



## Legal update – New Law on Investment 2020 and new Law on Enterprise 2020

On 17 June 2020, the National Assembly issued *Law on Investment 2020 No. 61/2020/QH14* (“**2020 LOI**”) and *Law on Enterprises 2020 No. 59/2020/QH14* (“**2020 LOE**”). Both respectively replaced the old *Law on Investment 2014* (“**2014 LOI**”) and *Law on Enterprises 2014* (“**2014 LOE**”).

The *2020 LOI* and the *2020 LOE* will become valid on 1 January 2021.

We highlight salient points below in the order as they appear in the legislation:

### 1. *2020 LOI*

No	Issue	<i>2014 LOI</i>	<i>2020 LOI</i>	DN Legal Comments
1.	<b>Market entry conditions for foreign investors</b>  <b>NOTE: Two lists will be issued – one list will set out the</b>	N/A	The <i>2020 LOI</i> adds the concept of “ <i>market access conditions for foreign investors</i> ” in <b>Article 3.10</b> .  These are “ <i>conditions that foreign investors must meet in order to invest in sectors on the list of industries and</i>	Apart from the list of business sectors and lines which are restricted and conditional for foreign investors, foreign investors will be treated as local investors in respect of their investment in other business sectors and lines.

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	<p><b>sectors where foreign investment is prohibited and the second will set out sectors in which foreign investment is allowed if certain conditions are met). Outside these lists, foreign investors can invest just as Vietnamese domestic investors.</b></p>		<p><i>trades for which market access for foreign investors is restricted”.</i></p> <p><b>Article 9.2</b> specifies that the Government shall promulgate two lists of industries and trades with conditional market access of foreign investors, including:</p> <ul style="list-style-type: none"> <li>(i) One list regarding the business lines where the foreign investors not allowed to access to the market; and</li> <li>(ii) One list regarding the business lines where the foreign investors are allowed to access markets but with certain conditions.</li> </ul> <p><b>Article 9.3</b> sets out the following market access conditions that foreign investors:</p> <ul style="list-style-type: none"> <li>(i) Ratio of charter capital ownership of foreign investors in the business organization;</li> <li>(ii) Forms of investment;</li> <li>(iii) Scope of business;</li> <li>(iv) Capacity of investors, partners participating in the</li> </ul>	<p>The <i>2020 LOI</i> provides for two lists in <i>Article 9.2</i>. These lists will be issued later by the Government in a decree to implement the <i>2020 LOI</i>.</p>

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			<p>implementation of investment activities; (v) Other conditions.</p>	
2.	<p><b>Definition of “Innovative start-up investment project”</b></p>	N/A	<p>The 2020 LOI defines the term as “<i>the project that implements ideas on the basis of applying intellectual property, technology, new business models and being capable of rapid growth</i>”  (Article 3.7)</p>	<p>Start-ups are now included in the 2020 LOI.</p>
3.	<p><b>Policies on business investment (in Vietnamese: Chính sách về đầu tư kinh doanh)</b></p>	Article 5	<p>The 2020 LOI allows competent authorities to terminate or suspend an investment project if such investment activities cause harms or threaten to cause harms to national defense and security.  (Article 5.3)</p>	<p>The term “<i>national defense and security</i>” is not defined, which gives licensing authorities broad discretion in suspending or terminating foreign investment activities, particularly in respect of sensitive sectors or locations.</p>
4.	<p><b>Public-Private Partnership contract (PPP contract)</b></p>	<p>The 2014 LOI regulates the form of investment through PPP contracts in Article 27.</p>	<p>The 2020 LOI no longer regulates the form of investment through PPP contracts.</p>	<p>The National Assembly has promulgated a new Law on Public-Private Partnership contract on 18 June 2020 and will come into effect on 1 Jan 2021.</p>
5.	<p><b>Investment incentives and special investment support</b></p>	<p>Investment incentives are applied to certain industries and trades.  (Article 15.2)</p>	<p>New types of projects are included in the list of projects entitled to investment incentives, such as innovation-related sectors, new and clean energy, and production of good and value chain.</p>	

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		<p>There is no special investment support.</p>	<p><b>(Article 15.2)</b></p> <p>The Prime Minister can apply special incentives to create a favorable mechanisms and policies.</p> <p><b>(Article 20.1)</b></p> <p>Special incentives for projects with investment capital of over VND3trillion or over VND30trillion that meet conditions respectively.</p> <p><b>(Article 20.2)</b></p> <p>The preferential rates and the duration shall be applied according with the <i>Law on Enterprises Tax and Land Law</i>.</p> <p><b>(Article 20.3)</b></p>	<p>The Prime Minister can apply special incentives to create a favorable mechanism and policies to attract FDI inflows.</p>
6.	<p><b>List of industries and trades investment is not allowed</b></p>	<p>Debt collection services is in the list of conditional investment.</p> <p><b>(Annex 4: List of conditional investment)</b></p>	<p>It is added to the list of lines and trades banned from investment.</p> <p><b>(Article 6.1.(h))</b></p> <p>Eliminates 22 business lines in the list of Conditional Investment and Business Sectors.</p>	<p><b>Article 77.5</b> of the 2020 LOI states that all current debt collection services shall be suspended from 1 Jan 2021.</p> <p>Parties must liquidate debt collection transactions according with civil laws and relevant laws.</p> <p>Details of the list of industries and trades restricting market access for foreign investors, and the list of business lines</p>

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				have not been approached the market have not yet been publicized.
7.	<b>Form of investment: investment in establishment of a business organisation</b>		<p>When investor establishes SMEs, which belong to innovation-related sectors, they do not need:</p> <ul style="list-style-type: none"> <li>(i) investment projects; and</li> <li>(ii) implementation of procedures for granting and modification of investment registration certificates (“<i>IRC</i>”).</li> </ul> <p>(<i>Article 22.1(c)</i>)</p>	These new provisions are expected to create a favorable legal mechanism for foreign investors to set up innovative start-up businesses in fintech, shared technology businesses, and other creative start-up projects.
		According to <i>Article 23.1</i> , a foreign invested enterprise incorporated in Vietnam (“ <i>FIE</i> ”) is subject to the same conditions and investment procedures applicable to foreign investors if 51% or more of such FIE’s charter capital is held by (i) a foreign investor, (ii) a FIE in item (i), or (iii) a foreign investor and an FIE in item (i) jointly.	The threshold for foreign ownership has been reduce from 51% under the <i>2014 LOI</i> to 50% under the <i>2020 LOI</i> .  ( <i>Article 23.1</i> )	This change is to close the loophole created by the discrepancy between the <i>2014 LOI</i> and the <i>2014 LOE</i> , under which a company can be controlled foreign investors with more than 50% but less than 51% interest, yet still be treated by the <i>2014 LOE</i> as Vietnamese investors for the purpose of their investment activities in Vietnam.
		(Member and Acquisition approval (“ <i>M&amp;A approval</i> ”))	The <i>2020 LOI</i> removes the need for an M&A approval if the transaction does not result in an increase of foreign investors’ ownership in the target	

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		<p><b>Article 26</b> of the <i>2014 LOI</i> spells out the procedures to contribute capital and purchase capital or shares and an M&amp;A approval has to be obtained for all conditional projects and is foreign ownership exceed 51%. The application for registration must be submitted to the Department of Planning and Investment for approval.</p>	<p>company. Specifically, an M&amp;A approval will be required when the acquisition by the foreign investor leads to:</p> <ul style="list-style-type: none"> <li>(i) an increase in the ownership of the foreign investor in the target company engaging in business lines with market entry restrictions for foreign investors;</li> <li>(ii) an increase in foreign ownership in the target company from less than 50% up to 50% of the charter capital; or</li> <li>(iii) an increase of foreign ownership in the target company where foreign ownership is already exceeding 50% of the charter capital.</li> </ul> <p>An M&amp;A approval is required if foreign investment in target company utilize land located in sea-land, borderland and coaster land areas or other areas which may affect national defense and security.</p> <p><i>(Article 26.2)</i></p>	

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8.	<b>Investor selection process</b>	N/A	<p>The 2020 LOI consolidates and streamlines the mechanisms for selecting investors under different regimes, such as under <i>Land Law</i>, <i>Bidding Law</i>, and <i>Investment Law</i>. Specifically, investors are selected by these following methods:</p> <ul style="list-style-type: none"> <li>(i) An auction of land use rights according to <i>Land Law</i>;</li> <li>(ii) Bidding process according to <i>Bidding Law</i>; or</li> <li>(iii) Selection by the competent authorities responsible for the investment in-principle approval without going through (i) or (ii) in certain cases.</li> </ul> <p><b>(Article 29)</b></p>	This is intended to remove overlapping and inconsistent regulations in the application process among relevant laws/regulations.
9.	<b>Investment procedures</b>	<p>The list of investment projects which must obtain an investment in-principle approval of the PM has to be issued.</p> <p><b>(Article 31)</b></p>	<p>Adding some investment projects which must obtain in-principle approval of the PM, such as construction projects of urban areas, houses for sale, for rent, or for lease-purchase of a certain size, or projects under authority of two or more provincial People's Committees (“<i>PC</i>”). The 2020 LOI abolishes the requirement that projects with a capital of VND5 trillion (\$217.4 million) or more must obtain in-principle approval of the PM.</p> <p><b>(Article 31)</b></p>	

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		<p>The authority to issue decisions on investment policies of the People’s Committees of provinces of the following projects:  <i>“(a) Projects that use land allocated or leased out by the State without auction or bidding or transfer; projects that require changes of land purposes;</i></p> <p><i>b) Projects that use technologies on the List of technologies restricted from transfer prescribed by regulations of law on technology transfers.”</i>  <b>(Article 32)</b></p>	<p>The 2020 LOI increases decentralization for provincial PC to approve investment projects, such as: licensing of golf course projects is now under the authority of provincial PC, or projects located in sea-island, borderland or coastal areas are invested by foreign investors.</p> <p><b>(Article 32)</b></p>	<p>The condition regarding the issuance of the right to use land and/or prepare that are located on border areas and communes, wards and townships, coastal communes, or areas which affect national defense, which need an investment policy approval before proceeding with the company formation or the proposed acquisition, is not a new regulation. This is intended to manage activities which may interfere with national defense and security. It will permit the Vietnamese government to prevent the transfer of projects to foreign investors in sensitive circumstances.</p>
10.	<b>Principles of implementing investment projects</b>	N/A	<p>Supplementing provisions on Principles of implementing investment projects:</p> <p><i>“1. With respect to a project in the category which requires a decision on approving an in-principle investment, the Investor shall conduct a procedure for the decision on approving an in-principle investment <u>before executing the project.</u></i></p>	

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			<p>2. With respect to a project in the category which requires the Investment Registration Certificate, the Investor shall apply for the Investment Registration Certificate <u>before</u> <u>executing the project.</u>'</p> <p><b>(Article 42)</b></p>	
11.	<b>Security for performance of projects by investors</b>	<p><b>Article 42.1:</b></p> <p><i>“The investor shall pay a deposit for assurance of project execution if his/her project uses land allocated or leased out by the State, or is permitted by the State to change land purposes”</i></p>	<p>Adding events which not subject to the payment of performance security deposit, such as (i) winning at land use rights auction, (ii) winning at land-using project bidding, (iii) transferring projects which have already paid security deposits or have fully contributed capital, or (iv) investors are allocated or leased land by the State to execute investment projects on the basis of receiving land use rights and properties attached to land of other land users.</p> <p><b>(Article 43.1)</b></p>	
12.	<b>Extension of project schedule</b>	<p><i>Article 46</i></p>	<p>Adding the investment projects are not subject to extend the duration of operation if that projects:</p> <p>(i) using outdated technology, potentially causing</p>	

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			<p>environmental pollution, resource intensive;</p> <p>(ii) having investor must transfer without compensation to the Vietnamese State or Vietnamese party.</p> <p><i>(Article 44.4)</i></p>	
13.	<b>Termination an investment project</b>	<i>Article 48</i>	<p>Adding events that subject to be terminated. Specifically:</p> <p>(i) investor have not deposit or guarantee the deposit obligation;</p> <p>(ii) land recovery because land is not put to use; or</p> <p>(iii) having nominee transaction.</p> <p><i>(Article 48.2)</i></p>	Under the Civil Code, a nominee transaction is a transaction established by the parties on order to conceal another transaction.

2. 2020 LOE

No.	Issue	2014 LOE	2020 LOE	DN Legal Comment
1.	<b>Definition of “related person”</b>	<p><i>“Related person means spouse, natural father, adoptive father, natural mother, adoptive mother, child, adopted child, sibling, brother-in-law or sister-in-law of any manager of the company, or of any member or shareholder holding a share of capital contribution or controlling shares;”</i></p> <p><i>(Article 4.17(dd))</i></p>	<p><i>“Spouse, natural father, adoptive father, natural mother, adoptive mother, child, adopted child, sibling, brother-in-law or sister-in-law, <b>father-in-law, mother-in-law, son-in-law and daughter-in-law</b> of any manager of the company, or of any member or shareholder holding a share of capital contribution or controlling shares, <b>legal representative, inspector</b> are also considered as the related person.”</i></p> <p><i>(Article 4.23)</i></p>	The definition of “related persons” is expanded to include in-laws.
2.	<b>Share or capital contribution ownership ratio of a foreign investor</b>	<p><i>“Share or capital contribution ownership ratio of a foreign investor means the aggregate ratio of ownership of voting capital by all foreign investors in a Vietnamese enterprise.”</i></p> <p><i>(Article 4. 27)</i></p>	This Article is removed.	Share or capital contribution ownership ratio of a foreign investor in the 2020 LOE may mean the aggregate ratio of charter capital by all foreign investors in a Vietnamese enterprise.
3.	<b>Report on change of information</b>	<p><i>“An Enterprise has to report to the business registration office in case</i></p>	This Article is removed.	An enterprise no longer needs to report on change of information about its managers.

No.	Issue	2014 LOE	2020 LOE	DN Legal Comment
	<b>about managers of enterprises</b>	<i>of changing on information about its manager(s).” (Article 12)</i>		
4.	<b>Organisations and individuals that do not have the right to establish and manage enterprises in Vietnam</b>	<i>Article 18</i>	<p>Adding the following organizations and individuals to groups of subjects that do not have the right to establish and manage enterprises in Vietnam:</p> <p>(i) <i>“Public security workers in agencies and units of the People’s Public Security of Vietnam;</i></p> <p>(ii) <i>People having difficulties in cognition and civil acts control;</i></p> <p>(iii) <i>People being subject to temporary imprisonment; and</i></p> <p>(iv) <i>Organizations are commercial legal entities which are prohibited from doing business or operating in certain fields under the Criminal Code.”</i></p> <p><b>(Article 17)</b></p>	s
5.	<b>Enterprise registration forms</b>	For enterprise registration, the applicant must send the application dossier to the business registration office.	<p><u>New provision:</u></p> <p><i>“The applicant may register for the enterprise registration in the following forms:</i></p>	In practice, for the issuance of enterprise registration certificates (“ <b>ERCs</b> ”), some business registration offices that are under the Department of Planning and Investment (“ <b>DPI</b> ”)

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		<p>The form of online registration via electronic information network is stipulated in <b>Chapter V of Decree 78/2015/ND-CP on enterprise registration (“Decree 78”)</b>.</p> <p>Under <b>Decree 78</b>, after online submission of the application, the applicant still must directly submit hard copies of the application documents to the Business registration authorities.</p>	<p>(i) <i>Direct registration;</i></p> <p>(ii) <i>Registration via the postal service; or</i></p> <p>(iii) <i>Online registration via electronic information network (The submission of an enterprise registration application through the electronic information network at the National Enterprise Registration Information Portal).”</i></p> <p><b>(Article 26)</b></p>	<p>do request that all applications not only be submitted online to the National Enterprise Registration Information Portal but hard copies must also be submitted after the online application is approved.</p> <p>Under the 2020 LOE, an enterprise will not have to submit hard copies. After the online application is approved, the ERC will be issued by DPI.</p>
			<p><i>“An online application shall have the same validity with an application in writing for direct registration.</i></p> <p><i>When choosing the form of online enterprise registration, an applicant does not need to submit additionally an application in writing to the Business registration office.”</i></p> <p><b>(Article 26)</b></p>	

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6.	Enterprise's seal	<p><i>"The contents of a seal must contain the following information:</i></p> <p><i>(a) Name of the enterprise; and</i></p> <p><i>(b) Enterprise code number."</i></p> <p><b>(Article 44.1)</b></p>	<p><u>New provision:</u></p> <p><i>"A seal includes the seal made by an establishment carving seals or in the form of digital signature."</i></p> <p>The required contents of the seal are removed.</p> <p><b>(Article 43.1)</b></p>	<p>The seal of an enterprise is no longer required to be in a certain form as previously required by the law.</p>
		<p><i>"Before use, the enterprise is obliged to notify the Business registration authorities of its seal specimen."</i></p> <p><b>(Article 43.2)</b></p>	<p>This regulation is removed.</p>	<p>An enterprise is no longer obliged to notify the Business Registration Authority of its seal specimen.</p>
7.	Enterprise's name	<p><b>Article 42.2</b></p>	<p><u>New provision:</u></p> <p>Adding a case where <i>"The proper name of an enterprise being completely similar to the proper name of a registered enterprise"</i> to cases of names which cause confusion and are not allowed to be used as the name of an enterprise.</p> <p><b>(Article 41.2)</b></p>	

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8.	Multi-Member Limited Liability Company (“MMLLC”) (Section 1, Chapter III)	Capital contribution for establishment of companies and issuance of capital contribution certificates	<p><i>Article 48</i></p>	<p><u>New provision:</u></p> <p><i>“If a member makes capital contribution by assets, the time of delivery, importing, conducting administrative procedures for transferring ownership of such assets shall not be included in the deadline of capital contribution.”</i></p> <p><i>(Article 47.2)</i></p>	<p>More time for making capital contribution by assets.</p> <p>The 2020 LOE does not put any limit on the time required for delivery, import or fulfilling legal procedures.</p> <p>Therefore, a member/shareholder who makes a capital contribution by assets may intentionally delay the contribution by not completing these steps promptly.</p>
			<p><i>“If any member fails to contribute capital or fails to contribute in full the amount of capital undertaken, the company must register adjustment of its charter capital [and/or] capital contribution ratios of members equal to the amount of contributed capital within <b>sixty (60) days</b> from the last day on which the share of capital contribution</i></p>	<p><i>“The company must register for amendment to its charter capital [and/or] capital contribution ratios of its members equal to the amount of contributed capital within <b>thirty (30) days</b> from the last day on which the capital is required to be contributed fully.”</i></p> <p><i>(Article 47.4)</i></p>	

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			<p><i>is required to be fully paid.”</i></p> <p><i>(Article 48.4)</i></p>		
		<p><b>Dealing with capital contribution</b></p>	<p><i>Article 54</i></p>	<p><u>New provision:</u></p> <p><i>“If the company’s member is an individual detained or serving a prison sentence, such member shall authorize another person to perform some or all of his or her rights and obligations at the company.”</i></p> <p><i>(Article 53.8)</i></p>	
		<p><b>Organizational and management structure of companies</b></p>	<p><i>Article 55</i></p>	<p><u>New provision:</u></p> <p><i>“An LLC having more than eleven (11) members which is an SOE and the subsidiary company of an SOE must establish the Inspection Committee”</i></p> <p><i>(Article 54.2)</i></p>	<p>A non-SOE LLC is not required to have an Inspection Committee.</p> <p>However, the SOE LLC must have an Inspection Committee</p>
		<p><b>Inspection Committee</b></p>	<p>N/A</p>	<p><u>New provision:</u></p> <p><i>“The Inspection Committee includes from 1 to 3 Inspectors.</i></p>	

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			<p><i>The term of the Inspector does not exceed 5 years and the Inspector may be re-appointed for unlimited terms;”</i></p> <p><i>(Article 65)</i></p>	
		<p><b>A contract and a transaction between a company and the following persons must be approved by the Members’ Council</b></p>	<p><i>Article 67</i></p> <p>Adding the contract or transaction between company and <b>father-in-law, mother-in-law, son-in-law and daughter-in-law</b> of any member, the authorized representative of a member, the director or general director or the legal representative of the company; any manager of the parent company, or a person authorized to appoint managers of the parent company.</p> <p><i>(Article 67)</i></p>	<p>This reflect to the definition of related person above.</p>

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9.	Single-Member Limited Liability Company (“SMLLC”) (Section 2, Chapter III)	<b>Organizational and managerial structure of the SMLLC owned by an organization</b>	<p><i>“A SMLLC owned by an organization shall be organized, managed and operated in either of the following models:</i></p> <p><i>(a) The Chairman of the company, the Director or the General Director and the Inspectors;</i></p> <p><i>(b) The Members’ Council, director or general director and the Inspectors.”</i></p> <p><i>(Article 78)</i></p>	<p><i>“A SMLLC owned by an organization shall be organized, managed and operated by:</i></p> <p><i>(a) The Chairman of the company, the Director or the General Director;</i></p> <p><i>(b) The Members’ Council, the Director or the General Director.</i></p> <p><i>However, SMLLC owned by a SOE is required to have the Inspectors or the Inspection Committee.”</i></p> <p><b>(Article 79)</b></p>	<p>A SMLLC owned by a non-SOE organization is not required to have the Inspectors or an Inspection Committee.</p> <p>This is a welcome change since the role of an inspector in a non-SOE SMLLC is not important or relevant.</p>
		<b>Members’ Council</b>	<p><i>“The resolution of the Members’ Council shall be passed when it is agreed by <b>more than half</b> of the attending members.</i></p> <p><i>Any amendment of or addition to the charter of the company, any</i></p>	<p><i>“The resolution of the Members’ Council shall be passed when it is agreed by <b>more than half</b> of the attending members or the number of attending members having more than 50% of the total votes.</i></p> <p><i>Any amendment or addition to the company’s charter, any re-organization of the company, or any</i></p>	<p>The charter of the company will stipulate the number vote of a member of Member’s Council.</p> <p>Unless otherwise stipulated in the charter of the company, each member shall have an equal voting right.</p>

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		<p><i>re-organization of the company, or any assignment of a part or all of the charter capital of the company must be agreed by at least three quarters (3/4) of the attending members.”</i></p> <p><i>(Article 79.6)</i></p>	<p><i>assignment of a part or all the company’s charter must be agreed by at least 75% of the attending members or the number of attending members having at least 75% of the total votes.”</i></p> <p><i>(Article 80.6)</i></p>		
10.	State owned enterprise (“SOE”)	Definition of a SOE	<p><i>“SOE means an enterprise in which the State holds one hundred (100) percent of the charter capital.”</i></p> <p><i>(Article 4.8)</i></p>	<p><i>“SOE means an enterprise in which the State holds more than fifty (50) percent of the charter capital or voting shares (Article 4.11).”</i></p> <p>More detailed in <i>Article 88</i>.</p>	The change would help enhance state corporate governance capabilities and fairness in competition with other economic components. Moreover, a 50% holding is sufficient for the State to maintain its voting rights on key matters of the enterprises.
		Members' Council	Article 90	<p><u>New provision:</u></p> <p><i>“The member of the Members' Council cannot be appointed as the member of the Members' Council of one company for more than two terms of office, except the one who has over 15 years of continuous working at the company before being appointed.”</i></p>	

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				<i>(Article 91.3)</i>	
		<b>Removal or dismissal of director, general director and other managers of company</b>	<i>Article 101</i>	<p><u>New provision:</u></p> <p><i>“Within 60 days from the date of issuance of a decision to dismiss or demote, the Member’s Council or the Chairman of the company shall consider and decide to select and appoint another replacement.”</i></p> <p><i>(Article 102.3)</i></p>	This change to make sure the company is always under management.
		<b>Inspection Committee and inspectors</b>	<p><i>“Inspection Committee shall comprise three (3) to five (5) inspectors.”</i></p> <p><i>(Article 102)</i></p>	<p><i>“Inspection Committee shall comprise one (1) to five (5) inspectors.”</i></p> <p><i>(Article 103.1)</i></p>	

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11.	Joint Stock Company (“JSC”)	Payment of shares which have been registered for subscription upon enterprise registration	<p><i>Article 112</i></p>	<p><u>New provision:</u></p> <p><i>“If a member contributes capital by assets, the time of delivery, importing, conducting administrative procedures for transferring ownership of such assets shall not be included in the deadline of capital contribution.”</i></p> <p><i>(Article 113)</i></p>	<p>More time for making a capital contribution by assets.</p> <p>The 2020 LOE does not put any limit on the time required for delivery,</p>
		Classes of shares	<p><i>Article 113</i></p>	<p>New provision on Non-voting Depository Receipt (Chứng chỉ lưu ký không có quyền biểu quyết in Vietnamese):</p> <p>Accordingly, <i>“an ordinary share used as an underlying asset to issue a Non- voting Depository Receipt means an underlying ordinary share.”</i></p>	<p>The 2020 LOE just provides for the basis for a JSC to issue depository receipts (chứng chỉ lưu ký) which will be regulated by the securities regulations.</p> <p>Non-voting Depository Receipt will help Vietnamese enterprises attract more capital from foreign investors,</p>

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			<p><i>“The Non - Voting Depositary Receipt has economic benefits and obligations corresponding to the underlying ordinary share, except the voting right.”</i></p> <p><b>(Article 114.6)</b></p>	<p>but still ensure the ownership ratio limit of a foreign investor.</p>
		<p><b>Rights of ordinary shareholders</b></p> <p><i>“A shareholder or a group of shareholders holding <b>ten (10) or more percent</b> of the total ordinary shares for a consecutive period of six months or more, or holding a smaller percentage as stipulated in the charter of the company, has the rights as stipulated in <b>Article 114.2</b>”</i></p>	<p>(i) <i>“A shareholder or a group of shareholders holding <b>five (5) or more percent</b> of the total ordinary shares, or holding a smaller percentage as stipulated in the company’s charter, has the same rights stipulated in <b>Article 114.2 of 2014 LOE</b> such as the right to request the convening of a General Meeting of Shareholders, in certain cases, and request the Board of Inspection to investigate issues relating to the management and administration of the company, except for the right to nominate candidates to the Board of Management and the Inspection Committee.</i></p> <p>(ii) <i>A shareholder or a group of shareholders holding <b>ten (10)</b></i></p>	<p>The change to protect the minority shareholders, because in fact, many shareholders owning the majority of shares of the company cannot enforce their rights and legitimate interests.</p> <p>This is a positive change since it allows the new owner of a JSC to take control of the company as soon as it achieves the required shareholding</p>

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			<p><i>or more percent of the total ordinary shares, or holding a smaller percentage as stipulated in the company's charter has the right to nominate candidates to the Board of Management and the Inspection Committee."</i></p> <p><b>(Article 115)</b></p>	<p>instead of having to wait for six months.</p>
		<p><b>List of shareholders entitled to attend the General Meeting of Shareholders</b></p> <p><i>"The list of shareholders entitled to attend the General Meeting of Shareholders shall be prepared no earlier than <b>five (05) days</b> prior to the date on which the notice of invitation to the General Meeting of Shareholders is sent, if the company's charter does not stipulate a longer time-limit."</i></p> <p><b>(Article 137)</b></p>	<p><i>"The list of shareholders entitled to attend the General Meeting of Shareholders shall be prepared no earlier than <b>ten (10) days</b> prior to the date on which the notice of invitation to the General Meeting of Shareholders is sent, if the company's charter does not stipulate a longer time-limit."</i></p> <p><b>(Article 141)</b></p>	<p>Company has more time to prepare the invitation sent to shareholders to attend the General Meeting of Shareholders.</p>

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		<p><b>An invitation to the General Meeting of Shareholders</b></p> <p><i>“The convener of the General Meeting of Shareholders shall send a notice of invitation to all shareholders on the list of shareholders entitled to attend the meeting no later than <b>ten (10) days</b> prior to the date of opening, if the company’s charter does not stipulate a longer time-limit.”</i></p> <p><i>(Article 139)</i></p>	<p><i>“The convener of the General Meeting of Shareholders shall send a notice of invitation to all shareholders entitled to attend the meeting no later than <b>twenty-one (21) days</b> prior to the date of opening, if the company’s charter does not stipulate a longer time-limit.”</i></p> <p><i>(Article 143)</i></p>	<p>Shareholders have more time to prepare for the General Meeting of Shareholders</p>
		<p><b>Term of office and number of members of the Board of Management</b></p> <p><i>“The term of office of members or independent members of the Board of Management shall not exceed five years; and they may be re-elected for an unlimited number of terms.”</i></p> <p><i>(Article 150)</i></p>	<p><i>“The term of office of <b>members of the Board of Management shall not exceed five years; and they may be re-elected for an unlimited number of terms.</b></i></p> <p><i>The term of office of independent members of the Board of Management shall not exceed two (2) consecutive terms.”</i></p> <p><i>(Article 154.2)</i></p>	<p>In the 2020 LOE, the independent member of the Board of Management can no longer be re-elected for an unlimited number of terms. This is to improve corporate governance.</p>

No.	Issue	2014 LOE	2020 LOE	DN Legal Comment	
		<b>Right to initiate legal action against members of Board of Management, director or general director</b>	<p><i>“A shareholder or a group of shareholders owning at least one percent of the number of ordinary shares <b>for six consecutive months</b> can have the right to initiate legal action against members of Board of Management, director or general director.”</i></p> <p><i>(Article 161)</i></p>	<p><i>“A shareholder or a group of shareholders owning at least one percent of the number of ordinary shares can have the right to initiate legal action against the members of the Board of Management, the Director or the General Director.”</i></p> <p><b>(Article 166)</b></p>	<p>A shareholder or a group of shareholders may initiate legal action against the members of the Board of Management, the Director or the General Director even if they just hold the ordinary shares for one day.</p>
		<b>Contracts and transactions under the approval of the General Meeting of Shareholders or the Board of Management</b>	<p><b>Article 162</b></p>	<p><u>New provision:</u></p> <p><i>“The General Meeting of Shareholders will also approve a contract or a transaction on <b>borrowing, lending or purchase of assets valued at more than 10% of the total value assets recorded in the most recent financial statement between the company and a shareholder holding 51% or more than 51% of the total voting shares or a person relating to the shareholder.</b>”</i></p>	<p>Ensuring company decisions are legally and validly made</p>

No.	Issue	2014 LOE	2020 LOE	DN Legal Comment	
			<i>(Article 167.3(b))</i>		
12.	<b>Re-organization, Dissolution and Bankruptcy of Enterprises</b>	<b>Conversion of private enterprises into limited liability companies, joint stock companies, partnerships</b>	<p>There are no regulations on conversion of a private enterprise into a joint stock company, partnerships.</p> <p>Procedure:</p> <p>(i) <i>Within five (05) working days from the date of receipt of an application file, the business registration office shall consider and issue an enterprise registration certificate.</i></p> <p><b>(Article 199)</b></p>	<p>A private enterprise can be converted into a limited liability company, a <b>joint stock company and a partnership.</b></p> <p>Procedure:</p> <p><i>Within three (03) working days from the date of receipt of an application file, the business registration office shall consider and issue an enterprise registration certificate;</i></p> <p><b>(Article 205)</b></p>	<p>In the <i>2014 LOE</i>, a private enterprise can be only converted into a limited liability company.</p> <p>In the <i>2020 LOE</i>, a private enterprise can directly be converted into joint stock company and a partnership</p>
		<b>Temporary suspension, suspension,</b>	<i>An enterprise may temporarily suspend its business but must notify the business registration office in</i>	<i>An enterprise may temporarily suspend its business but must notify the business registration office in writing of the point of time and period of temporary suspension or</i>	

No.	Issue	2014 LOE	2020 LOE	DN Legal Comment
		<p><b>termination of business</b></p> <p><i>writing of the point of time and period of temporary suspension or resumption of its business no later than <b>fifteen (15) days</b> before the date of temporary suspension or of resumption of its business.</i></p> <p><i>(Article 200.1)</i></p>	<p><i>resumption of its business no later than <b>three (03) days</b> before the date of temporary suspension or of resumption of its business.</i></p> <p><i>(Article 206.1)</i></p>	

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