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## FINANCE

### Mobile Money in Vietnam witnesses promising future

The approval of the Prime Minister in Decision No.316/QĐ-TTG on March 9, 2021 to the pilot scheme for the use of telecoms accounts to pay for small-value goods and services (Mobile Money) has attracted much interest of both experts in the fields of banking, finance, telecoms as well as the general public.



*Viettel has successfully launched its pilot scheme for Mobile Money*

Statistics from the State Bank of Vietnam (SBV) reveal that there are now around 89 million personal payment accounts in Vietnam, meaning nearly 70% of Vietnamese adults now own a bank account.

The launch of Mobile Money will strongly promote the use of cashless payment to the other 30% of the Vietnamese population, most of whom live in remote areas or the countryside and encounter trouble accessing a bank.

The Ministry of Information and Communications shared that Mobile Money introduction will encourage a rapid development among Vietnamese telecoms companies, which now own over 130 million mobile subscribers.

Right now, domestic telecoms businesses are rushing to complete necessary documents to register for a pilot permit in Mobile Money provision. They will be sent to SBV, which will then collect opinions from related agencies like the Ministry of Information & Communications, the Ministry of Public Security before formally issuing this permit.

It is estimated that in the second quarter of this year, major mobile network carriers will launch this lucrative service in Vietnam.

The representative of Vietnam Posts and Telecommunications Group (VNPT) shared that the organization is ready for the introduction of Mobile Money.

Similarly, MobiFone announced that it has just been granted an intermediary payment license by SBV, which is the prerequisite for its Mobile Money pilot scheme. Accordingly, from now on, MobiFone is allowed to offer an e-payment portal, cash collection service, electronic money transfer service, and e-wallet service. This telecoms enterprise is also rushing to complete the application for permission to run Mobile Money.

Viettel's representative said that the Group has successfully launched the pilot scheme for Mobile Money among its 40,000 selected customers and is now ready to offer the service to all of its subscribers.

The Prime Minister insisted that permitted telecoms businesses must prioritize residents in remote, island and boundary areas of the nation.

Mobile Money is for legal goods and services in Vietnam only, so international payment is not allowed. In addition, Mobile Money only welcomes the use of citizens whose mobile number is registered with a valid ID card or passport and a complete identification procedure.

Therefore, each Vietnamese person can only own one Mobile Money account in one telecoms company. This account is similar to a telecoms account, but can be used for money-related activities. Different from an e-wallet, this account does not require a link to any bank account.

Payments are done via apps (smartphones) or SMS (regular phones or in no-Internet areas). The maximum value of transactions (deposits, withdrawals, payments and money transfers) is VND10 million (US\$432) a month.

It is estimate that there will be a significant money flow via this channel each month if about 20-30% of 130 million mobile subscribers in Vietnam use Mobile Money, even with a limit of \$432.

At the moment, major telecoms businesses in Vietnam are hurriedly preparing necessary legal documents, infrastructure, technologies, human resources for their Mobile Money operation to ensure safety and convenience for users.

The Vietnam Telecoms Authority (under the Ministry of Information and Communications) said that after the release of Decision No. 316/QĐ-TTĐ, it asked all interested telecoms enterprises to quickly submit registration documents in March for the evaluation process to be timely done.

The Authority noticed that Mobile Money users may need to pay a certain amount of service fee like other payment services. This fee is regulated by service providers, and is smartly calculated to promote the use of cashless payment methods even in remote and poor areas.

## Foreign investors still bank on Vietnamese stocks despite overload

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Some foreign investment funds say they would not withdraw from Vietnam's stock market despite chronic overload on the main bourse over the past three months.

Thomas Hugger, CEO and founder of Asia Frontier Investments Ltd., said overload on the Ho Chi Minh Stock Exchange (HoSE) is a major concern.

HoSE is a service provider, responsible for ensuring all transactions go through even if demand surges unexpectedly. It however has failed to do so despite adequate time and budget for a system upgrade, he said.

Petri Deryng, founder and portfolio manager of Finland-based PYN Fund Management, said the inability to resolve these issues is a step back for the market.

He said this has occurred amid investor expectations for the T+0 settlement, meaning completion of a stock transfer of ownership in the same day it was made, compared to the current three-day policy (T+3).

However, Deryng said he understands Vietnam's stock market remains new, and that the overload has not impacted his strategy.

Hugger said most foreign fund investors are long-term and are not affected by short-term issues. He said he would not withdraw his money and would buy more shares with low valuation.

Foreign companies should be hired to help reduce pressure on the system, Hugger suggested.

Deryng added that HoSE should partner with Vietnamese IT giant FPT to deal with the overload. "This partnership should have been formed three months ago."

HoSE's trading system, which has remained mostly unchanged for the last 20 years, has been overwhelmed after a huge number of new investors began trading in recent months. Many complain about the trouble they have placing orders, especially in the afternoon when trading value rises to VND15 trillion (\$652 million).

Representatives of several other foreign investment funds also confirmed they would not withdraw their investment.

However, data shows foreign investors have been net sellers for the last 16 sessions with strong selling pressures on VNM of dairy giant Vinamilk, POW of electricity distributor Petrovietnam Power Corporation and CTG of state-owned lender VietinBank.

The Finance Ministry recently commissioned IT giant FPT to provide solutions to deal with the overload. The process could take three or four months.

There were 2.88 million stock trading accounts at the end of February, 21 percent up from a year earlier and equivalent to 2.96 percent of the country's population. Last year the ratio of HoSE's total market cap to GDP was 67.59 percent.

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## E-COMMERCE

### VN women's e-commerce leadership ratio second highest in Southeast Asia

46% of e-commerce business leaders in Vietnam are women, the second-highest in Southeast Asia, according to a survey.

The survey has been conducted in Hong Kong and 6 Southeast Asia countries by market research company iPrice Group.

This figure was lower than that of Hong Kong (55%) but higher than that of Thailand (44%), the Philippines (39%) and three other Southeast Asian countries, showed the survey.

Vietnam's figure has improved from 37% in 2018.

In Southeast Asia, however, there is still a gender gap in top positions. Only 31% of women have C-level roles – executive levels such as CEO or chief financial officer (CFO).

In the vice president position, just 38% are women.

Overall, there is a 40-60 disparity between women and men when it comes to being in positions of power.

“Given centuries of gender inequality and women taking time off for child-rearing, the disparity isn't as wide as we may have assumed,” the iPrice report said.

### Vietnam hopes to tax overseas sellers on e-commerce platforms

The Vietnamese tax watchdog hopes to tax sellers based in foreign countries but operating e-commerce businesses in Vietnam.

The Ministry of Finance recently said that the Law on Tax Management No 38/2019/QH14 regulated that e-commerce businesses and digital-based businesses and other services provided by overseas suppliers without an entity in Vietnam must directly or authorise others to implement tax registration, declaration and payment in Vietnam.

The ministry is compiling a circular to provide detailed instructions for this regulation which was recently made public for comments.

Overseas suppliers on e-commerce and digital platforms were new tax subjects that required detailed regulations to collect taxes efficiently, the ministry said.

Under the draft, overseas suppliers were asked to register for online tax transactions via the e-portal of the General Department of Taxation.

Overseas suppliers could register several banking accounts to pay taxes online.

After the first successful tax registration, overseas suppliers would be provided with a username and password to declare and pay taxes on the General Department of Taxation’s e-portal.

Ten-digit tax codes would be provided for overseas suppliers and authorised agencies.

E-commerce has boomed in Vietnam in recent years, especially in 2020 amid the COVID-19 pandemic.

Dang Ngoc Minh, Deputy General Director of the General Department of Taxation, said a number of new tax regulations to take effect this year were expected to contribute to preventing tax avoidance, especially in e-commerce and digital-based businesses.

The Ministry of Industry and Trade’s report showed about 53% of the population did online shopping made e-commerce to expand at 18% in 2020 to reach a US\$11.8 billion market.

E-commerce revenue was estimated to account for 5.5% of the total retail sales of goods and services.  
VNS

### Thuy Ung Village develops e-commerce app for horn products

Handicraft products from buffalo and cow horns made in Hanoi’s Thuy Ung Village have started penetrating e-commerce platforms, appealing to domestic consumers as well as export markets.



*Craftspeople from Thuy Ung Village make horn products*

#### Durability of 400 years

The Thuy Ung horn carving village, currently in the capital’s Thuong Tin District, has been famous for centuries for its combs. The high quality craft, passed from fathers to sons, has produced combs that have lasted as long as 400 years.

Earlier combs were square in shape, then improved to a curve shape like a grapefruit section. Thanks to its beautiful shape and durability, Thuy Ung’s handcrafted horn combs are popular in both domestic and foreign markets, such as Japan and the Republic of Korea, increasing incomes and improving living standards of village residents. The young generation of Thuy Ung Village also creates other products from buffalo and cow horn, such as bracelets, plates, trays, hair pins, utensils, picture frames and art works.

Thuy Ung horn products have done well on e-commerce trading floors in recent years, improving their competitiveness in domestic and foreign markets. Vietnam’s deep international economic integration not only helps Thuy Ung craft village develop sustainably, but also preserve Hanoi’s historical and traditional cultural values.

With export activities interrupted by the Covid-19 pandemic in 2020, some production households in the village focused on developing e-commerce in order to expand their domestic market. According to Vu Thanh Liem, Director of Hahanco Production and Trading Company Limited, one of the first village enterprises specializing in buffalo and cow horn to promote sales through e-commerce, domestic consumers are not familiar with the fine art horn products and horn combs in particular. Increased trade promotion through fairs, exhibition and especially e-commerce floors such as Shopee, Tiki, and Lazada, have introduced a growing number of domestic customers to these traditional handicraft products.

Liem's business initially faced many difficulties in penetrating e-commerce floors. The enterprise decided to participate in e-commerce training courses and invest in advertising and branding in order to familiarize customers with their products and gain their trust. As a result, daily orders through e-commerce floors are up to 50-60 on average, with the most popular items being horn combs, horn-encrusted chopsticks and other horn-made accessories, Liem also shared.

E-commerce is not only helping expand the market, it also increases business competitiveness and encourages artisans to constantly come up with new products. The e-commerce presence has also contributed to the popularity of traditional products and introduced the craft village's brand to the international market.

## Vietnam's Draft Decree on E-commerce: Impact on Foreign Investors

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Vietnam's government introduced a draft decree amending *Decree No. 52/2013/ND-CP* (Decree 52) regulating e-commerce platforms and activities. This will cover local as well as foreign businesses that conduct e-commerce activities in Vietnam.

### **E-commerce activities defined**

As per the draft decree, an e-commerce service is defined as any e-commerce activity where the trader, individual or organization provides e-commerce services and sets up an e-commerce website that offers a place for other traders, organizations, and individuals to carry out trade, sales of goods or the supply of service activities.

The definition is more specific and does not include businesses that are only involved in website and application design and therefore do not directly participate in the business operations of such websites, which is a welcome change.

As per the draft, a website is deemed providing e-commerce services if it provides the following conditions:

- It allows members to open sales booths for displaying and/or promoting goods and services;
- Members can open accounts that provide interaction or transactions with customers; and
- Have services related to the delivery of goods and services with customers.

### **Social networking websites fall under regulations**

Thus, social networks would be liable for regulation as e-commerce platforms if they meet the aforementioned conditions but also make their subscribers directly or indirectly pay a fee to carry out these activities. An example would be the Facebook marketplace.

While foreign businesses are required to comply with Vietnamese laws, Vietnamese e-commerce providers are required to verify the identities of foreign businesses selling goods on their e-commerce platforms. They are also required to do the following:

- Ask foreign businesses to comply with export and import laws for those businesses that have no presence in Vietnam;
- Ask foreign businesses to determine commercial agents in Vietnam; and

Organize the implementation of import activities regarding goods traded by foreign businesses.

The draft is not clear if these are mandatory requirements and it's unclear what would happen if the foreign trader does not meet the above requirements.

The previous withholding tax system could only hold local companies liable for such obligations and the new regulation aims to rectify such billion-dollar-shortfall of tax collection.

### **Impact on foreign investors**

Foreign businesses including those involved with cross-border e-commerce and B2C e-commerce businesses must comply with local laws. As per the draft decree foreign traders engaged in e-commerce activities is defined as:

- Those who set up e-commerce websites under Vietnam domain names (for example .vn);
- Those that set up e-commerce websites that are in the Vietnamese language; and
- Those that set up e-commerce platforms that have more than 100,000 transactions originating from Vietnam in a year.

For such, the foreign business will be required to set up a representative office in Vietnam.

In addition, foreign businesses are required to appoint a legal representative or set up a representative office in Vietnam if they carry out the following e-commerce activities:

- Those that set up an e-commerce website using Vietnam domain names;
- Those that set up a website that is in the Vietnamese language; and
- Those that set up e-commerce platforms where the number of transactions or visits or purchase orders by Vietnamese organizations or individuals exceeds a particular threshold.

Under the last bullet point, the Ministry of Industry and Trade (MoIT) in collaboration with the Ministry of Information and Communications, Ministry of Finance and so on, will regulate the threshold for the number of transactions or purchases.



Any imported or exported goods are subject to customs procedures and e-commerce providers are required to cooperate with the relevant authorities to prevent the illegal transaction of goods and services. E-commerce providers must file a report on their business operations and submit to the MoIT by January 15 of every year.

### **Market access conditions**

The draft decree comes under the ambit of the new Law on Investment (LOI), which came into effect in January 2021. Foreign investors are therefore required to carry out investment in e-commerce activities in compliance of the LOI. Additionally, foreign investors that invest in e-commerce businesses must be listed under the ‘internationally reputable technology companies’ as announced by the MoIT.

While how this list is generated is still unclear, exceptions can be given to investors contributing to small and medium-sized startups. If this stipulation is finalized it may have significant implications for Vietnamese e-commerce companies that raise funds from foreign investors as they would have to meet the new requirements.

### **Logistic companies**

The draft also adds companies providing logistics services and other supportive services that will come under the ambit of the decree. Logistic companies will share liability to provide documentation regarding the origin of goods during delivery.

### **Guaranteed payment system**

The draft also mandates a guaranteed payment system where e-commerce websites are required to allow customers to make payments using this system. This means that payments must be kept in an intermediary account for a certain amount of time to settle any claims between customers and sellers.

The draft doesn’t specify the amount of time before the payment can be released to the e-commerce provider but this proposal may hurt small e-commerce companies that depend on revenue and cash flow.

### **Takeaways**

E-commerce activities in Vietnam are on a high growth trajectory thanks to the pandemic and shifting consumer patterns. The proposal is part of the government’s plan to aid this growth while regulating e-commerce activities in Vietnam. The government has set out a target of reaching 55% of the population involved in online shopping by 2025.

While the draft decree offers more protection for Vietnamese consumers, it tightens conditions for foreign investment in e-commerce companies in Vietnam. It is, however, important to note that the decree is still in the draft stage and not finalized. The MoIT is expected to submit the decree to the government sometime in the first half of 2021.

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## ENERGY

### Forum talks Vietnam-Japan ties in sustainable energy development in GMS

A policy research forum was held in Hanoi on Monday to look into the enhancement of Vietnam-Japan co-operation for the sustainable energy development in the Greater Mekong Subregion (GMS) in the post-pandemic period.



The event looked at co-operation in energy development and issues affecting the building of sustainable energy policies in the GMS, while offering some policies to promote the two countries' co-operation and their contributions to sustainable energy development in the subregion.

Dr Tran Thi Hong Minh, Director of the Central Institute for Economic Management (CIEM), said the Vietnamese economy had been growing relatively fast, and economic growth would be an important target for the Party and Government in the coming decade.

That would lead to a huge demand for energy. To sustainably meet this need, the country was considering the development of different energy sources, without relying on fossil fuel or hydropower, she noted.

Vietnam realised the importance of sustainable energy development in the GMS and frequently discussed this issue with other member countries, she said, highly valuing the participation and support from partners both inside and outside the subregion.

In recent years, ties among the GMS countries, comprising Myanmar, Laos, Thailand, Cambodia, Vietnam, and China's Yunnan and Guangxi provinces, have increased substantially.

Together with the intensive integration in ASEAN and ASEAN Plus, the GMS nations have also issued many initiatives and boosted ties in numerous fields, from trade – investment to infrastructure development, energy, telecommunications, human resources development, and environmental protection, among which energy is an important area strongly linked with co-operation and development in other sectors, according to Minh.

She said that although the GMS countries were forecast to need more energy in the next decade, it would be hard for them to develop sustainably and effectively if their energy policies were built separately and inharmoniously.

They should enhance co-operation towards a sustainable and harmonious energy policy at the regional level, the CIEM director went on.

Fukunari Kimura from the Faculty of Economics at Japan’s Keio University said the GMS was seen as the most successful subregion with fast economic growth and poverty reduction over the last three decades.

However, he noted, the development gap here remained wide, and sustainable development-related issues like water resources management and the environment had become urgent issues.

Nguyen Anh Duong, head of the CIEM Department for General Economic Issues and Integration Studies, pointed out the importance of ensuring energy security, noting that Vietnam needs a more balanced energy structure, to facilitate the reasonable export and import of energy, and promote more substantive discussion on energy and sustainable development with other GMS nations.

At the forum, Minh said there remained much room for Japan to bolster energy co-operation with GMS countries, suggesting that besides taking part in suitable energy projects, Japan could also share experience in assessing projects’ impacts and building plans and solutions to deal with risks.

With Japanese firms’ increased presence in the GMS, a sustainable energy policy for this region would also benefit Japan, she added. — VNS

### Malaysian firm to buy stake in five solar farms in Vietnam

A subsidiary of Malaysia’s largest power utility, Tenaga Nasional Berhad, plans to acquire a 39% stake in 5 Vietnamese solar power projects from Singapore’s Sunseap Group. The farms were built last December in southern Vietnam and have a total capacity of 21.6 MW. After selling 39% to TNB Renewables, likely this month, Sunseap will own a 51% stake in them.

Sunseap Group owns projects in Singapore, Australia, Vietnam, China, Taiwan, and Cambodia. In 2019, it completed the \$150-million solar farm, the solar power plant CMX Renewable Energy Vietnam, one of the country’s largest in central Ninh Thuan Province.

TNB has projects in the UK, Kuwait, Turkey, Saudi Arabia, Pakistan, India, and Indonesia, and expects to have 8.3 GW of renewable energy by 2025.

Of the foreign investors in Vietnam’s renewables sector, the majority are from Thailand.

In 2020 Thailand’s Super Energy Corporation Public Company invested \$456.7 million to build four solar plants in southern Vietnam, Loc Ninh 1, 2, 3, and 4.

Gulf Group increased its ownership of two solar farms in the southern province of Tay Ninh from 49% to 90% in the second quarter of last year.

In 2019, AC Energy, a subsidiary of the Philippines’ Ayala company, and Vietnam’s BIM Group established BIM/AC Renewables to develop projects in the central Ninh Thuan Province.

## Central Retail in Vietnam and Norsk Solar Vietnam sign PPA

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Central Retail in Vietnam, the leading multi-format retailer in Vietnam, selects Norsk Solar Vietnam to enter into a long-term energy offtake agreement. Norsk Solar Vietnam will be providing, at no cost to its Client, one of the largest single-client rooftop solar PV systems in Viet Nam with a capacity of over 11 MW.

Norsk Solar, a leading and fast-growing global commercial and industrial (C&I) solar PV developer across emerging markets enters into a long-term agreement with Central Retail's Viet Nam operations for over 11 MW solar PV project. Norsk Solar, which across the Indochina region operates with its long-term local partner Indochina Energy Partners Pte. Ltd. (IEP) will provide the complete turnkey solution and guarantee the performance of the solar PV system throughout the lifetime of the agreement through their local SPV, Norsk Solar (Vietnam) Co. Ltd.

This project will help Central Retail in Vietnam and its retail system operations with their sustainability agenda by generating over 300,000 MWh of clean electricity over the lifetime of the project; equivalent to offsetting in excess of 120,000 tonnes of CO2 emissions over the system lifetime. With the switch to solar power, Central Retail in Vietnam will enjoy the benefits of a cleaner and cheaper source of electricity to power its retail channels at zero upfront capital investment. This contributes to Viet Nam's ambitious target to increase its share of renewables in the national energy mix and will provide local employment during the construction and operation phase of the solar plants.

"Businesses with a focus on environmental and social impact can really make a difference by adding new renewable energy that matches their electricity consumption. This is exactly what Central Retail does in Viet Nam, by using their rooftops to install solar power plants that are built, owned, and operated by Norsk Solar", says Mr. Øyvind L. Vesterdal, Norsk Solar co-founder and CEO.

Thomas Jakobsen, Managing Director of Indochina Energy Partners stated that with the backing of very strong stakeholders the Norsk Solar (Vietnam) platform is well positioned to provide solar PV solutions in Vietnam, and in the Indochina region.

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## RETAIL

### Vietnam retail sector needs new breakthroughs

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The volume of investment in Vietnam's retail market is expected to rise to US\$350 billion in 2025, thanks to consumers' higher income levels, making Vietnam an attractive destination to foreign investors.

But in recent years, the market has seen the departure of many world-famous retail brands, which were then replaced with the brands of new owners. Such a movement indicates fierce competition in the retail market but also offers hope for domestic enterprises if they can capitalise on opportunities and create breakthroughs to capture the market.

#### Fierce competition

Amid the Covid-19 pandemic in 2020, Vietnam's retail market still recorded decent growth. According to the Ministry of Industry and Trade (MOIT), retail sale revenue was estimated at VND3.9 quadrillion (US\$168 billion), accounting for 79% of total retail and consumer service revenue and up 6.8% compared with the previous year. Such figures demonstrate a retail market with huge potential and large room for development, but also fierce competition, requiring a market classification and the development of retail models that suit different types of consumers.

The Vietnamese retail market has seen significant changes in market shares and brands through a series of transfers, mergers and acquisitions. Most recently, Thailand's Central Retail officially scrapped the Big C brand and replaced it with Go! and Tops Market in a move to redefine their brands in Vietnam. Earlier, in late 2020, E-Mart of the Republic of Korea announced plans to retreat from the Vietnamese market as it was unable to open any new stores except for the only hypermarket in Ho Chi Minh City after five years of its presence in Vietnam.

In fact, the retail market has seen significant changes in recent years. In 2016, many of the public were shocked to know that more than half of Vietnam's retail market belonged to foreign companies and there were gloomy predictions for Vietnam's retail sector. But after nearly five years, domestic retailers have recorded strong growth with an expanding network of stores and are prevailing over foreign competitors. Statistics by the MOIT's Department of Domestic Market, Vietnam currently has about 1,085 supermarkets, 240 shopping centres and nearly 2,000 convenience stores, of which domestic enterprises account for 70-80% of total outlets.

#### Following market signals closely

A look at the ups and downs of well-known retail brands in Vietnam shows that the retail market is a big pie, but it is not easy to swallow. The departure of major names such as Auchan (France) and Parkson (Malaysia) is evidence that this is not an easy playing field. That is because, besides location, changes in consumer habits and competition from e-commerce have caused the development of an appropriate retail model to become the factor that decides the success of a brand.

Many experts stated that Vietnam’s retail picture changed markedly in 2020, especially in consumer behaviour and such changes will be even more remarkable in 2021. In addition, relocating hypermarkets which combine shopping and entertainment to the outskirts of big cities is now becoming the favourite choice of many retailers as a result of changes in the vision of investors, housing trends and consumers’ shopping habits.

Furthermore, the pandemic has encouraged consumers to gradually shift to online shopping, which promises to grow even stronger this year. According to the MOIT, online retail revenue in 2020 reached nearly US\$12 billion, up 18% and accounting for about 5.5% of total retail sale and consumer services.

Therefore, domestic retailers need to seize on opportunities immediately and accelerate so as to gain a greater market share. They should follow new retail trends, create differences and offer more added values to their customers. If domestic retailers do not continue innovating, consumers will turn to other places that better meet their shopping needs.

### Vitamin Shoppe expands into Vietnam market

The Vitamin Shoppe has opened its first retail location in Vietnam. The Hanoi location will offer the retailer's brands in vitamins, supplements and sport nutrition products, according to a press release.



The retailer partnered with the Kim Lien Group for retail and wholesale distribution in the country.

Under the country license agreement, Hanoi-based Kim Lien Group will open and operate The Vitamin Shoppe stores in Vietnam, as well as launch wholesale distribution of The Vitamin Shoppe family of proprietary brands in Vietnam.

The first store is bi-level, 1,500 square feet and is located at 58B Ba Trieu Street in the Hoan Kiem district. Kim Lien Group will open a second Hanoi location later this month at 49 Phuong Mai Street in the Dong Da district, with additional stores to be announced.

Vietnam marks the first country license agreement in Asia for The Vitamin Shoppe. The company operates country license agreements in Panama (eight stores), Guatemala (10 stores) and Paraguay (three stores).

Founded in 1994, Kim Lien Group operates a group of automotive, restaurant and hotel businesses in Vietnam, including 16 auto dealerships across the Honda, Nissan, Mitsubishi and MG brands.

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## START UP

### Vietnam's VNG invests \$6m in gifting platform Got It

Vietnamese unicorn VNG Corporation has invested \$6 million in Got It, a local business-to-business digital gifting platform, according to a statement on Thursday.



The investment will help Got It to boost its artificial intelligence and peer-to-peer gifting in Vietnam, the statement said.

Established in 2015, Got It claims to have a client portfolio of nearly 500 multinational and national companies across Vietnam, and offers loyalty programs and reward vouchers for more than 160 brands, spanning over 12,000 locations nationwide.

VNG will also help Got It to expand its gifting services, B2B channels and merchant network, especially for users of VNG's communications platform Zalo and ZaloPay. VNG and Got It have been in partnership since October 2020 when they launched online gifting on Zalo.

VNG's vice president Kelly Wong earlier told DealStreetAsia that the future development for Zalo would be to expand into business communications, enabling companies to interact within their organizations and engage with customers.

"Since mid-2020, VNG has been pushing our strategy of finding potential startups for long-term investment and companionship," VNG CEO and co-founder Le Hong Minh said in the Thursday statement.

By the end of 2020, VNG had investments of 22.27% in e-commerce company Tiki, 49% in local media company Thanh Son and 20% in trucking startup Ecotruck, according to the unicorn's fourth quarter 2020 financial report.

VNG, which began as a gaming business in 2004, has expanded into digital content, social networking, e-commerce, digital payment and, more recently, cloud services.

In 2014, VNG was named as Vietnam's first unicorn by the World Startup Report. In March last year, local media had pegged its valuation at \$2.2 billion, following an investment by Temasek of Singapore. Other shareholders in VNG include Goldman Sachs, GIC and two British Virgin Island-domiciled investors.

### IFC considers joining \$180m financing for Vietnam-based GreenFeed

The International Finance Corporation, part of the World Bank, is considering participating in a \$180m financing for the Vietnamese animal and aqua feed producer Greenfeed Vietnam Corporation.

The proposed loan investment of up to US\$43 million equivalent bond in GreenFeed Vietnam Corporation (“GreenFeed” or the “company”) is to finance GreenFeed’s growth in genetic (breeding), animal and aqua feed, and commercial pig production in Vietnam. The proposed investment is part of IFC Agribusiness’s African Swine Fever (ASF) Regional Recovery Program.



IFC’s use of proceeds will support GreenFeed in commercial expansion of its feed mills, pig breeding farms, and rearing and fattening operations. The plan is to grow GreenFeed business to 200,000 commercial sows per annum. Part of this IFC investment, will support the planned construction of an additional 200 sow and fattening farms. Locations for these future expansions is not known at the time of appraisal. Proceeds from the IFC investment will also be used for the upgrade/improvements in efficiency and occupational health and safety in its existing six feed mill operations. This financing will complement an IFC advisory engagement to further strengthen animal husbandry management practices and use of antibiotics at its pig farms and to mainstream food safety management practices and resource efficiency at its feed mills operations.

The company’s asset light business model for pig farm expansion is to identify suitable locations and agree with existing landowners’ the specifications for design and production capacity of the pig farms. The landowner constructs the facility to these agreed standards and then rents the site back to GreenFeed for a specific period in the form of a lease back arrangement.

Established in 2003 GreenFeed is a vertically integrated pork producer and feed mill operator located in Vietnam. GreenFeed produces animal and aqua feeds and is one of the top five feed millers in Vietnam with six mills located in industrial parks from the North to the South of the country (Hung Yen, Ha Nam, Binh Dinh, Dong Nai, Long An and Vinh Long provinces). GreenFeed’s operational footprint also includes four pig breeding and five pig fattening farms located in Dak Nong, Hung Yen, Dong Nai, Ba Ria-Vung Tau, and Binh Thuan provinces.

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## INVESTMENT

### Vietnam baby boom draws top Japan milk brand Meiji

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Japanese food company Meiji will set up a unit in Vietnam to import and sell infant formula, looking to expand in a market where there are more births than in Japan, the company said Friday.

Wholly owned Meiji Food Vietnam will launch on April 1 in Hanoi with about about 200 million yen (\$1.8 million) in capital.

Meiji has seen sales increase in Southeast Asia.

According to Meiji, Vietnam has about 1.5 million births a year, 70% more than in Japan, and the number is projected to keep growing.

The Japanese dairy and confectionery company mainly ships formula from Japan for sale in Vietnam. It intends to continue doing so, with no plans to construct a local factory.

The food segment of parent Meiji Holdings posted sales of 6.4 billion yen in Southeast Asia in the year ended March 2020, up 12% from the previous year.

In Vietnam, Meiji's nutritionists have provided dietary advice to workers at Japanese-owned factories since 2018. The company also sells fortified milk for adults there. It aims to provide nutrition education to 650,000 people in Vietnam by 2030.

### Vinamilk group branches out to beef with Japan's Sojitz

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Vilico, a group company of top Vietnamese dairy producer Vinamilk, will form a joint venture next month with Japanese trading house Sojitz to process and sell beef products.

The Hanoi-based venture initially will import beef from Japan and distribute the meat to large supermarket and restaurant chains in Vietnam. Vinamilk brings its sales channels and nationally recognized brand to the table, while Sojitz provides the know-how in selling livestock products.

The Vietnamese company will hold a 51% stake in the unit, with Sojitz owning the rest.

Vinamilk, officially known as Vietnam Dairy Products, looks to diversify from its mainstay business and develop the domestic beef market. Vietnam's 98 million people consume 500,000 tons of beef per year, according to Sojitz, or about half the volume of Japan.

Vietnam's beef consumption is expected to rise as population and income levels grow. Vinamilk and Sojitz eventually may expand the business outside of Vietnam.

### Japanese businesses to build links with local universities

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Many Japanese businesses investing in Vietnam have been seeking cooperation in joint-surveys, research and human resources exchange with local universities as a crucial step to expand in Vietnam beyond Ho Chi Minh City and Hanoi.

A survey on potential cooperation between 24 universities of Vietnam and Japanese businesses in Vietnam was recently organised by the Japan External Trade Organisation (JETRO).

JETRO said 24% of Japanese enterprises said they expect to host Vietnamese students at their factories, while 33% raised concerns about employing Vietnamese university graduates.

Twenty-two% of Japanese enterprises wanted more exchanges with areas in Vietnam outside of Hanoi and HCM City in Vietnam, according to JETRO.

JETRO said 80% of cooperation and joint-venture projects among Japanese firms and universities and colleges in human resources and research still remained concentration in Hanoi and HCM City.

Director of JETRO Hanoi Office Nakajima Takeo said Japanese investors have been seeking new destinations in Vietnam in recent years, but human resources, research, technological capabilities and science knowledge at local universities are limited.

He said JETRO's survey aimed to show the true potential in cooperation and shared research and studies among Japanese businesses and local universities.

He added Japanese businesses and Vietnamese colleges had built links through scholarships, joint-research programmes and employment.

He hoped the cooperation between Japanese enterprises and Vietnamese colleges would promote human resources supplies for the two countries.

Japanese Deputy Ambassador to Vietnam Asazuma Shinichi said the relationship between Japan and Vietnam has drastically developed in different fields.

He said last year's visit to Vietnam by Japanese Prime Minister Yoshihide Suga confirmed the good bilateral relationship between Japan and Vietnam.

"The webinar (held on March 5 to report the JETRO survey results) promised to raise concerns in cooperation between the Vietnamese education system and Japanese enterprises. Among positive cooperation ties with localities, businesses and universities, Dong A College in Da Nang has promoted efforts in meeting the human resource demands at the two countries," Shinichi said.

He hoped the Japan-Vietnam relationship would be strongly prompted as 2023 will mark the 50th anniversary of diplomatic ties between Vietnam and Japan.

### **Joint support**

Yamamura Tomokazu, head of project development in Vietnam under the Aijinkai Healthcare Group, said the group developed two nursing training projects in Thailand and Vietnam, and a skills lab at the Da Nang-based Dong A University.

He said Vietnamese students will join practical internship courses at hospitals in Japan before returning to work at high-quality hospitals in Vietnam.

According to JETRO, the cooperation between Dong A University and Aijinkai Group is a positive and effective example of cooperation between Japanese and Vietnamese partners.

Chairman of Dong A University Council, Luong Minh Sam said the Da Nang-based university has been building long-term cooperation in education and human resources training with 72 Japanese partners and seven cities in Japan over the past 10 years.

He said more than 300 students from the university have qualified for internships and high-quality human resources programmes in Japan

He added the university offers Japanese language education to more than 2,000 students, and it plans to select 2,500 qualified students to work and practice at hospitals in Japan under cooperation deals with Aijinkai Group and other partners each year.

He also said Dong A had inked education and technology transfer contracts with universities in Japan such as Shibaura Institute of Technology, the University of Tokyo, Nagasaki University, Advanced Institute of Industrial Technology and the Japan Foundation.

Yamamura Tomokazu also shared that Japanese senior nurses will help Vietnamese students to overcome initial difficulties and difference in culture and working skills while in Japan.

He said the group would support Vietnamese students with an internship visa for a less than one-year working scheme in Japan as well as accommodation and traffic.

To help Vietnamese students study in Japan, Hạ Long University in the eponymous northern province asked Japanese businesses to grant scholarships, recruitment and workshops on Japanese language and start-ups.

The university launched its Japanese language faculty in 2016 and implemented a joint-research at the UNESCO-recognised world heritage Hạ Long Bay and other environmental science activities with Shiga Prefecture in 2018. Hai Phong Maritime College could not establish a Japanese language department as it has only one Japanese teacher and six Vietnamese lecturers in the Japanese language.

JETRO also said Nam Dinh nursing college – where provided graduated students for training in Japan and Germany – called Japanese businesses funding vocational training equipment, Japanese language for students from the first year.

Vietnamese young students prefer working in Japan in terms of better payment, similar culture, professional working environment and friendly relationship between Japan and Vietnam, according to Sam.

Dong A college is the only education centre in central Vietnam providing human resources for the Japanese labour market./.

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