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FINANCE

Vietnam stock market predicted to surpass 1,200-threshold in mid-term

For 2021, the firm expected Vn-Index to fluctuate in range of 1,070-1,250.

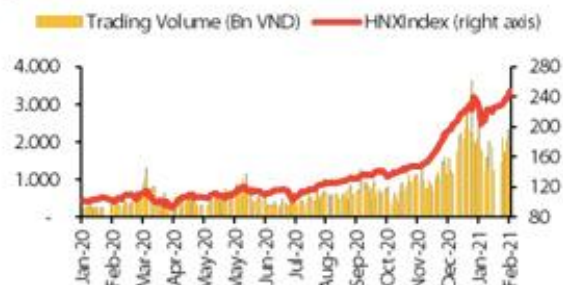
Vietnam’s stock market is expected to surpass the 1,200-threshold in the second half of 2021, especially as the country continues to maintain its current easing monetary policy to support economic recovery, according to Viet Dragon Securities Company (VDSC).

Figure 1: VN Index in 2020 till end of Feb 2021



Source: Fiinpro, Rong Viet Securities

Figure 2: HNX Index in 2020 till end of Feb 2021



Source: Fiinpro, Rong Viet Securities

Meanwhile, in short-term, the benchmark Vn-Index is likely to struggle to break the 1,200 in short-term, in which the VDSC cited the upward movement of inflation and US 10-year government bond as reasons.

According to the VDSC, many stock markets started to correct when the yield of 10-year US government bonds increased by more than 16 basis points to 1.6% as of February 25 (the highest level since February 2020), including the negative movements in the last week of February of major indices such as Nikkei (-3.50%), SET (-0.94%), and SP500 (-2.44%).

Vietnam’s market also aligned with global market but experienced a less fierce correction on a weekly basis (-0.42%). However, the strong selling pressure also happened with a reduction of 15 points (-1.33% on a daily basis) on February 24.

“Therefore, watching central banks behavior is critical to evaluate potential stock price movements,” noted the VDSC.

Another issue that limit the growth of the stock market is the overloaded trading system. The VN-Index sporadically freezes in trading when the market volume reaches around VND14 trillion (US\$606.3 million) due to overloads of orders on the HOSE trading system.

It hampers further upside potentials of the VN-Index as new investors would find it difficult or be confused to place orders, noted the VDSC.

Many efforts in the short-term are recommended such as increasing the trading lot from 10 to 100 shares per lot (started in January 2021), and moving some stocks in HOSE to HNX, but the effect is still not measurable, it added.

“Currently, investors expect that the application of the KRX system from South Korea at the end of 2021 would completely solve the overloaded orders problem,” but adding the timeline stays far away by late 2021.

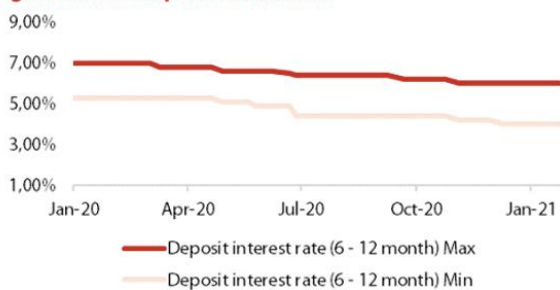
At last week’s Dialouge 2045 between government leaders and the business community, Chairman of the National Private Economic Development Research Board Truong Gia Binh expects strong mutual trust among the government, enterprises and the people.

In this regard, Binh expected Prime Minister Nguyen Xuan Phuc to allow private enterprises to solve the existing problems of Vietnam’s stock market.

Chairwoman of budget carrier Vietjet Nguyen Thi Phuong Thao said it would cost HOSE millions of dollars to solve the current technical issues, suggesting the businesses could join hands in this efforts.

Favorable mid to long-term outlook

Figure 18: Bank deposit interest rate



Source: Fiinpro

Despite these short-term risks, the VDSC said the stock market’s mid to long-term positive outlook continue to stay.

According to the VDSC, the low-interest rate environment is still an unprecedented catalyst to support the stock market in 2021.

The deposit interest rate has not shown sign of going up as the rate of six to 12 month of the

whole banking industry in February was on a 4% to 6% range (versus average of 6% in the same period last year) and almost sideways compared to the previous month.

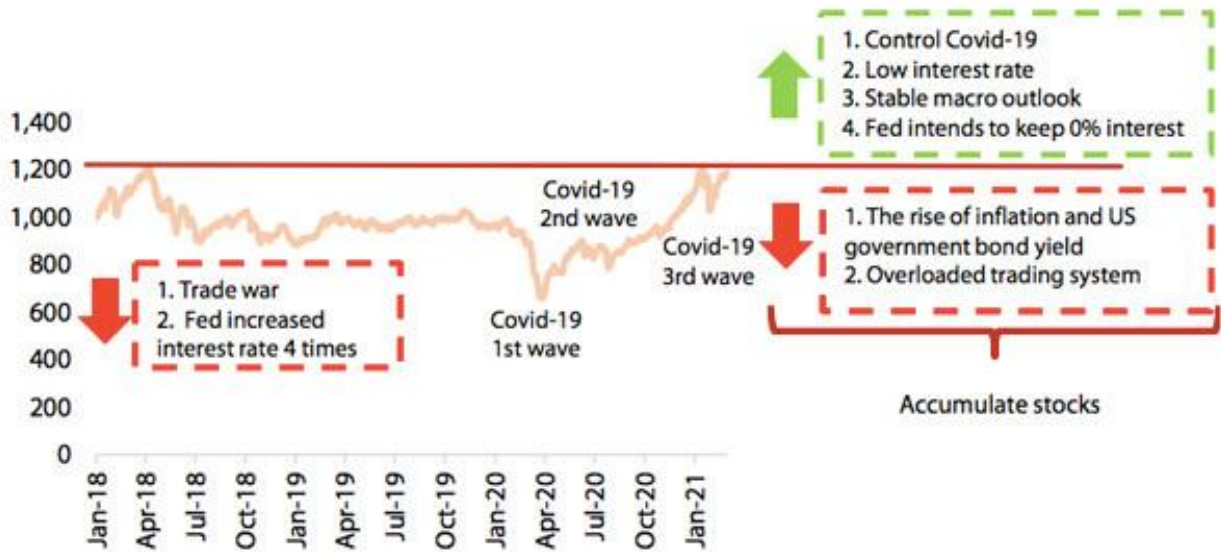
Looking forward, as stated earlier, the risk of higher interest rates given the raise of inflation in February would be noticeable.

However, until now, it is still controllable given the government’s effort such as using the petrol price stabilization fund to offset higher global oil prices. Therefore, stock market is still an attractive channel for investors given low banks’ deposit rates.

“From a psychological perspective, it would take time to test this zone [1,200 points] but positive prospects in mid to long-term outlook outweighs those concern,” it noted.

“Therefore, it would be appropriate for investors to avoid “buy on the rise” and consider accumulating stocks having promising outlook in 2021 in strong volatile trading sessions,” reiterated the securities firm.

Figure 19: Market performance after reaching 1,200 points



Source: Fiinpro

For 2021, the firm expected Vn-Index to fluctuate in range of 1,070-1,250.

The Vn-Index ended the final trading session of last week at 1,168.69, an increase from 0.22 points or 0.02% against the previous one.

Investors feel insecure about HCM City Stock Exchange congestion, move to other bourses

The chronic congestion on the Ho Chi Minh City Stock Exchange (HoSE) has caused losses for retail investors, making them insecure.

Instead of congestion, and errors, only in the afternoon or near the close like previously, errors are now occurring even in the morning.

For example, on March 5, just after the market opened, the security live board froze and failed to show realtime prices.

Nguyen Kha, a veteran investor in HCM City, said he punched in an order to sell HBC shares on March 3 when it jumped to above VND18,500 (US\$804 million), but only half his order was matched, and in the next few days had to sell at below VND18,000 since he needed money, losing VND1,000 per share.

Another investor on HoSE said he has been in a constant state of insecurity recently and cannot do any other work after placing orders since one needs to watch the screen to see if the order is matched.

This insecurity has caused many investors to switch to trading on the Hanoi Stock Exchange (HNX) and UPCoM, causing shares there to skyrocket in terms of both price and trading.

On March 4 UPCoM saw trading worth VND1.7 trillion, twice the normal average.

Drastic solutions

To tackle the overload at HoSE, the State Securities Commission (SSC) said it is speeding up installation of a new trading system provided by the Korean Exchange (KRX).

Last week it instructed the temporary transfer of shares from HoSE to HNX to much acclaim from both investors and analysts, but a difficult task since listed companies need to get approval from their shareholders.

Besides, it could take securities companies one to two months to meet the technical changes involved in identifying the shares transferred to the HNX.

Some need even six to nine months.

Dr Nguyen Van Thuan of the University of Finance and Marketing told Thanh Niên (Youth) newspaper however that since this solution has the least impact on investors and companies, the SSC could make it not mandatory for companies to get approval.

The settlement between the two exchanges and securities companies is an internal issue, and so the switch could be accelerated, he pointed out.

If the problem lasts much longer, not only investors but also the stock market and the economy itself would suffer badly, he added.

Three companies dominate consumer lending market in VN

Three companies are dominating the consumer lending market in Vietnam, with FE Credit, HD Saison and Home Credit firmly on top.

According to the State Bank of Vietnam (SBV) 16 finance companies are licensed to provide consumer lending with their total charter capital worth more than VND22 trillion (US\$948 million) as of the end of 2020.

Those with the largest charter capital include FE Credit (VND7.328 trillion), SBIC Finance (VND2.532 trillion), EVN FC (VND2.5 trillion), Home Credit (VND2.05 trillion) and HD Saison (VND1.4 trillion).

A report from Fiingroup on the domestic consumer lending market showed that consumer credit now accounts for 20.5% of the total outstanding loans in the economy, 2.5 times higher than 2012, with an average annual growth rate of 20%.

FE Credit, HD Saison and Home Credit altogether account for 80% of the consumer lending market. FE Credit alone has a share of more than 52%, much bigger than Home Credit in second with a share of 17% and HD Saison with a share of 11%.

A report from VPBank, which owns FE Credit, showed the company holds a market share of more than 55%. In 2020, FE Credit provided new loans worth VND63 trillion, about VND10 trillion lower than 2019 but still the company with the highest value of new loans in the market last year.

The total outstanding loans of FE Credit were estimated at around VND66 trillion as of the end of 2020, a slight increase from 2019. The bad debts were estimated at about VND4.3 trillion.

With total assets worth more than VND16.1 trillion by the end of last year, HD Saison's outstanding loans were estimated at VND14.23 trillion, up 13% against the previous year.

Home Credit's outstanding loans were estimated at more than VND20 trillion.

Despite higher risks than bank loans, the consumer lending market is still attractive to investors thanks to its profitability.

According to SBV statistics, finance companies have the highest profitability among credit institutions in Vietnam.

The latest updates available in October showed a return on asset (ROA) and return on revenue (ROE) of finance companies were respectively 2.19% and 10.55%, highest among credit institutions. The ROA of finance companies was even 2.8 times higher than commercial banks.

A number of banks have launched finance companies, such as VP Bank with FE Credit, HDBank with HD Saison, SHB with SHB Finance and MBBank with Mcredit.

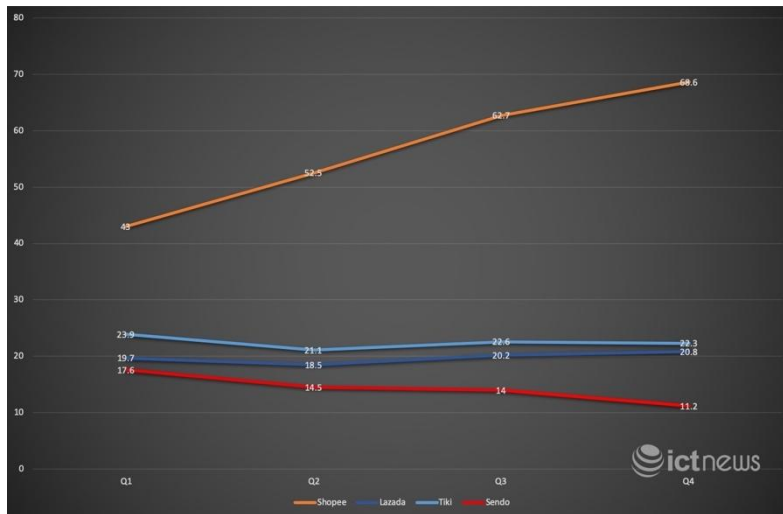
Banking expert Can Van Luc said Vietnam's consumer credit market had significant potential for development. Consumer loans are estimated to account for around 18-20% of the total outstanding loans in the economy. — VNS

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E-COMMERCE

Are Vietnam's e-commerce platforms inferior to foreign competitors?

Some reports show that Shopee has left its rivals far behind, and that Tiki is competing equally with Lazada, while Sendo is in the fourth position.



The numbers of visits to websites from Q1 to Q4 2020

In 2020, when the rumor about the merger of Vietnamese sites Tiki and Sendo spread, many experts predicted that the combined efforts of the two e-commerce platforms would help increase the competitiveness of Vietnam's e-commerce in the region.

However, as the merger plan failed, the competitiveness of Vietnamese players in comparison with foreign ones remains a question.

Shopee, Lazada have diverse goods, Tiki good at delivery

A recent report from Reputa, a social listening platform, showed that Shopee is mentioned more on the internet more than other e-commerce platforms. Meanwhile, Tiki has gained fame for its the delivery speed.

In 2020, nearly 70% of discussions on social networks were about Shopee. Lazada ranked second with 11.4%, followed by Tiki and Sendo with 9.07% and 8.78%, respectively.

On Google Trends, Shopee has also left other rivals far behind. The next positions belong to Lazada, Tiki and Sendo.

Shopee leads e-commerce platforms in its ability to approach young clients, aged 18-35, mostly female clients from Hanoi and HCM City.

Young people and women are also the majority of clients interested in other platforms, but they account for a smaller proportion than Shopee.

According to Reputa, goods are the most influential factor on the four e-commerce sites. The factors include the cost, quality, variety of goods and reliability of stores on the platforms.

Lazada (53.55%) and Shopee (52.9%) are the two sites where the goods factor is highest, followed by Sendo (37.35 percent) and Tiki (33.65%).

The second most important factor to attract customers is marketing and media campaigns. In this term, Tiki is leading (38.65%), followed by Sendo (30.45%), Shopee (30.3%) and Lazada (24.05%).

The third most important factor is the delivery service (delivery speed and shippers' behaviors), and customer care. Tiki is the e-commerce site which pays the highest attention to that factor (20%). It can deliver goods within two hours, and customers can check goods before receiving.

Meanwhile, the shops that deceive clients, deliver wrong goods and provide low-quality and counterfeit goods are the biggest problems (46%) that cause dissatisfaction when shopping on the four platforms.

After analyzing clients' assessments, Reputa concluded that Tiki is good at delivery speed, while Shopee's advantage lies in its goods diversification and costs.

Shopee excels in number of views

According to iPrice, Shopee led in both the number of visits to the website and the ranking of apps on Android and iOS in the entire year 2020. Tiki and Lazada are on the same par, while Sendo has been left behind.

In terms of visitors, Shopee had 43 million visits to its website a month in Q1 2020, double the figure of Tiki, which was in the second position. In Q4 2020, the number of visits to Shopee surged to 68.6 million a month, triple Tiki's. The app of the platform also ranked No 1 in 2020.

As for Lazada and Tiki, the number of visits to the latter was usually a little higher than Lazada. On average, Tiki had 22.5 million visits a month in 2020, higher than the 19.8 million of Lazada.

Meanwhile, Sendo was in the fourth position with the number of visits decreasing from 17.6 million a month in Q1 to 11.2 million in Q4 2020.

In Q1 2020, Tiki's app ranked second for iOS operating system. But since the Q2, it has fallen into the third position. Meanwhile, the two foreign platforms, Shopee and Lazada, have been in the two leading positions, pushing the two Vietnamese platforms to the bottom of top 4.

As such, the foreign Shopee and Lazada are ahead of Vietnamese rivals. Tiki number of visits is a little higher than Lazada, but the figure is still far lower than Shopee. Meanwhile, Sendo is at the bottom in top 4 in both web and app users.

Founded by Vietnamese, both Tiki and Sendo have investment capital from both Vietnamese and foreign funds.

To compare the four e-commerce platforms, it is necessary to compare their turnover and profits, but all of them have not made public these figures.

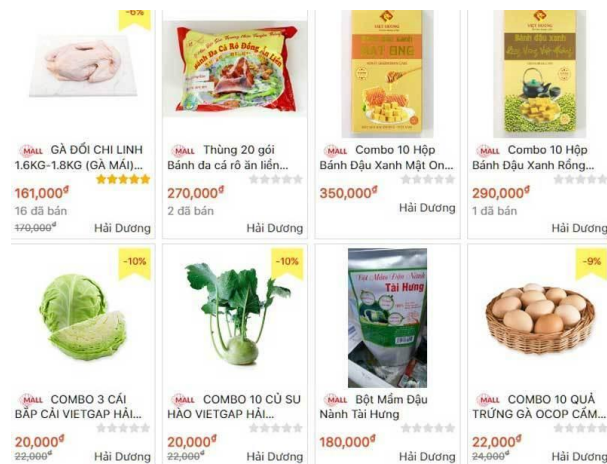
CafeF estimates that Lazada's accumulative loss by 2018 had reached VND7.111 trillion, Shopee VND2.708 trillion, Tiki VND1.395 trillion and Sendo VND1.253 trillion.

The figures about losses show the high investment levels. The two foreign rivals take full advantage of their capital to compete with Vietnamese platforms which have less money.

According to Ministry of Industry and Trade, Vietnam’s e-commerce grew by 18% in 2020, the highest growth rate in the region. It is the only country in Southeast Asia which had a two-digit growth rate. The market had value of \$11.8 billion, accounting for 5.5% of total turnover from goods and service retail.

Online stalls help ‘rescue’ farm produce in North

Hai Duong’s first farm produce, including cabbage and chicken eggs, are being sold on voso.vn, an e-commerce website, while an online stall distributing Hai Duong’s produce has been set up.



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Hundreds of farm produce have been stuck in Hai Duong, a Covid hotspot. Tens of thousands of tons of oranges in Ha Giang cannot be sold. In Me Linh district in Hanoi, farmers threw turnips into river, while Nam Dinh’s farmers can only get VND1,000 only for three kilograms of tomatoes.

In Hai Duong province, because of the lockdown commencing on February 16, nearly 90,000 tons of farm produce could not be sold. The provincial authorities then had to ask for help, calling on people to buy Hai Duong’s produce.

Within half a month, 27,000 tons of farm produce were ‘rescued’ with selling prices of VND4,000-7,000 per kilogram and 1 million chickens were sold, while 100,000 eggs were sold each day.

However, there are problems in the way the produce are sold: tons of vegetables and eggs are displayed on pavement, sold dirt cheap, and the rate of broken and rotten produce is high.

Orange growers in Ha Giang have seen prices fall dramatically to VND3,000 per kilogram. The provincial agriculture department estimates that the total orange output is 70,000 tons this crop, but only 20,000 tons have been sold.

The same thing is happening in Tuyen Quang province. This is the second year the orange prices have dropped so sharply.

The local authorities reported that there are 8,600 hectares of orange growing area that produces 90,000 tons a year. In previous years, farmers could earn VND100-150 million per hectare selling oranges at VND8,000-10,000 per kilogram.

In late February, 600 tons of turnips were due to be harvested, but they remained unsold and were thrown away. In the Tay Tuu flower village in Hanoi, farmers were upset when they had to chop down daisy plants and sell lilies cheaply.

Farmers in Rang Dong Town in Nam Dinh do not want to harvest tomatoes at this time, leaving them rotting in the fields, because they cannot carry them away because of lockdown in many localities.

In Dien Chau and Hung Yen districts of Nghe An province, cabbage grown on hundreds of hectares could not find buyers, though the price has fallen to VND2,000 per kilogram.

E-commerce sites

With the support of local authorities and people throughout the country, some of the farm produce has been sold. However, experts point out that over the long term, farmers need radical solutions to sell produce, rather than rely on support from consumers.

Pham Tat Thang, a market expert, said it is necessary to put farm produce for sale on e-commerce platforms, which can reach a wide market.

Thang believes that this is a feasible solution as nearly all Vietnamese people have smartphones, including farmers. However, he stressed that there should be a good logistics system to support farmers in preservation and transportation.

In fact, the solution has already been applied by many individuals. Pham Van Khang and his wife in Tuy Duc, Dak Nong province sold out their macadamia and bananas by putting produce online.

In order to help farmers, Viettel Post has introduced a digital technology solution to allow farmers to sell produce on Vo So e-commerce website via a smart logistics system.

With Vo So, farmers can sell produce at good prices, while consumers can be sure that they are buying high-quality produce.

Viettel Post Hai Duong has sent officers to the fields to show farmers how to create online stalls and put produce on Vo So. They also show farmers how to use the e-commerce site, and help farmers take pictures and write about produce.

The first stalls became operational on March 4.

Now people can buy Cam Dong chicken eggs, Chi Linh hill chickens, Thanh Ha guava and other specialties just with clicks. This farm produce has been certified as meeting OCOP (one commune one product) or VietGap standards.

Following voso.vn, many other e-commerce websites have been cooperating with local authorities and farmers to distribute fresh produce directly to consumers. Not only produce from Hai Duong, but specialties from other localities will be available on online markets.

Three main trends for Vietnam's e-commerce in 2021

Innovation in Vietnam's e-commerce industry this year will focus primarily on payments, logistics, and digital technology.

In 2020, major online shopping platforms in Vietnam added games and livestream services.



Tran Tuan Anh, managing director at Shopee Vietnam, said during the time of social distancing, Vietnamese consumers began to switch to online platforms for both essential goods and entertainment purposes.

E-commerce applications, therefore, must integrate many interactive elements such as games and livestream to increase connections with users.

In 2021, Shopee predicts three main development trends in the e-commerce industry, including the development of digital payments, logistic services, and changing of selling methods.

As noted by Shopee, the total number of orders paid through Airpay e-wallet across Southeast Asia grew by four times. In particular, the strongest growth rate was for buyers over 50 years old, which demonstrates the easy accessibility of Airpay wallet.

As the government is moving towards a cashless society, epidemics have become a driving force behind this process in some areas where most consumer transactions are done in cash.

In addition to increasing wallet usage in online shopping, traditional stores are also accepting more payments via e-wallets. The number of stores in Vietnam using AirPay wallet payments doubled in 2020.

In the year 2021, Shopee said, consumers expect more efficient deliveries. Businesses and sellers need to use technology effectively to ensure that goods are delivered quickly and at cost savings. To do this, it

is necessary to monitor the entire process from moderation to delivery, including improvement of logistics networks and warehouse capacity.

In 2020, many businesses transported goods from warehouses at a rate that was three times higher.

In Vietnam, goods related to food, health and home transported from Shopee's warehouse doubled last year.

Delivery is the key to many online shopping platforms so it is incorporated into Tiki's development strategy in 2021. Chief Financial Officer at Tiki Richard Trieu Pham said that Tiki has invested tens of millions of US dollars in technology and logistics systems each year, and will continue to increase in the future.

Technology and the end-to-end supply chain at Tiki help ensure the shortest order and delivery times at the lowest cost, thanks to the reduction of intermediary steps and optimization of the use of raw materials and identification of the fastest route.

In 2020, Tiki recorded a reduction of more than 25% in logistics costs per order and a return rate of less than 1%.

The Covid-19 pandemic has prompted businesses, from high-end brands to small businesses, to promote online businesses. This has led to the third trend where businesses and sellers have had to adopt an innovative digital strategy to reach customers in the context of social distancing.

For example, last year Shopee combined with Pond to integrate AI into shopping consulting and skin care consulting for customers.

According to the Department of E-Commerce and Digital Economy under the Ministry of Industry and Trade, Vietnam's e-commerce in 2020 increased by 18% - the highest level in the region.

Market size reached \$11.8 billion, accounting for about 5.5% of total retail sales of consumer goods and services nationwide.

Vietnam was also the only country in Southeast Asia with double-digit e-commerce growth rate last year. Although the number of transactions increased over the same period, due to the epidemic, people mainly bought low-value goods, leading to a decrease in revenue.

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ENERGY

Ninh Thuan looking for investor for \$135 million BIM wind farm

Ninh Thuan Department of Planning and Investment has issued a call for interested investors to join bidding to develop the BIM wind farm project.

The BIM wind farm has the total estimated investment capital of VND3.11 trillion (\$135.2 million) and covers an area of 30.8 hectares in Thuan Nam district of Ninh Thuan province.

Ninh Thuan People's Committee has approved BIM wind farm, which is one of the projects listed in planning approved by the prime minister.

The project has a designed capacity of 88MW. The precise investment capital will be determined after the investor built the feasibility report.

The deadline for submitting the applications is March 19.

Once completed, the wind farm will generate 306.9 million kWh a year for the national power grid, which will contribute to balancing the ratio of renewable and other energy sources.

Previously, in April 2019, the province organised the inauguration ceremony for the solar power complex with three farms namely the 30MWp BIM 1, the 250MWp BIM 2, and the 50MWp BIM3 invested by BIM Group.

The construction of this complex was started in January 2018 with the total investment capital of VND7 trillion (\$304.35 million). It has installed one million panels and has a capacity of 600 million kWh per year.

The province has a high level of sunshine hours (2,467) per year and solar radiation per square metre 1,800kWh per year, making it ideal for solar energy projects.

Under the province's green energy plan, by 2030 it is expected to reach a total capacity of 1,500MW of wind energy and 3,912MW of solar energy.

The province is now home to 17 operational solar farms with a total capacity of 1,100MW. It has also approved 13 wind farms with a designed capacity of 680MW, three of which are operational.

Malaysia's Tenaga makes foray into Vietnamese solar market

Tenaga Nasional Bhd.'s (TNB) wholly-owned subsidiary TNB Renewables Sdn., Bhd. will acquire a 39% stake in a 21.6MW project comprising of five rooftop solar plants in Vietnam from Singapore's Sunseap Group.

In a filing to Bursa Malaysia today, TNB said this acquisition extends TNB's collaboration with Sunseap, beyond the Malaysia and Singapore cross-border partnership, to capture the rapid growth in the Vietnamese renewable energy market, as reported by *The Malaysian Reserve*.

The acquired project has secured the Feed-in Tariff (FiT) 2 rates in Vietnam. Having achieved commercial operation date in December 2020, all five plants are under 20-year Power Purchase Agreements (PPAs) with EVN to supply clean energy to the national grid.

Sunseap currently holds a 90% stake in the projects, which will be reduced to 51% upon completion of the 39% stake acquisition by TNB Renewables slated for the first quarter of this year. Sun Times Energy JSC, an existing shareholder of the project, will continue to own 10% equity interest in the project, according to TNB.

LNG powering the future of energy

US-backed GE and partners have launched operations at Track 4A Power Plant in Malaysia, marking the very first commercial use of the former’s second-generation H-class gas turbines that are expected to widen the horizons of low-carbon energy production and accelerate the growth of liquefied natural gas in the global energy mix.

GE, CTCI Corporation, and Southern Power Generation Sdn., Bhd. (SPG) at the end of February started commercial operations at the latter’s Track 4A Power Plant in Malaysia – the world’s first facility to place GE’s 9HA.02 combined cycle power plant in commercial operation.

With CTCI acting as the engineering, procurement, and construction partner, the plant features two single-shaft generating blocks, each equipped with a 9HA.02 gas turbine and a STF-D650 steam turbine, driving a W88 generator, and – for the first time installed in an H-class plant – a GE once through heat recovery steam generator delivering higher combined cycle efficiency.

In addition, for a term of 21 years, GE will provide its full spectrum of services and digital solutions to improve asset visibility, reliability, and availability of the Track 4A plant, including its Mark VIe integrated plant control system offering a single operator interface and troubleshooting tools to ensure simple yet efficient operations and rapid recovery in case of arising issues.

Track 4A Power Plant will also be connected to GE Digital’s Predix Asset Performance Management software to ensure minimal downtime through GE’s extensive predictive maintenance and Industrial Internet of Things capabilities. Data collected from the myriad of sensors deployed throughout the plant will be monitored and analysed round-the-clock at GE’s Monitoring and Diagnostics Center in Kuala Lumpur.

Not only generating energy for approximately three million Malaysian homes, Southern Power Generation’s Track 4A Power Plant is the world’s first to run with GE’s newest, second-generation HA turbines which offer significant improvements to the already industry-leading first generation.

GE’s HA line-up are the world’s largest and most efficient gas turbines, with more than 120 units ordered by more than 48 customers across 20 countries.

Holding two world records for efficiency – powering the most efficient plant in its class for 50 and 60 Hz applications – GE H-class technology offers the most significant financial savings across the entire industry.

Christophe DuFaut, general manager, project execution at GE Gas Power in the Asia region, shared at the plant's virtual launching announcement that the company's H-class power plants offer the lowest capital cost and the lowest cost of converting gas to electricity across the full lifecycle and total cost of ownership.

"A 1,000MW H-class combined cycle plant would require about 13 acres (50,000 square metres), compared to an onshore wind farm of the same capacity that would require about 50,000 acres (200 square kilometres) or a solar PV plant that would require 5,000 acres (20 sq.km)."

In addition, with its 80 years of history in delivering and engineering combined cycle power plants, with the first H-class technology introduced to the industry 29 years ago, GE's second-generation H-class fleet has racked up more than 850,000 operating hours as of February 2021 and is the world's fastest-growing fleet in its class.

Currently generating 21.5GW at 24 sites across the globe, all of GE's H-class turbines are monitored daily from its centre in Kuala Lumpur and are serviced by a dedicated global field service team operating in more than a hundred countries. The corporation's extensive support and service excellence are shown the 99 per cent reliability for its HA fleet.

New push for LNG and future of energy

Apart from offering unparalleled energy efficiency and financial savings, the newest generation of GE's H-class turbines also boast lower emissions, for which it has been highlighted to play a key role in securing Asia's energy future.

Indeed, growing global energy demand is being largely met with renewables, with two out of 3kW of new power currently being built coming from these resources. However, utilities and policy-makers alike are warning of the inherent instability of renewables – an overcast day or a windless night can both spell reduced output – requiring ever-growing investments in storage capacity, as well as a power source in the energy mix that has an "on and off switch" to maintain power output when renewable sources are in a lull.

Most utilities and policy-makers envision a power mix combining liquefied natural gas (LNG) and renewables – while phasing out other fossil fuels over the next years and decades. Figures from GE show that more than 40 countries are now able to import LNG at the rate of 100 million tonnes per year, and give it a growing share in their energy mix.

LNG can outperform other fossil alternatives both in efficiency and emissions – but in both cases this competitive edge is heavily dependent on the technology involved.

Fostering Vietnam's turn to renewables

As the most efficient and advanced gas turbines for the 50Hz market, there is certainly an opportunity for 9HA.02 turbines to help Vietnam meet its current energy needs while providing a path to continued regional growth, DuFaut added.

Indeed, LNG will take the driver's seat in Vietnam's power mix, generating the majority of the 130GW the country is forecast to need by 2030. With plans to meet this explosively growing need in ways that tie into Vietnam's environmental goals, the country now has 22 LNG projects in the planning, with the first ones to begin generation as soon as 2022-2023.

GE technologies stand ready to support Vietnam's diverse energy mix by providing more reliable and flexible power. Currently, GE generates up to 30 per cent of Vietnam's power with a fleet of more than 25 gas turbines. The corporation has six locations across the country, including its Phu My gas turbine component repair workshop (owned jointly by Power Generation Corporation 3) and a heat recovery steam generator plant in Dung Quat. Employing a total of approximately 1,600 employees in Vietnam, GE is servicing more than 10 local power plants and other projects.

"Here in Asia, as well as in Vietnam, there is a strong commitment from industry players for reduced or near-zero carbon emissions for their operations, while ensuring power that is sustainable and reliable," said DuFaut.

The second generation of GE's H-class turbines can foster this not only through the powerful improvements in emissions and efficiency but by its efficient, modular design.

"We were able to deploy this gas turbine quicker and faster while also optimising maintenance," he explained. "Through this modular design, everything is freely accessible for ease of maintenance. This increases the availability of this gas turbine and the entire power plant. In addition to the technology efficiency of its own, it also extends the life cycle of the power station."

GE's 9HA.02 turbines offer industry-leading combined-cycle efficiency, unparalleled operational flexibility, and lower emissions – all factors in great demand by investors and policy-makers alike. Combined with the reduced installation time and cost, as well as the ease of maintenance, these turbines a match to Vietnam's ambitions of expanding power output while achieving higher efficiency and continue its tremendous economic growth.

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RETAIL

Retail market slumps, global supermarket chains leave Vietnam

Big C, Metro, Tran Anh and Vien Thong A, once powerful retail giants, have disappeared after takeover deals.

Central Retail Group has renamed seven Big C supermarkets to Tops Market and 5 Big C hypermarkets to GO! in its brand repositioning plan.

Other Big C hypermarkets, one after another, will also be repositioned and renamed this year. Once the process completes, Big C, the brand which has been familiar to Vietnamese for 22 years, will no longer exist in Vietnam.



With nearly 100 million people, increasingly high income per capita and stable economic development, analysts believe that Vietnam will continue to be a potential retail market. If the current high growth rate is maintained, the Vietnamese retail market

In 2016, Casino sold the entire Big C chain to Central Group from Thailand for \$1 billion. Soon after wrapping up the deal, the Thai group set to work on a plan to rename the chain in 2017, though it has the right to use the name for 10 years.

Prior to that, Metro Cash & Carry was sold to TCC Group in 2015. The Thai business spent 655 million euros to acquire 19 Metro centers in Vietnam.

Following Maximark and Ocean Mart, Fivimart was eliminated from the retail market after it merged with Vinmart. Twenty-three Fivimarts were renamed Vinmart in October 2018.

Another French retail brand – Auchan – also had to shut down in Vietnam in 2019. The retailer entered Vietnam in 2015 and left four years later after developing 18 supermarkets in Hanoi, HCM City and Tay Ninh.

The stiff competition in the home appliance retail market has also resulted in the departure of big brands. In 2018, The Gioi Di Dong bought 23.6 million shares of The Gioi So Tran Anh JSC, the owner of Tran Anh chain.

At that moment, Tran Anh was a well known brand with a network of 34 stores. After the takeover deal, one of the biggest deals in the market, Tran Anh belonged to Dien May Xanh.

Vien Thong A, which pioneered the mobile phone and electronic device distribution market with 200 stores nationwide, has also disappeared. In late 2018, Vingroup acquired 65% of Vien Thong A shares in a plan to expand the business of its Vinpro. However, just one year later, VinPro was dissolved.

As for convenience store brands, Shop&Go no longer exists after it was sold to Vingroup for just \$1. The chain joined the market in 2006, sold a variety of products, from processed food to industrial products

and cosmetics. In its golden days, Shop&Go was the largest convenience store chain with 100 stores in 2013, while its rivals only had 30 stores.

Tough game

A.T Kearney said Vietnam ranks sixth in terms of the retail development index.

With nearly 100 million people, increasingly high income per capita and stable economic development, analysts believe that Vietnam will continue to be a potential retail market. If the current high growth rate is maintained, the Vietnamese retail market value will reach \$200 billion in two years.

However, the disappearance of many retail brands shows that not all retailers can grab opportunities in this market.

Auchan said it had unsatisfactory business results during the 5-year presence in Vietnam. In 2018, it had modest turnover of 45 million euros.

At the time it was sold to The Gioi Di Dong, Tran Anh was incurring a loss of VND4 billion according to a finance report for April 1 – December 31, 2018, while the accumulated loss had reached VND58 billion by that moment (its charter capital was VND249 billion).

While Auchan and Tran Anh were sold for good prices, Cua Hieu va Suc Song, the owner of Shop&Go, got \$1 only when selling to Vingroup.

Do Thi Thu Hang from Savills Hanoi believes that the Vietnamese retail market will be even stiffer in the future because foreign retailers, after a long period of learning about the market, have better understood the taste and habits of Vietnamese consumers. This will allow them to create reasonable business strategies to compete with Vietnamese rivals.

The success of retailers will be determined by business strategies and technology usage to fit the modern consumers' habits.

According to Hang, the weak point of Vietnam's retail market is the lack of a master plan to introduce retail premises to big retail developers. The land prices are high in major urban areas, which requires high initial investment rates, and it takes a long time to recover investment capital.

Porsche opens its second Southeast Asian retail store in Vietnam

Vietnam is fast becoming a destination for big brands to open retail stores. Porsche is now the latest addition.

The German automobile manufacturer, well known for its iconic high-performance sports cars, SUVs, and sedans, recently opened its latest retail store in Southeast Asia.

The new Porsche Studio Hanoi is the second such retail store in the region and also one of the first in the world to feature the brand's newest design concept. The carmaker has another similar store in Bangkok, Thailand.

Targeting Vietnam's young demographic.

Vietnam, which is to record one of the highest GDP growth rates in Asia Pacific in 2021, also has one of the youngest customer demographics, according to a statement issued by Porsche.

The store, which is located at Capital Place in Vietnam's vibrant capital, Hanoi, is set to offer a welcoming space for lovers of the car brand.

“Porsche and Hanoi are both sustained by their traditions, and dedicated to innovating and evolving with the times. Hanoi’s young population makes it a very dynamic and vibrant place, and it inspired us in identifying this thriving city as the ideal location for the region’s second Porsche Studio, especially with Vietnam as one of our fastest-growing markets,” Chief Executive Officer of Porsche Asia Pacific, Arthur Willmann said.

What is the Porsche Studio?



The Porsche Studio is part of the carmaker's Future Retail Strategy that aims to be where customers are and attract new target groups in city centers.

This is a new concept, so those residing in Hanoi should really be proud to see it being implemented for the first time in their city.

“Passion and fascination for the Porsche brand and our sports cars have been rising

considerably over the past few years in Vietnam. Having a Porsche Studio in the heart of the city center brings our brand closer to the people, giving new enthusiasts and the Porsche community a shared social space to get to know the brand better, and vice versa,” General Director of Porsche Vietnam, Andreas Klingler explained.

Visitors can experience the sports car brand in a contemporary, boutique-like atmosphere with a lifestyle focus at Porsche Studio Hanoi.

While discovering brand new car models, the store will also serve as a platform for visitors to learn about Porsche's latest innovations, specifically in electromobility and the brand's rich automotive history.

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START UP

Startups expand with fresh funding and portfolios

Despite the global recession, Vietnamese startups have still been attracting millions of US dollars from foreign funds in the beginning of 2021.



In February, ELSA, a smartphone app that helps non-native English speakers develop grammar and speech skills, wrapped up a \$15 million investment in financing rounds co-led by Vietnam Investments Group and SIG. Existing investors including Google’s Gradient Ventures, SOSV, and Monk’s Hill Ventures’ AI-focused venture fund joined the company’s Series B funding phase.

ELSA, which stands for English Language Speech Assistant, was co-founded in 2015 by Vietnamese entrepreneur Vu Van and engineer Xavier Anguera and focuses on the three markets of Vietnam, India, and Japan. With the fresh fund, the startup plans to penetrate Latin American countries as well as accelerate expansion across Asia this year.

Another million-dollar deal was secured by e-wallet MoMo in January, bagging over \$100 million in its series D financing from leading global investors. The fund will be used to establish a new super-app platform, enhance MoMo’s ecosystem which serves millions of Vietnamese end users, and launch MoMo Innovation Ventures – an initiative to invest in Vietnamese companies with potential to be integrated into MoMo’s ecosystem for the benefits of access to a broader market and user base.

Also in January, live streaming platform GoStream announced that VinaCapital Ventures had invested \$1 million into the company. Founded in 2017, GoStream is an easy-to-use platform that enables users to reach a larger audience from different platforms to increase visibility and get more views. Currently, the company is serving multiple corporate clients and facilitating over 100,000 live-streaming sessions daily.

Trung D. Hoang, partner at VinaCapital Ventures commented, “We are excited to invest in GoStream, which has been leading the way in integrating live-streaming across a number of sectors. Their innovative streaming technology is helping more businesses reach more viewers and customers, and we look forward to working with them as they further expand their capabilities and play an even greater role in Vietnam’s growing digitalisation.”

Meanwhile, startup e-wallet firm Gpay, a member of G-Group Technology Corporation, completed its Series A investment with the participation of KB Fina, which is a joint venture between G-Group and South Korean KB Financial Group. KB Financial Group invested VND425 billion (\$18.4 million) in Gpay through KB Securities, its representative in Vietnam.

Elsewhere, other startups including Vietnam-based proptech startup Rever is reported to be raising \$8-10 million in the new funding round. Meanwhile, South Korea's STIC Ventures-backed hotel booking platform Go2Joy Vietnam has raised \$2.3 million in a Series A+ funding round led by HB Investments, as reported by newswire Dealstreet Asia.

Vietnamese startups such as VNPAY, Tiki, Yeah1, and others began to rise in popularity in 2019, raising \$1 billion that year. Investors have since returned to Vietnam in the second quarter of 2020 thanks to the recovery of the economy and positive GDP growth in the country.

In another case, domestic AI startup Palexy picked up \$1 million in funding in December to help offline stores achieve e-commerce-like success through real-time consumer data. The round, co-led by Do Ventures and Access Ventures, will fuel Palexy's expansion across Asia and the Middle East this year.

500 Startups, the most active venture capital investor in Vietnam, made 15 new investments in 2020, increasing its portfolio to more than 70 companies. 500 Startups aims to reach its target of 80 companies invested in cumulatively in 2021.

Vietnamese proptech startup raises US\$1 million in pre-series A round

The startup plans to use the new funds to further develop its products and expand across the country.

Citics, a Vietnamese proptech startup, has raised US\$1 million in a pre-series A round from a group of international and domestic investors.

The investors include Vulpes Investment Management, a seed investor in Singapore-based unicorn PropertyGuru, Vietnamese company Nextrans and South Korea's TheVentures.

The startup has raised US\$700,000 from multiple angel investors, many of whom also participated in this round. The startup plans to use the new funds to further develop its proprietary SaaS and DaaS products, as well as expanding its business across the country.

Established in 2018, Citics aims to build a comprehensive real estate data platform by digitizing and centralizing many fragmented data sources to assist real estate transactions, including real estate valuation, sales-purchase, lease and mortgage.

It offers a data-as-a-service solution for banks to validate the value of real estate employed as collateral for loans. By using a proprietary valuation map, bankers can check the details and preliminary values of properties. It also enables banks' risk department to control mortgage risks related to property values and locations by digital price map technology.

Currently, it has data of more than nine million properties across the country and has estimated values for nearly four million of them. Since launching its products in early 2020, it signed contracts with ten banks and achieved a monthly growth rate of more than 30%.

Japan's venture capitalist invests \$700,000 in Vietnamese media start-up

Japan's venture capital firm Genesis Ventures led the seed funding round of Vietnam based media startup Vietcetera with the investment of \$700,000.

The deal, finalized during the first quarter of 2020, is being made public after Vietcetera received its digital media license from the government, Bloomberg quoted its co-founder and CEO, Hao Tran, as saying.

Silicon Valley-based Hustle Fund Management also took part in the seed funding.

Vietcetera expects to complete its Series A funding of at least several million dollars in the first half of 2021, Tran said.

Vietcetera is a digital media company targeting the nation's growing middle class, based in HCMC. It provides Vietnamese and English content ranging from general business articles to lifestyle stories and podcasts.

Tran said the funds will support expansion of its data science platform, accelerate product development and expand market share. Vietcetera's website last year grew its readership by 700 percent, he added.

Vietnam's online media market is expected to reach \$7 billion in 2025 from \$3.3 billion in 2020, while its e-commerce market is projected to grow to \$29 billion in 2025, according to a report by Google, Singaporean investment firm Temasek and American consulting company Bain & Company.

Its e-economy is forecast to increase to \$52 billion in value in 2025 from \$14 billion last year, with e-commerce at \$29 billion, according to the report.

There were 72 million social media users in Vietnam in January 2021, according to the "Digital 2021: Vietnam" report compiled by strategic marketing consultancy Kepios Pte, social media management firm Hootsuite Media Inc. and social media marketing firm We Are Social Ltd.

YouTube is the most popular social media platform with 92 percent of internet users aged 16-64, the report said. Facebook and local social network Zalo, owned by Vietnam's VNG Corp., attracted 91.7 percent and 76.5 percent of users, respectively.

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INVESTMENT

High-tech a bright spot in FDI picture

Although the country's registered foreign direct investment capital went down by 15.6% on-year due to the pandemic, financial injections still managed to find their way to high-tech projects in the first two months of the year, showcasing the attraction of some of Vietnam's industries and localities.

Despite lockdowns in some provinces due to renewed COVID-19 outbreaks in the early months of the new year, foreign direct investment (FDI) attraction has seen several positive deals reported, especially in high-tech projects.

The largest was the LG Display Haiphong project with a capital increase of \$750 million at Trang Due Industrial Park in Haiphong. The northern port city's Economic Zones Management Authority issued its first investment registration certificate in 2016 with the total registered capital of \$2.5 billion, authorising the company to manufacture OLED, LCD, and TV screens, among other items.

"The capital expansion raises the total investment capital of the South Korean investor to \$3.25 billion, making it the biggest foreign project in Haiphong," said Do Nhat Hoang, director general of the Ministry of Planning and Investment's Foreign Investment Agency (FIA).

LG's project has been providing jobs for about 5,000 workers, meeting the housing demand of about 10,000 workers and experts, and contributing about \$5 million to the state budget annually.

Not far from Haiphong, Bac Giang province was also a highlight in the early months of the year. The most outstanding project is the Fukang Technology plant of the world's biggest electronics manufacturer Foxconn, which is set to produce and assemble eight million tablets and laptops annually with total registered capital of \$270 million.

Meanwhile, JA Solar PV Vietnam will manufacture photovoltaic cells with a capacity of 3.5GW annually, and total registered capital of \$210 million. In addition, Singapore's Kodi New Material Vietnam was also licensed to produce tablets and laptops in a \$270 million project.

However, southern localities like Can Tho, Binh Duong, Tay Ninh, and Ho Chi Minh City also showcased their strengths by mobilising over \$2.6 billion in total, such as the \$475-million capital increase of Intel Vietnam, the \$100-million project of Hansol Electronics Vietnam, and the \$30-million scheme of Platel Vina to manufacture electronic components and smartphones for South Korea's leading electronics groups.

According to the FIA, the first two months of the year also witnessed a number of other sizable foreign-invested projects licensed, such as Japan's O Mon 2 thermal power plant registered at \$1.31 billion in the Mekong Delta city of Can Tho, and China's Radian tyre manufacturing project increasing capital by an additional \$312 million in the southwestern province of Tay Ninh.

"Many foreign-invested enterprises continue to recover and are maintaining their production and business activities despite negative impacts of COVID-19," said an FIA report on Vietnam's two-month

FDI for the year thus far. “Disbursed capital of foreign-invested projects hit \$2.5 billion, up 2% on-year in the first two months of 2021.”

Statistics from the FIA showed that as of February 20, the total of newly-registered and added capital, as well as investments into capital contributions and share purchases, amounted to \$5.46 billion, equivalent to 84.4% of the same period last year.

“This is not a very bad outcome amid the pandemic during the last year and early 2021,” Hoang said.

The FIA ascribed the reduction to several reasons, saying that in the first two months, the transition between the Law on Investment issued in 2014 and the revised version promulgated last year “has affected the new licensing and adjustment of foreign-invested projects” in Vietnam.

“Moreover, the resurgence of COVID-19 in many nations including Vietnam has also delayed travel and decisions of new and expanded investments,” Hoang added.

Build up terminals 5 and 6 of Haiphong's Lach Huyen Port

Deputy Prime Minister Trinh Dinh Dung has signed Decision No.299/QD-TTg, approving the investment policy of the construction project of terminals 5 and 6 of Haiphong’s Lach Huyen Port.

Investment capital for the project is VND6.425 trillion (\$279.35 million), 15 per cent of which will be equity while the remaining 85 per cent will come from loans and other sources.

The project will be separated into two phases, with the first one (VND6.073 trillion [\$264 million]) lasting from 2020 to 2025, and the VND352.23 billion (\$15.3 million) second one from 2030 until after 2030.

Terminals 5 and 6 will be 375m long each and be able to receive vessels of 100,000DWT. It is being invested by HATECO Group JSC and will operate for 70 years.

The construction of phase 1 is expected to take four years from the approval of the decision on investment policy, while phase 2 is expected to be built within one year.

The two terminals are going to facilitate goods export and import from the north directly to the European and American markets. Additionally, it also contributes to the development of Dinh Vu-Cat Hai Economic Zone, promoting the socioeconomic development of Hai Phong city and the northern area.

Hai Phong City People's Committee is in charge of checking and supervising HATECO Group and the project's implementation process.

Additionally, the committee coordinates with the Ministry of Natural Resources and Environment to direct and guide HATECO Group in assessing the environmental impacts of the project.

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