



MALAYSIA

Construction, Renewable Energy and Industrial Exports are propelling the Malaysian economy to record growth figures





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MALAYSIA'S BIG GROWTH YEAR COULD BE 2023

ENSUING A STELLAR 2022, THIS YEAR IS PROVING TO BE ANOTHER RECORD ONE

Malaysia is back and investors are taking note. A newly elected government helmed by veteran politician Prime Minister Anwar Ibrahim is carrying out exciting projects, the negative impact on the economy from Covid-19 is fading fast and the country's importance as a trading hub between East and West is on the rise.

After years of political turmoil, the Malaysian business community feels that the new administration will be a moderating force and work diligently to end the political and social divides at the base of the past instability.

Malaysian business people were certainly relieved when Ibrahim was elected in November with the Malaysian currency, the ringgit, rising to its highest value in two weeks and markets surged, with equities up 3 per cent.

Anwar has much to build on. Last year, the country's economic performance rose nearly 9 per cent over 2021, the highest annual growth recorded in more than two decades and well ahead of the government predictions of around 6.5 per cent.

Ranked among its neighbors, Malaysia boasts the fourth-largest economy in Southeast Asia. This enviable position, along with the continuing industrialization of its relatively open market economy is luring investors from near and far, as local businesses expand domestically as well as abroad.

Many of these investors see Malaysia as a desired destination because of its role as a key business link in the region and an important bridge to China because of that country's proximity and the many ethnic Chinese-Malaysian entrepreneurs.

By sectors, manufacturing is enjoying impressive growth, largely in electrical, electronic, IT and optical goods, along with transport equipment. The country is also rich in petroleum, and gas and oil exports are also increasing, along with agriculture and agricultural products, while construction posted double-digit growth last year.



Halal Advantage

Due to its bounty of nature's many gifts, Malaysia is a rich source for natural products which are enjoying a spike in interest around the world and providing Malaysian companies with new markets both at home and overseas.

One such company is Pancha Products, originally just one brand of many among the subsidiaries of a Penang-based conglomerate but that is now a stand-alone company, says CEO Ganesan.

"We stand on our own and are run independently, although we follow a similar model of what the group has done."

Pancha Products specializes in herbal products for health and wellbeing from natural and organic sources with more than 200 items distributed to retailers across the country.

A glance at the company's catalogue shows that it produces and markets a wide variety of incense sticks, attars, herbs and spices, herbal oils and powders, honey, henna and dozens of other items.

The company regularly posts annual revenues of around \$3 million, employs 45 people and before Covid-19 struck in 2020 was doing very well indeed.

"We were flying high with the entire business – raw materials, manufacturing



MR GANESAN

DIRECTOR & CEO OF PANCHA PRODUCTS

"WE WANT TO EXPLORE NEW MARKETS & NEW PRODUCTS IN THE INTERNATIONAL ARENA"



and deliveries – performing extremely well," the executive recalls. "But during the pandemic we faced some difficulties."

These included supply disruptions. Before the crisis, Pancha Products imported two 40-foot containers a month of raw materials from India.

"But during the beginning of the pandemic we were able to get only one container every three months and in the second half, only one container in six months. At the same time the prices of raw materials for the company went up."

"Of course, sales went down, but fortunately we were able to maintain our staff levels with many people working from home. We didn't know when the pandemic would end so we wanted to keep everyone on," he says.

Now, almost everything has returned to normal although Ganesan explains that demand has not bounced back to the levels before the crisis and the company is experimenting with ways to bring back its



customers who are spending less.

“We’re introducing changes to give the people what they want. For example, we used to sell a branded product for a little over \$2 per packet. Now this same product is marketed with different and simpler packaging at a lower cost for us with the savings passed on to the consumer.”

Pancha Products has a distributor in Singapore, supplies the Indonesian market and last year shipped its products to the United States, the United Kingdom and Australia.

“And this could be only the beginning,” the CEO says. “We want to explore new markets, new product areas and have a larger international presence. We’re certainly open to partnering with local distributors in these new markets.”

“One of our big selling points for penetrating markets in Muslim-majority nations is that we are strictly halal.”

“Malaysia is one of the best places to do business,” he adds. “Our new government is business friendly and seems to be serious, there is political stability, exports and imports are on the rise and many foreigners are coming here to set all this for themselves.”

Accelerated Recovery

Boosting exports are in the plans of Aslinah Aslam, the founder and CEO of AZAIB Holdings that manufactures a wide range of chocolates and who got her start turning out cookies and candies baked at home.

“I was working at Standard Chartered Bank when I was 20 and after several years got the idea to start my own business,” she recalls. “Once I got started I asked a friend about getting me involved in the industry and he introduced me to the concept of selling in duty free shops.”

Aslam began supplying her chocolate confections to the duty free shops in Malaysian airports which were snapped up by tourists. “It was like a gift from Malaysia for them to take home,” the executive says.

That was in 2010 and by the time the pandemic arrived, the company was not only selling to visitors but was also focusing on exports and doing private label production.

“We were hitting an annual revenue of around \$1 million and employing some 50 staff, but with Covid-19 and travel restrictions and no one visiting Malaysia, our



“OUR PRODUCTS CAN BE VERY COMPETITIVE, WITH A SOLID WORLD MARKETS REPUTATION”

business dropped to zero,” she says.

“It took us about six months to get back on our feet again. We started selling online and picking up business. By 2022 we were back to 30 per cent of our pre-pandemic sales and so far this year it’s at 70 per cent.”

The company is concentrating once again on the duty free and private label sectors with expectations that business will grow enough so that sales and revenue will return to pre-pandemic levels.

Another possible revenue stream is exports. AZAIB’s chocolates are already sold under private label in Bahrain and Dubai and the CEO wants to target other markets in the Middle East as well as closer to home in Asia.

“I really believe our products can be competitive internationally because of our price and our quality is proven. I have



enough confidence in the company’s future to now invest in another factory so we can meet the expected demand,” Aslam explains.

Another factor appreciated by consumers in Asia and the Middle East is the company’s chocolates have halal certification.

“But we still have to make a real effort in branding and marketing. We need to get out the word that many of our chocolates contain local tropical fruits like jack fruit and that is unique in the market.”

“Our experience shows that it’s clear that the food industry in Malaysia is on a growth trajectory. Our population is increasing and Malaysian products are earning a solid reputation in global markets.”

Online Move

Another sector on the rise in Malaysia is financial services provided by firms large and small. And many businesses and individuals say small is best as they value the personal attention and service lacking in bigger firms.

A case in point is Raj Management Services founded by the managing director who likes to be known simply as Raj. Although he had no interest in accounting as a young man, his parents shuffled him off to do an accounting degree at university and it turned into a successful career.

“When I finished my studies, I worked at an accounting firm just to learn the nuts and bolts, how to do taxes, all of it,” he recalls. “So once I felt that I had learned all I needed to know, I set up my own accounting firm in 2005.”

“When I first established the company, potential clients would ask if I had any experience in accounting, how could they trust me, how many staff I had, how much I charged, etc. It was a big challenge.”

But step by step, Raj overcame the-



MR RAJ

MANAGING DIRECTOR OF RAJ MANAGEMENT SERVICES

“MALAYSIA’S PRIME MINISTER IS DOING A GREAT JOB BRINGING IN INVESTMENT FROM OVERSEAS”



ase problems. He personally took over the marketing, making cold calls to potential clients to announce he was in business and proposing that he take on their accounting work.

“I’d ask if I could come to their office and I persisted and persisted until I built my client roster,” he says.

Raj Management Services performs book-keeping, tax services and other accounting duties, all according to the client’s requirements and time frames. It works with both large enterprises and medium and small companies.

Its financial consultancy division has large corporations, government agencies and individuals on its client roster, providing expert opinion on proposed business plans or other issues.

The firm also offers seminars and training sessions to clients and non-clients about accounting procedures and other issues dealing with financial matters.



As with most other business sectors, the pandemic had an impact on Raj Management Services, forcing Raj to change his business processes.

“I did all the accounting programs online and taught all the seminars online as well,” he says, “and these classes and training programs helped generate income.”

With a small headcount, the firm is small but agile and offers that valued personal service, with many of its bigger clients from the chemical engineering, oil and gas and export and import sectors.

“Those sectors with which we do most of our work are doing better and better every day so I think our future looks very bright. One thing I would like to achieve in the coming years is to see more young people talking up accounting,” the managing director says.

“We now only have some 10,000 accounting students in Malaysia and I think that is our biggest challenge as there are three important job positions in this country: nurses, accountants and doctors.

Raj points out that even the prime minister has recognized the importance of the profession when he urged citizens to hire accountants so their taxes are done properly and on time.

“Malaysia is becoming a very powerful country and our current prime minister is doing a very good job in bringing in investors from overseas to give more opportunities to Malaysians.”

IT Dynamism

Malaysia’s IT sector is garnering increasing attention regionally and globally with spending in the industry to increase more than \$25 billion this year with both the government and private industry working hard to make the country a digital powerhouse.

A homegrown firm at the forefront of this transformation is Mobius Digital Systems which started out in mobile app development and has now diversified into other high-tech fields. This year is celebrates a very successful tenth anniversary.



JUSTIN LEO

MANAGING DIRECTOR OF MOBIUS DIGITAL SYSTEMS

“THE PANDEMIC ALLOWED US TO SCALE UP TO BIGGER AND MORE LUCRATIVE PROJECTS”



“We were established in 2013 when my partner and I came here to Kuala Lumpur and we saw an opportunity for building software focused on mobile applications,” explains co-founder and Managing Director Justin Leo.

“There was an up-and-coming trend of things being digitalized and businesses were moving towards mobile applications but the industry in Malaysia was still pretty immature. That’s when we took our chance.”

The partners also placed an emphasis on User Interface (UI) and User Experience (UX) designs to ensure app customers had a good experience while using the app, as well as on the aesthetics and functionality.

Since those beginnings, Mobius Digital Systems has branched out into web and backend development, the Internet of Things, artificial intelligence and blockchain.

Just before the pandemic, the partners split following disagreements about how the company should be managed and Leo took over as sole managing director.

“At the start of the pandemic our annual revenue hovered around \$150,000 and we had a staff of some 14 people. And



the crisis turned out to be both good and bad for us," he recalls.

"On the positive side, a lot of companies realized they had to get on the ball regarding digitalization because they couldn't rely anymore on the brick and mortar approach to business, and whereas in the past we had to canvas for clients, now they were coming to us."

But on the negative side, motivational issues surfaced among the staff when some balked at being asked to work from home.

"You'd be surprised to learn that not every programmer likes to work from home and not interact with their workmates," Leo says. "So there was a little turmoil and that directly affected some projects being delayed."

Hiring was also an issue for Mobius Digital Systems as other IT companies were desperately signing up developers which in turn put upward pressure on salaries in the IT sector.

The managing director says that the company came off relatively unscathed from the Covid-19 crisis and managed not to lose staff or clients and, in fact, increased its client roster.

"The pandemic brought many new opportunities to us which opened up a lot of networks and we created more of a team structure allowing us to scale up to bigger and more lucrative projects," he says.

Leo says that one concern of his is future competition, not necessarily from other app developers either at home or abroad but rather from Artificial Intelligence, or AI.

"The rise of generated AI, a disruptive technology, has caused worries about whether it will replace some of our jobs and we are already adapting our workforce to what generated AI can do," he explains. "So we have to keep an eye on that."

"Still, IT is a dynamic sector but not for the faint hearted. So if you are an investor domestic or foreign keen for the challenge, don't like a static environment and want to learn new things, by all means step into IT."

International Opportunities

Increasing business by five times is the near-term goal of Eugene Eng, the group manager for the E&E Group and E&E Electrical Solutions, a Selangor-based enterprise which this year is marking its tenth anniversary.



"MANY COMPANIES HAVE CUT WORKFORCES & THESE PEOPLE ARE COMING TO WORK FOR ME"

"I went straight from secondary school to working in the electrical industry and after seven or eight years I took over the electrical items retail shop of my ex-boss and after two short years moved to the Klang Valley to open our showroom," the executive says.

E&E specializes in supplying a full range of goods for electrical construction and commercial usage including switches, light fittings, lamps and bulbs, fans, LED lamps and wiring accessories.

It also provides cable management systems, LV/HV power cable, data cable, coaxial cable and control cable, as well as circuit breakers, fuses, earthing and lightning protections, relays, transformers, and test and measurement instruments.

"Before the pandemic, I was running at full force and expanding which still continues. To give you an idea, when the crisis hit I had between 30 and 40 workers and now I have around 100," Eng says. "Annual revenue was around \$4 million."

E&E Group shut down for a few months and when the economy first began showing signs of revival, the government ordered a moratorium on loan payments, but once the moratorium ended, the economy slipped again.

"Our revenue has remained around the same as pre-pandemic and it's still stagnant now even though I spend a lot on manpower and investments. At the same time, I don't believe the economy is still that robust," he says.

"I try to be positive. One benefit from the pandemic was that a lot of companies in this sector had to cut their experienced employees and these people are now coming to work for me."

E&E's client base includes electrical shops, lighting shops, hardware stores and a few department stores. Around 80 per cent of its products are imported, largely from China.

"All of our LED lighting and electrical parts are Chinese sourced and the cables are made locally at our small cable factory here," the group manager says. "So we have five of our own brands, carry international brands from Germany and we're the sole distributor in Malaysia for GE Lighting."

"I'd like to grow by five times over the next three years to \$20 million, at least. I see a big opportunity for growth because I have a very strong team which understands everything about the electrical sector."

"All that's holding us back is a lack of capital to fund the expansion but since the pandemic, the banks are being very strict about loans," he explains.

Eng sees other emerging opportunities in neighboring Indonesia where the economy is on a roll and where a new capital city is being built which could be a rich market for the group.

"So I see the future as bright and offering a lot of possibilities as we now have a stable political situation with a very capable prime minister and president. So I think Malaysia is a great prospect for us and for investment."

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- FTI TRONICS SDN BHD
- POPUL FOOD (M) SDN BHD
- MAKUL SDN BHD

MALAYSIA'S SOLAR ENERGY

TO ACHIEVE CARBON NEUTRALITY BY 2050 SOLAR ENERGY IS KEY

Malaysia is becoming a regional and even global leader in the transition to solar and other renewable energy sources, fulfilling a vow to slash its greenhouse gas emissions by 2030 with the government announcing it wants to expand renewable capacity from 6 to 16 GW, a rise of from 18 to 30 per cent of the generation mix.

While the country has traditionally relied on such power sources as natural gas, coal and hydro power, these days renewables are clearly the future of energy generation with the government's pledge to be entirely carbon neutral by 2050.

This is an important step as the Malaysian economy over the same period is expected to triple, with the corresponding surge in energy use and therefore the need for an unprecedented leap in clean power generation.

Analysts say this transition will not only cut harmful emissions and save the country as much as \$13 billion every year in energy, climate and health costs; it will also open up an entire panorama of new opportunities, not only for local companies but also for foreign firms looking to get in on the action.

One Western embassy predicted that with the many billions of dollars being spent over the next few decades on the transition, vast opportunities for foreign renewable energy investors include such fields as battery storage, energy efficiency and digitalization for the new "smart" energy grids, and renewable energy equipment.

Indeed, one report by an international renewable energy organization predicted that as much as \$375 billion in investment will be needed for the government to meet its 2050 target and new Malaysian renewable companies are popping up or existing ones are expanding to make that vital transition possible.



ELMIE FARUL MASHURI

MANAGING DIRECTOR OF GSPARX

"THE NEW MALAYSIA ENERGY TRANSITION OUTLOOK ADDED MORE RENEWABLES QUOTA"



Future of Energy

A perfect example is GSPARX, which got its start in 2018 as a wholly-owned subsidiary of Malaysia's giant Tenaga Nasional Berhad (TNB) Group utility company.

"We could see that the future of energy was in renewables so TNB, for which I worked for 15 years, created this company," says Managing Director Elmie Fairul Mashuri who took on the job in 2020.

"That was the early stage for us and we had only a one-megawatt project completed but we had other projects in the pipeline for commercial, industrial and residential projects," he recalls.

GSPARX was promoting its Zero Capex Solution for Rooftop Solar largely to the commercial and industrial segments of the market with the residential clients being offered a rent-to-buy arrangement.

These deals were set up in cooperation with financial institutions which provided credit to GSPARX customers so they could have their own solar power systems.



Then Covid arrived which resulted in double growth for GSPARX as with everyone staying home electricity consumption surged and many people turned to the company for their own rooftop solar systems.

"And our commercial and industrial clients saw that they too could cut costs and the solution was clearly solar energy," the executive explains. "Even if rooftop space is limited, they can still enjoy it."

Business doubled at the company during the pandemic along with its staff which went from ten employees to more than 20. GSPARX currently produces around 60 megawatts with another 220 in the pipeline.

"Our revenue last year was around \$7.5 million and while I don't wish to release our forecast for 2023 we expect to double our business as we already have done," Mashuri says.

GSPARX works differently than other solar energy companies because as an investor it partners with tier-1 solar PV module suppliers and leading solar inverter manufacturers to ensure the highest-quality equipment for its clients.

"We have found that once the advantages of solar power are explained such as savings on energy costs and helping contribute to a greener future, our customers from all segments of the market are eager to sign up," the managing director says.

"During the pandemic our main challenge was getting the supply chain to run smoother as many of our materials came from China and there were delays and bottlenecks.

"The biggest challenge to our growth is to keep costs down as interest rates are increasing and we need to find a solid partner to help grow the business," he explains.

But Mashuri is still bullish on the future, noting that the new government is very focused on and supportive of the industry.

"I can see that because in recent months it has launched the Malaysian Energy Transition Outlook which added more quota for renewables, and there is the new scheme under the Corporate Green Power Program and all these moves will benefit the business."

"And we're moving beyond working only with providing solar energy systems to installed structures and are now working with a housing developer so when people move in their solar system is already there," he says.

Within the next three years, Mashuri says he expects GSPARX to be the leader in the sector thanks in part to the country's Power Purchase Agreement Program, and there will be room for foreign investors.

“When you come to Malaysia either to invest or develop a factory you always have to contact our parent company, TNB, and we can put you on the path to solar,” he says.

“We’re open to financial partners from Europe or anywhere else for solutions that will benefit us and we can grow GSPARX together.”

Booming Times

Large-scale solar farms are the main business of Founder Energy which is just a few years has become one of Malaysia’s biggest players in the renewable energy market.

“Our company was founded in 2021 but prior to that I had a company that was started in 2015. It was the right move because there has been a real boom in solar energy installation in the past few years,” said CEO Eric Lee.

“Even with Covid when a lot of industries stopped operating in Malaysia many of our engineering and construction works went ahead as we had a special permit to carry on.”

“In fact, our order book is filled and we are now actually planning for 2024,” he adds.

In the commercial and industrial segments, Founder Energy works alongside with its related companies, such as Reservoir Link Energy Bhd, a registered photovoltaic investor focused in providing Zero Capex and holistic solutions for customers that wish to achieve energy savings.

Examples of its large-scale projects include a 49-megawatt solar farm in Kedah, a 37.5-megawatt farm in Perak, a farm with 36-megawatt system capacity in Johor and a 23.7-megawatt farm in Penang.

“In Founder Energy, we are capable for the implementation of large scale solar, commercial and industrial projects which include project engineering design, civil and structural works, mechanical and electrical works and testing and commissioning works,” he explains.

“This will be a very good year for us because we are active in what is called



ERIC LEE

CEO OF
FOUNDER
ENERGY

“THE ENERGY POLICY IS VERY POSITIVE RIGHT NOW IN THIS REGION, AND GETTING BETTER”



LSS@Mentari, and everything has to be done by early next year,” he explains.

“So now it is super busy, not only for us but also for the entire industry.”

Founder Energy currently employs around 50 staff and since pandemic restrictions cut down on foreign workers in Malaysia, executives are trying to hire more locals.

“We attempt to source our labour from East Malaysia, Sabah and Sarawak where there is a large pool of skilled workers. But the opportunities are where we are based in Peninsular Malaysia so we bring them here,” the company finance chief Sean See says.

While excited by the Malaysian government’s plans for an ambitious expansion of solar power and other renewables, the executives caution that they want to see more real action than promises.

“I think the immediate challenge in the coming years will be the rolling out of the government programs,” the finance chief argues.

“There was a big announcement the other day about boosting connections with Singapore but the implementation and execution of the program is another challenge.

“Implementation is everything and to achieve the government’s green energy goals you need so many parties to play ball: TNB, the authorities, the financial institutions and the contractors like us. It’s not impossible but everyone has to work together,” Sean says.

Lee believes that within three years Founder Energy will have roughly 30 per cent of the domestic market, with a doubling of revenue if the government sticks to plans.

“And outside the country, we’re exploring other markets in Southeast Asia like

Singapore and Thailand, and we’re already participating in some projects in the Philippines,” he explains.

“Energy policy is very positive right now in this region and it is always getting better!”

International Plans

Another young company which has grown along with the demand for solar power is Next Energy, co-founded by Steven Chiew and Lim Chze Hong in 2019 after several years of involvement in the biomass sector.

“In 2016 we saw a high interest in solar and that’s when we jumped in, because biomass was largely for the industrial segment,” recalls Chiew who is the managing director.

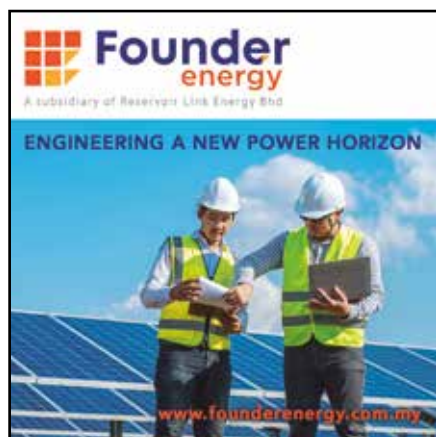
“We saw that anyone with a roof would be interested in solar energy and that included not only industrial, but also commercial and residential potential.”

“Then Covid hit and we believed it was really bad timing, but it turned out that the pandemic fueled interest in solar because people were at home using a lot of electricity, bills went up and that’s when they started coming to us,” he explains.

Under the government pandemic restrictions, renovations of buildings, which included solar system installation, were allowed so Next Energy continued its commercial and industrial business along with the rising demand from homeowners.

“And now there are all these tax incentives for business and home installations, so we’re doing a big push in that direction,” Chiew says.

“Malaysia is behind the U.S. and Europe, but with government-driven policies on renewables and many Malaysians realizing that solar is the solution to energy price hikes, I believe our sector is on a good path.”





STEVEN CHIEW

MANAGING DIRECTOR OF NEXT ENERGY

“THE LONG COVID LOCKDOWN FUELED THE INTEREST IN NEW SOLAR ROOFTOP INSTALLATIONS”

Next Energy is a government-registered photovoltaic service provider and a registered photovoltaic investor and its services include solar power system installation, net energy metering, large scale solar farms, tax incentive applications for businesses, and solar leasing or power purchase agreements.

It also provides supply agreements for renewable energy, bank financing options for solar energy systems and operations, maintenance and repairs.

Troubleshooting is also an important activity for the company as the managing director says Next Energy is often called upon to fix systems installed by others with less experience.

“There are new solar power service providers popping up here and there, but I don’t mind competition as we offer quality service and with such a robust renewables sector in Malaysia it’s not really a problem,” he says.

In the future, Chiew sees the company becoming involved in other sustainable products and services such as EV charging or even manufacturing eco-paints and eco-tints.

“We’d also like to go beyond Malaysia’s borders and we’ve been approached by some parties in Thailand, Indonesia and even as far away as Botswana.

“We’re open to partners anywhere, even foreign investors who are looking for a reliable partner in Malaysia as long as they all have the same values and dedication to sustainability as we do.”

Government Roots

One company with deep roots in the renewable energy sector is the Sher Group whose founder, the current executive director’s late father, worked for 40 years for the major utility, TNB, and who was instrumental in Malaysia’s turn to green energy.

“My father was the chief operating officer of the government’s Sustainable Energy Development Authority, or SEDA, and its



mission is to ensure that Malaysia meets its goal of renewable energy generation,” says Executive Director Omar Farouk Bin Ali Askar.

“At the time it was largely hydropower so SEDA was set up around 2010 to look closely at solar PV and other sources like biomass and small hydro where you generate from small rivers for maybe five or 10 megawatts.”

Under Askar’s father, SEDA came up with feeding tariffs with high rates to encourage people to get into the business as there were few local players in the sector.

Further encouragement was provided by net energy metering under which companies were able to offset power generation mostly for commercial and residential use. This was followed by SEDA’s large-scale solar program which led to lower rates, helped also by the fall in the costs of solar panels and other technology.

“So a lot of local companies sprang up to become engineering, procurement and service providers,” the executive director recalls.

“But we didn’t want to do the same thing so with our knowledge contacts, we wanted to provide something few others were doing and that was consultancy.”

Established in 2015, the Sher Engineering and Consultancy’s early work was mostly with the Power System Study which is required by the TNB for any new renewable energy plan.

The study ensures network stability when a new generation source is introduced and as companies entered the sector at the local distribution level, business took off.

Since then, Sher has expanded into a group



“THE NEW GOVERNMENT IS IN TUNE WITH THE AGENDA OF THE RENEWABLE ENERGY SECTOR”

with Sher Electrical Contractor and Sher RE.

“Sher Electrical Contractor was founded to carry out physical contracting work and so we do the entire electrical interconnection network between the power plant and the utility company’s substation,” Askar explains.

“We also set up Sher RE as we thought of going into the industry as a developer and so we built our own solar plant and wanted to build a biomass plant. But it never really took off because of the pandemic.”

Like other renewable energy directors, Askar sees a bright future for the industry and is encouraged with the new government’s moves in promoting green power.

The executive director says he is impressed by the government officials in charge of energy policy and describes them as “more technologically savvy and who actually have an idea of what is going on.”

“If you ask me in terms of outlook, I would say the new government appears to be more in tune with meeting the agenda of renewable energy.

“So I would entertain the idea of becoming an advisor to the government because I feel we have a lot of information to share and experience working with the authorities, the utilities, the contractors and the end customer. So we have a unique perspective on the whole industry and that could be very valuable for the future of renewable energy in Malaysia,” he confirms.

Career Opportunities

Important clients, a sterling reputation, a range of services on offer and ambitious plans for the future make for quite an achievement for a company founded just three years ago at the height of the pandemic.

But that is the case of North Consult Engineering according to its founder and Managing Director Justin Sim.

“We offer mechanical and electrical consultant engineering services to developers and investors and now we are focusing





“MALAYSIA IS BECOMING A LEADER IN SOLAR POWER AND A PRIME INVESTMENT DESTINATION”

more on renewables like rooftop solar systems and solar farms,” he explains.

After years of working in renewable development for various multinationals, Sim struck out on his own in 2020. As consultants, the company was not affected by Covid lockdowns and was able to continue providing analysis and assessment to its clients.

Some of those clients include the top four Malaysia solar systems providers as well as multinationals working with the country’s largest power provider, TNB.

“In these three years of existence, our staff has grown from one person, me, to 13 and we expect to double our revenue to around \$1 million,” the executive says.

“And we’ve just been awarded a rooftop contract with TNB subsidiary GSPARX, another for technical consultancy on a second rooftop project, and a third for a stage three project of 22 megawatts.”

The company’s renewable energy solutions division carries out energy modelling and optimization, carbon footprint studies, policy and regulatory analysis and environmental impact assessment engineering.

“This is clearly a sector with a future as our new government is moving ahead on its promises concerning green energy,” Sim says.

“For example, the new government recently added 200 megawatts to an existing 600-megawatt solar power scheme and they’re bringing in people with professional



experience to oversee all of these changes.”

The managing director says the only real worry for the sector is the brain drain of renewable energy engineers who move to neighboring Singapore to improve their career development.

“But actually here in Malaysia we have a lot of career opportunities in this field and we are now attracting financing from foreign direct investors because we have a lot of land for greenfield development, and the government is pro-foreign investment.

“All of this adds up to Malaysia becoming a leader in solar power and other renewable energies and a prime destination for smart investors,” he says.

Engineering Prowess

Malaysian energy consulting companies with regional ambitions are not rare but one firm, Afrima Consulting Engineer is already active in projects not only at home but also in Cambodia, Laos, the Philippines and Indonesia.

“Our foreign business accounts for 40 per cent of income with the rest coming from our many projects in Malaysia where we’re one of the sole consultants for our big utility, TNB,” says Director Prbakaran Rajah.

“And with so many projects moving this country forward to fulfill its power needs, all of our 40 engineers are very busy.”

Afrima provides a full range of services to the industry involving power transmission engineering, underground cable engineering, design, inspection and testing, power distribution, operation and maintenance, power generation and renewable energy engineering, sector training and IT.

At the time of the pandemic, the company’s annual revenue amounted to around \$2 million but the lockdowns and other measures made it difficult to operate in so many sites, not only at home but also for projects around the region.

“It was definitely tough because whereas we used to meet in person with clients now we had to do it all online and sending photos, videos, etc. then wait for them to come back to us,” the executive recalls.

“That means the timeline is extended



PRABAKARAN RAJAH

DIRECTOR OF AFRIMA CONSULTING ENGINEER

“THERE IS MORE DISPOSABLE INCOME WITH CONTRACTORS AND SUPPLIERS IN THE SECTOR”

and construction can’t start until we give our study. So we really had to change the way we operate.”

Rajah says the drop in demand hurt the company which reduced staff, slashed costs and cut salaries for top management. Now several years after the pandemic, revenue is around half of its pre-pandemic level.

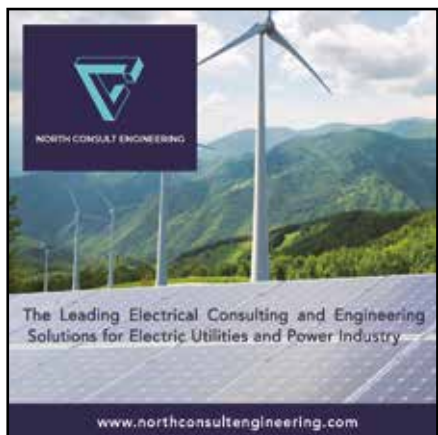
But things are looking better for the company and the sector as a whole as a new administration opens up new opportunities for green energy, more government grants are being rolled out.

“There is more disposable income with the contractors and suppliers and this will have a cascading effect which will help the economy grow, especially for those involved in meeting the official goals for renewable energy and zero net emissions,” he explains.

“Even residential homes can sell their power to the grid and we are now allowed to sell our electricity to Singapore!”

Rajah believes foreign investors are taking note with important multinational companies coming to Malaysia to use it as a corporate base or to build manufacturing facilities as a springboard for the rest of Southeast Asia and its population of 800 million people.

“As for Afrima Consulting Engineer, I see us expanding our business, boosting our staff numbers and growing our presence abroad as we’d like to enter the African and Middle Eastern markets.”



MALAYSIA'S EXPORTING INDUSTRIES

THE METAL INDUSTRY IS ONE OF THE STARS OF A RENEWED EXPORTS DRIVE

Malaysia has a solid history of metals, metal manufacturing and related industries, stemming in part from its mining sector, along with ambitious local entrepreneurship and the government's strenuous efforts to promote heavy and light industry.

The country's metal and metal manufacturing sector includes everything from raw steel to sophisticated high-tech, mechanical products to consumer goods with many of the companies selling not only domestically but also to the export market.

According to the Malaysian Iron and Steel Industry Federation, the country's steel consumption is on track to surpass 12 million metric tons by 2025, after consumption suffered a significant dip during the pandemic.

Steel and other metals are expected to bounce back as construction resumes, Malaysia's automobile industry introduces new models, foreign direct investment spurs growth in the sector and other factors.

However, the industry, like so many others, faces challenges from climate change which is triggering new government-imposed environmental restrictions and the necessary technological transformations aimed at meeting green goals.

One-Stop Shop

Active almost 50 years in the sector, PHH Group grew from a small, hardware metal trading business to a major player in Malaysia's domestic market, according to Managing Director T.H. Thong.

"My father started this business and at the time, in 1975, it was a simple operation, small scale, with eight employees and now we have around 200," he says.

PHH Group produces ferrous metals such as carbon steel, tool steel, stainless steel and mild steel, while its non-ferrous metals include high-specification aluminum



"WE ARE NOW BEGINNING TO SUPPLY MALAYSIA'S EMERGING AEROSPACE LOCAL INDUSTRY"



alloy, copper, brass, bronze and graphite.

The group's services division carries out cutting, forming, pre-machining, CNC machining and quality control.

Business was solid in 2019 when the group met its sales target of around \$6 million with almost all revenue coming from the Malaysian market.

"In early 2020 our sales were still continuing at a healthy pace and on track until March and we all know what happened then," the executive recalls. "With the pandemic lockdown our sales declined for the first time and they kept declining until May when sales picked up."

"That was because we received a spe-

cial dispensation to continue working as an essential service and in 2021 we were able to achieve higher than expected sales," he says.

Thong credits the upturn to the semiconductor industry which, along with the automotive sector, home appliances industry and general engineering, counts among the group's major client sectors.

Last year, overall sales remained buoyant in the first half but the semiconductor sales fell by between 30 and 40 percent and have yet to recover.

"Our automotive sales also dropped during the last quarter of 2022 and even the first quarter of this year, But, we've seen a very strong pick up this last quarter," the managing director explains.

"Hopefully, that will continue and 2023 will be a good year for us."

Fung says the only cloud on the horizon is China. If that country makes significant advances in semiconductor chip production, that could be a problem for Malaysia's sector in the near future, he argues.

Unlike other Malaysian companies, PHH Group has no human resources issues with staffing evenly split between local and foreign workers and is now applying for permission to hire more non-Malaysians to handle expected growth.

"This new government understands these things, they are doing a good job, they are more open minded and more business friendly," the executive says.

"Within the next three years I'd like us to have a larger plant which will mean more employees as I expect us to grow three-fold by then as the domestic market will require more of our products."

Thong is confident his company and Malaysian industry as a whole has a sparkling future with its strategic geographic location and excellent manpower skills compared to neighboring Indonesia, Thailand or Vietnam.

"This country is a natural magnet for foreign investment for other reasons like our world-class infrastructure, the fact that almost everyone speaks English which you don't find everywhere in this region and the friendliness of the people," he says.

Regarding PHH Group, Thong says new high-tech sectors are joining its roster of clients.

"We've been growing for many years and we will continue to expand," he pre-



dicts. “We are starting to invest more in Malaysia as we try to become a one-stop-shop metal solution for our customers.

“And now we are starting to supply the country’s emerging aerospace industry through work with maintenance and repair firms. We’re getting an aerospace certification and we hope to widen our supply chain in Malaysia and the region.”

Semi-Conductors Growth

Another Malaysian company heavily involved in semi-conductors, an industry that analysts say will double its export value to \$261 million by 2030, is Smartlink Engineering, founded two decades ago by Managing Director Choong Thong Fai.

“We started with cable harness then we went into assembly and then contract manufacturing which is mainly for the semi-conductor companies here in Malaysia,” he recalls.

According to the executive, the metal industry is a very cyclical industry, so the company was able to take the pandemic in its stride and in fact the pandemic period was a unique good opportunity for Smartlink Engineering.

At the time Covid hit, the company was posting annual revenue of around \$20 million and demand surged for the semi-conductors used in electronic devices as locked-down consumers went massively online.

“It was a blessing for us but also quite difficult, as sales almost doubled and we had to respond very quickly as all of Malaysia’s semi-conductor equipment manufacturers like ourselves had to ramp up at the same time as we did,” the seasoned executive says.

“And it was not only in Malaysia but also for our customers in European countries like the Netherlands and Austria. So we did well, hitting \$33 million in reve-



“OUR SALES DOUBLED DURING THE PANDEMIC, WHICH WAS A BLESSING AND A CHALLENGE”



nue in 2021 but it dropped to some \$26 million last year because with the pandemic everyone had stocked up on the things we supply.”

Smartlink Engineering operates out of two facilities, one in Selangor and the other in Penang, producing cable harnessing, electrical and mechanical modules, box build and control panels, system integrations and ferrous and non-ferrous metal parts.

It also has a project management department and a dedicated network of suppliers of high-quality components.

“Demand is now back to normal and we’re looking to diversify into other industries like aerospace in the manufacturing line and eventually, perhaps in three years or so, I’d like to see the company be publicly listed,” Choong says.

“That is why we are looking for some other companies to do a sort of merger and acquisition and we have already discussed a merger with one company. Whatever happens, for the moment we’ll keep our brand and independence with which our customer base is familiar.”

The ideal scenario, the managing director adds, is incorporating other compa-

nies into the Smartlink Engineering group with the holding company on top.

Choong explains that foreign partners would be welcome as his company is already doing contract manufacturing for overseas semi-conductor equipment companies and now the trend is for these companies to go for a one-stop solution.

“We send the entire machine to them, they do the final touch up and they deliver it to their final customer,” he says.

“Over the past 20 years, semi-conductor companies have been setting up in Malaysia and the sector is maturing and Malaysia is getting better and better at turning out a quality product.”

“That’s why it’s a good idea for investors to come here and put their money into Malaysian companies,” Choong says.

Competitive Position

As the saying goes: “Necessity is the mother of invention” and that was certainly the case with the establishment of Golden Spring Manufacturing, according to founder and Managing Director Davin Ng.

“I used to sell computer software to hotels and we came to realize that a lot of hotels were opening and they were ordering a lot of mattresses from overseas suppliers,” he recalls.

“We had contacts in China for the metal spring coils used in mattresses and no one in Malaysia was making them. But if we wanted to import the coils we could bring in only one container at a time.

“So I had the idea to import the machinery to make the coils ourselves and supply them to local mattress manufacturers. We started production in 2015 and we can say we were the first mattress spring manufacturer in Malaysia but the market has expanded and now there are three or four,” he explains.



“IN THIS SECTOR CHINA IS OUR LARGEST SUPPLIER AND ALSO BIGGEST COMPETITOR”



Within three years, Golden Spring Manufacturing was firmly established in Malaysia and the company began exporting mostly to the United States with annual revenue of around \$1 million.

During the pandemic, sales of the coils to U.S. mattress manufacturers surged as the company had a special license to keep operating while foreign competitors were locked down.

“At that time most of our local customers ceased operations because of the Covid restrictions and we shifted all of our production to export which eventually accounted for 80 per cent of production,” the executive says.

“In 2020, we had revenue of some \$4 million but it fell to \$3 million in 2021 and it will be lower this year as U.S. orders are fewer than we expected, probably because of the economy.”

According to Ng, another factor impacting Golden Spring Manufacturing is the increasing competition from China, which he says, is ironic as that country is also the company's biggest supplier of raw materials.

“So China is our largest supplier but also our biggest rival,” he says. “It's true, as

everyone says, that salaries are rising in China so perhaps there will not be that big a price difference in the future.

“However, the Chinese government provides so many incentives to the companies there and there have been cases of dumping by foreign companies in our industry.”

Over the next several years, Ng plans to focus exclusively on the export market and only to the United States. He predicts that Golden Spring Manufacturing will thrive despite the challenge from the Chinese.

“Malaysian products are very good regarding high quality for a good price,” he argues. “We are competitive and that certainly applies to our company we want to eventually expand around the world. That is the way we will grow.”

Back to Growth

Exports are also key to the success of the Golden Hover Group which was established in 1978 as an interior design company by the current managing director's father and slowly moved into manufacturing furniture.

“Our first products were kitchen cabinets but then after 20 years, around the mid-90's, we decided to focus on baby furniture and we began to export to many countries,” Managing Director Timothy Teo says.

“Since those days we also moved into producing other furniture products. Around 80 per cent of our total output is exported with the rest sold locally. Arab countries are our biggest customers and we also sell to South America and Africa.”

Golden Hover Group was hit hard during the Covid crisis as economies in its leading markets slowed down, shipping became a problem and orders dried up. But now former customers are returning and sales teams are being deployed to interna-



TIMOTHY TEO

MANAGING DIRECTOR OF GOLDEN HOVER FURNITURE

“SOME PLAYERS HAVE MOVED TO VIETNAM AND INDONESIA, BUT THE INDUSTRY IS STRONG”



tional trade fairs.

“We are getting back but it has been slow and we haven't reached our pre-pandemic peak yet,” the executive explains.

Malaysia has a vibrant furniture industry thanks to its abundance of raw materials such as wood, its skilled labor force and its situation on major maritime trade routes which facilitates exports.

But the managing director says there are problems which furniture companies must overcome such as the small domestic market and the need to hire foreign workers to staff the factories and workshops.

“Some of our big players in the sector have already shifted their factories to Vietnam or Indonesia but somehow our domestic industry is still going strong,” Teo says.

“Around 25 years ago, Malaysia was still in the top five furniture exporters globally but now we're in the top ten.”

Regarding Golden Hover Group, the executive says he still want to maintain production in Malaysia arguing that in the current economy it is not wise for businesses to undertake major endeavors.

“And if we want to grow we will have to develop our client network beyond the Arab countries with Africa as our next target,” he explains.

“Right now in Malaysia, it appears that the political situation has calmed down and will remain stable which of course is what the business community wants to see. This country has great resources, a developed IT sector, and there are lots of areas that foreign investors should take a look at.”



INTERVIEW WITH MR. SAM VIJENDRA

Owner
LOCO Group

Despite the initial confusion and business uncertainty that Covid-19 brought to the Food & Beverage business, seasoned players like Sam Vijendra managed to survive by tweaking their business model. Once the lockdowns are over, new chances are being opened for those who understand what the market requires

Malaysia has a true restaurant culture, thanks to its multicultural mix with eateries serving up the cuisines of the country's three main ethnic groups, Malay, Chinese and Indian. From street stalls to fancy establishments, Malaysia caters to just about every taste.

And as incomes grow, more and more restaurants are springing up to meet the demand with home-grown chains proliferating and local entrepreneurs signing franchise agreements with well-known foreign brands.

Analysts say that the Malaysia food service sector produced revenue of \$18.4 billion in 2022 and is predicted to record a compound annual growth rate of over 6 per cent between now and 2027.

These include diners looking for value for money as inflation reduces disposable income in many households and prices rise, as well as the movement towards healthier eating as people become more conscious of how sensible eating impacts their fitness and longevity.

But the restaurant business is a chancy one even in the best of times with the sector known for its high failure rates among owners and operators. But when the recent pandemic hit, the industry took a real nose dive.

According to analysts, the situation was no different in Malaysia where the value of the food service industry between 2019 and 2021 dropped by 40 per cent due to movement restrictions and other factors stemming from Covid-19 which kept diners at home.

Business volume increased after the easing of restrictions followed by the reopening of international borders in 2022 which had a positive impact as foreign tourists, eager to try Malaysia's acclaimed cuisine, flooded back into the country.

Those establishments which managed to survive during Covid-19 did so by switching to take-out and delivery only, laying off staff or shutting down temporarily and getting by on savings, loans and government support schemes until the return to normality.

Business Model

One of those was chain restaurant group Loco which runs outlets under that name as well as Nasty Nuri's, Wild Hogs, Escobar, and several others in Malaysia and Thailand.

"Before the pandemic we had four Naughty Nuri's outlets in Phuket, Thailand. We had Loco and another that was in a budget hotel and business was roaring," recalls chain owner Sam Vijendra.

The Loco group employed a total of around 300 people across all its restaurants and annual revenue amounted to some \$8 million but the group's fortunes changed radically when the pandemic hit.

Vijendra was able to negotiate a rent reduction from some of the Nasty Nuri's landlords but staff costs remained. The Loco outlets remained open by converting to food banks to serve people who had lost their jobs.

And then at the end of 2020 when openings were just beginning to be permitted again, operating licenses for Naughty Nuri's were up for renewal but the chain hadn't the money.

"In 2021 things started to improve and we began to see crowds coming back. But one thing we didn't foresee was that these are family restaurants and some people didn't want to take their kids or they didn't like going out to eat because they were living with elderly relatives," Vijendra explains.

"Our covers dropped tremendously. We were serving around 6,000 people per month pre-Co-



vid and that dropped by 50 per cent. Meanwhile, our drinking clientele grew because for some reason people wanted to drink more.

International Plans

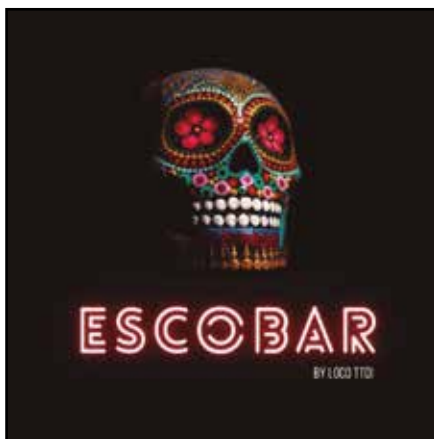
"There are still opportunities in the food and beverage business," he says. "If you have survived the pandemic there is no chance now to fail. Now is the time to cover back your losses, lick your wounds and start making money again."

Vijendra's plans include carrying on with the Naughty Nuri's chain in Kuala Lumpur because its majority Chinese population are great fans of the restaurant's pork ribs.

Looking ahead, Vijendra says he plans to expand in Malaysia and in Thailand with cafes offering pasta, sandwiches, cakes and pies.

"We like to partner with locals like we do in Thailand and before the pandemic we were looking at opening various restaurants in Bandung, Indonesia, to serve the Asian tourists who go there to see the volcanoes," he says.

"My key to success is that you have to be present to keep the staff on their toes and train the next managers to think like us. Experience, common sense and excellent manpower are vital in the restaurant business and we have all of that."



MALAYSIA'S CONSTRUCTION

ECONOMY'S BACKBONE IS SET TO GROW DESPITE WORKFORCE CHALLENGES

As the economy emerges from the ravishes of the pandemic, Malaysian business sectors are coming back in force and the construction and related industries are no exception, according to analysts.

Activity in the nation's construction sector increased by 9.4 per cent in the first quarter of this year compared to the same period in 2022, the fourth straight quarter registering an expansion in construction output.

And last year saw an 8.8 per cent rise following a fall of 5 per cent in 2021.

Economists who follow the industry say they expect it to grow by 6.6 per cent in 2023 with medium to long-term growth to remain solid in the coming year, registering a compound annual growth rate of between 5.5 and almost 7 per cent from now until 2027.

Much of the growth is thanks to big ticket government infrastructure projects such as the East Coast Rail Link, the rollout of the 5G digital network and an upgrade of the Klang Valley Double Track rail link.

At the same time, approval of investments in the manufacturing sector is expected, creating an expanded demand for non-residential buildings and the government's affordable housing scheme will also fuel construction industry activity.

But analysts say challenges remain such as labor supply issues and the increasing cost of materials.

However, Malaysian construction companies and their suppliers are largely upbeat, foreign investors are taking an interest and new policies point to an expanding sector.

Favourable Environment

Civil engineering and warehouse construction are the key activities at PTT Synergy Group which is making a point of working in both the public and private sectors as a way to diversify income, says Group Managing Director Teo Swee Phin.

"Before the pandemic we were already involved in the infrastructure and civil works segment whereas at that time the automated storage and retrieval system, or ASRS, for warehouses was not really active.



TEO SWEE PHIN

MANAGING DIRECTOR OF PTT SYNERGY GROUP

"MALAYSIA CAN SERVE AS AN ECONOMIC BRIDGE BETWEEN CHINA AND THE UNITED STATES"

"But since the Covid crisis, storage costs for manufacturers and big retailers have skyrocketed mainly due to wage increases. Conventional warehouses need to employ 350 workers for 500,000 square feet and all these foreign workers left then and they realized they need ASRS and that's where we come in," he explains.

The group's annual revenue was around \$45 million before the pandemic with a workforce of some 430 employees. Now the company is enjoying double the revenue and employing double the staff.

"Regarding our employees, during the pandemic we didn't lay anyone off, local or foreign. We gave them food and paid their wages even though they weren't working and now we have around 1,000 staff, 60 per cent local and 40 per cent foreign," he says.

Swee Phin explains that warehousing demand has surged with enquiries flooding in from potential clients. Following a successful warehouse project completed in Thailand, the group is fielding offers from Singapore and Vietnam to Cambodia for similar undertakings.

At the same time, the group is involved with multiple, large government civil engineering projects such as the East Coast Rail Link (ECRL) in Malaysia.

"Infrastructure projects are always the backbone of the economy. Once you have connectivity like the ECRL it will enhance the economies of five states, and increase the value of land in East Malaysia.

"People will migrate to East Malaysia for the business and job opportunities, foreign direct investment will flow in and the entire country will ultimately benefit," the managing director says.

Through its construction, property development and trading divisions, PTT Synergy Group provides an end-to-end service under one roof for both local and overseas clients.



Group client services include cost planning, project feasibility analysis, design concepts, fast track construction and networking, with the construction division specializing in earth works, sewerage works, bridge building, retaining wall construction, and road and drainage works.

"What we look at is the whole ecosystem. If you're a landowner and don't know what to do with it, we come in and clear and prepare the land which increases its value. Then we bring in a commercial or industrial client that wants to build on this land and all of this creates sustainable income for the whole group," Swee Phin says.

The managing director argues that with so much economic activity fueled by both the government and private sector, Malaysia is a natural and rewarding destination for foreign investment.

"Because of its geographical location, Malaysia is an economic bridge between the East and West, between China and the United States. We also have great infrastructure, we speak multiple languages, we have cheap utilities and land, skilled people and green energy.

"These are the important things foreign investors, Asians or Westerners, are looking for and Malaysia has it all!"

Total Solution Provider

One enterprise which covers just about every aspect of construction is the Chin Hin Group, a conglomerate providing end-to-end solutions in building materials manufacturing, construction engineering, property development and home and living solutions.

Roger Lim Swee Kiat is the managing director of the group's construction engineering division and who joined Chin Hin just two years ago with long experience in the industry.

"I was attracted by the fact that the group is involved in both the upstream and downstream business as the largest supplier of building materials in Malaysia, property development and the home décor division. I take care of the construction business," he explains.

Along with construction contracting, the managing director's division includes the Signature Façade Treatment company, Signature Aluminum, railway and highway builder Makna Setia and commercial vehicle provider Boon Koon.

Lim Swee Kiat was hired just as the pandemic started and recalls that it was not an easy time in the industry.

"Everything was slow. There were no big jobs and one of the biggest challenges we were facing was manpower with the foreign workers having to return home. That problem is only now beginning to be resolved and now we have 1,000 workers only in construction and the majority are from Bangladesh and Indonesia.

"However, wages went up a lot with the labor shortage and with the influx of foreign workers now taking place, wages will hopefully come down. A lot of contractors and builders have projects but they don't have the manpower," he says.

Chin Hin's Construction Engineering business mostly involves infrastructure and specialized buildings for the health



ROGER LIM SWEE KIAT
MANAGING DIRECTOR OF CHIN HIN CONSTRUCTION ENGINEERING

"AFTER STATE ELECTIONS WE ARE ANTICIPATING A LOT OF NEW GOVERNMENT PROJECTS"

care and the semiconductor industries, while it also works in the commercial and residential sectors.

At the moment, business is confined to Malaysia, but the managing director says they are exploring possibilities in building student accommodations in the United Kingdom.

"I went to Oxford last year and we were given the opportunity to create the student accommodations so we're still in the midst of arranging that.

"But here at home we are anticipating that there will be a lot of government projects rolling out once the state elections are held and that will have a positive impact on our turnover and profitability in the next few years," he predicts.

"We are not a normal builder as we are

more focused into giving total solutions to the government in terms of specialized buildings; so we believe we can work hand-in-hand with the government because we have all the know-how and resources to do that."

Lim Swee Kiat says he expects revenue to be in the neighborhood of around \$150 million this year and that the Malaysian construction sector is a good business to be in at this time.

"Our competition is mostly local as there are few foreign construction companies operating here so foreigners need Malaysian companies to do the work.

"We are open to partnerships with companies from overseas and in fact we've been approached by potential Chinese partners as we all know that China is taking a big interest in this country," he explains.

Looking ahead into the next few years, the managing director believes the Chin Hin Group's construction engineering division will follow the parent company's example and within a few years be listed on the Malaysian stock exchange.

"We believe that our new prime minister can bring in more foreign investment to the country and we are prepared to give a hand in helping to build this nation."



Unique Style

Royal and top executive clients, increasing demand from a well-heeled customer-base eager to spend money and beautiful, customized designs are sure ingredients for the success of Levo Art Stone or LAS, according to Managing Director Dennis Chia.

“We are the leading supplier in Malaysia of art stone such as imported marble, granite, onyx, quartzite, travertine and others for custom interiors and installations,” he explains.

“Our team of first-rate designers and artisans creates tile pieces and furniture for the most discerning clients. Right now we’re working on the royal residence of the Sultan of Selangor and on the home of the CEO of a major Malaysian company.

Founded in 2014, Levo Art Stone currently boasts annual revenue of around \$2.5 million and a workforce of 20 employees with the managing director expecting a buoyant market for the company’s products.

“There are many big projects in the pipeline and we really grew during the pandemic because people were spending money on high-end projects with only the best and most expensive stones.



DENNIS CHIA

MANAGING DIRECTOR OF LEVO ART STONE

“PEOPLE ARE SPENDING THE MONEY SAVED DURING THE PANDEMIC IN OUR PRODUCTS”

“That demand remains and this is going to be a very good year for us with everything going according to plan,” he says.

Residential, commercial and landscape clients chose from the company’s array of carefully curated stone, meet with designers and then skilled artisans turn out flooring and walls, slabs for exterior projects, mosaics and furnishings such as coffee and dining tables, stools and kitchen and bathroom counters.

“We target the high end of the market, the truly discerning clientele,” Chia explains. “Everyone now is looking for something different, something unique and no one wants to have the same as everyone else.”

“And Levo Art Stone is just the company to provide that. Our artisans have trained in Italy, for example, with stone master craftsmen so everything is done according to the highest standards of the industry and to the exacting demands of our clients.”

“We collaborate with stone producers in other countries which help us source our materials so when the trendiest or most unique stone becomes available, we book it and ship here to our workshop in Malaysia.”

The company works with some of the country’s leading design firms in partnerships to create eye-catching interiors for not only homes, gardens and corporate

headquarters, but also for such commercial clients as Sheraton Hotels and top-end boutiques like YSL.

“Right now, the market is extraordinarily good for us. People are spending all the money they saved during the pandemic lockdowns and the spending power for products like ours is phenomenal,” Chia says.

“So I can say that in the construction sector at least, these are good times and foreign investors would be wise to come here for a piece of the action. We’re already seeing that happen.”

Contractor to the Rescue

“Back to the Beginning” could be the motto of YS Cool, a company which started out in 2010 installing air conditioning systems and after years of diversifying has gone back to its origins. But another turn in direction is in the works.

“At one point after we began we went more into electrical power systems and then in 2018 we started in construction including superstructures and I-beam work,” says founder and Managing Director Dr. Wong Wai Seng.

“By 2020, everything was going very smoothly, our sales were increasing, revenue was some \$3 million and then suddenly with Covid and the movement restrictions imposed by the government everything stopped.”

With almost all building projects frozen, YS Cool turned to government work mostly in maintenance involving air conditioning systems in health clinics and hospitals which allowed the company to survive.

By 2021, YS Cool previous projects were coming back but costs had skyrocketed in some cases by 200 per cent.

“So now we’re slowing down on our construction work because the cost of materials is very, very high and many of our suppliers are requesting cash before deli-





WONG WAI SENG
MANAGING DIRECTOR OF YS COOL

“WITH THE START UP OF THE RESCUE PROJECTS THERE WILL BE OPPORTUNITIES TO GROW”



very,” the executive explains.

“This is extremely hard for us so we’re returning to our original specialist work in air conditioning and cooling systems, and some electrical power and mechanical projects. Maintenance jobs, basically.”

Health centers, hospitals and other government facilities are still on YS Cool’s job roster with the company providing maintenance for such vital equipment as CT scanning and other very specialized medical equipment.

“There is a lot of heavy use of this equipment at the moment and we need to concentrate on this sector. But the problem with government projects is they were budgeted for two years ago but now they can’t move on because materials and labor have gone up so much,” Wong complains.

The executive points out that there are around 250 government projects that are ready to be carried out in stages, putting out tenders for what are called “rescue contractors” to take over projects which were abandoned during the pandemic.

Outside the health care sector, the firm is looking for more work for commercial and residential clients and the managing director expects annual revenue in 2023 to return to its pre-pandemic level, fueled in part by the fact that many of YS Cool’s competitors have gone out of business.

“So we want to get back to construction and have a presence all over Peninsular Malaysia, and eventually in a few years become office or commercial building developers,” Wong says.

“With the government starting up these rescue projects there are all kinds of opportunities and we plan to be there, perhaps with foreign partners. I can predict that in three years’ time, our revenue will more than triple to \$10 million!”

Priority on Safety

Big ticket construction projects, both private and public, are one of the main sources of income for Aerial Global, which trades in mobile elevated work platforms that ensure workers can reach any high area where a job needs to be done.

Started in 2014, the company’s current managing director, Alex Tan, has had 23 years in the business and says that now the pandemic is over, the construction sector is booming and so, logically enough, is business.

“Before Covid everything was going well because between 2015 and 2019 Malaysia’s building industry was going through slow, but steady growth. But, of course, that changed with the crisis,” he recalls.

“In 2020, Malaysia virtually stopped for almost six months and the next year for three months so in total there was this nine-month pause. Then, of course, the backlog had to be addressed and that’s where we are today.”

Aerial Global is posting around \$2 million in annual revenue thanks to the high demand for its services which include providing a wide range of new, used and refurbished mobile elevated work platforms, boom lifts, scaffolding towers, BMU systems and aluminum ladders.

The company sells and rents its equipment, much of which now comes from China, and provides training services.

“In line with the government’s strategy on new infrastructure projects or dusting off those which were paused, we are bringing in new machines from the ma-



“THE WORK BACKLOG FROM THE COVID PANDEMIC MUST BE ADDRESSED BY US AND OTHERS”



nufacturers,” he explains.

“Before the pandemic, most of the industry players were looking towards the United States and Europe for equipment but now we are looking towards products in Asia with China providing a lot of quality equipment.”

Aerial Global’s list of past projects it has supplied include airport terminals, shopping malls, embassies, port facilities and factories for such multinationals as Honda and Panasonic.

“And factories are now our focus as there has been a huge increase in manufacturing capacity here in Malaysia, especially in the semi-conductor sector, and then we also have data centers and the government infrastructure,” Tan says.

“We also export some of our equipment to other countries in the region and my foreign friends and customers in Vietnam, Thailand and Indonesia are all showing me a positive view of their countries’ economic growth.”

The managing director emphasizes that as important as growth is, in the construction sector there is another important point to consider.

“Right now, growth is huge especially as a lot of people have been buying machines from manufacturers and trading companies new and used. But in our industry I always give the advice that while the growth is there, don’t neglect safety in this business because it involves human lives,” he says.

“We do not want to compromise on safety!”



MALAYSIA'S LOGISTICS & TRANSPORT

BOOMING TIMES DURING THE LONG PANDEMIC HAVE TAKEN THE SECTOR TO A HIGHER LEVEL OF SERVICE

Situated in the very center of Southeast Asia and strategically placed on several global maritime trade routes, Malaysia is country with a well-developed logistics sector. Whether clients are looking to move goods across the country or across the world, companies involved in the industry are among the best in all of Asia.

Take a look at a map of the region. Peninsular Malaysia and East Malaysia have land or sea borders with almost every country in Southeast Asia: Indonesia, Singapore, Thailand, Brunei, the Philippines and Vietnam, making it the coveted "hub of Southeast Asia."

Sector analysts say that Malaysia's logistics and cargo market was worth almost \$38 billion in 2020 and that figure is predicted to reach \$55 billion by 2026 with a healthy compound annual growth rate of 4 per cent.

Observers partially attribute this growth to the Malaysian government's support for modernizing existing infrastructure and pouring money into expanding road, rail, sea and air transport routes and facilities aimed at encouraging national and regional development.

They point out that Malaysia leads the region with \$250 million having been invested in transport infrastructure per million capita over the past 20 years.

And Malaysians themselves are contributing to the vibrancy of the logistics industry as they continue to embrace online shopping which boomed during the pandemic and as the growing middle class clamors for imported goods.

Logistics companies are responding to the surge in demand by deploying new vehicle fleets, ordering new warehouse capacity and forging new transport partnerships with international operators.



"DURING THE PANDEMIC WE HAD TO RECRUIT MORE PEOPLE AND STILL DO MORE OVERTIME"

International Focus

As in some business sectors, the pandemic proved to be a blessing in disguise and one major logistics company, MTR Freight, saw its revenue almost triple although it had to quickly adapt to ensure its clients' needs were served, according to CEO Danny S.K. Foo.

"When the government announced the lockdown we were preparing to reduce our workforce by half to work from home but we didn't get the chance because demand surged."

"So we had to do a lot of overtime, everyone had to be on their toes and work very hard and we even ended up recruiting more people, which was easy because there were so many other businesses shutting down.

"Just before the pandemic our revenue was around \$17 million and by 2021 it was \$43 million," he recalls.

"Everyone was ordering online during the Covid crisis and for some reason fuel costs remained low, or at least at the beginning."

MTR Freight was originally founded in 2002 under the name MTR Services and started off in courier consolidation. The next step was for the company to move into land and air freight and eventually added sea freight operations.

"Then we bought our own warehouses and got into distribution. Our focus



is actually East Malaysia, or the states of Sabah and Sarawak, and we have offices in every city or town in the region," the executive says. "But we also operate in Peninsular Malaysia."

MTR Freight offers a comprehensive range of logistics services such as sea freight and international forwarding, air freight general cargo consolidation, courier consolidation, domestic trucking and distribution, and last-mile deliveries.

Add-on services include dangerous goods packing; palletizing, bagging and packing; high-value goods and airplane parts handling and shipping, along with storage, insurance, customs clearance and declaration and hand-carry of sensitive documents.

On its roster of more than 200 clients, MTR works with courier companies, air cargo agents, logistics companies, distribution agents, e-commerce companies and major corporations.

Foo says business dropped around 30 per cent in 2022 with revenue slipping to around \$34 million and believes that revenue will fall a bit more.

"But because of our diversification we are still okay, plus we've expanded into sea freight, warehousing and distribution so we're busy enough that we didn't have to fire any of the extra staff we took on during the pandemic."

"However, the lower volume of business is a challenge while costs are up so margins might be squeezed. At the same time, there was an aviation fuel price increase in 2021 but now the price is dropping again," he explains.

"Plus, the airlines are adding too many planes now that things are returning to normal so that means excess capacity which should bring rates down. In fact, in the next three years we'd like to bring in our own aircraft and we already have an air service permit approved!"

Foo's future plans also include becoming a public company, going to the banks for new funding and expanding MTR Freight's domestic coverage.

“We are very strong in East Malaysia so we want to set up some strategic points in the peninsula, as well. I also hope we can bump up our international volume of business from its current 5 per cent to about 30 per cent,” he says.



“21 YEARS AGO I LANDED A CONTRACT WITH DELL, TODAY THEY’RE STILL OUR CUSTOMER”



Stiff Competition

Humble beginnings to true success in the logistics industry is the story arch for BBB Group which started back in 2002 with founder and CEO Bernad Yeoh and his single truck.

“I had been working since 1991 as the country manager for a few companies in the sector and when it looked like it wasn’t going anywhere I quit and started my own outfit from scratch,” he recalls.

“I drove my own truck and it was a real



one-man show. I did the pickups, the sorting and everything else. Then I got lucky by landing a contract with Dell for their distribution and they are still my customers 21 years later!”

BBB Group began really growing, multinationals NCR and Lenovo signed on and by the beginning of 2020 turnover was around \$5.5 million.

With the company’s contract logistics with the multinationals and others, the pandemic did not have a dramatic impact, although the executive says that the retail and walk-in business dropped around 60 per cent.

“When there is a contract like we have with the big customers it doesn’t matter whether there are things to send or not and activity continues. Also we were allowed to operate as normal as logistics is considered an essential service,” he explains.

BBB Group has 70 facilities around the country including in Sarawak and Sabah with its logistics and courier services specializing in parcels, documents, live plants and animals, large and heavy items, and provides reverse pickup.

By 2022 with the Covid crisis waning, business was picking up although operations for Dell and Lenovo fell slightly and is now back to normal.

“But I think that 2023 will be really tough in the Malaysian market because the cost of operations such as fuel prices have gone up. Competition is also very stiff in our industry,” Yeoh says.

“So for BBB Group itself, I do mostly niche services and we are not really negatively impacted by the competition in general.”

The CEO argues that the players in the Malaysian logistics sector should learn how to work together and not compete with one another. “More collaboration is what is needed to help fend off the big international logistics companies with big pockets who are entering the market,” he says.

“For our company, I would say the big challenge is capital so my goal is to tie up with a multinational in our line of work and go bigger so we can stretch our operations throughout Southeast Asia,”

“My need right now is some kind of joint venture to make BBB Group grow. I am the founder and owner of this company and my capabilities can’t expand unless someone comes in with a huge investment.”



“WE WANT TO CONTINUE OUR INTERNATIONAL EXPANSION AND BE PRESENT IN EUROPE”



Essential Services

International expansion is in the sights of Worldwide Freight, a company founded in 2007 by Director Khor J.K., who had a long background in warehousing, with a colleague who suggested they form a joint venture.

“We now have annual revenue in the neighborhood of \$7 million and in the whole group, which includes the Uni Global Logistics and RS companies, we are employing more than 100 people,” the executive says.

Like most other companies in the logistics and transport industries, Worldwide Freight did not suffer in the pandemic as the government deemed the industry as a provider of essential services.

One of those was handling rubber gloves which suddenly were in great demand around the world and the company was lucky enough to have Top Glove, one of the biggest manufacturers of gloves in Malaysia and the world as one of its clients.

“Worldwide Freight was doing a lot of business with that company, both import



and export, and we were also handling foodstuffs,” Khor J.K. says.

The company is involved in air freight, sea freight, land haulage, customs brokerage, warehousing and logistic consulting.

Along with these services, Worldwide Freight prepares and processes documents for customs clearance and compliance, shipment consolidation, cargo handling, quarantine, project management, networking with consignees and agents.

It also carries out freight charge and cargo insurance negotiation, tracking and tracing, and transport cost and international payment management.

“Our business is very stable at the moment but you never know what’s around the corner as some of the economies in the world are not doing so well and this affects one of our core businesses which is sea freight,” the director explains.

“One of our big challenges now is staffing because in Malaysia it is difficult to find people to work in logistics and getting the right profile of potential employees is tough.”

Khor J.K. would like to see the government promote logistics as a career in the country’s universities as one way to address the hiring difficulties.

Several universities have asked Worldwide Freight to open a channel to students to explain what working in the sector is like and its rewards so that they are attracted to the business.

The director says another way the authorities can help the industry is by putting more money into transport infrastructure.

“The government is already doing a lot to upgrade the seaports but our airports are quite old and we also need a lot of money pumped into Malaysia’s rail network.”

“Internationally, we are very strong in our networks and we are a member of WCA Inter Global, which partners logistics companies on a global scale. And we also have very strong ties in China which right now is our biggest market,” he says.

Future plans for the company include going public, improving staff training to provide truly professional service and opening more branches outside Malaysia.

“Currently we have branches in Vietnam and in Bangkok and we want to use this expansion to one day establish ourselves in Europe. I’m very impressed with the way the European companies collaborate with one another which is something we need more of in Malaysia.”



“ALL TOGETHER WE CONVINCED THE GOVERNMENT THAT WERE A VITAL INDUSTRY FOR FOOD”



Eyes in the Sky

Creating his own airline to better serve his clients as demand for air freight services increases is in the plans of John A. Dainal, the founder and managing director of Asia Skyway Express incorporated in 2020.

“I’ve always been involved in logistics throughout by career and worked in various air cargo companies here in Malaysia,” the executive recalls. “Then I decided to form my own company and it’s totally owned by me.”

Asia Skyway Express offers air and sea cargo services, freight forwarding, consolidation, rail and road transport with its own fleet of trucks, customs brokerage, warehousing and other services.

“We are a total logistics company but at this moment we are focused mostly on air cargo as that has always been my specialty and we operate across the entire country with branches in Kuala Lumpur,



Kuching in Sarawak and Kota Kinabalu in Sarawak,” Dainal says.

Annual revenue this year is expected to be in the \$5.5 million range, an impressive figure as the economy and the logistics sector are still shaking off the effects of the pandemic.

“In the first month of the crisis, March 2020, we did struggle because of government restrictions and the airlines we used to move air freight basically shutdown.

“But then all the companies got together and convinced the government that we were a vital industry to transport food and other necessary goods and it worked,” he explains.

Like other Malaysian logistic firms, Asia Skyway Express was called on to transport local products needed to stem Covid-19 like gloves, face masks and other PPE.

“We were sending these items to most of the rest of Southeast Asia and we even had to charter a plane to ship medical-use gloves to the United Kingdom. So we had to take on more staff to handle all this demand,” he says.

“But it’s all getting back to how it was. But our big problem now is that demand is higher than supply, allowing the airlines we use to increase their cargo rates because of the rise in aircraft fuel and other factors.”

Dainal explains that the company has freight contracts with big multinationals like Samsung and others which are fixed every two or three years. When the airlines raise their rates and surcharges, Asia Skyway Express cannot pass the increase to clients and has to absorb the cost.

Another challenge is the competition from new entrants in the logistics industry who have few employees and outsource services, enabling them to operate with a lower overhead than the larger companies like Asia Skyway express which handle every step of the transport process themselves.

“So all of this keeps us on our toes and we have to give the very best service to our clients,” the managing director says. “If I’m sending a client shipment to East Malaysia, for example, I pick up on day one and the client needs it on day two.”

In the near future, Dainal says he would like to have his own planes and is in the midst of pursuing an aviation license from the Malaysian civil aviation authorities.

“These aircraft will serve the Kuala Lumpur to East Malaysia routes and countries like China and Vietnam. We’re even thinking about opening a branch in the United Kingdom.



LEE CWEN WEI

GENERAL
MANAGER OF
WORLDGATE
EXPRESS
SERVICES

“WE SWITCHED OUR FOCUS FROM TRADITIONAL FURNITURE & ELECTRONICS TO HEALTHCARE”

Health Focused

Starting out as an air freight forwarder in 1999, Worldgate Express Services has diversified into a wide range of logistics services and has ambitious plans for the near future to get ahead of its many competitors, according to General Manager Lee Cwen Wei.

“We’ve expanded to become a true one-stop solution center for clients of all types and this is how we distinguish ourselves as we have our own customs licenses, our own trucks and warehouse, and we do air freight and sea freight.”

Employing a staff of 160, Worldgate Express Services’ annual revenue has hit a peak of some \$35 million and the company is listed on the Hong Kong Stock Exchange. Focused largely on shipping electrical goods and furniture, the company at first took a big hit from the pandemic.

“These items were not seen as essential goods and with the Covid-19 lockdowns, the government pretty much prevented the manufacturers, our clients, from working,” the executive recalls.

“We had to switch our focus from electronics and furniture to healthcare items which were allowed, and we began handling medical-use gloves and Covid test kits.”

Most of the test kits were being imported to Malaysia from China and Worldgate Express Services was working with one of only three companies licensed to bring in the kits.

“It was a huge business and we were doing around 10 to 12 charters a month just for the kits. Then we saw a general recovery in the sector begin in 2021 because there was a lot of demand as people were buying.

But there weren’t enough vessels and that’s when prices started shooting up,” he says.

The company has a license which allows it to work on government projects which helped business in 2022 but private clients began cutting back on their logistic requirements as panic purchases made during and after the pandemic led to overstocks.

Now, the general manager says, logistics companies are so desperate for business that they are supplying their services at cost just to stay afloat and the freight forwarding business in Malaysia is becoming extremely competitive.

“I don’t blame them because they’re fighting for survival. So to address this competition we’re following the lead of companies in China, Hong Kong and Taiwan and plan to increase our automation in warehousing,” he explains.

“Taking this step opens up a lot of opportunities for us to target more of the global market, especially medical supplies and pharmaceuticals. And we have the chance to venture into e-commerce and that will be our direction in the next few years.”

Fdi Destination

Specialized logistics is a subsector of its own in the industry and one of Malaysia’s most respected performers is FastRabbit Transport & Trading founded by Managing Director Chua Soong Chiong in 2017.

“Basically, my background is strong in exhibition logistics, packing, machinery and heavy equipment logistics. At first it was very difficult to challenge the big firms with low prices so we had to match them,” he recalls.

“Those early years were quite tough and we almost went under. So we tried to find some financing to sustain our costs and beat our competitors’ price while at the same time keep our costs down.”

It became even worse when Covid arrived, with FastRabbit getting fewer jobs but maintaining staffing levels and dealing with increasing costs. Profits were at a minimum with a 2 per cent profit margin.

But now things are turning around, and



CHUA SOON CHIONG

FASTRABBIT
ENGINEERING
& LOGISTICS

“SKILLED WORKERS, FLUENT ENGLISH & INFRASTRUCTURE: MALAYSIA IS PERFECT FOR FDI!”

the company’s specialized services, in this case exhibition logistics, landed a huge contract as the official handler for the big Langwaki International Maritime Aerospace show.

“We have more shows coming up this year in Kuala Lumpur for exhibition logistics division,” the executive says.

FastRabbit excels at the task of packing up, moving and transporting exhibition equipment from one destination and setting it all up at another destination. It’s a challenging job, especially for international events, requiring the company’s expert planners, movers, builders and network of international contacts to be a success.

All operations throughout the company are carried out with the maximum efficiency, speed, care, safety and at the best possible price for the client.

Looking into the future, Chua says he would like to see FastRabbit expand in size and geographical reach, inviting overseas companies to partner to the benefit of all.

“We’ve had interested parties contact us in the past and we have agents across the world who are focusing on locating the right international partner,” he explains.

“And they should be interested in investing because Malaysia is a good place for it with our skilled and highly-trained workers, English widely spoken, and a good infrastructure for exporting and importing. It’s the perfect FDI destination!”



INTERVIEW WITH MR. NOOR MOHAMED BIN MOHAMED HANIBA Managing Director of GLOBAL ENVDK - Director of GLOBAL TUNIKARA

Good times are finally here for the environmental sector, as Mr. Noor Mohamed explains when discussing the challenges and opportunities of the sector and Global Envdk's newest subsidiary, Global Tunikara, that wants to capitalize on their experience; led by Ts. R. Puvaneswar, it's aimed at bringing affordable and innovative technologies to Malaysia's environmental sector and eventually establishing a foothold in the nascent carbon market



"Save the Planet" is a phrase many expound but few, unfortunately, do little about. Sterling exceptions are the Malaysian group Global Envdk and its subsidiary, Global Tunikara, which from a beginning in waste management now operates in many environmental fields.

With a background in chemistry Mr. Noor Mohamed Bin Mohamed Haniba, cofounded the Global Envdk in 2004 while working at another firm and finally put it into full operation in 2013.

"That's when I completely took over day-to-day operations focusing on waste management, looking into support logistics and waste disposal and treatment," he recalls. "That's how we grew."

Global Envdk now provides customer centric and logistic services in an environmentally sustainable manner, always in compliance with Malaysia's Department of the Environment.

Pandemic Resilient

Its waste management division acts as a contractor to dispose of sludge and industrial waste, and offers alternative solutions to disposal along with landfill design, composting, transfer station and oxidation treatment.

The logistics arm deploys a fleet of truck, from one-ton vehicles to tankers to 40-foot cargo haulers, and the group has a tank cleaning service and tank and roll-on, roll-off bin manufacturing and installation division.

Global Envdk also performs advisory services in waste management to its clients including waste characterization, waste handling, waste minimization and waste treatment of different types of solid, liquid and industrial waste.

Environmental management plans and emergency response, ground operation such as waste water treatment plants as well as related facilities. Global Envdk Sdn Bhd is the only service provider that provides carbon footprint reports to their clients on a yearly basis.

"At Global Envdk, we understand that each client has unique needs. Hence, we offer a comprehensive range of services that include designing, fabricating, and installing high-quality storage tanks tailored to meet specific requirements. Our versatility extends to providing a wide range of roll-on/roll-off (roro) bins, suitable for operations of any scale or location.

"We were posting around \$2 million in

annual revenue before the pandemic and the crisis didn't really affect us that much," the executive explains. "We were dealing largely with food companies and they were still allowed to operate during the lockdowns. The waste had to be collected, moved and disposed of."

"At the group there were no staff layoffs, no pay cuts, no downsizing, no adjustments. We operate on a very lean basis and the important thing is to manage well our cash.

"However our logistics division did take a complete hit and business was down by around 90 per cent," Noor Mohamed recalls.

While the group was largely untouched, the managing director says the pandemic deeply changed the industry with some players disappearing, some companies merging to become stronger and some new companies emerging.

Good Times

But this year has been good for Global Envdk, with the managing director expecting revenue more than doubling from pre-pandemic levels to \$4.5 million. However, there are still clouds on the horizon such as a manpower shortage.

"There is no problem with the technical people, specialists and engineers. We don't hire outside of Malaysia for these positions and only take on good technicians and engineers with common sense. So for us that level of the workforce is not an issue," he explains.

Global Envdk has focused on operating in Malaysia but the managing director says the company's 20 years of experience can be replicated in other Southeast Asian nations.

In the future, Noor Mohamed says he plans to merge all the group's subsidiaries together in a



single listing as a global service oriented company.

"Innovation lies at the heart of Global Envdk's approach, as we introduce a solution for monitoring and logistics. Through a user-friendly mobile app, drivers can efficiently track and record tonnage tickets received from landfill sites on a daily basis. The application also enables accurate monitoring of the number of trips made by each vehicle and driver, providing valuable insights for operational efficiency."

"At Global Envdk, we proud of our 24/7 reliability and prompt response to our clients' needs. Transparency is important to us, so we offer services to ensure full visibility and accountability from collection of waste untill waste disposal."

"Global Envdk is dedicated to affordable, high-quality waste management solutions for diverse industries. Our expertise in challenging environments allows us to excel in complex operational landscapes, especially in 3D environments. We offer tailored solutions to meet the unique requirements of each project."

The executive explains that opportunities are rife for foreign technologies in the waste management sector, saying that what is needed are affordable technologies that can be used for domestic or even industrial applications and also produce by-products like sludge or soil enhancers.

"These technologies are on their way but most companies, especially after Covid-19, want to spend less and less, but the treatment costs and the benefits are still not at that sweet spot."

Market Opportunity

Global Tunikara, Global Envdk's subsidiary, is also well on its way to making the world greener and more livable through a variety of activities and its managing director, Ts. R. Puvaneswari, has decades of experience to see than goal become a reality.

First active in the private sector, then



moving into government and since Global Tunikara's formation in 2020 back in the private sector, the executive's impressive track record bodes well for success.

"I had my start in this sector in waste management working with Japanese and Malaysian firms and then I was the CEO of MYBiomass, a joint venture company between public listed companies and the government," she recalls.

"Malaysian authorities were trying to establish green technology and that includes the biomass sector for generating higher value products, renewable energy, Smart City concept and how to reduce carbon emissions and water pollutions."

Ts. R. Puvaneswari explains that biomass consists of agricultural residue, conventionally utilized in small quantity in industrial processes such as palm oil mill to generate energy and compost material. It is also used in the furniture sector but has strong competition from other regions.

But her objective was to move up the value chain of biomass industry and determining what other products or processes can be used to make better economic contribution from biomass. Other than source of renewable energy, it can also be converted into renewable material which has a wider market.

"So if we can show that you can actually use the green technology and create a business opportunity in that, a lot of people will come in and we will see better future adopting greener energy, product and services" she says.

"Another thing I was looking at was how to make industry adopt green technology by creating a viable business model, incorporating technology partnership and financial returns" she explains.

"If something is viable, a lot of players will come into the space and if it is not, people will rarely invest in the green technology projects."

The company invests in strategic technology companies with the focus in green technology, renewable energy, waste treatment, recycling, bio-based research, edutainment, AI/Blockchain and catalytic R&D activities.

Strategic Partners

It also undertakes projects and product and market development, as well as providing advisory services. GlobalTunikara's partners range from startup companies to SME companies and multinationals.

Global Tunikara has four core activities, the managing director says. The first is investing in startup companies which have some synergy with Global Tunikara. But rather than just contributing fund to the startup, Global Tunikara looks for business synergy through dissemination of skills and knowledge to grow the new company.



"OUR SHORT-TERM GOAL IS TO ESTABLISH OURSELVES IN THE NASCENT CARBON MARKET"



"Our second core activity is in environmental project implementation. One of such project is in food waste because it is a very important global issue," she says. "If we talk solar power there are already a lot of active players in those fields, so we try to go into other challenging areas that are still developing like food waste and organic waste."

One of the company's stellar projects in this effort is BeBy app, a community-based mobile app aimed at reducing excess food from being thrown away and to help people overcome food insecurity. BeBy connects food generators such as households, restaurants, hotels, charity homes and places of worship, serving as a platform to bring together those who have excess food and those who need it. Our partner for this initiative among others are Klang City Council and University Malaya.

"Our third area of activity is providing consultancy services in engineering, we develop concept design and process design which is the initial step before proceeding in any project," Ts. R. Puvaneswari says. "We also carry out green project feasibility assessment inclusive of technical, financial and market. We support clients who wants to diversify into environmental projects which is a new playing field for them. At the same time we also undertake GHG quantification and ESG reporting."

Carbon Market

Global Tunikara also provides advisory services for carbon management which climate scientists say is vital in efforts to reduce effects of climate change through mitigation and adaptation.

"Our short-term goal is to establish ourselves firmly in the carbon market space because the carbon market is still nascent in many countries. To showcase our commitment to developing the carbon market, we participated in the Bursa Carbon Exchange (BCX) programme and work closely with international registry for the carbon projects.

Ts. R. Puvaneswari points out that climate change and going green are global issues and there has to be cooperation among governments and businesses in addressing these challenges. A public-private partnership model is needed to realise some of the projects.

"When we have global issues such as climate change, if a technology solution is successful, it should be adopted not only in my country but also in other parts of the world. I think there are great opportunities for foreign partnerships in the carbon market and we are already working with some of them.

"Collaborative efforts are very important and to have the right feel in the value chain of an ecosystem," she argues. "Partnering, not just among businesses but also among countries, is vital so successful systems can be replicated in others. It's another opportunity in combating what is happening to our planet."

"We also want to concentrate on affordable technologies for waste management rather than just relying on land filling even though there is a lot of land and it is still a relatively low-cost solution," she says.

"When a company is looking to develop a carbon project, you can consider us to be the partner in serving your from the project identification, until the selling of the carbon credit," the managing director says.

"Our carbon management covers nature-based solution like forest conservation and restoration, while our tech-based solutions are waste-to-energy projects, biofuels, and biogas," she confidently concludes.



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INNOVATIVE TECHNOLOGY &
360° BUSINESS MODEL**

We specialize in waste management, renewable energy, recycling, bio-based industries, emerging technology, and edutainment.

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Our company specializes in green technology project, carbon project development, process design, product advisory, environmental compliance, ESG reporting and carbon footprint assessment.

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INTERVIEW WITH DR. ISAAC ANDY

**Founder & CEO
IZDN Group**



The Covid Pandemic has proved to be a positive force for the IT sector in Malaysia, as demand for its related services soared during lockdown. Yet business opportunities are still aplenty, as the founder and CEO of IZDN Group is ready to explain, while he prepares his company for the new challenges ahead of him

Long recognized as a major manufacturer of electronics for multinationals, Malaysia has now become an important global player in the IT industry as well and that sector has enjoyed exponential growth since the pandemic.

In 2021, IT contributed 22 per cent to the country's GDP and both the public and private sectors are surging ahead in Malaysia's digital transformation across all significant industries, analysts say.

In support, the government has launched the My DIGITAL initiative as a key encouragement for make Malaysia a regional leader in the digital economy by 2030.

And it appears to be working. According to one consultancy that keeps its eye on the Malaysian IT sector, market size is estimated at \$25 billion in 2023, and should reach \$36 billion by 2028, reflecting a compound annual growth rate of 7.5 per cent.

In addition, Malaysia is expected to enjoy a high rate of broadband penetration compared to its Southeast Asia neighbors.

Demand for digital tools like robotic automation, digital payment, 5G technologies and blockchain is growing and both foreign firms and local enterprises are pouring money and talent into IT helped by generous tax breaks and a range of other government incentives.

Blessing in Disguise

IZDN Group is one such local firm, founded in 2012 by Dr. Isaac Andy following a career at IBM with the intention, the CEO says, "to streamline business processes from the IT point of view.

"We are actually domain resellers so we sell domains around the world and that was our original business. So we provide solutions and they are replicated globally and we actually are partners

with Google in services such as Google Cloud.

Most of IZDN's customers are in Thailand, India, Singapore and other Asian countries, along with Australia and Oceania.

As with many IT companies, the Covid pandemic was a blessing in disguise with demand fueling a surge in business as the need for IT services took off and the company had to double its staff numbers to 200 people.

IZDN's turnover also increased to around \$9 million in 2022, and the executive says the pandemic also caused another profound change in the company as most employees now work from home.

"Before the crisis coming to the office was compulsory for our staff but when they had to work remotely we realized that employees are more responsible because they have more flexibility," he explains.

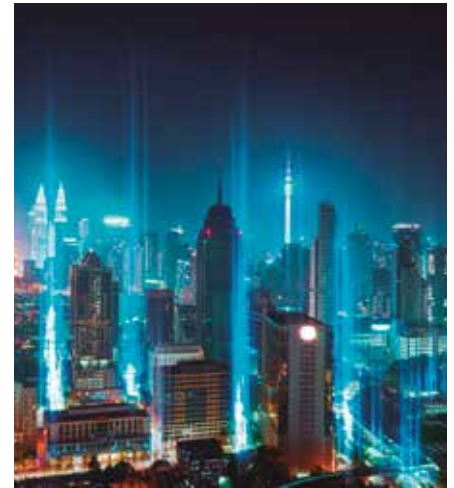
"It also had an effect on our bottom line as we don't have to pay so much for office space and there has been a big improvement in customer feedback."

Business Model

Andy says the challenge now for the company is that a lot of business is coming from small firms and even individuals, so instead of operating a B2B model it is now becoming B2C.

"Our availability to the public is more and more accessible and I don't think we are yet ready for that mass support because with company contracts we have a certain fixed time frame and then we provide the software and a service agreement," he says.

"But with public availability we cannot predict the time frame and demand as readily so we are not able to plan out our resources and support the public. That is our most



current challenge."

IZDN is now expanding to Hong Kong in a new venture to do NFT ticketing for live events.

"There is a lot of talk about this but no one is actually doing it. So we have created a platform for a company that has the rights to events and concerts in Asia," Andy says. "We are filing for a patent and it should start this year."

"This will be a whole new ballgame for us as this platform is not actually on the market yet so we are filling a gap. We are becoming a technology provider instead of provider of IT services."

The CEO has hopes that the new government will ease the exporting process and eliminate the previous obstacles that restricted sales abroad by Malaysian companies. "We are expecting to see what these new ministers do."

"However, everything is now returning to normal, the economy is picking up slowly but steadily," he says, "and I am optimistic that things are going in the right direction."

"And the fact that we are able to do things remotely," he continues, "provides a very positive outlook and gives us a much wider reach."

With years of experience operating locally and regionally in the IT sector, the CEO argues that Malaysia is an excellent country for tech entrepreneurs, whether domestic or foreign.

"We are still cheap so we are economically competitive, we can work and communicate globally and there is the experience and knowledge on how to interact internationally. In terms of IT services and support, Malaysia is very, very strong."

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