



VIETNAM DAILY NEWS

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Market Analysis

1. Stock trade dips to 4-week low

With 176 gainers and 111 losers, the main index inched up 0.25 point, or 0.03%, from the day earlier to close at 951.41. The HCMC market saw 131.5 million shares worth VND2.6 trillion transacted, both down around 19% versus Tuesday.

Some large cap stocks extended their gains from Tuesday to cushion the market. The VN30 basket saw 19 stocks advancing and 10 others declining.

Among gainers, leading property firm VIC gained over 1.1% to close at the intraday high of VND115,900. Dairy enterprise VNM added 0.3% at VND127,500 and beverage company SAB advanced 0.37% at VND274,000.

Most securities firms said market developments today were normal as Tuesday's gain was regarded as a technical increase.

According to Bao Viet Securities Company, if the market gets some supporting news, the VN-Index is forecast to head towards the resistance zone from 958 to 963 points in the coming sessions. However, short-term risk is still in sight as foreign investors are concerned about the trade war between the United States and China.

Quoting a report of VNDirect Securities Corporation (VNDS), the Vietnam News Agency

noted that Vietnam's exports and industrial output have increased in recent months as the country is considered a short-term beneficiary of the trade war.

"In addition, foreign direct investment (FDI) from China into Vietnam nearly doubled from the same period last year. We see resilient export growth and robust FDI inflows providing the country with a buffer against further escalation in the U.S.-China trade war," according to the report.

VNDS said that this round of Chinese yuan depreciation would be no different compared to last year because a sharper depreciation could add more uncertainty to the trade negotiation process and was unlikely to help China.

"We see less depreciation pressure on the Vietnamese dong compared to last year, thanks to better guidance from the State Bank of Vietnam to the foreign exchange market and less funding pressure from strong U.S. dollar given the Federal Reserve's dovishness," VNDS said in the report.

On the Hanoi Stock Exchange, the HNX-Index rose 0.48 point, or 0.47%, at 103.54. Trading volume jumped 18.2% against the previous day at 20.3 million shares while value increased 8.2% at VND240 billion.

Macro & Policies

2. Vietnamese enterprises seeks export opportunities in China

The firms include dairy producer Vinamilk, Ba Ria Vung Tau Seafood Processing Import Export Co, Lien Viet Group, Tien Giang Food Co and Friesland Campina Viet Nam.

The trip is part of the National Trade Promotion Programme in 2019 and will include representatives from trade promotion agencies of 11 localities in the north.

The upcoming trip aims to promote shipments of Vietnamese agricultural products, seafood, processed food as well as handicrafts and garments, Vietrade said, adding that it will help domestic firms advertise their trademarks in the cities.

During their stays in China, the enterprise delegation will participate in the Viet Nam and China Business Forum, slated for Nanning (Guangxi Province) on June 10 and visit a farm produce trading centre a day later. They will also attend a trade fair and a large-scale investment

conference in Kunming (Yunnan Province) on June 12.

In addition, they will visit the ASEAN Yunnan logistics centre, Asian trading centre and a market on fruit and consumer goods that will help them study the tastes of Chinese, Vietrade added.

Over the years, trade ties between Viet Nam and two Chinese neighbouring provinces have helped bring Vietnamese goods closer to the lucrative Chinese market and brought Chinese products to ASEAN markets.

Currently, two-way trade between Viet Nam's localities and Guangxi Province accounts for more than one-fourth of bilateral commercial ties. In 2018, the trade topped more than US\$26.7 billion, up 8 per cent year-on-year.

Last year, trade turnover between Viet Nam and Yunnan Province also saw a yearly rise of 13 per cent to \$4.15 billion and has room to grow, according to Vietrade.

3. Trade, economic cooperation between Germany, Serbia, Vietnam promoted

This trip is within the framework of the programme "The bilateral investment cooperation between SAPA Thalegroup and the government and leading enterprises of the Republic of Serbia".

The potential areas for the investment cooperation of the programme include finance - banking, high technology development, infrastructure development, environment, energy, transportation, real estate, hotels - tourism, agriculture, sports ... not only in Serbia, Vietnam and Germany, but also in Bosnia-Herzegovina, Japan, China, the UAE and many countries around the world.

Recently, the International Business Times had an article on Mai Vu Minh with the praise of a great

investor, an influential billionaire on global financial circles and governments.

In 2017, First Deputy Prime Minister and Foreign Minister of the Republic of Serbia Ivica Dačić paid an official visit to Vietnam. At the meeting, Ivica Dačić said that the two sides agreed to promote trade and economic cooperation and especially need to organise more exchanges to study between businesses of the two countries.

He wished, in the future, the two sides should actively exchange delegations at all levels, strengthen the cooperation between ministries, branches and localities, reinforce business connections and maintain and further bring into play the traditional friendly relations between the peoples of the two countries.

Currently, the economic cooperation between Vietnam and Serbia is still modest with the bilateral trade turnover reaching 25 million USD in 2016. The two countries need to create opportunities for exchanges and cooperation between businesses of the two countries, thereby grasping each other's market and strengths.

Vietnam will be a bridge for Serbian businesses to access markets in Southeast Asia and vice versa, Serbia will be a bridge for Vietnam to reach countries in Southeast Europe.

4. Residential solar power purchase begins in central region

A representative of the Da Nang-based CPC said the money was paid for surplus solar power after family use in connection with the national grid.

It said 134 households from Da Nang City and Dak Lak and Khanh Hoa provinces had released a 'green' power capacity of 465,000kWh to the national grid since 2018.

CPC said it had agreed to buy solar power from local residential solar roof-top systems for a price of VND2,134 (or 9.35 cents) per KWH.

The corporation has inked new solar power contracts with 407 households in the region with designed capacity of 3,864kWh.

According to CPC, the development of roof-top solar systems would help families reduce power payments by releasing surplus power to the national grid.

Da Nang, in co-operation with the European Union, has launched a pilot project to develop solar energy at hospitals, schools and households with total funding of \$447,000 from 2017-20.

The coastal city has great renewable energy potential, with a 90km coastline, 2,000 hours of

sunlight per year and average wind speed of 3m per second.

About 30 per cent of the city's population use solar power for water heaters, while about 20 five-star hotels and resorts are using solar powered water heating systems. Projects using energy from ocean waves, tides and biogas from rural areas are planned for 2025.

Nano-lighting technology and power saving solutions can now be found in public areas, while solar power and energy-saving LED have been installed on deep-sea fishing vessels as part of a pilot project that started in 2013.

Da Nang also plans to build a 4.4MW solar farm on the closed Khanh Son Landfill to supply 7.7 million kWh per year to the city's power grid, while reducing 5,000 tonnes of carbon emissions each year.

Since 2017, with the issuance of Prime Minister Nguyen Xuan Phuc's Decision 11/2017, solar power projects have been allowed to sell electricity at a fixed price of 9.35 cents per kWh.

5. EU to sign framework participation agreement with Vietnam

High Representative for Foreign Affairs and Security Policy of the EU Federica Mogherini made the statement in her speech at the 18th Shangri-La Dialogue in Singapore on June 1.

Under the EU's Common Security and Defence Policy (CSDP), the FDA will be the second of its

kind signed with an Asian nation after the Republic of Korea. Similar deals have been reached with New Zealand and Australia.

The EU has decided to send military advisors to Asia, starting with its delegation to ASEAN in Jakarta.

The Shangri-La Dialogue, an important regional security forum, took place from June 1 – 3,

gathering governmental-level delegations from 57 countries and territories.

6. Giants make inroads into Vietnam’s intermediary payment service

The intermediary payment market is entering the next period of reshaping with a rising number of large businesses engaging in e-wallet and acquiring unprofitable startups and fintechs, VnExpress reported.

Thriving e-wallet market

VinID, an arm of Vietnam's largest private conglomerate Vingroup has completed the procedures to take over the share of People Care, which owns MonPay e-wallet, after replacing all members of its executive board in 2018.

In the same year, Grab Vietnam had representatives at the management board of Moca, an intermediary payment fintech. GrabPay then was renamed to GrabPay by Moca.

Actually, Moca or MonPay is just two among a number of fintechs which have welcomed a wave of new partners.

According to some experts, the moves may take the market to a more competitive stage.

“The joining of new players is a good signal as they can see potential of the intermediary payment market and the customers' demand is on the rise”, VnExpress cited Momo's Vice Chairman Nguyen Ba Diep as saying. MoMo was one of the first e-wallet service providers in Vietnam.

As of the end of 2018, Vietnam was home to 4.2 million e-wallets linked to bank accounts. Total transaction value rocketed to over VND9.1 trillion (US\$3.9 billion), however, this number is quite humble compared to the market potential.

Both the firstborns namely Momo, Bankplus, Mobivi and Vimo and the newcomers including AirPay, ZaloPay, Vi Viet are fiercely competing to grasp the share in the intermediary payment market, in which only the bold spenders take the

upper hand, no matter whether you are the first or second in joining the market.

Market share comes at a cost

According to Buzzmetrics' research, users' interest mainly focused on four e-wallets namely Momo, Viettelpay, Zalopay and Airpay, which dominate more than 90% of the transactions.

However, the social media analyst revealed the main reason for using the e-wallets is attractive promotion programs.

The research showed that 25% of the respondents said they turned to e-wallets for big discounts offered by the providers' promotion programs while others do it just as shopping online habits.

This explains why most of intermediary payment service providers in Vietnam are running at a loss.

Only 20% of them are able to make profits from transactions via e-wallets and earnings of the remaining are unstable, according to Director of the Payment Department under the State Bank of Vietnam Pham Tien Dung.

He also noted that the losses that startups and fintech businesses suffer are predictable, especially when they are willing to trade-off profit for market share.

For instance, Zion Limited Company, a member of VNG Corporation, was licensed to provide intermediary payment service from the beginning of 2016 with the ZaloPay e-wallet.

However, after two years of operation, the business is run unprofitably, with loss of over VND21 billion (US\$901,000) in 2017 and over VND133 billion (US\$5.7 million) in 2018.

Momo e-wallet, which leads the payment market in number of users, saw its accumulated loss of over VND1 trillion (US\$43 million) by 2018 and its

loss is increasing at a rate just approximately equal to that of revenues.

Opportunities for new players via M&A businesses

For large enterprises in the roadmap to develop their ecosystem, owning payment platforms is a matter of time.

In fact, most of the businesses investing in intermediary payment already have their own ecosystem. Grab, the first ride-hailing firm entering Vietnam in 2014, has expanded its business to other services including package and food delivery.

VinID, a service owned by Vingroup, is used to pay for products and services within the conglomerate's ecosystem such as shopping, health care, education, entertainment, among others.

Another reason for joining a payment platform is the capacity of reshaping the market.

Due to the on-going small scale, the intermediary payment market is considered fragmented and there is not a chance a company can attract a majority of customers.

Therefore, each e-wallet is targeting a separated segment in the market. Momo conquers users with promotion programs, Viettelpay is usually used for banking transactions and Airpay for food delivery payment, according to Buzzmetrics.

The trend opens more opportunities for giants with enormous financial resources to become the leaders. However, this competition itself, as well as e-commerce, is predicted to be cutthroat.

7. Experts of Vietnam, Russia discuss cooperation in economic globalisation

The event, part of activities in the Vietnam Year in Russia and the Russia Year in Vietnam, was organised by the Institute of Economy under the Russian Academy of Sciences.

Reports at the symposium analysed impacts of international situations and globalisation on the economies of Vietnam and Russia and compared the development models of the two nations.

They also commented on Vietnam-Russia cooperation potential in the 21st century and within the framework of the Eurasian Economic Union - Vietnam free trade agreement.

Participants said that as a scientific-technological power, Russia should bolster its science-technology strengths in the Vietnamese market amid the Fourth Industrial Revolution.

Prof Dr Thuan said that at the event, Vietnamese experts and their Russian counterparts assessed milestones in the two countries' relations over the years and discussed factors which hinder bilateral economic, trade and investment cooperation.

Corporate News

8. DXG: BOD resolution on transferring shares

↑ 1.12%

The Board resolution dated June 04, 2019, the Board of Directors of Dat Xanh Group Joint Stock Company approved to:

- ❖ Transfer 49,950,000 shares from Thang Long Petrol Joint Stock Company to Ha An Real Estate Investment Trading Joint Stock Company with the transfer value of VND499,500,000,000.
- ❖ Transfer 23,877,480 shares from Vido Land Invest Corporation to Ha An Real Estate Investment Trading Joint Stock Company with the transfer value of VND238,774,800,000.
- ❖ Transfer shares from Saigon Riverside Investment Com Ltd to Ha An Real Estate Investment Trading Joint Stock Company with the transfer value of VND712,500,000,000.
- ❖ Transfer shares from Ha Thuan Hung Com Ltd to Ha An Real Estate Investment Trading

Joint Stock Company with the transfer value of VND295,740,000,000.

- ❖ Buy shares from the additional issuance to raise charter capital of Ha An Real Estate Investment Trading Joint Stock Company. After the charter capital increases, Dat Xanh Group Joint Stock Company will own 99.99% charter capital. Details are as follows:
 - Buying volume: 196,000,000 shares
 - Purchase price: VND10,000/share
 - Stock type: common share
 - Total value: VND1,960,000,000,000
- ❖ Transfer 1,109,900 shares from Agriculture Printing Joint Stock Company to Ha An Real Estate Investment Trading Joint Stock Company with the transfer value of VND110,990,000,000.

9. DVP: BOD resolution dated June 03, 2019

↑ 0.52%

The Board resolution dated June 03, 2019, Dinh Vu Port Investment & Development Joint Stock Company approved the following issues:

1. Approving the business result in Q1.2019:

- Output: 140,589 teu

- Revenue: 133.903 billion dong
- Profit before tax: 57.939 billion dong.

2. Approving the business plan in 2019:

- Output: 130,000 teu
- Revenue: 140 billion dong
- Profit before tax: 62 billion dong.

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