

DEEP C INDUSTRIAL CLUSTER

North Vietnam: the best location to make money?



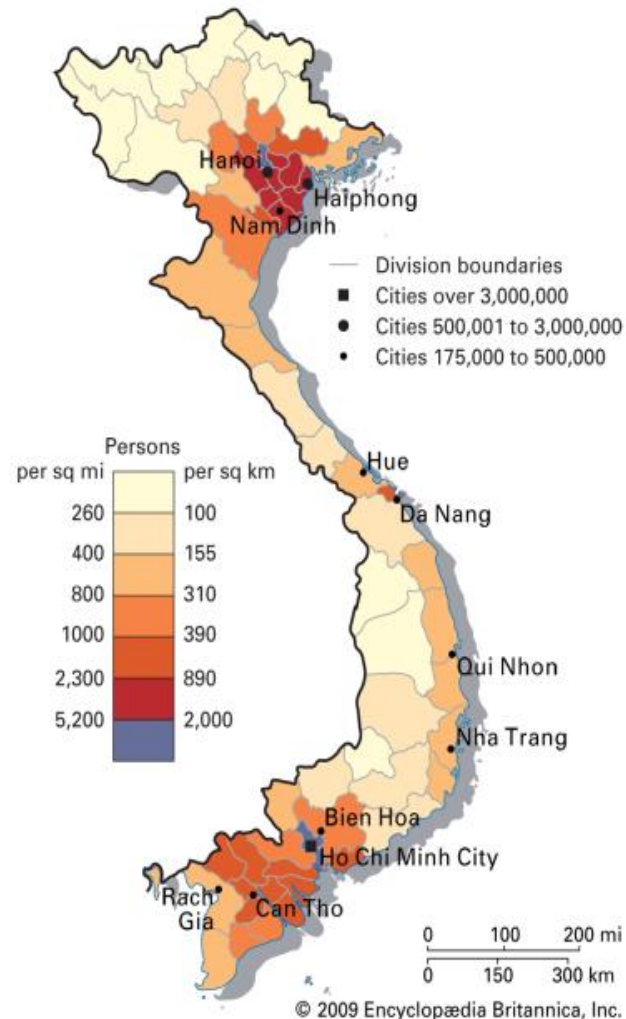
CONTENTS

1. Vietnam is more than Saigon
2. In China for China / Close to China, not China
3. The hidden dragon



INVESTMENT LOCATION

Main economic hubs of Vietnam

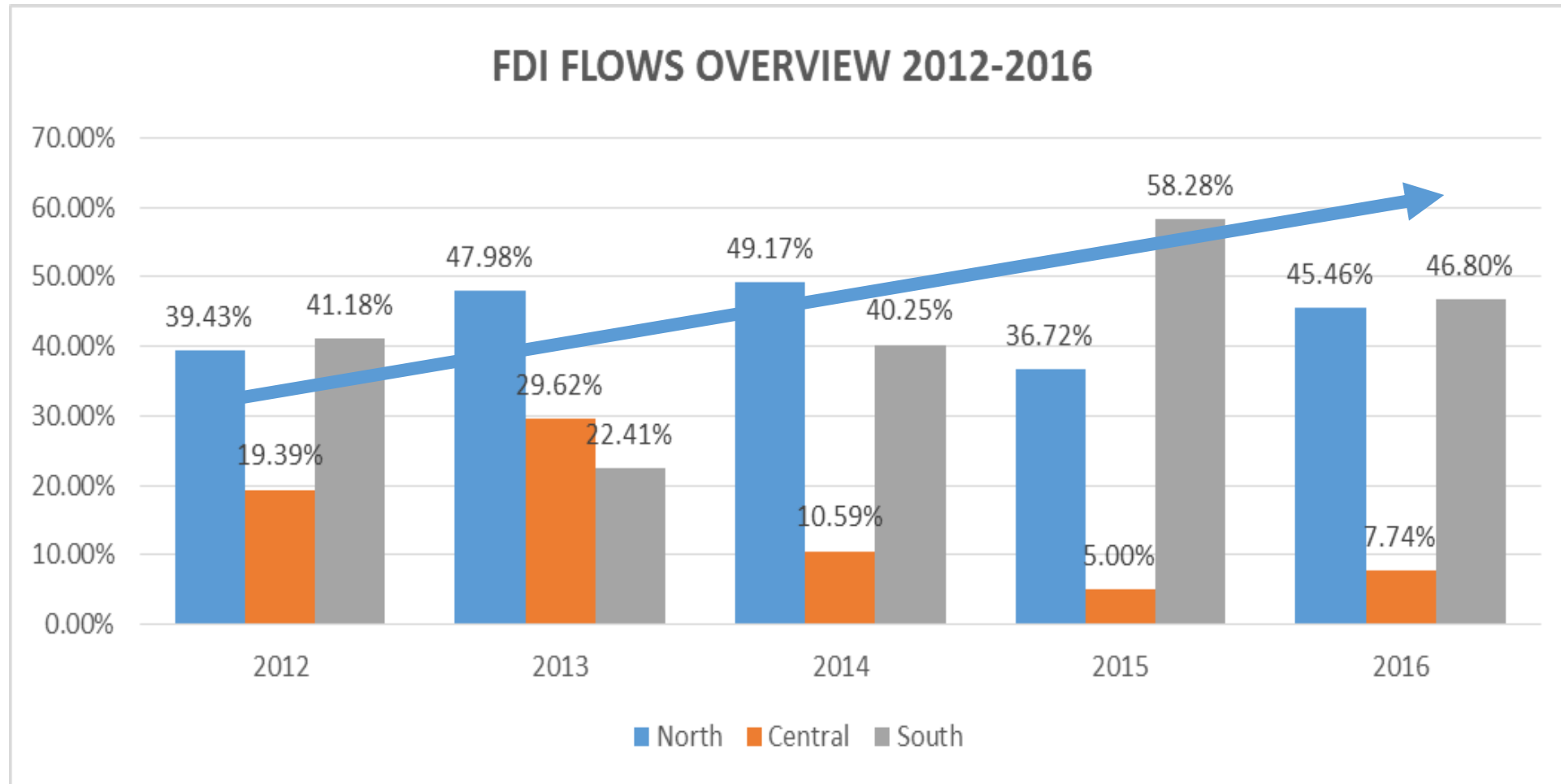


Item	South	North (2014)
Main city	Ho Chi Minh, Binh Duong, Vung Tau	Hanoi, Haiphong, Quang Ninh
Population	25 million	20 million
Power	Power cuts	Ample capacity – Hydro + coal
Water	+/-	Available
Roads	Very developed but congested	Congested
Port	International	Limited accessibility, inefficient
Airport	Redundant	1 airport
Industry	Very developed	Coming up
Land	Densely occupied	Under development

INVESTMENT LOCATION

Investment Trend

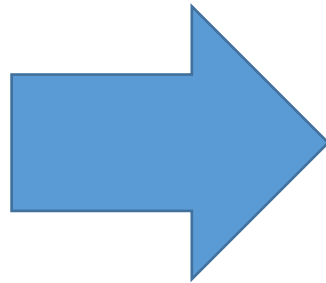
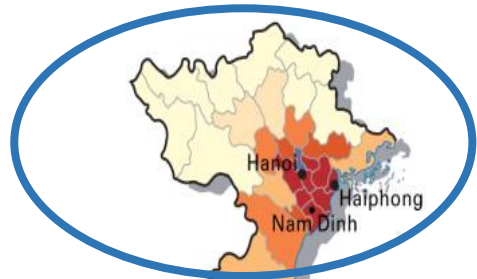
› The north of Vietnam – rising star in FDI attraction



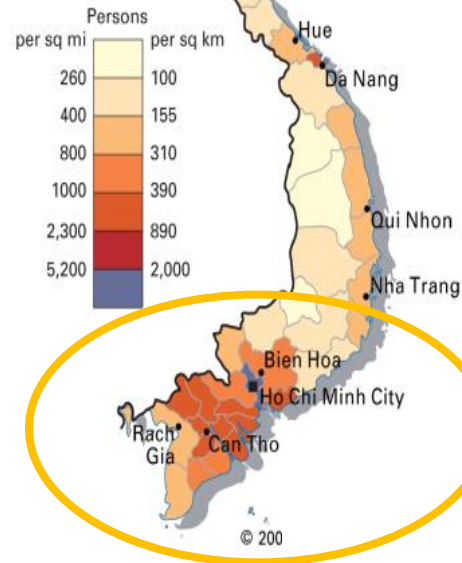
Source: Foreign Investment Agency

Investment location

Accumulated investment from 2011 until September 2016



USD 59.19 Bio

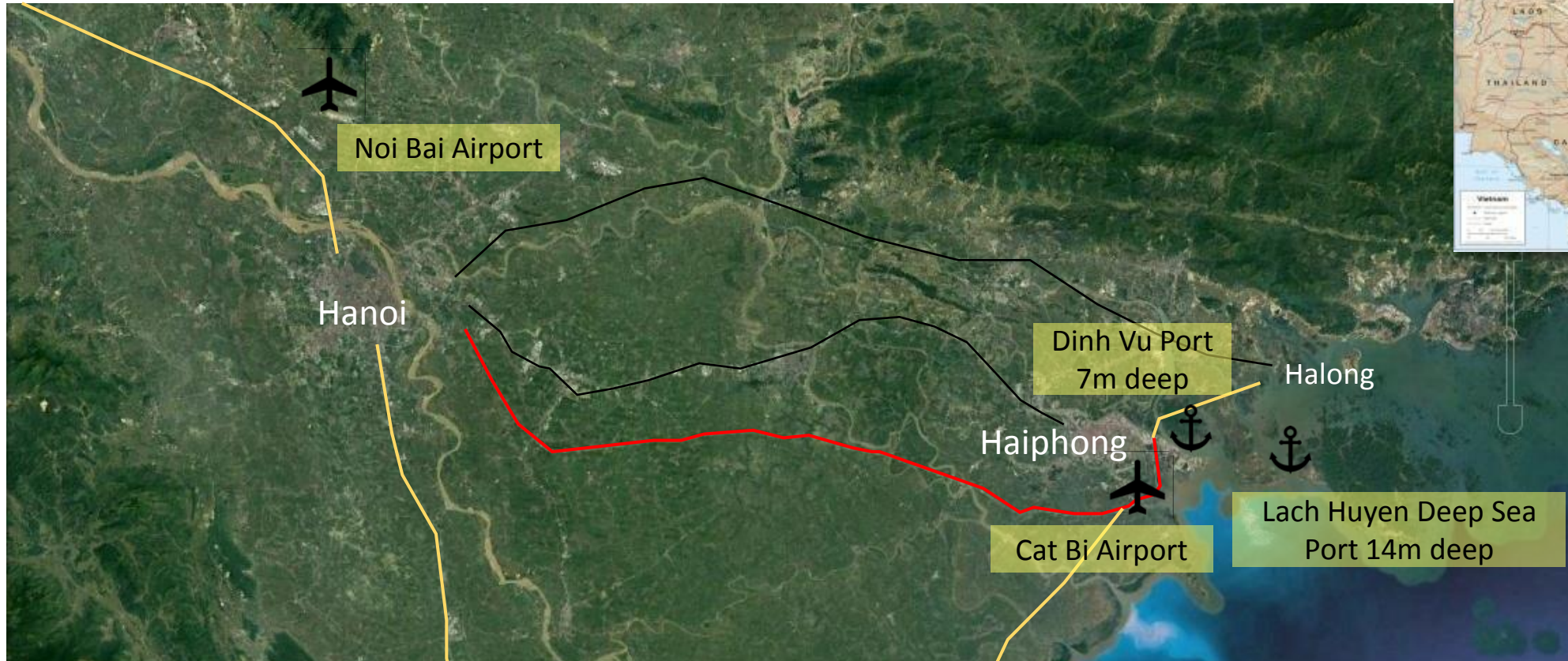


USD 50.79 Bio

Source:
Investment and
promotion
centre

INVESTMENT LOCATION

What has changed?



Infrastructure Projects in north of Vietnam (finished or under construction)

Airport: Expansion Hanoi + Addition Hai Phong Airport = **abundant International air cargo system**

Seaport: Addition of Hai Phong International Gateway Port / Lach Huyen Port = **International sea port**

Road Infrastructure: Addition of Highway in the center of the Red River Delta = **traffic artery**

Industrial Land: Development of the Dinh Vu – Cat Hai Industrial Cluster = **Land availability (3000+ ha: Deep C)**

TRANSPORTATION INFRASTRUCTURES

Lach Huyen Deep Sea Port - Haiphong

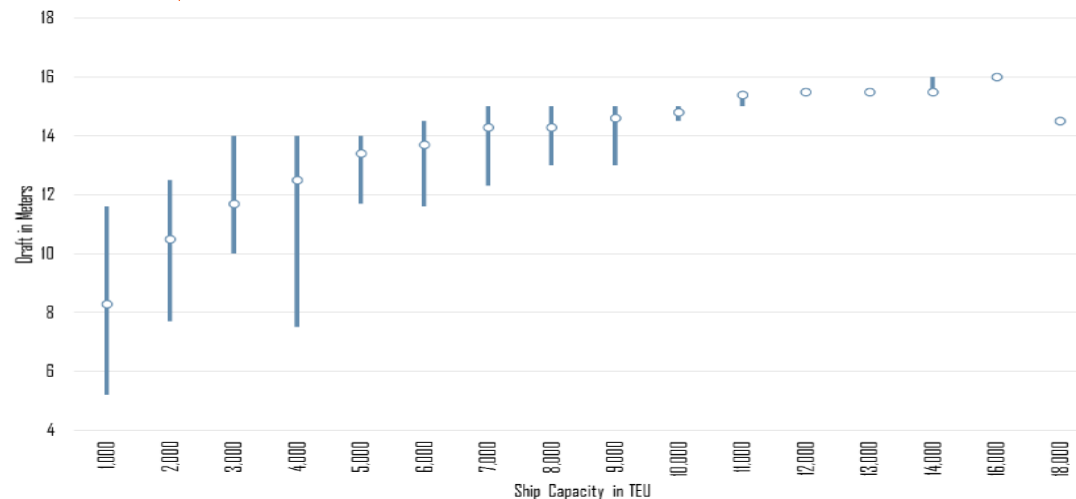


› Draft: -14m, allowing post-Panamax vessels: up to 100,000DWT~ TEU +/- 10.000

Port of Los Angeles :	-16.3m
Port of Long Beach :	-16.7m
Port of Houston :	-13.75m (-45ft)

› Operational: Q2 2018 (first 2 berths), Groundbreaking ceremony May 2016

› No more transshipment required when shipping to the US



Progress March 2017

TRANSPORTATION INFRASTRUCTURES

Tan Vu – Lach Huyen Bridge to Lach Huyen Port

- › Total length: 15.6km, bridge length: 5.44km
- › Opening: 2nd May 2017
- › Connecting Lach Huyen Deep Sea Port – Deep C Industrial Zone cluster – New Expressway Hanoi – Haiphong – Expressway to Ha Long and China



Progress Mar 2017

TRANSPORTATION INFRASTRUCTURES

Highways



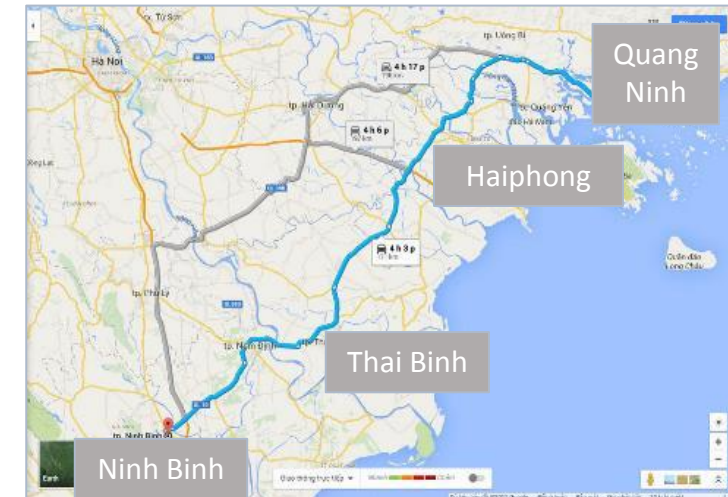
Haiphong – Hanoi Expressway

- › Expressway of 105km long, 33m wide
- › Maximum speed: 120km/h
- › Travel time Hanoi – Haiphong to 1 hour
- › Operational December 2015
- › Reserved for cars, trucks and busses only



Haiphong – Quang Ninh – China Expressway

- › Expressway of 25km long, 4 lanes
- › Bach Dang Bridge length: 5.4km
- › Maximum speed: 100km/h
- › Connection to China 200km, trucking time: 3 hours.
- › Operation: mid 2017



Coastal Highway (Haiphong – Thanh Hoa)

- › Full route: 550 km
- › Passing 6 provinces: Quang Ninh, Haiphong, Thai Binh, Nam Dinh, Ninh Binh, Thanh Hoa
- › Plan approved in June 2015

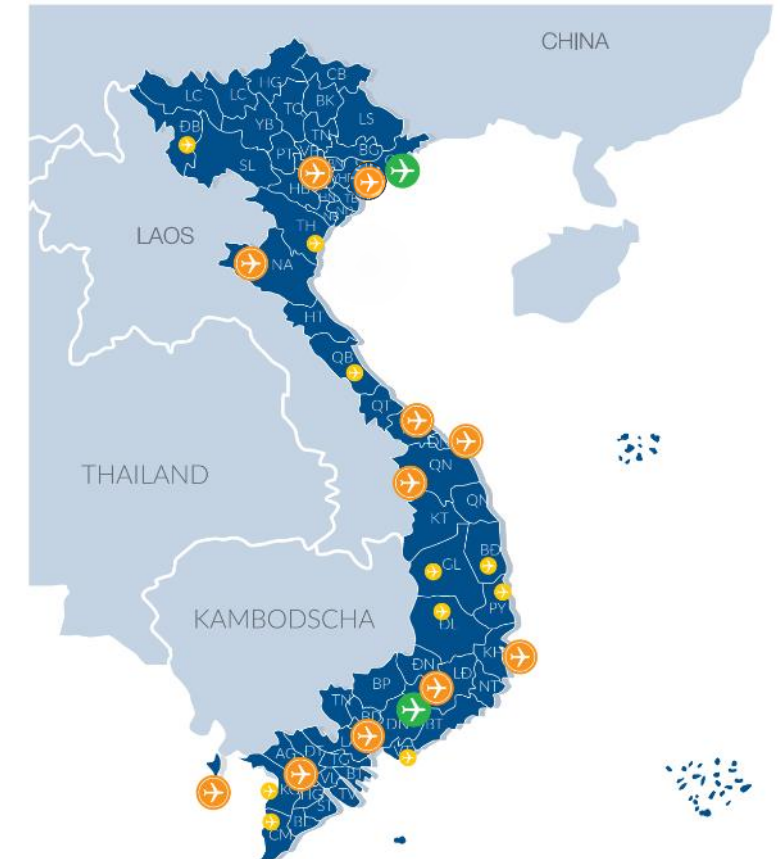
TRANSPORTATION INFRASTRUCTURES

Airports




- › Hanoi International Airport Upgrade: double in capacity
 - » New passenger terminal
 - » New runways

- › Haiphong New Cat Bi International Airport:
 - » New passenger terminal
 - » New runways
 - » Aircrafts: B787, B747, B777, A350, A321, ...
 - » Direct flight routes to Thailand, Korea, Singapore, Japan,...
 - » Operation May 2016

Reliable air transport system

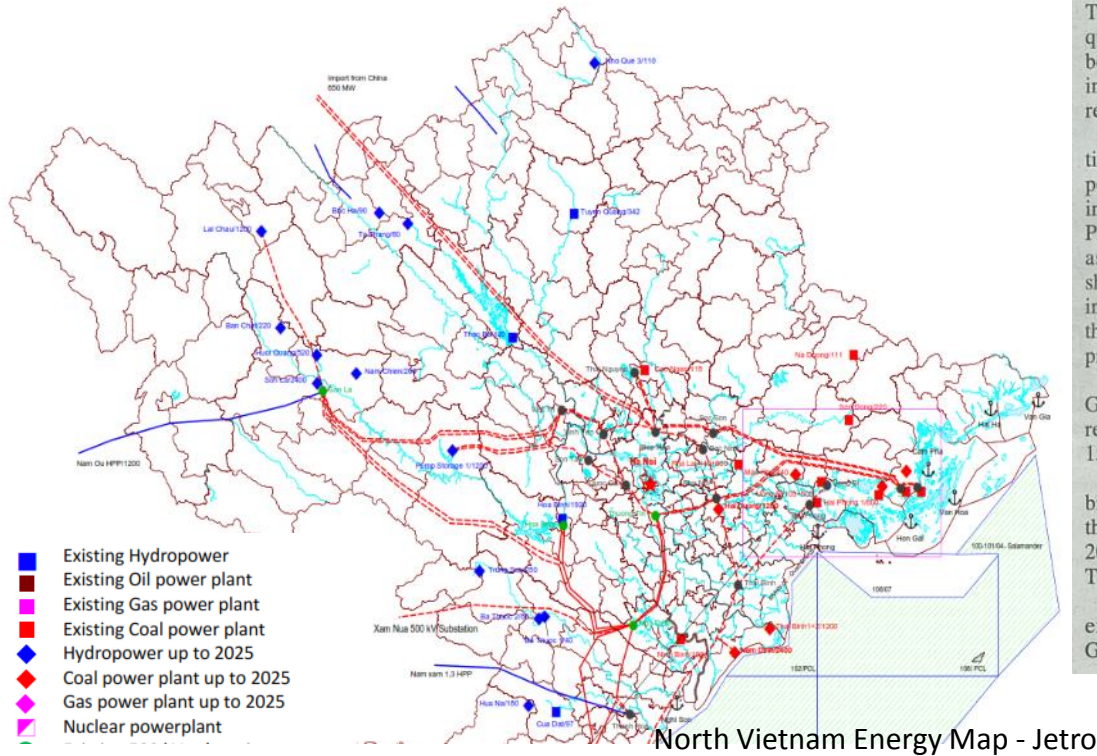


Vietnam Airport Map
German Chamber of Commerce and Industry

-  International Airport
-  Domestic Airport
-  Future Airport

UTILITIES PROVISION

Energy



- › The North has more reliable energy supply from various sources: hydro, thermal, etc. The north has been an electricity exporter to the south.
- › The south is facing power shortage with long-term plans to build new power plants

Expedite power plants: Deputy PM

HCM CITY — Deputy Prime Minister Trịnh Đình Dũng has ordered agencies to quickly complete the thermal power plants being built in the Mekong Delta to meet increasing power demand in the southern region.

“Relevant ministries and local authorities should start operation of the thermal power plants in the Mekong Delta, including Duyên Hải, Long Phú, Sông Hậu, Tân Phước, Long An, Bạc Liêu và Vĩnh Tân, as soon as possible to cope with the serious shortage of electricity in the southern provinces,” he said during a working visit to the Duyên Hải Thermal Centre in the Delta province of Trà Vinh on Thursday.

According to the Việt Nam Electricity Group’s (EVN) projections, the southern region faces an electricity shortage of 10-15 per cent.

“In 2017 EVN will have to generate 5 billion kWh of electricity using diesel in the southern region, and 8.5 billion kWh in 2018-2019,” EVN chairman Dương Quang Thành said.

But with diesel power being twice as expensive as coal-generated power, the Government has had to compensate EVN

for the losses.

Deputy Minister of Industry and Trade Cao Quốc Hưng said: “The southern region will receive electricity from the northern and central regions, 15 billion kWh in 2017 to 21 billion kWh in 2019.”

However, since the total capacity of the transmission grid is only 18.5 billion kWh, the Vũng Áng – Dốc Sỏi – Pleiku 500kv grid needs to be built.

Deputy PM Dũng said that developing thermal power was the most effective measure to ensure energy supply for provinces in the Mekong Delta.

To do this, Dũng said it was necessary to push up construction of thermal plans in the Cửu Long (Mekong) to ensure that they operate on schedule and in ways that reduce use of oil at minimal level.

“Relevant ministries and local authorities must review hydropower generation to increase efficiency and protect the environment,” Dũng said.

He also instructed the ministries to fix the problems related to energy recycling and renewable energy projects, and agreed to import electricity from countries in the Mekong sub-region.

He instructed the Việt Nam National Coal Mineral Industries Group to carefully conduct an environmental impact study and safety plan for its proposed coal port to feed the Duyên Hải thermal plant.

“The consultancy company must work closely with local authorities. Experienced international consultants should be hired,” he said.

In the meeting with Trà Vinh Province’s leaders, the deputy PM said Trà Vinh would likely be a major important center for developing thermal power not only for the Mekong region but for the entire country.

Trà Vinh has special advantages to develop thermal power plants, so the province must be given priorities to develop the projects of this kind, according to Dũng.

“For Trà Vinh, developing thermal power would not only help the province improve revenue for its provincial budget, but also ensure energy for the Mekong Delta and the southern region. In addition, the energy plants would also create employment for thousands of people in Trà Vinh and neighbouring provinces,” Dũng said. — VNS

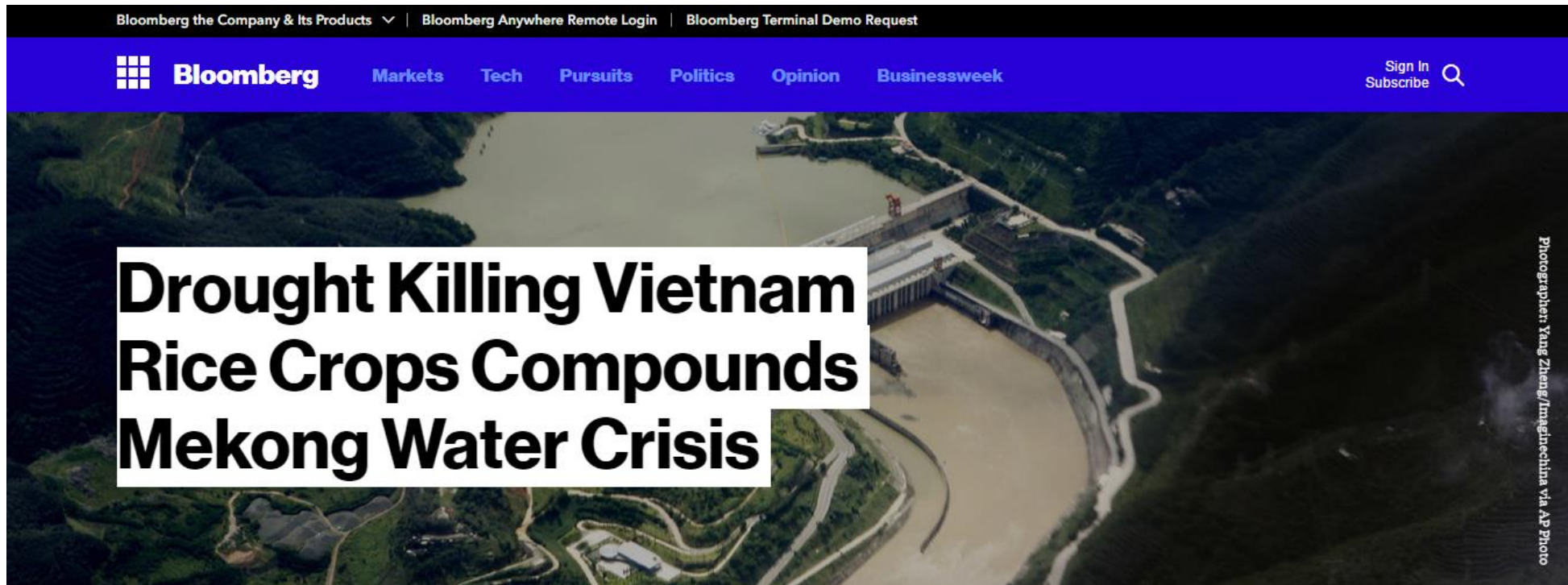
Vietnam News 10/9/2016

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UTILITIES PROVISION

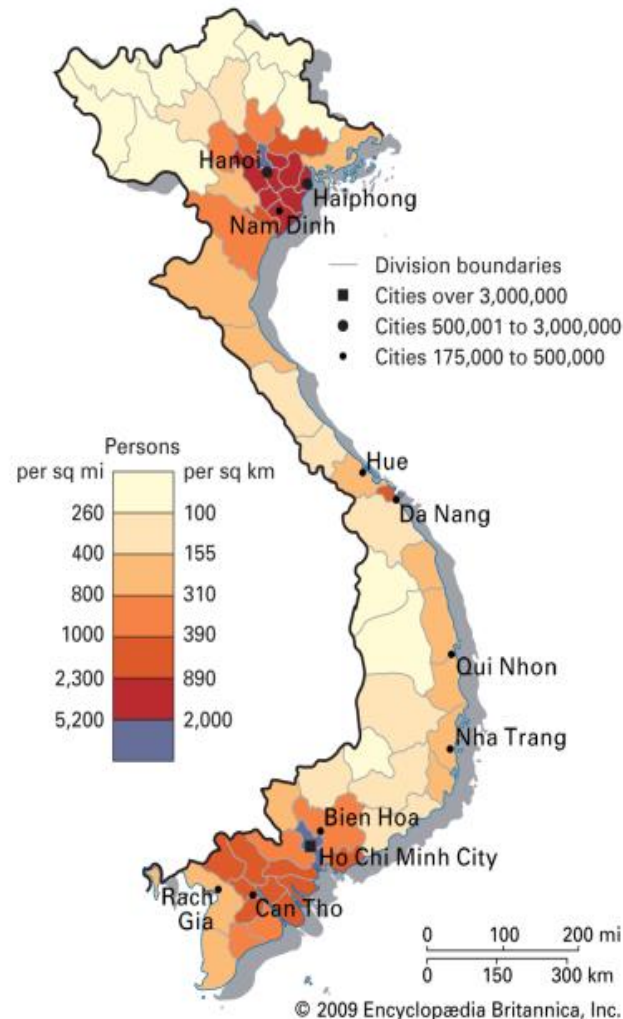
Water

- › The north has ample capacity from the Red River Delta
- › The south is facing shortage due to the shared use of Mekong River



NORTH VIETNAM

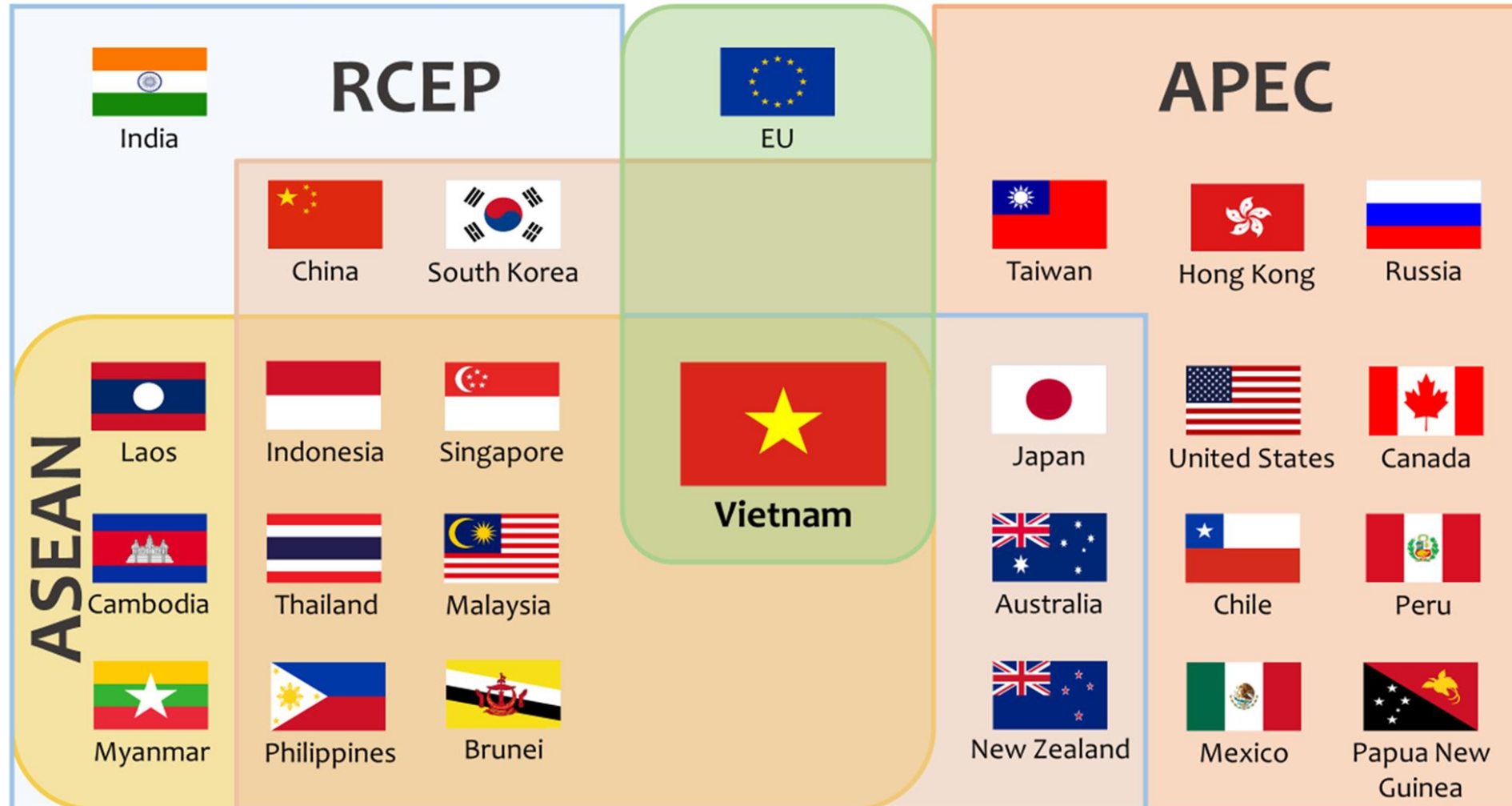
The New investment location



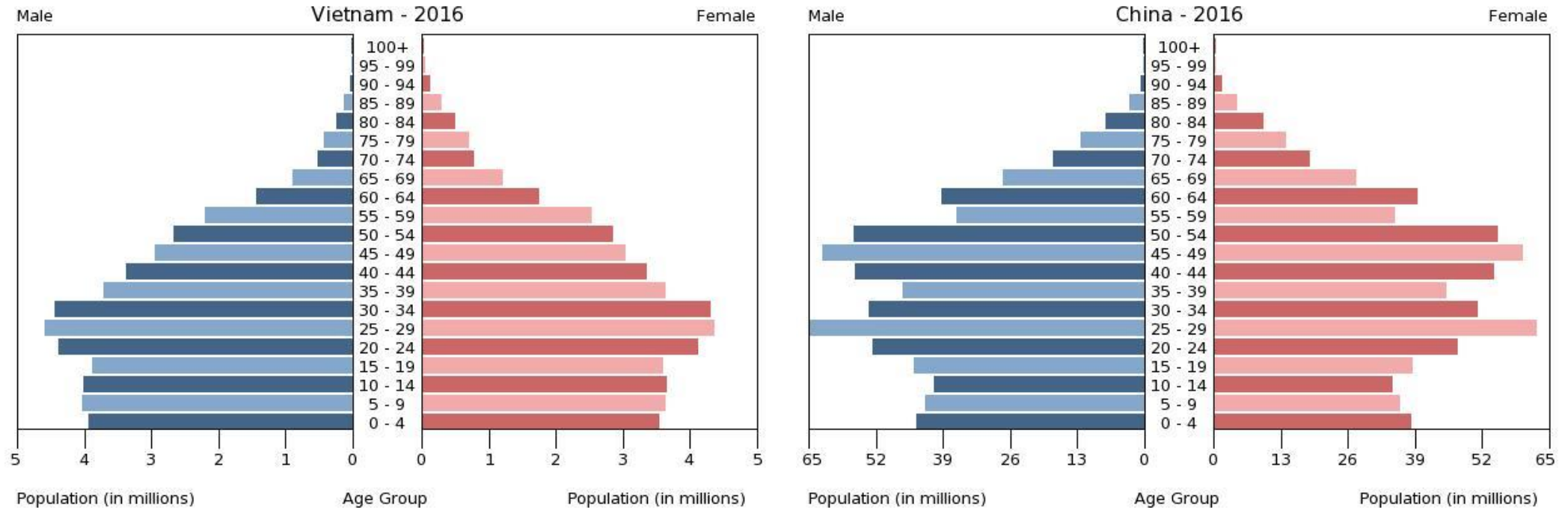
Item	South	North (2014)	North (2017)
Population	25 million	20 million	20 million
Power	Power cuts	Ample capacity – Hydro + coal	Ample capacity available
Water	+/-	Available	Available
Roads	Very developed but congested	Congested	Large network available
Port	International	Limited accessibility, in-efficient	International
Airport	Redundant	1 airport	Redundant
Industry	Very developed	Coming up	Rapidly developing
Land	Densely occupied	Under development	Prime land available close to new infrastructure

Vietnam: the place to be

One of the most open economies



Demographic Golden age



- › In Vietnam, 70% of the population is below 35 years old
- › Work force in China is shrinking, Vietnam has to create 1 mio new jobs/annum

In China for China

Item	China	Vietnam
Foreign ownership	Only JV with local company	100% foreign ownership possible
Cost of labor (average)	USD 403	USD 174
Cost of social welfare (% to salary)	30-50%	22%
Corporate income tax	25%	20%*
Dividends Tax	10%	No withholding tax
Dividends	Stuck in China	Can leave country
VAT	17%	10%

Source: Dezan Shira & Associates

Source: JETRO

In China for China

Item	China	Vietnam
Religion	Buddhism	Buddhism
Language	Tonal	Tonal
Government	Centralized	Centralized
GDP per capita	USD 8.027 (2015)	USD 2.111 (2015)
Calendar	Chinese New Year	Vietnamese New Year
Contracts	Chinese, Chinese court	English, international arbitration
Domestic Market	1.373 mio (july 2016)	95 million (july 2016)

Source: World Bank

Source: CIA factbook

HAIPHONG CITY

- › Sea port city, International gateway from northern Vietnam
- › Population: 6 million people within 30 km radius
- › Area: 1,519km²
- › 102 km from Hanoi, the capital city of Viet Nam (1.5 hours via new expressway)
- › Government's investment towards key infrastructure projects – highways, airports, ports to support businesses
- › Total FDI project: +500.
- › Total investment capital: + 11 billion USD
- › Education: 4 universities and 25 vocational colleges
- › International banks, accommodation, restaurants, hospitals, etc. are within investors' easy reach
- › Ease and Low cost of Doing Business



Haiphong city

Existing ports

- › Throughput CAGR of 19.16% (2014)
 - » Third highest growth rate in South East Asia
 - » 2.55 mio TEU
 - » 41.4 mio Tons
- › 37 different port operators
 - » 12 Liquid bulk
 - » 10 Containers
 - » 15 General cargo



HAIPHONG CITY

CBRE report on infrastructure, utilities and labor

Hilton: 5-star hotel, 240 room + 34 apartment rooms

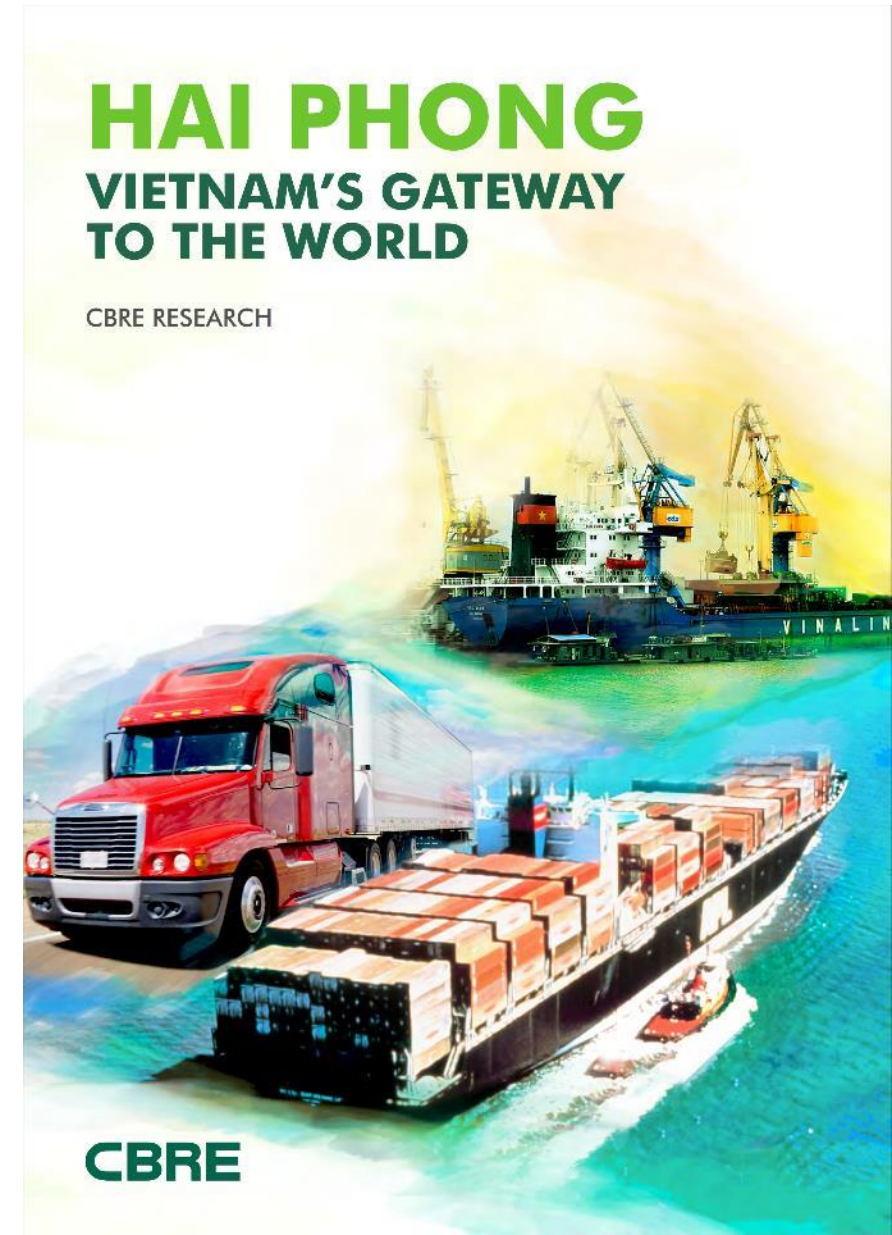
(Source: Vietnam Investment Review)

Daiwa group: 5-star hotel, 269 rooms

(Source: Nikkei)

Third 18 hole golf course

Vinhomes riverside: 5-star resort



OUR PHILOSOPHY : Reliability and Long term vision

We support the **projects** of our customers by providing an **Integrated Support Package** in an **unconditional and transparent** way, allowing you to do your business **hassle-free**.





DEEP C INDUSTRIAL ZONES

WHO WE ARE

Our History



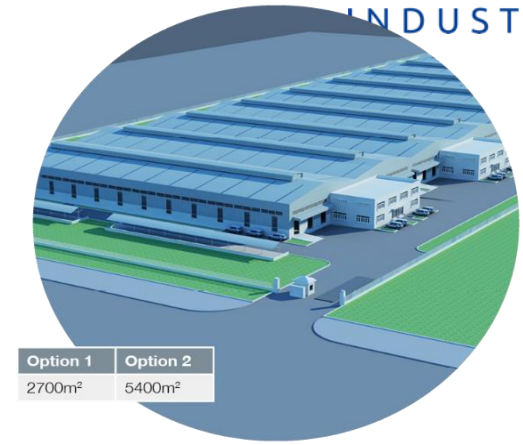
- 1997: JV – AIG + Rentaport + Belgian government + Haiphong government
(By H.E. Tran Duc - President)
- 1997: First customer - Chevron Caltex
(US Ambassador and Belgian Ambassador)
- 2001: Construction of liquids jetty (10.000 DWT)
- 2009: Connection to national grid
(Chairman of HPPC)
- 2011: Waste Water Treatment plant, first in Vietnam to be ISO 9001 & 14001 certified
(inaugurated by Crown Prince of Belgium – now King Philippe 1)
Second liquids jetty (20.000 DWT)
- 2012: 110kV distribution permit and license (only two companies in Haiphong have this license)
(By Christine Defraigne – Chairman of the Belgian Senate)
- 2010's: Acquisition of four more Industrial parks in Haiphong region
(By PM Dung of Vietnam and PM Michel of Belgium)



OUR PRODUCTS

Ready-built Workshop/Warehouse

- › Reinforced concrete foundation
- › Floor loading capacity of 20 KN/m²
- › Utilities provision:
 - » Electricity
 - » Treated water
 - » Waste water collection and treatment
 - » Hydrant fire protection
 - » Telecommunication and internet access



Our products

Liquids Jetty



- 10,000 DWT Berth: Dock length 173m
- 20,000 DWT Berth: Dock length 193 m
- Supporting pipe rack



WHY DEEP C?

Reliable Utilities Provision

Power

- ✓ 626 MVA/22kV
- ✓ 2 sources: national + regional backup
- ✓ Distributed underground via LS cables, ABB switchgears

Water & Waste water treatment

- ✓ Treated water 20,000 m³/day
- ✓ Demineralized water, steam, potable water supplied on demand
- ✓ Waste water treatment 6,500 m³/day, expandable up to 24,000m³/day
- ✓ Waste water treatment plant certified with ISO 9001 & 14001
- ✓ Belgian partner Induss

Firefighting water

- ✓ Underground loop system
- ✓ Pressure 5-7 bar
- ✓ 117 hydrants over 30km
- ✓ Capacity max 480 m³/h

Drainage

- ✓ Open channels with flap gate
- ✓ Capacity: 77,000 m³

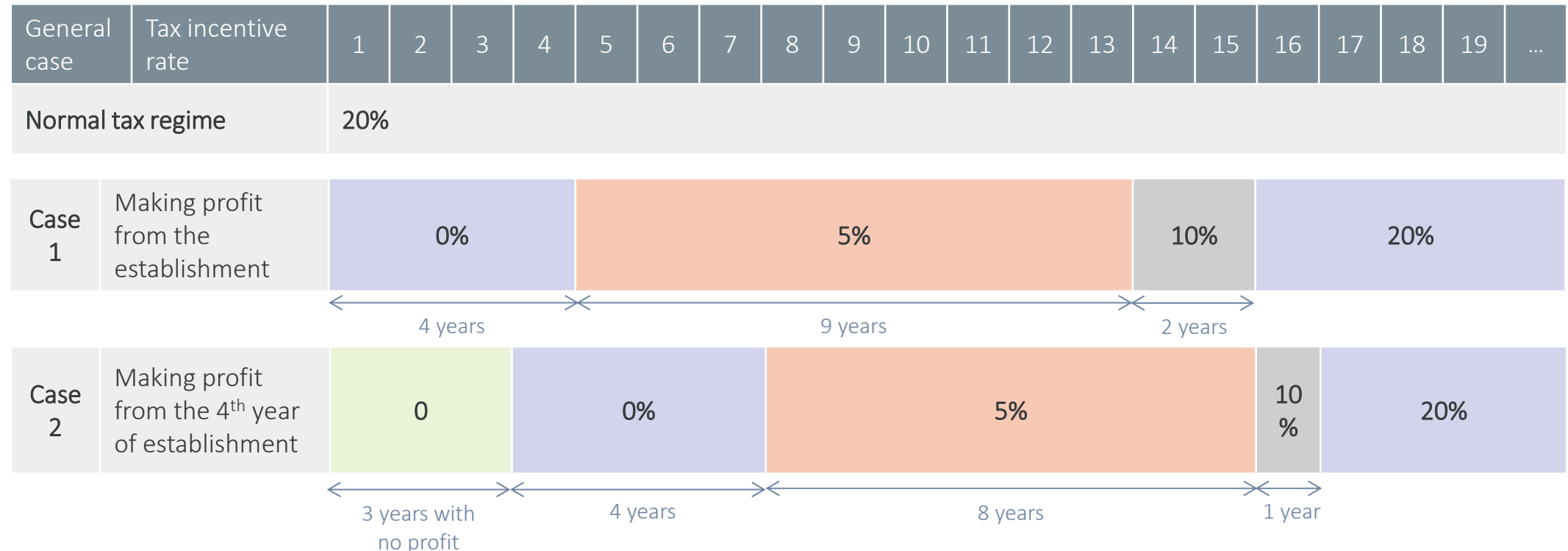


WHY DEEP C?

Tax Incentives: Economic Zone Tax Package

Corporate Income Tax

Remark: starting point is the sending out of the first commercial invoice.



Personal Income Tax

- ✓ 50% reduction to Personal Income Tax
- ✓ Applied for expat and local employees
- ✓ Entire lifetime of the project

Licensing

Case Study: Flat HK Ltd (Solar glass for PV panels)

› First investment in Vietnam ~ USD 200 mio

Item	Date	Days needed by administration
Decision to invest in Vietnam	31/05/2016	
Application Investment certificate (IC)	16/6/2016	
IC granted	23/06/2016	7
Application Business Registration Certificate (BRC)	21/07/2016	
BRC granted	28/07/2016	7

REFERENCES

Our long-term partners



Overview

- › +65 projects
- › Total investment capital: over US\$ 3.5bn

Target industries

- › General industry and manufacturing
- › Automotive
- › (Petro)chemical industry / processing industry
- › Distribution, Logistics & supply chain
- › Consumer Electronics



Our long-term partners

- › Chevron – Caltex – Lubricants
- › Bridgestone – tire manufacturing
- › Knauf – plasterboard production
- › Flat Glass – Solar Glass manufacturing
- › PVTEX – PET fiber production
- › C.Steinweg - Warehousing
- › SITC – logistics company
- › Nakashima – propeller production
- › Dongbu Steel – Steel Mill

SOCIAL RESPONSIBILITIES

Ha Long Bay Cleaning Project



- › Feasibility study for Quang Ninh Province
- › Support with sourcing for ODA funding

Wind-Water-Wave: Desalination



- › Overcome salination in Mekong delta
- › Feasibility study
- › MOU was signed in Paris with MARD

Children of Hai Phong



- › Charity events
- › Orphanage in Hai Phong

Living in Haiphong City



› International Accommodation

- » Apartments
- » Condominiums
- » Houses



› International School

- » Nearly 100 students
- » Follows American schooling system

› 2 International hospitals

- » 700+ beds
- » +10 emergency rooms



› Leisure

- » Cat Ba Island (Ha Long Bay - Unesco world heritage)
- » Sport (golf, soccer, tennis,...)
- » Movie theatres
- » Shopping
- » Bowling
- » Dining



DEEP C

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**Thank you for your
attention**

Q&A

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