



# VIETNAM DAILY NEWS

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## Market Analysis

### 1. Market ends higher on plastics stocks

The market was riding high yesterday as plastics product manufacturers did the heavy lifting.

On the Ho Chi Minh Stock Exchange (HoSE), the VN-Index started off the afternoon above the baseline. It fluctuated on an upward trend and hit a peak at around 2:45 pm.

The index then fell slightly and levelled off in about 15 minutes. It ballooned to right below the previous peak in the last minutes, staying at 1,288.88 points, up 11.72 points (0.92 per cent) against the baseline.

The southern exchange saw advancers outnumber decliners by 203 to 133. Five stocks hit ceiling prices whereas two sat at the other end.

HoSE was hectic yesterday with 562 million shares traded on the exchange, equivalent to about VND13.7 trillion (US\$584 million).

The VN30-Index echoed the VN-Index pattern with an increase of 15.14 points (1.17 per cent) to reach 1,311.55 points. In the basket, 26 stocks climbed, two stayed flat and two fell.

The HNX-Index on the Ha Noi Stock Exchange (HNX) did not follow the VN-Index pattern but rather an extended M pattern. It gained 0.56 points (0.19 per cent) to reach 301.86 points.

Vinhomes (VHM) was leading the market rally with a rise of 2.18 per cent. Other stocks supporting the bullish trend include Vietnam Rubber Group (GVR), Vingroup (VIC), VPBank (VPB) and VietinBank (CTG).

Plastics was the sector fuelling the pick-up with a sector-wide hike of 4.05 per cent. In the sector, Vietnam Rubber Group (GVR) gained 5.38 per cent, followed by Duc Giang Chemicals (DGC) and PetroVietnam Fertiliser & Chemicals (DPM).

PST Service was the next sector that pushed indices up yesterday. It minted a gain of 3.25 per cent, with Power Engineering Consulting (TV2) and Hoang Minh Finance Investment (KPF) behind the gain.

In the realty sector, the trio stocks of the Vin family - Vingroup (VIC), Vincom (VRE) and Vinhomes (VHM) - lit up with a bright-green hue. The three saw their market-caps increase by 1.54 per cent, 2.1 per cent and 2.18 per cent respectively. Overall, the sector gained 8.67 points.

The banking sector also saw lots of green on the screen, resulting in a sector-wide rise of 0.8 per cent. However, two of the largest banks in the sector, Vietcombank (VCB) and BIDV (BID), remained unchanged in market cap. Notable gainers include VPBank (VPB), Techcombank (TCB) and VietinBank (CTG).

Foreign investors poured money into the market by net-purchasing a total of around VND87.38 billion worth of shares on the two exchanges. Of which, they net bought VND90.52 billion on HoSE and net sold VND3.14 billion on HNX.

## Macro & Policies

### 2. Việt Nam's seafood industry needs to adapt to market trends

After being affected by the COVID-19 epidemic and fluctuations in inflation, the demand and trends of seafood consumption in many markets have changed, necessitating that Vietnamese seafood enterprises must adapt to these market trends, experts said.

After being affected by the COVID-19 pandemic and fluctuations in inflation, the demand and trends of seafood consumption in many markets have changed, necessitating that Vietnamese seafood enterprises must adapt to these market trends, experts said.

This is the opinion of experts at a seminar on demand and trends of the seafood market after COVID-19 organised by the Việt Nam Association of Seafood Exporters and Producers (Vasep) on Wednesday in HCM City.

The COVID-19 pandemic, logistics disruptions due to the Russia-Ukraine conflict and compliance with regulations on illegal, unreported and unregulated fishing (IUU) are challenges facing the seafood industry.

Lê Hằng, VASEP director of communications, said the world seafood market in the past five years has grown by 16 per cent with an annual import turnover of about US\$148.5 billion, of which, shrimp accounted for the highest proportion and increased the most (29 per cent), while salmon increased 16 per cent, and demand for tuna was less volatile.

Meanwhile, demand from the Chinese market has jumped 71 per cent over the last five years, followed by the US with an increase of 32 per cent. Most markets increased demand, except for Japan, which decreased by 6 per cent, and Germany, which decreased slightly by 0.6 per cent.

Exporting seafood to the EU market is facing many challenges because each market in the EU bloc has its own requirements. An obstacle for seafood enterprises exporting to the EU is misunderstanding

the granting of a certificate of origin and rules of origin, Hằng said.

In addition, inflation is making EU consumers tighten their spending and focus on moderately priced items. The lowest EUR/USD exchange rate in 20 years also makes consumers limit spending. This causes importers to re-negotiate with exporters, which delays imports.

When inflation is too high in many countries and export prices tend to increase, consumers in those countries will tighten their spending and switch to affordable products such as frozen pangasius fillets, fish cakes, and other frozen products, Hằng said.

Other challenges include stricter demands for EU market certification, and environmental and labour requirements, which can be serious problems for Vietnamese seafood producers.

To take full advantage of the EVFTA, VASEP expects more support from the Import-Export Department and the Ministry of Industry and Trade for businesses to make the most of preferential tariffs and apply the rules of origin to reduce obstacles when exporting seafood to the EU market.

The EU used to be Việt Nam's largest pangasius import market, with peak sales of \$511 million in 2010, accounting for 36 per cent of Việt Nam's pangasius exports.

Vietnamese pangasius also accounted for 22 per cent of the market share of white fish imported to the EU. Pangasius was considered a competitor to some other white fish species in Europe.

However, in 2021, pangasius exports to the EU reached just over \$106 million, accounting for 7 per cent of Việt Nam's total pangasius exports. In the EU white-meat fish import market, Vietnamese pangasius only accounts for 1.6 per cent of market share.

The EVFTA, effective from August 1, 2020, brought excellent prospects for Việt Nam's seafood exports, including pangasius, to this market. Accordingly, the export of pangasius products will receive tax reductions under a three-year roadmap.

Smoked pangasius exports will have tax reductions within seven years from the effective day of the agreement.

However, the advantages of tariffs did not promote an increase in pangasius exports to the EU in 2020 and 2021 because of the pandemic.

In addition, there is compliance with regulations against unreported and unregulated fishing (IUU). Four years since receiving a "yellow card", Vietnamese seafood export volume to the EU market declined by 3 per cent during 2017-2021.

The Government has pledged to come up with appropriate and effective solutions to quickly solve the "yellow card" penalty. Việt Nam can then avoid the risk of receiving a "red card" and enjoy preferential tariffs and institutional changes from the EVFTA.

However, seafood exports to the EU still maintained a growth rate of 28 per cent in July and 39 per cent in the first seven months, to \$829 million, compared to the same period in 2021.

Seafood exports to the US in the first seven months reached nearly \$1.5 billion, up 31 per cent over the same period last year, Hằng said.

Meanwhile, seafood export value to China in the first seven months grew by 71 per cent to \$1 billion.

### 3. Mekong Delta provinces see apartment boom

Many provinces in the Mekong Delta are seeing an uptick in new apartment projects, facilitated by a rise in housing demand and traffic infrastructure development.

Many provinces in the Mekong Delta are seeing an uptick in new apartment projects, facilitated by a rise in housing demand and traffic infrastructure development.

The city of Cần Thơ currently has 10 apartment projects, the most among Mekong Delta provinces.

They are mostly social housing projects, while the rest are low- to medium-income apartments. Their prices vary from VNĐ900 million (US\$38,504) to around VNĐ2 billion.

According to the city's Department of Construction, there is a luxury apartment project under construction, and two more are set to be built.

New apartments are expected to account for around 30 per cent of new real estate supply in Cần Thơ's market for the last half of the year.

Nguyễn Hữu Nghĩa, deputy director of Hậu Giang Department of Construction, said that the province has a 300-apartment project priced at up to VNĐ700 million per apartment, which is very suitable for local labourers and state workers.

Other Mekong Delta provinces such as Tiền Giang and An Giang are seeing more affordable apartment and social housing projects in recent years.

New apartments tend to be filled up relatively quickly, with some locals even selling their houses to live in new apartments that are built near schools and hospitals.

Đoàn Công Dũng, director of Bến Tre Province's Department of Construction, said that apartment development is an inevitable trend to satisfy the rising local demand for living space.

Locals are opting for apartments to stay close to the city centre and for easier access to utilities, he said.

Đỗ Hoàng Thọ, head of Housing and Real Estate Market Management Department under Cần Thơ's Department of Construction, said that buying an

apartment is a new trend there, especially among young people who want to live in urban centres.

They find apartments more affordable than houses, and more secure too since apartments have stationed guards, he said.

“Cần Thơ has many universities, and many parents from other provinces are buying apartments in the

city for their children so that they can live in high-security places. After they finish their studies the parents can sell their apartments for a profit,” he said.

When upcoming expressway projects to improve the city’s connectivity are finished in the future, more investors may build high-end apartments there, he added.

#### 4. Việt Nam targets over 70 per cent mechanisation rate for crop production by 2030

Việt Nam aims to reach a minimum rate of 70 per cent of mechanisation in crop production by 2030, with the income of farmers around VNĐ120 million (US\$5,140) per year, Minister of Agriculture and Rural Development Lê Minh Hoan said on Thursday.

Hoan made the statement at the opening of Agritechnica Asia Live 2022, which was held in the Mekong Delta city of Cần Thơ.

By 2030, more than 70 per cent of major agricultural processing centres will apply for technological advances, while post-harvest losses will be reduced by 0.5-1 per cent a year, Hoan said.

The minister said that the government had paid attention to and issued many policies to support the development of agricultural mechanisation.

There has been a significant development step in mechanisation in agriculture and farm produce processing as the number and types of machinery and equipment for agricultural production are increasing rapidly in the country.

Between 2011-2021, the number of tractors increased by 48 per cent, combine harvesters by 79 per cent, and machines for drying agricultural products by 29 per cent.

The country now has about 7,800 mechanical enterprises, including nearly 100 facilities that use agricultural machinery and equipment.

However, the income of a labourer in the agricultural sector is only about VNĐ43 million per year on average, equal to 63 per cent of non-agricultural workers.

The minister said that it is necessary to boost mechanisation in agricultural production and apply smart and environment-friendly technologies towards digitalisation and automation to increase labour productivity.

It is an inevitable solution for efficient agricultural production and sustainable development.

The 2022 Agritechnica Asia Live aims to foster sustainable mechanisation by demonstrating the use of up-to-date technologies in local cropping systems.

It is expected to offer an opportunity for experts and scientists to initiate a roadmap for applying agricultural sustainable development technology relevant to each country.

Other activities include seminars on mechanisation in the fruit and fishery sectors. A machinery exhibition will also be held within the event framework.



## 5. Masan denies selling Omachi instant noodles directly to Qianyu–supplier in Taiwan

Masan Consumer had neither exported nor sold Omachi shrimp flavoured instant noodles directly to Qianyu Co., Ltd to export to Taiwan (China), the Vietnamese firm said on August 24 after a batch of the noodles was returned for destruction as reported by the Taiwan Food and Drug Administration (TFDA).

A day earlier, TFDA said on its website that the batch, imported by Qianyu, did not satisfy standards set by Taiwan.

The Vietnamese instant noodle giant is coordinating with the Ministry of Industry and Trade, the Ministry of Health, the Vietnam Sanitary and Phytosanitary Notification Authority and Enquiry Point and other competent agencies of Vietnam to verify and handle the case in line with legal regulations.

According to a Masan representative, food safety regulations differ from country to country. Therefore, Omachi instant noodles exported to countries and regions are not the same to fully meet requirements set by host markets.

The Omachi noodles produced in Vietnam satisfy all the food safety requirements of the country and are safe for consumers, the representative stressed.

"We have strict terms with distributors to prevent them from exporting products from one market to another," the representative said, noting that Masan Consumer has conducted regular supervisions and take strict measures to deal with violations.

Products of Masan Consumer have been shipped to such markets as the US, Canada, Russia, the Czech Republic, China, Japan and Taiwan, among others, with product safety ensured in all markets.

## 6. Vietnam, India have potential for automobile cooperation: insiders

Vietnam and India have substantial opportunities to cooperate in the automobile industry as Vietnam is accelerating FDI attraction in the sector, an official has said.

Nguyen Anh Tuan, deputy director of the Foreign Investment Agency (FIA) at the Ministry of Planning and Investment (MPI), pointed out that investment ties between Vietnam and India have yet to match their potential.

India's investment accounts for only 0.2% of the total FDI in the Southeast Asian nation, he told the India-Vietnam Business Meet on Auto Sector held recently in Hanoi.

Indian Ambassador Pranay Verma said the 800-member Automotive Component Manufacturers Association of India (ACMA) wanted to explore investment opportunities in Vietnam.

Nguyen Thi Thu Ha, general director of Invest Global, which offers consulting services, stressed that Vietnam has great potential to boost the auto industry, which is expected to significantly contribute to the national economy.

However, the number of Vietnamese suppliers in the sector remains limited, and only a few of them are part of the country's supply chain for producers and assemblers.

A deal between the Vietnamese and Indian auto sectors would be reciprocal, Ha said, adding that a number of Indian firms are already operating effectively in Vietnam, such as Minda, Spark Minda and Star Engineering.

Sharing Ha's view, Dang Hoang Mai from the Vietnam Institute of Strategy and Policy for Industry and Trade said Vietnam has the potential to expand the market for electric vehicles as its car ownership is just 2.3%, equivalent to one tenth and one twentieth of Thailand and Malaysia, respectively.

Vietnam aims to attract major businesses and groups, with priority given to high-tech, support industries, innovation and digital economy, Tuan said, emphasising that it is suitable time for Indian investors to join the Vietnamese auto sector and its support industry.

## 7. Banks to issue billions of shares to pay dividends for the rest of 2022

Many banks are completing final procedures to issue billions of shares to pay dividends in the remaining months of this year.

After the State Bank of Vietnam (SBV) approved VPBank to increase charter capital in the form of share issuance from the equity source, the bank will issue a maximum of 2.23 billion shares at the rate of 50 per cent to increase its charter capital from VND45.05 trillion to VND67.43 trillion in the third quarter of 2022.

Previously, Military Bank (MB) announced to close the list of existing shareholders for the share dividend payment on August 23 this year. With more than 3.77 billion outstanding shares, MB is expected to issue an addition of 755.6 million new shares, thereby raising charter capital from the current VND37.7 trillion at present to nearly VND45.34 trillion.

SHB is also expected to issue more than 400 million shares to pay last year's dividends to shareholders, equivalent to a rate of 15 per cent, in Q3 2022 after submitting to the SBV its charter capital increase plan.

In the first half of August, the SBV approved HDBank to increase charter capital from VND20.27 trillion to VND25.5 trillion by issuing more than 503 million shares to pay dividends in 2021. The additional capital will be taken from the undistributed after-tax profit until the end of 2021.

Meanwhile, MSB said it has submitted to the SBV a charter capital increase plan and is waiting for the SBV's approval. Accordingly, the bank plans to issue 458.25 million bonus shares to existing shareholders at the rate of 30 per cent and a maximum of 14.25 million ESOP shares.

After eight years of waiting, Eximbank's shareholders will also receive dividends from the profits retained from 2017 to 2021. Specifically, the bank plans to issue nearly 245.9 million shares to pay dividends at the rate of 20 per cent in Q3 2022.

Many other private joint stock banks also have plans to issue hundreds of million shares to pay dividends

this year such as OCB with the rate of 30 per cent, NamABank with 29 per cent, VietBank with 21 per cent, Kienlongbank with 16 per cent, VietCapitalBank with 15 per cent, LienVietPostBank with 15 per cent, SeABank with 12.7 per cent, VietABank with 11 per cent and ABBank with 10 per cent.

The SBV has so far approved charter capital plans of banks such as NamABank, Kienlongbank, VietBank, VietCapitalBank and OCB.

For the group of State-owned banks including Vietcombank, VietinBank and BIDV, though information has not been published, these banks all expect to pay dividends in shares this year.

Vietcombank has so far approved a plan to issue 856 million ordinary shares at the rate of 18.1 per cent, to pay dividends from the remaining profit in 2019 and 2020.

Shareholders of VietinBank also approved a share dividend payment from the source of undistributed after-tax profit, and a cash dividend payment plan in 2020. Specifically, the bank will issue more than 569 million shares to pay dividends, equivalent to a rate of 11.85 per cent.

Meanwhile, BIDV expected to issue more than 607 million shares to pay dividends for year 2021 from the source of undistributed after-tax profit.

This year, all banks will have to continually pay dividends in shares, instead of cash, according to the SBV's requirement. Right from the beginning of the year, the SBV's Governor Nguyen Thi Hong issued Directive 01/CT-NHNN on organising the implementation of key tasks of the banking industry in 2022, in which banks are required to not pay dividends in cash in 2022 with an aim to continually reduce lending interest rates. This is the third consecutive year that the SBV has required banks not to pay dividends in cash. In 2021, the SBV also issued a similar directive requiring banks to switch to share dividends. The only exception to paying cash dividends is State-owned banks, including Vietcombank, BIDV, and VietinBank, as required by the State Treasury.

In addition, the issuance of shares also comes from the demand to increase capital at many banks, particularly the group of State-owned banks.

According to Fitch Ratings, low capitalisation levels are likely to remain a credit weakness for Vietnamese banks as rapid loan growth will make it challenging to raise capital adequacy ratios (CARs) in the next two to three years.

Fitch estimates that the banks that are still to become Basel II compliant need only about US\$0.6

billion of new capital to meet the local Basel II minimum CAR requirement of 8 per cent before the implementation deadline in January 2023.

However, Fitch calculates the banking system's additional capital needs would rise to as much as \$10.7 billion (2.9 per cent of GDP) if banks were to raise their loan-loss reserves to cover potential losses from all problem loans, while simultaneously maintaining average CARs at 10 per cent. State banks drive much of the shortfall, due to their lower capital positions.



## Corporate News

### 8. PNJ: Revenue increased sharply, PNJ reported a profit in July of nearly 80 bln VND

↓ -0.51%

The recent preliminary business results report of Phu Nhuan Jewelry Joint Stock Company ( HOSE : PNJ ) recorded that in July the company

achieved a profit after tax of VND 79 billion, while in the same period a loss of VND 32 billion.

### 9. GIL: closed the right to pay 15% stock dividend

↑ 0.93%

On September 12, Binh Thanh Production, Trading and Import-Export Joint Stock Company ( HOSE : GIL ) will close the list of shareholders to receive dividends in shares in 2021. The ex-dividend date is September 9.

According to the issuance plan, the exercise rate is 15%, corresponding to shareholders owning 100 shares to receive 15 new shares. Thereby, the total expected issuance to pay dividends is 9 million shares.

After completing the issuance, the charter capital of GIL will increase from nearly 600 billion VND to 690 billion VND.

At the beginning of August, GIL also announced the closing of the list of shareholders to receive the 2021 cash dividend on August 15. The ex-dividend date is August 12.

Specifically, GIL will pay 10% cash dividend (1 share will receive 1,000 VND). With 60 million shares outstanding, it is estimated that the Company needs to spend nearly

60 billion VND to pay dividends to shareholders. Payment time on August 26.

In the market, GIL 's share price has fallen deeply from the peak in April, with a decrease of nearly 43%, to 54,400 VND/share at the end of the session on Aug 25.

In terms of business activities, GIL had flat Q2 business results when net profit remained at 116 billion dong, up slightly by 0.5%, as revenue only increased by 1.32% over the same period.

Generally, in the first 6 months, GIL 's net revenue and net profit both increased. Specifically, net revenue increased 27% to nearly 2,692 billion dong and net profit increased 26% to nearly 223 billion dong.

In 2022, GIL sets a target of consolidated revenue of VND 4,000 billion and profit after tax of VND 250 billion, down 4% and 24% respectively compared to the 2021 result. Compared to the set plan, the Company has achieved 67.3% revenue target and 89.3% profit target for the whole year.

**Research Team:****Tsugami Shoji**

Researcher

[jsi@japan-sec.vn](mailto:jsi@japan-sec.vn)**Disclaimer:**

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***Japan Securities Co., Ltd – JSI***

*Address: 14F, TNR Tower, 54A Nguyen Chi Thanh, Lang Thuong, Dong Da, Hanoi*

*Tel: (024) 3791 1818*

*Fax: (024) 3791 5805*

*Email: [info@japan-sec.vn](mailto:info@japan-sec.vn)*

*Website: [www.japan-sec.vn](http://www.japan-sec.vn)*