



VIETNAM DAILY NEWS

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Market Analysis

1. Shares move up for third day in a row

The VN-Index gradually approached 960 points on Monday thanks to a third straight day of gains.

The benchmark index on the Ho Chi Minh Stock Exchange (HOSE) gained 0.32 per cent to close at 959.43 points.

Liquidity remained moderate, showing that cash flow is gradually returning. More than 241.5 million shares were traded on the southern bourse, worth VND4.7 trillion (US\$201 million).

The benchmark lost 1 per cent overall last week.

The VN30-Index edged down 0.02 per cent to end at 868.20 points.

In the VN30 basket, 17 of the 30 largest stocks by market capitalisation and trading liquidity advanced while twelve declined.

Across the southern exchange, there were 141 gainers and 162 decliners.

Bank for Investment and Development of Viet Nam (BID) and Vietcombank (VCB) were the two strongest on the market, helping maintain the rally. BID recorded an all-time peak of VND44,750 with 2.4 million shares matched. VCB increased by 2.9 per cent to VND90,900 with more than 900,000 shares matched.

Other banking stocks including Techcombank (TCB), Sai Gon Thuong Tin Commercial Joint Stock Bank (STB), Military Bank (MBB), HDBank (HDB) and Vietinbank (CTG) also followed in a positive direction.

However, selling pressure forced stocks including Masan Group (MSN), Hoa Sen Group (HSG),

Vinamilk (VNM) and Viet Nam National Petroleum Group (PLX) down.

According to BIDV Securities Co (BSC), the VN-Index's rise was partly affected by information from the Ministry of Finance that China had announced it would reduce taxes on many goods starting from January 1.

“Although this tax reduction is not directly related to negotiations to resolve the trade war with the US, this may be a sign that China will have a more relaxed attitude to trade issues with the US,” BSC said in its report.

Investors also looked for opportunities in small-cap shares, such as F.I.T Group Joint Stock Company (FIT) (+6.9 per cent), Hoang Huy Investment Financial Services JSC (TCH) (+6.9 per cent), Dong A Hotel Group JSC (DAH) (+6.8 per cent), HCD Investment Producing and Trading Joint Stock Company (HCD) (+6.9 per cent) and Techno-Agricultural Supplying Joint Stock Company (TSC) (+6.7 per cent).

On the Ha Noi Stock Exchange, the HNX-Index slid 0.07 per cent to end Monday at 102.35 points.

More than 42 million shares were traded on the northern market, worth VND475 billion.

The market enjoyed a good session with foreign investors returning as net buyers on the HOSE. They bought net value of VND45.61 billion in shares including VCB (VND33.39 billion), BID (VND33.00 billion) and Hoa Phat Group (HPG) (VND17.86 billion). They were net sellers on the HNX with a value of VND3.68 billion.

Macro & Policies

2. Fertile land for high-tech agriculture

Favourable natural conditions have provided the bedrock for the province to accommodate a strong agricultural economy, with rice and freshwater seafood output among the country's top performers.

In agricultural production, rice is the province's staple with cultivated area stretching more than 250,000 hectares, producing nearly 3.92 million tonnes of paddy rice output. Of which, sticky rice and quality rice varieties reach over one million tonnes.

With an entangled river and canal system, An Giang is also ideal for seafood development with output surpassing 532,000 tonnes this year alone. Tra and basa fish have become the province's strategic items, with 412,000 tonnes in annual output.

As the demand for tra fish in the global market keeps jumping steadily, An Giang has tremendous potential for investment and development of tra fish breeding and export processing in the time ahead.

In previous years, efforts have been put into constantly improving the output, quality, efficiency and competitiveness of agriculture which is dubbed as one of spearhead sectors in the province, paired with forming diverse alliance models such between markets, businesses, and local trading households, striving to boost the sector's value chain.

As a result, An Giang has been known as a dynamic locality succeeding in cultivating new and effective production models, helping to boost product value and bring higher profits to both farmers and businesses.

Committed to turning agriculture into a new growth engine to motivate local economic development, An Giang has been executing a raft of policies to support businesses in agriculture

and increase investment promotion that have brought initial encouraging results.

Recently, the province green-lit investment proposals for many large-scale agriculture projects. Some of the most eminent include FAM-An Giang high-tech venture in Thoai Son district by FLC Group, at over 216.6ha and VND208 billion (\$9.04 million) in total investment value; a high-tech agriculture project in Tri Ton district from Lu Gia Green Agriculture Ltd., spaced over 500ha and with capital of VND2 trillion (\$86.9 million); and a \$200 million, 160ha high-tech seafood breed production facility in Tan Chau town by Viet Uc Tra Fish JSC, to name but a few. Significantly, An Giang has approved an investment proposal from TH Group to study development of a large-scale dairy farming and milk processing complex in Tri Ton district. The project will consist of a farm with 100ha scale, a 900ha core material area and 3,000ha of fields under allied contracts with local farmers, with total investment value touching VND6 trillion (\$261 million).

To maximise local agricultural potential, An Giang manages to push up high-tech agriculture investment promotion combined with agricultural sector restructuring, increasing exposure of local distinct agricultural products into diverse distribution systems at home and abroad.

Along with that, priority shall be given to growing and processing vegetables and fruits for use in domestic and export market, as well as developing animal husbandry and associated food processing.

Besides central regulated policies, the province will present local specific incentive policies and packages to support investors into agriculture.

Businesses venturing into high-tech and large-scale agricultural models will have priority in land provision. The province will also apply breakthrough policies in science and technology in order to boost labour productivity and competitiveness of agricultural products.

3. Ho Chi Minh City grant investment certificates to nine projects

These projects are located in Saigon Hi-tech Park (SHTP) – the heart of high technology investment in Ho Chi Minh City and the whole southern area.

Outstanding projects included the Hong Kong-backed project of Tectronic Industries (TTI) operating in the high-tech field which is a most encouraged investment field by the Vietnamese government and local authorities.

With the total investment capital reaching up to \$650 million, TTI will set up a factory in the SHTP in District 9, focusing on manufacturing hand-held power tools with integrated technology for designing and manufacturing control devices, power electronic transformers, mechanical engineering, and the Internet of Things. Especially the factory will also include a research and development centre in the field of electronics.

According to Stephan Pudwill, vice chairman, group executive director of TTI, the Vietnamese market is the No.1 market in TTI's development strategy. The incoming factory in SHTP will be TTI's second-largest factory and R&D centre in the world.

TTI will focus on localising its manufacturing operations in Vietnam, with a plan to use from 80 to 150 domestic suppliers with an estimated local purchasing value of about \$1 billion a year.

It is expected that TTI's factory will employ 7,400 employees when going into stable operation, 500 of whom will directly participate in R&D activities.

According to Nguyen Thanh Phong, chairman of Ho Chi Minh City People's Committee, the city's leaders believed that TTI's project will help form a high-tech supporting industry, creating opportunities for domestic enterprises to participate in the global supply chain and contributing to increasing the localisation rate for export products.

The eight other projects were from domestic investors with a focus on high-tech.

"This is a sign that domestic enterprises now have the ability to grasp technology and are willing to participate in the Fourth Industrial Revolution in different segments such as big data, biotechnology, new energy technology, new materials, and mechanical technology. These enterprises also help form a high-tech community towards building a highly interactive creative city in the east of Ho Chi Minh City," said Phong.

According to SHTP's Management Board, more than 160 projects were registered at this park so far with the total investment capital of \$7.9 billion. \$5.9 billion of this was foreign investment capital.

4. Prime Minister pledges to continue accompanying businesses

Prime Minister Nguyen Xuan Phuc has required Deputy Prime Ministers and Ministers to continue accompanying businesses and remove difficulties to help them achieve breakthrough development in 2020 and the following years.

At a dialogue with enterprises in Hanoi on December 23, the PM raised four issues for the business community to discuss.

Firstly, the PM asked businesses to report difficulties that they encounter in production and business such as planning, access to land and credit, employment, administrative procedures, taxes, customs, licences, and water and electricity

supply, particularly overlapping inspection procedures.

Secondly, he wanted to know about challenges and pressures that businesses face in the context of global economic downturn, national economic integration, and the Fourth Industrial Revolution, as well as businesses' proposals on ways to help businesses increase resilience and competitiveness. The PM also asked the business community to recommend solutions to help the Government accomplish the goals for 2020 and the next five years.

Thirdly, the PM requested businesses to voice their ideas about breakthrough changes in incentive mechanisms for them.

Finally, he invited businesses' initiatives on improving interactions between ministries and localities, and sharing effective business models and good practice of localities.

According to Minister of Planning and Investment Nguyen Chi Dung, businesses have actively contributed to the country's gross domestic product (GDP) and export growth over the past time. They are an important link in developing highly-competitive products, establishing value chains, and promoting Vietnamese trademark in the global market.

Businesses have become a core force in generating jobs, improving workers' incomes, reducing poverty, and ensuring social stability.

Particularly, businesses play a crucial role in the innovation and entrepreneurship ecosystem. Many private firms have been successful in

creating Vietnamese trademarks in information technology on the global startup map, such as FPT, Vingroup, TTC and Phenikaa University.

With the determination to bring Vietnam's business environment and competitiveness into the top group of the Association of Southeast Asian Nations (ASEAN), the Government reiterated its commitment to continue accompanying businesses – the pioneering force in the economic front – to grow stronger.

Each year, Vietnam has over 126,000 newly-established firms. The figure in 2019 is expected to reach 136,000 with total registered capital of about 1,700 trillion VND (73.3 billion USD), raising the total number of active businesses to 760,000. The country aims to have one million businesses in 2020.

In 2016, the Prime Minister held the first dialogue with businesses right after taking office. Afterwards, the Government for the first time issued a resolution to support and develop businesses./.

5. ADB affirms economic growth potential of Vietnam

The Asian Development Bank has revised up its forecast of Vietnam's GDP growth for 2019 and 2020 from 6.8 percent to 6.9 percent and 6.7 percent to 6.8 percent, respectively, in contrary with projections for Asia.

ADB Vietnam's chief economist Nguyen Minh Cuong affirmed in an interview granted to Vietnam News Agency that there are many reasons for ADB to believe in the growth potential of Vietnam.

He said the forecast for Vietnam was based on the growth of domestic consumption, plus strong increases in export turnover and foreign investment in the past 11 months. Total foreign trade of Vietnam could reach 500 billion USD this year or even higher.

The bank also noticed the remarkable improvement in Vietnam's business environment over the past years, along with the trend of foreign investment shifting from China to other markets, and in the context of the US-China

trade dispute, Vietnam is really an attractive market for investors.

Besides, Vietnam has made noteworthy improvement in competitiveness, which made it easy to understand why the foreign investment flow into Vietnam is rising strongly.

Another important reason is the macro-economic stability in Vietnam, with low inflation rate thanks to the State Bank's flexible and appropriate monetary policies which well support growth.

According to the expert, though public investment disbursement may remain slow, authorized agencies have put forth some drastic measures and the pace is expected to accelerate.

Asked to comment on concerns that the reform process in Vietnam is slowing down, the ADB expert said the reform is still underway effectively, adding that he hopes for stronger measures in some aspects, for example the rearrangement of State-owned enterprises, in

which the current progress has not matched expectations and targets set by the State.

In the finance-banking sector, despite some positive changes such as the settlement of bad debt or credit risk control in accordance with Basel II-stand, the reform pace is under expectation, calling for stronger measures, especially in handling bad debt.

Cuong affirmed that there are not many reasons for us to worry about Vietnam's reform progress, explaining that besides internal factors, Vietnam's reform is driven by many external factors.

In the 2019-2020 period, the external factors are clear, he said, citing the country's commitments to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Vietnam-European Union Free Trade Agreement.

Therefore, the expert was of the opinion that the driver for reform will continue to strengthen in 2020.

Talking about solutions to promote the development of the private sector, the ADB expert said the Government plays a very important role.

Accounting for more than 96 percent of the total number of enterprises nationwide, the private sector in Vietnam is very diverse, with household businesses (which make up a big portion and contributing about 30 percent of the national GDP), small- and medium-sized enterprises (SMEs) and big private groups.

Cuong noted that the past decade has seen a strong development of large-scale private groups. The question is how to enable those large-scale private groups to create big breakthroughs for the economy while ensuring the extensive and fair development of SMEs and household businesses, he said, stressing that that is the task for institutions and policies.

According to the expert, large private groups should realize that when Vietnam joins bilateral and multilateral FTAs which require the country to create a transparent and fair playground for domestic and foreign enterprises, there will be no preferential treatment or specific policies for domestic private companies. Therefore, the private sector should realize advantages and difficulties and learn how to optimize opportunities to join the global value chains.

For SMEs and household businesses, Cuong said while many used to say this sector faces difficulties and obstacles in accessing financial credit, reality and comparison with other countries in the region and the world show that regulations on collateral, feasible business plans and many other requirements of banks are similar be in any country.

He expressed his personal view that financial credit access is not the basic issue. Instead, it is the firm's capacity to absorb capital, which depend on the firm's administration capacity, workers' skills, which requires attention of firms, Cuong said./.

6. Vietnam prepares for lychee exports to Japan following green light

Japan has already approved the direct import of Vietnamese lychees so long as they meet the country's plant quarantine regulations.

Minister of Agriculture and Rural Development Nguyen Xuan Cuong said on December 22 that the ministry will send specialists to Bac Giang to help the province develop detailed export plans with a number of enterprises.

The minister said a Japanese commercial counsellor will be invited to inspect and monitoring the lychee production process.

He urged Bac Giang Province to take pest control measures from the early stage of flowering, in accordance with good agricultural practices GlobalGAP and VietGAP, in order to ensure both yield and food safety.

Bac Giang Chairman Duong Van Thai said following Japan's green light, the province has directed the agencies and localities concerned to review the production requirements and instructions towards producing lychees that meet Japan's requirements.

He said the province will employ advanced food preservation technologies from Israel and Japan to preserve the freshness of lychees.

The province is currently home to 28,000 hectares of lychees, with 700 hectares meeting the standards for VietGAP and 40 hectares meeting those of GlobalGAP.

Corporate News

7. GEX: GEX asks for the extension of submission of financial statements

↑ 5.91%

Viet Nam Electrical Equipment Joint Stock Corporation sent documents to HOSE to ask for the extension of submission for financial statements.

- For the quarterly financial statements: within 30 days from the last day of quarter;

- Reviewed semi-annual financial statements: within 60 days from the last day of first six months of fiscal year.

- Audited annual financial statements: within 100 days from the last day of fiscal year.

However, the request of GEX will be reviewed by the State Securities Commission.

8. MSN: BOD resolution dated December 20, 2019

↓ -6.18%

On December 20, 2019, the Board of Directors of MaSan Group Corporation approved the following issues:

1. Approving the plan for issuing bond to public:

- Bond type: non-convertible, unsecured and without warrants

- Total value of issue: VND 10,000,000,000,000, including 04 phases:

+ Phase 1: VND 3,000,000,000,000;

+ Phase 2: VND 2,000,000,000,000;

+ Phase 3: VND 3,000,000,000,000;

+ Phase 4: VND 2,000,000,000,000.

- Issue exchange: VND

- Interest rate:

+ For phase 1, phase 2 and phase 4:

The first interest period (12 months): 9.3%/year;

The next interest periods (06 months): sum of 2.5%/year and the average of the interest rates of personal savings (deferred interest payment) with a term of 12 months (or equivalent) in VND quoted by BIDV, Vietcombank, VietinBank and Agribank on the determination date.

+ For phase 3:

The first interest period (12 months): 10%/year;

The next interest periods (06 months): sum of 3.2%/year and the average of the interest rates of personal savings (deferred interest payment) with a term of 12 months (or equivalent) in VND quoted by BIDV, Vietcombank, VietinBank and Agribank on the determination date.

- Par value: 100,000 VND/bond

- Issue price: 100% par value

- Offering volume: 100,000,000 bonds

- Expected issue date: from Q1.2020 to Q2.2020:

+ Phase 1: Q1.2020

- + Phase 2: Q1.2020
- + Phase 3: Q2.2020
- + Phase 4: Q2.2020
- Bond term: 36 months
- Issue agent and listing consultant: Techcom Securities Joint Stock Company (TCBS)
- Registration and Depository agent: Techcom Securities Joint Stock Company (TCBS)
- 2. Approving to raise stake in Masan Horizon from VND 13,737,199,980,000 to VND 18,737,199,980,000, equivalent to the additional stake value of VND5,000,000,000,000).

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