

Role reversal: China firms set up plants in Singapore

Decision by two companies is the result of aggressive courting by EDB; their entry could signal the start of a trend

By ERICA TAY

IN A major coup, the Economic Development Board (EDB) has succeeded in attracting two China firms to set up manufacturing plants in Singapore.

One of them, conglomerate Genesis (China) Investment Holding Company, will be investing \$100 million in high-tech plants here over the next three years.

It has also moved its Asia-Pacific headquarters from Hong Kong to Singapore and has plans to hire up to 200 staff here.

The other company, Equation NanoTech, a firm specialising in consumer products engineered with nanotechnology, recently set up here.

It is committing \$6 million in two phases to build a packaging cum manufacturing plant, and is currently employing 40 staff.

EDB's China representative James Lee told The Straits Times that this is the first time in recent years that Chinese firms are relocating their plants here, instead of the other way around.

The decision by the two companies is the result of aggressive courting by the EDB's Beijing bureau.

Genesis, a privately-owned holding company of Chinese tycoon Tang Mingjun, is the parent company of four major corporations and 68 other subsidiaries in China.

Mr Tang is the chairman of Genesis. Its annual sales run to 3 billion yuan (\$460 million) with profits of 300 million yuan, and its interests span hotels, tourism, trading, property, insurance and oil exploration.

Mr Tang said he planned to use the Singapore head-

quarters as the global base for three of Genesis' interests.

They are research and development in infosystem technology and food technology, as well as product packaging and re-exporting.

He said that for starters, the company is investing \$20 million to \$30 million here by the end of this year.

It has an assembly plant for infosystem security hardware and digital security surveillance systems in Singapore that will start operating at the end of this month.

Mr Tang also hopes to use Singapore as a centre for training international staff and as a gateway to reach out to the world market.

Explaining his decision to move Genesis' regional headquarters from Hong Kong, he said: "Singapore is a cosmopolitan city with an excellent legal system. Hong Kong is gradually becoming like China, where the government rules the market, whereas in Singapore, market forces rule the market."

He added: "The EDB is very attentive to the needs of foreign investors. This gives me a lot of confidence."

NanoTech chairman Jiang Dezhen echoed his views. She said: "Factory labour in China may be cheap, but we are making capital- rather than labour-intensive goods. And Singapore offers better cost-efficiency in this respect."

Explaining how the EDB drew the two Chinese companies to set up shop here, Beijing-based Mr Lee said: "To get NanoTech to invest here, we liaised with them for three months. In the case of Genesis, it took five months."

"We arranged trips to Singapore for these businessmen. Mind you, these are not cursor-



It's more cost efficient in Singapore, says NanoTech chairman Jiang Dezhen.

ry tours, but with specially tailored itineraries to give them an in-depth understanding of our environment."

Mr Tang said he was impressed with the "sincerity and patience" of EDB officials, including its chairman,

Mr Teo Ming Kian.

He said: "I was touched by their patience... EDB's Beijing officials gave very factual analyses on doing business in Singapore, and Mr Teo personally came to visit us in China. That was what impressed me."

Mr Lee said the entry of these two firms is the start of a trend: "The Chinese government is urging China's businesses to *zou chu qu* (reach out), and we are there to convince them that Singapore is the place to go to."

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