

CONTENTS

	Page
The history of operation	
Highlights	04
Listing stock on HOSE	05
The story of value creation	07
Operation status	16
Orientation and development strategies	20
Message from the Chairman	28
Report of the Board of Directors	31
Assess business performance	31
Assess investment activities	33
Risk management strategy	47
Business prospect and development plan for 2010	50
Report of the Board of Management	53
Business performance	53
Financial situation	57
Other matters	61
Financial statements	64
Organization & Personnel	106
The management	107
Personel policy	109
Shareholders information and activities of the Board	110

Abbreviation list

KBC: Kinh Bac City Development Share Holding Corporation

IP: Industrial park

GUIDE FOR INVESTORS



" ... All that we present in this report is considered as the most special gift for shareholders, investors, customers and partners of KBC..."



The 3rd class Labour Medal in 2007



Excellent Emulation Flag of the Government in 5 consecutive years



Top 10 best brands of Vietnam Golden Star in 2009

THE HISTORY OF OPERATION



HIGHLIGHTS

Total assets has increased from VND 1.027 billion to VND 9.095 billion since 2006;

Being one of the leading real estate companies in Vietnam, KBC has huge land fund including 15.000 ha for developing industrial parks and accompanying urban areas and 1.000 ha for building in Ha Noi and Ho Chi Minh City;

On 26/5/2009, KBC officially operated in corporation model.

2002 - 2006

Deploying Que Vo industrial park project, the first IP developed by KBC on an area of 316 ha, that created Kinhbaccity brand name today.

This IP is now 90% occupied; attracting more than 50 domestic as well as foreign investors. Among them, more than 80% are covered by foreign investors.

**Total Assets in 2006
VND 1,027 billion**

2007 - 2008

Put 3 more new IPs with total area of 1,000 ha into operation.

In 2007, attract 20% of Vietnam's FDI into IPs of KBC.

Jointly manage and own 20 IPs in strategic positions all over Vietnam through subsidiaries and joint-venture companies.

KBC stock was officially traded on HNX on 18 December 2007.

**Total Assets in 2008
VND 4,780 billion**

2009

Turn difficulty into opportunity; **Make ready products to wait in front for economic recovery;** do research on investment opportunities in potential projects.

Attract VND 2,700 billion through issuing corporate bonds at low interest rate 11.5% - 12.5%/year.

Become investor of 3 big projects in the Vietnam of Ha Noi with total area of nearly 70.000 m2

After-tax profit was 231% higher than in 2008.

**Total Assets in 2009 are
9.095 billion dong**

LISTING SHARES ON HOSE

Being considered as the stock of a big company received Excellent Emulation Flag of the Government in 5 consecutive years and and Top 10 best brands of Vietnam Golden Star in 2009

Standard & Poor's Vietnam 10 Index;

Being prestigious security brand chosen annually by domestic organizations;

The number of shares in circulation: 199.124.330 shares

Market capitalization on 31 December 2009: \approx VND 11.600 billion



18-12-2009

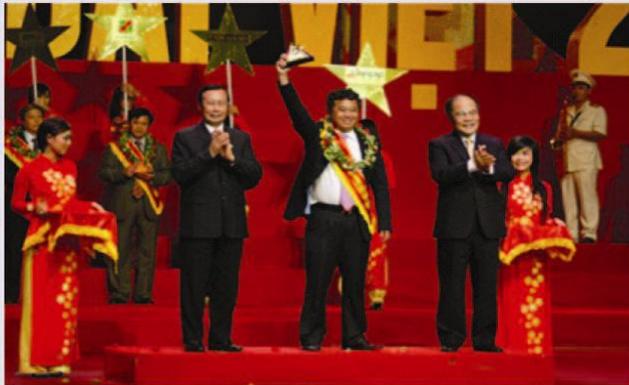
On 18 December 2009, KBC was officially listed on Ho Chi Minh City Stock Exchange (HOSE). This very important event marked considerable advance in development process of KinhBac City Development Corporation. The day 18/12/2009 was also a meaningful day to KBC stock, 2 years earlier KBC stock first appeared on Vietnam securities market and was traded on Ha Noi Stock Exchange (HNX). Since that, KBC has been one of the 5 stocks having the biggest amount of trading, and favorite stock of

foreign investors as well as in Top 10 Vietnam Index chosen by Standard & Poor (2008).

KBC always wants to contribute strongly to healthy and solid development of VNIndex,

KBC is proud of becoming typical representative of industrial park and real estate industry on HOSE and try its best to keep the leading position presently as well as in the future.

TOP 10 VIETNAM GOLDEN STAR



THE STORY OF VALUE CREATION



Beginning from the land of Kinh Bac

Established on 27/3/2002 with chartered capital of 20 billion dong, we started from a poor agricultural land in Que Vo district, Bac Ninh province where belonged to Section B – Geographical areas with difficult socio-economic conditions which called for investment by local authority. In spite of facing many difficulties, we saw many advantages of IP here.

Bac Ninh is in a convenient location for rail, sea and air transport: 30km from Ha Noi, 45km from Noi Bai International Airport; 130km Huu Nghi border gate, 110km from Hai Phong seaport; located in key economic area - growth triangle "**Ha Noi – Hai Phong – Quang Ninh**", near big industrial regions in Northern key economic zones. Bac Ninh has significant transport axes running through, connecting the province to Northern economic, cultural and commercial Vietnams: such as 1A – 1B Highway, Highway 18 connecting Ha Long city to Noi Bai international airport,

Highway 38, Trans Vietnam railway to China. There are large rivers running through Bac Ninh connecting the province to neighbor provinces, Hai Phong seaport and Cai Lan seaport.

Moreover, Que Vo industrial park was approved by the Government and put into operation in the period of speeding up industrialization and modernization process all over the country under the policy of Communist Party and Government, especially the policy of developing Northern key economic areas between the 3 provinces Ha Noi – Hai Phong – Quang Ninh of which Bac Ninh has just been added. Bac Ninh also set target of speeding up projects for building and developing IPs until 2010 to promote advantages and potential of the province, strive to become an industrial province in 2015. Therefore, along with its inherent advantages, Que Vo industrial park also received interest from the province and the Government.

Another advantage is investment environment and preferential policy of Bac Ninh province. The province is implementing one-door mechanism in managing foreign investment under the State regulations; continually diversifies investment promotion solutions. Besides the investment preferential policies provided in the Law on Investment Encouragement, coming to Bac Ninh province, investors also enjoy preferential policies of provincial regulations, for example:

Based on scale, position and investment form, investors will enjoy following benefits:

- ✚ Preferential land rent price; exemption, reduction and being flexible in rent payment deadline;
- ✚ Be supported on compensation for loss when clearing the ground;
- ✚ Provide financial aid;
- ✚ Support training cost for local worker.

Besides above incentives, Bac Ninh provincial People's Committee also facilitates enterprises with preferential loans; give preference in the establishment of export processing companies in IPs;

support for new-established companies moving into IPs; creates favorable conditions for firms in commercial promotion and market exploitation, etc.

Finally, another very important thing is human factor. We are deeply cared by the provincial People's Committee, the People's Council, management board of industrial parks, provincial departments, divisions and sections; simultaneously received great support from leaders and people in Que Vo district with the common target of building and developing industrial parks under the guidelines of the Party and the Government.

Hence, in spite of facing many difficulties, the natural elements of time, location and people made us decide quickly to start a business at Kinh Bac under the name Kinh Bac City Development Shareholding Corporation. Specially, the name was given by Sir. Nguyen The Thao, Chairman of the provincial People's Committee in 2002. At that time, the purpose of Mr. Nguyen The Thao and Mr. Dang Thanh Tam was to let Kinh Bac Company have major role in turning Bac Ninh province into a bustling and wealthy city, etc.



KBC – Foundation for the sustainable development

THE STORY OF VALUE CREATION

Successful contracts are not simply due to a lot of preferences given by local authorities for investors or due to our high service quality, but also because of our ability to meet almost special and strict demands from different customers.



How have we become the leading company in attracting foreign investment in Vietnam?

In the period of new foundation, KBC faced many difficulties: no reputation, weak management system, scarce capital to develop a modern industrial park. Many people did not even think that there was any international corporation would build factory in this neglected area. Our Chairman still remembers that hard time when trying to call upon investment capital for Que Vo industrial park project. He even thought of giving up when not being able to borrow capital. Exhausted but he realized clearly that if there had not been capital, he would have lost everything, all attempt until now would have in vain. Thus, he went everywhere to invite investors. This was a long period with continuous attempt. He applied all reputation and experiences in industrial park development that he gained when building successfully Tan Tao

industrial park in Ho Chi Minh City years ago. However, the process of inviting investment this time is far different to what made him success: He had to actively join in foreign investment promotion trips held by domestic organizations and associations; take the initiative in holding and sponsoring international seminars; try to promote Vietnam's image, Vietnamese investment environment and Vietnamese businesses to the world market, etc. Through these activities, he started to build reputation as well as create investment opportunities in industrial parks. Besides, he ceaselessly attempts to build KBC's prestige and image; persuade customers with an enthusiastic attitude; make good impression to investors by service quality and good infrastructure.

But all the above activities are not enough for demanding customers to stop in neglected IP like Que Vo IP although Bac Ninh province authority had more investment preferences than other provincial authorities and KBC is always ready to provide all the best services. The major factor convincing investors to sign contracts with KBC is its ability in meeting most of extremely strict and special demands of each investor. In many negotiations, KBC often encountered demands from new partners that are quite different to which of previous ones. For example, in process of discussing with Cannon Corporation from Japan, they offered requests that we had not yet met such as they demanded that the sample of thousands of land and water in Que Vo IP

had to be tested under 3 standards of Vietnam, Japan and KBC itself. Finally, they signed land lease contract with KBC to build the world biggest laser printer factory in Que Vo IP. After that, satellite factories of Cannon were one after another built in this IP. After 5 years from 2003, Que Vo IP attracted 50 domestic as well as foreign investors with the total investment capital of millions dollar and trillions dong; nearly 80% of the space are filled. Just in 2007, KBC attracted 20% of FDI capital in Vietnam to its IPs.

Currently, KBC is the leading company in attracting FDI in Vietnam. This success contributed remarkably to the process of building Kinhbaccity brand name today.



Under attendance of Mr. Hoang Trung Hai Deputy Prime Minister and Mr. Mitsuo Sakaba Ambassador Extraordinary and Plenipotentiary of Japan in Vietnam, in signing ceremony of comprehensive cooperation agreements between VN-JP.

From left to right: Mr. Dang Thành Tâm – the KBC Chairman, Mr. Teruyoshi Kubota – the Chairman of Japan Economic Research Institute, Mr. Vũ Huy Hoàng – Minister of Trade and Industry of Vietnam, Mr. Tran Van Tuy – the Chairman of Bac Ninh provincial People's Committee

THE STORY OF VALUE CREATION



How we create corporate value?

Strategy to create the land fund

- ❖ Create prestige and image with local authorities and people.
- ❖ Turn poor areas into plentiful industrial parks.
- ❖ Set up joint-venture companies to become investor of IPs in strategic locations across the country or acquire projects.
- ❖ Enhance corporate capacity and competitiveness in all aspects to grasp opportunities of becoming investor in big cities such as Ha Noi, Hai Phong, Da Nang, Ho Chi Minh city, etc.

KBC always seeks poor areas with weak economy, low agricultural productivity calling for investment. KBC's investment projects have changed the face of the poor rural areas. KBC has contributed actively to resolve employment dispute and improved income for local people since each IP created thousands of stable jobs. KBC has zealously supported improving labor qualification to meet the demand of employees who are eligible to work in hi-tech companies. The successful IP projects of KBC have contributed considerably to local budgets creating condition for investment in local infrastructure and for the improvement of the material and spiritual life for local citizens.

Duties:

We had to overcome all difficulties and challenges to turn neglected areas having poor economy into IPs occupied in full by high-tech factories.

We quickly built up the image and prestige with the provincial People's Committee and local people where we develop projects. This is the first value as the basis for us to have advantages of developing IPs and urban areas. Evidence for this is the success of Que Vo IP recognized as an important achievement contributing significantly to foreign investment attracting activity of Bac Ninh province. Following this success, Bac Ninh provincial People's Committee granted to us 146 ha of urban land in the Vietnam of Bac Ninh city- Phuc Ninh urban area project. A new development model was started from here: ***"The model of developing modern, environment friendly IPs and accompanied urban townships"***.

We traveled along Vietnam, assessed the potential of each region in developing IPs, established new relationship with local authorities to plan projects or find projects invested previously but not yet exploited and developed in order to build joint-venture companies or buyback them as our subsidiaries. However, in the process of searching new projects, thank to our previous prestige and success, many localities actively invited us to develop IPs in their provinces; be ready to provide us with the best conditions such as lately Quang Ninh province invited us to develop IP projects here.

Achievements:

Be owner and co-manager of more than 20 IPs and accompanied urban areas across Vietnam in strategic locations with the total area of 15.000ha occupying about 20% of the space of all IPs in the country, convenient for domestic and foreign trading activities.

All new projects in the process of setting up in Ha Noi city, Ha Nam, Quang Ninh provinces have large scale promising to increase land fund in 2010 up to thousands of ha.

Specifically, in 2009 KBC stepped further, officially became the investor of large-scale projects in the Vietnam of Ha Noi and Ho Chi Minh city, they are:

- ❖ Kinh Bac Multi-function Complex in Xuan Dinh, Tu Liem district, Ha Noi city on the area of 2 ha with the expected total investment around more than USD 200 million.
- ❖ Kinh Bac Financial Tower with 34 floors at No. 1A, Lang Ha street, Dong Da district, Ha Noi city on the area of nearly 4.000 m2. The expected total investment is about USD 100 million.
- ❖ Six-star Lotus Hotel located in Pham Hung street - Ha Noi on the area of 4 ha with the expected total investment budget of nearly USD 500 million.
- ❖ Tây Bac urban area project in Cu Chi, Ho Chi Minh city on the area of 1.705 ha, being planned at 1/2000.

Today, KBC has become a prestigious company with localities and their people as well as to the State Central Committees. This is one of major advantages to any real estate company.

THE STORY OF VALUE CREATION

Increasing land property is one of significant missions to any real estate enterprise. However, increasing corporate value is the key mission deciding sustainable growth, development and success of an enterprise.

KBC experienced hard stages to change neglected areas into plentiful IPs. Nevertheless, to be able to continue building new IP plentifully as previous IPs is another issue.

The value - increasing strategy

The richness of senior personnel staff:

This is the core factor making us success in one IP after another one.

What did we do?

- ❖ We can satisfy the needs of local people; contribute significantly to creating job opportunities for them;
- ❖ We indirectly contribute to the process of industrialization and modernization at localities;
- ❖ We are the link between companies and local authorities;
- ❖ We bring images of Vietnam country, Vietnam enterprises and Vietnam investment policies to foreign investors;
- ❖ We participate in regional and the world economic forums everywhere to understand investment demand of customers, especially, to link investment demands of multi-national corporations, foreign enterprises in Vietnam;
- ❖ We have in hand a large customer network including enterprises from Japan, Taiwan, China, Korea and some of big corporations from Europe and USA...;
- ❖ We make different products with high competitive power;
- ❖ We change difficulties into opportunities even in the years of economic crisis and recession.

Create “golden land fund”

In the condition of 6% - 7% economic growth per year, each IP of KBC will estimatedly be occupied in around 3 - 5 years. However, our strategy is to deploy and attract investment into IPs in parallel. Because:

Each IP being put into operation with occupancy rate more than 30%, its value will increase over time. Customers coming later follow former ones to make decision about land lease. Land rental price tends to increase over time, while land property is limited. So, although one IP can be filled fully in 3 years, we can prolong this period to 6 - 10 years. This strategy has the following advantages:

If an IP is occupied more than 50% of the total space, the remain will become “golden” property, because rental price will progressively increase while the cost of infrastructure increase insignificantly. For example, from 2007 to 2009, land rental price increases from 25USD/m² to 50USD/m². Besides, this golden land property is also an advantage to customers leasing land in the IP, because when they have demand of extending production or building more factories, there will be no need to move to another IP. Moreover, depending on actual conditions, KBC will actively construct workshops for sales and for lease to maintain stable revenue when all space in IP are occupied.

One of the key elements is the assertiveness in acquisition of projects in strategic positions that are evaluated as having developing potential but not yet exploited or willing to find capital source to buyback good projects in the situation of recession as 2 years ago. This makes corporate value of KBC increase sharply. If revaluation is made, KBC’s assets will increase 4 times than book value.

Set up many offices inner country as well as oversea to attract foreign investment.

KBC owns widespread office network across the country, besides, establishes many abroad offices such as in Taiwan, Japan, Korea, USA...; join associations and trade organizations to attract investment and look for customer; creates the favourable conditions for customer to get investment market information as well as to meet all demands of customers.

In addition, investment in foreign countries is also the development strategy to enhance the competitiveness and international intergradation of KBC. KBC not only obtained achievements and efficiency in Vietnam but also invested efficiently in Laos and Cambodia. In Laos, KBC is appreciated as a major investor and the best social activities unit there. Annually, KBC sponsors hundreds of scholarships for Laos students to study in Vietnam, etc.



OPERATION STATUS

8 years of operation and development, the name of KBC is known internationally, and assessed as a highly global integrated enterprise.

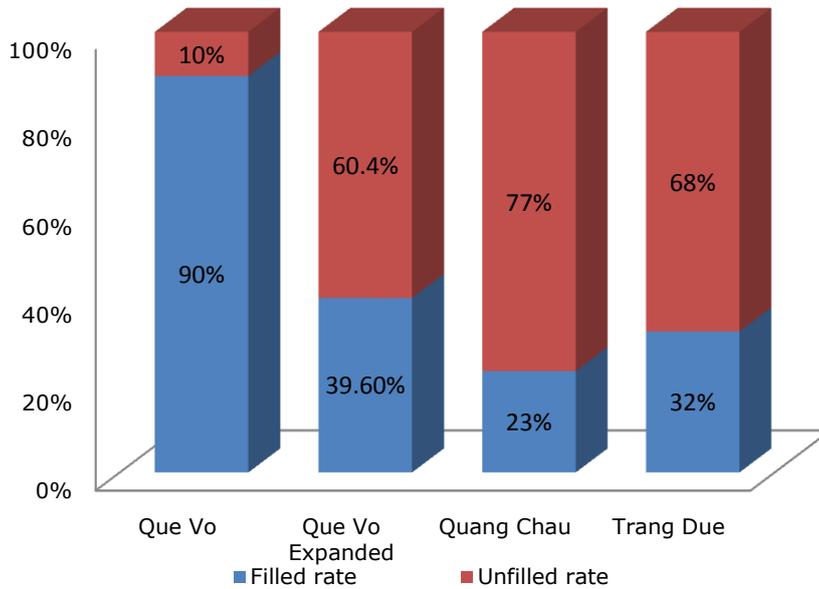
More than 80% of our customers are foreign enterprises enough to affirm KBC's brand name internationally. Foreign investment funds visit KBC regularly to explore investment opportunities from KBC's share. With the ownership rate of KBC's share of foreign investors accounting for 15%, KBC is one of favorite stocks of foreign investors. Foreign partners are ready to co-operate to become strategic partners in implementing major projects, sponsoring capital, consulting design of high-class projects such as Foxconn corporation (Taiwan), Ascendas (Singapore), Bitburger Group (Germany), Credit Suisse (Swiss), Surbana (Singapore), KumHo (Korea), etc.

Year 2009 **has suffered** from world economic crisis and domestic economic recession; enterprises have faced many difficulties. However, KBC implemented the strategy of turning crisis into opportunity. Unlike previous years, in 2009, KBC invested in infrastructure of IPs, urban

areas; built workshops to take full advantage of **loan cost, lower input material cost to create products at lower capital cost than the average.** This is to prepare for the economic recovery, to be ready for the demand of customer; helping them to shorten time of building facilities, to put into operation soon after signs of economic recovery.

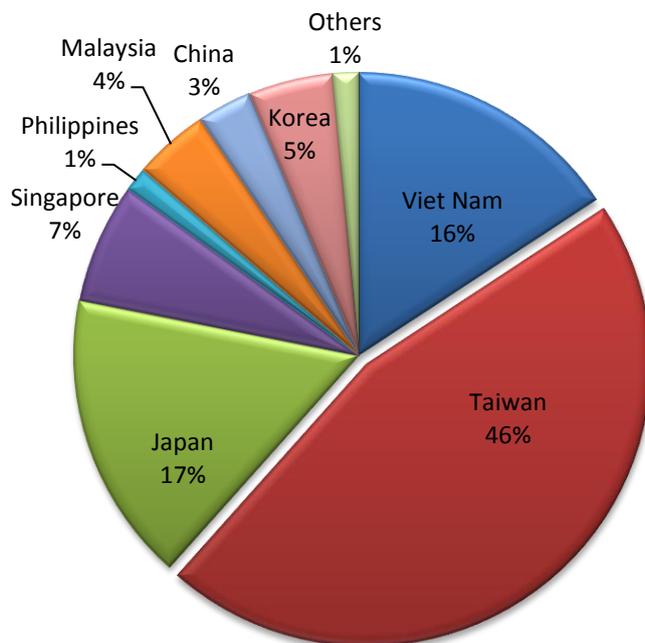
In fact, in the final quarter of 2009, domestic and foreign investors came to do research on investment opportunity in IPs of KBC. Thus, the revenue and profit of KBC in the fourth quarter of 2009 increased sharply with profit more than doubled plan. The revenue came mainly from land lease and workshops. This is remarkable achievement that KBC gained in the difficult period of the economy.

Investment attraction speed in operating IPs



As estimated, in 2010 investment attraction speed in the IPs of KBC will grow significantly, there will be an average of 20% of each IP filled. Currently, we are in process of negotiation with many potential customers such as: Sell Line, DK UIL, GTT & A, P&Tel Inc, SSCP, Shinyang from Korea; Crystal Crown, Marco from HoNg Kong; Top Zippers Ent, Gemteck from Taiwan, etc. The estimated area leased by above companies is more than 200 ha of which a company is expected to lease 100 ha.

Customer structure in IPs



In 2009, Korean investors became one of the major customers of KBC besides traditional customers such as Japan, Taiwan.

In addition, we are cooperating with big corporations from Europe and USA to implement investment promotion programs.

Chartered capital growth (VND billion)



The growth in chartered capital scale of KBC strengthened its financial capacity and ensured its adequate condition for implementing large projects with thousands of billions dong.

KBC, a young enterprise, has steadily made revolutions to bring itself to new heights for the benefits of shareholders, the company itself and the society. The models and revolutions of the development progress that we are carrying on will secure sustainable growth for the company.

Develop modern and environment friendly IPs and accompanied urban areas: Besides most of our IPs planned to develop, there will be an accompanied urban area granted by local authorities. The objective of developing accompanied urban areas is to satisfy the demand of foreign experts for high-end accommodation, housing for workers working in IPs and local people.

Co-manage and co-own IPs in strategic locations across the country: These strategies asserted KBC's with local authorities and the Government by the very success in attracting investment in IPs. Currently, we have 20 joint-venture companies; being investor of IP undeveloped projects which will be merged into KBC when developed.

The move to Ha Noi and Ho Chi Minh City: With our prestige and capacity, in 2009, KBC successfully overcame competitors to become investor of big projects in golden land area in Ha Noi and Ho Chi Minh City.

Other prior fields to invest: Mining, energy. Presently, the investment in mining is the most advanced Titan manufacturing factory promising a great profit in the future.



ORIENTATION AND DEVELOPMENT STRATEGIES



VISION

-

MISSION

-

TARGETS

Business environment and outlook

Opportunities and challenges

Like many other countries, Vietnam has also affected from the global economic crisis, especially in export activities and foreign investment. Although the growth speed decreased, Vietnam is still one of 12 countries having positive economic growth and early recovery signs. Vietnam GDP grew 5.2% in 2009. With the attempt to innovate and manage macroscopically of the Government, the ability of Vietnam overcoming crisis and continuing to grow at high speed in the next 2 or 3 years becomes possible.

Although the world economy is still in difficult condition, the trend of shifting production from developed countries to countries with advantages of low material and labor price remains indispensable trend. In addition, **there are capital currents seeking investment opportunities in nations having the ability to recover faster**. On the other hand, in comparison to regional countries, Vietnam has more advantages in term of political stability and low labor cost.

STRATEGIC ORIENTATION

-

VISION

-

MISSION

-

TARGETS

Opportunities and challenges

In the fourth quarter of 2009, there were waves of foreign manufacturers coming to Vietnam to invest in production facilities, prepare for the rehabilitation of the world economy. According to our experience in previous crises, when rehabilitation signs appear, real estate in IPs will prosper earlier because manufacturers always estimate the preparation time, construction procedures to build workshop early to keep pace with the rhythm of the market. In the first months of 2009, KBC prepared well to hasten infrastructure preparation speed to become the destination of investors.

In 2009, a lot of real estate projects of domestic and foreign partners are offered at reasonable price, while execution and materials price was quite lower than in the second half of 2008. If well prepared, professional companies with strong capital power in real estate market could grasp opportunities in this uptrend of real estate market in a few years. In 2009, KBC succeed in acquisition some large-scale real estate projects in Ha Noi and some of potential IPs in provinces.

Basic foundation for the development including transport infrastructure, seaport, energy, mining, land and capital are always hot points in development process, especially with an economy having high growth speed like Vietnam. In a few years, any company having the most efficient strategies in above industries will continue to maintain competitive advantages in the next decades.

Weaknesses and Strengths

After 8 years of operation and development, KBC became a highly prestigious enterprise to not only foreign investors but also local authorities, design consulting partners, construction partners and financial–banking organizations.

KBC built and trained team leaders and senior managers who experienced challenges in previous crisis, along with high quality, professional and enthusiastic staffs. However, KBC must continue to enhance human resources training, especially middle-management team to meet the development demand.

KBC has a solid financial foundation; its financial indicators are quite good in comparison with competitors. Thanks to listing on the stock market, KBC receives support from organizational investors, especially, big international investors in building and applying good customs in administration, management and a transparent financial system.

Take advantage of the decline in price and liquidation of real estate market last years, KBC accelerated the progress of clearance and compensation speed to develop IPs and urban areas. Currently, KBC is one of real estate investors having the largest land fund in Vietnam. Simultaneously, KBC took advantage of decrease in construction material price, manpower cost and capital assistance of the State stimulation in 2009 to construct infrastructure at cheaper cost than in previous years.

KBC is one of the enterprises continuing to grow in both size and prestige in spite of facing difficult situation of the market. KBC has invested strongly in key industries and related fields to support each other, including: (i) real estate (industrial park, urban area, commercial Vietnam, hotel and resort); (ii) energy (hydropower, thermal power, wind power); (iii) natural resources (mining and forest). In parallel with continuing to deploy big projects in the above fields, leaders and staff of KBC have initiated and actively implemented programs the organization internal management system with a focus on attracting high quality human resources and professional processes to improve administration activities of the corporation and its subsidiaries.

It was found that the macroeconomic fluctuation both nationally and internationally created a lot of challenges but also opportunities for an enterprise like KBC. This is a quite tough period but containing ability to create important turning point for KBC if targets clearly set and resources fully prepared to catch up opportunities in time and create leverage in next growth rhythm. Lessons from successful experience of KBC leaders show that in the period of crisis when finding the path for the company, opportunities are huge and the level of success will not only calculated in percent but in times.

VISION – MISSION – DEVELOPMENT TARGETS

Vision

KBC tries its best to become the number one company in Vietnam and one of the leading companies in the region in providing civilized and modern living and working spaces that develop sustainably.

Mission

KBC supplies the society with better living and working environment by providing grounds, workshops in green modern industrial parks; building beautiful and smart buildings, shopping Vietnams and groups of dream houses in new urban areas.

Through applying good customs on corporate administration and using modern corporate management systems, KBC brings maximum value to shareholders, creates harmonious working environment and encourages people's creativeness.

Development objectives

Growth objective: Become one of the leading companies in real estate industry in Vietnam, maintain annual growth rate of at least 50% in capital size, asset, revenue and profit.

Product and market objective: Maintain the number 1 position in providing IPs accompanied convenient services in Vietnam; become one of top 5 civil real estate companies in Vietnam; continue to invest in related industries including energy and natural resources in Vietnam, Laos and Cambodia.

Target corporate customers: Maintain position as favorite provider of domestic and foreign investors operating in hi-tech and environment friendly sector in supplying convenient services in industrial parks and in office buildings; be the link between local authorities and foreign investors.

Target individual customers: Create opportunities for individual investors, satisfy the demand of customers who use houses and apartments in new urban towns that KBC develops, and manages.

Management system and human target: Improve systematic management methods and administration system to speed up the operating performance; attract and use high-qualification human resources; build creative and friendly environment working space.

DEVELOPMENT STRATEGIES

Investment, product and market strategies

In order to become the leading real estate enterprise in Vietnam, KBC pursues the strategy of developing urban townships and IPs simultaneously. As estimated, until 2015, KBC will possess a big land fund of around 15.000 ha, of which 5.000 ha urban area and 10.000 IPs. These IPs and urban areas will be gathered in the areas with many competitive advantages including at least 1.000 ha in Ha Noi and Ho Chi Minh city.

Besides investment in core business, in the middle and long run strategies, KBC will expand to support industries which create a value-added chain including mining projects; electricity plants to provide stable electricity source for IPs; build universities and vocational schools to train qualified employees and skillful workers for companies in IPs; invest in seaport, forwarding depot area and resort; provide convenient services and accommodation for workers, etc. The strategy to possess projects in these industries is that KBC will finance capital or together with companies in the value chain to buy shares to control or contribute money to establish joint-venture companies in other support fields.

Industrial park development

Objective: continue to be the number 1 enterprise in Vietnam in supplying space and convenient services to foreign and Vietnamese high-tech enterprises.

Invest in infrastructure and workshop; attract high-tech manufacturers in our IPs, including expanded Que Vo IP, on the area of 300ha; Quang Chau IP on the area of 426ha; Trang Due in Hai Phong on the area of 400ha; Trang Cat high-tech IP in Hai Phong joint-venture with Foxconn Group on the area of 860 ha; Yen Phong IP on stage I on the area of 400ha.

Carry out step-by-step merger and acquisition activities of big IPs from joint-venture companies in the country into KBC. In 2010, Tan Phu Trung IP (HCMC) and Chan May IP (Hue) will be merged into KBC and then in turn of IPs in other locality.

Create Joint venture with international groups to perform high-tech complex projects such as joint venture with Ascendas, Foxconn...

Set up new IPs project and new projects in Ha Nam, Quang Ninh and Phu Xuyen – Ha Noi.

Deploy support IPs that will be the leverage for developing support industries in Vietnam.

DEVELOPMENT STRATEGY



Trang Cat project

Urban area, commercial building, hotel and resort

Objective: one of the five biggest civil real estate companies in Vietnam, owning big urban areas, satellite cities, commercial buildings in the center of big cities, hotels and high-class resorts.

Deploy urban townships in association with developed IPs, including Phuc Ninh urban area in Bac Ninh (146ha), Quang Chau urban township in Bac Giang (120ha).

Deploy Trang Cat urban township in Hai Phong and Trang Cat high-tech IP collaterally.

Deploy projects of urban township, accommodation, commercial Vietnam in Dong Anh, Ha Noi city.

Deploy Kinh Bac multi-function complex

project on the area of 2 ha in Diplomatic Corps area, Ha Noi.

Deploy Kinh Bac financial office tower in an area of around 4.000 m² at No. 1A, Lang Ha street ,Ha Noi city.

Deploy six-star Lotus hotel on the area of 40.000 m² at Pham Hung street, Ha Noi city.

Inaugurate and sign management contract with international hotel management group for the five-star hotels and resorts chain in Ha Noi, Da Nang, Da Lat and Binh Thuan.

Deploy big commercial towers in the center of Ha Noi, Ho Chi Minh and Da Nang.

Infrastructure, energy and natural resources

Objective: create solid foundation for penetrating and expanding product and market in infrastructure industry (highway, seaport), energy and natural resources (mining and forest)

Continue to explore and research hydropower projects and feasibility studies of hydroelectric power projects in Laos, thermoelectricity project in Bac Giang and Binh Dinh, wind power in Binh Dinh and Binh Thuan with the total capacity of 6.000MW.

Continue participation in Ha Noi - Hai Phong highway project in co-operation with Vidifi and Nhon Hoi seaport project in co-operation with Gemadept.

Continue to deploy mining projects at Central Vietnam, plan forest in Laos and Cambodia.

Financial strategy

Objective: actively balance financial sources via capital attraction such as issuing normal bond, convertible bond, common share and other loans.

Within the next 3 years, **owner's equity is expected to increase to VND 5000 billion.**

Complete documents, select consultancy to carry out listing KBC stock on international security market.

Co-operate with major domestic and foreign banks to raise capital in forms of credit loan, long-term bond for the corporation and for projects. Within a few years, the demand for investment capital of KBC will be from VND 2000 billion to VND 3000 billion.

Utilize the amount advances from customers and contractors.

Organization and human resources strategy

Objective: develop human resources; attract and employ talented people; get the right person in the right place at the right time; evaluate and reward fairly.

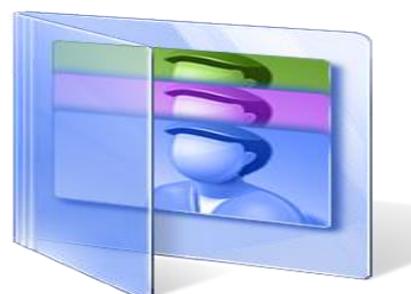
KBC continues to improve organizational system of departments and divisions in attempt to specialize and combine departments under matrix structure of product line-location-specialty.

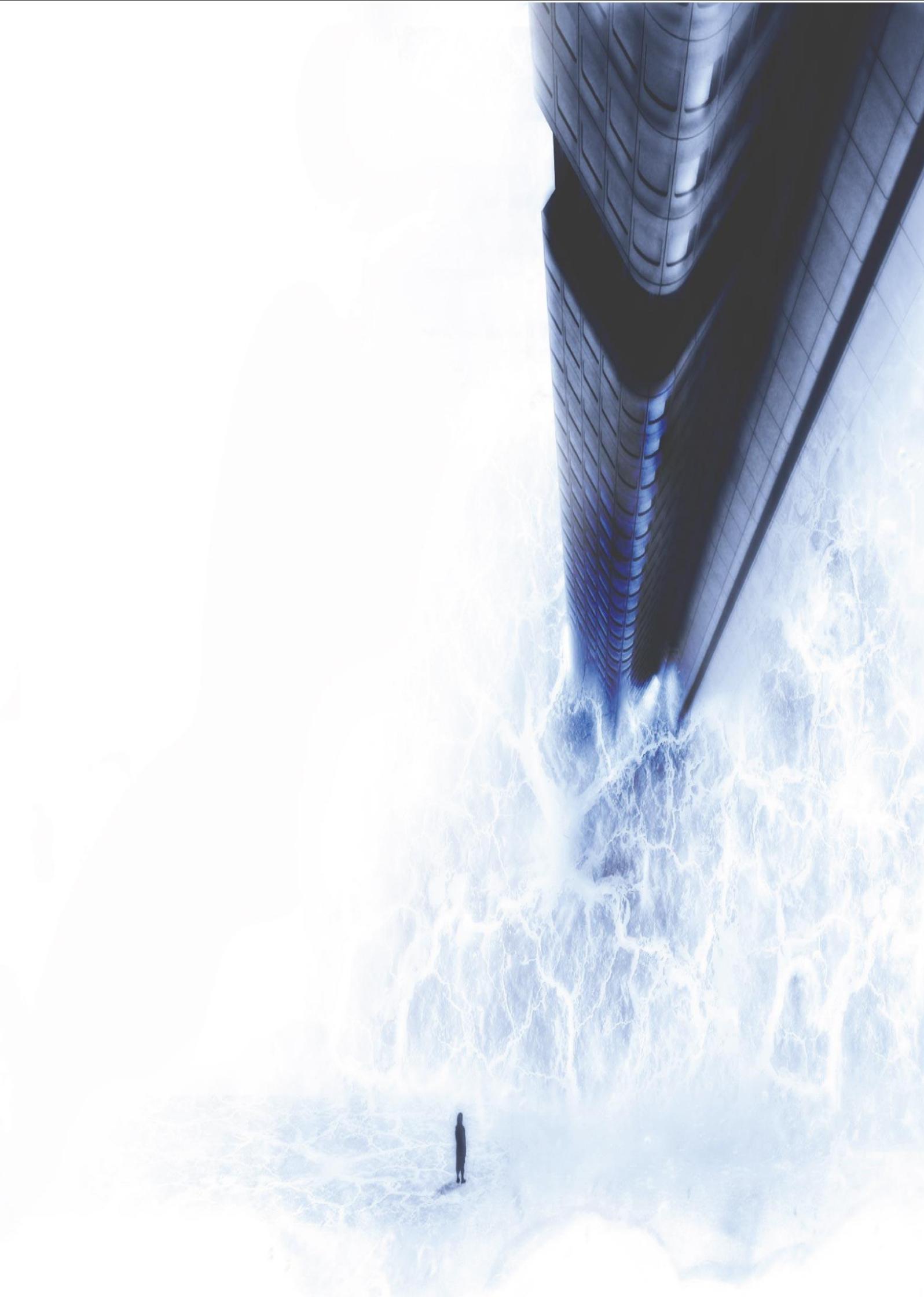
Intensify attracting more experienced management team; enhance training and foster the knowledge of project management, financial management, human resources management, planning skill, negotiation skill and administration knowledge for management team.

Administration strategy

Objective: continue to modernize and professionalize management system; satisfy the demand of a modern enterprise listed on international securities exchange.

In the next 3 years, KBC will co-operate with big foreign partners to step-by-step adopt good rules in corporate administration to build development strategy and organizational structure; set up systems of information management, finance management, customer management, brand management, and human resources management.





MESSAGE FROM THE CHAIRMAN



Kinh Bac City Development Shareholding Corporation is really transforming by its internal forces with the objective of sustainable development.

Dear shareholders and investors!

On behalf of the Board of Directors of Kinh Bac City Development Shareholding Corporation, I would like to thank shareholders and investors who consistently support business development plans of the leaders of KBC during the past year 2009.

Since listed on securities market, the total assets and owner's equity of KBC have increased more than four times. I am very proud to inform you about achievements that KBC has gained in year 2009. We have not only been successful in developing high-tech industrial parks, which crossed over Vietnamese border, reached developed countries and being well-known by many international friends with respect. We stepped up on higher and stronger ladder, affirmed the leading status in real estate industry in Vietnam.

In the context of overwhelming difficulty of the economy in 2009, many enterprises

have struggled to survive. KBC also could not avoid the whirligig especially in the first quarter of 2009. However, the business has gradually stabilized and there was growth again in the last months of the year with the average profit of around VND 100 billion per month. From the fourth quarter of 2009 up to now, KBC'IPs has been busy to attract investment, welcome international enterprises to come to visit and sign land lease agreements. These results paid off for the efforts of entire board of leaders and staffs of the corporation who have worked tirelessly during the past year to achieve the successful performance in 2009 with the profit after-tax double than plan as well as 2008. 2009 closed, I am pleased to report you that Kinh Bac City Development Shareholding Corporation is coming to big cities such as Ha Noi, Hai Phong, Quang Ninh, Ho Chi Minh city, etc.

As for the chain of IPs, invested by KBC or are joint-ventures with other companies all over the country, will be gradually merged into KBC to become subsidiaries, thus, shareholders will be the owner of a land fund of around 15.000 ha of IPs and 5.000 ha of urban areas.

Presently, we officially became the investor of three large scale projects in Ha Noi, including: Kinh Bac Multi-function Complex (on an area of 20.000 m2), Kinh Bac Financial Tower (on an area of nearly 4.000m2 with the total investment capital of USD 100 million), Six-star Lotus hotel project (on an area of 4ha with the total investment capital of VND 500 million) etc. These projects are expected to be groundbreaking in 2010.

Besides, in Hai Phong and Ho Chi Minh city, KBC co-operated with international corporations to plan and deploy series of projects such as Trang Cat project in Hai Phong (860 ha), Tay Bac - Cu Chi urban area project (1.705 ha). Especially, Quang Ninh People's Committee recently invited KBC's leaders to visit and work in Ha Long city. Quang Ninh province authority will create all favourable conditions for KBC to implement major projects in the province such as Phuong Nam IP (1000 ha, in Uong Bi district), Viet Hung urban area project (500ha, in Ha Long city), tourist area in Van Don economic area to aim at attracting foreign investment in Quang Ninh as well as developing socio-economy in the North-Western area of the country.

Our Kinh Bac City Development Shareholding Corporation will invest in series of large-scale potential projects

located in strategic economic positions of the country. This is the precious resources

for KBC to develop strongly in the next 10 years, welcoming the growth after the crisis from 2010. The size of asset, equity, revenue and profit in the next years will grow at least 50% on the average.

Particularly, in 2010, KBC will carry out development strategies with many innovations to ensure maximum benefits for shareholders. Important innovations next year are including more members into the Board of Directors who are international senior executives; developing some of departments such as Communication and Shareholder Relation; enhancing joint - venture activities with international corporations to develop real estate projects together; concentrating on attracting international capital to deploy big projects, etc.

I hope that business plans for 2010 of the Board of Directors as well as of the Management Board would always be supported by shareholders so that the boards and staffs could early finish the plan targets. We promise to try our best to satisfy your trust in us.

Wishing you a successful year of investment!

Chairman



Dang Thanh Tam

REPORT OF THE BOARD OF DIRECTORS



REPORT OF THE BOARD OF DIRECTORS



A. Assess business performance

1. Exceed plan

In 2009, although Kinh Bac City Development Share Holding Corporation met many difficulties in Quarter I and received negative results, thank to the experiences, strategies and vision of the Board of Directors with the target "Turning problems into opportunities" KBC returned to growth from Quarter II and had impressive performance in Quarter IV. Particularly, KBC'S board and staff have made continuous efforts in expanding market, enhancing the establishment of potential customer network and searching for new partners to complete excellently

business plans and the tasks that Shareholders' meeting assigned. Consequently, KBC has achieved positive results in 2009. Total assets reached VND 9,095 billion increasing by 90% compared to 2008; owner's equity was VND 3,295 billion increasing by 20% compared to 2008; total income was VND 1,410 billion equal to 154% as of 2008 and 174% of plan. Profit after-tax of Shareholder of Parent Company was VND 649 billion up 131% compared to 2008 and up 105% compared with plan.

Total income and profit after-tax of 2009 compared to plan

Items	Plan	Implemented	In VND billion
			Change
Total income	809	1.410	174%
Profit after-tax of shareholders of Parent company	316	649	205%

2. Outperformance

KBC has core business depending on the situation of Vietnam's FDI attraction performance. Whereas, in 2009 the situation of Vietnam's FDI attraction declined significantly compared to 2008; however, the disbursed capital decreased slightly equaled to 89.6% of that in 2008. Therefore, in the context of unsatisfactory situation of attracting FDI, to have impressive growth in 2009 in sales equaled to 154% and in profit after-tax of Parent company equaled to 231% compared to previous year KBC had to build differentiation strategy during the global economic crisis and economic recession in Vietnam:

Unlike 2008, 2009 has the advantage of lower loan cost and material cost. With the vision and long-term development strategy, KBC's Board of Directors has plans to focus on investment in infrastructure in the early quarters of 2009 to create products with low capital cost to prepare for economic recovery. To implement these plans the Board of Directors has directed relevant departments concentrate on plans for capital, product, market, new projects v.v.

Capital arrangement: KBC has successfully issued 7 times of corporate bond through financial institutions and banks. Capital raised was VND 2,700 billion worth with five-year maturity and annual interest rate of 11.5% - 12.5%, except for VND 500 billion with floating rate. It was great success of KBC affirming the foresight of the Board of Directors to bring great advantages to KBC of being initiative in finance in the context of high interest.

Product development: Thanks to plentiful capital resources, KBC focused on constructing a series of high class workshops and infrastructure of some urban areas. Until third Quarter 2009, the workshops with low cost capital had just finished at the time of positive signs of the economic situation, investors began to return to the industrial parks to find out and lease land to construct plants. KBC's workshops have been immediately interested by investors, helping them shorten time to go into production. Turnovers from these activities reached VND 628 billion. These results again demonstrate the foresight of the Board of Directors to bring great profit to the Company and its shareholders in the context of economic recession.

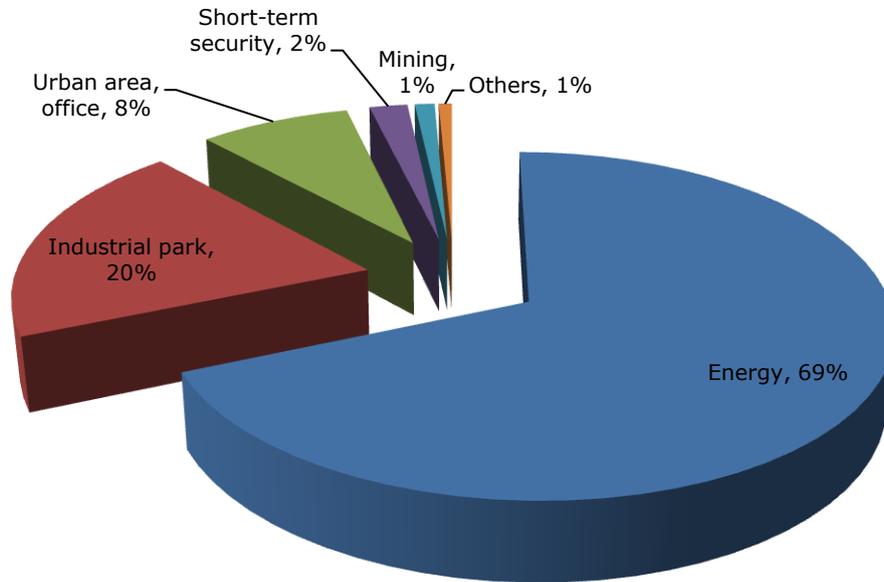
Income and profit after-tax of 2009 compared to 2008

Items	Unit: VND billion		
	2009	2008	Change
Total revenue	1410	918	154%
Profit after-tax of Parent Company	649	280	231%
EPS (VND)	3.725	2.799	133%
Dividends and bonus shares	50%	50%	-

B. Assess investment activities

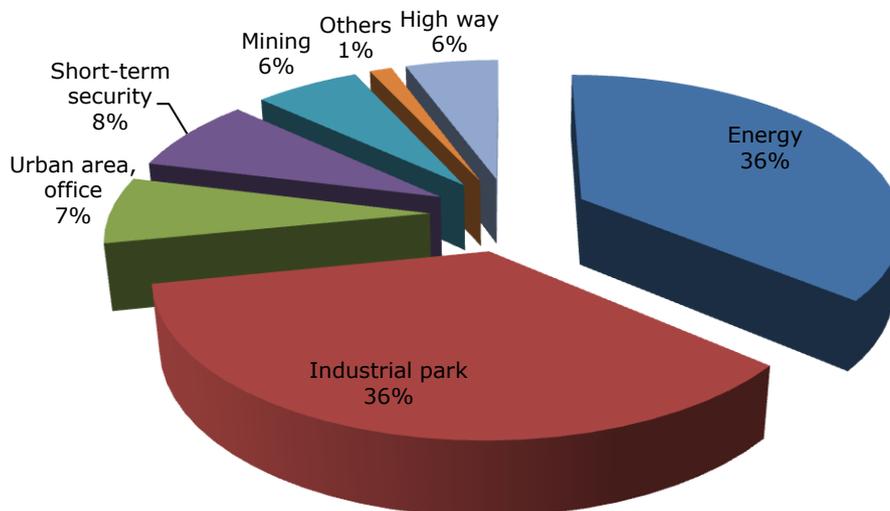
Investment structure in term of sectors arising in 2009

Total investment value VND **2.844** billion



Investment structure in term of accumulated investment as of December 12, 2009

Total investment value VND **5.425** billion



In 2009, KBC's total investment value disbursed in all sectors increased by VND 2,844 billion equaled to 52% as of total accumulated investment value as of December 31, 2009 of VND 5,425 billion.

In term of investment structure in 2009, KBC maintained investments in industrial park accounting for 20% of total disbursed capital of the year. KBC has focused on investment in urban area, building, office, five-star and six-star hotel projects in Ha Noi with total investment accounting for 8%. Specifically, in Quarter IV 2009, KBC increased investment in energy sector up to VND 1,950 billion accounting for 69% total investment of the year. We are pleased to present the purpose of the investments of the year in the following:

Evaluate the feasibility of investment in energy sector in 2009

Currently, KBC is focusing on several major projects in the energy sector such as:

Bac Giang Thermal Power project

KBC is the investor of Bac Giang Thermal Power project expected to ground break in 2010 and come into operation in 2013.

Bac Giang Thermal Power is coal-fired thermal power project with capacity of

600 MW and total investment capital of USD 800 million. The activeness of KBC in finding outputs is the determinants of the profitability of the power plant. KBC not only sell a portion of the electricity to Vietnam Electricity (EVN) but also sell the major portion to companies in hi-tech industries leasing in industrial parks of KBC.

Previously, to attract foreign companies specializing in hi-tech KBC had to support them in negotiations with EVN to be signed stable electricity supply contract, but this is very difficult and even Foxconn has not currently had the contract with EVN.

The selling price to customers mainly manufacturers is 7-8 cent/kWh (equal to EVN's price) with equivalent cost profit obtained increased 4-5 times as much as other plants which have to sell indirectly through EVN .

The feasibility of the project attracts many foreign investors proposing to contribute 20% of the capital. However, KBC will consider selling shares in the future if necessary.



KBC – Foundation for the sustainable development

Contribute capital with Saigon – Binh Dinh Power JSC to invest in Binh Dinh Power Vietnam Project

Sai Gon – Binh Dinh Power JSC, a member of Saigon Invest Group has charter capital of VND 10,000 billion. Under the witness of the Deputy Prime Minister Hoang Trung Hai at Vietnam-UK Business Forum, Mr. Dang Thanh Tam signed cooperation agreement with International Power PLC and under the witness of President Nguyen Minh Triet, Mr. Dang Thanh Tam signed cooperation agreement with Marubeni Corporation on building Binh Dinh Power Vietnam Project.

The first phase of the project with investment capital of USD 1.8 billion is estimated to go into operation in 2016-2017 including 2 generators with capacity of 1,200MW.

The power plant located in Cat Khanh Commune, Phu Cat District, Binh Dinh Province is currently the biggest coal-fired thermal power project in Vietnam. The plant is build on the area of 341ha, the total capacity up to 5,200MW.

Under Document No.7018 dated October 12, 2009 of Government Office, the Deputy Prime Minister Hoang Trung Hai agreed on assigning Sai Gon – Binh Dinh Power JSC to deploy the first phase of the project and general infrastructure.

Thus, KBC'S strategy to promote investment in energy sector firstly is to ensure stable power supply for KBC's IPs. Energy projects will be developed in parallel with IPs' projects, proving the ability to provide customers in IPs with better and more complete services, especially hi-tech manufacturers will confidently choose KBC's IPs to built plants. Besides, investing in the sector promises to deliver a large and stable source of revenue for KBC in the future. Presently, world's major corporations tend to focus on investment in energy sector especially in Vietnam.



*Mr. Dang Thanh Tam at Vietnam-UK Business Forum in London
(Source: Chinhphu.vn)*

Investment activities in industrial park in 2009

Unlike 2008, KBC has diversified products and forms of investment in industrial park in 2009. Total investment in this area was up to VND 559 billion accounting for 20% total investment value in 2009.

If the economy grows well, KBC often concentrate on attracting investment to quickly fill up IPs, take advantages of advances from customers to build infrastructure and reduce the loan rate from customers.

However, in the context of 2008, the economy has many complicated events, rising input costs, companies from the idea of expanding business to downsizing production; thus, KBC's activities were not only attracting investment, setting new projects but also creating favorable condition for customers when they want to downsize production, this affected KBC's business performance of 2008.

In 2009, input costs decreased in which loan costs dropped heavily and material cost down considerably 30% – 40%

despite economic difficulties. This opportunity has changed KBC's strategy. While bank loan/owner's equity ratio of KBC of 2008 was only 0.72%, the ratio of 2009 increased significantly. The use of leverage in 2009 was reasonable strategy. Low-cost loans were used to construct series of workshops with low cost in operating IPs, promptly meet customers' demand when the economy has positive signs from quarter IV 2009. This is different from in 2008 in developing IPs business.

Implementing merger plants, raising percentage of ownership in subsidiaries and associates

KBC has raised ownership percentage up to 90% in Saigon – Hai Phong whose Trang Due IP area in the first phase of 150ha, expanded area up to 400ha of which 200ha urban area.

Besides, KBC has raised ownership percentage in some IPs to officially merger to become KBC's subsidiaries in 2010.



Investment activities in urban areas, offices, luxury hotels

Developing urban areas associated with industrial parks

Currently, the growth of KBC's IPs is very big, especially in Bac Ninh and Bac Giang province. Therefore, **the development of industrial zones** will generate demand for housing for workers and experts in IPs. KBC has been assigned by People's Committee of Bac Ninh province to be investor of Phuc Ninh Urban Area project (146ha) in the Vietnam of Bac Ninh province; People's Committee of Bac Giang province has assigned KBC Quang Chau Urban Area project (120ha) next to Quang Chau IP. Both urban zones have common development orientation to supply the demand of high-end housing, accommodation, and entertainment for foreign experts, daily needs for thousand workers, develop high-end housing for citizens in Bac Ninh and Bac Giang province.

Developing above projects has not only economic significance but also political and social significance for the two provinces. Currently, there is not any urban area in the provinces, while the speed of attracting FDI and developing IPs is very rapid. Bac Ninh and Bac Giang provinces will soon become the key industrial cities in North Vietnam. Therefore, investing in the above urban areas will contribute to change the face of the two poor agricultural provinces.

The differences between 2 urban areas:

Phuc Ninh urban area located in the Vietnam of Bac Ninh city is designed and

consulted modernly by Surbana - Singapore. This is the world's leading consultant that can design and plan urban area to meet the requirements of an urban area 20 years later. Phuc Ninh will be the most beautiful and modern city in Bac Ninh and bring added value to KBC and Bac Ninh Province.

Quang Chau urban area is next to Quang Chau IP having most rapid growth rate in Quang Chau province, only 20km from Que Vo IP and Phuc Ninh urban area. Thus, for Quang Chau urban area we will focus on development model to meet housing demand, daily needs, entertainment with traditional style like garden house under Vietnam, Japan, Taiwan, Korea customs.

Thus, developing Phuc Ninh and Quang Chau IPs will be the key tasks of KBC in 2010, along with IPs to develop the busiest population in the two provinces.

In 2009, KBC has accelerated investment in the infrastructure in the urban areas thanks to funds from corporate bonds. We expect within the next five years the projects will create new residential areas which are the highlights of Bac Ninh and Bac Giang province, converging multi-cultural residential area, creating favorable conditions for accommodation, travel, and activities in accordance with many different people from workers to experts and citizens.



Phuc Ninh Urban Area – Bac Ninh province

Projects in Ha Noi

In 2009, KBC has officially become investor of three large-scale projects in the Vietnam in Ha Noi. These results confirm the prestige and brand name of KBC as a leading real estate corporation in Vietnam.

Luxury Hotel and High-end Hotel Office:

Few years ago, KBC purchased 20,000m² of land from Ha Noi Construction Corporation in Diplomatic Corps area in Xuan Dinh – Tu Liem – Ha Noi. However, Ha Noi Construction Corporation has attempted at clearance compensation and infrastructure construction, until November 2009 the ground of the project was available for building.

On November 5 2009, leaders of Ha Noi Construction Corporation and leaders of KBC signed official agreement on which KBC become investor of the project.

KBC along with Ha Noi Construction Corporation contributed capital in the project years ago with the price of less than VND 6 million per m², so this is a big advantage of KBC. The project includes capabilities to achieve objectives consistent with strategic economic and social development, consistent with the demand for development of Ha Noi City, serving diplomatic corps and international organizations v.v.

Currently, the project is in the stage of feasibility study report with total investment expected to be USD 200 million. Depending on actual conditions,

KBC may be able to cooperate with foreign partners to implement the project.

Kinh Bac Financial Tower

On October 12 2009, KBC purchased and officially become investor of the office building at No.1A, Lang Ha street, Dong Da District, Ha Noi with total area nearly 4,000m². This is the first project of KBC to be deployed in 2010 with 32 floors and total floor area of 70,000m² including commercial Vietnam and high-end office for renting, total investment capital of USD 100 million (including construction, land and five-star standard facilities). According to the plan approved by Ha Noi City authority, Lang Ha Street will be the financial Vietnam of Ha Noi Capital and the 1A tower will be at the top of the hill in the entire street line, being the highest building in this financial Vietnam. No.1A Lang Ha is opposite Giang Vo Exhibition Vietnam, an extremely convenient position that may other corporations desire to possess.

KBC and Kumho Industrial (South Korea) have already signed document on cooperation in building Kinh Bac Financial Tower. Kumho is the seventh largest South Korea conglomerate, known as one of the excellent construction company, highly respected in the field of construction and urban infrastructure development. The project is expected to ground break in 2010 and is finished after 32 months. The finished project will affirm and enhance the position of KBC in real estate market domestically and abroad, bringing many benefits for shareholders.

Office complex, Commercial Vietnam, Ha Noi Lotus Hotel

Office complex - Commercial Vietnam, Ha Noi Lotus Hotel



On November 20 2009, Ha Noi People's Committee signed formal announcement of choosing KBC as the investor of Office complex – Commercial Vietnam – Ha Noi Lotus Hotel project after six months of rigorous selection. Accordingly, KBC has officially overcome other best candidates to become the investor of the project, one of the leading projects in Ha Noi.

This will be the first six-star hotel in Ha Noi, located in strategic new Vietnam development area of Ha Noi. Its position is nearby National Convention Vietnam, the most strongly developing area in Ha Noi with many large developing projects such as Keangnam, My Dinh Stadium, Ha Noi Plaza Hotel, Nam Dan Plaza, etc. The six-star Lotus Hotel will

be a 35 floor hotel with the construction rate of 35-40% including 800 rooms, convention halls, restaurants, sport clubs, retail stores, shopping Vietnams, Spa salons, utility rooms within the hotel and other areas. The hotel will be built on the area of 40,000 m² with total investment capital of USD 500 million. The project will be soon ground broken in 2010 and finished after 24 months.

Becoming the investor of this project not only developed KBC's image in Ha Noi capital but also affirmed the leading position, the capabilities, as well as the strength of KBC. KBC again proved to be prestigious and well deserved that Ha Noi authority believed to choose among many other big companies in Vietnam.

Developing large scale complex projects

Trang Cat – Hai Phong Complex

Trang Cat – Hai Phong Complex includes: Hi-tech area – Urban zone – Entertainment area – Sea villa. This is a joint venture project between KBC and Foxconn – Taiwan with modern design and largest total investment capital to date. The project is located at the very favorable position adjacent to the coast, at the start of the new highway Hai Phong – Ha Noi, with total area up to 860 ha, considered a key project of Hai Phong City.

With desires to develop Trang Cat becoming a modern technology complex, KBC and Foxconn together designed and planned the complex according to an advanced and comfortable model in which its components are reciprocal.

The project is planned as a circle with the idea that human is central, under the sea-view model, friendly environment. It is designed by Surbana Corporation Pte Ltd.

Trang Cat urban area alone is planned on the area of 500 ha including residential area, service area, and tourism area. Trang cat urban area will be a small city with the capacity of about 56 thousand people in a comfortable living space, open and intimacy with nature, meet the needs of citizens and especially experts working in industrial park. Up to now, the project has been submitted to People's Committee of Hai Phong City to approve 1/500 plan and feasibility study reports.



Trang Cat – Hai Phong project

Tay Bac – Cu Chi Urban area – Ho Chi Minh City

On November 04 2009, KBC signed with Hyder Consulting Company (UK) on the planning 1/2000 of Zones I-II-III within Northwest Urban Area (total area 1,705ha, Cu Chi Dist. - HCMC).

Currently, Sai Gon – Tay Bac City Development Share Holding Corporation is the investor of the project, in which KBC is the major shareholder and in 2010 this company will be a subsidiary of KBC.

According to the guidelines of HCM City People’s Committee, Northwest Urban area in HCMC will be a new and modern

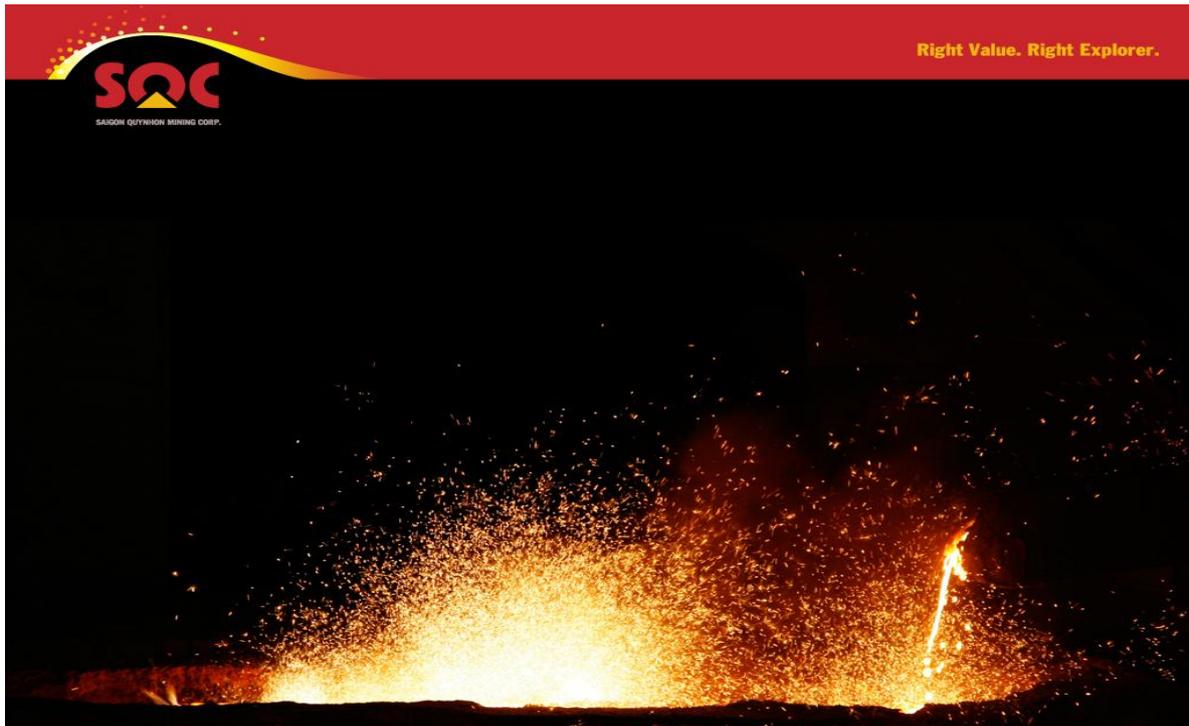
urban area blending with its neighborhood. It will be designed in the most optimal way with large proportion of flora, water surface and complete technical infrastructure to serve the need of migration from inner city to outskirts, and concentration of warehouses etc.

The signing with Hyder Consulting shows that KBC has been constantly expanding and promoting its vigor in developing urban areas and industrial parks in the Green – Clean model across various regions, meeting the demands of the national development.



Mr. Dang Thanh Tam, Mr. Robbert Losecaat Van Nouhuijs – Hyder Regional Director at signing ceremony between KBC and Hyder Consulting Company (UK) on the plan 1/2000 of Tay Bac Urban Area

Investment activity in mining sector



In 2009, KBC continued to raise the ownership percentage in Sai Gon – Quy Nhon Mining Corporation (SQC). Up to December 31 2009, KBC invested VND 339 billion in SQC (of which the charter capital of SQC is VND 1,000 billion).

SQC is currently the investor of the biggest and most modern Titan Cinder plant in Vietnam was inaugurated on July 24, 2009 with total investment capital of VND 1,000 billion, of which VND 500 billion for the first phase on the area of 10ha. The total capacity of phase 1 (consisting of two furnaces) is 24,000 tons of Titan cinder per year with the clarity of 93%. Besides, the plant produces 12,000 tons of high-endurance per year. In phase 2, three more furnaces will be added, increasing the capacity by 36,000 tons of Titan Cinder (93% clarity) and 18,000 tons of iron per year. Another target of SQC is to become

investor of the nearly 100 ha industrial zone in My Thanh Commune, leasing sites to other enterprises, integrating to the invested infrastructure to establish the Titanium Refined Production Industrial Zone of Binh Dinh. Furthermore, SQC possesses other large-scale projects, such as the Fresh concrete plant (300,000 m³/year), Pavement tiles production (80,000 m²/year), Reinforced concrete production (24,000 md/year), and workshops for lease (area over 10 ha). It can be said that KBC has been initially successful in expanding business activities from original business sector to heavy industrial to bring benefit as mining and processing ore minerals.

Thus, with development potential of SQC, KBC's investment in SQC will bring high profits to the Company in the near future.

Stock investment

In 2009, KBC continued to raise ownership percentage in Saigontel (SGT). At December 31 2009, KBC is holding 21.51% of SGT share. The objective of investing in SGT is long-term development strategy, aiming to acquire with great potential to become a subsidiary of KBC in the near future.

SGT currently has advantages and business activities suitable with main business activity of KBC. Some typical projects of SGT include:

- Vien Dong Meridian is a complex including high-class commercial Vietnam, international convention Vietnam, five-star hotel, A-class rooms and offices. On July 25 2009, the project was ground broken at 84 Hung Vuong, Hai Chau district, Da Nang City.

This will be the highest building in the Central with 48 stories and 3 basement floors, 220m from the ground to the roof, total investment capital of USD 180 million.

- Thu Thiem Software Park - HCMC. This is the biggest software park project in Vietnam as well as Asean. The project is particularly important project according to the People's Committee - HCMC contributing significantly to the city's structural shift toward service sector development especially in hi-tech sector, enabling Vietnam to walk abreast with powerful nations worldwide.
- High way project 300AB Nguyen Tat Thanh Str., in HCMC District 4;
- Besides, Saigontel has been implementing a number of IPs such as Dai Dong - Hoan Son Bac Ninh province, South Red River IP, etc.



Looking back at 2009, KBC has maintained the growth rate of investment in traditional areas such as industrial parks, urban area and establish new projects. Specifically, KBC has been developing its brand name in big cities like Ha Noi and Ho Chi Minh City by competing with large companies to become investor of real estate projects.

Moreover, KBC has put a priority on energy sector. This is consistent with the long-term development orientation of the Company. The industrial park system of KBC needs stable energy supply for their factories in the IPs to operate without interruption. Additionally, the investment in this field will add a stable revenue source to KBC in the future.

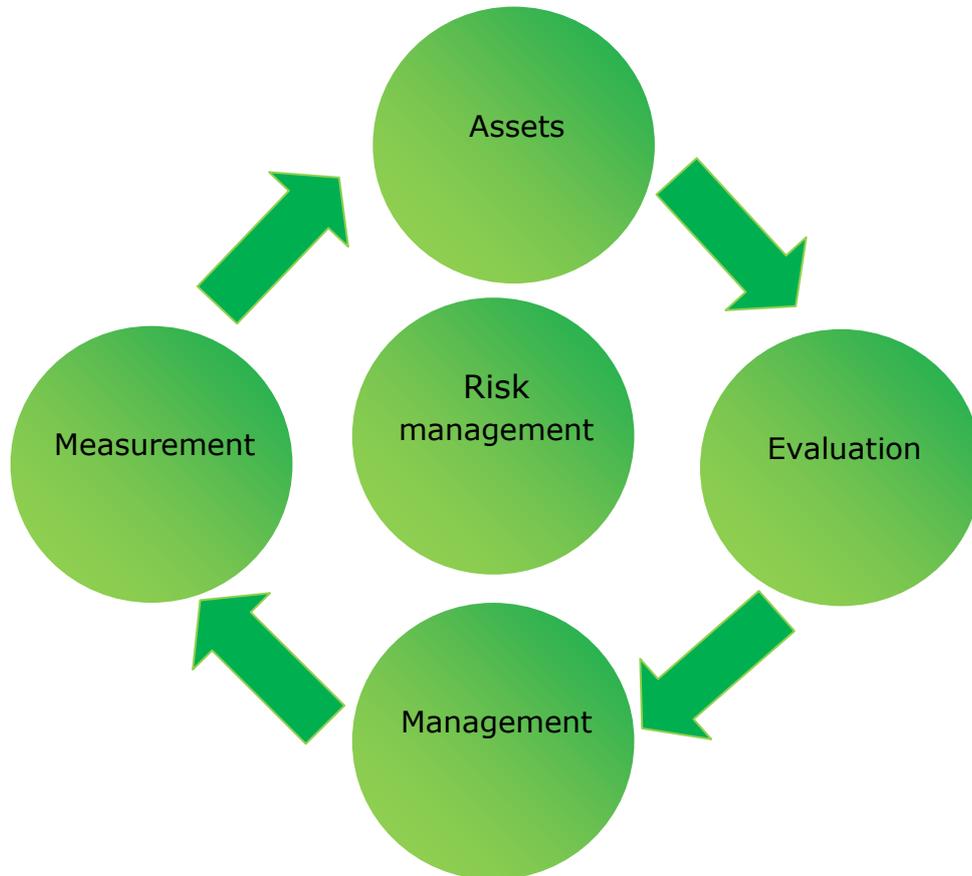
Why has KBC invested in mining sector? Presumably, on the path to explore new lands any real estate investor will not forget searching to possess what are under the ground where they land. In 2008, amount of an investment was disbursed immediately to establish Sai Gon – Quy Nhon Mining Corporation (SQC), while no one could estimate how the investment bring profit to KBC in the mean time. Until July 2009, the biggest and most modern Titan Cinder plant in Vietnam was inaugurated with SQC as the investor, in which KBC is the biggest shareholder and will certainly gain a considerable profit from this investment.

So, at a point in time, if shareholders and investors of KBC are surprised at some big investment without immediately foreseeing profits, then please trust in the Board's decision, all for sustainable development of the Company.

Kinh Bac Multi-Function Complex – Ha Noi Diplomatic Corps



C. Risk management strategy



Year 2009 was a difficult year with many challenges that many economic units have struggled to survive, KBC has also not avoided the general circle. After having negative profit in Quarter I 2009, KBC has gradually grown well in the last quarters with profit of VND 100 billion per month. Although in 2009 KBC has inevitable systemic risk such as the effects of the global economic crisis and declining FDI in Vietnam, etc. but thanks to the tight control and non-systematic risk limitation (consisting corporate management risk, risk in the process of business development, capital use risk, and cash flow control risk). Therefore, in

2009 with the control strategy and minimizing the risk categories, KBC's leadership has brought profit back in excess of planned.

What is our strategy?

Since early 2009, Board of Directors was forecasting global economic crisis could be positive in late 2009 or early 2010. KBC depends on demand for plant of foreign investor, and the situation of FDI attraction and disbursement in Vietnam. Thus, the Board determined that early 2009 would be very difficult quarter for KBC.

However, the Government gave interest support 4% per year, and medium and long-term interest rate of banks was at a maximum of 10.5% per year, prices of construction material decreased by 30-40% compared with highest level of 2008. At that time the monetary policy created both opportunities and risks for enterprises in general and for KBC in particular. Although the domestic economy and the international economy were still in recession and crisis; However, with the experience of overcoming the 1997 crisis, Chairman of KBC – Mr. Dang Thanh Tam along with member of Board has decided to take all opportunities that the monetary policy created though there have been may difficulties ahead.

The first plan of the Board of Directors: Using financial leverage at the maximum that was previously very limited to take the chance of low capital cost. This is a big advantage for a real estate company having many thousands of billion projects waiting for implementation as KBC. Thus, KBC has mobilized VND 2,700 billion from issuing corporate bonds with the period of 5 years and fixed interest rate of 11.5%-12.5% per year.

The second plan is to ensure using borrowing funds efficiently, making early profit and bringing benefit to shareholders. Therefore, the Board has considered that if the Company only focused on big projects, the profitability would come later and have to wait until the economy showed clear signs of

recovery. Thus, there must be a product making immediately profit in 2009, then the plan to build a series of workshops in KBC's IPs to be implemented instantly that was quite different from 2008 when KBC did not build workshops. The reasons for building workshops immediately were firstly workshops were very necessary for any companies leasing land in IPs, secondly the construction time was fast, thirdly capital cost would decrease by 30-40% compared with 2008, and more importantly when the economy showed the first positive signs, corporations would surely return to continue their new production plans. Thus, the available workshop system would be products that the customers were interested, helping them to shorten production time. In parallel with this plan, promotion activities and market development of sales and marketing department were boosted despite global economic difficulties. KBC's businesspeople have continuously participated in regional and international economic forums to introduce investment opportunities in Vietnam and KBC's IPs. They are international standard businesspeople who were fluent in at least two foreign languages, able to persuade and negotiate as well as study cultures, business customs, and investment demands of foreign countries into Vietnam. They have been very successful as a bridge between foreign companies and local governments in many provinces of Vietnam.

There have been positive signs in global and national economies since Quarter III 2009, investors have started to return to the KBC's IPs – the first choice for investor since there have been relationships build before. Specifically, there were many investors buying workshops and leasing land to build factories in Quarter IV 2009. Revenue from selling workshops has brought a surge in profit in 2009 compared to the plan. In addition, investors signed the minutes of leasing agreements will potential profits to shareholders in 2010.

The next strategic plan is to search for opportunities of buying back potential projects

since only in crisis period real estate is cheap.

Besides, the source of capital will focus on key areas such as energy and mining.

Thus, in 2009, we took full advantage of opportunities from national economic policies, turned the risks into opportunities, made significant profit to the Company and activities in progress in 2009 will promise big profits in 2010. However, KBC has not only chances but also risks that the Company has to face in 2010 as follows:

- The risks of using loans in 2009;
- The risks of attracting customers if FDI situation is not good, especially the disbursement of this funding;
- The risks of monetary policy in 2010, rising interest rates, difficulties in raising capital to ensure the progress of project implementation;
- The risks of rising material prices and costs that make enterprises are not able to diversify products.

Facing both opportunities and risks, KBC's Board was committed to minimize the risks for the Company, aiming to preserve capital, maintaining growth, and bringing benefits to shareholders. Through what we have done in recent years, especially in 2009, we hope KBC's shareholders will believe in the Company and policies and business plans proposed to the General Meeting of Shareholders.



D. Business prospect and development plan for 2010

Business prospects

Kinh Bac City Development Shareholding Corporation has industrial park and urban zone development as core business, while expanding investments to some other important areas such as energy, mining, cement, etc. These investment activities are associated with the objective of developing IPs and urban zones of KBC to enhance the status, image and strength of KBC not only on the national scale but also on the international scale.

Currently, KBC is considered the leading company in developing IPs in Vietnam. According to economic forecast, the situation of attracting FDI in 2010 will be a lot better than in 2009. Since Quarter IV 2009, many foreign investors have returned to KBC's IPs to find out about the procedures for land lease etc. KBC has signed a series of agreements with many international Group to help them complete the procedures for investment license in 2010. The investment attraction in KBC's IPs is expected to grow significantly. It is estimated that there would be approximately 20% of each IP filled on the average. Potential customers are ready to engage in land lease procedures such as: Sell Line, DK UIL, GTT & A, P&Tel Inc, SSCP, Shinyang

from South Korea; Crystal Crown , Marco from HongKong; Top Zippers Ent, Gemteck from Taiwan etc. Expectedly, these companies will lease more than 200ha, of which a company expected to lease about 100ha.

In 2010, KBC will pay special attention to the development of business activities in parallel with infrastructure construction for urban projects, office, luxury hotels in Bac Ninh, Ha Noi and some high-end urban areas projects of KBC's subsidiaries in Da Nang, HCMC that will create revenue in 2010. Simultaneously, KBC will enhance business activities, seize the opportunity in post-crisis to bring high outcomes to the Company to achieve the 2010 plan: 40% dividend and 10% bonus share.

Besides the core business sector, KBC is expanding business field in to energy, mining and cement. These investment activities are to provide added value and materials for the construction of infrastructure of IPs, residential areas, urban areas, and factories of KBC. The objective of these projects is to reduce the construction costs, providing companies operating in KBC's IPs as well as providing the market with energy and high quality construction materials.

Plan for business development in 2010

Enhance investment in operating IPs such as Que Vo Expanded IP, Quang Chau IP, Trang Due IP.

Build 1 or two more IPs; merger 2 more IPs in the Company; Develop IP and urban area projects in Quang Ninh province.

Enhance investment and business in Phuc Ninh and Quang Chau urban area to increase high-end housing in Bac Ninh and Bac Giang province.

Deploy urban area project in Dong Anh – Ha Noi with the area of 50 ha.

Negotiate with Ascendas to complete investment license of Kinh Bac – Ascendas software IP, with total area of 30 hectares in Dai Mo – Tu Liem – Ha Noi.

To speed up the planning approval 1/500 and feasibility study report of Trang Cat hi-tech complex in Hai Phong and 50-50 joint venture with Foxconn to develop the project.

Ground break Kinh Bac Multi-function complex including: hotel, commercial Vietnam, 5-6 star office for rent in Diplomatic Corp on the area of 2ha, total investment of more than USD 200 million. Depending on actual conditions, KBC may cooperate with foreign strategic partners to implement the projects.

Invest in six-star Lotus Hotel encompassing Vietnam biggest hotel with 800-1000 rooms, commercial Vietnam, offices for rent, high-class apartments for sales and for rent in My Dinh – Tu Liem – Ha Noi, with total estimated investment of USD 500 million. The objective is to build a largest and most modern complex in Vietnam located in the best location in Ha Noi where regional and international conferences, events and meetings of are organized. The project is considered the project of the century, bringing immeasurable long-term and stable benefit for KBC's shareholders, contributing to the socio-economic development of Ha Noi capital simultaneously. This project will be the pride and symbol of KBC in Ha Noi.

Invest Kinh Bac Financial Tower at No.1A, Lang Ha – Dong Da - Ha Noi. Lang Ha Street will be financial Vietnam of Ha Noi capital and the Tower will be the highest building with 32 floors situated in the highest elevation of the street, this is a good feng shui place for KBC.

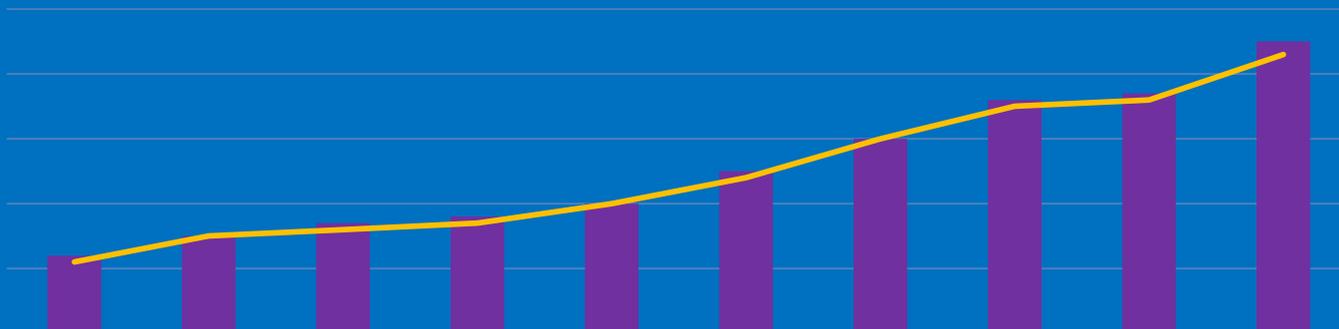
Invest in a 300 hectares urban area in HCMC.

Contribute capital, purchase shares in companies, economic organizations bringing benefit for KBC.

REPORT OF THE BOARD OF MANAGEMENT



REPORT OF THE BOARD OF MANAGEMENT



A. BUSINESS PERFORMANCE

In 2009, standing before the general context of the economic difficulties, the Board of Management have made successful efforts to implement the business strategy of the Board of Directors: “Turn problems into opportunities”, “Create available products to prepare for the economic recovery”, “Invest in potential projects”. To implement this strategy, the problems of input and output **were resolved** by the Board of Management as follows:

Input problems: The Board of Management has successfully implemented the plan to arrange funds through 7 times of bond issuance with the period of 5 years and fixed interest rates from 11.5% to 12.5% per year, except for VND 500 billion bond with floating rate, while KBC still had fiscal stimulus loans to invest in IPs’ infrastructure, especially building workshops . In the early 2009,

KBC has focused on building a series of workshops with lower capital cost of 30%-40% less than 2008 to create available products to prepare for the economic recovery. In addition, KBC also has acquired a number of potential projects such as Kinh Bac Financial Tower at No.1 – Lang Ha – Ha Noi, invested in urban area infrastructure, raised ownership percentage in subsidiaries and associates who are currently investors of potential projects, etc. Thus, KBC has utilized the opportunities of lower loan cost, input material costs during the economic downturn to solve input problem.

Output problem: Despite full of difficulties in first six months of 2009, but **“KBC has stuck to the plans of attracting investment as well as the strategy of sharing benefit and risk with customers”**.

Therefore, KBC's plans such as marketing, market development, trade promotion have been carried out constantly. Business development division of the Corporation have continuously participate in various forums on economic cooperation between Vietnam and other countries, while actively establishing a network of officials who attract investment and build programs to attract investment from countries such as Japan, South Korea, Taiwan and some European countries, etc. In all investment promotion trips abroad, KBC has always been highly appreciated by international investors who have considered KBC as the first choice when building factories in Vietnam. The reason is that KBC not only conveys the opportunities and advantages when investing in Vietnam as well as building plants in KBC's IPs but also is ready for cooperation or joint venture with customer to bring their products to market, together sharing risks and profits. For example, KBC has signed with partners such as Foxconn Group, Ascendas to develop high-tech industrial zones, software technology parks; signed with Bitburger Beer to build beer factory in KBC's IP.

Thus, the investment attraction strategy of KBC has not stopped at advertising and attracting customers to our IPs but advanced to a new higher level, which KBC collaborated with partners to share both profit and risk, together bring their product to market. Therefore, the reputation and brand of KBC has been raised to new level. KBC's IPs system has become the first choice for investors as the economy has had positive signs since Quarter III 2009. KBC's available products such as workshops were chosen right away to shorten the time it takes to go into production. Consequently, KBC has achieved breakthrough results in Quarter IV 2009 and been extremely busy at attracting investment.

At the end of 2009, Que Vo IP got 90% occupancy, Que Vo Expanded was filled 39.6%, Quang Chau IP with 22% occupancy, Trang Due IP phase 1 with 30% occupancy. KBC signed **border agreement** with major investors expected to lease land in 2010 with total area expected up to hundreds of hectares such as: Sell Line, DK UIL, GTT & A, P&Tel Inc, SSCP, Shinyang from South Korea; Crystal Crown, Marco from HongKong; Top Zippers Ent, Gemteck from Taiwan, etc.



Mr. Dang Thanh Tam and Mr. Jan Niewodniczanski – Bitburger General Director
At the cooperation meeting on building Bitburger beer factory in KBC's IPs

Economic efficiency: We once again affirm the right direction of KBC's Board, bringing highest economic efficiency as possible for the Company in the context of 2009. The business results have been adjusted to grow twice as much as plan. As anticipated, from the third Quarter 2009, KBC created available products at the same time when the economy has positive signs; thus, KBC immediately welcomed foreign companies especially from Japan and South Korea to survey investment opportunities in KBC's IPs. Normally, investors have to lease land before the world economic recovery, increase in consumer spending then they find enough time for selling their products. Therefore, this is a big advantage for KBC, usually for an infrastructure development company, IP will recover 9 months before global economic recovery.

As a result, in the second quarter of 2009, especially Quarter IV 2009, KBC has

always been extremely busy with attracting investment activities. KBC's IPs welcomed many foreign investors each day; thus, KBC has been better than other companies have in attracting many investors in the mean time. For example:

- Sri – Tech Co., Ltd. leased 6 ha to produce screen for Samsung mobile phones;
- Telecommunication Company in South Korea produce support components for Samsung on the area of 4ha;
- VS Industry LTD. Co purchased two workshops with total area of 12,000 m²;
- Amtek leased a 6,000 m² workshop ;
- DK UIL Co., Ltd. produce support components for Samsung to export with an area of 3,5ha;

Therefore, we can say that 2009 was a year that the Board of Management has been very successful in implementing the business development strategy of the Corporation, reaffirming the strategic vision of the KBC's Board, the ability and the competitiveness of KBC.



Delegation 12 Japanese companies encompassing many large enterprises in Japan such as: Kitzy Corp, Kurimoto, Hishinum, etc. visited and found out KBC's IP on 28 October, 2009

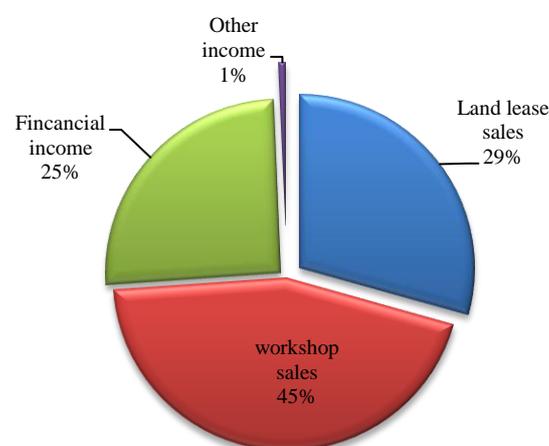
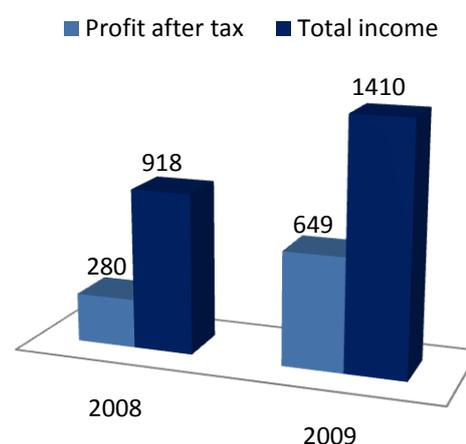
Business performance at 12/31/2009:

Total income reached VND 1,410 billion, equaled to 154% compared with 2008 and 174% against plan. Profit after tax of the Parent Company was VND 649 billion, equaled to 231% compared with 2008 and 205% against plan.

Net sales was VND 1,050 billion, accounting for 74% of total revenue. Operating revenue was mainly from selling workshops reached VND 628 billion, accounting for 60% of net sales, revenue from land leasing reached VND 414 billion, accounting for 39% of Net sales.

The reason for the abrupt increase in workshop sales is when investors returned they have to purchase workshops to go in to production as soon as possible.

Non-operation revenue was VND 359 billion, accounting for 25% of total income from financial investment activities of the Parent Company by transferring all shares from Navibank, Westernbank and some other associates to raise capital to invest in key projects in 2010.



Items	Unit: VND		
	2009	2008	Change
Net sales	1.050	861	122%
- Sales from land leasing	414	310	133%
- Sales from selling workshops	628	0	-
Financial income	356	56,5	529%
Other income	1,3	0,5	145%
Total income	1410	918	154%
Profit after tax of shareholder of Parent company	649	280	231%
Earning per share (VND)	3.725	2.799	133%
Dividend payout and bonus share	50%	50%	-

B. FINANCIAL SITUATION

Profitability

Items	Unit	2009	2008	2007
Gross profit/Net sales	%	58,8	61,7	55,7
Profit before-tax/Total income	%	51,1	49,4	79,5
Profit after-tax/Total income	%	48,0	31,2	59,6
Profit after-tax /Total Assets (ROA)	%	7,5	6,0	9,9
Profit after-tax /Owner's equity (ROE)	%	20,6	10,5	14,8

According to the consolidated financial statements

Gross Profit Margin (Gross profit/Net sales) was maintained at relatively high compared to other real estate companies listed on the stock market. This ratio of KBC was 58.8% and higher than that of the same companies in the same industry: HAG (27%), VIC (39%), ITA (33%). This means that KBC has been always effectively controlled business expenses.

Other profitability indicators of KBC increased in comparison with 2008 owing to the advantages low loan costs and costs of input materials and because of 30% reduction of corporate income tax compared with 2008 according to the resolution No. 30/2008/NQ-CP of the Government dated 11 December 2008 on urgent measurement to curb economic decline, maintain economic growth and

ensure social welfare. Thus, the ratio Profit after-tax / Total Income was more than 48% increasing 16.8% against 2008.

The ROA index increased slightly from 2008, while the ROE was 20.6%, nearly double compared to 2008. However, due to the increasing cash flow at the end of year, KBC still had over VND 1,716 billion in cash at 31 December 2009, and there are many projects in the first phase of deployment have not created profit. Therefore, the ROA, ROE indicators did not reflect the potential value of the Company in the future. However, the ROE indicator of 20.6% is acceptable and in conformity with the state of a real estate company with many projects implementing in the first phase.

Liquidity

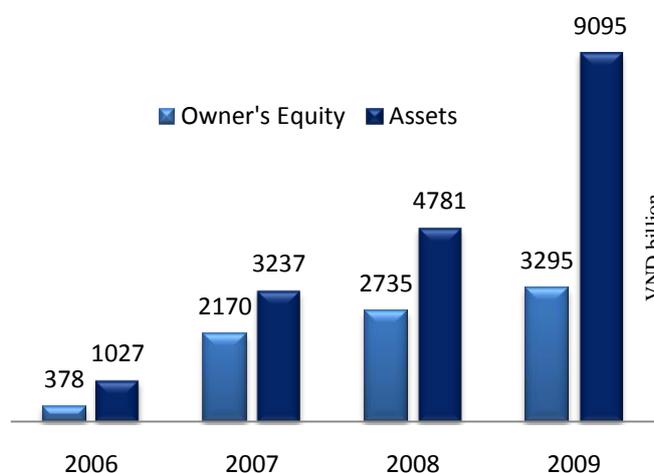
Items	Unit	2009	2008	2007
Current ratio	Time	1,60	2,44	3,25
Current liabilities ratio	Time	1,43	0,87	2,23
Quick ratio	Time	0,66	0,08	0,22
Capital structure				
Liabilities/Total resources	%	62,47	40,97	-
Owner's equity/Total resources	%	36,66	57,22	-

According to the consolidated financial statements

In 2009, KBC's Total Assets was up to VND 9,095 billion, increasing by 90% from 2008, the Owner's equity was VND 3,295 billion increasing 20% from 2008. Although the growth of equity was not corresponding with the growth of Assets, however the growth rate of Assets thanks to financial leverage which was a big advantage. KBC took the advantage of issuing corporate bond with low interest rate to create products with low capital costs such as

workshops, and bought some big projects with cheap prices as well as raised the ownership percentage in some IPs. That opportunity only exists during economic crisis and downturn for real estate companies. When the economy recovers, the product with low capital cost and project bought with cheaply will quickly bring considerable profits for KBC. In reality, thanks to low capital cost in building workshops brought surge revenue and profit for KBC in Quarter IV, 2009.

Thus, in 2009 KBC has increased long-term loan but liquidity indicators have been still at highly safety level. The Liabilities/total resources ratio of 62.29% is considered rational for a real estate company being in the first phase of development. Moreover, if the Liabilities were analyzed in detail, the liquidity indicators of KBC would be a lot better, of which some good liabilities will even bring benefit prospectively, specifically:



Debt structure	In VND	
	31/12/2009	Ratio
Liabilities	5.669.370.438.217	100%
- Bank loans	544.367.551.017	10%
- Corporate bond	2.700.000.000.000	48%
- Payables to Suppliers	79.280.922.753	1%
- Advances from customers	633.320.990.734	11%
- Taxes and other payables to State Budget	305.869.269.067	5%
- Other payables (internal, subsidiaries)	112.515.815.456	2%
- Accrued expenses	1.2910.215.479.420	23%

Of the total VND 5,665 billion liabilities, there was only VND 3,244 billion (58%) long-term loans at low interest rates from banks and financial institutions (including VND 2,700 billion from corporate bond issuances). The liability against equity was still at safe level:

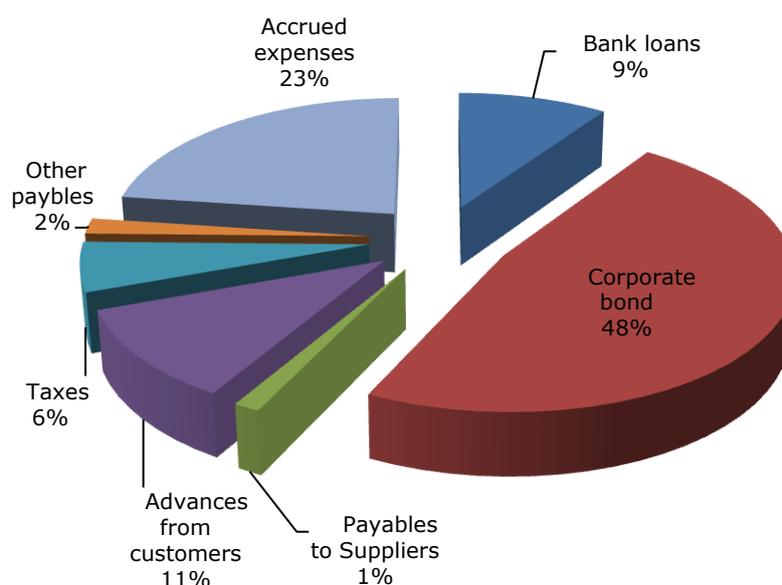
In the structure of liabilities, VND 633 billion of advances from customers, normally

accounting for 20%-30% value of land lease contract, is relatively large and actually generating revenue and cash flow for the Company. Accordingly, the amount will create revenue of about VND 2,000 billion to VND 3,000 billion or bring around VND 1,000 billion to VND 1,500 billion in profit next year.

In addition, cost for land lease and sales as of 31 December 2009 was up to VND 1,290 billion accounting for 23% of total liabilities, yet the amount was used for reinvestment.

Therefore, KBC's liquidity indicators are relatively safe in the long term. Considering the short-term receivables from customers of VND 934 billion in comparison with the short-term bank loan only VND 262 billion, the short-term liquidity of KBC was pretty high.

Thus, although the growth rate of Assets was 90% against 2008, KBC still ensured the sustainable growth in the future.



Big changes in business performance against plan

Due to foreseeing difficulties facing in 2009, KBC planned to achieve only VND 809 billion revenue and VND 316 billion profit.

However, thanks to the strategic direction of the Board of Directors "Turn difficulties into opportunities", the Board of Management has implemented methodically input and output problems: "Create available products with lower capital cost owing to the loosen monetary policy of the Government in 2009 as well as lower input material cost to prepare for the economic recovery."

The Board by its experience has predicted that a company specializing in IPs development will recover earlier than the recovery of the economy. Thus, in the third Quarter 2009 when the world economy started showing positive signs and becoming gradually stable, investors have returned find out KBC's IPs. They began implementing plans to expand production, shorten time to go into production, prepare for the economic recovery, and available workshops of KBC were always selected.

In Quarter IV 2009, revenue and profit of KBC surged suddenly due to sales from workshops. Thus, KBC has adjusted revenue target up to VND 1,406 and profit target up to VND 614 billion.



Book value

As at 31 December 2009, the Company's book value as follows:

3.295.112.863.637 VND

Changes in Owner's equity

In 2009, the Company continued to raise equity through issuing dividend payout (20%) and bonus shares (30%) in stock of 2008 to current shareholders, increasing owner's equity from VND 1,340,830,000,000 to VND 1,991,243,300,000.

Stocks

Common stocks	193.173.675 shares
Preferred stocks	5.950.655 shares
Total	199.124.330 shares
Outstanding stocks	193.173.674 shares

Divident policy

Currently, KBC is applying the policy of paying dividend in shares.

In 2010, the Company will pay dividend (30%) and bonus share (20%) in stock to shareholders.

KBC bond

Bonds	Total value (VND billion)	Issue date	Maturity date	Interest rate per year
KBCbond001	700	8/5/2009	8/5/2014	11,5%
KBCbond002	300	11/8/2009	11/8/2014	12,5%
KBCbond003	200	1/9/2009	1/9/2014	12,5%
KBCbond004	400	30/11/2009	30/11/2014	12%
KBCbond005	500	28/12/2009	28/12/2014	Floating *
KBCbond006	300	24/12/2009	24/12/2014	12%
KBCbond007	300	30/12/2009	30/12/2014	11,5%

(*) KBCbond005 : Floating (average of 12 month interest of Vietinbank, Vietcombank, BIDV, Agribank plus margin 3.5%/year).

Renovating the management

In 2009, KBC has improved the organization and enhanced the quality control of the Company as follows:

Empower senior officials who will actively implement and deploy the plans of the Board;

Reorganize some departments, paying special attention to Communication and Investor Relation division to transmit information to convey information to shareholders most quickly, and always be willing to answer question from Shareholders.

Plan for 2010

Income - Profit

The Board of Management has set business plan for 2010 as follows:

Total income: VND 2.300 billion

Profit after-tax: VND 1.200 billion

Of which:

Income will mainly from three IPs: Que Vo Expanded IP, Quang Chau IP, Trang Due IP.

There will be a part of income from urban areas or subsidiaries.

Capital arrangement:

Being investor of many large-scale projects such as Kinh Bac Financial Tower, Lotus Hotel and some new IPs in Quang Ninh and Ha Nam provinces etc; Thus, in 2010 KBC's capital needs is estimated to encrease by VND 2,500 billion. This fund will be arranged though channels such as:

- Issue private stocks;
- Issue international convertible bonds, corporate bonds;
- Loans from credit insitutions;
- Advances from customers.



FINANCIAL STATEMENT



INDEPENDENT AUDITOR'S REPORT



CÔNG TY TNHH KIỂM TOÁN & DỊCH VỤ TIN HỌC TP.HCM
Auditing & Informatic Services Company Limited
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Tel: (84.8) 3930 5163 (10lines) Fax: (84.8) 3930 4281

Email: aisc@aisc.com.vn

Website: www.aisc.com.vn



No: 0709321HN/AISC-DN

**AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009
KINH BAC CITY DEVELOPMENT SHARE HOLDING CORP.**

**To: The Board of Management
The Board of Directors
Kinh Bac City Development Share Holding Corp.**

We have audited the consolidated financial statements of Kinh Bac City Development Share Holding Corp. from page 08 to page 40 consisting of the consolidated Balance Sheet, Income Statement, Cash Flows Statement and Notes to the consolidated Financial Statements for the fiscal year ended December 31 2007, made on February 15 2010.

The Board of Directors is responsible for the preparation of the consolidated financial statements. It is our responsibility to form an independent opinion, based on our audit, on these consolidated financial statements.

Financial Statements for the fiscal year ended December 31 2009 of Associates listed in V.8.2 of the Notes have not audited.

Basis of auditing

We conducted our audit in accordance with Vietnamese Standards on Auditing and International Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free from material misstatements.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the consolidated financial statements and an assessment of the compliance with the current accounting standards and system, accounting principles and methods being used.

It also includes an assessment of the significant estimates and judgments made by the Board of Directors of Kinh Bac City Development Share Holding Corp. in preparation of the consolidated financial statements, as well as evaluating the overall presentation of the

consolidated financial statements.

We planned and completed our audit so as to obtain all the information and explanation necessary. We believe that our audit provides a reasonable basis for our opinion.

Auditor's opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the state of affairs of the Company as at December 31 2009 and of the results of its operations and cash flows for the fiscal year ended December 31 2009, prepared in compliance with the prevailing Vietnamese Accounting Standards and the Vietnamese Accounting System and the relevant statutory requirements.

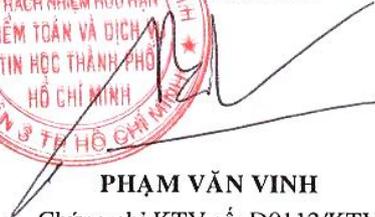
KIỂM TOÁN VIÊN



PHẠM THỊ HỒNG UYÊN
 Chứng chỉ KTV số: 0794/KTV
 Do Bộ Tài Chính Việt Nam cấp.



TỔNG GIÁM ĐỐC



PHẠM VĂN VINH
 Chứng chỉ KTV số: Đ0112/KTV
 Do Bộ Tài Chính Việt Nam cấp.

CONSOLIDATED BALANCE SHEET

As at 31 December, 2009

In VND million

Assets	Code	Note	31/12/09	01/01/09
CURRENT ASSETS	100		3.705.251	1.487.727
Cash & cash equivalents	110		1.716.212	129.540
Cash	111	V.1.	1.716.212	129.540
Cash equivalents	112		-	-
Short-term investments	120	V.2.	379.076	310.753
Short-term investments	121		430.983	376.197
Provisions for diminution in value of short-term investments	129		(51.907)	(65.444)
Accounts receivable	130		1.584.179	1.016.236
Trade accounts receivable	131	V.3.1	933.501	309.680
Prepayments to suppliers	132	V.3.2	581.628	664.996
Other receivables	138	V.3.3	69.050	41.560
Inventories	140		35	-
Other current assets	150		25.749	31.199
LONG-TERM ASSETS	200		5.115.447	3.293.133
Long-term receivables	210		-	-
Fixed assets	220		1.557.449	929.088
Tangible fixed assets	221	V.6.1	50.911	8.887
Cost	222		62.428	15.028
Accumulated depreciation	223		(11.517)	(6.141)
Intangible fixed assets	227	V.6.2	20	8
Cost	228		68	33
Accumulated amortization	229		(49)	(25)
Construction in progress	230	V.7.	1.506.519	920.193
Investment properties	240		-	-
Long-term finance investments	250		3.487.148	2.362.662
Investments in subsidiaries	251	V.8.1	-	13.500
Investments in joint ventures and associates	252	V.8.2	93.603	143.847
Other long-term investments	258	V.8.3	3.393.545	2.205.316
Other long-term assets	260		70.849	1.383
Long-term prepayments	261	V.9.	70.849	1.383
Goodwill	269		274.703	-
TOTAL ASSETS	270		9.095.400	4.780.860

CONSOLIDATED BALANCE SHEET

As at 31 December, 2009

In VND million

RESOURCES	Code	Note	31/12/09	01/01/09
LIABILITIES	300		5.665.570	1.958.924
Current liabilities	310		2.585.618	1.711.809
Short-term borrowings & liabilities	311	V.10.1	261.592	161.263
Trade accounts payables	312	V.10.2	79.281	5.464
Advances from customers	313	V.10.3	633.321	484.675
Taxes and other payables to the State Budget	314	V.10.4	305.869	275.027
Payables to employees	315	V.10.5	86	-
Accrued expenses	316	V.10.6	1.290.215	778.990
Intercompany payables	317		-	-
Other payables	319	V.10.7	15.253	6.390
Long-term liabilities	330		3.079.952	247.115
Long-term borrowings	334	V.11.	3.079.952	247.115
OWNERS' EQUITY	400		3.295.113	2.735.496
Owners' equity	410	V.12.	3.298.265	2.733.102
Owners' capital	411		1.991.243	1.340.830
Share premium	412		998.197	1.388.495
Other owners' capital	413		-	-
Treasury shares	414		(364.463)	(280.003)
Difference upon assets revaluation	415		-	-
Foreign exchange differences	416		(270)	-
Investment and development fund	417		2.224	2.224
Financial reserve fund	418		-	-
Other funds	419		-	-
Undistributed earnings	420		671.335	281.557
Budget sources and other funds	430	V.13.	(3.153)	2.394
Bonus and welfare funds	431		(3.153)	2.394
MINORITY INTERESTS			134.717	86.441
TOTAL RESOURCES	440		9.095.400	4.780.860

CONSOLIDATED INCOME STATEMENT

As at 31 December, 2009

In VND million

ITEMS	Code	Note	2009	2008
Sales	01	VI.1.	1.049.690	1.433.989
Less deductions	02		-	573.000
Net sales	10		1.049.690	860.989
Cost of goods sold	11	VI.2.	432.929	330.082
Gross profit	20		616.762	530.907
Financial income	21	VI.3.	358.613	56.557
Financial expenses	22	VI.4.	193.386	96.802
- In which: Interest expense	23		40.191	29.278
Selling expenses	24		-	-
Administration expense	25	VI.5.	48.722	38.075
Net operating profit	30		733.267	452.587
Other income	31	VI.6.	1.283	522
Other expenses	32	VI.7.	222	-
Other profit	40		1.061	522
Profit or loss in associates, joint-ventures	45		(412)	714
Profit before tax	50		733.916	453.823
Corporate income tax - deferred	52		-	-
Profit after corporate income tax	60		677.190	286.225
Interests of the minority shareholders	61		28.292	5.448
Profit after-tax of shareholders of the Parent	62		648.898	280.777
Earning per share (VND)	70	VI.9.	3.725	2.799

CONSOLIDATED STATEMENT OF CASHFLOWS

As at 31 December, 2009

In VND million

Items	Code	2009	2008
Cash flows from operating activities			
Profit before tax	01	733.916	453.823
<i>Adjustment for:</i>			
Depreciation	02	5.163	1.712
Provisions	03	13.537	65.444
Unrealized foreign exchange gains/loss	04	(270)	124
Profits/losses from investing activities	05	(29.627)	(56.335)
Interest expense	06	40.191	29.278
Operating profit/loss before changes in working capital	08	735.836	494.046
Decrease/increase in receivables	09	(1.542.257)	(662.483)
Decrease/increase in inventories	10	(35)	-
Decrease/increase in payables	11	1.084.067	307.731
Increase in prepaid expenses	12	(69.525)	(176)
Interest paid	13	(40.191)	(29.278)
Corporate income tax paid	14	(81.774)	-
Other receipts from operating activities	15	-	-
Other payments on operating activities	16	(2.632)	(5.930)
Net cash flows from operating activities	20	83.490	103.911
Cash flows from investing activities			
Purchases of fixed assets	21	(586.066)	(233.763)
Proceeds from disposals of fixed assets and other long-term assets	22	-	-
Loans granted, purchases of debt instrument of other entities	23	(504.001)	-
Collection of loans, proceeds from sales of debt instruments of other entities	24	-	112.409
Investments in other entities	25	(1.591.384)	(904.466)
Proceeds from investment in other entities	26	974.767	-
Dividends and interest received	27	29.627	56.335
Net cash flow from investing activities	30	(1.677.057)	(969.484)
Cash flow from financing activities			
Proceeds from issue of shares and capital contribution	31	165.000	723.325
Payments for shares returns and repurchases	32	(84.460)	(3)
Proceeds from borrowings	33	3.352.277	226.499
Repayments of borrowings	34	(252.848)	(117.092)
Finance lease principal payments	35	-	-
Dividends paid	36	-	4.735
Net cash flow from financing activities	40	3.179.969	837.463
Net cash inflows/outflows	50	1.586.402	(28.111)
Cash and cash equivalents at the beginning of the year	60	129.540	157.651
Effect of foreign exchange differences	61	270	-
Cash and cash equivalents at the end of the year	70	1.716.212	129.540

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

As at 31 December, 2009

I. Business highlights

1. Structure of ownership

Kinh Bac City Development Share Holding Corp. is established and operates under Business Registration Certificate No 21.03.000012 dated March 27 2002 (the latest is the ninth amendment on May 26 2007) issued by the Department of Planning and Investment of Bac Ninh province.

Total legal capital: VND 2.000.000.000.000

The head office is located at Que Vo Industrial Park, Bac Ninh Province.

2. Business lines

Investment, construction, production and trading

3. Subsidiaries

The company has 2 subsidiaries

The number of subsidiaries that is consolidated to the company: 2 subsidiaries

Saigon – Bac Gian Industrial Park Corporation

Address: Quang Chau Industrial Park, Quang Chau Village, Viet Yen Dist., Bac Giang Province.

The legal capital is 200 billion VND, of which, the contributed capital of the Company is 104 billion VND, making up 56.22% the legal capital.

Ratio of parent company's interest: 56.22%

Voting right of parent company: 56.22%

Saigon-Hai Phong Industrial Park Corporation

Address: Trang Due Industrial Park, Le Loi Village, An Duong Dist., Hai Phong City.

The legal capital is 200 billion VND, of which, the contributed capital of the Company is 180 billion VND, making up 90% the legal capital.

Ratio of parent company's interest: 90%

Voting right of parent company: 90%

4. Associates

Investments in associates are recorded as equity method.

Name	In VND million			
	Legal capital	The Company's invested capital	Ratio of voting right	Ratio of interest
Sai Gon - Ca Mau Infrastructure Corp.	50.000	10.000	20%	20%
Sai Gon - Binh Phuoc Industrial Park Corp.	100.000	19.000	20%	20%
Sai Gon - Dung Quat Investment & Development Corp.	200.000	2.000	40%	40%
Sai Gon High-tech park Infrastructure Development Corp.	300.000	60.000	20%	20%

5. Operations in the fiscal year that affect the financial statements

The Company enjoys tax exemption and deduction of corporate income tax for renting land and warehouses activities. Profits from other activities are taxed at tax rate of 25% and other current tax rates.

6. Total staffs

Total employees of the Company: 211 persons.

Of which, Administrative staffs: 44 persons.

II. Accounting period and reporting currency

1. Fiscal year

Holding company

The fiscal year begins on January 01 and ends on December 31 annually.

Subsidiaries

The fiscal year begins on January 01 and ends on December 31 annually.

Saigon-Hai Phong Industrial Park Corp. has been the Company's subsidiary since June 29 2009.

2. Currency

Vietnam Dong (VND) is used as a currency unit for accounting records.

III. Accounting system

1. Accounting system

The Company applies the Vietnamese Accounting System issued in accordance with Decision No 15/2006/QĐ-BTC dated March 20 2006 of the Ministry of Finance.

2. Disclosure of compliance with Vietnamese Accounting Standards and System

We conducted our accounting in accordance with the Government's regulations on Vietnamese accounting system, accounting standards; in agreement with International Accounting Standards and accounting practices accepted by the State of Vietnam.

The selection of figures and information presented in the notes to the financial statements is complied with the material principles in Vietnamese accounting standard No.21 - Presentation of the financial statements and No.25 - Consolidated Financial Statement and accounting for investments in subsidiaries by parent.

The financial statements give a true and fair view of the state of affairs of the Company and the results of its operations, as well as its cash flows. **To ensure that, the preparation and presentation of the financial statements complied with Vietnamese Standards on Accounting, the Accounting System and other relevant regulations.**

3. Registered accounting document system

General journal

IV. Accounting policies

1. Principles for preparing and presenting the consolidated financial statements

Consolidated financial statement is prepared based on financial statement of parent company and significant subsidiaries. Equity and profits of **uncontrolling shareholders** is reported separately in the balance sheet and income statement.

All realized and unrealized foreign exchange differences are recorded in the statement of income. Differences upon year-end revaluation of cash, deposit, cash in transit, short-term liabilities in foreign currency at the time of making the financial statement are recorded in the balance sheet.

2. Financial investments

Principal to record investment as associates

Associate are investments that Parent Company owns from 20% to 50% of capital, has significant influences by participating in decision making on financial policies and activities of the investees.

Investments in associates are recorded as equity method.

3. Short term securities investment and provisions

Short-term securities investment is recorded at historical cost. Short-term securities investments are only listed securities. Provisions for short-term securities investment is made when the net realizable value is lower than historical cost.

Principal to record other long-term investment

Long-term investment is recorded at historical cost, which is strategic investment in economic organization, credit institution with long-term time frame. According to Circular No 228/2009/TT-BTC dated on 07/12/2009 by Financial Ministry, company makes provisions for long-term investment when the value is not temporarily declined and unplanned due to loss from investees.

4. Principles for recording and depreciating fixed assets

Principles for recording tangible fixed assets: Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to income in the year in which the costs are incurred. When the fixed assets are sold or liquidated, their costs and accumulated depreciation are written off and any loss or gains from liquidation will be accounted to the income statement.

Depreciation is charged to write off the cost of fixed assets on a straight-line basis over their estimated useful lives.

The depreciation rate is in accordance with Decision No. 206/2003/QĐ/BTC dated Dec 12, 2003 promulgated by the Vietnam Ministry of Finance.

The estimated useful lives for each group of fixed assets are as follows:

- Workshop, architecture equipments: 10-25 year
- Transportation, facilities: 11-25 year
- Vehicles, pipeline: 04-10 year
- Office equipment, tools: 03-04 year
- Other fixed assets: 04 year
- *Intangible assets:* All expenditures the Company spends till the date the software is brought into use. The software is depreciated at the rate of 25%/year.

5. Construction in progress

All expenditures the Company spends on building industrial park and urban area infrastructure recorded at history cost excluding depreciation in the period of construction in progress.

6. Principles for capitalizing borrowing costs

Borrowing costs relating directly to the acquisition, construction of qualifying assets in the phase before they are completed and put into use are included (capitalized) in the cost of those assets. Other borrowing costs are recognized as expenses of financing activities in the year in which they are incurred. Borrowings are capitalized when they meet all conditions in Standard: Interest Expenses. The capitalized borrowing costs should not exceed the borrowing costs incurred in the period.

Capitalized rate: Based on the average interest rate of unsettled borrowings during the period, except for particular borrowings for having a work in progress.

As to general borrowings in which there are borrowings used for the purpose of building or manufacturing a work in progress, the capitalized borrowing costs will be determined as follows:

Capitalized borrowing costs = Borrowing costs incurred in the period – Borrowing costs recognized in the costs in the period

7. Principles for recording and capitalizing other borrowing costs

Short-term prepaid expenses: The following costs are accounted for short-term prepaid expense recorded at history cost for gradual allocation within 12 months.

- Prepaid land rent
- Tool and supplies with big value

Long-term prepaid expenses: mainly including rent costs, guaranteed bond costs are recorded at history cost for gradual allocation within 3 year, in which guaranteed bond costs are allocated within 5 years.

Other costs: the costs relating directly to work in progress are accounted to the value of the products (capitalized). The capitalized costs in the period should not exceed the total costs incurred in that period.

Method of recording and allocating goodwill: Goodwill arises when the Company purchases subsidiaries and associates. The different between the purchase price and the sum of the fair value of the net assets is the value of the goodwill of the purchased company. Goodwill arising from acquisition is amortized within 10 years.

8. Accounting for accrued expenses

Accrued expenses are recorded on the basis of the fair estimates on amounts payable to goods, services which have been used and the fair estimates on the costs of land leasing activity in the period:

$$\begin{matrix} \text{Costs of} & & \text{Lease} & & \text{Costs/1m2 of} & & \text{Ratio (\%) of revenue} \\ \text{land} & = & \text{area in} & \times & \text{lease land as} & \times & \text{recognized in the} \\ \text{leasing} & & \text{the} & & \text{per investment} & & \text{period to the total} \\ \text{activity} & & \text{period} & & \text{estimates} & & \text{contract's value} \end{matrix}$$

In which:

- The estimated unit price of lease land in Que Vo Industrial Park is 226.973 VND/m2 on the land area.
- The estimated unit price of lease land in Que Vo expanded Industrial Park is 295.364 VND/m2 on the land area.
- The estimated unit price of lease land in Phuc Ninh Industrial Park is 2.406.006 VND/m2 on the land area.
- The estimated unit price of lease land in Quang Chau Industrial Park is 303.522 VND/m2 on the land area.

- The estimated unit price of lease land in Trang Due Industrial Park is ø 255.353 VND/m² on the land area.

9. Owners' equity

Recognizing owners' equity: in accordance with the initial actual paid-in capital of owners.

Principles for providing reserves from profit after tax: based on the Company's charter and decision of the Board of Management.

Share premium is recognized as per the difference between the actual issue price and the par value of the first issued, additional issued shares or reissued treasury shares.

Treasury share is recognized as per the actual value of the shares issued and then repurchased by the Company, deducted to the Company's owner's equity. The Company will not record losses, profits from purchases, sale and issue of its owner's equity.

Principal to record undistributed earnings: profit/loss after deduction corporate income tax and adjustment.

10. Principles of recording revenues

Revenue is recorded when the Company has the possibility to obtain economic benefits from transactions and the revenue is determined reliably. The following conditions should be met before the revenue is recorded:

Sales of goods: Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer.

Principles for recording revenue from land transfer or lease of land with developed infrastructure by full payment once only: based on the method of "Land lot", the revenue is recognized when land has been transferred to the lessees and paid once only. (As per Circular No 55/2002/TT-BTC dated June 26 2002).

Revenue from services rendered: When the contract's result is firmly determined, the revenue from services rendered will be recognized in proportion to the stage of completion of the work. The stage of completion is assessed by reference to the percentage of the working hours incurred to the balance sheet date compared to the estimated total working hours of each contract.

Revenue from financing activities: The revenue is recorded when the interest incurred on the basis of prepayment (including earnings from the assets) except that the recovery of the interest is uncertain.

Interests, royalties, dividends and distributed profits are recorded when the Company has the possibility to obtain economic benefits from transactions and the revenue is determined reliably. Interests will be recorded based on the term and interest rate in each period. The royalty will be recorded on the accrual basis in agreement with the contract. The

distributed dividends and profits are recorded when the shareholders are entitled to receive dividends or partners are entitled to receive profits from capital contribution.

If the contract's result could not be determined firmly, the revenue will be recorded in the proportion of recovery of the expenses recorded.

11. Principles for recording trade and other receivables

Receivables presented in the financial statements are based on the book value of trade receivables and other receivables as well as provision for bad debts.

Provision for bad debts reflects the expected lost portion due to unsettled amounts. The increase or decrease value of the provisions' balance is accounted to the general and administration expenses in the period.

12. Principles for recording taxes

According to Decree No 24/2007/NĐ-CP dated 14/02/2007 on detailed regulations on implementation of corporate income tax law and Circular No 134/2007/TT-BTC dated 23/11/2007 issued by the Ministry of Finance, the Company complies with the following policies on tax:

- The corporate income tax rate equals 20% of the taxable income in 15 years, from 2003 to 2017. After the incentive term, the tax rate will be 28%.
- The Company enjoys tax holidays in 04 (four) years, from 2005 to 2008 and reduction 50% (fifty percentage) of the tax payable in 9 (nine) years, from 2009 to 2017.
- Beside corporate income tax, the Company has the obligation to pay other taxes as stipulated by the prevailing regulations on tax.
- According to prevailing regulations, the tax finalization is made by the tax office. Differences between the tax amount in the finalization statement and the expected tax amount (if any) will be adjusted right after the result of finalization is issued.

The taxable income is calculated based on the operating results in the year less the undeductible amount and loss carried forward from the previous year, if any.

Loss incurred after the finalization of corporate income tax has been made will be carried forward to the next years in accordance with the plan of loss transfer that is registered with the tax office.

Current tax: The tax amounts payable for the current year or the previous year are determined by the expected tax payable to (recovered from) the tax office, using tax rates enacted and the tax law effective at the balance sheet date.

Deferred tax: Deferred tax is provided for temporary differences between bases for calculating income tax of assets and liabilities and their book value for financial reporting purpose.

The carrying amount of deferred tax assets must be reassessed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be

available to allow the benefit of part or all of that deferred tax assets to be utilized. The unrecognized deferred tax assets will be reassessed at each balance sheet date and recognized to the extent that it has become probable future taxable profit will allow the deferred tax asset to be recorded.

The deferred tax is charged or credited in the income statement except when it relates to items recognized directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxable entity and the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

V. Additional information for items in the balance sheet

1. Cash and cash equivalents

	In VND million	
	31/12/09	01/01/09
Cash		
Cash	1.129	314
<i>Kinh Bac City Development Shareholding Corp</i>	886	220
<i>Saigon Bac Giang Industrial Park Corporation</i>	171	94
<i>Saigon-Hai Phong Industrial Park Corporation</i>	72	-
Cash in bank	1.175.084	129.226
<i>Kinh Bac City Development Shareholding Corp</i>	1.679.331	127.859
Vietinbank- Bac Ninh Province	140.523	66
Saigon Commercial Bank (SCB)	-	10
BIDV - Bac Ninh branch	300.096	504
Deposit in Kim Long Securities Company	10	4
Vietcombank - Bac Ninh Province	82	80
Nam Viet Bank - Ha Noi Branch	286.339	41.131
Techcombank - Bac Ninh Province	13	13
Western Commercial JS Bank	952.268	86.051
<i>Saigon Bac Giang Industrial Park Corporation</i>	22.801	1.367
Vietinbank - Bac Giang	3	55
Vietinbank - Bac Ninh	66	15
BIDV - Bac Giang branch	78	10
Techcombank - Bac Ninh Province	27	27
Nam Viet Bank	22.528	1.228
Western Bank	100	33
<i>Saigon-Hai Phong Industrial Park Corporation</i>	12.951	-
Vietinbank - Bac Ninh	11.841	-
Western Bank - Ha Noi Branch	-	-
Vietinbank - Que Vo	43	-
Nam Viet Bank - Ha Noi Branch	518	-
Nam Viet Bank - Hai Phong Branch	549	-
Total	1.716.212	129.540

2. Short-term financial investments

	In VND million	
	31/12/09	01/01/09
Short-term securities investment		
Tan Tao Industrial Park (ITA)	7.490	9.383
Saigon Telecom & Technology Corporation(SaiGonTel)	423.493	365.734

REE	-	1.080
Total	430.983	376.197

In the year of 2009, company has made provision of VND 51.907.318.343 for these following securities:

	Decrease	Ending balance
Provision for decline in the value of short-term investments		
ITA	(937)	2.715)
SGT	(147.215)	(49.192)
REE	-	-
Total	(148.152)	(51.907)

3. Receivables

In VND million

	31/12/09	01/01/09
Trade receivables	933.501	309.680
Kinh Bac City Development Share Holding Corp.	787.607	309.680
Receivables of related parties	-	-
Receivables of third parties	787.607	309.680
Saigon-Hai Phong Industrial Park Corporation	145.894	-
Receivables of related parties	-	-
Receivables of third parties	145.894	-
Advances to suppliers	581.628	664.996
Kinh Bac City Development Share Holding Corp.	287.244	528.658
Receivables of related parties	73.832	-
Receivables of third parties	213.412	528.658
Saigon Bac Giang Industrial Park Corp	149.698	136.338
Receivables of related parties	-	-
Receivables of third parties	149.698	136.338
Saigon-Hai Phong Industrial Park Corporation	144.686	-
Receivables of related parties	-	-
Receivables of third parties	144.686	-
Other receivables	69.050	41.560
Kinh Bac City Development Share Holding Corp.	43.678	41.386
Other receivables of related parties	5.031	-
Other receivables of third parties	38.647	41.386
Saigon Bac Giang Industrial Park Corp	233	174
Pending assets	2	-
Other receivables of related parties	-	-
Other receivables of third parties	231	174
Saigon-Hai Phong Industrial Park Corporation	25.140	-

Other receivables of related parties	-	-
Other receivables of third parties	25.140	-
Total	1.584.179	1.041.033
Provisions for bad debts (-)	-	-
Net value of short term receivables	1.584.179	1.041.033

4. Inventories

In VND million

	31/12/09	01/01/09
Material	35	-
Total	35	-
Provision for devaluation of Inventories	-	-
Net value of Inventories	35	-

- Book value of inventories for mortgaging, pledging guaranteed liabilities: 0 VNĐ.
- Decreased Provisions for devaluation of inventories: 0 VNĐ.
- Circumstances or events lead to increase or decrease provisions for devaluation of inventories: 0 VNĐ.

5. Other short term assets

In VND million

	31/12/09	01/01/09
Short-term prepaid expenses		
Opening balance	-	-
Increased	123	-
Transferred	64	-
Ending balance	59	-
Deductible VAT		
Deductible VAT of goods, services	15.060	4.426
Kinh Bac City Development Share Holding Corp.	7.680	3.985
Saigon Bac Giang Industrial Park Corp	7.380	441
Saigon-Hai Phong Industrial Park Corporation	-	-
Total	15.060	4.426
Other current assets		
Kinh Bac City Development Share Holding Corp.	3.035	21.207
Saigon Bac Giang Industrial Park Corp	4.747	5.565
Saigon-Hai Phong Industrial Park Corporation	2.849	-
Subtotal	10.631	26.773
Total	25.749	31.199

6. Fixed assets

In VND million

Tangible fixed assets	Plants	Machinery equipment	Transportation	Office equipment	Other assets	Total
Original cost						
Opening balance	2.562	-	9.945	2.474	46	15.028
Purchases	64	743	3.590	8.148	14.981	27.526
Increase due to consolidated	31	102	1.188	42	-	1.363
Completed works	18.523	-	-	-	-	18.523
Other reduction	-	-	12	-	-	12
Closing balance	21.180	845	14.712	10.664	15.028	62.428
Acc. Depreciation						
Opening balance	43	-	3.997	2.101	-	6.141
Depreciation	921	53	1.475	1.330	1.367	5.146
Increase due to consolidated	5	21	204	6	-	236
Completed works	-	-	-	-	-	-
Other reduction	-	-	6	-	-	6
Closing balance	969	74	5.671	3.437	1.367	11.517
Net book value						
Opening balance	2.519	-	5.948	373	46	8.887
Closing balance	20.211	771	9041	7.227	13.661	50.911

- The carrying amount of tangible fixed assets pledged/mortgaged as loan security: 0 VND..
- Cost of tangible fixed assets-fully depreciated but still in use: VND 396.570.562.
- Cost of tangible fixed assets waiting to be disposed: 0 VND.
- Future commitments on fixed assets acquisitions, sales of large value: Not incurred.
- Other changes in tangible fixed assets: Not incurred.

In VND million

Intangible fixed assets	Land use right	Right to issue	Copyright, patent	Computer software	Others	Total
Original cost						
Opening balance				33		33
Purchases						
Increase due to consolidated				35		35
Other increases						

Disposed, sold						
Closing balance				68		68
Acc. Depreciation						
Opening balance				25		25
Depreciation				17		17
Increase due to consolidated				6		6
Disposed, sold						
Other reduction						
Closing balance				49		49
Net book value						
Opening balance				8		8
Closing balance				20		20

7. Construction in progress

In VND million

	31/12/09	1/1/09
Kinh Bac City Development Share Holding Corp	966.443	662.184
Phuc Ninh Urban Zone	263.799	148.890
Que Vo Industrial Park	395.504	509.462
Que Vo Expanded Industrial Park	290.884	118.125
Trang Cat project	4.853	3.253
Diplomatic Corps project	150	150
Tan Lap	430	430
Bac Giang Thermal electricity plant	3.117	-
North Dong Anh commercial and service area	23	-
Bac Ninh Residential Zone	475	-
No.22 - Hai Ba Trung project	1.118	-
No. 34 - Phan Dinh Phung	2.390	-
Tay Nguyen project	60	-
Houses for low income project	79	-
1A - Lang Ha project	3.562	-
Saigon Bac Giang Industrial Park Corp	378.188	258.009
Quang Chau Industrial Park	378.188	258.009
Saigon-Hai Phong Industrial Park Corp	161.889	-
Trang Due Industrial Park	161.889	-
Total	1.506.519	920.193

Projects	Opening balance	Increases	Decreases	Closing balance
Phuc Ninh Urgan Zone	148.890	114.909	-	263.799
Que Vo Industrial Park	391.337	83.436	79.268	395.504
Que Võ Expanded Industrial Park	118.125	175.320	2.561	290.884
Quang Chau Industrial Park	258.009	136.976	16.798	378.188
Trang Due Industrial Park	-	162.002	114	161.889
Trang Cat Project	3.253	1.600	-	4.853
Diplomatic Corps project	150	-	-	150
Tan Lap	430	-	-	430
Bac Giang Thermal electricity plant	-	3.117	-	3.117
North Dong Anh commercial and service area	-	23	-	23
Bac Ninh Residential Zone	-	475	-	475
No.22 - Hai Ba Trung project	-	1.118	-	1.118
No. 34 - Phan Dinh Phung	-	2.390	-	2.390
Tay Nguyen project	-	60	-	60
Houses for low income project	-	79	-	79
1A - Lang Ha project	-	3.562	-	3.562
Total	920.193	685.067	98.741	1.506.519

8. Long-term investments

Investment in subsidiaries

In VND million

Name	31/12/09	01/01/09
<i>Kinh Bac Investment & trading Corp</i>	-	2.500
<i>Sai Gon - Binh Dinh Paper Corp.</i>	-	11.000
Total	-	13.500

Investment in associates

Name	Ratio of ownership	31/12/09	01/01/09
(a) Sai Gon Ca Mau Investment and production Corp	20%	9.842	11.902
(b) Saigon Binh Phuoc Industrial Park Corp	20%	18.675	6.875
Saigon - Tay Nguyen Investment Corp.	-	-	30.389
(c) Saigon - Dung Quat Development & Investment Corp	40%	1.781	2.000
(d) Saigon Hi-Tech Park Infrastructure Investment & Development Corp	20%	63.305	63.237
Mang Canh Investment & Development Corp	-	-	5.583

Hong Ha - Cuu Long Production Trading Corp	-	-	5.444
Sai Gon Construction investment & material Corp	-	-	18.417
Total		93.603	143.847

Name	Ending balance		Beginning balance	
	Historical cost	Adjusted under the equity method	Historical cost	Adjusted under the equity method
Sai Gon Ca Mau Investment and production Corp	10.000	9.842	12.000	11.902
Saigon Binh Phuoc Industrial Park Corp	19.000	18.675	7.000	6.875
Saigon - Dung Quat Development & Investment Corp.	2.000	1.781	2.000	2.000
Saigon Hi-Tech Park Infrastructure Investment & Development Corp	60.000	63.305	60.000	63.237
Saigon - Tay Nguyen Investment Corp.	-	-	32.100	30.389
Mang Canh Investment & Development Corp	-	-	6.000	5.583
Hong Ha - Cuu Long Production Trading Corp	-	-	5.320	5.444
Sai Gon Construction investment & material Corp	-	-	17.925	18.417
Total	91.000	93.603	142.345	143.847

- (a) According to business registration certificate No: 6103000089 under 1st amendment dated 19/08/2008, the legal capital of Saigon - Ca Mau Infrastructure Corp is 50.000.000.000 VND, of which the Company's contributed capital makes up 20% of the legal capital. Up to 31/12/2009, the Company has contributed 10.000.000.000 VND, making up 100% of the contributed capital.
- (b) According to business registration certificate No: 44.03.000061 under first amendment dated 25/03/2008, the legal capital of Saigon - Binh Phuoc Industrial Park Corp. is 100.000.000.000 VND, of which the Company's contributed capital makes up 20% of the legal capital. Up to 31/12/2009, the Company has contributed 19.000.000.000 VND, making up 95% of the contributed capital.
- (c) According to business registration certificate No: 3403000199 dated 11/10/2007, the legal capital of Saigon - Dung Quat Development & Investment Corp. is 200.000.000.000 VND, of which the Company's contributed capital makes up 40% of the legal capital. Up to 31/12/2009, the Company has contributed 2.000.000.000 VND, making up 2,5% of the contributed capital.

- (d) According to business registration certificate No: 4103006017 dated 31/01/2007, the legal capital of Saigon High-Tech Park Infrastructure Investment & Development Corp. is 300.000.000.000 VND, of which the Company's contributed capital makes up 20% of the legal capital. Up to 31/12/2009, the Company has contributed 60.000.000.000 VND, making up 100% of the contributed capital.

Other long-term assets

Names	31/12/09	01/01/09
<i>Kinh Bac City Development Share Holding Corp</i>	3.393.545	2.205.316
(a) Saigon- Da Nang Investment Corp.	53.000	53.000
(b) Saigon - Hue Investment Corp.	11.000	4.000
(c) Saigon- Quy Nhon Minerals Corp.	339.000	309.000
(d) Saigon-Can Tho IP Corp.	10.000	10.000
(e) Saigon-Tay Bac Urban Development Corp.	33.516	33.516
(f) Saigon Ham Tan tourism Corp	8.000	8.000
(g) Saigon-Binh Thuan Power Plant Development and Investment Corp.	3.500	3.500
(h) Sai Gon Nhon Hoi IP Corp	10.000	19.000
Saigon-Hai Phong IP Corp.	-	13.000
(i) Scanviwood Co.,Ltd	6.520	6.520
(j) Ban Viet Fund Management Corp.	15.000	15.000
(k) VTC Saigontel Communication Corp.	30.700	30.700
(l) Vietnam Infrastructure development and finance development JSC	300.000	-
(m) Saigon-Tan Ky Concrete Corp.	2.500	-
(n) Lang Ha Investment Corp.	107.106	-
(o) Saigon-Binh Dinh Power Corp.	1.950.000	-
(p) Hung Vuong University - HCM City	2.000	-
(q) Saigon Construction Investment and Material Corp.	9.500	-
Westernbank	-	259.232
Navibank	-	334.900
(r) Entrusted investment	502.195	425.250
Incorporation investment with Saigontel	-	156.000
Entrusted investment	-	525.691
(s) Bond	8	8
Subtotal	3.393.545	2.205.316
Provisions	-	-
Total	3.487.148	2.362.662

- (a) According to business registration certificate No: 04.00.503777 dated 03/08/2008 under the fourth amendment on 18/08/2008, the legal capital of Saigon- Da Nang Investment Corp. is 200.000.000.000 VND, of which the Company's contributed capital makes up 19,50% of the legal capital. Up to 31/12/2009, the Company has contributed 39.000.000.000 VND, making up 100% of the contributed capital.

The Company signed VND 14.000.000.000 loan agreement with Saigon- Da Nang Investment Corp. within 2 years, interest rate 0%.

- (b) According to business registration certificate No: 3103000255 dated 09/10/2007, the legal capital of Saigon - Hue Investment Corp. is 200.000.000.000 VND, of which the Company's contributed capital makes up 19% of the legal capital. Up to 31/12/2009, the Company has contributed 11.000.000.000 VND, making up 28.95% of the contributed capital.
- (c) According to business registration, certificate No: 353.031.000005 dated 11/12/2006, under sixth amendment on 11/11/2009, the legal capital of Saigon - Quy Nhon Mineral Corp. is 1.200.000.000.000 VND. Up to 31/12/2009, the Company has invested 339.000.000.000 VND in Sai Gon Quy Nhon Mineral Corp.
- (d) According to business registration certificate No: 5703000132 dated 31/01/2005, the legal capital of Saigon-Can Tho IP Corp. is 100.000.000.000 VND, of which the Company's contributed capital makes up 10% of the legal capital. Up to 31/12/2009, the Company has contributed 10.000.000.000 VND, making up 100% of the contributed capital.
- (e) According to business registration certificate No: 03.03.097752, under the 5th amendment on 15/07/2009, the legal capital of Saigon-Tay Bac Urban Development Corp. is 300.000.000.000 VND. Up to 31/12/2009, the Company has contributed 33.515.600.000 VND, making up 11,17% of the legal capital.
- (f) According to business registration certificate No: 41.03.000892 dated 25/03/2002 under the 9th amendment dated on 31/01/2008, legal capital of Sai Gon Ham Tan Tourism Corp is 108.000.000.000. Up to 31/12/2009, the Company has contributed 8.000.000.000 VND (of which 1.000.000.000 VND loan), making up 6.48% of the legal capital.
- (g) According to business registration certificate No: 48.03.000122 dated on 26/09/2007, legal capital of Sai Gon Binh Thuan Thermal Electricity Investment & Development is 1.000.000.000.000 VND, in which the Company's contributed capital makes up 38,5% of the legal capital. Up to 31/12/2009, the Company has contributed 3.500.000.000 VND, making up 0,9% of the contributed capital.
- (h) According to business registration certificate No: 35 03 000070 dated on 24/12/2005, under 4th amendment on 02/01/2008, the legal capital of Saigon - Nhon Hoi IP Corp. is 100.000.000.000 VND, of which the Company's contributed capital makes up 10% of the legal capital. Up to 31/12/2009, the Company has contributed 10.000.000.000 VND, making up 100% of the contributed capital.
- (i) According to business registration certificate No:338A/GP-BKH-HCM dated on 18/11/2002, the invested capital of Scanviwood Co,Ltd is 5.000.000 USD and the legal capital is 2.500.000 USD. Up to 31/12/2009, the Company purchases the contributed portion of Scanviwood Co.,Ltd which is 6.520.000.000 VND.
- (j) According to the announcement No: 08/TB-UBCK dated on 15/01/2008 by State securities Committee of Vietnam to confirm the set up of Ban Viet Fund Management (VCHF), legal capital is VND 500 billion. Up to 31/12/2008, Kinh Bac City development shareholding corporation has contributed 15.000.000.000 VND.

- (k) According to business registration certificate No: 01.03.025781 dated on 11/7/2008, legal capital of VTC - Saigontel Communication Corp is 160.000.000.000, in which the Company's contributed capital makes up 19,20% of the legal capital. Up to 31/12/2009, the Company has contributed 30.700.200.000 VND, making up 99,9% of the contributed capital.
- (l) According to business registration, certificate No: 01.03.019365 dated on 31/08/2007, under the 2nd amendment on 10/02/2009, legal capital of Vietnam Infrastructure development and finance development JSC is 5.000.000.000.000. Up to 31/12/2009, the Company has contributed 300.000.000.000 VND.
- (m) According to business registration certificate No: 29.01.077019 dated on 15/05/2009, under 1st amendment on 17/08/2009, the legal capital of Saigon-Tan Ky Concrete Corp. is 350.000.000.000 VND, of which the Company's contributed capital makes up 19% of the legal capital. Up to 31/12/2009, the Company has contributed 2.500.000.000 VND, making up 37.6% of the contributed capital.
- (n) According to business registration certificate No: 01.03.012695 dated on 07/06/2006, under 4th amendment on 06/11/2009, the legal capital of Lang Ha Investment JSC. is 23.640.000.000 VND, of which the Company's contributed capital makes up 19% of the legal capital. According to the contract dated 12/10/2009 and the annex dated 11/11/2009, shareholders of Lang Ha Investment agreed to transfer shares to Kinh Bac City Development shareholding Corporation, Saigon-Hai Phong Industrial Park Corp. and Kinh Bac Investment and Trading Corp. for transfer price of 357.020.000.000 VND, of which the rate of ownership of Kinh Bac City Development shareholding Corp. is 80%. Up to 31/12/2009, the Company has paid Lang Ha Investment JSC. 107.106.000.000 VNĐ, making up 30% of the transfer value.
- (o) According to business registration certificate No: 35.03.000174 dated on 28/12/2007, under 1st amendment on 16/12/2009, the legal capital of Saigon-Binh Dinh Power Corp. is 10.000.000.000.000 VNĐ, of which the Company's contributed capital makes up 19% of the legal capital. Up to 31/12/2009, the Company has contributed 1.950.000.000.000 VND.
- (p) Kinh Bac City Development shareholding Corp. will contribute 20.000.000.000 VNĐ to become shareholder of Hung Vuong University - HCM City. Up to 31/12/2009, the Company has contributed 2.000.000.000 VNĐ, the rate of ownership will be determined when the University complete the procedure to convert to private school.
- (q) According to business registration certificate No: 41.03.001931, under 1st amendment on 14/05/2004, the legal capital of Saigon Construction Investment and Material Corp. is 50.000.000.000 VND, of which the Company's contributed capital makes up 10% of the legal capital. Up to 31/12/2009, the Company has contributed 9.500.000.000 VND, making up 19% of the legal capital.
- (r) Kinh Bac City development shareholding Corp. has signed entrusted investment contract. Up to 31/12/2009, company has transferred 502.195.400.000 VND to invest.
- (s) The Government bond with the total value of 8.000.000 VND, the interest rate of 8,6%/year in the term of 5 years.

9. Other long-term assets

In VND million

	31/12/09	01/01/09
Prepaid expenses		
Opening balance	1.383	1.207
Addition: increase for the year	75.443	2.074
Less: expenses transferred	5.976	1.898
Less: Other deductions	-	-
Closing balance	70.849	1.383

10. Short-term borrowings:

In VND million

	31/12/09	01/01/09
Short-term borrowings		
Kinh Bac City Development Share Holding Corp	229.592	130.263
Banks	36.000	35.000
Others	95.647	-
Long term debt at maturity	47.400	-
Loans on Overdraft	50.545	95.263
Saigon Bac Giang Industrial Park Corp	32.000	31.000
Short-term loan	32.000	31.000
Total	261.592	161.263

Details of borrowings	Opening balance	Borrowings in the period	Paid in the period	Closing balance
Kinh Bac City Development Share Holding Corp				
(a) Western Bank	35.000	46.000	45.000	36.000
(b) Sai Gon High tech park development Corp	90.000	-	-	90.000
(c) Mr Pham Quang Huy	5.267	399	19	5.647
(d) Loans on Overdraft	-	50.545	-	50.545
Long term debt at maturity	-	47.400	-	47.400
Subtotal	130.267	144.344	45.019	229.592
Saigon Bac Giang Industrial Park Corp				
(f) Western Bank	31.000	32.000	31.000	32.000
Subtotal	31.000	32.000	31.000	32.000
Total	161.267	176.344	76.019	261.592

- (a) Credit Agreement No 0112/2009/HĐTD-DN dated 01/12/2009 with the credit amount of 36.000.000.000 VND from Western Bank. Interest rate is 1%/month within 12 months. The purpose of borrowing is to supply working capital. This borrowing is secured by assets formed by the borrowing with the value of 70.000.000.000 VND.
- (b) The borrowings of 90.000.000.000 VND from Sai Gon High tech park Corp are in the following credit agreements:
- Credit Agreement No 12-2009/HĐVV dated 23/05/2009 with the credit amount of 60.000.000.000 VND. Credit term is 122 days, from 30/11/2009 to 31/03/2010. Interest rate is 0,01%/month. The purpose of borrowing is to supply working capital.
 - Credit Agreement No 13-2009/HĐVV dated 23/05/2009 with the credit amount of 30.000.000.000 VND. Credit term is 119 days, from 03/12/2009 to 31/03/2010. Interest rate is 0,01%/month. The purpose of borrowing is to supply working capital.
- (c) Borrowing of Mr Pham Quang Huy according to the contract No 0506/2008/KB-VCN dated on 05/06/2008. Credit amount is 310.000 USD. Credit term is 1year. Fixed interest rate is 25%/year. Purpose of borrowing: supply the working capital.
- (d) Overdraft deposit contract No. 03 and 04/2009/NAVI HN - KBC with the amount of 50.555.000.000 VND from Navibank - Ha Noi Branch. Expired date is to the end of 24/02/2010. Interest rate is 12%/year.
- (f) Credit Agreement No 0110/2009/HĐTD-DN dated 16/10/2009 with the credit amount of 32.000.000.000 VND from Western Bank. Credit term is 12 months. Interest rate is 0.875%/month. The purpose of borrowing is to supply working capital. This borrowing is secured by assets formed by the borrowing including the value of land use right contract No. 0110/2008/HĐTC-DN dated 09/10/2008 and the annex No. 0110/2009/PLHĐTC-DN dated 16/10/2009 with the value of 60.000.000.000 VND.

Trade payables

	31/12/09	01/01/09
Trade payables		
Kinh Bac City Development Share Holding Corp	57.519	2.455
Related parties	135	-
Third parties	57.385	2.455
Saigon Bac Giang Industrial Park Corp	17.452	3.009
Related parties	-	-
Third parties	17.452	3.009
Saigon Hai Phong Industrial Park Corp	4.310	-
Related parties	-	-
Third parties	4.310	-
Total	79.281	5.464

Advances from customers

	31/12/09	01/01/09
Advances from customers		
Kinh Bac City Development Share Holding Corp	579.296	448.869
Related parties	15.600	-
Third parties	563.696	448.869
Saigon Bac Giang Industrial Park Corp	6.520	35.805
Related parties	-	-
Third parties	6.520	35.805
Saigon Hai Phong Industrial Park Corp	47.505	-
Related parties	-	-
Third parties	47.505	-
Total	633.321	484.675

Taxes and other payables to the State Budget

Taxes and other payables to the State Budget	31/12/09	01/01/09
Kinh Bac City Development Share Holding Corp	260.393	272.028
Corporate income tax	239.634	271.771
Personal income tax	32	5
Tax on house, land and rent	19.440	-
Others	1.288	252
Saigon Bac Giang Industrial Park Corp	895	2.999
Corporate income tax	883	2.999
Personal income tax	12	-
Saigon-Hai Phong Industrial Park Corp	44.581	-
VAT	35.486	-
Corporate income tax	9.083	-
Personal income tax	12	-
Total	305.869	275.027

Payable to employees

	31/12/09	01/01/09
Saigon Bac Giang Industrial Park Corp	63	-
Employees' salary	63	-
Saigon-Hai Phong Industrial Park Corp	23	-
Employees' salary	23	-
Total	86	-

Accrued expenses

Accrued expenses	31/12/09	01/01/09
Kinh Bac City Development Share Holding Corp	1.007.172	718.385
Cost for land rental & sale	924.254	718.385
Accrued bond interest	81.296	-
Accrued loan interest	1.621	-
Saigon Bac Giang Industrial Park Corp	79.174	60.606
Cost for land rental & sale	77.300	60.606
Loan Interest	1.874	-
Saigon-Hai Phong Industrial Park Corp	203.869	-
Cost for land rental & sale	201.325	-
Loan Interest	2.544	-
Total	1.290.215	778.990

Accrued expenses	Opening balance	Advanced	Transferred	Closing balance
Advanced cost	778.990	423.889	-	1.202.879
Accrued bond interest	-	81.296	-	81.296
Accrued loan interest	-	9.080	3.040	6.040
Total	778.990	514.266	3.040	1.290.215

Other short-term payables

	31/12/09	01/01/09
Kinh Bac City Development Share Holding Corp	2.047	1.350
Related parties	48	-
Third parties	1.999	1.350
Saigon Bac Giang Industrial Park Corp	13.098	5.040
Related parties	100	-
Third parties	12.998	5.040
Saigon-Hai Phong Industrial Park Corp	108	-
Related parties	-	-
Third parties	108	-
Subtotal	15.253	6.390
Total	2.585.618	1.711.809

11. Long-term borrowings

In VND million

Long-term borrowings	31/12/09	01/01/09
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Kinh Bac City Development Share Holding Corp	2.795.989	120.315
Borrowings from bank	94.460	118.787
Borrowings from others	1.529	1.528
Issuing bonds	2.700.000	-
Saigon Bac Giang Industrial Park Corp	90.663	126.800
Borrowings from bank	90.663	126.800
Saigon-Hai Phong Industrial Park Corp	193.300	-
Borrowings from bank	193.300	-
Total	3.079.952	247.115

Details of borrowings from banks	Borrowings		Paid in	
	Opening balance	in the period	the period	Closing balance
Kinh Bac City Development Share Holding Corp				
(a) Vietinbank - Bac Ninh Branch	98.100	59.460	63.100	94.460
BIDV Bac Ninh branch	19.800	-	19.800	-
Saigon Commercial Bank	887	26	913	-
(b) Mr Pham Quang Huy	1.528	5	4	1.529
(c) Bond	-	2.700.000	-	2.700.000
Total	12.0315	2.759.492	83.817	2.795.989
Saigon Bac Giang Industrial Park Corp				
(d) Vietinbank - Bac Ninh Branch	24.800	1.237	7.000	19.037
(e) Vietinbank - Bac Giang Branch	35.000	-	11.000	24.000
(f) BIDV Bac Giang branch	35.000	-	25.000	10.000
(g) Navibank	32.000	1.317	32.000	1.317
(h) Vietinbank - Bac Ninh Branch	-	23.716	-	23.716
(i) Navibank - USD	-	12.605	12.423	12.593
Total	126.800	38.875	75.012	90.663
Saigon-Hai Phong Industrial Park Corp				
(j) Vietinbank - Bac Ninh Branch	89.469	21.831	18.000	93.300
(k) Vietinbank - Que Vo Branch	-	100.000	-	100.000
Subtotal	89.469	121.831	18.000	193.300
Total	336.584	2.920.198	176.830	3.079.952

(a) The borrowings of 94.460.000.000 VND from Vietinbank - Bac Ninh are in the 3 following credit agreements:

- Credit Agreement No. 03/HĐTD-KB85 dated 22/08/2006 with the credit amount of 59.000.000.000 VND. The purpose of borrowing is to build infrastructure in phase V 85ha of Que Vo Industrial Park. The credit term is 48 months. The interest rate is 1%/month for the first year, from the second year afterwards, the interest rate will equal the 12 month interest rate issued by Vietinbank in VND plus 2,5%/year at minimum. This borrowing is secured by assets formed by the borrowing including the value of land use right, expenses of infrastructure investment and works on land with the temporary value of 154.025.000.000 VND.
 - Credit Agreement No 04/HĐTD-KB100 dated 02/12/2008 with the credit amount of 80.000.000.000 VND. The purpose of borrowing is to build infrastructure in phase VI 100ha of Que Vo Industrial Park -Bắc Ninh. The credit term is 36 months. The interest rate is 1%/month for the first year, from the second year afterwards, the interest rate will equal the 12 month interest rate issued by Vietinbank in VND plus 3.2%/year at minimum. This borrowing is secured by assets formed by the borrowing including the value of land use right, expenses of infrastructure investment and works on land with the temporary value of 187.156.000.000 VND.
 - Credit Agreement No 01/2009/Vietinbank-Kinhbaccity dated 02/07/2009 with the credit amount of 150.000.000.000 VND. The purpose of borrowing is to pay expenses of building workshops for selling and leasing at Que Vo Industrial Park. The credit term is 48 months. The interest rate is equal the 12 month saving interest rate paid at the end of the term plus the minimum level 2,5%/year. This borrowing is secured by assets formed in the future of Que Vo Expanded Industrial Park and Phuc Ninh Residential Area and workshop for selling and leasing of Que Vo Industrial Park with the temporary value of 3.289.293.000.000 VND of which the collateral value of this contract is 237.510.000.000 VND.
- (b) This is the borrowing from Mr Pham Quang Huy as per Credit Agreement No 280407/2007/KB-VCN dated 28/04/2007 with the amount of 90,000.00 USD. The credit term is 2 years. The interest rate is 2%/month, this rate will be unchanged during the credit term. The purpose of borrowing is to complement the Company's working capital.
- (c) Bond issued with total value of 2.700.000.000.000 VND, the term is 5 year. Coupon payment: fixed rate paid annually at end of period. Principle payment: Once at the par value when due. Purpose of the issue is to supplement finance QueVo Expanded Industrial Park project, Phuc Ninh Urban Area project (11,5%/year), Quang Chau Urban Areas project (13,8%/year), 1A Lang Ha Project (12%/year).

- (d) The borrowing of 34.800.000.000 VND from Vietinbank - Bac Ninh as per Credit Agreement No 01/HĐTD-SGBG dated 25/01/2006. The credit amount is 50.000.000.000 VND. The purpose of borrowing is to build infrastructure in phase I on the area of 200 hectares of Quang Chau Industrial Park - Bac Giang Province. The credit term is 66 months. The interest rate is 1%/month for the first year, from the second year afterwards, the interest rate will equal the interest rate of bond in 12 months issued by Vietinbank in VND plus the minimum level of 2,5%/year. This borrowing is secured by assets formed by the borrowing including the value of land use right, expenses of infrastructure investment and works on land with the temporary value of 286.163.000.000 VND.
- (e) The borrowing of 50.000.000.000 VND from Incombank - Bac Giang as per Credit Agreement No 01/HĐTD-SGBG dated 25/01/2006. The credit amount is 50.000.000.000 VND. The purpose of borrowing is to build infrastructure in phase I on the area of 200 hectares of Quang Chau Industrial Park - Bac Giang Province. The credit term is 66 months. The interest rate is 1%/month for the first year, from the second year afterwards, the interest rate will equal the interest rate of bond in 12 months issued by Vietinbank in VND plus the minimum level of 2,5%/year. This borrowing is secured by Credit Contract No 01/HĐTD-SGBG dated 25/01/2006.
- (f) The borrowing of 40.400.000.000 VND from BIDV - Bac Giang Province as per Credit Agreement No 1301/06/HĐ dated 02/06/2006. The credit amount is 100.000.000.000 VND. The interest rate is 1%/month for the first year. The purpose of borrowing is to compensate for ground clearance, level and build infrastructure in Quang Chau Industrial Park - Bac Giang Province. The credit term is 60 months. This borrowing is secured by the land use right of 1/2 of the front area on the new national road 1A of the industrial park issued by the People's Committee of Bac Giang province and other assets formed after investment and debt claims as to income from land leasing activity.
- (g) The borrowings of 32.000.000.000 VND is from Nam Viet Bank (Ha Noi) as per Credit Agreement No. 104TH0700101 dated 14/09/2007. The purpose of borrowing is to finance Quang Chau Industrial Park project. Credit term: 24 months. Interest rate: 13.06% for the first six months, after each 6 months interest rate equal 12 month deposit interest rate plus margin issued by Navibank. The borrowing is secured by real estate with the value 75 billion VND.
- (h) The borrowing of 23.716.094.378 VND from Vietinbank - Bac Ninh as per Credit Agreement No 02/HĐTD-SGBG dated 03/12/2009. The credit amount is 75.000.000.000 VND. The purpose of borrowing is to build 43.000m² workshop for selling and leasing at Quang Chau Industrial Park - Bac Giang Province. The credit term is 48 months. The interest rate is equal the 12 month saving interest rate paid at the end of the term plus the minimum level 2,7%/year. This borrowing is secured by assets formed by the borrowing including 43.000m² workshop at Quang Chau Industrial Park and the property right arising from workshop sell and lease contract of

the Company with the collateral value of 107.594.000.000 VND.

- (i) The borrowing of 11.096.924.110 VND from Navibank-Ha Noi Branch as per Credit Agreement No 01LC/HĐTD/SGBG dated 25/12/2008. The credit amount is 22.000.000.000 VND. The purpose of borrowing is to finance water treatment plant at Quang Chau Industrial Park. The credit term is 10 years. The interest rate: 12 month tiered interest rate. This borrowing is secured by the water treatment plant including machinery and equipment with the collateral value of 32.502.000.000 VND.
- (j) The borrowings of 93.300.000.000 VND from Vietinbank - Bac Ninh are in the 02 following credit agreements:
- Credit Agreement No. 01/HĐTD-SGHP dated 15/10/2007 with the credit amount of 60.000.000.000 VND. The purpose of borrowing is to build infrastructure 70ha of Trang Due Industrial Park, Hai Phong City. The credit term is 54 months. The interest rate is 1%/month for the first year, from the second year afterwards; the interest rate will equal the 12-month floating interest rate issued by Vietinbank. This borrowing is secured by assets formed by the borrowing including the value of land use right, expenses of infrastructure investment and works on land with the temporary value of 108.433.000.000 VND.
 - Credit Agreement No 02/HĐTD-SGHP dated 28/04/2008 with the credit amount of 90.000.000.000 VND. The purpose of borrowing is to build 73ha of Trang Due Industrial Park, Hai Phong City. The credit term is 54 months. The interest rate is 16%/year for the first year and change periodically each 6 months with floating rate issued by Vietinbank. This borrowing is secured by assets formed by the borrowing including the value of land use right, expenses of infrastructure investment and works on land with the temporary value of 90 billion VND.
- (k) The borrowing of 100.000.000.000 VND from Vietinbank - Que Vo is in the following credit agreements:
- Credit Agreement No. 01/HĐTD-SGHP dated 18/08/2009 with the credit amount of 100 billion VND. The purpose of borrowing is to build infrastructure in the area of 54.000m² workshop at Trang Due Industrial Park, Hai Phong City. The credit term is 60 months with grace period is 6 month. The interest rate is 1%/month for the first year, from the second year afterwards, the interest rate is equal the 12 month saving interest rate paid at the end of the term plus the minimum level 3,5%/year. This borrowing is secured by assets formed by the borrowing including Trang Due Industrial Park - Hai Phong City with the temporary value of 135.630.000.000 VND.

12. Owners' equity

In VND million

Investors and contributed capital	Legal capital as per business registration	
	Ratio (%)	Legal capital
Saigon Construction Corp. (SCC)	1,46%	29.250

Cuu Long Production and Construction Development Corp.(MCC)	1,13%	22.500
Saigon Tourist Corp. (STC)	0,45%	9.000
Other shareholders	96,96%	1.939.250
Total	100%	2.000.000

Capital Increases, decreases	Opening balance	Increases	Decreases	Closing balance
Invested capital (paid-in capital)	1.340.830	650.413	-	1.991.243
Share premium	1.388.495	-	390.298	998.197
Treasury shares	(280.003)	(84.460)	-	(364.463)
Foreign exchange differences	-	713	983	(270)
Undistributed earnings	281.557	683.661	293.883	671.335
Total	2.730.878	1.250.328	685.164	3.296.042

Undistributed earnings	31/12/09	01/01/2009
Opening balance	281.557	381.908
Increases for the year	683.661	454.610
Profit increase for the year	677.190	453.823
Other increase adjustments	6.472	787
Decreases for the year	293.883	554.961
2008 distributed dividends	260.165	372.905
Corporate income tax of current year	-	167.598
Appropriation to funds	-	8.224
Other decrease adjustments	33.718	6.235
Closing balance	671.335	281.557

Capital transactions with owners and distribution of dividends, profits	2009	2008
Owner's invested capital		
At the beginning of year	1.340.830	1.340.830
Increases for the year	650.413	-
Decreases for the year	-	-
At year end	1.991.243	1.340.830

Stocks	31/12/09	01/01/2009
Number of stocks allowed to be issued	200.000.000	200.000.000
Number of stocks issued and fully paid	199.124.330	134.083.000
Ordinary stock	199.124.330	134.083.000
Preferred stock	-	-
Number of repurchased stocks	1.950.318	4.000.338
Ordinary stock	1.950.318	4.000.338
Preferred stock	-	-
Number of circulating stocks	197.174.012	130.082.662
Ordinary stock	197.174.012	130.082.662
Preferred stock	-	-

Face value: VND 10.000 / share

Funds	At beginning of year	Increase	Decrease	At year end
Investment & Development Fund	2.224	-	-	2.224
Total	2.224	-	-	2.224

* Purposes of making and using fund:

- Investment & Development Fund: to reinvest and expand the business scale.
- Financial provision fund: To prevent against financial extraordinary volatility.

13. Other budget sources and funds

In VND million

	2009	2009
Bonus & welfare fund	(3.153)	2.394
Welfare	(3.153)	2.394
Total	(3.153)	2.394

* Purposes of making and using funds:

- Bonus fund: to reward the employees in the Company.
- Welfare fund: for welfare activities in the Company.

VI. Additional information for items in the income statement

1. Sales

In VND million

Total income	2009	2008
Total income	1.049.690	1.433.989

Revenue from leasing land	413.793	310.468
Revenue from leasing plants	763	169
Revenue from selling plants	627.880	-
Revenue from Phuc Ninh Urban Area	-	1.118.000
Revenue from other services rendered	7.254	5.351
<i>Revenue from electricity supply</i>	967	1.179
<i>Revenue from water supply</i>	3.196	2.603
<i>Revenue from leasing bonded warehouse</i>	1.573	1.567
<i>Others</i>	1.519	2
Sales deductions	-	573.000
Sale return	-	573.000
Net revenue	1.049.690	860.989

2. Cost of goods sold

In VND million

Cost of good sold	2009	2008
Cost of leasing land in Que Vo Industrial Park	114.895	93.838
Cost of leasing land in Quang Chau Industrial Park	16.694	60.606
Cost of leasing land in Trang Due Industrial Park	62.305	-
Cost of renting and selling warehouse in Que Vo Industrial Park	90.974	-
Cost of renting and selling warehouse in Trang Due Industrial Park	144.497	-
Cost of leasing warehouse, office	1.210	-
Cost of Phuc Ninh Urban Area	-	175.638
Other costs	2.353	-
Total	432.929	330.082

3. Financial income

In VND million

Financial income	Năm 2009	Năm 2008
Interest income	10.903	1.552
Interest income from bond, note, bill	-	32.816
Shared dividends, profit	29.367	20.105
Interest on land, plant lease	1.629	1.564
Realized foreign exchange difference	200	298
Interest from liquidation short-term and long-term investment	152.651	-

(+) Provision for stock investment	161.595	-
Other financial income	139	222
Profit due to consolidation from investing in associates	2.128	-
Total	358.613	56.557

4. Financial expenses

	In VND million	
Financial expenses	2009	2008
Interests from borrowings	40.191	29.278
Loss due to disposal of short-term, long-term investments	-	437
Loss due to investment in stock	1.129	-
Loss due to realized foreign exchange difference	2.218	1.055
Bond issuing expenses	860	-
Provision for short term investment	148.058	65.444
Other financial expenses	315	588
Loss due to consolidation from investing in associates	615	-
Total	193.386	96.802

5. General & Administration expenses

	In VND million	
General & Administration expenses	2009	2008
Office salaries	10.915	5.885
Material management cost	314	-
Office supplies	746	591
Depreciation	3.822	1.712
Taxes, fees and charges	245	809
Services rendered by outsiders	6.444	16.530
Sundry cash expenses	15.391	15.096
Allocation of goodwill	14.458	-
Total	52.334	40.624
General & administration expenses allocated to capital construction activity	3.612	2.549
General & administration expenses transferred to determine the result in the period	48.722	38.075

6. Other income

	In VND million	
Other income	2009	2008

Income from disposal of fixed assets	-	-
Income from invested capital support of the province	-	437
Compensation	-	62
Other income	1.283	23
Total	1.283	522

7. Other income

	In VND million	
Other expenses	2009	2008
Fine for violation	10.226.000	-
Other expenses	211.491.408	340.098
Total	221.717.408	340.098

8. Current corporate tax

	In VND million	
	2009	2008
Current corporate income tax on the taxable income in the current year	56.726	167.598
Profit before tax	733.916	453.823
Increase amounts	-	1.646
Decrease amounts	29.367	-
Taxable income	704.549	455.468
Corporate income tax rate	10%, 15%, 25%	10%, 15%, 25%
Corporate income tax payable	127.098	169.075
Corporate income tax under exemption	70.371	1.476
Adjusting corporate income tax of previous years to that of the current year	-	-
Total current corporate income tax	56.726	167.598

9. Earnings per share

	In VND million	
	2009	2008
Profit after tax of shareholder of parent company	648.897.943.159	280.777.115.582
Increases/decrease to determine profit/loss allocated to shareholders	648.897.943.159	280.777.115.582
Increase amounts	-	-
Decrease amounts	-	-
Profit/Loss allocated to shareholders	648.897.943.159	280.777.115.582
Average outstanding common stock	174.188.182	100.328.500
Earnings per share	3.725	2.799

VII. Additional information for items shown in the statement of cash flows

Non-cash transactions influence cash flow statement and cash hold by the Company are not to be used in:

1. Payment for fixed assets purchase through receiving related direct loans and finance lease: Not incurred
2. Purchases and liquidation subsidiaries or other business units during the reporting period: not incurred.
3. Present value and the reasons for cash and cash equivalent hold without spending by the Company due to legal restriction or other bindings that must be complied by the Company: not incurred.

VIII. Other information

1. Transaction with related parties

Related parties include:

			In VND million	
Related parties	Relationship	Transaction	Incurred during the year	Ending balance
Sai Gon Investment Corp. - SGI	Shareholder	Buying land	-	83.500
Cuu Long Production and Construction Development Corp. (MCC)	Shareholder	Construction	167.912	73.822

2. Information on going-concern operation: Not incurred

3. Other information Opening balance

Some figures are rearranged and re-presented to suit the current year's presentation.

The Company re-presented items Profit before tax, Profit after corporate income tax, Profit after tax of the shareholder of the parent company and Earning per share in Income statement to comply with Decision No. 5/2006/QĐ/BTC dated on 10/03/2006 of Vietnam Finance Ministry.

Items on income statement

Items	Code	2008 audited report	2009 audited report	Changes
-------	------	---------------------	---------------------	---------

		(31/12/2008)	(01/01/2009)	
Profit before tax	50	453.108.556.476	453.822.913.475	(714.356.999)
Profit after corporate tax	60	285.510.378.959	286.224.735.958	(714.356.999)
Profit after tax of shareholders of parent company	62	280.062.758.583	280.777.115.582	(714.356.999)
Earnings per share	70	2.846	2.799	47

Change in Profit before tax on the Cash flow statement

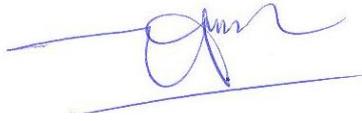
Items	Code	2008 audited report (31/12/2008)	2009 audited report (01/01/2009)	Changes
Profit before tax	01	453.108.556.476	453.822.913.475	(714.356.999)

Explain: The above error was a technical error or mathematical mistake when added up data on the income statement; thus, we corrected the data and presented it properly on the 2009 audited report.

Financial ratio about company's business operation

Items	Unit	2009	2008
Equity structure and Capital Structure			
<i>Assets' structure</i>			
Short terms assets / Total assets	%	40,74	31,12
Long-terms assets / Total assets	%	56,24	68,88
<i>Capital' structure</i>			
Liabilities/Total resources	%	62,29	40,97
Owner's equity/Total resources	%	36,23	57,22
Liquidity			
Current ratio	Time	1,61	2,44
Current liabilities ratio	Time	1,43	0,87
Quick ratio	Time	0,66	0,08
Profitability			
<i>Profit / Revenue</i>			
Net profit before tax / Revenue	%	52,07	49,43
Net profit after tax / Revenue	%	48,04	31,18
Profit / Total assets	%	7,45	5,99
Net profit after tax / Owner' s equity	%	20,55	10,46

Bac Ninh, 15 February 2010

PREPARER**PHAM PHUC HIEU****CHIEF ACCOUNTANT****TRAN NGOC DIEP****GENERAL DIRECTOR****DANG THANH TAM**

Shareholders and investors could view full 2009 consolidated financial statements as well as 2009 unconsolidated financial statements at the following websites:

<http://www.kinhbaccity.com>; <http://www.hsx.vn>

Subsidiaries and affiliates

Up to 31 December 2009, no company holds over 50% of KBC's share capital.

➤ **KBC has 2 subsidiaries:**

No	Companies	Charter capital (VND)	% owned by KBC
1	Sai Gon – Bac Giang Industrial Park Corp	200.000.000.000	62 %
2	Sai Gon – Hai Phong Industrial Park Corp	200.000.000.000	90%

➤ **KBC has established joint ventures with 20 companies mainly in the fields of real estate, power and mining. Companies with at least 20% share capital being hold by KBC**

No	Companies	Charter capital (VND)	% owned by KBC
1	Saigon High-teck park Infrastructure Development Corp	300.000.000.000	20%
2	Saigon Dung Quat Investment & Development Corp	200.000.000.000	40%
3	Sai Gon Binh Phuoc Industrial Park Corp	100.000.000.000	20%
4	Sai Gon Ca Mau Infrastructure Corp	50.000.000.000	20%

➤ **Summary of operation and financial position of the two subsidiaries**

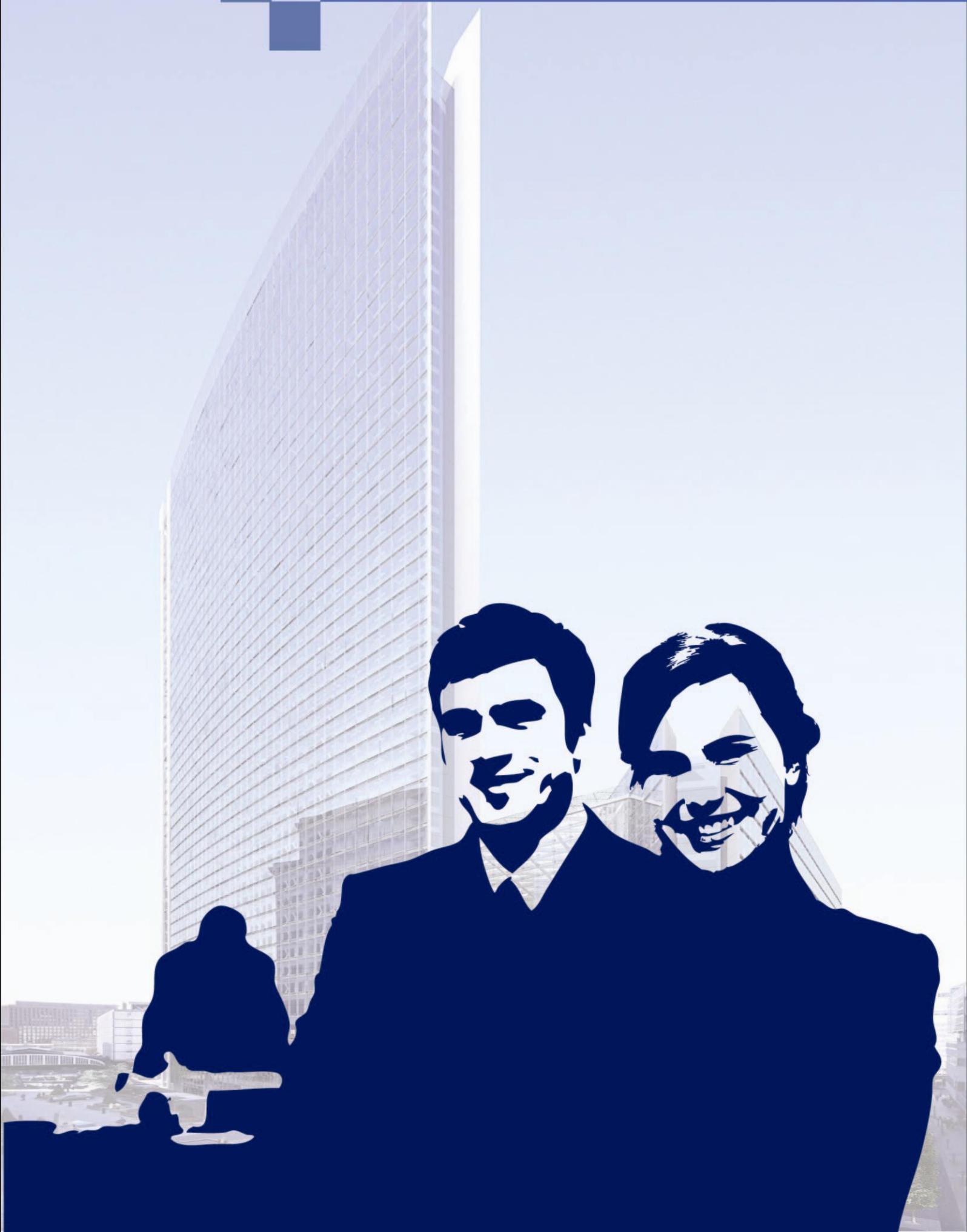
1. Sai Gon – Bac Giang Industrial Park Corporation

Sai Gon – Bac Giang Industrial Park Corporation has business activities in the field of investment, construction and developing industrial parks and urban area. Currently, the company is the investor of Quang Chau IP which was 23% filled at the end of 2009. Total assets of the corporation was VND 942.4 billion increasing 102% from 2008 as of 31 December 2009. 2009 Net income was VND 26 billion decreasing 71% from 2008 is the main reason for indicator profit before tax 2009 was only VND 2.9 billion down 81% from 2008.

2. Sai Gon – Hai Phong Industrial Park Corporation

Sai Gon – Hai Phong Industrial Park Corporation operate in investment, construction and developing industrial park and urban area. The company is currently the investor of Trang Due IP having 32% occupancy rate at phase I (150ha) at the end of 2009. Total assets of the company was VND 966.6 billion increasing 534% from 2008. In 2009, the company began earning profit, net income reached VND 494.5 billion.

ORGANIZATION AND PERSONEL

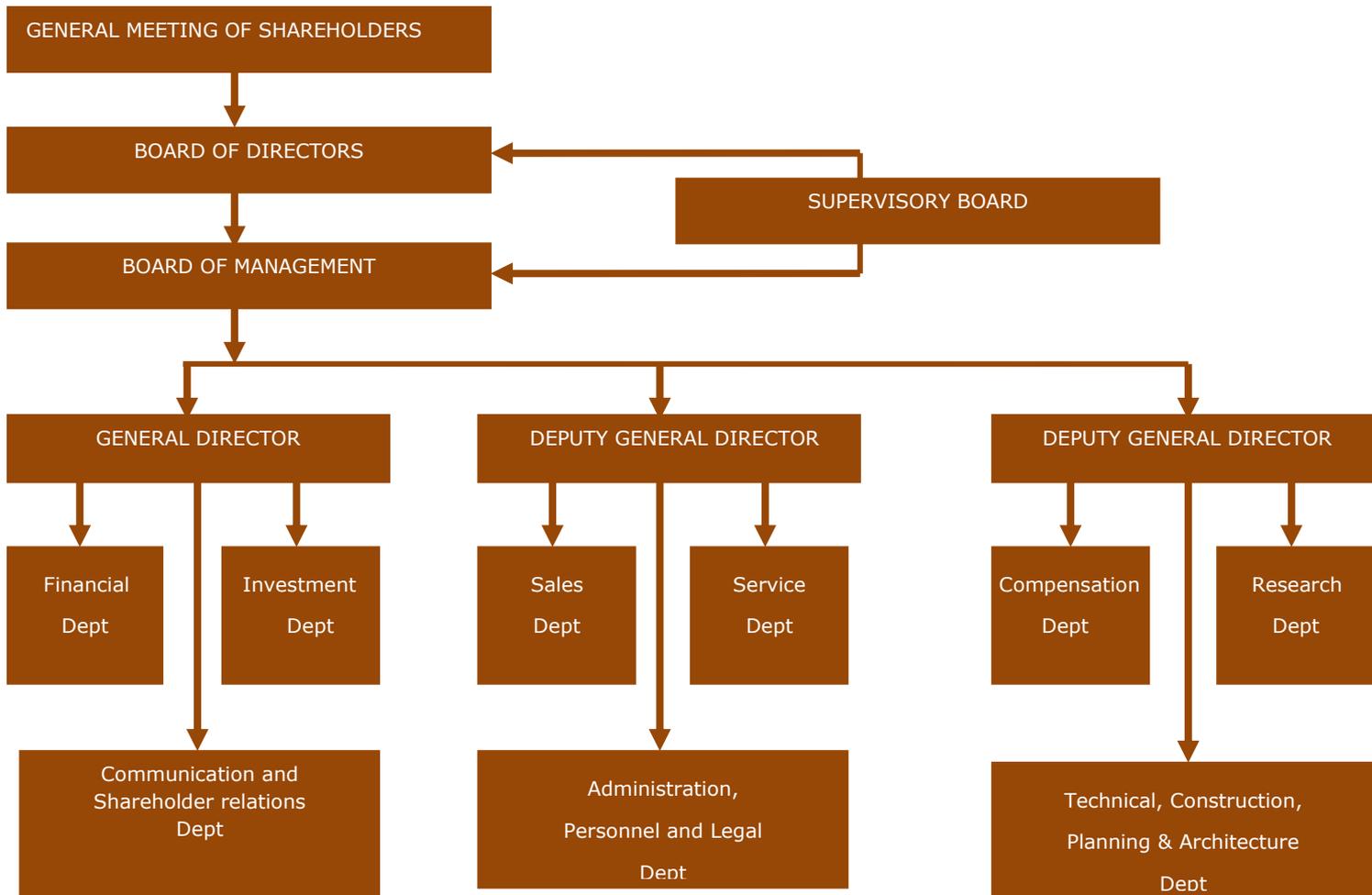


STRUCTURE & PERSONEL

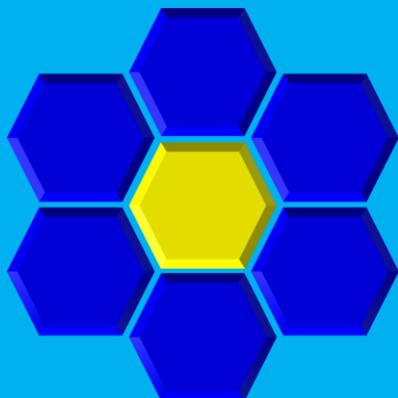
The organizational structure of the Corporation is set up under functional model, in which Manager of each department is in charge of reporting to the Management Board. This structure will create profound specialization, allowing each staff to concentrate on their specialty; facilitating the recruitment of skillful staffs appropriate to each functional department.



Organization structure



MANAGEMENT BOARD



Side by side, to take KBC ship to overcome storms, turbulent, challenges in the past 8 years, the management board has tried tirelessly with all the enthusiasm, passion and responsibility to bring KBC ship to glory shore not only in Vietnam but also abroad.

Talented captain

Mr. **Dang Thanh Tam** at age 45, being Chairman and General Director of Kinh Bac city Development Shareholding Corporation, is considered as “the principal architecture” who built a system of the most modern IPs in Vietnam today. He is one of the leading real estate investor and developer in Vietnam, talented in attracting multi-national companies to invest in his IPs.

Mr. Tam is a businessman having great influence on domestic and abroad business community. From 2006 to now, he is Co-president of Vietnam – Japan Business Forum; official member of APEC Business Advisory Council (ABAC); and a member of the Senior advisory council of the State’s post-WTO action program; Vice President of Vietnam- Laos-Cambodia

Economic Development Council; Chairman of Vietnam CEO Club. He has been often voted by Forbes magazine as one of 400 Global CEOs since 2006 and often selected as representative of Vietnam enterprises to participate in international conferences such as APEC; proudly well matched with the leading enterprises from 21 APEC economies.

He is a typical example of “continuous learning” in businessman world. He uses English fluently without the support of interpreter. He is a CEO who discussed directly with many heads of state. He is an “anonymous” lawyer, thorough in Vietnam and international economic laws. Hence, he can make decisions very quickly without losing much time looking for advice from outside.

The diplomat of KBC

Mrs. **Nguyen Thi Thu Huong**, at age 39, Deputy General Director, is a member having strong attachment to KBC since the early days of the foundation. She is in charge of business activities, diplomacy and attracting foreign investment. KBC became one of the leading enterprises in attracting strongest foreign investment in Vietnam thanks to her crucial contribution.

She has established networks of international relations, built the foundation for developing KBC's potential customers.

KBC's project developer

Mr. **Dao Hung Tien**, at age 39, is Deputy General Director from the first days of the establishment. With skills and experiences in economic and technical management, he is the person who always follows the development of projects of KBC in the past years. He is responsible for setting up, managing and constructing projects.

He has built a qualified teams specializing in project management, consultancy and project supervision; gathered talented architectures to advise the board about planning and designing works.

- ✚ Reward senior managers with shares to stimulate them to dedicate for a long time to development of the corporation.
- ✚ Reward managers with villas in some of urban areas to ensure comfortable and stable life for them.
- ✚ Reward employees adequately and timely in cash based on their contribution every year-end summary.
- ✚ Other bonus: cars available to pick up staffs to work everyday and travel on business are equipped with modern mobile phones and laptops.
- ✚ The total salary fund of the Management Board is VND 1.5 billion/year

HUMAN RESOURCES POLICY

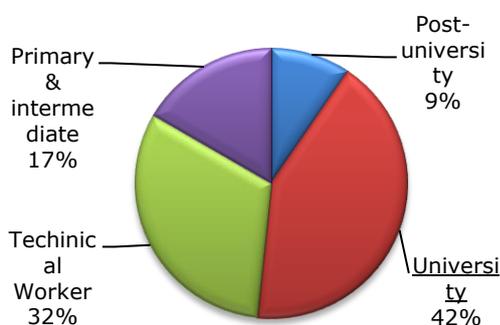
Appreciate talent; honor staff

Equal development; professional environment

Recruitment policy

Promulgation is based on the principle of efficiency and fairness, ensuring the right person in the right place, helping the corporation run at the highest efficiency and the lowest cost.

In 2009, the number of employees of the corporation increased by 101 to 211 people. The officers and staffs of the corporation are always encouraged and stimulated to participate in training courses to improve professional qualification and management skills.



Salary, reward and welfare

These are important matters in personnel policy that built collaterally with the development of the corporation; based on the contribution and the result of operation ensuring equitable principles based on a comprehensive assessment of the qualification, capacity and efficiency of the staffs. Salary structure of the corporation includes salary, pension and allowance. The corporation implements social insurance and health insurance for the all employees, not deducted from salary. In addition, there are rewards of at least two-month salary on the occasion of holidays and year-end summary.

Currently, the average salary level of staffs of the corporation is VND 8,200,000 per person per month.

The adequate policy of rewarding shares, materials, housing, working facilities as well as rational penalization policies have contributed to encouraging the loyalty of employees to devote to the development of the Corporation.



SHAREHOLDERS & THE BOARD OF DIRECTORS

The board of directors

No.	Name	Position	The number of shares	Proportion	Change
1	Mr. Dang Thanh Tam	Chairman	67.500.000	33,90%	0,34%
2	Mrs. Dang Thi Hoang Phuong	Member	14.625.000	7,34%	0,07%
3	Mr. Ngo Manh Hung	Member	211.385	0,11%	0,01%
4	Mr. Tran Quang Son	Member	90.115	0,05%	0,01%
5	Mr. Chung Tri Phong	Member	67.500	0,03%	0,00%

Activities of the Board of Directors in 2009

In 2009, major activities of the Board of Directors has focused on establishing diplomatic relationship with international groups; working with ministries, departments and authorities of provinces and cities to build long run and sustainable development strategies with the target of making KBC becomes investor of potential projects. Specially, the Board of Directors has always concentrated on commercial promotion activities in the international arena, bringing KBC image to the world.

On 16/4/2009, the Board of Directors directed the groundbreaking low price housing project for worker with the total investment capital up to VND 1.500 billion in Que Vo – Bac Ninh. At the ceremony, Mr. Tomohiro Kosugi – General Director of Vietnam Yamato Industry Company and Mr. Dang Thanh Tam – Chairman and General Director of KBC, who is investor of the project, together signed principal leasing contract. Yamato Company is 100% foreign capital enterprise, manufacturing control cable used in assembling cars, motorbikes with total investment capital of 10,000,000 USD.



On **27/4/2009**, the Board of Directors directed the groundbreaking of Vietnam – Japan Support IP, the first support IP in Vietnam, in expanded Que Vo IP, in order to actualizing the contents of Vietnam – Japan Economic Partnership Agreement (VJEPA). This activity not only showed determination in tightening strategic economic partnership between Vietnam and Japan but also stimulated launching new support industries in Vietnam. Japanese partners pledge to send 50 small and medium-size enterprises to invest around 100 million USD in the IP this year to support Japanese industrial corporations operating in Vietnam as well contribute to boosting high-tech industries in Vietnam.

On **9/6/2009**, Chairman of KBC signed a letter of intent with Starwood Corporation (USA) to co-operate in managing two projects in tourist industry, investors of which are subsidiaries of KBC. The two projects are Le Meridien Danang Resort & Spa project in Da Nang and Sheraton Dalat Resort project in Da Lat with the total investment capital of about 140 million USD.

On **21/7/2009**, at KBC's head office, the Board of Directors and staffs welcomed Prime Minister of the Democratic People's Republic of Laos, Mr. Bouasone Bouphavanh. He expressed the profound thanks to KINHACCITY GROUP for investing in Laos. This event strengthens good relationship between Vietnam and Laos in general and the relationship between KBC and Laos in particular.

On **24/7/2009**, KBC Board of Directors attended the inauguration ceremony of the most modern Titan slag plant in Vietnam in Binh Dinh province. Sai Gon – Quy Nhon Minerals Corporation (SQC) is

the investors of the project with the total investment of VND 1,000 billion dong, of which VND 500 billion for stage I on an area of 10 ha, in which KBC is the biggest shareholder of SQC.

On **01/08/2009**, at Phu Loc district, Thua Thien Hue province, KBC Board of Directors participated in inauguration ceremony of Sai Gon – Chan May industrial park and non-tariff zone invested by Sai Gon - Hue Investment Joint Stock Company with the total investment of VND 1,279 billion on an area of 657.78 ha and KBC is the biggest shareholder.

On **24/8/2009**, the third meeting of APEC Business Advisory Council 2009 was held in Da Nang city, Mr. Dang Thanh Tam is one of 3 members of ABAC on behalf of Vietnam to hold successfully the party "Royal Welcome Dinner" to welcome delegations including the leading enterprises in APEC community, economic experts, leaders of provincial departments and divisions.



Prime Minister, Mr. Nguyen Tan Dung at the inauguration ceremony Sai Gòn – Chan May IP

From **10 to 20/9/2009**, KBC's Board of Directors directed carrying out business travel and investment attracting trip in Japan and Korea. Leading the trip is leaders of Bac Ninh province such as Mr. Nguyen Cong Ngo – Secretary of the provincial Party Committee, Mr. Vu Duc Quyet – Head of provincial industrial park management board and many other leaders of Bac Ninh province, along with senior leaders of KBC. The trip obtained very nice results. KBC worked with more than 20 Japanese and Korean enterprises who would like to invest in KBC's industrial parks. Most of those enterprises were the satellites company of the large groups that had made investment in Vietnam such as Canon, Samsung, Honda and Toyota, etc. As planned, these enterprises would like to construct their factories in early 2010.

From **20 to 22/9/2009**, senior officials accompanied the Chairman of KBC to work with Bitburger Beer Group in Germany. Here, Mr. Dang Thanh Tam signed with Bitburger Beer Group the contract of constructing Bitburger premium beer factory in one of IPs of KBC on an area of 100 ha. In stage I, a factory with the capacity of 100 million liters per year will be construct with the total investment of USD 100 million in 2010. In addition, on the same trip in Germany, on **21/9/2009**, the senior officials of KBC visited and work with Pfeiffer group – the world leading cement manufacturer. Currently, KBC is the biggest shareholder of Sai Gon Tan Ky Cement Joint Stock Company (Nghe An). Recently, on 16/9 this company has received investment certificate from Nghe An provincial People's Committee

to build cement factory with the capacity of 1 million tons per year and the total investment of USD 110 million.

On **5/10/2009**, the Chairman of KBC officially signed contract with Ha Noi Construction Corporation to become investor of 2 ha project in Diplomatic Cops area in Ha Noi.

On **12/10/2009**, the Chairman of KBC signed with shareholders of Lang Ha Investment Joint Stock Company to acquire No. 1A, Lang Ha project at Lang Ha street, Dong Da district, Ha Noi on an area of nearly 4.000 m² with the investment of USD 100 million. As estimated, the project will be inaugurated in 2010.

On **19/10/2009**, the Chairman of KBC signed co-operation agreement with International Power Group to invest in Binh Dinh thermoelectricity Vietnam under the witness of Deputy Prime Minister, Mr. Hoang Trung Hai.

On **21/10/2009**, at National Convention Vietnam, within the framework of the economic forum between Vietnam and South Korea in 2009, the Board of Directors directed KBC's senior officials to attend. KBC signed a strategic cooperation agreement with Kumho Industrial Limited Company (Korea) with the desire to cooperate in real estate development projects. Simultaneously, KBC made important contacts with Korea Chamber of Commerce and Industry (KCCI), as well as Korean enterprises to strengthen the relationships and promote bringing Korean leading enterprises to KBC's industrial parks.

On **29/10/2009**, within the framework of Vietnam – Japan economic forum held in Osaka, Mr. Dang Thanh Tam, Chairman of KBC and Chairman of Vietnam – Japan business forum received a lot of attention, welcome and support of Japanese firms. In Japan, he is always highly appreciated by Japanese enterprises and the choice of a long-run partner. In the evening of the day, KBC had discussion with big Japanese enterprises about the interests of 2 sides and very promising co-operation projects that will be implemented.

On **04/11/2009**, in HCM city, the Chairman of KBC signed with Hyder Consulting Company (UK) on the planning of 1/2000 of the I-II-III zones in Tay Bac urban township on an area of 1,705 ha, located in Cu Chi district, HCM city. The investor is Sai Gon – Tay Bac Urban Development Joint Stock Company which KBC is the biggest shareholder. As estimated, the company will become a subsidiary of KBC.

On **20/11/2009**, with the efforts of the Board of Directors and Management Board, KBC surpassed the most competitive candidates assigned by Ha



Mr. Tam talks informally with the Japanese Prime Minister, Mr. Hatoyama

Noi People's Committee to become the investor of Lotus Hotel project. This is one of the leading project in Ha Noi located on an area of 4 ha with the total investment of USD 500 million on Pham Hung street.

From 9-16/11/2009, Mr. Dang Thanh Tam – Chairman, General Director of KBC and member of APEC Business Advisory Council (ABAC - advise 21 heads of State in APEC group) actively participated in APEC Summit held in Singapore (Asian - Pacific Economic Summit). In the dialogue between ABAC and APEC leaders, Mr. Dang Thanh Tam was selected to represent APEC enterprises to have direct discussion with Japanese Prime Minister. The dialogue took place particularly well, Japanese Prime Minister, Mr. Yukio Hatoyama was extremely excited and expressed great support to Vietnam. Within the framework of the summit, besides the official discussions, Mr. Tam took the advantage to work with some of ABAC members (some have become major partners of KBC) from different countries to prepare for the coming important economic cooperation programs.



Mr. Mitsuo Sakaba – Japanese Ambassador hands commemorative medal over Mr Dang Thanh Tam for his contribution to relationship between Vietnam and Japan

In **November**, the Board of Directors directed the investment promotion campaign in Japan, Taiwan and South Korea that attracted many foreign investors and confirmed the leading position of KBC in attracting foreign investment in Vietnam. Typically, six satellite companies of Samsung signed land rental contract with the investment capital of more than USD 100 million, Shelline Corporation from South Korea invested 30 million dollars in Que Vo IP.

On **4/12/2009**, Chairman of KBC, Mr. Dang Thanh Tam - the only enterprise representative along with Mr. Vu Tien Loc - Chairman of Vietnam Chamber of Commerce and Industry (VCCI) welcomed Keidanren (the Japanese Business Federation - a powerful economic union strong economic union occupying 70% of Japa's GDP). The Chairman of Keidanren, Mr. Mitarai is concurrently Chairman of Canon Corporation - having invested building the world largest lazer printer factory in Que Vo IP. In the evening of the same day, the Chairman of KBC also participated in welcome meeting, hosted by the State President, Mr. Nguyen Minh

Triet and Prime Minister, Mr. Nguyen Tan Dung.

The event that Chairman of KBC - Mr. Dang Thanh Tam - the only representative of Vietnam participated in welcoming the board of Keidanren, contacted and discussed with powerful Japanese Chairmen and General Directors, indicated the more and more strong economic position of KBC as well as the prestige of Mr. Dang Thanh Tam in the world arena.

On **09/12/2009**, at the head office of Bac Giang provincial People's Committee, Mr. Dang Thanh Tam - Chairman of KBC together with Chairman of Gemtek Corporation signed 100ha leasing contract in Quang Chau IP - Bac Giang province, to construct a WIMAX Campus for Gemtek and 14 satellite companies with the estimated total investment of USD 1 billion. This area is specializing in manufacturing electronic and telecom devices. Only Wifi and Wimax devices of Gemtek accounted for ¼ of the worldwide market share. If the WIMAX Campus is completed, this will be the world biggest area manufacturing next generation wireless telecommunication devices.



KBC and Gemtek Corporation signing contract at office of the Bac Giang People's Committee

Supervisory board

No	Name	Position	Assignment day	Note
1	Mr. Nguyen Tri Ho	Head	15/7/2007	-
2	Mr. Bui Ngoc Quan	Member	15/7/2007	-
3	Mrs. Nguyen Chung Thuy	Member	15/7/2007	-

Supervisory Board is directly under management and selected by General Meeting of Shareholders to insure that the management acts in shareholders' best interest. Supervisory board includes 3 members in charge of examining the rationality and legality in management activities of the Board of Directors, business performance of Management Board, financial-accounting management activity of the corporation. The Supervisory board operates independently with the Board of Directors and the Management Board. In the past years, Supervisory Board conducts necessary activities to exchange information with board of leaders as well as with departments of the corporation to grasp the status of the Corporation and timely consult the Board of Directors and the Management Board. Specifically, the Supervisory Board inspects financial statements periodically, quarter, six month and annual report; assesses reports of the Board of Directors, reviews the plans of the Management Board before presenting them to General Meeting of Shareholders.

Increase efficiency in corporate governance activities

In 2010, to strengthen the power of KBC in international integration and to raise the stature of KBC to operate under international standards and prestige, two foreign persons were selected as members of the Board of Directors. They are:



Mr. **Mitsuru Okada** (Nationality: Japanese)

He is currently Director Vice President of Tokyo Drawing Ltd., Co. – provides solutions for the development of semi-conductor and total support for electronic circuit design. Mr. Mitsuru Okada was also Associate Director of Panasonic Vietnam, General Manager for Planning and Coordination Dept. of Sumitomo Corporation and member of board of leaders of Thang Long – North Noi Bai IP. In 2010 Annual Meeting of Shareholders, Mr. Mitsuru Okada was selected as member of KBC Board of Directors – in charge of Japan area.

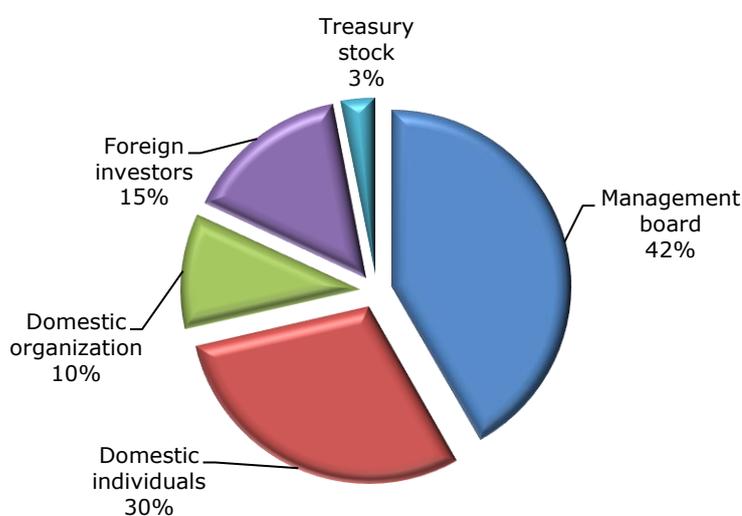


Mr. **Piet Steel** (Nationality: Belgian)

Presently, he is Senior Adviser & Government Affairs of Toyota Motor Europe & CEO Toyota Motor Europe. He was also First Ambassador of the Kingdom of Belgium to SR Vietnam, Belgium Consul General to Hong Kong, Director for Public Affairs – Solvay group. Mr. Piet Steel was selected as a member of KBC Board of Directors – in charge of Europe area.

Shareholder structure (According to final list on 16/11/2009)

No.	Shareholder	Amount (Shares)	Proportion	Change
1	Organizations	26.096.469	13,11%	-7,65%
	Among:			
	- Domestic	21.026.354	10,56%	0,23%
	- Foreign	5.070.115	2,55%	-7,87%
2	Individuals	167.077.206	83,90%	7,65%
	Among:			
	- Domestic	142.177.781	71,40%	0,23%
	- Foreign	24.899.425	12,50%	7,41%
3	Treasury	5.950.655	2,99%	0,01%
	Total	194.124.330	100,00%	0,00%
	(9.280 shareholders)			

**Founders**

No.	Shareholder	Address	Amount (Shares)	Proportion (%)
1	Sai Gon Construction Joint Stock Company	Plot 9, C street, Tan Tao IP, Binh Tan district, HCMC	2.925.000	1,47%
2	Cuu Long Construction Development and Manufacturing Joint Stock Company	Plot 9C, C street, Tan Tao IP, Binh Tan district, HCMC	2.250.000	1,13%
3	Sai Gon Tourist Joint Stock Company	Room No.106, 12 Mac Dinh Chi, Da Cao, District 1, HCMC	900.000	0,45%
	Total		6.075.000	3,05%

Biggest shareholders

No.	Shareholder	Address	Amount (Shares)	Proportion (%)
1	Domestic: Dang Thanh Tam	No. 20, Phung Khac Khoan street, District I, HCMC	67.500.000	33,90%
	Dang Thi Hoang Phuong	140/11 Su Van Hanh str., ward 12, Dist.10, HCMC	14.625.000	7,34%
	Sai Gon Investment Group	20, Phung Khac Khoan street, Da Kao ward, District I, HCMC	11.250.000	5,65%
	Nguyen Thi Kim Xuan	69 Ba Huyen Thanh Quan, Ha Noi city	24.733.775	12,42%
	Total		106.848.775	59,31%

KINH BAC CITY DEVELOPMENT CORPORATION**CHAIRMAN****DANG THANH TAM**

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