



VIETNAM DAILY NEWS



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Market Analysis

1. Shares open the new trading week on positive note

Shares started the new trading week positively but liquidity decreased and foreign traders returned to be net sellers, showing rising caution among investors.

On the Ho Chi Minh Stock Exchange, the VN-Index increased by 0.33 per cent to close at 1,070.64 points.

The market performed positively for most of the trading time but selling pressure increased towards the end of the session, leading to drops in some major stocks.

Losers that weighed on the VN-Index included Vietcombank (VCB), Vinamilk (VNM), Vingroup (VIC), Masan Group (MSN), PV Gas (GAS) and insurer Bao Viet Holdings (BVH) with decreases of between 0.6 per cent and 1.2 per cent.

Overall, the market breadth was positive with 263 stocks rising, 125 declining and 84 closing flat. Of the VN30 basket (which tracks the top 30 shares by market value and liquidity), 16 advanced, 10 declined and four closed unchanged.

Banking continued to show its prominent impact on the market as six of the top 10 shares lifting the VN-Index most were from this industry. They included Techcombank (TCB), VPBank (VPB), Military Bank (MBB), Eximbank (EIB), Sai Gon-Ha Noi Bank (SHB) and Sacombank (STB) with growth of more than 1 per cent each.

Liquidity decreased slightly with more than 711 million shares worth VND12.5 trillion (US\$531 million) being traded on the HCM City's bourse,

down 6 per cent in both volume and value compared to Friday's levels.

Foreign traders returned to net sellers after a strong buys on Friday. They offloaded shares worth net value of nearly VND468 billion, focusing on VNDirect Securities (VND) and steelmaking giant Hoa Phat Group (HPG) with net sell value of more than VND50 billion each.

Meanwhile on the Ha Noi Stock Exchange, the HNX-Index grew 0.93 per cent to end at 215.90 points. However, trading volume and value dropped 21 per cent and 24 per cent, respectively, totalling nearly 84 million shares worth VND1.25 trillion.

According to analysts from Vietnam Construction Securities Company (CSI), the weekly chart indicates a bearish candle, but the VN-Index remains in a slightly positive territory compared to the previous week, suggesting that a short-term correction may have concluded.

However, the gains made by breakout stocks last week such as petroleum, real estate, pharmaceuticals, among others, were not significant. Therefore, it is unlikely that a strong upsurge will occur in the upcoming sessions.

"We still anticipate a positive market outlook, and thus, investors should continue to prioritise holding stocks and increase their holdings in profitable stocks when the market undergoes corrections, as seen in the previous session," they wrote in a note.

Macro & Policies

2. Electricity prices approved for 15 renewable energy projects

Tran Viet Hoa, director of the Electricity Regulatory Authority of Vietnam, said that 37 of 85 wind and solar power projects in the transitional period have sent their documents to EVN for pricing talks.

Fifteen wind and solar power plants with a total capacity of 1,200 MW had their provisional electricity prices approved by the Ministry of Industry and Trade.

Among them, there are three solar power plants, seven onshore wind power plants, and five offshore wind power plants.

In addition, six other power plants have reached an agreement on temporary pricing and are expected to submit the necessary documents to the Ministry of Industry and Trade this week.

The Ministry of Industry and Trade requested EVN and investors to urgently complete pricing talks, sign contracts, and complete legal procedures to integrate these plants into the national grid.

A power project is eligible for operation when it is licensed by the authorities, according to EVN. However, only 16 of 85 transitional renewable energy projects have been allowed by the Ministry of Industry and Trade to be put into operation.

Prime Minister Pham Minh Chinh urged EVN to complete pricing talks with the investors of wind and solar power projects as soon as possible on May 17 to help ensure electricity supply for businesses and households during the dry season.

3. Temporary prices set for two transitional wind power projects

EVN said that it received applications for negotiation for the procurement of electricity from 31 out of 86 transitional wind and solar power plant projects, totalling 1,956 MW in capacity but not yet in commercial operation (COD).

In particular, 16 investors have proposed to apply a temporary price during the negotiation period.

EVN has met and reached a consensus on temporary electricity prices with six power plants, including Nam Binh 1 wind power plant, Vien An wind power plant, Hung Hai Gia Lai wind power plant, Phu My 1 solar wind power plant, Phu My 3 solar power plant and Hanbaram wind power plant.

On May 10, EVN approved temporary electricity prices for Nam Binh 1 and Vien An wind power plants, while Nam Binh 1, Hung Hai Gia Lai, and Habaram were licenced.

According to the Electricity Law, power projects can only be placed into operation after receiving an electricity activity license.

However, only 13 transitional energy plants, accounting for 15% of the total, have received electrical operation licenses from the Ministry of Industry and Trade.

4. Sector's assets risk being stranded by climate change and energy shift

Viet Nam energy sector's assets face high risk due to climate change and the country's commitment to a

shift towards greener energy and economic structure in accordance with the 26th UN Climate

Change Conference of the Parties (COP26), according to economists and industry experts.

Dr Vu Sy Cuong from the Vietnam Academy of Finance said climate change will likely have a significant impact on Viet Nam's energy sector, especially its thermal power plants.

Higher temperatures tend to decrease the plant's power generation efficiency while increasing water temperatures can have adverse effects on their cooling systems. Commitments to reducing the country's carbon footprint will also affect Viet Nam's numerous coal-fired power plants.

Fueling such power plants will likely run into a host of problems in the future as coal mining in the northern province of Quang Ninh and in the Red River Delta region has been facing growing issues due to higher frequency and intensity of storms and floods, leading to higher production cost and lower output.

Adverse effects of climate change such as heavier rainfall and extreme weather events will likely increase the cost of maintaining the energy grid, as well as repair, upgrade and installation.

Extreme weather events will also cause more damage to the country's energy systems while raising the cost of new investments and energy transport, including the petroleum refining industry.

Stranded assets

On top of mounting challenges faced by the energy sector, Viet Nam's transition to greener energy and economic structure is already putting many assets in the energy sector at risk of being stranded,

especially coal-fired power plants, said researchers and industry experts.

Coal-fired plants face a significant risk of being shut down earlier than their designed life spans due to the government's commitment to shifting to more environmental-friendly energy sources.

Meanwhile, many European countries and Japan have announced a halt in financing support for coal-fired plants, meaning investors will now have to borrow at higher costs, hurting their ability to recover investments in the shorter term. A vast majority of energy projects that enjoy preferential rates in Viet Nam are in the renewable energy sector.

Given the nature of energy projects, which often require large amounts of capital investment, the cost of borrowing has a significant impact on coal-fire plants' operational efficiency.

The government, bounded by CO2 emission commitments, may also step in to shorten the life spans of such plants. This could give rise to future legal disputes with investors, especially in build-operate-transfer projects.

According to a report by the Ministry of Construction, Viet Nam had 29 coal-fired power plants in operation in 2021 with thermal energy accounting for 32 per cent, a significant chunk of the country's total output.

In order to fully meet COP26's commitments as well as to reach Viet Nam's net-zero target by 2050, the government has announced a ban on all thermal power plants after 2030. It has also set a goal to bring down coal-fired plants' output to 37,476MW, or just a quarter of the country's total output.

5. Vietnam takes on pressures of foreign capital attraction

At last week's conference "Strong Investment Partnerships for a Thriving Vietnam" hosted by VIR, representatives of many foreign-invested enterprises (FIEs) discussed their concerns and gave recommendations for Vietnam to foster new investment inflows amid global complicated developments.

Choi Joo Ho, CEO of Samsung Vietnam, said that Vietnam's competitiveness to allure foreign investment is threatened because of different factors.

"The global minimum tax regime is a prime example of the most significant external environmental changes," he said. "If Vietnam also applies these policies, it could eliminate the instability in the

business activities of affected FIEs. Samsung expects the Vietnamese government to continue creating a predictable business environment that is in line with global standards and the recent change in investment climate.”

Similarly, Trang Le, head of Research and Consulting at JLL Vietnam added, “In order to attract foreign direct investment (FDI), we still have to revolve around factors such as promoting the completion of legal procedures for investment, improving the quality of infrastructure for production, serving development of the real estate market, and improving quality human resources to be able to absorb foreign capital flows, especially in the manufacturing industry.”

Raymond Gordon, vice chancellor and president of British University Vietnam, added, “Vietnam needs to further improve regulations and ways to attract more FDI in education, contributing to improving the quality of human resources, serving the socioeconomic development in the time to come.”

Do Van Su, deputy director general of the Foreign Investment Agency under the Ministry of Planning and Investment, admitted that new investment in Vietnam has slowed in recent times, in part because of the pandemic, geopolitical fluctuations disrupting supply chains, consumption of European and American countries declining, inflation, and production stagnation.

“While FDI inflows into Vietnam in these two years see some rise in the number of projects by about 16-22 per cent over the same period last year, Vietnam is missing out on mega projects that make a breakthrough in investment value,” Su noted.

Across over three decades of attracting FDI, the event heard that Vietnam has learned many lessons

and is still considered an attractive destination for FIEs, illustrated in the consolidated registered capital of \$446 billion and disbursed capital of \$280 billion so far.

Many successful stories were shared at the conference, showing the strong confidence and long-term commitments in Vietnam from many of the companies and organisations involved.

“At present, more than half of all Samsung smartphones selling around the world are made in Vietnam. The nation has grown significantly to become a key player in the production of mobile phones globally,” Choi Joo Ho said. “IT businesses around the world are seriously watching Vietnam, acknowledging it as a manufacturing hub for mobile phones.”

Kim Le Huy, vice president of Business Unit Consumer Goods at DKSH Vietnam, said, “Besides offering our business partners best-in-class services, we also leverage our market position to contribute to the sustainable development of the communities where we operate, including Vietnam.”

Meanwhile, Ha Do, partner and IGH/ESG head at KPMG Vietnam and Cambodia, foresees that environmental, social, and governance requirements are also becoming increasingly important, while also having a direct impact on attracting investment from abroad.

“The question here is what action has been taken by the Vietnamese government, what action will be taken in the future, and what legal frameworks have been put in place and can still be crafted in order to help businesses in Vietnam meet those requirements,” she noted.

6. Farmers look to capitalise on increased agricultural product exports to China

The newfound export surge can be attributed to China's recent modifications in its COVID-19 prevention policies, leaving farmers in a state of anticipation.

Vang Kim Sinh, a farmer of Tan Tien Hamlet, Trinh Tuong commune, Bat Xat district said he and his neighbours have shifted to plant bananas instead of cassava to earn a living in recent years.

The technique of growing bananas is simple, bringing higher income than growing cassava, he said.

He said since the beginning of this year he has sent several containers of bananas through Kim Thanh International Border Gate.

One container contains about 3,300 boxes of bananas, he said.

He said that the price of bananas, which are exported to China, is more than doubled that of bananas he sells to the domestic market.

When China closed its door due to the pandemic, he said that bananas from the commune were only sold domestically with the highest price of 3,000 VND (0.12 USD) per kg.

Now, he said the bananas had been exported to China's Yunnan province with the price over doubled, about 7,000 VND (0.30 USD) per kg.

Statistics from Lao Cai province's Customs Department showed that in the first quarter of this year, import and export turnover through local border gates reached nearly 186 million USD.

The export turnover reached 92.4 million USD, about 90.1% higher than last year, while the import turnover reached 93.2 million USD, about 15% higher than last year.

Agricultural products are still the main exported products, reaching more than 71 million USD, about 63.2% higher than last year, Chinh phu (Government) News reported.

Agricultural products account for 76.8% of the total export turnover. Main agricultural products include dragon fruit, banana, rambutan, watermelon, cassava and durian.

Creating favourable conditions

Duong Xuan Sinh, deputy director of the provincial Customs Department, said that the department had deployed the electronic customs model and electronic tax collection-and-payment model to assist businesses in saving time and costs in taking customs clearance procedures at border gates.

The department has also maintained good infrastructure to serve the operation of the "priority stream" for agricultural products through a pair of international road border gates of Vietnam's Kim Thanh and China's Beishan since June 28, 2019, he said.

Besides, he said that the border guard force had arranged more staff to regulate traffic at the border gates, instructing drivers to stop and park at the right places.

He said about 300 vehicles carrying imported and exported goods run through Lao Cai International Border Gate daily.

"We have restored all activities on the border areas to facilitate economic development and trade at the border gate," said Lieutenant Colonel Nguyen Trong Tue of the Lao Cai International Border Gate's Border Guard Station.

In addition, the border guard force has also created favourable conditions for entry and exit for people, vehicles and goods through the Kim Thanh International Border Gate based on the principle of strictly implementing the agreement on border gates and regulations on the management of the land border gate between Vietnam and China.

Enhancing connectivity

China has been an important export market for some agricultural and aquatic products of Vietnam, and it is the largest export market for Vietnamese vegetables, fruits, cassava and products from rubber. After the US and Japan, it is the third largest export market for Vietnamese seafood products.

Some commodity groups such as seafood, fruit, and coffee of Vietnam are among the ten largest exporters to China.

During an official visit to China by Party General Secretary Nguyen Phu Trong in late 2022, the two sides already signed several Protocols on the export of agricultural products.

China officially reopened border gates on January 8 this year after it changed COVID-19 prevention policies, offering an opportunity for many types agricultural and aquatic products of Vietnam to export to China.

To Van Quang, China's Dong Dang Investment Industry Company Limited, said that this year, the company plans to buy 35,000 tonnes of durian, including 15,000 tonnes from Vietnam.

Besides, the company also demands to buy 120,000 tonnes of purple sweet potatoes and seafood such as catfish and pit fish.

With great help from large State-owned enterprises in China and competent authorities in Vietnam, the company is promoting the establishment of the Vietnam Seafood Trading Centre in Fangchenggang City in Guangxi Province, he said.

Fangchenggang City's administration has started the construction of two large-scale seafood cold

storages. The first cold storage has an area of 600 acres (2.4 million sq.m) with the capacity to store 200,000 tonnes of seafood. He said the second cold storage has an area of 1,000 acres (over 4 million sq.m) with a storage capacity of 600,000 tonnes of seafood.

Therefore, he said Vietnamese seafood could enter the Chinese market in large quantities very quickly in the future.

He added that the centre in Fangchenggang City is also a place where buyers and sellers can directly meet and transact.

Vu Ba Phu, Director of the Vietnam Trade Promotion Agency under the Ministry of Industry and Trade, said that trade promotion activities with the Chinese market have been active since the first months of this year.

He said this year's export promotion activities for the Chinese market focus on supporting Vietnamese businesses and localities to export their products through official channels to China.

Vietnam has a northern border with China with a length of over 1,449 km. Cross-border import and export activities in seven northern border mountainous provinces, with seven international border gates, six bilateral border gates, and 21 sub-border gates, are getting busier and busier.

7. Vietnamese, Thai localities seek multi-faceted cooperation

The governor welcomed the visit of the Vietnamese delegation on the occasion of President Ho Chi Minh's 133rd birthday, adding that the memorial site dedicated to the late leader of Vietnam and the Thailand-Vietnam Friendship Village in Nakhon Phanom, where the late President lived and worked in 1928 and 1929, is a historic and cultural relic with important significance for their bilateral relations.

He expressed his desire to promote multifaceted cooperation with Vietnamese localities, through

road and rail transportation connectivity between Vietnam, Thailand, and Laos.

Acknowledging the contributions of the Vietnamese community to the local socio-economic development, Wanchai affirmed his support for the community in the province, and for the maintenance of the memorial site of President Ho Chi Minh.

For his part, the Vietnamese Ambassador highlighted the fruitful results of the ties between the two nations in various sectors and indicated that

Nakhong Phanom has great advantages in strengthening cooperation with Vietnamese localities.

The same day, the Vietnamese diplomat visited the International Aviation College - Nakhon Phanom University, the only facility that offers pilot and flight attendant training in the northeast region of Thailand.

Nakhom Phanom University has cooperated with many higher education establishments in central Vietnam for more than 20 years. More than 500 Vietnamese students have studied at this institution.

Every year, about 300 Thai students at the university choose Vietnamese as their foreign language subject.

To further promote collaboration between the two countries in the field of education, the ambassador suggested that the university continue to promote the teaching and learning of the Thai and Vietnamese languages for students from the two countries, and form sisterly relations with Vietnamese institutions.

Corporate News

8. VSH: Result of bond repurchase before maturity

- 0.00 %

On May 18, 2023, Vinh Son - Song Hinh Hydropower Joint Stock Company announces the result of the repurchase of bonds before maturity as follows:

Unit: million dong

No.	Bond code	Par value (VND)	Term	Issue date	Maturity date	Issue volume (at par value)	Outstanding volume (at par value)	Repurchase volume (at par value)	Execution date (at par value)	Remaining volume after the repurchase (at par value)
1	VSH_BOND_2019_2	1,000	07	11/08/2019	11/08/2026	100,000	17,000	17,000	05/18/2023	0
2	VSH_BOND_2019_3	1,000	07	12/27/2019	12/27/2026	200,000	27,000	27,000	05/18/2023	0
Total						300,000	44,000	44,000		0

9. TCD: Record date for dividend payment 2021 and 2022

↑ 4.03 %

On May 18, 2023, the Hochiminh Stock Exchange issued an Announcement No. 920/TB-SGDHCM about the record date to pay the stock dividend in 2021 and 2022 of Transport and Industry Development Investment Joint Stock Company as follows:

1) Ex-right date: May 29, 2023

2) Record date: May 30, 2023

3) Exercise ratio: 100:15 (Those who own 100 shares will receive 15 new shares)

4) Expected number of issued shares: 36,662,745 shares

5) Place of implementation:

- For deposited securities: Shareholder will implement procedures to receive dividend at the securities company where shareholders opened securities depository account.

- For undeposited securities: Shareholder will receive dividend at Transport and Industry Development Investment Joint Stock Company on working days. Please present shareholder's identity card/citizen identity card and Share ownership certificate when receiving dividend at the Head office.

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