

PEOPLE'S COMMITTEE OF KHANH HOA PROVINCE

FOREIGN ECONOMIC RELATIONS DEPARTMENT

Telephone: (84) - 58 - 23634 ; 23635

**SUMMARY ON PROJECTS
CALLING FOR FOREIGN
INVESTMENT
IN KHANH HOA PROVINCE**

- 1994 -

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PROJECT: A HOTEL AT 12 TRAN PHU STREET, NHA TRANG CITY

PART I: INTRODUCTION

1. **Introduction department:** FOREIGN ECONOMIC RELATION DEPARTMENT
OF KHANH HOA PROVINCE
2. **Head Office:** 32 Tran Phu, Nha Trang City, Khanh Hoa Province
3. **Tel:** (84)-58-23634, (84)-58-23635
4. **Authorized representative:** Mr. LE VAN KE
Title: Chief of Department

PART II: ORIENTATION OF INVESTMENT DEVELOPMENT

1. **Objective:** Joint- Venture in newly constructing a 3-star hotel consisting of 150 - 200 bedrooms at 12 Tran Phu, Nha Trang City.
 - ☛ The object of the project, however, is adjustable to mutual agreement by the parties concerned.
2. **Mode of investment:** Newly building a large scale and modern construction work in comply with general plan of the City.
3. **Standard and grade of construction:** long- life construction work, 3-star hotel consisting of 150 - 200 bedrooms. Construction of hotel must be suitable for the objective of the project.
4. **Products:** Providing services related to activities of 3-star hotel and accommodation to foreign and local visitors and businessmen.
5. **Form of investment and preferential terms:** Joint- Venture
 - ☛ Joint- Venture form with transferring properties to Vietnam upon termination:
 - The rate of corporate income tax shall be 15%.
 - The project may be examined for income tax exemption in two (2) years since profits are made and reduction by 50% in four (4) subsequent years.
 - The rate of withholding tax will be 10% of the profits transferred for the project having contribution of foreign partner to the legal capital less than 5 million US dollars.

❖ **Joint- Venture form without transferring:**

- The rate of corporate income tax shall be 25%.
- The project may be examined for income tax exemption in one (1) year since profits are made and reduction by 50% in two (2) subsequent years at most.
- The rate of withholding tax will be 10% of the profits transferred for the project having contribution of foreign partner to the legal capital less than 5 million US dollars.

6. Selected site: The site is by Nha Trang beach, at the center of the city, 3 km far from the Nha Trang airport, and 7 km far from Cau Da port. It is located on a calm area, and convenient for power, water supply and communication.

- ❖ Total ground area: 5,400 sqm
- ❖ Ground area required for the project: 5,400 sqm
- ❖ Having received the certificate of the right to use land and right of land- using.
- ❖ Area of current buildings - 1,160 sqm. Of which:
 - 1 village (present value of using: 80%): 280 sqm
 - 10 houses, Grade 4 (present value of using: 70%): 880 sqm
 - Number of households to remove: 18
- ❖ Rental rate of land: 12 US\$ / sqm / year

7. Description of the Project:

- ❖ Number of storeys: 5 - 7
- ❖ Land area for building: 55 - 60% of total ground area
- ❖ Number of bedrooms for rent: 150 - 200 (international standard)
- ❖ Auxiliary work:
 - A 50-seat restaurant, cafeteria, souvenir shops and other buildings for tourist services.
 - Sport room, music performance place, conference hall and others.
- ❖ Car parking area can be located within the ground and in basements of hotel.

8. Market and customers: To serve local and foreign visitors and businessmen.

9. Management and training:

- Board of Directors shall be appointed in accordance with Contract and Charter of the Joint- Venture Company.
- Training program on hotel management and maintenance techniques is needed. Joint- Venture is responsible for abroad and local training programs.

10. Supply of materials: from domestic sources. Interior equipment is imported.

11. Duration of Joint-Venture : about 20 or 25 years (expandable) depending on the scale of the project.

12. Total investment capital: depending on the scale of the project. Projected investment capital estimated *from* **US\$ 13,700,000** to **US\$ 18,000,000**. In which, capital for basic building estimated as follows:

VARIANTS	SCALE	PRICE	AMOUNT (1,000 US\$)
<u>1) Variance 1:</u>			1,0.307
- 150 rooms	150 rooms	65,000 US\$	9,750
- Loan interest for building	6,821,000 US\$	4%	557
<u>2) Variance 2:</u>			13,822
- 200 rooms	200 rooms	65,000 US\$	13,000
- Loan interest for building	10,071,000 US\$	4%	822

13. Legal capital:

* Depending on the scale of the project, the Vietnamese party shall contribute **US\$1,950,000- US\$ 2,270,000** accounting for **40%** of legal capital, including:

- ♦ The right of land- use during Joint-Venture duration.
- ♦ Land rental - 12 US\$/ sqm. year for an area of 5,400 sqm. with a duration of 20 or 25 years.

- Variance 1:

12 US\$/ sqm.year x 5,400 sqm x 20 years = 1,296,000 US\$.

- Variance 2:

12 US\$/ sqm.year x 5,400 sqm x 25 years = 1,620,000 US\$.

♦ Value of existing properties and compensation for ground clearing estimated at US\$ 650,000.

- * Foreign party shall contribute *US\$2,900,000- 3,400,000* accounting for 60% of legal capital, including: foreign currency and inputs to serve the construction and operation of the project.

14. Loan capital : *US\$ 8,800,000 - 12,300,000*

- * Loan capital of the Joint-Venture shall be borrowed by the Foreign party with preferential term and interest rate.

15. Profit sharing:

- * From year 1 to year 10: Profit shall be shared out according to the ratio of real capital contribution between the parties;
- * From year 11 to year 20: Share in profit of Vietnamese party shall increase by 1% annually;
- * From year 21 to year 30 (period of expansion, if any): The profits shall be shared out equally between the parties;

16. Other conditions:

- * After signing the Memorandum of Understanding, the Foreign party shall be liable to provide 0.3% of total invested capital in advance for preparation of documents and fulfilling formalities to apply Investment License.
- * The compensation for the surface area clearance of US\$ 650,000 shall be paid by the Foreign party as an advance payment and to be included among the cost of the Joint- Venture Company.

PROJECT: BUILDING UP A TOURIST HOTEL AT 18 TRAN HUNG DAO STREET

PART I: INTRODUCTION

1. Vietnamese partner : KHANH HOA TRADING COMPANY
(KHATRACO)
2. Head office : 196 Thong Nhat Street, Nha Trang City
3. Tel : (84.58) 22626, 22137
4. Authorized representative: Mrs. NGUYEN THI VONG UOC
Title: Director
5. Main business scope : Business trade in local market and direct
import- export with foreign partners.

PART II: ORIENTATION OF INVESTMENT DEVELOPMENT

1. Objective: Joint-Venture in building and exploiting a 3-star hotel at
18 Tran Hung Dao Street, Nha Trang city.
 - * The object of the project, however, is adjustable to mutual
agreement by the parties concerned.
2. Mode of investment: New construction and long- term exploitation.
3. Standard and grade of construction: long- life construction work,
3-star hotel having 100-150 rooms.
4. Planned business forms:
 - 3-star hotel;
 - Relevant hotel services: restaurant, conference, discotheque,
souvenir shops and other hotel- tourist services.
5. Form of investment and preferential terms: Joint-Venture
 - * Joint-Venture form with transferring properties to Vietnam upon
termination:
 - The rate of corporate income tax shall be 15%;
 - The project may be examined for income tax exemption in two
(2) years since profits are made and reduction by 50% in four
(4) subsequent years;



- The rate of withholding tax will be 10% of the profits transferred for the project having contribution of foreign partner to the legal capital less than 5 million US dollars.

✿ **Joint- Venture form without transferring:**

- The rate of corporate income tax shall be 25%.
- The project may be examined for income tax exemption in one (1) year since profits are made and reduction by 50% in two (2) subsequent years at most.
- The rate of withholding tax will be 10% of the profits transferred for the project having contribution of foreign partner to the legal capital less than 5 million US dollars.

6. **Selected site:** The site is located at 18 Tran Hung Dao Street of Nha Trang City in planned area for tourism. It is located on a calm area, and convenient for power, water supply and communication. Transport, public health and other services are convenient. The site is at the center of the city and Nha Trang beach, 2 km from the Nha Trang airport, and 5 km from Cau Da port.

✿ Total ground area: 3.800 sqm

✿ Having received the certificate of the right land-using.

✿ Area of existing buildings: 1.450sqm.

- Number of houses to be removed: 10

✿ Rental rate of land: 1 f US\$ / sqm/ year

7. **Suggestive architecture and design:** Construction of hotel must be suitable for the objective of the project.

✿ Building up a 5 or 7 storey hotel meeting the international standard of 3-star hotel on an area of ground, consisting of:

- Ground floor and 1st floor: souvenir shops, restaurant, discotheque, computer game, health care and other services.

- Other floor: 100 -150 rooms and apartments for lease.

✿ Car parking area can be located within the ground and in basements of hotel.

- 8. Market and customers:** To serve local and foreign visitors and businessmen who are living and working in Ho Chi Minh City and neighboring provinces in the long term.
- 9. Management and training requirement:**
- Management: Board of Directors shall be appointed in accordance with Charter of the Joint- Venture Company.
 - Training: Joint- Venture is responsible for abroad and local training programs.
- 10. Supply of materials:** from domestic sources. Interior equipment is imported.
- 11. Duration of Joint-Venture :** about 20 or 25 years (expandable) depending on the scale of the project.
- 12. Total investment capital:** depending on the scale of the project. Projected investment capital estimated *from US\$ 10,500,000 to US\$ 13,000,000*. In which, capital for basic building estimated as follows:

VARIANTS	SKALE	PRICE	AMOUNT (1,000 US\$)
<u>1) Variance 1:</u>			8,222
- 120 rooms	120 rooms	65,000 US\$	7,800
- Loan interest for building	5,169,000 US\$	4%	422
<u>2) Variance 2:</u>			10,331
- 150 rooms	150 rooms	65,000 US\$	9,750
- Loan interest for building	7,119,000 US\$	4%	583

13. Legal capital:

- * Depending on the investment variant, the Vietnamese party shall contribute *US\$ 1,100,000- US\$ 1,300,000* accounting for 30% of legal capital, including:
 - The right of land-use during Joint-Venture duration.
 - Land rental -- 11 US\$/ sqm. year for an area of 3,800 sqm. with a duration of 20 or 25 years:



• Variant 1:

11 US\$/ sqm. year x 3,800 sqm x 20 years = 836,000 US\$.

• Variant 2:

11 US\$/ sqm. year x 3,800 sqm x 25 years = 1,045,000 US\$.

- Value of existing properties and compensation for ground clearing (which is determined by the Council of Property Evaluation) estimated at US\$ 300,000.

- * Foreign party shall contribute **US\$ 2,600,000- 3,100,000**, accounting for 70% of legal capital, including: foreign currency and inputs to serve the construction and operation of the project.

14. Loan capital : US\$ 6,700,000 - 8,600,000

Beside the legal, the Foreign partner shall assist the Joint- Venture to make loan with preferential term and interest rate.

15. Profit sharing:

- * From year 1 to year 10: Profit shall be shared out according to the ratio of real capital contribution between the parties.
- * From year 11 to year 25: Share in profit of Vietnamese party shall increase by 1% annually.
- * From year 26 to year 30 (period of expansion, if any): The profits shall be shared out equally between the parties.

16. Other conditions:

- * After signing the Memorandum of Understanding, the Foreign party shall be liable to provide 0.3% of total invested capital in advance for preparation of documents and fulfilling formalities to apply Investment License.
- * The compensation for the surface area clearance of US\$ 300,000 shall be paid by the Foreign party as an advance payment and to be included among the cost of the Joint- Venture Company.

**PROJECT: BUILDING AND EXPLOITING A
HOTEL AT 58 TRAN PHU STREET,
NHA TRANG CITY**

PART I: INTRODUCTION

1. Local partner's name : HAI THANH COMPANY
2. Head office : 27C Dien Bien Phu Street, Hai phong City
Branch of the Company:
 - In Ho Chi Minh City: 1 Ton Duc Thang, District 1,
Ho Chi Minh City
 - In Nha Trang City: 58 Tran Phu, Nha Trang City
3. Tel : 22997, 26304 (Nha Trang)
4. Establishment decision No: 581/QĐ-QP Dated 27/08/1993
 - * Business registration license No: 109296 Dated 02/10/1993
 - * Registered capital: 800,000,000 VND
5. Director : *Mr. PHAM VAN BAO*
6. Authorized representative in Nha Trang : *Mr. LE TRAN CHUONG*
Title: Branch Director
7. Main business scope : Tourist and Hotel services.

PART II: ORIENTATION OF INVESTMENT DEVELOPMENT

1. Objective: Joint-Venture in building and exploiting a 3+5 star hotel having 120-150 rooms at 58 Tran Hung Dao Street, Nha Trang city.
 - * The object of the project, however, is adjustable to mutual agreement by the parties concerned.
2. Mode of investment: New construction and long- term exploitation.
3. Standard and grade of construction: long- life construction work, 3+5 star hotel having 120-150 rooms.
4. Planned business forms:
 - Hotel rooms for lease;

- Other relevant services: restaurant, bars, discotheque, souvenir, shops and other hotel- tourist services.

5. Form of investment and preferential terms: Joint- Venture.

*** *Joint- Venture form with transferring properties to Vietnam upon termination:***

- The rate of corporate income tax shall be 15%.
- The project may be examined for income tax exemption in two (2) years since profits are made and reduction by 50% in four (4) subsequent years.
- The rate of withholding tax will be 10% of the profits transferred for the project having contribution of foreign partner to the legal capital less than 5 million US dollars.

*** *Joint- Venture form without transferring:***

- The rate of corporate income tax shall be 25%.
- The project may be examined for income tax exemption in one (1) year since profits are made and reduction by 50% in two (2) subsequent years at most.
- The rate of withholding tax will be 10% of the profits transferred for the project having contribution of foreign partner to the legal capital less than 5 million US dollars.

6. Selected site: The site is located at 58 Tran Phu Street of Nha Trang City. It is located next to the beach, on a calm area, and convenient for power, water supply and communication. The site is at the center of the city, 1 km far from the Nha Trang airport, and 3 km far from Cau Da port.

* Total ground area: 4.100 sqm

* Having received the certificate of the right to use land.

* Area of current building - 1.453,5 sqm. Of which:

- 4 villas (present value of using: 70%): 600 sqm
- 4 storey house (present value of using: 70%): 613,5 sqm
- Restaurant (present value of using: 70%): 240 sqm

* Rental rate of land: 12 US\$ / sqm/ year

7. Suggestive architecture and design: Construction of hotel must be suitable for the objective of the project.

* Building up a 5 or 7 storey hotel meeting the international standard of 3÷5 star hotel on an area of ground, consisting of:

- Ground floor and 1st floor: Souvenir shops, restaurant, bars, discotheque and service area;
- The 5th or 7th floor (podium roof level) : Restaurant, swimming pool;
- The other floors: 120-150 rooms for lease.

* Car parking area can be located within the ground and in basements of hotel.

8. Market and customers: To serve local and foreign visitors and businessmen.

9. Management and training requirement:

- Management: Board of Directors shall be appointed by the Parties.
- Training: Joint- Venture is responsible for abroad and local training programs.

10. Supply of materials: from domestic sources. Interior equipment is imported.

11. Duration of Joint-Venture : about 20 or 30 years (expandable) depending on the scale of the project.

12. Total investment capital: depending on the scale of the project. Projected investment capital estimated *from US\$ 10,900,000 to US\$ 13,700,000*. In which, capital for basic building estimated as follows:

VARIANTS	SKALE	PRICE	AMOUNT (1,000 US\$)
<u>1) Variance 1:</u>			
- 120 rooms	120 rooms	65,000 US\$	8,253
- Loan interest for building	6,821,000 US\$	4%	7,800
			453
<u>2) Variance 2:</u>			
- 150 rooms	150 rooms	65,000 US\$	10,362
- Loan interest for building	7,498,000 US\$	4%	9,750
			612

13. Legal capital:

♦ Vietnamese party shall contribute *US\$ 1,500,000- 2,000,000*, accounting for *40%* of legal capital, including:

- Right to use of 4,100 sqm. of land during 20 or 30 years;
- Land rental - 12 US\$/ sqm. year:

Variance 1:

12 US\$/ sqm.year x 4,100 sqm x 20 years = 984,000 US\$.

Variance 2:

12 US\$/ sqm.year x 4,100 sqm x 30 years = 1,476,000 US\$.

- Value of existing properties and compensation for ground clearing (which is determined by the Council of Property Evaluation) estimated at US\$ 500,000.

♦ Foreign party shall contribute from *US\$ 2,200,000 to US\$ 2,900,000*, accounting for *60%* of legal capital, including: foreign currency, machinery, equipment and inputs to serve the construction and operation of the project.

14. Loan capital: 7,200,000- 9,400,000 US\$

- * Loan capital of the Joint-Venture shall be borrowed by the Foreign party with preferential term and interest rate.

15. Profit sharing:

- * From year 1 to year 10: Profit shall be shared out according to the ratio of real capital contribution between the parties;
- * From year 11 to year 20: Share in profit of Vietnamese party shall increase by 1% annually;
- * From year 21 to year 30 (period of expansion, if any): The profits shall be shared out equally between the parties;

16. Other conditions:

- * After signing the Memorandum of Understanding, the Foreign party shall be liable to provide 0.3% of total invested capital in advance for preparation of documents and fulfilling formalities to apply Investment License.
- * The compensation for the surface area clearance of US\$ 500,000 shall be paid by the Foreign party as an advance payment and to be included among the cost of the Joint- Venture Company.

PROJECT: BUILDING UP A HOTEL AT 62 TRAN PHU, NHA TRANG

PART I: INTRODUCTION

1. Introduction department : FOREIGN ECONOMIC RELATION DEPARTMENT
OF KHANH HOA PROVINCE
2. Head office : 32 Tran Phu Street, Nha Trang City, Khanh Hoa Province
3. Tel : (84)-58-23634, (84)-58-23635
4. Authorized representative: Mr. LE VAN KE
Title: Chief of Department

PART II: ORIENTATION OF INVESTMENT DEVELOPMENT

1. Objective: Joint- Venture in newly constructing a 3-star hotel to match international standard at 62 Tran Phu Street, Nha Trang City.
 - * The object of the project, however, is adjustable to mutual agreement by the parties concerned.
2. Mode of investment: Newly building a large scale and modern construction work in comply with general plan of the City.
3. Standard and grade of construction: long- life construction work, 3-star hotel consisting of 150 - 200 bedrooms. Construction of hotel must be suitable for the objective of the project.
4. Proposed foreign partners: belong to countries of Asia or Europe
5. Products: Providing services related to activities of 3-star hotel and accommodation to foreign and local visitors and businessmen.
6. Form of investment and preferential terms: Joint-Venture
 - * Joint-Venture form with transferring properties to Vietnam upon termination:
 - The rate of corporate income tax shall be 15%;
 - The project may be examined for income tax exemption in two (2) years since profits are made and reduction by 50% in four (4) subsequent years;

- The rate of withholding tax will be 10% of the profits transferred for the project having contribution of foreign partner to the legal capital less than 5 million US dollars.

✿ ***Joint- Venture form without transferring:***

- The rate of corporate income tax shall be 25%.
- The project may be examined for income tax exemption in one (1) year since profits are made and reduction by 50% in two (2) subsequent years at most.
- The rate of withholding tax will be 10% of the profits transferred for the project having contribution of foreign partner to the legal capital less than 5 million US dollars.

6. Selected site:

- ✿ Total ground area: 4,800 sqm
- ✿ Ground area required for the project: 4,800 sqm
- ✿ Having received the certificate of the right to use land and right of land-using.
- ✿ Area of current buildings:
 - House buildings (present value of using: 50 - 60%): 1,421sqm.
 - Villa (present value of using: 50 - 60%): 300 sqm.
- ✿ Rental rate of land: 12 US\$ / sqm/ year
- ✿ The site is located at 62 Tran Phu Street of Nha Trang City, bordered by Tran Phu and Biet Thu Street.
- ✿ The site is by Nha Trang beach, at the center of the city, 1 km from the Nha Trang airport, and 3 km from Cau Da port. It is located on a calm area, and convenient for power, water supply and communication.

8. Description of the Project:

- ✿ Number of storeys: 5 - 7
- ✿ Land area for building: 2,880 sqm.
- ✿ Number of bedrooms for rent: 150 - 200 (international standard)
- ✿ Auxiliary work:
 - Restaurant, cafeteria,

- Recreational club, mini- theater, conference hall and others.

* Car parking area can be located within the ground and in basements of hotel.

9. Market and customers: To serve local and foreign visitors and businessmen.

10. Management and training:

- In initial phase of operation, some foreign managers are required
- Joint - Venture shall send its employees to hotel in the region and abroad for training.

11. Supply of materials: from domestic sources. Interior equipment is imported.

12. Duration of Joint-Venture : about 20 or 30 years (expandable) depending on the scale of the project.

13. Total investment capital: depending on the scale of the project. Projected investment capital estimated from US\$ 13,500,000 to US\$ 18,000,000. In which, capital for basic building estimated as follows:

VARIANTS	SKALE	PRICE	AMOUNT (1,000 US\$)
1) Variance 1:			1,0.343
- 150 rooms	150 rooms	65,000 US\$	9,750
- Loan interest for building	7,271,000 US\$	4%	593
			13,859
2) Variance 2:			13,000
- 200 rooms	200 rooms	65,000 US\$	13,000
- Loan interest for building	10,521,000 US\$	4%	859

14. Legal capital:

* Depending on the scale of the project, the Vietnamese party shall contribute from US\$ 1,600,000 to US\$ 2,200,000 accounting for 40 % of legal capital, including:

- ♦ The right of land- use during Joint- Venture duration.
- ♦ Land rental - 12 US\$/ sqm. year for an area of 4,800 sqm. with duration of 20 or 30 years:



- Variance 1:

12 US\$/ sqm.year x 4,800 sqm x 20 years = 1,152,000 US\$.

- Variance 2:

12 US\$/ sqm.year x 4,800 sqm x 30 years = 1,728,000 US\$.

♦ Value of existing properties and compensation for ground clearing estimated at US\$ 500,000.

* Foreign party shall contribute *US\$ 2,500,000- 3,300,000*, accounting for 60% of legal capital, including: foreign currency and inputs to serve the construction and operation of the project.

15. Loan capital : *US\$ 9,300,000 - 12,300,000*

Beside the legal, the Foreign partner shall assist the Joint- Venture to make loan with preferential term and interest rate.

16. Profit sharing:

- * From year 1 to year 10: Profit shall be shared out according to the ratio of real capital contribution between the parties.
- * From year 11 to year 20: Share in profit of Vietnamese party shall increase by 1% annually.
- * From year 21 to year 30 (period of expansion, if any): The profits shall be shared out equally between the parties.

17. Other conditions:

- * After signing the Memorandum of Understanding, the Foreign party shall be liable to provide 0.3% of total invested capital in advance for preparation of documents and fulfilling formalities to apply Investment License.
- * The compensation for the surface area clearance of US\$ 500,000 shall be paid by the Foreign party as an advance payment and to be included among the cost of the Joint- Venture Company.

PROJECT: BUILDING UP DAI LANH HOTEL

PART I: INTRODUCTION

1. **Introduction department:** FOREIGN ECONOMIC RELATION DEPARTMENT
OF KHANH HOA PROVINCE
2. **Head Office:** 32 Tran Phu Street, Nha Trang City, Khanh Hoa Province
3. **Tel:** (84)-58-23634, (84)-58-23635
4. **Authorized representative:** Mr. LE VAN KE
Title: Chief of Department

PART II: ORIENTATION OF INVESTMENT DEVELOPMENT

1. **Objective:** Joint- Venture in newly constructing a 3-star hotel to match in international standard in order to expand and develop tour system in Khanh Hoa Province, to provide services related to hotel room rental and accommodation to local and foreign visitors.
 - ✳ The object of the project, however, is adjustable to mutual agreement by the parties concerned.
2. **Standard and grade of construction:** high- grade, matching to international standard, long- life construction work.
3. **Planned business forms:**
 - Hotel rooms for leasing.
 - Tourist center: restaurant, mini theater, souvenir shops, health care center and other tourist and recreational services.
 - Various form of sea and mountain traveling organization.
4. **Form of investment and preferential terms:** Joint- Venture
 - ✳ Joint- Venture form with transferring properties to Vietnam upon termination:
 - The rate of corporate income tax shall be 15%.
 - The project may be examined for income tax exemption in two (2) years since profits are made and reduction by 50% in four (4) subsequent years.
 - The rate of withholding tax will be 10% of the profits transferred for the project having contribution of foreign partner to the legal capital less than 5 million US dollars.

*** Joint- Venture form without transferring:**

- The rate of corporate income tax shall be 25%.
- The project may be examined for income tax exemption in one (1) year since profits are made and reduction by 50% in two (2) subsequent years at most.
- The rate of withholding tax will be 10% of the profits transferred for the project having contribution of foreign partner to the legal capital less than 5 million US dollars.

6. Selected site: The site is located along National Way No 1 in the East. In the West of this way is mountain, this site belongs to Dai Lanh beach of Van Ninh District, Khanh Hoa Province, that is considered one of the nicest beaches of Viet Nam.

✿ The site is located separately on a calm area, surrounded with casuarina-tree-beach where the natural sight is very imposing. It is 80 km far from Nha Trang city, transportation is convenient.

✿ Total ground area: 5 ha.

✿ Area of current building - 4.546 sqm. Of which:

- Area of a 6-storey hotel under construction: 1.306 sqm.

- Area of two 4th grade houses (present value of using: 50%): 240 sqm

- Cement & stone paved yard (present value of using: 50%): 3.000 sqm

✿ Rental rate of land: 3,00 US\$ / sqm/ year.

Rental rate of bare hill, beach and unexplored land: 250 US\$/ ha/ year

✿ Having been temporarily granted the right to use land by the People's Committee of Khanh Hoa Province.

✿ Infrastructure:

- High- voltage line of 110 KV is over the site.

- The power and water supply system are not available at the Project site.

6. Description of the Project: Construction of workshop must be suitable for the objective of the project.

✿ Ground area for building: 4.600 sqm.

✿ Contents of building:

- Building up 100 -120 rooms of 3-star hotel on an area of ground.

- Auxiliary construction works: restaurant, mini theater, souvenir shops, health care center and others for tourist and recreational services.

* Upgrading and newly building the infrastructure: Newly building the water supply and drainage system and setting up the power supply network.

7. Market and customers: To serve local and foreign visitors, tourists and businessmen.

8. Management and training requirement:

- Management: Board of Directors is appointed in accordance with Charter of the Joint- Venture Company.
- Training: Joint- Venture is responsible for abroad and local training programs.

9. Supply of materials: to supply from domestic sources. Interior equipment is imported.

10. Duration of Joint-Venture : about 30 or 40 years (expandable) depending on the scale of the project.

11. Total investment capital: depending on the scale of the project. Projected investment capital estimated at *US\$ 8,600,000.0-10,000,000*. In which, capital for basic building estimated as follows:

VARIANTS	SKALE	PRICE	AMOUNT (1.000 US\$)
1) Variance 1:			6.871
- 100 rooms	100 rooms	65,000 US\$	6,500
- Loan interest for building	4,552,000 US\$	4%	371
2) Variance 2:			8,036
- 120 rooms	120 rooms	65,000 US\$	7,800
- Loan interest for building	5,852,000 US\$	2%	236

12. Capital contribution of each party:

* Depending on the investment variant, the Vietnamese party shall contribute *US\$ 835,000- US\$ 904,000* accounting for 30% of legal capital, including:

- The right of land-use during Joint-Venture duration.
- Land rental - 3.00 US\$/ sqm. year for an area of 4,600 sqm. with a duration of 35 or 40 years:

- Variant I, II:

3 US\$/ sqm. year x 4,600 sqm x 35 years = 483,000 US\$.

- Variant III, IV:

3 US\$/ sqm. year x 4,600 sqm x 40 years = 552,000 US\$.

- ♦ Value of existing properties and compensation for ground clearing (which is determined by the Council of Property Evaluation) estimated at US\$ 350,000.

- ♦ Capital from lending: Besides the contribution of the right to use of land, Vietnamese party shall be able to lend the economic value of the site that is estimated at US\$ 4,086,000 to the Joint- Venture Company

- * Foreign party shall contribute *US\$ 1,948,000-2,109,000* accounting for 70% of legal capital, including: foreign currency and inputs to serve the construction and operation of the project.

13. Loan capital : *US\$ 5,800,000 - 7,000,000*

- * Loan capital of the Joint-Venture shall be borrowed by the Foreign party with preferential term and interest rate.

14. Profit sharing:

- * Pre- repayment of invested capital: Profit shall be shared out according to the ratio of real capital contribution between the parties.

- * After repayment of invested capital: Share in profit of Vietnamese party shall increase by 1% annually.

15. Other conditions:

- * After signing the Memorandum of Understanding, the Foreign party shall be liable to provide 0.3% of total invested capital in advance for preparation of documents and fulfilling formalities to apply Investment License.

- * The compensation for the surface area clearance of US\$ 350,000 shall be paid by the Foreign party as an advance payment and to be included among the cost of the Joint- Venture Company.

PROJECT: BUILDING A TOURIST PLACE LOCATED IN HON TAM ISLAND

PART I: INTRODUCTION

1. Local partner's name : NHA TRANG SHIPCHANDLER COMPANY
(NHATRANG SHIPCHANCO)
2. Head office : 88A Tran Phu Street, Nha Trang City, Khanh Hoa Province
3. Tel : 21195- 22781
Fax: (84)- 58- 21906
Telex : 581522 PB1XNT- VT
4. Establishment decision No: 1468/QĐ dated December 23, 1992 issued by the People's Committee of Khanh Hoa Province.
 - * Business registration license No: 1038071 dated December 26, 1992 issued by the Economic Arbitration Board of Khanh Hoa Province.
 - * Registered capital: 5,002 million VNĐ
5. Authorized representative: Mr. VO DINH THU
Title: Director
6. Main business scope : Ship chandlers- suppliers- tourist services- import-export.
7. Location of the Company:
 - Seaman club located at 72-74 Tran Phu Street, Nha Trang City (at present, the Vietnam- Hongkong Joint Venture hotel is established in this site).
 - Cau Da villa located by Nha Trang City.
 - Cafeteria by Nha Trang beach.
 - Rattan and wood manufacturing workshops.

PART II: ORIENTATION OF INVESTMENT DEVELOPMENT

1. Objective: Joint- Venture in building, developing and exploiting a tourist place at Hon Tam island consisting of villages, kiosks, swimming-diving and recreational club and other tourist services.
 - * The object of the project, however, is adjustable to mutual agreement by the parties concerned.

2. **Mode of investment:** Reforming, up- grading and newly building for long-term exploitation.
3. **Standard and grade of construction:** high- grade, matching up to international standard, long- life construction work.
4. **Planned business forms:**
- Villas for lease.
 - Tourist center: restaurant, jump- board, bowling yard, billiard room, souvenir shops, health care center, sea-traveling boats.
 - Swimming- diving and recreational club
5. **Form of investment and preferential terms:** Joint- Venture
- ❖ **Joint- Venture form with transferring properties to Vietnam upon termination:**
- The rate of corporate income tax shall be 15%.
 - The project may be examined for income tax exemption in two (2) years since profits are made and reduction by 50% in four (4) subsequent years.
 - The rate of withholding tax will be 10% of the profits transferred for the project having contribution of foreign partner to the legal capital less than 5 million US dollars.
- ❖ **Joint- Venture form without transferring:**
- The rate of corporate income tax shall be 25%.
 - The project may be examined for income tax exemption in one (1) year since profits are made and reduction by 50% in two (2) subsequent years at most.
 - The rate of withholding tax will be 10% of the profits transferred for the project having contribution of foreign partner to the legal capital less than 5 million US dollars.
6. **Selected site:** Hon Tam island. The site is 5 km far from Nha Trang city, 6 km far from the Nha Trang airport, and about 5 km far from Cau Da port. It is located separately on a calm area and the natural sight is nice. There is sandy beach in the North and stony one in the South of the island.
- ❖ Total area: 110 ha. Of which:
Plain ground area: 9 ha.
- ❖ Ground area required for the Project: 40,000 - 50,000 sqm, having completed the compensation for ground clearing and removing houses.

* Rental rate of plain area for building: 1.00 US\$/ sqm. year.

Rental rate of bare hill, beach and other unexplored land: 500 US\$/ ha. year.

* Having been temporarily granted the right to use land by the People's Committee of Khanh Hoa Province.

* Economic factors of the Project:

- There is an area of 2 ha landscaped by trees.

- There is a pontoon bridge of 30 m length for landing boats.

7. Description of the Project: Construction of workshop must be suitable for the objective of the project and must perfectly settle the problems of waste water solution and natural environment protection.

* Contents of building:

♦ Building up 20 duplex- type villas on an area of ground, each of them consists of 2 or 3 well- furnished rooms for lease.

♦ Auxiliary construction works : Swimming- diving and recreational club, restaurant, bowling yard, billiard rooms, souvenir shops, health care center, sea- traveling boats;

* Upgrading and newly building the infrastructure: Building up a new road of 4 km long around the island and opening a new road through mountain, newly building the water supply and drainage system and expanding the power supply network.

8. Market and customers: To serve local and foreign visitors, tourists and businessmen.

9. Management and training requirement:

- Management: Board of Directors is appointed in accordance with Charter of the Joint- Venture Company.

- Training: Joint- Venture is responsible for abroad and local training programs.

10. Supply of materials: to supply from domestic sources. Interior equipment is imported.

11. Duration of Joint-Venture : about 20 or 30 years (expandable) : depending on the scale of the project.

12. Total investment capital: depending on the scale of the project. Projected investment capital estimated at *US\$ 5,000,000.0*. In which, capital for basic building estimated as follows:

ITEMS	UNIT	SCALE	PRICE (1,000 US\$)	AMOUNT (1,000 US\$)
- Building up 20 villages	room	60	40	2,400
- Auxiliary construction works	-	-	-	1,100
- Road building	km	4	75	300
TOTAL	-	-	-	3,800

*The investment in the project can be divided into 2 phases:

- Phase I: Invested capital is from 3.0 to 4.0 million US Dollars
- Phase II: from 1.0 to 2.0 million US Dollars.

13. Capital contribution of each party:

* Vietnamese party shall contribute 30% of legal capital, including:

- ♦ The right of land- use during Joint-Venture duration.
- ♦ Value of existing properties and compensation for ground clearing (which is determined by the Council of Property Evaluation) estimated at 250,000 US\$

♦ Capital from lending: Besides the contribution of the right to use of land, Vietnamese party shall be able to lend the economic value of the site that is estimated at US\$ 1,000,000 to the Joint- Venture Company.

* Foreign party shall contribute 70% of legal capital in cash

14. Loan capital: (if required)

- * Loan capital of the Joint-Venture shall be borrowed by the Foreign party at Libor \pm 0.2- 0.5.
- * Payment of loan interest: interest shall be paid from the first profit-making year.

15. Profit sharing:

- * Pre- repayment of invested capital: Profit shall be shared out according to the ratio of real capital contribution between the parties.
- * After repayment of invested capital: Share in profit of Vietnamese party shall increase by 1% annually.

16. Other conditions:

- * After signing the Memorandum of Understanding, the Foreign party shall be liable to provide 0.3% of total invested capital in advance for preparation of documents and fulfilling formalities to apply Investment License.

PROJECT: DEVELOPING A TOURIST VILLAGE LOCATED AT BAI TIEN, NHA TRANG CITY

PART I: INTRODUCTION

1. **Introduction department:** FOREIGN ECONOMIC RELATION DEPARTMENT
OF KHANH HOA PROVINCE

2. **Head Office:** 32 Tran Phu Street, Nha Trang City, Khanh Hoa Province

3. **Tel:** (84)-58-23634, (84)-58-23635

4. **Authorized representative:** Mr. LE VAN KE

Title: Chief of Department

PART II: ORIENTATION OF INVESTMENT DEVELOPMENT

1. **Objective:** Joint- Venture in building, developing and exploiting a tourist village including bungalows, restaurant, hotel, sport area, entertainment and other services.

* The object of the project, however, is adjustable to mutual agreement by the parties concerned.

2. **Mode of investment:** New construction and long- term exploitation.

3. **Standard and grade of construction:** long- life construction work, 3-star hotel

4. **Planned business forms:**

- Hotel of 60 bedrooms.
- Tourist center: bungalows, restaurant, discotheque, computer game, souvenir shops and other resort area.
- Sports and recreational club.

4. **Form of investment and preferential terms:** Joint- Venture

* Joint- Venture form with transferring properties to Vietnam upon termination:

- The rate of corporate income tax shall be 15%.
- The project may be examined for income tax exemption in two (2) years since profits are made and reduction by 50% in four (4) subsequent years.

- The rate of withholding tax will be 10% of the profits transferred for the project having contribution of foreign partner to the legal capital less than 5 million US dollars.

✿ **Joint- Venture form without transferring:**

- The rate of corporate income tax shall be 25%.
- The rate of withholding tax will be 10% of the profits transferred for the project having contribution of foreign partner to the legal capital less than 5 million US dollars.

6. Selected site: The site is located at Bai Tien area, Vinh Hai Quarter of Nha Trang City, bordered by mountain chain and the sea. It is located separately on a calm area where natural sight is very nice and imposing. The site is about 8 km from the city center northwardly, 11 km far from the Nha Trang airport, and 13 km far from Cau Da port.

✿ Total ground area: 15 ha.

✿ Ground area of the Project is estimated at 15.000 sqm, where the compensation for ground clearing and removing houses is not completed.

✿ Rental rate of land: 3,00 US\$ / sqm/ year.

✿ Having been temporarily granted the right to use land by the People's Committee of Khanh Hoa Province.

✿ There are 40 houses on the site presently, covering 15 hectare.

✿ **Infrastructure:**

- There is a stoned road of 5 km long connecting Bai Tien area with highway.

- The power supply system is not available at the Project site. At present, there is an electric transformer of 100 KVA located 2 km far from the site.

7. Suggestive architecture and design: Construction of workshop must be suitable for the objective of the project and for the natural sight.

✿ Building up a 3 or 4 storey hotel, consisting of 60 bedrooms.

✿ Building up 20 bungalows, resort area or tourist village on an area of ground behind the above- mentioned high- rise hotel for leasing.

✿ Car parking area can be located within the ground and in basements of hotel.

8. Market and customers: To serve local and foreign visitors, tourist and specialists.

9. Management and training requirement:

- Management: Board of Management is planning to hire a professional organization in charge of business management.
- Training: Joint- Venture is responsible for abroad and local training programs.

10. **Supply of materials:** from domestic sources. Interior equipment is imported.

11. **Duration of Joint-Venture :** 20 years (expandable).

12. **Total investment capital:** depending on the scale of the project. Projected investment capital estimated at *US\$ 7,000,000.0*. The investment in the project can be divided into 2 phases:

- * Phase I: Investment in upgrading a stoned road connecting Bai Tien area with the highway and in building up 20 bungalows.
- * Phase II: Building up a hotel

13. **Capital contribution of each party:**

- * Vietnamese party shall contribute *US\$ 1,100,000* accounting for 40% of legal capital, including:
 - The right of land-use during Joint-Venture duration of 20 years.
 - Land rental: 3.00 *US\$*/ sqm. year.
 - Compensation for ground clearing estimated at *US\$ 150,000*
 - Capital from lending: Besides the contribution of the right to use of land, Vietnamese party shall be able to lend the economic value of the site that is estimated at *US\$ 4,500,000* to the Joint- Venture Company
- * Foreign party shall contribute *US\$ 1,650,000* accounting for 60% of legal capital, including: foreign currency, machinery, equipment and inputs to serve the construction and operation of the project.

14. **Loan capital:** *US\$ 4,400,000*

- * Loan capital of the Joint-Venture shall be borrowed by the Foreign party with preferential term and interest rate.

15. **Profit sharing:**

- * Pre- repayment of invested capital: Profit shall be shared out according to the ratio of real capital contribution between the parties.
- * After repayment of invested capital: Share in profit of Vietnamese party shall increase by 0.5% to 1% annually.

16. Other conditions:

- * An initial fund for the project survey and preparation of feasibility study is required. The Foreign party shall be liable to provide 0.3% of total invested capital in advance for preparation of documents and fulfilling formalities to apply Investment License.
- * The compensation for the surface area clearance of US\$ 150,000 shall be paid by the Foreign party as an advance payment and to be included among the cost of the Joint- Venture Company.

PROJECT: BUILDING UP SONG LO VILLAGE

PART I: INTRODUCTION

1. **Introduction department:** FOREIGN ECONOMIC RELATION DEPARTMENT
OF KHANH HOA PROVINCE

2. **Head Office:** 32 Tran Phu Street, Nha Trang City, Khanh Hoa Province

3. **Tel:** (84)-58-23634, (84)-58-23635

4. **Authorized representative:** Mr. LE VAN KE

Title: Chief of Department

PART II: ORIENTATION OF INVESTMENT DEVELOPMENT

1. **Objective:** Joint- Venture in building a tourist village consisting of tourist bungalows, villas, restaurant and entertainment and recreational area with necessary accommodation in order to answer traveling and recreational requirement of local and foreign visitors.

* The object of the project, however, is adjustable to mutual agreement by the parties concerned.

2. **Mode of investment:** Newly building for long- term exploitation.

3. **Standard and grade of construction:** Long- life construction work.

4. **Planned business forms:**

- Rooms and bungalows for leasing.

- Tourist center: bungalows, restaurant, entertainment area, souvenir shops, health care center and resort.

5. **Form of investment and preferential terms:** Joint- Venture

* Joint- Venture form with transferring properties to Vietnam upon termination:

- The rate of corporate income tax shall be 15%.

- The project may be examined for income tax exemption in two (2) years since profits are made and reduction by 50% in four (4) subsequent years.

✿ ***Joint- Venture form without transferring:***

- The rate of corporate income tax shall be 20% for the project having legal capital or contributed capital in business cooperation amounted to US\$ 10 million or more.
- The project may be examined for income tax exemption in two (2) years since profits are made and reduction by 50% in three (3) subsequent years at most.

6. Selected site: The site belongs to the Southern seashore of Nha Trang City and is 13 km far from the main road, 16 km far from the center of Nha Trang City and 18 km far from Cau Da port. It is located separately on a calm area, consisting of mountains, beach and coconut trees. The natural sight is nice.

✿ Total ground area: 50 ha.

✿ Expandable area: 50 ha.

✿ Number of houses to be removed: 20

✿ Rental rate of land: 3,00 US\$ / sqm/ year.

✿ Infrastructure:

- There is a soil road connecting the site with main road.
- The power and water supply system are not available at the Project site. At present, there is an electric transformer of 160 KVA located 2 km away from the site.

7. Description of the Project: Construction of workshop must be suitable for the objective of the project and for the natural sight.

✿ Contents of building:

- Building up some duplex- type villas on an area of ground, each of them consists of 5 well- furnished rooms for lease.
- Auxiliary construction works: Bungalows, restaurant, recreational area, souvenir shops, health care center and resort.

✿ Upgrading and newly building the infrastructure: Newly building the water supply and drainage system and setting up the power supply network.

8. Market and customers: To serve local and foreign visitors, tourists and businessmen.

9. Management and training requirement:

- Management: Board of Directors is appointed in accordance with Charter and Contract of the Joint- Venture Company.
- Training: Joint- Venture is responsible for abroad and local training programs.

10. Supply of materials: to supply from domestic sources. Interior equipment is imported.

11. Duration of Joint-Venture : about 20 or 30 years (expandable) depending on the scale of the project.

12. Capital contribution :

- * Vietnamese party shall contribute 30% of legal capital, including:
 - ♦ The right of land-use during Joint-Venture duration.
 - ♦ Compensation for ground clearing.
 - ♦ Capital from lending: Besides the contribution of the right to use of land, Vietnamese party shall be able to lend the economic value of the site that is estimated at US\$ 3,000,000 to the Joint- Venture Company.
- * Foreign party shall contribute 70% of legal capital, including: foreign currency and inputs to serve the construction and operation of the project.

13. Profit sharing:

- * Pre- repayment of invested capital: Profit shall be shared out according to the ratio of real capital contribution between the parties.
- * After repayment of invested capital: Share in profit of Vietnamese party shall increase by 0.5- 1.0 % annually.

14. Loan capital: (if required)

- * Loan capital of the Joint-Venture shall be borrowed by the Foreign party with preferential term and interest rate.

15. Other conditions:

- * After signing the Memorandum of Understanding, the Foreign party shall be liable to provide 0.3% of total invested capital in advance for preparation of documents and fulfilling formalities to apply Investment License.

PROJECT: PROCESSING STARCH OF TAPIOCA

PART I: INTRODUCTION

1. Local partner's name : KHANH HOA CANE SUGAR FACTORY
2. Head office : National Way No 1, Suoi Hiep Village, Dien Khanh Dist.,
Khanh Hoa Province
3. Tel : (84)-58- 50441; 50447
4. Establishment decision No: 1463/ QĐ-UB dated December 23, 1992
issued by the People's Committee of Khanh Hoa Province.
 - * Business registration license No: 103835 dated January 12, 1993
 - * Registered capital: 1,981.0 million VNĐ
 - * Bank account:
 - + 3611.0017 (Khanh Hoa Agricultural Bank)
 - + 362.111.370.12 P (VietComBank)
5. Authorized representative: Mr. DO THANH LIEM
Title: Director
6. Main business scope : Cane sugar manufacturing and trading
7. Present products of the Company:
 - * Products: Sugar and cane
 - * Annual output : 2.700 T
8. Market : 100% products is consumed in domestic market

PART II: ORIENTATION OF INVESTMENT DEVELOPMENT

1. Objective: To establish Joint- Venture in processing starch of tapioca as
raw material for some industries, domestic consumption and export.
 - * The object of the project, however, is adjustable to mutual agreement
by the parties concerned.
2. Mode of investment:
 - Investment in purchase of modern and complex equipment
used for processing starch of tapioca;

- Investment in building up new factory specialized in processing starch of tapioca for export.
- Investment in exploiting local cassava source.

3. Form of investment and preferential terms: Joint- Venture

- a) Turn-over Taxes of products to be sold in Vietnam: 2%.
- b) If the advanced technology is used and 500 workers or over are employed:
 - The rate of corporate income tax would be 20%.
 - The project might be examined for income tax exemption in two (2) years since profits are made and reduction by 50% in three (3) subsequent years at most.
- c) If the Project doesn't meet the requirements mentioned in paragraph b), then:
 - The rate of corporate income tax would be 25%.
 - The project might be examined for income tax exemption in one (1) year since profits are made and reduction by 50% in two (2) subsequent years at most.
- d) The rate of withholding tax will be 10% of the profits transferred for the project having contribution of foreign partner to the legal capital less than 5 million US dollars.

4. Selected site: The Projected site is located by Khanh Hoa Cane Sugar Factory, beside National Way No 1. It is located in the center of raw-material (cassava) supply region of Khanh Hoa Province, 20 km far from Nha Trang port. Therefore, raw-material supply, transportation and communication are convenient.

⊗ Total ground area: 20,000 sqm.

⊗ Land rental: 2,00 US\$ / sqm/ year.

⊗ Having received the certificate of the right to use land.

⊗ Infrastructure:

- High- Voltage line is over the Project site. Transformer is available.
- Water supply and water drainage system are available.

5. Proposed business- production scope:

- Exploiting and processing starch of tapioca.
- Business export- import of tapioca.

6. Projected production capacity and products:

⊗ *Production capacity:* 180 T per year.

* *Products:*

- Dry starch of tapioca
- Starch of tapioca in pellets

7. **Market:** At beginning, the products will be marketed in Vietnam instead of importing from other countries. In future, the projected products will be consumed as follows :

- Export: 60%
- Domestic: 40%

8. **Requirements of technology, machinery and equipment:** Production technology and invested machinery and equipment shall be suitable for the objective of the Project. The problem of waste water solution and natural environment protection will be perfectly settled.

9. **Management and training requirement:**

- **Management:** Board of Directors and Management shall be appointed in accordance with the proportion of capital contribution of each party.
- **Training:** The Joint- Venture Company needs specialists to guide and train Vietnamese technical workers.

10. **Source of supplying raw materials:**

The Project is realizable by its raw- material sources

Khanh Hoa Province has a great potentiality of supplying cassavas as raw- material. Cassava output concentrates on Cam Ranh and Dien Khanh Districts. Annual output of cassava in Viet Nam and Khanh Hoa Province is shown as follows:

ANNUAL OUTPUT OF CASSAVA IN VIETNAM

<i>Regions</i>	<i>Area (ha)</i>	<i>Yield (quintal per ha)</i>	<i>Output (T)</i>
1. East zone of South of VN	51,630	102.5	529,200
2. Coastal area of Center of VN, in which:	80,120	98.4	788,300
<i>Khanh Hoa Province</i>	7,500	120	90,000
3. West High land	90,000	121.6	1,094,400
4. Former Forth Military zones	20,000	64.3	128,600
5. Delta of Mekong river	17,900	72.3	129,400

11. Duration of Joint-Venture : 20 years

12. Total investment capital: depending on the scale of the project.
Projected investment capital estimated at *US\$ 6,022,000*. In which:

a) *Fixed capital: 5,902,000 US\$*

Of which:

- Initial expenses	300,000 US\$
- Right of land- using	800,000 US\$
- Machinery & Equipment	3,942,000 US\$
- Installation cost	91,000 US\$
- Basis construction	769,000 US\$

b) *Working capital: 120,000 US\$*

13. Legal capital : *US\$ 3,667,000*

- * Vietnamese partner shall contribute *US\$ 1,100,000*, accounting for 30% of legal capital and consisting of:
 - The right to use of land during Joint- Venture duration of 20 years:
 $2 \text{ US\$/sqm. year} \times 20,000 \text{ sqm} \times 20 \text{ years} = 800,000 \text{ US\$}$
 - Value of existing properties and infrastructure (which is determined by the Council of Property Evaluation) is estimated at *US\$ 300,000*.
- * Foreign partner shall contribute *US\$ 2,567,000* accounting for 70% of legal capital, including: Foreign currency, machinery and equipment, and other input to serve the construction and operation of the project.

14. Loan capital: *US\$ 2,355,000*

- * Loan capital of the Joint- Venture shall be borrowed by the Foreign party with preferential term and interest rate.

15. Profit sharing: After fulfilling all expenses, the net profit shall be shared out according to the ratio of capital contribution between the parties as follows :

+ Vietnamese party:	30%
+ Foreign party:	70%

16. Other conditions:

- * After signing the Memorandum of Understanding, the foreign party shall be liable to provide 0.3% of total invested capital in advance for preparation of documents and fulfilling formalities to apply Investment License.

PROJECT: CANNED FRUIT PRODUCTION

PART I: INTRODUCTION

1. **Local partner's name:** KHANH HOA FOODSTUFF PROCESSING PLANT
2. **Head Office:** 15 Le Thanh Phuong, Nha Trang City, and Suoi Hiep Village, Dien Khanh District, Khanh Hoa Province.
3. **Tel:** (84)-58-22501, 22732, 50149
4. **Authorized representative:** Mr. NGUYỄN SỸ HÙNG
Title: Director

PART II: ORIENTATION OF INVESTMENT DEVELOPMENT

1. **Objective:** To expand production and to add machinery and equipment in order to produce various kind of canned fruits for local consumption and export.
* The object of the project, however, is adjustable to mutual agreement by the parties concerned.
2. **Mode of investment:**
 - Investment in purchase of modern and complex equipment used in processing and manufacturing the canned fruits.
 - Intensive investment in reforming and raising production capacity of the Plant.
3. **Form of investment and preferential terms:** Joint- Venture or contractual business cooperation.
 - The rate of corporate income tax shall be 25%.
 - Turn- over Taxes of products to be sold in Vietnam: 6%.
 - The project may be examined for income tax exemption in one (1) year since profits are made and reduction by 50% in two (2) subsequent years.
 - The rate of withholding tax will be 10% of the profits transferred for the project having contribution of foreign partner to the legal capital less than 5 million US dollars.
4. **Selected site:** The project site is located by Khanh Hoa Foodstuff Processing Plant at Cay Cay, Suoi Hiep Village, Dien Khanh District, Khanh Hoa Province. The site is by National Way No 1, 1 km far from

Suoi Dau railway station. Power and water supply, communication, transportation, health and other service are convenient.

- * Total ground area: 5,000 sqm.
Building ground area : 1,810 sqm.
- * Land rental: 2 US\$/ sqm. year.
- * Having received the certificate of the right to use land.
- * Economic factors of the Project:
 - There are the tarred roads for the Plant.
 - There is an electric transformer of 560 KVA.
 - There is a pump station with capacity of 15 m³/ hour and water supplied pipes for each workshop. Water drainage system is also available.

5. Construction scale:

- * Area required for the Project : 5,000 sqm
- * Contents of building :
 - a) Building up processing workshop: 710 sqm (there is an existing frame)
 - b) Repairing and upgrading warehouses: 700 sqm, in which:
 - ♦ Raw- material warehouse: 200 sqm
 - ♦ Warehouse for cans and cartons: 200 sqm
 - ♦ Warehouse of finished products: 300 sqm
 - c) Up-grading auxiliary construction works: 400 sqm
 - d) Repairing and upgrading Plant's roads: 800 sqm
 - e) Area for treatment of waste water: 700 sqm

6. **Requirements of technology, machinery and equipment:** Production technology and invested machinery and equipment shall be suitable for the objective of the Project. The problem of waste water solution and natural environment protection will be perfectly settled.

7. Projected production capacity and products:

- * *Production capacity:* 2,500 T products per year, e.g.:
 - 5 million cans of 520 ml, or
 - 10 million cans of 250 ml, or
 - 12,5 million cans of 200 ml.
- * *Products:*

Project's products are mainly the canned fruits for local consumption and export, such as:

- Coconut juice 1,400 T/ year
- Mango juice 600 T/ year
- And other fruit juice (orange, lemon, banana, jack etc.)

8. Labour: 106 workers, of which- 90 technicians

9. Market:

At beginning, the products will be marketed in Vietnam. In future, some of them will be exported. Proposed products will be consumed as follows :

- Export: 70%
- Domestic: 30%

10. Supply of raw- material:

The main source of raw- material for the Project is various fruits available in local market such as coconut, mango, orange, lemon, banana, jack etc. According to statistic of Khanh Hoa Province its fruit potential is very big and distributed equally through out the Province, especially mango and coconut:

POTENTIAL RESOURCE OF FRUITS IN KHANH HOA PROVINCE

<i>Sort</i>	<i>Land area under crop (ha)</i>	<i>Yield</i>	<i>Output</i>	<i>Time of harvesting</i>
Mango	1,100	100 quintal	11,100 T	10/3 - 30/6
Coconut	3,447	6,000 units	20.7 mill units	All year around
Banana	900	60 quintal	7,200 T	All year around
Orange	300	40 quintal	1,200 T	month 7, 8, 9
Jack	1,400	60 quintal	8,400 T	15/2 - 30/7

11. Management and training requirement:

- Board of Directors will be appointed in accordance with a Contract and a Charter of the Joint Venture Company.
- Foreign partner shall support Joint- Venture in the skill training and improving to Vietnamese employee.