

DISSECTION OF A BLOOMING MARKET IN ASIA

# VIETNAM

PRESENTED BY

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PARTNER OF PALADIN ASEAN CONSULTING





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Professionally trained as a physiotherapist, Mr Thomas Chiu ventured into the business field subsequently. He has taken up regional positions in the French company Bacou-Dalloz following by Fortune 100 US gigantic conglomerate Honeywell. He is in charge of business and execution of joint-development plans to major clients, distribution partners and governmental authorities throughout his region. He specializes in branding and business process re-engineering. With his expertise in the industry as well as his experience in managing multinational business, he has been invited as guest speaker in different government departments and universities in Asia. Moreover, Mr. Chiu is a writer of Headline News 《New Ideas in Management》 (商識滿天下) column and also the founder of the popular 《Octopus Parents》 (八爪魚家長) series column in Mingpao and other media. Mr Chiu founded Octopus Group, focusing in education and entertainment service for children. In three years Octopus Group has expended to Shenzhen and Dongguan and it was acquired by listed company in Hong Kong for further development. Currently Mr Chiu is the CEO of Prohab Medical & Health Holdings. Mr Chiu is also the Partner of Paladin ASEAN Consulting which provides one stop overseas business development solution and execution service.

Mr Chiu is the co-founder and program director of SME NEXT Academy which aims to assist SMEs in Hong Kong to explore and expand in new markets.



WHAT IS ASEAN?  
HOW MANY COUNTRIES  
ARE THERE?



# THE ASSOCIATION OF SOUTHEAST ASIAN NATIONS (ASEAN)

**ASEAN**, A REGIONAL ORGANIZATION PROMOTING GOVERNMENTAL AND ECONOMIC COOPERATION AND REGIONAL STABILITY, HAS **TEN MEMBERS** - **BRUNEI, CAMBODIA, INDONESIA, LAOS, MALAYSIA, MYANMAR, PHILIPPINES, SINGAPORE, THAILAND, VIETNAM**.

SINCE ITS FORMATION IN 1967, THE ORGANIZATION HAS HELPED AN UNDERDEVELOPED REGION GROW INTO ONE OF THE MAIN DRIVERS OF THE GLOBAL ECONOMY, WITH A COMBINED GDP OF **AROUND USD3 TRILLION IN 2019** (USA ~21T, CHINA ~14T, JAPAN ~5T, GERMANY ~4T, INDIA ~3T). WITH A LARGE, YOUNG WORKFORCE WITH **ANNUAL GDP GROWTH AT 5.3% SINCE 2000, FAR ABOVE GLOBAL AVERAGE 3.8%**

THE REGION'S **630 MILLION-STRONG POPULATION, MORE THAN HALF OF WHOM ARE UNDER THE AGE OF 30**, PROVIDES AN ATTRACTIVE WORKFORCE FOR MANUFACTURERS SEEKING REGIONAL FACILITIES OUTSIDE OF CHINA, AS WELL AS A LARGE AND INCREASINGLY AFFLUENT DOMESTIC MARKET.





# OVERVIEW OF VIETNAM





IS THIS WHAT YOU ARE THINKING ABOUT VIETNAM?





OR THIS?

VIETNAM WAR (1954-1975)













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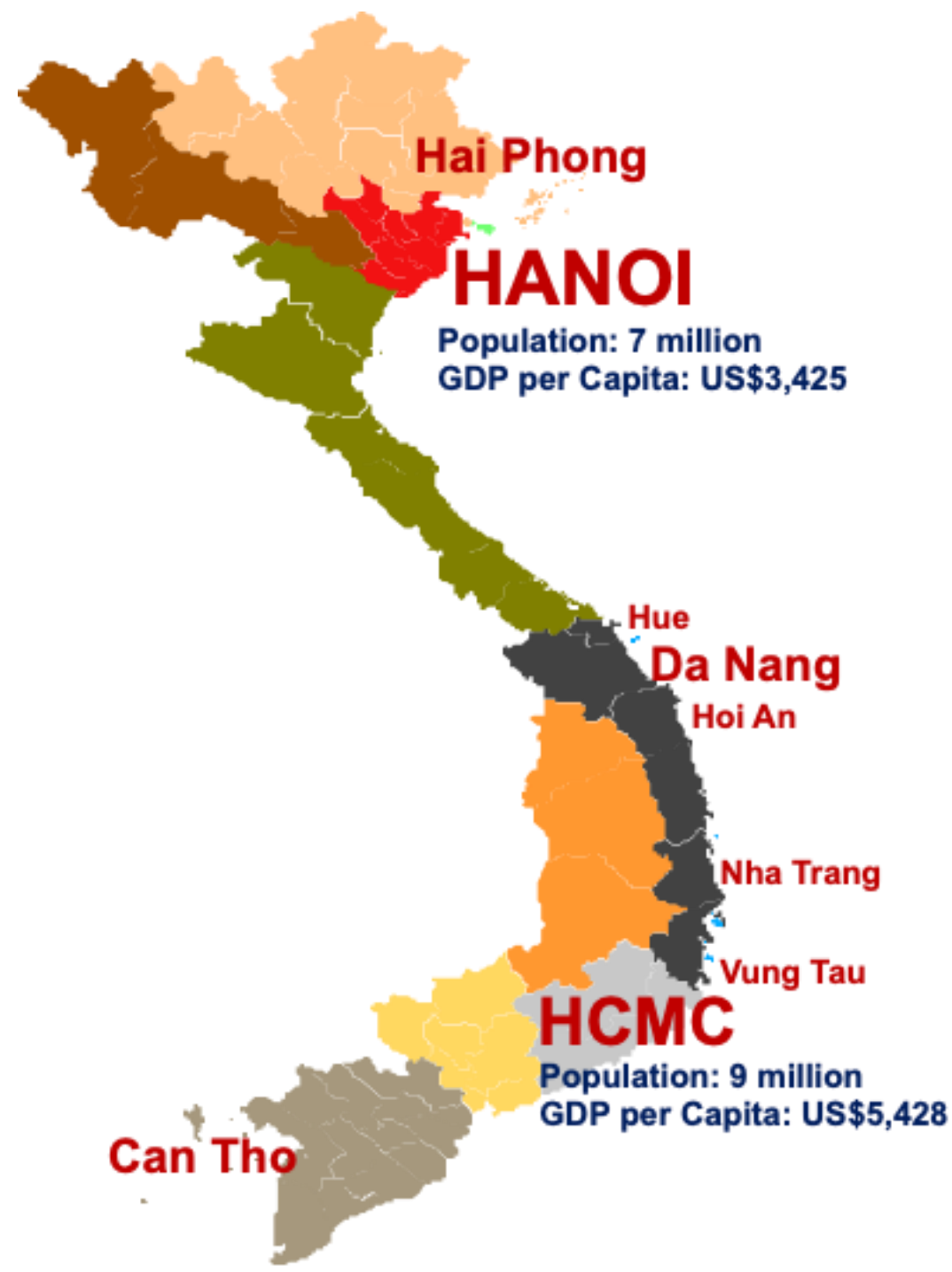
# CURRENT VIETNAM







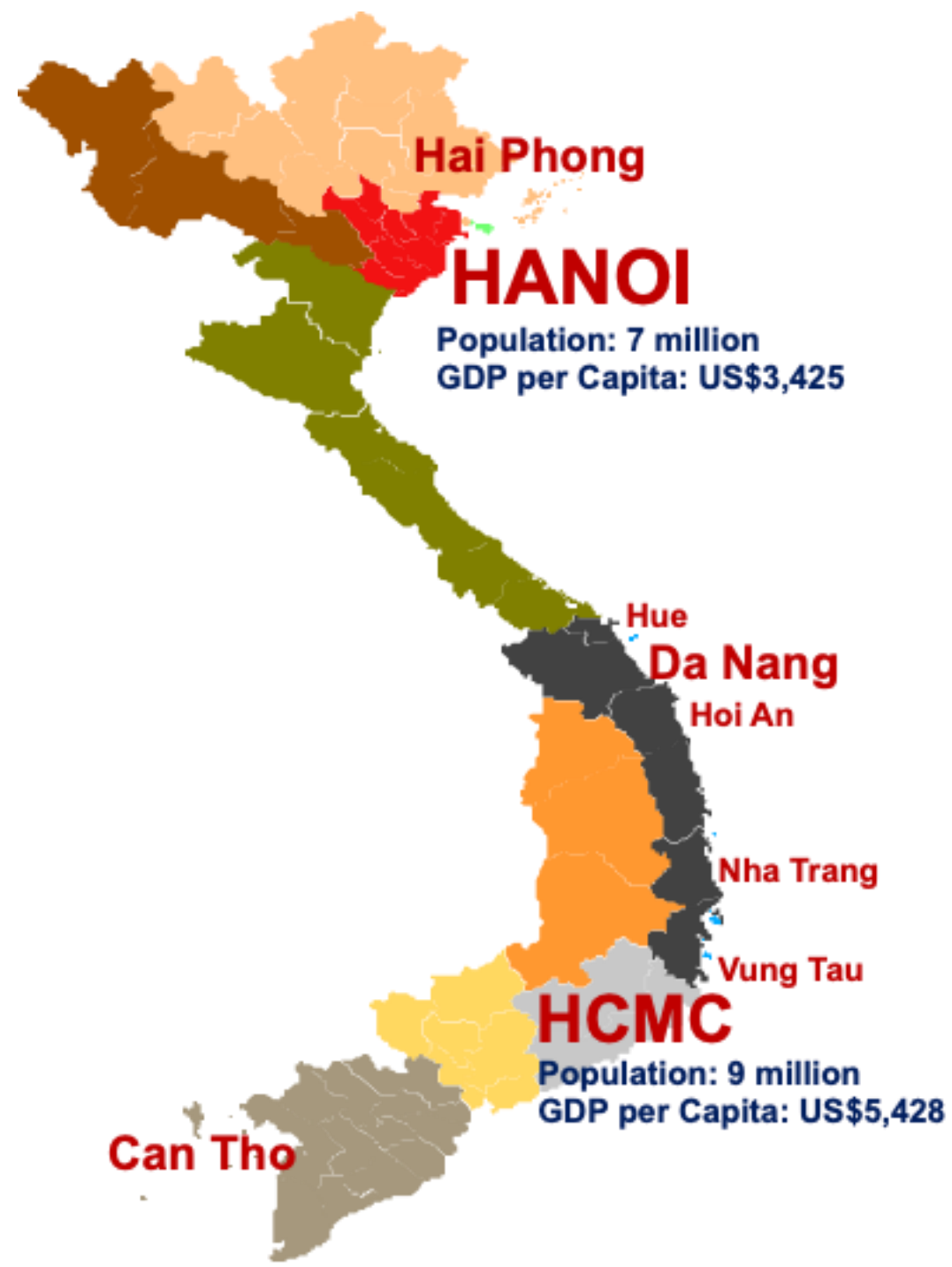
# OVERVIEW OF VIETNAM



Population	96 million
Population Under 30	65%
Working Age Population (15-64)	70.3%
GDP per Capita	US\$2,587
GDP Growth Rate 2018	7.08%






# OVERVIEW OF VIETNAM



Retail Sales Growth 2018	11.7%
Tourists to VN 2018	15.5M
CPI 2018	111.96
Export Growth 2018	13.8%
Import Growth 2018	11.5%
Vietnam Stock Index Growth (yoy) 2018	12%



# COMPARING VIETNAM AND HONG KONG

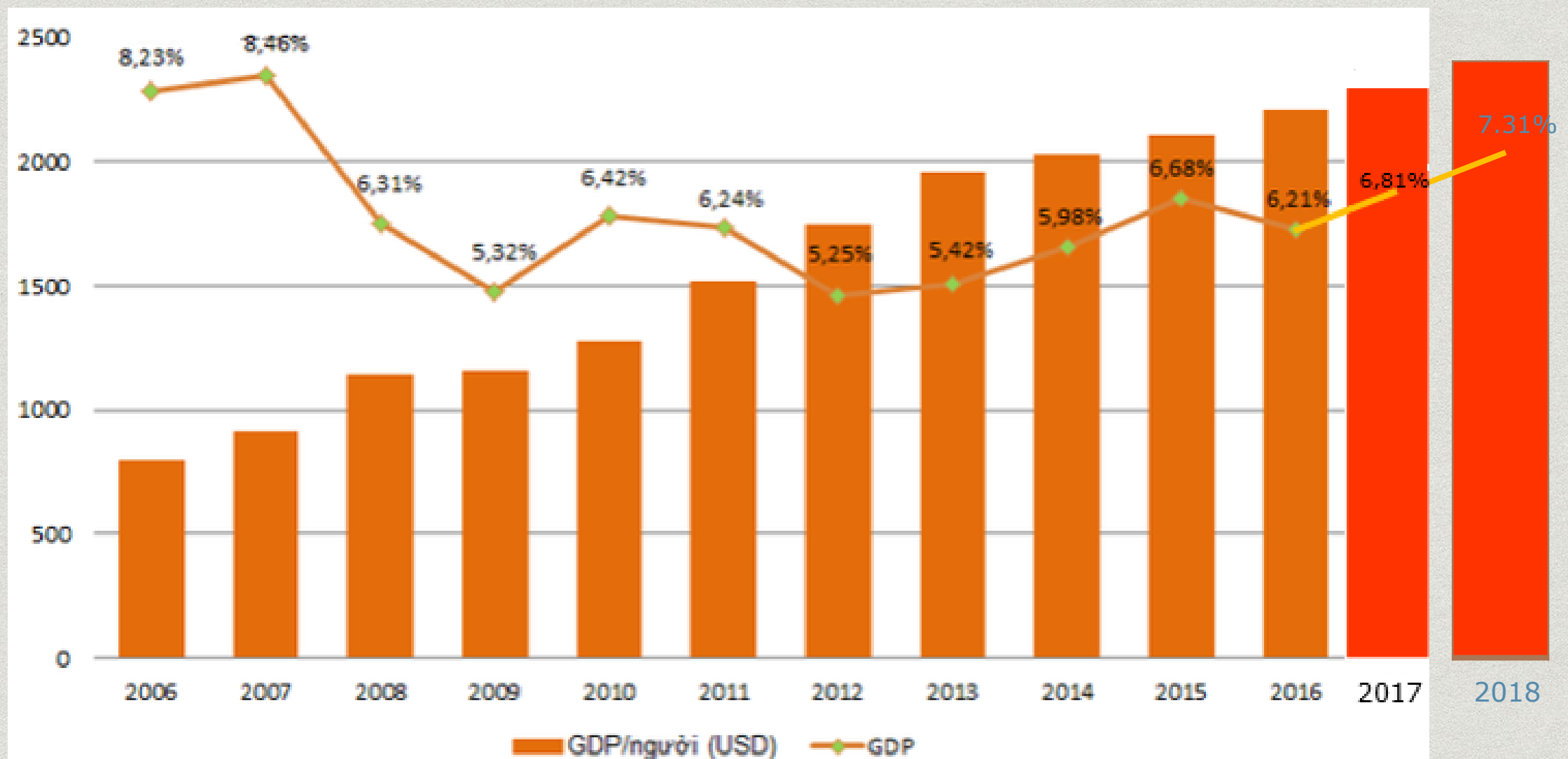
FACTORS	VIETNAM	HONG KONG
<b>SURFACE</b>		
<b>POPULATION</b>	96,491,146	7,428,887
<b>AREA (km<sup>2</sup>)</b>	330,967	1105
<b>POPULATION DENSITY (P/km<sup>2</sup>)</b>	291.54	7,075
<b>TOTAL GDP 2018 (USD)</b>	\$247,434 billion	\$231,028 billion
<b>GDP PER CAPITA 2018 (USD)</b>	2,552.83	47,199.39
<b>FDI INFLOW YEAR 2018 (USD)</b>	19.1 billion	108 billion
<b>ECONOMIC GROWTH</b>	 <p>— VIETNAM GDP ANNUAL GROWTH... ..... HONG KONG GDP ANNUAL GROWTH...</p> <p>SOURCE: TRADINGECONOMICS.COM</p>	



# WHY INVEST IN VIETNAM?

PALADIN ASEAN  
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## HIGH ECONOMIC GROWTH





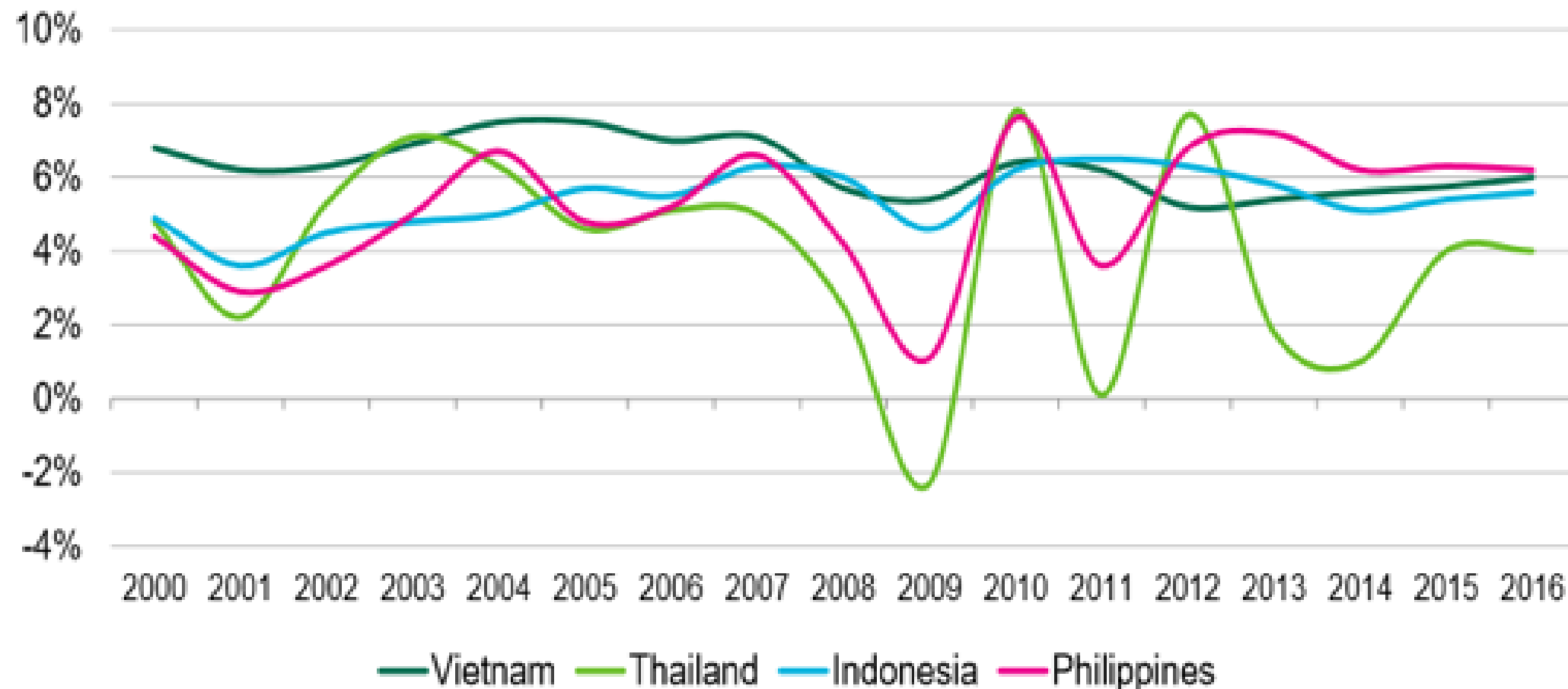
# GDP GROWTH (2009-2019Q3)





# GDP Among ASEAN Countries

Vietnam GDP Growth compared to Thailand, Indonesia and Philippines



Source: World Bank Data.

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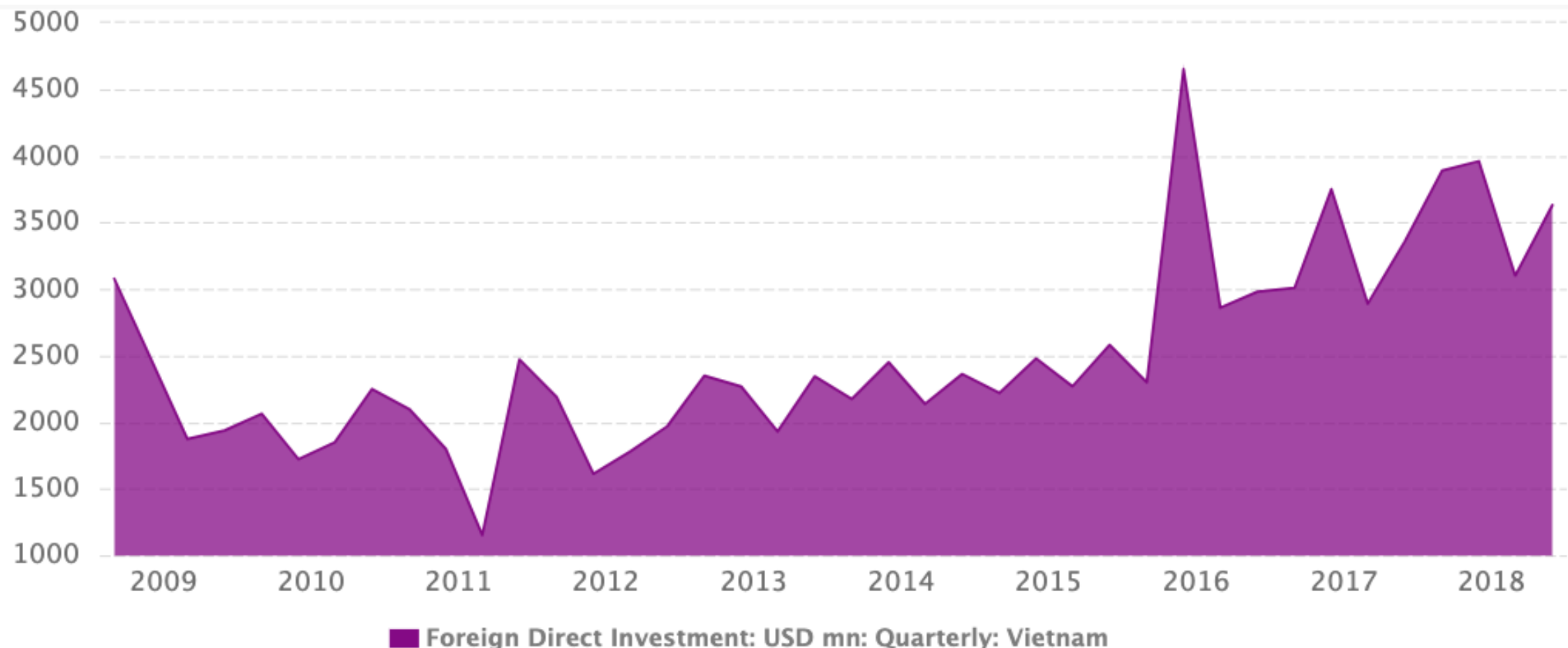
Compared to the rest of ASEAN, Vietnam is the only country for which ADB raised its GDP growth target thanks to very strong FDI, active SME economy and new foreign ownership laws for both properties and stocks..

”

Asian Development Bank



# FDI IN VIETNAM (2011-2019)



SOURCE: WWW.CEICDATA.COM | CEIC Data

Year	Units	2011	2012	2013	2014	2015	2016	2017	2018
Registered Capital	Billion USD	15,62	16,35	22,35	21,91	24,11	26,89	35,8	34,46
Implemented Capital	Billion USD	11,00	10,46	11,5	12,50	14,50	15,80	17,5	19,1
Numer of Projects		1,191	1,287	1,530	1,843	2,120	2,613	2,591	1,169

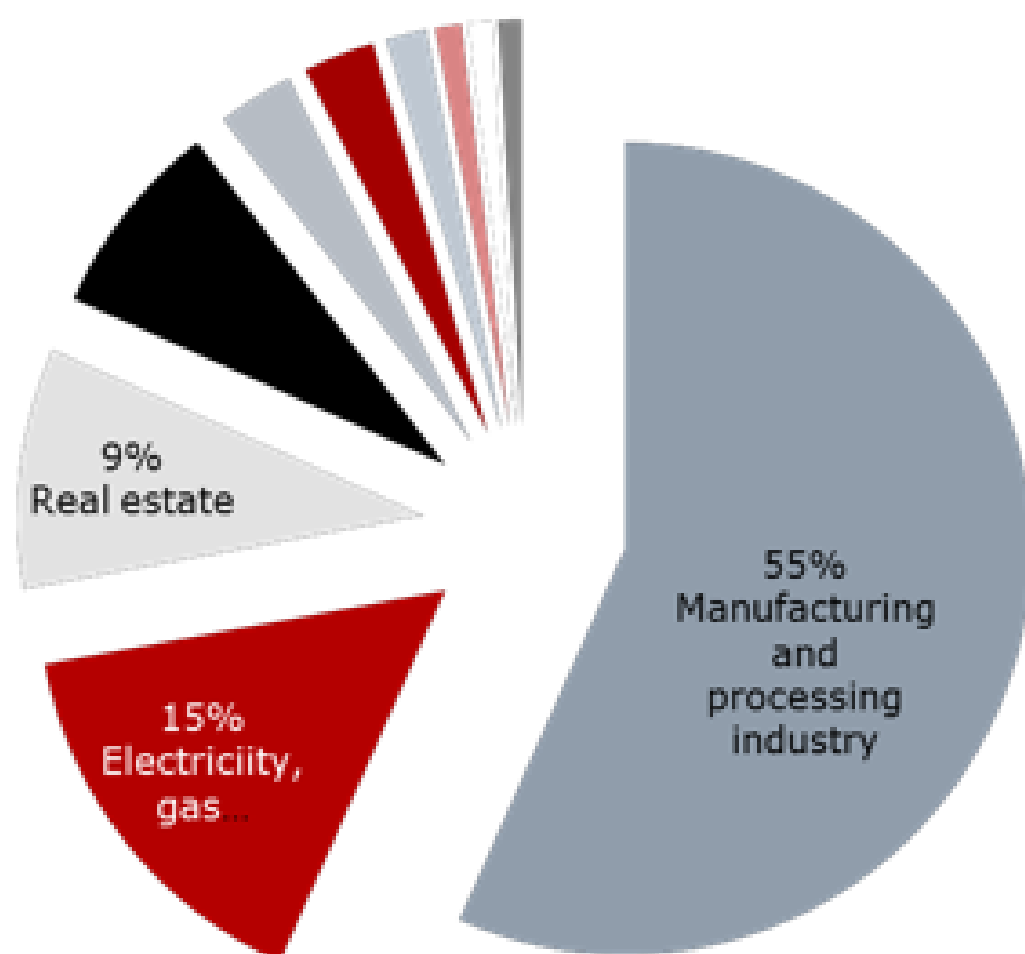


# FDI IN VIETNAM BY PARTNERS (Accumulated as of Dec 2018)

No.	Partner	Number of project	Total registered capital (bil USD)
1	Korea	7,161	60.1
2	Japan	3,865	55.9
3	Singapore	2,120	45.9
4	Taiwan	2,559	30.9
5	British Virgin Islands	781	20.8
<b>6</b>	<b>Hongkong</b>	<b>1,355</b>	<b>18.9</b>
7	China	2006	12.7
8	Malaysia	580	12.4
9	Thailand	509	10.4
10	Netherlands	318	9.2
	Other (119 Countries)	5.184	56,6
	<b>Total (129 countries)</b>	<b>26,438</b>	<b>333.8</b>



# FDI FROM HONG KONG BY SECTOR



TT	Sector	Number of project	Total registered capital <sup>[SEP]</sup> (bn USD)
1	Manufacturing and processing industry	599	9,6
2	Production and distribution of electricity, gas, water, air	3	2,6
3	Real estate business	51	1,6
4	Lodging and restaurant	37	1,3
5	Wholesale & retail; repairing for automobile, motorcycle and other motor vehicles	153	0,5
6	Construction	29	0,48
7	Agriculture, forestry and fishery	27	0,27
8	Logistic	81	0,17
9	Health care	4	0,16
10	Entertainment	9	0,15
	Other (7 sectors)	218	0,28



# BIG GROUPS SETTLE IN VIETNAM WITH LARGE DEALS

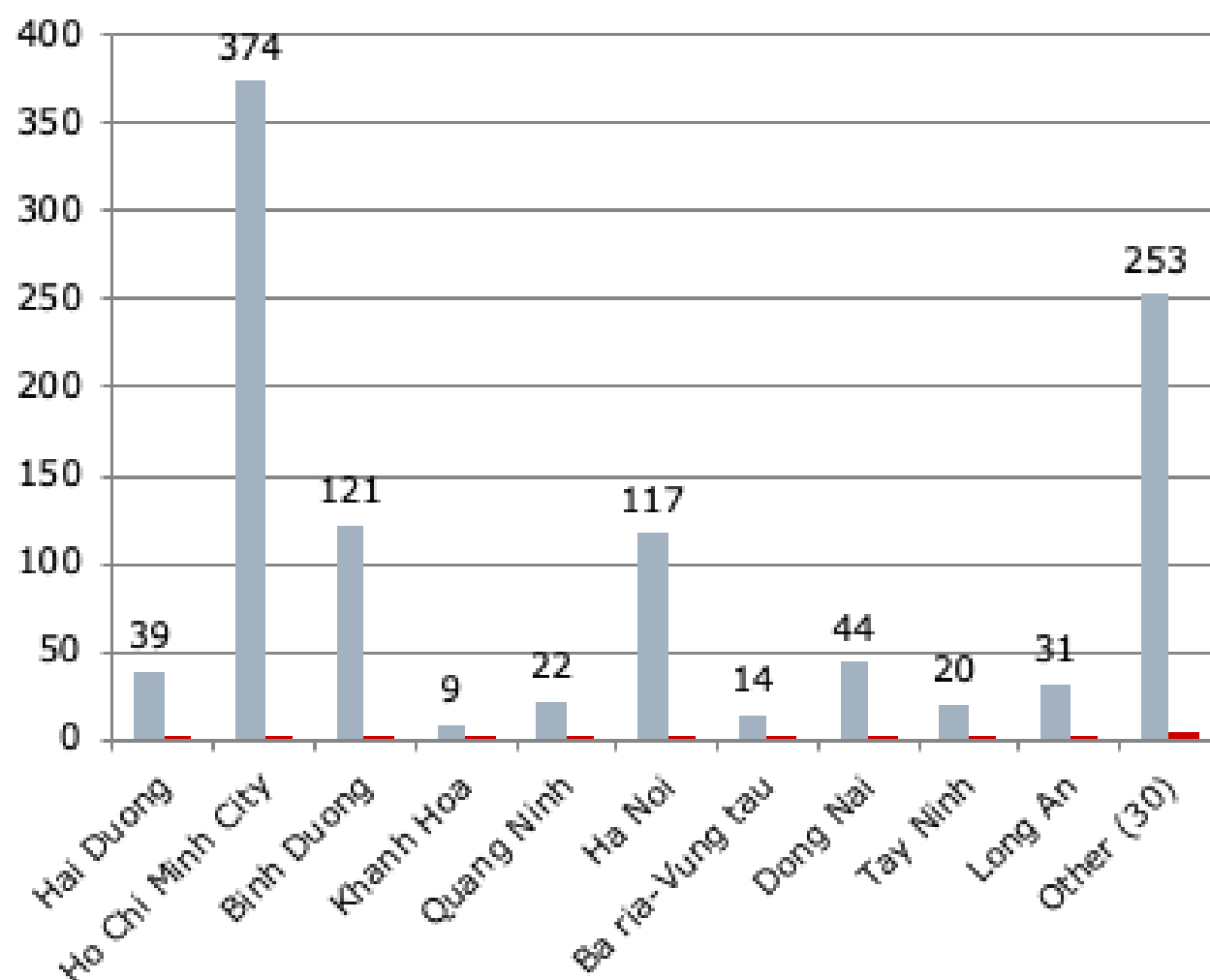
## CBRE | VIETNAM MARKET OUTLOOK | Q2 2016



# BRIEF COMPARISON OF NORTHERN AND SOUTHERN VIETNAM



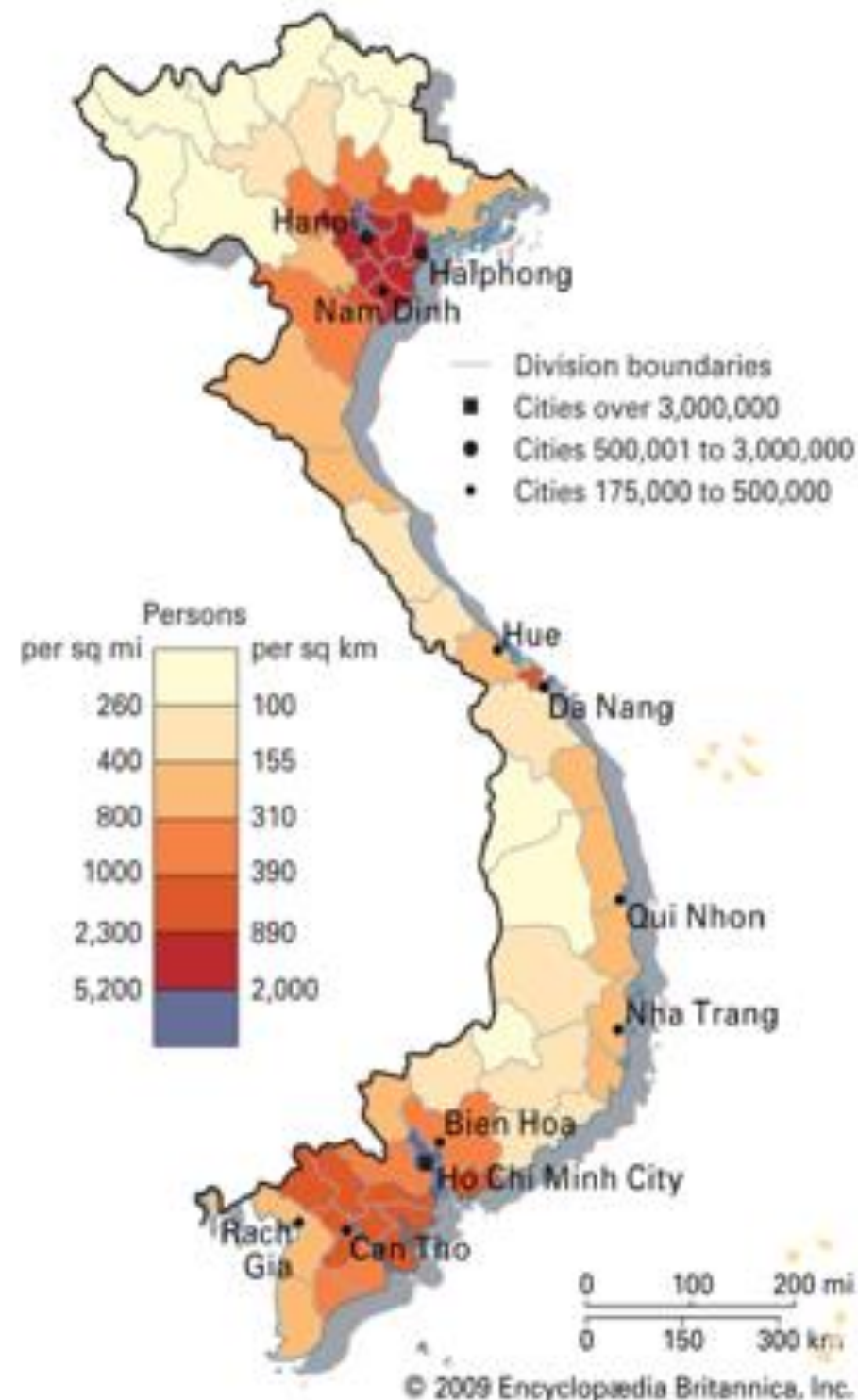
# FDI FROM HONG KONG BY PROVINCES



TT	Provinces	Number of projects	Total registered capital (bn USD)
1	Hai Duong	39	3,09
2	Ho Chi Minh City	374	2,36
3	Binh Duong	121	1,65
4	Khanh Hoa	9	1,31
5	Quang Ninh	22	1,09
6	Ha Noi	117	0,99
7	Ba ria-Vung tau	14	0,91
8	Dong Nai	44	0,71
9	Tay Ninh	20	0,55
10	Long An	31	0,45
	Other (30)	253	3,42



# INVESTMENT LOCATIONS



Item	Mekong Delta	Red River Delta (2014)
Main city	Ho Chi Minh, Binh Duong, Vung Tau	Hanoi, Haiphong, Quang Ninh
Population	25 million	20 million
Power	Power cuts	Ample capacity – Hydro + coal
Water	+/-	Available
Roads	Very developed but congested	Congested
Port	International	Limited accessibility, inefficient
Airport	Redundant	1 airport
Industry	Very developed	Coming up
Land	Densely occupied	Under development



# INVESTMENT LOCATIONS

Item	Mekong River Delta	Red River Delta (2014)	Red River Delta (2017)
Population	25 million	20 million	20 million
Power	Power cuts	Ample capacity – Hydro + coal	Ample capacity available
Water	+/-	Available	Available
Roads	Very developed but congested	Congested	Large network available
Port	International	Limited accessibility, in-efficient	International
Airport	Redundant	1 airport	Redundant
Industry	Very developed	Coming up	Rapidly developing
Land	Densely occupied	Under development	Prime land available close to new infrastructure



THANK YOU