

*Mergers & Acquisitions (M&A) activities in Vietnam has become an attractive investment channel for enterprises planning to expand business activities, as well as looking for new way of doing business.*



*Big C Super markets in Vietnam was acquired by Central Group of Thailand in 2016.*

Recently, the scale of M&A activities has become bigger with positive impact from the global integration process. According to the Director of Vietnam M&A Forum Dang Xuan Minh, in 2016, total M&A deals in Vietnam was 500 deals, contributing to 5% of total M&A deals in South East Asia with value of 5.8 billion USD.

In which, investors are mainly from Singapore, Japan, Korea, and Hong Kong, with Korea in the

top 4 of highest M&A deals in Vietnam.

As such, fields such as consumption, retail, industrial production, real estate, education, media and finance are attracting huge amount of financial resources; and on top is M&A in retail sector.

Many investors are planning to acquire Vietnamese companies to expand market shares, namely Thailand's investors acquiring Metro, BigC and Nguyen Kim. In real estate, Korea has some big M&A deals such as the take over of Kangnam building and Hanoi-Deawoo Hotel.

“Recently, Vietnam’s government has eased regulation on the limit number of assets owned by foreign investors. As such, there are big opportunities for foreign investors during the process of state owned enterprises equitization” – Minh said.

Vice Director of Korea’s M&A Center of Korea Trade – Investment Promotion Agency (KOTRA) Mchael D. Choi said, recently, many Korean enterprises are showing interest in M&A deals in Vietnam.

As such, the two countries can cooperate efficiently through M&A deals. At present, Korean investors are negotiating with 12 Vietnamese enterprises in fields of food production, pharmacy, and finance.

From expert’s perspective, in order for M&A activities to be more efficient, and contributes more to the economic growth, it is necessary to have appropriate mechanism and policies to support.

For example, it may be the policies to facilitate the equitization process of SOEs, speeding up the divestment process for foreign investors, supporting domestic enterprises mobilizing financial resources in foreign stock markets.

Besides, the government need to pay attention and create more chances for foreign investors

taking part in M&A deals in Vietnam.

According to Michael D. Choi, Korea are giving priority to allocate financial resources for investment fund focusing on M&A deals.

In Korea, there are 14 organizations and investment funds with capital of up to 1 billion USD.

Therefore, in order to have more M&A deals between Korea and Vietnam, Vietnamese enterprises need to have more accurate information and issuing financial report in a timely manner.

Statistics from the State Capital Investment Corporation (SCIC) showed that, in 2017, SCIC will divest the government fund from 114 out of 132 SOEs.

At present, this process is completed in 30 enterprises, with the remaining enterprises are expected to be complete by the end of this year.

Despite the limited time left, but there are high chances that it will be success with many big SOEs such as Sa Giang, Tien Phong Plastic, Binh Minh Plastic, Bao Minh Insurance and FPT Group.

*Source: Hanoitimes*