

15/12/1997

Bintai Kinden unperturbed by slowdown

David Ong-Yeoh

MR ONG Puay Koon admits to being frightened during the recession in the 80s when cash was low and with few jobs to go around.

Today, as managing director of Bintai Kinden Corp Bhd (BKCB), he is however, unperturbed by the prospects of another economic slowdown.

With RM60 million in cash reserves and no borrowings, the electrical and mechanical engineering company is in an enviable position in these times of tight liquidity.

"I'm not frightened this time," says Ong.

BKCB is going for a listing on main board of the Kuala Lumpur Stock Exchange next month, despite the discounted prices some companies saw on their maiden outings recently.

It is making an offer for sale of 2.2 million shares together with an issue of 6.25 million new shares of RM1 each at an issue price of RM3 per share.

But both Ong and chairman Datuk Ahmad Razali Mohamed Ali have not been deterred by what they have seen and will not postpone the listing exercise, which they say is more for BKCB's international image when it seeks foreign projects rather than to cash in on the company's success.

"We are more concerned about the business than the share price," Ahmad Razali said.

"This company's strength is in its financial reserves, which is very important in these times."

The origin of BKCB goes back to 1981 when Kejuruteraan Bintai Kindenko Sdn Bhd was formed as a joint venture with Kinden Corp of Japan as a result of Prime Minister Datuk Seri Dr Mahathir's "Look East" policy.

One of its first projects was the installation of the electrical and fire fighting systems for Dayabumi.

The policy, said Ahmad Razali, allowed the local partners to learn and acquire the management style, marketing techniques and technology of the Japanese.

At that time, there were 20 Japanese managers and 30 locals in the company. Today it has three Japanese and 230 locals.

"We are a local company that works to Japanese standards nowadays."

But the transfer of technology continues - Kinden currently holds a 24.5 per cent stake in BKCB which will be reduced to 20.63 per cent after the listing.

"The Japanese will continue to help us and whatever new technology they get, we will get as well."

After the listing, said Ahmad Razali, BKCB will consolidate because of the economic situation, even though it has all these years been very careful with its cash.

"By next year, we expect to have RM100 million in cash reserves," said Ong, who admits he runs a tight ship.

The existing cash reserves of RM60 million, he added, is a result of being prudent rather than conservative, and resisting the temptation to dabble into anything beyond the company's core business.

Even BKCB's office is located along an unassuming row of shop houses well away from the capital's Golden Triangle.

"It all comes with careful management, selection of the right customers, doing a good job, getting the right price and making sure the customer is happy."

While some may argue that the directors have not maximised the value of the assets, Ong said the money will not be spent simply because it is there.

"There is always an element of risk in any business deal, but for us it must be a calculated risk before we invest in it," but Ong added that it will always be related to what BKCB knows best.

BKCB, said Ahmad Razali, will continue to concentrate on what it knows best, which is the electrical and mechanical engineering business.

The advice from the Japanese, which has been well taken heed of, is that the company should never speculate on anything and just manage within the profits derived from the projects.

More money will also be spent on research and development, and the training of its own engineers. Part of that will materialised through its RM16 million training centre that will begin recruiting in 2000 under an apprenticeship programme.

BKCB will also turn to the region for its expansion, recognising that while it cannot compete against the inherent bias towards the large companies on its own turf, it can venture into developing economies which it sees as a niche market.

"If I have my team with me I can travel the world to seek projects, provided they are at the right price," Ong said.

(END)