



# VIETNAM DAILY NEWS



March 24th, 2022

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## Market Analysis

### 1. VN-Index ends six-session rally, blue chips slide

The market witnessed a downhill slide of blue chips in the last trading minutes on Wednesday, pulling down the VN-Index and putting the brakes on its six-session rallying streak.

On the Hồ Chí Minh Stock Exchange, the VN-Index inched down 0.1 per cent to close the day at 1,502.34 points despite rising for most of the trading time. The southern market's index had gained more than 4 per cent in the past six sessions.

The VN-30 Index which tracks the top 30 largest shares and liquidity here decreased 0.52 per cent with 22 shares falling and only seven rising, a contrasting picture compared to an increase of 0.4 per cent and 18 shares growing in the morning.

PV Gas (GAS) topped the list of shares pulling the VN-Index most with a slide of 2.4 per cent, followed by Vingroup (VIC), Vinhomes (VHM) and Masan Group (MSN) each falling by 1 per cent.

It was noted that nearly 14 million VIC shares worth VNĐ1.14 trillion (US\$49.6 million) were traded through negotiation method at the price of VNĐ82,200 a share.

Overall, the property and banking sectors reversed from gains to losses but not too negative while other groups either declined or cooled down. Only two industries maintained impressive growth including chemicals and seafood with prominent gainers such as Vietnam Rubber Group (GVR), up 2.2 per cent; Đức Giang Chemicals Group (DGC), up 6.4 per cent; PetroVietnam Fertilisers and Chemicals (DPM), up 4.6 per cent; and seafood

processor Camimex Group (CMX), up nearly 7 per cent.

Liquidity decreased slightly to more than 861 million shares worth VNĐ28 trillion (\$1.2 billion) being exchanged.

“After rising in terms of points, the market started to witness profit-taking pressure near the level of 1,510 points, shown by narrowing candle range and increasing order-matching trading volume compared to yesterday's,” said Phương Phạm, a stock analyst at Viet Dragon Securities Co.

Phương reckoned with the current profit-taking pressure, it is likely that the market will temporarily step back to find a balance point and suggested investors observe and re-evaluate the market during the correction.

By contrast, the HNX-Index on the Hà Nội Stock Exchange extended gains to four sessions in a row, up 0.16 per cent to end at 462.10 points. The northern market's index has gained 4.5 per cent in the last four sessions.

Nearly 133 million shares worth VNĐ4.2 trillion were traded here.

Foreign traders increased combing stocks on both exchanges, picking up shares worth net buy value of VNĐ1.05 trillion, of which their buys focused on shares on HCM City's bourse worth VNĐ1.02 trillion with DGC topping the buying list with a net value of VNĐ310 billion.

## Macro & Policies

### 2. VN aims to become industrialised world exporter by 2030

Việt Nam has set a target of becoming an industrialised country with highly competitive industries, and among the world's top 15 largest exporters by the end of 2030.

According to a report by the Ministry of Industry and Trade (MoIT), the country's immediate target is to develop 20 products with strong international brands, to strengthen its position in the global supply chain, to bring its supporting industry's capacity to meet 70 per cent of domestic demand and localisation of production to 45 per cent.

The country's supporting industry, which remained underdeveloped and overly reliant on imports, has been identified as a major weakness for Việt Nam, especially in key industries such as electronics, textile, leather and footwear, manufacturing and automobile.

The effect has been made painfully clear since the pandemic as Việt Nam's top suppliers of parts, including Chia, South Korea and Japan, were hit hard by COVID-19, causing severe disruptions to production in Việt Nam.

In addition, over-reliance on outside supplies has crippled the development of indigenous supporting industries while cutting deep into domestic firms' profitability. For example, the Southeast Asian

economy relies on China and South Korea for as much as 90 per cent of the input materials for textile, footwear and electronics. Experts have long raised concerns over the country's inability to contribute more to product value, putting it at high economic risk in the event large international corporations decided to move production elsewhere.

In order to address the issue, the MoIT has proposed a restructuring plan for Việt Nam's industries with a focus on the development of supporting industries. According to the ministry, significant progress had been made in the 2011-20 period with industrial production accounting for around 27.45 per cent of the country's total GDP annually.

The ministry advised the government to focus on qualitative development instead of quantitative and to take measures to improve productivity, one of the main weaknesses of the economy. The ministry said by the end of 2030, industrial production is to account for 40 per cent of total GDP, manufacturing value added per capita over US\$2,000 with a 45 per cent contribution from high-tech industries.

The ministry said among the top priorities for the next ten years is how to restructure many State-owned enterprises under their own management, which have been underperforming and causing losses in the billions of dollars for decades now.

### 3. Lawmakers approve environmental tax cut on gasoline

The Standing Committee of the National Assembly Wednesday approved a government proposal to cut environmental tax on gasoline by half as prices surge.

The environmental tax on the popular gasoline RON95 will be reduced from VND4,000 (\$0.17) to VND2,000 per liter.

The tax cut will apply to gasoline and diesel starting April 1 and will last until the end of the year.

The tax cut demonstrates the state's support for the people and businesses as the economy recovers

from Covid-19 impacts, said Nguyen Phu Cuong, head of the National Assembly Finance and Budget Committee.

However, some lawmakers disagreed with the cut, saying it would appear that Vietnam was not making serious efforts to reduce harmful impacts on the environment.

They said that instead of the environmental tax, it was the special consumption tax that should have been cut to stabilize gasoline prices.

Several lawmakers also suggested that the government includes gasoline, not just cash, in its stabilization fund.

Gasoline prices in Vietnam reached a new peak on March 11 before declining slightly to VND29,190 per liter this week.

It has risen over 25 percent so far this year.

#### 4. Vietnam hikes overtime cap until year-end

Vietnamese lawmakers Wednesday decided to increase the monthly overtime cap of a worker from 40 to 60 hours.

All members of the National Assembly Standing Committee approved the decision, which would take affect from April 1 till the end of the year.

The decision also increases the annual cap for overtime from 200 hours to 300 hours for almost all sectors.

Currently only sectors that the government prioritizes for economic growth have an overtime cap of 300 hours.

The latest decision follows a proposal made by the Ministry of Labor, Invalids and Social Affairs to increase the monthly overtime cap from 40 hours to 72 hours as companies reported rising pressure to meet buyers' orders.

It was reported that the need for increased productivity had employees and employers coming

to "secret" agreements to work more than the allowed overtime. This could mean that employees might not have received all the benefits that they are legally entitled to, such as a double-pay on their usual day off.

The Vietnam Chamber of Commerce and Industry (VCCI) also made a similar proposal to that of the ministry, saying that many workers had contracted Covid-19, resulting in a drop in productivity.

The lawmakers, however, did not agree with such proposals.

National Assembly Chairman Vuong Dinh Hue said that he did not receive any proposal from business associations to hike up the overtime to 72 hours per month.

Some lawmakers have emphasized that the overtime hike only applies to this year because of Covid-19.

#### 5. Việt Nam resumes tourism activities

The Ministry of Culture, Sports and Tourism (MoCST) and the People's Committee of Quảng Ninh Province held a ceremony to officially announce Việt Nam's tourism reopening on Tuesday.

Deputy Minister Hoàng Đạo Cương said to make the tourism reopening effective, enterprises should coordinate to renew their products and offer new ones to satisfy client demand, which is changing after the pandemic.

He suggested businesses focus on such products as luxury leisure tourism, eco-tourism, and community-based tourism to welcome over 5

million international visitors this year and create momentum for the coming years.

He said attention should be paid to those showing quick, strong, sustainable recovery such as Germany, Spain, the UK, France, Australia, the US, India, and the Middle East.

Apart from restoring international flights and frequency, carriers need to open more air routes to major markets, he said, asking travel firms and airlines to step up coordination on quality tour packages and provide updates on immigration regulations and pandemic prevention and control measures.

Chairman of the provincial People's Committee Nguyễn Tường Văn expressed his hope that the MoCST, the Ministry of Foreign Affairs and airlines will soon implement tourism promotion programmes in key markets.

Quảng Ninh and other localities are ready to join such programmes, contributing to promoting Việt Nam to international friends, he said.

The northern province is striving to serve over 10 million holidaymakers this year, of whom 1.5 million

are foreigners, and earn VNĐ21 trillion (US\$918.13 million) from the sector.

At the end of the first quarter, the locality has welcomed around 2 million tourists.

Other tourist localities like Đà Nẵng and HCM City also affirmed their efforts to boost domestic tourism.

The Quảng Ninh Province People's Committee, Vietnam Airlines and Sun Group also signed a cooperation agreement on stimulating tourism.

## 6. Vietnam Airlines suspends flights to Moscow as Ukraine fighting intensifies

Vietnam Airlines has suspended its Hanoi-Moscow service until further notice with effect from Friday amid the escalation of the Russia-Ukraine war.

It said in a press release Tuesday night that it needs to "review procedures and regulations related to aircraft insurance and flight operations to Russia."

It will refund passengers who have bought tickets or change their tickets to other flights.

Vietnam Airlines, the only Vietnamese carrier to fly to Russia now, added it is working hard with relevant authorities to resume flights as soon as possible.

The airline only resumed the service in January after a two-year hiatus due to Covid-19.

Russian forces launched its attack in Ukraine nearly a month ago and bombarded many parts of the country with artillery and cruise missiles.

## 7. Hanoi approves plan for underground construction space

Hanoi's administration has approved the planning of an underground urban construction space at a maximum depth of 30 meters across 20 districts.

According to the plan that will be carried out from now until 2030 and with a vision to 2050, the urban space will spread 756 square kilometers across 20 districts of Ba Dinh, Bac Tu Liem, Cau Giay, Dan Phuong, Dong Anh, Dong Da, Gia Lam, Ha Dong, Hai Ba Trung, Hoai Duc, Hoan Kiem, Hoang Mai, Me Linh, Nam Tu Liem, Tay Ho, Thanh Oai, Thanh Tri, Thanh Xuan and Thuong Tin.

The space will have its deepest part go 30 meters underground to have a traffic system, technical and electricity infrastructure, commercial centers, services, supermarkets, entertainment, warehouses and parking lots.

It will be divided into three layers at different depths to serve different functions.

The "shallow layer" at the maximum depth of five meters will serve the construction of underground technical infrastructures like basement entrances and pedestrian tunnels.

The "medium layer" at 5-15 meters deep is for public works and parking areas. The deepest layer at 15-30 meters underground will be for transport systems, including the metro.

Restricted areas for underground construction are Hanoi's Old Quarter, the area outside the embankments of the Red River and its tributary, the Duong River, as there is a risk of affecting dyke safety and flood drainage capacity.

The restriction is also applied for areas nearby and around places classified as special national relics like the Imperial Citadel of Thang Long, President Ho Chi Minh relic site behind the Presidential Palace, the Temple of Literature, Co Loa Citadel, Hai Ba Trung Temple, the Sword Lake, Ngoc Son Temple and zones designated for national defense and security.

According to Hanoi People's Committee, the general planning of underground construction space is to meet the requirements of "state management on construction and use of works to connect and

synchronize underground construction space in the area."

"This is the basis for building a database of urban underground construction space, making detailed planning of underground construction space for urban areas as well as conducting underground construction investment projects in the central urban area to work towards building a civilized and modern capital with sustainable urban development.

This general planning decision takes effect from March 15, it stated.



## Corporate News

### 8. HSG: Hoa Sen Group set profit target up to US\$110 million

↓ -2.19%

Hoa Sen Group (HSG) set an after-tax profit target of VND1.5-2.5 trillion (US\$65.8-110 million) for the financial year 2021-22, depending on input material price movements, the pandemic situation and energy prices.

The business plan was approved at its shareholder meeting held in HCM City on Tuesday.

Accordingly, HSG targeted sales of 2 million tonnes and revenue of VND46.3 trillion in the financial year (from October 1, 2021, to September 30, 2022).

This year, the group said the economy would see unpredictable changes due to the COVID-19 pandemic and global political conflict, which would affect business operations.

In the first quarter of its financial year, its steel sales reached 604,518 tonnes, meeting 30 per cent of the whole year's set target.

Its sales in the first quarter were increased by 86 per cent from the same period last year, reaching VND16.9 trillion. Its after-tax profit was VND638 billion, meeting 25.5 per cent of the set target.

HSG also submitted to shareholders for approval the policy on transforming the operating model of Hoa Sen Group Joint Stock Company.

Specifically, HSG will convert a member company into Hoa Sen Plastic Joint Stock Company, take the

plastic segment's overall production and business activities, and establish a new Hoa Sen Furniture and Building Materials Distribution JSC (Hoa Sen Home).

This unit will be in charge of all business activities of distribution, retail and supermarket chain of Hoa Sen Home.

After the outbreak of the COVID-19 pandemic, in the face of changes in consumer demand, HSG has adjusted its medium and long-term development strategy in production, business activities and project investment.

Accordingly, they have focused their resources on promoting the traditional business and production segments, including corrugated iron, steel and plastic. It also has diversified products and developed the Hoa Sen Home supermarket chain.

HSG brought nearly 90 Hoa Sen Home supermarkets into operation by the end of March, taking advantage of its retail and distribution system nationwide.

"The company has strictly implemented on-site production, proactively taking measures to respond to the COVID-19 pandemic, making the most of the logistics advantages of the system of 10 factories and 600 branches across the country. It has also promoted exports to make a great contribution to its business results for the year 2020-21," it said.

### 9. KBC: Plan for stock issuance to raise capital

↓ -0.18%

The Board resolution dated March 21, 2022, Kinh Bac City Development Holding Corporation announces the stock issuance to raise capital from the owner's equity with details as follows:

- Stock name: Kinh Bac City Development Holding Corporation
- Stock code: KBC
- Stock type: common share

- Par value: 10,000 dongs
- Number of outstanding shares: 575,711,167 shares
- Number of shares expected to be issued: 191,903,722 shares
- Total value (based on par value): 1,919,037,220,000
- Issuing ratio: 33.33% (3:1) (Shareholder who owns 03 shares will receive 01 new share).
- Plan to deal with fractional shares: The distributed shares will not be rounded down to dozen, the fractional shares due to rounding down will be cancelled.
- For example: at the record date, shareholder A owned 1,000 shares. With 3:1 performing ratio, the shareholder A will receive:  $1,000 \times \frac{1}{3} = 333.3$  shares. According to rounding policy, the shareholder A receives 333 new shares and fractional shares of 0.3 share will be cancelled.
- Time of implementation: expected in Quarter I/2022 or Quarter II/2022, after being approved by the State Securities Commission of Vietnam (SSC).



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