

LEGAL ALERT

NEW LIST OF STATE-OWNED ENTERPRISES TO BE EQUITISED BY THE END OF 2020

On 15 August 2019, the Prime Minister (**PM**) issued Decision No. 26/2019/QD-TTg approving the list of State-owned enterprises (**SOEs**) to be equitised by the end of 2020 (**Decision 26**).

Decision 26 has immediate legal effect and replaces several provisions of Decision No. 58/2016/QD-TTg of the Prime Minister (**Decision 58**) which provided a previous list of SOEs which are subject to State divestments.

The full version of Decision 26 is available in Vietnamese at the following [link](#). We would be pleased to provide a complimentary English translation of Decision 26 upon request.

Below are some noteworthy highlights of Decision 26.

1 SOEs to be equitised

Decision 26 provides a list of 93 SOEs which shall be subject to 'equitisation' by the end of 2020. This list replaces the previous list of 137 SOEs which was provided in Decision 58. The new list includes several major SOEs, such as:

- Vietnam Bank for Agriculture and Rural Development (**Agribank**);
- Vietnam National Coal – Mineral Industries Holding Corporation Limited (**Vinacomin**);
- Vietnam Posts and Telecommunications Group (**VNPT**);
- MobiFone Corporation (**MobiFone**);
- Vietnam National Chemical Group (**Vinachem**);
- Vietnam Electricity Power Generation Corporation 1 (**EVN Genco 1**); and
- Vietnam Electricity Power Generation Corporation 2 (**EVN Genco 2**).

Pursuant to Decision 26, after the equitisation and divestment process being completed, it is expected that the State would still own:

- more than 65% of Agribank;
- more than 65% of Vinacomin;
- from 50% to 65% of VNPT;

- from 50% to 65% of MobiFone;
- from 50% to 65% of Vinachem;
- less than 50% of EVN Genco 1; and
- less than 50% of EVN Genco 2.

2 SOEs that shall not be equitised by the end of 2020

Decision 26 also excludes a number of entities from the list of SOEs to be equitised by the end of 2020, although these SOEs were formerly scheduled to be equitised under Decision 58. Among the exclusions there are also some noteworthy SOEs, such as:

- Petrovietnam Exploration Production Corporation (*PVEP*);
- Vietnam National Tobacco Corporation (*Vinataba*);
- Hoa Lac High-tech Park Development Limited Liability Company (*HHTP*);
- Shipbuilding Industry Corporation (*SBIC*); and
- Vietnam Electricity Power Generation Corporation 3 (*EVN Genco 3*).

Please note, however, that such exclusion shall not mean that these SOEs will not be equitised in the future, but simply that the equitisation of these SOEs may take place at a later stage. Until the end of 2020 priority should be given to the other SOEs that are included in Decision 26.

3 Implementation of State divestments

Under Decision 26, the PM requires all the relevant Ministers, Chairmans of provincial People's Committees, and Members of the Boards of economic groups and corporations to organise and implement as planned the equitisation and divestment of State capital in the relevant SOEs pursuant to the provisions of Decision 26 and Decision 58.

4 Adjustments of the percentage of State capital in certain SOEs

The PM is entitled to adjust the percentage of State capital in (i) SOEs providing public services and products; (ii) SOEs that shall play an important role in local economic development or in industry development strategies; and (iii) other specific cases.

The Ministers, Chairmans of provincial People's Committees, and Members of the Boards of economic groups and corporations are required to report to the PM with respect to the above cases for the PM's further consideration and decision.

Please contact us at legalenquiries@frasersvn.com if you are interested in receiving further updates on the equitisation of SOEs or a complimentary English translation of Decision 26.

Whilst we aim to provide a useful update on new legislation, Frasers' Legal Alerts do not constitute formal legal advice. Should you feel that you require further information on any of the issues in this Legal Alert, please contact us at the address above or via your usual Frasers' legal adviser.

Ho Chi Minh City

Unit 1501, 15th Floor, The Metropolitan
235 Dong Khoi Street, District 1
Ho Chi Minh City, Vietnam
Tel: +84 28 3824 2733

Email: legalenquiries@frasersvn.com

Hanoi

Unit 1205, 12th Floor, Pacific Place
83B Ly Thuong Kiet Street, Hoan Kiem District
Hanoi, Vietnam
Tel: +84 24 3946 1203

Website: www.frasersvn.com

This article provides a summary only of the subject matter covered, without the assumption of a duty of care by Frasers Law Company.

The summary is not intended to be nor should it be relied on as a substitute for legal or other professional advice.