SEPTEMBER

14

MONDAY

"South Saigon real estates are about to take place"

ADVISORY DIARY

- **South Saigon real estates are about to take place**
- **Update BID and NT2**

South Saigon real estates are about to take place

Last week, the Prime Minister issued Decree 76/2015/ND-TP detailing several articles in Real Estate Law in 2014. There are remarkable points including:

(1) Minimum capital for organizations and individuals in real estate industry to establish businesses is VND 20 billion. Organizations and individuals with small scale real estate businesses, infrequency or real estate services are not required to establish businesses.

(2) With future real estate, the Decree stated that the buyers are allowed to transfer the property without hand-over or hand-over but have not filled for LURC and house/attached assets ownership. Simultaneously, the assignee is entitled to continuously assign before applying the land using certification for state agencies. Regarding housing, the lease transfer has to conduct by each department. In case of leasing several departments, the whole apartment has to be transferred.

(3) Basic procedure for a project transfer are as follow:

- Local authority department in province gather opinion for consideration. Result of decision would then be communicated to investors within 30 days. Projects requiring approval of Prime Minister would take 45-day of opinion seeking from relevant Ministries
- Relevant parties are obliged to sign transfer contract within 30 days from the day of approval

Despite not mentioning foreign organization or individual doing business in Vietnam, our analyst believes this matter has been clearly specified in 2014 Property trade law

Housing and Real Estate Market Management Agency (Ministry of Construction) informed that completed transactions in Hanoi and Ho Chi Minh markets had doubled y-o-y but only slightly increased m-o-m (5% and 6% consecutively). In Ho Chi Minh, on contrary to Eastern town where supply and prices have been boosted, market in Southern part of Ho Chi Minh started to "stir", especially after HCM City People's Committee's announcement of a detailed outline for the project to establish a "Special Economic Zone" comprising of four districts: District 7, Nha Be, Binh Chanh and Can Gio District. In August, for instance, new project Lux City of DXG has been on the market with 426 apartments at the traffic junctions Nguyen Thi Thap – Huynh Tan Phat. In the last days of Q2, VPH also ran its Hoang Quoc Viet project which includes 150 apartments and office-tel. Lately, Novaland has been launching a new company's product named Sunrise Riverside with total area of 4 ha and 8 blocks of 21 to 25-storey buildings in Phuoc Kieng commune, Nha Be District.

Recently, Department of Transportation in Ho Chi Minh City has been assigned to sign the BT contract (build - transfer) with Vien Dong Pearl Urban Development Investment Company Limited on road construction project to connect D3 street with Saigon - Hiep Phuoc Port. The aim of the project is to complete the transport network and develop Hiep Phuoc Industrial Park phase 2 as planned; relocate Nha Rong - Khanh Hoi Port. The total route length of the project is about 2.372m, which includes two bridges (Rach Rop II: 300m and Muong Lon II: ~273m) and 1.799m road with 4 lanes. Capital requirement for phase 1 is more than 293 billion and expected to accomplish in 2016.

Ngoc Vien Dong is firm which is contributed capital to establish by Vingroup (HSX: VIC) and also legal entities of project converting the land use purpose of Nha Rong - Khanh Hoi port (47, 5 ha) to housing, commercial center and service complexes. According to HCM City People's Committee, Vingroup will also participate as a strategic partner of the project 821ha urban area in Can Gio District.

Along with the policy to build special economic zones in Ho Chi Minh City, our industry analyst supposes that the exchange land for infrastructure projects are stirring property market in South Saigon after a quiet period. In particular, the quick-run principal investors such as Vingroup, Dat Xanh (DXG) and Novaland had gone ahead to prepare for the acceleration of infrastructure development in the South. In a longer view, when the dredging of the Soai Rap channel line completes, the amount of goods through Saigon - Hiep Phuoc port would increase sharply. Together with FDI's cash flows to wait in front TPP and FTAs, around ports like Hiep Phuoc and Long Hau Industrial Parks might have many opportunities to improve the occupancy rate. Besides, Ben Luc - Long Thanh Expressway project has contributed to the completion of infrastructure in South Saigon, therefore, it could create more growth opportunities for companies owing large available lands in this area such as LHG, ITC, VPH, QCG…

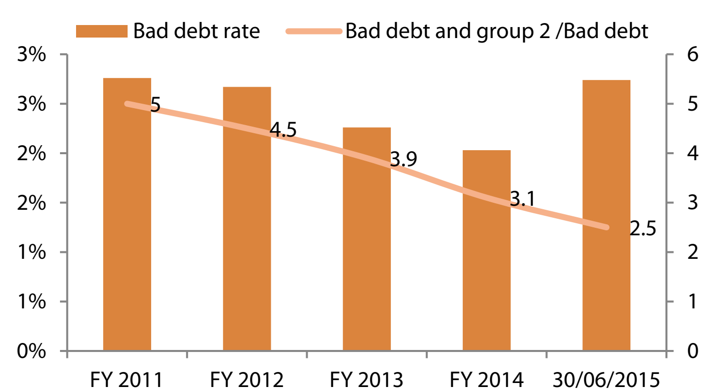
Update BID and NT2

As the same as last week, market traded cautiously with two highlight spot of BID and NT2 due to VNM ETF review last week's effect.

Regarding fundamental factors, as the same as listed banking tickers, up to Q2/2015, BID's debt ratio reached at 2.74%, a slight increase compared to the early year, still below the level of 3%. Additionally, bad debt ratio and Group 2 to bad debt ratio saw a plunge, a half decrease compared to the 2011. In the first half of 2015, BID's credit growth increased by 16%, the highest rate among other listed banks. However, BID's provision coverage ratio was also downwards trend and still lowering than VCB, STB and MBB.

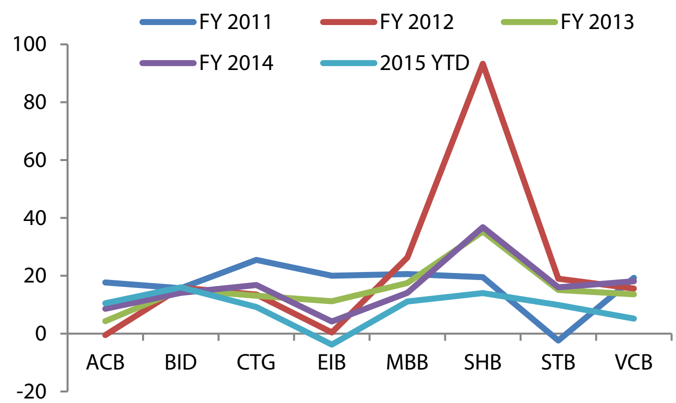
Today, NT2 announced its August earning result. Total electricity volume recorded at 435.7 million kWh (+14.4% m-o-m), which nearly doubled the month plan. According to our analyst, reason behind this positive result came from temporary shut-down of Ca Mau power plant (capacity 1,200 MW) for 2-week (13/08 – 20/08) maintenance of gas pipelines of Ca Mau Gas – Power – Fertilizer Complex; hence, mobilization capacity shifted to other plants including NT2. YTD volumes recorded at 3.55 billion kWh, equal to VND4,922 billion proving that NT2 has completed 82% FY2015 business plan.

Figure 1: Bad debt rates of BID



Sources: Financial statements, RongViet Research

Figure 2: Credit growth of listed banks (%)



Sources: Financial statements, RongViet Research

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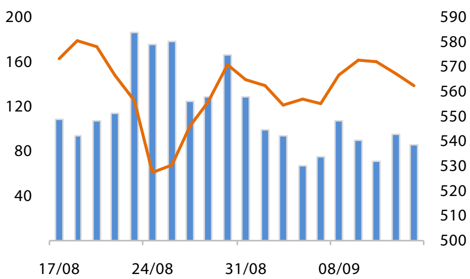
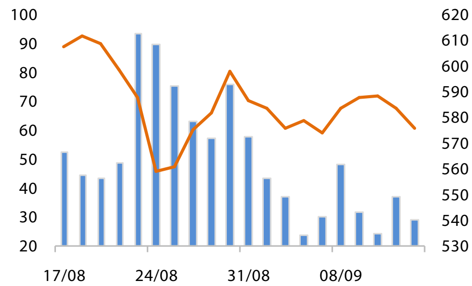
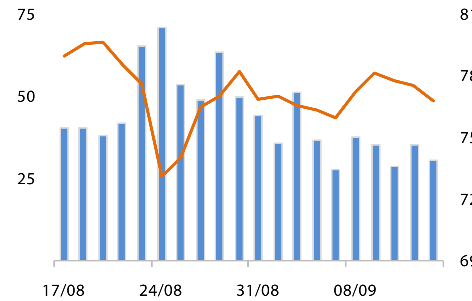
VNINDEX	-0.81%	562.17	VN30	-1.25%	576.00	HNXINDEX	-0.94%	76.80

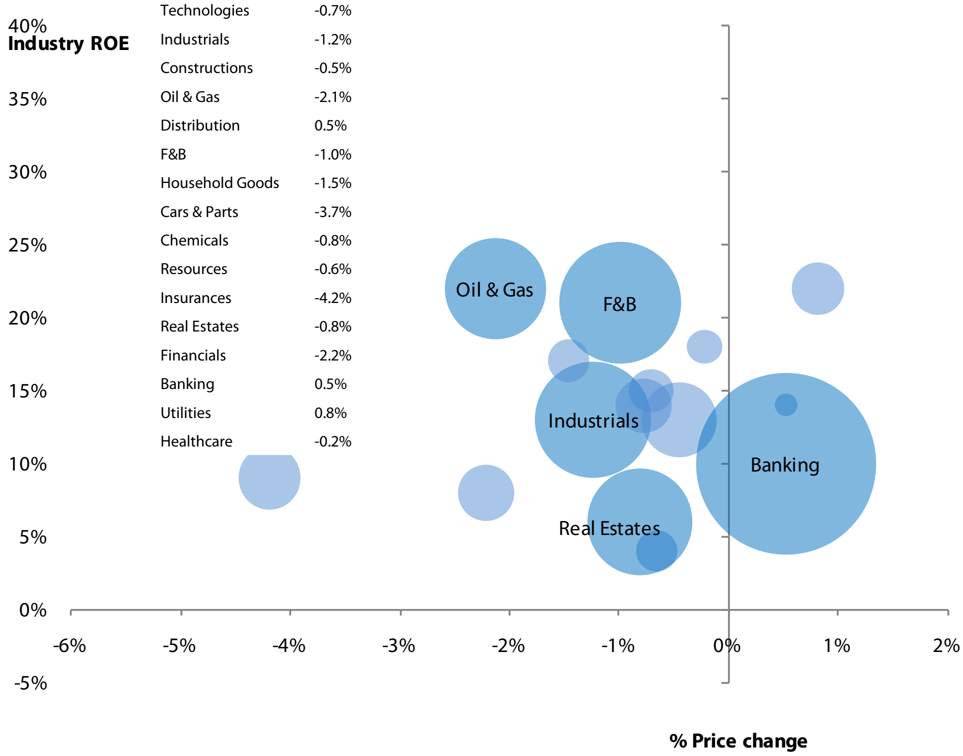




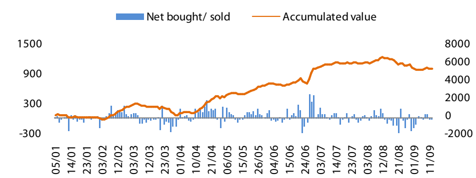


Industry Movement

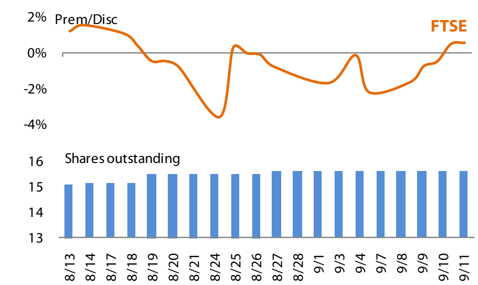
Industry	% change
Technologies	-0.7%
Industrials	-1.2%
Constructions	-0.5%
Oil & Gas	-2.1%
Distribution	0.5%
F&B	-1.0%
Household Goods	-1.5%
Cars & Parts	-3.7%
Chemicals	-0.8%
Resources	-0.6%
Insurances	-4.2%
Real Estates	-0.8%
Financials	-2.2%
Banking	0.5%
Utilities	0.8%
Healthcare	-0.2%

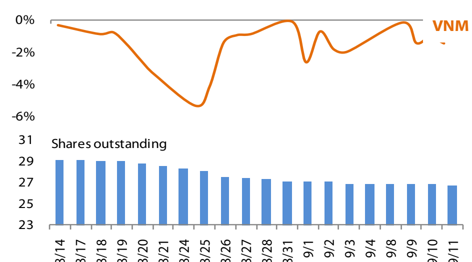


Foreign Investors Trading



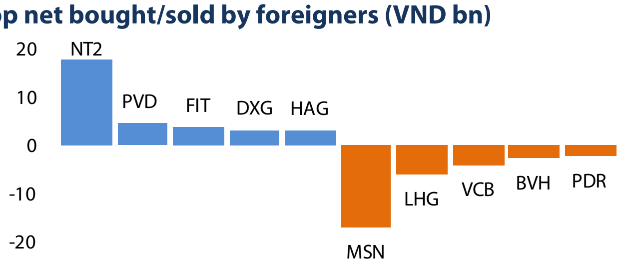
ETF



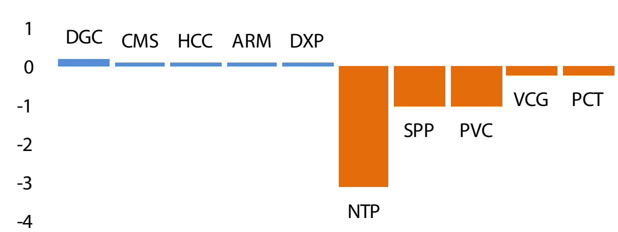


Top net bought/sold by foreigners (VND bn)

HSX



HNX



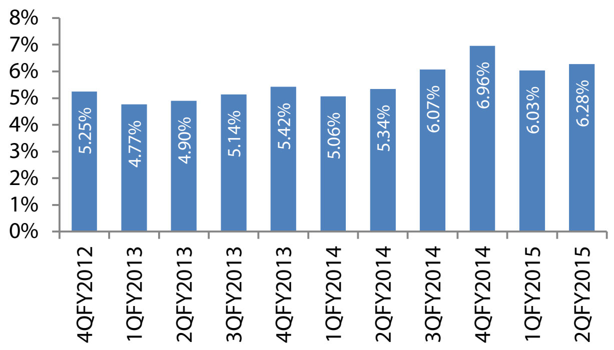
Top Active

Ticker	Price	Volume	% price change
NT2	25.2	4.39	6.8%
SSI	24.3	4.28	-2.4%
MBB	15.5	3.39	2.0%
CII	22.5	3.11	0.4%
FLC	6.5	2.90	-1.5%

Ticker	Price	Volume	% price change
TIG	11.3	3.60	0.0%
KLF	4.5	1.60	-2.2%
S99	7.3	1.55	-1.4%
NHA	13.1	1.48	-9.7%
PVX	3.0	1.27	-3.2%

MACRO WATCH

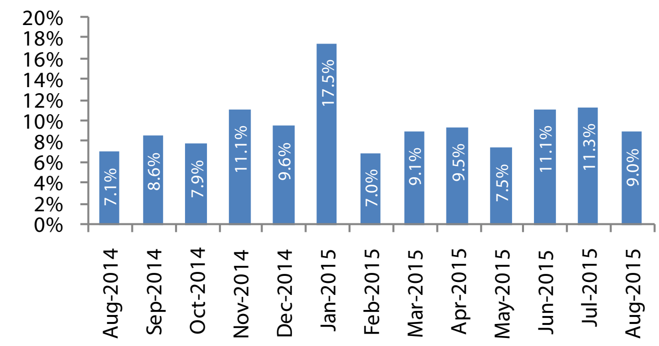
Graph 1: GDP Growth



Sources: GSO. Rongviet Securities database

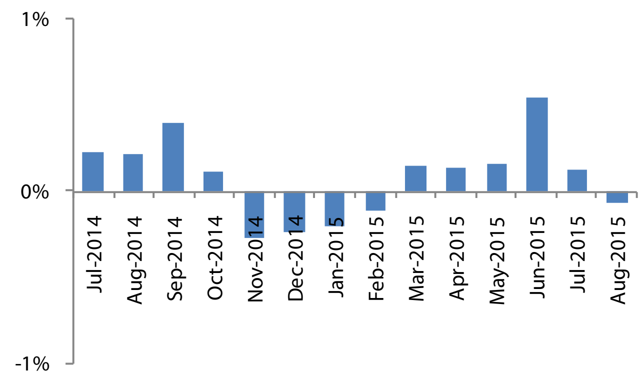
(*) Comparision price in 1994

Graph 2: IIP



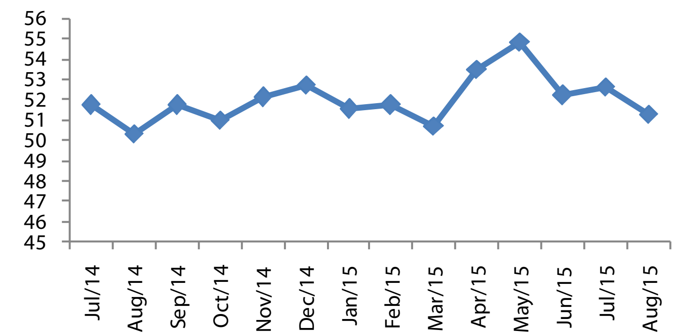
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



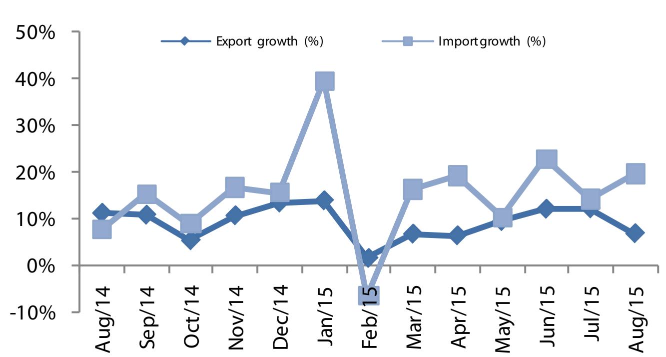
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



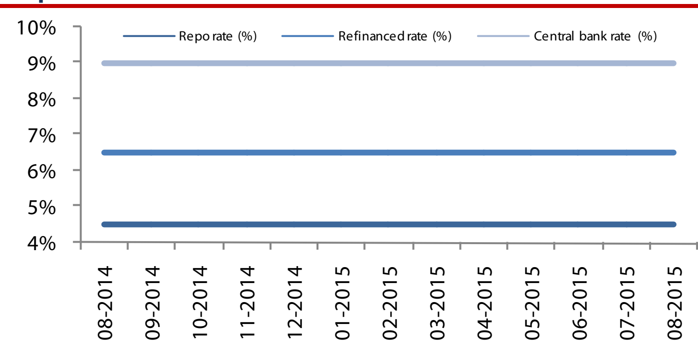
Sources: GSO. Rongviet Securities database

Graph 5: Trade Growth



Sources: GSO. Rongviet Securities database

Graph 6: Interest



Sources: SBV. Rongviet Securities database

RONG VIET NEWS

COMPANY REPORTS	Issued Date	Recommend	Target Price
PXS - Invest to strengthen construction capacity	Sept, 4th 2015	Accumulate - Intermediate	17,000
SHP - Positive over long-term	Sept, 3rd 2015	Accumulate - Intermediate	20,800
PET - Tracking the progress of Thanh Da land plot transfer	Aug, 20th 2015	Stable	N/a
VNC - Embrace the new wave of international commerce	Aug, 14th 2015	Neutral – Long term	28,900
MAC – Bigger Propellers, further waters	Aug, 7th 2015	Buy – Long term	17,600

Please find more information at [*http://www.vdsc.com.vn/en/companyReport.rv?categoryId=302*](http://www.vdsc.com.vn/en/companyReport.rv?categoryId=302)

FUND CERTIFICATION INFORMATION

Fund name	Trading Day	Subscription Fee (% of trading value)	Redemption Fee (% of trading value)	NAV per unit at valuation date	NAV per unit last valuation date	Change in NAV
VFF	08/09/2015	0% - 0.75%	0% - 2.5%	11,844	11,861	-0.14%
VEOF	08/09/2015	0% - 0.75%	0% - 2.5%	9,791	9,874	-0.84%
VF1	11/09/2015	0.2% - 1%	0.5%-1.5%	22,509	22,496	0.06%
VF4	11/09/2015	0.2% - 1%	0%-1.5%	10,037	10,024	0.12%
VFA	11/09/2015	0.2% - 1%	0%-1.5%	7,100	7,032	0.97%
VFB	11/09/2015	0.3% - 0.6%	0%-1%	12,313	12,303	0.08%
ENF	04/09/2015	0% - 3%	0%	11,207	11,297	-0.80%
MBVF	27/08/2015	1%	0%-1%	10,416	10,364	0.50%
MBBF	03/09/2015	0%-0.5%	0%-1%	12,328	12,304	0.20%

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