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DOING BUSINESS IN VIETNAM

OF AN AWARD-WINNING BUSINESS LAW FIRM

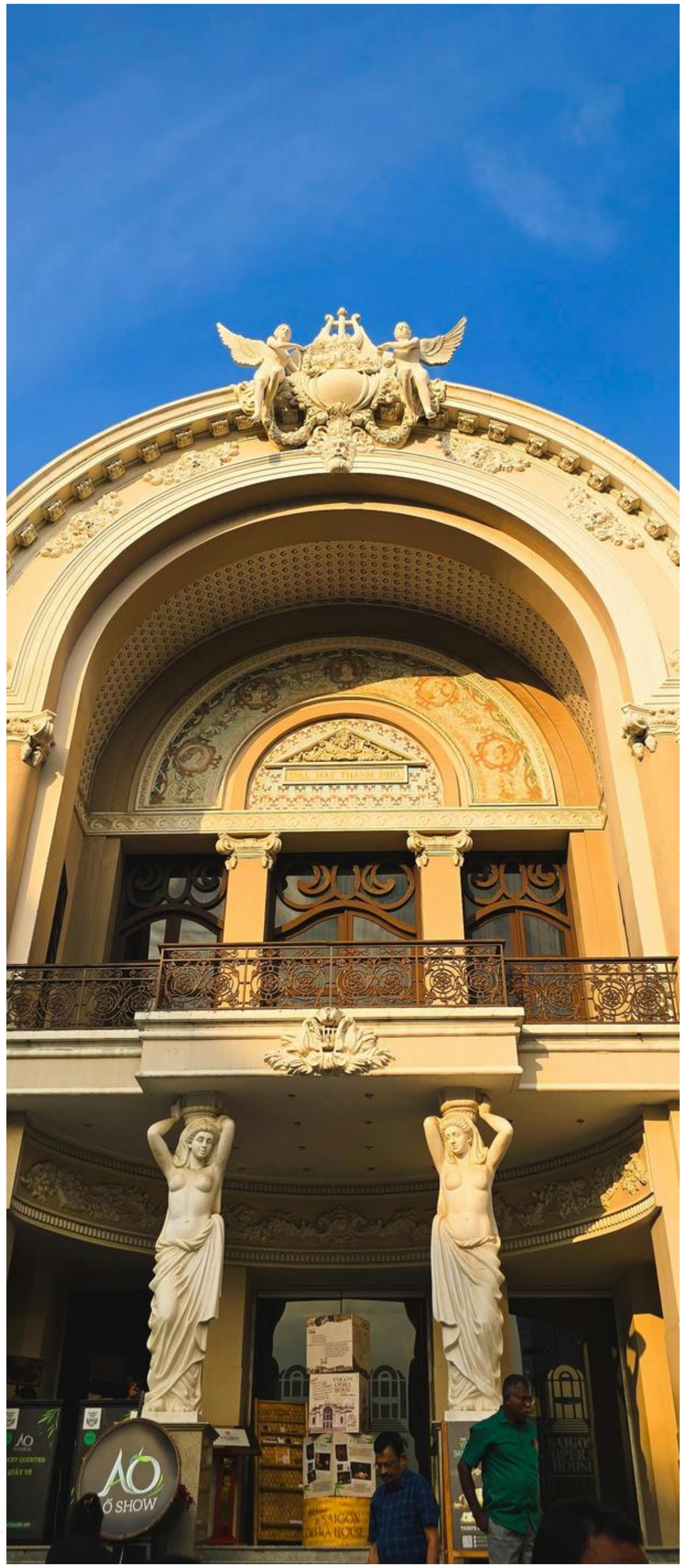
vci-legal.com

INTRODUCTION

Viet Nam is entering a new phase of growth, driven by ambitious reforms, infrastructure development, digital transformation, and deeper global integration. With GDP growth projected at 7.1% in 2026, the country continues to strengthen its position as a leading investment destination in Asia.

Recent legal and policy developments reflect Viet Nam’s commitment to modernizing its regulatory framework, accelerating investment approvals, and attracting high-value foreign investment. At the same time, institutional reforms and private sector expansion are creating new opportunities across key industries.

This update provides foreign investors and business leaders with practical insights into Viet Nam’s evolving legal and business landscape, including key regulatory changes, investment trends, and emerging opportunities. As the market continues to grow, VCI Legal remains committed to helping clients navigate Viet Nam with clarity and confidence.



VCI LEGAL INTRODUCTION

Business Law Firm providing "In-house Counsel Service", specialized legal services for business

Voted "Vietnam Corporate Law Firm of The Year" by

OUR SERVICES

Corporations, M&A & Securities	Banking, Finance & Capital Markets	Real Estate & Construction	Infrastructure, Transport & Logistics	Tax & Transfer Pricing	Alternative Dispute Resolution: Mediation, Arbitration
Investment and restructuring	Insurance	Petroleum, Mining & Energy	Trade Policy & Competition	Labor, HR Management & Compliance	In House Counsel

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LOCAL INSIGHTS MEET INTERNATIONAL EXPERTISE

A full service law firm with a seasoned team of multi-disciplinary professionals

In-depth understanding of the legal system, business environment, and cultural background in Vietnam

- Offices: Hanoi and Ho Chi Minh City
- Professional staff: 25
- Languages: Vietnamese, English, Japanese, French, Chinese, Korean

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INTERNATIONAL AWARDS

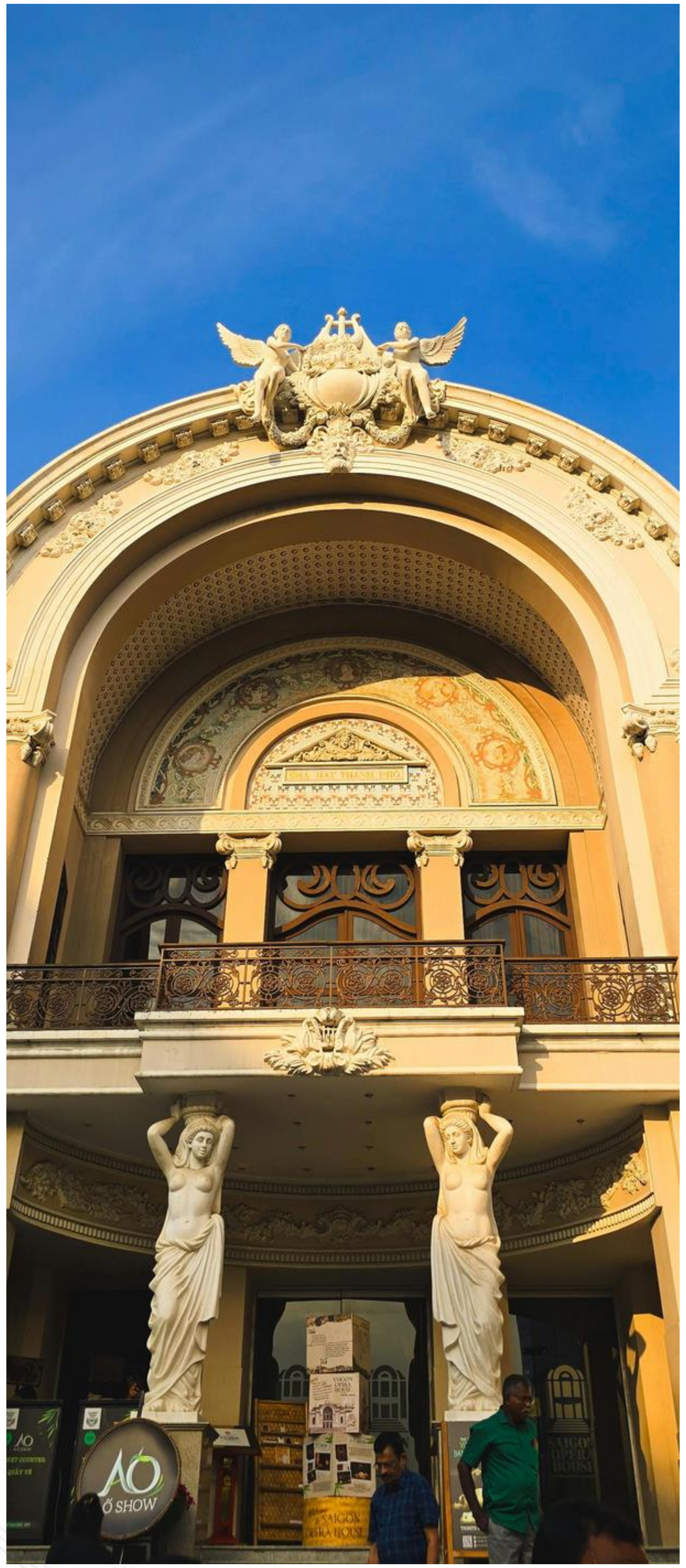
From 2011 to present, we are recognized by many top magazines and ranking systems, e.g. Legal500, Chambers & Partners, Benchmark Litigation, IFLR1000, asialaw Profiles and Legalese's Tax Director Handbook (global legal directories & ranking agencies) and international professional magazines list VCI Legal among the top law firms in Vietnam for: M&A, competition law, banking and corporate, insurance, taxation, intellectual property, investment

- Benchmark Litigation
  - 2026: Recommended Firm
  - 2024: Tier 3 Firm - Commercial and transactions
    - Recommended Firm - International arbitration
    - Notable Firm - Labor and employment
- IFLR1000 – 2023; 2024: Notable Firm - Banking and finance; Corporate and M&A; Projects
- asialaw - 2024:
  - Notable Firm - Banking and finance; Corporate and M&A
  - Recommended - Dispute resolution
- Corporate INTL Global Awards - 2024, 2025: Business Law Expert of the Year in Vietnam
- Lawyers Worldwide Awards Experts in Law - 2024: Capital Markets Law Firm Of The Year - Vietnam

SERVICES OVERVIEW

Full-service business law firm: firm with specialized business-oriented service packages:

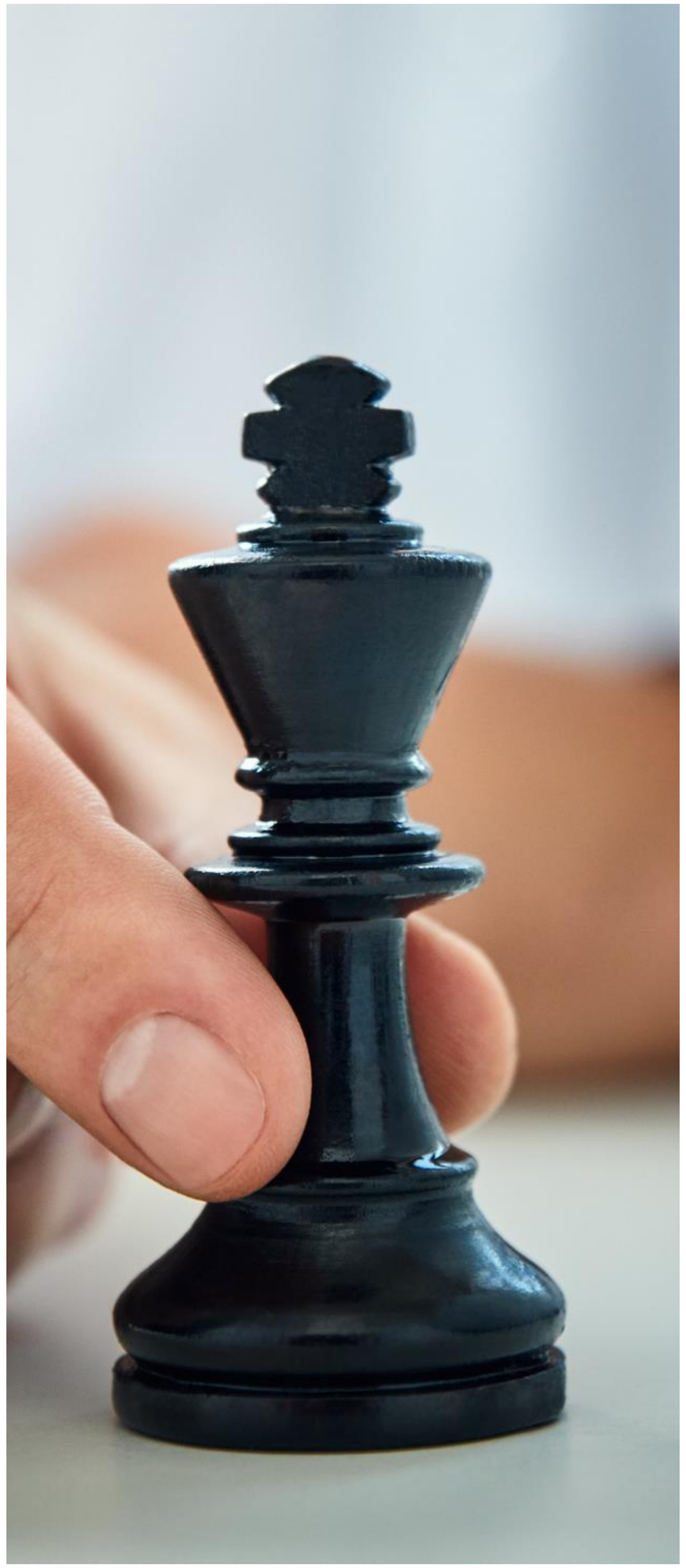
- Finance, Legal & Stock Market Engineering Service™
- Investment Structuring & Placement®
- Legal, Compliance & Risk Management Service®;
- Intellectual Properties Strategic Management Service®
- IP Enforcement Service®



SERVICES OVERVIEW

Corporate, Finance, Tax and Litigation on the "In-house Counsel Services"® platform

- Legal and Financial Advisory Services
- Project and Contract Negotiation
- Drafting & Translation
- Due Diligence
- Registration procedures
- State & Local Government Relations
- Regulatory Compliance
- In-house training & workshops
- Project Planning and Management
- Daily Operations



WHAT SETS VCI LEGAL APART?

- A “Can Do” Attitude combining with a “Know How” Capacity
- True sense of “Lawyer for business” independent legal professionals who were trained & practiced in international environment
- Most key personnel are lawyers with in-house counsel experience and deep “local” business insights
- Not only legal practitioners but also business managers who are willing to bring “some skin in the game”
- Strong professional & cultural background
- Committed to provide not only the best legal services but also the most effective & practical business solutions
- Team player and partnering with clients in resolving business issues

INDEX

WHY VIETNAM?

COUNTRY OVERVIEW

POPULATION
102.3 million

LABOR FORCE
53.6 million

UNEMPLOYMENT RATE
1.68%

INCOME PER CAPITA
Estimated 10 million VND

GLOBAL TALENT COMPETITIVENESS
76/135

GDP GROWTH RATE

2021	2022	2023	2024	2025	Q1 2026
2.56%	8.02%	5.05%	7.09%	8.02%	7.83%

INDUSTRIAL GROWTH

8.97%

GDP BY SECTOR

Agriculture, Forestry and Fishery	Industry and construction	Services
5.60%	44.08%	50.32%

*Source: Vietnam GSO, Q1 2026

COUNTRY OVERVIEW

TOTAL DIRECT FDI USD

2023	2024	2025	Q1 2026
23.18B	25.35B	21.52B	15.2B
3.5% YOY	9.4% YOY	9.4% YOY	42.9% YOY

EXPORT USD

2021	2022	2023	2024	2025	Q1 2026
336B	371B	355B	405B	219B	122B

PUBLIC DEBT/GDP

2021	2022	2023	2024	2025	2026
43.7%	38%	37%	34.7%	33-34%	32-34%

IMPORT USD

2021	2022	2023	2024	2025	Q1 2026
332B	360B	327B	380B	212B	126B

*Source: Vietnam GSO, Q1 2026

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ECONOMIC PERFORMANCE

Vietnam's economic performance in Q1 2026 and forecast:

- GDP: increase by 7,83% YoY (agriculture, forestry and fishery sectors: 3,58%; industry and construction sectors: 8,92%; service sector: 8,18%)
- Labor productivity: $341.69/worker, increased $12.49 compared to 2026; According to comparative prices (the proportion of trained workers with diplomas or certificates in 2026 is estimated to reach 29,6%, 0,1 percentage points higher than in Q4 2025)

FASTEST GROWING ECONOMY

PricewaterhouseCoopers (PWC) in The Long View: How will the global economic order change by 2050? Vietnam is expected to be

- "… world's fastest growing economies [up until 2050]."
- "… could achieve annual average growth of around 5% over the next 34 years."
- to be world 20th largest economy in 2050 (Korea 18th, Italy 21st, Canada 22nd).

VIETNAM - THE NEW ASIAN TIGER?

- AGEFI (Switzerland): “Vietnam ranks 5th out of 35 Asian markets in terms of economic openness...emerging as a manufacturing hub in the East Asia region, supported by government-led economic liberalization & integration into global supply chains, through trade agreements and membership of regional and international blocs.”
- MONEYWEEK (England): “Vietnam, Asia’s new tiger economy, is roaring.”
- LE PETIT JOURNAL (France): “..currently one of the most competitive countries on the planet, and its industry has one of the highest growth rates in the world... Vietnam will really become Asia’s new tiger.”
- HARVARD POLITICAL REVIEW (the U.S.): “The country has the potential to maintain existing levels of growth for the foreseeable future. If successful, Vietnam could very well become the next true Asian Tiger, and millions would come to enjoy higher standards of living.”

INDEX OF ECONOMIC FREEDOM

VIETNAM RANKED AT 61 OUT OF 184 COUNTRIES AT THE SCORE OF 65.2/100

	INDEX PARAMETER	VIETNAM'S 2025 SCORE (OUT OF 100)
Rule of Law	Property Rights	49.9
	Government Integrity	39.1
	Judicial Effectiveness	35
Government Size	Government Spending	88.8
	Tax Burden	81.8
	Fiscal Health	95.8
Regulatory Efficiency	Business Freedom	73.9
	Labor Freedom	54.5
	Monetary Freedom	73.9
Open Market	Trade Freedom	79.8
	Investment Freedom	60
	Financial Freedom	50

*Source: The Heritage Foundation

WHY VIETNAM?

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WHY VIETNAM?

- Full member of WTO since 2007
- Involvement in the CPTPP & EVFTA
- Fast Growing Economy
- FDI inflows forecast remains strong
- Inflation is at a moderate rate
- Exchange rates are stable
- Political stability
- Country risk is at its lowest since the economic crisis
- One of the most popular destination for investment migration from China post-trade war & covid 19

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*Source: Eurocham Whitebook 2024

WHY VIETNAM?

- Comprehensive strategic partner with 13 countries: China (2008), Russia (2012), India (2016), Korea (2022), the U.S (2023), Japan (2023) & Australia (2024), France (2024), Malaysia (2024), New Zealand (2025), Indonesia (2025), Singapore (2025), Thailand (2025)
- Privatization of SOEs and liberalization of the banking sector: new entry points for foreign investors.
- Large, skillful and low-cost workforce (highly evaluated by JETRO-Japan)
- Proximity to China and East Asia markets:
  - centrally-located to access China and other East Asia & Australia markets
  - good manufacturing base for companies to export to the rest of Asia & beyond
- ASEAN coordinator for relations with the India/Japan/Korea in 2015 – 2018/2018 – 2021/2021 – 2024

GLOBAL RETAIL DEVELOPMENT INDEX 2025

Market Attractiveness (25%)	Country risk (25%)	Market saturation (25%)	Time pressure (25%)	Population (million)	GDP per capital, PPP	Retail sales ($ billion)
33.4	47.9	34.2	76.9	99	14,458	153

VIETNAM RISES AS A GLOBAL GROWTH LEADER

ECI: Economic Complexity Index

What drives this?

- Diverse & sophisticated manugaturing exports
- Complexity exceeds income level expectation - a proven growth predictor
- Vietnam leads Asia's fastest growing economies: ahead of China, Thailand, Laos, Indonesia

*Source: Havard Growth Lab Atlas, Feb 2026

#1 **Projected GDP per capital growth** globally through 2034

45th **ECI global rank in 2024**
Up from #65 in 2014
Forecast #34 by 2034

"Vietnam and China remain more complex than expected for their income level so they will continue to lead global growth in the coming decade" , Ricardo Hausmann, Director, Harvard Growth Lab

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FDI IN FIGURES

Top countries newly investing in Vietnam in Q1 2026:

1. Singapore: USD 5.32B (52%)
2. Republic of Korea: USD 3.68B (35.9%)
3. China: USD 2.21B (12%)
4. Japan: USD 2B (12%)

Leading provinces/cities of FDI capital (2025):

1. Ha Noi: USD 3.2B (17.6%)
2. Bac Ninh: USD 2.7B (15.1%)
3. Ho Chi Minh City: USD 2.59B (14.1%)
4. Dong Nai: USD 1.59B (8.7%)

POTENTIALS, OPPORTUNITIES & CHALLENGES

THE VIETNAM INTERNATIONAL FINANCIAL CENTRE

IFC – A GROWING HUB FOR INTERNATIONAL INVESTORS

- Ho Chi Minh City ranked 84th out of 120 global financial centres in the GFCI 39 (2026), rising 11 places from the previous year.
- The IFC in HCMC (VIFC-HCMC), launched in February, has already recorded initial developments, including:
    - USD 6.1 billion committed to an aviation finance hub;
    - Development of a maritime finance centre;
    - Around USD 2 billion mobilized for smart urban data and financial infrastructure.

VIFC – A NEW GROWING HUB FOR INTERNATIONAL INVESTORS

- HCMC IFC has partnered with global blockchain alliances to develop a USD 1 billion digital asset fund, focusing on blockchain and tokenization.
- Cross-border transactions are expected to be facilitated through its interbank system in the future
- Looking ahead, HCMC aims to reach top 75 in GFCI by 2035 and top 50 by 2045. It is also identified among the top 15 financial centres with the strongest growth potential in the next 2–3 years, with notable improvement in fintech rankings.

IFC MAIN POLICY

Tax incentives: tax reductions/exemptions for financial institutions (CIT); and for foreign experts working at the IFC (PIT).

Land: priority access to cleared land for financial infrastructure projects, with land use terms of 50–70 years depending on the project.

Bank: Foreign banks: 100% foreign-owned banks and foreign bank branches may apply the accounting standards and provisioning ratios of their parent banks, provided they are consistent with IAS/IFRS or equivalent.

Capital market: tax and other legal incentives are available for innovative startups, including support for fundraising through crowdfunding mechanisms.

Strategic investors: subject to a distinct set of rights and obligations compared to other investors.

IFC MAIN POLICY

Fintech and innovation: investors participating in pilot programs may be exempt from certain technical regulatory requirements and are shielded from administrative, disciplinary, and civil liability for damages arising from objective causes during the testing phase, provided that they comply with the approved testing procedures.

Immigration and residency: attraction of high-quality talent through flexible visa policies and residency support for foreign experts.

RECENT LANDMARK PROJECTS

- Viettel has partnered with NVIDIA to build a sovereign AI ecosystem in Vietnam, deploying high-performance computing infrastructure (22 DGX B200 systems with 1.5 exaFLOPs) and developing Vietnamese large language models

- FPT entered into a comprehensive strategic partnership with NVIDIA to build a US$200 million AI Factory powered by NVIDIA H100 GPUs, strengthen sovereign AI and cloud capabilities, accelerate generative AI adoption, and position Vietnam as a regional AI hub

RECENT LANDMARK PROJECTS

1.Amkor Group (2024) (U.S)
$1.6B factory for manufacturing, assembling and testing semiconductor materials and equipment - Bac Ninh

2.Innotek (2023) (Korea)
increased its capital in Hai Phong by $1B

3.JINKO SOLAR (2023) (Hongkong)
invested $1.5B for photovoltaic cell technology complex project in Quang Ninh

4.Boviet Solar (2024) (China)
invested $120M in Hai Duong specializing in manufacturing solar photovoltaic cell panels

5.Trina Solar Cell (2024) (China)
$454M solar cell plant in Thai Nguyen

6.Luxshare-ICT (2024) (China)
invested an additional $330M to expand its production factory in Bac Giang

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RECENT LANDMARK PROJECTS

7.Nestle Vietnam (2024) added $100M to double the processing capacity of high-quality coffee lines in Dong Nai. To date, Nestle has invested nearly $830M in 4 factories in Vietnam	**8.Tokyo Gas, Kyuden (2023) & TTVN Group (Vietnam)** invested $1.99B in LNP power Thai Binh	**9.LITE-ON (2023) (Taiwan)** $690M computers and computer peripherals	**10.Fulian Precision Technology Factory (2023) (Singapore)** $621M in Bac Giang	**11. All Apple biggest suppliers** Foxconn, Luxshare, Pegatron, Wistron with other 20 suppliers in iPhone supply chain & 1 iPad manufacturing partners now all in Vietnam. In 2023,11 factories of Taiwanese enterprises in Apple supply chain moved Vietnam.	**12.Goertek Vina Manufacturer Project (2022) (Hong Kong, China)** –increased investment capital to $500M USD expanding electronic product factory, network equipment and multimedia audio products - biggest FDI project in Nghe An).

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RECENT LANDMARK PROJECTS

13.GE increased investment capital by $216.9M in Bac Ninh

14.JNTC – Korea electronic component factory project (2022)
increased investment capital by $163M in Phu Tho

15.LG Display Hai Phong (2021) (Korea)
increase by $750M - OLED TV, plastic OLED, LCD screen

16.JA Solar PV Vietnam (2021) (Hongkong)
$210M for photo-voltaic panels - Bac Giang

17.IntelVietnam (2021) (USA)
increased by $475M with the goal of expansion to manufacturing 5G products and core processors in SHTP

18.United States Enterprises Semiconductor
$110M Factory in Da Nang

RECENT LANDMARK PROJECTS

19.Pegatron Vietnam (2020) (Taiwan)
$481M in Hai Phong - gaming equipment, phone accessories, smart speakers, game controllers; all types of computers (partner of Apple, Microsoft, Sony)

20.Radian Jinyu Tire Factory Project (2021) (China)
increase $312M, TBR full-steel tire manufacturing in Tay Ninh

21.Fukang Technology Project (2021) (Singapore)
USD 270M invested by Foxconn Singapore PTE Ltd., in Bac Giang – manufacturing and processing 8 million products of tablets and laptops per year

22.Bac Lieu Liquefied Natural Gas (LNG) Power Plant Project under LNG Bac Lieu Thermal Power Center (2020) (Singapore)
with registered investment capital of USD 4B , with the goal of producing electricity from natural gas LNG

23.Southern Vietnam Petrochemical Complex (2020) (Thailand)
increase capital by $1.386B , Ba Ria – Vung Tau

24.Western Tay Ho Urban Center Project (2020) (South Korea)
Ha Noi, increase by $774M

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SPACEX & SUPPLIER'S PROJECT

- 09/2024 SpaceX senior vice president Tim Hughes announced plans for a $1.5B investment in Vietnam
- Taiwan-based Wistron NeWeb Corp (WNC)- supplier for Elon Musk’s SpaceX, invest an additional US$30 million in a subsidiary in northern Vietnam in 2025.
- In 11/2022, its subsidiary company NeWeb Vietnam received the sponsor of $25 million in capital from WNC.

APPLE'S EFFORTS TO SHIFT ITS SUPPLY CHAIN AWAY FROM CHINA

- Apple is moving its production and supply chain to India and other countries, aiming to reduce its dependence on Chinese manufacturing, including the transfer of engineering and manufacturing expertise
- The Trump administration has also repeatedly said it wants Apple to move production to America.

APPLE'S SHIFT TO VIETNAM

- In Apple’s Q1 2025 financial report, CEO Tim Cook confirmed that Apple devices other than Iphone originate primarily from Vietnam, which includes iPad, Mac (MacBook and Mac mini), HomePod, Apple Watch and AirPods, etc.

- By 2025, Vietnam is projected to supply 20% of global iPad and Apple Watch output, 5% of MacBooks, and up to 65% of AirPods.

Source: Vietnam News

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APPLE: VIETNAM'S POTENTIAL

Geographic Proximity to China: makes it more attractive for relocating supply chain operations. This reduces logistical challenges and shortens supply lines.

Experienced Manufacturing Ecosystem: more mature electronics manufacturing ecosystem compared to India - ease the transition for Apple's suppliers.

Investment-Friendly Environment: proactively attracting FDI with established mechanisms to facilitate business operations and regulatory processes.

Economic and Political Stability: stable economic and political environment can provide a conducive backdrop for Apple's operations.

Trade Relationships: Vietnam's trade relationships and trade agreements, EVFTA, CPTPP, RCEP, AFTA, etc… offer advantages for global manufacturing and exports.

Infrastructure Development: Vietnam has been investing in building a robust manufacturing ecosystem for years

NEW FOCUS IN FDI PROMOTION

- Efficiency & productivity optimization are keys, Cut down "dirty, low efficiency & low added value" industries calling for FDI.
- Focusing areas:
  - AI, CHIP manufacturing, Hi-Techs
  - Infrastructure
  - High-quality personnel
  - Supporting industries
  - Agriculture

INFORMATION TECHNOLOGY

- Revenue in the ICT sector to April 2026 estimated USD 24.9 billion, increasing 38% compared to the same period in 2025
- Vietnam is among the top 12 countries with large electronics exports in the world and ranked 3rd in ASEAN. About 95% of the value belongs to the FDI sector
  - The strong growth of the telecom and information technology sectors helped upgrade Vietnam's positions in international rankings
  - Progress over the year since has been remarkable. Viettel now operates over 6,500 5G BTS (Base Transceiver Stations), ensuring full coverage in Vietnam's 63 cities and provincial capitals as well as industrial parks, tourist hubs, seaports, airports, hospitals, and universities.

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REAL ESTATE

- Economic situation is stable, real estate demand is growing sustainably with large number of foreign visitors to Vietnam, credit flow to properties are well controlled.

➔ Real estate market in Q1 2026 remains bright as the 2nd ranked sector in attracting FDI, accounting for 7.2% of total disbursed capital across the economy, reached approximately USD 389.5 million.

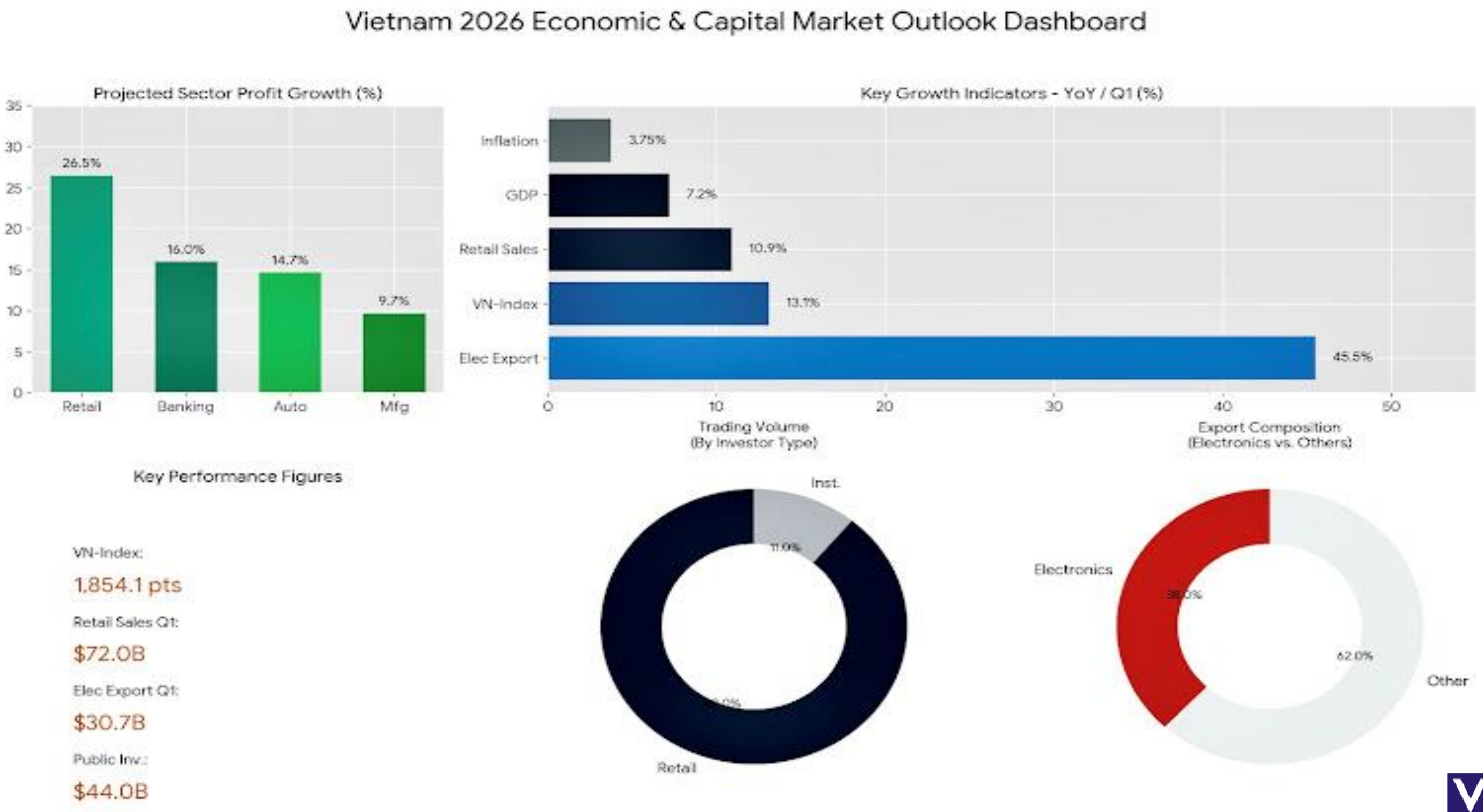
- High-end sector has become hotspot market
- Local demand is also continuously rising
- Upward trends on green construction with green technologies
- Expected to benefit from VAMC, increase of ownership cap, credit growth policies, inflation control and low interests

CAPITAL MARKET

VN-Index (with increase of 13.1% in Q1 2026, reaching 1,854.1 points as of April 2026)

- Despite global trade disruptions, corporate earnings outlook remains positive in 2026, led by retail, automotive, banking, and manufacturing sectors.
- Decree 96/2026/ND-CP supports greater foreign investor access, while the VND remains stable under SBV’s flexible exchange-rate management.
- Inflation is projected to remain controlled at around 3.5%–4.5%, supporting macroeconomic stability.
- Domestic retail investors continue to dominate the stock market, accounting for roughly 88–90% of trading activity.
- Vietnam’s stock market outlook remains supported by strong GDP growth, estimated at approximately 7.2% in 2026.

CAPITAL MARKET



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RETAIL

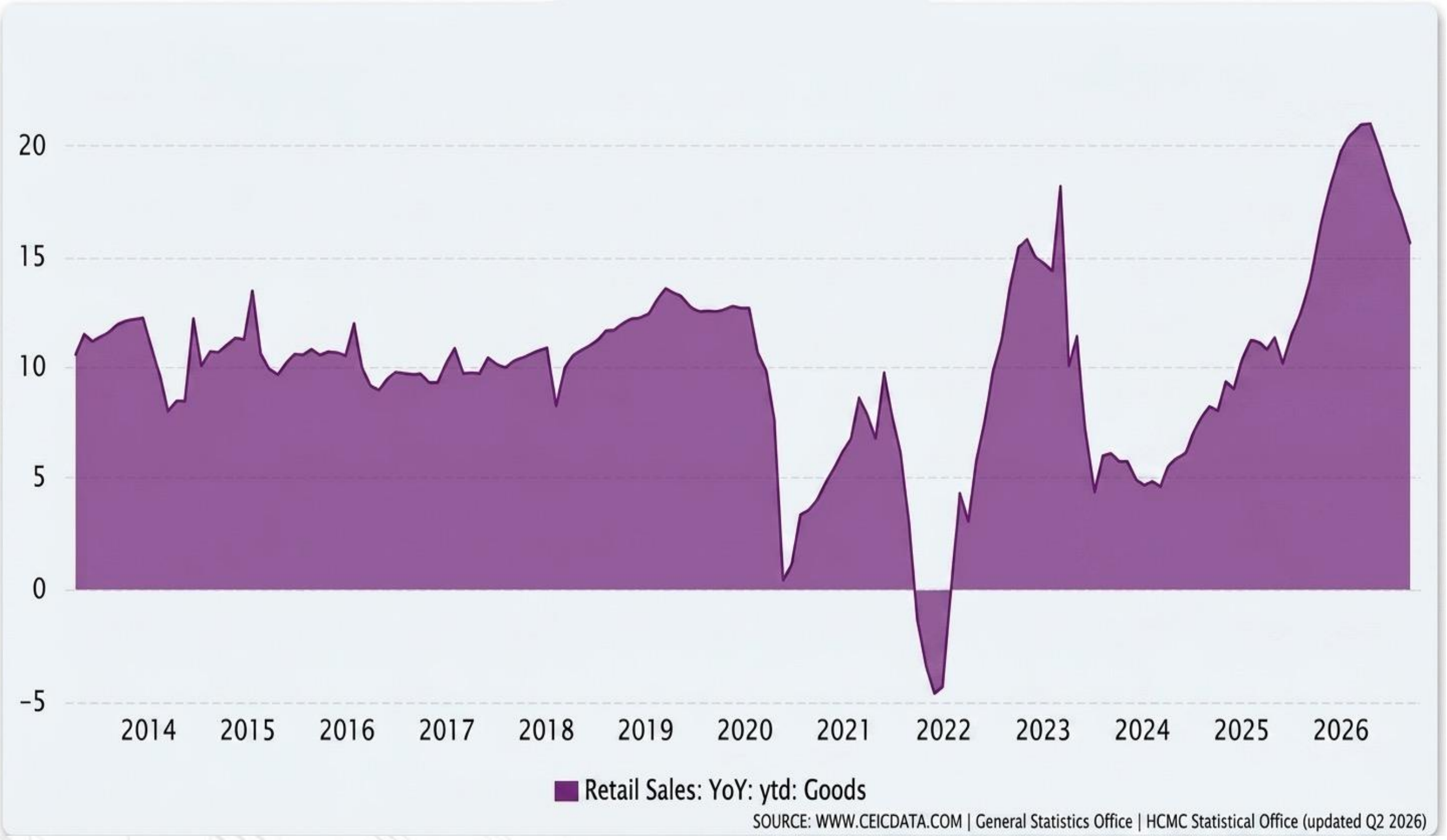
In Q1 2026, total retail sales of consumer goods and services reached approximately USD 72 billion (VND 1.9 quadrillion), up 10.9% over the same period last year

Positive Outlook

Vietnam maintains a vibrant demographic edge with a population surpassing 102 million in 2026;

Millennials and Gen Z now represent the core consumer base, driving demand for modern and sustainable retail formats.

The e-commerce market has fundamentally shifted shopping habits, reaching an estimated USD 33.57 billion in 2026 and now accounting for roughly 12% of total national retail sales.



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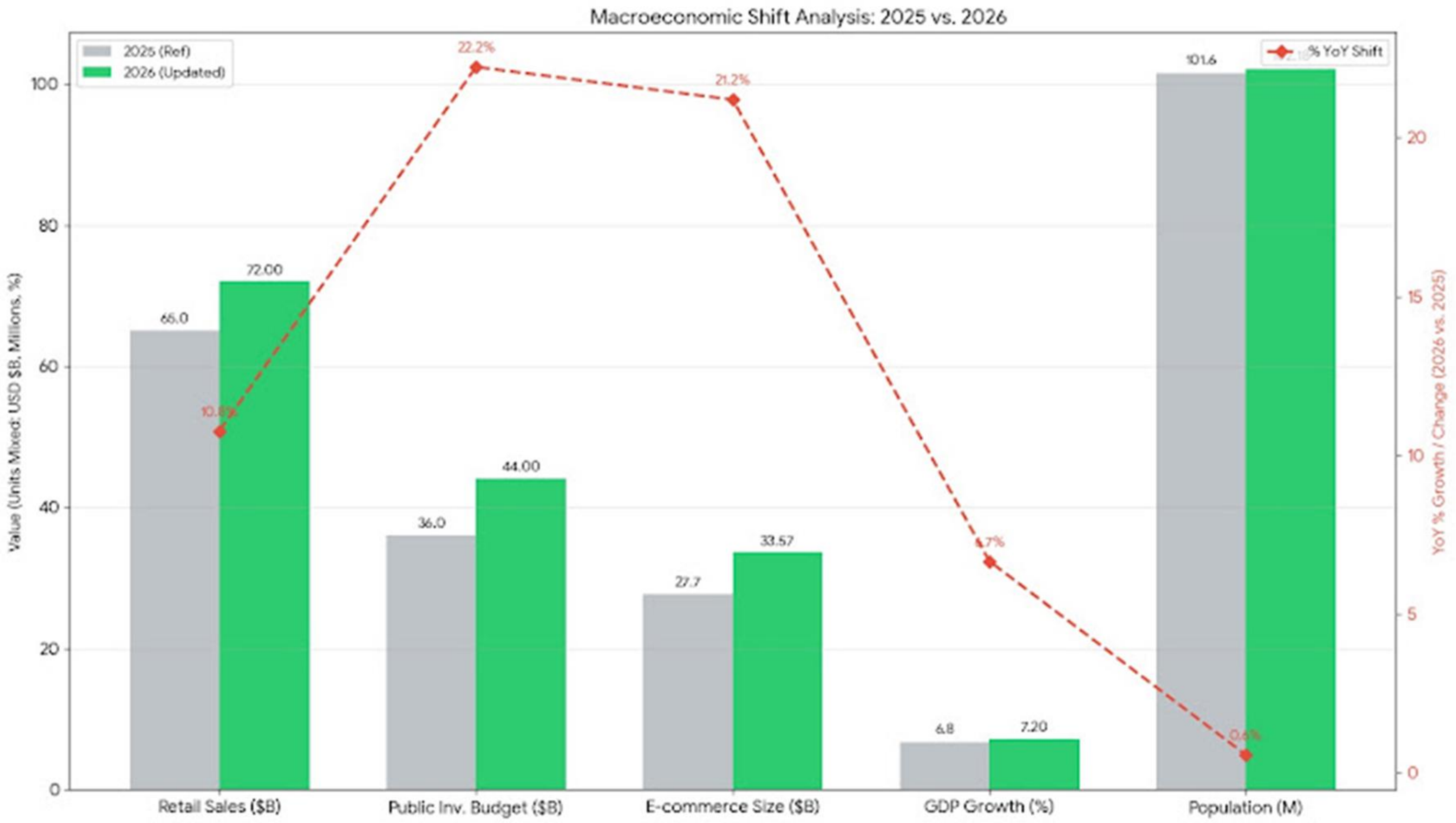
Source: Deloitte Vietnam, Eurocham Vietnam

TRANSPORT, LOGISTICS AND INFRASTRUCTURE

Under the 2025 Investment Law and updated trade decrees, WFOEs (Wholly Foreign-Owned Enterprises) can participate in almost all types of logistics services, including multimodal transport and advanced warehousing, as the sector moves toward full liberalization.

TRANSPORT, LOGISTICS AND INFRASTRUCTURE



ELECTRONICS

Based on the performance data from **Q1 2026** and the consolidated final figures from 2025, here is the updated rewrite for your report:

- Vietnam's electronics industry continued strong growth in Q1 2026 after reaching a record USD 473 billion in exports in 2025.
- Electronics exports reached USD 30.7 billion in Q1 2026, up 45.5% YoY.
- The sector accounts for approximately 38% of Vietnam's total export turnover.
- Vietnam is now the world's 8th largest electronics exporter and 2nd in ASEAN.
- Monthly electronics exports exceeded USD 13 billion for the first time in March 2026, driven mainly by demand from the U.S. and China.

ELECTRONICS

- **Structural Shift Toward High-Value Production**

  Vietnam is transitioning from low-value exports to high-tech, knowledge-intensive manufacturing, especially electronics and precision machinery

- **FDI as a Catalyst for Knowledge Transfer**

  FDI from global tech companies such as Samsung and Intel has accelerated technology transfer and upgraded local supply chains to international standards.

- **Integration into Sophisticated Value Chains**

  Vietnam has become a key hub in global supply chains and an attractive destination for high-end manufacturing beyond labor-intensive production.

ENERGY

- For a energy system under PDF8, VN is facing new challenges:
    - efficient use of domestic energy resources;
    - barriers for energy efficiency;
    - utilize the economic potential for renewable energy while securing a stable power supply; and
    - mitigating climate change and air pollution.
- Government of Vietnam has several key policies for sustainable energy development with four main pillars: EE, RE, energy market and climate change
- National Power development Plan 2021-2030: energy security, energy efficiency, power quality and establishing a competitive market

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*Source: EREA & DEA: Vietnam Energy Outlook Report 2021 (2022)

BANKING

- **Fitch report**:
  - Prolonged and rapid credit growth heightens the risk of asset-quality deterioration when banks remain burdened by large bad-debt issues and thin capital buffers.
  - Bank profit: ROA ~2.6%, ROE ~11.5% in 2023
  - Credit growth at 13.5% (2023), expected to hit 13.6% in 2024.

- **Accelerating the restructure of local banks**:
  - Foreign strategic investor can invest in more than 1 local credit institution
  - Limit for foreign strategic investors in credit institution is increased to 20% instead of 15%. 20% cap may be lifted by the PM to restructure and ensure the weak banks to be safely restructured

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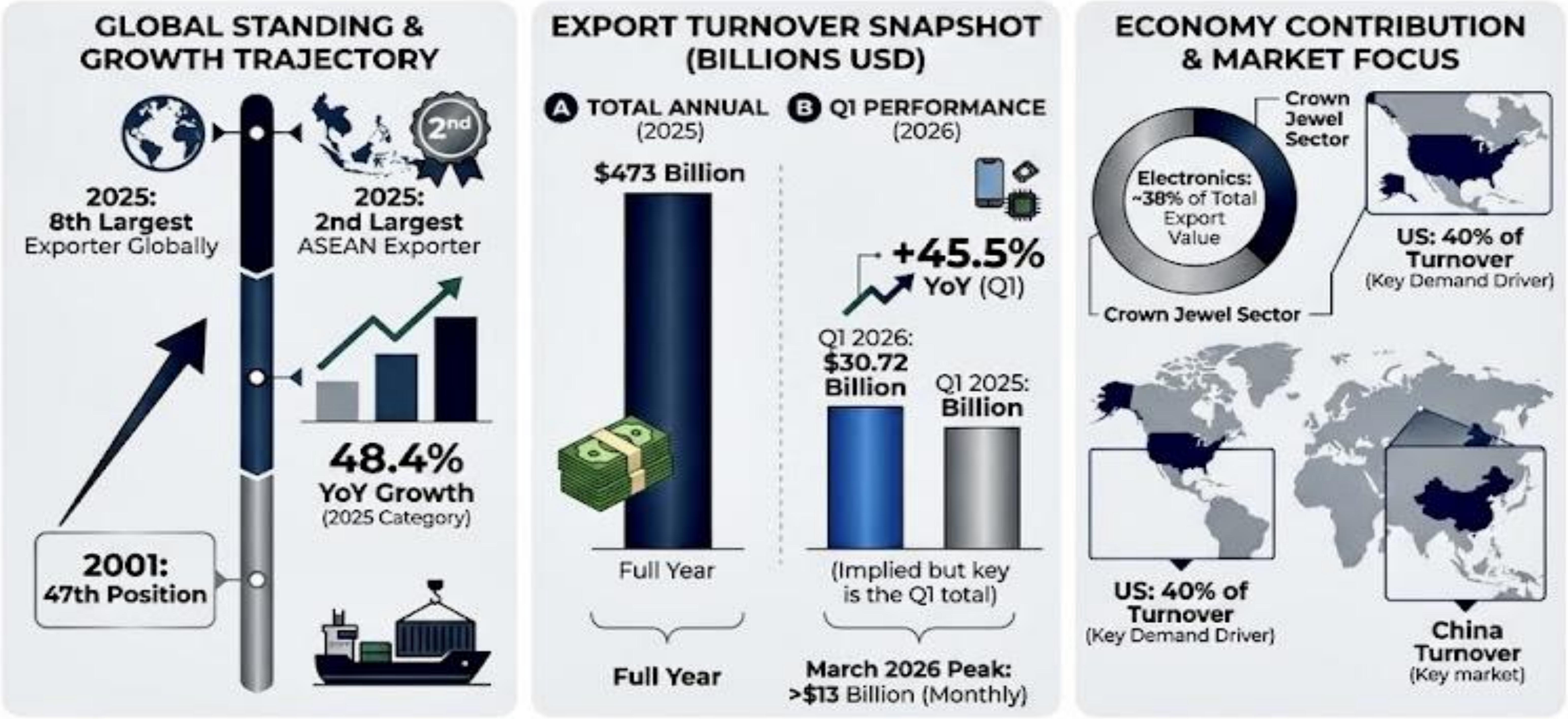
VIETNAM ELECTRONICS INDUSTRY: A DECADE OF EXPLOSIVE GROWTH (Q1 2026 UPDATE)



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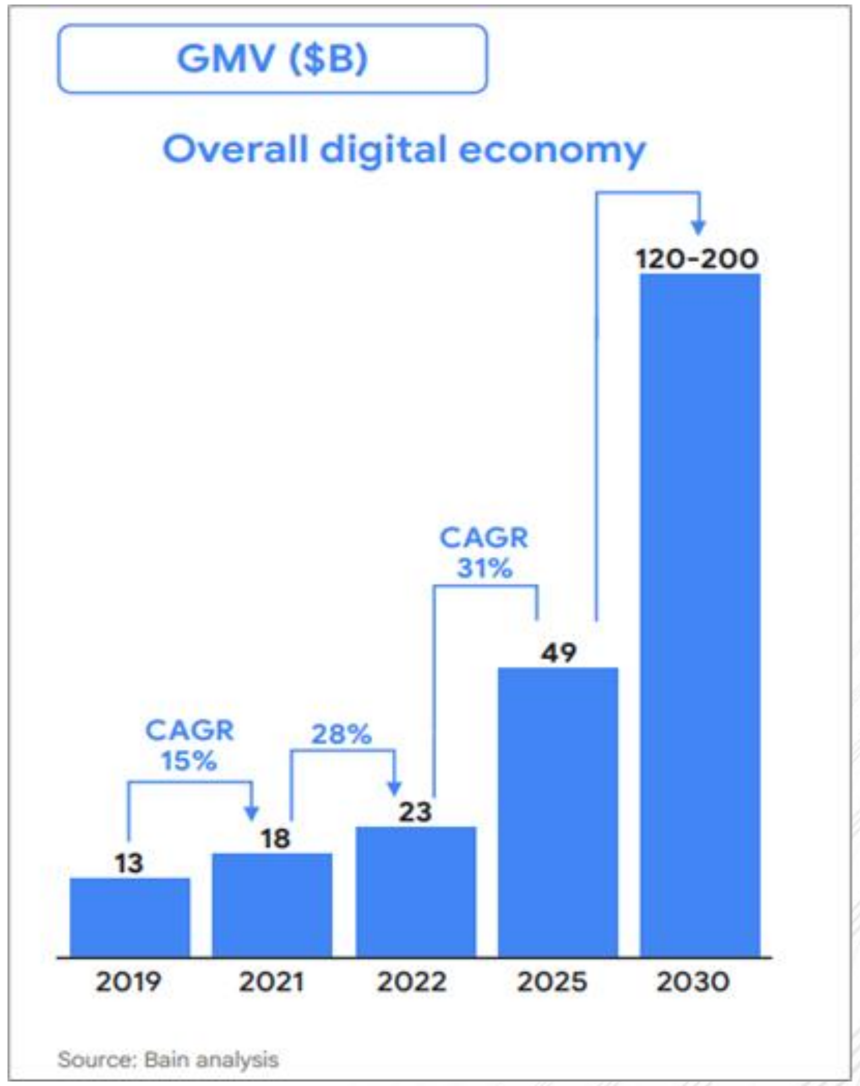
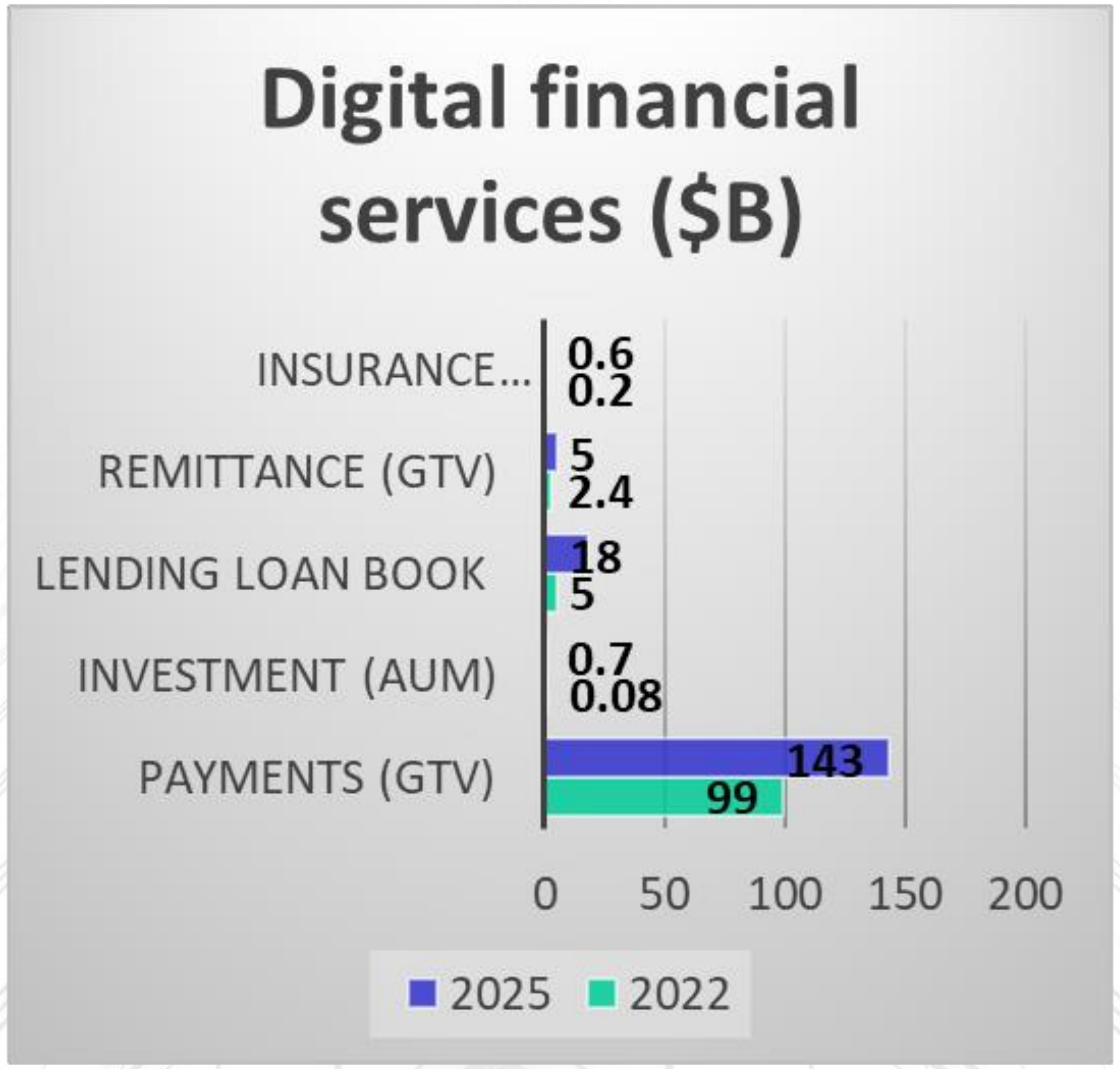
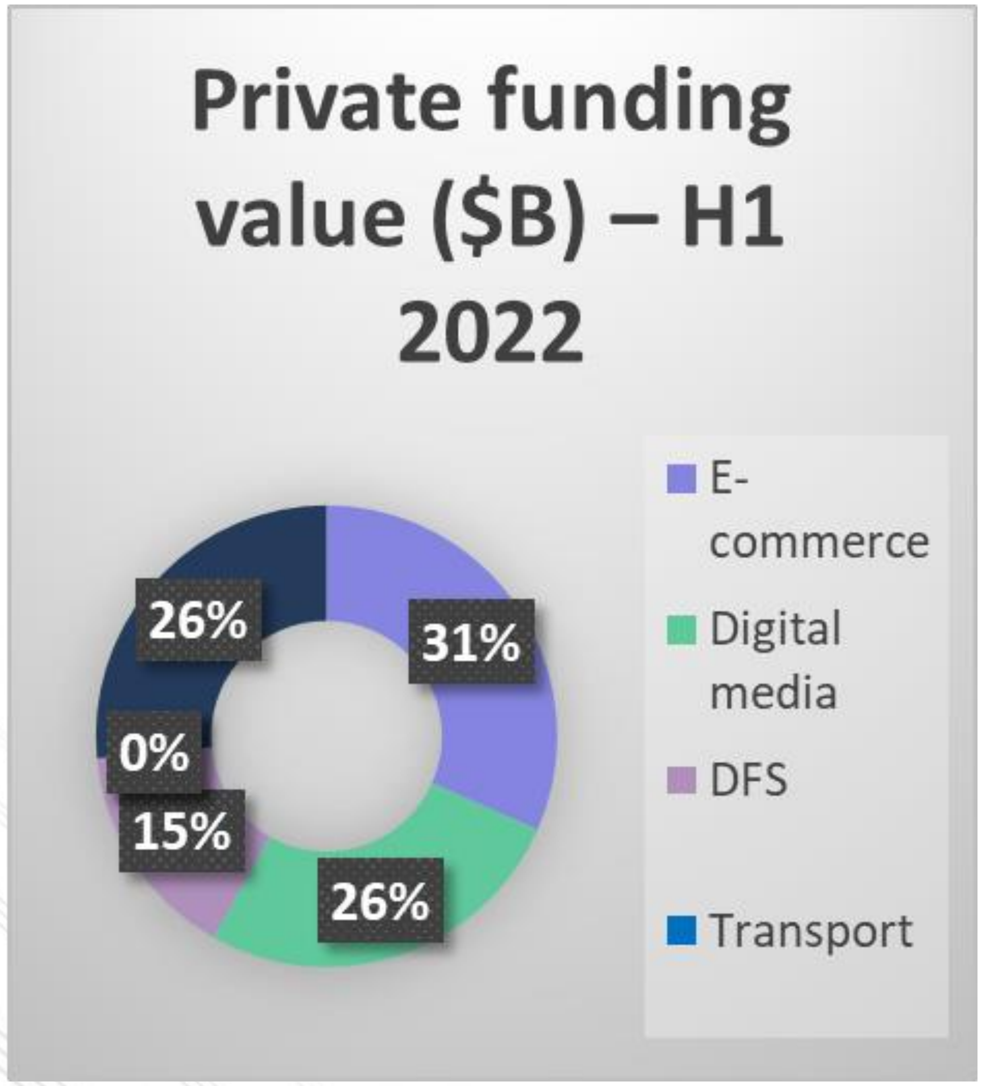
GARMENT & TEXTILE

- In the first three months of 2025, Vietnam ranked second among the top 10 textile exporters to the US, which exceeds 17.58 billion USD, up 9% compared to the same period last year.
- Garment & textile export reached USD 44B in 2024, 44 billion in 2024, marking an 11.26 per cent increase from 2023.
- UKVFTA, along with EVFTA, is expected to boost the growth of garment and textile industry in Vietnam in the UK and EU markets.
- COVID-19 pandemic is put under control, the world getting used to a new normal, the Asia-Pacific predicted to be the fastest-growing region in 2023, China easing the zero-COVID policy (China is the biggest raw material supplier), and logistics costs showing signs of declining.

PORTS OF CALL: VIETNAM DATA*







*Source: E-Conomy SEA Report 2022

INVESTMENTS ON CHIPS R&D - MANUFACTURING OVERVIEW

- In 2022, Vietnam is the 9th largest electronics export in the world
- The Vietnam semiconductor market is expected to show an annual growth rate (CAGR) of 9.99 per cent from 2025 to 2029, resulting in a market volume of $31.39 billion by 2029
- Taking part in the semiconductor value chain means joining a global market of USD 1.4 trillion by 2029 at a compound annual growth rate of 12%
- It also helps to
  - increase quality of qualified human resources in the country,
  - promote the development of related high-tech industries
  - enhance added value of Vietnamese electronics manufacturing

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MULTINATIONAL & NATIONAL INVESTMENTS

Viettel Group (Vietnam)

- August 2022: proposal to participate in research, design and production of chips for domestic demand, towards export.
- Since 2018: $40 million investment in chip research and production.
- Successfully designed a chip in equipment used for 5G telecom stations.

FPT Semiconductor (Vietnam)

- 2022: first range of integrated semiconductor chips designed in Vietnam
- Will to bring 7 more chip lines to market in 2023
- In 2023 and 2024: willingness to supply 25 million chips to the global market.

Samsung Electronics (Korea)

- disbursed investments of $2 billion in 2023, raising its total investment in the country to $22 billion.

Synopsys (USA)

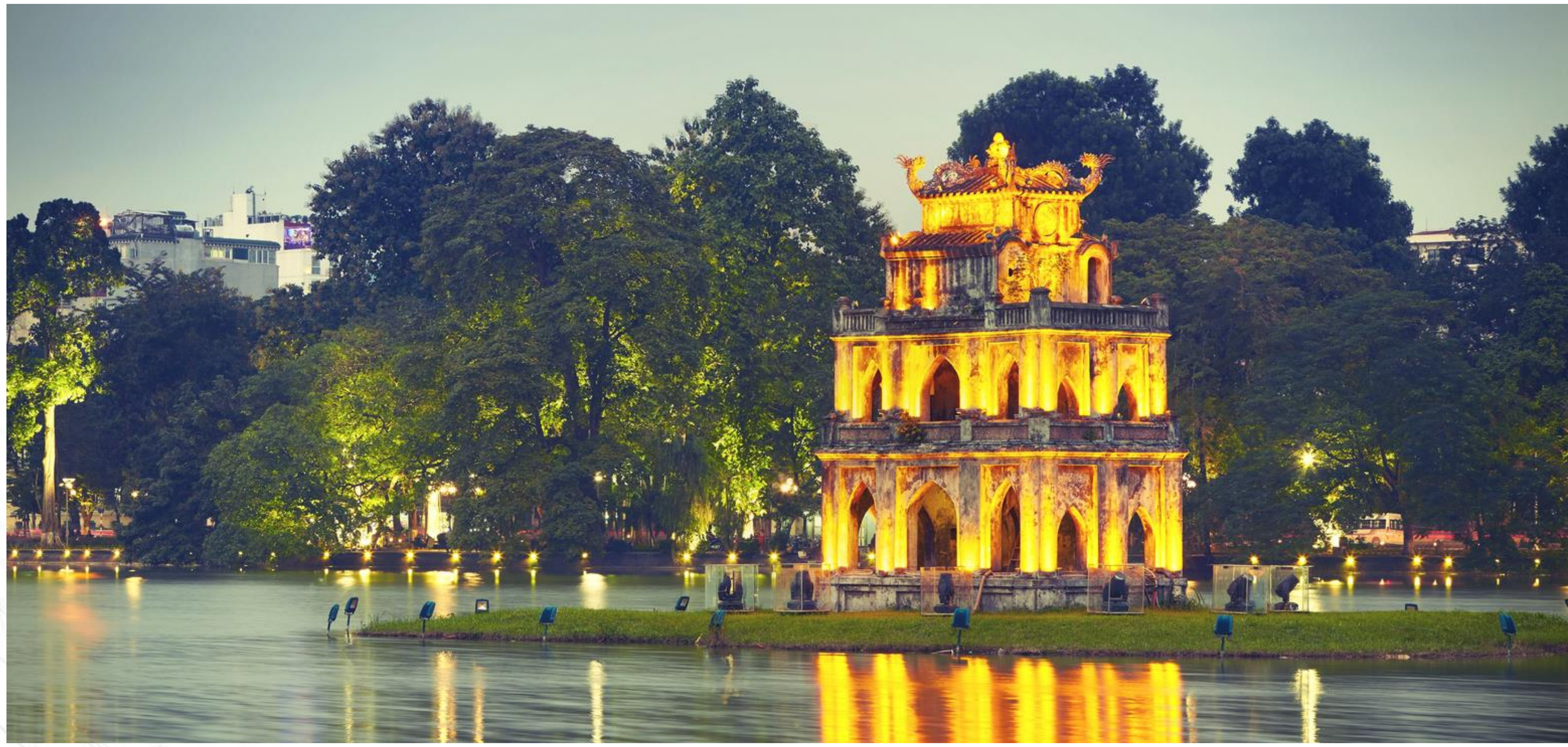
- Transfer of its investment and technical training from China to Vietnam.
- End of August 2022: willingness to train engineers in Vietnam
- Support the Ho Chi Minh City High-Tech Park to establish a chip design center through a software sponsorship programme

Amkor Technology (South Korea)

- signed an agreement in 2021 to set up a $1.6 billion semiconductor manufacturing plant in Bac Ninh province.

VIETNAM'S ATTRACTIVENESS

- Incentive policies for high-tech projects
- Young & high quality technical human resources with relatively low costs. à Vietnam among the top 10 countries for engineering graduates.
- Minimal supply chain disruption for Chinese companies seeking to diversify their supply chains. (only 12 hours by car from Shenzhen)
- One of the world's leading open economies: 15 free trade agreements, improving business environment & stable government with clear socio-economic development plans.
- Geopolitical neutrality as low risk location for manufacturing and exporting.



LEGAL FRAMEWORK FOR BUSINESS

ENTRY METHODS

- The Law on Investment 2025 applies a "negative-list" market entry restrictions for foreign investors.
- Outside of this list, foreign investors are entitled to the same market entry conditions as applicable to domestic investors.
- Entry methods:
    - Establishment of an enterprise
    - Acquisition of, and investment in, an existing enterprise
    - Public private partnerships (PPP) contracts
    - Business cooperation contracts (BCC)
    - Other methods as specifically regulated by Government

ENTRY METHODS

- **Establishment of an enterprise**
  - Foreign investors can set up a new enterprise in Vietnam, whether as a wholly owned subsidiary or as a joint venture with foreign or Vietnamese partners.
  - To implement an investment project through an economic entity in Vietnam, a foreign investor may be required to obtain both an Investment Registration Certificate (IRC) and an Enterprise Registration Certificate (ERC).
  - For legal procedure, the investor may choose to either (i) obtain an IRC prior to applying for an ERC, or (ii) establish the enterprise first through the issuance of an ERC and subsequently apply for an IRC.
  - Certain types of projects may require an in-principle approval by the National Assembly, the Prime Minister or the relevant local People’s Committee before the IRC is issued (e.g projects for investment in airports, seaports, petroleum).

ENTRY METHODS

- **Acquisition of, and investment in, an existing enterprise**
  - Investors may also choose to invest in Vietnam by acquiring all or part of an existing enterprise
  - A foreign investor is required to obtain the approval for M&A transaction ("M&A Approval") if the acquisition leads to:
  - an increase in foreign ownership in a company engaging in business lines with market access conditions
  - an increase in foreign ownership in a company from 50% or less to more than 50% of charter capital, or a further increase in foreign ownership if it has been more than 50%.
  - M&A Approval is also required if the acquisition of a company which has a land use right certificate on an island, a coastal or in another area which affects national defense and security.

ENTRY METHODS

- **Public private partnerships (PPP) contracts**
  - Foreign investors can invest in public sector projects under public private partnership (PPP) arrangements, which is mainly regulated under Law on Public–Private Partnerships dated 18 June 2020.
  - Permitted sectors: transportation; power plants and power transmission lines; irrigation works, clean water supply, water drainage and waste water treatment, and waste treatment; healthcare, education and training; information technology infrastructure
  - PPP investment models: Build – Operate – Transfer (BOT); Build – Transfer – Operate (BTO); Build – Own – Operate (BOO); Operate – Manage (O&M); Build – Transfer – Lease (BTL); Build – Lease – Transfer (BLT); and mixed contracts combining (a) BOT, BTO, BOO or O&M and (b) BTL or BLT.

ENTRY METHODS

- **Business Cooperation Contracts (BCC)**
  - A BCC contract is a written contract between investors, agreeing to cooperate to undertake certain business activities and to share the profits or products arising from such activities.
  - No separate legal entity or company is established and there is no limitation on liability for participants.
  - An IRC must be obtained for BCCs involving foreign investors.
  - BCCs have been used mainly in the petroleum and telecommunication sectors.

INVESTMENT LIMITATIONS

- Conditional business lines: 142 business lines
    - Under the Law on Investment, conditional business lines are generally classified into two categories: (i) those requiring licenses or certificates to be obtained prior to commencing business operations, and (ii) those subject only to the publication of applicable conditions and managed on a post-audit (ex post) basis.

INVESTMENT LIMITATIONS

- **Foreign ownership cap**

  Limitations are also imposed on foreign investors in certain sectors in terms of percentage of ownership. For instance:

  - The aggregate foreign investment in Vietnamese commercial banks is limited to 49 per cent; and

  - ‘Equitisation plans’ for State-owned enterprises undergoing the process of equitisation (ie privatisation) may specify foreign ownership limits

INVESTMENT INCENTIVES

- Business lines subjects to investment incentives:
  - High technologies and Bio-technologies
  - Science, technology, innovation, digital and semiconductor industries;
  - Green, circular, sharing and digital economy;
  - Industrial clusters, value chains, high value-added investment;
  - Renewable, new and clean energy;
  - Agriculture, forestry, environment and marine economy;e) Infrastructure development;
  - Education, healthcare, sports and culture;
  - Key chemical, mechanical, supporting and pharmaceutical industries.

INVESTMENT INCENTIVES

- **Forms of investment incentives:**
  - Corporate income tax incentives: application of a lower rate of corporate income tax; Corporate income tax exemption
  - Import tax incentives: exemption from import tax on goods imported to form fixed assets; raw materials, supplies and components for manufacturing purposes in accordance with regulations of law on import and export tax
  - Land levy and rent incentives: exemption from and reduction of land levy and land rents
  - Deductible expenses: depreciation and increase in deductible expenses upon calculation of taxable income

INVESTMENT DISPUTE SETTLEMENT

- Investor-State Dispute Settlement (ISDS)
  - Vietnam has signed Bilateral Investment Treaties (BITs) with 64 countries and regions, entered in 11 Free Trade Agreements (FTAs) e.g. CPTPPP, EVFTA…etc, and is in the process of negotiating other 5 FTAs. Most of these agreements contain ISDS provisions with the purpose of protecting investors whilst investing in Vietnam.
  - Under Law on Investment 2025, any dispute between investors and Vietnam government related to investment activities can be settled through:
    - Vietnam’s court
    - Vietnam’s arbitration
    - Foreign arbitration
    - International arbitration
    - An arbitral tribunal established by the parties

COMPANY FORMATION

- Company forms
  - There are three main private company forms for both domestic and foreign-invested enterprises:
    - single member limited liability company (SLLC);
    - multiple member limited liability company (MLLC); and
    - shareholding company, also referred to as a joint stock company (JSC).
  - Other less common forms include sole proprietorship and partnership companies.

COMPANY FORMATION

SLLC	MLLC	JSC
Investors and the organizational structures		
Investors: The sole investor may be an organization or an individual. **The organizational structure:** **Model 1**: President and Director; **Model 2:** Members' Council and Director	**Investors:** Two or more investors, limited by fifty investors who may be organizations or individuals. **The organizational structure:** Members' Council, President of the Members' Council, Director or General Director	**Investors:** Three or more investors (no upper limit) who may be organizations or individuals **The organizational structure:** **Model 1:** General Meeting Shareholders, Board of Management, Board of Controllers and Director; or **Model 2:** General Meeting Shareholders, Board of Management and Director

COMPANY FORMATION

SLLC	MLLC	JSC
Capital mobilization		
Cannot issue shares. Subject to conditions, can issue bonds to raise capital, but not convertible bonds.	Subject to conditions, can issue bonds to raise capital, but not convertible bonds.	Must have ordinary shares and may have preference shares, including voting, dividend, redeemable preference shares and other types stipulated in the charter. Subject to conditions, may issue bonds to raise capital, including convertible bond
Transfer of capital		
Where an investor transfers only part of the charter capital, the SLLC must register for conversion into an MLLC. The new member must also be registered in the ERC.	An investor wishing to transfer all or part of its capital contribution must first offer to sell such share of capital contribution to all other investors proportionally. Member's rights and obligations are transferred when the transferee is registered in the members' registry maintained by the company. The new member must also be registered in the ERC.	Shares may be freely transferred (unless they are subject to certain limitations on founding shareholders in the first three years, or otherwise restricted under the charter or law). Voting preference shares may not be transferred. The transfer of shares will be completed when the new shareholder is registered in the shareholders' registry maintained by the company.

COMPANY FORMATION

- **Enterprise Registration Certificate**

  An enterprise needs to obtain an ERC upon its establishment. The enterprise has legal personality from the date of issue of the ERC (equivalent to a certificate of incorporation in other jurisdictions).
- **Charter**

  All companies must have a charter, (equivalent of a constitution or articles of association of a company in other jurisdictions). The charter sets out basic company details and the rules for management of the company
- **Legal representative**
  - The legal representative of a company is the person authorised to represent, and sign documents on behalf of, the company.
  - A company may have one or multiple legal representatives. In the latter case, the allocation of power and authority between the legal representatives must be specified in the charter.

COMPANY FORMATION

- **Tax registration and payment of the business license tax**
  - The business license certificate number is also the company's tax number.
  - All companies must pay taxes through an online system. Companies also submit tax declarations and reports through this system. To gain access to this system, businesses must get an electronic signature.
- **Company's seal**
  - Under the Law on Enterprises 2020, an enterprise have the right to determine the type, form, number of its seal
  - The management and usage of the enterprise's seal in accordance with the charter
  - Enterprises do not have to register or notify its seal specimen to authorities before put it into use
  - Enterprises are allowed to use both physical seals and digital signatures when executing company documentation. The digital signatures will be given the same legal weight with the traditional physical seals.

LAND

- Land owned by the People
- Land use right (LUR) entitles the holder to exclusively use the land
- LUR Acquisition:
  - Lease from State or permitted lessors
  - As capital contribution from VN party to a JV
- Land Lease duration: 50-70 years
- Mortgage and sub-lease of land Impossible but possible to Mortgage and sub-lease LUR

TAXES

- Corporate Income Tax (CIT)
  - Standard rate 20%
  - Tax holiday - CIT exemption up to 4 years from the date of issuance of investment certificate followed by a period of 50% Taxes.
  - 10% and 20% tax rates for investments in encouraged sectors
- Import and export duties: Investors meeting certain conditions are entitled to incentives on import duties for initial fixed assets
- Land rental, land usage fees
  - Applicable to investors with investments in an encouraged sector or region
  - Exemption or reduction from land taxes, land use fees and water surface rentals.
  - Allocation of land with or without land use fees

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INTELLECTUAL PROPERTY

- IPR system is divided into 3 areas administered by various agencies:
  - Copyright and related rights: Copyright Office
  - Industrial Property Rights: NOIP
  - Right to plant varieties: Plant Variety protection Office

IPR infringement sanctions

- *Civil actions*: Preliminary injunctions and compensation for damage are available through the civil courts
- *Administrative sanction*: fines, seizure and destruction of counterfeit goods, business license suspension and re-exportation of infringed imported, etc
- *Criminal prosecution*: government authorities or right owners can bring prosecutions: fines, imprisonment and even death penalty in serous, organized or business-related cases.

KEY TRADE AGREEMENTS

- Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) 2017
- EU-Vietnam Free Trade Agreement: EVFTA 2019
- Regional Comprehensive Economic Partnership - RCEP 2020
- Bilateral Investment Treaty 2004 (“BIT”): Japan - Vietnam
- Bilateral Trade Agreement 2006 (“BTA”) : USA - Vietnam
- WTO: Vietnam is the 150th member from Jan 2007 - market access fully opened for WTO members
- Economic Partnership Agreement 2008: Japan -Vietnam
- Partnership and Co-operation Agreement 2012 (“PCA”): EU - Vietnam
- AFTA, CEPT: 0-5% tariffs among ASEAN countries
- AEC member - ASEAN Economic Community 2015
- APEC: member

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TRADE AGREEMENTS - FTAs

SIGNED

- ASEAN - AEC
- ASEAN – India
- ASEAN – Korea
- ASEAN – Hong Kong
- ASEAN – Japan
- ASEAN – China
- ASEAN – Australia/NZ
- CPTPP (TPP11)
- Vietnam – Chile
- Vietnam – Korea
- Vietnam – Eurasian Economic Union
- Vietnam – Japan
- RCEP (ASEAN+5)
- Vietnam – EU (EVFTA)
- Vietnam – UK (UKVFTA)

UNDER NEGOTIATION WITH

- Vietnam – EFTA (Swiss, Norway, Iceland & Liechtenstein)
- Vietnam – Israel

UNDER CONSIDERATION:

- ASEAN – Canada FTA
- Vietnam – US trade deal, with provisions transplanted from the TPP,
- Investor-State Disputes,
- IPR protections, etc.

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KEY TRADE REGULATIONS

Various regulations:

- WTO commitments 2007: Market opening and equal treatment between foreign and domestic investors.
- Bilateral/Multinational Trade Agreements
- Local regulations for FDI firms, commercial laws, etc.

EUROPE'S LANDING TO VIETNAM (2025)

- The EU is accelerating trade and investment engagement with Vietnam amid rising global tariffs and export controls.
- Vietnam's major infrastructure push, particularly large-scale railway projects, is attracting strong interest from European companies.
- Europe is also increasing its regional presence as it seeks to fill gaps left by reductions in U.S. foreign aid.
- Investor sentiment toward Vietnam continues to improve, with EuroCham's Business Confidence Index reaching 61.8 points in Q4 2024 — the highest level in nearly three years.

BARRIERS TO BUSINESS

KEY CHALLENGES

- Inadequate infrastructure & low level of institutionalization,
- Lack of transparency in legal systems: especially law interpretation & enforcement
- Structural reforms are not yet completed with hold back: SOEs & Monopolies, Banking System & Public Investment & NPLs
- Low efficiency / productivity of the economy in utilizing labor – ILO report à “Middle-income trap”
- Lack of supporting industries – failure to participate in global supply chains
- An economy with low and unfair competition
- Zero Covid policy of China has both positive and negative impacts on Vietnam's economy

KEY CHALLENGES

- Bank’s bad debts remaining:
  - Non performing loans of private banks & SOEs
  - Lack of capital and technology to sustain high credit growth and Opaque financial accounts of many banks
- Weak Infrastructures:
  - Lack of adequate roads, railways and ports to cope with the markets economic growth and the interaction with the world.
  - The country is struggling with both metro projects in Hanoi and Ho Chi Minh City
- Corruption & legal inconsistencies:
  - Transparency International's 2022 Corruption Perceptions Index, Vietnam ranks 77/180 (increase 3 ranks compare as 2022)

LEGAL HOLD BACKS

Intellectual Property Rights ("IPR")

- Local IPR regulations are largely standardized with international norms
- Counterfeit, copycats, IPR infringements still common
- Grassroots enforcement is not yet efficient and is very time consuming Inconsistent decisions on IPR infringements by Vietnam courts
- Low penalties for IPR infringement
- Lack of transparency: no accurate and complete records of all administrative fines, product confiscation or destruction and other administrative sanctions
- Unclear provisions regarding the agency responsibility for handling IPR violation

LEGAL HOLD BACKS

M&A & Foreign Indirect Investment (“FII”)

- Foreign M&A often held up, delayed or blocked due to unclear rules and regulations
- Certain limited or conditional sectors delay the wholeapplication
- Complex licensing procedure
- Discrepancies in transfer price interpretation
- Unclear distinction between capital assignment and security transfer
- Slow decision of Vietnam competition Administration Department

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SOME REPRESENTATIVE CLIENTS

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FMCG & LOGISTICS CLIENTS

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MORE QUESTIONS?

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