



VIETNAM DAILY NEWS

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Table of content

Table of content

- 1. VN stocks gain for a third day**
- 2. NA issues development strategy for State Audit Office to 2030**
- 3. Vietnam's auto sales down 22pc in nine months**
- 4. Online forum discusses role of cobots in future manufacturing industry**
- 5. Fresh produce sales spike on e-commerce sites**
- 6. New circular aims to abolish ambiguity in labelling**
- 7. VN to set new regulations for overseas investment**
- 8. HSG: Steel maker Hoa Sen Group's profit soars**
- 9. HT1: BOD approved the record date to hold EGM 2020**

Market Analysis

1. VN stocks gain for a third day

Vietnamese shares extended gains for a third day as insurance, banking and consumer companies continued their rallies on earnings hopes.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange gained 0.44 per cent to 929.86 points.

The VN-Index has risen a total of nearly 1.20 per cent in the last three trading days.

The market was boosted by strong performance seen in banking, insurance and consumer sectors.

The three industry indices were up between 1.2 per cent and 1.8 per cent, according to vietstock.vn.

All large-cap stocks in the three sectors increased.

Insurer Bao Viet Holdings (BVH) gained 1.5 per cent while BIDV Insurance Corp (BIC) soared 7.0 per cent.

In the banking sector, Vietinbank (CTG) jumped nearly 5.0 per cent while the two other State-controlled lenders Vietcombank (VCB) and Bank for Investment and Development of Viet Nam (BID) increased by 0.7 per cent each.

Food and beverage producer Masan (MSN) surged 6.6 per cent to offset the decline of brewer Sabeco (SAB), which fell 2.2 per cent, while dairy firm Vinamilk (VNM) inched up 0.1 per cent.

Those large-cap stocks helped boost the blue-chip tracker VN30-Index up 0.39 per cent to 878.85 points.

The VN30 futures due on October 15 was up only 0.16 per cent to 876.4 points.

The minor gain of the VN30 futures showed investors believed the market would slide in the short term, Sai Gon-Ha Noi Securities Co (SHS) said in its daily report.

The mid-cap and small-cap trackers on HoSE slid 0.01 per cent and 0.21 per cent, respectively.

Local stocks were strongly divided into the red and the green as some groups of stocks were weighed down by profit taking, SHS said.

Declining stocks outnumbered gainers by 203 to 185 on HoSE while 84 stocks ended flat.

More than 359 million shares were traded on the southern bourse, worth VND6.5 trillion (US\$280.4 million).

Trading liquidity dropped about 20 per cent from the previous day, indicating investors were becoming cautious when the VN-Index approached 930 points, SHS said.

The benchmark would test the 930-point level again and investors would still try selling to earn some profits, the company forecast.

On the Ha Noi Stock Exchange, the HNX-Index was up 0.18 per cent to 136.15 points.

The HNX-Index fell 0.74 per cent on Monday.

Macro & Policies

2. NA issues development strategy for State Audit Office to 2030

This is stated in the resolution on the development strategy for the State Audit Office of Viet Nam (SAV) in the period from 2021 to 2030 issued recently by the National Assembly (NA)'s Standing Committee.

The development of the SAV should suit the real situation in the country while meeting requirements of the international integration process and matching international principles and practices in the field.

The resolution sets the overall targets of developing the SAV into an effective and important tool of the Party and State in inspecting and supervising the management and use of public finance and assets; enhancing accountability and transparency of agencies funded by the State budget, effectively serving the operation of the NA and Government in performing their functions, and supporting People's Councils and People's Committees of localities in performing management, supervision and decision-making work.

The SAV must enhance its capacity and efficiency in performing auditing activities through applying information technology, intensifying international co-operation, and ensuring transparency and professionalism, thus contributing to raising the State's capacity in management and governance of finance and public assets in service of socio-economic development in the period from 2021 to 2030.

Regarding specific targets, the resolution calls for the building and perfection of the legal system to concretise the Constitution and laws on State auditing; along with the building of a professional, effective and efficient apparatus of the SAV. The number of SAV staff members will be decided by the NA Standing Committee, but not more than 2,700 by 2030.

A goal set for the 2026-2030 period is to conduct regular annual audits of the budget balance at ministries, centrally-run agencies, provinces and centrally-run cities. Audits of operations, specialized audits, information technology audits, and audits of the environment will be promoted, towards accounting for 30 – 40 per cent of the total audits

each year. Attention will be paid to detecting loopholes in mechanisms, policies and laws with a view to eradicating them.

The SAV will work to shift from conventional auditing procedures to digital auditing based on big data with the support of Artificial Intelligence in a proactive manner, and improve auditing capacity to meet the requirements of the Government's management administration work, and supervision work of the NA and People's Councils.

Regarding international cooperation, professional integration will be the key pillar, towards the goal of quickly narrowing the gap in professional capacity between the SAV and counterparts in the region and the world. Multilateral cooperation will be geared towards raising the SAV's position in the international community through joining in the implementation and drafting of common auditing standards and rules.

Meanwhile, bilateral co-operation will focus on the sharing of experience and technology to enhance the SAV's capacity. The SAV will organise a number of co-ordinated audits, send or receive auditors for training, and conduct cross-assessment with regional and global supreme audit agencies.

The SAV will work to complete its electronic working environment in the direction of integrating and sharing data, streamlining internal processes, building a database based on big-data technology and connected with the national financial and asset supervision system, so as to turn the SAV into a crucial tool in macro-economic planning and building development policies for the digital economy in Viet Nam.

The resolution assigns the Government to direct relevant ministries and sectors to coordinate with the SAV and agencies of the NA to implement the SAV's development strategy.

NA agencies are tasked with researching, instructing and coordinating with relevant agencies to perfect legal documents to ensure their consistency and uniformity, creating favourable conditions for the

SAV to perform its functions and tasks in accordance with the Constitution.

Based on the strategy, the SAV must build a plan for implementation and regularly report to the NA Standing Committee on the outcomes of implementation and propose adjustments or supplements to the strategy, if necessary.

3. Vietnam’s auto sales down 22pc in nine months

The Specifically, sales of passenger cars declined 23 per cent to 130,324 units compared to the same period last year, those of commercial vehicles such as trucks and buses decreased 20 per cent to 46,183, and those of special-purpose vehicles fell 36 per cent to 2,648.

August this year, in which sales of passenger cars surged 34 per cent to 20,630 units, those of commercial vehicles such as trucks and buses up 29 per cent to 6,396, and those of special-purpose vehicles down 16 per cent to 226.

Sales of domestically assembled automobiles decreased 17 per cent, while those of imported ones stumbled 33 per cent, said the association.

In the first nine months of this year, Vietnam spent over USD4.1 billion on importing completely-built automobiles and components for assembly, declining 24.5 per cent on-year, according to the country’s Ministry of Industry and Trade.

In September alone, 27,252 automobiles were sold in the Vietnamese market, up 32 per cent against

4. Online forum discusses role of cobots in future manufacturing industry

At the event, leading experts in the cobot industry gave insights and answered questions from practitioners and attendees online, with visionary and practical insights on post-pandemic manufacturing, and how manufacturers in Asia-Pacific can be future-ready.

“In Asia-Pacific, business owners and operators have to juggle costs, value creation, and profit. In some locales where real estate is costly, such as Singapore and other metropolitan cities, cobots can be a tremendous help in maximising floor space with human operators and cobots working in tandem to achieve the highest levels of production while adhering to physical distancing guidelines,” said James McKew, Regional Director of APAC, Universal Robots.

Participants heard that the COVID-19 pandemic in 2020 exacerbated existing challenges and exposed new vulnerabilities for manufacturers around the world.

“We foresee cobots to grow exponentially in the very near future in our ASEAN region, especially in the small and medium businesses (SMBs) segment. COVID-19 has accelerated the adoption of cobots in many industries,” said Dr Yeong, moderator of “Meet the Cobot Leaders” conference, and Director of DF Automation and Robotics.

The serious disruption to supply chains, sudden material shortages, and steep swings in demand left manufacturers grappling with changes.

Labour-intensive manufacturing has been hit painfully by the regional governments’ COVID-19 measures of extended lockdowns and social distancing. But such measures present an opportunity for labour-centric manufacturers to rethink their operations, on ways to keep production going while adhering to regulatory measures, without sacrificing cost efficiency, and to future-proof operations for more resilience.

Experts said that cobots have been the perfect nimble tool for many innovative applications throughout the world, and especially in emerging ASEAN markets where the adoption rates of cobots and other industrial robots have been steadily outpacing the established Western markets.

Cobots do not require professional engineers or software developers, anyone with an ability to operate a simple graphical tablet will be able to command and control such cobots after some basic training.

Cobots have found their way into medical applications because of the COVID-19 crisis, with applications such as swab testing, sterilisation, and mobilised disinfection, including the disinfection of aircraft seat arm rests to alleviate the possibility of

repetitive strain injuries or even infections in humans.

“Meet the Cobot Leaders” is part of “WeAreCobots APAC”, the first collaborative robots virtual expo in Asia Pacific, hosted by Universal Robots. “Meet the Cobot Leaders” and all 15 online keynote sessions, including “Meet the Cobot Leaders” will be on-demand at <https://wearecobots.apac.vfairs.com/> from October 9 to November 7.

5. Fresh produce sales spike on e-commerce sites

In July Lazada reported 200 per cent growth in the three months since it began selling them in April. The number of suppliers had increased six-fold.

A Lazada spokesperson told Nguoi Lao Dong Newspaper that COVID-19 had helped move customers' shopping from offline to online, and growth in fresh produce sales continued to grow even after the pandemic was controlled.

Tiki too reported positive results since launching fresh produce in HCM City in early May, with premium seafood, meat and fruits being the items most in demand.

Fresh produce accounted for more than 40 per cent of fast delivery orders (within less than three hours), it said.

Vu Thi Nhat Linh, deputy general director of Tiki.vn, said it was a long-term business model and would be expanded to other provinces and cities.

Vo Thanh Loc, CEO of produce supplier Farmers Market, said within one month of starting to sell on the platform, Tiki accounted for more than 20 per cent of online sales.

Many other e-commerce platforms have also seen growth in fresh produce sales, and are considering it part of their long-term business strategy.

They are also seeking to reduce their delivery time, with some promising to make it two hours or even one.

6. New circular aims to abolish ambiguity in labelling

Under the circular, there would be no “Made in Vietnam” marks on Vietnamese goods circulating in the domestic market.

Many businesses are deceiving consumers by importing components for assembly in Viet Nam and then affixing labels like “Vietnamese goods”, “Made in Vietnam”, or “high-quality Vietnamese goods”.

Many businesses have labelled low-quality goods as Vietnamese products to deceive consumers to take advantage of the fact that Vietnamese people are using Vietnamese goods more and more.

The ministry said Viet Nam has issued many regulations on the origin of goods, including how a product is considered to have Vietnamese origin. However, the regulations have only been applied for export and import goods, helping them enjoy import tax incentives in free trade agreements or for other purposes of foreign trade management. For domestically-produced goods, including those produced from imported materials and then circulated domestically, there is currently no regulation on labels like “Product of Vietnam” or “Made in Vietnam”.

The lack of regulations on how to define “products of Vietnam” or “Made in Vietnam” has caused confusion for many organisations and individuals when they want to accurately state the country of origin on labels of products and goods circulated domestically.

Some products, even though they are only simply processed and assembled in Viet Nam, are also labelled “Made in Vietnam”, making consumers frustrated. However, management agencies have no legal foundation for arbitration.

Therefore, the MoIT intends to stipulate that those to be expressed as products and goods of Viet Nam include goods of purely Vietnamese origin, goods made in Viet Nam from all raw materials originating in Viet Nam and goods not produced in Viet Nam

from all raw materials of Vietnamese origin but undergoing final processing in the country which fundamentally changes the nature of goods.

For goods with simple processing, they will be considered not of Vietnamese origin.

The new circular will also remove the phrase “Made in Vietnam” which depending on the production and processing process, organisations and individuals could choose and use only one of the following labels “Produced in Vietnam”, “Manufacturing in Vietnam”, “Country of origin: Vietnam”; “Produced by: Vietnam”.

The ministry hopes that the circular will establish a mechanism to prevent trade fraud, protect domestic production and the interests of consumers.

7. VN to set new regulations for overseas investment

Enterprises founded under the provisions of the Law on Enterprise would be exempt from the ruling.

The regulation aimed at preventing individuals from investing in real estate in foreign countries for the purpose of obtaining citizenship, according to the ministry.

According to Nguyen Van Toan, deputy chairman of the Viet Nam Association of Foreign-Invested Enterprises (VAFIE), there had been a number of cases of individuals attempting to be naturalised through citizenship-by-investment to avoid civil liability in Viet Nam. These cases must be prevented, he said.

However, some individuals did invest in property in foreign countries for legitimate business purposes. Toan also pointed out that a number of individual investors were pumping money into real estate assets in Laos and Cambodia, and their investments were proving to be effective.

“The regulation banning all individuals from investing in real estate assets sounds unreasonable and should be reconsidered. Other management measures would be more helpful,” Toan said.

The draft decree also includes regulation about individuals who would be banned from investing

abroad, including Government officials, military officers, soldiers and managers of State-owned enterprises.

The Ministry of Planning and Investment said the regulation would help limit possible risks such as investing abroad to disperse assets.

According to Toan, this regulation was appropriate and compliant with other established regulations in Viet Nam.

Notably, the draft decree differentiated overseas investments made by SOEs and private companies, which was critical for more efficient management, Toan said.

The draft decree also includes regulations about the definition of overseas investment capital, overseas investment of foreign-invested economic organisations, and investment in merger and acquisition deals in foreign countries.

Do Nhat Hoang, director of the ministry's Foreign Investment Agency, said the decree aimed to create favourable conditions for investing abroad but also tightened management on overseas investments for purposes other than legitimate business.

Viet Nam's overseas investment had seen significant development since 2015, with more active participation of private companies and individuals in a number of sectors, according to the Ministry of Planning and Investment.

Statistics showed that Vietnamese investors invested in 1,741 projects abroad with total registered capital of US\$22.9 billion, of which about \$9.65 billion was disbursed.

Vietnamese overseas investments were also more diversified in term of sectors and destinations countries. Vietnamese firms were expanding their investments in Japan, the US, the Republic of Korea, Singapore, Australia and the European Union, besides traditional markets like Laos, Cambodia and Russia.

Viet Nam's overseas investment mainly flowed into agriculture, oil exploration and exploitation, commerce and trade, real estate, industrial production, banking and telecommunications.

Corporate News

8. HSG: Steel maker Hoa Sen Group's profit soars

↓ -2.85%

The 2019-2020 fiscal year runs from early July 2019 to late September 2020.

The group expected revenue in the period to reach VNĐ8.3 trillion, up 31 per cent year-on-year. Consumption is estimated at more than 425,200 tonnes, up 46 per cent year-on-year.

Despite the impacts of the COVID-19 pandemic, Hoa Sen Group still implemented drastic measures to maintain positive earning results.

Instead of focusing on production and price competition, HSG emphasised the improvement of technology, product quality enhancement, market expansion and other aspects.

It also capitalised on the advantage of the 536 branches and store system nationwide to raise the

gross profit margin. This has led to a sharp increase in HSG's profits in recent quarters.

The group has also comprehensively restructured its production and business activities, reducing management costs significantly. At the same time, the successful operation of the enterprise resource planning (ERP) system in its operation activities has caused the cost of business management to drop sharply.

It actively managed all types of assets such as inventories, liabilities and other short-term assets, creating conditions for a sharp reduction in bank loans, thereby reducing financial costs, especially interest expenses.

The remarkable growth in all export markets in the current difficult context has greatly contributed to HSG's positive outputs and profits.

9. HT1: BOD approved the record date to hold EGM 2020

↓ -0.88%

The Board resolution dated October 12, 2020, the BOD of Ha Tien 1 Cement Joint Stock Company approved the record date to hold the 2020 Extraordinary General Meeting of Shareholders as follows:

- Record date: November 02, 2020
- Exercise ratio: 01 share – 01 voting right

- Meeting time: November 20, 2020
- Meeting venue: Notice later
- Content:
 - Approving the additional election of 01 member of BOD for the term 2015 – 2020;
 - Other issues.

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