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VIETNAM AS A CHINA+1 MID-TECH DESTINATION

Legal Environment for Foreign Investment

In cooperation with the Dutch Business Association Vietnam (DBAV)

23/06/2021

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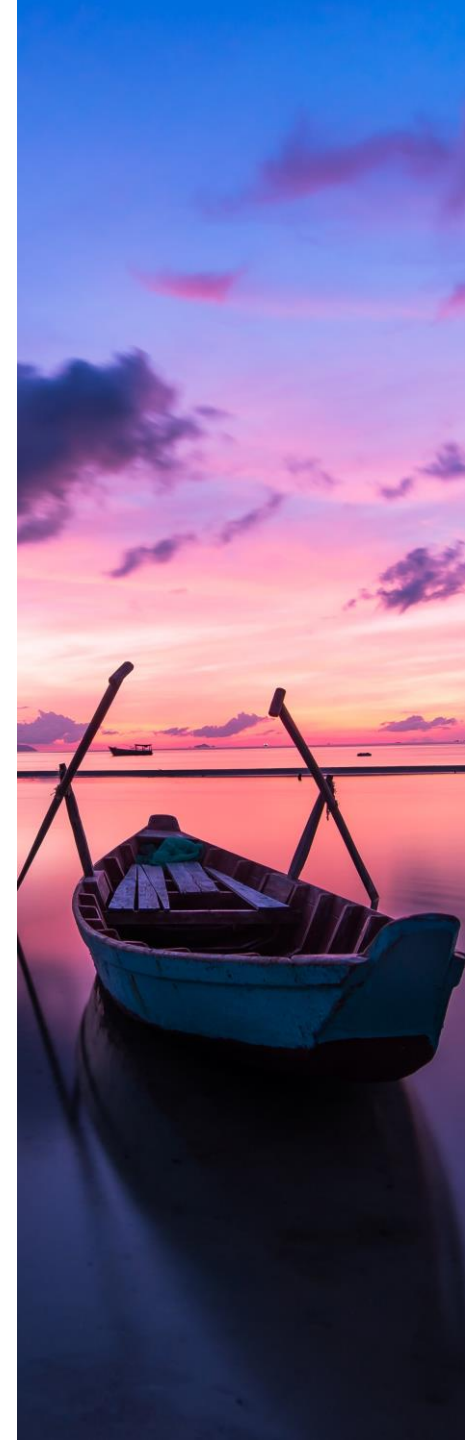
OVERVIEW

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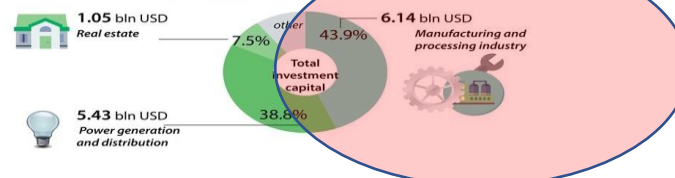
GENERAL INVESTMENT CONDITIONS

1. STRATEGIC CONSIDERATIONS

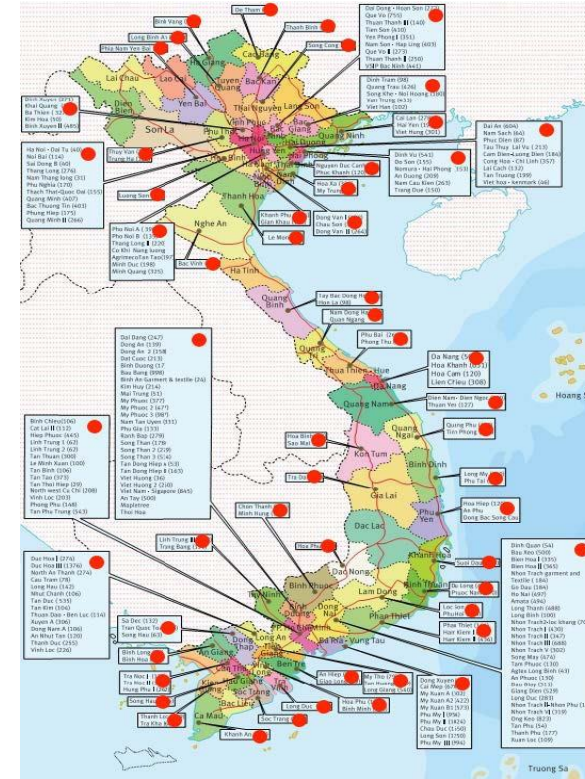
- Why Vietnam as your China+1?
- Identify investor
- Structure of your investment
- Location
- Local Due Diligence
- Local network & resources



AREAS ATTRACTING LARGEST FDI CAPITAL



Source: Ministry of Planning and Investment (As of May 20, 2021)
infographics.vn



2. MARKET ENTRY (COMPANY SETUP, PARTNERSHIP OR M&A TRANSACTION)

a. Investment Procedure

- Company setup (IRC/ERC)
- Partnerships (BCC, JV, distribution networks)
- Investment Restrictions
 - Vietnam's WTO commitment & other multilateral treaties (FTAs) - concept of 'National Treatment'
 - New investment law 2020 and latest implementing regulations in Decree No. 31/2021
 - Typical investment restrictions/conditions in conditional sectors
 - JV requirement with local partner
 - Minimum capital requirements/deposited equity
 - Local (majority) shareholder requirements (e.g. 49%/51%)
 - Other individual credentials



2. MARKET ENTRY (COMPANY SETUP, PARTNERSHIP OR M&A) (CONTINUED)

b. Investment Approval & Merger Control

-> new merger control regime took effect from **15 May 2020**.

■ Thresholds

Total assets or total turnover	<i>Total assets or total sales turnover/input purchase turnover in the Vietnamese market of the enterprise or group of affiliated enterprises that the enterprise is a member of in the previous financial year.</i>	VND3 trillion or more (~US\$128.7 million or more).
Transaction value	<i>The transaction value (for onshore transactions conducted in Vietnam only).</i>	VND1 trillion or more (~US\$42.9 million or more).
Combined market share	<i>Combined market share of the parties to the economic concentration in the relevant market in the previous financial year.</i>	20% or more.



2. MARKET ENTRY (COMPANY SETUP, PARTNERSHIP OR M&A) (CONTINUED)

b. Investment Approval & Merger Control (continued)

- Special regulations for Credit Institutions, Insurance Companies and Securities Companies
- Procedure

Vietnam's merger control regime requires parties to notify transactions and obtain a clearance before their closing.

It is not required for the parties to sign definitive agreements for the transaction to commence the merger clearance process in Vietnam. The parties are only required to submit a memorandum of understanding or summary of key terms of the transaction to the Vietnamese competition authority as part of the merger filing application.

- Duration
- Roadblocks



2. MARKET ENTRY (COMPANY SETUP, PARTNERSHIP OR M&A) (CONTINUED)

c. Commercial Operation & Practical Issues

- Office/Real Estate Lease & Land use Rights (LuR)
- Corporate Governance
 - Legal representatives and (Managing) Directors
 - Shareholder Meetings, Members' Council
 - Daily business and reporting
 - Transfer of shares
- Staffing & Labour Law Compliance
 - Vietnamese Labour Law
 - Foreign employees
- Banking, Accounting & Auditing
 - Accounting and auditing standards
 - FX regulations (SBV)



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TECH INVESTMENT INTO VIETNAM

TECH INVESTMENT INTO VIETNAM

1. General Environment & Government Policies

- Low, Mid, and High Tech
- Vietnamese investment incentives - where they apply

2. Industry-specific Laws & Regulations

- Investment restrictions
- Political Incentives
 - e.g. Politburo's Resolution No. 23-NQ/TW dated 22 March 2018 on a national industrial development policy to 2020, with a vision to 2045
 - Implementation and additional planning on provincial & municipal levels



TECH INVESTMENT INTO VIETNAM (CONTINUED)

3. Case Studies

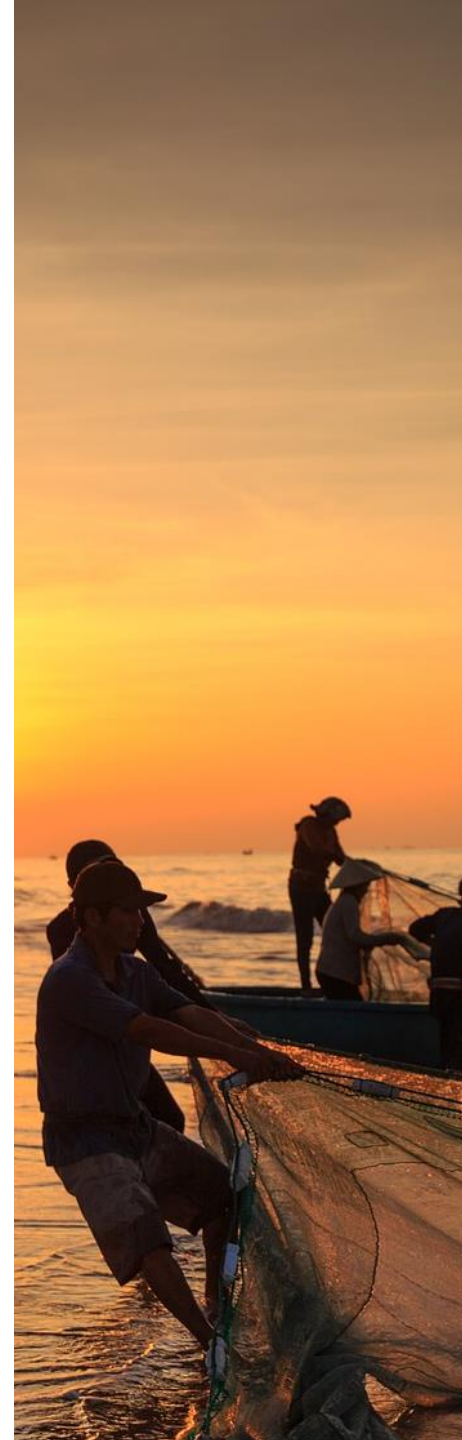
- Pegatron & Foxconn
 - **Pegatron** invested \$19 million to build its first plant at the Dinh Vu Industrial Zone in Hai Phong City in March last year to produce computers, communications equipment and consumer electronic products.
 - It plans to build its second and third plants at a cost of \$481 million and \$500 million and also move its research and development centre from China to Vietnam.
 - Taiwanese electronics contract manufacturer **Foxconn** will invest \$700 million in Vietnam this year to expand its operations.
 - Last year, the company had already invested \$1.5 billion in Vietnam, \$900 million of it in the northern province of Bac Giang.
 - In January, it received a license to build a \$270-million plant to produce laptops and tablets in Bac Giang. The factory will eventually produce eight million computers a year, including iPads and MacBooks, apparently an outcome of Apple's desire that its suppliers should move their production out of China.



TECH INVESTMENT INTO VIETNAM (CONTINUED)

3. Case Studies (continued)

- **Bosch**
 - German tech giant **Bosch** has a history of more than 25 years from the first footprint in Vietnam since 1994.
 - Establishment of a wholly owned subsidiary in 2007.
 - Today it has more than 4,200 associates, offices in Ho Chi Minh City, Hanoi and Da Nang, a Powertrain Solutions plant in Dong Nai and two R&D centres in Ho Chi Minh City.
- **ThyssenKrupp**
 - **ThyssenKrupp** Industrial Solutions has recently announced the relocation of its Asia Pacific cement regional division headquarters to Hanoi from Singapore. The new headquarters are on the site of one of the company's largest cement plant engineering centres. It retains offices in Singapore, Indonesia, Thailand and the Philippines. The main motivation for the move is to better enable ThyssenKrupp to supply Vietnamese cement producers.
 - Vietnam is the largest market in terms of cement production capacity in a dynamic and growing Asia Pacific.



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The languages spoken at ACSV Legal include Vietnamese, English, German, Japanese, Italian, Dutch, French and Malay.





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