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FINANCE

Consortium buys 6% stake in Vinhomes for US\$650 million



A consortium led by the US global investment firm KKR has acquired a 6 per cent stake in the residential property developer Vinhomes JSC for VNĐ15.1 trillion (US\$650 million). After the deal, conglomerate Vingroup JSC will remain the controlling shareholder of Vinhomes. Transactions were carried out via the put-through system at the Hồ Chí Minh Stock Exchange (HoSE) on June 15.

The consortium also included the Singapore-based investment firm Temasek. Vinhomes shares (HoSE: VHM) dived 6.7 per cent to end at VNĐ70,000 apiece on June 15 but have bounced back by total 10.6 per cent to trade at VNĐ77,400 apiece on June 16.

The investment “underscores the attractiveness of Việt Nam as a regional investment destination with its strong development and growth prospects,” KKR said in a statement on June 16. “The investment into Vinhomes further emphasises the attractiveness of Vinhomes as an investment opportunity given its position as Việt Nam’s leading integrated real estate platform with unparalleled execution capabilities, access to sizeable land bank and significant growth opportunities in residential, commercial and industrial real estate.”

In the first quarter of the year, Vinhomes posted an 11.4 per cent on-year increase in its net revenue, which reached VNĐ6.52 trillion.

Financial income tripled to VNĐ8.59 trillion thanks to transferring VNĐ7.5 trillion worth of stakes in member companies. Post-tax profit jumped 184.5 per cent on-year to VNĐ7.64 trillion in the first quarter. In 2019, the company earned VNĐ51.83 trillion in total net revenue, up 34 per cent on-year, and VNĐ24.2 trillion in total post-tax profit, up 69 per cent on-year. “This investment exemplifies the type of platinum brands and management teams KKR looks to work with in Southeast Asia,” Ashish Shastry, co-head of Private Equity for KKR Asia Pacific and head of Southeast Asia, said on June 16.

“Today’s announcement further underscores our strong commitment to Việt Nam, where KKR has been active and present for nearly a decade. “We believe that the investment demonstrates the confidence of international investors in Vinhomes, Vingroup and the Vietnamese market,” Vinhomes Chairwoman Nguyễn Diễm Linh said.

“KKR’s expertise and proven track record of helping companies achieve long-term success will be valuable... to enhance value for Vinhomes shareholders,” she said./. VNS

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Government to keep pushing for cashless payment

Non-cash payments have increased sharply in recent time in Việt Nam, but more efforts are needed to increase their rate, experts said. Speaking at 'Cashless Society: Implementing Policies, Look to the Future' last week, Phạm Tiến Dũng, director of the State Bank of Việt Nam (SBV)'s payment department, said with the Government's strong push, non-cash transactions have increased sharply in recent years.



In the first four months of the year, payments using bank cards increased by 15.7 per cent over the same period in 2019. Internet payments increased by 45.7 per cent and mobile payments by 166.1 per cent. Payment trends in the economy have shifted towards non-cash modes, while electronic payments for public services are increasing.

Nguyễn Kim Anh, deputy governor of the State Bank of Việt Nam, said: "The electronic payments ecosystem has been created with the integration of various sectors allowing customers to make online payments for electricity, water, telecommunications, and shopping on e-commerce sites, and pay taxes and fees online for public services." Most technologies of the Fourth Industrial Revolution are applied for payments such as analysis of consumer behaviour using big data, biometric authentication, QR Code, encryption of card information, and contactless chip card payments, he said.

Lý Hoài Hương of the General Department of Taxation said by last year 99 per cent of enterprises had registered to pay taxes online and paid over VNĐ700 trillion. The department has piloted electronic invoices in Hà Nội, HCM City and Đà Nẵng.

Some 53 local and foreign banks and 12 intermediary electronic data transmission service providers offer electronic tax declaration and payment services to taxpayers, she said. As for electronic tax declarations by individuals who rent out houses, over 62,000 of them have so far sent more than 262,000 declarations, she said. But she admitted there are still some obstacles to online tax payments, especially from individual taxpayers, due to their habit of using cash and reservations about technology.

The implementation of electronic public services at State agencies has not been uniform, making e-payment difficult, she added. Trần Vĩnh Tuyến, vice chairman of the HCM City People's Committee, said: "HCM City is aiming to build a smart city. Therefore, the goal of building a cashless society is an important one."

The city would continue to direct departments and agencies to promote non-cash payments for public services, he said. "HCM City will work with relevant units this year to promote cashless payments."

SBV Deputy Governor Anh said: "To promote non-cash payments, the central bank will continue to focus on completing the legal framework and developing mechanisms and policies to foster cashless payment." It will submit to the Government for approval a decree to supersede Decree No.101 on non-cash payments and another on testing mechanisms for controlling financial technology activities in the

banking sector, and issue a circular on opening payment accounts with electronic customer identification solution (eKYC or electronic know your customers).

It will continue to implement the National Comprehensive Financial Strategy to promote electronic payments at government agencies and focus on research and development and implementation of the scheme on developing non-cash payments in 2021-25.

Organised by the Tuổi trẻ (Youth) newspaper, the SBV's payment department, Việt Nam E-Commerce Association and NAPAS, the conference was among activities held to mark Cashless Payment Day, June 16. /VNS

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E-COMMERCE

Vietjet to establish e-wallet business

The board of local low-cost carrier Vietjet has approved the establishment of an e-wallet subsidiary with a charter capital of VND50 billion, in which Vietjet will hold a 51% stake.



The board also tasked Vietjet's vice general director and chief financial officer Ho Ngoc Yen Phuong with implementing essential procedures for the capital contribution in order to set up the new business.

In 2019, an estimated US\$2.5 billion of Vietjet's revenue was earned through non-cash payment. Moreover, 99.99% of transactions conducted in the Vietjet ecosystem were cashless, stated Nguyen Thi Thuy Binh, vice general director of Vietjet, at a recent seminar on cashless payment held by Tuoi Tre newspaper.

When the coronavirus pandemic was at its peak in the country, the carrier discovered new business opportunities based on the shopping habits of customers, who can use Vietjet's platforms to not only book flight tickets but to also hire vehicles, book hotel rooms and other services needed while taking trips. Envisioning a cashless society, the carrier decided to set up the e-wallet business and will team up with other partners to offer more methods of payment to consumers, Binh added./SGT

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Banking transactions, mobile payments grow sharply in Vietnam in first four months

Non-cash payments continue to boom in Vietnam this year as the country has seen a surge in banking transactions and mobile payments in the first four months of the year, according to an official from the State Bank of Vietnam (SBV).

Banking transactions and mobile payments are experiencing impressive growth in Vietnam when it comes to both the number of users and value of transactions, head of the SBV's payment department Pham Tien Dung told a seminar on cashless society held in Ho Chi Minh City on June 12.

In the first four months of the year, the number of domestic banking transactions grew 26.2 percent with value expanding 15.7 percent. As of the end of March, the number of banking accounts reached 103.1 million, up 22.4 percent from the end of 2017, Dung said.

Notably, mobile payments increased sharply by 189 percent in number and 166 percent in value from a year earlier, he added. He attributed the growth to the development of IT and telecommunications, thanks to which banks have created a variety of new user-friendly cashless payment services, such as mobile banking, Internet banking and bankcard payment.

Vietnamese banks have quickly integrated latest technologies, including fingerprint authentication and facial recognition, into their mobile banking apps to provide customers with much more convenient experience, he added. Nguyen Ba Diep, Executive Vice Chairman and Co-founder of MoMo, one of Vietnam's leading providers of mobile payment solutions, said MoMo debuted 13 years ago and in the first 10 years, the e-wallet has struggled to gain access to users because most of Vietnamese preferred cash and not many shops accepted this payment service at that time.

But things have changed, Diep said, MoMo has about 20 million users today, more than half of whom started using the services over the last three years. He further noted that the development of digital economy and the government's policies to encourage cashless payments for public services, such as payments of taxes, tuition fees and medical services, have smoothed the way for this payment service to take off./VNA

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START-UP

South Korean food delivery startup Baemin expands to Hanoi



Food delivery startup Baemin has expanded its services from Ho Chi Minh City to Hanoi, eyeing deeper inroads into Vietnam's competitive delivery market. The South Korean company, which operates a smartphone app that allows users to order food from restaurants, is offering initial discounts up to 50 percent to attract customers in the capital city.

Baemin entered Ho Chi Minh City in May last year, but industry insiders said it had not created major impact in a market where GrabFood by ride-hailing giant Grab and Go-Food by Go-Viet have been dominating and expanding operations.

Baemin was established in 2010 in South Korea. Its parent company Woowa Brothers was evaluated at \$2.6 billion in 2018. Earlier this year, Germany's Delivery Hero acquired Woowa Brothers for \$4 billion.

Vietnam's food delivery market is estimated to reach a value of \$38 million this year, according to market research firm Euromonitor./.VNE

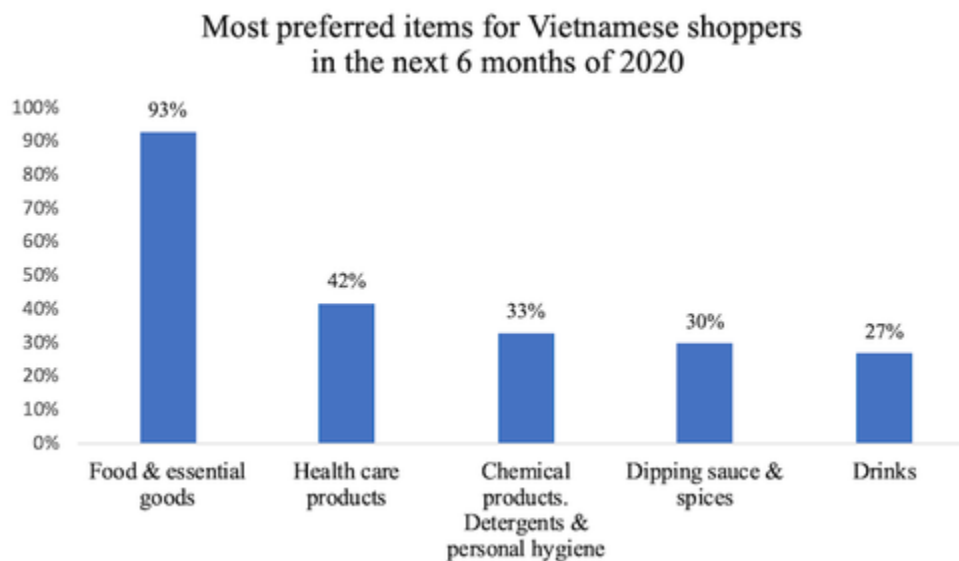
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RETAIL

Vietnamese shoppers prefer food and essentials in next 6 months

Food and essential goods are expected to be on top of the purchase list of Vietnamese consumers in the next six months, according to the latest survey about how Vietnamese consumer behaviors are affected by COVID-19. The survey conducted by the Business Association of High-Quality Vietnamese Products showed that consumers would spend their money primarily on food, health care products, chemical products, detergents and personal hygiene in the next six months.

Of the total respondents, 93% prioritized paying for food and essential goods, 42% chose health care products, and 33% would spend more on chemical products, detergents and personal hygiene. In the next six months, the Vietnamese consumer buying behavior will remain unchanged compared to the pandemic period.



Source: Business Association of High-Quality Vietnamese Products

Meanwhile, garments and household appliances are predicted to remain on the purchase list but not as the preferred items. Ho Duc Minh from the association said that the consumers are still showing reticence and prudence when buying so healthcare products will hold sway in consumer's preference.

Therefore, businesses should take advantage of this trend to boost sales. Minh said the event "Rebooting Business after COVID-19 and Awarding the Vietnamese High-Quality Products 2020 Certificate" held on June 12 was a good opportunity for businesses to convince customers about the long-term benefits when using their products. The survey was conducted at the end of May with 520 respondents, mainly in urban areas. The results also revealed shopping preferences of consumers vary by location. The survey also showed that in the near future, local shoppers in Ho Chi Minh City prefer choosing food and health care items more than in other localities while Hanoi shoppers prefer consuming non-essential products.

At the same time, people in other localities prioritize buying chemical, detergents, and personal hygiene more than those in Hanoi and Ho Chi Minh City. According to the survey, 82% of Vietnamese consumers said they shopped online during the social distancing period. Notably, 98% of those who did so will continue to maintain this purchasing habit in the future.

“The increasing trend of online shopping creates great opportunities for businesses to step up their digital communication strategy and make a stronger impression on the online market,” said Minh. Kantar Vietnam forecasts the fast-moving consumer goods (FMCG) market will return to its growth when the pandemic is over but at a single-digit rate. Local retailers in FMCG should rethink their channel strategy as COVID-19 impacted the way Vietnamese consumers shop, Kantar suggested. /HNT

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Health care products sold well amid pandemic

Seeing food and health care products have become a priority of consumers after the COVID-19 pandemic, many businesses are racing to grab market share.



During the peak of the pandemic in Vietnam, the food and health care sector still grew with high revenue while many industries had almost no revenue. Lu Nguyen Xuan Vu, general director of Xuan Nguyen Group, said the group has enjoyed very fast revenue growth rate, up to 300-400 percent compared to before the pandemic.

The group has 11 nutritional product lines, which sold well as consumers care more about health, Vu told Cong Thuong (Industry & Trade) newspaper.

In addition, consumers are interested in frozen foods and immunity-boosting products like fruits and vegetables. Vina T&T Import Export Trading Service Co., Ltd noted its revenue sales volume at agricultural product distribution stores always stayed at about 500 million VND (21,500 USD) per month.

Notably, the company's sales increased by 30 percent after the COVID-19 pandemic. The business will also open two more stores to meet the needs of consumers in HCM City in the near future. The Food and Foodstuff Association of HCM City has said that the industry growth rate would increase by about 10 percent this year.

Demand for food and health care products is good and it is the gold time for enterprises to accelerate production from now until the end of the year. Vu said his company was speeding up the procurement of raw materials, training sales agents and preparing business scenarios in “new normal” conditions.

Similarly, many other food companies such as Meizan, Ba Huan and Vissan have boosted their capacity to meet the needs of the market. The food producers said although the pandemic is under control in Vietnam, the situation was still complex in the world, therefore, businesses were always ready to supply enough food when the market needed it. Many businesses have also paid more attention to the investment in modern machinery and equipment to create quality and lower-cost products to improve competitiveness and meet domestic and export demand. The Department of Industry and Trade of HCM City said the food processing industry accounts for 27 percent of the city's four key priority industries.

Therefore, the increase in production and revenue after the pandemic also helped limit the decline of the city's industry, it said. The city also said it had implemented policies to support businesses in this industry to invest in developing production, connecting banks and businesses, and organising trade promotion programmes for the food industry at home and abroad./VNA

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LOGISTICS

Vietnam discusses reopening air routes with China, South Korea, Japan



After controlling the Covid-19 pandemic, Vietnam is now discussing a step-by-step approach to reopening air routes with countries such as China, South Korea and Japan in line with Covid-19 infection prevention and control measures, Vietnamese Foreign Ministry spokeswoman Le Thi Thu Hang said at a press conference on June 18. “At first, we will create favorable conditions for experts and managers from these countries to return to Vietnam for work and for Vietnamese interns and

workers to travel to these countries,” Hang noted.

According to the national committee for Covid-19 infection prevention and control, the Government should continue to tighten control over travel and migration to prevent infection within the community and safeguard the country's achievements in fighting the pandemic. The committee stressed that Vietnam should only allow foreign experts, investors, diplomats and high-level officials to stay in the country for a short period of time so they can finish their work, such as negotiating and signing contracts.

The committee assigned Deputy Minister of Foreign Affairs To Anh Dung to lead a team in charge of collaborating with relevant agencies to ensure epidemiological safety and sufficient Covid-19 testing facilities for foreign experts, investors and diplomats coming to Vietnam. Until now, Vietnam has repatriated over 8,000 citizens from Covid-19-hit countries.

The committee also proposed that the Government consider reopening commercial flights with countries and territories that have controlled the Covid-19 pandemic, improve its quick Covid-19 testing capacity and assign military-run telecoms carrier Viettel and Vietnam Posts and Telecommunications Group with managing a group responsible for identifying new Covid-19 cases and ensuring timely preventive measures./SGT

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Jetstar Pacific to rebrand as Pacific Airlines

Local budget carrier Jetstar Pacific will conduct essential procedures to rebrand itself as Pacific Airlines to enhance its business performance and achieve greater synergy with its 70% owner Vietnam Airlines (VNA) in the local market, as part of an agreement reached yesterday, June 15, between Vietnam's national airline VNA and Australian flag carrier Qantas Group, which currently holds a 30% stake in the low-cost airline.



As part of the rebranding, which is pending approval from the authorities, Jetstar Pacific will adopt a new logo and brand identity inspired by the livery of VNA.

Jetstar Pacific will also switch its reservation system from Navitaire to Sabre, which is currently used by VNA, to synchronize its flight network, booking procedures and customer features with those of VNA.

Trinh Hong Quang, VNA vice general director and Pacific Airlines chairman, said that the synchronization of the flight network and booking system will enhance the operational efficiency and competitive edge of VNA and Pacific Airlines in Vietnam's tough domestic market during the post-Covid-19 period.

It will also enable the two airlines to expand their scale of operation, implement long-term strategies and consolidate the leading position of the Vietnam Airlines Group in the local aviation market, Quang added. Jetstar Group chief executive Gareth Evans said, "With a highly competitive domestic market in Vietnam and the disruption caused by the coronavirus pandemic, it is the right time to leverage the strength and scale of Vietnam Airlines in its home market."

Moreover, streamlining the booking system will help Pacific Airlines save costs and create a solid foundation for the airline to attain a robust growth after international travel restrictions ease, he noted. /SGT

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INVESTMENT

Daiwa PI Partners invests US\$8 million in Beta-Vietnamese cinema company



Beta Media, operating the low-cost movie theater chain Beta Cinemas, reached an agreement to receive US\$8 million from Daiwa PI Partners, an investment fund from Japan, achieving an enterprise valuation of VND1,000 billion.

Beta Media has 12 cineplexes and some 60 cinema halls nationwide. Bui Quang Minh, the founder of the company, said the call for investment was made in the first half of 2019 and an agreement was reached by the end of the same year, but the coronavirus pandemic delayed the process.

Due to the Covid-19 infection, Beta Cinemas had to shut down operations for weeks, causing further difficulties. Currently, all the cinemas of Beta Media have resumed operations and the investment deal has been completed. The new investment will enable Beta Media to have more resources and grow stronger in the near future. According to Minh, the company is expected to own 50 cinemas in the next two to three years.

Beta Media launched the Beta Cinemas cinema model at the end of 2014, targeting students and young, cost-conscious consumers, with an affordable pricing scheme, averaging at some VND50,000 per movie ticket. In 2015, Beta Media received investment capital from the Vietnam Investment Group and in 2017, it received US\$2.5 million from the Blue HK Financial Group (Hong Kong) with a valuation of VND600 billion.

Daiwa PI Partners is an entity of the Daiwa Securities Group, engaged in the business areas of debt investments, private equities and the establishment and management of investment funds./SGT

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Samsung to open first five-star resort in Vietnam



Shilla Monogram Quangnam Danang, the first resort of The Shilla Hotels & Resorts, a member of the Samsung Group, will begin operations in Vietnam on June 26 on the road linking Danang City and Hoi An City.

A representative at the five-star resort stressed that opening the resort during this time is an opportunity for Shilla Monogram Quangnam Danang because tourists currently prefer traveling in small groups and

choosing peaceful destinations.

The resort has 309 rooms and four outdoor swimming pools to cater to the needs of various guests, from children to adults and the elderly.

“We want to combine the long history of The Shilla and the cultural identity of Central Vietnam. The amalgamation still respects cultural differences that are seen in terms of design, environment, services as well as entertainment programs,” said Marc Emmanuel, general manager of Shilla Monogram Quangnam Danang. “We look forward to playing ambassador to promote Vietnamese culture, especially the culture of Danang and Quang Nam among guests.”

With 20 years of experience in the hospitality industry, Emmanuel noted that the Covid-19 pandemic has significantly changed the habits and lifestyles of tourists. They want to relax and seek a balance in life after a time of fatigue, anxiety and disturbance due to the impact of the disease. They also demand higher-quality services, hygiene standards and safety.

“This is our opportunity,” he stressed, adding that the resort applies international standards with regard to hygiene at the hotel rooms, reception lounges, elevators, gyms and parks, among others. Moreover, door keys and other tools are always cleaned with disinfectants and the policies are in line with the guidelines of the World Health Organization, the Quang Nam Center for Disease Control and The Shilla.

TCG Land, a member of the Thanh Cong Group, is the strategic partner of The Shilla in Vietnam. At Shilla Monogram Quangnam Danang, TCG Land is the investor, while The Shilla plays the management role. After Quang Nam, The Shilla Hotels & Resorts will set up the five-star resort across cities in the United States, Indonesia and Vietnam.

Founded in March 1979, The Shilla Hotels & Resorts now owns luxurious hotels and resorts such as The Shilla Seoul and The Shilla Jeju and 12 luxury Shilla Stay hotels worldwide.

Shilla Monogram Quangnam Danang marks its debut entry into the market. Shilla Monogram is the luxury brand of The Shilla Hotels & Resorts, apart from The Shilla and the Shilla Stay brands./SGT

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