

Doing business and investing in Vietnam

Cement industry

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Agenda

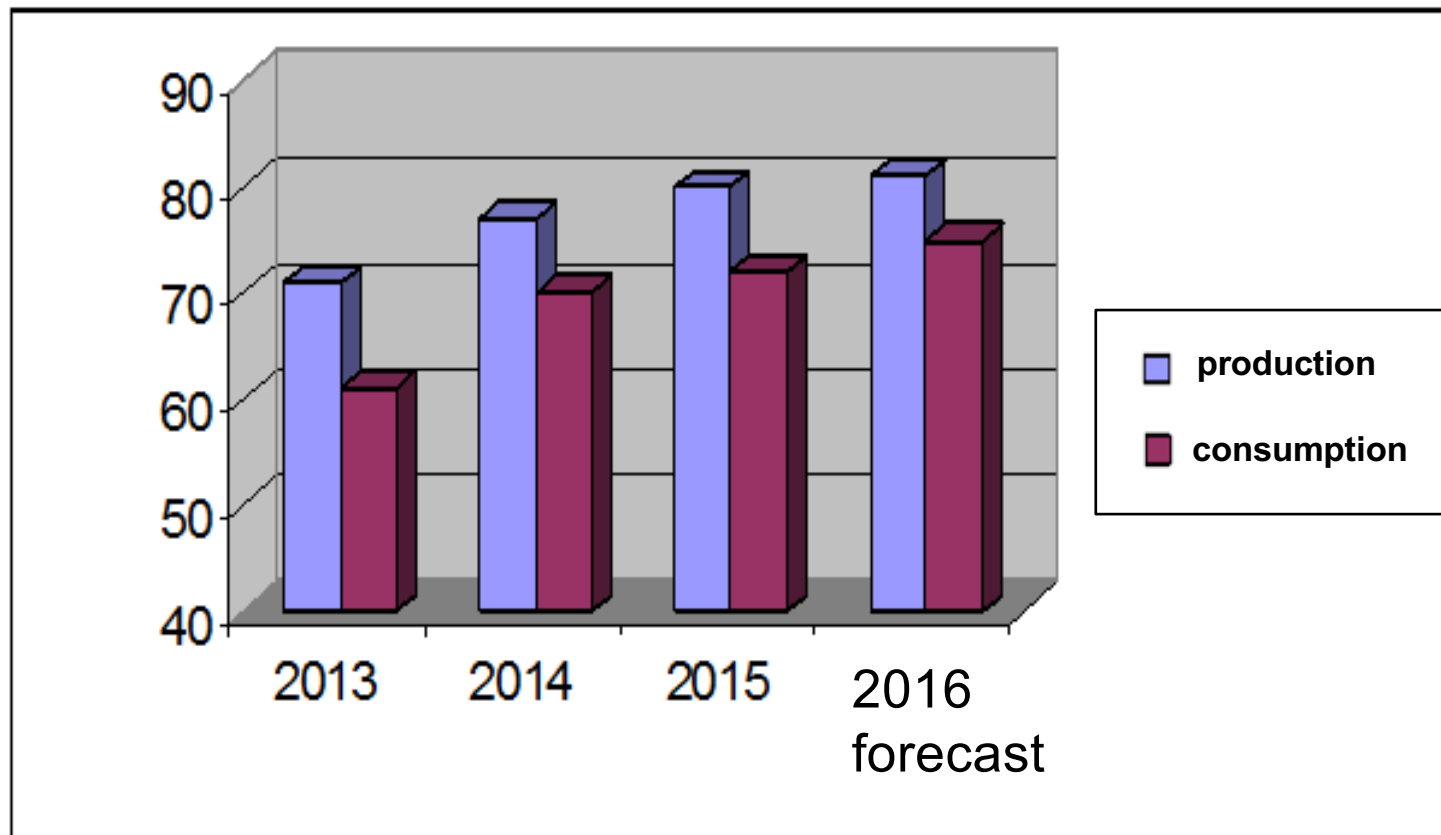
1. Cement Industry Overview
2. Setting up a business in Vietnam
3. Permits and Licenses
4. Important factors for a successful investment

1. Cement Industry Overview

Cement industry

	2015	2016
Production lines	77	80
Total designed capacity	81	87.7
Production capacity	76.2	81.6
Consumption amount	72.9	76.4
Domestic consumption	55.0	59.4
Export	17.8	16.9

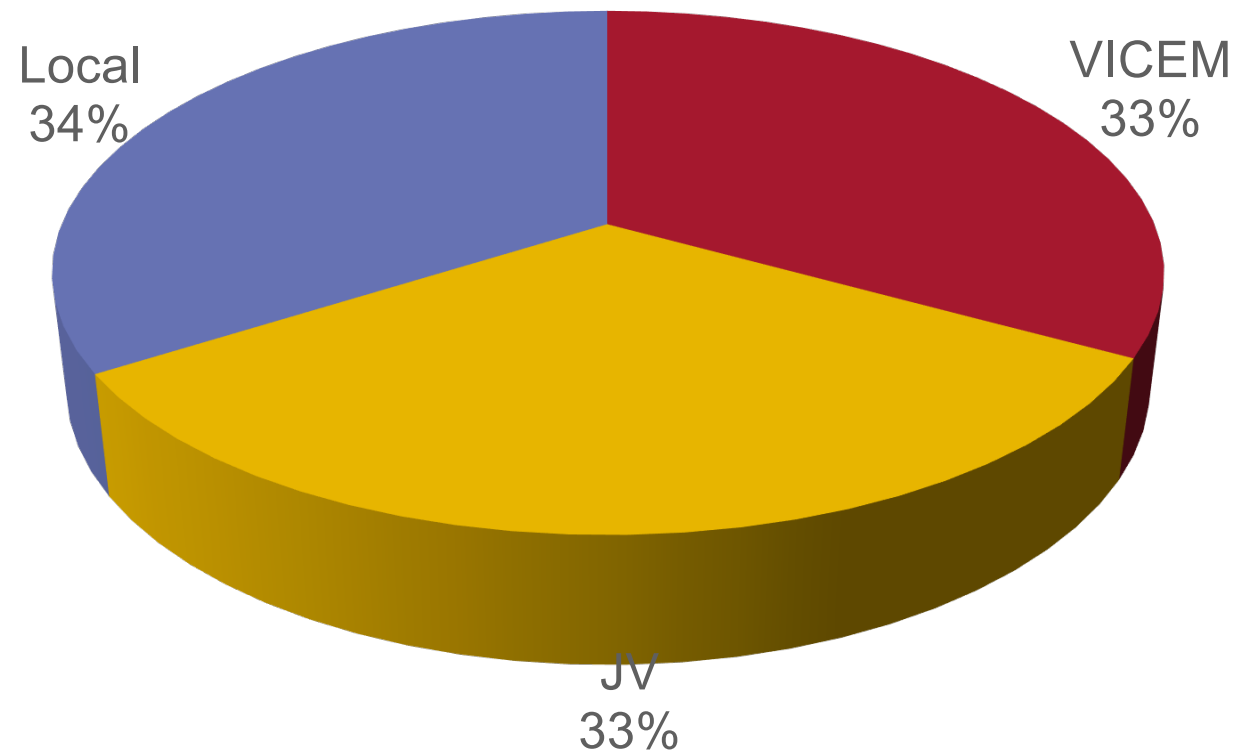
Production and consumption



Exportation market

Market	2015	
	<i>Tons</i>	<i>USD</i>
Bangladesh	5,804,100	209,047,091
Philippines	2,242,859	92,381,819
Indonesia	1,557,518	67857434
Taiwan	1,050,398	42,874,408
Malaysia	824,911	38,437,614
Lao	378,092	28,926,338
Chile	540,283	29,445,880
Mozambique	765,600	28,859,020
Peru	465,464	25,680,770
Campuchia	415,993	23,465,616
Australia	358,583	14,678,349
Srilanka	387,194	14,016,432
Myanmar	168,321	8,580,030

Market share



2. Setting up a business in Vietnam

Categories of Investors

Domestic Investors	Foreign Investors
A. Vietnamese citizens and economic organizations without foreign members or shareholders	C. Foreign nationals and foreign corporate entities
B. Other Economic Organizations with Foreign Investment Capital	D. Economic Organizations: <ul style="list-style-type: none">• with 51% or more charter capital owned by foreign investors (F1 company); or• with 51% or more charter capital owned by F1 company; or by both a foreign investor and a F1 company);
Investors under (A) and (B) must meet the investment conditions and follow the investment procedures applicable to DOMESTIC INVESTORS.	Investors under (C) and (D) must meet the investment conditions and follow the investment procedures applicable to FOREIGN INVESTORS.

Greenfield Projects of Foreign Investors

– **STEP 1: Investment Registration Certificate (“IRC”)**

- Foreign investors submit an IRC application to the licensing authority.
- Projects subject to preliminary approval of the National Assembly, the Prime Minister, or the People’s Committee must obtain such preliminary approval.
 - Timeline: 35 days for projects under the PC approval
 - Timelines for other projects are unclear
- IRCs are issued within five (5) working days upon issuance of preliminary approval.
- Projects that are not subject to preliminary approval will be issued an IRC within fifteen (15) days upon receipt of the dossier.

Greenfield Projects of Foreign Investors (cont.)

– **STEP 2: Enterprise Registration Certificate (“ERC”)**

- Foreign investors must submit an ERC application to the licensing authority upon the issuance of the IRC.
- Including:
 - Charter; IRC;
 - Legalized copy of the corporate papers of foreign investors (this requirement may be duplicate from the document required for the IRC);
 - List of members; List of founding shareholders and foreign shareholders
- ERCs are issued within three (3) working days upon receipt of the application dossier.

Master plan for cement and minerals for cement production

- Master plan for cement industry:
 - The Ministry of Constructions to prepare
 - The Prime Minister to grant approval
- Master plan for survey, exploration and exploitation of minerals for cement production
 - The Ministry of Construction to prepare
 - The Prime Minister to grant approval

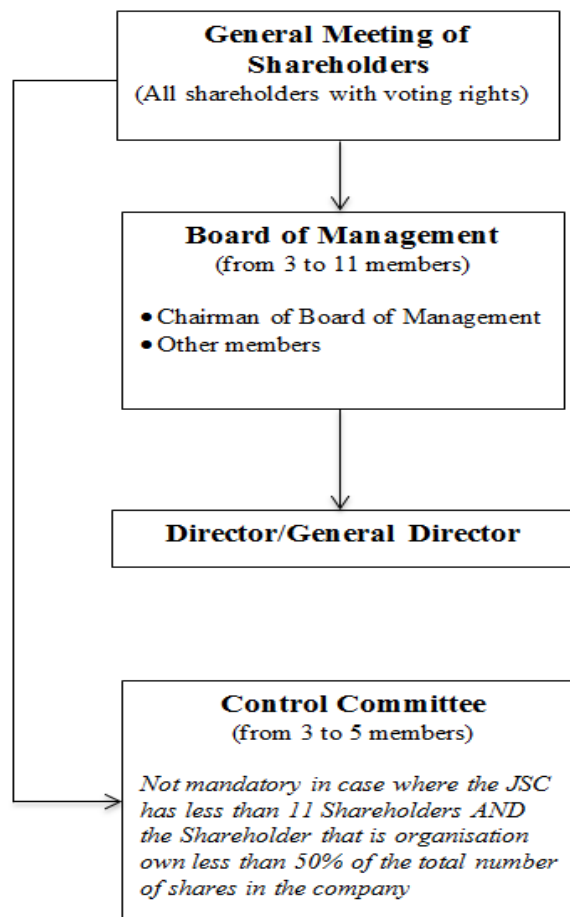
M&A Transactions of Foreign Investors

- **Two-Steps Procedures:**
- **STEP 1: Registration of the Acquisition**
 - Required in 2 cases: Targets in industries subject to conditions applicable to foreign investors; and acquisition resulting in foreign investors owning 51% or more of charter capital of targets
 - Dossier simple (request and corporate documents of the investor).
 - DPI issues a written notice (i.e., an approval) within fifteen (15) days.
- **STEP 2:** *(If Step 1 is not required, go straight to Step 2)*
 - Registration to amend the ERC with respect to LLCs.
 - Notification of the change in foreign shareholders (except for listed companies) with respect to JSCs, and the licensing authority will effect the change within three (3) working days.

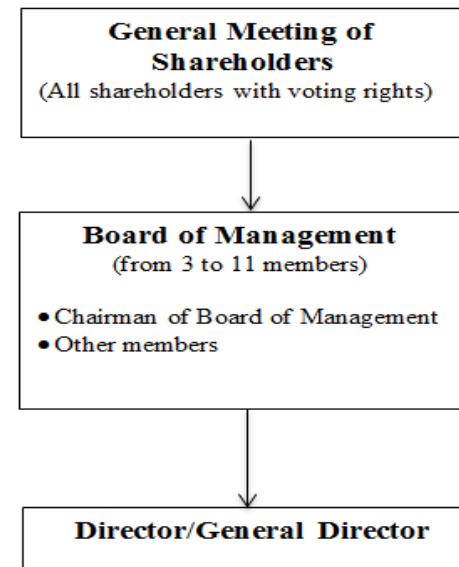
Organizational Structure of Joint Stock Companies

Either one of two following forms (except for other provisions of Law on Security):

Form A

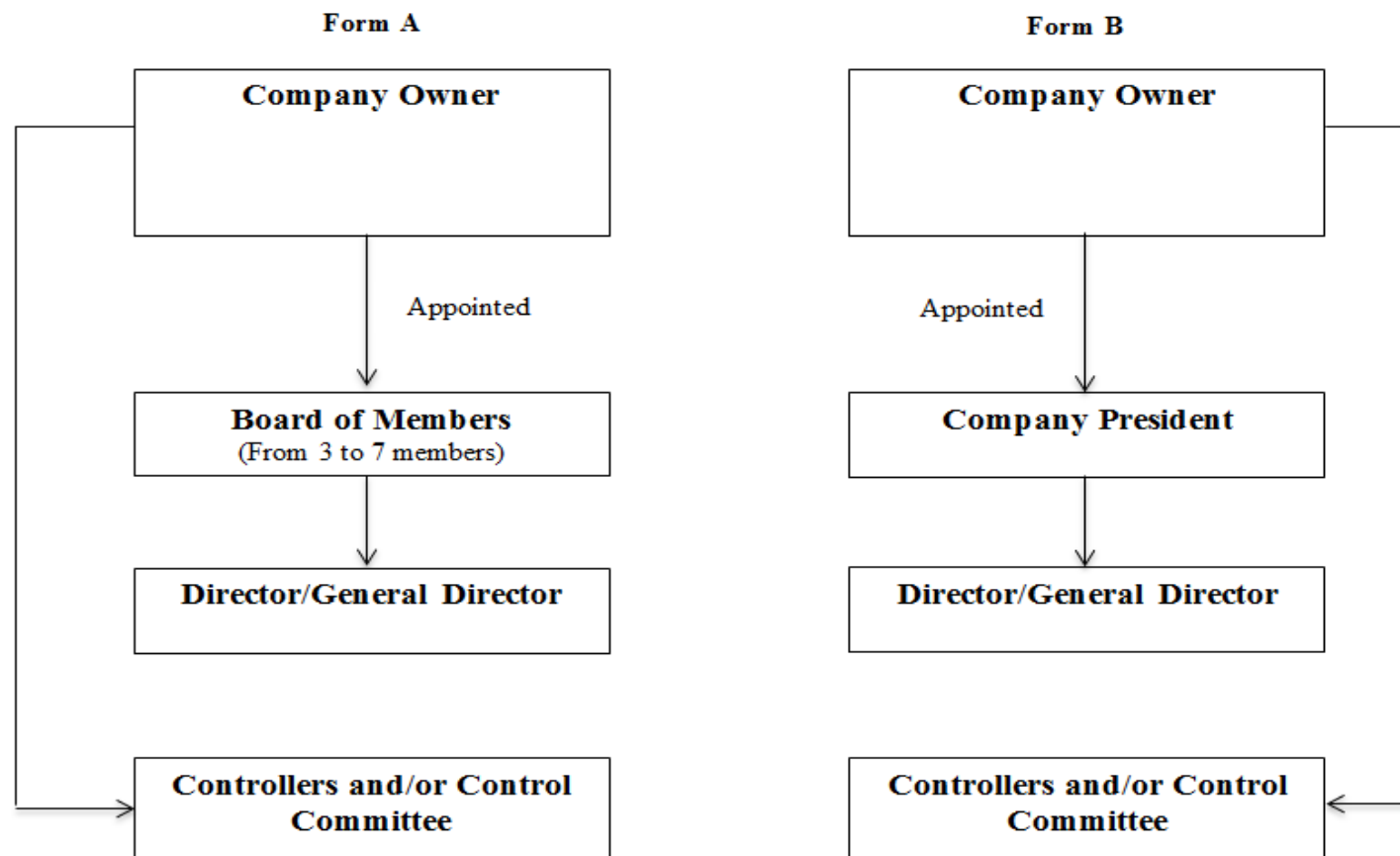


Form B

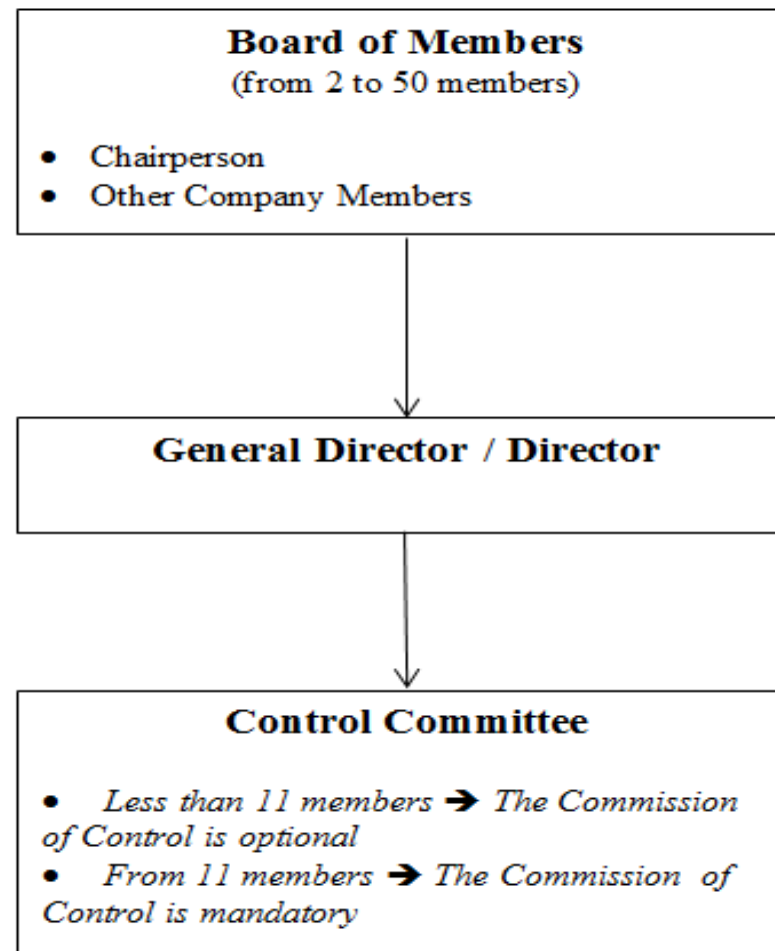


Organizational Structure of Single Member Limited Liability Companies

Either one of two following forms:



Organizational Structure of Multi Member Limited Liability Companies



3. Permits and Licenses



Land

- Land used for a cement project is classified as non-agriculture land used for business purposes.
- Land will be leased by the Government to the project investor for its development and operation for an annual or lump sum land rental payment.
- The maximum land lease term is from 50 years to 70 years.
- Issuance of land use right certificate.

Mining

- Mineral exploration license
 - Terms: valid for 48 months
 - Extension:
 - may be extended multiple times for a total maximum extension duration of 48 months.
 - the licensed organization or individual must return at least 30% of exploration area stated in the granted license.
- Mineral exploitation license
 - Terms: valid for 30 years
 - Extension:
 - may be extended multiple times with the total extension period not exceeding 20 years.




Construction

- Mine design
 - Technical design
 - Construction drawing design
- Construction permit
 - Technical design or construction drawing design
 - Technological design (if any)

Environment

- Environmental impact assessment
 - Construction projects for **all** cement plants
 - Clinker plants with capacity of at least 100,000 metric tons/year
- Stricter control on the environmental compliance
 - Dust emission
 - Noise emission
 - Waste water
 - Hazardous waste

4. Important factors for a successful investment

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- Understand the market
 - Understand legal environment
 - Master plans
 - Licensing processes
 - Corporate structure
 - Financial capacity and experience



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