

No.: 01/2024/KBC/BC-HDQT

Bac Ninh, May 29th, 2024

REPORT TO THE GENERAL MEETING OF SHAREHOLDERS

On the business performance in 2023 and plans for 2024 of the Board of Directors

Dear Our Valued Shareholders!

Hereafter, The Board of Directors (BOD) respectfully report to the shareholders about the operation results of the Corporation and the Board of Directors in 2023 as follow:

I. GENERAL ASSESSMENT OF KINH BAC CITY DEVELOPMENT HOLDING CORPORATION'S OPERATION RESULTS IN 2023

1. About business activities

As we close the year 2023, despite the global and domestic economic challenges presenting more obstacles than opportunities, Vietnam has been recognized by many international organizations as a nation that has achieved significant accomplishments in socio-economic development and stands out in the global economy. Specifically, inflation rose by 3.25%, which was lower than the National Assembly's target of 4.5%, and GDP growth reached 5.05%. Fitch Ratings upgraded Vietnam's long-term national credit rating from BB to BB+. The national brand value of Vietnam reached 431 billion USD, climbing one rank to 32nd out of the top 100 national brands globally, etc.

Notably, in 2023, the total registered FDI in Vietnam amounted to nearly 36.66 billion USD, an increase of 32.1% compared to the previous year. In which, the implemented FDI was about 23.18 billion USD, a rise of 3.5% from 2022, marking a record high in disbursement amid a shrinking global trade and investment landscape.

Therefore, Vietnam in general, and KBC in particular, are preparing the necessary prerequisites and factors to continue attracting large-scale investment waves, positioning itself as a significant global manufacturing hub. Specifically, KBC is preparing large-scale industrial land funds with complete infrastructure, along with comprehensive development solutions integrating industrial park development with urban, residential, and additional services development to meet diverse investor needs in strategic locations such as Bac Ninh, Thai Nguyen, Hai Phong, Can Tho, and Vung Tau, etc.

The Corporation's consolidated business results in 2023:

- ✓ Total consolidated revenue reached **6,058.76 billion VND**, equals to 173.20% of 2022

and equals to 67.32% of the business plan.

- ✓ Consolidated profit after tax reached **2,245 billion VND**, equals to 142.40% of 2022 and equals to 56.13% of the business plan.

In 2023, the Corporation recorded revenue from its core business activities from long-term leasing of land and infrastructure for 151.29 hectares at Nam Son Hap Linh IP, Quang Chau Expanded IP, and Tan Phu Trung IP, accounting for 92.73% of the total revenue. However, the business results did not meet the planned targets as the expected revenue from urban development projects was not recognized within the year.

Although the business plan did not achieve, the Board of Directors still regards the results achieved in 2023 as positive. Notably, this marks the highest growth in business performance the Corporation has achieved since its listing.

2. About investment activities

In 2023, the total value of direct investment in IPs and UAs of the Corporation was **1,539.72 billion VND**, increasing 87% compared to 2022; Investment activities of the parent company's own capital contribution in subsidiaries and associates were **7,264 billion VND** (*Mainly contributing capital to Trang Cat One Member Urban Development Limited, Saigon - Hai Phong Industrial Park Corporation*); Investment activities to contribute capital of subsidiaries to other companies were **64.34 billion VND** (*Due to Saigon - Hai Phong Industrial Park Corporation's investment in Quang Yen Electronics Co., Ltd, Saigontel Long An Company Limited, etc.*)

3. About financial management

In 2023, although there were positive signs of liquidity returning to the banking system and deposit and lending interest rates tending to decrease, they did not reach attractive levels, lacking the impetus to drive the real estate market recovery. Additionally, some macro policies still leaned towards directional rather than truly specialized legal frameworks, specifically leading to prolonged approval times for legal procedures in real estate projects. Consequently, despite businesses having access to capital sources, disbursement remained insignificant. Furthermore, in the first half of 2023, the bond market continued to lose investor's confidence. Therefore, the Executive Board made efforts to rearrange capital sources to ensure timely and early payment of the entire principal debt of 3,900 billion VND and interest of 161.99 billion VND, bringing the bond debt to zero before June 30th, 2023.

As of December 31st, 2023, the actual borrowing debt at financial institutions, including principal and interest, amounted to **5,778.77 billion VND**, a decrease of 37.57% compared to 2022. The total principal and interest paid during the year amounted to **5,379.69 billion VND** (*mostly due to the reduction in bond debt*). The ratio of actual debt/total assets was 17.28%, which is a very safe debt ratio for a large-scale real estate business like KBC.

4. About corporate governance

KBC consistently strives to comply with corporate governance regulations for listed

companies, ensuring that information provided to the stock market is transparent, clear, and timely. The Corporation regularly participates in exchange programs and updates information with regulatory authorities such as the State Securities Commission (SSC), Ho Chi Minh City Stock Exchange (HSX), Tax Department, Ministry of Finance, etc. However, there were some shortcomings in 2023 as follows:

- ❖ The BOD failed to distribute cash dividends at a rate of 20% to existing shareholders within 6 months from the end of the 2023 Annual General Meeting of Shareholders (GMS). The BOD reported the reasons and proposed a resolution at the First extraordinary GMS on March 28th, 2024, which approved the cancellation of the cash dividend plan in 2023.
- ❖ Additionally, on August 22nd, 2023, the SSC issued Decision No. 264/QĐ-QPHC imposing administrative penalties in the securities sector for violations by KBC that occurred in 2020 and 2021. Regarding this matter, KBC provided explanations to the regulatory authority, as many new regulations took effect on January 1st, 2021, during a period of social distancing due to the Covid pandemic, resulting in the Corporation's incomplete update of new regulations. Moreover, the Corporation did not receive timely reminders from the regulatory authority, leading to these shortcomings.

5. About external affairs

In 2023, the members of the BOD and the Executive Board directly worked with state agencies and departments of provinces such as Bac Ninh, Thai Nguyen, Hau Giang, Tien Giang, Can Tho, Vung Tau, etc, to promote the establishment of new projects.

The members of the BOD and the Executive Board participated in and organized numerous seminars and conferences both domestically and internationally to promote trade and attract FDI to Vietnam in 2023, through both direct and online methods. These included events such as the Real Estate Market Outlook Report Presentation, China Electronic Industry Promotion Conference, Investment Promotion Program for Hai Phong Industrial Parks, Hai Phong - South Korea Trade and Investment Promotion Conference, Vietnam - US Summit, etc. Especially, KBC participated in the APEC Summit Week in the United States in 2023 as a Gold Sponsor.

II. ACTIVITIES OF BOARD OF DIRECTORS IN 2023

Pursuant to the provisions of law and the Corporation's Charter, the BOD has properly performed its functions, duties and powers with respect to activities of supervision, direction and in conjunction with the Executive Board in making recommendations and decisions to resolve issues approved by the 2023 Annual General Meeting of Shareholders. The following is the contents that the BOD would like to report to shareholders.

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

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

No	Full name	Title	Remuneration of members of the BOD	Total income tax paid by KBC	Total expenses of the BOD
1	Dang Thanh Tam	Chairman of the BOD	0	0	0
2	Nguyen Thi Thu Huong	Member of the BOD cum CEO	100,000,000	135,000,000	235,000,000
3	Huynh Phat	Member of the BOD	100,000,000	11,111,111	111,111,111
4	Le Hoang Lan	Independent member of the BOD	100,000,000	11,111,111	11,111,111
5	Dang Nguyen Quynh Anh	Member of the BOD	100,000,000	11,111,111	11,111,111
Total					568,333,333

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

In 2023, the BOD held 35 meetings and issued 36 Resolutions/Decisions approving issues on business plans, investments, capital contributions, transactions with related parties, corporate governance activities, etc. (Details of the meetings were disclosed in the Corporate Governance Report for 2023 and the Annual Report for 2023 of KBC).

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

3. Transactions between the Corporation and related parties

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

In which, all transactions between the Corporation and related parties approved by the BOD were disclosed in accordance with regulations and listed in the Report on Corporate Governance in 2023 and explained in the 2023 Audited financial statements.

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

Based on the evaluation report No. 2701/2024/KBC/BC-HDQT of the independent member of the BOD in 2023 dated January 27th, 2024 by Mr. Le Hoang Lan - Independent member of the BOD, the BOD would like to report to the General Meeting of Shareholders

as follows:

- The independent member participated in 35 meetings of the BOD, his opinions all ensured independence, controlled conflicts of interest, and protected the interests of the Corporation and Shareholders.
- The independent member provided contributions regarding the management and operation of the Corporation, business activities, human resources management, internal governance, and risk management, among others.
- The independent member highly appreciated the BOD's activities in 2023, highlighting a sense of responsibility, prompt and timely guidance, and close monitoring of the implementation of resolutions by the Executive Board. All BOD activities were conducted in accordance with the current Charter of the Corporation, Internal Governance Regulations, and legal provisions.
- Other related issues: The independent member agreed with the BOD and Executive Board.

5. Supervision activities for the Board of Directors and managers

The BOD supervised the Executive Board and other managers in the implementation of the resolutions of the General Meeting of Shareholders and the BOD, and in the administration of daily operations. Thereby, the BOD highly appreciated the efforts of the Executive Board in implementing business plans in 2023, implementing investment and development of projects, generating significant revenue and profit growth, as well as arranging capital sources and managing cash flow system-wide, specifically as follows:

- Proactively attracting multinational corporations, continuously signing land and infrastructure leasing contracts, resulting in impressive revenue and profit in 2023;
- Closely monitoring risk management, enhancing cash flow management amidst market challenges, prioritizing financial resources to timely and early redeem all outstanding bond debts;
- Successfully organizing the 2023 Annual General Meeting of Shareholders;
- Organizing and closely monitoring financial reporting procedures; Supervising the implementation of resolutions issued by the BOD and AGM;
- Actively participating in seminars, conferences, and business promotion trips both domestically and internationally through direct and online channels.

The BOD requests the Executive Board to strive to comply with regulatory requirements to promptly complete legal procedures and initiate projects. Additionally, the Executive Board is directed to promote the establishment of new projects in provinces and cities such as Bac Ninh, Hai Phong, Thai Nguyen, Hau Giang, Tien Giang, Can Tho, Vung Tau, etc., balance the use of funds properly, and enhance risk management related to the Corporation's investment and business activities.

6. The sub-committees under the Board of Directors: None.

III. ACTIVITIES PLANS FOR 2024

1. Revenue and profit plan for the year 2024 of Kinh Bac City Development Holding Corporation

The Board of Directors of the Corporation agrees to maintain the revenue and profit plan for the year 2024 as per the 1st Extraordinary General Meeting of Shareholders in 2024 Resolution No. 2803/2024/KBC/EGM dated March 28th, 2024, and the Board of Directors Resolution No. 2905.2/2024/KBC/NQ-HDQT dated May 29th 2024.

2. Plan and direction of activities of the Board of Directors for the year 2024

- Assigning the Executive Board to implement investment and infrastructure construction, handing over the remaining area to customers at the following projects: Nam Son Hap Linh IP, Quang Chau Expanded IP, Tan Phu Trung IP, Long An ICs, Hung Yen ICs, Trang Due UA, Phuc Ninh UA, Trang Cat UA, and residential projects in Bac Giang, Hai Phong, etc.
- Assigning the Executive Board to establish completion schedules for legal procedures, approving compensation plans, and developing investment business implementation plans for projects such as Trang Due 3 IP, Tan Tap IP, Long An ICs, Loc Giang Resettlement UA, Long An Resettlement UA, etc.
- Collaborating with the Executive Board to establish new projects in provinces and cities such as Bac Ninh, Hai Phong, Thai Nguyen, Tien Giang, Hau Giang, Can Tho, Vung Tau, etc., with a focus on sustainable development, Green - Clean - Circular.
- Assigning the Executive Board of the Corporation to make plans to balance cash flows, mobilize capital, developing appropriate and balanced financial plans for investment activities and paying debts and ensuring safe financial indicators.
- Maintaining and building a team of experts to regularly update news, macro-economic situation, financial situation, changes in policies so that the BOD and the Executive Board promptly make strategies, new policy in line with the actual situation.
- Strengthening advertising and trade promotion, welcoming and working with foreign investment corporations.
- Assigning the Executive Board to focus on implementing shareholder relations, regularly monitor changes in ownership of major shareholders; always reviewing and complying with timely and accurate information disclosure to authorities, shareholders and investors.
- Building and developing a team of professional, qualified, experienced and enthusiastic personnel who actively participate in training courses to improve corporate governance capacity according to the standards of listed companies. Continuing to develop salary and bonus policies and improving remuneration regimes for employees, create a professional, safe and comfortable working environment, and encourage employees's creativity.

Above is the report on activities in 2023 and operation plan in 2024 of the Board of Directors of Kinh Bac City Development Holding Corporation.

The Board of Directors would like to submit to the General Meeting of Shareholders for discussion and approval!

Recipients:

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

ON BEHALF OF THE BOARD OF DIRECTORS

CHAIRMAN OF THE BOARD

(Signed)

DANG THANH TAM