



VIETNAM DAILY NEWS



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Table of content

Table of content

1. Market likely to continue under sell-off pressure
2. Vietnam's aquatic product exports rake in 9.39 bln USD in 10 months
3. Viet Nam's exports to the Americas grow thanks to CPTPP: seminar
4. Orders made to push disbursement of public funds
5. Most banks expect better business performance in 2022
6. Quang Ninh working to attract new-generation FDI inflows
7. Crude oil exports back up state budget
8. MSN: Despite challenging environment, Masan's core profit grows by 40%
9. VHM: Explanation for the financial statements in Q3.2022

Market Analysis

1. Market likely to continue under sell-off pressure

The Vietnamese stock market experienced a choppy week, with the VN-Index falling to below 1,000 points before bouncing back to 1,027.36. Analysts believed that besides strong selling pressure and increased mortgage settlement during the downtrend, investors were also negatively affected by the movements in interest rates, exchange rates, and bond markets.

On the Ho Chi Minh Stock Exchange (HoSE), the VN-Index closed the week at 1027.36 points. The index hit the bottom at 962.5 points last Tuesday, a dip of 37.35 per cent compared to the peak of this year at 1,536.24 points. The loss was even worse than the fall caused by the COVID-19 pandemic at the beginning of 2020.

However, bottom-fishing demand in the following two sessions increased as the market's sentiment was lifted after news that the State Bank of Viet Nam had officially raised the operating interest rate by 100 basis points, and authorities and businesses denied all failed rumours.

The HNX-Index on the Ha Noi Stock Exchange (HNX) finished the week at 213.7 points.

For the week, the VN-Index gained 0.7 per cent, while the HNX-Index lost 1.7 per cent.

Liquidity improved slightly, up 8.2 per cent compared to the previous week, with the total trading value on all three exchanges reaching over VND12.64 trillion per session (US\$509 million).

Last week, foreign investors kept selling on HoSE, with a net selling value of VND3.6 trillion. In addition, they reduced their net buying value on HNX to VND89 billion, a 40.2 per cent decrease from the previous week.

With a cautious view, experts from the Saigon-Hanoi Securities JSC (SHS) believe that the selling force that weighed down the market was as strong

as it was during the crisis caused by the pandemic in March 2020.

Moreover, macro uncertainties related to interest rates, exchange rates, and the bond market make it hard to determine whether the stock market has formed a long-term bottom or not.

SHS advised investors to maintain a reasonable proportion and wait for the general market to stabilise. It is possible to review and update the investment monitoring list again. Investors should prioritise stocks with good fundamentals and high cash proportions in industry groups such as industrial parks, seaports, and energy stocks that are less affected by the current situation of corporate bonds.

KIS Vietnam Securities Joint Stock Company believes that in the short term, the market's sentiment will be more optimistic as the VN-Index surpasses the threshold of 1,000 points with increasing volume. That implies a short-term recovery. However, the bullish signal is not enough to confirm the mid-term uptrend. Therefore, investors must sit on the sidelines and wait for other hints.

Following the sharp fall on October 21, the benchmark indices continued to shrink deeply in the first two sessions of the week as the market reacted to the news on the exchange rate, interest rate, sell-off pressure and some rumours on the market, according to the VNDirect Securities Corporation.

The securities firm said that the market's focus this week will be the policy meeting of the US Federal Reserve, which will take place on November 1-2.

However, the outcome of the meeting may not cause a big surprise and turmoil in the market as traders widely expect that Fed will continue to

hike interest rates by 75 basis points. Instead, investors are more interested in the Fed chair's speech on policy direction shortly.

With more evidence indicating that inflation in the US is cooling down, the market expects Fed will not take a more hawkish stance on tightening policy at this week's meeting.

In the domestic market, sentiment may gradually calm down once the bad news has vanished and the most stressful period of the market's liquidity has passed. Therefore, VNDirect expects the VN-Index to accumulate above 1,000 points before a rally to 1,050-1,070 points.

Although the VN-Index reversed the downside and increased slightly last week, the market's risk is still high due to the fluctuations of exchange rates, interest rates, and domestic and foreign monetary policy, the company added.

Therefore, investors should maintain a moderate stock/cash ratio at 70/30 and minimise the use of margin trading to deal with unpredictable situations and reduce risks.

Investors holding a high proportion of cash should wait for more positive signals in liquidity and cash flows before increasing the proportion of stocks.

Macro & Policies

2. Vietnam's aquatic product exports rake in 9.39 bln USD in 10 months

The export of tra fish raked in 183 million USD, raising the ten-month export value to 2.06 billion USD, up 76.5 % from the same period last year, according to the Institute of Policy and Strategy for Agriculture and Rural Development under the Ministry of Agriculture and Rural Development.

Meanwhile, shrimp exports fetched 444 million USD in October, bringing the ten-month value to 3.84 billion USD and up 20.3% year on year.

The top three import markets of Vietnam, including the US, Japan, and China, accounted for 50.1% of the Southeast Asian nation's total aquatic product export value in the first nine months.

Vietnam's aquatic product export value increased in almost markets, excluding Russia which saw a decrease of 11% in the first nine months of this year. The country witnessed the highest growth, at 85.2%, in exports to China.

3. Viet Nam's exports to the Americas grow thanks to CPTPP: seminar

Viet Nam's exports to the Americas have seen impressive growth after the three-year implementation of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), heard a seminar held by the Industry and Trade magazine on Thursday.

Figures show that Viet Nam is the only CPTPP member that has seen its market share in Canada and Mexico increase, according to Nguyen Thi Thu Trang, director of the WTO and Integration Centre at the Viet Nam Chamber of Commerce and Industry (VCCI).

Viet Nam's market share in Canada rose from 0.9 per cent in 2017 to 1.2 per cent in 2019 – the first year of CPTPP implementation – and 1.6 per cent last year. Meanwhile, that in Mexico expanded from 0.9 per cent in 2018 to 1.7 per cent in 2021.

The figures reflect Viet Nam's successes in utilising tariff incentives under the deal to access the Americas and increase its market share, Trang noted.

Vo Hong Anh, deputy director of the Ministry of Industry and Trade (MoIT)'s European - American Market Department, said among the CPTPP member countries, four are from the Americas - Canada, Mexico, Peru and Chile. Except for Chile with which Viet Nam signed a bilateral free trade agreement (FTA) in 2014, this is the first time the Southeast

Asian nation has reached an FTA with the remaining three.

Therefore, such tax incentives will bring about good opportunities for Viet Nam to boost its exports, Anh noted.

Viet Nam's exports to Canada grew about 75 per cent and to Mexico more than doubled in 2021 compared with the period before CPTPP, she added.

Anh pointed to obstacles to Vietnamese exporters in their access to the Americas, such as the long geographical distance that makes transportation cost more time and money.

Other roadblocks lie with market standards, especially in North America, and the language as most of the Latin American nations use Spanish in transactions, she continued.

The official affirmed that the MoIT has always paid attention to implementing the agreement to bring about the most pragmatic interests of businesses.

Last July, the ministry sent a delegation to the US, Canada and Mexico in an effort to promote trade with the countries, and the sides reached some consensus on orders on this occasion.

The ministry will continue to help businesses handle risks regarding trade barriers and remedies, Anh

said, suggesting they establish showrooms and distribution centres in the region.

4. Orders made to push disbursement of public funds

Three days before the National Assembly (NA) kicked off its fourth session in Hanoi on October 20, Prime Minister Pham Minh Chinh signed and enacted Directive No.19/CT-TTg on boosting public investment disbursement.

The directive said that public investment disbursement in the first nine months of this year was VND35 trillion (\$1.52 billion) or 16 per cent higher than in the same period last year, meeting 46.7 per cent of the disbursement plan earlier assigned by the prime minister. “However, the speed of disbursement remains slow, failing to meet desired requirements,” stated the directive.

The government wants to see the disbursement rate for this year reach 95-100 per cent of the plan assigned by the prime minister. The total public investment capital for 2022 is about \$25.22 billion fixed by the NA.

The General Statistics Office estimates that for every 1 per cent increase in public investments, Vietnam’s GDP can rise 0.06 per cent.

The government has determined that accelerating such disbursement is one of the key political tasks of 2022 and 2023 in order to boost economic growth, and maximise the implementation of socioeconomic development goals, and “must go together with ensuring the quality of works and effectiveness of capital usage”.

“Bigger efforts and determination must be made to accomplish all targets already set in public investment disbursement, to overcome all difficulties, and with more suitable solutions taken,” the directive added.

A government report sent to the NA last week admitted that public investment disbursement continued to be a bottleneck for economic growth. It is estimated that as of September 30, total disbursement hit about \$11 billion, meeting just under 46.7 per cent of the disbursement plan earlier assigned by the prime minister and lower than the rate of 47.38 per cent in the same period last year.

“Slow disbursement will continue having negative impacts on the goals for economic growth, and reducing the effectiveness of capital usage,” stated Vu Hong Thanh, chairman of the National Assembly Economic Committee. “Though the government has highlighted three groups of reasons behind the slow disbursement (see box), it is recommended that the government continue proposing specific solutions so that this grey disbursement situation can be solved as soon as possible.”

The government has also said that all projects with slow disbursement will see their capital transferred to other projects which are implemented effectively but suffering from capital shortages. Leaders of ministries and localities with ineffective projects will face possible punishments.

Since early this year, the government and Prime Minister Chinh have promulgated directive documents and organised three online conferences on disbursement.

At the same time, six working groups have been established, headed by four deputy prime ministers and the ministers of planning and investment and finance.

5. Most banks expect better business performance in 2022

A majority of banks expected their business results to continually improve in Q4 2022, helping them gain profit for the whole year.

State Bank of Viet Nam (SBV) recently, 88.3 per cent of banks expected profitability in 2022, which reflects the strong recovery of the economy.

According to the latest survey on the sentiment of banks for the fourth quarter of 2022 released by the

The survey also revealed that 70.4-75.9 per cent of banks expected improved business performance in the fourth quarter and the whole year.

Previously, many banks also announced impressive growth after nine months of 2022.

Asia Commercial Joint Stock Bank (ACB) was the latest bank to announce that it completed more than 90 per cent of the annual plan with consolidated pre-tax profit of VND13.5 trillion, an increase of more than 50 per cent over the same period last year.

With this profit, ACB is currently ranked third in terms of profit among banks that have so far announced business results in the first nine months of 2022, just behind Viet Nam Technological and Commercial Joint Stock Commercial Bank (Techcombank) and Joint Stock Commercial Bank Viet Nam Prosperity (VPBank) with pre-tax profit of VND20.8 trillion and VND19.8 trillion, respectively.

Viet Nam International Commercial Joint Stock Bank (VIB) also reported positive business performance in the first nine months of 2022 with a total revenue of more than VND13.3 trillion, up by 29 per cent year-on-year (yoy), and a non-interest income of more than VND2.4 trillion, contributing 17 per cent to the bank's total operating income. Thanks to the good control of operating costs, VIB gained more than VND7.8 trillion of pre-tax profit in the period, up by 46 per cent yoy, and its return on equity ratio (ROE) was 30 per cent, among the market leaders.

Nguyen Duc Thach Diem, general director of Saigon Thuong Tin Commercial Joint Stock Bank (Sacombank), said when the SBV has implemented monetary tightening policies, Sacombank has applied measures to ensure safe, effective and stable activities. As a result, Sacombank's pre-tax profit in the first nine months of 2022 reached VND4.44 trillion, completing 84.1 per cent of the yearly plan, and its mobilisation and lending scale both grew positively.

The total bad debts and outstanding assets recovered and handled by Sacombank were more than VND14.7 trillion, helping the bank significantly reduce financial pressure. Therefore, Sacombank's accumulated net interest income in the first three quarters of 2022 increased by 17.3 per cent. The bank's service income also grew by 82.3 per cent from the segment of insurance distribution, while the foreign exchange trading also rose by 44.6 per cent year-on-year. Thanks to that, the non-credit income recorded a contribution of nearly 40 per cent of Sacombank' total income.

The preliminary business results of many other commercial banks in the first nine months of 2022 also showed positive numbers such as Tien Phong Commercial Joint Stock Bank (TPBank) with a pre-tax profit of VND5.92 trillion, up nearly 35 per cent year-on-year; Sai Gon-Ha Noi Commercial Joint Stock Bank (SHB) with VND9.03 trillion, up 79 per cent; and Southeast Asia Commercial Joint Stock Bank (SeABank) with VND4.01 trillion, up 58.7 per cent.

6. Quang Ninh working to attract new-generation FDI inflows

Bruno Jaspaert, general director of DEEP C Industrial Zones, has spoken about the decision to invest in two industrial zone (IZ) infrastructure projects in Quang Ninh. "We realise that Quang Ninh has a great and distinct advantage. For example, famous Halong Bay attracts labour resources, while the locality also focuses on green economic development and environmental protection solutions, which wins the heart of investors in environmentally-friendly production," he said.

The chairman of Quang Ninh People's Committee at an investment promotion conference last month emphasised several outstanding advantages of Quang Ninh. In addition to geographical location and rich natural and mineral resources, Quang Ninh "shows initiative, makes great effort, and has internal power," the chairman said.

Pham Tan Cong, chairman of the Vietnam Chamber of Commerce and Industry, said, "Transport infrastructure, urban infrastructure, investment,

and the general business environment of Quang Ninh have made a great breakthrough since 2012.”

Moreover, local available industrial land is meeting the demand for large-scale industrial production complexes with competitive rent costs compared to neighbouring localities like Hai Duong and Haiphong. “In addition to the geographical location and synchronous infrastructure, a highly appreciated advantage is the potential and development space of industrial real estate,” said Chi Vu, head of the Industrial Park Service Department at Colliers Vietnam.

Moreover, Nguyen Van Nhan, general director of Amata Halong Urban JSC, also said, “Thanks to the advantage of a large industrial land area, Quang Ninh meets the demand of large-scale projects. Infrastructure investors need a clean land fund to quickly deploy infrastructure development. Currently, the first phase is almost filled with the projects of the secondary investor Jinko Solar. In the second phase, we are stepping up levelling and infrastructure construction on the land clearance area.”

A representative of McKinsey Vietnam, which is the consultant for formulating Quang Ninh's master plan for the 2021-2030 period, said that when calculating resources for strategic goals in socioeconomic development, foreign direct investment accounts for about 24 per cent of the total investment capital.

“However, to be able to receive large capital flows, as well as demanding investors, Quang Ninh needs a strategic and specific mindset to prioritise the industry field and provide preferential policies,” the representative said.

Uber Mendez, operations manager of Competition Team Technology Vietnam Co., Ltd., a member of Foxconn Group, said, “When implementing the production expansion plan, our leader researched many other localities, including Quang Ninh.

Through the Investment Promotion Agency Quang Ninh (IPA Quang Ninh), we were provided with complete information and decided to choose Dong Mai IZ because of its favourable location, cost, and labour advantages. We are doing very well in Dong Mai and are planning to expand the project on vacant land next to the current factory over the next two years.”

Solar panel manufacturer Jinko Solar Hong Kong has also chosen Quang Ninh to build its third production complex, with the previous two based in the United States and Malaysia. The company also built houses for employees to rent in the province, expressing Jinko Solar's demand to stay in Quang Ninh for the long term.

The province will also welcome several new projects in the automotive industry from Sweden. The \$1.5 billion project of Stavian Quang Yen Petrochemical JSC to produce polypropylene resins is now rushing to complete investment procedures.

“Quang Ninh will not go for quantity but choose quality with a lot of room for big investors to deploy their production complexes,” said Vu Thi Kim Chi, standing deputy head of IPA Quang Ninh.

Quang Ninh is standardising its investment promotion toolkit, including a database system; updated electronic marketing materials in English, Vietnamese, South Korean, Japanese, and Chinese; modern and informative promotional videos; and an investment portal that has attracted over 10 million views. Instead of waiting for investors, the province actively seeks them, and supporting procedures and problems have been quickly resolved through an investor care team, supporting the acceleration of many major projects.

7. Crude oil exports back up state budget

The government last week reported to the National Assembly (NA) that based on positive budget revenue in the first nine months of 2022, the economy may see an on-year rise in budget revenue worth billions of US dollars, reflecting its significant recovery from the aftermath of the health crisis sabotaging businesses' performance.

Specifically, the 9-month revenue is estimated to reach \$57.7 billion, equivalent to 94 per cent of initial estimates. It is expected that the figure for the whole year will be \$70.18 billion – exceeding by \$8.8 billion or 14.3 per cent as compared to the target set in November last year by the NA, also up 2.9 per cent against the figure realised last year.

“Revenues for the whole of 2022 will be sufficient for all spending tasks that have been set out, creating a bigger space for the monitoring of the fiscal policy and implementation of other pro-growth policies – helping stabilise and improve people's lives,” said the government report.

Revenues from all economic sectors are set to increase on-year. Specifically, domestic revenues are estimated to be \$56.18 billion, up 9.8 per cent on-year or \$5.02 billion as compared to the initial estimates. This accounts for 80.1 per cent of total budget revenues. In addition, revenues from export-import turnover in 2022 are predicted to reach \$18.26 billion, up 23.6 per cent as compared to the initial estimates – responsible for 15.2 per cent of the total state budget revenues.

It is also expected that revenues from crude oil exports for this year will be \$2.96 billion, up 141.1 per cent as compared to the initial estimates and holding 4.2 per cent of total budget revenues. This is thanks to a hike in crude oil prices, averaging at \$107 per barrel.

Revenue from crude oil exports in September is estimated to sit at \$304.35 million – helping to create a 9-month figure of about \$2.61 billion – doubling the annual estimates and up 103.5 per cent as compared to the corresponding period last year.

PetroVietnam last week reported that its total revenue is estimated to hit \$30.36 billion, exceeding by 25 per cent of this year's plan and up 56 per cent against the same period last year. The group's 9-month contribution to the state budget is about \$4.47 billion, exceeding by 59 per cent of the whole year's plan and up 51 per cent on-year. It is expected that such a contribution to the state coffers will be about \$6 billion for the entire year.

In the first nine months of 2022, PetroVietnam's export turnover totalled over \$2.17 billion, up 54 per cent as compared to the same period last year. Its 9-month inventory also saw an on-year reduction, including liquefied petroleum gas (79 per cent), assorted fuel (48 per cent), and polypropylene (50 per cent).

Binh Son Refining and Petrochemical JSC (BSR), a member unit of PetroVietnam, reported that its 9-month revenue reached \$5.43 billion, with \$608.7 million contributed to the state budget. BSR is responsible for receiving, managing and operating Dung Quat Oil Refinery in south-central Quang Ngai province.

In addition, Vinacomin is also reported to contribute billions of US dollars to the state budget since early this year. Its 9-month revenue is estimated to stand at \$5.28 billion, up 22.2 per cent as compared to the corresponding period last year. Such an increase was seen in all types of revenues such as from coal (24 per cent), minerals (44.8 per cent), mechanics (23 per cent), and industrial explosive materials (27.5 per cent), among others.

Latest figures from the Ministry of Finance (MoF) showed that in the first nine months of this year, the Vietnamese economy enjoyed a budget surplus of \$10.47 billion, especially given domestic production bouncing back with the economy climbing by an impressive rate of 8.83 per cent on-year. In September, the state budget revenue is estimated to be \$4.12 billion, raising the 9-month total to about \$57.7 billion, up 22 per cent as compared to the same period last year. All the revenues for the state budget have increased significantly, reflecting the economy bouncing back in a relatively comprehensive manner, said the MoF.

Meanwhile, in September the state budget saw a total spending sum of an estimated \$5.77 billion, lifting the 9-month expenditure total to about \$47.23 billion – up 5.4 per cent on-year. It is estimated that the total budget deficit for the whole year will be about \$15.3 billion or 3.75 per cent of GDP.

One year ago, the government set out a budget deficit for the entire year of \$16.21 billion or 4 per cent of GDP. However, concerned over the economy continuing to face more difficulties that will hurt enterprises and people, the NA in February adopted a scheme on raising state budget deficit within 2022 and 2023 by an annual average rate of 1-1.2 per cent of GDP, with a maximum permitted sum of \$10.43 billion.

Corporate News

8. MSN: Despite challenging environment, Masan's core profit grows by 40%

↑ 1.08%

It has reported net revenues of VNĐ55.5 trillion (US\$2.2 billion) in the first nine months of 2022, a year-on-year increase of 4.8 per cent. Masan Group Corporation

Consolidated earnings before interest, taxes, depreciation, and amortisation (EBITDA) grew by 7.9 per cent to VNĐ10.8 trillion, with the EBITDA margin from 19.2 per cent to 19.5 per cent.

Its core NPAT (net profit after tax) post-minority interest was VNĐ2.1 trillion (\$84.3 million), a year-on-year increase of 39.5 per cent.

Masan introduced its Point of Life retail concept with the launch of 30 WIN stores in the third quarter.

WIN stores increased sales by over 20 per cent per square metre from the earlier pure grocery model, providing managers the confidence to scale up the concept further to approximately 80-120 WIN stores by the end of 2022.

Masan successfully closed a \$600 million syndicated loan at a competitive interest rate of 6.5 per cent per annum.

The loan was oversubscribed by nearly 40 financial institutions, highlighting Masan's strong credit profile and ability to raise capital at attractive terms despite the current volatile global market conditions.

Based on its positive performance in the first nine months and momentum, Masan expects to deliver VNĐ75-80 trillion (\$3-3.2 billion) in gross sales and VNĐ4.8-5.5 trillion (\$192.5-220.6 million) in NPAT pre-MI.

The updated estimates are lower than MSN's fiscal year guidance at the beginning of the year since business has been impacted by weaker consumer sentiments and market conditions.

However, Masan delivered solid growth when normalised considering the high 2021 base, and its latest quarter showed strong growth momentum ahead with early signs of success for its strategic initiatives.

During the remainder of the year, WinCommerce will open over 300 new stores, continue to optimise its total commercial margin, product mix, promotions, and operating costs to protect profitability.

It will roll out 50-70 WIN stores and a membership programme to set a foundation for new growth engines and finalise a benefit scheme together with Trustring Social and Techcombank to roll out financial products at WIN and WinMart+ and launch 23 private-label SKUs with lower prices and higher TCM.

Masan Consumer Holdings (MCH) will focus its R&D efforts on a few key categories such as seasonings and convenience foods to generate big wins, continue building on the current momentum in beverage, coffee and beer, and increase its efforts to take advantage of the Tết holiday sales season.

It will also redevelop marketing and brand building practices to approach new generations of consumers more effectively.

Phúc Long Heritage (PLH) plans to open 30 flagship stores to generate revenues and grow profits, build operation systems and processes to set the foundation for hyper-scaling in 2023, close down underperforming kiosks and focus on developing a winning model inside WIN stores to prepare for a further kiosk scale-up.

Masan MEATLife (MML) will continue to expand its distribution network outside of WCM, while Masan High-Tech Materials (MHT) will focus on cost and cash flow optimisation and integration with

Nyobolt, and continue exploring international and domestic options to sell copper.

Nguyễn Đăng Quang, chairman of Masan Group, said: “Never doubt vision, even in the most challenging times – at Masan we double down during these times. Our modern grocery stores now account for 50 per cent of the nationwide network and we are constantly innovating to give consumers what they want.

“We have delivered on our Point of Life innovation with 30 WIN stores rolled out in the third quarter

and we are confident that the WIN concept is a winning, scalable model.

“Next we will launch a retail concept catering to rural consumers and unveil our membership programme with the end goal of personalising daily offerings for 100 million consumers.

“With our scale and innovations, I believe our growth trajectory is just in its early phase.”

9. VHM: Explanation for the financial statements in Q3.2022

↑ 2.05%

Vinhomes Joint Stock Company explained has the movements of the financial statements in Quarter 3/2022 compared to the same period of last year as follows:

Unit: million dongs

	Q3/2022	Q3/2022	Increase/ decrease	%
Profit after tax in the consolidated financial statements	14,575,173	11,195,102	3,380,071	30%
Profit after tax in the separate financial statements	15,623,351	1,917,846	13,705,505	715%

According to the consolidated financial statements, the profit after tax in quarter 3/2022 increased by 3,380 billion dongs, equivalent to the increase of 30% compared to the same period of 2021 because of the following causes:

- Gross profit from sales and services decreased by 4,352 billion dongs compared to the same period of last year due to the decrease in the gross profit from real estate transfer.

- The financial income increased by 9,529 billion dongs compared to the same period of last year due to the increase in the income from investment transfer, loan interest and business cooperation.

- Corporate tax expenses increased by 1,751 billion dongs compared to the same period of last year due to the increase in taxable profit.

According to the separate financial statements, the profit after tax in Quarter 3/2022 increased by 13,706 billion dongs, equivalent to the increase of 715% compared to the same period of 2021 because of the following causes:

- Gross profit from sales and services increased by 7,177 billion dongs compared to the same period of last year due to the increase in the gross profit from real estate transfer.

- Other income increased by 9,579 billion dongs compared to the same period of last year due to the increase in the income from the capital contribution with assets.

- Corporate tax expenses increased by 3,622 billion dongs compared to the same period of last year due to the increase in taxable profit.

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