



VIETNAM DAILY NEWS



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Market Analysis

1. VN-Index hits 2-1/2-month low on risk-off sentiment

The stock market opened the new week on a negative note, with both benchmark indices dropping more than 2 per cent due to weak risk appetite.

The VN-Index on the Hồ Chí Minh Stock Exchange (HoSE) ended the day at 1,174.35, a decline of nearly 29 points, or 2.4 per cent. This was the lowest since July 13.

On the southern bourse, the market's breadth was in negative territory as more ticker symbols witnessed a downtrend. Meanwhile, liquidity improved, of which matching value on HoSE increased by 61 per cent over the previous session to nearly VNĐ16 trillion (US\$673.5 million).

Many large-cap stocks on the southern market also posted big losses. Specifically, the 30 biggest stocks tracker VN30-Index plunged 28.19 points, or 2.32 per cent, to 1,187.22 points.

Of the VN30 basket, up to 27 stocks went down, while only two inched higher and one ended flat.

Investors turned more cautious after the State Bank of Vietnam (SBV) and other major central banks, including the US Federal Reserve and the European Central Bank (ECB), decided to raise key interest rates.

Statistics from the financial website vietstock.vn showed that banking, real estate and

manufacturing industries continued to lead the market's general trend.

In the top five stocks weighing on the market, Vietinbank (CTG) lost the most in market capitalisation with a decrease of 7 per cent. The other four stocks included BIDV (BID), Vinhomes (VHM), Vinamilk (VNM), and VP Bank (VPB), down at least 2.27 per cent.

Stocks in retail, logistic, information technology and utilities also contributed to the downside.

However, the market is likely to recover from some bottom-fishing demand. In addition, analysts from MB Securities JSC (MBS) said that the market will focus on macro reports and business results this week, which are expected to be positive compared to the same period last year.

On the Hà Nội Stock Exchange (HNX), the HNX-Index also ended lower yesterday, down 8.76 points, or 3.31 per cent, to 255.68 points.

During the session, more than 87.7 million shares were traded on the northern bourse, worth over VNĐ1.8 trillion.

Foreign investors also decided to take a more cautious approach as they withdrew investments from the market. According, they net sold VNĐ558.42 billion on HoSE, but purchased a net value of VNĐ1.39 billion on HNX.

Macro & Policies

2. Investors cautious about disbursing investments amid higher rates: experts

As many major central banks tightened monetary policies to contain soaring inflation, the State Bank of Vietnam (SBV) on September 22 also decided to hike its benchmark interest rate by 100 basis points, effective September 23.

This is the first rate hike by the SBV since 2020, after the outbreak of the COVID-19 pandemic.

According to experts, the move is in line with current monetary market developments in order to avoid creating a significant management gap between Việt Nam and other economies.

Last week, the US Federal Reserve announced an increase in the central bank's overnight interest rates by 0.75 percentage points to 3–3.25 per cent a year, its fifth rate hike in 2022. The Fed also affirmed that it would continue to raise rates and maintain them above 4 per cent a year after 2023 to curb inflation.

This has caused the US dollar to continue to appreciate strongly and break the 20-year peak in the international market, putting pressure on the USD/VND exchange rate and monetary policy management.

Nguyễn Đức Lệnh, deputy director of SBV's HCM City branch, said that the SBV's rate decision followed the global general trend. Many countries had raised and continued to raise interest rates to combat high inflation. Therefore, as an integrated economy with a relatively large degree of openness, the move to increase interest rates was objective and appropriate, he added.

However, the increase in interest rates will weigh on the cost of capital mobilisation at commercial banks.

After the SBV's monetary policy decision, many commercial banks also announced increases in deposit interest rates.

According to the forecast of VNDirect Securities Corporation, the deposit interest rate may increase

by 30–50 basis points from the current level in the last months of 2022. Thereby, the 12-month deposit interest rate of commercial banks will, on average, increase to 6.1–6.3 per cent a year by the end of 2022, but still lower than the pre-pandemic level of 7 per cent a year.

In a new report, Petrovietnam Securities Incorporated (PSI) said: "The SBV's move indicates that the era of cheap money has ended and the interest rate levels in the future will definitely be higher."

Commercial banks' costs of capital have increased sharply since the beginning of the year, especially in the group of small banks.

In addition, SBV reopened the Treasury Bill channel after freezing it for two years, withdrawing a large amount of money from the banking system to curb inflation.

The lack of liquidity in the system made the interbank interest rate sometimes exceed 6 per cent a year in the overnight market, higher than the 12-month personal deposit rate at state-owned banks.

Economist Nguyễn Hữu Huân said that while the Government and SBV have requirements to ensure the stability of lending interest rates, commercial banks would find ways to cushion losses such as collecting additional fees or requiring businesses to use other financial services of banks to get loans.

In fact, since the beginning of the year, lending rates have also shown signs of increasing at some commercial banks.

However, as there is often a lag between the hikes of deposit interest rates and lending rates, in the short term, the net profit margin of commercial banks is considered to be narrower compared to the previous period of cheap money.

While the credit room in 2022 has been largely used, PSI believes that the outlook of the banking industry

in the last months of the year will not be as bright as the first half of the year.

With the central bank's cautious approach to granting credit, it is likely that 2023 will also continue to be a less favourable year for the banking industry.

Amid the continuous rate hikes by the central banks, the uncertain trend of the stock market and the downtrend in liquidity, PSI recommended investors prioritise risk management, limit margin usage and

reduce stock proportions in portfolios in technical recovery sessions.

For businesses with large investment plans in the future, PSI also suggested that investors should cautiously re-evaluate the potential of projects because interest expenses will increase sharply from initial estimates and prolong the payback period of projects.

3. PM calls for faster disbursement of public funds

Public investment is essential but has been a governmental weak spot since early this year, according to Prime Minister Phạm Minh Chính.

Chính made the remarks at a virtual conference on public disbursement on Monday. Relevant ministries and local authorities from 63 provinces and cities attended the conference online.

The PM underscored public investment as an engine of growth, which would contribute greatly to the accomplishment of economic and social goals, create jobs and improve people's livelihoods, and make new room for sustainable development.

However, the slow delivery of public money has been an issue for many years and did not improve much in 2022. Public disbursement still moves slowly in many localities, to the detriment of the goals.

The PM urged the authorities to identify the causes of the sluggish allocation of public money and the slow implementation of the Three-National-Target Programme, and come up with solutions to these issues.

He also called on the authorities to carry out a review of various aspects of the disbursement process, including management, to detect individuals who failed to disburse public money at a good pace and hold them responsible for the slow-paced delivery.

Those authorities who did well with public money were requested to share their experience with others to help them move faster fiscally. Inspection

should be stepped up to ensure transparency, thereby preventing corruption.

"Under no circumstances is public money not spent. Failure to spend the money is an act that goes against the people," he said.

Against a backdrop of global uncertainties, the PM called for a well-calibrated combination of monetary policy, fiscal policy and other policies to regulate the economy.

He said the Government has set out the rule of "four to stabilise, three to enhance, two to accelerate, one to reduce and one to say no to" in this regard. The "two to accelerate" involves favourable policies that accelerate business activities and public disbursement.

Deputy Minister of Planning and Investment Trần Quốc Phương admitted that the delivery of public money in the first nine months achieved just 46.7 per cent of the target set by the PM.

He said the figures are indicative of a regular pattern in public disbursement: construction works are carried out early in the year and payments are made later.

The deputy minister suggested a to-do list to speed up public spending for the rest of 2022.

First, relevant ministries and local authorities must comply strictly with governmental instructions and keep their mind on key projects to ensure the projects move without hindrances.

Relevant ministries and local authorities must refine legal documents on public investment and bring them to bear stringently to end violators. Supervision and inspection must be stepped up to add to the effect.

Ministries and local authorities must precipitate administrative reforms and facilitate the use of information technology in public investment procedures, especially in approval processing.

They must draw up their plan on public investment for the period from 2021 to 2025 and list newly-launched projects in 2023 in order of priority to ensure smooth public disbursement.

Four organisations in charge of the two National Target Programmes on new-style rural area building and socio-economic development in ethnic minority and mountainous areas must quickly report to the PM on their progress.

Relevant ministries and local authorities must cooperate closely and give feedback on public money management. Their feedback would help

improve the process and ensure no projects are behind schedule.

Lastly, relevant ministries and local authorities must work to prepare the way for in-waiting projects to be carried out in right early 2023. Public money must be spent during the period without delays.

According to the Ministry of Finance, total public disbursement topped VNĐ253 trillion by late September, up 16 per cent year-on-year. Of which, central government's disbursement hit roughly VNĐ90 trillion, about 37.8 per cent of the target set by the PM.

Only two central agencies and ten local authorities went ahead of the curve in this regard with over 70 per cent of the target.

Meanwhile, 39 of 51 central agencies and 22 of 63 local authorities fell short of the average rate, at 46.7 per cent. Remarkably, there are 14 central agencies and one local authority that performed poorly with less than 20 per cent.

4. MoIT drafts mechanism to adjust average retail power price

The Ministry of Industry and Trade (MoIT) is drafting a Prime Minister's Decision on the mechanism for adjusting the average retail electricity price.

Under the draft, when the input parameters fluctuate, causing the average retail price of electricity to decrease compared to the current average retail price, Vietnam Electricity (EVN) is responsible for reducing the average retail price of electricity at the corresponding rate, but not lower than the minimum price of the price bracket

It would also reduce the retail price of electricity for each group of electricity users in accordance with current regulations on the structure of the electricity retail tariff.

After the reduction, EVN is responsible for making a report to the MoIT, the Ministry of Finance (MoF) and the State Capital Investment Corporation (SCIC) for inspection and supervision.

In the other case, when the average retail price of electricity increases by 1 per cent to less than 5 per cent compared to the current average retail price and within the price bracket, EVN decides to increase the average retail price of electricity correspondingly and increase the retail price of electricity for each group of electricity users.

After the adjustment, it is responsible for making a report to the MoIT, MoF and SCIC for inspection.

In case the average retail price of electricity increases from 5 per cent to less than 10 per cent compared to the current average retail price and within the price bracket, EVN prepares a dossier of the plan of average retail electricity price and submits it to the MoIT, MoF and SCIC.

The MoIT will assume the prime responsibility for, and coordinate with the MoF and the Committee for Management of State Capital at Enterprises, in inspecting, reviewing and commenting on the

average retail electricity price plan submitted by EVN.

Based on the written opinion from the MoIT, EVN will decide to increase the average retail price of electricity and increase the retail price of electricity for each group of users from October 1 of that year.

In case the calculated average retail price of electricity increases by 10 per cent or more compared to the current average retail price of electricity or is outside the price bracket or affects the macro-economic situation, EVN will prepare a dossier of the retail price plan to be submitted to the MoIT, MoF and SCIC.

Then MoIT will assume the prime responsibility for, and coordinate with the MoF and SCIC, in inspecting, reviewing and reporting to the Steering Committee for Price Management before September 1 of that year for the Steering Committee to operate the price for comments.

Since early this year, electricity tariffs have been facing upward pressure when input costs have

skyrocketed. For example, the average price of anthracite supplied by Vietnam National Coal-Mineral Industries Holding Corp. (Vinacomin) increased by 63 per cent. The price of imported coal doubled, to US\$305 per ton while that of Brent crude oil hit \$105 a barrel, nearly 2.5 times higher than before.

Keeping the power prices unchanged is part of efforts the government has been making to curb inflation and stabilise the macroeconomy this year, said local media.

EVN data said the average retail price of electricity in 2022 has reached VND1,915 (\$0.82) per kWh, 2.74 per cent higher than the current average rate applied since 2019, which is VND1,844 (\$0.79)/kWh.

According to MoIT, the average retail electricity tariff in Việt Nam is adjusted when the input parameters including generation, transmission, distribution, operation, increase by 3 per cent or more.

5. HN to support SMEs' digitalisation

Hà Nội has started a programme to raise awareness of the benefits of digitalisation among the capital city's small-to-medium-sized (SMEs) businesses.

The city's objective is to provide some 90,000 newly created SMEs with guidance to access their own digitalisation efforts, as well as technical and financial support by the year 2025. The city considers SMEs' digitalisation a cornerstone for future development and a gateway to access the international market.

Meanwhile, the city aims to complete the transition to digital signatures and digital receipts by 2025. Another objective is to create a thriving ecosystem that facilitates and nurtures the digitalisation process.

According to the city's People Committee, Hà Nội is to provide up to 50 per cent (no more than VND50 million or US\$2,150) of small businesses' costs to

acquire digital services to improve business management, operations and solutions. Medium-sized businesses are entitled to up to 50 per cent of the same costs but with a higher cap at VND100 million.

In addition, the city is to provide up to 50 per cent (no more than VND50 million for small businesses and VND100 million for medium-sized businesses) of purchases made to speed up the digitalisation process.

Meanwhile, SMEs that aim for the global market are entitled to a special support package, designed specifically to assist them in brand building, exporting and completing their digitalisation process.

The city's planning and investment department has been tasked with overseeing the implementation of the programme.

6. Seven enterprises assigned to import more than 100,000 tonnes of sugar

Seven enterprises were assigned tariff quotas with a total volume of 109,000 tonnes at the sugar import auction organised by the Ministry of Industry and Trade.

Of which, five enterprises were assigned to import raw sugar and the others were assigned refined sugar.

The Ministry of Industry and Trade held a session to allocate import tariff quotas for sugar products by auction last Friday.

Eight enterprises submitted documents and participated in the auction, including six enterprises registering to import raw sugar and two refined sugar.

Deputy Minister of Industry and Trade Trần Quốc Khánh said that to ensure a fair competitive environment between domestically produced sugar and imported sugar, the Ministry of Industry and Trade issued Decision No 1569/QĐ-BCT dated August 5 this year on the establishment of the Council for the allocation of tariff quotas for sugar imports through the auction method.

According to the plan announced in Decision 1649/QĐ-BCT dated August 22 of the Ministry of Industry and Trade, the amount of imported sugar allocated by auction method is 113,000 tonnes this year, including 79,000 tonnes of raw sugar and 34,000 tonnes of refined sugar.

The Deputy Minister also said sugar importers will be subject to trade remedy tax of the Ministry of Industry and Trade if they import sugar from countries on the list of taxable countries.

Previously, the Minister of Industry and Trade signed and promulgated Decision No 1578/QĐ-BCT applying anti-dumping tax and official anti-subsidy tax on a number of cane sugar products from Thailand on June 15 last year.

The Ministry continued to issue Decision No 1514/QĐ-BCT applying measures to prevent evasion of trade remedies for a number of cane sugar products imported from Cambodia, Laos, Malaysia, Indonesia, Myanmar on August 1.

7. Garment, textile, footwear industries face declining in orders

Enterprises in the textile, garment and footwear industries are facing a decrease in orders through the rest of this year and possibly into the next year.

Phạm Xuân Hồng, chairman of HCM City Textile and Embroidery Association, said in the eight months of 2022, Việt Nam's textile and garment export value reached US\$30.1 billion, but this value mainly came from the first months of the year. Since July, textile and garment industry enterprises have been facing many difficulties, including the reduction in export orders.

Many textile and garment enterprises in HCM City are seeing a sharp drop in export orders, mainly in the US and EU, because inflation pressure in these nations is large, forcing consumers to tighten

spending. Furthermore, textiles are not essential goods, Hồng said.

An analysis report on the textile industry published by VNDirect Research has also commented that the demand for high-end clothing items such as shirts and t-shirts made from recycled cotton fibres would slow down in the second half of 2022.

According to this report, garment companies said that US customers had shortened the period of ordering exports to three months before the deadline for goods delivery instead of six months due to high inventories and inflationary pressures.

At present, only a few large enterprises, such as Thanh Cong (TCM), Century Yarn (STK), and Damsan Joint Stock Company (ADS), have enough export orders for the third quarter of 2022. Still, some customers have cancelled the orders due to high inventory, while fourth-quarter orders have also slowed due to inflation concerns.

In the EU market, Phạm Văn Việt, chairman of Việt Thăng Jean Co, Ltd, has also admitted that the orders of his firm have decreased by over 30 per cent and they have been forced to cut working hours to maintain jobs.

In the US and Europe, although the world fuel prices have decreased, inflation in these markets is still high to make people tighten their spending. This has negatively impacted the textile and garment exports of Vietnamese enterprises because the two markets account for a large proportion of Việt Nam's textile, garment and footwear exports.

According to a representative of the Vietnam Leather, Footwear and Handbag Association, Vietnamese leather and footwear exports would certainly be affected by the last months of the year due to inflation and reduced consumer demand in key markets. Many enterprises in the leather and footwear industry would face a reduction in export orders from now until the beginning of 2023. Meanwhile, the leather and footwear industry is in inventory due to the reduced consumer demand.

To cope with this situation, the association said the footwear enterprises had been forced to reduce overtime. At the same time, they have negotiated with partners to do orders that were signed during the pandemic for maintaining operations and ensuring employee income.

Textile, garment, leather and footwear are all major export industries of Việt Nam and are directly affected by fluctuations in the world market.

The shortage of raw materials for production is due to strict anti-pandemic measures in the Chinese and Japanese markets. Along with that, the difficult economy and increasing inflation in the large markets have affected enterprises' purchasing power, orders and prices.

According to General Director of Đáp Cầu Garment Corporation Lương Văn Thu, the corporation has

seen difficulties in the market and consumption of goods, as well as a reduction in terms of scale and price of export orders from the beginning of this third quarter. As a result, orders from major markets in the US and Europe have fallen by up to 50 per cent.

Hồng said that exports are unlikely to recover soon.

At present, large enterprises with many orders tend to share their orders with other enterprises lacking orders. Meanwhile, some others are looking for short-term opportunities in the domestic market, Hồng said.

Besides that, the enterprises are looking for orders in new markets. For example, the HCM City Textile, Embroidery and Knitting Association enterprises have recently cooperated with partners in India and Pakistan to get orders from these markets.

Trương Văn Cẩm, vice chairman and general secretary of the Vietnam Textile and Apparel Association, said that the association is making statistics to have solutions for supporting the enterprises. It focuses on those having a large decrease in orders, affecting workers.

To overcome the difficulties, Cẩm has suggested that overseas Vietnamese trade offices continue to share information about the markets, especially the EU.

The Việt Nam Trade Office in China coordinates with China's authorities to create favourable conditions for transporting material for production promptly.

The Việt Nam trade offices in the US and France must provide information about the market and suitable textile and garment fairs for local enterprises.

In addition, the enterprises themselves also need to diversify markets, promote digital transformation and innovate technology.

According to Lê Tiến Trường, chairman of the Vietnam National Textile and Garment Group (Vinatex), unpredictable fluctuations will remain due to many factors, especially the Russia-Ukraine conflict, price fluctuations of raw materials and fuel, and inflation in export markets such as the US and Europe.

Therefore, Vinatex will have solutions to stabilise export orders, jobs and customers for the year's production and business results.

To increase competitiveness, Việt Nam's garment industry needs to prioritise the production of packages, yarn and fabric, and sewing. It also prioritises the development of green and recycled products to promote exports to European countries, Truong said.

The business community expects the Government to soon approve the "Development strategy of the textile, garment and footwear industries until 2030, with a vision to 2035", creating favourable conditions for developing green industrial parks.

Large enterprises centralise wastewater treatment, advanced technology, and green technology to attract investment in textile dyeing. That would solve problems in fabric, meet origin requirements and take advantage of free trade agreements.

At the same time, the State is considering removing import tax imposed on materials for producing export goods; soon implementing supportive packages for business recovery and employees.

According to VNDirect Research, the domestic textile and garment industry will be brighter in the first quarter of next year because garment products will reduce 2-4 per cent in export tax to the EU market in 2023 under the EU-Vietnam Free Trade Agreement (EVFTA).

In addition, the European Commission forecasts that inflation in the bloc will reach 8.3 per cent in 2022 and fall to 4.3 per cent in 2023.

The research believes lower inflation will stimulate shopping demand for fashion items in 2023. Therefore, it expects some textile enterprises exporting suits, shirts, pants and skirts to Europe would benefit from EVFTA, including May Sông Hồng, May 10 and Việt Tiến.

Corporate News

8. AMD : Mining of minerals exceeded the boundary, AMD was fined 170 million VND

↓ -4.57%

On September 26, FLC Stone Investment and Mineral Joint Stock Company (HOSE : AMD) announced that it had received a decision to sanction an administrative violation from the People's Committee of Thanh Hoa province due to the exploitation of minerals beyond the boundaries of the permitted area. exploit.

Specifically, in the process of exploiting spilite quarries as common building materials and leveling land in Ha Linh commune, Ha Trung district, Thanh Hoa province, AMD has exceeded the permitted boundary with a total area of 9,411 m2. .

With the above violation, Thanh Hoa Provincial People's Committee fined AMD 170 million VND.

At the same time, Thanh Hoa Provincial People's Committee requested AMD to take remedial measures such as renovating and restoring the environment, taking measures to return the mining area to a safe state.

In addition, the Company must return the illegal profits as prescribed. However, because there is not enough basis to determine the amount of illegal profits that AMD has earned from mining minerals outside the boundary, the Thanh Hoa Provincial People's Committee assigned the Thanh Hoa Department of Natural Resources and Environment to coordinate with other agencies. related units to determine the volume, as a basis for recovering illegal profits that AMD has received for the State.

Finally, AMD also has to pay for the cost of soliciting inspection, testing and measuring according to regulations. All costs of organizing the implementation of remedial measures shall be borne by the Company.

Within 10 days after receiving the sanctioning decision, the Company must pay the fine at the State Treasury of Thanh Hoa province.

If AMD has not paid the fine beyond the time limit, it will be forced to execute the Sanctioning Decision, whereby the Company must pay an additional 0.05% of the total amount of fines not yet paid for each day of late payment according to the regulations of the Ministry of Finance. .

According to research, AMD is licensed to 4 quarries in Thanh Hoa province, of which 2 are built according to the complex model, both exploiting and producing high quality natural stone lines. These are Quarry - Nui Long Factory and Quarry - Nui Ben Factory with a total capacity of 550,000 m2/year. AMD 's stone products have been used by FLC Group in many resorts, resorts and projects invested by this Group.

Stocks on alert

AMD shares were put under warning by the Ho Chi Minh City Stock Exchange (HOSE) from September 21, 2022 because the Company was late in submitting its semi-annual financial statements (FCC) for the 2022 review by more than 15 days compared to the prescribed deadline. determined.

The company has also made a written explanation about this problem as well as offered remedial measures. Over the past time, AMD has contacted and persuaded many qualified and specialized auditing units to perform the semi-annual audited financial statements, but the audit units have all refused to cooperate for objective reasons related to the case. Trinh Van Quyet was prosecuted and investigated for manipulating the stock market.

Regarding the solution, the Company commits to make every effort to find an audit unit in the fastest time and quickly disclose information about the financial statements after completion.

In addition to the warning stock, AMD also recorded one more negative news in September. Specifically, on September 15, the Company received a decision from the Tax Department of Thanh Hoa province on enforcement of

enforcement. implementing administrative decisions on tax management by deducting money from accounts, freezing the Company's accounts at banks. The amount of coercion is more than 277.8 million VND.

On the same day, AMD overcame the above sanction and was forced to terminate the enforcement effect by the Tax Department of Thanh Hoa province.

9. PCG :The largest shareholder wants to sell more than 4.5 million shares of PC

±0%

Viet Tu Investment Company Limited, the largest shareholder of Urban Gas Investment and Development JSC (HNX : PCG), has just registered to sell more than 4.5 million PCG shares from September 26 to October 21, 2022.

Regarding the relationship, Ms. Nguyen Thanh Tu , member of the Board of Directors of PCG , and the legal representative of Viet Tu Investment. Previously, Ms. Tu had resigned from the position of Chairman of the Board of Directors of PCG on September 15 and was replaced by Mr. Cheung Yispan.

Currently, Viet Tu Investment is holding more than 5.5 million PCG shares (equivalent to 29.53% ownership rate). If the transaction is successful, Viet Tu Investment will reduce its ownership rate to 7.91% (equivalent to nearly 1 million shares).

At the end of the session on September 26, PCG 's stock price is trading around 6,700 VND/share. Based on this price, it is estimated that Viet Tu Investment can earn more than 30 billion VND if the deal is completed.

Notably, the Hanoi Stock Exchange (HNX) on August 23 announced the addition of PCG stock to the list of securities that are not allowed to be traded on margin due to post-tax losses in the first 6 months of 2022. In addition, the stock is subject to a warning.

Previously, PCG stock was under warning from March 19, 2019 due to 2018 after-tax loss and undistributed after-tax loss as of December 31, 2018 on the 2018 financial statements. By the end of March 2022, HNX continued to announce to maintain the warning status with PCG . At the end of June 30, 2022, PCG 's accumulated loss reached VND 41 billion, after recording an additional loss of VND 2.5 billion in the first 6 months of 2022.

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