



# VIETNAM DAILY NEWS



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## Market Analysis

### 1. VN-Index posts three-week high gain

Vietnam's benchmark VN-Index rose 1.87 percent to 1,236.63 points Thursday, the biggest gain in three weeks.

The index stayed in the green for the session. It closed 22.7 points higher, after losing over 16 points Wednesday.

Trading on the Ho Chi Minh Stock Exchange (HoSE) fell by 10.43 percent to VND14.75 trillion.

The VN-30 basket, comprising the 30 largest capped stocks, saw 27 tickers surge, led by MWG of electronics retailer Mobile World with a 6.9 percent gain.

It was followed by POW of Petrovietnam Power and HPG of steelmaker Hoa Phat, rising 6.2 and 5.4 percent, respectively.

Other winners included VNM of dairy giant Vinamilk, up 5.4 percent, and MSN of conglomerate Masan Group, up 4.4 percent.

Two blue chips bucked the trend, with SSI of leading brokerage SSI Securities losing 2.2 percent and VIC of the biggest conglomerate Vingroup falling 0.1 percent.

Foreign investors were net buyers to the tune of VND695.46 billion, focusing on HPG, STB of lender Sacombank, and SSI.

The HNX-Index at the Hanoi Stock Exchange, where mid and small caps list, was up 1.60 percent while the UPCoM-Index at the Unlisted Public Companies Market was up by 0.68 percent.

## Macro & Policies

### 2. Apple supplier eyes Vietnam expansion

Apple iPhone assembler Pegatron Corp emphasizes its expansion in other countries, including Vietnam, to reduce its dependence on China following the strict Covid-19 lockdowns there.

"We faced Covid controls for two months. We couldn't have assessed that in advance, so that makes me emphasize our expansion in Vietnam, India, Indonesia, and North America," Reuters quoted its president, Liao Syh-jang, as saying at the company's annual general meeting in Taipei Wednesday.

The company is seeking to address labor shortages and the gap between peak and low seasons and increase capacity utilization, he said.

Pegatron is one of Apple's three iPhone suppliers along with Foxconn and Wistron.

In April, the Taiwanese company suspended operations at its Shanghai and Kunshan plants in China due to strict Covid-19 protocols, impacting production and deliveries.

China has since lifted the restrictions, but still faces a labor shortage that was sparked by the restrictions.

Chairman T.H. Tung said the company's customers had "different reasons" for setting up factories in Vietnam, India and Mexico.

"But one shared factor is the ability to reduce concentration in Shanghai, Suzhou and Chongqing."

He added that hiring staff in China has become increasingly difficult over the past seven to eight years.

Pegatron has mulled expanding to Vietnam since 2020, and is building a factory in the northern city of Hai Phong.

Several Apple suppliers already have factories in Vietnam, including Foxconn, Luxshare and Goertek, and mainly make AirPods earbuds and HomePod speakers.

Earlier in June, Nikkei Asia reported that China's BYD, one of the leading iPad assemblers, had helped Apple build production lines in Vietnam and could soon start to produce the tablet there.

It attributed the move to China's lockdown in and around Shanghai, which disrupted the supply chain for months.

### 3. 27 export items listed in "one-billion-USD" club in five months

Twenty-seven export items joined the "one-billion-USD" club in the first five months of this year, as compared with only 23 seen in the same period last year, Deputy Minister of Industry and Trade Do Thang Hai told a press conference on June 16.

Vietnam's export revenue in May increased 18.1 percent against the previous month, pushing the five-month value by 16.7 percent, he said.

The export value in the domestic economic sector expanded 21.3 percent, higher than that in the FDI sector (15.1 percent, including crude oil) which, Hai

said, reflects the rapid recovery of local firms as well as the resumption of global supply chains.

He, however, noted that the enterprises faced a host of difficulties due to surging production costs, including transportation and warehousing ones, and material prices.

Moreover, FDI groups like Samsung and Electronics scaling down their production of some items given the falling demand and China's lockdown measures have also affected Vietnam's production and export, Hai continued.

The Ministry of Industry and Trade will work harder to help businesses optimise signed free trade agreements (FTAs) in order to speed up export and boost consumption at home, maintain contacts with China and coordinate with other ministries, agencies and localities to ensure sustainable customs clearance at border.

It will also review and propose measures to cut taxes and fees, or solutions to support firms affected by the soaring prices of certain goods, he promised.

#### 4. Vietnam boasts world's fastest recovering domestic aviation market

Vietnam's domestic aviation market is recovering at the fastest pace in the world with a growth rate of 123% compared to the same period of 2019, before the COVID-19 pandemic broke out.

This was revealed in an analysis by Airbus and the International Air Transport Association (IATA) using statistics about the flight numbers from Flightdatar24 and Airbus.

Dinh Viet Thang, Director of the Civil Aviation Authority of Vietnam (CAAV), said domestic flights have enjoyed breakthroughs in terms of both passenger and cargo traffic in the first half of 2022.

In particular, airports across Vietnam served 40.7 million passengers, up 56.8% from the same period last year. That included 1.8 million foreign passengers and 38.9 million Vietnamese, respectively rising 904.6% and 52.6%.

Meanwhile, Vietnamese airlines carried 20.1 million passengers, including 667,000 foreign and 19.5 million domestic ones. The figures soared by 56.1%, 1,033%, and 51.8%, respectively.

The CAAV forecast airports nationwide will serve about 87.8 million passengers this year, jumping 190% from 2021. The numbers of foreign and domestic passengers are expected at some 5 million and 82.8 million, up 844% and 178.4%, respectively.

The cargo throughput stood at about 765,000 tonnes in the six months, up 30.6%. It is predicted to grow 5% from last year to 1.5 million tonnes in 2022.

Thang expressed his hope that with such growth, the entire aviation market of Vietnam will soon return to pre-pandemic levels.

#### 5. FDI lifts Vietnam up global value chain

Vietnam, like many East and Southeast Asian countries, is further climbing up the global value chain (GVC) thanks to the positive effect of the utilisation of foreign direct investment (FDI), according to the latest report by Hinrich Foundation.

The opportunities are plentiful for countries to move up the global value chain, said Riccardo Crescenzi, Professor of Economic Geography at London School of Economics, at a press conference announcing the report "Climbing up global value chains: Leveraging FDI for economic development" on June 14.

Amidst current challenges, Asian countries can analyse the link between global economic integration and sustainable development, on the basis of which they will be able to adopt support policies encouraging the participation in the GVC to promote sustainable development.

Vietnam's increasing openness leads to a higher rise in FDI stock as a percentage of GDP, the report said.

"Compared to regional peers, the country changed from one of the most restricted to FDI, to one of the most open.

“One useful change was the revision of the Law on Investment policy, which restricted the ability of the central and subnational government to issue regulations on investment. This change removed uncertainty and overlapping or contradictory legislation.

“Vietnam’s economic model remaining led by FDI but focused on final-stage assembly tasks that depend on imports,” it added.

Crescenzi stressed it is important that the government and enterprises understand exportation activities, from goods to sources of investment to build domestic capacity and create domestic value-added.

Some 68% of global FDI flows landed in Asia-Pacific Economic Cooperation (APEC) economies in 2020,

compared to less than 50% 10 years ago, said Akhmad Bayhaqi, Senior Analyst at APEC Policy Support Unit.

East and Southeast Asian countries, which make up half of the APEC economies, play a critical role in GVC, he noted, adding that the regions have attracted 18.4% of the global FDI and served as the “world’s factory” for more than two decades.

Countries holding central positions in the FDI network are also hubs in the global trade network, he said, and it seems that participating in the GVC helps many emerging economies lure investment.

Without creativeness, Vietnam will not be able to improve productivity and struggle to compete, he continued, adding the formula for victory in a global competition is being creative.

## 6. Vietnam to ban insurance companies from real estate investment

Insurance companies will not be allowed to invest in real estate starting Jan. 1, according to the latest changes in the insurance law that legislators have voted on.

These companies can, however, buy real estate for the purpose of establishing headquarters or offices to operate, or to rent the unused parts of their real estate, said the modified law that nearly 92.5 percent of National Assembly delegates voted in favor of Thursday morning.

Insurance companies can also trade real estate companies’ listed shares but the government will need to specify a limit in this activity to minimize risks, the law says.

These companies will not be allowed to use Vietnamese citizens’ insurance money to cover the

losses or cash shortage of their foreign business, it adds.

The modified law also scraps a fund that was meant to protect insurance customers as the fund has never been used in its 12 years of existence.

The balance of the fund stands at VND1 trillion (\$43 million) and will be used to protect insurance customers in the circumstance that their insurer go bankrupt.

SSI Research forecast revenues from insurance premiums could rise by 18 percent to VND256 trillion this year, driven by the recovery in demand and growing online insurance and collaboration with insurtech firms.

## 7. Offshore wind power investors need better mechanism

While Vietnam plans a 7,000MW of offshore wind power by 2030, most of wind farm investors shared their concern about the bidding mechanism for the industry in a recent energy workshop in Hanoi.

In the workshop held by the Global Wind Power Association (GWEC) in collaboration with the Institute of Energy from the Ministry of Industry and Trade (MoIT), the ministry announced that it has submitted the draft Power Master Plan VIII to the Government for consideration and approval, adding

the draft included a bidding possibility for investors of the offshore wind power in Vietnam.

Nguyen Thi Thanh Binh, Deputy General Director of T&T Group, said: “The roadmap for formulating and promulgating a pricing mechanism for offshore wind power projects has so far not been prepared, and there is a lack of specific and clear instructions.”

Binh added even the term of offshore wind, onshore and offshore wind power were not very clear in the current policies.

She considered the investment field was still very new to Vietnam and there were some investors who only engage in “project development” with no real purpose of investing in building the projects, thus the participation of those investors would likely distort the selection process of contractors and the actual requirements of the projects would likely not be ensured.

In this case, Binh said those investors selected for low bids may not be able to fulfill their commitments and result in failing the projects.

Mark Hutchinson, head South East Asia of GWEC, said: “Businesses have to invest billions of US dollar for an offshore wind power project, even if it is a small project, so they need policy clarity.”

The head said it needed at least eight years for an offshore wind farm to be done and work from preparation level and getting loans for the projects was not an easy task.

He said as domestic banks have limited loans, many investors have to ask loans from foreign banks, which have to estimate risks and financial loss based on the price mechanism.

According to insiders, while Vietnam was studying and coming up with a bidding plan for offshore wind power, they needed a transitional mechanism before bidding so that they could learn from the experience of other countries to have reasonable solutions.

Hutchinson told the workshop: “No market in the world has mobilised the first 3,000MW of offshore wind power in through bidding,” adding it was necessary to implement a fixed-price transition mechanism for the first 4,000MW and then proceed

to bid for the remaining 3,000MW for the period up to 2030.

Binh from T&T also said: “ It is the first stage of launching, shaping the development of a new and modern industry in Vietnam. Therefore, the Government may consider starting with a mechanism to select investors on the basis of capacity, experience, finance to develop and support the industry. It will help shorten the investor selection period, making projects to soon be deployed and put into operation before 2030.”

Citing experiences from countries such as the Republic of Korea, Japan, Binh said, these countries also apply the preferential price mechanism (FIT) to promote offshore wind power development in the early stages.

Stuart Livesey, CEO of the La Gan Wind Power Development Corporation, Country Director of Copenhagen Offshore Partners (COP) in Vietnam also agreed there must be a transition period before switching to the bidding mechanism for offshore wind farm investment.

He added the offshore wind power development needs to be regulated by an effective legal framework, to attract a wide range of developers, investors, contractors, suppliers and sponsors worldwide.

He said in Taiwan (China), prices for power purchase agreements from offshore wind power projects have shown a steady decline over the past six years from the initial FIT preferential price, through the transition period and currently a competitive bidding reducing by about 60 percent from the initial tariff price.

In the role of the management agency, Doan Ngoc Duong, Deputy Director of the MoIT’s Institute of Energy, said the ministry would consider the experience of the other countries in order to promote the early stage development and create confidence for investors.

Earlier, GWEC said in its report that Vietnam with a whopping 475,000MW of offshore wind, Vietnam was poised to be South East Asia’s offshore wind leader over the next decade, but clear regulatory frameworks and support schemes must be in place to capture this potential.



The report said if Vietnam wanted to secure these early phase projects, it was time to act now or the first true offshore wind projects in Vietnam will not reach the commercial operation date until 2026 or later.

The report said it was crucial that the Vietnamese Government put in place policies now that can support the long-term sustainable development of the sector.

Thus GWEC was calling on the Vietnamese Government to take a 'transitional' approach to offshore wind support schemes and to incorporate a systematic and open consultation process with

industry stakeholders to design future offshore wind policy.

GWEC recommended establishing a new Feed-in-Tariff (FiT) for offshore wind that can support the initial stage of 4-5GW of true offshore wind projects connecting to the grid prior to, or parallel to, an auction mechanism being implemented in a 'Transition Phase'.

GWEC considered bidding as the help of other offshore wind markets scale-up and reduce costs quickly and could support Vietnam in doing the same. It will be crucial to set-up an auction that can transition smoothly from a FiT scheme.

## Corporate News

### 8. YEG: Yeah1 to issue 78.6 million shares to increase charter capital

↑ 6.99%

The shares will be offered at VND10,000 each. The proceeds from the share issue will be used to expand the corporation's investment in digital media, tech-media, fintech and others.

In addition, the money will be used to invest in the corporation's technological infrastructure, increase the working capital of subsidiaries and pay debt of the parent company.

Shareholders of Yeah1 also passed a business plan for this year with the consolidated revenue targeted at VND588 billion and the after-tax profit of the parent company growing 24.7% over 2021 to VND24.7 billion.

At the shareholders' meeting, new members of the corporation's board for the 2022-2027 tenure were also elected. Accordingly, the board included Yeah1 general director Dao Phuc Tri; deputy general directors Le Phuong Thao and Le Minh Nhat Tin; Tran Hoai Nam, chairman and general director of Thai Tuan Group JSC, and Nguyen Hoang Giang, chairman of DNSE Securities JSC.

Last year, YEG generated consolidated net revenue of nearly VND1.1 trillion, down 11.4% over 2020 and reaching nearly 40% of the target.

According to an auditing report by PwC Vietnam, YEG's after-tax profit in 2021 was around VND30 billion, nearly 7.5 times higher than the VND4 billion target.

Today, YEG surged 6.99% at VND24,500.

Regarding stock trading, the VN-Index of the Hochiminh Stock Exchange added 22.7 points, or 1.87%, against the previous session at 1,236.63, with 298 stocks advancing and 154 others declining. The bourse saw nearly 561.7 million shares worth over VND14.7 trillion changing hands, down 18% in volume and 10% in value.

Meanwhile, the HNX-Index of the Hanoi exchange rose 4.52 points, or 1.6%, compared to the previous session at 287.77.

### 9. MSN: Board resolution on capital increase

↑ 4.43%

On June 15, 2022, the Board of Directors of Masan Group Corporation (stock code: MSN) unanimously approved the increase in charter capital as follows:

- Charter capital before change:  
14,166,415,760,000 dongs;

- Increased capital: 70,832,070,000 dongs

- Charter capital after change:  
14,237,247,830,000 dongs.



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