

## SZC – AGM note

Sonadezi Chau Duc (HSX: SZC) held its AGM on 18/4/2023 with the following highlights:

- **2023 targets:** SZC set 2023 revenue target at VND914bn (+6% YoY) and PAT at VND210bn (+6% YoY). Revenue from industrial land leasing is targeted at VND556bn (-26% YoY) and revenue from Huu Phuoc residential area at VND255bn.
- **Dividends:** The company planned to pay stock dividend of 20% for 2022 and 10% for 2023.
- **Increase in total investment capital of Chau Duc urban area** which includes Chau Duc urban area (northern), Chau Duc golf course and Huu Phuoc residential area) from VND1,237bn to VND9,804bn mainly due to rising clearance costs and land use fee.
- **2023 capex** for clearance is set at VND957bn, of which VND655bn for 46ha at Chau Duc IP and VND302bn for the residential area of 23ha.
- **2023 capex for construction** is set at VND386bn, of which VND195bn for Chau Duc IP, VND164bn for the residential area and VND23bn for the golf course.
- **Update on Chau Duc IP:** nearly 200ha as not been cleared and scattered across the project and around 100ha is available for lease with built infrastructure. Land leasing rate at Chau Duc IP is expected to grow by 10% YoY in 2023, according to SZC's management. Land leasing activities across Vietnam were stagnant in 1Q23, thus the company signed only 1 contract for 3ha in 1Q23. Backlog at YE22 was 62ha which would be gradually recorded from 2023.
- **Regarding Huu Phuoc residential area,** around 6,000-7,000 sqm of 1 household has not been cleared due to disagreement in reimbursement fee. In phase 1, SZC built 75 shophouses in 2022 and has sold 90% of accumulatively. Payment collection from buyers are difficult given tightening bank credit and personal financial difficulties, according to the management. In phase 2, the company will build 70 landed properties with 3-4 floors/unit. SZC submitted general design document for a social housing project to the provincial government and it is expected to be approved in 2023.
- **Share issuance for current shareholders:** In 2023-2024, SZC planned to issue shares at the ratio of 2:1 with the minimum price of book value at YE22 to invest in current projects and restructure its debts.
- **Foreign room** is capped at 20%.

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