



VIETNAM DAILY NEWS



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Market Analysis

1. Shares trade higher on the back of bank stocks

Shares reversed course to trade higher on Wednesday, strengthened by the strong increase of banking stocks that attracted a huge injection of cash flow.

On the Ho Chi Minh Stock Exchange (HoSE), the market benchmark gained 1.22 per cent, to 1,510.51 points on Wednesday.

The index had dropped 0.76 per cent to end at 1,492.31 points on Tuesday.

The market's breadth was negative with 203 gainers and 267 losers.

During the session, over 1.13 billion shares were traded on the southern bourse, worth nearly VND35.7 trillion (US\$1.57 billion).

The VN30-Index, which tracks the 30 biggest stocks on HoSE, rose 2.02 per cent, to 1,530.04 points.

Of the VN30 basket, 20 stocks rose, while eight inched lower and two ended flat.

According to financial news site vietstock.vn, banking stocks witnessed a booming session with many strong gainers, in which Bank for Investment and Development of Vietnam (BID), Tien Phong Bank (TPB) and Sacombank (STB) all hit the daily limit gain of 7 per cent.

HDBank (HDB) increased by 5.6 per cent, Vibank (VIB) rose by 4.9 per cent, Saigon-Hanoi Bank

(SHB) climbed 4.3 per cent, Vietcombank rose 0.8 per cent, Techcombank (TCB) increased 4 per cent, Military Bank (MBB) gained 4.7 per cent, VPBank (VPB) climbed 3.2 per cent and Vietinbank (CTG) gained 3.5 per cent.

On the other side, real estate stocks were hit strongly by massive selling, with a series of stocks pulled down to the floor prices, such as C.E.O Group JSC (CEO), An Duong Thao Dien JSC (HAR), Hoang Quan Consulting-Trading-Service Real Estate Corporation (HQC), LDG Investment JSC (LDG) and NBB Investment Corporation (NBB).

Eleven out of 25 sector indices on the market recorded gains, including insurance, securities, information and technology, retail, oil and gas, banking and construction materials.

Losers, meanwhile, included wholesale, real estate, healthcare, agriculture, rubber production, food and beverage, seafood production, logistics and construction.

On the Ha Noi Stock Exchange (HNX), meanwhile, the HNX-Index lost 1.65 per cent to end at 473.64 points on Wednesday.

The northern market index had lost 0.27 per cent to end Tuesday at 481.61 points.

During the trading session, investors poured nearly VND4.4 trillion into the bourse, equivalent to a trading volume of more than 135.1 million shares.

Macro & Policies

2. Government resolution sets 2022 growth target at 6 to 6.5 per cent

The Government has issued a resolution on tasks for the implementation of the socio-economic development plan and State budget estimate in 2022 with a target of 6 to 6.5 per cent growth in Gross Domestic Product (GDP) and US\$3,900 GDP per capita.

According to the Government's Resolution 01/NQ-CP, 2022 is an important year, creating a foundation for implementing the goals of the five-year plan from 2021 to 2025.

Challenges and opportunities will present themselves in the domestic and international situation, including the continuing developments of COVID-19 and unstable economic growth which is forecast to be lower than 2021. Meanwhile, the domestic pandemic prevention and control capacity has improved but the resilience of people and businesses has decreased.

Việt Nam might face the risk of slow economic recovery, declining growth and potential diseases and natural disasters.

The resolution has set out six key leadership tasks and 12 solutions, including disbursing 100 per cent of public investment capital, developing culture in relevance with the socio-economy, improving the capacity of the healthcare system, especially preventive healthcare and healthcare at the grassroots level.

The Government has asked local authorities and sectors to adapt and take drastic action for recovery and development.

In the resolution, local authorities and sectors have been urged to closely follow resolutions of the Party, the National Assembly and be active, flexible and creative in leadership.

One of the key tasks is to flexibly and safely adapt to COVID-19, sticking to the targets of protecting public health and developing the economy, while resolving difficulties for people and businesses.

Vaccination, treatment drugs and raising public awareness and responsibility are decisive factors to control the pandemic and restore socio-economic development.

Three priorities set out by the Government in 2022 are to restore and promote production and business; boost exports; accelerate disbursement of public investment capital and mobilise all resources to develop infrastructure, especially strategic infrastructure.

The Government also looks to stabilise the macro-economy, control inflation, improve autonomy, resilience and adaptability of the economy while accelerating the restructuring of the economy in a practical and effective manner, developing e-commerce, digital economy and new business models based on information technology and digital technology application, as well as handling backlogs which have persisted over many years.

Other targets are to ensure social security, stabilise the labour market, promote administrative procedures, improve the quality of human resources, as well as fight corruption and wastefulness.

The Government aims for a 4 per cent growth in the Consumer Price Index in 2022 and to accelerate the construction of key infrastructure projects, while strengthening regional, inter-regional, and international connectivity.

The resolution highlights digital transformation in the education sector. The Government has ordered localities to arrange classes suitable to the pandemic situation.

In the healthcare sector, the Government aims to have 9.4 doctors and 29.5 beds for every 10,000 people.

In 2022, the Government will continue to tighten discipline, build a strong and transparent apparatus, complete the arrangement and organisation of the State administrative apparatus and public non-business units.

3. Southern key economic region receives large inflow of foreign investment in 2021

Although the fourth wave of the pandemic negatively affected local production and businesses, the inflow of foreign investment to the southern key economic region increased significantly in 2021.

The region comprises HCM City and the seven provinces of Binh Duong, Ba Ria-Vung Tau, Dong Nai, Binh Phuoc, Tay Ninh, Long An and Tien Giang.

Foreign enterprises chose the southern key economic region as an investment destination, due to its young and abundant labour force with lower wages than other countries, and large consumer market.

This year, HCM City was the locality most affected by the COVID-19 pandemic. After prolonged social distancing, the city still ranked third in attracting foreign investment with nearly US\$3.74 billion, accounting for 12 per cent of the country's total.

Cao Thi Phi Van, deputy director of the Investment and Trade Promotion Centre of HCM City (ITPC) attributed the city's position in term of foreign investment to its great efforts in accelerating administrative reforms, simplifying business conditions and improving the quality of civil servants to better facilitate the business community, Tien Phong (Vanguard) newspaper reported.

In another bright spot, over 96 per cent of the 1,412 enterprises in HCM City Export Processing Zones and Industrial Parks (HEPZA) have resumed their operation and 80 per cent of their employees have returned to factories, Hua Quoc Hung, head of the management board of HEPZA said.

The stability in economic management in HCM City over the past month has helped encourage foreign investment inflows back to the locality, Hung said, adding that after the social distancing period, a number of foreign investors worked with HEPZA.

As of last year, the city was home to 10,434 valid foreign-invested projects with capital totaling \$49.47 billion.

Meanwhile, Binh Duong Province ranked 4th among 59 localities in the country in terms of foreign

investment attraction with over \$2.13 billion in 2021. Thus far, the southern province has 4,021 valid foreign-invested projects with a total registered capital of over \$37.17 billion.

Director of Binh Duong Department of Planning and Investment Mai Ba Truoc told Tien Phong that the positive inflow of foreign investment helped the province overcome difficulties to realise "dual goals" in 2021.

These were a 4.3 per cent year-on-year growth in its industrial production index and yearly rises of 13.5 per cent and 14.7 per cent in its export and import turnovers to \$31.5 billion and \$24.6 billion, respectively, resulting in a trade surplus of \$6.9 billion.

Similarly, Long An Province was the second locality in attracting foreign investment in 2021 with over \$3.84 billion, accounting for 12.3 per cent of the total investment capital of the country. Of the sum, over \$3.51 billion came from 54 newly-licensed projects; \$255 million from 65 existing projects to raise their levels of capital while the remainder of investment from capital contribution or share purchase was made by foreign investors.

Dong Nai Province in 2021 surpassed the yearly target with over \$1.35 billion investment. During the year, the province licensed 51 new projects with a total registered capital of \$295 million. It also allowed 49 operating projects to add \$470 million to their capital and approved \$597 million worth of capital contribution and share purchases of foreign businesses in a total of 87 transactions.

Dong Nai has to date attracted 1,792 foreign-invested projects with a total registered capital of nearly \$32.7 billion. Most of these projects came in processing and manufacturing, textile and footwear industries.

The newspaper cited Nguyen Thi Hoang, deputy chairwoman of Dong Nai Province People's Committee as saying that many countries around the world now had policies to reopen their economies, and this would be an opportunity for foreign enterprises to accelerate their overseas investments.

Hoang said her province would concentrate on calling international enterprises to develop their projects in the province and contributing to its economic development. Top priority would be given to businesses with projects in supporting industries, high technology and clean technology rather than labour-intensive projects.

The deputy chairwoman added that local authorities would create the most favourable conditions for businesses by shortening the time used for fulfilling procedures related to investment, production and export.

Ba Ria-Vung Tau, another province in the region also experienced a positive foreign investment inflow last year.

From January to December, the provincial Industrial Park Authority granted licences to 13 foreign-

invested projects worth \$207.76 million. It also approved 25 existing projects to raise their capital by \$268 million. Most foreign-invested projects in the province were large-scale, with average registered capital of about \$103 million per enterprise.

Nguyen Anh Triet, head of the authority, said the foreign investment registered in the province last year exceeded the plan set for the year. He attributed the result to the province's efforts to improve its business and investment environment.

However, Triet said that Ba Ria-Vung Tau would not attract investment at all costs. Top priority would be given to projects in hi-tech industries and those that were environment-friendly, and less so in labour-intensive industries.

4. Standard Chartered forecasts Việt Nam 2022 GDP growth at 6.7 per cent

Standard Chartered Bank forecasts Việt Nam's recovery will accelerate markedly in 2022, with GDP growing by 6.7 per cent. The bank raised its 2023 growth forecast for Việt Nam to 7 per cent as it believes Việt Nam's positive medium-term outlook remains intact.

The forecast is highlighted in the bank's recently published global research report titled "Still battling headwinds" and Việt Nam-focused macro-economic research report titled "Việt Nam – Moving back to high growth".

"The economy should continue to bounce back in 2022 as the global pandemic situation improves. Income growth has outpaced spending growth in recent years; this provides a decent savings buffer against the pandemic," said Tim Leelahaphan, Economist for Thailand and Việt Nam, Standard Chartered.

"COVID-19 remains a key risk, at least in the short term. Quarter 1 could see full resumption of factory operations, after closures in the third quarter of 2021, and clearer recovery is expected in March."

According to Standard Chartered's economists, exports should be supported in 2022 by a continued

improvement in the global trade environment, although import growth is likely to remain high.

Inflation may become more of a concern for Việt Nam in 2022. Supply-side factors (higher commodity prices exacerbated by the pandemic) are likely to be the key driver near-term; demand pressures will come into play as the economy develops further. A prolonged virus outbreak could lead to supply-driven inflation risks. 2022 and 2023 inflation forecasts for Việt Nam are 4.2 and 5.5 per cent, respectively.

The State Bank of Việt Nam (SBV) is expected to keep its policy rate on hold at 4 per cent in 2022 to support credit growth and manage inflation risks and normalise the policy in 2023, with a 50 basis points hike to 4.5 per cent in the last quarter of 2023.

Standard Chartered Bank maintains its medium-term constructive view on the Vietnamese đồng amid expectations of a strong balance of payments (BoP). The rapid pace of appreciation since July reflects more flexible exchange rate management by the central bank. The VNĐ is among the best-performing emerging market currencies in 2021.

However, the bank expects the pace of appreciation to slow given that Việt Nam's current account is now

in deficit, and USD-VND is approaching the limits of the exchange rate band. Nevertheless, Việt Nam's BoP surplus and the central bank's foreign exchange

policy flexibility should continue to support the VND over the medium term. The bank forecasts USD-VND at 22,500 by mid-2022 and at 22,300 by end-2022.

5. M&A in technology booms during pandemic

The Mergers and Acquisitions (M&A) market in Viet Nam has been going through a downturn due to the pandemic, but the technology sector is bucking the trend, according to experts at a seminar on digital transformation and M&A on January 11.

Nguyen Cong Ai, deputy director of KPMG Viet Nam, noted that technology sector was becoming more appealing to foreign investors. In 2021, technology M&A doubled in transaction volume and tripled in value, reaching about US\$963 million by October.

Sub-sectors that have been attracting strong investment inflows include e-commerce, fintech, ed-tech, logistics and digital transformation.

Tiki has successfully raised \$258 million in a funding round led by AIA Insurance; Sky Mavis \$152 million by Andreessen Horowitz; and Momo \$100 million by Warburg Pincus.

"Foreign investors are showing great interest in Viet Nam's technology sector. Recently, we have been receiving an increasing number of requests from Korean and Japanese investors who are interested in Viet Nam's internet economy, fintech, edtech and media," Ai added.

The deputy director believes foreign interest in technology can be mainly attributed to favourable policies of Vietnamese Government on tech startups. Another contributing factor is the quality of human resources, which has been improving substantially in recent years.

Nguyen Viet Khoi, director of Institute of Skills Education and Creative Intelligence, said Viet Nam's digital economy had been forging ahead over the past few years. Rapid growth could be observed in information technology (IT), telecoms, e-commerce and startup ecosystems.

Remarkably, 5,600 new digital firms, with nearly one million personnel, were established last year, raising the total number of digital firms to over

64,000 and marking a 9 per cent growth in the sector.

Such a steady expansion has allowed the technology market to draw in massive foreign investment and multiply M&A transactions.

However, digital firms in Viet Nam are still at an early stage. A majority of them are startups with original ideas but have trouble with management and strategic planning.

Meanwhile, investors with deep pockets prefer putting money in firms that can draw up a detailed plan to realise their ideas.

This mismatch between investors and investees is causing a setback for M&A growth.

To deal with the setback, Khoi said the grow-at-all-cost model was indispensable. Additionally, trading floors for startups, which are similar to ChiNext (China), KONEX (Korea) or NASDAQ (US), could be developed to facilitate startup funding.

The director also recommended the Government launch a regulatory sandbox to provide digital firms with testing grounds for their technology innovations.

Regarding M&A in IT, Nguyen Thanh Tuyen, deputy director of the Ministry of Information and Communications' Department of Information Technology, revealed there was no significant M&A in digital technology in Viet Nam prior to 2015.

It was between 2015 and 2018 that first major transactions in the sector began to emerge, notably VNG seizing a 38 per cent stake in Tiki and the buyout of Mundo Reader by Vingroup.

From 2019 to 2021, Viet Nam saw a sharp upturn in M&A with many noteworthy deals including Vision Fund and GIC Fund pouring \$300 million to VNPAY,

Temasek's investment of \$100 million to Scommerce, and the buyout of Base platform by FPT.

As the COVID-19 pandemic has been paving the way for the widespread application of digital technology, M&A in this sector will continue to boom in the next several years. Sub-sectors that are likely to become investment magnets include e-commerce and fintech.

Despite the positive outlook for M&A, Tuyen said that most products and services of Viet Nam's tech firms only targeted the domestic market. Few seek customers abroad.

Such a narrow market reach is a setback for the rapid growth of M&A.

Ho Phi An, chief executive officer of EI Industrial, believes the rapid growth of M&A in technology is good news for the sector. Through M&A, digital firms will be able to tap into abundant sources of foreign funds.

The downside is that firms are more vulnerable to hostile takeovers as soon as they are open to M&A. However, growth always comes at a cost, so the risk of a takeover should not be a matter of concern.

"We should not be concerned with hostile takeovers when we participate in international markets. It's quite normal for a firm to be taken over if it is not good enough," An added.

Bui Thu Thuy, deputy director of Enterprise Development Agency under the Ministry of Planning and Investment, acknowledged that the legislative process in Viet Nam was quite lengthy. It takes 5-7 years to develop a fully-fledged legal framework, so Government policies normally cannot keep up with the pace of change.

Additionally, the practice in some countries that financially supports 100 per cent of startups' initial costs or accept a failure risk of 20 per cent is unsuitable for Viet Nam currently.

"Our current financial situation does not allow such a practice and we cannot accept such a high risk either," Thuy said.

The deputy director said the authority would come up with favourable policies for digital firms and startups, but financial support would require cooperation between agencies and associations across the board.

6. Health ministry urged to fully vaccinate all over the age of 12 within January

Health minister Nguyễn Thanh Long has urged localities to expedite the vaccination of people aged 12 and over, and complete administration of the primary series of vaccines, before the end of January.

The additional/booster shot campaign for eligible adults (18 years and above) should be wrapped up within the first quarter of this year, Long said.

The Ministry of Health recommends that localities once again review all adult residents in their jurisdiction to make sure no one eligible is not vaccinated.

The health departments should also focus on management and protection for high-risk groups of people – the elderly, people with underlying diseases, immunocompromised patients, pregnant women – to ensure adequate vaccination and their

access to medical services in their hometown (township, ward, or commune).

Mobile vaccination sites and units should be set up to get shots to people who have difficulty travelling.

Local health authorities have also been told to properly allocate human resources and budget to carry out the vaccination, and speed up the inputting of vaccination data into the national COVID-19 vaccine management portal.

Awareness campaigns should also be stepped up to give the public a clear grasp of the benefits of the COVID-19 vaccines and reduce hesitancy.

As of Wednesday, a total 163.3 million doses of COVID-19 vaccines, including 148.3 million doses for the adult population, have been administered in Viet Nam.

Nearly 100 per cent of adults have received at least one dose of the COVID-19 vaccine, while second-dose coverage has hit 92.6 per cent. Over half, 37 out of 63, localities in the country reported over 90 per cent of adults are now fully inoculated against COVID-19.

Around 11.5 per cent of the adult population have received an additional/booster shot, which is only given three months after the second dose of the primary series, according to the health ministry's guidelines.

Over 14 million shots have been administered to children aged 12-17, with 89.8 per cent receiving at least one dose and 68 per cent fully vaccinated.

The following 33 localities have basically wrapped up the vaccination of children aged 12-17: Hà Nội, Hải Phòng, Hà Nam, Ninh Bình, Bắc Ninh, Hưng Yên, Quảng Ninh, Hòa Bình, Hà Tĩnh, Lạng Sơn, Cao Bằng, Yên Bái, Lào Cai, Thừa Thiên Huế, Đà Nẵng, Khánh Hòa, Ninh Thuận, Đắk Nông, HCM City, Bà Rịa Vũng Tàu, Tiền Giang, Long An, Lâm Đồng, Tây Ninh, Sóc Trăng, An Giang, Bến Tre, Trà Vinh, Vĩnh Long, Bình Phước, Cà Mau, Bạc Liêu, and Hậu Giang.

Prime Minister Phạm Minh Chính has also sent a dispatch to the health ministry and COVID-19 steering committees of localities, urging vaccination to be sped up, strictly enforcing COVID-19 measures and ensuring public compliance, in order to protect individuals, households and community against the threat of Omicron.

Localities, agencies and units that do not have sufficient staff to carry out COVID-19 vaccination and medical examination and treatment (especially home-based treatment of asymptomatic and mild cases) need to report to their local authorities for support.

The health ministry is asked to continue studying international practice and experience as well as collecting expert advice on the administration of booster vaccine shots and enhancing inspections to avoid abuse, corruption and losses in COVID-19 prevention and control efforts.

Assoc. Prof. Bùi Quang Tuấn, director of the Việt Nam Institute of Economics, said the country should participate in the development and trials of COVID-19 vaccines, including technology transfer processes, during a symposium on COVID-19 vaccines and nations' influence held by Việt Nam Academy of Social Sciences on Wednesday.

This could serve to boost bilateral relations with other countries as well as to reduce reliance on international sources of vaccines, Tuấn said.

Tuấn also suggested Việt Nam restructure its national COVID-19 vaccine fund, to put more emphasis on support for domestic research and development of COVID-19 vaccines and medicines.

7. Top 5 commodity brokers in Viet Nam revealed

The five companies holding the largest commodity brokerage market shares in Viet Nam sustained their positions in 2021, according to the Mercantile Exchange of Viet Nam (MXV).

The Gia Cat Loi Commodity Trading JSC was the biggest with 35.6 per cent of the total transaction volume, followed by the HCM City Commodity Trading JSC (HCT) 18.2 per cent, Saigon Futures JSC 12.2 per cent, Huu Nghi (Friendship) International Investment Co Ltd (Finvest) 9.4 per cent, and MXL International Commodity Trading JSC 3.3 per cent.

The MXV said though the positions remained unchanged compared to 2020, market shares among these firms became more balanced.

The total commodity volume traded on the MXV last year rose 55 per cent from 2020. Meanwhile, the daily trading value averaged VND3.5 trillion (US\$154.2 million), and some sessions even saw the figure surpassing VND7 trillion (\$308.36 million) – a record on the commodity market of Viet Nam.

As of December 31, 2021, 31 commodities in the groups of agricultural products, energy, industrial materials, and metal were traded on the MXV.

Soybean oil remained the most traded commodity, accounting for 16.4 per cent of the total. It was

followed by corn 12.6 per cent and Chicago wheat 12 per cent.

Nearly 7,000 new trading accounts were opened on the MXV in 2021, raising the total accounts to nearly 20,000.

Corporate News

8. SSI: Information on selling treasury shares

↑ 4.99%

On January 11, 2022, SSI Securities Corporation announces the sale of treasury shares as follows:

- Stock symbol: SSI
- Number of treasury shares before trading: 2,406,549 shares
- Number of shares registered to sell: 446,000 shares
- Selling purpose: to distribute treasury shares to employees under ESOP in the second phase.
- Expected trading time: January 20, 2022
- Trading period: to sell directly to employees.
- Selling price: VND10,000/share.

9. AGG: Announcement of public offering certificate

↑ 2.68%

An Gia Real Estate Investment and Development Corporation announces the public offering certificate as follows:

- Name of company: An Gia Real Estate Investment and Development Corporation
- Stock code: AGG
- Stock type: common share
- Par value: 10,000 dongs/share
- Charter capital: VND827,505,770,000
- Registered offering and issuance volume: 28,962,703 shares; Of which:
 - + Public offering: 20,687,645 shares
 - + Stock issuance to pay dividend: 8,275,058 shares.
- Total value (based on par value): VND289,627,030,000
- Distribution time: Within 90 days as from the effective date of public offering certificate
- Consulting organization: Ho Chi Minh City Securities Corporation (HSC).

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