



# VIETNAM DAILY NEWS



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## Market Analysis

### 1. Shares decline on large-caps' fall

Shares started the week on a negative note due to the sharp fall of large-cap stock group, pressuring the overall market.

The market benchmark VN-Index on the Hồ Chí Minh Stock Exchange (HoSE) lost 0.42 per cent to close at 1,499.05 points.

The market's breadth remained positive with 256 gainers and 182 losers.

Nearly 982 million shares were traded on the southern bourse, worth nearly VNĐ31.4 trillion (US\$1.37 billion).

The benchmark lost ground as some pillar stocks suffered selling pressure. The VN30-index declined 1.06 per cent, to 1,509.12 points.

Seven of HoSE's 30 biggest stocks in market capitalisation in the VN30 basket increased, while 22 stocks declined and one stayed flat.

Right after the lunch break, selling pressure pushed a series of large-cap stocks down and put a lot of pressure on VN-Index. In the VN-30 basket, Sabeco (SAB) decreased by 3.9 per cent, Tiên Phong Bank (TPB) declined by 3.9 per cent, Vietjet (VJC) lost by 3.5 per cent, Asia Commercial Bank (ACB) decreased by 2.9 per cent and Vincom Retail (VRE) dropped by 2.2 per cent.

The banking group performed poorly and pressured the market with notable losers including Vietinbank (CTG), Tiên Phong Bank (TPB),

Vietcombank (VCB), Military Bank (MBB), Sacombank (STB), Techcombank (TCB), Eximbank (EIB) and Bank for Investment and Development of Vietnam (BID).

Securities stocks also lost ground as there were many losers in the sector. Guotai Junan Securities (Vietnam) Corp (IVS), Viet Nam Bank For Industry & Trade Securities JSC (CTS), VNDirect Securities Co (VND), Việt Capital Inc (VCI) and Saigon-Hanoi Securities Co (SHS) all declined.

Cash flow was poured into midcaps and penny stocks, especially those that benefited from the rise of commodity prices such as fertiliser, steel, chemicals, oil and gas, and coal. Gainers included PetroVietnam Drilling and Well Services Corporation (PV Drilling or PVD), Vietnam Petroleum Construction Joint Stock Corporation (PVC), Petrochemical and Bio-Fuel JSC (PVB), Petro Việt Nam Cà Mau Fertiliser JSC (DCM), Petrovietnam Fertilizer & Chemicals Corporation (DPM), Bình Điền Fertiliser Joint Stock Company (BFC), Vinacomin - DeoNai Coal JSC (TDN) and Vinacomin – Cọc Sáu Coal JSC (TC6).

The HNX-Index on the Hà Nội Stock Exchange (HNX) finished higher, with a gain of 0.50 per cent, to 45.86 points.

Nearly VNĐ3.7 trillion worth of shares were traded on the northern market, equivalent to a trading volume of over 136 million shares.

## Macro & Policies

### 2. High-end segment dominated HCMC housing supply in 2021

Nearly 74 percent of HCMC's housing supply last year was in the luxury and ultra luxury segments, according to the HCMC Real Estate Association.

It said 14,443 units were registered for sale last year, 10,404 in the high-end segment,

Supply of affordable apartments dried up completely for the first time since 2016.

The mid-priced segment accounted for the remaining 26 percent.

HoREA categorizes a residential property costing under VND25 million (US\$1,100) per square meter as "affordable", VND25-40 million as "mid-level" and over VND40 as "high-end".

Social housing, which is below the affordable segment, was also scarce and met only a fraction of the demand.

HoREA said such a skew in supply is alarming, with the supply-demand mismatch distorting the market and making it unbalanced and unsustainable.

It also warned of the manipulated land "fever," saying it has shown signs of returning in the first two months of this year.

It exhorted authorities to tighten policies and monitor the market closely to quickly crack down on people manipulating and taking advantage of the housing market.

It also called on them to develop more affordable and social housing to ensure social welfare and rebalance the market.

### 3. Rising tra fish prices a cause for concern

Tra fish prices have hit a new high since 2019, but insiders are concerned that high prices do not bode well for farmers.

Trần Văn Hùng, general director of Hung Ca Company Limited, said that it had been the case for many years that farmers boosted production too much when they saw prices rising. Consequently, prices normally slumped heavily after reaching record highs.

The fish price peaked in 2018 and led to a rush on production expansion. About one year later, the price began to drop sharply in price due to overproduction, from VNĐ33,000 (US\$1.44) to VNĐ19,000 per kilo, causing losses to farmers.

The general director believes that some firms were probably manipulating prices to tempt farmers to produce more, thereby benefiting from the ensuing oversupply.

"Firms benefit from falling prices since they purchase using deferred payments," he explained.

Nguyễn Ngọc Hải, a farmer in Cần Thơ City, estimated that only around 10 per cent of farmers could turn the rising prices to their advantage. The rest have to wait for their fish to mature.

Unfortunately, market prices will probably fall when the fish reach a suitable size for sale, placing these farmers at a disadvantage.

"VNĐ30,000 per kilo is not high enough to be worth the effort, but I'm concerned that the prices might fall soon," he said.

Another farmer Tuấn in Đồng Tháp Province shares the concern.

Tuấn said he would sell about 1,000 tonnes of the fish to China at VNĐ30,000 per kilo. With farming costs of VNĐ25,000 per kilo, the batch is expected to earn VNĐ5 billion, enough to offset his previous three-year losses.

However, the farmer is worried that fish feed prices have risen by 40 per cent, to VNĐ14,000 per kilo.

Fingerlings have doubled in price to VNĐ60,000 per kilo.

That means he is spending VNĐ27,000 on every kilo of tra fish harvested next season.

"If tra fish prices drop next season due to overproduction, farmers will probably have to sell their fish at a loss," he said.

Trung Tín, another farmer in Đồng Tháp, said that mounting fish feed and fingerlings prices usually go hand in hand with rising prices.

He estimates that farming costs will rise to over VNĐ25,000 per kilo next season. That means all farmers' efforts will be wasted if the fish prices go back to VNĐ22,000-24,000.

Lê Chí Bình, vice president of An Giang Province's Pangasius Farming and Processing Association, urged farmers not to expand farming areas amid rising prices because the prices were expected to level off in July.

He also said that farmers who increase output regardless would become unprofitable due to abundant supply.

Tô Thị Tường Lan, deputy general secretary of Vietnam Association of Seafood Exporters and

Producers, reported growth in Vietnamese tra fish export in Q1.

She said that tra fish prices in the US market had recently peaked at \$3.95 per kilo and were unlikely to grow any higher. The same is also true for the Chinese market.

Accordingly, she believes farmers and firms should align production with demand to prevent overproduction from reoccurring.

She suggested the production target for 2022 equals that of 2021, at around 1.6 million tonnes.

Phùng Đức Tiến, Deputy Minister of Agriculture and Rural Development, urged localities to keep farming areas in line with production plan and to improve the quality of fingerlings and fish feed, thereby ensuring stable output and export.

He also called for close cooperation between farms and firms through supply contracts so the latter could monitor production more closely.

In 2021, Việt Nam produced 1.52 million tonnes and exported \$1.62 billion of tra fish.

The production target was set at 1.6-1.7 million tonnes and export revenues at over \$1.6 billion this year.

#### 4. Grab to increase all service fares

Ride-hailing giant Grab will raise all fares from March 10, the first tech-based transport firm to do so amid record high gasoline prices.

GrabCar's first two-kilometer fare will be raised by VNĐ2,000 (\$0.09) to VNĐ29,000 for four-seater and VNĐ34,000 for seven-seater vehicles in Hanoi and Ho Chi Minh City.

That of each subsequent kilometer will be VNĐ10,000, up VNĐ500.

GrabCar fares in other cities and provinces will also be increased by VNĐ2,000-2,500 for the first two kilometers, and VNĐ600 for each subsequent kilometer.

For its bike ride-hailing and delivery services, the giant's fares will go up to VNĐ12,500-13,500 for the first two kilometers, and VNĐ4,300 for each subsequent kilometer.

The tech-based transport firm cited surging gasoline prices as a reason for the adjustment.

Gasoline prices in Vietnam hit the all time high of VNĐ26,830 per liter for popular RON 95 and VNĐ26,070 per liter for biofuel E5 RON 92 last Tuesday, after authorities adjusted them upward for the sixth time in less than three months.

The last time Grab increased its fares was at the end of 2020, after authorities raised value-added tax for

tech-based transport services from 3 percent to 10 percent.

Taxi firms expect to increase their fares if gasoline prices stay at the current all-time high.

## 5. State-owned banks maintain top position in network coverage

The group of State-owned banks have continued to maintain their leading position in terms of network coverage in the country's banking industry.

According to banks' financial reports, State-owned Agribank has topped the list of network coverage with 939 branches nationwide by the end of last year. It was followed by three other State-owned banks: BIDV with 189 branches, Vietinbank with 155 branches, and Vietcombank with 121 branches.

In the group of private banks, Sacombank has led with 109 branches while MB and LienVietPostBank have come second and third with 99 and 76 branches, respectively. Sacombank has gained the position after it merged with Southern Bank which had more than 160 branches and transaction offices.

In terms of growth in network coverage, TP Bank gained the highest growth rate of 35.9 per cent last year. The bank had 53 branches by the end of last year, up 14 branches against the end of 2020.

Other banks, which last year opened an additional one to five branches against the end of 2020, are Vietcombank and HDBank (five branches); VPBank (four branches); Việt Capital Bank (three branches); OCB (two branches); Bắc Á Bank and Nam Á Bank (one branch each).

According to current regulations, besides earning profits, complying with the central bank's

regulations on operational safety, and having non-performing loans of fewer than 3 per cent of total outstanding loans, the minimum capital requirement for opening a new branch and transaction office in Hà Nội and HCM City is VNĐ300 billion (US\$13.3 million), and VNĐ50 billion in other cities and provinces.

Previously, banks had often tried to enlarge their network of branches and transaction offices rapidly in an effort to increase brand coverage and market share. However, they then saw the rampant opening of new branches and transaction offices was ineffective. It was reported operating costs of banks increased significantly due to the enlargement while the effectiveness of many new transaction offices, especially in rural areas, was often not as expected.

According to Đỗ Thái Bình, head of VIB's Corporate and Institution Banking Division, many banks realised the enlargement has been ineffective and they, therefore, have decided to focus on digital banking instead of opening more branches and transaction offices in recent years.

The digital transformation for banks is now a must. Currently, the ratio of customers who open online bank accounts, is increasing rapidly and the rate is even a majority at some banks. Many banks have been also using electronic Know Your Customer (eKYC) and the app has almost replaced a bank branch, according to Binh.

## 6. Realty market sees boom in M&A deals since the start of 2022

Many large enterprises are signing M&A deals for projects that are currently on hold, and then quickly finishing construction to bring the products to market in a short time frame.

Vina Đại Phước Corporation, the investor of the SwanBay Đại Phước project, recently announced changes in its business registration. Of which, two foreign shareholders holding 92 per cent of the company's stakes, which are SNC Investments 27

and SNC Investments 28, are no longer on the list of shareholders.

SNC Investments 27 and SNC Investments 28 are subsidiaries of China Fortune Land Development (CFLD), a Chinese industrial real estate development group.

The fact that CFLD is no longer a shareholder shows that the super project on Đại Phước island has

changed hands. According to some sources, the project now belongs to a large Vietnamese real estate enterprise.

SwanBay has a scale of 200 hectares, located on Ông Cồn island in Nhơn Trạch District, Đồng Nai.

The project was formerly known as Đại Phước Lotus Urban Area, owned by a joint venture between Construction Development Investment Corporation (DIC) and VinaCapital Group. It was approved in 2005, then put on hold for a long time. By 2017, after completing two villas, VinaCapital ceded all the undeveloped land and some items to CFLD.

The real estate market were active since the beginning of the year with many other M&A deals.

At the end of January, Viva Land Investment and Development JSC officially owns the Capital Place building, which previously belonged to CapitaLand Vietnam, through its affiliates. The deal value disclosed by CapitaLand Group is up to US\$550 million.

Capital Place is known as a grade A office project, located in the heart of Ba Đình District, Hà Nội, providing nearly 100,000 m<sup>2</sup> of office and retail space. At the end of 2021, Viva Land also became famous in the realty market after reviving the Saigon One Tower project that had been idle for many years at a golden location in District 1, HCM City. The project was later renamed IFC One Saigon.

Recently, Keppel Land Group signed a binding contract with Phú Long Real Estate to buy 49 per cent of shares in three land plots in Mailand Hanoi City, Bắc An Khánh Urban Area, with a total value of over VNĐ2.7 trillion.

The three land plots have a total area of 14.2 ha, including two areas planned for low-rise housing development and one area for high-rise apartment buildings.

The transaction is expected to be carried out in the third quarter of 2022.

### Quickly revive 'frozen' projects

The difference leading to the success of these deals is the post-M&A strategy.

After most deals are done, buyers quickly revive these on-hold projects, helping to increase supply and liquidity.

At the end of February, Novaland Group and Tài Nguyên Investment and Development United Corporation held a ceremony to start the Grand Sentosa Project in Phước Kiển Commune, Nhà Bè District, HCM City after construction had been suspended for a number of years.

The project is planned as a commercial and service complex and high-class housing area, with a total area of more than 8.3 hectares. It is expected to provide more than 2,000 apartments and commercial townhouses to the market.

Notably, it took less than a week from the time Novaland announced the M&A deal to the official start of construction.

Saigon Bình An Urban Area in An Phú Ward, Thủ Đức City is another project that was also quickly kicked off after being handed over to the new owner, Masterise Homes, in early January 2022.

Clearly, due to uncertainties during the pandemic over the past year, investors tend to look for M&A projects that can be implemented in the short and medium-term.

Although the speed of reviving projects depends on many factors, one thing in common is that all buyers accelerate the completion of projects immediately after being acquired, promising to bring good quality products to the market in 2022, especially in HCM City where has been in short of supply for many years.

## 7. HCM City doing what it takes to attract hi-tech investors

After decades of promoting labour-intensive industries, HCM City is intensifying its focus on attracting hi-tech businesses into its industrial parks and export processing zones.

In tandem, it is also improving facilities at the industrial parks and export processing zones to attract more investors as well as improving them to draw in more investors.

Hứa Quốc Hưng, head of the HCM City Export Processing Zones Authority, said that the city has 17 export processing zones and industrial parks, with a total of nearly 1,900 hectares of land for rent.

The city continues to attract investment into labour-intensive industries with low added value, but this has some adverse consequences, he said.

Many businesses in the city's industrial parks and processing zones are still using old technologies with high risk of environmental pollution, he explained.

Other problems include an under-developed supporting industry; poor infrastructure affecting production; and the lack of large land plots for investors looking for them.

Nguyễn Văn Bé, chairman of the HCM City Export Processing Zone and Industrial Park Authority Business Association, touched on another aspect of attracting investment that had not been paid much attention to date.

He said that the COVID-19 pandemic had exposed a lack of housing for workers at the city's industrial parks and industrial zones.

"If this problem is not dealt with, attracting investment will be very difficult," he said.

Local businesses have also complained about complicated administrative and legal procedures to

get their investment permits at the city's industrial parks and processing zones.

Trần Việt Hà, deputy head of the authority, said that HCM City was striving to improve its investment climate, including formulation of new policies to support the application of science, technology and innovation.

The city will further speed up administrative procedures and introduce appropriate land lots for investors of hi-tech projects to encourage them to expand, he said.

It will also urge businesses using old technologies to switch into new ones; failing which it will refuse extensions of business permits and/or applications to expand production and other activities.

The city plans to make preferential loans (part of the city's investment stimulation programme) accessible to more businesses and to bring businesses together to facilitate technology transfer.

The city administration is also helping upcoming industrial parks and processing zones projects with legal procedures so that they can start construction, especially the 668 hectares Phạm Văn Hai Industrial Park in Bình Chánh District, which aims to attract hi-tech businesses in the fields of electronics, automation and supporting industry.

The city's industrial parks and processing zones hope to attract investment worth US\$500 million this year.

They attracted \$600.79 million last year, including foreign investment of \$220.26 million.

## Corporate News

### 8. HPG: Hòa Phát Group plans to supply container shells to the market in Q4

↑2.61%

Three months after the groundbreaking ceremony, the Hòa Phát container factory project has topped out at the expanded Phú Mỹ II Industrial Park in the southern Bà Rịa - Vũng Tàu Province.

It is expected to start supplying container products to the market from the fourth quarter of this year.

The group planned to start the factory's construction in June last year. However, due to the impact of the 4th wave of the COVID-19 pandemic, the project officially started in November last year, five months behind schedule.

However, after three months of construction, five workshops with a total construction area of nearly seven hectares began to erect columns. On February 22, the first trusses of workshop No 5 were put up.

The container shell factory project is located at B5, D street, Phú Mỹ II expanded industrial zone, Tân Phước ward, Phú Mỹ town, Bà Rịa - Vũng Tàu Province.

The project has a total capacity of 500,000 TEU a year, focusing on popular container products with lengths of 20-40 feet. Module phase 1 has a capacity of 200,000 TEU a year.

The group signed machinery and equipment contracts with leading suppliers in the world. It is expected that in mid-March this year, the first batch of production equipment will arrive at the factory.

Hòa Phát's container factory will test run in the third quarter of this year and start bringing products to market from the fourth quarter of this year. The plant is expected to reach a capacity of 200,000 TEU a year by the end of next year.

### 9. PDR: Phat Dat plans to pay 36.3 per cent dividends

↓ -1.10%

This marks the seventh consecutive year, Phat Dat has paid dividends since 2015.

With dividend payment in shares, shareholders will have a lot of advantages as Phat Dat has a good market price among the VN30 group. Another benefit for shareholders is that income tax for share dividends will be less than cash dividends.

Meanwhile, earnings per share in 2021 climbed 49.6 per cent on-year to \$0.16, creating significant added value for shareholders and investors. Phat Dat has built a solid belief in shareholders over the years as the company has always fulfilled its business goals in its development strategy.

#### Draft plan for 2022

Regarding business goals, Phat Dat expects its pre-tax profit to reach \$159.3 million in 2022, up 55.1 per cent against 2021. The sum will contribute to the accumulated plan of pre-tax profit reaching \$624.5 million in 2019-2023. The plan for pre-tax profit is expected to be based on Nhon Hoi-Binh Dinh tourist urban area, high-rise project subdivision 9, Astral City, and Serenity Phuoc Hai.

Among them, Astral City is on right track to be handed over to customers in the fourth quarter of 2022. To speed up the progress, the company has implemented three construction shifts per day. All construction activities have been accelerated after the social distancing period.

In addition, Phat Dat has also completed the geological survey of Serenity Phuoc Hai. The

project is slated to be launched in March and rolled out to the market in May. Serenity Phuoc Hai is situated in a strategic location on the heavily invested coastal road with unspoiled beaches and unique straits. The project is expected to be a spotlight to attract professional investors to Ba Ria-Vung Tau – one of the emerging real estate markets in Vietnam.

### **Phat Dat maintains long-term goals**

Phat Dat not only implements annual business plans but also pursues its long-term development goals and business strategies.

With regards to the residential segment, Phat Dat will double down on its strength to develop potential projects and model urban areas in emerging markets such as Binh Dinh to create strong cash flows.

Phat Dat plans to invest in wellness real estate projects in tourism markets like Phu Quoc, Binh Dinh, Danang, and Ba Ria-Vung Tau to capitalise on the unexploited potential.

Phat Dat is also developing residential and hospitality projects such as Bac Ha Thanh, Bo Bac Residential Area, 223 Tran Phu project, Poulo Condor, Tropicana, and the Binh Duong Tower.

The company also sees great potential in the industrial park segment as the domestic economy is undergoing many drastic changes along with factory relocations to Vietnam. Phat Dat continues to use resources from home and abroad to expand the land bank of industrial parks and the accompanying services.

The projects that will be implemented in 2022 include the Dung Quat Industrial Park, Industrial Park in Danang, Industrial Park in Binh Duong, and Cao Lanh Industrial Park, among others.

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