

No.: 03/2024/KBC/BC-BTGD

Bac Ninh, May 29th, 2024

REPORT TO THE GENERAL MEETING OF SHAREHOLDERS

About Business Results in 2023 and Business Plans for 2024 of
Kinh Bac City Development Holding Corporation

Dear Our Valued Shareholders!

Hereafter, the Executive Board would like to report to all Shareholders on the business performance in 2023 and the business plan for 2024 of Kinh Bac City Development Holding Corporation (“KBC”) as follows:

I. BUSINESS PERFORMANCE IN 2023

1. Evaluation of annual business results 2023

❖ Business results of the Corporation

Unit: Billion VND

Items	2023	2022	Changes
Net revenue from sales of goods and rendering of services	5,618.48	950.27	591.25%
Revenue from long-term lease of land and infrastructure	5,221.10	656.98	794.72%
Revenue from real estate transfers	104.81	353.33	29.66%
Revenue from clean water supply, electricity, service fees and wastewater treatment	386.38	336.98	114.66%
Revenue from leasing warehouses, factories, offices and other	146.48	50.18	291.87%
<i>Revenue deductions</i>	<i>(240.29)</i>	<i>(447.21)</i>	
Revenue from financial activities	426.08	339.65	125.44%
Other income	22.30	21.33	104.56%
Profits (loss) in associates	(8.09)	2,186.82	<i>(100.37%)</i>
Total revenue	6,058.76	3,498.07	173.20%
Total profit after tax	2,245.00	1,576.53	142.40%
Profit after tax of parent company	2,030.69	1,526.35	133.04%

The Corporation's total consolidated revenue in 2023 reached **6,058.76 billion VND**, equal to 173.20% of 2022, equal to 67.32% of the plan including: Revenue from core business activities reached **5,618.48 billion VND**, equal to 591.25% of 2022, accounting for 92.73% of the Corporation's total revenue. In which, revenue from long-term lease of land and infrastructure reached **5,221.1 billion VND**, equal to 794.72% of 2022, mainly from Nam Son Hap Linh IP, Quang Chau IP and Tan Phu Trung IP. Revenue from clean water supply, electricity, service fees, and wastewater treatment grow steadily every year, reached 386.38 billion VND in 2023, equal to 114.66% of 2022, which is a stable source of revenue to maintain KBC's operations. Revenue deductions equivalent to 240.29 billion VND related to the return of transferred land plots and factories in Quang Chau IP.

Consolidated profit after tax in 2023 reached **2,245 billion VND**, equal to 142.4% of 2022, equal to 56.13% of the plan. Profit after tax of the parent company reached **2,030.69 billion VND**, equal to 133.04% of 2022. The reason for business results did not reach the set plan because expected UAs to record revenue in the year have not yet been recorded.

❖ **Revenue-Profit of the Parent Company compared to the Corporation Consolidation:**

Unit: Billion VND

Items	Parent company	Consolidated Corporation
Net revenue from sales of goods and rendering of services	2,656.96	5,618.48
Revenue from long-term lease of land and infrastructure	2,503.89	5,221.10
Revenue from real estate transfers	0	104.81
Revenue from leasing warehouses, factories, offices and other	28.28	146.48
Revenue from clean water supply, electricity, wastewater treatment service fees	124.79	386.38
Revenue deductions	0	(240.29)
Cost of goods sold and services rendered	(862.59)	(1,923.08)
Gross profit from sales of goods and services rendered	1,794.37	3,695.39
Gross profit margin (%)	132.47%	134.23%
Revenue from financial activities	289.11	426.08
Other income	0.46	22.30
Profits (loss) in associates	0	(8.09)
Total revenue	2,946.54	6,058.76
Total profit after tax	923.60	2,245.00
Profit attributable to shareholders of parent company		2,030.69

In 2023, the business results of the Parent Company contributed significantly to the business results of the Corporation.

- Total revenue of the parent company reached 2,943.54 billion VND, accounting for 48.63% of the total consolidated revenue of the Corporation. In which, revenue from land leasing and infrastructure business of the parent company reached 2,656.97 billion VND, accounting for 47.29% of the core operating revenue of the Corporation.
- Profit after tax of the parent company reached 923.6 billion VND, accounting for 41.14% of the total consolidated profit of the Corporation.
- The revenue of the Parent Company was equal to 182.10% of 2022, profit after tax is equal to 151.23% of 2022. The reason for the sudden growth of the parent company's business results in 2023 is mainly due to the period of revenue recognition from Nam Son Hap Linh Industrial Park.

Unit: VND Billion

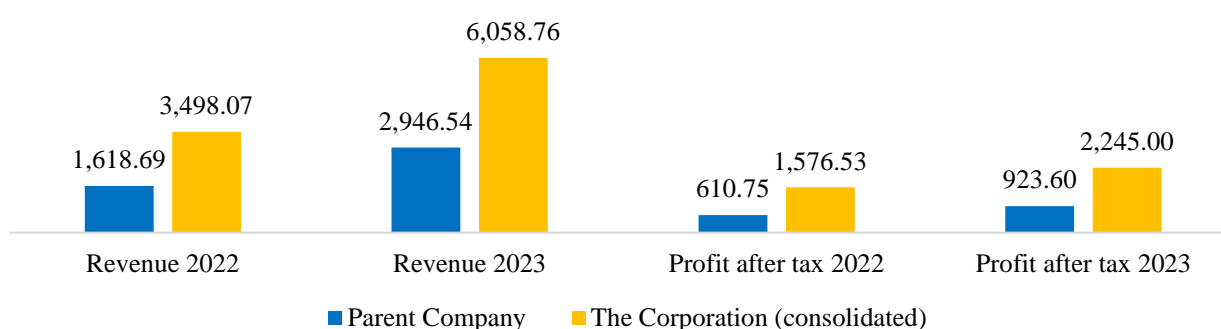


Chart of Revenue – Profit of Parent Company and the Corporation in 2022 -2023

❖ Cost factors

In 2023, KBC's total financial, selling and administrative expenses were 1,244.52 billion VND, an increase of 127.55 billion VND, equivalent to an increase of 11.42% of 2022. In particular, due to strong revenue growth, selling expenses increased by 308.49 billion VND, equivalent to an increase of 671.89% of 2022. Enterprise management expenses in 2023 were 458.38 billion VND, a negligible change of 2022. Financial and other expenses were 431.73 billion VND, down 28.83% of 2022. Thus, KBC still uses cash flow effectively, increasing costs accompanied by a sharp increase in revenue.

2. Project investment activities in 2023

As at December 31st 2023, the Corporation was owning and co-managing projects with a total land fund of 6,610.82 ha of industrial park land, 1,413.3 ha of urban area land and 117.2 ha of housing projects, machinery, factories and social housing concentrated in all three regions of the North - Central - South. In parallel with the development of existing projects, KBC is also setting up new projects in: Bac Ninh, Hai Phong, Thai Nguyen, Tien Giang, Hau Giang, Can Tho, Vung Tau, etc.

In 2023, the total value of direct investment in KBC's projects was **1,539.72 billion VND**,

increasing by 87% of 2022, the key investments are as follows:

- Nam Son - Hap Linh IP was invested 115.19 billion VND to focus on compensation, completing infrastructure and the building of a clean water factory and a wastewater treatment plant.
- The expanded Quang Chau IP was invested 224.4 billion VND to build infrastructure, build a clean water plant phase 4 with a capacity of 12,000m³/day and night and a wastewater treatment plant phase 4 with a capacity of 7,000m³/day.
- Loc Giang IP was invested 47.17 billion VND in project establishment costs and other expenses.
- Tan Phu Trung IP was invested 115.11 billion VND to compensate and build infrastructure (ground levelling, road construction, water supply and drainage, etc.).
- Trang Cat UA increased investment costs by 355.22 billion VND including interest capitalization and leveling of about 80 ha.
- Joint venture with Evergreen Bac Giang Investment Sustainable Development Joint Stock Company to implement the Nenh Town Social Housing Project, and invested 311.36 billion VND in 2023, including 05 apartment buildings phase 1 for acceptance and put into use in 2024.
- Social housing Project of Trang Due UA was invested 76.5 billion VND to build phase 1 including 03 buildings, of which 01 has topped out.

3. Implementation of investment attraction in 2023 and prospects in 2024

❖ Implementation in 2023

The total area of industrial park land recorded revenue for the year was 151.29 ha. In which, recorded from Nam Son Hap Linh IP for 71.9 ha, Tan Phu Trung IP for 16.9 ha and Quang Chau expanded IP for 62.49 ha.

In particular, during the year, the Company's subsidiaries implemented plans to increase charter capital to prepare financial resources to implement projects in the coming year, including:

- Trang Cat Urban Development Company Limited increased from 6,630 billion VND to 12,681 billion VND through the form of capital contribution of the Owner.
- Saigon – Hai Phong Industrial Park Corporation increased from 416 billion VND to 1,734.35 billion VND through the form of private placement of shares to existing shareholders.

❖ Investment attraction prospect in 2024

With comments closely following market trends and efforts in investment promotion, in 2023, KBC welcomed many investment groups, multinational companies with big names in the world to work and ask questions about the investment needs in IPs of KBC and its member units. Therefore, the Board of Directors estimated that the leasing area of IP land in 2024 is expected to be 150 hectares from Nam Son Hap Linh IP, Quang Chau IP, Tan Phu Trung IP,

Hung Yen ICs, Long An ICs and especially Trang Due 3 IP, etc. In addition, several urban projects by the Corporation are expected to be recorded revenue and bring profits in 2024, and some new Ips of KBC such as Loc Giang IP and Long An ICs may be put into business by the end of 2024.

On the other hand, the Corporation always prepares new IP land fund to meet the needs of investors in the coming period. KBC is making efforts to carry out necessary legal procedures to get new approvals for projects in localities such as Bac Ninh, Thai Nguyen, Hau Giang, Can Tho, Vung Tau, etc. with a total estimated area of about 3,500 hectares of industrial park land and 650 hectares of urban area.

4. Financial situation

In the context of the economy in 2023, although interest rates tended to decrease, enterprises did not have difficulties in accessing credit institutions. However, because a number of macro policies promoting the recovery of the real estate market has not been cleared and the time to approve legal procedures for real estate projects is still prolonged, leading to almost negligible new disbursements for the Corporation's projects. However, the indicators of short-term solvency and quick payment both improved compared to 2022 because KBC prioritized financial resources for early and on-time redemptions of all outstanding bonds with a total value of 3,900 billion VND. In addition, the impressive revenue and profit after tax results also added significant capital to improve capital structure and profitability targets.

❖ Key Financial indicators:

As at December 31st, 2023, KBC's total assets were structured at 39.52% in debt and 60.48% in equity. The capital structure ratio in 2023 had a big fluctuation compared to 2022 when KBC's Debt to Total Assets ratio decreased sharply compared to 2022, to only 17.28%. Thus, compared to companies listed on the stock market, KBC is a company with the safest financial index in the market today, specifically:

Indicators	2023	2022
1. Liquidity		
+ Short-term liquidity ratio (<i>Current assets/Current liabilities</i>)	3.80	2.59
+ Quick ratio (<i>Current assets - Inventory</i>)/ <i>Current Liabilities</i>	1.95	1.44
2. Capital structure		
+ Debt/Total assets ratio (%)	39.52%	48.88%
+ Debt/Equity ratio (%)	65.35%	95.60%

+ Loan debt/Total assets ratio (%)	17.28%	26.52%
3. Operational capacity		
+ Inventory turnover (<i>Cost of goods sold/Average inventory</i>)	0.45	0.06
+ Net revenue/Total assets	16.80%	2.72%
4. Profitability		
+ Profit after tax/Net revenue	39.96%	165.90%
+ Profit after tax/Total revenue	37.05%	45.07%
+ Profit after tax/Equity	11.10%	8.83%
+ Profit after tax/Total assets	6.71%	4.52%
+ Profit from business activities/Net revenue	51.16%	177.47%

❖ Debt Situation:

At December 31st , 2023, KBC's total liabilities was **13,213.34 billion VND**, a net decrease of 3,847.6 billion VND, equivalent to a decrease of 22.55% compared to 2022. The details are as follows:

- Short-term debt was 6,578.77 billion VND, a net decrease of 4,105.39 billion VND compared to 2022. In particular, the main items that fluctuated short-term debt include: Short-term loans decreased sharply by 3,614.05 billion VND compared to 2022; Reduction of land and infrastructure lease deposits and Upfront Buyers of 769.90 billion VND compared to 2022 due to conversion into revenue; Increased pre-deduction of cost of goods sold was 433.67 billion VND; And other factors such as Taxes payable and paid, dividends payable also fluctuate Current Liabilities.
- Long-term debt was 6,634.57 billion VND, a net increase of 257.74 billion VND compared to 2022. In particular, the main items that fluctuated long-term debt include: Net interest payable increased by 389.05 billion VND (mainly interest payable to PVcomBank which is being extended), deferred income tax increased by 224.87 billion VND; Long-term loans decreased by 365.04 billion VND.

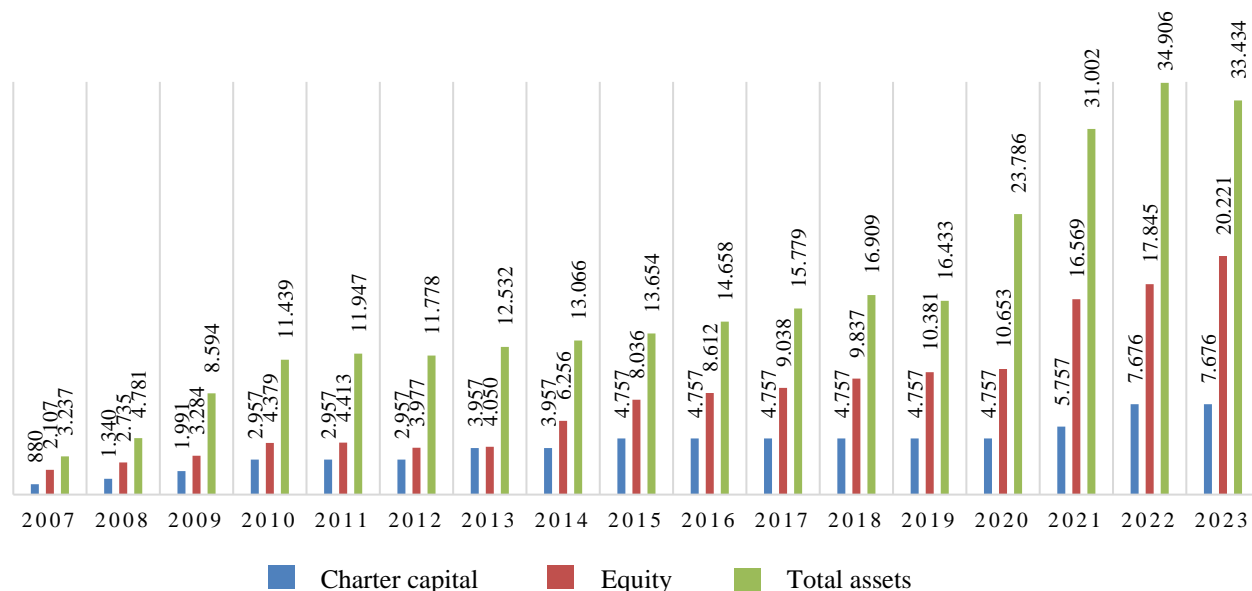
In addition, total actual loans at financial institutions including principal and interest were **5,778.77 billion VND**, decreased 37.57% compared to 2022. In which, long-term loans at banks were **3,313.55 billion VND** and expenses payable to PVcomBank were **2,149.40 billion VND**, resulting in a ratio of Actual Debt/Equity of 28.58%, Ratio of Actual Debt/Total Assets of 17.28%. This is a safe debt ratio for a large-scale real estate business like KBC for many consecutive years, especially in 2023, KBC's financial index decreased by nearly half compared to 2022, which can be said to be the safest and best in the market today.

During the year, the Corporation made principal and interest repayments totaling **5,379.69**

billion VND, most of which came from reducing bond outstanding to 0 VND. The Corporation has no bad debts; is not affected by exchange rate differences and by interest spreads. The current borrowing interest rate is from 6.5% to 14%/year, in line with the general interest rate level of the market.

❖ **Size of capital and assets:**

Growth chart of Equity and Assets since listing in the stock market



At December 31st, 2023: the Corporation’s total assets reached **33,434.22 billion VND**, net decrease of 1,472.29 billion VND, equivalent to a decrease of 4.22% compared to 2022. In particular, the main items that fluctuated assets include:

- A significant reduction in: Short-term and long-term loans decreased by 3,979.09 billion VND (due to bond debt being reduced to 0 VND; customer deposits and advances converted to revenue amounting to 760.9 billion VND); and reduced payables by 175.6 billion VND.
- A significant increase in: Equity increased by 2,275.35 billion VND (due to an increase in accumulated undistributed profit after tax); Pre-deduction of capital price increased by 433.67 billion VND; Expenses payable to PVcomBank increased by 389.05 billion VND and Deferred Income Tax increased by 224.87 billion VND.

II. CORPORATE MANAGEMENT & SOCIAL RESPONSIBILITIES

1. Personnel

❖ **Number of employees:**

The total number of employees as at December 31st, 2023 of the parent company was 213 people, a net increase of 3 people compared to 2022.

❖ **Policy on recruitment and use of personnel:**

Issued based on the principles of efficiency and fairness, the policy of KBC aims to ensure the right person for the right job with the highest efficiency. The Corporation's recruitment motto is to recruit the right people and arrange the right jobs to promote the

capacity and forte of employees. KBC always creates conditions for employees to participate in skills and professional training classes while still receiving full salary, in addition, internal training is also very focused to build a professional staff for the Corporation.

❖ **Salary, bonus, allowance regime and other incentives:**

Salary, bonus and welfare regimes are fully implemented by KBC in accordance with the law and are built in a balance suitable to the development of the business, including: Fully implementing the regime of paying social insurance, health insurance and unemployment insurance for all employees; Organizing periodic health check-ups at reputable hospitals; Organizing a kitchen at the office with clean products that are directly self-grown; There are football fields, tennis courts, basketball courts, gyms equipped with treadmills for all staff to use; Employees are entitled to annual leave, personal leave, maternity leave, etc. according to the Labor Law; Employees are entitled to allowances depending on the nature of their work such as: Responsibility allowance, part-time allowance, lunch allowance, transportation, telephone, monthly telephone subscription fee, etc.; Every year, all employees are given a vacation visit as well as many collective meetings, trade union activities, etc. and are rewarded with 3 to 5 months' salary; etc. In 2023, the average salary of employees at the parent company was 28.2 million VND/person/month.

2. Social responsibilities

In 2023, the Corporation spent **44.36 billion VND** to implement and support social activities in the provinces and cities: Bac Ninh, Bac Giang, Hai Phong, Quang Ninh, Cu Chi - Ho Chi Minh City such as: Bac Giang Disaster Prevention Fund; An Lao District Fund for the Poor; Study Promotion Fund in Bac Ninh; Hai An District Poverty Alleviation Fund, Sponsoring the project of supporting foreign water pumping outside the boundary of Nam Son Hap Linh Industrial Park for Mon Tu area; Financing the construction of an intersection connecting provincial road 390 Thanh Ha district with Hanoi – Hai Phong expressway; Financing the purchase of computers at the National Innovation Center, etc.

III. BUSINESS PLAN FOR 2024

1. Tasks to implement business investment plans in key projects

Nam Son Hap Linh IP - Bac Ninh, Quang Chau Expanded IP - Bac Giang, Tan Phu Trung IP - Ho Chi Minh City, Dang Le, Chinh Nghia, Kim Dong - Hung Yen ICs, Trang Due 3 IP - Hai Phong City play an important role in contributing to the Corporation's Revenue - Profit plan in 2024. These IPs will focus on the following important tasks:

- **Compensation & Infrastructure construction:** Compensation in parallel with infrastructure construction are important tasks in 2024 for these industrial parks and clusters to ensure that the infrastructure is ready for handover to customers who sign deposit agreements, thereby facilitating the attraction of new investments.
- **Putting into operation the system of new clean water supply and wastewater treatment plants** in Que Vo IP and Nam Son Hap Linh IP; Quang Chau IP continues to build new clean water plants phase 5 and wastewater plant phase 4.
- **Investment Attraction:** Achieving 100% occupancy in the Quang Chau Expanded IP,

Nam Son Hap Linh IP and Tan Phu Trung IP additionally, seeking major investors for Trang Due 3 IP; the projected lease area for industrial land in 2024 is 150 ha.

2. Implementing the plan for development of new industrial parks and clusters:

Currently, the Corporation has new industrial parks and clusters belonging to subsidiaries that have been approved for investment policy decisions and investor approvals, including: In Hai Phong, there is Trang Due auxiliary cluster of 58.75 ha; In Long An, there are Tan Tap IP (654 ha), Loc Giang IP (466 ha), Long An ICs (Tan Tap & Phuoc Vinh Dong) with an area of 219.4 ha. In particular, Trang Due 3 IP has been approved for zoning planning scale 1/2000, and is waiting for approval of investment policy. These are important projects that will bring revenue to the Corporation within the next 3 years.

- **Complete legal procedures:** Making efforts to work with state management agencies to complete the last important necessary legal procedures to have a basis for project implementation.
- **Implementation of compensation plans:** This is the central task of these projects, requiring coordination between the Company, the government, the local and financial resources.
- **Capital arrangement:** Currently, industrial parks and clusters projects are being interested by banks for large-scale financing, which is an advantage for speeding up project implementation.
- **Attracting investment:** With the investment attraction capacity of the Corporation, these projects are having an advantage because there are large investors who are researching and considering to be ready to sign land lease contracts at these projects when the project is eligible for business.

3. Planning on investment, business and development of urban area projects

Currently, the Corporation is implementing and preparing to implement urban projects as follows:

- **Trang Due – Hai Phong Urban Area:** continuing to hand over the last 15 villas in 2024, deploy the development of commercial and service zones.
- **Phuc Ninh Urban Area:** Waiting for the state management agency to approve legal procedures to be eligible for revenue recognition, and at the same time deploy the construction of the technical infrastructure system package 2 on an area of 20.3 ha in Phuong Vy and Thi Cau areas; Deploying technical infrastructure for the area that has been handed over on the field about the remaining 14 ha; Construction of Phuc Ninh air-conditioning lake on the area that has been handed over on the field and construction of 15 villas in the area where infrastructure has been completed.
- **Trang Cat Urban Area:** While waiting for the remaining legal procedures to be approved by the management authorities, the project continues to implement ground leveling and infrastructure construction to be ready to put into business or seek business investment cooperation partners, project development and delivery, etc.
- **North Cam River – Hai Phong Urban Area:** Detailed planning, completing legal

procedures.

- **Trang Due Expanded Urban Area – Hai Phong:** Preparing procedures for participating in the auction.

4. Implementing social housing projects and resettlement areas

In 2024, the Corporation will continue to implement investment plans to build social housing projects and resettlement areas to meet the housing needs for workers in industrial zones and for low-income workers.

- ✓ Social housing project in Trang Due - Hai Phong Urban Area: Completing the construction of 03 buildings in phase 1, selling 80% of apartments in phase 1.
- ✓ Social housing project in Nenh town, Bac Giang: Completing handover for use and recognition of revenue for 5 buildings, and commencing construction for another 5 buildings.
- ✓ Projects of Tan Phu Trung Residential Area, Loc Giang Urban Area, Tan Tap Urban Area, Phuoc Vinh Dong Residential Area with a total area of 122.98 ha: Focusing on completing legal procedures, implementing construction investment plans and arranging capital.

5. Capital arrangement plan:

Until making this report, the Corporation has received many requests from financial institutions proposing to finance projects including IPs - UAs - Social housings. In particular, at present, capital financing for IPs is prioritized by many customers. Therefore, KBC has been working with a number of large companies to build capital financing plans for projects such as Trang Cat Urban Area, Trang Due 3 Industrial Park, Industrial Parks & clusters in Long An, etc. Therefore, depending on the progress of completing legal procedures of projects and advantages in the capital market, in 2024, KBC will sign loan contracts with financial institutions, implement plans for bond issuance, stock issuance, etc.

6. Plan for revenue and profit in 2024:

The Executive Board did not adjust the Corporation's consolidated Revenue and Profit after Tax plan for 2024 approved by the 1st Extraordinary General Meeting of Shareholders in 2024 through Resolution No: 2803/2024/KBC/NQ-DHDCD dated March 28th, 2024 as follows:

- ✓ Total consolidated revenue is expected to be: **9,000** billion VND.
- ✓ Total consolidated profit after tax is expected to be: **VND 4,000** billion VND.

Above is the 2023 Business Performance Report and 2024 Business Operation Plan of the Executive Board submitted to the GMS for consideration and approval.

Recipients:

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

**KINH BAC CITY DEVELOPMENT
HOLDING CORPORATION
CHIEF EXECUTIVE OFFICER**

(Signed)

NGUYEN THI THU HUONG