

Highlight News | July 22/2019



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More than \$130 million raised at local bourse



Cambodia News | 19 July, 2019

The capital raised at the Cambodia Securities Exchange (CSX), the local stock market, since it was launched in 2012 has surpassed \$130 million, according to a CSX official. The bourse now has five listed companies – Phnom Penh Water Supply Authority, Grand Twins International (Cambodia) Plc, Sihanoukville Autonomous Port, Phnom Penh SEZ Plc, and Phnom Penh Autonomous Port – plus two firms that have issued bonds – Hattha Kaksekar Limited and LOLC. Hong Sok Hour, CSX CEO, told Khmer Times yesterday that the five publicly traded companies have mobilized about \$80million, while bond issuers Hatta Kaksekar Limited and LOLC have managed to raise \$50 million. “This shows the potential of the local bourse for companies seeking funds to expand their operations,” said Mr Sok Hour. “CSX helps these companies earn trust and recognition from the public and investors”. He noted that listed companies are also rewarded with attractive tax incentives, including a 50 percent deduction of the income tax. Mr Sok Hour said several companies have recently shown interest in joining CSX, including some that have already submitted the necessary documentation to the Securities and Exchange Commission of Cambodia, the sector’s regulator. “We expect a few more companies to list their stocks and bonds at CSX shortly,” he said. Mr Sok Hour did not disclose any

specific names. In June, ABA Bank announced that it had obtained approval from the National Bank of Cambodia to issue corporate bonds. Chinese-owned Sihanoukville Special Economic Zone (SSEZ) has also recently announced that it is planning to issue stocks at the capital market. In May, CSX saw the largest trade volume in its short history with nearly 10 million shares exchanged. The total value of traded shares surpassed \$30 million, the highest ever at the Cambodian stock exchange, CSX said. Grand Twins International, Phnom Penh Autonomous Port, and Sihanoukville Autonomous Port, all listed at the Cambodia Securities Exchange, reported a strong business performance from January to March, according to CSX’s latest report. Taiwan-owned garment factory GTI saw total revenue reach \$36.7 million, an increase of 58 percent compared to the same quarter last year. The company, however, experienced a decline in net profit, which was only \$172,329, a decrease of 82.8 percent. State-owned PPAP reported a rise in total revenue of 25.8 percent, reaching \$5.9 million. Net profit increased by a whopping 218.3 percent, surpassing \$3.5 million. Total revenue in Sihanoukville Autonomous Port (PAS) rose by 17.4 percent, reaching \$17.4 million, while net profit soared by 190.2 percent to exceed \$2 million.

Source: <https://www.khmertimeskh.com/50625276/more-than-130-million-raised-at-local-bourse/>

UK hotel chain to invest in Cambodia



Cambodia News | 19 July, 2019

According to a recent report in news website Hospitality Net, Yoo Hotels & Resorts is planning to build 20 hotels under its Yoo2 lifestyle brand in Cambodia, Vietnam, Thailand, Indonesia, Malaysia, and the Philippines. Yoo Hotels is a noted leader in hotel design, brand, and marketing worldwide. It has 82 projects in 34 countries, including Brazil, India, Vietnam, Russia, the United States, Italy, Turkey, St. Vincent & Grenadines, Israel, Thailand, and Costa Rica. The report noted that the massive investment is part of Yoo Hotels' expansion in Southeast Asia. It already has a presence in Thailand and Vietnam where it has seven and two hotels, respectively. It will be Yoo Hotels' first venture in Cambodia. There is still scant information regarding key details of the project like the number of hotels and their locations in Cambodia. But according to the report, the hotelier's Southeast Asia expansion is slated for completion in three to five years. It was also mentioned that the hotels will be built in key locations in the target countries, meaning that in Cambodia, it will probably be Phnom Penh, Siem Reap, or Sihanoukville. Paul Dodd, who sits on the board of the British Chamber of Commerce in Cambodia (Britcham), yesterday told Khmer Times that he is happy to learn of Yoo Hotels' plan to enter the Cambodian market. "BritCham is very pleased to learn that Yoo Hotels has decided to

expand into Cambodia. I think it demonstrates that Cambodia is showing itself as a real challenge to Vietnam and Thailand for the tourist dollar," Mr Dodd said. "We wish them every success and we will offer our assistance, wherever we possibly can. We encourage all businesses to consider Cambodia when choosing to invest in Asia," he added. The UK has substantial investments in Cambodia. BritCham counts nearly 80 members, mostly engaged in construction and real estate, insurance, education, accounting, banking, and other businesses. These include Grant Thornton, Jaguar, Land Rover, KPMG, Deloitte, PwC, Prudential, Hongkong Land, Standard Chartered Bank, and Jardines.

Source: <https://www.khmertimeskh.com/50625271/uk-hotel-chain-to-invest-in-cambodia/>

Dongkhamxang finance institute breaks ground on third phase



Laos News | 22 July, 2019

Dongkhamxang Institute of Economics and Finance has begun construction of their third phase as part of efforts to develop the institute into a leading educational facility for the finance sector. A groundbreaking ceremony for the third phase of construction took place at the institute on Friday in the presence of Lao Minister of Finance, Mr Somdy Duangdy, and Vietnam's Minister of Finance, Mr Dinh Tien Dung. Construction of the Dongkhamxang Institute of Economics and Finance is a cooperative

project between the Lao and Vietnamese governments. The project has been divided into three phases, with the first phase completed in late 2008 and the second in 2014. The first two phases cost VND 186 billion (about US\$7.9 million), with VND 16 billion (US\$687,000) coming from the Lao government. These phases comprised four buildings for students, two buildings for training, three dormitories, a library, office, school club and restaurant. "The institute provides both long- and short-term training and produce trained workers for the finance sector," Mr Somboun Inthapatya, who is in charge of the project, said. In response to demand, and the desire to turn the institute into an educational research centre, the government of Vietnam last year agreed to support construction of the third phase. This will cost VND 176.619 billion (about US\$7.5 million), of which the Lao government is contributing VND17.619 billion (US\$730,000). The project will consist of a three-storey building capable of accommodating 840 students and two dormitories for 448 students, along with indoor and outdoor sports centres for students and teachers. "In addition, the project will include road, water and electricity infrastructure, along with the installation of classroom furniture, air conditioning, fire protection and information systems," Mr Somboun said. Once the third phase is complete, authorities believe it will significantly enhance the institute's role as a leading education centre and its part in the national human resource development strategy until 2030. The project was also a symbol of the ongoing

cooperation between Laos and Vietnam as well as both nations' Ministries of Finance, he added.

Source:

http://www.vientianetimes.org.la/freeContent/FreeContent_Dongkhamxang_166.php

PTT to open first petrol station by end of year



Myanmar News | 19 July, 2019

Thai energy company PTT Oil and Retail Business (PTTOR) has made official its entry into the Myanmar market by announcing the opening of stations and the construction of fuel depots, according to a petrolplaza.com report. PTTOR will open its first petrol station in Myanmar by the end of year and will build tank depots for oil and LPG as well as other fuelling facilities, according to Attapol Rerkpiboom, Chairman of PTTOR. The company recently signed agreements with the subsidiaries of Kanbawza KBZ Group of Companies Ltd, Brighter Energy Co Ltd and Brighter Energy Retail Co Ltd, to invest in the two projects, reports The Nation.

Source: <http://mizzima.com/article/ptt-open-first-petrol-station-end-year>

VN has trade surplus of about \$1.6 billion in H1



Vietnam News | 20 July, 2019

HA NOI - Viet Nam gained a trade surplus of \$1.59 billion in the first half of this year, according to the latest statistics from the General Department of

Customs. During the six months of the year, Viet Nam's total export value reached \$122.53 billion, a year on year increase of 7.2 per cent. The growth in export value in the first six months was mainly due to development of exports in the processing and manufacturing sector that had an export value of \$102.2 billion, up 9.1 per cent over the same period of 2018. The good performance in the second half of June was behind the trade surplus, according to the general department. The export value in the period from June 16-30 reached \$11.23 billion, up 10.4 per cent compared to the first 15 days of June. The goods with strong growth in export value included telephones and components, computers, electronic products and components, textile, steel, machinery, equipment, tools and spare parts, the Cong thuong (Industry and Trade) newspaper reported. However, the total export value at \$122.53 billion in the first six months was lower than the target at \$123.5 billion, according to the Ministry of Industry and Trade (MoIT). Thus, to achieve the target of \$263 billion in total export value this year, the nation needs to gain an average of \$23.4 billion in monthly export value in the second half of the year. This is a very difficult task because the global economy that is declining at present will not be a favourable environment for Viet Nam to accelerate exports in the remaining months of 2019. The last time that Viet Nam gained \$23 billion in export value a month was August 2018. The

ministry expects by year end, many industries of Viet Nam will continue to replace Chinese goods exported to the US market due to the US-China trade war that has not shown signs of cooling down. Exports of many commodities such as textiles, wood and wood products will accelerate in the second half of the year due to high demand for those goods during the year-end holidays. This is a good opportunity for Viet Nam to continue promoting its exports. At present, Viet Nam has signed 12 free trade agreements (FTAs), including the Viet Nam-European Union Free Trade Agreement (EVFTA), which is expected to help Viet Nam expand export markets for local products in the future. The ministry also said local enterprises should pay attention to origin of goods while the State agencies should focus on controlling export goods on this issue. That would help local export products take full advantage of tariffs from FTAs. With efforts in expanding markets and implementing trade promotion programmes from the Government, ministries and business community, the ministry expects the nation could achieve the target in total export value for this year. - VNS

Source: <https://vietnamnews.vn/economy/522932/vn-has-trade-surplus-of-about-16-billion-in-h1.html#FxG5WuqDiZTcTeDR.97>

Declining investment limits

Vietnam's oil and gas industry



Vietnam News | 20 July, 2019

Declining investment, dwindling reserves, high taxes and red tape are combining to limit Vietnam's oil and gas industry. The industry used to receive around \$2 billion from foreign investors each year, but this has come down to now only a few hundred million dollars, Tran Sy Thanh, chairman of state oil giant PetroVietnam (PVN), said at a meeting this week. Contributions to Vietnam's oil reserves have also been decreasing. "When our predecessors extracted one ton of crude oil (to use), they put another 1.5 or 2 times as much into reserves. Now we take out 1 ton of crude oil, we only add another 0.3-0.4 percent into reserves," he added. Regulations make it costly to explore for new sources of oil. For instance, Vietnam's Law on Water Resources requires each exploration lot to pay \$10-15 million in taxes, which is too high given that investment is so limited, Thanh said. "It makes things for us (oil prospectors) very difficult, it's like we are tying ourselves down." Without funds for drilling and exploration, there is no way to increase reserves. Despite changing conditions, the National Assembly has maintained its targets for the oil and gas industry, but has not provided any legal or systemic solutions the sector needs, Thanh said. Dr. Nguyen Hong Minh, director of the Vietnam Petroleum

Institute, said that Vietnam's oil and gas industry has a lot of assets, but lacks the operating capital as a result of restrictive regulations and red tape. Truong Dinh Tuyen, former Minister of Trade, said that the key to resolving bottlenecks in the industry is to amend the Law on Oil to create incentives for PVN. "Energy security is one of the three pillars of economic security, strongly impacting food security and financial security. The oil law needs to be revised, and incentives offered in a high-risk industry for foreign investors, and thereby restructuring and raising the capacity of the industry," he said. Vietnam's energy demand increases by an average of 10 percent a year. Oil and gas contributes 40 percent of the total primary energy supply, and about 35 percent of the total final energy consumption.

Source: <https://e.vnexpress.net/news/business/industries/declining-investment-limits-vietnam-s-oil-and-gas-industry-3954621.html>
