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Sarawak BOLEH

SC Chan

THE world is beginning to take notice of Sarawak - for its semi-conductors. Its first wafer fabrication plant is set to compete with the big boys in the business.

1st Silicon Sdn Bhd's RM6.46 billion chipmaking plant in Sama Jaya Free Industrial Zone in Kuching may seem incongruous in the land of rainforests and longhouses, but already it's preparing for a listing on Nasdaq. Among its major customers are Sharp Corporation of Japan, design house Jamar, and ESS, a world leader in the manufacture of DVD and VCD chips.

The company has had its fair share of detractors. One Taiwanese corporate chieftain was even reported in the American trade magazine Electronic Engineering Times as saying that such a manufacturing facility in Borneo would not be able to attract the right personnel, much less compete with established players.

The 1st Silicon people, many of them highly-experienced engineering expatriates from several countries, naturally disagree. They have even found Sarawak to be 'a paradise on Earth to live and work in', offering, as one American engineer puts it, 'a quality of life as nowhere else'.

The silicon chip-making business is a high-risk one, something which the government - 1st Silicon's sole shareholder - undoubtedly is aware of. In the words of Prime Minister Datuk Seri Dr Mahathir Mohamad who officially opened the plant recently, it is 'a complicated and complex business'.

But 1st Silicon is in good hands under its chief executive officer Claudio G. Loddo, a veteran of 30 years in the semi-conductor industry. He was once voted European Manager of the Year.

The Italian CEO not only speaks impeccable English, he also chooses his words carefully - in much the same way that he has picked the 600 people, mostly engineers, from different parts of the world to be his team to set up the company.

Looking for offshore loans to top up the government's capital injection has probably been a less difficult task than trying to assemble the right people within a fairly tight time-frame. After all, according to analysts, such loans would be guaranteed by a government that still enjoyed high credit ratings. Still, the project proponents were elated when financiers were eventually convinced of the project's viability.

In attracting buyers for the chips, the company managed to lock in Sharp Corporation of Japan last year - as its technology provider and as a major customer with an order-book worth at least US\$300 million (US\$1=RM3.80) over the next few years.

Apart from Jamar and ESS, 'there are a few more American companies buying from us,' says Loddo. He declines to disclose their names as he says this may upset their respective sourcing networks.

1st Silicon products are subject to stringent quality control. The plant is currently running at one-third its existing 30,000 wafers-per-month-capacity. It is now already looking at orders of no less than US\$500 million.

Loddo appears unconcerned about the present soft market for chips. He remains as confident and optimistic as when the announcement was first made some three years ago about the plan to set up the silicon foundry.

The Nasdaq listing, earmarked for year-end, is to raise at least US\$200 million. During a recent Press briefing, Loddo said the target might be adjusted depending on how the industry and the market performed in the

months ahead.

A US-based semi-conductor industry analyst Bob Merritt, in a talk for local and foreign IT writers covering the plant's opening, said despite the current subdued outlook, there was going to be a growing global demand for semi-conductor industries.

1st Silicon vice-president for marketing SY Tan-Stahel says one of the major challenges last year was dealing with the tremendous misconception overseas, especially in the United States, that 'everybody lives in the jungle in Borneo'.

'So, one of our tasks was to bring the right stories and carry stories on our accomplishments to the media, the customers, the market. Basically it was to give a true picture of what this place is all about.'

Kuching-born Tan adds, 'I think in the last one year we were sort of able to at least get people to look at us in a more accurate way.' A good start, that. The US, as the world's leading IT nation, certainly needs to know that Sarawak, apart from having rainforests, orang utans and longhouses, is also home to a leading-edge-technology wafer fabrication plant that produces chips that drive the IT world.

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