

# Huawei staff fear cuts as smartphone profits fall

REUTERS, Hong Kong/Barcelona

Staff at China's Huawei Technologies Co Ltd are bracing for possible jobs cuts after internal memos highlighted intense pressure to improve earnings and an executive said the flagship smartphone business had missed internal profit targets.

Huawei, which rose rapidly to become the world's third largest smartphone maker, is aiming to narrow the gap with leaders Apple Inc and Samsung Electronics. But the company faces challenges after losing its top spot in China, the world's biggest market, to new contender Oppo last year.

Huawei's mobile unit missed an internal profit target for 2016 even though revenues exceeded targets, Richard Yu, head of its consumer business division that includes mobile device operation, told Reuters in an interview at the Barcelona Mobile World Congress this week.

"It is still profitable but the profit margin is very low," Yu said of the unit that contributes around one third to the group's revenue.

In an internal memo sent last Friday, Huawei Group founder and CEO Ren Zhengfei urged all employees to work hard, saying the company would otherwise "fall apart".

"Thirty-something strong men, don't work hard, just want to count money in bed, is that possible?" Ren said in the

memo seen by Reuters. "Huawei will not pay for those that don't work hard."

The remarks have unnerved some of Huawei's 170,000-strong workforce, 45 percent of which are in research and development, a division said by Huawei staff in online communities to be most insecure.

"Everybody is nervous," said a 36-year old engineer in Huawei's consumer business unit who declined to be identified due to the sensitivity of the issue.

"We are now all thinking more of the next steps, realizing permanent employment with the company is no longer a given."

According to company insiders, Huawei maintained its 5 percent annual quota to eliminate the worst performers, but was seen indirectly pushing underperformers out by asking them to relocate to undesirable posts.

"Huawei does not have layoff plan," the company said in an emailed response, declining further comment.

Consumer business chief Yu said in his New Year's address to staff that the company needed to adhere to a "streamline strategy" in personnel as well as product portfolio as it must make profitability its focus in 2017.

"We will seek to improve efficiency and profitability by focusing on organizations at all levels, every employee, and every detail, and strictly control costs and risks to ensure sound development," Yu said in the memo, seen by Reuters.

# Strike takes a toll on transport of commodities

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Transporters have reportedly obstructed the movement of goods laden trucks to and from the Chittagong port and on the highways.

AM Mahub Ali, vice president of Chittagong Metropolitan Chamber of Commerce and Industry, said trade through Chittagong port is under threat as many transport business owners did not agree to rent their vehicles for the strike. According to businesses and port officials in Chittagong, around 2,000 containers are exported and the same number is imported every day on average through the port.

Omar Azam, general secretary of Chaktai Rice Merchant Association, said workers obstructed the goods carrying vehicles at many spots and many trucks could not reach Khatunganj on time. The prices of commodities may go up if the strike lingers, he fears.

Jafar Alam, member (administration) of Chittagong Port, said some workers tried to obstruct loading and unloading activities of goods at the port, but were unable to do so.

"Many exporters and importers, who have their own vehicles, are yet to feel the consequences of the strike."

When asked, Abdus Sabur, general secretary of Chittagong District Truck and Covered Van Workers' Union, denied the allegation that workers were obstructing the vehicles.

Our correspondent at Benapole, the country's premier land port, said around 1,000 trucks carrying goods, like fish and onions, were seen stranded at the port for the ongoing strike.

Showkat Hossain, commissioner of customs at Benapole, said the government is losing out on Tk 10 crore a day in taxes because of the strike.

Bhomra, another land port under the Satkhira district, is also facing the same ordeal as many trucks remain stranded at the port with perishable goods, such as fruits. Importers there said they are incurring heavy losses for the strike.



Hossain Zillur Rahman, executive chairman of Power and Participation Research Centre, and Md Amir Hossain, director-general of Bangladesh Bureau of Statistics, sign an agreement for a three-year action plan on statistics related to the economics of urbanisation, at a programme in Dhaka on Monday.

# Bangladesh enters cruise tourism

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The government has taken this opportunity seriously and has arranged everything to make it possible; various ministries and government agencies play an important role here, said Rashed Khan Menon, tourism minister.

"Cruise tourists can play an import role in boosting the sector that can directly impact our economy," said Menon.

The minister expects tour operators to take initiative and the government will sponsor them, he added.

Tourism Secretary SM Ghulam Farooque

said the government will ensure all kinds of incentives to help flourish the tourism sector. There is a scope to earn foreign currency directly, and it is a good source of employment, he added.

Bangladesh has long been trying to be a part of ocean cruise tourism, like Sri Lanka, India and the Maldives among the South Asian countries. Myanmar made it to the list in recent years, according to Bangladesh Tourism Board.

Bangladesh observed tourism year in 2016, which the government extended for another year.

# Govt funds raised in revised ADP

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This has created enough space for the government to put more local resources in the revised ADP.

At the meeting, Prime Minister Sheikh Hasina said the planning minister, after consultation with the finance minister, will allocate funds from the new resources taking into account a ministry's capacity to spend as well as its actual needs. According to planning ministry data, the unused foreign aid in the pipeline reached a new high of \$36.54 billion till February 27.

On Monday, Kamal said the militant attack at a Gulshan café on the first day of the current fiscal year slowed the utilisation of the foreign-funded projects. Many foreigners, especially those who were involved in mega projects such as mass rapid transit and Padma bridge, had left the country after the July 1 attack. "They [the foreigners] have come back after the situation has improved. The work of the projects has resumed. So, the utilisation scenario will improve."

The development allocation for the state enterprises has been slashed in the revised ADP. The planning ministry has earmarked Tk 8,595 crore for the public enterprises, which is 32 percent less than the original amount.



Nazeem A Choudhury, head of consumer banking of Eastern Bank, and Uzma Chowdhury, director for finance at Pran-RFL Group, exchange documents after signing a payroll banking agreement at a programme in Dhaka.

# New DMD for Mercantile Bank

STAR BUSINESS DESK

Adil Raihan has recently joined Mercantile Bank as deputy managing director.

Prior to joining Mercantile Bank, he has been serving Bank Asia as senior executive vice president, the bank said in a statement yesterday.

Raihan completed his MBA from Aligarh Muslim University, India. He started his banking career with ANZ Grindlays Bank as management trainee in 1995.

In his 21-year-long banking career, he has also worked for HSBC, Prime Bank and ONE Bank.



# Central Pharma says it doesn't make banned antibiotics

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Central Pharma also said it does not manufacture steroid and cancer antidote medicines.

"As a result, shareholders of the company do not have any reasonable ground to be confused and to panic. This instruction will have no impact on the production of the company."

So there is no scope for misunderstanding regarding this," it said in the posting. Central Pharma was listed on the stockmarket in 2013.

Its net profit stood at Tk 9.78 crore at the end of June 2016 with earnings per share of Tk 16.44. That compares with Tk 14.34 crore in net profit and Tk 16.27 re-stated earnings per share a year ago.

Each share of the company traded between Tk 29.5 and Tk 31.3 before closing at Tk 30.8 on the premier bourse yesterday. Sponsors hold 30.02 percent stakes in Central Pharma, while institutional investors own 13.44 percent and retail investors 56.54 percent.

# Banks' capital swells

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In four quarters from January 2016, the BB evaluated the banks' capital adequacy as per the Basel III standards.

Until December 31, 2015, the banks had to maintain their capital adequacy ratio at 10 percent of risk-weighted credit exposures. From 2016 to 2019, the banks will have to maintain their capital at 0.625 percent in addition to 10 percent as their CRAR.

In the last quarter of 2016, the CRAR of the private banks rose by 0.53 percentage points to 12.36 percent.

In the same period, the ratio increased by 1.22 percentage points to 25.37 percent for foreign banks. For the state banks, it was 5.86 percent on December 31 last year, a 0.24 percentage-point increase from the previous quarter.

# MD, directors of Libra Infusions fined for breaking rules

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The independent directors of Libra Infusions were, however, exempted from the financial penalty, the BSEC said in a statement.

Libra Infusions was listed in 1994. Its net profit stood at Tk 58 lakh last year, up from Tk 43 lakh a year ago.

On the Dhaka Stock Exchange yesterday, each share of the company traded between Tk 465 and Tk 473, before closing at Tk 468.9.

Sponsors hold a 34.43 percent stake in Libra, institutions 13.86 percent and general public the rest 51.71 percent, according to DSE data.

The BSEC also fined a stockbroker, Mirror Financial Management, Tk 2 lakh for breaching securities rules.

# Investment to fuel Bangladesh's growth: IMF official

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"Another way to achieve this needed increase in investment is to focus on raising revenues and lifting foreign direct investment," the visiting IMF official said.

He also suggested Bangladesh implement the VAT law. In addition, policies that remove red tape and simplify the trade regime should be put in place, he noted.

Furusawa said there is also a risk from increased geopolitical tensions and the fear of terrorism. This fear has already affected the outlook for various countries, especially in the Middle East.

Increasing refugee flows have clear implications for many countries, including in the advanced economies, he said.

"It is essential to address the root causes of these problems", he suggested.

In some advanced economies, there is a risk that an extended shortfall in private demand and inadequate progress on reforms could lead to permanently lower growth and lower inflation.

This could also have negative implications for debt dynamics, he said.

He also shed light on the recent developments in advanced economies that reflect discontent with globalisation.

"If this important political trend leads to increased protectionism, there could be implications for productivity and incomes, market sentiments and economic growth," he added.

He said the issues that some emerging market economies face include high corporate debt, declining profitability, weak bank balance sheets, and thin policy buffers.

If not addressed, these issues could increase the exposure of some countries in case of tighter global financial conditions, he said.

The Bangladesh economy has undergone a major transformation over the past two decades. This change has been spearheaded by the rapid expansion of the garment industry, which has helped reduce poverty and raise the employment of women.

The result has been a sustained increase in per capita income. It is important to recognise that Bangladesh is making important progress towards its goal of achieving a middle-income status.

Bangladesh also stands out in terms of development indicators. Poverty has been nearly halved since 1990.

Bangladesh also stands out among low-income countries in terms of life expectancy, child mortality and access to water and sanitation.

In addition, there has been good progress on financial inclusion. This includes efforts to enhance access and usage of financial services.

# Garment's green initiatives impress top IMF official

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Currently, Bangladesh has 13 platinum-rated, 20 gold-rated, 27 silver-rated and 7 LEED-certified garment factories. Seven of the world's top 10 green factories are from Bangladesh, including the top three platinum-rated industrial units, said KM Rezaul Hasanat, chairman of Viyellatex Group.

Platinum is the highest level of certification that a factory can earn. Hasanat said he can save more than 40 percent energy thanks to the green initiative.

He said green factories are not only about saving energy and water or protecting the environment, but also about ensuring a safe workplace.

"In a green factory, workers feel safe and confident," he said.

The entrepreneur said a green factory also houses schools, childcare, health care, recreation and training facilities dedicated to workers.

Speaking about his two green units, Hasanat said Eco Couture was designed in the concept of an opera house where artists work. "Garment workers are also like artists as they are involved in innovative work."

Located in Jogitola in the industrial belt, the LEED gold-certified two-storey Eco Couture is located on an 144,000-square feet space where all operations from sewing to packing of a product take place.

Ecofab is an extension of the group's woven business, Interfab Shirt Manufacturing Ltd. It is a modern environment-friendly production unit and was set up following the concept of a resort.

Both the units went into production last year. Hasanat has invested Tk 200 crore to construct the two units which employ 5,000 workers.

Olymp, Hugo Boss, Calvin Klein, PVH, DKNY, Marks & Spencer, Esprit and s.Oliver are the major customers of the group.



JCI Dhaka United, the newest chapter of JCI Bangladesh, held its inauguration ceremony at the Westin Dhaka hotel on February 10. JCI Bangladesh President Ahmed A Rahman, JCI Dhaka United Local President Jamil Uddin Bhuiyan and Local Vice President Syed Ibrahim Saajid attended the event.



MA Mannan, chairman of Butterfly Marketing Ltd, attends the annual sales conference of the company in Thailand.