



# VIETNAM DAILY NEWS

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JAPAN SECURITIES INC.

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## Market Analysis

### 1. Book-building method available in June for State divestment

The circular is numbered 21/2019/TT-BTC and it will take effect on June 3, 2019.

Book building is the process in which an underwriter determines the price to place a securities offering upon the market demand of institutional investors.

Then the underwriter builds a book that indicates the amount of shares that those institutional investors want to buy and the prices they are willing to pay.

The book building method is applied for both SOEs that sell the State capital in either initial public offering (IPO) or post-IPO auction.

For SOE that will sell shares for the first time, the underwriter will have to develop a price range that does not exceed the initial price by maximum 20 per cent on either side.

The stock exchange, where the SOE plans to sell its shares, must open bidding book for every investor, both public and strategic, in five consecutive morning sessions.

Any investor can change his bid regarding the number of shares and bidding price. That investor

must cancel his former bid before making a new one.

According to Nguyen Thanh Long, chairman of the Ha Noi Stock Exchange, book-building has proved to be efficient in other markets.

“We expect that method will be another option for SOEs to successfully sell the State owned stakes in their capital,” Long told the online newspaper Thoi bao Tai chinh Viet Nam (Viet Nam Financial Times).

The method would help determine the initial trading price of the company according to the actual market demand, he said.

“The company and underwriter will have the opportunity to study the market before issuing the shares. The book-building method helps match the share price with the market condition, bringing mutual benefits for the firm and investors as well as increasing efficiency of the capital raising process,” Long said.

The new method was expected to raise the number of successful auctions for SOEs, he added.

### 2. VN stocks may go sideways in post-holiday trading

The VN-Index on the Ho Chi Minh Stock Exchange gained 0.57 per cent last Friday to end the last trading week at 979.64 points.

The VN-Index rose nearly 1.4 per cent in total last week, marking its first rise after having declined for two consecutive weeks.

The recovery of “Vin” stocks such as Vingroup (VIC), Vinhomes (VHM) and Vincom Retail (VRE) was the main driver of the stock market last week.

The three company shares gained between 3.3 per cent and 6.2 per cent in five trading days of last week.

Financial-banking stocks were mixed. Large-cap financial-banking firms such as Vietcombank (VCB), Bank for Investment and Development of Vietnam (BID), Saigon Securities Inc (SSI) and HCM City Securities Corp (HCM) almost made no changes compared to the previous week.

Meanwhile, consumer staple companies' shares weighed on the stock market. All three large-cap

firms – dairy producer Vinamilk (VNM), brewer Sabeco (SAB) and food and beverage group Masan (MSN) – declined after one week.

Trading liquidity was a problem for the stock market as investors were unwilling to jump in the market trading due to a lack of supportive news among listed companies and the coming national holidays.

An average of nearly 154.6 million shares was traded in each session of last week on the southern bourse, worth VND3.35 trillion (US\$144 million). The figures were up slightly from the previous week.

A similar trading pattern occurred on the Ha Noi Stock Exchange as the HNX-Index increased by 0.49 per cent to end the week at 107.46 points.

The HNX-Index advanced by total 1.49 per cent last week.

According to Duong Hoang Linh, deputy head of market analysis department at Sacombank Securities JSC (SBS), the benchmark VN-Index has moved between 965 and 990 points for the last one month with low liquidity.

“As top large-cap companies have released their first-quarter earnings reports, the market has run out of good news that could back the market up and lure short-term capital back into the market,” Linh told [tinnhanhchungkhoan.vn](http://tinnhanhchungkhoan.vn).

Investors seemed uninterested in taking part in the market at the moment even though “some stocks have gotten much cheaper in recent weeks,” he said.

“The market may still go horizontally and marginally after returning from the national holidays. There may be some rebounds but those comebacks won't be upheld,” Linh added.

Declining liquidity would remain the most important factor for the Vietnamese stock market, according to Sai Gon-Ha Noi Securities (SHS).

“Friday's gains for the two indices could only mean pullback, or technical recovery, as liquidity kept falling while technical indicators still projected further drops for the local indices,” SHS said in its weekly report.

“What we've seen on the derivative market with the VN30 futures expiring in May also supported the forecast as it finished Friday 13.55 points lower than the large-cap VN30-Index's close of 890.55 points,” the company said.

“That shows investors were still thinking about a bearish market in the short run,” SHS added.

The stock market in the next two trading days and next week could move based on the trading of global stocks and international market news, SHS said.

#### Buy-in for May

The month of May this year wouldn't be a time for selling, analysts said, as cheap stocks could be scooped up and consolidated.

According to Nguyen Hoang Viet, Vietinbank Securities Co's market analyst, it's time for investors to purchase stocks and hold onto them as they had sold too much in April.

“The sharp correction of the stock market will bring up opportunities for investors to own good quality large-cap stocks at very low price levels,” he said.

There would be growth for the stock market in May as shares had been pressurised too much in the last several weeks, Nguyen Hong Khanh, head of market analysis at Vietnam International Securities JSC, said.

## Macro & Policies

### 3. MobiFone licensed to pilot 5G

MobiFone will begin 5G pilot service in major cities, including Hanoi, Danang, Haiphong and HCMC, from late April. The free-of-charge pilot service is expected to conclude on April 22 next year.

Apart from preparations for the projected launch of the 5G pilot program, MobiFone is in the process of improving its service quality and expanding and optimizing its 4G service.

The firm will boost the research and development of products and an ecosystem for 5G to fully capitalize on 5G technology.

It installed over 4,500 4G stations in the first quarter as part of a plan to increase its total to 30,000 by the end of 2019.

Last September, MobiFone asked the ministry for approval to pilot 5G service.

### 4. ITelecom launches mobile service

Instead of having its own spectrum or network infrastructure, ITelecom is powered by Vietnam Post and Telecommunications Group. It is the first mobile virtual network operator (MVNO) service in the local market.

In the initial stage, ITelecom will offer products and services to workers in industrial zones in nine provinces and cities: Hanoi, Thai Nguyen, Vinh Phuc, Bac Giang, Bac Ninh, Binh Duong, HCMC, Long An and Dong Nai. In addition, multiple mobile packages will be provided for different groups of users.

Moreover, the firm will connect with other mobile networks that have spare capacity to bring convenience and the best connection quality to users at reasonable prices.

“ITelecom is ready to team up with all the mobile carriers that own network infrastructure and with other technology partners to satisfy customers and help them experience the best services,” Luu Anh Son, deputy general director of the firm, said.

Indochina Telecom has launched a transaction office to provide the network service at B020, The

Manor, Me Tri Street, Hanoi City, Son said, adding that the firm will establish other transaction offices in HCMC and provinces and cities across the nation in the coming period.

Son, however, pointed out that the firm will focus on expanding the distribution channels of its products and services to customers through outlets and authorized dealerships nationwide rather than expanding the transaction office network.

The launch of the MVNO service will help the firm save investment costs, Nha explained, adding that in the global market, MVNO services have become popular, especially Google FI.

Apart from this, Indochina Telecom has designed a package, called MAY, tailored to workers and laborers. For VND77,000 per month, MAY subscribers enjoy up to 3GB of free data per day and free phone calls and text messages on the internal mobile networks of ITelecom and VinaPhone.

## 5. CAAV, ADPi to jointly study upgrading Noi Bai airport

The study is part of the cooperation agreement between France and Vietnam in the field of civil aviation and includes cooperation in distributing aircraft, airport equipment and facilities as well as airport safety services to Vietnamese air carriers.

In October last year, the French government approved an aid package totaling over 564,000 euros (or US\$620,000) and assigned ADPi to work with CAAV to devise the master plan for submission to the Ministry of Transport for approval.

The master plan was then approved by the ministry and suited the aviation transportation master plan approved by the prime minister. Under the master plan, the airport would be able to handle 80 million to 100 million passengers annually by 2050 and would be ready within 12 months.

Noi Bai airport's passenger terminals have encountered a serious passenger overload since last year. Many facilities at the airport, such as the runways, taxiways and aircraft parking spaces, are in dire need of upgrade.

Regarding ADPi, it is a French airport architecture and technical design consulting firm under the management of Aeroports de Paris Group. It specializes in managing and designing airport complex facilities such as terminals, control towers and airport maintenance centers in Beijing, Shanghai, Seoul and Dubai.

The French firm entered Vietnam in 2000 and has since got involved in many strategic projects in the domestic aviation sector, including a project to expand Tan Son Nhat airport and conduct a feasibility study for the Long Thanh International Airport project.

## 6. Vietnam bans import of machinery more than 10 years old

From June 15, the import of used machinery and equipment will only be permitted if the importer plans to use it directly for production in Vietnam.

In any case, the machines must not be more than 10 years old and should have been manufactured to Vietnamese standards or the technical standards of one of the G7 countries or South Korea.

The imported machinery should have at least 85 percent of their original capacity and their energy and raw material consumption should not be up by more than 15 percent of their original design. They should also not be on the list of prohibited or discouraged items under Vietnamese law.

The rules also require that the technology in question must be in use at least 3 production

facilities in a member state of the Organisation for Economic Cooperation and Development (OECD).

Lastly, machinery declared obsolete, of poor quality or causing environmental pollution in the country of origin cannot be imported.

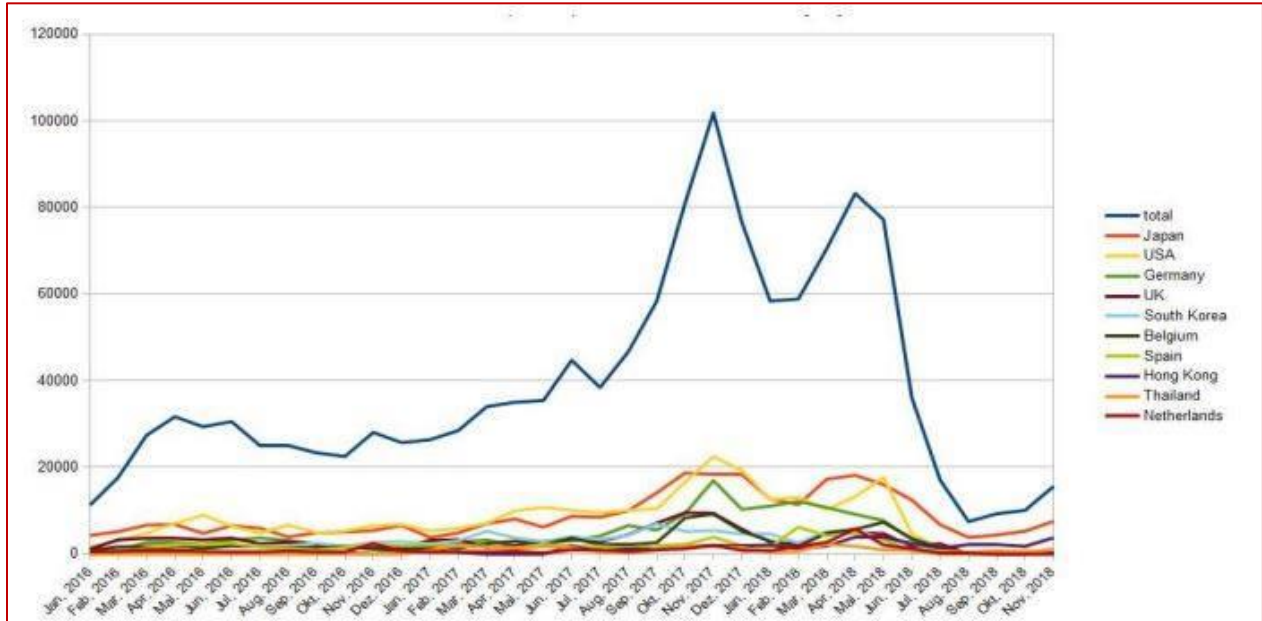
The government has instructed the Ministry of Science and Technology to publish a list of old machinery and equipment whose import is prohibited.

According to the General Department of Customs, Vietnam spent over than \$32.1 billion on import of machinery and equipment in 2018, nearly 40 percent of it from China.

## 7. Japan among biggest sellers of plastic waste to Vietnam

In its latest report it said Vietnam's waste imports spiked to 100,000 tons per month in mid-2017 before dropping to 7,500 tons in mid-2018, with

the main exporters being the U.S., Japan, Germany, and the U.K.



A report by the Global Alliance for Incinerator Alternatives (GAIA) and Greenpeace East Asia said plastic waste imports into Vietnam kept rising until early 2018 as China banned their imports in January 2018.

However, Prime Minister Nguyen Xuan Phuc ordered a halt last July, saying Vietnam must not become a dumping ground for other countries' scrap, leaving thousands of containers stuck at ports for months.

After September imports edged up to 16,000 tons a month.

Similar patterns were also seen in Thailand, Malaysia and Taiwan, with imports peaking in

early 2018 before governments slapped bans and revoked permits to bring their levels down.

Only Indonesia and South Korea did not impose or had unclear waste import restrictions, according to the Greenpeace report, and so were still increasingly buying plastic wastes at the end of 2018.

In March the Vietnamese government announced that all imports of plastic scrap for use as feedstock would cease on December 31, 2024.

Vietnam imported 9.2 million tons of plastic scrap in 2018, up 14 percent from 2017, according to the Vietnam Customs.

## Corporate News

### 8. DHG: Result of the public tender offer for DHG shares

↑ 2.57%

Report on the result of the public tender offer for the shares of DHG Pharmaceutical Joint Stock Company (DHG):

1. Bidder: Taisho Pharmaceutical Co Ltd

- Charter capital: VND29,804,450,035
- Head office: 1-24-3, Takada, Toshima-ku, Tokyo, 170-8633, Japan

2. Result of the public tender offer:

- Target company: DHG Pharmaceutical Joint Stock Company (DHG)
- Address: 288 Bis, Nguyen Van Cu, An Hoa ward, Ninh Kieu district, Can Tho city, Viet Nam

- Charter capital: VND1,307,460,710,000
- Stock code: DHG
- Par value: VND10,000/share
- Stock type: common stock
- Number of DHG shares owned by the bidder before trading: 45,761,086 shares (34.99%)
- Number of DHG shares expected for purchase: 28,358,748 shares (21.68%)
- Number of DHG shares bought: 20,635,966 shares
- Number of DHG shares owned by the bidder after trading: 66,397,052 shares (50.78 %).

### 9. ACB: Financial Statement Quarter 1/2019

↑ 0.33%

Asia Commercial Bank announced the company's Financial Statement Quarter 1/2019.

File Attachment

[ACB 2019.4.26 cc189de financial statements.zip](#)

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