



DANANG PORT

Connecting for mutual prosperity

ANNUAL REPORT 2019



DANANG PORT

“Connecting for mutual prosperity”

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PART I

General information

1 General information

- Trading name: **DANANG PORT JOINT STOCK COMPANY**
- The Enterprise Registration Certificate has been amended seven times, the most recent of which is Enterprise Registration Certificate No. 0400101972 dated 08 August 2019. The Enterprise Registration Certificate was issued by the Da Nang Department of Planning and Investment.
- Share capital as at 31/12/2019: **990.000.000.000** VND.
- Address: 26 Bach Dang, Thach Thang Ward, Hai Chau District, Da Nang City, Vietnam
- Telephone: 0236.3 8222 512 - Fax: 0236.3 822 565
- Tax code: 0400101972
- E-mail: cangdn@danangport.com
- Website: www.danangport.com
- Securities code: **CDN**

PROCESS OF ESTABLISHMENT AND DEVELOPMENT

19/01/1976	Ministry of Transport assigned the Department of Maritime Administration to directly manage Danang Port to directly according to the Decision No. 222-QD/TC
15/06/1993	To implement the Decree No. 388/HDBT dated November 20th, 1991 of the Council of Ministers, the Ministry of Transport issued the Decision No. 1163/QD-TCLD with reference to the establishment of State-owned enterprise – Danang Port under Vietnam Maritime Administration.
08/05/1998	The Prime Minister issued the Decision No. 91/1998/QD-TTg to transfer Danang Port as a member of Vietnam National Shipping Lines.
12/10/2007	The Minister of Ministry of Transport issued the Decision No. 3089/QD-BGTVT with reference to the transfer of Danang Port - from independent cost-accounting member company under Vietnam National Shipping Lines into Danang Port One-member Limited Company.
01/04/2008	Danang Port completed the procedures for conversion and business registration, officially operated under the model of one member limited liability company.
06/05/2014	Vietnam National Shipping Lines issued the Decision No. 216/QD-HHVN dated May 6 th 2014 by the Board of Members of Vietnam National Shipping Lines with reference to the approval of equitization plan and transferring Danang Port One-member Limited Company to Joint Stock Company.
25/07/2014	Danang Planning and Investment Department issued the second business registration certificate to officially transform Danang Port One-member Limited Company to Danang Port Joint Stock Company.

2 Business lines and locations of the business

According to the Enterprise Registration Certificate No. 0400101972 issued by Danang Department of Planning and Investment for the seventh time of registration on August 8, 2019, the Company's business lines include:

- Loading and unloading cargo by road, seaport and river port;
- Direct support services for waterway transportation;
- Shipping agency, sea transportation; port services;
- Support and towage services, transportation, preservation; tally, delivery, receipt;
- Logistics services; Multimodal transportation;
- Storage and warehouses service in bonded warehouses, frozen warehouses, and other warehouses;
- Restaurants and mobile catering services;
- Trading in solid, liquid, gas fuels and related products;
- Retailing goods in specialized stores;
- Repair of machinery and equipment;
- Build a house; other civil engineering works;
- Construction investment and office and real estate leasing business;
- Motor vehicle rental;

Danang Port is located in Da Nang City, a dynamic city that plays a central socio-economic role in Central Vietnam, with its natural geographic location located in Da Nang Bay with 12 km² wide, depth of 10 - 17 meters, surrounded by Hai Van mountain and Son Tra peninsula, airtight with 450 meters long breakwater is convenient for ships to anchor and do cargo year-round. With a history of over 100 years of establishment and development, Danang Port is currently the largest seaport in Central Vietnam. The road traffic system is connected between the Port with Danang International Airport, Railway Station, the rear area is very spacious and airy, convenient for the import and export of goods for the region. Goods exported - imported through the Port, according to 1A National Highway to the provinces in the North and South of the City, according to 14B Highway to the Central Highland provinces and countries of Laos, Cambodia, and Thailand. Danang Port has 01 main port - Tien Sa Port.

Tien Sa port is a natural deep-water seaport, with the largest depth of 12 meters, total length of the berth is 1192 meters with total 5 berths. Tien Sa port is capable of receiving general cargo ships of up to 40,000 DWT, container ships of up to 2,000 teus and passenger ships of 75,000 GRT. Tien Sa port is considered one of the few ports in Vietnam with favorable natural conditions and potential to develop into a big seaport.

According to the development plan of Vietnam seaport system, Danang Port is defined as a major port in the region. In which, Tien Sa Port has a container wharf area with a system of warehouses, breakwaters, modern specialized equipment, serving goods trading and economic and tourist

development for the hinterland, including the central provinces, Central Highlands, Southern Laos and Northeast Thailand through the East-West Economic Corridor. Danang Port is also identified as one of the main gateways to the East Sea of the Me Kong Sub-region (GMS). The Port Operation and Management System has been recognized by the BV - United Kingdom as an ISO 9001: 2000 standard, all activities of the Port are oriented to the practical benefits of customers. Currently, Danang Port is gradually implementing the environmental management system ISO 14001:2010 to protect the environment - one of the important factors for sustainable development. With the dynamic search for customers, building a partner network, promoting research as well as developing the market, the brand of Danang Port has gradually been established in maritime industry of and region.

With these achievements, Danang Port was honored to be awarded by the government: Third-class Labor Medal, Second-class Labor Medal, First-class Labor Medal, Third-class Independence Medal, Second-class Independence Medal, Merit of Prime Minister in 2015. These are the awards that recognize the contribution and efforts of Danang Port's employees, and it also helps Danang Port to be more confident for a bright future, to step on the path of development to become one of the leading modern seaport of Vietnam and region.

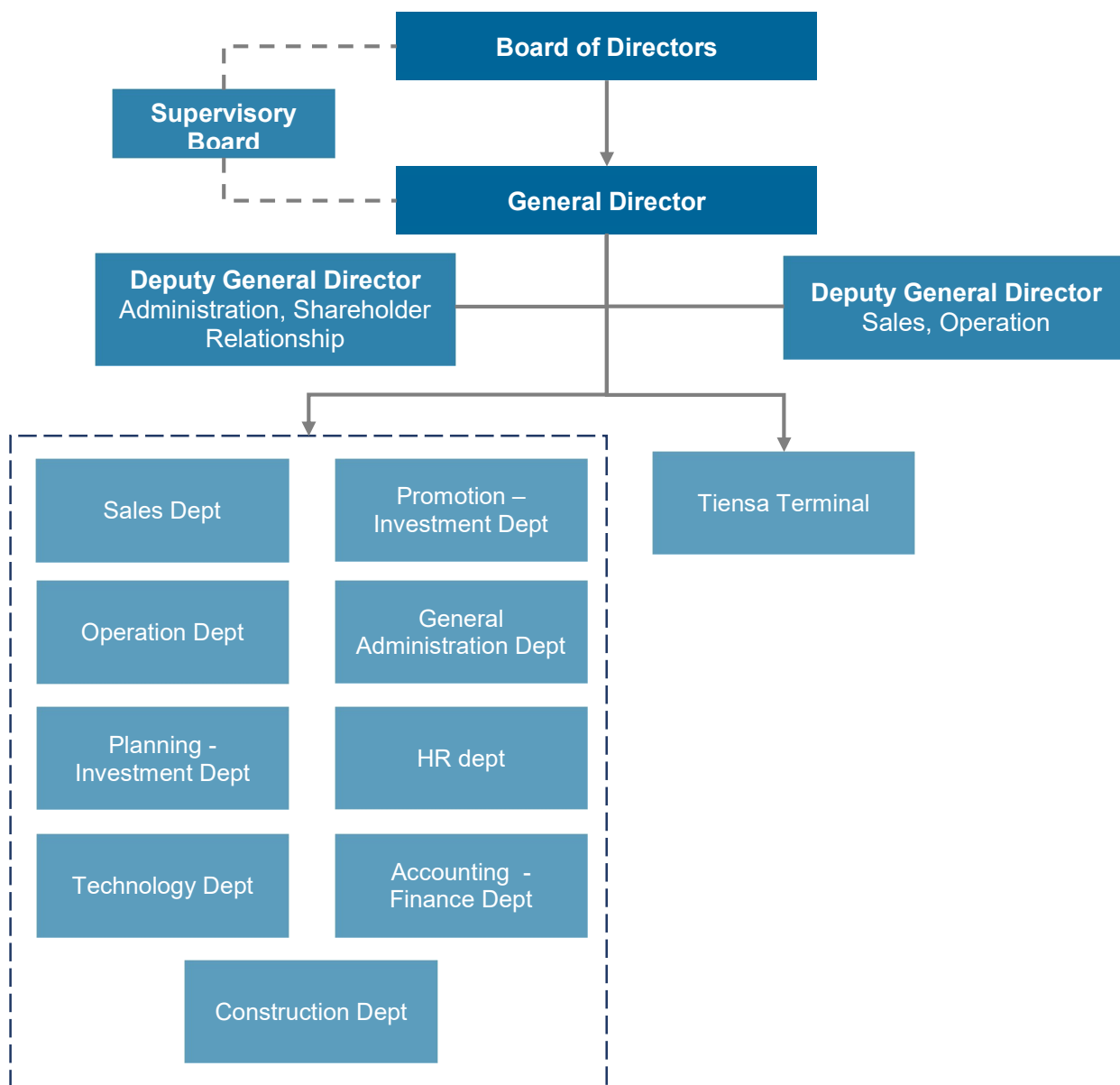
3 Information about management model, business organization and management apparatus

Danang Port Joint Stock Company operates under the Charter of organization and operation of the Company approved by the General Meeting of Shareholders, according to the provisions of the Enterprise Law, under the management, supervision and administration of Board of Management, Supervisory Board and Board of Directors.

The organizational structure of the Company follows the model of a joint stock company as follows:

- General Meeting of Shareholders;
- Board of Directors;
- Supervisory Board;
- General Directors;

ORGANIZATIONAL CHART



BOARD OF DIRECTORS

No.	Name	Position
1	Mr. Tran Le Tuan	Chairman
2	Mr. Nguyen Quang Dung	Member
3	Mr. Le Quang Duc	Member
4	Mr. Phan Bao Loc	Member
5	Mr. Vu Quyet Thang	Member
6	Mrs. Nguyen Thi Yen	Member
7	Mr. Chen Yung Chan	Member

BOARD OF DIRECTORS

No.	Name	Position
1	Mr. Tran Le Tuan	Chairman, General Director
2	Mr. Duong Duc Xuan	Deputy General Director in charge of Sales and Operation
3	Mr. Le Quang Duc	Deputy General Director in charge of Administration, Shareholder Relationship

Explanation:

General Meeting of Shareholders: The General Meeting of Shareholders is the highest authority of the Company. Annual General Meeting of Shareholders is held once a year. The General Meeting of Shareholders has the right to discuss and approve: Annual financial statements; Report of the Board of Directors; Report of Supervisory Board; Short-term and long-term development plans of the Company; Approving the number of members of the Board of Directors; Election, dismissal, removal and replacement of members of the Board of Directors and Supervisory Board; Supplement and amend the Company Charter; Approve the type of shares and the number of new shares issued for each class of shares; ... and decide on other matters within its authority in accordance with the law and the Company's Charter.

Board of Management: Board of Management is a managerial body of the company, business activities and other works of the company is under the supervision and direction of Board of Management. Board of Directors has full authority to exercise all rights on behalf of the Company except for authority of General Meeting of Shareholders. The number of members of Board of Management is seven (07) people. The term of Board of Management is five (05) years. The term of members of Board of Management shall not exceed five (05) years; Members of Board of Management can be re-elected with an unlimited number of terms. Total number of independent and non-executive members of Board of Management must account for at least one third (1/3) of total number of members of Board of Management. Minimum number of independent and non-executive members of Board of Management is determined by method of rounding down. Members of Board of Management are selected by General Meeting of Shareholders according to the principle of direct election and closed ballot.

Supervisory Board: Supervisory Board is elected by General Meeting of Shareholders, on behalf of shareholders to check and supervise business, management and administration activities of the Company. Number of members of Supervisory Board is three (03) people. Members of Supervisory Board are not members of

accounting and financial department of the Company and are not members or employees of the independent auditing company which is conducting the audit of the Company's financial statements. Members of Supervisory Board are not people who are related to members of Board of Management, General Director and other managers of the Company. Supervisory Board shall appoint one (01) member to be the Head.

Executive Board: Including General Director and Deputy General Directors. The General Director is the legal representative of the Company.

General Director: General Director is the person who runs daily business of the Company, General Director is supervised by Board of Management and responsible to Board of Management and General Meeting of Shareholders, responsible to the law on the performance of assigned tasks and authority and must report to these agencies when requested. General Director is appointed by Board of Management. The term of General Director is three (03) years and maybe reappointed. The appointment may expire based on the provisions of the labor contract. General Director is not a person who is prohibited by law from holding this position.

Deputy General Directors: Assisting General Director in directing, operating and implementing each area of management of the Company as assigned and authorized by General Director, responsible to General Director and the law for the assigned or authorized tasks.

Departments:

- + Human Resource Department;
- + Technology Department;
- + Construction Department;
- + Planning - Investment Department;
- + Accounting - Finance Department;
- + Sales Department;
- + Operation Department;
- + Administrative Department;
- + Promotion – Investment Department

Affiliations:

- + Tiensa Terminal

Danang Port hold under 50% chartered capital:

- + Danang Port Logistics JSC;
- + Danang Port Tugboat JSC.

Management Structure:

Parent Company: Vietnam National Shipping Lines – 01 Dao Duy Anh – Dong Da Dist – Ha Noi. The contributed capital is 742,500,000,000 VND (75.00%)..

Associates:

No.	Company name	Address	Contributed capital		
			Value (mVND)	Ratio (%)	Relation
1	Danang Port Logistics JSC	45 Yet Kieu, Tho Quang Ward, Son Tra District, Da Nang City	19,907.66	45	Associates
2	Danang Port Tugboat JSC	02 3/2, Thuan Phuoc Ward, Hai Chau District, Da Nang City	10,182.15	36	Associates

4 Development orientations

Target for the period from 2016 to 2020

Danang port is developing towards a Green Port, according to 2 main activities: Port exploitation and Logistics services outside the port. Port operation includes: exploiting container ships, tourist ships and specialized vessels with large tonnage; Exploiting logistics services outside the port includes: warehouse services, CFS warehouse, bonded warehouse, goods distribution center, ...

Danang Port will be a modern seaport with the capacity to exploit container No. 1 in the Central, in the top 10 of Vietnam's container seaports and develop logistics services to contribute to building Da Nang into a regional logistics center of Central Vietnam.

Vision for the period from 2020 to 2030

At the beginning of 2022, Danang Port begin to build Lien Chieu Port with 2 container terminals. At the beginning of 2024, it will be completed and begin to be used to transfer a part of Tien Sa Port's cargo through Lien Chieu Port. At the same time, Tien Sa Port will be converted a part of its function, becoming a seaport that has both container and tourism exploitation.

Period 2025 - 2030: in Tien Sa area, forming a tourist wharf to receive a ship of 150,000 GT and become the biggest tourist port in the Central.

Logistics services accounts for equal proportion of port operation.

Danang Port will be the trading gateway of the Central Region - Central Highlands, the focal point for linking international trade activities with Central Vietnam. Danang Port will operate as a logistics and service center of Central Vietnam.

5 Risks

Economic risks

World economy - finance in 2019 has many complicated developments. Positive macro-economic signals made the FED raise interest rates for the first time in nearly a decade and revealed a roadmap to increase interest rates in a cautious and gradual manner. However, from the end of the fourth quarter of 2019, US's manufacturing sector showed signs of slowing down. Fed's expected interest rate in 2019 will be only 1% or less. European economy recovered slowly under the impact of a sharp decline in prices of goods. Meanwhile, economic stimulus measures of ECB have not been as effective as expected.

The Chinese economy is increasingly showing signs of slowdown in the context of the transformation of growth model does not take place as smoothly as expected.

In 2019, GDP is estimated to increase by 4.9%. Recovery of manufacturing sector is uneven with dominance of FDI sector. Domestic consumer and investment demand recovered moderately. Besides advantages, Vietnamese economy continues to face risks from major fluctuations in the world.

The competition of local ports as well as regional ports is growing, especially Chu Lai-Truong Hai Port.

With above economic risks, it will directly affect to the production and business activities of Vietnamese enterprises in general, and Danang Port is not outside this impact.

Social risks

Traffic conflicts on the roads leading to Tien Sa Port have not been resolved, the government still prohibits container trucks during certain peak hours.

Risks of exchange rates and interest rates

Danang Port is subject to interest rate risk from foreign currency loans for the project of expanding Tien Sa port - Phase 1.

Other risks

Other risks (such as natural disasters, epidemics, fires, wars ...) are unforeseen risks. Although it is very unlikely, if any, it will have a big impact on the business situation and cause damage to people and property of enterprises, especially enterprises operating in field of seaport exploitation.



PART II

Yearly Operations

1 Situation of production and business operations

No.	Items	Units	Target 2019	Performance 2019	Performance/target
1	Quantity	Ton	9,150,000	10,460,000	114.31%
	<i>In which: Container</i>	<i>Tues</i>	<i>400,000</i>	<i>470,919</i>	<i>117.50%</i>
2	Total revenue	mVND	740,250	854,443	115.40%
3	Profit before tax	mVND	210,000	227,457	108.31%

In 2019, output through Danang Port reached 10.46 million tons, reaching 114.31% compared to target of 2019 (9.15 million tons) and up 20.92% compared to 2018. In particular, containers reached 474,919 teus, reaching 117.5% of target and up 27.02% compared to 2018.

Turnover in 2019 reached over 854.44 bVND, an increase of 18.94% in compared with 2018 and an increase of 15.4% compared to target.

Profit before tax reached 227.46 bVND, increased by 24.04% compared to 2018, an increase of 8.31% compared to target.

2 Organization and Human resource

No.	Name	Position	Shares carrying voting rights
1	Tran Le Tuan*	Acting General Director	18,810,200 shares
2	Duong Duc Xuan	Deputy General Director	25,182 shares
3	Le Quang Duc	Deputy General Director	13,938,882 shares

Board of Directors

SEQ	Name	Year of Birth	Position	Qualification	Summarizing the work	Ratio
1	Tran Le Tuan	1973	Party's Secretary, Chairman of BoD cum Acting General Director	Bachelor of Accounting	<ul style="list-style-type: none"> - 10/1999 – 10/2000: Chief Accountant at Import and Export Center of Danang Agriculture and Foods Import Export Company - 11/2000 – 8/2001: Unpaid leave - 9/2001 – 1/2004: Chief Accountant at Economic and Technical Development Company (Danang Branch) - 2/2004 – 3/2011: Head of Accountant dept of Danang Port Construction Division - 4/2011 – 4/2016: Chief Accountant of Danang Port Construction Company. - 4/2016 – 2/2017: Chairman of BoD at Danang Port. - 2/2019 til now: Chairman of BoD cum Acting General Director of Danang Port - 3/2019 til now: Party Secretary of the company 	12,05%
2	Duong Duc Xuan	1964	Party's member, Deputy General Director in charge of Exploitation and Production	Bachelor of Labor Economics, Bachelor of Foreign Languages	<ul style="list-style-type: none"> - 1988 – 1991: Staff of Tien Sa Division. - 1991 – 1993: Deputy manager of warehouse -Tien Sa Division. - 1993 – 2003: Manager of Operation Center – Danang Port - 2004 – 2008: Member of Party, Deputy Director of Tien Sa Division - 2008 – 2010: Member of Party, Deputy Director of Tien Sa Division. - 2010 – 6/2004: Deputy Secretary of the Party at Department, Deputy Director of Tien Sa Division. - 7/2014 – 6/2015: Deputy Secretary of the Party at Department, Deputy Director of Tien Sa Division. - 7/2015 – 1/2016: Member of Party, Deputy Director of Tien Sa Division. - 2/2016 – 6/2016: Member of Party, Director of Tien Sa Division - 6/2016 til now: Member of Party, Deputy General Director 	0,01%

SEQ	Name	Year of Birth	Position	Qualification	Summarizing the work	Ratio
3	Le Quang Duc	1967	Party's Deputy Secretary, Deputy General Director in charge of Administration, Investor Relationship	Bachelor of Accounting	<ul style="list-style-type: none"> - 11/1991 – 10/1994: Specialist of Industry - Construction tax dept, Department of Taxation of Quang Nam – Danang Province - 11/1994 – 02/1997: Specialist of Planning - Release Dept, Danang Education Publisher; Secretary of Ho Chi Minh Communist Youth Union at Danang Education Publisher. - 3/1997 – 09/2001: Chief Accountant at Hoa Phat Printing Factory - Danang Education Publisher, Secretary of Ho Chi Minh Communist Youth Union at Danang Education Publisher. - 10/2001 – 02/2002: Chief Accountant, Union vice president at Hoa Phat Printing Factory - Danang Education Publisher, Secretary of Ho Chi Minh Communist Youth Union at Danang Education Publisher. - 3/2002 – 10/2004: Deputy Secretary of Party cell, Member of BoD, Deputy Director, Union president at Hoa Phat Printing Factory - Danang Education Publisher. - 11/2004 – 4/2006: Secretary of Party cell, Deputy Head of Accounting Dept – Danang Port. - 5/2006 – 12/2007: Chief Accountant, member of Union Executive Committee – Danang Port - 01/2008 – 12/2013: Member of Executive Committee of Party (from 2010), member of BoD, Chief Accountant, member of Union Standing Committee – Danang Port. - 01/2014 – T7/2014: Member of Executive Committee of Party, member of BoD, Deputy General Director, member of Union Standing Committee – Danang Port. - T7/2014 til now: member of BoD, Deputy General Director – Danang Port. - T7/2015 til now: Party's Deputy Secretary 	12,06%

Changes in management:

Mr Tran Le Tuan - Chairman of BoD cum Acting General Director of Danang Port from 02/02/2019, replacing Mr. Nguyen Huu Sia who retired according to the regime.

Number of employees:

At 31/12/2019, Danang Port had 674 employees, in which: 84 employees at Head Office, 589 employees at Tien Sa Port.

Summary of policies and changes in policies for employees:

The company applies Labor Law for employees. In addition, the company also buys health insurance, policies to restore work power, support mid-shift meal, ensure adequate equipment for labor protection.

In 2019, Danang Port cooperated directly with prestigious training institutions such as Crestcom Vietnam, PACE, VCCI ... to organized many training courses by prestigious lecturers with teaching experience. These training courses had focused on specific and necessary issues such as CEO, HR Director, Production Manager, Chief Financial Officer, Self-Managing, and Corporate Culture, Improving leadership skills.

Danang Port has planned training programs for technical staff to gradually approach modern technology. Danang Port has cooperated with New Port Training Company to implement training programs in accordance with the reality and development needs of the Port, mastering modern technologies and equipment.

In parallel with domestic training, in 2018, Danang Port also sent many employees to participate in seminars abroad such as Japan, Singapore, Thailand, Brunei ... in order to improve competitiveness and international integration.

In 2019, Danang Port organized vacations for employees in Hoi An City and Da Nang City. Danang Port continued to take care of the spiritual life of employees, helped employees have time to rest and energy recovery to continue working. Danang Port has also reorganized meals, upgraded the kitchen at Tien Sa Port, ensuring the lives of employees.

Every year, the employees who have a great contribution to Danang Port are allowed to participate in overseas travel programs, to help improve the cohesion and create a spirit of enthusiasm, maintain and improve their efficiency and dedication.



3 Investment activities, project implementation

Investment Project

According to the approved investment plan in 2019, there are 26 projects, including 8 infrastructure investment projects; 8 equipment investment projects and 10 information technology investment projects. In which, there are 6 infrastructure investment projects and 4 information technology and equipment projects transferred from 2018.

In 2019, there are also 04 new projects, 1 equipment project, 1 information technology project and 1 infrastructure investment project. Total disbursed capital in 2019 reached 55,69 bVND, accounting for 38% of the 2019 investment plan (the approved investment plan in 2019 was 146,88 bVND).

No.	Item	Unit	Value
1	Infrastructure investment	mVND	1,082
2	Equipment investment	mVND	54,612
Total			55,694

Key projects have been implemented in 2019:

- + Construction of yards behind Berths No. 4 and 5 of Tien Sa port.
- + Repairing and renovating berth No. 2 of Tien Sa port.
- + Construction of CFS Warehouse No. 2 - Tien Sa port.
- + Purchasing 6 tractors and 6 trailers.
- + Purchasing 1 containerized reachstacker.
- + Purchasing 1 backup generator with a capacity of 2,000 KVA.
- + Purchasing 1 25-ton forklift truck.
- + Purchasing 1 forklift truck.

Investment in subsidiaries and associates

No.	Company name	Address	Contributed capital		
			Value (mVND)	Ratio (%)	Relation
1	Danang Port Logistics JSC	45 Yet Kieu, Tho Quang Ward, Son Tra District, Da Nang City	19,907.66	45	Associate
2	Danang Port Tugboat JSC	02 3/2, Thuan Phuoc Ward, Hai Chau District, Da Nang City	10,182.15	36	Associate

The business situation of associated companies continued to be favorable, reaching the profit target.

4 Financial situation

Indicators	2018	2019	Rate
Financial situation	VND	VND	%
Total assets	1,626,403,365,267	1,662,295,860,481	2
Net sales	694,741,517,124	823,758,029,980	18
Net operating profit	182,145,612,409	221,627,744,663	21
Other income	1,239,145,356	5,829,890,578	370
Profit before tax	183,384,757,765	227,457,635,241	24
Profit after tax	147,484,206,758	184,160,413,267	25

Main financial indicators			
Liquidity ratios			
+ <i>Current ratio</i>	2.38	4.86	
+ <i>Quick ratio</i>	2.33	4.76	
Debt ratios			
+ <i>Debt / Total Assets</i>	0.25	0.19	
+ <i>Debt / Equity</i>	0.33	0.23	
Efficiency indicators			
+ <i>Inventory turnover</i>	49.19	52.86	
+ <i>Asset turnover</i>	0.43	0.5	
Profitability ratios			
+ <i>Return on sales (ROS)</i>	0.21	0.22	
+ <i>Return on equity (ROE)</i>	0.12	0.14	
+ <i>Return on assets (ROA)</i>	0.09	0.11	
+ <i>Profit from operation / Net sales</i>	0.26	0.27	

(Source: 2018 and 2019 Audited Financial Statements)

5 Shareholders structure, change in the owner's equity

Share

Danang Port Joint Stock Company currently has 99,000,000 shares in circulation, of which 416,900 shares are restricted to transfer according to the company's Charter.

Shareholders structure

Shareholder structure by ownership ratio

(source: According to the list of shareholders on March 20th, 2020, provided by VSD)

No.	Shareholder's name	Address	Type of share	Ratio (%)
1	Vietnam National Shipping Lines	01 Dao Duy Anh, Dong Da District, Ha Noi	Ordinary share	75.00%
2	Wanhai Lines (Singapore)	No. 10 Hoe Chiang, Keppel Towers #25-01 Singapore 089315	Ordinary share	20.26%
3	Other shareholders		Ordinary share	4.74%

Shareholder structure classified according to domestic and foreign organizations/individuals criteria

(source: According to the list of shareholders on March 20th, 2020, provided by VSD)

No.	Shareholder structure	No. of shareholders	No. of shares	Value (VND)	Ratio (%)
1	Domestic shareholders	585	77,879,000	770,879,000,000	78.66
	Individuals	580	3,132,380	3,132,380,000	3.16
	Organizations	5	74,746,680	747,466,800,000	75.50
2	Foreign shareholder	21	21,120,940	211,209,400,000	
	Individuals	14	105,750	1,057,500,000	0.10
	Organizations	7	21,015,190	210,151,900,000	21.24

Change in the owner's equity: NA

Transaction of treasury share: NA

Other securities: NA

6 Report related impact of the Company on the environment and society

Management of raw materials

Energy consumption

- Diesel: 978,828.97 liters
- Electricity cost: 9,694,977,593 VND (not include VAT)

Water consumption

- Water cost: 1,177,774,061 VND (not include VAT)

Compliance with environmental protection regulations.

- In 2019, the company had no violations due to non-compliance with environmental regulations.

Policies related to employees

- Number of employees: 674 employees, average salary: 24 mVND/person/year.
- The Company applies the Labor Code of the Socialist Republic of Vietnam, ensuring the legitimate rights and benefits between the employer and the employees. In addition to policies for employees in the company under the law, the company also increases the benefits for employees working at the company: buy advanced health insurance, provide mid-shift meals for workers working directly at site, organizing trip for employees; ensure labor protection equipment.



- Human resource planning:

Human resource planning in 2019 was implemented by HR dept: conducting surveys through questionnaires and in-depth interview with each department; determine the human resource needs of each department; summing up reports on the needs from all department; insuing policies and programs and activities related to human resource management, ensuring that Danang Port always has sufficient human resources with appropriate qualifications and skills to perform work with high productivity, quality and efficiency and achieving the common goals set by the Company.

- Recruitment:

+ Approved labor recruitment plan in 2019 (after adjustment): 50 employees; Total number of employees at the end of 2019 is expected: 673 people.

+ HR dept has digitized nearly 200 candidates' applications, which makes recruitment easier. Up to now, HR dept has recruited 48 new employees to timely complement the divisions at Tien Sa Port.

- Training:

+ In 2019, HR dept held 5 times the Conference "Building and developing human resources", with a total of 664 employees' attendance. Through the conference, employees have raised the sense of responsibility for the job, creating a connection between individuals; towards each person perfecting themselves to contribute to the existence and sustainable development of the Company.

+ There have been 20 training courses launched in 2019. HR dept has conducted Training for new staff. By the end of 2019, HR dept has organized 04 training courses for 35 employees, helping to encourage and motivate new employees. Equipping many other skills such as knowledge of products and services, models, structures, apparatus, corporate culture as well as basic rules of discipline and responsibility.

- Evaluation:

+ In 2019, HR dept implemented an online KPI assessment with many convenient features, shared for Departments, used to evaluate monthly performance results for departments and employees. The assessment is maintained regularly.

+ HR dept has conducted a training course on "Objectives-Strategy Review under the BSC model - 2019-2021", with the guidance of Ph.D Nguyen Van Minh - Institute of Economics and International Trade – Foreign Trade University. Currently, the Company's balanced scorecard (BSC) has become an effective tool to control and speed up the implementation of important business and sustainable development targets in the year.

- HR policy:

+ In 2019, to ensure the benefits of employees, HR dept applies employees working in heavy and hazardous environment to retire at the age of 55. Currently, HR dept is coordinating with the consulting firm on improving the salary system; methods of salary distribution to suit the nature of the actual work and comply with current law.

+ In 2019, HR dept organized activities to meet with retired employees, visit and give presents to poor families, employees had an accident, heroic mothers of Vietnam, organize tours for war invalids and martyrs' children on July 27.

- HR organization:

The transfer of human resources between department is a regular activity, to meet the needs of production and business, in accordance with the expectations of workers or at the request of the Management Board. In 2019, HR dept transferred 38 employees, including 3 leading positions and 35 staffs. Gathering opinions to prepare for the promulgation of new functions, tasks, grassroots democratic regulations, setting up an IT center under the Planning and Investment Department and consolidating personnel.

- Improvement:

It is the continuous improvement of internal activities in HR dept, implementation of initiatives, improvement of processes, the way of regular and periodic activities of dept:

- + Reduce the number of monthly payrolls that must be submitted (formerly more than 50 payrolls, currently only 2);
- + Build Candidate Profile data on Google Drive;
- + Training integration of new employees, providing necessary working information;
- + Building an internal shared database;
- + Applying the job assignment function via Zalo PC to manage tasks;
- + Carry out handy online surveys whenever workers need to consult employees about regimes such as campaigning for early retirement, vacation visit;
- + Advising the Executive Board to inform and notify the employees in writing whenever there is information about assessment, precious rewards, ceremony awards ... to create excitement and encourage working spirit;
- + Initially working with FAST to apply the human resource management, training, recruitment on the new ERP software.

Community responsibilities

In order to fulfill our responsibility to the local community, in 2019, Da Nang Port has supported social welfare programs, built houses of mercy, gave gifts to good students who overcome difficulties in difficult families with an expense of nearly 1 bVND.

In gratitude activities, Danang Port and Vinalines's Trade Union visited cemeteries in Quang Tri Province (Truong Son Cemetery, Cemetery 9, Khe Xanh Cemetery). The company's leaders also visited cemeteries in Quang Nam province and Da Nang city. On this occasion, Danang Port cooperated with Da Nang Cultural Center to organized a cultural program "When you drink water, Think of its source", and visited and gave to the elderly people being taken care of at the Danang Center for Care of People. Every month, Danang Port organizes the program "Loving Rice" for patients at Da Nang Tuberculosis and Mental Hospital.



PART III

REPORT AND ASSESSMENT OF THE BOARD OF DIRECTORS

1 Assessment of bussiness performance

No.	Items	Units	Target 2019	Perfomance 2019	Performace/ target
1	Quantity	Ton	9,150,000	10,460,000	114.31%
	<i>In which: Container</i>	<i>Tues</i>	<i>400,000</i>	<i>470,919</i>	<i>117.50%</i>
2	Total revenue	mVND	740,250	854,443	115.40%
3	Profit before tax	mVND	210,000	227,457	108.31%



In 2019, output through Danang Port reached 10.46 million tons of goods, reaching 114.31% compared to target of 2019 (9.15 million tons) and up 20.92% compared to 2018. In particular, containers reached 470,919 teus, reaching 117.5% of target and up 27.02% compared to 2018.

Turnover in 2019 reached over 854.44 bVND, an increase of 18.94% in compared with 2018 and an increase of 8.94% compared to target.

Profit before tax reached 227.46 bVND, increased by 24.04% compared to 2018, an increase of 8.31% compared to target.

The number of cruise ships through the port was 108 times, equivalent to 2018, with 180,215 passengers, an increase of 9.92% compared to 2018.

Last year there were difficulties related to Vietnamese and world sea transport, but Danang Port still had positive growth. The output through Danang Port reached 120.92% compared to 2018. In which, Container reached 127.27% compared to 2018.

In 20189 Danang Port made great efforts with the right orientation, focusing on container services, cruise ships and large tonnage vessels, bringing encouraging results, setting the stage for development of the company in the following years.

Danang port has many policies towards employees.

2 Financial Situation

Assets

+ Tangible fixed assets

Unit: mVND

Items	Buildings	Machinery and equipment	Motor vehicles	Office equipment	Others	Total
Cost						
Opening balance	1,130,611	786,665	96,646	11,650	1,818	2,027,391
Newly-purchased	206	1,034	24,924	2,643	-	28,807
Self-constructed	2,658	649	-	-	-	3,307
Other increase	3,715	-	-	-	-	3,715
Disposed	-	(24,833)	(1,033)	-	(355)	(26,221)
Other decrease	(6)	(2,170)	-	-	-	(2,176)
Closing balance	1,137,185	761,345	120,537	14,293	1,462	2,034,822
Accumulated depreciation						
Opening balance	496,367	410,109	94,587	10,467	1,787	1,013,318
Charge for the year	52,420	64,124	2,005	851	18	119,417
Sold, disposed	-	(24,833)	(1,033)	-	(355)	(26,221)
Closing balance	548,788	449,400	95,559	11,318	1,449	1,106,514
Net book value						
Opening balance	634,244	376,556	2,059	1,182	31	1,014,072
Closing balance	588,398	311,945	24,978	2,975	13	928,308

+ Intangible fixed assets

Unit: mVND

Items	Land use rights	Software	Total
Cost			
Opening balance	100,560	2,992	103,552
Additions	-	458	458
Closing balance	100,560	3,450	104,010
Accumulated amortization			
Opening balance	-	2,759	2,759
Charge for the year	-	150	150
Closing balance	-	2,909	2,909
Net book value			
Opening balance	100,560	233	100,793
Closing balance	100,560	233	100,793

Liabilities

+ Accounts payable to suppliers – short-term

Unit: VND

Items	31/12/2018	31/12/2019
Phu Xuan Construction and Consultant JSC	56,614,078,218	-
Hanoi Water Construction JSC	18,041,827,094	-
Danang Port Tugboat JSC	7,526,732,643	10,073,476,827
Danang Port Logistics JSC	3,575,753,731	4,373,400,923
Others	10,206,481,572	20,158,467,925
Total	95,964,873,258	34,605,345,675

+ Taxes and others payable to State Treasury

Unit: VND

Items	Opening balance	Incurred	Paid/deducted	Closing balance
Value added tax	-	45,764,762,602	45,764,762,602	-
Corporate income tax	7,294,446,793	44,616,078,134	42,676,766,971	9,233,757,957
Personal income tax	2,216,994,840	10,677,495,295	8,976,118,963	3,918,371,172
Land rental fees	1,764,027,660	5,551,853,122	7,315,880,782	-
Others	168,317,792	26,974,965	195,292,757	-
Total	11,443,787,085	106,637,164,118	104,928,822,075	13,152,129,129

+ Other payables – short-term

Unit: VND

Items	31/12/2018	31/12/2019
Subsidies for demolition and relocation	1,597,938,600	-
Subsidies for discontinued production to employees	382,427,460	-
Trade union fees	505,132,741	372,615,484
Dividend payables	19,800,277,082	277,082
Others	864,382,176	884,611,987
Total	23,150,158,059	1,257,504,553

+ Borrowings

Unit: VND

Items	31/12/2018	31/12/2019
Short-term borrowings	12,383,328,770	12,717,656,438
Vietnam Development Bank – Da Nang Branch (JPY)	12,383,328,770	12,717,656,438
Long-term borrowings	199,533,315,078	188,152,969,314
Vietnam Development Bank – Da Nang Branch (JPY)	49,553,315,078	38,152,969,314
Da Nang Development and Investment Fund (VND)	150,000,000,000	150,000,000,000
Total	211,916,643,848	200,870,625,752

3 Improvements in organizational structure, policies, management ý

Evaluate work performance according to KPI

In the past year, Da Nang Port has gradually researched to upgrade the existing KPI revaluation system into a KPI results evaluation system using the Balanced Scorecard (BSC) method for the whole company.

Da Nang Port has organized a training program "Guidelines for BSC & KPI development in corporate governance" for all heads and deputy heads to supplement knowledge and provide specific guidance on implementation methods. At the same time, Da Nang Port also held many meetings and conferences to guide the implementation and application of the balanced scorecard method to corporate governance.

In June 2019, the KPI evaluation system based on the method of balanced scorecard has been completed, Da Nang Port officially applied the KPI result evaluation system according to the BSC Balanced Scorecard method, managing throughout the goals assigned from the mother company to the departments of Danang Port and individuals directly doing the work. KPI results evaluation system using the balanced scorecard method has become an effective and effective tool in controlling and speeding up the implementation of business targets, helping company to develop sustainably.

Code of Conduct (COC)

One of the highlights of the past year is the fact that Danang Port has gradually built COC. Danang Port cooperates with a consulting company to conduct training courses for leaders, give a slogan, declare the company's vision, mission and values.

After completing the statement of vision, mission, value of the company, Danang Port is continuing to complete the COC and quickly released. COC has changed the attitude of employees and increased the Company's productivity.

Recruitment and training

Approved labor recruitment plan in 2019 (after adjustment): 50 employees; Total number of employees at the end of 2019 is expected: 673 people.

HR dept has digitized nearly 200 candidates' applications, which makes recruitment easier. Up to now, HR dept has recruited 48 new employees to timely complement the divisions at Tien Sa Port.

In 2019, HR dept held 5 times the Conference "Building and developing human resources", with a total of 664 employees' attendance. Through the conference, employees have raised the sense of responsibility for the job, creating a connection between individuals; towards each person perfecting themselves to contribute to the existence and sustainable development of the Company.

There have been 20 training courses launched in 2019. HR dept has conducted Training for new staff. By the end of 2019, HR dept has organized 04 training courses for 35 employees, helping to encourage and motivate new employees. Equipping many other skills such as knowledge of products and services, models, structures, apparatus, corporate culture as well as basic rules of discipline and responsibility.

Improving life for employees

In 2019, Danang Port organized vacations for employees in Vietnam. Danang Port continued to take care of the spiritual life of employees, helped employees have time to rest and energy recovery to continue working. Danang Port has also reorganized meals, upgraded the kitchen at Tien Sa Port, ensuring the lives of employees.

Every year, the employees who have a great contribution to Danang Port are allowed to participate in overseas travel programs, to help improve the cohesion and create a spirit of enthusiasm, maintain and improve their efficiency and dedication.

4 Development plans in the future

Business plan

Maintain and ensure stability of traditional market - Central Highlands region. Focusing on researching and finding new customers in the East-West Economic Corridor area, especially Laos and Thailand.

Ensure the progress of key investment projects in order to increase the loading and unloading capacity, warehousing to meet the increase of goods through the port, providing customers with good quality of service.

Applying BSC-KPI to port management and operation. The tasks assigned according to goals, Managing according to the process are transformed into KPIs assigned to Departments and to each employee. The monitoring and evaluation work is done through KPI.

Promulgating functions and tasks of departments, identifying key tasks and functions as the basis for forming the organizational structure and flow of work.

Building and perfecting the organizational structure in the direction of functions, high specialization, ensuring the management and administration of the work in the organization are

comprehensive, and can flexibly adjust the structure and diagrams. organizations to optimize corporate governance activities, production and business.

Developing the Information Technology Center to innovate in corporate governance, application of information technology, strong digital transformation into process improvement, productivity, quality of work, supervision and evaluate the effectiveness of work.

Strengthening Management Capacity

In 2020, Danang Port focus on building a corporate governance model, rearranging departments in a streamlined, efficient manner, reducing middle-level leadership. Staff rotation is done periodically and regularly to complete the system. At the same time, we will examine, cross-assess, seek and detect potential leaders internally. The rotation focuses on the site, ensuring that all level 2 management positions have worked at different positions at the production site.

Reviewing and completing regulations and procedures to increase the effectiveness in operating, shortening the decision-making time of leaders, reducing the time and number of meetings.

Applying KPI to each employee of the company, gradually applying KPI-based payroll. Danang Port continues to disseminate COC to each employee and follow the spirit set out in COC.

Improving the effectiveness of internal control: Standardize processes and procedures on business control and risk control. Creating a solid legal corridor for business.

Investment plan in 2020

In 2020, total investment is expected to be 670 bVND. In which, the estimated disbursement in 2020 is 298 bVND, including: Transition projects from 2019 to 149 bVND, new projects in 2020 is 140 billion VND.

- Infrastructure investment projects: There aren't new projects implemented in 2020, all projects are transferred from 2019: Construction of yards behind Berths No. 4 and 5 of Tien Sa port; Construction of CFS Warehouse No. 2 - Tien Sa port; Repairing and renovating berth No. 2 of Tien Sa port; Container port at Tien Sa Port.
- Equipment investment projects with a total estimated investment of 140 bVND, of which important projects are: purchasing 4 ERTG; purchasing 5 trailers and tractors; IT projects (total estimated IT investment is 10 bVND: E- Port system; HR management soft; Ctos; automatic container gate; cameras...).

PART IV

Assessments of the Board of Management on the Company's operation



1 Assessments of the Board of Management on the Company's operation

- In 2019, there are not many large industrial parks, the development of ports in the surrounding area (Chu Lai Truong Hai port, Dung Quoc port, Chan Chan port) are competitive threats to the traditional market of Danang Port.
- Facing the above difficulties, with the solidarity and efforts of all employees; the initiative and determination of the Board of Directors, Da Nang Port has exceeded the production, revenue and profit targets assigned by the 2019 Annual General Meeting of Shareholders; always maintain double-digit growth, especially in 2019 with the highest growth rate in the past 10 years:
 - + In 2019, output through Danang Port reached 10.46 million tons, reaching 114.31% compared to target of 2019 (9.15 million tons) and up 20.92% compared to 2018. In particular, containers reached 474,919 teus, reaching 117.5% of target and up 27.02% compared to 2018.
 - + Turnover in 2019 reached over 854.44 bVND, an increase of 18.94% in compared with 2018 and an increase of 15.4% compared to target. Profit before tax reached 227.46 bVND, increased by 24.04% compared to 2018, an increase of 8.31% compared to target.

No.	Items	Units	Target 2019	Performance 2019	Performance/target	2019/2018
1	Quantity	Ton	9,150,000	10,460,000	114%	121%
	<i>In which: Container</i>	<i>Tues</i>	<i>400,000</i>	<i>470,919</i>	<i>117%</i>	<i>128%</i>
2	Total revenue	mVND	740	854	116%	119%
3	Profit before tax	mVND	210	227	108%	126%

- Investment: In 2019, Da Nang Port concentrated on synchronous investment in infrastructure, expansion of warehouses, equipment and facilities, focused on information technology investment in production management to improve handling capacity, create professional images, best serve. The total disbursed investment in 2019 was 55,694 bVND, which is 38% compared to the Investment Plan in 2019. Of which, investment in basic construction is 1,082 bVND, investment in equipment and facilities, information technology is 54,612 bVND.
- The dividend rate in 2019 is in accordance with the resolution of the 2019 Annual General Meeting of Shareholders: 13% per year.
- Besides fulfilling the requirements assigned by the General Meeting of Shareholders, Da Nang Port achieved the following results:
 - + Danang Port continues to be the No. 1 port in the Central Region; is one of the major seaports in Vietnam; affirming the brand of Danang Port in domestic and foreign markets. Danang Port also contributes to the tourism industry's development in Danang (receiving 108 tourist and military vessels with nearly 182,000 passengers and crew members).
 - + In 2019, Hai An, Evergreen and SITC shipping lines have opened additional services to Tien Sa Port; get 01 new customer in Laos market. Currently, the Da Nang Port receives about 26 container ships every week. The world leading container companies are already used service in Da Nang Port such as: Wanhai, Maersk Lines, Evergreen, MSC, SITC or Yangming, CMA, ONE, COSCO...
 - + Average income of employees increased steadily. Da Nang Port also performed well social activities.

2 Assessment of Board of Management on Board of Directors' performance

In 2019, the Board of Management has fulfilled the role of managing the company's operations in accordance with the goals, orientations and direction of the Board of Directors; Comply with management decentralization in the Charter of Danang Port; internal rules and regulations. The business results of Da Nang Port continued to grow steadily, reflected in the Financial Statements of 2019, specifically as follows:

- In 2019, Board of Directors made great efforts to achieve good business performance. Board of Directors has also complied with the regulations on governance, administration, adherence to the objectives, orientations and fully implementing the tasks assigned by Board of Management.
- Board of Directors implemented business activities of the company in accordance with resolutions of General Meeting of Shareholders, direction of Board of Management and strictly complied with the Charter and the law.
- Board of Directors was well aware of advantages and disadvantages of market. Board of Directors was flexible in operating business activities and issued internal documents in its authority to effectively control the company's business.
- General Director took the initiative in deploying business plans and improving quality of seaport exploitation.

3 Plans, orientations of the Board of Management

Target in 2020

Output	10,500,000 Tons
Container's output	510.000 Teus
Revenue	855 bVND
Profit before tax	240 bVND
Dividend	13%
Investment	298.078 mVND

In 2020, the action plan of the Board of Directors will focus on the following topics:

- Complete the requirements assigned by the Annual General Meeting of Shareholders' resolutions in 2020. Strengthening financial management, risk management to preserve and develop capital, ensure operational safety to continue sustainable development;
- Directing and supporting the Executive Board to strengthen the market and sales activities. Maintain and ensure stability of traditional markets - The Central Highlands region, focusing on researching and finding new customers in the East-West Economic Corridor area, especially Laos and Thailand markets;
- Directing and supervising investment activities to ensure uniformity and modernity in infrastructure, equipment and expansion of warehouses. During the period of effects of the covid 19 epidemic, focus

on quickly deploying key investment projects to increase the loading and unloading and warehousing capacity to meet the increasing cargo throughput.;

- Development of Information Technology Center. Promoting the investment, upgrading and application of information technology in the administration and administration of enterprises. Applying technology to improve processes, productivity, quality of work, monitoring and evaluating work efficiency; electronic payment gateway, electronic warehousing;
- Developing high quality human resources; researching human resource development strategy; continue to apply BSC-KPI to port management, the management tasks according to the goals and procedures are transformed into KPI and assigned to Departments / Committees and to each employee.;
- Directing to continue reviewing, completing and developing internal rules and regulations of Danang Port, in order to enhance the management and standardization of production operation processes; encourage improvement in the direction of modernization to increase labor productivity and reduce costs;
- Improve employees' welfare, improve the working environment, help improve the creativity, dedication and cohesion, contributing to the development of the city;
- Protecting legitimate rights and interests for shareholders, ensuring the harmony of interests between shareholders and employees;
- Perform other periodic activities of the Board of Directors in accordance with the provisions of the Charter of Danang Port, internal regulations on corporate governance.



PART V

Corporate governance

1 Board of Management

Members and structure of Board of Management

No.	Name	Position	Proportion of representative shares
1	Tran Le Tuan	Chairman	15%
2	Nguyen Quang Dung	Member	12%
3	Vu Quyet Thang	Member	12%
4	Nguyen Thi Yen	Member	
5	Le Quang Duc	Member	12%
6	Phan Bao Loc	Member	12%
7	Chen Yung Chang	Member	20,23%

Activities of Board of Management

Board of Management is a highest regulatory body of the company, representing right of shareholders. Board of Management has 06 members who actively implemented roles and duties according to governance standards of the company. Board of Management was organized with full-time activities, making collective decisions, and assigning tasks to each members according to each professional field. During the year, Board of Management complied with and implemented resolution of Annual General Meeting of Shareholders, promptly made appropriate decisions, and achieved good results.

Some key tasks were implemented as follows:

- Leading Danang Port to exceed the production and business plan assigned by the General Meeting of Shareholders in 2019, ensuring a healthy financial situation, preserving and developing capital.;

- Organizing the 2019 Annual General Meeting of Shareholders on June 19, 2019 and the extraordinary 2019 General Meeting of Shareholders on November 18, 2019 and implementing the Resolution of the General Meeting of Shareholders, including:

- + Profit distribution and deduction for funds are in accordance with the Resolution of the General Meeting of Shareholders;

- + Payment of dividends to shareholders and advance of annual dividends in time;

- + The total remuneration paid to the Board of Directors and the Supervisory Board in 2019 is 405,300,000 VND. This payment is in accordance with the Resolution of the Annual General Meeting of Shareholders 2019 No. 477 / NQ-DHDCD dated June 19, 2019..

- + Selection of AAC Auditing and Accounting Co., Ltd to audit the Company's financial statements as authorized by the General Meeting of Shareholders.

- Closely supervise annual investment and personnel activities under the authority of the Board of Directors. In 2019, reappointed the position of Deputy General Director to Mr. Le Quang Duc;

- Monitoring the management activities of the Executive Board to complete the assigned plans and goals, contributing to the sustainable development of Da Nang Port;
- Approving the signing of contracts with the subjects specified in Clause 1, Article 162 of the Law on Enterprises with a value of less than 20% of the total value of Da Nang Port's assets recorded in the latest audited financial statements;
- Increasing the inspection and supervision of the operation of enterprises with contributed capital of Danang Port (Danalog, Danatug) through the representative of the capital portion of Danang Port;
- The Board of Directors held 06 regular and extraordinary meetings; collecting members' opinions in writing in strict compliance with the provisions of the company charter and relevant law provisions; issued 26 resolutions and 79 decisions;
- Monitoring information disclosure with the aim of ensuring transparency, timeliness and compliance with regulations; regime of Annual Report, periodical financial report;
- Strengthening the coordination between the Board of Directors, the Board of Management, the Board of Supervisors in implementing resolutions of the General Meeting of Shareholders and the Board of Directors; closely coordinate and ensure compliance with current provisions of law and internal regulations in the management and risk control of Da Nang Port.;

2 Supervisory Board

Members and structure of Supervisory Board

No.	Name	Position	Date of appointment	Proportion of representative shares
1	Phan Thi Nhi Ha	Head	19/6/2019	0%
2	Nguyen Quang Phat	Member	19/6/2019	0%
3	Tran Thi Kieu Oanh	Member	19/6/2019	0%

Activities of Supervisory Board

Pursuant to Enterprise Law, Charter and rules and regulations of Danang Port Joint Stock Company; Performing functions, duties and powers, Supervisory Board of Danang Port Joint Stock Company has checked and supervised the compliance with regulations in management and administration of production and business activities in 2019 on significant aspects as follows:

- Participate and contribute opinions at the meetings of Board of Management.
- Control activities of Board of Management and Board of Directors in implementing the resolution of General Meeting of Shareholders; Consider the appropriateness of resolutions and decisions issued by Board of Management, Board of Director; Control process and procedures for issuing rules, regulations and other documents of the Company.
- Check the rationality, legality, honesty in management and administration to detect potential risks or shortcomings, thereby contributing to the management in application of risk control methods in business activities; Check effectiveness of using capital for investments.

- Check accounting documents for legality, reasonableness and validity; control compliance with current policy regimes; Appraisal of quarterly financial statements, non audited and audited financial statements of 2019, timely advice as well as suggestions when detecting problems or potential risks.
- Supervise implementation and disclosure of information in accordance with provisions of Securities Law and relevant legal documents.
- Supervisory Board held meetings to assign tasks to members of the Board, planed and conducted monitoring and supervision during the year, specifically as follows:
 - + Phase 1: from 9/9/2019 - 11/9/2019: Checking and supervising business activities in the first 6 months of 2019.
 - + Phase 2: from 27/11/2019 - 29/11/2019: Checking and supervising business activities in the first 9 months of 2019.
 - + Phase 3: from 21/3/2020 – 25/3/2029: Checking and supervising business activities in 2019.

3 Transactions, remunerations and interests of the Board of Management, Board of Directors and Board of Supervisors

Salary, rewards, remuneration and benefits:

No.	Name	Position	Remuneration /month (VND)
1	Le Quang Duc	BOD member	4,500,000
2	Phan Bao Loc	BOD member	4,500,000
3	Nguyen Quang Dung	BOD member	4,500,000
4	Vu Quyet Thang	BOD member	4,500,000
5	Nguyen Thi Yen	BOD member	4,500,000
6	Chen Yung Chang	BOD member	4,500,000
7	Phan Thi Nhi Ha	Head of Supervisory Board	4,500,000
8	Tran Thi Kieu Oanh	Member of Supervisory Board	3,000,000

Transactions of internal shareholders: not incur

Contracts or transactions with internal shareholders: not incur

Implementation of regulations on corporate governance: The company issued the Corporate Governance Regulation under the guidance of Circular No. 121/2012/TT-BTC of the Ministry of Finance



Financial Statements for the year ended 31 December 2019

REPORT OF THE CHAIRMAN OF BOARD OF DIRECTORS AND MANAGEMENT

The Chairman of Board of Directors and Management of Da Nang Port Joint Stock Company are pleased to present this report together with the audited financial statements for the year ended 31/12/2019.

Overview

Da Nang Port Joint Stock Company (“the Company”) is incorporated on the basis of transformation of the ownership form from a State-owned one-member limited liability company to a joint stock company under Decision No. 216/QĐ-HHVN dated 06/05/2014 of the Members’ Council of Vietnam National Shipping Lines. The Company is an independent accounting entity, operating in accordance with the Enterprise Registration Certificate No. 3204000379 dated 01/04/2008 by the Department of Planning and Investment of Da Nang City (this Enterprise Registration Certificate has been amended 7 times and the most recent amendment was made on 08/08/2019 with the enterprise code 0400101972), the Enterprise Law, its Charter and other relevant regulations.

The Company was approved to list its common shares on Hanoi Stock Exchange - HNX under Decision No. 746/QĐ-SGDHN dated 17/11/2016 by the General Director of Hanoi Stock Exchange with the code CDN. Official trading date of the shares was 30/11/2016.

Charter capital as per the Enterprise Registration Certificate: VND990,000,000,000.

Paid-up capital as at 31/12/2019: VND990,000,000,000.

Head office

- Address: 26 Bach Dang Street, Thach Thang Ward, Hai Chau District, Da Nang City.
- Phone number: (84) 236.3822565
- Fax: (84) 236.3822565
- Email: Cangdn@danangport.com

Principal activities

- Cargo handling. Detail: Land cargo handling. Harbor cargo handling. Riverport cargo handling;
- Service activities incidental to water transportation. Detail: Service activities incidental to sea and coastal water transport. Service activities incidental to inland water transport;
- Other transportation support activities. Detail: Shipping agency services. Sea transport agency services. Trading in port and harbor services; Seagoing vessels towage and support services; Maintenance, tally and delivery of cargoes. Logistics Services; Trading in multimodal transport;
- Warehousing and storage. Detail: Warehousing and storage of goods in bonded warehouses. Warehousing and storage of goods in refrigerated warehouses. Warehousing and storage of goods in other warehouses;
- Restaurants and mobile food service activities;
- Provision of food services based on contractual arrangements with the customer (at parties, conferences, weddings, etc.);
- Other food service activities;
- Wholesale of solid, liquid and gaseous fuels and related products. Detail: Wholesale of crude oil; Wholesale of petroleum, oil and related products;
- Other retail sale of new goods in specialized stores. Detail: Retail sale of souvenirs, wicker goods, handicrafts; Retail sale of paintings, pictures and other artworks (except antiques); Retail sale of household fuel oil, bottled gas, coal; Other retail sale of new goods n.e.c.;
- Manufacture of lifting and handling equipment (not operating at the head office);

REPORT OF THE CHAIRMAN OF BOARD OF DIRECTORS AND MANAGEMENT (continued)

- Repair of fabricated metal products (Not stamping, cutting, bending, welding and painting at the head office);
- Repair of machinery and equipment (Not stamping, cutting, bending, welding and painting at the head office);
- Repair of electronic and optical equipment;
- Repair of electrical equipment;
- Repair and maintenance of transport equipment (except automobiles, motorbikes, mopeds and other motor vehicles) (Not stamping, cutting, bending, welding and painting at the head office);
- Repair of other equipment;
- Installation of industrial machinery and equipment;
- Maintenance and repair of automobiles and other motor vehicles (Not stamping, cutting, bending, welding and painting at the head office);
- Retail sale of automotive fuel in specialized stores;
- Construction of buildings;
- Construction of other civil engineering projects;
- Trading in own or rented property and land use rights;
- Service activities incidental to rail transportation and land transportation;
- Renting and leasing of motor vehicles;
- Other remaining business support service activities n.e.c.;
- Short-term accommodation activities. Detail: Trading in tourist accommodation, tourist guest houses;
- Other accommodation;
- Freight transport by road. Detail: Trading in freight transport by auto.

Employees

As at 31/12/2019, the Company had 637 employees including 3 managing officers.

Members of the Board of Directors, Board of Supervisors, Management and Manager of Finance and Accounting Department during the year and up to this reporting date are as follows:

Board of Directors

- | | | |
|-------------------------|----------------------|---|
| • Mr. Tran Le Tuan | Chairman | Appointed on 16/02/2017 |
| • Mr. Nguyen Huu Sia | Member | Appointed on 25/07/2014
Resigned on 01/02/2019 |
| • Mr. Nguyen Quang Dung | Member | Appointed on 19/06/2019 |
| • Mr. Vu Quyet Thang | Member | Appointed on 19/06/2019 |
| • Mr. Phan Bao Loc | Non-executive member | Appointed on 27/06/2019 |
| • Mr. Le Quang Duc | Member | Reappointed on 19/06/2019 |
| • Ms. Nguyen Thi Yen | Member | Appointed on 19/06/2019 |

REPORT OF THE CHAIRMAN OF BOARD OF DIRECTORS AND MANAGEMENT (continued)

- | | | |
|-----------------------|--------|---|
| • Mr. Chen Yung Chan | Member | Appointed on 18/11/2019 |
| • Mr. Luong Dinh Minh | Member | Appointed on 17/02/2017
Resigned on 19/06/2019 |
| • Mr. Tran Tuan Hai | Member | Appointed on 25/07/2014
Resigned on 19/06/2019 |

Board of Supervisors

- | | | |
|--------------------------|------------------|---|
| • Ms. Phan Thi Nhi Ha | Chief Supervisor | Reappointed on 19/06/2019 |
| • Ms. Tran Thi Kieu Oanh | Supervisor | Reappointed on 19/06/2019 |
| • Mr. Nguyen Quang Phat | Supervisor | Appointed on 19/06/2019 |
| • Mr. Le Duy Duong | Supervisor | Appointed on 26/04/2016
Resigned on 19/06/2019 |

Management and Manager of Finance and Accounting Department

- | | | |
|-----------------------|--|---------------------------|
| • Mr. Tran Le Tuan | Acting General Director | Appointed on 02/02/2019 |
| • Mr. Duong Duc Xuan | Vice General Director | Appointed on 20/05/2016 |
| • Mr. Le Quang Duc | Vice General Director | Reappointed on 22/01/2020 |
| • Mr. Nguyen Ngoc Tam | Manager of Finance and Accounting Department | Appointed on 01/04/2016 |

Independent Auditor

These financial statements have been audited by AAC Auditing and Accounting Co., Ltd. (Head office: Lot 78-80, 30th April Street, Hai Chau District, Da Nang City; Telephone: (84) 0236.3655886; Fax: (84) 0236.3655887; Website: www.aac.com.vn; Email: aac@dng.vnn.vn).

Responsibility of the Chairman of Board of Directors and Management in preparation and presentation of the financial statements

The Company's Chairman of Board of Directors and Management are responsible for true and fair preparation and presentation of these financial statements on the basis of:

- Complying with the Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and other relevant regulations;
- Selecting suitable accounting policies and then applying them consistently;

Making judgments and estimates that are reasonable and prudent;

- Preparing the financial statements on the going concern basis;
- Responsibility for such internal control as the Chairman of Board of Directors and Management determine is necessary to enable the preparation and presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

REPORT OF THE CHAIRMAN OF BOARD OF DIRECTORS AND MANAGEMENT (continued)

The Company's Chairman of Board of Directors and Management hereby confirm that the accompanying financial statements including the balance sheet, the income statement, the statement of cash flows and notes to the financial statements give a true and fair view of the financial position of the Company as at 31/12/2019 and the result of its operations and its cash flows for the year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and the statutory requirements relevant to preparation and presentation of the financial statements.

A red circular stamp from Công ty Cổ phần Cảng Đà Nẵng. The outer ring contains the text "M.S.D.N: 0400101972 - C.T.C.P." at the top and "THÀNH ĐƠN" at the bottom. The center contains "CÔNG TY CỔ PHẦN" and "CẢNG ĐÀ NẴNG" with two stars on either side. A blue ink signature is written across the stamp.

Trần Lê Tuan

Chairman of Board of Directors

Da Nang, 11 March 2020

INDEPENDENT AUDITORS' REPORT

**To: The Shareholders, Board of Directors and Management
Da Nang Port Joint Stock Company**

We have audited the financial statements which were prepared on 11/03/2020 of Da Nang Port Joint Stock Company ("the Company") as set out on pages 7 to 37, which comprise the balance sheet as at 31/12/2019, the income statement, statement of cash flows, and notes to the financial statements for the year then ended.

The Chairman of Board of Directors and Management's Responsibility

The Company's Chairman of Board of Directors and Management are responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and the statutory requirements relevant to preparation and presentation of financial statements, and for such internal control as the Chairman of Board of Directors and Management determine is necessary to enable the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31/12/2019, and its financial performance and its cash flows for the year then ended, in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System and the statutory requirements relevant to the preparation and presentation of financial statements.

Other Matter

The Company's 2018 financial statements were audited by another auditor. In Auditors' Report No. 18-02-00133-19-1 on the Company's 2018 financial statements, the preceding auditor expressed an unqualified opinion.



AAC Auditing and Accounting Co., Ltd.

Lam Quang Tu – Deputy General Director

Audit Practicing Registration Certificate

No. 1031-2018-010-1

Da Nang, 11 March 2020

Ngo Thi Kim Anh – Auditor

Audit Practicing Registration Certificate

No. 1100-2018-010-1

BALANCE SHEET
As at 31 December 2019

Form B 01 - DN

Issued under Circular No. 200/2014/TT-BTC
dated 22/12/2014 by the Ministry of Finance

ASSETS	Code	Note	31/12/2019 VND	01/01/2019 VND
A. CURRENT ASSETS	100		583,983,405,789	473,510,432,353
I. Cash and cash equivalents	110	5	36,465,358,542	138,034,815,704
1. Cash	111		11,074,391,274	4,604,364,983
2. Cash equivalents	112		25,390,967,268	133,430,450,721
II. Short-term financial investments	120		379,643,908,394	179,760,217,808
1. Trading securities	121		-	-
2. Held-to-maturity investments	123	6a	379,643,908,394	179,760,217,808
III. Short-term receivables	130		119,946,660,710	97,310,360,889
1. Short-term trade receivables	131	7	110,327,594,307	90,630,649,632
2. Short-term prepayments to suppliers	132	8	6,823,779,497	3,009,978,098
3. Other short-term receivables	136	9	5,782,218,778	5,020,183,041
4. Provision for short-term doubtful receivables	137	10	(2,986,931,872)	(1,350,449,882)
IV. Inventories	140	11	10,967,155,382	9,182,867,075
1. Inventories	141		10,967,155,382	9,182,867,075
2. Provision for decline in value of inventories	149		-	-
V. Other current assets	150		36,960,322,761	49,222,170,877
1. Short-term prepaid expenses	151	12.a	2,959,847,906	1,352,831,895
2. Deductible VAT	152		34,000,474,855	47,869,338,982
B. LONG-TERM ASSETS	200		1,078,312,454,692	1,152,892,932,914
I. Long-term receivables	210		-	-
II. Fixed assets	220		1,029,409,037,078	1,114,865,152,013
1. Tangible fixed assets	221	13	928,308,478,846	1,014,072,373,485
- Cost	222		2,034,822,427,954	2,027,390,537,686
- Accumulated depreciation	223		(1,106,513,949,108)	(1,013,318,164,201)
2. Intangible fixed assets	224	14	101,100,558,232	100,792,778,528
- Cost	225		104,009,870,987	103,551,770,987
- Accumulated amortization	226		(2,909,312,755)	(2,758,992,459)
III. Investment properties	230	15	126,150,013	131,950,009
- Cost	231		145,000,000	145,000,000
- Accumulated depreciation	232		(18,849,987)	(13,049,991)
IV. Long-term assets in progress	240		6,159,640,536	5,798,207,662
1. Long-term work in process	241		-	-
2. Construction in progress	242	16	6,159,640,536	5,798,207,662
V. Long-term financial investments	250		32,835,947,149	31,911,510,949
1. Investments in joint ventures, associates	252	6b	30,089,813,149	30,089,813,149
2. Equity investments in other entities	253	6b	3,764,334,000	3,764,334,000
3. Provision for long-term financial investments	254	6b	(1,018,200,000)	(1,942,636,200)
VI. Other long-term assets	260		9,781,679,916	186,112,281
1. Long-term prepaid expenses	261	12.b	8,352,015,756	75,304,281
2. Deferred income tax assets	262	17	1,318,856,160	-
3. Long-term tools, supplies and spare parts	263		110,808,000	110,808,000
TOTAL ASSETS	270		1,662,295,860,481	1,626,403,365,267

BALANCE SHEET (continued)
As at 31 December 2019

Form B 01 - DN
Issued under Circular No. 200/2014/TT-BTC
dated 22/12/2014 by the Ministry of Finance

RESOURCES	Code	Note	31/12/2019 VND	01/01/2019 VND
C. LIABILITIES	300		308,417,836,741	401,876,648,118
I. Current liabilities	310		120,264,867,427	199,175,294,866
1. Short-term trade payables	311	18	34,605,345,675	95,964,873,258
2. Short-term advances from customers	312	19	871,691,364	5,445,986,705
3. Taxes and amounts payable to the State Budget	313	20	13,152,129,129	11,443,787,086
4. Payables to employees	314		42,735,047,761	36,227,093,120
5. Short-term accrued expenses	315	21	1,446,018,132	1,516,952,820
6. Short-term unearned revenue	318	22	37,500,000	18,500,000
7. Other short-term payables	319	23	1,257,504,553	23,150,158,059
8. Short-term loans and finance lease liabilities	320	24a	12,717,656,438	12,383,328,770
9. Reward and welfare fund	322		13,441,974,375	13,024,615,048
II. Long-term liabilities	330		188,152,969,314	202,701,353,252
1. Long-term loans and finance lease liabilities	338	24b	188,152,969,314	199,533,315,078
2. Provision for long-term payables	342		-	3,168,038,174
D. EQUITY	400		1,353,878,023,740	1,224,526,717,149
I. Owners' equity	410		1,353,878,023,740	1,224,526,717,149
1. Share capital	411	25	990,000,000,000	990,000,000,000
- Common shares with voting rights	411a		990,000,000,000	990,000,000,000
- Preferred shares	411b		-	-
2. Share premium	412	25	(215,000,000)	(215,000,000)
3. Development investment fund	418	25	179,932,610,473	157,162,317,406
4. Undistributed profit after tax	421	25	184,160,413,267	77,579,399,743
- Undistributed profit up to prior year-end	421a		-	-
- Undistributed profit this period	421b		184,160,413,267	77,579,399,743
II. Budget sources and other funds	430		-	-
TOTAL RESOURCES	440		1,662,295,860,481	1,626,403,365,267



Tran Le Tuan
Chairman of Board of Directors

Da Nang, 11 March 2020

Nguyen Ngoc Tam
Manager of Finance & Accounting Dept.

Ngo Quoc Van
Preparer

INCOME STATEMENT
For the year ended 31/12/2019

Form B 02 - DN
Issued under Circular No. 200/2014/TT-BTC
dated 22/12/2014 by the Ministry of Finance

ITEMS	Code	Note	Year 2019 VND	Year 2018 VND
1. Revenue from sales and service provision	01	26	823,884,542,540	695,674,254,294
2. Revenue deductions	02		126,512,560	932,737,170
3. Net revenue from sales and service provision	10		823,758,029,980	694,741,517,124
4. Cost of goods sold	11	27	532,568,441,686	460,504,519,525
5. Gross profit from sales and service provision	20		291,189,588,294	234,236,997,599
6. Financial income	21	28	24,529,370,685	21,665,716,098
7. Financial expenses	22	29	13,105,083,777	17,490,061,145
<i>Including : Interest expense</i>	23		11,662,379,388	13,916,484,149
8. Selling expenses	25	30.a	5,335,039,348	3,049,403,916
9. General and corporate administration expenses	26	30.b	75,651,091,191	53,217,636,227
10. Net operating profit	30		221,627,744,663	182,145,612,409
11. Other income	31	31	6,030,966,854	1,684,347,557
12. Other expenses	32		201,076,276	445,202,201
13. Other profit	40		5,829,890,578	1,239,145,356
14. Accounting profit before tax	50		227,457,635,241	183,384,757,765
15. Current corporate income tax expense	51	32	44,616,078,134	35,900,551,007
16. Deferred corporate income tax expense	52		(1,318,856,160)	-
17. Profit after corporate income tax	60		184,160,413,267	147,484,206,758
18. Basic earnings per share	70	33	1,860	1,456
19. Diluted earnings per share	71	33	1,860	1,456



Tran Le Tuan
Chairman of Board of Directors

Da Nang, 11 March 2020

Nguyen Ngoc Tam
Manager of Finance & Accounting Dept.

Ngo Quoc Van
Preparer

STATEMENT OF CASH FLOWS

For the year ended 31/12/2019

Form B 03 - DN

Issued under Circular No. 200/2014/TT-BTC
dated 22/12/2014 by the Ministry of Finance

ITEMS	Code	Note	Year 2019 VND	Year 2018 VND
I. Cash flows from operating activities				
1. Profit before tax	01		227,457,635,241	183,384,757,765
2. Adjustments for				
- Depreciation and amortization	02	13,14,15	119,573,383,755	123,294,024,703
- Provisions	03		(2,103,230,639)	290,834,020
- Foreign exchange gain/loss from revaluation of monetary items denominated in foreign currencies	04		1,941,604,369	2,704,002,184
- Profits/losses from investing activities	05	28,31	(27,073,295,874)	(18,968,166,230)
- Interest expense	06	29	11,662,379,388	13,916,484,149
3. Operating profit before changes in working capital	08		331,458,476,240	304,621,936,591
- Increase/decrease in receivables	09		(7,109,724,756)	(29,378,204,515)
- Increase/decrease in inventories	10	11	(1,784,288,307)	357,563,678
- Increase/decrease in payables (exclusive of interest payable, income tax payable)	11		10,854,637,598	(5,932,029,111)
- Increase/decrease in prepaid expenses	12	12	(9,883,727,486)	146,354,564
- Interest paid	14	21,29	(11,733,314,076)	(13,532,152,346)
- Corporate income tax paid	15	20	(42,676,766,971)	(32,172,776,147)
- Other cash payments for operating activities	17		(14,791,747,349)	(12,963,399,728)
Net cash provided by operating activities	20		254,333,544,893	211,147,292,986
II. Cash flows from investing activities				
1. Purchases of fixed assets and other long-term assets	21	13,14,16	(110,027,062,082)	(282,302,066,850)
2. Disposal of fixed assets and other long-term assets	22	31	3,045,890,910	-
3. Cash paid for loans, acquisition of debt instruments	23	6a	(641,973,010,997)	(334,760,217,808)
4. Recovery of loans, resales of debt instruments	24	6a	442,089,320,411	156,200,000,000
5. Received loan interest, dividends, profits	27	9,28	22,981,273,264	15,590,594,030
Net cash used in operating activities	30		(283,883,588,494)	(445,271,690,628)
III. Cash flows from financing activities				
1. Proceeds from stock issuance, capital contribution	31		-	329,785,000,000
2. Proceeds from loans	33		-	116,161,675,000
3. Repayment of loan principals	34		(12,618,018,389)	(100,886,338,986)
4. Dividends, profit paid to owners	36	23,25c	(59,400,000,000)	(113,850,000,000)
Net cash used in financing activities	40		(72,018,018,389)	231,210,336,014
Net cash flows for the year	50		(101,568,061,990)	(2,914,061,628)
Cash and cash equivalents at the beginning of the year	60	5	138,034,815,704	140,951,996,201
Impacts of exchange rate fluctuations	61		(1,395,172)	(3,118,869)
Cash and cash equivalents at the end of the year	70	5	36,465,358,542	138,034,815,704



Tran Le Tuan
Chairman of Board of Directors

Da Nang, 11 March 2020

Nguyen Ngoc Tam
Manager of Finance & Accounting Dept.

Ngo Quoc Van
Preparer

NOTES TO THE FINANCIAL STATEMENTS

(These notes form part of and should be read in conjunction with the accompanying financial statements)

Form B 09 - DN

Issued under Circular No. 200/2014/TT - BTC dated 22/12/2014 by the Ministry of Finance

1. Nature of operations

1.1. Overview

Da Nang Port Joint Stock Company (“the Company”) is incorporated on the basis of transformation of the ownership form from a State-owned one-member limited liability company to a joint stock company under Decision No. 216/QĐ-HHVN dated 06/05/2014 of the Members’ Council of Vietnam National Shipping Lines. The Company is an independent accounting entity, operating in accordance with the Enterprise Registration Certificate No. 3204000379 dated 01/04/2008 by the Department of Planning and Investment of Da Nang City (this Enterprise Registration Certificate has been amended 7 times and the most recent amendment was made on 08/08/2019 with the enterprise code 0400101972), the Enterprise Law, its Charter and other relevant regulations.

1.2. Principal scope of business: Cargo handling, Service activities incidental to water transportation and other transportation support activities, warehousing and storage services.

1.3. Operating activities

- Cargo handling. Detail: Land cargo handling. Harbor cargo handling. Riverport cargo handling;
- Service activities incidental to water transportation. Detail: Service activities incidental to sea and coastal water transport. Service activities incidental to inland water transport;
- Other transportation support activities. Detail: Shipping agency services. Sea transport agency services. Trading in port and harbor services; Seagoing vessels towage and support services; Maintenance, tally and delivery of cargoes. Logistics Services; Trading in multimodal transport;
- Warehousing and storage. Detail: Warehousing and storage of goods in bonded warehouses. Warehousing and storage of goods in refrigerated warehouses. Warehousing and storage of goods in other warehouses;
- Restaurants and mobile food service activities;
- Provision of food services based on contractual arrangements with the customer (at parties, conference, wedding, etc.);
- Other food service activities;
- Wholesale of solid, liquid and gaseous fuels and related products. Detail: Wholesale of crude oil; Wholesale of petroleum, oil and related products;
- Other retail sale of new goods in specialized stores. Detail: Retail sale of souvenirs, wicker goods, handicrafts; Retail sale of paintings, pictures and other artworks (except antiques); Retail sale of household fuel oil, bottled gas, coal; Other retail sale of new goods n.e.c.;
- Manufacture of lifting and handling equipment (not operating at the head office);
- Repair of fabricated metal products (Not stamping, cutting, bending, welding and painting at the head office);
- Repair of machinery and equipment (Not stamping, cutting, bending, welding and painting at the head office);
- Repair of electronic and optical equipment;
- Repair of electrical equipment;
- Repair and maintenance of transport equipment (except automobiles, motorbikes, mopeds and other motor vehicles) (Not stamping, cutting, bending, welding and painting at the head office);

NOTES TO THE FINANCIAL STATEMENTS (continued)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

Form B 09 - DN

Issued under Circular No. 200/2014/TT - BTC dated 22/12/2014 by the Ministry of Finance

- Repair of other equipment;
- Installation of industrial machinery and equipment;
- Maintenance and repair of automobiles and other motor vehicles (Not stamping, cutting, bending, welding and painting at the head office);
- Retail sale of automotive fuel in specialized stores;
- Construction of buildings;
- Construction of other civil engineering project;
- Trading in own or rented property and land use rights;
- Service activities incidental to rail transportation and land transportation;
- Renting and leasing of motor vehicles;
- Other remaining business support service activities n.e.c.;
- Short-term accommodation activities. Detail: Trading in tourist accommodation, tourist guest houses;
- Other accommodation;
- Freight transport by road. Detail: Trading in freight transport by auto.

1.4. Normal course of business cycle

The Company's normal course of business cycle is 12 months.

1.5. Enterprise structure

The Company has 1 dependent entity, which is Tien Sa Port Enterprise and 2 associates as follows:

- Da Nang Port Logistics Joint Stock Company;
- Da Nang Port Tugboat Joint Stock Company.

2. Accounting period, currency used in accounting

The annual accounting period of the Company is from 1 January to 31 December.

Financial statements and accounting transactions are expressed in Vietnam Dong (VND).

3. Applied accounting standards and system

The Company adopts the Vietnamese Corporate Accounting System, which was guided under Circular No. 200/2014/TT-BTC dated 22/12/2014 and Vietnamese Accounting Standards promulgated by the Ministry of Finance.

4. Summary of significant accounting policies

4.1 Exchange rate differences applied in accounting

Transactions denominated in foreign currencies are translated to VND using the actual exchange rate announced by the commercial bank where the Company anticipates conducting transactions on the date of the transactions.

NOTES TO THE FINANCIAL STATEMENTS (continued)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

Form B 09 - DN

Issued under Circular No. 200/2014/TT - BTC dated 22/12/2014 by the Ministry of Finance

At the balance sheet date, monetary items denominated in foreign currencies which are classified as assets are revaluated using the purchasing exchange rate and monetary items denominated in foreign currencies which are classified as liabilities are revaluated using the selling exchange rate of the commercial bank where the Company regularly conducts transactions at the time of the financial statements. For foreign currencies deposited in bank, the exchange rate upon revaluation is the purchase exchange rate of the bank where the Company opens foreign currency accounts.

Exchange rate differences are treated in accordance with the provisions of Vietnamese Accounting Standards No. 10 “Effects of changes in foreign exchange rates”. Accordingly, foreign exchange differences arising during the period and exchange rate differences resulting from revaluating the closing balances of monetary items denominated in foreign currencies are recorded as financial incomes or financial expenses in the accounting period.

4.2 Cash and cash equivalents

Cash includes cash on hand and cash in bank.

All short-term investments which are collectible or mature of 3 months or less as from purchasing date, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value at reporting date shall be recognized as cash equivalents.

4.3 Financial investments

Held-to-maturity investments

Held-to-maturity investments are term deposits (including treasury bills, promissory notes), held-to-maturity loans to earn profits periodically and other held to maturity investments.

Held-to-maturity investments are recorded at book value upon revaluation. Provision for loss of held-to-maturity investments shall be recorded as a decrease directly in the book value of investments.

In case where held-to-maturity investments are monetary items denominated in foreign currencies, they are revaluated using the buying rate of the commercial bank where the Company regularly conducts transactions at the time of the financial statements.

Investments in associates and long-term equity investments in other companies

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the associate but not control or joint control over those policies. An entity is considered as an associate if the Company holds (directly or indirectly) from 20% to under 50% voting shares of the entity.

Long-term equity investments in other companies are investments which the Company has no power to control or joint control, no significant influence over the investees.

Investments in associates and long-term equity investments in other companies are stated at cost less provision. Dividends and profits received in money or non-monetary asset for the period before the investment date shall be recorded as a decrease in value of the investments.

Provision

Provision for investments in associates is made if these investments are impaired or the investees suffer losses leading to the irrecoverability of the Company’s investments. Provision for long-term investments in form of capital contribution in other companies is made as follows:

- If an investment in listed shares or the fair value of the investment is determined reliably, the provision shall be made based on market value of the shares;

NOTES TO THE FINANCIAL STATEMENTS (continued)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

Form B 09 - DN

Issued under Circular No. 200/2014/TT - BTC dated 22/12/2014 by the Ministry of Finance

- If the market value of the shares is not identifiable, the provision shall be made based on the loss reported in the financial statements of the investee.

With regards to the investees who are required to prepare the consolidated financial statements, the provision is made based on the consolidated financial statements. For other cases, the provision is made based on the financial statements of the investees.

4.4 Receivables

Receivables include trade receivables and other receivables:

- Trade receivables are trade-related amounts arising from trading activities between the Company and its customers;
- Other receivables include non-trade amounts which are not related to trading activities, intra-company transactions.

Receivables are recorded at cost less provision for doubtful debts. The appropriation of provision complies with the guidelines in Circular No. 48/2019/TT-BTC dated 08/08/2019 by the Ministry of Finance. Accordingly, provision is made at the balance sheet date for the amounts receivable which have been overdue for over 6 months or which have not been overdue but are likely to become irrecoverable.

4.5 Inventories

Inventories are stated at the lower of cost and net realizable value.

Cost of inventories is calculated using the weighted average method and accounted for using the perpetual method. Cost of inventories comprises costs of purchase, costs of conversion and any directly attributable costs of bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price less the estimated costs of completing the products and the estimated costs needed for their consumption.

Provision for decline in value of inventories is made for each kind of inventories when the net realizable value of that kind of inventories is less than cost.

4.6 Tangible fixed assets

Cost

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of tangible assets comprises their purchase price and all the costs incurred by the Company to acquire those assets as of the time of putting such assets into the ready-for-use state. The costs incurred after the initial recognition of tangible fixed asset shall be recorded as increase in their historical cost if these costs are certain to augment future economic benefits obtained from the use of those assets. Those incurred costs which fail to meet this requirement must be recognized as production and business expenses in the period.

Depreciation

Depreciation of fixed assets is calculated in accordance with the straight-line method over their estimated useful lives. Depreciation period is in conformity with Circular No. 45/2013/TT-BTC dated 25/04/2013 by the Ministry of Finance. Details are as follows:

NOTES TO THE FINANCIAL STATEMENTS (continued)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

Form B 09 - DN

Issued under Circular No. 200/2014/TT - BTC dated 22/12/2014 by the Ministry of Finance

<u>Kinds of asset</u>	<u>Depreciation period (years)</u>
Buildings, architectures	5 – 30
Machinery, equipment	4 – 20
Motor vehicles	5 – 10
Office equipment	3 – 8
Other fixed assets	4

4.7 Intangible fixed assets

Cost

Intangible fixed assets are stated at cost less accumulated amortization.

The cost of intangible fixed assets comprises all the costs incurred by the Company to acquire those assets as of the time of putting such assets into the ready-for-use state.

Land use rights

Intangible fixed assets are land use rights including:

- The land use right allocated by the State with land use fee or receiving the transfer of legal land use right (including term and non-term land use right);
- The prepaid land rent (has been paid for the leasing time or paid in advance for many years but the remaining land lease term paid is at least five years) for the land rent contract before the effective date of the Land Act 2013 and being granted with certificate of land use right by the competent authority.

The cost of land use right includes all the costs directly attributable to the putting of land into the ready-for-use state.

Amortization

Intangible fixed assets being land use rights with indefinite term are not amortized.

Other intangible fixed assets are amortized in accordance with the straight-line method. Amortization rate is based on their cost and estimated useful lives. Amortization period is in conformity with Circular No. 45/2013/TT-BTC dated 25/04/2013 by the Ministry of Finance.

The amortization period of intangible fixed assets of the Company is as follows:

<u>Kinds of asset</u>	<u>Amortization period (years)</u>
Computer software	3

4.8 Investment properties

Investment property held to be leased out under an operating lease is stated at cost less accumulated depreciation. Investment property held for capital appreciation is reflected at net of book value and impairment losses.

NOTES TO THE FINANCIAL STATEMENTS (continued)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

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The depreciation policy of investment property held to be leased out under an operating lease is performed consistently with the depreciation policy of the same kind of fixed assets of the Company. Accordingly, depreciation of investment property held to be leased out under an operating lease is calculated on a straight-line basis over their estimated useful lives. The depreciation period is in conformity with Circular No. 45/2013/TT-BTC dated 25/04/2013 by the Ministry of Finance. Details are as follows:

<u>Kinds of assets</u>	<u>Depreciation period (years)</u>
Buildings, architectures	25

4.9 Prepaid expenses

Prepaid expenses are reported as short-term or long-term prepaid expenses. These are expenditures that have been incurred but related to the operations of many accounting periods. The Company's primary prepayments are as follows:

- Cost of tools and instruments being put into use are amortized in accordance with the straight-line method over a period ranging from 1 to 2 years;
- Insurance premium is amortized in accordance with the term of insurance contract;
- Other prepaid expenses: the Company selects appropriate method and criteria of allocation over the period in which economic benefits are expected to be received based on the nature and extent of the prepaid expenses.

4.10 Payables

Payables include trade payables and other payables:

- Trade payables are trade-related amounts, arising from trading activities between the company and its suppliers;
- Other payables are non-trade amounts, which are not related to trading activities, intra-company transactions.

Payables are recognized at cost and reported as short-term and long-term payables based on the remaining terms at the balance sheet date.

Payables are monitored according to their creditors, principal terms, remaining terms and original currencies.

4.11 Accrued expenses

Accruals are recognized for amount to be paid in the future for goods and services received, whether or not billed to the Company.

4.12 Unearned revenue

Unearned revenue of the Company is amount received in advance for one or many accounting periods for services rendered to customers that are amortized over the period for which the Company has received the payment in advance.

4.13 Loans and finance lease liabilities

Loans and finance lease liabilities are reflected at cost and classified into short-term liabilities and long-term liabilities based on their remaining terms at the balance sheet date.

The Company monitors loans and finance lease liabilities according to their creditors, loan agreements, principal terms, remaining terms and original currencies.

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Borrowing costs

Borrowing costs comprise interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent that they qualify the conditions to be capitalized in accordance with Accounting Standard “Borrowing costs”.

Borrowing costs associated with a particular borrowing for the purpose of obtaining a qualifying asset shall be capitalized as part of the cost of that asset. For general borrowing funds, the borrowing costs eligible for capitalization in the period shall be determined according to the capitalization rate, which is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period.

Capitalization of borrowing costs shall be suspended during extended periods in which it suspends active development of a qualifying asset, except to the extent that the suspension is necessary. Capitalization shall be ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

4.14 Owners' equity

Paid-up capital represents the amount of capital actually contributed by shareholders.

Share premium

Share premium reflects the difference between the issue price and par value of the shares issued, costs directly related to the issuance of shares; Difference between the re-issue price and book value, costs directly related to the re-issuance of shares; the capital component of convertible bonds as they fall due.

Profit distribution

Profit after corporate income tax is available for appropriation to funds and to shareholders as provided for in the Company's Charter or a resolution of the General Shareholders' Meeting.

The dividend to be paid to the shareholders shall not exceed the undistributed profit after tax and with consideration of non-monetary items in undistributed post-tax profits that may affect cash flow and ability to pay dividends.

4.15 Recognition of revenue and other income

- Revenue from sales and service provision is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:
 - ✓ Revenue from the sale of goods is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer and there are no significant uncertainties regarding recovery of the consideration due or the likely return of goods;
 - ✓ Revenue from service provision is recognized when the services have been rendered. In case that the services are to be provided in many accounting periods, the determination of revenue in each period is done on the basis of the service completion rate as of the balance sheet date.
- Revenue from financing activities is recognized when revenue is determined with relative certainty and it is possible to obtain economic benefits from the transactions.
 - ✓ Interests are recognized on the basis of the actual term and interest rates.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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- ✓ Dividends and profits shared are recognized when the Company has the rights to receive dividends or profit from the capital contribution. Stock dividends are not recognized as financial revenue. Dividends received in the period before investment date shall be recorded as a decrease in value of investment.
- Other income is the income derived out of the Company's scope of business and recognized when it can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company.

4.16 Revenue deductions

Revenue deductions are trade discounts.

In case where revenue is recognized in during the year but the corresponding revenue deductions arise after the balance sheet date, revenue shall be decreased in accordance with the following principles:

- If the corresponding deductions arise before the date of releasing the financial statements, they shall be charged against revenue of the reporting year;
- If the corresponding revenue deductions arise after the date of releasing the financial statements, they shall be charged against revenue of the next reporting year.

4.17 Cost of goods sold

Cost of products, goods sold and services rendered shall be recognized in the correct accounting period in accordance with the matching principle and conservatism principle.

Costs of inventories and services rendered which are incurred in excess of the ordinary level are shall be charged out to cost of goods sold in the period, not to the production cost of goods and services.

4.18 Financial expenses

Financial expenses reflect expenses or losses related to financial investment activities: interest expense, provision for loss from investment in other entities, foreign exchange loss and other expenses attributable to investing activities.

4.19 Selling expenses, administrative expenses

Selling expenses recognized in the period are expenses actually incurred in process of selling products, goods, rendering services.

Administrative expenses recognized are expenses actually incurred related to the overall administration of the Company.

4.20 Corporate income tax expense

Corporate income tax expenses in the period include current income tax and deferred income tax.

Current income tax is the tax amount computed based on the taxable income during the period at the tax rates applied as of the balance sheet date. Taxable income is different from accounting profit due to the adjustments of temporary differences between tax and accounting figures as well as those of non-taxable or non-deductible income and expenses.

Deferred income tax is determined for temporary differences at the balance sheet date between the tax base of assets and liability and their carrying amount for financial reporting purpose. Deferred income tax liabilities are recognized for all temporary differences except temporary differences arising from the initial recognition of an asset or liability in a transaction which, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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Deferred income tax liabilities are recognized for all taxable temporary differences while deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Book values of deferred corporate income tax assets are considered at the balance sheet dates and will be reduced to the rates that ensure enough taxable income against which the benefits from a part of or all of the deferred income tax assets can be used. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax is measured at the tax rates that are expected to apply for the year in which the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax assets and deferred income tax liabilities are offset if taxable temporary differences and deductible temporary differences relate to the same taxable entity and are finalized with the same taxation authority

4.21 Financial instruments

Initial recognition

Financial assets

A financial asset is recognized initially at cost plus transaction costs directly attributable to the acquisition of the asset. The Company's financial assets include cash on hand, cash in bank, trade receivables, other receivables and financial investments.

Financial liabilities

A financial liability is recognized initially at cost plus transaction costs directly attributable to the issuance of such liability. The Company's financial liabilities include loans, trade payables, accrued expenses and other payables.

Subsequent measurement

Currently, there has been no requirement for subsequent measurement of financial instruments.

4.22 Tax rates and charges payable to the State Budget which the Company applies

- Value Added Tax (VAT): 0% tax rate applies to maritime services provided to overseas organizations, 5% to water supply services for ships, and 10% to other activities.
- Corporate Income Tax (CIT): CIT rate of 20% is applicable.
- Other taxes and obligation are fulfilled in accordance with the prevailing regulations.

4.23 Related parties

Parties are considered to be related if one party has the ability to (directly or indirectly) control the other party or exercise significant influence over the other party in making financial or operational decisions.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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Unit: VND

5. Cash and cash equivalents

	31/12/2019	01/01/2019
Cash on hand	246,936,567	190,707,258
Cash in bank	10,827,454,707	4,413,657,725
Bank deposits with term of no more than 3 months	25,390,967,268	133,430,450,721
Total	36,465,358,542	138,034,815,704

6. Financial investments**a. Held-to-maturity investments**

	31/12/2019	01/01/2019
Deposits with terms ranging from over 3 to 12 months	379,643,908,394	179,760,217,808
Total	379,643,908,394	179,760,217,808

The Chairman of Board of Directors and Management assessed that these investments were not impaired.

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b. Long-term financial investments

	Operation status	% holding	% voting rights	Number of shares	31/12/2019			01/01/2019		
					Cost	Provision	Fair value	Cost	Provision	Fair value
Investments in associates					30,089,813,149	-		30,089,813,149	-	
- Danang Port Logistics JSC (i)	Operating	45%	45%	1,943,924	19,907,661,902	-	34,498,819,228	19,907,661,902	-	22,743,910,800
- Danang Port Tugboat JSC (ii)	Operating	36%	36%	1,089,000	10,182,151,247	-	-	10,182,151,247	-	-
Investments in other entities					3,764,334,000	(1,018,200,000)		3,764,334,000	(1,942,636,200)	
- Vinalines Logistics Vietnam JSC (i)	Operating	1.41%	1.41%	200,000	2,000,000,000	(1,018,200,000)	981,800,000	2,000,000,000	(960,000,000)	1,040,000,000
- Vietnam Maritime Commercial Joint Stock Bank (ii)	Operating	0.02%	0.02%	190,658	1,764,334,000	-	-	1,764,334,000	(982,636,200)	
Total					33,854,147,149	(1,018,200,000)		33,854,147,149	(1,942,636,200)	

- (i) Fair value of the investments in Danang Port Logistics Joint Stock Company and Vinalines Logistics Vietnam Joint Stock Company is determined based on closing prices on stocks of DNL and VLG at the balance sheet date.
- (ii) The shares of Danang Port Tugboat Joint Stock Company and Vietnam Maritime Commercial Joint Stock Bank have not been listed on any exchanges and the Company has no reliable source of reference data in terms of market price of these stocks at the end of the accounting period. Therefore, the Company was unable to determine the fair value of this investment.

NOTES TO THE FINANCIAL STATEMENTS (continued)**Form B 09 - DN**(These notes form part of and should be read
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dated 22/12/2014 by the Ministry of Finance**7. Trade receivables****a. Short-term**

	31/12/2019	01/01/2019
Wanhai Lines Co., Ltd.	7,324,467,964	6,504,891,975
SITC CONTAINER LINES CO., LTD	10,645,721,397	3,618,177,996
Maersk Vietnam Limited	5,504,650,456	5,348,407,100
CMA CGM Vietnam Joint Stock Company	5,260,966,230	3,338,361,345
Vinalines Shipping Company	3,987,215,530	51,805,475
Others	77,604,572,729	71,769,005,741
Total	110,327,594,307	90,630,649,632

b. Trade receivables from related parties

	31/12/2019	01/01/2019
Bien Dong Shipping Company Limited	20,034,000	5,043,522,167
Vinalines Container Shipping Company	1,461,935,026	1,461,935,026
Vinalines Shipping Company	3,987,215,529	51,805,475
Branch of Vietnam Ocean Shipping Agency Corporation - Danang Shipping Agency	601,119,523	766,102,806
Total	6,070,304,079	7,323,365,474

8. Short-term prepayments to suppliers

	31/12/2019	01/01/2019
Marubeni Heavy Equipment Co., Ltd - Da Nang Branch	1,791,900,000	-
CiCa Vietnam Co., Ltd.	774,000,000	1,492,000,000
Construction Consultation J.S.C. for Maritime Building	1,344,273,038	322,273,236
Total Soft Bank Vietnam Co., Ltd	860,000,000	-
Others	2,053,606,459	1,195,704,862
Total	6,823,779,497	3,009,978,098

9. Other short-term receivables

	31/12/2019		01/01/2019	
	Amount	Provision	Amount	Provision
Accrued interest income	5,119,669,900	-	4,073,538,200	-
Advances	192,354,021	-	376,885,071	-
Dividends and profits receivable	140,000,000	-	140,000,000	-
Other receivables	330,194,857	-	429,759,770	-
Total	5,782,218,778	-	5,020,183,041	-

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10. Provision for doubtful debts

a. Short-term

	31/12/2019	01/01/2019
Provision for overdue debts		
- From 3 years or more	64,384,454	1,302,483,722
- From 1 year to under 2 years	2,922,547,418	47,966,160
Total	2,986,931,872	1,350,449,882

b. Bad debts

	31/12/2019			01/01/2019		
Overdue debts	Cost	Recoverable amount (ii)	Overdue period	Cost	Recoverable amount (ii)	Overdue period
Hoa Phuong Do Transport JSC	-	-	Over 3 years	70,059,000	-	Over 3 years
Tan Loc Xanh JSC (i)	-	-	Over 3 years	51,866,030	-	Over 3 years
THA Construction, Trading and Services JSC (i)	-	-	Over 3 years	110,000,000	-	Over 3 years
Long Bao An Production, Trading and Services Co., Ltd. (i)	-	-	Over 3 years	37,371,000	-	Over 3 years
Green Field JSC (i)	-	-	Over 3 years	63,122,695	-	Over 3 years
Hai Nam Shipping Co., Ltd. (i)	-	-	Over 3 years	20,343,020	-	Over 3 years
Nam Van Ly Co., Ltd.	-	-	Over 3 years	892,597,523	-	Over 3 years
Mr. Huynh Khong	41,124,454	-	Over 3 years	41,124,454	-	Over 3 years
Hong Hoang Hong Investment JSC	16,000,000	-	Over 3 years	16,000,000	-	Over 3 years
Thang Long Construction and Mining Investent JSC	7,260,000	-	Over 3 years	7,260,000	3,630,000	from 1 to 2 years
Lung Lo - VCCP Investment JSC	-	-		88,672,320	44,336,160	from 1 to 2 years
Dana-Australia Steel JSC	2,335,853,219	1,167,926,609	from 1 to 2 years			
Dana-Italy Steel JSC	1,840,136,021	920,068,010	from 1 to 2 years			
Vinalines Container Shipping Company	1,461,935,026	730,967,513	from 1 to 2 years			
Viet Phap Steel Co., Ltd	160,480,968	80,240,484	from 1 to 2 years			
Trung Hung Shipping and Trading JSC	46,689,600	23,344,800	from 1 to 2 years			
Total	5,909,479,288	2,922,547,416		1,398,416,042	47,966,160	

- (i) These debts have been written off under Decision No. 1279/QD-CDN dated 31/12/2019 of the Company's General Director.
- (ii) The Company assessed that recoverable amount is the net of principal balance less the amount of provision that needs to be appropriated as guided in Circular No. 48/2019/TT-BTC dated 08/08/2019 of the Ministry of Finance.

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11. Inventories

	31/12/2019		01/01/2019	
	Cost	Provision	Cost	Provision
Raw materials, materials	10,539,584,099	-	8,930,155,012	-
Tools, instruments	80,044,789	-	162,759,251	-
Merchandise	347,526,494	-	89,952,812	-
Total	10,967,155,382	-	9,182,867,075	-

- There are no inventories unsold, in poor quality or slow-moving as at 31/12/2019.
- There are no inventories pledged, mortgaged as security for debts as at 31/12/2019.

12. Prepaid expenses**a. Short-term**

	31/12/2019	01/01/2019
Tools, instruments pending allocation	1,716,514,490	297,360,090
Insurance premium	766,834,703	877,468,205
Other prepaid expenses	476,498,713	178,003,600
Total	2,959,847,906	1,352,831,895

b. Long-term

	31/12/2019	01/01/2019
Overhaul costs	8,138,815,995	-
Tools, instruments pending allocation	213,199,761	75,304,281
Total	8,352,015,756	75,304,281

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13. Tangible fixed assets

	Buildings, architectures	Machinery, equipment	Motor vehicles	Office equipment	Other fixed assets	Total
Cost						
Opening balance	1,130,611,332,107	786,665,447,324	96,646,368,873	11,649,774,146	1,817,615,236	2,027,390,537,686
Newly-purchased	206,454,545	1,033,768,000	24,924,084,541	2,643,177,659	-	28,807,484,745
Self-constructed	6,373,155,563	648,678,545	-	-	-	7,021,834,108
Disposed	-	24,832,806,556	1,033,472,000	-	355,200,000	26,221,478,556
Other decrease	5,594,082	2,170,355,947	-	-	-	2,175,950,029
Closing balance	1,137,185,348,133	761,344,731,366	120,536,981,414	14,292,951,805	1,462,415,236	2,034,822,427,954
Depreciation						
Opening balance	496,367,414,580	410,109,072,664	94,587,508,707	10,467,315,645	1,786,852,605	1,013,318,164,201
Charge for the period	52,420,373,738	64,123,819,770	2,004,746,010	850,699,185	17,624,760	119,417,263,463
Sold, disposed	-	24,832,806,556	1,033,472,000	-	355,200,000	26,221,478,556
Closing balance	548,787,788,318	449,400,085,878	95,558,782,717	11,318,014,830	1,449,277,365	1,106,513,949,108
Net book value						
Opening balance	634,243,917,527	376,556,374,660	2,058,860,166	1,182,458,501	30,762,631	1,014,072,373,485
Closing balance	588,397,559,815	311,944,645,488	24,978,198,697	2,974,936,975	13,137,871	928,308,478,846

- Net book value of tangible fixed assets mortgaged for loans as at 31/12/2019 is VND54,138,043,801.
- Cost of fixed assets fully depreciated but still in active use as at 31/12/2019 is VND589,982,422,825.
- No tangible fixed assets were pending disposal as at 31/12/2019.

14. Intangible fixed assets

	Land use rights	Computer software	Total
Cost			
Opening balance	100,560,170,987	2,991,600,000	103,551,770,987
Newly-purchased	-	458,100,000	458,100,000
Decrease in the year	-	-	-
Closing balance	100,560,170,987	3,449,700,000	104,009,870,987
Amortization			
Opening balance	-	2,758,992,459	2,758,992,459
Charge for the year	-	150,320,296	150,320,296
Decrease in the year	-	-	-
Closing balance	-	2,909,312,755	2,909,312,755
Net book value			
Opening balance	100,560,170,987	232,607,541	100,792,778,528
Closing balance	100,560,170,987	540,387,245	101,100,558,232

- Net book value of intangible fixed assets pledged as security for loans as at 31/12/2019 is VND49,514,240,000.
- Cost of intangible fixed assets fully amortized but still in use as at 31/12/2019 is VND2,722,900,000.

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15. Investment properties

	Buildings, architectures	Total
Cost		
Opening balance	145,000,000	145,000,000
Newly-purchased	-	-
Decrease in the year	-	-
Closing balance	145,000,000	145,000,000
Depreciation		
Opening balance	13,049,991	13,049,991
Charge for the year	5,799,996	5,799,996
Decrease in the year	-	-
Closing balance	18,849,987	18,849,987
Net book value		
Opening balance	131,950,009	131,950,009
Closing balance	126,150,013	126,150,013

- There is no investment property fully depreciated but still in active use as at 31/12/2019.
- There is no investment property pledged as security for loans as at 31/12/2019.

16. Construction in progress

	31/12/2019	01/01/2019
Logistics Center Project in Hoa Vang	5,464,269,026	5,464,269,026
Project on separate roads for Tien Sa tourists	220,705,000	220,705,000
Others	474,666,510	113,233,636
Total	6,159,640,536	5,798,207,662

17. Deferred income tax assets

	31/12/2019	01/01/2019
Deferred tax assets related to deductible temporary differences	1,318,856,160	-
Deferred income tax assets	1,318,856,160	-

NOTES TO THE FINANCIAL STATEMENTS (continued)**Form B 09 - DN**(These notes form part of and should be read
in conjunction with the accompanying financial statements)Issued under Circular No. 200/2014/TT - BTC
dated 22/12/2014 by the Ministry of Finance**18. Trade payables****a. Short-term**

	31/12/2019	01/01/2019
Danang Port Tugboat JSC	10,073,476,827	7,526,732,643
Danang Port Logistics JSC	4,373,400,923	3,575,753,731
Petrolimex Danang Co., Ltd.	1,604,154,247	1,161,643,925
Others	18,554,313,678	83,700,742,959
Total	34,605,345,675	95,964,873,258

b. Trade payables to related parties

	31/12/2019	01/01/2019
Danang Port Tugboat JSC	10,073,476,827	7,526,732,643
Danang Port Logistics JSC	4,373,400,923	3,575,753,731
Total	14,446,877,750	11,102,486,374

19. Short-term advances from customers

	31/12/2019	01/01/2019
MACS Maritime Joint Stock Company	94,076,522	5,246,566,142
Hai Phuong Shipping Co., Ltd	182,623,749	-
Others	594,991,093	199,420,563
Total	871,691,364	5,445,986,705

20. Taxes and amounts payable to the State Budget

	Opening balance	Amount to be paid	Amount actually paid	Closing balance
Corporate income tax	7,294,446,794	44,616,078,134	42,676,766,971	9,233,757,957
Personal income tax	2,216,994,840	10,677,495,295	8,976,118,963	3,918,371,172
Land and housing tax, land rent	1,764,027,660	5,551,853,123	7,315,880,783	-
Other fees and charges	168,317,792	22,974,965	191,292,757	-
Total	11,443,787,086	60,868,401,517	59,160,059,474	13,152,129,129

The Company's tax returns are subject to inspection of tax authority. The tax amounts presented in the financial statements may be changed under decision of tax authorities.

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21. Short-term accrued expenses

	31/12/2019	01/01/2019
Accrued interest expense	1,446,018,132	1,516,952,820
Total	1,446,018,132	1,516,952,820

22. Short-term unearned revenue

	31/12/2019	01/01/2019
Revenue from leasing premises	37,500,000	18,500,000
Total	37,500,000	18,500,000

23. Other short-term payables

	31/12/2019	01/01/2019
Trade union fees	372,615,484	505,132,741
Social insurance, health insurance, unemployment insurance	7,908,895	7,279,483
Dividends payable	277,082	19,800,277,082
Others	876,703,092	2,837,468,753
Total	1,257,504,553	23,150,158,059

24. Loans and finance lease liabilities**a. Short-term**

	Opening balance	Increase in the period	Decrease in the period	Closing balance
Current portion of long-term loans from Vietnam Development Bank - Da Nang Branch	12,383,328,770	12,717,656,438	12,383,328,770	12,717,656,438
Total	12,383,328,770	12,717,656,438	12,383,328,770	12,717,656,438

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a. Long-term

	Opening balance	Increase in the period	Decrease in the period	Closing balance
Da Nang Development Investment Fund (*)	150,000,000,000	-	-	150,000,000,000
Vietnam Development Bank - Da Nang Branch (**)	61,916,643,848	1,337,310,674	12,383,328,770	50,870,625,752
Total	211,916,643,848	1,337,310,674	12,383,328,770	200,870,625,752
<i>Of which:</i>				
- Portion of long-term loans due within 1 year	12,383,328,770			12,717,656,438
Long-term loans and financial lease liabilities	199,533,315,078			188,152,969,314

(*) Borrowing loan from Da Nang Development Investment Fund under the Credit Agreement No. 06/2017/HDTD dated 21/07/2017 to invest in construction and equipment for the project on “Tien Sa Port Upgrading/Expansion (2nd phase)”. The loan amount is VND180,000,000,000; the loan term is 13 years. Grace period is 2 years. Due interest rate at the time of signing the agreement is 7% per annum, being recorded on each Indebtedness Certificate in line with the Fund’s interest rate announcement and may be adjusted within the borrowing term in accordance with Decision on interest rates of the Fund issued at a given time by the Management Council of Da Nang Development Investment Fund; overdue interest rate is 150% of due interest rate. Type of loan security: Mortgaging assets under the Mortgage Agreement No. 14/2017/HDTC dated 22/08/2017 and the Mortgage Agreement No. 24/2017/HDTC dated 07/11/2017 between Da Nang Development Investment Fund and Da Nang Port Joint Stock Company.

(**) Borrowing loan from Vietnam Development Bank – Quang Nam – Da Nang Branch under the JBIC Loan Agreement No. 67/HDTDNN dated 24/09/2002, the contract on inheritance of rights and obligations No. 23A/2014/HD-NHPT dated 27/11/2014, the amendment contract No. 24/2014/HD SDBS-NHPT dated 27/11/2014 and the amendment contract No. 50/2015/HDSDBS-NHPT dated 28/12/2015 on the Tien Sa Port Expansion project in the 1999-2004 period, the total loan amount is 1,781 million Japanese Yen (JPY) plus 0.1% of the value of withdrawal; interest rate is 2% per annum of the loan balance; the borrowing term is 20 years; the grace period is 5 years as from the first drawdown date. This loan is unsecured.

25. Owners’ equity

a. Statement of changes in owners’ equity

	Share capital	Share premium	Development investment fund	Undistributed profit after tax
As at 01/01/2018	660,000,000,000	-	112,277,977,776	98,072,970,440
Increase in the year	330,000,000,000	(215,000,000)	44,884,339,630	147,484,206,758
Decrease in the year	-	-	-	167,977,777,455
As at 31/12/2018	990,000,000,000	(215,000,000)	157,162,317,406	77,579,399,743
As at 01/01/2019	990,000,000,000	(215,000,000)	157,162,317,406	77,579,399,743
Increase in the year	-	-	22,770,293,067	184,160,413,267
Decrease in the year	-	-	-	77,579,399,743
As at 31/12/2019	990,000,000,000	(215,000,000)	179,932,610,473	184,160,413,267

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b. Breakdown of share capital

	31/12/2019	01/01/2019
Vietnam National Shipping Lines	742,500,000,000	742,500,000,000
Others	247,500,000,000	247,500,000,000
Total	990,000,000,000	990,000,000,000

c. Undistributed profit after tax

	Year 2019	Year 2018
Profit brought forward	77,579,399,743	98,072,970,440
Profit after corporate income tax of current period	184,160,413,267	147,484,206,758
Distribution of prior-year profit (*)	77,579,399,743	98,072,970,440
- <i>Reward and welfare fund, bonus for the Management</i>	15,209,106,676	13,588,630,810
- <i>Development investment fund</i>	22,770,293,067	44,884,339,630
- <i>Dividends in cash</i>	39,600,000,000	39,600,000,000
Temporary distribution of current-period profit	-	69,904,807,015
- <i>Dividends in cash</i>	-	69,300,000,000
- <i>Other distribution</i>	-	604,807,015
Undistributed profit after tax	184,160,413,267	77,579,399,743

(*) The Company distributed the 2018 profit after tax in accordance with the Resolution of the 2019 Annual General Shareholders' Meeting No. 477/NQ-DHDCD Dated 19/06/2019 and Resolutions of the 2019 Extraordinary General Shareholders' Meeting No. 1088/NQ-DHDCD dated 18/11/2019.

d. Dividends

The Resolution No. 01/NQ-DHDCD dated 19/06/2019 of the 2019 Annual General Shareholders' Meeting approved the plan to pay dividends for 2018 in cash at the rate of 7% of charter capital, equivalent to VND69,300,000,000. These dividends were paid in 2018.

The Resolution No. 1088/NQ-DHDCD dated 18/11/2019 of the 2019 Extraordinary General Shareholders' Meeting approved the plan to pay the remaining dividends for 2018 in cash at the rate of 4% of charter capital, equivalent to VND39,600,000,000. These dividends were paid in 2019.

26. Revenue from sales and service provision

	Year 2019	Year 2018
Revenue from sales	13,548,901,940	11,104,347,328
Revenue from rendering services	810,335,640,600	684,569,906,966
Total	823,884,542,540	695,674,254,294

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27. Cost of goods sold

	Year 2019	Year 2018
Cost of merchandise sold	12,924,370,318	10,149,452,071
Cost of services rendered	519,644,071,368	450,355,067,454
Total	532,568,441,686	460,504,519,525

28. Financial income

	Year 2019	Year 2018
Deposit interest, loan interest	18,443,411,364	14,562,457,430
Dividends, profits received	5,583,993,600	4,551,708,800
Foreign exchange gains	501,965,721	2,551,549,868
Total	24,529,370,685	21,665,716,098

29. Financial expenses

	Year 2019	Year 2018
Interest expense	11,662,379,388	13,916,484,149
Provision/Reversal for loss in investments	(924,436,200)	140,934,200
Realized foreign exchange losses	425,536,220	728,640,612
Unrealized foreign exchange losses	1,941,604,369	2,704,002,184
Total	13,105,083,777	17,490,061,145

30. Selling expenses and administrative expenses**a. Selling expenses arising in the year**

	Year 2019	Year 2018
Staff costs	177,191,974	167,034,392
Others	5,157,847,374	2,882,369,524
Total	5,335,039,348	3,049,403,916

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b. Administrative expenses arising in the year

	Year 2019	Year 2018
Materials and tool expenses	1,423,618,742	967,098,128
Staff costs	38,644,599,228	33,124,591,828
Depreciation and amortization expenses	834,915,327	912,218,164
Provision for doubtful debts	1,989,243,735	149,899,820
Taxes, charges and fees	222,737,743	558,931,315
Others	32,535,976,416	17,504,896,972
Total	75,651,091,191	53,217,636,227

31. Other income

	Year 2019	Year 2018
Received insurance compensation	288,754,325	1,315,027,772
Proceeds from disposal of fixed assets	3,045,890,910	-
Dispatch	30,273,700	144,372,178
Settlement of outstanding debts	1,980,366,060	-
Others	685,681,859	224,947,607
Total	6,030,966,854	1,684,347,557

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32. Current corporate income tax expense

	Year 2019	Year 2018
Accounting profit before tax	227,457,635,241	183,384,757,765
Adjustments to taxable income	(12,676,983,482)	(3,882,002,731)
- <i>Increasing adjustments</i>	591,239,007	847,069,792
+ <i>Foreign exchange losses upon revaluation of closing balance of cash and receivables</i>	369,604,076	215,934,398
+ <i>Unqualified expenses</i>	163,434,931	631,135,394
+ <i>Provision for loss in financial investments</i>	58,200,000	-
- <i>Decreasing adjustments</i>	13,268,222,489	4,729,072,523
+ <i>Dividends, profits received</i>	5,583,993,600	4,551,708,800
+ <i>Reversal of provision for severance allowances</i>	3,168,038,174	77,039,950
+ <i>Costs of materials pending amortization</i>	1,337,254,057	-
+ <i>Reversal of provision for loss in financial investments</i>	982,636,200	-
+ <i>Settlement of outstanding debts</i>	1,980,366,060	-
+ <i>Foreign exchange gains upon revaluation of closing balance of cash and receivables</i>	215,934,398	100,323,773
Total taxable income	214,780,651,759	179,502,755,034
Current corporate income tax expense	44,616,078,134	35,900,551,007
<i>Of which:</i>		
- <i>Current corporate income tax expense arising in current year</i>	42,956,130,352	35,900,551,007
- <i>Adjustment of current corporate income tax expense of prior year to current corporate income tax expense of</i>	1,659,947,782	-

33. Basic, diluted earnings per share

	Year 2019	Year 2018
Profit after corporate income tax	184,160,413,267	147,484,206,758
Adjustments increasing or decreasing profit after tax	-	(15,209,106,676)
- <i>Increase</i>	-	-
- <i>Decrease (Appropriation to Reward and welfare fund)</i>	-	15,209,106,676
Profit or loss attributable to common shareholders	184,160,413,267	132,275,100,082
Weighted average number of outstanding common shares	99,000,000	90,841,667
Basic, diluted earnings per share (i)	1,860	1,456

- (i) Basis, diluted earnings per share of the year 2019 is computed based on the profit after tax before deducting the amounts appropriated to reward and welfare fund (as the Company's Charter and Resolution of Annual General Shareholder Meeting do not specify the appropriation rate of this fund). This figure may change depending on the approval of the later General Shareholder Meeting for appropriating reward and welfare fund.

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34. Operating expenses according to elements

	Year 2019	Year 2018
Materials expenses	28,256,873,984	26,189,186,891
Labor costs	213,083,158,330	182,907,210,023
Depreciation and amortization	119,573,383,755	123,294,024,703
Externally-hired services	182,230,778,872	117,659,423,174
Other cash expenses	60,536,365,140	56,503,129,922
Total	603,680,560,081	506,552,974,713

35. Segment reporting

According to Vietnamese Accounting Standard No. 28 and the relevant guidelines, the Company is required to have segment reporting. Accordingly, a business segment is a distinguishable component of the Company that is engaged in providing related products or service (business segment) or providing goods or services in a specific economic environment (segment by geographical area) and that is subject to risks and returns that are different from those of other business segment. The Management assesses that the Company is engaged in a sole business segment that is trading in port and harbor services and the only one geographical segment is Da Nang City, Vietnam.

36. Risk management

a. Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

b. Financial risk management

Financial risk includes market risk (comprising interest rate risk, exchange rate risk and price risk), credit risk and liquidity risk.

Market risk management: The Company's activities mainly face risks when there are high fluctuations in interest rates, exchange rates and commodity prices.

Interest rate risk management

The Company's interest rate risks mainly derive from signed loans. To minimize these risks, the Company has estimated the impact of borrowing costs to its periodic business results as well as made analysis and projection to select appropriate time to repay the loans. The Management acknowledges that uncontrollable risks arising from fluctuations of interest rates are insignificant.

Exchange rate risk management

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Since the Company undertakes sale and borrowing transactions in foreign currency, it is exposed to risk of exchange rate fluctuations. The Company has hedged risks related to exchange rate fluctuations by maintaining appropriate debt structure in VND and foreign currencies, optimizing the time for settlement of debts, selecting the appropriate time to purchase and make payment in foreign currencies, projecting future exchange rates and optimizing the utilization of existing funds to balance the exchange rate risk and liquidity risk.

Book value of financial instruments denominated in foreign currency at the balance sheet date is as follows:

	31/12/2019	01/01/2019
Financial assets		
Cash		
- USD	34,240.13	22,654.06
- JPY	44,000	44,000
Trade receivables (USD)	23,734,765.68	1,643,597.95
Financial liabilities		
Borrowings and debts (JPY)	240,091,682.80	300,114,603.5

Price risk management

For harbor service provision activities: The Company mainly provides cargo handling services and containers for ships arriving at Tien Sa Port; these activities are insignificantly affected by input costs. Therefore, the Management assessed that the Company has no exposure to price risk.

Credit risk management

The Company's customers are all shipping lines and companies which conduct import-export-trading activities and regularly make payment on due date. The Management assessed that the Company has no significant exposure to credit risk with customers.

Liquidity risk management

To ensure the availability of funds to meet present and future financial obligations, the Company manages liquidity risk by regularly monitoring and maintaining sufficient cash reserve, optimizing idle cash flows, making use of credit from customers and counterparties, controlling maturing liabilities in relative to maturing assets and revenue resources can be generated within that period,...

The Company's aggregate financial liabilities are categorized in accordance with their maturity as follows:

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31/12/2019	Within 1 year	Over 1 year	Total
Trade payables	34.605.345.675	-	34.605.345.675
Accrued expenses	1.446.018.132	-	1.446.018.132
Loans and finance lease liabilities	12.717.656.438	188.152.969.314	200.870.625.752
Other payables	876.980.174	-	876.980.174
Total	49.646.000.419	188.152.969.314	237.798.969.733

01/01/2019	Within 1 year	Over 1 year	Total
Trade payables	95.964.873.258	-	95.964.873.258
Accrued expenses	1.516.952.820	-	1.516.952.820
Loans and finance lease liabilities	12.383.328.770	199.533.315.078	211.916.643.848
Other payables	22.637.745.835	-	22.637.745.835
Total	132.502.900.683	199.533.315.078	332.036.215.761

The Management assessed that the Company has almost no exposure to liquidity risks and believes that the Company is able to generate sufficient fund to meet financial obligations when they fall due.

The Company's available financial assets are drawn up on a net asset basis as follows:

31/12/2019	Within 1 year	Over 1 year	Total
Cash and cash equivalents	36.465.358.542	-	36.465.358.542
Financial investments	-	2.746.134.000	2.746.134.000
Held-to-maturity investments	379.643.908.394	-	379.643.908.394
Trade receivables	107.340.662.435	-	107.340.662.435
Other receivables	5.589.864.757	-	5.589.864.757
Total	529.039.794.128	2.746.134.000	531.785.928.128

01/01/2019	Within 1 year	Over 1 year	Total
Cash and cash equivalents	138.034.815.704	-	138.034.815.704
Financial investments	-	-	-
Held-to-maturity investments	179.760.217.808	-	179.760.217.808
Trade receivables	89.280.199.750	-	89.280.199.750
Other receivables	4.643.297.970	-	4.643.297.970
Total	411.718.531.232	-	411.718.531.232

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37. Related party information**a. Related parties**

Related parties	Relationship
Vietnam National Shipping Lines	Parent company
Danang Port Logistics Joint Stock Company	Associate
Danang Port Tugboat Joint Stock Company	Associate
Bien Dong Shipping Company Limited	Fellow subsidiary
Vinalines Container Shipping Company	Dependent entity of the parent company
Vinalines Shipping Company	Dependent entity of the parent company
Branch of Vietnam Ocean Shipping Agency - Danang Shipping Agency	Fellow subsidiary
Vietnam Ocean Shipping Joint Stock Company (VOSCO)	Fellow subsidiary

b. Significant related party transactions arising in the year:

	Transaction	Year 2019	Year 2018
Vietnam National Shipping Lines	Dividends paid	44,550,000,000	71,575,000,000
Danang Port Logistics Joint Stock Company	Sales of goods and provisions of services	4,857,918,545	3,617,752,423
	Purchase of goods and services	41,819,415,418	26,086,195,211
	Dividends received	2,721,493,600	2,332,708,800
Danang Port Tugboat Joint Stock Company	Sales of goods and provisions of services	5,504,999,194	4,183,023,211
	Purchase of goods and services	64,080,656,544	55,737,226,861
	Dividends received	2,722,500,000	2,079,000,000
Bien Dong Shipping Company Limited	Provisions of services	1,746,640,248	17,429,615,480
Vinalines Container Shipping Company	Provisions of services	6,720,000	2,878,080,095
Vinalines Shipping Company	Provisions of services	20,697,390,566	-
Branch of Vietnam Ocean Shipping Agency Corporation - Danang Shipping Agency	Provisions of services	8,631,772,976	7,097,249,806
Vinalines Logistics Vietnam JSC	Dividends received	140,000,000	140,000,000

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c. Income of key managing officers

	Year 2019	Year 2018
Salary and bonus of the Management	3,982,930,270	2,852,103,330
Remuneration of the Board of Directors, Board of Supervisors	991,201,155	1,570,640,326

38. Events after the balance sheet date

There have been no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the interim financial statements.

39. Corresponding figures

Corresponding figures were taken from the financial statements for the year ended 31/12/2018 which were audited by another auditor.



Tran Le Tuan
Chairman of Board of Directors

Da Nang, 11 March 2020

Nguyen Ngoc Tam
Manager of Finance & Accounting Dept.

Ngo Quoc Van
Preparer