



VIETNAM DAILY NEWS

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Market Analysis

1. Stocks drop for second straight session

With losers outnumbering gainers by 164 to 131, the benchmark index dropped 0.25% against the previous session to close at 983.78 points.

Nearly 175 million shares worth some VND3.9 trillion were transacted on the southern bourse, down 15.3% and 58.8%, respectively. Of these, block deals saw more than 47.7 million shares changing hands at a total value of VND1.05 trillion.

The banking sector was the driving force on Wednesday morning as investors had higher appetite for their stocks with the hope that banks will release good earnings reports for the second quarter. However, some lenders, such as VCB, CTG, HDB and EIB, encountered slight correction in the evening.

Some other bank stocks still maintained their uptrend, but their gains were lower than in early trading. For example, BID, VPB, and CTG added 0.45%, 0.53%, and 1.41% to end at VND32,200, VND19,100 and VND21,550, respectively.

Many blue chips such as housing developer VHM, dairy producer VNM, gas firm GAS and retailer VRE were in negative territory while leading property developer VIC, brewer SAB, and lenders STB and TPP remained unchanged.

Construction firm ROS still led the market by liquidity with more than 9.5 million shares

exchanged while its value slid a further 2.6% to VND31,600 per share. Petroleum firm PVD ranked second with matching volume of roughly 5.3 million shares, dropping 1.8% at VND20,800.

On the Hanoi Stock Exchange, the HNX-Index lost 0.15% against the previous day at 106.13 points as decliners led advancers by 77 to 60.

Local trade surged 93.7% in volume and 102% in value to over 53 million shares worth VND645 billion, of which put-through transactions amounted to 14.3 million shares at a combined VND207 billion.

Among the top 10 stocks by market capitalization on the northern bourse, lender ACB and stone manufacturer VCS inched up 0.68% and 0.32% at VND29,600 and VND62,800 per share.

However, detergent and chemical firm DGC, petroleum technical service firm PVS, insurer PVI, and port operator PHP suffered declines between 1.28% and 4.35% while other large stocks, including lender SHB, closed at their reference prices.

SHB was still the most actively traded stock with a staggering 9.4 million shares changing hands, six million higher than in Tuesday's session.

Macro & Policies

2. State Audit pinpoints violations at BT, BOT projects, banks

According to a report on auditing results last year that SAV Auditor General Ho Duc Phoc delivered to the National Assembly (NA) on May 20, the results of audits at eight BOT projects showed that violations in the appointment of contractors and investors and adjustments of investments were found at most of the projects.

Some BOT projects used capital from Government bond sales despite being unqualified for such access based on the NA's Resolution 55/2013.

SAV also proposed reducing the toll collection period for seven of the eight BOT traffic infrastructure projects by a combined 16.2 years.

Meanwhile, the handover of land to investors in seven BT projects went against the Land Law. Under the law, land use rights must be auctioned, instead of being summarily allocated. In addition, the land lots for these projects were appraised at low values, causing heavy losses for the State budget.

Contractors were appointed for most of the projects, sidestepping competition to choose the best ones. Further, the estimated investments for these projects were not approved by the competent agencies.

The capital for most of the BT projects was sourced from loans, raising the project execution costs and posing a high risk during the execution process.

SAV suggested imposing a total fine of more than VND2.9 trillion (US\$124 million) for these projects.

Phoc also reported the results of audits of the use and management of the State capital and assets at the State Bank of Vietnam, seven commercial banks and finance and insurance companies, pointing out that the total outstanding loans at Vietnam Thuong Tin Commercial Joint Stock Bank, Baoviet Holdings and Vietnam Public Bank exceeded the limits set by the central bank by nearly VND7 trillion.

The cross ownership among banks remains in place, such as between Saigon Thuong Tin Commercial Joint Stock Bank and Kien Long Commercial Bank. Vietnam Maritime Joint Stock Commercial Bank, Bank for Foreign Trade of Vietnam, National Citizen Bank, Orient Commercial Bank and Vietnam Bank for Agriculture and Rural Development are also holding the shares of other credit institutions.

In addition, the bad debt settlement of Vietnam Asset Management Company showed shortcomings. The company did not check the assets used as collateral for debts and did not directly settle bad debts but empowered credit institutions to do the job.

3. Investigations into 8 serious corruption cases accelerated

These cases occurred at the Vietnam Social Security; Hai Thanh Company under the Ministry of National Defense; MobiFone Telecommunications Corporation; PetroVietnam Bio-ethanol Company in the northern province of Phu Tho; Southern Bank; and Saigon Beer-Alcohol-Beverage Corporation.

In addition, probes into a case involving land lots at 8-12 Le Duan Street in HCMC's District 1 and another involving violations of land use and management regulations in the central coast city of Danang should be sped up.

At a meeting of the Central Steering Committee for Anti-Corruption held in Hanoi today, May 21, Tran

Quoc Vuong, deputy head of the committee, hailed the competent agencies' efforts in the fight against corruption.

As a result, legal proceedings have begun on four cases, while investigations into the other four cases have been resumed and probes into two more cases have just been completed.

The committee set a target to complete investigations of 28 cases, issue indictments in 24 cases and hold first-instance hearings for 29 cases and appeal hearings for seven others this year.

4. VASEP concerned over seafood exports to China amid yuan devaluation

China is one of the four largest buyers of Vietnamese seafood, with average annual revenue of over US\$1 billion.

However, seafood exports to China fell 5% year-on-year last year to US\$1.2 billion and another 5% in the first quarter of this year to US\$239 million. Of this, shrimp and tra fish declined 15% and 2%, respectively.

By the middle of this month, China's yuan had fallen to its lowest since December last year.

According to VASEP, even though the Vietnamese dong has been depreciating against the U.S. dollar, the yuan has been falling even harder against the greenback, resulting in higher prices for Vietnamese exports to China, including seafood.

Vietnam's largest rival in the Chinese market is India, as this country exports shrimp to China at a lower price than Vietnam.

At present, more than 150 Vietnamese businesses ship seafood to China, including 45 tra and basa fish suppliers and some 50 shrimp exporters.

5. Hanoi's online public services unaffected by Nhat Cuong Mobile raid

At a press briefing in Hanoi on May 21, Tien said the Hanoi government had prepared solutions to ensure the safety of the system.

As required by the municipal Party Committee, the Hanoi government and other competent agencies have reviewed all information technology projects in the city executed by Nhat Cuong Trading and Services Co., Ltd, also known as Nhat Cuong Mobile, and other companies.

Some press agencies have inaccurately reported Nhat Cuong Mobile's provision of some online public service solutions to the city, raising misplaced concerns about the city's leadership, Tien said.

On May 10, the city government asked the Party Central Committee's Commission for Ideology and Education to direct press agencies to report the case based on the announcements of the

Investigative Police Agency at the Ministry of Public Security.

The Investigative Police Agency had earlier broken up the cross-border smuggling ring masterminded by Bui Quang Huy, general director of Nhat Cuong Mobile.

The police had raided Huy's residence and nine retail stores owned by Nhat Cuong Mobile in Hanoi, seizing papers and thousands of mobile phones, iPads and their electronic accessories. An arrest warrant was issued for Huy and his eight accomplices.

Nhat Cuong Mobile holds VND38 billion (US\$1.5 million) in charter capital, of which Huy has a 90% stake.

The police are expanding their probe to identify the roles played by the nine suspects and other

relevant individuals.

6. More market access for insurance auxiliaries needed: NA deputies

“In the market economy, insurance is seen as a State service. If the State can't meet market demand, private firms and individuals must join and make the sector work properly,” Khanh said on Monday at a debate about the draft of amended Law of Insurance during the 14th National Assembly's seventh meeting.

“They (private firms and individuals) are also able to work with foreign companies to set up insurance firms that meet international standards,” she said.

Agreeing with fundamental changes made in the draft law, Khanh said the role and responsibility of auxiliary service firms must be clarified as this was a new segment in Viet Nam.

In addition, the quality of the personnel resource would be a big challenge as it might not be sufficient to meet market demand for insurance auxiliary services, she said.

“Basically, we agree with the Government's proposal on the draft law,” Khanh said, adding it would be very important to make changes to the Law of Insurance as it is one of the policies that may be affected by Viet Nam's participation in the Comprehensive and Progressive Agreement for Trans Pacific Partnership (CPTPP).

Regarding the quality of insurance-finance personnel, deputy Le Quan said the draft law complied with international conventions and the CPTPP.

However, those working in the insurance-finance sector might be asked to have a working licence only to prove their “knowledge, skills, attitude and quality,” he said.

“It would be unnecessary to require them to graduate from universities, colleges and professional training programmes” as such a standard may hinder them from getting employed, Quan added.

However, the training for the insurance workforce was now too simple and low quality, deputy Ton Ngoc Hanh said.

An insurance salesman might have only passed a short training course, she said. Therefore, it would be difficult for the State to manage the sector because companies were unable to manage their employees in the long run.

“This will remain a big difficulty for the Vietnamese insurance industry as it has a big growth potential,” Hanh said.

That fact showed there needed to be a regulation to control insurance companies in training and management, she added.

The draft on amended Law of Insurance is one of the first two draft laws presented for debate at the 14th National Assembly's seventh meeting, which runs from May 20 to June 15, 2019.

According to the Minister of Industry and Trade Tran Tuan Anh, the Law of Insurance, in addition to seven other laws, must be adjusted to meet the CPTPP and other deals Viet Nam has signed.

Changes must be made to realise the policies of the Party and the State to comply with international practices and agreements, creating a better business environment for organisations, businesses and individuals to foster Viet Nam's socio-economic development.

7. Deputy PM chairs meeting of Vietnamese, Russian businesses

Addressing the event, the Deputy PM lauded the efforts of Vietnamese entrepreneurs in Russia in carrying out investment and charity activities in the homeland, as well as their solidarity and mutual support.

Vietnam and Russia have shared a time-honoured relationship and close partnership in many areas. Vietnam is currently the only strategic partner of Russia in the Asia-Pacific region, he noted.

He said that over a decade as strategic partners, economics, and trade have always been a spotlight in the all-round ties between the two countries.

Dung, who is accompanying PM Nguyen Xuan Phuc during his Russia visit, said that the PM's visit aims to further deepen the bilateral comprehensive strategic partnership and seek new development orientations for the future.

In 2020, Vietnam and Russia will celebrate the 70th anniversary of diplomatic relations which obtained great achievements across politics-diplomacy, economy-trade, security-defence, science-technology, education-training, culture, and tourism.

The Vietnam-Russia ties have been intensified in four major pillars of trade, investment, oil and gas, and electricity. Two-way trade has been rising, while cooperation models have been diversified.

In 2018, trade between the two countries reached 4.57 billion USD, up 28.6 percent from 2017, which is hoped to hit 10 billion USD in 2020, noted

the Deputy PM, praising the significant role of Vietnamese entrepreneurs in Russia in promoting Vietnamese products in the market.

The Deputy PM said that Vietnam is speeding up industrialisation and modernisation process, requiring entrepreneurs, especially those abroad, to attract more investments in the homeland and seek markets for Vietnamese products.

Vietnam has been pursuing an external policy of independence, self-reliance, multilateralisation and diversification of its relations, becoming a friend with all countries and engaging in many bilateral and multilateral trade agreements and new generation free trade deals. This is a good condition and a chance for Vietnam to lure more investment, he said.

He expressed his hope that Vietnamese entrepreneurs in Russia will continue reforming business and production methods to meet the market demands, while bettering coordination with their peers at home to expand markets in the region.

Chairman of the Vietnamese Entrepreneurs' Association in Russia Le Truong Son said that the meeting is a good chance for businesses of both sides to share experience and enhance mutual understanding.

At the event, participants worked directly with each other to seek business and investment partnerships.

Corporate News

8. Stock market briefs on May 22, 2019

↑ 0.17%

HCMC – Japan's Taisho Pharmaceutical Holdings Co., Ltd. bought an additional 300,000 shares in DHG Pharmaceutical JSC (DHG) from May 15 to 17, raising its holding in DHG to over 66.69 million shares, or 51.01%.

HCMC – Vietnam Airlines JSC (HVN) has chosen June 3 as the record date for the 2018 dividend payment in cash at 10%. The payment will be made on June 28.

HCMC – Tien Phong Commercial Joint Stock Bank (TPB) plans to buy back 24 million own shares, equal to 2.8% of its charter capital. The estimated transaction date is on June 10.

HCMC – The Ton Poh Fund offloaded 200,000 shares in Saigon Cargo Service Corporation (SCS) on May 16. The transaction lowered its holding in SCS to 2.36 million shares, or 4.73%, so the Thai fund is no longer a major shareholder of SCS.

HCMC – Phat Dat Real Estate Development Corp. (PDR) plans to issue 5,500 non-convertible, secured bonds in the second and third quarters of

this year. The five-year debt will have a face value of VND100 million per bond and carry an estimated coupon of 10.5% in the first year.

HCMC – The Hochiminh Stock Exchange will put the shares of Hoang Long Group (HLG) on the special watch list as from May 27. The group was found to have continued violating the regulations on information disclosure after being put under supervision earlier.

HCMC – Individual investor Vu Quoc Vuong sold 1.5 million shares in Thanh Thanh Cong Tourist JSC (VNG) on May 16. The transaction reduced his holding in VNG to 3.7 million shares, or 4.42%. He is now no longer a major shareholder of VNG.

HANOI – TNG Investment and Trading JSC (TNG) reported that its net profit in April soared 40.83% from a year earlier to VND12.7 billion while its net revenue climbed 32.75% year-on-year to VND295.68 billion. TNG made a net profit of VND50.02 billion on net revenue of VND1.1 trillion in the first four months of this year, which jumped 62.67% and 33.9% year-on-year, respectively

9. BSI: Record date for 2018 cash dividend

↓ -0.41%

On May 20, 2019, the Hochiminh Stock Exchange issued Announcement No.731/TB-SGDHCM about the record date of BIDV Securities Joint Stock Company as follows:

- Ex-right date: May 27, 2019
- Record date: May 28, 2019
- Reason & purpose: to pay cash dividend for 2018.
- Content:

Exercise ratio: 08%/par value (800 dongs/share)

Payment date: June 12, 2019

Place of payment:

+ Shareholders whose shares have been deposited: at the securities firms where the shares have been deposited.

+ Shareholders whose shares have not been deposited: at BIDV Securities Joint Stock Company.

10.CMX: BOD resolution on setting up a subsidiary

↑ 1.09%

The Board resolution dated May 21, 2019, the Board of Directors of Ca Mau Group Joint Stock Company approved to contribute capital to set up a subsidiary with the following details:

- Company name: Camimex Foods Joint Stock Company

- Short name: CAMIMEX FOODS

- Head office: 99 Ly Thuong Kiet, ward 6, Ca Mau.

- Charter capital: VND50,000,000,000 (CMX contributed VND49,000,000,000, accounting for 98.80% charter capital of CAMIMEX FOODS.).

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