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Highlight

The Government support aids automobile industry

VIETNAM BUSINESS REVIEW

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What's in it today?

FINANCE

Dragon Capital fund to buy more than 2.8 million ACB shares

DC Developing Markets Strategies Public Limited Company (DCDMSPLC), a member fund of Dragon Capital fund group, has registered to buy more than 2.8 million shares of Asia Commercial Bank (ACB).

The transaction is expected to be conducted from October 12 to November 10, via order matching or put-through method.

This fund currently does not own any ACB shares. If the transaction is successful, the fund will hold 0.13 per cent of the bank's charter capital.

Closing Monday, ACB shares reached VNĐ23,600 per share, up 36 per cent compared to the end of July. It is estimated that at this price, Dragon Capital's member fund will have to spend more than VNĐ66 billion (US$2.8 million) for the purchase.

Two other member funds of Dragon Capital, First Burns Investments Limited and Asia Reach Investments, have also registered to sell 46.6 million ACB shares.

First Burns Investments Limited plans to sell more than 32.9 million shares and Asia Reach Investments Limited plans to sell 13.7 million shares. The transactions will be conducted via order matching or put-through method from October 9 to November 6 this year.

After the sale, First Burns Investments Fund will reduce its ownership in ACB from 4 per cent to 2.48 per cent. Meanwhile, the ownership rate of Asia Reach Investments Limited will decrease from 3.15 per cent to 2.51 per cent.

Director of Dragon Capital Dominic Scriven is also a Member of the Board of Directors of ACB.

The bank is preparing procedures to transfer listing from the Hà Nội Stock Exchange (HNX) to the Hồ Chí Minh City Stock Exchange (HOSE) in November this year. /.VNS

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The Government support aids automobile industry

The domestic automobile industry was forecast to thrive, given the Government's supports in tax policies for imported automobile components coupled with the increasing income of citizens, according to a report by the Việt Dragon Securities Corporation (VDSC).

VDSC pointed out that the domestic automobile industry was benefiting from three policies.

The first was a 50 per cent reduction in registration fees for domestically-produced or assembled vehicles in effect from June 28 to the end of this year.

The second policy was a decree allowing automakers who met the requirements of outputs to enjoy zero import tariffs for automobile components which could not have been produced domestically, cutting production costs by 2-2.5 per cent. The last policy was the extension of the deadline for the payment of special consumption tax on domestically produced and assembled cars till the end of this year.

These policies would help lower production and service costs, making cars more affordable to more people, VDSC said. In addition, the Vietnamese economy was on a post-pandemic recovery path when the country successfully contained the virus and incomes of citizens were increasing which would improve their purchasing power.

The last quarter of this year and next year would see significant increases in automobile sales, VDSC said. However, the automobile market would face a number of challenges.

January-August did not see an excess of supply but automobile prices dropped to attract buyers amid low demand due to the COVID-19 pandemic. In the last quarter of this year, automobile supply was estimated to total 127,000 units while sales were expected at 122,000, meaning an inventory volume at about 4,000 units. Coupled with a stockpile of 85,000 units from 2019, the pressure from automobile inventory remained high. The incentive tax policy on imported components would cut production costs of cars produced or assembled domestically, which gave room for reducing selling prices, VDSC said, adding that the economy getting back on its feet after the pandemic would also help push sales.

According to the report of the Việt Nam Automobile Manufacturers' Association (VAMA), the total industry sale volume in September was 27,252 units, of which, 20,630 were passenger cars, 6,396 commercial vehicles and 226 were special-purpose vehicles. This volume represented a rise of 32 per cent against the previous month but down 2 per cent against September 2019.

VAMA's statistics also showed that sales volume in September of completely- knocked-down was down 17 per cent while sales of completely built-up was down 33 per cent against last year. /.VNS

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E-COMMERCE

AppotaPay greenlighted to provide intermediary payment services

AppotaPay JSC, under game publisher Appota Group, has been granted a payment intermediary service license by the State Bank of Vietnam, making it the latest player in Vietnam's e-payment landscape.

The State Bank of Vietnam (SBV) issued Document No.74/GP-NHNN on the issuance of the license for the provision of payment intermediary services to AppotaPay. Under this license, the authorized payment intermediary service is electronic wallet, payment gateways, and collection services.

Set up in 2015, AppotaPay offers payment solutions for the digital entertainment industry. The company boasts 1,000 direct points of sale (POS) and 10,000 indirect POS systems, as well as 55 million-plus users. AppotaPay's partners are included almost Vietnam telecommunication companies, the card retailers and banking system to provide the best pricing for business. In addition, AppotaPay is directly connected to several famous game publishers in Vietnam, as well as reputable e-commerce platforms in various fields such as entertainment, travelling, and booking services.With the latest license granted to AppotaPay, Vietnam is now home to 39 accredited digital payment firms in total, according to the SBV.

The competition in the e-wallet market is heating up with Moca, MoMo, and ZaloPay among the big players. According to the latest research by Cimigo, MoMo, Moca, and ZaloPay are the top three most popular e-wallets in the two main cities in Vietnam, which account for more than 90 per cent of the total market share of e-wallet users. Appota Group is the pioneering company in providing technology solutions and digital entertainment content in Vietnam. Its comprehensive entertainment ecosystem is comprised of over 55 million users. The group is among the three largest game publishers and the official partner to the Facebook Gaming Creator network in Vietnam. In 2017, Appota closed its Series B round with Korea Investment Partners and Mirae Asset Venture Investment. In 2019, it received the fourth funding round./.VIR

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E-commerce growth burdens logistics across Southeast Asia

The outstanding growth of e-commerce has set a great burden on the logistics sector in Southeast Asia, as reflected by the marked slowdown in the delivery speed of e-commerce companies.

A survey from iPrice Group – a Malaysia-based online shopping aggregator – revealed that over the social distancing in April and May, good delivery times increased by 52 per cent to 2.8 days per order, nearly one day more than before the pandemic.

Regarding the issue, Lai Chang, co-founder cum managing director of delivery company Ninja Van said that consumer demand for online shopping has skyrocketed, resulting in the rising number of parcels to be shipped. In April and May, traffic on Lazada, Shopee, and Zalora grew by 60 per cent.

Moreover, most packages are bulkier due to the shift from purchasing clothes to a large number of canned foods due to the need for food storage over the pandemic. On the other hand, since COVID-19 broke out, the working hours of shippers have been cut to assure their safety, affecting consumers' online shopping experience over the past time.

According to Parcel Monitor, also in April and May, complaints about lost goods increased significantly against the time before the health crisis. A survey from Google and Temasek showed that the scale of e-commerce in Southeast Asia reached $38 billion last year, up 600 per cent within four years. The value is even forecast to extend to $150 billion in 2025./. VIR

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START-UP

Vietnamese podcast startup Waves has ceased operations

Waves, an audio and podcast startup based in Ho Chi Minh City, has stopped operations and returned money to investors, confirmed co-founder Kevin Gao in an email to Tech in Asia.

The startup announced in February that it had raised US$1.2 million in a seed funding round led by Singapore's Insignia Ventures Partners, along with Hustle Fund and Skystar Capital.

Gao cited "personal reasons" for the move and declined to elaborate on Waves' pivot plan or its traction before closure. "We were growing at a healthy pace before deciding to shut down. Covid-19 had no significant impact on our business aside from the daily operational issues regarding quarantine and employee safety," he explained.

Shiyan Koh, general partner of Hustle Fund, said: "We have loved working with Kevin and the team, and appreciate how he's handled his stepping away from the business to deal with his personal situation. We would be happy to back Kevin in his next venture." Founded in 2019 by Gao and Ben Minh Le, Wave aimed to become a leading platform in Southeast Asia for podcast and audio content creators who want to do original programs.

At the time of its fundraising announcement, Waves said it had over 30 original programs and 50 programs created with partners on the platform. It also runs FanFam, a technology platform designed to connect idols and fans. One of Waves' competitors in Vietnam is Voiz FM, an audiobook and podcast platform that raised seed funding from 500 Startups Vietnam in May. /. Techinasia

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RETAIL

Big coffee chains compete with pavement sellers

Covid-19 has forced coffee chain owners to change their approach. Like small shops on the pavement, they now have to attract different segments of customers.

The image of a vending coffee shop of Highlands Coffee at a street corner in Hanoi has caught public attention. Leading the medium- to high-end market segment, Highlands Coffee has decided to 'go down the street' to seek new customers. It is selling coffee products on vending cars and other kinds of drinks such as tea and bagged powdered coffee.

Highlands Coffee is not alone. Ong Bau (Promoter) is the coffee chain that pioneered the new business model. The founders of Ong Bau set an ambitious plan of opening 10,000 Ong Bau shops by 2022 based on the rapid development of small shops and kiosks. Ong Bau is also the first chain to set small kiosks in front of large shops. Vinacafe has also tried to increase its presence by setting vending shops in populous areas and areas with a high number of visitors, especially in Phu Nhuan and Binh Thanh districts in HCM City.

The prices of the take-away cups of coffee are reasonable, just VND12,000 for a cup of black coffee and VND14,000 for milk coffee. The vending shops also sell products made by Vinacafe.

Passio has also joined the 'pavement shop battle'. The coffee chain's golden days were in 2014-2015, when its shops were always crowded. However, it now has to compete with many rivals, and has had to find new ways to attract customers.

At many Passio shops, one can see staff standing in front of the shops and inviting passersby to visit. Meanwhile, Trung Nguyen Legend has recently launched a series of E-Coffee shops through franchising contracts.

E-Coffee shops, with an area of between 4 and 40 square metres, target lower-income customers and busy customers who get take-away coffee. Analysts commented that coffee chains, which have been hit hard by the pandemic, now have to apply new business models and seek customers from the income segments they did not think of before.

The new selling method has allowed them to cut costs on rent and at the same time get more customers. By approaching customers with low or medium income, big coffee chains are scrambling for customers who often go to small shops. This explains why the prices of drinks at their pavement shops are lower than prices at their original shops. The price of a cup of filtered coffee, for example, is VND10,000 lower./.VNN

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Vietnam eyes boosting processed meat industry

The husbandry industry is hoped to become a modern economic sector industrialized in all stages from production, processing, preservation and...

According to the husbandry development strategy for 2021-30 with a vision to 2045 approved by Prime Minister Nguyen Xuan Phuc on Tuesday, all meat must be supplied from centralized slaughterhouses by 2045. More than 70 per cent must be processed, 30 per cent of which must undergo deep processing.

The husbandry industry is hoped to become a modern economic sector industrialized in all stages from production, processing, preservation and distribution.

Viet Nam targets entering the leading group of countries in Southeast Asia in terms of husbandry production capacity. Attracting investment to the processed meat industry is necessary to improve product quality, added value as well as competitiveness with imported products and promote consumption and export for the domestic husbandry industry.

Early this month, Masan MEATLife Joint Stock Company, a member of Masan Group, launched a VND$1.8 trillion (US$77.5 million) meat processing plant in Tan Duc Industrial Park, Long An Province. The plant has the capacity of processing 1.4 million livestock per year.

In the first stage, the plant can process 140,000 tons of fresh chilled pork per year together with 15,000 tons of processed meat products such as braised pork, pork rolls and shredded pork.

The second phase will expand capacity to 25,000 tons a year and enable the production of 14,000 tons of pork by-products such as blood flour, plasma, collagen and meat and bone powder.

Masan two years ago opened a meat processing plant in Dong Van Industrial Park, Ha Nam Province, with the capacity to process 150-300 pigs per day.

Both plants were operated following the British Retail Consortium Global Standard for Food Safety.This could be seen as an optimistic signal for the meat processing industry of Viet Nam which still has a number of limitations in terms of product quality, food safety and export capacity. Experts have said that processing could greatly help increase the value of the livestock industry, especially for the $10 billion pork market.

Masan MEATLife expects that branded meat products will contribute about 50 – 70 per cent of its revenue when consumers shift to consuming safe meat products with origin tracing, hygiene and reasonable prices. According to Vo Trong Thanh from the Ministry of Agriculture and Rural Development’s Animal Husbandry Department, more attention will be attached to slaughtering and meat processing to ensure 25-30 per cent of meat is processed by 2025 and 40-50 per cent by 2030.

The investments of some companies in the meat processing industry remained modest and must be enhanced, he said. /.VNS

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LOGISTICS

Investors find Vietnam ports, logistics attractive

With its annual growth of 12-14 per cent, the logistics sector, especially seaports, is becoming attractive to both domestic and foreign investors

The Cai Mep-Thi Vai international port in Ba Ria-Vung Tau Province and Korean logistics company KCTC Viet Nam signed a memorandum of understanding late last week.

The tie-up would make the service at the port more efficient, Park Hyun Bae, general director of KCTC Viet Nam, said. The Government is encouraging investors from all around the world to develop ports in the country, according to the Viet Nam Maritime Administration.

The Chu Lai-Truong Hai Port in the Chu Lai Open Economic Zone in the central province of Quang Nam is soliciting investment from the private sector in two key projects, Chu Lai Airport and a port in the near future. The chairman of the province, Le Tri Thanh, said the public-private-partnership (PPP) model would help ease the burden on public resources and improve the management of airport and seaports.

Chu Lai Airport would be expanded to 3,000ha and serve as a key logistics center for Southeast Asia within a radius of 3,000km.

According to a master plan approved by the Government in 2018, Chu Lai Airport will handle five million passengers and 4.1 million tons of cargo by 2030. The network including Chu Lai and Ky Ha ports has been planned for berthing 50,000DWT (deadweight tonnage) ships that will carry a total of 12.7 million tons of cargo a year from 2030.

Last month Prime Minister Nguyen Xuan Phuc hosted a reception for Dutch and Belgian ambassadors Elsbeth Akkerman and Paul Jansen, which was attended by EU investors seeking to build a port for nearly US$1 billion in Viet Nam.

The Dutch envoy said her Government would back the development of the Cai Mep Ha Logistics Centre in the southern province of Ba Ria-Vung Tau in which the EU investors are interested, adding the Dutch Development Bank would provide 10 per cent of the project cost.

Jansen said the Belgian Corporation for International Investment would also play a role in it. Once operational, the logistics center could accommodate large container ships, the investors said, expressing the hope the project would soon be approved.

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Ba Ria-Vung Tau has approved the 1:2000 scale plan and location of the port, and is preparing to acquire land for it.

The EU-Viet Nam Free Trade Agreement would bring about great opportunities for Vietnamese and EU businesses, he called on the Netherlands and Belgium to help Viet Nam improve its capacity to enforce the deal. A seaport master plan for 2021-30 seeks to develop to enhance infrastructure connectivity, reduce logistics costs and promote marine economic development.

The plan includes solutions to improve investment efficiency in developing ports and simultaneous development of ports and other transport infrastructure. Viet Nam now has 44 seaports. — VNS

Ride-hailing rookies face uphill climb

Rookies in Vietnam's ride-hailing market are unlikely to make their presence felt any time soon with established early birds constantly strengthening their foothold.

viApp this month became the latest Vietnamese ride-hailing company to enter the market. Based in Ho Chi Minh City, the company plans to operate nationwide with services covering motorbikes, cars, taxis and trucks.

The newcomer targets 300,000 app downloads in the first three months and to eventually claim 20 percent of the ride-hailing market.Another Vietnamese company, GV Taxi, introduced its services in July and has set 8,000 driver partners and 60,000 daily trips as its preliminary target.

While the newcomers have an eye on a bigger share of the $500-million ride-hailing pie in Vietnam, market data shows they have their task cut out. Last year, Singapore's Grab dominated the market with a 73 percent share, followed by Vietnam's Be with 16 percent and Indonesia's Gojek (formerly GoViet) with 10 percent.

There was only 1 percent for the remaining companies, which included several names like FastGo, Tada, Vato and Mygo, all of whom have scant visibility on the streets dominated by the green uniforms of Grab and Gojek, and yellow of Be.

The new players, however, are making strong efforts to carve out some advantages. viApp is focusing on discounts to attract new users, with prices as low as VND1,000 (4.3 U.S. cents) for a motorbike trip under five kilometers. To recruit more drivers, it offers a reward of up to VND200,000 for each driver who successfully refers a new one.

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The company also installs a meter on each car so drivers can pick up passengers on the street without the need of an app. So viApp wants to have share of both the ride-hailing and traditional taxi markets.

GV Taxi, another newcomer, is following the path of earlier ride-hailing companies by offering motorbike and car services, with plans to operate food and good delivery and truck hailing next year.

Although a deep pocket plays a key role in claiming a market share in this industry, the financial capabilities of these companies remain unclear as they have not revealed who their investors are. viApp has only said it is backed by a domestic investor who has poured money into several startups. Meanwhile, the existing market dominants have been keeping themselves busy with measures to get ahead in the race.

Grab, with ride, food and delivery services, recently began offering a shopping service in which a driver will go to a supermarket and pick up items for the customer and deliver them to their doorstep.

It also allows customers to hire a driver by the hour just like other rental services. Grab Vietnam managing director Nguyen Thai Hai Van said this was part of a strategy designed to serve specific demands in the Vietnam market.

Be has also been active since the beginning of the year by partnering with e-wallets MoMo and SmartPay. It has also introduced taxi and shopping serivces, and allows customers to sign up for subscriptions for regular travels.

The company had achieved over 8 million downloads by the end of September. It has over 100,000 partner drivers with 350,000 trips requested per day in 10 localities. CEO Nguyen Hoang Phuong had earlier said that Be was willing to compete even if Grab and Gojek merged into a single service.

Gojek, with a new country general manager starting in July, has 150,000 partner drivers and 80,000 partner eateries. The company, however, has not fulfilled its promise yet to provide car services and cashless payment, which could make it less competitive than the two market leaders.

Vietnam’s ride-hailing market was the fourth largest in Southeast Asia last year behind Indonesia, Singapore and Thailand, according to a report by Google, Singaporean sovereign fund Temasek and U.S. management consultancy Bain.

The market could grow 40 percent annually to reach $4 billion by 2025, it added./.VNE

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INVESTMENT

Vietnam expects to welcome more investors next year

Hanoi - Vietnam is still regarded by investors as an attractive destination thanks to its stable politics and macro economy, favorable geographical location, and advantages in land and human resources, according to Deputy Minister of Planning and Investment Tran Quoc Phuong.

The country has maintained growth in 2020 despite the marked impact of the COVID-19 pandemic on economic activities, Phuong said, noting that Vietnam has, therefore, become a major candidate during the transition of the value chain in Asia.

During online investment promotion events with partners in Asia and Europe held recently by the Ministry of Planning and Investment (MPI), major investors again expressed their interest in investment in Vietnam, he added.

In fact, major groups such as Apple, Foxcom, and Luxshare have increased their orders and investments in the country, with capital amounting to billions of US dollars. Do Nhat Hoang, head of the MPI's Foreign Investment Agency, expects that Vietnam will welcome many investors later this year and next year, especially after Prime Minister Nguyen Xuan Phuc gave approval to the resumption of certain international flights.

Upgraded infrastructure in industrial, processing, and economic zones has also played a role in investment attraction, as industrial and economic areas nationwide lured about 517 foreign projects with total investment of around 8.5 billion USD in the first nine months of this year.

In the first nine months of this year, the country had 10,009 foreign projects valued at some 197.8 billion USD, of which 70 percent has been disbursed. There were 9,806 domestic projects with investment of some 2.34 quadrillion VND.

Especially, the number of domestic projects in industrial and economic zones stood at 442 with combined capital of about 91 trillion VND (3.9 billion VND).

MPI reported that as at the end of September, businesses in industrial and economic zones had earned 135.7 billion USD, down 3.5 percent year-on-year, and generated jobs for about 3.83 million workers.

The total export value in these zones hit 10.1 billion USD, a rise of 0.7 percent year-on-year. Import revenue was 87.2 billion USD, down 1.2 percent. As of the end of September, a total of 366 industrial parks had been established, with 279 operational, mainly in key economic regions.

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The Prime Minister has recently approved the establishment of 19 coastal economic zones covering about 871,100 ha, of which 17 have been formed.

In anticipation of a new foreign investment wave, Vietnam has reviewed its land fund at industrial parks, focused on human resources training, promoted the support industry, and connected major FDI projects, while removing difficulties faced by businesses and improving the local investment environment, Hoang said./.VNA

RoK eyes to invest in building smart urban areas in Can Tho

A delegation of the Korea Overseas Infrastructure and Urban Development Corporation (KIND) of the Republic of Korea (RoK) had a working session with officials of the Mekong Delta city of Can Tho on opportunities to invest in developing smart urban areas in the locality.

During a reception for the RoK delegation on October 12, Vice Chairwoman of the municipal People's Committee Vo Thi Hong Anh said Can Tho is in need of developing such fields as management and operation of export processing zones and industrial parks; climate change adaptation and environmental protection in urban areas; managing and developing urban areas and residential areas, and housings, and effectively using land; and intelligent traffic; and using database, thus helping the municipal authorities build development solutions for the city.

The city is calling for investment from units that are capable of joining investment in projects in the city, she said, adding that she hopes Korean investors to engage in developing large shopping centers in Can Tho to serve investors from other countries.

A direct air route has been opened between Can Tho and the Republic of Korea, she stressed, affirming that the municipal authorities will work closely with investors to solve related issues as quickly as possible so that the two sides will successfully implement projects.

Teakwon Seo, Executive Vice President of KIND, said his agency wishes to invest in developing smart urban areas in Can Tho.

As KIND is still working on specific options of investing in the Mekong Delta region, it is favorable to invest in Can Tho because it is the largest city in the region and has relatively good infrastructure system, he said.

KIND, the agency under the Korean Ministry of Land, Infrastructure and Transport, is working in promoting public-private partnership (PPP) projects abroad, and capable of directly investing in projects as an investor through the acquisition of a portion of equity or as a direct lender. It currently manages investment funds with a total capital of up to 1.5 billion USD.

The organization's investment and support areas include transport infrastructure, urban development, electricity, energy and petrochemical industries; water resources and environmental infrastructure. In Vietnam, KIND is operating projects in urban development with a total investment capital of 390 million USD./.VNA

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