



VIETNAM DAILY NEWS



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Market Analysis

1. Shares rebound on improved liquidity

Shares rebounded on Wednesday after four consecutive falling sessions, led by banks. Liquidity also increased, showing improved investors' sentiment.

On the Ho Chi Minh Stock Exchange, the VN-Index edged up 0.92 per cent to close at 1,048.20 points. The southern market's index lost 3.2 per cent in the four previous sessions.

Market breadth was positive when the number of rising stocks tripled the falling ones.

Nearly 586 million shares worth VND9.9 trillion (US\$421 million) were traded in HCM City's bourse, up 47 per cent in both volume and value compared to Tuesday's levels.

Banks drove the market rise when six of the top 10 shares lifting the VN-Index most were credit institutions. They included Vietnam Prosperity Bank (VPB), BIDV (BID), Asia Commercial Joint Stock Bank (ACB), Vietcombank (VCB), Techcombank (TCB) and Vietinbank (CTG) with growth of between 0.5 per cent and 3 per cent each.

On the Ha Noi Stock Exchange, the HNX-Index rose for a second day, up 1.52 per cent to end at 207.97 points. The northern bourse's index inched up 0.2 per cent in the previous session.

Liquidity doubled Tuesday's figures, totalling 61 million shares worth more than VND1 trillion.

Regarding sectors on both exchanges, 24 of 25 industries tracked by vietstock.vn gained value with 15 recording average growth of more than 1 per cent.

Construction was a highlight on Wednesday with many seeing high growth such as Hoa Binh Construction Group (HBC), up 6.2 per cent; Tasco JSC (HUT), up 3.7 per cent; Thanh Dat Investment Development JSC (DTD), up 4.1 per cent; and Dat Phuong Group (DPG), up 3.9 per cent.

According to Bao Viet Securities Co (BVSC), the market is still facing the risk of retreating in the short term, due to volatile domestic and foreign cash flows, a lack of supporting information factors, the returning of the risk of bond maturity and short-term correcting pressure directed at banking stocks.

"We believe that this period is only suitable for investors who prefer short trading activities and have a high risk appetite. Investors with high stock exposure can consider selling during market's rebounds to reduce exposure," Tran Van Bach, BVSC's market analyst, wrote in a daily note.

Foreign traders were net sellers for a total net sell value of VND328 billion on the HCM City's bourse after a net buying session on Tuesday, focusing on Sacombank (STB)'s shares with a net sell value of VND177 billion. They remained net buyers in Ha Noi's market but for a trivial value of VND5.3 billion.

Macro & Policies

2. Vietnam an attractive spot for startups: Bloomberg

The article cites a report published in July 2022 by KPMG International Ltd and HSBC Holdings Plc which states that the number of startups in the country nearly doubled from the beginning of the COVID-19 pandemic to mid-2022,

Some of the world's largest investors including Sequoia Capital, Warburg Pincus LLC, and Alibaba Group Holding Ltd are backing startups offering promising solutions.

According to data from Google, Temasek Holdings Pte., and Bain & Co, in 2021, Vietnam drew a record 2.6 billion USD through 233 private deals, up from 700 million USD via 140 deals of the previous year.

According to investment firm Do Ventures, local startups are also competing against businesses from throughout Southeast Asia. Investment in startups in Vietnam accounts for 13% of the total venture

funding flows into the region after Indonesia and Singapore in 2021.

Bloomberg's article also mentions the Vietnamese Government aims to turn Ho Chi Minh City into a magnet for tech funding and is striving to grow its digital economy which is expected to represent 40% of the southern city's gross domestic product.

The city's authorities thus prioritise attracting foreign investment to high-tech projects, while also offering other incentives to lure global talent and international firms to establish innovation research centres.

Experts said that Ho Chi Minh City has factors to make it the next Silicon Valley including a heavy math and science educational system, a decades-old software outsourcing industry that's created an abundance of inexpensive and talented engineers, and the benefits of Vietnam's 2021 economic growth - one of the fastest across Asia.

3. Garment and textile groups cracking on with orders

At Garment 10 JSC, 12,000 employees across nine cities and provinces returned to work in the last days of January after the festive break. In 2023, Garment 10 targets revenue higher than the previous year, along with developing human resources to meet the development trend of the global textile and garment industry, continuing to diversify product lines, and applying technology solutions and digital management to enhance quality and performance.

"Against the forecast of 2023 containing many difficulties, we will do our utmost to achieve the goals for the year," said CEO Than Duc Viet. "In addition to Canada and South Korea, which we have been focusing on for the past few years, China will also be a promising land for us."

In Hanoi's Thanh Oai district, 250 employees of Supertex Textile JSC started the first official

production shift of the new year to work for the order of exporting over one million socks to Japan.

CEO Le Dai Quang said, "At the beginning of the year, everyone wishes for a smooth and convenient job, contributing to the development of the company's business activities. Despite many woes, the company has taken care of its employees and this is the motivation for employees to do their utmost."

In 2023, Supertex expects its orders to grow by about 120-130 per cent compared to 2022, equivalent to an export value of \$5.5-6 million, as well as expand the market to other big partners and markets such as the US and Europe. In addition to boosting production, Supertex is looking for domestic yarn mills whose products meet the requirements of the Comprehensive and Progressive Agreement for Trans-Pacific

Partnership, instead of depending on raw materials from China.

According to the General Statistics Office (GSO), total export value in January when the Tet festival took place was estimated at \$25.08 billion, down 13.6 per cent on-month, and 21.3 per cent on-year. Of this, domestic enterprises gained \$6.44 billion, down 18 per cent, and foreign-invested ones did \$18.64 billion, a decrease of 12 per cent. “This is not very surprising because in recent days, the number of working days is less than in other months and less than in January the previous year,” highlighted the GSO report.

Particularly, the total export turnover of the garment and textile industry in January was \$2.5 billion only, down 30.7 per cent on-year, while that of footwear was \$1.6 billion, a decline of 17.7 per cent. In addition to the festive holiday, this was caused by the drop in demand in major exporting markets, which are forecasted to struggle with numerous uncertainties of the world's economy in the first quarter of 2023 at least. However, the grey status does not cover all industries or all exporters in Vietnam, especially in industries in which Vietnam has got high positions and reputations in

the global supply chains. In the garment and textile industry, firms believe that the demands will recover despite being on a decreasing trend.

“Buyers over the world do not cut orders from all suppliers. They are selecting and prioritising high-profile vendors. Thereby, against common burdens, there are still opportunities for some Vietnamese garment and textile businesses to welcome big orders,” said Le Tien Truong, chairman of Vietnam National Textile and Garment Group.

“Enterprises that have different characteristics and competitiveness compared to their competitors from other countries can meet small medium-sized orders with various product lines and techniques. Therefore, small orders are still the trend in the coming time,” he added.

The garment and textile industry has set the export target of \$47-48 billion in 2023, after the value of \$44 billion last year. The Ministry of Industry and Trade aims to support businesses to effectively exploit the signed free trade agreements, enhance competitiveness, and build brand names for sustainable export.

4. Hai Duong targets \$400 million in FDI in 2023

The locality licensed five new FDI projects worth \$15.8 million in January. Meanwhile, \$5.6 million was added to three existing projects.

Hung said that the locality will speed up work on the province's master plan in the 2021-30 period, with a vision of 2050 as a basis for building priority criteria to attract investment projects, especially the planning of a key industrial zone for large-scale, modern and environmentally friendly investment projects.

It will focus on maximising resources to develop synchronous and modern socio-economic infrastructure networks and accelerate the construction of infrastructure of industrial parks such as Dai An, Tan Truong, Phuc Dien, An Phat 1, Kim Thanh, and Gia Loc, and other industrial zones and clusters in the area.

The locality will renew investment promotion methods with priority given to investors in the Republic of Korea (RoK), Japan, the US and Europe; speed up administrative reform; and optimise communication channels to approach investors, Hung added.

Last year, as many as \$368.1 million in FDI was poured into Hai Duong, up 15.3 per cent year-on-year.

The locality is home to 498 foreign-invested projects with a total investment of over \$9.2 billion from 26 countries and territories. The projects have created jobs for over 220,000 direct workers and thousands of indirect labourers.

5. Vietnam's infrastructure luring Chinese investment

China Pacific Construction will soon establish a representative office in Vietnam to explore investment potential in the transport infrastructure sector, said Jiehe Yan, president of China Pacific Construction Group, last month.

Dr. Jonathan Choi, chairman of the Chinese General Chamber of Commerce, was in Vietnam one month ago to encourage capital investments in the infrastructure and regional economy, commerce, services, and industrial sectors. He said that Vietnam is an "interesting centre of attraction" for Chinese investors.

Hong Kong is also an essential gateway for Chinese corporations to invest in Vietnam. According to the Ministry of Planning and Investment, as of January 20, Hong Kong was the fifth-biggest economic partner of Vietnam, following South Korea, Singapore, Japan, and Taiwan, with nearly 2,180 investment projects totalling \$29.6 billion in investment capital.

When Vietnam recognises infrastructure development, including transport infrastructure, as one of three strategic breakthroughs, it will provide new long-term driving factors for foreign investment. The Vietnamese government is now undertaking its plan to construct an additional 3,000km of motorways by 2025 and 5,000km by

2030. According to the Ministry of Transport, Vietnam has barely constructed more than 1,000km of roadways during the previous two decades.

Chinese investors who went directly to Vietnam to encourage investment employed a strategy that was prevalent several years before the emergence of the pandemic. A number of experts believe this strategy will have a long-term influence on Vietnam's infrastructure.

Chinese investment in Vietnam increased at a compound annual rate of 17 per cent between 2015 and 2022. Despite strict lockdowns, investment flow continues as several important projects from China, Taiwan, and Hong Kong have extended or boosted cash to improve output in Vietnam.

As of January 20, the number of foreign-invested projects in Vietnam continued to rise, and China retained its position as the sixth-largest investor in Vietnam, registered at \$23.6 billion.

Despite difficulties, Chinese groups still have the potential to invest in Vietnam's transport infrastructure. Vietnam is mobilising funding sources for road network investment of about \$17.06 billion to 2025 and \$14 billion during 2026-2030, including cash for transitional projects over the next few years.

6. Rubber stocks to benefit from China re-opening

According to Agricultural Securities Company (Agriseco), China is the world's largest natural rubber import market, with a consumption market share of more than 43 per cent. It is also the largest rubber importer of Viet Nam, accounting for nearly 80 per cent in 2022.

The reopening of China on January 8, 2023, will boost rubber demand for the production of tubes and tyres. Rubber manufacturing and exporting enterprises will benefit from the reopening and expect positive business results in 2023.

China's increase in rubber imports for production will be an important condition for prices to rise again after the last price reduction period.

According to information from the Ministry of Agriculture and Rural Development, Viet Nam currently ranks third globally in rubber export value and is present in more than 80 countries and territories, particularly China, the US, the EU, South Korea and India.

In 2022, the total export turnover of the rubber industry was estimated at US\$10.3 billion, up 8.5

per cent compared to 2021. Natural rubber exports were estimated at 2.14 million tonnes, worth \$3.31 billion, up 9.6 per cent in volume, but only 1.1 per cent in value, because the average export price was \$1,547 per tonne, down 7.8 per cent compared to 2021.

The Viet Nam Rubber Association said the recovery of global rubber consumption had boosted rubber export businesses. However, the US dollar exchange rate increased, while rubber latex prices decreased in the last months of 2022.

SSI Research forecast that China would restore tyre production after gradually easing social distancing, thereby increasing demand for natural rubber and the price of natural rubber in the market. However, with the downtrend of oil prices, natural rubber prices may increase by 1-5 per cent in 2023.

On the stock market, rubber stocks saw positive developments in the first month of 2023; price increases ranged from 4.2 to 15.1 per cent.

In the natural rubber group, enterprises gaining attention from investors are Viet Nam Rubber Group (GVR), Phuoc Hoa Rubber Joint Stock Company (PHR), and Dong Phu Rubber Joint Stock Company (DPR).

In the group of rubber tyres, the notable companies are Da Nang Rubber Joint Stock Company (DRC) and Sao Vang Rubber Joint Stock Company (SRC).

In 2022, GVR was estimated to achieve total consolidated revenue of VND28.6 trillion (\$1.2 million), a consolidated pre-tax profit of VND5.2 trillion exceeding 1.1 per cent and 6.1 per cent of the plan, respectively.

According to Le Thanh Hung, General Director of GVR, the group will increase the rubber planting

area, production and consumption, and develop the wood processing and rubber industry to exploit the value chain effectively.

VRG will promote industrial rubber products to limit the export of raw materials, meet domestic consumption demand, and export products such as car tyres and medical gloves.

In 2022, Dong Phu Rubber Joint Stock Company (DPR) achieved revenue of VND1.2 trillion, up slightly from VND1.2 trillion in 2021, and profit after tax of VND278 billion, down 41 per cent. The company has not announced its business plan for 2023.

DPR was approved by the State Securities Commission to purchase all shares of Dong Phu-Dak Nong Rubber Joint Stock Company to acquire this business under the restructuring plan of GVR.

For Phuoc Hoa Rubber Joint Stock Company (PHR), revenue in 2022 decreased by 12 per cent compared to 2021, recording VND1.7 trillion, of which revenue of semi-finished products was VND1.5 trillion, down nearly 14 per cent. However, profit after tax increased by 86 per cent, reaching more than VND886 billion.

Da Nang Rubber Joint Stock Company (DRC) recorded revenue of VND5 trillion and pre-tax profit of VND386 billion in 2022, an increase of 12 per cent and 6 per cent, respectively, compared to 2021. The company set a revenue target of 2023 to reach VND5.5 trillion, growing more than 10 per cent.

In the first quarter of 2023, DRC aims for turnover of VND1.1 trillion and a before-tax profit of VND70 billion, lower than the performance of the same period last year.

7. New export pattern emerging for agricultural-based goods

According to the General Statistics Office, the export turnover of goods in January when the Tet holiday

took place was estimated at \$25.08 billion, a decrease of 13.6 per cent compared to the previous

month, with China the biggest market, generating an estimated \$8.1 billion in Vietnam's export revenue.

Vietnamese importers have been encouraged by the fact that the Chinese government concurrently reopened customs clearance for products after a 3-year hiatus.

The China Aquatic Products Processing and Marketing Alliance believes that China's seafood consumption is gradually gaining ground. He anticipates that Vietnamese seafood shipments will rebound in the first few months of the year.

This year's early customs clearance of agricultural goods via the Lang Son border gate in the north indicates that demand from China is rising, added Hoang Khanh Duy, deputy director of the Management of Dong Dang-Lang Son Bordergate Economic Zone. He estimates that nearly 370 containers were shipped to China through Lang Son on January 8-28, about 90 per cent of which were agricultural items.

Lang Son's Tan Thanh and Huu Nghi border crossings, as well as Chi Ma and Coc Nam, are now being authorised by customs. According to a representative of Dong Dang-Lang Son border zone, drivers and passengers entering China need a COVID-19 test certificate and must complete a health declaration form.

In the last months of 2022, agricultural exports to China increased due to good market conditions. Compared to the same month in 2021, seafood exports to China climbed by 17 per cent in December, while exports of vegetables and fruits increased by 6.6 per cent, totalling \$159.4 million.

Vietnam's banana exports to China initially exceeded those of the Philippines. Currently, the Mekong Delta area is experiencing its peak fruit crop. Depending on the variety, the price of dragon fruit has climbed by \$1.11 to \$1.28 per kg, a significant increase compared to the same period last year, when it was just 17 - 28 US cents per kg.

According to Nguyen Thuy Thuan, director of Dragon Herb Tea Trading Production Co., Ltd. in Ho Chi Minh City, dragon fruit sent to China attracts middle-men looking to cash in. To reach this market as efficiently as possible, the corporation has shifted all exports to the sea rather than land.

China has been Vietnam's major agricultural export market for many years. But pursuing a strict pandemic strategy policy for the last three years has had a significant impact on the production and trade of agricultural goods and fruit and vegetables in Vietnam. According to the General Department of Vietnam Customs, exports of fruit and vegetables to most markets grew substantially in 2022, while exports of agricultural goods and vegetables to China declined by 19.8 per cent.

Despite that, China continues to monitor agricultural items for chemical residues, although its borders have been reopened.

The General Administration of Customs of China published two new pieces of legislation at the start of 2022 and to sell to the Chinese market, foreign companies must adhere to the new rules and restrictions.

Numerous Vietnamese enterprises are facing difficulties associated with the quality of their exports to China and the rules governing their exports. According to the Vietnam Sanitary and Phytosanitary Notification Authority and Enquiry Point, there were 2,426 product codes authorised for importation into China as of early December. In which, around half belong to the group of 18 goods registered via the competent authority, and the rest are not on the list of items that must be registered through the competent authority.

Aquatic items are the most often passed through Chinese customs, followed by nut products such as cashews and coffee, vegetable oil products, and flour cakes.

Dr. Phan Thi Thu Hien, head of the Plant Protection and Quarantine Department under the Ministry of Agriculture and Rural Development, said, "At this point, the Chinese side may update and enhance the list of criteria if new dangers are identified."

According to Hien, China mandates the stringent use of good agricultural practises in terms of monitoring for hazardous bacteria, quality assurance systems, and transparency. In the event of a violation, the cargo will be incinerated or returned, depending on the severity. Hien said that Vietnam is seeking to negotiate with China to expand its market to pomelo, custard apple, coconut, plum, and citrus goods. Vietnam and China signed a protocol for the

shipment of durian, bananas, sweet potatoes, and bird's nest to the Chinese market in 2022.

Vietnam has supplied five plant-based goods to China in recent times: mangosteen, black jelly,

durian, bananas, and sweet potatoes. In addition, seven traditional fruit exports are permitted: mango, dragon fruit, longan, lychee, watermelon, rambutan, and jackfruit. Vietnam is also temporarily providing fresh passion fruit and chilli peppers to the market.

Corporate News

8. HAX: Resolution on the bond conversion into shares

↑ 0.92%

On February 13, 2023, the BOD of Hang Xanh Motors Service Joint Stock Company approved to convert bonds into shares with details as follows:

- Stock name: Hang Xanh Motors Service Joint Stock Company
- Stock type: common stock
- Par value: VND10,000/share
- Convertible bond code: HAXH2223001
- Issue volume: 1,800,000 bonds

- Bond conversion volume into shares: 1,800,000 bonds
- Conversion price: VND12,000/share
- Conversion ratio: 12:100 (12 bonds will be converted to 100 shares)
- Stock issuance volume: 15,000,000 shares
- Issue value at the par value: VND150,000,000,000
- Conversion date: February 13, 2023.

9. CTR: Plan for ESOP shares redemption

↑ 0.00%

The Board resolution dated February 13, 2023, the BOD of Viettel Construction Joint Stock Corporation approved the repurchase of issued

shares in the stock issuance under ESOP with details as follows:

- Repurchase volume: 84,056 shares
- Repurchase price: VND10,000.

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