

THE PRESIDENT

THE SOCIALIST REPUBLIC OF VIETNAM
Independence - Freedom – Happiness

No. 29/2014/L-CTN

Hanoi, December 8, 2014

ORDER
On the promulgation of law¹

**THE PRESIDENT OF
THE SOCIALIST REPUBLIC OF VIETNAM**

Pursuant to Articles 88 and 91 of the Constitution of the Socialist Republic of Vietnam;

Pursuant to Article 91 of the Law on Organization of the National Assembly;

Pursuant to Article 57 of the Law on Promulgation of Legal Documents,

PROMULGATES:

The Law on Management and Use of State Capital Invested in Production and Business at Enterprises,

which was passed in November 26, 2014, by the XIIIth National Assembly of the Socialist Republic of Vietnam at its 8th session.-

President of the Socialist Republic of Vietnam
TRUONG TAN SANG

¹ Công Báo Nos 1177-1178 (30/12/2014)

No. 69/2014/QH13

LAW
**On Management and Use of State Capital Invested
in Production and Business at Enterprises²**

*Pursuant to the Constitution of the Socialist Republic of Vietnam;
The National Assembly promulgates the Law on Management and Use of
State Capital Invested at Production and Business at Enterprises.*

Chapter I
GENERAL PROVISIONS

Article 1. Scope of regulation

This Law provides the investment of state capital in enterprises; management and use of state capital invested in production and business at enterprises and supervision of the investment, management and use of state capital at enterprises.

Article 2. Subjects of application

1. Representatives of state ownership.
2. Enterprises with 100% charter capital held by the State, including:
 - a/ Single-member limited liability companies with 100% charter capital held by the State being parent companies in state economic groups, state corporations or parent company-subsidiary groups;
 - b/ Independent single-member limited liability companies with 100% charter capital held by the State.
3. Representatives of state capital amounts invested at joint-stock companies and limited liability companies with two or more members.

² Công Báo Nos 1177-1178 (30/12/2014)

4. Other agencies, organizations and individuals engaged in the investment, management and use of state capital at enterprises.

Article 3. Interpretation of terms

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

1. *Agency representing the owner* means an agency or organization assigned by the Government to exercise the rights and discharge the responsibilities of the representative of state ownership over an enterprise established under its decision or assigned to it for management or to exercise the rights and discharge the responsibilities over the state capital amount invested a joint-stock company or limited liability company with two or more members.

2. *Finance agencies* include the Ministry of Finance and Finance Departments of provinces and centrally run cities.

3. *Investment of state capital in enterprises* means the State's use of state budget capital or capital from state-managed funds to invest in enterprises.

4. *Direct representative of the owner at an enterprise with 100% charter capital held by the State* (below referred to as direct representative of the owner) means an individual who is appointed by a competent state agency to the Members' Council or to act as the company president to exercise the rights and discharge the responsibilities of the representative of state ownership at the enterprise.

5. *Representative of the capital amount contributed by an enterprise with 100% charter capital held by the State to a joint stock company or limited liability company* (below referred to as representative of the enterprise's capital contribution) means an individual who is authorized in writing by the enterprise to exercise the rights and discharge the responsibilities of the enterprise over the capital amount it invests in a joint stock company or limited liability company.

6. *Representative of the state capital amount invested in a joint stock company or limited liability company with two or more members* (below referred to as representative of the state capital amount) means an individual who is authorized in writing by the agency representing the owner to exercise the rights and discharge the responsibilities of the representative of state ownership over the state capital amount invested in a joint stock company or limited liability with two or more members.

7. *Enterprise managers* include the chairman and members of the Members' Council, the company president, director general or director, deputy directors general or deputy directors and chief accountant.

8. *State capital at enterprises* includes capital from the state budget and capital of state budget origin; capital from development investment funds at enterprises and the enterprise reorganization support fund; government-guaranteed credit capital, state development investment credit capital and other capital invested by the State in enterprises.

9. *Capital of an enterprise with 100% charter capital held by the State* includes its equity capital and raised capital.

Article 4. Objectives of investment, management and use of state capital at enterprises

1. To strategically orientate, regulate and stabilize the macro-economy in each period and boost the national socio-economic development along the socialist orientation.

2. To renew and improve the effectiveness of investment, management and use of state capital at enterprises.

3. To increase the effectiveness of production and business activities of enterprises.

Article 5. Principles of investment, management and use of state capital at enterprises

1. To comply with the law on investment, management and use of state capital at enterprises.

2. To conform with socio-economic development strategies and plans and sectoral development master plans.

3. To invest state capital to form and maintain enterprises at key stages in a number of industries and fields in which other economic sectors do not invest or in which the State must hold 100% charter capital or maintain shareholding or capital contribution rates as prescribed in Articles 10 and 16 of this Law.

4. Agencies representing the owner and state management agencies may not directly interfere into production and business activities of enterprises and management and administration activities of enterprise managers.

5. The management of state capital invested at enterprises shall be conducted through direct representatives of the owner or representatives of state capital amounts; must ensure that enterprises shall carry out production and business activities according to the market mechanism and on an equal, cooperative and competitive basis in accordance with law.

6. Agencies representing the owner, direct representatives of the owner and representatives of state capital amounts must be responsible for the management and use of state capital at enterprises so as to ensure effectiveness, preserve and increase the value of state capital invested in

enterprises; prevent and combat dispersed investment, waste and loss of capital and assets of the State and enterprises.

7. To ensure publicity and transparency in the investment, management and use of state capital at enterprises.

8. To conform with treaties to which the Socialist Republic of Vietnam is a contracting party.

Article 6. Forms of investment of state capital in enterprises

1. Investment of state capital to establish enterprises with 100% charter capital held by the State.

2. Addition of charter capital for operating enterprises with 100% charter capital held by the State.

3. Addition of state capital to maintain the State's shareholding or capital contribution rates at joint stock companies or limited liability companies with two or more members.

4. Investment of state capital to purchase parts of enterprises or whole enterprises.

Article 7. Representatives of state ownership

1. The Government shall uniformly exercise the rights and discharge the responsibilities of the representative of state ownership in the investment of state capital in enterprises and management of state capital at enterprises in accordance with Article 40 of this Law.

2. The Prime Minister and agencies representing the owner shall exercise the rights and discharge the responsibilities of the representative of state ownership over enterprises established under their decisions or assigned to them for management and exercise the rights and discharge the responsibilities of the representative of state ownership over the state capital amounts invested in joint stock companies and limited liability companies with two or more members in accordance with Articles 41, 42 and 43 of this Law and other relevant laws.

3. Direct representatives of the owner shall exercise the rights and discharge the responsibilities of the representative of state ownership at enterprises in accordance with Article 44 of this Law and other relevant laws.

Article 8. Contents of state management of investment, management and use of state capital at enterprises

1. To promulgate, and organize the implementation of, legal documents on investment, management and use of state capital at enterprises.

2. To formulate enterprise development investment strategies in conformity with socio-economic development strategies and plans and sectoral development master plans.

3. To collect and preserve basic information on enterprises; to monitor and supervise operations of enterprises.

4. To promulgate lists of public-utility products and services and prescribe financial management methods and incentive policies for such products and services in each period.

5. To supervise, examine and inspect the implementation of the State's policies and laws at enterprises; to settle complaints and denunciations; and to perform commendation work and handle violations.

Article 9. Prohibited acts in investment, management and use of state capital at enterprises

1. Making decisions on investing state capital in enterprises not according to prescribed competence, scope, order and procedures.

2. Interfering in the management and use of capital and assets of enterprises with 100% charter capital held by the State not according to prescribed functions, tasks and powers.

3. Improperly exercising the rights and discharging the responsibilities of representatives of state ownership in the investment, management and use of state capital at enterprises.

4. Improperly implementing regulations on management and use of capital and assets of enterprises with 100% charter capital held by the State and management of state capital amounts invested in joint stock companies and limited liability companies with two or more members.

5. Conducting supervision, examination and inspection of enterprises not according to prescribed functions, tasks and powers.

6. Providing untruthful, inaccurate, incomplete and untimely information or reports as prescribed by law.

7. Disclosing and using information provided by enterprises or state management in contravention of law.

Chapter II

INVESTMENT OF STATE CAPITAL IN ENTERPRISES

Section 1

INVESTMENT OF STATE CAPITAL TO ESTABLISH ENTERPRISES WITH 100% CHARTER CAPITAL HELD BY THE STATE

Article 10. Scope of investment of state capital to establish enterprises

1. To invest state capital to establish enterprises that:
 - a/ Provide essential public-utility products and services to the society;
 - b/ Operate to directly serve national defense or security;
 - c/ Operate in natural monopoly fields;
 - d/ Apply high technologies, make great investment and create momentum for fast development of other sectors and fields and the whole economy.

2. The Government shall stipulate in detail the investment of state capital to establish enterprises and the mechanism for the State to place orders for goods or services from enterprises functioning to regulate the macro-economy and ensure social security of the country prescribed in Clause 1 of this Article.

Article 11. Competence to decide on investment of state capital to establish enterprises

1. The Prime Minister shall decide to invest state capital to establish the following enterprises:

- a/ Enterprises whose assets for production and business activities are created from the implementation of important national projects on which investment policy has been decided by the National Assembly;

- b/ Parent companies of state economic groups and enterprises with the function of state capital investment and trading.

2. Agencies representing the owner shall decide to invest state capital to establish enterprises other than those prescribed in Clause 1 of this Article.

3. In case of investing state capital to establish an enterprise satisfying the criteria equivalent to those for an important national project, the Prime Minister shall decide on investment after the National Assembly decides on investment policy.

Article 12. Order and procedures for investment of state capital to establish enterprises

1. An agency representing the owner shall elaborate an enterprise establishment plan which must have the following principal contents:

- a/ Objectives of and necessity for establishment of the enterprise;

- b/ Name, organizational model, operation duration and major production and business lines;

- c/ Total investment capital; charter capital; sources of raised capital;

- d/ Assessment of socio-economic impacts of the establishment of the enterprise against sectoral and regional development master plans and strategies;

dd/ Economic and social benefits.

2. Enterprise establishment plans shall be appraised by competent state agencies.

3. In case of establishing an enterprise prescribed in Clause 1, Article 11 of this Law, the agency representing the owner shall submit the plan to the Prime Minister for consideration and decision.

4. In case of establishing an enterprise prescribed in Clause 2, Article 11 of this Law:

a/ The agency representing the owner shall submit the enterprise establishment plan to the Prime Minister;

b/ The Prime Minister shall consider and decide on enterprise establishment policy;

c/ The agency representing the owner shall decide on establishment of the enterprise.

5. The Government shall stipulate in detail the order and procedures for investment of state capital to establish enterprises.

Section 2

CHARTER CAPITAL ADDITION FOR OPERATING ENTERPRISES WITH 100% CHARTER CAPITAL HELD BY THE STATE

Article 13. Scope of charter capital addition for operating enterprises

1. Only the enterprises prescribed in Clause 1, Article 10 of this Law and falling into one of the cases prescribed in Clause 2 of this Article are eligible for charter capital addition.

2. Cases entitled to charter capital addition:

a/ Effectively operating enterprises whose charter capital is insufficient for carrying out their major production and business lines approved by competent state agencies;

b/ Enterprises operating to directly serve national defense and security whose charter capital is insufficient for performing tasks assigned by the State.

Article 14. Competence to decide on charter capital addition for operating enterprises

1. The Prime Minister shall decide to add charter capital for enterprises established under his/her decisions.

2. Agencies representing the owner shall decide to add charter capital for enterprises established under their decisions or assigned to them for

management as prescribed in this Law, except the enterprises prescribed in Clause 1 of this Article.

3. In case of adding charter capital for an operating enterprise with the to-be-added capital amount equaling that of an important national project, the Prime Minister shall decide on additional investment after the National Assembly decides on investment policy.

Article 15. Order and procedures for charter capital addition for operating enterprises

1. An operating enterprise shall prepare a charter capital addition plan which must have the following principal contents:

a/ Evaluation of the enterprise's actual financial status and production and business results;

b/ Objectives, necessity and economic and social benefits of the charter capital addition;

c/ The charter capital level after addition.

2. The enterprise shall submit the plan to the agency representing the owner.

3. The agency representing the owner shall assume the prime responsibility for, and coordinate with the finance agency of the same level in, appraising the charter capital addition plan.

4. In case of charter capital addition under Clause 1, Article 14 of this Law, the agency representing the owner shall submit the plan to the Prime Minister for consideration and decision.

5. In case of charter capital addition under Clause 2, Article 14 of this Law:

a/ The agency representing the owner shall submit the charter capital addition plan to the Prime Minister;

b/ The Prime Minister shall consider and decide on charter capital addition policy;

c/ The agency representing the owner shall decide on charter capital addition.

6. The Government shall stipulate in detail criteria for evaluation of, and order and procedures for, charter capital addition for operating enterprises.

Section 3

ADDITION OF STATE CAPITAL AT JOINT STOCK COMPANIES AND LIMITED LIABILITY COMPANIES WITH TWO OR MORE MEMBERS

Article 16. Scope of addition of state capital at joint stock companies and limited liability companies with two or more members

1. To add state capital to maintain the State's shareholding or capital contribution rates at joint stock companies or limited liability companies with two or more members in the following cases:

a/ It is impossible to attract Vietnamese and foreign investors to enterprises providing essential public-utility products or services to the society;

b/ It is necessary to maintain the State's shareholding or capital contribution rates for the performance of national defense or security tasks.

2. The Government shall stipulate in detail the addition of state capital to maintain the State's shareholding or capital contribution rates at joint stock companies or limited liability companies with two or more members prescribed in Clause 1 of this Article.

Article 17. Competence to decide on addition of state capital at joint stock companies or limited liability companies with two or more members

1. The Prime Minister shall decide to add state capital at joint stock companies or limited liability companies with two or more members transformed from enterprises established under his/her decisions.

2. Agencies representing the owner shall decide to add state capital at joint stock companies or limited liability companies with two or more members transformed from enterprises established under their decisions or assigned to them for management in accordance with this Law, except the enterprises prescribed in Clause 1 of this Article.

3. In case of adding state capital at a joint stock company or limited liability company with two or more members with the to-be-added amount equaling that of an important national project, the Prime Minister shall decide on investment after the National Assembly decides on investment policy.

Article 18. Order and procedures for addition of state capital at joint stock companies or limited liability companies with two or more members

1. The representative of the state capital amount at a joint stock company or limited liability company with two or more member shall report to the agency representing the owner on the plan on addition of state capital to maintain the State's shareholding or capital contribution rate at the company, which must have the following contents:

a/ Evaluation of the company's actual financial status and production and business results;

b/ The company's charter capital increase plan;

c/ Objectives, necessity and economic and social benefits of the state capital addition;

d/ Capital amount to be added to maintain the State's shareholding or capital contribution rate.

2. Agencies representing the owner shall assume the prime responsibility for, and coordinate with finance agencies of the same level in, appraising plans on addition of state capital at joint stock companies or limited liability companies with two or more members transformed from enterprises established under the Prime Minister's decisions or enterprises established under their decisions or assigned to them for management.

3. In case of adding state capital at a joint stock company or limited liability company with two or more members prescribed in Clause 1, Article 17 of this Law, the agency representing the owner shall submit the capital addition plan to the Prime Minister for consideration and decision.

4. In case of adding state capital at a joint stock company or limited liability company with two or more members prescribed in Clause 2, Article 17 of this Law, the agency representing the owner shall itself consider and make decision.

5. The Government shall stipulate in detail the order and procedures for addition of state capital at joint stock companies and limited liability companies with two or more members.

Section 4

INVESTMENT OF STATE CAPITAL TO PURCHASE PARTS OF ENTERPRISES OR WHOLE ENTERPRISES

Article 19. Scope of investment of state capital to purchase parts or enterprises or whole enterprises

1. To invest state capital to purchase parts of enterprises or whole enterprises in one of the following cases:

a/ Carrying out economic restructuring;

b/ Directly serving national defense and security;

c/ Providing essential public-utility products or services to the society.

2. The investment of state capital to purchase parts of enterprises or whole enterprises under Clause 1 of this Article must conform with socio-economic development strategies and plans and sectoral development master plans in each period.

Article 20. Competence to decide on investment of state capital to purchases parts of enterprises or whole enterprises

1. The Prime Minister shall decide to invest state capital to purchase parts of enterprises or whole enterprises satisfying the criteria equivalent to those for important national projects or group-A projects prescribed in the Law on Public Investment.

2. Agencies representing the owner shall decide to invest state capital to purchase parts of enterprises or whole enterprises satisfying the criteria equivalent to those for group-B or -C projects as prescribed in the Law on Public Investment.

3. The Prime Minister shall decide to invest state capital after the National Assembly makes investment policy decision in the following cases:

a/ Purchasing part of an enterprise with an investment capital amount equaling the investment capital level of an important national project;

b/ Purchasing a whole enterprise satisfying the criteria equivalent to those for an important national project.

Article 21. Order and procedures for investment of state capital to purchase parts of enterprises or whole enterprises

1. An agency representing the owner shall prepare a plan on investment of state capital to purchase part of an enterprise or a whole enterprise, which must have the following principal contents:

a/ Evaluation of the enterprise's actual financial status and production and business results;

b/ Objectives, necessity and economic and social benefits of the investment of state capital in the purchase;

c/ Investment capital level.

2. The agency representing the owner shall assume the prime responsibility for, and coordinate with the finance agency of the same level in, appraising the plan on investment of state capital in the purchase;

3. In case of purchasing part of an enterprise or a whole enterprise prescribed in Clause 1, Article 20 of this Law, the agency representing the owner shall submit the plan to the Prime Minister for consideration and decision.

4. In case of purchasing part of an enterprise or a whole enterprise prescribed in Clause 2, Article 20 of this Law, the agency representing the owner shall itself consider and make decision.

5. The Government shall stipulate in detail the order and procedures for investment of state capital to purchase parts of enterprises or whole enterprises.

Chapter III

MANAGEMENT AND USE OF CAPITAL AND ASSETS AT ENTERPRISES WITH 100% CHARTER CAPITAL HELD BY THE STATE

Article 22. Charter capital

1. Principles of determination of charter capital

a/ Being not lower than the legal capital level prescribed by law for production and business lines;

b/ Being based on the scope and design capacity of production and business lines of enterprises;

c/ Conforming with enterprises' development investment strategies and plans and major production and business lines approved by competent authorities;

d/ Being suitable to production and business plans.

2. Agencies representing the owner shall approve charter capital and allocate sufficient charter capital to enterprises according to Clause 1 of this Article.

3. Capital used to allocate charter capital to establish enterprises and add charter capital for operating enterprises must come from sources to create state capital at enterprises.

Article 23. Capital raising

1. Enterprises are entitled to borrow capital from credit institutions, financial institutions, organizations and individuals outside the enterprises and their employees; issue corporate bonds and raise capital in other forms in accordance with law.

2. Principles of capital raising

a/ Being based on five-year and annual development investment strategies and plans of the enterprises;

b/ Capital raising plans must ensure debt repayment capacity;

c/ Persons approving capital raising plans shall supervise and examine to ensure that raised capital is used properly and effectively;

d/ The raising of capital from domestic organizations and individuals shall be conducted under loan agreements with these organizations and individuals in accordance with law; the borrowing of capital from state development investment credit sources must comply with the law on development investment credit and other relevant laws;

dd/ The raising of capital from foreign organizations and individuals, borrowing of loans or issuance of government-guaranteed bonds must comply with the law on management of public debts and other relevant laws;

e/ The raising of capital in the form of issuance of corporate bonds must comply with law.

3. Competence to raise capital:

a/ The Members' Council or company president of an enterprise shall decide on capital raising plans for projects each requiring a capital amount not exceeding 50% of the enterprise's equity capital stated in its quarterly or annual financial statement nearest to the time of capital raising and the capital level of a group-B project prescribed in the Law on Public Investment.

The raising of capital for production and business activities must ensure that total payable debts, including guarantees for subsidiaries prescribed in Clause 4 of this Article, do not exceed 3 times the enterprise's equity capital stated in its quarterly or annual financial statement nearest to the time of capital raising.

The Members' Council or company president may delegate the director general or director to decide on capital raising plans according to the enterprise's charter or financial regulations;

b/ In case of raising capital at a level higher than that prescribed at Point a of this Clause or raising capital from foreign organizations and individuals, the Members' Council or company president shall report such to the agency representing the owner for consideration and approval.

4. An enterprise may provide guarantees for its subsidiaries to borrow capital from credit institutions according to the following principles:

a/ The total value of guarantees provided for a subsidiary in which the enterprise holds 100% of charter capital must not exceed the subsidiary's equity capital stated in its quarterly or annual financial statement nearest to the time of guarantee provision;

b/ The total value of guarantees provided for a subsidiary in which the enterprise holds more than 50% of charter capital must not exceed the actual value of the enterprise's capital contribution at such subsidiary at the time of guarantee provision.

5. In case an enterprise improperly uses raised capital or raise capital in excess of the prescribed level without obtaining approval of a competent state agency, the agency representing the owner shall consider and decide to handle or report a competent state agency to handle the Members' Council or company president in accordance with law.

Article 24. Investment in, building, sale and purchase of fixed assets

1. Competent to decide on projects to invest in, build, sell or purchase fixed assets of an enterprise:

a/ Based on five-year development investment strategies and plans and annual production and business plans of its enterprise, the Members' Council or company president shall decide on projects to invest in, build, sell or purchase fixed assets each capitalized at no more than 50% of the enterprise's equity capital stated in its quarterly or annual financial statement nearest to the time of making decision and not exceeding the capital level of a group-B project prescribed in the Law on Public Investment.

The Members' Council or company president shall delegate the general director or director to decide on projects to invest in, build, sell or purchase fixed assets as prescribed in the enterprise's charter or financial regulations;

b/ For projects to invest, build, sell or purchase fixed assets which are capitalized at a level higher than that prescribed at Point a of this Clause, the Members' Council or the company president shall report such to the agency representing the owner for consideration and approval.

2. The order and procedures for investment in, building, sale and purchase of fixed assets must comply with law.

3. The persons deciding on projects to invest in, build, sell or purchase fixed assets must be responsible in accordance with law if making decision *ultra vires* or the invested, built, sold and purchased assets are unusable or ineffectively used.

Article 25. Management and use of fixed assets

1. Enterprises shall formulate, issue and implement regulations on management and use of fixed assets.

2. Enterprises may lease, pledge or mortgage fixed assets on the principle of ensuring effectiveness, capital preservation and development; to transfer or liquidate damaged or technically obsolete fixed assets which are no longer needed or are ineffectively used so as to recover capital.

Article 26. Management of receivable debts

1. Enterprises shall manage their receivable debts as follows:

a/ To formulate, issue and implement regulations on management of receivable debts which must specify collective and individual responsibilities in debt monitoring and recovery;

b/ To monitor receivable debts by debtor;

c/ To regularly classify debts and urge the collection of debts.

2. Enterprises may sell their overdue debts, bad debts and irrecoverable debts. Enterprises may only sell their debts to economic organizations with

the debt trading function and may not sell debts directly to debtors. Involved parties shall agree on selling prices and must be responsible for their decisions.

3. In case improperly managing receivable debts, leading to loss of equity capital, or selling debts, resulting in business loss, loss of capital, insolvency, dissolution or bankruptcy, the Members' Council or company president and related persons shall compensate for damage and, depending on the nature and severity of their violations, be handled in accordance with law and the company's charter.

Article 27. Management of payable debts

1. Enterprises shall manage their payable debts as follows:

a/ To formulate, issue and implement regulations on management of payable debts which must specify collective and individual responsibilities in debt monitoring, checking, acknowledgment and payment;

b/ To monitor payable debts by creditor; regularly classify debts; prepare debt payment plans and balance cash flows to assure debt payment; pay debts according to committed schedules;

2. The Members' Council or company president, director general or director of an enterprise shall regularly consider, assess and analyze the enterprise's solvency, early identify debt payment difficulties so as to promptly work out solutions and avoid the arising of overdue debts.

3. If improperly managing payable debts, giving rise to overdue or unpayable ones, the Members' Council or company president and related persons shall compensate for damage and, depending on the nature and severity of their violations, be handled in accordance with law and the company's charter.

Article 28. Outside investment of enterprises

1. The use of capital, assets and land use rights of an enterprise to make investment outside the enterprise must comply with this Law, the investment and land laws and other relevant laws; conform with five-year development investment strategies and plans and annual production and business plans of the enterprise.

2. Forms of outside investment of enterprises

a/ Contribution of capital to establish joint stock companies or limited liability companies; contribution of capital under business cooperation contracts without establishing new legal entities;

b/ Purchase of shares at joint stock companies; purchase of capital contributions at limited liability companies or partnerships;

c/ Purchase of the whole of other enterprises;

d/ Purchase of bonds or bills.

3. An enterprise may not make outside investment in the following cases:

a/ Contributing capital to, or purchasing shares at, or purchasing the whole of, another enterprise of which a manager or representative is the spouse, natural father, adoptive father, natural mother, adoptive mother, sibling, brother-in-law or sister-in-law of the Chairman or a member of the Members' Council, the president, the director general or director, a deputy director general or deputy director or the chief accountant of the enterprise;

b/ Contributing capital together with its subsidiaries to establish joint stock company or limited liability or to perform business cooperation contracts.

4. Competence to decide on outside investment

a/ The Members' Council or company president shall decide on outside investment projects each valued at no more than 50% of the enterprise's equity capital stated in its quarterly or annual financial statement nearest to the time of deciding on the project and not exceeding the capital level of a group-B project as prescribed in the Law on Public Investment.

The Members' Council or company president shall delegate the director general or director to decide on outside investment projects according to the enterprise's charter or financial management regulations;

b/ For outside investment projects valued at a level higher than that prescribed at Point a of this Clause, projects to contribute capital to joint ventures with foreign investors in Vietnam, and projects to invest in other enterprises to supply public-utility products or services, the Members' Council or company president shall report them to the agency representing the owner for consideration and approval.

Article 29. Offshore investment of enterprises

1. The use of capital and assets of an enterprise to make offshore investment must comply with this Law, the laws on investment, land and foreign exchange management and other relevant laws.

2. The Members' Council or company president shall report to the agency representing the owner for consideration and decision on offshore investment policy.

For offshore investment projects subject to investment policy decision by the National Assembly, the Prime Minister shall decide on investment after the National Assembly decides on investment policy; for offshore investment projects subject to investment policy decision by the Prime Minister, agencies

representing the owner shall decide on investment after the Prime Minister decides on investment policy.

3. Responsibilities of the Members' Council or company president:

a/ To formulate offshore investment projects of its/his/her enterprise, ensure proper objectives and effectiveness, take into account risk elements and submit such plans to the agency representing the owner for consideration and approval;

b/ To issue regulations on overseas operations of the enterprise and management and use of overseas capital and assets in conformity with the laws of host countries, ensuring strict management and avoidance of loss;

c/ To supervise, regularly assess and be responsible for the effectiveness of the enterprise's offshore investment;

d/ To biannually and annually report to the agency representing the owner on implementation schedules of projects under construction and on the effectiveness of operating projects;

dd/ To promptly report on and propose solutions to arising problems which seriously affect the enterprise's offshore investment to the agency representing the owner;

e/ To ensure that the remittance of profits and other incomes and recovery of capital upon completion of offshore investment projects or further investment in foreign countries must comply with the enterprise's charter and financial management regulations, this Law, the investment law and other relevant laws.

Article 30. Enterprises' management of subsidiaries with 100% charter capital held by enterprises and of their capital contributions in joint-stock companies or limited liability companies

1. For subsidiaries with 100% charter capital held by enterprises:

a/ Deciding on the establishment, charter capital upon establishment, objectives, tasks and business lines; deciding on adjustment of charter capital during operation, reorganization, transformation or dissolution, or requesting bankruptcy of the subsidiaries;

b/ Issuing financial regulations of the subsidiaries;

c/ Deciding on appointment, re-appointment, relief of duty, commendation or disciplining of chairpersons and members of the Members' Council or presidents, directors general or directors and supervisors of the subsidiaries;

d/ Approving 5-year development investment strategies and plans and annual production and business plans of the subsidiaries;

dd/ Approving and modifying the charters of the subsidiaries;

e/ Approving capital raising plans and projects on investment, building, purchase and sale of fixed assets valued at over 50% of equity capital of the subsidiaries as stated in their quarterly or annual financial statements nearest to the time of capital raising, or at a lower percentage as stated in the charters of the subsidiaries;

g/ Approving financial statements, distribution of profits and setting up of annual funds of the subsidiaries.

2. For enterprises' capital contributions in joint-stock companies or limited liability companies with two or more members:

a/ Deciding on, or submitting to competent authorities for decision, the increase, decrease or recovery of capital or transfer of the right to purchase shares from, or the right to contribute capital to, joint-stock companies or limited liability companies with two or more members in accordance with law and the enterprises' charters;

b/ Setting criteria for, and appointment, removal from office, relief of duty, commendation or disciplining, and deciding on salaries, allowances, bonuses and other benefits, of representatives of their capital contributions in accordance with Articles 46, 47, 49 and 50 of this Law;

c/ Assigning representatives of their capital contributions to protect the enterprises' lawful rights and interests in joint-stock companies or limited liability companies with two or more members;

d/ Assigning representatives of their capital contributions to request joint-stock companies or limited liability companies with two or more members to transfer their distributed profits or dividends to or recover investment capital for the enterprises; supervising the recovery of investment capital and the collection of distributed profits and dividends;

dd/ Requesting representatives of their capital contributions to report on the performance of their tasks, powers and responsibilities in setting orientations for companies where the enterprises hold shares or capital contributions representing over 50% of charter capital for implementation of the enterprises' objectives and strategies;

e/ Requesting representatives of their capital contributions to make regular or irregular reports on the financial situation and production and business operations of joint-stock companies or limited liability companies with two or more members;

g/ Examining and supervising the performance of representatives of their capital contributions in order to promptly prevent and deal with their shortcomings and weaknesses.

Article 31. Transfer of investment capital outside enterprises

1. Principles of transfer of investment capital:

a/ Complying with the laws on investment and securities and other relevant laws;

b/ Fully reflecting the actual value of enterprises, including the value of land use rights in accordance with the land law;

c/ Ensuring market principles, publicity and transparency.

2. Methods of transfer of investment capital:

a/ The transfer of enterprises' investment capital at limited liability companies must comply with the law on enterprises;

b/ The transfer of enterprises' investment capital in joint-stock companies already listed or having registered for transactions on the stock exchange must comply with the law on securities;

c/ The transfer of enterprises' investment capital in joint-stock companies neither listed nor having registered for transactions on the stock exchanges shall be conducted through public auction. If public auction fails, competitive offering shall be conducted. If competitive offering also fails, the method of agreement shall be applied.

3. The Members' Councils or company presidents shall decide on the transfer of their enterprises' investment capital in joint-stock companies or limited liability companies after obtaining approval from agencies representing the owner. In case the transfer value is lower than the book value of the enterprise after clearing investment capital loss provisions, the Members' Council or company president shall report the case to the agency representing the owner for consideration and decision.

Article 32. Salaries and bonuses of employees

1. Principles of determining salaries of employees:

a/ Complying with the labor law;

b/ Basing on the agreement in labor contracts;

c/ Basing on working productivity and results of employees.

2. Bonuses of employees shall be determined based on their working productivity and achievements and deducted from after-tax profits of enterprises. The Members' Councils or company presidents shall issue regulations on bonuses for employees.

Article 33. Salaries, remuneration and bonuses of enterprise managers

1. Principles of determining salaries and remuneration of enterprise managers appointed by competent authorities:

a/ Complying with the labor law and the law on cadres and civil servants;

b/ Basing on annual production and business effectiveness of enterprises;

c/ Basing on the task performance by enterprise managers; remuneration of part-time enterprise managers shall be determined based on their tasks and working time but must not exceed 20% of salaries of full-time enterprise managers.

2. Bonuses of enterprise managers shall be approved by agencies representing the owner based on the production and business effectiveness and ranking of enterprises as well as their task performance, and deducted from after-tax profits of enterprises.

Article 34. Principles of distributing after-tax profits of enterprises

1. No more than 30% of after-tax profits left for an enterprise may be deducted for development investment in its main business lines.

2. Part of after-tax profits of an enterprise may be deducted for setting up the commendation fund and welfare fund for employees and the reward fund for enterprise managers and supervisors based on the operation effectiveness of the enterprise and its performance of state-assigned tasks.

3. After deductions are made for setting up the funds prescribed in Clauses 1 and 2 of this Article, the State shall collect the remaining after-tax profits to ensure its interests from capital investment in the enterprise.

Article 35. Preservation and development of capital of enterprises

1. Capital of enterprises shall be preserved and developed by the following measures:

a/ Managing and using capital and assets in accordance with this Law and other relevant laws;

b/ Purchasing insurance for assets;

c/ Handling asset losses and irrecoverable debts;

d/ Setting up provisions for devaluation of stocks, receivable bad debts, devaluation of long-term financial investments, and warranty for products, goods and construction and installation works.

2. The Members' Councils or company presidents shall:

a/ Preserve and develop capital of their enterprises;

b/ Report to agencies representing the owner on changes in the equity capital of their enterprises.

Chapter IV

RESTRUCTURING OF STATE CAPITAL IN ENTERPRISES

Article 36. Restructuring of state capital in enterprises

1. Based on the state capital amount invested to establish an enterprise as prescribed in Article 10 of this Law, the Government shall set a roadmap for withdrawal of state capital from such enterprise in conformity with the socio-economic development strategy and plan and sectoral development master plan.

2. Enterprises other than those with 100% charter capital held by the State shall restructure state capital in their enterprises in accordance with Articles 37, 38 and 39 of this Law.

3. State capital in enterprises shall be recovered for reinvestment in, and increase of the operation effectiveness of, enterprises with 100% charter capital held by the State.

4. Domestic and foreign investors shall be attracted to participate in production and business operations of enterprises to be restructured.

5. State capital in an enterprise shall be restructured in the following forms:

a/ Transformation and rearrangement of the enterprise;

b/ Transfer of the right to represent the owner of state capital in the enterprise;

c/ Transfer of state capital invested in joint-stock companies or limited liability companies with two or more members.

Article 37. Transformation and rearrangement of enterprises

1. An enterprise shall be transformed in the following forms:

a/ Equitization;

b/ Sale of the whole enterprise;

c/ Sale of part of state capital invested in the enterprise for transformation into a limited liability company with two or more members.

2. An enterprise shall be rearranged in the following forms:

a/ Consolidation, merger or split-up;

b/ Dissolution or bankruptcy.

Article 38. Transfer of the right to represent the owner of state capital in an enterprise

1. Transfer principles:

a/ Not affecting production and business operations in the main business lines of the enterprise;

- b/ Ensuring the enterprise's ability and obligation to pay debts;
- c/ Not reducing the charter capital of the capital-transferring enterprise, in case of transfer of part of capital and assets among enterprises.

2. Cases of transfer:

- a/ Transfer among agencies representing the owner;
- b/ Transfer of part of capital and assets among enterprises;
- c/ Transfer of public investment projects and works from their managing agency or organization to the enterprise;
- d/ Transfer of state capital in the enterprise between the agency representing the owner and an enterprise with the state capital investment and trading function.

Article 39. Transfer of state capital invested in joint-stock companies or limited liability companies with two or more members

1. Transfer principles:

- a/ Complying with enterprise classification criteria prescribed by law;
- b/ Ensuring market principles, publicity and transparency;
- c/ Complying with the land law, in case of transfer of capital related to land use rights.

2. Methods of transfer:

- a/ The transfer of capital in limited liability companies with two or more members must comply with the law on enterprises;
- b/ The transfer of capital in joint-stock companies already listed or having registered for transactions on the stock exchange must comply with the law on securities;
- c/ The transfer of capital in joint-stock companies neither listed nor having registered for transactions on the stock exchange shall be conducted through public auction. If public auction fails, competitive offering shall be conducted. If competitive offering also fails, the method of agreement shall be applied.

Chapter V

RIGHTS AND RESPONSIBILITIES OF REPRESENTATIVES OF STATE OWNERSHIP

Article 40. Rights and responsibilities of the Government

- 1. To stipulate the forms, contents, order and procedures for restructuring state capital in enterprises.

2. To promulgate, modify and supplement the charters of enterprises with 100% charter capital held by the State which are established under the Prime Minister's decisions.

3. To stipulate financial management of enterprises with 100% charter capital held by the State, covering methods of determining charter capital; capital raising; investment, building, purchase, sale, management and use of fixed assets; management of receivable and payable debts; investment and transfer of capital outside enterprises; distribution of after-tax profits, setting up and use of funds of enterprises; preservation and development of capital of enterprises; and competence to issue financial regulations applicable to enterprises.

4. To stipulate criteria for assessing the implementation of set objectives and assigned tasks, operation results, and production and business effectiveness of enterprises with 100% charter capital held by the State, and the task performance of enterprise managers and supervisors; to stipulate the supervision and examination of the investment, management and use of state capital in enterprises; to stipulate the disclosure of information on the operation of enterprises.

5. To stipulate the recruitment, appointment, re-appointment, relief of duty, commendation and disciplining of enterprise managers, supervisors and representatives of state capital.

6. To stipulate salaries, remuneration, bonuses and other benefits of enterprise managers, supervisors and representatives of state capital amounts.

7. To stipulate the operation of supervisors in enterprises with 100% charter capital held by the State.

8. To stipulate the recruitment, salaries, bonuses and other benefits of employees in enterprises with 100% charter capital held by the State in accordance with the labor law.

9. To report on the investment, management and use of state capital in enterprises nationwide in the previous year to the National Assembly at its year-end sessions.

Article 41. Rights and responsibilities of the Prime Minister

1. To decide on investment of state capital to establish enterprises under Clauses 1 and 3, Article 11 of this Law.

2. With regard to enterprises established under the Prime Minister's decisions:

a/ To decide on their reorganization, transformation and rearrangement;

b/ To decide on their charter capital upon establishment and adjust their charter capital during operation;

c/ To approve their 5-year development investment strategies and plans and production and business plans;

d/ To decide on the appointment, re-appointment, relief of duty, commendation and disciplining of chairpersons of their Members' Councils.

3. To approve schemes on establishment and general schemes on arrangement and renewal of enterprises to be established under decisions of agencies representing the owner.

4. To decide on the transfer of state capital in an enterprise among agencies representing the owner themselves and between the agency representing the owner and an enterprise with the state capital investment and trading function.

Article 42. Rights and responsibilities of agencies representing the owner toward enterprises with 100% charter capital held by the State

1. To decide to invest state capital to establish enterprises under Clause 2, Article 11 of this Law.

2. With regard to enterprises established under decisions of agencies representing the owner:

a/ To decide on their reorganization, transformation, dissolution or bankruptcy;

b/ To decide on transfer of state capital in the enterprises between the agency representing the owner and an enterprise with the state capital investment and trading function after obtaining approval from the Prime Minister;

c/ To promulgate, modify and supplement their charters; to decide on and adjust their charter capital;

d/ To approve their 5-year development investment strategies and plans and annual production and business plans;

dd/ To decide on the appointment, re-appointment, relief of duty, commendation, disciplining, salaries, remuneration, bonuses and other benefits of chairpersons and members of the Members' Councils, company presidents, supervisors and representatives of state capital; to decide on annual funds for salaries and remuneration of enterprise managers and supervisors.

To approve proposals of the Members' Councils or company presidents on appointment, re-appointment, relief of duty, commendation or disciplining of directors general or directors of these enterprises;

e/ To approve capital raising plans, projects on investment, building, purchase and sale of fixed assets, outside investment projects and offshore

investment projects of these enterprises in accordance with Articles 23, 24, 28 and 29 of this Law;

g/ To allocate state capital for investment in these enterprises after obtaining approval from competent authorities; to decide on transfer of these enterprises' capital invested in joint-stock companies or limited liability companies with two or more members in case the transfer value is lower than the book value of the enterprises after clearing investment capital loss provisions;

h/ To decide on contribution of capital, increase and decrease of capital contributions and transfer of these enterprises' capital invested in joint-stock companies or limited liability companies with two or more members; to decide on admission of joint-stock companies or limited liability companies with two or more members as subsidiaries or affiliated companies of these enterprises;

i/ To approve these enterprises' financial statements and plans on distribution of profits and setting up of annual funds;

k/ To supervise, examine and inspect enterprises in the management, use, preservation and development of capital, the implementation of development investment strategies and plans, the recruitment of employees, and the implementation of salary and bonus regimes; to give opinions on the supervision, examination and inspection by other competent agencies or organizations with regard to the investment, management and use of state capital in enterprises;

l/ To assess operation results and production and business effectiveness of enterprises; to assess the management and administration by enterprise managers and supervisors.

3. With regard to enterprises assigned to them for management, agencies representing the owner shall exercise the rights and discharge the responsibilities prescribed in Clauses 1 and 2 of this Article, except those prescribed in Article 41 of this Law.

4. The Government shall stipulate in detail the exercise of rights and discharge of responsibilities of agencies representing the owner.

Article 43. Rights and responsibilities of agencies representing the owner with regard to state capital amounts invested in joint-stock companies or limited liability companies with two or more members

1. To appoint, remove from office, relieve of duty, commend, discipline, and decide on salaries, responsibility-based allowances, bonuses and other benefits of, representatives of state capital amounts.

2. To decide within their competence the increase of capital or transfer of shares or capital contributions of the State in joint-stock companies or limited liability companies with two or more members.

3. To supervise the recovery of investment capital and the collection of profits and dividends from joint-stock companies or limited liability companies with two or more members.

4. To request representatives of state capital amounts to perform the tasks specified in Article 48 of this Law; to promptly give written opinions when being consulted on matters falling within the responsibilities of these representatives.

5. To examine, supervise and assess the performance of representatives of state capital amounts.

6. To take responsibility for the use efficiency, preservation and development of state capital.

7. To exercise other rights and discharge other responsibilities prescribed in the Law on Enterprises, the charters of their enterprises and other relevant laws.

Article 44. Rights and responsibilities of the Members' Councils or company presidents in enterprises with 100% charter capital held by the State

1. The Members' Councils or company presidents shall propose competent authorities defined in Articles 40, 41 or 42 of this Law to decide on the adjustment of the charter capital; modification and supplementation of the charters; or reorganization, transformation, dissolution or bankruptcy of their enterprises.

The Members' Councils shall propose the appointment, re-appointment, relief of duty, commendation, disciplining, salaries, remuneration, bonuses and other benefits of their chairpersons and members to competent authorities defined in Articles 40, 41 or 42 of this Law.

2. The Members' Councils or company presidents shall, after obtaining approval from agencies representing the owner, decide on the following:

a/ Five-year development investment strategies and plans and annual production and business plans of their enterprises;

b/ Appointment, re-appointment, relief of duty, commendation or disciplining of the directors general or directors;

c/ Capital raising, investment, building, purchase and sale of fixed assets, outside investment projects and offshore investment projects of their enterprises under Articles 23, 24, 28 and 29 of this Law;

d/ Contribution of capital, increase and decrease of capital contributions, and transfer of their enterprises' capital invested in joint-stock companies or limited liability companies with two or more members;

dd/ Admission of joint-stock companies or limited liability companies with two or more members as subsidiaries or affiliated companies of their enterprises;

e/ Financial statements; distribution of profits and setting up of annual funds of their enterprises.

3. The Members' Councils or company presidents shall decide on the following:

a/ Internal regulations of their enterprises;

b/ Salaries, remuneration, bonuses and other benefits of the directors general or directors and other titles appointed by the Members' Councils;

c/ Appointment, re-appointment, relief of duty, commendation, disciplining, salaries, remuneration, bonuses and other benefits of the deputy directors general or deputy directors and chief accountants;

d/ Decide, or authorize the directors general or directors to decide, on capital raising plans and projects on investment, building, purchase and sale of fixed assets within their competence.

4. The Members' Councils or company presidents shall manage and administer their enterprises in accordance with law and decisions of the agencies representing the owner.

5. The Members' Councils or company presidents shall take responsibility to the agencies representing the owner for the management, use, preservation and development of capital; promptly report to these agencies in case their enterprises operate at loss, become insolvent, fail to accomplish their assigned tasks or commit other violations.

6. The Members' Councils or company presidents shall take responsibility before law for their violations causing capital or asset losses to their enterprises.

7. The Members' Councils, chairpersons and members of the Members' Councils or company presidents shall exercise other rights and discharge other responsibilities prescribed in the Law on Enterprises, the charters of their enterprises and other relevant laws.

Article 45. Supervisors in enterprises with 100% charter capital held by the State

1. Supervisors shall be appointed, re-appointed or relieved of duty by the agencies representing the owner or competent state agencies.

2. The criteria, conditions and working regime for and rights and responsibilities of supervisors must comply with the law on enterprises and other relevant laws.

3. Salaries, remuneration and bonuses of supervisors:

a/ Salaries, remuneration and bonuses of supervisors shall be determined based on their task performance and production and business effectiveness of enterprises;

b/ Salaries, remuneration and bonuses of supervisors shall be decided and paid by the agencies representing the owner or competent state agencies.

Chapter VI

REPRESENTATIVES OF STATE CAPITAL AMOUNTS, REPRESENTATIVES OF CAPITAL CONTRIBUTIONS OF ENTERPRISES

Article 46. Criteria for representatives of state capital amounts or representatives of capital contributions of enterprises

A representative of state capital amounts or representative of capital contributions of an enterprise must satisfy the following criteria:

1. Being a Vietnamese citizen permanently residing in Vietnam;

2. Having political and moral qualities and full civil act capacity and being physically fit for fulfilling his/her assigned tasks;

3. Possessing legal knowledge and a sense of law observance;

4. Having professional capability and qualifications and working experience meeting the requirements of the position or title he/she is appointed to;

5. Not being banned from holding a position, not being considered for disciplining, not being subject to investigation, prosecution, trial, imprisonment or execution of disciplining decisions;

6. Not being a spouse, blood father, adoptive father, blood mother, adoptive mother, blood child, adopted child, sibling, brother-in-law or sister-in-law of the chairperson or a member of the Members' Council, chairperson or a member of the Board of Directors, company president, supervisor, director general or director, deputy director general or deputy director or chief accountant of the enterprise;

7. Other criteria prescribed by the law on enterprises and other relevant laws.

Article 47. Appointment of representatives of state capital amounts and representatives of capital contributions of enterprises

1. Based on the criteria prescribed in Article 46 of this Law, the agency representing the owner and an enterprise with 100% charter capital held by the State shall select and appoint a representative of state capital amounts and a representative of capital contributions of the enterprise. Such appointment shall be made in writing, stating the rights and responsibilities of these representatives.

2. The appointment duration of a representative of state capital amounts and representative of capital contributions of an enterprise must not exceed the term of office of the Members' Council or Board of Directors.

3. A representative of state capital amounts and representative of capital contributions of an enterprise shall act as full-time representatives at such enterprise.

4. A part-time representative of state capital amounts may act as a representative of state capital amounts at no more than three enterprises. The number of part-time representatives in an enterprise must not exceed 30% of the number of members of the Members' Council or Board of Directors.

A part-time representative of capital contributions of an enterprise may act as a representative at one or more than one enterprise as provided in the enterprise's charter.

Article 48. Rights and responsibilities of representatives of state capital amounts

1. To report to and consult agencies representing the owner before giving opinions, voting and making decision at the General Assembly of Shareholders or a meeting of the Board of Directors or Members' Council, on the following:

a/ Business lines, development investment objectives, tasks, strategies and plans and production and business plans;

b/ Issuance, modification and supplementation of the charter; increase or decrease of charter capital; election, relief of duty, removal from office, commendation, or handling of violations, of members of the Board of Directors or Members' Council, director general or director, and deputy director general or deputy director;

c/ Distribution of profits and setting up of annual funds of the enterprise;

d/ Reorganization, dissolution or bankruptcy of the enterprise;

dd/ Other matters falling within the competence of the General Assembly of Shareholders, Board of Directors or Members' Council.

2. To promptly report on loss-making activities, insolvency, failure to accomplish assigned tasks or other violations of joint-stock companies or limited liability companies with two or more members.

3. To summarize and report on the production, business and financial situation and propose solutions on a quarterly and annual basis to, or upon request of, agencies representing the owner.

4. To request joint-stock companies or limited liability companies with two or more members to pay into the state budget profits and dividends corresponding to state capital amounts invested in these companies.

5. To stop acting as representatives when improperly exercising their rights and discharging their responsibilities or no longer satisfying the criteria for a representative.

6. To take responsibility before law for their violations causing loss of state capital.

7. To exercise other rights and discharge other responsibilities stated in the charters of joint-stock companies or limited liability companies with two or more members, the law on enterprises and other relevant laws.

Article 49. Rights and responsibilities of representatives of capital contributions of enterprises

1. To report to and consult the enterprises that have appointed them to be representatives before giving opinions, voting and making decision at the General Assembly of Shareholders or meetings of the Board of Directors or Members' Council, on the following:

a/ Business lines, development investment objectives, tasks, strategies and plans and production and business plans;

b/ Issuance, modification and supplementation of the charter; increase or decrease of charter capital; election, relief of duty, removal from office, commendation, or handling of violations, of members of the Board of Directors or Members' Council, director general or director, and deputy director general or deputy director;

c/ Distribution of profits and setting up of annual funds of the enterprise;

d/ Reorganization, dissolution or bankruptcy of the enterprise;

dd/ Other matters falling within the competence of the General Assembly of Shareholders, Board of Directors or Members' Council.

2. To promptly report on loss-making activities, insolvency, failure to accomplish assigned tasks or other violations of joint-stock companies or limited liability companies with two or more members.

3. To summarize and report on the production, business and financial situation and propose solutions on a quarterly and annual basis to, or upon request of, their enterprises.

4. To stop acting as representatives when improperly exercising their rights and discharging their responsibilities or no longer satisfying the criteria on a representative.

5. To take responsibility before law for their violations causing capital loss to their enterprises.

6. To exercise other rights and discharge other responsibilities prescribed in the law on enterprises, the charters of their enterprises and other relevant laws.

Article 50. Salaries, remuneration, bonuses and other benefits of representatives of state capital amounts and representatives of capital contributions of enterprises

1. Full-time representatives of state capital amounts and representatives of capital contributions of enterprises in joint-stock companies or limited liability companies with two or more members are entitled to salaries, responsibility-based allowances, bonuses and other benefits paid by these companies.

2. Part-time representatives of state capital amounts and representatives of capital contributions of enterprises in joint-stock companies or limited liability companies with two or more members are entitled to salaries, remuneration, bonuses and other benefits, specifically as follows:

a/ Remuneration paid by joint-stock companies or limited liability companies with two or more members;

b/ Salaries, responsibility-based allowances, bonuses and other benefits paid by agencies representing the owner and their enterprises with 100% charter capital held by the State.

Chapter VII

SUPERVISION, EXAMINATION AND INSPECTION OF THE INVESTMENT, MANAGEMENT AND USE OF STATE CAPITAL IN ENTERPRISES

Section 1

CONTENTS OF SUPERVISION, EXAMINATION AND INSPECTION OF THE INVESTMENT, MANAGEMENT AND USE OF STATE CAPITAL IN ENTERPRISES

Article 51. Supervision, examination and inspection of the investment of state capital in enterprises

1. Promulgation of policies and laws on investment of state capital in enterprises.

2. Investment of state capital in enterprises according to the objectives, principles and scope prescribed in this Law.

3. Determination of investment capital, balancing of capital source plans and use of capital sources for the investment of state capital in enterprises.

4. Economic and social benefits of the investment of state capital in enterprises.

5. Decision on the investment, order and procedures for deciding on the investment of state capital in enterprises.

6. Exercise of rights and discharge of responsibilities by agencies representing the owner in the investment of state capital in enterprises.

Article 52. Supervision, examination and inspection of the management and use of capital and assets in enterprises with 100% charter capital held by the State

1. Promulgation of policies and laws on management and use of capital and assets in enterprises.

2. Exercise of rights and discharge of responsibilities by agencies representing the owner in the management and use of capital and assets in enterprises.

3. Implementation of production and business plans, financial plans and development strategies of enterprises, and provision of public-utility products and services ordered or assigned by the State.

4. Raising and use of capital, management of receivable debts and payable debts, implementation of projects on investment, building, purchase and sale of fixed assets, and preservation and development of capital of enterprises.

5. Issuance of internal regulations of enterprises.

6. Outside investment and offshore investment activities of enterprises.

7. Transfer and recovery of capital, and collection of profits and dividends from outside investments.

8. Management of enterprises' capital invested in joint-stock companies or limited liability companies with two or more members.

9. Implementation of regimes on salaries, remuneration, bonuses, responsibility-based allowances and other benefits for employees, managers, supervisors and representatives of capital contributions of enterprises.

10. Performance of obligations toward the state budget, distribution of profits, and setting up and use of funds of enterprises.

Article 53. Supervision, examination and inspection of the management of state capital invested in joint-stock companies or limited liability companies with two or more members

1. Promulgation of policies and laws on management of state capital invested in joint-stock companies or limited liability companies with two or more members.

2. Exercise of rights and discharge of responsibilities by agencies representing the owner in the management of state capital invested in joint-stock companies or limited liability companies with two or more members.

3. Maintenance of the ratios of shares and capital contributions in joint-stock companies or limited liability companies with two or more members, based on enterprise classification criteria prescribed by law.

4. Appointment of, exercise of rights and discharge of responsibilities by, and regimes on salaries, remuneration, bonuses, responsibility-based allowances and other benefits for, representatives of state capital amounts.

5. Implementation of plans on withdrawal and recovery of state capital, and collection of profits or dividends from joint-stock companies or limited liability companies with two or more members.

Article 54. Supervision, examination and inspection of the restructuring of state capital in enterprises

1. Promulgation of policies and laws on the restructuring of state capital in enterprises.

2. Exercise of rights and discharge of responsibilities by agencies representing the owner in the restructuring of state capital in enterprises.

3. Formulation, approval and implementation of schemes on the restructuring of state capital in enterprises.

Section 2

ORGANIZATION OF SUPERVISION, EXAMINATION AND INSPECTION OF THE INVESTMENT, MANAGEMENT AND USE OF STATE CAPITAL IN ENTERPRISES

Article 55. Oversight by the National Assembly

1. The National Assembly, the National Assembly Standing Committee, the Ethnic Council, Committees of the National Assembly, delegations of National Assembly deputies and National Assembly deputies shall oversee the investment, management and use of state capital in enterprises in accordance with the law on supervisory activities of the National Assembly.

2. The National Assembly shall review at its year-end session the Government's report on the investment, management and use of state capital in enterprises in the previous year.

3. During the interval between two National Assembly sessions, the National Assembly Standing Committee may request the Government, the Prime Minister or other members of the Government to explain and answer questions about the investment, management and use of state capital in enterprises.

Article 56. Examination and inspection by the Government

1. The Government and the Prime Minister shall, within the ambit of their tasks and powers, organize the examination and inspection of the following activities:

a/ Elaboration, promulgation, and organization of the implementation, of policies and laws on the investment, management and use of state capital in enterprises;

b/ Exercise of rights and discharge of responsibilities by agencies representing the owner;

c/ Production and business results of, and preservation and development of state capital in, enterprises.

2. The Ministry of Finance shall:

a/ Propose solutions on the investment, management and use of state capital in enterprises to agencies representing the owner;

b/ Annually summarize and propose solutions on the investment, management and use of state capital in enterprises nationwide and report them to the Government.

3. Ministries and ministerial-level agencies shall, within the ambit of their tasks and powers, examine and inspect the investment, management and use of state capital in enterprises.

Article 57. Supervision, examination and inspection by agencies representing the owner

1. Agencies representing the owner shall supervise, examine and inspect the following activities:

a/ Investment, management and use of state capital in enterprises; production and business effectiveness of, and preservation and development of state capital in, enterprises;

b/ Exercise of rights and discharge of responsibilities by enterprise managers, supervisors and representatives of state capital amounts;

c/ Enterprises' compliance with policies and laws;

d/ Investment, recovery of capital and collection of profits and dividends in joint-stock companies or limited liability companies with two or more members;

dd/ Implementation of recommendations and warnings of state management agencies, inspection agencies, audit agencies and agencies representing the owner about the investment, management and use of state capital in enterprises.

2. Based on the results of supervision, examination and inspection prescribed in Clause 1 of this Article, agencies representing the owner shall:

a/ Give warnings about and promptly handle matters detected during supervision, examination and inspection;

b/ Request full and prompt compliance with recommendations and warnings of state management agencies, inspection agencies and audit agencies about the investment, management and use of state capital in enterprises;

c/ Handle, or propose the handling of, managers, supervisors or representatives of state capital amounts who commit violations in the investment, management and use of state capital in enterprises;

d/ Annually summarize and send to the Ministry of Finance the results of supervision of the investment, management and use of state capital in enterprises established under their decisions or assigned to them for management.

Article 58. Internal supervision by enterprises with 100% charter capital held by the State

1. Enterprises shall conduct internal supervision of the following:

a/ Their production and business effectiveness and preservation and development of state capital;

b/ Exercise of rights and discharge of responsibilities by managers, supervisors and representatives of capital contributions of the enterprises;

c/ Investment, recovery of capital and collection of profits and dividends in joint-stock companies or limited liability companies with two or more members;

d/ The enterprises' compliance with policies and laws;

dd/ Other contents at the request of agencies representing the owner.

2. The Members' Councils or company presidents shall promptly take measures to prevent risks in the management of capital and assets in their

enterprises, based on the results of internal supervision; and fully and promptly implement recommendations and warnings of supervision, examination or inspection agencies.

Chapter VIII

EVALUATION AND RANKING OF, REPORTING ON, AND DISCLOSURE OF INFORMATION ON OPERATION OF, ENTERPRISES WITH 100% CHARTER CAPITAL HELD BY THE STATE

Article 59. Evaluation and ranking of enterprises, assessment of enterprise managers and supervisors

1. An enterprise shall be evaluated and ranked based on the following criteria:

a/ Its performance of plans on turnover, profits and return on equity ratio;

b/ Its solvency and overdue payable debts;

c/ Its provision of public-utility products and services ordered or assigned by the State;

d/ Its compliance with policies and laws on the investment, management and use of state capital in enterprises and other relevant laws.

2. The task performance of enterprise managers and supervisors shall be assessed based on the results of evaluation and ranking of their enterprises and their exercise of rights and discharge of responsibilities.

Article 60. Reporting on operation of enterprises

1. An enterprise shall report to the agency representing the owner on the following contents:

a/ Its annual development investment plan, production and business plan and financial plan;

b/ Results of implementation of quarterly and annual plans;

c/ Its biannual and annual financial statements;

d/ Resolutions and decisions of the Members' Council;

dd/ Investment projects and their implementation progress;

e/ Arising problems which are likely to affect the results of implementation of its development investment plan, production and business plan and financial plan;

g/ Results of internal supervision;

h/ Other contents as prescribed by the law on enterprises.

2. An enterprise must have its annual financial statement audited. Before and after the audit, the annual financial statement shall be sent to the agency representing the owner, finance agency of the same level and state management agency in accordance with law.

3. The Members' Council, chairperson and members of the Members' Council or the company president shall take responsibility before law for the accuracy and truthfulness of the contents specified in Clause 1 of this Article.

Article 61. Disclosure of information on operation of enterprises

1. Enterprises shall promptly publish on their websites the contents related to their operation as prescribed in Clause 1, Article 60 of this Law.

2. Agencies representing the owner shall promptly publish on their websites the investment, management and use of state capital in enterprises established under their decisions or assigned to them for management.

3. The Ministry of Finance shall promptly publish on its website the Government's report on the investment, management and use of state capital in enterprises nationwide after the Government presents this report to the National Assembly.

Chapter IX

COMMENDATION, HANDLING OF VIOLATIONS

Article 62. Commendation

1. To commend and reward organizations and persons that have:

a/ Successfully fulfilled the tasks and objectives in the investment, management and use of state capital in enterprises;

b/ Overachieved the assigned targets; applied solutions and initiatives in the investment, management and use of state capital in enterprises;

c/ Promptly detected and prevented the wasteful use or loss of state capital or capital and assets of enterprises.

2. Funding sources for commendation and reward:

a/ Reward sources as prescribed by the law on emulation and commendation;

b/ Reward funds for employees and bonus funds for enterprise managers and supervisors.

Article 63. Handling of violations

Agencies, organizations and persons that violate the provisions of this Law shall, depending on the nature and severity of their violations, be disciplined, administratively sanctioned or examined for penal liability; and, if causing damage, pay compensation in accordance with law.

Chapter X

IMPLEMENTATION PROVISIONS

Article 64. Transitional provisions

1. From the effective date of this Law, enterprises with 100% charter capital held by the State shall propose competent state agencies to promulgate the charters and financial regulations of the enterprises in accordance with this Law; such promulgation shall be completed before January 1, 2016.

The charters and financial regulations of enterprises with 100% charter capital held by the State which are promulgated before the effective date of this Law remain effective through December 31, 2015.

2. Projects on investment of state capital in enterprises which are approved or decided by competent authorities before this Law is promulgated continue to be implemented as approved or decided.

3. Matters related to the management and use of capital and assets in enterprises with 100% charter capital held by the State and the management of state capital in joint-stock companies and limited liability companies with two or more members which arise before the effective date of this Law shall be handled under current regulations through December 31, 2015.

Article 65. Effect

This Law takes effect on July 1, 2015.

Article 66. Detailing provision

The Government and competent agencies shall detail the articles and clauses in this Law as assigned.

This Law was passed on November 26, 2014, by the XIIIth National Assembly of the Socialist Republic of Vietnam at its 8th session.-

Chairman of the National Assembly
NGUYEN SINH HUNG