

**NATIONAL ASSEMBLY**

-----

Law No. 68/2014/QH13

**SOCIALIST REPUBLIC OF VIETNAM**

**Independence - Freedom - Happiness**

-----

*Hanoi, November 26, 2014*

## **LAW**

### **ON ENTERPRISES**

*Pursuant to Constitution of Socialist Republic of Vietnam;*

*The National Assembly promulgates the Law on enterprises.*

#### **Chapter I**

### **GENERAL PROVISIONS**

#### **Article 1. Scope**

This Law deals with the establishment, organization, restructuring, dissolution, and relevant activities of enterprises, including limited liability companies, joint-stock companies, partnerships, sole proprietorships, and groups of enterprises.

#### **Article 2. Regulated entities**

1. Enterprises.
2. Agencies, organizations, and individuals involved in the establishment, organization, restructuring, dissolution, and relevant activities of enterprises.

#### **Article 3. Application of the Law on Enterprises and specialized laws**

If specialized laws contain regulations on establishment, organization, restructuring, dissolution, and relevant activities of enterprises, such regulations shall apply.

#### **Article 4. Interpretation of terms**

In this Law, the terms below are construed as follows:

1. *Foreigner* means any person who does not have Vietnamese nationality.
2. *Shareholder* means any individual or organization that owns at least a share of a joint-stock company.

*Founding shareholder* means any shareholder that owns at least an ordinary share and whose signature is on the list of founding shareholders of the joint-stock company.

3. *Dividend* means a net profit paid to each share in cash or other assets from the residual profit of the joint-stock company after all financial obligations are fulfilled.

4. *Limited liability companies* include single-member limited liability companies and multi-member limited liability companies.

5. *National business registration portal* means a website used for online business registration and access of information about business registration.

6. *National Enterprise Registration Database* means a collection of data about business registration nationwide.

7. *Enterprise* means an organization that has its own name, assets, office, and is registered in accordance with law to do business.

8. *State-owned company* means any enterprise of which 100% charter capital is held by the State.

9. *Vietnamese company* means any enterprise that is established or registered under Vietnam's law and has its headquarter located in Vietnam.

10. *Permanent residence* means the address of the organization's headquarter or address of the individual's permanent residence, workplace, or another location that is registered by such person with the enterprise as contact.

11. *Market price of a stake or share* means the highest price on the market on the previous day, the price agreed between the seller and the buyer, or the price determined by a professional valuation organization.

12. *Certificate of Business registration* means a paper or electronic file issued by the business registration authority to the enterprise which contains information about business registration.

13. *Capital contribution* means the contribution of assets to form the company's charter capital. Capital contribution is either contribution of capital to establish a new enterprise or contribution of additional capital to an existing enterprise.

14. *National business registration information system* comprises the National Enterprise Registration Database, national business registration portal, and the system infrastructure.

15. *Valid application* means an application that contains adequate documents as prescribed in this Law, and information on which are declared sufficiently as prescribed by law.

16. *Business* means the continuous execution of one, some, or all of stages of the investment process such as manufacturing, selling products or services on the market to earn profit.

17. *Related person* means any organization or individual that has a direct or indirect relationship with the enterprise, including the following cases:

- a) The parent company, the manager of the parent company, and the person competent to designate such manager are related persons of subsidiaries in the same group;
- b) Subsidiaries are related person of the parent company in the same group;
- c) The person or a group of people who can influence the decision making and operation of the enterprise via a managerial body;
- d) The enterprise manager;
- dd) Spouse, parents, adoptive parents, children, adopted children, brothers-in-law, sisters-in-law of the enterprise manager or the members/partners/shareholders who have the controlling stake or shares;
- e) Any person authorized to represent one of the persons or companies mentioned in Points a, b, c, d, and dd of this Clause;
- g) The enterprise in which the persons or companies mentioned in Points a, b, c, d, dd, e, and h of this Clause have enough holding to influence the decision making of the managerial bodies of such enterprise;
- h) A group of people who have an agreement to acquire stakes, shares, or interests of the company to have influence over the decision making of the company.

18. *Enterprise managers* is the manager of the company or manager of sole proprietorship, who is either an owner of a sole proprietorship, a general partner, the Chairpersons of the Board of members, a member of the Board of members, the company's President, the Chairperson of the Board of Directors, a member of the Board of Directors, the Director/General Director, or a person holding another managerial position who is entitled to enter into the company's transactions on behalf of the company according to the company's charter.

19. *Founder* means any organization or individual that establishes or contributes capital to establish an enterprise.

20. *Foreign investor* means any organization or individual that is defined as a foreign investor according to the Law on Investment.

21. *Stake* means the total value of assets that a member/partner contributes or promises to contribute to a limited liability company or partnership. Stake holding means the ratio of a member/partner's stake to charter capital of the limited liability company or partnership.

22. *Public services/products* are services/products necessary for life and socio-economic conditions of the country or communities of certain areas that the State must provide to ensure

common interests or National defense and security; the investment in manufacturing and supply of such services/products under market mechanism is not likely to be recouped.

23. *Company member* means any individual or organization that holds part or all of charter capital of a limited liability company or partnership.

24. *Members of a partnership* include general partners and capital contributors

25. *Enterprise restructuring* is either a total division, partial division, consolidation, acquisition of an enterprise, or conversion of the type of business entity.

26. *Foreign organization* means any organization that is established overseas under another country's law.

27. *Foreign investors' holding* means the total holding of voting capital of all foreign investors in a Vietnamese company.

28. *Voting capital means* the stake or shares under the ownership of a person who has the right to vote on the issues within the competence to decide the Board of members or the General Meeting of Shareholders.

29. *Charter capital* means the total value of assets that are contributed or promised to be contributed by members/partners when establishing a limited liability company or partnership; or the total face value of shares that are sold or registered when establishing a joint-stock company.

## **Article 5. State assurance about enterprises and owners of enterprises**

1. The State recognizes the continued existence and development of types of business entities defined in this Law; ensures the legal equality of enterprises regardless of their forms and economic sectors; and acknowledges the legitimate profitability of business.

2. The State recognizes and protects the ownership of assets, capital, income, other lawful rights and interests of enterprises and owners of enterprises.

3. Legitimate assets and capital of enterprises and enterprise owners shall not be nationalized and shall not be administratively confiscated.

The State shall purchase or requisition enterprises' assets for reasons of National defense and security, national interests, state of emergency, natural disaster response, and pay enterprises according to market prices at such times. The payment or compensation must ensure enterprises' interests without discrimination between types of business entities.

## **Article 6. Political organizations and socio-political organizations within enterprises**

1. Political organizations and socio-political organizations within enterprises shall operate in accordance with Constitution, law, and the organization's charter.

2. Enterprises must not obstruct the establishment of intramural political organizations or socio-political organizations and must not obstruct employees to participate in such organizations.

### **Article 7. Rights of enterprises**

1. Engage in the business lines that are not prohibited by law.
2. Exercise business autonomy; decide on organizational structure, business lines, and location; change the scale and business lines.
3. Decide on the method of raising and using capital.
4. Find markets, customers, and sign contracts proactively.
5. Engage in export and import.
6. Hire employees to serve the business.
7. Apply science and technologies to improve business efficiency and competitiveness.
8. Own, use, and dispose of assets of the enterprise.
9. Refuse to provide resources against the law.
10. Lodge complaints and denunciations in accordance with regulations of law on complaints and denunciations.
11. Participating in proceedings in accordance with laws.
12. Other rights prescribed by relevant laws.

### **Article 8. Obligations of enterprises**

1. Satisfy the conditions when engaging in the business lines subject to business conditions as prescribed by the Law on Investment; maintain the fulfillment of such conditions throughout the business operation.
2. Do accounting, make and submit truthful financial statements in a timely manner according to regulations of law on accounting and statistics.
3. Declare, pay taxes and fulfill other financial obligation as prescribed by law.
4. Ensure the lawful rights and interests of employees according to regulations of law on employment; do not show discriminatory behaviors or insult employees in the enterprise; do not employ children and forced labour; provide support for and enable employees to have

professional training; buy social insurance, unemployment insurance, health insurance, and other types of insurance for employees.

5. Ensure and take responsibility for quality of goods/services according to standards prescribed by law or registered/announced standards.

6. Fulfill obligations pertaining to business registration, changes of business registration information, disclosure of information about the enterprise establishment and operation, and other obligations prescribed in this Law and relevant laws.

7. Take responsibility for the truthfulness and accuracy of information in the application for business registration and reports; rectify incorrect information.

8. Comply with regulations of law on national defense and security, social order and safety, gender equality, protection of natural resources, the environment, historic sites and natural monuments.

9. Exercise the obligations pertaining to business ethics to protect the lawful rights and interests of customers and consumers.

#### **Article 9. Rights and obligations of enterprises providing public services/products**

1. The rights and obligations specified in Article 7, Article 8, and relevant regulations of this Law.

2. Get reimbursed for the costs in accordance with regulations of law on bidding, or collect service charges in accordance with regulations of competent authorities.

3. Provide products/services for a period of time sufficient to recoup investment and earn a reasonable amount of profit.

4. Provide products/services according to agreed quantity, quality, and time limits at the prices or charges decided by competent authorities.

5. Ensure equitability and equally convenience of customers.

6. Take legal responsibility for the quantity, quality, conditions, prices/charges of the products/services provided.

#### **Article 10. Criteria, rights and obligations of social enterprises**

1. Every social enterprise must satisfy the following criteria:

a) The enterprise is registered in accordance with this Law;

b) The enterprise's objective is to resolve social, environmental problems, or to serve public interests;

c) At least 51% of annual profit is used for reinvestment in order to serve the social, environmental purposes as registered.

2. Apart from the rights and obligations of enterprises prescribed in this Law, social enterprises also have the following rights and obligations:

a) Maintain the objectives and conditions prescribed in Point b and Point c Clause 1 of this Article throughout the operation; any operating enterprise that wishes to convert into a social enterprise, and any social enterprise that wishes to stop operating as a social enterprise shall notify the competent authority to complete necessary procedures;

b) Owners and managers of social enterprises shall be enabled to obtain licenses and relevant certificates as prescribed by law.

c) Seek and receive sponsorships from other individuals, enterprises, non-governmental organizations, other Vietnamese and foreign organizations to cover administrative expense and operating costs of the enterprise;

d) Do not use the sponsorships for purposes other than covering administrative expense and operating costs or resolving social, environmental issues registered by the enterprise;

dd) Submit annual reports on the enterprise's operation to the competent authority when receiving incentives or support.

3. The State shall introduce policies to encourage, support, and boosts the development of social enterprises.

4. The Government shall elaborate this Article.

#### **Article 11. Retention of enterprise's documents**

1. Depending on the form, the enterprise must retain the following documents:

a) The company's charter; internal rules and regulations; member register or shareholder register;

b) Certificate of industrial property rights; Certificate of product quality registration; other licenses and certificates;

c) Documents proving the company's ownership of its assets;

d) Minutes of meetings of the Board of members, the General Meeting of Shareholders, the Board of Directors; the enterprise's decisions;

dd) The prospectus for securities issuance;

e) Reports made by the Control Board; conclusions of inspection authorities; conclusions of audit organizations;

g) Accounting books, accounting documents, and annual financial statements.

2. The documents mentioned in Clause 1 of this Article must be kept at the headquarter or another location prescribed in the company's charter. The retention duration shall comply with relevant regulations of law.

### **Article 12. Reporting changes to information about the enterprise's manager**

The enterprise must notify the business registration authority of the changes to the name, address, nationality, ID number, passport number or other ID papers of the following persons within 05 days from the day on which such changes are made:

1. Members of the Board of Directors of the joint-stock company;

2. Members of the Control Board or controllers;

3. The Director or General Director.

### **Article 13. Legal representative**

1. The legal representative of an enterprise is the individual that exercises the rights and fulfills the obligations on when making transactions on behalf of the enterprise, represents the enterprise as the plaintiff, defendant, and person with relevant interests and duties before the arbitral tribunal, the court, exercises other rights and fulfills other obligations as prescribed by law.

2. A limited liability company or joint-stock company may have one or multiple legal representatives. The quantity, titles, rights and obligations of legal representative of the enterprise shall be specified in the company's charter.

3. There must always be at least one legal representative that resides in Vietnam. If the enterprise has only one legal representative, such person must reside in Vietnam and authorizes another person in writing to perform the legal representative's right and obligations when leaving Vietnam. In this case, the legal representative is still responsible for the performance of delegated rights and obligations.

4. In case the legal representative does not return to Vietnam at the end of the authorization period and does not give another authorization:

a) The authorized person of the sole proprietorship shall keep performing the legal representative's rights and obligations within the scope of authorization until the legal representative goes back to work at the enterprise;



b) The authorized person of the limited liability company, joint-stock company, or partnership shall keep performing the legal representative's rights and obligations within the scope of authorization until the legal representative goes back to work at the enterprise, or until the company owner, the Board of members, or the Board of Directors decides to designate another person as the legal representative of the enterprise.

5. If the enterprise has only one legal representative and such person is not present in Vietnam for more than 30 days without authorizing another person to act as the legal representative, or such person is dead, missing, detained, sentenced to imprisonment, or legally incompetent, then the company owner, the Board of members, or the Board of Directors shall designate another person as the legal representative.

6. With regard to a limited liability company with two members, if the member who is the legal representative of the company is detained or sentenced to imprisonment, makes a getaway, is missing or legally incompetent, or is banned from practicing by the court for smuggling, producing counterfeits, running illegal businesses, tax evasion, fraud, or another crime defined by Criminal Code, the other member is naturally the company's legal representative until the Board of members makes a decision on company's legal representatives.

7. In some special cases, the Court is entitled to appoint the legal representative during the proceedings.

#### **Article 14. Responsibilities of the enterprise's legal representative**

1. The enterprise's legal representative has the following responsibilities:

a) Perform the given rights and obligations in a truthful, careful manner to ensure the enterprise's lawful interests;

b) Act in the best interest of the enterprise; do not use information, secrets, business opportunities of the enterprise; do not misuse the position, power, or property of the enterprise for self-seeking purposes or serving the interest of other entities;

c) Notify the enterprise of the representative and his/her related persons owning or having the controlling stake or shares in other enterprises.

2. The legal representative of the enterprise is personally responsible for the damage caused by his/her violations against the obligations mentioned in Clause 1 of this Article.

#### **Article 15. Authorized representatives of owners, members, shareholders being organizations**

1. The authorized representatives of owners, members, shareholders being organizations must be individuals authorized in writing to perform their rights and obligations prescribed in this Law on behalf of such owners, members, shareholders.

2. Unless otherwise prescribed by the company's charter, the authorized representative shall be appointed as follows:

a) A multi-member limited liability company that holds at least 35% of charter capital may appoint up to 03 representatives;

b) A joint-stock company that holds at least 10% of ordinary shares may appoint up to 03 representatives.

3. If the owner, member, or shareholder being an organization appoints multiple authorized representatives, the stake/shares of each representative must be determined. If the owner, member, or shareholder fails to determine the stake/shares of each authorized representative, the stake/shares shall be split equally among the representatives.

4. Authorized representatives must be appointed in writing; the appointment of authorized representative must be notified to the company and is only effective when the company receives the notification. The letter of authorization must contain:

a) Full name, enterprise identification number, address of the headquarter of the owner, member, shareholder;

b) The quantity of authorized representatives and their corresponding holding of shares/stake;

c) Full name, permanent residence, nationality, ID number, passport number of each authorized representative;

d) The duration of authorization of each representative, including the beginning date;

dd) Full names, signatures of legal representatives, owners, members, shareholders, and authorized representatives.

5. Authorized representatives must satisfy the conditions below:

a) The authorized representative is legally competent;

b) The authorized representative is not prohibited from establishing and managing enterprises;

c) Members, shareholders being companies of whom >50% of charter capital is held by the State in the form of stake or shares must not appoint their spouses, parents, adoptive parents, children, adopted children, siblings of the manager or the person competent to appoint the company manager as authorized representatives of other companies;

d) The authorized representative satisfies other conditions prescribed by the company's charter.

**Article 16. Responsibilities of authorized representative of owners, members, shareholders being organizations**

1. The authorized representatives of owners, members, shareholders being organizations shall perform the rights and obligations of owners, members, and shareholders on their behalf at the Board of members or the General Meeting of Shareholders in accordance with this Law. All restrictions imposed by owners, members, shareholders upon the authorized representative's performance of the rights and obligations of being owners, members, and shareholders shall not apply to any third party.

2. Authorized representatives must attend every meeting of the Board of members or the General Meeting of Shareholders; perform given rights and obligations in a truthful and careful manner to protect the lawful interests of the authorizing owners, members and shareholders

3. Authorized representatives are responsible to owners, members, shareholders being organizations for failure to fulfill the obligations prescribed in this Article. The authorizing owners, members, and shareholders are responsible to the third party for the responsibility pertaining the rights and obligations performed by the authorized representatives.

### **Article 17. Prohibited acts**

1. Issuing or refusing to issue the Certificate of Business registration; requesting business founders to submit additional documents against this Law; delaying, obstructing, harassing business founders or enterprises' operation.

2. Obstructing owners, members, shareholders of enterprises performing the obligations and rights prescribed in this Law and the company's charter.

3. Doing business as an enterprise without registration; carrying on doing business after the Certificate of Business registration has been revoked.

4. Providing untruthful information in the application for enterprise registration or application for adjustments to business registration.

5. Declaring false charter capital; failure to contribute sufficient charter capital as registered; deliberately determining inaccurate values of contributed assets.

6. Engaging in prohibited business lines; engaging in business lines subject to conditions without satisfying all of the conditions as prescribed in the Law on Investment, or failing to maintain fulfillment of such conditions throughout the business operation.

7. Money laundering, fraud.

## **Chapter II**

### **ENTERPRISE ESTABLISHMENT**

**Article 18. The right to establish enterprises, contribute capital, purchase shares/stakes, and manage enterprises**

1. Every organization and individual is entitled to establish and manage enterprises in Vietnam in accordance with this Law, except for the cases in Clause 2 of this Article.

2. The following entities are not permitted to establish and manage enterprises in Vietnam:

a) Government agencies, armed force units using state-owned property to establish enterprises for self-seeking purposes.

b) Officials and civil servants defined by regulations of law on officials and civil servants;

c) Commissioned officers, non-commissioned officers, workers and civil servants working at units of the army; commissioned officers, non-commissioned officers working at police units, except for those appointed as authorized representatives to manage state capital contributed to other enterprises;

d) Executive officers of state-owned companies, except for those appointed as authorized representatives to manage state capital contributed to other enterprises;

dd) Minors; people that are legally incompetent; organizations without legal status;

e) Any person facing criminal prosecution, serving a prison sentence, undergoing drug rehabilitation, sent to a reform school; or banned from doing business, holding a certain title or doing a certain job by the court; and other cases prescribed by regulations of law on bankruptcy and anti-corruption.

The applicant for enterprise registration must submit the criminal record to the business registration authority at its request.

3. Every organization and individual is entitled to contribute capital, buy shares/stakes in joint-stock companies, limited liability companies, and partnerships in accordance with this Law, except in the following cases:

a) Government agencies, armed force units using state-owned property to establish enterprises for self-seeking purposes;

b) The entities banned prohibited from contributing capital to enterprises as prescribed by regulations of law on officials and civil servants.

4. Self-seeking purpose mentioned in Point a Clause 2 and Point a Clause 3 of this Article means the use of income, in any shape or form, earned from doing business, capital contribution, purchase of shares/stakes for any of the purposes below:

a) The income is distributed, in any shape or form, among some or all of the persons mentioned in Point b and Point c Clause 2 of this Article;

b) The income is used to increase the budget of the organization/unit against regulations of law on government budget;

c) The income is added to a fund serving private interests of the organization/unit.

### **Article 19. Contracts prior to business registration**

1. The founder of the enterprise may sign contracts serving the establishment and operation of the enterprise before and during the process of business registration.

2. If the enterprise establishment is permitted, the enterprise shall keep performing the duties and rights under the concluded contracts, unless otherwise agreed by the parties.

3. If the enterprise registration is not granted, the person who enters into the contract prescribed in Clause 1 of this Article shall take responsibility, or the founder of the enterprise shall take joint responsibility for the implementation of the contract.

### **Article 20. Application for registration of a sole proprietorship**

1. An application form for business registration.

2. Copies of the ID card or other ID papers of the owner of the sole proprietorship.

### **Article 21. Application for registration of a partnership**

1. An application form for business registration.

2. The company's charter.

3. A list of partners.

4. Copies of the ID card or other ID papers of the partners.

5. A copy of the Certificate of Investment registration of the foreign investors as prescribed by the Law on Investment.

### **Article 22. Application for registration of a limited liability company**

1. An application form for business registration.

2. The company's charter.

3. A list of members.

4. Copies of:

- a) Copies of the ID card or other ID papers of members being individuals;
- b) Decision on Establishment, Certificate of Business registration, or an equivalent document of the organization and the letter of authorization; the ID card or other ID papers of the authorized representatives of members being organizations.

If a member is a foreign organization, the copy of the Certificate of Business registration or an equivalent document must be consularly legalized.

- c) The Certificate of Investment registration of the foreign investors as prescribed by the Law on Investment.

### **Article 23. Application for registration of a joint-stock company**

1. An application form for business registration.
2. The company's charter.
3. A list of founding shareholders and shareholders being foreign investors.
4. Copies of:

- a) Copies of the ID card or other ID papers of founding shareholders and foreign investors being individuals;
- b) Decision on Establishment, Certificate of Business registration, or an equivalent document of the organization and the letter of authorization; the ID card or other ID papers of the authorized representatives of founding shareholders and foreign investors being organizations.

If shareholders are foreign organizations, the copy of the Certificate of Business registration or an equivalent document must be consularly legalized.

- c) The Certificate of Investment registration of the foreign investors as prescribed by the Law on Investment.

### **Article 24. Contents of the application form for business registration**

1. Name of the enterprise.
2. Address of the enterprise's headquarter; phone number, tax number, and email address (if any).
3. Business lines.
4. Charter capital; capital invested by the owner of the sole proprietorship.

5. Types of shares, face value of each type of shares and total authorized shares of each type if the enterprise is a joint-stock company.

6. Tax registration information

7. Number of employees.

8. Full name, signature, permanent residence, nationality, number of the ID card, passport, or another ID paper of the owner if the enterprise is a sole proprietorship, or those of the partners if the enterprise is a partnership.

9. Full name, signature, permanent residence, nationality, number of the ID card, passport, or another ID paper of the legal representative if the enterprise is a limited liability company or joint-stock company.

### **Article 25. The company's charter.**

1. The company's charter consists of the charter upon registration and amendments made to the charter throughout the enterprise's operation.

Main contents of the company's charter:

a) Name, address of the headquarter of the enterprise; names, addresses of its branches and representative office (if any);

b) Business lines;

c) Charter capital; total shares, types of shares, and nominal values of each type of shares if the enterprise is a joint-stock company;

d) Full names, addresses, nationalities, and other information of general partners if the enterprise is a partnership; of the owners or members if the enterprise is a limited liability company; of founding shareholders if the enterprise is a joint-stock company; stakes of each member if the enterprise is a limited liability company or partnership; the quantity of shares, types of shares, and nominal value of each type of the founding shareholders;

dd) Rights and obligations of members/partners if the enterprise is a limited liability company/partnership; of shareholders if the enterprise is a joint-stock company;

e) Organizational structure;

g) The legal representative if the enterprise is a limited liability company or a joint-stock company;

h) Method for ratifying the enterprise's decisions; rules for resolution of internal dispute;

- i) Bases and methods for determination of wages and bonus for managers and controllers;
  - k) Cases in which a member is entitled to request the enterprise to buy his/her stake (if the enterprise is a limited liability company) or shares (if the enterprise is a joint-stock company);
  - l) Rules for distribution of post-tax profit and handling of business loss;
  - m) Cases of dissolution; procedures for dissolution and asset liquidation;
  - n) Rules for making amendments to the company's charter.
2. When applying for business registration, the charter must bear the full names and signatures of the following persons:
- a) General partners if the enterprise is a partnership;
  - b) The enterprise's owner being an individual or the legal representative of the enterprise's owner being an organization (if the enterprise is a single-member limited liability company);
  - c) Members being individuals or legal representatives or authorized representatives of the members who are organizations (if the enterprise is a multi-member limited liability company);
  - c) Founding shareholders being individuals and legal representative or authorized representative of founding shareholders being organizations if the enterprise is a joint-stock company.
3. The amended charter must bear the full names and signatures of the following persons:
- a) The President of the Member assembly if the enterprise is a partnership;
  - b) The owner, legal representative of the owner, or the legal representative if the enterprise is a single-member limited liability company;
  - c) The legal representative if the enterprise is a multi-member limited liability company or joint-stock company.

**Article 26. List of members of a limited liability company, general partners of a partnership, founding shareholders of a joint-stock company**

The list of members of a limited liability company, general partners of a partnership, founding shareholders of a joint-stock company must have the following information:

1. Full names, signatures, addresses, nationalities, permanent residence, and other information about members/general partners being individuals if the enterprise is a limited liability company or partnership; of founding shareholders and foreign investors being individuals if the enterprise is a joint-stock company;



2. Names, enterprise identification number, and addresses of members/general partners being organizations if the enterprise is a limited liability company or partnership; of founding shareholders and foreign investors being organizations if the enterprise is a joint-stock company;

3. Full names, signatures, addresses, nationalities, permanent residences of authorized representatives or legal representatives of members being organizations if the enterprise is a limited liability company; of founding shareholders and foreign investors being organizations if the enterprise is a joint-stock company;

4. Stakes, types, quantity and value of each type of contributed assets, time limit for making capital contribution of each member/general partner if the enterprise is a limited liability company or partnership; quantity of shares, types of shares, types, quantity and value of each type of assets contributed by each founding shareholders and shareholders being foreign investors if the enterprise is a joint-stock company.

### **Article 27. Procedures for business registration**

1. The founder of the enterprise or an authorized person shall submit the application for enterprise registration prescribed in this Law to the business registration authority

2. The business registration authority shall consider the legitimacy of the application for enterprise registration and issue the Certificate of Business registration within 03 working days from the day on which the application is received. If the application is rejected, a written notification must be sent to the founder. The notification must provide explanation and necessary adjustments or additions.

3. The Government shall specify the procedures and documents for business registration, cooperation among regulatory bodies in issuance of Certificate of Business registration, employment registration, social insurance, and online business registration.

### **Article 28. Issuance of the Certificate of Business registration**

1. The enterprise shall be granted the Certificate of Business registration when the following conditions are satisfied:

a) The registered business lines are not banned;

b) The enterprise's name is conformable with regulations in Articles 38, 39, 40, and 42 of this Law;

c) The application for business registration is satisfactory;

d) The fee for enterprise registration is fully paid as prescribed by regulations of law on fees and charges.

2. If the Certificate of Business registration is lost or damaged or otherwise destroyed, the enterprise shall have it reissued and pay fees as prescribed by law.

### **Article 29. Contents of the Certificate of Business registration**

1. Name and identification number of the enterprise.
2. Address of the enterprise's headquarter.
3. Full name, signature, permanent residence, nationality, number of the ID card, passport, or another ID paper of the legal representative if the enterprise is a limited liability company or joint-stock company; or general partners if the enterprise is a partnership; of the owner if the enterprise is a sole proprietorship; full names, permanent residences, nationalities, ID/passport numbers of members being individuals, or names, enterprise identification numbers and addresses of headquarters of members being organizations if the enterprise is a limited liability company.
4. Charter capital.

### **Article 30. Enterprise identification number**

1. Enterprise identification number is a series of number created by the National Business Registration Information System which is issued to the enterprise when it is established and written on the Certificate of Business registration. Each enterprise has a sole enterprise identification number and it shall not be issued to any other enterprise.
2. The enterprise identification number is used when fulfilling tax obligations, following administrative procedures, and performing other rights and obligations.

### **Article 31. Registration of changes to the Certificate of Business registration**

1. The enterprise must register with the business registration authority when contents of its Certificate of Business registration are changed as prescribed in Article 29 of Law.
2. The legal representative of the enterprise must register the changes to the Certificate of Business registration within 10 days from the day on which such changes are made.
3. The business registration authority shall consider the legitimacy of the documents and issue a new Certificate of Business registration within 03 working days from the day on which the application is received. If the application is rejected, a written notification must be sent to the applicant. The notification must provide explanation and necessary adjustments or additions.
4. Changes to the Certificate of Business registration according to a decision of the court or arbitration shall be registered following the procedures below:

a) The applicant for changes to the Certificate of Business registration shall submit the application to the business registration authority within 15 working days from the effective date of the judgment or decision. The application must be enclosed with a copy of the effective judgment or decision;

b) The business registration authority shall consider and issue a new Certificate of Business registration according to the effective judgment or decision within 03 working days from the day on which the application is received. If the application is rejected, a written notification must be sent to the applicant. The notification must provide explanation and necessary adjustments and additions.

### **Article 32. Notification of changes to the business registration information**

1. The enterprise must notify the business registration authority when making any of the changes below:

a) Changing the business lines;

b) Changing the founding shareholders if the enterprise is a joint-stock company and shareholders being foreign investors, unless the enterprise is a listed company;

c) Making other changes to the application for enterprise registration.

2. The legal representative of the enterprise shall notify changes to business registration information within 10 days from the day on which such changes are made.

3. The company must send a written notification to the business registration authority of the administration division where the enterprise's headquarter is located from the day on which shareholders being foreign investors, whose names are in the enterprise's shareholder register, are changed. The notification must specify:

a) The enterprise's name, enterprise identification number, address of the headquarter.

b) With regard to shareholders being foreign investors who transfer their shares (the transferors): Names and addresses of foreign shareholders being organizations; full name, nationalities, addresses of shareholders being individuals; their holdings and quantity of shares, types of shares; quantity and types of transferred shares;

c) With regard to shareholders being foreign investors who receive shares transfer (the transferees): Names and addresses of foreign shareholders being organizations; full name, nationalities, addresses of shareholders being individuals; quantity and types of shares received; quantity of shares and corresponding holdings in the company;

d) Full name and signature of the company's legal representative.

4. The business registration authority shall consider the legitimacy of the documents and change business registration information within 03 working days from the day on which the notification is received. If the changes are rejected, a written notification must be sent to the applicant. The notification must provide explanation and necessary adjustments and additions (if any).

5. Changes to business registration information according to a decision of the court or arbitration shall be registered following the procedures below:

a) The applicant for changes to business registration information shall submit the notification of changes to a competent business registration authority within 10 working days from the effective date of the judgment or decision. The notification must be enclosed with a copy of the effective judgment or decision;

b) The business registration authority shall consider and change the business registration information according to the effective judgment or decision within 03 working days from the day on which the notification is received. If the changes are rejected, a written notification must be sent to the requester. The notification must provide explanation and necessary adjustments and additions.

### **Article 33. Announcing business registration information**

1. After being granted the Certificate of Business registration, the enterprise must make an announcement on the National Business Registration Portal and pay the fee as prescribed. The announcement shall contain the information on the Certificate of Business registration and the following information:

a) The business lines;

b) A list of founding shareholders and shareholders being foreign investors if the enterprise is a joint-stock company.

2. If business registration information is changed, the changes must be announced on National Business Registration Portal by the deadline prescribed in Clause 3 of this Article.

3. Announcement of the information prescribed in Clause 1 and Clause 2 of this Article must be announced within 30 days from the day on which it is disclosed.

### **Article 34. Provision of business registration information**

1. Within 05 working days from the day on which the Certificate of Business registration is issued or business registration information is changed, the business registration authority shall send the business registration information or the changes to business registration information to the tax authority, statistical agency, labor authority, and social insurance authority; periodically send business registration information and changes to business registration information to another regulatory body of the same level, the People's Committee of the district where the enterprise's headquarter is located.

2. Every organization or individual is entitled to request business registration authorities to provide information that must be announced by enterprises as prescribed by law.
3. Business registration authorities must provide information sufficiently and in a timely manner as prescribed in Clause 2 of this Article.
4. The Government shall elaborate this Article.

### **Article 35. Contributed assets**

1. Contributed assets may be Vietnam Dong (VND), convertible foreign currencies, gold, value rights to use land, value of intellectual property rights, technologies, technical secrets, and other assets that can be assessed in VND.
2. Intellectual property rights contributed as capital include copyrights and relevant rights, industrial property rights, plant variety rights, and other intellectual property rights prescribed by regulations of law on intellectual property. Only the organizations and individuals who are legitimate owners of the aforementioned rights may contribute such assets as capital.

### **Article 36. Transfer of ownership of contributed assets**

1. Members of limited liability companies, general partners of partnerships, and shareholders of joint-stock companies must transfer the right to ownership of assets contributed as capital as follows:

a) If asset ownership registration is mandatory or the asset is land use right, the capital contributor must follow procedures for transferring the ownership of such asset or land use right to the company at a competent authority.

The transfer of ownership of contributed assets shall not incur registration fee;

b) If asset ownership registration is not mandatory, the capital contribution shall be recorded in writing.

The transfer record must specify the name and headquarter address of the company; Full name, permanent residence, ID/passport number, establishment decision number or registration number of the contributor; the types and quantity of assets contributed; total value of contributed assets and ratio of contributed assets to the company's charter capital; the date of transfer; signatures of the contributor or the contributor's authorized representative and the legal representative of the company;

c) Shares or stakes in the form of assets other than VND, convertible foreign currency, and gold are considered transferred after the legal ownership of such assets is transferred to the company.

2. Contributed assets used for the sole proprietorship's operation is exempt from procedures for ownership transfer.

3. Payments for transfer of shares/stakes, and receipt of dividends of foreign investors must be made through their capital accounts opened at banks in Vietnam, except for payment with assets.

### **Article 37. Assessing contributed assets**

1. Contributed assets other than VND, convertible foreign currencies, gold, must be assessed by members/general partners, founding shareholders, or professional valuation organizations, and expressed in VND.

2. Assets contributed upon the enterprise establishment must be unanimously assessed by members or founding shareholders, or assessed by a professional valuation organization. If assets are assessed by a professional valuation organization, the value of contributed assessed must be concurred with by the majority of members or founding shareholders.

If a contributed asset is assessed at a higher value than its true value at the time of contribution, the members or founding shareholders shall contribute an additional amount which is equal to the difference between the assessed value and true value when the valuation is done; and are jointly responsible for the damage caused by deliberate assessment of assets higher values than their actual values.

3. Assets contributed during the operation shall be assessed by the owner, the Board of members (if the enterprise is a limited liability company or partnership), or the Board of Directors (if the enterprise is a joint-stock company) and the contributor or a professional valuation organization. If the asset is assessed by a professional valuation organization, its assessed value must be concurred with by the contributor and the enterprise.

If the assessed value is higher than the true value of the asset at the time of contribution, the contributor, the owner, members of the Board of members (if the enterprise is a limited liability company or partnership), or members of the Board of Directors (if the enterprise is a joint-stock company) shall contribute an additional amount which is equal to the difference between the assessed value and true value when the valuation is done; and are jointly responsible for the damage caused by deliberate assessment of assets higher values than their actual values.

### **Article 38. Enterprise's name**

1. The Vietnamese name of an enterprise consists of two elements:

a) The type of business entity. The type of business entity is written as “công ty trách nhiệm hữu hạn” or “công ty TNHH” (limited liability company); “công ty cổ phần” or “công ty CP” (joint-stock company); “công ty hợp danh” or “công ty HD” (partnership); “doanh nghiệp tư nhân”, “DNTN” or “doanh nghiệp TN” (sole proprietorship);

b) The proper name is written using the Vietnamese alphabet, the letters, F, J, Z, W, digits, and symbols.

2. The enterprise's name must be post up at the headquarter, branches, representative offices, and other business locations of the enterprise. The enterprise's name must be printed or written on transaction documents, materials, and publications published by the enterprise.

3. Business registration authorities are entitled to refuse to grant approval for enterprises' names pursuant to Articles 39, 40, 42, and this Article.

### **Article 39. Prohibitions when naming enterprises**

1. Picking a name that is the same as or confused with another enterprise's name which has been registered as prescribed in Article 42 of this Law.

2. Using names of regulatory bodies, the armed forces, political organizations, socio-political organizations, socio-political-professional organizations, social organizations, socio-professional organizations as the whole or part of the enterprise's proper name, unless otherwise permitted by the organization.

3. Using words or symbols that offend the history, tradition, culture of Vietnam.

### **Article 40. Enterprise's name in foreign language and abbreviated name**

1. Enterprise's name in foreign language means the name translated from the Vietnamese name into a foreign language that uses the Latin alphabet. When translated into a foreign language, the enterprise's name may be kept unchanged or translated into a word or phrase with a corresponding meaning.

2. If the enterprise has a foreign name, it size must be smaller than the enterprise's Vietnamese name at the headquarter, branches, representative offices, business locations of the enterprise, on the enterprise's documents and publications.

3. Abbreviated name of a enterprise may derived from the Vietnamese name or the foreign language name.

### **Article 41. Names of branches, representative offices, and business locations**

1. Names of branches, representative offices, and business locations must be written using the Vietnamese alphabet, the letters F, J, Z, W, digits, and symbols.

2. The name of each branch or representative office must bear the enterprise's name and the word "Chi nhánh" ("Branch of") or "Văn phòng đại diện" ("Representative office")

3. Names of branches, representative offices, and business locations must be put up at the branches, representative office, and business locations. The name of the branch or representative office must be smaller than the enterprise's name on the documents issued by the branch or representative office.

## **Article 42. Used names and confusing names**

1. A used name means a Vietnamese name chosen by an enterprise which is exactly the same as the name of another registered enterprise.

2. A name is considered confusing in the following cases:

a) The Vietnamese name chosen by the enterprise is pronounced similarly to the name of a registered enterprise;

b) The abbreviated name chosen by the enterprise is the same as the abbreviated name of a registered enterprise;

c) The foreign language name chosen by the enterprise is the same as the foreign language name of a registered enterprise;

d) The proper name chosen by the enterprise is different from that of a registered enterprise of the same type by only a digit or a letter (in the Vietnamese alphabet, or the letter F, J, Z, W) right after the chosen proper name;

dd) The proper name chosen by the enterprise is different from that of a registered enterprise of the same type by only a symbol “&”, “.”, “+”, “-”, “\_”;

e) The proper name chosen by the enterprise is different from that of a registered enterprise of the same type by only the word “tân” (“new”) before or “mới” after the proper name;

g) The proper name chosen by the enterprise is different from that of a registered enterprise of the same type by only a word “miền Bắc” (“Northern”), “miền Nam” (“Southern”), “miền Trung” (“Central”), “miền Tây” (“Western”), “miền Đông” (“Eastern”), or a word with similar meanings.

Regulations in Points d, dd, e, and g of this Clause do not apply to subsidiaries of a registered enterprise.

## **Article 43. Headquarter**

The headquarter of an enterprise is a location in Vietnam with an address, which consists of the house number, street, commune, district, province, phone number, fax number, and email address (if any).

## **Article 44. Enterprise’s seal**

1. Every enterprise is entitled to decide the form, quantity, and contents of its seal. A seal must specify:

a) The enterprise’s name;



b) The enterprise's ID number.

2. Before using the seal, the enterprise must send the seal design to the business registration authority in order for the business registration authority to post it on the National Business Registration Portal.

3. The management, use, and retention of the seal shall comply with the company's charter.

4. The seal shall be used in the cases prescribed by law or agreed by the parties.

5. The Government shall elaborate this Article.

#### **Article 45. Branches, representative offices, and business locations of the enterprise**

1. A branch is a unit dependent on the enterprise and obliged to perform part or all of the enterprise's functions, including representation under authorization. The business lines of the branch must be consistent with those of the enterprise.

2. A representative office is a unit dependent on the enterprise and obliged to represent the enterprise's interests under authorization and protect such interests.

3. Business location is a place where the enterprise does some particular business activities.

#### **Article 46. Establishment of branches, representative offices**

1. Every enterprise is entitled to establish a branch or representative office, whether at home or overseas. A enterprise may establish one or multiple branches/representative offices in an administrative division.

2. When establishing a branch/representative office in Vietnam, the enterprise shall submit an application for establishment of the branch/representative office to a competent business registration authority in charge of the administrative division where the branch/representative office is situated. The application consists of:

a) A notification of the branch/representative office establishment;

b) A copy of the Establishment Decision and minutes of the meeting about the branch/representative office establishment; a copy of the ID card/passport or ID paper of the head of the branch/representative office.

3. The business registration authority shall examine the validity of the application and issue the Certificate of Branch/Representative Office Registration within 03 working days from the day on which the application is received. If the application is rejected, the enterprise must be notified in writing. The notification must provide explanation and necessary adjustments/supplementation (if any)

4. The business registration authority that issues the Certificate of branch/representative office registration shall inform the business registration authority in charge of the administrative division where the enterprise's headquarter is situated, send information about registration of the branch/representative office to the tax authority, statistics authority within 05 working days from the issuance date of the Certificate of branch/representative office registration; periodically send information to the People's Committee of the district where the branch/representative office is situated.

5. The legal representative of the enterprise shall register changes to the Certificate of Branch/Representative Office Registration within 10 days from the day on which such changes are made.

6. The Government shall elaborates this Article.

### **Chapter III**

## **LIMITED LIABILITY COMPANY**

### **Section 1: MULTI-MEMBER LIMITED LIABILITY COMPANY**

#### **Article 47. Multi-member limited liability company**

1. Multi-member limited liability company is a enterprise where:

- a) Members are organizations and/or individuals; the number of members does not exceed 50;
- b) Members are liable for debts and other liabilities of the enterprise up to the value of capital they contribute to the enterprise, except for the case in Clause 4 Article 48 of this Law.
- c) Stakes of members shall be transferred in accordance with Articles 52, 53, and 54 of this Law.

2. A multi-member limited liability company has a legal status from the issuance date of the Certificate of Business registration.

3. Multi-member limited liability companies must not issue shares.

#### **Article 48. Capital contribution to company establishment and issuance of certificate of capital contribution**

1. Charter capital of a multi-member limited liability company upon business registration is the total value of capital contribution to the company promised by the members.

2. Every member must contribute capital properly in terms of sufficiency and type of assets as agreed within 90 days from the day on which the Certificate of Business registration is issued. Company's members may only contribute assets other than the promised assets if such assets are

approved by the majority of other members. After the said deadline, each member has the rights and obligations proportional to their promised capital contribution.

3. In case a member fails to contribute capital or fails to fully contribute capital by the deadline mentioned in Clause 2 of this Article:

a) The member who fails to contribute capital as promised is obviously no longer a company's member;

b) The member who fails to fully contribute capital as promised shall have the rights proportional to his/her contributed capital;

c) The right to contribute capital of the member who fails to contribute capital shall be offered under a decision of the Board of members.

4. If a member fails to contribute capital or fails to fully contribute capital as agreed, the company shall register a change to charter capital and the member's stake holding within 60 days from the deadline for making sufficient capital contribution prescribed in Clause 2 of this Article. Any member who fails to contribute capital or fails to fully contribute capital as agreed shall take responsibility up to the value of promised capital contribution for the company's financial obligations incurred before the day on which the company registers the changes to the charter capital and its members' stakes.

5. When a member fully contributes capital, the company shall issue a Certificate of capital contribution to such member. The certificate of capital contribution shall contain:

a) The enterprise's name, ID number, and headquarter address;

b) The enterprise's charter capital;

c) Full name, permanent residence, nationality, ID/passport number if the member is an individual; name, establishment decision number or company ID number, headquarter address if the member is an organization;

d) The member's stake and value thereof;

dd) Number and date of issue of certificate of capital contribution;

e) Full name and signature of the company's legal representative.

6. In case a certificate of capital contribution is lost, damaged, or otherwise destroyed, its holder shall have it reissued in accordance with the procedures provided for by the company's charter.

#### **Article 49. Member register**

1. The company shall make a member register as soon as the Certificate of Business Registration is issued. The member register shall contain:

- a) The enterprise's name, ID number, and headquarter address;
- b) Full names, permanent residences, nationalities, ID/passport numbers of members being individuals; names, establishment decision numbers or company ID numbers, headquarter addresses of members being organizations;
- c) Stakes and values thereof; date of capital contribution, types of contributed assets; quantity and value of each type of assets contributed by each member;
- d) Signatures of members being individuals or legal representatives of members being organizations;
- dd) Numbers and dates of issue of certificates of capital contribution of every member.

2. The member register shall be kept at the company's headquarter.

#### **Article 50. Rights of members**

- 1. Participate in meetings of the Board of members; discuss, propose, votes for the issues within the competence of the Board of members.
- 2. Cast a number of votes that is proportional to the member's stake, except for the case in Clause 2 Article 48 of this Law.
- 3. Receive a proportion of profits that is proportional to the member's stake after the company has settled all taxes and fulfilled other financial obligations as prescribed by law.
- 4. Receive a proportion of remaining assets that is proportional to the member's stake after the company is dissolved or goes bankrupt.
- 5. Has the preemptive right to contribute additional capital when the company's charter capital is increased.
- 6. Dispose of his/her own stake by transfer part or all of it, give, donate or otherwise in accordance with law and the company's charter.
- 7. File a lawsuit against the President of the Member assembly, Director/General Director, legal representative, or another manager in accordance with Article 72 of this Law, whether single-handedly or on behalf of the company.
- 8. Except for the case in Clause 9 of this Article, any member or group of members that owns at least 10% of the charter capital (or a smaller amount prescribed by the company's charter) shall have the additional rights below:

- a) Request meetings of the Board of members to resolve issues within its competence;
  - b) Inspect, examine books and monitors transactions, accounting books, and annual financial statements;
  - c) Inspect, examine, copy the member register, meeting minutes, Resolutions of the Board of members, and other documents of the company.
  - d) Request the Court to annul the resolution of the Board of members within 90 days from the ending date of the meeting if the procedures, conditions for meeting, or contents of such resolution are not correct or not conformable with this Law and the company's charter.
9. If a company's member owns more than 90% of charter capital and the company's charter does not provide for a smaller rate as prescribed in Clause 8 of this Article, the group of other members shall naturally have the rights prescribed in Clause 8 of this Article.
10. Other rights prescribed by this Law and the company's charter.

#### **Article 51. Obligations of member**

- 1. Contribute capital fully and punctually; take liability for the debts and other liabilities of the company up to the value of capital contributed, except for the cases in Clause 2 and Clause 4 Article 48 of this Law.
- 2. Do not withdraw contributed capital in any shape or form, except for the cases in Articles 52, 53, 54, and 68 of this Law.
- 3. Comply with the company's charter.
- 4. Comply with resolutions and decisions of the Board of members.
- 5. Take personal responsibility when committing the following acts on behalf of the company:
  - a) Violations of law;
  - b) Business operations or transactions that do not serve the company's interests and cause damage for other persons;
  - c) Payment of undue debts while the company is facing financial risk.
- 6. Fulfill other obligations prescribed by this Law.

#### **Article 52. Repurchasing stakes**

- 1. Every member is entitled to request the company to repurchase his/her stake if such member votes against the resolution of the Board of members on:

- a) Amendments to the company's charter that are related to rights and obligations of members and/or the Board of members;
- b) Company restructuring;
- c) Other cases prescribed by the company's charter.

The request for repurchase of a stake must be made in writing and sent to the company within 15 days from the day on which the Resolution is ratified as prescribed in this Clause.

2. When such a request is made as prescribed in Clause 1 of this Article, if an agreement on the price is not reached, the company shall repurchase the member's stake at the market price or at a price determined according to the company's charter within 15 days from the day on which the request is received. The payment shall only be made if the company is still able to repay its debts and settle other liabilities after paying for the stake.

3. If the company does not repurchase the stake as prescribed in Clause 2 of this Article, the member is entitled to transfer his/her stake to another member or a person other than members.

### **Article 53. Transferring stakes**

1. Except for the case in Clause 3 Article 52, Clause 5 and Clause 6 Article 54 of this Law, every member of multi-member limited liability company are entitled to transfer part or all of his/her stake to another person as follows:

- a) Offer the stakes to other members in proportion to their stakes in the company under the same conditions;
- b) Only transfer the stake under the same conditions applied other members prescribed in Point a of this Clause to persons other than members if the members do not buy or do not buy completely within 30 days from the offering date.

2. The transferring member still has the rights and obligations to the company in proportion to his/her stake until information about the buy mentioned in Points b, c and d Clause 1 Article 49 of this Law is written on the member register.

3. If the transfer or change of the stake causes the company to have only one member, the company shall be converted into a single-member limited liability company and register the business registration changes within 15 days from the day on which the transferred is finished.

### **Article 54. Settlement of stakes in some special cases**

1. If a member being an individual dies, his/her inheritor according to the will or law shall be the company's member. If a member being an individual is declared missing by court, his/her asset management according to civil law shall be the company's member.

2. If a member becomes legally incompetent, his/her rights and obligations shall be performed by his/her guardian.

3. A member's stake shall be transferred or repurchased by the company in accordance with Article 52 and Article 53 of this Law in the following cases:

a) The inheritor does not wish to become a member;

b) The recipient mentioned in Clause 5 of this Article is not accepted by the Board of members as a member;

c) The member is an organization that has been dissolved or bankrupt.

4. If a member being an individual dies without an inheritor, the inheritor renounces the inheritance or is disinherited, such stake shall be settled in accordance with civil law.

5. A member is entitled to give part or all of his/her stake to another person.

The recipient is the member's spouse, parent, child, or a person within three ranks of inheritance, is naturally the company's member. If the recipient being another person shall only become the company's member if accepted by the Board of members.

6. If the member uses his/her stake to pay debts, the recipient is entitled to use such stake to:

a) Become a company's member if accepted by the Board of members; or

b) Offer and transfer it in accordance with Article 53 of this Law.

### **Article 55. Organizational structure**

A multi-member limited liability company has a the Board of members, a the Chairperson of the Board of members, a Director/General Director. Every multi-member limited liability company that has 11 members or more shall establish a the Control Board; a company with fewer than 11 members may also establish a the Control Board if necessary for the business administration. Rights, obligations, standards, requirements, and conditions of the Control Board and Chief of the Control Board shall be provided for in the company's charter.

### **Article 56. The Board of members**

1. The Board of members consists of all company's members and is the supreme decision-making body of the company. The frequency of meetings of the Board of members shall be specified by the company's charter. Nevertheless, there must be at least one meeting per year.

2. The Board of members has the following rights and obligations:

a) Decide the annual business plan and development strategy of the company;

- b) Decide the increase or decrease of charter capital; decide the time method for raising additional capital;
- c) Decide development investment projects of the company;
- d) Decide solutions for market development; marketing, technology transfers; ratifying contracts for taking loans, granting loans, selling assets of which the value is higher than 50% of total asset value written in the latest financial statement (or a smaller rate or value prescribed by the company's charter);
- dd) Elect, dismiss the Chairperson of the Board of members; decide the designation of, dismissal of, conclusion and termination of contracts with the Director/General Director, Chief accountant, and other managers prescribed by the company's charter;
- e) Decide the salaries, bonuses, and other benefits for the Chairperson of the Board of members, Director/General Director, Chief accountant, and other managers prescribed by the company's charter;
- g) Ratify annual financial statements, plans for use and distribution of profit, or plans for loss settlement of the company;
- h) Decide the company's organizational structure
- i) Decide establishment of subsidiaries, branches, and representative offices;
- k) Amend the company's charter;
- l) Decide the company restructuring;
- m) Decide the dissolution or petition for bankruptcy of the company;
- n) Other rights and obligations prescribed by this Law and the company's charter.

3. If an individual being a member of a limited liability company is detained, imprisoned, or deprived for the right to practice by the Court as prescribed by Criminal Code, such member may authorize another person to participate in the Board of members of the company.

#### **Article 57. Chairperson of the Board of members**

1. The Board of members shall elect a member as the Chairperson. The Chairperson of the Board of members may concurrently hold the position of the company's Director/General Director.
2. The Chairperson of the Board of members has the following rights and obligations:
  - a) Prepare the agenda and operation plan of the Board of members;



b) Prepare the agenda, contents, documents of meetings of the Board of members or for absentee voting;

c) Convene and chair meetings of the Board of members or organize the absentee voting;

d) Carry out or organize supervision of implementation of Resolutions of the Board of members;

dd) Sign Resolutions of the Board of members on behalf of the Board of members;

e) Other rights and obligations prescribed by this Law and the company's charter.

3. The term of office of a the Chairperson of the Board of members shall not exceed 05 years. The Chairperson of the Board of members may be re-elected without term limit.

4. If the Chairperson of the Board of members is absent or incapable of performing his/her rights and obligations, he/she may authorize another member in writing to perform rights and obligations of the Chairperson of the Board of members in accordance with the company's charter. If no member is authorized, one of the members of the Board of members shall convene a meeting to elect one of the members to temporarily perform rights and obligations of the Chairperson of the Board of members under the majority rule.

#### **Article 58. Meetings of the Board of members**

1. The Board of members shall be convened at the request of the Chairperson of the Board of members or a member or group of member prescribed in Clause 8 and Clause 9 Article 50 of this Article. Every meeting of the Board of members must be held at the company's headquarter, unless otherwise prescribed by the company's charter.

The Chairperson of the Board of members shall prepare the agenda, documents, and convene meetings of the Board of members. Members may propose additional contents to the agenda in writing. The proposal must contain:

b) The full name, permanent residence, nationality, ID/passport number of if the member is an individual; name, establishment decision number or company ID number, headquarter address if the member is an organization; full name, signature of the member or the member's authorized representative;

b) Proportion of stake, number and date of issue of the certificate of capital contribution;

c) Additional contents;

d) Reasons.

The Chairperson of the Board of members must accept the proposal and change the agenda if such proposal is valid and sent to the company's headquarter at least 01 working day before the

meeting date; if a proposal is put forward right before the meeting, it shall be accepted if the majority of the attending members approve.

2. Invitations to meetings of the Board of members may be made in writing, by phone, fax, or another electronic medium as prescribed by the company's charter, and sent directly to each member of the Board of members. The invitation must specify the time, location, and contents of the meeting.

The agenda and documents must be sent to the company's members before the meeting takes place. Documents related to amendments to the company's charter, approval of the company's development orientation, approval of annual financial statements, restructuring or dissolution of the company must be sent to the members at least 07 days before the meeting date. Time limits for sending other documents shall be prescribed by the company's charter.

3. In case the Chairperson of the Board of members fails to convene a meeting of the Board of members at the request of a member/group of member prescribed in Clause 8 and Clause 9 Article 50 of this Law within 15 days from the day on which the request is received, such member/group of member shall convene the meeting.

4. Unless otherwise prescribed by the company's charter, the convention of a meeting of the Board of members prescribed in Clause 3 of this Article must be made in writing and contain the following information:

a) Full names, permanent residences, nationalities, ID/passport numbers of members being individuals; names, establishment decision numbers or company ID numbers, headquarter addresses of members being organizations; proportion of stake, number and date of issue of the certificate of capital contribution of each member that makes the request;

b) Reasons for convening the meeting and issues that need solving;

c) Intended agenda;

d) Full names and signatures of every member that makes the request or their authorized representatives.

5. If the request for convention of a meeting of the Board of members does not contain sufficient information as prescribed in Clause 4 of this Article, the Chairperson of the Board of members shall send a written notification to the member/group of member within 07 working days from the day on which the request is received.

In other cases, the Chairperson of the Board of members shall convene a meeting of the Board of members within 15 days from the day on which the request is received.

In case the Chairperson of the Board of members fails to convene a meeting of the Board of members as prescribed, the Chairperson shall be personally responsible for the damage to the company and relevant members. In this case, the member/group of members that makes the

request is entitled to convene a meeting of the Board of members. Reasonable expenditures for the convention and organization of the meeting of the Board of members shall be reimbursed by the company.

#### **Article 59. Conditions and formalities of meetings of the Board of members**

1. A meeting of the Board of members shall be convened when it is attended by a number of members that hold at least 65% of charter capital; the specific ratio shall be prescribed by the company's charter.

2. If the conditions for holding a meeting of the Board of members prescribed in Clause 1 of this Article are not satisfied, the second meeting shall be held as follows unless otherwise prescribed by the company's charter:

a) The second meeting shall be held within 15 days from the intended date of the first meeting. The second meeting shall be held when it is attended by a number of members that hold at least 50% of example;

b) If the conditions for holding the second meeting of the Board of members prescribed in Point a Clause 2 of this Article are not satisfied, the third meeting shall be held within 10 working days from the intended date of the second meeting. In this case, the meeting of the Board of members shall be held regardless of the number of attending members and the amount of charter capital held by the attending members.

3. Members, authorized representatives of members shall attend and casts votes at meetings of the Board of members. Meeting formalities and voting methods shall be prescribed by the company's charter.

4. The duration of a meeting session may be extended where necessary to complete the agenda. Nevertheless, the duration must not exceed 30 days from the beginning date.

#### **Article 60. Resolutions of the Board of members**

1. The Board of members shall ratify the Resolutions within its competence through voting at the meeting, absentee voting, or another voting method prescribed by the company's charter.

2. Unless otherwise prescribed by the company's charter, the following issues shall be resolved through voting at the meeting of the Board of members:

a) Amendments to the company's charter prescribed in Article 25 of this Law;

b) The company's development orientation;

c) Election, dismissal of the Chairperson of the Board of members; designation, dismissal of Director/General Director;

d) Approval for the annual financial statement;

dd) Restructuring or dissolution of the company.

3. Unless otherwise prescribed by the company's charter, the Resolution of the Board of members shall be ratified at the meeting in the following cases:

a) It receives a number of votes that represents at least 65% of total stakes of attending members, except for the case in Point b of this Clause;

b) In case of a decision to sell assets of which the value is  $\geq 50\%$  of total asset value according to the latest financial statement (or a smaller ratio prescribed by the company's charter; in case of amendments to the company's charter; in case of restructuring or dissolution of the company, the resolution must receive a number of votes that represents at least 75% of total stakes of attending members

4. A member is considered to have attended and cast votes at the meeting of the Board of members when such person:

a) Attend and directly vote at the meeting;

b) Authorize another person to attend and cast votes at the meeting;

c) Attend and cast votes through online meeting, cast electronic votes or use another electronic medium;

d) Send votes to the meeting by post, fax, or email.

5. A Resolution of the Board of members shall be ratified in the form of absentee voting if this method is approved by a number of members that holds at least 65 % of charter capital. The specific ratio shall be prescribed by the company's charter.

#### **Article 61. Minutes of meetings of the Board of members**

1. Meetings of the Board of members must be recorded in writing, audio recordings, or other electronic media of recordings.

2. The minutes of the meeting must be completed and ratified right before the end of the meeting. The minutes must have the following content:

a) Time, location, purposes, agenda of the meeting;

b) Full names, proportions of stakes, numbers and issuance dates of certificates of capital contribution of members or authorized representatives of members that attend the meeting; Full names, proportions of stakes, numbers and issuance dates of certificates of capital contribution of members or authorized representatives of members that do not attend the meetings;

- c) The issues discussed and voted; summary opinions of members about each issue;
  - d) Total number of valid votes, invalid votes, affirmative votes, and negative votes for each issue.
  - dd) The decisions ratified;
  - e) Full names and signatures of the minutes maker and the chair of the meeting.
3. The minutes maker and the chair of the meeting are jointly responsible for the accuracy and truthfulness of the meeting minutes.

**Article 62. Procedures for ratifying Resolutions of the Board of members by absentee voting**

Unless otherwise prescribed by the company's charter, the procedures for absentee voting to ratify a Resolution shall be as follows:

1. The Chairperson of the Board of members decides to collect absentee ballots from members of the Board of members to cast to ratify the issues within its competence;
2. The Chairperson of the Board of members shall organize the drafting, sending of reports on the issues that need deciding, the Draft Resolution, and absentee ballots to members of the Board of members;
3. The absentee ballot shall contain:
  - a) Name, enterprise ID number, headquarter address;
  - b) The full name, address, Nationality, ID/passport number, stake holding of the member;
  - c) The issues and responses in the following order: in favour, against, and abstentions;
  - d) Deadline for submitting the absentee ballot;
- dd) Full name and signature of the Chairperson of the Board of members.

An absentee ballot that contains sufficient information, bears the signature of the member, and is sent to the company by the deadline is considered valid;

4. The Chairperson of the Board of members shall organize the vote counting, make a vote counting report, notify the result and the ratified decisions to members within 07 working days from the deadline for submitting the enquiry form. The report on vote counting result is as valuable as the minutes of meeting of the Board of members and must contain the following information:

- a) Purposes and the issue of the absentee voting;
- b) Full names, proportions of stakes, numbers and issuance dates of certificates of capital contribution of members or authorized representatives that submit valid absentee ballots; Full names, proportions of stakes, numbers and issuance dates of certificates of capital contribution of members or authorized representatives that do not submit absentee ballots or that submit invalid absentee ballots;
- c) The issues that need voting; summary opinions of members about each issue (if any);
- d) Total number of valid absentee ballots, invalid absentee ballots, unsubmitted absentee ballots; total number of valid forms with assenting opinions, those with dissenting opinions with regard to each issue;
- dd) The decisions ratified and the corresponding ratio of votes;
- e) Full name and signature of the counter and the Chairperson of the Board of members. The counter and the Chairperson of the Board of members are jointly responsible for the accuracy and truthfulness of the report on vote counting result.

#### **Article 63. Effect of Resolution of the Board of members**

Unless otherwise prescribed by the company's charter, the Resolution of the Board of members shall be effective from the day on which it is ratified or from its effective date written therein.

In case a member/group of member request the Court or arbitral tribunal to annul a ratified Resolution, it is still effective until the decision of the Court or arbitral tribunal comes into force.

#### **Article 64. Director/General Director**

1. The Director or General Director of a company is the person who administer the everyday business operation of the company and is responsible to the Board of members for the performance of his/her rights and obligations.
2. The Director/General Director has the following rights and obligations:
  - a) Organize the implementation of Resolutions of the Board of members;
  - b) Decide the issues related to the company's everyday business operation;
  - c) Organize the implementation of the company's business plans and investment plans;
  - d) Promulgate the company's rules and regulations, unless otherwise prescribed by the company's charter;

- dd) Designate, dismiss the company's managerial positions, except for those within the competence of the Board of members;
- e) Sign contracts on behalf of the company, except for those within the competence of the Board of members;
- g) Propose organizational structure plan;
- h) Submit annual financial statements to the Board of members;
- i) Propose plans for use of profits or loss settlement;
- k) Hire employees;
- l) Perform other rights and obligations prescribed in the company's charter, employment contract between Director/General Director and the company according to the Resolution of the Board of members.

#### **Article 65. Standards and conditions of Director/General Director**

1. The Director/General Director must be legally competent and is not banned from enterprise management as prescribed in Clause 2 Article 18 of this Law.
2. The Director/General Director must have experience and qualifications in business administration, unless otherwise prescribed by the company's charter.
3. With regard to a subsidiary of which over 50% of charter capital is held by the State in the form of stakes of shares, apart from the standards and requirements in Clause 1 and Clause 2 of this Article, the Director/General Director must not be a spouse, birth parent, adoptive parent, birth child, adopted child, brother, sister, brother-in-law, sister-in-law of the manager of the parent company and the representative of state capital in such company.

#### **Article 66. Wages, salaries, and bonuses for the Chairperson of the Board of members, Director/General Director, and managers**

1. The company shall pay wages, salaries, and bonuses for the Chairperson of the Board of members, Director/General Director, and other managers according to the business outcomes.
2. The wages, salaries of the Chairperson of the Board of members, Director/General Director, and other managers shall be included in operating expense as prescribed by regulations of law on corporate income tax, relevant regulations of law, and recorded as a separate item in the annual financial statement.

#### **Article 67. Contracts and transactions subject to approval by the Board of members**

1. The following contracts and transactions between the company and the following entities are subject to approval by the Board of members:

a) Members, authorized representatives of members, Director/General Director, company's legal representative;

b) Related persons of the persons mentioned in Point a of this Clause;

c) The manager of the parent company, the person competent to designate the manager of the parent company.

d) Related persons of the persons mentioned in Point c of this Clause.

2. The person who concludes the contract or makes the transaction must send a notification to members of the Board of members and the Controller of the entities relevant to such contract or transaction. The notification shall be enclosed with the draft contract or main contents of the transaction to be made. Unless otherwise prescribed by the company's charter, the Board of members shall decide whether to accept the contract/transaction within 15 days from the day on which the notification is received. In this case, the contract/transaction shall be accepted if it is approved by the majority of the members who represent at least 65% of voting capital. Members who involve in the contract/transaction must not vote.

3. The contract/transaction carried out against the regulations in Clause 1 and Clause 2 of this Article and causing damage to the company shall be annulled and dealt with as prescribed by law. The person who concludes the contract or makes the transaction, members involved and their related persons shall pay compensation for the damage inflicted, return to the company the income from such contract/transaction which is carried out against Clause 1 and Clause 2 of this Article or causes damage to the company.

#### **Article 68. Adjustment to charter capital**

1. The company may increase its charter capital in the following cases:

a) Capital contribution of members is increased;

b) Capital contributions are made by new members.

2. When increasing stakes of members, the additional capital shall be split to the members according to their proportion of stakes to the company's charter capital. Every member may transfer the right to contribute capital to another person as prescribed in Article 53 of this Law. Any member who objects to the decision on increase of charter capital may refuse to contribute more capital. In this case, the additional capital contributed by the member shall be split among other members according to their proportion of stakes to the company's charter capital, unless otherwise agreed among the members.

3. The company may decrease its charter capital in the following forms:



a) Part of stakes is returned to members according to their stake holding if the company has run for more than 02 consecutive years from the date of business registration, provided the debts and other liabilities can be paid after the return is made.

b) The company repurchases a member's stake as prescribed in Article 52 of this Law;

c) Charter capital is not contributed fully and punctually by members as prescribed in Article 48 of this Law.

4. Within 10 days from the date of increase or decrease in charter capital, the company must send a written notification to the business registration authority. The notification shall contain:

a) Name, ID number, headquarter address of the enterprise;

b) Charter capital, the intended increase or decrease in charter capital;

c) Time, reasons, and methods of increase or decrease;

d) Full name and signature of the company's legal representative

If charter capital is increased, the notification must be enclosed with the Resolution and meeting minutes of the Board of members. If charter capital is decreased, the notification must be enclosed with the Resolution, meeting minutes of the Board of members, and the latest financial statement. Business registration authority shall update information about increase or decrease in charter capital within 03 working days from the day on which the notification is received.

#### **Article 69. Conditions for profit distribution**

The company shall only distribute profits to its members when its business operation is profitable, tax liability and other financial obligations are fulfilled in accordance with law, debts and other liabilities can be paid after profit distribution.

#### **Article 70. Withdrawal of returned stake or distributed profit**

When a stake is returned due to an decrease to charter capital against the regulations in Clause 3 Article 68 of this Law, or profits are distributed to members against the regulations in Article 69 of this Law, the members must return the money or assets they receive, or take joint responsibility for the debts and other liabilities of the company until the amount of money or assets returned by the members is equivalent to the decrease in capital or the distributed profits.

#### **Article 71. Responsibilities of the Chairperson of the Board of members, Director/General Director, legal representative, Controllers, and other managers**

1. The Chairperson of the Board of members, Director/General Director, legal representative, Controllers, and other managers have responsibilities to:

- a) Perform the given rights and obligations in an honest, careful manner to serve the best legitimate interests of the company;
  - b) Act in the best interest of the company; not use the company's business opportunities, information, secrets; not abuse power or position; not use the company's property for self-seeking purpose or serve the interests of another entity;
  - c) Provide the company with timely, sufficient, and accurate information about the enterprises in which they and their related person own or have the controlling stake or shares;
  - d) Perform other rights and obligations prescribed by law and the company's charter.
2. The Director or General Director must not increase salaries or pay bonuses if the company is not able to pay due debts.
3. A notification of related persons mentioned in Point c Clause 1 of this Article shall contain the following information:
- a) Names, enterprise identification numbers, addresses of headquarters of the enterprises in which they have stakes or shares; holding and time of ownership;
  - b) Names, enterprise identification numbers, addresses of headquarters of the enterprises in which their related persons have private ownership or joint ownership of shares or stakes that make up over 10% of charter capital.
4. The information mentioned in Clause 1 and Clause 3 must be declared within 05 working days from the day on which relevant interests occur or change. The company shall compile a list of related persons of the company and their transactions with the company. The list must be kept at the company's headquarter. Members, managers, controllers of the company, and their authorized representative are entitled to examine and copy part or all of the information mentioned in Clause 1 and Clause 3 of this Article during working hours in accordance with the procedures in company's charter.

## **Article 72. Lawsuits against managers**

1. Members of the company shall, single-handedly or on behalf of the company, file liability or civil lawsuits against the President of the Member assembly, Director/General Director, legal representative, and other managers that commit violations against the manager's duties in the following cases:
- a) The violations mentioned in Article 71 of this Law;
  - b) Failure to adhere to or acts against regulations of law or the company's charter on given rights and obligations; failure to implement or adequately, promptly implement Resolutions of the Board of members;

- c) Other cases defined by law and the company's charter.
2. Procedures for filing lawsuits shall comply with regulations of law on civil proceedings.
3. The proceeding costs when a member file a lawsuits on behalf of the company shall be included in the company's expense, unless such lawsuit is denied.

## **Section 2: SINGLE-MEMBER LIMITED LIABILITY COMPANY**

### **Article 73. Single-member limited liability company**

1. A single-member limited liability company is a enterprise under the ownership of an organization or individual (hereinafter referred to as the company's owner; the company's owner is liable for the company's debts and other liabilities up to the company's charter capital.
2. A single-member limited liability company has its legal status from the issuance date of the Certificate of Business registration.
3. Single-member limited liability companies must not issue shares.

### **Article 74. Capital contribution to the company's establishment**

1. Charter capital of a single-member limited liability company on the business registration date is total value of assets promised to be contributed by the owner, which is written in the company's charter.
2. A owner shall make contributions in accordance with the commitment upon enterprise registration within 90 days from the issuance date of the Certificate of Business registration in terms of value and types of assets.
3. If sufficient charter capital is not fully contributed by the deadline mentioned in Clause 2 of this Article, the owner shall register a change to the charter capital within 30 days from the deadline for fully contributing charter capital. In this case, the owner shall take responsibility up to the value of promised capital contribution for the company's financial obligations incurred before the change to charter capital is registered.
4. The owner, with his/her entire property, shall take responsibility for the company's financial obligations, the damage caused by failure to contribute capital, or failure to fully and punctually contribute capital.

### **Article 75. Rights of the company's owner**

1. The company's owner has the rights to:
  - a) Decide the contents of the company's charter; amend the company's charter;

- b) Decide the annual business plans and development plans of the company;
- c) Decide the organizational structure; designate and dismiss the company's manager;
- d) Decide development investment projects;
- dd) Decide solutions for market development, marketing, and technology;
- e) Ratify contracts to take loans, contracts to grant loans, and other contracts prescribed by the company's charter of which the values are equal to or higher than 50% of the total asset value written in the latest financial statement of the company, or a smaller rate prescribed by the company's charter;
- g) Decide the sale of assets of which the values are equal to or higher than 50% of the total asset value written in the latest financial statement of the company, or a smaller rate prescribed by the company's charter;
- h) Decide increases to the company's charter capital; transfer part of or all of the company's charter capital to other organizations and/or individuals;
- i) Decide the establishment of subsidiaries, capital contributions to other companies;
- k) Supervise and assess the company's business operation;
- l) Decide the use of profit after company's tax liability and other financial obligations are fulfilled;
- m) Decide the company's restructuring, dissolution, and petition for bankruptcy;
- n) Withdraw the entire value of the company's asset value after the dissolution or bankruptcy process is completed;
- o) Exercise other rights prescribed in this Law and the company's charter.

2. The company's owner being an individual has the rights to:

- a) Decide the contents of the company's charter; amend the company's charter;
- b) Decide the company's investments, business operation, and administration, unless otherwise prescribed by the company's charter;
- c) Decide increases to the company's charter capital; transfer part of or all of the company's charter capital to other organizations and/or individuals;
- d) Decide the use of profit after company's tax liability and other financial obligations are fulfilled;

- dd) Decide the company's restructuring, dissolution, and petition for bankruptcy;
- e) Withdraw the entire value of the company's asset value after the dissolution or bankruptcy process is completed;
- g) Exercise other rights prescribed in this Law and the company's charter.

#### **Article 76. Obligations of the company's owner**

1. Contribute charter capital fully and punctually.
2. Adhere to the company's charter.
3. Determine and separate assets of the owner and those of the company. The company's owner being an individual must separate the expenditures of his/her own and his/her family from those made in the position of the company's President, Director, or General Director.
4. Comply with regulations of law on contracts and relevant regulations of law on buying, selling, loaning, borrowing, leasing, renting, and other transactions between the company and the company's owner.
5. The company's owner may only withdraw capital by transferring part of or all of the charter capital to another organization or individual; when withdrawing part of or all of charter capital contributed to the company using another method, the owner and relevant organization or individual shall be jointly responsible for the debts and other liabilities of the company.
6. The company's owner must not receive profit when the company fails to pay the due debts and other liabilities.
7. Fulfill other obligations prescribed in this Law and the company's charter.

#### **Article 77. Performance of the company's owner's rights in some special cases**

1. When the owner transfers, give part of the charter capital to another organization or individual (hereinafter referred to as entity), or the company has a new member, the company shall be converted into a multi-member limited liability company or joint-stock company, register changes to business registration contents with the business registration authority within 10 days from the date on which capital is transfer, given, or the new member is admitted.
2. In case the company's owner being an individual is detained, sentenced to imprisonment, or deprived of the right to practice by a court as prescribed by law, such member shall authorize another person to perform the rights and obligations of the company's owner.
3. If the company's owner being an individual dies, his/her inheritor according to the will or law shall be the owner or member of the company. The company shall be converted correspondingly

and register changes to business registration contents within 10 days from the completion of the inheritance process.

If the company's owner being an individual dies without an inheritor or the inheritor renounces the inheritance or has the right to inherit deprived, the owner's stake shall be settled in accordance with regulations of law on civil affairs.

4. In case the company's owner being an individual becomes legally incompetent, rights and obligations of the company's owner shall be performed by the guardian.

5. If the company's owner being an organization is dissolved or bankrupt, the recipient of the owner's stake shall become the owner or member of the company. The company shall be converted correspondingly and register changes to business registration contents within 10 days from the completion of the transfer process.

#### **Article 78. Organizational structure of single-member limited liability company under the ownership of an organization**

1. A single-member limited liability company under the ownership of an organization shall apply one of the following organizational models:

a) The company's President, Director/General Director, and Controller;

b) The Board of members, Director/General Director, and Controller.

2. Unless otherwise prescribed by the company's charter, the Chairperson of the Board of members or the company's President shall be the company's legal representative.

3. Unless otherwise prescribed by the company's charter, the roles, rights and obligations of the Board of members, the company's President, Director/General Director, and Controller shall comply with this Law.

#### **Article 79. The Board of members**

1. Members of the Board of members shall be designated and dismissed by the company's owner; there will be 03 – 07 members, the term of office shall not exceed 05 years. The Board of members, on behalf of the company, shall perform rights and obligations of the company's owner and the company, except for rights and obligations of the Director/General Director; take legal responsibility to the company's owner for the fulfillment of rights and obligations in accordance with this Law and relevant regulations of law.

2. Rights, obligations, and working relationship between the Board of members and the company's owner shall comply with the company's charter Decree relevant regulations of law.

3. The Chairperson of the Board of members shall be designated by the owner or elected by the Board of members under the majority rule following the procedures prescribed in the company's

charter. Unless otherwise prescribed by the company's charter, the term of office, rights and obligations of the Chairperson of the Board of members shall comply with Article 57 and relevant regulations of this Law.

4. The power and method to convene meetings the Board of members shall comply with Article 58 of this Law.

5. A meeting of the Board of members shall be held when it is attended at least two thirds of the members. Unless otherwise prescribed by the company's charter, each member shall have one vote with the equal value. The Board of members may ratify decisions by absentee voting.

6. A Resolution of the Board of members shall be ratified when it is approved by a majority of the attending members. Decisions on amendments to the company's charter, restructuring of the company, transfer of part of or all of the company's charter capital must be approved by at least three fourths of the attending members.

The Resolution of the Board of members is effective from the day on which it is ratified or on the date written thereon, unless otherwise prescribed by the company's charter.

7. Every meeting of the Board of members must be recorded in writing, audio recordings, or other electronic media. Contents of minutes of meetings of the Board of members shall comply with Article 61 of this Law.

#### **Article 80. The company's President**

1. The company's President is designated by the owner. The company's President, on behalf of the company's owner, shall perform rights and obligations of the company's owner and the company, except for rights and obligations of the Director/General Director; take legal responsibility to the company's owner for the fulfillment of rights and obligations in accordance with this Law, relevant regulations of law, and the company's charter.

2. Rights, obligations, and working relationship between the company's President and the company's owner shall comply with the company's charter, this Law, and relevant regulations of law.

3. A decision of the company's President's on performance of rights and obligations of the company's owner is effective from the day on which it is ratified by the company's owner, unless otherwise prescribed by the company's charter.

#### **Article 81. Director/General Director**

1. The Board of members or the company's President shall designate or hire Director/General Director, the term of office of whom does not exceed 05 years, to administer the company's everyday business operation. The Director/General Director is legally responsible to the Board of members or the company's President for fulfillment of his/her rights and obligations. The Chairperson of the Board of members, other members of the Board of members, or the

company's President may concurrently hold the position of Director (General Director), unless otherwise prescribed by law or the company's charter.

2. The Director/General Director has the following rights and obligations:

- a) Organize the implementation of decisions of the Board of members or the company's President;
- b) Decide the issues related to the company's everyday business operation;
- c) Organize the implementation of the company's business plans and investment plans;
- d) Promulgate the company's rules and regulations;
- dd) Designate, dismiss the company's managers, except for those under the management of the Board of members or the company's President;
- e) Sign contracts on behalf of the company, except for those within the competence of the Chairperson of the Board of members or the company's President;
- g) Propose organizational structure plan;
- h) Submit annual financial statements to the Board of members or the company's President;
- i) Propose plans for use of profits or loss settlement;
- k) Hire employees;
- l) Perform other rights and obligations prescribed in the company's charter, employment contract between Director/General Director and the Chairperson of the Board of members or the company's President.

3. The Director/General Director must:

- a) be legally competent and not be any of the persons mentioned in Clause 2 Article 18 of this Law;
- b) has qualifications and actual experience of the company's administration, unless otherwise prescribed by the company's charter.

## **Article 82. Controllers**

1. The company's owner shall decide the number of controllers, designate controllers with terms of office not exceeding 05 years, and establishment of the Control Board. Controllers are legally responsible to the company's owner for fulfillment of their rights and obligations.



2. Controllers have the following rights and obligations:

- a) Inspect the legitimacy, honesty, and cautiousness of the Board of members, the company's President, and the Director/General Director during the performance of the owner's rights and business administration;
- b) Verify financial statements, business outcome reports, administration reports, and other reports before submitting them to the company's owner or relevant regulatory bodies; submit verification reports to the company's owner;
- c) Propose solutions, organizational structure, and business administration to the company's owner;
- d) Examine every document of the company at the company's headquarter, branch, or representative office. Member of the Board of members, the company's President, Director/General Director, and other managers are obliged to provide sufficient and timely information about the performance of the owner's rights and business operation at the request of Controllers;
- dd) Attend and discuss at meetings of the Board of members and other meetings of the company;
- e) Perform other rights and obligations prescribed in the company's charter or at the request, under decisions of the company's owner.

3. Controllers must:

- a) be legally competent and is not any of the persons mentioned in Clause 2 Article 18 of this Law;
- b) not be related persons of members of the Board of members, the company's President, Director/General Director, and the person competent to directly designate Controllers;
- c) has qualifications in and experience of accounting, audit, or qualifications in and actual experience of the company's business lines, or satisfy other standards and conditions prescribed in the company's charter.

4. The company's charter shall specify the contents and method of cooperation among Controllers.

**Article 83. Responsibilities of members of the Board of members, the company's President, Director/General Director, and Controllers**

1. Comply with law, the company's charter, decisions of the company's owner with regard to the given rights and obligations.

2. Perform rights and obligations in an honest, discreet manner to ensure the best interests of the company and the company's owner.
3. Act in the best interest of the company and the company's owner; do not use information, secrets, business opportunities of the company, or abuse the power, or use the company's assets for self-seeking purposes or serving the interests of another entity.
4. Provide timely, sufficient, and accurate information for the company about the enterprises that they or their related persons own or have the controlling stake or shares. This Notice shall be put up at the company's headquarter and branch(es).
5. Other rights and obligations prescribed by this Law and the company's charter.

#### **Article 84. Wages, salaries, and other benefits of managers and Controllers**

1. Managers and Controllers shall receive wages, salaries, and other benefits according to the business outcome of the company.
2. The company's owner shall decide the wages, salaries, and other benefits of members of the Board of members, the company's President, and Controllers. The wages, salaries, and other benefits of managers and Controllers shall be included in operating expense as prescribed by regulations of law on taxation, relevant regulations of law, and recorded as a separate item in the annual financial statement.
3. Wages, salaries, and other benefits of Controllers may be directly paid by the company's owner as prescribed by the company's charter.

#### **Article 85. Organizational structure of single-member limited liability company under the ownership of an individual**

1. A single-member limited liability company under the ownership of an individual shall have the company's President and a Director/General Director.
2. The company's President may hire a Director/General Director or concurrently hold such position.
3. Rights and obligations of the Director/General Director shall be specified in the company's charter and employment contract between the Director/General Director and the company's President.

#### **Article 86. Contracts, transactions between the company and related persons**

1. Unless otherwise prescribed by the company's charter, the contracts and transactions between a single-member limited liability company under the ownership of an organization and the following persons must be considered and decided by the Board of members or the company's President, the Director/General Director, and Controllers:

- a) The company's owner and related persons of the company's owner;
- b) Members of the Board of members, the Director/General Director, and Controllers;
- c) Related persons of the persons mentioned in Point b of this Clause;
- d) Managers of the company's owner, persons to designate such managers;
- dd) Relevant persons of the persons mentioned in Point d of this Clause.

The person who concludes the contract must send a notification to the Board of members or the company's President, the Director/General Director, and Controllers of the entities related to such contract/transaction. The notification shall be enclosed with the draft contract or main contents of the transaction.

2. Unless otherwise prescribed by the company's charter, the Board of members, the company's President, and Controllers shall decide whether to accept the contract/transaction within 10 days from the day on which the notification is received under the majority rule. Each of the said people has a vote. Persons with related interest must not vote.

3. A contract/transaction mentioned in Clause 1 of this Article shall only be accepted when all of the conditions below are satisfied:

- a) Parties to the contract/transaction are independent legal entities with separate interests, rights, obligations, and assets;
- b) Prices in the contract/transaction are market prices at the time the contract is concluded or the transaction is made;
- c) The company's owner fulfills the obligations prescribed in Clause 4 Article 76 of this Law.

4. The contract/transaction made against the regulations in Clauses 1, 2, and 3 of this Article and causes damage to the company shall be annulled and dealt with as prescribed by law. The person who concludes the contract and related persons of the parties concerned shall be jointly responsible for the damage inflicted and shall pay compensation for such damage, and return to the company the profits derived from such contract/transaction.

5. Every contract and transaction between a single-member limited liability company under the ownership of an individual with the company's owner or related person of the company's owner must be recorded in writing. Such records shall be kept separately as company's documents.

### **Article 87. Adjustment to charter capital**

1. A single-member limited liability company shall adjust its charter capital in the following cases:

a) Part of stakes in the company's charter capital is returned, provided that the company has continued its business operation for more than 02 years from the business registration date, and that all debts and liabilities can be paid after the return;

b) Charter capital is not provided by the owner fully and punctually as prescribed in Article 74 of this Law.

2. Charter capital of a single-member limited liability company shall be increased when the company's owner makes additional investment or raise additional capital from other persons. The owner shall decide the method and level of increase to charter capital.

3. If charter capital is increased by raising capital from other persons, the company must be converted into one of the following types of business entity:

a) a multi-member limited liability company; the company must register changes to business registration contents within 10 days from the completion of charter capital adjustment; or

b) a joint-stock company as prescribed in Article 196 of this Law.

## **Chapter IV**

### **STATE-OWNED COMPANIES**

#### **Article 88. Regulations applied to state-owned companies**

1. State-owned company shall be organized and administered in accordance with this Chapter, corresponding regulations in Section 2 Chapter III, and other relevant regulations of this Law. In case of any discrepancy between Chapter IV and Chapter III and other regulations of this Law, this Law shall prevail.

2. Regulations of Section 1 of Chapter III and Chapter V of this Law shall apply to administration of wholly state-owned companies.

#### **Article 89. Organizational structure**

The agency that represents the state ownership (hereinafter referred to as representative agency) shall decide whether to operate the state-owned company in the form of a limited liability company using one of the two models prescribed in Clause 1 Article 78 of this Law.

#### **Article 90. The Board of members**

1. The Board of members, on behalf of the company, shall exercise the company's rights and obligations in accordance with this Law and relevant regulations of law.

2. The Board of members consists of not more than 07 people, including the Chairperson and other members. Members of the Board of members are standing members, designated, dismissed, commended, and disciplined by the representative agency.

3. The term of office of the Chairperson and other members shall not exceed 05 years. Members of the Board of members may be re-designated with a term limit of 02 terms.

#### **Article 91. Rights and obligations of the Board of members**

1. The Board of members, on behalf of the company, shall perform the rights and obligations of the owner, shareholders, members to the companies under the ownership of the company or the shares/stakes of which are held by the company.

2. The Board of members has the following rights and obligations:

a) Decide the contents prescribed in the Law on management and use of state capital for investment in enterprises;

b) Decide the establishment, restructuring, dissolution of branches, representative office, and financially dependent units;

c) Decide annual business plans, market development policies, marketing, and technology of the company;

d) Organize internal audits and decide establishment of the internal audit unit.

dd) Perform other rights and obligations prescribed by this Law, relevant regulations of law, and the company's charter.

#### **Article 92. Conditions and standards of members of the Board of members**

A member of the Board of members must:

1. has qualifications and actual experience of the business administration or of the enterprise's business lines.

2. Not be a spouse, birth parent, adoptive parent, birth child, adopted child, sibling, brother-in-law, sister-in-law of the head or deputy head of the representative agency, another member of the Board of members, the Director/Deputy Director or General Director/Deputy General Director, the Chief accountant, or a Controller of the company.

3. Not be an official of a regulatory body, political organizations, socio-political organizations, or not be a manager of a subsidiary.

4. Not ever be discharged from the position of the Chairperson of the Board of members, member of the Board of members, the company's President, Director/General Director, Deputy Director/Deputy General Director of a state-owned company.

5. satisfy other standards and conditions prescribed by the company's charter.

### **Article 93. Discharge and dismissal of members of the Board of members**

1. The Chairperson and a member of the Board of members shall be discharged from his/her position if such person:

a) fails to satisfy the standards and requirements in Article 92 of this Law;

b) tenders a resignation and the resignation is accepted in writing by the representative agency;

c) receives a decision on resignation or retirement;

d) is not capable of the given tasks or legally incompetent;

dd) is not healthy enough or does not have sufficient prestige to hold the position of member of the Board of members.

2. The Chairperson and a member of the Board of members shall be dismissed in the following cases:

a) The company fails to achieve annual targets; fails to maintain and develop capital at the request of the representative agency without justifiable explanation or the explanation that is accepted by the representative agency.

b) The person is prosecuted and is declared guilty by the Court;

c) The person is not honest during the performance of his/her rights and duties; abuses of power or position; uses the company's property for self-seeking purpose or serve the interests of another entity; provide false information about the company's business outcomes.

3. Within 60 days from the day on which the decision on dismissal or discharge is issued, the representative agency shall consider appointing another person.

### **Article 94. Chairperson of the Board of members**

1. The Chairperson of the Board of members shall be designated by the representative agency. The Chairperson of the Board of members must not concurrently hold the position of Director/General Director of the company or other enterprises.

2. The Chairperson of the Board of members has the following rights and obligations:

- a) Build up quarterly and annual operation plans of the Board of members;
- b) Prepare agenda, documents serving the meeting, or absentee voting of the Board of members;
- c) Convene and chair meetings of the Board of members or carry out the absentee voting;
- d) Organize the implementation of Resolutions of the representative agency and the Board of members;
- dd) Organize supervision, directly supervise and assess achievements of strategic targets, the company's performance, the Director's or General Director's performance;
- e) Provide, disclose information about the company in accordance with law; take responsibility for the sufficiency, accuracy, truthfulness, and systematicness of the information disclosed;
- g) Perform other rights and obligations prescribed by this Law, relevant regulations of law, and the company's charter.

3. Apart from the cases mentioned in Article 93 of this Law, the Chairperson of the Board of members might be dismissed or discharged from duty if failing to perform the duties mentioned in Clause 2 of this Article.

#### **Article 95. Rights and obligations of other members of the Board of members**

- 1. Attend meetings of the Board of members, discuss, make proposals, and vote on the issues within the competence of the Board of members.
- 2. Inspect, consider, examine, copy logbooks, monitor transactions, accounting books, annual financial statement, minutes of meetings of the Board of members, and other documents of the company.
- 3. Perform other rights and obligations prescribed by this Law, relevant regulations of law, and the company's charter.

#### **Article 96. Responsibilities of the Chairperson and other members**

- 1. Comply with law, the company's charter, and decisions of the company's owner.
- 2. Perform the given rights and obligations in an honest, careful manner to serve the best legitimate interests of the company and the State.
- 3. Act in the best interest of the company and the State; do not use the company's business opportunities, information, secrets; do not abuse power or position; not use the company's property for self-seeking purpose or serve the interests of another entity;

4. Provide the company with timely, sufficient, and accurate information about the enterprises they and their related person own or have shares or stakes; Such information shall be posted at the company's headquarter and branches.

5. Comply with Resolutions of the Board of members.

6. Take personal responsibilities for taking advantage of the company's name to commit violations of law; do business or make transactions that does not serve the company's interest and cause damage to other people; pay undue debts when the company is facing financial risks.

7. Any member of the Board of members that discovers another member's violations against his/her obligations shall send a written report to the representative agency, request a termination of the violations and remedial measures.

#### **Article 97. Working conditions, requirements and methods for convening meetings of the Board of members**

1. The Board of members shall work as a group; at least a meeting shall be held in a quarter to consider deciding the issues within its competence. With regard to the issues that do not need discussing, the Board of members may carry out absentee voting according to the company's charter.

The Board of members may convene extraordinary meetings to resolve urgent issues at the request of the organization that represents the company's owner or at the request of the Chairperson of the Board of members or when it is requested by more than 50% of members of the Board of members, by the Director/General Director.

2. The Chairperson of the Board of members or a member authorized by the Chairperson of the Board of members shall prepare the agenda, documents, convene and chair meetings of the Board of members. Members of the Board of members are entitled to propose meeting contents in writing. Contents and documents of the meeting shall be sent to members of the Board of members and invited participants (if any) at least 03 days before the meeting date. Documents related to proposed amendments to the company's charter, the company's development orientation, restructuring or dissolution of the company must be sent to the members at least 05 days before the meeting date.

3. The invitations may be made in writing, by phone, fax, or another electronic medium, and sent directly to each member of the Board of members and invited participants. The invitation must specify the time, location, and contents of the meeting. Online meetings may be held where necessary.

4. A meeting of members of the Board of members is considered valid when it is attended by at least 2/3 of members of the Board of members. A Resolution of the Board of members is ratified when it is voted for by more than half of the participating members; in the event of equal votes, the Chairperson of the Board of members or a person authorized to chair the meeting by the



Chairperson of the Board of members shall have the casting vote. Members of the Board of members may reserve their opinions and submit a proposal to the representative agency.

5. In case of absentee voting of members of the Board of members, the Resolution of the Board of members shall be ratified when it is approved by a majority of the members.

A Resolution may be approved by using multiple copies of the same copy if each copy bears at least a signature of a member of the Board of members.

6. According to the contents and agenda of the meeting, where necessary, the Board of members is entitled or required to invite competent representatives from relevant agencies/organizations to attend the meeting and discuss the issues. Invited representatives of agencies/organizations may offer their opinions and may not vote. All opinions of invited representatives shall be written in the meeting minutes.

7. Contents of the issues discussed, opinions, voting result, decisions ratified by the Board of members, and conclusions of meetings of the Board of members shall be recorded in writing. The Chair and secretary of the meeting are jointly responsible for the accuracy and truthfulness of the meeting minutes. The minutes of the meeting must be completed and ratified before the end of the meeting. The meeting minutes must have the following content:

a) Time, location, purposes, agenda of the meeting; list of attending members; issues to be discussed and voted; summary of opinions of each member about each issue;

b) The numbers of affirmative votes and negative votes and abstentions (if applied)

c) The decisions ratified, full names and signatures of attending members.

8. Members of the Board of members are entitled to request the Director/General Director or Deputy Director/Deputy General Director, Chief accountant, and the managers of the company and subsidiaries of which 100% charter capital is held by the company, representatives of the company's stakes in other enterprises to provide info, documents about their financial status and performance in accordance with the regulations on information provision promulgated by the Board of members or in accordance with the Resolution of the Board of members. The persons requested to provide information shall provide timely, sufficient, accurate information and documents at the request of members of the Board of members, unless otherwise decided by the Board of members.

9. The Board of members shall use the executive apparatus, assisting units (if any), and the company's seal to perform their duties.

10. Operating cost of the Board of members, salaries, benefits, and other remunerations shall be included in the company's administrative expense.

11. Where necessary, the Board of members shall seek opinions from Vietnamese and foreign consultants before deciding an importing issue within the competence of the Board of members. The consultancy cost shall be specified in financial management regulations of the company.

12. The Resolution of the Board of members shall be effective from the day on which it is ratified or from its effective date written therein, except for the cases in which it must be accepted by the representative agency.

#### **Article 98. The company's President**

1. The company's President shall be designated by the representative agency as prescribed by law. The term of office of the company's President shall not exceed 05 years with a term limit of two terms. Standards, conditions of the company's President, and cases in which the company's President is dismissed, discharged from duty shall comply with Article 92 and Article 93 of this Law.

2. The company's President shall exercise rights and obligations of the owner's representative in accordance with the Law on management and use of state capital for investment in enterprises; other rights and obligations prescribed in Article 91 and Article 96 of this Law.

3. Salary, bonuses, and other benefits of the company's President shall be decided by the representative agency and included in the company's administrative expense.

4. The company's President shall use the executive apparatus, assisting units (if any), and the company's seal to perform his/her duties. Where necessary, the company's President shall consult with Vietnamese and foreign experts before deciding an importing issue within the competence of the company's President. The consultancy cost shall be specified in financial management regulations of the company.

5. The decisions mentioned in Clause 2 of this Article must be made in writing and bear the signature of the company's President, even if the company's President concurrently holds the position of Director/General Director.

6. A Decision of the company's President shall be effective from the day on which it is signed or from its effective date written therein, except for the cases in which it must be accepted by the representative agency.

7. Where the company's President is not present in Vietnam for more than 30 days, another person must be authorized in writing to perform some of the rights and obligations of the company's President's; the authorization must be made in writing and a written notification shall be promptly sent to the representative agency. Other cases of authorization shall comply with the company's rules and regulations.

#### **Article 99. Director/General Director**

1. The Director/General Director shall be designated by the Board of members or the company's President, or hired according to a personnel plan approved by the representative agency. A company shall have one or some Deputy General Director/Deputy General Director. The quantity of Deputy Director/Deputy General Director, the power to designate Deputy General Director/Deputy General Director shall be specified in the company's charter. Rights and obligations of the Deputy Director/Deputy General Director shall be specified in the company's charter or employment contract.

2. The Director/General Director shall run the company's everyday operation and has the following rights and obligations:

a) Organize the implementation of the company's business plans and investment plans and assess the results thereof;

b) Organize the implementation of Resolutions of the Board of members, the company's President, and the representative agency; assess the result thereof;

c) Decide the company's everyday tasks;

d) Promulgate the company's rules and regulations, which have been approved by the Board of members or the company's President;

dd) Sign contracts, agreements on behalf of the company, except for those within the competence of the Chairperson of the Board of members or the company's President;

e) Designate, hire, dismiss, discharge from duty, terminate employment contracts with the company's managers, except for those under the management of the Board of members or the company's President;

g) Hire employees;

h) Make and submit quarterly, annual reports on achievement of business targets, annual financial statement to the Board of members or the company's President;

i) Propose restructuring plan where necessary;

k) Propose distribution and use of post-profit and other financial obligations of the company;

l) Perform other rights and obligations prescribed by law and the company's charter.

#### **Article 100. Standards and conditions of Director/General Director**

The Director/Deputy Director must:

1. Has qualifications and actual experience of the business administration or of the company's business lines.

2. Not be a spouse, birth parent, adoptive parent, birth child, adopted child, brother, sister of the manager of head or deputy head of the representative agency.
3. Not be a spouse, birth parent, adoptive parent, birth child, adopted child, brother, sister of the manager of any member of the Board of members.
4. Not be a spouse, birth parent, adoptive parent, birth child, adopted child, brother, sister of the Deputy Director/Deputy General Director or Chief accountant of the company.
5. Not be a spouse, birth parent, adoptive parent, birth child, adopted child, brother, sister, brother-in-law, sister-in-law of the company's Controller.
6. Not concurrently hold the position of official in a regulatory agency, political organization, or socio-political organization.
7. Not ever be discharged from the position of the Chairperson of the Board of members, member of the Board of members, the company's President, Director/General Director, Deputy Director/Deputy General Director of another state-owned company.
8. Not concurrently hold the position of Director/General Director of another enterprise.
9. Satisfy other standards and conditions prescribed by the company's charter.

**Article 101. Dismissal, discharge from duty of Director/General Director and other managers**

1. The Director/General Director shall be dismissed when he/she:
  - a) fails to satisfy the standards and requirements in Article 100 of this Law;
  - b) tenders a resignation.
2. The Director/General Director shall be discharged from duty in the following cases:
  - a) The enterprise fails to preserve the capital as prescribed by law;
  - b) The enterprise fails to achieve annual business targets;
  - c) The qualifications and competency of the Director/General Director do not meet the requirements for the new business plan and development strategy of the enterprise.
  - d) The enterprise commits violations of law or its business operation is against the law;
  - dd) Any of the manager's duties is violated according to Article 96 of this law;
  - e) Other cases prescribed by the company's charter.

3. The cases in which the Deputy Director/Deputy General Director, Chief accountant, and other managers are dismissed and discharged from duty shall be specified by the company's charter.

### **Article 102. Control Board**

1. Depending on the scale of the company, the representative agency shall appoint 01 Controller or establish a the Control Board that consist of 03 – 05 Controllers. A controller of a company has a term of office of up to 05 years with a term limit of 02 terms.

2. The Control Board has the following rights and obligations:

a) Supervise the implementation of development plans, business plans, achievement of strategic targets and planned targets of the company;

b) Supervise, assess the performance of rights and obligations of members of the Board of members, the Board of members, Director/General Director of the company;

c) Supervise, assess the effect and conformity with regulations on internal audit, risk management and reduction, reporting, and other administrative regulations of the company;

d) Supervise the legitimacy, systematicness, and truthfulness of accounting works, accounting books, financial statements, appendices and relevant documents;

dd) Supervise transactions between the company and related parties;

e) Supervise implementation of major projects of investment, major or unusual purchases, sales, and other transactions of the company;

g) Make and send report on assessment, proposals mentioned in Points a, b, c, d, dd, and e of this Clause to the representative agency and the Board of members;

h) Perform other rights and obligations at the request of the representative agency or according to the company's charter.

3. Salaries, bonuses of Controllers shall be decided and paid by the representative agency.

4. Government shall elaborate this Article.

### **Article 103. Conditions and standards of Controllers**

A Controller must:

1. Be professionally trained in finance, accounting, audit, law, business administration, and has at least 03 years' experience; the Chief Controller must have qualifications and have at least 05 years' experience of finance, accounting, audit, law, business administration

2. Not be a company's employee.
3. Not be a spouse, birth parent, adoptive parent, birth child, adopted child, brother, sister, brother-in-law, sister-in-law of the following entities.
  - a) The head and deputy head of the representative agency;
  - b) Members of the Board of members of the company;
  - c) Deputy Director/Deputy General Director and Chief accountant of the company;
  - d) Other Controllers of the company.
4. Not concurrently hold the position of Director/General Director of another enterprise.
5. Not concurrently hold the position of Controller, member of the Board of members, member of the Board of Directors of a enterprise other than state-owned enterprises.
6. Satisfy other standards and conditions prescribed by the company's charter.

#### **Article 104. Rights of the Control Board and Controllers**

1. Attend meetings of the Board of members, consultancies, official and unofficial discussions between the representative agency and the Board of members; enquire the Board of members, members of the Board of members, and Director/General Director about the plans, projects, development investment programs, and other decisions related to the company's administration.
2. Examine accounting books, reports, contracts, transactions, and other documents of the company; inspect the administration of the Board of members, members of the Board of members, Director/General Director where necessary or at the request of the representative agency.
3. Examine, assess the business performance and financial status of the company, the effect of internal administration regulations of the company.
4. Request members of the Board of members, the Director/General Director or Deputy Director/Deputy General Director, Chief accountant, and other managers to report and provide information within the scope of management and investment, business operation of the company.
5. Request the company's managers to report the financial status, business performance of subsidiaries where necessary for fulfillments of duties as prescribed by law and the company's charter.
6. Report members of the Board of Members, Director/General Director, or other managers who act against their rights and obligations or are likely to do so; report violations against the law,

regulations on economic management, the company's charter, internal administration regulations to the representative agency, other members of the Control Board, and relevant individuals.

7. Request the representative agency to establish a unit specialized in consulting audit and assisting the Control Board in performance of their given rights and obligations.

8. Exercise other rights prescribed by the company's charter.

#### **Article 105. Working mode of the Control Board and Controllers**

1. The Chief of the Control Board is the standing officer of the company; other members may participate in Control Boards of up to 04 state-owned companies, provided such participation is approved in writing by the representative agency.

2. Chief of the Control Board shall formulate monthly, quarterly, and annual working plan of the Control Board; assign tasks to each member.

3. Controllers shall independently and proactively perform the given tasks; propose off-plan tasks where necessary.

4. The Control Board shall hold at least one meeting a month to review and ratify reports on controlling result of the month, then submit them to the representative agency; discuss and ratify the next working plans of the Control Board.

5. A decision of the Control Board shall be ratified when it is approved by a majority of the attending member. Every opinion in contravention of the ratified decision must be accurately recorded and report to the representative agency.

#### **Article 106. Responsibilities of Controllers**

1. Comply with law, the company's charter, decisions of the representative agency, and professional while performing the rights and obligations prescribed in this Law and the company's charter.

2. Perform the given rights and obligations in an honest, careful manner to serve the best legitimate interests of the State and related parties.

3. Act in the best interest of the company and the State; do not use the company's business opportunities, information, secrets; do not abuse power or position; do not use the company's property for self-seeking purpose or serve the interests of another entity;

4. Fulfill other obligations prescribed in this Law and the company's charter.

5. Any Controller that violates against the obligations prescribed in Clause 1, 2, 3, or 4 of this Article and causes damage to the company shall take personal responsibility or pay compensation for such damage; such Controller may also face disciplinary actions,

administrative penalties, or criminal prosecution depending on the nature and severity of the violations.

6. All incomes and benefits derived from the violations against obligations prescribed in Clause 1, 2, 3, or 4 of this Article shall be returned to the company.

7. Any member of the Control Board that discovers another member's violations against his/her obligations shall send a written report to the representative agency, request a termination of the violations and remedial measures.

#### **Article 107. Dismissal and discharge from duty of Controllers**

1. A controller shall be dismissed when he/she:

- a) no longer meets the standards and requirements in Article 103 of this Law;
- b) tenders a resignation and the resignation is accepted by the representative agency;
- c) is requested by the representative agency or another competent authorities to undertake other tasks;
- d) Other cases prescribed by the company's charter.

2. A controller shall be discharged from duty when he/she:

- a) fails to fulfilled the given tasks and duties;
- b) fails to perform his/her rights and obligations for 03 consecutive months, except for force majeure events;
- c) commits serious violations or repeat violations against Controllers' duties prescribed in this Law and the company's charter;
- d) Other cases prescribed by the company's charter.

#### **Article 108. Periodic information provision**

1. The company must periodically provide the following information on its website and on the website of the representative agency:

- a) Basic information about the company and the company's charter;
- b) Overall targets, specific targets of the annual business plan;
- c) Report and summary of the annual financial statement which has been audited by a independent audit organization within 150 days from the end of the fiscal year;



d) Report and summary of the mid-year financial statement which has been audited by a independent audit organization; this information must be provided before July 31 every year;

The information to be provided mentioned in Point c and Point d of this Clause includes financial statements of the parent company and the consolidated financial statement;

dd) Report on implementation of the annual business plans and those of the latest 03 years before the reported year;

e) Reports on fulfillment of public duties given according to plan or bidding (if any) and other social duties;

g) Report on the company's administration and organizational structure.

2. The report on the company's administration shall contain the information below:

a) Information about the representative agency, the head and deputy head of the representative agency;

b) Information about the company's manager, including his/her qualifications, professional experience, managerial positions they held, method of designation, current positions, their salaries, bonuses, method of payment of salaries and other benefits; their related persons and related interests to the company; the manager's annual self-assessment;

c) Relevant decisions of the representative agency; decisions, Resolutions of the Board of members or the company's President;

d) Information about the Control Board, Controllers, and their activities;

dd) Information about Employee Congresses, average quantity of employees every year and on the reporting date; annual average salary and other benefits of an employee;

e) Report on conclusion of inspecting body (if any) and reports of the Control Board, Controllers;

g) Information about related parties of the company, transactions between the company and related parties;

h) Other information prescribed by the company's charter.

3. Information reported and disclosed must be sufficient, accurate, and timely as prescribed by law.

4. The legal representative or an authorized person shall disclose information. The legal representative is responsible for the sufficiency, accuracy, truthfulness, and systematicness of the information disclosed.

5. Government shall elaborate this Article.

### **Article 109. Extraordinary information disclosure**

1. Extraordinary information must be disclosed on the company's website, publications, and posted at the company's headquarter and business locations within 36 hours from the occurrence of any of the events below:

- a) The company's bank account is frozen or unfrozen;
- b) Part of or all of the business operation is suspended; the Certificate of Business registration, license for establishment, license for establishment and operation, or any license related to the company's business is revoked;
- c) The Certificate of Business registration, license for establishment, license for establishment and operation, or any license/certificate related to the company's operation is adjusted;
- d) Replacement of managers, including members of the Board of members, the company's President, Director/General Director or Deputy Director/Deputy General Director, Chief Controller, Controllers, Chief accountant, Head of Finance and Accounting Department;
- dd) There is a decision on disciplinary action, prosecution, a court's sentence of decision against one of the enterprise's manager;
- e) The inspecting body or tax authority concludes that the enterprise commits violations of law;
- g) There is a decision to change the independent audit organization or the financial audit is refused;
- h) There is a decision on establishment, dissolution, amalgamation, merger, conversion of subsidiaries; decision on investment, capital decrease, or withdrawal capital in other companies.

2. Government shall elaborate this Article.

## **Chapter V**

### **JOINT-STOCK COMPANIES**

#### **Article 110. JOINT-STOCK COMPANIES**

1. A joint-stock company is a enterprise of which:

- a) Charter capital is split into multiple units of equal value called shares;
- b) Shareholders may be organizations and individuals; the minimum quantity of shareholders is 03; the maximum quantity is not restricted.

c) Shareholders are only liable for the enterprise's debts and other liabilities up to the value of capital contributed to the enterprise;

d) Shareholders are entitled to transfer their shares to other persons, except for the cases in Clause 3 Article 119 and Clause 1 Article 126 of this Law.

2. A joint-stock company has its legal status from the issuance date of the Certificate of Business registration.

3. Joint-stock companies are entitled to issue various types of shares to raise capital.

### **Article 111. Capital of joint-stock companies**

1. Charter capital of a joint-stock company is to total face value of sold shares. Charter capital of a joint-stock company on the business registration date is total face value of registered shares of various types. Charter capital is specified in the company's charter.

2. Sold shares are the amount of authorized shares that have been paid-off by shareholders to the company. On the enterprise registration date, sold shares are the total amount of registered shares.

3. Authorized shares are the total amount of shares of various types that the General Meeting of Shareholders decides to offer to raise capital. The amount of authorized shares on the business registration date is the total amount of shares of various types that will be sold by the company to raise capital, including registered shares and unregistered shares.

4. Unsold shares are authorized shares that have not been paid-off. On the enterprise registration date, unsold shares are the total amount of shares that are not registered by shareholders.

5. The company may change its charter capital in the following cases:

a) According to a decision of the General Meeting of Shareholders, the company returns part of the stakes to shareholders in proportion to their holding, provided that the company has continued its business operation for more than 02 years from the business registration date, and that all debts and liabilities can be paid after the return;

b) The company repurchases issued shares as prescribed in Article 129 and Article 130 of this Law;

c) Charter capital is not contributed fully and punctually by members as prescribed in Article 112 of this Law.

### **Article 112. Payment for shares registered upon business registration**

1. Shareholders shall fully pay for the registered shares within 90 days from the issuance date of the Certificate of Business registration, unless a shorter time limit is prescribed by the company's

charter or the share registration contract. The Board of Directors shall supervise and urge shareholders to pay for the registered shares fully and punctually.

2. Within the period from the issuance date of the Certificate of Business registration to the deadline for fully paying for registered shares prescribed in Clause 1 of this Article, the number of votes shall be the number of ordinary registered shares, unless otherwise prescribed by the company's charter.

3. If a shareholder fails to pay or fails to pay completely for the ordered shares, the following regulations shall apply:

a) The shareholders that fails to pay for the registered shares is obviously no longer a shareholder of the company and must not transfer the call option to another person;

b) The shareholder that pays for part of the registered shares shall have the right to vote, receive dividends, and other rights corresponding to the paid shares; must not transfer the call option of the unpaid shares to another person;

c) The unpaid shares shall be considered unsold shares, which may be offered by the Board of Directors;

d) The company shall register an adjustment to charter capital to the total face value of shares paid fully and change of founding shareholders within 30 days from the deadline for paying for registered shares mentioned in Clause 1 of this Article.

4. The shareholder that fails to pay or fails to pay completely for the registered shares shall have responsibility for financial obligations of the company which are incurred during the period mentioned in Clause 1 of this Article. Nevertheless, the responsibility shall be proportional to the total face value of such registered shares. Members of the Board of Directors, the legal representative shall take joint responsibility for damage caused by the failure to adhere to Clause 1 and Point d Clause 3 of this Article.

### **Article 113. Types of shares**

1. A joint-stock company must have ordinary shares. Holders of ordinary shares are ordinary shareholders.

2. Apart from ordinary shares, a joint-stock company may have preferred shares. Holders of preferred shares are called preferred shareholders. Preferred shares include:

a) Voting preference shares;

b) Shares with preferred dividends;

c) Redeemable preferred shares;

d) Other preferred shares defined by the company's charter.

3. Only organizations authorized by the government and founding shareholders may hold voting preference shares. The voting preference of founding shareholders is only effective for 03 years from the issuance date of the Certificate of Business registration. After this period, voting preference shares of founding shareholders shall be converted into ordinary shares.

4. The persons entitled to buy shares with preferred dividends, redeemable preferred shares, and other preferred shares shall be prescribed by the company's charter or the General Meeting of Shareholders.

5. Each share of the same types provides its holder with equal rights, obligations, and interests.

6. Ordinary shares cannot be converted into preferred shares. Preferred shares may be converted into ordinary shares under the Resolution of the General Meeting of Shareholders.

#### **Article 114. Rights of ordinary shareholders**

1. Every ordinary shareholder is entitled to:

a) Attend and give opinions at the General Meetings of Shareholders; exercise the right to vote directly or via an authorized representative or in another form permitted by law or the company's charter. Each ordinary share has a vote;

b) Receive dividends at a rate decided by the General Meeting of Shareholders;

c) Has the preemptive right when buying newly-offered shares in proportion to his/her ordinary shares;

d) Transfer his/her shares to other persons, except for the cases in Clause 3 Article 119 and Clause 1 Article 126 of this Law;

dd) Examine and collect information from the List of shareholders having voting right; request adjustments to incorrect information;

e) Examine, copy the company's charter, minutes of General Meeting of Shareholders, and Resolutions of the General Meeting of Shareholders;

g) Receive a proportion of remaining asset which is proportional to his/her holdings when the company is dissolved or bankrupt.

2. Any shareholder or group of shareholders that holds at least 10% of ordinary shares for at least 06 consecutive months (or a smaller amount prescribed by the company's charter) shall have the right to:

a) Nominate candidates for the Board of Directors and the Control Board;

b) Examine, copy minutes of meetings and Resolutions of the Board of Directors, mid-year and annual financial statement using the forms of Vietnam's Accounting System, and reports of the Control Board;

c) Request convention of the General Meeting of Shareholders in the cases mentioned in Clause 3 of this Article;

d) Request the Control Board to inspect each issue related to the company's administration where necessary. The request shall be made in writing, bear the full name, address, Nationality, ID/passport number if the shareholder is an individual; name, permanent residence, nationality, establishment decision number or business registration number if the shareholder is an organization; the holding and time of shares registration of each shareholder; total shares of the group of shareholders and the proportion of shares to the company's total shares; the issues that need inspecting, and inspection purposes;

dd) Exercise other rights prescribed in this Law and the company's charter.

3. The shareholder or group of shareholders mentioned in Clause 2 of this Article is entitled to request the convention of the General Meeting of Shareholders in the following cases:

a) The Board of Directors commits serious violations against the rights of share holders, obligations of managers, or make decisions ultra vires;

b) The term of office of the current the Board of Directors has exceeded 06 months and a new the Board of Directors is not elected;

c) Other cases prescribed by the company's charter.

The request for convention of the General Meeting of Shareholders shall be made in writing, bear the full name, address, Nationality, ID/passport number if the shareholder is an individual, name, enterprise identification number or establishment decision number, and headquarter address if the shareholder is an organization; the holding and time of shares registration of each shareholder; total shares of the whole group of shareholders and the proportion of shares to the company's total shares; the basis and reason for requesting the convention of the General Meeting of Shareholders. The request must be enclosed with documents and evidence of violations committed by the Board of Directors, seriousness of the violations, or the decisions made ultra vires.

4. Unless otherwise prescribed by the company's charter, nomination of candidates for the Board of Directors and the Control Board as prescribed in Point a Clause 2 of this Article shall be carried out as follows:

a) Ordinary shareholders shall form a group to nominate candidates to the Board of Directors and the Control Board shall notify the meetings of groups of attending shareholders before the opening of the General Meeting of Shareholders;

b) According to the number of Members of the Board of Directors and the Control Board, the shareholder or group of shareholders mentioned in Clause 2 of this Article shall nominate one or some candidates for the Board of Directors and the Control Board under a decision of the General Meeting of Shareholders. In case the number of candidates nominated is smaller than the maximum number of candidates they may nominate according to a decision of the General Meeting of Shareholders, other candidates shall be nominated by the Board of Directors, the Control Board, and other shareholders.

5. Exercise other rights prescribed in this Law and the company's charter.

#### **Article 115. Rights of ordinary shareholders**

1. Pay for the ordered shares fully and punctually.

Do not withdraw capital contributed by ordinary shares in any shape or form, unless such shares are repurchased by the company or other persons. In case a shareholder withdraws part of or all of the share capital contributed against this Clause, such shareholder and people with related interests in the company are jointly responsible for the debts and other liabilities of the company up to the value of withdrawn shares and the damage caused.

2. Comply with the company's charter, rules and regulations.

3. Comply with Resolutions of the General Meeting of Shareholders and the Board of Directors.

4. Fulfill other obligations prescribed in this Law and the company's charter.

#### **Article 116. Voting preference shares and rights of holders thereof**

1. Voting preference shares are the shares with more votes than ordinary shares; the number of votes of a voting preference share shall be prescribed by the company's charter.

2. Holders of voting preference shares has the rights to:

a) Vote on the issues within the competence of the General Meeting of Shareholders with the number of votes prescribed in Clause 1 of this Article;

b) Exercise other rights of ordinary shareholders, except for the case in Clause 3 of this Article.

3. Holders of voting preference shares must not transfer such shares to other persons.

#### **Article 117. Shares with preferred dividends and rights of holders thereof**

1. Shares with preferred dividends are shares that pay higher dividends than dividends of ordinary shares, or that pay a fixed amount of annual dividends. Annual distributed dividends include fixed dividend and bonus dividends; fixed dividend does not depend on the company's

business outcome. The level of fixed dividend and method for determination of bonus dividends shall be written on the certificates of shares with preferred dividends.

2. Holders of shares with preferred dividends has the rights to:

- a) Receive dividends as prescribed in Clause 1 of this Article;
- b) Receive a proportion of remaining assets corresponding to their holding upon the company's dissolution or bankruptcy after the company has paid all debts and redeemable preferred shares;
- c) Exercise other rights of ordinary shareholders, except for the case in Clause 3 of this Article.

3. Holders of shares with preferred dividends do not have the voting right, attend the General Meeting of Shareholders, nominate candidates for the Board of Directors and the Control Board.

#### **Article 118. Redeemable preferred shares and rights of holders thereof**

1. Redeemable preferred shares are shares that will be redeemed by the company at the request of their holders or under the conditions written thereon.

2. Holders of redeemable preferred shares have the same rights as ordinary shareholders, except for the case in Clause 3 of this Article.

3. Holders of redeemable preferred shares do not have the voting right, attend the General Meeting of Shareholders, nominate candidates for the Board of Directors and the Control Board.

#### **Article 119. Ordinary shares of founding shareholders**

1. A new joint-stock company must have at least 03 founding shareholders; a joint-stock company converted from a state-owned company or limited liability company, or derived from a division, split, amalgamation, merger of another joint-stock company is not required to have founding shareholders.

If there are no founding shareholders, the company's charter enclosed with the application for enterprise registration must bear the signature of the legal representative or ordinary shareholders of such company.

2. Founding shareholders must register at least 20% of total authorized ordinary shares on upon business registration.

3. Within 03 years from the issuance date of the Certificate of Business registration, founding shareholders may transfer their shares to other founding shareholders; they may transfer their ordinary shares to people other than founding shareholders if approved by the General Meeting of Shareholders. In this case, the transferring shareholders do not have the right to vote on the transfer of such shares.



4. Restrictions to ordinary shares of founding shareholders shall be lifted after 03 years from the issuance date of the Certificate of Business registration. These restrictions shall not apply to the shares that founding shareholders obtain after business registration and the shares transferred by founding shareholders to people other than founding shareholders of the company.

#### **Article 120. Share certificates**

1. Share certificates are certificates issued by a joint-stock company, book entries, or electronic data which certify ownership of one or an amount of shares of the company. A share certificate must contain the following information:

- a) Name, ID number, headquarter address of the enterprise;
- b) Amount and type of shares;
- c) Face value of each share and total face value of shares written on the share certificate;
- d) Full name, address, Nationality, ID/passport number if the shareholder is an individual; name, enterprise identification number or establishment decision number, and headquarter address if the shareholder is an organization;
- dd) Summary of procedures for Share transfer;
- e) Signature of the legal representative and the company's seal (if any);
- g) Registration number in the shareholder register and share issuance date;
- h) Preferred share certificates shall contain other information prescribed in Articles 116, 117 and 118 of this Law.

2. If there is a mistake in the contents and format of the share certificates issued by the company, the rights and interests of their holders shall not be affected. The legal representative of the company shall take responsibility for the damage caused by such mistakes.

3. In case a share certificate is lost, damaged, or otherwise destroyed, the shareholder shall be reissued with another share certificate at the shareholder's request.

The request must contain the following information:

- a) The share certificate that is lost, damaged, or otherwise destroyed. In case the share certificate is lost, the shareholder must make a commitment that a thorough search for it has been carried out and it will be returned to the company for destruction purpose if it is ever found.
- b) Assumption of responsibility for disputes over issuance of the new share certificate.

With regard to any share the total face value of which is over VND 10 million, before receiving the request for issuance of a new share certificate, company's legal representative may request the holder to post a notification of the share certificate that is lost, damaged, or otherwise destroyed, then request the company to issue a new share certificate after 15 days from the day on which the notification is posted.

### **Article 121. Shareholder register**

1. Every joint-stock company shall make and keep the shareholder register from the issuance date of the Certificate of Business registration. The shareholder register may be paper documents, electronic data, or both.

2. The shareholder register must contain the following information:

a) Name, headquarter address of the company;

b) Total number of authorized shares, types of authorized shares, and number of each type of authorized shares;

c) Total sold shares of each type and value of contributed share capital;

d) Full name, permanent residence, Nationality, ID/passport number if the shareholder is an individual; name, enterprise identification number or establishment decision number, and the headquarter address if the shareholder is an organization;

dd) Amount of each type of shares held by each shareholder; date of shares registration.

3. Shareholder register shall be kept at the company's headquarter or Vietnam Securities Depository; shareholders are entitled to inspect, examine, or copy contents of the shareholder register during working hours of the company or Vietnam Securities Depository.

4. Any shareholder that changes his/her permanent residence must promptly notify the company to update the shareholder register. The company is not responsible if the shareholder cannot be contacted because of failure to notify the change of his/her address.

### **Article 122. Share offering**

1. Share offering means the company's increase of the amount of authorized shares and selling such shares during the company's operation to increase charter capital.

2. Share offering may be carried out in the following forms:

a) Offering of shares to existing shareholders;

b) Public offering of shares;

c) Private placement of shares.

3. Regulations of law on securities shall apply to public offering of shares, offering of shares of listed companies and public companies.

4. The company shall register change to charter capital within 10 days from completion of the share offering.

### **Article 123. Private placement of shares**

The private placement shares of a joint-stock company other than a public joint-stock company shall be carried out as follows:

1. Within 05 days from the date of issuance of the decision on private placement, the company shall send a notification of the private placement to the business registration authority. The notification shall be enclosed with the following documents:

a) The Resolution of the General Meeting of Shareholders on private placement;

b) The private placement plan ratified by the General Meeting of Shareholders (if any);

2. The notification of private placement shall contain the following information:

a) Name, ID number, headquarter address of the enterprise;

b) Intended total amount of shares to be offered; types of shares to be offered, and amount of each type;

c) Time and method of offering;

d) Full name and signature of the company's legal representative;

3. The company may offer shares if no objection is made by the business registration authority after 05 working days from the day on which the notification is sent.

4. The company shall register change to charter capital to the business registration authority within 10 days from completion of the share offering.

### **Article 124. Offering of shares to existing shareholders**

1. Offering of shares to existing shareholders means the company's increase of the amount of authorized shares and selling all of such shares to all shareholders according to their shares of the company.

2. The offering of shares to existing shareholders of a joint-stock company other than a public joint-stock company shall be carried out as follows:

a) The company shall send written notifications to shareholders' permanent residences or mailing addresses by registered mails according to the shareholder register at least 15 days before the deadline for registering to buy shares;

b) The notification shall contain the full name, address, Nationality, ID/passport number if the shareholder is an individual, name, enterprise identification number or establishment decision number, headquarter address if the shareholder is an organization; the shares and holding in the company; total amount of shares to be offered, amount of shares may be purchased by shareholders; offer prices; deadline for registration; full name and signature of the company's legal representative. The notification of be enclosed with the registration form issued by the company. If the registration form is not sent to the company by the notified deadline, the shareholder shall no longer have the preemptive right to buy shares;

c) Shareholders are entitled to transfer their preemptive right to buy shares to other people.

3. In case the amount of offered shares are not completely registered by shareholders and recipients the preemptive right to buy shares, the Board of Directors is entitled to sell the remaining authorized shares to shareholders of the company or other people in a reasonable manner and conditions that are not more convenient than the conditions offered to shareholders, unless otherwise accepted by the General Meeting of Shareholders or shares are sold via a Stock Exchange.

4. Shares are considered sold when they are fully paid and information about the buyer mentioned in Clause 2 Article 121 of this Law are fully written in the shareholder register; from then on, the share buyer shall be come a shareholder of the company.

5. After shares are fully paid, the company shall issue and give share certificates to the buyer. The company may sell shares without giving share certificates. In this case, information about the shareholder mentioned in Clause 2 Article 121 of this Law shall be Recipients written in the shareholder register to certify the shareholder's ownership of shares of the company.

### **Article 125. Selling shares**

The Board of Directors shall decide the time, method of sale, and selling prices of shares. Selling prices of shares must not fall below the market price on the offering date or the latest book value of shares, except for the following cases:

1. Shares are initially offered to those other than founding shareholders;

2. Shares are offered to all shareholders according to their holding in the company;

3. Shares are offered to a broker or a guarantor. In such cases, the discount rate or discounting ratio must be approved by the General Meeting of Shareholders, unless otherwise prescribed by the company's charter;

4. Other cases and corresponding discount rates prescribed by the company's charter.

## **Article 126. Share transfer**

1. Shares may be freely transfers, except in the cases mentioned in Clause 3 Article 119 of this Law and the cases in which shares is restricted from transfer prescribed by the company's charter. Where the company's charter contains regulations on restriction on share transfer, these regulations are only effective when they are written on the corresponding shares.
2. The transfer shall be made into a common contract or via a transaction on the securities market. Where the transfer is made into a contract, transfer documents must bear the signatures of the transferor and the transferee (or their representatives). Where transfer is made via a transaction on the securities market, the procedures and recording of ownership shall comply with regulations of law on securities.
3. If a shareholder being an individual dies, his/her inheritor according to the will or according to law shall become a shareholder of the company.
4. If the dead shareholder does not have an inheritor, or the inheritor renounces the inheritance, or the inheritor has the right to inherit deprived, such shares be settled in accordance with regulations of law on civil affairs.
5. Every shareholder is entitled to give part of or all of their shares in the company to other people or use their shares to pay debts. In such cases, the recipients of shares shall become shareholders of the company.
6. Where a shareholder transfers a number of shares, the hold shares shall be annulled, and the company shall issue new shares to record the amount of shares transferred and the remaining amount of shares.
7. Recipients of shares in the cases mentioned in this Article shall only become the company's shareholders from the day on which their information mentioned in Clause 2 Article 121 of this Law are fully recorded in the shareholder register.

## **Article 127. Bond issuance**

1. A joint-stock company is entitled to issue bonds, convertible bonds, and other bonds as prescribed by law and the company's charter.
2. Any company that fails to pay both principal and interest of issued bonds, fails to pay or fails to completely pays due debts in the last 03 consecutive years may no longer issue bonds, unless otherwise prescribed by regulations of law on securities.
3. Clause 2 of this Article does not apply to issuance of bonds to creditors being selected financial institutions.
4. Unless otherwise prescribed by the company's charter, the Board of Directors is entitled to decide the type of bonds, total value of bonds, and issuance time, provided a report is submitted

to the nearest General Meeting of Shareholders. The report shall be enclosed with documents and explanations for the resolution on bond issuance made by the Board of Directors.

5. In case bonds issued by a joint-stock company are converted into shares, procedures for shares offering prescribed in this Law and relevant regulations of law shall be followed. The company shall register a change to charter capital within 10 days from the day on which the conversion process is completed.

#### **Article 128. Purchases of shares and bonds**

Shares, bonds of a joint-stock companies may be purchased with Vietnam Dong, convertible foreign currencies, gold, land use right value, value of intellectual property rights, technologies, technical secrets, and other assets prescribed by the company's charter. The payment shall be made in a lump sum.

#### **Article 129. Repurchase of shares at the request of shareholders**

1. Any shareholder who votes against the Resolution on the company's restructuring or changes to the shareholders' rights and obligations prescribed in the company's charter shall be entitled to request the company to repurchase his/her shares. The request shall be made in writing, specifying the shareholder's name, address, amount of each type of shares, wanted prices, and reasons for requesting the repurchase. The request shall be sent to the company within 10 days from the day on which the General Meeting of Shareholders ratifies the Resolution on the issues mentioned in this Clause.

2. The company shall repurchase shares at the request of shareholders as prescribed in Clause 1 of this Article at market prices or prices determined in accordance with the company's charter within 90 days from the day on which the request is received. If an agreement on the price is not reached, both parties may request a professional valuation organization to carry out the valuation. The company shall recommend at least 03 professional valuation organizations for shareholders to choose. The decision given by such organization shall be final.

#### **Article 130. Repurchase of shares under the company's decision**

The company may repurchase up to 30% of total ordinary shares that are sold, part of or all of shares with preferred dividends that are sold as follows:

1. The Board of Directors may decide repurchase of up to 10% of total shares of each type that are offered within 12 months. In other cases, the repurchase of shares shall be decided by the General Meeting of Shareholders;

2. The Board of Directors shall decide repurchase prices. Repurchase price of ordinary shares must not exceed the market price at the time of repurchase, except for the case mentioned in Clause 3 of this Article. With regard to other types of shares, unless otherwise prescribed by the company's charter or agreed between the company and relevant shareholders, the repurchase prices must not fall below the market price;

3. The company may repurchase the shares held by each shareholder in proportion to his/her holding in the company. In this case, a notification of the decision to repurchase shares must be sent by registered mail to all shareholders within 30 days from the day on which such decision is ratified. The notification must contain the name, headquarter address of the company, total amount of shares and types of shares repurchased, repurchase prices or rules for determination of repurchase prices; procedures and deadline for payment; procedures and deadline for shareholders to offer their shares to the company.

Any shareholder that agrees to resell his/her shares shall send the offering by registered mail to the company within 30 days from the notification date. The offering shall contain the full name, permanent residence, Nationality, ID/passport number if the shareholder is an individual, name, enterprise identification number or establishment decision number, headquarter address if the shareholder is an organization; the shares being held and the shares being offered; method of payment, signature of the shareholder or the shareholder's legal representative. The company shall only repurchase shares offered by the said deadline.

### **Article 131. Conditions for payment and settlement of repurchased shares**

1. The company may pay for the repurchased shares to the shareholders as prescribed in Article 129 and Article 130 of this Law of right after fully paying for the repurchased shares, the company is still able to pay its debts and other liabilities.

2. Shares repurchased under Article 129 and Article 130 of this Law are considered unsold shares as defined in Clause 4 Article 111 of this Law. The company shall follow procedures for making a decrease to charter capital, which is equal to the total face value of shares repurchased by the company within 10 from the completion of payment for repurchased shares, unless otherwise prescribed by regulations of law on securities.

3. Share certificates that certify the ownership of repurchased shares must be destroyed as soon as the corresponding shares are fully paid. The Chairperson of the Board of Directors and Director/General Director are jointly responsible for the damage to the company caused by failure to destroy or delayed destruction of share certificates.

4. After repurchased shares are fully paid, if the total asset value written in the company's accounting books is reduced by more than 10%, the company shall notify all of its creditors within 15 days from the day on which repurchased shares are fully paid.

### **Article 132. Dividend payment**

1. Dividends on preferred shares shall be paid under conditions applied to each type of preferred shares.

2. Dividends on ordinary shares are determined according to the net profit earned and the dividend payment extract from the undistributed profit of the company. A joint-stock company may only pay dividends on ordinary shares when all of the conditions below are satisfied:

a) The company has fulfilled tax liability and other financial obligations as prescribed by law;

b) The company's funds have been established and developed; previous losses are fully offset against as prescribed by law and the company's charter;

c) Right after the dividend is fully paid, the company is still able to pay due debts and other liabilities.

3. Dividends may be paid in cash, the company's shares, or other assets prescribed by the company's charter. If dividend is paid in cash, the currency shall be VND; it is permissible to make dividend payment by checks, wire transfer, or payment order by post to the shareholders' permanent residences or mailing addresses.

4. Dividend must be fully paid within 06 months from the end of the Annual General Meeting of shareholders. The Board of Directors shall make a list of shareholders receiving dividends, determine the levels of dividend on each share, deadline and method of payment at least 03 days before the dividend payment. The notifications of dividend payment shall be sent by registered mail to the addresses in the shareholder register at least 15 days before dividend payment. The notification shall contain:

a) Name, headquarter address of the company;

b) Full names, permanent residences, nationalities, ID/passport numbers of shareholders being individuals;

c) Names, enterprise ID numbers or establishment decision numbers, and the headquarter addresses of shareholders being organizations;

d) Amount of each type of shares of shareholder; level of dividend on each type of shares, and total dividend received by the shareholder;

dd) Time and method of dividend payment;

e) Full name and signature of the Chairperson of the Board of Directors and company's legal representative.

5. If a shareholder transfers his/her shares during the period from the completion of the compilation of the list of shareholders and the time of dividend payment, the transferor shall receive dividend from the company.

6. In case dividends are paid with shares, the company is not required to follow procedures for share offering prescribed in Articles 122, 123, and 124 of this Law. The company shall register an increase to charter capital, which equal to value of shares used as dividend payment, within 10 days from completion of the dividend payment.

### **Article 133. Withdrawal of payment for repurchased shares or dividends**



If repurchased shares are paid against regulations in Clause 1 Article 131 of this Law or dividends are paid against regulations in Article 132 of this Law, the shareholders shall return the company the money or assets received; in case a shareholder is not able to return them, all members of the Board of Directors shall be jointly responsible for the debts and liabilities up to the value of money or assets that are not returned by shareholders.

#### **Article 134. Organizational structure of a joint-stock company**

1. Every joint-stock company is entitled to decide whether to organize and operate according to one of the two models below, unless otherwise prescribed by regulations of law on securities:

a) The General Meeting of Shareholders, the Board of Directors, the Control Board, and the Director/General Director. If the joint-stock company has fewer than 11 shareholders and the shareholders being organizations hold less than 50% of total shares of the company, the Control Board is not necessary;

b) The General Meeting of Shareholders, the Board of Directors, and the Director/General Director. In this case, at least 20% of members of the Board of Directors must be independent members and there must be an internal Control Board affiliated to the Board of Directors. Independent members shall play the roles supervisors and control the company's administration.

2. If there is only one legal representative, the Chairperson of the Board of Directors or the Director/General Director shall be the legal representative; unless otherwise prescribed by the company's charter, the Chairperson of the Board of Directors shall be the legal representative of the company. If there are more than one legal representatives, the Chairperson of the Board of Directors and the Director/General Director shall naturally be the legal representatives of the company.

#### **Article 135. General Meeting of Shareholders**

1. The General Meeting of Shareholders consists of all shareholders having voting right and is the supreme regulatory body of a joint-stock company.

2. The General Meeting of Shareholders has the following rights and obligations:

a) Ratify the company's development orientation;

b) Decide the types of shares and amount of each type of authorized shares; decide annual dividend payment of each type of shares;

c) Elect, dismiss, discharge from duty members of the Board of Directors and Controllers;

d) Decide investment or sale of assets of which the values are equal to or higher than 35% of the total asset value written in the latest financial statement of the company, unless a smaller rate is prescribed by the company's charter;

- dd) Decide amendments to the company's charter;
- e) Ratify annual financial statements;
- g) Decide repurchase of more than 10% of total sold shares of each type;
- h) Consider taking actions against violations committed by the Board of Directors and the Control Board that cause damage to the company and its shareholders;
- i) Decide the company's restructuring and dissolution;
- k) Perform other rights and obligations prescribed by this Law and the company's charter.

### **Article 136. Power to convene General Meetings of Shareholders**

1. An annual general meeting shall be held one per year. Apart from annual general meetings, extraordinary general meetings may be held. The General Meeting of Shareholders must be held within Vietnam's territory. If the General Meeting of Shareholders is held at multiple locations at the same time, the location of the General Meeting of Shareholders shall be the place where the chair is present.

2. An annual general meeting shall be held within 04 months from the end of the fiscal year. At the request of the Board of Directors, the business registration authority may extend this deadline. Nevertheless, the time limit shall not exceed 06 months from the end of the fiscal year.

The Annual General Meeting of Shareholders shall discuss and ratify the following issues:

- a) The company's annual business plan;
  - b) The annual financial statement;
  - c) Report of the Board of Directors on business administration and performance of the Board of Directors and each member thereof;
  - d) Report of the Control Board on the company's business outcome, performance of the Board of Directors, Director/General Director;
  - dd) Self-assessment report of the Control Board and each Controller;
  - e) Level of dividend on each share of each type;
  - g) Other issues within the competence of the General Meeting of Shareholders.
3. 3. The Board of Directors shall convene a extraordinary General Meeting of Shareholders in the following cases:

- a) The meeting is deemed necessary for the company's interests;
- b) The number of remaining members of the Board of Directors, the Control Board is smaller than the minimum number prescribed by law;
- c) The meeting is requested by the shareholder or group of shareholders mentioned in Clause 2 Article 144 of this Law;
- d) At the request of the Control Board;
- dd) Other cases prescribed by law and the company's charter.

4. Unless otherwise prescribed by the company's charter, the Board of Directors shall convene a the General Meeting of Shareholders within 30 days from the day on which the number of remaining members of the Board of Directors is as prescribed in Point b or the request mentioned in Point c and Point d Clause 3 of this Article is received.

If the Board of Directors fails to convene the General Meeting of Shareholders as prescribed, the Chairperson of the Board of Directors and members of the Board of Directors shall take legal responsibility and pay compensation for any damage to the company.

5. If the Board of Directors fails to convene the General Meeting of Shareholders as prescribed in Clause 4 of this Article, the Control Board shall convene the General Meeting of Shareholders within the next 30 days instead of the Board of Directors in accordance with this Law.

If the Control Board fails to convene the General Meeting of Shareholders as prescribed, the Control Board shall take legal responsibility and pay compensation for any damage to the company.

6. If the Control Board fails to convene the General Meeting of Shareholders as prescribed in Clause 4 of this Article, the shareholder or group of shareholders mentioned in Clause 2 Article 114 of this Law is entitled to, on behalf of the company, convene the General Meeting of Shareholders in accordance with this Law.

7. The convener of the General Meeting of Shareholders shall perform the following tasks:

- a) Make a list of shareholders entitled to attend the meeting;
- b) Provide information and settle complaints about the list of shareholders;
- c) Prepare the program and agenda of the meeting;
- d) Prepare documents for the meeting;

dd) Draft Resolutions of the General Meeting of Shareholders according to the intended contents of the meeting; compile the list and descriptions of candidates for the Board of Directors and the Control Board;

e) Determine the time and location of the meeting;

g) Send invitations to every shareholders entitled to attend the meeting as prescribed in this Law;

h) Perform other tasks serving the meeting.

8. The cost of convention and organization of the General Meeting of Shareholders prescribed in Clauses 4, 5, and 6 of this Article shall be reimbursed by the company.

### **Article 137. List of shareholders entitled to attend General Meeting of Shareholders**

1. The list of shareholders entitled to attend General Meeting of Shareholders shall be compiled according to the company's shareholder register. The list of shareholders entitled to attend General Meeting of Shareholders shall be made not sooner than 05 days before invitations to the General Meeting of Shareholders are sent, unless a longer period is prescribed by the company's charter.

2. The list of shareholders entitled to attend the General Meeting of Shareholders shall contain full names, permanent residences, nationalities, ID/passport numbers of shareholders being individuals; names, enterprise ID numbers or establishment decision numbers, addresses of headquarters of shareholders being organizations; amount of each type of shares; shareholder registration date and number of each shareholder.

3. Shareholders are entitled to inspect, examine, copy the list of shareholders entitled to attend the General Meeting of Shareholders; request adjustment to incorrect information or addition of necessary information about themselves to the list. The company's manager must promptly provide information about in the shareholder register, adjust incorrect information at the request of shareholders; pay compensation for damage caused by failure to provide information or failure to provide timely, accurate information in the shareholder register on request. Procedures for requesting provision of information in the shareholder register shall comply with the company's charter.

### **Article 138. Agenda and contents of General Meeting of Shareholders**

1. The convener of the General Meeting of Shareholders shall prepare its agenda and contents.

2. The shareholder or group of shareholders mentioned in Clause 2 Article 114 of this Law is entitled to propose additional issues to the agenda of the General Meeting of Shareholders. The proposal must be made in writing and sent to the company at least 03 working days before the opening date, unless otherwise prescribed by the company's charter. The proposal must specify the name(s) of shareholder(s), amount of each type of shares or equivalent information, additional issues proposed to the agenda.

3. The convener is entitled to reject the proposal mentioned in Clause 2 of this Article in one of the following cases:

- a) The proposal is not sent by the deadline; or the proposal is not adequate or not valid;
- b) The proposed issue is beyond the competence of the General Meeting of Shareholders;
- c) Other cases prescribed by the company's charter.

4. The convener of the General Meeting of Shareholders must accept and include the proposal mentioned in Clause 2 of this Article to the intended agenda and contents of the meeting, except for the case in Clause 3 of this Article. The proposal shall be officially included on the agenda and contents of the meeting if it is approved by the General Meeting of Shareholders.

### **Article 139. Invitation to General Meeting of Shareholders**

1. The convener of the General Meeting of Shareholders shall send invitations to all shareholders on the list of shareholders entitled to attend the General Meeting of Shareholders at least 10 days before the opening date, unless a longer period is prescribed by the company's charter. Every invitation must contain the name, headquarter address, enterprise ID number; name, permanent residence of the shareholder; time and location of meeting, and other requirements applied to participants.

2. Invitations shall be sent by registered mail to mailing addresses of shareholders; the invitation shall also be posted on the company's website and a central or local daily newspaper where necessary according to the company's charter.

3. The invitation shall be enclosed with the following documents:

- a) The agenda, documents used during the meeting, and draft resolution on each issue on the agenda;
- b) The ballot;
- c) The form to appoint authorized representative to attend the meeting.

4. If the company has a website, meeting documents mentioned in Clause 3 of this Article may be posted on such website instead of being enclosed with the invitation. In this case, the invitation must specify the site and method of downloading documents, and the company must send such meeting documents to shareholders at their request.

### **Article 140. Exercising the right to attend General Meeting of Shareholders**

1. A shareholder may directly attend the meeting, authorizes a person in writing to attend the meeting, or uses one of the method mentioned in Clause 2 of this Article. If a shareholder being

an organization does not have an authorized representative mentioned in Clause 4 Article 15 of this Law, another person shall be authorized to attend the General Meeting of Shareholders.

The authorization of representatives to attend the General Meeting of Shareholders must be made in writing using the form provided by the company. The persons authorized to attend the General Meeting of Shareholders must present the letters of authorization before entering the meeting room.

2. A shareholder is considered to have attended and voted at the General Meeting of Shareholders in the following cases:

- a) The shareholder attends and directly casts votes at the meeting;
- b) The shareholder authorizes another person to attend and cast votes at the meeting;
- c) The shareholder attends and casts votes through online meeting, electronic voting, or using another electronic medium;
- d) The shareholder sends votes to the meeting by post, fax, or email.

#### **Article 141. Conditions for convening General Meeting of Shareholders**

1. A General Meeting of Shareholders shall be held when it is attended by a number of shareholders represent at least 51% of votes; the specific ratio shall be prescribed by the company's charter.

2. If the conditions for holding the first General Meeting prescribed in Clause 1 of this Article are not satisfied, the second General Meeting shall be held within 30 working days from the intended date of the first General Meeting, unless otherwise prescribed by the company's charter. The second General Meeting of Shareholders shall be held when it is attended by a number of shareholders represent at least 33% of votes; the specific ratio shall be prescribed by the company's charter.

3. If the conditions for holding the second General Meeting prescribed in Clause 2 of this Article are not satisfied, the third General Meeting shall be held within 20 working days from the intended date of the second General Meeting, unless otherwise prescribed by the company's charter. In this case, the second General Meeting of Shareholders shall be held regardless of the number of votes of the attending shareholders.

4. Only the General Meeting of Shareholders is entitled to change the agenda enclosed with the invitation mentioned in Article 139 of this Law.

#### **Article 142. Meeting and voting process at General Meeting of Shareholders**

Unless otherwise prescribed by the company's charter, meeting and voting process at General Meeting of Shareholders shall be as follows:

1. Registration of shareholders who attend the General Meeting of Shareholders shall be carried out before opening the meeting;

2. Election of the Chair, Secretary, and counting board:

a) The Chairperson of the Board of Directors shall chair the meetings convened by the Board of Directors; In case the Chairperson is temporarily absent or not capable of working, other members of the Board of Directors shall elect one of them to chair the meeting under the majority rule; If a chair is not elected, the Chief of the Control Board shall direct the General Meeting of Shareholders to elect a chair and the person that receives most votes shall chair the meeting;

b) In other cases, the person that signs the decision to convene the General Meeting of Shareholders shall direct the General Meeting of Shareholders to elect a chair and the person that receives most votes shall chair the meeting;

c) The chair shall appoint one or some people as the secretary(ies);

d) The General Meeting of Shareholders shall elect one or some people to the counting board at the request of the chair;

3. The agenda and contents of General Meeting of Shareholders must be ratified by the meeting during the opening session. The agenda must specify the time for each issue on the agenda;

4. The chair is entitled to take necessary and reasonable measures to control the meeting in an orderly manner and in conformity with the ratified agenda so that it reflects the demands of the majority of participants;

5. The General Meeting of Shareholders shall discuss and vote on each issue on the agenda. The voting shall be carried out by collecting affirmative votes, then negative votes, then count the affirmative votes, negative votes, and abstentions. The vote counting result shall be announced by the chair right before the end of the meeting, unless otherwise prescribed by the company's charter;

6. Shareholders or authorized participants who arrive after the opening of the meeting may register and has the right to vote after registration; in this case, the effect of the issues voted on previously shall remain unchanged;

7. The convener of the General Meeting of Shareholders has the rights to:

a) Request all participants to undergo inspection or other legitimate, reasonable security measures;

b) Request competent authorities to maintain order at the meeting; expel those who act against the chair's direction, cause disruption, obstruct the normal progress of the meeting, or refuse to comply with security check requirements from the General Meeting of Shareholders;

8. The chair may delay a General Meeting of Shareholders that has been attended by all registered participants until a later time or change the meeting location in the following cases:

- a) The current location does not have convenient seats for all participants;
- b) Communication devices at the current location are not sufficient for attending shareholders to discuss and vote;
- c) There is a participant that disrupts the order and threatens to obstruct the fair and legal progress of the meeting.

The delay shall not exceed 03 days from the initial opening date;

9. If the chair delays or suspends the General Meeting of Shareholders against Clause 8 of this Article, the General Meeting of Shareholders shall elect another person among the participants to replace the chair until the end of the meeting; all Resolutions ratified at the meeting shall be effective.

#### **Article 143. Formalities to ratify Resolutions of the General Meeting of Shareholders**

1. The General Meeting of Shareholders shall ratify decisions within its competence by voting at the meeting or by absentee voting.

2. Unless otherwise prescribed by the company's charter, Resolutions of the General Meeting of Shareholders about the following issues shall be ratified by voting at the General Meeting of Shareholders:

- a) Amendments to the company's charter;
- b) The company's development orientation;
- c) Types of shares and total amount of each type;
- d) Election, dismissal, discharge from duty of members of the Board of Directors and the Control Board;
- dd) Decision to make investments or sell assets of which the values are equal to or higher than 35% of the total asset value written in the latest financial statement of the company, or a smaller rate prescribed by the company's charter;
- e) Ratify annual financial statements;
- g) Restructuring or dissolution of the company.

#### **Article 144. Conditions for a Resolution to be ratified**



1. A Resolution on one of the following issues shall be ratified when it is approved by a number of shareholders that represents at least 65% of votes of attending shareholders; the specific ratio shall be prescribed by the company's charter:

a) Types of shares and total amount of each type;

b) Changes of business lines;

c) Change of the company's organizational structure;

d) Project of investment or sale assets of which the values are equal to or higher than 35% of the total asset value written in the latest financial statement of the company, or a smaller rate prescribed by the company's charter;

dd) Restructuring or dissolution of the company;

e) Other cases defined by the company's charter.

2. Other Resolutions shall be ratified when they are approved by a number of shareholders that represents at least 51% of votes of attending shareholders, except for the cases in Clause 1 and Clause 3 of this Article; the specific ratio shall be prescribed by the company's charter.

3. Unless otherwise prescribed by the company's charter, Members of the Board of Directors and the Control Board shall be elected by cumulative voting. Accordingly, each shareholder shall have a number of votes that is proportional to his/her shares multiplied by (x) the number of members of the Board of Directors or the Control Board. The shareholder may cast part of or all of his/her votes for one or some candidates. Elected Members of the Board of Directors or Controllers shall be determined by the number of votes they receive in descending order, starting from the candidates that receive the most votes until the number of members are sufficient according to the company's charter. If there are 02 or more candidates that receive the same votes for the last position of the Board of Directors or the Control Board, they shall be voted again or selected according to the voting criteria or the company's charter.

4. In case of absentee voting, a Resolution shall be ratified if it is approved by a number of shareholders that represents at least 51% of votes; the specific ratio shall be prescribed by the company's charter.

5. Resolutions of the General Meeting of Shareholders shall be notified to all shareholders who are entitled to attend the General Meeting of Shareholders within 15 days from the ratification date. If the company has a website, such Resolutions may be posted on the website instead of being sent to shareholders.

**Article 145. Power and formalities to carry out absentee voting of shareholders to ratify Resolutions of the General Meeting of Shareholders**

Unless otherwise prescribed by the company's charter, the power and formalities to carry out absentee voting of shareholders by to ratify Resolutions of the General Meeting of Shareholders shall be as follows:

1. The Board of Directors is entitled to carry out absentee voting of shareholders to ratify Resolution of the General Meeting of Shareholders when it is deemed necessary for the company's interest;
2. The Board of Directors shall prepare absentee ballots, Draft Resolutions of the General Meeting of Shareholders, descriptions thereof, and send them to shareholders having voting right at least 10 days before the deadline for submitting absentee ballots, unless a longer period is prescribed by the company's charter. The list of shareholders to receive absentee ballots shall be compiled in accordance with Clause 1 and Clause 2 Article 137 of this Law. Requirements and methods to send absentee ballots and enclosed documents are specified in Article 139 of this Law;
3. The absentee ballot shall contain:
  - a) Name, ID number, headquarter address of the enterprise;
  - b) Purposes of the voting;
  - d) Full name, permanent residence, nationality, ID/passport number if the shareholder is an individual; name, enterprise identification number or establishment decision number, and the headquarter address if the shareholder is an organization; or full name, permanent residence, nationality, ID/passport number of the authorized representative if the shareholder is an organization; Amount of shares of each type and number of votes of the shareholder.
  - d) The issues that need voting;
  - dd) Options including affirmative, negative, and abstentions;
  - e) Deadline for submitting the completed absentee ballot to the company;
  - g) Full name and signature of the Chairperson of the Board of Directors and company's legal representative;
4. Shareholders may send completed absentee ballots to the company in the following manner:
  - a) By post. The completed absentee ballots must bear the signature of the shareholder if the shareholder is an individual, or signature of the authorized representative or legal representative if the shareholder is an organization. Every absentee ballot sent to the company must be put into sealed envelopes. Envelopes must not be opened before counting;
  - b) By fax or email. Absentee ballots sent by fax or email must be kept confidential until the vote counting time.

Absentee ballots sent to the company after the deadline written therein, absentee ballots sent by post in envelopes that are opened, absentee ballots sent by fax or email that are revealed are all invalid. If a absentee ballot is not submitted, it will be excluded from voting;

5. The Board of Directors shall count the votes and make a vote counting record before the Control Board or shareholders that do not hold managerial positions in the company.

The vote counting record must contain the following information:

- a) Name, ID number, headquarter address of the enterprise;
- b) Purposes and issues that need voting;
- c) The number of shareholders and total number of votes casted. The numbers of valid and invalid votes, methods of sending, enclosed with the list of voting shareholders;
- d) Total number of affirmative votes, negative votes, and abstentions on each issue;
- dd) The issues ratified;
- e) Full name and signature of the Chairperson of the Board of Directors, the company's legal representative, vote counting supervisors, and vote counters.

Members of the Board of Directors, vote counters and vote counting supervisors are jointly responsible for the truthfulness, accuracy of the vote counting record; jointly responsible for damage caused by the decisions ratified because of untruthful, incorrect counts of votes;

6. The vote counting record shall be sent to all shareholders within 15 days from the completion date of vote counting. If the company has a website, the vote counting record may be posted on such website instead of being sent to shareholders;

7. Completed absentee ballots, the vote counting record, ratified Resolutions, and relevant documents enclosed with absentee ballots shall be kept at the company's headquarter;

8. Resolutions ratified by absentee voting are as valuable as those ratified at the General Meeting of Shareholders.

#### **Article 146. Minutes of General Meeting of Shareholders**

1. The General Meeting of Shareholders must be recorded in writing, audio recordings, or other electronic means of recordings. The meeting minutes must be made in Vietnamese language (additional foreign language is permitted) and has the following information:

- a) Name, ID number, headquarter address of the enterprise;
- b) Time and location of the General Meeting of Shareholders;

- c) Agenda and contents of the meeting;
- d) Full names of the chair and secretary
- dd) Summary of the meeting and opinions given at the General Meeting of Shareholders with regard to each issue on the agenda;
- e) The number of shareholders and total number of votes of attending shareholders; list of registered shareholders, representatives of shareholders, corresponding amount shares and votes;
- g) Total votes on each issue, specifying the voting method, numbers of valid votes, invalid votes, affirmative votes, negative votes; corresponding ratio to total votes of attending shareholders;
- h) The issues ratified and corresponding ratio of affirmative votes;
- i) Signatures of the chair and secretary.

The minutes made in Vietnamese language and foreign languages shall have equal legal effectiveness. In case of any discrepancies between the Vietnamese version and foreign language version, the Vietnamese version shall prevail.

2. The minutes of the General Meeting of Shareholders must be completed and ratified before the end of the meeting.
3. The chair and secretary are jointly responsible for the truthfulness and accuracy of the minutes.

The minutes of the General Meeting of Shareholders must be send to every shareholder within 15 days from the ending date of the meeting; the vote counting record may be posted on the company's website (if any) instead of being sent to shareholders.

The minutes of the General Meeting of Shareholders, list of registered shareholders, ratified Resolutions, and relevant documents enclosed with the invitations must be kept at the company's headquarter.

#### **Article 147. Request for annulment of Resolutions of the General Meeting of Shareholders**

Within 90 days from the day on which the minutes or the vote counting record is received, the shareholder or group of shareholders mentioned in Clause 2 Article 114 of this Law may request a court or arbitral tribunal to consider annulling the Resolution or part of the Resolution of the General Meeting of Shareholders in the following cases:

1. Procedures for convening the meeting and making decisions of the General Meeting of Shareholders are not conformable with this Law and the company's charter, except for the case in Clause 2 Article 148 of this Law;

2. Contents of the Resolution contravenes the law or the company's charter.

#### **Article 148. Effect of Resolutions of the General Meeting of Shareholders**

1. A Resolution of the General Meeting of Shareholders is effective from the day on which it is ratified or on the effective date written thereon.

2. Any Resolution of the General Meeting of Shareholders which is ratified with 100% of voting shares shall be legitimate and effective even if the procedures for ratifying such Resolution are not conformable with regulations.

3. In case a shareholder or group of shareholders request the court or arbitral tribunal to annul a Resolution of the General Meeting of Shareholders as prescribed in Article 147 of this Law, such Resolution is still effective until a dissenting decision is made by the court or arbitral tribunal, except for the case in which temporary emergency measures are taken under a decision of a competent authority.

#### **Article 149. Board of Directors**

1. The Board of Directors is a regulatory body of the company, has the power to, on behalf of the company, make decisions, perform the company's rights and obligations beyond the competence of the General Meeting of Shareholders.

2. The Board of members has the following rights and obligations:

a) Decide the strategies, midterm development plans, and annual business plans of the company;

b) Propose types of shares and total authorized shares of each type;

c) Decide the sale of new shares within the amount of authorized shares of each type; decide to raise additional capital in other manners;

d) Decide selling prices of the company's shares and bonds;

dd) Decide repurchases of shares according to Clause 1 Article 130 of this Law;

e) Decide investment plans and projects of investment within its competence and limits prescribed by law;

g) Decide solutions for market development, marketing, and technology;

h) Approve sale, loan, borrowing contracts, and other contracts of which the values are equal to or higher than 35% of the total asset value written in the latest financial statement of the company, unless another rate is prescribed by the company's charter. This Point does not apply to the contracts and transactions mentioned in Point d Clause 2 Article 135, Clause 1 and Clause 3 Article 162 of this Law;

- i) Elect, dismiss, discharge from duty the Chairperson of the Board of Directors; designate, dismiss, sign contracts, terminate contracts with the Director/General Director and other key managers prescribed by the company's charter; decide salaries and other benefits of such managers; appoint representative to participate in the Board of members or the General Meeting of Shareholders of another company; decide the wages and other benefits of such persons;
- k) Supervise, direct the Director/General Director and other managers to run the company's everyday business operation;
- l) Decide the organizational structure, rules and regulations of the company, establishment of subsidiaries, branches, representative office, capital contributions to or purchase of shares of other enterprises;
- m) Approve the agenda and documents of the General Meeting of Shareholders, convene the General Meeting of Shareholders or carry out absentee voting for the General Meeting of Shareholders to ratify decisions;
- n) Submit annual financial statements to the General Meeting of Shareholders;
- o) Propose the level of dividend payment; decide the deadline and procedures for dividend payment or settlement of losses incurred during the business operation;
- p) Propose restructuring, dissolution, petition for bankruptcy of the company;
- q) Perform other rights and obligations prescribed in this Law and the company's charter.

3. The Board of Directors shall ratify decisions by voting at meetings, absentee voting, or another voting method prescribed by the company's charter. Each member of Board of Directors has a vote.

4. While performing its functions, rights and obligations, the Board of Directors shall comply with law, the company's charter, and Resolutions of the General Meeting of Shareholders. In case a Resolution is ratified by the Board of Directors against the law or the company's charter and thus causes damage to the company, every member that approves the ratification of such Resolution shall be jointly responsible for such Resolution and pay compensation for the company. Members who object such Resolution shall not take responsibility. In this case, any shareholder that hold the company's shares for at least 01 year shall be entitled to request the Board of Directors to suspend the implementation of such Resolution.

#### **Article 150. Term of office and number of Members of the Board of Directors**

1. The Board of Directors consists of 03 to 11 members. The company's charter shall specify the number of Members of the Board of Directors.
2. Each Member of the Board of Directors and independent member of the Board of Directors has a term of office of up to 05 years without term limit. The number of terms, specific term

period, number of Members of the Board of Directors required to reside in Vietnam shall be specified in the company's charter.

3. In case the term of office of all Members of the Board of Directors expires at the same time, they are still Members of the Board of Directors until new members are elected and take over the office, unless otherwise prescribed by the company's charter.

4. If the joint-stock company is organized according to Point b Clause 1 Article 134 of this Law, documents and transactions of the company must bear the text "Thành viên độc lập" ("Independent member") before the names of corresponding Members of the Board of Directors.

5. The company's charter shall specify the number, rights, obligations, method of operation and cooperation of independent members of the Board of Directors.

### **Article 151. Standards and conditions for Members of the Board of Directors**

1. Members of the Board of Directors must:

a) be legally competent, not be banned from business administration as prescribed in Clause 2 Article 18 of this Article;

b) has qualifications and experience of business administration; Members of the Board of Directors are not necessarily shareholders of the company, unless otherwise prescribed by the company's charter.

c) Members of the Board of Directors may concurrently hold the position of Members of the Board of Directors of other companies.

d) With regard to the subsidiaries over 50% of charter capital of which is held by the State, Members of the Board of Directors must not be spouses, parents, adoptive parents, children, adopted children, siblings of the Director/General Director and other managers of the building work; must not be related persons of the manager and the person competent to designate the manager of the parent company.

2. Unless otherwise prescribed by regulations of law on securities, independent members of the Board of Directors prescribed in Point b Clause 1 Article 134 of this law must:

a) Not be a current employee of the company or its subsidiaries; not be a person that used to work for the company or the company's subsidiaries over the previous 03 consecutive years.

b) Not be a person receiving salaries, wages from the company, except for the benefits to which Members of the Board of Directors are entitled;

c) not have a spouse, birth parent, adoptive parent, birth child, adopted child, or sibling being a major shareholder of the company, being a manager of the company or the company's subsidiary;

d) not directly or indirectly hold at least 1% of the company's voting shares;

dd) Not ever hold the position of Member of the Board of Directors, the Control Board over at least the previous 05 consecutive years.

3. Independent members of the Board of Directors must notify the Board of Directors of their failure to satisfy the conditions prescribed in Clause 2 of this Article. Such members are obviously no longer independent members of the Board of Directors from the day on which conditions are not satisfied. The Board of Directors shall report the cases in which independent members of the Board of Directors no longer satisfy conditions at the nearest General Meeting of Shareholders or convene a General Meeting of Shareholders to elect new independent members within 06 months from the day on which the independent member's notification is received.

### **Article 152. Chairperson of the Board of Directors**

1. The Board of Directors shall elect a member of the Board of Directors as the Chairperson. The Chairperson of the Board of Directors may concurrently hold the position of Director/General Director, except for the cases in Clause 2 of this Article and unless otherwise prescribed by regulations of law on securities and the company's charter.

2. The Chairperson of the Board of Directors of any joint-stock company over 50% of voting shares are held by the State may not concurrently hold the position of Director/General Director.

3. The Chairperson of the Board of Directors has the following rights and obligations:

a) Formulate operation plans of the Board of Directors;

b) Prepare the agenda, contents, and documents of meetings; convene and chair meetings of the Board of Directors;

c) Organize the ratification of Resolutions of the Board of Directors;

d) Supervise the implementation of Resolutions of the Board of Directors;

dd) Chair meetings of the General Meeting of Shareholders and the Board of Directors;;

e) Perform other rights and obligations prescribed in this Law and the company's charter.

4. If the Chairperson of the Board of Directors is absent or is not able to fulfill his/her duties, the Chairperson shall authorize another member in writing to perform rights and obligations of the Chairperson of the Board of Directors in accordance with the company's charter. In case no one is authorized, other members shall elect one of them as a temporary Chairperson of the Board of Directors under the majority rule.

5. Where necessary, the Chairperson of the Board of Directors shall hire a secretary to assist the Board of Directors and the Chairperson of the Board of Directors in performing their duties in



accordance with law and the company's charter. The company's secretary has the following rights and obligations:

- a) Assist the convention of the General Meeting of Shareholders and meetings of the Board of Directors; making meeting minutes;
- b) Assist Members of the Board of Directors in performing their rights and obligations;
- c) Assist the Board of Directors in applying and implementing the company's administration principles;
- d) Assist the company in building shareholder relationships and protecting the lawful rights and interests of shareholders;
- dd) Assist the company in fulfilling its obligation to provide information, disclose information and administrative procedures;
- e) Perform other rights and obligations prescribed by the company's charter.

6. The Chairperson of the Board of Directors may be dismissed under a decision of the Board of Directors.

### **Article 153. Meetings of the Board of Directors**

- 1. The Chairperson of the Board of Directors shall be elected during the first meeting of the new Board of Directors within 07 working days from the end of the voting. This meeting shall be convened and chaired by the member that receives the most votes. If there is more than one member who has the highest votes, they shall be voted for by members under the majority rule to convene the Board of Directors.
- 2. The Board of Directors may hold periodic and extraordinary meetings. The Board of Directors shall hold meetings at the company's headquarter or other locations.
- 3. Meetings of the Board of Directors shall be held by the Chairperson of the Board of Directors when it is deemed necessary. At least one meeting shall be held in a quarter.
- 4. The Chairperson of the Board of Directors shall convene a meeting of the Board of Directors in the following cases:
  - a) The meeting is requested by the Control Board or independent members
  - b) The meeting is requested by the Director/General Director or at least 05 other managers;
  - c) The meeting is requested by at least 02 executive members of the Board of Directors;
  - d) Other cases prescribed by the company's charter.

The request must be made in writing, specifying the purposes, issues that need discussing, and decisions within the competence of the Board of Directors.

5. The Chairperson of the Board of Directors shall convene a meeting of the Board of Directors within 07 working days from the day on which the request mentioned in Clause 4 of this Article is received. If the Chairperson fails to convene the meeting on request, the Chairperson shall take responsibility for any damage to the company; the person who makes the request may convene a meeting of the Board of Directors instead of the Board of Directors.

6. The Chairperson of the Board of Directors or the convener of the Board of Directors meeting shall send invitations at least 03 working days before the meeting date, unless otherwise prescribed by the company's charter. The invitation must specify the time, location, agenda, issues, and decisions of the meeting. The invitation must be enclosed with documents used at the meeting and members' ballots.

The invitation shall be sent by post, fax, email, or other means, as long as they reach the mailing address of every the Board of Directors, which is registered with the company.

7. The Chairperson of the Board of Directors or the convener shall send invitations and enclosed documents to Controllers as if they are members of the Board of Directors.

Controllers are entitled to attend meetings of the Board of Directors, participate in discussion, and must not cast votes.

8. A meeting of the Board of Directors shall be held when it is attended by at least three fourths of the members. If the number of attending members is not sufficient, the second meeting shall be convened within 07 days from the initial meeting date, unless a shorter period is prescribed by the company's charter. In this case, the meeting shall be held if it is attended by at least half of Members of the Board of Directors.

9. A member of the Board of Directors is considered to have attended and cast votes at a meeting if such member:

- a) Attends and cast votes directly at the meeting; or
- b) Authorizes another person to attend the meeting as prescribed in Clause 10 of this Article; or
- c) Attends and casts votes via an online meeting or a similar manner; or
- d) Sends votes to the meeting by post, fax, or email.

Votes sent to the meeting by post must be contained in sealed envelopes and given to the Chairperson of the Board of Directors at least one hour before the opening time. Votes shall be open before every participants.

Unless otherwise prescribed by the company's charter, a Resolution of the Board of Directors shall be ratified if it is approved by a majority of attending members; in the event of equal votes, the Chairperson of the Board of Directors shall have the casting vote.

10. Members must attend all meetings of the Board of Directors. A member may authorize another person to attend the meeting if approved by a majority of Members of the Board of Directors.

#### **Article 154. Minutes of meetings of the Board of Directors**

1. Meetings of the Board of Directors shall be recorded in writing, audio recordings, or other electronic means. The minutes must be made in Vietnamese languages (additional foreign languages are permitted) and contain the following information:

- a) The enterprise's name, enterprise identification number, address of the headquarter;
- b) Purposes, agenda, and contents of the meeting;
- c) Time and location of the meeting;
- d) Full name of each attending member or their authorized person, method of participation; full name of every member that does not attend and explanations;
- dd) Issues discussed and voted on at the meeting;
- e) Summary of opinions of each attending member in chronological order;
- g) Voting result, specifying the members that casts affirmative votes, negative votes, and abstentions;
- h) The issues that have been ratified;
- i) Full names, signatures of the chair and the minutes maker.

The chair and the minutes maker are responsible for the truthfulness and accuracy of the minutes of the Board of Directors meeting.

2. Minutes of the Board of Directors meetings and documents used during the meetings shall be kept at the company's headquarter.

3. The minutes made in Vietnamese language and those in foreign languages shall have equal value. In case of any discrepancy between the Vietnamese version and foreign language version, the former shall prevail.

#### **Article 155. Right to obtain information of Members of the Board of Directors**

1. Members of the Board of Directors are entitled to request the Director/General Director or Deputy Director/Deputy General Director, and managers of units in the company to provide information about the financial status and performance of the company and units in the company.
2. The requested must provide timely, sufficient, accurate information and documents at the request of Members of the Board of Directors. Procedures for requesting and providing information shall be prescribed by the company's charter.

#### **Article 156. Dismissal, discharge from duty and addition of Members of the Board of Directors**

1. A member of the Board of Directors shall be dismissed if he or she:
  - a) fails to satisfy the standards and conditions prescribed in Article 151 of this Law;
  - b) fails to participate in activities of the Board of Directors for 06 consecutive months, except for force majeure events;
  - c) tenders a resignation;
  - d) Other cases prescribed by the company's charter.
2. Members of the Board of Directors may be discharged from duty under Resolutions of the General Meeting of Shareholders.
3. The Board of Directors shall convene the General Meeting of Shareholders to elect additional members of the Board of Directors in the following cases:
  - a) The number of Members of the Board of Directors is reduced by more than one third of the number prescribed by the company's charter. In this case, the Board of Directors shall convene a General Meeting of Shareholders within 60 days from the day on which the number of Members of the Board of Directors is reduced by more than one third;
  - b) the number of independent members of the Board of Directors falls below the ratio prescribed in Clause 1 Article 134 of this Law.

In other cases, the nearest General Meeting of Shareholders shall elect new members to replace those who have been dismissed or discharged from duty.

#### **Article 157. Director/General Director**

1. The Board of Directors shall appoint one of them as or hire a Director/General Director.
2. The Director/General Director shall run the company's everyday business, be supervised by the Board of Directors, take responsibility to the Board of Directors for performance of given rights and obligations.

A Director/General Director shall have a term of office of up to 05 years without term limit.

Standards and conditions for the Director/General Director are the same as those prescribed in Article 65 of this Law.

3. The Director/General Director has the following rights and obligations:

a) Decide important issues related to the company's everyday business without decision of the Board of Directors;

b) Organize the implementation of Resolutions of the Board of Directors;

c) Organize the implementation of business plans and investment plans of the company;

d) Propose organizational structure, internal rules and regulations of the company;

dd) Designate, dismiss, discharge from duty the company's managers, except for the positions within the competence of the Board of Directors;

e) Decide the salaries and other benefits of the company's employees, including the managers designated by the Director/General Director;

g) Hire employees;

h) Suggest plans for dividend payments or loss settlement;

i) Perform other rights and obligations prescribed by law, the company's charter, and Resolutions of the Board of Directors.

4. The Director/General Director shall run the company's everyday business in accordance with law, the company's charter, employment contract with the company, and Resolutions of the Board of Directors. If committing violations which cause damage to the company, the Director/General Director shall take legal responsibility and pay compensation for the company.

#### **Article 158. Salaries, remunerations, and other benefits of members of the Board of Directors, Director/General Director**

1. The company is entitled to pay remunerations to Members of the Board of Directors, salaries to the Director/General Director and other managers according to the business outcome.

2. Unless otherwise prescribed by the company's charter, remunerations, salaries and other benefits of the Members of the Board of Directors, Director/General Director shall be paid as follows:

b) Members of the Board of Directors shall receive remunerations and bonuses. Remunerations are calculated according to the number of working days necessary for fulfilling the duties of

Members of the Board of Directors and daily remuneration. The Board of Directors shall reach an agreement on estimated remuneration of each member. The total remuneration of the Board of Directors shall be decided by the General Meeting of Shareholders at the annual general meeting;

b) Members of the Board of Directors are entitled to have the cost of accommodation, meals, traveling, and other reasonable costs incurred during the performance of given duties reimbursed;

c) The Director/General Director shall receive salaries and bonuses. The Director/General Director's salaries and bonuses shall be decided by the Board of Directors.

3. Remunerations of Members of the Board of Directors and salaries of the Director/General Director and other managers shall be included in the company's operating cost in accordance with regulations of law on corporate income tax, be recorded as a separate item in the company's financial statement, and be reported at the annual general meeting.

#### **Article 159. Publishing related interests**

Unless tighter regulations are prescribed by the company's charter, related persons and interests of the company shall be published as follows:

1. The company shall compile and update the list of related persons of the company in accordance with Clause 17 Article 4 of this Law and their transactions with the company;

2. Members of the Board of Directors, Controllers, the Director/General Director, and other managers of the company shall declare their related interests with the company, including:

a) Name, enterprise ID number, address of the headquarter, business lines of every enterprise of which they have stakes or shares; the proportion and time of obtainment of such stakes or shares;

b) Name, enterprise ID number, address of the headquarter, business lines of every enterprise of which their related persons have a joint ownership or private ownership of stakes or shares that make up over 10% of charter capital;

3. The information mentioned in Clause 2 of this Article shall be declared within 07 working days from the day on which related interests arise; any adjustment shall be notified to the company within 07 working days from the day on which such adjustment arises;

4. The List of related persons and related interests mentioned in Clause 1 and Clause 2 of this Article shall be published, examined, and copied as follows:

a) The company shall notify the List of related persons and related interests to the General Meeting of Shareholders at the annual meeting;

b) The List of related persons and related interests shall be kept at the enterprise's headquarter; part or all of the List may be kept at the company's branches where necessary;

c) Shareholders and authorized representatives of shareholders, Members of the Board of Directors, the Control Board, the Director/General Director, and other managers are entitled to examine and copy part of or all of the List during working hours;

d) The company shall enable the persons mentioned in Point c of this Clause to access, examine, and copy the List of related persons of the company and other contents in the most convenient manner; must not obstruct them to exercise such right. Procedures for examining and copying the List of related persons and related interests shall be prescribed by the company's charter.

5. Members of the Board of Directors, the Director/General Director that shall explain the nature and contents of the works they carry out single-handedly or on behalf of other persons to the Board of Directors and the Control Board. Such works may only be carried out when it is approved by a majority of other members of the Board of Directors; if the work is carried out without notification or approval by the Board of Directors, all incomes from such work shall belong to the company.

#### **Article 160. Responsibilities of the company's managers**

1. Members of the Board of Directors, Director/General Director, and other managers have the responsibilities to:

a) Perform given rights and obligations in accordance with this Law, relevant regulations of law, the company's charter, and Resolutions of the General Meeting of Shareholders;

b) Perform given rights and obligations in a truthful, careful manner to ensure the company's legitimate interests;

c) Act in the best interest of the company and shareholders; do not use information, secrets, business opportunities of the company; do not misuse the position, power, or assets of the company for self-seeking purposes or serving the interest of other entities;

d) Promptly, and accurately notify the company of the enterprises they and their related persons own or have the controlling stakes or shares; such notifications shall be posted at the company's headquarter and branches.

2. Perform other rights and obligations prescribed in this Law and the company's charter.

#### **Article 161. Rights to file lawsuit against Members of the Board of Directors, Director/General Director**

1. The shareholder or group of shareholders that continuously holds at least 1% of ordinary shares for 06 months is entitled to, whether single-handedly or on behalf of the company, file civil lawsuits against a Member of the Board of Directors or the Director/General Director if he/she:

- a) commit violations against obligations of the company's manager prescribed in Article 160 of this Law;
- b) fails to perform given rights and obligations; fails to implement or to completely implement Resolutions of the Board of Directors;
- c) Perform given rights and obligations against the law, the company's charter, or Resolutions of the General Meeting of Shareholders;
- d) uses information, secrets, business opportunities of the company for self-seeking purposes or serving the interest of other entities;
- dd) abuses the position, power, or assets of the company for self-seeking purposes or serving the interest of other entities;
- e) Other cases prescribed by law and the company's charter.

2. Procedures for proceedings are prescribed by corresponding regulations of law on civil proceedings. The proceeding costs in case the shareholder or group of shareholders files a lawsuit on behalf of the company shall be included in the company's expense, unless such lawsuit is rejected.

#### **Article 162. Contracts and transactions subject to approval by the General Meeting of Shareholders or the Board of Directors**

1. Contracts and transactions between the company and the following entities are subject to approval by the General Meeting of Shareholders or the Board of Directors:

- a) Shareholders and authorized representative of shareholders that own more than 10% of ordinary shares of the company and their related persons;
- b) Members of the Board of Directors, the Director/General Director, and their related persons;
- c) The enterprises mentioned in Clause 2 Article 159 of this Law.

2. The Board of Directors must approve every contract and transaction smaller than 35% of the enterprise's total asset value written in the latest financial statement, or a smaller rate prescribed by the company's charter. In this case, the person that signs the contract on behalf of the company shall send a notification to Members of the Board of Directors and Controllers of the entities related to such contract or transaction, and enclose with the notification the draft contract or description of the transaction. The Board of Directors shall decide whether to approve the contract or transaction within 15 days from the day on which the notification is received, unless another time limit is prescribed by the company's charter; members with related interests do not have voting right.



3. The General Meeting of Shareholders shall approve contracts and transactions other than those prescribed in Clause 2 of this Article. In this case, the person that signs the contract on behalf of the company shall send a notification to the Board of Directors and Controllers of the entities related to such contract or transaction, and enclose with the notification the draft contract or description of the transaction. The Board of Directors shall submit the draft contract or description of the transaction to the General Meeting of Shareholders or carry out a absentee voting. In this case, shareholders with relevant interests do not have the voting right; the contract or transaction shall be accepted when it is vote for by a number of shareholders that represents 65% of the remaining votes, unless otherwise prescribed by the company's charter.

4. A contract or transaction shall be annulled and dealt with in accordance with law when it is concluded or carried out without approval as prescribed in Clause 2 and Clause 3 of this Article and thus causes damage to the company; the person that concludes the contract, related shareholders, Members of the Board of Directors, the Director/General Director are jointly responsible for paying compensation and return the incomes derived from such contract or transaction to the company.

#### **Article 163. Control Board**

1. The Control Board consists of 03 – 05 members, a Controller has a term of office of up to 05 years without term limit.

2. Controllers shall elect one of them as the Chief of the Control Board under the majority rule. Rights and obligations of the Chief of the Control Board shall be prescribed by the company's charter. More than half of members of the Control Board must reside in Vietnam. The Chief of the Control Board must be a professional accountant or auditor and has to work full-time at the company, unless higher standards prescribed by the company's charter.

3. If term of office of all Controllers expires at the same time and Controllers of the new term are not elected, the Controllers shall keep performing their rights and obligations until Controllers of a new term are elected and take over the office.

#### **Article 164. Standards and conditions of Controllers**

1. A Controller must:

a) be legally competent and not be banned from business administration and enterprise establishment as prescribed by this Law;

b) not be a spouse, birth parent, adoptive parent, birth child, adopted child, or sibling of any member of the Board of Directors, Director/General Director, or any other manager;

c) not hold managerial positions of the company. The Controller is not necessarily a shareholder or employee of the company, unless otherwise prescribed by the company's charter;

d) satisfy other standards and conditions of relevant regulations of law and the company's charter.

2. Controllers of listed joint-stock companies and companies of which over 50% of charter capital is held by the State must be auditors or accountants.

### **Article 165. Rights and obligations of the Control Board**

The Control Board shall:

1. Supervise the Board of Directors, Director, or General Director managing and running the company.
  2. Inspect the rationality, legitimacy, truthfulness, and prudence in business administration; the systematicness, consistency, and conformability of accounting works, statistical works, and the compilation of financial statements.
  3. Inspect the sufficiency, legitimacy, and truthfulness of business outcome reports, annual and biannual financial statements of the company, management assessment report of the Board of Directors, and submit the inspection report at the annual general meeting.
  4. Review, check, assess the effect and effectiveness of the internal control system, internal audit system, risk management and early warning system of the company.
  5. Examine accounting books, accounting records and other documents of the company; managerial and administrative works of the company where necessary or under Resolutions of the General Meeting of Shareholders or at the request of the shareholder or group of shareholders prescribed in Clause 2 Article 114 of this Law.
  6. Carry out an inspection at the request of the shareholder or group of shareholders mentioned in Clause 2 Article 114 of this Law within 07 working days from the day on which the request is received. Within 15 days from the end of the inspection, the Control Board shall report the issues that need inspecting to the Board of Directors and the shareholder or group of shareholders that made the request.
- The inspection mentioned in this Clause must not obstruct the normal operation of the Board of Directors and must not interrupt the company's business administration.
7. Propose changes, improvements to the organizational structure, mechanism for managing, supervising, and running the company's operation to the Board of Directors or the General Meeting of Shareholders.
  8. Notify the Board of Directors in writing if any Members of the Board of Directors, the Director or General Director violates Article 160 of this Law; request the violator to stop the violation and take remedial measures.

9. Attend and discuss at meetings of the Board of Directors, General Meetings of Shareholders, and other meetings of the company.

10. Employ independent consultants and internal audit department of the company to perform given duties.

11. Seek opinions of the Board of Directors before submitting reports, conclusions, and proposals to the General Meeting of Shareholders.

12. Perform other rights and obligations prescribed in this Law, the company's charter, and Resolutions of the General Meeting of Shareholders.

### **Article 166. Right to obtain information of the Control Board**

1. Invitations, absentee ballots, and enclosed documents shall be sent to the Controllers at the same time and in the same manner as Members of the Board of Directors.

2. Resolutions and minutes of meetings of the Board of Directors and General Meetings of Shareholders shall be sent to the Controllers at the same time and in the same manner as shareholders and Members of the Board of Directors.

3. Reports of the Director/General Director submitted to the Board of Directors and other documents issued by the company shall be sent to the Controllers at the same time and in the same manner as Members of the Board of Directors.

4. Controllers are entitled to access documents of the company which are kept at the headquarter, branches, and other locations; entitled to enter working places of managers and employees of the company during working hours.

5. The Board of Directors, members of the Board of Directors, the Director/General Director, and other managers must provide sufficient, accurate, and timely information, documents about the management of the company at the request of members of the Control Board or the Control Board.

### **Article 167. Salaries and other benefits of Controllers**

Unless otherwise prescribed by the company's charter, salaries and other benefits of Controllers shall be as follows:

1. Controllers shall receive salaries and other benefits under decisions of the General Meeting of Shareholders. The General Meeting of Shareholders shall decide the total salary and annual budget of the Control Board;

2. Controllers shall have the reasonable cost of accommodation, meals, traveling, and independent consultancy services covered. The total salary and cost must not exceed the annual

budget of the Control Board, which is approved by the General Meeting of Shareholders, unless otherwise decided by the General Meeting of Shareholders;

3. Salaries and expense of the Control Board shall be included in the company's operating cost in accordance with regulations of law on corporate income tax, relevant regulations of law, and shall be recorded as a separate item in the company's financial statement.

#### **Article 168. Responsibilities of Controllers**

1. Comply with law, the company's charter, Resolutions of the General Meeting of Shareholders, and professional ethics while performing their rights and obligations.

2. Perform the given rights and obligations in a truthful, careful manner to ensure the company's legitimate interests;

3. Act in the best interest of the company and its shareholders; do not use information, secrets, business opportunities of the company; do not misuse the position, power, or assets of the company for self-seeking purposes or serving the interest of other entities;

4. Perform other rights and obligations prescribed in this Law and the company's charter.

5. The Controller that violates regulations in Clauses 1, 2, 3, and 4 of this Article and thus causes damage to the company or other persons shall take personal responsibility or pay compensation for such damage. All incomes and other interests of such Controller shall be returned to the company.

6. If a Controller is found committing violations while performing his/her given rights and obligations, the Board of Directors shall send a written notification to the Control Board, request the violator to stop the violations and take remedial measures.

#### **Article 169. Dismissal and discharge from duty of Controllers**

1. A Controller shall be dismissed if he or she:

a) no longer satisfies the standards and conditions prescribed in Article 164 of this Law;

b) fails to perform his/her rights and obligations for 06 consecutive months, except for force majeure events;

c) tenders a resignation which is accepted;

d) Other cases prescribed by the company's charter.

2. A Controller shall be discharge from duty if he or she:

a) fails to fulfill the given tasks or duties;

b) Commit serious or repeated violations against obligations of Controllers prescribed by this Law and the company's charter;

c) is discharge under a decision of the General Meeting of Shareholders.

#### **Article 170. Submission of annual reports**

1. At the end of the fiscal year, the Board of Directors shall prepare the following reports and documents:

a) The report on the company's business outcome;

b) The financial statement;

c) The report on assessment of management of the company.

2. With regard to joint-stock companies required by law to be audited, their annual financial statements must be audited before being submitted to the General Meeting of Shareholders for consideration and ratification.

3. The reports and documents mentioned in Clause 1 of this Article must be sent to the Control Board for verification at least 30 days before the opening date of the General Meeting of Shareholders, unless otherwise prescribed by the company's charter.

4. The reports and documents shall be prepared by the Board of Directors; the verification reports of the Control Board and audit reports shall be kept at the company's headquarter and branches at least 10 days before the opening date of the General Meeting of Shareholders, unless a longer period is prescribed by the company's charter.

Any shareholder that continuously holds the company's shares for at least 01 year is entitled to, whether single-handedly or together with qualified lawyers, accountants, and auditors examine the reports mentioned in this Article at reasonable times.

#### **Article 171. Disclosure of information about joint-stock companies**

1. Every joint-stock company shall send the annual financial statement ratified by the General Meeting of Shareholders to a competent authority in accordance with regulations of law on accounting and relevant regulations of law.

2. The joint-stock company shall post the following information on its website (if any):

a) The company's charter;

b) Résumés, qualifications, and professional experience of members of the Board of Directors, Controllers, the Director/General Director of the company.

- c) Annual financial statements ratified by the General Meeting of Shareholders;
- d) Reports on annual business outcome made by the Board of Directors and the Control Board.

3. Any unlisted joint-stock company shall notify the business registration authority where the company's headquarter is stated of the information or changes of information about the full names, nationalities, passport numbers, permanent residences, amount of shares and types of shares held by foreign shareholders, names, enterprise ID numbers, headquarter addresses, amount of shares and type of shares of shareholders being foreign organizations, full names, nationalities, passport numbers, permanent residences of authorized representatives of such organizations.

4. Public companies shall disclose information in accordance with regulations of law on securities. Every joint-stock company over 50% charter capital of which is held by the State shall disclose information in accordance with Article 108 and Article 109 of this Law.

## **Chapter VI**

### **PARTNERSHIP**

#### **Article 172. Partnership**

1. A partnership means an enterprise of which:

a) At least 02 partners are co-owner of the company who run business together in a common name (hereinafter referred to as general partner). Apart from general partners, the company may have contributing partners;

b) General partners are individuals who are responsible for the company's obligations with all of their property;

c) Contributing partners are only liable for the company's debts up to the value of capital contributed to the company.

2. A partnership has its own legal status from the issuance date of the Certificate of Business registration.

3. Partnerships must not issue any kind of shares.

#### **Article 173. Contributing capital and issuing certificate of capital contribution**

1. General partners and contributing partners shall fully and punctually contribute capital as committed.

2. The general partner who fails to fully and punctually contribute capital as committed shall pay compensation for any damage to the company.

3. If a contributing partner fails to fully and punctually contribute capital as committed, the deficit of capital is considered that partner's debt to the company; in this case such contributing partner may be removed from the company under a decision of the Board of partners.

4. As soon as capital is fully contributed, the partner shall be issued with the certificate of capital contribution. The certificate of capital contribution must contain the following information:

- a) The enterprise's name, enterprise identification number, address of the headquarter;
- b) The company's charter capital;
- c) Full name, permanent residence, nationality, ID/passport number of every partner; types of partners;
- d) Value of stake and type of assets contributed as capital by partners;
- dd) Numbers and dates of issue of certificates of capital contribution;
- e) Rights and obligations of holders of certificates of capital contribution;
- g) Full names, signatures of holders of certificates of capital contribution and general partners.

5. If the certificate of capital contribution is lost or damaged or otherwise destroyed, the partner shall have it reissued by the company.

#### **Article 174. Assets of a partnership**

Assets of a partnership include:

- 1. Contributed assets the ownership of which have been transferred to the company by members;
- 2. Created assets bearing the company's name;
- 3. Assets derived from business activities carried out by general partners on behalf of the company and from the business activities single-handedly carried out by general partners;
- 4. Other assets prescribed by law.

#### **Article 175. Restrictions on general partners**

- 1. A general partner must not own a sole proprietorship or hold the position of general partner of another partnership, unless otherwise agreed by other general partners.
- 2. General partners must not do the same business lines of the company, whether single-handedly or on behalf of another person, for self-seeking purposes or serving the interest of other entities;

3. A general partner must transfer part of or all of his/her stake to another person, unless otherwise agreed by other general partners.

### **Article 176. Rights and obligations of general partners**

1. Every general partner is entitled to:

a) Attend meetings, discuss, and vote on the company's issues; each general partner has a vote (or a number of vote prescribed by the company's charter);

b) Do the business lines of the company in the name of the company; negotiate, conclude contracts and agreements with the terms and conditions that are considered by the general partner most beneficial to the company;

c) Use the company's seal and assets to do the company's business lines. Any general partner who advances his/her own money to do the company's business is entitled to request the company to return the money, including both principal and interest at the market rate;

d) Request the company to compensate for the damage caused by the business operation if such damage is not at the partner's fault;

dd) Request the company or other general partner to provide information about the company's performance; inspect the assets, accounting books, and other documents where necessary;

e) Receive distributed profits in proportion to the capital contribution or under agreement according to the company's charter;

g) Receive part of remaining assets in proportion to their stake holding in case the company is dissolved or bankrupt, unless a specific ration is prescribed by the company's charter;

h) If a general partner dies, his/her inheritor shall receive the value of the company's assets minus (-) the debts owed by such partner. The inheritor may become a general partner if accepted by the Board of partners;

i) Perform other rights prescribed in this Law and the company's charter.

2. General partners have responsibilities to:

a) Manage and run the business in a truthful, careful manner to ensure the company's legitimate interests;

b) Manage and run the company's business in accordance with law, the company's charter, Resolutions of the Board of Partners; pay compensation for damage caused by failure to comply with regulations in this Point;

c) not use the company's assets for self-seeking purposes or serving the interest of other entities;



d) Return the money, assets received, and pay compensation for damage to the company caused by receipt of money or assets from the company's business operation instead of giving it to the company, whether single-handedly, on behalf of the company, or on behalf of other persons;

dd) Take joint responsibility for paying the remaining debts of the company if the company's assets are not sufficient to pay all its debts;

e) Bear a loss in proportion to their stakes in the company or under an agreement according to the company's charter in case the company suffers a loss;

g) Submit truthful and accurate monthly reports on his/her own performance; provide information about his/her own performance to other partners at their request;

h) Perform other duties prescribed by this Law and the company's charter.

### **Article 177. The Board of Partners**

1. The Board of partners consists of all partners. The Board of partners shall elect a general partner as the Chairperson of the Board of partner, who concurrently holds the position of Director/General Director of the company, unless otherwise prescribed by the company's charter.

2. General partners are entitled to request a meeting of the Board of partners to discuss and decide the company's business. The requesting partner shall prepare the meeting agenda and documents.

3. The Board of partners are entitled to decide every company's business. Unless otherwise prescribed by the company's charter, the following issues must be approved by at least three fourths (3/4) of general partners:

a) The company's development orientation;

b) Amendments to the company's charter;

c) Admission of a new general partner;

d) Approval for a withdrawal or removal of general partner from the company;

dd) Decision on a project of investment;

e) Decision to take loans and raise capital in other manners; give a loan with a value of  $\geq 50\%$  charter capital of the company, unless a higher rate is prescribed by the company's charter;

g) Decision to buy, sell assets with a value of  $\geq$  the company's charter capital, unless a higher rate is prescribed by the company's charter;

h) Decision to ratify annual financial statement, total profit, distributable profit, and amount of profit distributed to each;

i) Decision to dissolve the company.

4. Decide any issue that is not mentioned in Clause 3 of this Article if the decision is approved by at least two thirds of general partners; the specific ration shall be prescribed by the company's charter.

5. The right to vote of contributing partners shall comply with this Law and the company's charter.

### **Article 178. Convening meetings of Board of partners**

1. The Chairperson of the Board of partners may convene a meeting of the Board of partners whenever it is deemed necessary or at the request of general partners. If the Chairperson of the Board of partners fails to convene a meeting at the request of a general partner, such partner shall convene the meeting.

2. The invitation to the meeting may be made in writing, by phone, fax, or another electronic medium. The invitation must specify the purposes, requirements, contents, agenda, location of the meeting, and name of the partner that request the meeting.

Documents serving discussion of the issues mentioned in Clause 3 Article 177 of this Law must be sent in advance to all partners by the deadline prescribed by the company's charter.

3. The Chairperson of the Board of convening partner shall chair the meeting. Every meeting of the Board of partners must be recorded into the minutes. The minutes must contain:

a) The enterprise's name, enterprise identification number, address of the headquarter;

b) Purposes, agenda, and contents of the meeting;

c) Time and location of the meeting;

d) Full names of the chair and attending partners;

dd) Opinions of attending partners;

e) The Resolutions ratified, number of partners that cast affirmative votes, and basic contents of such Resolutions;

g) Full names and signatures of attending partners.

### **Article 179. Running a partnership's business**

1. General partners are entitled to act as the company's legal representatives and run the company's everyday business. All restrictions on general partners' running the company's everyday business are only effective to a third party if such person knows such restrictions.

2. While running the company's business, general partners shall hold various positions of managers and controllers.

When some or all general partners do certain business works, decisions shall be ratified under the majority rule.

The company is not responsible for any work done by a general partner beyond the company's scope of business, unless such work is accepted by other partners.

3. The company may open one or some bank accounts. The Board of partners shall authorize a partner to deposit and withdraw money from such accounts.

4. The Chairperson of the Board of partners, the Director/General Director has the duties:

a) Run the company's everyday business as general partners;

b) Convene and organize meetings of the Board of partners; sign Resolutions of the Board of partners;

c) Give tasks and cooperate with other general partners in doing business;

d) Arrange and keep accounting books, invoices, and other documents of the company in accordance with law;

dd) Represent the company in the relationship with regulatory bodies; represent the company as defendant or plaintiff in lawsuits, commercial disputes, or other disputes;

e) Perform other duties prescribed by the company's charter.

#### **Article 180. Termination of general partner's status**

1. The general partner's status shall be terminated if the general partner:

a) Voluntarily withdraws capital from the company;

b) Dies, is declared missing, or legally incompetent by the court;

c) Is removed from the company;

d) Other cases prescribed by the company's charter.

2. A general partner is entitled to withdraw capital from the company if the withdrawal is accepted by the Board of partners. In this case, the partner that wishes to withdraw capital shall submit a notification at least 06 months before the withdrawal date and may only withdraw capital at the end of the fiscal year and after the financial statement of such fiscal year is ratified.

3. A general partner shall be removed from the company if such partner:

a) is not able to contribute capital or fails to contribute capital as committed after the company has made the second request;

b) commit violations against Article 175 of this Law;

c) fails to run the business in a truthful and prudent manner; commit inappropriate acts that cause serious damage to the interests of the company and other partners;

d) fails to fulfill duties of a general partner.

4. When the partner's status of a general partner who is legally incompetent is terminated, such partner's stake shall be returned fairly and reasonably.

5. Within 02 years from the date of status termination prescribed in Point a and Point c Clause 1 of this Article, that person is still jointly responsible for the company's debts incurred before the date of status termination with all of his/her property.

6. After the general partner's status is terminated, if the name of such partner is used as part of or all of the company's name, the partner or his/her inheritor or legal representative is entitled to request the company to stop using such name.

### **Article 181. Admission of new general partners**

1. The company may admit new general partners or contributing partners; the admission of a new partner is subject to approval by the Board of partners.

2. General partners or contributing partners shall fully contribute capital to the company as promised within 15 days from the approval date, unless another time limit is decided by the Board of partners.

3. The new general partner shall take joint responsibility for the companies' debts and liabilities with all of his/her property, unless otherwise agreed between such partner and other partners.

### **Article 182. Rights and obligations of contributing partners**

1. Contributing partners are entitled to:

a) Attend meetings, discuss and vote at the Board of partners on amendments to the company's charter, adjustments to rights and obligations of contributing partner, restructuring or dissolution

of the company, and other contents of the company's charter that directly affect their rights and obligations;

b) Receive annual distributed profits in proportion to the ratio of capital contribution to the company's charter capital;

c) Be provided with the company's annual financial statements; request the Chairperson of the Board of partners and general partners to provide sufficient and accurate information about the company's performance; examine accounting books, records, contracts, transactions and other documents of the company;

d) Transfer their stakes to other persons;

dd) Do the company's business lines, whether single-handedly or on behalf of other persons;

e) Settle their stakes by bequeathing, giving, mortgaging, pawning or in other manners in accordance with law and the company's charter; in case a contributing partner dies, his/her inheritor shall become the company's contributing partner;

g) Receive part of remaining assets according to the proportion of their stakes to the company's charter capital in case the company is dissolved or bankrupt;

h) Exercise other rights prescribed in this Law and the company's charter.

2. Contributing partners are obliged to:

a) Take liability for the company's debts and other liabilities up to the value of promised capital contribution;

b) Not participate in business administration, not do business on behalf of the company;

c) Comply with the company's charter, rules and regulations, and decisions of the Board of partners;

d) Perform other duties prescribed by this Law and the company's charter.

## **Chapter VII**

### **SOLE PROPRIETORSHIPS**

#### **Article 183. Sole proprietorships**

1. A sole proprietorship is a enterprise owned by an individual who is responsible for its operation with all of his/her property.

2. Sole proprietorships must not issue any kind of shares.

3. Each individual may establish only one sole proprietorship. The owner of a sole proprietorship must not concurrently be a household business owner or partner of a partnership.

4. Sole proprietorships must not contribute capital to establishment, buy shares or stakes in partnerships, limited liability companies, or joint-stock companies.

#### **Article 184. Owner's capital**

1. Capital of owner of a sole proprietorship is registered by the owner himself/herself. The sole proprietorship owner must register the exact amount of capital in VND, a convertible currency, gold, or other assets; if capital is in the form of other assets, the type, quantity, and remaining value of each type of assets must be specified.

2. All capital and assets, including loan capital and leased assets used for the company's business operation, must be recorded in the company's accounting books and financial statements as prescribed by law.

3. During the operation, the owner of the sole proprietorship may increase or increase his/her capital investment in the company's business operation. The increase or decrease in the owner's capital must be recorded in accounting books. If the decreased capital falls below the registered capital, the owner may only decrease capital after registering with the business registration authority.

#### **Article 185. Business management**

1. The owner of the sole proprietorship has the absolute discretion as to the company's business operation, the use of post-tax profit, and shall fulfill other financial obligations as prescribed by law.

2. The owner may directly or hire another person to manage the business operation. When hiring another person as the Director, the owner is still responsible for every business operation of the company.

3. The owner shall be the plaintiff, defendant, or person with related rights/obligations before the arbitral tribunal or the court in the disputes over the company.

4. The owner of the sole proprietorship is the company's legal representative.

#### **Article 186. Company leasing**

The owner of the sole proprietorship is entitled to lease out his/her entire company, provided a written notification enclosed with a notarized copy of the lease contract is sent to the business registration authority and tax authority within 03 working days from the day effective date of the lease contract. In this case, the sole proprietorship's owner is still legally responsible as the enterprise's owner. The rights and obligations of the owner and the lessee to the company's business operation shall be specified in the lease contract.

### **Article 187. Selling company**

1. The sole proprietorship's owner is entitled to sell his/her company to another person.
2. After selling the company, the sole proprietorship's owner is still responsible for the company's debts and other liabilities which are incurred before the handover date, unless otherwise agreed among the buyer, the seller, and the creditors.
3. The buyer and seller shall comply with regulations of law on labor.
4. The buyer shall register a change of the sole proprietorship's owner in accordance with this Law.

### **Chapter VIII**

#### **GROUPS OF COMPANIES**

### **Article 188. Business corporations, general companies**

1. Business corporations and general companies of various economic sectors are groups of companies that are related to each other through ownership of shares, stakes, or other kinds of connection. A business corporation or a general company is not a type of business entity, does not have a legal status, and is not required to apply for establishment registration as prescribed by this Law.
2. A business corporation or general company has a parent company, subsidiaries, and other affiliate companies. The parent company, subsidiaries, and each of the associate companies of a business corporation or general companies have rights and obligations of independent enterprises as prescribed by law.

### **Article 189. Parent company and subsidiaries**

1. A company is considered parent company of another company if the former company:
  - a) Owns more than 50% of charter capital or total ordinary shares of the other company;
  - b) Is entitled to directly or indirectly decide the designation of a majority of or all of Members of the Board of Directors, the Director/General Director of the other company;
  - c) Is entitled to decide amendments to the other company's charter.
2. Subsidiaries must not contribute capital to or buy shares of the parent company. Subsidiaries of the same parent company must not contribute capital or buy shares of each other for the purpose of cross ownership.

3. Subsidiaries of the same parent company which has at least 65% state capital must not contribute capital to establish an enterprise as prescribed in this Law.

4. The Government shall elaborate Clause 2 and Clause 3 of this Article.

#### **Article 190. Rights and obligations of parent company to subsidiaries**

1. Depending on the type of business of the subsidiary, the parent company shall perform its rights and obligations as a member/partner, owner, or shareholder of the subsidiary in accordance with corresponding regulations of this Law and relevant regulations of law.

2. The contracts, transactions, and other relationships between the parent company and the subsidiary must be established and executed independently and equitably under conditions applied to independent legal entities.

3. If the parent company makes intervention beyond the competence of the owner, member/partner, or shareholder and requires the subsidiary to do business against usual practice or engage in unprofitable activities without providing acceptable compensation in the fiscal year and, the parent company shall be responsible for any damage to the subsidiary.

4. The manager of the parent company shall take responsibility for the intervention mentioned in Clause 3 of this Article and, together with the parent company, take joint responsibility for the damage.

5. If the parent company fails to provide compensation for the subsidiary as prescribed in Clause 3 of this Article, the creditor, member/partner, or shareholder that holds at least 1% of charter capital of the subsidiary is entitled to, whether single-handedly or on behalf of the subsidiary, request the parent company to pay compensation for the subsidiary.

6. If the business activities of a subsidiary mentioned in Clause 3 of this Article bring profits for another subsidiary of the same parent company, the subsidiary that receives such profit shall, together with the parent company, return the profit to the subsidiary that suffers the loss.

#### **Article 191. Financial statements of parent company and subsidiaries**

1. At the end of the fiscal years, apart from the reports and documents prescribed by law, the parent company shall make the following reports:

a) Consolidated financial statement of the parent company in accordance with regulations of law on accounting;

b) The report on summary of annual business outcome of the parent company and subsidiaries;

c) The report on summary of management and administration of the parent company and subsidiaries.



2. The persons in charge of making the reports mentioned in Clause 1 of this Article shall not make and submit such reports before receiving all financial statements of subsidiaries.
3. At the request of legal representative of the parent company, the legal representative of the subsidiary shall provide necessary reports, documents, and information as prescribed to make the consolidated financial statement and summary report of the parent company and subsidiaries.
4. The parent company's manager shall use such reports to make the consolidated financial statement and summary report of the parent company and subsidiaries if the reports made and submitted by subsidiaries are not suspected to be contain incorrect, inaccurate, or false information.
5. In case the parent company's manager does not receive necessary reports, documents, and information from a subsidiary after taking all necessary measures within his/her competence, the parent company's manager shall still make and submit the consolidated financial statement and summary report of the parent company and subsidiaries. The report might or might not contain information from such subsidiary, but explanation must be provided to avoid misunderstanding.
6. Reports, annual financial statements of the parent company, subsidiaries, consolidated financial statements, and summary reports of the parent company and subsidiaries must be kept at the parent company's headquarter. Copies of the reports and documents in this Clause must be available of the parent company's branches in Vietnam's territory.
7. Subsidiaries must make summary reports on purchase, sale, and other transactions with the parent company in addition to the reports and documents prescribed by law.

## **Chapter IX**

### **RESTRUCTURING, DISSOLUTION, AND BANKRUPTCY OF ENTERPRISES**

#### **Article 192. Total division**

1. A limited liability company or joint-stock company may divide shareholders/members, and assets of the company (hereinafter referred to as transferor company) to establish two new companies or more (hereinafter referred to as transferee company) in one of the following cases:
  - a) Part of stakes/shares of members/shareholders and an amount of assets proportional to the value of stakes/shares are transferred to the transferee companies according to their holding in the transferor company and corresponding to the value of assets transferred to the transferee companies;
  - b) All of stakes/shares of one or some members/shareholders and an amount of assets proportional to the value of stakes/shares are transferred to the transferee enterprises;
  - c) A combination of both cases in Point a and Point b of this Clause.

2. Procedures for total division of a limited liability company or joint-stock company:

a) The Board of members, the owner, or the General Meeting of Shareholders of the transferor company shall ratify the Resolution on total division in accordance with this Law and the company's charter. The Resolution on total division must contain basic information including the transferor company's name, headquarter addresses, names of transferee companies; rules, method, and procedures for asset division; employment plan; method, time limit, and procedures for transferring the transferor company's stakes, shares, bonds to transferee companies; rules for fulfillment of the transferor company's obligations; time limit for division. The Resolution on total division shall be sent to all creditors and notified to all employees within 15 days from the ratification date;

b) Members, the owner, or shareholders of each of the transferee companies shall ratify its charter, elect or designate the Chairperson of the Board of members, the company's President, the Board of Directors, Director/General Director, and apply for business registration in accordance with this Law. In this case, the application for enterprise registration of the transferee companies must be enclosed with the Resolution on total division mentioned in Point a of this Clause.

3. The number of members, shareholders, their holding of stakes/shares, quantity of shareholders and charter capital of the transferee companies are corresponding to the method of dividing, transferring stakes/shares of the transferor company to the transferee companies in the cases mentioned in Clause 1 of this Article.

4. The transferor company shall cease to exist after the transferee companies are issued with their Certificates of Business registration. Transferee companies are jointly responsible for the unpaid debts, employment contracts, and other liabilities of the transferor company, or reach agreements with the creditors, customers, and employees to decide on one of the companies to settle such obligations.

5. The business registration authority shall update the legal status of the transferor company on the National Business Registration Database when issuing Certificates of Business registration to transferee companies. If the transferee company's headquarter is outside the province in which the transferor company's headquarter is situated, the business registration authority of the province in which the transferee company's headquarter is situated shall notify the business registration of the transferee company to the business registration authority of the province in which the transferor company's headquarter is situated in order to update the legal status of the transferor company on National Enterprise Registration Database.

### **Article 193. Partial division**

1. A limited liability company or joint-stock company may be partially divided by transferring part of its existing assets, rights and obligations (hereinafter referred to as transferor company) to establish one or some new limited liability companies or joint-stock companies (hereinafter referred to as transferee companies) without terminating the existence of the transferor company.

2. Partial division may be carried out using one of the following methods:

a) Part of stakes/shares of members/shareholders and an amount of assets proportional to the value of stakes/shares are transferred to the transferee companies according to their holding in the transferor company and corresponding to the value of assets transferred to the transferee companies;

b) All of stakes/shares of one or some members/shareholders and an amount of assets proportional to the value of their stakes/shares are transferred to the transferee companies;

c) A combination of both cases in Point a and Point b of this Clause.

3. The transferor company shall register a change to charter capital and number of members, which are proportional to the decrease in stakes/shares and quantity of members, at the same time with business registration of transferee companies.

4. Procedures for partial division of a limited liability company or a joint-stock company:

a) The Board of members, the owner, or the General Meeting of Shareholders of the transferor company shall ratify the Resolution on partial division in accordance with this Law and the company's charter. The Resolution on partial division must contain basic information including the transferor company's name, headquarter addresses, names of transferee companies; employment plan; division method; value of assets, rights and obligations transferred from the transferor company to the transferee companies; time limit for division. The Resolution on partial division shall be sent to all creditors and notified to all employees within 15 days from the ratification date;

b) Members, the owner, or shareholders of each of the transferee companies shall ratify its charter, elect or designate Chairpersons of the Board of members, the company's President, the Board of Directors, Director/General Director, and apply for business registration in accordance with this Law. In this case, the application for enterprise registration must be enclosed with the Resolution on partial division mentioned in Point a of this Clause.

5. After business registration, the transferor company and transferee companies are jointly responsible for the unpaid debts, employment contracts, and other liabilities of the transferor company, unless otherwise agreed among the transferor company, transferee companies, the transferor company's creditors, customers, and employees.

#### **Article 194. Corporate amalgamation**

1. Two or some companies (hereinafter referred to as consolidating companies) may consolidate into a new company (hereinafter referred to as consolidated company). After that, consolidating companies shall cease to exist.

2. Procedures for consolidation:

a) The consolidating companies prepare the consolidation contract. The consolidation contract must contain the consolidating companies' names, headquarter addresses; the consolidated company's name and headquarter address; procedures and conditions for consolidation; employment plan; time limit and procedures for transferring assets, stakes, shares, bonds of the consolidating companies to the consolidated company; time limit for consolidation; draft charter of the consolidated company;

b) Members, the owner, or shareholders of the consolidating companies shall ratify the consolidation contract, the consolidated company's charter, elect or designate Chairpersons of the Board of members, the company's President, the Board of Directors, Director/General Director of the consolidated company, and apply for business registration in accordance with this Law. The consolidation contract shall be sent to all creditors and notified to all employees within 15 days from the ratification date;

3. If the consolidated company has 30% - 50% of the market share, legal representatives of consolidating companies shall notify the competition authority before initiating the consolidation process, unless otherwise prescribed by the Law on Competition.

Consolidation is prohibited if the consolidated company has more than 50% of the market share after consolidation, unless otherwise prescribed by the Law on Competition.

4. Documents and procedures for registration of the consolidated company shall comply with this Law. Copies of the following documents shall be enclosed:

a) The consolidation contract;

b) The Resolutions and meeting minutes that ratify the consolidation contract of the consolidating companies.

5. After business registration, the consolidating companies shall cease to exist; the consolidated company shall inherit the lawful rights and interests as well as unpaid debts, employment contract, and other liabilities of the consolidating companies.

6. The business registration authority shall update the legal status of the consolidating companies on the National Business Registration Database when issuing the Certificate of Business registration to the consolidated company. If the new company's headquarter is outside the province in which the divided company's headquarter is situated, the business registration authority of the province in which the new company's headquarter is situated shall notify the business registration of the new company to the business registration authority of the province in which the divided company's headquarter is situated in order to update the legal status of the divided company on National Enterprise Registration Database.

## **Article 195. Acquisition**

1. One or some companies (hereinafter referred to as acquired companies) may be merged into another company (hereinafter referred to as the acquirer) by transferring all assets, legitimate

rights, obligations, and interests to the acquirer. After that, the acquired companies shall cease to exist.

## 2. Procedures for acquisition:

a) Relevant companies shall prepare the acquisition contract and draft the charter of the acquirer. The acquisition contract must contain the acquirer's names, headquarter addresses; the acquired company's name and headquarter address; procedures and conditions for acquisition; employment plan; time limit and procedures for transferring assets, stakes, shares, bonds of the consolidating companies to the acquirer; time limit for acquisition;

b) Members, the owners, or shareholders of each of relevant companies shall ratify the acquisition contract, charter of the acquirer, and apply for registration of the acquirer as prescribed by this Law. The acquisition contract shall be sent to all creditors and notified to all employees within 15 days from the ratification date;

c) After business registration, the acquired companies shall cease to exist; the acquirer shall inherit the lawful rights and interests as well as unpaid debts, employment contract, and other liabilities of the acquired companies.

3. If the acquirer has 30% - 50% of the market share, legal representatives of the companies shall notify the competition authority before initiating the acquisition process, unless otherwise prescribed by the Law on competition.

Acquisition is prohibited if the acquirer has more than 50% of the market share after acquisition, unless otherwise prescribed by the Law on Competition.

4. Documents and procedures for registration of the acquirer shall comply with this Law. Copies of the following documents shall be enclosed:

a) The acquisition contract;

b) The Resolutions and meeting minutes that ratify the acquisition contract of the acquirer.

c) The Resolution and meeting minutes that ratify the acquisition contract of the acquired companies, unless the acquirer is a member/partner or shareholder that holds more than 65% of charter capital or voting shares of the acquired company.

5. The business registration authority shall update the legal status of the acquired companies on the National Business Registration Database and adjust the Certificate of Business registration of the acquirer.

If the headquarter of an acquired company is outside the province in which the acquirer's headquarter is situated, the business registration authority of the province in which the acquirer's headquarter is situated shall notify the business registration authority of the province in which

the acquired company's headquarter is situated in order to update the legal status of the acquired company on National Enterprise Registration Database.

### **Article 196. Converting a limited liability company into a joint-stock company**

1. When a state-owned company is converted into a joint-stock company, regulations of law on conversion of state-owned companies into joint-stock companies shall apply.

2. A limited liability company may be converted into a joint-stock company in one of the following manners:

a) Conversion into a joint-stock company without raising capital from other entities, without selling stakes to other entities;

b) Conversion into a joint-stock company by raising capital from other entities;

c) Conversion into a joint-stock company by selling part of or all of the stakes to one or some other entities;

d) Combination of the methods in Points a, b, and c of this Clause.

3. The company shall register the conversion with a business registration authority within 10 days from the day on which the conversion is completed. Within 05 working days from the receipt of the application, the business registration authority shall reissue the Certificate of Business registration.

4. The converted company obviously inherits all of the lawful rights and interests, debts including tax debts, employment contracts, and other obligations of the old company.

5. Within 07 working days from the day on which the Certificate of Business registration is issued, the business registration authority shall notify relevant regulatory bodies as prescribed in Clause 1 Article 34 of this Law, and update the company's legal status on the National Business Registration Database.

### **Article 197. Converting a joint-stock company into a single-member limited liability company**

1. A joint-stock company may be converted into a single-member limited liability company in one of the following manners:

a) A shareholder receives the transfer of all shares and stakes of all other shareholders;

b) A organization or individual other than a shareholder receives the transfer of all shares of all of the company's shareholders;

c) The company has only one shareholder for a period of time exceeding the time limit prescribed in Article 110 of this Law.

2. The transfer or receipt of capital in the form of shares or stakes mentioned in Clause 1 of this Article shall comply with market prices. Prices are determined according to the asset method, discounted cash flow method, or other methods.

3. Within 15 days from the completion of share transfer prescribed in Point a and Point b Clause 1 of this Article, if the event mentioned in Point c Clause 1 of this Article occurs, the company shall send or submit the application for conversion to the business registration authority where the enterprise registered. Within 05 working days from the receipt of the application, the business registration authority shall issue the Certificate of Business registration.

4. The converted company obviously inherits all of the lawful rights and interests, debts including tax debts, employment contracts, and other obligations of the old company.

5. Within 07 working days from the day on which the Certificate of Business registration is issued, the business registration authority shall notify relevant regulatory bodies as prescribed in Clause 1 Article 34 of this Law, and update the company's legal status on the National Business Registration Database.

#### **Article 198. Converting a joint-stock company into a multi-member limited liability company**

1. A joint-stock company may be converted into a multi-member limited liability company in one of the following manners:

a) Conversion into a limited liability company without raising additional capital or transferring shares to other entities;

b) Conversion into a limited liability company together with raising capital from other entities;

c) Conversion into a limited liability company together with transferring part of or all of shares to other organizations and individuals that contribute capital;

d) Combination of the methods in Points a, b, and c of this Clause.

2. The company shall register the conversion with a business registration authority within 10 days from the day on which the conversion is completed. Within 05 working days from the receipt of the application, the business registration authority shall issue the Certificate of Business registration.

3. The converted company obviously inherits all of the lawful rights and interests, debts including tax debts, employment contracts, and other obligations of the old company.

4. Within 07 working days from the day on which the Certificate of Business registration is issued, the business registration authority shall notify relevant regulatory bodies as prescribed in Clause 1 Article 34 of this Law, and update the company's legal status on the National Business Registration Database.

#### **Article 199. Converting a sole proprietorship into a limited liability company**

1. A sole proprietorship may be converted into a limited liability company under a decision of the sole proprietorship's owner if all of the following conditions are satisfied:

a) All conditions in Clause 1 Article 28 of this Law are satisfied;

b) The sole proprietorship's owner is the owner (if the sole proprietorship is converted into single-member limited liability company under the ownership of an individual) or member (if the sole proprietorship is converted into a multi-member limited liability company) of the limited liability company;

c) The sole proprietorship's owner makes a written commitment to take personal responsibility for all unpaid debts of the sole proprietorship with all of his/her property and to settle the debts when they are due;

d) The sole proprietorship's owner has a written agreement with parties of unfinished contracts that the new limited liability company will take over such contracts;

dd) The sole proprietorship's owner makes a written commitment or agreement with other capital contributors to employ the existing employees of the sole proprietorship.

2. Within 05 working days from the receipt of the application, the business registration authority shall consider issuing the Certificate of Business registration if all of the conditions in Clause 1 of this Article are satisfied.

3. Within 07 working days from the day on which the Certificate of Business registration is issued as prescribed in Clause 2 of this Article, the business registration authority shall notify relevant regulatory bodies as prescribed in Clause 1 Article 34 of this Law, and update the company's legal status on the National Business Registration Database.

#### **Article 200. Enterprise suspension**

1. A enterprise may suspend its business as long as a written notification of the time and duration of suspension and time of resumption is sent to the business registration authority at least 15 days before the date of suspension or resumption. This regulation still applies in case the enterprise resumes its business before the notified date.

2. The business registration authority or competent authority shall request an enterprise to suspend the business lines subject to conditions if such conditions are not satisfied by the enterprise.



3. During the suspension period, the enterprise shall pay outstanding tax, keep paying its debts, executing contracts with customers and employers, unless otherwise agreed among the enterprise, its creditors, customers, and employees.

### **Article 201. Cases of and conditions for dissolution**

1. A enterprise shall be dissolved in the following cases:

- a) The operation period written in the company's charter expires without a decision on extension;
- b) The dissolution is decided by the owner of the sole proprietorship, by all general partners of the partnership, by the Board of members or owner of the limited liability company, or insurance the General Meeting of Shareholders of the joint-stock company;
- c) The company fails to maintain the minimum number of members prescribed by this Law for 06 consecutive months without following procedures for business conversion;
- d) The Certificate of Business registration is revoked.

2. The enterprise shall only be dissolved if all debts and liabilities can be settled and the enterprise is involved in any dispute at a court or arbitral tribunal. Relevant managers and enterprises mentioned in Point d Clause 1 of this Article are jointly responsible for the enterprise's debts.

### **Article 202. Procedures for enterprise dissolution**

The dissolution in the cases mentioned in Points a, b, and c Clause 1 Article 201 of this Law shall be carried out as follows:

1. Ratify the decision on dissolution. The decision on dissolution must contain:

- a) The enterprise's name and headquarter address;
- b) Reasons for dissolution;
- c) Procedures for finalizing contracts and settling debts of the enterprise; the deadline for settling debts and finalizing contracts must not exceed 06 months from the day on which the decision on dissolution is ratified;
- b) Plans for settlement of obligations derived from employment contracts;
- dd) Full name and signature of the enterprise's legal representative.

2. Sole proprietorship's owner, the Board of members, owner, or the Board of Directors shall directly organize the enterprise's asset liquidation, unless a separate liquidation organization must be established according to the company's charter.

3. Within 07 working days from the approval date, the decision on dissolution meeting minutes must be sent to the business registration authority, tax authority, and employees of the enterprise; the decision on dissolution shall be posted on National Business Registration Portal, the enterprise's headquarter, branches, and representative offices.

If there are unsettled financial obligations, the decision on dissolution shall be enclosed with the debt settlement plan and sent to the creditors, people with relevant rights, obligations, and interests. The plan must contain the creditors' names and addresses; the amount of debts, deadline, location, and method of payment; method and deadline for settlement of creditors' complaints.

4. The business registration authority shall post a notification of the status of every enterprise undergoing dissolution process on the National Business Registration Portal right after receiving the decision on dissolution from the enterprise. The notification must be posted together with the decision on dissolution and debt settlement plan (if any).

5. The enterprise's debts shall be paid in the following order:

a) Unpaid salaries, severance pay, social insurance as prescribed by law, other benefits of employees according to collective bargaining agreement and signed employment contracts;

b) Tax debts;

c) Other debts.

6. After all debts and dissolution costs are paid, the remaining value shall be received by the sole proprietorship's owner, members, shareholders, or owner of the company according to their holding of stakes or shares in the company.

7. The legal representative of the enterprise shall send the petition for dissolution to the business registration authority within 05 working days from the day on which all of the enterprise's debts are settled.

8. The business registration authority shall update the enterprise's legal status of National Enterprise Registration Database if no opinions or objections from relevant parties are received after 180 days from the day on which the decision on dissolution is receipt as prescribed in Clause 3 of this Article or within 05 working days from the receipt of the petition for dissolution.

9. Government shall elaborate the procedures for business dissolution.

### **Article 203. Enterprise dissolution upon revocation of Certificate of Business registration or under a Court's decision**

The enterprise dissolution mentioned in Point d Clause 1 Article 201 of this Law shall be carried out following the procedures below:

1. The business registration authority shall post a notification of the status of the enterprise undergoing dissolution process on the National Business Registration Portal concurrently with issuing a decision to revoke the Certificate of Business registration or as soon as receiving an effective decision on dissolution issued by a Court. The notification shall be posted together with the Court's decision to revoke the Certificate of Business registration;

2. Within 10 days from the receipt of the decision to revoke the Certificate of Business registration or from the effective date of the Court's decision, the enterprise shall convene a meeting to decide the dissolution. The decision on dissolution and copy of the decision to revoke the Certificate of Business registration or the effective Court's decision shall be sent to the business registration authority, tax authority, and employees of the enterprise, and be posted at the enterprise's headquarter and branches. If required by law, the decision shall be posted on at least 03 consecutive issues of a conventional newspaper or online newspapers.

If there are unsettled financial obligations, the decision on dissolution shall be enclosed with the debt settlement plan and sent to the creditors, people with relevant rights, obligations, and interests. The plan must contain the creditors' names and addresses; the amount of debts, deadline, location, and method of payment; method and deadline for settlement of creditors' complaints.

3. The enterprise's debts shall be paid in accordance with Clause 5 Article 202 of this Law.

4. The legal representative of the enterprise shall send the petition for dissolution to the business registration authority within 05 working days from the day on which all of the enterprise's debts are settled.

5. The business registration authority shall update the enterprise's legal status of National Enterprise Registration Database if no opinions or objections from relevant parties are received after 180 days from the notification date prescribed in Clause 1 of this Article or within 05 working days from the receipt of the petition for dissolution.

6. The company manager is personally responsible for the damage cause by failure to comply with or to completely comply with regulations of this Article.

#### **Article 204. Petition for enterprise dissolution**

1. The petition for dissolution include the following documents:

a) A notification of the enterprise dissolution;

b) A report on liquidation of the enterprise's assets; a list of creditors and paid debts, including tax debts, outstanding social insurance contributions, and debts owed to employees after deciding the dissolution (if any);

c) The seal and seal certificate (if any);

d) The Certificate of Business registration.

2. Members of the Board of Directors of the joint-stock company, members of the Board of members of the limited liability company, the company's owner, the sole proprietorship's owner, the Director/General Director, general partners, legal representative of the enterprise shall be responsible for the truthfulness and accuracy of the petition.

3. If the petition are not accurate or fraudulent, the persons mentioned in Clause 2 of this Article are jointly responsible for paying the unpaid debts, taxes, and unsettled employees' benefits, and take personal responsibility for any consequence that ensue within 05 years from the day on which petition for dissolution is submitted to the business registration authority.

#### **Article 205. Banned activities as from issuance of decision on dissolution**

1. From the issuance of the decision on dissolution, the enterprise and its manager are prohibited to:

a) Hide, illegally liquidate assets;

b) Renounce or reduce the right to claim debts;

c) Convert unsecured debts into debts secured on the enterprise's assets;

d) Sign new contracts, except for those serving the enterprise's dissolution;

dd) Mortgage, pledge, give, lease out assets;

e) Terminate effective contracts;

g) Raise capital in any shape or form.

2. Depending on the nature and seriousness violations, the individual that commits the violations in Clause 1 of this Article shall face administrative violations or criminal prosecution, and pay compensation for any damage caused.

#### **Article 206. Shut down of branches and representative offices**

1. A branch or representative office of an enterprise shall be terminated under a decision of the enterprise or a decision to revoke the Certificate of registration of branch or representative office issued by a competent authority

2. Documents for Shut down of a branch or representative office includes:

a) The decision of the enterprise to shut down the branch or representative office, or the decision to revoke the Certificate of registration of branch or representative office issued by a competent authority;

b) The list of creditors and outstanding debts, including tax debts, of the branch and outstanding social insurance contributions;

c) The list of employees and their corresponding benefits;

d) The Certificate of registration of the branch or representative office;

dd) The seal of the branch or representative office (if any).

3. The enterprise's legal representative and the head of the shut down branch or representative office are jointly responsible for the truthfulness and accuracy of the said documents.

4. The enterprise whose branch is shut down is responsible for execution of contracts, payment of debts, including tax debts, of the branch, keep employing the branch's employees or provide them with adequate benefits.

5. Within 05 working days from the receipt of sufficient documents prescribed in Clause 2 of this Article, the business registration authority shall update the legal status of the branch or representative office on National Enterprise Registration Database.

### **Article 207. Bankruptcy**

Regulations of law on bankruptcy shall apply to bankruptcy of enterprises.

## **Chapter X**

### **IMPLEMENTATION**

### **Article 208. Responsibilities of regulatory bodies**

1. The Government shall unify state management of enterprises.

2. Ministers and ministerial agencies are responsible to the government for fulfillment of their duties with regard to state management of enterprises.

3. Ministers and ministerial agencies, within the scope of their competence, shall direct professional organizations to periodically send the following information to the business registration authorities where the enterprises' headquarters are situated:

a) Information about Business licenses, Certificates of eligibility for business operation, practicing certificates, certifications or written approval for business conditions issued to enterprises, decisions on penalties for administrative violations committed by enterprises;

b) Information about the operation and tax payment of enterprises derived from enterprises' tax reports;

c) Information about enterprises' operation serving improvement of state management effect.

4. The People's Committees of provinces shall manage local enterprises.

5. The People's Committees of provinces, within the scope of their competence, shall direct affiliated professional organizations and the People's Committees of districts to periodically send the information prescribed in Clause 2 of this Article to the business registration authorities where the enterprises' headquarters are situated.

6. The Government shall elaborate this Article.

#### **Article 209. Business registration authorities**

1. Every business registration authority has the following duties and entitlements:

a) Process business registration applications and issue Certificates of Business registration as prescribed by law;

b) Cooperate in developing and managing the National Business Registration Information System; provide information for regulatory bodies, organizations and individuals at their request as prescribed by law;

c) Request enterprises to report their conformity to this Law where necessary; urge enterprises to report.

d) Carry out inspections or request competent authorities to carry out inspections according to contents of applications for enterprise registration;

dd) Take responsibility for the validity of applications for enterprise registration; Take no responsibility for violations committed by enterprises before and after business registration;

e) Deal with violations against regulations on business registration prescribed by law; revoke Certificates of Business registration and request enterprise to follow procedures for dissolution in accordance with this Law;

g) Perform other rights and obligations prescribed by this Law and relevant laws.

2. The Government shall provide for organization structure of business registration authorities.

#### **Article 210. Actions against violations**

1. Any organization or individual that commit violations against this Law, depending on the nature and seriousness of the violations, shall face disciplinary actions, administrative penalties, and pay compensation for any damage caused; individuals might also face criminal prosecution as prescribed by law.

2. The Government shall elaborate penalties for administrative violations against this Law.

### **Article 211. Revocation of Certificate of Business registration**

1. A enterprise shall have its Certificate of Business registration revoked in the following cases:

- a) The information provided in the application for enterprise registration is false;
- b) The enterprise is established by persons banned from enterprise establishment as prescribed in Clause 2 Article 18 of this Law;
- c) The enterprise's business operation is suspended for 01 year without notifying the business registration authority and tax authority;
- d) The enterprise fails to submit reports as prescribed in Point c Clause 1 Article 209 of this Law to the business registration authority within 06 months from the deadline or from the receipt of a written request;
- dd) Other cases decided by the Court.

2. The Government shall elaborate procedures for revocation of the Certificate of Business registration.

### **Article 212. Effect**

1. This Law takes effect from July 01, 2015. The Law on Enterprises No. 60/2005/QH11 dated November 29, 2005 and the Law No. 37/2013/QH13 dated June 20, 2013 on Amendments to Article 170 of the Law on Enterprise are null and void from the effective date of this Law, except for the following cases:

- a) With regard to limited liability companies established before this Law takes effect, the company's charter shall apply to deadlines for capital contribution;
- b) Enterprises of which charter capital is held by the State shall be restructured to ensure conformity with Clause 2 and Clause 3 Article 189 of this Law before July 01, 2017;
- c) Clause 2 Article 189 shall not apply to companies whose shares or stakes are held by the State before July 01, 2015, provided the ratio of cross ownership is not increased.

2. Every household business that hires 10 regular employees or more must apply for business registration in accordance with this Law. Small-scale household businesses shall apply for business registration and operate in accordance with regulations of the Government.

3. Pursuant to this Law, the Government shall elaborate the organizational structure and operation of state-owned companies directly serving national defense and security or combining business operation with national defense and security.

**Article 213. Specific regulations**

The Government shall elaborate the Articles and Clauses as mentioned above.

*This Law is passed by the 13<sup>th</sup> National Assembly of Socialist Republic of Vietnam during the 8<sup>th</sup> session on November 26, 2014.*

**PRESIDENT OF NATIONAL ASSEMBLY**

**Nguyen Sinh Hung**