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VIE/91/010. INTEGRATED INVESTMENT PROGRAMME  
CONTRACT No. 93/018P

R E P O R T

ON THE RESULTS OF THE BUSINESS MISSION TO TAIWAN  
OF THE THANH HOA FACTORY OF EXPORTABLE GARMENTS  
FROM 17 - 26 MARCH 1993

I. BACKGROUND

The Thanh Hoa Factory of Exportable Garment is an enterprise specializing in the production of high quality garments for export. The enterprise has developed business relations with different foreign companies in processing garments for export (including Japan, Taiwan, Korea, Hongkong, etc...) under the contracting. The management of the enterprise has looked for foreign partners and developed a proposal for the establishment of a Joint-Venture Enterprise in Thanh Hoa to produce high quality garments for export with foreign companies.

The project was included in the List of Projects ( VIE/57 ) which was jointly prepared by the Thanh Hoa Factory of Exportable Garments under guidance of UNIDO and SCCI for the Investment Forum in Ho Chi Minh City, 11-15 March 1993. The project was presented at the Forum by the management of the enterprise. Some foreign investors showed their interest and willingness to further development of the project for the establishment of a Joint Venture Enterprise for processing high quality clothing for export. Meetings were held between the Thanh Hoa Factory of Exportable Garments and several Taiwanese counterparts focusing on technology, market prospects and financial elements.

Since June 1992, the enterprise has set up business relations with the St. Peter Co., Ltd of the Republic of China (Taiwan) in processing various items of garments such as Gents', shirts, jackets, etc. ST. PETER Co, Ltd. The Taiwanese counterpart has found that the project is of their interest and the two parties have had meetings to negotiate on the conditions for the establishment of a Joint Venture Enterprise in Thanh Hoa to produce high quality garments for export.

On 23 November 1992, the Thanh Hoa Factory of Exportable Garments came up with a request for the financial assistance under the project VIE/91/010 to finalize the terms of the Joint Venture such as Joint Venture Contract and Joint Venture Charter. With the agreement of the SCCI, UNIDO and the Thanh Hoa Factory of Exportable Garments signed Contract No. 93/018P on 5 March 1993. The Thanh Hoa Factory (the contractor) is responsible to provide UNIDO all the services and facilities mentioned in the Terms of Reference dated 23 December 1993 at the total all-inclusive cost of USD 12,000 ( see Annex 1).

## **II. IMPLEMENTATION OF CONTRACT No. 93/018P**

As to implement above-mentioned Contract, The Thanh Hoa Factory of Exportable Garments has assigned its staff to work together with the ST. PETER Co, Ltd. in Vietnam and in Taiwan for the preparation of a Joint Venture Contract and a Joint Venture Charter. The preparation of Technology, market and feasibility studies has also jointly carried out by the two parties.

Under the implementation of Contract No. 93/0178P, a mission of the Thanh Hoa Factory of Exportable Garments visited ST. PETER Co, Ltd. in Taiwan from 17-26 March 1993. The purpose of the mission is to finalize the technology, machinery and market surveys prior the finalization and signature of the Joint Venture Contract and Charter.

**The mission of the Thanh Hoa Factory of Exportable Garments to Taiwan consisted of:**

- |    |                     |                                 |
|----|---------------------|---------------------------------|
| 1. | Mrs. Nguyen Thi Hai | Director                        |
| 2. | Mr. Nguyen Vu Mai   | Senior Expert on Technology     |
| 3. | Mr. Nguyen Huu Hoa  | Expert on foreign Investment    |
| 4. | Mrs. Pham Thi Ha    | Expert on Finance and Marketing |
| 5. | Mr. Tran Hoa Binh   | Interpreter.                    |

**Travel programme of the mission:**

- 17 March 1993: Departure from Hanoi to Taipei (Transit in Hongkong)
- 18 and 19 March 1993: Negotiation with the St. Peter Textile Co., Ltd in Taipei.
- 20 and 21 March 1993: Visit to factories of the St. Peter Textile Co., Ltd in Taishung and Thien Chung.
- 22 March, 1993: Signing ceremony contracts between the Thanh Hoa Export Tailoring Enterprise and the St. Peter Co. Ltd.
- 23 March, 1993: Departure to Bangkok
- 24-25 March 1993: Market survey in Bangkok
- 26 March 1993: Arrival Hanoi

The copies of the airticket stubs are attached for records.

**Main activities of the Mission in Taiwan****1. Market and Technology Survey**

The mission had several meetings with the representatives of the ST. PETER Co, Ltd. regarding the short and long term business cooperation between the two parties. The mission visited the factories of the ST. PETER Co, Ltd in Taipei, Taishung and Thienchung to get familiar with the existing technology, machinery, marketing, production organization and management.

Under the guidance of the Taiwanese counterparts the mission visited some supermarkets in Taiwan for studying specific requirements, style and demands of consumers for garments.

The mission also visited some supermarkets in Bangkok for the same purpose.

The mission had a very good opportunity to carefully study the technology of garment design, label padding, the production line with modern, quality control techniques, packaging,

preservation process, etc. thus enabling the Thanh Hoa Factory of Exportable Garments better cooperate with the ST. PETER Co., Ltd. in the long term. The experience learnt from the visit to Taiwan will help the management of the Factory negotiate with the ST. PETER on the contracting arrangements (in the short term) and Joint Venture enterprise (in the long term) in terms of market, technology, production and management

## 2. Negotiation on Joint Venture Contract

The cooperation between the Thanh Hoa Factory of Exportable Garments and the St. Peter Textile Co, Ltd. has started from the contracting for processing high quality garments for export. The two sides has successfully completed several contracts for producing garments for export. As arranged, the Taiwanese side was responsible for the market, supply of design and materials when the Vietnamese side was responsible for the production. The finished products were inspected by the ST. PETER experts and then exported through the existing channels of the ST. PETER Co. Ltd. in Vietnam.

Based on the project profile presented at the Investment Forum in Ho Chi Minh City, March 1991 coded VIE/57 the Thanh Hoa Factory of Exportable Garment has had several meetings with the ST. PETER Co., Ltd to discuss the furtherance cooperation and to negotiate the terms of a Joint Venture for long term cooperation. As a result, preliminary drafts of the Joint Venture Contract and Joint Venture Charter have been prepared. However, the Vietnamese side has proposed a visit to its counterpart in Taiwan to investigate the counterpart's design and production capacity, technology, machineries, marketing and management as well as to visit some supermarkets for studying customers' style and specific requirements. The proposal was technically and financially supported by UNDP, UNIDO and SCCI under the project VIE/91/010, Integrated Investment Programme for Vietnam.

The Mission of the Thanh Hoa Factory of Exportable Garments visited Taiwan from 17-26 March 1993. During the visit of the mission, the two sides negotiated with the mutual understanding and absolute respect to the stipulations of the Law on Foreign Investment in Vietnam and its Sub-law Decrees and Regulations.

The draft of the Joint Venture Contract prepared by the Vietnamese side was discussed in details by the two sides. Finally, the two sides have agreed upon to sign the Joint Venture Contract for the establishment of a Joint Venture Enterprise for Processing High Quality Clothing Thanh Hoa - Taiwan. The Joint Venture Enterprise is to be built in Thanh Hoa townlet with the

capacity of 3 million peaces per year. The Joint Venture Contract which comprises 21 articles was signed by Mr. Peter Yeung, Managing Director of the ST. PETER Co, Ltd. and by Mrs. Nguyen Thi Hai, Director of the Thanh Hoa Exportable Garments on 18 March 1993 in Taipei. The main contents of the Joint Venture Contract are as follows:

(a) **Name of the Joint Venture Enterprise:**

The Thanh Hoa - Taiwan Joint Venture Enterprise for High Quality Garment Processing.

The international trading name is THATAI GARMENT. The site of the Joint Venture Enterprise is Le Van Street, Thanh Hoa Townlet

(b) **Capacity of the Joint Venture Enterprise:**

3,000,000 pc/year

(c) **Invested capital**

The total invested capital	US\$ 1,880,000
Fixed capital	US\$ 1,280,000
Working capital	US\$ 600,000
Legal capital	US\$ 1,880,000

of which: Vietnamese side contributes US\$ 1,006,000  
comprising for 54%

Taiwanese side contributes US\$ 874,000  
comprising for 46%

(d) **Joint Venture duration**

15 years from the date of the Investment License issued.

(e) **Market:**

- Domestic market:	20% - 30%
- Export market:	70% - 80%

(f) **Insurance:** The assets of JVE shall be insured in Vietnam Insurance Company (Bao Viet)

(g) **Managing Board**

The Managing Board of the Joint Venture Enterprise consists of 6 persons, of which the 3 persons from the Vietnamese side and 3 persons from the Taiwanese side. The Chairman of the Managing Board is nominated alternatively every five years.

The tasks and the rights of the Managing Board are defined in the Charter of the Joint Venture Enterprise.

(h) **Directorate:**

The Directorate of the Joint Venture Enterprise consist of 3 persons. General Director is a Vietnamese and the first Deputy General Director is a Taiwanese.

The rights and the responsibilities of the Directorate are defined in the Charter of the Joint Venture Enterprise.

The two sides have agreed upon to choose a part of land area of the Thanh Hoa Factory of Exportable Garment in Le Van Street, Thanh Hoa Townlet to be the site for the construction of the Joint Venture Enterprise.

It was agreed that the Vietnamese side is responsible for preparing the ground, obtaining the construction licence, water and power supply and import licence. The Taiwanese side is responsible for the supply of equipment and machineries, accessories and spare parts, production organization, training and foreign markets.

In order to facilitate the implementation of the signed Contract of the Joint Venture Enterprise, the two sides will continue the preparation of the Charter of Joint Venture Enterprise, feasibility study, application for investment licence. The selection of equipment and machineries and the market survey will also be facilitated.

It was agreed that the two sides will maintain the contacts and keep its counterpart well informed of the progress made.

A duly signed copy of the Joint Venture Contract is attached as annex 2.

### 3. Contract processing:

Whilst waiting other documents are to be finalized and the investment licence is to be issued, the two sides, the Thanh Hoa Factory of Exportable Garments and the St. Peter Textile Co., Ltd, have agreed to sign a contract for garment processing for the year 1993 with the following main contents:

- The Thanh Hoa Factory of Exportable Garments has agreed to process 50.00 pc of winter jackets for the St. Peter Co. Ltd of 4 different types.
- Price of processing: US\$ 2,4 - US\$ 2,95/pc dependent on the type.
- The Thanh Hoa Factory of Exportable Garment will ensure the export quota of 50,000 jackets to be exported to the Federal Republic of Germany.

The St. Peter Co. , Ltd will be responsible to make the payment to Thanh Hoa Factory of Exportable Garments in accordance with the quantity of the finished products produced.

The contracting parties have also agreed upon other matters relating to the product quality, terms of payment, packing and transport.

In order to support the Thanh Hoa Factory of Exportable Garments to successfully implement the contract, the St. Peter Textile Co. , Ltd, agreed to supply a system of ironing equipment (3 sets of Yui Lih Table for steam iron model YP-13 OAH-R and 3 sets of Yiu Lih Iron Model YH-6) with total value US\$ 3.360. (see annex 3)

A copy of the Processing Contract between the Thanh Hoa Factory of Exportable Garments and St. Peter Textile Co, Ltd. for the year 1993 is attached as annex 4.

### III. CONCLUSIONS

Both sides have satisfied with the results achieved during the mission of the Thanh Hoa Factory of Exportable Garments in Taiwan. All the objectives set out in the Terms of Reference have successfully been achieved. The mission have satisfactorily completed the programme and returned to Vietnam as planned.



Thanks to the efforts made by the two sides, the Vietnamese and its counterpart from Taiwan, the Joint Venture Contract has been signed by the two parties on 18 March 1993 in Taipei.

It was agreed that the two parties will continue their joint efforts to finalize the Charter of the Joint Venture Enterprise and the Application for the investment licence.

Both sides will fulfill their obligations in preparing necessary conditions for the realization of the Joint Venture Contract which was signed by the two parties on 18 March 1993 in Taipei

The Thanh Hoa Factory of Exportable Garments expresses its sincere gratitude to UNDP, UNIDO and SCCI for their effective guidance, valuable assistance for the satisfactory results which have been achieved in its negotiations with the foreign counterpart, the St. Peter Textile Co, Ltd.

As a result, a Joint Venture Enterprise for Processing of High Quality Clothing is expected to be set up in Thanh Hoa, Vietnam in very near future. The Joint Venture Enterprise will be the first of this type in Thanh Hoa province which will certainly make a great contribution to the economic development of the province.

It is also worth to mention that this success will encourage the local authorities and business community of Thanh Hoa province to promote other project for foreign investment.

Thanh Hoa, 2 April 1993

Director



NGUYỄN THỊ HỒNG

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

VIENNA INTERNATIONAL CENTRE  
P.O. Box 300, A 1400 Vienna, Austria  
Telephone: 211310 Telex: 135612 Fax: 2308272

CONTRACT No. 93/018P  
Project No. DP/VIE/91/010  
between the  
UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION (UNIDO)  
and  
THANH HOA FACTORY OF EXPORTABLE GARMENTS  
La Van Street, Thanh Hoa Townlet, Viet Nam

Based on the UNIDO General Conditions of Contract attached hereto as Annex A, THANH HOA FACTORY OF EXPORTABLE GARMENTS (referred to as the "Contractor"), Vietnam, agrees to provide UNIDO all the services and facilities mentioned in the attached Terms of Reference dated 23 December 1992 (Annex B) and as per the Contractor's proposal dated 12 December 1992.

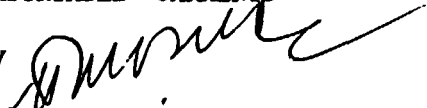
at the total all-inclusive cost of ..... US\$ 12,000

payable as follows:

- a) upon UNIDO Vienna's receipt of acceptance of the signed Contract ..... US\$ 7,000
- b) upon UNIDO Vienna's acceptance of the Final Report, in English, in 3 copies, in order to be received by UNIDO Vienna, not later than four (4) weeks after completion of the mission, and at the condition of UNIDO Vienna's receipt of the signed Contract ..... US\$ 5,000



IN WITNESS WHEREOF, the Parties hereto have executed this Contract.

THANH HOA FACTORY OF EXPORTABLE GARMENTS

By 

La Van Street  
Thanh Hoa Townlet  
Viet Nam

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

 M. Kohonen, Chief Contracts Section  
General Services Division  
P.O. Box 300  
A-1400 Vienna  
Austria 

Date: 5. March 1993.....

Date: 16. February 1993

Enclosures:

- Annex A - UNIDO General Conditions of Contract
- Annex B - Terms of Reference dated 23 December 1992



PROJECT NO. DP/VIE/91/010  
**PROCESSING OF HIGH QUALITY CLOTHING**  
**TERMS OF REFERENCE**

**1. BACKGROUND**

- 1.1 Project Screening*
- 1.2 Institutional Framework*

**2. JOINT-VENTURE COMPANY FOR PROCESSING OF HIGH QUALITY CLOTHING**

- 2.1. Project Outline*
- 2.2. Project Background*
- 2.3. Objective of UNIDO's Assistance*

**3. SCOPE OF EXPECTED ASSISTANCE**

- 3.1. Output*
- 3.2. Activities*

**4. TIMING**

**5. REPORT**

## *1. BACKGROUND*

### *1.1 Project Screening*

- The project was identified in the framework of the Investment Forum, organised by UNIDO with the support of the SCCI, held in March 1991 in Ho Chi Minh City.

- A project profile had been prepared according to UNIDO's methodology outlining the most important elements of the investment.

- Meetings were held between Thanh Hoa Garment, the Vietnamese sponsor, and several Taiwan counterparts focusing on technology, market prospects and financial elements.

- As the partners envisaged implementing the project in the form of a joint-venture following the Law on Foreign Investment in Vietnam they requested UNIDO to extend them assistance to organise a mission to Taiwan of the Vietnamese partner to finalize all relevant documents such as the JV contract and JV charter as well as to inspect machinery and secure financing.

### *1.2 Institutional Framework*

Article 36 of the Foreign Investment Law provides for the establishment of Foreign Investment. This provision was

reinforced by an implementing Decree N° 139-HDBT issued by the Council of Ministers on 5 September 1988, to regulate in detail the execution of the Foreign Investment Law, which stipulated the creation of a State Committee for Cooperation and Investment (SCCI) for the purpose of managing and administering all direct foreign investment in Vietnam. The establishment of this body was ratified by the Council of Ministers in March 1989, and it commenced operations in June of that year. From 8 February 1991 the Decree N° 139/HDBT was replaced by Decree N° 28-HDBT.

The SCCI is conceived as an inter-ministerial body responsible for coordinating the activities of all the various official agencies involved in promoting, approving, facilitating and implementing foreign investment. It therefore brings together representatives of the Ministry of Finance, the State Bank, the Ministry of Commerce and Tourism, the State Committee for Science and the State Planning Committee. It represents the final decision making body in approving and rejecting foreign investment proposals and consists largely of lawyers and industry specialists, whose principal functions may be summarised as follows :

- To provide guidance and assistance for foreign and Vietnamese firms engaged in the negotiation of joint-venture and co-operation contracts, and for foreign firms wishing to establish wholly foreign-owned enterprises in Vietnam.

- To provide foreign investors with an understanding of Vietnamese laws and regulations and to help foreign investors overcome any problems that they may encounter.

- To examine, evaluate and approve foreign investment proposals involving both joint-ventures with domestic corporations and wholly foreign-owned enterprises.

- To determine investment priorities and grant preferential conditions to foreign investment projects in favoured sectors.

- To monitor and supervise the operation of enterprises involving foreign capital investment.

- To analyze the economic Consequences of direct foreign investment.

## 2. JOINT VENTURE COMPANY FOR THE PROCESSING OF HIGH QUALITY CLOTHING.

### 2.1 Project Outline

- Project number : VIE/57/90 - 08
- Project title : Processing of high quality clothing
- Site : Thanh Hoa town, Vietnam
- Production : 3,000,000 pcs/ year  
products
- Total investment : USD 1,880,000  
Foreign party : 46%  
Vietnam party : 54%
- Vietnamese partner: Thanh Hoa factory of Exportable  
Garments (Thanh Hoa Garments).
- Taiwan partner : St Peter Textile Co. Ltd.
- Type of cooperation envisaged : Joint-venture.

### 2.2 Project Background.

( - Thanh Hoa Garment is specialized in producing various kinds of garment. such as shirts, jackets, dress, overalls, etc. and owns 1,500<sup>2</sup>m of industrial buiding equipped with machinery from, the former USSR, the former west Germany and Japan.

- Thanh Hoa Garment's annual production presently stands at 1,500,000 products/year.

- Products : The project foresees enabling the joint-venture to obtain the most up to date technology and machinery from Japan so as to be able to produce garments to world standard.

- Market Prospects : The products will be marketed in Europe middle East.... where the Taiwan partner will be

responsible for the distribution of these products.

### **2.3 Objective of UNIDO's Assistance :**

To assist Thanh Hoa Garment in finalizing the terms of a joint-venture with ST. PETER. This will involve the completion of a project report and signature of the JV contract and JV charter

## **3. SCOPE OF EXPECTED ASSISTANCE**

### **3.1 Output.**

The output will be a project report outlining investment costs, machinery to be purchased, engineering layout, production programme, market strategy and financial outlay.

### **3.2 Activities**

The Vietnamese partner will undertake a mission to Taiwan. This mission will probably last 10 days at the beginning 1993 and consist of 5 Thanh Hoa Garments representatives :

- Director, Thanh Hoa Garment.
- Expert on financial and market analysis.
- Expert on foreign investment.
- Translator in English.
- Expert on Technological analysis.

## **4. TIMING**

- Approval of the budget /Award : A
- Organization of the delegation  
and completion of the mission : A + 20 days
- Preparation of the report : A + 36 days

## **5. REPORT**

Three copies of the Final Report, in English, will be submitted to UNIDO/Contract 15 days after completion of the mission.

ISSUED BY **VIETNAM AIRLINES** Passenger ticket and baggage check  
 SUBJECT TO CONDITIONS OF CONTRACT IN THIS TICKET NOT ENDORSABLE  
 VALID ON FLIGHTS ONLY

NAME OF PASSENGER: **NGUYEN THI HAI / MS**

ORIGIN: **HANOI** DATE AND PLACE OF ISSUE: **HA NOI**

NO.	NOT GOOD FOR PASSAGE	CARRIER	FLEX/CLASS	DATE	TIME	STATUS	FARE BASIS	NOT VALID BEFORE	NOT VALID AFTER	ALLOW	BAG. CL.
1		VN	Y	11/17/73	17:00						PC
2		VN	Y	11/18/73	17:00						PC
3		VN	Y	11/19/73	17:00						PC
4		VN	Y	11/20/73	17:00						PC

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ISSUED BY **VIETNAM AIRLINES** Passenger ticket and baggage check  
 SUBJECT TO CONDITIONS OF CONTRACT IN THIS TICKET NOT ENDORSABLE  
 VALID ON FLIGHTS ONLY

NAME OF PASSENGER: **NGUYEN VU HAI / MR**

ORIGIN: **HANOI** DATE AND PLACE OF ISSUE: **HA NOI**

NO.	NOT GOOD FOR PASSAGE	CARRIER	FLEX/CLASS	DATE	TIME	STATUS	FARE BASIS	NOT VALID BEFORE	NOT VALID AFTER	ALLOW	BAG. CL.
1		VN	Y	11/17/73	17:00						PC
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ISSUED BY **VIETNAM AIRLINES** Passenger ticket and baggage check  
 SUBJECT TO CONDITIONS OF CONTRACT IN THIS TICKET NOT ENDORSABLE  
 VALID ON FLIGHTS ONLY

NAME OF PASSENGER: **NGUYEN HUU HOA / MR**

ORIGIN: **HANOI** DATE AND PLACE OF ISSUE: **HA NOI**

NO.	NOT GOOD FOR PASSAGE	CARRIER	FLEX/CLASS	DATE	TIME	STATUS	FARE BASIS	NOT VALID BEFORE	NOT VALID AFTER	ALLOW	BAG. CL.
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4		VN	Y	11/20/73	17:00						PC

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ISSUED BY <b>VIETNAM AIRLINES</b>	Passenger ticket and baggage check	ISSUE DATE	DATE AND PLACE OF ISSUE								
SUBJECT TO CONDITIONS OF CONTRACT IN THIS TICKET											
NOT ENDORSABLE VALID ON FLIGHTS ONLY		PASSENGER COUPON	VIET NAM AIRLINE								
NAME OF PASSENGER <b>PHAM THI HA / MS</b>		INTERNATIONAL BOOKING OFFICE <b>HANOI</b>									
CONNECTION TICKETS		GENERAL AIRLINE FORM SERIAL NO. PLACE DATE AGENT'S NUMBER									
ISSUE		AGENT									
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DO NOT MARK OR WRITE IN THE WHITE AREA ABOVE											

ISSUED BY <b>VIETNAM AIRLINES</b>	Passenger ticket and baggage check	ISSUE DATE	DATE AND PLACE OF ISSUE								
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NAME OF PASSENGER <b>TRAN HUA BINH / MR</b>		INTERNATIONAL BOOKING OFFICE <b>HANOI</b>									
CONNECTION TICKETS		GENERAL AIRLINE FORM SERIAL NO. PLACE DATE AGENT'S NUMBER									
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DO NOT MARK OR WRITE IN THE WHITE AREA ABOVE											

## JOINT VENTURE CONTRACT

- Pursuant to the Law on Foreign Investment in Vietnam and related legal documents ;

- In accordance with the Memorandum signed on the day of AUG. 15 1992

It is today, the day of MAR 18 1993, the two parties including :

+ Vietnamese Party : Thanh Hoa Export Tailoring Enterprise;  
Address : Le Van street, Thanh Hoa townlet.  
Tel : 52.229 and 52.608  
Represented by Mrs NGUYEN THI HAI, Director.

+ Taiwan Party : ST.PETER Co, Ltd.  
Address : N<sup>o</sup> 112 Section 2, Chung Shan North road, Taipei, Taiwan.  
Tel : (02) 5615188-9.  
Telex : 24762 STPETER TAIPEI.  
Fax : (02) 571-7604.  
Represented by Mr PETER YEUNG, Managing Director

after the negotiations have agreed to sign the Contract of following terms and conditions :

Article 1 : To establish a joint venture enterprise in Thanh Hoa province to produce the exportable garment at the scale of 3 millions pcs per year.

Article 2 : Name of the joint venture enterprise :

JOINT VENTURE ENTERPRISE FOR PROCESSING OF HIGH CLOTHING  
THANH HOA - TAIWAN

International trading name :

THATAI GARMENT

Site : Le Van street, Thanh Hoa townlet.

Article 3 : The joint venture enterprise operates in

the form of a limited responsibility company, having the juridical personality in accordance with the Vietnamese laws. In its activities the Enterprise observes the laws of the Socialist Republic of Vietnam and the stipulations of this Contract, the Charter of Company and the investment licence.

Article 4 : Invested capital.

- Total invested of the Company : USD 1,880,000

Fixed capital : USD 1,280,000.

Floating capital : USD 600,000.

- Legal capital : USD 1,880,000.

of which the Vietnamese funds USD 1,006,000, covering 54%.

the Taiwan party funds USD 874,000, covering 46%.

Machinery, transport means and technological equipment funded by both parties in the legal capital are valued in accordance with the international price current (if imported) or with the Vietnamese market price current (if purchased in Vietnam) at the time of funding.

Article 5 : The funding of legal capital is to be completed 01 month after the reception of investment licence.

Article 6 : In case of necessity the legal capital will be raised by adding the profit of Enterprise or by mobilization of additional funding from each party.

Article 7 : The term of joint venture is 15 years counting from the date of investment licencing.

Article 8 : Termination of Contract.

The two parties have agreed upon the following termination of Contract :

- To set up a Liquidating Board as per the Statutes

of the joint venture enterprise.

- To share the assets of the joint venture enterprise with the two parties by proportion of capital funding; or to assign the assets of one party to the other.

Article 9 : Responsibilities of each party.

1- the Vietnamese party :

- to comply with the legal formalities in Vietnam : apply for the construction licence, power and water supply, export registration, etc.

- to acquire sufficient area for the activities of the joint venture enterprise.

2- the Taiwan party :

- to provide with machinery and equipment, spare parts and auxiliaries, raw material to meet the production requirements.

- to train the technicians-workers.

- to assure the consumption of all the exportable products.

Article 10 : The products of the joint venture enterprise are planned to be consumed as follows :

- for Vietnamese market : 20% - 30%.

- for export : 80% - 70%.

Article 11 :

- The joint venture enterprise opens its account of Vietnamese and foreign currency at VIETCOMBANK.

- The joint venture enterprise uses an accountancy system in accordance with the accountancy and finance system of Vietnam.

- Period of depreciation :

+ Depreciation of land and building : 15 years.

+ Depreciation of machinery and equipment : 5 years.

+ Depreciation of transport means : 5 years.

- The proportion of raising various funds of the joint venture enterprise is defined by the Managing Board as per

the regulations of the Law on Foreign Investment in Vietnam.

Article 12 : The fiscal year begins from 1 January and ends by 31 December each year except the first one which begins from the date of official operation of the joint venture enterprise and ends by the 31 December that year. The annual and scheduled settlements are to be done according to the regulations of the State of Vietnam.

Article 13 :

- The joint venture enterprise and the foreign party are responsible for the fulfilment of financial obligations before the State of Vietnam as stipulated in the investment licence.

- The profits and risks of joint venture enterprise are to be shared with both parties by the proportion of legal capital funding of each party.

Article 14 : The assets of the joint venture enterprise are ensured by the Vietnam Insurance Company (BAOVIET).

Article 15 : Managing Board.

The Managing Board of the joint venture enterprise consists of 6 persons, of which 3 Vietnamese and 3 Taiwan members.

The Chairman of Managing Board is nominated alternatively every five years.

The tasks and the rights of Managing Board are defined in the Statutes of joint venture enterprise.

Article 16 : Directorate.

The Directorate of joint venture enterprise consists of 3 persons. General Director is a Vietnamese; the first Deputy General Director is a Taiwanese.

The rights and the responsibilities of Directorate are defined in the Statutes of Joint venture enterprise.

Article 17 : The disputes, if any, are settled by amicable negotiations. In case of unsolvable problems the dispute will set forth to the Vietnamese Economic Arbitration or international arbitration. The decision of the arbiter is the final obligatory one for both parties.

Article 18 : Termination of Contract and dissolution.

1. The dissolution of joint venture enterprise is to be done as per the agreement by both parties in accordance with the Statutes of joint venture enterprise and must be approved by the SCCI.

2. Either party has the right to notify the other of the **discharge** from its responsibilities in the Contract in case of one of the following :

+ The joint venture enterprise is not able to continue the Contract because of the serious losses.

+ Either party violates its engagements or the stipulations of the Contract which leads to the serious economical losses of the joint venture enterprise.

3. The joint venture contract expires in case of one of the following :

- The Arbiter mentioned in Article 17 announces the termination of contract.

- Two parties agree upon the discharge from the contractual responsibilities which is accepted by SCCI.

- The term of joint venture expires.

- SCCI withdraws the investment licence.

Article 19 : Amendment to the contract.

The present Contract may be amended after the writing

agreement by both parties which must be approved by SCCI.

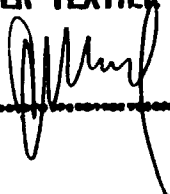
Article 20 : Other conditions and terms not mentioned in this Contract will be executed by two parties as per the current regulations related to the Law on Foreign Investment in Vietnam.

Article 21 : Validity of the Contract.

This Contract comes into force from the date of approval of investment application by SCCI Vietnam in the form of investment licencing.

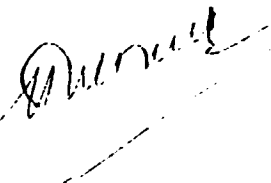
The present Contract is done in 10 exemplars in Vietnamese and English of the same legal validity.

REPRESENTATIVE FROM  
TAIWANESE PARTY  
ST. PETER TEXTILE CO., LTD.



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REPRESENTATIVE FROM  
VIETNAMESE PARTY



# C O N T R A C T

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MAR. 22. 1993

Between : THE THANH HOA EXPORT TAILORING ENTERPRISE  
 Add : Lam Son Precinct, Thanh Hoa Town, Vietnam  
 Tel : 52-608  
 Hereinafter referred to as party "A"

And : St. Peter Textile Co., Ltd.  
 St. Fong Garments Co., Ltd.  
 Add : No. 117, Sec. 2 Chung Shan N. Road,  
 11th Fl., block F, Taipei, Taiwan  
 Tel : (02) 5616188  
 Fax : (02) 5717604  
 Hereinafter referred to as party "B"

On this day March 22, 1993 in Taipei, Taiwan, both parties agreed to conclude contract under the following terms and conditions :

### A. COMMODITY AND PRICE :

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1. YIU LIH TABLE FOR STEAM IRON MODEL YP-130AH-R : 3 sets.

Unit price : USD995.00/set CIF Haiphong, Vietnam

2. YIU LIH IRON MODEL YH-6 : 3 sets.

Unit price : USD125.00/set CIF Haiphong, Vietnam

Total amount : USD3.360.00 (SAY TOTAL AMOUNT U.S. DOLLARS THREE THOUSAND THREE HUNDRED SIXTY ONLY.)

R. QUALITY AND PACKING : All equipments are up to international export standard of manufacturer and export packing.

C. DELIVERY : The seller must ensure the arrival of goods at Haiphong port before the first order from Party "B" will be start production.

D. PAYMENT : The payment will be settled by deduction from the garment processing fee in three months prior.

binding to both parties.

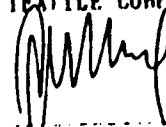
This contract is made in English in 04 copies, each party keep 02 copies with equal validity for 1993.

Done in Taipei, March 22, 1993

THE THANH HOA EXPORT TAILORING ENTERPRISE



ST. PETER TEXTILE COMPANY LIMITED





# C O N T R A C T

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MAR. 19. 1993

Between : THE THANH HOA EXPORT TAILORING ENTERPRISE  
 Add : Lam Son Precinct. Thanh Hoa Town. Vietnam  
 Tel : 52-608  
 Hereinafter referred to as party "A"

And : St. Peter Textile Co., Ltd.  
 St. Fong Garments Co., Ltd.  
 Add : No. 112. Sec. 2 Chung Shan N. Road.  
 11th Fl., block F. Taipei. Taiwan  
 Tel : (02) 5616188  
 Fax : (02) 5717604  
 Hereinafter referred to as party "B"

It has been agreed to sign this contract for processing garments under the following conditions :

- A. COMMODITY : Winter Jackets of different styles. /
- B. QUANTITY : 50.000 pcs. /
- C. PRICE CMT : USD2.40 per pc. for T/C winter jacket.  
 USD2.65 per pc. for Micro fibre winter jacket.  
 USD2.70 per pc. for T/C and Nylon Down jacket.  
 USD2.95 per pc. for Micro fibre Down jacket. /
- D. QUOTA : Quota to be supplied total quantities of 50.000 pcs of EEC quota cat. no. 21 for Ladies' + Children's jackets by Party "A" which are under this contract for export jackets to Germany must be guaranteed.  
 Party "B" will pay the quota charge of USD0.20 per piece to Party "A". /
- E. DELIVERY : If the fabrics/accessories arrive at Haiphong port in delay, garment shipments will be extended accordingly (All shipments from April - August 1993). /
1. For fabrics/accessories : Party "B" will supply free of charge sufficient/ complete materials/accessories production schedule agreed by both parties. (Above shipments are CIF Haiphong and/or Noi Bai Airport). 2.5% for materials and 3% for accessories will be added for natural wastage during mass production.
  2. For finished garments : Party "A" will deliver finished garments on terms FOB Haiphong port and/or Noi Bai Airport / in accordance with Incorporated terms 1990. Further details of garment delivery will be found in annex attached to this contract.
- F. QUALITY : The quality of ready-made garments should be in conformity with counter-samples confirmed by Party "B" before production

G. PAYMENT : Party "B" will pay by T/T covering the processing charge in favour of The Thanh Hoa Export Tailoring Enterprise, after garments shipped and accepted by Party "B". But Party "A" have to inform the exact account number and remittance bank's details to Party "B" before first payment.

H. PACKING/MARKING : See technical documents.

I. INSPECTION : Party "B" representative or somebody authorised by Party "B" will inspect the garment during production and before shipment, and have responsibility together with Seller to immediately solve any problem arising out of the contract execution to avoid interference with production and delivery schedules and Party "A" has responsibilities to make a good quality garment.

Party "B" have to provide meals and living room for the inspector of Party "A", also have to pick up the technicians of Party "A" from Hanoi to Thanh Hoa and send them back to Hanoi by car daily.

J. TECHNICAL SPECIFICATION : All the required technical requirements such as paper-patterns, markers, original samples, sewing instructions, ect. Will be sent by Party "B" to Party "A" at least 15 days prior to production of garments.

K. IMPORT PROCEDURES OF MATERIALS AND ACCESSORIES : Party "A" must clear the Import customs and deliver the container into factory within 3-5 days after steamer arrival in Haiphong Port.

L. EXPORT PROCEDURES OF FINISHED PRODUCTS :

1. Party "A" will arrange all export documents including C/O & export licence from Party "A" within 3-4 days before steamer's closing date.
2. In case of any problems occurring in Haiphong or Hanoi Airport, Party "A" must settle at once all problems at port.
3. Party "A" will get ready Invoice / Packing list / C/O / form A-export licence for Party "B" to sign for confirmation of payment to Taipei office within 2 days after steamer's closing date.
4. All forms of export C/O on form A-Export licence will be supplied by Party "A".

M. STYLES / COLOURS / PATTERNS / BRAND LABELS : All styles / colours / patterns / brand labels must be exclusive for Party "B" and Party "A" is fully responsible for Party "B" exclusive right, and not to copy any ideas of style / colour / patterns / labels from Party "B".

N. SPECIAL CONDITIONS : This contract is strictly subject to Party "A" quality standard which is acceptable to Party "B", and Quota arrangements as above mention.

**D. CLAIM AND ARBITRATION :**

1. Party "A" will check materials/accessories on their arrival at its ware houses. In case of shortages/or defect in materials/accessories. Party "A" will advise Party "B" in writing within 07 days from discovering date of above mistakes and also send Survey Report to Party "B" within 15 days after receipt date of these goods. Party "B" should supply Party "A" with required sufficient materials/ accessories for shortage replacement on time to ensure continuity of production.
2. Party "B" will inspect garment on their arrival. If it proves shortage of goods or unconformity with the samples already confirmed by both parties prior to production, a claim will be lodged by Party "B" within 15 days after receipt date of finished products.
3. Claims and disputes, if any, should be settled in amicable ways between both parties. If no settlement can be reached within 30 days from the consultation, each party is to submit these problems to Vietnam Foreign Trade Arbitration Committee relating to Vietnam Chamber of Commerce and Industries for settlement. This Committee's decision will be final and binding to both parties.

This contract is made in English in 04 copies, each party keep 02 copies with equal lity for 1993.

Done in Taipei, March 19, 1993

PHANH HOA EXPORT TAILORING ENTERPRISE

ST. PETER TEXTILE COMPANY LIMITED

