



VIETNAM DAILY NEWS



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Market Analysis

1. Market extends rallies, VN-Index inches closer to 1,400 points

Shares climbed higher on Monday as investors' sentiment improved, supporting pillar stocks.

On the Ho Chi Minh Stock Exchange (HOSE), the market benchmark VN-Index jumped 21.36 points, or 1.56 per cent, to 1,394.09 points. The index extended rallies after rising 2.8 per cent last week, and inched closer to the threshold of 1,400 points.

The market's breadth was positive with 221 stocks climbing, while 188 stocks slid. The liquidity was higher than the last session. Of which, over 764.3 million shares were traded on the southern bourse, worth nearly VND22.8 trillion (US\$1 billion). The trading volume rose 26.6 per cent over the last trading session.

The benchmark's bullish sentiment was driven by strong gains in many large-cap stocks, especially in real estate, bank and manufacturing stocks.

The VN30-Index, tracking the 30 biggest stocks on HoSE, reported a gain of 33.73 points, or 2.28 per cent, to 1,510.27 points. Of the VN30 basket, 28 stocks increased while only two declined.

Vingroup (VIC) was the market's most influencer yesterday, up 2.91 per cent. Other two stocks of the trio stocks of the Vin family, including Vinhomes (JSC) and Vincom Retail (VRE) also contributed to the market's uptrend, up 1.38 per cent and 4.46 per cent, respectively.

Supporting the market's bullish sentiment, many big bank stocks witnessed outstanding performance, data compiled by vietstock.vn showed, with gains of at least 2 per cent.

These stocks included Techcombank (TCB), up 4.45 per cent, BIDV (BID) up 2.04 per cent, Vietinbank (CTG) up 5.26 per cent, MBBank (MBB) up 3.97 per cent, and VPBank (VPB), up 2.51 per cent.

Hoa Phat Group (HPG) and Masan Group (MSN) also climbed more than 1 per cent yesterday.

Investors will focus on the third quarter business statements this week.

On the Ha Noi Stock Exchange (HNX), the HNX-Index also finished higher yesterday on back of pillar stocks. The index climbed 2.24 points, or 0.65 per cent, to 374.34 points.

During the session, investors poured nearly VND2.1 trillion into HNX, equivalent to a trading volume of more than 99.75 million shares.

Meanwhile, foreign investors were net buyers on both main exchanges, with a total value of VND427.97 billion. Of which, they net bought a value of VND423.92 billion on HoSE, and a value of VND4.05 billion on the northern market.

Macro & Policies

2. Viet Nam furniture exports boom

Viet Nam’s furniture exports to large markets such as the US and UK are growing despite the COVID-19 pandemic, according to the Ministry of Industry and Trade.

In the first half of the year exports of furniture and home-furnishing surged 70 per cent year-on-year to US\$10 billion.

According to the Handicraft and Wood Industry Association of HCM City, wood processing businesses are expanding production amidst rising demand for end-of-year shopping.

Major markets such as the US, the UK, France, and Netherlands have all bought around 50 per cent more furniture and home-furnishing items from Viet Nam year-on-year in the first six months, according to the ministry.

Bui Thanh An, deputy head of its Trade Facilitation Agency, said furniture businesses are doing a good job of surviving the pandemic.

Industry trade groups have been helping and guiding them, and international traders highly regard the Vietnamese wood processing industry’s resilience, she said.

Businesses have been considering new strategies for the new economic situation, such as looking for

more sustainable raw material sources and using technology to reduce labour.

Benjamin Petlock, a senior agricultural attache at the US embassy, said furniture from Viet Nam is “received positively” in the US.

Trade in wooden products between the countries has been growing in recent years, and would continue do so in future, he said.

The pandemic is disrupting global supply chains, leading to high transportation and production costs, but the supply chain would soon be re-established when more countries can chart clearer strategies to live with COVID-19, he added.

Bui Chinh Nghia, deputy head of the General Department of Forestry, said the wood products industry should look to exploit the country’s abundant legal timber supply to develop more sustainably.

This would allow them to rely less on imports, whose prices have been rising due to the pandemic.

Last year Viet Nam replaced China as the US’s biggest furniture supplier.

The country also became the world’s second biggest exporter of wood and wood products with exports of \$13.17 billion.

3. Sugar stocks expected to benefit from trade remedies

Sugar producers expect the 2021-2022 crop, which is starting from July 1, will be more prosperous.

Lam Son Sugar JSC (LSS) plans revenue and profit growth of 15-20 per cent in the new crop year, partly supported by increased protection measures for the domestic sugar industry, Le Trung Thanh, Vice President of the Board of Directors of Lam Son Sugar, told tinnhanhchungkhoan.vn.

On September 21, the Ministry of Industry and Trade issued Decision 2171/QD-BCT on

investigating and applying measures to prevent evasion of trade remedies, including anti-dumping and anti-subsidy measures, on sugar products originating from Thailand.

The probe is based on the accusation of representatives of the domestic industry and the Viet Nam Sugar and Sugarcane Association (VSSA) as they believed that Thailand’s sugar products have evaded trade remedies through five ASEAN countries including Laos, Cambodia, Indonesia, Malaysia and Myanmar.

Malaysia does not grow sugarcane, while Indonesia and Cambodia do not produce enough sugar products and often have to import sugar. But now there are sufficient sugar products to export to Viet Nam.

“The decision to investigate circumvention of trade remedies on sugar originating from Thailand will bring fairness to domestic sugarcane businesses,” Trung added.

“The move is right and timely. Many countries don’t grow sugarcane, hence don’t produce sugar, but import sugar from Thailand and then export to Viet Nam, causing damage to Vietnamese businesses and taxes.

“We expect that in the new crop year, the sugarcane industry will thrive on the positive impacts of this investigation.”

Previously, the Ministry of Industry and Trade has imposed anti-dumping and anti-subsidy duties at the rate of 47.6 per cent on refined sugar and raw sugar imported from Thailand for five years, effective from June 16.

VSSA said that since the imposition of the duties, sugar imports from Thailand have dropped to a low of 15,000 tonnes in June compared to a peak of 183,000 tonnes in April 2020. Smuggled sugar has been strictly controlled as the country closed its border to control the COVID-19 pandemic. However, Thailand’s sugar products have reportedly evaded taxes by transiting in other ASEAN countries before arriving in Viet Nam.

Spreading momentum

With the tax rate of 47.6 per cent imposed on imported refined sugar and raw sugar, small factories importing raw sugar will not be profitable, said SSI Securities Corporation (SSI). Therefore, the expansion of sugarcane areas is very important for the growth of the sugar industry in the coming years.

Many enterprises such as Lam Son Sugar, Quang Ngai Sugar SJC (QNS) and Son La Sugar JSC (SLS) have been focusing on expanding sugarcane growing areas.

In the 2021-2022 crop year, VSSA expects the sugarcane growing areas to increase by about 10-20

per cent and the expansion may continue in the following years when farmers reap good profits from sugarcane.

“Enterprises have the motivation to invest in expanding productivity, raising output, expanding sugarcane planting areas in the new crop year, as well as supporting farmers to push the price of sugarcane higher. In the future, the price of sugarcane may climb by 15-20 per cent,” Trung from Lam Son Sugar said.

Meanwhile, Quang Ngai Sugar expects the output of sugarcane in the current crop year to rise by 50 per cent and by 40 per cent in 2022-2023. Increased operating capacity will boost revenue and profit.

Similarly, Son La Sugar sees sugarcane output increasing in the next crop year.

SSI said that in the current crop year, Son La Sugar’s consumption volume will grow by 14 per cent year-on-year, with an estimated gross margin up 25 - 29.5 per cent on the expectation of 31 per cent higher selling prices and 77 per cent increase in operating capacity.

It is forecast that the world’s sugar deficit is 3.8 million tonnes of sugar in the 2021-2022 crop year, after being short of 3.1 million tonnes in the previous year.

Bullish sentiment on stock market

The sugarcane industry is a cyclical group, with enterprises’ revenues and profits often fluctuating according to the selling price. With the positive outlook from the policy to protect domestic sugar products and the uptrend of sugar prices, businesses in the industry have foundations for growth in 2021 - 2022, helping stock prices to move positively.

Since June, when the Ministry of Industry and Trade imposed anti-dumping and anti-subsidy duties on sugar products originating from Thailand, sugar stocks jumped.

During June 1 - September 22, LSS’s share price surged 74 per cent and QNS shares rose 36 per cent. These companies’ share prices are only equivalent to the prices at the beginning of 2021.

Thanh Thanh Cong - Bien Hoa JSC (SBT) shares struggled, mostly in the range of VND18,000 - 22,000 per share. Given the positive news for sugar producers, investors expect that the stock group will continue to rally in the near future.

Currently, businesses in the industry have not announced business plans for the fiscal year 2022, starting from June 30, 2021 to June 30, 2022, but with positive signs from the market, SSI believes

that SBT can reach VND19.8 trillion in revenue and VND825 billion in profit, up 33 per cent and 32 per cent over last year, respectively.

In the past five years, sugar stocks have been valued at a low level due to fierce competition from Thailand's sugar. But as trade remedies are effective for the domestic sugar industry, this issue will improve, creating a bullish sentiment for the stocks.

4. HCM City pleads with workers to return to work

HCM City agencies and businesses are sending text messages to workers who have returned home, pleading with them to return to work.

Pham Duc Hai, deputy head of the city Steering Committee for Pandemic Prevention and Control, said between just October 2 and 4 more than 5,279 businesses registered to resume operations.

Many others are in the process of getting employees, machinery and equipment and facilities ready to reopen, he said.

The number of workers now in industrial parks and export processing zones is just 135,000, or 46 per cent of the normal requirement, and a severe shortage looms.

It also threatens the Saigon Hi-Tech Park though not to the same extent as the industrial parks and export processing zones.

It normally employs around 50,000 workers, but only 40,000 live in the city while the remaining 10,000 live mostly in the provinces of Binh Duong and Dong Nai, and it is urging them to return to work at the earliest.

Nguyen Van Lam, deputy director of the city Department of Labour, War Invalids and Social Affairs, said all migrant workers who have returned to their hometowns would get text messages from city authorities or businesses.

Nevertheless, they have to meet certain safety criteria related to COVID-19 testing and vaccination, he said.

People living in the city who are looking for jobs could contact 127 licensed employment agencies, he added.

5. Government signs decision on special investment incentives

Standing Deputy Prime Minister Pham Binh Minh has just signed Decision No 29/2021/QĐ-TTg of the Prime Minister on special investment incentives.

This Decision provides the levels, duration, and conditions for the application of special incentives for investment projects specified in Clause 2, Article 20 of the Law on Investment.

The decision offers many special investment incentives such as corporate income tax, land rent, and water surface rent.

In which, the preferential tax rate of 9 per cent for a period of 30 years applies to incomes of economic organisations from the implementation of investment projects that fall into the categories specified in Point b, Clause 2, Article 20 of the Law on Investment.

The preferential tax rate of 7 per cent for a period of 33 years applies to income from investment projects in one of the following cases: newly established investment projects (including the expansion of such projects); innovation centres; research and development centres with a total investment capital

of VND3 trillion or more, disbursing at least VND1 trillion within three years from the date of issuance of the investment registration certificate or decision on approval of investment policy.

The preferential tax rate of 7 per cent is also applied for investment projects that fall within the categories specified in Point b, Clause 2, Article 20 of the Law on Investment and meets one of the following four criteria: being a level 1 high-tech project; Vietnamese enterprises participating in the value chain of level 1; added value accounts for over 30 per cent to 40 per cent of the total cost of final output products provided by economic organisations; and meeting the criteria for technology transfer level 1.

The preferential tax rate of 5 per cent for a period of 37 years applies to income from the activities of an object or an investment project in one of the following cases: national innovation centre established under a decision of the Prime Minister and investment projects that fall within the categories specified in Point b, Clause 2, Article 20 of the Law on Investment.

These projects must meet one of the following four criteria: a level 2 high-tech project; Vietnamese enterprises participating in the level 2 value chains; added value accounts for over 40 per cent of the total cost of final output products provided by economic organisations; and meeting the criteria for technology transfer level 2.

According to Clause 2, Article 20 of the Law on Investment, the beneficiaries of special investment incentives and support include new investment projects (including the expansion of such projects) of innovation centres, research and development centres with total investment capital of VND3 trillion or more; disbursing at least VND1 trillion within 3 years from the date of issuance of the investment registration certificate or approval of investment policy; national innovation centre established under the Prime Minister's decision.

The beneficiaries also include investment projects in industries with special investment incentives with an investment capital of VND30 trillion or more, disbursing at least VND10 trillion within 3 years from the date of issuance of the investment registration certificates or approval for investment guidelines.

6. Ministries and localities want to repay public investment capital

At least nine ministries and localities have asked the Finance Ministry to repay more than VND8.054 trillion (US\$352 million) of public investment capital borrowed from abroad.

This amount is equivalent to 44.08 per cent of the plan assigned by the Prime Minister.

This information was provided by Truong Hung Long, director of the Department of Debt Management and External Finance under the Ministry of Finance at an online meeting late last week to assess investment capital from foreign loans in the first nine months of 2021.

Long said the investment capital could be transferred to ministries and localities that need disbursement beyond the plan or are forced to cancel the capital plan according to regulations.

According to Long, the Prime Minister had assigned ministries and localities to disburse an amount of VND51.5 trillion of public investment capital from Official Development Assistance (ODA). Of this figure, ministries and centrally-run agencies will have to disburse VND16.6 trillion and localities will disburse VND34.9 trillion.

Long noted that as of October 6, the cumulative disbursement of public investment capital from foreign loans of ministries and centrally-run agencies reached VND3.16 trillion, or more than 19 per cent of the allocated investment capital. This figure was much lower than that of the same period in 2019 and 2020.

With such results, Long stated that it is not possible to complete the disbursement rate with respect to the capital plan to be greater than 95 per cent.

Vo Huu Hien, deputy head of the Department of Debt Management and External Finance, mentioned three main reasons for the delay in disbursement.

He attributed the first reason to the negative effects of the COVID-19 outbreak in localities. Secondly, other causes related to slow site clearance, and resettlement. Finally, changes in planning in several localities and many ministries were unable to fulfil all plans.

Explaining the delay in disbursement, a representative from the Ministry of Transport said six out of 15 public investment projects with foreign loans were halted amid the COVID-19 pandemic.

The main reason for the low disbursement ratio of public investment projects, according to the director of the HCM City Finance Department, Pham Thi Hong Ha, was also due to the COVID-19 pandemic. Projects are associated with foreign investment factors and import of equipment in need of foreign consultants' approval.

She said there were problems related to the complicated process and procedures for managing and using capital.

Thus, the disbursement rate of HCM City's ODA and foreign loan projects has so far reached only VND1.62 trillion or 12.45 per cent of the total allocated capital.

A representative of the Ministry of Agriculture and Rural Development (MARD) said since the

beginning of this year, only 45 per cent of the capital disbursement has been made as planned. In addition, the social distancing orders in line with the Prime Minister's Directive 16 affected the progress of projects.

The representative said even if it asked for isolation measures at the construction sites, only a few provinces agreed to allow such measures. As a result, the rest had to suspend work. So far, many irrigation projects have been able to be rebuilt however it is hard to implement them due to the rainy season.

Deputy Finance Minister Tran Xuan Ha said the low outlay of public investment capital, especially in localities, would affect the tasks of the country's socio-economic development.

Ha affirmed that this was the first year of the 2021-2025 mandate, if this year's disbursement trend was low, it would affect next year's and the following years.

During the seminar, representatives and localities proposed a number of solutions to remove difficulties and obstacles to speed up the disbursement pace.

The Finance Ministry will summarise the suggestions and report to the Prime Minister and work together with localities to remove difficulties and accelerate the disbursement of public investment capital.

7. Experts disagree with VIMC's VND20 trillion port proposal in HCM City

Viet Nam Maritime Corporation (VIMC) wants to build a VND20 trillion (more than US\$869 million) container terminal in Can Gio District in HCM City, but experts have raised concerns over the proposal.

State-owned VIMC has sent a document to the Ministry of Transport (MoT) proposing the investment policy for the terminal, saying Hiep Phuoc and Tan Thuan ports, exploited by the Sai Gon Port Joint Stock Company with more than 65 per cent of VIMC's equity, were not able to meet demand.

According to VIMC, Hiep Phuoc port was built to serve the relocation of Nha Rong- Khanh Hoi port.

However, the port project was not yet capable of receiving the entire volume of ships and displaced goods because the depth of the main channels in the port area was not stable, affecting the exploitation ability.

Tan Thuan port, which was in charge of loading and unloading goods such as iron and steel, fertiliser, rice, and containers with a throughput of about 10 million tonnes, was to be relocated to implement urban development plans for Thu Thiem No. 4 bridge project, it said.

Based on the master plan for the local seaport system in the 2021-2030 period, VIMC aims to develop a terminal port in Can Gio district.

It said the scope of the new port area included the land and water area to the left of the Sai Gon - Vung Tau channel, the Binh Chanh area, the Nga Bay estuary, the Cai Mep River and the Go Gia Island area. The scale included container, bulk cargo and international passenger terminals which could receive vessels with a tonnage of up to 150,000 DWT or larger, as well as passenger ships of 225,000 gross tonnage.

VIMC proposed the MoT to consider, support and approve the policy of allowing Sai Gon Port to deploy an investment project in a container terminal in the Can Gio district.

The project will take place in two locations including the first adjacent to Cai Mep-Thi Vai Channel, in the territory of Phu Loi Island, and the second adjacent to Sai Gon-Vung Tau Channel, in Long Hoa Commune.

According to VIMC's calculations, the wharf to be built at two locations will have a length of 1,500m. The first is expected to receive ships of up to 200,000 DWT and the second will receive ships of up to 150,000 DWT.

While the proposal of VIMC was waiting for a response, most experts on wharf and urban planning expressed disagreement with the project.

As an urban planning expert, architect Ngo Viet Son said: "Port construction must be in a regional connection while at present, most ports in urban areas of HCM City, Ba Ria-Vung Tau and Long An have very poor transport infrastructure, pushing up commodity prices, increasing traffic jams and the risk of traffic accidents due to a lack of infrastructure."

Therefore, he said old ports need to be upgraded rather than scattered investment placed in other new ports.

Son thought VIMC's proposal lacks an urban vision as it did not consider the port in relation to the surroundings and had no environmental assessment that will greatly harm the biosphere reserve of the district.

The architect said the city needs a proposal for the container port ecosystem to function well with a comprehensive vision in relation to regional connectivity.

Son said to develop the marine economy, the city should have a regional cooperation mindset between the neighbouring port clusters, which should be also connected with the railway and highway inland to promote the role of the ports.

Agreeing with Son, Vu Kim Cuong, former deputy chief architect of the city said: "The city should exploit the full capacity of the available ports," adding "Can Gio is a biosphere reserve that can develop ecological urban areas, the city should not let huge transport pass through it."

He suggested: "If a city wants to develop towards the sea, it can develop something to the east through Dong Nai and Ba Ria-Vung Tau."

He added that as the available ports in the city were not operating at full capacity, the city should exploit the potential of hundreds of millions of tonnes per year before considering building a new port.

Regarding VIMC's proposal, MoT's leaders told local media such a proposal of a container terminal in Can Gio was not suitable for the ministry to process, adding they will instruct VIMC to send the proposal to the People's Committee of HCM City and the Prime Minister for approval of the investment policy.

Corporate News

8. APH: An Phat Holdings Group joins catering service sector

↑ 0.49%

An Phat Holdings Group has introduced an industrial catering service to improve competitiveness and to create a sustainable ecosystem for development.

The group has established the An Phat Catering Services Company to enter the market. This new venture will diversify the company's business offerings in the context of the COVID-19 pandemic, to serve both existing partners and new customers.

Initially, the newly-established company will develop catering services in Hai Duong before expanding to other northern cities and provinces. Eventually, the group aim to have one plant in each locality nationwide.

An Phat Holdings already have over 10 years of experience in catering, serving their factories of up to 5,000 employees. These services are also provided to partners such as Electronics Han Sung Won Viet Nam Company Limited, Tiinlab Acoustic Technology Company Limited and Suntel Vina Company Limited.

An Phat Catering Services has a 6,000sq.m factory, with a modern kitchen system and capacity to produce up to 50,000 meals a day.

The company will cooperate with leading food suppliers to ensure hygiene and food safety, as well as providing a stabilise price for its partners.

Dinh Xuan Cuong, APH's Vice Chairman and General Director, said: "The COVID-19 pandemic has been an unexpected turning point that changes everything, meaning businesses must be creative and react quickly to adapt to trends and ways of consumers. In addition, APH is also proactive in injecting COVID-19 vaccines to ensure employees' health and safety when providing services to customers and partners."

An Phat Holdings is taking the opportunity to continue expanding its services into different fields and services. An Phat Catering Services Company will employ fully biodegradable packaging, materials and products within its ecosystem to ensure that this new venture is in line with sustainability goals.

9. BKG: BKG wants to issue 30 million individual shares

↓ -0.97%

BKG Vietnam Investment Joint Stock Company (HOSE : BKG) has just announced that it will hold an Extraordinary General Meeting of Shareholders on the morning of October 26, 2021. The Board of Directors is expected to submit to the General Meeting of Shareholders for approval the change of the plan to issue shares to increase charter capital.

Specifically, BKG plans to issue a maximum of 30 million shares (par value of 10,000 VND/share), the total expected value is 300 billion VND. The offering price is determined on the basis of

comparison with the book value and market price when issuing.

BKG will offer to strategic investors (less than 100 investors excluding professional securities investors).

This amount of shares will be restricted to transfer for 1 year from the end of the offering. The implementation time is expected in the 4th quarter of 2021 and after being approved by the State Securities Commission.

If the issuance is successful, the charter capital of BKG will increase from 320 billion VND to 620 billion VND.

All VND 300 billion expected to be raised from the offering will be used by BKG for project implementation and working capital replenishment.”

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