



VIETNAM DAILY NEWS

January 21st, 2020



Table of content

Table of content

- 1. Shares retreat on low liquidity**
- 2. HCM City to implement e-Tax system from February 10**
- 3. Ministries demand more airports open to private investment**
- 4. Hanoi Tax Department to scrutinise transfer pricing in 2020**
- 5. Empowering Vietnam's digital transformation**
- 6. Best Over A Billion spotlights rising star**
- 7. Stock market briefs Jan 20, 2020**
- 8. Vietnam Airlines launches Da Nang-Shanghai route**

Market Analysis

1. Shares retreat on low liquidity

The market experienced an uneventful trading day Monday with sideways movements and slight fluctuations among declining liquidity.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange edged down 0.03 per cent to close at 978.63 points.

The benchmark index gained 0.48 per cent to close last Friday at 978.96, recording a growth of 1.07 per cent last week.

More than 148.8 million shares were traded on the southern bourse, worth VND3.9 trillion (US\$167.9 million).

The large-cap VN30-Index rose 0.29 per cent to close at 897.40 points with 10 of the 30 largest stocks by market capitalisation and trading liquidity falling.

The market continues to experience a divergence among stock sectors.

Wholesale, insurance, real estate, securities, information and technology, oil and gas, banking, agriculture, rubber production, food and beverage and logistics all lost ground.

On the opposite side, retail, seafood processing, construction and healthcare were among the gaining sectors.

Pillar stocks have differentiated strongly in Monday's session with gainers including VPBank (VPB) (+2.7 per cent), steel maker Hoa Phat Group (HPG) (+2 per cent), Mobile World Group (MWG) (+2.2 per cent), brewery Sabeco (SAB) (+0.6 per cent), dairy firm Vinamilk (VNM) (+0.3 per cent), Vietinbank (CTG) (+0.6 per cent), PetroVietnam Gas JSC (GAS) (+0.2 per cent) and Phu Nhuan Jewellery (PNJ) (+1.4 per cent).

In the opposite direction, other blue-chips were remained hardly troubled such as Vietcombank (VCB) (-0.5 per cent), Vincom Retail (VRE) (-1.8 per cent), Masan Group (MSN) (-1.3 per cent), Bank for

Investment and Development (BID) (-0.4 per cent), Vietjet (VJC) (-0.8 per cent) and Bao Viet Holdings (BVH) (-0.8 per cent).

According to Bao Viet Securities Co, since 2010, the market has usually rallied in about 10 sessions before the Tet (Lunar New Year) holiday. The market rallied for 9 out of 10 observed years with an average increase of about 4.57 per cent.

"However, market liquidity often shows signs of decline during this period. According to our observation, only three out of 10 observed years, trading volume increased in 10 sessions before Tet and only four out of 10 observed years, trading value increased. The average decrease of trading volume was -16.43 per cent and of trading value was -17.25 per cent," BVSC said.

"Investors usually restructure loans before and avoid holding loans during Tet. However, notably, according to our statistics, the market also usually increases in 10 sessions after Tet holiday but with a strong increase in trading volume and value."

"In eight out of 10 observed years, VN-Index increased with an average increase of 4.31 per cent. Trading volume increased over 8 out of 10 years with an average increase in those eight years at 45.03 per cent and trading value increased in nine over 10 years with an average increase of 40.31 per cent."

BVSC said investors should take advantage of market's prior Tet sessions to buy, sell and hold stocks. In addition, investors can safely hold and maintain a proportion of stock exposure through the Tet holiday with 80 per cent probability the market will continue to increase after Tet. The market often receives support from booming transaction volumes and values.

On the Ha Noi Stock Exchange, the HNX-Index rose 0.73 per cent to end at 104.64 points.

The HNX-Index ended last week at 103.88 points, up a total 1.62 per cent after one trading week.

Macro & Policies

2. HCM City to implement e-Tax system from February 10

The system is to help taxpayers making tax declarations, payments and refunds more quickly and conveniently, said the department.

To operate the system, from February 7 to 9, the department will stop providing online tax declaration services at <http://kekhaithue.gdt.gov.vn> and electronic tax payments at <http://nophthue.gdt.gov.vn>, connecting all to the e-tax system at www.thuedientu.gdt.gov.vn, which will start on February 10.

According to the department, the e-Tax system will help taxpayers access and manage all tax services on a single system instead of having to log into many different applications.

The e-Tax system also helps look up tax records, notices of processing tax results, as well as information and fees.

Currently, around 99 per cent of import and export tax payments in HCM City are made online, according to the customs department.

According to the State Bank of Viet Nam, promoting online payment for public services is one of the goals of the Government. Previously enterprises had to pay tax at the Treasury or a bank, take the payment receipt to customs authorities and wait.

In the past, it would take businesses two or three days to complete tax payments. Businesses have their goods cleared quickly after paying, and no longer face a situation where they pay tax, but customs does not receive information about it.

3. Ministries demand more airports open to private investment

Five ministries have universally rejected a proposal by the transport ministry to restrict private investment in the country's biggest airports and instead hand the job to a single company.

In its proposal on mobilising private investment into airports, the Ministry of Transport (MoT) suggested fully opening three planned small-scale airports in Sa Pa town and Lai Chau and Quang Tri provinces to private firms.

Investment in 22 airports, including the biggest and those generating the highest annual revenue, like Noi Bai, Tan Son Nhat and Da Nang together with the mega airport project Long Thanh, would continue to be in the sole hands of the joint-stock company Airports Corporations of Vietnam (ACV).

Private companies could participate in infrastructure projects at the airports in question, but would be limited to minor tasks. ACV would be the one to manage and supervise all investment projects at the airports.

In a document responding to the transport ministry regarding its proposal, the Ministry of Justice said

that facilitating more private investment into building and running airports was essential given the strained national budget.

The MoT should hold a thorough assessment to scrutinise the capabilities and performance of ACV while managing the airports.

The assessment result would serve as a 'factual base' to determine whether to go along with the proposal or to strip ACV of its current role and level the market for private firms.

The ministry said that any airports deemed not of highest importance to be invested and owned by the State were found to be mismanaged by ACV should have their doors opened to private investors.

The Ministry of Planning and Investment (MPI), meanwhile, lashed out at the transport ministry's proposal for "not being able to ensure of both theoretical and practical bases".

It also recommended lifting the restrictions on the number of airports open to private investment. The

decision to determine whether an airport might need investment from the private sector should not be based on a particular list, MPI said, but rather the airport's demand for capital and the capability to balance the budget.

The Ministry of National Defence and the Ministry of Construction in their own responses to the proposal also asked the transport ministry to reconsider its limited list of airports allowed to receive private investment.

The somewhat key role of ACV in the proposal raised red flags from the ministries.

The justice ministry demanded the MoT prove the legal basis for its proposal to leave ACV in charge of selecting investors for projects in 22 airports it was overseeing.

It explained that ACV, though 95.4 percent of its shares were owned by the State, was not a State-

owned but a joint stock company. Thus it was ineligible for ACV to represent the Government to choose investors to invest in, build and upgrade airports, the ministry added.

The MPI was also against such big role for ACV, pointing out the firm was simply a State majority-owned enterprise and not a public entity holding jurisdiction on the matter.

Handing ACV the power to determine the private investment in aviation ports was plainly "inappropriate", it concluded.

The Ministry of Finance, meanwhile, called on the MoT to clarify the reasons why ACV was allowed to play such a big role in the proposal – to oversee all 22 airports and take charge of private investment there – in order to maintain standards of transparency.

4. Hanoi Tax Department to scrutinise transfer pricing in 2020

Mai Son, director of the Hanoi Tax Department, made the statement at the press briefing on January 15.

Accordingly, the department will inspect foreign-invested enterprises (FIEs) who reported losses for years but still made business expansions, and those who have been conducting suspicious transactions.

In 2019, the Hanoi Tax Department made great achievements, with state budget collection hitting a five-year record high with tax collection reaching VND252.18 trillion (\$10.96 billion), up 15 per cent on-year. Tax collection from manufacturing business rose 17 per cent on-year, up from the 11.2 per cent in 2016-2018.

2019 was also the second year that the tax department fulfilled its inspections by carrying out over 18,700 inspections and investigations, surpassing the target by 12 per cent with the total collection in arrears and fines of VND3.7 trillion (\$160.87 million).

During the year, the Hanoi Tax Department will also promote IT application in tax management with online declarations and e-payment, among others.

This year, the department sets out six key tasks to fulfill the target.

5. Empowering Vietnam's digital transformation

From a digital technology perspective, as Vietnam embraces the advanced technologies of Industry 4.0, it is becoming one of the more dynamic emerging countries in Southeast Asia. The acceleration of digital transformation in Vietnam will profoundly impact the way people communicate, connect, and work, as well as altering the structure of industry throughout the country.

Vietnamese businesses need to transform digitally to be able to accommodate growing client expectations across all channels. The minimum threshold for customer experience is the best one they had before. As the emerging technologies such as AI, automation, the Internet of Things and blockchain become pervasive, their combined

impact will reshape standard business or technology architecture in the country.

There are three critical factors for businesses to successfully transform. Organisations must first understand their digital transformation needs and the business outcomes that they want to achieve by going digital. They need to switch their perspective from being a provider-focused to become more customer-centric by leveraging on technology.

The second factor is creating new business models. In every industry, business leaders have long used IT to improve productivity and efficiency, reach new markets, and optimise supply chains. With digital transformation, the business competitive advantage lies not just in being agile but also being a data-driven organisation.

The third factor involves digital talent readiness. It takes a combination of technology and talent to go through the digital transformation journey. Some of the key barriers slowing digital transformation in Vietnam are not about technology but rather the ability of enterprises to address the new required deep digital skillsets workers where machines and humans can work together.

In the World Economic Forum's latest Future of Jobs Report on workforce trends in 20 economies, over 42 per cent of all jobs will change significantly by 2022 and require new skills such as analytics or design thinking and soft skills like complex problem solving.

To address this, both public and private sector partners need to collectively come together to provide students with the academic, technical, and professional skills such as critical thinking, problem solving, communication, and collaboration, required to compete in the digital economy.

Industry involvement fuels the opportunity to engage with learning in a significant, long-term manner that develops workforce talent. There is a growing category of jobs, in areas such as cloud computing, cybersecurity, and digital design that require more than a high school diploma but do not necessarily require a four-year degree.

IBM is advocating for workers to have the right skills and credentials they need for these jobs by revolutionising education, and training employees for the AI era through our new Collar and Skill Accelerator programme, partnering with the Hanoi University of Science and Technology (HUST).

In the first year of implementing the programme, IBM will support the Data Science and AI Department to develop and finalise an AI curriculum using IBM's available resources, coursework materials, and other resources of the IBM Academic Initiative. We aim to train 1,000 students in this academic year and will extend the programme further with the HUST and other institutional academies throughout the country.

Two industries facing high demand for more personalised customer experiences are banking and telecommunications. Our clients in these industries are well aware of the need to change and to win in the advanced competition. Banking clients in particular are experimenting with both public and private clouds, in which IBM extends our support and solutions to shape the appropriate transformation for each business' requirement.

We also see that businesses in other industries like insurance, healthcare, supply chains, manufacturing, aviation, and especially retail and e-commerce are transforming digitally. This will be the year that customer satisfaction is the key to success of business and by transforming themselves, businesses in these fields can definitely win.

6. Best Over A Billion spotlights rising star

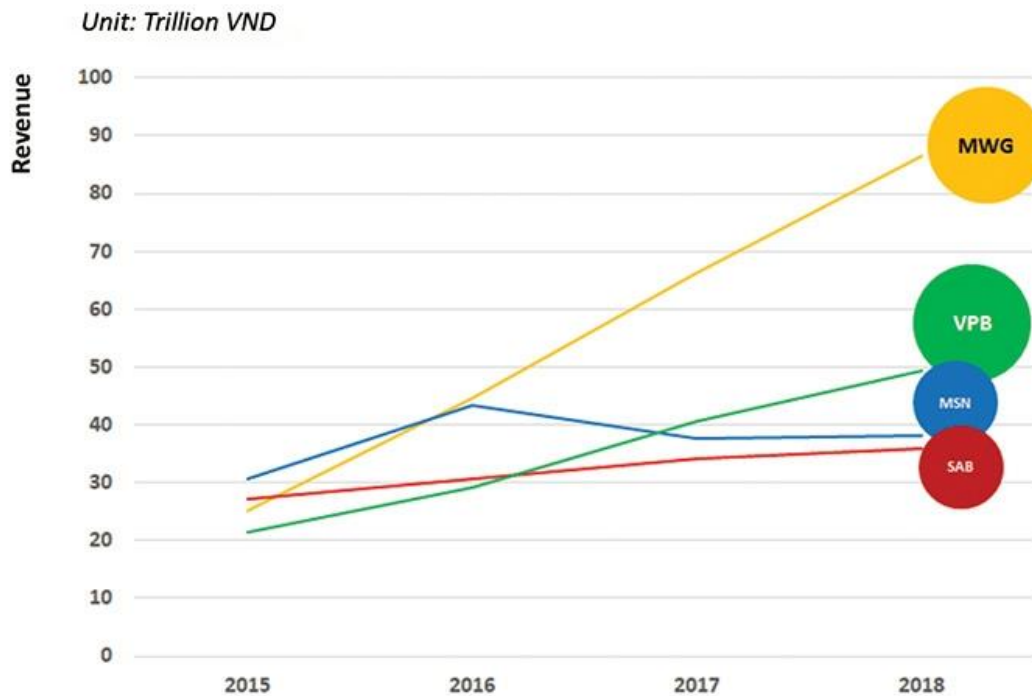
	Tên doanh nghiệp	Quốc Gia	Doanh thu (triệu USD)	Lợi nhuận ròng (triệu USD)	Giá thị trường (triệu USD)
	Tập đoàn Masan	Việt Nam	1.659	214	3.766
	Công ty cổ phần Thế Giới Di Động	Việt Nam	3.758	125	2.174
	Tổng công ty Bia Rượu Nước giải khát Sài Gòn	Việt Nam	1.562	181	7.734
	Công ty Cổ phần Hàng không Vietjet	Việt Nam	2.328	232	3.054
	Công ty Cổ phần Sữa Việt Nam	Việt Nam	2.283	444	9.076
	Ngân hàng thương mại cổ phần Kỹ Thương Việt Nam	Việt Nam	1.338	368	3.027
	Vingroup	Việt Nam	5.295	164	17.006

Performance of top Vietnamese businesses

Forbes Asia recently announced the Best Over A Billion list, which names the 200 top-performing listed companies across Asia Pacific with revenues of \$1 billion or more. Seven Vietnamese companies made it to the list – Masan Group, Mobile World, Sabeco, Vietjet, Vinamilk, Techcombank, and Vingroup. Most remarkably, Mobile World has witnessed a significant increase in its phone, electronics, and grocery chain stores. Last year, Mobile World was set to reach its revenue target of

\$4.9 billion, exceeding expected net profits of \$150 million.

Since being listed on stock exchange, Mobile World has always been among the 50 top-performing listed companies in Vietnam. The group earned revenues of VND25.4 trillion (\$1.1 billion) in 2015, almost equal to other major companies and banks, and in 2018 it achieved revenues of VND85.6 trillion (\$3.69 billion) in 2018, more than triple the 2015 figure.



Revenue growth of Vietnamese companies on the Best Over A Billion list

Compared with other companies, Mobile World has enjoyed a spectacular breakthrough over the past few years. In 2020, the company has set the target to reach VND122.5 trillion (\$5.28 billion) in profits, up 34.4 per cent against 2019. If the company maintains a compound annual growth rate of over 52 per cent, it is likely to reach the \$10 billion milestone soon.

The company is also accelerating expansion of Dien May Xanh and Bach Hoa Xanh chains to capitalise on market opportunities.

According to retail analysis by GfK, the Dien May Xanh chain currently holds 40 per cent of the electronics retail market, far surpassing

competitors Nguyen Kim chain (70 stores) and Cho Lon Electronics (71 stores). The chain has a huge potential to increase sales and market share by extending its reach to other segments such as watches, glasses, and appliances. Meanwhile, the Bach Hoa Xanh chain has 1,000 stores in operation but it has yet to fully participate in the food retail segment. With a big market capacity, there is still much room for the chain to scale up and grow revenue. Once Bach Hoa Xanh's revenue surpasses the combined revenue of thegioididong.com and Dien May Xanh, Mobile World will achieve the \$10 billion mark.

When many retailers have faced mounting losses and even withdrawn from the race, the corporation is still earning high profits and offers greater security to investors. The group is also one of the top blue-chip stocks with the strongest growth in 2019.

Corporate News

7. Stock market briefs Jan 20, 2020

↑ 0.72%

HCMC - Duc Long Gia Lai Group JSC (DLG) has completed the Thuan Nam Duc Long solar power project in Ninh Thuan Province's Thuan Nam District within only 3.5 months. The 50-megawatt-peak plant requires an investment of over VND1 trillion. The project has been connected to the 220-kilovolt transmission line. Electricity generated from the project will be sold at 9.35 U.S. cents per kilowatt hour in 20 years.

HANOI - Tri Viet Asset Management Corporation JSC (TVC) looks to raise its capital business value

to VND5 trillion and have 50 large customers in the next three years. One year later, the firm will start acquiring and managing enterprises to have 15 subsidiaries and affiliates in the next decade.

HCMC - The Southern Rubber Industry JSC (CSM) generated nearly VND4.3 trillion in revenue last year, up 10% year-on-year, while its after-tax profit reached VND53 billion, a nine-fold increase over the year-ago period. This year, the company expects to earn over VND4.4 trillion in revenue and VND80 billion in pre-tax profit.

8. Vietnam Airlines launches Da Nang-Shanghai route

↓ -1.23%

National flag carrier Vietnam Airlines on January 19 officially launched a non-stop route connecting the central coastal city of Da Nang and China's Shanghai.

The first flight coded VN528 took off from the Da Nang International Airport at 17:55 and departed from Shanghai at 23:20 on the day. It used Airbus 321 aircraft with four-star services.

This is the carrier's 19th route linking Vietnam and China.

Besides connecting the two large cities, the Da Nang – Shanghai route opened up opportunities for passengers to tour fascinating destinations in both nations via direct flights of Vietnam Airlines such as Shanghai-Da Nang- Hanoi/HCM City or Da Nang-Shanghai-Hangzhou-Da Nang.

Vietnam Airlines is currently offering round-trip airfare starting from 227 USD (exclusive of taxes and fees) on the route. The promotion rate is applicable for all bookings until January 31, 2020 for travel from January 19 to March 28, 2020.

Tickets are available on the airline's official website at www.vietnamairlines.com, mobile application, and booking agents across the country.

As the most livable city in Vietnam, Da Nang city has attracted millions of domestic and foreign visitors thanks to its stunning landscapes and excellent tourism products.

Meanwhile, Shanghai is an economic hub of China. Its ancient and modern architectures, together with vibrant shopping and entertainment activities, have made it a popular tourism destination for foreigners.

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