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Proven competence, not political clout

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MUHIBBAH ENGINEERING (M) BHD invokes two views from analysts and dealers. The first is that the shares of the marine engineering and construction specialists are highly illiquid.

The second, which creates a ruckus among its controlling shareholders, is that the company is perceived to be linked to Umno. 'I am not even an Umno member,' contends chairman Mohamed Taib Ibrahim, 'although I am supportive of the party.'

While the counter may be illiquid as its paid-up capital was increased from RM47.24 million to RM140.24 million only last year, the perception of Muhibbah being a politically-linked stock has probably come about because the company is often seen landing government jobs.

Further, its Bumiputera shareholders, according to a 1998 Press report, are seen to hold positions in the share registration company Signet & Co Sdn Bhd, an outfit which counts a few companies under the Renong Group among its clients. Besides Mohamed Taib, the other Bumiputera shareholders in Muhibbah Engineering are Othman Chut and Datuk Baharuddin Ali. The news report describes Mohamed Taib as chairman of Signet while Othman and Baharuddin are directors.

Mohamed Taib, however, strongly denies any link with Signet and stresses that Muhibbah gets contracts because the government recognises its track record. 'It is not for any other reason,' he says. 'The government knows that we are willing to undertake jobs that no one wants. We get jobs because we have performed ... not because of strong shareholders.'

'We have also won jobs overseas and the government recognises that. The criteria for bidding for jobs at the international level are stringent and we have done it.'

Among the jobs that are believed to have caught the eye of Prime Minister Datuk Seri Dr Mahathir Mohamad is the construction of a cruise terminal, on schedule, in Langkawi. 'I did not realise the Prime Minister was inspecting the project,' says Mohamed Taib. 'He was impressed.'

The Prime Minister was also impressed, he says, when Muhibbah bought over Favelle Favco, the Australian crane manufacturer, lock, stock and barrel in 1994. 'I wrote to him telling that we even bought the R&D unit,' says Mohamed Taib. 'He was impressed and replied, saying that it was the fastest way to acquire technology.'

Managing director Mac Ngan Boon points out that the company's major shareholders have remained unchanged for at least 15 years. 'It is an open book. Anyone can see that our shareholders have been with us for a long time... some since the company started almost 27 years ago.'

Muhibbah Engineering was established in 1972 by Mac, who comes from a family of engineers. He himself qualified as a civil engineer, but later was responsible for the company's carving its name as marine engineering and construction specialists. 'I come from the old school of engineering where we learn everything,' says Mac, of his easy transition from civil to marine engineering.

His five brothers are all engineers and his sister is an architect. They got their early training from their father's foundry which was started in 1947. The Mac family also set up the Nam Fatt Engineering Group which is now listed and known as Nam Fatt Corporation Bhd. One of the Mac siblings was managing Nam Fatt for some time. The family completely relinquished their interest in the company only in 1992.

Mac Ngan Boon, however, had ventured out on his own some 20 years earlier. In accordance with the government's policy of having Bumiputera participation, he invited Mohamed Taib to join the board of Muhibbah Engineering, then a privately-owned company. 'Initially, I told him (Mac) that I did not have the time,' says Mohamed Taib. But he went on to become Muhibbah's chairman.

Mohamed Taib, who hails from Johor, has a colourful career. He was an active member of Parti Negara and was close to its founder, Datuk Onn Jaafar. In the late 1930s, he had gone to the same college as Datuk Onn Jaafar's son, Tun Hussein Onn (who later became Prime Minister), and they developed a close rapport. His association with Tun Hussein, however, was interrupted during the war in the 1940s. Mohamed Taib was sent to the death railway at the age of 17, while Hussein went to India.

After the war, Mohamed Taib joined the Education Department as organiser of schools and became active in Parti Negara. In 1967, sheer frustration drove him to resign from his job.

He went into the private sector and helped set up Federal Flour Mills. His foray into the marine industry started two years later when he was appointed the first company secretary of Malaysian International Shipping Corporation. In 1977, he was hand-picked by Tun Hussein to lead Johor-based Malaysian Shipyard Engineering (MSE). 'Fourteen names were submitted to Tun Hussein and all were rejected until my name was mentioned,' says Mohamed Taib.

During his MSE tenure, Mohamed Taib became acquainted with Dr Mahathir, Datuk Paduka Rafidah Aziz, Raja Tun Mohar Raja Badiozaman and Datuk Daud Taha, a former deputy minister. In 1988, Mohamed Taib retired from MSE. But it was a short-lived rest.

'After six months in the house, my wife told me that if I kept on washing the car, its colour would fade,' he quips. He then signed on with Muhibbah.

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