

VIETNAM

in transition ★ an investment perspective

"The hard labor and continuing effort
in sharpening or molding a piece of iron
will one day become a precious and
well-defined piece of metal."
— Vietnamese Proverb

Photo: Nguyen Dinh Minh



HE Nguyen Minh Triet,
President, Socialist Republic
of Vietnam

Vietnam began the transition from communism to capitalism almost three decades ago, but in the last 10 years this latest Asian tiger has taken giant steps and overtaken many of its neighbors, among them Thailand, Malaysia, Taiwan, South Korea, and even India. Vietnam's economy has expanded by 50% in the last five years.

Asia's second-fastest-growing economy, Vietnam has been registering growth rates of more than 8% for the last six years, thanks largely to its phenomenal success in pulling in foreign direct investment (FDI). Last year the figure was \$6.5 billion, but analysts are confident that FDI this year may exceed government expectations of around \$12 billion, and reach \$15 billion. Little



Ramping up the pace of reform

The new administration that took office last year is already making a difference: foreign direct investment is expected to surpass \$12 billion this year.

wonder that Vietnam has become the talk of investment bankers and investors across Asia and throughout the Pacific Rim.

US businesses like Intel and Nike, along with regional investors, are pouring billions of dollars into ventures that are often run by returning overseas Vietnamese. Thanks to a slate of partial privatizations of state industries (or equitizations as they are known in Vietnam) the main indexes for the Ho Chi Minh City stock market and a smaller exchange in Hanoi have nearly doubled in value this year.

A mood of confidence is palpable in Vietnam, and it is largely to do with the new administration elected last year. Building on the Doi Moi or "New Change" policy of the previous administration, the government of Prime Minister Nguyen Tan Dung is determined to take the country to middle-income nation status by the end of the decade.

The new government also marks a shift to a younger, more traveled generation, and places greater power in the hands of politicians from southern Vietnam, which has long been the country's economic motor.

Speeding up reform

As a result, Vietnam is ramping up the pace of reform. After hosting a highly successful APEC Summit in November 2006, the country joined the World Trade Organization on the first day of the new year, sending a

clear message to the world: Vietnam is open for business.

In preparation for WTO membership, Vietnam adopted laws on how enterprises and investment are regulated. From now on, all firms must be treated equally, whether domestic or foreign, state-owned, or private.

Foreign companies are attracted by Vietnam's young labor pool. Three-fifths of its 84 million people are under 27. Thanks to its policy of limiting families to two children—unlike China's one—Vietnam will be able to count on a large number of skilled, well-educated employees in the coming years.

And Vietnam has succeeded in reducing the percentage of its people living on less than \$1 a day to 8%, down from 51% in 1990, a greater advance than either China or India. The unique entrepreneurial spirit of the Vietnamese people has created an environment described by Prime Minister Dung as "the new day of great ideas, great accomplishments, and recognition".

Now the government is focusing its efforts on building the necessary infrastructure to attract international business, with key FDI projects underway in the real estate sector, as well as road, bridges, railways, seaports, and airports initiatives. U.S. businesses are catching on to Vietnam's attractions, but they still lag behind Taiwanese companies, which are the biggest foreign investors in the country, followed by Singapore. ■

Infrastructure catches up

The signs of Vietnam's economic growth are nowhere more visible than in Ho Chi Minh City, the country's business capital. Its wide avenues are lined with new office buildings and construction projects vying for space with up-market shops and restaurants.

A population that has doubled to eight million over the last decade has driven demand for offices and housing. Analysts say that projects under way will triple the city's commercial floorspace within four years.

Robust economic growth, the strong influx of FDI into Hanoi, the country's WTO membership, and the expected expansion of the economy have consequently lead to the expansion of not only multinational corporations, diplomatic missions, non-governmental organizations, foreign enterprises, but also local companies.

With the rapid increase in FDI projects and the volume of accumulative capital, businesses are booming in Vietnam in all sectors, and become a strong driving force for the property industry in Vietnam.

And pressure for property is likely to grow throughout Vietnam following a landmark move by the Ministry of Construction, which is proposing to allow permit foreigners and foreign organizations to own property in Vietnam.

The move is being seen by observers as likely to help Vietnam attract more investment. According to the proposal, people eligible to buy property will be foreigners who are directly investing in Vietnam, those making big contributions to the country recognized by the government, scientists, experts, individuals with specialist labor skills and those who marry Vietnamese nationals. Eligible people must then meet at least three conditions. They must be living and working in Vietnam, they must be allowed to stay for at least one year and they must buy the property for their own, or their family's use.

Strong economic performance is driving the growth in utilities, transport and communication projects.

Allowing foreigners to own property in Vietnam will be a big lever for economic development, say analysts. Demand from foreigners will likely fall into two sectors – people who are working and living in Vietnam and a number of people who are living abroad but still want to own property in Vietnam.

Creating the right conditions for investment

Vice Minister of Planning and Investment Nguyen Bich Dat says that the country's infrastructure development growth will need to double to meet the demands of economic de-

Bitexco is now working on Vietnam's tallest building.

velopment. "We will need 15-16% growth in infrastructure," he says pointing to U.S., Japanese and Chinese investors interested in investing in the power industry."

Deputy Construction Minister Nguyen Van Lien highlights the efforts of the Vietnamese government

The Bitexco Financial Tower Ho Chi Minh City



An iconic addition to Saigon's skyline. A masterpiece nestled amongst the clouds, where work and leisure pursuits are doused in opulence and extravagance.

Where an unparalleled view of the Saigon river beckons, in what is possibly Vietnam's most iconic landmark. **The Bitexco Financial Tower** – Ho Chi Minh City, an icon where you will want to see and be seen.

Expected Date of Completion: Late 2009

Approximate Gross Floor Area:

Office: 66,647 sqm (717,457 sqft)

Retail: 16,148 sqm, (173,837 sqft)

Address:

45 Ngo Duc Ke Street, District 1,
Ho Chi Minh City, Vietnam

For leasing enquiries:

BitexcoLand

Tel : (+84) 983 847 220

leasing@bitexcoland.com.vn

www.bitexcoland.com.vn



Another distinctive development by: **GROUP OF COMPANIES**

to create the best conditions for business. "Every year the prime minister meets with representatives of foreign

Vinaconex has undertaken the biggest water supply investment project in Vietnam.

businesses in Vietnam to hear their opinions and discuss any difficulties. We also have forum for enterprises in Ho Chi Minh City for investors."

Meanwhile, Hanoi's property development sector is set to get another \$500 million boost following deals with Japanese and South Korean investment groups, bringing the total amount of newly planned investment into the capitals property market to \$1 billion.

Back in 2000, when the country was

recovering from the 1997 financial crisis and property still a risky investment, Vu Quang Hoi, director of Bitexco, decided to move into the sector, and built his company's main offices in Ho Chi Minh City.

The success of the Bitexco Office Building encouraged Mr. Hoi to take on another property venture: The Manor buildings, first in Ho Chi Minh City and then in Hanoi, home to some of the most luxurious apartments and villas in the country.

He is now building a \$60 million office block. The 68-floor Financial Tower reflects Mr. Hoi's business philosophy: Go for quality. "The design was expensive, but I like it. I am proud that as the tallest building in Vietnam, the Financial Tower was built by a Vietnamese investor and takes in the lotus,

which is part of Vietnamese culture." The Financial Tower is expected to be finished by the end of 2009.

A stock market launch is also likely in the near future, but no date has been set. "We do not have definite plans on an IPO but we are making careful steps in that direction. We would like to provide enough information to the public before a public offering and make sure that Bitexco would be a consistent performer on the market" says Mr. Hoi.

He adds that aside from real estate, the company is increasingly expanding into the energy sector, a move prompted by the need to

provide better electricity for its projects.



**Mr Nguyen Van Tuan,
Chairman of the
Board of Management
VINACONEX
JSC**

Growing role of private business in infrastructure

Indeed, a growing number of the country's largest corporations are playing a growing role in developing infrastructure, such as partially privatized Vinaconex.

Originally set up within the Ministry of Construction Vinaconex will be among several key enterprises to be restructured into five big construction groups.

"We invest in producing cement, electricity, industry infrastructure, water supply, and construction materials," says Vinaconex chairman Nguyen Van Tuan.

The company has undertaken the biggest water supply investment project in Vietnam, which takes water from the Da River to supply the capital, a move that has led to a hydro plant investment to provide additional power. Vinaconex is also developing a number of road and bridge projects as well as domestic and international tourism services, and even the Vietnamese education system through the construction of secondary and primary schools and universities.

In 2006, Vinaconex completed construction on the National Conference Centre, as well as beginning major transportation infrastructure projects like the Bai Chay Bridge.

The company is seeking co-in-



*Build your values,
Inspire your dreams*

- Real estate investment and development
- Construction
- Design consultancy
- Industrial manufacture and building materials
- Trading and commercial and tourism activities
- Manpower supply
- Financial investment
- Other businesses



VINACONEX CORPORATION

Tel. +(84-4) 224 9292 www.vinaconex.com.vn

Fax. +(84-4) 224 9208 Email: vinaconex@fpt.vn

vestors in a \$600 million, Cai Gia-Cat Ba urban-tourism complex, located on the Cat Ba island which is off the coast of the northern port city of Hai Phong in Ha Long. Mr. Tuan says it will be the biggest modern ecologi-

Viglacera is well aware of foreign competition pressures and has altered its growth strategy.

cal tourism centre in Viet Nam. The company has already begun the first phase of the complex, the construction of a 10-hectare, \$300 million resort. The resort is scheduled to be complete in 2012. Vinaconex plans to establish its own finance company to help mobilize investment capital.

Viglacera, the partially privatized glass and construction ceramics corporation, has also expanded its interests into property development, with investments in the Tien Son and Yen Phong industrial parks in Bac Ninh Province, and has begun an office, hotel, and commercial centre project in Hanoi which is scheduled to be completed by 2010.

With Vietnam now a member of the World Trade Organization, Viglacera has altered its management style to fit new production, marketing and retail needs, says Mr. Nam.

He says Viglacera is well aware of foreign competition pressures and has altered its growth strategy. Viglacera has decided to bid more for housing and city development projects, supplying a whole package of construction materials instead of relying on its traditional retail channels.



Mr. Nguyen Tran Nam,
General Director of
Viglacera
Corporation

Mr. Nam points out the company still has a low capital to total asset ratio, like many other state-owned enterprises, making it hard to go after large contracts or invest in capacity expansion.

"In many cases, we see the financial benefits but are not capable enough to do large project," says Mr. Nam. The company has intensified efforts to increase its capital-asset ratio.

Mr. Nam also says that Viglacera is looking to sign co-operation and/or joint-venture agreements.

"Some of our subsidiaries are about to make changes because they still use antiquated management systems which are no longer suitable. Meanwhile, many foreign investors have shown interest in co-operating with our businesses," he says. ■



Be forever with time

Viglacera Corporation

THE LEADING VIETNAMESE MULTI-SECTOR BUILDING MATERIAL MANUFACTURER

- Building glass ● Floor, roof and wall tiles ● Sanitary wares ● Cotto tiles
- Faucets ● Bathroom spare parts ● Bricks ● Refractories

THE INVESTOR OF HOUSE, URBAN, RENTED OFFICE, INDUSTRIAL ZONE INFRASTRUCTURE PROJECTS

- The urban and industrial zone in Tu Son, Bac Ninh
- The urban and industrial zone in Yen Phong, Bac Ninh
- The urban and industrial zone in Hai Yen, Mong Cai
- The Dang Xa urban area in Gia Lam, Ha Noi
- The Viglacera office & commercial service complex in Thanh Xuan, Ha Noi

Address: 16th - 17th floor, Viglacera Tower, Me Tri, Tu Liem, Hanoi
Tel: 84-4-553 6660 **Fax:** 84-4-553 6671 **Email:** vgc@hn.vnn.vn

www.viglacera.com.vn

The VSIP treatment

Vietnamese-Singaporean initiative attracts the biggest and the best.

Just a half-hour's drive north of Ho Chi Minh City, the Vietnam Singapore Industrial Park has attracted more than 72 companies from 15 countries, among them Kimberly Clark, National Starch, Rohto Pharmaceuticals, Fujikura, Nitto Denko, Diethelm, Schneider, Roche, Esquel, and Toyo Tissue.

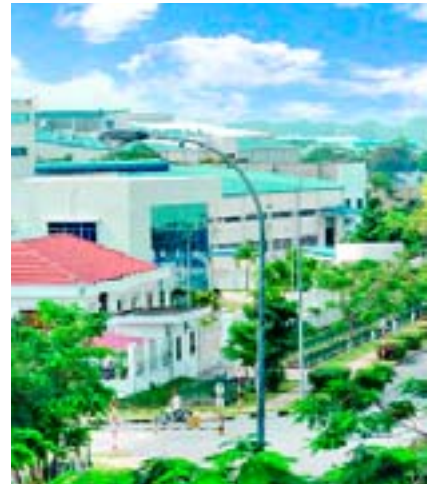
"One of our key advantages is offering a turn key ready to use factory and several companies have initially taken advantage of this before making a more sizable investment. In addition, investors can build their own factories on our prepared land with all infrastructures built in place" says the firm's executive director and

deputy CEO, Huynh Quang Hai.

VSIP offers investors a reliable manufacturing environment with their on site power plant, constant water supply with WHO standard, a modern sewage treatment plant and an abundant and advanced telecommunications system.

Additionally, VSIP recognizes the need to train skilled and qualified employees and has a Technical Training Center offering courses in electrical maintenance, mechanical maintenance, machining and electronics.

With over 10,000 workers at VSIP, senior management is taking the steps to train an employee force for



future tenant needs and also provide for the local province practical courses for over 370 students each year.

"Our employee base continues to upgrade their skills and we know that one of the key attractions to our investors and future tenants is the highly educated and motivated human resources here at the park," adds Mr. Hai. ■

VSIP is the most successful and well-known Industrial Park in Vietnam. Moving forward, VSIP is more than an Industrial Park development and management company; VSIP is developing townships that include residential, commercial, services and industrial facilities nationwide.



VIETNAM SINGAPORE INDUSTRIAL PARK



The successful Industrial Parks:

- VSIP I, 17 Km North of Ho Chi Minh City, 500Ha, Home of 236 committed projects with total investment capital of over \$US 1.6 billion.
- VSIP II, 35 Km North of Ho Chi Minh City, 350Ha, Part of a 4,200Ha Township, Home of 78 investors including Singapore's Mapletree Logistics Park of \$US 100 million.

New choices of investment location for investors

- VSIP II Expansion - 1,000Ha next to VSIP II is a part of Binh Duong Newtownship, land ready for hand-over starting October 2007.
- VSIP Bac Ninh, 700Ha including 200Ha Residential and Commercial, 500Ha Industrial Park. 18km from Hanoi, 35minutes to the International Airport, 1.5hours to Sea-port.

Land ready for hand-over early 2008

- More townships will be developed both in the North and the South in 2008.

MODERN & COMPREHENSIVE INFRASTRUCTURE

COMPLETE SERVICES TO HELP INVESTORS (One-Stop Service) :

- Dedicated CUSTOMER SERVICE
- Exclusive VSIP MANAGEMENT BOARD

ESTATE MANAGEMENT (24-Hour)

TECHNICAL TRAINING SCHOOL - SINGAPORE'S ITE STANDARDS

Head quarter: VSIP Building, 8 Dai Lo Hoa Nghi Street, VSIP, Thuan An District - Binh Duong Province, Vietnam, Tel: (84-650) 743 898, Fax: (84-650) 743 430

VSIP Hanoi: Hanoi Lakeview Building, 28 Thanh Nien Street, Tay Ho Dist., Ha Noi, Vietnam, Tel: (84-4) 7162330, Fax: (84-4) 7162315

Website: <http://www.vsip.com.vn> • Email: marketing@vsip.com.vn





A One-of-a-Kind New City Center for People to Value and Admire

In Saigon South, Phu My Hung (PMH) Corp. constructed its first apartments and first villas in mid of 1998. Today, PMH has built about 10,000 residential units, making the New City Center one of the most luxurious and quality living environs in Vietnam.

In addition to residential units, PMH and its investors are also creating a unique, state-of-the-art commercial district. Currently, the Lawrence - S.Ting Building, Broadway Office Park, Kian Home Center, Southern Cross Building, Ming Dynasty Restaurant and Waterfront project etc. have been providing quality spaces for offices, restaurants, and different kinds of shops in the commercial area of the New City Center.



3D of the Saigon Exhibition & Convention Center

Twenty new projects, which include office buildings of Manulife, Vinamilk, AA Decoration, Hoa Binh Construction and other major international firms will also be constructed in the commercial district. To meet increasing demands, more than 10 banking institutions such as VCB, Mekong Housing Bank and Techcom Bank etc. have already opened banking services.

Khai Silk and Thuy Loc Group are investing USD22 million to build Saigon Paragon Department Store, which will include a USD4.9 million cinema center housing 8 theaters. The department store is set to open by end of 2007.

Saigon Tourist and PMH Corp. teamed-up to invest in the building of the Saigon Exhibition & Convention Center.

The first exhibition hall started its construction on April 20, 2007 and is planned to be opened in 4th quarter of 2008. It will offer plenty of parking spaces and facilities for meetings and

conferences. Upon completion, the project will include 4 exhibition halls, a 36-floor office building, and a five star hotel equipped with an international convention center and shopping facilities. Total investment amount for this four-in-one project will be about USD200 million.

To provide added-value living, investors are launching their projects one after the other. Porsche & BMW have decided to open their car showrooms in early 2008. Through the joint efforts of residents, investors, PMH and the valuable support of the government authorities, the New City Center is creating its own unique character and is becoming one of the most beautiful new city center in the region.

Welcome to join us.

Contact:
Email: pmb-marketing-1@bcm.vn.vn
Home page: www.saigonouth.com



Department store with cinema complex



Image of Crescent Promenade District



SAIGON DESIGN CENTER

Phu My Hung's long-standing presence

One of the **first overseas companies** to see Vietnam's potential, Phu My Hung has put down deep roots.



One of the first foreign companies to see Vietnam's potential has been the Taiwan-based Central Trading Development Corporation, which has invested more than \$700 million in infrastructure projects through its Phu My Hung division here over the last 18 years, making it one of the largest overseas investors in Vietnam.

Chairman Arthur Ting says Vietnam was the logical choice for the Taiwanese company when it decided to expand regionally: "Around 60% of the population is under thirty years old which is rare in the world. They are very diligent, very intelligent and have the same policies and work ethics as Taiwan thirty years ago. They have their own agenda and they know they can go faster but they choose to move ahead at a controlled speed. They are doing a great job managing this and they understand the value of maintaining a 7.9% growth rate over twenty years versus a higher level over ten years," he says.

The company is currently involved in the urban extension of Ho Chi Minh City in partnership with the city's government and was among the first to develop infrastructure and residential and commercial buildings on 3,300 hectares south of downtown Ho Chi Minh City.

Phu My Hung completed the first batch of Western-style villas in 1998, but it was with the completion of a main road and offering quality living at 30 percent of the price of the main part of the city, that Phu My Hung was able to sell 2,000 apartments in 2000.

Now, the Phu My Hung urban area has five zones: new city center,

university place, high-tech center, and two merchandise centers. Prices of residential apartments have skyrocketed to between \$800 and \$1,200 per square meter, three times more expensive than downtown.

The self-sufficient community has been praised as an urban residential

"People come in, lease a space, set up a factory, import materials and export a finished product,"
— Arthur Ting

model for Vietnam, and the Central Trading and Development Group became one of the largest and most successful foreign investors in the country.

"We will continue to develop the area to accommodate a population of 1 million in the next 10 years," Arthur Ting said.

Targeting Vietnam's business potential after joining the WTO, Phu My Hung is now building an international-scale exhibition hall, which is expected to bring in huge business and the status of a new world trade center, Ting said.

Phu My Hung's investment includes the Tan Thuan export processing zone that has attracted 108 companies with trade volume of US\$1.3 billion per year, and the Hiep Phuoc power plant that supplies electricity to the area.

Tan Thuan is conceived as a non-

pollution, light industrial export park, explains Mr. Ting. "People come in, lease a space, set up a factory, import materials, and export a finished product," he says. Around 165 companies employ about 60,000 employees. The majority are Taiwanese and Japanese companies, with about ten countries represented.

"It is a great source of jobs, and supports both infrastructure and the supply chain of resources in Vietnam," says Mr. Ting. "We have seen it grow from having a strong emphasis on more basic industrial functions to high tech. There are several chip design firms moving into the park including a deal we are working on with an American microchip producer that would like to set up here. We are working on setting up a project called the Vision Park which is a 40 hectare software park inside the zone, he says.

Corporate social responsibility

As part of the company's corporate social responsibility program it is committed to improving education in Vietnam, and is the country's largest provider of scholarships.

"My father set up a foundation over a year ago and we have given out over three thousand scholarships since that time, says Mr. Ting. "We are now setting up a not-for-profit Vietnamese high school for 1200 students. We want to find a way to add value to the education system. We would use the Vietnamese curriculum but add value through language and science," he concludes. ■

Sai Gon Invest Group

Industrial parks provide overseas investors with everything they need to operate in Vietnam.

Vietnam's government have worked hard to divert much new development towards the country's extensive rural hinterland, which is being opened up with a massive program of roads, tunnels and bridges. Unlike in Cambodia and China, where peasants are turfed off their land with little or no compensation, Vietnam's more consensus-minded authorities are ensuring that the small farmers displaced by the city's expansion get decent compensation. Prosperity here is not, so far, thumbing its nose at the poor.

The areas around Ho Chi Minh City and Hanoi are home to the majority of the country's biggest industrial parks (IPs), and have been successful in attracting big overseas names.

The Sai Gon Invest Group (SIG) is scheduled to begin construction soon on what will be one of the largest industrial zones in northern Vietnam. A leading investor in industrial parks, SIG owns 15 IPs nationwide worth about US\$800 million Dang Thanh Tam, the chairman of SIG's management board, says the group selected Quang Chau as the location for the industrial park for its proximity to transportation facilities and in antici-

pation of an influx of foreign direct investment, particularly from Japan, Taiwan and South Korea.

Praise for local government's role

Mr. Tam cites the Que Vo zone in the northern province of Bac Ninh, which is now nearly full after just three years, as evidence of strong demand. Que Vo is currently operated by the Kinh Bac City Development Shareholding Corporation, another subsidiary of Saigon Investments. He has nothing but praise for the local government's help in setting up the project.

"During Que Vo's construction, the authorities helped clear the site and give compensation packages to those already living there. They also persuaded farmers to give up more land if we need additional space later on," he says.

The establishment of the Que Vo IP came along at the same time Japan began promoting investment in Viet Nam. "Along with policies making foreign investment easier, the great location of our IP got the attention of Canon, a huge camera manufacturer in Japan, proving highly lucrative for the success of our IP in the coming years, explains Mr. Tam.

Working on the basis that "the customer is king", and as an investor in construction, Mr. Tam says that his company understood the need to provide help to clients.

"When an investor comes to Vietnam to do business, we supply them with free consulting services. If investors decide to set up shop in any of our IPs, we provide them with customs information, research on markets here, healthcare options and even useful products like fire extinguishers," he says, adding that SIG also helps companies establish themselves with the provincial authorities and will act as a mediator with questions or concerns. "We help them create proposals to government offices and open low interest or no collateral bank accounts, if need be," says Mr. Tam.

The company also supports and funds social programs, providing aid to families affected by natural disasters, taking care of the elderly, and awarding scholarships. "We do this wherever we do business and it helps people see that we are a socially responsible company. People associate goodwill and charity with SIG," he says.

Looking to the future, Mr. Tam says that Vietnam's membership of the WTO can only be good for businesses like SIG.

"SIG has many advantages as a domestic company, because we can access authorities and get their support for our projects more easily. To remain competitive, we have built IPs in the south and north to be ready for any investors' needs. We believe we are more than prepared to meet any future challenges in this field," he says. ■

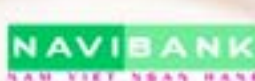
Since 1925, guests of the Majestic Hotel have enjoyed its unique blend of French hospitality, Asian grace, and superlative views of the Saigon River. Located in the center of the city's business and diplomatic district, the Majestic Hotel is one of Vietnam's premier international hotels.

MAJESTIC HOTEL
 1 Dong Khoi Street, District 1,
 Ho Chi Minh City, Vietnam
 Tel: (84-8) 8295517
 Fax: (84-8) 8295510
 E-mail: majestic@majesticsaigon.com.vn
 Website: www.majesticsaigon.com.vn



SAIGON INVEST GROUP

Leading Industrial Parks, Banking, Housing & Resorts



Leading Industrial Park developer in Vietnam with perfect services, ideal location, best choice for investors. We own and manage 18 Industrial Park in Vietnam.



The Northern Part of Vietnam: 7 IPs

- Quang Chau Industrial Park: 426ha
- Que Vo Industrial Park: 600ha
- Dai Dong - Hoan Son Industrial Park: 230ha
- Kinh Bac Industrial Park: 1000ha
- Hong Ha Industrial Park: 600ha
- Thong Nhat Industrial Park: 1000ha
- Trang Due Industrial Park: 600ha

The Central Part of Vietnam: 3 IPs

- Expand Hoa Khanh Industrial Park: 323ha
- Lien Chieu Industrial Park: 374ha
- Nhon Hoi Industrial Park: 630ha

The Southern Part of Vietnam: 8 IPs

- Vinatex-Tan Tao Industrial Park: 183ha
- Tan Duc Industrial Park: 273ha
- Tan Phu Trung Industrial Park: 543ha
- Hung Phu Industrial Park: 350ha
- Nhon Trach 6 Industrial Park: 325ha
- Phu Huu Industrial Park: 162ha
- Tan Tao Industrial Park: 460ha
- Sai Gon - Binh Phuoc Industrial Park: 436ha

Resort and Residential Area:

- Robin Hill Resort - Dalat, Lam Dong Province: 200ha
- Lagi Resort - Binh Thuan Province: 200ha
- Da Nang Resort: 12ha
- Cat Lai Residential - Ho Chi Minh City: 400ha
- Phuc Ninh Residential - Bac Ninh Province: 120ha

Contact Us:

Tel: +84 241 214688 Fax: +84 241 634035
 Email: info@kinhbacocity.com
 Website: www.saigoninvest.com

BIDV readies for competition

Vietnam's entry into the World Trade Organisation (WTO) late last year has brought much-needed competition to the banking sector.

In a move that has immediately attracted overseas interest, four leading state-owned commercial banks—Vietcombank, MHB, Incombank, and BIDV—will be privatized this year, although the state will retain a majority stake in the banks, which together command a market share of 70%. The Bank for Investment and Development of Viet Nam (BIDV) expects to select two multinational financial institutions as its strategic partners following privatization, and will announce them by September of this year, before its IPO in the fourth quarter.

"The Government does not want

us to select domestic institutions as strategic partners, as BIDV needs overseas experienced financial institutions to consult with the bank on technology, training, and governance," says BIDV's CEO Tran Bac Ha.

"I also think, to some extent, that foreign strategic partners are better," Ha adds.

A single foreign investor can hold only up to 10% of the shares in a domestic bank, although the State Bank of Viet Nam is revising a regulatory framework that allows a single foreign entity to hold up to 20% in a local bank. Total foreign ownership in

a single bank is capped at 30%.

"We plan to list BIDV shares on the domestic bourse in 2008 and later on the Singapore stock market," said BIDV general director Tran Bac Ha. All of the privatized state-owned banks expect to eventually list on foreign stock exchanges.

Tran Bac Ha said the bank would hire the Ministry of Finance's auditing firm to calculate the bank's tangible assets while the bank would hire an international auditor for intangible assets.

The country's second-largest bank has been aggressive in seeking out local strategic partnerships and investments in many areas, including large-scale infrastructure projects.

BIDV has also found itself to be a major player by coming onboard with the Dak Drinh Hydro-electric Power Company, Sai Gon-Long Thanh-Dau Giay highway and Viet Nam-Laos hydroelectric plant projects. ■

50
BIDV
26.4.1957 - 26.4.2007

**SHARE OPPORTUNITIES
SHARE SUCCESS
BIDV**

A prestigious bank in Vietnam which has

- * A network of more than 440 branches and transaction outlets nation-wide and 1000 correspondent banks world-wide.
- * BIDV Insurance Company (BIC), Securities Company (BSC), Financial Leasing Company, Asset Management Company and BIDV Financial JSC.
- * A joint-venture with Vietnam Partner LLC, USA (BIDV-Vietnam Partners Investment Management joint-venture Company).
- * A joint-venture with the Public Bank Berhad, Malaysia (VID-Public Bank).
- * A joint-venture with the Bank for Foreign Trade of Laos (Lao-Viet Bank).
- * A joint-venture with Bloomhill Holdings Pte Ltd, Singapore (BIDV Tower joint-venture Company).
- * A joint-venture with the Vneshtorgbank, Russia (Vietnam - Russia Bank).

www.bidv.com.vn

BANK FOR INVESTMENT AND DEVELOPMENT OF VIETNAM

Habubank looks for **foreign** partner

Due to launch on stock exchange, bank offers solid local presence and know-how.

Founded in 1988 in Ha Noi, Habubank is the first joint stock commercial bank in Viet Nam. It currently has 21 branches with around 560 employees providing retail and business banking services. It has recently received the award "Viet Nam Bank of 2006" from The Banker magazine.

Following an agreement to sell 10% of its capital to Deutsche Bank at a price 5.4 times higher than the face value, this year should see the Hanoi Housing Development Bank (Habubank) list its shares on the stock market.

"I think that foreign partners should not only be investors, but friends: they have to develop together with us."

– Bui Thi Mai

General director Bui Thi Mai says that in total, Habubank plans to sell 25% of its total shares to strategic shareholders, both domestic and foreign, and the share price will be at least five times higher than the face

value. The share sale to strategic shareholders is expected to bring the surplus of \$143 million.

She says the IPO should be seen in the context of the arrival of foreign banks. "We see both opportunities and challenges for domestic banks. But we have prepared for those opportunities and challenges. Foreign banks coming to Vietnam will have certain advantages: strong financial resource, very good technology, and good management skills," she says.

She says the question facing domestic banks is choosing a strategic partner from the new overseas entrants. "I think that foreign partners should not only be investors, but friends: they have to develop together with us." ■



values form trust



HABUBANK
Values form trust

Head Office
B7 Giang Vo, Ba Dinh Dist., Hanoi, Vietnam
Tel: 84-4 8 460 135/38; Fax: 84-4 8 235 693
Email: mysay@habubank.com.vn

www.habubank.com.vn

Tourism sector moves **upmarket**

For many years, Vietnam was the preserve of adventurous backpackers. But increasingly, the country is succeeding in attracting higher-end visitors. And tourists looking for an up-market hotel experience are likely to head for venues such as the charming, 80-year-old Majestic in Ho Chi Minh City, or Hanoi's Hotel Daewoo, the city's first five-star venue.

The graceful Majestic underwent a \$5 million floor-to-ceiling renovation in the mid-1990s, combining European and Vietnamese style, design and furnishings. But, as general manager Tao Van Nghe points out, the hotel now has big plans for the future: "The master plan for the Majestic is to expand one side of the hotel. This is a mega project that we are investing millions of dollars into and will take approximately three years to complete."

World-class hotels are making Vietnam an increasingly attractive destination for business travelers.

The new extension will feature a 29-story tower with shopping area, offices for lease, and around one hundred and eighty new guest rooms. "With this premier location we will be well placed across the Saigon River from the new city developments planned for that area," says Mr. Tao, adding: "The future for the Majestic is excellent."

The modern Hanoi Daewoo Hotel has been setting the standard for luxury in the northern city since 1997, when it became a member of the World's Leading Hotels, which includes 312 deluxe hotels around the world.

Situated on the shores of scenic Thu Le lake, in the heart of Hanoi's business and diplomatic quarter, this 15 storey apartment building and an 18 storey office tower provide 411 elegantly and beautifully appointed guest rooms set amid lush gardens.

Managing director Kim Ik Huan says that over the last three years, conference tourism has increased significantly. "Vietnam will become a top destination," he predicts.

He says the Daewoo intends to remain the "number one hotel in town", which means offering new and better services. ■



At the Hanoi Daewoo Hotel, you won't have to travel far to see the beauty of Viet Nam. The hotel is situated in a spectacular garden setting overlooking the beautiful Thu Le Lake.

Located in the exclusive diplomatic and business district, a mere 30 minute drive from the airport and close to downtown. Enjoy Vietnam's unique scenery with five star comfort and service.

Hanoi Daewoo Hotel is the choice of accommodation for Royalty & Heads of State. It is also known for its gallery of Vietnamese fine arts.

Discover Lifestyle Experience



HANOI DAEWOO HOTEL

360 Kim Ma, Ba Dinh, Ha Noi, Viet Nam
Tel: +84 4 831 5000 Fax: +84 4 831 5010
E-mail: info@daewoohotel.com.vn Website: www.hanoi-daewoohotel.com

MEMBER OF
WORLDHOTELS
DELUXE COLLECTION

Vietnam Airlines set to become leading regional carrier

Vietnam's membership of the World Trade Organization means the country's national carrier, Vietnam Airlines, will gradually lose some of its home advantages.

Vietnam Airlines chairman Nguyen Sy Hung says strong tourism growth, both domestic and foreign, will help the company fill seats on planes even as Hanoi opens its skies to greater competition. At the same time, international demand for high-quality Vietnamese debt and equity will enable it to fund growth through international markets if domestic sources are limited.

The company is now spreading its wings to the rest of the region, a policy that will help it sustain a healthy growth rate in the years ahead. By 2020, he predicts that a \$3 billion investment plan will have transformed the company into a regional carrier with a fleet of 100 planes, and Vietnam into a regional hub.

"We want to be one of the leading carriers in the region in terms of service quality and economic efficiency"

Vietnam Airlines has been growing at around 14.5% over the last five years, which nearly 8 million passengers this year and revenue of \$1.3 billion.

This growth is partly due to improved marketing, says Mr. Hung. "VA will be promoted much more often in the international television media. We will also organize events to promote the airline and the country. For example, at the end of this

year we will launch direct flights to the United States, so we are going to be cooperating much more with the US tourism industry."

VA's growth will be heavily determined by the expansion of the tourism sector, which has been growing at 20% a year. "In 2007 we expect over four million tourists to visit Vietnam. VA works closely with the tourism sector. In 2001 we launched direct flights between Vietnam and Japan. I hope in the future we can cooperate further between other countries and begin more effective and efficient projects to benefit the tourism industry," explains Mr. Hung.

Impact of WTO

Obligations already made under existing trade and investment deals, as well as those arising from entry into the WTO, will take from Vietnam Airlines the de facto monopoly position it has enjoyed during much of its recent growth. Although Vietnam has opened slowly to foreign carriers over the past decade, Vietnam Airlines still controls many overseas routes and almost all domestic ones.

But constraints on the number of affordable lease aircraft it can contract in are making it hard to expand services while awaiting delivery of planes it has bought but not yet received.

"We will receive delivery for four

new Boeing 787s in 2009. We will also be purchasing up to ten additional long-range aircraft. This will increase our transportation capability; we hope that by 2010 we will have reached a passenger capacity of ten million people," says Mr. Hung.

Aware of the growing trend toward alliances, VA already has agreements such as book sharing

and block seating with American Airlines, China Airlines, Cathay Pacific, Air France and Lufthansa. In December 2006, IATA admitted VA as a full member.

"The accession of VA into IATA is a milestone for the airline's development and international recognition," says Mr. Hung, adding: "It has helped to enhance VA's reputation among other airlines and creates a more positive situation

as we move forward into future joint ventures, partnerships and alliances."

But the arrival of low cost carriers in the Vietnamese market may threaten the full-service carrier at it builds its market position, say analysts. "Low cost carriers will pose a threat" to future growth," says Mr. Hung.

Tiger Airways and Air Asia have been offering discount routes to Singapore and Bangkok respectively from Vietnam since 2005. A discount route to Kuala Lumpur opened in 2006. Singaporean carrier Jetstar Asia has also begun no-frills flights to Vietnam.

But Mr. Hung is confident that the company is on track to be the major regional player. "In the coming five to 10 years we have a lot of potential. We will be one of the leading carriers in the region in terms of service quality and economic efficiency," he predicts. ■



Chairman of Vietnam Airlines, Dr. Nguyen Sy Hung



Discover yourself. Where dreams take flight.

To rise and grow, it's a dream we share with our nation. A vision that has driven us to nurture the best talents and own one of the world's youngest and most modern fleets including the definitive B777, empowering us to connect you to your dream destinations faster in the comfort of advanced in-flight amenities. It's testament to our dedication in realizing our dream, and yours too. New B777s. New young fleet. New experiences.

www.vietnamairlines.com

 **Vietnam Airlines**
Bringing Vietnamese Culture to the World