



## Highlight

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# VIETNAM BUSINESS REVIEW

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## FINANCE

### E-wallet firms battle for slice of cashless payment pie

E-wallets firms are battling for a piece of the cashless payment market amid rapid growth in the context of the COVID-19 pandemic.



*E-wallets were gearing up the race for shares in cashless payment and eyeing rapid growth in the context of COVID-19 pandemic.*

Mobile wallet and digital payment app MoMo this week announced a deal with Be Group to provide cashless payment services on the ride-hailing platform which only accepted credit card payments previously.

SmartPay wallet also expects to see rapid growth after launching online saving services two weeks ago, which it worked on with Viet Capital Bank.

Lu Duy Nguyen, head of SmartPay's Product Development, said the e-wallet firm hoped to have four million users and one million acceptance points. SmartPay entered the market since May 2019 and now has 1.7 million users, 65% of them verified.

Airpay has launched several promotions, including free shipping and cash refunds for users of platforms within its ecosystem, including online game and social platform Garena, restaurant management app Ocha, food and restaurant review platform Foody, on-demand food delivery app NowFood and e-commerce platform Shopee.

This year has seen the speeding up of digital payments, Tran Tuan Anh, CEO of Shopee VN. When VN imposed social distancing, the platform saw digital payment demand soar in, Tuan Anh said, forecasting that the trend would continue growing.

Shopee's statistics showed Ha Noi, Da Nang and Thua Thien Hue had the highest percentages of cashless payment. About 80% of cashless payments were conducted by users aged from 18 to 34.

Viet Capital Bank said online saving transactions in the first half of this year were six times higher than in the same period last year.

When the COVID-19 pandemic began, many banks worked with fintech companies to promote cashless transactions, not only in payment but also in digitalisation of financial transactions, Do Thanh Nam, e-banking director of Viet Capital Bank said.

A study of Boston Consulting Group (BCG) published in May showed e-wallets are used by only 13% of Southeast Asia's "unbanked" urban population segment, which includes nearly half of Indonesian and

two-thirds of Vietnamese adults. However, the study indicated e-wallet penetration among the region's unbanked would surge to 58% by 2025.

There was very strong interest among consumers to use e-wallets to pay for products everywhere, from hawker stands and food courts to grocery stores, BCG said.

More than a third of Southeast Asian consumers surveyed were willing to shift some of their banking activity, including credit cards and loans, to non-bank digital players, the study said, pointing out that up to 10% of deposits and up to 12% of credit card business in Indonesia, Malaysia, Thailand, and VN could move to non-bank digital players.

According to market research company Asia Plus, there are more than 20 e-wallets in operation in VN, with 94% of the market share in the hands of MoMo, ViettelPay, Moca, Airpay and ZaloPay. — VNS

### **Local banks are racing to catch digitisation trend: expert**

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Vietnam has seen a digital wave in the finance-banking industry, with many lenders investing significantly in digitisation, experts have said.

The COVID-19 pandemic might have had a severe effect on the economy, but it has helped accelerate banks' digitisation, they told.

With many people looking for new options to deal with their financial affairs, digitisation of services and e-payments are becoming crucial, and banks, seizing the trend, have been embarking on the use of technology 4.0 and modernising their business models.

Digital technologies come with lower costs but offer wider coverage than traditional models.

The development of internet banking, mobile banking, payment solutions using QR codes, near-field communication technology (NFC), and advances in biometric technology using fingerprints and iris scanning has enabled banks to offer new and convenient products and services to customers, helping them achieve sustainable growth thanks to an increase in revenues from services and gradually reduction in dependence on lending.

The Joint Stock Commercial Bank for Foreign Trade VN (Vietcombank) launched its new digital bank service, VCB Digibank, last month integrating its online trading platforms.

Dao Minh Tuan, the lender's general director, said digital transformation has been identified as a key growth driver, and the bank is hastening the digital transformation process.

The service has been developed based on a combination of internet and mobile banking platforms to provide a unified experience for customers.

The Vietnam Joint Stock Commercial Bank for Industry and Trade (VietinBank) and Housing Development Bank (HDBank) are also investing a lot of money into digitisation.

According to a survey last year by auditing firm PwC VN, VN was among the countries with the fastest rate of growth in mobile payments. The number of users had seen a sharp increase to 61% from just 37% the year before.

VN now has 70 credit institutions and payment intermediaries like e-wallets providing payment services online and through phone apps. But there are still obstacles like the Vietnamese habit of using cash.

This is biggest barrier to digital banking development and there is a need to change people's mindsets, according to Pham Tien Dung, director of the State Bank of VN's payment department.

The central bank recently announced the electronic Know Your Customer, or eKYC, for opening accounts online. Banks must improve the customer experience to make them satisfied with their products and services, Dung said. — VNS

## Chinese lending apps leave Vietnam quietly

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Vietnam's fintechs have discovered that some Chinese apps which have lent money at exorbitant fees have been leaving Vietnam quietly.

In early June, the HCM City Police inspected the head office of Cashwagon Co Ltd, which was believed to be related to app-based lending at exorbitant fees.

Prior to that, the police investigated a case of lending money at sky-high interest rates committed by Chinese. They found that some foreigners had established finance companies, registered business under Vietnamese names and provided loans online via apps. "Vaytocdo", "Moreloan" and "VD online" are the best known apps.

Analysts said that the moves by the Chinese government to tighten management over the P2P market prompted Chinese lenders to flock to Vietnam. In Vietnam, the Chinese lenders tried many ways to attract Vietnamese borrowers. They advertised loans at low interest rates and with no collateral required.

The existence of Chinese usury apps has affected clients and genuine fintechs, and in the long term, will affect the Vietnam's credit market. After the media rang the alarm bell over Chinese apps and the police began taking action to stop the black credit, some apps stopped operation.

A Vietnamese fintech specializing in providing P2P loans said some Chinese online lenders focus on collecting debts while some others have shut down.

The Chinese online lending apps have disrupted the market, seriously affecting Vietnam's lenders. Some borrowers confirmed that they have received notices from the apps that the 'accounts are invalid', while information about the accounts of lenders has also disappeared.

The Ministry of Public Security has affirmed that black credit is a type of crime that the police take seriously.

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## E-COMMERCE

### E-commerce in Southeast Asia rides high on pandemic boom

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When the coronavirus pandemic hit and shops around the world had to close their doors, consumers in Southeast Asia and elsewhere were forced to turn online for their retail therapy – sending sales receipts for e-commerce platforms skyrocketing, even as bricks-and-mortar businesses suffered.

Singapore - based Shopee saw its sales in Indonesia increase by more than 120% in the first four months of 2020, compared to the same period last year, according to Chief Commercial Officer Zhou Junjie, with upwards of 185 million orders placed through the platform in the country.

Although Zhou declined to share how the company had fared in other markets, he said he believed the move towards e-commerce across the region was “broad, deep and irreversible”, adding that Shopee was the top-ranked app by monthly active users in Taiwan , Indonesia , Vietnam and Malaysia .

The region’s e-commerce sector was already tracking massive growth before the pandemic, increasing almost 600% in just four years, from US\$5.5 billion (S\$7.6 billion) in 2015 to US\$38 billion last year, according to a report from Google , Temasek , and Bain and Company last year, which forecast the sector would exceed US\$150 billion in value by 2025.

Amid the pandemic and its associated lockdowns, many across Southeast Asia have found their selling and buying options “essentially limited to e-commerce”, according to Richard Wong, vice-president and head of ICT for the Asia-Pacific at research consultancy Frost & Sullivan.

Fellow e-commerce leader Lazada, meanwhile, said in a statement that its online grocery arm Redmart had seen weekly average sales more than triple in Singapore amid the pandemic, adding that it helped farmers in Malaysia sell some 1.5 tonnes of vegetables that would have otherwise been discarded.

And it was not just the established regional platforms such as Shopee and Lazada that had benefited, Wong said, pointing to increased competition from more localised players like Sendo in Vietnam, and Tokopedia and Bukalapak in Indonesia, which “have an edge in attracting new users due to their localised content, ability to attract local businesses which were previously not on e-commerce, and local promotion campaigns”.

According to statistics from Malaysia-based online shopping aggregator iPrice, in the third quarter of last year, Shopee and Sendo were neck and neck when it came to web traffic in Vietnam. But Sendo serves both business and retail customers, and as of February had more than 300,000 sellers and 10 million buyers in all regions of the country, especially rural areas.

In Indonesia, Tokopedia had the first-mover advantage and now controls the biggest slice of the country’s e-commerce market.

It works by connecting buyers with sellers so there is no need for huge, capital-intensive logistics facilities, making the outfit attractive to investors. In January, it received US\$500 million from Singapore’s state investment agency Temasek.

The opportunities are there for the taking. The internet economy report cited earlier found that while the sector in Malaysia, Thailand, Singapore and the Philippines is growing by between 20 and 30% annually, Indonesia and Vietnam are leading the pack with growth rates above 40% a year.

Previous challenges – such as the logistics of e-commerce – had also transformed into opportunities for start-ups and established players alike, said the report, with “digital payments ... rapidly spreading online and offline”.

However, in a region where most consumers still largely deal in cash, there are also opportunities for cash-on-delivery services to be developed – such as the one Australian logistics technology start-up Shippit is hoping to offer out of its new Singapore office in partnership with Canadian e-commerce platform Shopify.

The opportunities are so apparent that even traditional bricks-and-mortar businesses are looking to get a slice of the pie. Suntec City, a shopping centre in central Singapore, held a live-stream “Shopping Festival” over three days in June on its own app – with interactive sessions including products available only through a live-stream, and discounts on more than 40 brands at 16 stores that were taking part in the event.

Anthony Yip, deputy chairman of Suntec City operator APM Property Management, said the company had taken inspiration from webcasting and digital shopping in China – especially the US\$128 billion in sales e-commerce giant Taobao generated last year from the 400 million users who watched more than 60,000 live-stream shopping shows on its platform.

A live-streamed shopping event “combines the interactive element of an offline store with the entertainment element from an online live-stream for the audience,” he said. “This way, our shoppers get to interact with and purchase our tenants’ products from anywhere while still getting the full physical experience of coming into the mall.”

Suntec City is not alone in trying to turn online shopping into an experience. As Shopee’s Zhou said: “e-commerce has evolved into something more than just ‘swipe, tap, spend’. Our platform is increasingly a social space where people come together to interact and connect with others.”

As well as live-streams, live chats and games, users of Shopee’s app were also able to watch K-pop concerts this summer, thanks to a partnership with South Korean entertainment and mass media company CJ ENM. KCON, as the event was known, ran over a week in June.

It gave app users access to free concerts from more than 30 K-pop acts, as well as exclusive interviews with their favourite stars. Shopee declined to share sales data from the event, but said the seven-day promotion attracted millions of views.

Even individual entrepreneurs have made forays into the sector. Chloe Ng, 34, a merchandiser in Singapore, began selling beauty products on Instagram during the city state’s partial coronavirus lockdown earlier this year.

Using the handle Ctingxbeauty, Ng put out advertisements, created posters and shared the testimonials of happy customers. On good days, she said she could make up to \$600 (US\$435). “I didn’t realise the power of Instagram until I started out on this,” Ng said.

## **Sendo says merger not a ‘must-have,’ looks to start series D fundraising**

Vietnamese ecommerce marketplace Sendo said it’s looking to start raising series D funds to capitalize on the country’s fast-growing ecommerce sector, adding that a consolidation is not a “must-have” at this point, its chief financial officer JJ Ang told *Tech in Asia*.



*Sendo CFO JJ Ang*

“Sendo is definitely a believer in industry consolidation but under the right circumstances and the right terms,” Ang said. “There needs to be a very strong alignment on business values as well as execution strategies. Like Indonesia and even Singapore, Vietnam market is significant and large enough to accommodate several key ecommerce players.”

Alongside Tiki, Sendo is one of the top-funded homegrown ecommerce players in Vietnam, raising a total of \$112m to date. The ecommerce firm, a spin-off from Vietnamese

IT company FPT Corporation, tries to differentiate itself by tapping consumers beyond Hanoi and Ho Chi Minh City.

Rumors about its potential merger with domestic rival Tiki have been circulating this year, but the talks reportedly fell through. *Tech in Asia* also dived deep into how a potential deal between the two local powerhouses could shake up Vietnam’s \$35b ecommerce sector.

Ang, however, believes that Sendo’s performance metrics – such as organic traffic, conversion rate, and users’ purchase frequency – are very sustainable and “favorable compared with other competitors,” but declined to elaborate further.

He argues that Sendo can play to its home advantage of being able to leverage the consumer-to-consumer model very early on, but acknowledges fierce competition in Vietnam from the likes of Shopee and Lazada.

According to Ang, Sendo’s existing investors also put in more money in an extended series C round this March, following its \$61m series C raise announced in November 2019. He also said the company is looking for long-term investors who can add strategic values in areas such as ecommerce retail or fintech.

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## START-UP

### Vietnamese startups bag millions of US dollars despite COVID-19 pandemic

A slew of Vietnamese startups managed to secure millions of US dollars even in the midst of the rapidly escalating COVID-19 pandemic.



*Experts shared about the foreign investment in Vietnam's startup ecosystem at the Grab Ventures Ignite Bootcamp*

According to data compiled by Singapore-based DealStreetAsia, Vietnam witnessed a significant pickup in fundraising activities by way of deal count and value in the second quarter of 2020.

Specifically, Tiki wrapped up a \$130m investment from private equity fund Northstar Group, making the e-commerce operator one of the top five funded startups in Southeast Asia in the period.

Similarly, e-commerce solution company OnPoint has raised \$8 million from South Korean, Japanese, and Vietnamese investors in its Series A funding. Meanwhile, Sapo, a multichannel management and sales platform, successfully raised funds from Smilegate Investment (South Korea) and Teko Ventures (Vietnam) to officially launch its additional port with the Tiki e-commerce platform.

Vietnamese online recruitment company Transcendental Human Resources JSC received \$34 million from Affirma Capital to expand its market share and build up its value-added services. Elsewhere, Vietnamese cinema chain Beta Media also received \$8 million from Japanese private equity firm Daiwa PI Partners to accelerate its franchise business model.

Commenting on this trend, Grab Vietnam managing director Nguyen Thai Hai Van said that the country is now a prospective investment hub for foreign investors, with the highest internet and smartphone penetration across the region. The talent pool in Vietnam is also young and resilient, increasingly educated with a growth mentality, and is more ready to adopt new tech and innovation.

In terms of public policy, Vietnam has largely returned to normal and is making every effort to get the economy back on track during COVID-19, which has been a positive sign to the startup ecosystem. Thus, investors looking for a market in the region to invest in startups can still be attracted to Vietnam.

She added that the pandemic has put unprecedented pressure on many startups, however, startups can win if they embrace changes. As an example, Grab recently kicked off Grab Ventures Ignite, an



accelerator program for early-stage startups in Vietnam with a focus on helping domestic startups thrive in the new normal.

Tran Hai Linh, CEO of e-commerce platform Sendo, said much investment was drawn to nations in Southeast Asia several years ago, with Indonesia a big winner due to its well-generated economy and young population. Now, with an eager-to-learn generation, a fast-growing economy, and effective reactions from the government to the health crisis, the Vietnamese market can become the next attractive destination for investment in the next few years.

Linh noted that most Vietnamese startups are raising funds between \$1-10 million, with local incubators and Series A funds remaining quite active in the country despite the global issues. However, due to disruptions due to coronavirus, Vietnamese startups will need to wait from six months to a year to receive larger funds from overseas investors.

There continues to be immense long-term potential for Vietnam tech, both for companies serving the domestic market as well as beyond. The US-headquartered venture capital firm and incubator 500 Startups invested in 19 new companies in 2019. It aims to reach the target of 80 companies invested cumulatively by early 2021.

Eddie Thai, partner at 500 Startups, told VIR that the increase in investment activity was the natural result of Vietnam's maturing ecosystem.

Indeed, a substantial portion of the money invested last year went to e-commerce players Tiki and Sendo and payments players Momo and VNPAY.

However, Thai pointed out a couple of short-term risks for Vietnamese startups. "First, obviously, there is economic risk due to COVID-19. Although Vietnam is doing a pretty good job of keeping people safe so far, it will still suffer major economic effects in the form of less trade, less tourism, less domestic consumption, and more," he said. "Many tech startups will be affected by this as well. In addition, there is also a more direct impact of the virus: international investors have been cancelling or delaying trips to Vietnam. This means financing will be lower in the near term." VIR

## Startups in HR receive millions in funding despite Covid-19

Nearly all businesses are experiencing hardships because of Covid-19. However, this hasn't happened with startups in the HR industry. They are still receiving millions of dollars worth of funding.



JobHopin, a startup utilizing AI and machine learning technologies in the recruitment process, received \$2.45 million worth of capital in a series A round last month.

Many recruitment startups received investments in the first half of the year. TopDev, which introduces workers in the IT industry, received capital from SaraminHR, while Sieu Viet Group received \$34 million from Affirma Capital

Pham Van Dai, co-founder of Works.vn, which has investment from TTC Vietnam, said the attractiveness of the recruitment market comes from the expectations on the high growth rate of the market in the time to come, when Covid ends and the demand for workers increases. Besides TTC Vietnam, Works.vn also received capital from two other strategic investors.

According to Gaku Echizenya, CEO of Navigos Group, which owns VietnamWorks.com and Navigos Search, there are positive signs in the Vietnamese recruitment market.

After the social distancing period, the recruitment market has become more bustling with many businesses starting recruiting workers for their production resumption plans.

Gaku believes that IT, e-commerce, technological platforms and energy will recover rapidly in the post-pandemic period. He also named other production and business fields, including manufacturing (electronics, woodwork), real estate, finance and banking and some service fields such as hotel, tourism and education.

FTAs, especially EVFTA, are expected to help Vietnam become attractive to foreign investors. The tendency of relocating production bases from China to Vietnam and neighboring countries is growing.

A survey by VietnamWorks found that 60% of businesses said they are capable of maintaining and developing business activities.

The number of jobs offered in the first week of May, just after the social distancing weeks, increased by 20-39%. Meanwhile, the number of applications for jobs on VietnamWorks increased by 10% in June compared with the same period last year.

The increase in the number of workers seeking jobs on online channels has also led to the increase in the number of recruitment startups. The online recruitment market is diverse with recruitment channels targeting niche markets.

VietnamWorks and CareerBuilder target the high-end labor market segment, while HotelJob and TopitWorks introduces workers in some certain business fields. Getbee, Hozo app and Tichlamthem.com also target specific market segments.

Dai thinks that no online recruitment channel is powerful enough to cover the whole market. Therefore, startups tend to use high technologies or special solutions to attract users. However, most startups use Facebook for their marketing activities.

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## RETAIL

### Local F&B shops struggle to survive new COVID-19 outbreak

Eatery and beverage shops learned from experiences from the April lockdown and have prepared for the new difficult period.

Hoang Tien, co-founder and CEO of Coffee Bike, said the social distancing days in April "gave me precious lessons. But I really don't want to learn the lessons again".



Owners of restaurants, eatery shops and coffee houses have expressed pessimism about business performance in the remaining months of the year as new Covid-19 cases have been discovered recently.

According to Tien, revenue of eat-in shops has decreased by 15-20%, while sales from take-away sales have increased rapidly. And the number of franchised shops has also increased.

A representative of 89's Presso, a beverage and snack shop in district 1, HCM City, said the chain had resumed 50% of its operation and now has to prepare for another lockdown.

Hoang Tung, CEO of Pizza Home, said the food and beverage sector may face another crisis. However, he still can see two positive things.

First, the purchasing power is still good, and government agencies have been doing well in fighting against the pandemic. When the last social distancing campaign finished, the economy recovered fairly quickly.

Second, a crisis creates 'purging', i.e. weak businesses are eliminated. The businesses that survive the crisis are strong. As they have successfully coped with difficulties, they will be able to do this the next time.

The Prime Minister has not announced a new social distancing campaign, but food and beverage shops are preparing for it.

Tung said he has applied the 'three-step cut-reduction-increase principle', i.e. cutting ineffective sale points, reducing production costs and retail premises rent, and increasing sales via apps.

Nam Khuat from Kin Đee - Thai Gastropub said if social distancing is once again applied, he will renegotiate with landlords to cut the rent, reduce working hours of full-time workers, and switch to take-away with new menus.

## Mobile World tries different development models, closes some chains

The Gioi Di Dong (Mobile World) has seen its key brands such as The Gioi Di Dong, Dien May Xanh and Bach Hoa Xanh growing rapidly, but has also had to shut down ineffective business chains.

After 10 months of operation, Mobile World (MWG) recently shut down the Dien Thoai Sieu Re chain specializing in low-cost mobile phone products.

Prior to that, in September 2019, MWG opened 10 supermarkets of Dien Thoai Sieu Re chain (dienthoaiSIEURE.com) in Go Vap district in HCM City.

Unlike The Gioi Di Dong, Dien Thoai Sieu Re was positioned as the distributor of phone models with prices 10% lower than products sold at thegioididong.com, and models priced at below VND8 million. Dien Thoai Sieu Re does not provide '5-star' services that The Gioi Di Dong provides, such as allowing

customers to experience products before buying and exchanging products if the products have errors.



With Dien Thoai Sieu Re chain, there is only one consultancy officer in each shop, and there is no wi-fi service and no customer reception staff. Customers have to bring their products to the manufacturers' maintenance centers themselves

As the new business model failed, it was shut down by the owner on June 29.

Prior to that, MWG had to shut down some business models it found ineffective to gather strength on models with more potential.

Vuivui.com, an e-commerce website, was shut down in 2018, just two years after opening, though MWG's managers hoped that its growth rate would surpass Thegioididong.com after 4-5 years.

Vuivui.com was a B2C e-commerce website. MWG's prospectus showed that Vuivui.com brought VND75 billion in revenue, not a large contribution to the holding company. Before the official closing, Vui Vui stopped distributing many types of products, while focusing on selling fast-moving consumer goods. It finally was merged with the online sale channel of Bach Hoa Xanh.

Analysts say that MWG then made a wise move. Bach Hoa Xanh has been developing very strongly, while many other e-commerce sites such as Robins.vn, Adayroi and Lotte.vn have had to shut down.

MWG also tried to jump into the drug distribution market by acquiring 49% of shares of Phuc An Khang drug store chain. However, the investment did not bring the desired effects.

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## LOGISTICS

### EVFTA, Covid-19 change the face of VN logistics industry

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Vietnam's logistics market has great opportunities to improve as the EVFTA has been inked and the country is receiving investment inflow from Europe.

Aeon in recent years has become a channel through which Vietnam's farm produce penetrates the Japanese market. However, Shiotani Yuichiro, CEO of Aeon Vietnam, said Vietnam's mangoes are not selling well in Japan because they are 20 percent more expensive than Thailand's and the Philippines', though the quality is high.

The higher logistics fee in Vietnam is one of the factors driving up costs for Vietnam's mangoes. This is also why the expenditure on logistics services by Vietnam's textile and garment companies is 6 percent higher than in Thailand and 7 percent more than in China.

#### EU investors

High logistics costs not only weaken the competitiveness of Vietnam's goods, but also hinder businesses to penetrate new markets. With EVFTA, Vietnam's logistics market now has the opportunity for renovation.

This will encourage EU investors to provide logistics and goods transportation services in Vietnam, including shipping firms, cargo/container handling, storage and warehousing services.

Nguyen Canh Cuong, Trade Counsellor to the UK, commented that this will serve as a great opportunity for Vietnam's logistics firms to call for capital from multi-national corporations and modern big fleets.

According to VLA, the logistics industry in Vietnam has been witnessing a high growth rate of 14-16% in recent years, worth \$40-42b a year. Around 3,000 domestic firms and 25 leading freight and forwarding groups in the world are operating in Vietnam.

The logistics market has value equal to 21-25% of GDP. However, 80% of the market share is in foreign hands. About 30 firms providing transnational logistics services are operational in Vietnam, including big names such as DHL, FedEx, Maersk Logistics, APL Logistics, CJ Logistics and KMTC Logistics.

#### M&A wave

With EVFTA, which serves as the leverage, analysts believe that M&A activities will be more bustling in the time to come. Many big deals worth millions of dollars, were made in 2019. Symphony International Holdings (Singapore) bought into ITL Corp in a deal worth \$42.6 million.

SSJ Consulting spent \$40m to acquire 10% of voting Gemadept shres. CRE, a Japanese large group, through its subsidiary CRE Asia, invested \$6.2m in Sembcorp Infra Services (SIS). According to Vietnam Logistics Association (VLA), logistics firms are bearing big impact from Covid-19.

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## INVESTMENT

### Everpia JSC joins forces with Hyojung Soft Tech JSC to enrol fintech

Everpia JSC, known for its mattress brands Everon and Kingkoil, has invested in Hyojung Soft Tech JSC in a move to boost its growth and turn it into a leading company in one of the most promising industries in Vietnam.



*]The signing ceremony of the strategic partnership between Everpia JSC and Hyojung Soft Tech JSC*

Hyojung Soft Tech is a fast-growing financial technology and banking services company driving innovation in POS system and payment services. It provides a total POS solution to retail stores with advanced Korean technology.

Hyojung is well-known for its services spanning from POS (Payment), PCPOS, PROGRAM, and SI (System Integration). Currently operating in more than 500 stores throughout Vietnam, Hyojung helps merchants in analysing customer behaviour and provides deep assistance and advice based on big data from POS system and payment services.

Lee Jae Eun, CEO of Everpia JSC said that, “This investment marks our first strategic partnership with a tech-based firm. As digitalisation takes place in various aspects for Vietnamese consumers, our partnership with Hyojung at its early stage will help us understand Vietnamese consumers on a deeper level.”

All Everon stores will be equipped with advanced fintech technologies ranging from financial services, POS, and card bank services (zeropay, giftcon, and virtual account services) to customer management services.

Furthermore, big data analysis from all transactions occurring at Everon stores will help Everpia to effectively curate its product portfolio and efficiently manage its production and distribution system. From 2021, Hyojung Soft Tech and Everpia will develop and distribute an integrated payment platform that suits companies with nationwide retail network systems in Vietnam.

### Matsuoka Corporation highlights VN's appeal to Japanese PPE manufacturers

Vietnam is in the crosshairs at dozens of Japanese businesses led by Matsuoka Corporation who are looking to invest hundreds of millions of dollars to produce medical gear and personal protective equipment (PPE) in Vietnam.

COVID-19 has been the doom of many a production sector. However, some have been put into a favourable position and have been rising to prominence to attract great flows of foreign investment.

One of these sectors is medical mask and PPE production, an area where Vietnam is now recognised as a reputable supplier.



*Vietnam is fast emerging as an international production hub for medical gear and PPE*

Matsuoka Corporation, one of 30 companies that have just received support from the Japanese government to leave China, has decided to move operations to Vietnam.

A representative of Matsuoka Corporation said that the corporation will pour around \$28m into An Nam Matsuoka Garment Co., Ltd., a Vietnamese subsidiary, to set up a new facility to produce protective wear and other items in the coming months.

Matsuoka Corporation established the subsidiary in last November, before the COVID-19 outbreak, as part of the corporation's plan to diversify production

locations in Southeast Asia (supplementing existing production in Indonesia, Myanmar, Bangladesh). The new factory of An Nam Matsuoka Garment is based in VSIP Nghe An and is the fourth facility of Matsuoka Corporation in Vietnam, after the ones in Phu Tho, Bac Giang, and Binh Duong provinces.

In the 2018 fiscal year (ending in March 2019), the corporation's revenues from Chinese factories made up 60% of its total overseas income, while Bangladesh & VN contributed 25 and 10%, respectively.

At the end of 2019, company spokesperson Michihiro Fukagawa said that the upcoming factory in Vietnam is expected to decrease the revenue contribution from China to 50% by March 2021. He also highlighted that Vietnam is a major location for garment production for export to Japan and China.

Recently, JETRO announced the list of Japanese businesses which will receive aid to leave China. Most of those specialising in producing protective gear and health products like Able Yamauchi, Showa International, Techno Global, Hashimoto, Nikkiso, and Matsuoka Corporation are choosing Vietnam as their new destination.

According to the General Department of Vietnam Customs, as of June 2020, Vietnam exported 557 million medical masks to the US, the EU, Japan, and South Korea. Catching up with the new trends and the increasing demand of domestic and overseas markets, a lot of local businesses have been purchasing modern machines to make high-quality products, matching the requirements of the US and the EU, and offset a part of their losses from the global health crisis.

Along with its initial success in preventing and controlling the novel coronavirus, Vietnam is emerging as a reputable source of medical equipment, drawing in foreign investors to produce PPE and medical gear.

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## **SEIKO IDEAS - 14<sup>th</sup> Anniversary**

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<b>Rep. Office</b>	〒220-0012, 8F Wework, Ocean Gate Building 3-7-1 Minatomirai, Nishi ward, Yokohama Kanagawa, Japan
<b>Telephone</b>	+84-24-6275-5246 ; +84-24-6273-6989
<b>Fax</b>	+84-24-6273-6988
<b>URL</b>	<a href="http://www.seiko-ideas.com">www.seiko-ideas.com</a>
<b>PIC</b>	Tram Nguyen (Ms.)
<b>Email</b>	<a href="mailto:tram.nguyen@seiko-ideas.com">tram.nguyen@seiko-ideas.com</a>

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