



## REPORT OF THE INSPECTION COMMITTEE

### AT THE ANNUAL GENERAL MEETING OF SHAREHOLDERS IN 2021

*Dear all shareholders of Vietnam Container shipping joint stock company,*

- Pursuant to the functions and duties of the Inspection committee as stipulated in the Law on Enterprises and the Charter of Vietnam Container Shipping Joint Stock Company;

- Pursuant to the audit report of KPMG Company Limited; the performance, reports and documents of Vietnam Container Shipping Joint Stock Company in the fiscal year 2020;

The Inspection committee would like to report the following contents:

#### **I/ OPERATION OF THE INSPECTION COMMITTEE**

- The Inspection Committee develops a specific plan of activities, assigns tasks to each member, conducts inspection, monitors and evaluates the results.

- To supervise the Board of Directors, the Board of Management in the management and administration of the Company and to implement the resolutions promulgated by the General Meeting of Shareholders. To attend the meetings of the Board of Directors, to acknowledge the production and business activities of VSC.

- To appraise the audited financial statements, review of accounting books, reports and other documents of the Company to evaluate the truthfulness and reasonableness of the data, the degree of caution in management, administration in the organization of accounting tasks and preparing financial statements.

- The Inspection Committee performs other rights and duties as prescribed.

#### **II/ SUPERVISION RESULTS ON BUSINESS ACTIVITIES, ADMINISTRATION OF THE BOARD OF DIRECTORS AND GENERAL DIRECTOR**

##### **1. Financial Statement appraisal:**

In 2020, The COVID-19 is prolonged and complicated, but the total throughput of goods through Vietnam's seaport system is estimated to increase by 4% compared to 2019. However, the port with the largest volume of imports and exports is port of HCM and Vung Tau. Hai Phong port area has affected import goods on the intra-Asia route, and the export volume has decreased for the European route.

Viconship has tried to overcome difficulties, maintained and developed well production and business activities.

The consolidated financial statements of VSC have truthfully and reasonably reflect on key aspects of the financial situation, business results, cash flow, audited by KPMG Co., Ltd. in accordance with the Vietnamese Accounting Standards and System along with related legal regulations.

Some major items are as follows:

| SEQ | Items                                    | Unit        | Plan in<br>2020 | Performed<br>in<br>2020 | Performed<br>in<br>2019 | Ratio<br>(%) | Ratio<br>(%) |
|-----|--|-------------|-----------------|-------------------------|-------------------------|--------------|--------------|
| 1   | 2  | 3           | 4               | 5                       | 6                       | 5/4          | 5/6          |
| 1   | Revenue from sales and service provision | Billion VND | 1.550           | 1.688,86                | 1.792,75                | 108,95       | 94,20        |
| 2   | Profit before tax                        | Billion VND | 266             | 335,88                  | 342,17                  | 126,27       | 98,16        |
| 3   | Profit after corporate tax               | Billion VND |                 | 296,40                  | 285,79                  |              | 103,71       |
| 4   | Basic interest on share                  | VND         |                 | 3.913                   | 3.827                   |              | 102,25       |

In 2020, the total handling throughput VSC seaport reached 1.03 million TEU, decreased 10.78%, depot stevedore reached 919.57 thousand TEUs, increase 16.49% compared to the same period.

Total revenue decreased 5.8% compared to the previous same period mainly due to the drop in cargo volume on board due to the Covid-19 epidemic.

Gross profit margin increased from 24.4% in 2019 to 26.6% in 2020 because VSC reclassified some selling expenses and administrative expenses in the previous period into COGS, reducing COGS and increasing cost of sales, corresponding management costs.

Profit before tax in 2020 exceeded 26.27% of the plan, decreasing 1.84% over the same period. In the first 6 months of the year, despite many difficulties, VSC still achieved higher results compared to the same period due to lower interest expenses, lower port transfer costs, and accelerated application of information technology. In the third quarter, revenue decreased but VSC reduced costs, maximized the capacity of existing equipment and new investment, achieving the same results last year. In the fourth quarter of 2020, revenue and net profit decreased over the same period. At the beginning of Q4, the volume of cargo through the port increased due to VSC having 4 new shipping service routes from Q3 but at the end of Q4, volume decreased due to the shortage of containers and the 4th quarter of last year was the quarter with a record of Interest from joint ventures and associates increased profits in the period, also the quarter with the best performance in business activities in



2019. During the year, interest expenses decreased by 15 billion because the member units paid off the bank debt thanks to cash flow from operating activities.

Profit after tax increased by 3.71% compared to same period because the previous period recorded unexpected expenses related to the CIT adjustment for the period from 2013 from GLC. This period VIP Greenport has expired for CIT exemption.

Basic earnings per share reached 3,913 VND / share, increase 2.2% over the same period.

Regarding the investment plan, Viconship has been under the negotiation for approval of the investment in the construction of a deep-water wharf in Lach Huyen to meet the development trend of the market. This is the first step in a long-term plan to expand the port operation business, the main service segment. Currently, VSC ports have reached maximum capacity, revenue is difficult to grow rapidly. The segments of warehouse, yard, transportation, agency, logs developed from North, Central and South have brought higher business efficiency than the previous period but are unlikely to break through. VSC has a good financial status, debt has been paid off, abundant cash flow, solid asset structure, creating favorable conditions for the next investment projects. In the long term VSC's potential comes from developing existing services and reaching out to the sea.

The Company has advanced the first dividend of 2020 in cash, the rate of 15% of par value for shareholders.

The company does well in marketing, improves the quality of supply chain services, creates added value, and meets customer requirements. VSC focuses on cost management, technology application, reviewing, rebuilding appropriate norms and regulations, improving professional qualifications, periodic training, ensuring jobs for 1,162 employees with stable income.

## **2. Results on supervision of Board of Directors and General Director:**

The management and administration activities of the Board of Directors, General Director of the company in 2020 must comply with the provisions of the Enterprise Law, the company's charter and law provisions.

The Board of Directors has directed and supervised the General Director and other managers of the Company in the implementation of resolutions, business and investment plans of the General Meeting of Shareholders 2020. Approving the targets, Orientation, appraisal and approval of non-contraceptive procurement projects, adjust guidelines, policies, organizational structure to suit the actual situation. The close, drastic and timely direction has brought safety and efficiency to business activities.

The General Director and managers have deployed and made great efforts to implement the resolutions and decisions of the General Meeting of Shareholders, the Board of Directors of the Company. The Board of Directors has developed, expanded the market, and offered timely solutions suitable to each specific condition. In addition to directing, urging and supervising production and business activities regularly and continuously, the Board of Directors focuses on management, cost saving, maximizing the capacity of basic development, improving labor productivity, ensuring that the production and business activities and the financial situation of the Company are controlled well.



### **III/ ASSESSMENT ON COORDINATION OF OPERATION BETWEEN THE INSPECTION COMMITTEE AND BOARD OF DIRECTORS, GENERAL DIRECTOR, SHAREHOLDERS**

The Inspection Committee coordinates well with the Board of Directors, General Director and other managers of the Company in the course of implementing the duties.

The Inspection Committee is provided fully and promptly information and documents on the management, administration and business activities of the Company, and has the right to access related documents of the Company.

The Inspection Committee is allowed to attend, participate in discussions at the meetings of the Board of Directors and some other meetings of the Company. The recommendations and proposals of the Supervisory Board are considered and seriously implemented by the Board of Directors, the Board of Management.

The Inspection Committee performs duties when there is a reasonable request from shareholders according to the provisions of the Company Charter and the Enterprise Law.

### **IV/ CONCLUSION**

Production and business activities of the Company in 2020 ensure safety and comply with the Resolution of the General Meeting of Shareholders. With the close direction of the Board of Directors, the dynamism of the Board of Directors and the efforts of all employees, VSC has exceeded the business plan approved at the General Meeting of shareholders.

The COVID-19 epidemic always has the danger to reappear until there are enough effective vaccines for all people, bringing challenges for VSC between ensuring the epidemic safety and the goal of sustainable development.

*Respectfully submitted.*

#### **Recipients :**

- AGM;
- BOD, Executive Board;
- Inspection committee.

**ON BEHALF OF INSPECTION  
COMMITTEE**

**HEAD OF INSPECTION COMMITTEE**

**Nguyen Thi Kim Nha**