



VIETNAM DAILY NEWS



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Market Analysis

1. Shares extend losses as major industries lose ground

Vietnamese shares extended losses on Thursday as large-cap stocks in a series of industries suffered selling pressure, especially banking, securities and energy.

On the Hồ Chí Minh Stock Exchange (HoSE), the VN-Index lost 0.69 per cent to close at 1,234.60 points. The index had declined 2.68 per cent to close Wednesday at 1,243.17 points.

Nearly 599.6 million shares were traded on the southern bourse, worth VNĐ14.4 trillion (US\$611.8 million).

The market's breadth returned to a negative zone with more stocks losing points. There were 151 gainers and 317 losers.

The 30 biggest stocks tracker VN30-Index lost 0.27 per cent, to 1,265.57 points. In the VN30 basket, 11 stocks increased, while 18 stocks declined. The other stock finished flat.

The banking group lost ground with losers including Vietinbank (CTG), Asia Commercial Bank (ACB), VIB Bank (VIB) and Tiên Phong Bank (TPB), National Commercial Joint Stock Bank (NVB), Vietcombank (VCB), Military Bank (MBB), Bank for Investment and Development of Vietnam (BID), Techcombank (TCB), VPBank (VPB) and Sacombank (STB).

Energy stocks were also hit strongly with Việt Nam National Petroleum Group (PLX), Bình Sơn Refining and Petrochemical Company Limited (BSR), PV Power (POW), PetroVietnam Technical

Services Corporation (PVS), PetroVietnam Drilling and Well Services Corporation (PVD) and Drilling Mud Joint Stock Corporation (PVC) all falling.

Securities stocks decreased towards the end of the session. VN-Index's loss was significantly broadened as securities stocks declined strongly, such as VNDirect Securities Corporation (VND), Saigon-Hanoi Securities JSC (SHS), Việt Capital Incorporation (VCI), Agribank Securities Corporation (AGR) and APG Securities Joint Stock Company (APG).

If the index can't bounce above 1,250 in the coming sessions, it might drop further to 1,220-1,235 or even to 1,190-1,200, said BIDV Securities Co.

It is expected that VN-Index will get support and technical recovery from around 1,230 points. However, paying attention to the resistance area of around 1,260 points is necessary if a technical recovery occurs, said Việt Dragon Securities Co.

Therefore, investors should slow down and observe the market's trading movements. Moreover, taking advantage of the recovery span to minimise risks, it said.

The HNX-Index on the Hà Nội Stock Exchange (HNX) declined 0.67 per cent, to close Thursday at 282.15 points. The index had declined 3.14 per cent, to close Wednesday at 284.05 points.

More than 79.7 million shares were traded on the northern exchange, worth VNĐ1.5 trillion..

Macro & Policies

2. Việt Nam ready to promote comprehensive partnership with US

Deputy Foreign Minister Hà Kim Ngọc has stressed that Việt Nam is ready to promote comprehensive partnership with the US in an effective and practical manner on the basis of respecting each other's independence, sovereignty, territorial integrity and political regime.

In a reception in Hà Nội on Thursday for US Under Secretary of State for Arms Control and International Security Affairs Bonnie D. Jenkins, Ngọc spoke highly of bilateral ties in various areas, especially in economy-trade, war aftermath overcoming, health care, education, climate change and energy transition.

Hailing the US as one of the top important partners, Ngọc suggested the US Department of State continue with the exchange of delegations and high-level visits, enhancing cooperation to overcome war

consequences as well as in regional and global issues, for the sake of peace, stability and development in the region.

Jenkins, for her part, praised Việt Nam's contributions to the non-proliferation of nuclear weapons. She expressed her wish to reinforce collaboration in fields of mutual concern, especially in overcoming the consequences of war, health care and pandemic prevention, aviation security, nuclear energy for peaceful purposes, and promotion of women's role in peace and security.

During her stay, Jenkins is scheduled to hold working sessions with leaders of the Transport Ministry and the Civil Aviation Authority of Việt Nam, meet students of the Diplomatic Academy of Việt Nam, and visit several localities to step up cooperation in overcoming war aftermaths.

3. Việt Nam hopes for increasingly substantive ties with EU: top legislator

Chairman of the National Assembly Vương Đình Huệ received Chairman of the European Parliament's Committee on International Trade (INTA) Bernd Lange on Thursday in Hà Nội, highlighting his hope that Việt Nam-EU relations will be increasingly reinforced and substantive.

The Vietnamese legislator said despite the serious impacts of the COVID-19 pandemic and disrupted regional and global supply chains, economic and trade ties between Việt Nam and the EU were growing well thanks to the EU-Việt Nam Free Trade Agreement (EVFTA).

Meanwhile, though the EU-Việt Nam Investment Protection Agreement (EVIPA) had been ratified by just 12 EU members and yet to come into force, businesses and investors from the EU were showing interest in the Vietnamese market.

Huệ thanked INTA, the European Parliament, and Lange for their considerable contributions to the

EVFTA negotiations, ratification, and implementation.

Meanwhile, the INTA Chairman noted the EVFTA provided a solid foundation for new strides in Việt Nam-EU relations, and that statistics recorded in the two years since the agreement's implementation showed its positive economic effects, especially boosting post-pandemic growth.

Regarding the EVIPA, he said the ratification of this deal had been affected by the COVID-19 pandemic. EU member states were now readier to promote the ratification, especially in the current context when they want stability and trustworthy partners.

Chairman Huệ affirmed that Việt Nam wished to intensify cooperation with the EU and each of the bloc's members.

He called on the EU to support Việt Nam's candidacy for a seat on the UN Human Rights Council for 2023-

25, continue enhancing ties with ASEAN, step up partnerships in energy and climate change to help the country realise its net zero commitments made at UN COP26, and cooperate with Việt Nam in digital transformation.

He also recommended the two sides continue frequent information exchanges to deal with problems arising in bilateral trade, especially the export of Việt Nam’s agro-forestry-fishery products to the EU.

Talking about Việt Nam’s efforts to eradicate illegal, unreported and unregulated (IUU) fishing, the NA Chairman expressed his hope that the EU would continue sending delegations to directly assess the country’s implementation of relevant recommendations and soon remove the “yellow card” warning issued by the European Commission.

Việt Nam, including its parliament, was pushing ahead with realising international commitments in this regard, he stressed, adding this process also needed support from international partners, including the EU.

Huệ also asked for increased discussion about international issues of common concern, particularly the consolidation of global supply chains and the direct supply chain between Việt Nam and the EU to help with post-pandemic

economic recovery, ensure food security, and stabilise energy prices.

As important partners with mutual trust and respect, they could discuss differences openly via dialogue and cooperation mechanisms, the top legislator noted.

Affirming Việt Nam is always a trustworthy partner of the EU, Lange said the country held an important role in the Association of Southeast Asian Nations (ASEAN), and that the EU would be ready to advocate Việt Nam’s role at other international organisations.

In terms of CO2 emission reduction, he said he believed that with the same commitment to achieving net zero emissions by 2050, the two sides would have numerous opportunities to cooperate in this field.

He also suggested the two sides increase collaboration in digital transformation both bilaterally and within international cooperation frameworks like the World Trade Organisation (WTO).

The INTA leader said that the EU recognised Việt Nam’s efforts to carry out recommendations against IUU fishing and hoped that the “yellow card” warning would be lifted soon.

4. Việt Nam issues new rules on facemasks in new normal

The Ministry of Health has issued guidance on the wearing of masks in public places for COVID-19 prevention and control, clarifying where coverings are compulsory.

Under the new rules issued by the ministry on Tuesday, medical face masks are not mandatory in crowded outdoor places such as apartment buildings, schools, bus stations and parks.

People no longer have to wear a mask when in close contact as per the previous rule issued by the Ministry of Health last February.

Under the new rules, all people except for children under five years old in areas classified as orange zones (high risk) or red zones (very high risk) must wear face masks in public places.

Based on the human-to-human transmission of the SARS-CoV-2 virus, the ministry underlined that wearing face masks in public places such as theatres, cinemas, discos, restaurants, stadiums, parks, and bus stations is an effective measure to protect people’s health, especially those with underlying diseases.

Masks must be worn by people with symptoms of acute respiratory infection or suspected COVID-19.

Wearing masks is also compulsory in medical facilities and accommodation hosting people undertaking medical quarantine or supervision, and for all medical staff. Patients isolated in single rooms, those suffering from respiratory failure or in need of medical treatment, and children under five years old will not have to wear masks.

Medical face masks are compulsory on public transport. Passengers, drivers, service staff, managers and those working at railway stations, bus stations, docks, and airport terminals and in direct contact with passengers must wear face masks.

At shopping malls, supermarkets, and wholesale markets, medical masks are no longer necessary for customers.

The use of face masks indoors is optional for customers in closed spaces such as discos, karaoke bars, massage and beauty service establishments, gyms, on-site food and drink catering, cinemas, theatres, circuses, and film studios.

The same rule is applicable for customers and tourists at cultural and tourist sites, including museums, libraries, exhibitions, and galleries; crowded places such as physical training and sports

events, weddings, funerals, festivals, and trade fairs; and public service offices.

However, people working at these places and in direct contact with customers are still required to wear face coverings.

The Ministry of Health has requested health departments to coordinate with related units to guide the implementation of new rules, and inspect and handle cases of violations.

Leaders of organisations, facilities, and areas of application of new rules on medical masks will take responsibility for the implementation of the rules.

On August 12, the Ministry of Health proposed the Prime Minister not announce the end of the pandemic due to the unstable number of new infections and deaths around the world with new variant appearances.

In Việt Nam, the number of cases tended to increase again recently with serious cases being under treatment.

5. Vietnam becomes production base for tech giants

Investment from world- leading tech giants has made Vietnam a bright spot on the global technology map.

In 2008, Samsung Electronics Vietnam was licensed to build a US\$670 million factory in Bac Ninh and now Vietnam has become the Korean group’s mobile-device manufacturing base.

In 2006, Intel Products Vietnam announced its \$1 billion project in the HCM City High-tech Park. The project - the US’ largest hi-tech project in Vietnam - became operational in 2010.

In late 2011, Nokia kicked off a \$300 million project in Bac Ninh, which became operational in 2014. The Finnish group sold the plant to Microsoft in 2014 to become Microsoft Mobile Vietnam.

After 14 years, Samsung’s investment in Vietnam has increased from \$670 million to \$19 billion. Samsung’s

plants are located in Bac Ninh, HCM City, Hanoi and Thai Nguyen.

As for Intel, its investment has surged from \$1 billion to \$1.5 billion. At a meeting with Prime Minister Pham Minh Chinh this May, CEO Patrick Gelsinger of Intel said that Intel would further expand its business in Vietnam with much higher capital.

In 2016, LG Display Vietnam Hai Phong was licensed to develop a \$1.5 billion project, the largest foreign-invested project in Hai Phong at that time, manufacturing plastic OLED screens for mobile devices, TV OLED and LCD screens. So far, LG has invested \$4.65 billion in the city.

For the past two years, Vietnam has received billions of USD from Apple’s big vendors such as Foxconn, Luxshare, Pegatron and Wistron. Only a few Apple products are manufactured in Vietnam - AirPods and HomePod - but in the future, many more devices will be made in Vietnam.

In June 2022, DBG Technology, the partner of Xiaomi Vietnam, announced the production of Xiaomi's first consignment in Vietnam at its factory in Thai Nguyen IZ.

Concerns

In 2021, Vietnam produced 233.7 million mobile phones, an increase of 7.6 percent. The number of mobile phones made in Vietnam accounted for 20 percent of the world's total consumption in 2020 (1.25 billion).

Vietnam has become Samsung's biggest production base where 60 percent of its total products are made. Vietnam became the second largest smartphone exporter in the world in the early months of 2022. Samsung is building a \$200 million R&D center in Hanoi. It also plans to produce flip-chip ball grid array on a large scale at its factory in Thai Nguyen from July 2023.

However, analysts note that Vietnam mostly undertakes outsourcing and assembling, the simplest work which brings the lowest added value in supply chains. Foreign manufacturers make great contributions to GDP, exports and job growth, but tax collections from them are still lower than expected because of tax incentives provided to them.

Company A, for instance, has investment of billions of dollars. In 2020 got pre-tax profit of nearly VND6 trillion, but it paid only VND150 billion in tax – or a tax rate under 3 percent. This firm's tax payment in previous years just hovered around 4-6 percent of pre-tax profits because it enjoyed a lot of tax incentives.

The same is seen in many large foreign-invested enterprises. According to the General Department of Taxation, the common corporate income tax in Vietnam is 20 percent, while the actual tax rate applied to FIEs is 12.3 percent because of tax incentives. Large investors bear tax rates of just 2.75-5.95 percent.

Some of them enjoy a 10-percent tax rate for the entire life of the project, a 4-year tax exemption and 50-percent tax reduction for the next nine years.

If the country wants to become rich, it needs to master technologies, experts said. Vietnam could refer to Chinese experience in exploiting FDI to develop its technology firms.

After a period of working as a world production base, with 'Made in China 2025', China now has large technology companies such as Huawei, Xiaomi, Alibaba, Baidu and Tencent.

6. Delayed payments beset construction firms

Many construction firms are running unprofitably amid high material costs, and delayed payments are adding to their woes, according to insiders.

Khương Tất Thắng, Deputy Director-General of the Truong Son Construction Corporation, said that delayed payments are a glaring problem that have been dogging construction firms for years.

For his firm, delayed payments largely occur at projects financed by public money, and the payments usually 5 to 10 years overdue.

"For some of our ongoing highway projects, the contractors unilaterally added such contractual terms that only when they are allocated enough public money are they obliged to make due payments," he said.

He also said contractors sometimes temporarily withheld 2 to 5 per cent of their total payments on the grounds of administrative procedures. He urged the contractors to practise the techniques more flexibly so his firm could maintain higher working capital for its operation.

Hoàng Trung Kiên, Vice Business Manager of the CIENCO4 Group JSC, said that delayed payments cause severe problems to construction firms, including cash-flow shortages and tax arrears.

He said his company's overdue accounts receivable have amounted to VNĐ187 billion, and the delayed payments can be attributed to contractors' negligence.

To deal with the situation, he called for a regulation that obliges contractors to pay off all the money they

owe to construction firms before they can put the facilities to use.

He also called for shortened administrative procedures for contractors to obtain public money more efficiently, thereby decreasing disbursement. Red tape has lengthened payment delays in some projects to nearly 10 years.

Vũ Gia Bình, Deputy Director-General of the Construction Corporation No1 JSC, revealed that some contractors employ underhand tactics, including board reshuffles and supervisor replacements, to hamper firms' construction works.

The tactics aim to make firms unable to implement the projects properly, providing the contractors with a pretext for delayed payments.

The deputy director-general called for separate payments for each finished section to speed up

disbursement since sections normally do not finish concurrently.

Vũ Xuân Thắng, Deputy Director-General of the Construction Machinery Corporation, held that payment procedures are cumbersome in Việt Nam and sub-contractors are the party bearing the brunt of delayed payments.

For fixed-price contracts, sub-contractors have to go through lengthy procedures to get payments for the volumes of works overshooting the contractual volumes.

For lump-sum contracts, sub-contractors are not paid for the excessive volumes, causing dismay among constructors.

For contracts involving private money, contractors always use delaying tactics to delay or avoid payments to sub-contractors, even though the facilities have been transferred and are in use.

7. Ministry works to welcome back foreigners

The Vietnamese Foreign Ministry has suggested measures to the Government to open the door to foreign tourists, experts and investors, including resuming visa waivers for citizens from 13 countries and visas for foreigner tourists, said deputy spokesman Doan Khac Viet.

During the ministry's regular press conference on September 8, Viet said the ministry is actively working with countries to simplify entry-exit procedures, as well as collecting feedback from the public and businesses at home and abroad.

In accordance with the Law on Entry, Exit, Transit and Residence of Foreigners in Vietnam, foreigners wishing to enter Vietnam to work for domestic firms or projects must apply for visas at the Ministry of Public Security's Immigration Department. Types of visa and visa durations are decided by the department. Once approved, visas can be obtained at Vietnamese representative agencies abroad.

Viet said in the near future, the Foreign Ministry will continue working with the Ministry of Public Security, relevant ministries and agencies to consider and suggest suitable immigration policies.

Corporate News

8. CMG: CMG closed the right to receive additional shares, rate 38%

↑ 0.63%

On September 13, CMC Technology Group Joint Stock Company (HOSE : CMG) will close the list of shareholders to issue shares to pay dividends in 2021 and bonus shares. The ex-rights date is September 12.

According to the dividend payment plan, the right exercise rate is 13%, corresponding to the shareholder owning 100 shares, they will receive 13 new shares. Thereby, the expected issuance volume to pay dividends is nearly 14.2 million shares.

The total value of shares issued to pay dividends reached nearly VND 142 billion, this money was used to increase charter capital to reinvest in projects: Hanoi, Saigon data centers, telecommunications infrastructure, projects product and service investment projects according to the business strategy.

Simultaneously, the Company will issue more than 26.8 million bonus shares, equivalent to 24.62%, which means shareholders owning 100 shares will receive 24.62 new shares. Total value is expected to be issued at a maximum of 268 billion dong. The additional capital will be used to supplement working capital for production and business activities.

It is expected that after issuing shares to pay dividends in 2021 and bonus shares, CMG 's charter capital will increase from VND 1,090 billion to more than VND 1,500 billion.

Up to now, CMG has not announced business results for the first 6 months of 2022.

In 2022, CMG aims to increase profit after tax by 39% over the same period, reaching VND 233 billion. Dividend payout ratio is expected to be flat at 13%.

9. YEG:Yeah1 announces H1 business

↓ -3.96%

Yeah1 Group Corporation recently announced its business results for the first half of 2022 with revenue reaching VND139.6 billion (US\$5.9 million) and a profit after tax of more than VND8 billion (\$340,000).

Net revenue during this time achieved 24 per cent of the annual plan. About 50 per cent of revenue was earned from advertising and communication consulting-event organisation services, 30 per cent was from television, and the rest was from other activities.

Yeah1 said that the four main revenue contributors in the past six months were advertising, media consulting services, event

organisation and television. For advertising and communication consulting, Yeah1 deploys a comprehensive strategy for the brand including creative content consulting, community building on social platforms and public integration. Omni-channel digital platform technology and customer data platforms to improve customer experience retain users and increase sales efficiency for brands.

This pioneering service provision will help the group increase revenue in the second half of the year and in the coming years.

The segment of event organisation which attracts a large number of communities is also a strength

of Yeah1, which will be restored after two years of the COVID pandemic.

In the television segment, the Group has merged the STV Media Complex Joint Stock Company (“STV”), which owns two television content channels, StyleTV and InfoTV, the two leading channels in the GMI system in terms of advertising development, with the same strength in producing TV shows and movies. With this merger, Yeah1 is expected to regain market share in the field of television advertising, which still accounts for 25 per cent-30 per cent of the advertising budgets of brands.

On June 16, 2022, Yeah1 Group was honored in the category of "Video content publisher with the highest views and interaction in Viet Nam on Facebook Watch" at the conference "VideoCon: Building Connected Brand with In-stream and Reels" organised by Meta Corporation. This award affirms Yeah1's leading position in producing and publishing content on social platforms.

The results of the first six months of 2022 are still modest but show the effectiveness of the Group's comprehensive restructuring, creating a foundation for strong growth in the coming time.

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