



VIETNAM DAILY NEWS

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Table of content

Table of content

1. VN-Index inches up on blue-chip rally
2. What's new in Vietnam's amended Investment Law?
3. Chinese contractor withdraws demand for US\$50m for Hanoi railway project
4. Government mulls stock market circuit breakers
5. Firms with greenback loans see more positive outlook in Q2 2020
6. Vietnam sees surge in popularity of contactless payments
7. MSN: Board resolution on setting up companies
8. GEX: Shinhan Securities Vietnam successfully arranges bond issuance for Gelex
9. DXG: Dat Xanh launches a customer loyalty program

Market Analysis

1. VN-Index inches up on blue-chip rally

The local stock market made a fractional rise today, June 18, as some blue-chip stocks advanced, sending the VN-Index of the Hochiminh Stock Exchange up 0.83 point, or 0.1%, at 855.27.

Market trade kept sliding amid cautious sentiment, with volume and value falling 21% and 2% at 280.3 million shares worth VND4.2 trillion. Steel maker HPG was among top gainers, adding 2.1% at VND26,800.

In contrast, lender STB fell 1.7% at VND11,400 and national flag carrier HVN dipped 1.4% at VND27,550. FLC, a property group, took the lead by liquidity on the HCMC market with 14.7 million shares exchanged, losing 0.8% at VND3,500.

Cautious sentiment dominated the market as investors predicted a strong fluctuation of the VN-Index in the last two sessions of the week when

future contract VN302006 expired today and exchange traded fund portfolio restructuring is to finish tomorrow, said BIDV Securities Company.

On the Hanoi Stock Exchange, the HNX-Index dipped 0.53 point, or 0.47%, from the session earlier at 112.74.

Lender ACB fell sharply before bouncing back 0.4% at VND23,800. The bank plans to pay a 30% share dividend for 2020 after the Covid-19 pandemic. Every shareholder will receive three new shares for every 10 shares they hold, meaning ACB will have to issue nearly 499 million new shares.

SHB, another bank, slumped 3.5% at VND14,000. Property group HUT was the most actively traded stock with 4.7 million shares exchanged, adding 3.8% at VND2,700.

Macro & Policies

2. What's new in Vietnam's amended Investment Law?

The National Assembly (NA) on July 17 approved the revised Law on Investment with the endorsement of 92.34% of its deputies present, with several major changes.

Among new changes in this law version, the debt collection service has now been banned.

Meanwhile, the law also stipulates specific sectors and targets entitled to investment incentives, mainly those in fields of hi-tech, innovative startups, R&D, production of new materials, new and clean energies, IT products, digital content, among others.

The law also provides incentives for projects with investment capital of over VND3 trillion (US\$128.4 million), given the condition that investors have to disburse at least VND1 trillion (US\$42.8 million) within the first three years.

Projects having disbursed at least VND10 trillion (US\$428 million) in three years since receiving the investment license would receive special incentives.

Regarding investment procedures in forms of capital contribution or stake acquisition, many NA deputies said it is essential to have strong measures to prevent such investment channels in strategic locations on the ground of national security.

The NA Standing Committee said there should be a balance between national security and investment attraction for socio-economic development, especially at coastal and remote areas.

Therefore, the committee suggested investments via capital contribution or stake acquisition should meet criteria related to market access and national security.

Notably, the law would not include requirement for the prime minister's approval regarding projects with investment capital of VND10 trillion (US\$428 million) as NA deputies said the capital belongs to private investors so they decide what to do with their money, not the government.

The revised Law on Investment is set to take effect on January 1, 2021.

3. Chinese contractor withdraws demand for US\$50m for Hanoi railway project

The two sides have reached an understanding on the issue, said Deputy Minister of Transport Nguyen Ngoc Dong.

The Vietnamese transport authority fully understands the obstacles encountered by the Chinese contractor but the payment of this sum of money is unjustifiable. The Vietnamese side only makes payments based on the regulations of the engineering procurement and construction contract and in line with Vietnam's laws, Dong said.

In addition, the transport ministry has requested the relevant agencies to expedite the project so it can be put into service this year, as requested by the prime minister.

Regarding the return of Chinese personnel to Vietnam after travel restrictions due to Covid-19

were eased, Deputy Minister Dong confirmed that 28 Chinese experts have arrived in Vietnam. The remaining 100 Chinese personnel are following certain procedures to return to the country.

The Chinese experts are expected to enter Vietnam by train through the northern province of Lao Cai. Upon arrival, they must make health declarations, undergo health checkups and be disinfected before moving to Hanoi to be quarantined for 14 days.

Aside from them, three French consulting experts are yet to arrive in Vietnam due to the travel restrictions. The Transport Ministry is working with the Vietnamese Embassy in France to facilitate their return.

According to the transport official, the French experts play a crucial role in the project, and the trial

operation of the railway depends on the evaluation of the French team.

4. Government mulls stock market circuit breakers

A draft decree released by the ministry Wednesday for public discussion says the circuit breakers will be applied when significant fluctuations take place in total market capitalization, per session liquidity, foreign investor trading volume and other factors threaten the smooth operation and stability of Vietnam's equity markets.

The decree would also allow the application of circuit breakers in the event large-scale securities firms or organizations dissolve, affecting market safety.

The State Securities Commission (SSC) would be in charge applying these regulatory measures, including requiring Vietnam's three stock exchanges to change their opening hours, narrow daily price bands, or halt the execution of continuous order-matched transactions. It may also fully or partially suspend trading on each stock exchange, the draft decree says.

In the U.S., circuit breakers are applied if an index moves more than 7 percent.

offs ravaged their stock markets. Depending on the situation and country, trading suspension can last as little as five minutes, or up to over an hour after losses breach a pre-determined limit.

Vietnam this year experienced a historic losing session on March 9, when the discovery of a new wave of Covid-19 patients shaved 6.28 percent off the benchmark VN-Index, its biggest single-day loss since 2001.

It has also seen three major movements in the past five sessions, with two drops of 3.7 percent and 3.6 percent due to profit-taking pressure from investors, and a recovery of 2.84 percent on Tuesday.

Slight drop in VN-Index

The VN-Index, after Tuesday's major recovery, edged down 0.2 percent, or 1.69 points, to 854.44 points Wednesday. The Ho Chi Minh Stock Exchange (HoSE), on which the VN-Index is based, saw 220 tickers losing and 147 gaining.



In March, Asian markets such as India, Japan, South Korea, Indonesia, Thailand and the Philippines have these circuit breakers as coronavirus-triggered sell-

Total trading volume slumped to its lowest level in the past month, to VND4.34 trillion (\$186 million), just slightly above daily trading averages between

February and April, when the Covid-19 epidemic scared investors off the stock market.

The past few weeks has been some of the most lively sessions this year at the HoSE, with liquidity hovering around VND6-7 trillion (\$257-300 million) a session and the VN-Index going a recovery streak from 760 points to as high as 900 last week.

The VN30-Index for the stock market's 30 largest capped stocks this session shed 0.3 percent Wednesday, with 19 tickers losing and 10 gaining. Private banks were some of the biggest losers this session.

Leading losses was STB of private Sacombank, down 2.5 percent, followed by BVH of insurance giant Bao Viet Group, down 2.4 percent.

The next three included HDB of private HDBank, and TCB of private Techcombank, down 1.6 percent and 1.5 percent respectively, while VIC of private conglomerate Vingroup, the VN30's largest cap, shed 1.6 percent.

Of Vietnam's three biggest state-owned banks by assets, CTG of Vietinbank dropped 1.1 percent, BID of BIDV fell 1 percent, while VCB of Vietcombank rose 0.6 percent.

In the opposite direction, PLX of petroleum distributor Petrolimex topped gains with 3.3 percent, followed by VRE of mall operator Vincom Retail, up 2.8 percent, and VJC of budget carrier Vietjet Air, with 1.9 percent.

Other major gainers included ROS of FLC Faros and VHM of Vinhomes, both real estate developers, adding 1.6 percent and 1.5 percent respectively.

Meanwhile, the HNX-Index for stocks on the Hanoi Stock Exchange, home to mid and small caps, fell 1.92 percent, and the UPCoM-Index for stocks on the Unlisted Public Companies Market shed 0.36 percent.

Foreign investors continued to be net buyers to the tune of VND100 billion (\$4.29 million) on all three bourses, with buying pressure mostly on PLX of Petrolimex and VHM of Vinhomes.

5. Firms with greenback loans see more positive outlook in Q2 2020

In the first quarter of 2020, the USD/VND exchange rate increased by nearly 2 per cent to VND23,644 per US dollar in the context that the global greenback price hit a three-year high with the US Dollar Index on March 20 reaching 102.8, up 6.7 per cent compared to the end of 2019.

The domestic foreign exchange rate was also affected adversely when currencies of many major trading partners of Viet Nam devalued and the domestic market sentiment was hit by the COVID-19 pandemic.

According to experts, the COVID-19 pandemic caused the global financial market to plummet. The need to withdraw capital from risky assets to pour into secure, safe assets was the main reason for the rise of the dollar.

The appreciation of the dollar against the dong in Q1 2020 significantly affected firms with large dollar-denominated loans, causing them to report losses related to the foreign currency exchange rate.

However, the situation has changed since the second quarter. The USD/VND exchange rate has reversed and is continuing on a downward trend. The dollar is currently traded at around VND23,265, down 1.6 per cent compared to the beginning of Q2 2020 because the supply of foreign currencies in the domestic market has been good, especially when the country's trade surplus is still high.

Therefore, firms with large dollar-denominated loans, such as Binh Son Refinery and Petrochemical Joint Stock Company, Vietnam Aviation Corporation JSC and PetroVietnam Power Corporation, expect to benefit from the move in the second quarter.

On Wednesday, the State Bank of Viet Nam set the daily reference exchange rate at VND23,240 per dollar, down VND9 from the previous day.

With the current trading band of +/-3 per cent, the ceiling rate applied to commercial banks during the day is VND23,937 per dollar and the floor rate VND22,542.

During the day, Vietcombank listed the buying rate at VND23,090 per dollar and the selling rate at VND23,300, both down VND10 from the previous day.

At BIDV, both rates were cut by VND5 to VND23,120 for buying, and VND23,300 for selling.

Techcombank cut VND1 for both rates, listing the buying rate at VND23,104 for buying, and VND23,304 for selling.

6. Vietnam sees surge in popularity of contactless payments

The popularity of contactless payments has rocketed in Vietnam over the last few years, with banks launching more options for customers to enjoy going cashless.

More domestic banks have converted their cards into contactless smart cards, such as Techcombank, BIDV, Vietcombank, Kienlongbank and TPBank, among others.

Contactless payments are a new technology that allow users to simply tap their card, smartphone, or wearable device against a POS terminal to pay, rather than swipe or insert a card.

“Cashless transactions benefit both businesses and customers, and these benefits go both ways,” said Dang Tuyet Dung, Visa Country Manager for Vietnam and Laos. “When customers have a better experience, merchants will benefit from increased transactions and shopper loyalty, and when merchants are operating more efficiently and effectively, they can better serve customers.”

They are gaining in favour among shoppers in Vietnam because they are a faster, more secure, and more convenient way to pay. The COVID-19 pandemic also appears to have further encouraged people to adopt contactless payments due to increasing concerns about hygiene and social distancing measures.

“It really is a win-win proposition,” she noted.

Data from the State Bank of Vietnam (SBV) shows that the number of domestic banking transactions grew 26.2 percent in the first four months of this year, with value rising 15.7 percent. Mobile payments increased sharply by 189 percent in number and 166 percent in value from a year earlier.

TPBank, Vietinbank, and Sacombank allow cash withdrawals using a QR Code at their ATMs, while customers can scan their fingerprints to receive cash at either the ATMs or transaction offices of Eximbank and VietBank without a debit card, an ID card, or a passport.

The latest Visa Consumer Payment Attitudes study found that 37 percent of respondents were using contactless payment cards, 42 percent of them made mobile contactless payments.

These technologies make money transfers, cash withdrawals, and payments easier and more secure as they reduce the possibility of card loss, card theft, or data theft, according to Dr Nguyen Tri Hieu, a banking and financial specialist.

Of those already using contactless payment methods, 85 percent are doing so at least once a week, the study found.

When fintech firms began to appear a few years ago, banks viewed them as competitors, Chief Information Officer (CIO) at VietCapitalBank Phan Viet Hai said. Now, they view them as partners to together provide more convenient services for customers.

It also revealed that four out of five consumers who have not used contactless payments are interested in doing so. More than 80 percent expressed an interest in biometric authentication technology, which uses fingerprints or facial or voice recognition to authenticate payments.

VietCapitalBank has worked with popular e-wallets such as ZaloPay and AirPay to enable its card holders to make cashless payments at convenience stores like 7-Eleven, Circle K, and others.

Hai also noted that the greatest challenges to the sustainable development of e-wallets and Mobile Money remain in identity verification and security.

Banks must abide by SBV and international rules regarding identity verification to prevent money

laundering and protect users' assets, he said, emphasising the need for a legal framework on identity verification and transaction safety and security.

Corporate News

7. MSN: Board resolution on setting up companies

↓ -0.87%

1) On June 12, 2020, the Board of Directors of Masan Group Corporation allowed the Company to establish a consolidated company to operate VCM Services and Trading Development Joint Stock Company (“VCM”) and MasanConsumerHoldings Co., Ltd. (“MCH”):

2) The establishment of SHERPA Co., Ltd. (“The SHERPA”) and CrownX Joint Stock Company (“CrownX”). Of which, CrownX will be a subsidiary holding the contributed capital of MCH and VCM shares;

3) The investment in cash by the Company in The SHERPA and CrownX up to VND1,000 billion by one or more transactions;

4) The Company will transfer to CrownX by one or more transactions (i) all of VCM shares held by the Company and (ii) all of the contributed capital of MCH held by the Company; and

5) The Company will execute other transactions in order to complete the consolidation transaction.

8. GEX: Shinhan Securities Vietnam successfully arranges bond issuance for Gelex

↑ 1.84%

This is the second time following the previous issuance of VND400 billion (\$17.4 million) bonds in 2018, leveraging the solid trust between both firms. In addition, Shinhan Bank Vietnam has largely contributed to the completion of the deal by taking on the role as the Agent Bank, Security Agent and major bond investor.

The participation of SSV in the Vietnamese capital market marked a new and positive milestone by virtue of its deep understanding of the preferences of investors.

Gelex is the leading electrical equipment group in Vietnam with a diversified product portfolio and a top-tier market position. The group has two core business lines, namely industrial production and infrastructure. While the industrial production business consists of electrical equipment manufacturing and building materials, the infrastructure business is composed of national key industries such as renewable energy, water resources, and industrial complexes.

SSV dropped anchor in Vietnam in 2016, with its charter capital fully owned by its parent firm Shinhan Investment Corp (SHIC) in South Korea, a leading securities group in the local capital market with a history reaching back to 1973.

SHIC has a total equity of \$2.89 billion and manages over \$110 billion assets for clients. The two biggest credit rating agencies in the world, S&P and Moody's, have rated SHIC with a very high creditworthiness of A- and A3, respectively.

The participation of SSV in the Vietnamese capital market marked a new and positive milestone by virtue of its deep understanding of the preferences of investors. The company not only opens another door for capital raising for local corporate issuers, but also helps to bring in an abundant and untapped source of capital for the Vietnamese market.

9. DXG: Dat Xanh launches a customer loyalty program

↑ 0.42%

Dat Xanh Group Joint Stock Company has sent letters to customers to inform of a customer loyalty program on the occasion of the 18th anniversary of the establishment of Dat Xanh Group Joint Stock Company. accordingly, those who own from 10,000

DXG shares will be entitled to buy 01 product of Gem Sky World Project in Long Thanh, Dong Nai with a discount of 10% on the sale price (excluded VAT). The record date for determining the shareholder list will be July 10, 2020.

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