



VIETNAM DAILY NEWS

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Market Analysis

1. VN-Index earns modest rise for second straight day

The local stock market struggled but still made a modest rise today, March 26, as the gigantic rebound on Wednesday failed to convince investors of a sustainable recovery.

The VN-Index of the Hochiminh Stock Exchange added a slight 3.96 points, or 0.57%, against the day earlier to close at 694.21. However, market breadth was negative as the number of falling stocks doubled that of rising ones by 265 to 108.

Global stock markets also retreated after recent strong surges as investors were concerned about the highly contagious coronavirus and a possible spike in unemployment data in the United States, the world's biggest economy. In Japan, the Nikkei plummeted 4% after the strongest two-day rallies ever.

Blue-chip stocks again reported bustling trade as the transaction value of the VN30 basket accounted for 69% of the overall market turnover, reaching nearly VND2.8 trillion. The VN30 Index, however, still fell 0.86% at 646.7.

Conglomerate VIC and its subsidiaries turned top gainers, in which VIC went up to the ceiling price of VND81,800. Meanwhile, housing group VHM

climbed 3.2% at VND61,000 and retail group VRE soared 5.8% at VND20,000.

Among speculative stocks, property group FLC was the most actively traded stock on the HCMC market, though it closed at the floor price. In contrast, ABS, an agricultural service provider, hit the upper limit for the eighth consecutive session, standing at VND19,300, and multimedia firm YEG shot up to the ceiling price for the second session, closing at VND52,000, following a seven-day losing streak.

According to some securities enterprises, the main index remains under the negative influence of unexpected movements of the Covid-19 pandemic, foreign investors' net selling pressure and negative movements of global markets. The Finance Ministry's recent cut and exemption of some securities service fees will not urgently help soothe investor nerves over the spread of the Covid-19 and more strong measures are needed to support businesses.

On the Hanoi Stock Exchange, the HNX-Index dipped 2.28 points, or 2.27%, at 97.81. Market trade declined sharply, falling 16% and 10% compared with Wednesday at 41 million shares worth VND390.5 billion.

Macro & Policies

2. Hanoi SMEs proposes extending relief programs for firms hurt by Covid-19

The Hanoi Association of Small and Medium Enterprises (Hanoisme) has proposed the Vietnamese government extend the relief package that includes lowering and waiving of interest rates for the business community amid the growing impacts of the Covid-19 pandemic.

Following a quick survey on the impacts of the pandemic on enterprises operating in Hanoi, the Hanoisme suggested that the Hanoi People's Committee should continue pushing for administrative reforms and expanding investment in industrial parks.

Additionally, trade promotion activities are key to help enterprises boost sales and penetrate new markets, Anh said.

The Hanoisme expected the local authorities to reduce land rental fees by 50% for the first six months of 2020, as well as costs of electricity, water, and other administrative fees related to enterprises, according to Mac Quoc Anh, vice president cum general secretary of the association.

Anh added the government could consider delaying the payment deadline for corporate tax and reducing the tax rate to 15–17% and value added tax (VAT) by 50%.

The banking sector is asked to lower interest rates for existing loans and accelerate the lending procedures for new customers.

In addition, the government is proposed to reduce and defer payment of social and health insurance for workers; extend VAT payment for imported goods to 120 – 180 days; and simplify customs clearance process.

Anh expected these measures would help build trust of the business community that the government is capable of containing the pandemic, in turn mitigating its negative impacts on the economy.

In early March, Hanoi's Taxation Authority set up four scenarios for its state budget revenue in 2020, in which the pandemic is expected to cost the city up to VND16.6 trillion (US\$712.14 million) to deal with it and support local businesses suffering from its impacts.

3. Non-essential services in Hanoi stop to minimize Covid-19 contagion

The Hanoi city government on March 25 asked competent agencies to enforce the closure of unnecessary business services in the city in a tougher move to contain the Covid-19 pandemic.

Non-essential businesses including karaoke bars, parlors, online game stores, cinemas, stadium, and fitness facilities are requested to close while grocery stores, pharmacies and gas stations could remain open.

Previously, Hanoi's authorities requested the closure of entertainment services until the end of March but did not state concretely as to what services should be ceased like their peers in Ho Chi Minh City.

On March 24, the Ho Chi Minh City People's Committee suspended all catering and entertainment services including fitness centers, spa, hair salons and restaurants with capacity of more than 30 people in the locality from 18.00 on March 24 to March 31.

At least eight people have been infected with the coronavirus due to their connection with a bar named Buddha in the city's District 2.

At the meeting with local governments and ministries on March 24, Prime Minister Nguyen Xuan Phuc ordered the closure of non-essential services across the country to curb the spread of the coronavirus.

The decision was made in the context of the growing spread of the Covid-19 pandemic in Ho

Chi Minh City and the effort of the entire country to contain it.

4. PM orders faster public capital disbursement to fuel growth

Prime Minister Nguyen Xuan Phuc has ordered ministries, sectors and localities to boost the disbursement of public investment capital and consider this as the most important measure to make up for the losses the COVID-19 epidemic causes to economic growth.

This is part of the conclusion he made at the recent meeting on solutions to tackle difficulties, promote economic growth and ensure social security under the pandemic's impact.

Accordingly, the PM requested ministries, sectors and localities to work harder to disburse all the capital left from 2019 as well as the amount planned for this year.

He also demanded stronger attraction of private and foreign investment, effective implementation

of credit support solutions, swift handling of administrative procedures for the early application of rescheduling and reduction of taxes and fees related to businesses, and support for the exploration of new export markets.

Additionally, the Government leader told them to keep a close watch on the pandemic's developments and influence on economic growth so as to propose aid packages to stimulate growth at appropriate points of time.

They were also requested to take measures to ensure social security and care for people's life, especially labourers affected by the COVID-19 outbreak; strictly control prices of the State-managed commodities and input materials for businesses; and ensure the supply of food and essential goods for consumption./.

5. Vinatex to ask for permission to export anti-virus products

Those include products like antiviral face masks, antibacterial medical clothing and non-woven disposable clothes.

Vinatex would enhance its search for export orders of anti-virus products.

Le Tien Truong, Vinatex's director said at the group's online conference with 22 of its member companies on Wednesday that the COVID-19 pandemic is weighing heavily on the garment and textile industry.

From the beginning of March, a number of orders were cancelled, Truong said, anticipating that April and May would be a difficult time for many

companies, including losing financial liquidity due to high stockpiles or shortages of jobs for workers.

Vinatex said that although many factories in China resumed operation but due to dimmed global consumption demand, the industry would see significant decreases in prices, estimated at more than 20 per cent.

This was creating considerable pressure on local garment and textile producers, Truong said.

Vinatex estimated that if the COVID-19 pandemic was over in May and the economy started to recover from June, the industry would suffer a loss of VND11 trillion (US\$474 million).

6. COVID-19 affects Vietnam's automotive industry

The spread of the COVID-19 pandemic in almost all countries and territories worldwide is likely to force automobile manufacturing and assembly

firms in Vietnam to scale down operations and even close their factories.

In a document assessing the pandemic's impacts on the Vietnamese automotive industry sent to the Ministries of Industry and Trade, Finance, and Transport, Chairman of the Vietnam Automobile Manufacturers Association (VAMA) Toru Kinoshita said that at present imports of spare parts can still meet production demands.

However, many spare part and vehicle manufacturers will be directly affected by many countries' decision to lock down one or more areas and even the entire nation to deal with COVID-19.

This will mean many enterprises will have to adjust their production plans, and even consider closing their factories temporarily until an alternative supply is found. As a result, thousands of direct and indirect workers will be laid off, or have their salaries cut, Kinoshita predicted.

The VAMA representative also affirmed that at present, the pandemic has not had any significant impact on production and business activities. However, the possibility that the disease continues could mean whole companies could be isolated to contain the epidemic, posing the risk of businesses shutting down.

At the same time, many automobile manufacturers investing in expanding their factories face difficulties as some of their machinery and equipment cannot be imported into Vietnam. Meanwhile, many foreign engineers, experts and skilled workers are unable to enter Vietnam or are in quarantine.

Some enterprises said that their spare parts inventories are only enough to last a short time because it will take a few months to resume

imports. If the disease continues developing and supply is affected, enterprises will be forced to temporarily suspend production and delay their business plans.

In addition, the VAMA Chairman said that the decrease in travel and goods transportation demands will lead to a decline in demand for vehicles.

The number of customers has decreased, resulting in a reduction in the number of new contracts. Therefore, sales on the Vietnamese automotive market in 2020 are forecast to drop by more than 15 percent compared with the previous year.

In terms of services, VAMA said that the number of vehicles using repair services has fallen by 30-40 percent, and is expected to fall by 60-70 percent if the pandemic worsens.

In this context, VAMA proposed the Government consider relaxing and reducing taxes for businesses to help maintain production and stimulate consumption.

It proposed cutting 50 percent of value added tax and 50 percent of registration fees for car buyers, extending the payment of value added tax and special consumption tax for businesses from March to September 2020, suspending the payment of Corporate Income Tax in 2020 to March 31, 2021, and extending the time for paying taxes at import stage in 2020.

The association also suggested the Government study and issue a general stimulus package for economic development, and extend commercial loan packages so that enterprises have time to recover production and business and pay debts./.

Corporate News

7. STK: Information on purchasing the treasury shares

↓ -5.37%

On March 24, 2020, Century Synthetic Fiber Corporation announces the purchase of treasury shares as follows:

- Number of treasury shares before trading: 0 share
- Number of shares registered to buy: 5,000,000 shares

- Purpose: to protect shareholders' interest
- Expected trading period: from April 03, 2020 to April 29, 2020
- Trading method: Order matching or put through.

8. TCB: Cancellation of record date for AGM 2020

↓ -3.01%

On March 25, 2020, the Hochiminh Stock Exchange issued Announcement No.469/TB-SGDHCM about the cancellation of record date of the holding of Annual General Meeting 2020 of

Vietnam Technological and Commercial Joint Stock Bank due to the outbreak of Coronavirus (Covid – 19) pandemic.

9. Pandemic has no impact on business: An Phát Bioplastics

↓ -2.36%

According to An Phat Bioplastics' general director Nguyen Le Trung, bag production has not declined so far this year as the company produces bags for the food sector – in which market demand is still stable.

Total production was up 7.6 per cent year on year. In February, production was up by 956 tonnes and revenue from bag exports rose VND10 billion (US\$427,460) to VND358 billion, Trung said at the annual shareholders' meeting.

The pandemic has shut down many plants in China while market demand stays high, so the company has received orders from foreign sellers for consumer goods, Dinh Xuan Cuong, a member of the board of directors, said.

The company is also well-known for plastic production. Oil products are key materials for its

production, but oil prices should not affect the firm's plastic output.

Oil prices have tumbled about 60 per cent since the beginning of the year as the pandemic has increased worries about a global economic recession, leading to the collapse of oil prices.

The company has low inventory of plastic output, while the decline in the prices of oil, as a key production material, has helped the company lower selling prices, Cuong said.

Trung was confident the firm would reach its earnings targets set for 2020 and the pandemic will have little impact on its operation.

In 2020, An Phat Bioplastics plans to record VND10 trillion in total revenue, unchanged from 2019's figure.

But post-tax profit is forecast to rise 12 per cent on-year to VND550 billion in 2020.

The company in 2019 earned VND9.26 trillion in total revenue and VND491 billion in total post-tax profit, up 15.5 per cent and 131 per cent on-year.

An Phat Bioplastics also wants to make a 15 per cent dividend payment for 2020.

The company this year will buy back 25.7 million shares and sell the shares to a strategic investor.

Shareholders have also approved the company raising the foreign ownership cap to 100 per cent and allowing the parent firm – An Phat Holdings JSC – to up its stake to maximum 65 per cent from 48.08 per cent without making a public offer.

An Phat Bioplastics shares (HoSE: AAA) lost 1.9 per cent to trade at VND10,400 apiece on Thursday.

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