



VICONSHIP

PART A

REPORT OF BOARD OF DIRECTORS

I. BOARD OF DIRECTORS' ACTIVITIES

1. Personnel of BOD:

The BOD of Viconship in term 2015- 2019 includes 09 members voted by General meeting of shareholders. In the year 2016, there is no change in human resources of the BOD.

The BOD of Viconship in term 2015- 2019 includes 09 members, as followings:

1. Mr. Nguyen Viet Hoa – Chairman
2. Mr. Nguyen Van Tien – Member
3. Mr. Tran Xuan Bao – Member
4. Mrs. Hoang Thi Ha – Member
5. Mr. Nguyen The Trong – Member
6. Mr. Nguyen Viet Trung – Member
7. Mr. Nghiem Tuan Anh – Member
8. Mr. Hoang Trong Giang – Member
9. Mr. Hoang Tien Luc – Member

2. BOD's activities in 2016:

In the context of the world situation in 2016 continued to have many complicated developments, world economic recovered slower than forecast. The shipping industry continued to face many difficulties due to surplus capacity, financial results of the shipping industry plummeted, much lower than expected, significantly affected many port and warehouse business units. The competitive pressure between ports, warehousing, transportation is increasingly fierce, drastic in various forms.

Evaluated correctly the situation, the BOD with the management committee of the Company united and concentrated on promulgating policy close to reality, directed the implementation of the business plan in 2016 approved by the Annual General Meeting of Shareholders.

In 2016, the BOD held several direct regular meetings or by e-mail to make important decisions to improve business efficiency, to ensure compliance with orientation of Annual General meeting of shareholders' resolution.

In 2016, the BOD held the following important meetings:

No	No, date Resolution/ Decision	Contents
1	01/2016/NQ- HĐQT dated 24 th Mar, 2016	Evaluating the results of business activities of the whole Company in 2015. Providing guidance on measures to implement the business plan in 2016. Assigning tasks to BOD's members in holding the Annual General Meeting of Viconship in 2016.
2	02/2016/NQ- HĐQT	Unifying implemented of some contents of Annual General Meeting's resolution in 2016 on 25 March, 2016 as follows: - Paid the 2nd dividend in cash in 2015: 10% of par value (VND 1,000 / share).

	<p>Dated 22nd Apr, 2016</p>	<p>- Approved the report to the State Securities Commission to implement the plan to issue shares to pay dividends to existing shareholders at the rate of 10% (shareholders holding 100 shares will receive 10 new shares) under the issuance plan approved by the General Meeting of Shareholders.</p> <p>- Received 13,500,000 shares of VIP Green Port of VIPCO Petroleum Transportation Joint Stock Company (par value: VND 10,000); The transfer price is VND 13,600/ share.</p>
<p>3</p>	<p>03/2016/NQ- HĐQT dated 08th June, 2016</p>	<p>Unified implementation of some contents of the Annual General Meeting in 2016 on March 25, 2016 as follows:</p> <p>- Approved the implementation of the necessary procedures related to the issuance of shares to pay dividends of 2015 in accordance with the Annual General Meeting in 2016 dated March 25, 2016. After share issuance, the depository will be conducted at the Vietnam Securities Depository Center, registered for additional listing on the Ho Chi Minh City Stock Exchange, amended the charter and Certificate of business registration of the Company according to the new charter capital.</p> <p>- Unified to choose KPMG Vietnam Limited company is the provider of services to review semi-annual financial statements, audited financial statements for 2016 for Viconship. Assigned the General Director of the Company to negotiate and sign auditing contract in accordance with current regulations.</p> <p>- All contributed capital in Future Green Star Co., Ltd will be transferred to MSC Singapore.</p> <p>- Contributed capital to establish TS container Hanoi limited company with foreign partners, specifically as follows:</p> <ul style="list-style-type: none"> • Estimated charter capital: VND 6.7 billion, of which VSC contributes 30% of charter capital. • Main business: Import- export freight forwarding agency
<p>4</p>	<p>04/2016/NQ- HĐQT dated 01st Aug 2016</p>	<p>Approval on business results in the first six months of 2016, as follows:</p> <p>- Revenue: 503.12 billion dongs</p> <p>- Profit before tax: 151.70 billion dongs.</p> <p>Set goals to exceed the profit plan set by the General Meeting of Shareholders from 8% or more.</p> <p>Deployed the construction of 2,300 m2 of CFS warehouse at Greenport.</p> <p>Unified to found, rented/bought about 8ha of land in Dinh Vu area to construct a depot.</p> <p>Assigned the Director of Green Depot Ltd., to provide training, improve the quality of repair services, to create port equipment repair services to meet the current development needs.</p> <p>Reinforcing Viconship HCM one member Limited Company (Viconship HCM) by appointing new Director. Strive for 2016 Viconship HCM will</p>

		not have losses on the basis of being an agent for ASL from August 2016, while working closely with related units to do “door to door” effectively.
5	05/2016/NQ-HĐQT dated 29 th Sep, 2016	<p>Pay division in advance in cash for the first time in 2016 for shareholders, specifically as follows:</p> <ul style="list-style-type: none"> - Dividend advance ratio: 10% of the par value of shares (1 share receives VND 1,000). - Implementation time: in the fourth quarter of 2016. - Assigned the General Director to direct the completion of necessary procedures and implementation of payment (advance) dividends in accordance with current regulations.

3. Results of implementation of the Resolution of the General Meeting of Shareholders

No	Contents	Result
1	Paid dividends by profit distribution plan in 2015 (10% in cash, 10% in shares)	Done
2	Business plan in 2016	Exceeding completed according to report in part B
3	Profit distribution plan in 2016	Advance payment of 10%, payment date 11 th Nov, 2016
4	Selection of auditors for 2016	Receiving authorization of the General Meeting of Shareholders, the BOD has selected KPMG Vietnam Limited as the auditor for 2016.

4. Supervisory activities of the BOD for the Executive Board and management levels

The BOD supervised the implementation of resolutions, business plans and investment plans approved by the BOD and the General Meeting of Shareholders.

In 2016, the Board of Management of the Company fully complied with the guidelines, policies and resolutions of the BOD.

The BOD highly appreciated the role of the executive board and management levels at maintaining market and market development in the context of increasing competition. In the management and operation of business, the Company has implemented synchronous saving solutions in management and business; Revised and refreshed processes in line with the business model of the whole company; To step up the application of information technology in management and administration in order to raise labor productivity and service quality for customers.

In 2016, the BOD always stood side by side with the executive board, promptly made appropriate and flexible decisions to maintain the market and ensure efficient business operations.

With the efforts of the BOD, the executive board and workers collective, in 2016 the company exceeded business plan set out by the General Meeting of Shareholders.



II – REMUNERATION, BONUS FOR BOD AND THE INSPECTION COMMITTEE IN 2016

Remuneration, bonus for the BOD, the Inspection Committee and the Broad of Secretary in 2016 is: VND 2.709.000.000 (*Two billion seven hundred and nine million dong only*). Includes:

1. Remuneration, bonus for the BOD (9 members): VND 2.209.000.000
2. Remuneration, bonus for the Inspection Committee and the broad of secretary (4 members): VND 500.000.000

PART B

REPORT ON PRODUCTION AND BUSINESS RESULT IN 2016 AND BUSINESS ORIENTATION AND PLAN FOR 2017

I - REPORT ON PRODUCTION AND BUSINESS RESULT 2016:

* General:

In 2016, global economic situation is losing momentum growth. Factors that reduce the global economy include: weak demand, stagnant capital in the major economic sectors that limit global growth, oil and other commodities prices reduce damage to exporting countries, Severe weather-related shocks, especially drought caused by El Nino, political challenges, and large capital inflows from developing countries to other parts of the world. Risks in commodity price deduction in the global economy, low investment, low commodity prices and turmoil in financial markets. Global inflationary pressure contributes to accelerating monetary tightening in some developing countries.

In the country, in 2016 Vietnam's economy has undergone many changes. GDP growth rate did not reach target and lower than in 2015 (6.21% against 6.86%); Agriculture - forestry - fishery is difficult due to natural calamity, drought; mining reduced significantly had a strong impact on general growth.

Some main points for the domestic economy in 2016 are: a sharp decline in the mining industry; Agro-forestry-fisheries sector is strongly affected by environmental factors with negative growth in the first 6 months; Industrial production is lower than last two years; Newly established enterprises increase record: For the whole 2016, the number of established enterprises reached a record level of 110.1 thousand enterprises, an increase of 16.2% over 2015, creating competition between enterprises. The industry is more and more fierce.

The ocean /road container shipping market continues to suffer, with some shipping lines had to sell or declare bankruptcy. Shipping lines seek all means to survive, including cost cutting and directly related to the prices of the main business lines the company is providing.

Some rising costs such as electricity, wages, etc.

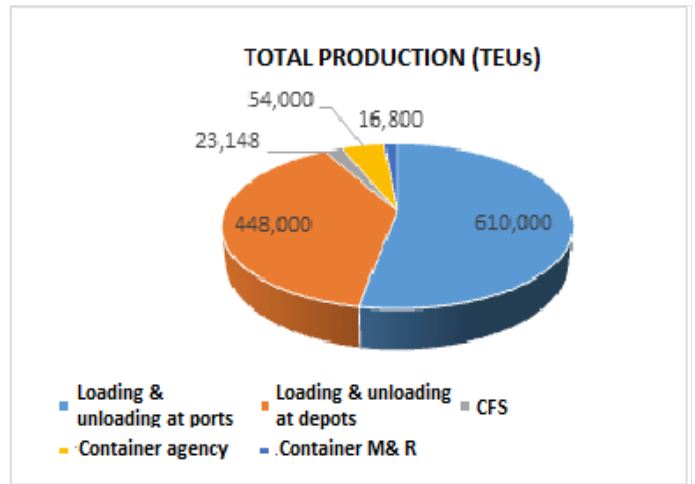
The fierce competition of the business units in the same industry, especially port services, warehousing, transportation... lead to the price of port, warehouses, yards and transportation reduced.

1. Results of Production and Business

Activities:

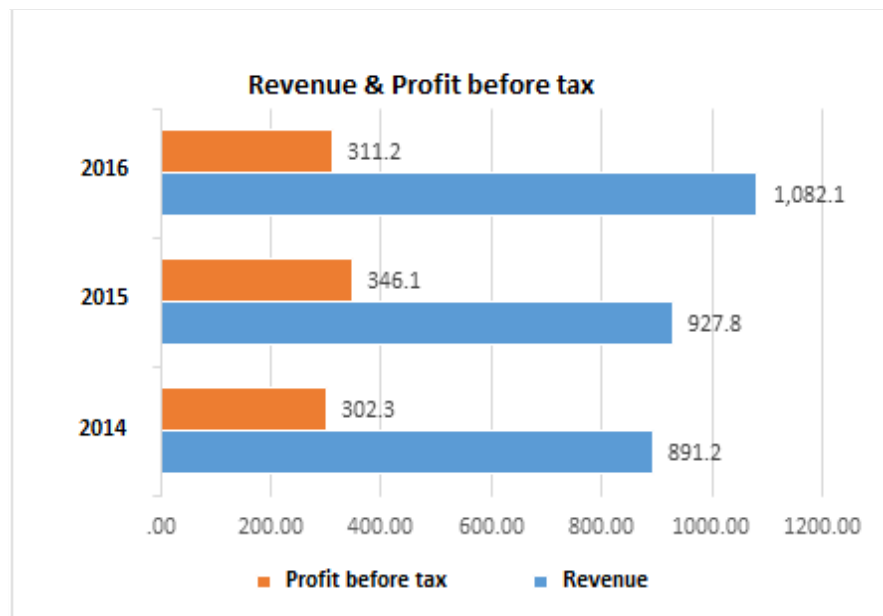
1.1. Production:

- Seaport Loading/Unloading: 610.000 TEU (excluding vessels' calls to other Ports)
- Loading/Unloading at depots: 448.000 TEU
- Warehouse: 625.000m³
- Trucking: 65.000 TKM
- Container Agency: 54.000 TEU
- Container M&R: 16.800 CTNR



1.2. Finance:

- Revenue: 1,082 thousands of billion, increasing 6,6% compared to plan.
- Profit before tax: 311 billions; increasing 18,7 % compared to plan.



2. Organization, management and other performance:

2.1. Organization:

- To consolidate the organizational structure in Ho Chi Minh in order to be suitable with business situation. To complete the organizational structure as well as personnel in Member Companies.

- To implement, transfer labor between the units to fit with production and business situation of the Company.

2.2. Management:

- The management procedures are concerned in many aspects: Organization, Production activity Management, Finance Management, Cost Management in accordance to with current regulations as well as newly promulgated regulations.

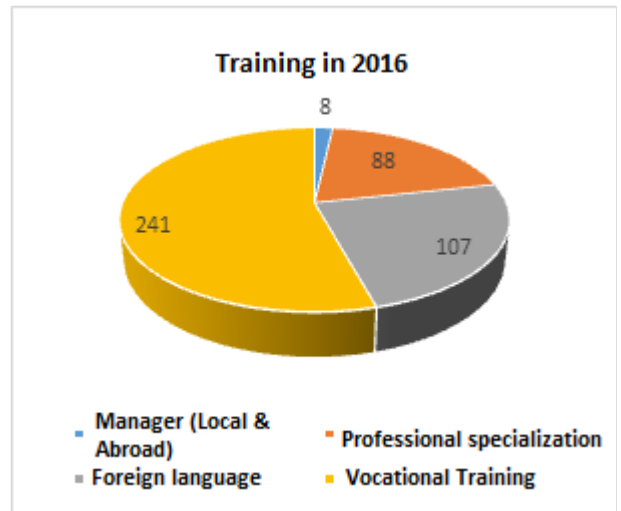
- Management and Production procedures are reviewed, amended and renewed to fit with Business and Production structure of entire Company. Member Companies and Member Units actively renew the procedure to match with each Unit.

- To enhance the responsibility awareness, professionalism of officers and employees, increase labor productivity.
- To organize the Best worker Prize, encourage labors to manage and promote technical innovation, sparge in production (in year 2016, there are totally 68 innovations applied and save billions of VND, the Company has summarized, assessed and consider rewarding in time).
- To apply technology in management, operation and customer's services.

2.3. Personnel, training and human-resources development:

Well perform personnel activity and recruiting labors, establishing training plan and develop long-term human resources, qualify the improvement of the Company. In 2016, the Company has performed training and development for human resources with following contents:

- Managers: 08 people sent to study in local areas and overseas.
- Professional specialization: 88 people sent to study in local areas and overseas.
- Foreign language: 104 people
- Periodic training: 778 người.
- Second Vocational training: 241 people.



2.4. Policies Performance with employees:

- Vietnam Container Shipping Corporation considers human as the origin of strength, so the Company always focuses on policies to ensure rights and benefits of Labors.
- Labor norms, unit price of wage shall be amended each year to fit in the Production and Business reality.
- Regulations for salary/rewards are clear and shall be paid on time. To complete the salary increase each year in accordance to regulations.
- Employees are ensured with stable job and income.

3. Investment:

Investing to expand production in the direction of supplying the logistics chain services, upgrading infrastructure, adding equipment and selecting appropriate scale; timely complete the schedule of items as planned and put into production effectively, creating trust for customers. In 2016, the completion of whole project VIP GREENPORT and immediately put into operation has contributed to the success of the Company. Total investment in 2016 is 697,97 billions (details are shown in section C of the report).

GENERAL ASSESSMENT

The year 2016 is a year with many difficulties in production and business, especially the fierce competition among business units in the same industry; The shipping market continues to be unstable, with Hanjin shipping lines declaring bankruptcy (Hanjin), inefficient and expensive trucking by road, both in terms of cargo and container trucks, in the North, situation of goods across the border between Vietnam and China reduced by 75%; however, Board of Directors, Board of Management has implemented many solutions in terms of marketing; managing and investing to expand production as well as reorganize the organization to suit the actual situation



of region. The main business areas of the Company are paid special attention by the Board of Management and expand its market share. During the year, the Company acquired new customers and contributed to the increase in revenue as well as profitability as reported. Overall, the results have been encouraging and continue to mark the milestone of development of the company according to corporate culture.

The financial management, preservation and development of capital was implemented in accordance with the regime, policies and regulations of the State on financial management. Good management on revenues and expenditures of the Company and full implementation of the tax obligation / budget to the State.

Marketing is promoted by Board of Management of the Company and directly performs the main services of the Company. The Company's market strategy is "Keeping existing customers and inviting new customers to use our services". In 2016, the Company's main services such as: seaports, warehouses, agency, transportation have all acquired new customers.

The company continued to grow at a stable rate in terms of scale, high business efficiency, revenue and profit both exceeded the plan. Earnings per share for 2016 had reached 4,967 VND. The brand of Company is increasingly known by many domestic and international customers / organizations, and the cooperation with foreign partners is expanding. Workers are guaranteed jobs and high income. Social security and social work have been well implemented.

II – BUSINESS PLAN FOR THE YEAR 2017

Identifying the situation, the bases for setting development goals / plans are as followed:

- Prospects for the world economy in 2017 are uncertain due to unpredictable variables such as the policy of the new US President Donald Trump, China's economic slowdown, Britain's activation of the Brexit clause (Britain leaving the European Union – EU), European economic uncertainty ... However, with positive statistics and growing momentum in recent times, the global economy is expected to flourish and the growth in 2017 would be 3% (GDP).

- Vietnam's economy in 2017 according to the GDP growth plan is 6,7% (higher than 6,125 in 2016). This growth is spread out in all three sectors: agriculture, forestry and aquaculture increase slightly; Industry - construction and services increase higher than general rates;

The shipping industry continues to struggle, shipping lines continue to cut costs and restructure shipping routes as well as mergers and acquisitions.

- The existing infrastructure, equipment and labor force of the Company in the North - Central – South area.

- Economic contracts have been signed with partners / customers.

- Current policies and laws.

1. Targets:

- Keeping track in the market, ensuring maintenance of the company's stable production activities in the North, Central and South.

- Being consistent with the marketing strategy “Keeping existing customers and inviting new customers to use the company's services throughout the North - Central – South”.

- Continue to invest in expanding production, selecting investment items / upgrading infrastructure to develop production for 2017 and the following years according to Company culture.

- Improve the quality of human resources, professionalism of staffs, training human resources with a long-term vision, continuously encourage labors to learn foreign languages and second vocational training.

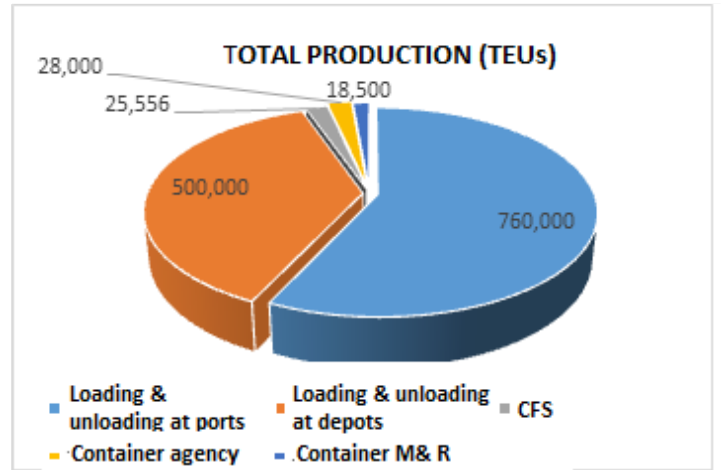


- Continually improving service quality and increasing labor productivity.
- Promoting the application of technology in management, operation as well as service provision.
- Ensuring job and income for employees.
- Revising labor and transferring reasonably, strengthen the management, inspection and supervision on the Member Units and associated companies that Viconship owns dominant capital.
- Managing the costs well, thoroughly save, ensure business efficiency, dividend rates reach from 20% to 25% and have the necessary accumulated to invest and expand production.

2. Planned Targets for 2017:

2.1. Production Target:

- Seaport loading/unloading: 760,000 TEUs (excluding vessels' calls to other Ports)
- Loading at depots: 500,000 TEUs
- Warehouse: 690,000 m3
- Trucking: 70 million TKM
- Container agency: 28,000 TEUs
- Container M&R: 18,500 CTNR.



2.2. Financial

Target:

- Revenue: 1.145 billions of VND
- Profit before tax: 260 billions of VND

3. Investment:

- To complete the GIC logistics project before planned and ensure the quality.
- Searching land for new investment for VSC HCM, VSM.
- The remaining units save at most to invest and only invest essential items to serve and expand production and business such as: dredging of water in front of the wharf; investment in transportation vehicles, investment in loading/unloading equipment.

Estimated investment: 282,12 billion VND.

4. Human Resources Training:

- Training manager units from the head of department, deputy director, director through the courses in the local country.
- Improving professional skills as well as management/technical skills through training courses at the company, sending staff/workers to study management/technical classes, seaports, logistics... in local area and abroad, prioritizing practical courses abroad to serve the company's main services.
- Developing human resources within the company as well as coordinating with universities in the country.
- Improving the language ability of employees.



VICONSHIP

SECTION C

REPORT ON INVESTMENT IN 2016 AND PLAN FOR 2017

I. Construction investment results, equipments of Viconship in 2016 and plan for 2017

Seq	Category	Performing in 2016	Planning in 2017
1	GreenPort	<u>16,03</u>	<u>14,25</u>
1.1	Construction investment :	<u>13,91</u>	<u>11,58</u>
	<u>Year 2016:</u>		
*	Reparing :		
	- Dredging hydro-docking of port and port boundary into GP port.	5,39	
	- Repairing 3-storey house in the harbor including: renovation of canteen, WC, replacement of whole doors, some windows, others, etc.	0,88	
	- Repairing 80T pits + fixing yards	0,12	
	- Upgrading the front yard of the new storehouse No.3		0,78
*	New construction : Building, improving and expanding the size of CFS warehouse		
	- Survey, design, verification and procedures of fire prevention and fighting (signing contract: 0,382 billion)	0,22	0,16
	- Construction of new warehouse No.3 (QT value: 6,915 billions)	6,39	0,52
	- Construction of automatic fire system at 3 warehouses (signing contract: 1,996 billion)	0,91	1,09
	<u>Plan for 2017:</u>		
	- Dredging hydro-docking of port and port boundary into GP port.		5,50
	- Construction of renovation, expansion of warehouse No.1 (signed contract: 3,525 billion)		3,53
1.2	Equipment Investment :	<u>2,13</u>	<u>2,67</u>
	<u>Year 2016:</u>		
	- Installation of telecommunications networks, materials, cables, cameras ...	1,52	
	- Replacing the electronic balance 120 tons at the gate (80T for old scale)	0,37	
	- Installation of lifting bridge at the new warehouse door No. 3 (signing contract: 0.476 billion)	0,00	0,48
	- Installation of loading queue in new warehouse No.3 (signing contract: 0.887 billion)	0,24	0,65
	<u>Plan for 2017:</u>		
	- Installation of loading queue at the extension area of warehouse No.1		0,30

	- Purchasing 02 forklifts of diesel (3T)		1,25
2	Green Star Line One Member Ltd. Company (GSL):	12,78	22,00
2.1	Construction Investment : N/A	0,00	0,00
2.2	Equipment Investment:	12,78	22,00
	Year 2016:		
	- Purchasing 10 tippers + 10 dedicated trailers	12,78	
	Plan for 2017:		
	- Purchasing 10 tippers + 10 dedicated trailers		12,00
	- Purchasing 05 Terberg tippers + 05 dedicated trailers		10,00
3	Green Depot One Member Ltd. Company (Green Depot) :	8,17	0,00
3.1	Construction Investment :	3,12	0,00
	Year 2016:		
	- Constructing 2-storey office building of the GD, guarding house, garage	3,12	
3.2	Equipment Investment :	5,05	0,00
	Year		
	- Purchasing 01 used shovel forklift	5,05	
3,3	Year 2017: N/A		
4	Green Logistics Centre One Member Ltd. Company (GLC):	13,86	1,29
4.1	Construction Investment :	4,40	0,94
	Year 2016:		
	- Constructing a gateway of 4 lanes, opening a gate to the head of the warehouse	3,30	
	- Build cafeteria for staffs (signing contract: 1,625 billion, payment in 2016 is 0,885 billion, remaining:)	0,89	0,74
	- Interior cafeteria (signing contract: 0,413 billion, payment in 2016 is 0,213 billion)	0,21	0,20
4.2	Equipment Investment :	9,46	0,35
	Year 2016:		
*	Unfinished in 2015:		
	- Purchasing 01 Hyster forklift for 8,639 billion in 2015, the remaining value in 2016 is 3,848 billion.	3,85	
	- Purchasing 01 shovel forklift for 5,555 billion in 2015, the remaining value for 2016 is VND 2,157 billion.	2,16	
*	New investment in 2016:		
	- 120T electronic scale	0,35	

	- Purchasing the server of network	0,29	
	- Warehouse software (Contract: 1,163 billion, payment in 2016 is 0,814 billion, remaining value in 2017 is 0,349 billion)	0,81	0,35
	- Installation of warehouse and yard camera system	0,63	
	- Building telecommunications network infrastructure	1,36	
5	Viconship Da Nang (VSM)	8,80	6,00
5.1	Construction Investment :	0,50	0,00
	<u>Year 2016:</u>		
	- Upgrading rental yard + Iway jobs	0,50	-
5.2	Equipment Investment :	8,30	6,00
	<u>Year 2016:</u>		
	- Investing 06 tippers and 08 trailers	8,30	
	<u>Plan for 2017:</u>		
	- Investing 05 tippers and trailers		6,00
6	Viconship Ho Chi Minh:	2,40	2,40
6,1	Construction Investment : N/A		
6,2	Equipment Investment :	2,40	2,40
	<u>Year 2016:</u>		
	- Investing 03 tippers	2,40	
	<u>Plan for 2017:</u>		
	- Investing 03 tippers		2,40
7	Vip Greenport Joint Stock Company (VGP)	453,73	15,29
7,1	VGP construction project (more in detailed report) :	447,70	5,29
	<u>Investment in constructing new Port in 2016:</u>	146,69	5,09
	- Constructing wharf No.2, dredging stage 2, construction of yard stage 2, electrical system phase 2 and other auxiliary works, etc.		
	<u>Investing equipment for new Port in 2016:</u>	301,02	0,19
	- Completing installation of 03 QC and 01 Tukan crane; Investing 02 new RTGs and 06 used RTGs; Purchasing 02 new Hyster forklifts; Other auxiliary equipment		
7,2	Dredging	6,03	10,00
	<u>Yer 2016:</u>		
	- Maintaining and dredging of the berthing area and turning basin area.	6,03	
	<u>Year 2017:</u>		



	- Maintaining and dredging of the berthing area and turning basin area.		10,00
8	Green Investment Joint Stock Company (GIC)		218,89
	Year 2017:		
8,1	Purchasing rights to use land of 10ha – Dinh Vu Industrial Zone.		136,36
8,2	Construction Investment phase 1 and 3ha yard for phase 2: Estimated investment budget of phase 1: construction of 5ha container yard, fence walls, 4 lanes gate, drainage, 3-floor office + campus, funding is as followed: - Design consulting fee, Construction supervision, others: 2,2 billion. - Investment cost for construction of phase 1 and 3ha of phase 2: 69,925 billion.		72,13
8,3	Equipment Investment phase 1: - Purchasing 01 electronic scale 120T: 0,370 billion - Investing 01 45T forklift : 10 billion		10,40
9	Establishing joint venture with TSL in the North		2,01
10	Receiving transfer of Vipco's shares in VGP	183,60	0,00
	Total investment of VSC in 2016 and Plan in 2017	699,37	282,12
	Including:		
	<i>Construction + Others</i>	<i>358,23</i>	<i>238,11</i>
	<i>Equipment</i>	<i>341,14</i>	<i>44,01</i>

II. Management of investment in construction and purchase of equipment:

- All projects were approved by the Board of Directors, Board of Management before performance.

- The management and implementation of investment procedures were complied with the current provisions of law.

- The investment projects werer implemented in time, ensuring the progress, quality of construction and installation of the project, meeting the requirements of the investor.

- Vietnam Container Shipping Corporation reports the investment result in 2016 and expected investment in 2017 of Viconship as mentioned above.

Hai Phong, March 2017

**ON BEHALF OF BOARD OF DIRECTORS
CHAIRMAN**

NGUYEN VIET HOA