



VIETNAM DAILY NEWS



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Market Analysis

1. Shares tumble under sell-offs, FLC group locked in the floor

Shares tumbled on Wednesday on both national stock exchanges, driven by massive selling in the afternoon session following the arrest of FLC chairman Trịnh Văn Quyết for stock manipulation on Tuesday.

On the Hồ Chí Minh Stock Exchange, the VN-Index edged down 0.48 per cent to close at 1,490.51 points. The index rose 1 per cent in the previous session.

Selling pressure built in the afternoon, focusing on mid- and small-cap shares. More than half of 320 losers on the southern bourse fell by over 2 per cent.

The VNSmallcap Index declined 2.08 per cent while VNMidcap Index decreased 1.02 per cent.

Shares of FLC Group hit the floor price of a 7-per cent drop without buyers after its chairman Trịnh Văn Quyết was arrested on Tuesday afternoon for “manipulating the stock market” and “hiding information in securities activities”.

Quyết sold 74.8 million FLC shares on January 10 but did not report or disclose information before performing transactions as per regulations.

Other shares under the FLC’s umbrella such as FLC Faros Construction (ROS), CFS Investment and Import Export Trading (KLF), FLC Stone Mining and Investment (AMD) and HAI Agrochem (HAI) were all locked in the floor.

Blue chips were steady with the VN30 which tracks the top 30 shares by market value and liquidity closed unchanged.

Banks continued to sustain the market with many big gainers such as BIDV (BID), Vietnam International Bank (VIB), Military Bank (MBB), VPBank (VPB), Hồ Chí Minh City Development Bank (HDB) and Techcombank (TCB) with growth of between 0.5 per cent and 2.7 per cent. These shares were among the top 10 lifting the VN-Index on Wednesday.

On the dark side, some large caps slumped and weighed on the market including No Va Land Investment (NVL), PV Gas (GAS), Development Investment Construction (DIG) and Vinhomes (VHM) with losses of between 1-3 per cent.

However, liquidity increased as some investors sought bargains. More than 901 million shares worth VNĐ28.7 trillion (US\$1.25 billion) were traded, up 22 per cent in both volume and value compared to Tuesday’s figures.

According to analysts at MB Securities Co, cash flow is expected to shift to blue-chips when the business results reporting season comes.

On the Hà Nội Stock Exchange, the HNX-Index slipped 2.18 per cent to end at 451.19 points with 147.5 million shares worth VNĐ4.6 trillion being exchanged.

Foreign traders were mixed. They were net buyers on HCM City’s exchange for a net value of VNĐ124 billion but were net sellers in Hà Nội’s market with a net value of VNĐ23.3 billion.

Macro & Policies

2. VinFast to build first EV factory in North America

US President Joe Biden on Wednesday announced Vietnamese automaker VinFast will build a multi-billion dollar plant in North Carolina, creating thousands of jobs.

A memorandum of understanding (MoU) has been signed on the construction of VinFast's first electric vehicle (EV) manufacturing factory in North America.

President Biden revealed the news in a tweet from his official White House Twitter account.

He said: "Today's announcement that the electric vehicle maker VinFast will build an electric vehicle and battery manufacturing facility in North Carolina – \$4 billion to create more than 7,000 jobs and hundreds of thousands of electric vehicles and batteries – is the latest example of my economic strategy at work.

"Our efforts to build a clean energy economy are driving companies to make more in America rebuild our supply chains here at home, and ultimately bring down costs for the American people."

VinFast's factory will create a major manufacturing centre in Chatham County's Triangle Innovation Point megasite, covering an area of 800 hectares, with three main areas for electric cars and buses production and assembly, EV batteries production and ancillary industries for suppliers.

Work on the first phase of the project will start in 2022 after VinFast receives its construction permit. The factory is expected to become operational from July, 2024.

In the first phase, the factory will have a capacity of producing 150,000 vehicles each year. According to the MoU, VinFast will continue to invest in this factory in future phases. Vehicles to be produced at the site include the VinFast VF 9, a 7-passenger all-electric Sport Utility Vehicle (SUV), and the VinFast VF 8, a 5-passenger, all-electric mid-size SUV.

North Carolina Governor Roy Cooper said the state is quickly becoming the centre of the US's emerging, clean energy economy, stressing that VinFast's transformative project will bring many good jobs to the state, along with a healthier environment as more electric vehicles take to the road to help it reduce greenhouse gas emissions.

Meanwhile, North Carolina Commerce Secretary Machel Baker Sanders said that automotive assembly plants are incredible engines for economic growth, due to the positive ripple effects they create across a region's economy.

She expressed her delight that VinFast has decided to launch its North America manufacturing operations from the state, pledging that North Carolina will work hard to make sure the Vietnamese investor find the skilled workforce it need to grow and thrive in the state.

VinFast was founded in 2017 and headquartered in Hà Nội. The carmaker boasts a state-of-the-art vehicle production facility in the northern port city of Hải Phòng that will have the capacity to produce 950,000 vehicles per year by 2026.

VinFast has established global operations in the US, Canada, Germany, France, and the Netherlands. The company currently provides an ecosystem of EV products in its home country of Việt Nam, including e-scooters, electric buses, and electric cars, charging station systems, and green energy solutions.

3. FDI disbursement hits five-year high

Disbursement of foreign direct investment to Việt Nam rose by 7.8 per cent compared to 2021 to

US\$4.42 billion in the first quarter of this year, a five-year record.

Up to \$4.06 billion of capital was added by foreign businesses to 228 operating projects in the period, up 93.3 per cent year-on-year, according to the General Statistic Office (GSO).

According to the GSO, 322 new foreign projects, capitalised at \$3.21 billion, were licensed in the first three months, up 37.6 per cent in the number of projects but down 55.5 per cent in capital year-on-year.

The Foreign Investment Agency (FIA) attributed the substantial decline in newly-registered capital to fact that some large-scaled projects worth over \$100 million were already registered in the first quarter of 2021. Capital pledged to such projects accounted for 75.3 per cent of the country's total registered capital in the reviewed period.

For example, among these projects were the Long An I and II LNG power project, being invested by Singaporean investors in Long An Province with a total registered capital of over \$3.1 billion and the \$1.31 billion Ô Môn II thermal power plant being financed by Japanese investors in Cần Thơ City.

Meanwhile, the first quarter of this year saw only one foreign-invested project worth over \$1 billion. That was a LEGO Manufacturing Việt Nam plant, valued at \$1.32 billion, in Bình Dương Province, the FIA said.

In another bright spot, foreign investor capital contributions and share purchases doubled over the same period last year to \$1.63 billion, which brought the total foreign investments into the country in Q1 to \$8.9 billion, equivalent to 87.9 per cent of the last year's same period.

The agency said many projects on manufacturing electronic and high-tech products have raised their level of capital in the first three months of the year.

The processing and manufacturing sector lured the largest share of FDI with over \$5.3 billion, accounting for 59.5 per cent of the country's total capital.

From January to March, Singapore was Việt Nam's leading foreign investor with nearly \$2.29 billion,

making up almost 25.7 per cent of the total FDI registered in the country. South Korea followed with more than \$1.61 billion or 18 per cent, and Denmark with \$1.32 billion or 15 per cent.

At the same time, Vietnamese firms invested \$211.5 million overseas in Q1, down 63 per cent year-on-year, according to the FIA.

Of the sum, over \$180 million came from 24 newly-licensed projects, up 28.5 per cent, while the remaining \$31.2 million came from three capital-added projects, a yearly decline of 93 per cent.

Earlier, economic experts said Việt Nam remained an attractive destination for foreign investment, which was likely to experience a surge in 2022 after a long hiatus due to the pandemic.

An increase in the number of new projects and investments in existing projects showed the strong confidence of foreign firms in the country's investment environment, they said.

Đỗ Nhất Hoàng, head of the FIA, said the country had been working with foreign partners looking to relocate their production centres. "Bringing their investment home was an effective way to support Vietnamese firms in integrating into the global supply chain," he said.

Hoàng said foreign investment was likely to pick up in 2022 as countries worldwide reopened and learned to adapt to the new normal post-pandemic.

Takeo Nakajima, head representative of the Japan External Trade Organisation, said Việt Nam would continue to be one of the most attractive investment destinations for Japanese firms, especially after the visit to Japan by Prime Minister Phạm Minh Chính, who oversaw 25 cooperation agreements worth up to \$12 billion.

The agreements have set up a strong foundation for Japanese investment to flow into Việt Nam in 2022 and the near future, said Nakajima.

European firms have also been showing stronger confidence in the Southeast Asian economy.

4. Construction of Vietnam's biggest airport reaches passenger terminal phase

After more than a month of leveling ground for the Long Thanh airport project, contractors have progressed on to the passenger terminal.

The project's investor, the Airports Corporation of Vietnam (ACV), started work on the terminal on Wednesday.

The phase will start with the foundation work, which will see contractors build nearly 1,600 bored piles with a diameter of 0.8-1.2 meters each.

As scheduled, the pile installation must be completed for the construction of the terminal in October.

Lai Xuan Thanh, ACV chairman, said moving to the stage of building the passenger terminal will create a boost for the construction of Long Thanh to meet its schedule.

Long Thanh in southern Dong Nai Province will replace Ho Chi Minh City's Tan Son Nhat to become the biggest airport in Vietnam once completed.

Work on the project began on Jan. 5 last year after many years of preparations and lengthy land acquisitions.

In February, a year after work began, only fencing and demining had been done, causing Prime Minister Pham Minh Chinh to complain over the progress.

Estimated to cost \$16 billion in total, the airport will have an annual capacity of 100 million passengers and five million tons of cargo.

The first phase is set to be up and running in 2025 to serve 25 million passengers per year.

The original deadline for its opening was December 2025, but Lai Xuan Thanh, ACV's chairman, said in January that the work will be completed six months ahead of schedule.

5. Garment industry goes green

Greening the garment industry is essential for the sector to fully exploit opportunities arising from free trade agreements and participate deeply in the global value chain, according to Việt Nam Garment and Apparel Association (VITAS).

The association's president Vũ Đức Giang said that most fashion brands in the US, Japan and the European Union (EU) were now more demanding on the quality of products, adding that many importers required the production to be friendly to the environment, such as through water-saving and not using coal.

They also required suppliers to use green and recycled materials to meet global consumer trends, meaning that manufacturers must be transparent in production and ensure product traceability, which was no longer an option but a mandatory requirement.

Giang said that the requirement to green the garment industry's production chain was not new but became a pressing issue since the COVID-19 pandemic. Especially the Vietnamese Government's commitment at the COP26 to achieve net-zero emission by 2050, which would push the garment industry to go green.

"We joined in the global playing field, and we must comply. Compliance with the international commitments would bring advantages when we implement the signed new-generation free trade agreements," Giang said.

Many enterprises had invested in upgrading the production lines to save water and be more energy-efficient and look for supplying sources of environmentally-friendly materials.

Trần Hoàng Phú Xuân, general director of the Fashion Connection Joint Stock Company, which supplied the market with about eight million metres of finished fabric made from green materials, said that developing a sustainable environmentally-friendly fashion industry became an inevitable trend to spread the message of green living. Consumers now tend to use safe products for health and safety for the environment.

Although greening the garment supply chain is a trend, the investment was mostly in upgrading the production to save water or use solar energy, while little attention was paid to developing new environmentally-friendly materials, according to VITAS.

Xuân said that the problem that textile and garment enterprises faced in going green was high costs for switching to environmentally – friendly materials.

Việt Nam had an abundant source of raw materials such as coffee, coconut fibre, mint and lotus, which could be developed into high-value natural fibres, Xuân said.

According to Giang, it is necessary to improve the Law on Environment to ensure the appropriateness to global requirements and the situation in Việt Nam.

The Government should also develop industrial zones specialised for garment and textile production, which meet waste water treatment standards, Giang said.

The United Nations Environment Programme's findings show that the fashion industry produces between 2 to 8 per cent of global carbon emissions. Textile dyeing was also the second largest polluter of water globally.

Every second, the equivalent of one garbage truck of textiles was landfilled or burned. If nothing changes, by 2050, the fashion industry will use up a quarter of the world's carbon budget. Textiles were also estimated to account for approximately 9 per cent of annual microplastic losses to the ocean.

6. Fitch affirms Việt Nam at 'BB'; outlook positive

Fitch Ratings has affirmed Việt Nam's long-term foreign-currency issuer default rating (IDR) at 'BB' with a positive outlook.

According to Fitch, the pandemic has had a smaller impact on Việt Nam's public finances than the 'BB' median, as early success in containing the pandemic allowed for a restrained fiscal response.

“We forecast Việt Nam's general government debt-to-GDP ratio will rise to about 42 per cent by 2023 from an estimated 39.7 per cent in 2021, based on the authorities' recently revised GDP data series. This is well below the 'BB' median of 54.5 per cent in 2022 and 55.3 per cent in 2023. Government debt to revenue of 213.5 per cent is lower than the 'BB' median of 239.3 per cent,” Fitch said.

Under a report released on Monday, the rating agency said: “The affirmation reflects continued strong medium-term growth prospects, despite the COVID-19 pandemic and the global economic

spillovers from the war in Ukraine, and strong external finance metrics relative to peers.”

Fitch noted the rating remains constrained by contingent liability risks associated with the large State-owned enterprise (SOE) sector and structural weaknesses in the banking sector.

Under the report, Fitch said: “We expect GDP growth to accelerate to 6.1 per cent in 2022 and 6.3 per cent in 2023 from 2.6 per cent in 2021, led by a recovery in domestic demand, strong exports and high FDI inflows, particularly in the manufacturing sector.”

“Risks to our growth outlook remain, including the global economic implications of the war in Ukraine and sanctions on Russia, further pandemic-related shocks and high commodity prices,” Fitch said, noting its forecasts for Việt Nam's GDP growth factor in its most recent downward revision to global growth to 3.5 per cent in 2022 from 4.2 per cent.

According to Fitch, Việt Nam's economic prospects remain susceptible to shifts in external demand due to the economy's high degree of openness. However, the rating agency expects the export sector to continue to perform well in the medium term, benefitting from Việt Nam's cost competitiveness, trade diversion from China and implementation of key trade agreements.

Besides, Fitch noted Việt Nam's export-related FDI inflows have not weakened despite the supply disruptions in Q3 2021. Inward investment remained strong in 2021 at US\$19.7 billion, down marginally from \$20 billion in 2020.

"We are factoring in a gradual resumption of tourism inflows from 2022, although pandemic-related disruptions remain a significant risk to our forecasts. Under our baseline, we forecast a reversal to a current account surplus in 2022 and 2023 from a deficit of about 1 per cent of GDP in 2021," Fitch said in the report.

According to Fitch, Việt Nam's foreign-exchange reserves continued to improve in 2021, as the State Bank of Vietnam (SBV) intervened in the foreign-

exchange market to stabilise the currency. Foreign-exchange reserves rose further to a record of \$109.4 billion by end-2021, supported by large FDI inflows.

"We forecast a gradual appreciation of the exchange rate, in line with our expectation of current account surpluses, although we expect the SBV to intervene in the case of excessive currency volatility or if the currency faces significant upward pressure. Việt Nam's large external buffers offer a cushion against shocks and support a strong external liquidity ratio, which was 340 per cent at end-2021, above the 175 per cent of the 'BB' median."

The Vietnamese Ministry of Finance on the same day said Fitch's affirmation resulted from the country's active implementation of measures to stabilise the macro-economy, reform the financial-banking system and control the pandemic successfully.

The ministry affirmed it would continue to coordinate and share information with Fitch Ratings and other credit rating agencies and international organisations to help them have accurate and positive views on Việt Nam's credit profile.

7. Stock watchdog tells investors to 'stay calm' after FLC chairman arrest

Vietnam's stock watchdog State Securities Commission of Vietnam (SSC) has advised investors to "stay calm" after the chairman of real estate developer FLC was arrested for market manipulation.

"The State Securities Commission of Vietnam advises investors to stay calm and analyze all macro factors and actual operation of businesses to make prudent investment decisions," it stated late Tuesday.

The statement was released after the Ministry of Public Security arrested FLC chairman Trinh Van Quyet for using 20 different trading accounts to create fake demand for company shares.

He had attained VND530 billion (\$23.19 million) illegally from the trade, which was conducted from Dec. 1 to Jan. 10, investigators said.

Ticker FLC hit a six-week low of VND11,800 Wednesday in its third losing session in a row after rumors of the chairman's arrest surfaced Monday.

It has dropped 47 percent since the previous peak on Jan. 7.

Before the arrest, Quyet was fined VND1.5 billion on Jan. 18 and prohibited from trading for five months for his misconduct.

FLC has interests in real estate, stock, tourism, and aviation. Quyet owns a 30.34 percent stake in it.

Quyet, 47, has a large stock portfolio and was once one of the wealthiest people on the Vietnamese stock exchange.

He began his career as a lawyer in 2001, when he and his associates established the SMiC Law Office, which later became the SMiC Law Firm. He also established a number of businesses and the FLC

brand was formed in early 2010 after merging all of them.

Bamboo Airways, founded by FLC, entered the aviation market in 2019. FLC's charter capital stood at VND10.5 trillion (over \$459 million) in early 2021, after more than 10 years of operation.

Corporate News

8. KDC: Approved the cash dividend payment in 2021

↓ -0.19%

The Board resolution dated March 28, 2022, the BOD of KIDO Group Corporation approved to pay cash dividend for 2021 with details as follows:

- Exercise ratio: 6% (600 dong/share)

- Record date: April 20, 2022
- Payment: May 10, 2022.

9. VIC: Establishing a subsidiary

↑ 0.37%

The Board resolution dated March 28, 2022, the BOD of VINGROUP Joint Stock Company approved to establish a subsidiary with following details:

- Company name: Genestory Joint Stock Company

- Address: Symphony Building, Vinhomes Riverside, Phuc Loi Ward, Long Bien District, Ha Noi.

- Charter capital: VND102,300,000,000 (Vingroup contributed 99% charter capital in Genestory Joint Stock Company).

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