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Local Business

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THE SAIGON TIMES DAILY

Vinatex plans big investment to boost apparel export

By Le Hoang
The Saigon Times Daily

HCMC - The Vietnam National Garment and Textile Group, or Vinatex, will invest roughly VND43 trillion (US\$2.1 billion) into new production facilities between now and 2020 with an aim to boost exports and earn higher added value.

Under its development strategy just issued, the group said the huge investment would enable it to achieve an annual increase of 12%-14% in production value and a 15% surge in export turnover.

To fulfill these targets, Vinatex

will build key factories, especially facilities for producing raw materials, invest in new equipment and technology, and boost productivity.

Le Tien Truong, deputy general director of Vinatex, told a recent review meeting that the group and implement development plans, especially programs to improve human resources and to expand raw material cultivation areas.

The group targets to produce 300,000 tons of fiber by 2020, 675 million square meters of fabric and 706 million garment products per year through the export turnover of more

than US\$5 billion, he said.

Accordingly, the group will develop 31 fiber plants, 21 fabric plants, and 164 garment plants in the next ten years, Truong said.

The investment fund will be mobilized from various sources, including proceeds from auctioning its land in highly-urbanized areas as the group has plans to relocate its inner-city factories to the countryside.

Other capital sources will come from bank loans, privatization of enterprises, and foreign sources.

Vinatex will expand raw materials

in the Central Highlands provinces of Dak Lak and Dak Nong, and Ninh Thuan Province as well as the northern mountainous province of Son La.

The apparel group will also seek to increase the added value in its production.

In order to achieve this target, Truong said, local clothing manufacturers need to increase the ratio of local content in their products to increase their value. Top priority would also be given to diversifying designs and improving quality, he noted.

"The garment industry is striving to evolve from sub-contracting to origi-

nal design manufacturers (ODM) to increase value," Truong said.

Vinatex, the country's leading garment group, posted a six-month revenue of over VND19.37 trillion, a year-on-year increase of 33% or equivalent to 55% of its annual target.

During that period, it also exported about US\$1.23 billion worth of goods, surging 32% over the same time of last year. It aims to obtain a revenue of VND17.5 trillion and an export value of US\$1.2 billion in the second half of this year.

The country's total apparel export value in the year's first half amounted to US\$6.16 billion.

Businessline

Golf course targeted for Dong Hoi airport

Quang Binh Province has sought approval from the Ministry of Planning and Investment to build a golf course in the vicinity of Dong Hoi Airport, *Tuoi Tre* reports. The project has no investor as yet.

Six enterprises exploiting gold lose licenses

Quang Nam Province's government has told relevant agencies to withdraw the licenses to exploit and process gold of six enterprises due to their wrongdoing in exploiting gold and causing environmental pollution, *Tuoi Tre* reports.

Hai Phong will charge goods temporarily imported

Hai Phong City's government will approve a plan on imposing charges on goods temporarily imported for re-export of goods in bonded warehouses in the city, one of nine issues discussed at the city's People's Council from now until tomorrow, *Dau Tu* reports.

Two projects for planting rubber recalled

The Daklak Department of Agriculture and Rural Development proposed the local government cancel two projects for planting rubber due to the HCMC Thanh Long JS Co and Krong Buk Rubber Company as the project owners not complying with regulations on legal procedures, *Tuoi Tre* reports.

Shoes and leather exhibition at SECC

The 13th international shoes and leather exhibition will be held in Saigon Exhibition and Convention Center (SECC), HCMC from Thursday to Saturday. Around 50 companies are expected to gather in the exhibition.

Projects in Cam Ranh Tourism Area investigated

The Ministry of Construction will investigate the management board of construction projects in the Cam Ranh Tourism Area in North Cam Ranh Peninsula and two projects in Khanh Hoa Province, *Dau Tu* reports.

VTA to select best hotels, tour operators of 2010

The Vietnam Tourism Association (VTA) has invited travel firms and three-to-five-star hotels and resorts across the country to apply for the yearly selection of the best hotel and tourism companies in 2010. The deadline for registration is August 31. For further information call 0862288625.

Rieker footwear factory licensed in Quang Ngai

By Le Hoang
The Saigon Times Daily

HCMC - The Quang Ngai Industrial Zones Authority yesterday granted an investment certificate for Rieker Vietnam to build a US\$14-million footwear factory.

This is the biggest foreign invested project to be licensed in the central province of Quang Ngai this year, Le Hong Ha, deputy director of the authority, told the *Daily* on the phone yesterday.

The project will cover 10 hectares at Tinh Phong industrial park in Son Tinh District and its first phase of construction will be finished in the first quarter of next year.

Once fully completed in 2014, the factory will generate 5,000 direct jobs and 2,500 indirect ones for local people, manufacture 7-8 million pairs of shoes a year, and earn around US\$15 million in annual export revenue.

This is the second project in Vietnam of Rieker after the first in Dien Nam-Dien Ngoc industrial park in Quang Nam Province, north of Quang Ngai.

The current facility is able to turn out some 15 million pairs of shoes a year. It started operation in 2004, and now employs 11,000 people for direct work and another 5,000 for indirect work.

Tinh Phong industrial park has attracted 35 projects worth nearly VND1.140 billion, Ha said, adding Rieker was also the first foreign company to set up shop in the park.

The German company is now present in 62 countries around the world and one of the largest shoe manufacturers in Europe. It says on its website at www.rieker.de.

Gold sets new record high



A customer buys gold from an SJC store in downtown HCMC yesterday. Few people have bought gold bars recently due to a strong increase in gold price. Photo: Thuy Trieu

By Linh Trieu
The Saigon Times Daily

HCMC - The local gold price hit a new record high of VND39.42 million yesterday afternoon as the global gold price on Asian markets yesterday breached the level of US\$1,600 a troy ounce.

This price was VND300,000 per tael higher than last Saturday. A tael equals 1.2 troy ounces.

As the price increased strongly, gold companies saw few customers buying on the day.

A representative from Phu Nhai Jewelry Co.

said that given the record price, customers mainly sold gold to take profits. Meanwhile, many gold traders and banks also refrained from selling gold, expecting the price to go up further.

Nguyen Cong Tuong, deputy head of the sales department of Saigon Jewelry Co. (SJC), said that few people bought gold yesterday due to caution or because they had sold the precious metal earlier.

Trading at the company was quite normal yesterday with total volume of around 2,000-3,000 taels, a level Tuong said was much lower than before February when the Government

hinted at restricting gold trade in the future. At that time, SJC traded around 7,000-10,000 taels per day, he added.

"Most of big investors do not participate in the market now; they sold gold and put the money in banks instead," Tuong said.

Gold shops around Ben Thanh and An Dong markets in HCMC saw fewer gold buyers during the day also.

The global gold price in Europe one time yesterday exceeded the resistance level of US\$1,600 an ounce. Therefore, the local gold price today would continue rising.

Tanimex focuses on warehouse services

By Le Hoang
The Saigon Times Daily

HCMC - Tan Binh Import-Export Joint Stock Corp., or Tanimex, is now focusing on warehouse services instead of realty projects as the property market has cooled down, said an executive of the company at its 30-year anniversary late last week.

Tran Quang Truong, deputy general director of Tanimex, told the *Daily* at the ceremony that his company would pour more than VND200 billion to expand its general warehouse area for lease inside Tan Binh Industrial Park in HCMC. The industrial park developer has already operated a general warehouse in the park but the facility covering more than 23,000 square meters has been fully occupied.

Tanimex will develop 10 hectares more for the general warehouse area to meet the demand of its customers in the industrial park as well as tenants outside. He said that the warehouse is part of the expansion of Tan Binh Industrial Park as all space in the IP has been leased out to long-term tenants.

Tanimex has cooperated with Indo-Trans Keppel Logistics Vietnam Co. Ltd. (ITL) to set up ITL-Trans Keppel Tanimex Logistics Co. Ltd. to supply logistics services.

Nguyen Minh Tam, chairman of Tanimex, said that investing in the logistic service chain was the new strategy of his company.

Tran Quang Truong said that his company has now halted its real estate projects in the country, including apartment and office building projects.

The company will also cooperate with two other local partners to establish a company in the U.S. to trade in processed food imported from Vietnam and invest into the real estate sector stateside. He said that Tanimex would hold a stake of 40% to 49% in the new venture capitalized at some US\$3 million.

The company's shareholders in a general meeting early this year had approved the plan to cooperate with two local partners active in the food and fiber industries to set up the joint venture in California, Truong said.

The new company will distribute processed food products from Vietnam including sausages, instant noodles, and other seafood products to supermarket chains in California as well to other Asian retail store chains stateside, he said.

The venture will serve as a springboard for Tanimex to penetrate the U.S. market, especially in the real estate sector. He said that as housing in the U.S. had tumbled 50-70% in prices, his company found a good opportunity to invest in the sector to own low-priced houses in the U.S. and to resell them once the market recovers.

Tanimex expects to obtain a revenue exceeding VND885 billion this year and an after-tax profit of over VND93.7 billion, a 24.1% increase year-on-year.

INTERVIEW

This is the right time to be in Vietnam

Vietnam's information and communication technology (ICT) infrastructure is now ready for further development. But video services and applications are still in their infancy, so there is a lot of potential here, according to Keith Lie, the CEO of Vcast (Asia), Lie, who is also an Executive Commission Member of the Hong Kong Wireless Technology Industry Association, was in HCMC last week with a Hong Kong ICT Mission. The Saigon Times Daily spoke with him.

The Saigon Times Daily: What is the purpose of the visit?

Keith Lie: As we all know, Vietnam has been growing very fast amidst the current economic crisis. We can see a growth potential here while other markets may still be under recession. Vietnam's ICT infrastructure is also more ready than ever. So this is the right time to be here. And in a country like Vietnam, being the first mover can be very rewarding. This is unlike what happens in an open market like Hong Kong, where being the first hardly brings about any difference.

Are you seeking joint venture partnerships?

Lie: Yes, we understand Vietnam's market is not yet the same as those in other countries. Some of the industries here are not opened to foreigners and that is why we need local partners to do business in Vietnam. They will help us get through things that are unknown for us.

And which kind of business your company wants to do?

Lie: Let me introduce us a little bit. Vcast is a video broadcast solutions provider. We provide solutions for doing video, including online video, IPTV, mobile TV, or any kind of application that uses video. Though the ICT infrastructure of Vietnam is now very advanced

with fast Internet development, etc. video services and applications are still in the early stage. So we see a lot of potential here.

However, we have to work with local firms to provide the right content to the right people and at the right time. Our video solutions in Hong Kong are quite mature with partners from the governments to schools and MNCs. We believe that with the right Vietnamese partner, we can replicate the same success story from Hong Kong to Vietnam.

What are you looking for from a partner? Any specific profile?

Lie: They need to have acquired local market knowledge and an extensive local network. That is what we do not have and need them to complement us. Also, they must have the experience and manpower to carry out the project. This is a major asset that I hope they can offer in our partnership.

So you will provide video broadcast solutions, not infrastructure?

Lie: We do have such investment in China, Hong Kong and even some worldwide. But at the moment, we do not have a specific idea of this investment in Vietnam yet, as we are still new to Vietnam's market and vice versa. It is hard for Vietnamese to invest in us and also hard for us to invest on a per-



Keith Lie

manent infrastructure here right now.

Our first step is to provide the solution services on a one-stop basis. Having said that, eventually, our direction is to establish permanent infrastructures everywhere. We will do the same in Vietnam.

Meaning in the long run you will have a substantial investment here?

Lie: The infrastructure is the network. Normally, we will set up a broadcast center. The center will make use of the power and the tower connectivity infrastructure to provide quality video services. We are still evaluating the market size. It is too early to propose a concrete investment amount.

So you have studied the market, and don't see any competitor yet?

Lie: Yes, of course I believe there are firms in Vietnam that are somewhat similar to us but not exactly the same, and maybe not up to our scale. However, we are still evaluating. There might be someone out there that we

do not know yet.

Has any Vietnamese company approached you?

Lie: We have been meeting up with one company. However, this is only my second time here so we have not yet entered into any definite agreement, and I can't disclose its name.

Do you see any difficulties in doing this kind of business in Vietnam?

Lie: As the majority of Vietnam speak only Vietnamese, there is a language barrier. We must either translate, voiceover the overseas contents or find local contents.

Any other difficulties?

Lie: Vietnam has a relatively closed business environment. So there are not many players like Hong Kong or some other countries. In Vietnam, the government is the key driver and local players dominate the market. So it is not easy for foreigners like us, and that is why we need local partners.

Reported by Ngoc Tran