



SAPANGAR BAY CONTAINER PORT

PROPOSED JESSELTON WATERFRONT CITY AT KOTA KINABALU

Suria Capital Holdings is set to position Sabah ports as the preferred option and hub for East ASEAN. The mega expansion plan to develop its ports and enhance high-value logistics will help foster economic growth in the state. www.suriagroup.com.my

Malaysia: shaping a new stage

Mahathir Mohamad has wasted no time in getting the country back on track

In the nine months since veteran leader Mahathir Mohamad's resounding victory in May 2018, there's been a strong mood of optimism in Malaysia, a sense among the business community and wider society that the country can resume its role as one of ASEAN's leading economies.

The Pakatan Harapan government has launched sweeping policy changes, among them eliminating the Goods and Services Tax, replacing it with a Sales and Services Tax aiming to reduce living costs.

Mahathir Mohamad's administration has instilled international confidence in the management of the economy, the monetary sector and capital markets, despite inheriting a huge debt. The change has also been welcomed internationally, as investors respond positively to sweeping reforms and a cleanup campaign to rid the country of endemic corruption.

Similarly, the 2019 budget, announced in November, addressed the challenge of finding a balance between reining in the deficit while generating the long-term economic growth required to improve

living standards.

"We have worked to change the image of Malaysia as a kleptocracy as quickly as possible and this has been done by contacting a lot of old friends, a lot of countries that we know well and we had to explain to them what we are doing, what we stand for, what is our policy," says Mr Mahathir in an exclusive interview with Shaping Asia Media.

Mr Mahathir has visited Japan, Singapore, China, Thailand, Indonesia, the US, the UK, as well as addressing the UN General Assembly, to get his message over.

"The international community knows that Malaysia has long experience with foreign direct investment: Malaysia has some of the best infrastructure in South-East Asia. Our roads, electricity supply, water supply, airports, are world class," says Mr Mahathir, adding: "Our labor costs are not as low as those of some of our neighbours, but our workforce is better trained and speaks English."

The Prime Minister sees FDI as a channel for technology transfer as Malaysia

pursues its goal of achieving high-income nation status: "Our future depends on making the best use of IT, of the new technologies."

Malaysia recorded a 350% increase in foreign direct investments (FDI) within the first nine months

of the year compared with the same period last year. "We hope the resurgence of Malaysia is reflected in the increase of FDI," Finance Minister Lim Guan Eng told Shaping Asia Media.

Mr Lim says the major structural shifts to strengthen Malaysia bode, with expected GDP growth of about 5.0 per cent in 2018: "We are confident that with fiscal consolidation and responsible management of our finances, Malaysia will be on a stronger and more sustainable growth path."



Mahathir Mohamad addresses the United Nation in 2018.

Credit: Nazri Rapaai

Sabah state embarks on ambitious, sustainable growth path



Shafie Apdal, Chief Minister of Sabah

Sabah has extensive oil and gas reserves, but, as the north-eastern state's Chief Minister, Shafie Apdal, explains, if Sabah is to fully realize its economic potential, "we have to understand that the market is not only in Sabah, but the whole region. This is where we need proper infrastructure, in terms of roads, rail line and ports to make sure Sabah can be easily accessed by the nearest markets."

Along with the ports at Kota Kinabalu and Sapangar, further capacity needs to be created, he says: "For this, we need to look at the environment within that area. We need to analyse the best solution for cargo handling. This will enable Sabah to move forward, to make sure we can not only import cargo to the state but also export out of the state. Industrialization is the only way forward, and that means a new port. Sabah's location is central, it's near to Japan, China and Hong Kong. So, if we were to develop Sapangar, I'm quite sure the whole country would benefit."

Suria Capital Holdings: Catalyst For Growth

Sapangar Bay Container Port (SBCP), a dedicated container terminal for

Sabah, was built in 2007 with a 500,000 TEU capacity. As Ibrahim Menudin, Chairman of Suria Capital Holdings, explains, the idea is to expand SBCP to become a trans-shipment hub with a capacity of 1.25 million TEUs over the next 15 to 20 years.

"By providing the necessary port infrastructure and facilities, we envisage more main liners and investors coming to Sabah. This is a supply-driven initiative whereby the federal government has pledged to assist the state government with USD240 million expansion plan."

On top of that, the general cargo operation currently at Kota Kinabalu Port,



Ibrahim Menudin, Chairman of Suria Capital Holdings

located near the city centre, will also move to Sapangar Bay in three years' time. Sapangar Bay will then house a complete and integrated port to handle containers, general cargo and bulk oil, ready for Sabah's expansion.

Listed since 1996, Suria's core business is port operations, following the acquisition of the port business from the state government of Sabah in 2004," explains Ng Kiat Min, Group Managing Director of Suria Capital Holdings. "Today we operate and manage eight major ports located around Sabah's

coastline, facilitating trade in and out of the state."

Sabah is an attractive investment and trading destination in the region due to its strategic location in the centre of ASEAN and along the main shipping routes of the East Asian main liners.

"We plan to expand SBCP into a trans-shipment hub to serve as the load centre, particularly for the Brunei-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA)," adds Madam Ng.

"In recent years we have also diversified into property development on prime land located at Kota Kinabalu's waterfront. We



Ng Kiat Min, Group Managing Director of Suria Capital Holdings

have begun the first phase, at Jesselton Quay, in collaboration with SBC Corporation Berhad. The upcoming development of One Jesselton Waterfront will complement the soon-to-be completed Sabah International Convention Centre, a nearby project by the state government of Sabah," says Madam Ng, concluding: "These projects are poised to transform the entire waterfront into a new city focus and tourism hub that is vibrant, accessible, attractive and financially viable."

"Given our natural resources, professional workforce and sophisticated capital markets, the time to invest in Malaysia is now. I am excited for what the new Malaysia's continuing growth story holds for her people, as well as for current and future investors," he says, adding: we want to show we're a normal country that wants to fulfil its international obligations and promote competency, accountability and transparency," Mr Lim concludes.

The Trade and Industry Ministry is

playing a key role in achieving the government's goals, with Minister Darell Leiking describing his portfolio as "the heart and soul of the nation."

Mr Leiking also wants to use his position as member of parliament for Penampang, Sabah, to promote investment in the eastern state: "We need to redistribute the benefits of trade more equitably throughout the nation. We want Malaysians to benefit as we move into being a strong economy."

"With investment in Sabah's ports,

the state can become the hub for Brunei, Indonesia and the Philippines," he explains, adding that the region has the potential to become an aerospace hub.

Mr Leiking also wants his ministry to attract more foreign investment for tourism projects, saying: "We need to attract more foreign investors to create high-end projects." He also wants to boost inbound tourism activities for Sabah, highlighting its pull factors, adding more international promotion is needed.



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Malaysia's property market: a smart investment move

Since Malaysia's 2018 general election, strong economic growth and greater clarity regarding the government's policies have driven a steady recovery in the residential property market, underpinned by demand from a fast-growing population and increased household income, along with better job opportunities and improved public transportation connectivity around the capital.

Malaysia is also a popular investment destination for foreigners looking to move into the property market, with more reasonable prices compared to other major Asian cities, thanks to the country's friendly foreign investment policy. Foreigners can purchase and own residential properties in Malaysia and may benefit from the low-entry cost.

"The new government's increased efforts to attract more foreign investors from the ASEAN region, in addition to the Chinese corporations who have been established here, will help us to rebrand Malaysia as the next investment destination and global economic hub," says David Chu, Executive Chairman of Sabah-based property developer Jesselton Waterfront Holdings, part of the Jesselton Group, which has been creating and building quality, modern and affordable homes for over 8 years.

Despite being new to the property industry when it started developing Jesselton Residences in 2010, the company strategized to innovate by working together with international and world-class corporations who shared new technologies and business strategies that further elevated its productivity.

"In 2010, we made our defining move to construct our first development in Kota Kinabalu's prime city centre: Jesselton

Residences, a waterfront mixed development of luxury residential condominium with a premium lifestyle mall. In line with our vision to create evolutionary buildings and contribute to the property development of Sabah, our next project is the iconic Jesselton Twin Towers, which will be the tallest building on the island of Borneo," explains Mr Chu, adding: "Overseas investors know that Malaysian properties, especially luxury waterfront properties, are extremely affordable."

SBC Corporation, responsible for many of Malaysia's landmark buildings, is playing a key role in developing Jesselton Quay, as the company's Managing Director, Sia Teong Heng, explains.

"At SBC, we are excited about the potential of Jesselton Quay given its history as a natural port and its proximity to the cruise, ferry terminals & the new convention centre. With a strong endorsement from the Sabah state government we have assembled a world-class team of experts in hospitality & technology to work on the redevelopment of Jesselton Quay, aiming to transform it into a world-class destination," says Mr Sia, adding: "As we look forward to elevating the status quo of the city to the next level, our work is beyond property development; we prefer to call it a journey in transformation."

He invites investors to take a closer look at Jesselton Quay: "This project will create a new waterfront city district to better serve Sabah's burgeoning tourism sector. In that regard we welcome strategic partners in hospitality and tourism related retail/commerce who are keen to be part of this new northern Borneo gateway."

As Malaysia's primary economic engine, Kuala Lumpur and its environs, known as Greater Kuala Lumpur, or GKL, influences the rest of the country and is a key attraction for

property investors.

As property prices have risen in Great KL, areas such as Nilai, a town with a huge potential, thanks to its perfect location and proximity to Kuala Lumpur city centre and Kuala Lumpur International Airport (KLIA). Nilai is a vibrant university town, and attracting developers such as Green Target Group, which has reached a joint agreement with Best Western Hotels and Resorts to develop and manage the Best Western Mesa Hotel in Nilai.

"This new project network will enable continued development while at the same time create a wide range of benefits for investors in meeting the needs of residents in this area, including tourists. I am very confident to replicate this proven concept for INNOCITY in Johor because its potential is very viable, targeted to serve the basic needs of the population here in Pengerang. INNOCITY, will comprise of an international village and liveability is the core concept for this development," says Green Target Group's CEO and Managing Director, Tan Hong Lai.

Incorporated in 2007, Green Target Group has already undertaken several major projects in Malaysia, including the award-winning Green Hill Residence in Shah Alam and an industrial development in Semenyih which is surrounded by both local and international factories.

"Green Target Group is committed to being part of the development of our country through our projects. We are focused



David Chu,
Executive Chairman of
Jesselton Waterfront
Holdings

on creating viable communities and vibrant lifestyles. We take great pride from innovating and responding to the evolving needs of our customers to ensure that buyers will experience a good return on investment for trusting in our products," says Mr Tan.

With a huge population to cater to, the supply of affordable housing has always been an issue for Malaysia's cities, explains LBS Bina Group Managing Director Lim Hock San. "In 1997, Malaysia was not spared the effects of the Asian financial crisis. It was then that I saw the struggle of the common people, especially for those living in the vicinity of Kuala Lumpur – many dreamt of owning a home, but they simply did not possess the means to realise this dream," he says, adding: "So I made it LBS's mission to build affordable homes for the people and my vision is to build homes for the rakyat, (Malaysian citizens).

LBS has become well-known in Malaysia as the champion of affordable housing, as well as becoming one of the leading players in the property development industry in the country and has built more than 34,000 unit to date.

LBS caters to a wide range of buyers, from affordable housing to high-end properties, says Mr Lim, who was named Property Man of 2018 by the Malaysia chapter of FIABCI, the International Real Estate Federation. "In doing so, we have not only been able to capture the attention of Malaysians, but also those beyond our borders. And we would like to thank our buyers for their confidence in us. We remain committed to our buyers and to enhancing community living. Moving forward, we believe that we are in a good position to continue sustained growth. Leveraging our strengths, we will continue to be here and meet our targets for 2019."

Ongoing integration in ASEAN will further boost Malaysia's business and property sector through improved regional connectivity.

"The ASEAN economic bloc, which attracts foreign direct investment has also turned Sabah into an attractive investment destination. With more capital allocation in the local property industry, we expect a further growth. Thus, we will continue to focus on iconic projects and tourism related

properties which will have the ability to attract both local and international investors to cater for the growing demand in these categories, not only in Sabah but also in Peninsular Malaysia.," concludes Jesselton Waterfront Holdings' Executive Chairman, David Chu.

Marine logistics: recovering oil and gas sector drives demand for bunkering services

Malaysia is the world's second-largest exporter of liquefied natural gas and the second-largest oil and natural gas producer in Southeast Asia, and its strategic location amid important routes for seaborne energy trade gives its maritime logistics sector huge potential.

A key pillar in Malaysia's energy strategy is to become a regional oil and natural gas storage, trading and development hub that will attract technical expertise and downstream services that can compete in Asia.

The oil bunkering business is a growing niche segment in marine logistics, driven by high growth in global trade, the e-economy and increased needs for marine transportation as well as expansion in the upstream oil and gas (O&G) industry.

With this in mind, a relative newcomer to the sector, Malaysia's Straits Inter Logistics, is expanding its oil trading activities and bunkering operations by increasing its fleet size through acquisitions and chartering third parties' vessels, buoyed by the growth in its bunkering business over the last two years.

Straits, formerly known as Raya International, is not only seeking growth opportunities in Malaysia, but also aims to broaden its geographical footprint in Asia. In January 2018, it entered into an agreement with Hong Kong-based bunker trading firm Banle Energy International Limited to explore potential business cooperation and/or collaboration opportunities for a further nine months ending 17 February 2019.

In mid-2018, Straits bought a 55% stake in Tumpuan Megah Development. Tumpuan Megah's main business is oil bunkering, barging operations and dealing in oil and petroleum products. Tumpuan Megah currently has operations at eight ports in

Malaysia.

"The acquisition will enlarge the customer base of Straits by tapping into the existing customer base of Tumpuan Megah, allowing Straits to capture a larger market share and increase its presence in the bunkering services industry in Malaysia, improving its competitiveness and sustainability in the marine logistics industry," explains Straits Group Managing Director Ho Kam Choy, adding: "This expansion of our asset base means Straits can undertake more bunkering services and be closer to Singapore."

Straits Inter Logistics started bunkering operations at the end of 2017. Mr Ho says that since then, the company has secured a "substantial number of clients, mainly the O&G offshore support vessels (OSVs), to sustain in the bunkering business as the demand for it was always there."

"Hence, we are able to control the bunkering service better as we do not need to keep stocks at hand," says Mr Ho.

"Oil bunkering services is a game changer for Straits and we are optimistic on the business given to the active activity taking place in the Malaysian ports," says Mr Ho, adding: "Straits Inter Logistics Berhad is the only listed bunkering company in Malaysia and in Singapore."

He describes demand for the group's bunkering activities in 2019 as "encouraging: we will continue to assess demand from our existing and potential customers through continuous marketing activities."

He concludes: "It is always better for companies to collaborate or to partner with a PLC. Furthermore, we are confident we have a superior product. If you need fuel, you can count on us at Straits Inter Logistics Berhad for the best quality. We supply to many different navies like the Japanese, Americans and Australians because they know we have the proven track record and we offer the best quality."



Ho Kam Choy Ron,
Group Managing Director
of Straits Inter Logistics

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ASEAN Business Leaders

Digital transformation and ASEAN expansion: a recipe for SME success



Amir Hussien,
Chairman and CEO of
Drachen Welle
Engineering

Malaysia's ability to develop into a high-income knowledge economy hinges in large part on its ability to leverage its IT sector strategically and effectively.

"Unlocking the potential of the digital economy will be key to ensuring Malaysia's successful transition to a

high-income and developed country. The adoption of digital technologies across the public and private sector, in manufacturing, services, and in agriculture will be essential to enable the growth in productivity that Malaysia needs for broad-based improvements to living standards," Minister of Economic Affairs, Mr Azmin Ali states.

This is a view shared by the country's business community, says Amir Hussien, CEO of Drachen Welle Engineering, a system integrator that offers dedicated end-to-end fixed and wireless network infrastructure solutions. "Technology is evolving very quickly, but despite this rapid development, I believe that in Malaysia we still require more efforts by the government and by the private sector to increase the awareness and improve efficiency. Mr Hussien, the new chairman of Labuan Corporation, adds: "As existing technologies are stacked onto each other and developed into something greater, consumers and businesses can expect to see more opportunities with future technology. Looking at the big picture, there is still a lot of work to be done in Malaysia, as technology has the ability to accomplish more and everything will become more streamlined to increase productivity."

As a result, he believes that SMEs in Malaysia should adopt ICT practices and

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invest more in technology in order to become more competitive in the global market: "And at DWE we definitely are moving in this direction: we will be involved in one of the biggest trade deals in Malaysian history through the development of the Bangalore Smart City."

Trade and Industry Minister Darell Leiking points out that SMEs contribute around 92% of Malaysia's GDP. "This is why we need to prepare them for the future. MITI has provided them with training and managed to get a budget for assisting them to be ready for industry 4.0," he says, adding: "We are making sure that our SMEs are world class, they must be tech savvy and they must compete internationally. We have signed an e-commerce agreement with ASEAN covering cross-border trading and on e-commerce. SMEs must learn to operate in a global value chain."

Jerry Looi, CEO of Asta Chemicals, named the best formaldehyde provider in South-East Asia, reiterates the importance of competing in international markets, starting with ASEAN. "The AEC is the realisation of the region's end goal of economic integration. It envisions ASEAN as a single market and production base, a highly competitive region, with equitable economic development, and fully integrated into the global economy. ASEAN will be characterized by free movement of goods, services, and investments as well as freer flow of capital and skills. With harmonised trade and investment laws,



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ASEAN, as a rules-based organisation will be strengthened and become more interesting as a single investment destination," says Mr Looi. Furthermore, this is the best way for companies to boost their brand, he argues: "That's also one of the reasons we export to so many countries. We make sure that the perception of our brand and the quality is always as expected or better. We do not only focus in Asia, but also in Africa. This is also a way to educate people about our company."

As Minister of Economic Affairs Azmin Ali concludes, "Malaysia' IT capacity is the foundation for the development of a wide range of sectors: to transform into a fully digitised government and society, Malaysia has to embrace world-class infrastructure."

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Solutions from CXS help industry build and manage exceptional end-to-end talent pipelines that enable clients to respond both rapidly and strategically to industrial change and disruption. CXS' national workforce solution in Malaysia helps drive industries in transition while delivering the analytics policy-makers and industry leaders need to plan for their talent needs.

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