



VIETNAM DAILY NEWS

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Market Analysis

1. Investors eye land when buying SOE shares: expert

This is why it is essential to thoroughly review strategic investors taking part in equitization or divestment activities at SOEs, Long said.

By checking investors' development histories and business models, government agencies can determine whether they will work with SOEs over the long term and protect domestic brands, the former director of the Ministry of Finance's Price Market Research Institute was quoted by Nguoi Lao Dong newspaper as saying at a forum on the restructuring of SOEs, held on August 8.

One of the top goals of SOE equitization is to ensure as many benefits as possible for the Government and not to cause losses for the State

budget, and the participation of foreign investors in the equitization of SOEs will bring advantages for the State, not only drawbacks, as many people fear, he said.

Many have said that SOEs will likely lose their brands when they undergo equitization with foreign investors, he added.

He cited Vietnam Feature Film Studio as an example of a typical failure in selecting a local investor for equitization, noting that many shortcomings were reported in this equitization process when the 60-year-old studio was handed over to Waterway Transport Joint Stock Corporation, which had no experience in movie production.

2. VN-Index rises past 975 points

Ending the day, the benchmark index soared by 9.31 points, or 0.96%, at 975.24. The Hochiminh Stock Exchange saw 219.24 million shares worth nearly VND6.1 trillion changing hands.

There were 61.48 million shares worth over VND2.6 trillion traded in block deals. Of these, retailer VRE saw nearly 26 million shares valued at VND921.32 billion transacted while 6.55 million shares of construction firm ROS changed hands. The matching volume of property developer VIC shares totaled 5.36 million shares worth VND638.13 billion.

In the VN30 basket, 17 stocks advanced and eight others edged down. Particularly, VHM added 3.39% at VND122,000 per share and insurer BVH picked up 5.83% at VND79,900. Steelmaker HPG inched up 5.43% to its highest level of the day, at VND23,300.

Most bank stocks closed the day up, but their rises were small, around 1%.

ROS was the most actively traded stock on the HCMC bourse with matching volume of 15.33 million shares.

According to a report by Bao Viet Securities, the VN-Index could recover in the rest of the week. However, the market outlook is not bright as foreign investors have been net selling shares recently.

Viet Dragon Securities Company said that despite the recovery, the risk that the VN-Index may enter into corrections is high. Also, the market's divergence tends to narrow, so investors should keep their stock ratios at safe levels and wait for the VN-Index to approach a strong supporting zone.

On the northern bourse, the HNX-Index edged up 1.01 points, or 0.99%, at 102.9 points. Trade totaled 21.2 million shares worth nearly VND300 billion, down 23.66% in volume and 15.73% in value against the session earlier.

In block deals, 4.45 million shares were transacted with a total value of VND34.86 billion.

Among the top 10 stocks by market capitalization, only stone manufacturer VCS slid 0.81% at VND85,500.

Lender ACB rose 1.86% to its highest level of the day, VND22,000, contributing significantly to the index's gain. Moreover, realty firm CEO advanced nearly 2% at VND10,400 and detergent producer DGC grew 1.95% at VND31,400.

Macro & Policies

3. Smaller FDI projects pose risk of outdated technologies

The size of FDI projects in Vietnam is getting smaller with a growing number of those worth just US\$1 million, posing risks of outdated technologies being imported to the country, according to Nguyen Bich Lam, head of the General Statistics Office (GSO).

This puts Vietnam at a situation of having to screen the quality of projects and not attracting investment at all costs, Lam stated.

FDI commitments in the January – July period totaled US\$20.2 billion, including both newly registered capital and capital contributed by foreign investors through stake acquisitions, down 13.45% year-on-year.

During the period, 2,064 fresh projects were approved with total commitments of US\$8.27 billion, down 37.4% year-on-year.

According to the Ministry of Planning and Investment (MPI), the average investment capital of fresh projects in 2017 reached US\$13.8 million per project, then decreased to US\$5.87 million in 2018 and US\$4 million in the first seven months of 2019, indicating that FDI projects to Vietnam are smaller compared to previous periods.

In addition to new projects, the number of existing projects having been injected additional capital or contributed capital by foreign investors is also on the decline.

In 2018, the additional capital committed to projects in Vietnam stood at US\$6.4 million per project on average, and down to US\$4.22 million in the January – July period.

Out of 63 provinces, Bac Ninh has the largest number of new FDI projects with 46 to date, including 25 from Chinese investors.

Most of them are in the supporting industries for major production chains, such as Samsung, revealed a representative of the management board of Bac Ninh Industrial Park, adding that the majority has investment capital around hundreds of thousands of USD, with some at only US\$100,000.

Clear regulation required to filter FDI projects

Nguyen Van Toan, vice president of the Vietnam Association of Foreign Invested Enterprises (VAFIE), told Tien Phong newspaper that with the current legislation, it would be difficult to screen the FDI projects, as the process requires specific regulations.

As of present, Vietnam does not have clear a definition of advanced or source technologies, as well as priority levels for each projects. Under this context, provinces and cities are approving projects mainly based on the credibility of the investors, not on the project itself, Toan added.

Toan suggested the government agencies set up criteria to determine advanced and source technologies, along with policies for business and production activities.

FDI filter system is instrumental for Vietnam to acquire high technologies and train quality human resources, Toan concluded.

4. Plastic spare part factory came into operational

Starting construction in November 2018, VAPA – a joint venture between An Phat Holdings and VinFast covers an area of 11,500sq.m. The factory is equipped with modern production lines imported from worldwide partners. It now has 30 machines which will double by 2020.

VAPA provides plastic spare parts for automobile and motorbike production of VinFast, as well as supplying other customers.

The factory has been operating for six months already on a test basis.

It handled the first cargo to VinFast on July 24th with strict supervision to ensure products' specifications. It could provide plastic spare parts for around 250,000 automobiles and 500,000 motorbikes a year in by 2023. It would increase capacity in the second phase. In addition to plastic spare parts for automobiles and motorbikes, the plant is working to produce household plastic accessories.

Speaking at the inauguration ceremony, Dinh Xuan Cuong, general director of An Phat Holdings Group said the auto industry is an important strategy and key economic sector for Viet Nam. Support industries providing necessary parts is key for auto sector's development. However, the number of local businesses participating in the network was modest at less than 10 per cent.

“The co-operation between the group and VinFast has combined strengths of the two sides as An Phat has advantages in the plastic industry, especially spare parts while VinFast would ensure output,” he said.

The factory has marked their efforts in developing the support industry for automobile and motorbike sector, improving localisation rate.

An Phat Holdings also supplies parts for Toyota Viet Nam, Honda Viet Nam and Piaggio Viet Nam. It is co-operating with Toyota to improve localisation rate of use of local plastic parts.

5. Japanese firm to build ingredient plant in Cần Thơ

The company has succeeded in turning the oft-discarded pieces into ingredients and spices for the food processing industry, he said. In the near future, the Japanese firm and Cần Thơ University will release products made of tra fish and rice bran.

According to Lê Việt Dũng, vice rector of Cần Thơ University, the two sides signed an agreement in 2018 to study food processing technologies that target unused parts and could bring big profits.

Takesho has provided a US\$1 million experimentation system for the university and it is expected to be fully operational in 2020, he said.

A Singaporean company, ranking fifth in the world in terms of ingredient and spice market share, has

agreed to purchase the outputs of the study, he added.

Takesho expects construction of the spice plant to start in early 2020 at the Trà Nóc 2 Industrial Park, where many food processing firms are already operating with high supply of resources.

Nguyễn Thị Kiều Duyên, deputy director of Cần Thơ Industrial Park Management Unit, asked Takesho to set up a legal entity in the city as required so that construction can soon start.

Dương Tấn Hiển, Vice Chairman of the municipal People's Committee, vowed to support the firm to build the plant in January 2020.

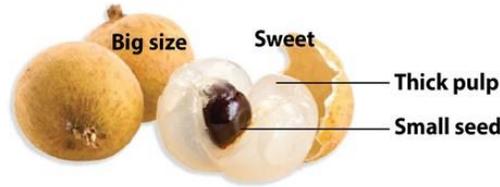
6. Son La ready for 2019 longan export crop

Son La ready for 2019 longan export crop

Son La province expects to export 8,100 tonnes of fresh longans with a total value of 8.8 million USD in 2019.



SONG MA LONGAN*



AREA
15,090 ha

(Estimated) YIELD **73,000 tonnes**

Qualified for Export

QUANTITY OF LONGANS QUALIFIED FOR EXPORTS
33,411 tonnes



CULTIVATION PRACTICES



Species improvement



Application of the VietGAP standards



Strict quality control with labels for cultivation zone

TARGET

>8,100 tonnes of fresh longans



Export to

MARKETS

- China
- USA
- Australia
- EU
- Middle East
- Southeast Asia

* Granted with a Certificate of Trademark by the National Office of Intellectual Property of Vietnam in 2017.

Song Ma district boasts the largest longan-growing area and highest longan yield in Son La province.

(Statistics for 2019 crop)

Source: Vietnam News Agency

7. Seven-month fishery export value drops 1 percent

Japan, the US, China and the Republic of Korea were the top four importers of Vietnam's fishery products in the period. In combination they accounted for 55.9 percent of the Southeast Asian country's total fishery export revenue.

Meanwhile, strong growth was recorded in shipments to Mexico (21.3 percent), Taiwan (16.6 percent), Malaysia (13.2 percent) and Japan (11 percent).

The department noted that shrimp export to the EU, the largest importer of Vietnamese shrimp, in

the first half of this year reduced by 25.9 percent year on year to 300 million USD.

However, the department hoped that shrimp shipments to this market would rebound under the impact of the EU-Vietnam Free Trade Agreement (EVFTA) which was signed in Hanoi on June 30 this year and is expected to take effect in the time ahead after being approved by EU member states.

Under the EVFTA, import tariffs on several kinds of Vietnamese shrimp products would be reduced to 0 percent.

8. Cement, clinker exports on track to reach yearly target

During the period, 17.3 million tonnes of cement and clinker were shipped overseas, the data shows.

In the first half of this year, the country exported 15.6 million tonnes for \$667 million, up 1.3 per cent in volume and 18 per cent in value compared to the same period of last year.

The Viet Nam Cement Association attributed the seven-month's performance to positive demand from the world market and the export prices of cement which increased by 15-17 per cent year-on-year. That helped Vietnamese businesses increase their turnover.

Viet Nam's cement and clinker market saw a solid growth of 7 per cent in 2018, fuelled by the improved real estate market and optimistic construction market, experts said.

Demand grew by 19 per cent last year to 96.7 million tonnes, with exports accounting for 31.6 million tonnes rising 55 per cent, according to the Ministry of Construction.

China's shutting down of polluting cement plants and forcing others to cut production created an opportunity for Vietnamese firms to increase exports. Last year, Viet Nam exported 9.8 million tonnes of cement and clinker to the neighbour, accounting for 31 per cent of its total exports.

The ministry forecast that demand would likely to increase marginally to 98-99 million tonnes by the end of this year. This would include domestic consumption of 70 million tonnes and exports of 28-29 million tonnes, it said.

Corporate News

9. BVH: Decision on tax penalties

↑ 5.83%

Bao Viet Holdings received the decision of tax inspection by the Taxation Department of Ha Noi City dated July 29, 2019 regarding the tax penalty as follows:

- Penalty for false declaration: VND40,483,928
- Corporate tax arrears: VND202,419,638.

10. CMG: BOD approves the result of stock issuance for capital increase

↑ 0.55%

The Board resolution dated August 05, 2019, CMC Corporation approved the result of stock issuance to raise capital from the owner's equity as follows:

1. Result of stock issuance to raise capital from the owner's equity:

- Number of distributed shareholders at 25 Jul, 2019: 2,458 shareholders
- Number of outstanding shares: 72,055,210 shares
- Number of treasury shares: 0 share
- Number of shares expected to be issued: 2,944,656 shares

- Total value: VND29,446,560,000
- Number of shares issued: 74,999,866 shares
- Charter capital: VND749,998,660,000.
- 2. To register to deposit and list for 2,944,656 shares in stock issuance for capital increase.
- 3. To amend its charter regarding new charter capital of VND749,998,660,000, equivalent to 74,999,866 shares.
- 4. To register to change the content of Business Registration Certificate.

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