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## Nation eyes global industrial market

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MALAYSIA Electric Corp Bhd is set to thrust Malaysia into the global industrial market with an RM4 billion MEC City project incorporating 100 per cent local components right from inception to production.

To be established as the national range of some 200 types of electrical appliances, the `manufacturing hub' will be developed over 10-12 years spanning 1,200ha in Gambang, Kuantan.

The East corridor was picked for the project as labour required for such activities is available.

MEC is 60 per cent owned by listed Kuala Lumpur Industries Holdings Bhd (KLIH) which has interests in construction, property development, insurance and manufacturing.

The national appliance project will draw on technology from foreign companies to get off the ground. It already has acquired technology from Japan, Germany, Australia, Taiwan, South Korea, Europe and Hong Kong.

"It is more like reinventing and refining the wheel," said MEC Industrial Park Sdn Bhd general manager Janardhanan Gopala Krishnan. MEC Industrial Park is the project developer and is a 70 per cent subsidiary of KLIH.

KLIH's acquisition of Kambrook Distribution for A\$5.8 million (A\$1 = RM1.98), will allow it to incorporate the technology used for the manufacture of the established `Kambrook' brand in the production of its MEC products.

The Kambrook name will be retained for the overseas market particularly Australia and New Zealand as it is familiar and the products will therefore be branded MEC-Kambrook.

However, the Kambrook name is expected to be phased out within three to five years.

According to an analyst, based on the existing distributorship of Kambrook, MEC is expected to reap sales of RM200 million.

In addition, the company has also acquired the entire paid-up capital of Grundig Research & Development for RM18.50 million which MEC president Datuk Seri Teong Teck Leng said will enhance the R&D activity for the entire project.

"We will use the R&D facility already available in both Kambrook and Grundig and combine with our very own research for the project," he said.

Prime Minister Datuk Seri Dr Mahathir Mohamad - a staunch advocate of Made-in-Malaysia products - said the project will help reduce the country's current account deficit and go a long way towards improving Malaysian's perception of locally manufactured goods.

MEC has branches, offices and subsidiary companies in Australia, Hong Kong, Uzbekistan, Myanmar, Cambodia and the West Asia and similar operations are expected to be established in Europe, UK, America, India and Africa.

Also in the first year of operations, MEC expects to capture a market share of 10-20 per cent in the country's electrical appliances sector.

The MEC city project will be set up in five phases on a fast-track basis which basically comprises MEC City, MEC Industrial Park, MEC Residential Centre and MEC Research, Development and Training Centre.

Based on the current drawing board, the first phase involves setting up the manufacturing core which covers over 200ha, the corporate headquarters, vendor and supplier development programme including small

and medium scale industries, residential property development and research and development facilities.

The project will enable vendors and suppliers, as well as small and medium scale industries, to find varied land and factory sizes to accommodate their business requirements.

The second phase will involve the main commercial centre and training institutes while the following phase will continue the works on vendor and suppliers, more residential and smis.

The fourth phase will see the setting up of the Wafer Technology Zone while the fifth will see ongoing works on smis, vendor programme and residential development.

The setting up of the city's manufacturing core is expected to cost RM400- RM500 million while the 1,200ha agricultural land purchased from the State Government is worth some RM1-RM1.50 per sq ft which will go up upon conversion to commercial purposes.

The heart of the city - the manufacturing core - will comprise more than 20 main factories that will set the pace for promoting the growth of components.

Currently, the refrigerator and air-conditioned factories have been already built over a period of three months in the city.

In progress or soon to commence are factories for fans, colour televisions and hi-fi equipment, small home appliances, washing machines and factories for motor and compressors, plastic injection moulding factories as well as sales and service centres.

The multi-billion ringgit project will be financed partly through bank borrowings and roll-on profits from the project itself.

Meanwhile, the company's corporate finance department is holding discussions with merchant bankers on how to go about listing MEC as an infrastructure project company (IPC) on the stock exchange which is likely to take place by this year.

Teong said the flotation exercise will enable the public to hold shares in the national project.

An additional appealing factor is the city's strategic location which creates easy access via road, sea and air.

Two main arteries, the Kuala Lumpur-Karak-Kuantan highway and the proposed East Coast Expressway provide efficient and easy linkages to Malaysia's capital city of KL to the West, as well as Kuala Terengganu to the North.

In addition, the Segamat highway links Singapore and Johor to the South.