



VIETNAM DAILY NEWS



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Market Analysis

1. Market extends rally, VN-Index gains nearly 15 points

Shares settled higher yesterday, boosted by pillar stocks. However the market still witnessed foreign investors fleeing from both main exchanges.

The VN-Index on the Ho Chi Minh Stock Exchange (HoSE) ended yesterday's trade at 1,328.14 points, equivalent to a gain of 14.91 points, or 1.14 per cent. Last week, the index had lost 1.22 per cent due to a sell-off.

The market's breadth was positive as 333 stocks climbed, while 64 stocks slid and 34 stocks ended flat. The liquidity was high with more than VND21.3 trillion (US\$941.79 million) being injected into the southern bourse, equivalent to a trading volume of over 676.5 million shares.

The index was pulled by gains in many large-cap stocks with a quick recovery from bank stocks after last week's tumbles.

Despite a positive session, analysts from SSI Securities Corporation (SSI) warned that the benchmark would soon face correcting pressure as the VN-Index was heading to the resistance area near 1,340 points and it was still in a short-term downtrend.

The 30 biggest stocks tracker VN30-Index recorded a rise of 0.88 per cent to close yesterday at 1,431.05 points. Of the VN30 basket, 20 stocks increased while only three stocks fell, and one stayed unchanged.

Bank stocks led the market's rally trend, with four

out of the top five most influential stocks in the banking sector. Data compiled by vietstock.vn showed that Vietinbank (CTG) was the biggest gainer yesterday with an increase of 3.69 per cent, followed by Vietcombank (VCB), up 1.53 per cent.

The other three stocks were Hoa Phat Group (HPG), up 2.31 per cent, Techcombank (TCB), up 2.39 per cent and BIDV (BID), up 1.94 per cent.

Gains in real estate, utilities, information technology (IT) and retail stocks also supported the market.

On the other hand, selling pressure rose against some big material stocks in the afternoon session. Accordingly, Masan Group (MSN) posted losses of 2.43 per cent, while Saigon Beer - Alcohol - Beverage Corporation (SAB) fell 0.88 per cent.

Vingroup (VIC) also inched down 0.74 per cent yesterday.

The HNX-Index on the Ha Noi Stock Exchange (HNX) climbed 0.74 per cent to 341.3 points.

During the session, nearly 144.4 million shares were traded on the northern bourse, worth VND2.8 trillion.

Meanwhile, foreign investors were still net sellers on both main exchanges as they sold a total of VND408.36 billion. Of which, they net sold a value of VND392.3 billion on HoSE and a value of VND16.06 billion on HNX.

Macro & Policies

2. Acecook recalls products exclusive to EU

Acecook's recalled noodle products in the EU are exclusive to the European market and are not domestic products, said Kajiwara Junichi, general director of Acecook Vietnam, at a meeting in HCM City late Saturday.

All available products in Viet Nam abide by Vietnamese regulations and are safe for consumers, he said.

The Food Safety Authority of Ireland (FSAI) on August 20 announced that batches of the Hao Hao and Good brand noodles produced by the Acecook Vietnam Company, were being recalled after they were found to contain ethylene oxide, a substance that cannot be used in foods sold in the European Union (EU).

The two products are Hao Hao Sour-Hot Shrimp Flavour Instant Noodle Dish (77g, expiration date September 24, 2022) and Good Spare Ribs Flavour Instant Noodle Dish (56g, expiration date November 10, 2022).

"Certain batches of instant noodle products are being recalled due to the presence of the unauthorised pesticide ethylene oxide. This pesticide is not authorised for use in food sold in the EU. Although the consumption of the contaminated product does not pose an acute risk to health, there may be health issues if there is continued consumption of ethylene oxide over a long period of time," the FSAI stated on its website.

"Therefore, exposure to this substance needs to be minimised. Point-of-sale recall notices will be displayed in stores supplied with the implicated batches."

Kajiwara Junichi said Acecook Vietnam had contacted its suppliers and they had asserted they do not use ethylene oxide during production, adding that the company does not allow the use of ethylene oxide in any production process.

Junichi said the substance was widely used to sterilise medical equipment and certain food

products. It is accepted by certain countries like the US and Canada.

He said the company had implemented further investigation to ensure the products' quality and safety.

Viet Nam's Ministry of Industry and Trade said it was verifying the information, and had requested Acecook Vietnam to report on its production processes and procedures, explaining the difference between products consumed domestically and those exported.

All Acecook Vietnam products circulating in Viet Nam are also being reviewed, the ministry added.

In related news, The Vietnam SPS Office, Ministry of Agriculture and Rural Development, said it had received a warning from the EU stating that the product "Dried noodles with chicken - and beef-spices" produced by Thien Huong Food Joint Stock Company in HCM City, exported to Norwegian market, also contain ethylene oxide.

After the SPS announcement, the Ministry of Industry and Trade requested Thien Huong Food Joint Stock Company to urgently report on its production process to assess the presence of ethylene oxide.

The ministry has request the Food Safety Management Board of HCM City to organise the inspection into Thien Huong's product, take samples to test ethylene oxide in products of the company being circulated in the Vietnamese market, and review the entire list of products distributed by the company in the country

In an interview with news site Zing on Sunday, Thien Huong Food said that it had sent the product manufacturing process to the management agency as required, adding that it did not allow the use of ethylene oxide in any production process.

The company said that the recalled batch of "Dried noodles with chicken - and beef-spices" was tailor-made exclusively as a partner's order in Norway.

The company insists that all products are strictly processed, without using ethylene oxide in any stages. The production process now follows IFS, ISO 22000 and HACCP standards.

In addition to providing samples to the management agency, Thien Huong was inspecting, screening and evaluating on a large scale all stages

of raw materials, equipment, processing and manufacturing processes.

The company will also verify the information of processed products in the Norwegian market.

"Once we have the final results, we will quickly announce them," the company representative told Zing.

3. Vietnamese, Singaporean firms tap FTAs with EU, UK to expand cooperation

A webinar discussing ways that Vietnamese and Singaporean businesses can fully tap opportunities brought by free trade agreements (FTAs) with the EU and the UK to expand their cooperation, was jointly held by the Vietnamese Embassy and the Vietnamese Trade Office in Singapore on Saturday.

Leading experts on FTAs, representatives from more than 200 Vietnamese and Singaporean enterprises, and multinational companies in Singapore took part in the event.

Vietnamese Ambassador Mai Phuoc Dung said Viet Nam and Singapore were the two countries with the highest economic openness in Southeast Asia and the only two ASEAN countries that had signed FTAs with the EU and the UK.

This proved governments and businesses had the same goal of participating in economic links to diversify export markets, and participate more deeply in global value chains and product networks to improving their competitiveness and promoting sustainable growth.

Since these FTAs took effect, both countries have witnessed strong growth in exports.

Last year, exports of Viet Nam and Singapore to the EU increased by about 18 per cent and 12 per cent, respectively. Viet Nam also witnessed an impressive growth rate in exports to the UK recently.

One of many fields with great opportunities for cooperation between Vietnamese and Singaporean businesses was exporting agricultural products and processed foods to the EU and UK, the diplomat noted.

Vietnamese enterprises could double their export values to these markets by 2025 if they could exploit advantages and expand investment in deep processing and promote brands abroad. Meanwhile, processed food was still one of the top ten products in Singapore's export structure.

Singaporean agencies and businesses were seeking ways to promote export of processed foods by diversifying supply resources of raw agricultural products from Viet Nam, he said

In addition, taking advantage of the principle of origin to coordinate in manufacturing original equipment, jointly exploiting brands and a network of import partners, developing logistics and e-commerce cooperation mechanisms for processed food sector to jointly make inroads into the EU and UK markets, were larger prospects that Vietnamese and Singaporean businesses could tap to expand their cooperation.

Participants at the event also focused their discussions on practices for applying the FTAs with the EU and the UK to reduce import taxes.

4. Vietnam has spent VND 21,500 billion on COVID-19 prevention and control

According to the Ministry of Finance, it is estimated that from the beginning of the year until now, the financial industry has spent VND 4,650 billion and since 2020 has spent VND 21,500 billion on COVID-19 prevention and control.

The COVID-19 epidemic, which has lasted for nearly 2 years, has greatly affected production and business activities of enterprises and people's lives, especially workers, greatly affecting state budget revenue.

In that context, implementing the Government's resolutions, the Ministry of Finance organizes and flexibly administers fiscal and budgetary policies to respond to the pandemic, support the economy, and ensure social security.

During this time, the Government has paid great attention to spending on epidemic prevention and control and requested the Ministry of Finance, ministries, branches and localities to prioritize the arrangement and allocation of the state budget and other lawful resources, ensuring funding for epidemic prevention and control.

According to the Ministry of Finance, it is estimated that from the beginning of the year until now, the financial industry has spent 4,650 billion VND and from 2020 until now has spent 21,500 billion VND on epidemic prevention.

To focus resources on COVID-19 prevention and control, the Ministry of Finance has submitted to the Government an additional VND 1,237 billion from the central budget reserve in 2021; submit to the National Assembly Standing Committee to allocate 13,300 billion VND from the savings and remaining funds of the central budget in 2020.

In particular, the Ministry of Finance has submitted to the Prime Minister to establish a COVID-19 vaccine fund to mobilize funding and support from domestic and foreign organizations and individuals.

Up to now, the Fund has mobilized more than 8,000 billion VND, along with the funding arranged from the state budget to purchase about 25,000 billion VND of COVID-19 vaccine and 150 million injections for 70% of the country's population. .

In addition, the Ministry of Finance also submitted plans to save costs and the Government issued

Resolution No. 58/NQ-CP requesting ministries, central and local agencies to cut at least 50% of the budget of conferences, work at home and abroad.

At the same time, another 10% of the remaining recurrent expenditure in 2021 is saved to supplement the source of epidemic prevention and control, increasing development investment spending and reduce the state budget deficit in 2021.

The Ministry of Finance has also issued a document guiding ministries, central agencies and localities to cut and save recurrent expenditures in 2021.

According to Associate Professor-Dr. Dinh Trong Think, Academy of Finance, about saving recurrent expenses, it is expected that the state budget will save about 11,000 billion VND in 2021.

"With the Ministry of Finance's proactive management of the state budget, resources in general and resources from saving recurrent expenditures in particular will promptly meet the needs of epidemic prevention and control as well as important tasks." said Associate Professor-Dr. Dinh Trong Think.

The Ministry of Finance promptly removed the mechanism for localities in balancing and allocating resources to purchase epidemic prevention equipment; request financial agencies and State Treasury at all levels to strictly comply with regulations, not to incur further administrative procedures to delay or obstruct the implementation.

In the implementation, it is necessary to simplify administrative procedures, simplify the process, shorten the time to execute the work, but improve the role of inspection and supervision and have strict sanctions for the actions taken, as well as corruption and profiteering.

According to Associate Professor-Dr. Dinh Trong Think, financial resources must be used effectively, for the right purposes and at the right time. Therefore, in the context that resources are still difficult and the epidemic may be prolonged, it is very important not to let negative events and waste occur in the use of financial resources.

5. CAAV asks airlines to stop selling domestic tickets

The Civil Aviation Authority of Vietnam (Ministry of Transport) has just issued a written request to domestic airlines to stop selling tickets on domestic routes until further notice.

According to the Civil Aviation Authority of Vietnam, currently Hanoi, Ho Chi Minh City and many provinces and cities are still social distancing according to Directive 16 of the Prime Minister. In order to strictly implement the directions of the Prime Minister and the Ministry of Transport in the context of complicated developments of the COVID-19 epidemic nationwide as well as to ensure the interests of customers, the Civil Aviation Administration of Vietnam requires Domestic airlines (Vietnam Airlines, Vietjet Air, Bamboo Airways, Pacific Airlines, Vietravel Airlines) to stop selling tickets on domestic routes until further notice.

The Civil Aviation Authority of Vietnam also requires airlines to refund passengers according to the channels that passengers have paid for tickets

on domestic flights issued after July 21, 2021 until further notice.

Previously, on July 21, the Civil Aviation Administration of Vietnam requested to minimize the number of commercial flights from Ho Chi Minh City and other provinces and cities implementing Directive 16 to Hanoi. Stop operating passenger flights between Can Tho, Phu Quoc - Hanoi and vice versa. For the route Ho Chi Minh City - Hanoi and vice versa, a maximum of two passenger flights/day can be operated, and Vietnam Airlines was assigned to operate.

On the other hand, cargo flights are carried out unrestricted. The flights are for the purpose of disease prevention and control, serving official duties, the airline plans to report to the Department for consideration and settlement on a case-by-case basis.

Other non-routine flights proceed upon request and are subject to approval by the regulatory authority.

6. People sell properties at loss as pandemic hits incomes

people in are selling off properties in HCMC and southern localities at a loss due to financial difficulties caused by Covid-19.

Quoc recently sold an apartment in Thu Duc City for a loss of over VND133 million (\$5,855), or 5 percent.

He and his wife had paid 35 percent of its cost, but their income has fallen by 58 percent, which forced them to sell the property.

Tri of Binh Chanh District is in a similar plight and sold his VND2-billion apartment at a loss.

Having lost his job due to the pandemic, he was unable to pay off the mortgage and had to bear a loss of several hundred million dong (VND100 million = \$4,400).

Land owners are also suffering. Thu of District 7, who owned four land lots in surrounding localities

Binh Duong, Dong Nai, Long An, and Bao Loc, recently sold two of them and lost nearly VND200 million.

"If I could keep on holding through the outbreak I might make a profit, but I'm in need of cash."

Phan Cong Chanh, CEO of property developer Phu Vinh Group, said that many investors are selling off at losses since incomes are drying up.

"It is likely that many investors cannot keep on holding any more. There might be corrections in the market soon."

Those who borrowed 50-80 percent of the property value are most likely to sell, he said.

As most retail investors are only able to hold their properties for one or two years, the pandemic which began early last year is now forcing them to sell, he pointed out.

But he added that this is only temporary and the

market has not seen panic selling yet.

7. Six southern provinces extend social distancing until mid-September

Six southern provinces – Binh Duong, Long An, Tay Ninh, Tien Giang, Ben Tre and Tra Vinh – will extend social distancing until mid-September.

Binh Duong announced that it was extending the social distancing regulations until September 15 as the number of Covid-19 infections continues to increase. The southern province is the second most affected locality after HCMC, with 110,258 cases recorded as of Monday.

Expecting the number of cases to rise to 150,000 in the coming days, Binh Duong authorities have said they will conduct large-scale screening tests in "red zone", very high risk area and quickly complete facilities and field hospitals. To date, Binh Duong has inoculated more than 856,440 doses of Covid-19 vaccine.

After 43 days of social distancing, Long An will keep the semi-lockdown going till the end of September 13. The province's Kien Tuong Town as well as the districts of Tan Hung, Vinh Hung, Moc Hoa, Tan Thanh, Thanh Hoa and Duc Hue will have it until September 6.

Local officials said that the pandemic situation was gradually being brought under control, but complicated developments were still happening, especially in the "red zone." Long An has recorded over 21,457 infections and 273 deaths. More than 690,000 residents of the province have received at least one dose of a Covid-19 vaccine.

Ben Tre and Tra Vinh provinces will continue to enforce social distancing until September 10, while Tay Ninh will extend it until September 12.

Tien Giang's My Tho and Cai Lay towns as well as the districts of Cho Gao, Chau Thanh, Cai Be, Go Cong Dong, Cai Lay Town and Go Cong Dong will keep the social distancing order in force until September 15.

The current regulation does not allow gatherings of more than two people in public and asks people to only leave home for emergencies, buying food and medicine, and working in factories, production facilities and businesses that involve "essential" goods and services.

Since the new Covid-19 wave hit Vietnam late April, 445,292 infections have been recorded in 62 of its 63 cities and provinces.

Corporate News

8. HVN: Negative equity of 2,750 billion dong, short-term debt increased sharply

↑ 1.65%

After several consecutive quarters of heavy losses, the equity of Vietnam Airlines (HOSE : HVN) turned negative by more than 2,750 billion dong at the end of the second quarter of 2021. Short-term liquidity pressure also increased with short-term debt more than 5 times higher than current assets.

Vietnam Airlines adjusted its loss in the first quarter of 2021?

In the recently released consolidated report for the second quarter of 2021, the national airline recorded a 9% increase in net revenue over the same period, but a heavy loss of VND4,528 billion.

With a loss of nearly VND4,890 billion in the first quarter of 2021, Vietnam Airlines should have lost more than VND 9,500 billion in the first 6 months of the year. However, the national airline only recorded a loss of more than 8,421 billion dong in the first 6 months of the year, which means the company has adjusted its loss figure for the first quarter of 2021.

However, the above loss is still lower than the estimate from Vietnam Airlines at the 2021 Annual General Meeting of Shareholders (VND 10,788 billion).

After several consecutive quarters of losses, Vietnam Airlines ' equity turned to negative VND 2,750 billion, down from VND 6,072 billion at the beginning of 2021.

Additionally, the national carrier is also facing huge liquidity pressure, with short-term assets of nearly 8,200 billion dong while short-term debt is over 42,800 billion dong (an increase of nearly 10,000 billion dong compared to at the beginning of the year). In other words, short-term debt is more than five times as much as total current assets.

At the end of June 2021, the Company only owns nearly VND 1,600 billion in cash and short-term financial investments, a sharp decrease compared to more than VND 2,100 billion at the beginning of the year.

Looking ahead, Vietnam Airlines is still facing a lot of difficulties when the passenger transport segment is severely hampered amidst the epidemic. According to the latest data from July 19 to August 18, Vietnam Airlines only performed 1,025 flights, down 84.6% over the same period in 2020 and down 47% over the previous month. This is one of the bleakest figures for Vietnam's national airline since the Covid-19 outbreak.

9. HAG: more than half of post-tax profit disappeared after semi-annual review

↑ 0.00%

Hoang Anh Gia Lai Joint Stock Company (HOSE: HAG) has just announced the revised semi-annual consolidated financial statements of 2021 with an after-tax profit of VND8.3 billion in the first half of the year. Accumulated loss as of June 30, 2021 is VND 7,372 billion.

Thus, HAG has moved from a loss of 1,397 billion dong in the same period of 2020 to a profit after tax of 8.3 billion dong in the first half of 2021. The

profit after tax for shareholders of the parent company is over 18 billion dong.

HAG said that gross profit decreased by 74% compared to the first half of 2020 because the group no longer consolidated profits of Hoang Anh Gia Lai International Agriculture Joint Stock Company (HOSE : HNG) and HNG 's subsidiaries . Financial profit increased by VND 186 billion due to an increase in profit on liquidation of investment in HNG (financial revenue increased by 36% and financial expenses decreased by 13%).

Meanwhile, selling expenses decreased by 78% due to no longer consolidating HNG group of companies. Administration expenses also decreased by 90% mainly because the Board of Management decided to make provision for large bad debts in the past.

In addition, another loss increased by 147 billion dong due to the cost of converting some inefficient orchards to bananas during the period.

Compared to the previous consolidated report for the second quarter of 2021, HAG 's profit after tax and net profit decreased by 55% and 35%, respectively.

The reason is that during the review process, the auditors of Ernst & Young Vietnam proposed to adjust the figures: Increase in cost of goods sold due to adjustments related to the fair value allocation of assets; reducing the provision for receivables after conducting a recovery review.

No longer consolidating HNG, total assets of HAG recorded a significant decrease of 51% compared to the beginning of the year, to VND 18,112 billion as of June 30, 2021.

Half of the asset value is in receivables, accounting for 9,105 billion VND. HAG is making provision for short-term bad debts of up to VND 2,224 billion.

Regarding the debt situation, HAG's liabilities recorded halving after 6 months, to 12,946 billion dong at the end of the second quarter of 2021. In which, short-term loans accounted for 1,548 billion dong and long-term loans accounted for 6,731 billion dong.

Accumulated loss as of June 30, 2021 of HAG is VND 7,372 billion. Accordingly, the audit highlighted the existence of material uncertainties that may cast significant doubt on Chairman of the Board of Directors Doan Nguyen Duc's ability to continue.

Recently, on August 25, HAG has just announced the collection of shareholders' written opinions in order to approve a number of issues. Notably, the plan to use equity surplus to handle accumulated losses.

As of December 31, 2020 , HAG has chartered capital of VND 9,275 billion, equity of VND 6,139 billion and accumulated loss of VND 6,678 billion. The total share capital surplus formed through the charter capital increases is recorded at nearly VND 3,264 billion.

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