



# VIETNAM DAILY NEWS



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## Market Analysis

### 1. Shares rise on foreign buying

Local shares rose for a third day, buoyed by foreign trading and the positive performance of oil and bank stocks.

On the Ho Chi Minh Stock Exchange, the VN-Index rose 0.44 per cent to close Thursday at 1,045.10 points.

Market breadth was negative with 179 rising stocks and 195 losing ones.

Nearly 431 million shares worth VND7.8 trillion (US\$332 million) were traded on HCM City's bourse.

On HOSE, foreign investors were net buyers with a value of approximately VND336 billion.

Vinhomes (VHM) was the strongest net bought with a value of VND89 billion. This is also the third session in a row that this real estate code has been purchased the most by foreign investors on HOSE.

Hoa Phat Group (HPG) ranked next on the list with VND80 billion. Foreign investors also net bought Vinamilk (VNM) and SSI Securities Inc (SSI) with the value of VND68 billion and VND32 billion, respectively.

"VN-Index may face correction pressure when approaching the resistance zone of 1,040-1,045 points. The resistance zone of 1,040-1,050 points will pose a challenge for VN-Index in the last sessions of the week," said Bao Viet Securities Co.

"With the cautious sentiment of domestic investors and the absence of foreign demand, we

note the possibility that the market may face strong profit-taking pressure and correct when it approaches 1,040-1,045 points.

"For T+ trading activities, it is possible to consider selling at the range of 1,040-1,050 points in the last sessions of the week. Investors holding short-term positions should close if prices violate trailing-stop loss thresholds," it said.

The VN-30 Index, tracking the 30 biggest stocks on HoSE, gained 0.33 per cent to close at 1,046.60 points.

In the VN-30 basket, 17 stocks gained while eight lost ground. The biggest gainers included Vinamilk (VNM), Vietjet (VJC), Novaland (NVL), Hoa Phat Group (HPG), SSI Securities Inc (SSI), PV Power (POW) and Vinhomes (VHM).

Bank stocks pushed up the indices with gainers including Vietnam Prosperity Bank (VPB), BIDV (BID), Asia Commercial Joint Stock Bank (ACB), Vietcombank (VCB), Techcombank (TCB) and Vietinbank (CTG).

Energy stocks also performed positively with gainers such as PetroVietnam Technical Services Corporation (PVS), PetroVietnam Drilling and Well Services Corporation (PVD), and Drilling Mud Joint Stock Corporation (PVC).

On the Ha Noi Stock Exchange, the HNX-Index lost 0.31 per cent to end at 203.32 points.

## Macro & Policies

### 2. Digital banks attract significant numbers of customers

After only six months of launching MyVIB 2.0 digital banking application – which uses multi-cloud computing technology to process 60-70 per cent of the input data to help banks realise ideas, bring products and services to the market faster and respond sooner to customer requests, VIB has doubled the number of customers compared to the previous year and reach the target of 4 million customers nearly a year earlier than expected.

Not only VIB, the wave of “cloudisation” of digital banking applications to expand modes and storage capacity, and increase integrated processing and user data security capacity has been invested in and implemented by many commercial banks.

Currently, VietABank, PVcomBank, VietinBank, Techcombank, SeABank, ABBank and OCB have all integrated cloud computing technologies to launch new digital banking platforms serving the sales of retail products and services, attracting millions of users.

The business results by the end of 2022 of banks showed a sharp increase in the number of new customers attracted by banks thanks to their digital applications. For example, MB last year added 7 million customers in the wake of developing Biz MBBank and Charity app while Techcombank with E-Banking apps (using AWS cloud computing technology) attracted an additional 1.2 million users in 2022. ACB and TPBank also said they recorded an annual growth of 30 per cent in the number of customers using digital applications in the 2019-22 period.

Along with the increase in the number of customers, the investment in new technologies and digitalisation of business activities have helped many banks attain significant achievements. For VIB and ACB, the proportion of revenue from retail activities was around 90 per cent in 2022. Retail activities at other banks such as MB, Techcombank and Sacombank currently account for more than 50 per cent of their business portfolio.

Recent research by Gimigo Vietnam showed 2023 will continue to witness fierce competition between banks in developing retail digital banking applications to gain market share.

According to Gimigo, the group of large State-owned banks such as Vietcombank, BIDV, Agribank, VietinBank and MB was leading in the retail segment thanks to being trusted by users and having a widespread network by the end of 2022. However, the group of private banks such as Techcombank, Sacombank, ACB, VPBank and TPBank have significantly improved their awareness level and attracted a large number of users in recent months.

Gimigo's survey in Ha Noi, HCM City and some other big cities showed the digital applications of Techcombank, ACB and Sacombank are currently competing strongly with large-sized State-owned banks. Other private banks such as TPBank and VPBank also have high net promoter scores (NPS). Thus, the group of banks has many opportunities to expand the customer base thanks to the existing group of loyal customers and the new customers.

According to experts, developing the networks of branches, transaction offices, POS and ATMs is no longer the banks' top priority. Instead, they focus on digitisation of products and services. To maintain the number of customers, banks need to pay more attention to transaction costs, quality of products and services, staff attitude, customer service, and continuous improvement of online procedures.

Regarding the development trend of digital application generations this year, Gimigo said besides investment in cloud computing technologies and applying Artificial Intelligence (AI) and Machine Learning to develop applications to support retail sales of products and services, banks will tend to pour in an integrated open banking ecosystem.

Some banks, which have so far invested in purely digital banking models such as Cake, Timo, Tnex, Octo and Ubank, have attracted users. For example, VPBank's Cake app currently has 1 million users.

Experts forecast banks will invest more in developing completely new digital banking brands in the near future. In which, micro products and services will be integrated into personal financial

management tools to attract customers to use banks' retail products and services.

### 3. Firms gearing up to boost exports

For the first time, on March 19, a batch of nearly 20 tonnes of fresh sugarcane from the northern province of Hoa Binh left Vietnam heading to the US market, facilitated by the privately held Tien Ngan Trade Investment Co., Ltd.

Despite the modest value, the move heralds strong prospects for sugarcane and other agricultural items from Hoa Binh province.

Nguyen Le Diep, the company's director, revealed that it took six months of negotiations to meet the partner's strict technical standards.

Notably, accompanying the fresh sugarcane batch were 10 cane pressing machines, which hints at how the products will be consumed in the foreign market.

With a wealth of experience exporting hundreds of tonnes of fresh sugarcane to the EU, South Korea, and lately the US market, Tien Ngan Co., Ltd. is set to export 300-500 tonnes of fresh sugarcane this year.

The fresh export shipment came amidst a gloomy export order picture since late 2022, showing signs of a possible comeback of orders thanks to firms' consistent strides.

Several key sectors are hopeful for the comeback of export orders starting from Q2 this year.

On March 17, again for the first time, nearly 20 tonnes of durian from Can Tho city in the Mekong delta were exported to China through official channels.

Meanwhile, Lotus Cement and Commodities Trading Corporation JSC based in Ho Chi Minh City is expediting an order to export 55,000 tonnes of cement to Central America.

Lotus JSC's vessel has taken cement products from the Thanh Thang Cement plant based in Ha Nam province, heading to Central American markets.

Lotus Corporation and Thanh Thang Cement's collaboration in fast-tracking the export shipment offers positive signals for a rebound in the Central American region this year.

Last year, the cement industry's total capacity approximated 108 million tonnes, of which domestic consumption only made up 63 million tonnes, and the export volume accounted for nearly 31 million.

In 2023, cement businesses are diligently looking for customers to boost their export volumes.

Vietnam has been negatively affected by the global trade growth slowdown. In the first two months this year, the nation's exports to the US shed nearly 20 per cent to \$13 billion, with key sectors such as computers, machinery and equipment, clothing, footwear, seafood, wood, and wooden furniture all declining sharply.

It is encouraging that despite the forecast of a sharp decline in new electronics orders worldwide from the second half last year, the export of handsets and devices posted a slight increase of 5.2 per cent on-year in the first two months, reaching \$9.21 billion. This is one of a few export groups still maintaining growth momentum.

Trade experts, however, gave a warning to local exporters that the de-globalisation trend is obstructing exports amidst ever-burgeoning safeguard measures applied by countries around and world.

Tran Thanh Hai, deputy general director of the Agency of Foreign Trade under the Ministry of Industry and Trade noted, "Developed nations are paying growing heed to issues like safety for their consumers, sustainable development, and combating climate change, driving them to institute new standards and regulations related to the supply chain, green materials, labour, and the environment

that force export firms to seek compliance to uphold orders.”

#### 4. Seafood exports expected to recover in Q2

Although Viet Nam's seafood exports were estimated at 235,300 tonnes in the first two months of 2023, worth more than US\$1 trillion, this represents a drop of 26 per cent over last year in volume and 32.9 per cent in value, according to data from the General Department of Viet Nam Customs.

However, the export market is expected to rise in the second quarter of 2023, though the recovery will not be as fast as in the same period last year. Viet Nam News reporter To Nhu spoke to Nguyen Hoai Nam, deputy general secretary of the Viet Nam Association of Seafood Exporters and Producers (VASEP), to learn more about the expectation.

What do you think about the prospect of Viet Nam's seafood export to the Chinese market?

Vietnamese seafood producers are interested in the Chinese market because it is a large market and has grown continuously over the past five years. China's imported fresh food products are worth around US\$2 billion, accounting for more than 20 per cent of China's total import market share. This is a market that Vietnamese businesses can penetrate.

Compared to other countries such as Ecuador or India, Viet Nam is currently the largest supplier for wholesale markets in Guangxi, China. Guangxi is a strategic province, ranking in the top five of China's major localities that import seafood from Viet Nam.

What are the challenges that seafood businesses exporting to China face? How VASEP will support them?

Decrees 248 and 249 stipulate that the business community, including Vietnamese seafood enterprises, must register with the Chinese authorities. This is a regulation of the importing country, and we must comply.

However, some businesses have recently encountered significant challenges. When the registration procedures fail, they have to redo the process through the Vietnamese competent

authority, the Agro Processing and Market Development Authority.

In the current era of digitalisation, the technology platform and registration process from the Chinese authorities are not fully supportive of exporting to countries like Viet Nam.

From the VASEP's perspective, we hope that the Chinese authorities will pay more attention to this procedure so that the registration procedures will be more convenient in the future.

As you have mentioned, China and Guangxi are hugely targeted markets for Vietnamese seafood, which is also a high-income sector. What products do you think Vietnamese seafood businesses should focus on to win over the markets?

According to general statistics, shrimp is still the largest export commodity, valued at about \$1 billion, while the total seafood export value to China was \$1.61 in 2022.

Recently, shrimp has been a commodity that accounts for about 40-50 per cent of the total export turnover to the Chinese market, and this figure fluctuates from time to time. However, in 2022, this figure reached over 50 per cent.

In the first two months of 2023, Viet Nam's seafood exports to all markets decreased at a double-digit rate due to immense inflation in big countries. However, for the Chinese market alone, our seafood exports decreased by 7 per cent to nearly \$160 million during the period.

In February, seafood exports to many markets declined, yet the Chinese market alone accounted for US\$120 million, up 33 per cent.

In general, while trade with other markets is declining, the Chinese market is growing positively. This is a huge motivation. China is a promising destination that various trade associations,

including those for seafood, are particularly interested in.

Guangxi Province is mainly interested in shrimp products and value-added products such as those made from swim bladders and fish skin, followed by pangasius and fresh products. This is an advantage for both sides.

With such an impressive market share as I just shared above, Vietnamese businesses should pay more attention to traders and border markets in Mong Cai in Quang Ninh Province and Guangxi, China.

From last year to the beginning of this year, seafood businesses have encountered many difficulties. Will the negative trend end at the beginning of the second quarter?

It is hard to say.

Input costs are soaring. Meanwhile, inflation rates in many countries remain very high, resulting in lower imports.

In the first quarter of this year, seafood exports to other countries may be cancelled, interrupted, or slowed down. On the other hand, businesses still have to collect raw materials from farmers for processing and export.

These businesses are storing raw materials to serve the production needs of the second and third quarters, not for inventories.

However, this led to an overwhelming amount of debt that businesses had to pay to banks in the first quarter of this year. They are short on cash flows.

The bottleneck here is that we lack enough cash flow to pay the debts. Therefore, seafood enterprises do not wish for charge-offs, but they expect the Government and the State Bank (SBV) to have policies for debt rescheduling.

As a result, businesses have sufficient cash flows, collect raw materials from fishermen, and wait for positive signals from different markets, including China, which is forecasted to consume more starting in the second quarter.

Should businesses try to find ways to penetrate new markets or niche markets?

One of our six regular tasks is a trade promotion. In the current challenging context, if we reduce media, marketing, and trade promotion activities, we cannot connect with new markets.

Therefore, after attending the Seafood Expo North America in Boston (USA) this March, we will follow the world's largest seafood fair in Barcelona, which is expected at the end of April 2023.

## 5. Next era of e-commerce: Digital transformation with sustainable development

Vietnam's e-commerce topped the region in terms of growth rate in 2022, according to the latest report from Google, Temasek, and Bain & Company. Vietnam's compound annual growth rate was 28 per cent, higher than Singapore (17 per cent) and Thailand (15 per cent).

The scale of Vietnam's digital economy has now reached \$23 billion and could hit nearly \$50 billion in three years if the current growth rate is maintained, according to the report.

With rapid growth and far-reaching impacts on people's lives, the e-commerce industry is transforming in pursuit of sustainable growth based on technology and rapid digital transformation.

At the Forum Digital Transformation: Faster - Smarter - Greener, organised by VIR for the second year, Dang Anh Dung, deputy general director of Lazada Vietnam said that over the first ten years of the industry, players have been investing in infrastructure, services, and technologies. In the next era, e-commerce must develop, accelerating digital transformation and sustainable growth.

"After the pandemic, shopping behaviour has changed, with e-commerce becoming increasingly popular. More than 60 per cent of Vietnam's population shopped online in 2022. In particular, up to 96 per cent of users in big cities like Hanoi and Ho Chi Minh City use online shopping," said Dung. "This trend will grow even more in the near future, with 90 per cent of users saying they will maintain their current level of usage or increase it."

According to the Lazada's Consumer Behaviour and Research Report, in 2022, about 27 per cent of new businesses joined the e-commerce platform. Lazada's e-commerce ecosystem currently has more than 1 million sellers and brands, and in the fourth quarter of 2022, 75 per cent reported a positive outcome on Lazada.

Some local businesses that have successfully digitalised and grown sharply on the Lazada e-commerce platform in 2022 are Foodmap and Lep.

The Foodmap brand and Lazada carried out a number of agricultural product consumption

campaigns, such as consuming three tonnes of lychees in a day and 20 tonnes of dragon fruit in a week. The Lep brand – a very hot fashion business – has grown 10-fold after two years of operating on Lazada, achieving the highest revenue in this industry on the platform.

"Businesses should develop their sustainable e-commerce ecosystem to enhance its core service capabilities, while expanding key areas such as supply chains and digital payments. They need to sustainably manage their finances to optimise and protect the assets of the business," said a Lazada representative.

Dung concluded, "Lazada sees factors like sustainable business and infrastructure development and high-quality human resources as essential. Companies need to constantly update their knowledge and digital training, focusing on those with specific skills in the e-commerce industry."

## 6. Offshore wind farm project proposed in Can Gio

Japanese and local investors have asked the HCMC government for approval of an offshore wind power project with a capacity of 6,000 MW in the outlying coastal district of Can Gio, reported the local media.

The HCMC People's Committee is seeking feedback from relevant agencies on the proposed project before it asks the Government to include this wind farm into the National Power Development Plan for the 2021-2030 period, with a vision to 2045.

The wind farm would be located 55 kilometers off the coast of Can Gio District on an area of 325,123 hectares.

The investors, including Asia Petroleum Energy Corporation, Tokyo Gas Corporation and Shizen Energy Corporation, also plan to build an onshore substation on eight hectares of land in Hiep Phuoc Industrial Park Phase 2.

The two-phase project is planned for operation by 2036 and it would be connected to the national grid to supply power for a hydrogen manufacturing facility.

A total of VND397,605 billion, including for site clearance, would be needed for the project, of which investors would contribute 30% and the rest would come from local banks.

Two other large-scale wind farm projects have been proposed in Can Gio District. If these two projects are included in the planning and approved for construction in the coming years, HCMC would have a huge source of renewable energy.

## 7. Quang Ninh province posts growth of over 8% in Q1

The northern province of Quang Ninh maintained stable and high socio-economic development in the first quarter of 2023, with gross regional domestic product (GRDP) growth of 8.04%, statistics showed.

The service sector recovered strongly to maintain its role as the main growth engine, contributing to 30.6% of the GRDP.

In the first three months, Quang Ninh welcomed 4.85 million tourists and earned some 8.55 trillion VND (363.9 million USD) in tourism revenue, respectively rising 2.3 and 2.7-fold from a year earlier.

Meanwhile, state budget revenue reached some 14.8 trillion VND, equivalent to 27% of this year's estimate and up 8% year on year. The budget comprises 11.27 trillion VND from domestic sources and 3.53 trillion VND from foreign trade, representing increases of 8% and 7% respectively year on year.

For the second quarter, the provincial Party Committee targets GRDP growth of about 9.51%, state budget revenue not lower than 15 billion VND, and at least 3.6 million tourists to help attract some 15 million arrivals in the entire 2023.



## Corporate News

### 8. BAF: Approving the transaction with related parties in 2023

↓ -0.75%

BAF Viet Nam Agriculture Joint Stock Company issued the Board resolution dated March 21, 2023 regarding the approval of the agreement signing,

transaction with related parties in 2023. Accordingly, the agreement value will be less than 35% the company's total assets in the latest financial statements.

### 9. ADS: Result of issuing shares to convert bonds

↓ -3.88%

On March 22, 2023, Damsan Joint Stock Company reports the result of issuing shares to convert bonds with details as follows:

1) Plan for issuing shares to convert bonds:

- Bond name: Damsan Joint Stock Company
- Bond code: ADSh2224001
- Conversion volume: 700,000 bonds
- Convertible ratio: 1:100 (01 bond will be converted into 100 shares)
- Stock name: Damsan Joint Stock Company
- Stock type: common share
- Expected issue volume: 7,000,000 shares

- Convertible price: 10,000 dongs/share
  - Convertible date: March 21, 2023
  - Time for transferring shares: expected in Quarter 2/2023
  - Transfer restriction: none
- 2) Result:
- Number of shares issued: 7,000,000 shares, equivalent to 100% total shares expected to be issued
  - Total shares after the issuance (March 21, 2023): 50,779,034 shares; Of which:
    - + Number of outstanding shares: 50,779,034 shares
    - + Number of treasury shares: 0 share.

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