



VIETNAM DAILY NEWS



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Market Analysis

1. Selling force weighs on sentiment, VN-Index reverses course

Shares reversed to fall on Tuesday as the rising selling force triggered losses in many large-cap stocks, especially in banking, securities and real estate sectors.

On the Hồ Chí Minh Stock Exchange (HoSE), the VN-Index lost 0.31 per cent to close at 1,520.03 points.

The southern index had risen by 0.54 per cent, to close Monday at 1,524.70 points.

The market breadth was negative with 273 stocks falling and 179 rising.

Liquidity was at a low level with more than VNĐ21.8 trillion (US\$953 million) poured into the southern market, equivalent to a trading volume of over 703.5 million shares.

The index's decrease was due to declines in pillar stocks, especially in the securities and banking sector. Accordingly, the VN30-Index lost 0.57 per cent, to 1,539.20 points.

Eleven of the 30 biggest stocks in capitalisation on HoSE posted gains, while 19 slid and two ended flat.

Data compiled by vietstock.vn showed that towards the end of the session, the VN-Index's loss was significantly broadened as banking stocks declined, such as Bank for Investment and Development of Vietnam (BID) and Vibank (VIB) losing 2.1 per cent and 2 per cent, respectively. Saigon-Hanoi Bank (SHB), VPBank (VPB),

Saigonbank (SGB), Vietinbank (CTG) all saw a decrease of 1 per cent to 1.8 per cent.

Securities stocks also performed poorly with losers including Agribank Securities Corporation (AGR), FPT Securities Joint Stock Company (FTS), VNDirect Securities Co (VND), Hồ Chí Minh City Securities Corporation (HCM), SSI Securities Inc (SSI), APG Securities Joint Stock Company (APG), Saigon-Hanoi Securities JSC (SHS), Việt Capital Incorporation (VCI) and Petrovietnam Securities Incorporated (PSI).

The State Securities Commission (SSC) announced Tuesday morning it had decided to cancel nine separate bond issuances worth over VNĐ10 trillion by Tân Hoàng Minh citing submission of false information.

The news negatively affected the real estate stock group. Construction also traded negatively with many codes closing lower such as Cotecons Construction Corporation (CTD), Development Investment Construction JSC (DIG), Hà Đô Group (HDG), Kinh Bắc Corporation (KBC), Năm Bảy Bảy Investment Corp (NBB) and Viglacera Corporation – JSC (VGC).

The HNX-Index on the Hà Nội Stock Exchange (HNX) decreased by 0.56 per cent, to 456.10 points.

Nearly 83.7 million stocks were traded on HNX, worth nearly VNĐ2.6 trillion.

Macro & Policies

2. Positive outlook for real estate M&A in 2022

Real estate mergers and acquisitions (M&A) are expected to be a good source of FDI in Việt Nam this year, said Savills, and forecasting M&A activity is likely to increase in terms of frequency and value.

Lê Thị Phương Lan, head of Investment, Savills Hà Nội, believes Việt Nam has enormous investment potential, saying: “Foreign investors should be aware of the potential obstacles within M&A deals.”

Việt Nam has an active M&A market. In 2021, real estate businesses received more than US\$31 billion of registered FDI. However, disbursed capital decreased by \$1.6 billion year-on-year and reached \$2.6 billion.

The M&A outlook for 2022 is bright as Việt Nam is an increasingly attractive destination for international businesses, said Lan, adding that as borders reopened on 15 March and travellers from 13 countries are now allowed to enter the country without a visa, M&A deals are likely to increase along with other real estate investments.

“The reason for this is that investors can now travel to properties and conduct market research, understand business models, or evaluate the potential of sites,” she said.

Savills research shows two factors that make Việt Nam an attractive investment destination. They are the favourable macro conditions offered to investors, including steady economic growth, political stability, improving infrastructure links, increasing urbanisation, and a large and young workforce and attractive support policies, such as tax incentives.

According to FocusEconomics, Việt Nam has one of the fastest-growing economies in the APAC region and will have the fastest growing economy in the region in 2022, and the momentum is expected to continue into 2023.

Việt Nam is connecting to the region not only by a growing road system but also by international seaports, airports, and land borders. The Ministry of Planning and Investment has announced plans to

launch the most extensive socio-economic development and recovery plan with more than VNĐ100 trillion dedicated to infrastructure development.

Real estate experts think it will increase the potential satellite provinces have to attract FDI enterprises. The improved transport links will allow FDI enterprises to expand further from established hubs like Hà Nội and HCM City.

In terms of human resources, Việt Nam has a large and young workforce coupled with competitive labour costs. At the same time, the increasingly urban population also creates great potential for developing new urban area projects, mention experts.

In terms of supporting policies, the Government aimed to curb the impact of the pandemic and offered support such as facilitating the circulation of goods, debt restructuring, and tax extensions and exemptions during the pandemic, together with supportive economic policies, a successful national vaccination campaign, which have helped the country gain investors’ hearts, said Lan.

“In 2022, we have seen encouraging M&A activities. Of industries receiving investment, real estate ranked second and has received nearly \$1.52 billion, or 30.4 per cent of total registered FDI. These investments demonstrate that foreign investors remain bullish on developing real estate projects in Việt Nam,” she said.

Showing enormous investment potential in Việt Nam, Lan also mentioned legal barriers, difficulties with joint venture partners, uncertainty with the M&A process, and different pricing approaches that might hurt the M&A, saying Việt Nam had relatively complicated land laws.

Lan considered the inconsistencies between laws could result in wasted time and money despite institutional reforms over the last few years.

The expert pointed out that when doing business in Việt Nam, most foreign enterprises entered joint ventures. The foreign enterprise held the main

decision-making power and the Vietnamese investors provided legal support. However, negotiations may be time-consuming due to the differences in business practices and legal structures.

As M&A was still a relatively new concept in Việt Nam, many businesses, especially small and medium-sized enterprises, were not prepared for the processes involved, said Lan, adding that projects may struggle to attract investment.

“Although M&A deals are increasingly popular, there are still potential obstacles for foreign investors.

M&A transactions are a complex commodity; therefore, the involved parties need to research and develop detailed plans to ensure long-term value carefully,” Lan said.

“With our own experience of entering the Vietnamese market and aiding international clients, Savills understands the needs and concerns of FDI companies. Besides short-term profits, we aim to create long-term value in M&A deals.”

3. WB: Việt Nam's economic growth forecast adjusted from 6.5% to 5.3% in 2022

Việt Nam's economic growth forecast this year has been readjusted from 6.5 per cent to 5.3 per cent by the World Bank (WB), according to its latest economic growth update.

WB's Chief Economist of the East Asia and Pacific Region of the World Bank Aaditya Mattoo said the main reasons behind the Southeast Asian economy's lower forecast were COVID-19 Omicron variant and rising global oil prices.

Last October, WB's forecast for Việt Nam's economic growth in 2022 stood at 6.5 per cent as the country was among one of the world's top economic performers during the pandemic. However, difficulties in dealing with Omicron including prolonged social distancing periods and out-of-control spread of the virus among the population had severely hampered its ability to speed up economic recovery.

In addition, the ongoing Russia-Ukraine conflict has pushed global oil prices to a record-high level, significantly handicapping Việt Nam's economy, in which imported oil accounts for 3 per cent of its GDP.

Mattoo added in the worst-case scenario for the country this year might see growth as low as 4.4 per cent. As global commodities such as iron, steel and food continued to rise, businesses should expect higher costs and countries taller barriers to joining the global supply chain.

Meanwhile, the country's high economic openness could be a double-edged sword during such a time.

While having numerous trade deals signed in recent years including the EU-Vietnam Free Trade Agreement (EVFTA) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) could be beneficial, it would also leave Việt Nam more vulnerable to external economic shocks.

The WB's economist urged Việt Nam to take a more prudent approach to manage its financial system, especially the State Bank of Vietnam's financial solutions, which should support the country's integration effort into the global supply chain.

Regarding the foreign direct investment (FDI) inflow, he said Việt Nam had been a successful model and an attractive destination among global investors in the last decades. The country's role in the global economy, as a result, had improved significantly. While it had helped tremendously with poverty eradication, it was time Việt Nam implemented measures to develop robust service industries and improve productivity across multiple sectors of the economy.

WB has readjusted its growth forecast for entire East Asia and Pacific Region down to 5 per cent for 2022 from 5.4 per cent last October with the largest regional player China could go as low as 4 per cent. In the event of the worst-case scenario, up to 6 million people in the region may find themselves unable to move past the poverty line with under US\$5.5 a day to live on.

The ongoing Russia-Ukraine conflict would further complicate economic recovery in the region, said Manuela V. Ferro, Vice President, East Asia and Pacific at WB.

She said only a solid economic foundation and sound policies could help countries weather the storm. Even countries with prudent fiscal policies should expect global backlash and in general lower growth this year.

4. Việt Nam to boost 5G commercialisation

5G is changing businesses worldwide, and Việt Nam is catching up very quickly, being among the first countries to deploy 5G trials.

The Đầu tư (Investment) Newspaper organised a talk titled “Getting 5G Ready for Việt Nam’s Digital Transformation” on Monday.

All three major carriers, including VinaPhone, MobiFone, and Viettel, have started their 5G journey by announcing the trial of the service in big cities like Hà Nội, HCM City at the end of 2020 and then consecutively expanded to other cities.

The 5G network was commercially tested by three operators, Viettel, VNPT and MobiFone, in 16 provinces and cities by the end of last year.

Nguyễn Hoa Cường, vice president of the Central Institute of Economic Management (CIEM), said that about 70 countries around the world had commercialised 5G.

Besides being a technological innovation on its own, 5G was the enabler for many other technologies, he added.

Việt Nam is aspiring to develop a digital government, digital economy and digital society, and 5G is expected to play a fundamental role by enhancing broadband connection, improving rural coverage, creating conditions to narrow the digital divide, developing Industry 4.0 and increasing the contribution of the digital media sector to Việt Nam's GDP.

An important component of Việt Nam's socio-economic development strategy is the development of the digital economy, which is expected to contribute 7 per cent of GDP by 2025 and 7.5 per cent by 2030.

The Ministry of Information and Communications has set a goal to officially license 5G commercialisation this year and soon cover high-tech industrial parks.

The information and communication industry is determined to bring Việt Nam along as a leading country in 5G.

The Ministry of Information and Communications is currently in the final preparation steps to officially license 5G network operators this year.

However, for the successful commercialisation of 5G, problems still need to be solved.

To commercialise 5G faster, Việt Nam needs sufficient bandwidth, ripe 5G technology, diversified 5G services, and numerous cheap terminal equipment.

Investment in 5G infrastructure is also a matter of concern. In the context of rising investment costs and declining telecommunications revenue, 5G investment is not simple.

According to experts, tightening spending and investing in the common use of infrastructure and networks are key solutions for network operators to implement in Việt Nam successfully.

This is just one of many solutions to the problem. Reducing investment costs also lies in choosing technology, using foreign equipment or self-manufacturing, and optimising markets and human resources costs.

These will be issues that network operators need to calculate more carefully in the near future.

5. 3 firms get right to use Cà Mau geographical indication for black tiger shrimp

The southern most province of Cà Mau has granted the right to use the Cà Mau geographical indication for black tiger shrimp to three local exporters.

Minh Phú Seafood Group Joint Stock Company, Minh Phú Mangroves Shrimp Social Company and Cà Mau Seafood Processing and Services Joint Stock Company will be allowed to buy high-quality shrimp and use the province's brand name for it.

In September last year Cà Mau was granted the geographical indication (GI) by the National Office of Intellectual Property, and its Department of Science and Technology, which is in charge of managing the GI for black tiger shrimp, has issued regulations defining the responsibilities and rights of organisations and individuals using it.

They cover procedures and guidance to ensure the origin, quality and reputation of the product, breeding and processing, shrimp seed origin, and geographical breeding areas.

The Cửu Long (Mekong) Delta province has more than 300,000ha of aquaculture farms, including 280,000ha raising shrimp, according to its Department of Agriculture and Rural Development.

This accounts for 45 per cent of the delta's total shrimp farming area and 40 per cent of the country's.

Around 19,000ha of farms have received international quality certificates like global good agricultural practices, Global Aquaculture Stewardship Council, Best Aquaculture Practices, and Vietnamese good agricultural practices.

Black tiger shrimp is one of Cà Mau's key seafood products.

The province plans to keep the area under shrimp farming unchanged until 2030 but is enhancing output and quality by adopting advanced techniques.

It plans to set up five super-intensive shrimp breeding areas to international quality standards.

The province exports around US\$1 billion worth of shrimp annually, accounting for 30 per cent of the country's total exports, to more than 90 countries and territories.

6. 9 bond issuances worth \$439 million cancelled

The State Securities Commission of Việt Nam (SSC) has decided to cancel nine bond issuances worth VNĐ10.03 trillion (nearly US\$439 million) from July 2021 to March 2022 by companies under Tân Hoàng Minh Group.

The SSC said that due to disclosing false information and concealing information when issuing private placement, citing Decree 153 on governing private bond offerings and trading, bond issuances would be cancelled for Viet Star Real Estate Investment Company Limited, Winter Palace Joint Stock Company, and Soleil Hotel Service and Investment Joint Stock Company, all part of Tân Hoàng Minh Group.

The decision takes effect from April 3.

According to the decision, bond registration and depository organisations are responsible for stopping the transfer of ownership of bonds of Việt Star Company, Winter Palace Company, and Soleil Company in nine bond issuances from July 2021 to March 2022.

The Hà Nội Stock Exchange (HNX) is responsible for publishing the cancellation information on its corporate bond information page. Việt Star, Winter Palace, Soleil, and Tân Hoàng Minh Group are responsible for implementing the decision.

Việt Star Company, Winter Palace Company and Soleil Company are unlisted companies.

On April 5, Tân Hoàng Minh Group released a notice related to the matter.

The company believes that the bond issuances of Việt Star Company, Winter Palace Company and Soleil Company were all processed according to the order and regulations of the law with issuance consulting, valuation advice and asset management and were performed by reputable securities companies and banks in the market.

“After receiving information from SSC, Tân Hoàng Minh Group is actively working with legal consultants and related parties to review all records of the nine bond issuances announced by SSC,” the company wrote in the notice.

“In case one of these issuances has to be cancelled at the request of the state management agencies, the Group will work with bond issuers, agencies and related parties to refund the entire amount mobilised from customers in accordance with the law.”

According to the expected customer refund process, the client's investment amount will be refunded as soon as possible for contracts that are due for payment.

For contracts that are not due for payment, Tân Hoàng Minh said that it would urgently coordinate with the state management agencies, issuers, and asset management banks to process and refund customers according to the instructions and directions of authorities.

It also said that the bond information advised to customers was consistent with the information provided by the bond issuer, the collateral valuation company, and the collateral asset management bank.

The news about the cancellation of nine bond issuances has negatively affected the real estate stocks since the beginning of Tuesday's trade, with many posting significant losses.

Tasco JSC (HUT) is down 4.74 per cent at 10.30am, Hoàng Quân Consulting-Trading-Service Real Estate Corporation (HQC) down 1.84 per cent, Novaland (NVL), down over 1 per cent, Development Investment Construction JSC (DIG) down 2.32 per cent, and Ocean Group JSC (OGC) down 4.43 per cent.

7. Seven Vietnamese billionaires among world's richest: Forbes

The 2022 Forbes list of the planet's richest people features the highest ever number of Vietnamese billionaires at seven – a woman and six men worth \$21.2 billion collectively.

Apart from Bui Thanh Nhon, 64, chairman of the Nova Group, who breaks into the list for the first time, each of the other six has been on the Forbes annual ranking at least once. Real estate giant Nova Land Investment is the flagship company of the Nova Group.

Pham Nhat Vuong, 53, owner of Vietnam's biggest private conglomerate Vingroup and the country's first billionaire, is on the list for the tenth consecutive year.

He also remains Vietnam's richest man with a net worth of \$6.2 billion, down from \$7.3 billion last year. Ranked 411th in the world, he is the only

Vietnamese billionaire on the list that has seen total asset value drop from last year.

Vuong first made the list in 2013, when he was ranked 974th with a net worth of \$1.5 billion.

He is followed by 61-year-old Tran Dinh Long, founder and chairman of steelmaker Hoa Phat Corp, with a net worth of \$3.2 billion, up \$1 billion from last year. Long stands 951st in this year's list, which marks the second time he has made it to the ranking.

Nguyen Thi Phuong Thao, 51, has made the list for the sixth time with a net worth of \$3.1 billion, ranking 984th. She is currently CEO of VietJet Air and president of Sovico Group, a leading investment group in Vietnam.

Nhon of Nova Group is in 1,053th place with a net worth of \$2.9 billion.

Techcombank chairman Ho Hung Anh, 51, is on the list for the fourth time. His net worth stays at \$2.3 billion, up from \$1.6 billion last year.

Masan chairman Nguyen Dang Quang, 58, shows up on the list for the third time this year with a net worth of \$1.9 billion while Tran Ba Duong, 62 chairmen and founder of the Truong Hai Auto Company (Thaco), has a net worth of \$1.6 billion.

The Forbes listing used stock prices and exchange rates on March 11, 2022 to calculate the net worth of individuals.

This year, for the first time ever, Elon Musk has topped the World's Billionaires list with a net worth of \$219 billion. He is followed by Amazon founder

Jeff Bezos with \$171 billion and French luxury goods billionaire Bernard Arnault with \$158 billion.

The U.S. still leads the world with 735 billionaires worth a collective \$4.7 trillion, followed by China (including Macau and Hong Kong) with 607 worth a collective \$2.3 trillion.

According to Forbes, war, pandemic and sluggish markets have hit the world's billionaires this year.

This year's listing of 2,668 billionaires is 87 fewer than a year ago. Together, they are worth \$12.7 trillion, which is \$400 billion less than in 2021.

Forbes said the most dramatic drops have occurred in Russia and China, with the number of billionaires dropping by 34 and 87, respectively.

Corporate News

8. HPG: Hòa Phát's HRC sales reach record high

↓ -0.98%

Hòa Phát Group supplied the market with 296,000 tonnes of hot rolled coil (HRC) steel. This is the highest sale level since it started supplying HRC to the market in November 2020.

The HRC sales volume increased 24 per cent compared to February 2022 and posted a 25 per cent year-on-year increase. Trần Ngọc Ân, Deputy Sales Department of Hòa Phát Dung Quất Steel Joint Stock Company, said that the sales volume hit a record mainly thanks to high domestic demand. The Government and localities' push to disburse public investment capital also stimulated fields that use HRC as raw materials for production such as processing factory structures, manufacturing steel pipes, galvanized steel sheets and other mechanical products.

On the other hand, due to high shipping costs and the impact of the Russia-Ukraine conflict, the

supply of HRC imported from Russia and India to Việt Nam faced many difficulties. Hòa Phát Group increased HRC production to supply the domestic market, contributing to reducing dependence on HRC's imports.

In the first quarter of 2022, the group supplied 763,000 tonnes of HRC to domestic and foreign markets, up 15 per cent over the same period in 2021.

The Hòa Phát Dung Quất Iron and Steel Integrated Complex has an output of 5.6 million tonnes a year, including 2.6 million tonnes of steel billet, and 3 million tonnes of HRC. With the advantage of a deep-sea port, the group easily supplies products to domestic and foreign markets at competitive prices.

9. VJC: Vietjet offers promotional tickets on several int'l routes

↑ 2.39%

Vietjet is offering 8,888 discounted tickets priced from only zero đồng (excluding tax and fees) on several routes.

The promotional airfares are available during three 'golden days' from Tuesday to Thursday. They are for routes connecting HCM City and Hà Nội to Thailand, Singapore, Malaysia with a flexible travel period from April 12 to December 31.

Vietjet will provide all passengers with 15kg of free checked baggage when booking tickets from Việt Nam to Singapore, Malaysia, and Thailand on these promotional days, with the flight period until May 25.

Detailed information about flight schedules and entry and exit regulations is regularly updated on vietjetair.com, Vietjet Air mobile app, and Vietjet Facebook fanpage.

The airline said it still offers free RT-PCR for all passengers who fly internationally with Vietjet.

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