



VIETNAM DAILY NEWS

May 24th, 2019



JAPAN SECURITIES INC.

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Market Analysis

1. VN-Index slides further

The benchmark index went down slightly by 0.11% against the previous session to close at 982.71 points as losers outnumbered gainers by 153 to 129. The downtrend momentum maintained in most of the session, but gradually decreased toward the end of the session.

According to Bao Viet Securities, trading volume decreased slightly to below the average level of 20 sessions, indicating a significant decline in supply pressure around 975-980 points. The signals are expected to boost the market's recovery in the short run.

More than 160 million shares worth over VND4.3 trillion were traded on the southern bourse, down 9% in volume, but up 10% in value from a day earlier.

Of these, large block deals saw over 32.6 million shares worth VND1.1 trillion from retailer VRE and some 6.3 million shares worth VND116 billion from lender EIB changing hands.

The major deal of VRE did not make positive impact on the price of its stock as the retailer inched down 1.5% at VND35,250.

VRE and lender TCB were the most actively traded stocks among the top ten by market capitalization with their respective traded amounts of 1.68 million and 1.37 million shares. TCB dropped a slight 0.2% at VND23,650.

Stocks in the petroleum and gas sector were strongly offloaded, so most of them declined. Oil drilling firm PVD lost 1% at VND20,600, but surprisingly, it led the market by liquidity with 10.7 million shares, and this was the record level since its listing on the exchange in late 2006.

Meanwhile, the VN-Index's best performers included leading fuel distributor PLX (up 1.8%), jewelry maker PNJ (2%), phone retailer MWG (0.7%), and lender VCB (0.6%).

Construction firm ROS dipped a further 5.1% at VND30,000 and had a trading volume of 6.6 million shares, ranking second for liquidity on the main market.

On the Hanoi Stock Exchange, the HNX-Index rose by 0.16% versus Wednesday to end at 106.3 points. Trading volume on the market slumped 43% at 30.5 million shares, and its value fell 33% at VND435 billion.

In contrast to the southern exchange, many petroleum stocks on the northern bourse made gains, and have active contributions to the index. While PVB added 2% at VND20,000, its fellow PVS expanded 8.2% at VND24,600 and was the most actively traded stock with 7.79 million shares.

Lender ACB, stone manufacturer VCS, insurer PVI, and realty firm HUT were in negative territory.

Macro & Policies

2. Chan May-Lang Co economic zone attracts 21 tourism projects

In May alone, the economic zone has been able to lure eight investment projects including four foreign-invested projects totally capitalized at over US\$60 million.

Most notably, the Banyan Tree Group of Singapore has received permission to increase its investment in the Laguna Lang Co resort complex to US\$2 billion with the hope of developing into one of the nation's largest integrated resorts in the future.

Banyan Tree Lang Co Hotel features 229 rooms in addition to an 18-hole golf course and a conference centre and is famed for winning a number of international awards. The hotel offers customers a diversified range of entertainment activities.

In addition, work has been moving at a rapid pace in order to ensure that the Minh Vien International tourism site comes into operation later this year.

The government has also approved development plans until 2025 with a vision to 2030 that would see the development of the Lang Co-Canh Duong National Tourism Site into an international tourist destination featuring typical tourism products along with a wide range of entertainment, cultural and sporting activities, and an international port in the future.

The development of brands for the Lang Co-Canh Duong National Tourism Zone has contributed to enhancing competitiveness and increasing the length that tourists stay in the area, as well as developing the local economy.

The Lang Co-Canh Duong National Tourism Zone aims to welcome more than 1.5 million visitors by 2025, including 600,000 foreign arrivals.

By 2030, the tourism zone is set to receive more than 2.5 million visitors, including 950,000 international tourists, earning approximately VND7 trillion in revenue.

3. Vietnam eyes U.S. avocado market after Trump spat with Mexico

Avocado prices in the United States jumped by nearly 50% in April on fears that Trump would halt shipments from Mexico, which accounts for some 80% of its supply. Both processors and wholesalers began to stockpile the fruit as a result.

The United States imported more than 900,000 tonnes of Mexican avocados last year worth nearly \$2.1 billion, 10 times the value it buys from the rest of the world, according to crop forecaster Gro Intelligence.

Avocados, typically used in guacamole or spread on toast, could be a high export earner for Vietnam, the government said in a statement on its website.

Avocado consumption is on the rise in Vietnam as living standards improve, fuelling interest amongst domestic buyers.

“Avocados are increasingly seen as a quality fruit that can be used in cooking and beauty products for women,” said Le Van Duc, deputy head of the department of crop production at Vietnam's Agriculture Ministry.

“The area of avocado plantation in Vietnam is rising due to that higher demand,” Duc told Reuters by phone.

That trend has also been driven by weak coffee prices, which have prompted Vietnamese farmers to switch to other crops, including avocados, according to Duc's department.

Coffee prices hit their lowest in six years this month on fresh concerns over the U.S.-China trade war and strong sales from Brazil.

Vietnam already exports a small volume of avocados to the European Union, but has not yet managed to enter the U.S. market, which is dominated by Mexican supply.

Duc said it was too early to tell if Vietnam's drive to export avocados to the United States will be successful.

“There will be lengthy negotiations, and more calculations are needed regarding the possible production scale and the quality to compete with other producing countries,” Duc said.

4. Huawei blockade by Google leaves Vietnamese customers, retailers on tenterhooks

Vietnamese customers have taken to mobile retailers' websites or physically visited their stores to seek consulting about the fate of their Huawei devices, despite a dramatic twist in the U.S.-Huawei fight that made global headlines earlier this week.

Google said on Sunday it would suspend business with Huawei in order to comply with Washington's decision to 'blacklist' the Chinese company over spying concerns.

However, the U.S. Department of Commerce announced shortly thereafter that it had granted a 90-day grace period, during which mobile phone companies and Internet broadband providers are allowed to work with Huawei to keep existing networks online and protect users from security risks.

The exemption also allows Google to send software updates to Huawei phones which use its Android operating system through to August 19, business news channel *CNBC* reports.

Despite this new development of the story and an official statement from Huawei reassuring users that their devices will continue to receive updates, disgruntled users have taken to both social media and physical mobile stores, asking to receive support or be allowed to return their devices in the belief that the retailers have a legal obligation to take back the phones and pay them back.

Hoang Nguyen, who lives in Ho Chi Minh City's BinhThanh District, bought a Huawei smartphone

a few months back and now feels the amount of money he spent on the gadget will soon become nothing but a loss.

Nguyen and other users demand that mobile retailers give them some kinds of support, or had better take the handsets back and refund them, he told *Tuoi Tre* (Youth) newspaper.

But this is understandably something beyond the authority of Huawei distributors and retailers in Vietnam.

In fact, retailers and distributors of Huawei products in Vietnam are also like a cat on hot bricks, as they have yet to receive any guidance from Huawei regarding policies for unsold stocks and return demands by customers.

Dang Thanh Phong, PR and marketing manager of Vietnamese mobile retailer The Gioi Di Dong, told *Tuoi Tre* that the company understands customers' concerns and is trying their best to ensure their rights and interests.

Nguyen Viet Anh, deputy general director of another local mobile retailer, FPT Shop, said the firm's return policy applicable to products purchased within 30 days remains in effect for all devices, including those made by Huawei.

As sales of Huawei smartphones have slowed down in Vietnam following news of the Google ban, local mobile retailer CellphoneS has launched a campaign to persuade customers not to turn their back on the Chinese company.

Buyers of Huawei products bought at CellphonesS between May 21 and 31 are allowed to return their products within 30 days free of charge.

In the meantime, other consumers are waiting for a chance to buy Huawei premium smartphones at attractive prices, as many existing users have started to bargain away their handsets, while hoping that retailers will launch

promotional campaigns with huge discounts to clear their Huawei stock.

But Huynh Thanh Phi, director of Leo Brothers, a media and communication company having experience in working with mobile phone brands, said such discount campaigns are beyond the bounds of possibility.

5. Facebook, Google, YouTube remove offensive content following Vietnam's request

Global tech giants namely Facebook, Google, and YouTube have deleted from its platforms a number of offensive content at the request by the Vietnamese government.

So far, Google has blocked more than 7,000 video clips, removed 19 channels on YouTube, and 58 out of 63 games on Google Play which are believed to violate Vietnam's laws, VnEconomy have reported.

Facebook has removed 208 out of 211 fake accounts, 2,444 links advertising unlawful products and services, 215 fanpages touting gambling, and more than 200 links opposing the Party and state.

Meanwhile, Apple has cleared away nine out of 15 violating games on AppStore.

Vietnam demands more

The government of Vietnam has submitted to the parliament a report that requires Facebook and Google to comply with the Vietnamese laws.

In the report signed by Minister and Chairman of the Government's Office Mai Tien Dung, authorized agencies have taken a number of measures regarding politics, security, economics, and technologies to ask Facebook and Google to work in accordance with the Law on Cybersecurity.

In addition, the government has asked the giant tech firms to control offensive content and illegal advertising, open representative offices, and store private information in Vietnam complying with Law on Cybersecurity.

Earlier this month, the Ministry of Information and Communications (MIC) said in a report that Facebook's violations are proved in content management, online advertisement, and tax evasion.

A joint working group including representatives of Facebook, the MIC, the State Bank of Vietnam (SBV), the General Department of Taxation, and the Ministry of Public Security has been set up to focus on three aforementioned violations.

Furthermore, the MIC has worked with the SBV to block payment for illegal products and services on transnational apps, including Facebook.

Information Minister Nguyen Manh Hung affirmed earlier this month that the authorized agencies would soon end the tax evasion by foreign firms like Facebook and Google, which provide advertising on cyber space.

It's not fair that foreign firms which earn up to 70% of advertising revenues on digital space paying no tax whereas Vietnamese peers are closely comply with national regulations, Hung said, adding that this situation should not last for long.

6. Vietnam ministry to finalize investment law on basis of PPP

The Ministry of Planning and Investment (MPI) is under the process of drafting up the investment law on the basis of public-private partnership (PPP), the governmental portal reported.

In Vietnam, the Vietnamese government started adopting the PPP model in 1997 with the issuance of decree No.77, stipulating investment regulation under the form of build-operate-transfer (BOT) for domestic investment.

Currently, PPP activities and investors selection process are regulated in decree No.63 and 30.

As of the end of January, a total of 336 PPP projects have completed signing contracts, including 140 BOT projects, 188 build-transfer (BT) projects and eight projects under other forms of contract, according to a government's report.

The report also suggested through PPP form, the government has been able to mobilize capital from the private sector to address urgent needs for infrastructure development.

Nevertheless, it is essential to continue perfecting the PPP regulation to better reflect the actual practices, stated the report.

In the new investment law, the MPI proposed PPP form be applied to projects under B category and onwards. According to the revised public investment law, projects in fields of transportation and electricity, among others, with investment capital from VND240 billion (US\$10.2 million) to VND4.6 trillion (US\$197 million) are classified as B category.

Statistics showed 233 out of 336 projects have investment capital of over VND200 billion (US\$8.56 million) each, accounting for 69.34% of the total, excluding BT projects, total projects with investment capital over VND200 billion would be 113 out of 148 projects, or 76.35% of the total.

Under this circumstance, the MPI proposed setting an investment capital threshold for PPP project at VND200 billion (US\$8.56 million).

Additionally, PPP projects with investment capital of over VND20 trillion (US\$856.56 million) are subject to the approval of the National Assembly, while projects from VND4.5 trillion (US\$192.7 million) onwards are subject to Prime Minister's approval, including projects with state capital from over VND1.5 trillion (US\$64.23 million).

7. China scraps tariffs on 33 Vietnamese seafood items

They include lobster, tiger shrimp, pangasius fish, tuna, and octopus, the Vietnam Association of Seafood Exporters and Producers (VASEP) said.

Truong Dinh Hoe, general secretary of VASEP, said that China has become an alternative to the U.S. market for Vietnamese pangasius fish after it was slapped with high tariffs last year, up to \$7.74 per kilogram.

According to the Vietnam Association of Seafood Exporters and Producers (VASEP), Vietnam's seafood export value to China fell 5 percent year-on-year in 2018 to \$1.2 billion, and dropped

another 5 percent year-on-year in the first quarter to \$239 million.

Currently, China is one of Vietnam's most important seafood markets, accounting for 11 percent of Vietnam's total seafood exports in the first quarter of 2019, according to the General Statistics Office (GSO).

According to VASEP, China's proportion of Vietnam's total seafood exports has been declining, having accounted for 15 percent in 2017 and 14 percent in 2018.

As of May, there were more than 150 Vietnamese enterprises exporting seafood to China, of which 45 export Pangasius fish and 50 export shrimp,

while the remaining export other varieties of seafood.

Corporate News

8. ACV: Notice of record date for AGM 2019

↓ -0.61%

1. Issuer: Airports Corporation of Vietnam – JSC
2. Stock code: ACV
3. Par value: VND 10,000/share
4. Record date: 28/05/2019
5. Ex-date: 27/05/2019
6. Reason:

General Meeting of Shareholders 2019:

Exercise rate: 01 share - 01 voting right

Exercise date: June 2019 (will be announced in the meeting invitation letter)

Place: Airports Corporation of Vietnam - JSC (No. 58 Truong Son, Ward 2, Tan Binh District, Ho Chi Minh City)

Agenda:

Report business results in 2018 and business plan in 2019.

Activity report in 2018 and orientation in 2019 of the Board;

Report on supervisory activities of the Supervisory Board in 2018 and plan in 2019;

The audited consolidated financial statements in 2018 and the plan of setting up funds, distributing profits and paying dividends in 2018;

The remuneration, bonus fund in 2018 and plan the Board of Directors and Supervisory Board in 2019;

The selection of an independent auditor to audit the financial statements 2019;

The Statement of amendmen and supplements to the Charter of Airports Corporation of Vietnam - JSC;

The Operation Regulation of the Supervisory Board;

And other issues.

9. EIB: Change of personnel

↑ 0.00%

Vietnam Export Import Commercial Joint Stock Bank announced personnel change as follows:

- Approving the resignation of Mr. Le Minh Quoc as Chairman of the BODs.

- Approving the appointment of Mr. Cao Xuan Minh as Chairman of the BODs.

- Approving the appointment of Mr. Nguyen Canh Vinh as CEO.

10. CIG: CIG still in the supervision status

↑ 2.09%

On May 15, 2019, HOSE received the 2018 audited consolidated financial statements from Coma18 Joint Stock Company. According to the consolidated financial statements, the after-tax profit of parent company in 2018 was 2.3 billion dongs and the undistributed after-tax profit by

June 30, 2018 was -125.88 billion dongs. Besides, the auditor expressed an except-for opinion regarding the unfinished operating expense at the Westa project.

Therefore, HOSE continues to remain the supervision status for the stock CIG.

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