



# VIETNAM DAILY NEWS

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## Market Analysis

### 1. VN-Index surges one percent, led by blue chips

Vietnam's benchmark VN-Index surged 9.37 points, or 1.01 percent, to 938.13 points Thursday, with most blue chips in the green.

The Ho Chi Minh Stock Exchange (HoSE), Vietnam's main bourse on which VN-Index is based, saw 228 stocks rise and 125 fall.

Order matched transactions were approximately 10 percent over the last session to VND2.7 trillion (\$116.39 million), slightly above last month's average liquidity.

The VN30-Index for the bourse's 30 biggest market caps rose 0.88 percent, with 17 gaining and 7 losing.

ROS of real estate developer FLC Faros topped gains yet again with a 6.8 percent rise, the highest it can go in a trading session. The blue chip is currently one of the most volatile on the VN30, either hitting its price floor or the ceiling for most sessions in the past month.

It was followed by VIC of Vingroup, Vietnam's biggest private conglomerate, and Vietnam's biggest market cap stock, which surged 4.8 percent.

Before the last four sessions in which it posted three losses and one gain, VIC had been one of the most stable stocks on VN30, seldom gaining or losing over 0.3 percent per session in the past quarter.

VRE of Vingroup's retail arm Vincom Retail and VHM of real estate arm Vinhomes also added 2.5 percent and one percent respectively.

The oil and gas sector recorded no losing tickers this session. POW of Vietnam's second-biggest electricity generator PetroVietnam Power shot up 4.3 percent, PLX of petroleum distributor Petrolimex added 0.6 percent, and GAS of energy firm PetroVietnam Gas kept its opening price.

Other major gainers included VPB of private lender VPBank, up 2.7 percent, and HPG of leading steelmaker Hoa Phat Group, up 2.2 percent.

In the opposite direction, CTD of construction giant Coteccons led losses with 3.4 percent. It was the only VN30 stock to shed over 1 percent this session.

Other than PNJ of Phu Nhuan Jewelry, down 0.2 percent, all the other losing tickers belonged to shares in the banking sector.

STB of Sacombank, TCB of Techcombank, EIB of Eximbank, and HDB of HDBank lost between 0.4 percent and 0.9 percent each.

CTG of VietinBank, one of Vietnam's biggest state-owned lenders by assets, shed 0.4 percent. The other two, BID of BIDV and VCB of Vietcombank, kept their opening prices.

Meanwhile, the HNX-Index for stocks on Hanoi Stock Exchange, Vietnam's second main bourse for small and midcap stocks, shed 0.7 percent, while the UPCoM-Index for unlisted public companies added 0.27 percent.

Foreign investors were net sellers for the eighth consecutive session on all three bourses, with a net sell of VND357 billion (\$15.39 million). Selling pressure was mostly focused on CTG of VietinBank and MSN of food conglomerate Masan Group (up 1.4 percent).

## Macro & Policies

### 2. Vietnam loosens regulations for car imports

On February 5 the government amended provisions of Decree 116, which had imposed stringent conditions on the assembly, import and maintenance of automobiles since 2018.

Importers no longer need to produce vehicle type approval certificates (VTAs) issued by authorities in the country of origin. VTAs, which confirm that production samples of a design meet specified performance standards, had been made compulsory by Decree 116.

Besides, imported cars no longer need to undergo rigorous quality tests if they are identical to previously imported vehicles that had been tested in the last 36 months.

Decree 116 had required each individual batch, without exception, to be tested at the time of import.

"Decree 116 was enacted to tighten quality control of imported cars," the owner of a Japanese car dealership said. "But once it has fulfilled its mission to get businesses in line with Vietnam's quality standards, VTAs and other such certificates become redundant."

Immediately after Decree 116 came into effect on January 1, 2018, car imports plummeted 85 percent year-on-year in the first quarter as importers scrambled to procure the document.

Governments in Vietnam's major car supplying countries such as Thailand and Indonesia, which had never issued this type of document before, had to start doing so to prevent losing exports.

According to industry insiders, Decree 116 was enacted as non-tariff barrier to protect the

domestic industry against a potential flood of car imports as a result of zero tariffs under the ASEAN Free Trade Agreement in 2018.

Businesses quickly adapted to the new regulations, and car imports picked up again in the second half of the year, and have been rising until now.

Unlike importers of Japanese vehicles, who took a lot of time to get VTAs, German carmakers such as Mercedes, Porsche, Truong Hai (BMW), Volkswagen, and Audi were not affected much since their country already issued the document.

However, stricter customs clearance procedures did slow down luxury car imports from Europe, and dealers had to delay delivery to customers.

"The removal of the VTA requirement and other customs procedures will not affect us too much other than reducing the time it takes to get our cars cleared by customs," a German car dealer said.

The new regulation only applies to import of unused cars, and Decree 116 still applies in full to second-hand imports.

According to the Vietnam Automobile Manufacturers Association (VAMA), 4,281 completely built-up (CBU) cars worth \$111 million were imported in January this year, down 35.4 percent year-on-year.

Overall car sales were down 52 percent from the previous month and 53 percent year-on-year to 15,787 units.

### 3. Investors dive into local supporting industries

Do Phuoc Tong, chairman of Duy Khanh Engineering Co., Ltd. based in Saigon High-Tech Park (SHTP), said that SHTP Management Authority has granted a license allowing the

company to inject additional capital into its project on precise model manufacturing.

"We have pumped VND66.3 billion (\$2.88 million) additional capital into the project and plan to kick-

off the factory construction in this May,” said Tong, adding that in 2017, their company was licensed to invest in SHTP with the total registered capital of VND116.3 billion (\$5 million).

Duy Khanh operates in the supporting industry, and the company's project is eligible for support from Ho Chi Minh City's programme to boost investment.

In fact, due to procedure-related hurdles, the project has yet to receive support and has been stalling until present.

Duy Khanh is one of a fair number of firms who decided to pour money into the supporting

*Binh Duong province has courted more than \$170 million in foreign direct investment in January alone, with several projects in the supporting industry.*

industry of southern locations.

Early this month, Ba Ria-Vung Tau province licensed five projects valued at more than \$174 million in total investment value. One of these is a supporting industry project that comes from Japan's Arakawa Chemical Industries Ltd.

This project, valued at \$45.6 million, is specialised in Polymer Acrylic production and trading to feed the paper industry.

Meanwhile, Binh Duong province has courted more than \$170 million in foreign direct investment in January alone, with several projects in the supporting industry.

This includes the \$20 million project of Singapore-backed Altop Vietnam Ltd. to produce and process moulding and casting items from aluminium alloys or Japan's KBK Vietnam Co., Ltd. raising its investment capital by \$5 million to produce and process springs and diverse mechanical components and accessories.

According to Nguyen Phuong Dong, deputy director of Ho Chi Minh City Department of Industry and Trade, to concentrate resources into supporting major industrial items and key industries, the department will further team up with related agencies to implement five major groups of measures.

The measures aim to attract investment from foreign-invested and local businesses into producing complete items, facilitating engagement of supporting industry businesses in the supply chain (through conferences to connect suppliers and international exhibitions on supporting industry) attached to the direction of developing the city's major industrial products.

“Authorised agencies have devised the list of programmes designed to boost investment in light of Resolution 16 of the municipal People's Council to fuel investment into city-based supporting industry during 2018-2020 to provide practical support to businesses in this field,” Dong said.

#### 4. S. Korea's trade with Vietnam up 16.5% annually since FTA

The combined trade volume between the two countries reached \$69.2 billion in 2019, compared with \$37.6 billion posted in 2015, according to the Korea Customs Service.

South Korea and Vietnam implemented the FTA in December 2015, after kicking off their first negotiations in 2012.

Over the cited period, South Korea's trade with China, the top trading partner, grew 1.7

percent annually. Seoul and Beijing also implemented their free trade pact in a similar period with Vietnam.

South Korea's exports to Vietnam came to \$48.2 billion in 2019, jumping 73 percent from four years earlier. The figure, however, fell 0.8 percent on-year as the trade feud between Washington and Beijing weighed down on the business sentiment around the globe.

In 2019, South Korea's combined exports slipped 10.3 percent on-year.

Vietnam was the third-largest export destination for South Korean goods in 2019, moving a notch up compared with 2015 by outpacing Hong Kong.

Exports of chips to Vietnam, in particular, grew sharply over the cited period, reaching \$10.7 billion in 2019, compared with only \$2.8 billion posted in 2015.

Outbound shipments of displays to the Southeast Asian country also gathered ground, reaching \$7.9 billion last year, compared with \$254 million in 2015.

## 5. Tan Thanh border gate reopens today

Tuong told the Tuoi Tre newspaper that on February 19, the Lang Son border gate management board had held a meeting with the competent agencies of China's Pingxiang.

At the meeting, the two sides decided to resume goods exchange at the Tan Thanh border gate from February 20.

Trade activities at the border gate start at 8 a.m. and end at 5 p.m. each day.

Tuong also noted that firms and traders are required to show their purchase and sale contracts before their goods can pass through the Tan Thanh border gate.

Goods clearance will be allowed if traders have contracts with Chinese partners, he said.

The representative of the Lang Son Department of Customs stated that all steps to prevent the spread of Covid-19 should be taken, in line with the regulations. For example, vehicles used for transporting goods through the border gate must be sterilized, and drivers must wear protective gear and be checked for fevers before passing through the gate.

Tuong remarked that only two container trucks loaded with dragon fruit are waiting at the gate for clearance, but the Tan Thanh border gate is expected to be busy with hundreds of farm produce trucks passing through it over the next few days.

Therefore, he advised traders to make calculations and limit their goods transportation through the border gate as steps for infection prevention and goods clearance amid the coronavirus scare will take more time than usual.

## 6. HCMC seeks to establish satellite city

The plan to establish the city is based on available major parts, including the Hi-Tech Park in District 9, the cluster of schools of the Vietnam National University-HCMC in Thu Duc District and Thu Thien New Urban Area in District 2.

The HCMC Department of Home Affairs told Thanh Nien newspaper that the establishment of the satellite city will be carried out concurrently with the rearrangement of district- and commune-level administrative units.

The city is scheduled to cover an area of over 211.5 square kilometers and accommodate over 1.1 million people.

The rapid development of three districts---Districts 2, 9 and Thu Duc---to establish the satellite city has been considered by municipal authorities for a long time.

Also, the city has held many conferences, seminars and idea-based competitions to choose the best solution for the project.



## Corporate News

### 7. Vingroup pledges 840,000 USD for coronavirus research in Vietnam

↑ 4.76%

Private conglomerate Vingroup has pledged nearly 19.5 billion VND (around 840,000 USD) to fund research projects on the novel coronavirus (COVID-19).

The Vingroup Innovation Foundation (VINIF) and Vingroup Big Data Institute (VINBDI) on February 20 signed a sponsorship agreement with the Company for Vaccine and Biological Production No.1 (Vabiotech), National Institute of Hygiene and Epidemiology, and Institute of Preventive Medicine and Public Health to develop a vaccine, warning system and comprehensive research on the virus.

Vabiotech will get 8 billion VND (almost 345,000 USD) for the project on developing COVID-19 vaccine in the laboratory led by Doctor Do Tuan Dat.

The National Institute of Hygiene and Epidemiology will receive a grant of nearly 7.5 billion VND (323,000 USD) for the project on the epidemiological characteristics of coronavirus, led by Associate Prof. Dr. Phan Trong Lan.

The project to develop a national early warning system for the epidemic led by Prof. Dr. Le Thi Huong of the Institute of Preventive Medicine and Public Health will get 4 billion VND (193,000 USD).

All funding will be used by these organisations for research and producing test kits for disease diagnosis; researching treatment regimens; research and manufacture of vaccines; research on the epidemiological characteristics, viral characteristics and transmission ability of the virus.

Vabiotech is expected to produce 1,000 doses of novel coronavirus (COVID-19) vaccine.

Speaking at the event, Associate Prof. Dr. Phan Thi Ha Duong, Managing Director of the Vingroup Innovation Foundation (VINIF), expressed her high hope over Vietnam's scientific contributions in controlling the epidemic.

"Aiming to promote scientific and technological research in Viet Nam, we look forward to empowering scientists in research on disease prevention and control which will be very effective with the cooperation of the State. Despite being urgent, the selected projects have been reviewed strictly by the National Council or the Science Council of the Foundation," she said

This agreement makes Vingroup the first private enterprise to work with the State in controlling the virus and protecting public health./.

### 8. Stock market briefs Feb 20, 2020

↓ -0.37%

HCMC – Kienlong Bank will put up more than 176.4 million shares of Sacombank (STB) for sale at a starting price of VND21,600 per share. Kienlong Bank will offer the shares, which are collateral assets of some individuals, to retrieve debts. This is the second attempt by Kienlong Bank to offload Sacombank's shares since its failure at the end of January. If the sale is successful, Kienlong Bank will collect more than

VND3.8 trillion. Compared to the previous offering, Kienlong Bank has discounted the share price by 10%. STB share price is now around VND11,400 on the Hochiminh Stock Exchange.

HCMC – The Ministry of Construction will divest the remaining State capital in ceramic and tile producer Viglacera Corporation (VGC) within this year, said head of the ministry's Enterprises

Management Department Dao Minh Thanh. The State capital in VGC now accounts for 38.85% following previous divestments. The firm is trading more than 448.3 million shares on the Hochiminh Stock Exchange.

HCMC – SSI Securities Corporation (SSI) plans to issue nearly 82.89 million shares to pay dividends to shareholders at a rate of 16%, meaning each shareholder who owns 100 shares will receive 16 new shares. Capital for the issuance is sourced

from the company's retained after-tax profit as of December 31, 2018. After the issuance, SSI's chartered capital will be raised to nearly VND6.03 trillion.

HCMC – Development Investment Construction Company (DIG) said its consolidated net profit surged 70% year-on-year to over VND329 billion in the fourth quarter of last year, the highest profit so far. The revenue climbed 18.6% to VND851.6 billion in the quarter.

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