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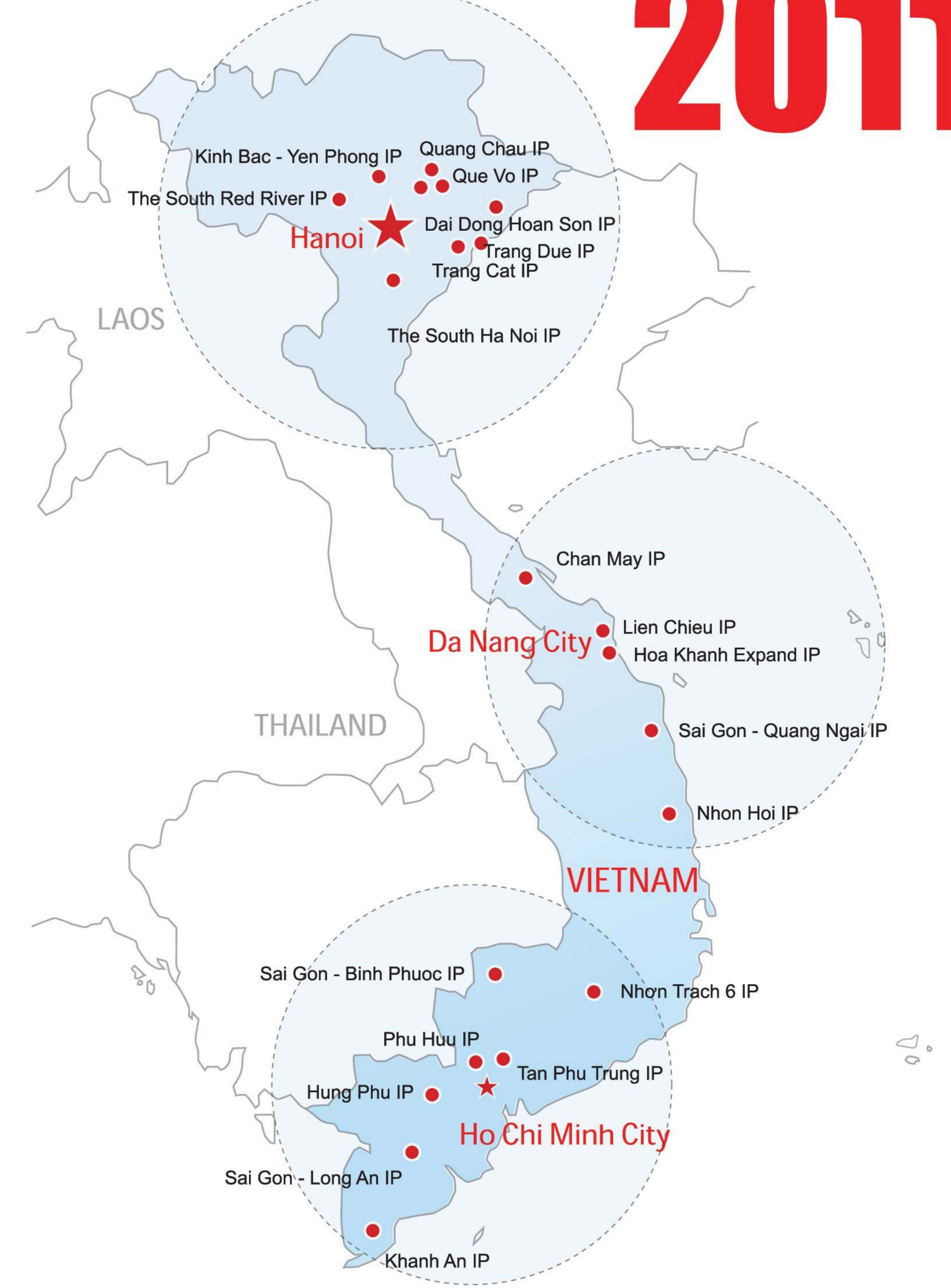
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# KINH BAC CITY DEVELOPMENT HOLDING CORPORATION STOCK CODE: KBC

# 2011 ANNUAL REPORT

About us	1
2 Message from the Chairman	2
3 History	4
4 Report of the Board of Directors	16
5 Risk management strategy	22
6 Business plan for 2012	30
7 Report of the Board of Management	32
8 Subsidiaries and associates	42

9	Organizational structure	45
10	The Board of Management	46
11	Human resources policy	48
	The Board of Directors & The Board of Supervisors	49
13	Shareholder structure	52
14	Investor relations	53
15	Financial statements	54

### LIST OF ABBREVIATION:

**KBC**: Kinh Bac City Development Holding Corporation

IP: Industrial park

### **ABOUT US**

### **ABOUT US**

KINH BAC CITY GROUP (KBC) has had 10 years of operation and development in the field of investment and development industrial park (IP) in Vietnam. We have contributed considerably to the industrialization



and modernization of poor and economic regions with low productivity, contributing added value to the society, local people and enterprises, etc.

So far, KBC still has been considered to be leading enterprise of Vietnam in investment and development IP and FDI attraction, etc.

KBC has become a strong group with four subsidiaries and over twenty associates and onwer of a chain of IPs across the country along with property projects located in the center of big cities in the country.

### 2011 - A DIFFICULT AND CHALLENGING YEAR

Being an real estate enterprise, KBC was also influented by macroeconomic policy, harsh monetary policy for this field in 2011. Capital arrangement in 2011 was not successful, even for IP projects. We have tried our best to overcome a difficult and challenging year. Although the business plan was not achieved, but above all to maintain the existence and development in the current context is the mumber one task to look forward to the future of more sustainable development.

### **INTRODUCTION TO 2011 ANNUAL REPORT**

The 2011 annual report that we would like to introduce to shareholders, investors and partners is considered as the next hystoric record of the development progress of KBC. Thus, the previous reports posted on the Company's website and Ho Chi Minh city Stock Exchange are inseparable parts of this report. The annual reports of 2008, 2009, 2010 have been rewarded one of the best annual reports of listed companies. Each report analysed and assessed the Company at different angles. Therefore, to understand more deeply the story created the value of the Companny as well as the road leading to the success of KBC, we hope that you consider all issued report as important documents.

2011 Annual Report - KBC 1



### Dear shareholders and investors!

Firstly, on behalf of the Board of Directors and staffs of Kinh Bac City Development Holding Corporation, I would like to thank shareholders, investors and customers who cooperated and share difficulties with KBC during the past year 2011. I wish you a new successful year for investment.

As you know, 2011 was a difficult year, especially for real estate enterprises such as KBC, which has not achieved business results as plan outlined. Under complicated changes of macroeconomic mainly impact of tight monetary policy on real estate enterprises along with the sharp decline of real estate and stock market have led to failure in project development plans, creation of new products and capital attraction.

On the other hand, we made every effort to focus on core business activity which is the development of existing IPs. However, because 80% of KBC customers are FDI enterprises, while world and regional large economies were lack of growth dynamic and limited of capital investment, declined in purchasing power of goods and industrial production, especially in countries have investment relationships and are export market of Vietnam FDI enterprises. Therefore, FDI enterprises, namely those in our IPs as well as prospects have not dared to aggressively expand investment and production but downsized production. However, according to our survey overseas, the medium and long term plan of hi-tech corporations tend to expand production and Vietnam is an attractive destinantion to these groups.

Besides, FDI attraction situation of Vietnam in 2011 was stable compared with 2010. Processing and manufacturing industries which were attached special importance by foreign investors. Investment capital of the two industries increased by USD 7.1 billion to achieve 48.5% of total registered investment capital of the country, mainly focus on IPs in HCM city, Binh Duong, Vung Tau, v.v. Meanwhile, KBC's prime customers are hi-tech corporations. Above are causal causes of not reaching the plan for 2011.

However, we were still consistent with in-depth investments in IP development and concentrated on investment promotion in 2011 to attract FDI of hi-tech industry into Vietnam and our IPs. One of the projects that we are executing is Vietnam - Japan specialized IP in Trang Cat - Hai Phong.

In addition, there were some plans that we had not completed last year such as: (1) stock private placement offering; (2) international bond issuance had not been successful due to unfavourable market condition of declining Vietnam stock market and high international bond interest rate which was not suitable for the demand of enterprises (as of May 2011, 5-year term international bond rate in USD that some enterpries had issued was up to 9.875%); (3) many commercial property project had been prolonged because the real estate was slow and even nearly frozen that we could not mobilize too high rate capital to invest in projects locking up of capital.

Thus, looking back on the past year, KBC strived to stand out the difficulties and barrier to maintain the existence and development. Although there were many incompleted plans but we tried our best. We believed that Vietnam is still considered an open economy and an attractive destination for foreign investors, and believe that KBC will continue to grow along with the positive changes of the macroeconomic.

## Chairman General Director



**Dang Thanh Tam** 

2011 Annual Report - KBC 3



### FOUNDATION PERIOD 2002-2004

KBC was established on March 27, 2002 with initial charter capital of 20 billion VND. One year later, Que Vo IP was inaugurated in Bac Ninh province. This is the first IP that make reputation of Kinhbaccity Group today. In the first three years, KBC established a sustainable foundation thanks to the stars are aligned.

- Developed a management system, a skillful and experienced staff specialize in IPs business and development as well as the ability to attract FDI into the IPs.
- Developed long-term strategy of 10-20 years period that is consitent with the general development orientation of the Government, of local authority, especially obtain the consensus of local people, namely the people of Bac Ninh province - the begining place where KBC built head quarter - Que Vo IP in Bac Ninh.

After 3 years, 311ha of Que Vo IP officially went on stream to attract investment. The business activities of KBC started to become busy. The low productivity agriculture land began to be filled with plants of hi-tech corporations without chimneys and environment pollution.

### MAGE BUILDING PERIOD 2005-2007

Base on the strong foundation built and the first project had been put into business, so in the next three-year period 2005-2007, we focused on building image and prestige of KBC with the authority and investors in the country and overseas. The way that we have chosen is "Bring the Company's brand to international investors". Our IP projects concentrate on attracting hi-tech corporations through attracting FDI into Vietnam to develop populous IPs, bringing hundreds of jobs for local people and contribute significantly to the local growth v.v.

Thus, we have been very successful in attracting hi-tech companies base on our capacity. 80% customers in our IPs are foreign investors, most are large corporations and their satellite companies from Japan, Taiwan, Korea, Singapore v.v. This have included big corporations such as Canon, Foxconn, MITAC, Panasonic, Sanyo, Wintek, UMEC, Tenma, Mitsui, VS, Sentec, Toyo Ink, Yamato Industries, v.v.



### PERIOD OF VALUE CREATION 2008 - CURRENT

In this period, we mainly focused on creating corporate value in assets, products, network of investment attraction, land acquisition, building corporate image, capital arrangement, v.v. The highlights must be mentioned at this state such as:

KBC developed more IPs to put into business, each IP has over 300ha in scale, mainly in Bac Ninh,
Bac Giang, Hai Phong and HCM. City. Of which, Que Vo IP is supposed to be occupied nearly 100%
of the area. Operating IPs such as Que Vo Expanded 300ha, Quang Chau 426ha, Trang Due 400ha
(150ha phase 1), Tan Phu Trung 590ha were available for sales. Especially, Trang Cat IP - Urban
areaa 860ha in Hai Phong will be one of the key projects that will be put into operation in the
coming years.

KBC also developed other additional products besides land lease such as warehouses for lease or sales. These additional products would help investors save time building warehouses and minimize risk when investing in Vietnam. "Our motto is to meet the rigorous requirements of all investors. It is the key factor to sucess in attracting strict corporation like Canon into our IP."

- KBC has acquired a land bank in the center of cities and provinces such as Phuc Ninh IP Bac Ninh 146ha, Housing for worker 6ha in Bac Ninh, Quang Chau Urban area 120ha in Bac Giang, Diamond Rice Flower My Dinh Ha Noi 4ha, Diplomatic Area 2ha, Tan Lap Urban area in Dan Phuong Hanoi (23ha), v.v.
- In the formation and development, we found a management team that has a strong attachment to the Company and attracted a good staff to maintain KBC position as one of the leading enterprises with the ability to attract foreign investment in Vietnam and to create Kinhbaccity brand name that is famous in the field of IP investment in particular and in the field of real estate in general.

As of 31 December, 2012, total assets of KBC is 11,947 billion VND, equity is 4,413 billion dong. Our development model is to build urban areas and IPs that is advanced, modern and friendly environment. Our orientation always closes to the orientation of industrialization and modernization following Party and State guideline, especially the IP development strategy. Our business contributed considerably to the State budget, infrastructure building and creating jobs for poor rural areas.

(Investors can research 2009 annual report with http://kinhbaccity.com)

### KBC - BECOME PUBLIC COMPANY SINCE 18/12/2007

After seven years of construction and development, in December 2007, KBC officially became HNX newly listed company with 88 million shares; on December 18, 2009, KBC moved to listed 199.124.330 shares on HOSE. As of December 31, 2011, the outstanding shares of KBC is 295.711.167.

Since becoming a public company, KBC has been complying with the legislation as a listed company, insuring information disclosure as prescribed and at the request of shareholders and investors.

KBC is a large cap value share on the stock market, the number of shareholders at times was up to 10,000. However, the proportion of major shareholders holding KBC shares for a long time is up to 60%. There has not been trading stocks of internal shareholders is the specific characteristic of KBC shares. This represents the high expectation of KBC's potention.



### **EVENTS & AWARDS**

- Mr. Dang Thanh Tam Chairman and General Director of KBC was awarded First class Labour Medal from the President in 2011
- Mr. Dang Thanh Tam was honored to be one of five Vietnamese businessman awared Ernst & Young
   Entrepreneur Award 2011
- Be honor to receive third-class Labor Medal 2007
- Received Competitive Flag from the Government in 7 consecutive years
- Continuously on Top enterprises awared Vietnamese Golden Star, Top 10 of 2009, Top 100 of 2010
- Continuously archieved Best Annual Report Award of 2008, 2009, 2010
- Received "Asian Exellent Award" 2010
- Received "National Famous Brand Award" 2010, etc.
- Continuously awarded "Prestige Security Brand" since 2008
- Granted Star Outstanding Enterprise Intergration Award of 2007
- Received Typical Enterprise and Typical Businessman of three countries Laos Cambodia Vietnam
- Awarded "Golden Globe Award" since 2008
- Received Vietnam Top Trade Services Award since 2008
- Received ISO Gold Cup 2009















### 10 YEARS PATH

KINHBAC CITY GROUP (KBC) has been well-known by many investors and foreign organizations as an leading enterprise that has invested and developed IP in Vietnam for the past 10 years. The Company has contributed considerably to the industrialization and modernization of provinces where KBC has been operating, especially Bac Ninh province where KBC built its head office. Simultaneously, the Company has brought hundreads of jobs to workers in IPs of KBC in Bac Ninh, Băc Giang, Hai Phong, HCM City.

In the past 10 years, we have been success in both land bank acquisition and foreign direct investment attraction. This the core value that we have established and maintained in every difficult circumstances.

### LAND BANK ACQUISITION

Currently, we have seven operating IPs with total area of 3,000 ha, of which most have been clearance compensated above 70%. In particular, KBC's land bank is estimated at 15,000 ha including associates. This is the biggest value that KBC archieved for the past 10 years, ensuring enough land bank for KBC to develop in 10 - 20 years. Moreover, the instructions No. 07/CT-TTG dated March 2, 2012 of the Prime Minister on suspending the licensing of new industrial zones will improve the competitiveness of KBC with others in the same industry.

### INVESTMENT ATTRACTION

KBC is one of the leading company of Vietnam has the ability to attract FDI into IPs, specifically 80% of KBC's customers are foreign investors, for example, KBC attract 20% of FDI of Vietnam in 2007. The success of KBC thanks to the leadership and strategy of the Board of Directors and the detail plans of the Board of Managerment as well as a professional staff who savvy corporate culture of many countries and can convey investment attraction policy and promote Vietnam emage to the world. Therefore, KBC's IPs are always the first choice when foreign companies want to invest in Vietnam.

### **LONG-TERM DEVELOPMENT MODEL**

KBC chose model of developing advanced, modern and environment-friendly urban area attached to IP. KBC focused on attracting national and foreign investors with advanced and modern technology to build factories and to operate business in our IPs; build modern urban areas to serve international experts, staffs and workers working inside and outside IPs; create ideal investment environment to meet all requirements of customers worldwide. With this model, KBC ensures enhancement of economic growth of provinces, suppliance of modern and non-polution living environment as well as housing for workers and foreign experts.

### **INVESTMENT ATTRACTION ACTIVITY**

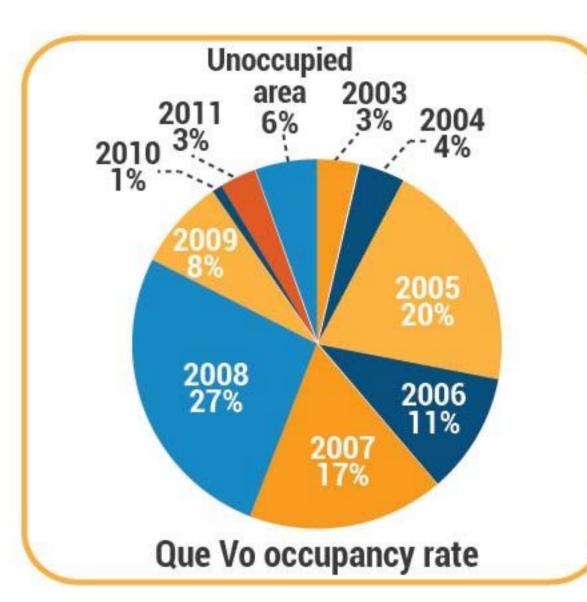
The first IP is Que Vo IP where big groups of Japan and Taiwan locate such as Mitac, Canon, Foxconn, etc. is considered to be fully occupied (311.6ha). Foreign investors total 60 enterprises which invest in large scale hi-tech plants, for example, the second world largest Laser Printer Factory of Canon.

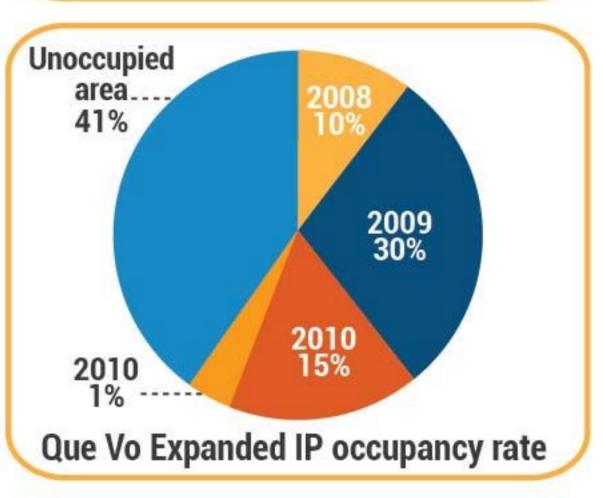
The second IP is Que Vo Expanded IP (311.6ha), adjacent to Que Vo IP, inherited advantages and prestige of Que Vo IP, went into operation in 2007. Most customers in this IP from South Korea are satetlite companies of Samsung Mobile, etc.

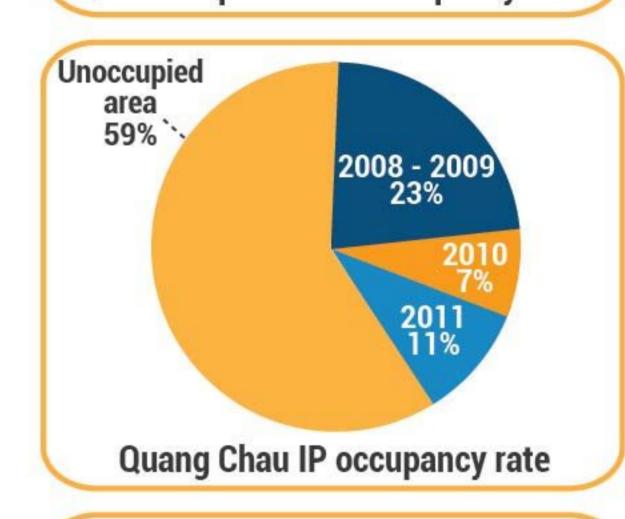
The third IP is Quang Chau IP (426ha), inaugurated in 2007, is the project to be leveled and attracted investment most quickly. Big groups are operating in the IP such as Sanyo, Umec, Wintek, etc. Wintek is expected to expand its factorys to 100ha in area.

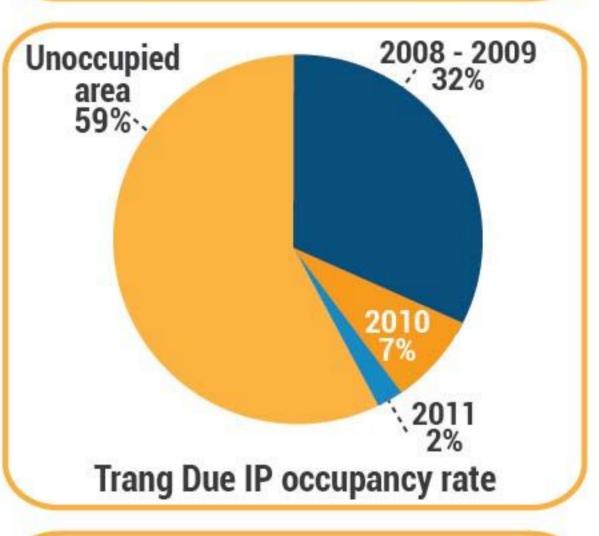
The forth IP is Trang Due IP in Hai Phong (400ha), phase 1 is operating 150ha. This is the IP that KBC officially holds 90% since 2010. This IP focus on attracting companies manufacturing shoes, garment, and electronics, etc. Trang Due IP will become a modern IP, contributing to the process of industrialization and modernization in the northern economic triangle. This is the foundation to improve the image, prestige, and new achievements for KBC to develop other hi-class projects in Hai Phong.

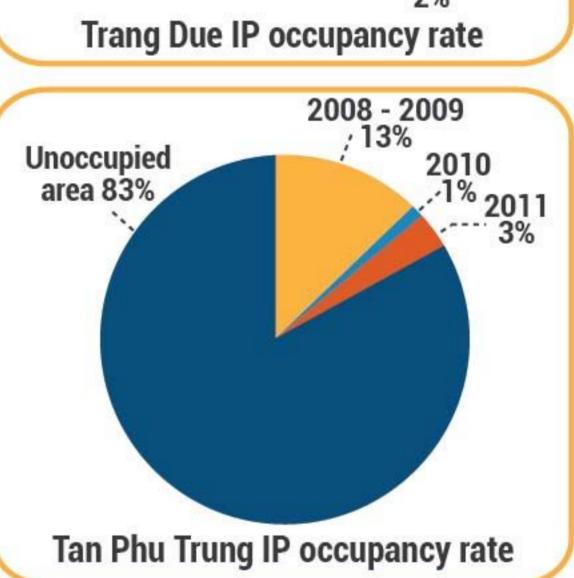
The fifth IP is Tan Phu Trung IP in HCM City (590ha), which KBC owns 60.52% since 2010. This IP is only 25km far from HCM City, convinient for transportation, easy to attract labor and foreign and domestic investors. The IP has been compensated 75% area and ready for lease. The growth of the IP in the coming years will mark a new development of KBC in HCM City.











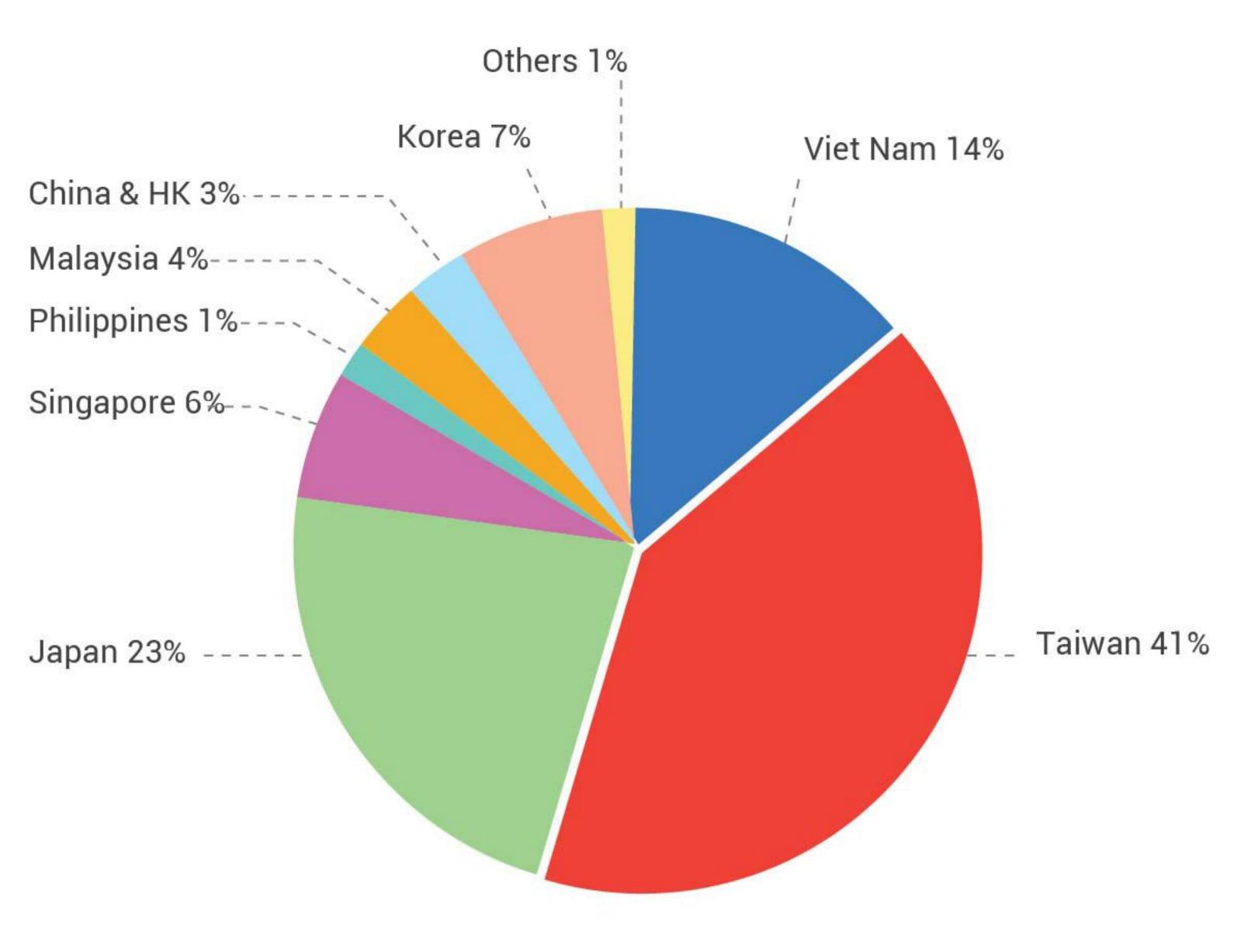
Besides, KBC also has 2 IPs which have been granted investment certificates and put into operation. The IPs are Nam Son - Hap Linh IP in Bac Ninh province (402.5ha) and Phuong Nam IP in Quang Ninh province (709ha). In addition, with the land bank up to 15,000ha across the country including land of associates that sooner or later will be merged into KBC. The huge land bank is potential for the development of IP in 10 to 20 years. This is the advantage of KBC in the context of the governmet suspends licencing new IPs.

10 2011 Annual Report - KBC 11

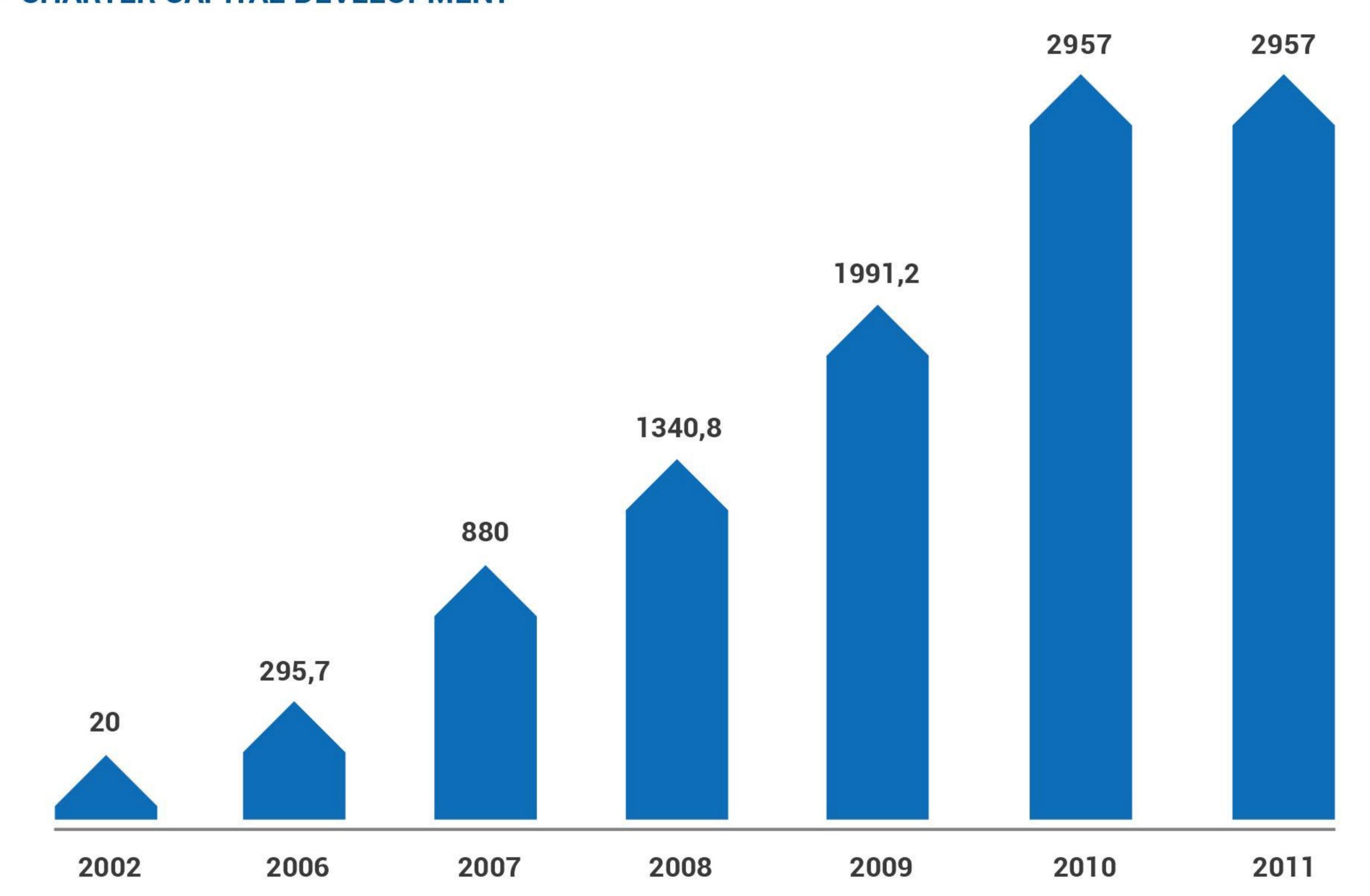


### CUSTOMER STRUCTURE

Customer structure of KBC of 2011 has no differece compared to 2010, mainly from Japan, Taiwan, South Korea.



### CHARTER CAPITAL DEVELOPMENT



### **OWNERS' EQUITY DEVELOPMENT**

### Private share isuance:

2006: to organizations and individuals

29.570.000 shares

2007: to existing shareholders: 50.430.000 shares 2009: 20% - 26.016.532 shares

2007: To strategic partners: 8.000.000 shares

2008: To strategic partners: 2.722.000 shares

### Pay dividend in stock:

2008: 43% - 37.290.460 shares

2010: 30% - 57.952.104 shares

41%

31%

### **Bonus shares:**

2008: 7% - 6.070.540 shares

2009: 30% - 39.024.798 shares

2010: 20% - 38.634.736 shares

2011 Annual Report - KBC 13 12 2011 Annual Report - KBC

### Core business in IP development

ensure sustainable growth, contributing to industrialization and modernization of poor economic zone with low productivity to become dynamic and rich industrial parks.

ies and associates focus on deploying over 20 ential tax policies, land use fees and rents, etc. industrial parks across the country. These IPs will In the comming period, besides developing key be gradually mergered in KBC to become subsid- IPs, we have been executing specialized IP comiaries. The target is develop Kinh Bac Corporation plying with the orientation of the Government and to become leading corporation in investment and the Politburo. For example, we are accelerating development IPs in Vietnam, considerably devemopment of Trang Cat - Hai Phong to contributing to the industrialization and modern- become Vietnam - Japan specialized IP. ization of poor rural economic zones.

In addition, our long-term strategy is to continuously pomote attracting FDI into Vietnam, especially, attracting high-tech groups to build facto-

During the past 10 years, our development strat-ries in Vietnam. We have implemented the strategy is consistent with the general development egy successfully for the past 10 years, considerorientation of Vietnam, close to the development ably contributited in the fist phase of renovation oreintation of the Government, of localities, to period, made a breakthrough in industrial investment and growth of Vietnam.

Go along with the direction and guilines of the Party and State during the development process of Vietnam's IPs, KBC is always supported by the In the long and midium strategy, KBC, subsidiar- Goverment and local authorities through prefer-



### Model of urban area development attached to IP development

This is advanced development model that many countries as well as KBC have been adopting. With the model, we will supply housing suitable for different kinds of customers such as experts, staffs and workers inner or outsite IPs and for local people.

However, for the past 10years, we have just been at the first period of the model such as Phuc Ninh Urban area (attract companies in the IP to build high class housing for experts working in the IP, etc). Quang Chau Urban are supply housing for workers, etc). So far, the construction of these Urban areas according to the direction that we planned are facing some difficilties due to the impact of macroeconomic that many corporations have not invested heavily at this time at the present time although they would like it very much. Moreover, the construction is also influented by the tighten monetary policy and the situation of freezing of real estate market, so, the projects of the Company need extention.

As of developing strategy of urban areas associated with IPs, we have been always kept abreast of actual situation of macroeconomic policy, changes of real estate



### Property projects development

At present, KBC owns golden land area in Hanoi investor, we can not deviate from general market, Hanoi, 4ha of Diamond Rice Flower project in My necessary to wait for the stars are aligned. Urban area in Dan Phuong, Hanoi (23ha), etc. As for this segment, KBC is at the period of completing legal procedures. However in the context of freezing market and tough monetary policy, as an

such as 2ha of the Depomatic Project - Tu Liem, the extention of investment at this moment is Dinh, Hanoi, and other projects such as Tan Lap Hovever, besides commercial purpose we also have political purpose, especially for Dimond Rice project. Thus, we will continuously seek support from all sides (the Government, domestic and

Besides, along with real estate core business, KBC also expands investment in a number of key industrial sectors with long-term potential such as power, minerals, eco-tourism, afforestation, rubber trees planting, etc. Hopefully, with a strategic vision and a long-term policy, Kinh Bac will achieve great success forward and make Kinhbaccity to become "Top Ten" Brand in real estate sector of Vietnam.

foreign partners)

2011 Annual Report - KBC 15 2011 Annual Report - KBC



### **OVERVIEW OF ECONOMIC ENVIROMENT IN 2011**



Vietnam economy in 2011 was a grey picture, led to downsizing and halting expansion of the inflation happened to reach 20%, interest rate corporations. This also affected considerably to started climbing from May 2011 with deposit the performance of investmet promotion of KBC rate up to 20%/year and non-production loan in the past year. with real estate lending. Thus, an important door for enterprises to access capital was closed throughout year 2011.

affected by the unstability of not only national macroeconomic but also of big international and manufacturing to export.

Whereas, there were too much unstability in year decline of consumption power and production

rate up to 25%-27%/year at time. Although inter- Back to the national economic situation in year est rat was very high but non-production real 2011, in the circumstance of declining and estate enterprises were very difficult to access strong sell of real estate market along with the capital, even credit instituions seemed to say No policy of limiting level of debt to 16% of all real estate loans by year-end; banks tightened loans and series of defaults related to real estate, etc. These factors made the market not liquid, price KBC majors in developing IP in Vietnam is and plummeted and not attractive to foreign investors and big investment funds. Therefore, KBC had to extent investment plans of urban areas reginal economies. Because, most of KBC's and high class projects to limit risk of capital. In customers are high-tech foreign corporations, 2011, we only focused on developing IPs, accelerating legal procedures of projects in progress. KBC closely followed the changes of capital 2011 for big economies in the world due to market, real estate market, world economic public debt crisis, natural disasters, sharp situation to establish suitable strategies and

### REVENUE AND PROFIT AFTER TAX OF 2011 COMPARED WITH THOSES OF 2010

Currency: billion VND

Items	2011	2010	Thay đổi
Total revenue	870.5	1.664	52%
Of which:			
Revenue from sales of goods and rendering of	633.6	913.9	69%
services	236.9	750.1	32%
Financial income	77.8	1109.9	7%
Profit after-tax	35.7	1095.3	3.3%

### REVENUE AND PROFIT AFTER TAX COMPARED WITH THOSE OF PLAN OF 2011

Currency: billion VND

Items	Implemented	Plan	Change
Total revenue	870.5	2.000	4%
Profit after-tax	77.8	1.000	7.7%

2011 to be said a year of sharp decline in business performance of KBC, the result was a small number compared with plan. This has been the biggest concern of the Board during the year that we want to share with our shareholders.

Main business activity was 633.9 billion VND, equivalent to 69% of 2010, was not too bad results in the context of 2011. However, because of the burden of 324 billion VND of financial expense (which is mainly of bond interest issued in 2009) had significantly reduced business result of the Company, making the profit after-tax of the Company be only 77.8 billion VND, equivalent to 7% of those of 2010 and 7.7% of those of plan.

Closed the past year with unfinished plan, but we believe that the plan for 2012 and years to come to overcome current difficulties and to maintain developing the Company is more important.

2011 Annual Report - KBC 17 16 2011 Annual Report - KBC



### GENERAL ASSESSMENT OF INVESTMENT ACTIVITIES

Investment activities in 2011 of KBC focused on deploying IPs, especially Trang Cat IP and Urban area, Hai Phong with the area of 860ha and the Company as the investor. Total amount invested in the project in 2011 was 1,983 billion VND, equivalent to 87% of total investment of 2011. This is the main investment in 2011 and also the key plan that KBC will focus on deploying in the coming years. The expenses for the project mainly comprise of compensation, clearance, completment of legal procedures and project planning. So far, the project has officially granted investment licence and land hand-over decisions.



### Why does Trang Cat project to be seen as key project of KBC at present?

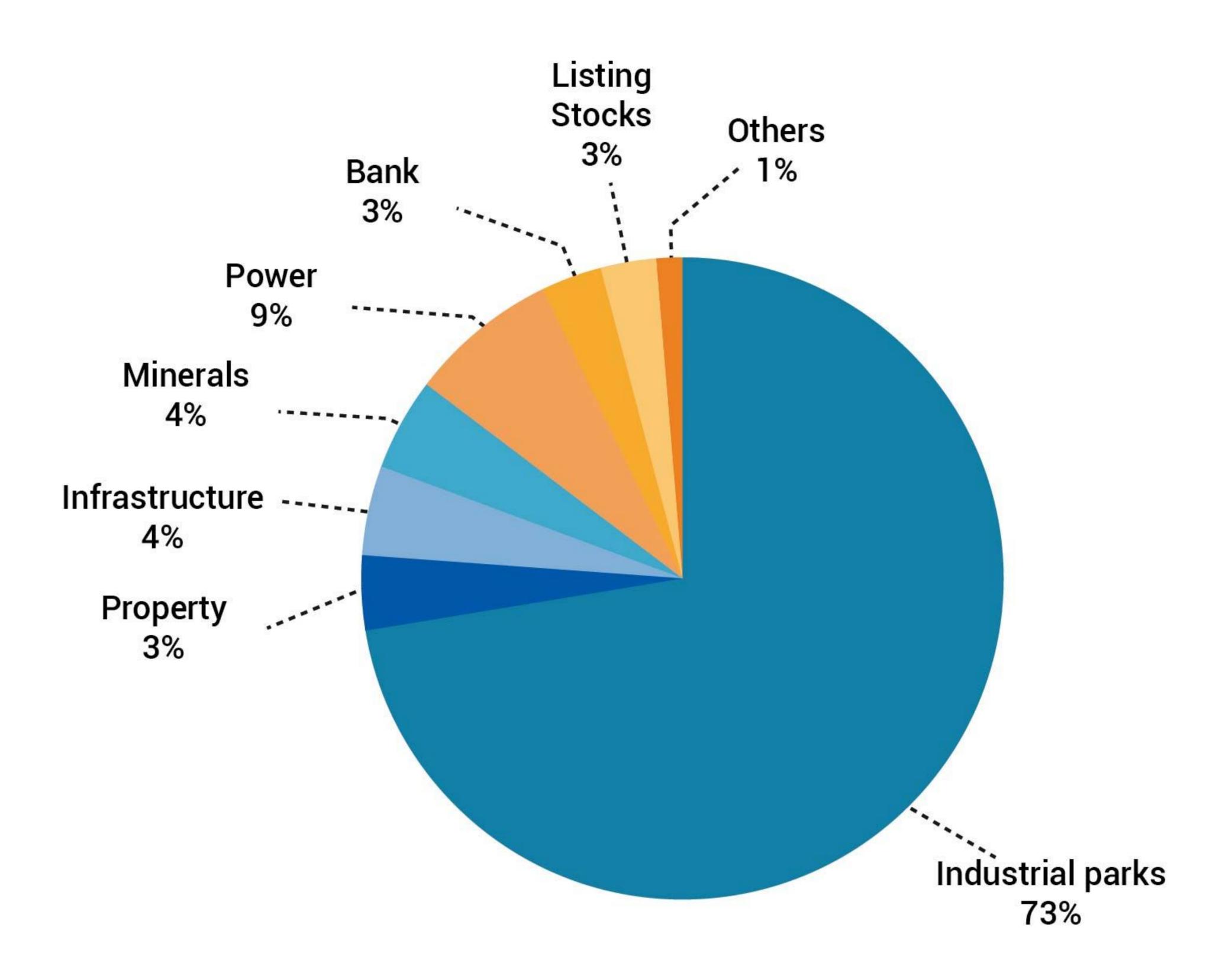
During the visit of Prime Minister Nguyen Tan Dung to Japan on 31 October 2011: "Prime Minister Nguyen Tan Dung highly appreciated Japan's cooperation and assistance in the formulation and implementation of Vietnam's industrialization strategy and its action towards 2020 and affirmed that it would establish the high level committee for that cooperation. Concurrently, the Prime Minister expressed expectation to develop two specialized industrial parks in mechanical engineering and electronic engineering, cooperation with Japanese site in Hai Phong and Ba Ria - Vung Tau; and suggested Japan Government to support and promote the participation of Japanese enterprises in projects in Vietnam in the mode of Public Private Partnership".

(Source: chinhphu.vn)

Thus, the development of specialized industrial parks in Hai Phong was directed by the Politburo and the Government, especially attracted special attention from Janpan Government. So, Trang Cat Project of KBC has been implementing in accordance with the direction of the Government in developing specialized industrial park in Hai Phong. As for KBC, we accelerated the project and found Japanese partner to establish joint-venture cooperating in constructing Vietnam - Japan specialized industrial park in accordance with the signed development cooperation between the two countries.

In addition to the above significant investment, in 2011, the Company invested a portion in associates such as Song Tranh 4 Hydropower Corporation (51.3 billion VND), SGI - Lao Hydropower (190 billion VND); besides, the Company's subsidiaries also invested in Westernbank 265.5 billion VND. However, capital source invested in 2011 is mainly from internal source of the Company, hardly from loans.

### EVALUATION OF INVESTMENT STRUCTURE AS AT 31 DECEMBER 2011



Basically, investment structure of 2011 has no major changes compared with that of 2010. Investment in industrial parks increases, accounting for 73% of total investment, focusing on Trong Cat project as we presented. Next, power sector investment also increase compared with 2010, mainly invest in Hydropower project in Laos by SGI - Lao Investment Corporation. Therefore, industrial park and power are the two sectors that KBC mainly focused at the period.

The remaining investments are mostly in potential sectors and expected to bring add value for KBC. For example, 339 billion investment in SQC, accounting for 4% of total invesetment, promising early profit for KBC when SQC, a company operating in key industrial sector of Vietnam, started to have profit in 2011.

As for property projects, although they are all big projects, but the total estimated expense was only 245 billion VND, mainly invested in Phuc Ninh Urban area.

Other long-term investment was 1,610 billion dong as at 31 December 2011, down 50% compared with those of 2010 due to lendings to related parties have no longer existed.

2011 Annual Report - KBC 19 18 2011 Annual Report - KBC

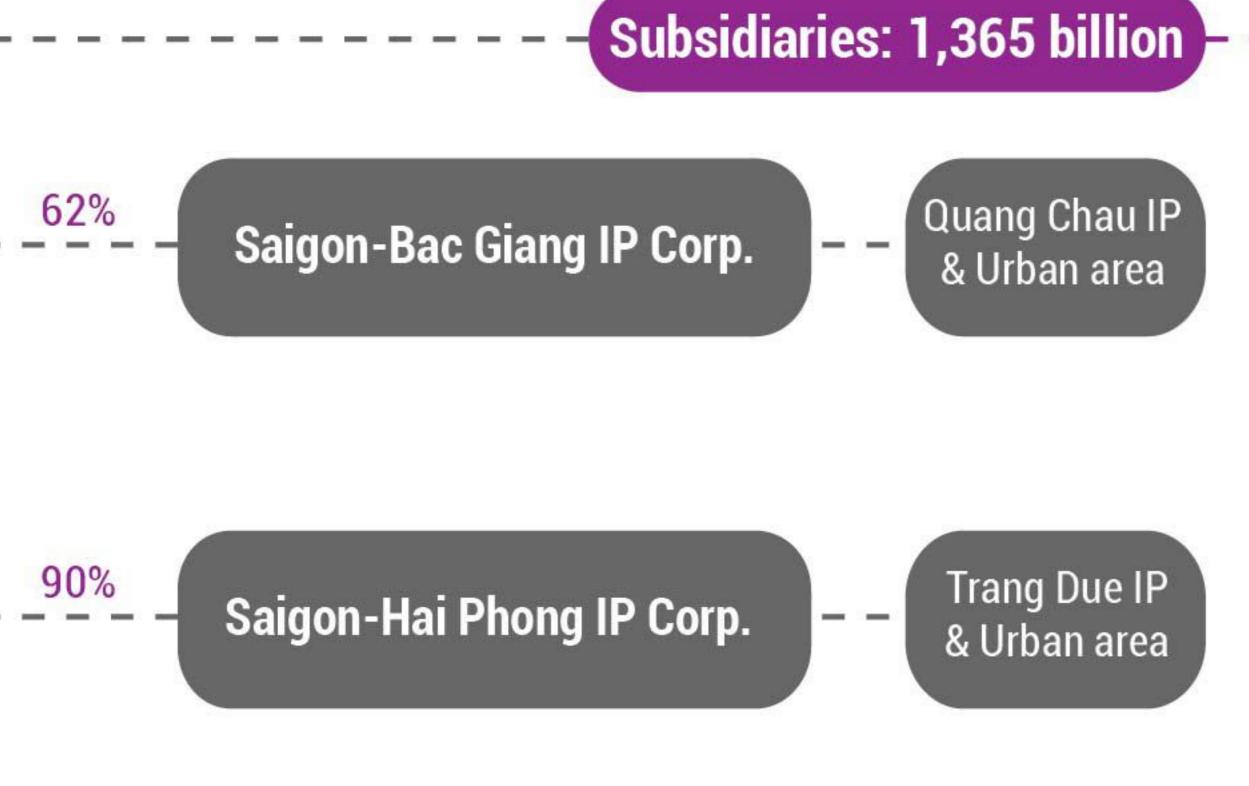
### INVESTMENT PORFOLIO CHART

Phuc Ninh Urban area; Diamond Rice Flower; Housing for low income

Urban area, Hotel Trading center, office KBC

Industrial park

Que Vo; Que Vo Expanded; Nam Son Hap Linh; Phuong Nam, Trang Cat



Western Saigon City Develop-Tan Phu Trung IP & Urban area ment Corp.

Bac Giang Thermal Power \_\_\_ Thermal Power Corp. plant

Associates: 590 billion Saigon - Camau Infrastructure Corp. SGI-Lao Hydropower 29.2% Hydropower – – Investment & Development Corp. 27.44% I **HCM City** Infrstructure develop-Hi-tech park ment JSC. Real estate service Nam Viet Land JSC. Telecommunication & tion service & real = = = Technology Corp. estate investment

### Others: 1,630 billion VND

IPs & Urban areas : 40%

Saigon Can Tho (Hung Phu IP)

Saigon - Hue (Chan May Non-tariff area)

Sai gon Nhon Hoi (Saigon-Nhon Hoi IP)

Saigon - Da Nang(Hoa Khanh IP, Lien Chieu)

Saigon Material Construction

Tan Ky Cement (Saigon -Tan Ky IP)

Saigon - Ham Tan (Resort Lagi - Ham Tân...)

Saigon-Binh Phuoc IP

Sai Gon - Quy Nhon Minerals (manufacturing Titan) 21%

Infrastructure develop-ment (Hanoi-Haiphong Highway): 19%

Power (33%)

 Binh Dinh Thermal Power Center

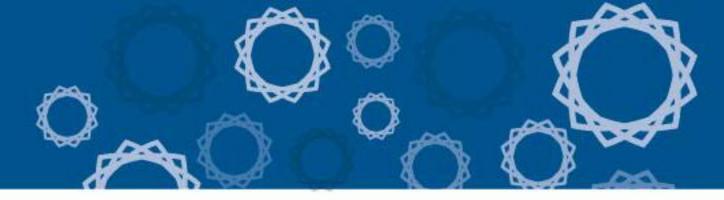
• Binh Thuan Thermal power

Song Tranh 4 Hydro power

Westernbank: 16%

Other long-term investment : 4%







### GENERAL STRATEGY

Risk management of the Company mainly focuses on controlling operating risk, financial risk. Thus, relevant functions are in charge of controlling and identifying risks including systematic risk (market risk, interest rate risk, consumption power risk, etc); and non-systematic risk (business risk, financial risk, etc) of the Company.

As of business activity: Risk management is applied from the stage of establishing customer network and identifying potential customers to the stage of negotiation and establishing agreement; Concurretnly, establishing customer management process to avoid risk of violating the signed agreements, risk of payment schedule and risk of prolonged bad debts, etc. This job is closly coordinated among business division, business risk control division and legal division.

As of financial management: Functional division is responsible for reporting to the Board of Management the pocess of the risk as well as forecasting risks to financial management of the company to ensure the balance between risk and risk controlling. Specifically, risks are focused such as maket risk, credit risk, liquidity risk:

- Market risk: Financial risk management division should strictly control loans, deposits, investments avalable for sale when interest rates fluctuate, monetary policy, price of goods, etc.
- Interest rate risk: Risk management division closely follows changes of currency market and of national and world ecomic situation, plan and report to the Board of Management. Upon that, the Board will determine financial leverage and financial strategy suitable with current situation and determine level of risk of long-term loans with floating rate of the Company.
- Credit risk: Risk management division regularly make reports of receivables from customers, overdue receivalbles to report to the Board for handling; Besides, as of deposit management, the deposits should be kept in prestigious banks in Vietnam.
- Liquidity risk: To ensure the liquidity of due debts, the risk management division have plan to maintain cash and cash equivalents, and plan of making loans from banks promtly to avoid effects on cash flow.

2011 Annual Report - KBC 23

### **BIGGEST RISKS AFFECTING THE BUSINESS AND OPERATION OF THE COMPANY IN 2011**

In 2011, KBC had controlled non-systematic risks but coud not avoid the influence of systematic risks.



### **FDI** attraction risk

The business activity of KBC in the field of IP development depend strongly on the situation of FDI attraction of Vietnam. Although disbursed FDI in 2011 was 11 billion USD, equivalent to that of 2010; However, the FDI primarily flew in processing and manufacturing industry of 48% and in the southern of the country. As of KBC's IPs, we focus on customers in high-tech industry, meanwhile, the consumption power and production of the worldr, especially regional nations are export market of FDI companies in Vietnam, tend to decrease sharply, for example South Korea, Taiwan. Therefore, high-tech companies have not expanded their factories, and even downsized production. However, according to our assessment through investment promotion trips overseas, the long and medium term tendency of high-tech coporations still have expansion plans of business to countries like Vietnam where is safe in politics and geography after damages from natural disasters of Japan and Thailand in 2011.

### Risk from tighten monetary policy on real estate enterprises, high interest rate

The prolonged high interest rate in 2011, even up to 25-27%/year, was a threat to enterprises, especially real estate enterprises. Credit institutions all not only said No with lending to real estate companies, but also concentrated on collecting debts. Although KBC invested in IP development unlike the speculative activities of property sector, but credit institutions still were not intersted in.

Therefore in 2011, we reduced investment in big property projects and focused on IP projects with internal capital ability. This is systematic risk alarming for real estate enterprises. Thus, we have to adjust the plans according to actual situation focusing on core business, cooperate with foreign partners.

### Risk of freezing real estate market

Real estate market in 201 was sharply declined, even frozen. Although KBC had no property products in progress, but the downturn market affected indirectly on real estate related enterprise like KBC. The negative affects were delayed projects, decline in growth speed of the company, lack of support from credit institutions, constraints in arrranging capital in international market, etc. Therefore, real estate enterprises may have to change the business strategy in short and medium terms.

### Risk due to the plunge of the stock market

Vietnam's stock market in 2011 dropped steeply, vast majority of all stocks lost 70-80% of their value from early 2011, below par value share become normal. This reduction completly closed a funding channel of enterprises, thus plans of private share issuance to strategic investors and foreign investors had no chance.

### Risk from policies of IP development

IPs in Vietnam have been operating and developing for 20 years, besides achievements contributed to the process of building the country, there remains inadequate problems such as there are many non-effective IPS, not be able to attract investment, fragmented planning. Recently, directive No. 07 /CT – TTg dated 2 March 2012 of the Prime Minister on suspension of issuing new investment license of new IPs. Although the directive effected positively on developing existing IPs; However, this directive will limit the land bank for IP development. This is risk of enterprises which have core business in IP development, the enterprises need to add new business activities to servive.

As for KBC, we have enough land bank to develop in 10 years, but we also understand that limited land bank is considered risk factor to be closely followed to have suitable direction and strategy to develop.

24 2011 Annual Report - KBC 25

Although faced with the complicated economy and keep abreast of the positive changes of the since 2008, KBC has always had adjustments of economy to have new action plan. business plans to fit the macro-economic in Year 2011 is considered one of the nonadvantage of opportunities from crisis in 2009, 2010 through low interest rate loans and take over cheap potential projects, etc. By the year 2011, enterprises again faced more challenges and difficulties than those of 2009, 2010. Theresion or seeking new investment opportunities, most difficult period.

Vietnam. KBC has been very successful in taking successful years of KBC in the last 10 years. Because, KBC is an enterprise that has changes similar to changes of general economy which affected strongly by objective systematic factors such as the situation of FDI attraction in Vietnam, high lending interest rates, the plunge of stock fore, we have adjusted action plan to suit the market, and unstable macroeconomic policies, current situation, focusing on in-depth invest- etc. 2011 ened, although the business result did ment with internal capacity rather than expan- not meet the plan, but KBC has overcome the



Looking forward to 2012, we still see the difficulty of the the economy, enterprises will still face many challenges. However, in Quarter I of 2012, there are many positive signs of macroeconomy of Vietnam, inflation of the first three months increases only 2.53%, much lower than the same periods of previous years, trade dificit plummeted, USD rate is relatively stable; quality of FDI structure in both sources and attracting fields improved; bidding of government bond was successfull and better than last year; especially, monetary policy has had many positive changes, the Center Bank has cut interest rate and pumped money into the economy. Another important highlights is that foreign investors consider Vietnam as an attractive place to invest, this is the brightest of the business prospect of KBC, an enterprise depends on foreign direct and indirect investment.

### FDI attraction of Quarter 1 year 2012

- "According to the Vietnam macro-economy outlook repport of March 2012, HSBC estimated that the total cash flow to the stock market had reached 500 million USD by March 2012."
- "Key word "Vietnam) is strongly attractive to Japanese investors Financial specialist Imai Masayuki said that Vietnam's stock market is going up from the bottom which is opportunity that we should not miss."

It can be said that indirect capital flow of foreign investors is flowing into Vietnam market since early 2012, and this is the highlight for listed companes like KBC to attract capital in the future.

### FDI flow - Great pospects

### • According to general assessment of experts:

Experts said the key factor determing the selection of investors to choose Vietnam is the political stability of the country. International financial experts also noted the strong breakthrough of Vietnam over the past decade. Act cording to assessment of Bloomberg, Vietnam's economy in the future could rank third of Asia, only after chinal and India.

Vietnam currently has 135 IPs and export processing zones that have massive tax incentives to attract investors from the U.S, Europe and Asia. Thais believe that by 2015, Vietnam will become a hub of trade and investment of ASEAN, so they are quickly promoting branch establishment in Vietnam.

With regard to property sector, in 2011, the American Association of real estate abroad investor has ranked Vietnam as the first position in the list of best countries for investment. The obvious convinience factors here are non-servere competition, the weather condition allow to minimize construction costs and lower prices than many other countries in the region.

Source: Internet

### • According to CBRE representative:

FDI invested in real estate in 2012 will increase three times of 2011, and Vietnam will welcome about 20 foreign investors. This is the appropriate time for onwers of projects to transfer the projects and for foreign investors to join in the market. Foreign investors are sensitive with Vietnam market, therefore, if given opportunity, they will not miss it. ChMoreover, recently there have been many big investment funds expressed their interest in Vietnam market and meet with many project investors, Mr. Marc Townsend said: the real estate market in Vietnam remains attractive in the eyes of foreign investors. However, due to various objective factors, it is still not an appropriate time for them to enter the market. This may be the time of "calm" before "the storm" of acquiring real estate projects of foreign investors.

2011 Annual Report - KBC 27 26 2011 Annual Report - KBC

### • According to HSBC's assessment:

"Inflow of FDI into Vietnam will strongly increase. It is worth noting that the earthquake happened in Japan in 2011 affected badly on the manufacturing industry of Japan, thus enterprises of the country have moved their production to other Asian countries. Thailand was the first choice of the enterprises, but due to the prolong flood last year in Thailand affected considerably on Japanese enterprises, thus many enterprises had to reconsider the location for production, and Vietnam may benefit fro this. In the first three months of 2012, Japan leads with a total investment of newly registered and added a 2.3 billion USD, accounting for 88.8% of total investment in Vietnam. In the first quarter, the real estate sector accounted for the majority of with total FDI investment in 2 projects of about 1.2 billion USD which comprises 45.5% of total registered capital.

Thus, the picture of macroeconomy of Quarter I/2012 had many positive changes, we hope that KBC, an enterprise depends on macroeconomy and FDI attractio situation of Vietnam, will benefit from positive changes of the macroeconomy in 2012.

### • FDI attraction prospect of KBC:

With regard to the development oreintation of KBC, we remain keeping the goal of attracting high-tech corporations into our IPS as the past 10 years. This oreintation is closely following with the target of the government. This has been emphasized in conference entitled "Solution to boosting and improving the quality of FDI inflows into Vietnam" on 15 March 2012. At this conference, the next direction of the Government will give priority to high-tech FDI projects which will be given preferential regime, and will be encouraged in the coming period. Thus, this is positive sign for KBC to better promote investment policy of Vietnam to international investors.





Many positive signs indicated Vietnam economy to prepare for a new cycle of strong growth and stability. Therefore, along with many investors to Vietnam, Mr. Marc Holzman - Vice Chairman of Barclays, who is also Chairman of Meridian Fund led the delegation to Vietnam for 3 day of working. Barclays Capital is one of few world largest investment funds with total assets management upto 2,000 billion USD. Available cash flow of Meridian fund for investment is 2.8 billion USD.

In the meeting, Mr. Marc Holzman praised the achievements of Vietnam and its efforts to overcome difficulties due to the impact of the world financial crisis and global recession. Vietnam will be the important destination of international investors. Although, this was the first time he came to Vienam, but Mr. Marc Holzman felt the invigorating admosphere of Vietnam emerging economy in the overall dynamic ASEAN area. Mr. Marc Holzman also highly appreciated the results achieved in working on collaboration and strategic partnership with Mr. Dang Thanh Tam as well as appreciated the efforts the achievements of Mr. Dang Thanh Tam's Group achieved. Mr. Marc Holzman and the delegation also visited Que Vo I of KBC...

Mr. Marc Holzman said he and his fund was interested in sectors such as finance and banking, infrstructure, minerals and telecommunications. When visiting Que Vo IP he and his delegation were impressed and interested in the development of the IP. Formerly, his fund had been also very successful in China and former Soviet countries, and would bring that experience to Vietnam.

We saw many positive signs of macroeconomy, especially with an enterprise that has significant dependence on FDI inflows in Vietnam like KBC. The positive tend of the economy will stimulate the growth of core business, building a sustainable foundation for the development of KBC.

Along with that, we slso ecpect that the government will issue appropriate policies for he development of real estate market, particularly policies in favor of IP and high-tech IP, etc. Although these projects are considered real estate projects, but in reality they indirectly contribute to the growth of production and industrial growth, etc.

28 2011 Annual Report - KBC 29



- Focus on attracting investment in operating IPs and ready for lease IPs such as Que Vo Expanded IP, Quang Chau IP, Trang Due IP, Tan Phu Trung IP, Nam Son Hap Linh IP.
- 2 Focus on promoting foreign investment, attracting FDI into IPs of KBC to ensure that KBC will be the first choice of foreign investors when they tent to build factories in Vietnam. This activity needs special attention in 2012 because there are many positive signs of direct and indirect foreign investment flowing into Vietnam.
- Trang Cat IP & Urban area Hai Phong will be focused in 2012 and the years to come: The Company needs to arrange capital to accelerate the project, especially to execute Vietnam-Japan specialized IP in Trang Cat Hai Phong in accordance with the guidline of the Company and the Government.
- 4 Complete legal procedure, set up detail plan and design of property projects such as Diamond Rice project, Diplomatic Area Project, Tan Lap Urban area project.
- Keep on track of property projects, set up detail plan of executing and business of Phuc Ninh Urban area and Quang Chau Urban area projects.
- Promote investment activities in the southern region, especially projects of subsidiary Northwest Saigon City Development Corporation to build the image of KBC bigger in the south, proceeding to establish branch instead of representative office in Ho Chi Minh City.
- Testablish relationships with organizations, foreign investment funds who have strong financial capacity and experience in real estate field.





### FINANCIAL STATUS ASSESSMENT

### **Profitability**

Ratios	Unit	2011	2010	2009
Gross profit/Net revenue	%	56.4	56.6	54.7
Before-tax profit/Total revenue	%	11	79.0	57.5
After-tax profit/Total revenue	%	9	66.6	53.3
After-tax profit /Total assets (ROA)	%	0.7	10.0	7.2
After-tax profit /Equity (ROE)	%	1.8	25.0	19.0

General financial indicators in 2011 decrease considerably compared to 2010, but core business is still the highlight of the year with gross profit margin ratio at 56.4%. This undesired business results are vastly impacted by business environment in 2011 that has deteriorated rapidly than previous years. In detailed, borrowing cost stayed very high, sometimes up to 25 - 27%/year, leading that enterprises were not able to approach to capital, the result is that they must narrow their investment activities; on the other hand the plunge of stock market closed the door of funding for enterprises through this channel; specially, the falling, even considered as freezing of real estate market shut down projects of investing in urban zones, in particular our Phuc Ninh residential area project has not been implemented as planned.

Regarding business activities in industrial parks, although the Management Board made every effort to execute investment promotion plans, results were not as expected. The reasons are that main customers of KBC are foreign high-tech corporations, a lot of which in 2011 halted their expansion of production scale; while, macroeconomic situation in the country was so complicated that foreign investors can not help stopping their investment plans into Viet Nam; in addition, the economy context in the world and the region was so gloomy with drastic decrease in production and consumption of goods that was affected dramatically by European sovereign debt crisis and natural disasters in Japan and Thailand, etc. These are main causes of significant reduce of new customers investing in IPs of KBC in 2011. Although FDI into Viet Nam in 2011 is nearly equal to which in 2010, most of them were placed on processing industry sector, while high - tech sector was neglected.

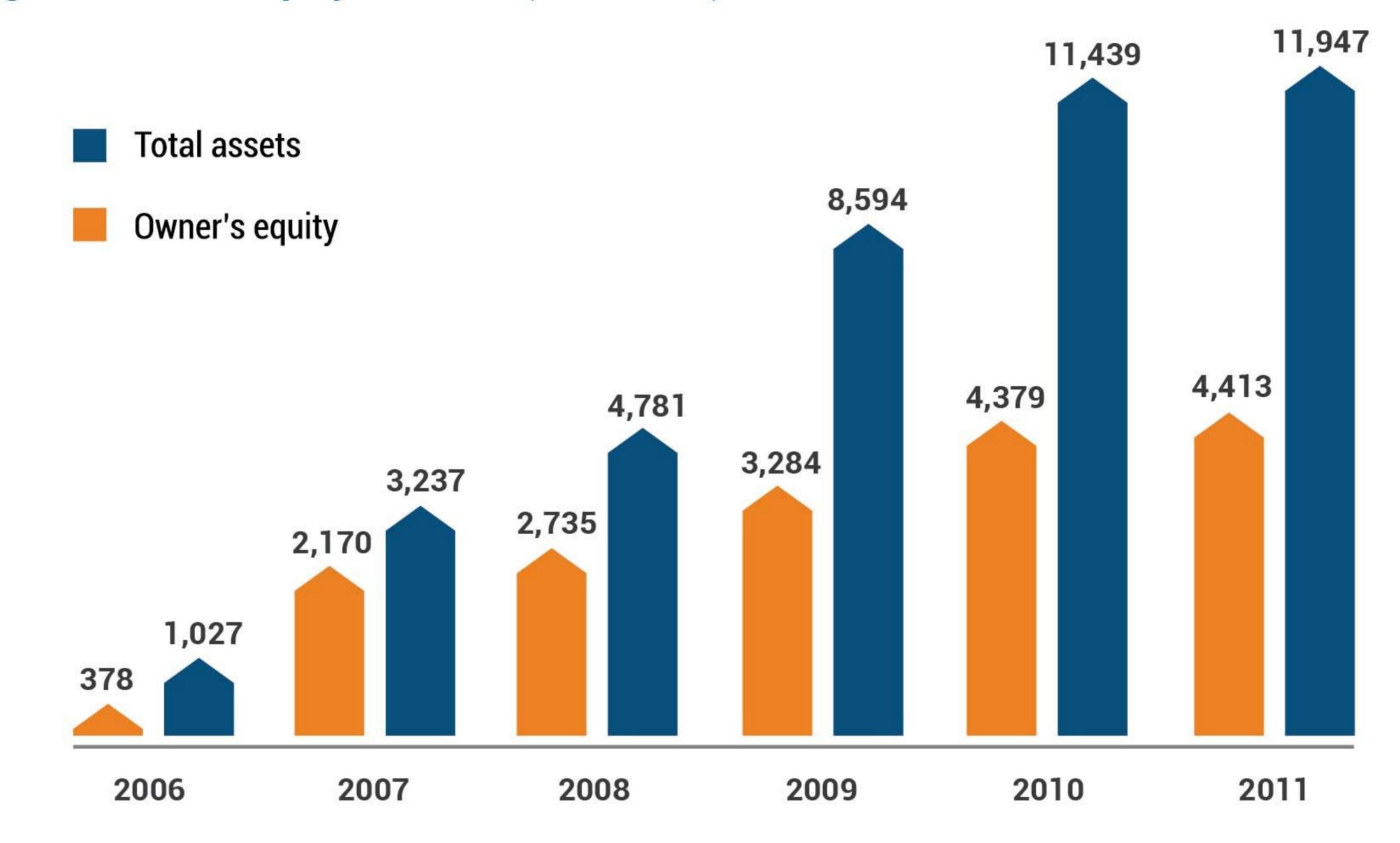
Another reason causing the remarkable profit decline is financial expenses (primarily interest expense of bonds issued in 2009 and 2010) up to VND 289.2 billion. So, 2011 can be considered to be the year of attempt at maintaining the operation of KBC and surmounting present difficulties.

### Solvency

Ratios	Unit	2011	2010	2009
Capital structure				
Liability/Total capital	%	53	54.06	60.02
Equity/ Total capital	%	37	38.29	38.21
Liquidity				
Current liquidity	Time	1.88	1.85	1.67
Short-term liquidity	Time	2.8	2.94	2.23
Quick liquidity	Time	0.8	1.48	1.8

According to the consolidated financial statements

### The growth rates of equity and asset (VND billion)



In comparison with 2010, the growth rates of equity and asset are respectively 1% and 4,4 %. These figures are quite small compared to the growth rates of previous years. This suggests that business activities in 2011 were mainly implemented by internal resources with low financial leverage, in particurlar, the parent company has barely used financial leverage. Therefore, ratios of capital structure appear to be unchanged compared to 2010, ratios of Liability/Total capital of 53%, and Equity/Total capital of 37% are still considered to be consistent with large scale real estate company. The capacity of reciprocal capital still lies under standards of credit institutions. On the other hand, solvency coeffecients remain at safe and sound level, only quick liquidity ratio of 0.8 time seems to be weak.

2011 Annual Report - KBC 33

### REPORT OF THE BOARD OF MANAGEMENT

However, in fact considering items in Liabilities, it can be seen that the actual solvency ratios of the Group are quite better.

Unit: VND billion

Liabilities structure	31/12/2011	31/12/2010	Increase/ Decrease	Rate 2011
Total liabilities	6,635,832,559,299	6,202,259,873,038	7%	100%
Short-term loans and borrowings	1,238,887,681,967	543,025,413,490	128%	19%
Advances from customers	538,868,923,404	522,489,633,073	3%	8%
Taxes & statutory liabilitites	259,218,203,679	459,372,106,127	-44%	4%
Accruals	789,447,772,055	821,791,589,411	-4%	12%
Long-term bank loans	3,354,869,566,377	3,421,843,198,601	-2%	51%
Deferred tax liabilities	351,475,873,907	360,755,403,452	-3%	5%
Other loans and borrowings	103,064,537,651	72,982,528,884	41%	2%

As at 31/12/2011, the total liabilities are VND 6,635 billion, up 7% compared to 2010. Of which, shortterm loans increase most by about VND 695 billion (mainly loans from subsidiaries). Overall, KBC has significantly reduced financial leverage in 2011.

Besides, with regard to total liabilities structure, approximately 51% of them are long-term debt, equivalent to VND 3,355 billion (mostly corporate bonds maturing in 2014, 2015 at fixed interest rate of 11.5% - 12.5%). The total actual debt of KBC is (short-term and long-term loans) about VND 4,594 billion, equal to 70% of total debt. It can be seen that liquidity ratios of actual debt in 2011 are improved significantly: current liquidity increases from 1.8 time to 2.6 time, while other pressures of short-term liquidity and quick liquidity are greatly reduced.

In addition, items constituting liabilities as VND 539 billion of advances from customers, VND 789 billion of accruals are funds generating the future cash flow and used to reinvest. VND 351 billion of deferred tax liability is not the actual liability, only shown on the consolidated financial statements; it is the income tax arising when revaluing assets of Sai Gon-Tay Bac Urban Development JSC at the time of acquisition by KBC.

As we have fairly detailed presentation about financial status and solvency capacity of the Group above, for a real estate enterprise in the bad economic context, these financial ratios are still considered to be consistent and stable.



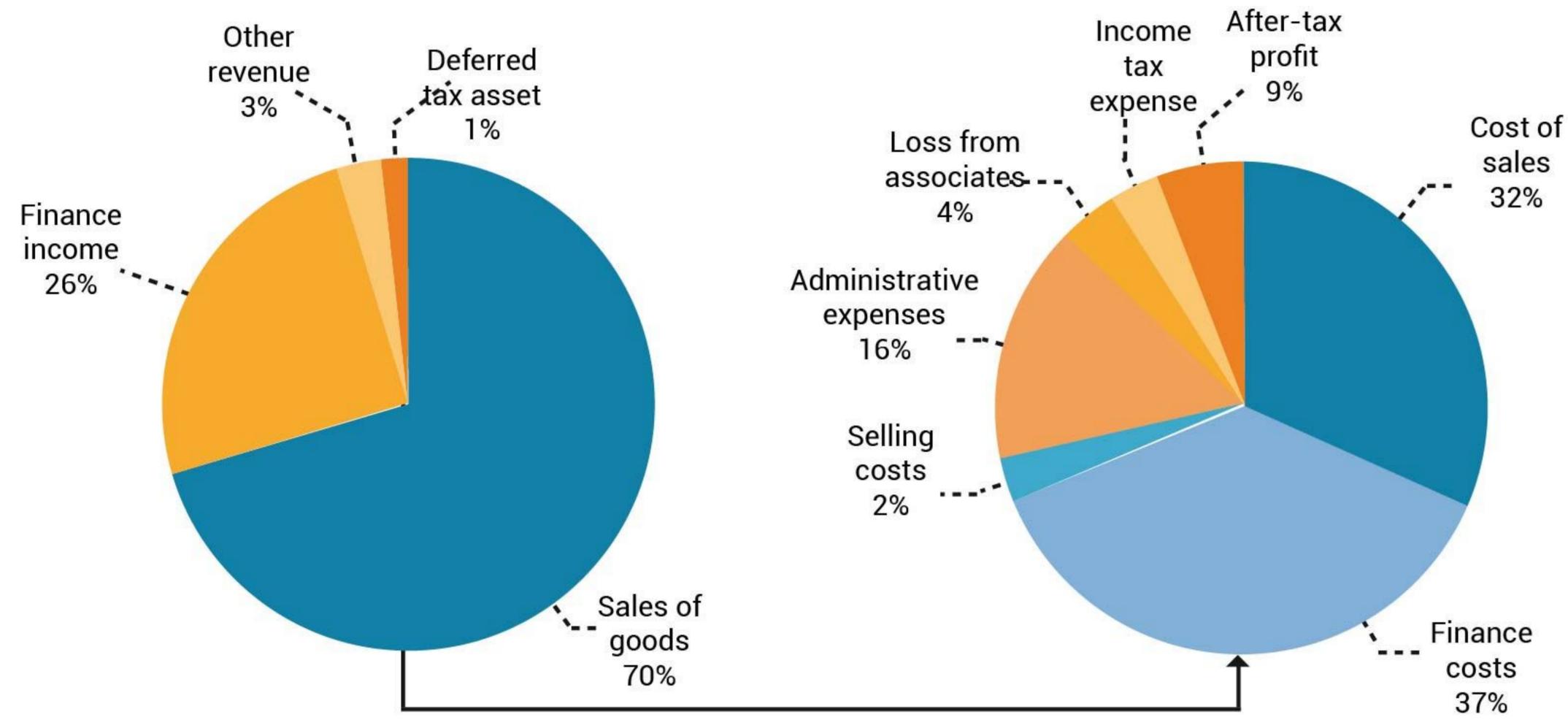
### **BUSINESS ACTIVITIES REVIEW**

Figures	2011	2010	Change
Sales of goods	633.6	913.9	69%
- Revenue from land lease	538.6	794.8	68%
- Sales of factory	70.2	107.3	65%
- Other operating income	24.7	11.8	209%
Finance income	236.9	750.1	32%
Other revenue	21.1	395.2	6%
Total revenue	870.5	1,664	53%
Total after-tax profit	77.8	1,109	7 %

In the context of difficulty economic in 2011, especially when real estate companies must face a lot of obstacles, the business result of the Group can not keep the growth rate as in previous years, as follows:

- Total consolidated revenue is VND 870.5 billion, equal to 52% compared to 2010, and 44% compared to the plan.
- Total consolidated after-tax profit is VND 77.8 billion, equal to 7% compared to 2010, and 7.7% compared to the plan. Of which, the interest of the parent company is VND 35.7 billion.

### Assessment of revenue and profit results



The above chart clearly describes the remaind.ers of revenue, expense and profit. Revenue from primary business is still the main with VND 633,6 billion. In particular, revenue from land lease reaches VND 538.6 billion, sales of factory gain VND 70.2 billion. Besides, finance income gets VND 236.9 billion (mostly gains from investment, interest income, dividend income, etc.). Total revenue of VND 870.5 billion is not the bad figure in the current context, due to finance costs of VND 324.5 billion (mostly interest expense of up to VND 289.2 billion) and loss from associates of VND 33.3 billion. The company's profit remains negligible with total after-tax profit of VND 77.8 billion and the interest of the parent company is VND 35.7 billion. Increaseing profit is the greatest concern of the Management Board for the upcoming 2012.

2011 sales plan of VND 2,000 billion and profit plan of VND 1,000 billion can not be accomplished. Main causes are objective factors. Although the Management Board put every effort to attract direct foreign investments, in the short-term, especially in 2011 there are so many uncertainties from big economies in the world from influence of sovereign debt crisis, damage of natural disasters, to the decline of global consumption and production, leading to that corporations narrow their production and halt their expansion projects of plants. This is one of reasons that has relative impact on business results of KBC in the past year because that KBC customers are mainly foreign corporations manufacturing high -tech products for export. Furthermore, with complex evolution of macroeconomic stituation in the country, it takes much time for foreign investors to consider and evaluate positive changes of the macroeconomy before deciding to invest no matter how they desire. For example, one of our customers, Wintek Group invested in Quang Chau industrial park, is planning to expand their plant up to 100ha, but this Group needs further observations of positive changes of macroeconomic policies in the country and of global economy to give final investment decision.

However, for the medium and long term plans, we know that foreign enterprises have the need to expand their factories and Viet Nam is an attractive destination after the disasters happening in Japan and Thailand in 2011, even we are aware of capital flows shifting from China to Viet Nam.

Therefore, regarding 2011 business results worse than planned, the Management Board is looking forward to the sympathy of shareholders. We tried our best to ensure enhancement of prestige as well as images of KBC in front of partners, and to ensure that KBC will be always their first choice when they have intention to invest in Viet Nam. In 2011, we concentrated on developing the Group in-depth without expanding investment activities, simultaneously on strict cash-flow management and maximum using of available finance resource to overcome obstacles caused by tight moneytary policy.

### Assessment of management and business development policies

Despite having to face difficulties in business staffs who not only own qualification and expericompetitive capacity with enterprises in the same Nam to international friends. industry.

KBC we set up specialized teams in charge for with the best option. specific customer groups, for example the team in charge for Japanese customer group, the team in charge for Taiwanese customer group, the team in charge for Korean customer group, etc. Responsible for teams are senior sales managers. We had in hand a team of professional sales

environment, management, business develop- ence in industrial park trading and development, ment and promotion policies of KBC are still but also have fairly deep understanding of corpomaintained well, the target is by all means to rate culture. They are the ones who have big remain the position and strengths of KBC in contribution to the process of promoting images attracting FDI into Viet Nam, and to enhance and investment encouragement policies of Viet

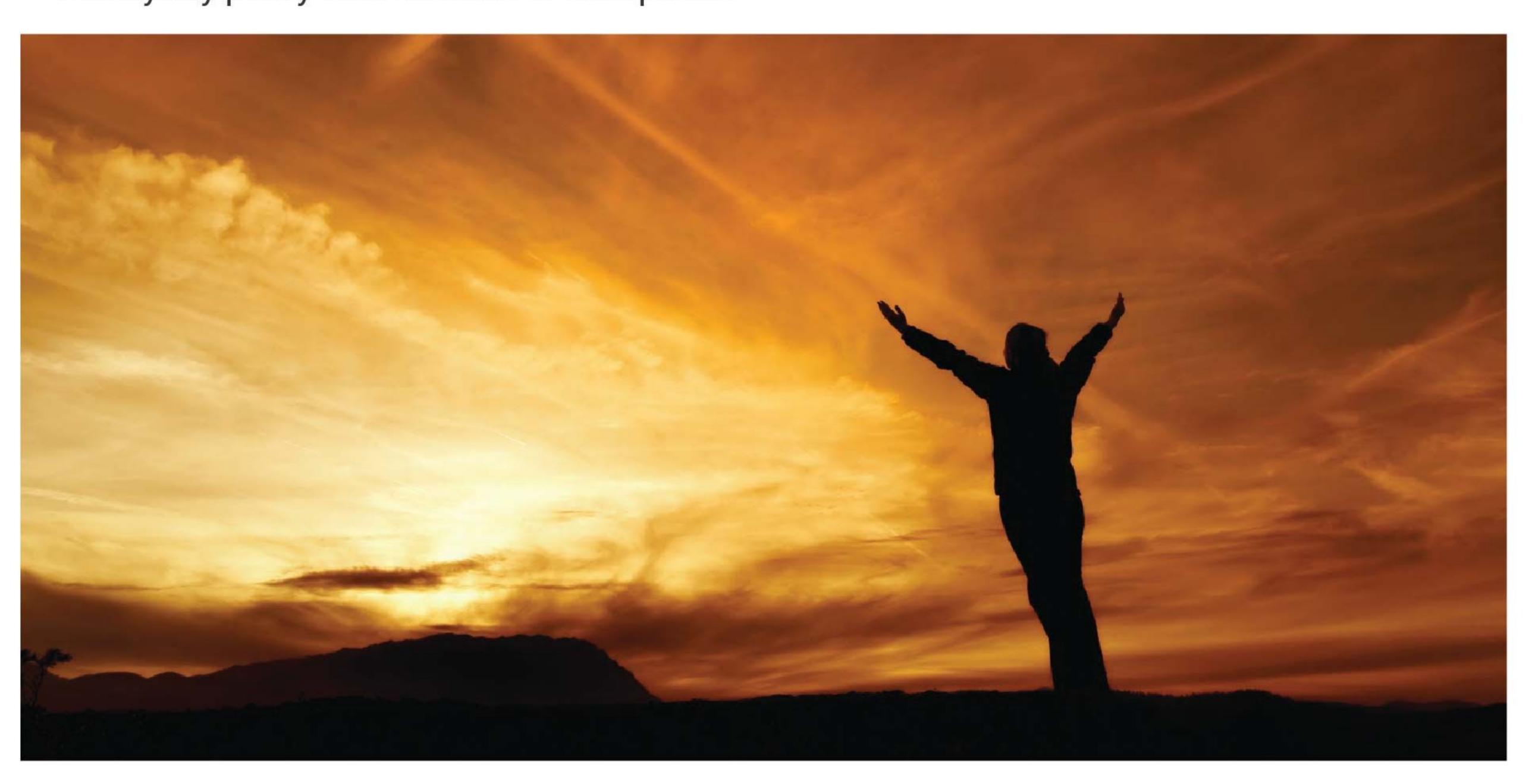
In addition, business system is still maintained In 2011, we has still implemented investment—under centipede-foot-shaped model, that is easy promotion programs in Japan, Korea and other to create spillover effects. Wherever customers countries. Management model and business come to work in the parent company or in subsiddevelopment programs became more profes- iaries, they are also introduced about system of sional. Inside sales and marketing department of all industrial parks of KBC, providing customers

2011 Annual Report - KBC 37 36 2011 Annual Report - KBC



### MEASURES OF RISK CONTROL AND PERFORMANCE ENHANCEMENT

- Business organization is systematic, closely associated with subsidiaries, providing customers with more choices of different positions in any industrial parks of the Group, creating spillover effects from the parent company to subsidiaries.
- Develop uniform incentive policy for customers, support customers for free in the application for investment license, help them to quickly complete the procedure, so limit risks to both customers and the Group.
- Identify competitors, improve service quality and strengthen competitive advantages of the Group.
- Organize investment promotion programs in foreign countries quarterly or abnormally.
- Participate in economic forums between Viet Nam and other countries held by Vietnamese agencies an organizations.
- Focus on attracting big corporations into new industrial parks, set up the foundation to attract their satellite companies.
- Careful in negotiating contract terms in order to avoid causing damages for the corporation and customers.
- In business activities, focus on declining costs to the maximum extent, maintain the ratio of gross profit to revenue of 50%.
- Select the appropriate time to invest and develop new products waiting in front for investment demand in the future with the aim of early profitability and quick capital turn over.
- Strictly manage cash-inflows and cash-outflows, limit financial risks, establish close relationship with financing organizations domestic and foreign, timely response to extraordinary changes in moneytary policy unfavourable to enterprises.



### **OTHER FACTORS**

### **Book value**

As at December 31,2011 book value of the Corporation is: VND 4,413,625,720,291

### Change in equity

There is no change in equity in 2011

### Information about shares

Common stosk	289,760,189 shares
Treasury stock	5,950,978 shares
Total number of shares	295,711,167 shares
Oustanding shares	289,760,188 shares

### **Dividend policy**

Until the present time, KBC has applied the policy 8.49% of the chartered capital). Therefore, the of paying dividend in shares to reinvest capital Group can not make the payment of dividend at contributed by shareholders in new projects. the rate of 15% equivalent to VND This is a reasonable dividend policy for an enter- 434,640,280,000 dong as approved by General prise in the early period of developing large Shareholders' Meeting. projects with the aim of growing both equity and As at 31/12/2011, based on financial statements assets to attract more capital from investment of Kinh Bac City Development Holding Corporaorganizations domestic and foreign.

resolution According to 2304/2011/KBC/NQ- ĐHĐCĐ of Annual General Shareholders' Meeting 2011, dividend payout parent company is VND -52,119,804,005. So, ratio approved is 15%. However, under the regu- relied on this business result the remainder is not lation of profit distribution, the Corporation must enough to pay dividend. On the other hand, base on undistributed profit on financial state- undistributed profit on financial statements of ments of the parent company at the time of exer- the parent company of VND 318,250,853,070 is cising dividend rights. Meanwhile, at the time the the source permitted to pay dividend, but, due to Corporation plans to pay dividend at the end of difficult economic situation ahead, real estate third quarter of 2011, undistributed profit on enterprises can not access to loans from credit financial statements of the parent company are institutions, Board of Directors decided to retain reduced compared to the beginning balance as this undistributed profit to reinvest in 2012 and the result of the outcome of negative business about to summit to 2012 General Shareholders' result in the second and third quarter of 2011, Meeting for approval. just be: VND 250,988,827,163 equivalent to

tion audited by Ernest & Young, the consolidated after-tax profit is VND 77,791,211,288, after-tax profit on seperate financial statements of the

2011 Annual Report - KBC 39 38 2011 Annual Report - KBC



### **KBC** bonds

Bonds	Total value (VND billion)	Issuing date	Maturity date	Interest rate
KBCbond001	700	8/5/2009	8/5/2014	11.5%
KBCbond002	300	11/8/2009	11/8/2014	12.5%
KBCbond003	200	1/9/2009	1/9/2014	12.5%
KBCbond004	400	30/11/2009	30/11/2014	12%
KBCbond005	500	28/12/2009	28/12/2014	Floating*
KBCbond006	300	24/12/2009	24/12/2014	12%
KBCbond007	300	30/12/2009	30/12/2014	11.5%

(\*) KBCbond005 has floating interest rate calculated as arithmetic average of 12-month saving rate of (Vietinbank, Vietcombank, BIDVI, Agribank) plus margin of 3.5%/year.

In addition, Sai Gon - Tay Bac Urban Development JSC also has three bond issuing contracts as follows:

Bonds	Total value (billion dong)	Issuing date	Maturity date	Interest rate
001/2009/TPSCD01/HĐMB	86,868	17/9/2009	17/9/2014	12.5%
002/2009/TPSCD01/HĐMB	98,856	18/12/2009	18/12/2014	12.5%
003/2009/TPSCD01/HĐMB	114,276	18/12/2009	18/12/2014	12.5%

### Renovating management activity

In 2011 KBC appointed 2 members as Deputy Directors in charge of construction – project management and for legislation aiming at improving professional administration activity.

Organize an restructure some departments, set up specialized sales teams.





### Plans in 2012

### Revenue – Profit

Management Board estimates plan of revenue and profit for 2012 under 2 schemes as follows:

Scheme 1: In difficult economic condition

Total revenue: VND 1,000 billion

Total after-tax profit: VND 200 billion (have to pay high borrowing costs)

Scheme 2: In good economic condition

■ Total revenue: VND 1,500 - 2,000 billion Total after-tax profit: VND 500 - 700 billion

### Capital arrangement

Depending on changes in domestic moneytary policy we will make blueprint and have timely adjustments to balance the budget for investment and business of the Group. For the major projects we will deploy in 2012 such as Trang Cat project in Hai Phong city, we intend to set up joint ventures and associates to arrange funds for the projects. Simultaneously, we continue to implement the plan of issuing individual stocks, and international convertible bonds when market environment is favourable.

2011 Annual Report - KBC 41 40 2011 Annual Report - KBC



### 1. The company owns over 50% of equity of KBC

As at 31/12/2011 there is no company holding over 50% of equity of Kinh Bac City Development Holding Corporation.













### 2. Subsidiaries

Company	Industry	Registered capital (VND billion)	Ownership rate of KBC
Sai Gon - Bac Giang IP JSC	Industrial park	420	62%
Sai Gon - Hai Phong IP JSC	Industrial park	200	90%
Sai Gon - Tay Bac Urban Development JSC	Industrial park	500	60.52%
Bac Giang Thermal Power JSC	Thermal power	3,000	51%

(\*) In fact, KBC has not yet contributed capital to Bac Giang Thermal Power JSC.

In 2011, revenue from core business and profit of subsidiaries contributing to business results of the Group in turn are: Sai Gon - Bac Giang with VND 287.2 billion in revenue and VND 103.3 billion in profit; Sai Gon - Hai Phong with VND 16.9 billion in revenue and VND 3.1 billion in profit; Sai Gon - Tay Bac Urban Development JSC with VND 148.8 billion in revenue and VND 73.1 billion in profit. As can be seen that subsidiaries have massive contribution to business results of the Group in current difficulty context of economy in 2011.

### 3. Associates

Company	Industry	Registered capital (VND billion)	Ownership rate of KBC
Sai Gon - Ca Mau Infrastructure	Real estate	70	20%
Corporation			
Sai-Gon Dung Quat Development &	Construct and develop rea	200	40%
Investment Corporation	estate in & out of IPs		
Sai Gon High-tech Park Infrastruc-	High-tech industrial park	300	27.44%
ture Development & Investment JSC			
Nam Viet Land JSC	Construction	100	20%
Sai Gon Telecommunication &	Telecommunication & Technolo	- 672.7	21 /0%
Technologies JSC	gies		21.48%
SGI-Lao Hydroelectric JSC	Hydroelectricity	1000	29.2%

For investment activity in associates in 2011, KBC lost VND 33 billion, the main reason is the devaluation of securities by Sai Gon Telecommunication & Technologies JSC, stock code is SGT. Except that SGT is the listed company, most of other associates are in the early stage of implementing projects, so, not yet generated business result.



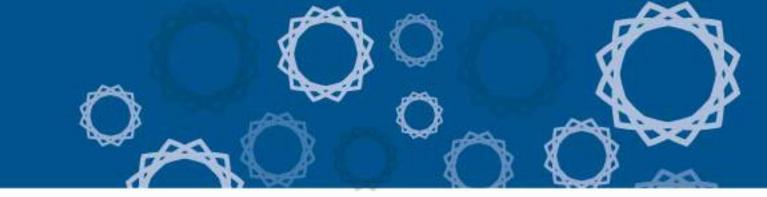




### 4. Other related companies

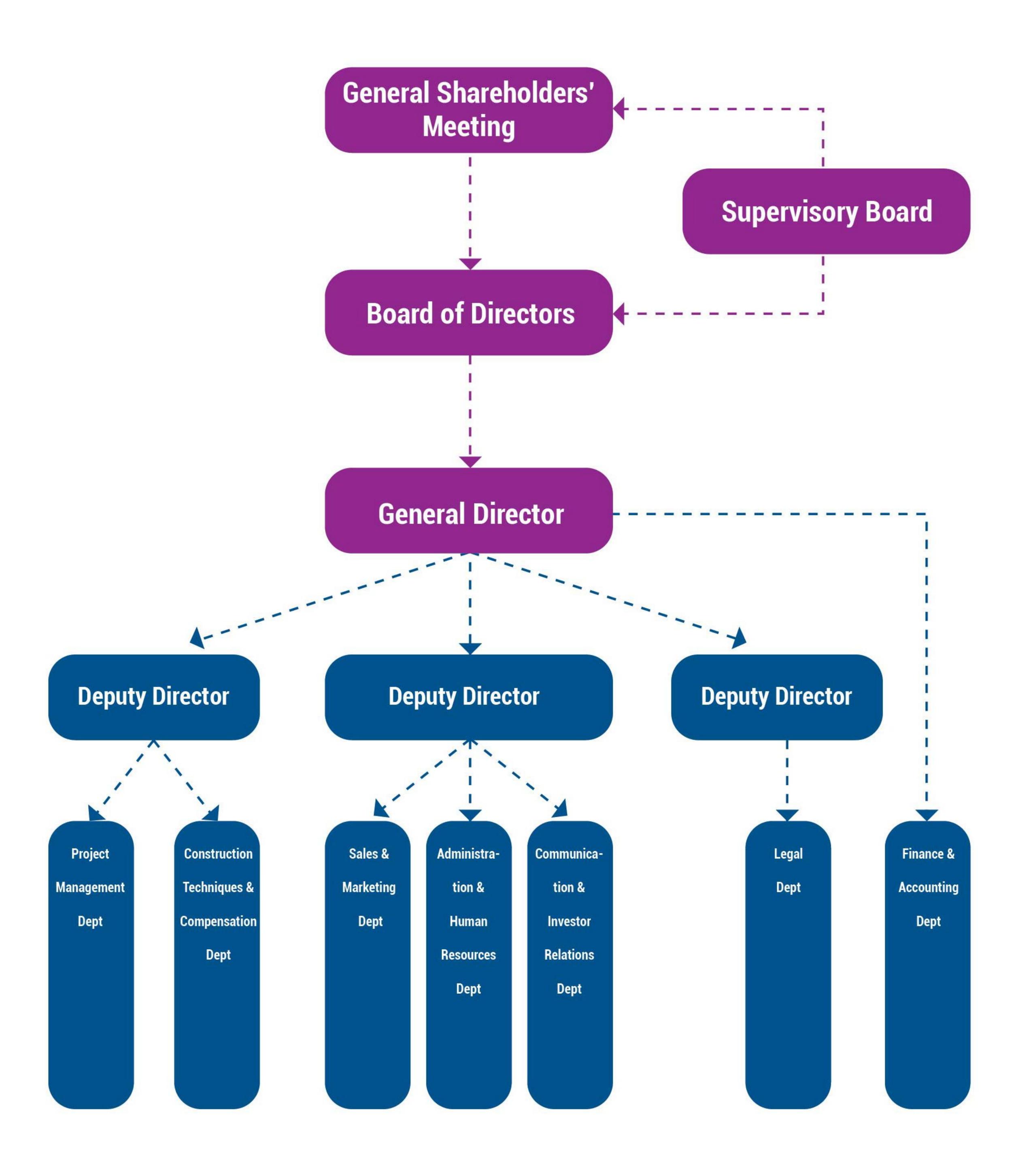
For long-term investments, most of them are companies managing industrial park projects stretching from Central to South. Moreover, there is the investment in mineral industry (Sai Gon – Quy Nhon, stock code: SQC) and in energy industry. Although these investments do not bring immediate profit for KBC, they are potential investment increasing value for KBC in the future. For example, investments in industrial park companies will gradually be merged into KBC to increase land fund of KBC; Investments in mineral and energy are key national industry, not only bring added value in common but also enhance competitive ability of KBC in developing industrial parks such as providing stable energy source for industrial parks, etc.

42 2011 Annual Report - KBC





Organizational structure of the Group is built on functional model, in which the manager of each department is responsible for reporting to the Management Board. This structure will create deep specialization, allow each staff member to focus their resources on where their expertise lies, facilitate recruitment of qualified staffs with skills appropriate to each functional division.



### THE MANAGEMENT BOARD

The Management Board of KBC includes 01 General Director and 03 Deputy Directors, as follows:

Mr. Dang Thanh Tam born in 1964 is the Chairmain cum the General Director of KBC. He and two other Deputy Director Mrs. Nguyen Thi Thu Huong born in 1971 and Mr. Dao Hung Tien born in 1971 has run and set up Kinh Bac City Development Holding Corporation with the initial capital of VND 20 billion, but now up to VND 4,000 billion and having VND 11,000 billion in total assets for the past 10 years. They are the greatest contributors to the formation, development and building of the brand of Kinhbaccity known from domestic to foreign countries as one of the leading company in industrial park investment and management in Viet Nam.

However, in February 2012, Mr. Dao Hung Tien was entrusted new assignment in another company, simultaneously in 2011 KBC officially appointed more 02 Deputy Directors, they are:

Mr. Phan Anh Dung born in 1969 is in charge of managing projects and construction technology of KBC. Mr Dung joined KBC 5 years ago before becoming the Deputy Director. He has rich experience in managing and setting up projects related to urban towns, housing, in charge of managing construction techniques of projects.

Mr. Pham Ngoc Nam, born in 1981, is appointed to be Deputy Director responsible for legislation of the Corporation. Mr. Nam joined KBC 2 years ago. He is young and enthusiastic, have good knowledge and extensive experience working in large corporations. Therefore, for the past years he has had large contribution to constructing operating procedure of KBC to enhance standards, professionalism and compliance with legislative provisions.

It can be said that management apparatus of KBC, especially the Management Board, whether new or old, are those who work very hard for sustainable development of KBC . Mr. Dang Thanh Tam is the founder of KBC, the General Director not only known in the country but also in world economic forums. He has the great contribution to promotion process of brand of Viet Nam to the world through international summits and forums. He had a lot of direct dialogues with national leaders and hundreds of managers of large corporations in the world. These activities creates advantage for KBC to become the company capable of attracting FDI most in Viet Nam.



Regarding the present success of KBC, the first person must be mentioned is Mrs. Nguyen Thi Thu Huong. She has stood side by side with Mr. Tam for the past ten years in turning poor land with low productivity into thriving industrial region filled with high-tech factories. her dedication to diplomacy activity with State committees and big corporations helps KBC to build the land bank that is enough to develope industrial parks and urban zones for the next 10 years. In addition, thanks to her fluency in English, Chinese and deep understanding of foreign corporate culture, she has established close relationship with a network of potential international customers.

Companying with Mrs. Huong are 2 new partners having management capacity and extensive experience, Mr. Phan Anh Dung and Mr. Pham Ngoc Nam. Together they will lead KBC to go through difficult journeys and to build KBC stronger day by day.

### Number of shares held

No.	Name	Position	Number of shares	Ownership rate
1	Mr. Dang Thanh Tam	General Director	101,250,000	34.2%
2	Mrs. Nguyen Thi Thu Huong	Deputy Director	299,478	0.1%
3	Mr Phan Anh Dung	Deputy Director	11,500	0.004%
4	Mr. Pham Ngoc Nam	Deputy Director		-

Note: Shareholding percentage of the Management Board has not changed since stock was listed. There has not been any trading of KBC shares for members of the Management Board.

### **Common interests of the Management Board**

- Issue shares to reward senior managers to encourage them to knit for long time and dedicate to the development of KBC
- Reward villas in some urban towns to ensure fullfilled and stable life for senior managers.
- Reward cash timely and properly in accordance with achievements of each individual in Year-end closing session.
- Other benefits: bus to pick up staffs everday and on business trip, equipped with laptops, mobile phones to serve the work.
- The total payroll of the Management Board is VND 1.5 billion/year.

2011 Annual Report - KBC 47 2011 Annual Report - KBC

### HUMAN RESOURCES POLICIES

### The number of staffs; recruitment and training policies

As at 31/12/2011, the total number of employees in the Group is 171 persons, increasing by 43 persons compared to the same period in 2010. Personnel structure of the Group mainly consists of employees with university degree, post - university degree and technical workers. Recruitment motto of the Group is to attract talents, to recruit the right people under regulated standards and to arrange them for the right job so as to promote competencies and strengths of employees. KBC always creates all conditions to foster each individual to develop their career and simultaneously to build a professional workforce for the Group. KBC also emphasizes on assigning senior managers to enroll in intensive training courses and professional administration classes.

### Salary policy

Presently. the average salary of staffs in the Group is VND 9,000,000/person/month. Consideration for salary promotion will be made based on the entire working process of each staff during the year and on recommendation of department head. Salary promotion will be implemented in accordance with new title and duties after employees receive appointment decision to higher positions.

### Reward policy

KBC has staff treatment regime fitting for the achievement they gain. Each year, staffs get paid at least 13 months' salary. Moreover, they get paid bonus when business result is good. Under reward regime, KBC will reward to typical units and individuals of the year, to staffs having new initiatives and to all of staffs on the ocassion of holidays such as Tet.

### Allowances, social insurance and leave policies

In addition to salary and bonus, employees also receive some other allowances depending on job specificities: allowances for responsibility, support for other department, plurality, lunch, business expense, mobile phone, fuel for travel... Also, in order to create friendly exchanges between staffs and between departments, based on financial stituation, the Group will consider to organize a company trip. All employees of the Group are paid for social insurance, health insurance and have the number of leave days under the provisions of the Labour Law. Particularly for female employees, they are paid 100% of normal income on maternity leave.

KBC is proud of building, managing and using human resources effectively— the most valuable assets of the Group with a professional working style and spirit of devoting to work in order to ensure sustainable development of the Group in long-term.

### THE BOARD OF DIRECTORS

Common development strategy orientation of the Group submitted to General Shareholders' Meeting including corporate development plans, business plans, new project investment, capital arrangement aims at ensuring the best interests for shareholders and the Group. The current Board of Directors of KBC is as follows:

No.	Name	Position	Number of shares	Ownership rate	Change
1	Mr. Dang Thanh Tam	Chairman	101,250,000	34.24%	0.34%
2	Mrs. Dang Thi Hoang Phuong	Member	21.937.500	7,42%	0,08%
3	Mr. Ngo Manh Hung	Member	317.077	0,11%	0%
4	Mr. Tran Quang Son	Member	135.232	0,05%	0%
5	Mr. Chung Tri Phong	Member	101,250	0.03%	0%
6	Mr. Mitsuru Okada	Member	0	0	0%
7	Mr. Piet Steel	Member	0	0	0%

**Note:** Members of the Board of Directors of KBC have not executed any trading, donation, inheritance of shares since KBC stock was listed. the Board members do not receive remuneration except for 2 foreign members with remuneration of 5,000 USD/person/month.

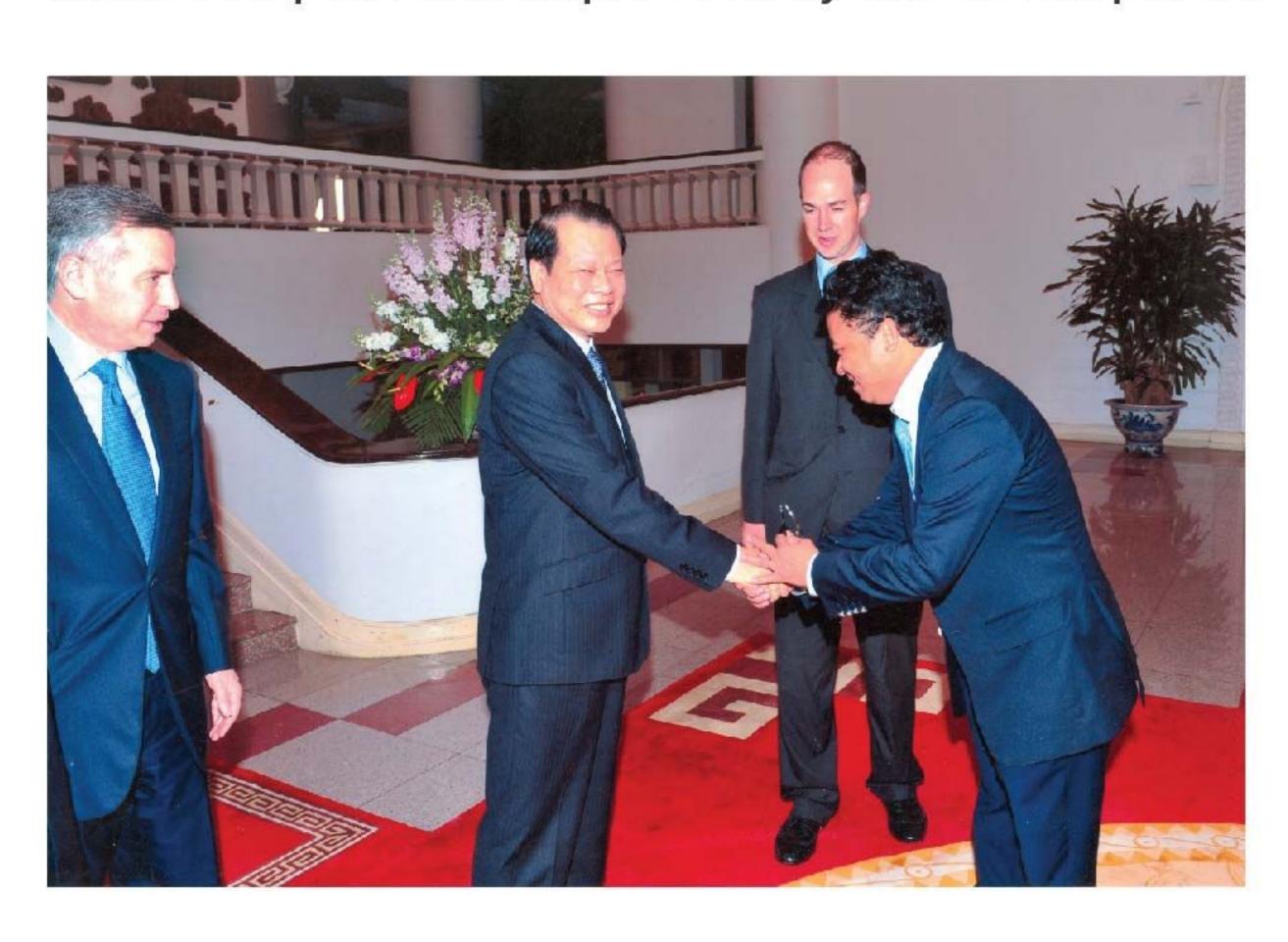


48 2011 Annual Report - KBC 49

### **Activities of Board of Directors**

In 2011, the main operation of the Board was to concentrate on solutions proposed to adjust business and investment activities to cope with difficulties of the economy. No new projects began construction, the Company has mainly developed in depth. In addition to focus on developing business in current industrial parks, the Board directed to deploy actively Trang Cat project, with the aim of turning this project into Viet Nam - Japan intensive industrial park. Therefore, the main work of the Board in 2011 was to seek as well as negotiate with some foreign partners from Japan and Taiwan to together establish joint ventures, diversing forms of ownership ensuring sustainable development of the Group.

Besides, external activities always lie on the top priority of the Board. In 2011, the Board directed the Management Board to conduct series of trade promotion programs abroad, to asign the Group's representation to participate in economic and trade conferences and forums, along with the delegations of Vietnamese entreprenuers to accompany the State leaders in their mission trips abroad, to establish close relationship with large corporations in the world and region with the target of making sure that KBC is the first choice of foreign corporations when they decide to invest in Viet Nam. In 2011, KBC welcomed the delegations of Tokyo best small and medium entreprenuers from Japan visiting Viet Nam and set up the foundation for long-term relationship. In particular, recently Mr. Dang Thanh Tam has taken the group of Barclays Capital (the investment fund with the scale of USD 2,000 billion) to greet and discuss with Vice Prime Minister Mr. Vu Van Ninh. Simultaneously, the group visited Que Vo Industrial park and impressed by the development of this industrial park.





### Plans to enhance performance of the Board

2012 year is the year in which 5-year term of the incumbent Board ends, new Board will be elected at 2012 General Shareholders' Meeting. We believe that shareholders eligible for nomination/self-nomination will elect new Board capable of leading KBC to overcome difficulties to become one of the greatest corporation in Viet Nam. So, the detailed work plan will be released to shareholders as well as investors by new Board in near future.

### THE SUPERVISORY BOARD

No	Name	Position	Number of shares	Ownership rate	Change
1	Mr.Nguyen Tri Ho	Head	103,690	0.04%	0.01%
2	Mr. Bui Ngoc Quan	Member	51,356	0.02%	0 %
3	Mrs. Nguyen Chung Thuy	Member	47,500	0,02%	0%

The Supervisory Board lies directly under General Shareholders' Meeting and elected by General Shareholers' Meeting to ensure interests of shareholders. The Supervisory Board includes 3 members responsible for cheking thE rationality and legality in management activities of the Board, business and operation activities of the Management Board, finance and accounting administration of the Group and it operates independently with the Board of Directors and the Management Board. For the past year, the Supervisory Board carried out necessary information exchange activities with managers as well as departments to grasp situations and timely comment to the Board, the Management Board. Specifically, the Supervisory Board made revision of financial statements on quarterly, 6-month and annual basis; evaluated reports of the Board, reviewed plans of the Management Board before sumitting to General Shareholders' Meeting.

### **Remuneration: No**

### Suggestion of the Supervisory Board:

Due to large operation scale of KBC and investments in many key industries such as power, high-end projects, in difficult context of the economy, capital arrangement is not favorable. Therefore, the Supervisory Board suggests the Board and the Management Board in 2012 to concentrate on developing current projects in depth, seek co-operation opportunities with foreign corporations having experience and financial power to together develop big scale projects of KBC.

2011 Annual Report - KBC 2011 Annual Report - KBC 51

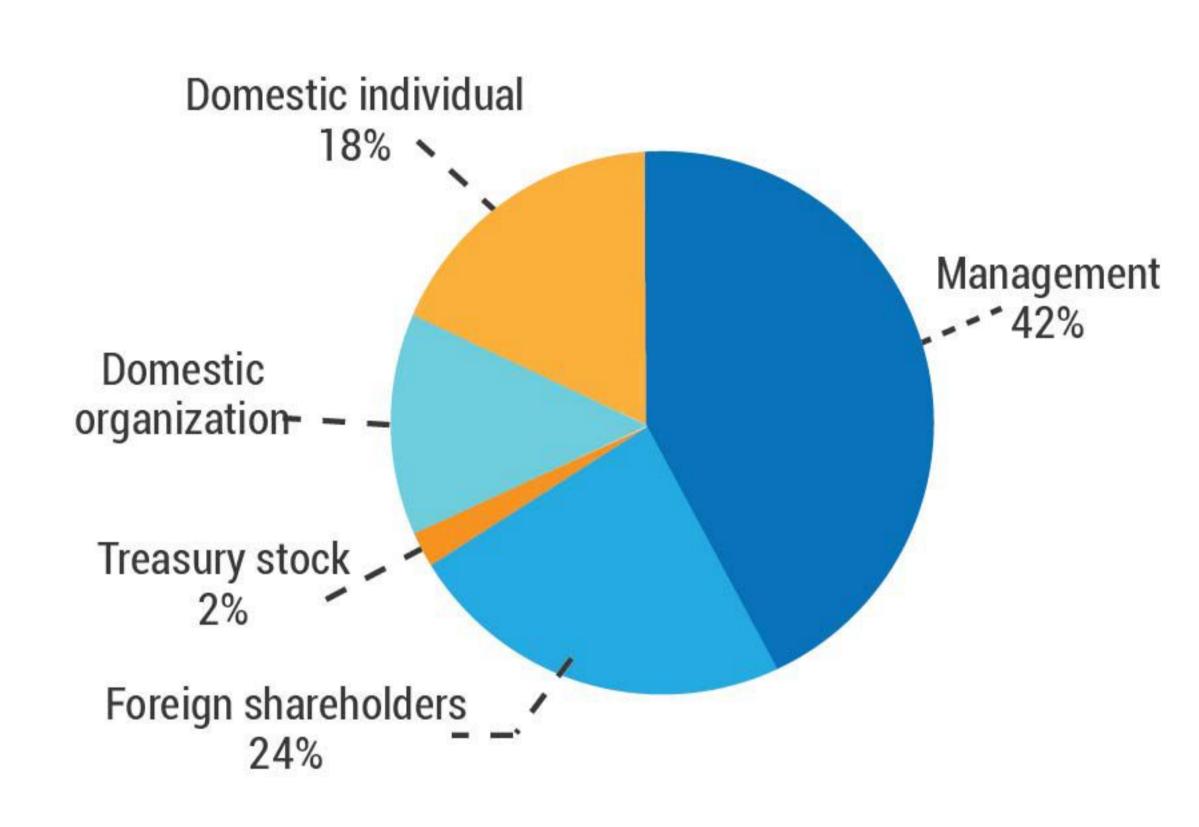


### SHAREHOLDER STRUCTURE

Shareholder structure (according to the list dated 15/03/2012) (Variable than the list dated 18/13/2011)

No	Shareholder	Number of shares	Rate	Change
1	Organization	67,667,747	23%	3%
	Of which:			
	- Domestic	41,907,530	14%	25%
	- Foreign	25,760,217	9 %	-20%
2	Individual		75%	-0.9%
	Of which:			
	- Domestic	178,316,232	60%	-1%
	- Foreign	43,776,210	15%	0.3%
3	Treasury stock	5,950,978	2%	0%
	Total (5,261 shareholders)	295,711,167	100.00%	0.00%

### Shareholder structure graph



### Big shareholders

No	Shareholder	Adress	Number of shares	Ownership rate	Change
1	Mr. Dang Thanh Tâm	20, Phung Khac Khoan, DaKao, District, HCM city	101,250,000	34.24%	0%
2	Mrs. Dang Thi Hoang Phuong	140/11 Su Van Hanh, 12, District 10, HCM city	21,937,500	7.42%	0%
3	Sai Gon Investment JSC	20 Phung Khac Khoan, DaKao, District 1, HCM cit	16,875,000 ty	5.71%	0%
4	Mrs. Nguyen Thi Kim Xuan	69, Ba Huyen Thanh Quar Ha Noi	1, 43,432,647	14.69%	0%
Pot:	Total		183,495,147	62.05%	0%

### SOCIAL RELATIONSHIP

Although 2011 year is a difficult year, the Company still maintained the tradition of social responsibility. For the past year, KBC supported Ha Noi city to reform Trung Van lake in Que Vo – Bac Ninh. In addition, KBC carried out a lot of other social activities such as: to support Vu Ninh precint to build roads, on the ceremony day of martyrs and wounded soldiers, to support Phuong Lieu commune to go on study trip on new economic model, to support for victims of agent orange dioxin, to give health care for elderly people in Van Duong commune, to support Dai Phuc precint to build welfare projects. Moreover, employees of KBC also responded enthusiastically the movement of helping Japanese \ earthquake and tsunami victims at 11/3/2012.

### **INVESTOR RELATIONS**

Investor relation activities of KBC are always considered to be one of top priorities. We are ready to welcome and answer all questions of shareholders, investors by various form such as direct dialouge, email and phone, etc.

During past years since listing, KBC stock has always been the interest of a lot of foreign and local financial institutions and analyst. We have welcomed many foreign institutions and investment funds as well as local securities to visit and seek investment opportunities into KBC stock. We confirm that investment funds as well as securities analyst community are pleased with us in providing information they want.

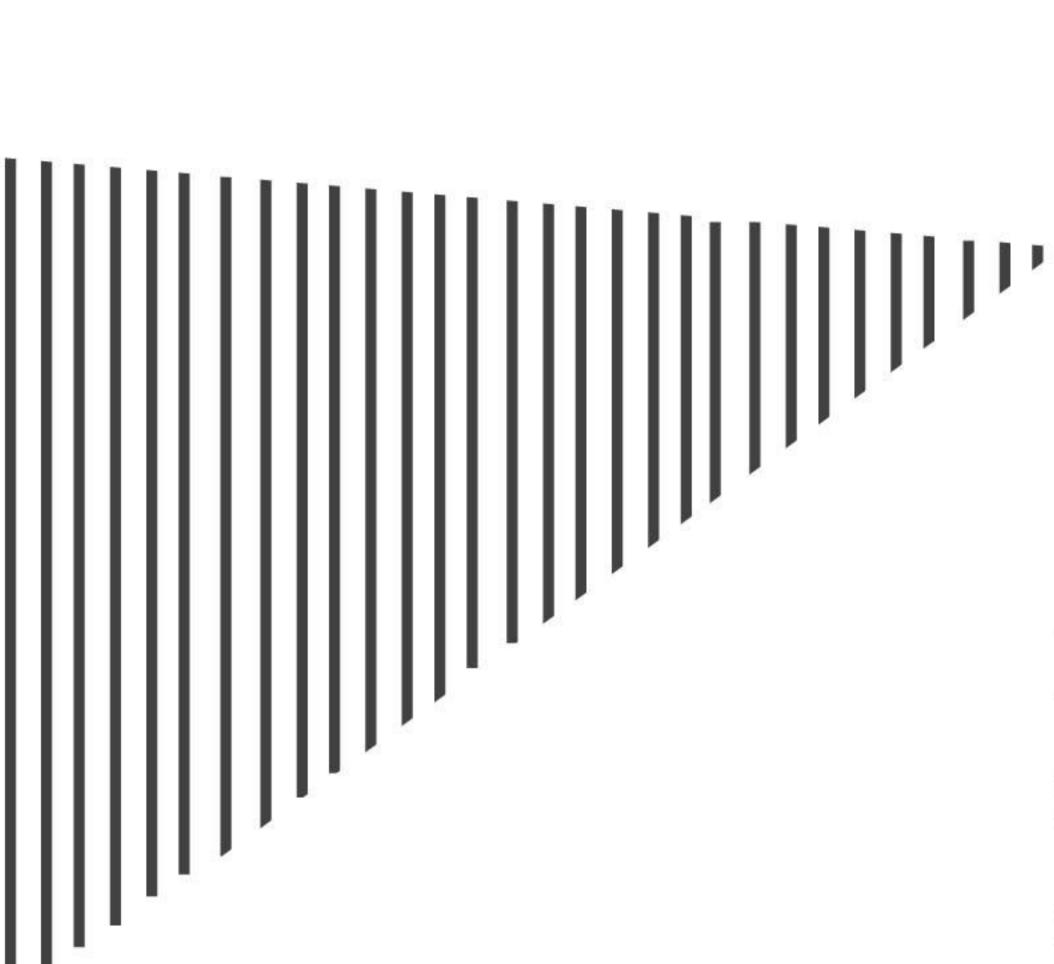
Please contact us any time when you all want to update information about KBC stock.

Tel: +84.4 3734 6889/Ext: 122 Mobile phone: 0984306565 Email: ttpquynh@kinhbaccity.com

### Thank you!



2011 Annual Report - KBC 53 52 2011 Annual Report - KBC



Kinh Bac City Development Holding Corporation Consolidated financial statements **31 December 2011** 

ERNST & YOUNG



Reference: 60774739/15162183

### INDEPENDENT AUDITORS' REPORT

To: The Shareholders of KinhBac City Development Holding Corporation

We have audited the consolidated balance sheet of KinhBac City Development Holding Corporation ("the Company") and its subsidiaries ("the Group") as at 31 December 2011, the consolidated income statement, the consolidated cash flow statement for the year then ended and the notes thereto as set out on pages 5 to 67 ("the consolidated financial statements").

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

### **Basis of opinion**

We conducted our audit in accordance with Vietnamese standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Company's management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

### Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2011, the consolidated results of its operations and the consolidated cash flows for the year then ended in accordance with the Vietnameses Accounting standards and System and comply with the relevant statutory requirements.

Công ty TNHH Ernst & Young Việt Nam

Tran Phu Son Deputy General Director Registered Auditor Certificate No: 0637/KTV

Le Duc Truong Auditor-in-charge Registered Auditor

Certificate No: 0816/KTV

**Ernst & Young Vietnam Limited** 

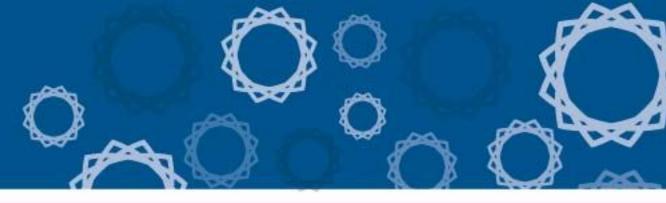
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Fax: +84 4 3831 5090

360 Kim Ma Street, Ba Dinh District



### CONSOLIDATED BALANCE SHEET

### B01-DN/HN

As at 31 December 2011

Currency: VND

			Ending balance	Beginning
Code	ASSETS	Notes		balance
100	A. CURRENT ASSETS		8,065,551,266,970	6,984,637,996,913
110	I. Cash and cash equivalents	4	33,635,249,933	444,017,037,338
111	1. Cash		24,675,249,933	128,917,037,338
112	2. Cash equivalent		8,960,000,000	315,100,000,000
120	II. Short-term investment		92,419,002,000	3,623,912,800
121	1. Short-term investment	5	98,490,461,369	7,490,461,369
129	2. Provision for short-term investment		(6,071,459,369)	(3,866,548,569)
130	III. Current account receivables		2,010,191,433,230	2,928,117,268,178
131	1. Trade receivables	6	327,789,809,720	960,086,017,498
132	2. Advances to suppliers	7	1,213,352,666,172	1,015,305,284,027
135	3. Other receivables	8	472,478,968,260	953,532,338,752
139	4. Provision for doubful debts	6	(3,430,010,922)	(806,372,099)
140	IV. Inventories	9	5,840,687,062,438	3,541,953,870,859
141	1. Inventories		5,840,687,062,438	3,541,953,870,859
150	V. Other current assets		88,618,519,369	66,925,907,738
151	1. Short-term prepaid expenses		82,438,973	503,437,741
152	2. Value added tax deductible		20,814,706,125	24,002,089,425
158	3. Other current assets	10	67,721,374,271	42,420,380,572

Currency: VND

				Currency. VIVD
Code	ASSETS	Notes	Ending balance	Beginning balance
200	B. NON-CURRENT ASSETS		3,881,792,159,706	4,454,008,236,303
210	I. Long-term receivables		1,199,835,461,506	406,453,660,300
211	1. Long-term trade receivables	11	647,108,647,650	261,085,797,287
218	2. Other long-term receivables	12	552,726,813,856	145,367,863,013
220	II. Fixed assets		387,430,326,409	342,887,550,288
221	1. Tangible fixed assets	13	150,273,123,346	89,362,394,460
222	Cost		192,182,267,030	113,254,135,471
223	Accumulated depreciation		(41,909,143,684)	(23,891,741,011)
227	2. Intangible fixed assets		19,248,958	34,341,348
228	Cost		105,175,160	105,175,160
229	Accumulated amortisation		(85,926,202)	(70,833,812)
230	3. Construction in progress	14	237,137,954,105	253,490,814,480
240	III. Investment properties	15	19,281,946,368	21,532,026,688
241	1. Cost		22,458,459,700	22,458,459,700
242	2. Accumulated depreciation		(3,176,513,332)	(926,433,012)
250	IV. Long-term investments	17	2,200,323,688,818	3,595,246,032,988
252	1. Investment in associates	17.1	589,737,668,818	491,908,332,988
258	2. Other long-term activities	17.2	1,630,586,020,000	3,111,337,700,000
259	3. provision for long-term investments		(20,000,000,000)	(8,000,000,000)
260	V. Other long-term assets		74,173,600,862	87,042,212,197
261	1. Long-term prepaid expense	18	50,278,869,600	63,147,480,933
268	2. Other long-term assets		23,894,731,262	23,894,731,264
269	VI. Goodwill		747,135,743	846,753,842
270	TOTAL ASSETS		11,947,343,426,676	11,438,646,233,216

2011 Annual Report - KBC 57



### CONSOLIDATED BALANCE SHEET (continued)

B01-DN/HN

As at 31 December 2011

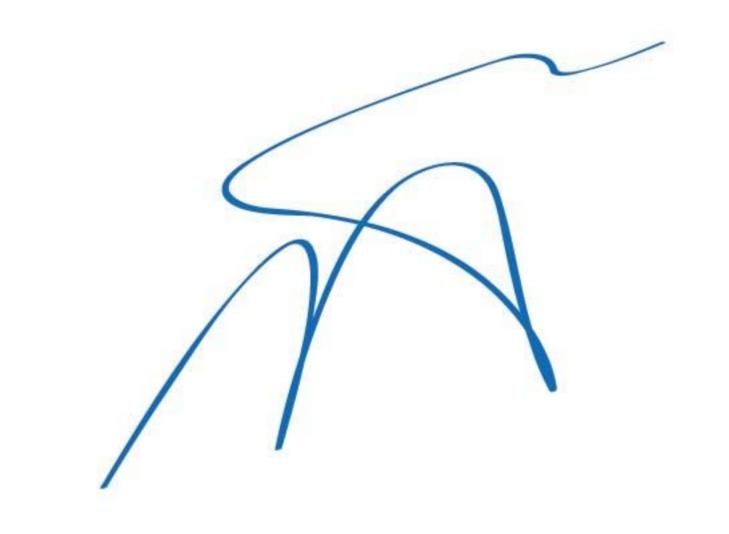
Currency: VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	A. LIABILITIES		6,635,832,559,299	6202,118,615,129
310	I. Current liabilities		2,925,599,957,895	2,416,289,150,365
311	1. Short-term loans and borrowings	19	1,238,887,681,967	543,025,413,490
312	2. Trade payables	20	81,319,395,290	55,084,949,793
313	3. Advances from customers	21	538,868,923,404	522,489,633,073
314	4. Statutory obligations	22	259,218,203,676	459,230,848,217
315	5. Payables to employees		218,154,333	25,966,000
316	6. Accrued expenses	23	789,447,772,055	822,332,648,011
319	7. Other payables	24	10,454,147,862	9,669,474,472
323	8. Bonus and welfare fund		7,185,679,308	4,430,217,309
330	II. Non-current liabilities		3,710,232,601,404	3,785,829,464,764
331	1. Long-term trate payables		2,543,805,208	2,062,135,208
334	2. Long-term loans and debts	25	3,354,869,566,337	3,421,843,198,601
335	3. Deferred tax liabilities	33.3	351,475,873,907	360,755,403,452
338	4. Unrelized turnover		1,343,355,952	1,168,727,503
400	B. OWNERS' CAPITAL		4,413,625,720,291	4,379,960,163,305
410	I. Capital	26	4,413,625,720,291	4,379,960,163,305
411	1. Contributed charter capital	26.1	2,957,111,670,000	2,957,111,670,000
412	2. Share premium	26.1	611,603,430,000	611,603,430,000
414	3. Treasury shares	26.1	(364,466,650,000)	(364,466,650,000)
415	4. Investment and development fund	26.1	2,223,693,823	2,223,693,823
420	5. Undistributed earnings	26.1	1,207,153,576,468	1,173,488,019,482
439	C. MINORITY INTERESTS	27	897,885,147,086	856,567,454,782
440	TOTAL LIABILITIES AND OWNERS' EQUITY		11,947,343,426,674	11,438,646,233,216

### OFF BALANCE SHEET ITEMS

B01-DN/HN

Foreign currencies	Ending balance	Beginning balance
- United States dollar (US\$)	32,487	5,887
- Japanese Yen (JPY)	176,563	



Tran Ngoc Diep Chief Accountant

31 March 2012



Dang Thanh Tam General Director

2011 Annual Report - KBC 59

### CONSOLIDATED INCOME STATEMENT

### B02-DN/HN

for the year ended 31 December 2011

Currency: VND

Code	ITEMS	Notes	Current year	Privious year
01	1. Revenue from sale of goods and rendering of	28.1	633,904,038,872	913,935,195,349
02	services 2. Deductions	28.1	275,701,104	
10	3. Net revenue from sale of goods and rendering of	28.1	633,628,337,768	913,935,195,349
11	services 4. Cost of goods sold and service rendered	29	276,552,876,580	396,298,766,397
20	5. Gross profit from sale of goods and rendering of		357,075,461,188	517,636,428,952
21	services 6. Financial income	28.2	236,918,644,378	750,070,473,217
<b>22</b> 23	7. Finance espenses In which: Interest expenses	30	<b>324,547,590,521</b> 289,225,666,703	<b>237,028,358,800</b> 219,267,056,567
24	8. Selling expenses		19,624,685,438	13,943,604,853
25	9. General and administrative expenses		139,659,602,472	127,693,991,051
30	10. Operating profit		110,162,227,135	889,040,947,465
31	11. Other income	31	21,147,963,706	396,003,572,537
32	12. Other expenses	31	2,156,782,670	750,002,922
40	13. Other profit	31	18,991,181,036	395,253,569,615
45	14. Shares of (loss)/profit in associates	17.1	(33,346,259,356)	(1,968,401,970)
50	15. Profit before tax		95,807,148,815	1,282,326,115,110
51	16. Current enterprise income tax	34.1	27,295,467,072	185,593,303,155
52	17. Deferred income tax income		9,279,529,545	13,233,505,049
<b>60</b> 61 62	18. Net profit after tax 18.1. Minority interests 18.2. Equity holders of the parent	27	42,061,194,332	1,109,966,317,004 14,596,252,665 1,095,370,064,339
80	19. Earnings per share - Basic - Diluted	35 35	123 123 2002333	3,780 3,780

Tran Ngoc Diep **Chief Accountant** 

31 March 2012

Dang Thanh Tam General Director

### CONSOLIDATED CASH FLOW STATMENT

B03-DN/HN

for the year ended 31 December 2011

Currency: VND

Code	ITEMS	Notes	Current year	Previous yea
	I. CASH FLOW FROM OPERATING ACTIVITIES	S		
01	Net profit before tax		95,807,148,815	1,282,326,115,11
	Adjustment for :			
02	Depreciation and amortisation		20,738,728,368	11,603,052,03
	Goodwill amortization		50,838,398,121	50,838,398,12
03	Provision		16,828,549,624	9,957,964,29
04	Unrelized foreign exchange gains	28.2	(8,179,884,743)	(5,853,425,16
05	Profit from investing activities		(252,068,259,469)	(752,755,168,60
06	Interes expenses	30	289,225,666,703	219,267,056,56
07	Nagative goodwill			(394,973,854,04
08	Operating profit before changes in working	capital	213,190,347,419	420,410,138,31
09	Increase in receivables		(192,184,080,485)	(755,686,907,26
10	Increase in inventories		(2,298,733,191,578)	(237,922,495,21
11	Increase/(decrease) in payables		28,742,134,678	(165,223,878,18
12	Decrease in prepaid expenses		13,289,610,101	16,542,650,54
13	Interest paid	34.2	(318, 385, 784, 796)	(163,443,392,40
14	Enterprise income tax paid		(215,821,771,324)	(177,602,315,17
15	Other cash outflows from operating activiti	ies	(22,502,365,295)	(28,830,982,56
20	Net cash flows (used in)/from operating act	ivities	(2,792,405,101,280)	(1,091,757,181,94
	II. CASH FLOWS FROM INVESTING ACTIVITI	ES		
21	Purchase and construction of fixed assets other long-term assets	and	(63,433,912,092)	(120,344,112,56
22	Proceeds from disposals of fixed assets an long-term assets	d other		278,318,181,8
23	Loans to other entities and payments for posterior of debt instruments of other entities	urchase	(2,851,128,404)	(289,433,655,00
24	Collections from borrowers and proceeds f of debt instruments of other entities	rom sale	1,714,000,000,000	130,899,622,70
25	Payment forinvestments in other entities		(558,801,320,000)	(45,291,404,00
26	Proceeds from sales of investments in other	er	635,747,024,000	12,224,801,3
	entities		28,180,350,986	11,395,000,00
27	Interest and dividents received			
	Net cash flows used in investing activities		1,752,841,014,490	(22,231,565,73

### FINANCIAL STATEMENTS

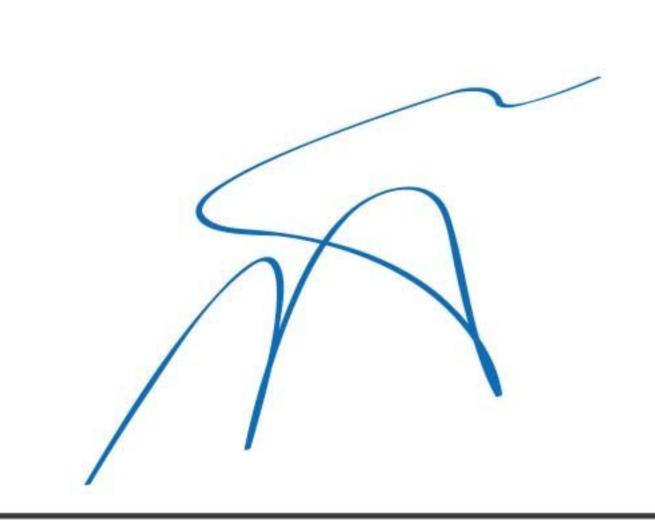
### CONSOLIDATED CASH FLOW STATEMENT (continued)

B03-DN/HN

for the year ended 31 December 2011

Currency: VND

Code	ASSETS	Notes	Current year	Prvious year	
	III. CASH FLOWS FROM FINANCIAL ACTIVITIES				
31	Capital contribution and issuance of shares		_	75,163,834,000	
32	Capital redemption		_	3,230,000)	
33	Drawdown of borrowings		1,563,773,790,738	613,843,971,238	
34	Repayment of borrowings		(934,885,154,525)	(560,660,149,844)	
40	Net cash flows from financing activities		628,888,636,213	128,344,425,394	
50	Net (decrease)/increase in cash and cash equiv	alent	(410,675,450,577)	(985,644,322,288)	
60	Cash and cash equivalents at the beginning of t year	he	444,017,037,338	1,429,880,951,370	
61	Impact of exchange rate fluctuation		293,663,172	(219,591,744)	
70	Cash and cash equivalents at the end of the year	r 4	33,635,249,933	444,017,037,338	



**Trang Ngoc Diep Chief Accountant** 

31 March 2012



Dang Thanh Tam **General Director** 



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