

BUSINESS NEWSLETTER QUARTER I & II/2014

Dear Valued Customers,

First of all, Kinhbac City Development Holding Corporation would like to express our best acknowledgements to You.

The year 2014 has marked as a year of many opportunities and success for foreign enterprises investing into Vietnam. At present, Vietnam has made effort to improve the business investment environment and foreign investors have recognized this. The legal documents supplementing the policies for investment incentives have been founded and come into effect from 2014 has attracted the foreign investors' attentions to Vietnam in general and industrial zones in particular.

Ending the Quarter 1 and 2 of 2014, total FDI capital obtained 3.3 billion USD equivalents to a half in compare with national total FDI capital at the same time of 2013. Nevertheless, total FDI capital which was disbursed of the first 4 months of 2014 acquired about 4 billion USD, increasing 6.7% in compare with the same time of 2013.

At the Industrial Zones of KBC, the numbers of investment projects in the first 6 months of 2014 has still kept going on stably and frequently. Some of existed projects at the Industrial Zones have planned to extend their project scale.

In the Quarter I and II of 2014, KBC intends to focus on completing and improving more the infrastructural systems and services in Industrial Zones with the aims to make the investment environment stable and safe for the investors. In this process of completion, KBC kindly wishes the encourages and co-operation of the investors in the Industrial Zones in order to make together the Industrial Zones become better as well as more modern.

KBC kindly wishes the Valued Customers more and more successful and prospective.

Yours Sincerely,

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1. YOUNGBO VINA CO., LTD COMMENCES TO BUILD FACTORY

Late March 2014, YoungBo Vina Co., Ltd has executed its commencement to build its factory in Que Vo IP, Bac Ninh Province. The total area of the factory is 32,490m² with the investment capital for the first phase is 8 million USD. Its business activities are in term of manufacturing electronic components.

The investors of YoungBo Vina is YoungBo Engineering INC – a big corporation in electronic field in Korea was founded in 1998 with electronic components as its major products, especially the components and accessories for mobile phones.

YoungBo Vina factory now has been built quickly and planned to come into operation officially at the end of 2014 with more than 2,000 workers.



2. SAMHO PRESS VIETNAM CO., LTD COMMENCES TO BUILD FACTORY

Early March 2014, after being approved and granted the investment certificate and other relevant licenses by Industrial Zones Authority of Bac Ninh Province, Samho Press Corporation has commenced to build Samho Press Vietnam factory in Que Vo IP, Bac Ninh Province; its total investment capital is 2.5 million USD in field of industrial press machine. As schedule, Samho Press Vietnam factory will officially come into operation from July 2014.



3. GRAND OPENING OF AAC TECHNOLOGIES VIETNAM FACTORY

In the morning on 18 February 2014, AAC Technologies Vietnam held the grand opening ceremony of AAC Technologies Vietnam factory at Lot K4-2F, Que Vo IP, Van Duong Ward, Bac Ninh City, Bac Ninh Province.

Attendees at the ceremony include the leaders of Bac Ninh Industrial Zones Authority, authorities and important partners of AAC Technologies Vietnam.

AAC Technologies Vietnam project in Que Vo IP has total investment capital obtaining 2 million USD. Its major fields in manufacturing audio products and multi-electronic medias such as speaker, speaker module, microphone, receiver, earphone. The project uses modern technology line, high efficiency with promise to bring many outstanding achievements for local authority and local people.



4. LAIRD VIETNAM FACTORY OFFICIALLY COMES INTO OPERATION

In May 2014, Laird Vietnam factory at Lot K10 & K11, Que Vo IP, Bac Ninh Province is a project invested by the United Kingdom investor has officially come into operation. Laird Vietnam factory is invested by Laird Vietnam LLC with the total investment capital obtaining 4.7 million USD for the first phase. Its major terms in researching, designing, developing and manufacturing advance electronic components including EMI (Electromagnetic Interference shielding), Board-Level-Shielding, etc



5. GRAND OPENING OF VINAYAMA STRUCTURE VIETNAM FACTORY

In the morning on 23 June 2014, Vinayama Structure Co., Ltd held grand opening ceremony of Vinayama Structure Vietnam factory at Lot H4-1, Que Vo IP, Van Duong Ward, Bac Ninh City, Bac Ninh Province. Attendees of the ceremony include Mr. Ngo Si Bich – Head of Industrial Zones Authority of Bac Ninh Province, representatives of authorities and important partners of Vinayama Structure Co., Ltd. Project of Vinayama Structure Co., Ltd in Que Vo IP has total investment capital achieving 3 million USD with its major field in manufacturing steel structure in construction. The project promises to bring many outstanding achievements for the development of locality.



6. BOKWANG HI-TECH VINA EXPANDS FACTORY SCALE

Bokwang Hi-tech Vina Co., Ltd is 100% capital invested from Korea in terms of manufacturing electronic components for mobile phones. Its factory locates on Lot KT1-A, KT1-C, Que Vo IP, Bac Ninh Province from October 2010. In May 2014, Bokwang Hi-tech Vina Co., Ltd extended its manufacture scale by leasing extra factories at Lot KT1-B, Que Vo IP, Bac Ninh Province. Project of Bokwang Hi-tech Vina Co., Ltd in Que Vo Ip has total investment capital obtaining 10.5 million USD. Its products are to provide Samsung Bac Ninh and Samsung Thai Nguyen. With its nonstop development, Bokwang Hi-tech Vina Co., Ltd has made valuable contributions to the local authority and local people.



7. COMMENCEMENT TO BUILD SEGYUNG VINA FACTORY

In December 2013, Segyung Vina Co., Ltd from Korea and KBC signed the land sublease contract for the Lot H1, Que Vo IP, Bac Ninh Province. After being approved and granted the investment certificate by Industrial Zones Authority of Bac Ninh Province, Segyung Vina Co., Ltd commences to build the factory with total investment capital achieving 7 million USD. Its major terms in manufacturing tapes, films, foam with effect of padding, insulation, heat insulation, waterproof, shock absorbers, screen protectors and other accessories for mobile phones, electronic components. As schedule, Segyung Vina factory will come into operation in August 2014.



8. M&C ELECTRONICS VINA FACTORY OFFICIALLY COMES INTO OPERATION

In September 2013, M&C Electronics Vina Co., Ltd and KBC signed the land sublease contract for the Lot J1 – its total area 31,000m², Que Vo IP, Bac Ninh Province. M&C Electronics Vina Co., Ltd is a member of M&C MFG PTE – one of Korean reputable corporation in terms of manufacturing electronic components for mobile phones, cars, motorbikes. M&C Electronics Vina Co., Ltd in Que Vo IP has its total investment capital obtaining 21.5 million USD. In June 2014, M&C Electronics Vina factory has officially come into operation intending to solve the employment for about 1,500 local labors.



3.1 General Meeting of Shareholders 2014

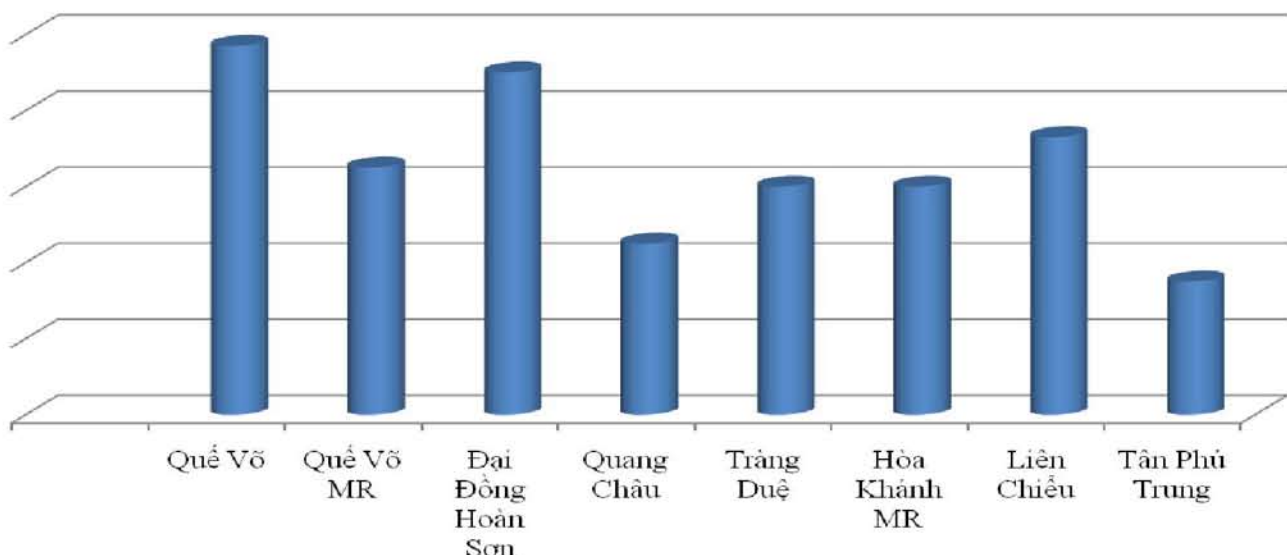
On April 25th, 2014, KinhBac City Development Holding Corporation (KBC) holds the annual general meeting of shareholders in Bac Ninh province to ratify the business plan in 2014. Accordingly, the profit after tax of KBC is expected to be 160 million Vietnam dong, which is increased twice comparing with the data of the same period in last year. Total consolidated revenue is also announced the goal of 1,800 billion Vietnam dong, which is increased 60% comparing with 2013



In the last year, the economy of whole nation meets many difficulties, not only with Kanabec City Development Holding Corporation but also with the economy of Vietnam. However, with determination of all the staffs and especially the ingenious guidance of Board of Directors, KBC “has overcome the most difficult period” cited from Mr. Dang Thanh Tam – Chairman in the meeting.

In 2013, the result of business operation of KBC is satisfactory with many new projects invested in the Industrial parks. With the business plan in 2014, KBC keeps negotiating with the potential investors for the new investment projects, simultaneously; KBC has negotiated with CJ Corporation of Korea for the cooperation in the field of logistic. In previous, in Vietnam, CJV- the subsidiary of CJ Corporation also repurchases the chain of Megastar cinemas. Currently, CJ Corporation has its business on many fields such as: food, food service, entertainment, home shopping and logistic.

INDUSTRIAL LAND OCCUPANCY RATE





3.2 INFRASTRUCTURE INDUSTRIAL PARK IMPROVEMENT

With the profound perception on the important of post - sale service to the enterprises in the Industrial park, KBC has gathered the capital and work force to implement actively the maintenance on the public facility system in the Industrial park

The cleaning maintains on every road route in the Industrial park.

In order to become the green-clean-beautiful Industrial park, KBC has planted many trees in the Industrial park, replaced the dead trees and conducted the periodic pruning to create the clean landscape in the Industrial park.

Work force of the Security team in the Industrial park is also supplemented to control the violation on environment sanitation

in the Industrial park in addition to the security guarantee.

With the continuous attempt, the Management Board of the Industrial park is looking forward to create a green-clean-beautiful Industrial park and the favorable conditions to the investors in the Industrial park.





Enhancing the electricity supply system

With the orientation development of industrial park in the middle of 2014, Kinh Bac City Group concentrated in improving, enhancing the technology infrastructure which is include in internal routes system, water supply system, drainage system and lighting system ...

Water plant maintains synchronously in order to supply completely water for factories with quality standard.

Water treatment plant is enhanced into level A with capacity of 6,000m³ per day, which meets demand of wastewater treatment to industrial park contributes to enhance the quality of Que Vo Industrial Park.

In the first quarter of 2014, police station in Que Vo Industrial Park is on stream, in order that ensuring security is preserved and stabled in industrial parks.

Besides, the lighting system in industrial park is attached special importance by the whole internal routes is lighted with the large capacity.



Completing the water supply system of industrial park



Water supply system plant is enhanced into level A according to Vietnam's standard

Ensuring safety, enhancing the quality service and Serve is set in industrial park

With the upgrade, Que Vo industrial park hopes that the business investment will satisfied not only the quality service but also infrastructure of industrial parks



Police station in industrial parks

DAI DONG HOAN SON INDUSTRIAL PARK

4.1. THE PROJECT ACTIVITIES IN INDUSTRIAL PARK

1. GRAND OPENING OF FRAMAS HANOI FACTORY

On May 10th, 2014, Framas Hanoi Co., Ltd held grand opening ceremony of Framas Hanoi factory at Lot H3-2, Dai Dong Hoan Son IP, Tien Du District, Bac Ninh Province.

The representatives of Bac Ninh Industrial Zones Authority, the agencies and the other important partners of Framas Hanoi Co., Ltd participated in the ceremony.

Project of Framas Hanoi Co., Ltd in Dai Dong Hoan Son IP has total investment capital of 10 million USD, which produced the cover of phone battery charger. The project used the model production line, the high capacity, which will make the positive contribution to local authority and country.



2. GRAND OPENING OF DYNAMIC MOTION VIETNAM FACTORY

On June 6th, 2014, Dynamic Motion Vietnam Co., Ltd held grand opening ceremony of Dynamic Motion Vietnam factory at Lot E5-5, Dai Dong Hoan Son IP, Tien Du District, Bac Ninh Province.

The representatives of Bac Ninh Industrial Zones Authority, the agencies and the other important partners of Dynamic Motion Vietnam Co., Ltd participated in the ceremony.

Project of Dynamic Motion Vietnam Co., Ltd in Dai Dong Hoan Son IP has total investment capital of 4 million USD, which produced the megaphone and headphone for electronic products. The project used the model production line, the high capacity, which will make the positive contribution to local authority and country.



4.2. THE INFRASTRUCTURE ACTION OF DAI DONG HOAN SON INDUSTRIAL PARK



With the purpose of perfecting the infrastructure service in industrial park, in first quarter and second quarter of 2014, Dai Dong Hoan Son IP conducted to construct the water supply plant and drainage plant.

The water plant is constructed in a wide range of 10,569m² with capacity of 2,300m³ per day.

Wastewater treatment plant is conducted with capacity of 4,000m³ per day, which is set in level A wastewater.

The expected time to accomplish these plants is on the fourth quarter of 2014

1. Decree No. 218/ 2013/ND-CP dated in 2013 of detailing and guiding on implementation of Corporate Income Tax Law
2. Decision No. 04/ 2014/ND-CP issued of the coordinate regulation in resolving international investment disputes
3. Decision No. 01/ 2014/QD-BHXX issued of the application and settlement process in the right of the social insurance
4. Circular No. 05/2014/TT-NHNN guided on the opening and using an account of indirect investment capital in order to implement the activities of indirect foreign investment in Vietnam
5. Circular No. 11/2014/TT-BCA guided on the fire protection law
6. Circular No. 03/2013/TT-BLDTBXH on using and granting licenses for foreign employee
7. Circular No. 201/2013/TT- BTC guided on applying an agreement about the method of determining the taxable price (APA) in tax management, which was valid from February 5th, 2014
8. Dispatch No. 1752/BTC-TCT on February 10th, 2014 on enhancing the tax management to enterprises with high risk of tax
9. Circular No. 75/2014/TT- BTC on June 12th, 2014 issued on the rate of fee, regulation of fee, paying, managing and using fee of constructions design verification
10. Decree No. 43/ NQ-CP on June 6th, 2014 on important tasks to reform the administrative procedures about taking form and implementing the investment project land - used in order to improve the business environment
11. Instruction No. 17/CT-TTg on June 6th, 2014 about the measures to re-organize notarized copy requirement abuse to documents in administrative procedures



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