

FRANCHISE & LICENSE for FDI in Vietnam

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TEAM INTRODUCTION



In-depth Legal Consulting for Tax, Finance and M&A









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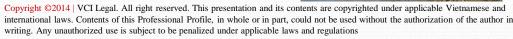
- A full service law firm with a seasoned team of multi-disciplinary professionals
- in-depth understanding of the legal system, business environment, and cultural background in Vietnam.
- Offices: Hanoi and Ho Chi Minh City
- Professional staffs: 25
- Languages: Vietnamese, English,
 Japanese, French, Chinese, Korean











INTERNATIONAL AWARDS



Legal500, Chambers & Partners, IFLR 1000 and Legalese's Tax Director Handbook (global legal directories & ranking agencies) and international professional magazines list VCI Legal among the top law firms in Vietnam for: M&A, competition law, banking and corporate, insurance, taxation, intellectual property, investment.



- Acquisition International Magazine:
 - Vietnam Corporate Law Firm of the Year 2012-2014,
 - M&A Vietnam Law Firm of the Year 2013,
 - Real Estate Law Firm of the year 2012-2013
- **ACQ Global** Magazine:
 - Vietnam Banking & Finance Law Firm of the Year 2012-2013
 - Vietnam Capital Markets Law Firm of the Year 2012-2013
 - Vietnam Corporate Law Firm of the Year 2012-2013
 - Vietnam M&A Law Firm of the Year 2012-2013
- Financial Monthly Law Firm of the Year 2011-2013
- Corporate LiveWire M&A Vietnam Law Firm of the Year 2012- 2013







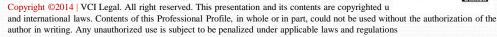














Practice Overview

- Full-service business law firm with businessoriented & specialized legal services:
 - In-house Counsel Service™
 - Finance, Legal & Stock Market Engineering Service;
 - Investment Structuring & Placement
 - Legal, Insurance & Risk Management Service;
 - Intellectual Properties Strategic Management Service;
 - IP Enforcement Service.











Key Practice Areas

Strategic practice groups built on our "In-house Counsel Service" platform

- 1. Corporate | M&A | Investment Structuring;
- 2. Securities, Banking & Finance
- 3. Real Estate | Construction |
- 4. Tax | Transfer Pricing | HR Management & Labour
- 5. Petroleum | Mining | Energy
- 6.Infrastructure













Representative Clients & Experience Financial Services







































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Representative Clients & Experience* Technology - Petroleum - Heavy Industry









Schneider

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Mitra Energy Limited



Healthcare & Nutrition Products

































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Representative Clients & Experience* Real Estate & Construction







































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Some Clients & Experience in Franchising & Licensing

- Unilever licensing contracts
- Pierre Cardin licensing contract
- Fun Characters International & Walt Disney: merchandise licensing
- Fashion TV: broadcasting licensing contract
- Black Angus Steak House franchising contract
- Hilton Hotels, Renaissance & Marriot Hotel Group, Starwood Real Estate Group licensing contract











Clients & Experience in Franchising & Licensing

- Elite Modeling Agency: negotiate on licensing terms
- Hard Rock Café: licensing contract & business model
- Dale Carnegie Professional Training; registration of licensing contract
- Trung Nguyen Café: brand management & distribution contract, bad debt recovery
- Wrap & Roll Restaurant licensing & franchising contract















THE UPS & DOWNS OF FRANCHISING











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THE "UPS" - ADVANTAGES

Expansion of Business Model

- Expansion can be faster because franchisees provide labour and their sales provide growth.
- Replicate business market.

Reduce a risk of building a new brand

- The risk of business failure is reduced by franchising.
 The business is based on a proven idea.
- Products/services have already established a market share. (No need for market testing)











THE "UPS" - ADVANTAGES

Big benefit

- The business can receive support from other franchisees in the network (Franchisees may be more talented at growing the business and turning a high profit)
- Consistency in operation.
 - Consistent operations across the business generally means improved efficiency and higher quality.











THE "DOWNS" - DISADVANTAGES

Franchisees controlling

Franchisees cannot be managed as closely as employees.

High initial costs:

 Upfront investment (time and money) required can be huge. E.g.: support; training; transportation; and management costs.











THE "DOWNS" - DISADVANTAGES

- Difficulty in choosing franchisees.
 - Selecting a wrong franchisee can ruin the reputation of the whole franchise.
- The flexibility of business.
 - Very low.
 - The inflexible nature of a franchise may restrict your ability to introduce changes to the business to respond to the market or make the business grow.





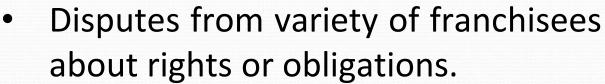






THE "DOWNS" - DISADVANTAGES





- Intellectual Property matters:
 - Sharing confidential information with franchisees is risky if they are not fully committed to the business. (esp. trade secrets).



















RETAIL, DISTRIBUTION & OUTLET LICENSE









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BACKGROUND

- Vietnam is a WTO member with commitments to open markets fully from 2007
- Foreign investment regulations must conform with committed roadmap under WTO
- Foreign goods or services are open to be traded locally; and
- FIEs operations must comply with Vietnam's WTO commitments & local laws













DECREE 09

Decree No. 09/2018/ND-CP dated January 15, 2018 of the Government on guidelines for the Law on Commerce and the Law on Foreign Trade Management regarding the sale of goods and other activities directly related to the sale of goods for foreign investors and foreign—invested businesses in Vietnam



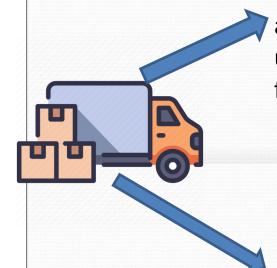








Conditions for issuing business license



A foreign investor from a country or territory which has acceded to a treaty which Vietnam is a signatory and under which Vietnam has committed to open its market for the sale of goods

A foreign investor not from a country or territory which has acceded to a treaty to which Vietnam is a signatory











Article 9, Clause 1 of Decree 09

A foreign investor from a country or territory which has acceded to a treaty which Vietnam is a signatory and under which Vietnam has committed to open its market for sale of goods and other related activities shall:

- a) Meet market access conditions prescribed in international treaties which Vietnam is a signatory;
- b) Develop a financial plan deemed qualified to apply for a business license;
- c) Incur no overdue tax in a case where it has been established in Vietnam for at least 1 year.











Article 9, Clause 2 of Decree 09

A foreign investor not from a country or territory which has acceded to a treaty to which Vietnam is a signatory shall:

- Develop a financial plan deemed qualified to apply for a business license;
- Incur no overdue tax in a case where it has been established in Vietnam for at least 1 year.
- In accordance with special law;
- In conformity with the extent of competitiveness of domestic enterprises within the same sector;
- Employment creation for domestic workers;
- Potential and actual contribution to State Budget.











Included Agreements



- IPRs Licensing Agreement
- Distribution Agreement
- Management & Technical ServicesAgreement
- Location leases
- Supply Contracts: materials & ingredients
- Confidentiality Agreement
- Technology Transfer Agreement











MORE QUESTIONS?



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