



# VIETNAM DAILY NEWS

September 4th, 2020



## Table of content

### Table of content

1. Blue chips bring VN-Index to three-month high
2. HCMC needs VND21t for water transport in next 30 years
3. Key public investment projects gather speed
4. Steelmakers urge import protection
5. PYN Elite: Banks are the true growth story in Vietnam
6. CAAV proposes reopening six int'l air routes from mid-Sept
7. Train for Hanoi's 2nd metro route to arrive next month
8. PAN: BOD approves the plan for VFG shares public offer
9. AAA: BOD approved to issue shares payment for 2019 dividend

## Market Analysis

### 1. Blue chips bring VN-Index to three-month high

Vietnamese shares rose to a three-month high on Thursday after taking the single-day national holiday break as market sentiment soared to drive large-cap stocks up.

The benchmark VN-Index rose 1.37 per cent to 903.94 points, setting a new high since peaking at 900 points on June 10.

The VN-Index has rallied a total of 3.5 per cent in the last five trading days since August 26.

Large-cap stocks were the major boost of the local market as the blue-chip tracker VN30-Index increased by 1.4 per cent to 843.64 points.

The VN30 futures due on September 20 gained 1.5 per cent to 850 points on Thursday.

The positive performance of large-cap stocks boosted the mid-cap and small-cap groups up 0.7 per cent and 0.16 per cent, respectively.

In the large-cap VN30 basket, 25 of the 30 largest stocks by market capitalisation and trading liquidity increased while four declined.

Gainers in the large-cap group included HDBank (HDB), PetroVietnam Power (POW), Vietcombank (VCB), Vincom Retail (VRE), brewer Sabeco (SAB), Vingroup (VIC), short-haul carrier Vietjet (VJC) and consumer firm Masan (MSN).

The banking, property and consumer sectors advanced 2.1 per cent, 1.2 per cent and 1.1 per cent, respectively, according to vietstock.vn.

HDBank's shares jumped 4.6 per cent to end Thursday at VND29,800 apiece. The HCM City-based lender recently announced its audited Q2 financial report.

The bank's pre-tax profit in the second quarter gained 31.5 per cent year-on-year to VND2.9 trillion and return-on-equity (ROE) and return-on-asset (ROA) ratios added 1.6 per cent and nearly 0.4 per cent, respectively.

On the Ha Noi Stock Exchange, the HNX-Index hobbled up, rising 0.51 per cent to 126.05 points.

The northern market index has increased by a total of 0.96 per cent in the last two trading days.

Nearly 425.4 million shares were traded on the two exchanges, worth VND8.24 trillion.

Foreign investors net-bought more than VND377 billion worth of local shares. They net-sold nearly VND200 billion on Tuesday.

"Technically, large-cap stocks have performed better in the last two days to lift the market and the signals become clearer for the market's further growth," MB Securities Co (MBS) said in its daily report.

"Technical indicators and the progress of the global stocks will be strong support for the domestic market in the coming days," the company said.

## Macro & Policies

### 2. HCMC needs VND21t for water transport in next 30 years

Bui Hoa An, deputy director of the department, said that in the 2021-2030 period, with a vision to 2050, the city will focus on developing nine waterways comprising four connecting the central business district with Hiep Phuoc Port in Nha Be District, three connecting the eastern region with Cat Lai Port in District 2 and two belt waterways.

To improve the connectivity with southern provinces, the city will enhance the capacity of five inland waterways comprising Saigon-Thi Vai, Saigon-Ben Suc, Saigon-Ben Keo, Saigon-Moc Hoa and Saigon-Hieu Liem.

The city will also work with the Mekong Delta provinces to develop five other waterways including Saigon-Ha Tien, Saigon-Kien Luong, Saigon-Ca Mau, coastal Saigon-Ca Mau and coastal Saigon-Kien Giang.

Besides the port system, the city will develop logistics centers and inland container depots to facilitate the transport of cargos from industrial zones to sea ports. In addition to cargo transport, the ports will also serve passenger transport and tourism.

To mobilize resources for the development of water transport, alongside the city's budget, HCMC will encourage private investors to engage in this sector.

The HCMC government has agreed with the Department of Transport's water transport development plan for the 2021-2030 period. However, the municipal government asked the department to pay more attention to developing the port system and waterways in the southern and southwestern regions, including Cu Chi and Binh Chanh districts.

HCMC has 110 waterways with a combined length of some 1,000 kilometers. Over the past five years, the city has invested only VND1.5 trillion in water transport, much lower than the investment of VND27.2 trillion in road transport.

The city's waterway cargo volume in 2019 was more than 31 million tons, equivalent to 35% of the road cargo volume. Inland ports served more than 36 million passengers last year, up 1.1% compared with 2018.

### 3. Key public investment projects gather speed

Urged by the establishment of a task force under the Ministry of Planning and Investment (MPI), the Ministry of Finance (MoF), and other related ministries and agencies in July, the progress of numerous public investment projects improved significantly. Particularly, three sub-projects in the Eastern Cluster of the North-South Expressway – Mai Son-National Highway No.45, Vinh Hao-Phan Thiet, and Phan Thiet-Dau Giay sections – that have reverted from a public-private partnership model to public investment, will break ground in September and are expected to be completed by the end of 2022.

Explaining the good performance of these projects, Duong Viet Doan, director of the Thang Long Project Management Unit which implements the projects, said, "The Ministry of Transport (MoT) has asked us

to adjust feasibility studies, separate bidding packages, and build up estimations, while waiting for the decision of changing the investment method."

As of late July, 54km (equivalent to 86 per cent) of Mai Son-National Highway No.45 in Ninh Binh and Thanh Hoa provinces, 96km or 95 per cent of Vinh Hao-Phan Thiet in Binh Thuan, and 77km or 77 per cent of Phan Thiet-Dau Giay sections across Binh Thuan and Dong Nai have had land cleared.

According to the MoT, the 11 sub-projects of the North-South Expressway have already disbursed VND5.53 trillion (\$240 million) of the VND8.97 trillion (\$390 million) total in 2020's public investment plan, equivalent to 61.6 per cent.

The MoT is one of the ministries allocated the largest public investment budgets, at about VND40 trillion (\$1.74 billion) in 2020, some VND21 trillion (\$0.91 billion) of which has already been disbursed in the first eight months.

While the performance cannot meet the plan set forth just yet, MoT Minister Nguyen Van The affirmed that the entire public investment plan will soon be realised as most obstacles have been overcome and projects such as the aforementioned three will start construction in the coming months.

Meanwhile in contrast, disbursement for Long Thanh International Airport is not faring so well. Around VND1.38 trillion (\$60 million) has already been poured into land acquisition, compensation, and resettlement support in the first eight months of the year, with accumulated disbursement at VND2.51 trillion (\$109.3 million), only 13.82 per cent of the assigned plan.

“The project is quite slow in public investment disbursement and it is difficult for it to progress with land clearance, hand over land, and realise all of the public investment plan,” MPI Minister Nguyen Chi Dung said.

Recently, nine ministries and agencies including the MPI, the Government Office, and Hoa Lac Hi-tech Park Management Board, as well as nine localities have offered to return to the state budget VND6.4 trillion (\$278.2 million) of their public investment budgets.

#### 4. Steelmakers urge import protection

The Ministry of Industry and Trade (MoIT) last week extended the time of an ongoing investigation to decide whether to apply anti-dumping measures for cold-rolled steel products from China, nearly a year after the investigation started. The investigation was initially requested by local producers such as Posco Vietnam Co., Ltd., China Steel Sumikin Vietnam JSC, and Phu My Flat Steel Ltd.

The MoIT said that the deadline for the investigation of this case would be March 2021 as it needs more time to review and clarify problems caused by the COVID-19 pandemic.

“The MPI also received requests to increase the capital allocated to seven ministries, agencies, and 31 localities by a total of VND13.5 trillion (\$587 million),” Minister Dung said.

According to the MoF, accumulated disbursement in the first eight months of the year was around VND221.8 trillion (\$9.6 billion), reaching 47 per cent of the yearly plan. Of this, only five ministries/agencies and 19 localities have disbursed at least 60 per cent of total capital assigned, while 29 ministries/agencies and six localities disbursed 35 per cent and lower. Around 15 ministries/agencies and one locality managed 15 per cent and below.

The Ministry of Health, one of the worst-performing ministries, has realised only 15 per cent of the VND6.57 trillion (\$285.6 million) assigned for it this year.

Over recent years, public investment capital has been too slowly disbursed due to various reasons, negatively affecting Vietnam's socioeconomic development. “If localities fail to disburse in full this capital in September, the government will ask permission from the National Assembly to cut their capital and move it to other more effective localities, while leaders of ministries and localities will be inspected over their public investment activities and eventually punished,” Prime Minister Nguyen Xuan Phuc stressed.

Meanwhile, local steelmakers complained in a petition sent to the MoIT last year that these imported products originating from China have been causing damage to their business and cited that these Chinese steel products have been being sold at prices 4-14 per cent lower than local ones, and 9-19 per cent lower than imports from Japan, Taiwan, and South Korea.

Cold-rolled steel sheets offer a variety of outstanding properties, including easy formability and a smooth, clean surface, and are used in automobiles, appliances, furniture, and many other everyday items.

Anti-dumping measures, such as the requested ones, are nothing new in Vietnam's steel sector as the country last year decided to extend the validity of anti-dumping duties on cold-rolled stainless steel products originating from China, Indonesia, and Taiwan for an additional five years, starting from last October, following another request by Posco and Inox Hoa Binh JSC, which account for 80 per cent of domestic stainless steel production.

According to the Vietnam Steel Association, it is hard to export cold-rolled stainless steel, as there are many large manufacturers in Southeast Asia and the regional supply exceeds the demand. It is also difficult to export steel to the US and EU markets, which themselves apply anti-dumping policies to steel products.

At first, the MoIT said that if there are no anti-dumping measures and the imports into Vietnam further increase, the domestic industry could hardly survive and develop. Previously, the local stainless

steel market only had Posco and a few other small domestic enterprises. The ongoing recovery of the stainless steel industry has attracted many enterprises' investment in the industry, with healthy competition.

During the investigation and the eventual application of measures, the MoIT already considered an exemption from anti-dumping measures for cold-rolled stainless steel products as input materials that have not been produced domestically ensure the interests of consumers. However, the MoIT also laid down concerns that further anti-dumping measures could create an exclusive position for Posco.

To control the influx of cheaper imports and offer assistance for local steelmakers, a number of markets have slapped anti-dumping obligations on steel from China, such as India, Brazil, Thailand, the European Union, and the United States.

## 5. PYN Elite: Banks are the true growth story in Vietnam

"At the moment, Vietnamese banks account for a total of 32.5 per cent of PYN Elite's portfolio. Our top picks are HDBank(HSX: HDB), VietinBank (HSX: CTG), and TPBank (HSX: TPB)," said Petri Deryung, portfolio manager and board member at PYN Elite. "We increased our weighing in banks already before the coronavirus crisis due to banks' importance for the Vietnamese stock market. Many banks had improved their earnings in 2019 but they still lagged behind the VN-Index."

Deryung also explained that in Europe, there has been a lot of talk about the financial sector's future growth and the quality of banks' balance sheets. However, things are different in Vietnam where the banks are the true growth stories. They are not to be picked for being good dividend stocks because the banks are investing their profits for future growth.

In recent years, the fund's key banking stocks have recorded annual growth in earnings and revenue up to 30-40 per cent. This year will also be a decent one, despite COVID-19. Many of PYN Elite's banks are expecting earnings growth as much as 20 per cent in 2020 and this will lead to P/E ratios of 5-6.

Besides, a number of Vietnamese banks have accelerated their initial public offering (IPO) process or switched exchanges, signalling ambitions to tap into larger capital inflows. For example, LienVietPostBank showed intentions of switching from the UPCoM to the Ho Chi Minh City Stock Exchange (HSX) and raising its foreign ownership limit from 5 to 9.99 per cent to tap into overseas capital.

Privately-held lender ACB, which is currently listed on the Hanoi bourse, signalled its ambition of listing on the HSX in November or December.

SHB and VIB may also follow suit, saying they would shift focus from the capital's exchange to its southern counterpart.

At the end of July, PYN Elite's portfolio reached approximately \$450 million, 4 per cent of which was allocated for cash, and 96 per cent for Vietnamese stocks. Shares of Vietnam Engine and Agricultural Machinery Corporation (UPCoM: VEA) held the largest proportion, accounting for 11.85 per cent.



In its recent report, PYN Elite assessed that VEA had a solid cash flow, but UPCoM somehow restrained its potential. The fund expected VEA would be listed on the major bourse, HSX, within the next few years.

VEA dividend rates are relatively high, around 10 per cent of the market price. The firm's dividend yield might be reduced due to increasing share price.

PYN Elite believed VEA is one of the most attractive tickers as it is expected to double its valuation within the next three years.

Last month, PYN announced it would lift its ownership cap at local IT and telecom CMC Group.

## 6. CAAV proposes reopening six int'l air routes from mid-Sept

For China, CAAV proposed reopening the HCMC-Guangzhou route with two weekly flights. Vietnam will instruct Vietnam Airlines, the national flag carrier, or its affiliate Pacific Airlines to operate the flights using B787 aircraft with 343 seats, while China will use A320 aircraft with 200 seats.

For Japan, CAAV proposed restarting the Hanoi-Tokyo route with two weekly flights and the HCMC-Tokyo route with two flights per week. Vietnam will assign Vietnam Airlines or Pacific Airlines to operate the flights between Hanoi and Tokyo by B787 aircraft, and low-cost carrier Vietjet Air will operate the flights between HCMC and Tokyo by the 240-seater A321 aircraft. The flights from Vietnam will depart every Tuesday.

For South Korea, CAAV proposed the Hanoi-Seoul route be resumed with one weekly flight. Vietnam Airlines or Pacific Airlines will be in charge of operating the flights using B787 aircraft. Meanwhile, Vietjet Air will operate the HCMC-Seoul route using A321 aircraft.

For Taiwan, CAAV proposed that Vietnam Airlines or Pacific Airlines operate flights between HCMC and Taipei using B787 aircraft, and Vietjet Air will operate flights between Hanoi and Taipei using A320 aircraft.

For air routes from Vietnam to Laos and Cambodia, CAAV proposed that Vietnam Airlines operate one flight per week for each route.

CAAV deputy director Vo Huy Cuong said if the proposal is approved, these flights would be able to transport around 5,000 people to Vietnam weekly.

CAAV asked the Ministry of Health to publicize compulsory medical regulations for passengers arriving in Vietnam and the list of real-time polymerase chain reaction laboratories approved by the Vietnamese Government.

Before boarding the aircraft to travel to China, passengers are required to have a certificate proving they are not infected with Covid-19 within five days before the departure day. The certificate must be verified by the Chinese Embassy. Meanwhile, passengers from China will have to install the Covid-19 control app on their smartphones and undergo a compulsory 14-day quarantine period right after arrival in Vietnam.

Passengers on flights to South Korea are required to wear face masks on board, have their body temperatures not exceeding 37.5 degrees Celsius, install the Covid-19 control app on their smartphones, self-isolate at home or be quarantined at centers after arriving in South Korea.

Meanwhile, Taiwan's regulations are less strict as they only require arriving passengers to undergo a five-day quarantine period.

## 7. Train for Hanoi's 2nd metro route to arrive next month

It will be shipped from France to the northern port city of Hai Phong and displayed at S1 station in Nhon, 15 kilometers from the city downtown, for the

public to see, according to the Hanoi Metropolitan Railway Management Board (MRB).

The train would be tested for several months before the start of commercial operations next year, Nguyen Trung Hieu, deputy head of the MRB, said.

It will be the first of 10 trains to be bought for the Nhon-Hanoi Railway Station route, each with four cars, a length of 78 meters and capacity of 950 passengers.

The route will run 12.5 kilometers from Nhon in the western district of Nam Tu Liem, via Kim Ma Street to the Hanoi Railway Station in the downtown area.

It will run 8.5 kilometers on elevated tracks and the remaining four kilometers underground. The underground section will be ready in 2023.

The route is now 65 percent complete, including 80 percent on the elevated section.

MRB is recruiting 447 workers, of whom 21 will be sent to France for training.

## Corporate News

### 8. PAN: BOD approves the plan for VFG shares public offer

↑ 0.00%

The Board resolution dated August 31, 2020, the Board of Directors of The PAN Group Joint Stock Company approved the plan on public tender to purchase shares of Viet Nam Fumigation Joint Stock Company (VFG). Details are as follows:

- 1) Name of target stock: Viet Nam Fumigation Joint Stock Company
- 2) Securities code: VFG
- 3) Number of VFG shares before trading: 13,239,061 shares, equivalent to 41.26% of total outstanding shares of VFG)
- 4) Number of VFG shares expected to be bought: 4,813,780 shares (equivalent to 15% of total outstanding shares of VFG)

5) Number of VFG shares after trading: 18,052,841 shares (equivalent to 56.25% of total outstanding shares of VFG)

6) Expected price purchase: the offering price is not lower than the average reference price of VFG shares that announced by the Hochiminh Stock Exchange (HOSE) within 60 days immediately prior to the date of submission of the subscription form.

7) Purpose of the offering: to raise the ownership ratio and long-term investment.

8) Time of implementation: from 30 days to 60 days after being approved by the State Securities Commission of Vietnam (SSC).

### 9. AAA: BOD approved to issue shares payment for 2019 dividend

↑ 1.82%

The Board resolution dated September 01, 2020, the BOD of An Phat Bioplastics Joint Stock Company approved the plan to issue shares for 2019 dividend payment with the following details:

- Stock name: An Phat Bioplastics Joint Stock Company
- Stock code: AAA
- Stock type: common share
- Par value: VND 10,000/share
- Number of shares expected to be issued: 10,559,998 shares
- Purpose: to pay stock dividend for 2019.

- Issue ratio: 100:5 (shareholder who owns 100 shares will receive 05 new shares)

- Plan to deal with fractional shares: The distributed shares will not be rounded down, the fractional shares will be decided by the BOD with the selling price of VND 10,000/share.

- For example: at the record date, shareholder A owned 2,222 shares. With 5% performing ratio, the shareholder A will receive:  $2,222 \times 5/100 = 111.1$  shares. According to rounding policy, the shareholder A receives 111 new shares and fractional shares of 0.1.

- Transfer restriction: none

- Time of implementation: expected in Q4.2020.



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