

Vietnam

Vietnam's Vingroup to build tech hub for forays into AI, big data

Homegrown conglomerate aims to become partner of choice for multinationals

John Reed, south-east Asia correspondent YESTERDAY

Vingroup, Vietnam's biggest private-sector company, said on Wednesday that it planned to expand into artificial intelligence, software and big data and set up a Silicon Valley-style tech hub in Hanoi.

The sprawling Vietnamese group, which is already involved in real estate, retail, agriculture, education, carmaking and mobile phones, announced it was creating VinTech, its newest business unit, at a ceremony in the Vietnamese capital. Vingroup said that it aimed to become "an international-standard technology-industry-service conglomerate" within 10 years.

The news came on the same day Vingroup said it would raise \$400m through a preferential share issue to a unit of a South Korean insurance company.

Vingroup said that VinTech would specialise in developing AI products, software programmes and new-generation materials. It said that it had set up two new research institutions devoted to big data and high tech, as well as a technology investment fund focused on projects "that are applicable on a global scale".

"Investments in the two sectors will not only help Vingroup reach new heights, but also create a new tech-industry environment to boost Vietnam in the world's technology ceremony," said Nguyen Viet Quang, Vingroup's deputy general director.

As well as its tech push, Vingroup announced it would issue 84m convertible dividend preference shares to Hanwha Asset Management, a unit of South Korea's Hanwha Life Insurance, in a private placement at Vnd110,976 (\$4.76) per share. The shares will be restricted from trading for a year.

The company said that it had committed to employing 100,000 technology students within 10 years, and planned to build a tech hub in the Vietnamese capital modelled on

Silicon Valley. Vingroup gave no details of the amount it planned to invest in the fund, or its foray into high tech.

The push into tech will mark the latest move into a new business area by a company that describes itself as a “[cradle to grave](#)” supplier of goods and services to Vietnam’s fast-growing economy, and is positioning itself as a partner of choice for foreign companies seeking to enter the market.

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It will come at a time when the country’s communist rulers are seeking to promote “national champion” local producers in areas such as carmaking and pharmaceuticals.

Vingroup has over the past year listed [Vincom Retail](#) and [Vinhomes](#), its retail and real estate arms, and embarked on a bold but risky move into car and scooter production through VinFast, its vehicle manufacturing division. Vinfast’s partners and vendors include General Motors, BMW and Siemens, with which Vingroup agreed earlier this month to produce electric buses.

Separately, Vingroup last month [announced an agreement](#) with the Spanish company BQ to produce smartphones under the Vsmart brand name.

“They are moving away from their original core business of real estate into a new core business of lifestyle,” said Fiachra Mac Cana, head of research at Ho Chi Minh City Securities. “Perhaps we need to look at comparative companies in countries like South Korea and Japan, where you have your classic *chaebol* with five or six businesses that is seen as a national champion.”

Vingroup was founded in 1993 under the name Techcom by Pham Nhat Vuong, a former geology student in Moscow, who developed what was to become Ukraine’s top instant noodle brand.

The company grew rich as Vietnam’s economy opened to the world, and [Forbes](#) lists his net worth as \$6.7bn, making him the country’s richest man.

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