



JOHOR - MALAYSIA

Blessed with a unique geographic location and friendly investment policies, the most Southern Malaysian State is the jewel of Southeast Asia



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JOHOR'S SECRET RECIPE FOR FDI

ITS STRATEGIC LOCATION AND OPENNESS TO FDI MAKES JOHOR THE TRUE JEWEL OF SOUTHEAST ASIA



One of Malaysia's most important states economically, Johor is a clear leader in attracting overseas investment amongst the country's 13 states and for good reason. Its GDP accounts for around 10 per cent of Malaysia's total, there is a wide range of vibrant and growing industrial sectors and the state government works very hard at being business friendly.

"Johor in Arabic means jewel so that when you come to Johor you are actually coming to the 'Jewel of Malaysia,'" says Jimmy Puah Wee Tse, the state executive council's Chairman of International Trade, Investment and Utilities.

"And there is reason why we are the 'Jewel of Malaysia' because all the best people, all the best talent and all the best of everything is right here."

Indeed, Johor is blessed with two coasts allowing easy access to international trade, is right next door to regional business and banking hub Singapore and enjoys a highly-skilled and highly-regarded workforce, all factors which have made it a natural destination for foreign investment.

Singapore, naturally enough, leads the list of overseas investors, followed by the United States, Japan, the Netherlands and China, while other major foreign investment comes from the United Kingdom, Germany and South Korea.

"The fact that we have two coastlines, one facing west and the other facing east, puts us in a unique geographical position which is so important to our logistics sector," he explains.

"Geography plays another vital role in that Singapore is our neighbour and that is a big draw for Chinese businesspeople as they want to be close to Singapore but operate in a less expensive environment."

"Also, Johor has always been very liberal when it comes to trade and investment, and the state contains one of five special economic zones in the country created by the fe-



JIMMY PUAH
WEE TSE

CHAIRMAN
INTERNATIONAL
TRADE & INVEST.

JOHOR STATE
EXEC. COUNCIL

"JOHOR'S UNIQUE GEOGRAPHIC POSITION IS VERY IMPORTANT FOR THE LOGISTICS SECTOR"

deral government and the most successful – Iskandar Malaysia – is right here," Puah says.

Federal support has also been remarkable in the ploughing of millions and millions of dollars into Johor's infrastructure which is another key reason why it attracts such a high level of premium foreign investment.

And these investors have a wide range of industries to put their money into.

"First of all, Johor has always been very strong in petrochemicals which is our leading selling point and the state oil company Petronas has its huge Pengerang integrated petroleum complex here," the chairman says.

"Manufacturing is also one of our strengths and we have companies here like Bahru Stainless and Dyson, while plastics is another subsector which is highly successful in Johor."

Now the government is interested in attracting more high-tech investment in such industries as aerospace, MRO and block chain operations, as well as such endeavours as halal food processing for the many millions of Muslim consumers worldwide, and promoting start-ups.

"In fact, we like to sum up our new focus as 'the 3-H Principal' which is high value, high tech and halal," Puah explains.

The chairman emphasizes that all these efforts at luring foreign investment should

adhere to what the federal government calls the "share prosperity concept" which means investment should trickle down to the people.

"We must make sure that the local people also benefit. For example, if a high-tech company opens here it must do technology transfer so the local sub-contractor can upscale its operations as well.

"In addition, local workers should receive priority in hiring as the wages stay in the community and contribute to economic growth. So we're no longer aiming for the quantity of investment but rather the quality of investment," he says.

The chairman is pro-active in promoting Johor abroad, especially in Europe where he says the state as an investment destination is not as well-known as it is in the US and China.

"And that is what we have to be more engaged in. I've travelled to France twice over the past two years and I'll soon be visiting Spain and Portugal. We want to diversify our investors so there is a variety of countries interested in Johor," he explains.

"But it is important that potential investors come themselves to take a look and see what we have to offer, what a wonderful place Johor is to do business."

Right Location

One company which is very happy it made the choice to do just that is Bahru Stainless SDN BHD, a subsidiary of Acerinox S.A. of Spain, one of the world's leading steel makers with manufacturing facilities in Europe, the United States and South Africa.

"We made a decision back in 2008 that we wanted to have a manufacturing presence in Asia," recalls CEO Mark E. Davis. "Several countries were considered but after a thorough feasibility study Malaysia was picked because of a number of advantages.

"There was well-developed infrastructure,





reliable supplies of natural gas and electricity with no record of brownouts, and logistically Johor is very well situated with many ports to choose from both for importing raw materials and exporting our finished product.”

Bahru Stainless also was impressed with the government’s business-friendly policies such as tax benefits and making it as easy as possible for foreign companies to operate, the executive says.

“The Ministry of Finance offers a National Single Window portal for trade facilitation -www.mytradelink.gov.my- for multiple trade related issues such as customs, clearance for both import and export of equipment, raw material, final products, etc. This has proven to be very successful for us.”

Production started in 2010 and today Bahru Stainless supplies a wide range of high quality stainless steel types and finishes, with Malaysia and the ASEAN countries being its main markets.

The current facilities are primarily for the production of cold rolled products beginning with hot rolled coil as its raw material. It has an annual capacity of 400,000 metric tonnes of final products. The future plans include a 1 million metric tonne per year melt shop which will increase the total annual capacity of final products to more than 800,000 metric tonnes.

The stainless steel types produced by the plant are austenitic, ferritic and duplex. Specific products include hot and cold rolled coil, slit and sheet stainless steel destined for domestic and global customers through Acerinox’s worldwide commercial network.

Bahru Stainless is considered the largest foreign supplier of industrial goods in Johor and employs around 600 people.

“We use automation as much as possible in our process so a large payroll is not necessary,” Davis says. “But there are challenges in human resources. Skilled workers are sometimes lured to Singapore with its higher wages but that is not a real problem for us.

“What can be a challenge is retaining people at the entry level and there is a big turnover because the working environment can be difficult and they prefer to work in a fast food store or in retail which is more comfortable than a steel factory.”

Unemployment is low in Malaysia and there is increasing demand for workers for the construction sector which is booming. In a bid to overcome these problems the company has

turned to foreign workers and now around 10 per cent of the staff are non-Malaysians.

Other challenges the executive mentions include the relatively high price of energy and the rising cost of water which is vital to the steel industry.

“There are ways around these concerns such as the deregulation of the energy sector and desalination so these are things that could be improved upon.”

“But even with these concerns, we see Johor as a good place to have a company and the government certainly understands that foreign investment has a big role to play in the Malaysian economy and helps it do so.”

High Tech Production

Also bullish on Malaysia is Harold Lim, the executive chairman of home-grown Tri-Star Industries PTE Ltd which began making nuts and bolts 40 years ago in Johor and then expanded overseas.

“My father started the company back in the early 1970’s in Singapore where we are still incorporated. But as he was originally from Johor he decided to establish our factories because of its cheaper land and labour,” the executive recalls.

“At the time he had already realised that Singapore was going to become very expensive for manufacturing and he was right.”

Tri-Star Industries’ manufacturing is carried out by two subsidiaries – Alloy Technology and SBN Industries – which make fluoropolymer-coated bolts and nuts, cable support systems, cathodic protection products and services, and hydraulic bolt tensioning and torquing products and services.

A list of its global clients in the oil, gas, power, petrochemical, marine and infrastructure industries include such companies as Shell, Petronas, Chevron, Exxon, Maersk, ConocoPhillips and Petrobras, plus many others.

The group is one of the few API-qualified and certified manufacturers of its range of products in Asia. The group also has manufacturing facilities in Australia and the Middle East as well as commercial and distribution operations around the world, including the United States.



HAROLD LIM

EXECUTIVE CHAIRMAN OF TRI-STAR INDUSTRIES

“MY FATHER REALISED THAT SINGAPORE WAS BECOMING TOO EXPENSIVE FOR INDUSTRY”

“Malaysia accounts for around \$25 million in annual revenue which is between 20 per cent and 30 percent of group revenue with all of Asia accounting for 50 per cent of the total,” Lim explains, adding that the fall in world oil prices impacted badly on the sector.

“We suffered a downturn in the three years previous to 2019 especially in some of our regional markets like Thailand and Indonesia although the latter is coming back. And we are now seeing an increase in orders and there are more in the pipeline in all markets, while the Middle East performed very strongly or us even during those three rough years.”

Joining the global rush by manufacturers ten years ago to China, Tri-Star Industries opened two factories there to take advantage of cheap labour. But the experiment has since soured.

“We set up one factory to produce fasteners and the other to manufacture cable support systems, but since then costs have risen, the Chinese economy has slowed down and our orders dropped off,” the executive chairman says.

“There were also more government regulations that made it more expensive for us.”

Looking ahead, Lim says he would like to see the company become more involved in added value products with further international quality certifications to expand sales, and an increased global presence.

“Right now from Malaysia we’re manufacturing high-quality, high-tech products to demanding markets like the United States and the Middle East and the rest of the world. I see no reason not to believe that we can continue to prosper.”



CONSTRUCTION IN JOHOR STATE

LOCAL COMPANIES ENJOY
STEADY GROWTH IN THE
CONSTRUCTION SECTOR
OF SOUTHERN MALAYSIA

Government investment worth billions of dollars has fuelled a wave of construction across the country, with infrastructure, public housing and tourism projects at the top of the list, while the private sector, encouraged by Malaysia's largely healthy economy, is also contributing.

Recently, the Master Builders Association Malaysia (MBAM), representing the construction and service sector, announced that the industry would post growth of 3.7 per cent this year under the government's Budget 2020 programme.

Along with the number of large-scale infrastructure, housing and tourism projects, "there is also the maintenance and upgrading of schools, new hospitals, airport upgrades, (and) development works in rural areas and new villages," MBAM President Foo Chek Lee said.

Other industry analysts have forecast a growth rate in the construction sector of 4.7 per cent between now and 2024, and local contractors and suppliers are eager to take part in these upcoming ventures, both public and private.

Growth Mentality

A company with more than a quarter century in the business is Laubros Holdings Sdn Bhd, which had its origins in Johor state but has since expanded around the country and abroad.

"We basically formed the company to build industrial buildings but since then we've branched out into residential and commercial buildings, showrooms and warehouses, oil and gas facilities, shipyard engineering and others," explains



founder and Managing Director Lau Chuan Hoo.

Important projects in other categories carried out by the group include the Desaru Water Theme Park (with the largest wave pool in Southeast Asia), the SGI Asia Culture and Education Centre and Cresendo International College.

In 2003, the company created the wholly-owned subsidiary Laubros Engineering Sdn Bhd for handling structural steel procurement, manufacturing and erection at a 3,000-square-acre facility in Johor.

"Our turnover is usually between \$50 million to \$75 million and 2009 was a slight improvement over the previous year but it could still be better," the executive says.

"There are always opportunities and we now have to compete more on pricing. And we've expanded our business first to the Salomon Islands where ten years ago we built two factories, and we recently moved into Australia."

Sharon C. Y. Lee, the deputy general manager, says Laubros Holding's foreign ventures have gone well.

"We were lucky enough to find an Australian joint-venture partner in Perth who had land near an airport and a university with an excellent environment for a residential project," she explains.



SHARON
C. Y. LEE

ASSISTANT
GENERAL
MANAGER

LAUBROS
HOLDINGS

"WE ARE LOOKING FOR A
PARTNER IN INDONESIA'S
PROPERTY DEVELOPMENT"



LAUBROS HOLDINGS (M) SDN BHD
Contact Person : DATO' LAU CHUAN HOO (Director)
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“And now we’re looking for a joint-venture partner in Indonesia in the investment and property development sector which I think has great potential for us. Our structural steel business can also benefit in these new markets as while we can’t do assemblies there, we can send the structures and our engineers to supervise.”

Lau says that in Johor there are increasing opportunities for construction companies in such projects as medical centres, restaurants and banquet halls but he express concern on the challenges of the industry such as manpower shortage.

“So like many other Malaysian companies we’ve turned to hiring workers from abroad and 70 per cent of those are from Bangladesh while the remainder are from Indonesia,” he says.

Even with challenges, over the next few years the general manager foresees an increase in the turnover of Laubros Holding of around \$25 million.

“We’re improving our planning for the future with these expansions and other measures because you can’t stop moving. If you stay still the other guy will pass you by. Growth is a must!”

European Customers

Industrial construction and related activities are the focus of CT Engineering & Construction Sdn Bhd which works primarily with foreign firms setting up in Johor and other regions in Malaysia.

“We’ve been around for some 25 years and we’re primarily involved with industrial buildings, the oil and gas industry, material handling, warehousing and the installation of machinery,” explains Executive Director Wong Chee Sang.

One major project CT Engineering & Construction completed recently was a



WONG CHEE SANG

EXECUTIVE DIRECTOR OF

CT ENGINEERING & CONSTRUCTION

“CHINESE COMPANIES ARE MOVING THEIR OPERATIONS TO SOUTHEAST ASIA, AND MALAYSIA SHOULD BENEFIT”

54-unit light industry park in Johor.

Other sectors the company works with include steel structure fabrication and storage tanks and piping works.

CT Engineering and Construction is proud of its safety record and the company highlights its adherence to strict workplace safety practices by maintaining local and international occupational safety and health standards, which is much appreciated by local and foreign clients alike.

“Around 75 per cent of our clients are from Europe and we currently have on-going projects with a Belgian firm and two Italian food companies,” he says. “The rest of our clients are from the United States, Malaysia and other Asian



countries like Indonesia, China, Taiwan and Japan.”

Annual company revenue fluctuates between 100 to 200 million Ringgit and Wong says he expects a 20 per cent drop in 2020 as international companies strike a wait-and-see attitude about the US-China trade tensions.

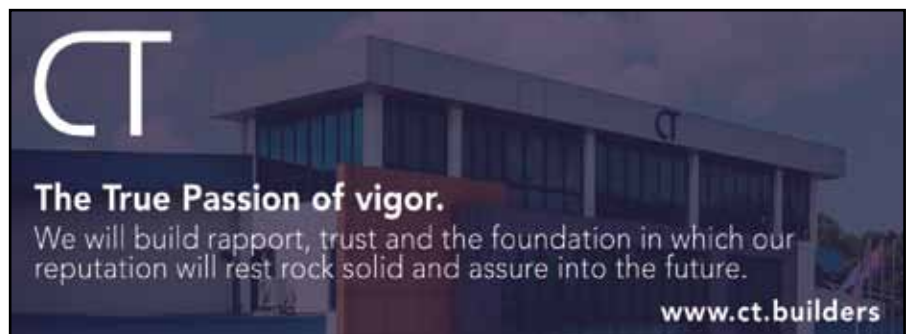
“There will be some small jobs as Chinese companies move their operations to Southeast Asia and Malaysia should benefit from this move but the situation is still uncertain and unstable,” he explains.

“And we are still waiting in Malaysia for the government to go ahead with some big infrastructure projects.”

One of those is the long-delayed Johor Bahru-Singapore light rail transit system link which is expected to ease the current traffic congestion problems affecting commuters on the existing Causeway and facilitate business and tourism between the two countries.

Targeted for completion by 2026, the link is expected to reduce average commuting time from between 40 minutes and two hours to just ten minutes.

But even with big-ticket infrastruc-





ture schemes on the horizon, Wong says the company's prospects still depend on more big European and American firms choosing Johor as a place to do business.

"It's an obvious choice," he argues. "We have very cheap land, very cheap labour, affordable and easily accessible raw materials, cheap water and energy is subsidised by the government. There are also very generous tax holiday schemes of the foreign investor."

"And they should not forget the fact that we are at the centre of Asia!"

Quarter Century

Another Johorian company celebrating more than 25 years in business is Quality Plus Sdn. Bhd., a manufacturer of UPVC -Unplasticized Polyvinyl Chloride-folding doors, panel doors, door frames & wall panels.

"We started operations on the 1st of January, 1994 as a family business begun by my father. It was difficult in the first two to three years because no one knew who this new kid on the block was. But we eventually got known and it's been a success since," recalls Managing Director Tan Poy Guan.

The firm concentrated at the beginning on the Malaysian market but found customers in neighbouring Singapore and then in Indonesia. Soon Quality Plus



was exporting its products to the whole Asian continent.

"Malaysia is a small market so of course international sales are extremely important to us," the managing director says. "But our products are bulky so logistics can be quite costly and we have to find the right balance."

Currently, that balance is 60 per cent foreign sales and 40 per cent local sales as the company works to achieve a 50-50 split. Tan says he would like to target what he calls "more advanced countries" but that would involve turning out a higher quality product.

"We're looking at Australia and we've had some interest shown by potential customers in Japan, but we're ruling out Europe because as I mentioned the cost of shipping is too high and the final price would not be competitive," he explains.

Quality Plus' yearly turnover is between \$3 million and \$3.7 million with 2019 turning out to be a disappointment because of local market condition and a slowdown in Singapore, according to Tan.

The company employs around 70 people, mostly at its manufacturing facility in Johor and a small contingent staffing the office in Kuala Lumpur. And, like others in Malaysia, it has to turn to foreign workers to keep the business going.

"Practically any industry in this country can't find a sufficient number of locals so we have to go to the government to get permission to hire people from places like Nepal and Bangladesh," the managing director says.

"Thankfully we don't have that kind of problem with staff at the managerial level and with our technicians but we do have to give them extensive in-house training."

"MALAYSIA IS SUCH A SMALL MARKET THAT OUR INTERNATIONAL SALES ARE VERY IMPORTANT TO US"

Tan predicts that the domestic market will remain stagnant for the next few years before bouncing back to the levels it enjoyed over the past decade. In the meantime, he's counting on those exports and tie ups with foreign distributors.

He is also confident that Johor will one day be internationally recognized as a great place to do business and invest as it deserves to be.

"If you look back 20 or 30 years ago, nobody knew where or what Shenzhen, China was and now it's one of that country's booming cities. Hopefully in ten or 20 years, Johor will be like Shenzhen."


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INTERVIEW WITH MS CHRISTINA TEE

CHIEF EXECUTIVE OFFICER OF CAPE EMS MANUFACTURING (M) SDN BHD

Experiencing an explosive growth over the last few years, wireless electronics manufacturer CAPE EMS Manufacturing is a living proof of the competitive position of Johor in Asia. As its experienced CEO explains, the decision to move out of China and back into Malaysia is proving instrumental in capturing a larger market in a sector that relies not only on quality and price parameters, but increasingly on trust



CAPE EMS is a publicly traded company in Singapore, when did it start operating in Johor?

C.T.- CAPE EMS Manufacturing is the product of a management-buy-out that I led after being the CEO of the company for twelve years. Actually the team behind the company has always been Malaysian.

The company has taken a full circle, as it first started manufacturing in Singapore in 2005, and then moved to Indonesia and eventually to China, from there we moved back to Malaysia to set up our current manufacturing facilities in Senai, Johor.

Why these changes in location over all the last twenty years?

C.T.- After China joined the World Trade Organization in 2001, the country started doing very well, while those were very challenging times for the Malaysian industry. Everybody thought that China was the place to be, and we were finding a lot of issues with our factory in Indonesia. Most customers would prefer to visit China than Indonesia, as the situation there was not considered stable.

In 2010 I realized that the production costs in China were going through the roof, so we reconsidered Malaysia and Johor as a manufacturing base, as costs in China were becoming unsustainable. Actually the reason why this has not translated so much into higher export costs is the fact that China offers incentives to exporters that other countries can not match. But if you compare apples to apples, China is now a more expensive place to produce than Malaysia and Johor are.

Our activity as an industrial company in the electronics industry is a low-margin business, so we need to look at costs very carefully in order to be competitive. We look at our cost base everyday in order to remain competitive internationally.

How has the company been doing since moving production to Johor?

C.T.- The group is composed of CAPE Manufacturing, that takes care of the die casting, and CAPE EMS that is building the wireless electronics equipment.

In 2015 we were having sales of about fifty million dollars, and by the year 2017 we were already hitting a hundred million. Last year we doubled our sales and we are



"CLIENTS SUCH AS AIRSPAN AND SENBA ARE LOOKING AT EXPANDING TO MALAYSIA THEIR SUPPLY VALUE CHAINS"

looking at 2020 with the objective of increasing our billing by another fifty percent. One could say that over the last five years or so we have experiencing an exponential growth in sales volume.

What are your main challenges to grow at this accelerated pace?

C.T.- I would say that in this kind of industry we need a lot of support from the government, and in Malaysia that means the Federal Government in Kuala Lumpur. That requires time and resources, and I am happy to say that being a member of the Malaysian International Chamber of Commerce and Industry has helped us a lot.

Being close to Singapore also puts a lot of stress on the human resources department, as our rich neighbour attracts a lot of the local talent. But in our case we pay very competitive salaries to our engineers, and as we are specialized in wireless technology we do not need a wide selection of expertise. Also, one has to consider the life-work balance, as commuting to Singapore can be very taxing, and working for us our employees can enjoy their family life.



Last we have implemented an incentives package by which we share twenty percent of our profits with our employees, and that has helped us keep with us most of the in-house talent in the group.

How has the US-China trade war affected your industry and your company?

C.T.- I have direct contact with many executive managers in the international telecommunications industry, and what they mention more often is the uncertainty that the current situation between China and the US has put on the deliveries from mainland China.

Customers like Airspan from India and Senba from Japan are expanding their international suppliers and value chains to compensate for the uncertainties of the trade war, so this has without any doubt benefited the Malaysian electronics industry.

The most important value for our customers is trust. As the world upgrades its telecommunications infrastructure and its WiFi, 4G and 5G networks, our customers are looking for partners that they can rely on, and that is what the Malaysian industry can provide.

Is Johor a good destination for foreign direct investment in your industry?

C.T.- International investors should come to Johor State and see for themselves. Here they will find a metropolis where not only one can live very comfortably at a very competitive cost, but also where they can get a developed network of companies that can give them all type of support for their manufacturing and development needs.

Where do you see CAPE EMS Manufacturing in five years' time?

C.T.- I am optimistic, we are confidently growing and I hope to reach a size that will be five times larger by 2025.

INTERVIEW WITH MR PANG CHONG YONG
MANAGING DIRECTOR OF GEMILANG COACHWORK SDN BHD



As a co-founder of the largest manufacturer of buses in the Far East, Gemilang Coachwork's managing director explains what has made the company he founded thirty years ago successful, while he explains how the industry leader is adapting to the electric revolution and why it continues to bet heavily on Johor

The company has turned 30 years old in 2019, how was the company formed?

P.C.Y.- We have been in this industry for thirty years, and I co-founded the company with my cousin. I was counting on my previous experience of many years in the air-conditioning industry, and we decided that bus bodies was a nascent industry in Malaysia.

Thirty years ago, most buses would be used for school transport during the week, and then would be used as tour buses during the weekend. That is where we started, when we realized that the bodies manufactured in Malaysia lacked quality and technology.

When did GML start exporting its bus bodies?

P.C.Y.- In 1997, after the Asian financial crises, we were left with a large stock on unsold units, as the demand and the financing dried up completely. At the time we started having visitors from overseas that realised that we had not only the products but also the skills and the manufacturing capacity, but we were still lacking in quality and international standards.

So Australian technicians came to help us improve our technology and production methods, and they were interested in producing here in Malaysia and exporting to their home markets. So our first exports were destined to Australia, followed soon after by Hong Kong and Singapore.

How important are the international markets currently for GML?

P.C.Y.- At least eighty percent of our current revenues comes from overseas market, out of total sales exceeding fifty million dollars. Our workforce is over four hundred workers strong at this time.

While most of those sales are still coming from Asian markets, we are making inroads in the Middle East market as well as in Central Asia, and we have already made deliveries in Uzbekistan, together with an European chassis supplier.



Are you facing any issues to hire workers for your current operation?

P.C.Y.- As an export-oriented company we have managed to get permission to hire a great deal of foreign workers, most of them from Vietnam, Bangladesh, Myanmar and Indonesia. While we may not be getting much help from the government in terms of free land and other incentives, we do appreciate the facilities provided to contract foreign workers that the Ministry of Trade has granted us with. So luckily the labour shortage that many companies in Johor are suffering is not a big problem for us.



What main challenges is the company facing in the international markets?

P.C.Y.- At this moment the push towards electrification of bus fleets worldwide is the largest challenge for the whole industry. In China, everything is becoming electric, and that includes cars and buses. Actually Chinese companies are well ahead of their European rivals in this respect.

With very heavy batteries installed in buses, it becomes ever more important to reduce the overall vehicle weight. That is where the technology that we are using, involving light aluminium body, is very important for us to remain competitive in this new international scenario.

So we are concentrating on light-weight and environmental-friendly products, that require a high level of technology, in collaboration with our partners and suppliers.

Does Johor continue to be a good place from where to manufacture in Malaysia?

P.C.Y.- Yes, it is. While we do not have a cost advantage over China, we remain competitive on a global perspective. Even Chinese companies are setting up in Johor, as we offer the right combination of skills, affordable land and competitive labour costs for international manufacturing.

Our vicinity to Singapore also works very much in our advantage, as we are just a ride away from all international visitor that first arrive to Singapore when looking into the Southeast Asian markets.

Are you optimistic on the business prospects for 2020 and beyond?

P.C.Y.- Yes, as long as we keep on having strong ties with our chassis suppliers and we create new links. Our products are making inroads worldwide because of our high quality and competitive prices, and I believe that we can keep on improving on our competitive position in Asian markets.

GEMILANG COACHWORK SDN BHD

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INTERVIEW WITH MR BEE LOH

DIRECTOR OF UR GROUP

As director of the only cold storage unit factory in Southeast Asia, Mr Loh sees good times coming the way of his forty-year old group. With a stable demand and competitive production facilities in Johor, the UR Group is ideally placed between the high cost and the low skilled countries to continue on its long growth trajectory



How did the UR Group start operating in the cold storage sector?

B.L.- UR Group started as a refrigeration company, providing to food and beverage establishments in the local market with refrigeration units. The first company was founded forty years ago and to this day we are the only company specialized in cold storage rooms in Southeast Asia. Today it comprises three companies, United Cold-Systems, United Panel-Systems and United Refrigeration Systems.

All from these site in Johor?

B.L.- We actually moved into our current location about five years ago, after a long planning stage. As for myself, I have been working in the company for the last twelve years, since I finished my studies in Melbourne.

A lot has changed since I joined the company, but most of all I would like to highlight the automation process that the company has undertaken. With our modern European equipment we are able to cut down production times by 95 percent.

Has that changed the needs for human resources in UR Group?

B.L.- Yes, we have been able to reduce our dependence on foreign workers, as you know it is now very difficult in Malaysia to employ local workers for industrial jobs. Now with the automation process in place, not only we have cut down on the number of foreign workers, but as human error is out of the equation, total errors are down to less than two percent.

Where are your main markets for your cold storage units?



B.L.- Malaysia still accounts for about thirty percent of our revenues, and the rest comes from exports. Our main export markets are Singapore, Thailand and the Philippines. Although the Malaysian market has been very weak over this last year, Singapore has proven to be resilient for those offering not only price but a high quality, and the food industry in Thailand remains the most important one in Southeast Asia.

Has last year proven to be a positive one for the group as a whole?

B.L.- Our turnover has remained steady at about fifty million dollars a year, as our market is based of the demand for food, so despite the local challenges we have managed to have a positive year.

Looking for 2020 and beyond we are concerned about the trade war between the US and China, which might end up having a domino effect and affect production costs for us. Also we would like to see a more proactive pro-business attitude from the Malaysian government than we have seen so far.

Are you optimistic on the long-term health of your industry?

B.L.- As long as people need to eat, there will be a demand for cold storage units. We therefore believe that it is the right time to grow, and we have already purchased a plot of industrial land where we hope to build a new factory over the next few years.

Malaysia is in an interesting middle position of development, between the developed countries in Asia with high costs, such as New Zealand and Singapore, and the developing countries with lower education levels such as Thailand and Vietnam. We have room for improvement indeed but I believe we are at the right place here in Johor.

Where would you like to see the UR Group in the next five years?

B.L.- I would emphasize that we want to become even more international. We have remained private so far, even if we have had offers to take the company public, and while we do not out rule any possibility, we are open to discuss foreign partnerships and joint-ventures.

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LOGISTICS TO THE WORLD

LOCAL COMPANIES IN JOHOR EXPORT AND IMPORT SEAMLESSLY AROUND THE WORLD

Malaysia's logistic sector is on a roll thanks to a number of factors which are all coming into play as the new decade begins. In fact, economists predict that the country's logistics and warehousing market will reach more than \$50 billion by 2023.

Experts say that the government's focus on further developing the services and manufacturing sectors, its improvement of logistics infrastructure, the encouragement of e-commerce and rising income levels amongst the population are all driving the industry to new heights.

Malaysia's privileged geographical position on regional and global trade routes is also a plus, while the Belt and Road Initiative by China has triggered a boom in trade amongst Asian neighbours, especially the ASEAN members including Malaysia.

Johor, next door to Singapore and with two coasts, is a natural hub for international and domestic logistics companies operating there and one of the most important and newest, transport centres is the Port of Tanjung Pelepas (PTP).

"We're situated right on the Malacca Strait, the main shipping channel between the Indian and Pacific Oceans making it one of the most important shipping lanes in the world," notes CEO Marco Neelsen.

"Due to the fact of our geographical location and that so many ships are passing by, it's a great transshipment hub for Southeast Asia even though there are other big ports nearby such as PSA in Singapore."

And that's a plus for PTP as the CEO explains that this competition within 50 kilometres of one another keeps everyone on their toes and eager to offer a better service, better facilities and better prices than their rivals.

"This is what helps us differentiate ourselves from the others as we have to be price competitive, be efficient, create value and so the shipping customer has a choice," he says.

And there are PTP's obvious natural attractions such as its sheltered deep water port with no tide restrictions, has a terminal draft of between 15 and 19 metres, boasts almost 13 kilometres of access channel for two-way traffic and has a turning basin of 600 metres.



MARCO NEELSEN

CEO OF PORT OF TANJUNG PELEPAS - PTP

PTP IS SITUATED RIGHT ON THE MALACCA STRAIT, THE MAIN SHIPPING CHANNEL BETWEEN THE INDIAN AND PACIFIC OCEANS MAKING IT ONE OF THE MOST IMPORTANT SHIPPING LANES IN THE WORLD

In addition, local cargo movement to industrial parks is accessible through the second Malaysia-Singapore expressway and the north-south highway, and PTP is also connected to the national rail grid passing through peninsular Malaysia from Singapore to southern Thailand.

PTP's container area covers 1,800,000 square metres with a capacity of 12,500,000 TEUs and the mammoth facility also boasts a free zone, full marine services such as pilotage, towage and fresh water, as well as cutting edge container management, port radar, vessel clearance and gate control and monitoring systems.

"We can also say we have a distinct personality that differentiates us because PTP is a joint venture between MMC Corporation Berhad (70%), a utilities and infrastructure group and APM Terminals (30%), a leading global ports group with a global port network in 62 countries," Neelsen explains.

"So we have strong supports from both, at local and international markets, as well as knowledge of global practices and operations."

The CEO also takes pride in the massive staff, with 5,000 steady and contract employees working directly for the port, plus 10,000 more who work for individual

companies in the free zone.

"PTP hires not just locally but also nationally from across Malaysia and we have a talent exchange programme with other ports around the world so we have colleagues from Costa Rica, Egypt, the United Kingdom, Morocco who help us and learn from us at the same time."

"We also actively recruit women to run some of the bigger equipment which is not that common for ports outside of Europe so here you'll find women truck drivers and operators outside as well as female office and administration staff inside," he says.

"So opportunity for our employees and the port itself is right here in Malaysia as it's the centre of Southeast Asia," the CEO says.

"There's a stable government, advanced infrastructure, an incentive programme for foreign investors and so it's obviously the perfect spot for long-term investment."

Local Services

Another of Malaysia's attractions is its global role as a leading garment manufacturer and with fast fashion and its requirement for speed and efficiency so vital, Johor's Western Logistics finds itself at a clear advantage as it specialises in services for clothing manufacturers.

"I started this company in 1996 after years working in the garment industry as I wanted new challenges and the logistics sector was the perfect opportunity," recalls founder and Executive Director Mr Vijay.

"Our annual earnings amount to around \$2.5 million, all from our operations in Johor with the products we handle going to the United States, to Japan, all over. So of course business is governed by the world economy and if it's doing well, so are we."

Most business for Johor's logistic operators involves the manufacturing sector with raw materials coming in to the state through local ports or Singapore and finished products going out the same way.

"That means we have a lot of tranship-



LOH CHONG HONG

FOUNDER OF HOOR FATT ENTERPRISES

“WE ARE ENGAGING WITH SCHOOLS AND BRINGING STUDENTS AS TRAINEES”



ment cargo with something like 3,000 lorries crossing in and out of Singapore each day,” he says.

“And now we’re seeing more and more manufacturers from Singapore coming to Johor because space is limited over there and it’s expensive, or some products can’t be made there because of local regulations. So they’re shifting production to Malaysia.”

Western Logistics employs 30 people, half of whom are lorry drivers with the rest as support and administrative staff. Vijay says

“WE ARE SEEING MORE AND MORE MANUFACTURERS FROM SINGAPORE IN JOHOR”

one of the company’s chief concerns regarding its drivers is safety.

“We are very careful and do not want to compromise on safety, not just for the sake of our own drivers but for other road users as well,” he explains. “Plus, lorries are very expensive so we can’t replace them easily if there is an accident.”

“So we lock the engines so they can’t go over 90 kilometres per hour and if the drivers override the lock and they go over that limit, we warn them once, then sack them if it happens again.”

Despite the international aspect of Western Logistics’ business, the executive director says he has no interest in expanding beyond Malaysia.

“The big players already dominate international trade and we’re just a small business. Therefore, I’m content to gradually grow

here in Malaysia and give a great service to our local clients,” he says.

And if that includes foreign companies coming to Johor to set up operations, the executive says he will be more than happy to help them meet their logistics needs, even perhaps cooperate in a joint venture.

“I would say that in five years we will have become bigger and probably be ranked amongst the medium-sized logistics operators. As the economy grows, so will we. That’s our idea of success.”

One Stop Shop

“Up from Humble Beginnings” could be the motto of Hoor Fatt Enterprise SDN BHD, a logistics, warehousing and distribution company in Johor founded by the father of Executive Director Loh Choon Hong who started out in the business as a truck driver.

“My father was from a small village in the Cameron Highlands and came to the big city. He got some loans from friends and banks to start his business but then the Southeast Asian financial crisis hit in 1997 and it was a bad time,” Loh says.

Today, the company operates 80 lorries of all sizes and 200 trailers. In addition to moving cargo, Hoor Fatt Enterprise carries consolidated shipping services, freight forwarding, haulage, container shipping services, and many other smaller forms of transportation methods.

Its warehouse facilities comprise 14,000 square meters of indoor space equipped with a state-of-the-art management system to provide a wide range of warehousing and

goods distribution services, including delivery, inventory control, unpacking and packing services, and real time local delivery.

“We’re a ‘one-stop-shop’ providing the entire supply chain to the end consumer,” Loh says.

“There is more to logistics than just transporting goods from A to B so we can offer clients ideas on warehousing, distribution and even use technology to target their customers. So we also work with their marketing teams.”

“Our annual revenue amounts to around \$9 million but recently business has not been as good as two or three years ago,” he says. “Demand for consumer goods are down and that has affected us.”

Much of Hoor Fatt Enterprise’s business, around 80 per cent, is in handling consumer goods shipped to the United States, but the Trump administration’s policies are adversely affecting trade, he explains.

“So we’re seeing a lot of uncertainty as most of my customers are multinationals from the United States, Hong Kong and Russia. And they have a hard time foreseeing what is going to happen. And who knows? Maybe Japan and South Korea will get involved in this trade war,” the executive warns.

Another challenge facing the company and Johor’s business sector in general, he says, is finding talented and skilled locals eager to work at home instead of going to

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Singapore where wages are higher.

“One way we are combatting this problem is to engage with schools,” he explains. “For example, we get student interns from Johor’s Maritime School where they study transportation and logistics.

“We bring them here for training and they get real experience on how to connect to the big world out there and not just focus on studying, assignments and book learning.”

But Loh also wants to open Malaysia to the rest of the world by encouraging foreign companies to come to Johor.

“This trade war is a good opportunity for companies which were in China to work in Malaysia, set up their factories of advanced technology manufacture and we can all benefit.”

“JOHOR IS ONE THE VERY BEST PLACES IN SOUTHEAST ASIA FOR FOREIGN INVESTMENT”



Investment Destination

Logistics is vital to Light Food Pack Industries which manufactures, packages and ships food products for a subsidiary of Japan’s Meiji Seika based in Singapore, explains Managing Director Lim Lee Wee.

“We are a contract manufacturer under license from Meiji Seika and we’ve been operating since 2012 so we’re a relatively young company turning out a wide range of items like yoghurt, milk, chocolates and other confectionary items.”

Light Pack Food Industries posts annual revenue of around \$6.5 million and employs almost 60 people including eight administrative personnel.

The company started out with one production line turning out 2 million items each month. Since then, a second line has been added and monthly production has hit 3.8 million items.

“One hundred per cent of what we make is

exported all over the world to 23 countries including the United States, Australia, New Zealand, South Korea, Thailand, everywhere,” Lim says.

“But the Middle East is our biggest market and we’re planning over the next three years to offer a wider range of Meiji Seika products and that will fuel our further growth.”

According to Lim, Johor is a good place for food manufacturers and other businesses for a number of reasons.

“It’s very easy here to obtain raw materials, the ports make it simple to import and export, it’s easy for us to find the right people to staff the company and the government is very encouraging as it provides exemptions on some import duties,” he explains.

“Licensing, too, is fairly straight forward and even foreign companies setting up shop here can get all the necessary licenses in something like six months.”

“So I think Malaysia, and Johor in particular, is amongst the absolute best places in Southeast Asia for those companies from overseas seeking out an investment destination.”

Partners Required

One Johor manufacturer handling its own logistics is Tong Lee Hardware & Timber Sdn Bhd which processes a wide range of wood products and metal furniture hardware for the construction and furniture industries.

“We started 25 years ago on a very small scale supplying local carpenters and boat builders. Then after ten years we began concentrating on the furniture-making business in Johor and a then we expanded to Kuala Lumpur,” says Managing Director Tan Kian Lee.

Now, the company processes and supplies lumber, exotic natural wood veneer and reconstituted veneer, inlay, decorative wood moulding, plywood and cork products, as well as metal screws, bolts and other metal fasteners for the furniture industry.

Its natural veneer wood products include maple, pine, teak, oak, ash, mahogany, cedar, cherry and ebony.

Tong Lee Hardware & Timber sources these raw materials from both domestic and foreign suppliers with Indonesia and China as the main overseas providers and uses its own fleet of lorries to distribute the finished product in Malaysia.

“WE HOPE THAT THE FEDERAL GOVERNMENT WILL CHANGE POLICIES ON FOREIGN LABOUR”



“Our only export customer is Singapore, but it doesn’t amount to much,” adds Manager Diana Ong.

The company’s turnover amounted to \$32 million in 2019. “But we expect lower sales in 2020 this year and the next several years to around \$24.5 million or so,” the general manager predicts. “And the uncertainty makes it difficult to plan.”

Other challenges include finding and hiring skilled employees for the labour-intensive industry, and bringing in and training foreign workers is one option Tan is considering.

“We’re hoping that the new government in Malaysia will change the policy regarding foreign workers so it is easier and more cost effective to hire them,” he adds.

“Another problem we’re facing is increased competition as some of our Chinese suppliers are now setting up trading operations here in Malaysia to provide material for Chinese furniture makers. In 2019 alone eight big Chinese operators arrived in Johor.”

Possible tie ups with foreign partners and pouring new investment into the company are two solutions which could help Tong Lee Hardware & Timber ensure its prosperity over the short and long term.

“If it were possible, we could go into some kind of partnership with US or European players who are looking to enter into the market here in Malaysia and maybe that would help us regarding the increased competition from the Chinese,” Tan explains.

“Right now we’re planning on making some investments in the company, developing our processes and renovating our factory,” Ong says. “If all that works out, then within five years we’ll be enjoying stability and a bright future.”



**INTERVIEW WITH MR TEY HOW KEONG
CHIEF EXECUTIVE OFFICER OF JB FOODS LTD**



As one of first companies to move into the Port of Tanjung Pelepas Free Zone, JB Foods has benefited from the state-of-the-art facilities as well as the ideal location offered by the PTP in Johor. Boosted by the long-term growth in chocolate consumption, its CEO explains the future plans for expansion in Johor thanks to its reliable power supply, convenient transshipment facilities and trained human resources

JB Foods was one of the first companies to be established at the PTP Free Zone. Why did you decide to move here?

T.H.K.- When the Port of Tanjung Pelapas was being constructed, we looked at the plans for the facilities at the Free Zone and we found them very interesting for our business, as we are both heavy importers of cocoa beans and exporters of cocoa ingredients. In 2000 we visited the site and we saw that their vision for a transshipment port was the right one for us.

What countries do you currently trade with?

T.H.K.- We import cocoa beans from Africa, mainly from Ivory Coast, Ghana, Cameroon, Nigeria and Uganda, from South America, mostly Ecuador and Peru, as well as from Indonesia and Papua New Guinea in Asia. Our export products are mostly cocoa powder, cocoa mass and cocoa butter that under the name of JBCocoa reach most developed markets.

As a matter of fact our model here follows the Amsterdam model, which also relies heavily on importing raw materials from around the world and exports refined products with added value.

Are you manufacturing only in Johor or in other places as well?

T.H.K.- We have production facilities in Surabaya in Indonesia, as well as in Shanghai in China. We also have representative offices in New York, Ivory Coast and in Jakarta. Altogether the group comprises about six hundred employees globally.

Has 2019 been a good year for JB Foods?

T.H.K.- I would say 2019 has been very similar to 2018, which was a good year for



“JOHOR OFFERS THE RIGHT COMBINATION OF LOGISTICS, HUMAN RESOURCES AND RELIABLE POWER FOR US”

the company. Chocolate consumption has been growing steadily since 2016, and we have benefited from this trend.

What are your main challenges to grow the company and keep up with demand?

T.H.K.- The biggest challenge that we are facing is attracting and keeping talent, as we are close to Singapore, which is a major attraction for Malaysian workers. So we are investing heavily in automation and upgrading our ERP system with a new SAP implementation. The new generation of workers like to work with the latest technology, and we are getting involved in the Industry 4.0 wave in order to be ahead of the curve. All that helps us maintain and keep the talent in the company.

So the vicinity to Singapore is for the JB Foods a disadvantage?

T.H.K.- Being close to Singapore also brings a number of advantages. We can tap on the resources of Singapore in terms of transport, logistics and connections. As Singapore



is much more expensive, a lot of investors who come there decide to take a look at Johor as a lower cost base for their investment. So even if there is a lot of competition for talent, it also brings many positive aspects as well.

Are you optimistic on the long-term health of your industry?

T.H.K. - We find our location at the PTP Free Zone to be very convenient for us so we plan on expanding our operation here and grow our capacity, which in turn will help us reach even higher economies of scale. For this kind of business scale is the first priority, followed closely by logistics. As in South East Asia the geography makes land transport impossible, with populations very fragmented and power not always reliable, we find that Johor offers the right combination of these elements for an industry such as ours.

Is Johor a good destination for foreign direct investment in your industry?

T.H.K. - Even some of our customers, such as Hershey from the United States, have decided to build their factory here for Asia, which proves the competitive position of Johor for the food industry. Johor is also a cost effective place where one can also find a good quality of life and close proximity to Singapore.

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ENGINEERING POWERS JOHOR

ENGINEERING COMPANIES IN JOHOR SUCCESSFULLY COMPETE IN THE OIL, GAS AND SHIPPING BUSINESS

Oil and gas immediately spring to mind when one thinks of Malaysian industry as the country is one of the world's major petroleum producers. Its proven oil reserves amount to around 3.6 billion barrels, the fourth highest in the Asia-Pacific region, with most of it in offshore fields.

And Johor State hosts the Malaysian oil and gas industry's most intensive activities with exploration, extraction, storage, bunkering, trading and petroleum-related manufacturing leading the sector towards a new period of prosperity.

Ironically, this came about thanks to the devastating drop in oil prices in 2014 when the industry had to learn to operate in a new and leaner manner, leading to a stronger and more profitable sector.

Indeed, last year the national oil company Petronas posted net earnings of almost \$13.4 billion, or more than the combined earnings of the two years immediately following the big price dip.

All of this is good news for Johor where Petronas has built the \$24.5 billion state-of-the-art Pengerang petroleum complex which includes a processing centre, a deep-water oil and liquefied natural gas (LNG) terminal and related facilities.

An exciting development as Malaysia has extensive reserves of gas, a fuel which is enjoying increasing global demand and adding to the country's petroleum riches. As can be expected, many local companies are taking advantage of this largesse, working hard and preparing and planning for good times ahead.

Moving Up

One of the youngest firms active in this sector in Johor is the Seaboard Group which had its start in Singapore but then moved into Malaysia in 2015 to take advantage of the new opportunities, recalls Managing Director Sylvester Nalliah.

"We noticed that there were a lot of people doing what we were doing in Singapore and it's a very competitive market so we established a base here in Malaysia."

"But it was not easy at first as there were companies here which had been around a



"WE HAVE MANY CLIENTS FROM NORWAY, GREECE, INDIA AND HONG KONG"

long time and they had extensive networks and good relations with our potential clients," he adds. "So penetrating the market in Johor was initially pretty tough."

However, it was a lucrative market and so the newcomers persisted in launching a range of activities which include marine repairs, the control, monitoring and maintenance of oil, gas and chemical plants, offshore repairs, and civil engineering and construction.

Seaboard Group's marine repairs division, for example, sends repair crews consisting of welders, fitters and technicians to vessels calling at Malaysian ports or will fly the crews to foreign ports in the region.

"We have clients from many countries and territories including Norway, Greece, India and Hong Kong," Nalliah says.

The group's civil engineering and construction division takes on such projects as deep excavation, soil improvement, tank and equipment foundations, piping support, drainage and sewerage systems and plant construction.

Last year, the Seaboard Group's total revenue was around \$3 million from both local and overseas business and the executive predicts a 50 per cent increase for 2019.

"And 2020 should see a continuation in growth especially in our offshore work like two oil rigs in Sarawak and Lubuan states we're doing and we are, of course, seeking out new contracts," Nalliah says.

In the petroleum sector and its related industries it is clear that growth depends on the price of oil and the managing director says that will have a huge effect on the group's future.

"We're predicting growth but it will be slow. Maybe in three years' time we may have some new facilities like workshops opened here and there, unless of course the price of oil goes back up to \$100 per barrel."

"And Johor state is a good place to do business. We're close to Singapore and you see lots of companies moving from there to here," he explains. "Compared to the rest of Malaysia, even Kuala Lumpur, Johor has a superior workforce in things like engineering."

"So, yes, Johor is definitely a great location for many reasons and we're seeing increasing foreign investment here because of that."

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Custom Projects

Growth is also in the cards for TFW Engineering Sdn Bhd which is celebrating its 10th anniversary as a respected operator in the field of mechanical piping engineering, design and manufacturing, and project management related to water treatment and the oil and gas industry.

"Our customer base is overseas, primarily from Singapore, but we also work with clients from Australia, Japan and other developed countries," explains Director Wong Thong Fatt.



TFW's client list includes Asahi Kasei Chemicals Corporation, Siemens Pte. Ltd., Mitsubishi Electric Asia Pte. Ltd., CTCI Corporation and Veolia Water Solutions & Technologies (SEA) Pte. Ltd, along with many other prestigious companies.

"Right now we're helping some of our international clients in tendering for foreign projects so we do see growth over the next few years even though it seems activity is slowing down," the executive says.

That slow down, he cautions, could trim future profits over the short term compared to current levels. Recently, TFW Engineering's turnover has ranged between \$2.5 million and \$5 million.

"The first two quarters of 2019 were satisfactory, but the last two quarters are reflecting this slowing down of activity," Wong explains.

One of the company's main strengths is its ability to develop custom projects in their entirety from principal design to manufacturing to management so that the end-to-end mechanical solution works seamlessly.

TFW's work is carried out at its own 44,000-square-foot advanced manufacturing facility featuring state-of-the-art equipment for skid systems, pipe spools and pipe rack fabrication.

"Our goal has always been to excel in our field and we're doing that. Many people in our sector mention that there is a challenge from rivals in China and India because of the low costs, especially from India as costs are rising in China.

"But the companies in these countries cannot provide the quality that we can here in Malaysia where labour costs are still low. So that's our advantage: relatively low costs and high quality," Wong says.

"Plus, with international clients everything is done in English and there is still a gap in language skills with the Chinese and Indians."

Another challenge facing TFW is that as a medium-sized company it has to deal with competition from smaller domestic rivals which can make it vulnerable. But again, the director argues that his firm has a unique advantage thanks to its skilled workforce.

"We have our own engineering team which a lot of these smaller companies don't have and that makes a huge difference when you're providing end-to-end service like we do," he says. "And that will contribute to our continued success in future."

International Clients

Serving the region's mammoth oil and gas and related products industries is also in the DNA of family-owned and operated Temasek Coating Sdn Bhd which for the past 12 years has provided major international clients with abrasive blasting, painting, scaffolding, steel coating and maintenance for tanks.

"We began in 2008 and from the beginning focused on the oil and gas industries," recalls Managing Director Liew Tek Fook. "Over those few, short years we went from just a few workers to the 100 employees we have now."

These employees work at Temasek's head office and two workshops in Johor which boast the latest machinery, equipment and processes such as auto blast machines from Australia, the Netherlands and Germany.

Annual revenue is between \$10 million and \$12 million, according to General Manager Liew Tek Yee, who adds that the company has been doing well despite the relatively low price for oil on global markets.

"Because of the fall in oil prices the cost of materials also goes down so companies like state-owned Petronas use this advantage to develop new projects and that means we get a lot of domestic work from them," he explains.

The company's international clients include well-known names like Samsung, Toyo Engineering, Sinopec, PetroChina and others.



LIEW TEK YEE & LIEW TEK FOOK

MANAGERS OF TEMASEK COATINGS

"FROM THE BEGINNING AT TEMASEK COATINGS WE DECIDED TO FOCUS ON THE OIL AND GAS INDUSTRIES"

"But we have noticed a slowing down in business in 2019 and therefore we believe that 2020 might not be so good," the general manager says.

One of the company's nagging worries and which is shared by many other firms in Johor is attracting and holding workers, technicians and engineers who are lured by the higher wages in next door Singapore.

"We work to solve this by treating our employees as family as we are a family business and we have incentive packages so they will stay with us and put in that extra effort that make us a valued provider for our clients," Liew Tek Yee says.

However, Singapore's proximity and Johor's general location also create opportunities.

"Johor still is going to need a lot of development and that happens because of Singapore being close by," the general manager argues. "There are going to be more ports built because of our strategic location and so we can easily cover Singapore and the rest of Malaysia."

"That's why we think the future looks pretty good. We plan to expand to other parts of the country, especially the east coast and someday perhaps even link up with other regional or international companies in partnerships."





LIM HOCK HAI

MANAGING DIRECTOR OF HARVEST E&I ENGINEERING

“NOW OUR APPROACH IS TO STRENGTHEN OUR NETWORK IN SINGAPORE & THAILAND”

International Expansion

Expansion is also in the plans for Harvest E&I Engineering Sdn Bhd, which has been specialising in a wide range of electrical and instrumentation services for the petroleum, petrochemical and heavy industries since its founding in 2007, says Managing Director Lim Hock Hai.

“We are expanding internationally, specifically in Singapore and Thailand,” he explains. “Our immediate approach would be to strengthen our client networks in those markets.”

“We welcome partnerships abroad as it creates new business opportunities, internationally as well as locally,” he adds.

Among the company’s offerings to clients are electrical installations and fieldworks which include lighting and small power systems, electrical system and equipment layouts, heat tracing systems, HV and LV equipment installation, power and control cable and cabling work and glanding and termination.

Its electrical testing and commissioning department handles transformer testing, protective relays calibration, primary and secondary injection testing and loop check, continuity and insulation resistance tests, amongst other services.

Instrumentation installation services cover fire, gas, security and communications systems, emergency shutdown and safety guarding systems, field instruments, instrument impulse piping and tubing work, and a host of others.

Other services are instrumentation testing and commissioning as well as operational maintenance.

Performing these tasks are Harvest E&I Engineering’s 220 employees ranging from welders, electricians and fitters to engi-

neers in various disciplines, project managers and construction superintendents, all highly qualified and trained to international standards.

“Our annual revenue is around \$4 million but 2019 was not that great as the market is still feeling the effects of the oil price crash five years ago. There is always a chain reaction in these situations which affects the upstream clients,” Lim says.

“The year 2020 looks more upbeat with large projects planned to commence, indicating that market sentiment is positively geared for growth.”

At present, Harvest E&I Engineering also plans to diversify so the managing director says the company is looking to expand into other fields.

“We definitely want to further excel in our design work capability and grow in that area,” he explains. “As the industry is gaining back momentum, competition is stiff, so it is vital for us to be ready and well equipped in providing our clients the benefit of a one stop solution to all their needs.”

Competitive Location

Stability is the key strategy for the moment at DD&I Engineering Sdn Bhd, a company which carries out blasting and painting for the maritime industry involved with the petroleum sector.

According to company founder and Managing Director Dato’ Hj Irwadi Hj Ibrahim, the price plunge in oil has impacted on his business and despite the firm’s sterling reputation amongst its clients, growth may have to wait.

“One problem for all of us is the volatility of the Malaysian currency. Its value is quite low now so it costs us more for foreign-made equipment,” he explains.

“Business in 2019 was down, but I expect it to stabilise in 2020 which is okay because you can’t have growth every year, especially with the world economy in its current situation.”

DD&I Engineering carries out its subcontracted projects in Malaysia but has clients from around the world such as MMC Global, a major shipping and logistics firm, as well as others from China, India, Saudi Arabia and some European countries.



DATO’ HJ IRWADI HJ IBRAHIM

MANAGING DIRECTOR OF DD&I ENGINEERING

“SHIPS COME TO JOHOR FOR THE LOW LABOUR COSTS AND EXCELLENCE OF OUR WORK”

“They all come here to Malaysia and Johor in particular because of the low labour costs and the excellence of the work,” the executive says. “Singapore was a major competitor for us but now the companies there are doing less repair work as they are focusing on ship building.”

“And after those ships have been at sea for a while they need blasting, painting and repair work like, for example, the piping so they come to us.”

Irwadi started from the ground up in the industry working as a blaster and painter in his father’s old company, then set out on his own to create DD&I Engineering in 2005.

“We started out with ten employees and now we have more than 200. So the growth has been phenomenal and our annual revenue is between \$3.5 million and \$5 million,” he says.

A major key to that success, he argues, is the quality of DD&I Engineering’s workforce which is trained in-house unlike the employees of other companies who are not as highly skilled.

“With higher skills come higher wages and we pay our workers better than other companies. We also hire people from countries like India, Nepal and Bangladesh because they’re not afraid of hard work and they like living in Malaysia,” Irwadi says.

The managing director also has interests in other sectors such as food and beverage, owning three cafes, and agriculture with a goat milk production facility and a palm oil operation.

But marine blasting, painting and repair will remain the company’s focus for the time being and he urges foreign investors to take a hard look at Johor in Malaysia.

“If potential investors want top quality, low costs and a location which is internationally competitive, Johor is the answer.”



Building Trust

Johor has been kind to NSF Engineering Sdn Bhd which began 19 years ago serving the oil and gas industries but has since diversified into a number of sectors, notes Managing Director Shaifuddin Bin Abdullah.

“That is where we focused from the very beginning and it was not easy because of some technical and financial issues,” he recalls.

“But we had a strong belief, took on the small jobs, expanded into the petrochemical sector and now we work with major clients in fabrication, installations, testing, manpower supply, trading, maintenance and service in such things as electronics and even the food industry.”

This diversification helped the company through the recent difficulties brought about by the drop in oil prices between 2015 and 2018 while many other companies went out of business. “That’s why we’re a multi-sector company so we can ensure our sustainability and be certain we’re not going to get rid of any employees,” he says.

But the energy sector is still the focus of the business and one of NSF Engineering’s most recent prestigious projects was its work at the FSO Mekar Bergading North Malay Basin offshore facility working at one of the country’s largest proven gas deposits.

“We delivered on that project with outstanding quality and full satisfaction from the client,” the executive says.

The company’s average annual revenue is around \$10 million with 2019 slightly disappointing, according to the managing director. But the company is forging ahead with plans to move further into digitalising all its operations and maintaining its rigorous adherence to client requirements, especially in quality and safety.

“Safety is a big challenge in all our endeavours but we got our start in the oil and gas field where the safety culture is very strong,” Bin Abdullah explains. “This is especially true at the worker level so our training is very safety awareness based.”

“Our company motto is ‘Build in Trust’ because we want clients to have full confidence in our abilities and be a problem solver. That way when someone with a project or a problem crops up, they look to NSF Engineering.”

Opportunities on the company’s horizon



“SAFETY CULTURE IN THE OIL AND GAS BUSINESS IS VERY STRONG AT WORKERS’ LEVEL”

include a maintenance contract for Petronas’ huge Pengerang petroleum complex and teaming up with foreign partners as local representatives for their goods and services.

“Right now we the MENA distributor for Singapore’s Pascal brand of medium and high pressure hydraulic fittings and we’re in talks for a ship service centre with the HTL global logistics group,” Bin Abdullah says.

“With the expansion of industries in so many sectors now occurring in Johor we’re pretty optimistic looking ahead over the short, medium and long term.”

Offshore Minded

Advancing its current Link ups with foreign partners is also in the cards for Actual Builder Sdn Bhd which offers a broad range of services for the oil and gas industries in Malaysia with a special emphasis on offshore projects.

“We already work with Norwegian, French and Germany companies in providing offshore living facilities and of course we need more of these types of partnerships in terms of new technologies and the latest products,” says Project Director Len Tin Khoo.

“Our main interest is developing the integrated plant with foreign company involvement in several different areas,” adds General Manager Mohamed Sufian B. Mohamed Hussin.

Founded in 2006 as an offshoot of Right Proceed Sdn Bhd which focused on building refineries, Actual Builder launched as a provider of architectural and mechanical works and piping. It currently employs around 40

full-time staff and posts an average annual turnover of around \$3 million.

Like many other Johor companies involved in providing services to the petroleum sector, Actual Builder is pinning much of its future on Petronas’ giant Pengerang complex and its Refinery and Petrochemical Integrated Development (RAPID) project

“The oil and gas markets have been slow in recent years as we all know,” explains Mohamed Hussin. “But with demand from RAPID, we are hoping that more business will go to local contractors in Johor like ourselves.”

“We have already worked with RAPID over the past three years so with that experience I am pretty confident that there will be bigger opportunities opening up for us through Petronas.”

Actual Builder’s activities include architectural engineering, marine repair and conversion, piping and plumbing, steel fabrication, mechanical installation, structural engineering, asbestos removal, civil engineering and manpower supply.

The project director says the company faces two important challenges: properly trained workers, and customs formalities on the imported equipment that firms like Actual Builder require for their business.

“Finding really skilled people has sometimes been difficult since around 2000,” Len says. “Because nowadays, young people don’t want to work in an industrial environment and that lack of well-trained workers could be an impediment to growth.”

“But when we look ahead over the next few years, we see growth thanks to Petronas as they expand their projects in our home market,” predicts Mohamed Hussin.



JOHOR MOULDS AND PLASTICS

THE MOULDS & PLASTICS INDUSTRY IS ADAPTING TO SCARCE LABOUR BY ADOPTING AUTOMATION

Like many sectors across Malaysia's economic landscape, plastics and related industries are enjoying healthy growth thanks to a boost in such drivers as consumer spending by the expanding middle class on disposable packaging, personal care products and other plastic products.

At the same time, new large-scale construction projects slated for the coming years will require plastic products in plumbing, electrical and other applications, while there will also be increasing demand from the country's petroleum and petrochemical industries.

Indeed, business intelligence analysts say the Malaysian plastics industry, encompassing traditional, engineering and bio-plastics, is expected to post a compound annual growth rate of 6 per cent between now and 2024.

Industry 4.0

One of the veterans in the general sector is Brandplus Sdn Bhd which since 1996 has been designing and manufacturing high quality plastic and rubber precision injection moulds for clients in Malaysia as well as the rest of Asia and beyond in what the company calls "a one-stop operation".

"Our highly-skilled and thoroughly competent team of designers and engineers work closely with our customers to help optimise product design," explains Managing Director Lee Jung Witt.

The company's moulds are used for turning out a wide range of plastic products for major clients in the electronics, home appliance, automotive and other industrial sectors such as Panasonic, Sharp, Mitsubishi, Dyson, Seiko Denki, Cal-Comp and Göding + Partner GmbH.

"We have a high rate of customer satisfaction because all our key personnel have more



"WE CRAFT PRECISION MOULDS FOR MACHINES FROM 50-650 TONS OF CLAMPING FORCE"



than 30 years of precision mould making and moulding experiences so clients can expect the optimum level of solution, service and care," the executive says.

These experts are amongst the 100-strong Brandplus team working at the company's dedicated 60,000-square-foot production centre which boasts a wide range of the latest moulding machinery including CNC, EDM, wire cut, milling and grinding, and injection machines.

"We have the capability to craft precision moulds for machines from 50 to 650 tons of clamping force," Lee says.

"So our expertise and great reputation in the market has been instrumental in helping us reach our annual revenue of around \$8 million, although it was down slightly in 2019 probably because there is a bit of saturation in the local market," Lee says.

"There is also competition from China which is our most important rival. But Malaysia is still a competitive player in the field as our quality is much higher than that of the Chinese producers."

Many companies in Malaysia have difficulties in finding, training and keeping workers but the executive says that Brandplus has yet to face that problem and is working to boost



its reliance on automated facilities.

"We are starting to upgrade and maximize our technology to the Industry 4.0 level and this will eventually result in fewer employees as we get ready for the next three years," he says.

These new machines will require major capital investment and Lee says he would like to see the government understand and help the industry out.

"A lot of our equipment comes from Europe so it is very expensive and the government could provide some financial relief or incentives like tax breaks, subsidies or grants," he says.

"However, despite all this I see the plastics and moulds industry in Malaysia continuing to grow and prosper, certainly for the next decade and probably beyond."

Trade Wars

Growth is definitely in the plans of Choo Kim Soon Plastics Manufacturing Sdn Bhd, one of Malaysia's leading makers of quality plastic products and injection moulding components now about to celebrate its 60th anniversary.

"Our main products are toothbrushes in many different styles and sizes and we also make PC and tablet stands, as well as funnels and masking tape applicators," explains founder and Managing Director Choo Kim Soon.

The executive got his start manufacturing and exporting plastic components for machinery with the United States amongst his markets. After clients switched to cheaper Chinese and Vietnamese suppliers, Choo shifted to exporting, then returned to manufacturing.

"Around ten years ago we started producing plastic items like toothbrushes and established our own brand, KS, for all our products," he says.

"Our main market now is Nigeria and it's a huge opportunity with more than 200 million people. Our products are very competitive there and now we're also moving into the United States, Japan and Thailand."

One recent order from a U.S. customer called for 400,000 toothbrush/flosser combinations thanks to the US-China trade war.

"US customers don't want to or can't buy Chinese goods now because of these trade tensions so they come to Malaysia and buy

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“WE ESTABLISHED KS, OUR OWN BRAND FOR ALL OUR EXPORTED TOOTHBRUSHES”

from companies like ours,” Choo says. “So you could say that Mr Trump is helping my business.”

The managing director says he gets much of his business while attending a trade show in Hong Kong where he says US and European customers are more likely to place orders for Asian products than at home.

“I’ve gone to two trade exhibitions in the United States and no orders, then later to one in Germany and again no orders. Same thing in Thailand. But in Hong Kong the clients are more open to doing business with an Asian company,” he explains.

“But we could use more support for attending these trade shows from the Malaysian government for exporting businesses like ours. It used to cover half of our expenses for travel, etc. and it needs to do that again.”



In order to handle the new business coming his way, Choo is expanding with new manufacturing equipment on order from China for two new factories.

“This will give us a total of five manufacturing plants so we’ll be increasing our production capacity and although it can be a headache finding employees to staff these factories, we’ll manage it by hiring some foreign workers,” he says.

“I prefer to hire Nepalese because they are hard workers, they are very good at following orders and they are loyal to the company.”

With the latest expansion and if all goes according to plan, Choo predicts his business will double over the next three years, especially if the US-China trade troubles continue.

“It’s all looking good for my company as far as exports are concerned and I expect that we should do very well in the coming years.”

Automation Efforts

Plastic applications for agricultural equipment is the focus of Teong Hin Plastic Industries which was established as a retail company but switched to manufacturing 42 years ago, says General Manager Mike Tan, the son of the original founder.

The company’s agricultural equipment includes knapsack sprayers, pressure sprayers, nozzles, strainers, filters, spray guards and a range of chick and chicken baskets for the poultry industry. Along with its agricultural equipment line, Teong Hin also makes automotive and motorcycle parts for the local replacement market.

“Back then we were making accessories like buckles for locally-produced bags, but then the government eliminated tariffs on imported bags and our customers went for the foreign bags, so we got out of that business and started to custom-made products for our clients,” he adds.

The company is doing some custom orders for new clients and further expansion of the product line is in the works as the firm adjusts to new realities.

“Our custom-made products are for the local market, but for the international market our only choice is to offer high-precision electrical products to supply manufacturers,” Tan says.

“2019 was not so great as our main products, the sprayers, are indirectly related to the palm oil industry which suffered a price drop. That’s reminded us that of the importance of diversifying our product supply to different industries,” the executive explained.

Other than the domestic market, Teong Hin Plastic Industries exports to regional markets like Indonesia, Philippines, Vietnam and Thailand. With the rapid growth of technolo-



MIKE TAN
GENERAL MANAGER OF TEONG HING PLASTICS INDUSTRIES

“IT IS HIGH TIME FOR US TO CHANGE AND TO EMBRACE INDUSTRIAL AUTOMATION”



gy and internet connectivity, in a near future the company should be able to capture more overseas market.

“Over the next three years we will be boosting automation and smart manufacturing, as while these days one of the advantages of working in Malaysia is the cheap labour, that will change and the advantage will no longer exist in three to five years’ time. So it’s time for us to change,” Tan confirms.

Once the new strategy kicks in and shows results, the general manager predicts a growth in productivity of between 20 to 50 per cent. Tan is also considering the possibility of hooking up with a partner in a joint-venture or other arrangement.

“We’ll see how this plays out as one of the challenges in running a family business is getting the senior people to go along with new technology. It could take a while for them to adapt to new ideas but I’m confident we’ll succeed and bring more value to our customers!”



JOHOR SMES TO TAKE THE WORLD

KNOW-HOW, QUALITY AND FLEXIBILITY ARE THE KEY COMPETITIVE ADVANTAGES FOR SMES IN JOHOR STATE

Small businesses in Malaysia are playing an increasingly important role in the country's economy as more and more independent entrepreneurs – both men and women – parlay their knowledge, drive and skills into thriving enterprises.

Indeed, the SME Corporation Malaysia, the central government agency that coordinates the implementation of development programmes for small and medium enterprises, says SMEs are the “backbone of the economy” and the statistics bear out this boast.

According to the agency, 98.5 per cent of Malaysian businesses are SMEs, they generate 40 per cent of Malaysia's GDP and account for 23 per cent of the country's exports.

Most such businesses – 89 per cent – are in the services sector while 5.3 per cent are involved in manufacturing and 4.3 per cent are in construction. And 20 per cent of SMEs are owned by women.

Johor is at the forefront of this wave of individual entrepreneurship as one of the leading states in SMEs with 11 per cent of the national total.

Positive Outlook

One such enterprise is Paxton Engineering SDN BHD, founded in 1979 to specialise in the sales of industrial equipment but which has since expanded into the design, fabrication, installation, and customer service support for cranes of all sizes and for all tasks.

“We began by trading in cooling towers, valves and measuring instruments



KENNETH HO

EXECUTIVE DIRECTOR OF PAXTON ENGINEERING

“EXPORTING OUR CRANES IS A CHALLENGE AS WE NEED TO USE SPECIALISED TRANSPORT”

but then over the decades we have evolved into manufacturing cranes and we're the only company in Johor that does that,” says Executive Director Kenneth Ho.

“Johor is perfect for us because Singapore companies come here for the cheap land and labour to set up their plants which use our cranes. One example is the precast industry of which there are about 20 companies that all require cranes and we've been able to supply their needs.”

“In fact, we've made some 300 cranes for this sector and other engineering concerns as well,” he adds.

Paxton Engineering manufactures overhead, gantry, JIB, monorail, semi-portal, goods hoist and A and C cranes, along with other industrial lifting solutions. The company's experts work with clients to customise their lifting needs, modifies and relocates existing cranes and makes girder and runway structures.

It also supplies radio remote control devices, magnetic lifters, hoist motors and spare parts for cranes.

It has proven to be a lucrative business. Annual turnover ranges between \$5 million and \$7.3 million and 2019 was a banner year. “2018 was a bit okay but 2019 was crazy,” Ho says.

“And I'm really optimistic for 2020 because there is a lot of construction going on both here and in Singapore where the government is starting to build a lot of public housing.”

One of the company's latest projects is a Chinese-owned glass factory in Malacca State located next to Johor. Ho says the recent US-China trade dispute has benefited Paxton Engineering.

“Because of the trade problem, this client's factory in China was unable to ship its products to the United States so they shifted production to this plant in Malaysia and their sales are booming,” he explains.

Outside the domestic market, Paxton Engineering exports to Singapore, Taiwan and Bangladesh, and Johor is the perfect spot for reaching these and other Asian markets.



The executive director says the state provides other advantages as well.

“We have very good infrastructure, excellent transport connectivity and two state-of-the-art ports which are so important for our current and future export requirements.”

“Exporting presents a challenge to us because our cranes are so long and don't fit into a standard-sized shipping container. So we have to use specialised transport,” Ho explains.

“But we're working on meeting that challenge and ten years down the road we'll have it solved and it will be the norm.”

Environmental Awareness

The future is also the focus of Euro-Circuit Technology Sdn Bhd but it's the future of the planet that the company is most concerned with as it produces green solutions applied to cleaning operations for a wide range of industries including Oil and Gas, automotive and logistics, building and structure, agricultural production and manufacturing.

Its premier product is Bio-Solv®, a water-based alternative to chemical-based, hazardous degreasing solvents using readily biodegradable materials to remove even the toughest hydrocarbon stains and deposits. Its tagline is Engineering Green Cleaning.

Along with the obvious environmental benefits Bio-Solv® is also much safer for workers as there is no danger of harmful effects on human health as there is with traditional cleansers.





**NOOR HISHAM
AB HAMID**

MANAGING
DIRECTOR OF
EURO-CIRCUIT
TECHNOLOGY

**“OUR PRODUCT CONTAIN
NO HAZARDOUS CHEMICALS,
SO IT IS GREEN AND
ENVIRONMENTALLY CLEAN”**



“I created this product in 2000 after many years of R&D and we had a pilot run,” recalls founder and Managing Director Noor Hisham Ab Hamid who had trained as a metallurgist in the UK.

“Once I saw that the market was responding positively, we got some funding from the government under MTDC (Malaysian Technology Development Corporation) and then we expanded so we could launch full commercialisation in 2016. After three years, our turnover is around \$500,000 annually.”

Bio-Solv®’s first customer was the Malaysian state oil company Petronas which opened up the company to the many petroleum clients in Johor along with potential users in the manufacturing, automotive, shipping, agricultural and other industrial sectors.

“My message to all of these industries is that we have to increase the awareness of climate change because of the effect of carbon emissions and cleaning is a major contributor to these emissions,” the managing director explains.

“For example, using acetones in these cleaners evaporates into the atmosphere and nothing can be done about it. But our product contains no hazardous chemicals or other substances harmful to the environment. It’s green and clean.”

Asked if Malaysia in general and Johor in particular could be a bright spot for green technologies by following his company’s example the managing director is positive but with a small caveat.

“Yes, but it will take time to create awareness here. If you compare Malaysia with Europe or Japan, for example, society’s response here to green initiatives is still

being formed. It’s growing, but it will take time,” he says.

Growth is also in the cards for Euro-Circuit Technology’s overseas sales especially in the Persian Gulf region, building on the company’s spreading footprint in Asia.

“We’ve appointed sales agents in Vietnam, Thailand, Singapore, Brunei, Indonesia and even in Turkey,” Hisham Ab Hamid says. “And we’ve been to Oman and Abu Dhabi where we are hoping for great things.

“So we really believe that 2020 should be a good year for us!”

International Focus

Expanding into foreign markets is also the strategy of Pioneer Precision Tools Sdn. Bhd. as domestic sales for its precision machining, fixtures and jigs shrink, says Managing Director Tan Boon Kiang.

“There is a crisis in the local market and we’ve seen sales drop by around 70 per cent but in 2019 our overseas business grew and we are confident that foreign sales will become more and more important in the future,” he explains.

“In fact, the international market has proven to be more profitable for us and countries like Indonesia is one such example. We’ve also been active in targeting other Asian countries like Thailand and China which are both big markets for us.”

Outside the region, the United States has also proven to be lucrative for Pioneer Precision where one of its clients is a major manufacturer of nuts, bolts and other fasteners for the global oil and gas industry.

“I don’t believe we can count on overseas sales reaching 100 per cent of our production as it makes sense to have some presence in the domestic Malaysian market,” the managing director says.

Pioneer Precision designs and produces precision jigs and custom-made automation machines, special checking gauges and machine spare parts, and provides stamping, die and tooling, and precision grinding services.



Materials it works with include tool, mild and stainless steel as well as aluminium, nylon, PVC, acrylic, Teflon and Bakelite, and boasts a full range of milling and grinding machines and lathes.

The company employs 20 people from apprentices to top management and reports annual sales at around \$1.2 million.

“Our three strategic focus points are developing a stable customer base by always ensuring quality and prompt delivery, guaranteeing total customer satisfaction, continuously upgrading our company’s machines, and provide and maintain our employees’ machining skills,” the executive says.

“And to ensure the quality of our service, the company has been certified with the prestigious ISO 9001: 2000 certification,” he adds.

Tan says that he is interested in forming partnerships with foreign firms to increase Pioneer Precision’s international presence, especially large firms that have global clout in the sector.

“What we would be looking for is another machining company which produces precision parts and can do the same with our designs and specifications,” he explains.

And Johor is a good place for foreign companies to invest, the managing director says. “Raw material supply is easy and our wages are lower than places like China. It’s a win-win place to do business.”

Trade Fairs

Another home-grown company betting on expansion beyond Malaysia’s borders is Pestline SDN BHD, a leading manufacturer of pest control equipment founded in 2010 by Managing Director Lim Kee Kwong.

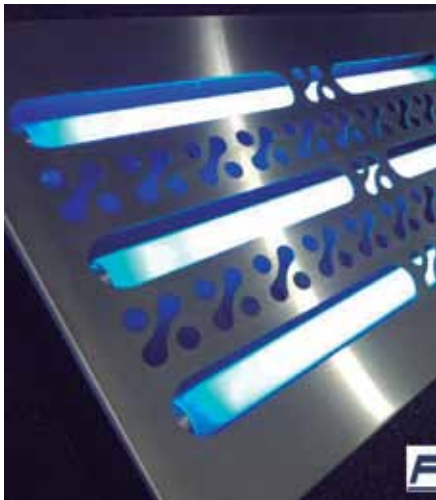
“I was a pest control service provider and after several years of running the business I wanted to grow bigger through manufacturing my own products,” he recalls.

“Our first product was the insect light trap which is unique. It attracts insects with a strong UV light and traps them to a glue board,” he explains. “This is better than the traditional light ‘zappers’ which fragments the insects and can spread any infections they carry up to two metres away.”

Along with traps targeting flying insects, Pestline also manufactures high-tech devices for trapping or controlling cockroaches, rats and birds, as well as spikes to prevent birds from landing on roof ledges, windowsills, signs, statues and other surfaces.

Other products include pesticides, pest detectors and several types of manual and vehicle-mounted fogging machines to dis-





pense most varieties of pesticides, fungicides, disinfectants, poultry vaccines and odour neutralizers.

Pestline's products are designed to be safely used in household, public sector, commercial and industrial environments.

"When I first started I was aiming only at the domestic market but once we began making more money three years ago we entered the international market, initially in Singapore where we now have a branch," the executive says,

Annual sales nowadays are around \$1.7 million and Lim hopes to see that number grow as the company makes an effort to boost its overseas sales.

"We have pretty much saturated the local market so even if we make a huge endeavour here in Malaysia to expand sales it's not going to do as much for growth as if we apply that same effort overseas."

"And it will take a lot as we've discovered that it's not that easy to expand into international markets. Currently we're present only in around ten other countries like most of Southeast Asia, Saudi Arabia, Pakistan and South Africa," he says.

"So we're going to go on the road and hit some trade shows. This year, for example, we're attending a trade fair in the Philippines.

"That will help resolve one of the challenges we face on the marketing side which is letting people know what Pestline does and the advantages and benefits of our products."



TENG KONG YANG AND HIS TEAM
L&CO CHARTERED ACCOUNTANTS

Despite these challenges, 2019 was a good year for Pestline and Lim says he expects a bright future as the company ups its game in more foreign markets.

Malaysian Advantage

Another challenge facing many SME's is making sure they're correctly fulfilling their financial obligations to the government and other such business concerns which is the job of L&Co.

"We assist Malaysian small and medium enterprises with their financial statement statutory audits, taxation and goods and services tax affairs," says founder and Principal Partner Teng Kong Yang.

"Our beginnings date back to 2006 as a bookkeeping firm for SME's and have since expanded into company audits, financial compliance and other services like consulting. And now we have three branches – here in Johor, in Kuala Lumpur and in Penang.

"Our core service is the external audit of companies' financial statements," the executive says. "We conduct our audits in accordance with approved Malaysian standards that call for ethical requirements."

L&Co's clientele includes local businesses in the manufacturing, construction, agricultural and trading sectors, professional services providers such as doctors and lawyers, non-profit organizations and even multinationals.

"WE ARE EVEN BEGINNING TO SEE COMPANIES FROM VIETNAM COMING NOW TO MALAYSIA"

Last year the company posted revenue of \$2 million, a 40 per cent increase over 2018, and Teng says he expects a further 30 per cent rise in 2020.

"This should come about once we carry out some changes in our structure and our business model, and we also need to incorporate our company like those large international accounting firms.

"Right now our staff is working on applying for the license for that next big step," he explains.

L&Co's location in Johor is also a contributing factor to growth as an increasing number of companies set up shop in the state with room for many more. And they need auditing and tax advice.

"It's not just in Johor but all over the country, especially for those companies which export. In China the cost of labour is rising and with the trade war between China and the United States, companies previously operating in China are shifting production here," Teng says.

"We're also beginning to see companies from Vietnam coming to Malaysia."

And, he explains, Singapore's proximity means that many companies in that coun-



try are outsourcing their accounting needs to firms like L & Co with its more than 80 skilled experts in auditing, taxes, corporate advice, liquidation, business registration and consultancy.

“There is also the linguistic advantage in Malaysia. Many Malaysians speak Mandarin Chinese for those companies from China, our Malay language is very similar to nearby Indonesia and almost everyone here speaks English.

“So Malaysia is the perfect place for foreign companies from our region and beyond to open operations here. Everything is moving our way.”



TOH CHING SEH

MANAGING DIRECTOR OF

EVERLAST CAT PERINDUSTRIAN (M) SDN BHD

“I BELIEVE WE CAN INCREASE OUR SHARE OF EXPORTS UP TO 70-80 PER CENT VERY SOON”

Export Oriented

Nearly two hours north of Johor, in the industrial area of Batu Pahat is another prime example of international expansion and long industrial tradition.

Everlast Cat Perindustrian (M) Sd. Bhd. - EPI - was founded in 1976 by its managing director Toh Ching Seh, who wanted to start its own company after several long stints working for multinational companies in Taiwan and Singapore.

“We started to offer a wide range of coating products for various type of surfaces and substrates for the Malaysian market. But in 1996 we received a fax from Bangladesh requiring insulating varnish, and that’s how we became an exporter,” says its founder.

Thirty years after its first experience in a foreign market, EPI is currently exporting its paints and varnishes to Bangladesh, Vietnam, Indonesia, Sri Lanka, Australia and the Maldives.

“Export markets represent about fifty per cent of our current turnover of about two million dollars a year. Even if we are still a pretty small company, we are very committed to the international markets,” the seasoned executive says.

“Just by the fact that are away from Johor Bahru, we are saving over twenty per cent in labour costs, which makes us more competitive in the markets that we are targeting.”



According to Mr Seh, most local workers still prefer to stay put in the region, be it for family or religious reasons, as they are mostly of Malay ethnicity, and he considers the available labour pool in Batu Pahat as “smart and hard working.”

But the infrastructure and access to the ports in Johor is still lacking, as his trucks need an hour to reach a highway from its manufacturing base.

“We have the option to go to Johor port in about two hours, or to Kuala Lumpur in three hours. For instance, for Bangladesh we use Port Klang, and we are happy about their services,” he explains.

As the local market is going through a low demand phase, the managing director expects exports to take an ever-larger proportion of its future sales.

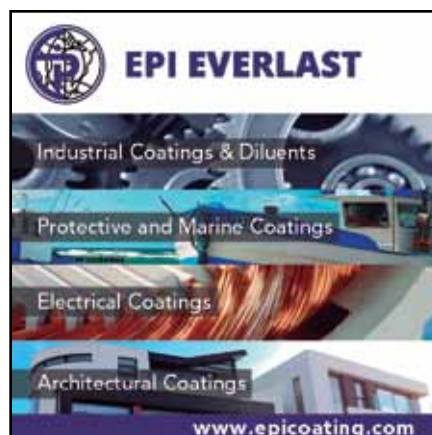


“I am very optimistic on the export markets, and I believe that we can increase its share to 70 or 80 per cent, as the Malaysian market is very tough at the moment,” he confers.

To achieve that growth, Mr Seh is interested in acquiring an international partner that is well established in the marine sector, as for that market the requirements are much higher than in his traditional ones.

“The marine paints market is growing at 10 per cent a year at the moment. We know the market and we have the technical expertise, but we lack the specific IMO license to sell in this sector,” he concludes.

As the Malaysian industry plays on its traditional role of tending bridges between the West and Asia, SMEs such as EPI have all to gain in accessing international markets through partnerships and joint ventures.



INTERVIEW WITH MR LEONG CHEE KONG

MANAGING DIRECTOR of CHEE KONG ENGINEERING & CONSTRUCTION SDN BHD

For over 30 years the Johor-based engineering and construction concern Chee Kong has been expanding in Malaysia while providing innovative steel structure solutions to its customers across the country. Facing now its fourth decade, the group has set its sights on an aggressive international expansion plan that has already started to bring results



The company turned 30 years old in 2019, how was the company formed?

L.C.K.- Chee Kong Engineering & Construction was founded in 1989 to supply and build steel structures to our customers. We specialize in various kinds of civil engineering and building construction projects such as warehouses and factories. We possess over 25 years of experience in this field; if you want to build any types of projects related to engineering and building constructions that is what we do.



How was the business for the last couple of years for the company?

L.C.K.- In 2018 we were involved in five large projects, because we are doing a lot of construction dealing with oil and gas. In 2019 some of these projects have been almost completed, so by the mid of the year 2019 we noticed a bit of a slowdown, yet right now we still have plenty of work but not as much as in 2018, as we can say that in 2018 we were working at full capacity.



So are you optimistic on the business prospects for 2020 and beyond?

L.C.K.- Taking into account our export projects, that we consider as international projects, we should be able to grow our company's revenue while at the same we will still maintain our traditional business in the oil and gas sector. We are hopeful that we will be able to gain some new projects in East Malaysia as well, so we should return to growth in 2020.

How many people are working in your companies now?

L.C.K.- Last year, in 2018, we almost had a total of three hundred people working for us, counting those in the company's staff and the temporary workers. Come to 2019, and we are probably down to a hundred and twenty workers, so we can say that our business volume will be about fifty percent of what we achieved last year.

doing some major works near Kuala Lumpur. Internationally, we are also doing a great project in Australia.

What are the main challenges for the company when going to foreign markets?

L.C.K.- We are currently facing a number of challenges, first of which is the issue of quality, as we need to have international accreditation to access foreign markets. Then there is competitive pricing, as we are going international where we find quite a lot of very competitive companies. So we are focusing on our quality, productivity and finally on improving our services.

At this moment what are the sectors of your main customers?

L.C.K.- We have a quite diverse array of businesses that we work for, as we are doing jobs for manufacturing companies for whom we are building mostly warehouses. Of course we are focusing on oil and gas business, yet as the oil and gas sector has been weak, we are doing some projects for other sectors.

How important are international markets for your company today?

P.A.- At this moment they may amount to about 10 to 15 percent of our business, but we are expecting that figure to grow as we enter new markets in Asia.

Particularly, we are expecting to win some major projects in 2020 in Australia, thanks to the work and the experience that we are gaining there. That growth in foreign markets should compensate for the loss of business that we are currently seeing in the Malaysian oil and gas sector.

Fortunately, and contrary to many other companies in the sector in Johor, we are not facing any major issue regarding our human resources, as most of our experienced personnel is anchored to the company, and when needed we are able to attract workers.

One of these customers is the Chinese internet giant Alibaba, for whom we are

Are those international projects as profitable as the local ones?

L.C.K.- Actually, as far as export projects are concerned, we are finding that the profit margins are even better than what we are achieving in our local business.

Since the beginning we are trying to achieve these aims in order to expand our operations and become a truly international firm, and we hope that international investors will come to realise of the quality of our projects at Chee Kong Engineering & Construction.

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INTERVIEW WITH MR. KOH SOO ENG DIRECTOR of CAMTRONICS SDN BHD

The dynamic cable and wire contract manufacturer from Kluang, in central Johor, has adapted over time to cater to the needs of its multinational customers, while it gets ready to grow in international markets, its seasoned director tells us while he outlines the many competitive advantages of manufacturing in Malaysia



For a little bit historical perspective, where is Camtronics coming from?

K.S.E.- We started off in 1996, when most companies in Johor were supporting Singaporean companies as assembling sub-contractors. That, in general is how Johorean industry developed from an early stage.

Our proximity to Singapore had its own advantages in those early days, because most foreign investors used Singapore as their gateway to Southeast Asia. When manufacturing costs in Singapore escalated, they just branched out to the nearest manufacturing location and that is Johor.

What major factors made the company develop into what it is today?

K.S.E.- The Asian Financial Crises in 1997 hit us badly. Business was non-existent and financial institutions were in dire straits. Money was in short supply. We decided to remodel our business, as it was not sustainable at its present form. We needed to develop our own niche and our own products, to be more competitive in a global market and to cushion our business against future market fluctuations.

In 1999 we started to build some cables and wires assemblies with the help of some friends who loaned us the machineries and helped purchased the raw materials. We have not looked back since.

So then cables and wires became the hearth of the company?

K.S.E.- Yes, and we started working for the likes of Robert Bosch and some Singapore-based companies supplying wire assemblies to build our capability and know-how. I then realized that there is niche market in Malaysia's telecommunication sector, monopolized by Telekom Malaysia (TM). All the cable assemblies for TM's installation were imported then. There was a need for a local cable supplier so we approached one of the TM's suppliers, KUB Communication and they agreed to work with us.

For the next few years, we dominated the cable supply market to Malaysia's Telecommunication sector. This acted as our launch pad to establish Camtronics as a comprehensive and reliable supplier of cable and wire assemblies.

What is the size of the company nowadays?

K.S.E.- Our current work force is around 200. We are sitting on a factory with build in area of 46,000 sq ft. Most of our products are exported to Europe, especially Germany, and also to the US, China and Japan. We are currently billing about fifteen million dollars.

How did the 2008 financial crises affect your business?

K.S.E.- The 2008 financial crises created a slump in demand. Nevertheless, it helped us retune and look at things from a different perspective. We went more into automation to reduce our dependency on raw labor. This change allowed us to develop and build more challenging and complex products which were adverse to market volatility.

Since 2010 there was a drive by most of our customer, especially Americans, to source from East Asia for complex cables and wire harnesses, with better value to drive cost. Our structure and business model allows us to compete and offer cost-effective solutions to all our customers.

Have you been affected yourself?

K.S.E.- Yes, of course. We had to go through the turbulence associated with the downturn. But it allowed us to reposition ourselves in the market and opened the doors to direct customers from the West.

How is 2019 for the company and what do you expect in the next few years?

K.S.E.- We saw our sales picking up from

"WE ARE INVESTING IN A NEW FACTORY AS WE HAVE MANY NEW ORDERS IN THE PIPELINE"

the end of September, I think we are about 8% ahead from last year. I fully expect our sales for 2019 to increase by about 10% from 2018.

In the next few years, we expect be in the same business but with more new products coming on line. We target to achieve revenues of around 25 to 30 million dollars in three-years time. We are planning to invest in a bigger manufacturing plant, which should be operational within a year.

That will be a good platform moving forward. In our industry, that is a good size for us to compete internationally. We need to reach that size to remain competitive.

Is Malaysia the right country to invest?

K.S.E.- Yes, of course. That's why we have one of the largest FDI figures in the region. If you're coming to Asia for the low-end products, you will go to Vietnam, Cambodia or the Philippines. But if you have a reasonably priced product for which you need to have slightly more control and a slightly higher quality, Malaysia, Singapore and Thailand, these are the three countries you will go to.

If you come to Malaysia, our advantage here is that the government is always business-friendly. We have laws to counteract copyright violations. We have good enforcement, and in Malaysia we respect the law. It's easy to do business here and we have a lot of incentives for people who come in to invest in our industry.

Camtronics Group, established in 1996 specializes in the design, development, and deployment of interconnect technology. Camtronics manufactures an extensive range of interconnect products, especially value-added cable and electromechanical assemblies customized to user needs and requirement. We have a team of highly trained and capable professionals to ensure that our Product Design, Quality, Delivery and Services meet our customers' expectation

www.camtronics-connect.com

**INTERVIEW WITH MR LAU T. H.
EXECUTIVE DIRECTOR OF FAR EAST PYRAMID**

This electronics R&D company has designed a series of innovative products that protect the health of users and helps reduce plastic waste. Already operating in Malaysia, Singapore and Taiwan it plans to expand its reach to Europe, America and Japan to take its unique products for their discerning consumers



What were you trying to achieve when you founded Far East Pyramid?

L.T.H. - Since its foundation in 2008, the idea behind the company has always been to make the life of electronics consumers easier and healthier. We discovered very soon that the young generation, specially in Asia, are avid users of electronic devices, such as mobile phones and tablets, even at a very young age. So we set out to find a solution to the excessive exposure to electromagnetic radiation for both young and adult users in Malaysia and in other Asian countries.

Since I had been working for Panasonic before I founded this company, I had a first-hand experience on how the youngsters and children in Asia are more exposed, for cultural reasons, than Europeans or Americans.

“WE FOUND THAT HOSPITALS IN MALAYSIA ARE RECEPTIVE TO POWERLINK TECHNOLOGY”

For instance, my own niece who is only five years old asks for the WiFi password even before he asks for ang pow in the Chinese holidays, and in hotels nowadays you will be given your WiFi password even before you are handed your room keys.

How bad is the effect of the electromagnetic radiation in Asian countries?

L.T.H.- For instance, Taiwan now has the largest radiation of exposure of any country in Asia, as WiFi service is pervasive and most people carry two mobile phones, one for personal use and another for business.

It has been scientifically proven that electromagnetic radiation slows blood circulation. So I realized thanks to a medical procedure that I took that a busy person such as myself can spend most hours of the day subject to harmful levels of electromagnetic radiation from computers, WiFi and mobile phones.

What products did Far East Pyramid design to address this problem?

L.T.H.- Our Powerlink SavLink & Lcare product lines were designed to reduce up to 95% of the electromagnetic radiation emitting from most electronic devices, including mobile phones, computers and WiFi routers. We have found that hospital in Malaysia and Singapore have been very receptive to this kind of technology, as it can improve micro-blood circulation in patients and all type of centres where different health-care treatments are provided, as proven by the Patent Cooperation Treaty (PCT) already obtained.

We have also already started exporting to several Taiwanese medical centers recently. But I believe that there needs to be an information campaign for the private users to take up this kind of products, that is why we have started with the hospital and health-care markets in nearby Asian countries.

How is the production carried out for these innovative products?

L.T.H.- We at Far East Pyramid have carried out all the R&D for these products



and the actual manufacturing takes place at some OEM's here in Johor State in Malaysia, while the final inspection is taking place at our facilities before they are shipped to our customers.

We spent the first six years developing the technology behind these products and testing them, until only four years ago we finally started production for the market, so we are still quite new and have a great potential to grow in front of us.

We also produce and sell a line multi-functional sockets called Modulinks, that are designed to be able to replace any damaged unit without replacing the whole rack, so if there is an electronic shock the waste produced will be much smaller than otherwise, so the ecological impact is greatly reduced.

What markets will you be targeting for your Powerlink products?

L.T.H.- We would like to expand our current reach beyond our markets of Malaysia, Singapore and Taiwan and have our products reach Europe, North America and Japan soon.

In order to achieve that, we are looking for partnerships in those countries that can form a long-term relationships with us, in order to work hand-in-hand with them and expand our reach to those markets.

While production our will remain in Johor State, as the ports here are very suitable for all types of electronics exports overseas, we are considering moving our commercial operation to Kuala Lumpur from where it will be easier to receive foreign clients and manage our international expansion.

We are optimistic that our products can make life easy and healthy for our customers and we are ready to expand worldwide to prove it.

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ISKANDAR MALAYSIA, JOHOR



UMLAND MEDINI LAKESIDE

UMLand Medini Lakeside is a 30 acre lifestyle resort masterplan by UMLand consisting of the integrated commercial complex - UMCITY and the sprawling development of VIRIDEA, anchored by a 13 acre lake.

With a variety of offerings that combines hospitality, retail, entertainment, shopping and relaxation, this development is one of the biggest international collaborations in Iskandar Malaysia with hotels by The Ascott Limited of Singapore and Onyx Hospitality Group of Thailand.

UMLand Medini Lakeside will be the destination for events and entertainment with a boardwalk and promenade which will offer an all year round fun park and carnival with events and highlight throughout the year.

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UMCITY was conceptualized as a fully integrated commercial hub for the urban dweller in mind offering world class corporate environment and amenities amidst green spaces, rooftop gardens and a beautiful lakeside environment.

HEART OF A NEW METROPOLIS

Iskandar Malaysia is a development project initiated by the Malaysian government that aims to create a bustling commercial & business hub of the future in the southern gateway of Johor. This development encompasses five complementary zones with each of these zones being developed with a unique aspiration of supporting industries such as technology, manufacturing, logistics and media production. Central to this development is UMLand Medini Lakeside which has been designated as the main business district to connect the various zones within Iskandar Malaysia to the rest of the world.

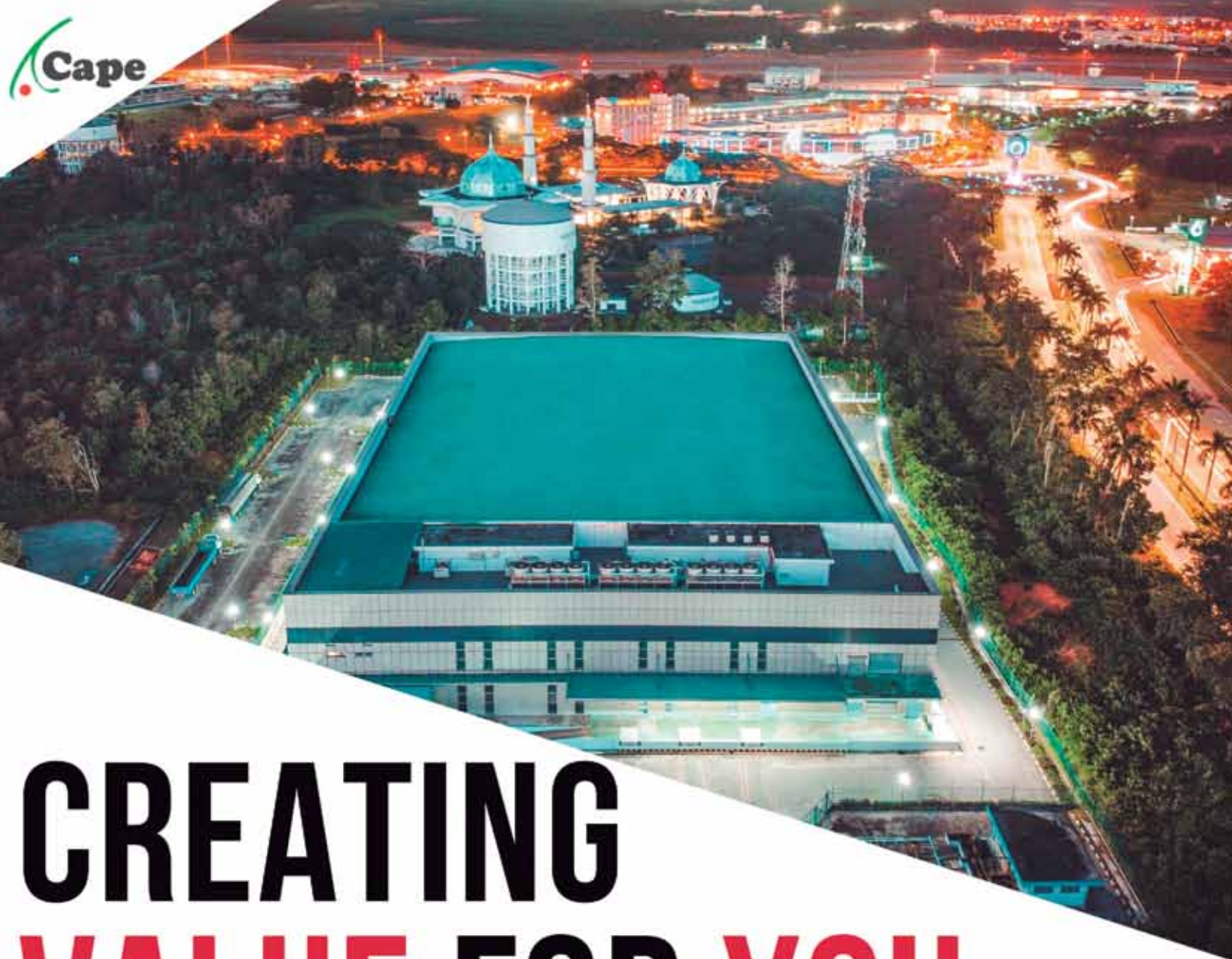


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