

Texchem poised for big leap in business

By **CHOONG KWEE KIM**

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EMERGING leaner after a two-year consolidation phase, the Texchem group looks set to make a big leap in its business expansion next year.

Group president Datuk Fumihiko Konishi said the group's public-listed vehicle, Texchem Resources Bhd (TRB), had sufficient financial reserves to support this ambition.

"We have made ourselves lean but profitable for the past two years and do not need public funds for our expansion plan," he said.

Without disclosing any details, he said there were three new projects in the pipeline, adding that Texchem group had been prudent in not starting on any new business during the consolidation period.

"We only financed the expansion of our existing businesses during this period," he said.

The group's regional expansion was planned around a projection that the economy would pick up by the year 2000.

"With (Prime Minister Datuk Seri) Dr Mahathir pushing for aggressive investment and if the projected 0% GDP growth can be sustained, we can hope for a further improvement to 3% or 4% in the year 2000."

Konishi said, however, that foreign exchange controls should be lifted by 2000 or 2001 to facilitate fast growth.

"The pegging of the ringgit is a right thing to stop the crisis from taking a nose-dive.

"It is favourable to the business community if the ringgit is protected for about two years but we must remove the peg after that in order for Malaysia to grow," he said, adding that this would encourage the inflow of foreign investment.

Konishi said Texchem would not "pack up and go" during these trying times because this would lead to loss of technology.

He said it was not typical of Japanese companies to do so, adding that they usually cope by changing from production of low end products to higher value products despite suffering losses.

The man who professed himself as a

"Malaysian Japanese," has grand visions of making Penang, his home for 25 years, a centre of excellence in manufacturing.

Texchem, which first set foot on the island in 1973, has contributed to this vision by making Penang its manufacturing, and research and development (R&D) base for all the group's industrial and consumer products.

Konishi said technology from Japan, the United States and Europe were imported here, developed and later transferred out to Texchem subsidiaries in the Asian region like Vietnam, Myanmar and Thailand.

He cited Fumakilla Malaysia Bhd's expansion of its mosquito coil technology to neighbouring countries from its Penang base, adding that Texchem-Pack (M) Sdn Bhd was following a similar path in the manufacture of industrial plastic packaging.

A new entrant into Texchem's expanding empire is Ojitex Holdings Sdn Bhd, a joint venture with Japan's leading paper manufacturer Ojitex Japan, to manufacture paper-based corrugated carton box.

Konishi said the joint-venture agreement is to be concluded this month.

Its first factory is to be constructed in Vietnam on US\$10mil paid-up capital and expected to be operational in August 2000.

Subsequent factories would be set up in Penang, which would become the regional headquarters, and then in Thailand.

Putting a lot of emphasis on human resource development and confidence in locals, Konishi said: "I transfer all my knowledge to locals so that they will grow, and then they are able to bring the technology to neighbouring countries."

Konishi said some RM2mil to RM3mil is allocated annually for human resource training, adding that Texchem took in many graduates from local universities.

Texchem group, comprising some 22 companies under the umbrellas of TRB, Fumakilla and Texchem Corp Sdn Bhd, has a majority of locals holding top positions.

Employees were covered by group accident insurance while key staff were covered with up to RM1mil life insurance policies.