



VIETNAM DAILY NEWS



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Market Analysis

1. Market extends rallies on back of bank stocks

Shares settled higher on Thursday, boosted mainly by banking stocks while foreign investors continued to run away from the market.

The market's benchmark VN-Index gained 10.09 points, 0.96 per cent, to end the day at 1,058.29 points. The index claimed back nearly 20 points after falling for the fourth straight session due to strong selling pressure.

The market's breadth was positive as the number of stocks adding points outnumbered those performing negatively. Specifically, 251 ticker symbols advanced, while 61 stocks went down.

However, liquidity declined over the previous session.

The index's rallies were thanks to gains in large-cap stocks, especially in the banking sector. The VN30-Index, tracking the 30 biggest stocks on the southern bourse, increased by 11.92 points, or 1.4 per cent, to 1,055.26 points.

Twenty-six stocks of the VN30 basket rose, while only two declined. And two stocks stayed flat.

On the Ha Noi Stock Exchange (HNX), the HNX-Index also inched higher on Thursday. It closed the trading session at 210.84 points, an increase of 2.87 points, or 1.38 per cent.

During the session, more than 70.1 million shares were traded on HNX, worth more than 1.2 trillion (US\$473.1 million).

Of the top five stocks dominating the market trend, there were three bank stocks, led by BIDV (BID) with a gain of nearly 2.3 per cent. The other two stocks were Vietinbank (CTG) and VPBank (VPB), up 2.77 and 1.74 per cent, respectively.

Hoa Phat Group (HPG)'s and Vingroup (VIC)'s positive performances also lifted the market's sentiment.

On the other hand, foreign capital continued to exit the market as foreign investors net sold VND109.54 billion on the main southern exchange HoSE. They net bought VND16.72 billion on HNX.

Macro & Policies

2. Foxconn spends \$62.5 million to lease new site in Viet Nam in an effort to diversify production: SCMP

Taipei-listed Foxconn said that it secured a new site in Viet Nam as Apple's biggest contractor continued to shift production away from China, reported South China Morning Post (SCMP).

SCMP cited an exchange filing on Tuesday which said that Foxconn Technology Group had signed a lease with Sai Gon – Bac Giang Industrial Park Joint Stock Company to occupy a plot of 45ha in Quang Chau Industrial Park, Bac Giang Province for around US\$62.5 million to meet operational needs and expand production capacity. The lease will run through February 2057.

The deal was implemented through Foxconn's subsidiary Fulian Precision Technology Component Company.

Foxconn's latest deal in Viet Nam was considered an effort to diversify more production away from China following major disruptions at its key iPhone manufacturing base in the central Chinese city of Zhengzhou amid stringent pandemic control measures imposed during the COVID-19 outbreak that began in late October, SCMP wrote.

Reuters reported that Foxconn last August signed a memorandum of understanding worth \$300 million with Vietnamese developer Kinh Bac City to expand its facility in Bac Giang where it already produced iPads and AirPods. The types of products which would be produced at the new facilities was not mentioned.

SCMP quoted Apple chief executive Tim Cook as saying that COVID-19 challenges significantly impacted the supply of iPhone 14 Pro and iPhone 14 Pro Max and lasted through most of December. SCMP said he was referring to the turmoil at Foxconn Zhengzhou.

Nikkei Asia reported in late December that Foxconn finalised plans to relocate some of its MacBook production to Viet Nam and start making Macbooks in Viet Nam by mid-2023.

JP Morgan analysts forecast last year that Viet Nam would become one of Apple's main manufacturing hubs which would make 65 per cent of AirPods by 2025, 20 per cent of iPads and Apple Watches and 5 per cent of MacBooks.

3. Stronger FDI waves expected into Vietnam

Citing the results of a survey conducted with 3,100 businesses based in Japan, the official said that Vietnam ranks fourth in the world in terms of export destinations for Japanese companies, second only behind the US in attracting Japan's foreign investment, and this shows the great interest of Japanese businesses in Vietnam as they believe that the Vietnamese market will develop strongly and be a destination for businesses.

In the JETRO survey on Japanese investment in Asia and Oceania in 2022 that received responses from 603 Japanese enterprises operating in Vietnam, 60% of the surveyed enterprises said they will

expand their investment in Vietnam in the next one to two years, up 4.7 points from the previous year.

It was the highest among the Southeast Asian countries, after India (72.5%) and Bangladesh (71.6%).

Not only Japanese companies but those from Singapore, the Republic of Korea, and Taiwan (China) are also eyeing the Vietnamese market.

During Prime Minister Pham Minh Chinh's visits to Singapore and Brunei last week, investment funds and investors from the two countries confirmed their interest to invest in Vietnam.

At the Vietnam-Singapore Business Forum taking place during Chinh's visit to Singapore, Patrick Lee, chair of the Board of Members of Standard Chartered Bank Vietnam (Limited), said that Vietnam is a rising star in the region.

Vietnam's attractive investment policies and favourable demographics make it the market of choice for many Singapore investors and businesses. With Vietnam's burgeoning consumer market and opportunities from green energy to infrastructure development, Standard Chartered sees greater interest among Singapore clients to expand into Vietnam, he said.

At a recent conference on promoting the government's action plan to implement the 13th-tenure Politburo's Resolution No. 30-NQ/TW on orientations for socio-economic development and safeguarding defense and security in the Red River Delta to 2030 and vision to 2045, nearly 10 billion USD were committed for the region in the coming time.

In the region, Hanoi, Bac Ninh, Vinh Phuc, Quang Ninh, Thai Binh, and Hai Phong are all "magnets"

4. Water suppliers riding high in 2023

The outlook for water suppliers is optimistic this year as water prices are expected to grow on the back of mounting demand.

Nguyen Ngoc Diep, chairman of the Vietnam Water Supply and Sewerage Association (VWSA), reveals that water suppliers are categorised into two groups: one comprising companies that run water distribution systems and the other including those that operate water treatment plants.

Companies in the first group fall under the management of provincial authorities, thereby having a monopoly on water distribution. Their performance depends solely on the water loss ratios of their systems and the population density of their localities.

Those companies, according to the securities firm SSI, are forecast to have their revenues increase by 8 per cent this year, supported by a 6-per-cent rise in

attracting investment in recent years. This is the second largest FDI attraction in the country, accounting for 31.4% of the total FDI that Vietnam has attracted in the past 35 years.

Major groups in the world, such as Samsung, LG, Honda, Canon, Foxconn, and Toyota, have chosen localities in the region and made them their production bases.

Secretary of the Vinh Phuc provincial Party Committee Hoang Thi Thuy Lan said that the province is determined to focus on building mechanisms, improving the business environment, and competitiveness, and continuing to strengthen state management for investment projects as well as actively supporting investors to remove difficulties.

Meanwhile, Chairman of Bac Ninh provincial People's Committee Nguyen Huong Giang said that the province is implementing the most practical policies to develop high-quality human resources and technical expertise, and continuing favourable policies to attract investment.

total water consumption and a 3-per-cent rise in water prices.

For companies of the second group, VWSA estimates the total capacity of their water treatment plants at about 11.5 million cu.m per day, against the total consumption of around 8.6 million cu.m per day in 2023, up 6 per cent year-by-year.

SSI forecast that water usage would continue to rise by 12 per cent annually in Ha Noi between 2025 and 2030 and about 8 per cent in HCM City during the period, adding to water suppliers' revenues.

Meanwhile, water suppliers are operating more efficiently thanks to regular system upgrades and the installation of advanced water leak detectors. On such a ground, water loss ratios are expected to fall to 16.5 per cent this year, from 17.5 per cent in 2022, raising their profit margin by 1.1 per cent.

SSI also forecast that water prices would climb by around 5 per cent in Ha Noi and HCM City, and by 3 per cent in Binh Dinh Province this year. However, the prices would remain unchanged in Hai Phong and Dong Nai provinces.

Additionally, price rises would be more evident in industrial parks as a result of the growing demand for basic utilities among FDI investors.

The securities firm VCSC shares this view, saying that water consumption would soar in Binh Duong Province as several new industrial parks are expected to come into operation between 2022 and 2025.

Two of the industrial parks are the Industrial Park VSIP III at Tan Uyen District and the Industrial Park Cay Truong in Bau Bang District, which covers an area of 1,000ha each and are expected to give a huge boost to water prices in the province.

SSI believes that M&A activities in 2022 among water suppliers would add to their operational success this year, allowing them to outperform the market's average growth.

For instance, Binh Duong Water Environment JSC took over Can Tho Water Supply - Sewerage JSC and Gia Tan Water Plant to expand its water distribution systems to rural areas in the two provinces, significantly improving its market reach.

However, good news goes only as far. SSI is concerned that the enactment of the Law on Water Resources and Environment in 2023 would incur higher costs to water suppliers because the environmental taxes imposed on them will be recalibrated from capacity-based to output-based taxes.

Such a rise in the environmental taxes would, under SSI estimation, reduce their profit margins by between 0.2 to 0.4 per cent. Fortunately, these slight drops in profits would be overwhelmed by the rise in revenues and water prices, resulting in strong positive growth eventually.

According to the Ministry of Construction, Viet Nam had 750 water plants in 2022 with an aggregate capacity of 11.2 million c.m per day. On the demand side, household consumption rose by 5 per cent year-by-year and industrial consumption by about 8 per cent, against an annual rise of 3 per cent in water prices.

5. Domestic sugar under pressure on home turf

Domestic sugar producers have been facing mounting pressure in competition with imported sugar in recent years.

According to the Vietnam Sugar and Sugarcane Association (VSSA), there has been a surge in supply since the beginning of 2023 while retailers were sitting on a large stockpile left over from the previous year. It has resulted in an excess in supply in the market, which was already saturated and hindered by low demand.

The VSSA said in a recently released report that the country's domestic supply last year was estimated at 2.8 million tonnes, significantly higher than demand, which was estimated at 2.1-2.3 million tonnes. The association expected the surplus to last for the foreseeable future as imported sugar continued to trickle in.

For the long term, however, the association said there is a risk of market disruption should the surplus prevail, which will likely force domestic producers to cut prices, even lower than production costs to compete or reduce buying prices from sugarcane farmers.

Industry experts said imported sugar often had the upper hand due to lower prices.

Ninh Thi Hue, a merchant at Tan Hiep Market in the southern city of Bien Hoa, said her customers often prefer imported sugar while buying in large quantities. For example, her quotes for imported sugar were at around VND20,000 while domestic brands typically were at VND24,000-25,000 per kilogram.

While being sold at a higher price point, there was not much of a difference in quality between

imported and domestic brands. This has pushed most consumers, who require large quantities, to go for imported sugar.

Industry experts have long voiced their concern over a lack of strong domestic brands, as well as an inadequate distribution network to reach consumers.

A number of domestic producers, however, had taken the initiative to build their own network by collaborating with major retailers and e-commerce platforms.

"We are working with 122 distributors and running a network of 53,000 retailers across the country, which accounts for around 80 per cent of our sales last year," said Le Van Tien, sale-director of the Thanh Thanh Cong-Bien Hoa JSC.

He said his firm has started expanding on popular e-commerce platforms such as Lazada, Tiki, Sendo and Shopee in recent years.

He said Vietnamese consumers still have a preference for domestic sugar but it's crucial for producers to introduce new lines of products and bring down prices to compete against imported sugar.

6. Good signs seen in fruit, vegetable export

Thanks to China's reopening of market, many Vietnamese businesses have strengthened their export to this huge market.

Head of the Department of Agricultural Product Processing and Market Development under the Ministry of Agriculture and Rural Development (MARD) Nguyen Quoc Toan held that businesses should focus on optimising their advantages to make a breakthrough for fruit and vegetable export, especially when China reopens its market.

Last year, many kinds of fresh fruits received licences to be exported to China through official channel, while many others were allowed to enter other markets.

This year, Vietnam aims for growth of at least 20% in export revenue of fruits and vegetables, at 4 billion USD.

Data from the department showed that so far, Vietnam has 1.21 million hectares of fruit farms with an output of about 18.68 million tonnes.

Vietnam Fruit Vegetables Association (VinaFruit) General Secretary Dang Phuc Nguyen said that Vietnamese fruits and vegetables have gained good

reputation in the world with high quality and ensured food safety.

Deputy Minister of Industry and Trade Nguyen Sinh Nhat Tan said that in the time to come, the ministry will work closely with the MARD to increase trade promotion programmes on the digital platforms using information technologies, thus strengthening the export of farm produce, creating favourable conditions for exporters, especially in the Chinese market.

The ministry also plans to organise the first Vietnam-Shanghai (China) trade forum in Hanoi in April, he said.

The official also advised domestic firms to actively apply science and technologies in production and processing to increase their products' values.

Deputy head of the Department of Agricultural Product Processing and Market Development Le Thanh Hoa said that the global fruit and vegetable market is forecast to reach about 392 billion USD in 2025, adding domestic firms should pay greater attention to the processed fruit and vegetable segment to reduce risks from transportation.

7. Better training needed to address tourism manpower shortages

In 2019, before the pandemic broke out, Vietnam had more than 2.5 million workers in the industry, including 750,000 working directly.

Hard hit by the pandemic, international tourism came to a halt while the domestic market was also affected in 2020, forcing travel companies to cut down 70 - 80% of their staff.

In 2021, the number of those working full time accounted for just 25% of the 2020 figure, workers quitting their jobs or having labour contracts terminated early about 30%, and those suffering temporary furloughs 35%.

Therefore, since the industry was fully opened on March 15 last year, tourism businesses have encountered staff shortages.

Dau tu (Vietnam Investment Review) cited Cao Thi Ngoc Lan, Standing Vice Chairwoman of the Vietnam Tourism Association, as saying that the country is facing a heavy labour shortage, especially during major holidays.

She also pointed out a serious deficiency of highly skilled personnel, particularly for high-level management positions. Besides, the manpower imbalance among regions is also a problem, leading

to low service quality in some areas with strong growth in the tourist number.

This industry needs about 485,000 workers for accommodation facilities at present. Meanwhile, Vietnam is expected to record positive tourism growth during 2022 - 2030 when it will need to add about 60,000 labourers to the sector annually, Lan added.

The Vietnam National Administration of Tourism said vocational schools and tourism colleges are able to supply just 15,000 workers for the sector each year, and that manpower training hasn't meet demand in reality.

Nguyen Tien Dat, co-founder of the Prato tourism training centre, held that the existing manpower is still weak at vocational, foreign language, and communication skills, so it is necessary to strongly engage state agencies, schools, and businesses in promoting manpower quality.

Assoc. Prof. and Dr Pham Hong Long, Dean of the tourism faculty at the Hanoi-based University of Social Sciences and Humanities, suggested tourism training courses be internationalised, which will be a trend that many domestic training establishments will follow in the time ahead.

Corporate News

8. VIB: Explanation for the audited financial statements in 2022

↑ 0.97%

Vietnam International Commercial Joint Stock Bank explained has the movements of the audited financial statements in 2022 compared to 2021 as follows:

Unit: million dong

	2022	2021	%Growth
Profit after tax in the separate financial statements	8,461,027	6,398,569	32%
Profit after tax in the consolidated financial statements	8,468,767	6,409,750	32%

According to the audited consolidated and separate financial statements in 2022, the profit after tax reached 8,461,027 million dong and 8,468,767 million dong, increased by 32% compared to 2021.

According to the audited consolidated financial statements in 2022, accumulated income reached 18,057,838 million dong, increased by 21% compared to the last year, in which net profit from the service activities at the end of 2022 reached 3,188,381 million dong, accounting for 18% of total revenue and increased by 16% compared to the last year.

According to the audited consolidated financial statements in 2022, activities expenses was 6,197,114 million dong.

9. FLC: Announcement of delisting of stock

↑ 0.00%

On February 14, 2023, the Hochiminh Stock Exchange (HOSE) issued Announcement No.153/TB-SGDHCM regarding the delisting of stock of FLC Group Joint Stock Company:

- Stock type : common stock
- Stock code : FLC
- Par value : VND10,000/share
- Delisting volume : 709,997,807 shares

- Delisting value : VND7,099,978,070,000

- Reason: The listed firm seriously violated the disclosure obligations and other cases that the Hochiminh Stock Exchange and Vietnam Securities Commission deem it necessary to delist shares in order to protect investors, in case of securities subject to mandatory delisting under Point o Clause 1 Article 120 of Decree 155/2020/ND-CP dated 12/31/2020.

- Effective delisting day : February 20, 2023

- Last trading day : February 17, 2023.

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