



# VIETNAM DAILY NEWS

July 4th, 2022



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## Market Analysis

### 1. Last-minute purchase pushes VN-Index up

Vietnam's benchmark VN-Index rose 0.11 percent to 1,198.90 points Friday thanks to last-minute purchase demand.

The index closed one point higher after losing over 20 points Thursday. It gained over 13 points this week.

Trading on the Ho Chi Minh Stock Exchange (HoSE) increased by 0.81 percent to VND11.42 trillion (\$490.49 million).

The VN-30 basket, comprising the 30 largest capped stocks, saw 18 tickers gain, led by SSI of leading brokerage SSI Securities Corporation with a 4.8 percent rise.

It was followed by three banks: BID of state-owned lender BIDV gained 4.6 percent, CTG of state-owned lender VietinBank rose 3.1 percent and STB of Ho Chi Minh City-based lender Sacombank went up 2.3 percent.

10 blue chips fell, with GAS of state-owned Petrovietnam Gas and MSN of conglomerate Masan Group both losing 2.2 percent.

Foreign investors were net sellers to the tune of VND191 billion, mainly selling VPB of private lender VPBank and VCB of state-owned lender Vietcombank.

The HNX-Index at the Hanoi Stock Exchange, where mid and small caps list, was up 0.43 percent while the UPCoM-Index at the Unlisted Public Companies Market was down 0.45 percent.

## Macro & Policies

### 2. Samsung Engineering acquires stake in water treatment company

Samsung Engineering has acquired a 24 percent stake in water treatment company Dong Nai Plastic Water for 52.7 billion Korean won (US\$40.57 million).

The ceremony to sign the deal was held at the Intercontinental Landmark Hotel in Hanoi, and attended by executives from both companies, including Samsung Engineering Executive vice president GyuYeon Kang and DNP Water chairman Ngo Duc Vu.

With this acquisition, Samsung Engineering holds a 24 percent stake in DNP Water, DNP Holding owns 53 percent and other stakeholders have 23 percent.

DNP Water is a private enterprise that focuses on water supply business in Vietnam and is the largest private water treatment company in terms of capacity.

It was spun off from the DNP Group, a manufacturer of plastic pipes, in 2017.

Since then it has been growing in the water treatment business by buying private water supply assets and developing new businesses

### 3. Property sector slows down amid unfavorable market conditions

Many property developers are slowing down their activities due to lack of access to credit, legal challenges and falling demand.

During the second half of this year Quoc Cuong Gia Lai would slow down investment and wait for property policies to be streamlined, CEO Nguyen Thi Nhu Loan told shareholders at the annual general meeting Wednesday.

The property sector faced many challenges in the last two years due to the Covid-19 pandemic, and has not been able to recover this year due to a shortage of credit as banks have used up their credit growth quotas, she said.

Many projects have been stalled for three years due to the contradictions between the housing, land and real estate trading laws, and it is unclear when these would be resolved, she said.

"The stalling of projects means developers cannot sell them and therefore their cash flows are blocked. The market is burdened by a shortage of capital."

The head of a property developer based in Thu Duc City, who asked not be identified, said his company achieved the worst second quarter sales in the last five years.

The plummeting demand has forced it to stop marketing campaigns, he said.

"We do not expect much this year, just waiting for this difficult period to be over and be ready for another race next year."

The CEO of a developer focused on the western Ho Chi Minh City said the company has cut the revenue and profit targets it had set earlier this year by half.

"We are cutting costs and hope to bounce back in the last quarter, but there is no cause for optimism yet."

Property was the only one of nine service sectors in HCMC to see a decline in the first six months. It declined by 5.82 percent.

Economist Dinh The Hien said at a recent forum that it is not an ideal year for the real estate sector due to continuing legal problems, rising inflation and falling demand.

Su Ngoc Khuong, senior director at real estate consultancy Savills Vietnam, said the high housing prices and limited sales of the first six months could continue for the rest of the year.

"The sector needs a streamline solution to help improve cash flow and clear legal blockages."

#### 4. HCM City eyes US\$6b container port in Cần Giờ

HCM City's ports handled 164 million tonnes of goods in 2021, higher than the target for 2030. Photo tuoitre.vn

HCM CITY — HCM City is seeking to build a US\$6-billion international container terminal in its coastal Cần Giờ District.

It plans to carry out the construction together with the Việt Nam Maritime Corporation (VIMC) and Mediterranean Shipping Company (MSC).

VIMC and its subsidiary, Saigon Port, have tied up with foreign partners to concretize the contents of cooperation, investment and operation.

Saigon Port and MSC have done studying the proposed site of around 570 hectares with a main wharf of 7.2km and capacity to berth ships of up to 250,000 tonnes.

Located in the Thị Vải maritime channel, Cần Giờ has deep waters and is not seriously affected by waves or winds, and is ideal for international container transshipment.

Along with natural and economic factors, the co-operation of large global shipping lines is also essential for success.

VIMC has been working with MSC, the world's second-largest container shipping company, to develop seaport infrastructure in Việt Nam.

MSC operates a fleet of more than 625 ships.

The project has a designed capacity of 15 million TEUs. The two sides are working hard with foreign partners to finalise plans for investment and operations.

According to statistics from VIMC, in 2021 the volume of container goods passing through the country's ports, mainly in HCM City, Bà Rịa-Vũng Tàu Province and Hải Phòng City, was 23.9 million TEU, but international transshipment was relatively low.

In 2015 - 20 the volume of goods passing through HCM City's ports grew by an average of 7.34 per cent a year, and it is expected to fall to 5 per cent in 2021-25.

In 2021 the volume was 164.19 million tonnes as against a target of 116.9 million tonnes and even higher than the target for 2030 of 160 million tonnes.

In the event, the early construction of container ports is imperative to meet the city's trading needs. — VNS

#### 5. Vietjet starts flights to Nagoya and Fukuoka

HÀ NỘI - With new direct routes from Hà Nội to Nagoya and Fukuoka (Japan), Vietjet says it offers more convenient and easy choices for people and tourists to travel, work, visit relatives or study at "the land of cherry blossoms".

The route connecting Hà Nội to Fukuoka is operated with three return flights on Tuesdays, Thursdays and Saturdays, while the Hà Nội - Nagoya one has

four return flights per week on Mondays, Wednesdays, Fridays and Sundays with almost five hours of flight per leg.

Japan is one of the favorite destinations for Vietnamese tourists with beautiful scenery and unique culture, and also hosts a large Vietnamese community living and working there. VNS

## 6. Hà Nội market sees strong development in premium offices

Capital Place, a Grade A office building (left) in Hà Nội. Office real estate market will receive more Grade A office building projects due to increasing demand. Photo baodautu.vn

HÀ NỘI — Office real estate is thriving, with new Grade A buildings entering the Hà Nội market at the end of the year, according to Savills Vietnam.

By the end of 2022, six new projects are expected. The only Grade A building will be Techcombank Tower in Quang Trung street. This project follows the opening of another international Grade A building, Capital Place.

"Tenants can pick from a variety of new high-quality Grade A properties entering soon, mostly in Hoàn Kiếm, Ba Đình and Tây Hồ districts. New properties will compete with existing buildings in terms of quality, services and pricing," Minh said.

"Hà Nội's office supply is lower than regional peers like Singapore or Bangkok. However, the rents are lower, the quality is high, and there is great potential for economic growth. These factors mean that foreign investors are still keen on developing projects in the city, creating a healthy outlook for premium office supply."

In the face of competition in rents, services, and building quality, the critical point is always how landlords and tenants plan to adapt and manage the transformation.

The experts outlined that, increasingly, buildings must cater to demands for green offices and the transition from traditional to hybrid or agile work.

According to Savills' latest market report, the office market will perform well this year, and information technology and finance, insurance, and real estate (FIRE) tenants will lead demand.

According to Hoàng Nguyệt Minh, Senior Director of Commercial Leasing, Savills Hà Nội, the rent of Grade A offices will also depend on the future supply. Increasingly, tenants are selecting offices in buildings with green certificates catering to hybrid or agile working.

According to Minh, green credentials drive leasing decisions and whether the space can cater to hybrid or agile work. Certified green buildings in Hà Nội include high-end properties like TechnoPark Tower and Capital Place.

New properties like Techcombank Tower, Gelex, the office building at 36 Cát Linh, and Tiến Bộ Plaza will have LEED Gold green certificates, while Lancaster Luminaire and Taisei Office Building Hà Nội will have LEED green certificates. These properties will add nearly 90,000 sq.m of green office space.

Techcombank Tower will be the only new Grade A office building in the central business district this year. The building is likely to perform well, given that it will compete with other office buildings in Hoàn Kiếm, which are more than 20 years old.

Between 2023 and 2025, high-quality developments, including Gelex, the office building in 36 Cát Linh, Tiến Bộ Plaza, Lancaster Luminaire and Taisei Office Building Hanoi, will enter the market.

Offices in green buildings have a competitive advantage compared to conventional offices in prime locations. This is as these spaces are more than just rooms filled with desks. Therefore, occupiers often feel more productive and are more engaged at work. The pandemic has accelerated the implementation of hybrid and agile working.

According to a global survey by Savills, leading players like ICT, manufacturing, healthcare, and FIRE tenants are keen on adopting hybrid and agile working.

These models differ from co-working. Co-working is more about having a shared space and services such as concierge, security, and cleaning. Despite its popularity, co-working has certain restraints and is more suitable for start-ups, project-based companies, and short-term leases.

Matthew Powell, Director of Savills Hà Nội, said: "The changes we are seeing will influence the market's future."

Minh said: “Business should plan carefully when implementing changes. They should consider the project's quality and the developer's reputation. They should also consult with professional advisors. Thorough planning will reduce unnecessary costs during the leasing process, control risks, and bring greater satisfaction in the long term.”

Savills 2022 Impacts report shows that workers still enjoy diversifying different workspaces. However, many companies want their employees back at the office full-time.

According to the 2021 Savills Office FiT survey, 25 per cent of workers said they concentrate more, and 63 per cent said collaboration is better at the office.

Businesses need to give employees flexibility while providing a healthy and dynamic workplace. To meet these needs while ensuring continuity, companies should carefully consider which offices they select, the way they set them up, and how they build a corporate culture within them. —VNS

## 7. Vietnam anticipates stronger investment from US and Europe

The strategy for the 2021 to 2030 period, signed off by Permanent Deputy Prime Minister Pham Binh Minh, aims to raise capital flows from countries and territories in certain regions to over 70% of total foreign investment in the nation between 2021 and 2025 before rising to 75% during the 2026 to 2030 period.

The targeted partners include the Republic of Korea (RoK), Japan, Singapore, China, Taiwan (China), Malaysia, Thailand, India, Indonesia, and the Philippines in Asia. In addition to France, Germany, Italy, Spain, Russia, and the UK in Europe, as well as the US.

This strategy also seeks to raise the number of multinationals listed on the Fortune Global 500 operating in Vietnam by 50%.

According to Vietnam Investment Review, the Foreign Investment Agency under the Ministry of Planning and Investment has held a working session with Intel. Details from this meeting have yet to be revealed, although discussions likely centred around the next investment stage of the US-based firm in the Vietnamese market.

During a trip made to the US in mid-May, Prime Minister Pham Minh Chinh met with Keyvan Esfarjani, executive vice president for manufacturing, supply chain and operations at Intel, who highly valued the nation's role in his group's production chain. As a result, he views the country as having high potential for technology businesses to continue expanding operations.

Only 10 days after that meeting, PM Chinh went on to receive Patrick Gelsinger, CEO of Intel, in Hanoi. The PM asked Intel to continue its investment, with Gelsinger replying that his firm had decided to scale up investment many times higher than the current level.

The latest investment made by Intel could mark the start of a new chapter for Vietnamese foreign investment attraction, with Intel pouring US\$1 billion into the country over the past decade, with several tech giants flocking to Vietnam since then.

Now, with commitments made to multiply investment, Intel is likely to become one of the first foreign investors to benefit from special preferential treatment given by the Government to large-scale and high-tech projects, according to the newspaper.

During the recent launch of an annual FDI report, Nguyen Mai, chairman of the Vietnam Association of Foreign Invested Enterprises, pointed out that investment from Europe and the US remains modest, while Japan, the RoK, Singapore, and Taiwan (China) are still the primary investors in the country.

Although the US is one of the nation's top trade partners, it only ranks 11th among foreign investors, with a similar level also being seen in investment from the EU, he noted.

Phan Huu Thang, former director of the Foreign Investment Agency, explained that Vietnam is in close proximity with East Asian countries, which is favourable for trading. In addition, Asian

financiers are also more familiar with local customs and investment environment, while the country has signed several free trade agreements with these partners.

It is widely believed that opportunities have never been so big for the nation to lure greater investment from the US and the EU, which can be proved through American and European businesses'

affirmation of their special interest in the country during Vietnamese leaders' recent visits to these destinations.

Moving forward, Intel plans to increase investment in the Vietnamese market, whilst the recent "green" investment worth more than US\$1.3 billion by Denmark's LEGO promises a bright future for further investment from the US and the EU.



## Corporate News

### 8. CCL: CCL pays 12% stock dividend

↓ -1.89%

Cuu Long Petroleum Urban Development and Investment Joint Stock Company (HISE: CCL ) announced that July 15 is the last registration date to pay dividends in 2021 in shares. Exempt transaction on 14/07.

Owners of 25 shares will receive 3 new shares (rate 12%). With 47 million shares outstanding, CCL will issue another 5.7 million shares to pay dividends.

After the successful issuance, CCL will raise its charter capital to VND 532 billion.

CCL shares recorded a sharp decrease of 38% in the last 1 quarter, trading below par value (as of the afternoon session of July 1st).

### 9. FLC: Mr. Le Ba Nguyen became the President of FLC

↑ 0.87%

It is known that Mr. Le Ba Nguyen (born in 1977) has a master's degree in health management. Mr. Nguyen used to hold the position of Chairman of the Board of Directors of Ha Thanh Medical Services JSC, ATS Pharmaceutical Group Joint Stock Company and a member of the Board of Directors of FLC from 2013 to October 2017 and from June 2018 to June/June. 2020.

Besides, Mr. Nguyen is also known as the brother of Ms. Le Thi Ngoc Diep, or in other words, he is the brother-in-law of Former President Trinh Van Quyet.

At the meeting, Mr. Dang Tat Thang - the previous Chairman of the Board of Directors assessed that the incident with Mr. Trinh Van Quyet was very unfortunate, but this was a personal mistake unrelated to FLC . After more than 2 months since

the incident, the Company's business activities are still operating normally.

However, the incident of the former chairman greatly affects the current and future activities of FLC . The positive point is that the executive team is still around and engaged. In the near future, FLC will restructure by reviewing the current project fund, with more than 200 projects, the Company will focus on key projects with the greatest investment potential, and at the same time, review member companies and subsidiaries keep only the effective business company.

In addition, the Board of Directors will research new areas that have never been involved in such as manufacturing, education, and healthcare to join.



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