THE MINISTRY OF SCIENCE AND TECHONOLOGY

SOCIALIST REPUBLIC OF VIETNAM

Independence- Freedom- Happiness

Hanoi, December 18, 2006

DECISION
No.27/2006/QD-BKHCN

Promulgating the Regulation on criteria for identifying projects on production of hi-tech products

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THE MINISTER OF SCIENCE AND TECHNOLOGY

Pursuant to the Government's Decree No. 54/2003/ND-CP dated May 19, 2003, defining the functions, tasks, powers and organizational structure of the Ministry of Science and Technology and the Government's Decree No. 28/2004/ND-CP dated January 16, 2004, amending and supplementing a number of articles of Decree No. 54/2003/ND-CP;

Pursuant to the Government's Decree No. 99/2003/ND-CP dated August 28, 2003, promulgating the Regulation on hi-tech parks;

At the proposal of the director of the High-Technology Department,

DECIDES:

Article 1.

To promulgate together with this Decision the Regulation on criteria for identifying projects on production of hi-tech products.

Article 2.

This Decision takes effect 15 days after its publication in CONG BAO.

Article 3.

The director of the High Technology Department, the head of the Hoa Lac Hi-Tech Park Management Board, the head of the Ho Chi Minh City Hi-Tech Park Management Board, and concerned organizations and individuals shall implement this Decision.

FOR THE MINISTER OF SCIENCE AND TECHNOLOGY

VICE MINISTER

(Signed and sealed)

Le Dinh Tien

REGULATION ON CRITERIA FOR IDENTIFYING PROJECTS ON PRODUCTION OF HI-TECH PRODUCTS

(Promulgated together with the Science and Technology Minister's Decision No. 27/2006/QD-BKHCN dated December 18, 2006)

Article 1.

Scope and subjects of application

This Regulation provides for criteria for identifying projects on production of hi-tech products (hereinafter referred to as projects for short) permitted for investment in Hoa Lac Hi-Tech Park and Ho Chi Minh City Hi-Tech Park (hereinafter collectively referred to as the hi-tech parks)

This Regulation does not apply to investment projects on research-development, training, support industries, services and activities of investment in bonded zones within hi-tech parks.

Article 2.

Criteria for identifying projects

A project selected for investment in a hi-tech park must meet the following criteria:

1. Its operation domain is a hi-tech domain eligible for investment encouragement specified in Clause 2, Article 5 of the Government's Decree No. 99/2003/ND-CP dated August 28, 2003, promulgating the Regulation on hi-tech parks, including:

a) Information and communication technology and computer software technology;

b) Bio-technology in service of agriculture, fisheries or healthcare;

c) Micro-electronics, precision engineering, mechano-electronics, opto-electronics and automation technologies;

d) New material technology and nanotechnology;

e) Environmental technology and new energy technology;

f) A number of other special technologies.

2. Products turned out under the project are on a list of hi-tech products eligible for investment and production encouragement, publicized by the concerned hi-tech park management board.

3. Expenses for research-development work under the project

a) Total expenses for research-development work come out in Vietnam account for at least 5% of annual total turnover, or expenses for research-development activities carried out in Vietnam account for at least 1% of annual total turnover.

b) Spending items for research-development work and research-development activities are specified in Appendix 1 enclosed herewith.

4. The number of laborers who possess a university or higher degree direct/y engaged in the project's research-development work accounts for at least 5% of the project's total number of laborers.

5. The project's technological chain is an advance one, satisfying the following requirements: production activities are specialized and organized with automation methods, of which at least 1/3 (one third) of automatic devices are controlled under set programs, and arranged in a working space which satisfies industrial sanitation standards required by Vietnamese law.

6. The project's quality management system reaches specialized international standards (for example ISO 9000/2001, CMM or GMP, etc.); it applies a computerized corporate administration system.

7. The project abides by environmental standards and technical regulations in its operation domain as required by Vietnamese law. It is encouraged to apply international environmental standards such as ISO 14000 or equivalent standards.

Article 3.

Organization of implementation

1. The hi-tech park management boards shall base themselves on development objectives and targets of their hi-tech parks as well as the practical development and particular characteristics of each hi-tech domain:

a) To promulgate a list of hi-tech products in which investment is encouraged in their hi-tech parks on the basis of referring the list of hi-tech products which are encouraged by the State for production investment (see Appendix 2 enclosed herewith).

In case of necessity, the hi-tech park management boards may include hi-tech products not yet specified in Appendix 2 to this Regulation into the list of hi- tech products in which investment is encouraged in their hi-tech parks after obtaining the Science and Technology Ministry's written approval.

b) To guide investors to formulate investment projects with clear explanations on the projects' technology and technological process and commitments between investors and the hi-tech park management boards on the rate, schedule and time for implementation of the provisions of Clauses 3 and 4, Article 2 of this Regulation.

2. The hi-tech park management boards shall make written agreements with investors on specific handling measures when investors fail to fulfill the signed commitments on the following principles:

a) In the course of operation, investors who fail to fulfill their commitments within the approved time limit will not be allowed to continue enjoying investment preferences in accordance with Vietnamese 1aw.

b) In case of necessity, investors may request the hi-tech park management board to consider the prolongation of the time limit for fulfillment of commitments, if they have a plausible reason and have fulfilled over 60% of their commitments stated in Clauses 3 and 4, Article 2 of this Regulation.

3. The hi-tech park management boards shall create conditions for and encourage the application of standards specified in this Regulation by projects which have been licensed for investment in their hi-tech parks before the effective date of this Regulation.

4. The hi-tech park management boards shall promptly report any problems arising in the course of implementation to the Ministry of Science and Technology for consideration and direction.

Annually, the Ministry of Science and Technology shall inspect the implementation of criteria specified in Article 2 of this Regulation by projects in hi-tech parks.

FOR THE MINISTER OF SCIENCE AND TECHNOLOGY

VICE MINISTER

(Signed and sealed)

Le Dinh Tien

APPENDIX 1

EXPENSES FOR RESEARCH- DEVELOPMENT WORK

(Promulgated together with Decision No. 27/2006/QD-BKHCN dated December 18, 2006)
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1. Expenses for research-development work include: expenses for building technical infrastructure for research; expenses for research-development activities; expenses for training research staff.

2. Expenses for building technical infrastructure for research include:

a) Expenses for construction and installation of research, experimentation and testing facilities.

b) Expenses for procurement of research, experimentation and testing equipment.

c) Expenses for procurement of computer software and technical documents.

3. Expenses for research and development activities include:

a) Wages, remuneration and allowances for research and assistance staff, remuneration for specialists involved in commenting, criticizing and assessing research results; remuneration for

other laborers participating in research activities; expenses for scientific seminars and conferences related to research contents.

b) Expenses for purchase and transportation of raw materials, supplies, chemicals, fuels and power in service of research.

c) Expenses for purchase of sample products, materials, observation data, survey data, e-information, stationery, labor protection devices and cheap articles in service of research.

d) Expenses for renting workshops and hiring equipment and facilities in service of research, experimentation and testing.

e) The following expenses may not be included into expenses for research-development activities: expenses for inspection of product quality or periodical inspection of raw materials, supplies, fuel and energy; expenses for procurement of tools or products in service of production; expenses for research activities in social sciences and humanities; expenses for periodical collection of data which are not related to research; expenses for surveys on management effectiveness or research; expenses for marketing and advertising.

4. Expenses for training of research staff include: expenses for domestic and overseas long-term and short-term training of research staff.

APPENDIX 2

LIST OF HI-TECH PRODUCTS WHICH ARE ENCOURAGED FOR INVESTMENT AND PRODUCTION

(Promulgated together with Decision No. 27/2006/QD-BKHCN dated December 18, 2006)

I. Hi-tech products in the telecommunications and information technology domain

Telecommunications

1. Cellular phones, accessories for switchboards and a number of telecommunications systems and satellite terminals.

2. Design and optimization of telecommunications networks and systems within the national telecommunications infrastructure.

3. Optical-fiber cables and assorted telecommunication cables.

Information technology

4. Computers and peripheral devices.

5. Hard disk drives and laser disk drives.

6. Large-capacity RAM

7. Flat screens and high-resolution screens.

8. High performance computers.

9. Computers and embedded systems.

10. RFID devices.

11. Electronic certification systems.

12. Programs for integration of embedded devices, desktop computers and servers together with intermediary programs.

13. Added value software on mobile phone networks and broadband systems.

14. Computer and network security software.

15. Automatic translation software and devices.

16. Sound identification software and devices.

17. Script and image identification software and devices.

II. Hi-tech products in automation, mechanical electronics and precision engineering domains

Electronic equipment

1. Printed circuits.

2. Electric circuit boards and control boards.

3. Microwave tubes and assorted valves and tubes.

4. Semi-conducting devices (diode, current switches, thristors, diac, triac and light sensors).

5. Electronic integrated circuits and micro- assembly units (digitalized units, non-digitalized integrated units and hybrid integrated circuits).

6. Piezoelectric crystals.

7. Fixed capacitors (fixed tantalum capacitors, fixed aluminum electrolytic capacitors, fixed single- and multi-layer ceramic dielectric capacitors).

8. Special-use electric machines, molecular accelerators.

9. Electronic audio or video signal equipment.

10. Semi-conductors and other hi-tech electronic accessories.

Scientific devices

11. Electronic devices for medical and surgical diagnosis, X-ray devices.

12. Binoculars, astronomical devices, optical telescopes (optical microscope, integrated optical microscope, stereoscopic microscope, etc.).

13. Liquid crystal instruments, laser and other optical devices.

14. Odontologic drilling engines.

15. Gauging and testing devices and instruments (compass, steering devices; devices for measuring and testing liquids, gases and pressure).

16. Devices and instruments for physic or chemical analysis (analyzing gas, smoke, spectrum and optical radioactivity, and measuring light).

17. Sensible scales, devices and instruments for checking hardness and measuring density.

18. Automatic control devices and instruments (temperature or pressure controllers).

19. Devices and instruments for analyzing electricity, wave or spectrum (for detecting ion radioactive substances, analyzing electric waves of cathode rays, or gauging devices for use in electricity or telecommunications).

20. Devices and instruments for photography and video recording, optical fibers, contact lenses, ocular prosthesis, hearing aids, heart beat regulators.

21. Medical devices for use in medical analysis and extraction technologies. Non-electrically operated machines and equipment

22. Gas turbines.

23. Nuclear reactors.

24. Equipment for separating isotopes.

25. Equipment operated by laser beams or light process or photon beams, ultrasonic, electro-discharge, electrochemical or electron beams, ion beams or plasma spray.

26. Numerically controlled machines (turning, drilling, grinding, milling, bending, folding, cutting, punching and welding machines).

Automation equipment

27. Computer-aided design and manufacturing equipment and devices (CAD/CAM).

28. Equipment and devices in service of comprehensive integrated automation for the process of production, measurement, information processing, weather and natural disaster forecast, and environmental protection.

29. Equipment and devices in service of computer numerical control (CNC) technology used in manufacturing machine tools.

30. Industrial robots; robot equipment and devices.

31. Equipment for manufacturing nano materials, nanotechnology application equipment.

III. Hi-tech products in the domain of materials

Advanced materials in service of agriculture

1. Advanced polymer membranes for covering greenhouses.

2. Super water absorption polymers used for maintaining soil moisture, improving soil fertility, coping with drought, raising germination capacity and yields of crops.

3. Biologically disintegrated polymers.

Materials used in preservation of farm produce

4. Microelements (for example, rare earth) for fertilizers.

5. Materials for plant protection chemicals.

6. Materials for manufacturing sensors used in greenhouses.

Materials for petroleum chemistry and oil refinery

7. Advanced material/s (such as those using nanotechnology) used in production of additives or high-class catalysts to improve productivity and quality of oil refinery and petroleum chemical products.

Technical ceramics and porcelains

Attaching special importance to ceramics and porcelains for electric-electronic industries.

8. High-voltage insulating porcelain materials.

9. Hi-tech porcelain materials (refractory and wear-proof porcelains).

10. Piezoelectric ceramics.

11. High-voltage insulating glass materials.

12. Electronic ceramics.

Nano materials

13. Nano composites, nano metals.

14. Nano mmprint, nano lithography.

15. Metal nano oxides.

16. Carbon nano tubes.

17. Nanowire, nanorod.

Materials for the energy industry

18. Materials used for generating high-class energy sources to partially replace traditional energies generated by coati and oil.

19. Advanced electrochemical materials for manufacturing special-use high-class electricity sources such as Li-ion, Ni-Cd, Mi-MH used in electronic and telecommunications equipment, telephones, laptops, electrically operated cars, motorbikes and bicycles.

20. Hydrogen cells.

21. Solar battery for water boiling and electricity generation.

22. Methanol cells, biological cells.

Materials for medical and pharmaceutical use

23. Materials for medical use to substitute some parts of human body: biological polymers, carbon composites, physiology-regulating materials, growth-regulating materials, porous carbon materials, bauxite materials.

24. Polymer materials for pharmaceuticals use.

25. Polymer materials used in cosmetics.

Polymer and composite materials

26. Polymer-based composite materials in service of transport: manufacturing of canoes, small-sized ships and boats and covers of some automotive parts; building of small-sized bridges spanning canals.

27. Composites using natural fibers such as jute or linen.

28. Electricity-conducting polymers.

29. Polymer-based composite materials for electrical and electronic use in harsh environmental conditions.

Electronic and photonic materials

30. Magnetic materials used in electronic industry: rare-earth magnet, amorphous materials, micro-crystal materials and nano materials using effects from giant thermo magnetic resistors.

31. Sensing materials and accessories (semi-conducting, super-conducting, new electricity-conducting substances and piezoelectric ceramics) for use in gauging devices, automation devices, and for biological and medical use.

32. Optoelectronic and photonic materials and accessories in service of telecommunications and automation. Light absorption semi-conducting materials and accessories, luminescent semi-conducting materials and accessories, semi-conducting laser, wireless optical materials, optical conductors, optical conductors with amplification, laser wire, optical discs, and photo-electrochemical materials, etc.

33. Bucky paper.

34. Electricity-conducting ink.

Metal materials

35. Metal-based composites for electric, electronic and bio-medical use.

36. Steel alloys of high durability.

37. Steel resistant to chemical and thermal corrosion.

IV. Hi-tech products in biotechnology

In the medical domain

1. New generation vaccines for human use.

2. Recombinant proteins for treatment of some human diseases.

3. Antibiotics for human use.

4. Kits for medical diagnosis, ADN chips.

5. Biological nano materials.

6. Biological threads and membranes for medical use.

In the domain of agriculture, forestry and fisheries

7. New generation vaccines for veterinary use.

8. Recombinant proteins for use in biological insecticides and for pre- and post-harvest preservation.

9. Biological kits and biological electrodes for diagnosis and treatment of diseases for planted trees and domestic animals.

10. Plant varieties turned out by renovated tissue technology, tissue-cell culture, microsporangium culture or genetic modification, which are against pests and stand unfavorable climatic conditions

11. Monogenic hormone for fishes.

In the industrial domain

12. Nutritious preparations (from animals or plants) for human beings and domestic animals.

13. Biological fuels to replace natural fuels (ethanol, cellulose, hydrogenase-using hydrogen and diesel oil from vegetable oil).

14. Recombinant enzymes.

15. Amino acids, organic acids,

16. Biological polymer membranes.

17. Equipment for research and production of biotechnology.

In environmental protection

18. Design and manufacturing of biotechnology chains for treating waste (solid and liquid).

19. Other advanced equipment for remedying environmental pollution and treating waste.

(This translation is for reference only)