

**REPORT**  
**ANNUAL GENERAL MEETING OF SHAREHOLDERS FY2021**  
**HO CHI MINH CITY SECURITIES CORPORATION**

**Subject: FY2022 Business Plan**

The Board of Management would like to submit 2022 business plan for the consideration and approval of the shareholders at the Annual General Meeting.

**A. Major assumptions on the stock market in 2022**

Based on the market average daily trading value in 2021, the actual market performance in the first half of 2022 and HSC's view on market performance for the rest of this year, the Board of Management makes major assumptions on the stock market in 2022 as below:

Trading value of the stock market (VND billion)	2022F	2021A	YoY	6M2022
Total trading value of the stock market	5,554,210	6,663,509	-17%	3,082,210
The average daily trading value	22,217	26,654	-17%	25,685
Trading value of foreign investors	815,483	888,812	-8%	419,963
% of total trading value of the market	7%	7%		7%
Trading value of local investors	4,738,727	5,774,697	-18%	2,662,247
% of total trading value of the market	93%	93%		93%

**B. Business target of HSC**

In 2022, HSC targets to achieve a pretax profit of VND1,502 billion, which translates to a 5% yoy growth.

Business performance (VND billion otherwise stated)	2022P	2021A	YoY	6M2022
Revenue (*)	3,593	3,368	7%	1,633
Operating expenses (*)	2,090	1,938	8%	930
Profit before tax	1,502	1,430	5%	703
Profit after tax	1,202	1,147	5%	562
Return on average equity (ROE)	16.0%	23.8%		7.4%
Earnings per share (EPS) – (VND)	2,629	3,760	-30%	1,229
Book value pershare (VND)	17,902	16,022	12%	17,126

(\*) Profit and loss are presented on a net basic for comparison purpose.

HSC plans to deliver a revenue of VND3,593 billion in 2022, up by 7% yoy. Operating expenses in 2022 are expected to increase by 8% yoy. The ratio of operating expenses over revenue is expected to maintain at 58% (2021: 58%).



Securities brokerage, margin lending and proprietary investments will remain the major revenue drivers of HSC in 2022. Business targets of each business are as follows:

Revenue structure (VND billion)	2022P	2021A	YoY	6M2022
Securities brokerage fee	1,051	1,390	-24%	519
Margin loan interest income	1,540	1,179	31%	700
Proprietary investments	884	722	22%	354
Financial advisory service fee	87	47	87%	49
Other revenue	30	30	-1%	11
<b>Total revenue</b>	<b>3,593</b>	<b>3,368</b>	<b>7%</b>	<b>1,633</b>

### 1. Securities Brokerage Services

Based on two major assumptions on the market daily average trading value and the proportion of trading value of local investors in total trading value of the market, HSC plans to achieve VND1,051 billion of securities brokerage fee in 2022 (-24% yoy). Particularly:

- The Retail Client division targets to achieve 5% market share in the total trading value of local investors and 8% market share in the derivatives market.
- The Institutional Client division is expected to maintain its market share of 23% in total trading value of foreign investors in 2022.

### 2. Margin Lending Service

The margin lending business is expected to maintain growth momentum in 2022. With the additional owners' equity raised via share issuance to existing shareholders in late 2021, HSC's margin lending capability has been strengthened significantly. The stronger shareholder capital base also provides HSC more room to raise other sources of capital to finance for margin loan demand from clients. As regards risk management, HSC will continue to strictly adhere to our rigorous risk management policies to ensure that credit risks are managed properly.

### 3. Financial Advisory Services

The Covid-19 pandemic in 2021 dramatically impacted progress of transactions that HSC has been working on. However, HSC's Financial Advisory business has been able to strengthen its team and deal pipeline and thus is well-positioned to capture opportunities post Covid-19 in 2022. Based on the in-progress transactions that are expected to be successfully concluded in 2022, the business sets a revenue target of VND87 billion, a strong growth of 87% yoy.

### 4. Proprietary Investments and Treasury Management

Unlike the traditional proprietary investments, HSC's model primarily focuses on market making activities, risk hedging and supporting clients' transactions. In 2022, the Proprietary Investments division plans to further scale up its covered warrant business. The division will also continue to coordinate with the Financial Advisory business to carry out large business restructuring and securities issuance underwriting transactions. The stronger capital base provides HSC more room and flexibility to strengthen its footprint in these potential segments.

## C. Focast financial position of HSC in 2022

Total assets are forecast to reach VND25 trillion as at the end of 2022, which translates to a 3% yoy increase. Assets will primarily comprise of margin loans and financial assets. HSC's plans to deploy and raise additional capital in 2022 are as below:

- Optimize the new capital base to scale up the margin lending business and proprietary investments with a focus on market making and risk hedging activities.
- To expand the corporate bond portfolio to VND2,000 billion to VND3,000 billion and use this secondary source of capital to finance for working capital needs when necessary.



- Seek for both onshore and offshore loans at reasonable costs of fund. Total offshore loan balance is expected to reach US\$250 million.
- To issue HSC's corporate bond to enhance the company's financial flexibility and capital structure.

STT	Balance sheet (VND billion)	31/12/2022F	31/12/2021	YoY
<b>A</b>	<b>Current assets</b>	<b>24,800</b>	<b>24,187</b>	<b>3%</b>
I	Financial assets	24,720	24,187	3%
1	Cash and cash-equivalents	5,000	7,199	-31%
2	Financial assets	4,300	2,372	81%
3	Margin loans	15,000	13,690	10%
4	Other receivables	420	854	-51%
II	Other current assets	80	72	11%
<b>B</b>	<b>Long-term assets</b>	<b>250</b>	<b>182</b>	<b>37%</b>
	<b>Total assets</b>	<b>25,050</b>	<b>24,369</b>	<b>3%</b>
<b>A</b>	<b>Liabilities</b>	<b>16,923</b>	<b>17,044</b>	<b>-1%</b>
I	Short-term liabilities	16,923	17,044	-1%
1	Short-term borrowings	14,923	15,040	-1%
2	HSC's bond	1,000	-	0%
3	Other payables	1,000	2,004	-50%
<b>B</b>	<b>Owners' equity</b>	<b>8,127</b>	<b>7,325</b>	<b>11%</b>
I	Owner's equity	8,127	7,325	11%
	<b>Total resources</b>	<b>25,050</b>	<b>24,369</b>	<b>3%</b>

Above is 2022 business plan of Ho Chi Minh City Securities Corporation for the consideration and approval of shareholders at the Annual General Meeting.

**FOR AND BEHALF OF HSC  
CHIEF EXECUTIVE OFFICER**



**TRINH HOAI GIANG**

**To:**

- As above-mentioned
- BOD Office for archiving

