

## BASIS elects top officials



STAR BUSINESS DESK

Shameem Ahsan, chief executive of Akhoni.com, was elected president of Bangladesh Association of Software and Information Services for the second time for a two-year term, BASIS said in a statement yesterday.

Other elected executives include Uttam Kumar Paul from Best Business as secretary general, and Russell T Ahmed from Team Creative as senior vice president.

## Stocks take a hit from profit booking

STAR BUSINESS REPORT

Stocks declined for the second day as investors sold off scrips to pocket profits.

DSEX, the key index of the Dhaka Stock Exchange, closed at 4,466.62 points, after falling 13.90 points or 0.31 percent.

The shariah index of Dhaka bourse, DSES, went down 10.26 points or 1 percent, to close at 1,009.07.

"The first session of FY 2014-15 faced a hit from profit booking," said IDLC Investments.

However, positive news on banks' H1 2014 operating earnings instigated some investors to take position in the sector earlier in the day, the investment bankers said.

"The banking sector was up 0.11 percent as operating profit figures of banks came in. Operating profits for most banks rose in the first half of the year due to the return of normalcy on the political front after a turbulent year," said LankaBangla Securities.

Primary figures from 15 commercial banks on Tuesday showed that their profits between January and June increased 10 percent year-on-year to Tk 3,731 crore.

Turnover, one of the most important

indicators of the market, declined 35.99 percent to Tk 248 crore, compared to the previous day as bourses cut trading hours to accommodate Ramadan.

Of the 290 issues that traded on the DSE, 168 declined, 91 advanced and 31 remained unchanged.

Among the major sectors: foods gained 2.86 percent and banks 0.11 percent.

Non-bank financial institutions lost 2.82 percent followed by telecoms 1.42 percent, pharma 1.12 percent, and power 0.13 percent.

Beximco was the most traded stock with 92.52 lakh shares worth Tk 31 crore changing hands, followed by Grameenphone, United Airways, Lafarge Surma Cement and Square Pharma.

Alhaj Textile Mills was the day's highest gainer, posting a rise of 9.99 percent, while Meghna Life Insurance was the worst loser, slumping by 15.44 percent.

Chittagong Stock Exchange ended flat with its selective categories index, CSCX, losing 2.15 points, to close at 8,504.84.

Losers beat gainers by 129 to 51, with 21 issues remaining unchanged at the port city bourse that traded 77.51 lakh shares and mutual fund units with Tk 20 crore turnover.

## Taiwan's airline to boost flights to China

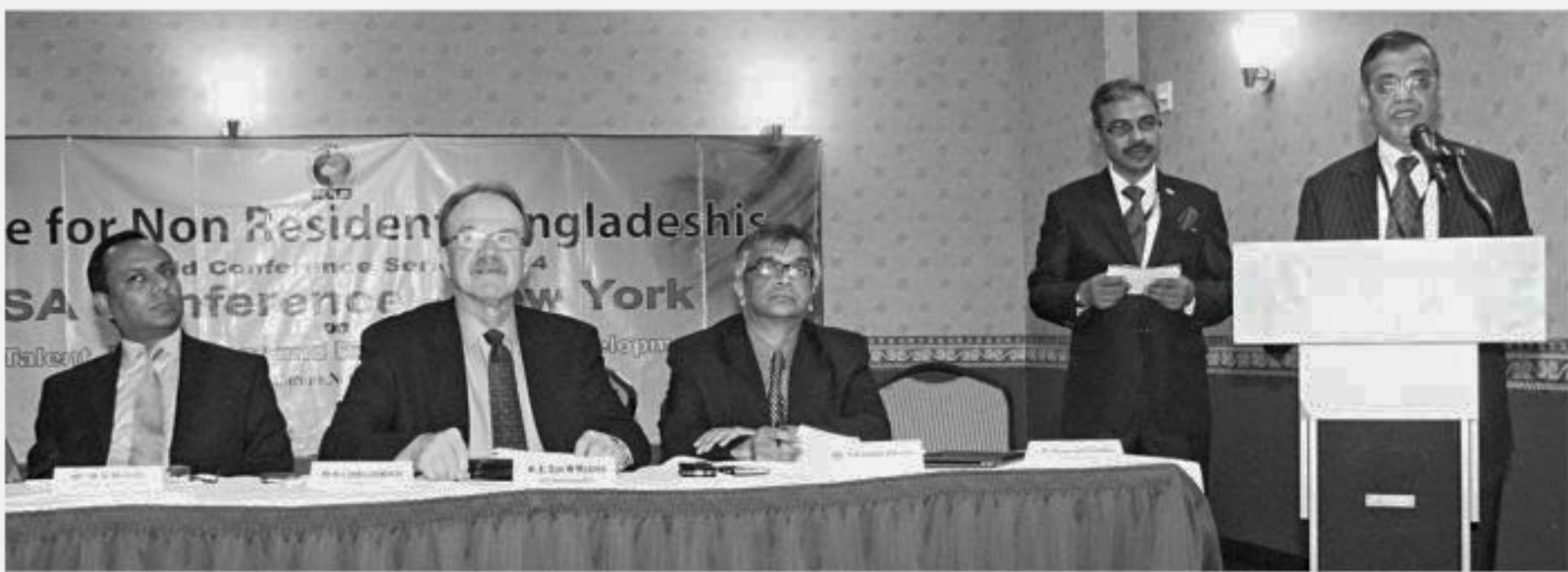
AFP, Taipei

Taiwan's largest carrier China Airlines said Wednesday it would increase the number of flights to China by around 18 percent before mid-July to meet rising demand.

The company said in a statement it would fly to four new destinations on the mainland -- making a total of 32 -- and add flights to three cities to increase its weekly flights to China to 152 from 129.

The airline said it hopes the additional flights would enable tourists from both sides to arrange their trips more conveniently and boost the tourism market.

China has replaced Japan as the biggest source of visitors to Taiwan after relations improved markedly between the former bitter rivals in recent years.



TRUST BANK

Ishtiaque Ahmed Chowdhury, managing director of Trust Bank, speaks at the world conference series 2014 on NRB talent, investment and remittance for development organised by the Centre for Non Resident Bangladeshis in New York, USA recently. Dar W Mozena, US ambassador to Bangladesh, was also present.

## Lenovo expects IBM, Mobility deals to be completed by year end

REUTERS, Hong Kong

Proposed purchases by China's Lenovo Group Ltd of IBM Corp's low-end server unit and Google Inc's Motorola Mobility business should be completed by year-end, Lenovo Chief Executive Officer Yang Yuanqing said on Wednesday.

The deals are currently undergoing approval by US and Chinese regulators.

"Both deals are under the approval process in the two countries and they are progressing," Yang said at Lenovo's annual general meeting in Hong Kong.

"We hope to complete the two deals by year-end," he said. "The US government...and US Army are all our clients. There has been no issue and we will keep this tradition."

Last week, the Wall Street Journal reported that the \$2.3 billion IBM deal was in limbo while the US government investigated national security issues.

The January announcement for the acquisition came nearly a decade after Lenovo bought IBM's money-losing ThinkPad business for \$1.75 billion, which had also faced scrutiny.



EBL

Nazeem A Choudhury, head of consumer banking at Eastern Bank, and Ruhul Alam Al Mahbub, managing director of Fair Distribution (FDL), attend the signing of an agreement for EBL card holders at a programme in Dhaka recently, to help them buy Samsung mobile sets from designated FDL outlets on interest-free instalments.



MJL

Md Moazzammel Haque Khan, chairman of MJB Bangladesh, presides over the 16th annual general meeting of the company at Chittagong Boat Club, in the port city recently. MJL announced 25 percent cash dividend for 2013. Azam J Chowdhury, managing director, was also present.

## Investment banks jockey for \$100m Samsung restructuring bonanza

REUTERS, Hong Kong/Seoul

Investment bankers are jostling to win plum roles from the founding Lee family of Samsung Group, South Korea's top fee-payer, as it prepares to hand the baton to the next generation in a restructuring that could land more than \$100 million in advisory fees alone.

Foreign and Korean investment banks are bringing in their chief executives and top dealmakers to pitch for a glut of deals as the \$407 billion Samsung Group untangles an empire that ranges from electronics to financial services.

Banks' top executives have long courted the Samsung Group as it's among Asia's top fee-payers. Citigroup's chief executive Mike Corbat flew to Korea last year to meet with Samsung management, according to a source with direct knowledge of the matter, while last month Asia-Pacific head Stephen Bird travelled to Seoul.

Now, as the group's restructuring accelerates, Korean and foreign investment banks are assembling large teams, sending their CEOs to pay their dues at Samsung HQ and boosting research coverage of the group to try and win lucrative work from the conglomerate.

"There are potentially hundreds of transactions that can be done to simplify the Samsung group structure," said Shaun Cochran, head of Korea at CLSA, which published a 178-page report on the group on June 16.

As well as untangling the group's complex web of businesses, the restructuring could also ease a potential \$6 billion tax bill faced by the Samsung heirs.

Unlike large Western companies that often retain a 'house' bank, bankers say Samsung keeps them on their toes by fostering competition for each and every deal

as it believes it gets better service that way.

Since 2010 the group has paid an estimated \$167 million in fees, the most among Korean corporates and the tenth-highest in Asia outside Japan, according to data from Freeman Consulting. So far this year, it has paid \$21 million in fees, compared with \$13 million for all of 2013.

Bankers estimate Samsung could pay more than \$100 million in fees over the next two years.

With revenues from trading and dealmaking dwindling, global banks in Asia have culled staff and focused on cross-selling to the region's few serial fee payers.

That makes a group like Samsung, whose Samsung Electronics Co Ltd is the world's biggest smartphone maker, a top target for banks. In return, Samsung is a demanding client even by investment banking standards.

"For a one hour meeting with them, we'll do thirty man-hours of preparation so we don't waste their time," said a senior executive at a foreign investment bank in Seoul.

The sprawling Samsung conglomerate, whose 2012 revenues accounted for more than a quarter of South Korea's nominal gross domestic product, appears to be accelerating a restructuring after patriarch Lee Kun-hee, 72, was hospitalized in May.

Last month, Samsung Everland Inc, a key holding company within the group, announced plans for an IPO, following a similar announcement in May by IT solutions unit Samsung SDS.

Other mandates include battery maker Samsung SDI Co's acquisition of electronics materials affiliate Cheil Industries Inc, and a potential renminbi-denominated bond for Samsung Electronics.

## IMF backs cuts in energy subsidies

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"Bangladesh has had a remarkable economic and social performance over the past two decades, with significant poverty reduction and low, stable levels of inequality."

He also said Bangladesh has a vibrant economy and strong potential to achieve higher and sustained inclusive growth.

"Realising this potential will require safeguarding macroeconomic stability, further strengthening the financial sector, business climate and labour conditions and building fiscal space to increase the level and quality of spending on health, education, and critical infrastructure."

Shinohara said the IMF would continue to work closely with the government to support the policies and reforms oriented toward safeguarding macroeconomic and financial stability and achieving higher growth and further poverty reduction.

He said political stability is an important issue, and the commitment of the government needs to be supported by strong political consensus on various issues. The IMF official, however, declined to comment on the debate over the credibility of the economic data produced by the national statistical agency. "I don't have any knowledge on the quality of the data produced by Bangladesh Bureau of Statistics. Every country has a certain degree of problem with economic data."

He also urged the country to be cautious in adopting capital account convertibility from current account convertibility. "Generally speaking, liberalising market and making it based on the market forces is good. The question is in what ways you should achieve the ultimate goal."

"I think you have to be very careful in taking steps, taking into account all the possible implications on the economy from the unexpected movements it might cause."

Capital account convertibility is a feature of a nation's financial regime that centres on the ability to conduct transactions of local financial assets into foreign financial assets freely and at country determined exchange rates.

## Steering Asia along a low-carbon path

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There are eight such countries in Asia and the Pacific at present—Bangladesh, Cambodia, Indonesia, Lao People's Democratic Republic, Maldives, Mongolia, Palau, and Vietnam—and Japan plans to expand this list.

This is the first such trust fund to be hosted by a multilateral development bank under the JCM. The JFJCM will provide finance and technical assistance to overcome barriers to adoption of low-carbon technologies, including high initial up-front costs and perceived risks that such technologies may not perform.

Moreover, it will help demonstrate the suitability of these technologies in places where they are not yet widely used. The JFJCM will be available to support sovereign and private sector low-carbon projects in participating countries.

Asia's transition to low-carbon growth is crucial to global efforts to mitigate climate change. Funds such as the JFJCM are among the many new promising initiatives to promote low-carbon growth where it is needed most.

Bindu N Lohani is the vice-president for knowledge management and sustainable development at the Asian Development Bank.

## Palli Sanchay Bank edging closer to reality

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A representative from the legislative and parliamentary affairs division, two upazila chairmen selected by the government and four experts on rural economy and macro-financing, will also be present in the board.

Palli Sanchay Bank will not be governed under the Banking Companies Act, meaning it would remain mostly out of bounds of the central bank.

But like Grameen Bank, it would have to submit reports as per Bangladesh Bank's demands and its audited reports would be presented to the government and BB at the end of each financial year.

The managing director can be appointed from the board or from outside,

with BB's approval. He/she would be allowed to serve in the position until 65 years of age, in contrast to the maximum age of 60 for Grameen Bank's MD.

The activities of the specialised bank, in many aspects, would also resemble those of Grameen Bank. Like Grameen Bank, it will collect deposits and lend to its members.

The bank will provide small loans aiming to alleviate poverty and get the rural poor into the habit of saving.

The One House, One Farm is a project under the Annual Development Programme, the first phase of which started in 1997. The second phase of the project started after the present government assumed power.



SUN HEALTHCARE

Michael Merson, director of Duke Medicine Global Support Corporation, and Amjad Khan Chowdhury, chief executive of the SUN Healthcare Foundation, attend the signing of an agreement at a programme in Durham, USA recently. Duke Medicine will advise SUN Healthcare on how to develop academic health system in Bangladesh.

## NBR slaps tax on farmland transfer

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The tax rate for municipalities situated in other areas such as the upazila level will be 2 percent of the quoted prices in place of the existing 1 percent.

Sajjad Zohir, director of Economic Research Group, said properties are registered quoting the rates determined by the government. In reality, actual transfer prices are higher than that, he said.

"The government should be realistic in determining the value of land and fix a rational tax structure," he said, while advising the government to enlist the services of independent survey firms to ensure proper value is reflected during land transfer registration.

The NBR received Tk 765 crore as tax from property transfers in fiscal 2011-12, up from Tk 485 crore the previous year, according to official data.