



ANNUAL REPORT 2013





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KINH BAC CITY DEVELOPMENT HOLDING CORPORATION

STOCK CODE: KBC

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I. Overview:**1. ABOUT US:**

- Name:
 - Vietnamese name: TONG CONG TY PHAT TRIEN DO THI KINH BAC – CTCP.
 - English name: KINHBAC CITY DEVELOPMENT HOLDING CORPORATION
 - Short name: KINHBAC CITY GROUP
- Certificate of Business Registration: 2300233993, granted by Bac Ninh Department of Planning and Investment on March 27, 2002, 13th amendment on 25 October 25, 2011.
- Charter capital : 3.000.000.000.000 VND
- Owners' equity: 2.957.111.670.000 đồng
- Address: Lot B7, Quế Võ Industrial Park, Phương Liễu Commune, Quế Võ District, Bắc Ninh Province, Việt Nam
- Telephone: 0241 3634034
- Fax: 0241 3634035
- Website: <http://www.kinhbaccity.com>
- Stock code: **KBC**

2. KBC- The path of constructing core values❖ **From 2002- 2004: Building platform**

Founded with charter capital of 20 billion VND on March 27th, 2002, Kinh Bac City Development Holding Corporation – KBC, formerly known as JSC Kinh Bac City Development Holding, has experience in building industrial park field for 12 years. During development period, KBC has faced with both many opportunities and challenges.

Our main business is investing on industrial parks (IPs) to provide an appropriate environment and facility for manufacturing enterprises. Following the main trend of our country in the first years of the 21 century that is concentrating on industrialization and modernization, vision of KBC is building modern IPs that would appeal to FDI companies. Industrial parks development, additionally, has brought many economic benefits, such as creating new jobs and contributing to not only local economy but also national development in general.

With successful operation of the very first project named Que Vo Industrial Park in Bac Ninh Province since 2003 and then many other IPs projects in the North of Vietnam, our brand name KINHBACCITY has a significant position in enterprise customers. In the first three years, KBC had built a solid foundation that consists of:

- Improve management system that focused on human resources with full of knowledge and skills in our field are critical for internal development.
- Have a long-term strategy with 10 and 20 years objectives that are appropriate with Government orientation. This lightens our paths, especially in the most difficult time of crisis. Thanks for experience and resources accumulation for many years, we have sufficient resources to develop sustainably.
- More important, huge supports and strong consensus of local residents where our IPs is located is our advantage when implementing projects in long-term.

After 3 years, the first Que Vo Industrial Park with total area of 311 ha has officially run and attracted many high-tech FDI companies. Our initial mission that is transforming poor, low productive agricultural land to IPs fulfilled by high tech and no environment pollution corporations have come true.

❖ From 2005-2007: Development phase

Based on competitive advantages we had from the former period, the next phase focused on positioning our brand name in targeted customers' mind and gaining prestige with government. Our target customers are high tech corporations while most of them are FDI companies, thus results of our business depend on the level of FDI in Viet Nam. Thus, with objective "Introduce KBC's image to foreign investors", marketing plan was implemented strategically through promotion for Vietnam investment environment with many incentives and competitive advantages.

Our well-known customers confirmed the success of this period. Their nationalities are various such as Japan, Taiwan, South Korea, Singapore to Europe. Few big names are Cannon, Foxconn, MITAC, Panasonic, Wintek, UMEC, Tenma, Mitsui, VS, SENTEC, Toyo Ink, Yamato Industries and so on. Their venders also followed their investment decision that have fulfilled our first IP – Que Vo.

❖ From 2008 – now : Creating core values

The main objects in this period is expanding scale of land bank, diversifying our products, attracting FDI customers more actively, branding and allocating capital. Some remarkable achievements are:

- KBC has built many IPs with their individual scale area is 300ha or more per IP. The active IPs includes: Que Vo existing(300 ha), Expanded Que Vo (300 ha) in Bac Ninh Province, Quang Chau (426 ha) in Bac Giang Province, Trang Due Industrial Zone 400 ha (150 ha in phase 1) in Hai Phong city and Tan Phu Trung – HCM city (590ha). In addition, Nam Son Hap Linh IP - BacNinh (402.5 ha) will be launched in 2014.
- Urban area land bank are significant for our long term development, consists of Phuc Ninh urban area - 136.47 ha in Bac Ninh Province, Quang Chau urban area - 120 ha, houses for low-income people in

Bac Ninh province - 6.3 ha, Rice Diamond Tower - My Dinh - Ha Noi City 4ha, Diplomatic Area Project Tu Liem - Ha Noi City 2ha, etc.

On 31st December, 2013, KBC's total assets is **12.532.339.285.843** VND and owner's equity is **4.050.480.428.177**VND. Our recent model is building combination of industrial park and urban area in order to satisfy new demand of personel in IPs. Our success has also contributed to government's budget, mordernizing facility and indirectly reducing unemployment rate.

❖ **KBC – Public company**

On 18th December 2007, stock code KBC that is represented for Kinh Bac Development Holding Joint Stock Company was officially posted in Hanoi Stock Exchanges. The number of stocks traded is 88,000,000. In 2008, KBC was one of the highest trading volume stock in Hanoi Stock Exchanges and was voted as Top 10 the best stock of Vietnam by Standard&Poor.

After 2 years, JSC Kinh Bac Development Holding had new brand name KINHBAC CITY DEVELOPMENT HOLDING CORPORATION. On 18th December, 2009 KBC moved to Ho Chi Minh Stock Exchanges with the number of traded stock is 199,124,330. And accounting on 31/12/2013, total stock is 295,711,167.

❖ **Overcome crisis**

From 2009 to 2012, most of real estate companies had faced with many difficulties because of the world's financial crisis and KBC is no exception. This the hardest time when level of Viet Nam FDI attraction dramatically fell, KBC also hardly attracted new FDI and real estate projects had to delayed following the market trend. In addition, it is hardly for KBC to borrow more money from banks

Although the economy generally still suffered from crisis effects, 2013 was a remarkable year when KBC got a significant growth in comparison with 2011-2012 figures. Most of our IPs signed new contracts of lending land, renting and selling factories and offices, especially Trang Due IP and Expanded Que Vo IP. The most outstanding achievement is successfully appealing to LG Electronics Corporation and their satellites invested in Trang Due IP. At the same time, Trang Due IP, which KBC owns 90%, was belongs to Dinh Vu- Cat Hai Economic Zones. This means companies who invest in the industrial park would benefit by much more tax and tariff incentives than other Ips. This will be KBC's competitive advantage for long time.

Recently, KBC is one of the leaders in industrial park market with high level of FDI attraction in Viet Nam.

❖ **Events and awards**

- ✓ Received Certificate from the Chairman of State Securities

Commission of Viet Nam due to win the Best Annual Report for many years.

- ✓ Continuously achieved “Excellence Labor Collective” from Chairman of Bac Ninh Province
- ✓ Be honor to receive Second- Class Labor Medal in 212
- ✓ Received “National Famous Brand Award”, “ASEAN Excellent Award”, TOP 100 Vietnamese Golden Star” in 2010
- ✓ Continuously received Competitive flags from the Government since 2004
- ✓ Receive Typical Enterprise and Typical Businessman of Three countries Laos – Cambodia – Vietnam
- ✓ Mr. Dang Thanh Tam – The Chairman of KBC – is a speaker in “The next Asia talented generations” in World’s Economy Forum in 2010
- ✓ Mr. Dang Thanh Tam was honored to be one of the five excellent Vietnamese businessmen awarded “Ernst&Young Entrepreneur award 2011”

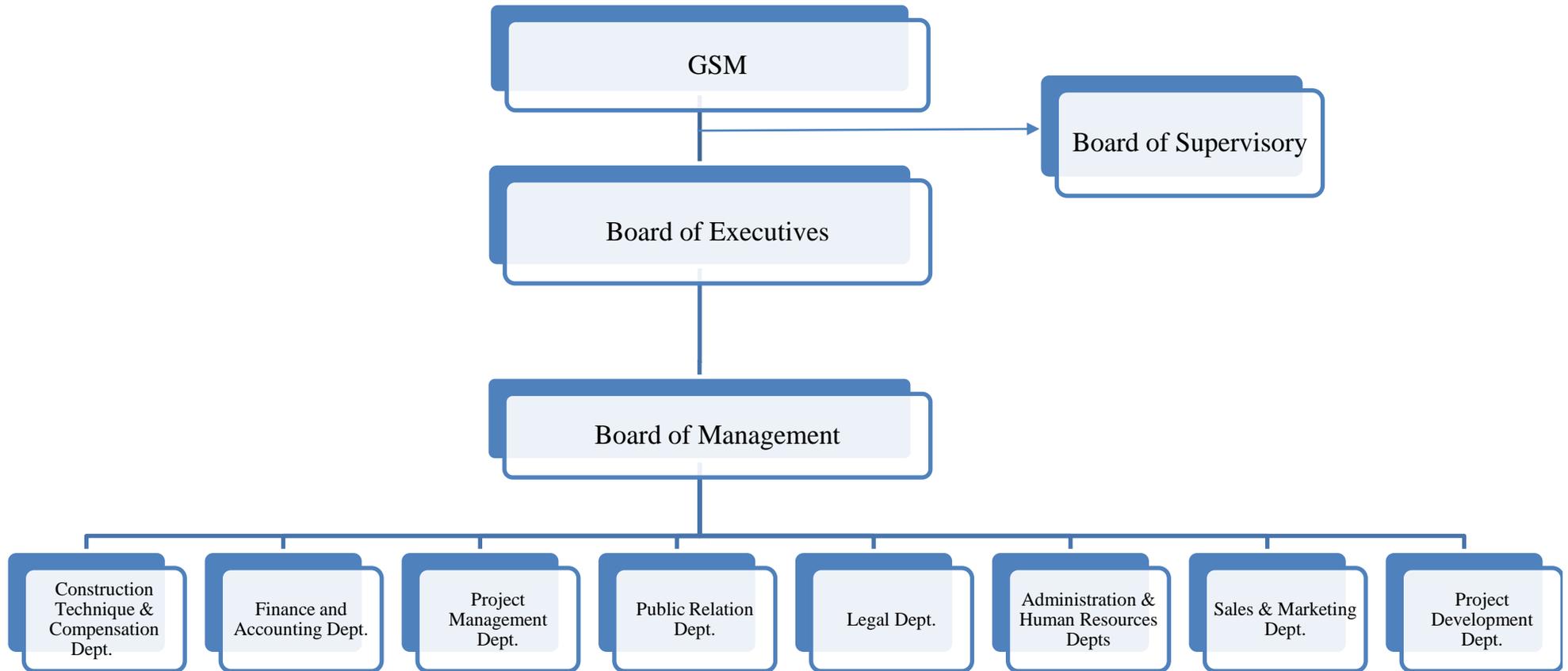
3. Lines of business and business location

KBC’s core is on business real estate that focuses on industrial park land and services. Indeed, the main activities consist of investment, construction and leasing land and infrastructure, leasing and selling factories, offices and warehouses built in Ips and provide other services in Ips. The core business’s annual revenue makes up over 70% total revenue of KBC.

With approximately 20 Industrial Parks and Urban Area located across the country from the North to the South, KBC has a geographic advantage. Each of our industrial parks has strategic area, which is in central of economic zone and supply chain, near by the national roads, airport, seaport Recently, a number of industrial parks which has significantly contributed to our revenues and reputation are as follows

- ✓ Existing Quế Võ Industrial Park –Bắc Ninh Province
- ✓ Expanded Quế Võ Industrial Park – Bắc Ninh Province
- ✓ Quang Châu Industrial Park –Bắc Giang Province
- ✓ Trảng Duệ Industrial Park- Hải Phòng City
- ✓ Tân Phú Trung Industrial Park–Hồ Chí Minh City

4. Management apparatus



5. Organization system**Board of Directors**

No.	Name	Position
1	Mr. Đặng Thành Tâm	Chairman
2	Mrs. Nguyễn Thị Thu Hương	Member
3	Mr. Ngô Mạnh Hùng	Member
4	Mr. Huỳnh Phát	Member

Board of Supervisors

No.	Name	Position
1	Mrs. Nguyễn Chung Thủy	Head
2	Mr. Bùi Ngọc Quân	Member
3	Mrs. Lê Thị Thu Hằng	Member

Board of management

No.	Name	Position
1	Mrs. Nguyễn Thị Thu Hương	General Director
2	Mr. Phạm Phúc Hiếu	Deputy Director
		Chief of Accountant
3	Phan Anh Dũng	Deputy Director

6. Subsidiaries and Associates:

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No.	Subsidiaries	Address	Business field	Charter Capital (bill)	Paid-in capital	KBC owns
1	Sài Gòn – Bắc Giang Industrial Park JSC.	Quang Châu IP, Quang Châu Commune, Việt Yên District, Bắc Giang Province	IP real estate	220	119	59,5%
2	Sài Gòn- Hải Phòng Industrial Park JSC.	Tràng Duệ IP, Lê Lợi Commune, An Dương District, Hải Phòng City	IP real estate	200	180	90%
3	Sài Gòn- Tây Bắc City Development JSC.	Trạm Bơm Hamlet, Highway 2, Tân Phú Trung Commune, Củ Chi District, HCM City	IP real estate	500	205	60,52%
4	Sài Gòn Long An IP Investment and Construction JSC.	Hamlet 4 Tân Đông Commune, Thạch Hóa District, Long An Province	IP real estate	2,76	0,3	51%
5	Trang Cat City Development member Limited Company	Bai Triều, Tràng Cát ward, Hải An District, Đình Vũ - Cát Hải economic zone, Hải Phòng City	IP real estate, urban area	1500	1500	100%
6	Bắc Giang Thermal Power JSC.	Quang Châu IP, Việt Yên District, Bắc Giang Province	Thermal power	3000	11,44	51%

No.	Associates	Address	Business Field	Charter capital	Paid-in capital(bil)	KBC owns
1	SGI – Laos Hydro power JSC.	20 Mạc Đĩnh Chi, Trúc Bạch ward, Hà Nội City	Hydro power	1000	190	34,3%
2	Saigon Telecommunication Technology Corp.	Lot 46, Quang Trung Software Park, Tân Chánh Hiệp ward, District 12, Hồ Chí Minh City	Telecommunication	740	423.5	21,48%
3	Saigon Hi-tech Park Infrastructure Development JSC.	Lot 6-1, Ree Building, 364 Cộng Hòa Road,13 ward, Tân Bình District, Hồ Chí Minh City	Commercial real estate	288,87	82,33	27,44%
4	Nam Việt Lan JSC.	26 Mai Thị Lựu, Đakao ward, District 1, Hồ Chí Minh City	Commercial real estate	100	20	20%
5	Sài Gòn- Cà Mau Infrastructure Corp.	IP ward 8, Lê Hồng Phong District, Cà Mau City	IP real estate	70	10	20%
6	Sài Gòn- Dung Quất Investment Development Corp.	340 Phan Đình Phùng, Quảng Ngãi City, Quảng Ngãi Province	IP real estate	4.75	2	40%

7. Development Orientation

Vision: KBC becomes the leader in industrial park field providing real estate and supportive services in industrial parks for foreign investors

Mission: KBC would overcome all kinds of challenges in order to turn poor area, low productivity land into industrial parks that are fulfilled by high-tech and environment-friendly factories.

Long-term objective is focusing on a sustainable development through value and resources accumulation of enterprise that would satisfy social and economical improvement after crisis.

In order to achieve above criteria, KBC draws strategy as following:

7.1. *Improving human resources:*

KBC always appreciates slogan “Right people in right position” and “Fair justice” in management that would motivate employees to contribute to company in the best way. Acknowledging the important role of human resources, board of management cares much about award policy for high quality employees. For example, during period from 2011 to 2012, when Company had to suffer many difficulties and fail in business, all employees felt assured to continue working because Company has high-level job-security policy for them. As a result, during 12 years of establishment and development, KBC has recent success thanks for all employees’ believe and contribution.

7.2. *Restructuring:*

Restructuring is the main concern of almost managers for last 3 years when Vietnam economy saw many problems in crisis. Many leaders in core business fields suffered deterioration from scattered investments since blooming period. Recognizing the same problems and changes of market and macro-economy, KBC defines that it requires time and efforts to restructure our company from organization to investment portfolio.

In next period, KBC will focus on the core business that is investment, construction and developing infrastructure in urban area and industrial park. Based on our competitive advantages, positive situation of market and policies, in 2014, KBC has intension of developing following industrial: Expanded Que Vo, Nam Son Hap Linh, Quang Chau and Tan Phu Trung IPs.

Orientation for KBC’s investment portfolio that does not belong to the core business is limited and downsized. Recently, our company has successfully withdrawn from finance and banking field and continued with power projects.

7.3. *Land bank*

KBC are operating, co-operating and reserving through subsidiaries and associates some industrial parks that scale are approximately 8000 ha. The area are sufficient to invest and run for next 10 to 20 years. Especially, when the Directive of Prime Minister

No.07/CT-TTG dated 2/3/2012 on limiting new unnecessary industrial parks, the reserved land bank of KBC becomes the biggest asset that is overwhelming in comparison with potential competitors.

In addition, KBC carried on preserving commercial real estate in order to develop urban area. Investing on houses for employees, high-end apartment and houses for specialists and managers is the mainstream in Asia developing countries such as Thailand, Singapore... and Vietnam is projected to be no exception.

7.4. Brand name

The 21th century is the century of brand name marketing channel. KBC has put more effort in promotion that positions our brand in FDI companies thought when they have intension of investing in Vietnam. The image we focus on is modern, environment friendly, professional and high qualification services in IPs. Many awards we received from domestic competition to international voting confirmed our reputation. Moreover, the fact that our famous customers such as Cannon, Foxconn, Wintek and LG Electronics with their venders continuously invest in our IPs is the most significant sign for our qualification because the big international corporations set up high level of requirements before they invest.

7.5. Operation and Marketing strategy:

In order to improve services qualification, KBC specialized department for production tasks. Among KBC, subsidiaries, associates and related services providers, there are good cooperation, management system and resources allocation that would increase our productivity and qualification in various services. Furthermore, KBC has diversification strategy with product line, for instance, we provide not only land for leasing but also available warehouses, offices and factories for renting and selling that would meet various customers' requirements and conditions. Other services in IPs such as electricity, water and water services, telecommunications... are also provided by KBC that much support for manufacturing.

On the other hand, PR and marketing plan are implemented since the project is launched. For example, Nam Son Hap Linh is a new project of KBC launched in 2014, however, from now, many potential customers such as Samsung's venders were provided important information have concerned and negotiated to invest in near future. Additionally, one of the most effective marketing channels is keeping good relationship with current customers because they are the bridge between us and the new customers – who are their partner, venders or relatives.

8. Environmental and social responsibility

Based on our mission, KBC always appreciates environment aspect in our Ips, for example, facilitating standard water treatment factory, green and open space density and so on. As a result, this is our pride because of being a typical environment- friendly in Viet Nam

Other social profit brought from our business is attracting FDI to Vietnam is creating thousands of new jobs and paying tax. KBC's development also followed government's orientation that contributed to sustainable development of our country. This is the main reason why we receive many supports and preferences from local government and people. Furthermore, KBC actively shared our profit for social activities such as annually helping poor and minority people, occasionally contributing in kind for people suffered from natural disaster. Environment funds and education funds are also received our cares and contribution.

9. Risk management:

9.1. External risks

Worldwide: 2013 is an unpredictable year for the world economy. The biggest economies such as USA, Euro zone and China all have faced with many complicated problems, accompany low growth rate of world economy that led to tighten investment policy all over the world. This phenomenon indirectly influenced KBC because our targeted customer is foreign direct investment. With decrease of their homeland's economy, some companies and corporations would withdraw low profit margin market, or even bankrupt. However, in 2013, in KBC's Ips, 90% companies confirmed that they would remain scale of their business.

Vietnam:

Political risks: World Bank recommended that Vietnam economy still had many risks to invest although government successfully controlled inflation rate, gold market and foreign exchange rate in 2013. For KBC situation, most of our contracts are implemented by USD and other foreign currency, thus, foreign exchange rate changes would affect on our revenue.

In 2012, Prime Minister and government made decision limiting new unnecessary industrial parks and controlling and even reclaiming back ineffective industrial parks and urban area. The new policy might effect on our long-term strategy when almost urban area projects were delayed by bad situation of real estate market and lack of capital.

Economic risks (Real estate market): KBC have risks from lack of liquidity in market when demand dramatically went down for few last years. When the market has not yet become warmer, KBC hardly continues and invest more in urban area projects.

9.2. Internal risks:

Financial management risks:

As a real estate company, KBC hardly borrowed new capital from banks during crisis because they were afraid of market's uncertainty and bad debts. Moreover, changes in interest rate policy might be possible while our debt ratio is quite high. If interest rate increases, it will rise cost of goods sold as well as financial cost that is difficult for launching new project and decrease our net profit as well. In addition, it is necessary to revise financial management and capital allocation when KBC has obligation to pay 3.000 billion dong KBCbond maturity in 2014.

With investment on subsidiaries, associates and other portfolio, KBC might have risks from stock markets and loss from their business results. In order to limit damage, KBC have high rate of provision for investment portfolio. Some subsidiaries and associates have not officially operated because they are in process of legal procedure. Thus, their costs such as management cost, initial investment and so on are loss of KBC, if the projects of subsidiaries and associates are not profitable in future.

KBC also cares much about payment ability of customers, especially in crisis because many FDI companies might bankruptcy. Apart from provision for bad receivables, KBC appreciates legal responsibility and reclaiming assets.

Risks from sales:

FDI companies are the segmentation KBC chose; hence, the most important issue we care is FDI attraction level in Vietnam. Although in 2013, both Vietnam and KBC enjoyed the high level of FDI attraction, in future this phenomenon might not remain because of uncertain development of world economy and other factors.

Recently, Korea is ranked as the second nation invested most in Vietnam last year and they are our number one customer, too. We keep trying our best to attract more Korean companies, however, KBC intends to search other nationality such as Japan, Euro zone, US and so on. This tactic would reduce risks when a country or a region faces to particular problems.

Risks from competitors:

As mentioned above, when the industrial park segment are more attractive, KBC would compete with a wide range of competitors, not only the recent ones but also many new entrances. Recently, KBC's current competitors consist of domestic companies such as Viglaceras, Industrial Development Corporation, Song Da Corporation, Vinaconex, etc. and foreign companies such as VSIP, Kizuna JV and so on. Each of them has particular advantages for example technology, capital, and reputation that challenge KBC. We have to renovate continuously technology, skills in order to ensure the best qualification in construction. Moreover, competitive strategy should compared the strengths and weaknesses of competitors with ourselves that support us in expanding market share and scale plan.

Apart from, commercial real estate is potential but risky segment because our competitors have profound experience and resources.

II. Business performance 2013:

Overview:

Although 2013 is an unpredictable year with many up and down changes of economy, KBC has overcome the most difficult time when total revenue is 1,131 billion dong. This result is higher 16 percent than our expectation and as 342 percent as 2012. Its core business revenue (activities related industrial park) is 1,072 billion, accounts for 94 % of total revenue. Additionally, thanks for the revolution in management; costs were cut down to 66 billion dong. It is remarkable point for our development that Kinh Bac focus on the sustainable development after crisis, especially increasing profit for shareholders.

On the other hand, some critical factors effect on results. First, financial cost accounted for huge proportion, mostly interest is 310 billion dong that decreased our profit after tax and interest. Second, although loss form subsidiaries and associates is 17 billion dong, the figure is only 22% of loss in 2012.

As a result, 2013 profit after tax and interest is 78,8 billion dong, higher 16% than planned. This result forecasts for the next development period of KBC.

1. Business performance:

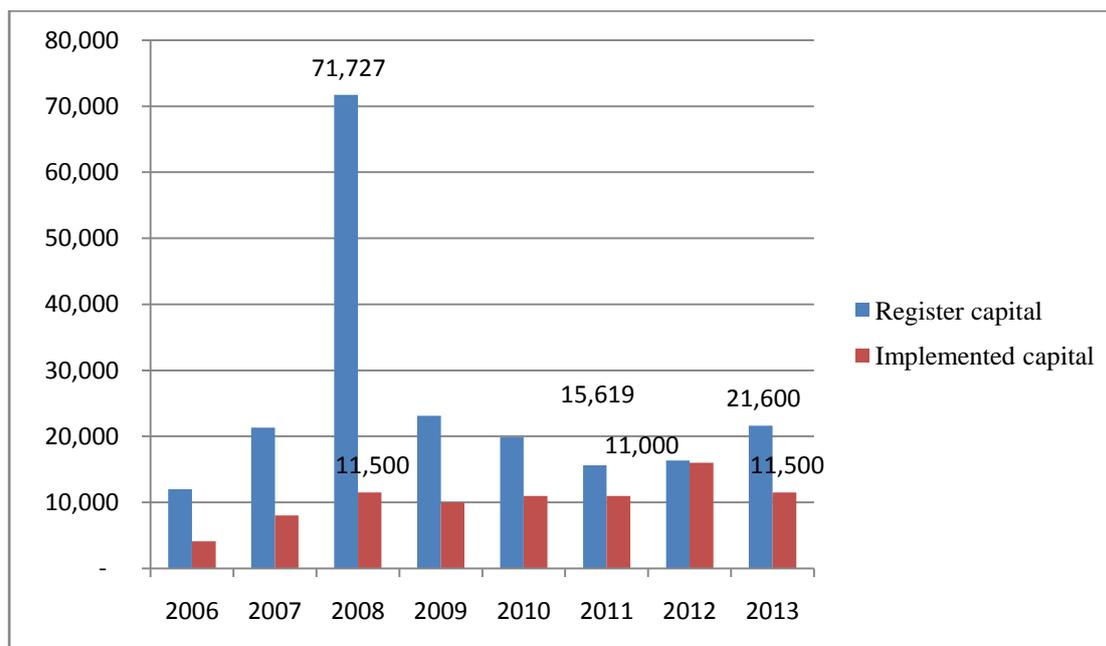
1.1. Economic background in 2013

With the expectation that shareholders are able to insight our business performance, Board of Directors provide some decisive factors with our activities. Based on the platform of macro factors as well as Company's characteristics, some explanations would be given more comprehensively.

The critical factor that influences KBC performance is FDI attraction level because 90% of our customers are FDI companies and corporations. In context of world economy, FDI attraction level has fluctuated for last 10 years. During the blooming period, Vietnam became one of the most attractive places for foreign companies due to many advantages such as stable policy and low labor costs. For instance, FDI attraction reached a peak for 2007 and 2008. As soon as the crisis appeared, FDI plunged and later remained at low level, approximately 10 billion USD each year. Until 2013, when the world economy seemed to recovery, FDI turned into uptrend. Some huge corporations and their venders have intension of investing and expanding production in Viet Nam such as LG and Samsung.

To sum up, Mr. Le Dang Doanh, who is the last head of Vietnam Economic Research Institution, said, "FDI is the outstanding light for Vietnam economy in 2013". Thanks for this improvement; the number of investors interested in KBC has significantly increased.

Chart: Foreign direct investment in Viet Nam period 2006- 2013



Sources: General statistic office

On the other hand, government policy and regulation are also influence on our strategy and results. Apart from many tax and tariffs incentives for FDI companies, KBC have to cope with many consequences of tightening policies due to financial crisis. As mentioned above, recently government no longer allow building new unnecessary industrial parks, KBC has to reserve and rebuild strategy with our land bank that not only satisfy the short-term objectives but also guarantee for long-term development. In addition, government reclaims real estate projects if they are evaluated as unnecessary, ineffective or being delay although market is freezing. Company has also struggled with financial resources to keep on investing these projects when banks limited lending capital with real-estate business. This is one of the reasons why commercial real estate segment, which KBC has launched, had not developed as much as its potential.

1.2. Business result in 2013

Table: Summary of Income Statement 2013

Unit: VND

Criteria	2011	2012	2013	Growth rate 2013/2012
Total revenue	891.694.945.852	330.699.506.070	1.131.241.544.435	342%
Revenue from sales of goods and rendering of services	633.628.337.768	281.433.009.280	1.072.821.421.328	381%
Profit/loss of Parent Company	35.730.016.956	(435.644.344.014)	72.499.051.092	117%
Profit after tax	77.791.211.288	(483.912.418.102)	78.815.864.899	116%
Profit per share	123	(1.503)	250	117%

Sources: Financial Report 2013

The table illustrates the core results of KBC performance in 2013. Total revenue is as three times as 2012 revenue and as 1.3 times as 2011 figures. In detail, revenue from sales of good and rendering services has the same upward trend. Profit after tax of KBC is 78.8 billion dong that prevents of State Securities Commission of Viet Nam from warning our loss during last 6 quarters.

In comparison with 2013 objectives, we have the fabulous result as following:

Unit: billion dong

Criteria	Implemented	Objectives	% changes
Total revenue	1.131	979	116%
Profit after tax	78,8	68	116%

Forecasting difficulties and challenges KBC would cope with, Board of Management had adjusted plan and objectives that is sufficient with our resources and economic background. After one year with full of efforts, KBC has achieved excellently, both objectives about total revenue and profit after tax, are higher 16 percent than expectation. This result has built shareholders and investors' trust and belief in KBC's future.

2. Organization system:

Last year, KBC organization system is stable

2.1. Board of Management

Name	Position	Ownership rate
Mrs. Nguyễn Thị Thu Hương	General Director	0,1%
Mr. Phan Anh Dũng	Deputy Director	0,003%
Mr. Phạm Phúc Hiếu	Deputy Director and Chief of Accountant	0,007%
Mr. Ngô Tuấn Dũng	Deputy Director	0%

Ms. Nguyen Thi Thu Huong, born in 1971, was appointed General Director replacing Mr. Dang Thanh Tam since 21/11/2012. She has a PhD in Economic Science and a Master of Business Administration. Mrs. Huong had been Deputy Director for 10 years, accompanying with Mr. Dang Thanh Tam, starring KBC to success of today. More important, her overwhelming diplomatic ability has contributed to FDI attraction in KBC and found many huge projects. With her excellent knowledge and profound experiences in KBC, she has critical roles in KBC's improvement for last years.

Mr. Phan Anh Dung, born 1969, is currently Deputy Director in charge of project management and construction technique of Company. He achieved Degree in Construction Engineering and Master of Business Administration. Being a Technical manager of KBC with many experiences in management and dealing with technical problems in projects, later he was appointed Deputy Director since 1/6/2011.

Mr. Pham Phuc Hieu, born 1978, was appointed Deputy Director and Chief Accountant replacing Mr. Tran Ngoc Diep since 8/12/2012. Currently, he is authorized as KBC's official speaker. He has a Bachelor in Finance and Banking. With over 10 years working in KBC Group in financial field, he has deep insight KBC strengths and weaknesses, thus Mr. Hieu become the important part of Management Board to orient KBC overcome the most difficult time.

Mr. Ngo Tuan Dung, born 1969, was appointed Deputy Director since 26/03/2013. Mr. Ngo Tuan Dung has a Master of Science Development Research in

Cambridge University. He was in charge of developing project until 01/04/2014.

2.2. *Changes in Board of Management:*

In 2013, there is only one change in Board of Directors

Mr. Ngo Tuan Dung was appointed Deputy Director on 26/03/2013 and then he resigned on 01/04/2014.

2.3. *Personnel policies*

As at December 31st 2013, the total number of employees in Company is 208 people, increasing 5 people compared to that of 2012.

❖ **Recruitment and training policies:**

Recruitment policies could be expressed based on principle that is right people, right job, appreciating effectiveness and fair. Employees of Company are mainly graduates, post-graduates and technical workers. With attracting high-quality labor purpose, KBC has public standards for each position and creates sufficient motivation and environment for staffs. This policy supports them to improve their qualification and builds a professional crew for Company.

❖ **Salary and reward policy:**

Currently, the average amount of salary in Company is 9.050.000 VND per month. Consideration for salary promotion is made on each staffs' entire working process and on recommendation of their managers; or on their higher position when they are promoted. Each year, staffs are paid at least 14 months' salary, additionally rewards from results of business, their particular contribution and special holidays

❖ **Allowances, social insurances and leave policy:**

All employees of KBC are paid for social, health, unemployment insurances and have leave day policy under the Labor Law. They also receive some differences allowances that depend on their particular position and job specificities such as allowances for responsibility, for supporting other departments, lunch, plurality, and travel and phone expense and so on. Each year, Company hosts a holiday excursion and various activities for the entire staffs.

In KBC, human resources are the core value and worthy assets that ensure for the sustainable development of Company.

3. Investment performance:

3.1. Main projects' performance:

❖ Existing Que Vo and Expanded Que Vo IP, built since 2003 with relatively 311.6 and 300 ha are attracting a huge amount of FDI. Recently, occupancy rate of two IP is relatively 90% and 72% due to our competitive price. Next year, our plan for Que Vo IP is focusing on building factories and offices for renting and selling. At the same time, facilitating and sales progress are promoted for Expanded Que Vo IP when the IP have 23ha rest which need to compensating and leveling. In 2013, Expanded Que Vo IP collected revenue from 19.7 ha renting land. Leasing and selling factories and offices is remarkable success when total 39 factories in both 2 IPs were sold and rented.

❖ Quang Chau IP, located in Bac Giang Province, is 420 ha. Recently, there are only 26% in total land rented. In 2013, revenue of the IP is 66 billion VND, equivalent 5,2 ha rented land. Some international corporations are operating as well as intend to expand in the IP, such as Umex and Wintek.

❖ Trang Due – Hai Phong IP is the highest result of business in 2013 because of its advantages. First, the IP have strategically position in both land and sea, such as nearby Cai Lan deep seaport, Hai Phong seaport and many interprovincial highways. More important, the IP belongs to Dinh Vu – Cat Hai Economic zone that would have many tax incentives for investors and corporations. Total area is 400 ha when stage 1 is implemented in 150 ha, and stage 2 is projected to build and facilitate in next year. LG is the biggest customer in the IP. Their contract was signed in December, 2013 renting 40 ha and then they are negotiating with us the next contract with the similar scale.

❖ Nam Son Hap Linh Ip has total 402.5 ha, in which 100 ha compensated for citizens and 10 ha are sub graded. The IP is the main investment target of KBC in 2014, both in construction and attracting FDI. Currently, there are many investors, especially Samsung vendors' pay attention to this industrial park. Firstly, we are going to build 10 factories and complete infrastructure for 100 ha in order to sales as soon as possible.

❖ Tan Phu Trung IP, located in Cu Chi District, Ho Chi Minh city, have 590 ha area which compensated 70% and completed infrastructure. This year revenue is 164 billion VND, equivalent lent 44,9 ha. It is possible to promote sales in this industrial park because of its good position, huge available land for sale and competitive price.

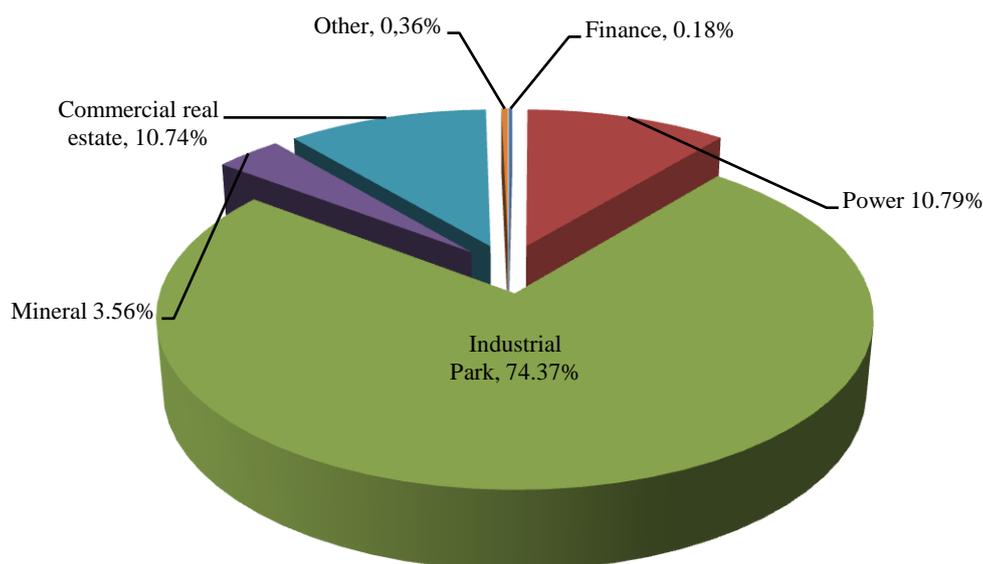
❖ Trang Cat – Hai Phong IP and Urban area located in strategically position, where is in economic delta Ha Noi – Hai Phong – Quang Ninh. Total area is 860 ha that consists of 300 ha for industrial park and the rest is urban area. The area compensated 90%, standing for grading. With government orientation for promoting relationship between Viet Nam and Japan, the industrial park attracts many Japanese companies.

❖ Houses for workers 6.3 ha which is opposite Que Vo IP are negotiating with customers to sales total project.

❖ Diamond Rice Flower Hotel, Hanoi Multy-Function Complex are implementing legal procedures; Quang Chau and Phuc Ninh Urban area will build infrastructure and promote sales when we can allocate sufficient capital.

3.2. *Investment proportion*

KBC is on progress that focuses on restructuring investment field, especially cutting down investment on finance and banking. As 31st December, 2013, KBC investment situation is following:



In 2013, investment activity mostly concentrated on infrastructure in IPs, building urban area and SGI Laos hydropower plan. Total investment in 2013 increased by 253.2 billion VND. In which, investment on development IPs, Phuc Ninh urban area and SGI Laos project is relatively 111.6 billion, 64.8 billion and 76.8 billion dong.

On the other hand, investment in IPs in 2013 rapidly transferred to completed goods then being sold the same year. This is the reason why inventory and construction in progress cost plunged. For instance, Trang Due Ip inventory decreases to 44.5%, equivalent 137.1 billion dong, Que Vo Ip inventory goes down 70%, equivalent 163,9 billion dong.

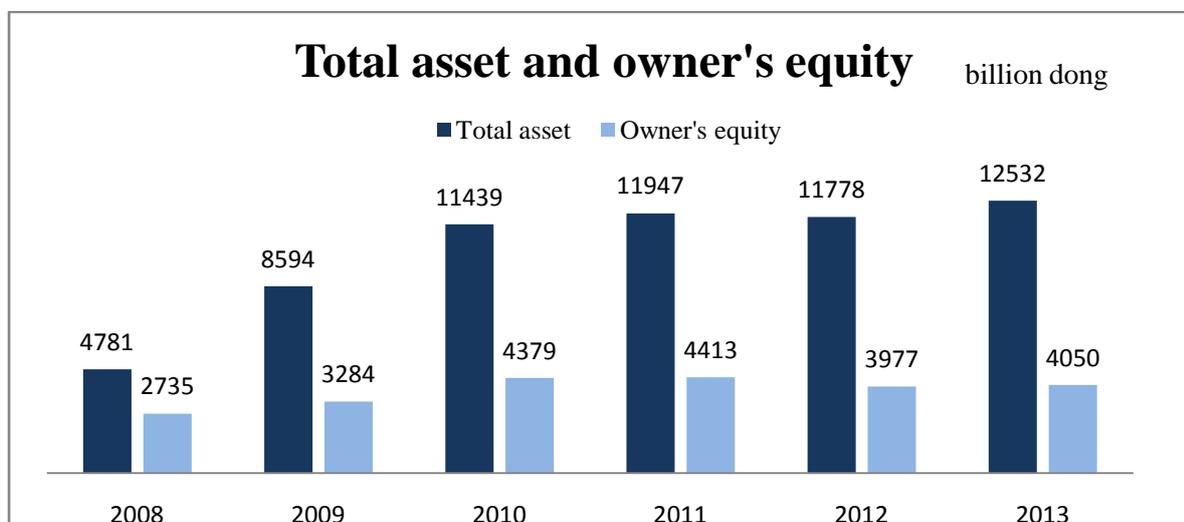
Moreover, in this year, KBC re-purchased some blocks of land in Phuc Ninh Urban Area, which have sold for individual customers. Thus, inventory in Phuc Ninh project significantly increases.

4. Financial status:

4.1 Asset and capital improvement:

In 2013, both ratios have the upward trend. Total asset is 12,532 billion dong, increase by 6.4%, and owner's equity goes up 1.7%, is 4,050 billion dong due to Company's retain profit in this year.

Graph: Asset and owner's equity improvement.



4.2 Profitability:

Ratio	Unit	2012	2013
Gross profit margin	%	38,3	46
After tax profit margin	%	-171.98	7.35
Profit from operation margin	%	-124.52	8.31
Return on asset	%	-4,1	1.95
Return on equity	%	-12,2	0.63

4.3 Liquidity

Ratio	Unit	2012	2013
Capital			
Debt on asset	%	59	60
Debt on equity	%	174	188
Liquidity			
Current ratio	time	3,56	1.53
Quick ratio	time	0,94	0.39

Table refers company's profitability have recovered for 2013 when Company had significant profit. It is noticeable that gross profit margin of KBC is quite high, 46 % that is more 10% than 2012's numbers. On the other hand, ratios that related after tax profit are lower than our expectation because of interest cost's influencing.

Liquidity ratios reduce relatively 0.39 and 1.53. The main reason for this phenomenon is that some long-term loans matured in 2014, thus these debt turn into short-term debt. A short-term liabilities increase three times to 6,520 billion dong, in there, the amount of credit obligation in 2014 is 3,177 billion dong.

Debt on equity ratio is 60% that is sufficient with real-estate business field.

5. Shareholder structure and changes in owner's equity:

5.1 Shares:

As 31/12/2013, the amount of shares of Group is following:

Item	2013
The number of issued shares	295.711.167
<i>Common shares</i>	295.711.167
<i>Preferred shares</i>	-
The number of treasury stock	5.950.978
<i>Common shares</i>	5.950.978
<i>Preferred shares</i>	-
The number of outstanding shares	289.760.189
<i>Common shares</i>	289.760.189
<i>Preferred shares</i>	-

Face value of outstanding shares is 10.000 dong per share

5.2. Shareholder structure:

According to the shareholder list closing on 1st, April, 2014

Shareholders	Shares	Proportion	Up/down
<i>Organization</i>	95,051,693	32.14%	9.67%
<i>Local</i>	58,031,646	19.62%	5.43%
<i>Foreign</i>	37.020.042	12.52%	4.24%
<i>Individuals:</i>		65.84%	-9.66%

<i>Local</i>	179,539,423	60.71%	0.37%
<i>Foreign</i>	15,169,073	5.13%	-10.03%
<i>Treasury shares</i>	5,950,978	2.01%	0%
Total	295,711,167	100%	0%

5.3. *Changes in paid-in capital*

In 2013, there is no activity that changes paid-in capital.

5.4. *Treasury share s transaction: No*

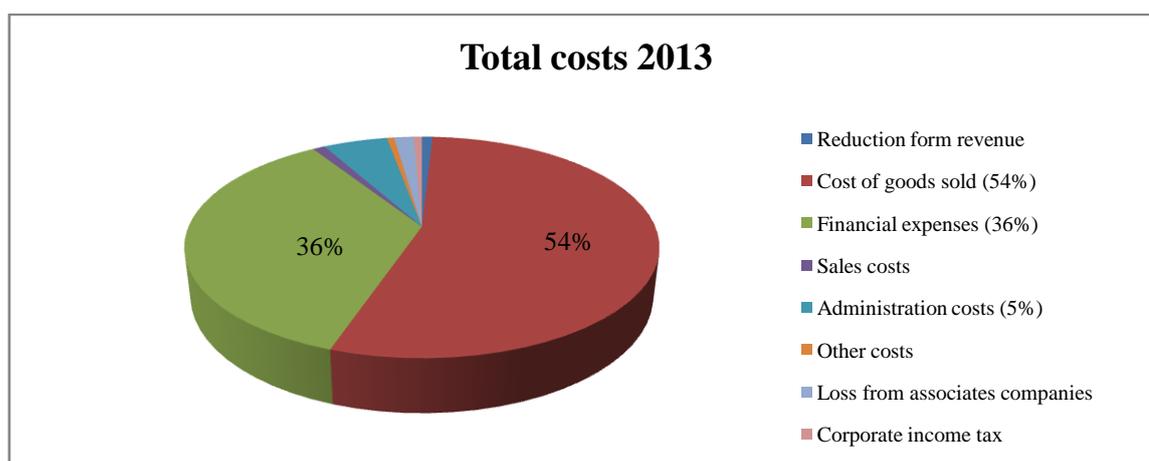
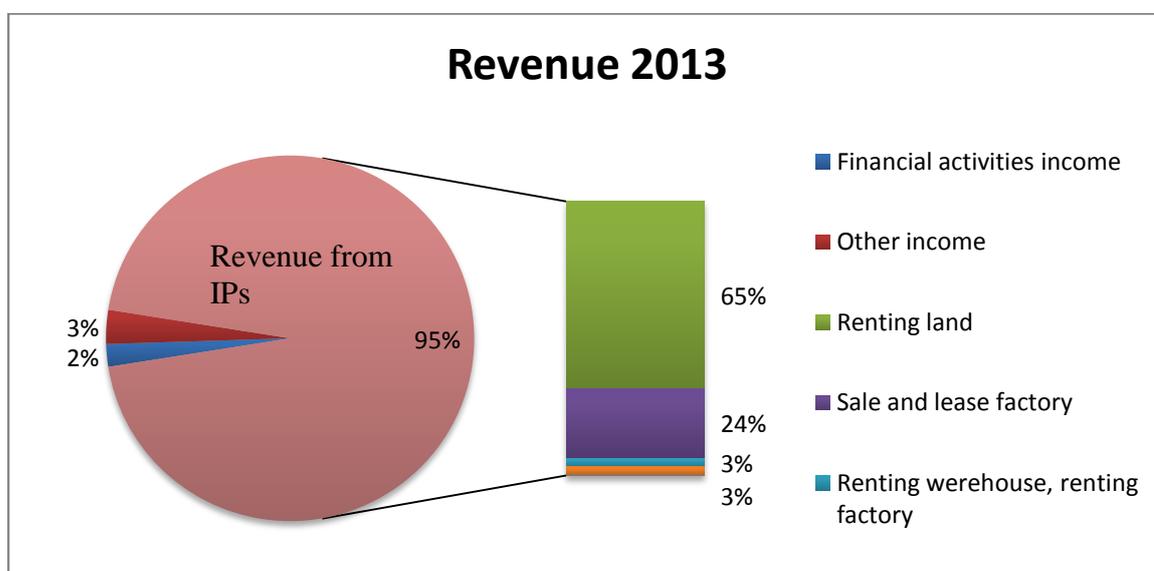
III. Evaluation report of the management board:

1. Evaluating business results:

1.1 Revenue and costs:

It is interesting to note that the fourth quarter' revenue of KBC usually soars, especially in 2013. The main reason for this phenomenon is our blue-sprint to serve customers that often lasts from 3 months to 1 year. Firstly, after Principle Agreement signed, Company supports for customers in term of legal procedures. At the same time, construction and facilitating land are implemented before transferring the final product to customer.

Total revenue in 2013 is 1,131.1 billion dong that remarks our efforts for last years to gain improvement higher 16% in comparison to plan. Based on revenue structure, the core business brings 95% revenue that is sign for our concentration in business of KBC.



On the other hand, total costs would alter after tax profit. The remarkable number is financial expenses that makes up 36% total cost, equivalent 378 billion dong.

2. Finance situation:

2.1 Assets and liabilities:

As mentioned above, total asset and its structure has no significant changes in 2013. However, total liabilities saw a huge difference due to long-term debts from KBC corporate bonds will be matured in 2014. This is the most critical issue of KBC's finance that requires management board to focus on cash flow management and capital allocation in next year. At the same time, Management board are proposing plan for restructuring these debts with related banks.

Unit: billion dong

Items	2013	2012	changes
Short-term liabilities	6,520	2,688	242%
Long-term liabilities	1,096	4,255	26%

One of financial solutions to reducing risks is building provision fund.

Unit: billion dong

Provision	2013	2012	2011
Provision for impairment of short-term investment	5.4	6.1	6
Provision for doubtful receivables	18.3	16.9	3.4
Provision for impairment of long-term investment	95.3	42	20
Total	119.0	65.0	29.4

General speaking, total amount of provision is nearly double 2012's number, however, each kinds of provision has different change. When provision for impairment of short-term investment slightly decreases to 5.4 billion dong that accounts for 72% total value of short-term investment, the others provision increases. Indeed, provision for doubtful receivables goes up to 8%. This provision makes up 0.7% total value of receivables. With the same upward trend, accumulative provision for impairment of long-term investment is as approximately twice as 2012's value. Recently, KBC has reserved for 8.9% total value of long-term investments. With listed companies in our

long-term investment portfolio that has lost in 2013, value of these shares is reserved under market value. The others investments which have not yet listed are reserved total value when these companies has negative result. It is necessary to keep the provisions to ensure Company's operation in long-term. Moreover, when market has positive changes, management board expects to implement profitable transactions over the provisions.

2.2 *Funding for matured bond and other liabilities:*

Next year, value of matured bond is 3.000 billion dong, thus, Management Board intends to promote sales in our important IPs that would finance for partly pay back principle and interest of the matured bond. With the rest, we have proposed plan to related banks that beg to lengthen payback period about 2 to 3 years from now on. Recently, these banks have confirmed our plan and we are going to negotiate carefully in detail.

Besides, recognizing development opportunities in KBC, many banks started appraising new credit for us in order to invest on main business.

In 2013, KBC have fully payment for all interest and principles of loans following plan.

2.3 *Cash flow evaluation:*

It is certain that KBC's cash flow in 2013 has positive changed to balance between cash in and out. Most of cash in is from the core business – Industrial parks revenue that is sufficient to fund for new investment on IPs, operations cost and financial expenses. At the same time, apart from contributing capital on subsidiaries and associates as plan, KBC has limited new investment on other fields.

Effects of changes in foreign exchange rates:

With the targeted customers is FDI companies, some of contracts are signed by foreign currency; hence, KBC might be impacted by changes in foreign exchange rate. The average foreign exchange rate between Vietnamdong and USD increased 1.09% accompanying with stable policy slightly influence on KBC' result. For instance, KBC lost 360 million dong from changes in foreign exchange rate.

Effects of changes in interest rate:

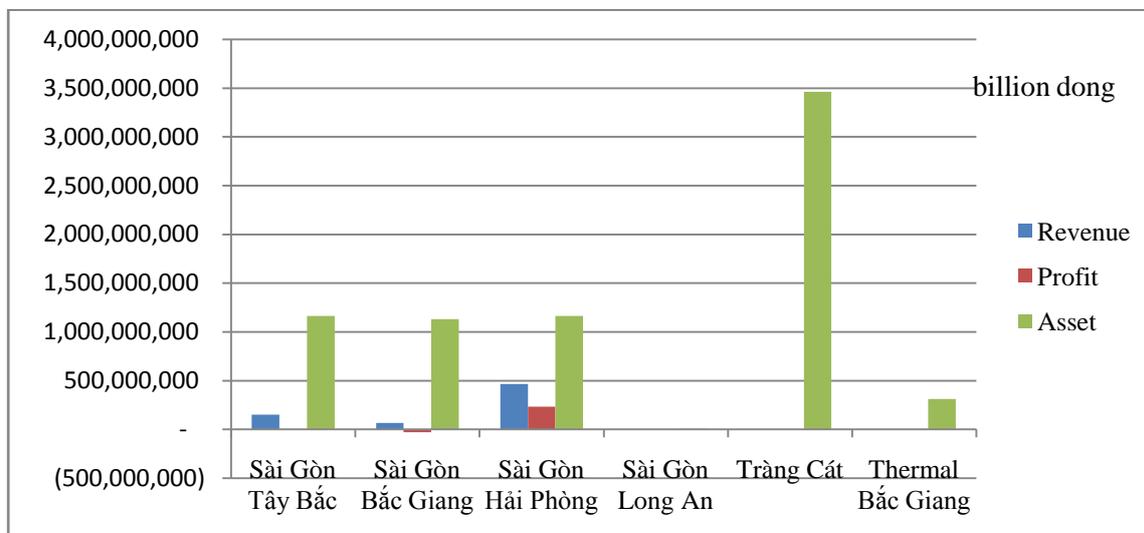
Recently, instead of lending money from banks, KBC used effectively and efficiently cash flow that are transferred among companies in Group in order to fund for operation and investment without interest rate. Thus, when commercial interest rate fluctuated in 2013, there is no direct effect on KBC' result. However, the former loans of KBC have higher interest rate than the current level. It is expected that the gap would go up in near future. Management Board has to find the solution with this loan to reduce the effect as soon as possible.

3. Subsidiaries and Associates performance:

2.1. Subsidiaries performance:

Currently, KBC has invested on 6 subsidiaries:

Chart: Subsidiaries' performance



❖ *Sai Gon Bac Giang Industrial Park JSC*

Sai Gon Bac Giang Industrial Park JSC currently have business in Quang Chau Industrial Park. KBC owns 59.5% shares in the company. In 2013, its revenue is 66 billion dong that increased by 57% compared with 2012's figure. However, it has a loss because of high financial expenses (expenses is 67.8 billion dong) and KBC has suffered lost 10.08 billion dong. KBC need to contribute more 10.1 billion dong following agreement.

❖ *Sai Gon Hai Phong JSC*

Sai Gon Hai Phong JSC owns Trang Due Industrial Park, which is the potential project in our portfolio. Its revenue is 466 billion dong that is as 20 times as 2012's revenue and its profit is 232 billion dong. The main factor leads to its success is the contract with LG. Currently; KBC owns 90% its shares so we receive most of its profit. At the same time, total asset of the subsidiary increased more 35% than 2012's number.

❖ *Sai Gon – Tay Bac City Development JSC*

Sai Gon – Tay Bac City Development JSC becomed KBC's subsidiary in 2009 which has run Tan Phu Trung Ip in HCM City. Generally, although its revenue in 2013 has significant increase to 150 billion dong, their loss is 2.6 billion dong. Management Board thought that SG-TB' business result are not sufficient with their capacity and advantages in market.

❖ *Sai Gon Long An investment and development JSC*

Sài Gòn Long An investment and development JSC's main business is construction and investing in real estate in industrial parks. They are in process of contribution capital so there is no commercial activity. In 2013, their asset went up to 6.45 billion dong that is higher 8% than 2012's figure.

❖ *Tràng Cát Urban Development One Member Ltd.*

Tràng Cát Urban Development One Member Ltd is the main investor of Trang Cat Industrial park and urban area that has over 800 ha land in Hai Phong City. Currently, total investment on the project is 3,000 billion dong, has implemented 90% of compensation for residents. In 2013, despite of no commercial activity, the company just suffered a 1.7 billion loss from operation and administration costs.

❖ *Bac Giang Thermal Power JSC*

Bac Giang Thermal Power JSC intends to build and operate a thermal power factory in Bac Giang Province. Continuously, the company is in the process of receiving contributed capital, not yet conducting business activities. Their total asset in 31/12/2013 and administration cost is relatively 312 billion dong and 1 billion dong.

2.2. *Associates:*

Performance of associates is not remarkable during 2013. Our associates' portfolio consists of six following companies:

❖ *SGI- Lao Hydroelectric JSC:*

KBC Group directly holds 19% ownership and indirectly controls 15.3% through Bac Giang Thermal Power JSC. Its core business is producing, transferring and distributing electricity. In 2013, it has not yet conduct business activity although at the same time KBC has invested on SGI- Lao more 76.3 billion dong following capital contribution plan. The company continuously lost 10 billion dong in the same period.

❖ *Sai Gon Telecommunication and Technology JSC:*

Their business result in 2013 is profitable when their after-tax profit is 4.74 billion dong. Thus KBC gain 1.02 billion dong from this investment.

❖ *Sai Gon Hightech Park Investment and Development JSC*

Its charter capital is 300 billion dong. With the main business is to invest and develop industrial park, they contributed 28 million dong to final result of KBC.

❖ *Nam Viet Real Estate JSC*

Nam Viet Real Estate JSC was established on 16th October, 2007 with 100 billion dong charter capital. Their dominant activity is business on commercial real estate. This year, the company has not yet officially operated and generated revenue

❖ *Sai Gon Ca Mau Infrastructure JSC*

It is found on 18th December, 2006 with the main purpose is to invest and develop industrial park. They recently run Khanh An Industrial Park in Ca Mau Province. Accounting on 31st December, 2013, there is remain 4 billion dong contributed capital that belongs KBC's duty. This year, KBC also suffered 61.3 billion loss from the associate.

❖ *Sai Gon Dung Quat Investment and Development JSC*

Established on 11th October, 2007, Sai Gon Dung Quat Investment and Development JSC's charter capital is 200 billion dong. Accounting on 31st December, 2013, KBC still need to contribute more 78 billion dong according to agreement. This year, the company has no activities associated core business, however, their profit KBC was received is 3.8 million dong from its other profitable activities.

4. Improvements in organizational structure and management policies:

During the long period of establishment and development, management board of KBC continuously enhances management qualifications and improves organization structures in order to gain the best results both in effective and efficient way.

Thanks for creation in management and product development, currently, KBC has become one of the leading corporations in industrial park file in the North of Vietnam. The main point in our business is to satisfy customer demands based on our sensitive analysis with market trend. For example, identification demand about available factories for rent and sales when venders followed big corporation to invest on Vietnam, we have prepared not only land bank but also building factories and offices with standard qualification. Moreover, supporting for customers about legal investment procedures is our free services that help investors start producing as soon as possible.

The second improvement we focus on is specialization in supply chain. Each department is in charges of a specific service in industrial park such as engineering, security, design, construction and so on. All of them contribute to implement our image about industrial parks where have not only multi- functions but also nice landscape with green view. These services after sales also increase customer's satisfaction as well as KBC's reputation.

Marketing and sales promotion in KBC also have its own traits. All of industrial parks in Group (belongs to KBC, subsidiaries and associates) is introduced to customers and then based on their requirements, we would consult the most sufficient ones.

Last but not least, information flow in Group is also updated frequently that bring benefits and timesaving for both customers and staffs. Apart from provide market information and adequate evaluations for customer in negotiation, KBC is appreciated by banks, international funds and investors because of two-side transferring information way. We provide internal sufficient for investors , at the same time, willing to receive

feedback from them with the main purpose to finding investors have interest in our projects and improves our qualification as well.

5. Future plan:

5.1 Capital allocation plan:

As mentioned above, the main issue KBC have to solve in 2014 and further is cash flow to fund for paying debt as well as re-invest to sales. Thanks for positive trend of industrial park field such as decrease in interest rate and high demand in industrial park market due to investment decision of international corporation, KBC takes advantages of the situation to address two main problems. First is negotiating with banks and financial organizations about funding for new projects in next years. With significant improvement for last year and potential market, many organizations are willing to consider KBC's demand. Second, building plan to restructure treasury debt is our priority in next year. Third, recognizing upward trend of stock market, with direction of the Board of management, KBC has completed plan to issue 100.000.000 shares in order to reduce liabilities for individual customers following Decision No 0411/2013/NQ-DHDCD on 4th November, 2013. The plan has been accepted by State Securities Commission of Vietnam. However, with the purpose of issuing shares is not available for sales, debt ratios will positive changes instead of cash flow. In sum up, cash flow in 2014 includes incomes from sales product and services in IPs and new loans to re – invest on new projects, KBC has prepared carefully for paying debt and restructuring liability structure.

5.2 Business plan:

- Attracting FDI customers to industrial parks such as Expanded Que Vo, Quang Chau IP. Trang Due IP and Tan Phu Trung IP. Our targeted customers are Korean and Japanese companies, Taiwan and so on. Especially, the second contract with LG in Trang Due IP is expected that its scale is more 40 ha. Searching for the similar scale contracts with a international corporation as huge as Samsung and LG to Nam Son Hap Linh IP is the most vital target for next year. At the same time, vendors of Samsung are the dominant customers we attract to this IP.

- Implementing compensation process, construction, facilitating for Trang Due IP stage 2. Launching investment on Nam Son- Hap Linh IP, Phuc Ninh and Quang Chau Urban Area.

- Promoting sales in the Middle and the South of Vietnam, which consists of Tan Phu Trung IP and other IP that belongs to associates and long-term investment portfolio of KBC in Da Nang City, Hue City and so on. This marketing campaign is projected to boost KBC brand in Middle and South of Vietnam market.

- Generating and taking part in program that introduce and promote for investment environment in Vietnam to foreign companies. The plan should ensure KBC brand as one of the first positioned name in FDI customers' mind.

- Commercial real-estate projects such as Multi Complex Area, Diamond Rice, Trang Cat Urban Area are going to be developed as plan and based on changes in real-estate market.

- Building relationships with international financial organizations, which are interested in Vietnam real-estate market, is to implement huge scale projects.

- Concentrating on restructuring investment portfolio that would reduce proportion of investments that are not our core business. Currently, houses for workers and hydropower projects are negotiating to sales for foreign investors.

5.3 Expected revenue and profit in 2014

Based on prospect of attracting FDI in 2014, Vietnam economy development; demand of recent and potential customers with our product in Quarter fourth, 2013 and quarter first, 2014; specialists' evaluation and our promotion campaigns and so on, Management board of KBC appreciates company's prospect and set up target as following:

- ✓ **Total revenue: 1.800 billion dong**
- ✓ **Total profit: 160 billion dong**

III. Board of Executives' assessment about Group's performance:

1. Board of management's assessment about Group's performance in 2013 and orientation for 2014:

In the context of 2013, although the economy is still facing many difficulties and challenges, the Board has always adjusted the development strategies for the Corporation, closely monitored the business plan of the Director Board to ensure the steady aim, and sustainable development for the Corporation

Investment and operation: In 2013, it is certain that the significantly improved of FDI attraction in Vietnam, with the increase of 21.6 billion, which is 32% higher compared to 2012, mainly in the fields of high technology. At the same time, Vietnam is a country with a stable political situation, tariff preferences, diplomatic relations between Vietnam and some countries in Asia and raised the strategic level, as relations Vietnam - South Korea. In addition, Vietnam has a strategic location as the gateway to Southeast Asia, hence, it creates advantages for Vietnam to be a bright spot for investors against neighboring countries such as China and Thailand. With above strengths, in 2013, FDI in Vietnam has attracted many famous groups such as LG Group (\$ 1.5 billion investment), Samsung (\$ 2 billion investment) and their satellite companies, etc. Those are the main factor impacted on the core business activities of the KBC in 2013 with considerable better result when we enjoy a rapid growth, nearly twice the period 2011-2012.

In 2013, thanks to the efforts of the leaders and staffs of Group as well as supports from government, Trang Due Industrial Park of KBC has put into the Dinh Vu - Cat Hai Phong Economic Zone with all the preferences of an economic zone. This is the biggest advantage of Group when KBC successfully signed contract with LG Group that worth's nearly 400 billion VND. At the same time, LG's satellites also continually invest in this industrial park.

Along with Trang Due Industrial Park, other industrial zones of KBC also have significant growth compared to 2012 such as Que Vo, Quang Chau, Tan Phu Trung Industrial Park. In particular, the Samsung Group's vendors have considerable demand for KBC's industrial parks in Bac Ninh province.

Board appreciated the sales results and profits that the corporation obtained in 2013. In particular, the Board appreciated the concentration in capital allocation when BOM focused on manufacturing process.

Financing activities: Board appreciated the efforts of the Board of Management when they managed effectively cash flow from core business activities that help Group have capable of timely payment for debt including both principal and interest in 2013. Thus, with our significant moves, financial institutions have raised credit ratings for KBC. The phenomenon provides KBC an opportunity to access new sources of credit in

2014 for investment in infrastructure of industrial parks. In addition, the Board has implemented the private issued 100,000,000 (one hundred million) shares for debt clearing. It received SSC state approval in Official Letter No. 1419 / UBCK- QLPH on April 10, 2014.

1 year closed with the initial recovery in production and business activities, Board of Executives said that we need to look to the long term plan for 2014 and the development after recession. It is necessary for KBC to improve continuously that help us adapt to any circumstances and aim to a sustainable development.

2. Performance of BOE in 2013:

Personnel changes

- Mr. Chung Chi Phong resigned as board member from 14/06/2013
- Mr. Huynh Phat was appointed as an independent member of the Board of Executives from 14/06/2013
- Ms. Dang Thi Hoang Phuong resigned as board members from 31/07/2013
- The Board agreed on the 2014 Annual Shareholders Meeting elect 01 more member.

External and internal activities.

External activities continued to be a top priority of the Board in 2013. Board of Management was appointed to implement a series of programs to promote foreign trade, establish close relationships with major corporations in the world as well as in the region. These actions are to ensure that KBC will be the first choice of foreign corporations when they decide to invest into Vietnam.

In addition, KBC also focus on relationships with shareholders as well as with potential investors. KBC is always available to answer questions from individual investors and organizations in various forms. In 2013, KBC has attracted a lot of interest from investment funds, large and small, from home country as well as abroad. In addition, KBC utmost emphasis on updating both positive and negative information, recording comments of the professional investment funds to enhance the business management and attractiveness of KBC .

Monitoring activities to the Board of Directors and management staff:

Board are always side by side with the Board of management in the operation and management of enterprises; Board hold regular meetings with the Board of Management, Supervisory Board and core managers to make decisions that best suit the operations of the Corporation from time to time as well as to ensure long-term strategies pursuit in the right direction.

Board also appreciated the achievements of the Board of Directors of the tight control of input costs, operating costs provide optimum efficiency in operating and maintaining good life living for workers and employees.

On finance and accounting operations, the Board of Directors shall comply with the accounting standards of the current regime and full disclosure of information under the guidance of the SSC and the SE

3. Board of Executives' operation plan in 2014:

- ✓ Leading and controlling investment plan on the important industrial parks such as Que Vo, Quang Chau, Nam Son Hap Linh, Tan Phu Trung and Trang Due that are proposed by Board of management. Specially, we focus on two striking projects is Trang Due and Nam Son Hap Linh. Additionally, BOE considers capital allocation plan and loans to fund for construction in these industrial parks
- ✓ Assigning Board of management to complete legal procedures of real-estate projects that includes agreement for architecture design of Diamond Rice Flower and compensation for land in Phuc Ninh Urban Area.
- ✓ Orienting and controlling cash flows plan of Group, restructuring matured debts bonds in 2014. Board of Executives have responsibility to propose and negotiate with banks
- ✓ Accompanying and supporting for Board of management in marketing plan targeted to FDI corporations; promoting brand name of KBC in international forums and meetings
- ✓ Promoting to sell the power projects for foreign corporations and restructuring long-term investment portfolio.
- ✓ Enhancing risk management to ensure that all financial ratios are as much as or better than the average figures of our field; improving production and management processes in Group
- ✓ Building expert team who consult for Board of Executives in economic situation, legal changes, and financial status in order to timely adjust our strategy.
- ✓ Remaining and enhancing stakeholder's relationship; tracking changes in ownership of big stakeholders; implementing public information policy according to requirements of State Securities Commission of Vietnam and associated organizations.
- ✓ Developing high quality human resources and building a better working environment.
- ✓ Keeping track on Group's performance via email, phone and face-to-face meeting.

IV. Group governance:**1. Board of executives:***1.1 Board of executives members:*

List of members are updated on 31st March, 2014

Member	Position	Share holding rate	The numbers of BOE title in different companies
Mr. Đặng Thành Tâm	Chairman – Non-management member	34.24%	3
Mrs. Nguyễn Thị Thu Hương	Management member	0.1%	5
Mr. Ngô Mạnh Hùng	Non-management member	0.08%	5
Mr. Huỳnh Phát	Non-management member	0	0

*1.2 Sub-committee : No subcommittee***2. Board of supervisory**

Name	Position	Share holding rate
Mrs. Nguyễn Thị Chung Thủy	Chief of BOS	0.02%
Mr. Bùi Ngọc Quân	Member	0.02%
Mrs. Lê Thị Thu Hằng	Member	0%

Supervisory Board has three members, the past year has made a fully functional implementation tasks including communication with the Board and Executive Committee for timely petition before the decision of the leadership; review the financial statements of the business accounting; review the activities of the Board and the Board of Directors in preparation for the General Meeting of Shareholders.

Generally, Board of Supervisory evaluates that BOM and BOE performance in 2013 was rational, legal, effective and efficient. In 2014, Board of Supervisory recommends that the BOE and BOM should continue to focus on the core business - industrial park. Besides, the overall context of real estate business in the upcoming period is still confronted with many difficulties, thus, Group should build a flexible and effective fiscal policy when Group want to keep investing in new IPs. It is certain that

the new investment should be low cost and have competitive advantages in general market.

About personnel, Board of Supervisory discussed on 8th April, 2014 to propose to General Meeting of Shareholders the resignation of Mr. Bui Ngoc Quan who is Supervisory Board members. General Meeting of Shareholders will make decision about Mr. Quan's dismiss and electing new member for next 3 years.

3. Salary and benefits of the Board of Management, the Board of Executives and Board of Supervisory:

3.1. Salary and benefits:

For the Board of Management: Total salary and commission for the Board of Management in the parent company in 2013 was 3,177,090,358 VND; Total salary and commission of the Board of Directors of Group (the parent company and subsidiaries) was 3,530,756,831 VND. In addition, the Board of Directors also has benefits such as private cars, working tools, phones and laptops.

For the Board of Executives & Board of Supervisory at the parent company does not receive salary, compensation and awards; Remuneration for BOE in subsidiaries was 693,076,669 VND

3.2. Transaction of internal shareholders

Name	Internal shareholders	The number of share holding in the beginning of period		The number of share holding at the end of period		Reason of change
		Volume	Rate	Volume	Rate	
Mr. Ngô Mạnh Hùng	BOE member	317,007	0.11%	242,077	0.08%	Sell

V. Shareholders relationship:

All the detailed information about the Company's activities in 2013 were presented by the leaders of KBC presented in this report. In addition, we are willing to share with the shareholders, the investors any information that shareholders, the investors need to clarify.

The most important goal of the company is maximizing interest and benefit of shareholders and the sustainable development of the Group. If there is any concern about the company, please contact us via e-mail

Email: info@kinhbaccity.com; kinhbac.kbc@gmail.com

We are looking forward to sharing information with shareholders and investors, as well as receiving feedback for a better change for the Corporation.



LG factory in Trang Due IP – Hai Phong City



**KINH BAC CITY DEVELOPMENT HOLDING
CORPORATION**

You can see full KBC finance reports 2013 in website

<http://www.kinhbaccity.vn>

Thank you for your attention