

Our Asia Counsel Insights provide a summary overview of the key trending legal and business issues in Vietnam and how they may impact on your business. Please enjoy your read.

## About Asia Counsel

Asia Counsel is a dynamic international corporate and commercial law firm dedicated to serving clients in Vietnam. We are committed to helping clients achieve their business strategies and providing outstanding legal services.

Contact us if you have any legal inquiries.



## Banking Wrap

### Mergers and Consumer Finance

Bank consolidation continues in 2015 with BIDV proposing to merge with Mekong Housing Bank and Vietinbank proposing to merge with PG Bank.

The consumer finance sector is to face stiffer competition as Vietinbank and BIDV are to enter the consumer finance business.

### Vietnam Asset Management Co.

The Government issued Decree 34 with the following changes:

- the charter capital of VAMC is VND2,000 billion (approx. USD92.5 million).
- VAMC will not need to comply with decrees on corporate and government bonds and state asset management when issuing bonds to purchase bad debt.
- foreigners may purchase VAMC bonds, SBV to regulate.

## Enterprises Law: From 1 July 2015

### More than one Legal Representative

Companies may appoint more than one legal representative. The chairman or the general director must be one of the legal representatives. At least one of the legal reps must reside in Vietnam. The company charter will need to be amended to set the authority level of the different legal reps.

### Independent Board Members

A joint stock company which elects not to have a supervisory board must ensure that at least 20% of the board of management are independent board members. The Enterprises Law also sets out the criteria to qualify as an independent board member.

### Meetings by Electronic Means

Meetings by electronic means such as teleconferencing, conducted by the members' council, shareholders meeting and the board of management are formally recognised in law.

### Board of Management

Board resolutions may be passed by a majority higher than a simple majority if stated in the charter. This gives greater protection for minority shareholders.

## Property

### Foreign Housing Ownership

A draft Government decree allowing foreigners to purchase apartments and houses proposes the following:

- The provincial departments of construction will announce the property developments that foreigners are **not** permitted to own. The departments will also announce the number of foreigners owning an apartment or house in a unit complex or ward.
- A property sale agreement is invalid if it breaches the foreign ownership quota (ie 30% of a unit complex and 10% of villas up to a total of 250 villas in a ward). The seller must compensate the buyer if the contract is invalid.

## About Asia Counsel

Asia Counsel is a dynamic international corporate and commercial law firm dedicated to serving clients in Vietnam. Our partners have over eight years of experience in working on complex and challenging matters in Vietnam. We are committed to helping clients achieve their business strategies and providing outstanding legal services.

If you have any questions on any of the items discussed above, please do not hesitate to contact us.

Christian Schaefer  
Managing Partner  
E christian@asia-counsel.com

Minh Duong  
Partner  
E minh@asia-counsel.com

## Business

### Franchise registrations

According to the MOIT, 129 franchises have been registered in Vietnam. These range from the restaurant chains of Yoshinoya, KFC, Starbucks, to the fashion chains of Aldo, Moschino and Bottega Veneta.

### Provincial Competitiveness

According to the VCCI, Da Nang is the most competitive in terms of doing business. The PCI is a measure of the total investment capital deployed and businesses that have been established in each province. Interestingly, 31% of enterprises polled indicated that in 2014 enterprises made commission payments when participating in auctions – this is a threefold increase from 2013.

## The Financial Markets

### SSC Imposes Penalties

The SSC has imposed 44 administrative penalties since the start of this year. The common penalties were the failure to report to the SSC on material matters. There were also penalties imposed on market manipulation with the highest penalty being VND600 million (USD28,000).

### Reporting season

It is reporting season in Vietnam and many companies are holding their annual general meeting as required by law. Reportedly many listed companies have voted to increase their charter capital which is a positive sign that domestic investment in the local economy will pick up in 2015.

### Mobifone

Mobifone is reportedly set to equitise in the fourth quarter of 2015. Mobifone is being advised by Credit Suisse and has given an indicative value of USD2 billion.

## Consumer

### Formula milk prices to decrease

Decree 100/2014/ND-CP effective as of 1 March 2014 bans advertisement on formula products for infants under 24 months. Formula producers has been forced to decrease prices by eliminating the advertisement budget from factor cost. The five big dairy producers holding 70% of the market share have filed declarations to decrease prices of 50 products to the Ministry of Finance by 15 April 2014 in response to the Price Management Department's Official Letter No. 90/QLG-NLTS dated 25 March 2015.

### Largest Korean retailer to enter Vietnam

Leading Korean retailer Emart announced its plan to cooperate with about 1000 manufacturers and distributors to open the first Emart hypermarket in Go Vap District, Ho Chi Minh City with the total investment of USD60 million by the end of 2015.

### Restaurant Business

Since the start of the year, 100% foreign owned restaurant businesses are permitted. This paves the way to the unwinding of existing nominee arrangements traditionally adopted in this sector.

## Vietnam Fact Box

First quarter GDP growth 6.03%

USD/VND 1 USD = 21,600 sell

Unemployment rate is 2.22%

Motor vehicle ownership is 23 vehicles per 1,000 people

The death anniversary of the Hung Kings is on the 10<sup>th</sup> day of third lunar month. The day celebrates the founding fathers of Vietnam. It does not mark any specific death of a king but marks the celebration of the ancestry of the Hung Kings.

A week long public holiday is set to begin on 27 April to celebrate the Hung Kings anniversary, Unification Day and International Labour Day.

## Infrastructure

### Phu Quoc International Passenger Sea Port

Phu Quoc Investment & Development JSC (a member of Vingroup) has been appointed by Kien Giang People's Committee as an investor in a BOT project to build the Phu Quoc International Passenger Port at Duong Dong town. The project is scheduled to be completed in 2017 with total investment capital of 1.64 trillion VND, of which 70% are sourced from the state budget and 30% are funded by the investor.

### Four new power plants

According to reports from EVN, four new power plants have been added to the national grid. This is a combination of hydro, thermal and coal fired power plants. Tra Vinh Province has also issued an investment certificate for a USD120 million wind powered project wholly invested by foreign money. The project is expected to begin generating power in 2017.

