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Ho Chi Minh City, 11 September 2003

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Reports on the following:

- **Brief introduction of investment laws and policies of Vietnam; and**
- **Repatriation of profit by foreign investors under the investment laws and policies of Vietnam.**

Dear Sirs,

I. BRIEF INTRODUCTION OF INVESTMENT LAWS AND POLICIES:

1. Legal bases (significant laws and regulations):

1.1 Law on foreign investment in Vietnam passed by the National assembly of Vietnam on 12 November 1996 and amended on 09 June 2000 (FIL);

1.2 Decree No. 36/CP dated 24 April 1997 of the Government providing regulations on Industrial zones (IZ), Export processing zones (EPZ) and High-tech zones;

1.3 Decree No. 24/2000/ND-CP dated 31 July 2000 of the Government providing details for implementation of the Law on foreign investment in Vietnam and Decree No. 27/2003/ND-CP dated 19 March 2003 of the Government on amendment to and supplementation of several articles of Decree No. 24/2000/ND-CP (Decree No. 24);

1.4 Circular No. 12/2000/TT-BKH dated 15 September 2000 of the Ministry of Planning and Investment providing guidelines on foreign investment in Vietnam;

1.5 Circular No. 22/2000/TT-BTM dated 15 December 2000 of the Ministry of Trade providing guidelines for implementation of Decree No. 24;

1.6 Circular No. 13/2001/TT-BTC dated 08 March 2001 of the Ministry of Finance providing guidelines for implementation of regulations on taxation of forms under the Law on foreign investment in Vietnam.

2. Introduction & objectives of foreign investment policies in Vietnam:

2.1 Relevant economic policies:

According to the Constitution 1992 and the FIL, the State of Vietnam welcomes and encourages foreign individuals and organizations to invest in Vietnam on basis of mutual benefits and respect of the independence, sovereignty and national integrity of Vietnam. Foreign direct invested capital companies (FDI) constitute an integral part of the Vietnamese economy and to be one of the five economic sectors of Vietnam.

Vietnam is now in progress to merge the FIL and the Law on Encouragement of Domestic Investment into one that will bring to the end all discrimination and discrepancy between FDI and local companies.

The Government of Vietnam has recently allowed to equitize and change FDI (including 100% foreign owned companies) to joint stock companies. The joint stock companies with foreign investment capital take over all the rights and benefits of the old FDI as provided in the Investment license and the FIL, however, operate in accordance with the relevant regulations as for other local joint stock companies regulated by the Law on Local Enterprises.

** Comments: In general, the mergence of the FIL and the Law on Encourangement of Domestic Investment would not make any adverse effect on Furniweb VN, Trunet VN and Premier VN as all their existing benefits and incentives under the current Investment licenses and also the FIL will be kep unchanged. In addition, at the time now on, Furniweb VN, Trunet VN and Premier VN may, at their owned discretion and if all the required conditions are satisfied, apply to the competent authorities for equitization and transfermation into foreign investment joint stock companies.*

2.2 Restrictions on foreign investment:

In general, the FIL has been improved date to date in order to be more conformation with the international practices. However, similar to other countries, Vietnam has also imposed several restrictions over the foreign investment in Vietnam in order to protect the local economic sectors.

According to the FIL and Decree No. 24, there is a list of investment fields where requiring certain conditions. For more information, please refer to Annex 1 as attached hereto.

** Comments: In general, as Funiweb VN, Trunet VN and Premier VN have been established in Vietnam, therefore, all the said restrictions seem not have any effect thereon. However, any extension or expansion of the operation of these three companies has to comply with the said regulations.*

2.3 Investment incentives:

In general, there are various kinds of incentives imposed by the Government of Vietnam upon the foreign investment in Vietnam. However, on the whole and in broad term, those are generally financial incentives. In particular:

(i) *Corporate income tax (CIT)*: Except of the normal CIT rate of 25%, subject to the actual conditions of the investment projects, the FIL also provides the other three incentive CIT tax rates based on the actual conditions of the project. For more information, please refer to Section 1 of Annex 2 as attached hereto.

In addition to the incentive CIT rates, the FIL also provides several tax holidays in respect of CIT, in particular: the projects subject to the CIT rate of 10% shall be exempted from the CIT for 04 years from the first profit-making year and reduced of

50% of CIT for 04 coming years; the projects subject to the CIT rate of 15% shall be exempted from the CIT for 02 years from the first profit-making year and reduced of 50% of CIT for 03 coming years and the projects subject to the CIT rate of 20% shall be exempted from the CIT for 01 year from the first profit-making year and reduced of 50% of CIT for 02 coming years.

(ii) *Withholding tax*: Similar to incentives on CIT, the FIL also provides three levels of Withholding tax rates based on the actual conditions of the project. For more information, please refer to Section 2 of Annex 2 as attached hereto.

(iii) *Import – export duties*: (a) FDI is exempted from import duties in respect of goods imported to form the fixed assets of the company; (b) FDI of fields or in areas where investment is specially encouraged is exempted from import duties in respect of production materials, supplies and components imported for 5 years from the date of operation (c) FDI of fields of manufacture of mechanical, electrical and electronic products is exempted from import duties in respect of production materials, supplies and components for 5 years from the date of operation.

** Comments: In general, Funiweb VN, Trunet VN and Premier VN have applied for and obtained the corresponding investment incentives as provided under the FIL.*

3. Prerequisites/ qualifications for application:

There is no a special prerequisite or qualification to which the foreign investors must comply with upon applying for investment in Vietnam.

4. Application procedures & relevant governing and regulatory bodies:

4.1 Application procedures:

According to the FIL, FDI is to be set up in Vietnam under and in accordance with the Investment license issued by the licensing bodies.

The issuance of the Investment license is implemented under one of the following procedures: Applying for investment registration or Applying for appraisal and approval of investment. In particular:

(i) *Applying for investment registration*: This kind of procedure is just applied to investment projects with simple terms and conditions. For more information, please refer to Annex 3 as attached hereto.

With this procedure, no need to prepare and attach to the Application the Feasibility study (FS) and if everything is in accordance with the laws, the Investment license is to be issued within 15 days from the date of submission, no need to seek for consents from other authorities.

(ii) *Applying for appraisal and approval of investment*: This kind of procedure is applied to other investment projects.

With this procedure, in addition to the Application, the FS is also required to be attached in order to make clear all related matters of the projects (the feasibility of the project). Right after receipt of the application documents from the investors, the licensing bodies shall forward the application documents to other related authorities for consent. Accordingly, the time for consideration and also for issuance of the Investment license is also longer than the case of investment registration.

4.2 Governing and/ or regulatory bodies:

According to FIL, subject to the actual conditions of the project, there are two levels of authorization for approval of foreign investment projects in Vietnam. In particular:

(i) Projects subject to the approval of the Prime Minister;

(ii) Projects subject to the approval of the Ministry of Planning and Investment (MPI).

The FIL also levels the authorization for approval of investment projects (only the projects subject to the approval of the MPI) to the People's committee of central cities or provinces or Management committees of IZ and EPZ.

4.3 Investment license:

The Investment license is issued by the Licensing bodies in standard form provided by the MPI.

Normally, the Investment license is inclusive of all significant contents of the project, including but not limited to name of the project, parties to the project, scope of activities, location, taxation matters, tax incentives, land and land rental, product export ratio.

In case of change of any significant content as mentioned in the Investment license according to the change of the relevant laws or regulations or whichever reason, the investor must apply to the Licensing bodies in order to make a corresponding amendment to the Investment license.

4.4 Options for investment structures:

According to the FIL, there are three forms of foreign investment in Vietnam:

(i) *Business corporation contracts (BCC)*: Local organizations (including FDI) can co-operate with foreign individuals and organizations or 100% foreign owned companies have been established in Vietnam to carry out the business under the BCC. In principle, co-operation under a BCC does not set up any legal status in Vietnam. However, the foreign partner may set up its owned Management office in Vietnam in order to monitor and implement the BCC in Vietnam.

(ii) *Joint ventures (JV)*: A JV is a company to be set up between local organizations (including joint ventures have been established in Vietnam) with foreign individuals and organizations or FDI have been set up in Vietnam. According to the FIL, the foreign partner must have an equity of at least 30% of the total invested capital of the JV. The management of the JV shall be made through the Board of management that derived from the representatives of the parties to the JV.

(iii) *100% foreign owned companies (FOC)*: A FOC is a company totally set up by foreign individuals or organizations in Vietnam or between 100% foreign owned companies have been set up in Vietnam with foreign individuals and organizations. The FOC is to belong to the foreign investors and is dully managed and controlled by the foreign investor.

** Comments: Funiweb VN, Trunet VN and Premier VN are the three FOCs, have been established in Vietnam in accordance with the FIL and have been issued the Investment licenses in standard forms. According to the FIL and other relevant regulations, any application for amendment to or supplementation of the current Investment licenses of Funiweb VN, Trunet VN and Premier VN have to be submitted to the Management Committee of IZ of Dong Nai province for approval and registration.*

5. Investment risks in Vietnam:

In general, all rights and responsibilities of foreign investors in FDI in Vietnam are regulated in the FIL and other related laws and regulations of Vietnam.

According to the FIL, the Government of Vietnam assures to behave fairly and reasonably foreign investors having invested in Vietnam in accordance with the FIL and other laws and regulations of Vietnam. In case of discrepancy between the FIL and other laws and regulations of Vietnam and any international convention that Vietnam has signed or joined, the corresponding provisions of the international convention shall prevail.

According to the FIL, any change in the FIL or other laws of Vietnam that may negatively affect to the FDI, the FDI shall be reserved all rights and benefits as in the current Investment license. Any change in the FIL or other laws of Vietnam that may positively affect to the FDI or provide more preferences than the previous respective regulations will automatically apply.

Disputes between foreign investors with Vietnamese partners or with any third party in Vietnam (including the competent authorities of Vietnam) shall be settled subject to the agreement between the concerned parties or in accordance with the laws of Vietnam through any of the following: Vietnamese court; Vietnamese arbitration, foreign arbitration or an international arbitration authority; or an arbitration center to be set up by the concerned parties.

Notwithstanding, Vietnam is now in progress of improving its laws system in order to fully comply with the international practice. Therefore, it is affirmed that, on legal aspects, there is no risk in respect of the investment in Vietnam.

II. REPATRIATION OF PROFIT BY FOREIGN INVESTORS UNDER THE INVESTMENT LAWS AND POLICIES OF VIETNAM:

1. Legal bases (major laws and regulations):

1.1 Law on foreign investment in Vietnam passed by the National assembly of Vietnam on 12 November 1996 and amended on 09 June 2000;

1.2 Decree No. 24/2000/ND-CP dated 31 July 2000 of the Government providing details for implementation of the Law on foreign investment in Vietnam and Decree No. 27/2003/ND-CP dated 19 March 2003 of the Government on amendment to and supplementation of several articles of Decree No. 24/2000/ND-CP;

1.3 Circular No. 12/2000/TT-BKH dated 15 September 2000 of the Ministry of Planning and Investment providing guidelines on foreign investment in Vietnam;

1.4 Circular No. 13/2001/TT-BTC dated 08 March 2001 of the Ministry of Finance providing guidelines for implementation of regulations on taxation of forms under the Law on foreign investment in Vietnam.

2. Detailed regulations:

- According to the FIL, after implementing its taxation obligations, the foreign investors are allowed to remit abroad profits from its business operations; receipts from procurement of services and technology transfer; principles and interests from foreign loans; invested capital and other money and assets belonging to the foreign investors in Vietnam.

- At the time being, subject to the actual conditions of the investment projects, there are three levels of Withholding tax rate imposed upon the profit to be remitted abroad by the foreign investor. For more information, please refer to Section 2 of Annex 2 as attached hereto.

- In general, foreign investors are entitled to purchase US Dollars or one other foreign currency in order to remit the profit abroad.

** Comments: According to the FIL, after implementing all its taxation obligations, Funiweb VN, Trunet VN and Premier VN are allowed to remit abroad profits from its business operations; receipts from procurement of services and technology transfer; principles and interests from foreign loans; invested capital and other money and assets belonging to the foreign investors in Vietnam. The Withholding tax rate imposed upon any profit to be remitted abroad by these three companies is at 3%.*

Yours faithfully

NGUYEN HAI NAM
Executive Director
Ho Chi Minh City Branch Office

ANNEX 1
LIST OF INVESTMENT FIELDS WHERE REQUIRING CERTAIN CONDITIONS

1. Fields of investment subject to forms of joint ventures (JV) or Business co-operation contracts (BCC):

1.1 Investments under the form of BCC only and the Vietnamese Party is the specialized organization permitted to trade in these fields:

- Building of public telecommunications networks, supply of telecommunications services; trading in international and local courier services;

- Activities of press, radio and television broadcasting.

1.2 Investments under the form of BCC or JV only:

- Exploitation and processing of oil and gas, precious and rare mineral resources;

- Air, railway and sea transportation; public passenger transportation; construction of sea-ports and airports (excluding BOT, BTO and BT projects);

- Trading in marine and aviation services;

- Culture (excluding projects printing technical documents, packing, trademarks, printing decorating items on garment and leather products; processing and drawing cartoons by using the computer drawing technique; entertainment and sportive places);

- Afforestation (excluding the afforestation conducted indirectly through Vietnamese organizations, households and individuals having land allocated by the State or leased from the State under the category of production forest, protection forest and are supported by the investors in terms of funds, seeds, technique, fertilizer and product collection and purchase subject to contracts);

- Travel tourism;

- Production of industrial explosives;

- Consultancy services (excluding technical consultancy).

2. Fields of investment subject to a certain rate of products to be exported:

- Motorbikes;

- Automobiles and trucks under 10 tons;

- Hydraulic power water pumps with capacity less than 30,000 m3/h, normal Water pumps with capacity less than 540m3/h;

- Medium and low-voltage electricity cable;

- Normal telecommunication cable;

- Vessels less than 30,000 DWT, fishing boats less 1,000 CV, river steamers , motor boats, barges, (just applicable to 100% foreign owned projects);
- Media products;
- Shaped aluminum products;
- Common building steel (diameter equal to or less 40 mm);
- NPK fertilizers;
- PVC;
- Bicycles and spare parts;
- Transformers less 35 KV;
- Diesel motors less 15 CV.

3. **Fields of investment subject to special approvals and/ or consents from the Prime Minister:** Services of importation, distribution in Vietnamese market, off-shore fishing and exploitation.

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ANNEX 2
INVESTMENT INCENTIVES

1. Corporate income tax (CIT):

1.1 Projects subject to the CIT rate of 10% must satisfy any of the following conditions:

- Projects pertaining to the list of projects where investment is especially encouraged;
- Projects investing in localities with extremely difficult socio-economic conditions;
- Projects developing infrastructures of IZ, EPZ and High-tech zones and production projects in EPZ;
- Projects in fields of medical treatment, education and science study.

1.2 Projects subject to the CIT rate of 15% must satisfy any of the following conditions:

- Projects pertaining to the list of projects where investment is encouraged;
- Projects investing in localities with difficult socio-economic conditions;
- Service projects in EPZ, production projects in IZ;
- Projects of which all properties and assets shall be assigned to the Government of Vietnam upon expiry of the operation.

1.3 Projects subject to the CIT rate of 20% must satisfy any of the following conditions:

- Production projects not that of Item 1.1 and 1.2;
- Service projects in IZ.

2. Withholding tax:

2.1 Projects subject to the Withholding tax rate of 3%: Projects subject to the Withholding tax rate of 3% must satisfy any of the following conditions:

- Investment projects under the FIL by Overseas Vietnamese in Vietnam;
- Projects in IZ, EPZ and High-tech zones;
- Projects of which the foreign investors making capital contribution to the legal capital or capital for implementation of the project from 10 Million US$ upwards;
- Projects investing in localities with extremely difficult socio-economic conditions.

2.2 Projects subject to the Withholding tax rate of 5%: Projects subject to the Withholding tax rate of 5% must satisfy any of the following conditions:

- Projects of which the foreign investors making capital contribution to the legal capital or capital for implementation of the project from US$ 5 Million $ to less US$ 5 Million;

- Projects in fields of medical treatment, education and science study.

2.3 Projects subject to the Withholding tax rate 7%: Other projects.

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ANNEX 3
INVESTMENT PROJECTS SUBJECT TO INVESTMENT REGISTRATION

Investment projects which subject to the procedure of investment registration must satisfy the following conditions:

1. Not being Projects A which consisting of:

1.1 Projects in the following fields, regardless of the size of investment capital:

- Construction of infrastructure for an Industrial Zone, Export Processing Zone, High Technology Zone, Urban Zone; BOT, BTO and BT projects;
- Building and operating of seaports, airports; and operating of sea or air transportation;
- Oil and gas activities;
- Post and telecommunication services;
- Publication, printing service (except for projects of printing technical documents; packing, trademarks, printing common decorating items on garment and leather products), press; radio, television broadcasting; advertisement services together with advertisement publication; cinema activities; art performance, trading games with bonus; facilities for medical examination and treatment of diseases; general education, training at college, university, postgraduate and equivalent levels; scientific research; and production of drugs for treatment of human diseases;
- Insurance, finance, auditing and inspection;
- Exploration or exploitation of rare and precious natural resources;
- Construction of residential houses for sale;
- Projects in the field of national defence and security.

1.2 Projects with the investment capital equal to or more than US$ 40 million in fields of: electricity production, exploitation, metallurgy, cement production, mechanical production, chemical production, hotel, office departments for lease, entertainment and travel.

1.3 Projects using urban land equal to or more than 5ha and 50ha in respect of other land.

2. Having at least one of the following conditions:

- Projects having product export ratio from 80% or more;
- Projects invest in an IZ which are not Projects A but under the list of especially encouraged investment fields or under the list of encouraged investment fields;

- [They] operate in a production field having the size of their investment capital up to US$ 5 million.

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