

# KBANK PROVIDES LOAN TO DONGFENG UNIT

**Assistance** follows the emphasis on promoting Thai-Chinese investment

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THE NATION

**K**asikornbank has awarded a Bt106.82-million loan to Dongfeng Automobile (Thailand), the local arm of the Chinese maker of Dongfeng vehicles, in its bid to lead in financing overseas businesses in Thailand.

Dongfeng Automobile is building an assembly plant in Thailand to export small commercial trucks to Laos, Cambodia, Burma and Malaysia.

With annual capacity of 5,000 units, the plant is its only production base in Southeast Asia, aimed at taking advantage of zero tariffs under the Asean Economic Community framework.

Pitaya Tanadamrongsak, managing director of Dongfeng Automobile (Thailand), said the investment decision followed the 127-per cent surge in sales of Dongfeng vehicles in Thailand to exceed 2,000 last year.

The overall market for commercial trucks last year soared 74 per cent to 6,000 units.

The company expects to boost

sales to 3,000 units this year, which it says is sufficient to support local assembly.

The plant will produce the Dongfeng Mini Truck, Dongfeng Mini Van and Dongfeng V-Series seven-seat sedan.

The facility from Kasikornbank was for the first of four phases of the plant to roll out up to 4,000 units a year. Eventually the plant will be able run at full capacity of 8,000 units a year. About 40 per cent of content will be sourced locally and the rest from abroad.

The second phase is expected to need Bt2 billion to Bt3 billion for a paint-spraying plant. Some parts will also be imported from China.

"However, after using Thailand as a production base, the image of our brand is expected to be better in terms of quality," Pitaya said.

Patchara Samalapa, executive vice president of KBank, said this assistance followed the bank's emphasis on Thai-Chinese investment.

About 2,000 Chinese small and medium-sized enterprises are operating in Thailand and some 800 of them are seeking a combined Bt2.2



PATCHARA SAMALAPA, second left, executive vice president of Kasikornbank, Isara Wongrung, left, executive chairman of Kasikorn Leasing Co, and Pitaya Tanadamrongsak, third right, managing director of Dongfeng Automobile (Thailand), sign an agreement yesterday for the bank to provide a credit facility for the construction of China-based DFSK's auto-assembly plant, the first of its kind in Thailand. KBank also offers loans to authorised dealers of Dongfeng Automobile (Thailand).

billion in loans from the bank. That represents the biggest amount extended by a Thai bank, he said.

KBank has also set up business-matching activities for them, he added.

Isara Wongrung, executive chairman of Kasikorn Leasing Co, said Chinese carmakers sold 3,209 vehicles in Thailand last year. Though that volume was up 52 per cent from 2,111 in the previous year, it account-

ed for only 0.4 per cent of all 794,486 new vehicles sold.

To support Dongfeng distributors, in the initial stage, KLeasing has extended Bt195 million in floor financing to 40 of them.