



VIETNAM DAILY NEWS

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Table of content

Table of content

1. VN-Index slows down
2. Foreign investors pour US\$194 billion into Vietnam's industrial and economic zones
3. Digital economy hoped to make up 20 percent of GDP by 2025
4. Phu Quoc could reopen its doors to international tourists
5. Finance ministry drafts decree on cutting auto registration fees
6. Enterprise arrangement and development support fund to be abolished
7. Mekong Delta's tourism firms going all out to attract more visitors
8. FLC: Conglomerate FLC reconciles to \$84 million loss in 2020 due to pandemic
9. HSG: BOD resolution on share buyback

Market Analysis

1. VN-Index slows down

Many bluechip stocks corrected during the session today, June 4, prompting the VN-Index on the HCMC market to subside and just make a mild increase.

Closing, the benchmark index gained 2.73 points or 0.31% over the session earlier to 883.9, with 209 winners and 145 losers. Trading volume and value rose over 20% each at over 430 million shares worth VND6.6 trillion. There were 36.7 million shares worth VND1.2 trillion traded in block deals.

The group of bluechips that had staged impressive performance in the morning failed to maintain their high rises at the close. Lenders BID and CTG added some 2%, while retailer VRE and dairy firm VNM expanded 1% each. Securities firm SSI soared 3.3%.

Especially, lender VCB in the group made little headway compared to the morning trade as it closed up 1.3% to VND89,000 per share. Construction company CTD hit its upper limit of 7% to VND72,000.

Other advancers on the southern bourse included jewelry firm PNJ, fuel distributor PLX, and low-cost carrier VJC.

Meanwhile, two bank stocks HDB and VPB bucked the market trend as they closed in the red, in addition to other decliners such as steelmaker HPG and property developers VIC and VHM.

Among speculative stocks, ITA and HQC again reached their ceiling prices with high matching volume. HAG, AAA, DBC, TDH, QCG also hit their upper limits.

Construction firm ROS stole the limelight in this group after its board of directors announced the swap ratio of one for 15 for the merger between the firm and GAB-its sister in the FLC Group. As a result, ROS surged 7% and hit its ceiling price of VND3,230, leading the southern market by liquidity with nearly 45 million shares transacted.

On the Hanoi market, lender SHB and securities firm SHS remained the main contributors of the HNX-Index's rally. SHB surged 4.6% while SHS rose a sharp 9.3%. The index improved 0.94 point or 0.8% to 117.42.

Macro & Policies

2. Foreign investors pour US\$194 billion into Vietnam's industrial and economic zones

Vietnam's industrial parks (IPs) and economic zones (EZs) have so far attracted 9,850 foreign-invested projects with total registered capital of nearly US\$194 billion, 70% of which has been disbursed, according to the Ministry of Planning and Investment (MPI).

Meanwhile, IPs and EZs have received VND2,300 trillion (US\$99 billion) in terms of newly-registered capital and additional capital poured into 9,650 projects carried out by Vietnamese investors, stated a MPI's report, adding 45% of the said amount has been disbursed.

In the first five months of 2020, industrial parks and economic zones drew 390 foreign projects worth US\$4.3 billion.

Due to the Covid-19 pandemic, revenues of enterprises operating in IPs and EZs suffered an 8% decline year-on-year in the January – May period to

US\$81 billion, while their exports rose 4% to US\$58 billion.

Additionally, over 3.82 million workers are being employed in IPs and Ezs, down 0.77% against late 2019.

Since the beginning of 2020, around 120 enterprises in EZs and IPs were forced to suspend operations due to the pandemic, the majority of them were in southern industrial parks in Binh Duong and Dong Nai provinces.

Vietnam currently has 336 industrial zones covering an area of nearly 97,800 hectares as of the end of May, of which 260 are operational, other 76 are in the process of site clearance and construction. The occupancy rate reached 76.1% at operating industrial parks.

Additionally, the country has 17 coastal economic zones covering a combined area of approximately 845,000 hectares on land and water surface.

3. Digital economy hoped to make up 20 percent of GDP by 2025

Prime Minister Nguyen Xuan Phuc on June 3 signed off on the national digital transformation programme until 2025 with a vision to 2030, which targets the digital economy contributing 20 percent of Vietnam's GDP over the course of the next five years.

The programme aims to concurrently develop a digital government, economy, and society and create digital technology businesses capable of extending their reach to the world.

The digital economy is hoped to account for 20 percent of the country's GDP by 2025 and at least 10 percent of each sector.

Vietnam also expects to be among the top 50 countries in the ICT Development Index and the Global Competitiveness Index, and one of the 35 leading countries in the Global Innovation Index (GII).

Eighty percent of online public services at Level 4 - the highest - will be provided via different devices, including mobile devices, while 90 percent of dossiers submitted at the ministerial and provincial levels, 80 percent of those at the district level, and 60 percent of those at the communal level will be handled online by 2025.

All national databases that create the foundation for e-government development, including those on population, land, business registration, finance, and insurance, will be completed, connected, and shared nationwide.

Given this, securing one of the top 70 positions in the E-Government Development Index (EGDI) is also a target of Vietnam for the next five years.

All Level 4 online public services are set to be available via multiple devices by 2030, which is also the deadline for all dossiers at the ministerial

and provincial levels, 90 percent of those at the district level, and 70 percent of those at the communal level to be resolved online.

The country is also looking to secure a place among the top 35 in the EGDI rankings over the next decade.

In the national programme, Vietnam also plans to universalise broadband internet and 5G services, have over 80 percent of its population using e-payment accounts, and become one of the top 30 countries in the Global Cybersecurity Index.

4. Phu Quoc could reopen its doors to international tourists

Trinh Thi Thuy, deputy minister of Culture, Sports and Tourism, told Tuoi Tre newspaper that the tourism ministry will pilot the project in a certain locality after ensuring safety measures have been appropriately taken to welcome foreign tourists. Phu Quoc island could be picked for this purpose, she noted.

The ministry will work with the relevant ministries and agencies on issues related to air routes, visa issuance and lifting travel restrictions for tourists from several countries and regions that have managed to control the pandemic.

Even though Vietnam has yet to open its doors to international visitors, the national steering

committee for Covid-19 infection prevention and control had said at a meeting on May 28 that the tourism authority could pilot a plan to welcome foreign tourists to island destinations.

At the meeting, the provincial government of Kien Giang proposed Phu Quoc as the destination of choice to roll out the plan.

Accordingly, the steering committee asked the tourism ministry and Kien Giang to discuss the time period for the reopening and safety measures to be undertaken to prevent the Covid-19 infection and then report the suggestions to the committee for consideration.

5. Finance ministry drafts decree on cutting auto registration fees

Speaking at a press conference on June 2, Deputy Minister of Finance Vu Thi Mai said the ministry and the Government want the decree to be issued as soon as possible to boost domestic consumption.

Mai said the decree will not apply to autos bought prior to the effective day. "If the decree applies retroactively, we will have to refund the registration fees to buyers. This will be a very complicated process," she explained.

The 50% cut in the automobile registration fees is among the solutions presented by the Ministry of Industry and Trade to the Government to help enterprises recover and stimulate the post Covid-19 consumption.

The registration fee for autos with less than nine seats is currently 12% of the vehicle's price in the capital city of Hanoi and 10% in the rest of the country. The registration fee cut is expected to enable car buyers to save tens of millions of dong when purchasing cars.

6. Enterprise arrangement and development support fund to be abolished

This was highlighted in the draft decree about managing and using State money collected from transferring ownership at enterprises and State capital divestment, which the ministry recently made public for comments.

Under the current regulations, the sums collected from restructuring and equitising SOEs and State capital divestment were paid to the Enterprise Arrangement and Development Support Fund first then sent to the State budget or spent in the restructuring of SOEs.

However, this mechanism proved to be inefficient. Due to the lack of strong punishments, many sums were not paid to the fund on time.

If the decree is approved, the Enterprise Arrangement and Development Support Fund would be abolished.

The fund also had no reason for existence any longer as the National Assembly's Resolution No 60/2018/QH regulated that the sums collected from equitising and divesting SOEs must be paid adequately and on time and must be included in the annual State budget plan and medium-term public investment plan.

The ministry said that it was necessary to issue the decree to improve the efficiency in using this revenue, prioritise important projects to bring the highest socio-economic efficiency while ensuring resources for the SOE restructuring process.

The decree was expected to be submitted to the Government for approval in the third quarter of this year.

Statistics showed that from 2016 to 2019, the Enterprise Arrangement and Development Support Fund transferred VND205 trillion (US\$8.84 billion) to the State budget to allocate for the 2016-20 medium-term public investment plan.

7. Mekong Delta's tourism firms going all out to attract more visitors

The Mekong Delta Tourism Association has launched a tourism promotion plan to attract more visitors by December.

Tran Huu Hiep, the association's chairman, said: "The plan aims to attract more local visitors and welcome international tourists, especially those from Southeast Asia."

The plan has the participation of 57 serviced accommodation businesses, 36 food and beverage service businesses, 25 tourism areas, and 22 tourism agencies in the region.

All of them have committed to offer 10-50 percent discounts on service prices.

Trinh Cong Vinh, Chairman of the Bac Lieu Tourism Association, said the province would reduce entrance fees by 10-20 percent for its 12 tourism areas. The province is also working on development of agricultural tourism in Phuoc Long and Hong Dan districts.

An Giang province has completed the upgrade of landscape and facilities for the Tra Su cajuput forest, which is expected to help attract more cranes and other birds, and raise visitors' interest in the site.

Earlier this year, Tra Su was recognised as the most beautiful forest in Vietnam by the Vietnam Records Organisation. It has the longest bamboo bridge in the country.

Meanwhile, Vietravel, one of the country's leading tourism agencies, is creating a new tour linking provinces and cities in the region, including Can Tho, Soc Trang, Bac Lieu and Ca Mau.

Le Dinh Minh Thy, Director of Vietravel's Can Tho and Southwest region, said: "The new tour has been welcomed by our customers, who love day-long tours to discover the Mekong region."

Hiep, Chairman of the Mekong Tourism Association, has encouraged tourism businesses and organisations in the region to enhance cooperation with HCM City to develop the tourism plan.

According to provinces and cities in the Mekong Delta, the number of arrivals in the region in the first four months of the year fell by 41.6 percent compared to the same period last year, while revenue fell 42 percent.

Corporate News

8. FLC: Conglomerate FLC reconciles to \$84 million loss in 2020 due to pandemic

↑ 1.33%

It has lowered its revenue target to VND12.5 trillion (\$539 million), down 21.5 percent from last year's figure, according to a company release.

In the first quarter it posted a loss of nearly VND1.9 trillion (\$82 million) as resorts and golf courses were closed while its airline, Bamboo Airways, had to suspend most flights.

The company has identified real estate as its main business this year with plans to develop five urban areas and resorts. Last year real estate had accounted for only 14 percent of its revenues.

With domestic flights allowed to go back to their normal schedule, FLC is sticking to its target of

claiming a 30 percent domestic market share this year, and also plans to fly to more destinations in East Asia, Europe and the Americas.

However, it has changed its purchase plans and now seeks to expand its fleet to 40 aircraft and not 50.

It still wants to list Bamboo Airways on a Vietnamese stock exchange by the end of the year.

FLC reported revenues of VND15.9 trillion (\$685 million) last year, 32 percent rise, while post-tax profit was up 48 percent to VND696 billion (\$30 million).

9. HSG: BOD resolution on share buyback

↓ -0.20%

According to the Board resolution dated June 01, 2020, the Board of Directors of Hoa Sen Group approved to buy back shares as treasury shares from the employees resign in the stock issuance under ESOP 2017 as follows:

- Number of treasury shares before trading: 245,900 shares
- Number of shares registered to buy: 15,000 shares

- Purchase price: VND10,000/share
- Trading period: within 30 days after being approved by the State Securities Commission of Vietnam (SSC).
- Trading method: to transfer rights via the Vietnam Securities Depository (VSD).

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