



VIETNAM DAILY NEWS

February 11th, 2022



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Market Analysis

1. Shares gain on the rise of construction, residential real estate stocks

Vietnamese markets rose slightly on Thursday, supported by gains in construction and residential real estate stock groups.

The market benchmark VN-Index on the Ho Chi Minh Stock Exchange (HoSE) increased 0.09 per cent, to finish the trading day at 1,506.79 points.

The index had increased 0.29 per cent, to finish Wednesday at 1,505.38 points.

The market breadth was negative as 226 stocks declined while 209 rose and 64 ended flat.

Nearly 680.3 million shares were traded on the southern market, worth VND22 trillion (US\$970 million).

Construction stocks performed well in the afternoon trading session, especially those listed on HOSE, with prominent gainers such as COMA 18 Joint Stock Company (CIG), Dat Phuong Joint Stock Company (DPG), Mien Dong Joint Stock Company (MDG), Post & Telecommunications Investment And Construction JSC (PTC) and Louis Capital JSC (TGG).

The residential real estate group witnessed differences in prices. Some attracted strong cash flow and supported the overall market such as C.E.O Group JSC (CEO), Development Investment Construction Corporation (DIG), Long Giang Investment & Urban Development JSC (LGL), Foreign Trade Development & Investment Corporation of HCMC (FDC), NBB Investment Corporation (NBB) and IDJ Vietnam Investment JSC (IDJ).

On the other side, some other stocks still suffered selling pressure such as Vingroup (VIC), Vinhomes (VHM), Novaland (NVL), Dat Xanh Group (DXG), Nam Long Group (NLG), Khang Dien Houee (KDH) and Phat Dat Real Estate (PDR).

The iron and steel group was hit by profit-taking pressure after two gaining sessions. Two steel giants Hoa Phat Group (HPG) and Hoa Sen Group (HSG) were sold strongly and ended the session lower. HPG was even strongly net-sold by foreign investors. Meanwhile, Nam Kim Group (NKG), Vietnam – Italy Steel Joint Stock Company (VIS) and a few other small-caps kept gaining momentum.

Eighteen out of 25 sector indices on the market made gains, including wholesale, IT, retail, healthcare, agriculture, rubber production, food and beverage, seafood production and construction materials.

On the other side, losers included insurance, real estate, securities, construction and logistics.

The 30 biggest stocks tracker, VN30-Index, lost 0.22 per cent to finish at 1,548.95 points.

Of the VN30 basket, 11 stocks increased while 16 decreased.

Meanwhile, on the Ha Noi Stock Exchange (HNX), the HNX-Index gained 0.95 per cent to close at 428.24 points.

The northern market index had gained 1.51 per cent to close Tuesday at 424.19 points.

During the session, more than 55.3 million shares were traded on HNX, worth VND1.7 trillion.

Macro & Policies

2. Sixteen banks cut over VND21.2 trillion for pandemic-hit customers

Sixteen commercial banks cut over VND21.24 trillion (US\$936 million) of loan interest for COVID-19-hit customers from July 15 to December 31, 2021, surpassing their commitment by 5.13 per cent, the State Bank of Vietnam (SBV) reported on Wednesday.

The Vietnam Bank for Agriculture and Rural Development (Agribank) made the sharpest reduction with over VND5.51 trillion for more than 3.5 million customers.

It was followed by the Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank), with VND4.63 trillion for 269,644 customers; and the Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV), over VND4.12 trillion for 452,746 customers.

According to Deputy Governor of the SBV Dao Minh Tu, last year, the bank maintained the regulatory interest rates, creating favourable conditions for credit institutions to access the SBV capital at low costs.

Tu said that the 16 banks, which own 75 per cent of the total outstanding loans of the economy, showed strong performance in realising their commitments to reducing interest rates for pandemic-hit clients.

Earlier, the banks committed to cutting loan interests amounting to VND20.6 trillion for customers.

Four State-run commercial banks continued to commit a VND4 trillion aid package for reducing loan interests and cutting all banking service fees for customers in localities undertaking social distancing in line with the Prime Minister's Directive No 16.

3. Capital demand remains high after Lunar New Year holiday

The State Bank of Vietnam (SBV) has to continually inject money to support the liquidity of the banking system as the capital demand and interest rates on the interbank market have remained high though the Tet (Lunar New Year) holiday has ended.

It was different from previous years when the SBV didn't need to inject money to support the liquidity of commercial banks or even had to withdraw money from the banking system when the capital demand was low after Tet.

Specifically, in three consecutive trading sessions of this week, the SBV injected nearly VND13.93 trillion into the market through the open market operation (OMO) channel. At the session on Wednesday alone, seven banks borrowed nearly VND7.94 trillion from the SBV's channel.

Due to the poor liquidity, the interbank interest rate has remained high at above 2 per cent per year since the beginning of this week. The rate is even higher than that before Tet. Data from the SBV showed the overnight interbank interest rate jumped to 2.59 per

cent on February 8, even higher than the 2.53 per cent two-week rate.

Previously, in the last trading week before Tet when the capital demand during the payment season was high, the SBV injected VND8.8 trillion into the banking system through the OMO channel.

Besides the seasonal factor, the SBV's injection was in the context of rapid credit growth in the last months of 2021 and early 2022.

According to the SBV, credit as of January 25, 2022 increased 2.74 per cent compared to the end of 2021. Compared with January of the past ten years, the rise was the highest rate. According to experts, the surge was a positive signal, showing the economy is recovering strongly.

Currently, banks are facing many difficulties in mobilising deposits because interest rates are low while other investment channels such as securities and real estate are more attractive.

Banks' financial reports for the fourth quarter of 2021 showed deposits of individual customers at many banks such as Sacombank, SeABank, ABBank, NCB, PGBank and Saigonbank declined last year.

To lure depositors, banks, especially private ones, have continually increased savings interest rates since this month.

VPBank in early February raised its rates for many terms by 0.7 percentage points per year compared to early January 2022. The highest online savings interest rate at VPBank is 6.7 per cent per year for

deposits from VND50 billion with terms from 36 months.

Techcombank has also raised the rates of many terms by 0.4-0.5 percentage points per year from February 7, 2022. Accordingly, the highest savings interest rate at Techcombank is 5.8 per cent per year, up 0.4 percentage points compared to the beginning of January 2022. This rate is offered to priority customers depositing Phat Loc savings at the counter on 36-month terms or online savings on the same term.

4. Vietnamese retail industry set to bounce back

Despite low growth in 2021, the local retail industry is still considered full of potential and will continue to explore areas for new growth.

According to experts, modern retail distribution faces the biggest challenge in the last two years due to changes in customer trends, human resources, warehouse operation and the supply chain.

During the fourth wave of the COVID-19 pandemic in HCM City, the supply chain of goods suffered many fluctuations which the modern retail enterprises must respond to in its distribution system instead of the traditional role of providing goods to consumers onsite.

During the pandemic, retail businesses invested in technological innovation and applied them in operations, business, and delivery services to fully meet the needs of customers.

MM Mega Market Viet Nam system has started a multi-channel sales development strategy, along with completing the online sales solutions: website MM Click & Get; Zalo and Telesales.

The system is also preparing to launch MMPro, an online shopping website for professional customers with product prices and solutions designed for each specific customer.

Similarly, Saigon Co.op, AEON, and LOTTE Mart are also pushing sales via phone, Zalo, assorted apps and e-commerce partners.

In addition, in 2021, major retail systems such as Saigon Co.op, MM, Central, Aeon, LOTTE Mart, and Emart have implemented cashless payment methods on both online and offline shopping channels.

Experts forecast the COVID-19 pandemic will still be complicated in 2022, thus businesses must be well-prepared to stay up to speed during the recovery.

Nguyen Anh Duc, general director of Saigon Co.op, said the firm's 1,000 points of sale continued the development of modern commercial forms with advanced distribution channels to ensure the local consumption and to comply with world development trends such as online, e-commerce, cashless payment, contactless payment.

To avoid crowding during the pandemic, instead of focusing on developing physical stores, Saigon Co.op has focused on improving and perfecting its online sales channel and supply chain system, Duc said.

He added the trend of modernizing traditional sales channels and quick-selling models will soon come into practice while individual-customer-first serving is another trend.

"Retailers that optimise the experience for customer retention and apply multiple sales process metrics will have a better edge to dominate the market," he said.

With a digital transformation strategy in the retail sector, focusing on customers according to the data-driven value chain model, Saigon Co.op is constantly

upgrading technology for solutions for the collection, storage, and management and comprehensive data analysis, based on a solid, secure, flexible, and self-operating cloud computing infrastructure.

MM will continue to invest and develop multi-channel sales. The wholesale supermarket system will soon put into use Pick & Go software.

"MM's goal from now to 2025 is to become a leading food supplier in the retail industry," said an MM representative.

"We plan to open a smaller centre in the inner city with the Food service model, and Depot (storage and distribution) for the provinces to develop tourism and the Hybrid Food Service model – a place that combines shopping at the centre for household customers, and selling goods to customers at the same time."

AEON Viet Nam has focused on opening more business locations with a variety of retail models, including shopping malls, department stores and supermarkets, convenience stores and specialized stores; digital transformation, especially focusing on promoting O2O (offline-to-online); developing products to meet customer needs and making more efforts in sustainable

development in terms of environment and social responsibility.

AEON Viet Nam General Director Furusawa Yasuyuki said it aimed to open 30 shopping centres by 2030 along with other models.

Emart with a new legal entity as THISO Retail, from Thaco Group, will put into operation two new shopping centres, which will be "one destination" for the Emart supermarket, wedding centre and car showroom.

Experts said that although the retail market in Viet Nam experienced a low growth rate due to the pandemic, it was still a potential market in the long term.

According to AEON, Viet Nam's economy and the retail industry will have a great potential in the next 5-10 years with many favourable development conditions as Viet Nam will be one of the leading countries for the expansion of the middle class in Southeast Asia, with growth of 9.2 per cent per year.

Along with the rapid growth of the local economy and drastic change in the structure of the retail industry, the revenue of leading retailers is expected to be three times higher from now, according to AEON.

5. Pangasius exports exceed expectations

Pangasius (tra fish) exports topped US\$1.61 billion last year, an 8.4 per cent rise from 2020, according to the Viet Nam Association of Seafood Exporters and Producers (VASEP).

Exports rose quite sharply thanks to a surge in shipments to markets such as Brazil (48.6 per cent increase), Colombia (68.5 per cent), Russia (72.8 per cent), and Egypt (51.7 per cent).

VASEP said exports were up also thanks to the US increasing buying amid an increasing Covid-19 vaccination rate and reopening of restaurants.

Exports to the US in fact doubled from 2020 to \$370.6 million.

The fact that the US imposes zero import tariffs on Viet Nam's two leading pangasius exporters, Vinh Hoan Company and Nam Viet Company, has been a big factor in exports to that market increasing consistently.

Meanwhile, exports to China were down 12.6 per cent to \$450 million, or 27.8 per cent of total exports.

Exports to the EU declined for a fourth straight year, falling 17 per cent to \$106.2 million.

VASEP said the pandemic had a major impact on pangasius trade with many countries including France, Italy and Germany.

It forecast exports of the fish reach \$1.7 billion this year.

The pangasius export market is improving and is expected to fully recover this year with companies'

efforts and the Government's support, VASEP general secretary Truong Dinh Hoe said.

6. HCM City joins hands with IPP Group to develop international financial hub

The HCM City People's Committee has signed a memorandum of understanding with the Imex Pan Pacific Group for a feasibility study for building the Viet Nam International Financial Hub.

The company will also connect with foreign investors and funds, hire US consultants for the study and hand it over to the city within 60 days.

Speaking at the signing ceremony, Chairman of the city People's Committee Phan Van Mai said the project would make the city an international financial hub.

With its conducive business environment and rapid and steady economic growth, HCM City meets all the conditions needed to become a global financial centre, he said.

Jonathan Hanh Nguyen, chairman of IPP Group, said since 2016 the group has been proposing to build an international financial centre in HCM City, and since now the pandemic is basically under control in the country and the vaccination rate is very high, the Viet Nam International Financial Hub is an idea whose time has come.

HCM City contributes 22.3 per cent to the country's GDP and 27 per cent to the Government's revenues, and attracts more than a third of the country's FDI.

It has excellent financial infrastructure with numerous banks, financial intermediaries, investment funds, and financial firms that play a vital role in attracting and distributing capital.

Mai said the COVID-19 pandemic had hugely impacted the plan process and so it is the appropriate time to speed up and complete it.

7. HCM City housing rental market to recover after Tết: analysts

The HCM City housing rental market is expected to recover sharply after Tết as students and workers return to what has been designated a 'green zone'.

According to analysts, the market usually booms after Tết in the early part of the year and remains stable over the following months, but in the last two years, due to the impact of COVID- 19, the bottom fell out of it.

According to the statistics from Việt Nam's largest online property portal, batdongsan.com, the rental yields through online platforms in the city has dropped to the lowest levels since 2019.

The yield on townhouses has declined to 1.9 per cent in District 2, and 2.3-2.7 per cent in districts 7, 9, Tân Phú, and Bình Thạnh. The yield on apartments in the city has fallen to 1.2 per cent.

Other kinds of properties have also been in a similar gloomy situation since the pandemic began in 2020.

According to website Chợ Tốt, since October, when the epidemic was brought under control, the property market has been returning to its former robust self.

Hoàng Minh, a landlord in Gò Vấp District, told online newspaper VnExpress that the rental market has picked up as workers and students return to the city after Tết.

According to a survey by Chợ Tốt, 350,000 workers and 180,000 university students have come back.

A spokesperson for the website said houses near industrial parks, production facilities and universities such as Thủ Đức City and districts Bình Thạnh, Phú Nhuận, 9, and 10 are in demand.

Kỳ Hoa, a landlord in Thủ Đức City, hoped that the pandemic would remain under control, enabling the rental market to recover.

Corporate News

8. FCN: Penalized and tax arrears more than 1 billion dong, net profit in 2021 decreased by 9%

↑ 1.07%

Hanoi Tax Department has just issued a decision to sanction tax administrative violations against FECON JSC (HOSE: FCN).

Specifically, about value-added tax, the Company has deductible VAT invoices of projects with no revenue. Regarding corporate income tax, the Company's expense accounting is inconsistent with the revenue in the period.

As a result, FCN was fined a fine of 20% of the additional tax amount added through inspection due to incorrect declaration, leading to a lack of tax payable, an amount of more than VND 146 million.

The remedial measure is to force FCN to fully pay the missing VAT amount (more than VND 45 million) and CIT (more than VND 687 million) into the State Budget. In addition, FCN has to pay nearly VND 180 million for late tax payment. The total amount of arrears, fines and late payment interest is more than VND 1 billion.

By February 9, FCN had completed the execution of the above sanctioning decision.

Net profit in 2021 continues to go backwards

In 2021, FCN recorded a 10% increase in net revenue compared to 2020, to more than VND 3,484 billion.

During the year, a series of expenses increased at the same time as finance expenses increased by 53%, due to an increase in interest expenses and financial leasing. Selling and administrative expenses also increased by 14% and 4%, respectively.

As a result, FCN earned more than VND 108 billion in net profit, down 9% compared to the previous

year. This is also the lowest profit figure in the past 8 years of FCN.

In the fourth quarter alone, FCN recorded a 12% increase in net revenue over the same period to over VND 1,275 billion and a decrease in net profit of 18% to VND 39 billion. However, the Company's gross profit margin improved from 12.9% to 14.5%.

Regarding the business plan for 2021, FCN sets a target of consolidated revenue of VND 3,900 billion, profit after tax of VND 175 billion, up 24% and 31% respectively compared to the previous year. Thus, this construction contractor has achieved 89% of its revenue target and 66% of its 2021 after-tax profit target.

The scale of FCN's total assets by the end of 2021 is more than VND 7,598 billion, up 12% compared to the figure at the beginning of the year. Inventories also increased by 66%, valued at more than VND 1,710 billion, mainly due to unfinished business expenses.

In contrast, short-term receivables decreased by 29% to VND2,818 billion.

Liabilities at this time increased by 7%, to more than VND 4,594 billion. In which, short-term debt increased by 7%, recorded VND 1,311 billion and long-term debt increased sharply to more than VND 1,160 billion, 3 times higher than the beginning of the year.

9. TNI: TNI may lose another 49 billion dong in 2021 if it correctly records the expenses according to the audit opinion

↑ 0.00%

Thanh Nam Group Joint Stock Company (HOSE : TNI) has just announced the audited consolidated financial statements for 2021. Notably, the auditor has expressed an excepted opinion on the recognition of prepaid expenses and other expenses of TNI . If recorded correctly according to the opinion of the auditor, TNI will suffer a loss of more than 65 billion dong in 2021.

Specifically, according to the exception of the auditor, the amount payable to POSCO VST Co., Ltd. with a total amount of VND 65 billion according to the judgment enforcement agreement dated March 29, 2021 was recognized by the Company as a prepaid expenses and allocated to production and business expenses in 2021 with the amount of VND 16 billion. This recognition does not comply with Vietnamese accounting standards and accounting regime for enterprises.

Based on the Company's documents, it is shown that, if all these payable expenses are recorded in production and business expenses in 2021, the prepaid expenses on the balance sheet will be

reduced by VND 49 billion. , other expenses will increase to VND 49 billion, profit before tax and profit after tax will decrease by VND 49 billion.

Closing 2021, TNI recorded an after-tax loss of more than VND 16 billion (last year's profit was nearly VND 113 million). Thus, if it follows the audit's exception, TNI may suffer a loss of more than VND 65 billion in 2021.

In addition, the audit also emphasized on other receivables, trusts for two individuals, Mr. Nguyen Hung Cuong (Chairman of the Board of Directors) and Ms. Ha Thi Hai Van (Member of the Board of Directors), to purchase assets that are: land use rights. By the end of 2021, this transaction has been completed. However, the above land use rights have not been transferred from the individual to the Company on the Land Use Right Certificate.

In the market, TNI 's stock price is currently trading around 8,180 VND/share, down 18% over the past 1 month, the average trading volume is nearly 1.3 million shares/session.

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