

ACQUISITIONS

The Man From Nowhere

A Little-Known Wheeler-Dealer Wins a Plum Prize

When he bought 21% of once high-flying engineering and shipbuilding group Promet Berhad, Soh Cze Wen also took control of Menara Promet tower in the heart of Kuala Lumpur. The building's distinguishing feature is its giant helipad. "But I won't be flying to office in a helicopter," says the 36-year-old Malaysian businessman. Soh has more down-to-earth concerns. "Our immediate priority is to quickly expand our project portfolio," he told Asiaweek. "In the next 12 months or so, we hope to bring at least \$400 million Malaysia-originated contracts to Promet."

But who is Soh? More to the point, who is behind him? Soh's companies Cagaran Perdana and IndraPesona paid \$120 million in September for a controlling stake in Promet. Soh's name surfaced in Malaysian business circles a few months back in connection with his supposed purchase of government-owned Hicom Holdings' 27.5% stake in Proton, maker of Malaysia's first national car. Pundits dismissed the possibility of an ethnic Chinese, and a little-known player at that, acquiring a showcase company. (Last week Malay industrialist Yahaya Ahmad agreed to buy 32% of Hicom for up to \$712 million.) When Soh later bought Promet, no one was sure where he got the money.

Theories abound. "It's a Dim Zainuddin deal," says the head of a foreign brokerage in Kuala Lumpur. The former finance minister, a close friend of Prime Minister Mahathir Mohamad, is said to want Promet as a vehicle to win contracts in Indonesia's oil and gas sector. Others say Soh is acting for Tan Koon Swan, former chief of ruling-coalition partner Malaysian Chinese Association. Tan, who has just emerged from bankruptcy, has long been interested in Promet. T.K. Lim, taipan of property and gaming concern Multi-Purpose Holdings, is also said to have stood by with more cash in case Soh needed it. "Preposterous," says Soh. He insists that

he and his Malay partners, including retired air force general Mohamed Ngah Said and stockbroker Sallehuddin Kassim, raised the \$120 million on their own.

Soh would rather talk of his plans. He is positioning Promet to win construction contracts resulting from the privatization of Lumut naval dockyard in Perak state. With Soh as managing director, Promet already

has an edge. Son-controlled Perstima Industries owns 30% of the consortium that has won the Lumut project. "We're looking into the possibility of acquiring at least another 30%," says the businessman. He will need up to \$120 million to buy out one or two members. Malay tycoon Amin Shah Omar Shah's PSC Holdings has 40%, with three other firms owning the rest. The lure for Promet: deals worth up to \$4 billion to build 27 ships and a 15-year contract to maintain the Royal Malaysian Navy's fleet at some \$100 million per year.

Soh is casting the net wider. "My vision for Promet is to position it as the leading infrastructure and marine engineering powerhouse in Southeast Asia," he says. "Power, highways, and water are the name of the game in the region. Given the necessary support, Promet can be turned into Malaysia's flagship company as a world-class turnkey contractor, developer and investor in infrastructure as well as oil and gas projects." In January, Promet won a \$68-million oil pipeline contract in Pakistan. In August, it signed a letter of intent with Pakistani officials to help build a \$360-million highway. Promet's 16.2% share in Hong Kong-listed Wah Nam Group — Soh eventually wants a 31.8% stake — has also given the Malaysian firm part of a toll-bridge contract in China's Hangzhou province.

The biggest overseas prize is Indonesia's Natuna oil and gas field. The joint venture between state-owned Pertamina and America's Exxon will be bidding out offshore construction projects worth at least \$10 billion. Promet will be competing with other Malaysian engineering firms like Sabah Shipyard, controlled by controversial MP Joseph Chong, and Sime Sembawang, a venture between venerable conglomerate Sime Darby and Singapore's Sembawang Shipyard. "In terms of strategic location, Promet's shipyard is the nearest to Natuna," says Soh. "Our expertise is also very comprehensive." Soh is trying to persuade high-powered Indonesians to invest in Promet. He is said to be prepared to offer 10% of the company to Siti Hardiyanti Rukmana, President Suharto's eldest daughter.

Analysts are cautious. "There is a lot of talk about the future, but the results are yet to be seen," says Choong Khat Hock, head of research at Kuala Lumpur's TA



Chen Looi Tai

"I'm always of the belief that anybody who is prepared to work their guts out will succeed," says Malaysian businessman Soh

Securities. Promet reported turnover of \$58 million for the first half of the year, a third more than the same period in 1994. But net profit "came largely from the sale of its K.L. office building, the Exchange Square, for \$38.7 million in February," says Vasu Menon, research manager of Singapore's Keppel Securities. "Soh alone is not enough to give Promet a kickstart. Before we can call the stock a buy, there must be some kind of track record."

Unfortunately, Promet has a spotty one. Formed in 1927, it was one of the region's leading engineering companies when it listed on the Stock Exchange of

Mahathir as head of dominant party UMNO in late 1987. Thus cut off from local power holders, Promet focused on overseas projects. It sold peripheral assets and used the cash to bid for turnkey contracts in Pakistan, India and the Philippines. "Promet's willingness to invest in less developed countries and its good track record has put it in good stead with organizations like the World Bank and the Asian Development Bank," says Menon. "This is important because these organizations are key investors in these economies."

The company is returning home. "Promet is poised to grow," says Soh. "It's sit-

gardless of whatever business I'm in, common sense and focused management will do the trick," he says. "Yes, I don't have a long-term track record. But the companies I acquired earlier are showing signs of a turnaround. I'm always of the belief that anybody who is prepared to work their guts out and prepared to think very hard will succeed." In the past two years, Soh acquired Kuala Lumpur-listed Kelanamas Industries, Autoways Holdings and Kuantan Flour Mills, as well as Inno-Pacific Holdings in Singapore. He also heads private group Rekacantik, which owns resorts and leisure clubs in Malaysia. "Autoways has been transformed from a lethargic tire retreading company into a construction concern," says Soh. "As for Kuantan Mills, we're working on property development with the [Malacca] state government."

Still, glimpses of Soh's past are making some punters pause. In 1984, snack-food operator W.W. Wings Corp. went bust. Soh's personal exposure ran to \$3.2 million. A bankruptcy petition was filed in court. "The notice was served, but I had it suspended and subsequently annulled," says Soh, who insists that he was never a bankrupt. Others worry that he is overextended. "He has five listed companies under his belt, but it's not easy to run them all at the same time," says Jack Soo of Zalk Securities. Soh says he is shedding some responsibilities to concentrate on Promet and Kelanamas. But he's not selling any of his companies, especially Inno-Pacific, the food and paper group he calls "our window to Singapore." He adds: "It is through Inno-Pacific that we came across

many bankers who are backing us up now."

Investors are not buying Promet shares — yet. "It's only when oil prices are up that you see more exploration and engineering work," says one analyst. "As for overseas projects, the margins are low, sometimes less than 15%." But Stephen Weller, a director at Pesaka Jardine Fleming, says Promet has a promising order book: "The stock has good long-term potential, particularly with the Lumut privatization. But there will be a lot of debt in the short term." With almost zero loans, Promet has room to maneuver. And Soh has shown he has access to ample funds. What he needs to prove is that he knows what to do with the money.



V. Dharmalingam

With its extensive experience in shipyard work, Promet hopes to win part of a \$10-billion offshore construction contract for Indonesia's Natuna oil and gas field

Malaya in 1959. But Malaysia's 1985-1986 recession came at a bad time for Promet. It had poured money into a costly oil-exploration venture in China's Pearl River basin, which was scuttled when world oil prices fell. Promet lost \$80 million. Nervous investors sold off its shares. The company requested a temporary trading suspension. Directors Ibrahim Mohamed and Brian Chang then figured in a struggle for control, which ended with Ibrahim's departure. A Chang-led restructuring in 1987 resulted in a gradual revival, but Promet never regained its former stature.

One miscalculation: some directors backed former finance minister Tengku Razaleigh Hamzah in his bid to unseat

ting on \$400-million worth of assets, including about \$80 million in cash." What it lacks, says Menon, is the bumiputra link — Malays and members of other indigenous groups — that is vital to secure juicy contracts in Malaysia. Soh is trying to bring in Nadzmi Salleh, managing director of Proton. He is also keen on national oil company Petronas taking a 10% stake, although the petroleum giant has traditionally not taken anything less than 51% of any venture. Chang, Promet's long-time chairman, now controls less than 5% of the company and is expected to step down. His brother, Benety Chang, is currently joint managing director with Soh.

Can Soh engineer a big push? "Re-