The P-Lab Case: PNJ Between a Crisis of Trust and a Series of Market-Reassurance Actions

PNJ · Phu Nhuan Jewelry JSC · HOSE · Jewelry Retail

EVENT: DIAMOND-SMUGGLING CASE LINKED TO P-LAB | SHARE PRICE −46% FROM 52-WEEK HIGH | UPDATED AS OF 14 JUL 2026

TCBS RESEARCH VIEW	KEY RISK	DECISIVE VARIABLE	SUPPLY PRESSURE
Cautious · Monitor Although the share price has fallen **46% from its 52-week high**, investors should **stay on the sidelines and avoid bottom-fishing**. The investigation's conclusion is pending and the impact on customer trust cannot yet be quantified — event risk may not be fully priced in.	**Brand & trust** Direct financial impact not yet quantifiable	**Investigation outcome** Scope of liability unresolved; further defendants charged 12 Jul	**High fund ownership** Large fund holdings can create selling pressure

EXECUTIVE SUMMARY

- On 2 Jul 2026, Thanh Hoa provincial police announced the break-up of a **cross-border diamond-smuggling ring**: 22 individuals were charged, with more than **28,000 diamonds** brought into Vietnam across 141 shipments since 2024, estimated at **VND 280 billion**. **Mr Dang Ngoc Thao — former Director of P-Lab** (a wholly-owned PNJ subsidiary providing gemological appraisal services) is alleged to have led the "legitimization" stage: buying smuggled diamonds, grinding off the GIA serial numbers on the stones and re-inscribing new codes under P-Lab's system.
- PNJ shares reacted sharply negatively: **three consecutive limit-down sessions (3–7 Jul)**, reaching **VND 43,850/share** on 13 Jul — a 52-week low, down **45% from the 52-week high**.
- PNJ has rolled out a series of reassurance measures: a disclosure affirming the matter is a **personal legal responsibility** (7 Jul), the formation of a **Special Supervisory Team**, approval of a **share-buyback** plan, and insider buying (the CEO registered to buy 1 million shares, 11 Jul). Notably, on 12 Jul — per the investigating authority — the case widened further as **an additional P-Lab appraiser and three other individuals were charged**, indicating the scope of the investigation is not yet closed.

> **PNJ extraordinary disclosure (No. 485/2026/CV-CTY, dated 7 Jul 2026):** "P-Lab considers the investigation into Mr Dang Ngoc Thao, former Director of P-Lab, regarding smuggling to be a matter concerning the individual's legal responsibility [...] At present, all of the Company's operations continue to run stably."

KEY ANALYTICAL POINTS

1 The material impact channel is brand and trust — direct financial impact cannot yet be quantified

P-Lab has charter capital of just **VND 10 billion** and provides only appraisal services (it does not trade diamonds); however, a small legal entity **does not imply small risk**. Appraisal is the **"trust anchor"** of the jewelry industry: when this function is alleged to have been falsified at an entity carrying the PNJ brand, the material impact channel is **brand and customer trust** — particularly for the diamond segment (est. ~33% of jewelry revenue). The direct financial impact **cannot yet be quantified**; yet international precedents (e.g. the 2014 EGL certificate "over-grading" scandal and the 2023 collapse of UK jewelry chain Vashi) show that certification-tampering incidents tend to cause prolonged damage to trust.

2 Management affirms diamonds are officially imported through diversified supply channels

Chairwoman Cao Thi Ngoc Dung affirms that all diamonds entering PNJ's system are **officially imported** (mainly from Thailand and Hong Kong) with full documentation; PNJ and P-Lab have only a professional-services contract, with no goods-trading relationship. PNJ's supply is spread across many partners (Hong Kong, Germany, India, Belgium, China, etc.), which helps **reduce supply-disruption risk** but requires transparent **traceability**.

3 A rapid, coordinated set of share-price-support actions has been activated

Within one week: formation of a Special Supervisory Team; Board Resolution 488/2026 to sell all **169,559 treasury shares** (0.03%) before **buying back the company's own shares** (Decree 245/2025/ND-CP), with a **17 Aug 2026** record date for a written shareholder consultation; and CEO Phan Quoc Cong's registration to buy **1 million shares (0.20%; 17 Jul–14 Aug)**, following an earlier registration by the Chairwoman's brother.

4 Core operations show no deterioration; the company maintains its 2026 plan

At an investor meeting on 6 Jul, CEO Phan Quoc Cong said preliminary Q2/2026 figures were **in line with the half-year plan**, with revenue and NPAT still **growing at double digits**; management **maintains its 2026 plan** (revenue of VND 48,660 billion, +37%; NPAT above VND 3,400 billion, +21%). PNJ trades at a **P/E of ~6.2x and P/B of ~1.6x** — a historically low range, though the investigation's outcome remains an unknown.

EVENT TIMELINE & COMPANY RESPONSE

2 Jul	3–7 Jul	7 Jul	8 Jul	11 Jul	12 Jul	17 Aug
22 individuals charged; former P-Lab Director arrested	PNJ hits limit-down for 3 straight sessions	Disclosure: personal liability; Special Supervisory Team formed	Resolution to sell 169,559 treasury shares; buyback plan	CEO registers to buy 1m shares (17 Jul–14 Aug)	Additional P-Lab appraiser & 3 others charged (Case 268V)	Record date for written shareholder consultation

Source: PNJ disclosures No. 485 & 490/2026/CV-CTY; Board Resolution 488/2026/NQ-HDQT-CTY; trading notice dated 11 Jul 2026; announcements by the investigating authority; PNJ investor meeting (6 Jul 2026)

PRICE VS 52-WEEK HIGH
−45%
VND 43,850 — 52-week low (13 Jul)

1-MONTH CHANGE
−25%
incl. 3 limit-down sessions 3–7 Jul

CURRENT P/E
6.2x
P/B 1.6x — historically low

ROE (TRAILING 4Q)
27.7%
Trailing 4Q NPAT: VND 3,618 billion

IMPACT ASSESSMENT

- **Legal channel:** the matter is tied to the personal liability of the former P-Lab Director; to date, neither PNJ nor P-Lab has been named as a subject of the investigation. On the family relationship between Mr Thao and a Board member, the company affirms it maintains a **separation of management, control and supervision**.
- **Business channel:** diamond-related customer traffic spiked on 3 Jul then **normalized by the morning of 6 Jul**; diamond inventory rose on customer buy-backs but stayed **under control** (per management, 6 Jul). Diamond products are ~**33% of jewelry revenue**; any impact would show up more clearly in **Q3** than Q2.
- **Share supply–demand channel: large funds hold a high proportion of PNJ** (Dragon Capital ~6%, T. Rowe Price ~5.8–6%, plus others; the foreign room is nearly full). In a negative event, this can create **large and prolonged supply pressure** — from active selling, redemptions or portfolio/index rebalancing. Indeed, foreign investors sold heavily around the event: the VinaCapital group sold ~3.1 million shares (8 Jul), falling below 5% and ceasing to be a major shareholder. Offsetting demand comes from insiders (the CEO's 1m-share purchase) and the buyback plan (to shareholders in Aug 2026), though its size and timing remain to be seen.

WHAT SHOULD INVESTORS WATCH?

What to watch	Why it matters
The investigating authority's conclusion	Determines the scope of liability (individual vs. corporate involvement) — the single largest risk variable, currently not quantifiable.
Shareholder consultation & buyback plan (Aug 2026)	The buyback's size and price determine the real support for the shares; preceded by the sale of 169,559 treasury shares in Q3/2026.
CEO's trade execution (17 Jul–14 Aug)	The extent to which the 1-million-share commitment is fulfilled — a signal of management's confidence.
Q2/2026 financial statements and Jul–Aug revenue	To verify the "double-digit growth" claim; any impact from the incident will show up in Q3 figures, especially the diamond segment.
P-Lab governance measures & traceability	The Board has reviewed P-Lab's governance; the new oversight mechanism has two independent representatives (risk, internal audit) reporting directly to the Board, plus independent legal and communications advisors.

KEY TAKEAWAY

The P-Lab incident is first and foremost a **legal risk and a crisis of trust**. The direct financial impact on PNJ **cannot yet be quantified**; but for a company whose brand is its core asset, the damage to **brand and customer trust** could be substantial. With the case still widening and the **investigation's conclusion pending**, the shares have fallen sharply but event risk is not fully priced in — investors should **stay on the sidelines and avoid bottom-fishing**.

For any feedback on this research report, please write to **research.feedback@tcbs.com.vn**. Thank you.

Note: *This report is for reference only and is not a specific buy/sell recommendation. Investors should carefully consider before making any trading decision.*