

Stock Market

DSEX loses 201 points in 6 days on PLFS woes

New Age, July 15, 2019

- Dhaka stocks plunged on Sunday, stretching the bear run to the sixth session as investors continued selling shares amid worries over the financial sector volatility intensified by the government's decision to wind up People's Leasing and Financial Services (PLSF).
- DSEX, the key index of Dhaka Stock Exchange, plunged by 0.81 per cent, or 42.80 points, to close at 5,179.49 points on Sunday. The index lost 201 points in last six sessions.
- Investors are also grappling with penalty tax on listed companies, gas price hike and Grameenphone tussle with the Bangladesh Telecommunication Regulatory Commission from the beginning of this month. The DSEX shed 242 points in nine sessions.
- The average share prices of bank, non-bank financial institution, textile and pharmaceutical sectors dropped by 1.5 per cent, 1.3 per cent, 1.29 per cent and 0.6 per cent respectively.
- After losing 8 per cent in the previous five sessions, the share prices of Grameenphone soared by 3.95 per cent on Sunday due to the better earnings declaration in the second quarter. The company's board of directors held a meeting regarding the 2nd quarter financial disclosure
- Out of the 353 scrips traded on the day, 269 declined, just 63 increased and 20 remained unchanged. Turnover on the bourse rose to Tk 354.04 crore on Sunday from Tk 351.08 crore in the previous session. DS30, the blue-chip index of DSE, shed 0.23 per cent, or 4.42 points, to close at 1,853.28 points.
- SEML FBLSL Growth Fund gained the most on the day with a 9.65-per cent increase in its share while CAPM BDBL Mutual Fund 01 was the worst loser, shedding 10 per cent.

<http://www.newagebd.net/article/78508/dsex-loses-201-points-in-6-days-on-plfs-woes>

Liquidator appointed for People's Leasing

New Age, July 14, 2019

- The High Court yesterday gave the go-ahead to the central bank to appoint a liquidator for People's Leasing and Financial Services (PLFS), a non-bank financial institution (NBFI).
- The bench of Justice Muhammad Khurshid Alam Sarkar also ordered the Bangladesh Bank to freeze the accounts of those who were in PLFS's board until 2015, Tanjib-ul Alam, a lawyer of the central bank, told The Daily Star.
- Previously, two banks -- Bank of Credit and Commerce International and Oriental -- that were on their last legs were restructured but not liquidated. Liquidation of PLFS means closing its operations permanently and the BB with court's permission will take actions to settle liabilities by selling off its assets.
- The problems of PLFS began in earnest in 2013-14, when some of its directors made off with more than Tk 1,000 crore by way of submitting fake documents, according to a central bank inspection report then. In 2015, the central bank had removed five directors for their involvement in the financial scandal.
- But it was not enough. Since then the NBFI has been on a downward spiral. For instance, in the first nine months of last year PLFS's operating expenses stood at Tk 22.48 crore against the operating income of Tk

2.05 crore. PLFS sometimes failed to pay the wages to its employees because of the severe liquidity crunch, some officials informed The Daily Star upon condition of anonymity.

- Meanwhile, the Dhaka Stock Exchange yesterday suspended trading of PLFS in line with the BB's liquidation decision. As of May 31, retail investors held 68 percent of the NBF's stock and they stand to lose about Tk 193.52 crore -- and institutional investors Tk 25.75 crore -- if the liquidation goes through.

<http://www.newagebd.net/article/78507/hc-bars-11-former-plfs-directors-officials-from-fund-withdrawal>

Suspicious transactions question Coppertech's pre-IPO capital hike

New Age, July 15, 2019

- Unusual and suspicious transactions took place in the capital raising-related share money deposit accounts of controversial Coppertech Industries that raised question about the increase in pre-IPO paid-up capital of the company, according to related bank statements.
- The statements on share money deposit (money for selling shares) of the company displayed a number of unusual and suspicious transactions in creating paid-up capital of the company.
- Before the approval of initial public offering of Coppertech by the Bangladesh Securities and Exchange Commission, the company's paid-up capital was Tk 40 crore. Of the amount, Tk 30 crore was raised by selling shares through private placement.
- After analysing the bank statements regarding raising Tk 30 crore through private placement, it seemed that the company deposited and withdrew a small amount of fund again and again to make an artificial paid-up capital.
- The listing of Coppertech with the country's bourses has been deadlocked as the company is facing allegations of financial data fabrication. The allegations prompted the Institute of Chartered Accountant of Bangladesh to investigate the matter.
- The company opened three bank accounts for collecting share money deposits from the interested investors. A total of Tk 20 crore was deposited in a Premier Bank account (A/C 0104-111-00079078) and Tk 6 crore in another Premier Bank account (A/C 0104-131- 0002925) while Tk 4 crore was deposited in a Social Islami Bank account (A/C 021-133-009988).

<http://www.newagebd.net/article/78512/suspicious-transactions-question-coppertechs-pre-ipo-capital-hike>

Bourses suspend trading of People's Leasing shares

Dhaka Tribune, July 14, 2019

- The DSE decided to suspend share trading of the ailing non-bank financial institution in accordance with Regulation 50 of the Dhaka Stock Exchange (Listing) Regulations, 2015
- Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) on Sunday suspended the trading of People's Leasing and Financial Services' (PLFS) shares.
- According to the DSE disclosure, the decision was made at a board meeting held on Thursday. The non-bank financial institution's share trading will be suspended until getting confirmation from Bangladesh Bank on liquidation of the company.

- Due to the continued losses, the listed PLSF failed to announce any dividend since 2014. Each People's Leasing share closed at Tk 3.0 on Thursday last. Of the total shares, 67.48% are held by general shareholders, 23.11% shares by sponsors and directors, 8.77% shares by institutional investors and 1.19% shares by foreign investors.

<https://www.dhakatribune.com/business/stock/2019/07/14/bourses-suspend-trading-of-people-s-leasing-shares>

Economy

Vivo to open mobile assembly plant in Bangladesh

The Daily Star, July 15, 2019

- Chinese smartphone manufacturer Vivo is all set to roll out the first mobile assembly plant in Bangladesh with full foreign direct investment, as international companies flock to the country to make the best use of the favourable tax regime.
- The plant in Rupganj of Narayanganj will put together at least one million smartphones every year. This will be the Chinese company's fifth factory, after two in China and one each in India and Indonesia.
- Vivo, under the company name of Best Tycoon (BD) Enterprise Ltd, needs to employ at least 250 Bangladeshi to run the plant, according to BTRC's regulation. Telecom Minister Mustafa Jabbar welcomed the move of Vivo.

AT A GLANCE

- Vivo will set up the country's seventh mobile plant
- It will make one million sets per year
- It will be Vivo's fifth plant globally
- Samsung, Symphony, Transsion, Walton, Al-Amin Brothers and Anira International earlier set up plants in Bangladesh
- Local assemblers now meet 40pc of smartphone demand
- Bangladesh assembled 26.1 lakh handsets in 2018 when total sales were 2.7cr

<https://www.thedailystar.net/business/news/vivo-open-mobile-assembly-plant-bangladesh-1771588>

Bangladesh, South Korea sign three instruments

The Financial Express, July 14, 2019

- Bangladesh and South Korea have signed three instruments for bolstering cooperation in the fields of trade and investment, diplomacy and culture between the two countries.
- The instruments were signed following the official talks between Prime Minister Sheikh Hasina and her South Korean counterpart Lee Nak-yeon at the Prime Minister's Office in Dhaka on Sunday afternoon, reports BSS. The two premiers witnessed the signing ceremony. The instruments are:
- 1. A memorandum of understanding (MoU) on cooperation between the Korea National Diplomatic Academy of Ministry of Foreign Affairs and the Foreign Service Academy of the Ministry of Foreign Affairs of Bangladesh.
- 2. An MoU between the Korean Trade Investment Promotion Agency of South Korea and Bangladesh Investment Development Authority on cooperation in the field of investment promotion.

- 3. A document on Cultural Exchange Programme between Bangladesh and South Korea for the years 2019-2023.

<http://thefinancialexpress.com.bd/national/bangladesh-south-korea-sign-three-instruments-1563107676>

HRC, Japanese Suzue Corp sign JV shipping deal

New Age, July 15, 2019

- HRC Group of Bangladesh and Japan-based multinational company Suzue Corporation on Sunday signed an agreement to establish a joint venture company to operate businesses related to shipping and logistics.
- HRC Group chairman and chief executive officer Sayeed H Chowdhury and Suzue Corporation chairman Takahiro Suzue signed the agreement on behalf of respective sides to establish the company named HRC-Suzue Logistics (BD) Limited.
- At the ceremony, three other documents, including memorandum of association and article of association were also signed. HRC-Suzue Logistics (BD) Limited is expecting to commence its operation in Bangladesh during the fourth quarter of 2019.
- According to the joint venture agreement, the nature of business of the company will be forwarding services for clearing and freight, shipping, warehousing services, including cold and freezing storage services, land transport and other logistical services.

<http://www.newagebd.net/article/78509/hrc-japanese-suzue-corp-sign-iv-shipping-deal>

International

Japan sets up working group on impact of FB's Libra ahead of G7

New Age, July 14, 2019

- Japanese authorities have set up a working group to discuss the impact Facebook's proposed Libra digital coin could have on monetary policy and financial regulation, government sources said, ahead of a G7 finance leaders' gathering where the topic will be high on the agenda.
- The plan by the social media giant to build a digital currency has raised concerns among global regulators that it could quickly become systemic given Facebook's huge cross-border reach.
- France is using its presidency of the Group of 7 group of economic powers to launch a task force to look at how central banks can ensure digital currencies like Libra are regulated from money-laundering to consumer-protection rules.
- European Central Bank policymaker Benoit Coeure is due to deliver a preliminary report on the matter next week at a meeting of G7 finance ministers in Chantilly, north of Paris. In Japan, the central bank does not oversee banking regulation, which is handled by the Financial Services Agency.

<http://www.newagebd.net/article/78426/japan-sets-up-working-group-on-impact-of-fbs-libra-ahead-of-g7>

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