

No.: 01/2023/KBC/BC-HDQT

Bac Ninh, June 2nd, 2023

1st draft on 02/06/2023
Re-presented on
16/06/2023

REPORT TO THE GENERAL MEETING OF SHAREHOLDERS

On the business performance in 2022 and plans for 2023 of the Board of Directors

Dear Our Valued Shareholders!

Hereafter, The Board of Directors (BOD) respectfully report to the shareholders about the operation results of the Corporation and the Board of Directors in 2022 as follow:

I. GENERAL ASSESSMENT OF KINH BAC CITY DEVELOPMENT HOLDING CORPORATION'S OPERATION RESULTS IN 2022

1. About business activities

As you all know, in 2022, both domestic and foreign economies faced many difficulties and unpredictable situations. Although difficulties came from the capital market, stock market, real estate market, etc, Vietnam has recorded GDP growth in 2022 of 8.02% compared to the previous year.

The foreign direct investment (FDI) continues pouring into Vietnam, which makes Vietnam to get the better position than many other countries. Specifically, the total registered FDI capital into Vietnam in 2022 reached 27.72 billion USD, equals to 89% compared to the previous year, but the total disbursed FDI in 2022 reached 22.4 billion USD, increased 13.5% compared to 2021, and is the highest rate in the last 5 years. Thus, Vietnam is still a bright spot of attracting FDI in Southeast Asia. Therefore, Vietnam in general and KBC in particular have been preparing the necessary premises and factors to continue receiving a new wave of investment transformation, becoming an important production center of the world.

Specifically, KBC has been preparing a large-scale industrial park land fund and adequate infrastructure in strategic locations to meet the diverse needs of investors in terms of areas, locations, solutions including: Developing the existing land bank, establishing new industrial parks and urban areas in some provinces such as Long An, Hung Yen, Hai Phong, etc. In particular, after many years not being approved any projects, in 2022, KBC increased the industrial zone land fund to 1,255.8 ha in important locations due to being approved by the Government Decision on investment policy of projects and on Investors for KBC's

subsidiaries, for example:

- On March 18th, 2022, the Government approved Decision No. 361/QD-TTg: "Policy for investment and business in infrastructure of Tan Tap Industrial Park, Long An province, with a scale of 654 ha" with Long An Development Invest Joint Stock Company as the investor.
- On April 19th, 2022, the Government approved Decision No. 490/QD-TTg: "Policy for investment and business in infrastructure of Loc Giang Industrial Park, Long An Province, with a scale of 466 ha" with Northwestern Saigon City Development Corporation as the investor.
- On November 4th, 2022, the Government approved Decision No. 1320/QD-TTg: "Policy for investment and business in infrastructure of expanded Quang Chau Industrial Park, Bac Giang Province" with Sai Gon Bac Giang Industrial Park Corporation as the investor.

However, the Corporation's consolidated business results in 2022 did not meet the business plan, specifically as follows:

- Total consolidated revenue reached 3,498.07 billion VND, equals to 72.39% of 2021 and equals to 35.69% of the business plan.
- Consolidated profit after tax reached 1,576.56 billion VND, equals to 116.63% of 2021 and equals to 35.03% of the business plan.

The main reason why the business results set by the Corporation in 2022 did not meet the plan comes from the general economic situation facing many difficulties. In addition, the fact that foreign investors have not completed investment licensing procedures and have not received land handover has led to a series of Agreements in principle to sublease land with an area of 107 hectares and a large value of 3,540 billion VND that have not been able to record revenue in 2022.

Although the business plan did not achieve, the Board of Directors still considers investment attraction activities in 2022 to be quite positive, major investors in KBC's Industrial Parks are continuously expanding their business plans, which creates a good sign for the economy.

2. About investment activities

In 2022, the total value of direct investment in industrial zones and urban areas of the Corporation is **1,768.89** billion VND, increasing 23.17% compared to 2021; Investment activities of the parent company's own capital contribution in subsidiaries and associates are **2,306.48** billion VND (Mainly contributing capital to Saigon - Da Nang Investment Corporation, Hung Yen Investment and Development Corporation, Saigon Telecommunications and Technologies Corporation); Investment activities to contribute capital of subsidiaries to other companies is **865.61** billion VND (Mainly cooperating and investing in Saigon - Nhon Hoi Industrial Park Corporation, and contributing capital to

Quang Yen Electronics Co., Ltd and Quang Yen Manufacturing Industry Co., Ltd., etc.)

3. About financial management

2022 is a difficult year for most businesses in terms of cash flow due to the impact of macroeconomic policies (difficulty in issuing new stocks and bonds, difficulty in accessing to bank loans, shortage of cash flow from operating activities, etc.). However, the Board of Directors acknowledged the efforts of the Executive Board in generating cash flow from main business activities, arranging capital sources to fully pay debts and supplementing capital for investment activities. During the year, the Corporation paid **1,955.32** billion VND and collected from borrowing was **1,992.47** billion VND (*Mainly due to disbursement of signed capital financing contracts and bonds issued before 2022*).

As at December 31st, 2022, the total outstanding principal and interest of the Corporation was **9,398.81** billion VND, the ratio of actual debt/total assets was 26.93%, which is a very good debt ratio for a large-scale real estate business like KBC. Notably, KBC completed the repurchase at maturity and before maturity of all privately issued bonds of 2,400 billion VND and VND 342.72 billion VND of publicly issued bonds with outstanding balance as at December 31st 2022.

4. About corporate governance

- + KBC always reviews obligations and responsibilities to ensure complying with corporate governance regulations for listed companies. In order to improve corporate governance, the Corporation has developed detailed procedures for each job to make it easy to apply and avoid omissions, regularly updates the guidance of the management agency on the management activities/
- + KBC always proactively publishes information and updates on business activities on the Corporation's website, mass media and directly updates management and business activities for organizations and individuals interested in KBC; is always ready to respond and respond to concerns of Shareholders and Investors when required.

However, KBC also had some shortcomings in the presentation of income of the Supervisory Board on the audited financial statements of 2021 and transactions of treasury shares in 2022. Regarding these issues, the Company fully explained and submitted to the state management agencies.

5. About external affairs

In 2022, the members of the Board of Directors and the Executive Board directly worked with agencies and departments of provinces such as Hung Yen, Hai Duong, Quang Ninh, Tay Ninh, Ba Ria - Vung Tau, Tien Giang, etc. to promote the establishment of new projects.

The members of the Board of Directors and the Executive Board participated in domestic and foreign seminars and conferences to promote trade and attract FDI into Vietnam in 2022 through face-to-face and online forms such as: Connecting cooperation between Vietnamese enterprises and Hong Kong - Guangdong – Macau seminar; ASEAN - US Summit (May 11th-17th, 2022); Meeting with Vietnamese - Korean Enterprises; APEC

2022 Summit Week; Webinar "Trends of Vietnam's real estate market"; The 48th Japan-ASEAN Economic Conference; Workshop "Embracing the wave of supply chain shift in the electronics industry", etc.

II. ACTIVITIES OF BOARD OF DIRECTORS IN 2022

Pursuant to the provisions of law and the Corporation's Charter, the Board of Directors has properly performed its functions, duties and powers with respect to activities of supervision, direction and in conjunction with the Executive Board in making recommendations and decisions to resolve issues approved by the 2022 General Meeting of Shareholders. The following are the contents that the Board of Directors would like to report to shareholders.

1. Remuneration, operating expenses and other benefits of the Board of Directors

Details of remuneration, operating costs and other benefits of the Board of Directors and each member of the Board of Directors are presented as below:

No	Full name	Title	Remuneration of members of the BOD	Total income tax paid by KBC	Total expenses of the BOD
1	Dang Thanh Tam	Chairman of the BOD	0	0	0
2	Nguyen Thi Thu Huong	Member of the BOD cum CEO	100,000,000	11,111,111	111,111,111
3	Huynh Phat	Member of the BOD	100,000,000	11,111,111	111,111,111
4	Le Hoang Lan	Independent member of the BOD	100,000,000		100,000,000
5	Dang Nguyen Quynh Anh	Member of the BOD	100,000,000		100,000,000
Total					422,222,222

2. Meetings of the Board of Directors and Resolutions and Decisions of the Board of Directors

In 2022, the Board of Directors held 36 meetings and issued 45 Resolutions and Decisions approving issues on business plan, investment, treasury stock sale, stock issuance to increase capital from equity, related party transactions, corporate governance, etc.

Meetings of the Board of Directors are convened and organized in accordance with regulations and in the correct order, ensuring that the number of members of the Board of Directors participates and all contents reach 100% of the approval. The Resolutions were issued in a timely manner to create conditions for the Executive Board to implement to bring

benefits to the Corporation.

3. Transactions between the Corporation and related parties

All transactions between the Corporation and related parties were carried out in accordance with the provisions of the Enterprise Law, the Securities Law, the Corporation's Charter and other guiding documents.

In which, all transactions between the Corporation and related parties approved by the Board of Directors were disclosed in accordance with regulations and listed in the Report on Corporate Governance in 2022 and explained in the 2022 Audited financial statements.

4. Activities of independent members of the Board of Directors and assessment of independent members of the Board of Directors on the activities of the Board of Directors

Based on the evaluation report No. 0102/2023/KBC/BC-HDQT of the independent member of the Board of Directors in 2022 dated February 1, 2023 by Mr. Le Hoang Lan - Independent member of the Board of Directors, the Board of Directors would like to report the contents of the General Meeting of Shareholders to the General Meeting of Shareholders as follows:

- Mr. Le Hoang Lan was elected as an independent member of the Board of Directors for the term 2022 – 2027 at the 1st Extraordinary General Meeting of Shareholders (GMS) in 2022 on February 10th, 2022.
- The independent member participated in 30 meetings of the Board of Directors, the opinions of the independent member all ensured independence, controlled conflicts of interest, and protected the interests of the Corporation and Shareholders.
- The independent member participated in activities to connect KBC with domestic and international partners, and at the same time, also met and listened to the major shareholders being KBC's foreign financial institutions and financial partners and potential foreign parties.
- The independent member gave comments on the management and operation of the Corporation in general, internal governance and risk management in particular.
- The independent member highly appreciates the activities of the Board of Directors in 2022 with the spirit of responsible work, prompt and timely direction, and close supervision of the implementation of the resolutions of the General Meeting of Shareholders and the Board of Directors' resolutions.
- Other related issues: The independent member agreed with the Board of Directors and Executive Board.

5. Supervision activities for the Board of Directors and managers

The Board of Directors supervised the Executive Board and other managers in the implementation of the resolutions of the General Meeting of Shareholders and the Board of Directors, and in the administration of daily operations. Thereby, the Board of Directors

highly appreciated the efforts of the Executive Board in implementing business plans in 2022, implementing investment and development projects, balancing cash flow for the Corporation.

The Board of Directors suggested that the Executive Board need to develop a breakthrough strategy in 2023 to implement the projects that the Corporation is managing, create available products to promptly meet the needs of investors, establish investment promotion programs, directing departments to promote the establishment of new projects in the provinces of Hung Yen, Hai Duong, Quang Ninh, Tay Ninh, Ba Ria - Vung Tau, Tien Giang, etc.

The Board of Directors recognizes the successful completion of the following important tasks that the Executive Board has implemented in accordance with the resolutions and directions of the Board of Directors.

- Investment in infrastructure of industrial zones in which the Corporation is doing business; Completing legal procedures, putting the expanded Quang Chau Industrial Park into business; Carrying out legal procedures in parallel with planning compensation and attracting clients for established projects.
- Successfully organized 03 General Meetings of Shareholders in 2022.
- Completed the transaction to sell all 5,950,978 treasury shares with average trading price of 56,246 VND/ share and 01 share issuance to increase share capital from equity with the total number of shares after the issuance is 767,604,759 shares, increasing KBC's charter capital from **5,757,111,670,000 VND** to **7,676,047,590,000 VND**.
- Organized and supervised the strict implementation of the financial reporting regime; Supervised the implementation of resolutions issued by the Board of Directors and the General Meeting of Shareholders.
- Closely supervised the risk management of investment and business activities, cash flow management and appropriate financial planning.

III. ACTIVITIES PLANS FOR 2023

Based on the proposed business plan for 2023 approved by the 2nd Extraordinary General Meeting of Shareholders in 2022 on December 28th, 2022:

- ✓ Total expected consolidated revenue in 2023: 9,000 billion VND
- ✓ Total expected consolidated profit after tax in 2023: 4,000 billion VND

The Board of Directors continues the development orientations for the Corporation as follows:

- Approve and supervise investment and business plans for key projects such as Nam Son - Hap Linh Industrial Park, Quang Chau Expanded Industrial Park, Tan Phu Trung Industrial Park, Trang Due 3 Industrial Park, Long An Industrial Park and Cluster, Hung Yen, Trang Due Urban Area, Phuc Ninh Urban Area, Trang Cat Urban

Area and social housing projects.

- Lead the implementation to establish new projects in Hung Yen, Hai Duong, Quang Ninh, Tay Ninh, Ba Ria - Vung Tau, Tien Giang, etc.
- Assign the Executive Board of the Corporation to make plans to balance cash flows, mobilize capital, develop appropriate and balanced financial plans for investment activities and pay debts.
- Strengthen supervision of risk management, ensure safe and improved financial indicators.
- Maintain and build a team of experts to regularly update news, macro-economic situation, financial situation, changes in policies so that the Board of Directors and the Executive Board promptly make strategies, new policy in line with the actual situation.
- Strengthen advertising and trade promotion, welcome and work with foreign investment corporations.
- Assign the Executive Board to focus on implementing shareholder relations, regularly monitor changes in ownership of major shareholders. Always review and comply with timely and accurate information disclosure to authorities, shareholders and investors.
- Build and develop a team of professional, qualified, experienced and enthusiastic personnel who actively participate in training courses to improve corporate governance capacity according to the standards of listed companies. Continue to develop salary and bonus policies and improve remuneration regimes for employees, create a professional, safe and comfortable working environment, and encourage employees' creativity.

Above is the report on activities in 2022 and operation plan in 2023 of the Board of Directors of Kinh Bac City Development Holding Corporation. The Board of Directors submit to the General Meeting of Shareholders for discussion and approval!

Recipients:

- The shareholders;
- Members of Board of Directors;
- Members of Executive Board;
- Members of Supervisory Board;
- Stored: Admin

ON BEHALF OF THE BOARD OF DIRECTORS

CHAIRMAN OF THE BOARD

(Signed)

DANG THANH TAM