

30/11/2001

Wafer plant to boost Sarawak's growth

Joseph Bingkasan

THE Kuching-based RM3.8 billion wafer fabrication plant at Sama Jaya Industrial Zone has made great strides towards becoming a major contributor to the Sarawak economy.

Since its first engineering run in September 2000, it has integrated a series of complex production processes for the very first time to produce the initial batch of silicon wafers.

"This marked a turning point in Sarawak's transition into a knowledge and technology-based economy," 1st Silicon's marketing vice-president S. Y. Tan-Sathel said yesterday.

She said the success of the first engineering run enabled 1st Silicon to commence volume production in the first quarter of 2001, producing wafers for use in 0.25 micron mixed signal and digital CMOS technology.

"By the time Prime Minister Datuk Seri Dr Mahathir Mohamad officially opened the wafer plant on Feb 23, this year, its products were already being shipped and 1st Silicon's ramp-up process was well under way," she said.

Development of production capacity and expertise have continued to grow steadily throughout the year, and this included successful strategies to add value to 1st Silicon's services.

Tan-Sathel said in February, 1st Silicon announced a partnership with industry leader ASE Test Ltd to provide turnkey semiconductor fabrication and test services on-site in Kuching, shortening cycle times and providing faster test results to customers.

This commitment to value-added technologies was further reinforced in September by the announcement of a design and manufacturing partnership with Virtual IP Group, a leading US design company.

"This gives 1st Silicon's customers access to expert design and development services, and a much reduced time to market," she said.

Whilst ramp-up of 0.25 micron wafer production has progressed steadily throughout the year, 1st Silicon has also embarked on its next-generation technology milestone by introducing 0.18 micron wafers.

Tan-Sathel said 1st Silicon's financial development has matched the successes achieved in engineering and production, and many significant financial partnerships have been established throughout the year.

"One of the highlights of 1st Silicon's fiscal year was the completion in June 2001 of a US\$250 Million (RM950 million) Floating Rate Note Issue by leading investment group Nomura International Plc."

"This note, a bond traded on the new Labuan Stock Exchange and the Luxembourg Stock Exchange, incorporates "operating company securitisation" technology, for which Nomura is renowned in Europe, for the first time in Asia," Tan-Sathel said.

The bonds will also benefit from an unconditional and irrevocable guarantee by the Sarawak Economic Development Corporation, which is an agency of the State Government of Sarawak.

The Bonds have achieved BBB/Baa3 ratings from Standard & Poor's and Moody's Investors Service Ltd respectively.

Tan-Sathel said 1st Silicon's financial soundness and its commitment to complete solutions had been reflected in an impressive business performance and the rapid growth of worldwide sales and customer support network.

Ongoing partnerships have developed and strengthened, such as the close

working relationship with key customer and technology partner Sharp Corporation of Japan, whilst new significant partnerships have been forged.

A significant number of manufacturing and supply agreements have been signed and 1st Silicon has accepted tape-outs from eight leading producers.

Additional manufacturing and supply agreements are currently being negotiated with more than 20 potential customers, including a number of leading IDM companies.

A Representative Co-operative Partnership has also been sealed with Premier Microelectronics Development Corporation of Taipeh, for an ambitious representation programme to bring greater awareness of 1st Silicon's foundry services to chip designers throughout Taiwan, Korea and China.

"This key regional market, already worth a staggering RM190 billion per annum, is expected to grow to almost RM300 billion by 2005," she said.

1st Silicon has also made a considerable contribution to Malaysian public awareness of the world's RM800 billion semiconductor industry.

Tan-Sthel said despite the economic slowdown, partly attributable to the fallout from the events of Sept 11 in New York and Washington DC, the prospects for the Malaysian semiconductor industry, and for 1st Silicon in particular, appear excellent.