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# VIETNAM BUSINESS REVIEW

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## FINANCE

### 74 HNX-listed companies report higher losses in H1

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Seventy-four of 348 companies listed on the Hanoi Stock Exchange (HNX) posted losses in the first six months of the year. Of the total number of listed companies, 343 firms have released their second-quarter earnings reports while the other 5 have not.

The number of loss-making firms was up 34.5% year-on-year and their total losses increased by 32.9% year-on-year to VND711.9 billion (US\$30.8 million), according to HNX.

Real estate firms posted a 341% surge in total losses for the first six months.

Total losses recorded by the HNX-listed property developers were VND121.3 billion, up 341% year-on-year from last year's figure of VND27.5 billion.

According to the northern market regulator, companies in six of 11 sectors reported higher losses in the first six months.

Other loss-making sectors included mining and energy, oil and gas, and logistics and transportation with losses increasing by 225% and 214%, respectively.

Most of the companies blamed the COVID-19 pandemic for their losses as they had to halt operations and purchasing power declined due to lower income.

On the other hand, nearly 270 listed companies made profits in January-June. But their total profit slid 1.14% year-on-year to VND11.38 trillion in the first six months.

Five sectors saw companies raise their profits, including financials. Profits financial firms gained 11.7% year-on-year to VND605.8 billion.

Notably, trading, accommodation and eatery firms recorded the biggest gain in profit (56.8%) but only 17 of all 48 companies in the sector saw their profits increase.

A key contribution to the firms' increased profits was their divestments from non-core business activities.

### Over 225 million transactions made via e-wallets in Q1

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The number of transactions via e-wallets in Vietnam in the first quarter of 2020 increased highly with a total of 225 million transactions.

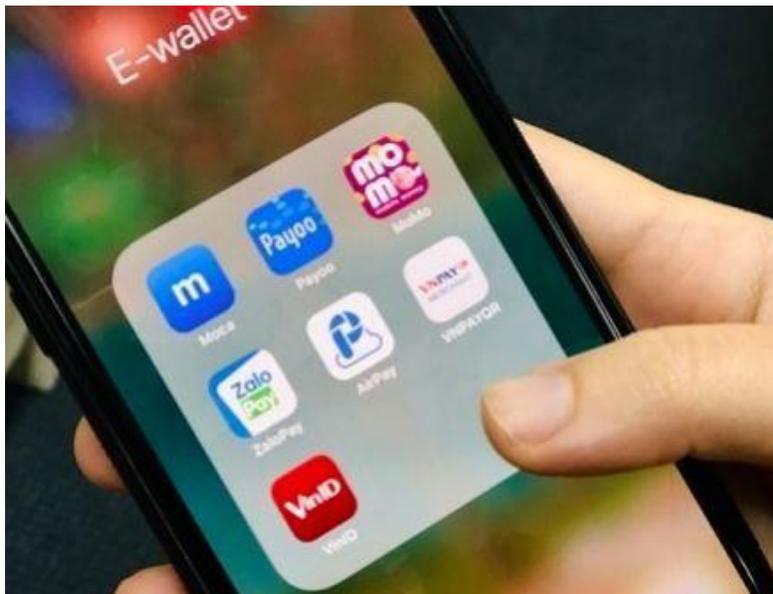
By the end of the first quarter of 2020, Vietnam had 13 million e-wallet accounts activated and used with a total wallet balance of about VND1.36 trillion (around \$57.8 million).

According to the SBV's Payment Department, the increasing number of merchants accepting payments through the wallet is one of the good signals for the development of e-wallets in Vietnam. "Customers

who have not had access to the bank, such as people in rural, remote areas, or low-income earners, can first get access to the form of e-wallet," Dung said.

The SBV's data shows that in the first quarter of 2020, 225.6 million transactions made via e-wallets with a total value of VND77.7 trillion (\$3.23 billion). Although the total number of transactions in the first quarter increased highly, the transaction value decreased about 7% due to the effects of Covid-19 pandemic, Dung revealed.

Popular e-wallets on the market today such as MoMo, Zalopay, Moca, Payoo, and Airpay are often used for essential services such as phone charge top-up, money transfer, periodical bill payment, payment for food delivery service or ride-hailing services. Experts said that e-wallet still has many prospects for development in the future.



Mr. Dao Duong Thanh, Business Development Director of Moca Technology and Services Joint Stock Company (Moca e-wallet), said that Covid-19 pandemic created great disturbances in people's lives but also made significant changes in consumer behavior. "The measures of social distancing and movement restriction have boosted the demand for online shopping as well as more cashless payment," Thanh said.

The proportion of non-cash transactions on the Grab platform (with ride-hailing, food and goods delivery services) accounts for 43%, of which, the percentage of non-cash transactions of GrabMart service accounts for 70%, Thanh said. In March 2020 alone, the number of people making cashless payments via Moca e-wallet for the first time on the Grab platform increased by 22.5%.

"Businesses need to adapt and change to meet the online shopping needs of users in the new normal period", Thanh said.

Dung from the SBV's Payment Department said that the current legal corridor for payment intermediaries in general and e-wallets in particular has been gradually completed to facilitate business activities of service providers and to meet the actual requirements of the user. Circular 23 that took effective from the beginning of 2020 provides more specific instructions for the implementation of the provision of e-wallet services in Vietnam, with supplement regulations on electronic clearing activities, creating a legal basis for the implementation of automated clearing house (ACH).

## Payment with QR Code increasingly popular in Vietnam

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Vietnamese are making more payments with QR Code thanks to its utility, security and promotion programs launched by service providers.

Phi, 28, in district 1, only brings a smartphone when doing morning exercises. With the smartphone, he can go to convenience stores to buy goods or breakfast. 7-Eleven, Circle K, Family Mart, MiniStop and B's Mart all allow payment with QR Code.

"It would be less troublesome to buy one bottle of water or a banana in the morning with the app. Cashiers won't have to use small change, and you won't have to bring cash with yourself," he explained.

An officer of a Lotteria shop located at a shopping center in Tan Phu district said more and more clients are making payment with QR Code, especially young people. E-wallets run promotion programs, offering preferences to clients making payments with QR Code.

Accepting payment with QR Code was first seen at cafes and convenience stores. Later, it was accepted at supermarkets, restaurants, fast food shops, traditional eateries and e-commerce sites as well.

To make payment with QR Code, clients use e-wallets or bank apps to scan codes. All e-wallets and 18 bank apps available now have the QR Code payment function. The multi-service apps such as Shopee (in cooperation with AirPay) and Grab (in cooperation with Moca) also support this payment method.

A survey by Visa last May found that 84 percent of users feel secure when making payment via smartphones as their personal information is safe.

The increase in number of contactless payments via mobile phones, QR Code and e-commerce in 2019 compared with 2018 shows consumers' high confidence level. At least 82 percent of surveyed consumers use contactless payment methods via smartphone at least once a week.

IDC's White Paper released in April 2020 showed that payment via smartphone has surpassed payment with credit and debit cards in terms of popularity in Asia.

In 2019, Asian people spent \$25 trillion via cards, but spent \$51 trillion via mobile payment, which is leading digital payment methods.

Vietnam has a low number of POS at traditional stores, which makes payments via cards low. However, the country is witnessing a high growth rate in digital payment as more people have the habit of buying goods from e-commerce sites and more POS card swipe devices have been installed.

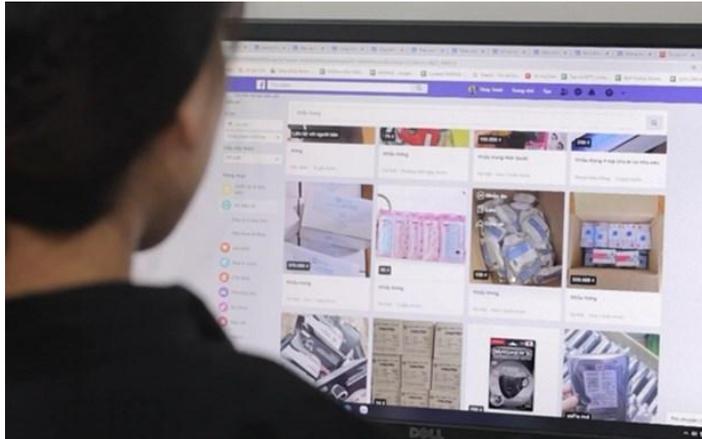
Because of limitations in POS machines, making payment with QR Code is a growing tendency. Shop owners just need to open a bank account with connection with e-wallet, and then display the QR Code at counters for clients to make payment. There is no need to equip with POS. QR Code is particularly suitable to small and medium points of sale.

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## E-COMMERCE

### 45 million Vietnamese people shop online

Nearly 45 million Vietnamese people now access online shopping, a forum on domestic consumption trends on August 20 in Hanoi heard.



The Government aims to have 55% of the country's 90-million-plus population shopping online by 2025, with revenues estimated at 35 billion USD.

The goal is perfectly feasible given the support coming from the Government, ministries, departments, and businesses.

Participants at the forum suggested making it easier for e-commerce enterprises to access capital to

join online supply chains for Made-in-Vietnam goods.

It is also necessary to have policies for online payments and for guaranteeing the security of customers' personal data, they suggested.

A representative from Nielsen Vietnam said the number of internet users in Vietnam is expected to reach about 60% of the country's population this year, and 33% of Vietnamese consumers will make online payment while shopping.

### A new model is shaking up Asian ecommerce

#### 1. Google is taking on LinkedIn in India

LinkedIn's presence isn't very strong in emerging markets like India, and it seems Google has taken notice. The search giant announced it was expanding its jobs app, Kormo Jobs, in the country to make it easier for millions of unemployed citizens to find entry-level jobs.

The move could hurt LinkedIn, whose 24 million monthly active users in the country pale in comparison to Google's reach of over 400 million Indian users. But whatever happens, India's unemployed could very much use another app to help them find a job.

#### 2. Taiwan says "no" to Chinese streaming giants

Chinese streaming platforms iQiyi and Tencent's WeTV are in hot water in Taiwan. The island is planning to ban the operations of the two companies because they formed alliances with local broadcasters and distributors. These moves violate the Act Governing Relations Between the People of the Taiwan Area and the Mainland Area, which limits the categories of goods and services Chinese firms can invest in on the island.

The formal order will be announced on September 3 and will prohibit Taiwanese individuals and organizations from working with mainland Chinese video-streaming companies.

### **3. Huawei finds solace in Africa**

Huawei has been operating in Africa for more than two decades and has become instrumental to the continent's growth ambitions. So it's no surprise that amid boycotts from the US and several parts of Europe and Asia, the Chinese mobile technology company has managed to garner unwavering support from the continent. Some leaders within the region have even stood up in defense of the Chinese mobile technology company, calling it a victim of the US-China trade war.

### **4. SoftBank swoops in to rescue Oyo's Japan business**

SoftBank has dispatched two executives to help budget hotel chain Oyo right its virus-stricken business in Japan. Oyo is one of the largest startups in the venture capital firm's portfolio and among the hardest hit by the pandemic. In June, the budget hotel chain slashed its regional presence in Japan by closing offices in provincial centers and is also looking to downsize its Tokyo headquarters.

### **5. Who's taking over Hong Kong to become Asia's next financial capital?**

Due to the recently imposed security law in Hong Kong, international financial institutions like Deutsche Bank are moving their Asia headquarters elsewhere, sparking a race among a number of Asian cities to become the next financial capital of the region. The legislative changes in Hong Kong aren't only scaring away banks – tech companies whose business models rely on free speech and data security (including short-video app TikTok and Korean internet giant Naver) have also begun heading for the exits.

### **6. Korean startups challenge Apple and Google**

An alliance of startups in Korea are petitioning for the Korea Communications Commission to investigate whether Apple and Google are violating laws related to in-app purchases. Since 2011, Apple has been forcing developers to use its in-app purchase system, through which the tech giant takes around 30% commission from purchases by users. Meanwhile, Google might apply an in-app purchase module and commission to every application on its platform.

### **Will we see a Southeast Asian version of Pinduoduo?**

The recent rise of social commerce served as a catalyst for an evolution in the Chinese ecommerce scene, spawning upstarts, such as Tencent-backed Pinduoduo, who've become serious threats to leading ecommerce giants Alibaba and JD.com.

Several other startups have attempted to replicate Pinduoduo's success, with even Southeast Asian players trying their luck. But the business model's viability in the region comes with a few caveats.

**A new concoction:** Pinduoduo leveraged a social commerce model known as group buying, which encourages consumers to form teams when making purchases to obtain bigger discounts. But that's not all the company is about – it also popularized a customer-to-manufacturer (C2M) business model, which

cuts out intermediaries and connects manufacturers directly with consumers. In 2018, C2M companies in China made an estimated US\$2.5 billion in sales – a number that is expected to grow to US\$6 billion by 2022.

**Pinduoduo Market Cap (US\$ in billions)**



**Enter Southeast Asia:** The C2M model might be uniquely suited to China, which is widely considered as the world’s factory. But the country’s rising minimum wage has led more orders for labor-intensive products to look for locations with a cheaper workforce, including Indonesia and Vietnam.

**Not so simple:** Despite social commerce’s growth prospects in the region, the C2M model might not be the best approach for younger startups to pursue. Applying Pinduoduo’s model in

Southeast Asia has two main issues: the high cost of logistics in the region and the low penetration levels of digital payments and mobile ecommerce.

There are so many more points to consider, though. Learn more from this deep dive: Explaining Pinduoduo, and whether the model can work in Southeast Asia

**Making things better down where it’s wetter**

Indonesia-based Aruna, a startup developing tech for the country’s marine and fisheries sector, said it has raised US\$5.5 million in new funding from East Ventures, AC Ventures, and SMDV.

**Enabling fisherfolk:** Founded in 2016, the startup’s ecommerce platform helps local fishermen and women export their products to more markets, potentially boosting their income. These include countries in Southeast Asia, East Asia, North America, and the Middle East.

**Fishing in lucrative waters:** Indonesia’s fish trading sector produces nearly US\$6 billion in revenues a year, with US\$4 billion coming from exporting. By 2022, Aruna aims to reach 5% of Indonesia’s export market, or about US\$200 million.

**Lots of fish in the sea:** The company plans to use the new funds to scale its fisherfolk community ecosystem by expanding to more coastal areas. It also aims to scale its operations into new domestic and export business-to-business markets.

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## START-UP

### Motorbike trading startup Okxe Vietnam raises \$5.5m

Motorbike selling platform Okxe Vietnam has raised \$5.5 million from six South Korean investors in Series A funding.

The startup said in a statement that it plans to use the money from the group of investors, which include IMM Investment Corp and KB Investment, to fund its expansion.

Okxe Vietnam was introduced in October 2018 to help connect buyers and sellers of used motorbikes via a smartphone app and a website.

CEO Kim WooSeok said that the Vietnamese market has a lot of potential with 45 million motorbikes on the road and most families owning at least two motorbikes.

However, a buyer has to contend with several issues when looking for a used motorbike, such as parts being swapped or having to pay high brokerage, he said.

"This is why we have built a platform to help buyers easily search for and examine used motorbikes," he added.

### AskNow app bolsters 'new normal' education in Vietnam

An education app developed by Vietnamese programmers, AskNow seeks to help students to interact with a host of qualified online tutors.



*Learning amid the Covid-19 pandemic has become safer and more effective, thanks to apps like AskNow.*

The app is a startup project initiated by the Unify Smart Tech Joint Stock Company that aims to help students nationwide access the best tutors from all over Vietnam, especially those in remote areas who cannot afford private tutoring.

In two months since its release, thousands of students have downloaded the app and registered for the service, benefiting from the knowledge

and wisdom of hundreds of qualified tutors and a library of more than 3,000 questions in Maths, Physics, Chemistry and English from grade 1 to grade 12.

"It can be said that AskNow is the 'new normal' for Vietnamese education," Unify Smart Tech said in a release.

The education sector currently has to surmount formidable challenges posed by the Covid-19 pandemic to ensure that teaching and learning continues unimpeded by such emergencies.

In this context, the application of information technology comes to the fore, opening up new and positive teaching and learning methods like AskNow as students are required to learn from home instead of school for extended periods of time.

### **The tutor grab**

One of the unique features of this app is the one-on-one interaction with online tutors that it arranges, helping students understand a problem clearly and thoroughly in an easy manner.

Whenever parents and students need to solve a homework quiz, just open the app at any time and AskNow will "grab" a tutor within 20 seconds and open an online chat room for them, providing much more flexibility and saving a lot of time compared to conventional teaching methods.

Studies have shown that many students are shy and lack the confidence to raise their hands in the class and ask questions. They are afraid to be at the receiving end of jibes and jeers from their peers and wary of "bothering" the teacher.

"With AskNow, students can feel free to ask whatever they want and be answered by friendly tutors who understand the feelings of the student," Unify Smart Tech said.

"With a team of masterminds, qualified and experienced tutors carefully tested and chosen, users can rest assured that the knowledge delivered is the right and best fit."

Parents and students can also choose their favorite tutor after their sessions on AskNow. This is another advantageous feature over other learning forms where students do not have the right to choose the teacher, which can result in difficulties and ineffective teaching methods.

AskNow is not just an education software that meet pandemic conditions, it also creates the habit of active self study among students.

"Every question and answer session is a chance to memorize the lesson being taught. The knowledge thus gained and exchanged stimulates creative thinking," the firm added.

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## RETAIL

### Central business streets deserted in Hanoi, but retail premises still expensive

The social distancing in Hanoi has been removed for three months, but many shops on large streets in the central business district (CBD) remain deserted.

Hue and Hang Bai streets in the central area of the capital city, which has fashion, home appliance and food shops, and is 2 kilometers long, are quiet these days. A lot of shops have been closed. 'For Lease' signs and banners were seen hung at entrance doors of many houses.



*A survey by CBRE in late April of 200 tenants also showed the gloomy situation of the retail premises market. 79% of tenants feared that the business environment would be worse in the last 6 months of the year, while 43% said that the revenue would fall by 10-30% in 2020.*

Hang Bong and Hang Gai streets, near Hoan Kiem Lake, with silk, handicrafts and clothing shops, were also quiet with closed doors.

The owner of the clothing shop at No 12 Hang Bong street said her shop had moved to Hang Manh street. "The rent there is lower, and the business atmosphere is better," she explained.

The rent of shops with area of 8-11 square meters on Hang Bong street is VND10-12 million a month, a decrease of VND2-3 million compared with pre-Covid-19 days. Landlords require rent

every six months. Some landlords have decreased rents for 1.5-2 years.

The owner of a 3.5 story house, covering an area of 80 square meters on Hue Street, revealed that before Covid-19, the rent was VND100 million a month. The retail premises were enough for two fashion shops. Because of Covid-19, the two shops have closed and he lowered the rent by VND11.5 million a month.

According to JLL, the rents of street-front houses in Hanoi have been reduced by 20 percent.

A survey by CBRE in late April of 200 tenants also showed the gloomy situation of the retail premises market. Seventy nine percent of tenants feared that the business environment would be worse in the last six months of the year, while 43 percent said the revenue would fall by 10-30 percent in 2020.

Consultancy firms all said that retail premises owners have been hit hard by Covid-19.

According to estate experts, businesspeople have become hesitant leasing retail premises and opening new shops because business performance of street-front shops in Q1 was seriously affected.

Business improved in Q2, but the revenue remains unsatisfactory because the purchasing power depends on domestic buyers.

A report from Batdongsan.com.vn showed that the number of ads offering to lease street-front houses in Hanoi in Q2 increased by 6 percent compared with Q1, but rents have been decreasing. In Hai Ba Trung district, the rent has decreased by 4 percent.

However, analysts said the rents are still high despite the decreases. The retail premises market remains very attractive in the long term. Some foreign retailers are moving ahead with plans to expand their networks as they believe they can find the best premises at the moment.

## Shopee dominates online shopping in Vietnam

Shopee reported a new web traffic record in Vietnam with 52.5 million monthly visits last quarter, exceeding Lazada's previous record in 2017.



The Singapore online shopping platform's numbers exceeded those of the next two put together, Vietnamese companies Mobile World (25.1 million) and Tiki (21.1 million), according to data collated by Malaysian online shopping aggregator iPrice Group.

Shopee achieved growth of 21.6 percent from the first quarter, while the three behind it, Mobile World, Tiki, and Singapore's Lazada, saw declines of 6-12 percent.

In the last quarter of 2017 Lazada reported 50.5 million monthly visits, but since then its numbers have declined — to 18.5 million in the second quarter of this year — as other players grabbed a bigger share of the market.

Tiki and another homegrown player Sendo informed authorities in June that they planned to merge, but later decided to call off the deal due to disruptions caused by the Covid-19 pandemic and disagreements between their shareholders.

Last year Vietnam's Internet economy, which has been growing annually at 38 percent since 2015, was estimated to be worth \$12 billion.

It is expected to rise to \$43 billion by 2025, according to the "e-Economy Southeast Asia report 2019" by Google, Singapore investment firm Temasek and U.S. global management consultancy Bain.

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## LOGISTICS

### Australian firm to invest \$350m in Vietnam logistics real estate

Australian company Logos plans to invest \$350 million in the logistics real estate segment in Vietnam to take advantage of rising demand in the country.



*A logistics complex of Logos in Auckland, New Zealand.*

It has established Logos Vietnam Logistics Venture, a joint with an unidentified global investor.

Logos said in a statement that it wants to develop logistics real estate in Ho Chi Minh City, Da Nang and Hanoi to cover the entire country.

The company's managing director and Co-CEO, Trent Iliffe, said: "Being able to establish this new venture in the midst of the Covid-19 pandemic is testament to Vietnam's exciting

growth story, which is driven by the global trade wars, decentralization of supply chains and a natural evolution of this market."

Logos said Vietnam's significant growth in e-commerce makes it an attractive market for investors and customers alike.

The country has seen growing competition in e-commerce between local players like Tiki and Sendo and Singapore's Shopee and Lazada in recent years. The market grew by 32 percent last year to \$11.5 billion, according to the Vietnam E-commerce Association.

Glenn Hughes, head of Logos Vietnam Logistics Venture, said: "The long-term potential of the Vietnam logistics market is supported by strong tailwinds as companies seek to diversify their supply chains across multiple countries and further invest in technology within their facilities to meet the growing demand of e-commerce."

Logos has a portfolio of 100 logistics estates in nine countries.

### Logistics sails for new horizons with historic EU-Vietnam deal

The EU-Vietnam Free Trade Agreement is set to open whole new horizons for Vietnam's logistics industry. Tuan Bui, tax partner of Customs and Global Trade services at Deloitte Vietnam, talked with VIR's Thanh Van about some suggestions for Vietnamese logistics firms to prepare to successfully penetrate the EU market.

***What will be the main difficulties for Vietnamese logistics firms in taking advantage of the EU-Vietnam Free Trade Agreement (EVFTA)?***

The agreement is set to bring about enormous challenges for Vietnamese logistics companies, in addition to the chances it creates.

Europe is home to almost every world-leading logistics company, whose reputations are built by investments in logistics technology, modern fleets, cargo management, and high-quality customer services, as well as support from governments.

With the introduction of the EVFTA, the entry barriers to the Vietnamese logistics market are to be gradually removed for EU firms and thus, Vietnamese companies will be faced with increased domestic competition.

For instance, the EU's fleets are responsible for the shipping of most goods between Vietnam and the EU while their Vietnamese counterparts play a less important role, mainly due to their scale, outdated technology, and limited range. In addition, due to a lack of presence in the EU, Vietnamese companies tend to miss out on EU exporters as they already have relations with EU logistics firms.

Vietnamese enterprises also have to compete with non-EU counterparts from countries which account for large amounts of foreign investment such as South Korea and Japan since customers from those nations often choose their compatriots.

Besides that, for goods exported to the EU from Vietnam, like agricultural products, local companies might need a logistics system which meets different stringent international standards to ensure the preservation of product quality, particularly for medicine and agricultural products.

As such, Vietnamese logistics companies are under pressure to develop a strong and modern storage and transportation system, which is prevalent among EU firms. Furthermore, while the EVFTA also increases the openness of the EU market, it is unlikely that Vietnamese logistics companies can deeply penetrate and thrive in this territory due to lack of competitiveness and experience.

***EU companies are strong in logistics and the big gap between development of EU and Vietnamese companies will intensify competition. Which areas should Vietnamese firms focus on to gain more benefits from the EVFTA?***

Vietnamese logistics enterprises must enhance their strengths while overcoming their weaknesses in order to take advantage of the EVFTA and attract more customers.

Accordingly, areas that might require improvement include foreign presence, selection of potential customers, and investment in high-quality labour and quality of customer services. Supply chains in the EU hardly observe any participation from Vietnamese logistics firms, which is opposite to the prominence of European logistics entities in Vietnam.

For instance, Deutsche Post DHL Group, A.P Moller-Maersk, and Schenker are EU logistics companies which have established a strong position in the Vietnamese market and are service providers for

numerous Vietnamese enterprises. Consequently, Vietnamese logistics companies should consider expanding their businesses to Europe, which can be achieved by starting to collaborate with their European counterparts to perform low-level processes in both Vietnam and the EU.

One of our suggestions is that they should first consider leasing warehouses, premises, and vehicles to European logistics firms with contracts with EU customers so that the Vietnamese companies can enter the foreign supply chain. Alternatively, Vietnamese entities could boost their competing abilities by shifting the focus to small- and medium-sized customers.

Since European logistics firms in Vietnam mainly target large corporations with considerable margins, small- and medium-sized enterprises remain a lucrative market. However, to fully benefit from this sector, Vietnamese companies must leverage both the quality and the quantity of services to a multinational model as EU customers have a wide variety of demands for logistics services.

Lastly, as assessed by the Ministry of Industry and Trade (MoIT), most of the current logistics workforce in Vietnam is trained and developed from different sources, resulting in inconsistency in labour quality, which in turn hinders the capability of logistics businesses. Accordingly, logistics firms should concentrate on the hiring and training of their personnel – the most valuable asset in any business.

***Vietnamese products need to meet the requirements to enjoy tariff reductions under the EVFTA such as certificate of origin and traceability. How will the growth of Vietnam's export turnover from the EU effect the logistics industry now that the EVFTA is in force?***

It cannot be denied that the EVFTA will boost Vietnam's export turnover to the EU, which will result in strong growth in the logistics industry. The EU has been one of Vietnam's major export markets with Vietnam's export turnover to the EU constantly surging from 2000 to 2019.

The emergence of the EVFTA will continue to facilitate the movement of goods and services between the two regions, with export turnover to the EU estimated to rise by 42.7 and 44.37% by 2025 and 2030, respectively, compared to before as provided by the MoIT.

Such events will drive up the demand for logistics services. Accordingly, domestic logistics entities will likely enjoy a period of revenue growth. In addition, it generates an opportunity for businesses to extend their operations into different fields. For instance, it is probable that an increase in exports to the EU will culminate in a surging number of applications for certificate of origin as such documents are crucial in the enjoyment of preferential tariff rates.

As a consequence, Deloitte believes logistics firms should comprehend the regulations in the EVFTA and support clients in this extreme. Furthermore, the enhanced trade relationship resulting from the deal can boost transport demand among the EU, Vietnam, and Southeast Asia, creating a profitable client pool for Vietnamese entities.

Besides that, as import tariffs for vehicles, machinery, and technology for logistics purposes are reduced, Vietnamese logistics companies will enjoy lower capital expenses, creating room to up profitability.

## ITL Corporation completes acquisition of Sotrans Group

Indo Trans Logistics (ITL) Corporation today announced the successful acquisition of South Logistics JSC (Sotrans Group), raising its ownership ratio to 97%.



*The acquisition of Sotrans Group will bring greater values and enhance the position of ITL Corporation*

Dang Doan Kien, vice president of Investment Division at ITL Corporation said that, "ITL Corporation's acquisition of Sotrans Group will be the perfect marriage pooling the capabilities of a leader in the aviation market and a leader in port, port logistics, and inland container depots. The combination of these two businesses will bring our customers the practical benefits and added values by our integrated, diversified, and cost-optimised Logistics services."

ITL Corporation was set up in 2020. After 20 years of development, it has become a leader in providing integrated logistics services in Vietnam and Indochina. In particular, ITL is leading aviation services in the Indochina region, representing more than 22 airlines and transporting goods on more than 300 flights every week. The company also supports local companies to develop their business to international markets with integrated logistics services, including air, sea, rail, ground, multimodal transportation, and customs clearance.

Sotrans Group was established in 1975. It is one of the leading companies in international freight forwarding, import-export freight forwarding, and multi-functional warehouse services in Vietnam with an area of over 230,000 square metres. In particular, Sotrans Group focuses on port and port logistics and owns a port system including Sotrans ICD, Sowatco Long Binh port, and Depot Sotrans My Phuoc. It is currently a leading expert in warehousing, port, and port logistics in Vietnam and the region.

The successful merger with Sotrans Group, one of Vietnam's top 3 logistics services providers, is a result of a consistent investment strategy and the persistent pursuit of ITL Corporation's goals for the past five years. From now on, ITL Corporation and Sotrans Group are working as one towards the goal of National Champion and to affirm the position of ITL Corporation as a leader in integrated logistics solutions in Vietnam and the region.

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## INVESTMENT

### Japanese giant ENEOS registers to buy 13 million shares of Petrolimex

ENEOS – a Japanese leading energy group (formerly JXTG Nippon Oil & Energy) – has recently registered to buy 13 million treasury shares of Petrolimex.



The move aims to lift its ownership at Petrolimex, strengthen its foothold in the burgeoning Vietnamese market, and capitalise on the country’s potential.

Before the transaction, ENEOS Corporation did not own any Petrolimex shares but it is linked with JX Nippon Oil & Energy Vietnam, a major shareholder that owns more than 103.5 million, accounting for approximately 8.73% of Petrolimex.

In addition, Toshiya Nakahara, a member of Petrolimex’s Board of Management, is also part of the key personnel at ENEOS Corporation.

Previously, JXTG has formally changed its name to ENEOS as part of a corporate restructuring to address the oil industry’s imminent shift to a low-carbon society. Its core unit, refinery and gas station operator JXTG Nippon Oil & Energy, was renamed to ENEOS Corporation.

Petrolimex (HSX: PLX) previously notified the Ho Chi Minh City Stock Exchange that it will sell 13 million treasury shares or 1.1% of the outstanding shares between August 27 and September 25.

In general, experts still believe Petrolimex 12-month target stock price would benefit thanks to growth in retail energy demand, expansion of more profitable directly-owned gas stations, and greater use of convenience stores to boost revenue from the gas station network.

### South Korea's internet giant Naver ventures further into Vietnam

Naver, one of South Korea’s biggest technology companies, on August 20 officially signed a cooperation agreement with Vietnam’s Posts Telecommunications Institute of Technology (PTIT) on investment, development, and training of AI in the country.

The cooperation is part of Naver’s Global AI R&D Belt strategy. Under the MoU, the two sides will cooperate in organised training courses on embedded, IoT, AI, big data, blockchain, data for students; and exchanges of students and teachers to help Vietnamese join the exchange programmes of Naver.

The cooperation will also include technology transfer and exchange, technology application, products and services which Naver has strong expertise; develop new curricula and international training programme; scholarship programmes for PTIT’s excellent students in AI; and joint research projects between Naver and PTIT; among others.

Addressing the signing ceremony, Dang Hoai Bac, deputy head of PTIT, expressed that he was deeply impressed by the Global AI R&D Belt strategy of Naver.



*Dang Hoai Bac, deputy head of PTIT and Park Dong Jin from Naver signed the MoU*

"PTIT's research teams are eager to cooperate with Naver's because the fields that the South Korean technology giant is interested in are also PTIT's focuses, especially multimedia labs and machine learning labs."

Park Dong Jin, director of Naver in charge of the Asia-Pacific region said that, "The cooperation with PTIT has been in Naver's plan for a long time as the institute is the leading IT training centre in Vietnam – and the young Vietnamese

generation is very good at IT."

Naver announced the Global AI R&D Belt in 2019, building a network of AI labs in South Korea, Japan, France, and Southeast Asia, with Vietnam being a focus. Through this belt, Naver aims to connect lecturers, universities, startups, and labs to exchange expertise and cooperate in AI development.

In July 2020, Naver signed a cooperation agreement with Hanoi Technology University, opening for future cooperation with Vietnam in the Global AI R&D Belt.

Naver now has more than 3,500 staff globally. Naver is also the leading online search engine in South Korea, handling nearly 75% of all web searches with 42 million enrolled users.

Naver's market capitalisation in South Korea's stock market is currently over \$40 billion.

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

*Research & Consulting Division*

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