



# VIETNAM DAILY NEWS



JAPAN SECURITIES INC.

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Table of content

## Table of content

1. VN stocks extend gains for second day despite low liquidity
2. HCMC bourse moves higher despite investor caution
3. Ministry gives green light to GrabTaxi in three provinces
4. Forestry exports rise nearly 18 percent in four months
5. Who is spending more money in the e-commerce battle?
6. Japanese firm seeks to boost machine learning research in Vietnam
7. Nearly 2 trillion VND invested in upgrading north-south railway
8. AEON pledges to absorb additional Vietnamese exports
9. CVT: Resolution on the AGM 2019

## Market Analysis

### 1. VN stocks extend gains for second day despite low liquidity

The VN-Index was up 0.22 per cent on Tuesday.

Trading liquidity on the southern bourse slipped to 134 million shares in volume and VND2.83 trillion (US\$121.5 million) in value compared to nearly 155 million shares and VND4.13 trillion during the previous session.

Large-cap stocks performed well to boost the market as the VN30-Index, which tracks the performance of the 30 largest stocks by market capitalisation, increased by 1.18 per cent to 888.65 points.

In the VN30 basket, 23 stocks advanced while only five ended in negative territory. Two stocks closed flat.

Net foreign selling was attributed to the increases by large-cap stocks.

Leading the large-caps' growth was steel producer Hoa Phat Group (HPG), which jumped 4.5 per cent.

Foreign investors net bought Hoa Phat's shares for VND70 billion.

Following the largest steel producer by market capitalisation were food and beverage firm Masan (MSN), real estate firm Vincom Retail (VRE) and fuel distributor Petrolimex (PLX).

Those companies' shares were up by between 0.1 and 2 per cent.

The brokerage, banking, oil and gas, and consumer staple sectors were the four best-performing industries.

Those sector indices gained between 0.9 per cent and 1.9 per cent, data on vietstock.vn showed.

Shares of financials and banks bounced back from their Tuesday downturn.

Techcombank (TCB), Vietinbank (CTG), Vietcombank (VCB) and Bank for Investment and Development of Vietnam (BID) were the driving forces in the banking industry.

Their shares went up by between 1.2 and 3.2 per cent.

HCM City Securities (HCM), SSI Securities Inc (SSI) and VNDirect Securities (VND) advanced to lift the brokerage sector.

On the Ha Noi Stock Exchange, the HNX-Index added 0.80 per cent to end at 107.14 points.

The northern market index has increased by a total of 1.42 per cent in the last two trading days.

More than 34 million shares were traded on the northern bourse, worth VND349 billion.

Modest trading liquidity is the major concern for the stock market as it proved investors are hesitant to be more active in trading, according to Sai Gon-Ha Noi Securities (SHS).

Trading liquidity was still lower than the average of the last 20 trading days and the growth on Wednesday was more like a technical recovery, meaning there was nothing to confirm the market had returned to its uptrend, SHS said in the daily report.

"Investors were still cautious, especially as the market will close for the first three trading days of next week for the national holidays," the company said.

The VN-Index was forecasted to extend its recovery and head to the 980-985 point range on Thursday, but the short-term outlook would be still pessimistic, SHS added. — VNS.

## 2. HCMC bourse moves higher despite investor caution

Market breach on the southern bourse was quite positive with 90 advancers and 82 decliners. There were a total of around 134 million shares worth more than VND2.8 trillion changing hands, down 13.4% in volume and a staggering 31.5% in value.

The falls in trade volume and value were attributable to the fact that cash mainly flowed into penny stocks, and block deals were not as robust as in the previous two sessions. Nearly 13 million shares worth some VND336 billion were transacted only.

Among the large-cap stocks, leading property developer VCI and its housing affiliate VHM inched up 0.71% and 0.79% to close the day at VND113,800 and VND89,700 per share, respectively.

Lenders BID, VCB, CTG and TCB gained between 1.17% and 3.18% at VND21,400 to VND68,500 per share.

Despite its price inching down a slight 0.64% to VND31,000, construction firm ROS still led the market by liquidity with around 9.36 million shares traded.

Rubber producer VHG maintained its ceiling level of VND1,690 per share, and almost no shares were

transacted in afternoon trade due to slack demand.

The majority of small stocks such as property developers FLC and HAG, steel maker HSG, and industrial park infrastructure developer ITA were actively traded, and in positive territory. Only financial group OGC and realty firm QCG declined.

On the Hanoi Stock Exchange, the HNX-Index added 0.85 points, or 0.8%, to end at 107.14 points, with 75 stocks rising and 73 others falling.

It saw 34.4 million shares worth a combined VND348 billion changing hands, up 16.6% in volume but down 5.7% in value compared with the previous day.

Among the top 10 stocks by market capitalization, leader ACB gained 1.69% at VND30,100, becoming the main prop for the northern bourse.

Additionally, petroleum technical service firm PVS, industrial firm VCS, and building materials manufacturer VGC made positive contributions to the index.

Lender SHB ranked first for liquidity with more than 7.7 million shares traded, followed by PVS with around three million shares and ACB with over one million shares.

## Macro & Policies

### 3. Ministry gives green light to GrabTaxi in three provinces

In a document sent to the three provincial transport departments, the ministry said that it always encouraged the application of science and technology in transportation to enhance service quality and improve convenience for passengers.

Accordingly, GrabTaxi will be used to book rides for Sao Do Taxi in An Giang Province, Viet Duc Taxi in Dak Nong and Bac Trung Nam Taxi in Thanh Hoa.

The ministry, however, noted that Grab was not allowed to directly work with taxi drivers to provide the services without agreement of the provincial departments of transport and taxi services operators.

GrabTaxi was a service to book a taxis provided on Grab's ride-hailing platform and registered as an e-commerce platform with nationwide operation.

GrabTaxi is a different service from GrabCar.

The GrabCar service to book a ride provided by a "contract vehicle" has now been piloted in several provinces and cities, including Ha Noi, HCM City, Da Nang, Khanh Hoa and Quang Ninh.

The pilot implementation of applying technology in contracted passenger transportation was scheduled to end in 2018 but allowed to be extended until a decree about automobile transportation business with regulations to manage the operation of ride hailing services like Grab was issued to replace existing Decree 86/2014.ND-CP.

Besides Grab, 12 companies were allowed to join in the pilot implementation, including Be Group, Vato, V.Car, Thanh Cong Car, S.Car, Vic.Car, Home Car, Mai Linh Car, LB.Car and Emddi.

### 4. Forestry exports rise nearly 18 percent in four months

Key markets for Vietnamese forestry products include the US, Japan, the EU, China and the Republic of Korea, which together consume 87 percent of the products, it said.

Vietnam imported 210 million USD worth of wood and furniture in April and 790 million USD in the first four months of 2019, up about 15.1 percent year on year.

As many as 60 percent of imported timber and furniture were from China, the US, Cambodia, Thailand, Malaysia, Chile, Germany, New Zealand and France.

The administration said that from April 1-18, 682 forestry law violation cases were detected, a drop of 458 cases, or 40 percent, compared to April of 2018. About 66 hectares of forest were damaged, of which 48 hectares were chopped down and 18 burnt.

From the beginning of this year, 3,151 violation cases have been uncovered, 25 percent lower than the same period last year, damaging 192 hectares of forest, down 58 hectares year on year.

Meanwhile, as of April 18, 13.7 million young trees have been planted. It is estimated that 46,000 hectares of new forest areas will be planted in the first four months, reaching 21 percent of the yearly target.

In April, about 23,100 hectares of forest are likely to be exploited with output of 1.63 million cubic metres, pushing total production in four months to about 6.23 million cubic metres, up 4.4 percent year on year.

In the period, the country collected 755.24 billion VND (32.47 million USD) in forest environment service fees, 23.6 percent of the yearly target.

## 5. Who is spending more money in the e-commerce battle?

Profit is not what e-commerce firms strive for at this time. They are spending big money to attract more customers and expand their market share through sale promotion programs and price discounts.

Attracting sellers to marketplaces to diversify products and offering best prices for customers is a competition strategy followed by e-commerce firms.

Some analysts commented that those who spend the most will be the winners in the e-commerce battle.

Shopee began collecting fees from online sellers on April 1. Lazada has also applied the same policy, commencing April 15, 2019.

An online seller on Shopee said he is considering two options, either raising the selling prices, or leaving the marketplace for others where he can enjoy fee exemptions.

The moves by Shopee and Lazada indicate that competition among e-commerce firms to spend more money to get bigger market share is coming to an end.

Collecting fees is one of the measures to stop their losses.

However, one e-commerce firm is going against the current. While Shopee and Lazada collect fees

from online sellers, Tiki has promised to exempt payment fees for online sellers for two years, beginning April 5, 2019.

Analysts' views vary about the new face of the e-commerce market when the three big players 'declared war'. Some of them think that online sellers will leave Shopee and Lazada for Tiki to be able to maintain competitive selling prices.

Meanwhile, others warned that Tiki's product management may get worse if more online sellers appear. It is expected that Tiki may welcome millions of new sellers on its marketplace.

However, Tiki has denied the possible decrease in product quality management. A representative of Tiki said that it will strictly follow the 'managed marketplace' model, i.e. that it will maintain control over products to ensure genuine products and high quality, keep the marketplace operation (storage, packaging, delivery), and directly handle post-sales issues.

There have been some changes in the positions of big e-commerce firms in Vietnam.

A report from Statista released recently showed that Shopee has jumped to the No 1 position with 123.2 million visits, while Tiki has surpassed Lazada to hold the No 2 position in number of visits in the fourth quarter of 2018. The No 1 position belonged to Lazada in the past.

## 6. Japanese firm seeks to boost machine learning research in Vietnam

The School of Applied Mathematics and Informatics (SAMI) under the Hanoi University of Science and Technology, and PIXTA VIETNAM, an R&D center of the PIXTA Inc., signed the collaboration deal last week.

Accordingly, the LAB Team of PIXTA VIETNAM, which is dedicated to machine learning research, will team up with SAMI students to conduct joint

research on an artificial intelligent (AI) application that can process over 40 million high quality and high-resolution images from Pixtastock.

Under the deal, PIXTA has high hopes on improvement relating to search accuracy and user experiences on its website. Additionally, the firm expects to raise the standard of its own machine

learning technology and contribute to bettering the quality and skills of Vietnamese IT human resources.

PIXTA will establish a prediction system that shows images of best-selling products based on customer's data and image analysis. The system enables creators to efficiently produce materials on a part with market needs, while buyers will be able to find products easier as they can check retrieval results based on their past buying habits and behavioral data.

The Japanese firm will strengthen co-operation with SAMI as an official partner by receiving internships and sponsoring contests run by SAMI.

PIXTA VIETNAM was established as the first overseas R&D center of PIXTA Inc. in 2016. Despite already possessing excellent software engineers, the firm is still planning to recruit more talented software engineers in the future.

## 7. Nearly 2 trillion VND invested in upgrading north-south railway

Of the total, 40.3 billion VND (1.73 million USD) is earmarked for preparation works, including construction designs and land clearance, this year.

The project will repair 133 bridges scattered across 15 provinces and cities.

Following the completion of a report on the project's feasibility slated for October 2019, the construction is expected to begin in April next year. Twenty-five bridges, whose designs are already available, will be upgraded earlier in January.

The entire project is set to be finished in 2021.

According to the Railway Management Board, most bridges on the railway connecting Hanoi and HCM City were built a century ago during the French colonial period.

Their stone and concrete abutments have weathered over time, while many steel girders are cracked and covered in rust.

Meanwhile, the development of river transport has put pressure on weak railway bridges.

To ensure safety and minimise losses caused by collisions between waterway vehicles and railway bridges, there is an urgent need for repair or replacement.

Also, railway lines were severely damaged during wars. Although bridges have been repaired, their capacities are still limited, reducing the railway's competitiveness compared to other means of transport.

## 8. AEON pledges to absorb additional Vietnamese exports

This pledge was reiterated during a workshop aimed at connecting Vietnamese firms with the AEON supply chain held in Ho Chi Minh City on April 23.

Experts noted that Japan's large import demand is a good opportunity for Vietnamese businesses to expand their market share in the country and

access additional markets through the global distribution network of AEON.

Japan is one of Vietnam's largest trade partners and makes up a large proportion of the ASEAN member country's export turnover through key products such as garments and textiles, and aquatic products.

However, up to 70 per cent of Vietnamese goods sold on the AEON network are distributed via foreign-invested firms.

Nguyen Thao Hien from the Ministry of Industry and Trade said that Japan has strict requirements relating to the quality of products. Therefore, domestic businesses must improve their production capacity to create more competitive products.

Japan is the world's third biggest economy and has a high import demand, particularly in garment-textiles, footwear, seafood, farm produce, plastic products, and wood.

These are the sectors which Vietnam enjoys many advantages in, local media quoted comments by Yuichiro Shiotani, general director of AEON Topvalu Vietnam as saying.

He mentioned that AEON, as a leading retail group in Japan, has prioritized the import of more made-in-Vietnam wares, particularly apparel products, food, household, and healthcare products, for distribution to its network across the globe.

AEON is scheduled to organize the “Vietnamese Goods Week” at its supermarkets throughout Japan in June, with a view of increasing the presence of Vietnamese products on the AEON network.



## Corporate News

### 9. CVT: Resolution on the AGM 2019

↑ 3.37%

On April 20, 2019, CMC Joint Stock Company announces the resolution of the Annual General Meeting 2019 as follows:

1. Approving the report on the Board of Directors and Directorate activities in 2018 and plan for 2019.
2. Approving the report from the Supervisory Board in 2018.
3. Approving the amendment of the company's charter.
4. Approving the additional election of Mrs. Vu Thi Loan and Mr. Khong Phan Duc as member of BOD for the period 2016 – 2021.
5. Approving the resignation of Mr. Bui Nhan Chuong as member of Supervisory Board for the period 2016 – 2021.
6. Approving the additional election of Mr. Ngo Kim Van as member of Supervisory Board for the period 2016 – 2021.
7. Approving the business result in 2018:
  - Total revenue: 1,553,029,407,368 dongs
  - Profit before tax: 203,172,809,288 dongs
  - Profit after tax: 161,986,499,038 dongs.
8. Approving the business plan in 2019:
  - Revenue: 1,700,000,000,000 dongs
  - Profit after tax: 220,000,000,000 dongs
  - To pay the budget: 90,000,000,000 dongs
  - Charter capital: 366,908,870,000 dongs
  - Dividend: from 25% to 30%
9. Approving the conversion of the purpose of use of land of CMC at No.01 Tien Cat, Viet Tri, Phu Tho.
10. Approving to invest in a production line for ceramic tile, capacity from 3 million m2 to 5 million m2 at Brick Factory No. 2.
11. Approving to contribute capital to set up CMC2 Joint Syock Company
12. Approving the audited financial statements in 2018.
13. Approving the remuneration of the BOD and Supervisory Board in 2018.
14. Approving the profit distribution in 2018:
  - Profit after tax of 2018: 161,986,499,038 dongs; Of which:
    - ✓ Investment and Development fund: 8,099,324,950 dongs
    - ✓ Reward and Welfare fund: 8,099,324,950 dongs
    - ✓ To pay cash dividend (25%): 91,727,217,500 dongs
    - ✓ Profit of 2018 to contribute capital for 2019 project: 54,060,656,638 dongs.
15. Approving the Chairman of BOD will concurrently hold the position as Chief Executive Officer (CEO).
16. Approving the selection of auditing firm to audit financial statements in 2019.
17. Approving to borrow over 50% total assets according to the latest financial statements.
18. Approving the list of members of BOD for the period 2016 – 2021:
  - Mrs. Vu Thi Loan;
  - Mr. Khong Phan Duc.



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