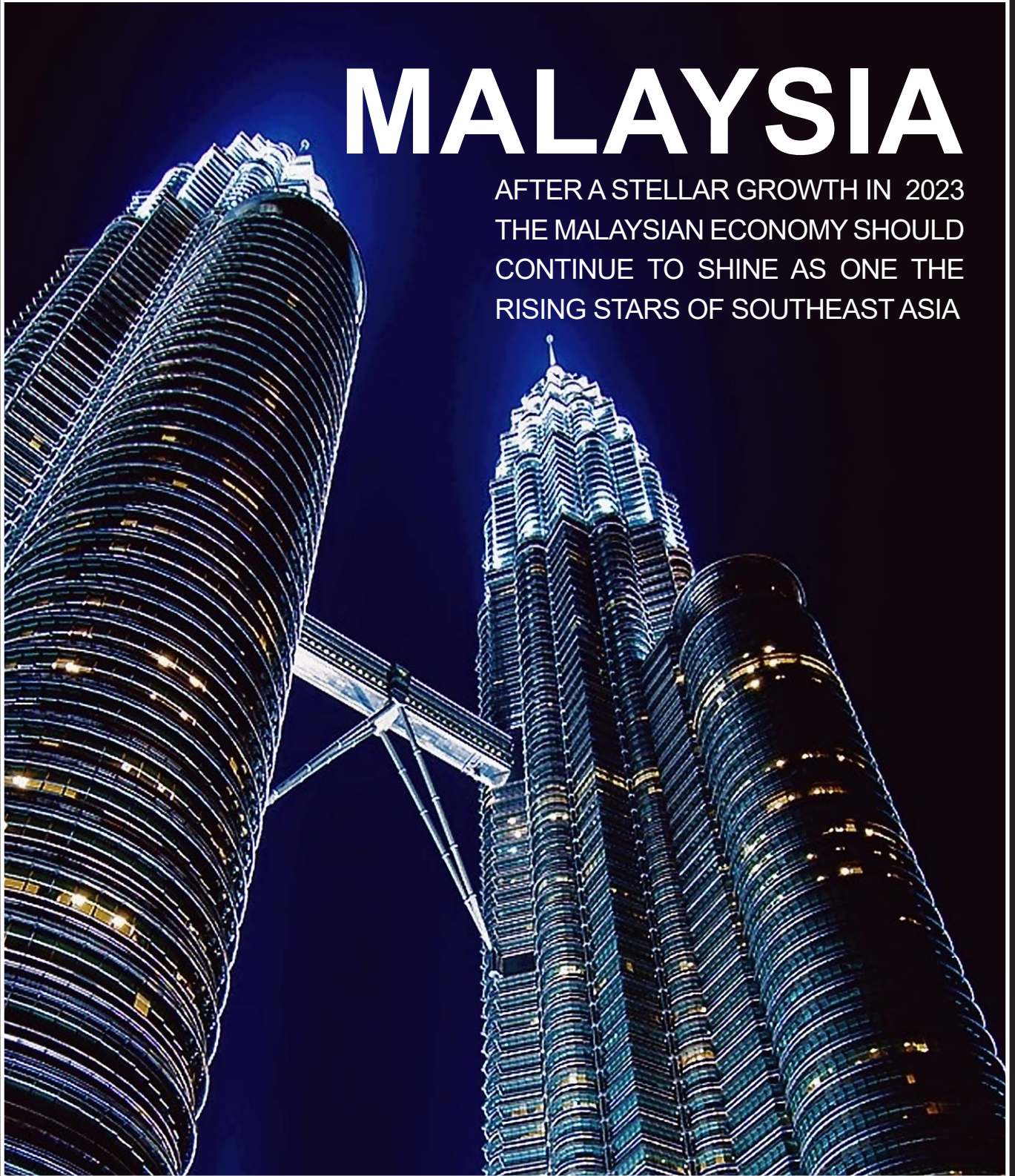


MALAYSIA

AFTER A STELLAR GROWTH IN 2023
THE MALAYSIAN ECONOMY SHOULD
CONTINUE TO SHINE AS ONE THE
RISING STARS OF SOUTHEAST ASIA



**Specialized fertilizer
handling service and
total logistics provider**

www.yap.com.my

MALAYSIA IS ROARING BACK

INDUSTRIES IN MALAYSIA ARE TAKING ADVANTAGE OF A SURGE IN DEMAND

Malaysia is back and firing on all eight cylinders. A newly-elected government is firmly committed to ensuring the country has all it needs to prosper greatly, reforms to many sectors are being carried through and the economic problems stemming from Covid-19 are on the mend.

At the same time, investors are taking note and like what they see in Malaysia's situation as a trade hub for the region and the world, it's multi-cultural, multi-lingual strengths, the skills of its highly-educated population and its rapidly improving infrastructure.

In 2022, the country's economic performance rose nearly 9 per cent over the previous year, the highest annual growth recorded in more than 20 years and well ahead of the official forecasts of around 6.5 per cent.

Ranked among its neighbors in Southeast Asia, Malaysia boasts the fourth-largest economy in that rapidly-growing region. This performance, coupled with the ongoing industrialization of the open market economy, is luring investors both foreign and domestic as local businesses expand at home and abroad.

Most importantly, the country is also rich in petroleum and gas and oil exports which, along with world prices, are also on rise, further fueling the economy.

This is a reflection of the Malaysian government's ambitious efforts to diversify the economy and the private sector's embrace of the latest technology as the country aspires to become a globally-acknowledged manufacturing and services provider.

Malaysia is transforming itself into a leader in renewable energy with its switch to renewable energy sources fulfilling the promise to cut its greenhouse gas emissions by 2030 with the government pledging to expand renewable capacity from 6 to 16 GW, a rise of from 18 to 30 per cent of the generation mix.

Energy wonks say this transition will cut harmful emissions and save the country up to \$13 billion annually in energy, climate and health costs. In addition, these moves will



open up a wide array of new opportunities, not only for local operators but also for foreign companies looking to get in on the action.

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

ESG Advantage

A firm taking advantage of this environment is Reservoir Link Energy which was founded in 2008 focusing exclusively on the oil and gas industries, specifically its core business of perforation.

"We did some small jobs in Vietnam then began working in Malaysia bringing in a specialist product from the United States with exclusive rights for Malaysia, Brunei and Vietnam," explains Group CEO and Managing Director Dato Wan Hassan Mohd Jamil.

"Clients liked it because it allows the operator to pull up more barrels from the well, increasing production significantly.

Since that beginning, Reservoir Link Energy has expanded its oil and gas services to cover production enhancement and flow assurance, well abandonment and decommissioning, production, well construction and intervention, testing and measurement, manpower supply and new



WAN HASSAN MOHD JAMIL

GROUP CEO OF RESERVOIR LINK ENERGY

"RENEWABLE & CLEAN ENERGY PROGRAMS GIVES US THE ESG COMPLIANCE BANKS REQUIRE"

technology development.

Three years ago, the company moved into renewable energy by acquiring 51 per cent of Founder Energy, the largest solar engineering, procurement, construction and commissioning company in Malaysia.

"We worked with Malaysia's state-owned petroleum company Petronas on a three-year contract in Mauritania between 2019 and 2021 and so during the pandemic we were making money," the executive recalls.

"So when we left Mauritania we did suffer a drop of revenue but our profits from that operation gave us the funds to buy into Founder Energy and so entered the renewable energy sector."

Malaysia, he explains, made a commitment at the Glasgow climate change conference to reach zero carbon emissions by 2050 and the government has introduced a renewable energy quota for solar.

"We found that quite interesting because it is an energy business and as we are already in that business because of our activities in oil and gas, so we saw that it was logical to expand into renewables, specifically solar power," he says.

Founder Energy performs a broad range of activities and services including solar energy investment, solar energy engineering, solar PV mounting structural system manufacturing, solar energy construction and installation, solar rooftop installation and energy storage solutions.

"In our 2023 financial report you'll see



that up to 70 per cent of our revenue is coming from renewable energy,” the Group CEO says, “and that will probably increase.”

“We wanted to go into renewable energy because there is a consistent income. Let’s say I have a purchase power agreement for 100 megawatts for 21 years that will mean between \$1.7 million and \$2.5 million in profit after tax. That’s recurring income, better cash flow for the next 21 years and I can pay dividends to our shareholders as we are a public listed company.”

Working in renewables also gives Reservoir Link Energy environmental, social and governance (ESG) compliance which eases financing because many banks will not provide loans to companies which do not have that ESG element in their business.

“With the growth of renewable and clean energy we plan to increase our business while remaining in oil and gas,” he says. “Our business target is 50 per cent renewable and 50 per cent petroleum and with ESG compliance we can go anywhere in the world.”

Local Producer

The Malaysian entrepreneurial spirit has powered the success of Established Metal Industries set up in 2010 by founder and Managing Director C.C. Lim who got into the steel business because he was bored after retiring from his long career in rail transport.

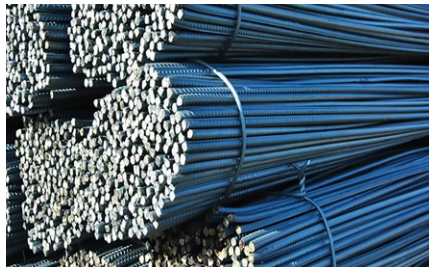
“I was involved in the Kuala Lumpur monorail build-operate-transfer project and once that was finished I sold it to another company,” he recalls. “Under the agreement with the buyer, I was not allowed to return to the rail business so I retired. I decided it was a good time to go into the steel business.”

Lim’s problem was that he knew nothing about that industry, neither purchasing raw materials nor manufacturing steel. So he turned to the Chinese, learned everything he could and established his factory.

Now with a payroll of 300 employees, Established Metal Industries posts annual revenue of over \$40 million with monthly production of 15,000 tonnes of steel, well below that of the firm’s larger competitors.

“Other companies turn out about 60,000 or 70,000 tonnes but we manage to supply our select group of five or six dedicated customers, only for the domestic market, no exports,” he says.

During the pandemic, Established Metal Industries closed for two months then was slowly allowed to resume operations losing around \$6.5 million in revenue, but



“EVERY COUNTRY NEEDS TO HAVE DOMESTIC STEEL FIRMS TO SUPPLY ITS OWN MARKET”



still made enough to cover salaries, interest payments and other costs.

Now with the market returning to normal, the company is faced with a new challenge: incursions by Chinese companies.

“There are a lot of big players from China now in the steel industry and of course this is affecting local players,” the managing director complains.

In a bid to remain prosperous, Lim is building a new plant scheduled to begin operations soon to diversify the product line and turn out construction rebar and eventually steel coil and pipes.

“We’ll begin supplying the local market and although we would like to export, I’m not sure we can compete with the prices offered by the big players for international sales,” the executive explains.

“At some point in the future I’d like to list the company. Every country needs its own domestic steel industry.”

“If you import everything you are at the mercy of fluctuating prices and that can be frustrating. Plus, this industry provides a lot of local jobs and we recycle scrap metal which is environmentally friendly,” he concludes.

Ideal Location

Manufacturing key electronic parts for Malaysian assemblers is the main activity of Johor-based Kanhseei Teckh, established in 2007 as a trader and which just a year later moved into making wire harnesses, says founder and Managing Director Steeven V. Bahlan.

“Over the next several years we grew and in 2010 we built our own factory in Johor Bahru to assemble the wire harnesses. This business with \$22,000 and before the pandemic our annual revenue was \$2.5 million.

“Now we produce almost 100 separate items customized for our increasing customer base,” he says.

Among those items are power cords, various models of chokes, robotic panels, a range of transformers, amplifier assemblies, distribution boards, coils and cores.

One-hundred per cent of Kanhseei’s production is exported but not by the company itself but rather by the electronic goods assemblers the firm sells to.

Business was going great before the pandemic with new orders fueling growth, production was humming, a sales office was up and running in Singapore, and the immediate future looked rosy.

But once Covid-19 arrived, many of the 45 employees were hit by the virus and output suffered as a consequence.

“In addition, our customers were also having production problems as you can imagine so orders fell off. But to its credit the government really came out in support of medium-sized firms like ours and paid 50 per cent of salaries,” the executive recalls.

“This situation lasted for around six months and then things slowly went back to almost normal and we still maintain the same sales volume. But we cannot survive like this and we need to grow in order to fulfill our potential and prosper.”

Bahlan hopes to increase monthly sales fivefold to \$1 million and is promoting Kanhseei’s products at trade show and exhibitions and coming up with new products, all with the help of the Malaysian

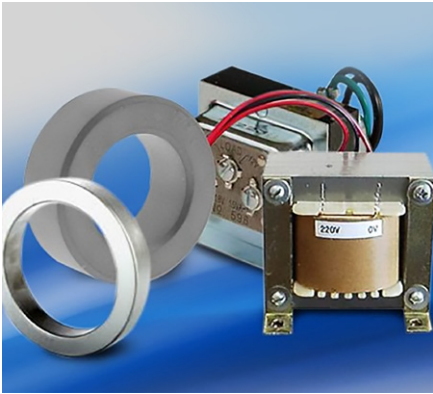




STEVEEN V. BAHLAN

MANAGING DIRECTOR OF KANSHEEI TECKH

“ALL THE FACILITIES TO DO BUSINESS WELL ARE PRESENT HERE IN THE STATE OF JOHOR”



government’s trade development and promotion agency, MATRADE.

“We’re really intensely focused on finding more overseas customers right now,” he adds. “And one of the challenges we’re dealing with to reach this goal is the lack of qualified engineers. I’m searching as far away as India to find the right people.”

The managing director praises Johor as an excellent place to do business because of its transportation services and infrastructure which includes an international airport, low costs and solid support for enterprises like his from the local government.

“All the facilities to do business and do it well are here in Johor,” Bahlan argues.

“In fact, all of Malaysia is a good place to contract Malaysian companies like ours to manufacture high-quality parts for any electronic device from televisions to robotics. You can trust our companies and Kanhseei Group!”

Long Experience

As a major maritime hub and with almost its entire petroleum reserves offshore, Malaysia hosts a number of businesses involved in outfitting ships and one of those is Euromarine Engineering based in Shah Alam.

“Our scope of work is the design, procurement, building and installing HVAC and refrigeration systems in the shipyard,” says Managing Director Rajandaran Subramaniam.

“We have several clients and we are currently we are working on a few projects. We’re one of the few companies in our sector that is owned by Malaysians.”

The executive founded the company over two decades ago after 21 years working for the local branch of a U.K.-based firm.

“So I have many years of experience in this sector and that has helped us offer a wide range of services regarding HVAC and refrigeration systems which are tailored to each client’s needs,” he explains.

Those services include marine systems, installation, refrigeration process systems, providing remanufactured compressors and other products related to HVAC and refrigeration.

“Before the pandemic business was good, we had a contract with the Malaysian Navy that remained active during the Covid-19 crisis and there were orders from clients building new vessels,” Subramaniam recalls.

“We had almost 30 people on staff and our yearly revenue was around \$1.2 million, or about \$300,000 per ship. But business dropped by 25 per cent during the pandemic.”

Most shipyards closed and the shortage of imported parts from manufacturing countries like South Korea affected what little activity was continuing with long lead times.

“And sometimes delivery from our European suppliers in the Netherlands, for example, took up to four months longer than usual but that has now improved and we can get our machinery and other parts in around two months,” says the managing director.

“In 2024 we now expect revenue to be in the neighborhood of \$600,000. Our biggest challenge is that the cost of equipment is very high as the value of our currency is at a disadvantage when it comes to purchasing.

“We signed some contracts providing our services based on the old prices and as the terms of those contracts remain in force it is a problem we have to deal with,” he says.



RAJANDARAN SUBRAMANIAM

MANAGING DIRECTOR OF EUROMARINE ENGINEERING

“OURS IS ONE OF THE FEW COMPANIES IN THE SECTOR OWNED JUST BY MALAYSIANS”

Rising Demand

Malaysia hosts an important shipbuilding industry with much of it centered in the eastern state of Sarawak where Faith Marine was founded in 2012 as a “go-to” company for ship design, 3-D production detailing and a wealth of other maritime-related services.

“We’re actually part of the Hung Seng group which was started by my father in 1995 after a career as a ship’s captain to carry out shipbuilding and repair of local vessels,” says Managing Director Ferdinand Wong.

“Since our founding, we’ve focused on designing tugboats, barges and shallow-draft boats specialized for particular operations. We’re a design company so we can customize the vessels according to the clients’ requirements,” he explains.

Faith Marine’s other operations include ship brokering, new shipbuilding project management, ship supply and bunkering, and ship inspection.

Over the years Faith Marine has worked for ship owners from neighboring countries such as Indonesia and Singapore, but its main customers are from Australia, the Middle East, and Russia.

Demand was high before the pandemic with the company employing 150 workers building around ten vessels a year and posting yearly revenue of up to \$15 million.

“Our work continued through the pandemic with contracts being fulfilled but



FERDINAND WONG

MANAGING DIRECTOR OF FAITH MARINE

“AFTER THE PANDEMIC OUR DEMAND HAS TRIPLED, WELL OVER OUR CURRENT CAPACITY”



because of the crisis we had to postpone deliveries,” he explains.

“Another problem was that the government only allowed us to keep on 50 per cent of our labor force and we were required to send our many foreign workers, mostly from Indonesia, back home,” he explains.

Once Covid-19 abated and the economy opened up, the market suddenly became very active with the trade in commodities resuming along with the container business.

“Our business has actually tripled so you can see that demand is very healthy,” Wong says. “We have more demand than capacity.”

The lack of manpower has contributed to the bottleneck. Although the government is allowing back in foreign workers, Faith Marine, like many Malaysian companies, is suffering from labor shortages.

This has led to problems in scheduling delays with customers demanding shorter and shorter delivery times as the demand for cargo is increasing.

FAITH MARINE SDN BHD

One-Stop Marine Services Solution
We Design / We Build / We Deliver

www.faithmarine.com.my

Despite these problems, Wong remains bullish on the future of the shipbuilding industry in Sarawak and argues that builders there are competitive globally regarding vessels of less than 1,000 gross tonnes.

In the near future, the executive wants to acquire more high technology such as robotics for Faith Marine and other new solutions which will reduce the need for labor, boost quality and speed up operations.

“These innovations, along with the cost-saving measures we are taking, will increase our sales and revenue,” Wong says. “Malaysia has a competitive edge in this sector because of many factors such as lower wages.

“And our strategic location means we can deliver ships to the United Arab Emirates, Australia or Europe quicker than our competitors in China because of the shorter distance.

“When all these innovations we’re planning are carried out, we’ll be even more competitive with our rivals at a higher level. And there is also the added benefit here of solid support from the Malaysian government like the financial subsidies to implement this new technology.”

Competitive Environment

Strategic diversification has been instrumental in the expansion of Jayastim Engineering which started out in 2009 servicing boilers and now has plans to go beyond its traditional line of work.

“After three years of performing boiler system servicing, we expanded our business into the boilerhouse system design and installation, including piping systems, electrical works, water and fuel systems, chimney, monitoring systems and other auxiliary systems,” says Managing Director Choo Kim Sam.

“Now we’re dedicated to the engineering and design, manufacturing, construction and installation of heating and cooling systems as well as components such as steam boilers, hot water boilers, thermal fluid heaters, heat recovery systems, industrial ovens, steel tanks, air ducts, cooling towers, chillers and hot and cold insulation works.”

We also offer services that cover the custom manufacturing of steel tanks, conveyor systems, expansion vessels, combustion chambers, chimneys and drying ovens,” the managing director says.

Jayastim Engineering also handles sales of imported equipment such as industrial burners, boilers, chillers and SCADA monitoring from European producers. “We serve various manufacturing industries including



CHOO KIM SAM

M. DIRECTOR OF JAYASTIM ENGINEERING

“WE ARE FOCUSING AGAIN ON OUR TRADITIONAL INDUSTRIES LIKE FOOD AND ELECTRONICS”

chemicals, food and beverages, plastics and electronics,” he says. “During the pandemic the company did well in working with Malaysia’s medical rubber and latex glove sector.”

Before the Covid-19 crisis, the company was posting annual revenues over \$1 million, a figure which tripled thanks to its work with the glove manufacturers. It also had to boost its work force by 15 per cent as demand for its services and products skyrocketed.

“But now the glove industry is slowing down a lot so we’re focusing once again on clients in our traditional sectors like food and beverage and electronics. One of our challenges is expanding our sales force by hiring the right salespeople as this is proving to be a good year for us and we want to keep growing by diversifying even further into heating solutions and air conditioning,” Choo says.

“And we plan to continue our focus on the local industry, as well as providing the role of engineering, procurement, construction & commissioning (EPCC). We are taking initial steps for the engineering and installation of a project in Vietnam, and we’re also indirectly working in the United States.”

Affordable labor costs, power and gas prices are factors why foreign investors should take a good look at Malaysia,” he concludes.

Jayastim Engineering Sdn Bhd

We specialise in:
Energy Conservation for Boiler Plant
Steam Boiler
Thermal Oil Heater
Boiler Economiser

www.jayastim.com.my

FOOD INDUSTRY IS SET FOR GROWTH

BOTH GEOGRAPHY AND CULTURE PLAY IN FAVOR OF INCREASED EXPORTS

A rich ethnic and cultural mix, coupled with Malaysia's vast bounty of agricultural and marine produce and state-of-the-art processing have made the country a world-class producer of foods and beverages.

Private enterprises and the government are making sure the country's farm and fishery offerings are helping meet the demand not only of Malaysia's growing sophisticated middle class but also the demand from overseas markets which are taking note of the country's offerings.

Officials estimate that the food industry accounts for some 10 per cent of Malaysia's manufacturing output with processed foods alone contributing around \$5 billion to the local economy.

Average annual food industry revenue stands at about \$50 billion and is expected to grow more than 8 per cent annually over the short term with the food and beverage industry assisted by government incentives including tax breaks and other measures.

And while Malaysia's food and beverage industries are doing well, the related restaurant sector is also thriving as disposable incomes increase in the growing middle class whose members like nothing better than going out for a family meal.

The country's multicultural mix contributes to the wealth of offerings available for diners with Malay, Indian and Chinese restaurants everywhere, and Western or Western-style fast food outlets proving more and more popular.

Sweet Spot

With a dozen years of experience in the food sector under his belt, Country Head for Pinnacle Foods Salim Bhuiyan says that Malaysia is perfectly placed to become a regional and perhaps global player in the industry.

"Here in Malaysia the food industry is 100 per cent competitive for several reasons. First of all, there is abundant land for anyone who wishes to become involved in agriculture with rich soil and wonderful weather.



"Number two, we have an extensive seacoast for fishing and related industries, and number three, our geographic location affords food exporters easy access to just about anywhere in the world," he explains.

"So if anyone wants to do anything involving food production here they will have a bright future."

Currently, Pinnacle Foods exports around 10 per cent of its products to Austria, Singapore, Brunei, Africa and the Middle East with the executive saying that the latter two are of particular interest for future growth.

"Our number one target for exports is Africa because of its huge potential as a market, and then the Middle East because there is not a lot of food manufacturing or distribution companies in those countries and Malaysian firms can fill that gap," Bhuiyan says.

Established 12 years ago and based in Shah Alam, just outside the capital, the company weathered the Covid-19 pandemic and even managed to retain and then add to its labor force of around 300.

Annual revenue of the company leading up to the crisis hovered around \$14.5 million with income coming mainly from juices and beverages along with other food categories in the Pinnacle foods portfolio.

But with the pandemic, the company switched its emphasis from a purely profit-making enterprise to helping the community.

"We began losing income from some of our items and with people unable to work



SALIM BHUIYAN

COUNTRY HEAD OF PINNACLE FOODS (M)

"MALAYSIAN FOOD FIRMS CAN EXPORT TO AFRICA AND THE MIDDLE EAST SUCCESSFULLY"

we asked ourselves what we could do to help. So we pivoted to providing basic foods like rice and cooking oil and stopped thinking about profit margins," Bhuiyan recalls.

"Of course our revenue was affected but we were doing what I call 'social subsidy' to support the people."

As the health crisis eased, the company returned to its original business with the economy picking up and with people heading back to the supermarket. With the return to business as usual, the company had to hire another 50 workers.

Like many firms in Malaysia, Pinnacle Foods employs a number of immigrants from Bangladesh, Nepal, Pakistan, India and Indonesia for some of the more unskilled tasks.

"Malaysia needs to bring in foreign workers in sectors like manufacturing because Malaysians like the more comfortable jobs. The government understands this and is cooperative in providing permits for the foreign workers," the executive explains.

Looking ahead, Bhuiyan says he would like to see Pinnacle Foods become a leading food producer in the country and boost its exports to account for 50 per cent of revenue.

"Our turnover this year is around \$18 million and I'd like to see that more than double to \$40 million within three years," he says. "And I think we can do it."

"The Malaysian food industry is in a sweet spot and there is no reason why it shouldn't be one of the major producers and exporters in the world within the next few years."





“COVID-19 TURBO-CHARGED OUR GROWTH AND ALLOWED US TO BUY OUR OWN FACTORY”

Pandemic Success

One company which has landed in that sweet spot is Nims Adelicousz which began ten years ago in the kitchen of the founder and his wife and which now exports its cereal and chocolate-based snack foods around the region.

“We started this company in 2014 when my wife was studying at university and I was working as a car salesman,” recalls Managing Director Faiz Hussamuddin.

“A friend sold me this tasty snack food and my wife said we could make this on our own and sell it. That is how we started.”

First branded as Crispy Choco Jar the product today is known around Southeast Asia as Crispy Choco Tub and comes in a variety of flavors such as milk chocolate, dark chocolate, white chocolate, coconut or strawberry.

At first, Faiz and his wife sold the product online and relaunched it under its new name in 2019, selling 5,000 units in one hour.



From there, the couple scaled up production bit-by-bit but still handled manufacturing and packaging from their home.

“This played to our advantage during the pandemic as our employees lived nearby so they could come to work even with the movement restrictions. At the same time, other companies couldn’t sell their products because no one was buying them so they sold our snacks instead,” the managing director explains.

“You could say that Covid-19 turbo-charged us. And in fact we were able to finally buy a factory at the end of 2020 with all the cash from our sales which amounted to around \$5 million.”

Sales were up again in 2021 to \$8 million but halved the following year as Nims’ regular retail outlets opened up and the company drastically cut back its sales force.

Abroad, Nims products can be found in Brunei, Singapore, Indonesia, Cambodia and Thailand with further growth on the horizon.

“There is a company in Thailand which runs 16,000 7-Eleven convenience stores and they are very interested in selling our product. I believe we have a big opportunity in the export market,” Faiz says.

“So for now we are targeting Asian countries but we also just carried out our first shipment to the United States. Ours is a really distinct product that no other country offers.”

By 2026, the managing director would like to see annual revenue hit above \$10 million with 70 per cent of that coming from exports. And Nims’ products are all halal certified which will ease their way onto supermarket shelves in other Muslim-majority countries.

“Malaysia’s many halal food products provide all of us with a huge opportunity to enter not just other Muslim markets but also Western countries with large Muslim populations. And while halal is important we also have to be truly innovative in the food and beverage items we produce to make a real impact.”



“IN THE HALAL EXHIBITION WE HAD SOLID ENQUIRIES FROM BOTH SINGAPORE AND JAPAN”

Halal Advantage

Innovation coupled with inspiration were the driving forces behind the creation of JPRO Empire which following years of development is on the cusp of producing a tasty and popular line of frozen river fish.

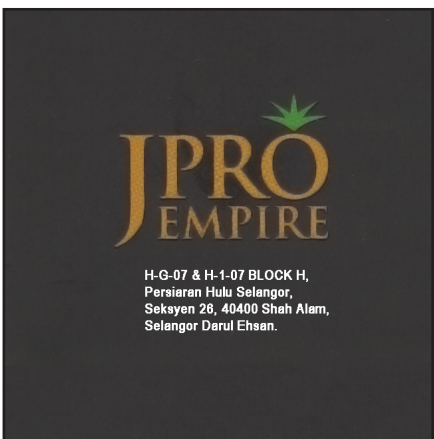
“When the pandemic happened I was casting about for a business to get into and Covid-19 or not, as people still needed to eat. We tried several food products like chillies and pineapple but I finally hit on a species of river catfish known here as ikan patin,” says founder and CEO Juwita Abdul Aziz.

“We went to the Malaysian Agricultural Research and Development Institute, or MARDI, a government entity which helps the country’s farming and fishery companies, and I told them I wanted to do this.”

MARDI officials proposed the technology needed to process and produce the frozen fish line and Abdul Aziz was in business with the factory currently under construction and machinery being installed. It is scheduled to open in early 2024.

JPRO Empire has kick started the business by taking part in several food and beverage trade shows including one in the Malaysian capital solely dedicated to halal foods.

“This was our first exhibition and I am very happy to say we had solid enquiries from Singapore and Japan which gives us confidence that we can market ikan patin not only in Malaysia but also internationa-



lly," the executive explains.

"Our production capacity will initially be around 50 to 60 tons a year but if we can put on more shifts in the factory our production could increase to meet any rise in demand."

Abdul Aziz says the idea is to market the fish under the company's own brand but has already received a request to supply a private label and would consider that route.

With the help of the government, JPRO Empire is in the process of obtaining the coveted halal certification and is also ready to produce fish from the sea which is cheaper and will be targeted at more cost conscious consumers.

"Ikanpatin is expensive averaging a little over \$4 a kilo and from 150 kilos you can only get about 47 kilos of meat so it's for a higher level of customer. But we won't sell either fish for mixing into fish balls or fish cakes which is done here," she explains. "That way I can control the quality."

With Mardi's help at each step along the way and with the factory about to begin production, Abdul Aziz says she expects both domestic and foreign success for her products.

"Through all this process I have learned that whatever you do, have determination and never give up. You have to know what you are doing and where you are going. After all the pain comes happiness!"

Unique Attributes

Seafood is also a key ingredient in the success of Cosmic Culinary Food Solution which got its start some 50 years ago as a supplier of fish in the eastern state of Sarawak.

"This was my parents' business and after my studies I came to Kuala Lumpur to start a seafood business in Peninsular Malaysia," relates founder and Managing Director Andy Kho.

"After 10 years my clients began asking me why I didn't produce finished products to reduce wastage and make it easier for them as they didn't have the labour for the cooking.

"So in 2013 we started to produce simple seafood and chicken-based products and that is where we developed from. Right now we have more than 300 ready-to-eat items for retail and also the airlines including chicken, beef and seafood patties," he says.

Cosmic Culinary Food Solutions' product list includes a wide range of items such as Cantonese-style mackerel with rice, broccoli and carrots, prawn fettucine, seafood marinara cheese baked rice, prawn tempura, fish & chips and various fish dishes.



ANDY KHO

MANAGING DIRECTOR OF COSMIC CULINARY FOOD SOLUTION

"WE HAVE THE ADVANTAGE OF BEING MULTICULTURAL AND THAT'S EXPRESSED IN OUR FOOD"



Before the pandemic, the company produced only 15 items, had a production staff of more than 40 people and annual revenue of around \$1 million.

"But then we were badly hit by Covid-19, our sales dropped to almost zero and our revenue plunged to about \$300,000. Thankfully, the market recovered and in 2022 we saw revenue rise to almost \$2 million and this year we are expecting it to be \$4.5 million," Kho says.

"Currently our main focus is on the airlines like Malaysian Airlines and some of the foreign carriers but there are challenges including rising prices for our raw materials and finding well-trained labor is also a problem."

Cosmic Culinary Food Solutions' reliance on aviation clients before the pandemic proved to be a mistake as the global airline industry cratered which triggered the plunge in business for the company.



COSMIC CULINARY FOOD SOLUTION SDN. BHD.

EASY TO PREPARE
PREMIUM BUT AFFORDABLE
SAFE TO CONSUME

www.facebook.com/Ccfs.com.my

However, executives used the downtime to carry out R&D to produce dozens of new items and the managing director says the company will take another hard look at the general consumer market and focus less on niche markets like the airlines.

"Exports are also a must and is another target. Our products are, of course, halal certified and Malaysia's halal certifications are widely respected so that should ease our entry into foreign markets like in the Middle East," he says.

"We'd also like to expand within our own Southeast Asia region and then possibly China, developing something different to what these markets have at the moment."

"We have the advantage of being a multinational country where the people speak different languages and a rich culture which is expressed in our food," he says.

"Malaysians are a friendly and open and I think we can use this culture to share what we care about with the whole world."

Quality First

B2B is the main focus of Lecker Food which supplies chocolate to bread, cake, cookie and other baked goods manufacturers, drawing on a decade of experience in the market and sourcing its prime raw material from Malaysia's own cocoa industry.

A family company founded by Managing Director ChoongHua Yu's father in 2011, it began production a year later and made its first significant sales in 2013.

Lecker Food's extensive production line includes chocolate chips, nuggets and blocks, along with flavored spreads, pastes and syrups. And the company provides customized contract manufacturing of products for private labels according to client demand, along with product application training for clients.

"We were doing very well, growing organically and coming into 2020 our sales were great and our costs were manageable," the executive recalls. "Just before the pandemic we had between about 50 people working for us."

Surprisingly, the pandemic was very, very good for us with sales shooting up. Our principal sales channel was B2B because we supply to bread, cake and cookie manufacturers which were still operating as people have to eat and these staple foods were still in demand," he says.

"We didn't lose clients or customers but everyone scaled back purchases. In fact,



“WE STILL NEED TO CATCH UP IN NICHE FOOD SEGMENTS LIKE VEGAN & HEALTHY PRODUCTS”



we gained customers in terms of numbers but everyone was purchasing less and you could see the market was returning to normal,” Choong explains.

This difficult period taught executives a lesson about maintaining costs as the price of raw materials was rising, shortages were occurring and shipping delays were mounting due to geopolitical tensions and other factors.

“Right now costs are more stable but you can see they are still clearly on the rise,” he says.

According to the executive, challenges facing the Malaysian chocolate industry include price competitiveness as there are more and more small and medium-sized producers who saw an opportunity when chocolate sales boomed during the pandemic. But quality varies between the different manufacturers.

Lecker Food is in the process of building and outfitting a brand new, state-of-the-art manufacturing facility. The managing di-



rector describes the new plant as purpose-built with extensive automation that will boost not only efficiency but also double production capacity which, he predicts, will also fuel a doubling of sales.

“We’ve always produced what is called ‘compound chocolate,’ a mix of cocoa powder and vegetable fat and now we want to move into so-called ‘real chocolate’ which is made of cocoa mass and cocoa butter,” he explains.

“Malaysia’s food industry is very good at making what are called fast-moving consumer goods like cookies and other such staple, off-the-shelf products but we still need to catch up in niche products like vegan, eco-friendly and health foods.”

So I think for foreign investors and others they should take a look at Malaysia as a great food producing nation and I can guarantee it will be worth it.”

Traditional Treats

One of the world’s best known holidays is Chinese New Year in February when every Chinese community around the globe celebrates with festive meals, dragon parades, gift exchanges and lots and lots of fireworks.

In Malaysia, the festivities include enjoying bakkwa, barbequed dried meat offered as a gift to friends and family to mark the special occasion. Wing Heong Food is the country’s main purveyor of the traditional treat.

“In 2024 we’ll mark 52 years in this family-owned business supplying bakkwa, only consumed at Chinese New Year and with a unique taste that can only be produced by grilling every handcrafted slice with our secret family sauce recipe,” says CEO Chris Yap.

Wing Heong Food produces bakkwa in beef, pork, chicken and ostrich versions and in various flavors such as spicy and honey bacon for the Malaysian and the Hong Kong markets. It also offers gift baskets of the delight.

“It’s a snack, I would say. People buy it for gifting just once a year and only at the festive season,” the executive explains. “So that is when we make our revenue.”

Because Chinese New Year occurs in February, the pandemic which struck in March of 2020 made little impact on Wing Heong Food with revenue of around \$2 million.

“At first we didn’t know what would happen but one thing that saved us was e-commerce,” Yap recalls. “People were stuck at home so they couldn’t come to our seven branch stores around the country to buy the product, so we reached out to them and the



“WE WANT TO TAKE OUR OWN BAKKWA TO EVERY LITTLE CHINA TOWN IN THE WORLD”



numbers were actually really amazing.”

Now, he says, the firm’s online sales remain strong while customers are moving back to retail and returning to shopping centers and other outlets.

“So our strategy is to be there and it’s a cultural thing. When people think of Chinese New Year their first thought is ‘Where will I get my bakkwa for my family and friends?’”

Wing Heong Food recently began selling directly to customers in Hong Kong and as Malaysia has a limited Chinese community, Yap’s plans are to look at new cities with a significant Chinese presence .

“We want to be in every Chinatown in the world,” he says. “Even in those in Europe and the Americas. But of course we will begin in countries close to us here in Southeast Asia and go from there,” he says.

Over the next three years, the CEO would like to see the company’s annual revenue double from the current \$3 million to \$6 million and the staff increase from 60 to 100 employees as the hoped for demand for bakkwa rises.



RESTAURANTS ON THE ASCEND

FOOD AND BEVERAGE IS RAPIDLY LEAVING THE PANDEMIC WOES BEHIND

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

With incomes on the rise, more and more restaurants are springing up to meet the demand with local home-grown chains popping up and local entrepreneurs signing franchise agreements with well-known foreign brands.

According to sector analysts, Malaysia's food service sector produced revenue of more than \$18 billion in 2022 and is predicted to enjoy a compound annual growth rate of over 6 per cent at least until 2027.

Malaysians of all walks of life who go out to eat whether for a big celebratory meal with family and friends or just a quick lunch at a food stall are following global trends, experts who follow the hospitality sector say.

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

According to analysts, the situation was no different in Malaysia where the value of the food service industry dropped by 40 per cent between 2019 and 2021 because of lockdowns keeping diners at home.

However, business volume increased after restrictions eased followed by the reopening of international borders in 2022 which had another positive impact as foreign tourists, eager to tuck into Malaysia's acclaimed cuisine, poured back into the country.

Those establishments which managed to survive during Covid-19 did so by switching to take-out and delivery only, laying off staff or shutting down tempo-



"SURVIVING THE PANDEMIC IN THIS SECTOR MEANS THAT YOUR BUSINESS BASICS IS RIGHT"



rarily and getting by on savings, loans and government support schemes until the return to normality.

Service Culture

One of those survivors is a chain of restaurants operated by the Al Barady Group which features Indian food with a touch of Malay influence, according to Managing Director Abdullah Fadhil Bin Zainuddin.

"Our restaurant brand is Mamak which is the name for Indian Muslim food which was traditionally served in small street stalls called 'mamaks', the executive explains.

"My father started this business back

in 1985 with a single restaurant and now I, along with my cousin, are co-managing the group. Eventually we expanded to Perak and Selangor states before the pandemic came along."

Al Barady Group owns all its outlets and targets mostly middle-class diners. As can be expected, the restaurants suffered greatly during the health crisis but executives managed to keep the company afloat.

"It was a hard time for us and we had to close down half of our business at the direction of the government and income was down substantially," Bin Zainuddin recalls. "But we could still do deliveries and we hired many delivery guys to take our



food to our customers.

“And the thing is, if you can survive through a pandemic in this sector it means you have good business basics and that was a great realization for us.”

Business began to return in the middle of 2022 but the Mamak restaurants still faced obstacles because it was hard to recruit local employees as many did not want to work in the food and beverage sector.

“Our problem with local workers is that they don’t display the true Mamak culture in which concentrating on excellent service is of the most importance and giving yourself totally to the customer,” he explains.

With the economy and the restaurant business returning to normal, the managing director says the next step for the group is to set up a central kitchen supplying all the outlets to ensure standardized quality across the board.

“Once the central kitchen is up and running smoothly perhaps we can go into ready-cooked meals to be sold in supermarkets. We’re also looking at an eventual listing on the stock market.”

Bin Zainuddin says that because of its pan-Asian identity the country is a natural for investors introducing other cuisines, citing the growth in the number of Japanese, Korean around the country.

“For the world to come here is a good thing because it will help Malaysia grow its business as these outsiders are already having an impact on the quality of food that’s being offered to the public.”

Unique Taste

While Malaysia has its own rich and varied food culture, one company took a concept from next door Indonesia and has made a success building on the regional similarities of cuisine between the two countries.

“We started in 2010 with a small restaurant selling ayam penyet, a tenderized fried chicken dish from Indonesia, modified the menu a bit for Malaysian tastes and it became a local favorite,” says Mark Ng, the managing director of restaurant chain Ayam Penyet Bagus.

The firm now has three different types of restaurant – Ayam Penyet Best Premium, Ayam Penyet Basic and Ayam Penyet Best Station – with each brand offering a slightly different menu at different prices. Some restaurants are ow-



MANAGEMENT TEAM OF AYAM PENYET



MARK NG

MANAGING DIRECTOR OF AYAM PENYET BAGUS

“OUR FIRST INTERNATIONAL FORAY IS SINGAPORE, THEN BRUNEI AND LAST INDONESIA”



ned and others are franchises.

Its offerings include chicken, beef and seafood, all prepared in a traditional style with rice, vegetables, shrimp chips, sambal hot sauce and other items on the side, and all halal certified.

“Before the pandemic we were doing quite well with between 20 and 30 outlets and we had been planning for three years to be listed on the stock exchange,” the executive recalls.

“But of course with the Covid-19 restrictions our sales dropped between 50 and 70 per cent and we had to rely on the delivery business instead of serving diners in our restaurants. In the end we only had to close two or three outlets.”



One surprising silver lining to the lockdown was that the management team came up with a new concept for potential franchisees.

“Before the pandemic, a franchise required between \$100,000 and \$150,000 in investment. But with the economy doing so badly we created the Ayam Penyet Best Station brand requiring only around \$30,000 for the franchisee to invest,” Ng says.

According to Chief Marketing Officer Andrew Teh, the idea was to target young entrepreneurs eager to launch a start-up operation with a much lower investment cost enabling them to receive financing from local banks.

“And there was also assistance by the government for these start-ups,” he adds.

Ayam Penyet Bagus plans to have 50 restaurants operating by the beginning of 2024 with around 40 per cent owned by the mother company and the rest franchises. Larger restaurants will measure around 1,000 square feet of floor space and the Ayam Penyet Best Stations will be around half that size.

“Of course the setup will be different and the menu will be similar but more affordable,” the managing director says.

Future plans also call for taking the

concept to neighboring countries including Singapore and Indonesia where the chicken dish originated but with local tastes in mind.

“Fried chicken is fried chicken but it will be localized according to the country,” explains CEO Michael Ng. “Our first foray will be Singapore, then Brunei and then Indonesia where the population is six times that of Malaysia.”

“We’ve also seen interest from India and we’ve had discussions but the problem is that the franchise system there is not up to the appropriate level yet and brand protection is also an issue there,” he explains.

The managing director predicts that the company will have 100 outlets by the end of 2025 and is also designing another brand with floor space of 500 square feet positioned in mall food courts to appeal to office workers on their lunch break.

“Malaysia is a great place for food, it’s got a great reputation and so we’re predicting great success in the future!”

Truly Malaysian

For a comprehensive take on Malaysian cuisine, one can stop in for a meal at any of the Madam Kwan’s restaurants dotted around the country which serve up a mix of traditional and tasty Malay, Chinese and Indian dishes.

“Truly Malaysian Cuisine” is the company’s motto, echoing the country’s long-time, prize-winning tourism slogan “Malaysia Truly Asia”, with the company this year celebrating its 25th anniversary.

“We launched this brand in 1999 and is named for Madam Kwan, an actual person who is now 90 years old,” explains Maureen Ooi, the CEO of the mother company Suez Top Ventures.

“She ran a restaurant back in the 1970’s which was a success then lost everything over a bad real estate deal but I helped her out, scratched up some capital to get it off the ground, we together rebranded and now here we are with 17 outlets.”

Ooi recalls that the chain was having a fabulous year operating 11 restaurants when the pandemic arrived.

“It was the scariest moment of my life. A good friend in China told me to prepare for a 90 per cent drop in revenue so we had to think how would we pay everyone and we staged drills to see how best to survive.”



“Every day I woke up thinking of only one thing: I must survive this with positive cash flow and we managed with the takeaway business. We only had to let go our contract workers but no permanent staff paying them first, then our creditors and lastly the landlords,” she says.

“We survived very well in the end and in fact we’ve added five new outlets since the end of Covid-19.”

That experience changed the way the chain did business with management adopting digitization technology in food preparation and ordering, and acquiring new food freezing technology.

This has enabled Madam Kwan’s to

centralize food production at the headquarters in Kuala Lumpur and deliver meals to its restaurants as far away as Johor Bahru in just a few hours.

Ooi says the company is also planning to get heavily into robotics to cut rising manpower costs, pointing out that preparing Asian food is extremely labor intensive.

“So all of this will allow us to continue to expand with our focus outside of the capital and we already have two franchises in East Malaysia in Sabah state,” the CEO says. “And even beyond Malaysia if we can the right partner. In fact, I’m having a meeting soon with a potential franchisee from Australia.”

“What is truly dear to my heart right now is that we are blessed to be given the kind of support for 25 years and the opportunity to put Malaysian food onto the world map.

“As a potpourri of three Asian cultures, the taste is bold and delicious. Our only problem is that Malaysian cuisine lacks identity unlike Thai food which is known around the world,” Ooi says. “But we’re working hard to change that and I’d encourage everyone to give Malaysian food a try. They won’t be disappointed!”



INTERVIEW WITH YAP BOON CHIN

Group Managing Director
Yal Group

The rising demand of agricultural products both in Malaysia and the wider region is set to provide ample opportunities for fertilizer producer and logistics leader Yal Group. With new production and warehousing facilities in the pipeline the future looks promising



Malaysia's agricultural sector is a major pillar of the country's economy with farming employing some 10 per cent of the labor force and accounting for around 8 per cent of GDP.

Palm oil is a major industry within the sector and, along with rubber and cocoa, represent about half of Malaysia's agricultural output with rice, tropical fruits also vital to the economy.

Two years ago, as the effects of the pandemic eased, the country's global agricultural trade was worth almost \$60 billion, with exports reaching \$36 billion and imports more than \$23 billion.

Instrumental to the success of Malaysia's agricultural output is the production, storing and shipment of fertilizer and with worldwide demand for food rising, it stands to reason that the country's fertilizer industry will follow suit.

With the demand for food increasing globally, the growth of the fertilizer industry in Malaysia is likely to play a critical role in supporting sustainable agriculture and food security in the region.

Between 2013 and 2022, Malaysian fertilizer output increased almost 200 per cent, from 2.6 million metric tons to 7.5 last year.

Market Leader

According to Malaysian government forecasts, production is expected to reach 8.8 million metric tons over the next four years, which is welcome news indeed for family-owned and operated Yal Bulk Packing Services, which has been deeply involved in all aspects of the fertilizer business since its initial start more than four decades ago.

"We basically started as a fertilizer contractor when my father began this business back in 1982," says Group Managing Director Yap Boon Chin. "Later we got into manufacturing and there was a requirement for logistics and so on and we moved in that direction."

"I can probably say with some confidence that we are the market leader here in Malaysia for fertilizer on contracting jobs."

The group has two divisions: YAL Bulk Packing Services and YAL Haulage. It began by renting warehouses to store imports for its local customers and eventually purchased its first warehouse. It currently has facilities at Port Klang, Malaysia's most important port and the 14th busiest in the world, totaling 350,000 square feet of storage space.



Over the years YAL has broadened its offerings to include the warehousing of bulk cargos of fertilizer, transporting fertilizer in both bulk and bag from the port to its four wholly-owned warehouses, and the mixing, rebagging and transporting of fertilizer to its many clients.

The group also offers warehouse management services to independent warehouse owners.

Its haulage division alone is composed of 35 prime movers, eight side loaders, five tippers and almost 200 trailers all operated by an experienced and committed staff.

"We are particularly proud of our haulage business with its 100 per cent dedication to service integrity and reliability which means our customers receive the very best treatment," the managing director says.

"Our top line and continuously growing vehicle fleet, many of which are supplied by such manufacturers as Mercedes-Benz, guarantees fast and smooth delivery at all times and we offer competitive pricing to our customers without compromising the quality of services."

Industrial Plans

As with most companies in the logistics sector, the YAL Group was affected by the pandemic and at the time the crisis began in early 2020 had an annual turnover of around \$6 million and on the payroll were between 200 and 300 people.

"We were maintaining our logistics and haulage business but once the lockdown was imposed, we had nothing to do for a few months as cargo was not coming in," the executive recalls.

"But we managed to survive and business began coming back by the end of 2020 and into 2021 with all the main players in the fertilizer industry putting their cargos into our warehouses."

Last year, the group landed a profitable con-

tract to make fertilizer on its own with two manufacturing machines.

It took that step because all the major fertilizer producers by that time were purchasing their own warehouses. But at first company executives didn't know how to go about getting into the manufacturing end of the business.

"I was asking myself: 'How do I start?' I had no technology or manpower to do this. But then I got in some experienced people to help us out and formed a joint venture for the first machine and then I bought another one from China," Yap explains.

"So before we were doing only warehousing and transporting, now we are manufacturing and trading as well and I expect our revenue in 2023 to be three times as much as before Covid-19."

These days, Yal Group moves some 500,000 metric tons of fertilizer a year. In order to reach that number, it has hired more workers and now employs some 400 people.

However, Yap says he expects that manpower could be a problem in the future as the company expands and requires more managers.

"Next year we are planning to develop our new site in Pahang state where we have a piece of land. Maybe we'll build a warehouse there but I still don't know what exactly we'll do with it."

"We also have land near the port in Johor Bahru as well which is strategically connected with Singapore," he says.

"Plans also call for the group to sell directly to end users instead of going for tenders. If all goes well with the two new fertilizer production machines and annual revenue reaches \$20 million, the managing director says he wants to take a major step.

"Once we obtain that revenue goal, I would like to publically list the group on the stock exchange. That will be a big deal for the Yal Group but I really believe all of this will definitely happen!"

MALAYSIA'S LOGISTICS SECTOR

MALAYSIA'S STRATEGIC LOCATION PROVES RIGHT FOR ITS LOGISTICS SECTOR

Strategically located in the very center of an economically vibrant Southeast Asia and astride several important global maritime trade routes, Malaysia boasts a well-developed logistics and transport industry.

Whether clients are looking to move goods across the country or to the other side of the world, companies active in the sector are among the best in all of Asia.

Check it out on a map. Peninsular Malaysia and East Malaysia have land or sea borders with almost every country in Southeast Asia: Singapore, Thailand, Brunei, Indonesia, the Philippines and Vietnam, providing it with the coveted role of "the hub of Southeast Asia."

According to business analysts, Malaysia's logistics and cargo market is expected to be worth \$55 billion by 2026 with a compound annual growth rate of 4 per cent.

A key factor in this increase is the government's support for upgrading existing infrastructure and plowing money into expanding road, rail, sea and air transport routes and facilities aimed at encouraging national and regional development.

In fact, Malaysia leads the entire region with \$250 million invested in transport infrastructure per million capita over the past 20 years.

Right Location

As Malaysia's economy has diversified and changed over the past two decades, so has Canal Logistic. Based in Selangor, the freight forwarding company launched in 2006 focused mainly on handling iron ore.

"At that time, iron ore was booming in Malaysia and we were doing very well for a decade before that business began slowing down," says Director Calvin Chin. "Now, Malaysia is filled with Chinese steel mills and so exports have ceased. Also the Chinese market is down."

"However, we are one of the forwarding agents for the state government so we still handle mineral exports, like clay for Bangladesh."



CALVIN CHIN

DIRECTOR OF CANAL LOGISTIC

"WE ARE FOCUSED THANKS TO A SMALL BUT WELL-TRAINED TEAM WITH THE RIGHT PEOPLE"

Like many companies involved in logistics and trade Canal Logistic was deemed essential by the authorities during the pandemic and received a license from the Malaysian Investment Development Authority to carry out international shipping for overseas clients.

Cargos of rubber medical gloves, the trade in which boomed globally during the health crisis, were a major part of the firm's business during this time and Chin also helped another company set up a glove factory.

"So we did well during Covid-19. In 2019 we employed only four people but now our freight forwarding staff has tripled to a dozen as has our revenue which this year should be between \$2 million and \$2.5 million," the director predicts.

"Meanwhile, we're carrying out our haulage and warehousing activities by partnering with other people."

Chin says a key element in running a successful business is having the best team possible. "We train them from zero so they can follow our corporate culture and learn discipline and responsibility," he explains. "Forwarding logistics is service oriented so if you get too big you can't focus like we can thanks to our small, but very well-trained team composed of the right people."

There is the risk that after learning the business these recruits will quit to join another company, but Chin that they



are well treated and notes that during the pandemic staff members were taken care of if they tested positive for the virus.

"If they want to leave our company that is their decision. But to guarantee the quality of our service we also enroll senior employees in professional courses to boost their qualifications."

Canal Logistic's core clients are from the rubber, timber, palm oil, durian and chicken sectors and it still handles steel products. With Malaysia becoming a major trade hub, Chin expects the firm to double or even triple its business over the next three years.

"Every business involves logistics and Malaysia is a great place to be in this industry and as an investment destination in general because of its strategic location, stable economy and politics, and its multicultural and multilingual environment."

Solid Alliances

Malaysia's promising future as a logistics and transshipment center for the country, the region and the world is shaping the plans of UnityLink Services & Agency, an integrated services provider offering everything from general goods logistics and warehousing to trucking and international road, air and sea freight transport services.

"After finishing school I joined one of the biggest logistic companies here and for three years gained work experience. I fell in love with the trucking sector and started UnityLink in 2008, focusing on haulage," recalls Managing Director Ching Heng Share.

The next step by the founder of the Shah Alam-based company was diversifying into warehousing. As business grew he saw that freight forwarding was growing and jumped into that sector.

Now, along with haulage and trucking, distribution, storage and freight forwarding, the company offers temperature-controlled logistics, liquid bulk food transport,

Canal LOGISTIC

Make Logistic Easier

- Multimodal Worldwide Forwarding Service
- Custom and Marine Insurance brokerage
- Sea and Air, Breakbulk, Charter, Cross Trade and Project Management
- Warehousing and Distribution

Email : canallogistic@gmail.com



EDWARD LIM

HEAD OF SALES OF
UNITYLINK
SERVICES & AGENCY

“OUR FOCUS IS BUILDING UP A LOGISTICS AND WAREHOUSING CENTER IN PORT KLANG AREA”

customs brokerage and pickup, loading, packing, wrapping and labeling services.

Industries UnityLink serve run the gamut from agriculture, automotive, construction and chemical to food, pharmaceuticals, IT and retail, as well as many more.

With business finally returning to normality as the effects of the Covid-19 pandemic wane, the company is looking ahead to further prosperity although there are challenges on the horizon.

“We are confident that the government’s policy for encouraging more FDIs, there will be more opportunities for the logistics industry in Malaysia,” says Edward Lim as Head of Sales.

N. Sankunny, UnityLink’s analyst for ports and logistics solutions, says the firm is strategically located to garner and provide logistics solution for multinational customers and small and medium-sized enterprises (SME) located in Shah Alam.

“We are also poised as one of the main transportation logistics hubs in the Klang Valley network for distribution of cargo for the entire country. Furthermore, we are located close to the 12th busiest port in the world, Port Klang,” he affirms.

He added that the government’s recent announcement on the expansion of Westports 2, and the new port development in Carey Island augurs well and is in tandem with Unitylink’s vision of expanding its



warehousing capacity at prime locations.

Sankunny notes that Port Klang strategically sits astride the Straits of Malacca and for many container vessels it is the first port of call for those coming from Europe-Far East and the last for those going to Europe-Westbound routes.

“So the cargos can be dropped off here-for value adding, for re-assembly etc, at the various regional distribution centers (RDC) and Free Zones, as Port Klang has emerged as a primary hub with an extensive sailings network of connectivity to ports globally with links as well for the regional ports.

“We need solid alliances with strategic partners in the logistics business from outside of Malaysia to come here, as this country has operated ports with international standards for many years.

“And with these regional distribution centers and ongoing investments, we’ll really be in the big league!”

One Stop Shop

Although Port Klang is Malaysia’s busiest sea cargo handling facility, it could still stand for improvement, argues A. Asogan, the managing director of Global Matrixx Logistics.

“My main complaint is that the roads leading to the port need to be seriously upgraded. After many years they put in a new road but even that is in bad shape and with just one breakdown or accident there’s a five-to-six-hour traffic jam.

This can be a problem especially for companies operating warehouses far from the port. Asogan also says the government should put it a new rail system for Port Klang like the one which existed before.

Global Matrixx Logistics is involved in just about every aspect of logistics with divisions handling air, sea and land cargo, trucking, warehousing and customs clearance, offering a “one-stop-shop” for its clients’ needs.

“Most of our business comes from



“I SEE OUR TOTAL TURNOVER DOUBLING IN 2023, WHILE FREIGHT COSTS GO DOWN”

shipping going overseas and while we have some occasional imports, exports are our bread and butter,” the executive explains, “and we work a lot with the Malaysian furniture industry.”

The pandemic had little effect on the company which managed to hold on to almost all of its clients during the crisis. At the same time, smaller rival companies disappeared, giving Global Matrixx Logistics a boost.

“Before Covid-19 there were a lot of tiny companies doing odd jobs but they didn’t survive, the sector consolidated and now we’re getting a lot of enquiries and that means we now have a bigger share of the market,” Asogan says.

“I can already foresee that our sales in 2023 will be almost double what we have been doing. Freight costs are going down a lot since the pandemic so that helps.

“We now find the export market is booming again, it is picking up so we’re very happy with that although I can see challenges ahead,” he says.

“We’re in the service industry which is going to be totally IT related and converging from half-manual to fully automated will not be easy,” he warns. “We’ll be doing more hiring so getting the right staff is also a challenge as they have to be creative, be able to adapt and embrace these new methods coming our way.”

UNITYLINK SERVICES & AGENCY SDN BHD
WAREHOUSING, ROAD HAULAGE, FREIGHT FORWARDING IN MALAYSIA SINCE 2008
www.unitylink.com.my

GLOBAL Matrixx logistics
LAND TRANSPORT
AIR & SEA FREIGHT
TRUCKING SERVICE
WAREHOUSING
CUSTOM BROKERAGE
www.gmatrixx.com

MALAYSIA'S CONSTRUCTION OPPORTUNITIES AROUND IN WASTE MANAGEMENT & INDUSTRIAL BUILDINGS

With the economic impact of the pandemic now largely waning, Malaysia's industrial sectors are reemerging stronger and the construction business is a prime example.

Activity in the nation's construction sector rose by 9.4 per cent in the first quarter of 2023 compared to the same period a year earlier making it the fourth straight quarter registering an expansion in construction output.

This comes on top of 2022's 8.8 per cent increase following a fall of 5 per cent in 2021 when activity was still being dragged down by the effects of the pandemic.

Analysts predict the sector to increase by 6.6 per cent in 2023 with medium to long-term growth to remain solid in the coming year, registering a compound annual growth rate of between 5.5 and almost 7 per cent from now until 2027.

Much of the growth is thanks to big ticket government infrastructure projects such as a major rail link on the east coast, the much-awaited roll out of the 5G digital network and improvements to the Klang Valley Double Track rail link.

The analysts also say there will be expanded demand for non-residential buildings as manufacturing increases while construction will be additionally fueled by the government's affordable housing project.

But analysts say challenges remain such as manpower concerns and the increasing cost of construction materials.

On the plus side, Malaysian construction companies and their suppliers are largely optimistic, foreign investors are taking an interest and the new government's policies indicate an expanding sector.

Expanding Markets

A vital subsector of the construction industry is waterproofing and geosynthetic reinforcement using recycled plastic



“OUR NEXT IDEA IS TO MOVE FROM THE CONSTRUCTION OF LANDFILLS TO OPERATING THEM”

to provide additional strength and stability to slopes, breakwaters, landfills, reclamation works, highway embankments and other projects.

One of the veterans in the business is HÜLS Engineering established almost 30 years ago as a water proofing solution provider for buildings by founder and current Managing Director Ragunathan Palanisamy.

“In 2000, we moved into geosynthetics and we were very successful and we use a broad array of geosynthetic materials in our projects including geogrids,

HDPE geomembranes, concrete infill mattresses, clay liners and high-strength geotextiles.

“At the time of the pandemic we were posting yearly revenue of around \$11 million to \$13 million and were working in landfill, waste disposal parks, ocean control, slope protection and rehabilitations,” he says.

Business dropped by around 65 per cent but ongoing projects working with essential operations in areas like water supply allowed the company to avoid the worst of the lockdowns.

HÜLS is now involved as a subcontractor on major works like a Mass Rapid Transit project and the East Coast Rail Link but no further large-ticket government jobs are on the horizon.

“Private sector projects like commercial buildings or shopping malls are not our business as we're in things like waste and waste water management which is public investment so we're waiting for the government to do more in these sectors,” the executive explains.

“We ventured briefly into the Philippines and Indonesia but those forays didn't work out because we didn't have the right partners. But we've also done work in Singapore, India and the Indian



Ocean island of Diego Garcia where we had a contract from the U.S. Navy for a waste disposal plant.

“Over the last five years,” Palanisamy says, “I decided to go beyond waterproofing and the waste business and enter into other sectors.”

Those include slope protection for highways to ensure they don’t collapse and the same for the many transmission towers which are going up all over Malaysia as the government expands and improves the electrical grid.

Around 70 per cent of HÜLS Engineering’s revenue is now coming from these new activities and of the five subsectors the company is working in, the managing director says it is the biggest player in four of those and among the top ten in the fifth.

“Our next idea is to move from the construction of landfills to operating them. This means the waste comes into the landfill and we spread it in a very safe manner. This will provide passive income over a long period of time,” he explains.

“Malaysia’s construction sector is definitely growing and especially in geosynthetics with all the big international players like Solmex of Canada, Italy’s Maccaferri and TenCate of Germany having their Asian headquarters in the country.

“It is a very good market for these new technologies as people are looking for options to concrete, steel and so on as ways to protect lakes, rivers and other waterways and it is clear that geosynthetics are the material of the future,” he says.

Swiss Technology

International businesses flocking to Malaysia have been providing a lot of work for Sarnatec, a company which designs and installs Swiss-made, high-tech roofing and wall cladding for large industrial projects.

“I’ve been in the business since my apprenticeship back in Switzerland more than 30 years ago and I’ve been in Malaysia since 1997,” says Managing Director Simon Fluck.

“Sarnatec has existed since 2012 as a specialist company in flat roofing and wall claddings for clients who require a system with long warranty requirements



SIMON FLUCK

MANAGING DIRECTOR OF SARNATEC

“DEMAND FROM DATA CENTER PROVIDERS SHOULD CONTINUE TO GROW FOR A FEW YEARS”

which are mostly foreign but we also work on locally-owned projects as well.”

The company is the Malaysian and Southeast Asian representative of Sika Roofing Solutions which is the leading global single-ply membrane manufacturer with over 50 years of experience.

Its products include single ply polymeric sheet membranes and liquid applied membranes for exposed, ballasted, solar, bespoke rain screen and green roofs, along with roof gardens and utility decks. Sarnatec also refurbishes concrete and metal roofs.

The firm’s wall cladding panels are provided by Swisspearl and are rot resistant, fire proof and virtually maintenance free, protecting the building from the elements for decades, a valuable feature in tropical climates like Southeast Asia’s.

Sarnatec’s commercial, industrial, residential and institutional client list includes such multinational companies as IKEA, Double Tree Hotels, Osram and B. Braun Medical.

“Prior to the arrival of Covid-19 our major clients were from the semi-conductor industry which always seems to go through cycles but at that time it was on an upswing,” the executive recalls.

“American companies like Microsoft and Intel or European firms like Bosch were planning to expand their facilities



here and new investors were coming to Malaysia but then Malaysia was hit by the lockdowns from the pandemic.”

Challenges also included rocketing metal and plastic insulation costs with manufacturers taking advantage of the crisis to raise prices creating a very volatile market.

“These have stabilized at a somewhat higher level but they can still be uncertain,” he explains. “Before the pandemic we could always get a discount from our suppliers while now they say they have to increase the price for whatever reason.

“Other problems are the long time that big construction projects take, some of them are delayed and when it comes to putting on the roof, we’re of course the last ones.”

Despite these obstacles, Fluck says the construction industry is on a positive trend with, for example, data centers being built although he cautions the Chinese companies involved are not using the highest quality materials and the fast pace of construction does not ensure the best standards.

“But there are also American and Australian data center providers who are building at a slower pace and their buildings are the same as everywhere in the world. That segment should be very strong over the next few years which is good for us.”

“The existing big companies in Malaysia are also continuing to expand and there is a lot of activity in the warehouse sector in which we can get involved although there are a lot of competitors out there,” he says.

“I think there will be a boom in all of these sectors over the next three years with data centers, semi-conductor plants and logistics projects. Malaysia is an ideal country to do business in and live, one of the best in Southeast Asia.”



MALAYSIA'S SERVICES SECTOR

AFTER THE HARD PANDEMIC TIMES, SERVICES ARE SET TO TAKE BACK CENTER STAGE

Malaysia's services sector accounts for more than half of the country's GDP, surging by almost 8 per cent year-on-year in the third quarter of 2022 and leads in many industries not only domestically but across the region.

IT and communication, wholesale and retail trade, private health care and education, arts, entertainment, real estate, financial services, recreation and a host of other industries are included in the country's services sector with more businesses opening every day.

And it's not only local companies jumping in to the industry, but foreign investors are also plowing money into services as Malaysia's expanding middle class creates rising demand.

Government help is key to ensuring the health of the services sector which according to official figures employs 4.5 million people and that figure is rising each year as Malaysia shakes off the economic effects of the Covid-19 pandemic.

ASEAN Connectivity

Malaysia has long been a major manufacturer of electronic goods and the knowledge and skills in that industry has helped it move easily into becoming a rising power in IT as shown by the experience of ACASIA Communications Sdn Bhd.

"We were founded back in 1995 with just five shareholders from the ASEAN region, Malaysia, Singapore, Thailand, Philippines, and Indonesia and between 1996 and 2006, we were able to incorporate Brunei and Vietnam to be a part of our shareholders, and our purpose is to boost connectivity among our members.," explains CEO Ts. Syahrir Nizam Bin Jalis.

ACASIA Communications has made leaps and bounds since those days and today is on the cutting-edge of IT technology offering world standard connectivity, cloud services, managed internet services and SD-WAN that allows users to connect securely to internet.



TS SYAHRIR
NIZAM BIN JALIS

CEO OF
ACASIA
COMMUNICATIONS

"WE POSITION OURSELVES AS THE BRIDGE BETWEEN ASEAN AND THE REST OF THE WORLD"

Its digital solutions cover edge infrastructure, ICT products, software as a service and server consolidation.

"We began our expansion beyond the classic connectivity starting in 2015 and did a lot of exploration in terms of digitalization going into app development and maintaining digital infrastructure," the executive recalls.

"During the pandemic, our company had a workforce of 40 individuals and had an annual revenue of approximately \$4.5 million. But, in response to the challenges posed by covid-19 and the lockdown measure, we had to implement certain adjustments to our operations to ensure sustainability."

With business returning to pre-pandemic levels, ACASIA Communications is moving away from traditional connectivity and become deeply involved in SD-WAN, the cloud and other related technologies.

The CEO says that it is relatively easy now to find the engineers and technicians who can understand and work with these new technologies thanks to the high level of Malaysia's university graduates in the field and the network operating among those in the telecoms sector.

And he adds that now the industry is having to not just rely on traditional telecommunications but needs to start loo-

king at platforms and content which will help the ASEAN nations become the centre of data transfer from places like China and the United States.

"That's where we are going right now. I think that Singapore is a major digital hub for the world and Malaysia has the capability to become the secondary hub as kind of a backup to Singapore," Ts. Syahrir Nizam adds.

"With Singapore's and Malaysia's contributions, the ASEAN members can in fact be the epicentre of digital connectivity for all the countries in the entire world."

"As Malaysia's political situation is gradually stabilizing, we are actively working towards positioning ACASIA as the central hub for global digital traffic and along we aspire this idea to be pushed along with the new government in power."

I personally believe that ACASIA Communications and the ASEAN countries have a lot to offer, we have a deep view of the market here so let's work together to help the people come to ASEAN and the people of ASEAN to go to other countries. We position ourselves as a bridge between this region and other operators around the world," he says. "That's the goal."

Niche Software

Information technology is also at the heart of operations for Bright-Win Technology which was founded in 1995 to provide software solutions for particular niches in the financial services industry.

"We focus on solutions for the pawnbroker, goldsmith and money lender markets with our own software which we develop from the initial stages to final implementation," says CEO Tsen Fung Seng.

"And, of course we also have our own expert sales and technical support staff to provide after sales service to our clients."

Bright-Win's pawnbroker software manages customer billing, card-coding, imaging, stocks, government reports and other activities, all which can be integrated into the client firm's financial accounts.

"This system," the executive explains, "helps the pawnbrokers concentrate more on customer behavior trends and provides them with the ability to shape inventory for maximum profitability."

The company's user-friendly goldsmith software performs similar functions, along with higher stability and larger volume of





data handlings, an effective space management system, accurate daily sales and purchase values, and better control of cash and items in stock.

"It also provides daily, monthly and yearly analysis reports and allows full integration with the government's GST compliance system, along with a host of other features," Tsen says.

"And our money lender software is designed specifically for the micro-loan financial industry and is specially customized to handle the entire business operations from managing customer agreements to integrating financial accounts, all in accordance with the Malaysian government's requirements."

Bright-Win Technology was barely affected by the Covid-19 related disruptions which affected most industries. "Our one negative impact was that we had ventured into Vietnam and Indonesia but we had to shut down these foreign operations."

"We'd like to be the top producer of financial services solutions in the pawnshop and related industries not only in ASEAN countries but even outside Asia," he says.

"Our concept would be the same, but a bit more streamlined. We have a particular advantage in expanding in Southeast Asia because our cultures and languages are so similar. This will give us an opportunity of which there are many in Malaysia."



Memorable Marketing

Setting up a business in a sector which is just emerging and doing it while the whole world is shut down doesn't sound like the best formula for success but it worked for Azman Fahmi Osman, the co-founder and director of experiential marketing company 36Five X.

"My partner and I founded the company during the pandemic. At that time, we were all working elsewhere, we met up and decided to do something different, to use sports as a marketing tool," he says.

"Our focus is on sports, we are very passionate about sports and we saw that the marketing activation for sports was very limited. So we took the plunge."

Easier said than done. At the time, no sporting events were allowed due to Covid-19 restrictions and the government had even banned people from jogging, cycling or just taking a walk in the fresh air.

In addition, the sports industry is not that well organized in Malaysia with little information or data available but Osman and his partners were undaunted in their bid to set up 36Five X.

"At that point in time we really didn't know what to do and then a few of us in the sector got together and decided to go to the Ministry of Sport and see how we can get ourselves into the business," he recalls.

"But there was no assistance from the government and we had to wait until the end of the health crisis to finally get the company off the ground."

Osman used his background as the former CEO of the Malaysia Stadium Corporation and his past experience in broadcasting and working in the telecommunications sector and now the company has a track record.

"Events are now coming back but the only downside is that the cost of events, like everything else, is getting higher and higher," the executive says. "So we have to



"WE AIM TO PROVIDE THE BEST, AND THE MOST MEMORABLE EXPERIENCE FOR THEM ALL"

be competitive in terms of pricing as our clients have limited budgets."

"However, we are proud of the marketing we have done for events like L'Etape Malaysia, an amateur Tour de France. In the first year after Covid restrictions ended, we managed to get 4,700 cyclists to take part.

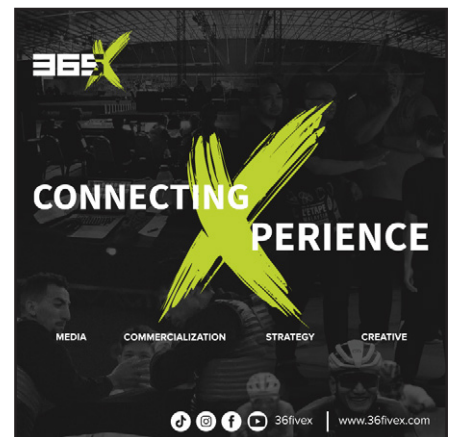
"And because of our collaboration with TikTok, for which we are also the agency for their sports events, our viewership was around 370 million. Then we did the World Pencak Silat Championship, Malaysia's mixed martial arts, and we received one billion mentions on TikTok," he says.

With its sports marketing business doing well, Osman says he would like to diversify into managing its own or others' sports facilities and events spaces.

"We think we can make it work, we can help to commercialize the event space like in Europe where stadiums have their own sponsorships, commercial deals, branding and so on," he explains.

"That is lacking in Malaysia and we would like to give it a try here. As an experiential marketing company we want to provide the best and most memorable experience for our clients, participants and stakeholders.

"For us," he says, "Giving the gift to people of making them excited to go to an event and see them leave happy is more valuable than just dollars and cents."



INTERVIEW WITH EDDY KAMARUDDIN

President & Chairman
Beicip-Franlab Asia

Banking on its success in the oil and gas sector, this franco-malaysian joint venture is venturing into new and exciting sectors such as carbon storage, geothermal and hydrogen. With its eyes set on Southeast Asian markets such as Indonesia and Thailand, its president outlines the exciting journey the company is set to embark upon



As one of the world's major oil and gas producers, Malaysia has a world-renowned petroleum services sector. Many of these companies active in the country are linked to the big international petroleum services firms and institutions which are household names in the industry.

One such firm is Beicip-Franlab Asia, a joint venture consultancy between Malaysians and the Paris-based Beicip-Franlab, owned by the French public institution, IFPEN, or Institute France du Petrol Energies Nouvelle.

"The idea," explains Beicip-Franlab Asia President and Board Chairman Eddy Kamaruddin, "is that IFPEN provides all the research and development, all the new technology and new methods in the energy sector to apply cutting-edge products and services to our clients."

Established in 2012, the Kuala Lumpur-based firm focuses mainly on consulting involving exploration and production, as well as new energy with recent emphasis on carbon storage, geothermal and hydrogen.

With the support of its principal partner, the company Beicip-Franlab also provides software, digital solutions, and training services covering the upstream to downstream oil and gas sector, energy transition, and economics.

"In our first four years of existence Beicip-Franlab Asia set out to develop our business in Malaysia and in 2017 we expanded into Indonesia, Thailand and Brunei," the executive recalls.

"And by 2019 our business was at its peak with annual revenue of between \$7 million and \$8 million. At the same time, our growth rate was phenomenal and things were looking very good indeed.

"However, then Covid-19 arrived and the initial move our clients made was to cut costs and we

were the first to be impacted. With the result that we lost around 70 per cent of our revenue," he says.

Fortunately, the company's financial position from the preceding boom years allowed it to continue operating and keep on staff. But towards the end of 2020, the company noticed that its clients were not adapting well to the effects of the pandemic and reduced spending even further on consultancy services.

By 2022, with clients seeing the upward trend in global oil and gas prices, business for Beicip-Franlab Asia gradually began to recover.

"But despite the higher prices, things were still slow because our client base remained cautious when they were budgeting in 2021 for the following year," Kamaruddin explains.

"In one regard the pandemic was beneficial for us because clients came to realize that they needed our services all the time whether the price of petroleum was high or low and they're coming to us now seeking long-term contracts."

Bright Future

Beicip-Franlab Asia is also undergoing a change concerning its revenue split rising to 40 per cent from international business and the remainder from domestic operations.

"We want to show the Indonesian and Thai markets that we offer excellent services and therefore build up to a significant presence there."

"So we're on the way to a 50-50 revenue source situation," he says, adding that the Indonesian and Thai markets for the company's services are powering ahead with Thailand in particular experiencing a boom.

"Here in Malaysia we helped a major local company to increase gas production in one of its



fields which was about to be abandoned because it was filled with water. But we went in and the field went from zero production to more than 100 million cubic feet per day," he says.

"The overseas project involved a client in Surinam who discovered that the capacity prediction was incorrect so their complex drilling operation was experiencing difficulties. We stepped in with a proposal and they are now exploiting a field of 150 million recoverable barrels of oil."

Looking ahead, Kamaruddin, who owns 65 per cent of the company, predicts revenue of around \$25 million by 2026, or two-and-a-half times the current figure fueled by its present business from oil and gas clients, plus the exciting new energy opportunities which are opening in the world.

"We're seeing opportunities in carbon and energy storage and also hydrogen and geothermal. I've told my team that within three years our project portfolio should be at least 40 per cent from these new energies and 60 per cent from petroleum."

Beicip-Franlab Asia

Your Global E&P Consulting Partner

More than **250** experts
The trust of over **1000** clients
Presence in more than **100** countries

Our link to cutting edge science & innovation through Beicip-Franlab.

CONSULTING • SOFTWARE • TRAINING

www.beicip.asia