

# MALAYSIA 2023

A new political era starts in the South-East Asian country as firms benefit from a strong post-covid economic recovery



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# MALAYSIA'S SUCCESS STORY IN AEROSPACE GATHERS PACE

## CRITICAL MASS IN THE AVIATION SECTOR TO IMPULSE THE ASIAN HUB

Malaysia has boasted one of Southeast Asia's most robust economies in recent years and is attracting the attention of investors, both domestic and foreign.

And the reasons are many. The country's strategic location in the heart of Asia, its educated and skilled workforce, the wide use of the English language, vibrant sectors like high tech, manufacturing and agriculture, and a very business-friendly government make it a favourite for those wanting to invest.

In the second quarter of 2022, the Malaysian economy registered strong growth of 8.9 per cent helped by resurgent domestic demand thanks to a recovering labour market and government support and other factors.

Post-pandemic, economic activity was normalized as the country reopened its international borders and exports increased, while the services, manufacturing and other sectors bounced back as the negative effects of Covid lockdowns eased.

Many of the stars of the Malaysian economy are based on high technology as the country eagerly embraces Artificial Intelligence and other exciting innovations in cutting-edge disciplines.

On such example is Malaysia's aerospace industry, which is flying high. From just a small base catering mostly to the domestic market, the sector now boasts more than 200 domestic and foreign companies with total revenue of \$4 billion as of 2019.

In fact, Malaysia's has the second-largest aerospace industry in Southeast Asia, providing almost 30,000 jobs.



According to the Malaysian Investment Development Authority, it has approved some 40 projects up to 2020 worth around \$1 billion in investments and more such projects are on the way.

Through the ambitious MAIB2030 program the government has set a number of targets to ensure that the country's aerospace sector reaches new heights by the year 2030 when it is hoped the industry posts revenue of \$12 billion and will have created some 32,000 high-paying jobs.

These goals are to be achieved partly through tax and other incentives as well as matching funds for investors, as well as full government support from initial planning to project completion.

By 2030, the program predicts the aero-manufacturing subsector alone to have revenue of around \$4.5 billion, maintenance, repair and operations (MRO) to post \$4 billion in revenue and \$3 billion in revenue for engineering and design services.

Malaysian government officials and aerospace executives are confident this can be achieved thanks to the country's already impressive presence in both the regional and international industries, its strategic location in the heart of Asia, affordable costs and the vast pool of high-tech engineering and technical talent.

### Malaysians' Capability

Companies already active in the Malaysian aerospace industry working with foreign operators include Global Turbine Asia (GTA), an independent engine and maintenance, repair and overhaul service provider of military and civil engines for the Asia-Pacific region.

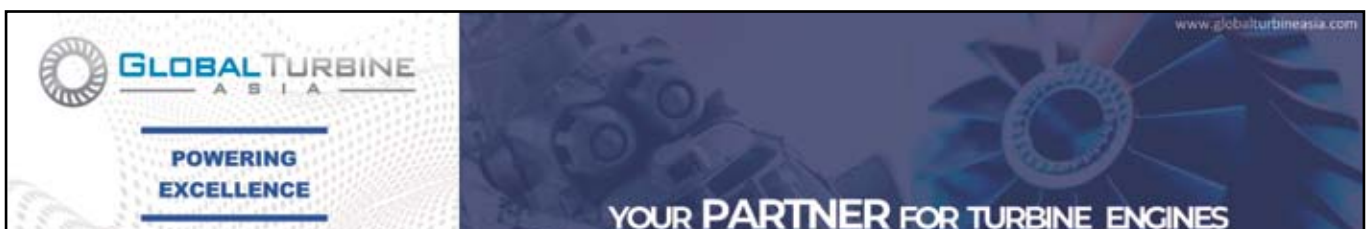
A Malaysian-born joint venture with Safran Helicopter Engines, GTA was founded in 2010 and is headed by Dato' Nonzee Ashirin Mohd Radzi who has been involved with the company almost since its beginnings a decade ago.

"I've spent my entire career in the aerospace industry and I was involved with big European companies like Airbus and Dassault which are Malaysia's long time defense partners, with France as the country's biggest defence partners," she says.

"Before joining Global Turbine Asia I was at Eurocopter Malaysia, part of EADS and because of that experience I was asked to partner with Safran, the supplier of the EC725 helicopter.

"The Malaysian Air Force bought a dozen of them and so we are a joint venture with the original equipment manufacturer and provide maintenance for aircraft engines," the chairman explains.

GTA's services include its proprietary





**DATO' NONEE  
ASHIRIN MOHD  
RADZI**

CHAIRMAN OF  
GLOBAL TURBINE  
ASIA

**“IT’S ALL ABOUT GROWING THE MALAYSIANS’ CAPABILITY AND ACQUIRING TECHNOLOGY SKILLS”**

Support By The Hour scheme, a comprehensive service providing financial and operational coverage for engine maintenance, covering schedules and unscheduled events, limiting client exposure to unexpected expenses.

The company also offers AOG (aircraft on ground) support when an aircraft is grounded for technical or other reasons, and a 24/7 helpline to coordinate the best solution for urgent situations so operations can resume as soon as possible.

GTA also provides around-the-clock, highly-qualified field representatives and field technicians for client needs, spare parts and tooling for periodic inspections and preventive or corrective maintenance, standard exchange, repair and overhaul operations at a Safran certified maintenance centre, and a global support package to respond to operational and financial expectations.

“When we started we had four people in a very humble office and now we have 40,” the executive says, “with an annual revenue or around \$40 million.

“It’s all about growing the Malaysians’ capability through acquiring high technology skills, people can work with their hands and they can get the licenses needed to work in this industry.”

Focused on Malaysia, GTA decided to forego international expansion and instead up scaled to a higher technological level by enhancing its capabilities and gained European aviation safety authority approval to work on the Airbus 800M military transport fixed-wing aircraft.

“It’s always the defence contracts that allow you to boost your skills and capability so with the European authority approval I’m looking at the probability of working with civil aircraft like the Airbus for Thai Airways or another airline,” Dato’ Nonee explains.

When the pandemic struck, GTA executives were largely confined to their homes and

with operations halted they began looking for acquisitions to expand the company.

The Swiss aerospace engineering firm RUAG contacted the chairwoman and told her it was leaving the Malaysian market and offered a buyout.

“So I bought their shop a year ago during the pandemic and it is now Global Component Asia so here we have the engine maintenance side and GCA is the component maintenance side,” she says.

“Therefore it’s very exciting for us to go down this avenue perhaps looking for investors interested in a company like ours which adheres to the latest environmental, social and governance requirements, or even going public,” she concludes.

**International Demand**

Government involvement in the country’s aerospace industry is not only through economic incentives and the like as it also creates unique training opportunities for those young people seeking a job in the sector.

One such example is the company Asia AeroTechnic, or AAT, which got its start as a government-fostered firm to provide on-job training to students before they graduated from University Kuala Lumpur with an aviation degree, says CEO Mohd Roslan Ismail.

“The government youth training agency Majlis Amanah Rakyat which is known as MARA has a university in Kuala Lumpur where they teach aviation, aircraft maintenance and fleet management,” he explains.

“But when these students finished these courses they needed some way into the industry, especially for those with engineering and technician degrees.

“Some were able to get jobs with the airlines but these companies have limited space so MARA decided to set up its own maintenance, repair and operations company in 2015 so these people could get a leg up,” Roslan says.

“That’s how we started and I was called in to help from my previous job at Malaysian Airlines.”



**MOHD ROSLAN  
ISMAL**

CEO OF ASIA  
AEROTECHNIC

**“WE HAVE FIFTEEN FOREIGN AIRPLANES OUTSIDE WAITING FOR SERVICE, DEMAND IS BACK”**



Now, AAT has 50 customers from all over the world and provides them with a long list of services including airframe heavy maintenance, aircraft and component painting and stripping, fleet technical management, line maintenance and aircraft modification, along with training programs.

Most of the company’s clients are airlines with 80 per cent of its business from foreign countries and the rest from Malaysia.

“Pre-pandemic we clocked our highest revenue ever at around \$8 million and we had 200 people working for us at the time,” the executive recalls. “When Covid-19 arrived, we adjusted quickly and had to be very nimble in terms of adapting to this new environment.

“So straight away we did aggressive digital marketing and began offering aircraft parking to all these airlines which had to ground their planes because of the pandemic.”

Although the company’s business fell by 35 per cent, it managed to get through the global health crisis without laying off any employees, but did stop recruiting and did not replace those who retired.

Business is now returning to normal



and the company expects revenue this year to match that of 2019 with full recovery in the aviation business in 2023. With passenger and cargo demand returning, airlines are putting their planes back into service, many of which have not flown for several years.

“Now they have to go through maintenance and they are flying in from Thailand, the Philippines, Myanmar and Indonesia but we can only accommodate four aircraft at a time and we have 15 lined up outside waiting to be serviced,” Roslan explains.

The CEO believes that with the local aviation business taking off, Kuala Lumpur could become an air travel hub and spoke centre for Southeast Asia, noting that the city is right in the middle of heavily trafficked air routes between major destinations like Jakarta and Bangkok.

“But we have to be aware that we are also between Bangkok and Singapore which are the big hubs at the moment so we really have to do a study on how to capitalize on our advantages like location, low rates and manpower costs, tax-free aviation parts and excellent technicians and engineers,” he says.

“Regarding the company, we want to go beyond providing after-market services in MRO where one can only reach a certain level. Now we have to go up the value chain and begin manufacturing the kits for things like aircraft modification, for example converting passenger planes to cargo planes.

“This activity would be through working with other companies with the partner providing the expertise and Asia AeroTechnic providing our people skills, low costs and a stable political climate,” Roslan explains.

### Leading in Helicopters

Malaysia’s government was also instrumental in the creation of Galaxy Aerospace which offers maintenance repair and overhaul services approved by the government civil and military authorities.

Established seven years ago, the firm boasts government agencies, airlines, VVIP owners, original equipment manufacturers and operators from neighboring countries among its clients.

“Our first contract with the government incentive program was worth \$22 million,” Managing Director Dato’ Shamsul Kamar Samsudin says.

“It was to supply two helicopters for the Malaysian police and out of that came an offset requirement for the tender win-



**DATO' SHAMSUL KAMAR SAMSUDIN**

MANAGING DIRECTOR OF GALAXY AEROSPACE

**“WE ARE THE LEADING FIRM IN MALAYSIA FOR ROTORCRAFT MAINTENANCE IN HELICOPTERS”**



ner to create and assign an aircraft management post-delivery company and that is how we came into being.”

“Now, on the general aviation front, especially in rotorcraft maintenance, we are the leading company in Malaysia for civilian and military helicopters and we also have a contract for fixed-wing aircraft with the police,” he explains.

Last year, the company posted revenue of around \$19 million and employs 340 people.

Over the years since its founding, Galaxy Aerospace has met and overcome challenges such as finding the correct and low price for winning tenders as in aviation there is only so much cost saving a company can do before it affects efficiency, safety and other concerns.

Galaxy Aviation provides MRO services for a wide range of Airbus, Augusta Westland, Sikorsky and Robinson helicopters, as well as fixed-wing aircraft made by Cessna, Gulfstream, Pilatus, Beechcraft and Otter.

According to aircraft type, these services include maintenance, radio and

compass and calibration inspections, software database updates, ELT programming, avionics upgrades and defect rectification, among many others.

“From day one Galaxy Aerospace planned to be the go-to company for aviation solutions in Southeast Asia and we knew it was going to be tough,” the managing director says.

“And now we have aircraft flying in for servicing from Indonesia where we also have teams working and we have a team in Saudi Arabia. We have approval from the U.S. Federal Aviation Administration so we’ve begun to receive other clients from the region.

“Our regional strategy also is for us to become the designated service centre for Robinson Helicopters which also makes smaller aircraft but their helicopters are unique,” he explains.

By the time the company celebrates its tenth anniversary in 2025, Samsudin would like to have expanded Galaxy Aerospace’s international presence while maintaining its position in the Malaysian market.

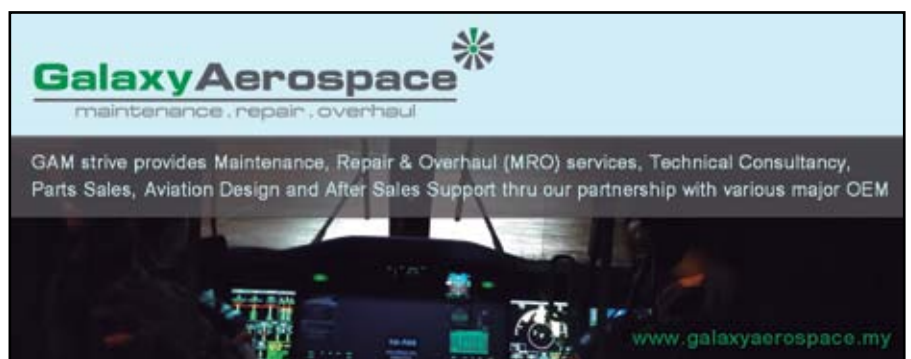
“Our industry is very important because it is a knowledge-based industry, highly technical and has Malaysians working everywhere,” he says. “I think it is just a matter of time before this country becomes the centre for the aerospace sector in Southeast Asia.”

### Aviation Hub

Diversity in its offerings as been the key to the success of Systematic Aviation Services (SAS) which has gone from strength to strength since its founding as a family business three decades ago.

It was started by Ismail Asha’ari, an accountant by training who loved flying and turned that passion into a business offering a plethora of services, says Ida Adora Asha’ari Ismail, the daughter of the founder and now CEO.

“Wanting to get into flying as a profes-





**IDA ADORA  
ASHA'ARI  
ISMAL**

CEO OF SAS  
SYSTEMATIC  
AVIATION  
SERVICES

**“THE MALAYSIAN AVIATION HUB OFFERS LOW OPERATING COSTS AND SKILLED ENGINEERS”**



sion, my father found a hangar here at Subang airport but as it didn't have any proper offices in the structure, so he converted a seldom-used bathroom into an office and that was the start of SAS," she recalls.

"Now I can proudly say we own and operate from five hangars here at Subang."

Returning from her studies in Australia, Ismail joined the family business and worked closely with her father until his death from cancer in 2020 and then took over.

At the time, SAS employed fewer than 90 people and business was entering a slump all over Malaysia. But SAS was still planning to expand and at the same time was undergoing not only a change in leadership but also a transition in management style.

"Our business model was to concentrate on aircraft maintenance for the region and we had helicopters and fixed-wing aircraft coming in from Indonesia for that and this was our main source of income," she says.

"Then the pandemic and lockdown came here and in Indonesia so we focused on sustaining the business. We had begun an aviation training school mainly to upgrade our own people and then extended this to provide training for everyone in the general aviation sector in Malaysia."

That operation became Systematic Aviation Training (SAT), which along with the flight operations services division known as SAS Sky and the engineering division forms the SAS group.

Under Civil Aviation Authority of Ma-

laysia approval, SAT provides type rating courses, regulatory courses for the aircraft maintenance license program, technical examinations, assessments and testing, internships and on-the-job training and other customized training regimens.

SAS Sky has a fleet of helicopters and fixed-wing aircraft to carry out everything from charters, medevac operations and aerial photography to services for the oil and gas and agricultural industries, aerial mapping and under slung transport operations.

Its engineering department offers maintenance, repair and overhaul services along with components, avionics, structures and many others essential to ensuring its clients' aircraft airworthiness and safety.

Some of the leading names in the aviation industry that SAS works with include Airbus, Piper, Beechcraft, Cessna, Robinson, Pratt & Whitney and Rolls Royce.

Now employing around 120 people and with her company's revenue of between \$4 million and \$5 million expected this year, Ismail says she says it all looks bright for SAS and the Malaysian aerospace industry as a whole as the local sector prospers and foreign investors take interest.

"I really believe that this country can become a regional aviation hub as Malaysia has so many things going for it such as our operating costs which are lower than our neighbours, our skilled engineers and workers, and the warm hospitality of the Malaysian people," she argues.

**Equator Advantage**

"Reaching for the Stars" could be the motto of Lestari Aero Industries, a division of the Lestari Group, which works with international partners to develop rockets for sending spacecraft into low orbit from Malaysia.

The group was established in 2000 as a software developer and 18 years later set up the aerospace division, Lestari Group CEO Ahmad Joahari says. The group is also involved in ICT solutions and integration, water systems, security and surveillance, and training and consultancy.

"We got into aerospace because there was no player at that time to develop our own rockets even though we had sent the first Malaysian astronaut to the International Space Station in a deal with Russia," he recalls.

"In order to get our rocket project off the ground we needed the blessing of the prime minister which we received and we were ready to go."



**AHMAD  
JOAHARI**

GROUP CEO OF  
LESTARI AERO  
INDUSTRIES

**“WITH OUR TECHNOLOGY WE CAN BE A POWER IN AEROSPACE AND ROCKETS”**



The company also produces fixed-wing and multi-copter unmanned aerial systems (UAV's), or drones. One of the company's drone models, the LL1-20 is used in search and rescue, intelligence surveillance and reconnaissance, and data imaging and gathering, while the LB2-20 is used in the agricultural sector for seed, fertilizer and pesticide spraying and other tasks.

"We have our own factories here where we develop the rockets for the UAV's and we are looking for export markets for our small rockets which are used in training and we've been talking to a few countries," the executive explains.

The CEO also argues that Malaysia should develop its own space port for low orbit launches.

"We want the world to see that in Malaysia we are on the Equator, which is very convenient to launch rockets into orbit, and we can potentially be a power in the aerospace,



# BOUNTIFUL LOCAL NATURE BENEFITS NUTRACEUTICALS

## MALAYSIA'S BIODIVERSITY GIVES A COMPETITIVE EDGE IN A BOOMING INDUSTRY

Malaysia's rich and varied environment, coupled with its diversity of ethnic groups which have long practiced traditional medicine, makes the country a natural when it comes to producing nature-based nutraceuticals and health foods which are now growing in popularity around the world.

Derived from "nutrition" and "pharmaceuticals", the term nutraceuticals refers to herbal medicines, dietary supplements, special diets and other foods which provide medical or health benefits such as the prevention and treatment of diseases.

Much of these products come from plants and according to Malaysian health and agricultural authorities, the country's rich biodiversity and ancient rainforests contain an estimated 2,000 plants with potential medicinal uses.

This wealth in natural sources gives Malaysia a truly competitive edge against global rivals in the development of nutraceutical and other health products, many of which originated in traditional medicine.

These traditional medicines practiced in the country by its main Malay, Chinese and Indian ethnic groups, along with age-old medical methods and modern natural treatments, have provided a wellspring of knowledge for the production of nutraceuticals and health food products.

The Malaysian government has taken note of the industry's potential and says it could contribute between \$4 billion and \$6 billion annually to the country's GDP by 2027, with exports predicted to soar as people turn more and more to natural remedies.

According to the Malaysian Investment Development Authority, "increasing health-conscious behaviour, rising lifestyle diseases, a shifting trend towards preventive healthcare, use of botanicals due to their medicinal benefits and growth in e-commerce have contributed to the demand for nutritional products".

One of the biggest markets for these

products is China which has long and deep ties to Malaysia and is a close neighbour. Analysts say that China will soon replace the United States as the chief global consumer for nutraceuticals.

And in a bid to ensure Malaysia's natural products maintain their sterling reputation, the government has imposed strict guidelines on producers regarding efficacy and safety, and moved to protect natural environments from which the raw materials are sourced.

### Expanding Market

Efficacy and safety were the principal concerns of Biotropics Malaysia when the company was founded 15 years ago based on extensive research and trials, says CEO Tengku Shahrir Tengku Adnan.

"What we basically do is screen the Malaysian herbs, look at potential markets in the different areas of health and then develop ingredients produced by our extraction facility which is the largest in the country and which has passed U.S. Food and Drug Administration approval," he explains.

"We sell those ingredients to other companies and also develop them for our own finished goods under our brands."

Biotropics Malaysia's main product is tongkat ali, an herbal supplement found in the roots of *Eurycoma longifolia* shrub tree which native to Southeast Asia. It has been used for centuries in traditional medicine in the region to treat everything from malaria to male erectile dysfunction.

According to scientists, the herb contains antioxidants that fight cellular damage and recent research suggests that tongkat ali could also be used to treat male infertility, improve mood, and increase muscle mass.

"Tongkat ali is probably the most famous Malaysian medicinal herb and it's for men's health in general," the executive says. "But we found that when we launched it for women it was well received and it's also for energy, and mental and physical balance.



TENGKU SHAHRIR

CEO OF BIOTROPICS MALAYSIA

**"OUR TRADITIONAL MARKETS ARE THE US AND JAPAN, BUT WE WANT TO EXPAND TO EUROPE"**

"Most products for women are for slimming, beauty and things like that but women also need energy and also feel joint pain so these are unmet needs."

Since its beginnings, Biotropics Malaysia has focused on the export market which eventually accounted for 70 percent of pre-Covid sales, mainly to the United States.

Tengku Adnan says that 2018 and 2019 were good years for the company, ringing up annual revenue of around \$4.5 million.

"But with the pandemic it was a shock for everybody and the market certainly slumped as people were scared to buy most products, pharmacies and other outlets were closed and our main client, the United States, shut down.

"In addition, there were supply chain problems, production was down because our 50 or so employees had to stay home

**biotropics MALAYSIA** POWER YOUR BRAND WITH AWARD-WINNING HEALTH INGREDIENTS

<b>Physita</b> <ul style="list-style-type: none"> <li>• Healthy Testosterone</li> <li>• Men's Health</li> <li>• Immunity</li> </ul>	<b>BiOKESUM</b> <ul style="list-style-type: none"> <li>• Memory &amp; Cognition</li> <li>• Brain Health</li> <li>• Antioxidant</li> </ul>	<b>avco</b> <ul style="list-style-type: none"> <li>• Anti-microbial</li> <li>• Anti-dandruff</li> <li>• Anti-acne</li> </ul>	<b>SLP+</b> <ul style="list-style-type: none"> <li>• Menopausal Support</li> <li>• Hormonal Balance</li> <li>• Women's Health</li> </ul>
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www.biotropicsmalaysia.com

and we're losing contracts. But because we are small and agile we found ways to survive," he recalls.

Slowly the market began to stabilize with consumers taking more of an interest in health supplements to boost their immune systems and energy. Biotropics Malaysia reached out to the public to educate them about the benefits of nutraceuticals. Sales began to pick up in early 2021.

The pandemic was also a turning point for the company's business model as it intensified its e-commerce activities targeting stay-at-home consumers who were now more comfortable with online purchasing.

"We have a pretty good reputation so people were not really concerned about who was behind the products. And it this worked well for us as we were skipping the pharmacies as middle man and going straight to the consumer," the CEO explains.

But he complains that 2022 is a very different environment with people getting out and returning to physical retail shopping and spending their money on travel, other activities and items denied them during the pandemic.

"So now we have to face the challenge of what people really need and how much they are willing to spend for health supplements because we are not drugs and we cater for wellness before you get sick.

"There are things like afflictions related to aging and the elderly are a big group but they don't have much spending power and we have to address these issues," the executive says.

"Plus international expansion as we have a footprint in the United States, Japan and a bit in Vietnam and other countries but we would love to go to Europe and South America. Regulatory can be a bit tricky, these markets need to open up more so we can enter new markets and with new products."

Regarding the latter, Tengku Adnan says Biotropics Malaysia has hundreds of herbs in the pipeline with each ingredient taking a long time to develop.

"I'm confident the market for health products is expanding both here and abroad and the industry just needs to really understand what the consumer needs at different times," he argues.

"Consumer needs and pricing have to converge. I think there is a sweet spot where the affordability and the relevant benefits come to meet. That's what we have to find."



HC WONG

DIRECTOR OF  
ESPRITCARE



**"THANKS TO OUR STRONG PORTFOLIO PIPELINE WE SEE A HEALTHY GROWTH AHEAD"**

### Strong Pipeline

Health supplement ingredients and finished products are the focus of Espritcare but which is also involved in other related lines such as pharma capsule distribution and the manufacturing of laboratory equipment. "In fact, we got our start in 2004 dealing with capsules," recalls founder and Co-Director H.C. Wong. "I'm an electronics engineer by profession and came from the pharma industry. A few years after the group was founded I asked C.S. Chua to join me and now we are co-directors." "We are now the largest capsule distributor in Malaysia and we also manufacture lab equipment used for stress tests for determining the shelf life of products, especially pharmaceuticals, supplements and foods."

In its initial involvement with nutraceutical ingredients, Espritcare only distributed ingredients to manufacturers but when difficulties emerged it switched to supplying finished products. "We discovered that manufacturers were responsible for inconsistent quality and we decided to do it on our own and produce the finished products," the executive says.

That business model proved a success and now that division is the largest in the group and responsible for most of the group's annual revenue. The domestic market then accounted for 70 per cent of sales with exports making up the rest, largely to Sweden, Norway, Kazakhstan and regional markets. The pandemic hit Espritcare's foreign sales, but the crisis turned out to benefit the company.

"Nutraceuticals are somewhere between pharmaceuticals and health foods with active ingredients. So when the pandemic comes and the public needs alternative medicines like immune-boosting supplements and vitamins C and D this became an opportunity for us," Chua explains. "Our



knowledge of best health practices also helped us as we work in teams in different parts of the factory so there was little cross infection among the workers. And we ship in small batches through courier services so the logistical headaches affecting others did not impact us.” The executives used the slowdown to bring in new machinery and with foreign technicians unable to travel to Malaysia for the installation, with his pharma industry experience Wong was able to show the employees how to set up and run the machines. Like others in the industry, the executives say that the post-pandemic market is different than before.

“I would say that consumer priorities have changed since the crisis began to ease. There is a lot of disposable income which is now going to entertainment and travel instead of health care so the industry has slowed down,” Wong explains. Revenue grew around 70 per cent in 2021 compared with the previous year to between \$14 million and \$15 million, but for 2022 the executives expect growth to be only some 20 per cent.

“This year and the next will be challenging,” Wong warns. “Those products of ours which did well during Covid-19 are seeing reduced sales while other therapeutic products like for joint and heart health are going up but slowly.

Luckily, we have a strong pipeline in our portfolio so we will still see that growth.” The executives are counting on that as they plan a second factory to be ready by 2023 and which will increase Espricare’s production capacity by between 40 and 50 per cent. There is also an upgrade of the existing factory in the works.

“Rising costs and skilled manpower will be challenges for us over the short term,” Wong predicts. “But Malaysia is quite open regarding the regulatory system for health products compared to regional rivals and the high U.S. dollar makes our exports more competitive.

“So this is a growing industry everywhere and I think the country offers wonderful opportunities for the nutraceutical and health supplements sector.”

### Priority in R&D

A company which has seen phenomenal growth over the past decade is Excel Herbal Industries, with the increase spurred by expanding from its long-time business of supplying herbal products to manufacturing its own line.



DAVID SIEW

DIRECTOR OF EXCEL HERBAL INDUSTRIES

“OUR GOAL IS TO INCREASE THE R&D REGARDING LABORATORY REPORTS & CLINICAL STUDIES”



“That happened in 2014 when I joined after the company changed owners,” recalls Director David Siew. “We switched to making health supplements which are doing very well in Malaysia and that was especially true during the pandemic.”

The change was also affected by the imposition of a general sales tax which storeowners were required to record using IT. But many owners of the traditional herbal remedy shops did not know how to use computers and pharmacies took over most of the nutraceuticals business.

“That led us into the health supplement line like vitamins B and C and other herbal products. Then two years ago we started turning out liquid products,” the executive says.

Excel Herbal Industries offers a broad range of services to the sector including product consultation, pre-registered formulation, product registration, raw material sourcing, processing and manufacturing, packaging design, halal registration and safety and lab tests.



Its R&D teams have developed a variety of formulations for traditional herbal medicine, health supplements and health foods, with its own blends allowing clients to expand their product offers with proven supplements backed by market research.

Since it expanded its business model nine years ago, Excel Herbal Industries’ staff has increased from ten employees to 70, and its annual revenue from around \$80,000 to more than RM 15 million.

“Right now we are one of the top manufacturing companies in Malaysia and we are getting a lot of enquiries on our website and other channels from chain pharmacies which is resulting in many orders,” Siew says.

“And if the Malaysian market gets saturated, I can see us entering regional markets like Singapore, Indonesia and Thailand.”

Growth could be hindered by a lack of skilled manpower after the pandemic’s effects but the director says the company is looking at increasing automation to meet a rise in demand.

“Robots are clearly the way to meet this labour shortage challenge as they can do the capping, labelling, and packing and run for 24 hours a day, every day,” he explains.

“We also want to boost our R&D capacity to not only improve our quality but also to ensure we can meet all our customers’ needs regarding clinical studies and laboratory reports so the product is the best it can be. That’s our goal.”

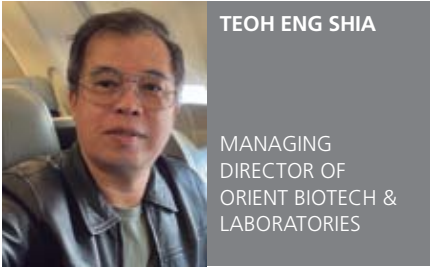
Recently, Universiti Teknologi MARA -UiTM- and Excel Herbal Industries Sdn Bhd have signed a memorandum of understanding for the transfer of technological know-how.

This MoA is an initiative of UiTM through the Business Innovation & Technology Commercialization Center -BITCOM- to seal the relationship between UiTM Sarawak Branch with Excel Herbal Industries Sdn Bhd.

Led by Dr. Cindy Tan Soo Yun, a pioneer in the manufacturing of herbal and traditional health care products through its research activities, she has successfully identified the formulation of noni fruit juice enriched by black pepper extract as a nutritious drink juice and as an alternative antioxidant supplement that has various therapeutic effects in improving human health.

### Accelerated Growth

A quarter century after founding Orient Biotech and Orient Laboratories, Managing Director Teoh Eng Sia wants to take the company public so he can expand the business through newer facilities.



**TEOH ENG SHIA**

MANAGING DIRECTOR OF ORIENT BIOTECH & LABORATORIES

**“OUR OWN VISION IS TO HELP PEOPLE ENJOY GOOD HEALTH WHILE EARNING A LIVING”**



“An IPO is interesting to us now because there is growing demand, the market is increasing. We had originally scheduled it for several years ago but it was delayed because of the pandemic,” he says.

“By going public, we can further develop the factory and our other facilities in about three years’ time, and we’re currently getting in new technology for our new plant from Japan and South Korea.”

The Orient group bills itself as a one-stop shop for original design manufacturing, or ODM, defined as a firm which designs and manufactures a product that is eventually rebranded by another company for sale.

Or as the managing director terms it, “from our labs to the shelves.”

Its R&D department carries out clinical trials and lab tests in collaboration with Universiti Sains Malaysia, as well as customized formulation, formula development, testing and optimization, and stability, chemical and microbiological testing.

The group also performs product con-

sultation, ingredient sourcing, product development and quality assurance, packaging and labeling, and regulation and certification which includes Malaysian government regulation compliance.

On the manufacturing end, Orient can produce a full range of supplement delivery systems including tablets, soft and hard capsules, powders and blends, and various milk powders.

Its packaging arm offers a choice of blisters, tin cans, glass bottles and jars, tubes and boxes to clients both in Malaysia and abroad.

“We’ are currently exporting to a few regional markets like Taiwan, Hong Kong, Vietnam and Indonesia and we hope to expand those as international sales become more important to us,” the managing director says.

“Our two strong points are R&D and manufacturing and other long-term goals are to grow not only organically but also through acquisitions. I think we will double or triple our size by 2025 and hopefully that will also mean that our current revenue of around \$10 million will match that increase.”

All of which signals a solid optimism on the part of the executive.

“I think the health food industry in Southeast Asia is very positive regarding growth. At the same time that we earn a living we can help people enjoy good health, have a good lifestyle and make the whole world beautiful, Teoh says.

“And that is our vision.”

**Expanding Opportunity**

Since its founding in 2015 with the marketing of health foods containing high levels of fibre, Genol Foods has expanded into other lines but its original product remains the main focus, says General Manager Nick Eng.

“Our product is vital to good health because it adds fibre to your diet. When you eat meat, for example, there is very little or no fibre so this supplements your daily fibre intake and that helps you live a long life,” he says.

Eng came across an online seller who is currently his business partner, and together they came up with the idea of targeted online sales, as they found that working through distributors sales were slow. Later, they manage to secure their own manufacturing plant.

Genol Foods sells exclusively to other companies who put their own brand on the products with Malaysia accounting for 60 per cent of sales and the export market for the rest.

Currently, the firm exports to Taiwan, Singapore, Macau and Hong Kong and the



**“WE WILL GROW WHEN WE’RE ESTABLISHED IN SOME LARGE COUNTRIES LIKE INDONESIA”**

General Manager says he would like to expand to other regional markets.

“I’d like to focus more on the overseas markets, especially in Indonesia and China, due to the large populations over there. Subsequently it will be followed by Europe and the Middle East markets,” he says.

“We need these new markets if we want to reach our goal of more than doubling our current annual revenue of \$2 million to around \$5 million. And I think Indonesia could be the key as it has a population of something like 280 million.”

“Entering the Indonesian market is a big challenge for us, as we need to have our own factory in the country. So I am open to opportunities for collaboration,” he explains.

Before the pandemic, online sales produced good revenues, but since September 2022 the company is attempting to deal with the slowdown in online sales, due to the easing of pandemic restrictions.

“Another problem we’re facing is finding storage space for our products because there is a lack of warehousing available,” Eng says.

“As a B2B company we deal with other firms, not the public, so we need to protect the exclusive formula of the product owner. This is to make sure that they feel secure and confident in Genol Foods.”

We’re hoping to get much larger orders when we eventually become established in China and Indonesia,” he concludes.

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47100 Puchong, Selangor D.E., Malaysia / nickeng07@gmail.com

## INTERVIEW WITH MR. YUSRI BIN MOHAMAD

**Group Managing Director  
Valser Synergy Sdn Bhd**



Synergy can be an overworked word these days and not always really applicable to the business at hand, but one Malaysian group that truly embodies the concept is Valser Synergy which is celebrating its 20th anniversary. Its recently appointed Group Managing Director explains its new business focus

Formerly known as Valser Oil & Gas with its origins as a trader in valves for the local industry, the group now has four divisions and is successfully diversifying into other sectors and markets.

Newly-appointed Group Managing Director Yusri Bin Mohamad joined the group just a year ago and has already set it on a new course taking advantage of his deep knowledge of the industry.

"I've been in the energy sector for 25 years after starting work as a technician at Shell. After my degree studies in the United Kingdom, I came back to Malaysia and worked for Petronas and various multinationals, eventually joined the oil and gas integrated solutions provider Deleum and then took some time off to develop my own interests," he says.

Valser's board asked him to work as a consultant in 2020 and a year later he was appointed group managing director.

"One of the first things I asked the board was whether we wanted to stay in oil and gas or go beyond that," Bin Mohamad recalls. "What direction do we want to go?," I asked."

"So we decided to draw up a road map for the next five years and planned out how to position ourselves in the markets we serve."

### Complementary Parts

Valser Synergy is composed of four divisions and like the group's name implies, all complement one another to some extent.

Valser Engineering is an automation specialist and one-stop center for design, procurement, integration, testing, monitoring, diagnostics, maintenance and after sales services of actuated valves and manual valves of various types.

Onsite services specializing in actuator, piping, valve supply, servicing and maintenance are provided by Valser Services which also offers complete asset management and integrity services.



Valser Flow Solutions manufactures the company's valves which are certified by various agencies and major multinationals, and have been supplied and installed at numerous facilities in Malaysia for a range of sectors.

The group's fourth company is Valser Energy which provides solutions in energy system products including power systems and process systems to various industries including solar power.

"Oil and gas account for around 40 per cent of our business with the rest from other activities," the managing director says, "and although we at the group are talking about renewable sources of energy, I think the petroleum sector will still be important in Malaysia for the next ten or 20 years."

"The potential market for Malaysian gas is huge but we are diversifying and we have our own maritime and valves manufacturing businesses, for example."

Valser Synergy largely achieved its sales forecast target for 2022 of some \$18 million on revenues of about \$11 million. And the executive says he expects further growth of between 8 and 10 percent in 2023 and 2024

### Priorities Changed

"We have to get ready because we already know that there will be a lot of projects starting up in 2024. At the beginning of 2022 we reprioritized our targets and we're now really focusing on getting contracts which offer higher margins," Bin Mohamad explains.

"We are also spending a lot of time on marketing in totally different sectors like maritime and it goes without saying that the independent power production industry for power plants is slow going in terms of new projects."

Valser Synergy is also taking its first steps abroad and has just signed partnership agreements in Indonesia and Thailand, and is exploring opportunities in Myanmar. The group has also had discussions with potential partners in the oil-rich Gulf states of the UAE and Saudi Arabia.

Bin Mohamad says another idea is to look at countries where long-time client Petronas has operations like Iraq and Sudan.

"I was in Abu Dhabi last month speaking with people from Abu Dhabi National Oil Company so there is a way to set up a company there with a local partner but we haven't really identified anyone yet," the managing director says.

Working with local operators is also important in Malaysia and Bin Mohamad advises foreign investors eyeing opportunities there to link up with experienced and knowledgeable Malaysian partners.

"We ourselves are open to new partners. We are already 20 years in this business as a group and this country has tremendous potential for investors," he finally argues.



## INTERVIEW WITH MR. SYED ASHRAF BIN SYED ALI

Managing Director & CEO

Palace Butcher Resources Sdn Bhd

Malaysians love to pack the family into the car and head to their favourite restaurant and while the pandemic lockdowns hit the dine-in food service sector hard, it is now bouncing back very nicely indeed. A local star in the restaurant business, under the brand name Me'nate, is now looking abroad for further expansion



According to industry analysts, the restaurant industry market size in 2021 was an estimated \$15.2 billion and is forecast to grow at between 9 and 10 per cent over the next three years.

And while dine-in restaurants are on the road to recovery, prepared meal home delivery is also on the rise, fuelled by the convenience which consumers grew accustomed to during the lockdown.

At the same time while Malaysians still love the cuisines of their richly varied ethnically-diverse country, Western food is making impressive inroads and one company riding all these trends is Palace Butcher Resources Sdn Bhd which operates dine-in and delivery chain of restaurants under the brand name Me'nate.

"This all began back in 2011 with one outlet but when I took over in 2014 to rebrand the company we still only had two outlets," recalls CEO and Managing Director Syed Ashraf Bin Syed Ali.

"Our revenue was a little more than \$450,000. We really started to grow from 2015 and this year we expect revenue to be around \$14.5 million."

### 5 Star Menu

Me'nate Steak Hub offers an impressive menu of freshly made dishes familiar the world over with starters like mushroom paired with garlic bread, nachos, and chicken wings to an array of salads of grilled watermelon and peri-peri chicken.

But it's the main meat courses that are the star of the show. Me'nate offers premium wagyu, Black Angus, grain-fed beef and top-grade lamb all grilled to the customer's exact specifications.

"We source our meat from Australia, New Zealand, the United States and Japan and the lamb we cut ourselves as we have our own central butchery," the executive says.

All of Me'nate's meat is chilled, never frozen with the temperature carefully controlled all along



the supply chain and throughout the processing.

"Our concept has become so successful because the customer can see and select the meat before it's cooked," Syed Ashraf explains.

"Prices are set per 100 grams so you can order 300 grams of ribeye or 200 grams of Black Angus or any combination of weights. We try to suit the taste to the Malaysian palates and our best-selling items are our beef and lamb ribs."

The chain also offers a variety of seafood, pastas, pizzas and desserts.

Restaurateurs around the world suffered through the pandemic with many going out of business and those in Malaysia were no exception. But the Me'nate brand survived by coming up with delivery innovations.

"2020 was a hard year," the CEO says, "and some of our business dropped more than 50 per cent. But we managed to recover quite fast because we came up with a delivery box that allowed us to deliver to the customer with the food still hot."

"That kept the business alive although we didn't open any new outlets. But in 2021 we debuted three new outlets and managed to grow."

### Expansion Driven

The pandemic also interrupted the chain's plans to expand into South Africa, its first foreign foray. The company had a memorandum of understanding with a partner to open two restaurants in Johannesburg, one in Cape Town and a fourth in Durban.

"But then Covid came just as I was to go to Johannesburg to sign our first contract with 90 per cent done. Travel restrictions were imposed and we couldn't proceed," Syed Ashraf says.

Now with the crisis seemingly over, foreign expansion is back on track with the UK as the first target with two outlets planned for London aimed at not only Malaysian expats but also those seeking top-quality halal meat.

The executive says the company will partner with local entrepreneurs through joint-venture agreements and is also looking at Pakistan, Vietnam and the United Arab Emirates with South Africa again in its sights.

"Wherever we go we want to work with partners who will be under our license like with franchising so we can be absolutely sure that our quality is maintained. Because once you lose that quality, you lose your brand."

"Within three years I would like to see us established in a total of six countries with revenue of some \$22 million. We've been identified by the prime minister's office as among those Malaysian companies planning on creating a global brand by 2030. We will start by the UK and then move on from there. I am absolutely confident that we will get there!," he confidently concludes.



# MALAYSIAN FOOD INDUSTRY IS BACK ON PRE-COVID LEVEL

## LOCAL MALAYSIAN FOOD INDUSTRY HAS SHOWN A REMARKABLE RESILIENCE DURING THE PANDEMIC

Malaysia's rich cultural mix has resulted in one of the most outstanding and varied cuisines in the world. The country's lush tropical environment and its long sea coasts have provided Malaysian cooks with a bounty of first-class ingredients for many, many generations to produce wonderful, and for the Western palate, exotic dishes.

And government agencies and private entrepreneurs are ensuring that Malaysia's agricultural and fishery offerings, coupled with the latest processing techniques and a growing middle-class eager for new taste sensations, are becoming vibrant parts of the economy.

According to official statistics, the food processing industry accounts for around 10 per cent of Malaysia's manufacturing output with processed foods alone contributing some \$5 billion to the local economy.

Annual food revenue this year stands at some \$50 billion and is expected to grow 8.2 per cent annually over the next several years with sector players helped by government incentives including tax exemptions and other measures.

So it's no surprise that the food industry is booming and local businesspeople are cashing in on a sector that is enjoying both domestic and even international success.

### Malaysian Taste

As a tropical country, Malaysia is a natural for fruit growing and its mangos are known throughout the region for their sweetness and fine taste.

One young entrepreneur used the popularity of this golden fruit to launch Ayaq World, a company that has diversified its offerings, spurring impressive growth in just a few years.

"We got our start selling mango juice at a stall in a night market in 2014, then



SITI AISYAH KAMARUDDIN

MANAGING DIRECTOR OF AYAQ WORLD

**"I BEGAN SELLING ON-LINE, AND AS DEMAND INCREASED WE LAUNCHED OTHER JUICES"**

expanded to three sites selling 30 to 50 bottles a day," founder and Managing Director Siti Aisyah Kamaruddin says.

"Three years later after the authorities changed the night markets and we experienced a drop in sales, I began selling online and when demand increased I launched other juices."

Now, Ayaq World processes, manufactures and markets nine different varieties of bottled and packaged drinks ranging from pineapple, tropical plum and durian to strawberry, blueberry and monk fruit, based on real fruit juice selling to wholesalers and agents.

All the fruit is sourced in Malaysia except for the berries which are imported from other countries and the managing director says she takes a close personal interest in the product.

"I'm doing what I love to do and that is drinking very good, natural juices," she explains. "We only use real fruit with no colouring or flavouring which makes it easy to sell, easy to convince consumers and easy to recruit agents and wholesalers."

As with many other companies, the pandemic turned out to benefit Ayaq World. With the lockdown, people had to turn to online shopping through the company's network of 1,000 sales agents around the country to purchase the juice.

Kamaruddin used the increased profits to improve the production line and this year launched the drinks internationally.



"We just arrived in Dubai and Turkey and have shipments on their way to Hong Kong and Japan," she says. "In time, I would like to go to our neighbours like Singapore, Indonesia and Thailand."

"They also love our drinks in the United Arab Emirates so that is also on the list of future export markets."

Kamaruddin says she would be open to commercial partnerships in these new markets but would also consider working with local companies in production if demand was high enough.

Asked where she would like the company to be in three years' time, the managing director replies: "We want to be like the Coca-Cola of Malaysia and be in every retail space and small shops."

"We'd also like to see Ayaq World supplying juices for hotels and hospitals but we are not there yet."

### Growing Demand

Purely Malaysian products are also the focus of Asia Green Produce which processes and manufactures a wide range of base pastes or sauces under the Awang brand for cooks to turn out local dishes.

"Our company started out in 2011 as a trading concern for perishable goods supplying KFC, McDonald's, a few hotels and a big supermarket chain," Managing Director Syarifah Sakinah AL-Junid recalls.

"As suppliers we saw that our clients were struggling with manpower issues,





**“PEOPLE COOKING AT HOME BECAME FAMILIAR WITH OUR PRODUCTS IN THE PANDEMIC”**

specifically having enough employees to prepare the raw ingredients and decided to go into manufacturing.

“For example, if you run a restaurant and don’t have enough team members to carry out all the food preparation steps, we take over those steps preparing the cut vegetables, the chili purées and all that.”

The company has two ranges, one is the individual processed purées of chili, garlic, onion and others, and the other is processed premixed purées as the bases for specific Malaysian and Indonesian dishes.

Later on the company plans to produce a line of more Western selections like pastas and lasagnas.

The pandemic brought challenges, especially regarding production.

“Our office had to close due to the movement restrictions but the factory carried on,” Al-Junid says. “However, we couldn’t have everyone in at the same time so we had to cut the number of workers on the factory floor in half for each and increase the number of shifts.”

That inconvenience was more than compensated for by the increase in demand. Asia Green Produce’s restaurant clients closed down but people were cooking more at home using the company’s products.

“Demand actually went up by two or three times and that increase has remained steady as I think that people became

more familiar with our products during the pandemic and were depending on them,” the executive explains.

“So the level of sales continues and we expect that we’ll post revenue of a minimum of \$1 million this year which is better than during the pandemic.”

The main difficulty the company is facing is a shortage of manpower and Al-Junid says he would like to see the government take action by allowing in more foreign workers.

“It’s not just the food service industry but also construction and agriculture who are having problems. But last July the government announced foreign workers could be brought in and we’re now awaiting the approval of our request.”

Asia Green Produce is already exporting to Singapore and Brunei and management is studying markets in Dubai and Saudi Arabia for its future line of Western-style foods.

“We could even penetrate markets beyond this region to places like Australia and the United Kingdom where there are a lot of Malaysian migrants. It wouldn’t be a huge market share but we think sales would be healthy,” he explains.

Looking further ahead, the managing director says he would like to see sales grow to between \$2 million and \$3 million within three years, hopes his company will be the leader in the sector and have those outlets abroad.

“I want to bring Malaysian food to the world. I travel a lot and I see Thai restaurants, Indonesia restaurants and Indian food is everywhere but not one Malaysian place.”

**Crisis-Proof Industry**

YHL Foods is another case in point. The country’s first fully sustainable integrated aquaculture company provides chemical-free shrimp, oysters and fish to the wholesale market using advanced biotechnology.

Established in 2018, in just four short years the company and its partners have



managed to post an annual revenue of almost \$8 million and employ 55 people.

YHL Foods also has a trading arm, Amplio Ingredients, which is a leading health supplement ingredient supplier and formulation specialist.

“We started Amplio in 2013 and the YHL Foods is the holding company which was set up in 2018,” says Managing Director Low Yuan Heng who founded the enterprise.

“Food is important for the whole world and that is why I chose this sector for me to start my business. It is a crisis-proof industry and even during the pandemic we were not affected because it is a public need.”

With farms based in the southern state of Johor, YHL Foods carries out marine shrimp and oyster cultivation on an aquaculture site of 125 acres where it takes advantage of the optimum geographical location and climatic conditions.

And most importantly, the company is insistent on producing its output to the highest levels of sustainability in an industry that is not always interested in respecting environmental concerns.

“Our efforts at sustainability begin at the start using an insect protein as feed to replace the traditional feed which is made from fish that are suffering from over exploitation,” the executive explains.

“And growing shrimp instead of catching them in the wild reduces the by-catch of other species which is just thrown away by the shrimp trawlers. According to U.S. statistical research on the shrimp industry, for every kilogram of wild-catch shrimp, up to 10 kilograms of other fish are tossed back as waste.”

“In addition, our site is located at an old silica sand quarry so unlike some others in the aquaculture industry in Malaysia, we are not destroying the fragile mangrove swamps.”

YHL Foods also uses molluscs and fish to treat the water after the shrimp are harvested and the water is then recycled for reuse at the farm.





**LOW YUAN HENG**  
MANAGING DIRECTOR OF YHL FOODS

**“I BELIEVE IN A SUSTAINABLE AQUACULTURE THAT DOESN'T BURDEN THE ENVIRONMENT”**



“That is what I believe in, sustainable aquaculture so we are not burdening the environment,” Low states proudly.

Getting the business off the ground was not easy. The initial investment was high to acquire all the state-of-the-art technical equipment with the Johor farm costing \$4 million in outlay before the first shrimp was cultivated.

Currently, the company supplies the wholesale market in Malaysia and nearby Singapore but has ambitious plans to begin exports in the near future.

“Right now we are setting up our frozen facilities and once they are completed in 2024 we will be able to sell in other countries,” the managing director says. “First in East Asia - South Korea, China and Japan as our main target. Then Australia and eventually the Middle East and Europe.

“Once our frozen facilities are producing, we have plans to go public through an IPO.”

YHL Thailand Broodstock Genetic Center



is working a three-year research project to engineer a shrimp that is fast growth and resist disease. While the company has been exporting Broodstock to Vietnam and is ready for other countries, the EHP (Enterocytozoon Hepatopenaei) resistance shrimp will be ready for the market in January this year.

Low says that Malaysia is a perfect place for a business such as his, due to the impressive infrastructure and other factors, although Malaysian shrimp is more expensive than that produced in other countries.

“Malaysia is a very small country, the transport network is quite good so we can keep the seafood fresh to any part of the peninsula and to east Malaysia,” he says. “Our quality is recognized worldwide although in terms of pricing we are slightly costlier than rivals like Ecuador and Indonesia.”

“But the quality and Malaysia’s reputation as a producer of high-class food and other products offsets those price concerns among consumers.”

### Investment Opportunities

As in other Asian cultures, rice is a basic in the cuisine of Malaysia and one of the chief suppliers to retail, restaurants and other outlets in Kuala Lumpur and the surrounding state of Selangor is Bidara Rice established in 2016.

“We set up at first to distribute products like rice, sugar, palm oil and flour, and then started bringing in a few other products for distribution,” explains Managing Director Azbir Abu Bakar. “But our main product is rice and multipurpose flour.”

Like other companies in the food manufacturing or distribution sector, the pandemic disrupted business as movement restrictions prevented people going out to shop.

At the same time, restaurants and catering companies which were a major part of Bidara Rice’s customer base, were closed down.

“We had just begun to distribute to retail outlets and then the restaurants shut so we had no business,” the managing director recalls.



**“SELANGOR HAS THE BEST LOGISTICS AND THE HIGHEST NUMBER OF RETAIL OUTLETS”**

“We had zero business so that’s when we turned to supplying the state governments and non-governmental organizations with baskets of essential goods like rice and cooking oil which were given to the people.”

With Covid apparently retreating, business for the company is returning slowly and in 2021 revenue was around MR \$14 million.

“However, the restaurant and catering sectors are still not back to where they were in 2019 so we looked at other revenue streams like retail again and others that are new to us,” Azbir Abu Bakar says.

Bidara Rice has been approached by rice producers from India and Pakistan wanting the company to promote their products all over Malaysia but the managing director says its distribution network is still too small.

“But if they are happy to be present in the capital and in Selangor we could come up with a proposal and see if they would be interested.

“I’d like to see our company grow more in the areas where we are now present and once we have Selangor fully covered, we can look at expanding into the rest of Malaysia,” he says.

“Selangor is a good place to do business as it has the biggest population in the country, the best logistics for distribution and the highest number of retail outlets. Potential investors should come here to see what opportunities there are and seek the help the government provides to those businesses which come here.”





**ABDUL MALEK  
MENAP**

FOUNDER OF  
MUNIF HIJJAZ  
MARKETING

**“INDONESIA IS A HUGE MARKET  
SO WE HAVE JUST STARTED THE  
APPROVAL PROCESS FOR US”**



### Chance Encounter

A chance meeting with a famous singer in Mecca, an idea and perseverance have all been instrumental in the success of Munif Hijjaz Marketing, a Malaysian beverage, food and health products company which from humble beginnings has now become a clear leader in those sectors.

“In 2009 I went to Mecca and by coincidence I met a well-known Malaysian Islamic singer named Munif who has a group called Hijjaz. I told him we should do business together and he got back to me three months later and agreed,” founder and Managing Director Abdul Malek Manap explains.

At first, Malek had no idea what product to produce, nor how to start such a business. He then noted that alcohol-free perfume was selling well at his kiosk and decided to follow the trend.

Other perfume brands at the time were using popular entertainers as brand representatives and as his partner Munif was a singer of Islamic songs, the product tied in with the Islamic restrictions concerning alcohol.

“But I still really didn’t know how to

launch this so I asked the owner of the bread company whose products I stocked how to do packaging, for example, and he also put me in contact with his designer, printer and others and we launched in early 2010,” he says.

Once the perfume trend began to wane, Malek and decided to get into the beverage and food business. “There were a lot of competing brands on the market and the beginning was slow but not it is quite good.”

Munif Hijjaz Marketing handles such products as coffee, tea, citrus drinks, milk, honey, Arabic gum, dates and many other items. It comes up with the products, packaging and design and has contract manufacturers make them.

“During the pandemic, the company actually increased exports, especially to Brunei which is our major foreign market. There, people couldn’t cross the border to neighboring countries to buy things cheaper so they had to buy our products at the local supermarkets,” Malek explains.

“At the same time, we boosted our sales here at home via a popular online television channel which we had begun working with before Covid arrived.”

With things returning to normal, he managing director says he expects revenue to increase to around \$3 million this year and over the next several years plans to focus on more overseas markets, with neighboring Indonesia clearly in his sights.

“We’ve just set up a company in Indonesia and now we will submit our products to the authorities for approval. Indonesia is a huge market but getting approval there is never easy for anyone,” Malek says.

“Malaysia itself is a good market and any foreign investor who wants to come here should know there are good opportunities depending on the type of product. That’s why before I learn about different markets before I step in and foreign investors weighing whether to set up in Malaysia should do the same.”



### Local Specialty

Any visitor to Southeast Asia is familiar with satay, pieces of grilled meat or chicken on a stick and served with a tasty and spicy sauce, and producer TG Green Tech Industry is pinning its hopes on this delightful dish to expand its business.

“This is our core product and we’re seeing growing demand in Europe for satay which we make for companies as their own-brand product,” explains Managing Director Mohamad Nazri Nor.



**“WE ARE NOW SEEING MORE  
EUROPEAN DEMAND FOR  
SATAY, OUR MAIN PRODUCT”**

“And our product is superior because our process is more high tech, more hygienic and also halal which has made in popular in our existing export markets such as Saudi Arabia, Indonesia and Brunei.

Along with satay, the company also manufactures beverages and various food items, cosmetics, soaps and a wide range of other products. Itt also offers packaging solutions from aluminum cans and glass bottles to zip-lock bags and plastic containers.

TG Green Tech Industry can provide its own existing formulas of a product or will replicate the client’s formula. The firm offers packaging, labeling and delivery or pick up of the finished product, as per customer’s wishes.

“We will have to hire more people as our new facility for producing satay goes on stream to meet the new demand from Europe,” the managing director says.

“We sell satay packages to a client in Singapore which puts on its own label and sells in Europe where more and more people are becoming familiar with Asian foods.”

Eventually, Nor says, they would like to sell directly to European partners and notes that satay is popular in countries like Turkey, as part of its strategy to enter foreign markets.

“The market is returning slowly and this coming year will be very hard so we’ll be focusing on the food business and let our other products like cosmetics hold off for the moment..”



# MALAYSIA'S TECH & IT BOOM TIME

## THIS STRATEGIC SECTOR FINDS ITS ROLE ENHANCED IN POST-COVID ECONOMY

With its strategic location in Asia, highly-educated population and growing economy, Malaysia is seeking to become the hub for many emerging regional industries such as aerospace and logistics, and now the country is counting on adding Information Technology to that roster.

The government is helping that goal by focusing on support for developing connectivity, digital infrastructure, satellite broadband, 5G systems and smart automation.

According to sector analysts, the IT industry is one of the fastest growing domestically and pre-pandemic contributed almost 20 per cent of GDP, a figure predicted to reach more than 22 per cent over the next three years.

Industry sources say Malaysia's IT spending will increase to more than \$25 billion next year with the leading growth areas to be data analytics and storage, cybersecurity, cloud computing, business processes and mobility.

Malaysian government officials are working to see this all become a reality through the MyDIGITAL scheme through three phases: an initial focus on strengthening digital adoption, further promoting inclusive digital transformation and transforming the country into a regional leader in digital content and cybersecurity.

Billions of dollars are to be spent on public-private partnership projects aimed at carrying out these initiatives such as a national digital network to boost connectivity; a decade-long effort to implement 5G nationwide; a five-year program to increase data storage, cut operation costs and improve analytical efficiency, and a drive to improve connection to an undersea cable network.

### Aha! Moment

With this exciting strategy unfolding, Malaysian IT companies and those using IT as a vital part of their businesses are on the cusp of good times. One of these is Moovby, a peer-to-peer car-sharing company which is expecting to continue the phenomenal growth it has enjoyed in its five years in business.

"A lot of people like to call us the 'Airbnb for cars,'" says co-founder and CEO Nik Muhammad Amin. "I got the idea when a friend asked to rent my car for five hours and as I handed over the keys I realized this was a huge opportunity to put an idle car to use.

"It was that 'Aha!' moment when I also realized that there were thousands of cars sitting idle and it would be a huge opportunity."

Amin researched the idea and saw that while peer-to-peer car-sharing existed in the United States and Europe, no one was doing it in Malaysia and grabbed his chance, aided by the ease of establishing a business.

"Setting up a company in Malaysia is super easy with a lot of government support through the various agencies," he explains. "And when we wanted to set up in Indonesia, the prime minister gave the go ahead and made it easy on the compliance side."

From that beginning in 2017, Moovby grew quickly both in users and automobile providers with bookings increasing 20 per cent each month. Business angels provided funding and another round of financing was planned for October 2020.

"We secured the series C-round just before Covid but with the pandemic restricting movement we saw 70 per cent of our growth reduced, not only here in Malaysia but also with our operations in Indonesia," the executive recalls.

"Our plan to expand to Singapore in mid-2020 was put on pause and some of the venture capital investments as well. We had investment from one venture capitalist already signed but then they pulled out because of Covid."

Moovby provides full support for the car



NIK MUHAMMAD AMIN

CO-FOUNDER & CEO OF MOOVBY

**"MALAYSIA IS ONE OF THE BEST GATEWAYS FOR TECH FIRMS IN SOUTHEAST ASIA"**



owners, or "hosts" as they are called and for the vetted "guests" or renters, including bookings, 24/7 assistance in case of problems on either end, and insurance.

Most services are provided through an app with which the host can change rental rates, communicate with their guests and manage bookings. Guest use the app to locate and book a vehicle, choose an insurance plan and arrange to either pick up the car or have it delivered.

Despite the plunge in business triggered by the pandemic, the CEO says recovery was quite fast in June 2020 when the government opened movement back up. But then Covid cases increased again and there was another lockdown of three months.

"But at the end of 2020 we can see rental numbers rising again and now in 2022 we are looking at four times the revenue and expect it to be around \$2.5 million," he predicts.

With the trials and tribulations of the pandemic hopefully in the past, Moovby is looking to expand both in product offerings and in locations.

"We want to scale up, horizontally and vertically. We are hoping to open soon in Brunei and we are also exploring Singapore again and Vietnam next year," Amin says.

"On the vertical side, we are looking to offer not just automobiles but also yachts, private planes and motorbikes. We're also enlarging our footprint in Malaysia and Indonesia."

"Southeast Asia in general is a good place to do business with our huge population and huge potential," the CEO says. "And Malaysia is one of the best gateways for tech companies or business to use as a launch pad for the whole region."



## Shift To B2B

The marriage of high tech and automobiles was also the inspiration behind Pomen Autodata, a platform which brings together drivers in distress and mechanics who come to their rescue.

It was the brainchild of founder and CEO Syed Zulhimi who had a background in IT consultancy and saw an opportunity when he himself suffered a breakdown and needed roadside assistance.

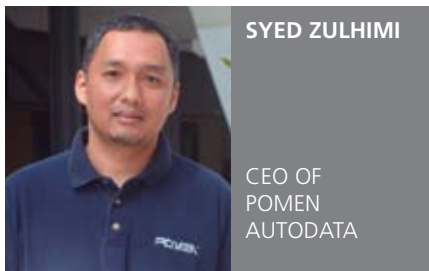
“We started in 2018 as Pomen App to set up a network linking drivers and garages and a year later we started launching the app on the consumer market and now we have thousands of both drivers and garages as our clients,” he says.

With the free app, drivers who suffer a breakdown can connect with a nearby garage from a nation-wide network whose mechanics have all been vetted by the company. Round-the-clock and all year-round services run from changing a flat tire or dead battery at the roadside to providing full maintenance either at the driver’s home or at the garage.

Flat-rate prices for assistance are clear with no hidden fees or unwelcome surprises. Payment is cashless, all credit and debit cards are accepted and repairs are guaranteed. “We promise safety and convenience to our driver clients and a boost in business for the garages,” Syed Zulhimi says.

Everything was going great for the company at first. Revenue was on a roll and it won the prestigious Petronas FutureTech Accelerator Programme award which included a trip for executives to San Francisco for a two-week startup immersion program in early 2020 with 500 Startup, a Silicon Valley based VC.

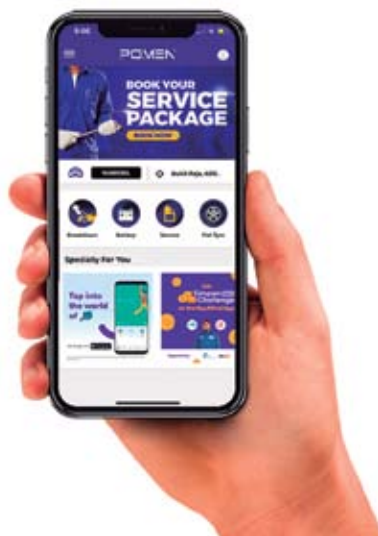
“We came back and its lockdown here so all our plans went out the window as with no one going out the number of breakdowns, and consequently our revenue, plun-



SYED ZULHIMI

CEO OF POMEN AUTODATA

**“BY SHIFTHING TO B2B, THE PANDEMIC WAS FOR POMEN LIKE A BLESSING IN DISGUISE”**



ged. And the garages were also closed. But then we shifted our business model from B2C to B2B and we focused on business users for services and offering our automotive software as SaaS,” the CEO recalls.

This new model entailed servicing corporations like Pizza Hut, PETRONAS, Mitsubishi, EON and others. For one of the subsidiaries of the state owned oil company PETRONAS, for example, Pomen Autodata handles aircraft refuelling fleet.

“You could almost say that for us the pandemic was a kind of a blessing in disguise,” he says.

Business growth is evident in the increase in the company’s payroll from eight employees before Covid struck to some 26 today. Pomen Autodata also just landed a million dollar contract with a major service provider for their service centre.

“It’s clear the Malaysian market is still growing and in terms of market share for automotive software we are now only serving six brands. So our challenge now is to expand and make sure that all the big service providers use our perfectly made automotive software,” the CEO explains.

International expansion is also now in the cards for Pomen Autodata as it sets up shop in Indonesia.



“We’re exploring Indonesia as our first tier market with our service software so it’s kind of a new challenge. Indonesia has geographic challenges but it is the most dynamic market in Southeast Asia and we have studied it deeply.

“And at the same time our investors are interesting in Singapore, Thailand and the Philippines in the next two years but Indonesia will be the first test,” he says.

“Malaysia is still a very interesting market for us. I’ve always seen this country as the perfect place for companies to take their first steps into Southeast Asia because it’s a great place for market research and testing the waters.”

## Niche Market

As the world goes increasingly digital, cyber security is at the forefront of everyone’s concerns these days from at home online consumers to the biggest corporations and even governments.

Those concerns are addressed by SecureKi, founded in 2013 by CEO Brandon Low and Hak Jae Bang and which provides industry-leading identity security technologies and solutions.

“We specialize in privileged access management, or PAM,” the executive says. “We do our own R&D and manufacture our products ourselves. We launched in South Korea and started working in Malaysia in 2015.”

According to the executive, PAM is a simple-to-deploy, automated, proven solution to secure a client’s privileged credentials in any physical and virtual environment.

PAM centrally secures and controls access to privileged credentials based on privileged access security policies, boasts a streamlined administrator and end-user workflow approval with OTP, or one-time password, and has a built-in reporting system for both internal and external audit.

SecureKi also provides multifactor authentication to meet compliance needs or to build a full-zero trust security framework to minimize risk of unauthorized access with a self-service password reset function and is designed to secure remote access.

Another offering by the company is the endpoint privilege management system which supplies security on endpoints across the enterprise without disrupting any user’s productivity.

In cooperation with its technology partner, SecureKi also markets the OpenXchange for protection against all types



**BRANDON LOW (R)**  
CEO & CO-FOUNDER OF  
SECUREKI INTERNATIONAL

**“IN OUR NICHE MARKET WE’RE IN TAIWAN AND LOOKING AT INDONESIA, THAILAND, VIETNAM”**

of domain name system attacks with additional security measures against malware and botnet activities.

As could be expected, the company’s business did very well during the pandemic and more and more firms and government entities turned to online operations and staff doubled to around 20 employees.

And the growth has continued after the pandemic eased.

“Just to give you an idea, we posted revenue of \$1 million in 2021 and expect double that for this year,” Low says.

“Our key sectors are financial, securities and insurance and of course we also have the private consumer market and government, and in fact we’re getting a new government project involving immigration which we worked on for three or four years

The CEO sees definite further growth for SecureKi’s cyber security solutions in Asia as the market is mature in Europe and the US, and the next step is to secure the cloud.

One challenge is getting the word out about the relatively new company and Low says its best ally is referral and word of mouth from contented clients. SecureKi also uses workshops as a marketing tool to educate potential customers about why they need the company’s products and services.

“Because it’s a niche market we need to go out there and promote ourselves,” he explains.



SecureKi is already exporting to Taiwan where its strategy is based on two resources: presales and sales. Executives are also looking at Indonesia, Thailand and Vietnam where they would apply the same strategy.

“With this expansion we’re open to partnerships because we cannot enter a new market by ourselves,” Low says. “We need local partners with local knowledge and connections in these foreign markets.”

### Remote Working

A veteran Malaysian IT firm which has gone through many changes since its founding in 1996 is World Group Consulting with Managing Director Anwar Sheikh Mohammad at the helm for the past 15 years.

“Our group was part of an international company formed many years ago and the Malaysian entity came into being in 1996. Then there were several stages of acquisitions to the point when it became a localized Malaysian company,” he explains.

“In 2008 there was a management buyout so I’ve been the owner of WorldGroup Consulting since then.”

Before the buyout the company was a software house but then the business model changed with the group focusing mostly on middleware, a type of computer software that provides services to software apps beyond those available from the operating system.

“More specifically, we decided to concentrate on service-oriented architecture which remains our main focus today but we still do consulting work,” the executive says.

For its clients, the group’s consulting business identifies the IT projects required and develops an IT strategy to enable the business to succeed and designs and implements end-



**“AT FIRST OUR CUSTOMERS WERE RELUCTANT TO WORK REMOTELY, BUT IT WENT WELL”**

to-end, customer-oriented business processes supported by appropriate technology

On the services end, WorldGroup Consulting provides a very specific solution to a customer’s needs by designing the solution from the ground up and employing the exact technology needed to deliver the solution.

Just some of the uses for which the group has provided these solution systems range from financial services, manufacturing, payrolls and knowledge management to safe deposit boxes, customer service, hospital patient administration and project management.

“Our biggest client is TNB, Malaysia’s largest electricity provider, and we tend to be picky about who are clients are because when you specifically do middleware and consulting, the client has to be big enough to understand the advantage of working with us,” Mohammed says.

“It has always been our principle that in any IT project, 70 percent is documentation, 20 percent is project management and 10 percent is the actual work. That is especially true in middleware because you have to understand what the client needs so the documentation has to be there.”

With the arrival of the pandemic, World Group Consulting managed to weather the crisis thanks to methodology put in place beforehand and adopted it for online access which is still used today.





FAIZAL KAHAR

MANAGING DIRECTOR OF IKENANGA TECHNOLOGY

“When the prospect of a lockdown arose, we engaged with the clients saying we needed to go on a remote basis. They were kind of reluctant, but in the end it all worked out,” the managing director recalls.

Mohammed says he is bullish on the future of the IT sector in Malaysia and the fortunes of his company.

“There is a lot of opportunity here and we are open to partnerships with international operators. We just signed a new principal partner from the United States with does middleware with Artificial Intelligence,” he concludes.

**Business Stability**

Pandemic restrictions also changed the fortunes of iKenanga Technology, an innovative systems integrator specializing in designing and implementing IT solutions as well as trading in high-tech equipment.

On the solutions front, iKenanga focuses on broadband technology and its applications for both businesses and the consumer market. Complementing its main business, the company also provides a variety of IT, telecoms, engineering and security systems products and services.

“Before the pandemic it looked like 2020 was going to be a good year for us and we were targeting more business from overseas but then of course business slumped and we had to look at new sources of income,” Managing Director Faizal Kahar recalls.

“So I went into the medical equipment business and managed to hook up with a German company making ventilators which were in great demand in hospitals.

“At the same time, we were getting orders to supply computers and printers all over Malaysia to all the health clinics because they needed to upgrade to handle all their Covid reports,” he says,

**“WITH THE NEW STABILITY IN GOVERNMENT, OPPORTUNITIES WILL BE THERE IN MALAYSIA”**

Along with the government health system, iKenanga also supplies the country’s military with computers, printers and other special equipment. The company recently signed a major order from the Malaysian Defence Department for an electromagnetic pulse chamber for carrying out tests.

“We’ve been trying to land this project for five or six years so we’re kind of refocusing the activities of the company more into high technology and trading in specialized items and less into IT,” Kahar explains.

Collaborating with foreign companies is vital to iKenanga’s business and the company already works with suppliers from the United States, Sweden, the Netherlands and others, and is open to further partnerships.

“We have good relations with the United Kingdom and it would be great to match up with a potential product from UK partners to propose to those Malaysian entities we work with,” the managing director says.

“What’s important for businesses in Malaysia is that we have stability in our government so it’s easy to plan what product or system we want to propose. Everything is stable now and I remain optimistic that new opportunities exist and will exist in Malaysia,” he says.

**Positive Path**

Malaysia has great potential for growth of the IT sector, according to John Routhot, the managing director of Nexroar Services, but his company is hedging its bets by exploring international markets as well.

“I started here in Malaysia but now I’m going international to get foreign exposure,” he explains. “We have an office in India, we’ve

started in the United States and we have good customers in the United Kingdom.”

Nexroar Services provides the whole gamut of web-based and mobile software development for Android, iOS and Windows specializing in providing businesses around the world with custom technology solutions.

Along with these services, the company also provides expertise in cybersecurity, executive training, packaged software selection, risk analysis, IT expenditure management, IT investment, infrastructure support and others.

“I work on a client-to-client basis and I’m working for a few clients in banking, insurance and security and I would expect revenue this year to be above \$1 million,” he says.

“Business is definitely coming back since the pandemic. Before Covid we had 15 employees and we hired ten new staff members this year because of the increase in clients and I hope that will continue.”

One problem which could affect growth is human resources, he explains, saying that it is getting difficult to get the people with the right skill set and build the teams Nexroar needs.

Looking ahead, Routhot believes the Malaysian economy will continue on a positive path and hopefully the company will be able to hire more young Malaysians keen to work in the IT sector.

“I always tell our foreign clients that outsourcing their IT needs to Malaysia is a good idea because the cost of living here and therefore the cost of labor is lower so that makes it all cost effective,” he argues.

“We also have skilled manpower so foreign clients working with companies like Nexroar get quality and low prices. That is what they are looking for and that is what they get.”

“I’m originally from India and as a foreign investor I can say the working culture is very good, people are kind and whether from the East or the West, you will feel right at home,” he says.



# MALAYSIA'S GRID IS ON THE VERGE OF A REVOLUTION

## INCREASED DEMAND AND CLIMATE CHANGE BRING NEW AND SMARTER GRID

As Malaysia's economic development, industrial capacity and population continue to grow so has demand for electricity and the resulting need for more generation capacity. Peninsular Malaysia particularly needs greater electricity supply as do Sarawak and Sabah as industry and infrastructure increase, experts say.

Indeed, according to the Malaysian government, the country's industrial sector is leading the demand for greater electricity supply, followed by commercial and residential demand.

At the present, much of the demand is being met largely by natural gas and coal but energy officials are keen to diversify the power generation fuel mix and, like much of the rest of the world, are turning to renewable and environment-friendly power sources.

Officials at the Ministry of Energy, Science, Technology, Environment, and Climate Change have begun to prioritize green energy generation and plan to have 25 per cent of the country's electricity needs from renewables within three years. At the same time, the country is boosting the use of hydroelectricity and new dams are being built.

Malaysian companies have been playing a leading role in aiding the government's plans concerning electrical power generation as new facilities are being built and existing ones are upgraded to meet the growth in demand.

### Renewable Future

Intricately involved in these ambitious endeavors is Transgrid Ventures with Managing Director Dato' Sri R. Nantha Kumar saying the company has its own renewable energy program.

"We are actually building a new biomass power plant using oil palm empty fruit bunch (EFB) as fuel, scheduled to come on stream at the end of 2022," he explains. "The plant is located two hours from Kuala Lumpur and the energy will be sold to the national grid."



DATO' SRI R. NANTHA KUMAR

MANAGING DIRECTOR OF TRANSGRID VENTURES

**"WE ARE DOING A LOT OF NEW PROJECTS RELATED TO THE RENEWABLE ENERGIES"**

The executive welcomes the turn to green energy, noting that it is helping the sector grow. "In the past there were only limited generation providers but now there are many because of the renewable energy programs.

"It's a new opportunity and we are doing a lot of other projects related to these new programs," he says.

Founded in 1999, Transgrid Ventures is primarily involved in providing engineering, procurement, construction and commissioning (EPCC) solutions for the power industry and especially substations.

The company boasts a wide range of expertise in building substations up to the highest voltage in Malaysia which is a 500-kilovolt network. Transgrid Ventures works with the country's three main utilities: Tenaga Nasional Berhad (TNB) in Peninsular Malaysia, Sarawak Electricity Supply Corporation in Sarawak and Sabah Electricity in Sabah.

"And we have many IPP's, or independent power plants, so we do projects with them and also a lot of industrial players," Nantha Kumar says. "So our main task is doing projects with them and provide these clients with turnkey solutions."

Up until the Covid-19 pandemic, the company was enjoying an annual growth rate of between 4 and 6 per cent, with business volume at roughly \$100 million and employed some 120 engineers, plus administrative staff.

But Transgrid Ventures managed to hold on to all its employees during the pandemic.

"Fortunately, in the utility industry the projects were still moving forward but many were deferred. However, the utility companies continued to honor the projects and compensated for the deferments," the managing director recalls.

It took until mid-2021 for the projects to begin to be revived and new projects came along with tenders awarded to the company. But the pandemic did have an adverse effect on staffing.

"We had no problem with our professionals like engineers and such and there is no shortage as the universities here produce an abundant number of engineers," the executive explains.

"However, our problem has been the skilled manpower, particularly in the construction part of our business. We depend on a lot of Bangladeshis and Indonesians and they had to return home because of Covid-19.

"Now that things are coming back to life here in Malaysia, they don't want to come back because in Indonesia, for example, there is a lot of growth so they stay at home. The labour shortage is hurting every industry involved in construction," he says.

Hiring locals who demand higher pay to replace the foreign workers is one of the challenges facing Transgrid Ventures along with increased material costs due to higher shipping rates from suppliers in Europe, South Korea, China and Japan.



But Nantha Kumar says that growth of 4 to 6 per cent is still in the company's forecast and that he hopes to see the company publicly listed within a year. Transgrid Ventures is also working on an ambitious project with a South Korean partner to overhaul and upgrade gas insulation facilities across Malaysia.

"These kinds of joint ventures show that Malaysia is now the land of opportunity," he says.

### Smart Grid

A young company making impressive gains in the sector is JET Engineering Solutions, founded just four years ago by a team which includes Managing Director Justin John Papu.

"Basically, we are a solutions provider and systems integrator for power systems and much of our business revolves around Smart Grid," the executive explains, a system which uses automation, IT and communications which keep track of the flow of electricity from generation points to consumption points. This enables the grid operators to safely control and monitor their substations in real time.

"Our end users are the utility companies like Tenaga Nasional Berhad or Sabah Electricity which we work with through intermediaries or subcontractor," he says.

With a staff of ten and turnover of just under \$1 million, the company is small but was not greatly impacted by the pandemic as the sector is considered an essential service.

"Prior to the pandemic, we could still execute most projects within the planned time frame, but when Covid-19 arrived it became a logistical and scheduling nightmare because of the necessary government restrictions on movement," Papu recalls.

"And I think we're still feeling the effects with all the backed up projects now coming on stream. There are all these new



**JUSTIN JOHN PAPU**

MANAGING DIRECTOR OF JET ENGINEERING SOLUTIONS

### "NEW SUBSTATIONS AND THE REFIT OF OLDER ONES ARE ALL OPPORTUNITIES FOR OUR FIRM"

substations being built or old substations needing a refit. Projects will continue and there are lots of opportunities for us to contribute."

But, the managing director talks about the large obstacles in competing with the big international players in the industry, noting that the utility companies often look to those large corporations for products and solutions.

"I think that when it comes to projects where consultants need to decide which solutions they need, more often they go with the big names despite some small, local operations like us able to offer better and more customised solutions" he explains.

JET Engineering Solutions works with international partners and its main product it handles in the Malaysian market is from a Spanish company, its first foreign partner. It now also works with an Italian and a British firm, among others.

"With our new partners, we not only have hardware solutions but software solutions as well" says Chief Operating Officer Edward Tan. "We're always seeking out new technologies, companies that are doing something different from the big international players in this sector."

Wherever its partners come from, the key word for the company is quality which has proven to be the main factor in the young firm's rapid success.

"When I started this company I never imagined we would be where we are today," Papu says.

"If we do bring in more products and solutions for our customers, we will grow but I plan for JET Engineering Solutions to remain in the SME category.

"We grew quickly because of our agile management of the projects and strict control of the engineering processes. That means the quality of our work is admirable, so our customers are satisfied with us resulting in new and recurring businesses."

### Listing on Sight

A key strategy in the government's plans for upgrading electrification in Malaysia is the refurbishment of electrical substations, the main business of Brownfield Engineering set up by four friends in 2013.

"In a substation there is a primary and a secondary system and we are experts in the secondary system what we call the control and protection panel," explains Managing Director Teng Say Chuan.

"This is our strength as our team has more than ten years' experience in this and we see that there is an opportunity over the next ten years as the utilities invest to upgrade the system. That's why we set up this business in the power sector."

Brownfield Engineering was the first company in Malaysia to win a contract from the country's main utility, TNB, to install the substation digital technology known as IEC 61850, an international standard defining communication protocols for intelligent electronic devices at electrical substations.

"This enables the products from all the manufacturers of substation equipment like Siemens, GE, etc. to communicate with one another using one protocol of languages," the executive says.

"Our project is a first for TNB and it is a very big achievement," he adds.

The company's services also include engineering design, electrical consultancy, technical solutions for construction





TENG SAY CHUAN

MANAGING DIRECTOR OF BROWNFIELD

“WITHIN THREE YEARS WE EXPECT TO BE LISTED IN THE MALAYSIAN STOCK MARKET”



electrical assets, and the manufacturing, assembling, testing and delivery of panels.

It also supervises control and protection systems for power stations and substations from 11kilovolts to 500 kilovolts.

Brownfield Engineering’s client, supplier and partner list includes such prestigious companies as Siemens, Toshiba, Schneider, ABB, GE, Tenaga Nasional Berhad (TNB), Petronas, Sabah Electricity and many others.

“International partnerships are very important for us as we need the support of their products,” the managing director says. “We work with the large foreign operators and smaller ones as well from countries like Spain

The company is also active internationally with experience in Indonesia, Thailand and Malaysia and the executive says Brownfield Engineering is open to further business with foreign contractors.

Teng predicts solid growth for the company thanks to the government’s electrification program but cautions that there are challenges, specifically regarding the keeping on of senior employees and financial concerns.

“Retaining our expert staff can be a problem as they ensure that we maintain our quality and therefore our reputation in the market,” he explains. “That is why we get repeat orders from our clients who trust us.”

“And other challenges include finding a satisfactory strategy concerning pricing and getting paid by some of the contractors who can be slow in payment to the

point that we sometimes have to go to the banks to pay our suppliers.”

Despite these challenges, Teng is upbeat about the future. “Within three years Brownfield Engineering should be listed on the Malaysian stock exchange which we are confident will spur further growth for us.”

**International Focus**

Substation automation systems are the focus of SAE Malaysia which is now moving into other regional markets and deepening its activities in the renewable energy generation sector, says CEO Jamal Abdul Nasser Bin Zakaria.

“We started in 2005 and our name was originally J-Mobil as we worked then in SMS applications but then we got the opportunity to enter the business of automation systems in which I had been trained,” he recalls.

“Utility companies were our first customers and we got the distributorship for a product from SAE in Germany and then decided to change our company’s names to SAE Malaysia, although we’re independent from SAE in Germany.”

Hooking up with SAE was a wide decision. The German concern was active in Europe and the Middle East but Bin Zakaria’s company was the first one to approach the Germans from the Southeast Asian market.

SAE Malaysia’s services include the design, engineering and final testing of substation automation systems diagnostic work and troubleshooting of various systems.

Its engineers also carry out system design, implementation for multi-vendor systems, protocol conformance and coupling for multi-vendor systems, along with other services for Malaysia major utility companies.

“Another of our principal partners is Siemens and we work with them not only in the Malaysia market but in those of other countries as well because Siemens is very familiar with SAE projects,” the CEO explains.



JAMAL ABDUL NASSER BIN ZAKARIA

CEO OF SAE MALAYSIA

“WE ARE FOCUSING ON THE THAI MARKET, BASED ON OUR FIRST PROJECT WITH SIEMENS”



Along with the German concerns, SAE Malaysia also represents companies from Turkey and Singapore.

Before the pandemic, SAE Malaysia was posting yearly revenue of around \$400,000, but finances were hit by the Covid-19 restrictions imposed by the government. Now business is returning as the company focuses on completing backlogged orders.

“During the pandemic we managed to commission hybrid projects with solar and hydro energy sources working with Siemens in Thailand,” Bin Zakaria says. “We delivered a hybrid control system for a power station there which I understand was the first such type in Thailand and doesn’t yet exist here in Malaysia.

“So with our foot in the door, we’re now focusing on the Thai market and the authorities there have approved another project based on the design of that first endeavour.”

The company’s move into Thailand is also spurred by the fact that there are many companies in Malaysia focused on the digital substations sector with “too many competing for the same slice of cake,” the executive argues.

“Basically, we are open to cooperation with any other players from Europe and Asia, and we can represent any technology which is compatible with our product line in the power industry which has a huge future in Malaysia and the other countries in the region.”

# OIL & GAS IS ON THE RISE AND FOREIGN-BOUND

## HIGH OIL PRICES ARE NOW BOOSTING INVESTMENT SO MALAYSIAN FIRMS GO TO INTERNATIONAL MARKETS

Malaysia has been blessed by its extensive oil and gas deposits, the earnings from which are now fuelling a resurgent economy after the recent doldrums triggered by first a drop in oil prices and then the pandemic.

Besides boosting the country's economic fortunes and acting as a key source of public finances, the oil petroleum sector also provides business opportunities for hundreds of support industries, from construction, logistics and marine transport to crew catering, safety and security and specialized IT.

At the same time, oil and gas contribute to a major portion of Malaysia's exports and foreign exchange reserves, thanks to a plethora of new offshore fields that were discovered and exploited beginning in the 1970's.

And the statistics bear this out. In 1990, petroleum products worth around \$5.4 billion were exported with that increasing almost seven times to some \$34.5 billion in 2019.

With oil and gas prices once again on the rise, the Malaysian firms working in tandem with state petroleum giant Petronas and major international companies in the sector are set to benefit very nicely indeed.

### Green Compliant

One of those companies is Sumisaujana TCM Chemicals (SSTCM), that started as a joint venture between local firm Sumisaujana Sdn Bhd and TCM Chemicals of Texas producing and distributing dedicated oil-field specialty chemicals to the industry.

Sumisaujana was established in 2004 by co-founders and now co-directors Toh Chee Seng and Norazlam Bin Norbi as a trading company.

"We were working for different companies but in collaboration, thus we were travelling a lot internationally together



SOME OF THE TEAM OF EXECUTIVE DIRECTORS & CO-FOUNDERS OF SUMISAUJANA TCM CHEMICALS (SSTCM)

### "OUR NEXT CHALLENGE IS TO MOVE TO GREEN COMPLIANT CHEMICALS AND MATERIALS"

waiting for days on end outside potential customers offices and thought, this could not be all there is to life", Toh recalls.

"One day we were having a drink in Mumbai and we said, 'Hey, we should do something ourselves' and set up a company."

But their plans remained dormant for a while as the pair carried on working for their corporate employers, but eventually left them and started focusing on growing the new founded company.

Over time, the company grew and by 2019 its revenue reached \$22 million.

"Our motto has been to keep our heads down, work hard, make sure we do the right thing and make an honest living," says Norazlam. "Especially dealing with chemicals

and the other products we handle, it needs to be marketed transparently because these are technical products and we have to do the processes right."

SSTCM manufactures a wide range of emulsifiers for every drilling application and also customizes products to meet the customer's specific requirements regarding fluid loss, rheological properties, and emulsion stability. The synthetic and mineral oil-based product range also include rheology modifiers, thinners, wetting agents, fluid loss additives and drilling lubricants.

Its water-based products include shale inhibitors, lubricants, spotting fluids and others. SSTCM also offers production and production enhancement chemicals and corrosion inhibitors, which include hydrogen sulfide scavengers, pour point depressants, scale inhibitors, emulsion breakers, deoilers and water clarifiers, sand control and matrix acidizing chemicals.

Along with production and distribution, SSTCM offers custom chemical blending, toll manufacturing, laboratory services and packaging services.

Some 70 per cent of the company's products are exported and like many other businesses around the world, its exports and overall business was impacted by the pandemic when it struck in 2020.

"Business almost went into a standstill for a couple of months as the whole world was trying to assess what everyone was doing," Norazlam says. "Our domestic market was the most affected with some impact on exports."

"It was really challenging, especially the lockdown and some of us couldn't even go to the office and had to stay home. We basically had to support the whole SSTCM community, supplying food, checking up on the employees and their families and making sure everyone was safe."

The executives say that this year business appears to be returning to normal although they caution that with the war in



Ukraine, inflation and a possible recession, things could turn sour again.

"I believe our revenue will be okay and we will do better than we did in 2021," Norazlam predicts. "But there are challenges we are facing such as the difficulty in finding raw materials, many of which are being used as biofuel in Europe.

"So it's a matter of price and availability and our customers are very conservative about any changes in formulation of the products as they need tests to be carried out."

Toh says that one of the major goals of SSTCM over the next few years is to expand overseas. "A lot of Malaysian companies are very locally focused but we want to go outside the country and perhaps this is because of our earlier careers in international business."

Along with expanded its operational footprint, SSTCM will need to expand its staff from the current 140 employees. Another task will be the transition towards a greener future.

"We are seriously looking at renewables as we also have to play our part," Toh says. "We are associated with a Danish company which wants to be the number one green energy company by 2024 and we see a lot of synergy in Malaysia.

"The next journey for us," Norazlam says, "is to move towards green-compliant chemicals and materials. We have no choice but to go in that direction."

### International Goals

Success through international expansion is the main driver in the fortunes of Sense Services which since 1997 has been providing a broad range of services for the oil and gas industry both at home, regionally and further afield.

"We started as a small company and we are still relatively small with 130 people on the staff," explains Managing Director Mohd Fauzi Ibrahim. "But we have grown since our beginning."

Sense Services provides measurement and instrumentation services for oil and gas industries, petrochemicals, chemical processing and power generation and among its clients are such names as PETRONAS group of companies, Exxon-Mobil, Shell and many others.

Among its services on offer are the installation, commissioning, validation, calibration and maintenance of measurement and



MOHD FAUZI IBRAHIM

MANAGING DIRECTOR OF SENSE SERVICES

**"THE INTERNATIONAL MARKET WILL BE OUR FOCUS, ALREADY PROVIDING 30-40% OF SALES"**



instrumentation systems and manpower supply for specific tasks such as shutdown and maintenance, troubleshooting, manual writing and training.

The company also provides in-house repair and overhaul services for all categories of tanks, meters, valves, gauges, switches and sensors, as well as preventative maintenance for equipment and the procurement of measurement and instrumental systems, and field instruments.

As could be expected of a company dealing primarily with the oil and gas industry, business dropped off when petroleum prices plunged but recovery was

beginning to occur in 2019.

"In early 2020 it looked like it could be shaping into our best year yet and we thought would beat our peak revenue at the time of some \$6 million," the executive recalls.

As everywhere else, the company suffered from the pandemic but Ibrahim says recovery is back and while revenue will not match its peak, Sense Services should garner around \$4.2 million in 2022.

But this recovery has caused its own problems and like in many other industries, human resources are proving to be a challenge, according to the managing director

"During the downturn in oil prices and then the pandemic, a lot of companies in this sector laid off a lot of people," he explains. "Now the industry is picking up, there are new projects, there are more jobs so all those who left the industry are being recruited.

"And while this has affected us, we still basically have the same staff as during the pandemic, we reduced salaries from the top down, slowly we got more work and now the previous salary structure returned."

Another challenge is the slow pay-



ments for services rendered by clients but this is offset by the fact that the company has many international customers who pay in U.S. dollars or Euros which are now strong against the Malaysian ringgit.

“Even though we have been asked to reduce our rates and all that to cope with the situation, the ringgit situation has allowed us to manage,” Ibrahim says

“Regional and international work is definitely going to be our focus because at the moment it provides us with 30 to 40 per cent of our turnover and we have those dollars and Euros coming in.”

Sense Services works in the Middle East, Africa and regionally in Singapore, Brunei and Indonesia with foreign clients attracted by the company's highly-skilled personnel and competitive prices in comparison with European competitors.

“By no means are we neglecting the Malaysian market but I see us being able to grow more internationally with our relatively young, yet experienced team. If you are confident in the quality of your work you just need to reach out to these foreign clients and that's what we are doing.”

### Competitive Market

Seeking business overseas is also the focus of the previously-called Kavin Engineering and Services, which originally was 30 percent owned by Kavin India and 70 by Kavin Malaysia, explains Managing Director Rezman Bin Mat Jaan.

“But recently there was a change in ownership and Kavin India is not a shareholder anymore. We are now 100 per cent Malaysian,” he says.

“We mostly do retail engineering, EPC or engineering, procurement and construction, with our emphasis on the engineering part, largely for the oil, gas and power industries.”

Its engineering department carries out process, mechanical, electrical, instrumentation, piping and structural projects, while the services department performs everything from feasibility studies, operator training and plant performance reviews to operations support, pre-bid engineering and floating production storage and offloading.

The company also offers systems and packages for gas compression, gas dehydration and TEG regeneration, water treatment, sulfur recovery, water injection and corrosion studies, along with a host of

other tasks vital to the petroleum industry.

And this expertise in such a wide range of activities has enabled the company to land lucrative projects in some of the most productive oil fields around the world.

“The problem here is that there are many players in Malaysia and the market is very competitive. But there are more projects coming from Brazil and from Angola and we expect our business to be growing internationally in the years to come,” he predicts.

### Marine Services

Small and family-owned is the recipe for success for OMT International which carries out marine services, ship inspections and surveys for vessels operating in the oil, gas and other industries, explains CEO Captain Mohamad Azri Rahamat.

“The company is owned by my wife and I,” he says. “I own 70 percent and my wife owns 30 percent.”

“We have around 10 permanent staff and 30 contractors and our turnover is just north of \$1 million. I like to keep my companies small or medium sized.”

OMT International started in 2014, an inauspicious time as it was just before the global downturn in oil and gas prices. “Before, people used to charter vessels for the long term like three years, but then they began chartering ships for only two or three weeks so inspections are more frequent,” he says.

“So at first we were getting 10 inspections a month but then it was 20 to 30 inspections a month, sometimes one a day. One week, for example, a ship is chartered by Petronas and it has to be inspected. Then it's chartered by Shell, the following week so that's another inspection.”

OMT International is further active in the sector through its 30 percent ownership of Jasa Merin ship management company of which Rahamat is director.

Established in 2019, Jasa Merin runs two vessels under its own management and monitors six other ships for the owners, the executive says.

Its offshore support vessels division provides services to oil majors such as Petronas and ExxonMobil, while its tanker division owns and charters clean petroleum product chemical tankers to the petrochemical and oleo-chemical industries.

Rahamat's companies managed to do very well during the pandemic as cha-



**CAPT. MOHD AZRI RAHAMAT**

CEO OF OMT GROUP &  
DIRECTOR OF JASA MERIN SHIP  
MANAGEMENT

## “OMT WILL CONTINUE TO PROGRESS IN BUILDING FULL CYCLE SUSTAINABLE BUSINESS”

llenges such as a 60 per cent rise in crew salaries and logistics costs impacted the tanker owners and not the management services.

“Those costs have come down this year so things are more relaxed,” the executive says. “However, from an owner's point of view maybe they are still struggling with the sales because the number of tankers for charter in Malaysia is higher than the demand, which is the opposite for offshore vessels.”

“This year we're reopened our training program for inspectors which we had to close because of Covid-19. We have to be on top of the inspection process, especially on the operations side. We're getting sales or between \$7,000 and \$9,000 a month which is still low but its growing.”

Two exciting projects are keeping the executive busy these days. One involves new government projects like the development of new ports, and the other is working with Petronas on 100 per cent electric crew boats.

“Malaysia is a good place to invest, especially in my sector. We have lower manpower costs than in other nearby countries like Singapore, and Malaysia has good governance for companies.”



# MALAYSIA'S REAL ESTATE ON RECOVERY DRIVE

## WAREHOUSING AS WELL AS LOGISTICS ARE THE NEW STARS IN THE POST-COVID REAL ESTATE MARKET

Malaysia's real estate sector has been a real rollercoaster ride in recent times with ten booming years followed by a pandemic-induced drop in demand. But now, according to analysts, it is climbing once again.

Over the next five years, in fact, the country's real estate market is expected to post a compound annual growth rate of more than 4.5 percent with some experts saying the rebound over the medium and long term will be fuelled by rising demand for affordable housing, especially from young, first-time buyers.

Along with the pandemic, Malaysia's housing market was hit by oversupply but the government is trying to set things right through its efforts to curtail property speculation and dampen overbuilding by developers.

Current challenges also include the rising price of building materials and surging interest rates. Office space and retail properties could also suffer because of the increase in online work and shopping, the analysts warn. But with the economy clearly recovering, more demand for industrial properties is expected, they say.

Sector observers say the new government should stimulate foreigners to invest in high-end properties and promote Malaysia as the ideal country for retirement by foreigners with its widespread use of English, affordable and comfortable lifestyle, and stunning beaches and mountain environments.

With the Malaysian economy in recovery mode and because of some lasting effects of the pandemic on consumer beha-



viour, warehousing is becoming an important subsector in the real estate business.

According to analysts, the Internet economy in Southeast Asia is slated to hit \$1 trillion in gross merchandise value by 2030, heavily supported by e-commerce is boosting the logistics, supply chain and warehousing industries and that trend will definitely continue.

These factors are making warehousing the hot property subsector in Asia and there is a shortage of warehouses across the region, with new, state-of-the-art facilities being built using the latest robotics.

Malaysia is no exception and industry sources say that with its expertise and knowledge of high-tech operations, the country is poised to become a leader in warehouse automation.

### Logistics Hub

A major distribution company in Malaysia heavily involved in warehousing is SL NG Group of Companies, the leading general wholesaler and fast moving consumer goods (FMCG) distributor in southern Malaysia.

"We were established as a local company 25 years ago and are the main distributor for such prestigious brands as Danone, Fonterra, Dutch Lady, L'Oréal, Shell Lubricants and others," says Group CEO Eric Ng.

"Because of the pandemic there has been a lot of changes in terms of consumer behaviour and that has resulted in escalations of speeding up in terms of online business, or e-commerce, and the supply chain has become more important."

Along with its mammoth warehouses serving as distribution centres for goods



ERIC NG

CEO OF  
SL NG GROUP OF  
COMPANIES

**"THE PANDEMIC HAS CHANGED  
THE ONLINE BUSINESS AND THE  
DISTRIBUTION SUPPLY CHAINS"**

destined for every type of retail outfit from hypermarkets to gasoline station kiosks, SL NG's services include product wholesaling, supply chain solutions and market expansion through brand building.

"What we do is provide internalized solutions for the customer, that is system, process, good market expansion and this involves warehousing space," he explains.

"So if we speak about space, we are definitely talking about Class-A to even Class-B warehouses because those are the warehouses able to qualify for the customer."

Eric says that a lot of multinational companies are selecting Malaysia as their hub in terms of logistics, supply chain and even manufacturing. And this is especially true in the case of food companies because of the halal license granted to those foods prepared according to Islamic dietary laws.

"Having this halal license is a competitive advantage for Malaysia compared to other countries in this region like Thailand or Vietnam," he argues. "And with it we are able to export to the wealthy markets of the Middle East and other Muslim regions."

"Factors like these have helped us grow tremendously at around 20 to 30 percent annually," the CEO adds. "And that increase in business should continue."

Malaysia, he says, has so many advantages for business investment both home-grown and international.

"Our geographical location, our ports and our accessibility to the region and the global market make us a business magnet. We also have a highly-educated population, a growing middle-class and an investor-friendly government. It's just about perfect."

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## Warehouse Specialist

Foreign investment is one key to growth in the sector, according to real estate executives such as Sr PL Lee, the founder and the managing director of First Pacific Valuers Property Consultants, which has provided property valuation, consultancy and property management as well as commercial estate agency services for the past 30 years.

“Malaysian real estate prices are still considered comparable with corresponding countries and it is a stable country,” he says. “Foreigners like Malaysia, especially those from the United Kingdom, Europe, Australia and China.

“So the prices are good, communication is largely in English and Malaysia is considered one of the best countries in providing those kinds of services to foreign investors coming into the country with a very investment-friendly government.”

Lee says that the smart investment in these post-pandemic days is in warehouses.

“Before we were focusing very much on real estate investment trusts, or REITS, and in Malaysia we have 17 of those, and we have done property portfolio valuations for eight of those,” he explains.

“And we were doing commercial and corporate valuations, property consultancy for bank loans along with corporate valuation exercises for PLCs - public listed companies - and REITS,” says Sr Lee.

First Pacific other associate company, First Pacific Global Group, has been appointed as development & project manager for an ongoing 4-storey logistics-oriented building with two million square feet of net lettable area in Shah Alam, Selangor.

While other sectors slowed down during the pandemic shutdowns, movement restrictions and other obstacles, the logistics warehouse business took off as people turned to online shopping and First Pacific Global managed quite well it was heavily involved in the industrial sector.

“If you look at the market today, not only Malaysia but also the entire region and in fact the rest of the world, the supply chain has made the shift from the concept of just-in-time to keeping up stocks in storage,” company CEO Shankar Arasaratnam explains.

“In the pandemic, ports were shut in China, Europe and everywhere else and this has taught people that you need to keep stock and you can’t depend on manufacturing plants to produce and sell off their goods immediately as was the practi-



SR PL LEE

MANAGING DIRECTOR OF FIRST PACIFIC GLOBAL GROUP

**“REAL ESTATE PRICES ARE LOW, ENGLISH IS WIDELY SPOKEN & INFRASTRUCTURE IS GOOD”**

ce with just-in-time.

“With food security, for example, most countries are storing food and even Singapore is keeping up to one-and-a-half years’ stock in warehouses,” the CEO says, requiring more and more warehouse space.

According to Sr Lee, the sector is coming back, noting that for the past several years, bankers have been very stringent regarding loans. But bankers are now loosening up and that should spur the market, he adds, depending on the performance of the economy.

“Industrial players like ourselves will do well in 2023,” he predicts. Looking further ahead, the executives believe First Pacific Global will thrive in the coming years.

“If you look at the logistics warehouse sector in Malaysia, Class-A warehouses are in short supply,” Arasaratnam says. “Most of the warehouses here are basically



converted factories and with the authorities and customers being very fussy now about warehouse quality, efficiency, fire safety systems, etc., everybody will move to Class-A facilities.

“And going forward, everybody will look to green-featured warehouses for meeting environmental requirements so over the next three to ten years, warehouse space is going to grow throughout the country,” he explains.

But the executives warn that putting up the new generation of warehouses won’t be easy with challenges for the developers such as coming up with the correct design and factoring in the end-user’s precise requirements.

First Pacific Global has expertise in exactly this market in which it has been active for almost a decade and, the executives boast, is in a class of its own in the sector.

“We can do a one-stop solution for an incoming third-party-logistics players, local or international, who want to develop a warehouse and rent it out to the market,” notes Arasaratnam.

“We are a very well-established company,” Sr Lee adds, “and with the government so friendly to foreign investors, I think we will do well over the coming years.”

## International Expansion

Working with international clients is already a major part of business at SD Associates and executives also boast of its ability to offer a wide range of management services for the real estate sector.

“We are unique in that we can provide not only project management but also engineering knowledge,” says CEO Dr. Ir. Beh Kooi Ho.

“Your typical real estate management firms don’t have the technical side like we do with our professional engineers, chartered architects and others with technical backgrounds and licenses, and we have chartered accountants on the project financial side.”

Founded back in 2014, the company quickly grew and today employs more than 40 people and posts annual revenue of around \$4 million. SD Associates did well during the pandemic, thanks to the CEO’s foresight concerning the economy.

“Before Covid-19 I had no idea it was coming but I had the idea that an economic crisis was on its way. So in 2018 we had a reserve of funds and we diversified, not only



DR. IR. BEH  
KOOI HO

CEO OF SD  
ASSOCIATES

**“OUR OVERSEAS OPERATIONS ARE DOING WELL WITH THE WEAKENING LOCAL RINGGIT “**

in our management offers, but also contracting and evaluation work,” he recalls.

“Then we went overseas. I noticed that while business was suffering in Malaysia due to the borders being shut, African countries were not closing themselves off so we opened operations in Tanzania and Tunisia. And when Africa shut down, Central Asia was opening up so we went to Kazakhstan, then we expanded into Indonesia and now we’re moving into Myanmar.”

The CEO credits the company’s proven solid record and reputation for easing its way into foreign markets and has two teams, one domestic and the other international, to facilitate operations, as well as a branch office in the United Arab Emirates.

“Our overseas operations are doing well as with the weakening ringgit our services are more competitive and the fact that we bill in dollars is also beneficial for us,” he says.

The firm offers the same services overseas as it does in Malaysia: management of projects, programs, procurement, along with

development advisory services and cost and commercial, construction, interior design, and control and performance management.

Also on its roster of services are consultancies in real estate, green building index facilitation and turnkey projects, as well as technical due diligence and financial and legal services.

Some of its recently completed projects in Malaysia include the Bintulu Integrated Energy Hub and a primary school in Sarawak, a new office building in Kuala Lumpur, a mall food court in Selangor and a coal-fired power station in Port Dickson.

Dr. Ir. Beh predicts that 2022 will not be so great for the company because of global instability such as the war in Ukraine and doesn’t expect SD Associates’ goals to be met until 2024.

One challenge facing the company is human resources.

“The young generation thinks the economy is still strong so they often change jobs when they get an offer from other companies,” he complains. “So we have to make them understand that so they stay with us.

“They don’t appreciate that the company provides them with training and in some cases subsidizes their university degrees if they want to continue their studies. But once they graduate they just leave and this is not healthy for the company’s human resources situation.”

A major goal of the company is to be publically listed on the Malaysian stock market, and for that the CEO is confident the objectives set out will be realized.

“Eventually we have two objectives. One is to focus on the United States as here in the east they are not really accepting of project management which is not the case in more developed regions like the west,” he says.

**Retail Changes**

Attracting customers with a pleasant and eye-catching design is vital to retailers the world over and Malaysia is no exception. One veteran firm which is taking this aesthetic to new heights in the country is Visata Creative, founded in 2004.

“We are actually an interior design firm but we focus primarily on providing design services for retailers,” says Co-founder and CEO Timothy Liew.

“Visata Creative has been in the business for the last 18 years and so we’ve



TIMOTHY LIEW

CO-FOUNDER OF  
VISTA CREATIVE

**“OVER THE LAST YEARS WE HAVE EMBARKED ON SHOPPING MALL NEW DEVELOPMENTS “**

seen a lot of cycles within the retail industry and we work with retailers of many sizes whether it is a single fashion boutique or a single restaurant up to mall anchor tenants like supermarkets and cinemas.

“In fact, over the last two to three years we have embarked on working essentially with developers to plan shopping malls.”

As important as a lovely shopping or dining space is, the retail business must also make money and Viscreative puts this necessity at the top of the list when designing to customer specifications.

The company’s staff of ten people believes that design and profitability should complement each other in every way possible so Visata Creative provides result-oriented solutions by designing spaces that are attractive, functional and most importantly, profitable.

The company was doing very well before the pandemic but the retail industry struggled through the several lockdowns imposed by the government.

“The whole Covid situation evolved very quickly and the retail sector was the first to get hit,” the executive recalls.

“Because we were dealing primarily in the construction and design services for retailers, all our projects naturally stopped as well. But we were lucky in that we still had income from previous projects which had not yet been collected.”

“We are recovering, you see signs of it going on by just taking a stroll in the shopping malls, but I’d say the worst is not over. We have a weak currency in Malaysia and tourism is in a slump, we cannot survive on the domestic market alone,” he concludes.



# FOOD INDUSTRY IN MALAYSIA TO EXPORT ITS WAY INTO PROSPERITY

AS THE INTERNATIONAL MARKETS FULLY REOPEN, MALAYSIAN FOOD IS SET TO CONQUER THE WORLD

A vibrant agricultural sector, a modern and expanding food processing industry and the entrepreneurial spirit coupled with international ambitions has made Malaysia an important exporter of its food products.

In 2020, Malaysia exported food worth more than \$8 billion, reflecting the almost uninterrupted rise in the value of such exports over the past decade. According to the government, these figures show the growing acceptance of Malaysia's food products in overseas markets.

Leading exports include palm oil, cocoa and cocoa preparations, prepared cereals and flour preparations such as bread, cookies, snack foods, instant noodles and frozen cakes, as well as processed seafood and dairy products.

With government backing, more and more Malaysian food processors and manufacturers are taking up the challenge to boost export numbers as the world begins to learn more about the rich variety of quality food products from the country.

## Automation for Exports

Malaysian food, like that of its neighbours, is known for its spiciness so it's no surprise that one company, Lifestyle Ventures, is a major processor and exporter of chilies in all their forms.

"Since our company was built by my late husband and myself almost 20 years in our apartment, fresh chili has been our main product," says Managing Director Eleen Tan.

"Gradually, we progressed from the small customer base we had and managed to build our own factory in 2008. We noticed that while there was a lot of chili being grown, there was little demand.

"So we decided to do semi-processing and turn the excess chilies into chili paste," she recalls. "Our product was quite new to the Malaysian market where people use tomato



ELEEN TAN

MANAGING DIRECTOR OF LIFESTYLE VENTURES

**"OUR POTENTIAL IS IN FOREIGN MARKET WHERE MALAYSIAN PRODUCTS ARE NOT KNOWN"**

paste in their cooking but not chili paste."

Lifestyle Ventures launched its products internationally in 2011 with exports of the chili paste to Indonesia and those sales grew to the point that the company had to increase capacity and move to a new processing facility.

Currently, the firm employs some 30 people, posts revenue of between \$2 million and \$3 million a year, and has clients throughout the region and beyond.

Along with fresh chilies and chili paste, the company markets chili sauce, red and green chili powder, pickled red and green chilies, peeled garlic and onions, fried garlic and shallots, along with a range of corn and soy-based flours.

Lifestyle Ventures prides itself on its green credentials and addressing increasing consumer consciousness and demand for higher food safety, ethical and environmental standards.

In order to satisfy this demand, the company has developed and operates its own growing program for key raw materials and its global sourcing capability.

The company is also a leading importer of dehydrated vegetables, dehydrated mushrooms and air-dried or freeze-dried seafood, and all its products, domestic and foreign, are halal certified.

The pandemic saw a turn in Lifestyle Ventures' fortunes with sales dropping by 50 per cent, but also inspired a new product line.



"Those times were really tough and we were not allowed to export and Indonesia did not allow imports. So we had the idea to diversify and that's when we came up with chili sauce," the executive says.

"In 2020 we did the R&D and the next year we started marketing the chili sauce to selected grocers. It's moving quite slowly but a year after its introduction you can find our sauce in Singapore, Ireland, China and we have just entered South Korea."

Tan explains that she believes 2022 will be a year of growth but difficult with the company in dire need of more workers as it lost most of its foreign employees deported during the pandemic.

"Most of them were from Indonesia, Myanmar, Nepal and Bangladesh. Earlier this year we received a quota of 20 per cent of the number we need to come in but we're still waiting for them to arrive," she says.

More staff will help Lifestyle Ventures to meet the increasing demand from its international expansion where Tan says she sees real growth.

"There is more potential in overseas markets because Malaysian products are not widely available yet. You see Thai and Indonesian products, but not Malaysian so there is an opportunity.

"We have a vision that by 2027 we have 80 per cent of the market for chili sauces worldwide and I think it's feasible because we are constructing our bottling line," she explains.

"And we're also going to boost production and solve part of the manpower problem by automating our processing facilities. I see a bright future!"





**“WE ARE DEVELOPING A NEW HEALTHY CHOCOLATE WITH A PLANT-BASED SWEETENER”**



**Natural Sweets**

As a major producer of cocoa, Malaysia boasts a number of chocolate manufacturers and one of the leaders in this sector is Sweetkiss, a family-run concern that moved from supplying the local market to others in the region.

“My family was in the confectionary wholesale business so that’s where I learned about chocolate, snacks, sweets, candy and other goods,” Managing Director Tee Kok Leong says.

“After 30 years working with my father, I founded Sweetkiss in 1995 to manufacture halal chocolates incorporating distinctly Malaysia flavours from a small facility for sale to wholesalers.”

Since then the company’s product line has expanded dramatically and includes all forms of chocolate bars, candies and other items. Along with its own brands, Sweetkiss turns our confectionary for private labels.

As the business prospered, the company move to a new manufacturing plant and pre-Covid had an annual revenue of

some \$6 million, with more than 40 per cent coming from export markets in Asia.

“Before the pandemic, business was booming because of tourism,” explains Manager Bernard Tee. “People were travelling a lot and buying our chocolate as gifts to bring back to friends and family in their home countries.”

“During the pandemic there were a couple of times the government ordered industries to shut down. This affected us in terms of sales and also payments from our customers ceased as they were also closed,” he says.

At the same time, freight costs rocketed pushing up the costs of exporting to an unacceptable level for the company’s international clients.

“Everything opened up at the beginning of 2022 and customers in our neighbouring countries started to come back. I can say that business is now pretty much back to normal,” the managing director says.

“But our manpower situation is affecting production. Pre-Covid we had more than 80 employees but the government made all foreign workers return home and now we only have 24 people working for us.

“Now we’re waiting for workers from Nepal and Bangladesh so we can get our capacity back to where it was,” he explains.

Supply chain problems are also a headache for Sweetkiss as well as the increasing cost of raw materials brought on by the war in Ukraine and the rise in the value of the U.S. dollar against the ringgit.

In three years the company will mark its 30th anniversary and goals include increasing brand presence in its existing export markets of China, Singapore, Indonesia, Brunei, Vietnam, Cambodia, Thailand, Hong Kong, Taiwan, Bangladesh, Mauritius and the Maldives.

“We’re also developing our products in the niche market of health conscious chocolate using a plant-based natural sweetener from Japan,” the managing director says.

“People don’t realize that the sugar replacement used in the typical type of sugar-free chocolates is not as healthy as they think. So we try to use 100 per cent natural ingredients in our sugar-free items.”

The executives predict turnover will reach \$8 million by 2025 thanks in part to increasing exports as the world comes to realize just how good Malaysian chocolate can be.

“Malaysians are capable of creating good quality products of all kinds as we have the processing skills and the access to our own excellent raw materials and the necessary imported ingredients as well”



**MOHAMMED GHAZALI**

MANAGING DIRECTOR OF PERUSAHAAN AZAN

**“WE WERE REQUESTED TO RE-OPEN TO SERVE TO THE ARMY, HOSPITALS & PRISONS”**



**Middle East Bound**

Sweet and savoury defines the product line at family-run Perusahaan Azan which turns out a range of bakery products for Malaysia and an increasing number of overseas markets.

Founded in 1968, the company got its start manufacturing soy sauce but with low sales after a year in business Perusahaan Azan’s founder switched to baking although he had no experience or knowledge in that business.

“I took over the business in 1987 from my father and it has been very good with our two types of products. We turn out perishables like cakes, buns, bread and pastries for the military, hospitals and prisons,” says Managing Director Mohammed Ghazali.



For the consumer market the company produces non-perishable dry rusks - which are known as melba toast in Britain - in both savoury and sweet versions that are consumed as snacks.

"In these items we inject them with nitrogen so the shelf life is extended from six months to 14 months," the executive explains. "And we do our own brand which is Azan and we also supply the own-brand sector."

"We now export to China, Oman and Iraq where we market our products under a different brand name. Our target is to expand further in the Middle East where we have good contacts and boost our production to meet the expected demand."

Perusahaan Azan also has a trading division mostly handling cooking oil.

Before the pandemic the company employed more than 50 people and had an annual revenue around \$1 million, but that dropped with the pandemic as the company shut down for two months.

"But then we had a request from the government to reopen so we could meet our contracts with the army, hospitals and prisons," Ghazali recalls. "And that helped us tremendously."

"We're confident we can broaden our market access both here and the Middle Eastern countries we are targeting for expansion," he says. "It's a borderless world now but when you enter a new market you have to make sure that both sides benefit."

### Unique Technology

Natural, plant-based foods are becoming popular the world over as people learn more about the health benefits while producers are expanding their range of these foods to capture more market share.

Malaysian companies are no exception and a perfect example is the Ganda Kota firm which processes roasted coco-



AMY MOK

GENERAL  
MANAGER OF  
GANDA KOTA

**"WE CURRENTLY EXPORT TO AUSTRALIA, JAPAN, CHINA, SOUTH KOREA, AND GERMANY"**



nuts chunks for a wide range of uses from snacks for consumers to supplying to industries like chocolate, confectioneries, topping, granola and cereal producers.

"We specialise in very special and unique products," says General Manager Amy Mok. "Everyone thinks of desiccated coconut but ours is totally different as we have a special technology of our own."

"We also use only the very best coconuts graded as AA quality for our customers in the snack and ingredients industries. Our product never goes rancid like that from producers that care less about supplying the very best."

Marketed under the DeliCoco brand and through client own-house brands, Ganda Kota provides crunchy roasted coconut chunks, chips, slices, crumbles, flakes, cubes, fine and shredded coconut which can be consumed as snacks or used as raw ingredients for food production in bakery goods, chocolate coating, ice cream topping, candy, salads, granola, mixed nuts and other items.

All the company's products are high in fibre, gluten free and have no cholesterol, artificial colouring or preservatives.

"When this business started we were very small but we were lucky in that the Ja-

panese really loved our product and now we also export to China, South Korea, Australia, and Germany," the general manager says.

"Luck was also with us during the pandemic as we never stopped working and in fact we expanded our factory by another 8,000 square feet. But we did have to send some foreign workers home and we are waiting for them to return."

Annual revenue has grown from between \$400,000 and \$650,000 to around \$1.3 million, which should increase as Ganda Kota expands its international footprint.

"We see international growth as our goal, particularly in Europe and the United States and get bigger in China where we already have a small presence," Mok explains.

"We are also looking at expanding our new product line of rice pops, rice puff and perhaps we will get into the baby food industry. I hope I can promote our products all over the world because they are very healthy with purely natural ingredients."

"With all of this," she says, "hopefully our company will grow bigger and bigger!"

### Food Security

Malaysia's location in one of the prime regions for seafood has benefitted Edaran Jutamas, a trading company established eight years ago and now ready to branch into other lines of business.

"We import and export seafood all around the Asia-Pacific area, mostly fish, crab and squid," says founder and CEO Mohamad Zareman Zulkifi.

"Our imports come from many countries such as Pakistan, China, Philippines, Indonesia, Vietnam and India, and we export to Singapore, Dubai and Kuwait."

Edaran Jutamas posts annual revenue of between \$2 million and \$4 million but earnings were hit hard during the pandemic, falling 60 per cent in 2020 but has recovered over the past two years.





“BUSINESS IS COMING BACK, AND THE RECOVERY OF THE MARKET IS QUITE APPARENT ”



“At the beginning of 2020 it was very tough. Because we are wholesalers there was a deep impact and all our clients like hotels, restaurants and schools closed down,” the executive says.

“Now, business is looking up and the recovery is apparent. It’s not back to where it was but it is absolutely going in the right direction.”

Zulkifi predicts that the company will reach the same pre-pandemic level of business within two years as clients reopen. But he is also keen on diversifying into restaurants and other sectors.

“We already have a central kitchen business, a grocery mart and operate container trucks and now we want to concentrate on food, not only seafood,” he says.

“I think this is a good idea because look what happened in 2020. So food security is much more important nowadays and there is the direction in which I want to expand my business.”

“Of course, we’ll still have seafood trading as our main activity because of our experience, our knowledge and our network so our market in Malaysia and Southeast Asia is very good,” the CEO adds.

And Malaysia, he argues, is an excellent place to base a company involved in the food sector and any other business because of the infrastructure, its adherence to international standards, and the transparency and business ethics practiced in the country.

“Actually, Malaysia is a hub of the regional food business because it’s the gateway to Asia,” he says. “Everyone is very welcome here.”

### Premium Products

Malaysia’s role as a trading hub, coupled with a growing middle class with more disposable income and a taste for foreign goods, has fueled the growth of IFMAL Trade, an e-commerce platform and outlet retailer serving all of the country.

Established in 2016 as an importer of food items, homeware and cookware from Australia, the company now handles goods from other countries and has ambitious plans for horizontal and vertical expansion.

“Our star products currently are the Nutella and Lotus spreads and also milk from Australia and there is more and more interest in imported products,” CEO Abu Turab Malik says.

Other leading international brands handled by the company include Doritos, Royal Dansk, Sunbites, Cadbury, Toberlone, Chuppa Chups and many more.

“Most of our products are Australian due to its proximity as the supply chain is easy with two weeks for shipping. But once we increase our product line to include European goods it will be two months.

“And the demand is there as the Malaysian middle class is becoming bigger and bigger and purchasing power is getting stronger. In addition, most people in our target market are familiar with overseas products and are willing to pay premium prices to get better products,” he explains.

However, the executive is quick to clarify that IFMAL Trade does not make a huge margin on its sales and emphasizes that the company’s motto is “Quality with Integrity”,

“We don’t just up the price willy-nilly as we do think about our customers and want to help them enjoy overseas products at a reasonable price,” he says.

As an importer, the pandemic affected IFMAL Trade with supply disruptions, dramatic rises in freight costs and other obstacles so the company had a rethink about strategy and added B2B to its existing B2C business model.

Malik now sees B2B as the engine of growth by supplying its imported products to other retailers. At the same time the company



ABU TURAB MALIK

CEO OF IFMAL TRADE

“MALAYSIAN MIDDLE CLASS IS BECOMING BIGGER AND ITS PURCHASING POWER STRONGER”



has diversified its sourcing, added new food products to its portfolio and is opening cafés.

“Café culture is becoming more prominent in Malaysia and with our brand identity cafés are a no brainer as people who patronize cafés tend to have a good level of disposable income so it’s the same target market as for our products,” the CEO explains.

“We are also planning to expand our brand in terms of retail locations from our three existing outlets and are looking at opening another five next year, and potentially a further five the following year.”

These expansion plans include setting up a franchise operation for which IFMAL Trade has applied to the government for permission.

“We want to offer products that are not available in Malaysia anywhere else and start dealing as a sole distributor. I think this country is growing as a nation and it’s a good place to be doing business,” Malik says.

“Our current annual revenue is between \$1 million and \$2 million and in several years we should be looking at \$4 million to \$5 million. Our expected growth reflects what is happening to the Malaysian economy and this is a good moment for business.”

