

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSGX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY
▲ 0.19%	▲ 0.15%	\$1,329.10 (per ounce)	\$65.68 (per barrel)	▼ 0.41%	▲ 0.10%	▼ 0.19%	▲ 0.05%	BUY TK 83.20	93.00	106.50	0.74
5,735.92	10,631.26			35,352.61	21,302.65	3,259.80	2,755.65	SELL TK 84.20	96.80	110.30	0.78



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# Star BUSINESS

DHAKA WEDNESDAY FEBRUARY 20, 2019, FALGUN 8, 1425 BS • starbusiness@thedailystar.net

## Chinese loans coming at a snail's pace

### A high-level Sino-Bangla meeting in April to address the issue

JAGARAN CHAKMA

China has disbursed only \$500 million to Bangladesh out of the \$22.5 billion it promised during its President Xi Jinping's landmark visit to Dhaka in October 2016.

Deals aimed at bankrolling 27 projects were struck during the visit, but only five loan agreements for \$4.5 billion were signed since then.

It takes between three months to one and a half year for loan agreements to be signed, said a senior official of the Economic Relations Division.

As of January, China has disbursed about \$50 million against the ongoing projects, with another \$500 million likely to be on

**BY THE NUMBERS**

- China has disbursed only \$500mn so far
- Another \$500mn may be released by June
- Deals worth \$22.5bn were signed more than two years ago

way in June. Against the backdrop, Dhaka wants Beijing to expedite project evaluation and approval so that it can access the funds quickly to implement the projects.

"China-funded projects are slow-moving. It takes a lot of time for evaluation and approval."

A high-level talk between Bangladesh and China is scheduled for April to address the issue, the official said, adding that deals on two large power projects involving \$2.9 billion may be inked by June this year.

The Chinese embassy in Dhaka did respond to requests for comment on the matter from The Daily Star.



## Blue economy worth \$6.2bn

### Experts meet to identify areas for development

STAR BUSINESS REPORT

The ocean contributes more than \$6 billion annually to the Bangladesh economy and has the potential to generate more income, analysts said yesterday.

"There are a lot of opportunities in the area of blue economy, especially in post-harvest processing," said Jacqueline Alder, fishcode manager of the Food and Agriculture Organization (FAO).

Alder's comments came at the inaugural session of a two-day dialogue on Bangladesh's blue economy, jointly organised by the Ministry of Fisheries and Livestock and the FAO at Pan Pacific Sonargaon Dhaka to identify areas for development.

The gross value addition (GVA) of Bangladesh's ocean economy was \$6.2 billion in fiscal 2014-15, accounting for 3.3 percent of the country's total GVA.

Tourism accounted for one-fourth of the total, followed by marine fisheries and aquaculture at 22 percent, transport at 22 and energy at 19 percent.

The blue economy offers opportunities in fishery, mineral resources, shipping and energy, said Md Khurshed Alam, secretary to the maritime affairs unit of the Ministry of Foreign Affairs. Bangladesh has the right to fish and explore resources within 118,813 square kilometres of the Bay of Bengal.

"This was established several years ago but the country is yet to tap the opportunity."

At present, mechanised boats and industrial trawlers can catch fish up to 70 kilometres from the shoreline out of the total of 660 kilometres available.

The rest of the area remains untapped, he said, adding that steps have been taken to explore deep sea fishing, particularly of tuna.

"Not a single trawler has come until now."

Apart from trawling, there is also scope for marine aquaculture, which is done in several countries, including China.

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## Appollo Ispat's shock loss in July-December

AHSAN HABIB

Appollo Ispat's earnings per share nosedived in the first half of its financial year -- a surprising turn given the corrugated iron sheet maker's forecast of a jump in operating revenue for the period.

Its earnings per share for the July-December period stood at Tk 0.23 in the negative, down Tk 0.10 in the positive a year earlier, according to a posting on the Dhaka Stock Exchange website on January 31.

Earlier in March last year, the company had said its revenue will increase by Tk 540 crore annually due to higher production thanks to a new plant.

"This looks like cheating with stock investors as the company posted loss although it gave investors forecasts of higher revenue," said Abu Ahmed, a stock market analyst.

If the company has any reason for racking up the losses, it could have disclosed it, he said. As per listing regulations, companies have to disclose reasons for significant earnings swings.

Appollo Ispat's website was not live yesterday, so investors could not know whether it uploaded its financial statement on the site. No such link was also available on the website of the Dhaka Stock Exchange (DSE).

The half-yearly loss will not hurt the company's sponsors much as their shareholding stood at 20.24 percent as on January 31.

Appollo Ispat's share price almost halved to Tk 7.90 from Tk 15 in the last one year.

The corrugated iron sheet manufacturer got Tk 12 as premium when it listed in 2012.

Premium is an added amount to the face value of a stock and a company gets it at the time of offloading issues through an initial public offering.

**KEY POINTS**

- January 31, 2018: Half yearly EPS hit Tk 0.10
- March, 27: The announcement to open additional production unit came. The company estimated its yearly revenue to rise by Tk 540cr
- May 3: Three quarters' EPS hit Tk 0.13
- November 4: Yearly EPS touched Tk 0.05
- November 15: First quarter EPS went down to Tk 0.09 in the negative
- January 31, 2019: Second quarter EPS hit Tk 0.14 in the negative

"It is disappointing for investors as they don't expect that a premium-winning company will suffer losses," said Ahmed, also a former chairman of the economics department at Dhaka University.

The DSE would investigate Appollo Ispat to find out whether it deceived investors through the revenue disclosure, said KAM Majedur Rahman, its managing director of the DSE. The higher-ups of Appollo Ispat could not be reached for comments. The company's chairman, Deen Mohammad, did not respond to phone calls and text messages from The Daily Star.

Earlier on February 7, Abdur Rahman, a director of the company, agreed to share the reasons behind the fall in the EPS. He needed clearance from the management to disclose the reasons and promised to get back. He never did, and stopped receiving calls from the correspondent.

## US-Bangla to rent brand new aircraft

STAR BUSINESS REPORT

Bangladeshi carrier US-Bangla Airlines yesterday signed a deal with AerCap, a global aircraft leasing company, to rent a brand new Boeing 737 Max 8 aircraft for 12 years.

One of the most widely accepted aircraft in the world, Boeing 737 Max 8 offers the latest technologies, Imran Asif, CEO of US-Bangla Airlines, said while signing the deal at a city hotel.

The 172-seat aircraft is set to be delivered to US-Bangla in 2020, Kamrul Islam, spokesperson of the airline, told The Daily Star.

He said US-Bangla would be the first airline operator to use a Boeing 737 Max 8 in Bangladesh.

AerCap's website terms it the "most active" aircraft trader in the world that serves over 200 customers in approximately 80 countries with comprehensive fleet solutions.

As of December 2016, AerCap had 1,566 owned, managed or on order aircraft in its portfolio.

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## Post office goes big on e-commerce

### Crores of orders to be delivered in rural areas per year

MUHAMMAD ZAHIDUL ISLAM

Bangladesh Post Office has started delivering parcels for online marketplaces on a wider scale across the country -- a giant stride towards boosting e-commerce.

After two and a half years of preparations, the postal department has now started delivering about 500 orders a day for the country's renowned online platforms, said Sushanta Kumar Mandal, director general of Bangladesh Post Office.

The number of deliveries will hit 5,000 within the next couple of months, he said.

"We have opened a dedicated counter to handle the e-commerce issues and a group of people are also trained to manage it," said Mandal.

Delivering e-commerce products will be one of the major earning sources for post offices as a huge amount of assets and a large number of human resources have been left unused for years, he said. E-commerce entrepreneurs have started using infrastructure of the post office, which has the largest delivery network with about 9,000 post offices, mostly situated in remote rural areas, he said.

Different products were delivered against orders made through ajkerdeal.com, priyoshop.com and bagdoom.com under a pilot project jointly taken by the postal department and the e-Commerce Association of Bangladesh (e-CAB).



Building of the General Post Office is seen. The postal department now delivers about 500 e-commerce orders a day.

AKM Fahim Mashroor, founder of ajkerdeal.com, one of the leading local e-commerce ventures, said they have been using the postal delivery service to send out a few hundred products from their company every day and the output is fantastic.

Definitely their service quality has

improved and the charge is at a very minimum level, about Tk 30 for delivering a product to a district, which is almost half the cost of the previous system, said Mashroor, also a director of the Bangladesh Association of Software and Information Services.

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## Poor corporate governance chokes foreign investment

### Analysts say at IFC seminar

STAR BUSINESS REPORT

Poor corporate governance and a lack of quality manpower are major barriers to foreign investment in Bangladesh, analysts said yesterday.

Bangladesh has huge potential but still the country is suffering from a lot of barriers, said Daisuke Arai, country representative of Japan External Trade Organisation (JETRO).

"Lack of corporate governance is the biggest barrier in Bangladesh for Japanese investors."

The government should address the issues to attract foreign investors, Arai said while addressing a seminar on the "Role of corporate governance in investment decision making with Japanese stakeholders".

International Finance Corporation (IFC), a member of World Bank Group, organised the seminar with Japanese stakeholders at hotel Amari Dhaka.

The number of Japanese companies in Bangladesh increased 10 times to 269 in 10 years, said Takeshi Ito, deputy chief of mission at the Japanese embassy in Bangladesh.

In a welcome address, Takeshi said Bangladesh should prioritise issues of corporate governance to make the environment more investment friendly.

Investors want healthy balance sheets to decide in investing into a company, said Khalid Qadir, CEO of the Brummer and Partners.

Accounting systems need to be improved to bring transparency in balance sheets, he said.

He said there was a culture of investors making investment in an attempt to get dividend, as if dividends were their only right.

A cultural shift is needed among investors alongside that in focus on building the best corporate governance practices in the board, he added.

In the seminar, one from the audience raised a question on whether independent directors were playing their due role in boards.

In response, Swapan Kumar Bala, member of the Bangladesh Securities and Exchange Commission, said it was a challenge for independent directors to work independently.

He questioned whether the regulator can do anything if independent directors do not play their due roles willingly.

The condition of corporate governance has much improved in the past one decade, he said.

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## Govt, businesses seek Austrian FDI

STAR BUSINESS REPORT

Government high-ups and business leaders yesterday urged the Austrians to come up with foreign direct investment in Bangladesh to benefit from the business opportunity offered by the country.

The potential sectors where investment could be made include readymade garment, leather and footwear, shipbuilding, agro-processing, pharmaceuticals, medical equipment, automotive, electronics and technology-driven innovative businesses, they said.

The investment proposal came at a "Bangladesh-Austria Business Dialogue" jointly organised by the Business Initiative Leading Development (BUILD) and the ADVANTAGE Austria at the Metropolitan Chamber of Commerce & Industry, Dhaka.

In response, 11 visiting Austrian companies showed willingness to increase their trade volume with Bangladeshi businesses.

A business delegation, led by Karin Kneissl, Austrian federal minister for Europe, integration and foreign affairs, arrived on Sunday. It is scheduled to stay till Thursday

to explore probable scopes for business.

According to data from the International Trade Centre, trade between the two countries reached nearly \$870 million in 2017, in which Bangladesh's export to Austria stood at around \$787 million.

Bangladesh is very keen to get investment support from Austria for establishing hi-tech industries and skills development, said Md Mofizul Islam, secretary to the Ministry of Commerce.

Austrian businesses can focus on Bangladesh's energy, pharmaceuticals, healthcare and education sectors to invest their capital, he said while presenting a keynote at the dialogue.

The government is now offering different facilities to investors, including tax holidays, tariff concessions, avoidance of double taxation, cash incentives, export development funds and skilled worker permits, Islam said.

Though the bilateral trade is growing, there is no significant investment by Austrian entrepreneurs in Bangladesh, said Osama Taseer, president of the Dhaka

Chamber of Commerce and Industry.

He, however, expressed satisfaction at the indication of the current Austrian official trade mission that it would increase investment in Bangladesh.

Austria and Bangladesh can jointly expedite development in some areas involving the fourth industrial revolution-related technologies, robotics and artificial intelligence in transport, healthcare and

**AT A GLANCE**

- Trade between Austria and Bangladesh was \$870mn in 2017
- Bangladesh's export to Austria was \$787mn
- Potential sectors for Austrian investment: RMG, leather and footwear, shipbuilding, agro-processing, pharma, medical equipment, electronics

smart cities, Taseer said.

Robert Luck, commercial counsellor at the Austrian embassy in New Delhi, said it was encouraging to see how the bilateral trade had been growing for the last couple of years.

"We are here to find out how to increase the bilateral trade further in a more balanced manner and kick off investment in Bangladesh. Our goal for this business mission is also to spread awareness about Bangladesh in Austria," he said.

Last year, the Bangladesh-Austria Economic and Trade Forum was organised by the BUILD when an Austrian business delegation officially visited Bangladesh for the first time, said Md Mahbul Alam, chairman of the BUILD.

"The first forum meeting resulted in a project for skill development, irrigation and e-library. We are delighted to let you know that some other similar initiatives are going to mature this time in the field of medical equipment, health and education," he said.

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