



VIETNAM DAILY NEWS

April 23rd, 2020



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Market Analysis

1. VN-Index edges back into the green

The VN-Index edged up 0.27 percent to 768.92 points Wednesday after plunging 3.54 percent the previous session, the recovery led by banking stocks.

223 stocks gained and 123 lost on the Ho Chi Minh Stock Exchange (HoSE), on which the VN-Index is based. Total trading volume fell back to more average levels, reaching VND4.25 trillion (\$181.7 million), down 30 percent over the previous session which was one of the busiest this year.

The benchmark index had crashed as low as 750 points within the first hour of trading, but cash pouring into banking and finance sector blue chips helped a gradual rise through the course of the trading day.

The VN30-Index for the stock market's 30 biggest market caps rose by 1.1 percent, with 20 stocks gaining and nine losing.

Leading gains this session was BID of the country's biggest state-owned lender by assets BIDV, up 4.3 percent, followed by FPT of IT services giant FPT with 3.7 percent, HDB of private mid-sized bank HDBank, and SSI of brokerage Saigon Securities Inc., both having risen 3.5 percent.

All but two stocks in the banking sector ended up in the green this session, with other major gainers being VPB of private VPBank, up 3.3 percent, MBB of state-owned Military Bank 2.9 percent, and CTG of state-owned giant VietinBank 2.4 percent.

Food and beverage blue chips also recorded positive performances, with SAB of major brewer Sabeco rising 2.9 percent, MSN of food conglomerate Masan Group adding 3.8 percent,

and VNM of the country's largest dairy firm Vinamilk gaining 0.7 percent.

Other major gainers this session include MWG of electronics retailer Mobile World which rose 3.3 percent, and HPG of leading steelmaker Hoa Phat Group with 3.1 percent.

In the opposite direction, VHM of real estate developer Vinhomes and VRE of mall operator Vincom Retail among the worst performing stocks, shedding 3.8 percent and 3.5 percent respectively. Both these companies are subsidiaries of Vietnam's largest private conglomerate Vingroup, whose VIC ticker also fell 0.5 percent.

VCB of state-owned Vietcombank, the banking sector's highest market cap ticker on HoSE, fell 3.1 percent. It was the stock with the largest individual impact on the VN-Index this session, taking away 1.85 points, according to data from securities firm VNDIRECT.

Among oil and gas stocks GAS of energy giant PetroVietnam Gas fell 1.6 percent, PLX of petroleum distributor Petrolimex shed 0.4 percent, while POW of electricity generator PetroVietnam Power recovered 1.6 percent.

Meanwhile, the HNX-Index for stocks on the Hanoi Stock Exchange, home to mid and small caps, added 1.86 percent, and the UPCoM-Index for stocks on the Unlisted Public Companies Market rose 0.59 percent.

Foreign investors were net sellers for the 17th consecutive session on all three bourses for a total of VND340 billion (\$14.53 million), with selling pressure mostly on VRE of Vincom Retail and VNM of Vinamilk.

Macro & Policies

2. Pandemic-hit garment producers find way to weather crisis

The COVID-19 pandemic has left Vietnam's textile and garment sector in deep trouble because of rising order cancellations and delays, but some producers have found a way around and been able to weather the storm.

The pandemic has been a blow for domestic garment makers who had already been struggling to source materials elsewhere outside of China after Vietnam's northern neighbour went into lockdown in late January.

And now, just as things are beginning to return to normal in China, bigger problems have emerged as the disease has spread globally, hitting orders from key markets for Vietnam such as the US and Europe.

The latest data revealed some unpleasant truths for the sector. It saw exports slide 9.07 percent year-on-year in the first quarter and imports, 16.59 percent.

US and European buyers have suspended or cancelled orders since mid-March, according to the Vietnam National Textile and Garment Group (Vinatex), one of the country's biggest apparel makers.

Falling exports slashed its Q1 revenue by 7 percent year-on-year.

Demand has plunged in the US and Europe, where travel restrictions and social distancing orders have been put in place to stem the spread of the pandemic. Retail outlets are unlikely to reopen until early May at best, causing extended delays to existing orders while few new orders have been placed, Vinatex's Managing Director Cao Huu Hieu said.

Most orders put on hold are for Spring and Summer clothing lines, he went on, while the

pandemic is expected to be brought under control by Autumn at the earliest, making it highly likely these lines will be cancelled anyway.

The Vietnam Textile and Apparel Association (VITAS) has forecast that Vietnam's textile and garment exports may shrink 15 percent to 33 billion USD in 2020. Globally, orders are predicted to fall 29 percent over the course of the year.

Despite its many and varied negative impacts, the pandemic is also presenting opportunities as local producers benefit from rising demand for medical masks both at home and abroad. Export orders are in the millions of USD, with the Garment 10 Corporation JSC being an example of an enterprise doing well in the current environment.

It has received an order for 400 million medical masks worth 52 million USD, together with orders for 20 million cloth masks from a US partner and 2 million cloth masks and 6 million medical masks from a German partner.

Capable of producing 90-100 million masks a month, Vinatex has been processing orders from the Czech Republic, Hungary, Canada, and the US for anti-droplet and anti-bacterial three-layer masks.

Shifting from garments to masks allows the company to keep production going and pay its workers, Hieu said.

He added that in order to export masks to the US and the EU, producers must obtain FDA and CE certification, respectively, which indicate that a product meets their safety, health, and environmental protection requirements.

This can generate extra costs and take time to obtain, he warned./.

3. China-Vietnam online trade fair kicks off

The three-day event will exhibit more than 70 kinds of commodities including nuts, fruits,

seafood and beverages. Enterprises from both countries have intended to purchase 610 million

yuan (about 86.09 million U.S. dollars) worth of commodities.

"I hope enterprises from both countries can seize the opportunity, expand imports and exports, look for new business opportunities and overcome difficulties together," said Jiang Liansheng, director of the department.

Jiang added Guangxi's import and export trade volume with Vietnam reached 175.39 billion yuan in 2019, and Vietnam has been Guangxi's largest trading partner for 21 consecutive years.

Guangxi plans to hold another online trade fair with Vietnam in late May. Enditem.

4. Quang Ninh seeks to remove difficulties facing firms amid pandemic

A series of different scenarios and measures to support businesses and people in the northern coastal province of Quang Ninh in the case of a prolonged COVID-19 pandemic were proposed at meeting in the locality on April 21.

According to the provincial Department of Labour, Invalids and Social Affairs, about 530 enterprises with over 15,000 workers in the locality have been affected by COVID-19. The disease also caused negative impacts on about 41,000 freelance workers there.

Local departments and sectors reported that local enterprises have encountered difficulties related to materials for production, wages for employees; and suspension or reduction of operational scale, especially those operating in the transport, tourism and service sectors.

At the meeting, business representatives asked the provincial People's Committee to help enterprises access credit packages with preferential interest rates.

They also called for extensions of tax and land rent payment deadlines, restructuring of debts and reduced interest rates for those affected by the disease.

Other measures such as accelerating the implementation of social housing projects to retain and attract workers and tourism promotion programmes were discussed.

Vice Chairman of the provincial People's Committee Bui Van Khang affirmed that the local authorities are ready to listen to opinions from businesses, thus helping them find proper solutions to these problems.

Attention has been given to removing difficulties facing businesses in each group of sectors, he said, adding that for workers who had lost their jobs due to the disease, the provincial Department of Labour, Invalids and Social Affairs has been working to ensure the full implementation of support policies for them./.

5. Bà Rịa-Vũng Tàu lures over \$450m into IZs in Q1

Of the sum, \$360.7 million came from seven newly-licensed projects while the remainder of \$97.8 million from eight capital-added ones.

The industrial zones-based enterprises, especially those in textile and garment, footwear and bags have encountered many difficulties as raw materials and accessories for production have been interrupted due to the COVID-19 pandemic in major supplying countries such as China and South Korea.

About 52 per cent of enterprises said they have been ensuring production with their stockpiled raw materials since the beginning of this year, but these enterprises will not have enough raw materials to fulfil export contracts in the following months, according to local authorities.

Notably, 6.8 per cent of enterprises said they completely lack raw materials and will face risks of stopping production next month.

In order to overcome the current difficulties, the firms called for the Government's supporting policies including interest rate reductions, debt freezes and lending limit extensions, as well as loan restructuring.

Bà Rịa-Vũng Tàu is now home to 15 IZs, covering a total area of more than 8,800ha. Of the total, nearly 2,680ha or 71 per cent are occupied, according to the provincial IZs Authority.

Recently, Prime Minister Nguyễn Xuân Phúc has approved the addition of 450ha of industrial, urban area and service industrial zone to the provincial IZs development plan in 2020.

Financed by a joint-venture of Hamtek Construction Investment JSC, Quang Anh Real Estate JSC and HVT Group JSC, the IZ will cost about VNĐ7.2 trillion (\$309 million). To be

developed at the Phú Mỹ Town's Hắc Dịch District, the zone is expected to lure investment in manufacturing and processing, renewable energy, and processing of clean agricultural products.

The PM also requested the provincial People's Committee to accelerate infrastructure construction and attract secondary projects for the remaining unoccupied industrial land area.

The committee was also asked to inspect and review the implementation of the Petrochemical Complex Project in Vũng Tàu City and propose solutions to accelerate the project's development while encouraging domestic and foreign enterprises with sufficient financial resources and experience to participate to developing infrastructure of Long Hương IZ in Phú Mỹ Town.

6. Vietnam businesses doggedly fight Covid-19 pandemic impacts

In a survey that polled 358 businesses in the country online and on the phone, 6 percent turned their production premises into "isolated zones" to ensure safety and avoid production disruptions.

In such cases, employees are isolated within production sites equipped with disinfecting systems. For instance, the Hung Nhon Group, which produces chicken and pork in the southern province of Binh Phuoc, had its employees to stay on the farm without any contact with outsiders.

The survey was conducted mid April by the Private Sector Development Committee (Board IV) managed by the government's Advisory Council for Administrative Procedure Reform along with VnExpress.

Survey findings show that all businesses still conducting office operations have imposed measures to limit the spread of the pandemic, requiring employees to wear masks, keep distances of two meters between two people and providing hand sanitizers.

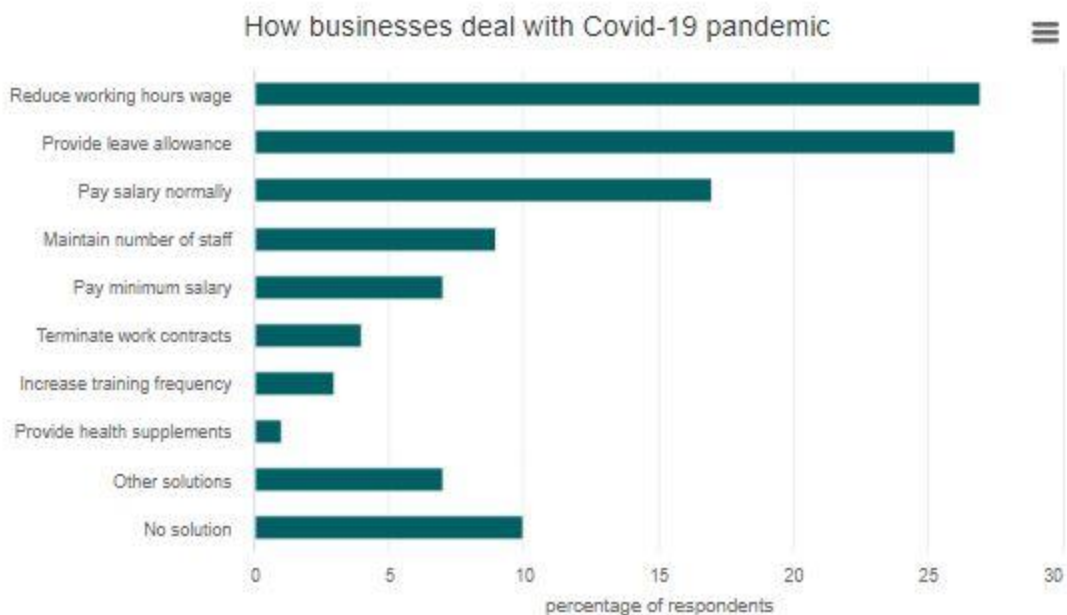
Compared to a similar survey conducted by Board IV in early March, the percentage of businesses that sought new markets and clients and provided new services by using digital platforms doubled to 16 percent.

Business have also adopted strategies of diversion (5 percent), and lowered prices while diversifying and improving the quality of their products or services (4 percent).

Ten percent said they "had no solution", down 50 percent compared to March's survey.

Only 3 percent of companies applied long-term measures critical to their growth, like product innovation and research to make new products. A meager 2 percent created risk mitigation business plans.

Analysts said these low figures show that Vietnamese companies were weak at adopting crisis strategies, meaning they need technical assistance to improve their capabilities in this area.



Survey respondents also said they have tried to ensure the livelihood quality of its workers. Sixty percent of respondents said they were still paying employees at the normal or regulated minimum rate.

Only 4 percent of businesses said they have terminated work contracts with their staff. About 27 percent reduced working hours and wages but maintained staff strength. Only 8 percent suspended their operations.

Fruit grower and processor Nafoods in the central province of Nghe An said it has maintained its staff scale and cut the salary of senior leaders by half.

Compared to the survey conducted in March, the percentage of businesses allowing employees to work online has risen from 3 to 52.

Tech giant FPT Group conducted its first online shareholders' meeting with 500 participants globally, while education firm IvyPrep Education closed some of its facilities and optimized online classes.



But respondents in general said they were struggling to access credit at lower interest rates as banks were demanding mortgages or proof of cash flow, which is a time consuming process while the need for capital was urgent.

Business proposed that corporate tax and value-added tax be reduced, and asked that the payment of retirement fund, union dues, and voluntary insurance be delayed by 12 months.

Tourism companies wanted the government to issue visas for residents of the E.U., Russia, South Korea, Japan and other countries as soon as these regions/countries are able to contain the disease.

Other companies wanted the government to allow the creation of bank accounts using phone

numbers to boost online sales and cashless payment.

The Covid-19 pandemic has severely impacted major sectors in Vietnam, especially tourism, transport, manufacturing and trade.

The Ministry of Planning and Investment recently proposed a 50 percent cut in income tax for small and medium businesses; and an equal cut in value added tax (VAT) for raw materials, goods and services.

The government had earlier approved delays of up to five months for payment of VND180 trillion (\$7.6 billion) worth of taxes and land use fees by businesses affected by the pandemic, effective starting April 8.

Corporate News

7. TPB: Notice of cancellation of record date for holding AGM 2020

↑ 2.91%

Due to the outbreak of Coronavirus (Covid-19) pandemic, Tien Phong Commercial Joint Stock Bank announces the cancellation of record date

(March 25, 2020) to hold the Annual General Meeting 2020.

8. HPG: Information on the business result in Q1.2020

↑ 2.97%

Hoa Phat Group Joint Stock Company has enclosed the summary of business result in Quarter 1.2020:

Revenue: 19,450 billion dongs

Profit after tax: 2,305 billion dongs.

By the end of the first quarter of 2020, Hoa Phat Group achieved relatively satisfactory result in the complicated situation of Covid-19 disease.

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