



# VIETNAM DAILY NEWS

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## Market Analysis

### 1. Shares cut early gains to end lower, liquidity rises to record high

Shares cut early gains to end lower on Monday as selling pressure suddenly appeared in the afternoon session, causing many large-cap stocks to fall deeply and pushed the VN-Index back below the reference level.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange (HoSE) reversed the morning course to inch down 0.37 per cent, to 1,438.97 points. The index had risen 4.2 per cent last week.

The market's breadth turned negative with 249 stocks declining, while 216 rose.

Liquidity soared to a record high with 1.1 billion shares traded on the southern bourse, worth VND33.7 trillion (US\$1.48 billion).

The index's reversal was due to losses in large-cap stocks. The 30 biggest stocks tracking VN30-Index fell sharply 1.02 per cent, to 1,516.75 points. Twenty in the VN30 basket increased, while seven climbed and three ended unchanged.

In the VN-30 basket, losers included Tien Phong Bank (TPB), falling 4.1 per cent, Phat Dat Real Estate (PDR) declining 3.4 per cent, Masan Group (MSN) down 3.1 per cent, Hoa Phat Group (HPG) falling 2.1 per cent and PetroVietnam Gas (GAS) down 2.2 per cent.

However, the index's loss was capped by gains in some pillar stocks. PVPower (POW) gained by

more than 3 per cent, SSI Securities Inc (SSI) and Vietinbank (CTG) rose 2 per cent. Sabeco (SAB), Bank for Investment and Development of Vietnam (BID), Novaland (NVL) and HDBank (HDB) were among the rest of the gainers.

"The market experienced a struggling session in a narrow range," said BIDV Securities Co.

"Liquidity increased by more than 12 per cent compared to the previous session. Foreign investors were net buyers on the HoSE and net sellers on the HNX. This week, the market may have correction sessions and continue to maintain the upward momentum to reach new high areas," it said.

Foreign investors net bought VND61.77 billion on HOSE, including Vinhomes (VHM) with VND158.17 billion, Vietinbank (CTG) with VND70.70 billion. They were net sellers on HNX with a value of VND36.14 billion.

Meanwhile, the HNX-Index on the Ha Noi Stock Exchange (HNX) still rose 0.83 per cent, to 415.54 points. The index had climbed 4.1 per cent last week.

During the trading session, investors poured VND4.1 trillion into the northern market, equivalent to a trading volume of 169 million shares.

## Macro & Policies

### 2. Listed companies find momentum to thrive in Q4

Many businesses have experienced losses for the first time or after many years due to disruptions caused by COVID-19 in the third quarter of 2021. Their target is now making efforts to revive in the fourth quarter to complete the yearly plan.

#### Losses after years of gaining

In its third-quarter financial report, Pha Lai Thermal Power JSC (PPC) reported a drop of 33 per cent year-on-year in net revenue to over VND1 trillion (US\$45.7 million), resulting in a loss of VND35.4 billion.

This marked its first quarterly loss since 2016. In the third quarter of 2020, the company posted profit of VND90 billion.

The loss was mainly due to higher cost of goods sold, making the gross profit negative VND44.4 billion.

For the first nine months of the year, Pha Lai Thermal Power recorded revenue of more than VND3.3 trillion, with profit after tax of VND223.3 billion, down 44.8 per cent and 55.6 per cent, respectively. Therefore, as of September 30, the company completed 59 per cent of 2021's revenue target and 54 per cent of the profit target.

After reporting very positive business results with a profit of VND65.4 billion in the third quarter of last year, Haxaco (HAX) experienced a loss of VND33.3 billion.

Accordingly, its consolidated revenue fell 59.3 per cent year-on-year to VND708.89 billion in the third quarter. For the first nine months, Haxaco's consolidated revenue declined 9.1 per cent to nearly VND3.4 trillion, with profit after tax of VND34.3 billion, down 45.1 per cent over the same period last year.

The company's business activities were seriously affected by the fourth outbreak of the pandemic, Do Tien Dung, Chairman of the Board of Directors of Haxaco told [tinnhanhchungkhoan.vn](http://tinnhanhchungkhoan.vn).

Two of its branches in HCM City had to close for the whole third quarter, while two branches in Ha Noi were closed until September 21. Sales dropped sharply, while it still had to pay for depreciation expenses, salary costs and other fixed costs, causing Haxaco to witness a loss in the last quarter.

Located in the centre of the COVID-19 hotspot, Thanh Cong Textile Garment Investment Trading JSC (TCM) carried out the "three-on-site" model throughout September, resulting in big drops in output and production capacity.

Meanwhile, the higher costs due to expenses to test workers twice a week, resulting in losses for Thanh Cong Textile in September. This was also the second monthly loss of the company.

Of which, its net revenue slid by 20 per cent over last year to VND782.9 billion, with a loss of VND2.5 billion.

However, as of September 30, Thanh Cong Textile's revenue was mostly unchanged compared to the same period of 2020 at VND2.7 trillion, while its profit after tax was VND118.6 billion, down 41 per cent. With the results, the company fulfilled 63.5 per cent of its whole year's revenue plan and 39.5 per cent of profit after tax plan.

Thanh Cong Textile exports textiles to many countries around the world. In September, its export revenue to the US market accounted for the highest proportion, with 36.63 per cent of total export value. It was followed by South Korea, accounting for about 31.8 per cent, while Japan and China were among the largest markets with market shares of over 9 per cent.

Of securities companies, while many posted record third-quarter profits like SSI Securities and VNDIRECT Securities, Bao Minh Securities (BMS) saw a net loss of nearly VND38.2 billion. This was also its biggest loss recorded since the first quarter of 2020.

The third-quarter financial statement showed that Bao Minh Securities' revenue decreased by 11.4 per cent over the same period last year to VND54.5

billion. The drop was due to the inefficiency of the securities trading division, which accounted for a large proportion of its revenue.

Besides some businesses reporting losses for the first time or after many years, there are businesses whose losses were expected. For example, Vinasun (VNS) announced its revenue of nearly VND23 billion in the third quarter, down 90 per cent over last year.

The company was also heavily affected by the social distancing orders due to COVID-19 during the period, causing a net loss of more than VND90 billion.

In the first nine months of 2021, Vinasun lost VND185.4 billion. It posted a loss of more than VND182.6 billion in the same period last year.

Efforts to revive in the fourth quarter

In the fourth quarter, Haxaco leaders said that they had carefully prepared to carry out business plans when the country's economy entered the new normal phase.

All employees had been vaccinated, ensuring safety for operations. The company also worked with the Mercedes-Benz Vietnam factory and partners to ensure a balance between supply and demand during the peak business season at the end of the year.

Meanwhile, at Pha Lai Thermal Power, Le The Son, Chief Financial Officer, said that the third quarter was normally a low period in operation. And given the impact of the pandemic and problems that occurred at the Pha Lai 2, the consumption output was much lower than the same period last year.

The return of Pha Lai 2 in the fourth quarter was expected to help the company improve profit and complete its whole year target.

Meanwhile, Tran Nhu Tung, Chairman of Thanh Cong Textile's Board of Directors, said that the company was trying to boost its operating capacity to meet export orders.

Currently, it had received orders until the end of 2021 and the first quarter of 2022. The company was speeding up the construction of Vinh Long 2 plant to keep up with orders for 2022.

### 3. PM Chinh hosts business, university leaders in UK

Prime Minister Pham Minh Chinh hosted leaders of ten foreign corporations and leading British universities in Edinburgh, Scotland, on October 31 (local time), as part of his visit to the UK for the 26th United Nations Climate Change Conference (COP26).

During the meetings, Chinh maintained that despite impacts of the COVID-19 pandemic, Viet Nam had been highly regarded by the international community for its efforts to fulfil the dual goal of containing the outbreak and boosting economic growth, and for remaining a safe and attractive FDI destination.

Sharing concerns of foreign investors in Viet Nam over the COVID-19 fallout, the PM said the Vietnamese Government and public agencies would continue to create favourable conditions for them to grow successful and sustainable business in the long

term in the spirit of "harmonising benefits and sharing risks."

Meeting Professor Mohammed Abdel, of the UK's University of Liverpool and principal of Switzerland's Hume Institute for Postgraduate Studies, the Vietnamese leader asked the professor and University of Liverpool to continue coordinating with Viet Nam in training human resources and developing strategies, policies and mechanisms in response to climate change in the Mekong Delta particularly, environment protection, and emerging epidemics.

Agreeing with Chinh's suggestion, Abdel said his university wanted to bolster specific cooperation projects with Viet Nam to produce practical results.

Meeting leaders of Oxford University, the PM said he supported the university's cooperation to help the

pharmaceutical industry and improve the capacity of the health system in Viet Nam.

Talking to leaders of Rolls-Royce Group, Chinh welcomed cooperation activities with Vietnamese businesses, especially with airlines; proposed the involved parties pay attention to the field of aerospace.

Meeting President of Pacific Land Group Patrick McKillen, Chinh spoke highly of the group's projects in Viet Nam, especially Hanoi Biotech Park, which would help the country in coping with impacts of climate change and emerging epidemics.

McKillen voiced his hopes to be able to run a long-term and stable business in Viet Nam and revealed

his intention to build a major hub for biotechnology studies in the country.

Chinh also had meetings with business leaders from large energy companies, including Enterprize Energy, Siemens, and JAKS Malaysia, during which he welcomed these companies to expand operation in Viet Nam and called for more private investment in developing and providing hi-tech solutions for energy projects in the country.

All the guests expressed their delight at Viet Nam's socio-economic development and COVID-19 response, saying they hope the Government of Viet Nam would maintain and reinforce investment attraction incentives and provide all possible favourable conditions for them.

#### 4. Businesses returning to operation up 30 per cent

The number of newly-established enterprises surged in both quantity and registered capital last month compared to the previous month.

The number of enterprises returning to operation increased by 29.8 per cent month-on-month.

Specifically, the whole country had 8,233 newly-established enterprises last month, with registered capital of VND108.6 trillion (US\$4.75 billion) and 58,800 employees, an increase of 111.2 per cent in quantity, 73.9 per cent in registered capital and 17.9 per cent in terms of the number of employees compared to September.

However, this figure still decreased by 32.5 per cent in quantity and 34.4 per cent in registered capital, down 18.8 per cent in the number of employees over the same period last year.

Across the whole country, 4,304 companies returned to operation, up 29.8 per cent compared to September and down 14.7 per cent over the same period last year.

In addition, there were 3,492 enterprises registering to suspend business for a definite period, up 55.9 per cent.

There were 3,048 units that stopped working while waiting for dissolution procedures, up 21.5 per cent

and 806 organisations completed dissolution procedures, up 33 per cent.

Generally, the whole country saw 93,700 newly-registered companies with a total registered capital of nearly VND1.3 quadrillion with 707,700 employees in the first 10 months of this year, down 15.7 per cent in the number of enterprises; 18.2 per cent in registered capital and 16.8 per cent in the number of employees over the same period last year.

The General Statistics Office said that the average registered capital of a newly established enterprise reached VND13.9 billion in 10 months, down 2.9 per cent over the same period last year.

If including more than VND1.88 quadrillion of additional registered capital of enterprises, the total amount of additional capital added to the economy in the first 10 months of this year is more than VND3.18 quadrillion, down 18.2 per cent compared to the same period last year.

There were 35,300 companies returning to operation, down 6.3 per cent year-on-year.

Thus, in total in the first 10 months of this year, the number of newly-established and re-operating enterprises reached 129,000, down 13.3 per cent over the same period last year. On average, there

were 12,900 new and returning companies per month.

Meanwhile, the number of enterprises suspending business for a definite period was 48,500, up 16 per cent over the same period last year.

Up to 35,000 units shut down and were waiting for dissolution procedures, up 15.7 per cent; 13,600 companies completed dissolution procedures, up 0.8 per cent.

To create momentum for businesses to overcome the crisis, the Government issued Decree No 92/2021/ND-CP last week detailing the implementation of Resolution No 406/NQ-UBTVQH15 of the National Assembly Standing Committee on a number of solutions to support businesses and people affected by the COVID-19 pandemic.

The Decree guides four groups of tax exemption and reduction solutions to support businesses and people to overcome difficulties caused by the impact of COVID-19.

These include reducing corporate income tax this year for businesses and organisations with a revenue of no more than VND200 billion and a decrease in revenue compared to 2019.

Tax will be exempt in the third and fourth quarters of the year for business households and individuals that have production and business activities in different locations affected by the COVID-19.

Along with that, value-added tax rate for groups of goods and services in industries and late payment interest arising last year and this year for businesses and organisations that incur losses last year will also be reduced.

## 5. Proposal suggests slashing new car registration fees

The Ministry of Finance (MoF) has proposed slashing registration fees for locally built cars by 50 per cent until May 2022, to increase sales and encourage recovery in the automobile industry.

According to the Ministry of Finance, cutting registration fees for domestically assembled automobiles will stimulate consumer demand and promote domestic manufacturing and assembling enterprises. This fee reduction may reduce tax revenue in the short term, but if the number of vehicles sold increases as a result, total revenue can be maintained or even increase.

Over 102,900 domestically produced automobiles were registered in the first half of last year. That number doubled in the second half of the year, when the fee was halved in a similar way to the latest proposal. As a result, tax revenue increased by VND14.11 trillion (\$613.48 million).

In the draft, the Finance Ministry acknowledged challenges when applying preferential policies, even if they are in response to the COVID-19 pandemic. The concern is that Viet Nam may not fully comply with the provisions of the World Trade Organisations General Agreement on Tariffs and Trade (GATT) if preferential treatment is given to

local manufactures. Viet Nam has already received requests to rethink from some manufacturers that do not have domestic production and assembly activities in Viet Nam.

On 25 October, 11 foreign automobile firms that do not manufacture in Viet Nam, including Audi, Volkswagen, Subaru, Volvo, Jeep, and Porsche, called on the Vietnamese Government to apply the registration fee cut to imported vehicles too.

They said the Government should not only be giving incentives to domestically assembled automobiles and proposed the reduction in registration fees be applied to imported vehicles too.

These car importers argued that it would be unfair to give preferential registration fees on cars locally manufactured and assembled only. The COVID-19 pandemic had affected all auto businesses, both assembling and importing, not only those produced locally.

However, the reduction policy is proposed to only last for six months, as a short-term measure to reduce difficulties in the domestic manufacturing industry as it recovers from the negative impacts of the pandemic.

As well as this, many major international car companies, such as Toyota, Mazda, Hyundai, and Kia, have their assembly plants in Viet Nam. This means that any preferential policies to promote domestic production will benefit the international companies operating in Viet Nam too.

Neighbouring countries like Indonesia and Malaysia have also offered preferential treatment to their domestic automobile industry amid the COVID-19 outbreaks.

In the draft proposal, the Ministry of Finance has not stated a reason for not applying tax reduction to imported cars.

Since the beginning of this year, the number of cars imported into Viet Nam by these 11 importers accounted for only 8 per cent of the total imported cars in Viet Nam. Currently, car importers and showrooms employ 3,000 people. Their income largely relies on revenue generated by sales.

The Viet Nam Automobile Manufacturers Association (VAMA) has also called on the ministry

to make similar cuts on both local and imported products, but the ministry rejected it as not appropriate.

The association said its members sold 170,073 vehicles in the first nine months of this year, a year-on-year decrease of 1 per cent. The numbers do not include sales of Audi, Jaguar-Land Rover, Subaru, Volkswagen, Volvo and some others, who did not reveal their numbers.

According to the General Statistics Office, Viet Nam imported 112,000 pre-built vehicles in the first nine months of this year, up 67.9 per cent.

Economist Ngo Tri Long said a reduction in registration fees would stimulate consumer demand while boosting production and circulation of goods, encouraging economic growth.

However, the reduction of registration fees for locally assembled vehicles should be carefully considered to create a fair business environment and avoid discrimination between imported and locally-made cars.

## 6. SBV to study and propose policies on national digital currency

The Prime Minister has assigned the State Bank of Viet Nam (SBV) to study and propose policies on a national digital currency.

In addition, the SBV will issue a mechanism for controlled testing of financial technology (Fintech) activities in the banking sector in order to create a legal framework, meet management requirements, promote innovation and creativity, and deploy new co-operation and business models in payment service provision.

The Government officially approved the project to develop non-cash payments in Viet Nam for the 2021-25 period on Thursday.

The overall objective of the project is to create a positive change in non-cash payment in the economy with high growth, and to make the use of non-cash payment methods a habit of people in urban areas and gradually developing in rural and remote areas, and reduce the social costs associated with cash.

In the project, the Government has proposed many solutions, including completing the legal corridor and mechanisms and policies to develop non-cash payments in the 2021-25 period.

Specifically, the Government assigned SBV to co-ordinate with the Ministry of Justice and relevant ministries to review and propose amendments and supplements to a number of payment-related provisions in current legal documents.

Notably, the Government assigned SBV to complete the development and promulgation of a controlled trial mechanism for financial technology (Fintech) activities in the banking sector in order to create a legal framework to meet regulatory requirements, promote innovation, creativity and implementation of new business and co-operation models in payment service provision.

At the same time, the SBV must study and propose mechanisms and policies on national digital currency.

In addition, the Government assigned the Ministry of Information and Communications to co-ordinate with the Ministry of Justice, SBV and relevant ministries and agencies to review and propose amendments and supplements to legal regulations on electronic transactions, cyber security, ensuring safety, data security and user protection in order to support and facilitate the application of technology

and innovation and creativity, ensuring security and safety in payment activities.

The Ministry of Finance will study solutions to continue to encourage non-cash payments to contribute to tax management.

## 7. Airports Corporation of Vietnam posts \$37.3m loss in Q3

The Airports Corporation of Vietnam (ACV) posted a record loss of over VND856 billion (US\$37.3 million) in post-tax profit in the third quarter, blaming the poor performance on the impacts of the COVID-19 pandemic.

This is the biggest quarterly loss since the firm's initial public offering in 2016. That compared to the loss of over VND356 billion in Q2 last year, when airlines had to suspend their entire networks.

The net revenue from sales and service provision stood at around VND370 billion in Q3, down 74.3 per cent year on year. The firm suffered from a loss of more than VND1 trillion in core business activities, according to its consolidated financial statement.

Although its net revenue dropped strongly under COVID-19 impacts, the ACV has still had to carry out policies supporting airlines.

The ACV earned nearly VND500 billion in profit in the first nine months of 2021, but the sum plunged by three times from 2020.

By September 30, its total asset value had dropped by over VND1.5 trillion from the start of this year to VND55.36 trillion.

The corporation looks to gain more than VND10.56 trillion in revenue and VND2.36 trillion in pre-tax profit in 2021. However, after nine months, it had fulfilled just almost 36 per cent and 26 per cent of the respective targets.

## Corporate News

### 8. VNM: Vinamilk sees quarterly record revenue in Q3

↓ -0.77%

Vinamilk, Vietnam's largest dairy maker, posted a quarterly record-high consolidated revenue of over 16.2 trillion VND (706.57 million USD) in the third quarter of 2021, up 4.1 percent year-on-year.

Its Q3 consolidated after-tax profit edged up 3.4 percent from a year earlier to over 2.96 trillion VND.

However, consolidated profit margin reached 42.9 percent, a slight decrease against the first half of the year, largely due to surging prices of input materials caused by global supply chain disruption and anti-dumping taxes imposed on some materials.

The company's revenue from exports topped 1.55 trillion VND, equivalent to last year's figure.

Its consolidated revenue and post-tax profit totalled nearly 45.18 trillion VND and 8.42 trillion VND, respectively, in the first nine months of this year, representing 73 – 75 percent of the yearly plan.

Vinamilk has been running a network of 17 dairy factories both in Vietnam and overseas, and 15 dairy farms with a total of close to 160,000 milch cows./.

### 9. HSG: Hoa Sen Group posts US\$189 million after-tax profit

↓ -2.95%

Its after-tax profit reached VND4.3 trillion (\$189.7 million), 3.7 times higher than the same period last year. This has been a record profit in the group's fiscal year. The previous highest profit was VND1.5 trillion in 2016.

According to the group's business results announced on Friday, its steel sales were estimated at 2.25 million tonnes, increasing 39 per cent from the same period last year and surpassing 25 per cent of the set target.

In the fourth quarter of its fiscal year from July 1, 2021, to September 30, 2021, its steel sales reached nearly 560,000 tonnes, bringing revenue of VND15.8 trillion and after-tax profit of VND940 trillion. These represent 9 per cent, 89 per cent and 209 per cent year-on-year increases, respectively.

The COVID-19 pandemic has caused difficulties for businesses. However, thanks to the advantages of factories and shops nationwide, HSG has ensured production, sale and supply in all situations. In addition, the high export growth to all of the group's markets has significantly contributed to HSG's sales and profit in the fiscal year.

HSG's business targets have grown strongly in the fiscal year 2020-21, continue to be named in the club of businesses with trillions in after-tax profit in 2021 thanks to proactively implementing plans to respond to the pandemic while being flexible in business strategies, and adapting to market situations.

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