



VIETNAM DAILY NEWS

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Market Analysis

1. VN-Index rises as trading cools

The VN-Index added 0.56 percent to 924 points Friday, with trading volume falling significantly after a week at this year's highest levels.

The Ho Chi Minh Stock Exchange (HoSE), on which the VN-Index is based, saw 188 tickers gaining and 197 losing. Total trading volume fell over 17 percent compared to the previous session, reaching VND6.64 trillion (\$287.18 million).

The bourse has been seeing some of the year's busiest sessions in the past week with daily trading volume consistently totaling around VND7 trillion, as the VN-Index continued to recover back to levels before the Covid-19 pandemic caused mass sell-offs on the stock market.

Before the Covid-19 pandemic shook Vietnam's equity markets, daily trading volume usually hovered between VND3-4 trillion, while in quiet periods, such as the month before Lunar New Year, as well as when Vietnam first closed off its borders in February as a pandemic response, trading could go as low as VND2 trillion per day.

The VN30-Index for the stock market's 30 largest caps this session gained 0.54 percent, with 13 stocks rising and 10 falling.

Topping gains were MSN of food conglomerate Masan Group, up 6.6 percent, and SAB of major brewer Sabeco, with 2.7 percent.

TCH of truck dealer Hoang Huy Group, HPG of steelmaker Hoa Phat Group, and VIC of Vietnam's largest private conglomerate were among the highest gainers, with increases of 1.9 percent, 1.4 percent and 1.4 percent respectively.

CTG of state-owned banking giant VietinBank was the only banking sector stock to have ended in the green, having gained 1.8 percent.

Tickers of most private banks kept their opening prices this session, namely EIB of Eximbank, HDB of HDBank, STB of Sacombank, and TCB of Techcombank. VCB of state-owned Vietcombank also remained flat.

Topping losses this session were tickers of two real estate developers, ROS of FLC Faros, and NVL of Novaland, down 4.6 percent and 0.6 percent, respectively.

Banking sector stocks in the red included MBB of mid-sized state-owned Military Bank, which shed 0.6 percent, VPB of private VPBank, down 0.2 percent, an BID of state-owned giant BIDV, down 0.1 percent.

Other major losing stocks included FPT of IT services giant FPT, down 0.6 percent, and MWG of electronics retailer Mobile World, down 0.5 percent.

Meanwhile, the HNX-Index for the Hanoi Stock Exchange, home to mid- and small-capped stocks, rose 0.96 percent, while the UPCoM-Index for the Unlisted Public Companies Market was up 0.76 percent.

Foreign investors were net sellers for the twelfth consecutive session to the tune of over VND40 billion on all three bourses. Again, the most net sold stocks were VNM of Vinamilk and CTG of VietinBank.

Macro & Policies

2. ADB and Phu Yen sign Viet Nam's first certified green loan for 257 MW solar power project

Phu Yen JSC is owned by B.Grimm Power Public Company Limited and Truong Thanh Viet Nam Group Joint Stock Company (TTVN).

The financing comprises a \$27.9 million loan funded by ADB, a \$148.8 million syndicated loan (B loan) funded by commercial banks with ADB as lender of record, and a \$9.3 million loan from Leading Asia's Private Infrastructure Fund (LEAP).

The syndicated loan is the first green B loan in Asia and the Pacific to be certified by the Climate Bonds Initiative, and one of the largest such loans yet mobilised in Viet Nam. The initiative is an investor-focused not-for-profit, promoting large-scale investment in the low-carbon economy and also administers the international Climate Bond Standards and Certification Scheme.

Participating commercial banks include Bangkok Bank, Kasikorn Bank, Kiatnakin Bank, Industrial and Commercial Bank of China, and Standard Chartered Bank. Green loans are used to fund new or existing projects that deliver environmental or climate-related benefits.

Infrastructure Finance Division Director for East Asia, Southeast Asia, and the Pacific at ADB's Private Sector Operations Department Jackie B. Surtani said ADB is committed to supporting B.Grimm, one of the bank's most valued clients, with its long-term expansion into Viet Nam and its important work in renewable energy.

"We're also excited to work for the first time with TTVN. This project will support the rapid development of solar power capacity in Viet Nam, advance the country's low-carbon growth goals,

and, we hope, catalyse further commercial bank financing for renewable energy," Jackie said.

The project is the largest single operating solar power plant in Viet Nam and one of the largest in Southeast Asia. It will help to reduce 123,000 tonnes of carbon dioxide annually. The power plant will deliver electricity to Quang Ngai and Nha Trang cities, as well as surrounding areas in a region that is emerging as one of Viet Nam's key tourist centres.

B.Grimm Power President Preeyanart Soontornwata said this transaction will support the development of clean and sustainable energy in Viet Nam and help promote the green loan market in Southeast Asia.

"This project is a further demonstration of B.Grimm Power adopting international best practices, and this landmark green transaction is proof of our focus on doing business sustainably. We would like to express our sincere appreciation to ADB for their leadership role in the transaction, and to our B loan lenders whose invaluable support builds on our long-standing relationships forged over multiple transactions," Preeyanart said.

TTVN Chairman Dang Trung Kien said TTVN had successfully worked with B.Grimm from day one to reach commercial operation within a short period, thereby contributing to the energy security goals of Viet Nam.

"We are pleased to see the project operating very well and value the partnership and support from ADB and participating commercial lenders in achieving this financing milestone in the Vietnamese renewables market," he said.

3. Southern logistics projects catch eye of investors

Substantial amounts of domestic and foreign capital are being poured into major logistics projects in the south of Vietnam.

Last weekend, the Tan Cang - Cai Mep JSC and the Republic of Korea's KCTC Vietnam signed a comprehensive partnership deal on providing warehousing and logistics services.

Founded in Vietnam more than a decade ago, KCTC Vietnam provides multimodal transport, cargo handling, warehousing, logistics consulting, and goods storage services, according to general director Park Hyun Bae.

With years of experience in logistics services, KCTC Vietnam aims to become a centre providing the best logistics solutions to customers in the East - South - North Asian regions, he said.

Meanwhile, the Tan Cang - Cai Mep JSC has operated a deep-water seaport of the same name in the southern province of Ba Ria - Vung Tau, Vietnam's first, since June 2009, which is capable of berthing vessels of up to 160,000 DWT.

The two companies have cooperated over recent years to handle Out of Gauge shipments at ports in the Cai Mep area. The new partnership is therefore expected to better serve shipments by FDI firms in Vietnam and set the scene for the logistics sector to thrive.

Work, meanwhile, started in September on the second phase of the Long An International Port project in the Mekong Delta province of Long An. The 147-ha port is being developed in three phases with a total investment of nearly 10 trillion VND (430.7 million USD). It is designed to have seven wharves with two - wharves No 6 and 7 - built in the second phase and be able to berth vessels of up to 70,000 DWT.

Work on wharves No 4 and 5 is being fast-tracked so they will be operational by 2021.

Construction was completed on three wharves with a total length of 630 metres in the project's first phase. As of 2019, Long An International Port had received nearly 1,000 domestic and foreign ships, including many of 50,000DWT, and handled about 1 million tonnes of cargo.

The project investor is working on legal procedures to expand the port and build two other wharves at

an undisclosed date, which would be able to receive 100,000DWT ships.

This would increase its total number of wharves to nine with a combined length of 2,368 metres, making it one of the country's longest international ports.

Experts estimate that Vietnam's logistics market accounts for 21-25 percent of GDP, but the industry remains dominated by foreign investors holding a market share of some 80 percent. More foreign investment is expected to land into the sector in the future, as Vietnam is now a member of a number of new free trade agreements (FTAs), such as the EU-Vietnam FTA.

In August, the IFC, a member of the World Bank Group, announced it will provide a financing package of 70 million USD to the Vietnam-based Indo Trans Logistics Corporation (ITL Corp), to support the development of the logistics sector, thereby facilitating trade and enhancing Vietnam's competitiveness amid COVID-19.

According to the IFC, Vietnam's logistics sector has enjoyed strong growth over the last few years, which can be attributed to record-high foreign investment, mainly in manufacturing and processing, which require strong logistics, and from booming local consumption.

The loan will enable ITL Corp to provide higher quality and sophisticated logistics services to local manufacturers and small- and medium-sized enterprises (SMEs).

Meanwhile, European investors are eyeing injecting capital in developing Cai Mep Ha Port's 984-million USD logistics services centre on an area of over 1,760 ha.

The project aims to provide seaport services and goods storage in bonded warehouses, frozen warehouses, and others, with a capacity of 3 million twenty-foot equivalent units (TEU) per year.

4. Rising handling charges necessary to advance

The Ministry of Transport (MoT) is completing the draft amendments to Circular No.54/2018/TT-

BGTVT issued in 2018 on the charge bracket for piloting service, container handling service, wharf,

docks, and others, with the container handling service to hike 10-12 cent a year at local seaports across areas I, II, and III.

The minimum charge of container handling service for imports and exports at ports in Area I (except for Lach Huyen Seaport) is expected to ascend by 10 per

Vai area might rise 10 per cent annually in 2021 and another 10 per cent in 2023.

Ports in Area I include those in the northern localities of Quang Ninh, Haiphong, Thai Binh, and Nam Dinh. Area II includes those in the central region, while Area III covers the southern region.

Charge bracket for domestic container-handling services under Circular 54				
Types of containers	Charge bracket (VND-\$)			
	Vessel (barge) ↔ Seaport		Vessel (barge) ↔ Barge, automobiles, carriages at wharfs	
	Minimum rate	Maximum rate	Minimum rate	Maximum rate
20-foot container				
Full	VND260,000 (\$11.30)	VND427,000 (\$18.56)	VND208,000 (\$9.04)	VND342,000 (\$14.87)
Empty	VND152,000 (\$6.60)	VND218,000 (\$9.47)	VND122,000 (\$5.30)	VND174,000 (\$7.56)
40-foot container				
Full	VND439,000 (\$19.00)	VND627,000 (\$27.26)	VND351,000 (\$15.26)	VND502,000 (\$21.82)
Empty	VND231,000 (\$10.00)	VND331,000 (\$14.40)	VND185,000 (\$8.00)	VND265,000 (\$11.52)
Containers of over 40 foot				
Full	VND658,000 (\$28.60)	VND940,000 (\$40.87)	VND526,000 (\$22.86)	VND752,000 (\$32.69)
Empty	VND348,000 (\$15.13)	VND498,000 (\$21.65)	VND278,000 (\$12.08)	VND398,000 (\$17.30)

cent a year between 2021 and 2023. The threshold for ports in Area II and Area III (except for seaports in the Cai Mep-Thi Vai area) will be raised by the same rate per year over the time period.

Meanwhile, for Lach Huyen Seaport, the rate is proposed to increase by 10 per cent per year in 2022 and 2023, while the threshold for the Cai Mep-Thi

MoIT Minister Nguyen Van The said at a meeting in late September that review of completion of the draft on increase of the container handling service charge is necessary and reasonable. “This will create a foundation for seaport operators to make gains and then increase service quality by applying advanced technology and upgrading infrastructure, thus increasing competitiveness of Vietnam’s seaports.”

This also aims to make the charge on par with regional peers. Currently, this charge is significantly lower than that applied in Cambodia (\$65), Thailand (\$59), Malaysia (\$75), the Philippines (\$98), Indonesia (\$81), Singapore (\$111), Myanmar (\$165), and China (\$97). Despite the reasoning, there remain some concerns. A representative of the Vietnam Logistics Business Association said that the increase by roadmap is necessary, but should take careful consideration into specific circumstances.

“Logistics firms are facing a difficult time due to the negative impacts of COVID-19. The hike should be made from 2021 with the rate to be decided on circumstances when the prime minister gives permission,” he told VIR. “Relevant agencies like the MoT and the Ministry of Finance should have the tools so that the increase will not lead to a hike in the terminal handling charge (THC) from foreign shipping lines.”

In similar notes, Phan Thong, general secretary of Vietnam Shippers' Council, which has around 90 members, told VIR, “Any charge increases would cause an impact on businesses. The future hike will not impact manufacturers much, but it will affect trading firms. When the container handling service charge (HSC) rises, foreign shipping lines may raise the THC on shippers, importers, and exporters.”

In late 2018, Vietnam raised the container HSC by around 10 per cent by issuing Circular 54, which took effect from early 2019.

At that time, a leader of the MoT explained that the increase was modest compared to the THC that foreign shipping lines collect from Vietnamese shippers. The THC is \$100 per 20-foot container and \$150 per 40-foot container, while ports can collect just \$46 per 20-foot container and \$68 per 40-foot container from international shipping lines for the HSC.

Moreover, the service charge at ports makes up a small part of the total logistics cost. Thus, if this charge at ports was raised by 10 per cent, meaning just 3 per cent of the THC, it was unlikely that international shipping lines would increase the THC for fears of losing customers.

It is possible that foreign shipping lines may take the opportunity to increase the THC because it can help them make gains. In 2017 when Decision 3863 began to take effect, international shipping lines forced ports in the northern city of Haiphong to apply the charge at \$30 per 20-foot container, thus reducing revenues of local ports.

For example, Dinh Vu Port reported a fall of VND30 billion (\$1.33 million) in revenues, and Haiphong port saw a drop of \$5 million in the second half of 2017. Importers and exporters also suffered from the hike as well. Industry insiders said that any new increases should have overall assessment on the involvers to harmonise the benefits of all.

5. Transport ministry proposes additional international flights

This is a part of a proposal the ministry sent to the two major cities' people's committees on the scheduling of regular international commercial flights between Viet Nam and other countries. On the basis of suggestions from the two cities, the Civil Aviation Authority of Viet Nam will consider and license flights.

These flights will be conducted by national flag carrier Vietnam Airlines and budget carrier Vietjet Air.

It is expected that there will be four weekly flights landing in Ha Noi on Tuesdays, Wednesdays, Thursdays and Fridays, with a maximum of 1,304

seats, and five flights landing in HCM City on the same days with a maximum 1,290 seats.

After Viet Nam successfully controlled the second wave of the COVID-19 pandemic early last month, Vietnam Airlines opened a passenger flight on the Ha Noi-Seoul-Ha Noi route on September 25, while Vietjet Air opened a flight between HCM City and Seoul on September 30.

The Civil Aviation Authority of Viet Nam last month sent letters to its partners in mainland China, Japan, South Korea and Taiwan announcing its re-opening plan. All partners have agreed with this plan, however only South Korea moved forward with the flights.

For South Korea, Korean Air operated flights on October 9 from Incheon to/from HCM City and vice versa, while Asiana Airlines operated flights from Incheon to/from Ha Noi on October 7 and will conduct more flights on October 21, as well as operating to/from HCM City on October 1 and October 15.

China appointed China Southern Airlines (CZ) to operate the Guangzhou-HCM City route with a frequency of one trip per week. Japan assigned Japan Airlines (JL) and All Nippon Airways (NH) to operate alternately from Tokyo to Ha Noi and HCM City with a frequency of one flight per week per route.

Taiwan (China) appointed China Airlines (CI) and Eva Air (BR) to operate Taipei to Ha Noi and HCM City with a frequency of one flight per week per route.

In terms of check-in procedures at foreign airports to Viet Nam, the airlines will carry out check-in procedures when the passengers meet requirements.

For Vietnamese citizens, passengers must have valid passports and specific accommodation in Viet Nam

during the period of isolation. The accommodation addresses must be on the list assigned by the Ha Noi People's Committee and HCM City People's Committee. They must have certificate of negative tests for SARS-CoV-2 by real-time PCR method issued by the host country.

For foreigners, the passengers must have a passport or a valid international travel document recognised by Viet Nam and have a valid visa or temporary residence card with the Immigration Department's official letter approving the foreigners' entry to Viet Nam or document approving the application for a visa at the international border gate in valid entry period, specific place of stay in Viet Nam (factories, corporate headquarters, hotel or other accommodation facility announced and approved by the People's Committee of Ha Noi and HCM City People's Committee), and certificate of negative test for SARS-CoV-2 by real-time PCR method by the host country.

The airlines have to send northern and southern airport authorities the planned list of passengers 12 hours before the flights take off and the official list of passengers 30 minutes before departure.

6. VND18-trillion expressway linking Dong Nai and Bao Loc proposed

Once in place, the Tan Phu-Bao Loc expressway project, which will have four lanes, will help ease the burden on National Highway 20, VnExpress news site reported.

The management board said on October 7 that it had submitted the project's pre-feasibility study report to the Ministry of Transport for approval. The project will be added to the medium-term public investment plan for the 2021-2025 period under the build-operate-transfer format.

The projected expressway will run through Tan Phu District of Dong Nai Province and Da Huoai, Da Tel and Bao Lam districts and Bao Loc City of Lam Dong Province. In the first phase, the expressway with a width of 17 meters will allow a maximum speed of 80 kilometers per hour.

The Tan Phu-Bao Loc expressway project is the second component of the 200-kilometer-long Dau

Giay-Lien Khuong expressway project, which is set to link the Central Highlands provinces and the southeastern provinces, according to the project's consulting unit.

The 60-kilometer Dau Giay-Tan Phu expressway project with a total capital of VND6.4 trillion and the 73-kilometer-long Bao Loc-Lien Khuong expressway project with a total investment of VND12 trillion had earlier been proposed for construction. The two four-lane projects are designed to allow a maximum speed of 80-100 kilometers per hour.

In early 2020, the National Assembly delegates of Lam Dong Province wrote to the Ministry of Transport proposing allowing the construction of the Tan Phu-Bao Loc expressway as soon as possible to ease the traffic jams facing the Bao Loc Pass.

If the ministry approves the construction, work on these expressway projects will begin in the third quarter of 2022 and end in 2025.

7. 72% of EU businesses plan to expand in Viet Nam

A total of 72 per cent of respondents in Viet Nam have plans to expand, while 63 per cent of respondents in the country are satisfied with the Government's COVID-19 response, the survey states.

According to the survey, 56 per cent of EU businesses also have plans to expand operations in ASEAN as they see the region offers them the best economic opportunities.

“This year's survey confirms that ASEAN is still seen as the region of best economic opportunity, but as would be expected during the COVID-19 crisis, the outlook for increased trade and investment shows signs of softening,” Donald Kanak, chairman of the EU-ASEAN Business Council, said.

This year's survey asked which regions in the post-COVID-19 era would be the candidates to attract more investment in supply chains. While ASEAN received the most votes, others such as Europe and China also received many.

“Almost half expect supply chains to be reorganised following COVID-19. That makes the unfinished business on the ASEAN economic integration and progress on trade facilitation crucial to ASEAN's

sustainable recovery from the economic downturn,” Kanak said.

Executive director of the EU-ASEAN Business Council, Chris Humphrey, added: “The message from the survey is clear: ASEAN economic integration appears to be at a standstill. ASEAN and its constituents need to pick up the pace to meet the AEC Blueprint 2025 goals. European businesses are now adjusting their business strategy to local environments, rather than waiting for substantial progress in regional economic integration.”

However, Humphrey noted: “European businesses are also very concerned about the lack of progress on further FTAs with the ASEAN region, and in particular the long talked about region-to-region FTA which eight out of 10 see as potentially delivering more benefits than a series of bilateral FTAs.”

The survey was conducted from April to July during the height of the pandemic and lockdowns in the region. In total, 680 respondents were recorded from European businesses in the 10 ASEAN member states. Respondents were either in the services or manufacturing industries, ranging from hospitality and tourism to the manufacture of pharmaceuticals and medical equipment.

Corporate News

8. GEX: Result of the public tender offer for VGC shares

↑ 0.88%

Viet Nam Electrical Equipment Joint Stock Corporation (“GELEX”) reports the result of the public tender offer for VGC shares as follows:

- Buyer: Viet Nam Electrical Equipment Joint Stock Corporation (HOSE: GEX)

- Target company: Viglacera Corporation - JSC (HOSE: VGC)

- Number of owning shares before trading: 111,927,600 shares (24.96% of VGC’s outstanding volume)

Of which:

- Number of shares owned by Viet Nam Electrical Equipment Joint Stock Corporation: 24,827,600 shares (5.54%);

- Number of shares owned by Gelex Electrical Equipment Joint Stock Company: 87,100,000 shares (19.43%)

- Number of shares expected for purchase: 95,000,000 shares (21.19%)

- Number of bought shares: 94,610,460 shares (21.1% of VGC’s outstanding volume)

- Number of owning shares after trading: 206,538,060 shares (46.07% of VGC’s outstanding volume)

Of which:

- Number of shares owned by Viet Nam Electrical Equipment Joint Stock Corporation: 119,438,060 shares (26.64%);

Number of shares owned by Gelex Electrical Equipment Joint Stock Company: 87,100,000 shares (19.43%).

9. GAS: PV GAS’s reports post-tax profit of 259 mln USD in nine months

↓ -0.40%

PetroVietnam GAS Corporation JSC (PV GAS), a subsidiary of the Vietnam Oil and Gas Group (PetroVietnam), raked in over 6 trillion VND (over 259 million USD) of post-tax profit in the first nine months of the year, exceeding the target set for the period by 27 percent.

The firm’s revenue was estimated to reach nearly 49.5 trillion VND (2.1 billion USD) in the last three quarters, exceeding the target by 7 percent. Meanwhile, the pre-tax profit was estimated at 77.57 trillion VND, 28 percent higher than the set plan.

Despite facing many disadvantages due to impacts caused by the COVID-19 pandemic, PV GAS still completed most of the main targets of the nine-

month plans assigned by PetroVietnam. Its production and financial targets exceeded the set plans by between 3-51 percent, and between 7-64 percent, respectively.

In the last three quarters, PV GAS received more than 6.9 billion cubic metres of wet gas to produce nearly 6.8 billion cubic metres of dry gas, 44,500 tonnes of condensate gas and 1.45 million tonnes of liquefied petroleum gas (LPG).

The corporation has also completed the two targets of LPG production and business and State budget contribution.

It contributed an estimated 3.5 trillion VND to the State budget in the reviewed period, up 64 percent

compared to the nine-month plan and completing the whole year's target.

The firm forecasted its total revenue in 2020 will fall to 66.16 trillion VND and post-tax profit will be

halved to 6.63 trillion VND. The company plans to pay a dividend rate of 30 percent.

PV GAS recently has decided it would sell its stake in the Southern Gas Trading JSC (PV Gas South).

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