

GOVERNMENT APPROVES ESTABLISHMENT OF SATELLITE DIGITAL TELEVISION LIMITED LIABILITY COMPANY

On May 12, 2009, the Prime Minister issued Official Letter No. 3030/VPCP-QHQT on policy on to the investment project for the establishment of “Vietnam satellite digital television limited liability company.”

Based on Hanoi People’s Committee’s proposal, the Prime Minister approved, in principle, the investment project for establishment

of this company with its business objectives, content and scope of operation as outlined by Hanoi People’s Committee.

Hanoi People’s Committee will consider the particular issues on the issuance of the Investment Certificate for the investment project together with establishment of this company in accordance with applicable laws.

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LISTING AND TRANSACTING OF GOVERNMENT BOND ISSUING IN FOREIGN CURRENCIES

On April 24, 2009, the State Securities Commission of Vietnam (“SSC”) issued Decision No. 253/QD-UBCK providing regulations on listing and transacting of government bond issued by the Government dominated in foreign currencies (“sovereign bond”) at the Hanoi Stock Exchange (“HNX”).

An application file and its registration procedure for a sovereign bond to be listed are regulated similarly with those of a government bond to be listed and dominated in Vietnamese Dong.

Any investor who has not opened

any account and desires to conduct a bond transaction can use his current securities account or open a new transaction securities account at a securities company. Furthermore, the investor must open a foreign currency payment account at a commercial bank under SBV’s guidelines.

A sovereign bond can be transacted through the bond transaction system of HNX in an agreed transaction manner.

In respect of a bond transaction, a listing unit is 01 cent. A fluctuation margin of price is not being applied.

SSC does not provide a maximum bond transaction unit and an amount for each transaction.

All bond transaction payment can be directly made in US\$ within 01 working day following the transaction date. All depository members and the securities depository center must open their respective balance payment accounts in foreign currencies at an appointed bank for any bond transaction payment.

This Decision has effect from its signing date.

FEE FOR SHARES AUCTION

On April 27, 2009, the Ministry of Finance issued Circular No. 82/2009/TT-BTC stipulating the fee level, collection, management and usage of the fees for shares auction.

Enterprises, organizations and individuals holding shares that are offered for sale via auction at the Stock Exchange (SE) and the Securities Transaction Center (STC), and other organizations permitted to organize an auction must pay the

auction fees.

A fee for shares auctions applied in SE, STC is 0.3% of the total value of the shares already sold and the maximum fee can not exceed VND300 million per each share auction.

A fee offered by organizations permitted to organize an auction can be agreed by related parties and cannot exceed 0.3% of the total

value of the shares actually sold.

A fee for shares auction collected is an amount, which does not belong to the State Budget. Organizations collecting fee will pay taxes for such fee and are entitled to administer and use such fee after fulfilling all taxes as regulated by applicable laws.

This Circular shall take effect after 45 days from the date of signing.

NEW REGULATION ON FINANCIAL REGIME APPLICABLE TO INSURANCE ENTERPRISES AND INSURANCE BROKERAGE ENTERPRISES

On 28 April 2009, the Ministry of Finance issued Circular No. 86/2009/TT-BTC amending and supplementing some articles of (i) Circular No. 155/2007/TT-BTC dated 20 December 2007 of the Ministry of Finance providing guidelines for implementing Decree No. 45/2007/ND-CP dated 27 March 2007 of the Government guiding a number of Articles of the Law on Insurance Business; and (ii) Circular No. 156/2007/TT-BTC providing guidelines for implementing Decree No. 46/2007/ND-CP dated 27 March 2007 of the Government providing financial regime applicable to insurance enterprises and insurance brokerage enterprises (“Insurance Enterprises”/IE).

This Circular amends following issues:

1. Evaluation of financial capacity in the file for issuance of the establishment license of the IE:

Proof of capacity of the investor to contribute full capital registered for establishment of an IE will be subject to the fact whether an investor is a founding shareholder (or a founding member) or not and the ratio of capital contribution by such Investor to an IE, details are as below:

(i) A Financial Statement (“FS”) certified by an independent audit for latest 03 consecutive years accounting from the year of application for the IE establishment in respect of organization - founding shareholder (member) or contributes at least 10% of the charter capital; FS for latest 03

consecutive years in respect of investor being legal entity and is not the founding shareholder (member) or contributes less than 10% of the charter capital;

(ii) Financial sources for capital contribution for establishment of an IE must be legitimate sources, investors must not use loan amount or delegated investment capital of any form;

(iii) A Vietnamese organization, which is a founding shareholder (or founding member) or a shareholder who contributes at least 10% of the charter capital in the IE, wishing to contribute its capital for establishment of an IE, must satisfy 3 conditions: (i) own at least VND150 billion of capital contribution, (ii) contribute no more than 25% of contributed capital to an IE, and (iii) make a profit proved in the audited FS of the latest 03 consecutive years;

(iv) A Vietnamese organization wishing to contribute its capital for establishment of an IE of less than 10% of the charter capital of the IE, must satisfy 2 conditions: (i) have a healthy financial situation during latest 03 consecutive years, and (ii) the capital owned by such organization after deducting long-term investment amount must be greater than the capital contribution registered to contribute to an IE.

2. Increase and decrease of charter capital of an IE:

Within 06 months from the date the Ministry of Finance (MoF) approves in principle the increase or decrease of the charter capital, an IE must

completes the decrease or increase under the approved plan and report the result to MoF for its consideration to issue the amended license. In case of failure to perform the approved plan for increase the charter capital, an IE must report its failure to MoF for its further action.

3. Maximum level of responsibility withheld by an IE:

An IE can be permitted to withhold a maximum level of responsibility per each risk or each separate damage of no more than 5% of capital owned by investors (instead of the former level of 10%).

MoF also explicitly stipulates the principle for defining the turnover from insurance business activity arising within each period. Accordingly, an IE must take original insurance fee into the turnover in case the insurance responsibility toward insurance purchaser arisen after the signing of the insurance contract and the purchaser fully paid insurance fee, and there is evidence that the IE accepts insurance and the insurance purchaser fully contribute insurance premium, the insurance contract is signed and in the insurance contract, an IE agreed for the insurance purchaser to owe insurance premium. Moreover, this Circular also makes essential amendments on regulation on examination, internal superior; standard conditions for managers and operators in an IE.

This Circular shall take effect after 45 days from the date of signing.

NEW REGULATION ON ADMINISTRATIVE PENALTY ON INSURANCE BUSINESS

On May 05, 2009, the Government issued Decree No. 41/2009/ND-CP on penalties for administrative breach in field of insurance business (IB).

For each breach in IB, each individual, organization-committing breach shall be applied major penalty form of monetary fine. The former penalty form of warning is no long in existence. In addition, pursuant to the nature, level of the breach, additional penalty or measure to remedy consequence will be applied.

The time limit of penalties for administrative breach in field of IB shall be 02 years from the date of breach commitment of such

individual, organization. In case the time limit exceed above-mentioned one, fine shall not be applied, however, the measure to remedy consequence shall be still applied. The time limit which person committing breach shall be treated as if there is no breach shall be 01 year from the date the decision on administrative fine is implemented, or from the invalid date of the decision the person committing breach does not repeat breach.

This Decree divides breaches into following groups: (i) breach regulations on establishment and operation of an IE; (ii) breach on management and operation; (iii) breach on insurance deployment; (iv) breach on insurance brokerage,

agency and representative; (v) breach on management, usage of capital and assets; (vi) breach on payment capacity and accounting calculation; (vii) breach on reporting, inspecting and controlling regime, regulation on financial safety in operation of an IE.

The monetary fine for breach shall be VND30, 50 or 70 million respectively depending on each breach, and an IE shall be applied additional penalty, and/or measure to remedy consequence.

This Decree takes effect from 22 June 2009 and replaced Decree No. 118/2003/ND-CP dated 13 October 2003 providing regulations on administrative penalty in IB.

GUIDELINE ON TAX SOLUTION FOR REMEDY PROBLEMS OF ENTERPRISE

On April 28, 2009, the Ministry of Finance issued Circular No. 85/2009/TT-BTC providing guidelines on implementing Decision No. 58/2009/QĐ-TTg dated 16 April 2009 of the Prime Minister that supplements some tax solutions in order to implement the government policy on promulgate demand of investment and consuming, preventing of economic depression, remedying problems of enterprises.

A discount of 50% of registration fee applicable to cars for passengers under 10 seats (including the driver's seat) shall be applied to the file on declaration of registration fee submitted to local tax office from 1 May 2009 to 31 December 2009, regardless of whether it is the first or second registration. Cars in this case exclude of three wheeled taxi, car for both passengers and goods transportation.

In respect of enterprises enjoying

discount rate of 30% of corporate income tax (CIT) payable in Quarter IV/2008 pursuant to Decision No. 58/2009/QĐ-TTg, the CIT levied on the income arising from business activities which is the basis to specify the payable tax shall be defined in either: (1) a business result of the enterprise; or (2) an equal to total CIT payable in 2008 applicable to income from business activities entitled to be discounted divides 4. In case the enterprise is in its period enjoying preferential CIT pursuant to current laws and regulations of Vietnam on CIT, the 30% discounted CIT shall be calculated on the remaining tax after deducting the preferential tax amount pursuant to laws and regulations.

In respect of goods enjoyed a discount rate of 50% of value added tax (VAT) pursuant to Article 1.1, Decision No. 58/2009/QĐ-TTg, a rate of 50% shall also be applied to wasted materials resulted from

production of goods. At the same time, the discount on VAT will also systematically apply in import, production, processing or trading. Subjects enjoying tax discount shall be household, individual conducting production and business.

To enjoy extension of the time period of VAT payment up to 180 days applicable to imported goods in accordance with Decision No. 58/2009/QĐ-TTg, an importing organization/individual must present the Customs Office with its import contract (together financial hire contract in case the company imports goods for financial hire purpose) and the confirmation by the enterprise's Director on list of goods imported for forming fixed assets of the company.

This Circular had effect from May 1, 2009 to December 31, 2009.

SUPPLEMENTARY LIST ON GOODS ENTITLED TO 50% VAT DISCOUNT

On 12 May 2009, the Ministry of Finance issued Circular No. 91/2009/TT-BTC providing a supplementary list of goods entitled to 50% VAT discount in conformity with Decision No. 16/2009/QĐ-TTg dated 21 January 2009 of the Prime Minister.

This Circular supplements a number of goods for consuming and production subject to 50% VAT discount, including: machine combining two or three functions of printing, copying or fax that can combine with automatic data tackling or connecting net; internet television conference devices; remember chip; chassis equipped engine for agricultural tractor ... The discount of 50% of VAT for these goods shall be systematically applied in import, production, processing and trading stage. Wasted materials collected for recycle and reuse shall be subject to

tax rate applicable to respective goods.

Enterprises, which already paid VAT for imported goods declared and deducted the discount at tax office, shall not adjust tax declaration and submission; in case the enterprises paid VAT for imported goods but the importer has not declared and deducted such tax amount with the tax office shall choose, (1) to make no adjustment on declaration and deduction of all paid VAT for imported goods or (2) to request the custom office to certify the exceeded tax amount for tax office to refund tax for enterprises.

In respect of goods sold from February 1, 2009 that the selling unit has not showed 50% discount on the selling invoice, if the purchaser request the seller to adjust the invoice for enjoying 50% VAT

discount, the seller and the purchaser must make a minute or an agreement in writing, then the seller shall adjust the invoice with the change of 50% discount. In case the purchaser does not require the seller to adjust the invoice for enjoying 50% VAT discount, the seller shall declare and pay tax in accordance with tax rate of 10% as specified in the Invoice; the purchaser shall be entitled to declaration and deduction for goods based on the tax rate of 10% as stipulated in the invoice.

In case the purchaser is not defined, the selling unit shall not be entitled to issue an invoice adjusting the decrease of 50% VAT and it must declare and pay VAT in conformity with the tax rate of 10% stipulated in the service invoice.

This Circular took effect from February 1, 2009 to December 31, 2009.

GUIDANCE ON OPERATION NETWORK OF SMALL-SIZED FINANCIAL ORGANIZATION

On 29 April 2009, the State Bank of Vietnam issued Circular No. 08/2009/TT-NHNN providing guidelines on operation network of small-sized financial organizations (SFO).

A SFO must build up and issue its suitable Internal Regulation on network operation and management and must provide its regulations on risk control and management information system, on safety assurance of transaction, and fund. With regards to a SFO that has demand to open its branch on the basis of converting its current branch must satisfy following conditions:

- (i) The branch must have sufficient material facilities for operation as required;
- (ii) The current branch is effectively operating and must have explicit process, its general loan surplus of borrowers bearing overdue loan /general loan must be below 5%;
- (iii) The SFO must have explicit

internal regulation and information management system to ensure the control capacity of the head quarter over the branch;

(iv) The charter capital of the SFO (in Vietnam Dong) must be more than VND1.5 billion multiplies with number of branches requested to open in provinces and cities.

In respect of a SFO with less than 02 branches and request for opening additional branches within 01 year from the date of opening the SFO, the total number of branches must not exceed 02 and the SFO must fully satisfy 02 following conditions:

- (i) having feasible business plan within 02 first years;
- (ii) having explicit internal regulations and information management system ensuring the control capacity of the head quarter over the branch.

If a SFO requests to open additional branch after 01 year from its opening date, in addition to the above

conditions, it must satisfy following conditions:

- (i) Making profit in the latest year and having income which is greater than the costs and expenses counting up to the latest month of requesting for opening of the branch;
 - (ii) The SFO does not commit any breach on safety of a small sized financial operation and other applicable laws and regulations within a year;
 - (iii) Having a minimum safe capital level of 15% at the time of requesting for opening the branch;
 - (iv) Having an effective administrative, management and internal audit, internal checking, controlling system.
- This Circular also provides operation and termination of branch, transaction office of a SFO.

This Circular takes effect from June 12, 2009.

COPYRIGHTS

PENALTIES FOR ADMINISTRATIVE BREACH OF COPYRIGHTS AND RELATED RIGHTS

On May 13, 2009, the Government issued Decree No. 47/2009/ND-CP providing regulations on penalties for administrative breach of copyrights and related rights.

The Government provides specific activity, form of penalty and level of penalties. Breaches includes breach of regulation on operation and registration of collective representatives, regulation on assessment of copyrights and related rights, regulation on consultants and service providers, on illegally hindering the State administration, inspections and checking on copyrights and related rights...

Each administrative breach of an organization or an individual must be subject to either: a warning or a fine. In addition, an organization, an individual committing breach may be subject to additional forms of penalty such as confiscation of goods in breach, suspension of business or service providing in the period of from 90 to 180 days, confiscation of the Certificate of Related Right Registration and measures to remedy consequences.

The highest level of a fine of VND500 million applicable for the breaches such as: writings copying, directly or indirectly performance copying, copying of the proposed broadcast

program without permission of the owners (in case the value of breached good exceeds VND500 million); arrogating the right to publicly perform the writings, the right to copy, distribute, import the original or copy of writings, the right to hire movies, computer programs, right to broadcast or rebroadcast programs.

This Decree shall take effect from 30 June 2009 and replace regulations in Article 44, 45, 46, 47, Section 7, Chapter II and other regulations in Decree No. 56/2006/ND-CP dated June 6, 2006 on administrative penalty in culture and information activities that are contrary to the provisions of this Decree.

PENALTIES FOR ADMINISTRATIVE BREACH IN TECHNOLOGICAL TRANSFER

On May 21, 2009, the Government issued Decree No. 49/2009/ND-CP providing regulations on penalties for administrative breach of technological transfer.

This Decree provides details of breaches, forms of penalty, fine level, measures to remedy consequences and sanction authority. Breaches includes breach on making corrupt use of technological transfer activities; transferring of products which is immoral and contrary to habits and customs; transferring without license, proxy, transferring without obeying contents stipulated in the Business Registration Certificate.

Time limit for penalties for administrative breach of technological transfer from abroad into Vietnam or vice versa shall be 02 years. Time limit for technological transfer within local territory shall be 01 year from the date of committing the breach.

In respect of each breach, organization, individual committing breach shall be subject to one of three main forms of followings: warning, fines and expulsion of foreigners. In addition to that, organization, individual shall be subject to supplemented sanctions such as: revoking the right to use the License for technological transfer;

Certificate of Registration of technological transfer; confiscation of exhibit, means for committing the breach and carrying out the measures to remedy consequences. A maximum fine of VND70 million shall be applicable for action of making corrupt use of technological transfer resulting to harm in interest of national defense and security. In this case, the sanction authority shall be the Chief Inspector of the Ministry of Science and Technology.

This Decree shall take effect from July 31, 2009 and replaced Decree No. 16/2000/ND-CP dated 10 May 2000 of the Government providing regulations on penalties for administrative breach of enological transfer.

GUIDELINES FOR STATE ADMINISTRATION ON LABOR IN INDUSTRIAL ZONES

On June 05, 2009, the Ministry of Labor – Invalids and Social Affairs (“MoLISA”) issued Circular No. 13/2009/TT-BLĐTBXH providing guidelines to execute mission of State administration on labor in industrial zones, export processing zones, economy zones and high technological zones (“Industrial Zones”).

The Provincial People’s Committee (PPC) shall carry out its State administration on labor in Industrial Zones; Department of Labor Invalids and Social Affairs (“MoLISA”) shall assist PPC in carrying out State administration under the assignment of MoLISA; Managing board of Industrial Zones (“Managing Board”) shall carry out some of mission of State administration in Industrial Zones as authorized by MoLISA.

Based on the real situation of each locality and the structure of the

Board of Management of Industrial Zones, the parties shall discuss to make agreement on the mandating to the Board of Management of Industrial Zones to carry out the whole or apart of the following tasks: to issue, to reissue, to re-grant, to extend, to revoke the Work Permit for all foreigners working in Industrial Zones; to grant Labor Book for Vietnamese working in Industrial Zones; to register the Labor Regulation, Labor Collective Agreement, system of salary scale and payroll of enterprises in Industrial Zones; to register the schedule to send laborers to practice within 90 days abroad for enterprise in Industrial Zones.

In case that the Industrial Zone locates on a number of provinces, the MoLISA where the head office of the Board of Management locates shall issue the Power of Attorney. MoLISA shall cooperate with the

Board of Management of Industrial Zones to effectively perform state administration in labor within the Industrial Zone. The Board of Management of Industrial Zones must periodically six month or one year report the implementation of its delegated task to the MoLISA to make summary to report to the Chairman of the District People’s Committee for settlement of collective labor dispute and dispute on rights of enterprises in the industrial zones.

This Circular shall take effect after 45 days from the signing date and Decision No. 1414/1997/QĐ-BLĐTBXH dated 17 November 1997 on delegation of some labor management duty to the Board of Management of industrial zones and processing zones, high technological zones in province and city directly under central authority was annulled.

LAND

ORDER, PROCEDURES OF CERTIFICATION AND ISSUANCE OF CERTIFICATE OF LAND USE RIGHTS IN HO CHI MINH CITY

On 06 May 2009, Ho Chi Minh City People's Committee issued Decision No. 35/2009/QD-UBND providing Regulations on the sequence, procedures of certification and issuance of Land use rights Certificate (LURC) in Ho Chi Minh City.

Scope of governing:

The Decision provides regulations on the sequence, procedures of certification and issuance of LURC for the first time for organization using land before July 1, 2004; issuance of LURC for organizations in the cases stipulated in Point b, c, d and e, Item 5, 6, 7 of Article 41. of Decree No. 181/2004/ND-CP dated 29 October 2004 of the Government on enforcement of the 2003 Land Law (Decree No. 181).

This Decision may not apply to the cases in which LURCs are granted to organizations which received decisions on land allocation, land lease or changing purpose of land using in accordance with Decision No. 19/2008/QD-UBND dated 21 March 2008 of PPC of Ho Chi Minh City providing Regulation on procedure of the land allocation, land leasing, changing purpose of land using in the area of Ho Chi Minh City.

Condition for issuance of the LURC:

Organizations using land will be recognized and granted by People's Committee their LURC with current status in conformity with the current border and using area if they satisfy following conditions:

- (i) Having no disputes, complaints regarding the land;
- (ii) The land is used in accordance with the plan on land use or approved detailed plan of urban construction;
- (iii) Land is used effectively without violation to the Land law;
- (iv) The organization using the land fully implements regulations of the laws on environment protection;
- (v) The organization using the land fully executed its financial obligations of land using in accordance with laws and regulations.

Certain cases in which no LURC is issued or the issuance of LURC is temporarily suspended:

- i) Land allocated by the Government for management as stipulated in Article 3 of Decree 181;
- ii) Agriculture land belonging to public benefit land under management of people's committee at commune level;
- iii) Organization using the land leased or subleased from others in case that the land does not locate in the industrial zones;
- iv) Organization using the land without sufficient conditions to be issued the LURC as regulated in Article 3 of this Regulation;
- v) Organization receives land from plantation, forestations yard.

With regard to the temporary suspension for issuance of the LURC in case of preventing: Upon request in writing on the preventing of issuance of the LURC by the Court at all level, investigation police, and the enforcement body or upon petition handled by competent authority or settled by the inspector,

the issuance of the LURC shall be temporarily suspended until a final decision.

Authority to issue LURC:

People's Committee shall determine to recognize the land use right and the using regime, using time, using purpose for organizations. Upon the Decision on acknowledgement of the land use right, the Department of Natural Resources and Environment shall enter into a land leasing agreement (in case of leasing) and issue the LURC to such organization in conformity with Decision No. 08/2006/QD-BTNMT dated July 21, 2006 of the Ministry of Natural and Environment on issuance of Regulations on LURC.

In addition, the Decision also details the sequence, procedure of certification and issuance of the LURC for organization which is using land or succeed in auction on land use or become the selected bidder of project using land, or organization appointed to purchase the land use right; procedure of re-issuance, change LURC, issuance LURC resulting from separation, combination of land lot; the procedure of changing from the form of land leasing to land allocating with land use fee, extending the time for using the land, registration on the change on land use, denying and revoking the LURC.

This Decision shall take effect after 10 days from the signing date.

ISSUANCE OF LAND USE RIGHT CERTIFICATE IN CASE THE LAND USER HOLDING LEGAL DOCUMENTS ISSUED BY THE OLD ADMINISTRATION

On May 4, 2009, the Prime Minister issued Official Letter No. 655/TTg-KTN on issuance of the Land Use Right Certificate (LURC) for subjects holding legal documents issued by the old administration.

The Prime Minister approved, in principle, the issuance of the LURC to land user whose legal documents issued by the old administration if the following conditions are fully

satisfied:

(i) The land is stable used and the people's committee at a commune level certifies that there is no dispute over the land;

(ii) Papers such as title-deed, permit for building house or construction work on the land issued by the competent authority of old regime and the land is leased from

association, organization before April 30, 1975 are available;

(iii) The land is used in accordance with using plan and the State has not managed, arranged for usage such land in accordance with the government policy on management of house, land and socialism improvement policy or there is no document in writing by competent authority to confiscate the land.

Q & A SECTION

Question 1:

Company A is a Shareholder (“Shareholder A”) owning less than 5% of the shares in Company B – a joint stock company (Company B). Under an agreement between Shareholder A and Company B, Shareholder A shall have the right to nominate one representative to be the Chief of the Inspection Committee (Inspection Committee) in the Company B. Then, Company B shall elect such representative to be Chief of Inspection Committee.

From a legal point of view, does this agreement break the law? While all the decisions still waiting for the approval of the General Meeting of Shareholders (GMS), what will we have to do if the 2009 GMS does not approve this agreement because of subjective idea of the Company B? In the agreement between both parties, which terms and conditions (if any) should we offer to guarantee our interest?¹

Answer:

In principle, laws do not prohibit any agreements, transactions between a joint stock company and its shareholders on nomination, election removal and dismissal of members of the Inspection Committee. However, these agreements, transactions are valid only if they are approved by GMS or the Board of Management and comply with the company's charter as well as applicable laws (the 2005 Law on Enterprises and other related regulations).

With regard to the nomination of candidates to the Inspection Committee, election of members as well the Chief of the Inspection Committee; the 2005 Law on Enterprises provides as follows:

Point a Clause 2 Article 79 of the 2005 Law on Enterprises says: “Shareholders or group of shareholders who hold, within at least six consecutive months, over 10% of ordinary shares or a smaller percentage as provided for in the company's charter shall have the right to nominate candidates to the Board of Management and the Inspection Committee (if any)”.

Furthermore, Point c Clause 2 Article 96 of the 2005 Law on Enterprises provides that: “The GMS has the right to elect, remove from office and dismiss members of the Board of Management and of the Inspection Committee. Clause 2 Article 121 the 2005 Law on Enterprises stipulates that: “Members of the Inspection Committee shall elect one of them to be the Chief of the Inspection Committee”.

Thus, based on the candidates nominated by Shareholders or group of shareholders, GMS shall elect people who meet required standard and condition to be the Inspection Committee's members. After that, members of the Inspection Committee shall elect one of them to be the Chief of the Inspection Committee. In other words, Company B has no right to make an agreement with Company A – one of its shareholder on electing Shareholder A's representative to be the Chief of the Inspection Committee. Therefore, the above agreement between Company A and Company B does not comply with the laws and is invalid.

In case where Company A holds less than 5% of the share capital in Company B, if it is regulated in the Charter of Company B or the GMS of Company B has decided that: shareholders or group of shareholders holding such proportion shall have the right to nominate one or more candidates to the Inspection Committee of the Company, Shareholder A shall have that right.

In case it is regulated in the Charter of Company B or the GMS of Company B has stipulated on the proportion higher than 5% of the share capital in the Company B, Shareholders or group of shareholders shall not have the right to nominate one or more candidates to the Inspection Committee. For this reason, to ensure the interest of Company A in Company B, Company A should associate with other Shareholders in nominating candidates to the Inspection Committee. Subject to the decision of the GMS, the candidates nominated by Company A shall be the members of Inspection Committee or not. Such candidate shall be the Chief of the Inspection Committee only when he/she becomes its member and then elected by other members in accordance with laws and regulations.

(1) Article of LuatViet's lawyers posted on the Investment Bridge Section – Securities Investment Newspaper 58(686) dated May 15, 2009.

Q & A SECTION**Question 2:**

I am a Shareholder of a Securities Company ("SC") listed on the Securities market, current members of the Board of Management have been appointed with a term of 5 years since 2006. Up to now Shareholders realize that it is capacity of members of the Board of Management are limited, especially in securities field that bring about serious loss-making in the Company business. What should Shareholders do to dismiss current members of the Board of Management? How is the detail procedure? If their terms are not expired, shall the Shareholders have the right to ask the GMS to vote for dismissal of those people? What should Shareholders do incase Managerial Regulation of the Company has no specific regulation on dismissal of members of Board of Management?²

Answer:**Shall the members of Board of Management be dismissed when the term is not expired?**

Under Point e, Clause 2, Article 15 and Point c, Clause 1, Article 21 of Decision No. 15/2007/QĐ-BTC dated March 03, 2007 issuing the Model of Charter applicable to companies listing on the stock exchange/securities trading centre ("Decision 15"), the GMS shall have the right: *"to elect, dismiss and replace members of the Board of Management and the Inspection Committee and approve on appointment of the Director or the General Director by the Board of Management."*

Thus, GMS shall be a competent authority in electing, removing from office, and dismissing members of Board of Management. In accordance with Point b, Clause 3, Article 11 and Point d, Clause 3, Article 13 of Decision 15, shareholders or group of shareholders who hold, within at least six consecutive months, over 5% of ordinary shares as provided shall have the right to convene the GMS to consider dismissing members of the Board of Management at any time despite that their term is not expired.

Shareholders execute the procedure of dismissing member of the Board of Management.

Dismissing member of Board of Management must abide by regulation stated in the Charter and the Managerial Regulation of SC. In case the Charter and the Managerial Regulation of SC have no regulation or insufficient regulation, the procedure of dismissal shall be implemented in conformity with Decision 15 as followings:

Step 1: Requiring to convene the GMS

Shareholders or group of shareholders stated at Point b, Clause 3, Article 11 and Point d, Clause 3, Article 13 of Decision 15 above should deliver Requirement of convening the GMS in writing.

Step 2: Convening the GMS

According to Point a, Clause 4, Article 13 of Decision 15, the Board of Management must convene the GMS within 30 days from the date of receipt of requirement in writing of above shareholders of group of shareholders.

In case where the Board of Management does not convene the GMS, within next 30 days, the Inspection Committee must do this in place of the Board of Management in accordance with the regulation at Point b, Clause 4, Article 13 of Decision 15 and Clause 5 Article 97 of the 2005 Law on Enterprises.

Q & A SECTION

Answer: (cont)

In case the Inspection Committee does not convene the GMS, with a duration of next 30 days shareholders or group of shareholders having request shall have the right to replace the Board of Management, the Inspection Committee to convene the GMS in accordance with regulation at Point c, Clause 4, Article 13 of Decision 15 and Clause 6 Article 97 of the 2005 Law on Enterprises.

Step 3: Approving Decision of the GMS on dismissing members of the Board of Management.

According to Article 20, Decision 15, decision of the GMS on dismissing members of the Board of Management shall be approved when having more than 65% total amount of the votes of shareholders holding voting rights directly presenting or through their authorized representative at the GMS.

(2) Advice by LuatViet's lawyers posted on the Investment Bridge – Vietnam Investment Review Issue 55(683) dated May 8, 2009.

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