



# CONTENTS

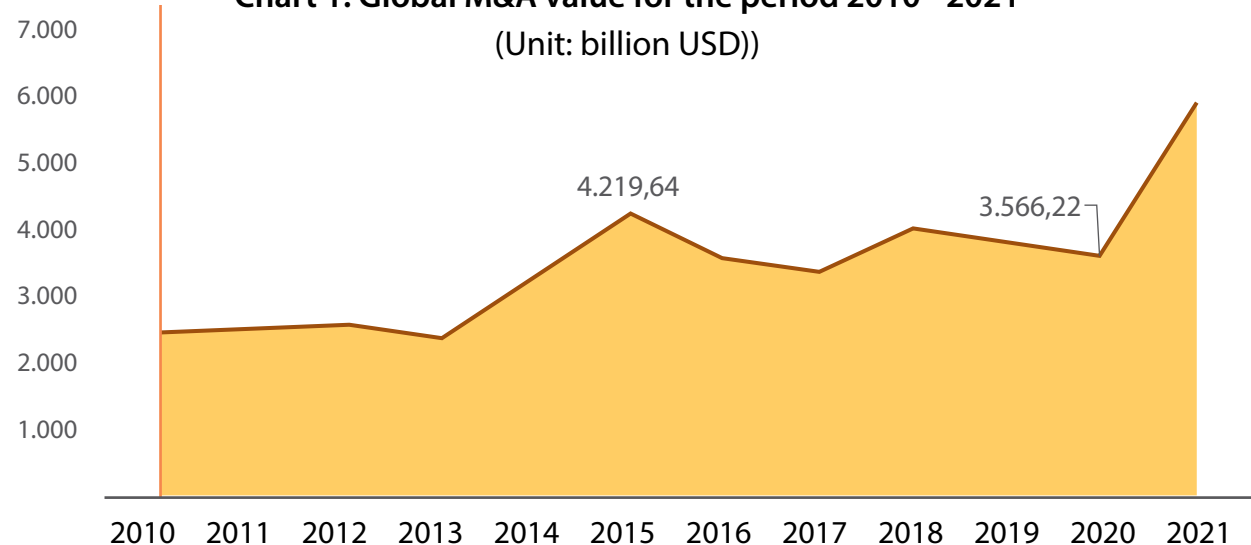
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# I. Global Mergers and Acquisitions (M&A)

## 1. Overview of global M&A

Despite the Covid-19 pandemic, global mergers and acquisitions (M&A) activities are active in 2021. According to Statista statistics, the total value of global M&A transactions for the entire year of 2021 reached 5,857.38<sup>(1)</sup> billion USD, increased by 64% compared to 2020, marking the first time since 2006 that the transaction value has surpassed the record of 5 trillion USD. And transaction value also surpassed the previous record of 4,219.64<sup>(2)</sup> billion USD in 2015. With over 63,000<sup>(3)</sup> announced transactions, 2021 will set a new record for the number of M&A transactions, increased by 24%<sup>(4)</sup> compared to 2020.

Chart 1. Global M&A value for the period 2010 - 2021  
(Unit: billion USD)



Source: Statista

Governments' enormous economic stimulus packages, quick coverage of covid vaccinations, and easy access to funds with lower interest rates have resulted in an explosion of M&A transactions on a worldwide scale. The possibility of economic recovery motivates corporations to pursue huge, transformative M&A transactions.



<sup>(1)</sup> Source: • Value of M&A deals globally 2010-2021 | Statista

<sup>(2)</sup> Source: • Value of M&A deals globally 2010-2021 | Statista

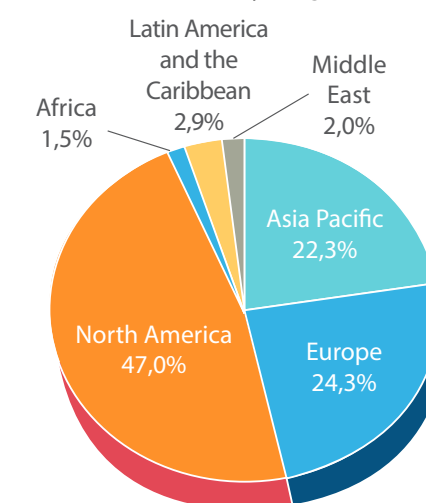
<sup>(3)</sup> Source: • Number of M&A deals globally 2010-2021 | Statista

<sup>(4)</sup> Source: Global M&A transactions top \$5 trillion for first time - Allen & Overy (allenover.com)

## 1.1. Situation of M&A by region

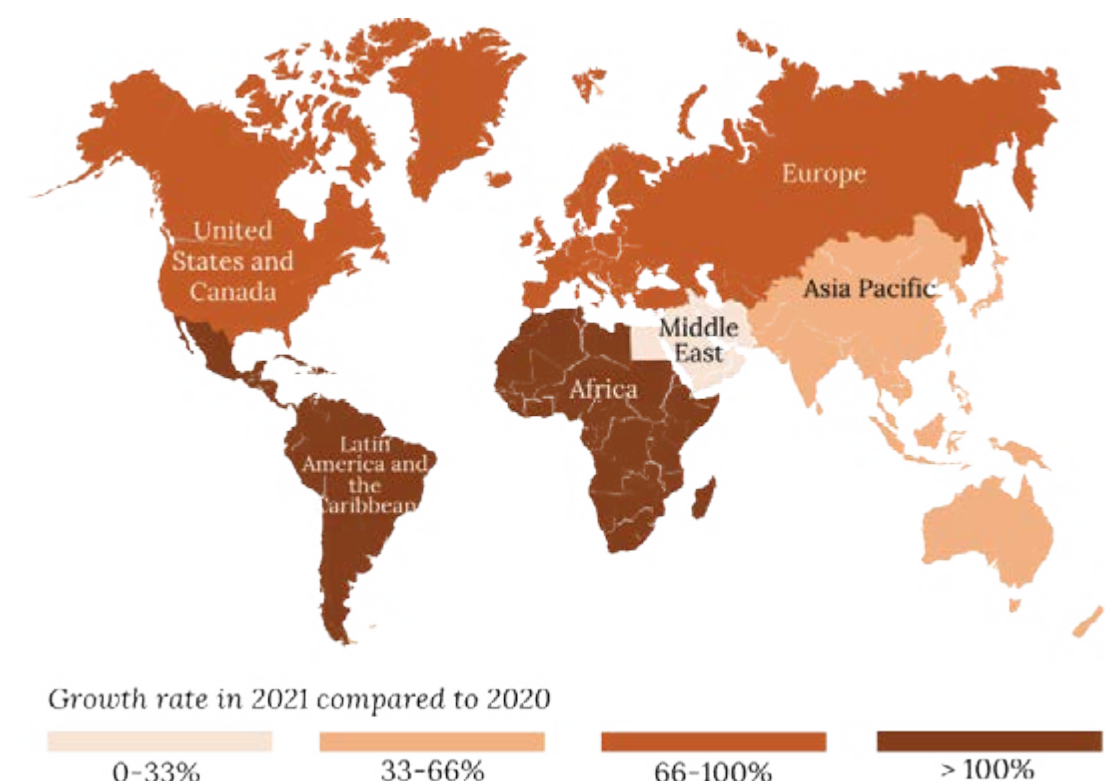
North America, which comprises the United States and Canada, **accounted for 47% of worldwide M&A transaction value in 2021, followed by Europe (24.3%). The Asia-Pacific area placed third in terms of M&A transaction value, account for 22.3%.** Latin America and the Caribbean, the Middle East, and Africa contributed for a minor fraction of worldwide M&A transaction value, ranging from 1.5% to 2.9%.

Chart 2. M&A value distribution in 2021 by region



Source: White&Case

Chart 3. Growth rate of M&A value in 2021 by region

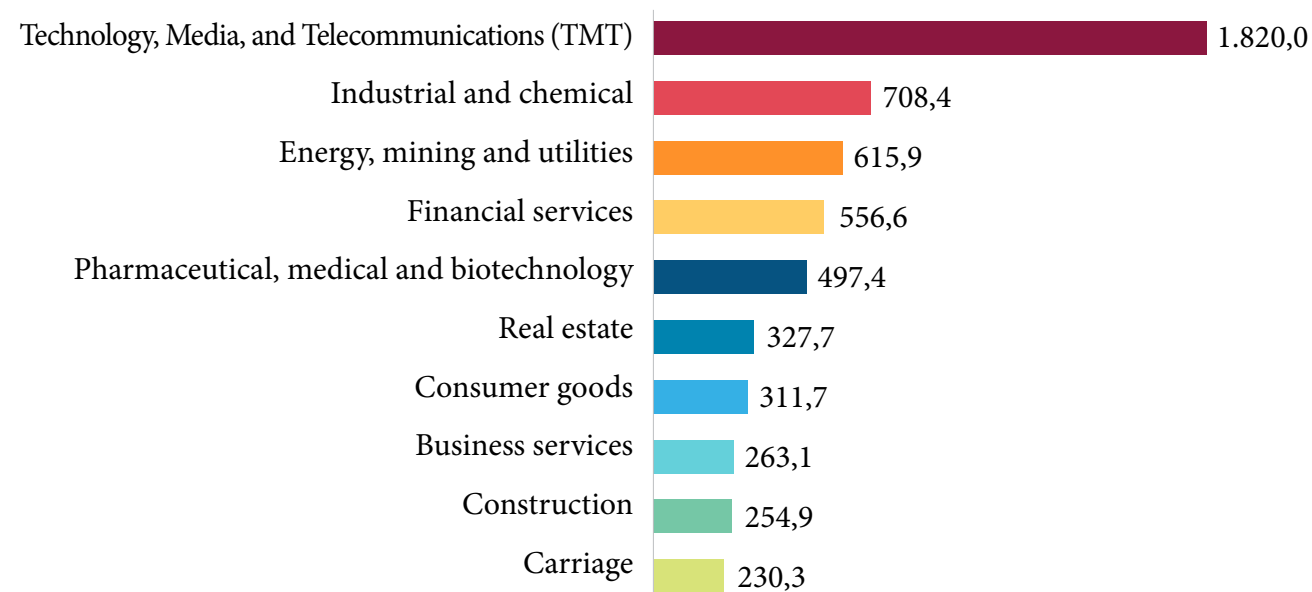


Source: Synthesized from the data of White & Case

Despite accounting for a negligible proportion, Africa and Latin America and the Caribbean region experienced strong growth in M&A transaction value in 2021, with growth rates of 785.2% and 146%, respectively, compared to 2020. Europe and North America are experiencing 70% to 100% M&A value growth, while Asia-Pacific is experiencing 52.6% growth. With 23.7% growth, M&A activity in the Middle East region was the lowest growth rate.

## 1.2. Situation of M&A by sectors

Chart 4. Top 10 sectors with the highest M&A value in 2021

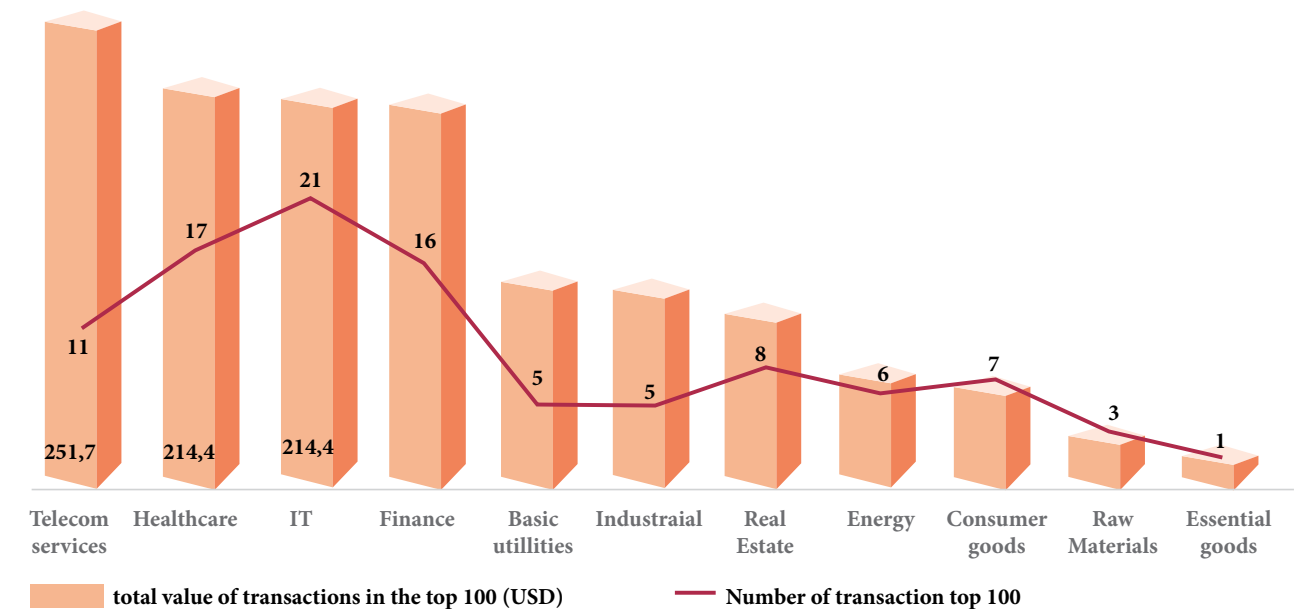


Source: White & Case

The Technology, Media, and Telecommunications industry (TMT) is ranked the first place among the top ten industries with the largest M&A value in 2021, with a total M&A value of \$1,820 billion USD. The IT industry, in particular, continued to create new milestones in 2021 as the rate of digitization rises. In 2020, M&A in the technology industry surged considerably, hitting 339 billion dollars, the largest annual value ever. However, by 2021, this figure doubled up to 790<sup>(1)</sup> billion USD. The number of transactions also reached an all-time highest value in 2021, with 2,194 transactions, a 69% increase compared to 2020<sup>(2)</sup>.

## 1.3. Examples of outstanding M&A transactions

Chart 5. Top 100 largest M&A transactions in the world in 2021, distributed by fields of goods and services



Source: S&P Global Market Intelligence

**Technology** has recently been recognized for its M&A value, and the covid pandemic, as a lever, adds to the attractiveness of technology, as businesses accelerate their adoption of digital tools. That is evident in the largest deals of 2021, such as Dell selling an 80.65% stake in VMware for 60.8 billion USD; MSP Recovery being acquired by Lionheart Acquisition Corporation for 44.3 billion USD; and PayPal acquiring Pinterest for 38.9 billion USD<sup>(1)</sup>.

One of the major M&A transactions in the **telecommunications** sector was the merger of the UK's two largest telecoms and mobile networks, O2 and Virgin Media, into a telecommunications business valued at £31 billion (approximately 44.5 billion USD) on May 7, 2021<sup>(2)</sup>.

Gojek, a ride-hailing platform in Southeast Asia, and Tokopedia, an Indonesian e-commerce platform, merged to form the GoTo Group. The 18 billion USD merger was expected to create a world's largest internet company in the world's fourth most populous country, with business segments ranging from ride-hailing to digital payments to e-commerce, delivery, and etc<sup>(3)</sup>.

<sup>(1)</sup> Source: <https://www.whitecase.com/publications/insight/record-breaker-us-ma-2021/technology>

<sup>(2)</sup> <https://www.vietnamplus.vn/o2-va-virgin-media-sap-nhap-thanh-cong-ty-tri-gia-gan-47-ty-do-la-my/639149.vnp>

<sup>(3)</sup> <https://www.techinasia.com/sources-gojek-tokopedia-form-combined-company-goto-once-18b-merger-finalized>

## 2. The trend of controlling M&A of international competition authorities

In general, competition authorities around the world have been taking a stricter and more stringent stance on economic concentration deals in 2021.

**The Department of Justice (US. DoJ) and the Federal Trade Commission (US. FTC) in the United States updated their procedures to extend the processing time of notification of economic concentration<sup>(1)</sup>.** Specifically, the US. FTC had no longer applied an fast-track process for all merger and acquisition transactions, including those with no competition concerns. This means that all M&A transactions that fall under the notification threshold must be approved by law after at least 30 days. At the same time, during the application review process, the US.FTC would also broaden the scope of consulted subjects, including related parties, and not accept enterprises' requests to narrow the scope of consulted subjects.

**The European Commission (EC)** announced a new notification policy in Europe under Article 22 of the European Union Merger Regulation (EUMR). This policy encouraged European Union (EU) member states to notify the EC of certain types of M&A transactions, even if the transaction does not fall within the member states' M&A control thresholds. This policy change is primarily aimed at "killer acquisitions" in the digital and pharmaceutical sectors that do not meet the EC and member states' notification thresholds (usually based on revenue)<sup>(2)</sup>.

EU's national competition authorities have also focused on assessing competition in M&A transactions involving digital platforms. A new law in France requires digital platforms designated by the French Competition Authority to notify all M&A transactions they conduct.

**In the Asia-Pacific region**, the Australian Competition and Consumer Commission (ACCC) has recommended major digital platforms in Australia to notify the ACCC of any M&A in advance. Australia also considered amending the legal provisions governing economic concentration control in order to provide a foundation for assessing the impact of eliminating potential competitors and the role of acquired assets in M&A transactions.

**Japan** revised its economic concentration guidelines to incorporate the impact of data and R&D on competition. The Korean Fair Trade Commission has announced plans to require notification of economic concentration based on transaction value, which, if implemented, would create a notification obligation for acquiring start-up firms (currently not needing notification by revenue threshold)<sup>(3)</sup>.

<sup>(1)</sup> <https://www.whitecase.com/publications/insight/record-breaker-us-ma-2021/antitrust-extended-timelines>

<sup>(2)</sup> [https://www.freshfields.us/4901a6/globalassets/our-thinking/campaigns/antitrust/10kt-2021/08463\\_10\\_key\\_themes\\_2021\\_us\\_online.pdf](https://www.freshfields.us/4901a6/globalassets/our-thinking/campaigns/antitrust/10kt-2021/08463_10_key_themes_2021_us_online.pdf)

<sup>(3)</sup> [https://www.freshfields.us/4901a6/globalassets/our-thinking/campaigns/antitrust/10kt-2021/08463\\_10\\_key\\_themes\\_2021\\_us\\_online.pdf](https://www.freshfields.us/4901a6/globalassets/our-thinking/campaigns/antitrust/10kt-2021/08463_10_key_themes_2021_us_online.pdf)

## II. Economic concentration in Vietnam

### 1. Overview of M&A in Vietnam

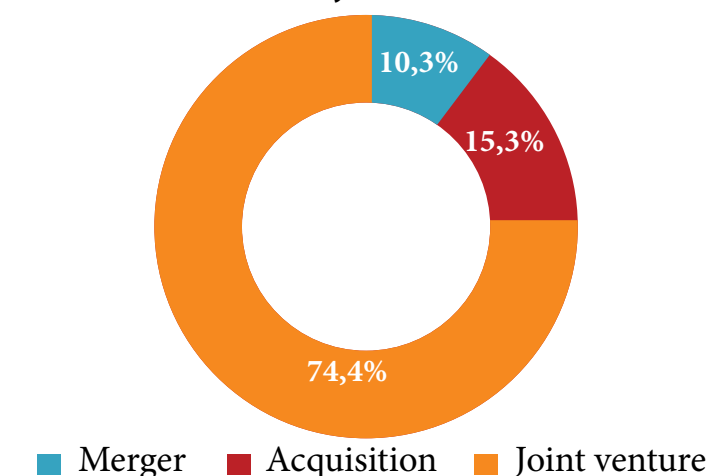
Despite the negative impact of the Covid-19 pandemic, foreign direct investment (FDI) into Vietnam increased in 2021. According to the Ministry of Planning and Investment, by the end of November 2021, total newly issued, adjusted, capital contribution, and share purchase by foreign investors reached 26.46 billion USD, an increase of 0.1% over the same period in 2020, when investment through capital contribution and share purchase totaled nearly 4.5 billion USD<sup>(1)</sup>.

**Regarding the value of M&A transactions**, the value of M&A transactions in Vietnam increased significantly in the first 10 months of 2021, reaching 8.8 billion USD according to KPMG Vietnam. Compared to the value of 3.5 billion USD in 2020 and 7.2 billion USD in 2019<sup>(2)</sup>, the value of M&A transactions in the first ten months of 2021 has increased by more than 2.5 times compared to the entire year of 2020 and by 22% over the course of 2019.

**Regarding the number of M&A transactions**, according to observations and aggregated data of the Vietnam Competition and Consumer Authority (VCCA), in 2021, a total of about 875 M&A deals were recorded in Vietnam, of which:

- 134 transactions in the form of business acquisition<sup>(3)</sup>;
- 90 transactions in the form of corporate mergers<sup>(4)</sup>;
- 651 transactions in the form of joint venture<sup>(5)</sup>.

Chart 6. Number of M&A transactions in Vietnam in 2021 classified by forms of transaction



Source: VCCA

2021 was a difficult year for the Vietnamese economy. The spread of the Delta and Omicron mutations had a significant impact on business community and supply chains. Many businesses switched to online working mode in the context of strict lockdown and social distancing, forcing them to reshape their products and business strategies to adapt to the new situation. The Covid-19 pandemic resulted in new trends in business mergers and acquisitions in Vietnam. As a result, the consumer credit and online payment sectors, as well as retail and e-commerce, saw a high volume of large and prominent transactions in 2021.

<sup>(1)</sup> <https://taichinhdoanhnghiep.net.vn/2-thang-dau-nam-co-them-183-du-an-dau-tu-nuoc-ngoai-duoc-cap-phep-d27887.html>

<sup>(2)</sup> Source: VCCA, Report on Controlling economic concentration activities according to competition law for the period of July 2019 - July 2021.

<sup>(3)</sup> Source: compiled from data on M&A deals in the form of large value acquisitions or acquisitions for the purpose of controlling influence published in the media.

<sup>(4)</sup> Source: data on M&A deals in the form of mergers and acquisitions is compiled and calculated based on the number of businesses that have changed their business registration licenses at the Departments of Planning and Investment.

<sup>(5)</sup> Source: Foreign Investment Department, Ministry of Planning and Investment.

## CONSUMER FINANCES

**SMBC/Fe Credit:** On October 28, 2021, Japan's SMBC Finance Company paid 1.4 billion USD for a 49% stake in Fe Credit Finance Company. This transaction represents the largest acquisition in the consumer finance sector in Vietnam's M&A history (Source: SMBC).

**Ayudhya/SHB Finance:** On August 25, 2021, Ayudhya Bank of Thailand completed the acquisition of SHB Finance from Saigon - Hanoi Commercial Bank for 5.1 billion baht (equivalent to 155.77 million USD) (Source: Reuters).

## E-PAYMENT

**Dragoneer-General Atlantic – Paypal/VNLIFE:** VNLIFE, the pioneering technology company in Vietnam's digital ecosystem, has raised over 250 million USD in a Series B funding round led by Dragoneer Investment Group and General Atlantic, along with the participation of Paypal Ventures and EDBI (Source: Paypal).

**Mizuho/Momo:** Vietnamese fintech company – Momo has joined the unicorn club (successful start-ups) after announcing it raised US\$200 million from a Series E funding round led by Mizuho Bank (Source: DealStreetAsia).

## RETAIL

**TPG - ADIA – Temasek/CrownX:** On December 13, 2021, CrownX Corporation – the retail platform merging the interests of Masan and VinCommerce – raised 350 million USD from a group of investors, including TPG Capital, Abu Dhabi Investment Fund (ADIA) and Temasek (Source: GCC Business News).

**TAlibaba, Baring Private Equity Asia / CrownX:** In June 2021, Alibaba Group and Baring Private Equity Asia completed a US\$400 million investment in The CrownX in a new 5.5% share issue of the Company (Source: Vietnam News).

**SK/VinCommerce:** Korea's SK Group bought a 16.3% stake in VinCommerce for 410 million USD (Source: Reuters).

## E-COMMERCE

**AIA Insurance /Tiki:** Tiki, a Vietnamese e-commerce startup, has raised 258 million USD in a Series E funding round led by AIA Insurance, with an IPO planned for the United States. UBS, Mirae Asset-Naver Asia Growth Fund, and Taiwan Mobile are among the other investors in the round, in addition to existing investor STIC GIGF (Source: Vietnam Investment Newspaper).

M&A transactions subjected to the economic concentration notification procedures under Vietnam's Competition Law, accounted for about 15% of all transactions in 2021. Even though most M&A transactions were conducted through joint ventures (651 transactions), only about 1% of all transactions announced economic concentration. Meanwhile, transactions in the form of acquisition were small in numbers, but up to 79.8% of those transactions have been notified accordance to the Competition Law. By purchasing assets and business activities from domestic companies at a level sufficient to control and dominate the market, foreign investors and corporations could penetrate the Vietnamese market.

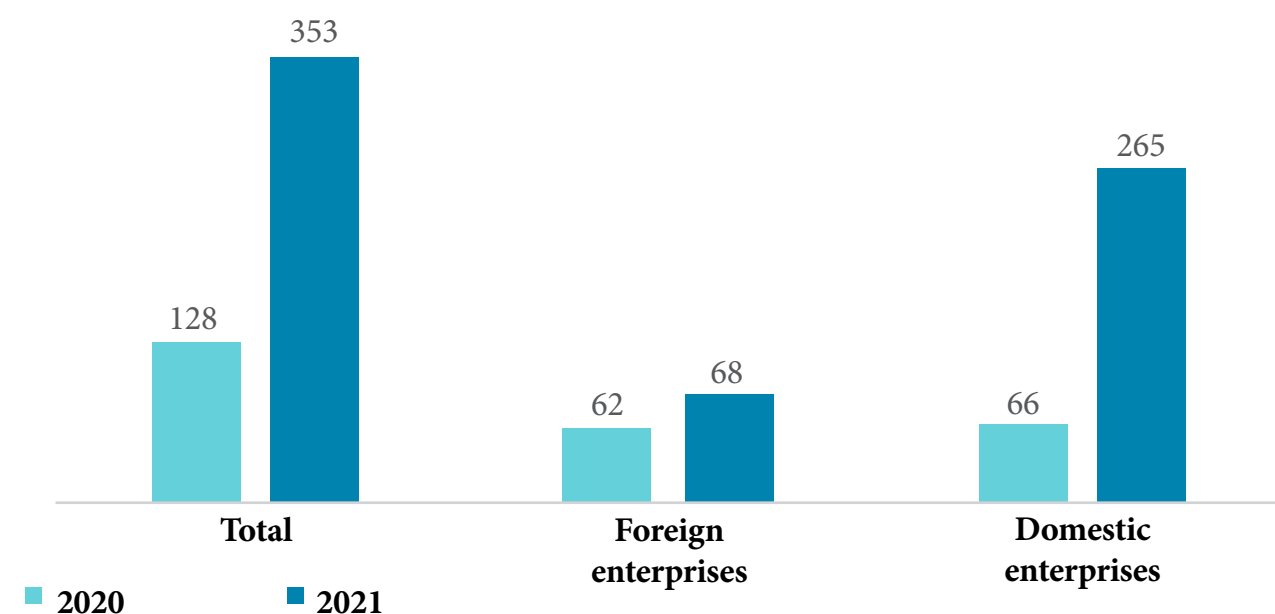
## 2. Situation of economic concentration control in Vietnam

Economic concentration transactions subjected to notification under competition law have risen as a result of aggressive M&A activity. In 2021, the VCCA received 130 dossiers of economic concentration notification, increased by 94% compared to 2020.

### 2.1. Entities participating in economic concentration

A wide spectrum of businesses, including joint stock corporations, limited liability companies, and joint ventures, took part in economic concentration deals. Each transaction involved two or more businesses. There are 353 firms (data updated as of April 25, 2022) involved in 130 economic concentration transactions notified to the VCCA, with 88 foreign enterprises (formed and operating abroad) outnumbering the number of domestic enterprises (265), which was more than three times larger than the number of foreign enterprises. This ratio shifted significantly since 2020, when the correlation between foreign and domestic enterprises was 48% and 52%, respectively.

Chart 7. Notified transactions classified by subjects participating in the economic concentration



Source: VCCA

Most engaging parties of economic concentration in Vietnam have been Vietnamese businesses (including enterprises with 100 percent Vietnamese capital and foreign-invested enterprises).

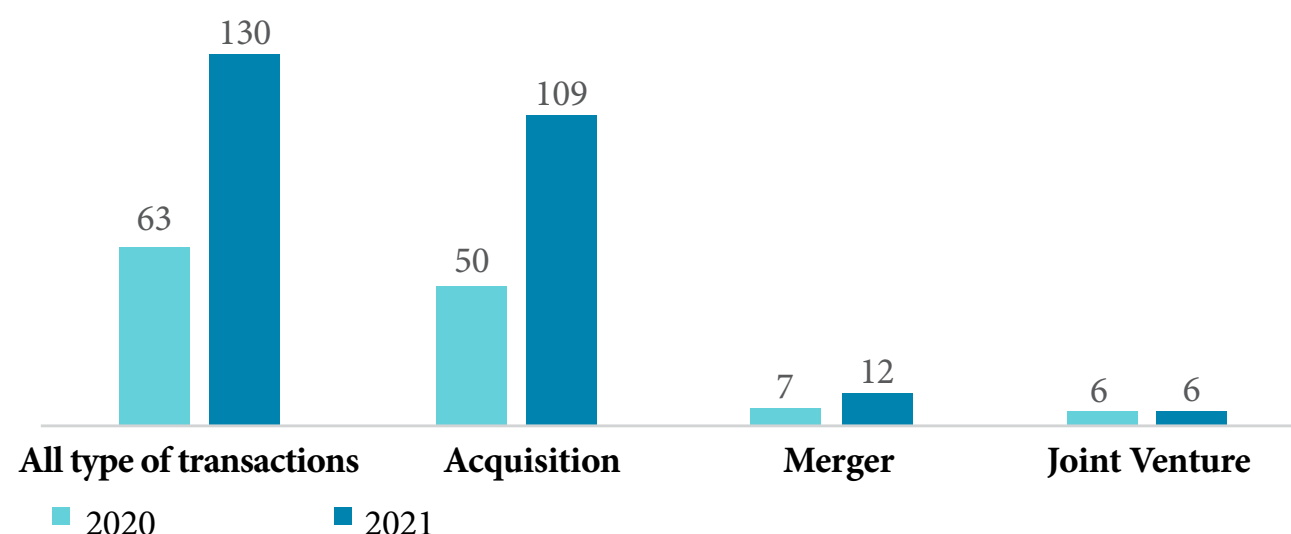
Foreign firms with a commercial presence in Vietnam were involved in economic concentration transactions conducted outside the jurisdiction of Vietnam. In the preceding year, foreign firms involved in economic concentration were predominantly Korean, Japanese, Hong Kong, Singaporean, Chinese, and German. There were several companies in the United States, Europe, and Australia as well (but these transactions account for a low percentage).

## 2.2. Form of economic concentration

Economic concentration can be conducted in the form of a merger, consolidation, acquisition, joint venture, or other means, according to the competition regulations.

In fact, no pure consolidation economic concentration transactions have been reported to the VCCA.

Chart 8. Notified transactions classified by the type of Economic concentration



Transactions categorized by the type of economic concentration specified as follows:

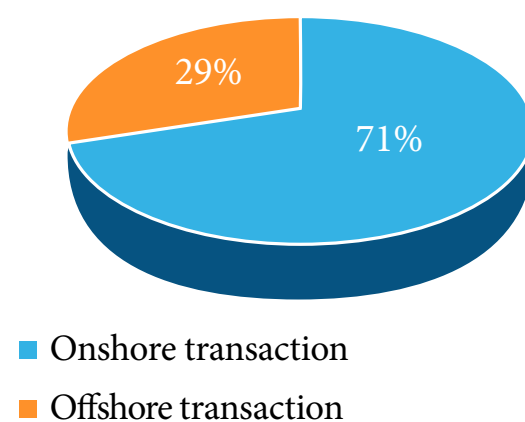
- 109 economic concentration transactions in the form of business acquisition, accounting for 82% of the total number of notified transactions.
- 12 economic concentration transactions in the form of mergers, accounting for 9.2% of the total number of notified transactions.
- 06 economic concentration transactions in the form of joint ventures between enterprises, accounting for 5.4% of the total number of notified transactions.
- 03 economic concentration transactions, after reviewing, were not subjected to the notification of economic concentration according to the provisions of the competition law.

## 2.3. Geographical area of economic concentration

**transactions** The majority of the 130 notification dossiers were conducted in Vietnam (onshore transaction), with 92 transactions accounting for nearly 71% of the total figure. In the meantime, 29% of transactions take place outside of Vietnam (offshore transaction). The geographic distribution of onshore and offshore transactions in 2021 was like what recored in the period from 2019-2020 (the ratio of about 70%- 30%).

Transactions conducted abroad, but parties must still notify of economic concentration if (i) they have business activities in Vietnam (in the absence of a commercial presence in Vietnam) by exporting goods to Vietnam or providing cross-border services, or (ii) have a commercial presence in Vietnam (subsidiaries, branches, authorized agents, etc.).

Chart 9. Notified transactions by locations



## 2.4. Types of economic concentration

There were 78 **horizontal economic concentration** transactions (deals between firms operating in the same relevant market) among the 130 notified transactions, accounting for about 61%. **Vertical economic concentration** transaction (deals between enterprises operating in markets where products and services are inputs or complement each other) and **conglomerate economic concentration** transaction (deals between enterprises operating in unrelated relevant markets) accounted for approximately 9% and 24% of the total 130 notification dosiers, respectively. With 7 transactions, economic concentration both horizontally and vertically accounted for just approximately 6%<sup>(1)</sup>.

Figure 10. Transactions by types of economic concentration in 2021

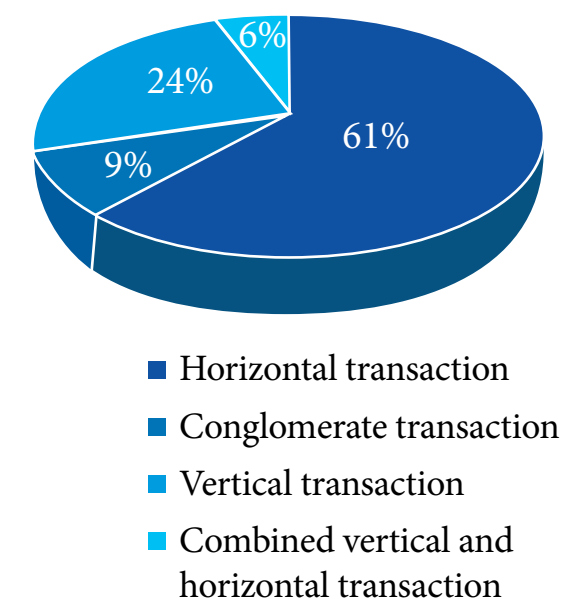
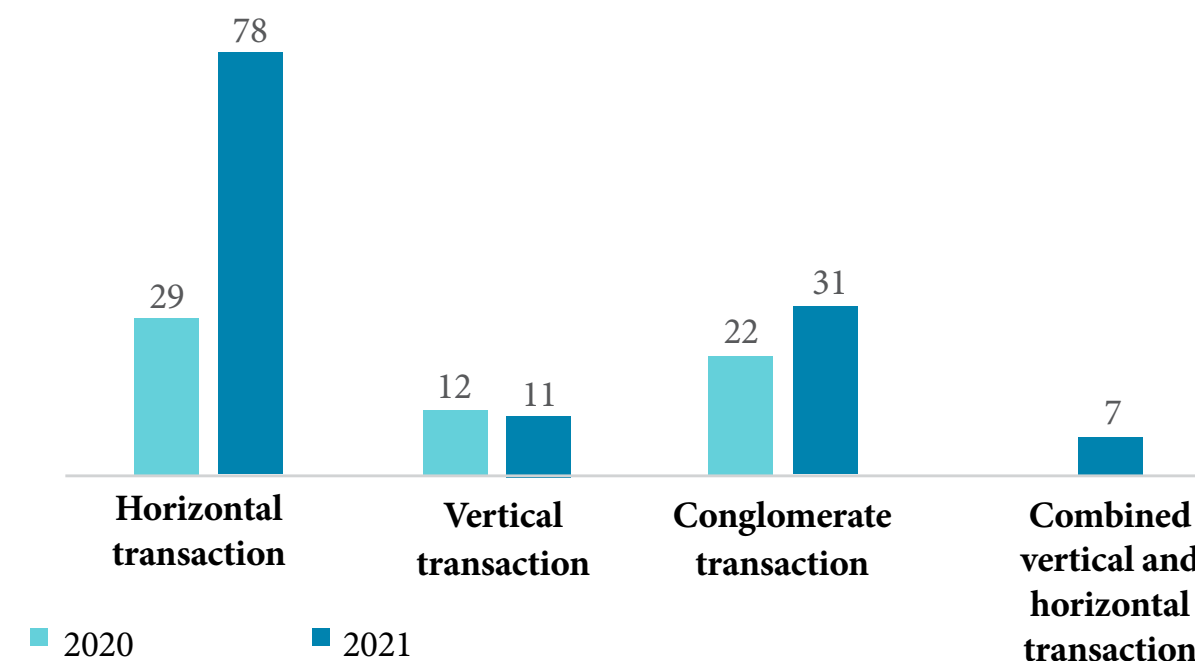


Chart 11. Notified transactions by the types of Economic concentration



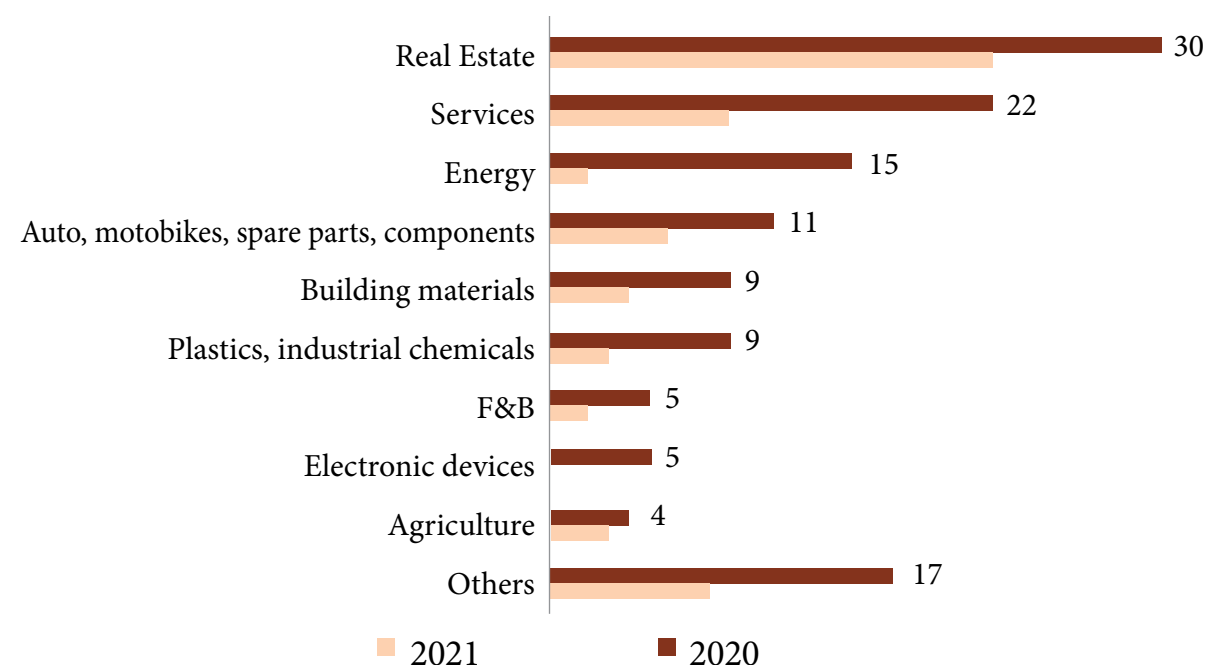
Source: VCCA

## 2.5. Sectors of notified economic concentration

In 130 dossiers of notification of economic growth in 2021, transactions were carried out in various sectors from production and trading of goods, and provision of services to the field of natural resources such as real estate and energy.

<sup>(1)</sup> In 2021, there are 03 economic concentration transactions notified to the Ministry of Industry and Trade, after consideration, they are determined not to be notified, therefore, they are not classified according to the form of economic concentration in this statistical section.

Chart 12. Notified transactions by sectors of goods and services



Source: VCCA

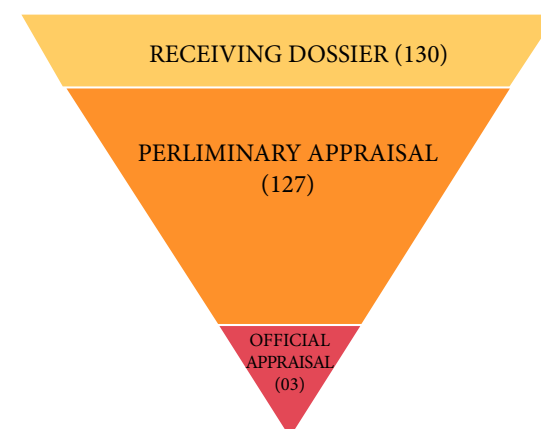
In terms of **transaction volume**, approximately 53% of the notified economic concentration transactions were related to three (03) major industries and fields, including **real estate** (including residential real estate and industrial and commercial real estate); **service** (including insurance, aviation, retail, e-commerce, consumer credit, logistics, healthcare, medical examination, and treatment); and **energy** (including traditional and renewable energy).

In terms of **transaction value**, the consumer finance, e-payment, retail, insurance, transaction services, ecommerce, energy, and food business were the ten largest economic concentration transactions in 2021<sup>(1)</sup>. Section II.1 above includes some examples of typical transactions.

## 2.6. Results of assessment of dossiers of notification

In 2021, 130 notification dossiers received and appraised in accordance with the prescribed and announced procedures. There are the following:

- 03 transactions that were not required to notify the economic concentration and the notification dossiers for the 03 transactions mentioned above were returned to the enterprise.
- 124 transactions were reviewed at preliminary assessment stage (30 days from the date of receipt of complete and valid dossiers).
- 03 transactions were subjected to official assessment stage.



<sup>(1)</sup> Source: Financial investment e-magazine (<https://vietnamfinance.vn/10-thuong-vu-mua-ban-sap-nhap-tieu-bieu-nam-2021-20180504224262785.htm>)



Cases concluded at preliminary assessment stage were the economic concentration transactions that had no impact or were unlikely to have anti-competitive consequences in the relevant market and did not raise any competition concerns in the wider market. All these cases had market share or combined market share of less than 20% (below the safe harbor specified in Article 14 of Decree No. 35/2020/ND-CP on March 24, 2020 of the Government detailing a number of articles of the Competition Law). Around 12% of the transactions had relatively low combined market share (less than 5%), and there were even cases with combined market share of less than 1% or even 0% (because the engaging enterprise had business registration but not yet generated revenue).

Official assessment stage was applied to less than 2% notified transactions for the transactions that had the potential or may have the potential to impact competition in the relevant market. These transactions, in particular, all had a combined market share or market share of single party more than 20% (above the safe harbor).

The three transactions (in the aviation, plastic production and energy sectors) officially appraised in 2021 all had the potential to affect market competition, but did not cause substantial anti-competitive effect hence were not prohibited as stipulated in the Article 30 of the Competition Law 2018. These transactions, however, were subjected to conditional economic concentration, as defined in Point b, Clause 1, Article 41 of the Competition Law 2018. As a result, the Ministry of Industry and Trade made several recommendations (which could be considered conditions under Article 42 of the Competition Law 2018) for engaging enterprises to ensure a healthy competitive environment in the according relevant market while also minimize the risks of restricting competition in the market.

### 3. Assessment of economic concentration control in 2021

2021 is the third year of implementing regulations on economic concentration control under the Competition Law 2018. In general, the control of economic concentration in 2021 shares some similarities with the period from July 2019 to 2020, specifically:

#### 1 Acquisition is the most common type of notified economic concentration, accounting for around 82 %.

There were no economic concentration transaction in the form of pure consolidation. In 2021, transactions with complex forms of economic concentration begun to appear, combining many forms such as acquisition and consolidation.

1

#### 2 Only a certain percentage of M&A transactions must carry out the procedures for notifying the economic concentration.

In 2021, about 14.5% of the total 875 M&A transactions in the Vietnamese market have carried out the procedures for notifying the economic concentration to the MOIT

2

#### 3 Transactions notified of economic concentration were attended by large Vietnamese corporations and enterprises or foreign-invested enterprises.

Large domestic firms such as VinGroup, Kido, PAN, BCG, Masan, and others must notify large-value economic transactions in 2021. Over half of the 353 firms participating in economic concentration transactions notified in Vietnam in 2021 were foreign-invested enterprises.

3

#### 4 Many notification of economic concentration in 2021 related to transactions with the purpose of restructuring business activities of enterprises.

The purposes of such transactions include internal restructuring of enterprises as well as changes in capital ownership ratio structure among enterprises. The restructuring of enterprises through economic concentration activities has contributed to improving the operational efficiency of enterprises, thereby, promoting the development of the economy in the post-Covid era.

4

#### 5 Vietnam is an important link in the regional and global value chains.

In the period of 2019-2021, about 30 of the notified economic concentration transactions were carried out outside of Vietnam (offshore). Most of these transactions were usually conducted on a regional or global scale and had nexus or business to the Vietnamese market. Therefore, these transactions were notified to all relevant competition authorities, including the Vietnamese competition authority.

5

#### 6 Notified economic concentration transactions tended to be increasingly complex, both in terms of the relationship between the parties and ownership structure of the parties

The complex nature of economic concentration transactions required comprehensive assessment of the anti-competitive effects, including both direct and indirect effects, as well as the forecast of the potential anticompetitive impact of these transactions.

6

#### 7 Only a small percentage of transactions that are notified of economic concentration are subject to official assessment phase. Most of preliminary assessment phase transactions had a faster assessment time.

In 2021, most of the dossiers of notification of economic concentration in the case of preliminary assessment phase (127 dossiers) assessed within time earlier than 30 days according to the provisions of the 2018 Competition Law.

7

#### 8 Transactions notifying economic concentration are focused mostly in some industries and fields

The real estate sector, energy, Service sector, ecommerce, building materials, food and beverage processing, and electrical, electronic, and electrical equipment are among the fields with many large economic concentration transactions, subject to the threshold to notify economic concentration in 2021.

8

Besides some of the above similarities, the dossiers of notification of economic concentration in 2021 also have some differences compared to 2020, specifically as follows:

1

The methods for carrying out economic concentration transactions were quite complicated because: (i) economic concentration was carried out in many steps and stages, not all of which were economic concentration; and (ii) economic concentration was carried out with the "dual" goal of internal restructuring and economic concentration with another enterprise.

2

Individuals participated in economic concentration in one of two ways: (i) as shareholders who own shares in the company, or (ii) as individuals who do business in the Vietnamese market but are not subjected to business registration.

3

Some economic concentration transactions took place outside of Vietnam, in sectors that are wholly unrelated to the commercial activity of Vietnamese firms engaged in economic concentration.

4

A number of economic concentration transactions occurred in the form of indirect acquisition of a portion of shares to control and dominate the acquired firm. This type of indirect acquisition occurs between subsidiaries within the same group and a company outside the group, resulting in the group's indirect control of the non-group enterprise following the economic concentration.