



VIETNAM DAILY NEWS

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Market Analysis

1. Indices struggle on rising selling force

Benchmark indices moved in different ways on Monday as selling pressure weighed on the market's sentiment.

The VN-Index on the Hồ Chí Minh Stock Exchange (HoSE) finished higher, up 0.84 points, or 0.07 per cent, to 1,249.62 points. Rising selling force in the afternoon trade pared the index's morning rally.

The market's breadth was positive, while liquidity was lower than in the previous session. During the trading day, investors poured nearly VNĐ10.75 trillion (US\$457 million), equivalent to a trading volume of nearly 410.2 million shares.

However, the 30 biggest stocks tracker VN30-Index posted a small loss, down 0.04 points to 1,275.6 points. Of the VN30 basket, 11 stocks increased, while 17 decreased and two ended flat.

On the Hà Nội Stock Exchange (HNX), the northern market's benchmark HNX-Index fell 1.55 points, or 0.54 per cent, to 283.08 points.

Accordingly, nearly 59 million stocks were traded on the northern bourse, worth over US\$1.4 trillion.

Leading the market's up trend, Vinhomes (VHM) saw a big gain of 2.5 per cent. It was followed by

Mobile World Investment Corporation (MWG), Vincom Retail (VRE), Vietcombank (VCB), Vietinbank (CTG), Đức Giang Chemicals Group (DGC), and Digiworld (DGW). These stocks rose in a range of 0.38-5.71 per cent.

Oil stocks also provided some support for the rally trend, such as PV Drilling (PVD) up 2.93 per cent.

However, gains were capped by losses in many large-cap stocks due to some sell-off activities.

In the top five stocks influencing the downside, Masan Group (MSN) lost the most, down 0.95 per cent. Other stocks included Novaland (VNL), Vingroup (VIC), Vietnam Rubber Group (GVR) and Vinamilk (VNM).

The odd-lot trading was officially launched yesterday and was welcomed by investors, especially new and retail investors with a small budget for investments, according to experts. With this function, investors can place orders with volumes from 1-99 stocks.

Meanwhile, foreign investors were net buyers on both main exchanges. Of which they invested VNĐ177.36 billion on HoSE, while poured VNĐ11.3 billion on HNX.

Macro & Policies

2. Delisting poor quality shares helps make market more transparent

Delisting shares on the stock market is a tool for market regulators to create a transparent investment environment, and filter and remove poor quality stocks that cause market manipulation, strengthening investors' confidence in the stock market.

An investor, Nguyễn Ngọc Hưng, told Việt Nam News Agency that businesses who have shares delisted from the market must be strictly dealt with, but investors who bought shares of that business would be affected and there should be a mechanism to protect them.

According to statistics from the Việt Nam Securities Depository (VSD), since the beginning of this year, 18 companies have cancelled their share listings on HOSE and HNX to switch to the Unlisted Public Company Market (UPCOM). Notably, there are more than 70 enterprises having their status as public companies cancelled and leaving the stock market.

Huỳnh Anh Tuấn, General Director of Đông Á Bank Securities Joint Stock Company, said that many of the delisting cases were related to information disclosure, business results seeing losses for three consecutive years, or accumulated total losses exceeding the amount of charter capital.

When a stock is in danger of being delisted, the stock price plummets and will reflect most of the intrinsic value of the business. When transferring the listing to UPCOM, shareholders will not have much access to information about the business. The UPCOM has low disclosure and financial reporting requirements. Most new businesses will have to publish financial statements after an entire year. However, there are still many businesses seeing their shares increase after switching to UPCOM.

“Investors must define the purpose to invest in stocks, if it is not clear, it is best to cut losses on delisted shares. If the problems that cause businesses to delist and change the exchange are not so serious, not leading to bankruptcy, there is still hope for investors to wait,” Tuấn said.

Lawyer Nguyễn Thanh Hà, Chairman of the Board of Directors of SBLAW Law Firm, said that according to current regulations, shares are delisted, but still meet the condition of a public company, and must register for transactions on the UPCOM system.

Enterprises whose shares are subject to mandatory delisting may only register to list again after trading for at least two years on UPCOM and fulfilling the obligations of the listing organisation.

After a stock is delisted, two cases occur. With shares that will be transferred to other exchanges after being delisted, if they move to a larger exchange, the number of shares held by investors will be converted to the new exchange and traded normally.

If they are transferred to a smaller market, these stocks can still be registered for trading to maintain liquidity. However, if an enterprise's business deteriorates and there is a risk of bankruptcy, the result will be a serious decline in liquidity.

As for unlisted shares that are not transferred to other floors, it is very difficult for investors to transfer their shares. At that time, there are two ways to protect investors' interests. That is, the company issuing the shares must spend money to buy back these shares or the State Securities Commission will request that the shares be transferred to an unofficial or secondary exchange so that investors can continue selling them.

“Shares being delisted does not mean they are no longer valuable. Investors should also find out if the business activities of the enterprise are able to recover,” said lawyer Nguyễn Thanh Hà.

Deputy General Director of Kiến Thiết Securities Company Đỗ Bảo Ngọc said the stock market always had a process of screening businesses over time. Only companies with good performance and compliance with securities laws are eligible for long-term listing.

For companies that do not comply with the law, removing them from the listing would also help reduce risks for new investors, he said.

According to this expert, when a business is delisted, it will negatively affect both businesses and

investors. Specifically, businesses are adversely affected by their reputation and brand image in the eyes of partners and investors. The value of shares and the company's capitalisation will decrease sharply when the information is released to the market, he said.

3. Moody's upgrades ratings of 12 Vietnamese banks

Moody's Investors Service has raised the ratings of 12 Vietnamese banks following its upgrade of Việt Nam's sovereign rating to Ba2 from Ba3.

Moody's has upgraded the long-term local (LC) and foreign currency (FC) deposit and issuer ratings of eight banks by one notch (Vietcombank, BIDV, OCB, SeABank, TPBank, Agribank, VIB and VietinBank) and the LC and FC Counterparty Risk Ratings and Counterparty Risk Assessment of seven banks by one notch (BIDV, Agribank, VietinBank, ABBank, LienVietPostBank, SHB and MSB).

The rating actions on the banks follow the firm's upgrade of Việt Nam's sovereign rating to Ba2 from Ba3 on September 6, and the change of the sovereign rating outlook to stable from positive on the same date.

Moody's said Việt Nam's credit strength is a key input in its deposit and debt ratings for financial institutions in the country. The upgrade in banks'

ratings reflects the Government's stronger ability to provide support for banks in times of stress.

Besides, Moody's has also changed the rating outlooks of Agribank, BIDV, OCB, SeABank, TPBank, VIB, Vietcombank and Vietinbank to stable from positive. The rating outlook of ABBank, LienVietPostBank and MSB remains stable while that of SHB stays positive.

Amid the complex international situation leading to over 30 rating downgrades globally over the past eight months, Việt Nam is the only country in the Asia-Pacific and one of the four in the world to record a rating upgrade by Moody's since the beginning of 2022.

The Ministry of Finance said the upgrade of Việt Nam's sovereign rating to Ba2 shows the Moody's recognition of the country's increasing economic strength and better resilience to external macroeconomic shocks compared to others with the same rating.

4. Fuel prices slashed in latest adjustment

Fuel prices were slashed by over VNĐ1,000 per litre across the board on September 12.

RON 95-III decreased by VNĐ1,015 to VNĐ23,215 per litre. E5 RON92 followed suit with a fall of VNĐ1,128, to hit VNĐ22,231 per litre. Diesel fell by VNĐ1,008 to VNĐ24,180 per litre.

A drop of VNĐ1,027 was observed in Kerosene prices, which were adjusted down to VNĐ24,418 per litre. Mazut, likewise, went down to VNĐ15,039 per kilo after an adjustment of VNĐ1,038.

The authorities set aside VNĐ451 for every litre of E5 RON92, VNĐ450 for RON95, VNĐ90 for Diesel, VNĐ741 for Mazut and none for Kerosene to finance the Fuel Price Stabilisation Fund.

The authorities also announced that the funds were not used to stabilise fuel prices this time. Petrolimex said its fund was at VNĐ840 billion so far.

Under Decree 95, fuel prices are adjusted periodically three times per month, on the first, eleventh and twenty-first day.

5. Saigon Hi-tech Park attracts \$12b worth of investment over 2 decades

The Saigon Hi-tech Park (SHTP) in HCM City has attracted more than US\$12 billion in domestic and foreign investment since its establishment 20 years ago.

Speaking at a meeting last week on the occasion of its 20th anniversary, Dr Nguyễn Anh Thi, head of its management board, said it included 51 foreign direct investment (FDI) projects worth more than \$10.1 billion.

They include those by high-tech giants such as Intel and Jabil from the US, Nidec, Nipro, Nippon Telegraph, and Telephone (NTT) from Japan, Samsung from South Korea, and Datalogic from Italy.

There were also 110 local projects worth \$1.93 billion.

Thi promised to offer favourable conditions to attract investment in the tech and supporting industries.

For this, it had organised high-tech supporting industry development programmes to help local firms link up with lead firms through business matching activities, and building export processing zones and industrial parks across the country, he said.

Last year the park's exports of high-tech products were worth \$20.9 billion, or 52 per cent of the city's total exports, and are expected to rise to \$23 billion by the end of this year, he said.

Founded in 2002, the 913ha park targets to become a world-class science and technology park by 2030.

"Improving the quality of the human resource is the most important factor," Thi said.

It was vital to enhance links between educational institutions, businesses and the park, he added.

The park plans to set up a plant and an R&D centre with the intention of making Việt Nam its new manufacturing base, according to Thi.

It also wants to increase investment in manufacturing and set up training schools for engineers.

More than VNĐ10 trillion (\$425.44 million) has been invested in developing the park, VNĐ1.983 trillion by the central Government and the rest by the city.

Another VNĐ4.5 trillion was invested by the private sector in the telecom infrastructure, ready-built factories, logistics and warehouses, and others.

6. Number one priority for Nghi Sơn refinery is to stabilise cash flow: expert

Stable cash flow is key to maintaining the Việt Nam's largest refinery - Nghi Sơn oil refinery's production, said Egashira Hideaki, Investment Director of Idemitsu Kosan Company in a media briefing in Hà Nội last week.

He told the press that earlier this year, due to a lack of finance to import crude oil, Nghi Sơn Refinery - which accounts for 35 per cent of the domestic petroleum market - had to cut its production capacity from 105 to 80 per cent. This immediately affected the domestic petroleum supply, causing a shortage of petrol for the local market.

Egashira Hideaki noted it was very important to ensure a stable finance source for the oil refinery.

Based in central Thanh Hóa Province's Nghi Sơn Open Economic Zone, the refinery boasts a capacity of 200,000 barrels of crude oil a day in its first phase, equivalent to 10 million tonnes a year. Its capability is almost double that of Dung Quất in central Quảng Ngãi Province, the country's first refinery.

The US\$9 billion oil refinery is 35.1 per cent owned by Japan's Idemitsu Kosan Co, 35.1 per cent by Kuwait Petroleum, 25.1 per cent by state-run PetroVietnam and 4.7 per cent by Mitsui Chemicals Inc.

Việt Nam's Nghi Sơn Refinery and Petrochemical (NSRP) has been struggling because of system trouble that delayed its 2018 launch while oil product margins slumped during the COVID-19 pandemic, but the loss has shrunk, as oil prices have soared recently.

Oil prices set a new high from \$60 per barrel to almost \$120 per barrel making it difficult to ensure a profit margin for the refinery. In addition, the COVID-19 pandemic has also made the price of crude oil equal to the selling price of petroleum products of the refinery.

"Earlier this year, there was a time the refinery did not have enough finance to invest and buy crude oil for production," he said.

To avoid a lengthy shutdown after foreign shareholders and the Vietnam Oil and Gas Group

(PVN) came to a consensus to restructure this refinery and provide short-term funding. The move has helped Nghi Sơn oil refinery continue operating for a short time.

Egashira Hideaki affirmed that to stabilise the finance source for this plant, it would be essential to have the consent of sponsors, shareholders, and financial institutions to finance the project and support from Việt Nam's Government.

According to a recent report released by PetroVietnam, the petroleum production plan of Nghi Sơn and Dung Quất oil refineries reached 3.9 million cu.m in the third quarter of 2022 or accounting for 72 per cent of total domestic demand and will increase to 4.4 million cu.m in the fourth quarter, accounting for 80 per cent.

7. Conference continues seeking measures for achieving macro-economic targets

Prime Minister Pham Minh Chinh chaired a conference in Hanoi on September 12 to continue seeking measures for keeping macroeconomic stability, controlling inflation, boosting growth, and ensuring major balances of the economy in the current context.

The conference gathered ministers, heads of ministries and sectors, economists, and representatives of international organisations in Vietnam. It followed a meeting on July 28 between the Government and some ministries and sectors that also discussed short- and long-term solutions to achieve the targets.

The PM pointed out that fast and complex developments in the global situation, including the fierce strategic competition, mounting inflationary pressure, changed monetary policies in some countries, growing crude oil and input material prices, and complicated climate change, have greatly impacted Vietnam.

Under the Party's leadership and thanks to people and businesses' engagement and experts' advice, Vietnam has managed to keep the macro-economy

stable, put inflation under control, promote growth, and ensure major balances.

International organisations have given positive assessments on the country's economic situation and prospects, he noted, adding that Moody's has raised Vietnam's sovereign rating to Ba2 from Ba3 with a "stable" rating outlook, Nikkei given Vietnam the second place in the global COVID-19 Recovery Index rankings (up 12 positions), and the WB and IMF revised up their growth forecasts for the country.

However, PM Chinh noted, there are more difficulties and challenges than opportunities and advantages, so it is necessary to find out and create risk management tools.

In the current context, governance activities must be aligned with the reality and conducted in a flexible, appropriate and effective manner, he added.

The Government leader said after the conference, he will issue a directive on urgent issues and then a Government resolution to ensure more comprehensive leadership over the work.

Corporate News

8. VIC: VinFast delivers first 100 VF 8s to customers in Vietnam

↓ -0.62%

The VinFast VF 8 is positioned in the D-size SUV segment, with a 5-seat design and dimensions of 4,750mm x 1,934mm x 1,667 mm, respectively, in length, width, and height.

There are two version of the VinFast VF 8 - Eco and Plus. The Plus features an electric motor with a maximum capacity of 300 kW and maximum torque of 620 Nm, and a battery capable of

traveling up to 400 km on a full charge according to WLTP standards.

With outstanding, smart features, reasonable prices, and attractive packages, the models are expected to become a worldwide hit.

According to the Vietnamese auto manufacturer, its efforts have helped buyers receive their vehicles 2 months earlier than planned.

9. DXS:DXS to divest from two subsidiaries

↓ -0.23%

DXS will transfer its 55% stake, or 275,000 shares, in Real Estate Plus Corporation, and its 63% stake, equivalent to 378,000 shares, in Nam Bo Invest, the local media reported.

As of the end of second quarter of 2022, DXS had a total of 14 subsidiaries and 47 affiliates.

In the first half of the year, the real estate developer posted some VND2.2 trillion in net revenue and over VND474 billion in after-tax profit, down 30% year-on-year.

DXS lost 0.23% at the close today, September 12.

With 238 gainers and 215 decliners, the VN-Index of the HCMC bourse inched up 0.84 point, or 0.07%, from the session earlier, at 1,249.62. Over

410 million shares worth VND10.7 trillion changed hands, down 30% in volume and 22% in value against the previous session.

In the VN30 basket, 11 stocks closed in positive territory, while 17 others lost.

On the Hanoi Stock Exchange, the HNX-Index slid 1.55 points, or 0.54%, from the previous session, at 283.08, dragged by many bluechips.

Lender NVB dipped by 4%, while construction firm HUT and property group CEO ended at their intraday low.

Oil and gas firm PVS stood at the reference price, but took the lead by liquidity on bourse with a matching volume of over 10.4 million shares.

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