



# REPORT ON

ECONOMIC  
CONCENTRATION ACTIVITIES

# IN 2022

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## I. OVERVIEW OF GLOBAL M&A



## 1. CURRENT GLOBAL M&A

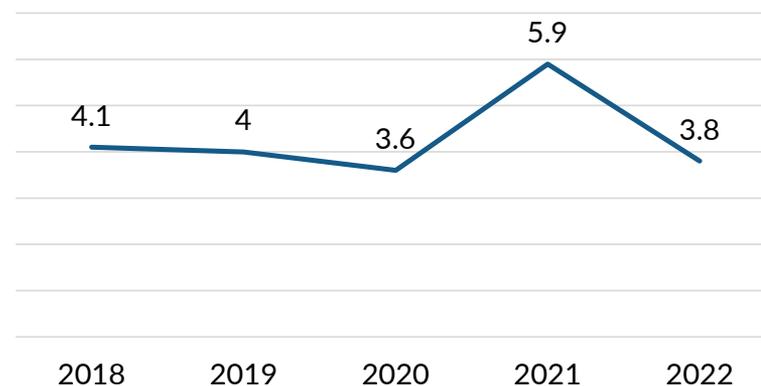
After a strong growth year in 2021 of global M&A activities, the global M&A market witnessed a challenging year in 2022 when both the M&A volume and value fell from a record high (65,000 transactions) in 2021 - by 17% and 37% respectively, while remaining well above pre-pandemic levels in 2020. The second half of 2022 witnessed the volume and value of transactions decrease more significantly, by 25% and 51% respectively, compared to the same period last year<sup>1</sup>.

The instability of the economy in 2022 disrupted the M&A market. Transactions with a value greater than USD10 billion were temporarily halted while transactions with less value were slowed down. The same year witnessed a 36% decrease in the total value of M&A transactions to USD3.8 trillion<sup>2</sup>.

1 <https://www.pwc.com/gx/en/news-room/press-releases/2023/2023-global-ma-industry-trends-outlook.html>

2 <https://www.bain.com/insights/looking-back-at-2022-m-and-a-report-2023/>

**Figure 1: M&A transaction value from 2018 to 2022**  
(unit: USD thousands of billions)



Source: Bain&Company

The cause of such decline in M&A value in 2022 include factors such as inflation, interest rates, available capital, industrial policy, national security, geopolitical tensions, and instability of supply chains. Faced with the rising inflation situation, the raising of interest rate from the Federal Reserve System (FED) took place sooner than expected in June 2022, which led to a knock-on effect that caused the increment of interest rates in other central banks. This increment in interest rate caused a negative impact on the investors in M&A transactions. The investment funds, due to reliance on mobilized money to conduct M&A deals, were susceptible to capital and cost constraints, which adversely affected M&A transactions with high values. In addition, inflation and economic recession disrupted business operations and

changed expectations of buyers and target companies toward profits. Supply chain disruptions also negatively affected the effectiveness of industrial policies, changing the development forecast of economic sectors.

## 2. M&A ACTIVITIES BY REGIONS

Global M&A activity in 2022 varied by region.

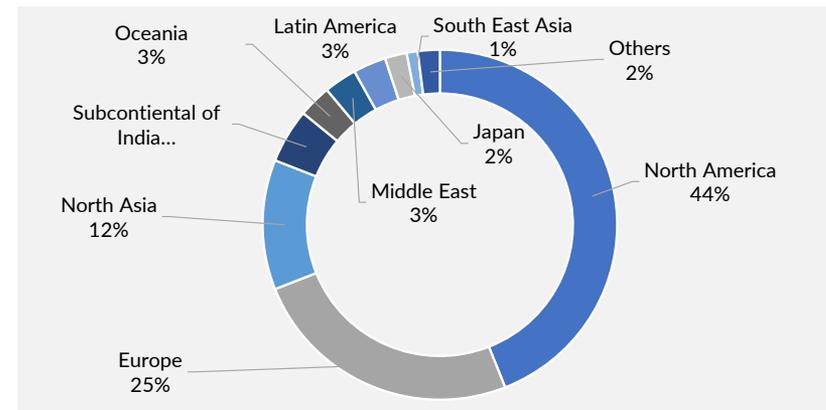
The Europe, Middle East, and Africa region (EMEA) recorded a 12% and 37% decrease in transaction volume and value, respectively in 2021 and 2022. With approximately 20,000 transactions in 2022, M&A activities in the region were still at 17% above the pre-pandemic levels in 2019.

In the Americas, trading volume and value (with approximately 18,000 transactions) fell by 17% and 40% respectively in 2021 and 2022. Transaction value was particularly affected and the number of large transactions in the United States – transactions of USD5 billion or over – almost halved from 81 to 42 in 2021 and 2022 respectively. The decline in the second half of 2022 occurred more significant, there were only 16 major deals compared to 26 in the first half of 2022.

In Asia-Pacific (with approximately 16,000 transactions), trading volume and value respectively decreased by 23% and 33% between 2021 and 2022. The largest declines were observed in China – impacted by the challenges of COVID-19 and weakening export demand – where transaction volume and value witnessed the drop of 46% and 35% respectively. Companies seeking access to the Asian market are increasingly looking for investment opportunities outside of China – to India, Japan and other countries in Southeast Asia. India has

emerged as an increasingly attractive investment destination, surpassing Japan and South Korea in terms of M&A value to rank second in the region after China.

**Figure 2: Distribution of M&A value in 2022 by region**

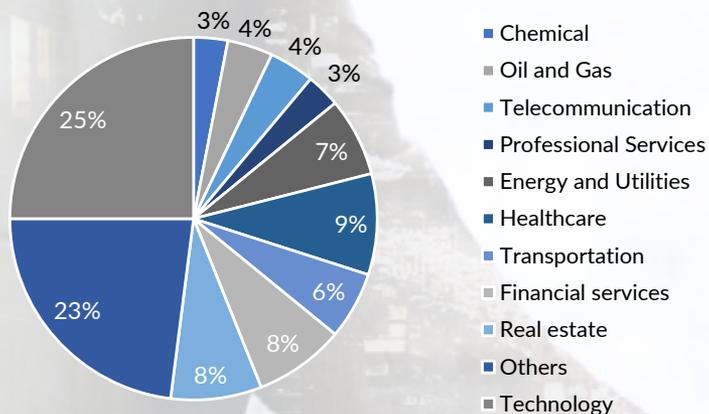


Source: Dealogic

## 3. M&A ACTIVITIES BY SECTORS

The top two sectors attracting M&A globally are Technology (25% of total value) and Healthcare (9%).

**Figure 3: Proportion of sectors with the highest M&A value in 2022**



Source: Dealogic



**(i) Technology sector<sup>3</sup>**

When faced with negative news of economic recession and rising interest rates, many technology companies chose to suspend their M&A activities in 2022. In the first 10 months of 2022, transaction value and volume decreased by about 45% and 4% respectively compared to the same period in 2021 (excluding gaming companies). However, there were still large transactional deals in late 2022 such as the case of Adobe announcing the acquisition of web-first collaborative design platform Figma for USD20 billion in September (currently stalled due to an investigation by the US Department of Justice). In the context of an unstable macroeconomic environment, technology companies still contemplated bold steps through M&A strategies to transform themselves after the economy recovers.<sup>4</sup>

**(ii) Healthcare sector**

By the end of 2022, the number of healthcare M&A deals decreased by more than 30% and the average scale of the deals decreased by about 15%. In the fourth quarter of 2022, recovery signs of M&A activities in the healthcare sector were indicated by two high value deals particularly, Johnson & Johnson’s USD16.6 billion acquisition of Abiomed

<sup>3</sup> <https://www.bain.com/insights/healthcare-life-sciences-m-and-a-report-2023/>

<sup>4</sup> <https://www.bain.com/insights/technology-m-and-a-report-2023/>

in November and Amgen's USD28 billion acquisition of Horizon in December.

#### 4. FORECAST OF GLOBAL M&A ACTIVITIES IN 2023

According to PwC's 2023 Global M&A Industry Trends Outlook<sup>5</sup>, global M&A activities are likely to pick up in the second half of 2023 as investors seek to balance short-term risks with long-term business conversion strategies. Macroeconomic fluctuations and geopolitical conflicts will have a homogenous impact across different industries. The following are the driving forces that will create opportunities for the 2023 M&A of economic sectors:

- **Technology, Media, and Telecommunications (TMT):** Digital transformation remains the main issue of concern for many businesses. M&A transactions relating to software are forecasted to continue shining in this sector – similar to 2022 – accounts for two-thirds of the transactions (71%) and three-quarters of transaction value (74%) in Technology M&A. Other sectors that could become hot spots for M&A activity in 2023 include telecommunications, virtual reality (metaverse) and video games.

- **Industrial Manufacturing and Automotive (IM&A):** Investment portfolio optimization will be the driving force behind M&A activity, especially in areas that focus on sustainability and that facilitate the escalation of digital transformation.

- **Financial Services (FS):** Disruption relating to digital platforms and Financial Technology (FinTech) is driving rapid

technological changes across the FS sector and is expected to become driving force for M&A activity.

- **Energy, Utilities and Resources (EU&R):** The energy transformation will remain a top priority for investors, directing large capital flows into M&A activities and developing other capital project.

- **Healthcare:** The demand on innovation and transformation of businesses to achieve growth goals will drive M&A activities in 2023. Biotechnology, CRO/CDMO, MedTech, digital healthcare and consumer-oriented healthcare solutions is expected to strongly attract investors.

The year 2022 shows an upward trend in the supervision of M&A activities under the perspective of competition law and national security. For example, regulators in the United Kingdom, Europe, and the United States have raised national security and antitrust concerns over the acquisition of UK semiconductor manufacturer Arm by Nvidia (the deal was cancelled). And in the United States, the Biden administration has adopted a broader definition of “anticompetitive” and is more likely to take large M&A deals to court. For example, the proposed acquisition of Simon & Schuster by Penguin Random House owned by Bertelsmann was blocked on the grounds that the authors, not just the consumers, would be harmed following the transaction. In addition, the prolonged appraisal period for economic concentration also causes risks for investors and reduces the motivation to participate in future M&A agreements<sup>6</sup>.

<sup>5</sup> <https://www.pwc.com/gx/en/news-room/press-releases/2023/2023-global-ma-industry-trends-outlook.html>

<sup>6</sup> <https://www.bain.com/insights/looking-back-at-2022-m-and-a-report-2023/>



## II. M&A ACTIVITIES IN VIETNAM IN 2022

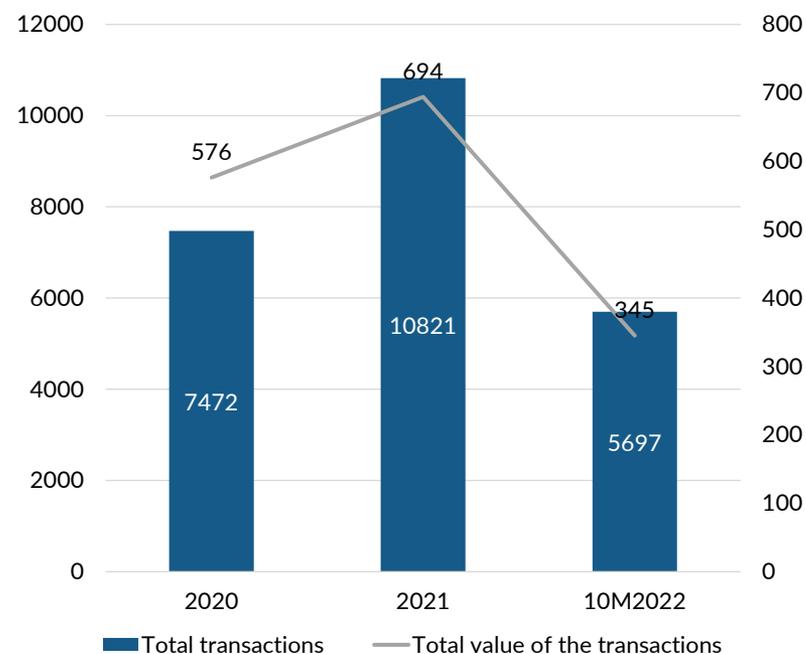
## 1. OVERVIEW OF M&A ACTIVITIES IN VIETNAM

One of the factors supporting M&A activities in Vietnam is the positive trend and level of the recovery of Vietnam's economy, with GDP growth in 2022 reaching 8.02%. In addition, regarding the establishment of supportive regulations and policies for investors, the second half of 2022 was an opportunity for traders to re-evaluate their strategies and act accordingly.

However, the middle of the fourth quarter of 2022, the M&A transaction market of Vietnam showed signs of slowing down when it only reached USD5.7 billion (by the end of October) – a drop of approximately 50% compared to 2021. However, when considering each sector separately, M&A deals are having a significant shift in the trends of capital flow as well as the quality and transaction value of each deal.

In 2022, M&A activities were conducted in a more conservative manner due to geopolitical concerns around the world and potential inflation affecting cross-border transactions. M&A activities went through a challenging period in 2022 and return to a near pre-pandemic level after a spike in 2021. Investors tended to scrutinize the potential come along benefit of deals and assets besides the profitability of the venture. In the first 10 months of 2022 (10M2022), the total transaction value reached USD5.7 billion, which is a decrease by 35.3% compared to the same period with the number of transactions decreasing significantly compared to the two previous years.

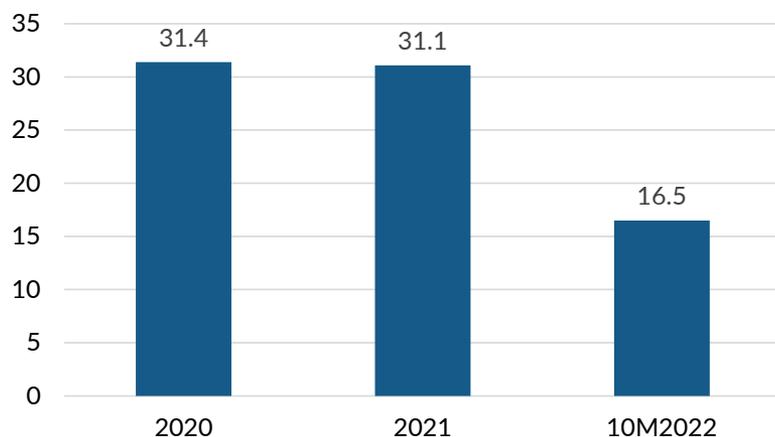
**Figure 4: M&A market of Vietnam in 2020 – 10M/2022, million USD  
(unit: million USD)**



Source: KPMG

Concerns about macroeconomic trends affecting investment opportunities in Vietnam led to a decrease in transaction volume, total transaction value and average transaction scale.

**Figure 5: Average value of M&A transactions in Vietnam in 2020 – 10M/2022, million USD**  
(Unit: million USD)



Source: KPMG

The average size or scale for one announced transaction decreased from USD31.1 million in 2020 to USD16.5 million in 10M/2022. The total number of super transactions (transactions exceeding USD100 million) signed during the review period halved, with only 13 transactions recorded in 10M/2022 compared to 22 transactions during the same period last year.

## 2. PROMINENT TRANSACTIONS

The most prominent transactions in 2022 mainly occurred in the Real Estate, Renewable Energy and Consumer sectors.

In 2022, Vietnam's M&A market witnessed large-scale deals from domestic and foreign investors. The biggest deal of the

year was Capital Place, an A grade office building located in downtown Hanoi, which was purchased by one of the industry's leading companies for USD523.4 million.

In the same sector, No Va Land obtained a USD250 million investment from Warburg Pincus, a leading international group specializing in seeking growth investment opportunities, to expand its land bank and promote key projects.

For the Energy - Public Utilities sector, recently, a developer and operator of renewable energy with headquarters located in Madrid, Spain, EDP Renovaveis S.A. (EDPR), signed an agreement to purchase two solar power projects with a total capacity of 200MWac in Thuan Bac district, Ninh Thuan province from Xuan Thien Group with a transaction value of USD284 million. This acquisition helps EDPR expand its market share and strengthen its position in the Asia-Pacific region.

Regarding the Consumer sector, The Sherpa Co., Ltd. - a subsidiary of Masan Group, acquired 65% of Phuc Long Heritage's capital with a value of USD260.6 million. Seletar Investments, Seatown Private Capital Master Fund and Periwinkle from Singapore have acquired approximately 36% shares in Golden Gate for approximately USD234 million from Prosperity Food Concepts Pte Ltd. It is notable that Seatown is an investment fund of Seatown Holdings in Singapore, which is also a consortium of the Temasek ecosystem.

In addition, Pharmacy, one of the largest drugstore chains in Vietnam, has joined SK Group, with the aim of entering Southeast Asia's rapidly expanding retail and healthcare markets. Such an agreement would likely bolster Pharmacy's plans to

expand to other sectors in Vietnam. Although the value of the deal is not disclosed, we believe this is one of the major deals of the year.

**Table 1: Prominent M&A deals of 2022**

Transaction	Sector	Seller	Buyer	Transaction value (million USD)
Capital Place	Real estate	CapitaLand Investment Ltd	A leading company in real estate sector	523.4
200 MW solar project cluster in Vietnam	Utilities	Xuan Thien Group	EDP Renováveis, S.A. (EDPR)	284.0
Phuc Long Heritage Corporation	Consumer	-	The Sherpa Company Limited	260.6
Novaland Group Corp	Real estate	-	Warburg Pincus LLC	250.0
Golden Gate Trade Services Joint Stock Company	Consumer	Prosperity Food Concepts Pte Ltd	Seletar Investments Pte Ltd, Seatown Capital Pte Ltd, và Periwinkle Pte Ltd	234.0
Pharmacy Pharmacy Joint Stock Company	Consumer	-	SK Group Ltd	n/a

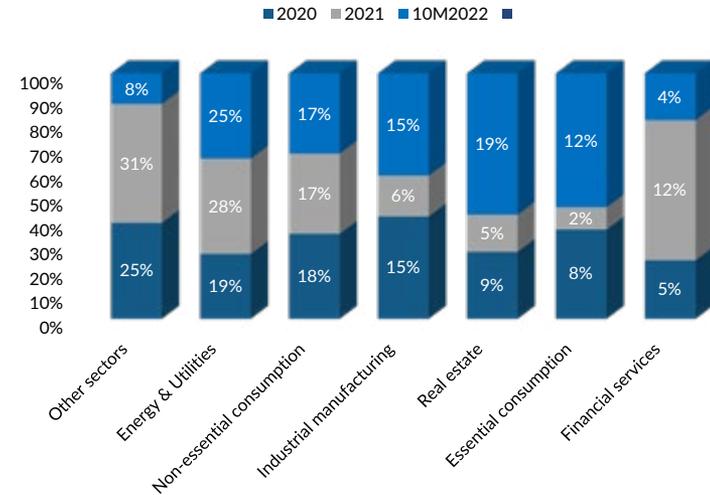
Source: KPMG

The most sought-after targets are in the consumer, industrial manufacturing, real estate, and energy-public utilities sectors. These sectors account for more than 80% of the total value in 10M2022. In 2022, the real estate sector continued to be a hotspot for M&A activities. This sector benefited by the increasing demand of office real estate and industrial real estate, the recovery in belief and tendency of consumers, driven by a large population, the increasing of the middle class, the rapid urbanization rate, as well as the rapid recovery rate of the post-pandemic economy.

On the contrary, due to the movement of concentration from investors to developing sectors such as Consumer and Energy-Public utilities, M&A activity in the used-to-be vibrant financial services sector in 2021 slowed down significantly for the first 10 months of 2022.



**Figure 6: Transaction value by sectors in 2020 – 10M/2022, million USD (Unit: million USD)**



Source: KPMG

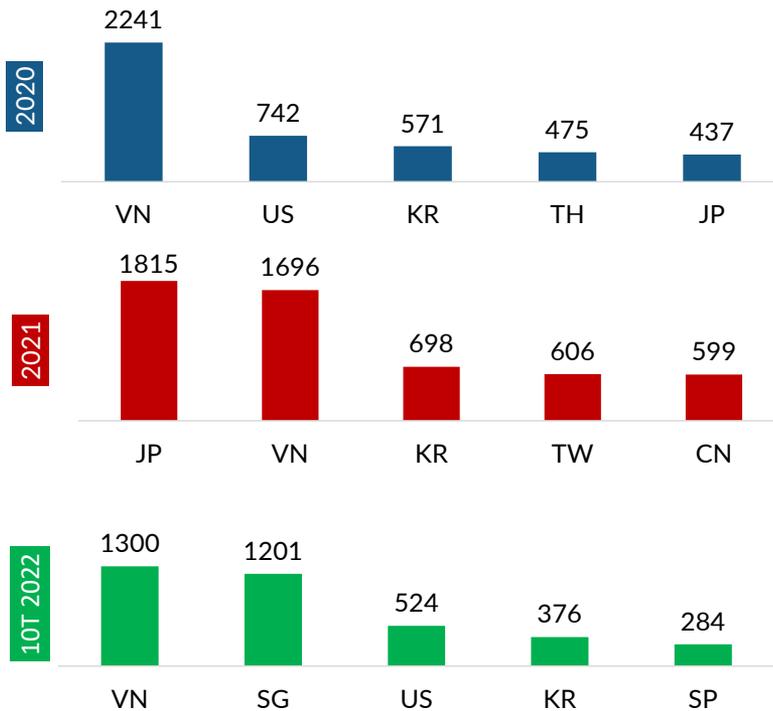
### 3. MAJOR INVESTORS IN THE VIETNAM MARKET

Along with the diversity of foreign investment capital flows, domestic enterprises have been more active in M&A activities.

The M&A market of Vietnam bloomed with a flurry of deals over the past three years, where both value and volume have been driven by Vietnamese companies. Up to now, M&A activities have been mainly carried out by foreign investors, especially from Thailand, Singapore, Japan, Korea, and Taiwan. However, the market is currently witnessing a shift towards

domestic companies as they are becoming increasingly active in M&A activities since 2020.

**Figure 7: Top 5 investors in M&A market of Vietnam in 2022 (2020 - 10M2022)**



Source: KPMG

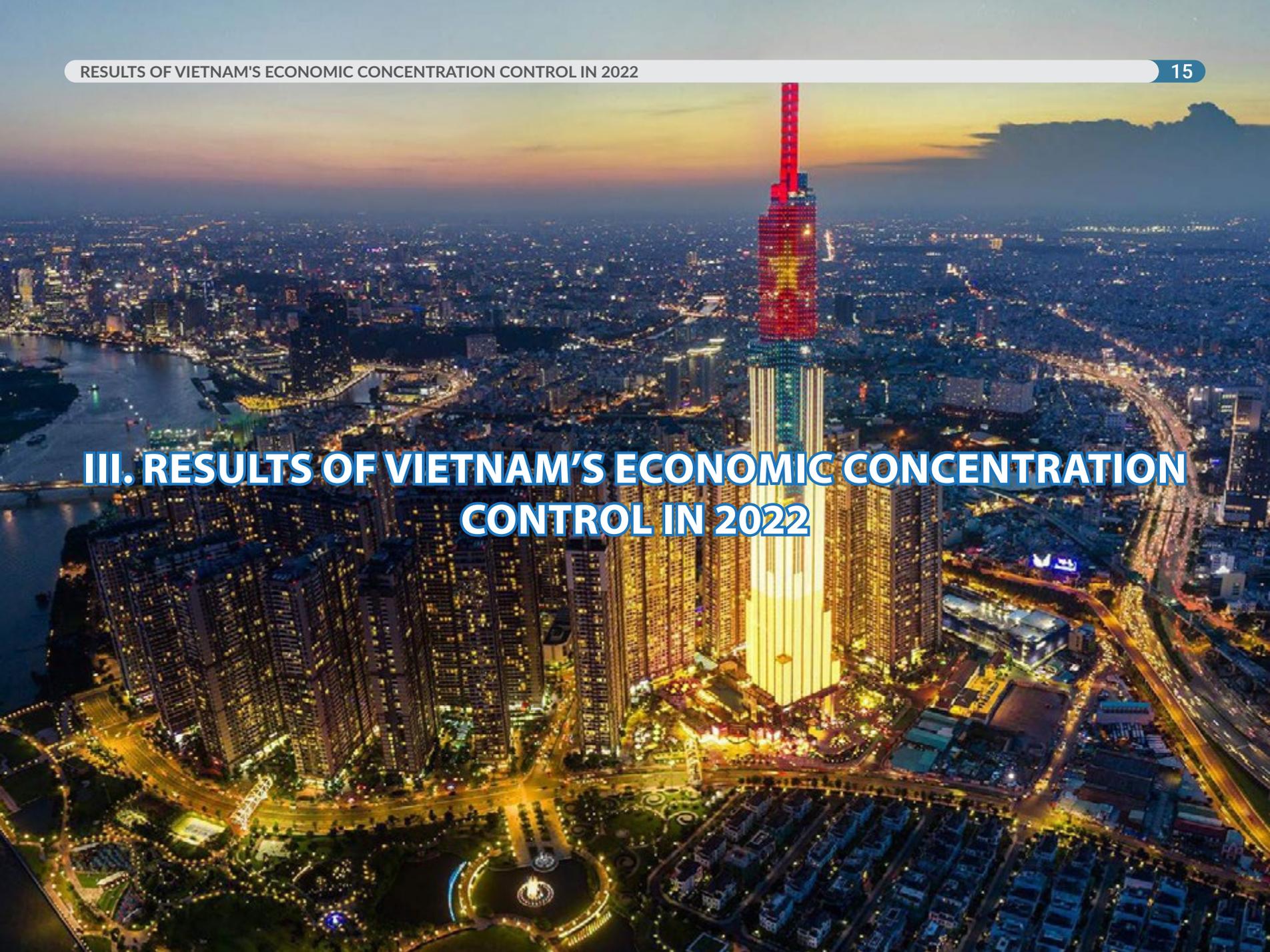
In 2022, it was observed that domestic investors caught up with the pace and dominated the M&A market as they need a capital raising channel to recover quickly from the pandemic and reform the business model, which was indicated through



the expansion of the proportion in the deal value compared to foreign investors.

A more conservative approach to investment post-pandemic, coupled with recent risks such as inflation, geopolitics and the gap between buyer and seller expectations could affect the risk appetite of foreign buyers, which led to a slowdown in cross-border M&A activities.

Singapore, US, South Korea, and Spain are among the most active foreign investors this year. In 2022, these foreign investors contributed more than 40% of the total value of the deal.

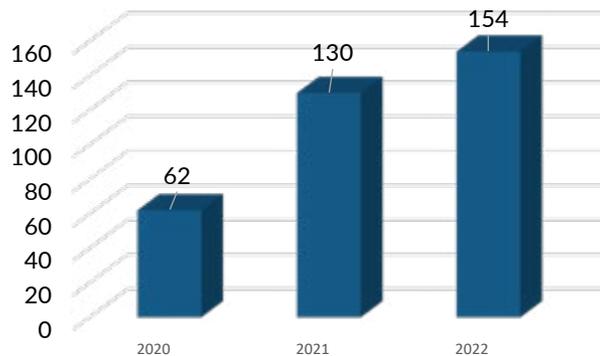
An aerial night photograph of a city, likely Hanoi, Vietnam. The central focus is a tall, slender skyscraper with a distinctive red and blue illuminated top section. The rest of the building is lit with warm yellow lights. The surrounding city is densely packed with buildings, many of which are also illuminated, creating a vibrant urban glow. A river is visible on the left side of the image, and a highway with traffic is on the right. The sky is dark with some clouds, and the overall atmosphere is that of a bustling city at night.

### **III. RESULTS OF VIETNAM'S ECONOMIC CONCENTRATION CONTROL IN 2022**

## 1. ECONOMIC CONCENTRATION MANAGEMENT IN VIETNAM

In 2022, 154 economic concentration (EC) applications were submitted to the VCCA<sup>7</sup>, increasing by 18.46% and 148% in comparison to those of 2021 and 2020 respectively. The majority of economic concentration transactions notified to the VCCA are transactions surpassing the threshold of total revenues and total assets of the enterprises participating in the economic concentration, accounts for over 90% of the total applications.

**Figure 8: Number of EC notifications in 2020, 2021, 2022**  
(unit: EC Notification dossier)



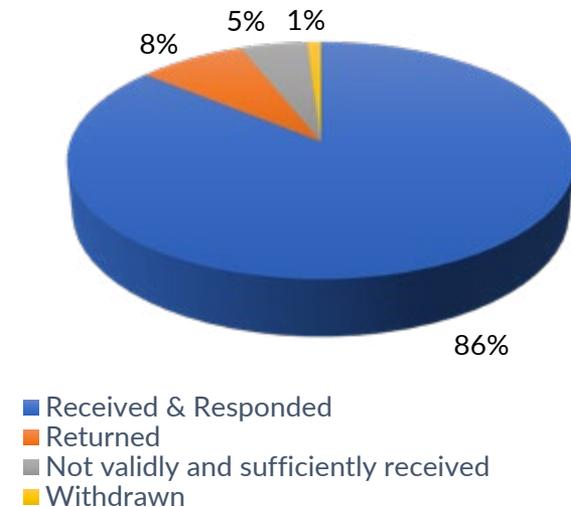
Upon receiving the EC notifications from the enterprises, the VCCA had conducted assessment and appraisal of such

<sup>7</sup> Before the establishment of the National Competition Commission, the Ministry of Industry and Trade assigned the Vietnam Competition and Consumer Authority to receive and process the economic concentration notifications.

applications, in accordance with the competition regulations. The results of EC application assessment in 2022 are as follows:

- 133 EC applications were received, and results were announced by the Ministry of Industry and Trade
- 12 EC applications were returned in accordance with Article 35 Competition Law
- 2 EC applications were withdrawn by the enterprises due to transaction termination
- 7 EC applications is currently evaluated for their sufficiency and validity in accordance with Article 34 the Competition Law.

**Figure 9: EC Notifications in 2022, assessment ratio**  
(Unit: %)

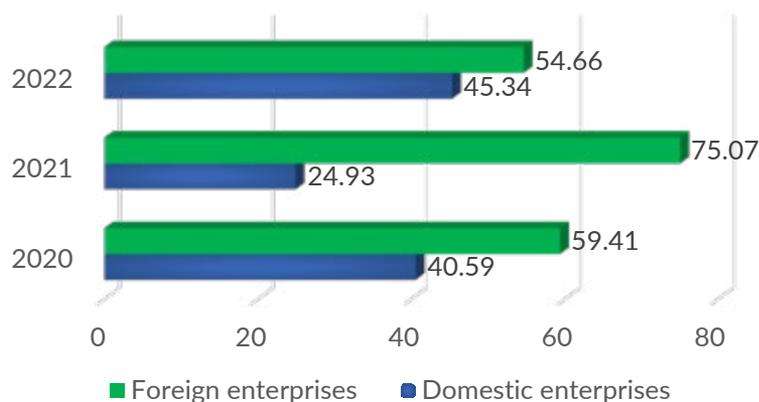


## 2. SUBJECTS PARTICIPATING IN ECONOMIC CONCENTRATION

Entities participating in EC transactions are enterprises under various forms, including joint stock companies, limited liability companies, and joint ventures. Each transaction involves two or more participating enterprises. Among the 133 EC notifications received and appraised in 2022, **there are 397 participating enterprises**, of which, 180 (accounts for 45%) are **foreign enterprises** (established and operating offshore) and 217 (accounts for 55%) are **domestic enterprises** which are more dominant among the two types.

This ratio has changed significantly in comparison to that of 2021, where the ratio between foreign enterprises and domestic enterprises were 24.93% and 75.07%, respectively.

**Figure 10. EC Notifications in 2020, 2021 and 2022, ratio of subjects of the EC transactions**



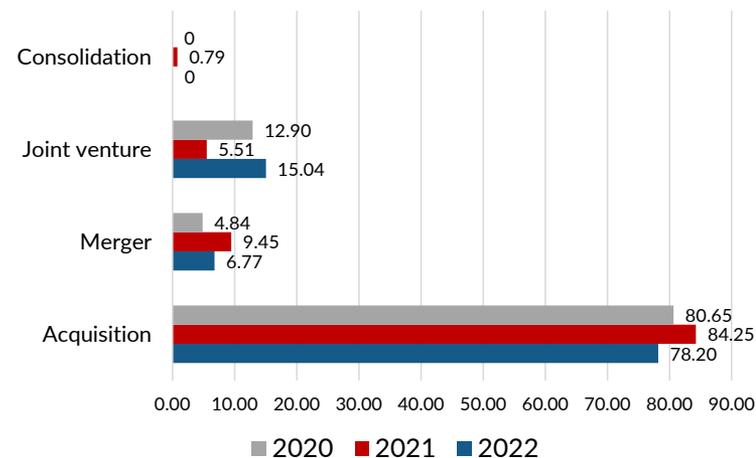
Source: VCCA

## 3. FORMS OF ECONOMIC CONCENTRATION

In accordance with the regulations on competition, EC can be performed among others, in the forms of merger, consolidation, acquisition and joint venture. Among the possible forms, acquisition is the dominant EC form, accounts for 78.2% of the total EC transactions from 2020 to 2022. Joint venture is the next in line, accounts for 15.04%, which is a significant increase in comparison with that of 2021 (only 5.51%). In 2022, there was no EC transaction in the form of consolidation.

Among the 133 EC notifications received of which results were announced by the Ministry of Industry and Trade, the disposition of the EC forms is as follow:

**Figure 11. Forms of EC Transaction notified to MOIT, disposition in 2020, 2021 and 2022**

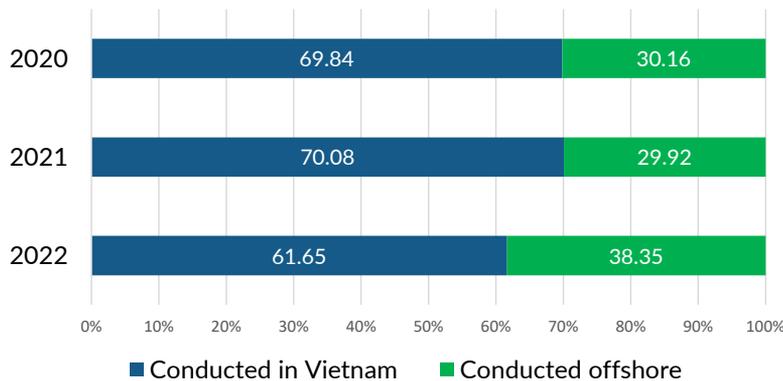


Source: VCCA

#### 4. GEOGRAPHICAL AREAS OF ECONOMIC CONCENTRATION TRANSACTIONS

Among the 133 EC applications in 2022, there are 82 transactions carried out inside the territory of Vietnam which accounts for 61.65% of the total transactions. This figure is similar to that of 2020 and 2021. The majority of these transactions involve a Vietnamese enterprise (100% domestic owned or foreign-invested enterprise) and another Vietnamese enterprise or a foreign enterprise.

**Figure 12. Geographical area of EC transactions in 2020, 2021 and 2022 by ratio (Unit: %)**

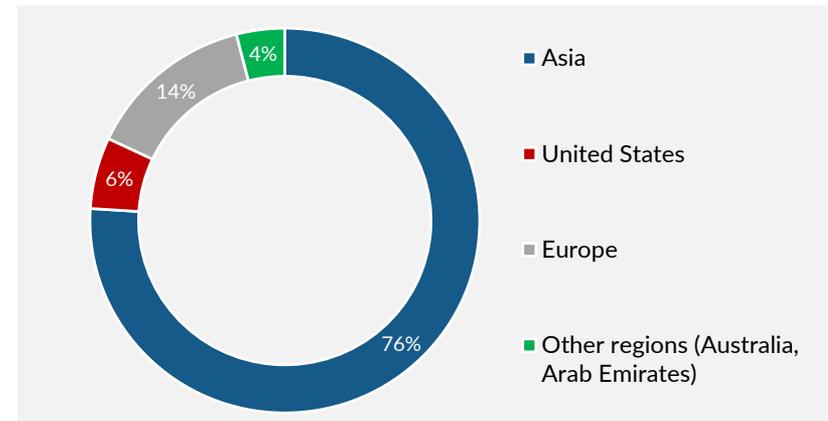


Source: VCCA

Among the EC transactions performed in Vietnam, there are 15 transactions whereby the foreign enterprise acquires a domestic enterprise or a whole business segment of a Vietnamese enterprise, accounts for 11.3% of the total EC transactions.

In terms of EC transactions conducted outside of the territory of Vietnam, all parties involved in the transactions are foreign enterprises, whose commercial presence in Vietnam are foreign-invested entities. The notified EC transactions which were conducted outside of Vietnam's territory were mainly conducted in Asia (Korea, Japan, China, ASEAN countries) and accounted for 76% of the total notified EC transactions conducted offshore.

**Figure 13: Geographical area where EC transactions took place in 2022**



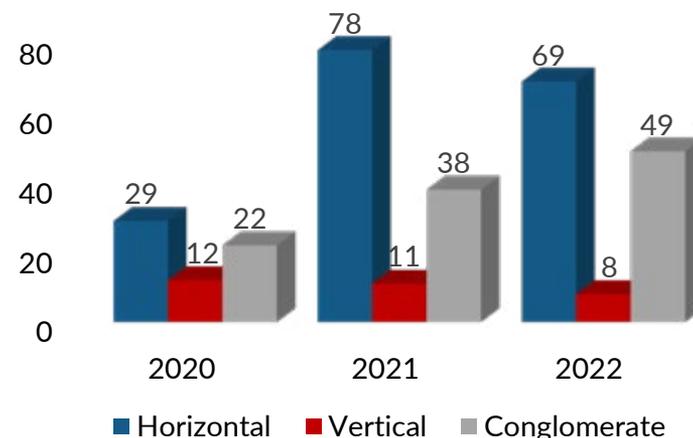
Transactions conducted abroad but still required to be notified of EC by participating enterprises include: (i) those having business activities in Vietnam (in case there is no commercial presence in Vietnam) through exporting goods to Vietnam or providing cross-border services or (ii) those

having commercial presence in Vietnam (subsidiaries, branches, authorized agents, etc.)

## 5. TYPES OF ECONOMIC CONCENTRATION

In classifying the EC transactions notified to the MOIT based on the forms of EC, the majority of EC transactions (accounts for 55%) are **horizontal** EC, similar to that of 2020 and 2021 (transactions between enterprises operating in the same relevant market), followed by **conglomerate** EC (transaction between enterprises operating in different relevant markets) which accounts for 39% of total transaction, and lastly the **vertical** EC (transactions between enterprises operating in markets where products and services are inputs or complement each other) which accounts for 6% of the total applications received by MOIT. In comparison to that of 2020 and 2021, the conglomerate EC transaction is increasing.

**Figure 14: Number of EC transactions notified (by form) in 2020, 2021 and 2022 (Unit: Transaction)**



Source: VCCA

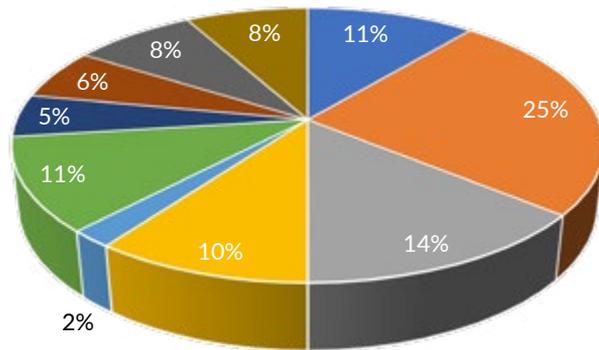
## 6. SECTORS OF ECONOMIC CONCENTRATION

Among the 133 EC notifications received and appraised in 2022, the transactions have taken place in various sectors or fields, from manufacturing, goods trading and services to resources sectors such as real estate and energy.

In terms of **the number of transactions**, about 61% of the EC notifications are notifications of transaction in four

major industries and sectors, including: **real estate**<sup>8</sup>; **services**<sup>9</sup>; **energy**<sup>10</sup>; and **industries**<sup>11</sup>.

**Figure 15: Disposition of sectors of EC transactions in 2022**



- Real Estate
- Energy
- Construction
- Foods, beverage
- Service
- Automotive industry
- Industry

The majority of EC applications involve transactions in the services sector and it accounts for 25% of the total application. The services sector is further sub-categorized as follows:

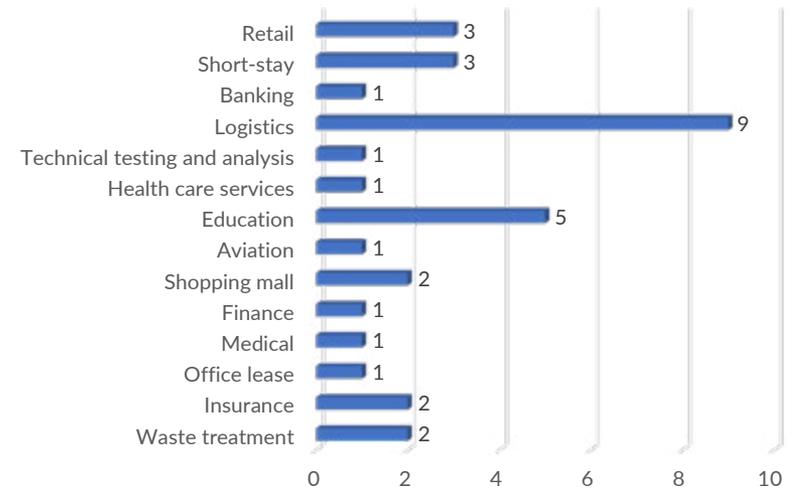
<sup>8</sup> Such as residential real estate and industrial and commercial real estate etc.

<sup>9</sup> Such as insurance, aviation, medical examination and treatment, retail, logistics, e-commerce, accommodation, shopping malls etc.

<sup>10</sup> including traditional energy and renewable energy.

<sup>11</sup> Manufacture of industrial products, chemicals, garments, plastics etc.

**Figure 16: Number of EC transactions in the service sector in 2022**



The highest sub-category is logistics service with 9 EC applications, of which, two transactions are subject to official appraisal.

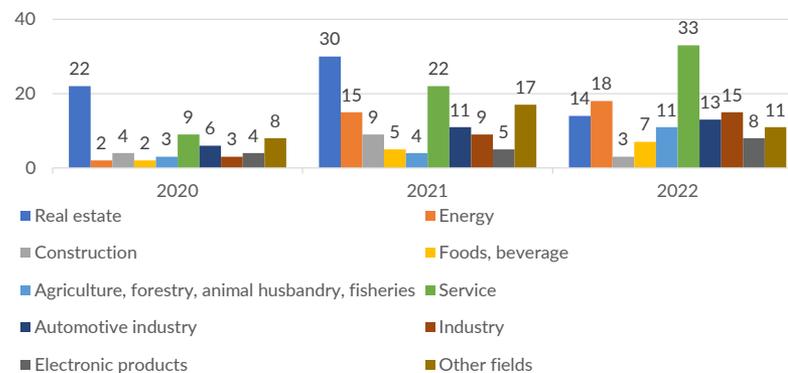
In comparison to the previous period, these four sub-categories still retain most of the EC applications.

**Table 2: Comparison of EC notifications by sectors in 2020, 2021, and 2022**

No	Sectors, fields of EC	2020	2021	2022
1	Real estate	22	30	14
2	Services	9	22	33
3	Energy	2	15	18
4	Automotive industry	6	11	13
5	Construction	4	9	3
6	Industry	3	9	15
7	Foods, beverage	2	5	7
8	Electronic products	4	5	8
9	Agriculture, forestry, animal husbandry, fisheries	3	4	11
10	Other fields	8	17	11

The paradigm shift in EC application sectors in 2022 in comparison to 2020 and 2021 is as follows: in 2020 and 2021, real estate accounted for most of the transactions, but by 2022, the services sector accounted for the largest proportion, M&A in the energy sector tended to increase.

**Figure 17: Number of EC notifications by sectors in 2020, 2021, 2022**



## 7. RESULTS OF ASSESSMENT OF DOSSIERS OF ECONOMIC CONCENTRATION NOTIFICATION

In 2022:

131 EC applications completed at the preliminary appraisal (average appraisal time for one EC application begins from the date VCCA receives the sufficient and valid dossiers, which is about 20 days).

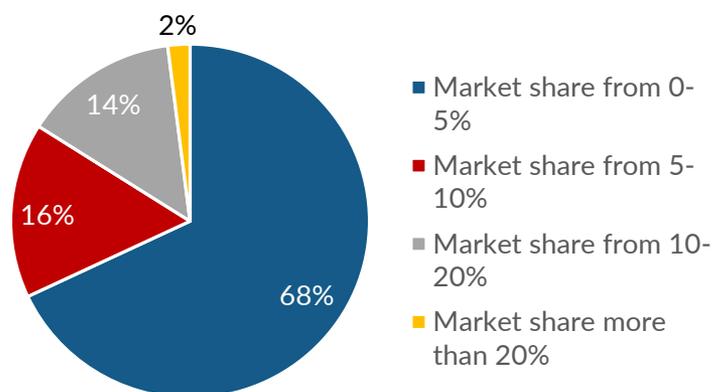
Two transactions were subject to official appraisal.

The EC notifications that are completed at preliminary appraisal are EC transactions that have no impact or are not likely to have competitive restriction effects on the relevant market and do not pose any potential concerns about market competition in general. The enterprises participating in those EC transactions all had a market share or a combined market share below 20% (below the safe threshold specified in Article

14 Decree No. 35/2020/ND-CP dated 24 March 2020 of the Government detailing a number of articles of the Competition Law).

Among the applications, the number of EC transactions with market share/combined market share in the relevant market from (i) 0-5%, accounts for 68%, (ii) 5-10%, accounts for 16%, (iii) from 10- 20%, accounts for 14% and (iv) over 20%, accounts for 2%.

**Figure 18: Percentage of dossiers of notified EC by market share in 2022**



Source: VCCA

There were two EC applications that were subject to official appraisal, of which the transactions were in the maritime transport sector. These were transactions that had the potential to cause competitive restriction effects on the relevant market.

Particularly, these EC transactions had a combined market share or market share over 20% (above the safe threshold).

## 8. ASSESSMENT OF ECONOMIC CONCENTRATION ACTIVITIES IN A NUMBER OF DISTINGUISHED SECTORS

### (i) Energy sector

The year 2022 marks a significant increase of M&A activities in the renewable energy sector. The number of M&A transactions in this sector doubled, and the total transaction value reached USD676 million, which represents a 5-fold increase in comparison to 2021. With the shifting focus to the clean energy field, there are many opportunities in the renewable energy sector to attract investment capital. The main drivers of this shift in focus are the Government's grants for renewable energy and sustainable development, as well as the growing trend of sustainable development.

According to a survey by The Economist, from the period of 2017 to 2021, the share of solar power in Vietnam had increased from practically zero to 11%. Such growth rate is not only higher than most countries globally, but the share of solar power in Vietnam also surpassed that of major economies such as Japan or France.

In 2022, VCCA appraised 18 EC notifications in the energy sector (increasing 20% and 600% in comparison with 2020 and 2021 respectively). The majority of these EC transactions are acquisitions. Of note, 37.5% of the total transactions are acquisition of domestic enterprises by foreign enterprises, with many of the purchasers being Singaporean and South Korean nationals.

All notified EC transactions in the energy sector had the combined market share of the participating enterprises in the relevant market below 5%. However, in 2022, there was a trend of foreign purchasing solar energy companies in Vietnam. A typical example was the series of M&A transactions in the solar energy sector of Sunseap Group in 2022.

Therefore, in due course, the VCCA will closely monitor economic concentration transactions having the same purchasing party(ies) to promptly prevent the risk of establishment of enterprises with significant market power in the grid-connected solar power market in Vietnam.



### Box 1: Notified economic concentration transactions of Sunseap Group in 2022

In 2022, Sunseap Group, through its subsidiaries including Sunseap Commercial & Industrial Assets (Vietnam) Co., Ltd; Trung Son Energy Development Limited Liability Company and CMX RE Sunseap Power Joint Stock Company, performed a series of acquisitions of enterprises operating in the rooftop solar power sector, thereby increasing its solar power generation capacity from 145.56 MW in 2021 to 407.6 MW (growth rate of 275%), accounting for 0.52% market share in the nationwide competitive power generation market and 4.569% in the nationwide grid-connected solar power market.

Five EC transactions of Sunseap Group are as follows:

**(i) First transaction:** Company EDP Renovaveis S.A. acquired 91.4% shares of Sunseap Group. EC application was submitted in January 2022.

Prior to the acquisition (in 2021), Sunseap Group produced grid-connected solar power with a total installed capacity of 145.56 MW. EDP Renovaveis S.A. Company (the acquirer) is a company established in Spain and operates mainly in the renewable energy sector.

**(ii) Second transaction:** The group of affiliated businesses of Sunseap Group acquired 100% of the capital contribution in DKT Energy Investment Company Limited. The EC application was submitted in July 2022.

DKT Energy Investment Company Limited, through its 12 subsidiaries, invested in the construction and

development of grid-connected solar power projects in Long An province, with a total generating capacity of 10.8 MW.

**(iii) Third transaction:** The group of affiliated businesses of Sunseap Group acquired 100% of the capital contribution in Long Dai Phat Investment Company Limited. The EC application was submitted in July 2022.

Long Dai Phat Investment Company Limited, through its seven subsidiaries, invested in the construction and development of solar power projects in Long An and Binh Duong provinces, with a total generating capacity of 9 MW.

**(iv) Fourth transaction:** Group of affiliated businesses of Sunseap Group acquired 100% of shares of Xuan Thien Ninh Thuan Joint Stock Company, Xuan Thien Thuan Bac Joint Stock Company. The EC application was submitted in August 2022.

Xuan Thien Ninh Thuan Joint Stock Company, Xuan Thien Thuan Bac Joint Stock Company invested and operated Xuan Thien Thuan Bac Solar Power Plant in Ninh Thuan province, with a total generating capacity of 200 MW.

**(v) Fifth transaction:** Group of affiliated businesses of Sunseap Group acquired 100% of the shares of Millennium Company from individual shareholders.

Millennium Company, through four subsidiaries, which were HTD Vietnam Development Investment Joint Stock Company, HTD Binh Duong Investment Development Joint Stock Company, Dai Linh Phat Co., Ltd., and Lam Gia Luat

Co., Ltd., invested in the construction and development of solar power projects in Binh Duong province with a total capacity of 7,1056 MW.

### **Box 2: Transactions subject to EC application of Maersk Logistics & Services International Company A/S**

In 2022, the Danish shipping line Maersk made three acquisitions in the logistics sector to complete its supply chain. These transactions were performed in Vietnam and offshore but had an impact on the market of Vietnam because all parties in the EC had business operations in Vietnam. Particularly:

The first transaction involved Maersk Company's acquisition of Senator Company - a freight forwarding company (primarily airfreight). The transaction was part of Maersk's plan to consolidate and expand its air freight forwarding business.

This transaction was approved with conditions by the Ministry of Industry and Trade on 1 June 2022 after official appraisal because Maersk had a relatively large market share (over 20%) on some oceanic container shipping routes.

The second transaction involved Maersk's acquisition of Li & Fung Limited - a company that operated mainly in 3PL Logistics and had a relatively small market share. However, because Maersk had a large market share on ocean freight routes, which is supplementary for 3PL logistics services, the transaction was subject to official appraisal. This transaction was approved with conditions by the Ministry of Industry and Trade on 28 July 2022 after official appraisal.

The third transaction involved Maersk's acquisition of Martin Bencher - a company operating in the field of project logistics. This transaction was approved by the Ministry of Industry and Trade on 29 November 2022 after preliminary appraisal.

After implementing the three acquisitions above, Maersk's market share in its primary business of container shipping by sea remains unchanged, while the market share in the air freight forwarding market and the project logistics market is low.

## (ii) Logistics sector

The logistics sector is among the fastest growing sectors in Vietnam in recent years. Vietnam is located in a dynamic area, where there is a strong concentration of trading goods and great economic openness level (over 200%), import-export and e-commerce always grow at double-digit rate, giving it great potential to develop the logistics market.

According to the World Bank's Report on Logistics Performance Index (LPI), published in 2018, Vietnam ranked 39th out of 160 countries participating in the study, and third in ASEAN. Vietnam was also ranked at the top of emerging markets. The industry average annual growth rate was 14-16%, the quantity and quality of logistics services was improved, making an important contribution to bringing Vietnam's total import and export turnover in the first 10 months of 2022 to USD613.30 billion, an increase of 14.06% in comparison with that of 2021.

In Vietnam, the demand for inland transportation of goods is handled mostly by domestic enterprises, in contrast, the transportation of import and export goods with ocean routes is handled mostly by foreign shipping lines. Currently, there are about 40 large-scale and renowned foreign shipping lines operating in Vietnam.

In 2022, competitive pressure and the development of the digital economy promoted mergers and acquisitions in the logistics sector in the world as well as in Vietnam. Following such trend, the number of EC notifications appraised by VCCA, related to the logistics sector was nine cases, in comparison to five cases in 2021. Of the nine cases in the logistics field



received in 2022, four cases were conducted domestically, and five cases took place in foreign countries but affected the market of Vietnam.

A notable feature in the above transactions is the trend of shipping lines acquiring freight forwarding companies to complete the supply chain. Some typical cases such as the shipping company Maersk Logistics & Services International (“Maersk”) performed three consecutive economic concentration transactions, including: (i) Maersk acquired the shipping forwarder Senator to consolidate and expand its business in

the field of air freight forwarding, (ii) Maersk acquired Li & Fung Limited to complete the supply chain in 3PL logistics and (iii) Maersk acquired Martin Bencher Company to expand operations into the field of project logistics.

Logistics is an important sector of the economy, especially in the context that transportation of import and export goods of Vietnamese enterprises relies mostly on foreign shipping lines. The VCCA will closely monitor competition in this sector, to ensure fair and healthy competition, for the common benefit of import-export businesses and consumers.





## **IV. ASSESSMENT OF ECONOMIC CONCENTRATION CONTROL IN 2022**

## 1. ASSESSMENT

In 2022, VCCA has received and processed 133 EC applications, of which the majority are in the form of acquisition (accounts for 80%); followed by joint ventures and corporate mergers. There are no EC notifications in the form of enterprise consolidation.

All M&A transactions subject to EC application involved large Vietnamese corporations and enterprises such as

VinGroup, Nova Group, BCG Group, Massan, etc. and foreign-invested enterprises.

EC transactions outside Vietnam's territory (offshore) in 2022 accounts for about 32% of the total number of M&A transactions, similar to that of 2021. The primary geographical area where most offshore EC transactions were performed is the Asia - Pacific region (accounts for 69.5%). These transactions are usually on a regional/global scale but are related to the market of Vietnam. Therefore, these EC cases have been notified to all relevant competition authorities, including Vietnam. Thus, Vietnam has been occupying an indispensable position in the regional/global value chain.

Most EC transactions subject to notification has been conducted in a few primary sectors such as real estate (both residential and non-residential), energy (traditional and renewable energy), services sector (logistics, insurance, education, thrift delivery, etc.), construction materials, food processing, beverages, electricity, electronics, and electrical equipment, etc. These are also the main areas which enterprises conducted EC notifications in 2021.

The appraisal process shows that most of the EC cases are subject to preliminary appraisal. The cases



completed at preliminary appraisal are ECs which have no impact or not likely to have anti-competition effects on the relevant market and do not have potential concerns about market competition in general. Most of the notified EC transactions have a market share/ combined market share of the participating parties in the relevant market of less than 5% (accounts for 60%).

## 2. DIRECTION OF ECONOMIC CONCENTRATION MANAGEMENT IN 2023

Decree No. 03/2023/ND-CP dated 10 February 2023 of the Government promulgating the functions, tasks, powers, and organizational structure of National Competition Commission came into effect on 1 April 2023. Accordingly, from 1 April 2023, the National Competition Commission will be the competent authority to enforce competition laws, including the regulations on economic concentration management.

To ensure and maintain a fair and healthy competitive environment for enterprises operating in Vietnam in the context of international economic integration, the orientation for economic concentration management in 2021 is as follows:

(i) Enhancing the effectiveness of coordination, consultation and exchange between the competition management agencies and specialized management agencies in managing economic concentration transactions, especially those that affect or have the potential to cause competitive restrictions on the market of Vietnam, and economic concentration activities which negatively affect the economy.

(ii) Propagating competition law and policy to raise awareness of the domestic and foreign business community to ensure compliance with competition law, using competition law as a tool to protect rights and legitimate interests of enterprises conducting business and foreign investment activities.

(iii) Promoting international cooperation activities in competition law enforcement, especially in the management of economic concentration for offshore M&A transactions which cause competitive restriction effect or are likely to cause competitive restriction effect on the market of Vietnam.





**KPMG**

