



**VIETNAM
BUSINESS
REVIEW**

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**REGULATIONS ON THE ADOPTION OF INTERNATIONAL STANDARDS IN
AGRICULTURE**

IN THIS ISSUE

Dear Our Valued Clients,

Agriculture is an important economic sector in Vietnam, contributing positively for securing the stable food security as well as the general social order of Vietnam country.

However, in the face of the development of Agriculture in the world, the pressure on the competitions of Agricultural products with high qualities, safety for the consumers also, Vietnam Agriculture needs more effort to improve on own way: widely applying the scientific & technical fields in production or attracting more investment in the modern model production, etc. This would be a key change for developing Vietnam Agriculture.

With the deep global integration through the economic agreements such as AFTA, TPP, we believe that it wouldn't only be a good opportunity if Vietnam knows how to take advantage

and develop based on the inherent advantages but also challenge not simple to improve the existing Agriculture.

In this business review, we would like to demonstrate on some of special information concerning the current market in Vietnam Agriculture.

Also, we do appreciate your ideas or comments on this Special Edition as well as your requirements of other kinds of information.

Thanks & best regards,

NEWSLETTER TEAM



Focal Point: Vietnam Agriculture

Some information concerning agricultural market

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Other News:

As a collection of news of remarkable events in Vietnam's economy, investment, exporting etc, this part will provide you with highlights of Vietnamese market

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FOCUS POINT

With favourable natural conditions and a temperate climate, the Central Highlands province of Lam Dong is well suited to become a leading supplier of farm produce for Japan, one of the most promising market in Asia, as heard at a workshop in Da Lat resort city on March 23.

Jointly organised by the provincial People's Committee, the Vietnam Academy of Social Sciences, and the Japan International Cooperation Agency (JICA), the workshop brought together nearly 120 local and Japanese businesses.

According to the assessment of the Japanese consultancy company Dream Incubator, the project supporting Lam Dong to develop agriculture is providing huge opportunities for the province to become a leading exporter of vegetable and flowers for Japan. Japan is currently the biggest Asian importer of processed vegetables and fresh flowers, comprising 70% and 60% of the region's market, respectively. While Japan's import demand is increasing, local production is narrowing, the company said.

In recent years, many Japanese investors have shown interest in Lam Dong high-tech agriculture such as growing vegetables and strawberries and transporting farm produce.

Moreover, Japan's major exporters like China, Malaysia, and Colombia are

LAM DONG STRIVES TO BE MAIN SUPPLIER OF FARM PRODUCE FOR JAPAN

by VNA

facing difficulties in food safety, production reduction, and geographic distance. This constitutes a good opportunity for Vietnam and Lam Dong in particular to boost exports to Japan and become the stable market supplier, experts said. Japanese businesses, however, pointed to bottlenecks such as high production costs, unstable and small-scale supply sources, and low

distribution, increase production scale to meet Japanese export quality standards, build a post-harvest agricultural industry, and develop agricultural tourism. Local authorities called on Japanese enterprises to study and invest in building agricultural industrial parks and post-harvest fruit, vegetable and flower centres, as well as assisting the province in technology



product quality.

Additionally, the province has yet to develop a market mechanism for the flower industry. Chairman of the provincial People's Committee Doan Van Viet also admitted shortcomings in the field, such as small-scale production, lack of capital sources, and limited connection in agriculture businesses. Japanese firms advised local firms to modernize the vegetable supply chain and flower production and

and finance.

Lam Dong has about 316,000 hectares for cultivation, including nearly 40,000 hectares for high-tech agricultural production. The production value of agro-forestry-fisheries accounts for over 44 percent of the local economy. It also has specialised areas for growing vegetables and flowers. In 2014, the province exported 14,653 tonnes of fruits and vegetables and over 211 million fresh flowers.

REGULATIONS ON THE ADOPTION OF INTERNATIONAL STANDARDS IN AGRICULTURE

by ISGMARD

The Ministry of Agriculture and Rural Development just issued Circular No. 07/2015/TT-BNNPTNT dated 14/2/2015 guiding the adoption of international, regional and foreign standards applied in the activities under the management of the Ministry of Agriculture and Rural Development. The Circular takes effective from 2/4/2015.

The aim of adopting international, regional and foreign standards is to gradually harmonize national standards and technical regulations with international and regional standards. At the same time, it will be the basis for the control of commodities, agricultural supplies quality. The adoption of international standards, regional standards, and foreign

standards is to allow the direct or indirect application of international standards, regional standards, and foreign standards in the activities under the management of the Ministry of Agriculture and Rural Development.

The adoption of standards must meet the following criteria: not to conflict with the provisions of law and harm the security, defense, socio-economic interests of Vietnam; in line with the requirements of related national technical regulations (if any); suitable with economic conditions, techniques and technology in Vietnam; meeting the management requirements and encouraging the domestic production development.

The circular also stipulates that the funds for the adoption of the standards are allocated from annual state budget

for items of science and technology and other activities of the Ministry of Agriculture and Rural Development; or grants voluntarily provided by international and local organizations and individuals. The funds will be used for buying international standards, regional standards, and foreign standards, expenditures of translation and editing of the standards from foreign languages into Vietnamese language; expenditures for meeting of committees to examine and evaluate dossiers before adopting the standards. Cost norm for adopting the standards is the same as the cost norm applied for developing national standards and technical regulations as specified at Article 4 of joint Circular No. 145/2009/TTLT-BTC-BKHCHN of the Ministry of Finance, Ministry of Science and Technology guiding the management and use of funds for the development of national standards and national technical regulations and existing regulations.

A series of agricultural product shipments were returned or given warnings by importers because of quality, hygiene and safety violations. This year, Vietnam targets to export US\$32 billion worth of agricultural products. This goal seems to be hard to achieve because the export revenue tends to decline from the first quarter.

Repetitive violations

AGRICULTURE PRODUCTS DRAW REPEATED WARNINGS FROM IMPORTERS

by Huong Giang

Vietnam has many high-value exported agricultural products, but our simple production has given rise to difficulty in quality control. Recently, Saudi Arabia added some agricultural products to

the import prohibition list because of food safety and hygiene violations.

The Embassy of Saudi Arabia in Hanoi recently announced its import authorities rejected Vietnamese-originated agricultural products from entering this nation because of food safety and hygiene violations in late 2014 and early 2015 and the number of violations was on the rise. Many products were contaminated with bacteria and chemicals, and improperly packaged. Saudi Arabia requested [Vietnamese] exporters of agricultural products and foodstuffs to Saudi Arabia to coordinate closely with their partners to tackle the problem and adhere to regulations on technical, hygiene and food safety standards imposed by Saudi Arabic authorities in order to avoid damage.

prohibited antibiotic. Most shipments belonged to big seafood exporters in the country, including An Binh Seafood Joint Stock Company, Go Dang Seafood Joint Stock Company, Mekong Seafood Joint Stock Company, and Hung Vuong Seafood Corporation.

In November 2014, South Korean importers notified that they will strengthen controls on the quality of pangasius imported from Vietnam because South Korean authorities found Nitrofurans and derivatives in pangasius imported from Vietnam. Up to 16 Vietnamese exporters were warned by Japan authorities for violating food safety, chemical residue and antibiotics regulations.

products. According to the department, this problem was caused by the irresponsibility of quarantine staff at border gates and technical staff at exporting companies. The Ministry of Agriculture and Rural Development is building quarantine fences to tightly manage quarantine activities applied to exported and imported agricultural products. Besides, the ministry is drafting a circular on EU export conditions for fruits and vegetables.

According to the ministry, the quality control of agricultural materials and food safety assurance are defined key tasks of the agricultural sector. Therefore, the ministry has taken many actions to improve the quality control of agricultural materials and food hygiene and safety.

Especially, the ministry will assess and classify manufacturers of agricultural materials in accordance with Circular 14/2011/TT-BNNPTNN, perform inter-sector inspections, including sudden ones, on potential commodities, grant certificates for qualified producers and traders of agricultural and aquatic products as per Circular 45/2014/TT-BNN dated December 3, 2014.

The ministry will also strengthen the capacity of quality, hygiene and food safety testing and inspection of agricultural, aquatic and salt products, tighten the management on inputs like seeds, fertilisers and specialised products, and upgrade laboratories and testing centres to meet requirements imposed by developed countries.



Authorities take action

Last year, three batches of aromatic herbs to the EU were returned while 11 shipments of pangasius were found to be contaminated with nitrofurazone, a

Before this alarming situation, the Plant Protection Department established an inspection team to immediately check the quarantine of exported agricultural

VIETNAM BOOTS

AGRICULTURE EXPORT TO AFRICA

By VCCINEWS

In 2015, the Ministry of Industry and Trade will carry out many measures to boost rice export to African markets. The Africa, West Asia and South Asia Markets Department said, Africa, with a population of over 1 billion, has a growing demand for rice because of the convenience of rice processing in comparison with other grains and millets, as well as because of the fast urbanisation rate in African nations.

Rice is the main export

The demand for rice is potentially very high because its price is affordable by a majority of consumers. Rice is a popular food in daily meals here. Major rice suppliers for Africa are Thailand, India, Pakistan, Vietnam and the United States. Thailand is still the biggest rice supplier to this market with 50 percent of market share.

The United Arab Emirates (UAE) is considered an important gateway for exported rice because the UAE is the largest rice re-exporter in the world. The UAE re-exports rice and agricultural products not only to the Middle East and Africa but also to South Asian countries. Typically, trade exchanges and partner approaching are carried out at thematic trade fairs which are organised throughout the year, mainly in Dubai.

So as to boost rice export Africa, West Asia and South Asia, in 2015, the Ministry of Industry and Trade will

continue to strengthen rice market information and trade promotion and study and build rice market development strategy until 2020. Particularly, Vietnam will negotiate and sign memorandums of understanding



(MOUs) on rice trading with the Ivory Coast, Congo, Kenya, Angola, Mozambique, Madagascar and other nations. It will introduce customers, support businesses to verify partners, negotiate and sign contracts and settle emerging disputes, support them to set up companies and open bonded warehouses in key markets like Cameroon, Angola and Mozambique.

Promoting trade

To seek and expand investment and business cooperation opportunities with Vietnamese businesses, a Moroccan business delegation with 25 members, led by Mr Mohamed Abdou, Minister of Trade and Industry of Morocco, will pay a working to Vietnam from March 29 to April 1, 2015. The visitors express their desires to boost cooperation with Vietnamese companies in agriculture, seafood, metallurgy, engineering, electricity, construction materials, pharmacy, chemical, travel, high-grade

handicrafts, information technology, telecommunications and general export and import. The Vietnam Chamber of Commerce and Industry (VCCI) will organise the “Vietnam – Morocco Business Forum” on March 30, 2015 in Hanoi.

Hanoi Trade Corporation (Hapro), a leading exporter and importer of agricultural products in Vietnam, is actively seeking export opportunities with Africa markets. Morocco is a new export market of Hapro, mainly copra, but its shipments to this market must be done through intermediaries. The corporation is working with some intermediaries to offer pepper and rice as well as contacting with Moroccan officials and businesses. On May 26, 2014, Hapro CEO Vu Thanh Son received Moroccan Ambassador to Vietnam Mr El Houcine Fardani and bank executive Saad ELMANJRA, who is also the owner of Bay to Bay Company. Saad ELMANJRA wants Bay to Bay Company and Hapro to be strategic partners of each other and want to set up a cashew nut processing company. He also introduced some products made from olive and argania – two typical natural ingredients used for traditional oil production of Morocco. HAPRO's executive said foreign companies desiring to export into this market must have representative offices, agents and native distributors because local agents and distributors can help exporters approach the market because they know language, culture and business practices.

OTHER NEWS

TAXES

EXPANDING CONDITIONS FOR VAT DEDUCTIBLE

By VCCINEWS

The Finance Ministry officially issued Circular 26/2015/TT-BTC providing the guidance on VAT and tax administration under Government Decree 12/2015/ND-CP providing details on the implementation of the Amended Law on Taxes. The ministry is urgently completing instructive circulars for tax policies in the new Law on Taxes to facilitate businesses.

Three conditions for tax deductible

According to Circular 26/2015/TT-BTC, enterprises must satisfy the three following conditions to have input VAT deducted:

First, they must have legal VAT invoices of purchased goods and services or import VAT payment vouchers or proof of VAT payment on behalf of foreign parties as guided by the Ministry of Finance, applicable to foreign organisations without legal status of Vietnam and foreign individuals doing business or having incomes earned in Vietnam.

Second, they must have evidence of non-cash payment for purchased

VIETNAM TO CUT TAXES ON 3,200 JAPANESE GOODS TO ZERO STARTING APRIL

By TUOITRENEWS

Thousands of goods imported from Japan will enjoy a zero tariff in Vietnam starting April 1 in the next implementation stage of a bilateral trade agreement between the two countries.

Vietnam will reduce the tariffs for 3,234 classes of imports to 0 percent under the Japan-Vietnam Economic Partnership Agreement for the 2015-2019 period, according to the Ministry of Finance. The beneficiaries of the zero tariff are material, machinery, equipment, spare parts, computers, electronics products and raw materials for footwear, textile and garment production.

The products must be imported directly from Japan to Vietnam and meet the rules of origin as stated in the Japan-Vietnam Economic Partnership Agreement.

Vietnam and Japan closed the economic partnership agreement in December 2008, according to the Vietnamese finance ministry. The trade pact was approved by the Vietnamese government in April 2009. The agreement is intended to liberalize and facilitate trade in goods and services between Vietnam and Japan and improve the business environment in each of the countries, according to a copy of the trade pact obtained by *Tuoi Tre News*.

A product only qualifies as originating from Japan if it is wholly obtained or produced entirely in the East Asian country, according to the agreement's rules of origin. When the goods use materials not originating from Japan, it must have a local value content of not less than 40 percent, and the final process of production must be performed in the East Asian country.

goods and services (including imports) with the value from VND20 million onwards, except for the value of goods and services imported in separate time having the value of below VND20 million based on VAT-included price.

Third, they must have the evidence of payment via banks to prove the money transfer from the account of the buyer to the account of the seller (the accounts must be registered with or notified to tax offices. The buyer does

not necessarily register or notify its credit loans for the settlement of payment for the supplier to tax offices) opened at payment service providers with appropriate payment methods according with the law like cheques, payment authorisation, payment order, collection authorisation, bank card, credit card, phone simcard (electronics wallet) and other forms of payment in accordance with the law.

Besides, other non-cash payment cases for input VAT deduction like: Goods and services purchased using clearing payment method between the value of goods and services purchased with the value of goods and services sold and borrowed and such method of payment is specified in the contract, they must have data reference documents and confirmation to clearing payment for goods and services purchased with goods and services sold and borrowed from both sides. In case of clearing liabilities to a third party, they must have written records of three parties to serve as the basis for tax deduction. Where goods and services purchased in the form of debt clearing like lending and borrowing, the clearing of liabilities to the third party that specifies in the contract must be in written form created before that and included the proof of money transfer from the account of the lending party to the account of the borrowing party.

Tightening monitoring of VAT refund records

Under the new regulations, from 2015, more cases of VAT refund will be subjected to examination, including tax refund in accordance with international treaties to which is a signatory. Taxpayers submit a request for tax refund in the first time, except for the case where the request is concerning the return of corporate income tax. Taxpayers who request the tax refund for the first time and are imposed examination before the refund are the

persons who have tax refund applications sent to tax authorities for the first time and are classified to the group of tax refund objects. Taxpayers shall request tax refund within two years from the time of being handled for tax evasion and tax fraud. Where taxpayers are found to commit tax evasion, tax fraudulence or declare wrong values, their tax refund documents will be subject to examination in accordance with the aforementioned two-year term.

The Ministry of Finance also clearly stipulates that tax refund post-examination imposed to documents that are classified to be granted tax refund before document examination must be done within one year dating from the date of tax refund decision, applicable to the following cases: Business units suffer two straight years of loss preceding to the year of tax refund decision or have the loss value in excess of owner's equity in the preceding year of tax refund decision. The loss value is determined based on corporate income tax document or the conclusion document of relevant State agencies.

Business units have tax refunded from real estate business and trade and service business. In the case where they have business lines that tax is impossible separated from real estate business, trade and service business that accounts for more than 50 percent of gross revenue of such business units will have examination done within one year dating from the date of tax

refund decision. Business establishments change their registered head offices two or more times within 12 months from the date of tax refund decision; business establishments have extraordinary changes in taxable revenue within 12 months from the date of tax refund decision. Foreign carriers request tax refund in accordance with Double-tax Avoidance Treaty. For other cases, the tax refund post-examination will be based on risk management principle, which is within 10 years from the date of tax refund decision.

EVENT

PROMOTION

COOPERATION IN DIGITAL CONTENT WITH JAPANESE FIRMS

By VCCINEWS

This is the main content discussed at "the Vietnam- Japan Networking Seminar and Business Matching on Content Industry" held in Hanoi on March 24th by Vietnam Trade Promotion Agency in collaboration with the ASEAN-Japan Promotion Centre on Trade, Investment and Tourism (AJC), Japan JOGA Game Association and Vietnam Software Association (VINASA). The event aimed to connect Vietnamese and Japanese businesses in the field of digital content.

Speaking at the conference, Mr Yoshikuni Ohnishi, Secretary General of AJC, said that the relations between Vietnam and Japan increasingly developed well. Japan considers Vietnam an important strategic partner in many fields such as economics, politics, culture and information technology. Japan is famous for the expertise in developing IT applications and utilities and is a major market of application solutions and outsourcing. Japanese delegations to Vietnam this time including 15 enterprises in the field of software for mobile platforms, online games looked for business opportunities and looked forward to more cooperation with Vietnamese enterprises in this field. Mr Yoshikuni Ohnishi expected that the two sides would cooperate with the first step towards the new digital industry entitled "Made in Vietnam" or "Vietnam - Japan Cooperation".

Trade said the cooperation between Vietnam and Japan has constantly strengthened and raised to broad strategic partnership. Businesses from Vietnam and Japan have the most favourable conditions for cooperation and business because Japan has signed many frameworks and partnership agreements with Vietnam. Along with the bilateral legal framework, the two countries are currently negotiating Trans-Pacific Partnership (TPP) and cooperation within ASEAN + 6. This shows the determination of the two governments in support of economic cooperation and trade of the two countries.

In the field of information and communication, Mr Bui Huy Son said the two sides had strengthened comprehensive cooperation activities, from state management sectors to extensive cooperation between businesses. The presence of many

development of various types of technology and services, the potential and prospects are opening up, creating opportunities for both large corporations and small and medium enterprises, between research institutes and experts from both countries.

He also stressed that Japan had a lot of experience in providing content services and digitisation of television. Cooperation and the experience of Japan would help Vietnamese service providers catch up with current trends and implement this new type of service. Assessing the development of information technology in Vietnam today, Mr Bui Huy Son confirmed that Vietnam is now one of the leading emerging countries in the region in the field of outsourcing and digital content. This is a strong export sector which is focused on developing by the Party and State. Resolution 36 NQ-TW dated July 1 2014 of the Politburo evaluated that information technology is one of the important foundations for socio-economic development, security and defence. This is an orientation document for strategy on the development and application of information technology of Vietnam until 2030. Accordingly, by 2030, the capacity of research, application, development, production and providing products and services in information technology in Vietnam will reach the advanced level in the world, Vietnam will become a powerful nation on information technology.

Mr Yoshikuni Ohnishi advised that Vietnam needed to invest further in the



Bui Huy Son, General Director of the Vietnam Trade Promotion Agency (Vietrade), Ministry of Industry and

Japanese businesses in digital content showed the interest in cooperation with partners in Vietnam. On the basis of these results, with the rapid

information technology sector, especially the training of human resources. Other countries in the ASEAN region are racing for information technology development, so Vietnam should not lag behind.

EXPORT- IMPORT

INCREASING CHANCE OF EXPORTING HANDICRAFTS TO JAPAN

By VCCINEWS

Recently, Vietnam Trade Promotion Agency (Vietrade), Ministry of Industry and Trade, in collaboration with the Promotion Centre on Trade, Investment and Tourism ASEAN - Japan (AJC) held a design consultation for gift/lifestyle products for export to the Japanese market. The event helps Vietnamese handicraft businesses to

improve product design ability, learn more about consumer tastes and increase opportunities to export to the Japanese market.

Speaking at the conference, Mr Do Kim Lang, Vietrade's Deputy Director, affirmed that Japan has become an important partner of Vietnam in many fields such as politics, economics, trade investment and tourism. In recent years, Japan has been Vietnam's third largest trading partner and second largest export market. Japan is also seen as a potential market for Vietnam's handicrafts items. Ceramics, wood and rattan furniture are the main Vietnamese handicraft exports to Japan.

In recent years, Mr Lang said, handicraft goods from Vietnam developed quite rapidly in both quantity and quality. According to statistics, export turnover of handicrafts (including ceramics, rattan, conical hats, etc) of Vietnam in 2014 reached US\$759 million, of which the export turnover in Japanese market was US\$122.9 million.

In particular, with a large number of trade villages, Vietnam is capable of supplying good quality products in various designs and types of goods. In the near future, export of this commodity is expected to increase further.

However, there are still a lot of Vietnamese

enterprises which have not set foot into this market. Explaining that, Mr Lang said the Vietnamese handicraft industry needs to overcome weaknesses. Its design and quality does not meet the tastes of Japanese consumers. Due to outworking process, the design is not attractive and quality is uneven. In the future, to penetrate this market, Vietnamese enterprises should consider and overcome these weaknesses.

Agreeing with this view, a representative of AJC confirmed that the Japanese are very strict on the quality of the handicraft products. Products must be good from inside to outside, the top and bottom of the product must be done carefully such as elegant colours, not flashy, not too dark or too strong. One of the reasons Vietnamese goods cannot penetrate Japan is the high standards of Japanese consumers. Besides, there are a number of reasons for differences in the consumption styles, related to culture and history, that Vietnamese enterprises do not grasp. To dominate the market of Japan, Vietnam should now concentrate on producing good quality products for everyday life. Vietnamese enterprises should not implement mass production, because such products face direct competition from other countries. Rather, the enterprises must be very quick in responding to the needs of the market and ensuring timely delivery.

The Japanese market requires very high quality products, but the selling price is not significantly higher compared with other markets. Old



production technology plus inactive raw materials are the reasons why Vietnamese enterprises have difficulty when entering the Japanese market. Mr Mitsushi Yanaihara at Kuwasawa Design Academy, Japan stressed that businesses should and must invest heavily in market research and product designs. Products must be unique and bring their own identity, reflecting the culture and national traditions. Together, the companies have to build the brand for their products. Mr Mitsushi Yanaihara also advised that the fastest way for Vietnamese enterprises to seek customers is to attend specialised fairs. However, many Vietnamese businesses attending exhibitions merely introduce their products, so they are not able to access Japanese partners. Enterprises need to get to know Japanese customers needs; how to convey the strengths of their business. Moreover, Vietnam enterprises need to be active in initiating business contacts, and need to understand Japanese language and culture to successfully contact customers to invite them to Vietnam, or have a meeting about their products.

INVESTMENT

REAL ESTATE BUSINESS READY FOR NEW WAVE

By VCCINEWS

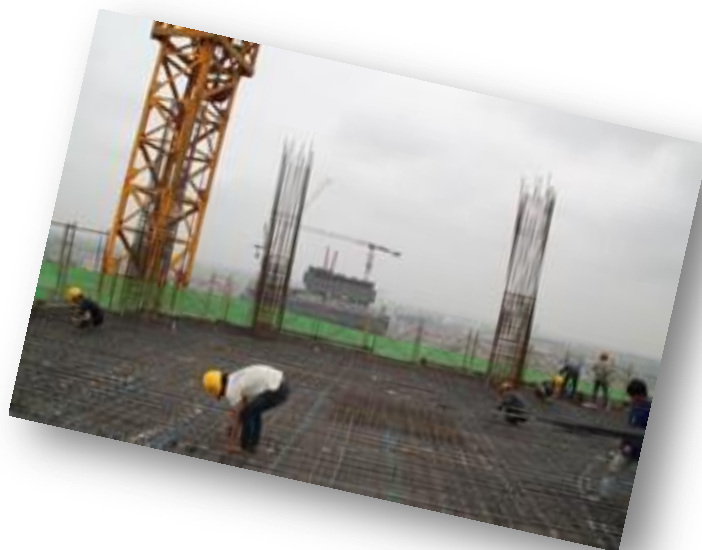
The stock market is very sensitive during the annual shareholder meeting season, as key information like capital increase plans of companies are usually disclosed during this event.

This is perhaps a decisive moment for investors to pick up a stock when they see potential. And this year, all eyes are turning to the property businesses.

Listed companies raise registered capital

The growing fancy of investors in real estate companies is not a surprise because the investor confidence in property market recovery is further strengthened. To seize the opportunity in the declining market, many property companies are raising their capital base. At the Annual General Meeting of Shareholders in 2015, FLC Group Joint Stock Company will seek its shareholders' approval for issuing 465

million shares to increase its registered capital from VND3,749 billion to VND8,398 billion. Earlier, during a share offering roadshow prior to the meeting, FLC President Trinh Van Quyet said that the capital increase will enable FLC to carry out many investment projects, including FLC



Sam Son and Khanh Hoa Administrative Centre.

Phat Dat Real Estate Development Corp (PDR) called an extraordinary shareholders' meeting in early 2015 to seek the approval of shareholders for the offering of 65.1 million shares to increase its registered capital from VND1,302 billion to VND2,018 billion. This source of fund will support the corporation's operations in the second quarter of 2015. PDR President and CEO Nguyen Van Dat said after the capital increase is completed, the corporation will invest and develop a serviced commercial and residential complex covering 10,000 square

metres in the downtown of Ho Chi Minh City. The money raised this time will also help the firm to seek new opportunities in 2015.

At the end of 2014, PDR acquired a project from Duc Khai Joint Stock Company at No. 290 An Duong Vuong Street (District 5, Ho Chi Minh City). PDR will invest some VND1,400 billion to invest in the EverRich Residence, which is expected to open up sales in the second quarter of 2015.

Other property companies like An Duong Thao Dien Real Estate Trading Investment Joint Stock Company and Saigon Thuong Tin Real Estate Joint Stock Company (Sacomreal) also have fundraising plans. Shareholders of An Duong Thao Dien Real Estate Trading Investment Joint Stock Company ratified a plan to offer 54.59 million new shares to existing shareholders or partners to hike its charter capital to VND1,092 billion. This secondary offering is expected to take place in the first quarter and second quarter of 2015.

Cooperation

Unlisted companies have also actively increased their capital base by teaming up with other partners.

Som Kim Land Real Estate Company signed a cooperation agreement with Hamon Group of the United Kingdom to develop property projects in Ho Chi

Minh City. According to this agreement, the two sides will jointly develop Gateway Thao Dien Apartment Complex in District 2.

Nguyen Hoang Tuan, Chairman of Som Kim Land, said Gateway Thao Dien project is estimated to cost US\$100 million. Although stakeholding ratio is unrevealed by both sides, the differential is forecast to be narrow.

Nam Cuong Group and STDA Real Estate Project Supermarket System also signed an investment cooperation agreement to invest, build and operate three buildings (H, J and K) in CT7 Section, Duong Noi Urban Area (Ha Dong District, Hanoi City) with a total investment of VND1 trillion.

Pham Thanh Hung, President of CEN Invest, said the cooperation will help reduce financial risks. Thang Long Urban Development Investment Joint Stock Company also joined hands with Atlantic Vietnam Real Estate Exchange to distribute products from Sun Square Project.

Besides, a series of business cooperation deals have been reached. For example, Nam Long Group cooperated with two Japan firms, Nippon Railroad and Hankyu Reality, to develop Sakura Flora Project in District 9, HCM City. Other remarkable deals are Viet Han with TNR Vietnam

Holdings, and Savills Vietnam with Vingroup in Vinhomes Riverside (Long Bien District, Hanoi City).

The property market recovery is getting clearer and this is a good opportunity for property companies to catch the new investment wave. So, it is understandable to see companies to raise their capital base. However, fundraising by means of share offering is raising concerns of specialists.

The Ministry of Finance said that fundraising through the stock exchange will change the corporate control structure that existing shareholders are unable to see. Besides, the big capital increase in a short time is likely to pose risks to businesses and shareholders as their governance capabilities may fail to keep up with the new scale.

After the fundraising is completed, the degree of binding between businesses and investors will be deeper and wider and this will result in significant pressures in implementing and maintaining business results corresponding to their new increase scales, including revenue, profit and dividend.

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