



INVESTMENT REPORT
**VIETNAM'S ELECTRONICS
& ELECTRICAL INDUSTRY**

IN THE FIRST 8 MONTHS OF 2021



**All data included in the Report has been updated up to August 31st, 2021.*

Table of Content

I. CURRENT STATUS OF ELECTRONICS & ELECTRICAL INDUSTRY IN VIETNAM	3
1.1/ Index of industrial production (IIP)	4
1.2/ Exportation of electronic products	5
1.3/ Consumption index of electronics & electrical products	6
II. INVESTMENT OF ELECTRONICS & ELECTRICAL PROJECT IN VIETNAM	7
2.1/ Electronics & electrical project has been licensed in the first 8 months of 2021	8
2.2/ Top 10 new licensed significant projects in 8 months of 2021 (in term of registered capital value)	10
2.3/ Difficulties and advantages in the process of investing in electronics & electrical projects in Vietnam	11
III. POTENTIAL FOR INVESTMENT AND DEVELOPMENT OF ELECTRONICS & ELECTRICAL PROJECT IN VIETNAM	12



I. CURRENT STATUS OF ELECTRONICS & ELECTRICAL INDUSTRY IN VIETNAM

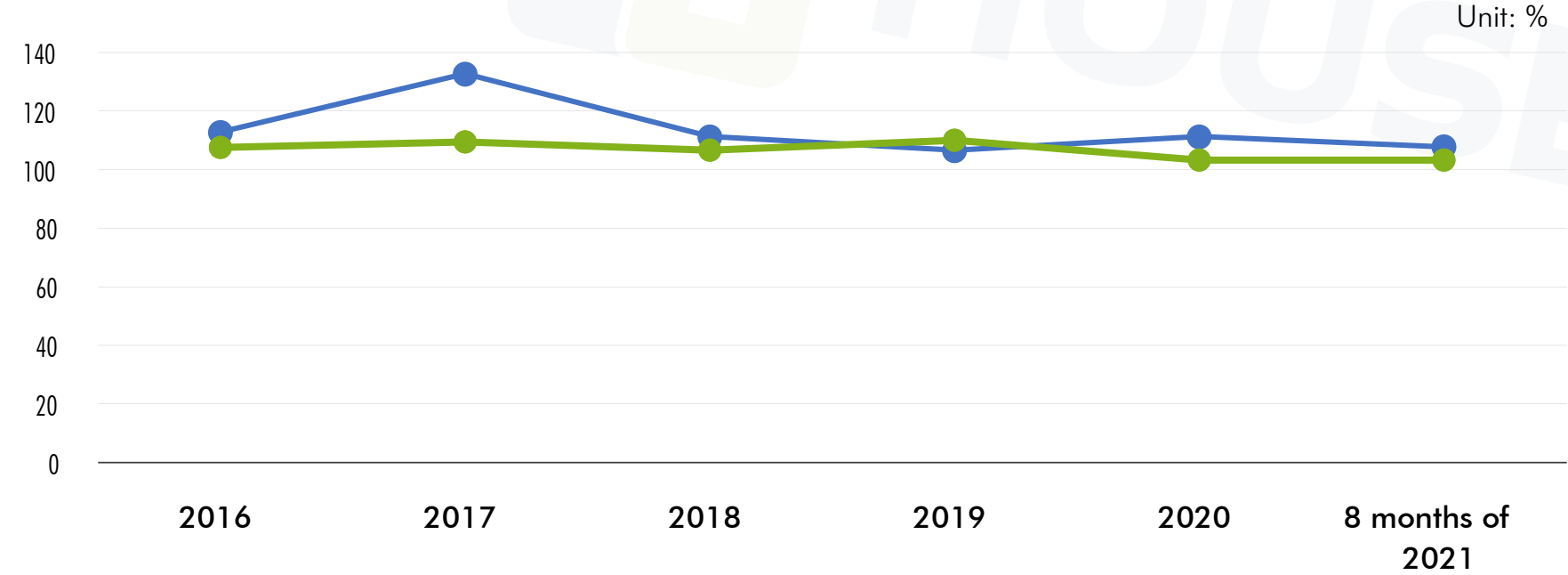
“The electronics & electrical industry has a key position in the economy development and has a strong spillover effect on other industries”

1.1/ INDEX OF INDUSTRIAL PRODUCTION (IIP)

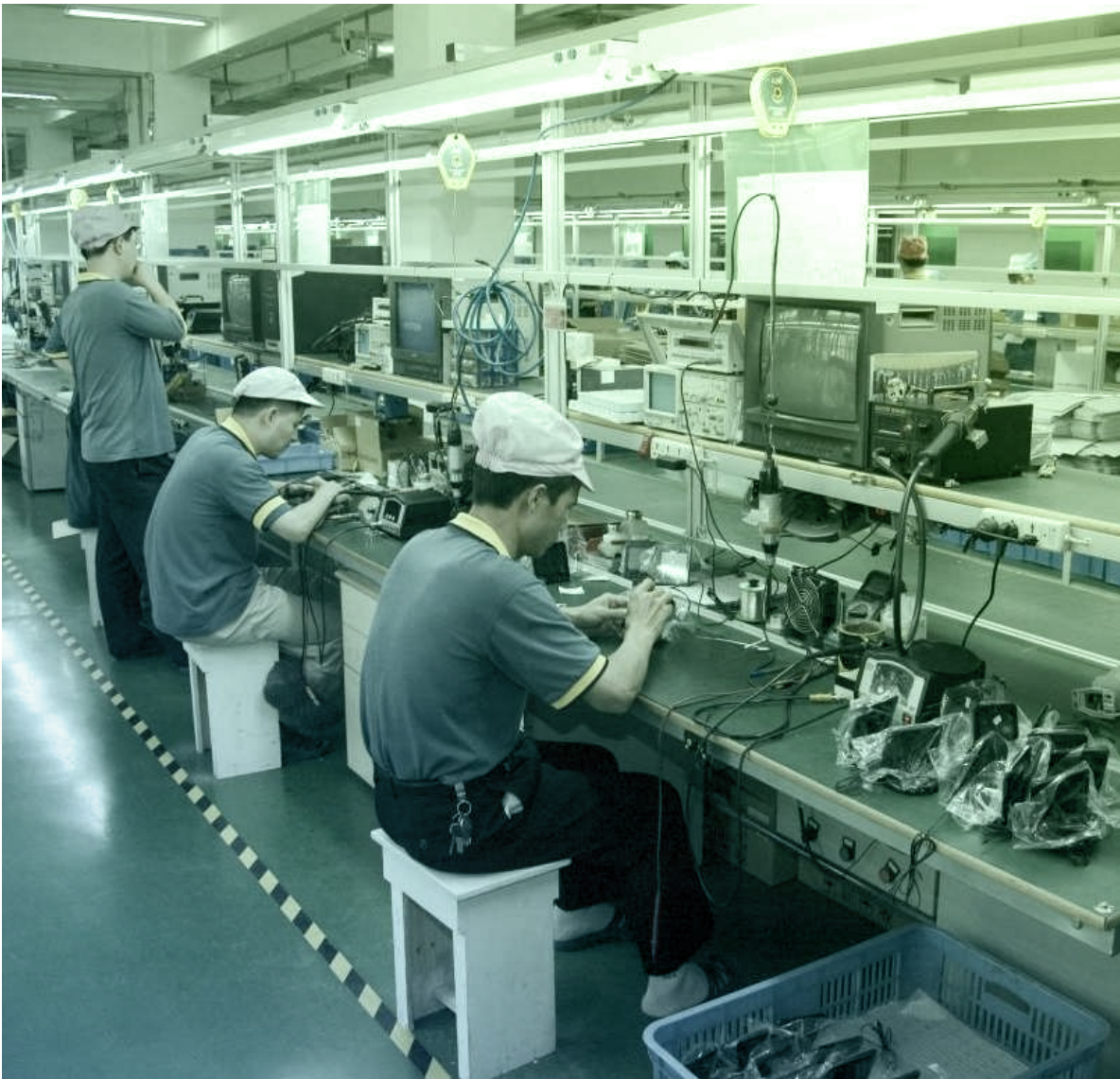
The IIP in the first 8 months of 2021 compared with the same time of 2020 of Manufacture of electronics & electrical products, computers, optical products and Manufacture of electronic equipment sector increased slightly compared with the same period in 2020 (7.8% and 3.3% accordingly).

IIP RATE (COMPARED WITH SAME PERIOD OF THE PREVIOUS YEAR)

- Manufacture of electronic products, computers and optical products
- Manufacture of electronic equipments



Source: GSO, HOUSELINK



1.2/ EXPORTATION OF ELECTRONIC PRODUCTS

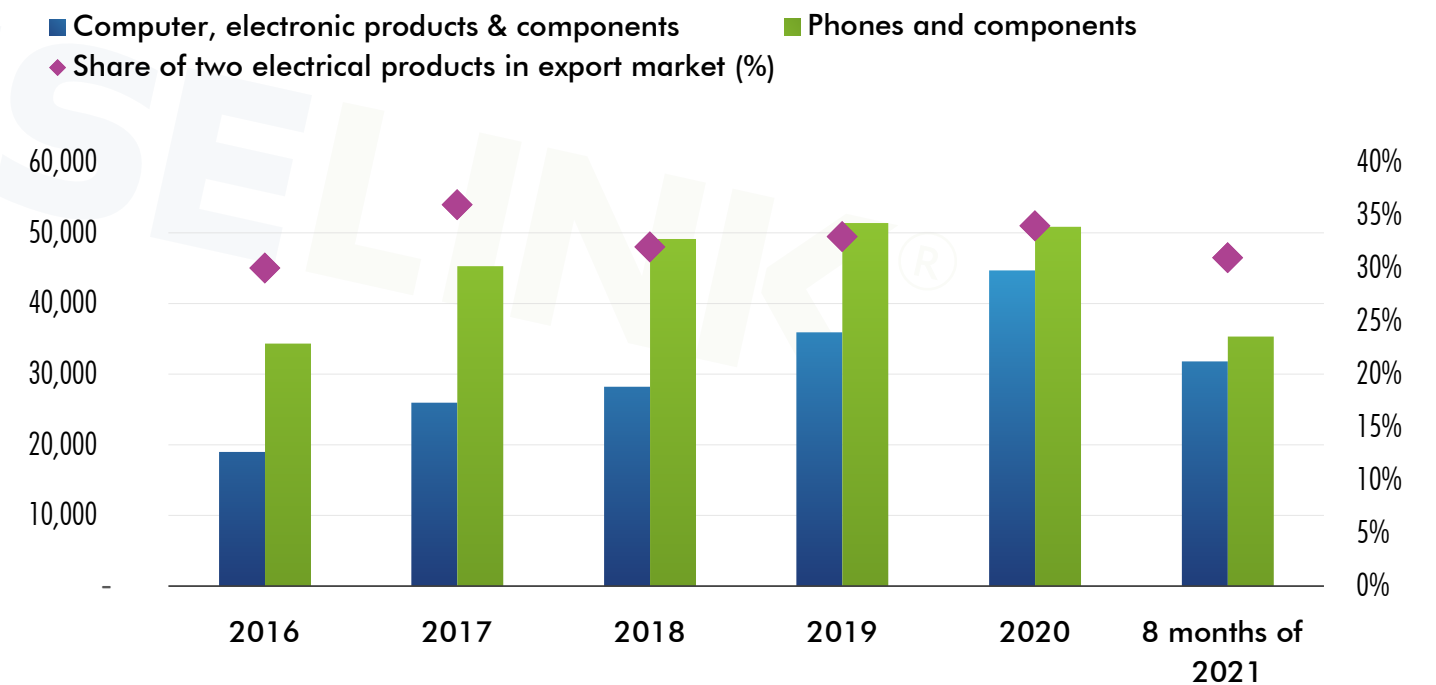
From 2016 until now, the export value growth rate of Vietnam's electronics industry has always been the highest in the world, is considered a spearhead industry and has attracted many foreign investors, and plays a large role in exportation of Vietnam yearly. However, Vietnam's electronics industry is still at an early stage in the electronic product production chain.

In fact, Vietnam's electronics industry currently only assembles parts and does simple production processing; in term of production of components or specialized devices, Vietnam still have not yet made any big achievement. The significant development of Vietnam's electronics industry in recent years is mainly reflected in the attraction of large investments from multinational corporations, especially those from Korea and Japan. FDI projects in the field of electronics manufacturing account for 95% of the total export turnover of this industry.

Among export items, the ones that makes the biggest contribution to the growth of Vietnam's export turnover are Phones – components and Computer, electronic products & components. The export of these products has grown strongly and steadily over the years, account for more than 30% in total export turnover through the years, only the proportion of exports of phones and components in 2020 has decreased slightly compared to the previous year. In 2021, in the first 8 months, the export proportion of these two types of products has reached about 70% of the its export value in 2020 and account for 31% of

of total export value. And it is expected that by the end of 2021, the export proportion of these two products will reach approximately 50 billion dollars according to experts' cognizance. One of the main reasons for this high number is due to the high market demand (because of the Covid-19 epidemic, many companies must change the working way to work from home. This is popular trend in countries around the world).

EXPORT TURNOVER OF ELECTRONIC PRODUCTS (MILLION USD)

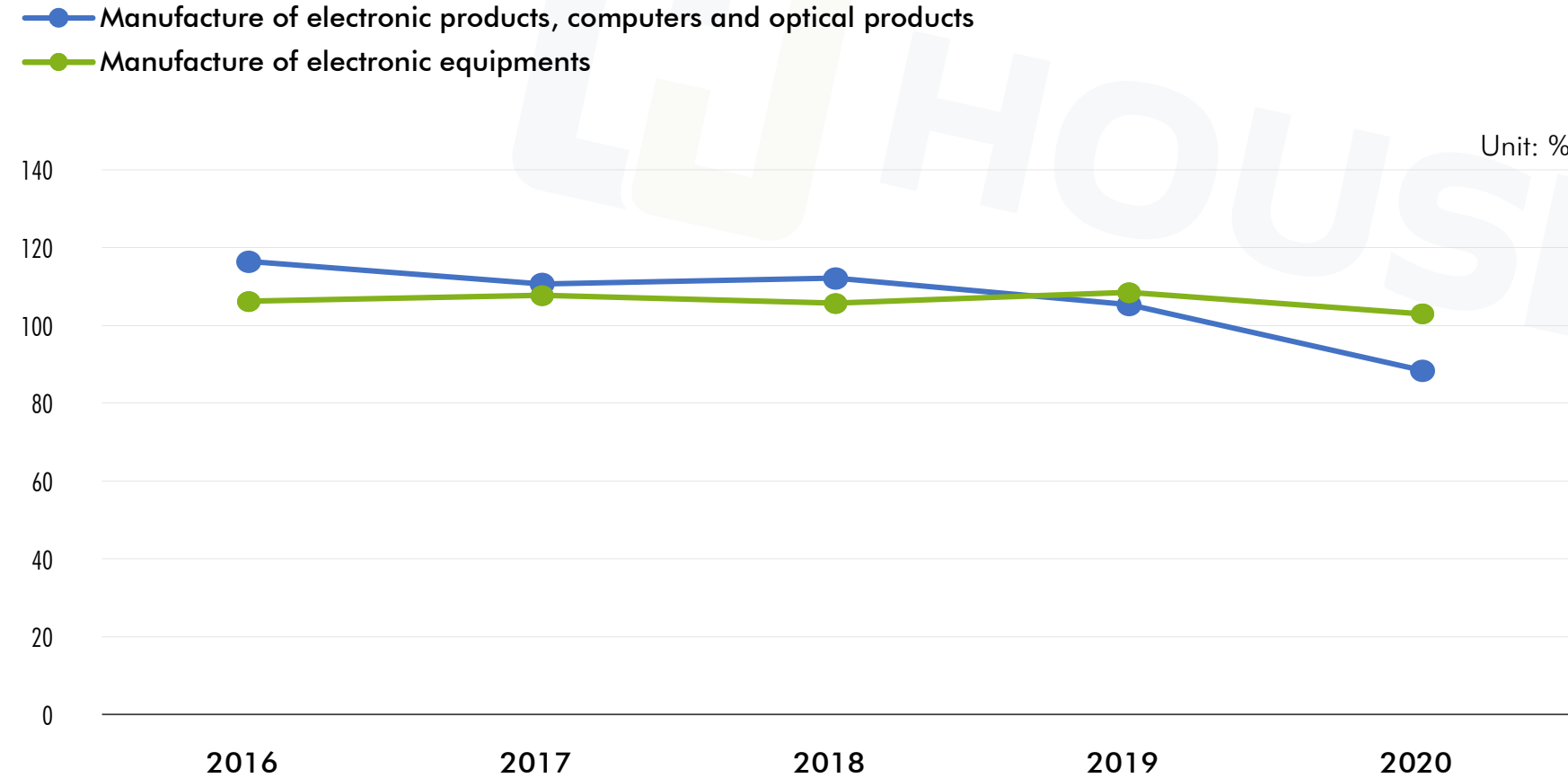


Source: GSO, Vietnam Customs, HOUSELINK

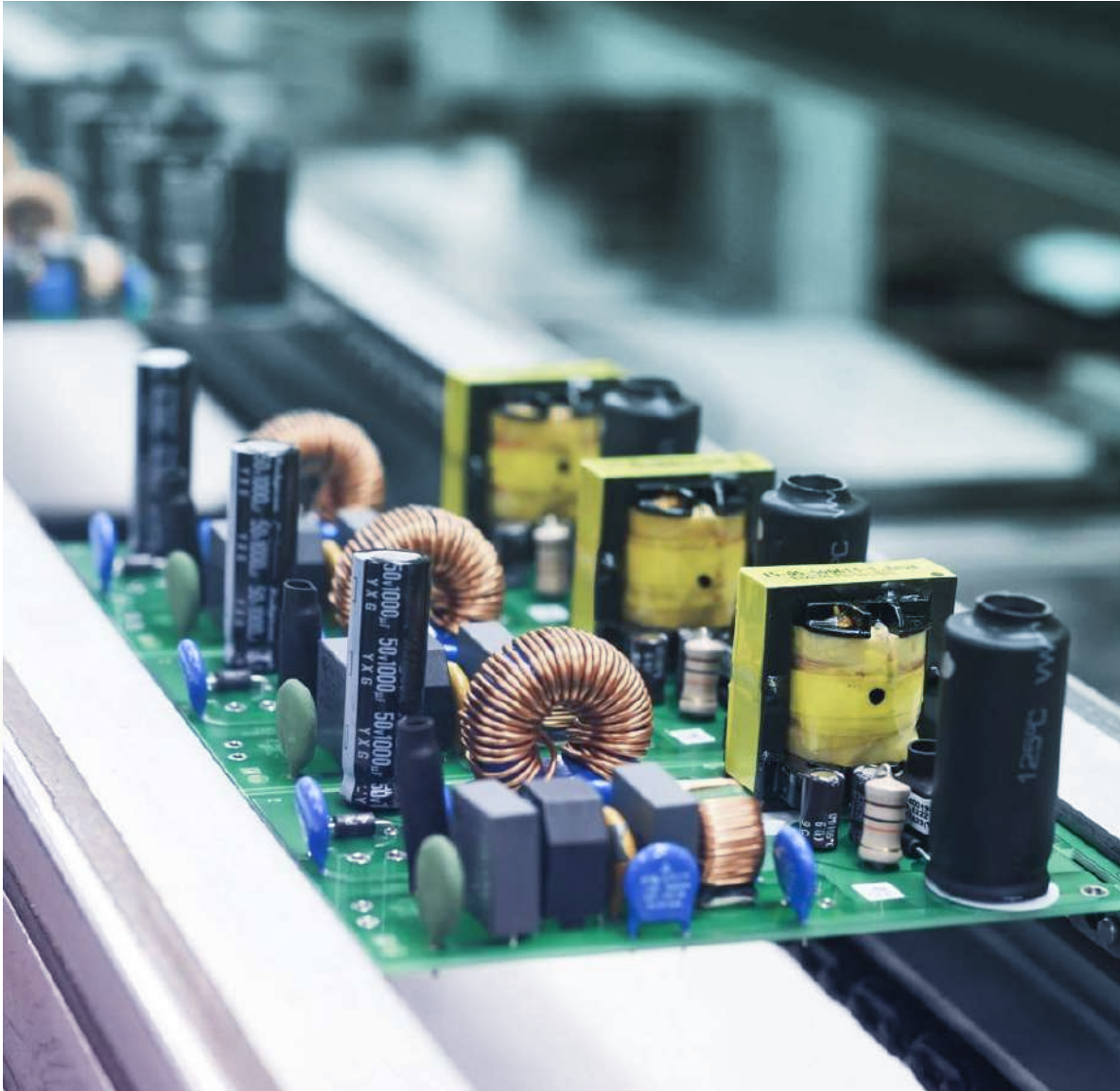
1.3/ CONSUMPTION INDEX OF ELECTRONICS & ELECTRICAL PRODUCTS

In the years from 2016 to 2019, the consumption index of electronics & electrical products, computers, optical products and electronic equipment always maintained an increase compared to the previous year, only the consumption index of electronics & electrical products, computers and optical products this year 2020 down 11.6% compared to 2019.

CONSUMPTION INDEX (COMPARED WITH SAME PERIOD OF THE PREVIOUS YEAR)



Source: GSO, Vietnam Customs, HOUSELINK





II. INVESTMENT OF ELECTRONICS & ELECTRICAL PROJECT IN VIETNAM

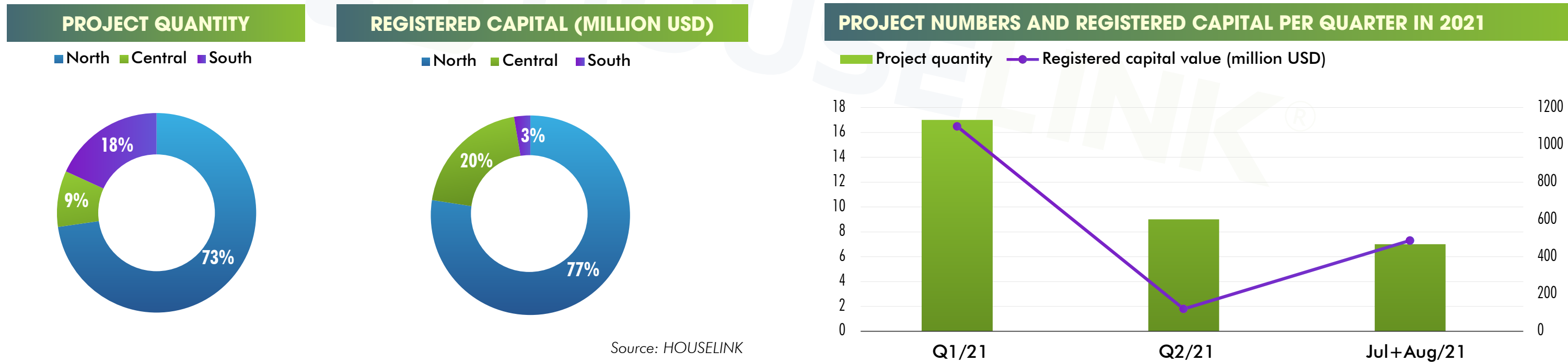
(All collected data from projects have approved investment capital above 2million USD)



2.1/ ELECTRONICS & ELECTRICAL PROJECT HAS BEEN LICENSED IN THE FIRST 8 MONTHS OF 2021

In 8 months of 2021, there were 33 electronics & electrical projects have been licensed. The total registered investment capital reached more than 1.7 billion USD. In which, These figures have shown that, the Northern market still attracted more projects with bigger size and more than 70% projects located in the North both in term of quantity and registered capital value. The project numbers located in the Central is least (only 03 projects) but the value of registered capital is quite large, bigger than projects in the South. Especially 02/03 projects in the Central had the registered capital value over 100 million USD (Everwin Electronic Nghe An Factory and United Stated Semiconductor Materials Factory in Danang).

In 8 months of 2021, almost projects registered in Q1/2021. The project quantity and registered capital value decreased sharply in Q2/2021 due to the Covid-19 outbreak has lasted from April. However, in July and August, the amount of registered capital increased so much and the number of registered projects was almost equal to Q2 although Q3 still has 1 month to go. We can fully expect the prospect of manufacturing projects can increase further in the remaining time of the year thanks to the Government's efforts in preventing the epidemic, stimulating production.

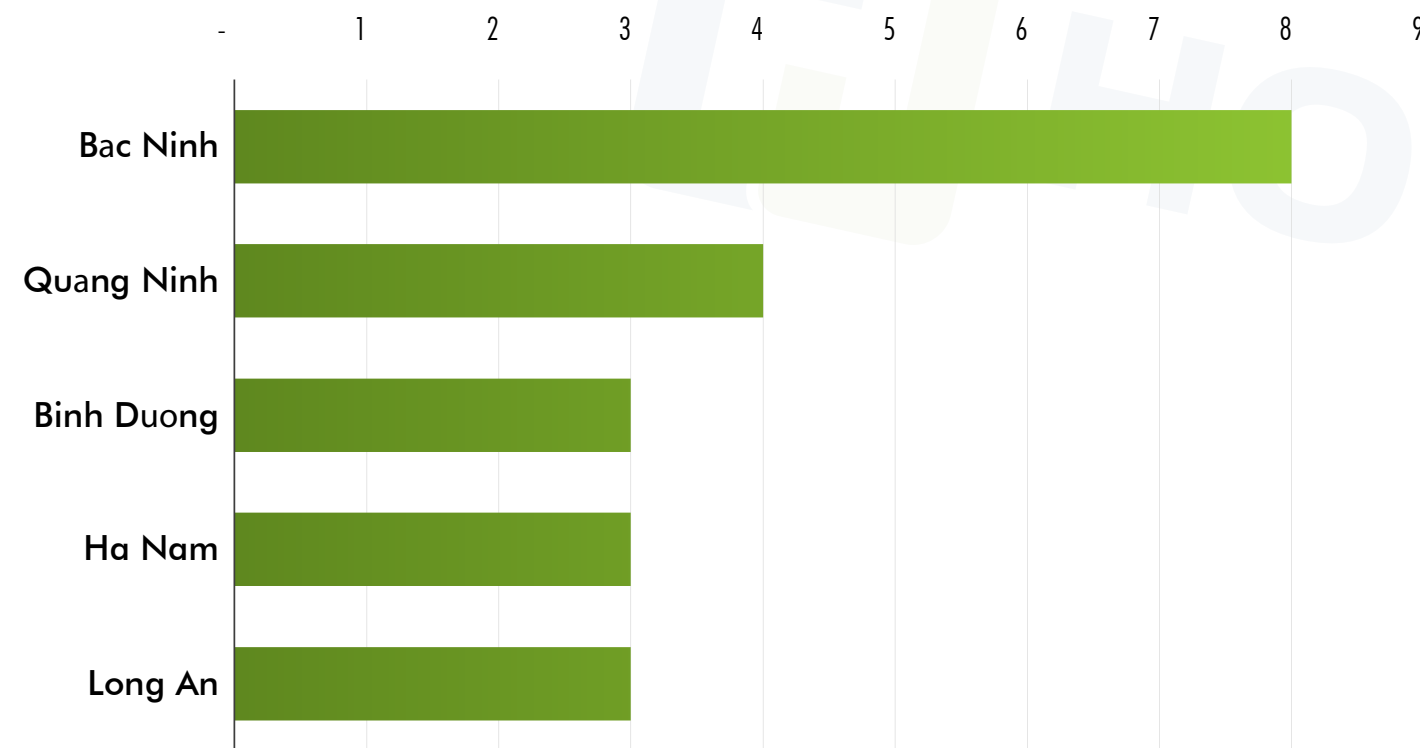


Source: HOUSELINK

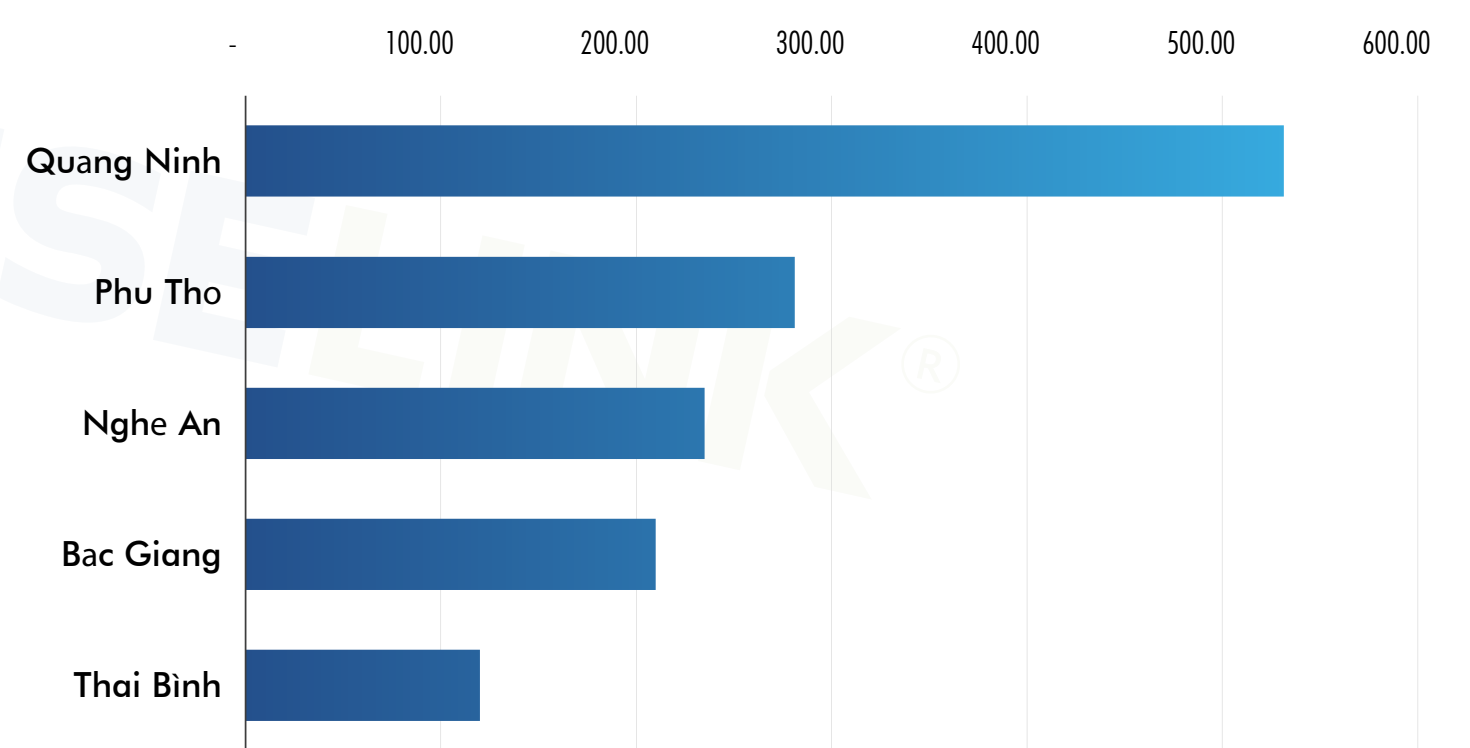
Source: HOUSELINK

Bac Ninh is the province with the largest number of projects among newly licensed projects in the first 8 months of 2021, but the project scale is not too large. In which, most of the large-scale projects located in Quang Ninh. Quang Ninh also ranked second in the number of registered projects. Except for Quang Ninh, the remaining provinces in the top 5 projects in terms of quantity and value of registered capital are not the same. While projects are concentrated in Bac Ninh, Binh Duong, Ha Nam, and Long An, large-scale projects are concentrated in Phu Tho, Nghe An, Bac Giang, and Thai Binh.

TOP 5 PROVINCES IN PROJECT QUANTITY IN 8 MONTHS OF 2021



TOP 5 PROVINCES IN REGISTERED CAPITAL VALUE IN 8 MONTHS OF 2021 (MILLION USD)



Source: HOUSELINK

2.2/ TOP 10 NEW LICENSED SIGNIFICANT PROJECTS IN 8 MONTHS OF 2021 (IN TERM OF REGISTERED CAPITAL VALUE)

Number. Name of project

1	<u>JINKO SOLAR PANELS FACTORY PHASE 2</u>
2	<u>BYD ELECTRONICS FACTORY</u>
3	<u>JA SOLAR PHOTOELECTRIC CELLS FACTORY</u>
4	<u>EVERWIN ELECTRONICS NGHE AN FACTORY</u>
5	<u>LOTES VIETNAM ELECTRONICS FACTORY</u>
6	<u>UNITED STATES ENTERPRISE SEMICONDUCTOR MATERIALS FACTORY</u>
7	<u>SUMI VIETNAM WIRING SYSTEM THANH LIEM FACTORY</u>
8	<u>GOERTEK NGHE AN ELECTRONICS FACTORY- PHASE 2</u>
9	<u>HI-P VIETNAM ELECTRONICS FACTORY</u>
10	<u>LS ELECTRIC BAC NINH EXPANSION FACTORY</u>



 **New CC Construction Consultants Co., Ltd.**
The leading company in Architecture, Engineering, Design and Project Management in Vietnam.

2.3/ DIFFICULTIES AND ADVANTAGES IN THE PROCESS OF INVESTING IN ELECTRONICS & ELECTRICAL PROJECT IN VIETNAM

Electronics & electrical Industry development advantages:

According to the Mr. Nguyen Ngoc An, President of NEW CC CONSTRUCTION CONSULTANTS CO., LTD, Vietnam's electronics & electrical industry in recent years has achieved strong growth that is attractive to leading electronic investors such as Samsung, Foxconn, LG, etc., for a number of reasons:

Firstly comes from the demand side: The registered and disbursed capital of FDI investors into Vietnam has continuously grown and maintained at a high level in the past 10 years. Many large investors are still pouring capital into Vietnam to take advantage of the advantages: Low investment costs, abundant and competitive labor, many tax incentives and opportunities to access many large markets through FTAs. Especially, Vietnam's industrial production has accumulated and completed many important supply chains such as electronics, textiles, ...

Besides, the wave of investment shift from China in the past 3 years is still ongoing and the pressure is on to diversify the supply chain to spread the risks caused by the Covid-19 pandemic. Leading to investment demand and supply chain shifting is taking place strongly around the world, in which Vietnam is one of the current hot spots.

With the above advantages, the electronics & electrical Industry also faces challenges such as:

The fourth wave of epidemics in Vietnam can be said to be the most severe outbreak, causing damage to the economy in most fields. All industries face two huge risks that foreign investors cannot come to Vietnam for research, survey and investment promotion until the border has passed and return to normal circulation. At that time, the business results of electronics & electrical industry developers will also be seriously affected in the short term.

In addition, due to the blockade and isolation measures to control the epidemic, many manufacturing enterprises have broken supply chains, unable to continue to organize production as usual and were forced to withdraw orders to other countries. At that time, the expansion investment plans of manufacturing enterprises will also have to be reconsidered.

Then, according to the law of supply and demand, the price will increase more strongly. The same is true for textiles, metals or plastics. Raw materials are rising in price everywhere, and it's not just an industry problem. Vietnam can also do nothing at this stage. Everyone will have to wait until the market self-regulates, stabilizes again.

A woman with her hair in a ponytail, wearing safety glasses and a blue uniform, is focused on working on a circuit board. She is wearing white gloves and using a pair of tweezers. The background shows a factory environment with various pieces of equipment and a blue-tinted lighting scheme.

III. POTENTIAL FOR INVESTMENT AND DEVELOPMENT OF ELECTRONICS & ELECTRICAL PROJECT IN VIETNAM

In the framework of the Report on the electronics & electrical industry in 8 months of 2021, HOUSELINK focuses on analyzing projects in the planning for construction (Project planning, Designing, Bidding, Main contractor Selection) based on the following criteria: Work type, Locality, Type of project, Type of investment at the end of August 2021.

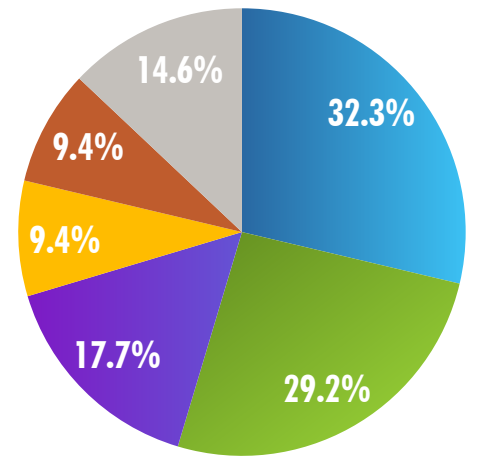
The outbreak of COVID-19 worldwide has caused a decrease in production, especially in Asian countries, including a sharp decrease in the supply of electronic chips. Not only in Vietnam, but also Taiwan (China), Korea... are trying to increase production capacity or build new factories to continue to meet this demand. Recently, large enterprises such as Samsung, TSMC, and Intel have poured hundreds of billions of dollars to open new chip factories to increase production. This will affect the entire supply chain behind. So that's the story, businesses are waiting for the chips to be manufactured and they are starting to be willing to pay more for their chips. So this also opens up a new challenge and opportunity, if Vietnam can accelerate the recovery process after the epidemic, this will be a great advantage of Vietnam compared to other countries in the region.

It can be seen that the projects are planned to be formed in the near future are still mainly concentrated in the northern provinces of Vietnam, especially Bac Ninh, Bac Giang, Phu Tho, Vinh Phuc,... Some provinces in the South such as Binh Duong, Long An also have great potential with new projects. In which, the projects that are about to be former or implemented are mainly invested by DDI and FDI capital from China, Taiwan, and Korea. Including the FOXCONN THANH HOA ELECTRONICS FACTORY project in Thanh Hoa, with a total investment of over 1300 million USD, is one of the major electronics & electrical projects from Taiwan FDI.

The development potential for the electronics & electrical industry Vietnam is clearly demonstrated with the proportion of over 53.3% being newly formed projects, nearly 46.7% being new expansion.

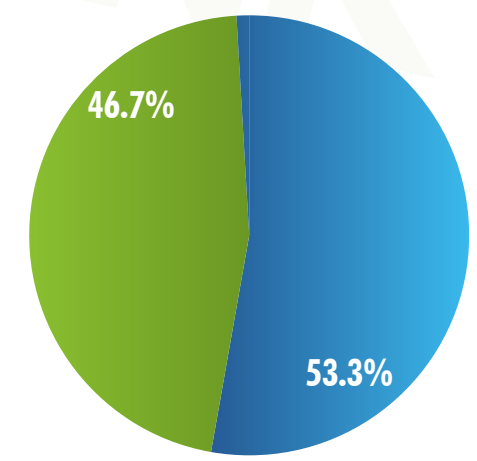
INVESTMENT TYPE PERCENTAGE OF NUMBER OF COMMING-UP PROJECT

■ FDI - China ■ FDI - Korea ■ FDI - Taiwan ■ DDI ■ FDI - Hongkong ■ Others



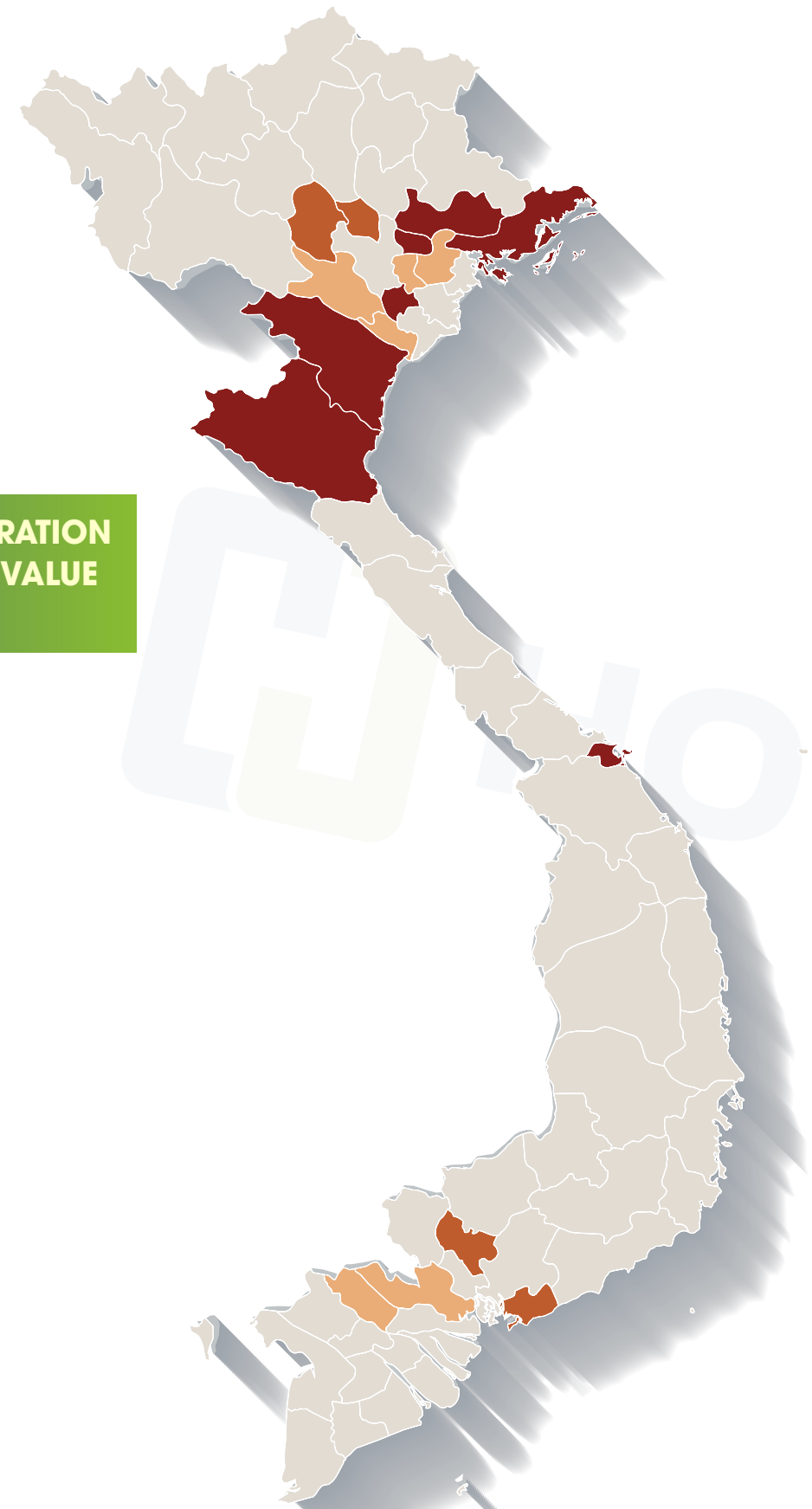
PERCENTAGE OF NEW PROJECT DEVIDED BY WORK TYPE

■ New Construction ■ Expansion construction



PROJECTS UNDER PREPARATION BY INVESTMENT CAPITAL VALUE IN THE PROVINCES

- >100 million USD
- 20-100 million USD
- <20 million USD



Conducted by:

Management:

Nguyen Thanh Long
info@houselink.com.vn

Analysis:

Nguyen Huong Tra
(Senior Market Intelligence Specialist)
huongtra@houselink.com.vn

Nguyen Kim Cuong (Gin Nguyen)
(Business Development Consultant)
gin@houselink.com.vn

Data:

Nguyen Thanh Phuong
(Data Manager)

Ha Thi Huong Giang
(Market Research Specialist)

Dao Thu Giang
(Business Consultant Executive)

Report presentation:

Vu Kim Anh
(Designer)

If you have any questions or need further consultancy,
please do not hesitate to contact:

Ms. Nguyen Huong Tra - (Senior Market Intelligence Specialist)
Mobile: (+84) 962 890 853 | Email: huongtra@houselink.com.vn

COMMITMENT

We, the market research and analysis division of HOUSELINK Joint Stock Company, undertake that the information contained in the report is processing in the most honest and highest quality manner. We commit to follow the highest possible standard of professional ethics.

DISCLAIMER

The Copyright of the report belongs to HOUSELINK Joint Stock Company. The information used in the report is collected from sources which are reliable, available and legitimate to us. HOUSELINK is not responsible for their accuracy. The opinions expressed in the report belong to the author(s) and they are not necessarily related, by any sense, to those of HOUSELINK.

The investors using the report acknowledge that the statements in the report is subjective to HOUSELINK's analyst.

Investors using the report are solely responsible for their own decision. Any part of the report is prohibited from copying, reproducing by any person or entity without permission from HOUSELINK.



This report is sponsored by:

NEW CC CONSTRUCTION CONSULTANTS CO., LTD



HOUSELINK JOINT STOCK COMPANY

9th floor, Sannam building, No. 78 Duy Tan street,
Cau Giay district, Hanoi, Vietnam

(+84) 966 222 490 | info@houcelink.com.vn

<https://houcelink.com.vn/>

