



VIETNAM DAILY NEWS

October 15th, 2019



Table of content

1. **VN-Index rally extends for second day**
2. **Vietnam, China seek ways to boost agricultural cooperation**
3. **Kon Tum spurs high-tech agriculture development**
4. **Vietnam Fintech Conference & Exhibition 2019 on horizon**
5. **High-tech industry sees highest salary increase**
6. **Clearing the path for foreign investors**
7. **AGP: Change in Business Registration Certificate**

Market Analysis

1. VN-Index rally extends for second day

Market breadth was positive with 176 gainers and 137 decliners. The benchmark VN-Index of the Hochiminh Stock Exchange closed the day at 993.57 points, up 0.17% against the session earlier.

There were over 198.8 million shares worth VND4.3 trillion changing hands, rising by 15.05% in volume and 10.8% in value over the previous session. In block deals, some 22 million shares were traded with a total value of VND830 million.

Shares of property developer FLC Group were sought after on the southern market today, October 14. At the close, FLC shot up to its ceiling price, with 2.93 million shares changing hands.

FLC's strong gain was ascribed to news that Bamboo Airways, a subsidiary of FLC Group, is planning to list on either the Hochiminh Stock Exchange (HOSE) or the Hanoi Stock Exchange (HNX) in the first quarter of next year. Its starting price is expected to range from VND50,000 to VND60,000 per share.

Nguyen Khac Hai, deputy general director of the airline, told Bloomberg that the carrier expects its market cap to reach US\$1 billion after its initial public offering (IPO) in the first quarter of 2020.

Other associated firm of FLC, agricultural firm HAI, also performed well as it ended up 6.96%.

For bank stocks, except for lender VCB falling 0.4% at VND85,000 per share, many others

gained, with CTG, HDB, TCB and EIB advancing 2.6%, 1.4%, 1.3% and 1.2%, respectively. Notably, lender MBB jumped 3.1% at VND23,450 per share, with 11.8 million shares changing hands.

On the southern bourse, the weak performance of some large-cap stocks hindered the VN-Index from climbing to the 1,000-point level. Retailer VRE dropped 2% while property firm VHM and consumer goods firm MSN inched down 0.6% and 0.5%.

Foreign investors net bought over VND25 billion of shares, mainly NVL and VIC shares, on HOSE.

The northern exchange on October 14 saw the HNX-Index closing up for the fifth session in a row with a 0.74% gain at 106.05 points.

Trade on the Hanoi market totaled 27.97 million shares worth VND399.4 billion transacted, soaring by 55.8% in volume and 73.1% in value against the session earlier.

Lenders ACB and SHB were the two most actively traded stocks on the bourse. ACB closed the session up 2.1%, with 3.7 million shares transacted, while some 6.2 million SHB shares were traded.

Trading and food service firm KLF and securities enterprise ART, other associated firms of FLC, also reported active trading on the northern bourse, with 2.17 million KLF shares and 1.88 million ART shares changing hands.

Macro & Policies

2. Vietnam, China seek ways to boost agricultural cooperation

China wants to cooperate with Vietnam in agricultural development such as science-technology, research facilities, infrastructure construction, farm produce processing, and agricultural investment, a Chinese official has said.

Chinese Minister of Agriculture and Rural Affairs Han Changfu made the statement during talks with Vietnamese Minister of Agriculture and Rural Development Nguyen Xuan Cuong in Hanoi on October 14.

China hopes to cooperate with Vietnam in preventing African swine fever (ASF) from crossing the border, he said, adding that the two countries have shared experience in the field and will push ahead coordination in the coming time.

Han noted that China has always been the biggest importer of Vietnamese farm produce, and it will step up cooperation with Vietnam to promote agricultural product trading.

Vietnam's agricultural products could access to the Chinese market through trade fairs and exhibitions where businesses could set up partnerships, he added.

According to Cuong, Vietnam and China have many groups of agricultural and aquatic products that could be supplemented each other.

Vietnam's agricultural production capacity is extremely huge with about 50 million tonnes of food, 5 million tonnes of meat, 8 million tonnes of

aquatic products, 12 billion eggs, 1 million tonne of milk, and 20 million cubic metres of wood, Cuong said.

Particularly, Vietnam has big advantages in producing coffee, pepper, rubber and cashew nuts, he said.

China is a big import market of Vietnamese farm produce, Cuong said, adding that the bilateral cooperation potential remains huge and the two sides should consider the possibility of supplying agricultural products for the global chain.

He suggested the two nations enhance cooperation in science-technology to cope with climate change and natural disasters as well as further develop the processing of farm produce.

The Vietnamese minister recommended the two sides to organise workshops to share experience in climate change response and deal with plant diseases.

Cuong proposed the Chinese minister facilitate the official export of some Vietnamese fruits to China such as durian and sweet potato.

The two ministers agreed to assign specialised agencies to prepare for the upcoming meeting in 2020, focusing on science-technology, connecting businesses in processing farm produce and developing the agricultural market, rural development, climate change adaptation, and cross-border disease control./.

3. Kon Tum spurs high-tech agriculture development

Mang Den was initially an area planned for tourism development, but is now specialising in growing high-tech agricultural products, helping it to attract many domestic and foreign investors.

Several high-tech agricultural projects have been granted investment decisions for implementation in the area.

This includes a project on high-tech agricultural production combined with eco-tourism in Kon Plong district, a joint venture between Kon Plong Agri-Tourism Vietnam and 4 Ways Fresh Pty., Ltd., from Australia, and an organic farm project on par with international standards of BIOPAP Co., Ltd.

The Standing Committee of Kon Tum's Party Committee has issued a resolution on developing high-tech agriculture associated with processing, with Mang Den the focus of the resolution. Along with that, in the period 2021-2030, it encompasses expanding Kon Plong District High-tech Agricultural Park to 300 hectares, building and executing projects such as Mang Den High-tech Agriculture Area on a scale of 100-150ha, and planting areas for coldwater vegetables, flowers, and fruit to 3,000ha.

Nguyen Van Ban, chairman of Mang Den Flower and Vegetable Co-operative said, "The land here is suitable for many different types of vegetables and flowers. The co-operative grows vegetables and flowers of all kinds, showing good yield and quality."

Currently, high-tech agricultural development, Ngoc Linh ginseng, and other medicinal herbs associated with value chain links and brand development are identified as the three breakthroughs for Kon Tum in 2019. Therefore, localities have been carrying out many practical activities to make use of the area's potential and advantages.

Kon Tum People's Committee recently told VIR that to promote high-tech application, the province's Department of Agriculture and Rural Development is working with the districts of Dak Ha, Kon Plong, and Kon Tum City to survey, formulate, and put into operation eight high-tech agricultural zones. To receive funding from the provincial budget and capital injection from the National Target Programme on New Rural Development in 2019, it is important to build up production links associated with high-tech application in the production and processing of key products in the province, the committee said.

4. Vietnam Fintech Conference & Exhibition 2019 on horizon

The Vietnam Fintech Conference & Exhibition 2019 (VIO 2019) will be held in Ho Chi Minh City on October 30 and 31, according to an announcement from the HCM Computer Association (HCA)'s Secretary General Vu Anh Tuan at a press briefing in the city on October 7.

In the time to come, the province will focus on encouraging people to invest in high-tech applications in agricultural production, mobilising capital from the national target programme and other sources to invest in building infrastructure for agricultural development, and expediting pharmaceutical projects in the province associated with the value chain.

It will also place importance on carrying out research and building nurseries for medicinal herbs in the province to supply medicinal seed sources for organisations and individuals involved in the development of medicinal materials, firstly in the districts of Dak Glei, Tu Mo Rong, and Kon Plong.

Nguyen Van Hung, Secretary of the Kon Tum Party Committee, said that developing high-tech agricultural production associated with processing is a long-term strategical task of the province, creating breakthroughs in agricultural production, environmentally-friendly agricultural products with high productivity, and improving the competitiveness of the provincial agricultural production in the process of international integration.

At the Conference on Development of Ngoc Linh Ginseng and other medicinal herbs held in September 2018 in Kon Tum, Prime Minister Nguyen Xuan Phuc praised Ngoc Linh ginseng, calling it "a national treasure."

He stated that in leveraging the real potential and market demand, Vietnam has the capacity to develop the Ngoc Linh ginseng processing industry in the country.

Experts told the briefing that financial technology (fintech) has greatly disrupted the way that banks and financial institutions operate today and with cash still being the main payment mode, a youthful demographic, and growing smartphone penetration, Vietnam offers great opportunities for fintech developers

According to HCA, around 10,000 fintech companies are operating globally, competing with banks in all fields, from payment services, deposits, lending, and foreign exchange trading to investment consulting.

Fintech companies in Vietnam currently focus on only three services: payment, peer-to-peer (P2P) lending, and crowdfunding, and some 70 per cent are startups.

Dr. Lillian Koh, CEO of Fintech Academy Singapore, was quoted by the Vietnam News Agency (VNA) as saying that the information and communications technology (ICT) sector is a key enabler for almost every industry and has enhanced Singapore's competitiveness by raising productivity and transforming business processes in industries like finance, services, and manufacturing.

Fintech came as a disruptor but is now embraced as innovation and transformation, she noted.

VIO 2019, to be jointly organized by HCA, Fintech Academy Singapore, the Vietnam Banking Association, and the Institute for Development and Research in Banking Technology at Ho Chi Minh City's Vietnam National University, will help technology businesses become updated on the latest global trends and technologies.

Entitled "Shaping the Future of Vietnam's Fintech", the conference will discuss topics such as fintech and changes in technology and payment services; cybersecurity challenges for fintech; fintech and the workforce; policies and platform development for the fintech industry; machine learning and AI in the fintech marketplace; and fintech and innovative startups.

VIO 2019 will also feature the 2019 Top ICT Vietnam awards ceremony on October 30, honoring outstanding IT and telecom companies and products and services and with an exhibition where banks and fintech and IT companies can showcase their products.

5. High-tech industry sees highest salary increase

Talentnet recently announced the results of the 2019 Mercer - Talentnet Total Remuneration Survey at the Vietnam Rewards Summit 2019 in Ho Chi Minh City on October 8. There were 605 multinational companies (MNCs) and local conglomerates in 16 different industries participating.

The High-tech, Consumer Goods, Chemical, Life Sciences, and Manufacturing industries had the most participants. With remuneration data on

over 342,000 employees in Vietnam, the 2019 Mercer - Talentnet survey is the latest edition of what has been the largest and most comprehensive salary and remuneration report in Vietnam for the last decade.

Salaries at MNCs have increased 8.6 per cent this year and 8.9 per cent in local businesses; not significantly different to last year but still higher than Vietnam's inflation rate and GDP growth.

SALARY INCREASE TREND

Top 3 & Bottom 3 – MNC



High-tech, Chemical, and Trading are the top 3 industries providing the highest salary increases, at 10.2 per cent, 9 per cent, and 8.6 per cent. Industries such as Oil & Mining, Education, and

Financial Services - Banking reported the lowest salary increases, of 4.5 per cent, 6.6 per cent, and 6.9 per cent.

PAY DIFFERENCE OF LOCAL vs. MNC

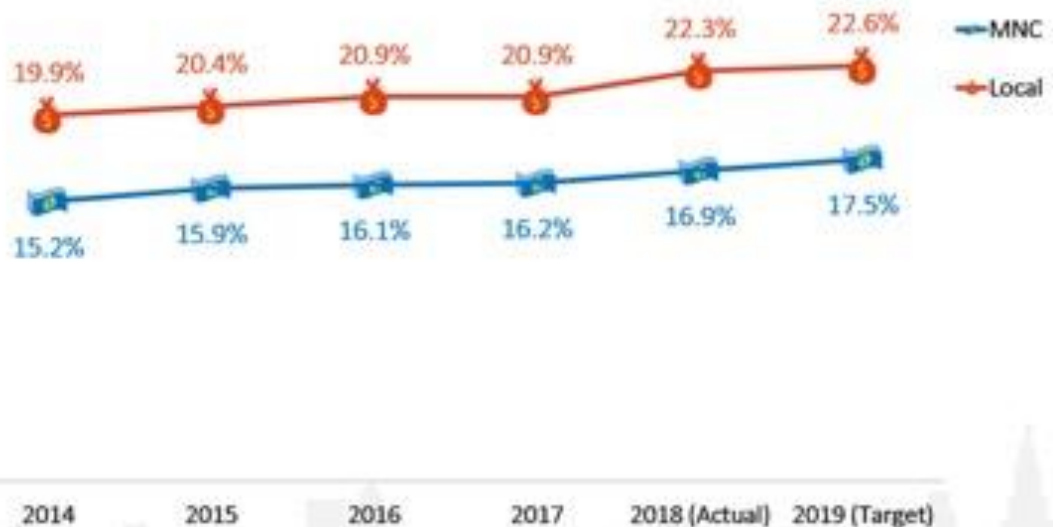
Annual Base Salary (COMP 1)



The average salary offered by local companies this year is 29 per cent lower than at MNCs. The difference in annual base salary in different positions between MNCs and local enterprises is 14 per cent for para-professionals, 25 per cent for professionals, and 33 per cent for management.

The gap is much wider at the management level as MNCs have been focusing on offering higher salaries in these positions to compensate managers for their greater contribution and scope of work.

VARIABLE BONUS TREND



Meanwhile, the forecast variable bonus rate of Vietnamese companies this year is higher than that of MNCs, at 22.6 per cent compared to 17.5 per cent. These figures show that local companies are willing to be more flexible in pay and bonuses to compete with MNCs in the war for talent.

benchmark their current rewards system with that of the market, maximize the use of human resources (HR) budget, and build an effective remuneration system to attract talent and enhance competitive edge,” said Ms. Nguyen Thi Thanh Huong, Deputy CEO of Talentnet.

“The significant increase in participating companies in the Mercer - Talentnet salary survey this year reflects the huge demand among businesses for an official and reliable database to

“The salary report is also a valuable source of information for CEOs and HR leaders in making informed business development as well as succession planning decisions.

6. Clearing the path for foreign investors

Lawyers at Yingke Vietnam, a subsidiary of Yingke Global, have been quite busy helping major foreign clients seeking investment opportunities in Vietnam. Mr. Tony Hieu, Legal Manager at the company, told VET that a mere five months into its practice, the company plans to recruit more highly-specialized employees to meet the increasing workload. “In addition to the move

towards relocating production facilities to Vietnam, the country has also been active in signing bilateral and multilateral trade agreements in recent times that made its business environment more attractive to many foreign investors,” he explained.

Thirty-three China-based manufacturers have moved to Vietnam since June, preferring the country over Indonesia. Trade tensions affect export-oriented manufacturing sectors the most, so investors naturally head to places that are also export-oriented, according to Mr. Hieu. “A progressive foreign investment policy supports Vietnam in directing an export-oriented growth strategy,” he said. His clients from China found suitable locations to set up production over the last few months and the company is now handling administrative procedures for investment certificates. Other foreign investment projects have also been completed in certain provinces in Vietnam.

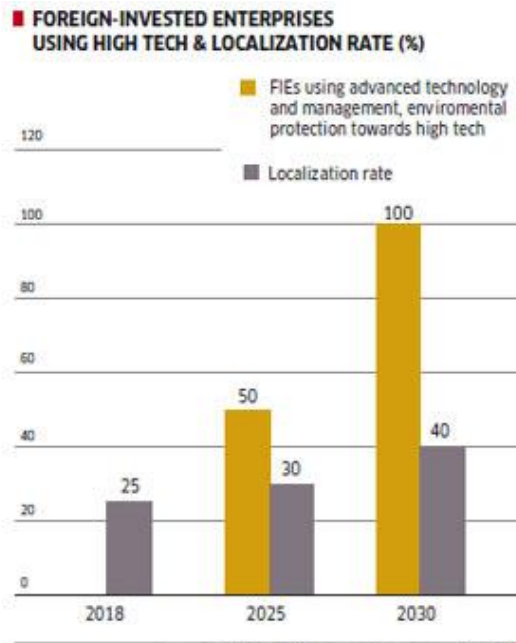
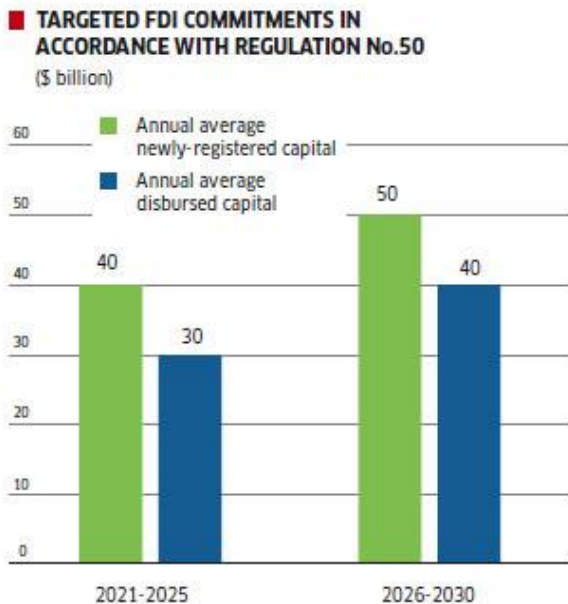
In early September, Chinese furniture manufacturer Kuka Home signed a land lease contract with the Binh Phuoc Provincial People’s Committee in Vietnam’s south to rent 12 ha of land at the Dong Xoai III Industrial Park for its second wooden furniture manufacturing facility. The project has investment of \$50 million and is expected to create 3,000-4,000 jobs once operational. The group currently has 6,000 outlets in 120 countries and territories around the world.

Malaysian glove maker Top Glove will invest \$24.5 million in building its first plant in Vietnam by 2020 with a total capacity of 4 billion polyvinyl chloride gloves a year. The company expects global demand for gloves to continue rising by around 10 per cent and plans to build at least one

or two new factories every year as well as remain open to merger and acquisition (M&A) and joint venture opportunities in related business. It operates 40 factories across Asia, including one in China, and currently exports to 195 markets globally.

New heights

According to the Vietnam Chamber of Commerce and Industry (VCCI), Vietnam has been a success story in FDI attraction globally. After 30 years of effort, FDI commitments now total \$350 billion, averaging annual growth of 20 per cent - the highest of any sector in the economy. From the initial days of opening up the economy, the Party and the State adopted a policy of attracting foreign investors to take advantage of potential benefits, investment capital, technology, and markets, and the Party’s guidelines have been concretized by four important laws on foreign investment: the Foreign Investment Law (1987), the Foreign Investment Law (1996), and the Investment Law (2005 and 2014). Through these, Vietnam has created an important legal basis for attracting and using FDI, according to Deputy Minister of Planning and Investment Vu Dai Thang. FDI has become an important funding source for Vietnam’s socioeconomic development, serving as an important source of capital for the country’s social investment and contributing to increasing productivity.



Besides the positive aspects, FDI also has certain limitations and after more than 30 years the country's position has changed, Mr. Thang said. Vietnam has many options to choose from and it is time for it to prioritize the selection of businesses and projects that are appropriate to the development strategy in terms of science and technology. This is part of the Politburo's Resolution No. 50, providing guidance on perfecting the legal framework and policies towards greater efficiency in foreign investment to 2030.

Dr. Le Xuan Sang, Deputy Director of Vietnam Institute of Economics, said that the resolution is essential to help improve the efficiency and effectiveness of State management over FDI in the current context. Vietnam needs to effectively address new factors that are both uncertain and sensitive and at the same time fully resolve existing limitations that are yet to be properly tackled. Such new factors include trade flows, investment being poured into Vietnam to avoid the impact of US-China trade tensions, exploring opportunities from the implementation of free trade agreements (the Comprehensive and Progressive Agreement for Trans-Pacific Partnership and the EU-Vietnam Free Trade Agreement), and supervising and effectively handling sensitive issues relating to workers and the establishment and operation of independent trade unions at foreign-invested enterprises (FIEs) in accordance with new-generation agreements.

Resolution No. 50 affirms that the foreign-invested economic sector is an important component of Vietnam's economy and so should be encouraged and facilitated for long-term development and fair cooperation and competition with other economic sectors. The State respects and protects the legitimate rights and interests of investors and ensures the harmonization of interests between the State, investors, and employees. The resolution also states that it is necessary to proactively attract and selectively cooperate with foreign investment, taking quality, efficiency, technology, and environmental protection as the main evaluation criteria.

ANT Consulting has opined that the State will implement a combination of foreign investment attraction and cooperation. In addition, it is

necessary to build institutions and policies on foreign investment in accordance with development trends, approach international standards and harmonize international commitments, ensure consistency, publicity, transparency and competition, and strengthen the Party's socio-political leadership in completing, enforcing, and supervising the implementation of institutions and policies on attracting and cooperating with foreign investment.

Mr. Ryotaro Imaizumi, a representative from the Hojitsu Vietnam Co., Ltd, which specializes in low temperature black plating and clothing exports and imports, told VET that the new resolution in particular helps support industries like his company. "Support industries are also important, but I think that the production of high-quality steel materials such as iron and aluminum should be promoted first," he said. "Regulations have been relaxed in various markets, while others have been strengthened in part, but I think that more companies will invest in the manufacturing industry here. In order for the manufacturing industry to grow further in the future, it is essential to improve the convenience of material procurement and manufacturing technology." Established in December 2017, Hojitsu Vietnam has a factory with registered capital of \$300,000 at the Dong Van III Industrial Park in northern Ha Nam province. First-year revenue was approximately \$360,000, and business partners include Japanese manufacturers such as Iko Thompson Vietnam, the Osco International Co., and the Hashima Vietnam Co.

From the perspective of a consulting company, Mr. Tuan Nguyen, Managing Director of ANT Consulting, told VET that most regulations are beneficial to foreign investors, such as investment incentive policies and ensuring the rights, obligations and related benefits of foreign investors in the country. "They also help create an advanced investment environment with technical products, protect the environment and natural resources, save energy in accordance with regional and international standards, and minimize outdated technology, which potentially causes environmental pollution and resource abuse," he said. "Overall, we found that the proposed solutions are feasible, consistent with the orientation of the State, the actual situation, and the activities of foreign investors. The only

problem is the time needed to implement them effectively and synchronously.”

Efficient implementation

Vietnam has a population of 96 million and has what is considered a “golden population structure”, with increasing numbers of skilled laborers that have worked and been trained in advanced countries, while the minimum wage required by law is favorable for foreign investors, according to Mr. Tuan. The lack of skilled workers in Vietnam stems from many different reasons, among which is the distribution of skilled workers being uneven and density being high in big cities or industrial parks and low in other localities, which may result from differences in the minimum wage in different regions.

“As such, the State has adopted a solution of reasonably adjusting the minimum wage gap between regions to limit labor concentration in big cities,” he said. “In addition, by encouraging FIEs to train and improve workplace skills and qualifications, we believe that the quality of skilled

workers will be gradually improved. The government may also consider reducing time spent on theory training and improving in-depth training in skills.”

Vietnam has more advantages in terms of politics, economy, society, infrastructure, and geographical position than other developing countries in the region, so has solid prospects for attracting and cooperating with foreign investors into the future. “We are of the opinion that foreign investors will continue to focus on processing and manufacturing, real estate, and science and technology,” Mr. Tuan said. Due to good infrastructure and availability of workers, Hanoi, Ho Chi Minh City, and Binh Duong, Dong Nai, and Bac Ninh provinces will continue to attract the most FDI to 2020.

Mr. Hieu said that FDI inflows into Vietnam will increase in the years to come. Stricter management, however, should not mean prolonged administrative procedures. “Tightening management but shortening compliance will attract foreign investors to Vietnam,” he said.

Corporate News

7. AGP: Change in Business Registration Certificate

↑ 0.00%

Agimexpharm Pharmaceutical Joint Stock
Company announced change in Business
Registration Certificate as follows:

1. Information before change: VND 96,263,830,000
2. Information after change: 128,351,770,000
3. Reason for change: Increase in charter capital due to share issue
4. Effective date: 10/10/2019.

Research Team: Tsugami Shoji *Researcher* jsi@japan-sec.vn

Disclaimer:

Copyright 2015 Japan Securities Incorporated (JSI). All rights reserved. This report has been prepared on the basis of the information believed to be reliable at the time of publication as provided by StoxPlus (www.stoxplus.com) - An associate company of Nikkei Inc. and QUICK Corp. JSI makes no representation or warranty regarding the completeness and accuracy of such information. This report is provided, for information purposes only and does not constitute an offer or solicitation to buy or sell any securities discussed herein any jurisdiction. Investors must make their investment decisions based upon independent advice subject to their particular financial situation and investment objectives. This report may not be copied, reproduced, published or redistributed by any person for any purpose without the written permission of an authorized representative of JSI.

Japan Securities Incorporated – JSI

Address: 14F, TNR Tower, 54A Nguyen Chi Thanh, Lang Thuong, Dong Da, Hanoi

Tel: (024) 3791 1818

Fax: (024) 3791 5805

Email: info@japan-sec.vn

Website: www.japan-sec.vn