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Vietnam Investment Review™

No. 1192/August 18-24, 2014

VIETNAM'S LEADING INTERNATIONAL BUSINESS NEWSPAPER

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PwC poised for further growth in Vietnam

► After 20 years of building partnership and creating value for its clients and government institutions, with a wide range of quality services, PwC is a success story in Vietnam and well prepared for further achievements in this key emerging market for the firm.

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Sands of time slip by on Vung Tau beach project

By Ninh Kieu

Bottlenecks over site clearance have halted a mammoth tourism property project in Ba Ria-Vung Tau for seven years.

The \$4.1 billion Saigon Atlantis resort and residential complex project, registered by the US-based Winvest Investment LLC, has remained in stasis for seven years as local authorities lacked funds for its site

clearance.

Licensed in 2007, the project covers a site of 300 hectares along the beach in Vung Tau and would comprise five-star hotels, villas and residential apartments. Winvest Investment has so far received only 87 hectares for the project.

"We tried, but the province can't afford the cost of site clearance," said Dang Minh Thong, deputy director at Ba Ria-Vung Tau's Department of

Planning and Investment, adding that the developer previously provided VND98 billion (\$4.6 million) for site clearance.

Thong said the provincial committee completed site clearance on 215 hectares of land at a cost of VND261 billion (\$12 million), but still needed an additional VND600 billion (\$28.5 million) for clearing the remaining 82 hectares.

The huge delays in the project

will obviously have a knock-on effect on costs for the investors, but the poor performance of the province reflected poorly on the investment climate.

According to Ba Ria-Vung Tau's Land Fund Development Centre, land rental on the project site had increased since 2007. This meant Winvest Investment at present would have to pay VND3.3 trillion (\$157 million) for the 87 hectares for a duration of 50 years. But if this fee was

calculated based on the land rental price in 2007, it would have amounted to only VND2.5 trillion (\$119 million).

"The developer is asking to pay land rental price based on the figures for 2007-2008, when they registered to invest into the project. But this is beyond the provincial committee's authority to agree to, so we are seeking support from the Ministry of Finance," said Thong.

PwC Vietnam - a 20 year success story

This is a landmark year for PwC, as it is 20 years since the firm first set up operations in Vietnam. With the slogan "Building partnership, creating value", PwC has partnered with many businesses, organisations and individuals that have been integral to Vietnam's economic growth and development. *VIR's Hoang Linh* writes.

In 1994, Price Waterhouse (PW) obtained an investment licence for establishing a subsidiary in Vietnam. Patrick Paul, the senior partner of PW Hong Kong was the first representative of PW coming to the country to establish the business. Renting small offices in Trieu Viet Vuong street in Hanoi and Nguyen Du street in Ho Chi Minh City, recruiting an initial team of 10 Vietnamese staff in each office, PW began its journey in Vietnam.

One year later, another leading auditing firm at that time, Coopers & Lybrand (C&L), also opened offices in Ho Chi Minh City and Hanoi.

The establishment of these PW and C&L practices in Vietnam was the beginning of one of the current Big Four auditing and consulting firms – PricewaterhouseCoopers (PwC) – in this market, as the two legacy firms merged globally in 1998.

"After Vietnam implemented *doi moi*, foreign companies started to invest and carry out activities in the country. It therefore became necessary for us to also be here to support our clients, especially as, by the early 1990's, Vietnam was attracting a lot of attention as a new and high potential investment destination," recalled Richard J Irwin, a tax partner at PwC, who joined the firm's Hanoi practice in 1995.

Dinh Thi Quynh Van, the current general director and senior partner of PwC Vietnam, who joined the firm in 1995 as a fresh graduate, recalled that in those days PwC mostly provided auditing and tax services, focusing on foreign-invested companies in Vietnam.

Nowadays, after 20 years in Vietnam, PwC has expanded to a team of approximately 700 people, 90 per cent of whom are Vietnamese, and provides a wide range of services, including auditing and assurance, advisory services, legal and tax services.

"We have also seen our practice develop from a very expatriate-led firm to now having a much larger and more diverse leadership team, with many Vietnamese part-

ners and leaders working alongside their expatriate colleagues," said Irwin.

Building partnership

As Irwin noted, the goal of PwC when it first entered Vietnam was primarily to meet the needs of its foreign invested clients. But in 1996, PwC gained its first Vietnamese clients - Vietnam's four state-owned banks: Agribank, Vietinbank, Vietcombank and BIDV. Quynh Van recalled that auditing these banks was challenging, and initially done via a project funded by the World Bank.

"At that time, most of the bank leaders were unfamiliar with independent audits; they thought we would act as state inspectors. So it really took us a long time to explain what our role as auditor was and what we would do. It was not easy to ask them to provide us detailed information on their business," said Quynh Van.

However, the success of PwC's very first work with Vietnam's commercial banks, as well as the proven results and benefits of the audits, enabled the State Bank of Vietnam and the Ministry of Finance to appreciate the need for independent auditors in improving business transparency. As a result, Vietnam's Independent Audit Law was introduced and various enterprises such as banks and listed companies were then made subject to mandatory independent audit requirements.

Now, years later, when Vietnamese companies, both private and state-owned, are aware of the importance of independent audits, they are increasingly using services provided by auditors from PwC Vietnam. In meeting this demand, PwC Vietnam has rapidly expanded its market share, through building partnerships with other Vietnamese companies, as well as its foreign invested clients. For Quynh Van and her staff, big names like state-run Seaprodex, Vinatex and Vinacafe were successful projects for which PwC provided advisory services and assistance on their restructuring plans.



PwC Vietnam was honoured with prime ministerial certificates of merit

Significant milestones of PwC in Vietnam

- 1994 and 1995: Price Waterhouse (PW) and Coopers & Lybrand (C&L) offices in Vietnam were established.
- 1998: Merger of PW and C&L to form PricewaterhouseCoopers (PwC).
- 2000: PwC Legal established as independent law firm.
- 2011 and 2013: PwC Vietnam and its three leaders - Dinh Thi Quynh Van, Nguyen Phi Lan and Ian Lydall were honoured with five prime ministerial certificates of merit for contributions to the development of the independent auditing profession and independent tax consulting services in Vietnam. Some other recent awards to PwC include Leader in Worldwide Strategy Consulting Services (2014), Sustained Excellence in Tax Consultancy (2014), M&A Dealmakers of the Year (2014), Asia Risk's Consultant of the Year (2013), Most Admired Knowledge Enterprise (MAKE) (2013) and Best Auditor & Tax Services for Funds (2012).
- PwC Vietnam is a member of the PwC network of firms operating in 157 countries around the world. It provides leading professional services in assurance, advisory, legal and tax consulting. PwC's services add value by helping to improve transparency, trust and the consistency of business processes. PwC's core values of excellence, teamwork and leadership help the firm deliver high-impact support to its clients.

"We currently have over 1,300 clients, and these include major public and privately-owned Vietnamese and foreign-owned enterprises," said Irwin.

Thanks to the large investment made and support provided by the founders of PwC Vietnam in the 1990's, the firm established a critical mass of in-country specialists and experience relatively early on in its development, which gave PwC a great start in Vietnam.

"Traditionally a lot of our non-audit and advisory services were to the foreign invested sector. However we now see increasing demand for such services from the Vietnamese private and state-owned sectors. By adding more and more Vietnamese nationals to our senior ranks we are well-placed to meet these new demands," he said.

Creating value

Quynh Van emphasised that what had enabled the success of PwC in Vietnam

over the years was helping its clients add value to their business operations in an effective and sustainable manner.

"Auditing is not simply signing audit reports or confirming the truth and fairness of the financial statements. More importantly, it helps the management understand what areas require improvement, and what their strengths are, so they can focus on improving their business operations," said Quynh Van, adding that most PwC services add value to clients by improving business efficiency, reporting and effectiveness.

To this end, PwC has recruited specialists capable of providing services in many new areas including legal services, corporate finance, valuations, human resources consulting, information and technology, and corporate restructuring.

"We have been able to leverage our enormous pool of in-country knowledge and

experience to help our clients develop their businesses here. By focusing on building long-term relationships and partnerships with our clients, we also gain a thorough understanding of their businesses, and what their needs are," said Irwin.

"We have been developing in a prudent and sustainable manner," Quynh Van added. "Vietnam's economy is continually growing, and we firmly believe that our business will also continue to expand."

PwC Vietnam's business results during 2011-2014 evidence what Van said about her firm's reputation in the market – PwC's revenue grew 70 per cent and the number of its clients rose over 40 per cent over the period.

With a strong partnership with its clients and government institutions, and a wide range of quality services, PwC has been a success story in Vietnam over the past 20 years, and can be expected to continue on its journey in this emerging market. ■

"We have been working with PwC in Vietnam since the office was established. We value the professionalism and reliability of PwC Vietnam in the work they have done for us.

- Alain Cany
Country chairman Vietnam,
Jardine Matheson

"PwC has been working closely with VietinBank in various aspects of operation and technology consulting projects. We expect to continue our co-operation and strengthen our relationship with PwC, a fully competent partner with experienced, dedicated, responsible and responsive experts.

- Tran Thi Minh Duc
Deputy director of the Core
Banking Replacement Project,
VietinBank

"I was with PwC for 12 years. The experience that you learn at PwC is critical when you start your own company. By then, the first thing you would do is to go back to PwC and ask them to be your partner or service provider because of the professionalism and the trust they have built.

- Don Lam
CEO, VinaCapital

"With more than 10 years of partnership with PwC, we highly appreciate the co-operative spirit, professionalism and the insightful advice provided by the PwC team. Their commitment and consistency in creating value to clients is outstanding.

- Nguyen Thi Kim Oanh
Member of Board of Directors,
Vietcombank