



VIETNAM DAILY NEWS

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Market Analysis

1. "Vin" stocks drag down VN market

Shares flip-flopped early on Friday as investors dumped stocks in the "Vin" family, weighing down the overall stock market.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange (HOSE) slumped 0.55 per cent to close at 872.02 points.

It had climbed 0.8 per cent to close Thursday at 876.83 points.

Nearly 270.7 million shares were traded on the southern market, worth VND4.6 trillion (US\$199 million).

Market breadth was negative with 162 gainers and 190 decliners.

The VN30 Index, which tracks the performance of the 30 largest stocks by market capitalisation and liquidity on HoSE, decreased 0.69 per cent to close Friday at 814.16 points.

Stocks in the "Vin" family performed poorly with conglomerate Vingroup (VIC) and its two arms Vinhomes (VHM) and Vincom Retail (VRE) losing 1.6 per cent, 1.2 per cent and 1.7 per cent.

Other pillar stocks also reported losses such as FPT Corporation (FPT), steel maker Hoa Phat Group (HPG), Masan Group (MSN), Vingroup (VIC), dairy firm Vinamilk (VNM), low-budget carrier Vietjet (VJC) and Mobile World Group (MWG).

The industrial real estate group outperformed and supported the market, with many gainers

such as The Vietnam Rubber Group JSC (GVR), Phuoc Hoa Rubber Co (PHR), Sonadezi Long Thanh (SZL), SONADEZI Chau Duc Shareholding Company (SZC), Industrial Urban Development JSC No 2 (D2D), Kinh Bac Urban Development Joint Stock Co (KBC) and Long An-Long Hau Industrial Park in southern Long An Province (LHG).

On the Ha Noi Stock Exchange (HNX), the HNX-Index was up 1.06 per cent to end Friday at 116.81 points.

The northern market index had lost 0.27 per cent to end Thursday at 115.59 points.

Nearly 23.8 million shares were traded on the northern market, worth VND278 billion.

According to Bao Viet Securities Company, at present, market sentiment will still mainly depend on the second quarter business results, most of which have been badly affected by the COVID-19 pandemic.

The market continues to experience a divergence among stock sectors.

Real estate, wholesale, banking, food and beverage, rubber production, information and technology, oil and gas, agriculture and construction all lost ground.

On the opposite side, insurance, securities, seafood processing and construction materials were among the gaining sectors.

Macro & Policies

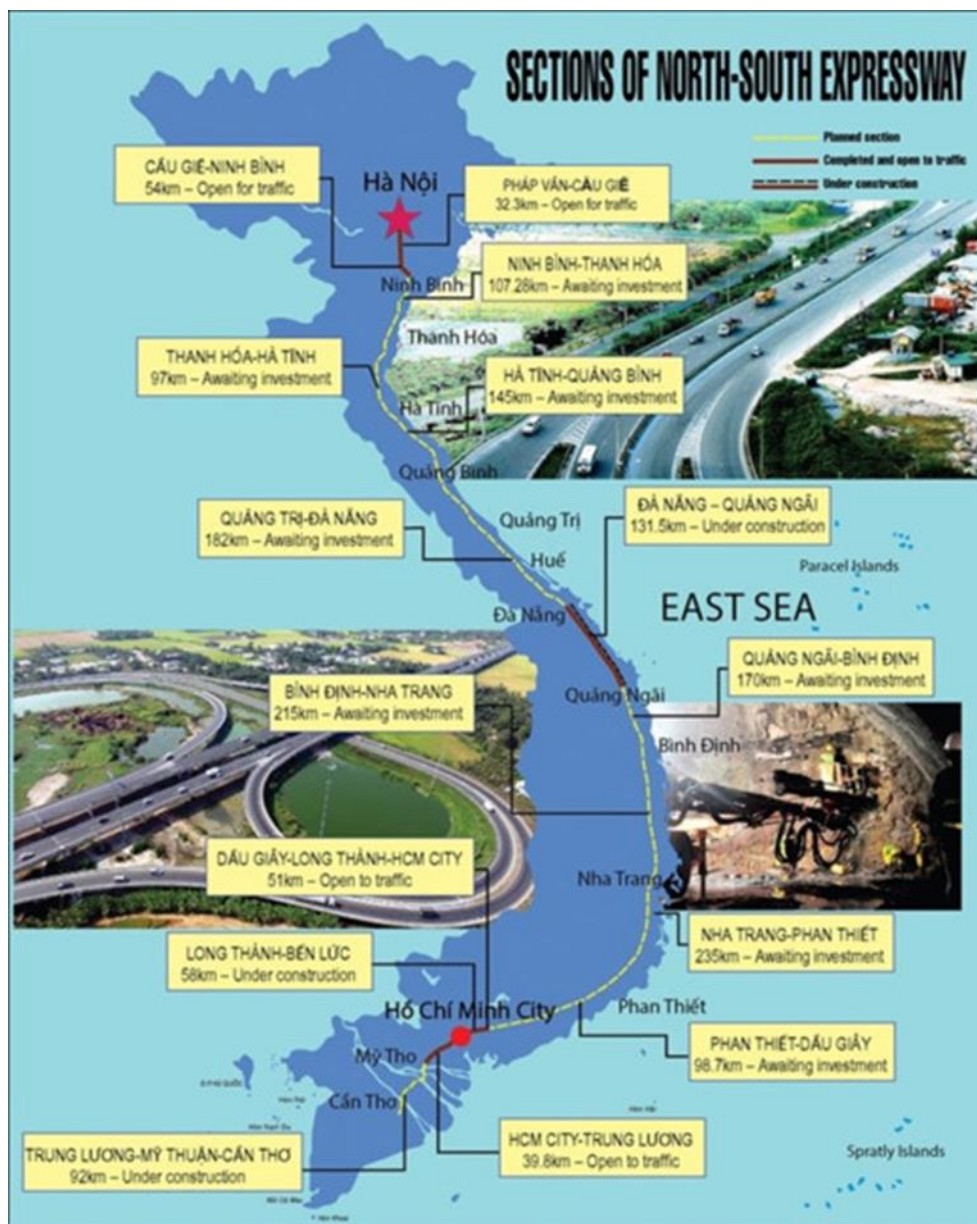
2. Vietnam transport ministry launches call for tender for North-South Expressway

Vietnam's Ministry of Transport (MoT) today [July 16] issued bidding documents for five sub-components under the North-South Expressway project, local media reported.

Vice Minister of Transport Nguyen Nhat said bidders would have two months to prepare for their tenders and submit the documents in September, adding the evaluation process is scheduled to complete by December.

Additionally, bidders would have six months to mobilize capital for these projects worth a combined VND22.35 trillion (US\$961.28 million), which is a condition for contract award if their bids are accepted, stated Nhat.

Meanwhile, a representative from the Public-Private Partnership (PPP) Department under the MoT, said all five projects would be operated under the PPP mechanism, scheduled to commence in early 2021.



According to Nhat, local authorities plan to handover clear sites for contractors in October, as the site clearance process has completed 80 – 85% of the work volume.

Five sub-component projects are sections National Highway No.45 – Nghi Son, Nghi Son – Dien Chau, Dien Chau – Bai Vot, Nha Trang – Cam Lam, and Cam Lam – Vinh Hao. So far, the MoT has completed the pre-qualification evaluation process for all these sub-projects.

The National Assembly (NA) in a sitting in June agreed to change the financing format of three sub-projects under the Eastern North- South expressway project from PPP to public investment, namely sections of Mai Son – National Highway No.45, Vinh Hao – Phan Thiet, and Phan Thiet – Dau Giay.

The Eastern North-South expressway project, which is of national priority for investment in the 2017 – 2020 period, includes 11 sub-projects with a total length of 654 kilometers running through 13 provinces and cities. As per the initial plan, three

would be financed by the state budget and eight under the PPP and build-operate-transfer (BOT) contracts.

The NA's latest decision would mean the expressway project now consists of six projects to be funded by the state and other five under the PPP format.

As of present, over 1,000 kilometers of expressway have been built throughout the country, while an addition of 900 kilometers are set to be completed by end-2021.

In the 2021-2025 period, Vietnam targets to have at least 2,000 kilometers of expressways and by 2025, the figure would be 4,000 kilometers stretching from the northern province of Lang Son to the southernmost province of Ca Mau.

Including the Eastern North-South expressway, Vietnam would have four major roads across the country, including National highway No.1, Ho Chi Minh highway, and coastal highway.

3. US companies planning to expand investment in Vietnam

An online discussion took place recently in Washington D.C. to look into post-COVID-19 investment opportunities throughout ASEAN, with some companies saying they will soon announce investment and business expansion plans in Vietnam.

Held by the US-ASEAN Business Council (USABC) and Ernst & Young on July 15, the discussion saw the presence of representatives from the US Department of State, some ASEAN embassies, and more than 100 US companies and business associations in industries such as finance, energy, technology, e-commerce, health care, and insurance.

Vietnamese Ambassador to the US Ha Kim Ngoc highlighted the favourable factors for US investors in Vietnam, including the two countries' flourishing comprehensive partnership, the free trade agreements Vietnam has joined and, especially, its success in fighting COVID-19 and the Government's resolve to attract foreign investment and bolster the country's role in restructuring global supply chains.

He noted that Prime Minister Nguyen Xuan Phuc recently set up a working group to promote foreign investment, adding that the country will resume several commercial air routes and facilitate the entry of foreign experts, investors, and skilled staff.

Vietnam, other regional countries, and the US are scrutinising economic cooperation initiatives, including the Economic Prosperity Network, to encourage joint projects in manufacturing hi-tech products and developing the digital economy, Ngoc said.

USABC President Alex Feldman and representatives from US companies expressed their appreciation of the investment opportunities available in ASEAN and Vietnam, emphasising the bloc's important standing in the Indo-Pacific region and that ASEAN has become the fourth largest trade partner of and the leading investment destination for the US.

US companies said that in the time to come, investors would further consider the Government's response to external shocks before making

investment decisions, and Vietnam's achievements in controlling COVID-19 and boosting economic recovery efforts have been positively assessed by foreign investors.

Companies such as UPS and SC Johnson revealed that they will soon announce expansion to their investment and business activities in Vietnam.

Others proposed that Vietnam and other ASEAN countries continue to improve the business climate,

reform administrative procedures, enhance transparency, issue concrete support policies for businesses, and pay greater attention to human resources and infrastructure development.

The USABC added that it is ready to coordinate with Vietnam to successfully organise the Indo-Pacific business forum, scheduled to take place in the country later this year.

4. HCM City considering 17.3 billion USD public transport plan

HCM City plans to spend nearly 400 trillion VND (17.3 billion USD) on improving public transport and limiting the use of personal vehicles during the next decade.

According to the city People's Committee Office, the Department of Transport has submitted a tentative plan for this.

The focus will be on developing the bus network.

The city will ensure there is no shortage of human resources so that public transport projects are completed on schedule, including a number of planned metro routes and a bus rapid transit (BRT) system.

By 2030, it expects to begin operation of the Thu Thiem-Long Thanh light rail to serve people travelling to the Long Thanh International Airport, which is scheduled for completion in a few years.

It will also consider other mass transport modes such as electric trams.

Inland waterway transport will be developed along with tourism.

A plan to regulate taxis in the inner city, including where they can pick up and drop off passengers, will be drafted.

The city plans to operate small buses with fewer than 17 seats to reduce congestion on the roads and ply easily along smaller streets, and build a network of bus stations.

It will solicit private investment in deploying public bicycles for rent and operating electric motorbikes and trams.

Authorities will consider earmarking dedicated lanes for public buses to ensure their punctuality.

Priority will be given to vehicles that use clean and environment-friendly fuels such as CNG, LPG and electricity.

The quality of human resources operating buses will be improved.

The management and operation of public transport systems will be modernised.

By 2025, smart cards are expected to be used on all bus routes and also on other public transport like the metro, river bus and public bicycle and electric motorbike services.

Cars entering the city centre are likely to have to pay toll.

The department in its letter also mentions solutions for urban planning and management, funding and use of information technology to support the development of public transport.

It will turn to detailed plans and means for funding after the draft plan is approved.

Around 47.6 trillion VND (2 billion USD) for the plan will come from public funding and the rest from private investors and ODA.

5. Vietnam gov't urged to scale up support programs for businesses post Covid-19

The Vietnamese government should consider expanding the scale of its support programs for the businesses and people affected by the Covid-19 pandemic, as the combination of relief packages is estimated at around 3% of the GDP, much lower than the average rate of 9 – 10% offered by regional peers, according to economist Can Van Luc.

In addition to a credit aid package worth VND300 trillion (US\$12.87 billion) in place, Luc noted in a conference on July 16 that the VND180-trillion (US\$7.63 billion) fiscal stimulus package in forms of delay of payment of value-added tax, corporate tax and income tax in a short period of time means that beneficiaries would eventually have to pay these amount and the state only foregoes interest payments.

“This could become a major issue, especially as the Covid-19 situation continues to be complicated globally, so the economic impacts would be longer than expected,” Luc said.

Vice General Director of Phu Thai Group Pham Quoc Manh said the Covid-19 impacts on businesses remain severe with 90% of enterprises affected by the crisis. He urged the government to speed up the implementation of support programs.

In the first six months of 2020, the number of newly established enterprises declined by 7.3% year-on-year to 62,049, while the number of enterprises temporarily suspending operation rose sharply by 38% year-on-year to 29,169.

“The main issue for businesses is that their revenue could not cover operational expenses, including payment for workers, as well as other financial obligations such as payment of taxes, insurance, debt, among others,” Thai said.

While a number of supporting packages are in place, only a small proportion of enterprises have actually benefited from the policy, Thai added, citing the complicated procedures as one of the main reasons.

“To get support from credit aid packages, enterprises have to provide evidence that they have lost 50% of the revenue, or prove that they could pay back the debt, which is time consuming and difficult,” Thai said.

To date, the State Bank of Vietnam (SBV), the country's central bank, has slashed its policy rates twice by a combined of 100 – 150 basis points to support the country's economic recovery and encourage businesses to get loans from banks.

However, credit growth in the January – June period was sluggish at 3.63% year-on-year, or less than half of the rate recorded in the same period last year.

Economist Luc said the interest rate is not the main bottleneck to low credit growth, citing a survey from the Vietnam Chamber of Commerce and Industry (VCCI) that 20% of enterprises are not looking for loans at the moment.

“Compared to credit aid package, fiscal support with its immediate effect is more important for the business community,” Luc added.

At a recent government meeting, Prime Minister Nguyen Xuan Phuc urged the Ministry of Finance to propose more fiscal stimulus packages to support the business community.

Phuc added the government could widen fiscal deficit and public debt by an additional 3 – 4 percentage points of GDP to provide more substantial support for the economy.

6. Local investors hurry to acquire real estate land

Many real estate developers are mobilising trillions of VND to acquire land funds, preparing for their future development strategy. As such, Nam Long Group is actively expanding its land fund, even

though it already holds around 700 hectares nationwide.

According to Nguyen Xuan Quang, chairman of Board of Directors at Nam Long, the expansion will ensure the group's long-term sustainable development strategy.

Nam Long has reserved around VND2 trillion (\$86.9 million) a year to acquire land. “We are concentrating on land expansion and mobilised all capital sources for the purpose. We are seizing the opportunity as many other developers are restructuring their investment portfolios and are being forced to sell properties,” Quang said.

Nam Long Group's aims are large-scale land plots located in satellite cities or located at the gates of the key economic zones nationwide. In addition, the company is processing new land plots in Hanoi and Ho Chi Minh City at a total of 34ha within the year.

Meanwhile, Danh Khoi Group is trying to acquire a land plot in Danang and has just signed a contract with Phat Dat Corporation to co-develop a complex in Binh Duong.

Even though An Gia Investment Corporation has staged its initial public offering less than a year ago, it is expressing ambitions to expand its current land fund.

In 2020, An Gia plans to reserve VND3-5 trillion (\$130-215 million) to acquire land plots. Apart from the key market in Ho Chi Minh City, An Gia is expanding to neighbouring provinces such as Dong Nai, Long An, Ba Ria-Vung Tau, and Binh Duong.

Elsewhere, many investors are joining the game, including Phat Dat Real Estate JSC with the acquisition of 99 per cent in Ben Thanh Long Hai Corporation and Hung Thinh Group, with more than 1,000ha of land located in Lam Dong province to build an eco-tourism complex.

There were also many successful deals in the first half of the year – however, the details of many were not released due to confidentiality.

Nguyen Thi Thanh Huong, general director of Dai Phuc Land, said every developer is rushing to acquire more land to not miss the chance of creating good projects at a fair price.

“This is a win-win for both buyers and sellers. The sellers can restructure their portfolios to

concentrate on core projects, while buyers can acquire a good track record for projects,” Huong said. “The real estate sector needs long-term investment of at least 5-10 years. Therefore, having a good land fund is the most important factor, especially as the land area has been running out gradually and compensation expenses are on the rise.” Huong added that developers have to reserve large cash flows for acquiring land funds in the long term and proactively implement plans. to ultimately be more competitive later on.

Dang Van Phuc, deputy general director of Saigon Real Estate JSC, said that M&A is one of the core strategies of his company. During the coronavirus peak in March in Vietnam, the company acquired 20 per cent of the shares in a residential project in Ho Chi Minh City from RESCO 9 JSC.

“We have been taking advantage of our strengths to find new projects and conduct M&A deals to accumulate land funds as our medium- and long-term development strategy. Currently, we are actively compensating the remaining land of the Gem Premium project in Thu Duc district, Ho Chi Minh City to transact it to Dat Xanh Group,” said Phuc.

Meanwhile, Luong Tri Thin, chairman of the management board of Dat Xanh, said that COVID-19 on the one hand has had a strong negative impact on the real estate market but on another, it offers new chances. “It is high time to expand portfolios via M&A. I have received around 200 offers from other developers, including many really good deals,” Thin said.

Dat Xanh's current target is to transfer small projects and concentrate on more efficient large ones, and the company is actively seeking land for this.

A successful deal depends on many factors, including the transparency of the market and the partnership, the expected prices of the project, the process, legal procedures, and vision from both sides.

Huong from Dai Phuc Land explained that the acquisition of land plots is only a game for developers with good cash flows.

Moreover, successful buyers will also keep large cash reserves in their storage as they can never know when those projects will yield benefits.

Another factor added to the risk for buyers is the difficulty in having enough grasp on legal procedures to implement the projects, which can slow the whole process down.

“Large land banks are an advantage, but if the buyers cannot develop their projects well after acquisition, this advantage will turn into a burden of inventory and waste capital,” Huong warned.

The transparency of the Vietnamese market is still subpar, causing delays and concerns from both sides to finish any deals targeted. A recent report from JLL

Vietnam revealed that as Vietnam is an emerging market, M&A ventures are still very challenging.

Developers, meanwhile, express that it is necessary to professionalise activities of all sectors in the real estate field from developers and investors to trading centres as well.

Management authorities also have to improve their market database to meet management needs from central to grassroots levels.

In addition, according to SB Law's Nguyen Thanh Ha, M&A deals now have to take into account different laws including those on enterprises, investment, competition, environment, land, and asset purchasing, as well as many other relevant decrees.

7. Vietnam’s trade surplus hits 5.46 billion USD in first half

Vietnam enjoyed a trade surplus of 5.46 billion USD in the first six months of this year, nearly 1.5 billion USD higher than the estimated 4 billion USD, according to the General Department of Customs.

In June alone, the export-import turnover reached 43.26 billion USD, up 15.8 percent against the previous month.

The export revenue in the month was valued at 22.564 billion USD, up 17.6 percent month-on-month, while the import value decreased by 14 percent to over 20.7 billion USD.

Vietnam's export turnover in the first half hit nearly 122.8 billion USD, up 0.2 percent, while the country spent about 117.3 billion USD on imports in the period, down 2.9 percent year-on-year.

Vietnam's major exports in the reviewed period include computers, electronics and components (3.94 billion USD); telephones and components (3.65 billion USD); textiles (2.6 billion USD); machinery, equipment and spareparts (1.9 billion USD) and footwear (1.43 billion USD).

Corporate News

8. SAB: State capital in Sabeco to be transferred to SCIC before August 31

↓ -0.52%

Vu Quoc Anh, head of the ministry's Department of Finance and Business Reform, said the ministry has received the related documents and is accelerating the transfer process.

According to Decision No. 908 of the prime minister issued on June 29, the Government will transfer its stake in 14 enterprises to SCIC before August 31. Four of them belong to the Ministry of Industry and Trade including Sabeco, Vietnam Industrial Construction Corporation, Vietnam Agricultural Products Joint Stock Company and General Construction and Export - Import Joint Stock Company.

The decision aims to accelerate the withdrawal of State capital from enterprises in line with the medium-term public investment plan in the 2016-2020 period and boost the restructuring of State-owned companies.

The prime minister has asked ministers, leaders of Government departments and leaders of cities and provinces under the jurisdiction of the Central Government to ensure the progress, transparency, publicity and efficiency of the withdrawal of State capital.

9. MSN: BOD approved stock issuance under ESOP

↓ -1.40%

The Board resolution dated July 16, 2020, the BOD of MaSan Group Corporation approved the stock issuance under ESOP with the following details:

- Stock name: MaSan Group Corporation
- Number of outstanding shares: 1,168,946,447 shares
- Expected issue volume: 5,844,732 shares (equivalent to 0.5% number of outstanding shares)

- Stock type: common share
- Par value: VND 10,000/share
- Issue price: VND 10,000/share
- Time of implementation: expected in July 2020 or August 2020.

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