



VIETNAM DAILY NEWS

October 17th, 2019



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Market Analysis

1. Major or not, shareholders must get equal access to information

Making business information more accessible to all shareholders and investors is one of the key tasks that are expected to help local firms increase capital from the equity market.

In recent years, business transparency has remained a challenge for Vietnamese market regulators to improve the quality of the equity market as individual investors and shareholders are still limited from getting to know their investees deeply and clearly.

It is also among several key reasons why the Vietnamese equity market has not been upgraded to the status of emerging market from that of frontier market by international crediting agencies.

To help minor investors have fair right alongside major shareholders in a business, specialists are finding ways to amend the Law on Enterprises to raise the quality of corporate governance and help Vietnamese firms meet international standards and practices, starting with better protection of shareholders.

Phan Duc Hieu, deputy director of the Central Institute for Economic Management (CIEM), said that shareholders must be given access to more classified information of the firm.

Under Item 2, Article 114 of the existing Law of Enterprise, classified information is approachable for major shareholders only if they hold at least 10 per cent of the firm's total shares for six straight months. The amended law could cut the rate to 1 per cent.

"It remains controversial," Hieu told a seminar on Tuesday.

Hieu supported the cut, saying the reduction would help Viet Nam meet international standards set by more developed markets such as the South Korea, where the rate is 3 per cent, and Japan, where the ownership is one share or almost zero per cent stake.

The Law on Securities states that a 5 per cent shareholder with 5 per cent ownership is major. So the two laws are contradictory.

While Hieu and some other officials were defensive towards the idea, business executives defied it.

If the idea is approved, buying 1 per cent of total shares could rock a business as minor shareholders will have the same power as major shareholders, according to Nguyen Thanh Viet, chairman of Infrastructure Investment and Transportation Construction JSC (Intracom).

"I agree the rate should be cut, but we should think carefully about how much it will be curbed," he said, adding the issue could affect one's secrets.

Meanwhile, Phan Le Hoang, deputy general director of Pacific Corporation, said the rate cut may not assure the company is competitive enough on the market as the power may be decentralised.

"It's right to defend minor shareholders, but we need a par rate level for becoming a major shareholder so that major shareholders still have enough power and responsibility to determine the business operation," Hoang said.

Macro & Policies

2. More efforts urged to remove “yellow card” warning on Vietnamese seafood

The government senior official made the request during chairing the 2nd meeting of the National Steering Committee on Against Illegal, Unreported and Unregulated (IUU) Fishing held in Hanoi on October 15.

Since the European Commission (EC) drew a "yellow card" for Vietnamese fishery products exported to the European market on October 23, 2017 due to violations of the IUU rules, the Government, the Prime Minister, the Ministry of Agriculture and Rural Development, and relevant ministries, agencies and localities of Vietnam have drastically implemented the recommendations from the EC to remove the "yellow card" warning and fight against IUU fishing.

In particular, efforts have concentrated on four groups of recommendations from the EC, including urgently completing the legal framework to build a comprehensive control system for combating IUU fishing, strengthening the management of fishing vessels, promoting solutions to solve the situation of Vietnam's fishing vessels violating foreign waters, and enhancing the traceability of fisheries from fishing activities.

Local authorities in 28 coastal provinces and cities have achieved positive results in developing and implementing plans, resolutions and directives on fighting against IUU fishing, especially they have basically prevented and minimised fishing vessels violating fishing activities in foreign waters, such as in Quang Ngai, Tien Giang, Phu Yen and Khanh Hoa provinces.

Praising the efforts by relevant ministries, agencies and coastal provinces and cities in the work, Deputy PM Dung also asked for drastic and urgent solutions to prevent and eliminate IUU fishing activities, thus soon removing the “yellow card” warning from the EC.

Deputy PM Dung, who is also the head of the National Steering Committee, recommended that the Steering Committee members, especially the agricultural minister, should be well-prepared to welcome and work closely and effectively with the EC inspection team, who are scheduled to visit Vietnam in November to inspect the work. They were asked to inform the inspection team what Vietnam has done and the results achieved during the fight against IUU fishing activities.

Dung also asked related ministries, agencies and local authorities in the 28 coastal provinces and cities to continue to thoroughly grasp and focus resources to seriously implement the directives and instructions to prevent and eliminate IUU fishing, focusing on four key task groups, including close control, timely detection and strictly handling violations, especially fishing vessels committing illegal fishing in foreign waters.

They were asked to deploy the system of tracking, monitoring and controlling fishing vessels operating at sea, while strengthening the inspection, control, direction and administration of IUU fishing fighting.

In the long term, with the goal of developing a sustainable fishery industry, the sector must be restructured in the direction of gradually shifting from mainly fishing to aquaculture. The Ministry of Agriculture and Rural Development was assigned to take the lead in making a master plan on planning aquaculture areas and planning investment in this field to soon report to the Government and the Prime Minister.

Deputy PM Dung also asked the concerned ministries and agencies to proactively inform and explain to the people in the country and the international community about Vietnam's solutions and results in their efforts to remove the "yellow card" warning from the EC.

3. Hanoi hosts International machinery exhibition

With the theme of this year's exhibition "We are Industry 4.0 ready!", the event enjoyed the participation of 175 businesses from 15 countries worldwide, including those from the UK, the Czech Republic, Taiwan (China), Germany, the Republic of Korea, Indonesia, and Malaysia.

According to BT Tee, general manager of Informa Markets, the exhibition is expected to provide a strong platform in which local and foreign firms can introduce their products and services to the precision engineering, machine tools, and metalworking sectors.

Mr Tee added that MTA Hanoi 2019 also offers a place for local companies to meet with potential foreign partners to discuss opportunities for market expansion.

The event brought together renowned global suppliers, such as Cybertech, Hasagon, Makino, Misubishi, Hitachi, Kitamura, Jinan, and Bodor.

In addition, the event will be holding a series of workshops and exchanges, including "From manufacturing in Vietnam to Made-in-Vietnam products", "Riding the Industry 4.0 wave – A focus on manufacturing sector", "Operational excellence for mechanical engineering enterprises", and "Deployment of new product research and development- The key to success of Vietnamese enterprises in the period of international integration".

MTA Hanoi 2019 is scheduled to run until October 18.

4. Efficient use among best solutions amid rising power demand

Saving and using energy efficiently is one of the best solutions to ease the pressure on power supply amid large- and medium-sized hydropower plants in Vietnam already operating at their maximum capacity, experts have said.

In March 2019, the Government approved a national target programme on economical and efficient energy use for 2019 – 2030, which aims to save 5 – 7 percent of the total energy consumed during 2019 – 2025 and raise this rate to 8 – 10 percent during 2019 – 2030.

The Ministry of Industry and Trade (MoIT) cited the results of an energy audit at 10 businesses that showed that they used to consume about 3.7 million tonnes of oil equivalent (TOE) worth nearly 672.77 million USD each year. After applying efficient energy use solutions, they have saved nearly 174 TOE, equivalent to 78,000 USD, and reduced 606,808 tonnes of CO₂ emissions every year.

According to the MoIT's Energy Efficiency and Sustainable Development Department, the energy saving potential of industries in Vietnam is considerable, about 20 – 30 percent. Industries such as cement, steel, textile-dyeing and chemical

production could save up to 40 percent of the energy they consume.

Experts said to promote efficient energy use in industries, aside from turning energy saving into a habit, it is critical to apply new technological solutions to replace energy intensive technologies.

Do Huu Hao, Chairman of the Vietnam Energy Conservation and Energy Efficiency Association, said the State should carry out concrete activities to assist businesses in applying energy efficient solutions.

The MoIT said in the scenario of an annual GDP growth rate of 7 percent, the electricity demand could reach 235 billion kWh in 2020, 352 billion kWh in 2025 and 506 billion kWh in 2035.

Although the growth rate of power demand will slow to about 8.5 percent in 2021 – 2025 and 7.5 percent in 2026 – 2030, the demand will remain very high.

Trinh Quoc Vu, Deputy Director of the Energy Efficiency and Sustainable Development Department, said saving and using energy

efficiently is one of the best solutions to ease pressure on power supply.

He noted large- and medium-sized hydropower plants in Vietnam are operating at their maximum capacity. Besides, coal, oil and gas resources will decline soon while renewable energy does not yet

satisfy demand on large scale due to high production costs.

Apart from easing the pressure on energy production, economical and efficient energy use will also help conserve energy resources, protect the environment and reduce greenhouse gas emissions, according to the MoIT./.

5. IMF maintains Vietnam's GDP growth forecast at 6.5% in 2019

The International Monetary Fund (IMF) has maintained Vietnam's GDP growth projection at 6.5% in 2019, unchanged from its assessment in the previous quarter.

	Real GDP			Consumer Prices ¹			Current Account Balance ²			Unemployment ³		
	2018	Projections 2019 2020		2018	Projections 2019 2020		2018	Projections 2019 2020		2018	Projections 2019 2020	
Asia	5.5	5.0 5.1		2.4	2.4 2.6		1.3	1.5 1.3		...	...	...
Advanced Asia	1.8	1.3 1.3		1.3	1.0 1.3		4.0	3.9 3.6		3.2	3.2 3.2	
Japan	0.8	0.9 0.5		1.0	1.0 1.3		3.5	3.3 3.3		2.4	2.4 2.4	
Korea	2.7	2.0 2.2		1.5	0.5 0.9		4.4	3.2 2.9		3.8	4.0 4.2	
Australia	2.7	1.7 2.3		2.0	1.6 1.8		-2.1	-0.3 -1.7		5.3	5.1 5.1	
Taiwan Province of China	2.6	2.0 1.9		1.5	0.8 1.1		12.2	11.4 10.8		3.7	3.8 3.8	
Singapore	3.1	0.5 1.0		0.4	0.7 1.0		17.9	16.5 16.6		2.1	2.2 2.2	
Hong Kong SAR	3.0	0.3 1.5		2.4	3.0 2.6		4.3	5.5 5.1		2.8	2.9 3.0	
New Zealand	2.8	2.5 2.7		1.6	1.4 1.9		-3.8	-4.1 -4.3		4.3	4.3 4.5	
Macao SAR	4.7	-1.3 -1.1		3.0	2.4 2.7		35.2	35.7 35.3		1.8	1.8 1.8	
Emerging and Developing Asia	6.4	5.9 6.0		2.6	2.7 3.0		-0.1	0.4 0.2		...	...	...
China	6.6	6.1 5.8		2.1	2.3 2.4		0.4	1.0 0.9		3.8	3.8 3.8	
India ⁴	6.8	6.1 7.0		3.4	3.4 4.1		-2.1	-2.0 -2.3		...	...	...
ASEAN-5	5.2	4.8 4.9		2.8	2.4 2.6		0.2	0.4 0.1		...	...	...
Indonesia	5.2	5.0 5.1		3.2	3.2 3.3		-3.0	-2.9 -2.7		5.3	5.2 5.0	
Thailand	4.1	2.9 3.0		1.1	0.9 0.9		6.4	6.0 5.4		1.2	1.2 1.2	
Malaysia	4.7	4.5 4.4		1.0	1.0 2.1		2.1	3.1 1.9		3.3	3.4 3.4	
Philippines	6.2	5.7 6.2		5.2	2.5 2.3		-2.6	-2.0 -2.3		5.3	5.2 5.1	
Vietnam	7.1	6.5 6.5		3.5	3.6 3.7		2.4	2.2 1.9		2.2	2.2 2.2	
Other Emerging and Developing Asia⁵	6.3	6.3 6.2		5.0	5.3 5.3		-3.1	-2.8 -2.9		...	...	...
Memorandum												
Emerging Asia ⁶	6.4	5.9 6.0		2.5	2.6 2.9		0.0	0.5 0.3		...	...	...

Source: IMF's report.

According to the October issue of the IMF's World Economic Outlook, titled "Global Manufacturing Downturn, Rising Trade Barriers," Vietnam's GDP is projected to grow by 6.5% for 2019 and 2020.

Vietnam's nominal GDP in 2018 stood at VND5,535.3 trillion (US\$237.64 billion), expanding 7.08% from 2017, marking a 10-year high growth rate and leading to GDP per capita of US\$2,587, up US\$198 compared to 2017.

Vietnam's projection is higher than the 5.9% and 6% forecast for Emerging and Developing Asia in 2019 and 2020.

Moreover, it is also better than the 4.8% and 4.9% in 2019 and 2020 projections for the five biggest developing Southeast Asian countries (ASEAN-5), in which the Philippines comes in second place behind Vietnam with 5.7% and 6.2% of GDP growth for 2019 and 2020, followed by Indonesia

(5% and 5.1%), Thailand (2.9% and 3%), and Malaysia (4.5% and 4.4%).

The IMF's forecast, however, is lower than the 6.8% target set by the Vietnamese government. In a monthly government meeting on September 4, Prime Minister Nguyen Xuan Phuc said it is highly likely for Vietnam to reach the upper range of the GDP growth target of 6.6 – 6.8% set by the National Assembly for 2019.

The statement was strongly backed up by the country's year-on-year GDP growth of 6.98% in

the first nine months of 2019, the highest growth rate over the last nine years for a nine-month performance.

Similarly, the Asian Development Bank (ADB) in its annual economic publication expected Vietnam to maintain healthy growth in 2019 and 2020 at 6.8% and 6.7%, while HSBC has revised Vietnam's economic growth for 2019 from previous 6.7% to 6.9%, but expected the growth to moderate to 6.4% in 2020.

6. Digital transformation should be part of Vietnam's growth strategy: PwC

Success in the digital era would depend on the ability of businesses to embed the right technology, grow the right talent and apply good governance practices, experts from PwC Vietnam stated at the Vietnam Business Summit (VBS) 2019 held in Hanoi on 16 October.

VBS 2019 engaged top decision makers from the Vietnamese government and the business community in a dialogue about investment, business opportunities and ways to win in the digital era.

Prime Minister Nguyen Xuan Phuc delivered a keynote speech within the closing session, which also served as an introductory link to the 10th Asian Business Summit held in Hanoi the following day. In total, around 700 representatives of the Vietnam-based business community, the Asian Business Summit audience and a visiting Japanese business delegation, joined the event.

Themed 'Vietnam: We mean business - Partnership in the digital era', the discussions engaged top leaders from a multitude of industries, including technology, telecommunications, financial services, agriculture, and textile and garment. Digital transformation and workforce upskilling were high on the agenda, as the leaders shared experiences and exchanged solutions for the future.

According to PwC's Industry 4.0 Vietnam Survey 2018, companies in Vietnam anticipate that the fast-approaching Industry 4.0 will bring significant benefits, such as higher efficiency of

operations as well as improved access to customers brought on by digitization and automation. The same positive sentiment was conveyed by most industry leaders at the summit.

"It's encouraging to see both the Vietnamese government and business community embrace the Industry 4.0 revolution with eagerness. The commitment is definitely there, but there is work to be done," Vo Tan Long, Technology Consulting Partner of PwC Consulting Vietnam said at a panel discussion focusing on the impacts of scientific and technological innovations.

"Adopting new technologies is important, but more than that, business leaders need to think of digital transformation as an integral part of the overall development strategy of their business," Long added.

Dinh Thi Quynh Van, General Director of PwC Vietnam, further emphasized the holistic approach to transforming for the digital age. She said that a successful business strategy for the digital age should be able to empower the workforce to own the digital transformation journey themselves.

In a new study PwC conducted among more than 22,000 workers across 11 countries, the majority (61%) of respondents are positive about the impact of technology on their day-to-day work, but only a third (33%) are given many opportunities to develop digital skills outside their normal duties.

“Upskilling the current workforce is key. It is about giving each existing employee the opportunities to gain the knowledge, tools, and abilities they need to use more advanced and ever-changing technologies in the workplace,” Van said. “Given the right context, people can be highly adaptable, and the ability of organisations to make use of that adaptability will be critical.”

Besides technology and talent, governance continues to be an essential pillar in every company's sustainable development - now and in the digital economy. According to PwC Vietnam's

general director, this is a weak link that demands more serious attention from local business leaders in the coming time.

“Good governance becomes more critical than ever in the fast changing world, where cyber threats and policy uncertainties are rising. Ensuring the best interest of a wide range of stakeholders will help each company's competitiveness and reputation, while facilitating access to more business opportunities,” Van concluded.

7. Vietnam Report: Top 10 Food & Beverage Companies in Vietnam 2019

Companies in the list are evaluated and ranked based on 3 main criteria as follow: Financial capabilities based on the most recent accounting report (total assets, total revenue, net profit, efficiency in capital utilization) (contributing to 30% of the total score); Credibility to the media based on media coding measure – coding articles advertised for companies in influential media channels (contributing to 30% of the total score); online survey on brand recognition, customers' product satisfaction and the quality of services of companies, survey on the status of the company in each respective field, and survey on companies conduct in September with regard to market scale, labor force, capital and revenue growth rate, profit, and action plan in 2019 (40% of the total score).

The Vietnam Report's consumer survey, conducted in September 2019, showed some of the most popular brands selected by consumers (divided into groups) including: Vissan (Fresh food), Cai Lan (Spices, Cooking oil), Vinamilk (Milk), Quang Ngai Sugar (Confectionery), Heineken (Beer and wine), Pepsi (Soft drink), Trung Nguyen (Coffee), Acecook (Packaging, canned food).

According to Vietnam Report, communication plays an important role in direct connection between manufacturers and consumers, helping consumers to better identify prestigious brands when making shopping decisions.

However, the analysis results show that the media presence of enterprises in the food and beverage industry is currently limited. Only 49.7% of the businesses surveyed have enough information to reach the awareness threshold, of which 52.1% have the frequency of appearing at least once a month.

The majority of food and beverage businesses in the Vietnam Report survey also said that risks related to brand and business reputation will have a significant impact on production and business activities. However, in general, not only businesses in the food and beverage industry, most Vietnamese businesses are quite cautious about the media because of the lack of information control.

Corporate News

8. Stock market briefs Oct 16, 2019

↑ 1.99%

HCMC – SSI Asset Management Limited Company, a unit related to Nguyen Duc Minh, a board member of Bien Hoa Packaging Company (SVI), will buy 772,000 SVI shares from October 17 to November 15. The firm currently holds no shares in SVI.

HCMC – The Hochiminh Stock Exchange will put the shares of Ha Tay Trading JSC (HTT) on the special watch list from October 21. The firm has repeatedly violated the regulations on information disclosure though it is on already the warning list earlier.

HANOI – Le Minh Hai, chairman of Vietnam-Germany Steel Pipe Company (VGS), has purchased 2.5 million VGS shares to raise his ownership in VGS to 8.5 million shares, or a 20.18% stake.

HCMC – The Class Hyosung, a member of South Korea's Hyosung Group, has written to Hang Xanh Motors Service Joint Stock Company (HAX) offering a bid for a stake of over 51% in HAX. In the first half of 2019, Haxaco booked over VND2.3 trillion in net revenue, up 8% year-on-year, and some VND30 billion in after-tax profit, down 11%.

HCMC – An Phat Plastic & Green Environment Company (AAA) has announced that it will stop issuing shares under an employee stock ownership plan (ESOP) this year to balance the interests of employees and shareholders. Earlier, the board of directors at the firm passed a plan to issue 8.5 million ESOP shares at VND10,000 per share.

HCMC – HUD3 Investment and Construction Company (HU3) will finalize its shareholder list on November 1 to pay a 2018 cash dividend at 12%. With its outstanding 10 million HU3 shares, the firm will spend some VND12 billion on the dividend payment which is slated for November 8.

9. AAA: Stopping the stock issuance under ESOP

↑ 1.99%

The Board resolution dated October 15, 2019, the Board of Directors of An Phat Bioplastics Joint Stock Company approved to stop issuing shares

under 2019 ESOP that was adopted in the Resolution of the Annual General Meeting 2019 dated 04/16/2019.

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