



VIETNAM DAILY NEWS

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Market Analysis

1. Active bottom fishing props VN-Index up

Despite the selling pressure, active bottom fishing helped the VN-Index of the Hochiminh Stock Exchange maintain growth momentum to have three straight winning sessions today, March 31.

At the close, the main index advanced 5.08 points, or 0.43%, from the session earlier, at 1,191.44, with 222 gainers and 207 losers. Trade volume fell by 10% to 703 million shares while the value dropped by 13.8% to VND14.6 trillion from the previous session. Over 32.6 million shares valued at VND1.6 trillion were traded in block deals.

Among bluechips, lender STB continued its upward spiral and ended the day up 4.6%, with 56.7 million shares changing hands.

Good performance of some largecaps such as property firm VIC, housing developer VHM, brewery SAB and consumer goods company MSN contributed to the gain of the main index.

While lenders CTG and MBB lost ground, other bank stocks such as VIB and EIB traded on positive territory.

Construction firm ROS was the most actively traded stock on the southern bourse, with a matching volume of over 69 million shares.

On the northern bourse, the HNX-Index improved by 5.52 points, or 1.96%, against the session earlier, at 286.67, with 104 stocks rising and 93 others declining.

Lender SHB took the lead on the northern bourse by liquidity, with 59.7 million shares changing hands, and finished the day up 9.4%.

Among small stocks, service firm KLF attracted strong appetite and came second for liquidity with 26.7 million shares changing hands, but lost steam at the close.

Macro & Policies

2. Vietnam continues to represent safe and attractive destination for investors

Foreign investment in the country has rebounded in recent times, with the Mekong Delta province of Long An being officially granted the investment registration certificate for LNG Long An I and II Gas Power Project after receiving investment from VinaCapital GS Energy Pte Ltd of Singapore.

The project features a capacity of 3,000 MW, including two combined cycle gas turbine plants that possess a capacity of 1,500 MW each, with registered investment capital totaling a figure of US\$3.1 billion.

This comes after a sum of US\$1.31 billion was previously invested in the O Mon II thermal power plant by a group of Japanese financiers.

According to data released by the Foreign Investment Agency under the Ministry of Planning and Investment, since March 20 the country has attracted US\$10.13 billion worth of foreign direct investment, representing an annual increase of 18.5%.

Furthermore, newly-registered capital and additional increased capital has recorded sharp rises of 30.6% and 97.5% to US\$7.2 billion and US\$2.1 billion, respectively, after witnessing consecutive drops during the course of the initial two months of the year.

Foreign investment disbursement during the first quarter of the year reached US\$4.1 billion, up 6.5% in comparison to last year's corresponding period, thereby signaling that local foreign investment remains on a positive growth trend.

Do Nhat Hoang, director of the Foreign Investment Agency, said foreign-invested enterprises (FIEs) continues to enjoy a recovery whilst maintaining their numerous production and business activities in the post-novel coronavirus (COVID-19) period. Indeed, Vietnam remains a safe and attractive destination that continues to enjoy foreign investors pouring capital into large-scale projects throughout the country.

Hoang noted that the quality of FDI inflows has enjoyed significant improvement, with a growing trend of foreign tech giants injecting capital into the country since the beginning of the year.

Local economists have stated that, aside from two separate billion-dollar projects in the country since the beginning of the year, there remains a number of large-scale projects which will receive foreign investment moving forward.

AT&S Company of Austria has recently unveiled that the firm is seeking a location for investment into a hi-tech project in Vietnam, with total investment capital reaching EUR1.5 billion.

The company's representatives said it will have the final decision on whether or not to establish a Vietnamese factory until mid-April. Elsewhere, Taiwanese electronics giant Foxconn have also revealed that, alongside injecting an additional US\$700 million into the country this year, they are poised to intensify investment into the nation in the time ahead.

3. United States sets sights on Vietnamese investment

In January, Intel Corporation announced a further \$475 million in Intel Products Vietnam (IPV). This new investment comes in addition to Intel's \$1 billion investment to build a state-of-the-art chip assembly and test manufacturing facility in Saigon Hi-Tech Park (SHTP), that was first announced in 2006. This takes Intel's total investment in its Vietnam facility to \$1.5 billion.

"As of the end of 2020, Intel Products Vietnam has shipped more than two billion units to customers worldwide. We're very proud of this milestone, which shows both how important IPV is to helping Intel meet the needs of its customers all around the world, and why we continue to invest in our facilities and team here in Vietnam," said Kim Huat Ooi, vice

president of manufacturing and operations and general manager of IPV.

Last year, despite the impact of the pandemic, IPV posted a record export turnover of \$13.1 billion, accounting for 70 per cent of SHTP's export value. The additional investment of \$475 million helped enhance manufacturing of Intel's 5G products, Intel® Core™ processors with Intel® Hybrid Technology and 10th Gen Intel Core processors.

"The implementation of new technologies aims to serve the production, assembly, and testing of Intel products, thereby expanding the portfolio of our made-in-Vietnam products," Ooi said.

With a total capital of \$1.5 billion, IPV is the largest assembly and test manufacturing facility in the Intel assembly and test network. It has more than 2,700 employees and serves customers around the world. IPV is one of 10 manufacturing sites that Intel has globally and remains the largest US high-tech investment in Vietnam.

According to a VIR source, Intel is likely to announce another investment this year within the framework of its activities to celebrate its 15th anniversary in Vietnam.

Commenting on the expansion of US investors, Mary Tarnowka, executive director of the American Chamber of Commerce Vietnam (AmCham) said at a recent investment conference in Ho Chi Minh City that Vietnam is one of the only countries in the world that experienced positive growth in 2020, and where American companies like Intel and First Solar could operate continuously. AmCham members are immensely grateful and support through contributions of medical equipment, and fully-equipped ambulances.

"Now, we would like to ensure equitable access to vaccines for foreigners in Vietnam, while expediting travel procedures for foreign residents to travel and return with streamlined testing, renewal of visas, and residence cards; as well as facilitating entry of foreign investors, technical experts, and as vaccinations roll out," Tarnowka said.

"We strongly recommend Vietnam to provide and facilitate a streamlined process, with shortened quarantine period for short-term business travellers to consider investment opportunities, conclude deals, and sign contracts."

The prospects of US investments in Vietnam seem bright thanks to Vietnam Airlines' latest plans to open a direct flight from Vietnam to the US this year, which will facilitate more American investors to grab new opportunities in the post-pandemic era.

According to the AmCham representative, US technology companies and startups are eager to invest in Vietnam, as well as partner with domestic companies, to drive the next generation of economic growth, including fintech, AI, and other technologies.

These companies are well-positioned to help build clean energy and smart city infrastructure facilities needed for sustainable growth, as well as expanding supply chains in Vietnam.

As of February, the US is Vietnam's 11th-largest investor with the total investment capital of \$9.53 billion across 1,083 projects, according to the Ministry of Planning and Investment. Major US corporations such as Apple, Intel, Universal Alloy Corporation, Ford, and Key Tronic EMS have already ramped up production lines in Vietnam.

4. Vietnamese carriers restart direct US flight race

The race has been re-triggered by the large demand for such flights amid the Covid-19 pandemic.

Trinh Van Quyet, chairman of Bamboo Airways, said that the global vaccination campaign will help create a boom in the aviation industry by the end of this year. This is why the airline wants to fly directly to the U.S. in the last quarter of this year, he said.

He had earlier announced a plan to make Bamboo Airways the first Vietnamese carrier to conduct regular direct flights to the U.S. However, it failed to meet its own deadline last year.

The board of directors of flag carrier Vietnam Airlines has also approved a plan to launch direct

flights to the U.S. early next year, saying it was the right time to do it.

Since May last year, the airline has conducted 12 repatriation flights from the U.S. It has used up the number of repatriation flights allowed by U.S. authorities and is now seeking permission for regular flights.

Such flights will help utilize its wide-body fleet, which has been in low demand due to the pandemic.

Vietnam has considered regular direct flights to the U.S. since 2003, but profitability concerns have made carriers hesitant.

Vietnam Airlines leaders have said earlier that low demand and fierce competition could lead to annual losses of \$30 million in the first five years.

American carriers have faced the challenges that Vietnamese carriers face now, and stopped direct

flights between the two countries long ago. United Airlines launched a direct service in 2007 but pulled the plug on it in 2012, while Delta Air Lines flew its direct service for a mere six months in 2008. No American carrier has launched a direct flight since.

The market entrance of Bamboo Airways in 2019 stirred up the race again, with its leadership expressing confidence that it was possible to make a profit with direct flights to the U.S.

Bamboo Airways chairman Quyet had calculated that the airline could earn VND8 billion (\$346,700) a month from direct flights with a return ticket price of \$1,300.

Without the direct flights, people have to transit in East Asia while traveling between Vietnam and the U.S., and the journey can take 18-21 hours. A direct flight would shorten the travel time to 15-17 hours.

5. Q1 exports rise as Vietnam takes advantage of FTAs: Official

Vietnam has been making good use of advantages of the international economic integration process, helping to increase the country's exports by 22 percent year-on-year and imports by 26 percent in the first quarter of 2021, said Tran Thanh Hai, Deputy Director of the Agency of Foreign Trade under the Ministry of Industry and Trade.

Talking to the press, Hai said the EU-Vietnam Free Trade Agreement (EVFTA), the UK-Vietnam Free Trade Agreement (UKVFTA) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) have become effective, and the Regional Comprehensive Economic Partnership (RCEP) is about to come into effect.

For the EU market, several Vietnamese commodities have enjoyed incentives of the EU's Generalised System of Preferences (GSP) for years.

However, for the long term, taking advantage of opportunities brought about by the EVFTA is a sustainable and equal preference. Specially, for the commodities that Vietnam has advantage, they can

enjoy preferences on origins combined in the EVFTA, Hai said.

He advised enterprises to bring into full play advantages of the agreement by understanding the advantages for their commodities and then change their production process and material supply to meet requirements of origin.

Looking back on the import-export figures in the first quarter, Hai said, electronic products, electric appliances and furniture are the most benefitted as increasing demand from the European and North American markets.

However, such products as garment and textiles and footwear are facing difficulties caused by the disruption of the supply chains.

Hai also proposed businesses take the initiative and make good preparations to deal with any possible instable factors.

During January – March, Vietnam's import-export turnover is estimated at 152.65 billion USD, up 24.1 percent year-on-year.

6. Many banks to pay dividends in shares

The shareholders of Vietnam International Bank (VIB) have approved the proposal to issue 40 bonus shares at the rate of 40 per cent at its 2021 Annual General Meeting late last month.

According to VIB, by the end of 2020, the bank had more than VND4.8 trillion (US\$207.8 million) of remaining profit after the provision for funds. It plans to distribute bonus shares to increase capital from VND11.09 trillion currently to over VND15.53 trillion.

The distribution is expected to be completed before September 30 this year.

"The bank is in a good growth period so it needs capital to invest in technology, networks, credit extension, meeting capital adequacy ratios as prescribed," said a representative of VIB.

Viet Nam Maritime Commercial Joint Stock Bank (MSB) recently approved a plan to pay dividend in shares at a rate of 30 per cent. It is expected that after completing the plan, MSB's chartered capital will reach VND15.2 trillion.

A representative of the bank said: "In addition to supplementing the bank's medium and long-term capital, paying in shares can ensure financial safety ratios following international standards such as Basel II."

Asia Commercial Bank (ACB) plans to issue more than 540 million shares to pay 2020 dividends at the rate of 25 per cent. Accordingly, the bank's charter capital is expected to increase by more than VND5.4 trillion.

Sai Gon-Ha Noi Bank (SHB) will pay dividends at the rate of 20.5 per cent by shares, of which 10 per cent for 2019 and 10.5 per cent for 2020.

Orient Commercial Bank (OCB) plans to pay dividend at a rate of 25 per cent.

Nam A Bank plans to increase its charter capital to VND7 trillion. This includes a plan to issue 57 million shares to pay dividends at a rate of 12.5 per cent and offer 143 million shares in private placement.

Bank for Investment and Development of Viet Nam (BIDV)'s shareholders have approved a plan to increase its charter capital by VND8.3 trillion to VND48.52 trillion, up 20.6 per cent, in the form of dividend payment in shares and additional issuance.

Under the plan, BIDV plans to issue 207.3 million shares to pay dividends for 2019 at the rate of 5.2 per cent, issuing 281.5 million shares to pay dividends for 2020 at a ratio of 7 per cent.

Some financial and banking experts said banks' plans to increase capital in 2021 was necessary to ensure credit supply. Currently, the income of many banks still came from credit. At 12-13 per cent, the equity of banks will increase at least by 7-8 per cent.

According to the policy of the State Bank of Vietnam (SBV), this year, banks will only be allowed to pay dividends in shares, instead of cash as before.

Banking is a conditional business sector so credit institutions must comply with the regulations of the State Bank, including the policy of dividend payout.

Along with other cost reduction solutions, the non-cash dividend payment will help credit institutions have more resources to reduce lending rates, supporting millions of customers affected by the COVID-19 pandemic.

However, in order to have a source of money set aside for bad debt handling, restructuring and especially to support businesses affected by the pandemic, some banks decided not to pay dividends in 2020 such as VPBank, Techcombank, Sacombank, Eximbank, SCB and ABBank.

7. Ministry sets up team to study virtual assets, money

The Finance Ministry on March 30 announced that it has set up a team to study virtual assets and money to design management policies and mechanisms according to its tasks and functions in the field.

The ministry said Vietnam has yet any legal regulations on the issuance, trade and exchange of virtual money and assets. Therefore, the trade of cryptocurrencies by several individuals in Vietnam on international trade floors such as Binance and Coinbase or via direct transactions poses many risks.

At present, the ministry's State Securities Commission (SSC) is embarking on the ministry-level study on building legal framework on the management of crypto assets on Vietnam's securities market.

In the near future, the ministry will continue proposing mechanisms to the Government to

oversee activities related to virtual assets and money to ensure the security and safety of the financial market as well as protect legitimate rights and interests of investors and others in the market.

Earlier, the SSC warned investors to stay cautious when investing in virtual assets and money to minimise possible risks. It also asked listed, securities, fund management companies and securities investment funds to stay away from the issuance, trade and mortgage of virtual money against the law.

The establishment of the team is in line with the Prime Minister's Decision No.1255/QĐ-TTg approving a project on perfecting legal framework on the management of virtual and electronic money and the Government Office's Dispatch No.11633/VPCP-KTTH on comprehensive review of legal regulations related to virtual assets and money.

Corporate News

8. VIC: Vingroup targets 500 million USD from bond issuance in Singapore

↑ 0.77%

Vietnam's largest private conglomerate Vingroup is planning to seek its shareholders' approval to raise 500 million USD from issuing unsecured bonds on the Singapore Exchange (SGX).

The issuance is expected to be carried out in 2021, depending on market conditions, and approval from competent authorities. The money raised will be used to pay debts, and pump up capital for its business activities.

Over a decade ago, Vingroup's Vincom JSC debuted on the international debt capital market, with a 100 million USD issuance of bonds on the SGX.

In March 2012, following the merge of Vincom and Vinpearl, Vingroup mobilised 185 million USD worth of international bonds on the exchange.

Within seven years, Vingroup carried out over 18 transactions in both capital and debt markets, gaining more than 7.8 billion USD.

Total asset value of the group reached over 424.26 trillion VND (18.38 billion USD) by the end of 2020, 5 percent higher than the amount recorded on the outset of the year. The group's revenue topped 110.46 trillion VND, falling 15 percent from the previous year.

9. DXG: Dat Xanh Services: leading real estate brokerage staging IPO

↓ -0.21%

From March 31, 2021, Dat Xanh Real Estate Service JSC officially launched an initial public offering (IPO) together with listing shares on the Ho Chi Minh City Stock Exchange in order to increase transparency in the operations and business activities of the company, creating favourable conditions and diversifying methods of capital mobilisation in the stock market. The company will use the entire amount raised from the issuance to serve the company's operations and business activities.

The specifics are as follows:

- Stock name: Dat Xanh Real Estate Service Joint Stock Company.
- Stock type: Common stock.
- The number of shares offered: 71,660,228 shares, of which:
 - Number of shares offered by the issuing organisation: 35,830,114 shares; accounting for 11.11 per cent of the number of shares of the same type in circulation

- The number of shares offered for sale: 35,830,114 shares.
- In which:
 - The ratio of the number of the shares offered for sale and the total number of shares owned: 13.20 per cent
 - The ratio of the number of the shares for sale and the total number of outstanding shares of the same type of public company whose shares are offered for sale: 11.11 per cent.
 - Offering price: VND32,000 per share.
 - Total value of expected mobilised capital: VND2,293,127,296,000, in which:
- The value of capital raised by the issuer: VND1,146,563,648,000;
- Value of capital collected from shareholders: VND1,146,563,648,000.
 - Distribution method: Through the issuing agent.
 - Minimum subscription amount: 1,000 (one thousand) shares, registered in multiples of 100 shares.
 - Time to receive subscriptions: From March 31, 2021 to April 19, 2021.
- Time to receive stocks purchasing payment: From March 31, 2021 to April 19, 2021.

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