



VIETNAM DAILY NEWS

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Market Analysis

1. VN-Index surges as foreign net selling value falls

Vietnam's benchmark VN-Index surged 1 percent to 1,181.73 points Thursday as foreign investors' net selling value narrowed.

The index stayed in the green throughout the day, mostly in the 1,180 range. It ended with a 11.65-point gain, the first double-digit increase in the last eight sessions.

Foreign investors were net sellers for the 15th session but their net selling value fell to the lowest in the last five sessions to VND267 billion (\$11.65 million).

Selling pressure was strongest on VNM of dairy giant Vinamilk, HPG of steelmaker Hoa Phat Group and VTP of delivery company Viettel Post JSC.

Trading value on the Ho Chi Minh Stock Exchange (HoSE), on which the VN-Index is based, fell nearly 16 percent to VND15.11 trillion (\$655 million). The bourse saw 297 stocks gain and 165 lose.

The VN30 basket, comprising the 30 largest capped stocks on the HoSE, saw 27 stocks gain, led by VPB

of private lender VPBank, up 4.2 percent to a new all-time peak of VND43,750.

VPB has been a sought-after ticker since the market plunged at the end of January. It has gained over 47 percent since then.

The bank was followed by PDR of Phat Dat Real Estate Development JSC, up 3.9 percent, and STB of Ho Chi Minh City-based lender Sacombank, up 3.2 percent.

Other banking blue chips that ended in the green include BID of state-owned lender BIDV, up 3.1 percent, and TCB of the largest private lender Techcombank, up 2.2 percent.

BID, however, is still struggling to return to this year's peak in January, while TCB this year had repeatedly hit new all-time highs.

The HNX-Index for stocks on the Hanoi Stock Exchange, home to mid and small caps, surged 2.4 percent, while the Unlisted Public Companies Market rose 0.12 percent.

Macro & Policies

2. Farmers in Central Highland region jump for joy as produce prices hike

Filled with joy, farmers in the region have been busy harvesting cassava, key farm product of the Central Highlands region. Farmer Moc Ngoc Thach and relatives were making a concerted effort to harvest the remaining plant in the field of seven hectares in Klah village in Ia Mo Commune in Chu Prong District of Gia Lai Province .

He delightedly said that a kilogram of fresh cavasses costs VND2,650 at its highest; therefore, the family got profit of VND200 million (US\$8,617).

According to Vice Chairman of the People's Committee in Ia Mo Commune Nguyen Tuan Anh, cassava is grown in 320 hectares and farmers have harvested 80 percent of total cassava while farmers in Krong Pa Commune in Gia Lai Province where cassava is grown in 22,000 hectares have harvested 70 percent of the plant, said head of the provincial Department of Agriculture and Rural Development Dinh Xuan Duyen. With price of VND2,650 per kilogram of fresh cassava, farmers enjoy VND15 million – VND20 million per hectare.

Chairman of the People's Committee in Dak Ruong Commune in Kon Tum Province Dinh Ngoc Hai revealed that cassava farmers profited from growing the plant. Thankfully, poverty-stricken households in the province can escape their destitution.

General Manager of Fococov Trinh Van Xuan said that this year, the company has purchased approximately 70,000 tons of cassava at the price of VND2,500 - VND3,000 a kilogram and factories in the Central region have also ordered 50,000 tons of cassava.

In addition to cassava, farmers have also enjoyed good prices of watermelons, sweet potatoes, sugar canes and unhusked rice. For instance, watermelon is grown in 1,500 hectares in Gia Lai Province. The fruit was sold at VND1,000 - VND2,000 per kilogram before Tet holiday (the Lunar New Year); however, the fruit is now priced at VND7,000 - VND8,000 a kilogram in the field while good quality fruit fetches over VND10,000 a kilogram.

Head of the Department of Agriculture and Rural Development in Krong Pa District Dinh Xuan Duyen said that watermelon farmers profited roughly VND200 million per hectare. Moreover, workers who were hired to pick up watermelon received higher wages.

Sugarcane farmers are enjoying a profit of VND25 million - VND30 million per hectare. Especially, farmers in Gia Lai Province this time saw profit tripling that of bean or corn grown before when they sold sweet potato at VND8,800 a kilogram – the highest price so far. Sweet potatoes have been grown for two recent years in the area of 647 hectares in the province.

3. Security unease for digital innovators

The National Cyber Security Center (NCSC) under the Ministry of Information and Communications (MIC) on February 24 warned state-owned agencies and enterprises, commercial banks, and financial institutions about possible network attacks via VMware's software.

Several privacy flaws in VMware's products vCenter, ESXi, and Cloud Foundation were announced by the software giant on February 23. These vulnerabilities could enable hackers to remotely execute codes, possibly causing serious damage to users.

According to the NCSC, hackers could attack VMware's vCenter servers and gain control of the information system. Worse still, it is estimated that more than 6,700 systems are in the vCenter network, over 150 of which are in Vietnam.

Thang Pham Viet, Vietnam country manager of VMware, told VIR, "In line with VMware's commitment to responsible disclosure, on February 23, we issued a public security advisory with a fix and workaround for a security issue that was privately reported to us. We informed our customers immediately of this and provided the

relevant patch updates. This was done in order to help our customers stay safe.”

“Security is a top priority for us and as a matter of best practice, VMware always encourages all customers to apply the latest product updates, security patches and mitigations made available for their specific environment and deploy our products in a security hardened configuration,” he noted.

VMware last October announced new advancements to its intrinsic security portfolio, giving Vietnam's organisations the capabilities to better secure their business. In a move to sharpen the focus on Asia's emerging digital economies, VMware last June announced the appointment of Nitin Ahuja as the country manager for Vietnam.

Cybersecurity has been a hot topic for years and in the digital transformation era, it is becoming even hotter. The case of VMware could trigger public concerns over cybersecurity levels of products and services from other technology enterprises in Vietnam. Together with VMware, many other technology enterprises like Keysight Technologies, Amazon Web Services, Microsoft, and Huawei are expanding in and to Vietnam where Southeast Asia's internet economy is expected to triple in size and hit \$300 billion by 2025, with nascent economies leading the pack. As such, these companies have been rushing to introduce new products and services to businesses and agencies.

This has, however, also brought up problems related to cyberthreats. Meanwhile, businesses in Vietnam have been moving swiftly in digital innovation to respond, adapt, and accelerate their businesses during this period of economic uncertainty.

4. High-tech: a bright spot in FDI picture

Despite lockdowns in some provinces due to renewed COVID-19 outbreaks in the early months of the new year, foreign direct investment (FDI) attraction has seen several positive deals reported, especially in high-tech projects.

The largest was the LG Display Haiphong project with a capital increase of \$750 million at Trang Due Industrial Park in Haiphong. The northern port city's Economic Zones Management Authority issued its first investment registration certificate in 2016 with

Vietnam expects that the Law on Cybersecurity 2018, which took effect from January 2019, can meet the needs to protect the national security and ensure social order and safety in cyberspace with several specific provisions on cybersecurity for IT systems of national importance; the prevention and handling of infringements upon cybersecurity; and responsibilities of related agencies, organisations, and individuals.

However, cyber threats are still happening, and according to VMware Carbon Black's Global Threat Report, the global cyber threat landscape has escalated in the wake of COVID-19, with 91 per cent of global security professionals surveyed reporting that they had seen an increase in overall cyberattacks as a result of employees working from home.

A good 32 per cent of global respondents found very significant gaps in the visibility of cybersecurity threats, while more than a quarter (28 per cent) of those surveyed felt that there are severe and significant gaps in terms of enabling a remote workforce.

Vietnam is not an exception. According to the latest survey of Bkav Corporation, the leading firm in network security and software in Vietnam, computer viruses to Vietnamese systems in 2020 hit a new record in caused damage, surpassing the \$1 billion mark.

In the first month of 2021, the NCSC said Vietnam saw 326 cyberattacks causing breakdowns in IT systems, up 3.49 per cent on-month and 15.19 per cent on-year.

the total registered capital of \$2.5 billion, authorising the company to manufacture OLED, LCD, and TV screens, among other items.

“The capital expansion raises the total investment capital of the South Korean investor to \$3.25 billion, making it the biggest foreign project in Haiphong,” said Do Nhat Hoang, director general of the Ministry of Planning and Investment's Foreign Investment Agency (FIA).

LG's project has been providing jobs for about 5,000 workers, meeting the housing demand of about 10,000 workers and experts, and contributing about \$5 million to the state budget annually.

Not far from Haiphong, Bac Giang province was also a highlight in the early months of the year. The most outstanding project is the Fukang Technology plant of the world's biggest electronics manufacturer Foxconn, which is set to produce and assemble eight million tablets and laptops annually with total registered capital of \$270 million.

Meanwhile, JA Solar PV Vietnam will manufacture photovoltaic cells with a capacity of 3.5GW annually, and total registered capital of \$210 million. In addition, Singapore's Kodi New Material Vietnam was also licensed to produce tablets and laptops in a \$270 million project.

However, southern localities like Can Tho, Binh Duong, Tay Ninh, and Ho Chi Minh City also showcased their strengths by mobilising over \$2.6 billion in total, such as the \$475-million capital increase of Intel Vietnam, the \$100-million project of Hansol Electronics Vietnam, and the \$30-million scheme of Platel Vina to manufacture electronic components and smartphones for South Korea's leading electronics groups.

According to the FIA, the first two months of the year also witnessed a number of other sizable foreign-invested projects licensed, such as Japan's O Mon 2 thermal power plant registered at \$1.31 billion in

the Mekong Delta city of Can Tho, and China's Radian tyre manufacturing project increasing capital by an additional \$312 million in the southwestern province of Tay Ninh.

"Many foreign-invested enterprises continue to recover and are maintaining their production and business activities despite negative impacts of COVID-19," said an FIA report on Vietnam's two-month FDI for the year thus far. "Disbursed capital of foreign-invested projects hit \$2.5 billion, up 2 per cent on-year in the first two months of 2021."

Statistics from the FIA showed that as of February 20, the total of newly-registered and added capital, as well as investments into capital contributions and share purchases, amounted to \$5.46 billion, equivalent to 84.4 per cent of the same period last year.

"This is not a very bad outcome amid the pandemic during the last year and early 2021," Hoang said.

The FIA ascribed the reduction to several reasons, saying that in the first two months, the transition between the Law on Investment issued in 2014 and the revised version promulgated last year "has affected the new licensing and adjustment of foreign-invested projects" in Vietnam.

"Moreover, the resurgence of COVID-19 in many nations including Vietnam has also delayed travel and decisions of new and expanded investments," Hoang added.

5. Experts suggest raising proportion of offshore wind power in new power plan

Vietnam needs to increase the proportion of wind power, especially offshore wind power, in the total power capacity targeted in the National Power Development Plan for 2021-2030 with a vision to 2045 (Power Development Plan VIII), so as to attract more foreign investors in the field, according to businesses and experts.

The country is considered an offshore wind power centre of the world and holds substantial potential for development.

Developing offshore wind power has been assessed as one solution that would help Vietnam ensure the

sufficient supply of electricity at lower prices, gain independence from imported fuel, increase the localisation rate, generate more jobs, and cut greenhouse gas emissions, as the Government has committed.

The Power Development Plan VIII only sets a target of 2-3GW of wind power capacity by 2030, however, accounting for 1.45-2 percent of total power capacity.

In this plan, the proportion of renewable energies, excluding hydropower, will make up nearly 30 percent in 2030, with the capacity of wind power to

increase three-fold compared to the figure in the adjusted Power Development Plan VII, but be mainly inshore and near-shore.

The World Bank (WB) assesses that Vietnam's offshore wind power has the potential to generate 475GW, while the Danish Energy Agency (DEA) says the country possesses a long coastline and has the potential for 160GW of wind power within a radius of 5-100 km from the shore.

Therefore, the two organisations have proposed that Vietnam increase the capacity of offshore wind power to 10GW by 2030.

According to the draft Power Development Plan VIII, Vietnam will need about 128 billion USD in investment in electricity by 2030.

The Vietnam Energy Association said that with investment of 2.5-3 billion USD per gigawatt of offshore wind power, Vietnam is likely to attract hundreds of billions of USD over the course of the next decade.

6. Bac Giang province to raise contribution of hi-tech agriculture

The northern province of Bac Giang is to raise the contribution made by hi-tech agriculture in agricultural production value by 30 percent by 2030, according to the provincial Department of Agriculture and Rural Development.

Director of the provincial Department of Agriculture and Rural Development Duong Thanh Tung said Bac Giang plans to develop agriculture towards improving its efficiency and sustainability and ensuring national food security.

The sector's annual growth is expected to average 1.5-1.6 percent in the 2021-2030 period. Horticultural products meeting safety standards are to account for 70 percent of total output, while those in husbandry and fisheries are to reach 80 percent and 70 percent, respectively.

Tung said Bac Giang has developed a plan for the enforcement of last year's decision from the Politburo on ensuring national food security by 2030 in the province.

The province also aims to reduce its total farming land from 286,660 ha in 2025 to 271,690 ha in 2030, with agricultural production areas to come down from 124,450 ha in 2025 to 121,870 ha in 2030. Rice farming areas will also decline from 61,190 ha in 2025 to 51,207 ha in 2030.

Meanwhile, it will raise its livestock and poultry population from 26.46 million heads in 2025 to

35.64 million in 2030. The output of meat will then increase from nearly 260,000 tonnes in 2025 to 302,000 tonnes in 2030, while the number of eggs will grow from 250 million in 2025 to 300 million in 2030.

The province targets having 12,500 ha of aquaculture area by 2025, with output of 55,000 tonnes, rising to 12,700 ha and 60,000 tonnes, respectively, by 2030.

The rate of agricultural products cultivated under Good Agricultural Practices (GAP) and safety standards will rise to 60 percent in horticulture, 46.7 percent in husbandry, and 55 percent in fisheries by 2025. The number of processors and producers certified to meet food safety rules will reach 96 percent.

In the time to come, Bac Giang plans to develop the large-scale production of key agricultural products and local specialties, to bring into full play the potential of each local region.

It targets having about 70 "One Commune, One Product" (OCOP) products, three of which - Luc Ngan lychee, Lang Van alcohol, and Chu noodles - are to be rated five stars by 2025. By 2030, the province eyes developing more than 400 OCOP products rated three stars or more.

To this end, it will take measures to not only boost production but also develop infrastructure and

technology; facilitate human resources development; formulate supporting policies for farmers, enterprises, and localities; ramp up exports of local key products, such as lychee, processed vegetables, pork, and hill chicken; and establish an information system for food security.

Agriculture, forestry, and fisheries production in Bac Giang was valued at more than 36.5 trillion VND (over 1.58 billion USD) last year, up 6.7 percent against 2019. The province has so far developed 163 large-scale model fields of rice and vegetables, covering a combined area of nearly 5,150 ha.

Gross output per hectare of cultivated land reached 120 million VND in 2020, an increase of 14.3 percent compared to the previous year. Grain output exceeded 630,000 tonnes.

The pig population rebounded to 1 million heads. In addition to key livestock animals and poultry, such as pig and chickens, local farms have shifted to the farming of white horses, goats, rabbits, and honey bees. Meat output totaled nearly 220,000 tonnes live weight.

7. Online food delivery trend destined to stay

Peter Christou, commercial director of Kantar Worldpanel Vietnam, said that the country witnessed a robust growth of online food delivery due to COVID-19, and the growing trend will likely continue in 2021 given the evolving situation of coronavirus and a “cautiously optimistic” perspective of Vietnamese consumers.

There was a rapid adoption in online food delivery from consumers, businesses, and service providers, yet a lasting growth of online food delivery is expected in the coming time.

Christou noted that early signs indicate that this is a habit that will stick, as the spend level of online food delivery remained consistent, even as restrictions eased and out-of-home spend started to recover when restaurants/stores reopened.

Online food delivery is used once a week or more by more than one-fifth of people living in Ho Chi Minh City, which is among the highest markets in the frequency of use, yet some say there is still room to increase.

Realising the vast potential, investors have started to cash in on this market segment. Most recently, Loship has announced its latest investment from Skype co-founder Jaan Tallinn, who participated through his investment vehicle MetaPlanet Holdings.

Commenting on the latest funding, Loship CEO Trung Hoang Nguyen told VIR that there are a few spending items on the table for the company

currently. “First is market expansion – Loship already has a winning playbook, and the startup is looking to expand it to more markets. Secondly, a huge portion of funding will be used to upgrade its app and increase its tech capability,” Nguyen said. “Finally, the startup will ramp up marketing strategies to strengthen Loship’s foothold in the existing markets.”

He noted that the online food delivery market will remain competitive for at least the next 2-3 years. Vietnam poses many favourable conditions for food delivery, including the vast market, substantial user base, high internet and mobile penetration rate, and more. As such, it attracts many players to tap into and capture the market share.

“Simplified e-banking systems and improved food-service logistics, coupled with changing customer lifestyles, are also some of the prime factors propelling the food delivery market growth. The pandemic has necessitated the act of home delivery, which drives growth even further,” he said. “Also, Vietnam’s startup ecosystem will continue to flourish and attract investment, allowing local players to compete with foreign ones. We believe that this environment will benefit homegrown players like Loship.”

Likewise, Xiaole Kuang, head of engineering in deliveries at Grab, said that online food delivery will become a mainstay. Grab is building and iterating existing tech with the aim of delivering a delightful experience for users when they browse, order, and wait for their food to arrive. For customers, GrabFood currently offers five types of ordering

functions within the app – delivery on-demand, self pick-up, scheduled delivery, group order, and mix-and-match. Meanwhile, Grab has worked on several back-end technology products to make fulfilment more efficient for merchant partners.

Indeed, GrabFood has seen its merchant partners grow three times from the first quarter to the third in 2020 with average order value up 26 per cent. GrabFood covers 18 cities and provinces with average delivery speed of 20 minutes per order.

Last week, Gojek launched a special application for GoFood partners, GoBiz in Vietnam. More than 80 per cent of restaurants and eateries on Gojek are using GoBiz every day, which helps shorten the time from restaurant to customer time by up to 50 per cent and increase the number of completed orders by 300 per cent.

Other players in the market have also stepped up their game. Baemin has recently launched in the central city of Danang, making its expansion in the central region. Meanwhile, Foody's Now is diversifying its delivery services from food and medicines to flowers to compete with other rivals.

A survey by Q&Me shows that GrabFood or Now are the most popular delivery apps, with Baemin and GoFood following close behind. GrabFood and Now are still dominant in the market but Baemin has the best growth for now.

“Obviously, the competition will be fiercer than ever and the winners will be those who embrace partnerships and deliver excellent customer experiences,” Christou said, pointing out the biggest challenge for online food delivery platforms is how to attract investors for expansion.

Corporate News

8. FLC: Construction giant Hoa Binh, conglomerate FLC tangled in lawsuits

↑ 0.46%

Ho Chi Minh City-based Hoa Binh Construction Group JSC in February last year filed a lawsuit against FLC Group to Vietnam International Arbitration Center (VIAC) involving a contract signed in 2014 on the construction of FLC Sam Son Beach and Gold Resort in Thanh Hoa Province.

Contractor Hoa Binh said it had not received the full payment for its work on the project, which completed at the end of 2015.

The VIAC then had ordered project investor FLC to pay Hoa Binh nearly VND235 billion (\$10.25 million).

FLC, in disagreement, requested the People's Court of Ho Chi Minh City to dismiss its findings, but met with refusal on Tuesday.

A spokesperson from FLC said Thursday the company does not agree with the VIAC and HCMC People's Court ruling.

VIAC had made its decision without considering adequate evidence regarding the alleged debt it has with Hoa Binh, the spokesperson said.

VIAC and HCMC People's Court also ignored FLC's request to summon an auditing company to clarify the alleged debt, it was further added.

FLC has since filed a lawsuit against Hoa Binh for construction delays of at least 110 days, requesting VND80 billion (\$3.49 million) in compensation.

Hoa Binh did not supply enough workers for the project, hired incapable sub-contractors and failed to follow the design in part, FLC stated. It confirmed it had to stop Hoa Binh from continuing its work, hiring another contractor to fix the problems.

Hoa Binh is a major contractor in Vietnam with experience in a variety of projects including residential property, factories, and aviation.

FLC is a developer of resorts and golf courses with interests in aviation and hi-tech agriculture.

9. HSG: Hoa Sen Group sets new steel export record in February

↑ 1.25%

According to a statement on its official website, Hoa Sen exported a record of 121,000 tonnes of galvanized steel, with export revenue worth over US\$100 million in February.

During the Tet holiday, Hoa Sen's plants across the country were still busy with export activities.

Hoa Sen is a leading company in galvanized steel in the domestic market, accounting for nearly 50 per cent of total export products. Its products reach more than 85 countries and territories.

In January, besides galvanized steel, Hoa Sen also dominated the pipe steel segment, with sales volume of 40,359 tonnes, accounting for 22.76 per

cent of the total market, according to a monthly report from Viet Nam Steel Association (VSA).

Data from VSA showed that the industry produced 2.65 million tonnes of steel in January, up 60 per cent year-on-year.

The sales volume of the industry climbed 55 per cent against the same period last year to 2.11 million tonnes. Of which, export volume increased 61 per cent to 457,000 tonnes.

In Wednesday's trade, HSG shares closed at VND28,100, down 0.71 per cent;

+ Report on the profit distribution, dividend payment in 2019 and plan for 2020.

+ Report on the supplement of business lines.

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