



VIETNAM DAILY NEWS

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Table of content

Table of content

1. Treasury shares used as dividend payments
2. Shares to move marginally as investors wait for FTSE's review results
3. Hanoi to host international machinery exhibition in October
4. Korean auto part maker inaugurates plant in Ninh Binh
5. Vinh Phuc: new firms pump over 9.6 trillion VND into economy in 9 months
6. Action needed to reduce pollution from printing industry
7. Shrimp export falls 8.1 percent in eight months
8. PM to chair conference on SOEs
9. CRE: Report on Change in Ownership by Major Shareholders

Market Analysis

1. Treasury shares used as dividend payments

On the ex-dividend date, a company's shares are traded without the value of the dividend payment.

When a buyer purchases shares on or after the ex-dividend date, he is not entitled to the declared dividend.

The declared dividend is owned by the shareholder before the ex-dividend date.

Under existing regulations, when a company pays treasury shares for bonuses and dividend payouts, the opening price of its shares is not adjusted on the ex-dividend date.

Meanwhile, if the company pays cash dividend, the opening price of its shares will be changed.

At the Ha Noi Stock Exchange, the trading band for an ex-dividend stock is 30 per cent on either side if the company uses treasury shares in its bonus and dividend payments.

Among listed companies that use treasury shares to pay bonuses and dividends to shareholders is Vicostone JSC (HNX: VCS).

The marble maker in early September decided to issue treasury shares for existing shareholders at the ratio of 2.04 to 100.

At this ratio, every shareholder will receive 2.04 treasury shares for each 100 shares they have.

Vicostone now has 3.2 million treasury shares, which were bought back in November 2018 when the firm's shares fell back to the VND65,000-70,000 per share range.

Vicostone shares have gained as much as 20 per cent since the decision was announced to close Friday at VND96,900 (US\$4.17) per share.

In 2014, the company purchased 10.6 million treasury shares and paid them to shareholders in 2016.

According to analysts, Vicostone's move would benefit its shareholders because they will have new shares at a higher price without having to purchase them.

Other companies that have done the same included Song Da Industry Trade JSC (HNX: STP) and Sai Gon Thuong Tin Commercial Joint Stock Bank (HoSE: STB).

Treasury shares sold

Other companies have sought to sell treasury shares to raise capital and fund their business activities or look for potential investors.

The HCM City Infrastructure Investment Corp (HoSE: CII) in August planned to sell 35.5 million treasury shares for a minimum VND32,650 per share, 60 per cent higher than its share price at the same time.

The company shares have moved almost flat since then, ending Friday at VND20,300 per share.

Other companies that also do so are Thanh Thanh Cong-Bien Hoa (TTC Sugar) (HoSE: SBT) and Huu Nghi Food JSC (UPCoM: HNF).

The two companies want to sell treasury shares to earn some revenue so they can restructure their capital and debt, and increase the volume of outstanding shares.

2. Shares to move marginally as investors wait for FTSE's review results

The VN-Index on the Ho Chi Minh Stock Exchange (HoSE) dropped 0.68 per cent to close Friday at 990.36 points.

After five trading days, the VN-Index went up 0.32 per cent from the previous week.

On the Ha Noi Stock Exchange, the HNX-Index inched up 0.10 per cent to end at 104.14 points.

After one week, the HNX-Index added nearly 1.9 per cent from the previous trading week.

Average trading volume on the two exchanges last week reached 230 million shares each day, worth VND5 trillion (US\$215 million).

According to Bao Viet Securities Company, Viet Nam's chance for reclassification in FTSE's review of country classification is assessed as low as no market structural change has been made since September 2018.

Ngo Quoc Hung, professional senior market researcher, Market Strategy Division, MBS Securities told news site tinnhanhchungkhoan.vn there was a low possibility of an upgradation for the Vietnamese market this time. Investors are also still waiting for a push from the relaxation of foreign ownership.

Hung forecast the market might continue to move up this week in a narrow margin.

Although the VN-Index was pushed back to 990 points on Friday as stocks were hit strongly on the last day exchange-traded funds (ETFs) completed reviewing their portfolios, the short-term uptrend of the market might not be interrupted, Hung said.

The wave of interest rate cuts by central banks around the world had helped reduce concerns about an economic downturn, he said.

"During the past several months, the world stock market has continuously fluctuated and been dependent on the developments on US-China trade war and investors were gradually getting used to this instability. Therefore, the uptrend of the market in the coming week may still continue," Hung said.

According to Nguyen The Minh, head of analysis at Yuanta Securities Vietnam Co, Viet Nam can hardly be considered for upgrading in FTSE restructuring this time.

"However, the hope for upgradation was still a supporting factor for the stock market as we still have large growth opportunities," Minh said.

"Not to mention the upgrade, the US Federal Reserve (FED)'s interest rate reduction showed us that cash flows were gradually returning to the emerging markets and frontier markets, especially countries with high GDP growth rates like Viet Nam."

"Therefore, in a positive scenario, Viet Nam's reclassification as an emerging market can strongly support market's trend in the meantime," Minh said.

Nguyen Trung Du, Director of the Business Development Section at VNDirect Securities Co., said if Viet Nam was upgraded to emerging market status by FTSE, the local stock market would further attract international investment flows.

Viet Nam had stable macro-economy, Du said, but adding the Vietnamese market had only partially met requirements from the international funds, therefore, the upgrade plans still needed a lot of effort.

Du said the short-term trend of the market was quite positive with indices rising at a slow pace and wide divergence.

"This is still a positive sign in the current context when the international financial market is very unstable," Du said.

Bao Viet Securities Company's daily report says the market is forecast to face correcting pressure early this week and recover toward the weekend.

"The index may drop to support zone 978-983 points in the short term due to the selling pressure. We expect that the index will recover from this zone.

"After ETFs' review session, net selling pressure from foreign investors may decline significantly. Some net buying sessions are expected from foreign investors next week," the company said.

Macro & Policies

3. Hanoi to host international machinery exhibition in October

During a press conference held in Hanoi on September 20, the organisers said the event will run with the theme of “Advancing north Vietnam's manufacturing industries” and display machinery and equipment which will serve the nation in the impending wave of Industry 4.0 technology.

Nguyen Thanh Hoai, head of local company MKINO Vietnam, pointed out that weak competitiveness and poor technology often prove to be challenges that face Vietnamese firms.

The exhibition will prove to be an opportunity for domestic firms who wish to gain access to

advanced technologies, therefore helping boost their deeper engagement in the world's production chain, he added.

Spanning a total area of more than 5,500 square metres, the exhibition will showcase a range of modern technologies and smart equipment from an array of global brands.

A series of workshops and exchanges will be held in which businesses can share their experience in research so as to work out plans for investment.

4. Korean auto part maker inaugurates plant in Ninh Binh

The Republic of Korean-based automobile part manufacturer ESMO Corporation inaugurated its 12.9-million-USD plant in the northern province of Ninh Binh on September 20.

Located at the Gia Phu industrial cluster in Gia Vien district, the ESMO VINA plant, built at a cost of more than 300 billion VND (12.9 million USD), spans 63,600 square metres.

The facility, capable of producing about 450,000 items annually, will become operational in early 2020.

Speaking at the inauguration ceremony, Lee Huyn Chul, CEO of ESMO VINA, said the plant is ESMO's

new move to make inroads into the Southeast Asian market.

He hopes its operation will create stable jobs for locals and contribute to socio-economic growth in Ninh Binh.

Nguyen Ngoc Thach, Vice Chairman of the provincial People's Committee, said Ninh Binh will continue its administrative reform to attract more domestic and foreign investors, particularly those from the RoK.

Ninh Binh is home to eight industrial parks and 27 industrial clusters./.

5. Vinh Phuc: new firms pump over 9.6 trillion VND into economy in 9 months

The number of newly-established firms in the northern province of Vinh Phuc in the first nine months of this year is estimated at 835, an increase of 8 percent from the same period last year.

Those new firms have total registered capital of more than 9.6 trillion VND, up 95 percent year-on-year.

During the period from January 1 to August 31 this year, the province issued business registration certificates to 803 firms, both domestic and foreign-invested ones, up 6 percent on a year basis. Those firms have total registered capital of over 9.25 trillion VND, a surge of 102 percent.

The cumulative total number of firms in the province as of August 31 this year stood at 10,306,

with total registered capital of nearly 96.6 trillion VND.

The increase in the number of new firms is partly attributable to the provincial administration's

efforts to reform administrative procedures, train local workforce, promote vocational education and support investment extension activities./.

6. Action needed to reduce pollution from printing industry

The stages that exert a negative impact on the environment include gas emissions; the handling and disposal of hazardous materials and waste; and the management and use of energy, said Dr. Nguyen Long Giang from the Faculty of Graphic Arts and Media, under the HCMC University of Technical Education, at a conference in HCMC on September 19.

As for gas emissions that cause air pollution, Giang said that printing plants release Volatile Organic Compounds into the atmosphere when manufacturing solvents. These compounds easily turn into vapors or gases.

Hazardous waste such as solvent waste and photographic chemical waste from the printing process is one of the causes of global warming. Also, these chemical and solvent substances pose a high risk to the environment when they contaminate plants, water resources and farmland and harm agricultural products.

Giang suggested printing operators use paper and other raw materials from suppliers who meet requirements for environmental protection. For instance, reusable paper is recommended as it generates less carbon dioxide than other materials that are environmentally substandard.

Besides this, operators in the industry are advised to replace oil-based inks with plant-based ones. This could help reduce harm to the environment, he added.

Printing operators also need to upgrade their operating systems with advanced technology, such as Total Quality Management solutions, which are energy-efficient, save time and significantly reduce waste.

Meanwhile, Tony Tan, a technical expert with German firm Bottche, said that the entire operating system from printing materials and printers to printing staff should be replaced to cushion the adverse environmental effects created by the local printing industry.

Commenting on the benefits of environmentally friendly printing materials, Nguyen Quoc Khoa, a representative of Toan An Company, pointed out that many leading global technology suppliers have managed to eliminate or minimize the use of chemicals in the printing process.

According to a study by Kodak, the use of ecofriendly printing pallets in recent years has annually saved over 360 liters of water, 139 million kilowatt hours of electricity and more than 2.7 million liters of chemicals.

7. Shrimp export falls 8.1 percent in eight months

Vietnam exported 1.93 billion USD worth of shrimp during January-August, down 8.1 percent from the same period last year, according to the Ministry of Agriculture and Rural Development's Directorate of Fisheries.

The pace of reduction in exports has slowed down due to positive export growth in July. Last month, shrimp export reached some 334 million USD, posting a year-on-year increase of 13.4 percent.

The country saw good growth in exports to eight major markets like the EU, Japan, the US, mainland China, the Republic of Korea, Canada, Australia and China's Taiwan.

The Vietnam Association of Seafood Exporters and Producers (VASEP) expected shrimp exports to grow further this year to a value of more than 4 billion USD thanks to robust signs in the market.

According to the association, the shrimp sector will make breakthroughs in exporting to 28 European Union countries, with estimated export value of 1 billion USD, as it will enjoy low import tariffs once the EU-Vietnam Free Trade Agreement takes effect.

Another positive sign comes from the US market. Most recently, The US Department of Commerce (DOC) released the final results of the 13th period of review (POR 13), officially imposing zero percent tariffs on 31 Vietnamese shrimp exporters.

VASEP General Secretary Truong Dinh Hoe said the preliminary tariff would encourage local firms to promote shrimp shipments to the US in the coming months because they had faced many challenges in exporting this kind of seafood to the American market, including anti-dumping tariffs.

A lower tariff will help Vietnamese shrimp compete better with other foreign rivals, he said.

Giving his comments on shrimp shipments in the coming months, Hoe stressed demands for shrimp normally increase in the end of the year, particularly, orders from the US have increased while the nation is reducing purchase from India, Thailand and China.

Furthermore, India's shrimp harvest season has ended, giving room for global shrimp to surge.

The Directorate of Fisheries suggested local producers work to ensure product traceability and quality, while VASEP said that it is necessary to promote exports of high-added value products to avoid anti-dumping tariffs in foreign countries./.

8. PM to chair conference on SOEs

Prime Minister Nguyen Xuan Phuc will chair a conference on renovating and improving the operational efficiency of State-owned enterprises (SOEs), slated for late September or early October.

Regarding the upcoming event, Deputy Prime Minister Vuong Dinh Hue has asked ministries, ministerial-level and Government agencies, People's Committees of centrally-run cities and provinces, along with State-owned economic groups and corporates to make reports on business restructuring under their jurisdiction.

Those reports must be sent to the Ministries of Finance, and Planning and Investment, and the Government Office before September 25, he said.

The reports should cover such issues as the implementation of business restructuring plans approved by authorised agencies between 2016 and August 2019, including equitisation of SOEs and state capital divestment, advantages and

difficulties in the work, and recommendations.

The Ministry of Finance will present a general report on the restructuring as well as tasks and solutions to improve operational efficiencies of SOEs.

Meanwhile, the Ministry of Planning and Investment will report on the building of relevant mechanisms and policies, such as the draft Law on Enterprises and the draft decree on the organization and operation of SOEs.

The Ministry of Environment and Natural Resources will give an insight into the settlement of issues relating to land in localities and of enterprises involved in equitisation and state capital divestment.

The Committee for Management of State Capital is required to report on its operation at the conference./.

Corporate News

9. CRE: Report on Change in Ownership by Major Shareholders

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File Attachment

Report on Change in Ownership by Major Shareholders of Century Land Joint Stock Company as follows:

[20190920 CRE-190920-Report-on-Change-in-Ownership-by-Major-Shareholders.pdf](#)

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