	8,318,307,972	8,318,307,972	-	0.0%	8,318,307,972	20.0%	1,663,661,594	-	1,663,661,594
3	Container lot 3	28,384,359,435	28,384,359,435	-	0.0%	28,384,359,435	20.0%	5,676,871,887	-	5,676,871,887
4	Container lot 4 including	57,186,151,363	37,631,679,212	19,554,472,151	34.2%	57,186,151,363	34.1%	19,500,477,615	-	(53,994,536)
	Machinery & equipment - HPH	88,850,000	14,349,978	74,500,022		88,850,000		78,809,950	-	4,309,928
5	Cabinet used for refrigerated container	44,425,000	7,174,989	37,250,011	83.8%	44,425,000	88.7%	39,404,975	-	2,154,964
6	Cabinet used for refrigerated container	44,425,000	7,174,989	37,250,011	83.8%	44,425,000	88.7%	39,404,975	-	2,154,964

No	Name of asset	Figures of financial statements audited by KPMG				Re-evaluation			Differences	
		Fixed cost	Depreciation expense	Residual value	Residual %	Fixed cost	Residual %	Residual value	Fixed cost	Residual value
	Machinery & equipment - Fleet	414,109,240	68,703,284	345,405,956		410,236,513		368,548,163	(3,872,727)	23,142,207
7	Computer of KTMS-2500 in replacement of VNL Ruby	78,392,120	21,368,169	57,023,951	72.7%	78,392,120	83.0%	65,065,460	-	8,041,509
8	Computer of KTMS-2500 in replacement of VNL Ruby	78,392,120	21,368,169	57,023,951	72.7%	78,392,120	83.0%	65,065,460	-	8,041,509
9	Inmarsat Felcom 18,1 13.8V-30A voltage regulator, Epson LQ-310 dot matrix printer for V.Pioneer	110,612,500	595,812	110,016,688	99.5%	110,612,500	99.4%	109,948,825	-	(67,863)
10	Inmarsat Felcom 18 equipment set, 01 voltage, regulator 13.8V-30A, Epson LQ-310 dot matrix printer for V.Pioneer	113,112,500	731,134	112,381,366	99.4%	113,112,500	99.2%	112,207,600	-	(173,766)
11	MAYPHOTO-XEROX2056-VNLRUBY – equipped for V.Ruby ship - V.Ruby ship	33,600,000	24,640,000	8,960,000	26.7%	29,727,273	54.7%	16,260,818	(3,872,727)	7,300,818
	Machinery & equipment – Container Repair team	71,820,000	22,703,387	49,116,613		71,820,000		59,704,840	-	10,588,227
12	MIG welding machine according to the invoice 237 VTD	33,820,000	16,909,992	16,910,008	50.0%	33,820,000	76.2%	25,770,840	-	8,860,832

No	Name of asset	Figures of financial statements audited by KPMG				Re-evaluation			Differences	
		Fixed cost	Depreciation expense	Residual value	Residual %	Fixed cost	Residual %	Residual value	Fixed cost	Residual value
13	Paint sprayer N44:1 (Industrial cleaning)	38,000,000	5,793,395	32,206,605	84.8%	38,000,000	89.3%	33,934,000	-	1,727,395
IV	Vinalines's branch in Haiphong city	1,355,185,000	1,027,457,241	327,727,759		1,342,490,910		412,307,307	(12,694,090)	84,579,548
1	Sound Standard 550 kit	86,850,000	86,850,000	-	0.0%	86,850,000	29.2%	25,334,145	-	25,334,145
2	Komatsu generator	1,086,670,000	847,740,740	238,929,260	22.0%	1,086,670,000	26.7%	289,814,889	-	50,885,629
3	Standing air conditioner	83,000,000	83,000,000	-	0.0%	84,485,455	20.0%	16,897,091	1,485,455	16,897,091
4	Standing air conditioner 45BTU	98,665,000	9,866,501	88,798,499	90.0%	84,485,455	95.0%	80,261,182	(14,179,545)	(8,537,317)
V	Vinalines's branch in Hochiminh city	200,000,000	-	200,000,000		200,000,000		200,000,000	-	-
1	Generator	200,000,000	-	200,000,000	100.0%	200,000,000	100.0%	200,000,000	-	-
VI	Maritime manpower supply company	-	-	-		-		-	-	-
VII	Vinalines Haiphong Maritime Services Company	5,052,341,943	2,173,402,465	2,878,939,478		4,945,028,742		3,236,666,603	(107,313,201)	357,727,125
1	Underground cable 35KV	636,945,508	217,770,658	419,174,850	65.8%	622,768,082	64.4%	401,311,752	(14,177,426)	(17,863,098)
2	Substation and station system	4,184,286,555	1,909,691,312	2,274,595,243	54.4%	4,091,150,780	64.4%	2,636,337,563	(93,135,775)	361,742,320

No	Name of asset	Figures of financial statements audited by KPMG				Re-evaluation			Differences	
		Fixed cost	Depreciation expense	Residual value	Residual %	Fixed cost	Residual %	Residual value	Fixed cost	Residual value
3	Transceiver station WFICFR5000	33,050,000	8,644,540	24,405,460	73.8%	33,050,000	82.8%	27,358,790	-	2,953,330
4	Capacitor COSPHI	198,059,880	37,295,955	160,763,925	81.2%	198,059,880	86.7%	171,658,498	-	10,894,573
	Total	118,243,089,764	94,812,927,785	23,430,161,979		118,119,209,746		34,640,578,998	(123,880,018)	11,210,417,019

Appendix 3: List of means of transport and transmit instruments and decrease/increase of ships in 2017-2018

No.	Asset	Figures of financial statements audited by KPMG				Re-evaluation			Difference	
		Fixed cost	Depreciation expense	Residual value	Residual %	Fixed cost	Residual %	Residual value	Fixed cost	Residual value
1	2	7	8	9	10	11	12	13	14=11-7	15=13-9
1	Company's office	16,048,636,739	15,280,485,791	768,150,948		26,711,616,345		9,444,540,725	10,662,979,606	8,676,389,777
1	Camry 52V-0414	578,376,245	578,376,245	-	0.0%	1,291,956,364	25.0%	322,989,091	713,580,119	322,989,091
2	Zace 29T - 2097	342,103,714	342,103,714	-	0.0%	836,069,091	28.0%	234,099,345	493,965,377	234,099,345
3	Car 29X - 8479	1,014,279,800	1,014,279,800	-	0.0%	1,443,232,727	30.0%	432,969,818	428,952,927	432,969,818
4	Car 29X - 9018	798,006,400	798,006,400	-	0.0%	1,291,956,364	30.0%	387,586,909	493,949,964	387,586,909
5	Landcruiser GX FZJ100L 29X - 8839	1,114,300,400	1,114,300,400	-	0.0%	2,418,810,909	30.0%	725,643,273	1,304,510,509	725,643,273
6	Camry 3.0V: 31A - 5993	415,936,850	415,936,850	-	0.0%	1,443,232,727	27.0%	389,672,836	1,027,295,877	389,672,836
7	Landcruiser 29N - 8613 (old)	611,240,730	611,240,730	-	0.0%	2,418,810,909	20.0%	483,762,182	1,807,570,179	483,762,182
8	Camry 29Z - 7495	1,119,069,200	1,119,069,200	-	0.0%	1,443,232,727	37.1%	535,920,419	324,163,527	535,920,419
9	Camry 29Z - 7713	864,995,800	864,995,800	-	0.0%	1,291,956,364	37.9%	489,651,462	426,960,564	489,651,462
10	Camry 29Z - 7827	864,995,800	864,995,800	-	0.0%	1,291,956,364	38.0%	491,287,940	426,960,564	491,287,940

No.	Asset	Figures of financial statements audited by KPMG				Re-evaluation			Difference	
		Fixed cost	Depreciation expense	Residual value	Residual %	Fixed cost	Residual %	Residual value	Fixed cost	Residual value
11	Mercedes 30M - 1691 (16 seats)	710,057,691	710,057,691	-	0.0%	965,734,545	43.3%	418,549,352	255,676,854	418,549,352
12	Camry 30V-9010 (silver)	983,948,000	983,948,000	-	0.0%	1,291,956,364	53.1%	686,459,481	308,008,364	686,459,481
13	Camry 30V-9393(black)	983,848,000	983,848,000	-	0.0%	1,291,956,364	53.2%	686,890,134	308,108,364	686,890,134
14	Toyota Fotuner 31F-0895 (7 seats)	958,229,000	958,229,000	-	0.0%	1,169,494,545	58.8%	687,350,927	211,265,545	687,350,927
15	Avalon 80A-00543	882,561,345	789,402,098	93,159,247	10.6%	2,596,843,636	37.1%	962,909,620	1,714,282,291	869,750,373
16	Toyota Altis (52Y-4630 old license plate number) - new: 30A-123.72	560,328,735	560,328,735	-	0.0%	788,730,909	30.0%	236,619,273	228,402,174	236,619,273
17	Vân Phong barge	2,039,139,981	1,501,551,529	537,588,452	26.4%	2,039,139,981	37.2%	757,880,360	-	220,291,908
18	Tractor (65M-2995)	457,219,048	425,213,525	32,005,523	7.0%	646,545,455	27.1%	174,998,303	189,326,407	142,992,780
19	Tractor (65N-0532)	750,000,000	644,602,274	105,397,726	14.1%	750,000,000	45.2%	339,300,000	-	233,902,274
II	Vinalines shipping company	7,349,650,115,815	3,054,458,851,112	4,295,191,264,703		7,349,650,115,815		3,174,702,056,038	-	(1,120,489,208,665)
	SHIP	7,347,215,821,672	3,052,024,556,969	4,295,191,264,703		7,347,215,821,672		3,173,405,806,038	0	(1,121,785,458,665)

No.	Asset	Figures of financial statements audited by KPMG				Re-evaluation			Difference	
		Fixed cost	Depreciation expense	Residual value	Residual %	Fixed cost	Residual %	Residual value	Fixed cost	Residual value
1	Vinalines Brave	706,768,003,304	211,166,619,543	495,601,383,761	70.1%	706,768,003,304	55.0%	388,722,401,817	-	(106,878,981,944)
2	Vinalines Traderp	541,304,012,654	335,925,664,228	205,378,348,426	37.9%	541,304,012,654	22.0%	119,086,882,784	-	(86,291,465,642)
3	Vinalines Sunrise	703,931,238,671	222,538,333,896	481,392,904,775	68.4%	703,931,238,671	50.0%	351,965,619,336	-	(129,427,285,439)
4	Vinalines Green	300,348,598,013	105,964,006,349	194,384,591,664	64.7%	300,348,598,013	30.0%	90,104,579,404	-	(104,280,012,260)
5	Vinalines Sky	661,649,103,429	354,234,775,033	307,414,328,396	46.5%	661,649,103,429	30.0%	198,494,731,029	-	(108,919,597,367)
6	Vinalines Ocean	376,036,323,620	168,701,836,427	207,334,487,193	55.1%	376,036,323,620	22.0%	82,727,991,196	-	(124,606,495,997)
7	Vinalines Star	377,990,231,860	168,084,983,034	209,905,248,826	55.5%	377,990,231,860	20.0%	75,598,046,372	-	(134,307,202,454)
8	Vinalines Fortuna	341,439,969,791	153,250,269,822	188,189,699,969	55.1%	341,439,969,791	20.0%	68,287,993,958	-	(119,901,706,011)
9	Vinalines Freedom	259,092,586,928	66,638,886,164	192,453,700,764	74.3%	259,092,586,928	50.0%	129,546,293,464	-	(62,907,407,300)
10	Vinalines Glory	875,309,607,411	340,607,246,872	534,702,360,539	61.1%	875,309,607,411	55.0%	481,420,284,076	-	(53,282,076,463)
11	Vinalines Mighty	290,810,489,293	107,375,373,844	183,435,115,449	63.1%	290,810,489,293	55.0%	159,945,769,111	-	(23,489,346,338)
12	Tây Sơn 1	151,553,234,934	94,541,517,653	57,011,717,281	37.6%	151,553,234,934	47.0%	71,230,020,419	-	14,218,303,138
13	Tây Sơn 2	164,749,187,086	92,862,384,935	71,886,802,151	43.6%	164,749,187,086	47.0%	77,432,117,930	-	5,545,315,779
14	Tây Sơn 3	164,421,736,670	85,615,116,065	78,806,620,605	47.9%	164,421,736,670	47.0%	77,278,216,235	-	(1,528,404,370)

No.	Asset	Figures of financial statements audited by KPMG				Re-evaluation			Difference	
		Fixed cost	Depreciation expense	Residual value	Residual %	Fixed cost	Residual %	Residual value	Fixed cost	Residual value
15	Tây Sơn 4	165,218,844,622	81,986,389,945	83,232,454,677	50.4%	165,218,844,622	47.0%	77,652,856,972	-	(5,579,597,705)
16	Vinalines Unity	292,091,132,929	100,619,713,201	191,471,419,728	65.6%	292,091,132,929	55.0%	160,650,123,111	-	(30,821,296,617)
17	Vinalines Galaxy	974,501,520,457	361,911,439,958	612,590,080,499	62.9%	974,501,520,457	57.8%	563,261,878,824	-	(49,328,201,675)
	<i>Car</i>	<i>2,434,294,143</i>	<i>2,434,294,143</i>	<i>-</i>		<i>2,434,294,143</i>		<i>1,296,250,000</i>	<i>-</i>	<i>1,296,250,000</i>
1	29S - 9738, Toyota camry 2.4, blue	535,897,143	535,897,143	-	0.0%	535,897,143	59.5%	318,750,000	-	318,750,000
2	30F - 0569, Camry 3.5LE black	1,197,381,000	1,197,381,000	-	0.0%	1,197,381,000	46.1%	552,500,000	-	552,500,000
3	53S - 3341, Mercedes Sprint 313, 16 seats	701,016,000	701,016,000	-	0.0%	701,016,000	60.6%	425,000,000	-	425,000,000
III	Vinalines Container shipping company	1,477,606,180,716	450,276,860,041	1,027,329,320,675		1,482,958,061,822		973,487,833,588	5,351,881,106	(53,841,487,087)
	<i>Means of transport, transmission instruments – ship crew</i>	<i>1,469,473,332,732</i>	<i>443,758,233,972</i>	<i>1,025,715,098,760</i>		<i>1,469,473,332,732</i>		<i>967,776,818,005</i>	<i>-</i>	<i>(57,938,280,755)</i>
1	VNL Diamond - 1080 Teu	487,701,242,079	188,894,755,970	298,806,486,109	61.3%	487,701,242,079	58.2%	283,842,122,890	-	(14,964,363,219)

No.	Asset	Figures of financial statements audited by KPMG				Re-evaluation			Difference	
		Fixed cost	Depreciation expense	Residual value	Residual %	Fixed cost	Residual %	Residual value	Fixed cost	Residual value
2	VNL Pioneer - 588 Teu	202,965,954,816	108,837,327,528	94,128,627,288	46.4%	202,965,954,816	30.0%	60,889,786,445	-	(33,238,840,843)
3	Vinalines Ruby c - 1800 Teu	778,806,135,837	146,026,150,474	632,779,985,363	81.2%	778,806,135,837	80.0%	623,044,908,670	-	(9,735,076,693)
	<i>Means of transport, transmission instruments - HCM</i>	<i>3,084,465,523</i>	<i>2,372,151,546</i>	<i>712,313,977</i>		<i>6,038,978,182</i>		<i>2,508,734,619</i>	<i>2,954,512,659</i>	<i>1,796,420,642</i>
4	Toyota Zace 52X-6271 7-seated car – HCM city office	388,679,818	388,679,818	-	0.0%	836,069,091	30.0%	250,820,727	447,389,273	250,820,727
5	29C-400.93 (old license plate 30H-3326) container truck	330,000,000	330,000,000	-	0.0%	1,207,818,182	33.2%	400,995,636	877,818,182	400,995,636
6	Trailer 29R-037.13 (old license plate 29R-0858)	164,719,997	148,274,352	16,445,645	10.0%	241,563,636	40.1%	96,867,018	76,843,639	80,421,373
7	Trailer 29R-03797 (old license plate 29R-1164)	164,719,997	148,274,352	16,445,645	10.0%	241,563,636	40.1%	96,867,018	76,843,639	80,421,373
8	Trailer 29R-034.57 (old license plate 0865)	164,719,997	148,274,352	16,445,645	10.0%	241,563,636	40.5%	97,833,273	76,843,639	81,387,628
9	Trailer 29R-1107	136,190,476	136,190,476	-	0.0%	283,372,727	33.8%	95,779,982	147,182,251	95,779,982
10	Trailer 29R-037.55 (old license plate 1185)	164,034,274	155,858,752	8,175,522	5.0%	288,018,182	38.0%	109,446,909	123,983,908	101,271,387

Figures of financial statements audited by KPMG

Re-evaluation

Difference

No.	Asset	Figures of financial statements audited by KPMG				Re-evaluation			Difference	
		Fixed cost	Depreciation expense	Residual value	Residual %	Fixed cost	Residual %	Residual value	Fixed cost	Residual value
11	30H-3374 container	330,000,000	330,000,000	-	0.0%	1,207,818,182	33.2%	400,995,636	877,818,182	400,995,636
12	30K-5186 container	627,650,964	564,986,202	62,664,762	10.0%	868,700,000	40.4%	350,954,800	241,049,036	288,290,038
13	Trailer 29R-502.82 HCM office	306,875,000	10,806,621	296,068,379	96.5%	311,245,455	97.7%	304,086,810	4,370,455	8,018,431
14	Trailer 29R-502.85 HCM office	306,875,000	10,806,621	296,068,379	96.5%	311,245,455	97.7%	304,086,810	4,370,455	8,018,431
	<i>Means of transport, transmission instruments - HPH</i>	<i>2,833,322,539</i>	<i>2,115,290,808</i>	<i>718,031,731</i>		<i>4,330,379,999</i>		<i>1,949,127,368</i>	<i>1,497,057,460</i>	<i>1,231,095,637</i>
15	Trailer 29R-500.40 Hải Phòng office	314,232,727	28,804,666	285,428,061	90.8%	314,032,727	93.8%	294,562,698	(200,000)	9,134,637
16	Trailer 29R-500.72 - Hải Phòng office	314,232,727	28,804,666	285,428,061	90.8%	314,032,727	93.8%	294,562,698	(200,000)	9,134,637
17	29Z-7222Xe container – Hai Phong office	509,989,060	484,571,126	25,417,934	5.0%	854,763,636	38.0%	324,810,182	344,774,576	299,392,248
18	29Z-7956 container – Hai Phong office	509,989,060	459,071,669	50,917,391	10.0%	854,763,636	37.8%	323,100,654	344,774,576	272,183,263
19	30K-5791container – Hai Phong office	627,650,964	564,986,202	62,664,762	10.0%	868,700,000	40.5%	351,823,500	241,049,036	289,158,738

No.	Asset	Figures of financial statements audited by KPMG				Re-evaluation			Difference	
		Fixed cost	Depreciation expense	Residual value	Residual %	Fixed cost	Residual %	Residual value	Fixed cost	Residual value
20	Trailer 29R-038.55	164,034,274	155,858,752	8,175,522	5.0%	288,018,182	38.0%	109,446,909	123,983,908	101,271,387
21	Toyota Zace 29U-8100 7-seated Hải Phòng office	393,193,727	393,193,727	-	0.0%	836,069,091	30.0%	250,820,727	442,875,364	250,820,727
	<i>Means of transport, transmission instruments - HAN</i>	2,215,059,922	2,031,183,715	183,876,207		3,115,370,909		1,253,153,596	900,310,987	1,069,277,389
22	Toyota Zace 29U-7705 7-seated – Hanoi office	392,256,818	392,256,818	-	0.0%	836,069,091	30.0%	250,820,727	443,812,273	250,820,727
23	Toyota Camry 29X-0858 – Hanoi office	922,184,922	922,184,922	-	0.0%	1,443,232,727	30.0%	432,969,818	521,047,805	432,969,818
24	Toyota Innova 2.0V 29A-54128 7-seated – Hanoi office	900,618,182	716,741,975	183,876,207	20.4%	836,069,091	68.1%	569,363,051	(64,549,091)	385,486,844
IV	Vinalines' branch in Haiphong city	1,503,443,409	1,503,443,409	-		1,503,443,409		780,946,720	-	780,946,720
1	Camry 2.4	759,110,773	759,110,773	-	0.0%	759,110,773	61.4%	466,094,015	-	466,094,015
2	INOVA	744,332,636	744,332,636	-	0.0%	744,332,636	42.3%	314,852,705	-	314,852,705
V	Vinalines' branch in Hochiminh city	1,736,471,191	1,736,471,191	-		1,736,471,191		957,081,818	-	957,081,818

No.	Asset	Figures of financial statements audited by KPMG				Re-evaluation			Difference	
		Fixed cost	Depreciation expense	Residual value	Residual %	Fixed cost	Residual %	Residual value	Fixed cost	Residual value
	Total	8,916,409,572,901	3,559,390,856,091	5,357,018,716,810		8,932,467,517,558		4,194,411,490,720	16,057,944,657	(1,162,607,226,090)

Update on the decrease/increase of ships in 2017 and 1H2018

Decrease/Increase of ships in 2017													
													Unit: VND Million
1	2	3	4	5	6	7	8	9	10	11	12	13	14
No.	Company	Name	Year	Ship type	Capacity			Location	Transfer time	Selling price		Remained book value	Revaluation at 12/31/2016
					GT	NT	DWT			USD	VND		
I	Decrease of ships in 2017						259,490						
A	Decrease of ships due to sale						222,445						
1	Vinalines Nha Trang	Hoa Lu	2003	Dry cargo	6,500	2.448	6.500	Viet Nam	5/2017	With Tax	14,950	48,045	
2	Vinalines Nha Trang	Âu Cơ 1	2005	Dry cargo	6,500	2.448	6.500	Viet Nam	5/2017	With Tax	15,380	52,502	
3	VOSCO	Sông Ngân	1998	Dry cargo	6,205	2.085	6.205	Japan	10/2017	With Tax	16,600	0	
4	VLC	Vinalines Global	1994	Dry cargo	73,350		73.350	Japan	1/2017	Without Tax	62,144	54,505	Await to be sold, no re-evaluation
5	VLC	Vinalines Trader	1997	Dry cargo	69,614	23.057	69.614	Japan	10/2017	Without Tax	80,474	53,736	119.086
6	VLC	Vinalines Star	1993	Dry cargo	26,456	15.884	26.456	Japan	10/2017	Without Tax	42,395	192,093	75.589
7	Dong Do	Đông Thọ	1998	Dry cargo	10,094	3.290	10.094	Japan	11/2017	1,375,638		67,443	
8	Vitranschart	VTC Globe	1995	Dry cargo	23,726	8.741	23.726	Japan	11/2017	Without Tax	52,410	88,394	
B	Decrease of ships not for sale						37,045						
1	INLACO HAI PHONG	INLACO UNION	1996	Dry cargo	8,394		8,394	Korea	2017				Transferred to the credit agent
2	INLACO HAI PHONG	INLACO BRAVE	1997	Dry cargo	9,651		9,651	Japan	2017				Transferred to the credit agent
3	OSTC	HONG LINH	2008	Dry cargo	12,500		12,500		2017				Transferred to the credit agent
4	OSTC	NGOC SON	2004	Dry cargo	6,500		6,500		2017				Sunked ship

Decrease/Increase of ship during 1H2018
Unit: VND Million

1	2	3	4	5	6	7	8	9	10	11	12	13	14
No.	Company	Name	Year	Ship type	Capacity			Location	Transfer time	Selling price		Remained book value	Revaluation at 12/31/2016
					GT	NT	DWT			USD	VND		
I	Decrease of ships within the year						61,584						
A	Decrease of ships due to sale						61,584						
1	Vosco	Vĩnh Thuận	2000	Dry cargo	4,143	2,504	6,500	Viet Nam	5/2018		25,300	0	
2	Vinaship	Vinaship Ocean	1986	Dry cargo	7,110	4,381	12,367	Japan	5/2018		23,770	32,073	
3	VLC	Vinalines Sky	1997	Dry cargo	24,953		42,717	Japan	6/2018		93,680	133,477	198,494

Appendix 4: List of subsidiaries, joint ventures, associates, capital-contributed companies of the parent company – Vietnam National Shipping Lines at 31/12/2017

Unit: VND million

Source: Vinalines

Name of the enterprise	Business lines	As at 31/12/2017				
		Charter capital	Vinalines ownership (%)	Vinalines's investment capital	Re-evaluated value for equitization	
SUBSIDIARIES						
1	Hau giang Maritime Service limited liability company	Port operation	91,943	100.00	91,943	372,245
2	Bien Dong Shipping company limited	Shipping	124,742	100.00	124,742	0
3	Can Tho Port Joint stock company	Port operation	284,800	99.05	282,085	259,192
4	Vinalines Nha Trang Joint Stock Company	Shipping	50,593	98.34	49,753	0
5	Hai Phong port joint stock company (HAIPHONG PORT)	Port operation	3,269,600	92.56	3,026,414	4,781,734
6	Cam Ranh port joint stock company	Port operation	245,018	80.90	198,230	582,797
7	Danang Port Joint stock Company	Port operation	660,000	75.00	495,000	1,188,000
8	Sai Gon Port joint stock co. (SAIGON PORT)	Port operation	2,162,950	65.45	1,415,649	1,132,519
9	Vinabridge company limited (VINABRIDGE)	Logistics & maritime services	16,421	60.00	10,041	33,919

	Name of the enterprise	Business lines	As at 31/12/2017			
			Charter capital	Vinalines ownership (%)	Vinalines's investment capital	Re-evaluated value for equitization
10	Vietnam sea transport and chartering joint stock company (VITRANSCHART)	Shipping	589,993	60.00	312,000	42,480
11	Vinalines Logistics Vietnam Joint Stock Company	Logistics & maritime services	142,121	56.72	80,616	47,564
12	Cái Lân Port investment joint stock company	Port operation	365,050	56.58	206,550	0
13	Vietnam Hi-Tech Transportation Company, Ltd. (TRANSVINA)	Port operation	52,517	56.00	22,752	39,473
14	Nghe Tinh Port Joint Stock Company (NGHETINH PORT)	Port operation	215,172	51.00	109,738	125,101
15	Vietnam Ocean Shipping Joint Stock Company (VOSCO)	Shipping	1,400,000	51.00	714,000	75,684
16	Vinaship joint stock company (VINASHIP)	Shipping	200,000	51.00	102,000	10,200
17	Vietnam Maritime Development Joint Stock Company (VIMADECO)	Logistics & maritime services	90,000	51.00	40,800	59,670
18	Vietnam Ocean Shipping Agency Corporation (VOSA)	Logistics & maritime services	128,150	51.05	59,478	148,695
19	Vinalines - Đình Vũ Port joint stock company	Port operation	200,000	51.00	102,000	100,284
JOINT VENTURES, ASSOCIATES AND OTHER COMPANIES						

	Name of the enterprise	Business lines	As at 31/12/2017			
			Charter capital	Vinalines ownership (%)	Vinalines's investment capital	Re-evaluated value for equitization
1	Vietnam – Japan International Transport company Limited (VIJACO)	Logistics & maritime services	55,000	50.00	27,500	48,267
2	Năm Căn Port Joint stock company	Port operation	8,000	49.35	3,948	0
3	Oriental shipping and trading joint stock company (OSTC)	Shipping	200,560	49.00	105,707	3,931
4	Construction Consultation joint stock company of maritime building (CMB)	Logistics & maritime services	40,040	49.00	3,773	34,113
5	Khuyen Luong port joint stock company (KHUYENLUONG PORT)	Port operation	40,566	49.00	19,877	22,039
6	Dong Do Marine Joint stock company (DONGDO MARINE)	Shipping	122,445	48.97	63,564	11,993
7	International shipping and labor cooperation joint stock company (INLACO SAIGON)	Shipping	88,000	36.00	31,680	7,286
8	Cái Mép International Terminal Company, Ltd. (CMIT)	Port operation	1,110,319	36.00	401,865	0
9	Transport and Trade Services joint stock company (TRANSCO) TJC	Shipping	86,000	33.49	28,125	25,344
10	Hai Au shipping Joint stock company (SESCO)	Shipping	50,000	26.46	13,230	0

Name of the enterprise		Business lines	As at 31/12/2017			
			Charter capital	Vinalines ownership (%)	Vinalines's investment capital	Re-evaluated value for equitization
11	Hai Phong International shipping and labor cooperation joint stock company (INLACO HAIPHONG)	Shipping	61,004	24.90	24,983	3,554
12	SP- PSA International Terminal company, Ltd.	Port operation	1,025,957	15.00	153,662	0
13	Hai Phong Marine investment and trading joint stock company	Others	85,099	12.92	10,999	11,643
14	Sai gon Port international container services company - SSA (SSIT)	Port operation	1,551,719	11.07	307,966	46,995
15	Saigon maritime joint stock company (SMC)	Logistics & maritime services	43,096	10.15	7,434	4,431

Appendix 5: List of warehouse by subsidiaries or areas

Enterprise	Location	Storage		Depot	
		Area (m2)	Structure	Area (m2)	Structure
Vinalines HCM		0		0	
Construction Consultation Joint Stock Company For Maritime Building (CMB)	112 Le Thanh Tong - Hai Phong	149	Sheet metal roof with brick wall	5,115	Sheet metal roof with brick wall on ballast foundation
VOSA VN	Vosa Quảng Ninh	13,400	Rafter frame, concrete foundation and wall, Sheet metal roof	32,000	Concrete foundation
	Northfreight-KM107, Nguyen Binh Khiem, HP	1,254	Rafter frame, concrete foundation and wall, Sheet metal roof	7,970	Concrete foundation
	Northfreight-KM107, Nguyen Binh Khiem, HP	1,580	Rafter frame, concrete foundation and wall, Sheet metal roof	19,127	Concrete foundation
	Vosa Da Nang		Rafter frame, concrete foundation and wall, Sheet metal roof	5,849	Concrete foundation
	VP Vosa HCM	2,262	Rafter frame, concrete foundation and wall, Sheet metal roof	5,000	Ballast foundation
Vinabridge Limited Company (Vinabridge)	308 Ngo Quyen HP	1,400 (rent)	Old Czech style frame, low floor, Sheet metal roof	15,000 (rent)	Concrete foundation
	District 9, HCM City			16,000 (rent)	Concrete foundation
Hai Phong Maritime Service Company		5,760	Framed steel, Concrete reinforcing steel foundation	141,819.5	Bituminous prime coat
Vinalines Logistics Joint Stock Company	CN Hai Phong	3,528	Steel frame, BTCT pile foundation, Concrete foundation	30,216	Asphalt concrete and cement concrete
	ICD Lao Cai	2,160	Concrete foundation, brick wall, Sheet metal roof	7,660	Asphalt concrete and cement concrete

Enterprise	Location	Storage		Depot	
		Area (m2)	Structure	Area (m2)	Structure
	CN Ho Chi Minh				
VIMADECO	Chùa Vẽ warehouse	1,400	Steel frame, steel metal roof		
	Depot Chùa Vẽ			20,000	Synthetic stone foundation, Semi-Bituminous prime coat plastic surface
	Đông Hải Warehouse	2,329	Steel frame, steel metal roof		
	Depot Đông Hải			50,000	Synthetic stone foundation, Semi-Bituminous prime coat plastic surface
	CFS -ICD Gia Lâm	1,000	Steel frame, steel metal roof		
	ICD Gia Lâm			8,000	Bãi Synthetic stone foundation, Semi-Bituminous prime coat plastic surface, văn phòng
	Warehouse at ICD Phước Long	1,644	Steel frame, steel metal roof		
	ICD Phước Long			24,000	Synthetic stone foundation, Semi-Bituminous prime coat plastic surface
	warehouse at Nam Hòa 1	2,100	Steel frame, steel metal roof		
	Depot Nam Hoà 1			44,000	Gravel foundation, asphalt surface
	Depot Nam hòa 2 (land leased from other unit for 3 years for CTN exploitation)			21,315	
	Depot Nam Hoà 3 (land leased from Vimadeco since 2014, for depot and rental)			54,000	Gravel foundation, asphalt surface
Vinalines Hai Phong		0		0	

Enterprise	Location	Storage		Depot	
		Area (m2)	Structure	Area (m2)	Structure
Hau Giang Maritime Service One Member LTD.		300	Steel frame, steel metal roof, brick wall	20,000/851,000 (land not in use)	Stone and soil foundation
Vijaco	CFS warehouse in Chùa Vẽ	1,008	Steel frame, reinforced retaining wall		
	Bond price storage in HP Nomurra Industrial zone	4,343	Steel frame, reinforced retaining wall		
	warehouse in the Vĩnh Yên Vĩnh Phúc area	9,600	Steel frame, reinforced retaining wall		

Appendix 6: List of loan balance as of 12/31/2016 and 12/31/2017 of the parent company

No.	Name of credit organization/project	31/12/2016	31/12/2017
A	Short-term loans and issued bonds	2,302,791,751,985	556,773,444,488
	Short-term loans	354,546,749,185	0
	✓ OceanBank - Headquarters	147,434,936,521	0
	✓ OceanBank – Hanoi Branch	207,111,812,664	0
	Due long-term loans	1,948,245,002,800	556,773,444,488
	✓ Asia Commercial Joint Stock Bank- Hanoi Branch	9,093,138,975	0
	✓ Asia Commercial Joint Stock Bank- Ho Chi Minh City Branch	193,758,825,000	0
	✓ Vietnam Development Bank - Hai Phong Branch	423,419,735,608	393,889,735,608
	✓ Cathay Bank - Chu Lai Branch	1,022,667,312,010	0
	✓ OceanBank – Hanoi Branch	139,260,600,000	0
	✓ Bank for Investment and Development of Vietnam - Hai Phong Branch	42,800,000,000	86,450,538,880
	✓ Indovina Bank One Member Ltd,	40,629,601,132	0
	✓ Viet A Joint Stock Commercial Bank – Operation Center	76,615,790,075	76,433,170,000
B	Long-term loans and issued bonds	2,373,084,988,367	1,588,911,977,021
	✓ Asia Commercial Joint Stock Bank- Sai Gon Branch	41,128,465,057	0
	✓ Indovina Bank One Member Ltd,	73,028,676,185	0
	✓ Cathay United Bank- Chu Lai Branch	549,630,363,343	104,245,541,874
	✓ Bank for Investment and Development of Vietnam - Hai Phong Branch	44,400,538,880	0
	✓ Viet A Joint Stock Commercial Bank – Operation Center	2,570,425	0
	✓ Vietnam Development Bank - Hai Phong Branch	1,309,235,278,984	1,309,235,278,984
	✓ OceanBank (Headquarters)	179,955,689,330	0
	✓ PSA Việt Nam PTE LTD	112,637,250,000	112,365,000,000
	✓ Support Fund For Reorganization And Equitization Of State Enterprises	63,066,156,163	63,066,156,163

Appendix 7: Details of guarantee and commitment of the parent company towards subsidiaries as of 31/12/2017
7.1 Guarantee of the parent company for subsidiaries

NO.	COMPANY	GUARANTEE AMOUNT						BANK	PURPOSE OF GUARANTEE, COMMITMENT	CURRENT STATUS
		VND	USD	Original Balance as of 12/31/17 (VND)	Balance with interest as of 12/31/17 (VND)	Original Balance as of 12/31/15 (USD)	Balance with interest as of 12/31/17 (USD)			
1	Can Tho Port JSC	84,766,922,779		57,016,677,596	27,726,454,811			VTB Chuong Duong	Construction project to build Cai Cui port phase II	Currently, Can Tho port is under the process of leveling to build storage for rent
2	Vinashin shipping one member limited company (Vinashinlines)	5,516,292,136						Social Insurance of Hoang Mai district, Hanoi	Guarantee of debt towards social insurance, health insurance, unemployment insurance (till 12/31/2017)	The company already received decision for bankruptcy from People Court of Justice of Ha Noi Not yet identified debt of incurred interest till 12/31/2017
3	Ca Mau IT one member limited company	1,690,985,382						Social insurance of Ca Mau Province	Guarantee of debt towards social insurance, health insurance, unemployment insurance (till 12/31/2017)	The company already received decision for bankruptcy from People Court of Justice of Ca Mau Province Not yet identified debt of incurred interest till 12/31/2017
4	Nam Can port JSC	223,550,560						Nam Can District's social insurance, Ca Mau Province	Guarantee of debt towards social insurance, health insurance, unemployment insurance (till 12/31/2017)	Not yet identified debt of incurred interest till 12/31/2017

7.2 Guarantee of the parent company towards subsidiaries still in controversy

NO,	NAME OF UNIT	AMOUNT OF ENDORSEMENT AND COMMITMENT						BANK	PURPOSE OF ENDORSEMENT AND COMMITMENT	OPERATIONAL REALITIES
		VND	USD	Pricipal debt outstanding 31/12/17 (VND)	Interest debt outstanding 31/12/17 (VND)	Pricipal debt at 31/12/15 (USD)	Interest debt at 31/12/15 (USD)			
1	Phuong Dong Ocean shipping and Trade JSC (formerly Bien bac Ocean shipping JSC)	197,000,000,000		134,280,340,946	121,909,690,686					
		78,000,000,000		53,255,000,000	11,627,660,231			VDB Hai Phong	Loan for new construction of Ngọc Sơn ship (6,500 DWT ship no, 1/KH 2004)	Ship faced incident, drown in the Maldives, the company is working with insurance to recover damages,
		119,000,000,000		81,025,340,946	110,282,030,455			VDB Opeartion Center	Loan for new construction of Hồng Lĩnh ship	Ship sold for auction, debt paid to VDB, the remainder is sustained by the Company,
2	International Labor Cooperation Company	159,716,000,000		76,613,799,662	24,998,120,231					
		83,300,000,000		35,487,299,662	6,792,494,463			VDB Hai Phong	Loan for construction of Thanh Thủy ship	In normal operation
		76,416,000,000		41,126,500,000	18,205,625,768			VDB Hai Phong	Loan for construction of Aquamarine ship	In normal operation
3	Vietnam Sea Transport	729,835,000,000		423,821,725,000	231,191,614,614					

	and Chartering Joint Stock Company	83,300,000,000	33,077,600,000	6,610,939,248	VDB Phong	Hai	Loan for construction of Viễn Đông 3 ship	Small-sized ship, difficulty in exploitation
		75,178,000,000	41,356,000,000	23,438,263,885	VDB Chi Minh	Ho	Loan for construction of Viễn Đông 5 ship	Poor technical conditions, broken crane, difficulty in exploitation
		202,147,000,000	121,177,000,000	52,246,405,296	VDB Phong	Hai	Loan for construction of 22,500 DWT ship no. 3/KH2004 (VTC Dragon)	In normal operation
		162,210,000,000	90,939,125,000	68,443,521,336	ACB		Loan for dry cargo purchase EDELWEISS (VTC Planet)	Poor and degrading technical conditions, difficulty in exploitation
		207,000,000,000	137,272,000,000	80,452,484,849	VDB Phong	Hai	Loan for construction of 22,500 DWT chiếc số 2/KH2005 (VTC Phoenix)	Ship in normal operation
4	Dong Do Marine JSC	203,778,000,000	158,574,364,918	119,467,686,394				
		81,000,000,000	55,954,135,375	34,133,854,738	VDB Opeartion Center I		construction of Đông Ba ship	In normal operation
		122,778,000,000	102,620,229,543	85,333,831,656	VDB Opeartion Center I		construction of Đông Phú ship	In normal operation
5	Vietnam Ocean Shipping JSC	512,644,000,000	301,342,000,000					
		120,644,000,000	56,644,000,000		VDB Phong	Hai	construction of Lan Hạ ship	In normal operation

		196,000,000,000		117,236,000,000				VDB Hai Phong	construction of Lucky Star ship	In normal operation
		196,000,000,000		127,462,000,000				VDB Hai Phong	construction of Blue Star ship	In normal operation
6	Vinaship JSC	193,000,000,000		102,035,450,000						
		75,000,000,000		29,700,000,000				VDB Hai Phong	construction of Mỹ Hưng ship	In normal operation
		118,000,000,000		72,335,450,000				VDB Hai Phong	construction of Vinaship Gold ship	In normal operation
7	PetroVietnam Transportation Company	470,697,000,000	4,359,175	291,611,673,497	259,598,456,274	1,823,383	470,745			
		202,147,000,000		114,252,553,932	98,748,855,460			VDB Hai Phong	construction of 22,500 DWT Golden Falcon ship	Ship sold in 10/2015, Company issued Decision on bankruptcy procedures of the People's Court of HCM City
			4,359,175			1,823,383	470,745	Techcombank	construction of 22,500 DWT Golden Falcon ship	
		268,550,000,000		177,359,119,565	160,849,600,814			VDB HCM	construction of DWT Diamond Falcon ship	Ship sold in 10/2015

Appendix 8: List of subsidiaries under divestment plan

No,	Name of Enterprise	Charter Capital	Stocks held	Vinalines' holdings (%)	
				Current	VB86/TTg-DMDN and VB625/VPCP-DMDN
1	Vietnam Ocean Shipping JSC (VOSCO)	1,400,000,000,000	71,400,000	51,00	49,00
2	Vietnam Sea Transport and Chartering Joint Stock Company (VITRANSCHART)	589,993,000,000	35,400,000	60,00	0,00
3	Vinaship JSC(VINASHIP)	200,000,000,000	10,200,000	51,00	36,00
4	Tin Nghia Industrial Park Development JSC	260,031,430,000	300,000	1,15	0,00
5	Petec Trading And Investment Corporation (PETEC)	2,488,774,701,456	47,844	0,019	0,00
6	Seagull Shipping JSC (SESCO)	50,000,000,000	1,323,000	26,46	0,00
7	International Labor Cooperation Company (INLACO HAIPHONG)	61,003,910,000	1,518,750	24,90	0,00
8	HP Maritime Investment and Trade JSC	85,000,000,000	1,099,900	12,94	0,00
9	Dong Do Marine JSC (DONGDO MARINE)	122,444,950,000	5,996,573	48,97	0,00
10	Phuong Dong Ocean shipping and Trade JSC (OSTC, formerly NOSCO)	200,560,000,000	9,827,440	49,00	0,00
11	HAI PHONG PORT JSC (HAIPHONG PORT)	3,269,600,000,000	302,641,377	92,56	65,00
13	Da Nang Port(DANANG PORT)	660,000,000,000	49,500,000	75,00	65,00

No,	Name of Enterprise	Charter Capital	Stocks held	Vinalines' holdings (%)	
				Current	VB86/TTg-DMDN and VB625/VPCP-DMDN
12	Vinalines Nha Trang JSC	50,593,290,000	939,558	98,34	0,00
14	Cần Thơ Port JSC	284,800,000,000	28,208,500	99,05	51,00
15	Cam Ranh Port JSC	245,018,170,000	19,823,015	80,90	51,00
16	Cái Lân Port Investment JSC (CPI)	365,050,000,000	20,655,000	56,58	51,00
17	High-technology transport JSC (TRANSVINA)	39,853,582,434	-	56,00	51,00
18	Khuyến Lương Port	40,566,000,000	1,987,734	49,00	36,00

Appendix 9: Plan on the use of land after equitization

No.	Address	Areas (m ²)	Current Uses	Use's Solutions after equitization		Comments of the city/province's People Committees on the Land use's solutions after equitization
				Land Use's Solution	Land Lease/Assign	
1	No. 211 Nguyen Van Troi Street, 11 th Ward, Tan Phu District (new No.: 163 Nguyen Van Troi) Managed by Vinaline – Ho Chi Minh	330	Commercial Lease and Offices	Continues on using as offices and commercial leasing	Lease, lump-sum payment for the whole period of lease. Rent of VND 27,878,400,000	Approved
2	Headquarter of Vietnam National Shipping Lines (Vinaline) (No 01. Dao Duy Anh, Dong Da, Hanoi) Managed by by Vinaline's office	5,912	Headquarter of Vietnam National Shipping Lines (Vinaline); commercial leasing	Continues as offices and commercial leases	Lease & rent payments every year. 2017 rent already handed in: VND 4,348,821,799	Approved
3	No. 283 Da Nang, Van My Ward, Ngo Quyen District, Hai Phong City. Managed by Vinaline Haiphong	8,310.1	Commercial leases as offices, hotel	Continues operation for hotel business and commercial leasing for offices	Lease & Rent payment every year. 2017 rent already handed in: VND 1,565,089,000	Approved
4	Land Area at Dong Hai Ward, Hai An District, Haiphong city managed by Vinaline MSC Co.	161,754	Used as warehouse for containers	Continues using as warehouse for containers	Rent payment every year. 2017 Rent of VND 1,33,927,000	Approved
5	Land Area at No. 11B, Vo Thi Sau Street, May To Ward, Ngo Quyen district, Haiphong city managed by Vinaline MMS Co.	112	Currently being operated and renovated as offices	Continues using as offices	Leased by the State, a lump-sum rent payment for a whole period of lease. Rent of 733,674,000	Approved
6	Land Area at Dong Phu Ward, Chau Thanh District, Hau Giang Province Managed by Vinaline Hau Giang One-member LLC	871.000 (residual areas after the Hau Giang Province's People Committee revoke land's use right of 24ha)	Currently planning the investment of Hau Giang Maritime- Port services Zone – Phase 1, Chau Thanh District, Hau Giang Province	Continues the investment on the Hau Giang Maritime-Port services Zone	Land's Assignment with rent payments. Total payment to Hau Giang people committee is VND 190,660,912,400 (in which, 83.99994 ha priced at VND 146,000/m ² ; 27,1 ha priced at VND 251,000/m ²).	Approved

No.	Address	Areas (m ²)	Current Uses	Use's Solutions after equitization		Comments of the city/province's People Committees on the Land use's solutions after equitization
				Land Use's Solution	Land Lease/Assign	
						Decision No. 330/QD-UBND dated 3/17/2017, People committee of Hau Giang province has recovered 24ha and compensated the company with total amount of VND 100,704,720,000 (priced at VND 419,603/m2)
7	No. 84-86 Nguyen Truong To Street, 12 th Ward, 4 th District, HCM City (managed by Bien Dong Shipping LLC., (BISCO))	139,37	Headquarter of the Ho Chi Minh City Branch of BISCO	Continues using as offices	Rent Payment every year	Approved
8	No 150 (old No.: 86) Tran Hung Dao Street, Dong Hai Ward, Hai An District, Haiphong city (managed by Bien Dong Shipping LLC., (BISCO))	170,20	Headquarter of the Haiphong City Branch of BISCO	Continues using as offices	Rent Payment every year	Approved
9	No. 1 Thuy Khue Street, Thuy Khue Ward, Tay Ho District, Hanoi city (Previous address: No. 3 Mai Xuan Thuong St.)	435,9	Headquarter of BISCO	Continues using as offices	Lease and Rent Payment every year. Rent of VND 147,028,660 per year	Approved

Appendix 10: List of projects under implementation/projected for later investment of VIMC and subsidiaries

No.	Unit	Total projected investment value (billions)			
		2017	2018	2019	2020
A	Investment entries at parent company	44.81	295.00	410.00	100.00
I	Fixed asset investment	23.94			
1	Equipment procurement project for conference centre	2.50			
2	Investment project of 1-2 barge 128 teus	14.44			
3	Investment project 5 container	7.00			
II	Capital construction investment	20.87	295.00	410.00	100.00
1	Repair project. Upgrading Hai Phong Marine Hotel - Vinalines	2.87			
2	Warehouse investment project 1.5ha - VTB Container Vinalines	18.00			
3	Investment project for berth and yard for Vinalines container terminal		80.00	130.00	
4	ICD/ logistics center/Bac Ninh distribution centre		80.00	100.00	
5	ICD/ logistics center/South Hanoi distribution centre		80.00	100.00	
6	ICD/ logistics center/Lach Huyen distribution centre/HPG 20ha		55.00	80.00	100.00
B	Investment in units				

No.	Unit	Total projected investment value (billions)			
		2017	2018	2019	2020
I	Danang Port Joint Stock company	698.55	474.60	47.10	22.00
1	Infrastructure Investment	536.00	425.80	37.80	
2	Investment in equipment	162.55	11.00	9.30	22
3	Investment in ICT		7.80		
4	Provision investment for unplanned items		30.00		
5	Investment to develop logistic				
6	Investment in Lien Chieu Port (Total investment 3.915 billions)				
II	Haiphong Port Joint Stock company	345.34	1,129.85	2,517.58	1,011.71
II.1	Existing regions	345.34	495.04	243.41	229.60
1	Infrastructure	84.99	127.80	129.99	34.40
2	Equipment	250.63	286.15	89.20	186.30
3	ICT	9.72	81.10	24.22	9.00
II.2	Expansion investment projects				
1	Project of 02 berths in Lach Huyen and logistic service area		558.16	2,241.32	782.11
	Infrastructure		558.16	2,241.32	747.11

No.	Unit	Total projected investment value (billions)			
		2017	2018	2019	2020
	Equipment				
	ICT				35.00
2	Đình Vũ - Cát Bà Ferry Terminal		76.65	32.85	
III	Haiphong Port Joint Stock company	253.76			
1	Infrastructure	100,213	1.130	1.472.27	1.475.92
2	Equipment	150,048			
3	Other investment	3.50			
IV	Hau Giang Maritime Service One Member LTD.		20.30	208.80	208.80
1	Infrastructure	2.60 (QIV)	14.80	180	185
2	Equipment	3.80	5.50	25.00	27.60
V	Can Tho joint stock company	33.30	19.36	Real demand	Real demand
1	Infrastructure	07.00			
2	Equipment	26.30			
VI	Cam Ranh Port	17,328	92.00	Real demand	Real demand
1	Infrastructure	7,200	46.40		

No.	Unit	Total projected investment value (billions)			
		2017	2018	2019	2020
2	Equipment	10,128	45.60		
VII	Nghe Tinh port	50.00	38.55	05.00	28.50
1	Infrastructure		07.00	-	-
2	Equipment and machinery	45.95	31.55	05.00	28.50
3	Other investment	4.05	-	-	-