



# VIETNAM DAILY NEWS



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## Market Analysis

### 1. VN-Index rises for third straight session on Aug 5

The VN-Index climbed 1.24 percent to 837.8 points Wednesday with most of the market's big caps finishing in the green.

The benchmark VN-Index saw steady growth throughout the day, gradually gaining a total of 10.23 points by the end of the session.

The Ho Chi Minh Stock Exchange (HoSE), on which the index is based, saw 300 stocks gain and 78 lose. Total trading volume improved 48 percent over the previous session, reaching VND6.2 trillion (\$269 million).

The VN30-Index, a basket of HoSE's 30 largest capped stocks, rose 1.63 percent, with 27 gaining and 2 losing.

Its top gainers were SAB of Vietnam's largest brewer Sabeco, up 4.8 percent, followed by VJC of budget airline Vietjet, up 2.8 percent, and MWG of electronics retailer Mobile World, up 2.2 percent.

Of Vietnam's biggest state-owned lenders by assets, BID of BIDV climbed 0.85 percent, VCB of Vietcombank 0.8 percent, and CTG of VietinBank 0.6 percent.

HDB of HDBank and TCB of Techcombank led gains of private banks at 0.85 percent and 0.6 percent respectively.

Other gainers included PNJ of Phu Nhuan Jewelry with 1.4 percent, HPG of steel producer Hoa Phat, 1.1 percent, and MSN of conglomerate Masan, 1 percent.

The only two VN30 tickers that ended in the red were VIC of conglomerate Vingroup, down 1 percent, and PLX of fuel distributor Petrolimex, down 0.05 percent.

The HNX-Index for stocks on the Hanoi Stock Exchange, home to mid and small caps, rose 1.35 percent, and the UPCoM-Index for stocks on the Unlisted Public Companies Market added 0.3 percent.

Foreign investors turned net buyers to the tune of VND15.7 billion (\$681,600), with buying pressure focused mainly on HPG and VHM of real estate giant Vinhomes.

## Macro & Policies

### 2. Vietnam to start building North-South Expressway in September

Vietnam's Ministry of Transport (MoT) plans to start construction of three sub-projects of the Eastern cluster of the North-South Expressway by the end of September, according to Minister of Transport Nguyen Van The.

These three sub-projects, namely sections of Mai Son – National Highway No.45, Vinh Hao – Phan Thiet, and Phan Thiet – Dau Giay, were previously approved by the National Assembly to change the financing format from public private partnership (PPP) to public investment.

Under the instruction of the government, the MoT has completed the approval processes for technical designs and financial estimates for all three sub-projects, and issued bidding documents for all 13 civil work packages under these projects on August 8.

The bidding process would be implemented in a transparent and fair manner, in compliance with the Law on Bidding and other regulations, The stressed.

For five other sub-projects under the PPP format, the MoT has completed the pre-qualification evaluation process and launched a call for tender in late July. So far, 14 out of 16 bidders have qualified for the first round. The contractor selection process is scheduled to be completed in December, and construction is expected to start in early 2021.

The Eastern North-South expressway project, which is of national priority for investment in the 2017 – 2020 period with an estimated cost of VND118 trillion (US\$5.04 billion), 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 funding and eight under the PPP and build-operate-transfer (BOT) contracts.

However, with the latest change, the project now consists of six projects to be funded by the government 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. Shrimp exports, a bright spot in January-July economic performance

It is forecasted that Viet Nam's shrimp export revenue will reach approximately US\$3.8 billion by the end of 2020.

#### Growing in difficulties

According to the Viet Nam Directorate of Fisheries (Ministry of Agriculture and Rural Development), by the end of July, Viet Nam's shrimp exports recorded a positive year-on-year growth rate of 12.1% with about US\$2 billion in revenue. This is an impressive figure in the current context of the disease taking

place complicatedly and upsetting global supply chains.

Tran Van Linh, Chairman of the Thuan Phuoc Seafoods and Trading Corporation, one of the shrimp exports with good results, said that the company exported 3,000 tons of shrimps and shrimp products during the period, up 8% year-on-year, earning over US\$31 million, an increase of nearly 6%. Thuan Phuoc's major markets remained the United States and the European Union (EU). "Processed foods are now well consumed, and products made from shrimps are the strength of our

company, so we are not affected by the pandemic,” Linh said.

### Multiple measures to maintain shrimp exports until year's end

Truong Dinh Hoe, General Secretary of the Viet Nam Association of Seafood Exporters and Producers (VASEP), stated that despite the positive outlook in the past few months, the sector's export situation from now until year's end still depends entirely on the development of COVID-19.

The pandemic still shows no signs of being brought under control in both the EU and the U.S. With these two markets being the main consumers of Viet Nam's marine products, the export value of the sector, increasing or decreasing, depends a lot on their disease control results.

However, Hoe still predicted that Viet Nam's shrimp exports are likely to reach US\$3.8 billion this year.

With such market movement, the Vietnamese shrimp industry should continue to improve its competitiveness and quality to maintain the markets.

At the same time, in order to facilitate marketing and sales, businesses also need to focus on developing trademarks of their own.

On the other hand, all new information on shrimp prices and global shrimp supply-demand has also been updated on a weekly basis by VASEP through its weekly newsletters and on its website.

After a long period of being enriched, these contents have contributed significantly to creating the current face of the shrimp industry.

Given that fact, shrimp trading companies should learn about shrimp-related information from VASEP, especially small-sized businesses and newcomers who have a lot to deal with at the beginning.

## 4. Construction industry issues action plan on emissions

The Ministry of Construction has announced a national action plan on green growth in 2020-2030 focusing on reducing greenhouse gas (GHG) emissions and implementing the Paris Agreement.

According to Deputy Minister Nguyen Tuong Van, the goal of the plan is to reduce greenhouse gas emissions in construction materials production and develop construction works, urban areas and technical infrastructure for new urban areas that suit the Government's commitment for achieving green growth.

The plan also aims to complete institutions and policies to support and encourage businesses to improve technology, enhance production management and construction capacity to reduce emissions and improve the management capacity of the Ministry of Construction on reducing GHG emissions.

To accomplish the targets, the ministry has set out four main tasks, including mitigating GHG emissions, adapting to climate change, preparing resources and

establishing a transparent and public system of measurement, reporting and evaluation.

The ministry will conduct a periodic inventory of greenhouse gas for 2018 and 2020 to produce construction materials, solid waste, construction works and urban areas.

It will also study and propose a collaborative mechanism for GHG emission reduction for construction industry activities and develop mitigation actions in line with national conditions for the production of building materials and construction works, especially cement.

To adapt to climate change, the ministry will complete technical standards for infrastructure, public and civil works; combat flooding for coastal cities, build urban infrastructure that can cope with potential impacts of climate change and sea-level rises; upgrade and build new water supply and drainage facilities in big cities.

On resource preparation, the ministry will propose mechanisms and policies to encourage research and

pilot application of potential technologies to cope with climate change and suit Vietnam's conditions.

The Ministry of Construction will focus on building a technology transfer monitoring system and strengthening the construction industry's capacity, strengthening international negotiations to develop guidelines for the implementation of the Paris Agreement and mobilising international resources

to support the construction sector's climate change response.

In addition, to ensure production requirements, the ministry has appointed the Institute of Building Materials and the International Certification Joint Stock Company to conduct testing and certifying the quality of products and construction materials such as cement, additives for cement and concrete.

## 5. IFC provides US\$140 million to help VN's firms affected by COVID-19

The International Finance Corporation (IFC) is extending US\$140 million in total financing to two Vietnamese commercial banks to help them support businesses, especially small- and medium-sized enterprises (SMEs), that have suffered from the COVID-19 pandemic.

The IFC will provide US\$100 million to VPBank and another US\$40 million to Orient Commercial Joint Stock Bank (OCB) in one-year, renewable senior loans to enable local businesses with disrupted cash flows to sustain operations and maintain jobs.

The development finance institution is also partnering with international lenders, including the Asian Infrastructure Investment Bank (AIIB), to raise additional financing to expand VPBank's lending capacity further. AIIB will co-finance up to US\$100 million to support VPBank's COVID-19 relief initiatives to its business customers.

"SMEs are strategic client segment to VPBank and we have continuously offered various solutions to their needs given the ongoing pandemic, said Nguyen Duc Vinh, CEO of VPBank.

About 20% of the working capital line for VPBank is expected to be earmarked for women-led SMEs, with blended finance funding provided by the Women Entrepreneurs Opportunity Facility, a first-of-its-kind global finance facility for women entrepreneurs launched by IFC and Goldman Sachs 10,000 Woman.

OCB will prioritise clients working in sectors facing direct impact of COVID-19 like tourism and production as well as those related to disease response activities.

SMEs are "the backbone of Viet Nam's economy", said Nguyen Dinh Tung, CEO of OCB, adding that as they struggle amid the ongoing COVID-19 situation, IFC's timely and rapid support will not only help the bank extend payment relief to clients but also enable it to offer new loans to SMEs, supporting continued operations and preserving jobs, thereby accelerating Vietnam's economic recovery.

The loans to VPBank and OCB are part of IFC's US\$8 billion fast-track financing to support its private-sector clients during the COVID-19 crisis.

"Our experience from past shocks, including the global financial crisis 2008, has taught us that micro, small and medium enterprises are especially impacted by the current crisis. Keeping them solvent it, therefore, key to saving jobs and limiting the economic damage", said IFC country manager for Viet Nam, Cambodia and Laos, Kyle Kelhofer.

Both VPBank and OCB are exiting clients of IFC. The World Bank Group's investment arm extended US\$212.5 million financing package to VPBank in January this year and US\$100 million funding to OCB earlier.

According to the General Department of Statistics' survey results of assessing the impact of COVID-19 on production and business activities of enterprises in Viet Nam, there were 85.7% of enterprises nationwide affected by COVID-19.

57.7% of those thought that the consumption market went down sharply. 22.1% of respondents were in shortage of inputs. 45.4% of respondents were in shortage of financing for their business operations.

The survey was conducted from 10 April to 20 April 2020 in the online manner, with 126,565

responding firms, accounting for 20% of the total operating enterprises.

## 6. Wide impacts to be made with new law changes

The overall targets of the amended Law on Enterprises are to facilitate the establishment and business registration activities; slash costs and required time for startups; perfect the mechanism to shield the rights and legitimate benefits of investors, shareholders, and enterprise members; and push corporate governance to reach international standards. Another important objective is to raise the efficiency, publicity, transparency, and accountability of enterprises in which the state holds the controlling stake.

Along with this, substantial changes in the law involve annulling the procedures announcing seal models and allowing businesses to use digital seals to supersede traditional ones.

Additionally, the law aims at facilitating smooth online business registration procedures and simplifying business by not requiring companies to submit additional paper records. Shareholders now have extended rights, and the law supplements regulations on shareholding management pursuant to good international practice on business management.

Moreover, the law amends the concept of state-owned enterprises (SOE) and defines both types of SOEs, the one in which the state holds 100 per cent of charter capital and the one in which the state holds more than 50 per cent, in order to introduce suitable governance and supervision methods.

The law also supplements regulations on centralised control to avoid conflicts of interest and ensure information transparency of enterprises with state ownership.

One important point is the addition of a regulation on non-voting depository certificates to diversify offerings in the local stock market.

Meanwhile, the prime targets of the amended Law on Investment are to enhance the quality and efficiency of investment attraction in compliance with the planning and development orientation of

sectors while assuring defence, national security, sustainable development, and environmental protection goals.

The law adds “debt collection services” to the list of fields and professions that are forbidden for trading while omitting 22 investment fields with irrational conditions that hinder market entry processes.

The list of fields and professions for foreign investors to access the Vietnamese market is built up under an approach in which any sector and profession prohibited from investment will be published. This is aiming at enhancing the transparency and viability in applying Vietnam's commitment on an open market in light of its many free trade agreements.

Furthermore, the Law on Investment has amended and supplemented some fields and professions with incentives to ensure attracting quality investment on a selective basis, and also added a new regulation allowing the prime minister to apply special incentives in a timely manner.

One highlight of the law is that provincial-level people's committees are conferred the right to approve investment proposals for golf courses and projects with a capital scale from VND5 trillion (\$215 million), and to not apply the procedures of approving investment proposals for individuals and family households.

The Law on Public-Private Partnership Investment aims at constituting a highly-effective and more secure regulatory framework to boost the efficiency of investment attraction under the PPP model, creating incentives and mechanisms to ensure investment attractiveness and mitigate risks for investors engaging in infrastructure development and public service provision.

On that basis, this law regulates five essential fields eligible for investment: transport; power networks plants; water resources, fresh water supply,

drainage, and wastewater and waste treatment; healthcare, education, and training; and IT.

In light of the new law, the minimum investment value for a PPP project stands at VND200 billion (\$8.7 million). For areas with difficult conditions for socio-economic development, and projects in

healthcare, education, and training. However, the investment value is halved to VND100 billion (\$4.35 million). Regulations on investor selection are for the first time integrated into the law to ensure unity and continuity in PPP project implementation. Simultaneously, the law narrows down cases of investor appointment.

## 7. Vietnamese Banks are racing to catch digitisation trend: experts

The COVID-19 pandemic might have had a severe effect on the economy, but it has helped accelerate banks' digitisation, they told.

With many people looking for new options to deal with their financial affairs, digitisation of services and e-payments are becoming crucial, and banks, seizing the trend, have been embarking on the use of technology 4.0 and modernising their business models.

Digital technologies come with lower costs but offer wider coverage than traditional models.

The development of internet banking, mobile banking, payment solutions using QR codes, near-field communication technology (NFC), and advances in biometric technology using fingerprints and iris scanning has enabled banks to offer new and convenient products and services to customers, helping them achieve sustainable growth thanks to an increase in revenues from services and gradually reduction in dependence on lending.

The Joint Stock Commercial Bank for Foreign Trade Việt Nam (Vietcombank) launched its new digital bank service, VCB Digibank, last month integrating its online trading platforms.

Đào Minh Tuấn, the lender's general director, said digital transformation has been identified as a key growth driver, and the bank is hastening the digital transformation process.

“We hope VCB Digibank will bring a new experience to and help millions of our customers enjoy convenience in every transaction with Vietcombank.”

The service has been developed based on a combination of internet and mobile banking platforms to provide a unified experience for customers.

The Vietnam Joint Stock Commercial Bank for Industry and Trade (VietinBank) and Housing Development Bank (HDBank) are also investing a lot of money into digitisation.

According to a survey last year by auditing firm PwC Việt Nam, Việt Nam was among the countries with the fastest rate of growth in mobile payments. The number of users had seen a sharp increase to 61 per cent from just 37 per cent the year before.

The country now has 70 credit institutions and payment intermediaries like e-wallets providing payment services online and through phone apps.

But there are still obstacles like the Vietnamese habit of using cash.

This is biggest barrier to digital banking development and there is a need to change people's mindsets, according to Phạm Tiến Dũng, director of the State Bank of Việt Nam's payment department.

The central bank recently announced the electronic Know Your Customer, or eKYC, for opening accounts online.

Banks must improve the customer experience to make them satisfied with their products and services, Dũng said.

## Corporate News

### 8. HBC: HBC wins a new construction project

↑ 1.86%

Hoa Binh Construction Group Joint Stock Company has assigned a new construction package with the total contract value of more than VND771 billion as follows:

- Project: Swan Bay Le Centre
- Investor: Vina Dai Phuoc JSC (CFLD)

- Location: Dai Phuoc Commune, Nhon Trach District, Dong Nai Province
- Construction package: the main contractor of Package No.01: zone 6.1, 6.2, 6.3
- Value of package: nearly VND771 billion.

### 9. STB: Sacombank launches attractive promotion for Visa international card holders

↑ 1.43%

They will get a 1 per cent refund on every bill worth VND5 million (US\$215.9) and above with no limits on the number of refunds.

Sacombank also allows hire purchase without interest for six months for a minimum purchase of VND10 million (\$431.8).

Sacombank Visa international cards offer customers many benefits such as using them to transact world-wide, scanning QR codes to make payments and withdraw money, shopping online, and using the Sacombank Pay application for comprehensive 24/7 card management and making inter-bank transfers, topping up mobile

phones, paying bills, getting consumer loans, and others.

Cardholders can also enjoy discounts of up to 50 per cent on dining, shopping and travelling.

With Sacombank Visa cards, customers can spend first and pay later without collateral or interest for up to 55 days, accumulate reward points when shopping to redeem for gifts or get a refund, and withdraw cash at the bank's ATMs.

To qualify for a card, customers need to have a monthly income of just VND5 million if they live in Ha Noi and HCM City and VND3 million (\$129.6) if they live elsewhere.



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