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CELEBRATING

50 YEARS

OF MALAYSIA-CHINA RELATIONS

Contents

A pictorial journey

Special contributors

50th ANNIVERSARY OF MALAYSIA-CHINA DIPLOMATIC RELATIONS
马中建交50周年

Interviews and features


OCBC

CELEBRATING

50 YEARS OF MALAYSIA-CHINA RELATIONS

Editor's note

Kathy Fong is editor-in-chief of *The Edge Malaysia*

MY FIRST-EVER TRIP to China was in 2000. It was a backpacking trip to the Silk Road with a friend and a cousin of mine.

Our families and friends were surprised that the three of us who were not yet in our fifties wanted to visit the mainland — a place that was only for the older ethnic Chinese who wished to trace their roots or seek medical treatment due to the travel restrictions — instead of going to Europe or the US.

There wasn't a direct flight to Xi'an, the starting point of the ancient Silk Road, but there was a special offer on a flight to Beijing, so we began our journey in the capital city.

From there, we took a train to Xinjiang province in northwest China, home to the country's Muslim population. Our last destination was Xi'an before heading back to Beijing in a train, not a high-speed rail.

The scenery was just beautiful — the Great Wall, the desert, grapevines, the lakes, snow-capped mountains, the vast grassland. The roasted lamb at an evening market in Urumqi is still the best I have ever had. When we greeted the local Uighur people with *wassalamualaikum*, they were pleasantly surprised but it helped to break the ice. Likewise, the local Chinese were also surprised that we from Southeast Asia could speak Mandarin.

I have not been back to that part of China since. I was told that the then oil town, Urumqi, is now a metropolis as modern as Kuala Lumpur, if not more.

When the late prime minister Tun Abdul Razak made his first official visit to Peking (what Beijing was known as then) in 1974, there was no direct flight between the two countries. China's GDP per capita was US$160.10 while Malaysia's was US$837.80, according to data from the World Bank.

Back then, China was not yet a permanent member of the United Nations Security Council or a member of the World Trade Organization.

To China, Malaysia is a unique diplomatic country. One aspect of it is that we have the longest coastline facing the mainland and we are located along the Strait of Malacca — one of the world's busiest shipping routes. Furthermore, Malaysia has one of the largest ethnic Chinese populations outside Greater China.

As we wrote in the photo gallery on page 10, it was as if the stars were aligned for the two nations to form a diplomatic relationship in the 1970s.

Malaysia had adopted a neutral policy stance to establish diplomatic relations with all countries when Razak succeeded Tunku Abdul Rahman to become the second prime minister in 1970. This coincided with China's change in foreign policy to open its doors to the world — the first time after the formation of the People's Republic of China on Oct 1, 1949.

Five decades after the handshake between the top leaders of the two countries, China's GDP per capita has expanded to US$12,720.2 (in 2022), while Malaysia's has continued to grow, although lower at US$11,993.2. The diplomatic scenario is very different now from the time when Malaysia was the only Asean country to make efforts to establish diplomatic ties with China.

Former vice premier Yao YiLin saw Malaysia as "a friend in need" (患难之交) as then minister of international trade and industry Tan Sri Rafidah Aziz led a trade delegation to Bejing in July 1989, when the international community had turned its back on China.

Nowadays, few would shy away from the world's second-largest economy, the biggest consumer of almost everything on earth.

This year, the two nations are celebrating 50 years of diplomatic relations. In conjunction with the jubilee, *The Edge* has published this magazine, titled *Celebrating 50 Years Of Malaysia-China Relations*.

This publication will refresh the memories of those who witnessed the critical historical moments. For younger readers, we hope you will find it an enlightening read.

We would like to thank the corporate leaders who granted us interviews despite their busy schedules and our contributors for sharing their thoughts. Last but not least, much appreciation to Tun Michael Chen Wing Sum for sharing his photo album with us.

Happy reading to all! E

CELEBRATING

50 YEARS

OF MALAYSIA-CHINA RELATIONS

We welcome feedback so drop us a line at editor@bizedge.com
or fax (03) 7721 8018. Pseudoyms are allowed but please state your full name,
address and contact number for us to verify.

1st Decade

1974 to 1983

Sowing the seeds of friendship

"It is our policy to have diplomatic relations with all countries on the basis of peaceful co-existence, respect for our sovereignty and territorial integrity and scrupulous non-interference in our internal affairs."
— **Tun Razak** speaking in parliament in 1971 on the nation's shift in its foreign policy stance

By **Chester Tay**

IT WAS AS if the stars were aligned in the 1970s to bring Malaysia and China — two Asian nations with vastly different ideologies — closer, even as each had its own domestic issues to deal with, in the midst of the Cold War that was raging between the Eastern and Western blocs at the time.

Tun Abdul Razak Hussein held a different foreign policy stance compared with his predecessor Tunku Abdul Rahman.

The second prime minister adopted a neutral and non-aligned policy to maintain diplomatic relations with all countries, shifting from the pro-Western policy in the early days of the country's independence. In 1970, he proposed the concept of a Zone of Peace, Freedom and Neutrality (Zopfan) to the Association of Southeast Asian Nations (Asean).

The change in Malaysia's foreign policy stance coincided with China's strategic move to start opening to the world its doors that had been shut for over 20 years since the formation of the People's Republic of China in 1949.

In May 1971, Razak sent a trade mission, led by

PHOTOS: SIN CHEW DAILY

Razak and Zhou after signing the Malaysia-China Joint Communique on May 31, 1974

Tengku Razaleigh Hamzah, who was then chairman of Perbadanan Nasional Bhd (Pernas), for a 10-day unofficial visit to the mainland. The trade mission signified Razak's intention to first mend the bilateral-trade relationship between the countries, which had become strained as the Malaysian government had come to regard China as a threat in its fight against local communist terrorists.

During the visit, Razaleigh met Chinese premier Zhou En Lai for an hour of "casual chit chat", the former told the media after the trip. That informal meeting turned out to be fruitful, with China agreeing to import rubber from Malaysia while considering other commodities, such as timber and crude palm oil.

On the political front, Razaleigh conveyed to the Chinese leaders Malaysia's neutral stance, while Zhou shared about China's policy of non-intervention in other countries' internal affairs.

Two months later, Razak addressed parliament and proposed the normalisation of diplomatic ties between the two countries.

Razak's historic handshake with Mao in Beijing on May 29, 1974

Hussein being welcomed by Deng (centre) and premier Hua Guofeng during his official visit to China in 1979

"It is our policy to have diplomatic relations with all countries on the basis of peaceful co-existence, respect for our sovereignty and territorial integrity, and scrupulous non-interference in our internal affairs," Razak told parliament on July 21, 1971.

A month later, China's delegation came to Kuala Lumpur to sign trade agreements to import rubber from Malaysia. This helped lay the foundation for direct trade between the two nations, with Malaysia deciding to bypass Singapore to deal directly with China the following year.

In October 1971, Malaysia, along with 75 other countries, voted for Albania's motion to restore China's rights in the United Nations.

That move reaffirmed Malaysia's policy of neutrality at a time when the world was still polarised by national ideologies that separated the democratic US and its allies in the Western Bloc, from the then Soviet Union and its communist allies in the Eastern Bloc. Although the chill caused by the Cold War was

Chen (front row, right) accompanying Razak (front row, centre) during a visit to China in 1974

TUN MICHAEL CHEN

TUN MICHAEL CHEN

not as bad as in the previous three decades, international trade flows were not vibrant. Trade activities were mostly restricted to one's allies.

At the same time, in China, the government started ping pong (tournament) diplomacy to reach out to the international community, and Malaysia was one of the countries it invited to the games.

Tun Michael Chen Wing Sum led a group of Malaysian table tennis players to participate in the Afro-Asian Friendship Invitational tournament in China's capital city, which was known as Peking then (now Beijing), in November 1971.

Chen's main task was to convey Razak's message to Zhou. Chen later told Bernama in an interview that he was tasked to bring a letter written by Razak, which stated Malaysia's intention to establish diplomatic relations with China, to Zhou.

After reading the letter, Zhou directed his foreign affairs minister Ji Peng Fei to see Chen.

That move brought the two nations to the negotiating table to iron out key outstanding issues between them, for instance, the dual Chinese-Malaysian citizenship held by some Malaysians of Chinese origin — both countries decided they would recognise only one citizenship and those holding two must choose which they wanted to keep — and China's ties with the Malayan Communist Party (MCP), which Malaysia wanted it to sever.

Three years later, Razak received an invitation from Zhou for an official visit to Peking in 1974.

In a special chartered flight, Razak and his entourage arrived in Peking on May 28 that same year for the first official visit by a Malaysian prime minister to the mainland after the country's independence in August 1957.

On April 30, 1976, Chinese vice-premier Gu Mu meets with Chen, Malaysian housing minister and Asian Table Tennis Federation chairman

Razak met Zhou and China Communist Party chairman Mao Zedong separately the following day.

On May 31, Malaysia and China signed a joint communique to officially establish their diplomatic relationship at the Great Hall of the People, making Malaysia the first country in Southeast Asia to normalise relationships with the mainland.

Two months later, Razak dissolved parliament and held the fourth general elections in late August 1974. Barisan Nasional scored a landslide victory, winning 135 out of the 154 parliamentary seats.

Malaysia was considered bold in the international community then, as it was an era when alliances were forged and kept based mostly on national ideologies. Indeed, the diplomatic ties between Malaysia and China marked a significant milestone in Asean's push for neutrality.

But there were still restrictions in the rela-

PHOTOS: SIN CHEW DAILY

Hussein meeting with Deng in Kuala Lumpur during the latter's official visit to Malaysia in November 1978, just a month before the latter was named paramount leader

tionship at the time. For example, only Malaysians aged above 65 years were allowed to make social visits to China then, except for those with immediate family members in the country or seeking medical treatment.

Attending the biannual Canton Trade Fair was another way to visit the mainland, but attendees were restricted from travelling beyond Guangzhou. There were no direct flights from Malaysia to China then, so travellers had to transit in places such as Hong Kong, Singapore, Thailand and the Philippines.

Still, the two nations had taken their first steps towards each other. While the three leaders who made it possible — Razak, Zhou and Mao — passed away in 1976, the seeds of the diplomatic relationship they forged flourished, even as there were ups and downs through the years.

The first decade following the official establishment of these ties was filled with cautious optimism and strategic engagements, as the two nations were committed to their vision for regional stability and development.

Occasionally, some developments — such as the Chinese government sending a telegram to congratulate the MCP on its 45th anniversary, barely one year after Razak's official visit — made the situation awkward, but they did not stop both countries from continuing their efforts to restore Malaysia-China relations.

Visits from high-ranking officials of both governments became more regular. For example, Deng Xiaoping, paramount leader of China, visited Malaysia in 1978, and his visit was reciprocated by Malaysia's third prime minister, Tun Hussein Onn, a year later.

These were not mere ceremonial visits, but ones that had been given careful thought and planning to build trust and understanding — the fundamental components for any relationship to last. E

Deng accompanying Hussein as he inspects the guard of honour in Beijing during his official visit to China in May 1979

2nd Decade

1984 to 1993

A friend in need is a friend indeed

The transformative decade from 1984 to 1993 is widely seen as a period that significantly deepened diplomatic, economic and cultural ties between Malaysia and China. This decade witnessed pivotal moments and key agreements that strengthened the bilateral relationship between both countries, against a backdrop of global and regional shifts, while showcasing the strategic efforts made by both nations' governments to overcome long-standing barriers and foster mutual trust.

By **Chester Tay**

PHOTOS: SIN CHEW DAILY

MALAYSIA AND CHINA entered the decade with new leaders who continued to nurture diplomatic ties started by their predecessors. Tun Dr Mahathir Mohamad, who succeeded Tun Hussein Onn to become Malaysia's fourth prime minister in July 1981, saw the importance of deepening ties with the republic. In the same month he was sworn into office, the then 56-year-old invited China's premier to make an official visit to this country.

Mahathir climbs the Great Wall during his first official visit to China in 1985

A month later, Zhao Ziyang, who had succeeded Hua Guofeng in the previous year, arrived during the second leg of his official visit to Asean. The liberal leader was supportive of economic reforms to end poverty.

Zhao's official trip to Asean signified paramount leader Deng Xiaoping's push for economic reforms — by opening its doors to the wider world.

In the following year, Malaysia held its sixth general election in April. The incumbent Barisan Nasional (BN) government, led by Mahathir, won 132 of the 154 parliamentary seats.

Mahathir being received by Deng

Mahathir accompanies China National People's Congress standing committee chairman Li Peng as the latter inspects a guard of honour on Dec 1, 1990

Mahathir made his maiden official visit to China in 1985, a year before the seventh general election, which BN won by a big majority again. He signed an agreement on the avoidance of double taxation during the visit.

Mahathir sought assistance from then president of the Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM) Tan Sri Wee Boon Ping to lead negotiations with China on the Malaysia-China Trade Cooperation Agreement. This helped pave the way for the signing of the Malaysia-China Bilateral Trade Agreement in 1988.

Malaysia gradually removed most of its trade restrictions on China upon signing the bilateral trade agreement. The two governments also expressed their intention to establish a formal air services agreement that would enable scheduled direct flights between the two countries.

In 1989, the two nations signed the air services agreement, providing landing rights to each other's airlines in April, followed by a further relaxation of travel restrictions on Malaysians visiting China. The cabinet in May 1989 decided to lower the age requirement for social visits to China to 50 years old from 60 and 65 previously, while allowing those above 30 years old to visit China as tourists, but only in group tours.

As the two countries became closer, China was embroiled in the Tiananmen Square incident, which put it in the spotlight for all the wrong reasons. The way it had suppressed the massive demonstrations by university students with an iron fist drew strong criticism from the international community.

Unlike many countries, Malaysia did not boycott China, although some quarters might have disagreed with the move. In

During his official visit in January 1992, China President Yang Shangkun visits Malaysia's parliament, accompanied by Yang di-Pertuan Agong Sultan Azlan Shah (right) and Mahathir (behind)

PHOTOS: SIN CHEW DAILY

In June 1993, Mahathir visits the Palace Museum in Beijing (above) and Urumqi Petroleum City in Xinjiang (below)

fact, its maiden flight touched down in the capital city of Guangdong on June 6, 1989 — two days after the Chinese government ended the protests in Beijing.

In the same month, the Malaysian government allowed 15 domestic travel agencies to manage visits to China for tourists above 30 years old.

Furthermore, then minister of international trade and industry Tan Sri Rafidah Aziz led a delegation to the republic in July 1989. Once again, Malaysia had made the bold move of showing its commitment towards the diplomatic relationship even though most countries were shying away from China at that time.

Then Chinese vice-premier Yao Yilin described the trade mission as one embodying "Huan Nan Zhi Jiao", which is akin to the English proverb "a friend in need is a friend indeed".

Malaysia ended the decade by allowing Chinese nationals to make social visits. The following year, it dropped all travel restrictions on Malaysians wanting to visit China, while then premier Li Peng made a visit to Kuala Lumpur. E

3rd Decade

1994 to 2003

Third decade of diplomacy: Strengthening ties amid global shifts

In the 1990s, Malaysia and China reinforced their economic and diplomatic ties amid a landscape of rapid industrialisation and open door policies. As Malaysia embarked on ambitious industrial ventures and China navigated global relations after the Tiananmen Square incident, their collaborative strides in trade and investment set the stage for a burgeoning partnership that would influence regional dynamics and pave the way for future cooperation.

By **Chester Tay**

PHOTOS: SIN CHEW DAILY

Yang di-Pertuan Agong Tuanku Ja'afar Tuanku Abdul Rahman (right) welcomes Jiang at parliament

THE 1990S WAS the decade when Malaysia experienced rapid economic growth. The influx of foreign direct investments (FDI) that fuelled the growth made Malaysia one of the Asian Tiger economies, alongside South Korea, Hong Kong, Taiwan and Singapore. Exports became a powerful growth engine.

During the decade, the country started producing its first national car, the Proton Saga, a bold step by then prime minister Tun Dr Mahathir Mohamad to drive industrialisation, in addition to developing heavy industries such as steel, building infrastructure and constructing the Bakun Dam — Asean's biggest hydro dam.

In the mainland, China's paramount leader Deng Xiaoping, who stepped down in November 1989, advised the country's leaders to "lie low while establishing a stronger foothold" as it was given the cold shoulder by the international community after the military crackdown at Tiananmen Square, Beijing.

Nevertheless, China did not diverge from its open-door policy to draw FDI with its abundant low-cost labour and investment incentives. And that led it on its journey to become the world's factory in the new millennium.

Furthermore, it lowered its trade barriers, albeit at a minimum, as its long negotiations

Jiang (centre) visits Proton's manufacturing plant in Shah Alam, Selangor, during his four-day visit to Malaysia in November 1994

Jiang (third from left), accompanied by Penang chief minister Koh Tsu Koon (second from left), visits the Penang Bridge, the first road link between the island and the peninsula, which opened in 1985

Jiang with his delegation at A Famosa, Melaka

with the World Trade Organization (WTO) to be a member continued during the decade. It finally joined WTO in December 2001.

Diplomatic relations between Malaysia and China, which were based on the principle of non-interference of internal affairs, did not break. In fact, there were more frequent reciprocal visits by their leaders during the 1990s.

Datuk Seri Anwar Ibrahim, who was the deputy prime minister and finance minister then, led a delegation of 188 people on his first official visit to China in August 1994.

President Jiang Zemin made three visits to Malaysia in 1994, 1997 and 1998, while Mahathir also visited the republic in 1996 and 1999, when he signed a framework agreement for comprehensive bilateral cooperation with China, the two countries' first significant bilateral deal since the establishment of diplomatic relations in 1974.

Among the major consensus reached in the framework agreement were both countries committing to remove trade and investment barriers, and allowing the establishment of banking operations in each other's countries.

Before taking over from Jiang as China's president in 2003, then vice-president Hu Jintao also made a stop in Malaysia during his Asian tour in April 2002.

Tun Abdullah Badawi made an official visit to China in September 2003 when he was deputy prime minister. Two months later, he visited China again as Malaysia's fifth prime minister, signifying the importance of diplomatic relations between the countries. That was his first official visit abroad.

PHOTOS: SIN CHEW DAILY

Tuanku Ja'afar (centre) and Raja Permaisuri Agong Tunku Ampuan Najihah Tunku Besar Burhanuddin (second from right) pose for a group photograph with Jiang, Mahathir and his wife Tun Dr Siti Hasmah Mohd Ali

Chinese vice-premier Zhu (centre) concludes his working trip in Malaysia in May 1996. Together with him are Anwar (left) and Penang chief minister Koh.

Mahathir (right) with Chinese premier Li Peng during the latter's official visit to Malaysia in August 1997

China's Ge Fei and Gu Jun win the Ladies' Doubles Champion title in the Malaysia Open Badminton Championship in 2000

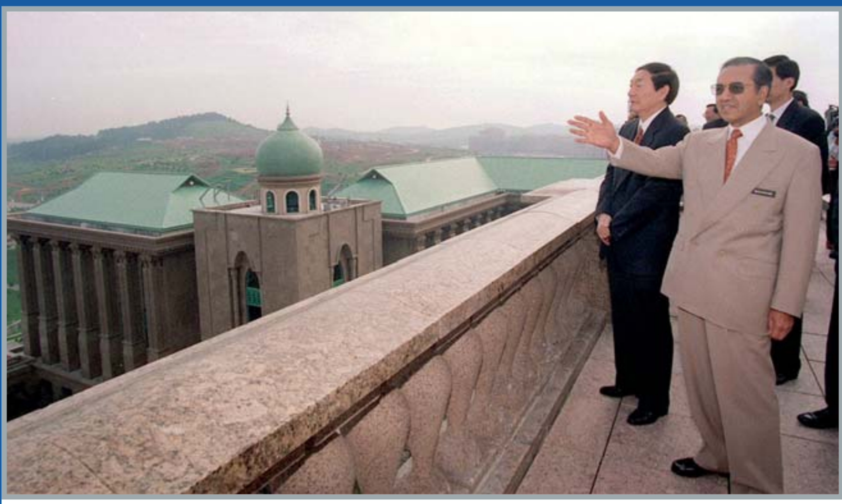
During a visit to China in August 1997, Tuanku Ja'afar (right), accompanied by Jiang, inspects the Chinese military guard of honour

Zhu (centre), his wife Lao An (second from right) and the Chinese delegation pose for a group photograph at Dataran Lang, Langkawi in November 1999

In April 2002, Hu visits the Teluk Bahang Dam in Penang, which was designed and jointly built by Malaysia and China at a cost of RM240 million

PHOTOS: SIN CHEW DAILY

Jiang meeting Mahathir at the Shanghai Asia-Pacific Summit in October 2001



Mahathir welcomes Zhu at the Prime Minister's Department in Putrajaya in November 1999

Unfortunately, the decade drew to an end with the onset of the Asian financial crisis in 1997/98, triggered by the currency devaluations in the region. Apart from that, Malaysia encountered political upheavals, with Anwar being sacked by Mahathir in 1998.

Notably, China's decision not to devalue its currency was a strategic move that prevented further destabilisation of the regional economy, indirectly benefiting Malaysia and the other Asean countries. This gesture of solidarity marked a significant moment in the bilateral relationship, emphasising China's role as a responsible regional player.

Chinese premier Zhu Rongji made an official visit to Malaysia in November 1999 to sign a memorandum of understanding allowing both parties to set up banks in each other's countries.

Bank Negara Malaysia announced its decision to permit Bank of China (BoC) to recommence its banking operations in Malaysia with effect from Aug 1, 2000, just over a year before China's accession to the WTO as its 143rd member in December 2001.

Subsequently, Hong Leong Bank Bhd bought a 20% stake in Bank of Chengdu in 2008. One year later, CIMB Holdings Bhd acquired a 19.99% stake in Bank of Yingkou but sold it in 2017.

Malaysia's exports to China, excluding Hong Kong, grew an average of 21% a year, from RM1.675 billion in 1990 to RM7.769 billion in 1998, reflecting a concerted effort to expand trade relations.

PHOTOS: SIN CHEW DAILY

Yang di-Pertuan Agong Sultan Salahuddin Abdul Aziz Shah (second from left) and Permaisuri Agong Siti Aishah Abdul Rahman (second from right) with Zhu and his wife at the palace in November 1999

The exchange of memorandum of understanding documents between Bank Negara Malaysia deputy governor Tan Sri Zeti Akhtar Aziz (right) and the People's Bank of China deputy governor Yan Haiwang, witnessed by Zhu and Mahathir in November 1999. Three agreements, including one on the establishment of banks in both countries, were signed.

Badawi (left) meets Hu in China in September 2003, six months after the latter's appointment as one of the country's top leaders

BoC had been operating in Malaysia previously but gave up its licence because of a legal requirement that prohibited a bank under the effective control of a foreign government from holding a banking licence in the country.

Despite the flourishing economic and trade ties, the relationship faced challenges, including trade imbalances and competition in certain sectors. Both countries worked out these issues via diplomatic channels and business-to-business dialogue, emphasising the need for fair trade practices and the exploration of new areas for cooperation.

The period was also marked by efforts to address non-tariff barriers and enhance logistics and connectivity between the countries, further facilitating trade and investment flows.

The discussions around the establishment of the Asean-China Free Trade Area (ACFTA), which came into effect in 2010, began during this time, highlighting the strategic importance of Malaysia-China economic relations within the broader regional context.

Asean signed a framework agreement with China in November 2002, providing the legal basis for both parties to negotiate further agreements, leading to the creation of ACFTA in 2010.

The framework agreement featured an "Early Harvest" programme, a precursor to the broader ACFTA, which further facilitated trade by reducing tariffs on a range of goods, boosting Malaysia's access to the Chinese market.

The strategic initiatives and collaborative efforts undertaken in the 1990s not only bolstered the economies of both countries, but also contributed to the economic vitality of the Asean region and beyond. E

ELECTRIFYING THE FUTURE:

Sime Darby Motors and BYD to make EVs accessible to all Malaysians

Sime Darby Motors signed the distribution agreement with BYD in September 2022 ... From left: BYD Asia Pacific Auto Sales Division General Manager Liu Xueliang, BYD Malaysia Managing Director Eagle Zhao, Gan and Sime Darby Motors Managing Director Andrew Basham

As Malaysia celebrates 50 years of diplomatic ties with China this year, the collaboration between Malaysian automotive distributor Sime Darby Motors and Chinese electric vehicle (EV) giant BYD stands as a testament to the growing partnership between the two nations.

BYD's commitment to revolutionising Malaysia's automotive landscape through cutting-edge EV technology raises a crucial question: How will this strategic alliance pave the way for a greener and more sustainable future on Malaysian roads? Let's hear it from the Managing Director of Sime Darby Motors Southeast Asia Jeffrey Gan.

1. In the dynamic landscape of EV technology, how has Sime Darby Motors elevated BYD's position to maintain a competitive edge in the Malaysian market?

Sime Darby Motors is dedicated to introducing cutting-edge EV technology to Malaysia through our successful partnership with BYD, established in December 2022. We have received a highly positive response to BYD's models such as the latest BYD SEAL launch. Aligned with BYD's diverse portfolio and sustainability focus, our collaboration enables us to introduce the latest EV technology to the Malaysian market. Leveraging our local expertise at Sime Darby Motors, we ensure we address unique local market needs, and we are committed to expanding our extensive sales and after-sales network, we've established 21 showrooms in just over a year to meet the increasing demand and provide a seamless ownership experience for Malaysians.

2. Could you elaborate on Sime Darby Motors' strategic partnership with BYD in Malaysia?

Sime Darby Motors is the automotive arm of Sime Darby Berhad and is involved in the retail, distribution and assembly businesses. It has over 30 marques in ten markets across the Asia-Pacific region and represents a wide spectrum of EV offerings from world-class brands.

Being a leader in EV, Sime Darby has a deep understanding of the Malaysian automotive market with extensive insights into consumer preferences, regulatory landscapes and distribution channels. The collaboration between Sime Darby Motors and BYD enables the partnership to leverage Sime Darby Motors' extensive network, talent and expertise. Together, we are jointly upskilling technical capabilities to support EV mobility by introducing training programmes at Sime Darby Motors' Retail & Distribution Academy. This will elevate our customers' confidence in our aftersales that drives EV adoption rate.

3. Over the years, Malaysia's fuel subsidy has been holding back EV adoption. But as environmental sustainability gains prominence globally, how does Sime Darby Motors envision its role in driving the adoption of clean energy solutions, particularly in Malaysia, over the next decade?

Traditional internal combustion engine (ICE) vehicles have been around for over a century, making it challenging to transition away from their familiarity. Malaysians may take time to fully embrace the EV lifestyle. The recent government announcement regarding a possible targeted fuel subsidy could boost EV adoption. Sime Darby Motors and BYD are committed to meet increased demand with advanced sustainable mobility solutions tailored for Malaysia. Notably, BYD stands out for its innovative Blade Battery technology, renowned for its endurance and safety after rigorous testing in extreme conditions.

4. What market strategies will be employed to navigate challenges and capitalise on opportunities in the Malaysian automotive market? What's next after Seal, Dolphin and Atto 3?

The introduction of BYD's ATTO 3, DOLPHIN and SEAL into the Malaysian market has offered our customers a wide range of EV options that cater to their individual preferences and needs. We look forward to further introducing more BYD EV models in the country that suits individual lifestyle.

5. How does Sime Darby Motors perceive the significance of the long-standing diplomatic ties between Malaysia and China, and how has this relationship influenced the company's investment and expansion strategies within the Malaysian market?

We launched the BYD brand in Malaysia on Dec 8, 2022, emerging as a top-selling EV brand with more than 40% market share in 2023, reflecting strong consumer trust. This demonstrates Sime Darby Motors' close relationship with BYD and Malaysia, supporting sales, aftersales, and aligning strategies through constant communication and feedback exchange. This allows us to adapt to the ever-changing market demands and competitive edge and instil trust and confidence in BYD with our capabilities to represent the brand effectively in Malaysia.

"The collaboration between Sime Darby Motors and BYD enables the partnership to leverage Sime Darby Motors' extensive network, talent and expertise."

> **Jeffrey Gan,**
> *Managing Director of Sime Darby Motors Southeast Asia*

4th Decade

2004 to 2013

From bilateral relations to comprehensive strategic partnership

The development of the twin industrial parks in Kuantan, Pahang and Qinzhou, Guangxi reflects the close economic cooperation between the two countries. This coincided with China's emergence as a major global economic power.

By **Lee Weng Khuen**

PHOTOS: BERNAMA

Wen acknowledges the crowd during his visit to University of Malaya in April 2011, his second visit to Malaysia, after attending the first East Asia Summit and the ninth Asean-China Summit and Asean Plus Three Summit in Kuala Lumpur in December 2005

Badawi inspecting the Chinese military guard of honour at the Great Hall of the People during his five-day visit to China in May 2004 that marked the 30th anniversary of diplomatic relations between the two nations. With him is his Chinese counterpart Wen.

THE DECADE OF 2004 to 2013 saw relations between Malaysia and China being elevated from bilateral relations to a comprehensive strategic partnership. This coincided with the latter's emergence as a big global economic power.

In October 2013, President Xi Jinping made an official visit to Malaysia, seven months after his appointment at the 12th National People's Congress in Beijing in March. During the visit, both countries upgraded their ties to a comprehensive strategic partnership and declared 2014 as "Malaysia-China Friendship Year" to mark the 40th anniversary of diplomatic ties.

Among the key initiatives under this partnership was boosting military cooperation and expanding trade. In December 2014, Malaysia and China held their first joint military exercise.

Yang di-Pertuan Agong Tuanku Mizan Zainal Abidin (left) and Raja Permaisuri Agong Tuanku Nur Zahirah pose for a group photograph with Hu and his wife Liu Yongqing during a luncheon banquet, during their trip to attend the opening ceremony of the Beijing 2008 Olympic Games

The then deputy prime minister Tan Sri Muhyiddin Yasin (centre) with China-Asean Association president Gu Xiulian (third from right) at a dinner held in conjunction with the 4th Conference on Asean-China People-to-People Friendship Organisations in Kuala Lumpur in July 2009

Prior to that, the close economic cooperation between the two nations was already seen in the development of the twin industrial parks in Kuantan, Pahang and Qinzhou, Guangxi — the first government-to-government mega industrial projects between both countries.

The China-Malaysia Qinzhou Industrial Park was launched in April 2012 by former prime minister Datuk Seri Najib Razak and his Chinese counterpart Wen Jiabao. Its sister park, the Malaysia-China Kuantan Industrial Park (MCKIP), was launched by Najib and Jia Qinling, the chairman of China's National Committee of the Political Consultative Conference, in February 2013.

Under the "government-guided, private sector-driven" principle, MCKIP is a key project under the Belt and Road Initiative, which was officially launched by China in 2013 to connect multiple continents across land and sea through massive infrastructure projects. In the past decade, MCKIP has revitalised the industrialisation of the east coast economic region. By 2027, the MCKIP and Kuantan Port will be integrated with the East Coast Rail Link. MCKIP is a joint venture between a Malaysian consortium — comprising IJM Land Bhd, Sime Darby Property Bhd and the Pahang state government — and a Chinese consortium led by state-owned conglomerate

PHOTOS: BERNAMA

Najib and Wen witnessing the signing of the China-Malaysia Qinzhou Industrial Park document between Malaysia's Minister of International Trade and Industry Datuk Seri Mustapa Mohamed (front left) and his Chinese counterpart Chen Deming in Nanning, China in October 2010

(From left) Malaysian shuttler Datuk Lee Chong Wei with his silver medal, Chinese shuttlers Lin Dan with gold and Chen Jin with bronze at the the Beijing 2008 Olympic Games. Malaysia missed a chance to grab the first gold medal when Lee lost to Lin 21-12 and 21-8 in the men's singles final.

Guangxi Beibu Gulf International Port Group and Qinzhou Investment Development Co Ltd.

During the early part of this decade, Malaysia's fifth prime minister Tun Abdullah Ahmad Badawi met with then Chinese president Hu Jintao in Beijing in May 2004 on the occasion of the 30th anniversary of the establishment of diplomatic ties between the two countries, to strengthen cooperation in biotechnology, education, healthcare, tourism and high-tech industries.

In February 2005, Malaysia's 12th Yang di-Pertuan Agong Tuanku Syed Sirajuddin Tuanku Syed Putra Jamalullail made a state visit to China.

Given the close relationship between the countries, the Export-Import Bank of China in July 2007 offered a US$800 million loan to Malaysia for the construction of the 23.5km-long Penang Second Bridge, with a low interest rate of 3% per annum over 20 years. Built by UEM Builders and China Harbour Engineering Co Ltd, the project was completed in February 2014 after construction began in November 2008, for a total cost of RM4.5 billion.

The two nations' friendship was also apparent in the Beijing 2008 Olympic Games, whereby the Olympic Flames arrived in Kuala Lumpur in April 2008 — one of 19 international destinations chosen — before land-

Xi and First Lady Peng Liyuan join Malaysian business magnates at a gathering during their visit here in October 2013

ing in Beijing for the opening ceremony. The Olympic Games took place from Aug 8 to 25 that year.

In May 2008, an earthquake struck Sichuan, killing over 80,000 people. To help the earthquake victims in China, a charity dinner was held in Malaysia, raising RM7 million from various local chambers of commerce and corporations.

Since the Asian financial crisis in 1997 and 1998, China's economy had picked up momentum, growing at a peak of 14.2% in 2007 — the third-strongest annual growth since its economic reforms in 1979. Though faced with the global financial crisis in 2008 and 2009, China managed to overtake Japan as the world's second-largest economy in 2011, following three decades of spectacular expansion. The difference in economic size of the world's two superpowers — the US and China — had also narrowed over the years, leading to bets on when China would be able to overtake the US as the top economy, with some expecting it to happen by 2035.

Against this backdrop, Malaysia, which saw a leadership change in April 2009 as Najib succeeded Abdullah Badawi, continued to maintain a favourable and friendly foreign policy towards China, which paved the way for more investments from Chinese firms into the country. E

Najib (second from right) shaking hands with the chairman of the National Committee of the Chinese People's Political Consultative Conference, Jia Qinglin, when launching the Malaysia-China Kuantan Industrial Park in Gebeng in February 2013

ACCCIM

Najib (left) with Wen during discussions on bilateral ties between the two nations in Nanning, China in April 2012

PHOTOS: BERNAMA

Najib and Xi (in background) witnessing the signing of an MoU between Minister of International Trade and Industry Datuk Seri Mustapa Mohamed (front right) and his Chinese counterpart Gao Hucheng at the Malaysia-China Economic Summit in October 2013

5th Decade

2014 to 2024

A friendship that remains unshaken after 50 years

As Malaysia and China navigate political changes and economic challenges, their symbiotic relationship not only survives but thrives, propelled by strategies such as the Belt and Road Initiative, ushering in a new era of collaboration and prosperity

By **Justin Lim**

THE SYMBIOTIC RELATIONSHIP between Malaysia and China has flourished into what many have termed a "golden era", as the nations celebrate the 50th anniversary of their diplomatic ties in 2024. This partnership, echoing the Chinese proverb "real gold does not fear the test of fire", has weathered its share of challenges and emerged stronger with each passing year.

A key milestone was the 10th anniversary of the comprehensive strategic partnership between the two nations in 2023, which coincided with the 10th year of the ambitious Belt and Road Initiative (BRI), President Xi Jinping's visionary plan for global connectivity and economic development.

Under Xi's stewardship, China saw unprecedented growth in the decade before 2023, with

PRIME MINISTER'S OFFICE

Anwar meets with Xi during an official visit to China on March 31, 2023. It is his inaugural visit to the country after being sworn in as the 10th prime minister of Malaysia in November 2022.

BERNAMA

Anwar shaking hands with Li at a bilateral meeting after attending the China-Asean Expo 2023 and the China-Asean Business and Investment Summit in Nanning, China

its gross domestic product more than doubling to US$17.52 trillion in 2023 from US$8.5 trillion in 2012, solidifying its position as the world's second-largest economy.

2023 was also the year when, Xi, at 70 years old, secured an unprecedented third term as China's president, despite facing the aftermath of the pandemic, trade tensions with the US and geopolitical strife. Li Keqiang, meanwhile, stepped down as premier after a decade-long tenure, succeeded by Li Qiang.

However, global challenges continued to mount. The US-China rivalry, Russia-Ukraine war and Middle East tensions threatened the global economy.

Over in Malaysia, the country experienced a period of political flux, changing five prime ministers in less than five years.

It began when Tun Dr Mahathir Mohamad, the country's longest-serving premier between 1981 and 2003, made a comeback at the age of 92 after leading the Pakatan Harapan coalition to a historic victory in the 2018 general elections. That ended Barisan Nasional's six-decade rule since Malaysia's independence in 1957.

Proton's CEO Li Chunrong (right), with deputy CEO Datuk Radzaif Mohamed (second from left) and chairman Datuk Seri Syed Faisal Albar (centre) at a media conference to announce the new board structure and executive team for Proton following the merger between Proton and Geely in 2017. Also present are Proton board nominees Shaharul Farez Hassan (left) and Daniel Donghui Li (second from right).

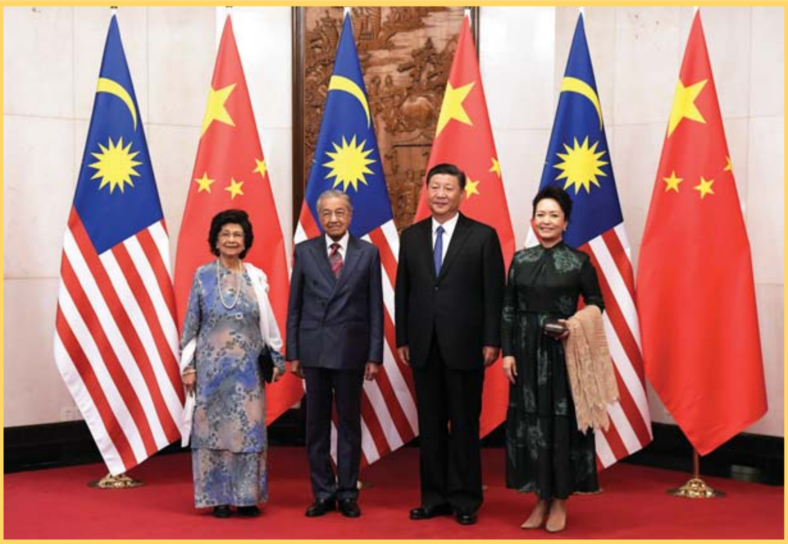
PATRICK GOH/THE EDGE

That comeback preceded a series of leadership changes, which saw Tan Sri Muhyiddin Yassin (2020), Datuk Seri Ismail Sabri Yaakob (2021) and finally Datuk Seri Anwar Ibrahim (2022) taking over the prime ministership after the 15th general election.

In the midst of all that, China donated 500,000 doses of Covid-19 vaccines to Malaysia during the height of the pandemic, showing once again how the spirit of solidarity that is at the core of this friendship remains strong.

Meanwhile, China continues to be Malaysia's largest trading partner, a record set since 2009, while Malaysia is China's second-largest trading partner in Asean. China's share of Malaysia's total trade rose to 17.1% in 2023, from 14.3% in 2014, while trade volume between the countries more than doubled in that period to reach RM450.8 million, from RM207.8 million previously.

BERNAMA



Mahathir meets with Xi during his visit to China on Aug 20, 2018, marking his first trip there after returning as the country's seventh prime minister following the general election in May 2018. Also present are Mahathir's wife Tun Dr Siti Hasmah Mohd Ali (left) and Xi's spouse Peng Liyuan (right).

MOHD SHAHRIN YAHYA/THE EDGE

Kuala Lumpur's latest skyscraper, The Exchange 106, was built by China State Construction Engineering (M) Sdn Bhd, a subsidiary of China State Construction Engineering Corp Ltd

Malaysia's early BRI endorsement attracted significant Chinese investments in strategic sectors such as automotive, real estate and infrastructure.

In 2016, China's then largest property developer Country Garden launched the US$100 billion Forest City development in Iskandar Puteri, Johor — the biggest overseas project by a Chinese developer. First announced in 2006 as part of the BRI, the project is developed by Country Garden Pacificview Sdn Bhd, a 40:60 joint venture between Esplanade Danga 88 Sdn Bhd and Country Garden Holdings Co Ltd. Esplanade Danga 88 is an associate of Kumpulan Prasarana Kerajaan Johor. Today, it is Malaysia's

Xi welcomes Najib during the latter's working visit to China in May 2017

SIN CHEW DAILY

Giant pandas Feng Yi and Fu Wa arrive in Malaysia in May 2014, just days before the 40th anniversary of Malaysia-China ties

Yang di-Pertuan Agong Al-Sultan Abdullah Ri'ayatuddin Al-Mustafa Billah Shah witnessing the track-laying process after officiating the first track installation ceremony of the East Coast Rail Link project in December 2023. Also present is Her Majesty Raja Permaisuri Agong, Tunku Azizah Aminah Maimunah Iskandariah.

PHOTOS: BERNAMA

largest property development undertaken by a foreign company.

Another example is the acquisition of a 49.9% stake in Malaysia's national carmaker Proton Holdings Bhd by Zhejiang Geely Holding Group Co Ltd.

Not forgetting too the 665km East Coast Rail Link. While the RM75 billion mega railway project that will bridge the east and west coasts of Peninsular Malaysia faced initial challenges, including temporary suspension due to political uncertainty, it is now set to be completed by end-2026.

Chinese investment in Malaysia has also diversified into emerging sectors such as electric vehicles (EVs), with companies like BYD leading the charge in driving EV adoption. Geely's ambitious plan to invest US$10 billion (RM47.7 billion) to build a high-tech automotive valley in Malaysia also underscores the country's growing importance as a hub for advanced manufacturing and technology.

Last year, Anwar's official visit to China secured a record RM170 billion worth of investment commitments, which will further boost Malaysia's economic prospects.

Then prime minister Datuk Seri Najib Razak (centre) cutting a cake at the Malaysia-China Friendship Dinner during his six-day official visit to commemorate the 40th anniversary of bilateral relations between Malaysia and China on May 31, 2014. Also at the ceremony are president of the China-Asean Association, Gu Xiulian (left) and president of the Malaysia-China Friendship Association, Datuk Abdul Majid Ahmad Khan.

PHOTOS: BERNAMA

Datuk Lee Chong Wei defeated his Chinese arch-rival Lin Dan in the Rio Olympics badminton men's singles semifinals in August 2016. He, however, was beaten by Chen Long in the final, marking his third successive loss in the Olympic Games final.

After international borders reopened post-pandemic, the two nations embarked on a new chapter of visa-free travel in 2023. China recently extended its visa-free policy for short-term visits to the country for Malaysians until the end of 2025, from Nov 30 this year.

With this visa-free initiative, the Malaysian government is now targeting five million Chinese visitors in 2024 to accelerate its post-pandemic recovery. Chinese tourist arrivals to Malaysia had fallen to 7,701 in 2021 due to the pandemic, a stark contrast to the 3.1 million recorded in 2019. Prior to the pandemic, they contributed significantly to Malaysia's tourism industry, spending RM15.3 billion here in 2019 — accounting for 18% of Malaysia's tourism revenue of RM86.1 billion that year.

The giant pandas Xing Xing and Liang Liang, who have been residing in Zoo Negara since 2014 and birthed three offspring since, symbolise how Malaysia-China ties have continued to flourish in the last 10 years despite the challenges both faced.

The bonds of this friendship will serve as a strong foundation for a brighter, more prosperous future for both countries, as they embark on the next chapter of their golden era. E

Chinese tourists enjoying durian at the International Durian Fruit Promotion at 77 Durian Hill, Balik Pulau, Penang in 2015. Co-organised by the Department of Agriculture, the programme aimed to showcase the king of fruits to foreign visitors.

Deputy Prime Minister Datuk Seri Fadillah Yusof (left) and Chinese Ambassador to Malaysia Ouyang Yujing at a 2024 Chinese New Year reception at Shangri-La Hotel

Evolution of relations

A journey of remarkable progress

Compiled by **Liew Jia Teng + Chester Tay** | Illustrations by **Nurul Aida Mohd Noor**

Wang Youping (left), China's first ambassador to Malaysia, meets with Tun Michael Chen Wing Sum, one of the many Malaysians who worked to build bilateral ties with China

People at the helm

PRIME MINISTER OF MALAYSIA
Tunku Abdul Rahman
1957-1970

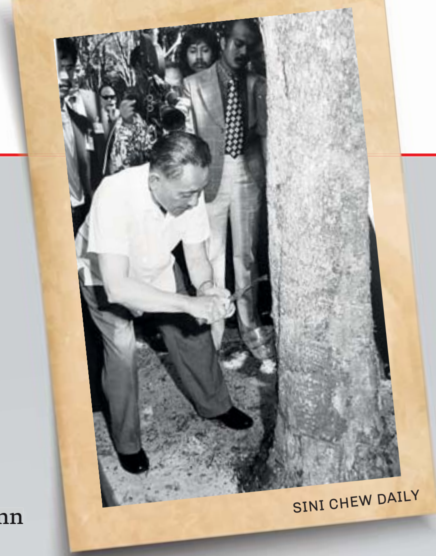
CHINESE PARAMOUNT LEADERS
Mao Zedong and Hua Guofeng,
1949-1978

Deng Xiaoping
1978-1989

CHINESE PREMIER
Zhou Enlai
1949-1976

PRIME MINISTERS OF MALAYSIA
Tun Abdul Razak Hussein
1970-1976

Tun Hussein Onn
1976-1981



SINI CHEW DAILY

▲ Deng Xiaoping taps rubber during a visit to the Rubber Research Institute of Malaysia in November 1978, a month before he became the paramount leader of China

TUN MICHAEL CHEN

▲ Prime Minister Tun Abdul Razak plays ping pong with a student during his visit to Tsinghua University in 1974

1970s

1970
Tun Abdul Razak is elected the prime minister; proposes neutralisation of Southeast Asia

1971
- Razak sends a trade delegation led by Tengku Razaleigh Hamzah to China. Razaleigh meets Premier Zhou Enlai.
- Malaysia votes to support the restoration of China's legal status in the United Nations and declares its recognition of the One-China policy.

1972
A team of Malaysian table tennis players led by Tun Michael Chen Wing Sum is invited to join the Ping Pong Friendship Tournament in Beijing.

1973-1974
China's badminton team visits Malaysia in 1973 and its ping pong team arrives the year after.

1974
Razak makes his first official visit to China from May 28 to June 2, meeting Mao Zedong and signing a joint-communique with Zhou on May 31.

1973-1974
Negotiations on the establishment of diplomatic ties are carried out between Chinese representative to the UN, Huang Hua, and Malaysian representative to the UN, Zakaria Ali, through 14 rounds of talks, focusing on four major issues:
1. Malaysia hopes China will sever its relationship with the Communist Party of Malaya (CPM). Both sides agree that the communique should include a clause rejecting any invasion, interference, control and subversion from any outside country.
2. Both sides agree that the communique should make it clear that the governments of China and Malaysia do not recognise dual citizenship.
3. Malaysia agrees to sever its relationship with the Taiwan consulate, stop all official exchanges, abolish all offical agreements and arrangements with Taiwan and close all Taiwan-related official agencies.
4. China uses the term "Tiongkok" for China in all Malay translations. Taking consideration of the fact that "China" had now been accepted by a majority of countries, the republic agrees to use the term "China" in the communique.

1974
Tun Razak's Barisan Nasional celebrates a landslide victory in the 4th general election

1978
- Chinese vice-premier Deng Xiaoping visits Malaysia
- Deng is named China's paramount leader; introduces reforms and open-door policy

1979
Prime Minister Tun Hussein Onn makes official visit to China

▼ Malaysia is the only country that can export raw uncleaned edible bird's nest to China

▼ Malaysia's electrical and electronics (E&E) sector has historically depended on the US and European markets. However, new opportunities are emerging from the Chinese market amid trade diversions resulting from the US-China geopolitical tensions.

People at the helm

CHINESE PARAMOUNT LEADER

Jiang Zemin, 1989-2002

CHINESE PREMIERS

Zhao Ziyang

1980-1987

Li Peng

1987-1998

PRIME MINISTER OF MALAYSIA

Tun Dr Mahathir Mohamad

1981-2003

CHINESE PREMIER

Zhu Rongji

1998-2003

CHINESE PARAMOUNT LEADER

Hu Jintao, 2002-2012

CHINESE PREMIER

Wen Jiabao

2003-2013

PRIME MINISTER OF MALAYSIA

Tun Abdullah Ahmad Badawi

2003-2009

1980s

1985

Associated Chinese Chambers of Commerce and Industry of Malaysia president Tan Sri Wee Boon Ping leads negotiations to ink the Malaysia-China Trade Cooperation Agreement, paving the way for the 1988 Malaysia-China Bilateral Trade Agreement

1986

- Malaysia reduces minimum age for social visits to China to 60, from 65 previously
- Other conditions permissible for visiting China:
  - Have immediate family there
  - Seeking medical treatment
  - Attending Canton Trade Fair
  - As members of economic and trade missions

1988

- Malaysia abolishes import licence system for Chinese goods
- The Malaysia-China Bilateral Trade Agreement is signed, with Malaysia agreeing to abolish the approved permit system for imports from China and 0.5% commission imposed on imports from the republic
- Malaysia and China sign memorandum of air services agreement to enable scheduled flights between both nations, proposing three weekly flights between KL and Beijing/Guangzhou.

1989

- Cabinet approves MAS' starting direct flights to two Chinese cities
- Cabinet further relaxes restrictions on Malaysians when visiting China:
  - Adults above 30 years old can visit if on a tour
  - Individual social visit age lowered to 50 years old from 60 years old
- MAS makes maiden flight to Guangzhou, days after the Tiananmen Square incident
- Minister of Trade and Industry Rafidah Aziz leads a delegation to visit China; the first cabinet minister in the world to make such a visit after the Tiananmen Square incident.
  - Yao Yilin, who was then vice-premier of China, describes the Malaysian trade mission as one embodying *huannan zhijiao* (akin to the English proverb "a friend in need is a friend indeed")
- China makes maiden flight from Guangzhou to Subang Airport
- Malaysia allows China citizens to enter on social visit

1990s

1990

First Chinese citizen, 66, arrives in Malaysia to visit his 91-year-old mother

- Malaysia drops all restrictions on visiting China
- China premier Li Peng visits Malaysia; agrees to increase flight frequency between both countries and states that Chinese Communist Party (CCP) does not have a relationship with CPM anymore

1992

China President Yang Shangkun makes five-day official visit to Malaysia

1993

INTI College makes history by initiating first non-governmental academic exchange with a foreign university (Tsinghua University of China)

1994

Tsinghua University conducts first overseas student recruitment in Malaysia

- Deputy Prime Minister and Finance Minister Datuk Seri Anwar Ibrahim leads a delegation of 188 people on his first official visit to China; agrees to Bank of China setting up a branch in Malaysia
- Chinese President Jiang Zemin visits Malaysia

1998

Jiang Zemin makes second official visit to Malaysia

1999

China Premier Zhu Rongji makes official visit to Malaysia, signs memorandum of understanding for the setting up of banks in each other's country

2000s

2001

China becomes 143rd member of the World Trade Organization

2002

Chinese President Hu Jintao makes official visit to Malaysia

2002

Asean-China Framework Agreement on Comprehensive Economic Cooperation is signed in November

2004

Prime Minister Tun Abdullah Badawi makes official trip to China, attending the celebration of the 30th anniversary of diplomatic relationship between Malaysia and China

2009

Prime Minister Datuk Seri Najib Razak and Premier Li Keqiang celebrate 35th anniversary in Beijing; President Hu Jintao also meets Najib in Kuala Lumpur

Malaysia began exporting frozen whole durians to China in 2019. It had been exporting frozen durian products to the republic since 2011.

People at the helm

CHINESE PARAMOUNT LEADER
Xi Jinping, 2012-current

PRIME MINISTER OF MALAYSIA
Datuk Seri Najib Razak
2009-2018

CHINESE PREMIER
Li Keqiang
2013-2023

PRIME MINISTER OF MALAYSIA
Tun Dr Mahathir Mohamad
2018-2020

PRIME MINISTERS OF MALAYSIA
Tan Sri Muhyiddin Yassin
2020-2021

Datuk Seri Ismail Sabri Yaakob
2021-2022

Datuk Seri Anwar Ibrahim
2022-current

CHINESE PREMIER
Li Qiang
2023-current

2010s

2010
Full establishment of Asean-China Free Trade Agreement

2013
- China officially launches Belt and Road Initiative (BRI)
- Launching of Malaysia-China Kuantan Industrial Park (MCKIP)
- Chinese President Xi Jinping makes first state visit to Malaysia; the China-Malaysia Comprehensive Strategic Partnership is established

2014
- MH370 tragedy occurs
- Giant pandas Xing Xing and Liang Liang arrive at Zoo Negara on loan from China
- Najib and Li Keqiang celebrate 40th anniversary in Beijing, sign joint-communique to broaden and deepen cooperation in economics, tourism, financial services, politics, culture and military.

2016
On his third official visit to China, Najib says diplomatic ties are "set to reach new highs" after the two countries sign 14 agreements worth US$144 billion

2018
Li Keqiang welcomes Tun Mahathir Mohamad on his official visit to Beijing after the change of government in Malaysia

2019
Xi Jinping meets Mahathir at the Great Hall of the People for the Second Belt and Road Forum in Beijing

Giant panda Xing Xing posing for the cameras on its 17th birthday last year at the Giant Panda Conservation Centre in Zoo Negara

2020s

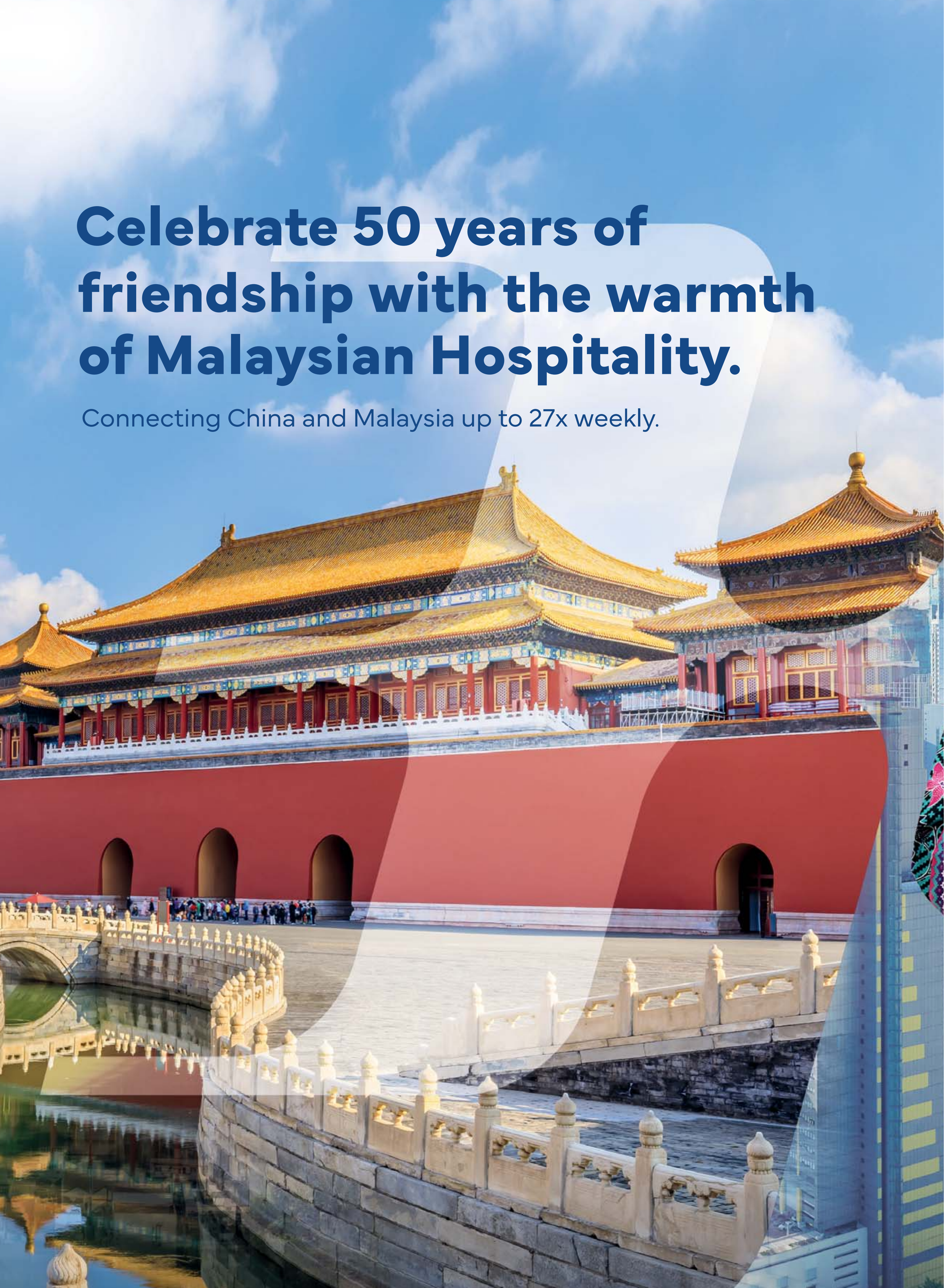
2020
Regional Comprehensive Economic Partnership (RCEP) is signed

2022
RCEP takes effect

2023
- Anwar visits China in March and September
- Mutual visa-free policy between China and Malaysia from Dec 1, 2023 to Nov 30, 2024 is implemented

2024
- Visa-free travel to China for Malaysian citizens is extended until the end of 2025

Malaysians are increasingly purchasing products online from China via e-commerce platforms. Chinese e-wallets are also gaining traction in the country.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Five decades of diplomatic exchange

AMBASSADORS OF CHINA TO MALAYSIA						AMBASSADORS OF MALAYSIA TO CHINA
Wang Youping		1975-1977	70s	1975-1977		Datuk Hashim Sultan
Ye Chengzhang		1977-1982		1978-1980		Tan Sri Abdul Rahman Jalal
Chen Kang		1983-1985	80s	1980-1983		Datuk A S Talala
Hu Gang		1985-1988		1983-1986		Tan Sri Ahmad Kamil Jaafar
Zhou Gang		1988-1991		1986-1989		Datuk Ismail Mohamad
Jin Guihua		1991-1993	90s	1990-1994		Datuk Nor Adlan Yahayudin
Qian Jinchang		1994-1999		1995-1997		Datuk Mat Amir Jaafar
Guan Dengming		1999-2001				
Hu Zhengyue		2001-2004	2000s	1998-2005		Datuk Abdul Majid Khan
Wang Chungui		2004-2006		2005-2009		Datuk Syed Norulzaman Syed Kamarulzaman
Cheng Yonghua		2006-2008				
Liu Jian		2008-2010				
Chai Xi		2010-2013	2010s	2010-2014		Datuk Iskandar Sarudin
Huang Huikang		2014-2017		2015-2019		Datuk Zainuddin Yahya
Bai Tian		2017-2020				
Ouyang Yujing		2020-present	2020s	2019-2023		Raja Datuk Nushirwan Zainal Abidin
				2023-present		Datuk Norman Muhamad

SOURCE: EMBASSY OF THE PEOPLE'S REPUBLIC OF CHINA IN MALAYSIA AND MINISTRY OF FOREIGN AFFAIRS, MALAYSIA
PHOTO BY BERNAMA

ZAHID IZZANI/THE EDGE

The Embassy of the People's Republic of China in Malaysia at Taman U Thant, Jalan Ampang, Kuala Lumpur. Chinese Ambassador Ouyang Yujing arrived in Malaysia on Dec 20, 2020, at the height of Covid-19 pandemic.

MINISTRY OF FOREIGN AFFAIRS, MALAYSIA

The Embassy of Malaysia in China is located at Liang Ma Qiao Bei Jie, Chaoyang District, Beijing. The embassy complex was officiated by fifth prime minister Tun Abdullah Ahmad Badawi during his official visit to China in May 2004.

Tan Sri Nazir Razak

Leveraging Tun Razak's diplomatic masterstroke

ON MAY 31, 1974, Malaysia became the first Asean country to establish diplomatic ties with China pursuant to an agreement signed by then prime minister Tun Abdul Razak and premier Zhou Enlai. Razak's decision to visit China and the resulting accord was arguably the greatest diplomatic manoeuvre in the history of modern Malaysia, if not Southeast Asia. As the first Asean leader to take this step, it was a bold and brave move that has paid enormous dividends for Malaysia.

Tan Sri Nazir Razak is the son of Malaysia's second prime minister Tun Abdul Razak. He is a former banker and founding partner of regional private equity (PE) firm Ikhlas Capital Singapore Pte Ltd.

Bold and brave

Biographies often paint my father, Razak, as a cautious technocrat. But the reality is that while he was methodical, it did not stop him from taking big risks; from his decision to remain in Umno after president Datuk Onn Jaafar quit in 1951, to introducing grand schemes to alleviate poverty, to the major systemic reforms post-May 13.

And of course, there was his China strategy. As the saying goes "you can make your own luck".

The idea of building diplomatic relations with China was seeded during an official visit to Canada in 1971, in a conversation between Razak and the Chinese ambassador on the sidelines of an event in Ottawa. This took place even before US President Richard Nixon's dramatic 1972 visit to Beijing, and kicked off three years of intense bridge-building that even featured the so-called "ping-pong diplomacy" involving the Malaysian Table Tennis Association. The association led by Tun Michael Chen arrived in Beijing with an unusually large roster of senior foreign office officials who went off for clandestine meetings while ping-pong-play went on. The first bilateral private sector trade mission also took place, led by Tengku Razaleigh Hamzah, the chairman of the Associated Malaysian Chamber of Commerce and close confidant of Razak. At the same time, Malaysia made quite visible shifts in its foreign policy stance and supported China's membership of the United Nations at the expense of Taiwan. All these set the stage for Razak's visit.

China in the early 1970s was still in the midst of the Cultural Revolution (1966-1976), a tumultuous period marked by political upheaval, social chaos and economic stagnation. The country was isolated from the international community, its economy was largely agrarian and its infrastructure rudimentary. Society was tightly controlled by the ruling communist party with strict ideological conformity and limited personal freedoms. The revolution was spread beyond borders as China was providing military and financial assistance to communist insurgents throughout Southeast Asia, including the Communist Party of Malaya (CPM). The Chinese Communist Party (CCP) retained a broad definition of Chinese nationals to include overseas Chinese immigrants and had even issued edicts to Chinese immigrants in Indonesia and Myanmar to ignore local laws, in their efforts to support local communist movements. The CCP was not just the government of a foreign country, it was a conspirator to violent insurgents in Malaysia and other countries in the region.

Unsurprisingly, Razak's plan to engage China faced resistance from many powerful quarters. The Indonesian government initially expressed displeasure; Razak had to personally explain himself to President Suharto. At home, the move triggered whispers within Umno of there being "communist sympathisers" among Razak's inner circle. Razak was at the height of his power then, so these did not distract him, but soon after he died in January 1976, a number of his close advisers were detained under the Internal Security Act, accused of being communists.

Given Razak's nature, he would probably be the first to admit that while his move was bold and brave, he did not have the foresight of China's

SIN CHEW DAILY

A historic handshake: On May 31, 1974, Zhou and Razak signed a joint-communiqué between the two governments in Beijing, announcing the establishment of diplomatic relations between China and Malaysia

incredible transformation over the next 50 years. Rather he was driven by his conviction that Malaysia and Asean should remain neutral in the contest amongst superpowers, his domestic political agenda and the persistent CPM insurgency.

That week in history

Razak became the first Asean leader to visit China on May 28, 1974. He and his entourage stayed for six days. There was nothing obvious about Malaysia becoming friendly with China and Razak was anxious until the end of the trip about the potential risks: he and his entourage being humiliated by an indifferent welcome, failure to meet with Chairman Mao Zedong or a lack of substantive outcomes.

Instead, Razak had extensive and substantive discussions with both Mao and Zhou. The talks were not straightforward and there are accounts of tense moments when Razak's calm demeanour was needed to move things forward. China's initial stance was to normalise diplomatic relations first and deal with other matters later, whereas Malaysia was adamant that relations could not normalise without important principles being established first.

Razak won important assurances regarding China's attitude towards Malaysia. Mao made it clear that the CCP did not have expansive military ambitions; the CPM's insurgency was an internal matter for Malaysia; China did not regard people in Malaysia of Chinese origin as Chinese citizens whom they had a duty to defend. In sum, Malaysia had won from the Chinese leadership that all-important promise not to destabilise its smaller neighbour.

> **"Malaysia had won from the Chinese leadership that all-important promise not to destabilise its smaller neighbour."**
> *— Nazir*

The substantive agreements, incorporated in a joint communique, coupled with the best-in-class reception for the Malaysian delegation and genuine warmth shown to him by the two leaders meant that Razak departed Beijing in a triumphant mood.

Domestic politics

The China engagement certainly had a domestic context. Malaysia was rebuilding and a new national consensus would require goodwill from different ethnic communities that still harboured deep suspicion of one another. The New Economic Policy had just been introduced; the state would unashamedly intervene in the economy to rebalance the share of wealth between ethnic groups, which meant an increase in the share of the bumiputera at the expense of foreigners and the Chinese. The creation of Barisan Nasional (BN), a grand coalition of mainly race-based parties, had left the DAP, the main Chinese party, as the sole opposition. These shifts added fuel to the perception of Razak as a Malay extremist, so his China manoeuvre will have gone some way to ameliorate concerns of the non-Malays.

I can remember the cheering crowds greeting Razak upon his return. In his speech at Dataran Merdeka the same evening, he declared a national holiday and also intimated that the fourth general elections would be held soon, an eagerly anticipated one following a 22-month period of democratic suspension and major systemic reforms. Three months later, the election campaign began and in Chinese majority areas, BN campaign posters were mainly of Razak shaking hands with Mao, above the slogan "Barisan Nasional is for racial harmony".

Regional security

The China rapprochement was also a bold bet on strengthening the foundations for security within the country as well as the region. Malaysia had been the main proponent of the concept of Asean as a Zone of Peace Freedom and Neutrality (Zopfan), which was launched as the "Kuala Lumpur Declaration 1971". While his predecessor Tunku Abdul Rahman was

BLOOMBERG

World leaders, including Chinese President Xi Jinping and US President Joe Biden, assemble for a group photograph during the Asia-Pacific Economic Cooperation summit held in San Francisco last year. At a time when other Asian countries seem to be aligned on taking a more aggressive stance against China's territorial claims and incursions, Anwar's diplomatic skills will be tested over the South China Sea issue.

seen as staunchly pro-West and anti-communist, Razak believed that Malaysia's best interest was served by being non-aligned and, in 1972, had also visited Moscow. Malaysia had to take the lead with this strategic shift for Asean because Thailand and the Philippines were then still hosts to US military bases and Indonesia resented China's intervention in its communist uprising in 1965.

Malaysia retained an edge in its relationship with China because Razak was the trailblazer and a friend when friendship with China wasn't in vogue. Thailand and the Philippines followed Razak's lead and established diplomatic ties but the rest of Asean waited until the 1990s, after the end of the Cold War. The Chinese proverb says "those who drink the water must remember those who dug the well" and for many years after Razak's passing, a succession of new Chinese ambassadors to Kuala Lumpur would make it a point to make an early courtesy call on my mother, Tun Rahah Mohamed Noah, and several would even verbalise this proverb to her.

The China transformation

Judging from any measure of progress since then, China has undergone remarkable transformation over the last 50 years, way beyond anything Razak could have imagined or dreamt. The speed of its economic transformation has been the most dramatic in human history. The reforms initiated by Deng Xiaoping in the late 1970s have propelled China into an economic powerhouse with rapid industrialisation, urbanisation and technological advancement. China's integration into the world economy has seen it emerge as a major trading partner of most countries. China is also a major foreign direct investor across the globe via its companies, which are now some of the world's largest. Between 1974 and 2024, its gross domestic product (GDP) increased from US$144 billion to US$18 trillion and GDP per capita from US$315 to US$11,800. Whereas today's debate is about when China will overtake the US as the world's largest economy, in 1974 it was the ninth largest economy in the world and the US economy was over 10 times larger.

Malaysia has been a major beneficiary of China's ascension. China has been Malaysia's top trading partner for the last 15 years, so much so that China's economic outlook is today an important predictor of Malaysia's growth rates. In 2022, the trade volume between the two countries was valued at RM487 billion compared to a meagre RM159 million in 1974. China is also Malaysia's second largest export market, worth over RM192 billion in 2023 or 13.5% of total exports. Tourists' arrivals from China are also the largest from a non-Asean country and China was consistently among Malaysia's top five largest sources of foreign direct investment (FDI) over the past five years at an average of US$12 billion per annum. As investors, contractors or service providers, China has been deeply involved in major projects such as the Forest City, East Coast Rail Link (ECRL), Malacca Gateway, Malaysia-China Kuantan Industrial Park (MCKIP) and Gemas-Johor double-tracking rail project.

And our special relationship?

The strength of the ties between Malaysia and China is often a reflection of the relationship between the Chinese president and the Malaysian prime minister; not surprising given the systemic dominance of the two positions. During Datuk Seri Najib Razak's tenure, the relationship probably peaked as Najib invested in building a close personal relationship with President Xi Jinping and Premier Li Keqiang. No doubt being Razak's son helped, as did his relatively long tenure in office. When Najib lost the 2018 elections and the 1MDB scandal came to the surface, the relationship soured somewhat as the new government sought to renegotiate the ECRL contract, with several China state-owned enterprises, that was perceived to be overpriced as part of an elaborate scheme to solve 1MDB's debt problem. There was also speculation that the 1MDB scandal fugitive, Jho Low, was being allowed to hide out in China.

No prime minister after Najib has been able to develop the same rapport that he had with Xi yet. Current Prime Minister Datuk Seri Anwar Ibrahim has the runway to now build his version of an effective leader-to-leader relationship, but it will take focused effort and a good understanding of the changing context.

> **"The strength of the ties between Malaysia and China is often a reflection of the relationship between the Chinese president and the Malaysian prime minister; not surprising given the systemic dominance of the two positions."**
> *— Nazir*

A delicate balancing act

China's entry into the World Trade Organization (WTO) in 2001 was greeted with jubilation by the West, heralding a new era in its economic liberalisation, integration into the world economy and perhaps even democratisation. However, while China gained tremendously from greater trade with the world, it didn't quite obey established trading rules. Nor did China alter its state capitalist model or show any interest in Western-style democracy. And after the global financial crisis, the West went from disappointment to discomfort; at the rate it was growing, China was set to overtake the US as the world's largest economy soon and had started to use its newly found economic might to hold sway over other countries. Blaming China for domestic industrial weaknesses and economic inequality in Western countries began to gain currency. During his successful campaign for office in 2016, President Donald Trump made overt anti-China rhetoric politically popular, and others followed suit. Trade and investment sanctions and restrictions on China have become arguably the most bipartisan issue in US politics. And while the initial hard-line rhetoric about the imperative of economic decoupling has been replaced by the softer sounding "onshoring" and "de-risking", there is little doubt that China is now considered an economic hostile to the West.

Economic tensions have compounded risks from major political fault lines, especially over Taiwan and the South China Sea. China continues to also openly show support for Russia, raising the spectre of a formidable military axis against the North Atlantic Treaty Organization (Nato). And closer to home, China is highly influential in Myanmar, Laos and Cambodia, raising the spectre of a divided Asean.

As the world evolved from a bipolar to unipolar to multipolar order over the past 50 years, our simple non-aligned stance has been replaced by a multi-alignment strategy where we can align and take sides on a case-by-case basis. And we can even engineer healthy tension between major powers to get the best deal for ourselves. This has served us well. As global supply chains are being recalibrated, Malaysia is a prime destination for the so-called China Plus One strategy of multinationals from the West and China too. During his first official visit to Beijing in April last year, Anwar announced a massive RM170 billion in new committed investments from China.

So far so good for Malaysia and Anwar. But it will be a delicate balancing act going forward. It is an open secret that Washington has already expressed concerns about Kuala Lumpur "tilting" towards Beijing when expectations were of the opposite, given the US support for Anwar's past reform movements. There are fears that the US might widen its definition of China companies in a way that impacts Malaysia as an investment destination.

Managing the US-China balance is further complicated by the marked shift in the economic momentum of the two sides. The US economy is forging ahead on the coat-tails of its technology companies and monetisation of artificial intelligence while the Chinese economy is mired in the side effects of years of high and unrestrained growth combined with the debilitating impact of Covid, technology disruptions and trade wars. Meanwhile, President Xi's anti-capitalist rhetoric and anti-corruption campaign have impacted the confidence of its leading entrepreneurs and companies. Beijing is still struggling to even coherently describe its economic recovery plan and preferred model of market capitalism: It seems to want to blend market competition with state-imposed limits on growth and success, and some notion of common prosperity but isn't quite sure how this should work in practice. Some observers are already writing off China's chance of overtaking the US economy, which is surely premature and underestimates the Chinese government's resources and pragmatism. But China is in a much weaker position and the next US president, Republican or Democrat, would likely take advantage of the situation to the detriment of China-linked economies, like Malaysia. Anwar would do well to anticipate and mitigate this risk.


BLOOMBERG

China has undergone a remarkable transformation over the last 50 years, way beyond anything Razak could have imagined or dreamt as seen in this photo of Shanghai

Anwar's diplomatic skills will also be tested over the South China Sea. The Philippines and Vietnam are taking a more aggressive stance against China's territorial claims and incursions. The recent trilateral summit between the Philippines, the US and Japan will have concerned Beijing. There is heightened geopolitical risk in our backyard and when Anwar becomes Asean chair in 2025, he must prioritise this. One suggested move is to leverage on Malaysia's relationship with China to finalise the framework mitigating risks in the South China Sea. We have had 22 years of negotiations on a code of conduct between China and Asean countries; closing on this could be the diplomatic masterstroke of Anwar's chairmanship.

Leveraging nostalgia

When Razak made the bold move to visit Beijing and launch diplomatic ties in 1974, he and Malaysia earned enormous goodwill from an isolationist China. But such goodwill was never going to last forever whatever the Chinese proverbs say. Goodwill depreciates with time and circumstances. It's been 50 years and China is a superpower with many friends. However, the 50th anniversary celebrations this year will be an opportunity to reflect on the significance of Razak's visit, and nostalgia can be a very helpful backdrop to discussions on how to re-energise the relationship between the two countries.

A good start would be to remind ourselves that the relationship was founded on Malaysia's neutrality, and our multi-alignment is its modern corollary. We should then take stock of the healthy bilateral economic relationship and explore in granular detail how to do more together; from allowing exports of fresh Malaysian durians to China, to greater vertical integration in the electrical and electronics (E&E) value chain, to China FDI to help Malaysia achieve its renewable energy goals. We must however remember that the devil is always in the details and there are already plenty of examples of high value deals that didn't quite turn out to be beneficial for Malaysia. Furthermore, we must risk manage and stress test our exposures to China, assuming further escalation in the US-China tensions.

On the political front, we should seek to leverage our relationship with China to be a constructive force for peace and stability especially with regard to our own backyard, the South China Sea. An Asean chair that can leverage a special relationship while being well respected by the US and other major powers might even be able to make his mark on bigger global challenges like Palestine and climate change.

As Razak's son, it is of course hard to be impartial, but surely his China strategy was nothing less than a diplomatic masterstroke, especially with the benefit of all the hindsight we have today and the opportunities that we can contemplate as we celebrate its 50th anniversary. E

This year marks a significant milestone in the history of Malaysia-China relations as we celebrate five decades of bilateral ties based on mutual respect, understanding, and common interests. From economic collaborations to cultural exchanges, Malaysia and China have forged bonds that bring prosperity and advancement to both countries. We appreciate the ties that both nations have cultivated and the accomplishments that have been made. Looking into the future, we anticipate further opportunities for collaboration, particularly in emerging fields such as technology, renewable energy, and green finance which offer promising prospects for sustainable growth.

PPB GROUP BERHAD

The Kuok Group began business in 1949 when it established Kuok Brothers Sdn Bhd in Johor Bahru, Malaysia. Kuok Brothers through its business units, was one of the early exporters of Malaysian palm oil to China and subsequently, invested and formed other strategic partnerships in China.

Kuok Brothers' holdings include a significant stake in PPB Group Berhad ("PPB"). Incorporated in Malaysia in 1968, the PPB Group today has diversified businesses in grains and agribusiness; consumer products; film exhibition and distribution; and property.

Beyond business interests, the Group promotes the spirit of caring and sharing. This led to the incorporation of Kuok Foundation Berhad in 1970, which supports initiatives to alleviate poverty, primarily through financial assistance to deserving Malaysian students including scholarships.

▲ The Arawana cooking oil brand is among the many popular consumer products in China that are distributed by Wilmar International Limited, an associate of PPB.

▲ A flour and feed mill complex in Pulau Indah owned by FFM Berhad, a subsidiary of PPB.

▲ Palm oil was one of the early commodities exported by Malaysia to China.

KERRY PROPERTIES

▲ A Kerry Properties commercial project in Jing An, Shanghai.

Over time, the Kuok Group diversified its investments regionally, expanding into real estate, hospitality, logistics, and more.

In 1974, Kerry Holdings Limited ("KHL") was established in Hong Kong. The Kerry name has since become associated with the Kuok Group operations in Hong Kong and Mainland China.

KHL's property arm, Kerry Properties Limited focuses on residential developments as well as a rental portfolio of mixed-use projects such as hotels, offices, shopping complexes and luxury apartments.

SHANGRI-LA

The Group's hospitality arm operates deluxe hotels and resorts under renowned brands like Shangri-La, Kerry, JEN, and Traders.

Shangri-La Asia Limited, Hong Kong, an established name in China's hospitality sector, has more than 50 hotels in strategic locations in China. It is also a major shareholder of Shangri-La Hotels (Malaysia) Berhad ("SHMB"). SHMB owns and manages a luxurious 5-star hotel in Kuala Lumpur and resort properties in Penang and Sabah.

▲ The welcoming lobby of Shangri-La Beijing

▲ The Shangri-La hotel chain is a symbol of luxury and hospitality in the Asia Pacific region.

Tengku Datuk Seri Zafrul Abdul Aziz

Malaysia-China ties through the lens of Malaysia's Asean chairmanship 2025

Tengku Datuk Seri Zafrul Abdul Aziz is the minister of investment, trade and industry

THIS IS A momentous year for Malaysia-China relations — 2024 not only marks 50 years of Malaysia-China diplomatic relations but also heralds new opportunities facilitated by Malaysia's chairmanship of Asean in 2025.

Given the backdrop of a dramatically changed world, I strongly believe Asean must feature prominently and be the lynchpin for all China-Southeast Asia relations and vice versa, and the Belt and Road Initiative (BRI) could be a strong catalyst for boosting trade and investments in this region.

Numerous studies conducted by the World Bank have estimated that the BRI can boost trade flows in 155 participating countries by 4.1%, as well as cut the cost of global trade by 1.1%-2.2% and grow the gross domestic product (GDP) of East Asian and Pacific developing countries by roughly 2.6%-3.9%.

To reap those opportunities, we must first recognise that the world today is markedly different from half a century ago, when Malaysia made the first move to engage with China. The Cold War is long over. Even the post-Cold War period has ended. Notably, Asean today is an economic community with a combined GDP of US$3.7 trillion (RM17.5 trillion) and a population of over 666 million, making it effectively the fifth-largest "economy" in the world.

What has not changed and will not change is how the intra-Asean economic relationship will continue to drive our engagements moving forward. Our different political systems have not been and should not be a barrier to that.

Asean, Malaysia believes, is the best platform to guarantee regional stability. We also believe that Asean's thinking should be predicated on how we can advance our shared futures.

Deglobalisation and asserting Asean's neutrality

For that, two potential megatrends need to be considered. The first is derisking, or even deglobalisation. In the era of nearshoring, onshoring or friendshoring, questions on where a company produces, how it redesigns its supply chain, its shareholding and even senior management hiring are no longer answered by the mere logic of profit maximisation.

Investors and exporters — including countries — must think carefully about their positioning in a multipolar world where the new power equilibrium is not yet certain. The new order, whatever its final configuration, will be transactional for some time, if not for generations.

When it comes to deglobalisation or derisking, in the short term, this region may benefit from increased trade and investment flows.

But at the same time, the message must be clear: Asean must be firm on its independence. It must remain an open trading region for all and not be forced to choose between any great powers.

Asean could also leverage its inter-country strengths. For instance, Malaysia and Indonesia will continue to assert the sustainability of our palm oil production while reminding other parties about their responsibilities for a just transition.

China, with its huge consumer market, could be our strong partner in promoting the use of sustainably certified palm oil and supporting our view that non-tariff barriers must not be camouflaged as the fight against climate change.

Shaping a greener future

The second megatrend is the global race to net zero. In this inevitable transition, there will be new investment and trading opportunities around a

The inhabitants of Southeast Asia — some of the smallest carbon emitters in the world — will unfortunately be among the first to suffer the worst of climate change impacts

greener future — be it in carbon credits, certificates, currents or charging capabilities.

As Malaysia starts to develop leadership in all the above "Cs" through policies such as the New Industrial Master Plan 2030 and New Energy Transition Roadmap, we see various BRI projects as strong facilitators for regional sharing of expertise in green technology, which will effectively "carry along" other Asean countries on the sustainability path too. For Malaysia's chairmanship of Asean in 2025, this is one of the priorities of the Ministry of Investment, Trade and Industry (Miti) for the economic pillar. Miti is proactively attracting investments in renewable energy (RE), greening existing BRI infrastructure such as the Malaysia-China Kuantan Industrial Park and promoting new projects like the Kerian Integrated Green Industrial Park in northern Perak.

Malaysia is also developing technologies that can contribute to net zero, such as carbon capture, utilisation and storage. These capabilities are suited not only for our own requirements but also those of others in Asean.

Furthermore, as a major component of the global electrical and electronics supply chain, Malaysia cannot fail the world or our major investors when it comes to sustainability standards including the provision of RE to this sector.

Meanwhile, the Iskandar Region and Johor Special Economic Zone can facilitate complementarities between Malaysia and Singapore not only in the semiconductor sector but also on many other fronts to provide a compelling "green" value proposition to China and other investors.

We must embrace sustainability because there will be no trade or investment if the whole world is literally boiling! And also, because the inhab-

Asean today is an economic community with a combined GDP of US$3.7 trillion and a population of over 666 million, making it effectively the fifth-largest economy' in the world

itants of Southeast Asia — some of the smallest carbon emitters in the world — will unfortunately be among the first to suffer the worst of climate change impacts! On climate finance, therefore, Asean must collaborate to get more climate-derisking capacity funding from developed countries.

Leadership and imagination needed

These megatrends reinforce that countries must work towards greater, not less, cooperation.

The lucrative opportunities ahead should spur much-needed pivots in thinking and processes. Asean remains a powerful but woefully underutilised platform. Member states should plan and work as a bloc.

Strengthening Asean does not detract from our national interests — it is a means to make our countries more attractive. All international counterparts, including China, should recognise that Asean's potential is best tapped as part of a larger whole rather than individually.

Greater imagination is needed. The BRI within Asean could focus more on areas like human capital, innovation and sustainability. Greening BRI projects, for example, will require a radically upgraded regional talent pool.

> **"Strengthening Asean does not detract from our national interests — it is a means to make our countries more attractive. All international counterparts, including China, should recognise that Asean's potential is best tapped as part of a larger whole, rather than individually."**
>
> *— Zafrul*

In short, BRI must work to support a more robust trade and investment ecosystem for Asean. The economic spillover must be impactful and a win-win for all parties.

Furthermore, Asean — with its 666 million population — is emphatically not a passive market. To that end, China and Malaysia, as well as other Asean countries, must work on out-of-the-box initiatives to bring about more inclusive and sustainable growth for this region through BRI and other regional projects.

For Malaysia, 2025 is an opportunity to set and achieve the right Priority Economic Deliverables to usher in a new growth era for Asean, ensure a just environmental, social and governance transition, and develop a stronger Asean voice to protect our collective trade and investment interests globally.

I am, therefore, optimistic that Malaysia, China and Asean will continue to have the leadership that can adapt and respond appropriately to those new global realities.

As for the Malaysia-China relationship, the first 50 years have been, overall, successful with outcome-based BRI projects. With more strategic thinking and closer collaboration, I am confident that the next 50 will be just as, if not more, successful. E


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Ouyang Yujing

BRI projects will spur closer ties

MALAYSIA AND CHINA'S cooperation under the Belt and Road Initiative (BRI) is beginning to show results, says Chinese ambassador to Malaysia Ouyang Yujing in an email interview with *The Edge*.

He cites, for example, the East Coast Rail Link (ECRL) as one of the flagship projects under the BRI, observing that it is the single largest transport infrastructure project undertaken by Chinese enterprises overseas thus far.

The ECRL, he adds, is an indication of the close relationship shared by Malaysia and China. The long-standing good bilateral ties, he says, can be attributed to leadership from the top. Ouyang says more policies beneficial to the people of both nations can be expected, moving forward, which will make cross-border movements between the two countries more convenient.

Below is an excerpt of the interview with Ouyang in response to questions on the BRI after a decade and 50 years of China-Malaysia bilateral ties.

Ouyang Yujing is the Chinese ambassador to Malaysia

***The Edge*: What are the key achievements under BRI since it was announced by President Xi Jinping? How has it benefited and changed Malaysia?**

Ouyang Yujing: In 2013, President Xi Jinping proposed the idea of BRI. Malaysia is one of the first countries that participated and supported the initiative, and one of the most important participating countries. Over 10 years, under the care and support of the leaders of both nations, China and Malaysia embarked on BRI projects together with an emphasis on quality.

By following the strategies of "advancing at once on the east and west" and "leading with the flagship projects", the concept of "one park, one port" — represented by the Kuantan Industrial Park and Kuantan Port — was gradually established on the east coast of [Peninsular] Malaysia.

The Kuantan Industrial Park and Kuantan Port will be connected to the West Port [of Port Klang, Selangor] through the East Coast Rail Link, which is like a thread that links the east and the west coast of the [peninsula]. Results of the cooperation in various industries under the BRI are showing, which brings huge benefits to both countries.

Overall, BRI has brought real benefits to the society of Malaysia. For instance, it helps Malaysia attract capital for development and advanced technology. It has also nurtured many talents. All these helped form a solid foundation for the country to embark on its next phase of economic development. As more doors are opened for businesses and more jobs are being created, the Malaysian economy can grow and flourish.

On projects under BRI, ECRL is an iconic project, and also the single, largest transport infrastructure project undertaken by Chinese enterprises overseas so far. The ECRL project is 62% complete and is expected to be fully completed by 2027. Based on research conducted by Malaysian entities, the construction of the ECRL alone would have boosted Malaysian economic growth by 2.7% and brought business opportunities to more than 3,000 local enterprises.

During the construction phase, over 6,000 people were hired, with over 5,000 railroad local talent being nurtured. Upon completion, ECRL will serve as a "land bridge" that connects the east and west coast of [Peninsular] Malaysia, smoothing out the industrial chain and logistics channels between two countries and the wider area.

The Kuantan Industrial Park has witnessed the signing of 13 projects that involved an agreed investment amount of over RMB46 billion, representing a total industrial output value of RMB60 billion. This is expected to create more than 20,000 jobs locally and increase the throughput of the Kuantan Port to over 15 million tonnes per year.

The Gemas, Johor Bahru electrified double-tracking rail project, which is being built by Chinese enterprises, is 94% complete. It is expected to be fully completed this year, which will significantly increase the speed of goods and people movements, providing a boost to the economic development to the southern region of Peninsular Malaysia.

The BRI has become a global cooperation platform and public product that is open and inclusive and mutually beneficial. It is welcomed by the broader international community, including Malaysia. It is foreseeable that the path of cooperation between China and Malaysia under the BRI will stretch further and wider moving forward.

The Year 2024 marks the 50th anniversary of diplomatic ties between China and Malaysia. What is your evaluation of the relationship between both countries?

[The year] 2024 marks the 50th anniversary of the China-Malaysia diplomatic ties. The governments of both countries and their people will organise a series of events and activities to celebrate such a historical moment. Just a while ago, representatives of the Chinese and Malaysian governments launched the special logo and song to mark this Golden Jubilee celebration. Several events were held, including the second China-Malaysia Science and Technology Innovation Summit and the 2024 Malaysia-China Summit. There are more to come.

The relationship between China and Malaysia can be traced back to five decades ago. It has stayed firm even when the world went through big changes and challenging periods.

In 1974, Malaysia's second prime minister, Tun Abdul Razak, "broke the ice" by being the country's first leader to visit China, and signed the Joint Communiqué between China and Malaysia with then Chinese Premier Zhou Enlai. It was a historical moment, as a new chapter was opened for the China-Malaysia relationship. In 2013, China's President Xi Jinping created another historical moment when he visited Malaysia, further deepening the relationship between both countries through the Comprehensive Strategic Partnership. In 2023, Prime Minister Datuk Seri Anwar Ibrahim visited China twice and reached a consensus with President Xi Jinping on the shared future of both countries, which outlined a blueprint for the China, Malaysia relationship in a new era.

In 1974, bilateral trade between the two countries was US$200 million. That figure has grown to US$190.24 billion today, with China being Malaysia's largest trading partner for 15 years consecutively.

Through the emphasis on quality, China and Malaysia worked together on projects under the BRI initiative and made great strides. Various mega project investments have materialised and implementation is ongoing.

Cultural exchange is an "accelerator" in the relationship between China and Malaysia. Both countries are situated closely geographically, and the people are familiar with each other. Cooperation between both countries on education, art, tourism, culture and other areas has been getting better.

At the end of last year, both countries announced the implementation of the visa-free policy, which brings great convenience to the people of the two countries. This is reflected in the increase in the number of Chinese and Malaysian tourists in both countries.

> **"In celebrating the 50th anniversary of China-Malaysia diplomatic ties, both nations should enhance top level engagements, deepen political mutual trust and further consolidate relationship."**
> *— Ouyang*

What are your expectations for China and Malaysia's bilateral ties moving forward? Which are the areas that both countries can grow further through cooperation?

From a new historical starting point, represented by the 50th anniversary of China-Malaysia diplomatic ties, we want to continue the long-established friendship between both countries and further strengthen cooperation.

Leadership from the top is the cornerstone that provides stability and endurance to such a long-lasting relationship. Last year, President Xi Jinping and Prime Minister Anwar Ibrahim reached an important consensus on the shared future of both nations, and outlined the blueprint for the development of both countries in a new era.

In January, President Xi Jinping sent a congratulatory message to Sultan Ibrahim Sultan Iskandar on being sworn in as Malaysia's new king, and emphasised that China and Malaysia are presented with an important opportunity to work even closer together. The two nations should enhance communication and cooperation, and strive to solidify the shared future of both countries and continuously obtain new achievements.

We should take the consensus achieved by the leaders of the two nations as guidance for the future. In celebrating the 50th anniversary of China-Malaysia diplomatic ties, both nations should enhance top level engagements, deepen political mutual trust and further consolidate relationship.

Areas that will be enhanced are the production and supply chains, data and talent; high quality projects under the BRI; vigorous development of cooperation in the new areas of innovation, artificial intelligence, digitalisation and sustainability. All these will bring a win-win situation and real benefits to the two nations.

We want to expand cultural exchange in multiple areas, push for more cooperation on the educational, cultural scientific research front to achieve new breakthroughs. Recently, China and Malaysia implemented the visa-free policy, which provides a huge convenience to the people of both nations. Moving forward, China and Malaysia will implement more policies that will benefit their people, and encourage more travelling to take place between the two nations. This will bring the people of China and Malaysia closer together. E

Datuk Seri Tiong King Sing

Elevating Malaysia-China connections through cultural and economic exchange

Datuk Seri Tiong King Sing is the minister of tourism, arts and culture

MALAYSIA WAS THE first Asean country to establish diplomatic relations with China on May 31, 1974. The two countries share close geographical proximity, cultural affinity and intertwined histories.

It is only natural for them to focus on deep and pragmatic cooperation in various fields, creating more opportunities and dividends for the people of both nations through increased exchanges and mutually beneficial cooperation. This includes creating more marketing opportunities such as organising large-scale familiarisation trips (FAM trips), business tourism and exhibitions (MICE).

Coinciding with the important milestone of the 50th anniversary of Malaysia-China diplomatic relations this year, China has established a Chinese Cultural Centre in Kuala Lumpur to strengthen ties with Malaysia and set up mechanisms for bilateral exchanges and communication platforms. It is expected that no amount of effort will be spared to provide support in terms of policy, resources and promotion.

Therefore, Malaysia must also make thorough preparations to create a favourable environment for diplomatic cooperation, including comprehensive infrastructure development, streamlined procedures, and friendly and encouraging policy guidelines.

It should actively promote cooperation in all aspects, especially the renewal of cultural cooperation agreements, providing a platform for exchange and visits for artistic and cultural groups from both countries, conducting cultural diplomacy activities, and facilitating the connection between bilateral tourism operators and local governments, such as providing incentives. Only through such friendly cultural exchange between Malaysia and China can we create a brilliant and progressive future!

Since taking office as minister of tourism, arts and culture, I have led the ministry and its agencies on four trips to key cities in China to carry out promotional activities for Malaysian tourism and conduct roadshows. We have initiated a series of initiatives involving "government-to-government", "business-to-business" and "merchant-to-merchant" engagements.

The Tourism Malaysia offices in Beijing, Shanghai and Guangzhou have been collaborating with local travel agencies and airlines to explore cooperation aimed at enhancing the market share and visibility of Malaysian tourism brands and attractions in the Chinese market.

China remains in the top five markets for arrivals to Malaysia. In 2023, with the resumption of outbound travel for Chinese citizens, Malaysia welcomed a total of 1.5 million Chinese tourist arrivals to Malaysia, with RM8.8 billion in tourism receipts, which equals an exponential growth of 593.4% and 897.0% respectively, compared with 2022, which had only 212,603 Chinese tourist arrivals with RM885 million in tourism receipts.

With the implementation of reciprocal visa-free visits starting from December 2023, our goal for 2024 is to attract seven million Chinese tourists to Malaysia. As at February 2024, Malaysia had welcomed 530,718 travellers from China, an increase of 458.1% compared with the same period in 2023.

We have coordinated with six major online travel platforms in China, held discussions with seven airlines, enlisted the support of 14 leading Chinese outbound travel companies, and signed strategic cooperation agreements with three Chinese online travel platforms (Ctrip, Tongcheng Travel and Meituan Travel). These agreements are aim at packaging Malaysian tourist attractions to increase their appeal to Chinese tourists.

Currently, there are 341 flights per week between China and Malaysia (2019: 357 flights), with 68,010 seats available (3.5 million seats per year versus 2019's

MOTAC

Tiong presenting Malaysian batik to Ren Hongbin, chairman of the China Council for the Promotion of International Trade (CCPIT) on Jan 29 this year

3.9 million seats), ranging from Malaysia Airlines, AirAsia, Batik Air, China Eastern Airlines, China Southern Airlines, Xiamen Air, Shenzhen Airlines, Spring Airlines and Loong Air.

Focused efforts have been made in developing the Muslim-friendly tourism market. The Islamic Tourism Centre (ITC) under the ministry is dedicated to positioning Malaysia as a regional "umrah hub" to welcome Chinese Muslim pilgrims, allowing them to make brief stops in our country to replenish themselves and sightsee during the pilgrimage season.

For instance, in January, we hosted a group of 35 Imams from China to explore Muslim-friendly tourism in Malaysia. We also encourage relevant industry players to participate in ITC's courses and programmes, including the Muslim-Friendly Tourist Guide (MFTG) course and the Muslim-Friendly Tourism and Hospitality Assurance and Recognition (MFAR) programme, which are open to locally licensed guides.

Efforts have been made to optimise immigration procedures, including the establishment of counters to assist tourists. These counters effectively help resolve any issues tourists may encounter during entry and exit processes. Discussions have been held on whether airlines can station personnel at airports, and additional language translation personnel have been deployed to ensure smoother immigration processes.

After the efforts of both parties, Malaysia and China have implemented a mutual visa waiver policy starting from Dec 1, 2023, pushing the bilateral relationship to another peak.

Although this convenience measure is temporarily effective for only one year, I sincerely hope that the governments of both countries will conduct long-term observations and explore whether the measure can indeed boost the national economy, promote bilateral friendship, help facilitate better interaction and communication between the peoples of both countries, especially in bolstering the success of Malaysia Tourism Year 2026, and carefully consider extending the visa waiver measure.

Under various favourable factors, I also anticipate that Malaysia and China can jointly plan more large-scale events and celebrations, fostering more practical cooperation in areas such as culture, tourism and economic and trade cooperation, especially in driving the number of mutual visits to another peak.

> **"It is only natural for [Malaysia & China] to focus on deep and pragmatic cooperation in various fields, creating more opportunities and dividends for the people of both nations through increased exchanges and mutually beneficial cooperation."**
> *— Tiong*

The Ministry of Tourism, Arts and Culture (MOTAC) believes that strengthening bilateral relations between China and Malaysia will establish a solid, mutually beneficial and lasting relationship, contributing to the prosperity and well-being of both countries and also promoting regional peace and stability, for example:

- Increasing tourism between Malaysia and China by promoting each other's tourist destinations, simplifying visa procedures and enhancing transport links;
- Promoting trade and investment to boost economic growth in both countries. This includes increasing bilateral trade volume, diversifying trade products and encouraging investment in key sectors including tourism;
- Strengthening strategic partnerships, which involves joint ventures, sharing expertise, collaboration on tourism projects and promotions; and
- Strengthening people-to-people ties by fostering cultural exchange and mutual understanding between the peoples of Malaysia and China, such as promoting language learning, organising cultural events and supporting educational exchanges.

As for tourism, arts and culture, I hope the relevant departments and teams will promote the Malaysian brand to more competitive and higher-end markets, including improving infrastructure, optimising tourism packages and enhancing quality and service attitude, aiming to jointly build Malaysia into a fertile ground for sustainable development of the tourism economy and a cradle of exchange and mutual learning in arts and culture. E

Liew Chin Tong

Explaining Malaysia to China: The five middles

Liew Chin Tong is the deputy minister of investment, trade and industry

GETTING MALAYSIANS AND Chinese to understand each other's economy is crucial for Malaysia's future. It is important for Malaysians to understand contemporary China while China's policymakers and business community must have a clear idea about Malaysia's unique role.

China's economy is extremely large and each of its intended and unintended actions has massive impacts and consequences on the world economy, Malaysia's included. The Chinese economy was at US$17.96 trillion in 2022. For comparison, the US economy stood at US$25.43 trillion; Germany, US$4.08 trillion; Japan US$4.25 trillion; South Korea US$1.67 trillion; and Malaysia US$407 billion. If the Chinese economy were to grow by 5%, the expanded portion of a particular year alone is the size of two Malaysian economies.

The Chinese economy is so large that Malaysia would not really have featured in the minds of the Chinese if not for the current US-China geopolitical and geoeconomic competition.

Chinese paramount leader Deng Xiaoping launched the economic "reform and opening" in 1978. After the setback as a consequence of the Tiananmen crackdowns in 1989, he pulled the nation back on the track of economic growth through his last major act, the Southern Tour, in 1992.

China continued to grow rapidly from 1992 until the emergence of the Covid-19 pandemic in 2020. The economy boomed, especially since the country's accession to the World Trade Organization in 2001. A whole generation of Chinese knew only that the next year would be better than the current year, and they had faith that the next generation would certainly live a much better life than theirs.

The Chinese economy has been essentially driven by four engines, namely, export, real estate, high tech and domestic consumption. The headwinds China faces now are not cyclical as three of the four engines are under severe stress.

China's dilemma

Exports faced the stranglehold of the US and its allies since Donald Trump's presidency in 2017 and has further deepened in recent years. The real estate bubble is finally arriving, which has implications for steel, cement, construction materials and, of course, the banking sector. Property at one time constituted more than 30% of gross domestic product (GDP).

China's high-tech sector is partly driven by the national security imperative to compete with the US, and partly by the sheer capacity to innovate. Yet, high tech such as automation and artificial intelligence (AI) does replace some jobs, without a corresponding increase of new jobs that are not easily replaceable by machines or machine learning. Nonetheless, some replacement of jobs by technology should be welcomed, given China's shrinking birth rate and rapidly ageing population.

Since the end of the Covid-19 lockdowns, domestic consumption has not expanded as much as expected because jobs and prospects of future income have been affected by the decline of exports and the slow bursting of the real estate bubble. The wealth of the urban middle class is mostly tied to the properties they own. As property values stagnant or decline, it affects household wealth, confidence and, hence, domestic consumption.

Insufficient care service jobs have been created. This can be attributed to China's negative views of welfare. With many worried about how to pay for ageing or illness, as there is hardly any provision of aged care or health insurance or funding, the insecurity regarding the future means more ordinary Chinese are hoarding cash for rainy days, instead of spending for today.

Essentially, although China's economy is huge, it is still growing — albeit at a slower growth rate — and has massive productive capacity, it has a less-than-robust domestic market that is facing difficulty in fulfilling what the other engines were supposed to fire

BLOOMBERG

Malaysia occupies the indispensable middle in the global supply chain, in which its manufacturing sector has the technical know-how and capacity to produce many products. This is especially true in the electrical and electronics subsector.

up. Chinese businesses are now in a wave of expansion — into foreign economies in search of new markets.

Malaysia and its Southeast Asian neighbours are now the talk of the town among Chinese businesses as they find ways to deal with the challenges they face in China.

The five middles

In my many encounters with businesspeople from China, I have been suggesting to them to see Malaysia in the following middles:

- First, Malaysia occupies the indispensable middle in the global supply chain, in which its manufacturing sector has the technical know-how and capacity to produce many products. This is especially true in the electrical and electronics subsector.
- Second, in an increasingly bifurcated world, Malaysia's non-aligned geopolitical positioning provides a middle ground for businesses from China and the West to trade and exchange.
- Third, Malaysia aspires to become a middle-class society, emulating China's success. China had about 100 million middle class in 2001, which has quadrupled now.
- Fourth, Malaysia takes a moderate middle-of-the-road approach towards ethnicity and religions, which is important in an increasingly polarised world.
- Fifth, Malaysia's strategic geographical location between the Indian Ocean and Pacific Ocean is also highly relevant, especially in the context of trade and geopolitical competition.

The five middles are the value propositions of Malaysia that should be explained to the Chinese business community.

Malaysia as an ideal business destination

Malaysia is an ideal destination for Chinese businesses to set up regional headquarters, regional or global distribution centres and high-end manufacturing premises.

Malaysia's multilingual, multicultural and educated workforce, English Common Law framework, strong logistics network and infrastructure, make the country a near-peer to Singapore.

To enhance collaboration, Malaysia and China should deepen the interoperability of their stock exchanges, arbitration services, trading in their respective currencies and many other new architectures that would facilitate trade and services, especially the operations of regional headquarters in Kuala Lumpur and Johor Bahru.

As Malaysia has these unique attributes, we must not sell ourselves short. I often tell Malaysians who are involved in attracting investment from China that they have a duty to share with their investors that Malaysia aspires to equal the high-quality development that the republic is promoting now.

The Two Sessions — the most important meetings on the Chinese government's calendar — held in March have promoted the "new quality productive forces" to pursue high-quality development, with the aim of further accelerating China's economic output.

PATRICK GOH/THE EDGE

According to the South East Asia Iron and Steel Institute, steel production capacity in the region might double from 75.3 million tonnes in 2021 to 147.2 million tonnes in 2026

Durable mutual collaborations

China's investments into Malaysia should be paying the same wage level as China (which is in general higher than Malaysia now). According to a HSBC Global Research study, Malaysia's wage cost as a share of China was 120% in 2009 and only 70% in 2022. Low wage is not a badge of honour for Malaysia. Raising wages is a key goal for Malaysia to move forward, which could be helped by new investments in higher value-added sectors.

The environmental standards of Chinese investments into Malaysia should be at par with what China is requiring its firms to adhere to (in recent years, China has had very stringent environmental regulations and higher standards of emission restriction). One of the reasons why garbage was imported into Malaysia was because China refused to handle those sent from Western nations, while some unscrupulous Malaysians collaborated with Chinese businesses to transfer them to Malaysia.

Malaysia must also be very concerned about the overcapacity of some industries, such as the steel industry, so as not to replicate China's overcapacity in Southeast Asia. I am particularly worried about the potential doubling of steel production capacity in the region between 2021 (75.3 million tonnes) and 2026 (147.2 million tonnes), according to the South East Asia Iron and Steel Institute. Many of these Chinese-owned steel mills used to export back to China to supply the construction sector, which is now much smaller than a few years ago.

> **"Malaysia must also be very concerned about the overcapacity of some industries, such as the steel industry, so as not to replicate China's overcapacity in Southeast Asia."**
> ***— Liew***

For long-term sustainable collaboration, the Malaysian government needs to encourage and handhold Chinese firms that invest in Malaysia to build a Malaysian supply chain. There is misguided belief among some Malaysians and Chinese that they can rebadge or repackage China's products or bring China's entire supply chain to Southeast Asia in the hope to avoid the high tariffs the American and European governments are imposing on China's products. This is not wise and is not going to last long, and should be avoided from the onset. Malaysia's favourable trade agreements with partners is a great asset that should be treasured and maintained, hence building a long-lasting Malaysian supply chain is the way to go.

In addition, the competition between the US and China is concerned more with technology. In this area, there could potentially be a vacuum in the ownership and sovereignty of intellectual property in certain key technologies. Malaysia could fill in part of this void should it make a big push to strengthen its research and development efforts as well intellectual property laws.

The world is changing rapidly, China is huge and a factor that is highly consequential to the Malaysian economy in years, if not decades, to come. Malaysia needs to play to its strengths and to bring value propositions to the fore to create durable collaborations for the benefit of our two countries and two peoples.

Happy 50th anniversary to the Malaysia-China diplomatic relations! E

50th ANNIVERSARY OF MALAYSIA-CHINA DIPLOMATIC RELATIONS
马中建交50周年

Commemorating the 50-year milestone in Malaysia-China relations

In celebration of the enduring friendship between Malaysia and China, *The Edge* presents exclusive interviews with prominent business tycoons across diverse industries. Delve into insightful conversations with corporate leaders who boast significant business ties with China, as well as those who have successfully forged partnerships between the two nations on Malaysian soil.

Additionally, gain valuable perspectives from the presidents of key business associations, and explore compelling success stories of Malaysian billionaires who have thrived in the dynamic Chinese market.

Sime Darby poised to tap China's rising affluence

By **Cheryl Poo**

AS ONE OF Malaysia's earliest movers to gain a foothold in China's automotive market in the mid-1990s, Sime Darby Bhd's long-standing bilateral trade ties with the East Asian economic powerhouse placed the homegrown diversified group in a good position to ride China's super growth in the subsequent decades.

Sime Darby was already in Hong Kong from 1968, having acquired BMW Concessionaires (HK) Ltd, the sole importer and distributor of BMW cars and motorcycles in the former European colonies of Hong Kong and Macau.

Thus, it seemed only natural for the group to expand into Mainland China by acquiring the distribution rights of the BMW motor vehicle franchise in the Guangdong and Hainan provinces in 1994.

"We just rode the boom. The entire first seven years was about managing a company that was growing at a crazy pace. The key questions were how fast we could build our branches, recruit and train the people. The demand was already there. When I went in, we had 13 branches and 600 people. When I left, there were 96 branches and 1,500 people. It was about managing growth, and doing so at that rate was difficult," Sime Darby group CEO Datuk Jeffri Salim Davidson tells *The Edge* in an interview at its headquarters in Selangor. He joined Sime Darby in 1992 and had a seven-year posting in Guangzhou from 2007 selling tractors from American brand Caterpillar to the Chinese.

As Jeffri rightfully points out, the local conglomerate is very different today after demerging from its plantation and property arms and divesting a number of its non-core assets — such as Ramsay Sime Darby, Tesco in Malaysia, as well as its China-based water management business, Weifang Sime Darby Water Management Co Ltd, and three Jining ports in Shandong province — to focus on the group's primary businesses in the industrial and automotive segments.

"China was undergoing a growth phase at a rate of about 20% a year. It's tougher today as China has obviously matured and competition is very stiff. The nation has since developed a very strong motor car industry via electric vehicles (EVs)," says Jeffri.

In spite of what the nation is going through now, Sime Darby's volumes are still quite good as industry demand from the Chinese middle class for cars, particularly nice cars as well as EVs, is still strong, says Jeffri

SIME DARBY

PATRICK GOH/THE EDGE

"Our problems in China then were quite well documented. We faced losses in the early days but the decisions made by the then CEO of Sime Darby had proved to be clever, and we are reaping the benefits of those brave decisions that were made," says Jeffri, who considers Sime Darby to be one of Malaysia's biggest investors in China today.

In fact, China and Australia comprised the lion's share of Sime Darby's business up until the completion of the group's full acquisition of UMW Holdings Bhd from Permodalan Nasional Bhd in March. UMW's automotive portfolio now puts Malaysia among the group's key markets.

The China market, comprising Mainland China, Hong Kong and Macau, contributed to 35% of Sime Darby's revenue in the financial year 2023 (FY2023), thanks to the group's industrious automotive segment, while the mining industry in the Australasia region — Australia, New Zealand, Papua New Guinea and Solomon Islands — accounted for 37%. Malaysia (16%, prior to the UMW acquisition) and Southeast Asia (12%) made up the balance.

"China drives a lot of the group's business, directly and indirectly. Apart from its demand for luxury goods which includes BMWs, China with its infrastructure development over the years takes up a lot of coal from Australia, particularly metallurgical coal for its steel industry. Much of that comes out of Queensland, where its miners are buying our heavy equipment, tractors, bulldozers, trucks and so forth," explains Jeffri.

SIME DARBY

Apart from the BMW dealership, Sime Darby also distributes Rolls-Royce, Volkswagen, Lamborghini and Porsche vehicles in the world's second-largest economy

Eyes on China's 'hungry population'

According to Jeffri, the increasing urbanisation in Asia-Pacific, with its "young and aggressive populations wanting the finer things in life", continues to drive Sime Darby's business.

Referencing the *Bain Luxury Report 2020*, Jeffri says he is of the view that China will be the biggest luxury goods market by 2025.

"By 2050, half of the global GDP (gross domestic product) will be from [Asia-Pacific] and largely from China. Sime Darby is in the right spot for the future," he adds, affirming that the group will focus on China for its "fast-growing economy and high returns".

"During Covid-19, every Chinese person bought a car since they couldn't travel. There was so much money in the system. They bought nice cars ... look at our profits of RM720 million in 2021 and lower profitability of RM230 million last year. That's the impact from the margin pressure that has been plaguing China," says Jeffri, revealing that Sime Darby's cumulative investments in China total about RM5 billion.

"The Chinese are very different from us Malaysians in that they see a car as a private space for dating, chatting and karaoke. [There is a higher demand for electronics, EV technology and EV batteries in China] than other parts of the world. We have a front row seat to see that if that's happening in China, it might happen in places like Malaysia," he says, adding that China simply has the volumes.

"In very round figures, [Malaysia] sells 5,000 BMWs within a period while China sells 40,000 at the same time. So, it's at a different level. In spite of what the nation is going through now, our volumes are still quite good as industry demand from the Chinese middle class for cars, particularly nice cars as well as EVs, is still strong," Jeffri comments.

Apart from the BMW dealership, Sime Darby also distributes Rolls-Royce, Volkswagen, Lamborghini and Porsche vehicles in the world's second-largest economy.

SIME DARBY

Jeffri recalls that during Covid-19, every Chinese person bought a car since they couldn't travel

"We've been working with these [brands] to give us more dealerships. In the last four to five years, we have secured new dealerships in Shanghai, Chongqing and Guangzhou," he continues.

"Back then, the Chinese didn't have a car beyond the Volkswagen and so they have since developed the EV. I think they realised that they would never be able to compete with the Western, Japanese or even Korean car manufacturers, so they focused on EVs. And look at where they are now," says Jeffri.

For instance, the launch of Chinese consumer tech giant Xiaomi's first EV in late March in the world's largest car market gives an idea of China's competitive streak and rapid growth in the industry.

In fact, Tesla, which is among the better known EV manufacturers in the Western markets, saw its sales for the first quarter of 2024 drop by 20% year on year, while its share price has slumped by about 40% since the beginning of the year.

Although the Chinese economy may be facing headwinds, Jeffri explains that Sime Darby's automotive business in the country is not dealing with "a demand issue".

"What China faces now is a supply issue. Every manufacturer in China thinks that the market is going to grow much more than it is and expects to gain market share over everybody else. And that's how they fall into production overcapacity, which then leads to discounting — and then margin dives.

"That's what happened in China with Tesla cutting prices, followed by BYD [which is owned and founded by Chinese billionaire Wang Chuanfu]. That's why our results in China are very weak now. But this sort of thing will find its own equilibrium and rationalise. The question is, when?" says Jeffri, who remains confident about China's economic recovery.

"I am confident in the Chinese because they are hungry for growth. They want to improve their lives and are very driven." E

CIMB fosters Malaysia-China business connections

By **Emir Zainul**

WITH OFFICES IN Hong Kong and Shanghai, coupled with its established Southeast Asian heritage, CIMB Group Holdings Bhd has long facilitated financial services and fostered business connections between China and Malaysia, and the rest of the region.

Established in 1991, the Hong Kong office was the first extension of CIMB Group's presence in Greater China and North Asia. As the offshore financial hub for China, Hong Kong serves as a crucial gateway for businesses looking to tap into the Chinese market, which has spurred foreign direct investments in the country, linking its economy with international markets.

Group CEO Datuk Abdul Rahman Ahmad says CIMB Hong Kong (CIMB HK) strategically utilises its presence in the international financial hub to facilitate trade and investment flows from clients in Malaysia and Southeast Asia into Hong Kong.

"CIMB HK actively maintains client relationships with Hong Kong and other Chinese offshore companies listed in Hong Kong, offering a range of banking services to facilitate their business activities in Malaysia and across Southeast Asia," he tells *The Edge* in an interview.

As for its Malaysian clients, Abdul Rahman says the relationship extends beyond traditional banking services. CIMB HK, as a founding member of the Malaysian Chamber of Commerce (Hong Kong and Macau), plays an integral role in promoting, supporting and representing the interests of Malaysian businesses in Hong Kong, Macau and Southern China, he points out.

"In addition to client support services, CIMB HK enhances financial connectivity between Malaysia and Greater China financial centres through supporting the Hong Kong government in its efforts to increase the focus on the Southeast Asian region," he says.

Meanwhile, since its inception in 2013, the CIMB Shanghai (CIMB SH) branch has been consequential in enabling and supporting its clients' financing, investment and trading business in China.

The branch offers a wide range of wholesale banking products and services, including deposits, financing, treasury and transaction banking products in both the Chinese renminbi and foreign currencies for corporates and financial institutions.

In fact, Abdul Rahman says the branch's capabilities are widely recognised. Most recently, Shanghai's banking regulator, the National Financial Regulatory Administration, gave recognition to CIMB SH for assisting a Chinese automobile company that had ventured into the Malaysian and Indonesian markets by providing financial services and solutions locally.

CIMB sees opportunities for further growth

As Malaysia and China celebrate 50 years of diplomatic ties, Abdul Rahman sees new opportunities for further growth in the economic relationship between the two countries.

While many Malaysian companies, such as the Kuok Group, Sime Darby Bhd and Hap Seng Consolidated Bhd, have ventured into China over the years to capitalise on its strong domestic growth, the recent surge in Chinese investments in Malaysia has presented a wide range of opportunities, especially for local businesses across multiple emerging sectors.

Furthermore, the trade tensions and export restrictions imposed by the US and some Western countries on China have presented more business opportunities for Malaysian companies, says Abdul Rahman.

"As a result, Malaysian companies have seen increased interest from Chinese firms seeking to establish or expand their operations in the country, particularly in sectors like electrical and electronics (E&E).

Abdul Rahman: Our holistic banking services enable clients to complete cross-border transactions with ease

"For instance, there has been a notable uptick in Chinese semiconductor design firms partnering with Malaysian entities to leverage local expertise in packaging electronic chips, meeting global demand and driving technological advancement in the region," he says.

Beyond traditional trade finance, CIMB Group has adapted its strategies and offerings to cater for the needs of Malaysian businesses and consumers engaged in cross-border transactions with China, in its efforts to respond to the dynamic landscape of digital finance and fintech innovation, says Abdul Rahman.

Most notably, Touch 'n Go Group, majority-owned by CIMB Group, announced the expansion of its cross-border payment services into China in November 2022 through a partnership with Alipay+, the global cross-border digital payment solutions offered by Chinese fintech giant Ant Group.

"We are undergoing a comprehensive digital transformation aimed at enhancing efficiency across various aspects of banking operations. This transformation encompasses back-office operations, sales enablement tools and improved distribution platforms," says Abdul Rahman.

"Our holistic banking services enable clients to complete cross-border transactions with ease, and we are continuously looking for ways to enhance these to deliver a high quality, uninterrupted and complete suite of services to our clients." E

Robert Kuok: Playing 'conduit' between Malaysia and China

By **Cindy Yeap**

"I THINK IT is fair to say that Malaysia regards me as the Malaysian with the best contacts in China," Robert Kuok Hock Nien wrote in his memoir, published in late 2017, soon after he turned 94. "Because of my connections on both sides, I was called upon several times to act as a conduit between the two governments."

Born in 1923 in Johor to parents who came to Malaya from Fuzhou, China, Kuok had just turned 41 in late 1964 when one of the London evening papers called him "The Sugar King from the East" — a nickname that caught on. In this part of the world, the centenarian has long been known as the "Sugar King of Asia", said to control 80% of Malaysia's sugar market and 10% of world production at one time.

In a rare interview by CCTV Dialogue in June 2011 — the first of a series on Chinese business leaders — Kuok told the audience it was probably about 5%, not 10%, of world sugar production. Speaking in Mandarin, the man "mainly brought up in the English-speaking world" also called titles like "Sugar King" and "Hotel King" fake or fanciful misnomers but said he liked the word "hotel" and he knew China would need good ones with its rising affluence as more business was done within the country and with the world.

Rather than the many "rest houses for weary travellers" throughout China, Southeast Asia and other parts of the world under Hong Kong-listed Shangri-La Asia Ltd, it was Kuok's prowess in the sugar trading market and handshakes outside of China that opened doors for him on the mainland.

Kuok had been trading with Wufenghang — the five bountiful company, wholly-owned by state-controlled China Cereals, Oils and Foodstuffs Corp (Cofco) — for "about 10 years" in the

CWTC

Kuok won the bid to build the US$300 million China World Trade Centre in Beijing in 1984, using gearing and US$90 million cash he had set aside while 'waiting for the day when [he] could go into China in a big way'

REUTERS

Kuok, who has topped Malaysia's billionaires' list for easily 10 years with over US$10 billion in net worth, paid homage to his country (Malaysia) and that of his ancestors (China) in his memoir. Kuok's net worth stood at US$11.9billion (RM56.8 billion) at press time, placing him at No 165 on *Forbes*' global billionaires' list.

early 1970s when a phone call from Hong Kong asked that he fly in for an urgent rendezvous.

At the meeting, the two Wufenghang senior officials — one of whom went on to become Cofco's chairman and CEO — asked that Kuok buy 300,000 tonnes of sugar for China, a large block at the time, and help it earn foreign currency from the futures market to pay for it. China was short on foreign currencies at the time, amid the Cultural Revolution (1966 to 1976). "I think I handed £2,500,000 on a plate, just from the futures. Why? I love China. What do you want money for in life? If you can help a nation, surely it is more satisfying for your heart and soul than just making money for yourself," Kuok wrote in his memoir.

He began travelling to Mainland China from 1965 to the Canton Trade Fair when the country was "much poorer than the Malaya into which he was born".

"I felt that I wanted to help China and, if possible, push the country to develop faster," he wrote in *Robert Kuok, A Memoir* (with Andrew Tanzer). "Thank God, there were good people, and standing above them all was [the late Chinese paramount leader] Deng Xiaoping", whom Kuok met in Beijing in 1990 for the first and only time. That meeting was Deng's last official meeting granted by the government before "the curtain came down and his only visitors were family or close friends".

Bridging Kuala Lumpur and Beijing

Consciously or otherwise, Kuok's sharing of his experience in China with fellow Malaysians may have helped sow the seeds for the eventual bridging of ties between Kuala Lumpur and Beijing before Malaysia's diplomatic relations with China were formally established in May 1974 when second prime minister Tun Abdul Razak Hussein made his first official visit to China.

Relating how the late Tunku Abdul Rahman had a "bee in the bonnet about communism" and equated Communist China with the devil incarnate when telling him how lucky the Chinese were to be in Malaysia, Kuok wrote in his memoir that he "replied softly, saying: Tunku, as Prime Minister of Malaysia, you should make friends with them" and that China "only became communist because of the immense suffering of the people as a result of oppression and invasion".

"All of [Tunku's] old prejudices had vanished" years later after a visit to China, hosted by then premier Zhao Ziyang in the Great Hall of the People in Beijing, when Tunku was no longer in office. "They are decent people, like you and me, [and] we could talk about anything, Tunku said," Kuok wrote.

He was also close to the late Tun Dr Ismail Abdul Rahman, Malaysia's second deputy prime minister (when Tun Abdul Razak was prime minister) who succumbed to a heart attack that led to his untimely demise at only 58 years old in August 1973. Among those who came to Kuok's defence in 2018 when false allegations of racism were being spread online, Tun Ismail's son Tawfik related how "Uncle Robert" helped many Malays, including his family after his father's passing, and remained loyal to his friends even when they were no longer part of the administration.

According to Tan Sri Tengku Razaleigh Hamzah, it was [DPM] Tun Ismail who instructed him to lead a trade mission to China in May 1971 while Malaysia "was still fighting with the communists and had no direct ties with China". It was at that meeting with premier Zhou Enlai at the Great Hall of the People in Beijing that China proposed the establishment of diplomatic relations.

Kuok's role as intermediary between the Malaysian and Chinese governments also played out in the 1980s when the Special Branch of the Royal Malaysia Police "often" contacted him to pass messages to China, including those asking China to silence the Malayan Communist Party (MCP) radio that was making broadcasts hostile to the Malaysian government. In his memoir, Kuok also related how he was fortunately "reading Chinese fairly well" when asked to meet Chinese officials in Guangzhou. Following a drive, which he likened to scenes in a James Bond film, Kuok provided feedback before an official Chinese statement was sent to the Malaysian government. "A few months later, the Malaysian government and [the late MCP leader] Chin Peng signed a truce ... and the MCP was no more."

Investments in China

According to Kuok, his company's business in China "really started in earnest around 1982" when he was "almost 60 years old, when many people are already thinking about retirement, and we have now been going for over 30 years". This year, it is 42 years.

In 1977, Kuok's early trading partner in China, Lim Kai, told him that the China Travel Service was keen on having his help to build hotels in China. Kuok flew north on the morning his daughter Hui Kwong was born in Kuala Lumpur.

Back in the pioneer days, most of the hotels in China did not qualify for even one star. As it was still early days of reforms in China, Kuok learnt hard lessons in Shanghai and only closed his first hotel venture in China in 1982 with a US$20 million investment to renovate Hangzhou Hotel, which overlooks the famous West Lake — money that Kuok said would otherwise have been invested in the then-booming Hong Kong real estate market for a quick profit.

"Today, China looks good. But imagine what I had to go through in the early days," Kuok said to a fellow hotelier, relating how Shangri-La Beijing was granted only a 13-year cooperation period. "I do it for the love of my motherland, the birthplace of my parents. It's in the marrow of my bones to help the country."

Kuok's first major hotel project on the mainland (45% stake) was for the Beijing Shangri-La, sealed in late 1983 for a spot in northwest Beijing, where the Peking and Tsinghua universities are located.

Having demonstrated his faith in China with the Beijing Shangri-La, Lim Kai's contacts asked if Kuok would be interested in taking on the China World Trade Centre (CWTC) in Beijing, which was under negotiation at the time. Kuok, who had kept about US$90 million cash with Bangkok Bank in London and

SHANGRI-LA ASIA 2022 ANNUAL REPORT

Shangri-La Nanning, which opened in the exclusive China Resources Tower in the Guangxi region in March 2022, is among the 46 hotels Shangri-La Asia has in mainland China

The Zhoukou food park, which opened in September 2022, is among manufacturing complexes that also promote the local agriculture ecosystem by integrating the supply of food ingredients with food processing, provision of services and distribution

New York while "waiting for the day when [he] could go into China in a big way", figured he could take on a US$300 million project with gearing. "We came in as a dark horse, submitted a bid and won the race," Kuok wrote in his memoir, which carries a photo of him sealing the joint-venture agreement to build the CWTC in 1984.

Incidentally, Hui Kwong has been Shangri-La Asia's executive chairman since January 2017. At end-2023, Shangri-La Asia had 80 operating hotels and three hotels under operating lease and an inventory of 35,135 rooms across Asia-Pacific, Europe and Africa. Some 55% or 19,354 rooms, were across 46 hotels on the mainland, with another four hotels in Hong Kong, according to notes appended in the group's latest earnings release.

In his memoir, Kuok said he "didn't plan to develop a hotel chain at the onset" but was "eager to diversify from commodity trading". It began with a 10% stake in a piece of land in Orange Grove Road in the middle of Singapore where the hotel could have been named Orange Grove Hotel had Kuok not swallowed his pride when his French friend laughed at it and asked him to suggest a better name.

The Kuok Group's investment in food and agribusiness may not have grown as big as it has today had Kuok not decided in 2006 to extend an olive branch and back "a good horse" by merging PPB Oil Palms Bhd as well as Kuok Oils & Grains Pte Ltd with Wilmar International Ltd, which was co-founded in 1991 by his nephew Kuok Khoon Hong with his Indonesian partner Martua Sitorus.

Relating how quickly Khoon Hong had learnt the ropes of the grain commodities business at Kuok Singapore Pte Ltd and was the one who told him about an enzyme process developed by the Swiss to extract oil from soybeans, Kuok said his nephew soon "became the driving force" of ventures that later came under Kuok Oils & Grains. "For the first time, I saw in one of my nephews a businessman who was at least as able as myself. It appeared that in Khoon Hong, I had the most capable Kuok ever," he wrote in his memoir, which recounted his nephew's decision to leave the group in 1991 and how they came together again many years later.

Kuok Brothers Sdn Bhd owns just under one-fifth of Singapore-listed agrifood giant Wilmar, primarily through an 18.8% stake held by Bursa Malaysia-listed PPB Group Bhd. Khoon Hong has 13.7%.

Wilmar, whose business activities include oil palm cultivation, oilseed crushing, edible oil refining, flour and rice milling, sugar milling and refining, the manufacturing of consumer products, ready-to-eat meals, central kitchen products, speciality fats, oleochemicals, biodiesel and fertilisers as well as food park operations, is also among the top 10 raw sugar producers in the world, with more than 1,000 manufacturing plants in over 20 countries and an extensive distribution network covering China, India, Indonesia and 50 other countries, according to its website.

Wilmar controls 89.99% of Yihai Kerry Arawana Holdings Co Ltd, which listed on the Shenzhen Stock Exchange's ChiNext Board in October 2020. Founded by "well-known patriotic overseas Chinese" Kuok and his nephew, Yihai Kerry has over 30,000 employees at more than 70 strategic locations in China with several plants under construction in new locations, according to information on Yihai Kerry's website. Apart from oilseed crushing, edible oil refining and the manufacturing of speciality fats and oleochemicals, the company also processes and distributes food products like consumer pack edible oil, rice, flour, fine dried noodles, rice noodles, soymilk, as well as special grains and oils for the catering industry. In-house brands include Arawana, Olivoila, Orchid, Wonder Farm, Neptune, Fengyuan, Golden Delicious, Reyland and Jiejin 100.

Kuok described the Chinese as "very hardworking" people that will try to earn their own living wherever they go and paid homage to China's "astonishing" transformation during his lifetime, when sharing his thoughts on the rise of modern China and the importance of maintaining personal health and sound values in the postscript of his 376-page memoir.

"The world is now witnessing a spiritual rejuvenation in China led by Xi Jinping", who assumed leadership in November 2012. "What he has accomplished in five years is truly amazing. He has greatly reduced corruption in the government bureaucracy, in state-owned enterprises and in the armed forces … Xi is effectively bringing China into the modern age by dismantling, step by step, the feudal attitudes and officious practices which have been deeply ingrained in Chinese society. From my knowledge of Xi Jinping, he is selfless, compassionate, patriotic, with a profound knowledge of China history and culture. He is putting good practices in place, which will further transform China. He may need several more years to put his imprint on the country, but I firmly believe that history will honour him as one of China's greatest leaders."

In commemorating 50 years of diplomatic relations between Malaysia and China, those hoping for longevity or who want to build ties that last may be interested in the last page of Kuok's memoir: "If you get lucky and then share what you have with people around you, it gives you a sense of happiness that is unmatchable. With happiness and contentment normally comes longevity."

Blessed with both luck and longevity, Kuok is perhaps the ultimate example of an individual who has demonstrated over the decades how to be someone who asks not what his country can do for him but what he can do for his country and that of his ancestors. E

Quek Leng Chan's strategic China moves

By **Chester Tay**

IN THE INTRICATE China economic landscape, where the tapestry of commerce and policy intertwines with the subtle art of *guanxi* (relationships), Tan Sri Quek Leng Chan, a prominent Malaysian business figure, has made notable strategic moves since the early 1990s.

Quek, leading the Hong Leong Group, entered China's market during the country's economic liberalisation under Deng Xiaoping. His ventures spanned various sectors including real estate, manufacturing, technology and finance.

Based on the 2023 *Forbes* list of Malaysia's 50 richest, Quek is the second wealthiest man in the country, with a net worth of US$10.2 billion as at May 31 last year. The 82-year-old's real-time net worth of US$8.7 billion (RM41.30 billion) also makes him the 291st richest man in the world currently.

The tycoon's entry into Chinese real estate in 1994 strategically positioned his business amid the country's rapid urbanisation. Through GuocoGroup Ltd, and its affiliates in Singapore and Malaysia, Quek invested in key cities such as Beijing, Shanghai, Nanjing and Tianjin, capitalising on the urban growth of these metropolises.

GuocoGroup owns a stake in Quek's two other public-listed developers — GuocoLand Ltd in Singapore and GuocoLand (M) Bhd in Malaysia.

In manufacturing, Quek recognised China's emergence as a manufacturing powerhouse. By leveraging China's competitive advantages in labour and production costs, his investments in OYL Industries Bhd, one of the largest air-conditioner manufacturers, had proven fruitful.

OYL's venture into China back in 1994, its expansion into three plants in Wuhan, Shenzhen and Suzhou by 2004, and its eventual sale to Japan's Daikin Industries Ltd in 2006 for a hefty sum of RM7.61 billion or RM5.73 per share, exemplifies Quek's strategic foresight and timing.

MPI's plant in Suzhou

MPI 2004 ANNUAL REPORT

Quek also foresaw opportunities in China's technology sector, notably through Malaysian Pacific Industries Bhd (MPI), which established a factory in Suzhou in 2004, strategically positioning itself in the global electronics supply chain.

Anticipating the explosive demand for semiconductors, Quek's MPI established a sprawling 160,000 sq ft factory in Suzhou in 2004, making it one of the earliest Malaysian technology firms that set foot in China.

In finance, Quek strategically invested in Sichuan-headquartered Bank of Chengdu, reflecting his understanding of China's evolving financial landscape. Despite fluctuations in ownership percentages over the years, the investment proved profitable for Hong Leong Bank, contributing significantly to its bottom line.

In July 2008, the Malaysian banking magnate, through Hong Leong Bank Bhd, bought a 19.99% stake in Bank of Chengdu Co Ltd for RM877.5 million. That stake was later diluted to 18% after Bank of Chengdu was listed in Shanghai on Jan 31, 2018.

In March 2022, Hong Leong Bank subscribed to convertible bonds issued by Bank of Chengdu, and has fully converted the bonds, restoring the former's equity interest to 19.8% as at FY2023.

The investment has proven fruitful as it has grown to be a significant profit contributor to Hong Leong Bank today, with the Bank of Chengdu evolved into one of the top tier regional banks in China.

Bank of East Asia

Meanwhile, Quek is also a major shareholder of Hong Kong-listed Bank of East Asia Ltd (BEA), with 16.45% equity interest via GuocoGroup.

It is worth noting that BEA is the second largest shareholder of Affin Bank Bhd with 23.93% equity interest.

Quek signing an agreement to divest OYL Industries for RM7.6 billion in 2006

Bank of Chengdu's headquarters in Sichuan province, China

When Quek amassed an 8% stake in BEA in 2009, many industry observers back then opined that he wanted the influential local Hong Kong bank for its China presence and strong franchise.

And, more importantly, BEA would be a good fit for his regional expansion plans, given that China has once again become Quek's main focus in growing his corporate empire.

Quek is reputed to have mastered the art of sniffing out business opportunities and knowing exactly when to go in.

And unlike other Malaysian banking groups that were focusing on Indonesia as a regional launch pad, Quek set his sights on China and put the building blocks in place.

In 2009, Hong Leong Bank and Bank of Chengdu set up a joint-venture consumer finance company — Sichuan Jincheng Consumer Finance Ltd Liability Co, the first consumer finance company in Midwestern China — to tap the Chinese financial services sector further.

This was seen as a significant move because the China Banking Regulatory Commission, to develop unsecured consumer financing and promote consumer spending in China, had selected four pilot cities as launch pads — Chengdu, Beijing, Shanghai and Tianjin. Bank of Chengdu was selected as one of several Chinese banks to lead this initiative.

In a nutshell, acquiring a significant direct stake in BEA and Bank of Chengdu certainly fast-tracked Quek to a much bigger presence in China. E

Venturing East: Roar of Lion Group in China

By **Chester Tay**

THE EARLY BIRD catches the worm, and Tan Sri William Cheng was among the flock exploring the great potential of the vast mainland when China reopened its doors for bilateral trade and foreign direct investments in the 1980s.

In 2007, when China was experiencing an economic boom, Lion Group founder Cheng's net worth was US$650 million. This made him the 10th richest person in Malaysia, according to *Forbes*. His business empire in China included motorcycle and tyre manufacturing, breweries and department stores, among others.

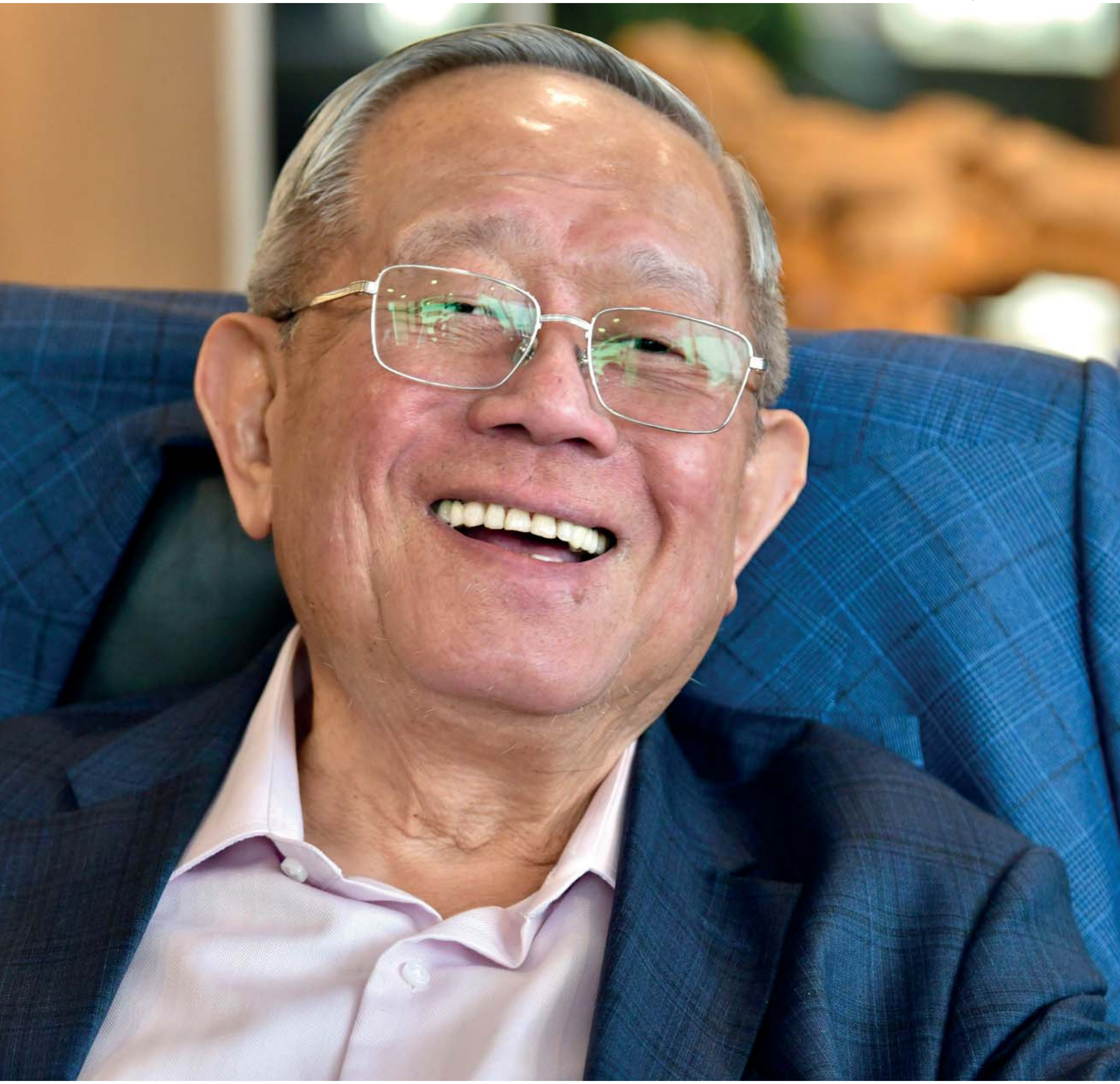
Lion Group's investment journey into China started in the mid-1980s in a landscape that many of his contemporaries deemed too risky. Few may know that Cheng spent about three years in China during his childhood after he was born in Singapore. He settled in Malaysia in 1958.

"I thought that the more undeveloped a country is, the more opportunities there are. [In] developed places like the US, Europe or Japan, you have to be

LION GROUP

The joint-venture signing ceremony between Lion Group and China National Arts and Crafts (Group) Corporation and five other units to undertake retail business in China on June 15, 1993, at the China National Arts and Crafts Hall. Cheng (front row, left) with the then prime minister Tun Dr Mahathir Mohamad (front row, sixth from left), representatives of the six organisations and government officials.

SAM FONG/THE EDGE



"I thought that the more undeveloped a country is, the more opportunities there are. [In] developed places like the US, Europe or Japan, you have to be able to compete with giants. But countries like China, at that time they started to attract foreigners to invest ... There were many opportunities, less competition."

— Cheng

LION GROUP

Cheng making a speech at the opening of the first Parkson Shopping Centre in Beijing on March 26,1994

able to compete with giants. But countries like China, at that time they started to attract foreigners to invest ... There were many opportunities, less competition," he tells *The Edge* in a candid interview.

"But, at that time, no one [from Malaysia] was willing to work there ... none of my nephews wanted to work there at the early stage."

In the 1980s, there were still high barriers to entering the massive domestic market that had more than one billion people. Products manufactured by foreign companies operating in China were not allowed to sell in the local market.

"You cannot sell in the local [Chinese] market. In Malaysia at that time, we could export to other countries; our manufacturing cost was quite low," says Cheng, going down his memory lane. He did not make any major investments until the 1990s, when China's economic policies began to shift towards a more market-oriented environment.

He started his investment journey in China at the age of 48. In 1994, he brought Parkson department store to Beijing, where the Chinese only shopped at state-owned retail stores, such as YouYi, selling mainly local products at that time.

"Parkson changed the way the Chinese shopped. Shoppers were allowed to try on the clothes in fitting rooms. Products were displayed on shelves and shoppers were allowed to try [them] on, whereas in the state-owned stores then, everything was locked in the display cabinet to prevent shoplifting," he says.

To prevent theft, Cheng dangled a carrot in front of the sales staff by rewarding those who had less than 1% of items stolen. State-owned stores were also closed for an hour during lunch break, and he did away with that.

Parkson offered a fresh shopping experience to the Chinese when private affluence started to rise. This made Parkson a popular shopping destination with over 40 stores in the coastal cities and second-tier cities across the mainland. Beelines were formed outside Parkson stores during sales in the 2000s. The footfalls were several folds more than at home operations.

Parkson China was managed and run by Cheng's nephew, Datuk Alfred Cheng Yoong Choong.

In 2005, Lion Group listed its retail operation in China, called Parkson Retail Group Ltd (PRG), to raise HK$1.65 billion (US$208 million), joining the China IPO boom in Hong Kong. Khazanah Nasional Bhd acquired a 9.9% stake in PRG, marking its first investment in China.

PRG's profit attributable to shareholders reached record high of RMB1.122 billion in its financial year ended Dec 31, 2011 on an operating revenue of RMB4.938 billion. It was the top performing company in the Lion Group.

At its peak, PRG was traded at over **HK$15** in early 2010, with its market capitalisation stretching to over HK$40 billion as global investors were pouring money into the "red chips" listed in Hong Kong. Leveraging the bullish sentiment, Lion Group was smart to issue exchangeable bonds, with PRG shares being the underlying assets, to raise fresh funds.

The cash raised from the IPO plus convertible bonds threw

LION GROUP

In the 1990s, Lion Group's property division constructed the 12-storey Parkson Tower in Beijing (right) and 50-storey Parkson Tower in Qingdao (left), among other developments in China

a lifeline to home operations that were hit hard by the 1997/98 Asian Financial Crisis.

Khazanah did that as well, raising US$550 million via the issue of sukuk exchangeable in 2008.

As Parkson redefined the shopping experience of the Chinese in the 1990s and that put it at the sweet spot riding the powerful consumer spending in China as its middle income group was expanding.

Nonetheless, after enjoying a lion's share of the departmental store market, Parkson encoutered a new breed of competitors — online shopping platforms — that had drawn shoppers away physical shopping malls.

Cheng acknowledges that the competition from online shopping is fierce. The new rivals have cost advantage and many of their products are exempted from import duties as e-commence players' goods are usually kept in free trade zone.

"China's government has wanted to encourage online shopping," says Cheng.

Cheng also quenched the Chinese thirst for beer. Lion Group's initial plan was to partner with the local big brewery — Tsingtao Brewery — in Qingdao, Shandong province. However, due to the restriction on foreign ownership, the negotiation did not bear fruit.

But Cheng did not give up on venturing into breweries, knowing the fat margin and sales volume there. Lion Group looked for local joint venture partners to set up breweries in a number of provinces.

"We have had 18 brands in total. The profit margin for beer is very good," he recalls.

In 2003, Lion Group sold the beer business to Belgium's Interbrew for US$263 million in cash in two transactions. The asset sale also gave another lifeline to home operations that were laden with debt.

Cheng also recalls that when Lion Group was involved in motorcycle manufacturing in China in the 1990s and 2000s, it was operating three plants in the country and was among the largest producers back then.

"At that time, China's total sales of motorbikes was 10 million units. We were producing 2.5 million in terms of volume, [and] we were making good profit with our partners," he says.

"After that, they [Lion Group's partners] want to list in Shanghai or Shenzhen but, at that time, the condition is that foreign shareholding cannot exceed 25% [for a listed entity]. That's why [due to] our 50%, we need to sell 25% to our partner. Then, for an IPO, normally you need to part with some shares; we became 15%. Eventually we had no seat in management, so we sold it off," he says.

To Cheng, being an ethical businessman does not mean one would be at a disadvantage in a tricky market like China, as it also helped Lion Group earn the respect of certain leaders in the higher echelon of the communist country.

"We never think about cheating the Chinese government; everything we declare 100%. We made it very clear, because in China, [corruption] is a jail sentence; it is not just fine. That's why we built our good name there," he says.

Cheng says these connections opened up doors for various opportunities.

His investment journey into China is a testament to his embrace of culture shocks and adaptability in international business.

Today, Cheng's legacy in China is not just measured in financial terms but also by the impact he has had on the regions where he invested.

While Lion Group has monetised most of its businesses, looking forward, Cheng remains optimistic about China's economic prospects despite the evolving challenges. He believes the current property downturn is cyclical and will not be a drag on the Chinese economy for long. E

UOB Malaysia aims to spearhead Asean cross-border trade

Ng: UOB has facilitated the investments of over 200 Chinese businesses in Malaysia to date. In the past year alone, we facilitated investments from 51 Chinese companies.

By **Hee En Qi**

IN LINE WITH UOB's ambition to be the No 1 cross-border trade bank in the Asean region, UOB Malaysia aims to serve as a bridge for economic collaboration between Malaysia and China, as it believes that the 50th anniversary of Malaysia-China diplomatic relations will yield positive outcomes for the overall business landscape.

Being the only bank in Southeast Asia to have signed a memorandum of understanding (MoU) with the China Council for the Promotion of International Trade (CCPIT), UOB is well-positioned to facilitate more investments and trade between the two dynamic markets, according to UOB Malaysia CEO Ng Wei Wei.

In tandem with the growing middle class and consumer market in China over the decades, Ng observes that Malaysian companies have increasingly targeted consumers from China and strengthened strategic collaborations with Chinese firms to enable access to local expertise, networks and resources.

"By leveraging the proximity and interconnectedness of Asean nations with China, Malaysian companies can enhance their supply chain efficiency and resilience while tapping into the diverse markets and resources offered by the region," she tells *The Edge*, adding that Malaysia is poised to benefit as global companies are looking to diversify their supply chains.

However, Ng says companies often encounter challenges when navigating the local regulatory framework and customs procedures, which can prove to be time-consuming and complex.

"Complying with these requirements requires expertise and resources. What companies need is a trusted bank that has the right expertise and connectivity to help them navigate the market complexities and connect them to the local ecosystem," she says.

Ng further advises companies looking to tap into the growing ties between Malaysia and China — whether through investment or trade — to conduct a thorough market search to understand local customer preferences.

She encourages such companies to develop a solid financial plan to support their expansion efforts — one that is sufficiently robust to navigate any cross-border challenge.

"Equally important, have a strong financial partner who understands your business and target market," she says.

Having established a robust presence in both Malaysia and Greater China, Ng believes the group possesses a strong understanding of both countries' business landscapes and can effectively assist companies aiming for regional expansion in connecting with the local business ecosystem.

"We have 10 foreign direct investment (FDI) advisory teams across the region, including Malaysia and China, which can help the companies navigate the local regulatory environment, legal requirements and cultural nuances," she says.

The bank also provides a suite of solutions, including sector-specific solutions and green financing, to support customers in facilitating trade, managing cross-border liquidity, managing their foreign exchange requirements and securing financing, she added.

"In short, we can help the customer from end-to-end, from exploratory stage to establishing the operations, from providing advisory to financing," Ng says.

The Singapore-headquartered bank has been operating for over 73 years in Malaysia with a network of 55 branches nationwide. It established its presence in China about four decades ago, with a network of 16 branches and sub-branches in major Chinese cities.

It also has a desk in Malaysia dedicated to facilitating Chinese companies interested in trading or investing in Malaysia, according to Ng.

"UOB has facilitated the investments of over 200 Chinese businesses in Malaysia to date. In the past year alone, we facilitated investments from 51 Chinese companies," she says.

According to UOB, Chinese logistics company J&T Express had previously managed to foray into Malaysia through comprehensive cash solutions facilitated by the group.

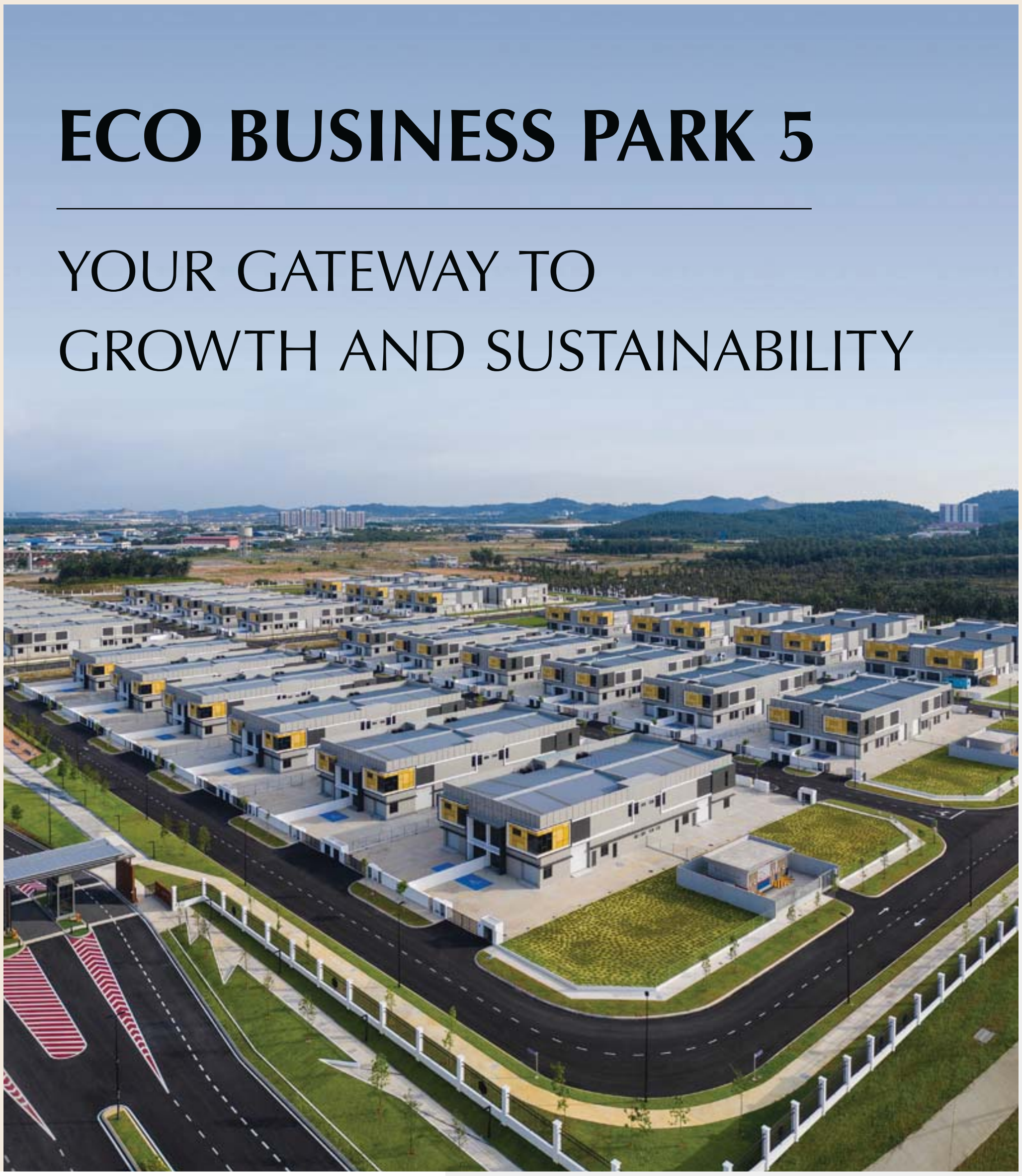
Meanwhile, Chinese textile company D&Y Textile Group also managed to set up its manufacturing facilities in Kulai, Johor, in 2014 through business advisory services and financing provided by UOB.

As recently as last month, UOB organised a roundtable dialogue in Shenzhen, China, between 13 prominent Chinese companies and Johor Mentri Besar Datuk Onn Hafiz Ghazi, along with his state delegation. E

ECO BUSINESS PARK V
KLANG VALLEY

ECO BUSINESS PARK 5

YOUR GATEWAY TO GROWTH AND SUSTAINABILITY



In today's globalised economy, the choice of location for businesses holds significant importance, with influencing factors ranging from market access to logistic efficiency. Amidst the manufacturing shifts that are taking place all around the world, Eco Business Park V (EBP 5) in the Selangor state of Malaysia emerges as a magnet for entrepreneurs and industrialists seeking growth and sustainability since its launch in 2017. But what sets this green business park and Malaysia as a whole apart as ideal destinations for businesses?

SELANGOR: Opening Doors to Opportunity

Selangor isn't just any state; it's the beating heart of Malaysia's economic prowess and the biggest contributor to the country's gross domestic product (GDP). In 2022, Selangor contributed 25.5% to the GDP, the highest-ever contribution to Malaysia's economic growth to date.

With its strategic location along the Straits of Malacca and bustling metropolitan centers, Selangor serves as a regional gateway to Southeast Asia's bustling markets, allowing businesses in EBP 5 to expand their market reach to the 600 million consumer base in ASEAN.

The state is also known for its business-friendly policies, diverse talent pool and political and social stability, making it a haven for businesses around the world that are looking for business continuity and growth.

Seamless Connectivity to Global Markets

From modern transportation networks to world-class seaports and airports, Malaysia boasts a robust infrastructure that lays the groundwork for seamless and efficient operations.

In Selangor, EBP 5 is equipped with excellent connectivity to major ports and international airports in Selangor with various major roads and highways, including highways such as the North–South Expressway (NSE), West Coast Expressway (WCE), Guthrie Corridor Expressway (GCE), and Kuala Lumpur-Kuala Selangor Expressway (LATAR). The 314.5km WCE, for example, is merely 4km away from the green business park and facilitates easy access to Port Klang, the 11th busiest port in the world last year, and the Kuala Lumpur International Airport, enabling businesses to tap into global trade with ease.

Today, EBP 5 is home to over 400 enterprises and together, they formed a thriving ecosystem that consists of a diverse range of local and international companies from F&B, FMCG, e-commerce, warehousing, electrical and electronic, pharmaceuticals, and many more.

Fostering Business Collaboration with Diversity

Malaysia is a multiracial country with rich tapestry of cultures and languages, which creates an environment of diversity and inclusion, making it an attractive destination for businesses from all corners of the globe.

This cultural diversity also fosters creativity, innovation, and collaboration, driving business growth and success, making it an ideal destination for businesses to set up manufacturing plants and expand their operations.

A Magnet for Chinese Companies Seeking Expansion

With all its merits, EBP 5 in Selangor has become a sought-after destination among international industrialists and entrepreneurs.

One of the big names that ventured into Malaysia was Baosteel Can Making (Malaysia) Sdn Bhd (Baosteel Malaysia), a leading aluminium can packaging maker.

The company is an indirect subsidiary of China Baowu Steel Group Corp., Ltd, a prominent member of the Global Fortune 500, ranking 44th in 2023.

Baosteel Malaysia set up a new manufacturing facility on a 16.32-acre site in EBP 5 to grow their Southeast Asia business in 2022.

Many other Chinese companies such as Haitian Machinery (Malaysia) Sdn Bhd and GoldenHome Living Co., Ltd. have also chosen Eco World Development Group Berhad's range of green business parks as their preferred Iskandar Malaysia and Klang Valley hubs for business operations.

A Future-ready Business Park

With a gross development value of RM3.5 billion, EBP 5 is the largest green business park development by EcoWorld to date and stands as a testament to the vision of creating a future-ready business hub.

It consists of five phases, namely East Gate, West Gate, North Gate, Central Gate, and South Gate, with a combined land area of 769 acres.

To date, all of the launched factories and industrial lots have been taken up, underscoring its appeal to both small-and-medium enterprises and large corporations, positioning it as a prime destination for sustainable industrial development.

The standard-built factories come in different types, such as linked, cluster, semi-d, and detached units, allowing businesses to commence their operation almost immediately.

As for the industrial lands that range from 3 to 20 acres, they are the ideal choice for both niche and large volume production as they come with factory customization services that enable businesses to build their own space.

Sustainable Solutions for Tomorrow's Business Landscape

Driven by a vision of achieving business and environment sustainability, EBP 5 is committed to create a benchmark for tomorrow's business operations with its world-class infrastructures, eco-friendly facilities, and vigilant security features for peace of mind and efficient business optimisation.

Looking ahead, EBP 5 has exciting new launches to be rolled out in the coming months to accommodate diverse business requirements.

In the second quarter of 2024 (Q2 2024), EcoWorld will be unveiling Rubix Space in West Gate, which will feature 18 exclusive units of hybrid spaces. Like a Rubik's Cube, these 80ft-by-80ft units allow businesses to mix and match with its flexible layouts and can be used as warehouses or office lots to meet your unique business needs. On top of that, 14 exclusive units of semi-detached factories with a land size of 75ft by 205ft will also be launched during the quarter, catering to a variety of business needs.

Shortly after that, EBP 5 will see the launch of the 92.3-acre South Gate in Q3 2024. This upcoming phase will offer industrial lots of 5 to 20 acres with build-to-suit services, which are scarce in the vicinity of Puncak Alam. With the robust infrastructure in EBP 5 and the direct access to the soon-to-be-completed LATAR interchange, which connect to seaports, airports and major destinations, these industrial lots in South Gate are ideal for medium and large companies, especially those involved in logistics, warehouse, and general manufacturing activities.

Ready to future proof your business? Join EBP 5's dynamic community and embark on a journey of growth and opportunity within this thriving and sustainable business landscape.

Find out more at www.ecoworld.my/ecobusinesspark5 or contact Reeve at +6012-388 5572 today!

ECOWORLD

CREATING TOMORROW & BEYOND

Lim Gait Tong: Invest in China to win the future

By **Justin Lim**

WITH A MARKET capitalisation of slightly above RM40 million, property developer Farlim Group (M) Bhd may appear relatively small compared with its listed peers on Bursa Malaysia. However, the group's co-founder and chairman Tan Sri Lim Gait Tong has significant influence within the local Chinese community and in China.

His journey in China dates back to the 1980s — a time when foreign tourists for leisure purposes were still restricted from entering the country. For over three decades, he has borne witness to China's modernisation, granting him unique insights into the Malaysia-China bilateral relationship.

Like many Chinese Malaysians, Lim can trace his origins back to Fujian province in China. He was among the Malaysian pioneers who ventured into China in the early 1990s when he took over a local company, co-owned by 37 former state-owned enterprises in Quanzhou, Fujian.

The 82-year-old Lim fondly remembers his family roots and his ancestral home in Quanzhou city. He recalls the challenges of his early days in China, where infrastructure was lacking, and even a simple trip to visit relatives there required considerable effort due to poor road conditions.

FARLIM HOLDING SDN BHD

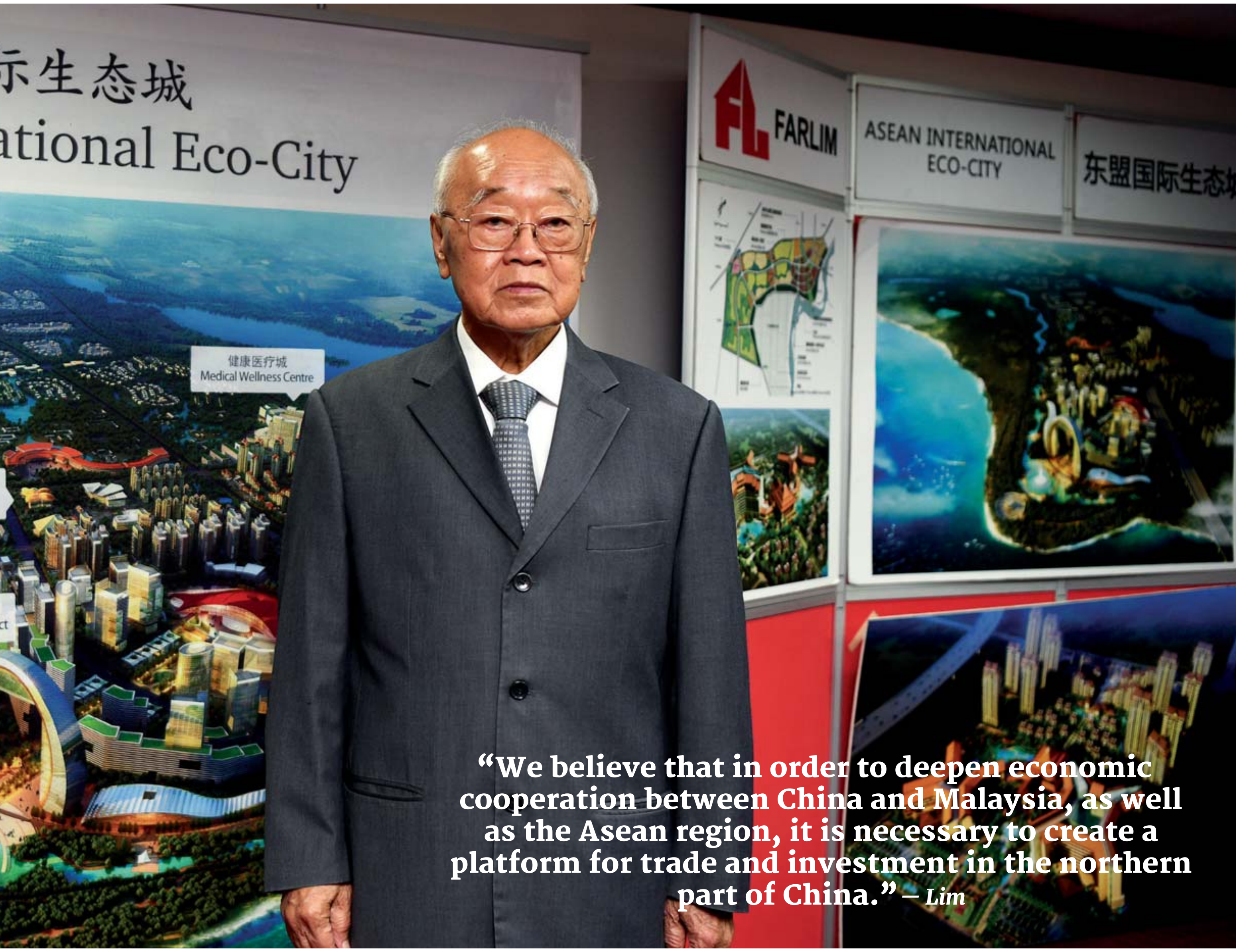
In 2002, Lim, the then deputy president of Federation of Chinese Associations Malaysia (Huazong), greeted the then Chinese vice-president Hu Jintao during his official visit to Malaysia. Hu became president of China in 2003.

"I remember when I first visited Quanzhou to invest and start a business, the place did not even have a decent car, let alone the proper infrastructure. I was forced to walk nearly an hour to visit relatives in a village there, due to poor road conditions that made driving a car impossible.

"But now, China has become the world's largest producer of automobiles. When it comes to the electric vehicle market, China is leading the charge ahead of traditional automotive juggernauts. This demonstrates that China's economic strength and influence are gradually increasing," says Lim during an interview with *The Edge*.

Reflecting on China's rapid economic growth and urbanisation, he notes the "tremendous opportunities" it presents for both domestic and regional economies.

In addition to his business endeavours, Lim serves as the president of the China-Asean Busi-



LOW YEN YEING/THE EDGE

"We believe that in order to deepen economic cooperation between China and Malaysia, as well as the Asean region, it is necessary to create a platform for trade and investment in the northern part of China." *– Lim*

FARLIM HOLDING SDN BHD

In 2008, Lim, together with several Chinese business organisations, mobilised support for fundraising efforts for the Sichuan earthquake disaster relief, raising a total of RM7 million

ness Association (Caba). Founded in 2017, Caba is a non-governmental and non-profit organisation that advocates for stronger business ties between China and Asean countries.

It is not an exaggeration to suggest that Lim has developed a strong network with China's high-ranking officials.

Currently, his business in China is mainly active in the Asean International Eco-City in Shandong province in the northeast of China. To be clear, Farlim Group is not involved in the Shandong project. Instead, it was carried out by Lim's privately-held entity, Farlim Holding Sdn Bhd, which is the parent company of Farlim Group.

Notably, his involvement in the project was due to the invitation of the Shandong provincial government in 2010. With a planned investment of RMB15 billion (RM9.86 billion), the project will house exhibition centres, the headquarters of Asean members and enterprises, the China-Asean cultural exchange and educational centre, a health and medical city and a senior wellness community, thereby creating an economic, cultural and lifestyle hotspot there.

"We believe that in order to deepen economic cooperation between China and Malaysia, as well as the Asean region, it is necessary to create a platform for trade and investment in the northern part of China. Shandong, as a populous, economically and culturally rich province, possesses favourable conditions for this endeavour," Lim notes.

There are other favourable factors in choosing Shandong for the development. One is its location, where Shandong is just 1½ hours away from Beijing by high-speed train.

Another advantage is the cost of doing business, where Beijing is more expensive for small and medium enterprises than Shandong, he adds.

Over the years, the Asean International Eco-City has completed two phases, using up only 20% of the total land size. Currently, it has a hotel, convention centre and retail street.

The Covid-19 pandemic in 2020 delayed the project's progress. Despite the challenges posed by the pandemic, Lim remains committed to the project's success.

With China having reopened its borders, he is gearing up for the development, anticipating that this platform will help in boosting trade between China and Asean to reach US$2 trillion by 2030.

"After the pandemic, we have been organising visits to Asean countries to introduce information about the Caba and assist the Shandong provincial government in inviting businesses to attend a conference to be held in July this year. Through this conference, we aim to promote trade between China and Asean, and attract investment," he shares.

With Malaysia and China celebrating the golden jubilee of their diplomatic relations this year, Lim says it marks an important milestone for both countries and he urges Malaysian companies to seize opportunities presented by strong bilateral relations.

"Malaysia was the first country in Southeast Asia to establish diplomatic relations with China, laying a solid foundation for today's Malaysia-China relations. This not only serves the interests of the peoples of both countries but also brings significant implications for both countries, the region and the world," he explains.

"I encourage Malaysian companies to strengthen their understanding of the Chinese market and also China's policies, including foreign investment policies and tax policies. Seizing the opportunities presented by the continuous strengthening of bilateral relations between both nations, they should actively expand their business in China."

PHOTOS: FARLIM HOLDING SDN BHD

Beijing 2009: Lim was invited to attend the Second Session of the 11th National Committee of the Chinese People's Political Consultative Conference. He is seen here with Wang Yi, who became China's minister of foreign affairs in 2013.

Meanwhile, Lim also says he has adjusted his business strategy by placing greater emphasis on the Chinese market and increasing his investment in China.

He is positive about China's prospects and he believes there are opportunities to tap into the market, particularly in renewable energy, biomedicine, electric vehicles and cross-border e-commerce industries, given that China has mature technology and an ecosystem to support such developments.

With Prime Minister Datuk Seri Anwar Ibrahim at the helm of the current administration, Lim believes the bilateral relationship between the two countries will improve further going forward.

Noting that China has been Malaysia's largest trading partner for 14 consecutive years and Malaysia being China's second-largest trading partner in Asean, Lim suggests to young people to get to know more about China due to its vast market potentials. E

The Asean International Eco-City project in Shandong Province

Hai-O's China spirit

By **Lee Weng Khuen**

SAM FONG/THE EDGE

Wisma Hai-O in Klang, Selangor

IT WAS THE China element that led to the setting up of Hai-O Enterprise Bhd, a year after the establishment of diplomatic ties between Malaysia and China in 1974.

Founded by the late socialist entrepreneur Tan Kai Hee, Hai-O has been Malaysia's renowned traditional Chinese medicine brand for many decades.

"My father's plan was to do business involving Chinese goods. After being released from prison in 1972 [following detention under the Internal Security Act for eight years], my father worked at his friend's traditional Chinese medicine shop. He then set up Hai-O with a few friends in 1975 with a total share capital of RM168,000," Tan Keng Kang tells *The Edge* in an interview at the company's headquarters in Klang, Selangor.

Kai Hee, the founding chairman of Hai-O who died in February 2022 at the age of 85, had made countless contributions to the local Chinese community, sponsoring a lot of cultural and educational activities.

In his early days, he was deputy secretary-general of the Labour Party of Malaya and a member of the Malayan Peoples' Socialist Front in the 1960s.

His parents had initially moved to Malaya but had to return to China when he was 13 because of financial problems, leaving him and his siblings here. It was the hardship that he endured while growing up that was responsible for his leftist leanings.

Kai Hee would eventually pay the price for his political affiliation in the 1960s because of the Malayan Emergency and Communist insurgency. He was arrested under the Internal Security Act and languished behind bars for eight years. When he got out, he could not find a job as nobody wanted to hire him. It was poverty that pushed him into business. He started by trading Chinese herbs and medicines and managed to turn a profit.

Kai Hee's big break came in the 1970s when Tun Abdul Razak, Malaysia's second prime minister, called for the "neutralisation of Southeast Asia". By travelling to China, he became the first leader in the region to normalise relations with the country.

Socialism was no longer a bad word in Malaysia and there was no longer a stigma attached to Kai Hee's leftist past. He was able to build ties with people in China and his businesses benefited from that.

Sticking to his socialist principles, Kai Hee, at his 80th birthday dinner in 2017, held at the hall of the Hokkien Association in Klang, announced to 1,000 friends and relatives that he would donate all of his Hai-O shares to a trust fund he had set up. His shares, worth more than RM100 million, are being used to support the Chinese community and other charities. Only a small portion of the returns was distributed to his family.

The Johor-born businessman, with more than 40 years of commercial experience in the trading business, was also secretary-general of the Malaysia-China Friendship Association and honorary life president of the Malaysia-China Chamber of Commerce.

Established in 1992, the Malaysia-China Friendship Association has played a bridging role between the two nations, promoting economic development, trade, sports, arts, culture, education and youth exchange. Keng Kang succeeded his father as secretary-general of the association.

For Hai-O, the business operation has evolved over the years, expanding to cover multi-level marketing (MLM), wholesaling, retailing and manufacturing. It has a wide range of products in its portfolio, including fashion and beauty items. With its core business in Chinese goods, its growth has been in tandem with the rise in China's economy.

Keng Kang recalls that during the early days, Hai-O was like a thrift store, selling all sorts of goods from China, including firecrackers and fireworks, while the import of Chinese goods went through Hong Kong as China was not a fully open market yet. "With the growing awareness of health, the market requirements for the brand and products have increased, so we need to keep improving our products, including a rebranding exercise," he says.

Having built a strong household name, Hai-O (now known as Beshom Holdings Bhd) went for listing on the Second Board in 1996, making it the first traditional healthcare company to be listed on Bursa Malaysia. The company subsequently migrated to the Main Market in October 2007.

Hai-O made the headlines in 2015 when it declared a 100% dividend payout to shareholders in conjunction with the group's 40th anniversary, reflecting the value of sharing. In February 2016, Kai Hee passed the baton to Keng Kang, who was redesignated as the group's managing director from chief operating officer.

In November 2021, Beshom took over Hai-O's listing status under an internal organisation exercise, with Beshom focusing on MLM, manufacturing and property. Hai-O, meanwhile, concentrates on the wholesale and retail business of herbal medicine, as well as healthcare, wellness and beauty products.

Beshom stands for the group's new motto, "The Best Starts from Home".

Currently, there are more than 50 Hai-O outlets in Malaysia. The wholesale division accounted for 40% of its total revenue for the first nine months of FY2024 ended Jan 31, while MLM and retail contributed 34% and 22% respectively.

The MLM division remains challenging for the group amid the elevated cost of living, lower distributor base and weakening of members' purchasing power. However, the recovery

"With the growing awareness of health, the market requirements for the brand and products have increased, so we need to keep improving our products, including a rebranding exercise."
— Tan

SAM FONG/THE EDGE


HAI-O

Kai Hee (left) exchanging views with Chinese premier Li Peng (right), Foreign Economic Relations and Trade Minister Li Lanqing (second from left) as well as Associated Chinese Chambers of Commerce and Industry Malaysia (ACCCIM) president Tan Sri Amar Wee Boon Ping (second from right) in 1996

in international tourist arrivals is expected to lift the sales of duty-free products, while the retail division is set to benefit from the loyalty members' sales campaign.

The group also exports bird's nests to China, but the contribution is minimal due to low margins arising from price competition, says Keng Kang, who has direct and indirect stakes of 4.287% and 21.967% in Beshom respectively.

Looking ahead, he believes the Malaysia-China friendship could become stronger with more collaboration between the two countries.

"The setting up of Xiamen University's Malaysia campus was really a blessing for Malaysia. This was followed by the timely partnership between Proton Holdings Bhd and China's auto giant Zhejiang Geely Holding Group Co Ltd (with Geely taking up a 49.9% stake in Proton). I hope that there will be more investment flows between Malaysia and China," he says.

Keng Kang notes that the comprehensive strategic partnership that was announced 11 years ago placed Malaysia-China relations at high levels, helping Malaysia to attract more Chinese investments.

"Having said that, the most anticipated thing has already happened — the waiver of visa by the two countries, which brings much convenience to the people of Malaysia and China. I believe the waiver will be extended further after this privilege ends in December 2024," he adds. Note that visa-free travel to China for Malaysians has recently been extended till the end of 2025.

In setting up Hai-O, Kai Hee was inspired by the story of Jonathan Livingston Seagull, written by American author Richard Bach. First published in 1970, the fable revolves around a young gull with an ambition to fly perfectly, but was cast out by his community because of his unwillingness to conform. Nevertheless, he continued to learn, pushing himself and eventually achieving perfection. He later returned to the flock to teach the others what he had learnt.

In Richard Bach's timeless spiritual classic, Jonathan Livingston Seagull persisted in reaching for his goals and quenching his thirst for knowledge. That has been the spirit of Hai-O over the past few decades, and it should come as little surprise that Hai-O means "seagull" in Mandarin. Despite the passing of Kai Hee, his legacy will continue to make Hai-O (now Beshom) soar higher, embodying the relentless spirit of growth and learning inspired by Jonathan Livingston Seagull. E


HAI-O

Kai Hee (left) and the Malaysia-China Friendship Association president Datuk Usman Awang (right) welcome Chinese premier Zhu Rongji (centre) in 1999

MALAYSIA & CHINA: 50 YEARS STRONG

AS ECONOMIC AND INDUSTRIAL DEVELOPMENT CONTINUES TO THRIVE IN CHINA, WHAT COLLABORATIVE ROLE DOES MALAYSIA PLAY TO ACHIEVE THE BEST OUTCOME FOR ALL?

1 From your observation, over the past five decades, what notable transformations have occurred in China, and how have these changes influenced the trade and investment between China and Malaysia?

Wang Ke, Head of Greater China and CEO of OCBC Hong Kong:
China has transformed significantly over the past half century, with its economy now an engine of growth on the world stage. In recent years, China's economic ties—both trade and investment—with Asia, in particular ASEAN, has deepened. Beyond exports, we are seeing an increasing trend of Chinese corporates venturing to ASEAN to tap on the vast resources in the region. These include capital—both human and financial—production and R&D capabilities, the consumption market and the general goodwill between the people of China and ASEAN.

Today, China has been Malaysia's largest trading partner for 15 consecutive years, and well on the way to extending the record to a 16th year. With the support of the Regional Comprehensive Economic Partnership (RCEP), trade and investment projects have accelerated alongside the Belt and Road Initiative.

It is encouraging to note that, riding on the global trend, the economic models of the two nations are gradually transforming into digital economies. This relentless journey toward greater digitalisation has emerged alongside several significant strategic initiatives including the internationalisation of the RMB as prominent catalysts for driving economic growth and collaboration between China and other regions.

2 As we approach the 50th anniversary of diplomatic relations between China and Malaysia in 2024, what significance does this milestone hold, and what guidance would you offer to China and Malaysian firms aiming to capitalise on the deepening ties between the two nations?

Tan Chor Sen
CEO, OCBC Malaysia

Tan Chor Sen, CEO, OCBC Malaysia:
The strong collaboration between the two nations has served to continually open up new opportunities in fostering a dynamic spirit of collaboration and partnership. Key agencies like MITI and MIDA are actively promoting and facilitating foreign direct investments from China to Malaysia to further strengthen business ties.

Malaysia offers an advantageous location for Chinese corporations to establish overseas operations given its political stability, well-developed infrastructure and ecosystem, and diversified and highly educated and skilled workforce. These strengths can be harnessed by investors seeking to expand their businesses. On Malaysia's part, its corporates and GLCs stand to benefit from tapping into the advanced technology, innovation, and new markets associated with China by integrating their businesses into the supply chains of China corporations.

3 As an established bank in Malaysia's financial sector, how has OCBC contributed to strengthening economic bonds and fostering collaborative ventures between Malaysia and China, particularly in sectors such as infrastructure, technology, and finance?

Tan Chor Sen:
OCBC is dedicated to providing comprehensive financial services to both Malaysian and Chinese corporations, including financing, transaction banking, hedging, investment banking and corporate finance, among others. We continue to support Chinese enterprises and individuals throughout their financial journey, from setting up accounts for key personnel to operational needs, ensuring convenience and ease. Leveraging our extensive history and strong business connections in the country, we actively contribute to fostering collaboration between Malaysia and China.

> We collaborate closely with our entities in the respective markets, including Malaysia, where we have a strong presence and established networks, and are able to provide a comprehensive suite of products and services to customers who are already operating in Malaysia or considering entering the market.

Wang Ke
Head of Greater China and CEO of OCBC Hong Kong

OCBC Malaysia recently signed significant MOUs with prominent Chinese corporations like Beibu Gulf Holding (Malaysia) Sdn Bhd (BGHM). Beyond demonstrating our commitment to providing strong support to Malaysia's digital economy, these agreements encourage investments from China into Malaysia. We continuously enhance our digital solutions, ensuring efficient financial services in Malaysia.

Leveraging our position and professional capabilities in the financing sector, we act as a bridge between Malaysia and China, promoting economic bonds and facilitating investment and joint venture partnerships in various sectors, including infrastructure, new and renewable energy, and technology.

4 Could you elaborate on the strategic role of OCBC in facilitating financial services and nurturing business relationships between Malaysia and China?

Wang Ke:
Leveraging OCBC's "One Group" strategy, we collaborate closely with our entities in the respective markets, including Malaysia, where we have a strong presence and established networks, and are able to provide a comprehensive suite of products and services to customers who are already operating in Malaysia or considering entering the market.

Tan Chor Sen:
With a network of over 60 branches and offices in mainland China, Hong Kong SAR and Macau SAR, and our key partner, Bank of Ningbo, OCBC Malaysia is poised to capitalise on the OCBC Group's robust presence in China and Greater China. This strategic collaboration enables us to support businesses and customers venturing into the Chinese market. Leveraging the extensive product offerings and capabilities of the OCBC Group, we strive to become a primary bridge for our customers, facilitating seamless connections between the two nations.

To enhance our ability to cater to Chinese customers in the country, OCBC Malaysia has established a dedicated China Business unit that integrates multiple departments within the bank. It encompasses our Corporate, Commercial, SMEs and Personal Banking practices, offering comprehensive solutions tailored specifically to Chinese enterprises and investors entering the Malaysian market. Our aim is to provide convenient one-stop services for all their banking needs.

5 Considering the significance of the 50th anniversary of diplomatic relations between China and Malaysia, what role do you foresee OCBC Bank playing in further enhancing bilateral economic cooperation and fostering stronger business connections between the two nations?

Wang Ke:
OCBC's ambition is to become Asia's leading financial services partner for a sustainable future.

Guided by our "One Group" ideals—centred on our purpose, values, and ambition—we enable people and communities to realise their goals. By working with our counterparts, leveraging on OCBC's network and integrated capabilities in financing, wealth, and insurance, we are able to offer a seamless service experience across China and Malaysian markets.

Tan Chor Sen:
OCBC Malaysia strives to become a trusted advisor for Chinese investors, leveraging our extensive local market knowledge, strong connections, and comprehensive financial solutions. We are committed to ensuring a smooth transition for investors and are in a position to play a crucial role in facilitating cross-border initiatives such as debt and capital market fundraising exercises, mergers and acquisitions, and a lot more. By facilitating the expansions of our customers' businesses, we actively contribute to strengthening the economic and business connections between the two countries.

Building Sunsuria City around Xiamen University Malaysia

By **Liew Jia Teng**

SUNSURIA CITY — the flagship project of property developer Sunsuria Bhd — is a 525-acre freehold integrated township development in Salak Tinggi, Putrajaya South, which is home to Xiamen University Malaysia, the first overseas university campus from China.

From the beginning, Sunsuria has supported the campus project, including facilitating the purchase of the land, as the group embraces the presence of Xiamen University Malaysia — an important milestone in the educational cooperation between China and Malaysia.

The inception of this collaboration dates back to Oct 4, 2013, during the state visit of Chinese President Xi Jinping and First Lady Peng Liyuan to Malaysia.

At a grand welcome luncheon in Kuala Lumpur hosted by overseas Chinese, Malaysia's richest man Tan Sri Robert Kuok pledged RM100 million towards the development of Xiamen University Malaysia's library building.

This act resonates with the philanthropic legacy of the late Tan Kah Kee, who used his fortune to set up Xiamen University in Fujian over a century ago.

To date, with total investments amounting to RM1.3 billion, the 150-acre Xiamen University campus can accommodate up to 10,000 students.

Beyond architectural significance, Sunsuria City and Xiamen University Malaysia represent a collaborative effort shaping the landscape of education and urban development in the region.

Sunsuria founder and executive chairman Tan Sri Ter Leong Yap highlights that the success of Xiamen University Malaysia reflects the long-standing friendship between China and Malaysia, which has fostered an environment conducive to mutual collaboration and trust.

He points out that the collaboration is also aligned with the goals of the Belt and Road Initiative (BRI), promoting infrastructure development and cultural exchange.

"The partnership between Sunsuria City and Xiamen University Malaysia represents the synergies fostered by the China-Malaysia friendship and the overarching goals of the BRI. It highlights the potential for collaborative ventures to drive sustainable development, foster cultural exchange, and contribute to the prosperity of both nations," he tells The Edge in an interview.

With a diverse student body of 7,300 this year — and expectations of reaching 10,000 — representing students from over 40 countries, Ter is of the view that Xiamen University Malaysia can serve as "a melting pot of ideas and perspectives", enriching the community and producing talents crucial for the country's development.

"Malaysia is an important node along the BRI. Xiamen University's global outreach, and tailoring its construction to Malaysia's development needs, are meaningful contributions to the BRI.

"Additionally, Xiamen University is renowned for its quality education and esteemed faculty. By having Xiamen University Malaysia in our midst, we are privileged to have access to world-class education right here in Malaysia. This positions us well to develop local talents and contribute to the country's economy," says the 60-year-old, who has been a director of Xiamen University Malaysia since 2012.

Ter is the controlling shareholder of Sunsuria, owning 60% of the property firm that he founded in 1989.

Acknowledging that the establishment of Xiamen University Malaysia within Sunsuria City was once considered an "impossible task", Ter says through the "relentless and collaborative efforts" by the Chinese university team, Malaysian government leaders and Sunsuria, the former palm grove had been transformed into state-of-the-art educational facilities.

PATRICK GOH/THE EDGE

Xiamen University Malaysia was inaugurated in February 2016 and currently offers a comprehensive array of academic programmes across diverse disciplines

Today, Xiamen University Malaysia comprises nine colleges covering diverse fields such as arts, science, engineering, business and medicine.

"Xiamen University Malaysia's presence in Sunsuria City creates a vibrant hub for education, residential living and economic activity. It acts as an economic catalyst, driving demand for housing, food and beverage outlets and various student-oriented services, attracting businesses, fostering local entrepreneurship, and contributes to the economic growth of the surrounding area," he elaborates.

MOHD IZWAN MOHD NAZAM/THE EDGE

"Over the past 50 years, China and Malaysia have regarded each other as close friends and trustworthy partners, with their enduring friendship bringing tangible benefits to the people of both countries, including promoting mutual development, economic growth, regional stability."

— Ter

China an economic powerhouse

China has undergone a remarkable economic transformation in the past 50 years, evolving from an agricultural nation into the world's second largest economy.

Ter points out that former Chinese paramount leader Deng Xiaoping's economic reforms and his policies in the late 1970s to open up China to the world introduced market capitalism while retaining the Chinese Communist Party control, leading to rapid industrialisation, urbanisation and export-driven growth.

According to the World Bank, China's economic rise between 1990 and 2015 lifted 800 million people out of poverty and propelled the country into a global economic powerhouse.

Statistics also show that when China established diplomatic relations with Malaysia in 1974, its gross domestic product (GDP) was RMB278.99 billion. In 2023, China's GDP had ballooned to RMB126 trillion, an astonishing growth of 450 times over 50 years.

SUNSURIA

Former prime minister Datuk Seri Najib Razak and China President Xi Jinping (both in the background) witness the signing of an MoU in relation to the development of Xiamen University's first overseas branch campus in Malaysia

"The growth trajectory of China over the past 50 years has been nothing short of remarkable, equivalent to the progress achieved by superpower countries over a span of hundreds of years.

"Over the years, China has attracted substantial foreign investment, becoming a global hub for manufacturing and one of the world's largest middle-class markets. These changes have greatly enhanced China's economic strength and international status," Ter says.

On technology and culture, China has also made significant progress, Ter observes, pointing to examples that include important breakthroughs in areas such as artificial intelligence, fifth generation (5G) communication, quantum information, supercomputing, digital economy and aerospace, and nurturing a group of leading technology companies.

"Rapid developments in the field of technology have made China an important force in global technological innovation," he emphasises.

With the continuous strengthening of China's economy and comprehensive national power over the past five decades, China has become Malaysia's largest trading partner for 15 consecutive years in 2023.

"From 1974 to 2024, an increasing number of Chinese enterprises have invested and started businesses in Malaysia, not only driving rapid upgrades of local infrastructure and directly benefiting people's livelihoods but also bringing advanced technology and management experience," says Ter, who has been promoting Malaysia-China cooperation in his 35 years in business.

The companies under his leadership, including Sunsuria, have always valued and seized opportunities for collaboration with China.

"Our partnership with Citic International Investment Ltd (CITIC) — a wholly-owned subsidiary of CITIC Ltd, a Fortune Global 500 company — formed CITIC Sunsuria, with the goal of contributing to Malaysia's infrastructure and construction sector, and aspirations for international projects," he says.

Ter reiterates that Sunsuria's involvement in facilitating the establishment of Xiamen University in Malaysia — a project personally endorsed by President Xi and hailed as a shining pearl of the BRI — highlights the group's dedication to advancing education and promoting academic exchange between the two nations.

First Asean country to befriend China

He points out that Malaysia was the first Asean country to establish diplomatic relations with China, a significance that holds great importance for both nations.

"Over the past 50 years, China and Malaysia have regarded each other as close friends and trustworthy partners, with their enduring friendship bringing tangible benefits to the people of both countries, including promoting mutual development, economic growth, regional stability," Ter remarks.

He believes the strengthening relationship between China and Malaysia is highlighted by recent high-level visits, including Prime Minister Datuk Seri Anwar Ibrahim's trip in 2023, securing RM170 billion in investment commitments.

Ter stresses the 50th anniversary of diplomatic relations between China and Malaysia in 2024 represents a significant milestone that highlights the longstanding friendship and cooperation between the two nations.

This milestone not only demonstrates the enduring strength of the bilateral relationship, but also provides a solid foundation for offering opportunities to deepen collaboration in various fields, jointly create a better future and pass on the legacy of Malaysia-China friendship from generation to generation.

"Looking ahead, we believe that China presents immense opportunities for growth and expansion. With Chinese businesses increasingly seeking partners and Southeast Asia emerging as a preferred destination for investment, we are well-positioned to capitalise on these trends. By leveraging our strategic partnerships and expertise, we aim to further strengthen our presence in China and explore new avenues for collaboration and growth," he says. E

OCBC: Malaysia an attractive destination for Chinese investment

By **Liew Jia Teng**

AT A TIME when China is undergoing a significant transition in its economic growth model, shifting away from a reliance on the property market and globalisation towards a new paradigm driven by consumption and innovation, Malaysia has the potential to emerge as a compelling destination for Chinese investment.

According to Tommy Xie, head of Greater China Research at OCBC Bank, the Chinese government's emphasis on equipment upgrades and trade-ins of consumer goods reflects a strategic move aimed at stimulating consumption in sectors such as home appliances and automobiles.

"By strategically aligning industry strengths, addressing China's evolving needs and investing in human capital development, Malaysia can position itself as an attractive destination for Chinese investment, fostering mutual economic growth and cooperation," he tells *The Edge* in an interview.

Xie is of the view that Malaysia can continue to promote and attract foreign direct investment from China via three avenues.

First, Malaysia should capitalise on industries where China holds comparative advantages, such as manufacturing, infrastructure and renewable energy, which can foster collaboration within China's industrial chain and ecosystem. For instance, he says, Malaysia's participation in the Belt and Road Initiative presents a prime opportunity to engage in infrastructure and connectivity projects.

Second, Xie believes that Malaysia should leverage its advantageous industries and align them with China's consumer demand in order to attract investment. For example, as China's demand for healthcare services expands, Malaysian healthcare firms could appeal to Chinese investors to expand operations and cater to their needs.

"Similarly, Malaysia's agricultural sector can entice Chinese investment to meet China's demand for high-quality food products," he adds.

Third, Malaysia can enhance its appeal to Chinese investors by investing in education and training.

"In addition, Malaysia should also streamline visa and work permit processes, making it more attractive for Chinese workers to contribute to Malaysia's economy," says Xie.

Despite ongoing easing measures, China's property sector continues to face challenges, prompting a critical question: Can China achieve its growth targets without a heavy dependence on real estate?

Xie points out that recent data suggests this is feasible, buoyed by improving external demand and enhanced demand-side support measures.

"China aims to reduce its reliance on the property market as a growth driver. In the longer term, the focus on R&D (research and development) will be pivotal in enhancing China's competitiveness.

"The proportion of R&D expenditure to GDP (gross domestic product) already surpassed 2.6% in 2023, and this ratio is anticipated to rise further in the years ahead. This concerted effort towards innovation underscores China's commitment to sustainable economic growth beyond traditional sectors," he elaborates.

While navigating the evolving landscape of national security concerns and regulatory changes presents a challenge for foreign investors, including Malaysian businesses, Xie insists that opportunities abound for Malaysian companies.

He highlights that the longstanding friendly bilateral relationship between China and Malaysia provides a solid foundation for business cooperation. Moreover, despite demographic shifts, China remains rich in human capital, with over 800 million effective workers and a substantial pool of college graduates, which numbered 11.79 million in 2024.

Xie: Malaysia should streamline visa and work permit processes, making it more attractive for Chinese workers to contribute to Malaysia's economy

"China's impressive track record in innovation is exemplified by the presence of four [Chinese unicorns] out of the top 10 unicorns globally. Combined with its robust production capacity and expansive consumer market, China offers foreign investors ample opportunities for growth and success," he stresses.

Xie says despite the complex geopolitical landscape, China and Malaysia maintain friendly diplomatic policies, marked by frequent high-level exchanges between the two nations.

Additionally, China and Malaysia closely collaborate within multilateral frameworks, striving to uphold the stability and progressive development of their bilateral relations.

Meanwhile, Xie expects the increasing financial inclusion and shift towards digital banking to continue, as the big tech companies will continue to play an important role in China's financial development.

"China's tech giants have already made significant inroads into the financial sector with their digital payment platforms (Alipay and WeChat Pay) and other fintech services. As these technologies mature and gain wider acceptance, they have the potential to revolutionise the way financial transactions are conducted and regulated in China," he says. E

LBS Bina takes the fast track in Zhuhai

By **Liew Jia Teng**

NOT MANY MALAYSIAN companies can boast of owning an international racing circuit in a foreign country. Property developer LBS Bina Group Bhd can claim such bragging rights as it holds a 60% stake in Zhuhai International Circuit (ZIC) in Zhuhai, Guangdong.

LBS group executive chairman Tan Sri Dr Lim Hock San believes its investment in ZIC is a good bet for the future and he has received positive treatment from the Zhuhai government over the years.

"I must say that LBS' investment in Zhuhai is located in one of the best areas in the Greater Bay Area of China and I don't think this would have been possible if we had not been a Malaysian company [as the country has a good diplomatic relationship with China]," he tells *The Edge* in an interview.

Lim is also president of the Federation of Hokkien Associations of Malaysia — the largest Chinese clan-based association in the country. Due to LBS' presence in Zhuhai, he has had many opportunities to play a role in advancing the Malaysia-China friendship and Belt and Road Initiative (BRI), he says.

"I remember that LBS played a role in 2015 when the then Malaysian cabinet approved a proposal to establish a 'friendly state and province' status between Guangdong and Melaka. We hosted the then Yang di-Pertua Negeri Melaka Tun Mohd Khalil Yaakob in Zhuhai. And in 2016, we took part in a series of meetings with the then provincial governor of Guangdong," Lim recalls.

"In May last year, LBS hosted the Fujian provincial governor Zhou Zuyi in Malaysia and we had the great honour of organising a tea party between Zhou and the then Yang di-Pertuan Agong Al-Sultan Abdullah Ri'ayatuddin Al-Mustafa Billah Shah."

ZIC is a joint venture (JV) between LBS and its local Chinese partner, Zhuhai Jiuzhou Holdings Group Co Ltd, an investment arm of the Zhuhai government.

"LBS had acquired the Zhuhai JV project from another Malaysian company in the 1990s as we foresaw that this was going to be a good entry point into China. Zhuhai is next to Macau and just an hour from Hong Kong. We saw the potential in the racing circuit and the now disposed-of golf course and development land," says Lim.

Completed in 1996, ZIC is China's first professional racing circuit and the first permanent 4.3km Grade 2 circuit certified by the International Automobile Federation (FIA). The country has hosted numerous domestic and international racing competitions such as the BPR Global GT Series, FIA GT Championship, A1 Grand Prix, Intercontinental Le Mans Cup and Asia Le Mans Series.

"There are many reasons why I, or foreign investors, find Zhuhai a good place to invest in China. Today, there is this Hong Kong-Zhuhai-Macau bridge that links the three cities together. One can practically reach Zhuhai from any city in Guangdong or the Greater Bay Area within an hour," says Lim.

He highlights that the Greater Bay Area is an initiative by the Chinese government to combine the strength of nine cities in Guangdong with Hong Kong and Macau, in a move to accelerate growth and attract foreign investors. "We have been receiving the support of the Zhuhai government in our racing circuit and it has been positive towards our plans and proposals," he says.

LBS BINA

Lim (centre) at the Pan Delta Super Racing Festival held at ZIC in 2016

PATRICK GOH/THE EDGE

"My advice to Malaysian companies who intend to tap into the growing ties between the two countries is to identify the supply and demand opportunities between Malaysia and China."
— Lim

Lim (right) acknowledges that due to LBS' presence in Zhuhai, he has had many opportunities to play a role in advancing the Malaysia-China friendship and Belt and Road Initiative

Tapping into growing ties

On the 50th anniversary of the establishment of diplomatic relations between Malaysia and China, Lim says this is "a key milestone" for both countries.

He points out that Malaysia was the first country in Asean to establish diplomatic relations with China. It was also among the first countries to support the BRI, the Asian Infrastructure Investment Bank and many other initiatives by China. In 2013, the two countries established Comprehensive Strategic Partnership relations.

"My advice to Malaysian companies that intend to tap into the growing ties between the two countries is to identify the supply and demand opportunities between Malaysia and China. For those on the trading side, I believe many Malaysian companies have been sourcing from China, but we are still lagging behind in selling Malaysian products to China," says Lim.

"The growing middle class in China have a huge appetite for foreign products and services. I cannot exactly pinpoint what products or services, but I recommend that interested Malaysian companies visit China and carry out market surveys themselves," he adds.

China adopted its "open door" policy in 1978 and has since grown from a poor country to one of the largest economies in the world today. One of the most notable events in the past 30 to 50 years was its admission into the World Trade Organization (WTO) in 2001.

"China's accession into the WTO facilitated the influx of foreign investments into China, with many foreign investors invested in the manufacturing industry. As a result, China became the 'manufacturer of the world'. At the same time, it enjoyed larger markets for its exports. In a short span of time, the Chinese economy gave birth to a growing middle-class population and created a big market for foreign products and services," Lim explains.

These developments over the last few decades brought along economic opportunities to the world and China managed to cut down on its hardcore poor population. Today, its major cities are well developed compared to two or three decades ago.

"Major cities such as Beijing, Shanghai, Guangzhou and Shenzhen are among the most modern in the world. I see many top-notch technologies being used in the construction sector and I look to China for inspiration in business strategies," he says.

For instance, in 2017, MGB Bhd — the Bursa Malaysia-listed construction arm of LBS — partnered with Sany Construction Industry Development (M) Sdn Bhd, which is a subsidiary of China-based Sany Group Co Ltd, to form a JV entity called MGB Sany (M) IBS Sdn Bhd to set up precast concrete panel manufacturing plants in Alam Perdana, Selangor, and Nilai, Negeri Sembilan.

"I am always on the lookout for potential collaboration partners from China. For example, our JV with Sany and also other areas that LBS is currently pursuing," says Lim.

From his on-the-ground interactions with officials from China, especially Fujian, and also entrepreneurs and friends from all over the republic, Lim is of the view that Malaysia-China relations will continue to strengthen on all spectrums.

"Bear in mind that politically, the two countries

PHOTOS: LBS BINA

This road and bridge are among the infrastructure built by the company and named after Datuk Seri Lim Bock Seng, the late founder of LBS, over the years in Fujian

are strategic allies and China is the largest trading partner of Malaysia. The two countries have adopted a very goodwill move by introducing the visa-free policy. I hope this will be made permanent as it will be beneficial to Malaysia-China friendship, trade and investments," he says.

"I believe trade bodies, such as the chambers of commerce and clan-based associations such as the Federation of Hokkien Associations of Malaysia, can play an effective role in [building bridges for] bilateral trade and investments between Malaysia and China. This is because many trade and investment opportunities are often mismatched and information is not efficiently delivered or handled, causing lost or missed opportunities."

He adds that government initiatives can be complemented with those by non-governmental and non-profit organisations such as the Federation of Hokkien Associations of Malaysia or the Lim clan association.

Golden opportunity to fill the gap

In November this year, the Federation of Hokkien Associations of Malaysia will host a major conference, bringing together at least 3,000 entrepreneurs from Fujian. These delegates are entrepreneurs with the potential to collaborate with Malaysian businesses.

"In my view, there are many industries where entrepreneurs from Malaysia and China can work together. For example, the electric vehicle (EV) and its supply chain industries are already mature in China, but less so in Malaysia. We can work with the Chinese from the EV industry and its supply chain. Apart from that, the waste-to-energy or other green-related industries are also well worth exploring," says Lim.

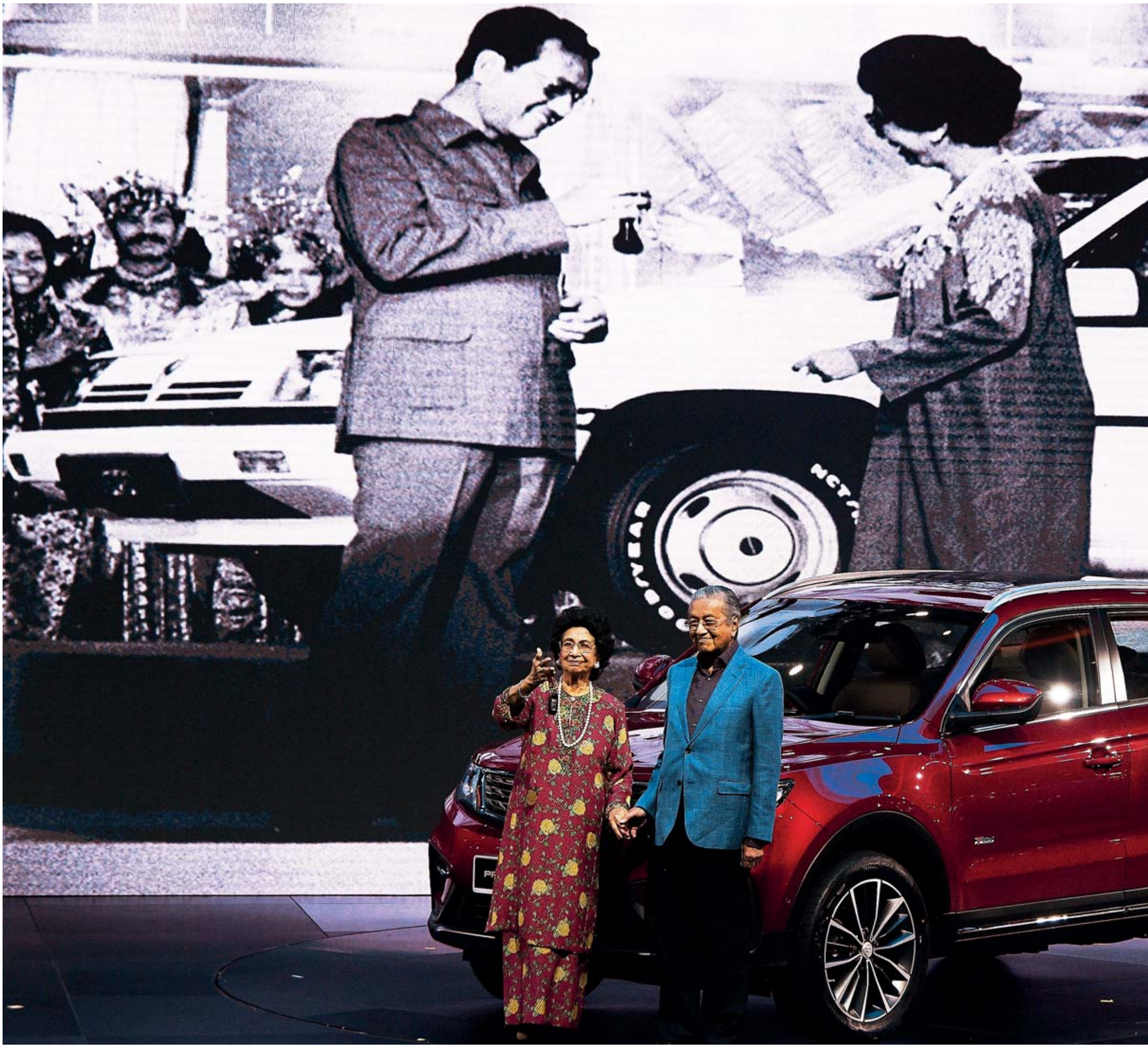
He is of the view that Malaysia has plenty to gain from the good relations with China. "The visa-free policy has benefited the local tourism industry. But there are still a lot of tourism-related business opportunities that we can capture from our Chinese guests," he adds.

"These include medical tourism, in-depth travel experiences and excursions as we have many well-preserved rainforests and national parks, short-term educational programmes and holistic health and well-being-centric holiday packages, just to name a few. Malaysian business owners and entrepreneurs are encouraged to be more open-minded and entrepreneurial."

Lim believes Malaysia is an attractive destination that can capture investments from China. However, a stable political situation and well-directed policies are paramount to attracting Chinese investors.

"We see the prolonged China-US trade war and the countless sanctions on China-made products. This is actually a golden opportunity for countries like Malaysia, which could find ways to fill the gap in the supply chain by working with the affected Chinese companies," he says.

"It is no secret that many Chinese companies have ventured into Southeast Asia to minimise their operational risk and I believe Malaysia is definitely on their radar. As for opportunities in China, I do believe that our government can do more to help our Malaysian-made products and services sell in China." E



Geely drives Proton's turnaround

By **Justin Lim**

IN THE AGE of globalisation, the strategic tie-up between Malaysia's national carmaker, Perusahaan Otomobil Nasional Sdn Bhd (Proton), and China's automotive giant, Zhejiang Geely Holding Group Co Ltd, shows how working together across borders can be mutually beneficial.

This year marks the seventh year of a strategic partnership between DRB-Hicom Bhd and Geely in Proton, in which the Chinese company acquired a 49.9% stake from the local diversified group for RM460 million in June 2017.

"Since the merger in 2017, Proton has benefited from joining the Geely Holding Group's portfolio of brands with strong internal synergies, robust and globally focused management. As a result, Proton recorded sales growth for a fifth consecutive year in 2023, with 154,611 units sold, with an increase in market share from 10.8%


BERNAMA

Mahathir and his wife Tun Dr Siti Hasmah Mohd Ali at the launch of Proton's SUV X70 at Kuala Lumpur Conventional Centre on Dec 12, 2018

in 2018 to almost double at 19.3% in 2023," Proton tells *The Edge.*

Proton was set up in 1983 during Tun Dr Mahathir Mohamad's premiership. Over the years, it struggled to compete with rival carmakers due to negative perceptions of the quality of Proton's car products.

The fortunes of Proton, which was controlled by Khazanah Nasional Bhd, failed to improve even after it was taken over by DRB-Hicom in 2012.

Proton's market share fell off a cliff — from dominating the market with over 70% market share, it fell to around 10.8% in 2018, despite government support and bailouts.

Before Geely acquired Proton, it was reported in 2016 that Proton had received RM13.9 billion in government assistance since it was founded.

In 2017, Mahathir, who resigned as Proton chairman about a year earlier, criticised then prime minister Datuk Seri Najib Razak over the stake sale to Geely, which stemmed from his concerns about the loss of control over a national asset and the potential impact on Malaysia's automotive industry.

"They say Proton is my brainchild. Now the child of my brain has been sold ... I am a sissy. I cry even if Malaysians are dry-eyed. My child is lost. And soon my country," Mahathir bemoaned in his blog.

However, in an interesting turn of events, Mahathir in August 2018 visited Geely's headquarters in Hangzhou a few months after he became prime minister for the second time. The then 93-year-old got to test drive three of the latest models in the Geely stable. He also met up with Malaysian Proton staff who were sent to China for training.

During his trip, Mahathir reportedly acknowledged that Geely had proven itself in terms of technologies and quality. More importantly, having Geely on board would help Proton accelerate its improvement, as he noted that the automotive industry was highly competitive and the players were competing on technologies and quality.

Notably, Geely managed to revive Proton within three years of the acquisition, and quite impressively, without any financial assistance from the government.

Speaking about the business strategies, Proton says the group has facilitated the setting up of local partnerships between parts suppliers from China and Malaysia over the last few years. This effort not only brings in foreign direct investment (FDI) to Malaysia but also raises the skill levels of the local vendor ecosystem.

"In the past 40 years, China has grown to be the world's largest manufacturing economy and exporter of more cost-effective goods.

"At Proton, we have a policy of reviewing our parts purchase list to ensure we are getting the best value and quality for our parts purchases while also prioritising local parts producers," the company says.

With electric vehicles (EVs) now witnessing increased adoption rates worldwide, Proton expects EVs to gain sales traction in 2024.

Hence, Proton intends to leverage Geely's expertise in new energy vehicles (NEVs) to provide solutions that align with the government's aspirations and consumer demand in transitioning to NEVs.

"Geely's global innovation leadership, basic module framework, and electric and intelligent

PROTON

Prime Minister Datuk Seri Anwar Ibrahim at the launch of *Proton* X90, held in conjunction with the 40th anniversary celebrations of Proton at the Malaysian International Trade and Exhibition Centre on May 7, 2023. With him is Eric Li Shufu, founder and chairman of Geely Holdings Bhd.

technologies are the key to supporting Proton's future development," it says.

It is worth noting that Geely aims to turn Tanjung Malim, Perak, into the largest auto city in the region, by creating the Automotive High-Tech Valley (AHTV) in Proton City — an automotive hub that is set to receive a colossal US$10 billion (RM46.8 billion) investment from Geely itself.

Meanwhile, according to media reports, the 1,000-acre AHTV is expected to attract another RM32 billion worth of investments over the next 10 years, along with direct and indirect benefits from Proton's plan to fully relocate its manufacturing facilities to Tanjung Malim by 2026.

Commenting on the prospects of the local automotive industry, Proton sees the industry's potential in 2024 remaining strong as it believes that the demand for the affordable vehicle segment will not waver as the B40 (bottom 40% income) group will be spared the impact of the fuel subsidy rationalisation as well as benefiting from the progressive wage model.

It also expects more focus to be given to EV brands, which will help grow EV sales.

This year marks the 50th anniversary of diplomatic relations between Malaysia and China. Proton emphasises the importance of carrying on with the bilateral relationship between the two countries as it is mutually beneficial.

The company says Malaysia benefits from its ties to China due to its strategic location in the region and its diversity. "Being multicultural, multi-religious and multilingual, we can facilitate many international entities to conduct business and have the capability and resources to be the international hub for technology and businesses as well as offering international companies the potential to expand," it adds.

Proton urges Malaysian small and medium enterprises (SMEs) to take advantage of the opportunities available under e-commerce platforms promoted under the Belt and Road Initiative (BRI) as it would play an instrumental role in improving the connectivity of transport and further boost growth to borderless e-commerce.

Launched in 2013, BRI is a massive transnational economic cooperation blueprint for growth and development in Eurasia proposed by China that would see a momentum shift of the world economy from West to East. E

The Golden Jubilee of Malaysia-China Diplomatic Relations

by Tan Sri Dato' Sri Ir. (Dr.) Lim Hock San
Group Executive Chairman of LBS Bina Group Berhad

Tan Sri Ir. (Dr.) Lim Hock San accompanied by Puan Sri Karen Wang paid a courtesy visit to His Excellency Zhong Zuyi, Secretary of the CPC Fujian Provincial Committee and Chairman of the Standing Committee of Fujian Provincial People's Congress.

Malaysia and China established their diplomatic relations on 31st May 1974. This year marks the 50th anniversary of the establishment of diplomatic relations between Malaysia and China.

I wish that the friendship between Malaysia and China will last forever and that we shall cooperate to achieve prosperity for all.

The new trend of coexistence and common prosperity marks a significant turning point in Malaysia-China relations, which have been closely forged for 50 years despite changes in the global environment.

Malaysia boasts a diverse range of cultures, stable politics, a friendly and humanistic environment, a mature business system, and business channels connecting it to the rest of the world. Meanwhile, China's economy, supported by its robust human capital, domestic sales, and pragmatic business philosophy, has stood steadily as the second-largest economy in the world.

This indicates complementary growth in economic ties between Malaysia and China. Chinese businesses can introduce high-quality Chinese products and business concepts to seven major regions, including the Americas, the Middle East, and Europe, by establishing factories and conducting business operations in Malaysia.

Malaysia has extended a helping hand to China by introducing Malaysia's multiculturalism to China and facilitating the introduction of scarce Chinese products to the Chinese market. Furthermore, investing in China allows leveraging internal advantages to provide new circumstances for businesses, particularly since the Chinese government continues to enact regulations that favour foreign businessmen.

In commemorating the 50th anniversary of the establishment of diplomatic relations between Malaysia and China, The Federation of Hokkien Associations of Malaysia (FHAM) will welcome 4,000 delegates from around the world to attend the 11th Fujianese Fellowship Conference in Kuala Lumpur, Malaysia from 7th to 9th November this year.

In addition to the Fellowship Conference, the organisers will also host product fairs, economic forums, and Hokkien cultural exhibitions.
It can be said that gathering in Kuala Lumpur allows everyone to experience the impact across economic and cultural aspects. The primary goal of this event, organised by The Federation of Hokkien Associations of Malaysia (FHAM), is to gather fellow Hokkien residents and share their nostalgia.

The second goal is to promote economic and trade exchanges between Malaysia and other countries. Following that, the event aims to showcase rich Chinese and Hokkien cultures. Additionally, Malaysia can be promoted, allowing more people to learn and understand us better. I believe this event will bring significant economic benefits to Malaysia.

Last but not least, as the friendship between Malaysia and China continues to deepen, the people of the two countries can work together to effectively utilise the complementary advantages of both nations, thereby creating new milestones in business.

In Huawei, JF Tech finds 'match made in heaven'

By **Liew Jia Teng**

PATRICK GOH/THE EDGE

TEN YEARS AGO, many were still wary of venturing into China, particularly technology companies and owners of intellectual property (IP) as they feared their proprietary rights would be compromised. But today, China has set its sights on becoming a major innovator, desirous of leaving behind its earlier days of imitation.

JF Technology Bhd co-founder and managing director Datuk Foong Wei Kuong says this change in attitude has given the tech company more confidence in venturing into the Chinese market.

In October 2020, JF Tech announced plans to team up with Hubble Technology Investment Co Ltd, a wholly-owned subsidiary of Huawei Investment & Holding Co Ltd, to set up a plant in Kunshan in China's Jiangsu province to design, develop and manufacture integrated circuit (IC) test sockets and test interface solutions for the Chinese market.

"For me, what was very fascinating was JF Tech's tagline 'We Bring Possibilities' [being] so closely aligned with Huawei's 2013 branding campaign, called 'Make It Possible'. This resonance suggests a natural synergy between our companies and feels like a match made in heaven. Together, we could bring possibilities to make them possible," Foong tells *The Edge* in an interview.

Founded in 1999, JF Tech manufactures electronic products and components, including test probes and test socket products, and supplies them to the global semiconductor industry. Its customers include providers of semiconductor assembly, turnkey packaging and test services, as well as suppliers of IC test handlers.

In layman's terms, every IC made has to be tested for its functionality and reliability by using tester, test handler, vision and test socket solutions. JF Tech's products are used by these clients to test and screen microchips for major companies in the mobile device and automotive industries.

A major breakthrough came in 2011 when JF Tech made its foray into the US, going head-to-head with a key competitor from there. Unfortunately, the US competitor initiated a patent infringement lawsuit against JF Tech in June 2014.

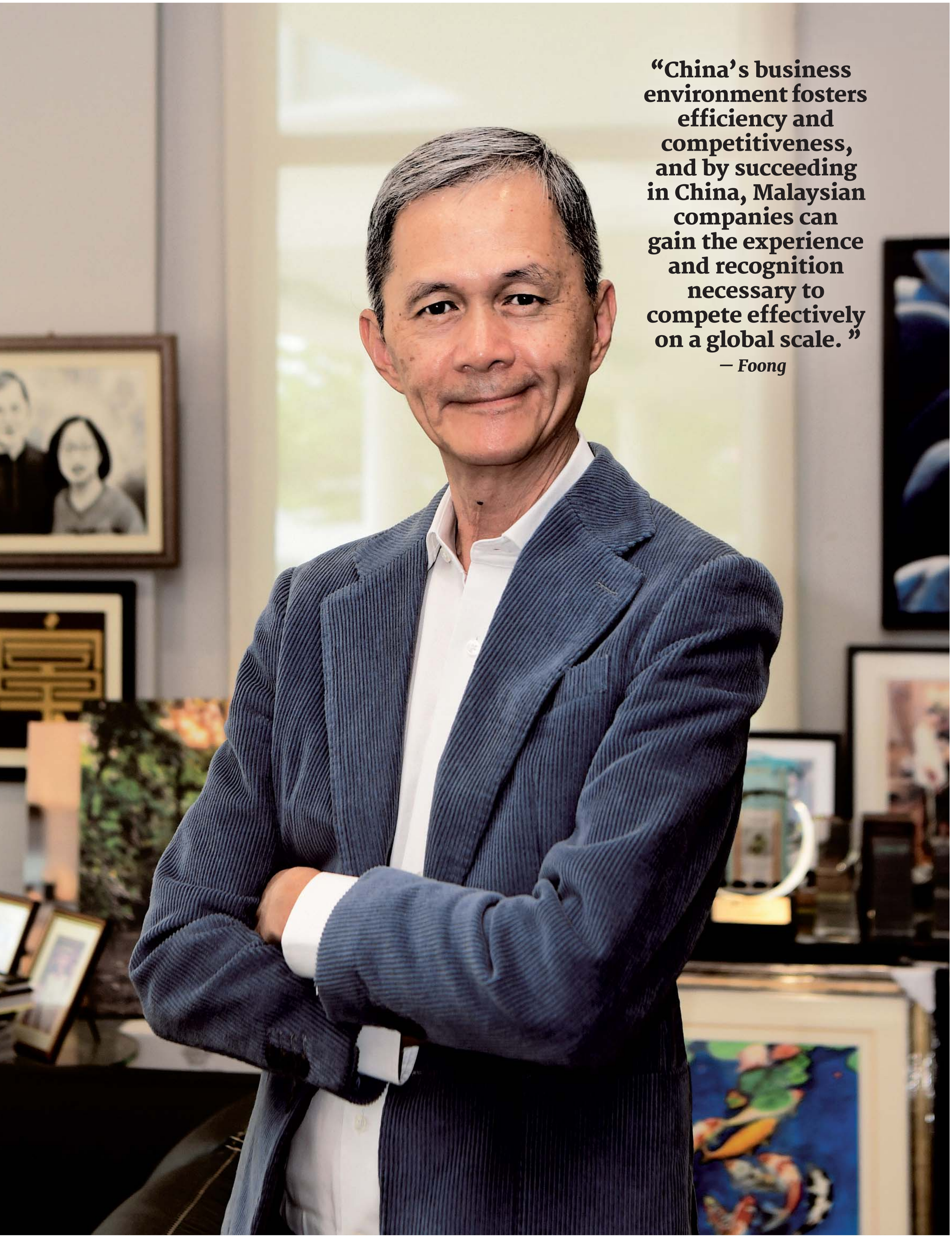
The Kunshan operation is parked under JFH Technology (Kunshan) Co Ltd, a subsidiary in which JF Tech owns a 55% stake

Foong acknowledges that the litigation, which had dragged on for six years, prompted his company to look at China in recent years. "While we fought the patent infringement lawsuit in the US, our product, Zigma, suffered. Many customers wanted our product, which clearly outperformed the competition. However, the lawsuit forced them to seek alternatives," he recalls.

Despite being granted the patent for Zigma in September 2015, the US jury still found JF Tech guilty.

"We fought all the way in court, only to be denied justice. Our conviction in the rightness of our case remains unshaken to this day. Nevertheless, this was a blessing in disguise for us as a silver lining emerged," says Foong.

In 2015, China launched its national strategic plan and industrial policy. The "Made in China 2025" plan, aimed at transforming the nation into a global innovation leader, took the world by surprise, particularly the US.



"China's business environment fosters efficiency and competitiveness, and by succeeding in China, Malaysian companies can gain the experience and recognition necessary to compete effectively on a global scale."

— Foong

PHOTOS: JF TECH

From left: JF Tech executive director Goh Kok Sing, JF Tech executive director Datin Wang Mei Ling, JF Tech managing director Datuk Foong Wei Kuong, JF Tech China chairman and general manager Hew Wei Kong, JF Tech independent non-executive chairman Datuk Phang Ah Tong and JF Tech chief operating officer Dillon Atma Singh in the agreements signing ceremony between JF Tech and Huawei in October 2020

"The US government imposed various sanctions and restrictions on many Chinese companies. One of them was our Chinese partner, and hence, in a way, we were in the same boat given the similar challenges we faced in the US market," Foong points out.

The Kunshan operation is parked under JFH Technology (Kunshan) Co Ltd, a subsidiary in which JF Tech injected US$500,000 for a 55% stake while Hubble invested US$1.5 million for the remaining 45% stake. The proceeds were used to fund the acquisition of machines and operations.

"To date, we have both invested a total of US$2.5 million to US$3.5 million. Today, our Kunshan plant is doing very well. We are currently expanding our capacity to meet the rapidly increasing demand, which continues to outpace supply," Foong elaborates.

Adding to list of Chinese partners

In November last year, JF Tech signed a joint-venture agreement with Shenzhen HFC Co Ltd to set up HFC Tech Sdn Bhd, a JV company in Malaysia that will engage in activities that include the design and manufacture of electromagnetic interference (EMI) shielding materials, thermal interface and absorbing materials.

JF Tech's plant in Kunshan designs, develops and manufactures IC test sockets and test interface solutions for the market in China

Shenzhen HFC invested RM3.2 million in HFC Tech for an 80% stake, while JF Tech contributed RM800,000 for the remaining 20%. Funds invested will be used for the company's operational needs.

"The production facility is located in our factory in Kota Damansara. The machineries are coming in and we are targeting to start production in June. Shenzhen HFC is a pioneer in the use of graphene materials for heat dissipation. This groundbreaking material is used in revolutionary artificial intelligence (AI) applications as well as the exciting electric vehicle (EV) industry," says Foong.

Although the Kunshan plant, established in 2021, had experienced challenges at first, it reported a successful turnaround to profitability last year.

"We strongly encourage more Malaysian companies to join us [in setting up operations] in China. China's business environment fosters efficiency and competitiveness, and by succeeding in China, Malaysian companies can gain the experience and recognition necessary to compete effectively on a global scale," suggests Foong.

He adds that the ongoing geopolitical situation is prompting Chinese companies to diversify their supply chains, creating an opportunity for Malaysia. This structural shift has changed the industry landscape.

"We can see that our Prime Minister Datuk Seri Anwar Ibrahim and ministers are working tirelessly to capture the opportunities arising from the trade diversion. In 2023, Malaysia recorded its highest foreign direct investments of RM329.5 billion, which showed the confidence global investors have in Malaysia.

"Malaysia has a solid foundation given our mature electrical and electronics ecosystem and supply chain, which were established about 50 years ago. We have good talents here and our people can speak multiple languages," says Foong.

Maybank: China to remain a manufacturing and RE powerhouse in coming years

By **Emir Zainul**

Chong: Maybank is able to serve them (family offices in China and Hong Kong) through our fast-growing wealth management regional hub and prime brokerage services in Singapore

NOTWITHSTANDING GEOPOLITICS AND a slower economy, Malayan Banking Bhd (Maybank) foresees that China will remain a manufacturing and renewable energy (RE) powerhouse for years to come.

According to Maybank CEO of global banking Datuk John Chong, China's increased presence in Asean will reshape the region and force local businesses to be nimbler. In order to make the most of the opportunities and remain a part of the global supply chains, Chong advocates for local companies to stay competitive in terms of cost and skill sets.

"The growing US-China tensions in recent years are prompting more companies in China to consider diversifying into Asean. This paves the way for new partnership opportunities, including mergers and acquisitions and knowledge transfer, for Asean-based companies, not just in Malaysia. Notable beneficiary sectors include electrical and electronics (E&E) and electric vehicle (EV) production," he tells *The Edge* in an interview.

Maybank, the largest banking and financial group in Malaysia, is no stranger to the Chinese market. In 2000, it became the first Malaysian bank to open a branch in Shanghai.

"Through our presence, notably in Shanghai, Shenzhen and Hong Kong, and in all 10 markets in Asean, we are able to support Chinese businesses to navigate opportunities in the region and similarly regional businesses going into China," says Chong.

He highlights that Maybank's proposition is to help Chinese businesses navigate opportunities in the region and vice versa.

"The natural inclination of any foreign company is to bank with the largest, most reputable local banks. In this regard, Maybank is strategically positioned to support and strengthen economic ties between China and Malaysia, as well as with other countries in Asean," Chong explains.

Interestingly, Chong points out a trend among family offices in China and Hong Kong setting up a "plus-one" base in Singapore. "Maybank is able to serve them through our fast-growing wealth management regional hub and prime brokerage services in Singapore," he says.

Maybank is one of the first to expand cross-border QR Pay service to China

With the evolving landscape of digital finance and fintech innovation, Maybank is not one to be left behind in the race. As part of its M25+ strategic priorities to elevate customer-centricity and regional presence, Maybank has increased its digital cross-border financial solutions.

In November 2023, Maybank expanded its cross-border QR Pay service to China, one of the first in the market for a Malaysian bank, amplifying the bank's existing cross-border payment capabilities and enhancing the ease and efficiency of financial transactions.

"This initiative aims to benefit more than eight million Maybank MAE app users visiting China as well as more than 700,000 Maybank QRPay merchants in Malaysia via transactions made by visitors from China," Chong says.

With this feature, Malaysian MAE app users can make cashless payments with AliPay merchants in China. Users will need to scan the QR code using the MAE app and subsequently enter the payment amount, which will be converted to China's local currency, the renminbi. This is followed by an instant payment confirmation, which details the exchange rate and deductible amount in ringgit.

Similarly, merchants in Malaysia are also able to accept QR payments from incoming travellers from China. Chinese travellers are able to scan the DuitNow QR code through Alipay, one of the preferred payment platforms in China. E

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From Penang to Pudong: Oppstar banks on China's semiconductor boom

By **Chester Tay**

AS MALAYSIA AND CHINA commemorate half a century of diplomatic ties, the economic links between the two nations have never been more intricate or vital. At the heart of this economic symbiosis lies a close-knit trade relationship, particularly in the chip industry.

In the fast-evolving semiconductor landscape, Penang-based homegrown chip designer Oppstar Bhd has emerged as a notable Malaysian success story, navigating the complexities of the industry and capitalising on the opportunities presented by China's booming tech sector.

Cheah Hun Wah, co-founder of Oppstar, provides a detailed account of how the company leveraged the existing bilateral ties and evolving market dynamics between Malaysia and China to chart a path of growth and innovation.

"At the outset, we didn't specifically target China," Cheah says, emphasising the organic nature of Oppstar's expansion strategy when it ventured into Shanghai in 2016.

This approach underlines a key facet of Oppstar's philosophy: a readiness to explore unanticipated avenues and a keen eye for serendipitous opportunities, guiding its initial foray into one of the world's largest markets.

Cheah reflects on the initial phase of Oppstar prior to entering the Chinese market, recounting, "Our first customer was from Northern America, it was [one of the] Fortune 500 companies. [Subsequently] we thought, this is our own company, so let's try something different."

Therefore, the pivot towards China was not planned but due to recognition of the vast potential and the diverse opportunities that China presented, he says.

"It was the American company that encouraged us to go there [together with them]. When I was at Intel, some of my old friends were in Silicon Valley. Those are the Silicon Valley colleagues who later returned to China.

"So, when I start my own business, I have to send my contacts out, right? Then some of them asked, 'Why don't you visit us?'," he shares, highlighting how existing relationships and networks have also served as springboards for Oppstar's venture into new territories.

Apart from a series of calculated risks and strategic decisions that have propelled the company's growth trajectory, Cheah says one of the values that Oppstar's management adopts — honesty — also plays a crucial role in helping the company gain the trust of local business partners.

"Our honesty is most important," states Cheah, emphasising the core values that have guided Oppstar's business practices.

In China, he says, integrity and transparency have also been Oppstar's bedrock principles in fostering trust and establishing long-term partnerships.

The strategic focus on diversification and exploring new opportunities led Cheah and his team to identify and capitalise on unique niches within the Chinese market.

"We started very small ... from university, we went and conducted training, and [subsequently], some company asked us to work together," he says, highlighting the importance of building capabilities and establishing a presence through educational initiatives and capacity building.

Oppstar's approach to leveraging the Malaysia-China relationship was pragmatic and focused on creating value.

"We don't specifically rely on grants or connections," Cheah explains, underscoring the belief in the company's core strengths and capabilities as the drivers of success.

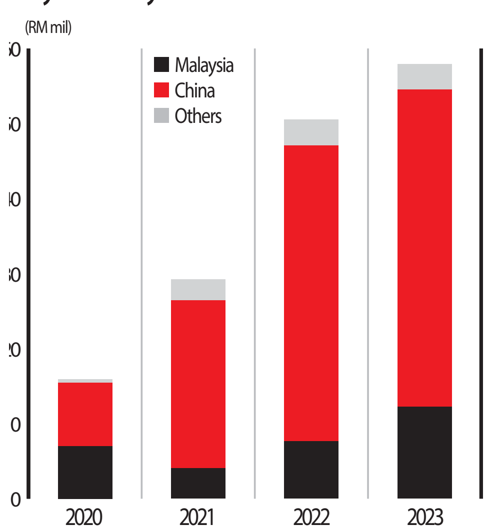
This self-reliant stance has enabled Oppstar to navigate the competitive landscape on its own terms, focusing on delivering innovation and excellence.

Moreover, Cheah says the symbiotic relationship between Oppstar and its Chinese counterparts has been the cornerstone of its strategy.

"We add value, we do more than what we are being told," says Cheah, encapsulating the ethos of going above and beyond to exceed expectations.

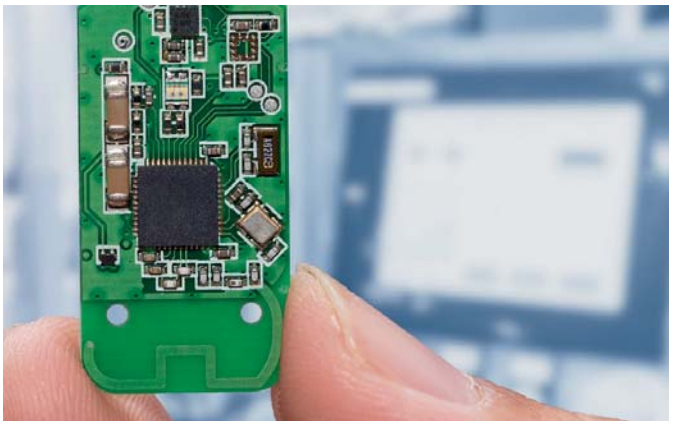
This philosophy has not only ingrained Oppstar deeply

Oppstar's revenue breakdown by country



LOW YEN YEING/THE EDGE

"The continuity of research and development, design development — especially in my field [of chip design] — is important."
— Cheah



within the ecosystem but also contributed to its reputation as a reliable and innovative partner.

"The continuity of research and development, design development — especially in my field [of chip design] — is important," Cheah remarks, seeing continuous innovation and research as critical pillars that support Oppstar's sustained growth and relevance.

After about seven years of growth in China, the country is currently the largest revenue contributor to Oppstar, representing 73% of the group's total revenue of RM57.9 million for the financial year ended March 31, 2023 (see chart).

In August last year, Oppstar announced a joint venture — Shanghai Longhuixin Integrated Circuit Group Co Ltd — with Chinese national Chen Junhua, in which Chen holds a 50% stake in the entity while Oppstar has a 45% stake. Private equity firm Shenzhen City Yixin Investment (Limited Partnership) holds the remaining 5% stake.

Notably, Chen is the controlling shareholder of Oppstar's major customer Xiamen KirinCore IOT Technology Ltd. Oppstar had previously highlighted that the collaboration does not involve entities like Huawei, which has been sanctioned from accessing US technology.

In fact, Cheah has reportedly acknowledged that Xiamen KirinCore IOT was reminiscent of Huawei's Kirin series chipsets, but he points out that Oppstar has been "very careful" in handling geopolitical and sanction matters.

Cheah co-founded Oppstar with Ng Meng Thai and Tan Chun Chiat in 2014. The company made one of the strongest public market debuts on Bursa Malaysia in March last year.

Oppstar is the first pure-play chip design house listed on Bursa. Previously, investors who wanted exposure to the semiconductor sector could only choose from among outsourced semiconductor assembly and test (OSAT) companies and automated test equipment (ATE) firms.

As a contract designer, Oppstar does not design and produce its own branded chips. Instead, it works on a contractual basis to develop custom chip designs based on the specifications and requirements of its clients. E

ACCCIM looks forward to greater trade and investment flows

By **Lee Weng Khuen**

"As we commemorate the 50th anniversary, it marks a new chapter in the enduring and unbreakable friendship bond between the two nations." — *Low*

FOR DECADES, THE Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM) has been the voice for the Chinese business community. As Malaysia and China celebrate the 50th anniversary of diplomatic relations, ACCCIM is now looking forward to greater trade and investment flows between the two nations for the benefit of businesses here.

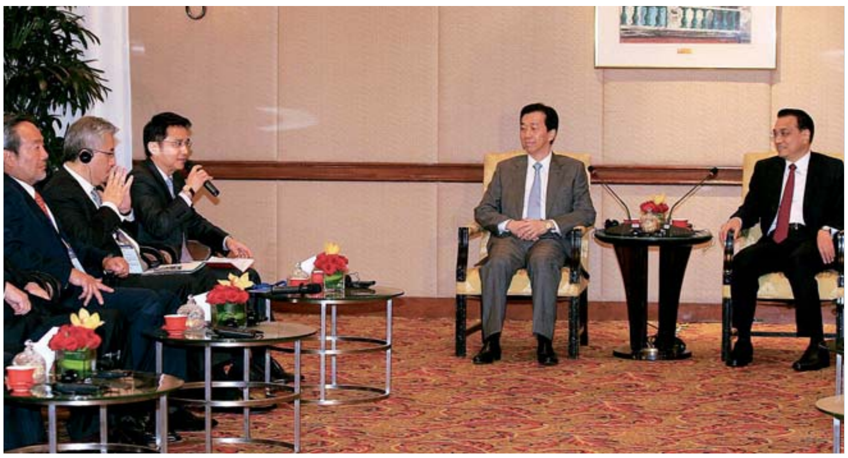
Association president Tan Sri Low Kian Chuan recalls that Malaysia was the first among Asean countries to establish diplomatic relations with China on May 31, 1974.

"Malaysia's second prime minister Tun Abdul Razak's visionary foresight in establishing diplomatic relations with Beijing 50 years ago has laid a solid foundation for the sustained healthy and steady development of bilateral relations," he tells *The Edge* in an interview.

Over the years, says Low, both countries have strengthened their mutual understanding and trust, as well as deepened collaboration in trade and investment, infrastructure development, tourism, new technology, education and cultural exchange.

"The strengthened bilateral relations have contributed to Malaysia's national economic development, including public infrastructure, construction, real estate, manufacturing, trading and services.

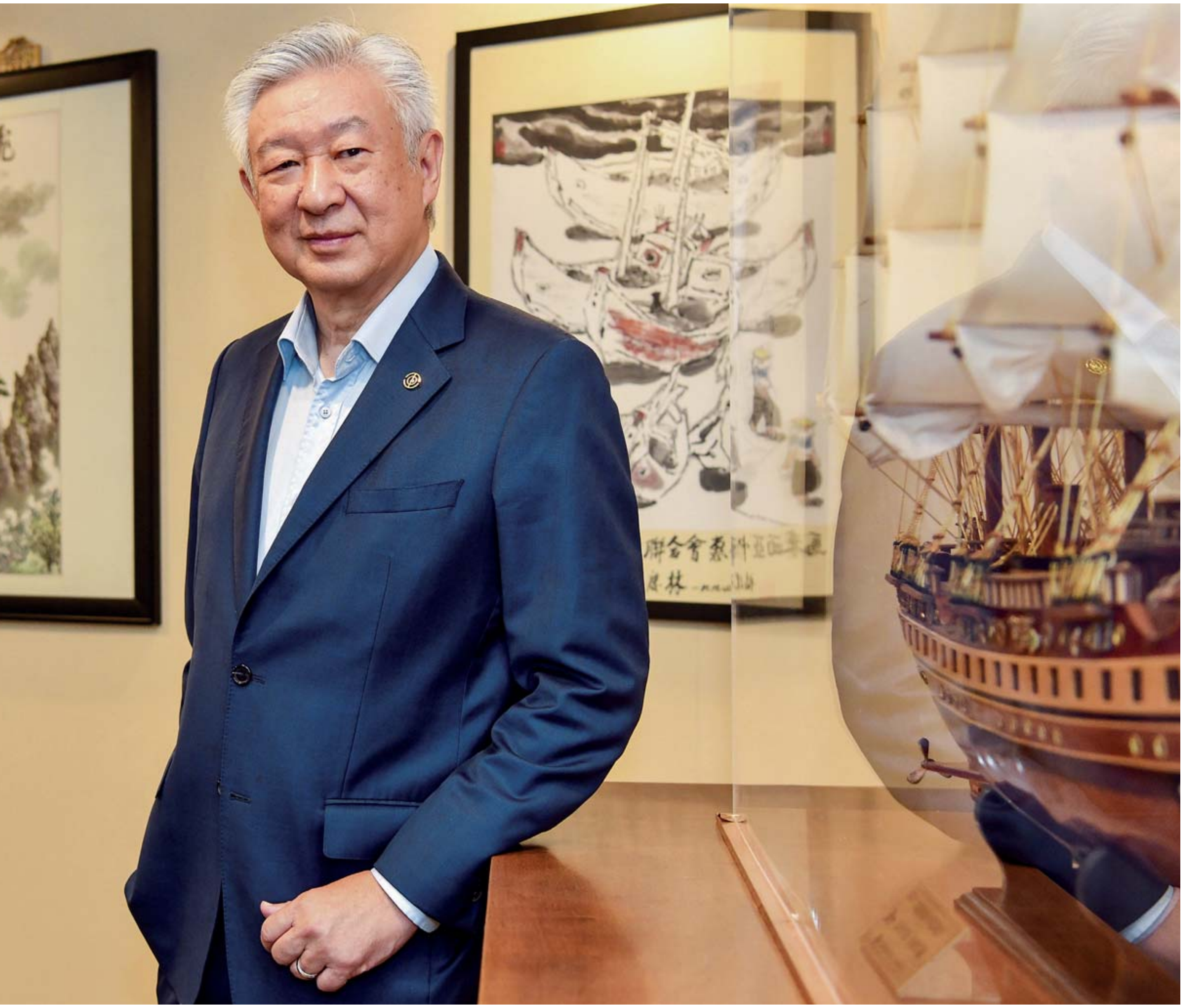
ACCCIM



A closed-door meeting between Chinese premier Li Keqiang (right) and Malaysian corporate leaders, including ACCCIM president Tan Sri Ter Leong Yap (third from left), during the former's visit to Malaysia in November 2015. The meeting was arranged by Tan Sri Ong Ka Ting (second from right), prime minister's special envoy to China and president of Malaysia-China Business Council.

"As we commemorate the 50th anniversary, it marks a new chapter in the enduring and unbreakable friendship bond between the two nations. Also, the shared commitment to further strengthen economic cooperation and coordination, as well as achieve mutual prosperity for generations to come," he says.

Over the years, ACCCIM — which has more than 100,000 members representing Malaysian Chinese companies, individuals and trade associations — has signed 28 memoranda of understanding (MoUs) with China and business organisations, according to Low. He observes that Malaysia-China bilateral relations started to gain more traction in the 1990s, following the peace agreement the Malaysian government signed with the Communist Party of Malaya in 1989, the end of the Cold War, as well as China's continued reform-and-opening-up agenda.



SHAHRIL BASRI/THE EDGE

"Malaysia's fourth and seventh prime minister, Tun Dr Mahathir Mohamad, saw China as a country with bountiful opportunities and a valuable trading partner for Malaysia. Over the past 50 years, Malaysia and China's bilateral relations have witnessed significant and transformative developments, spanning trade and commerce, investment cooperation, educational, technology transfer, people-to-people ties and culture exchanges," Low notes.

He also points out the productive China-Asean relationship evolving over the years since China's accession to the World Trade Organization in 2001. This was followed by the Asean-China Free Trade Agreement (ACFTA) in 2003, the Comprehensive Strategic Partnership with Malaysia in 2013, and the Regional Comprehensive Economic Partnership (RCEP) in March 2022.

That being said, Malaysia's endorsement of China's Belt and Road Initiative has brought the two countries' relationship to its peak, says Low.

Other notable joint ventures and business collaborations include the Penang Second Bridge (2008), China-Malaysia Qinzhou Industrial Park (2012) and Malaysia-China Kuantan Industrial Park (2013), Xiamen University Malaysia (2016), MRT Line 2 (2016), The Exchange 106 (2016), Geely's partnership with Proton (2017), the East Coast Rail Link (2017), Gemas-Johor Bahru electrified double-tracking railway project (2018) and Alibaba's regional e-commerce frontier — Cainiao Aeropolis electronic World Trade Platform Hub in Sepang (2020).

In conjunction with the 10th anniversary of the Malaysia-China Comprehensive Strategic Partnership, Prime Minister Datuk Seri Anwar Ibrahim made two official visits to the republic in 2023. Malaysia successfully secured a record RM170 billion worth of investment commitments from China from the MoU signed.

All these developments have led to China becoming Malaysia's largest trading partner for a consecutive 15 years since 2009. At the same time, China is a major source of foreign direct investment in Malaysia, and has been

ACCCIM

ACCCIM president Tan Sri Wee Boon Ping (centre) welcomes Chinese vice-premier Zhu Rongji (right) in May 1996

tha latter's largest source of tourist arrivals outside Asean countries for eight years straight.

"During the last Chinese New Year, there were 5,000 tour groups from China," he says.

Looking ahead, Low hopes for more strategic collaborations between Malaysia and China. For example, high-level bilateral talks and meetings at government and agency level should be conducted regularly. Alternatively, he says a consultative panel comprising representatives from the chambers and industry has to be formed.

Furthermore, he is of the view that the chambers of commerce, business associations and business networks should be given direct access to the relevant ministries and agencies in order to facilitate dialogue and engagement between their members with the policy planners and investors.

Collaborating with global leader

Low suggests an investment partnership programme be drawn up to coordinate investments between countries. "Our government-linked companies should be encouraged to take the lead in cultivating more business partnerships with China's counterparty in areas of technology and communications, plantation, logistics, finances, power, renewable energy, as well as oil and gas."

In terms of key industries that need more market attention, Low highlights that the Malaysian government has to promote sector-specific collaborative efforts in new technology, including artificial intelligence, green technology, logistics, e-commerce, modern farming, cloud computing, fifth generation (5G), electric vehicles, solar energy, rail and road infrastructure, payment technology, industrial revolution 4.0 — all in which China is a global leader.

"We need high-end tech to help transform our economy, including tech transfer and strengthening our human capital," he says.

Other initiatives that should be embarked on include strengthening trade in agriculture and food processing, leveraging Malaysia's expertise in palm oil, rubber, durian and other agricultural products.

Meanwhile, he calls for further collaboration in infrastructure development in transport, energy and telecommunications.

For the tourism sector, he says, the government could consider working with China on a possible arrangement for long-term visa waivers for social visits. Visa waiver to China for Malaysian citizens has recently been extended till the end of 2025.

In terms of financial cooperation, he thinks the two nations should promote the use of domestic currencies in the bilateral trade settlement. Currently, about 25% of Malaysia's bilateral trade with China is settled in ringgit and renminbi.

Apart from that, government agencies such as the Malaysia External Trade Development Corporation (Matrade) and SME Corp Malaysia should collaborate with the chambers to "hand-hold" domestic small and medium enterprises (SMEs) when expressing their interest to invest in China, says Low.

"SMEs are at a disadvantage to large companies in terms of 'connection' and 'networking' with the Chinese authorities and also the lack of information about the way of doing business in China, especially regulation and investor protection."

Come September, ACCCIM will host the 17th World Chinese Entrepreneurs Convention in Kuala Lumpur. While the event is aimed at strengthening economic and business networking among entrepreneurs worldwide, it also serves as an important bridge linking enterprises globally and government in economic developments.

The conference is expected to attract at least 1,500 local business leaders and 3,000 foreign business delegates from Asean, North Asia, the European Union, the UK, North America, South America, Australia and New Zealand.

"Participation from China will be huge. We want to showcase Malaysia as a land full of business opportunities, as well as an excellent investment destination," he remarks.

Guest of honour Anwar will officially open the conference, while Minister of Investment, Trade and Industry Tengku Datuk Seri Zafrul Abdul Aziz and Minister of Economy Rafizi Ramli are among the speakers. E

Huazong: Malaysia a gateway to Asean for Chinese firms

By **Lee Weng Khuen**

MALAYSIA HAS BECOME a favoured cooperation partner for Chinese companies in recent decades, with language proficiency playing a significant role. Indeed, certain Chinese firms have come to view Malaysia as a gateway to Asean, recognising the country's strategic position in expanding their global business reach.

Tan Sri Goh Tian Chuan, president of the Federation of Chinese Associations Malaysia, or Huazong, highlights that a shared language serves as an advantage in facilitating smoother business operations between the two countries.

"In recent years, many Chinese enterprises have begun to establish offices and manufacturing plants in Malaysia, not only to develop the Malaysian market but also to capture the entire Asean market, and even eventually the global market. Chinese automotive companies, especially those producing new energy electric vehicles, are the most obvious example, currently focusing on Malaysia and collaborating with local automobile groups, with Thailand being another target country," he tells *The Edge* in an interview.

It is worth noting that Goh, 63, is group executive chairman and the major shareholder of Main Market-listed integrated manufacturing services (IMS) solutions provider Globaltec Formation Bhd. Globaltec was incorporated in 2011 and listed in 2012 following the merger of three Main Market-listed companies, namely AutoV Corp Bhd, AIC Corp Bhd and Jotech Holdings Bhd.

Goh points out that Huazong, which was established in 1991, consists of the major Chinese associations in all 13 states of Malaysia.

"As one of the leading Chinese organisations in our country, Huazong acknowledges the participation and contributions of Malaysian Chinese and Chinese businessmen to this country, as well as their significant contributions and roles in promoting Malaysia-China relations," he says.

Goh notes that the relationship between the two nations has a long history, dating back to hundreds of years ago when Chinese pioneers migrated to Southeast Asia in search of livelihood, joining the pioneers of various ethnicities in developing the region's economy.

Malaysia became the first Asean nation to establish diplomatic relations with China half a century ago, against popular opinion. During an official visit to China led by then prime minister Tun Abdul Razak from May 28 to June 2, 1974, a joint communique was signed with then Chinese premier Zhou Enlai on May 31 in Beijing, announcing the formal establishment of diplomatic relations.

For Goh, half a century of diplomatic relations is not just a milestone as the relationship between the two countries is not only long-lasting but also constantly evolving.

"Over the past 50 years, Malaysia-China relations have been good and close. First, successive leaders of both countries have frequently visited each other. The visits of large Chinese delegations to Malaysia or Malaysian prime ministerial delegations to China have become commonplace since the establishment of diplomatic relations," he says.

"Second, bilateral trade between the two countries has seen steady growth, continuously reaching new highs. From US$159 million (RM751 million) at the time of the establishment of diplomatic relations in 1974, it surpassed the US$100 billion mark for the first time in 2013, and has remained between US$100 billion and close to US$200 billion in the past decade. China has been Malaysia's largest trading partner for 15 consecutive years."

HUAZONG

Goh (left) meets Zhao Leji, China's 14th National People's Congress Standing Committee chairman, during his working trip to Malaysia in May 2023

Goh is of the view that the implementation of reciprocal visa-free travel measures announced by both Malaysia and China last December was a major breakthrough. "This marks another milestone since the establishment of diplomatic relations, fostering close and convenient mutual visits between the peoples of both countries."

In order to deepen bilateral cooperation, the reciprocal visa-free travel policy should be extended beyond the end of this year, allowing businesses and people of both countries

"With the close and friendly relations between Malaysia and China at the government level, cooperation between enterprises has been further strengthened."
— Goh

caption

ZAHID IZZANI/THE EDGE

HUAZONG

Zhao Leji (third from left), China's 14th National People's Congress Standing Committee chairman, attends a luncheon hosted by Huazong and the Associated Chinese Chambers of Commerce and Industry of Malaysia during his working trip to Malaysia

to strengthen contacts in various aspects, he adds. The Chinese ambassador to Malaysia Ouyang Yujing recently announced that visa-free travel to China for Malaysians has been extended till the end of 2025.

Apart from traditional areas of enterprise investment and cultural tourism, Goh opines that there are many other areas in which the two countries can further enhance cooperation such as technology, agriculture, maritime, aerospace, information, currency, military and a host of international issues.

"With the US-China trade war, Chinese companies will transfer their technology to Malaysia and set up their factories here. The Regional Comprehensive Economic Partnership (RCEP) will give more incentive for the two countries' businessmen to trade without taxes," he says.

As a developing country, Malaysia still needs China's assistance for infrastructure and energy, says Goh. "For example, Malaysia still has a shortage of power, especially in Sabah, Terengganu, Kelantan, Kedah and Perlis, so China could extend its help in this area."

He highlights that over the past two years, the unity government led by Prime Minister Datuk Seri Anwar Ibrahim has taken a series of "pro-China policies", including his trips to China that saw the signing of 21 memoranda of understanding by enterprises from both countries, valued at close to RM190 billion.

"From what I understand, both the Chinese government and the Chinese business community welcome and have confidence in the unity government. This is encouraging," says Goh.

"Many large enterprises in China are either state-owned or have state background, and their corporate policies are consistent with the Chinese government's policies. With the close and friendly relations between Malaysia and China at the government level, cooperation between enterprises has been further strengthened."

Meanwhile, he supports the Malaysian government's plan to include China in the Look East policy, which was mooted by former prime minister Tun Dr Mahathir Mohamad in 1981. The policy suggests a bold attempt to emulate the superb and sensational success attained by Japan and South Korea, in particular, in transforming their economies into economic powerhouses from the debris of World War II and the Korean War.

"As China has overtaken Japan in the global arena, we should include China in the policy given the success of China. China has been Malaysia's largest trading partner for 15 consecutive years. I am confident that the economic and trade relations between the two countries will become closer, with greater development space and potential. In the next 50 years of development, the two countries will move forward more steadily and rapidly," says Goh. E

PATRICK GOH/THE EDGE

China's MCC Group attracted to Malaysia's vibrancy

By **Lee Weng Khuen**

RECOGNISING THE STRONG diplomatic bond between Malaysia and China as well as the fast-paced development here, construction firm MCC Overseas (M) Sdn Bhd (MCC Malaysia), a unit of China's state-owned China Metallurgical Group Corp (MCC Group), was one of the earliest Chinese enterprises to enter the Malaysian market.

Established in 1992, MCC Malaysia has clinched 38 projects since 2012 with a total contract value of RM7.96 billion. During the early days of operation, the company was mainly involved in the trading of steel products. Following the launch of China's Belt and Road Initiative in 2013, MCC Malaysia turned aggressive in the local construction scene.

"Although Malaysia's population is relatively small compared to neighbouring countries such as Indonesia, Thailand and Vietnam, the overall development progress has been most encouraging and more buildings can be seen here. You can feel the vibrancy with strong spending power," MCC Malaysia managing director Li Anwei tells *The Edge*.

MCC Group is a Fortune Global 500 firm listed in Hong Kong and Shanghai, China. Malaysia is one of its 18 major overseas markets.

Among the notable construction projects undertaken by MCC Malaysia are W Hotel and Residences, which is an iconic 55-storey tower next to Petronas Twin Towers in Kuala Lumpur; and Alliance Steel (M) Sdn Bhd's integrated iron and steel plant in the Malaysia-China Kuantan Industrial Park, Pahang.

Li — who is from the Shandong province in China — has lived in Malaysia since 2008, first pursuing his studies here. He obtained a bachelor's degree and a master's degree in accounting and finance from HELP University.

Having started his career as an auditor after graduation, he joined MCC Malaysia in 2014 as an intern in the finance department before climbing up the corporate ladder.

In 2018, Li was relocated to MCC Group in Beijing to take on investment and corporate finance roles. Three years later, he was transferred back to Malaysia and assumed his current role.

Under his leadership, the company achieved US$400 million (RM1.91 billion) in sales in 2023. And for 2024, the target is set even higher at US$450 million.

MCC Malaysia is looking to undertake infrastructure, highway and airport, and steel mill projects. Apart from that, the company is on the lookout for opportunities to diversify into property development through joint ventures with local developers.

Currently, it has an order book of RM2.2 billion and is tendering for RM8 billion worth of contracts. Li is hopeful of achieving a success rate of at least 40% based on the company's past track record.

Its ongoing projects include Chancery Soho & Hotel on Jalan Ampang, Kuala Lumpur; a mixed-use development project in The Exchange TRX, Kuala Lumpur; and Wen'an Iron and Steel Group's steel mill in Samalaju Industrial Park in Bintulu, Sarawak.

Highest product quality for Malaysians

In 2022, MCC Malaysia obtained for the construction of The Face 2 Platinum Victory Suites an 89% Quality Assessment System in Construction (Qlassic) score, the highest rating recorded under the high-rise residential category since the system was introduced in 2007. This 51-storey luxury condominium project was completed in December 2022, with a gross development value of RM1.38 billion.

This, Li says, is a testament to the fact that Chinese construction firms here are striving to provide the highest product quality for Malaysians, despite stiff competition in the industry.

"There has been scepticism about Chinese firms taking away Malaysia's construction market share, but it has proven otherwise. We are here to offer the best services. At the end of the day, Malaysian consumers are the ones who benefit."

Furthermore, he highlights that all of MCC Malaysia's subcontracts are awarded to Malaysian firms, which eventually benefits the entire construction value chain and economy. "Even when we import raw materials from China, we will also buy through local suppliers to save time."

The company has about 200 employees in Malaysia, of whom only seven are non-Malaysians.

"Although we are a foreign firm, you can see the localisation element with the strong local manpower we have. Apart from adhering to the standards set by the group, our operating style is more towards a local firm," Li explains.

He believes the key success factors for MCC Malaysia over the years are its emphasis on project execution details and robust management, without compromising on product quality.

Better operation efficiency and cost savings can also be achieved through the adoption of advanced technologies, he adds. For instance, MCC Malaysia has started deploying robots at its construction sites, which significantly reduces dependency on the human workforce, especially on foreign workers. The robotics technology also helps optimise and speed up repetitive tasks like bricklaying, painting and concrete pouring.

"We want to be a pioneer to propel the local construction industry to a higher level. The industry can only improve when there is competition."

Expressing his positive view on Malaysia's construction industry, Li believes Malaysia and China will strengthen ties further as they commemorate the 50th anniversary of diplomatic relations. "In terms of business operating environment, Malaysia has various advantages such as low production cost, high competitiveness and stable political landscape."

This, he says, is evident in the continued inflows of foreign direct investments into Malaysia, especially in the data centre, automotive, energy and semiconductor sectors. "These are the opportunities that we want to seize. Malaysia is among the prime locations for Chinese firms that plan to expand their presence into Southeast Asia."

Personally, Li is comfortable with the culture and people of Malaysia. "The people here are humble and friendly, with common spoken languages. They live harmoniously regardless of race. I have already got used to the environment here, I wish I could continue living in Malaysia," he laughs.

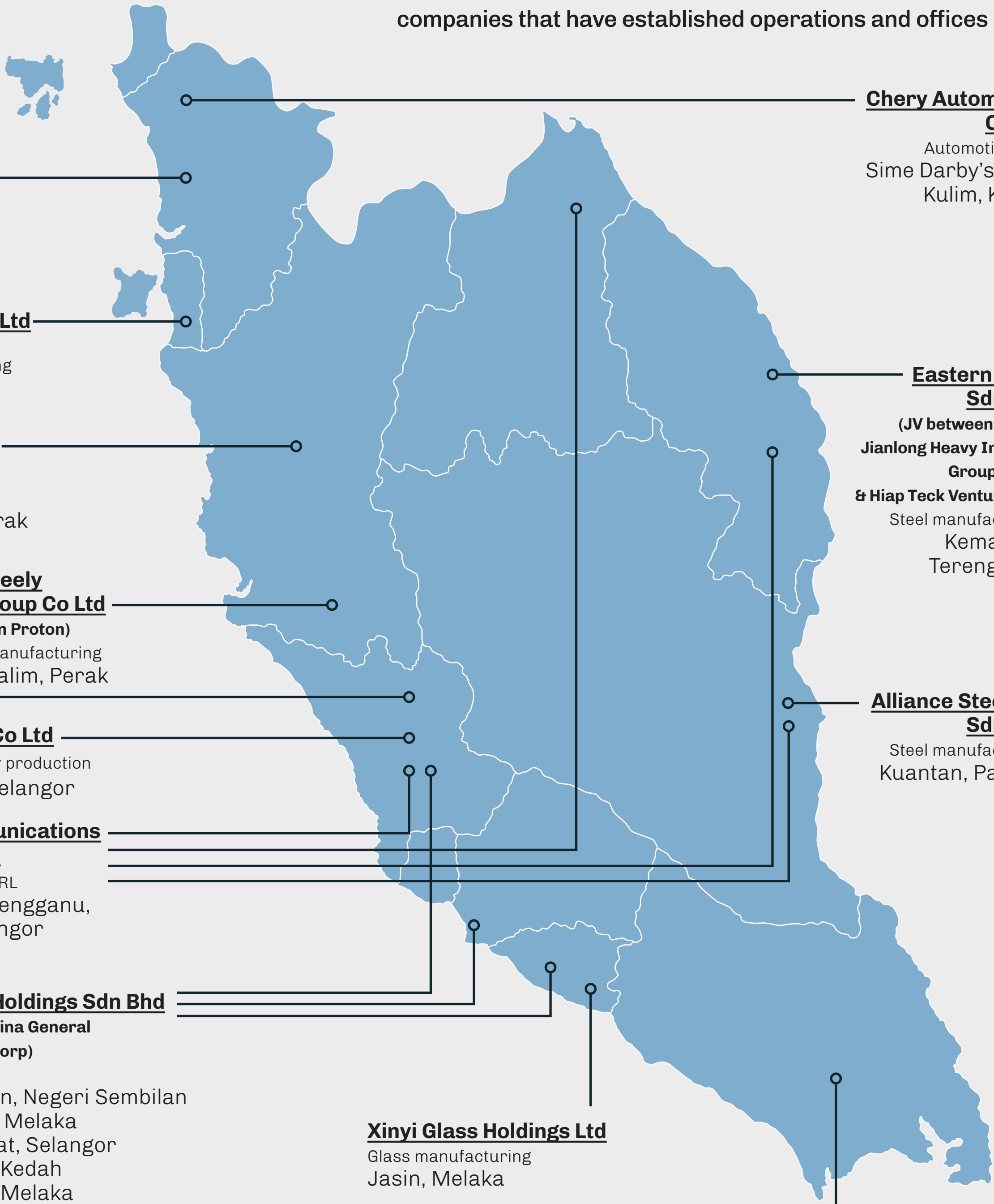
LOW YEN YEING/THE EDGE

(From left) Li, MCC Group deputy managing director Gu Yu Xiang, CIDB chief executive Datuk Ahmad Asri Abdul Hami, Platinum Victory Property co-founder and managing director Tan Sri Gan Yu Chai and Platinum Victory Property co-founder Datuk Alex Tan Ai Chong at the QLASSIC Score reveal and announcement certificate signing and awarding ceremony

Prominent Chinese investments in Malaysia

By **Chester Tay**

China is one of the major foreign sources of investment into Malaysia, accounting for RM14.5 billion recorded last year, the fifth highest after Singapore, the Netherlands, the US and Cayman Islands. Over the recent years, China has significantly increased its investment in Malaysia, particularly in sectors such as real estate, infrastructure and manufacturing. These investments have played a significant part in fostering economic ties between the two countries and have contributed to the growth and development of various industries within Malaysia. Here is an overview of prominent Chinese projects and investments in Malaysia, as well as selected reputable companies that have established operations and offices here.



Chery Automotive Co Ltd
Automotive CKD
Sime Darby's plant
Kulim, Kedah

Jinko Solar Co Ltd
Solar photovoltaic panel manufacturing
Perai, Penang

CRRC Corp Ltd
Rail transport
Kuala Lumpur,
Batu Gajah, Perak

Zhejiang Geely Holding Group Co Ltd
(Investment in Proton)
Automotive manufacturing
Tanjong Malim, Perak

Sany Group Co Ltd
Heavy machinery production
Shah Alam, Selangor

China Communications Construction
Construction, ECRL
Kelantan, Terengganu,
Pahang, Selangor

Edra Power Holdings Sdn Bhd
(subsidiary of China General Nuclear Power Corp)
Power plants
- Port Dickson, Negeri Sembilan
- Telok Gong, Melaka
- Kuala Langat, Selangor
- Kuala Ketil, Kedah
- Alor Gajah, Melaka

Eastern Steel Sdn Bhd
(JV between Beijing Jianlong Heavy Industry Group Co Ltd & Hiap Teck Venture Bhd)
Steel manufacturing
Kemaman,
Terengganu

Alliance Steel (M) Sdn Bhd
Steel manufacturing
Kuantan, Pahang

Xinyi Glass Holdings Ltd
Glass manufacturing
Jasin, Melaka

ATX Semiconductor Group
Semiconductor assembly and test services
Melaka

D&Y Group
Textile & garments
Kulai, Johor

Some top Chinese companies with offices in Kuala Lumpur

Tencent Holdings Ltd
Technology

Ant International
Technology

Huawei Technologies Co Ltd
Technology

ZTE Corp
Telecommunications

Bank of China
Financial

Industrial and Commercial Bank of China
Financial

Moomoo Inc
Financial

China Galaxy Securities Co Ltd
Financial

50th ANNIVERSARY OF MALAYSIA-CHINA DIPLOMATIC RELATIONS
马中建交50周年

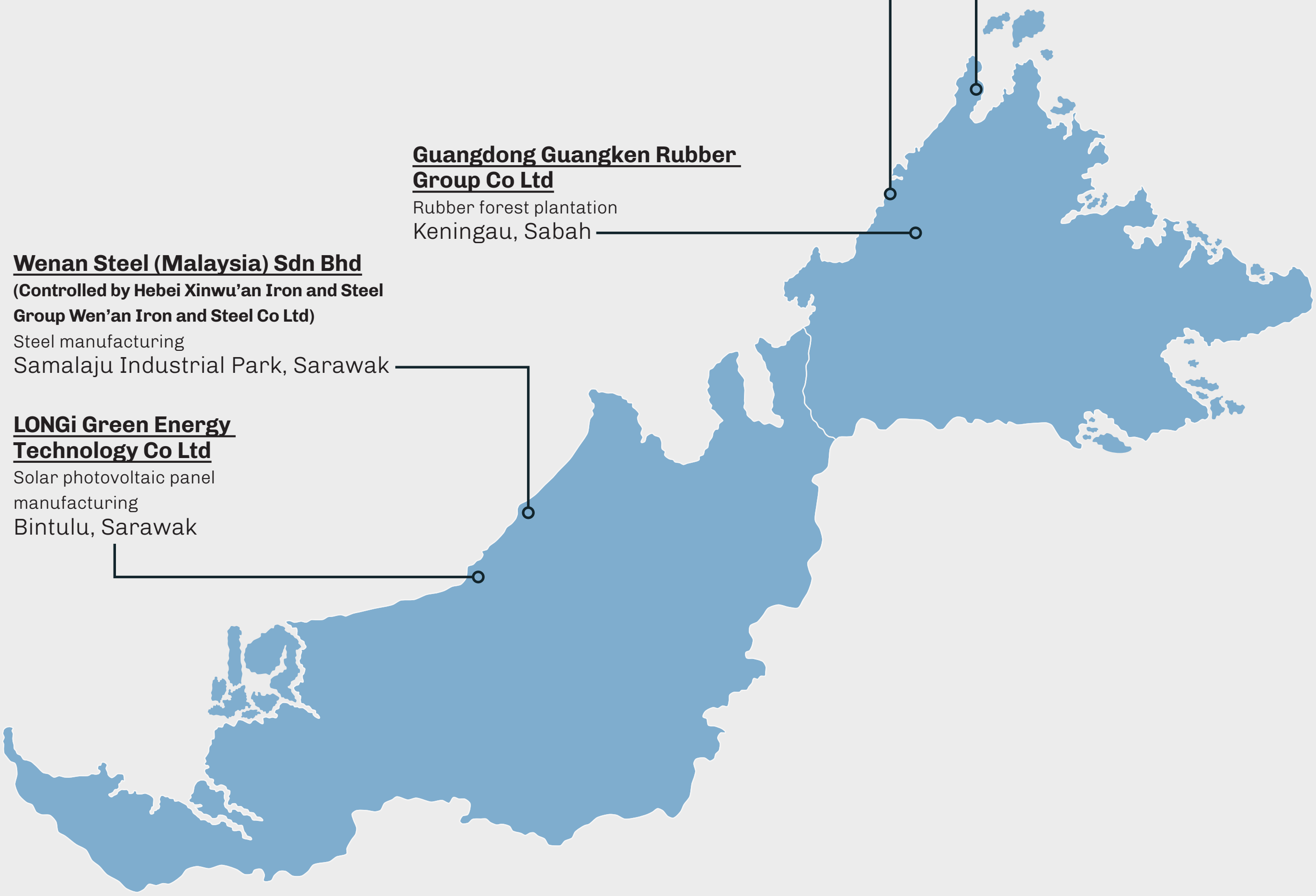
Kibing Solar Group
Mining of silica sand
Kudat, Sabah

Solar photovoltaic glass
Kota Kinabalu, Sabah

Guangdong Guangken Rubber Group Co Ltd
Rubber forest plantation
Keningau, Sabah

Wenan Steel (Malaysia) Sdn Bhd
(Controlled by Hebei Xinwu'an Iron and Steel Group Wen'an Iron and Steel Co Ltd)
Steel manufacturing
Samalaju Industrial Park, Sarawak

LONGi Green Energy Technology Co Ltd
Solar photovoltaic panel manufacturing
Bintulu, Sarawak



Compiled by **Adam Aziz** Infographic by **Wennie Heng**

FROM STRENGTH TO STRENGTH:

How Malaysia-China relations have grown in the last half century

SINCE TUN ABDUL RAZAK'S inaugural visit to Beijing in 1974, bilateral trade between the republic and Malaysia has grown tremendously, with China being Malaysia's largest trading partner for 15 years running. This infographic looks at the evolution of Malaysia's ties with the world's second largest economy over 50 years.

MILESTONES:

1971 Malaysia's trade and ping pong delegations visit China

1974 Malaysia and China formalise diplomatic ties

1970s

1980 Malaysia-China total trade reaches **RM1 bil**

1980s

1990s Palm oil becomes Malaysia's leading export to China through the 1990s

1997 Malaysia-China total trade reaches **RM10 bil**

1990s

2000s Electrical and electronics products, and manufactured goods top Malaysia-China trade, from commodity, food and organic goods previously

2006 Malaysia-China total trade reaches **RM100 bil**

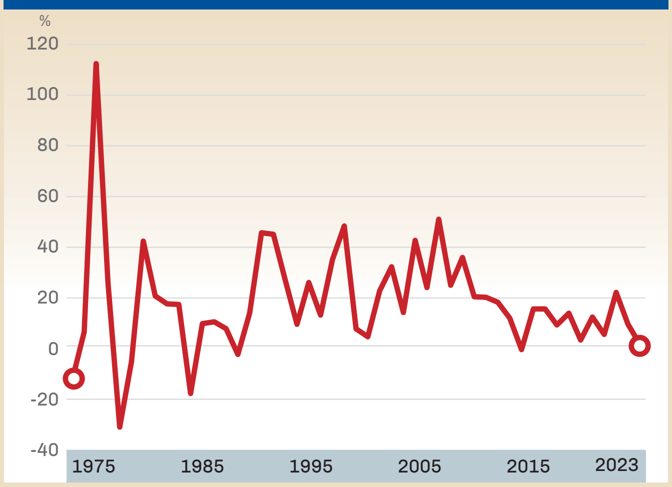
2009 Chinese tourists to Malaysia reach **1 mil**

2009 China becomes Malaysia's largest trading partner

2000s

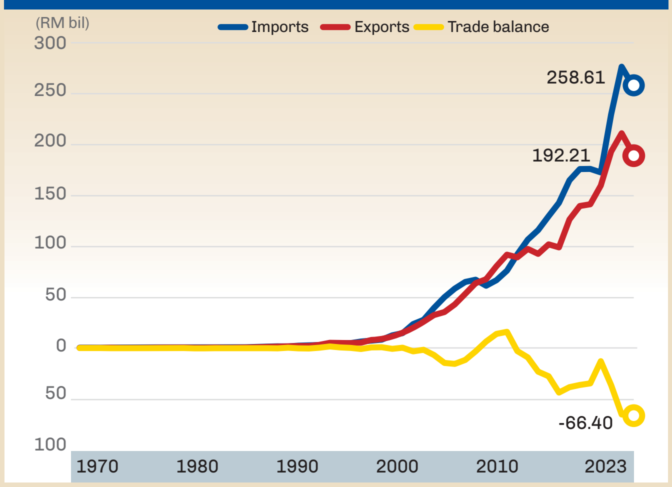
DEPARTMENT OF STATISTICS MALAYSIA

Malaysia-China total trade, y-o-y growth



DEPARTMENT OF STATISTICS MALAYSIA

Malaysia-China imports, exports



BLOSSOMING TIES

In May 1971, Tengku Razaleigh Hamzah, then president of the Malay Chamber of Commerce, led Malaysia's first official trade delegation to China's Guangzhou Trade Fair. The following August, China sent its own trade mission to Malaysia.

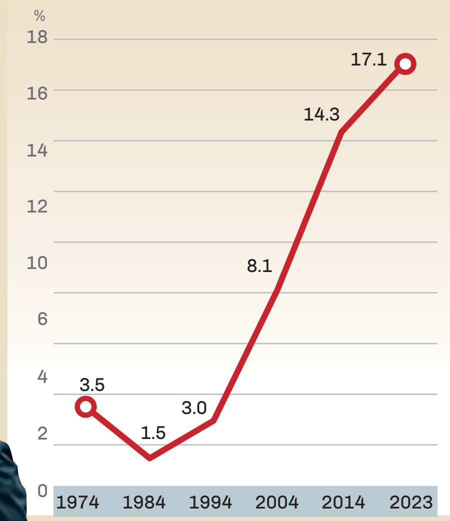
In May 1974, Malaysia's second prime minister **Tun Abdul Razak** became the nation's first head of government to make a diplomatic visit to China, and Malaysia became the first Southeast Asian nation to establish an official diplomatic relationship with the country.

Since then, several prime ministers including Tun Dr Mahathir Mohamad, Tun Abdullah Ahmad Badawi, Datuk Seri Najib Razak and Datuk Seri Anwar Ibrahim have made official visits to the republic.

WIKIPEDIA

DEPARTMENT OF STATISTICS MALAYSIA

China's share of Malaysia's total trade



THE EDGE

2013
Malaysia becomes China's **third largest trading partner** in Asia and eighth largest globally

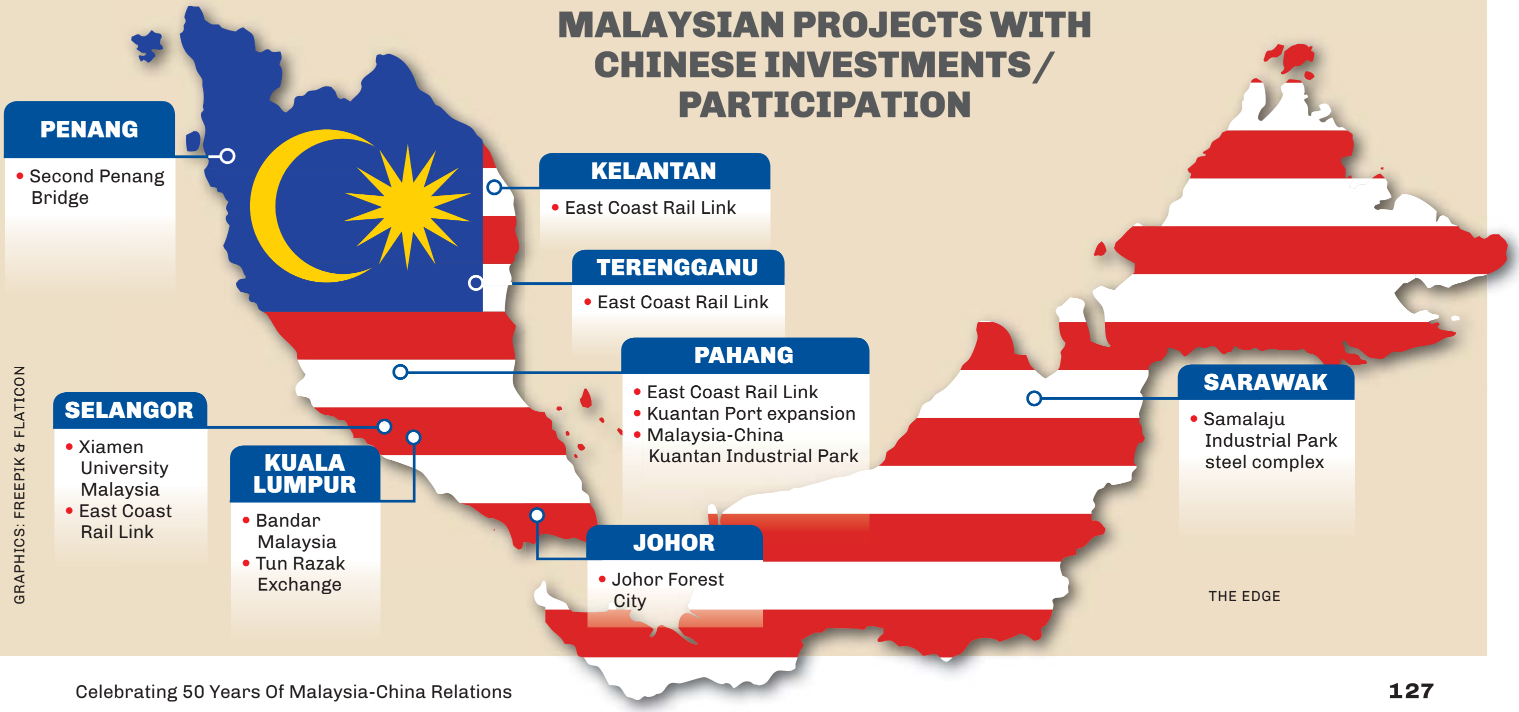
2019
Chinese tourists triple in 10 years to **3 mil**

2010s | **2020s**

2016 & 2017
China net FDI hits record of **RM5.9 bil** (12.5% of Malaysia's total net FDI) and **RM6.9 bil** (17.1%) respectively

2023
China remains Malaysia's largest trading partner for **15 years** running

MALAYSIAN PROJECTS WITH CHINESE INVESTMENTS/ PARTICIPATION



GRAPHICS: FREEPIK & FLATICON

THE EDGE

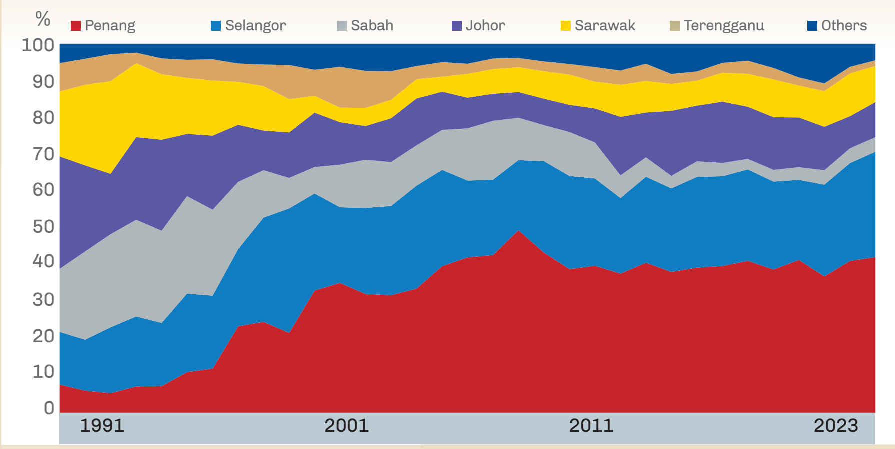
FROM COMMODITIES TO ELECTRONICS

In the early years, trade activities between Malaysia and China centred on commodities (rubber, wood and, later, palm oil and food). As both economies became more sophisticated in the 1990s, trade focused on higher-value-add products, led by manufactured goods in the electrical and electronics (E&E) sector.

DEPARTMENT OF STATISTICS MALAYSIA

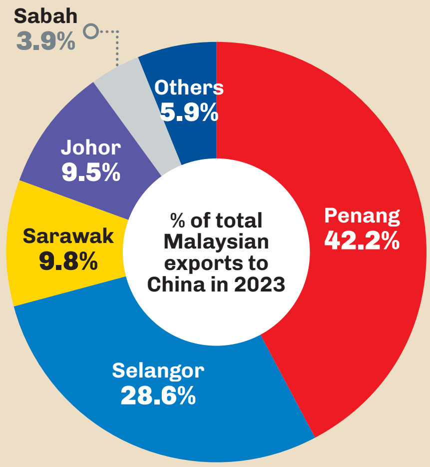
Malaysia's exports to China by state (%)

As Malaysian exports to China transitioned from commodities to electronic products, Selangor and Penang overtook Sabah and Sarawak as top exporters



DEPARTMENT OF STATISTICS MALAYSIA

Top Malaysian exporting states to China



DEPARTMENT OF STATISTICS MALAYSIA

Malaysia-China ties in numbers

RM486 BIL

Record total trade in 2022

13.8%

Total trade average annual growth over five decades

RM28 BIL

China's net FDI to Malaysia in the last decade

RM1.5 BIL

Amount spent by 3.1 mil Chinese tourists in Malaysia in 2019

MINING

The only sector with positive cumulative net direct investment abroad to China in 2019-2023

DEPARTMENT OF STATISTICS MALAYSIA

BIGGEST IMPORT/EXPORT PRODUCTS

IMPORT		EXPORT
Rice, paper goods	1974	Rubber, wood products
Food items (rice, fisheries)	1984	Rubber products
Paper goods		Wood products
Fabric, garment		Palm oil
Maize (12.7%)	1994	Palm oil & palm oil products (39%)
Textile, yarn (11.3%)		Wood & wood products (34.2%)
Vegetables (5%)		Heating & cooling equipment and parts (5.5%)
Electronic goods (19.6%)	2004	Thermionic valves and tubes, photoresistors (20%)*
Thermionic valves and tubes, photoresistors (10.2%)*		Palm oil & palm oil products (16.6%)
Telecommunications parts and equipment (10.1%)		Electronic goods (7.8%)
Thermionic valves and tubes, photoresistors (16.8%)*	2014	Thermionic valves and tubes, photoresistors (33%)*
Telecommunications parts and equipment (8%)		Palm oil & palm oil products (8.5%)
Resistors, printed circuits, switchboards (3.7%)		Computer & computer parts (6.1%)
Thermionic valves and tubes, photoresistors (14.9%)*	2023	Thermionic valves and tubes, photoresistors (33%)*
Refined petroleum products (7.4%)		Natural gas (8%)
Telecommunications parts and equipment (6.4%)		Musical instruments and parts (5.1%)

** Different components*

BIG SPENDERS

China has emerged as a key tourism market for Malaysia, as its strong economic growth in recent decades gave rise to big-spending tourists. In 2019, while Chinese tourists made up 12% of total arrivals, their spending represented 17.8% of total tourism receipts.

Chinese tourists arrivals, 1990-2019

MINISTRY OF TOURISM, ARTS & CULTURE

Chinese tourists' contribution to total tourist arrivals and total receipts

MINISTRY OF TOURISM, ARTS & CULTURE

HIGHER EDUCATION

20,000
CHINESE STUDENTS IN MALAYSIA

8,000
MALAYSIAN STUDENTS IN CHINA

Figures in 2021. Rounded to '000

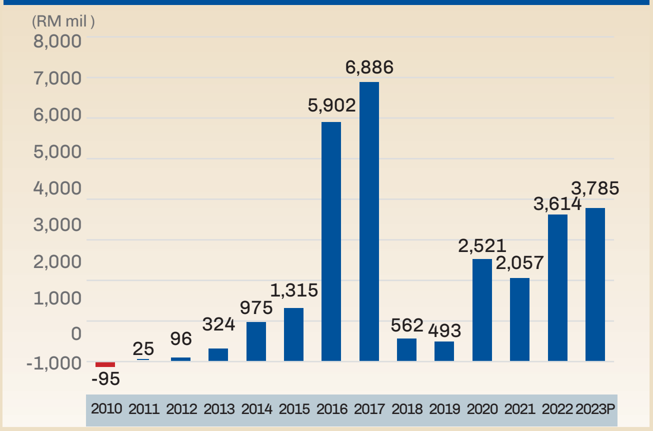
SOURCE:MINISTRY OF HOME AFFAIRS

KEY INVESTOR

Direct investments from China to Malaysia underwent massive growth in the past decade. After a slowdown in 2018 and 2019, the key trading partner continued to invest in Malaysia, as seen in the rebound from 2020 to 2023 despite the pandemic.

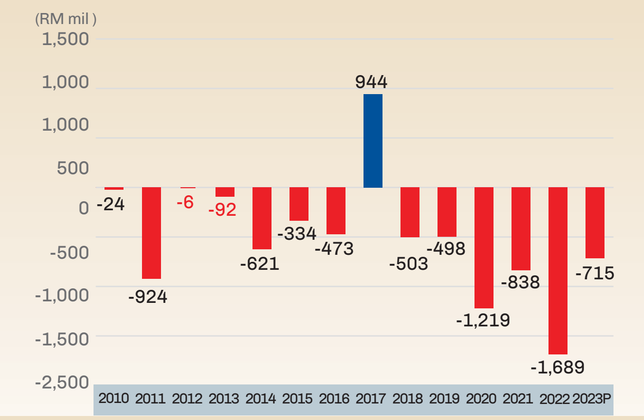
DEPARTMENT OF STATISTICS MALAYSIA

Net FDI flow from China to Malaysia



DEPARTMENT OF STATISTICS MALAYSIA

Net direct investment abroad (DIA) flow to China



GRAPHICS: FREEPIK & FLATICON

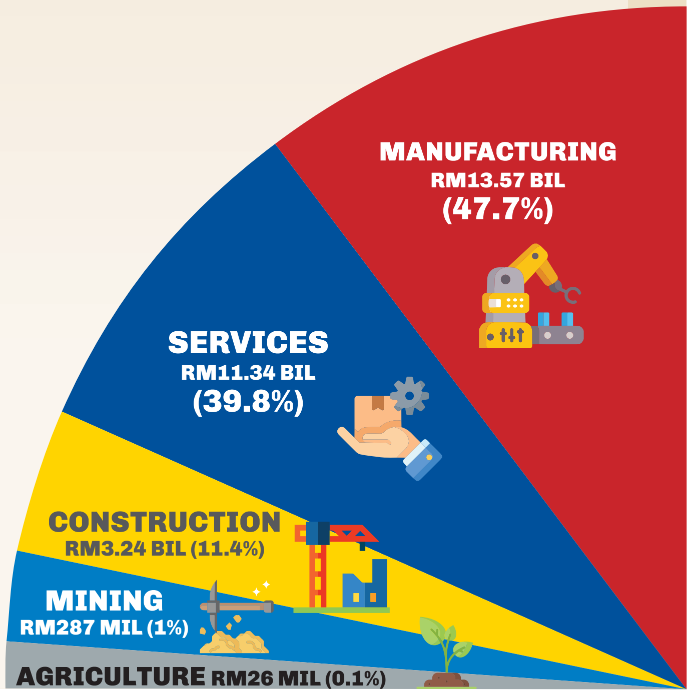
MANUFACTURING FDI CONTINUES

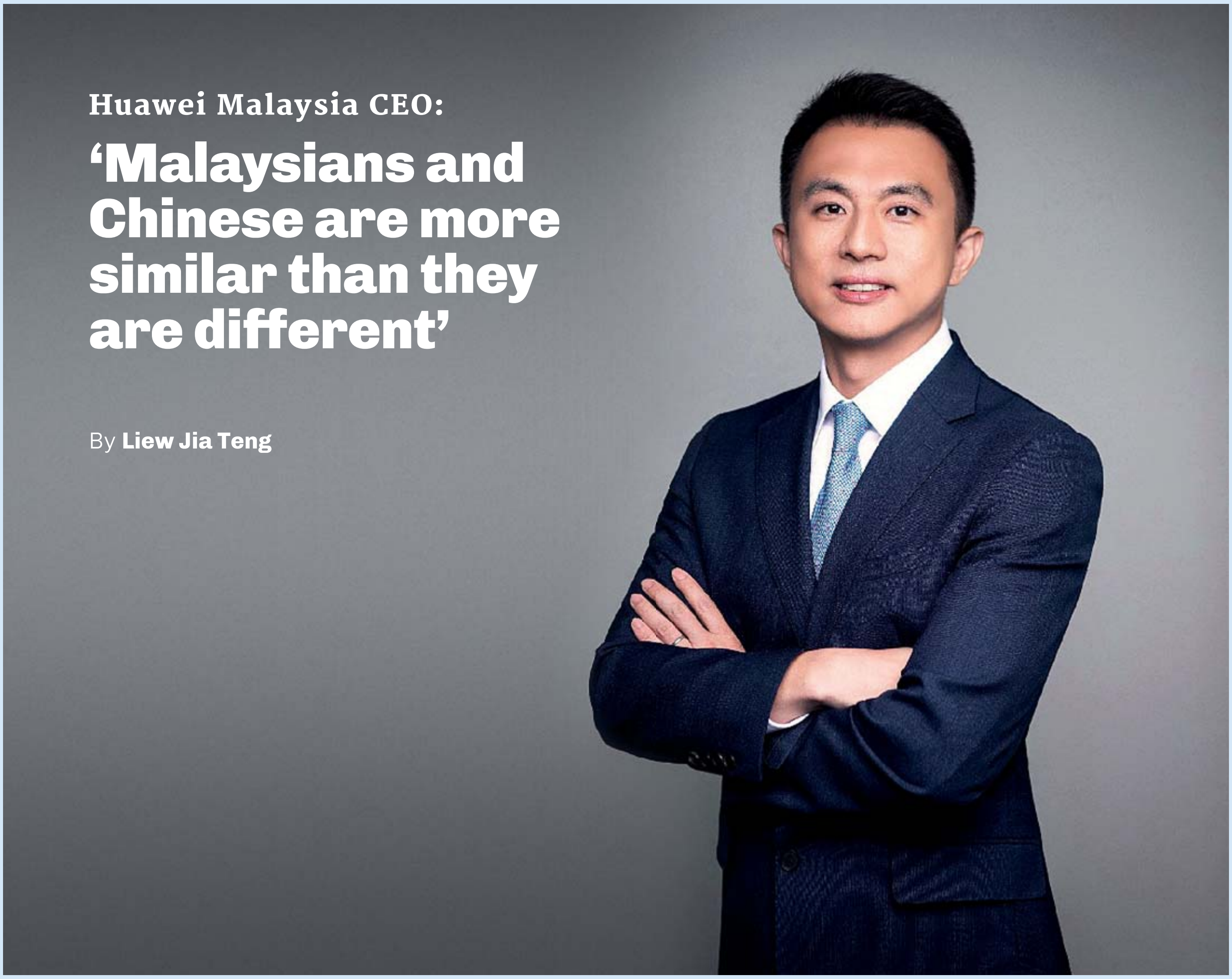
The last time China's net FDI peaked in 2016 (RM5.9 billion) and 2017 (RM6.9 billion), the services sector was the biggest beneficiary with RM7.1 billion or 56% of inflow, followed by construction (RM3.2 billion or 25%) and manufacturing (RM2.5 billion or 19%).

Since then, the manufacturing sector has continued to receive the bulk of Chinese FDI, as investments to other sectors slowed. In 2023, net Chinese FDI to the manufacturing sector totalled RM4.8 billion, compared with China's overall net FDI into Malaysia of RM3.8 billion.

DEPARTMENT OF STATISTICS MALAYSIA

Cumulative net FDI from China to Malaysia, 2010-2023





Huawei Malaysia CEO:

'Malaysians and Chinese are more similar than they are different'

By **Liew Jia Teng**

FOUNDED IN 1987, Shenzhen-headquartered Huawei Technologies Co Ltd is a leading global provider of information and communications technology (ICT) infrastructure and smart devices. The Chinese multinational technology conglomerate has 207,000 employees and operates in more than 170 countries and regions, serving more than three billion people around the world.

Huawei's foray into Malaysia began in 2001. Over the past two decades, the group has deployed 3G and 4G networks throughout the nation, provided training to develop ICT skills across various industries and worked closely with various stakeholders to advance Malaysia's digital economy.

For any foreign company in Malaysia, having a foothold in the country for more than 20 years is an achievement in itself.

Huawei Technologies (M) Sdn Bhd (Huawei Malaysia) considers itself a permanent resident of the country and not just a visitor. But can the same be said of Simon Sun, its CEO, who has been here for only a year?

The following are excerpts from *The Edge*'s interview with Sun.

***The Edge:* Simon, could you briefly tell us about your career background and work experience? When did you join Huawei and when did you come to Malaysia for work?**

Simon Sun: This year will be the 19th year of my career with Huawei. I had quite a few options when I graduated. Back then, Huawei had a much lower profile and was not the global brand the world knows today. I am grateful to have received some sound advice from experienced individuals that led to Huawei being my employer of choice.

My background is in electrical and computer system engineering and, throughout my career at Huawei, I have had the opportunity to step into both technical and leadership roles. Working with Huawei has taken me to many corners of the world. I was the CEO of Huawei Korea before I came to Huawei Malaysia. Before that, I was the head of the Carrier Network Business Group at Huawei Philippines and, prior to that, the director of Telkomsel key accounts in Indonesia.

My role as CEO of Huawei Malaysia began in April 2023. Huawei is a vision-driven organisation. I believe in its values and the platform it provides for its employees. Huawei showed me that if you work hard, you get opportunities. I am proof of that.

Throughout my years at Huawei, I have gained invaluable experience in ICT and business management. Malaysia's dynamic telecommunications landscape presents an exciting opportunity for Huawei, and I look forward to contributing to the company's growth in tandem with the country's digital evolution.

What do you like about Malaysia?

Malaysians, in my general experience, are multilingual, with most Malaysians being able to converse in English. I also speak some Bahasa Malaysia, so communication has not been an issue at all. There are also many Malaysians who can communicate in Mandarin and that has helped too.

What stands out even more is the warmth and friendliness of Malaysians. That has truly left a deep impression on me. Regardless of the background, from government officials to members of the media, our customers and the general public, I have been extended a warm welcome.

These factors have made my adjustment to Malaysia fairly easy.

So, it wasn't difficult at all for you to adapt to your new life in Malaysia?

The languages spoken, the warm and welcoming atmosphere, as well as my Huawei family at work have made me feel at home in no time. For that, I am deeply grateful.

Exploring the food in this country has been interesting and exciting because of the opportunity to try many different kinds of food all over the country, including *ikan kelah* — the *empurau* — and *mee kolo* when I visited east Malaysia.

My favourite local foods are rendang and *sambal petai*. The abundance of delicious, mouth-watering food here has definitely not been good for my waistline.

To answer your question simply, adapting to life here has been smooth and easy, and that is mainly because of you — the people of Malaysia!

Which part of China are you originally from? In terms of food, language and lifestyle, is Malaysia very different or kind of similar to your hometown?

As a Beijing native, I am not used to spicy food. Since coming here, rendang, nasi lemak, banana leaf meals and roti canai are among my favourite foods — and even if they are sometimes too spicy for me, I still enjoy them very much.

Malaysia's vibrant multicultural society is definitely a distinguishing factor. Here in Malaysia, there is a great sense of diversity in the community, as the different major festivals and celebrations are celebrated by different segments of the races in the country. The food of the different races is also a distinguishing factor. The similarity between these cuisines is that they are all equally delicious.

Not too long ago, I had the privilege of attending a Malay wedding and experiencing the tradition of *bersanding*. I have also been to many breaking of fast events and have enjoyed myself thoroughly, though the buffet spreads make one spoilt for choice.

While there are differences between my home and Malaysia, the similarities outweigh them and serve as a bridge between my homeland and this country.

> ***I would be proud to call Malaysia 'my second home'.***

In terms of personality and characters, what are the biggest similarities and differences between Malaysians and Chinese nationals?

Both Malaysians and Chinese nationals share a strong sense of community and value relationships with family and friends. Additionally, there is a mutual emphasis on hard work, perseverance and entrepreneurship.

From my perspective, the differences I see are in communication styles and social norms, reflecting the distinct cultural contexts of each country.

Malaysians tend to be more outwardly expressive and relaxed, whereas Chinese nationals may exhibit more reserved and formal behaviours in certain situations. Other than that, we are more similar than we are different, with shared values and a deep respect for family.

It seems like you have nothing but good things to say about Malaysia.

My experience in Malaysia has been thoroughly enjoyable. The country's natural beauty, cultural diversity and economic vibrancy make it an ideal place to live and work. I like how food serves as a unifying force. Again, I have had the pleasure of attending numerous breaking of fast events recently, witnessing individuals from diverse faiths, cultures and races come together over shared meals. I am thankful for the warm welcome I have received from Malaysians and from my Huawei family.

Well, since you are charmed by Malaysia, will you consider our Malaysia My Second Home (MM2H) programme then?

The MM2H programme is an attractive option for individuals seeking to establish long-term residency in Malaysia. I recognise its benefits and applaud the Malaysian government for having the foresight to introduce such a programme to welcome nationalities from across the world to stay here. As for me, yes, I probably will consider it in the future. I would be proud to call Malaysia 'my second home'. E

A letter to my wife:

'Was I really in Malaysia? It all felt so familiar and comforting'

By **Chu Jiansong**

Chu Jiansong is an employee of Eastern Steel Sdn Bhd. He hails from Zunhua, a county-level city in the northeast of Hebei province, China.

"DEAR WIFE, IT'S really nice here. Hurry up and get your passport and visa sorted out. Let's aim to spend our Chinese New Year in Malaysia." I put down my phone, lying on the bed, envisioning the scene of my wife and children celebrating the new year together at Eastern Steel Sdn Bhd in Terengganu.

Since 2019, many of my colleagues had been heading to Malaysia. Listening to their tales of lush tropical rainforests, beautiful beaches, rich coffee, creamy durians and various tropical fruits, I often found myself envious.

In August 2023, I finally set foot on this land I had longed for. After getting off the plane, passing through customs and boarding the bus, I found myself in a completely different world. Everything here was so novel and different.

But as I watched the buildings outside the window transition from tall skyscrapers to rows of small houses, then to stretches of tropical rainforest, my mindset began to change as well. It seemed like this place might not be as good as our hometown.

I wondered about the accommodation and living conditions provided by the company, and unease began to creep into my mind. After all, much of what I knew about Eastern Steel came from bits and pieces shared by my colleagues on social media.

I hadn't seen it with my own eyes, so I couldn't shake off the feeling of being in a foreign land. Thus, my journey was filled with observation, contemplation, worry and tangled thoughts. As the bus entered the company gates, neat factory buildings and lush greenery along the roadsides greeted my eyes.

Following the path, I soon spotted a residential area. That was my destination — the administrative dormitory area of Eastern Steel. As soon as I got off the bus, my colleagues warmly surrounded me, helping with luggage, settling into the dormitory, arranging beds and touring the factory area — it was a whirlwind of activity.

After wiping my face, I was dragged off to visit my friends' dormitories. Until I returned to my own dormitory at night, it all felt like a dream.

Was I really overseas now? Was I really in Malaysia? It all felt so familiar and comforting. The Tangshan accent surrounded me. It felt like being back in the dormitories during my student days, and my worries about being in a foreign land gradually faded away.

However, unlike the dormitories during my student days, here everything was provided — wardrobes, air conditioning, laundry rooms, showers, toilets and more. There was even a supermarket, hair salon, gym, library, cafeteria, football field, tennis court and basketball court, among others.

In comparison to what I was used to back home, this was like a small community. I learnt from my colleagues that the accommodation conditions here were among the best in Malaysia. The homely environment helped ease my tension, and I slowly drifted to sleep.

As time went by, I began to understand the hardships Eastern Steel had faced. Five years ago, this place was just a swamp, and employees were crammed in their accommodation, with each room housing three to five people. The living conditions were incomparable to what they are now.

Our chairman Zhang Zhixiang demanded: "While focusing on project construction, we must also improve the quality of life for employees."

In order to quickly improve the living conditions for Eastern Steel employees, the builders worked tirelessly in the desolate swamps — clearing land, laying foundations, constructing, decorating, buying furniture and setting up ancillary facilities. Sometimes, they worked day and night without proper rest.

Malaysia's rainy season made construction difficult, and they had to seize every opportunity during the dry season to meet deadlines. Under the scorching sun, the builders toiled tirelessly, their sun-darkened skin bearing witness to their hard work.

When our chairman Zhang visited Eastern Steel, he went straight to the dormitory building in the administrative residential area, inspecting room layouts and configurations, and chatting with employees.

"Putting employees at the forefront and ensuring they lead happy lives," he stressed.

The homely environment helped ease my tension, and I slowly drifted to sleep.

Resolving the 'soy milk problem'

Employee welfare has always been on the chairman's mind, as well as the top concern for the Eastern Steel management in Malaysia.

When Liu Jinshan, the logistics manager, learnt that employees wanted to drink hot soy milk for breakfast, he was worried. Malaysia doesn't produce soy milk machines, and most machines imported from China are not only expensive but also unable to meet the company's needs in terms of quality and production volume. Even soy milk sealing machines had to be purchased from China.

The administrative department, in collaboration with the procurement department, quickly purchased a batch of high-quality soy milk machines from China, effectively solving this "problem".

With the soy milk issue resolved, other breakfast items such as tofu pudding, deep-fried dough sticks, oil cakes, steamed buns, flat noodles and noodle soup began appearing in the cafeteria, enriching employees' dining options.

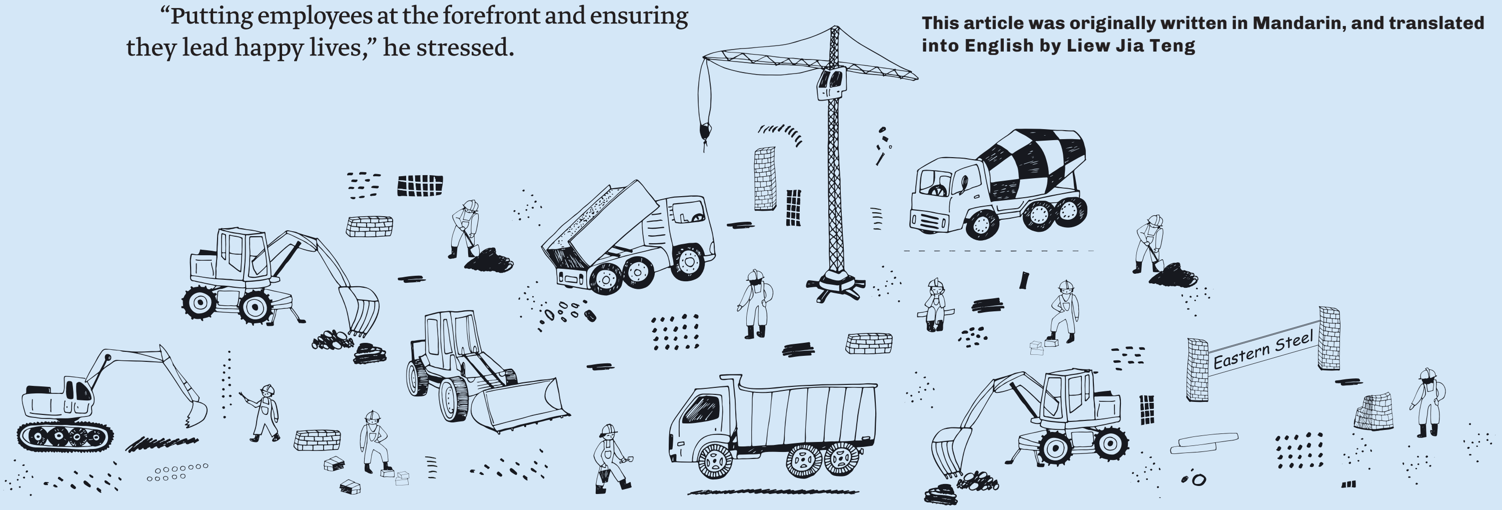
Meanwhile, to meet employees' diverse shopping needs, the company arranged shuttle buses to nearby supermarkets every weekend, truly placing employee welfare at the forefront.

"This summer, there are particularly many family members visiting from China. In order to serve employees' families well, we've specially established the 'Eastern Steel Travel Group' to bring family members on trips to enjoy the benefits of the company's development," explained Li Dapeng, deputy general manager of Eastern Steel in Malaysia.

Moreover, in accordance with the chairman's directive to cultivate local talent, the company organises group activities every month to help employees of different races and faiths integrate more quickly into the Eastern Steel family.

Today, with the completion of Eastern Steel's Phase II project, as the company continues to grow and expand, the welfare benefits for employees are getting better and better. As a member of the Eastern Steel family, I believe that Eastern Steel's tomorrow will be even brighter! E

This article was originally written in Mandarin, and translated into English by Liew Jia Teng



Navigating the future of Malaysia-China relations

THIS YEAR MARKS the 50th anniversary of Malaysia and China's diplomatic ties, which were established on May 31, 1974, making Malaysia the first country in Asean to set up diplomatic relations with China. It also marks the 11th anniversary of the establishment of the China-Malaysia Comprehensive Strategic Partnership, which paved the way for comprehensive, mutual and mature development between the two countries.

Lee Heng Guie

Lee Heng Guie is the executive director of the Associated Chinese Chambers of Commerce and Industry of Malaysia's Socio-Economic Research Centre

Evolution of ties under different prime ministers

Malaysia's top leadership has played a pivotal role in shaping the evolution of Malaysia-China relations, which have been nurtured and grown over centuries dating back to the Ming Dynasty from 1368 to 1644 and the Malacca Sultanate in the 15th century.

Exponential growth in ties began with second prime minister Tun Abdul Razak's exemplary contribution in initiating diplomatic ties with China. This laid the path for reaching a milestone in normalising Malaysia-China bilateral relations.

Throughout the 1980s, 1990s and up to 2003, the country's fourth prime minister Tun Dr Mahathir Mohamad doubled-down on the government's efforts to strengthen relations with China, with the focus on economic cooperation and investments.

Malaysia had worked together with other Asean countries to develop the relations between the regional bloc and China. This resulted in China becoming a full dialogue partner with Asean in 1996. Malaysia then supported China's accession into the World Trade Organization (WTO) in 2001. The Asean-China Free Trade Area (ACFTA) agreement was signed on Nov 5, 2003, and subsequently upgraded to ACFTA 2.0 in 2008. Negotiations for ACFTA 3.0 are set to conclude by end-2024.

Under former prime minister Datuk Seri Najib Razak (2008-2018), Malaysia-China's bilateral relations and cooperation grew and was elevated to a Comprehensive Strategic Partnership in 2013. Najib was very supportive of China's Belt and Road Initiative (BRI). Both countries have expanded economic and trade cooperation in industrial and manufacturing, automobile, transport, information and communications technology (ICT), education and financial services.

Under Mahathir's administration 2.0, Malaysia-China relations remained cordial and firm amid concerns and uncertainties pertaining to some mega projects with China's involvement and funding.

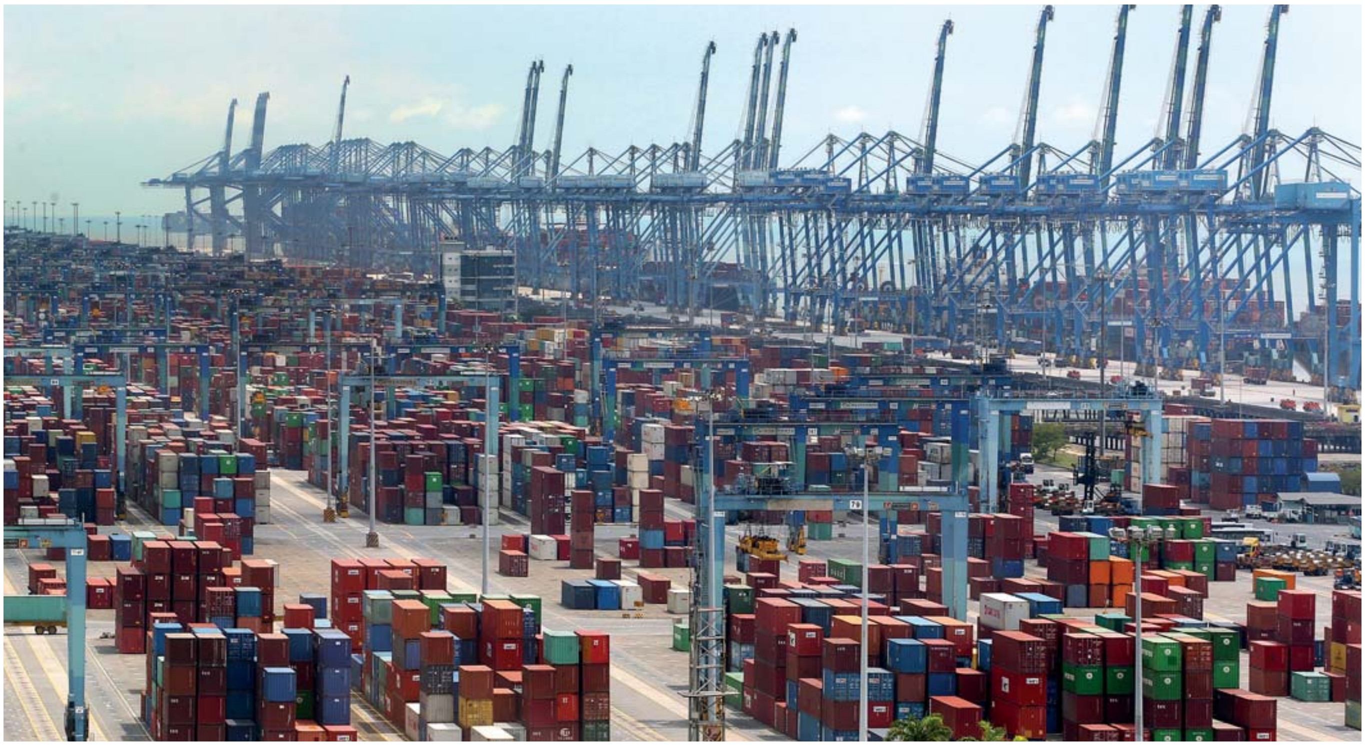
Mahathir visited China and showed interest in China's remarkable development in the fields of digitalisation, e-commerce, automobile and agriculture.

When the unity government came into power in 2022, Prime Minister Datuk Seri Anwar Ibrahim visited China twice and invited Chinese President Xi Jinping and Premier Li Qiang for an official visit to Malaysia in 2024, in conjunction with the 50th anniversary of Malaysia-China diplomatic relations. In 2023, there were 12 top exchange visits from Malaysia to China and six highest exchange visits from China to Malaysia. Both countries touched on various bilateral, regional and international issues of mutual importance.

In 2023, Malaysia secured a total of RM189.84 billion worth of investment and memoranda of understanding (MoUs) with China, covering commodities and agriculture-based industries (such as oil palm, rubber, biodiesel, durian and food security), automobile (electric vehicle and high technology), cooperation in the field of technical and vocational education and training (TVET), cooperation in science and technology and vaccine development technology, warehousing and logistics and waste-to-energy power plants, and so forth.

In the aspect of connectivity, Malaysia and China agreed to step up cooperation in tourism as well as increasing flight frequencies between both countries. Malaysia and China waived travel visa requirements for each other's citizens, starting November and December 2023 respectively. This is expected to boost the growth of bilateral tourism and business activities.

MOHD IZWAN MOHD NAZAM/THE EDGE



China has remained Malaysia's largest trading partner for 15 consecutive years, since 2009, with a share of 17.1% of Malaysia's total external trade in 2023

Bilateral trade and investment

Malaysia and China's bilateral trade has grown rapidly over the decades, especially after China's accession to the WTO in 2001. Between 2001 and 2010, Malaysia's trade with China grew by 19.9% per annum to an average of RM90.6 billion per year. It increased by 8.9% per annum to average RM239.2 billion a year in 2011 to 2019. Post-pandemic, total trade went up by 9.2% per annum to an average of RM435.3 billion per year in 2020 to 2023.

> **"The two countries must continue to deepen bilateral economic and diplomatic ties by fostering closer cooperation to benefit from progress and development in the future."**
> *— Lee*

China has remained Malaysia's largest trading partner for 15 consecutive years, since 2009, with a share of 17.1% of Malaysia's total external trade in 2023 (13% in 2010 and 4.7% in 2001). It had exports share of 13.5% in 2023 (12.5% in 2010 and 4.4% in 2001). Malaysia was the second biggest Asean country in trade with China in 2022. Major export items to China continued to be dominated by electronics and electrical products (E&E), palm oil, oil and gas, and plastic products.

Malaysia also benefited from China's outward foreign direct investment (FDI), especially in the manufacturing sector. In 2005, China was the 13th largest foreign investor in the manufacturing sector in Malaysia and thereafter it advanced to become the largest foreign investor for five years in a row (2016-2020) before relegating to third place in 2023 (second placing in 2022 and third placing in 2021).

China's investments include the Malaysia-China Kuantan Industrial Park (MCKIP), the sister park of China-Malaysia Qinzhou Industrial Park (CMQIP), Xiamen University Malaysia (a private university and an international branch campus of Xiamen University, the first to pioneer an overseas campus), Huawei Technologies Global Training Center in Cyberjaya, Geely's acquisition of Proton, Malacca Gateway, Kuantan Port's expansion, Digital Free Trade Zone, Forest City, Gemas JohorBahru electrified double-tracking railway project, and the East Coast Rail Link (ECRL).

Chinese tourist arrivals in Malaysia also increased steadily, from an average of about 615,900 persons per year in 2000 to 2008 to an average of 1.9 million tourists per year in 2009 to 2019, hitting a high of 3.1 million arrivals, which is 11.9% of the total tourist arrivals in Malaysia. It generated foreign exchange earnings of RM15.3 billion (17.8% of the total). Post-pandemic, China tourist arrivals have recovered gradually to 1.5 million which is 7.3% of the total arrivals in 2023.

What lies ahead? Malaysia and China must commit to forge a new partnership with a win-win cooperation and ensure more sustainable and greener practices for a shared future for the people of both countries. They need to build on past achievements and forge ahead for the future.

The two countries must continue to deepen bilateral economic and diplomatic ties by fostering closer cooperation to benefit from progress and development in the future. The relationship is currently at a strategically opportune time for development through strategic partnerships. We should set new goals and priorities to push bilateral cooperation to new heights.

First, deepen mutual trust and sustain the Malaysia-China comprehensive strategic partnership for mutual benefit and win-win results. In this era

In 2023, Malaysia secured a total of RM189.84 billion worth of investment and MoUs with China

of profound changes in the geopolitical landscape and the international trade system, Malaysia and China have many common goals, such as promoting and achieving sustainable development and advancing pragmatic cooperation in key sectors such as trade, technology, energy, climate change and coordination in multilateral trade agreements.

Second, both countries have to commit to free trade, free competition and open cooperation, which are the fundamental norms of the market economy. Continue to tap into the growth potential of two countries' bilateral trade by committing to creating a better policy environment for each other, optimising the trade structure and further unleashing trade flows in the Asean-China Free Trade Area (ACFTA) and Regional Comprehensive Economic Partnership (RCEP). China and Malaysia have signed the First Protocol to amend the Agreement on Expanding and Deepening Economic and Trade Cooperation, laying the policy foundation for further cooperation.

Third, Malaysia is on the path of economic and industrial transformation and is in need of China investments and technology in our industrial structures. We can explore new areas of cooperation in the high-technology electronics sector, digital economy, green investments, EVs, renewable energy and emerging energy sector such as hydrogen and e-methane, smart agriculture as well as the healthcare industry. We believe that China has a lot to offer, given its advancement in artificial intelligence, digitalisation and automation. Both countries can strengthen financial cooperation and expand the use of local currency in trade and investment, a move to reduce over-dependence on the US dollar.

Fourth, both countries can advance high-quality BRI cooperation and the Pan-Asia connectivity to safeguard the stability of global value and supply chains. Both sides could upgrade Malaysia-China freight transport facilities for higher capacity and enhanced cooperation in maritime transport, aviation logistics and promote the development of the land-sea route. The ECRL is currently under construction and there is the prospect of revisiting the construction of the Malaysia-Singapore High-Speed Rail, as well as exploring the long-term goal of linking up the middle line of the Pan-Asia railway network, by connecting the China-Laos Railway and the China-Thailand Railway. The Pan-Asia connectivity strategy will not only facilitate interconnected development but also accelerate regional integration.

Fifth, Malaysia must continue to strengthen exchanges and cooperation with China in the fields of research and development, technology, education, tourism, and people-to-people and cultural exchanges to boost mutual understanding between the peoples, especially among the youths. E

When Malaysia accommodates the Middle Kingdom

Dr Wong Chin Yoong

WHEN US PRESIDENT Richard Nixon visited China in 1972, he called the visit "the week that changed the world". Little was known that "the world has already begun to change" in Malaysia when Tun Dr Ismail Abdul Rahman, speaking at the Foreign Correspondents' Association after the Bangkok peace talks that ended *Konfrontasi* in May 1966, raised the point that "we do not oppose the communist system in Mainland China so long as it confines itself within its borders".

Nearly a year before Nixon's visit, then prime minister Tun Abdul Razak had already reminded the international community at the Commonwealth Heads of Government Meeting of the disadvantages of excluding China from the global order. What followed four months later was Tengku Razaleigh Hamzah's visit to China in his capacity as the chairman of Perbadanan Nasional Bhd (Pernas), initiating a "people-to-people relationship" between Malaysia and China. In other words, Malaysia was 42 years ahead of the Belt-and-Road Initiative (BRI) that calls for "people-to-people bond".

All these laid the foundation for our own historic "Razak in China" moment in 1974.

What was so remarkable about Malaysia being the first Asean country to formalise diplomatic relations with China was the vision beyond the contemporary domestic complexities. After all, who could have imagined that a small country, troubled by the communist insurgency or the second Malayan emergency since 1968 and recovering from a traumatic race riot in 1969 with inter-ethnic relations remaining tense, would be among the first to jump on the US-orchestrated bandwagon of ending the isolation of People's Republic of China from the world order.

And, apparently, being friendly and open to China is more than just the preference of a particular leader. Instead, it has been an institutional norm of Malaysian leadership across regimes.

Malaysia, for instance, brought China to Asean's first multilateral meeting in Kuala Lumpur in 1991 when China was still being sanctioned by the West for the Tiananmen Square protest and massacre in 1989.

Despite the territorial dispute over the Spratly Islands in the South China Sea, neither maritime confrontation with China nor realignment with the US to defend the sovereignty is prioritised over maintaining a friendly relationship with China. Even Prime Minister Datuk Seri Anwar Ibrahim has taken China's Premier Li Qiang's assurance over continual negotiation with Southeast Asian countries, after Beijing released the "10-dash line" map that has expanded the territorial claims in the disputed seas, as "very assuring" as if without a grain of salt.

Throughout the 50 years of development in bilateral relations, China, which includes Hong Kong, has become Malaysia's largest export destination since 2009. In 2023, exports to China accounted for nearly one-fifth of Malaysia's total exports. Likewise for imports, where 23% of Malaysia's imports came from China.

When it comes to foreign direct investment (FDI), China's importance is hardly overstated. In 2023, China's capital accounted for 15% of Malaysia's gross FDI inflow, although merely 3% of Malaysian capital was invested there.

The economic interdependence goes both ways. In 2022, Malaysia was China's ninth-largest trading partner, and 2.6% of China's exports arrived at the Malaysian market while 4% of China's imports were sourced from Malaysia.

However, the interdependence is asymmetric in economist Albert Hirschman's sense, where China can more easily substitute for the 2.6% and 4% from other sources than Malaysia can do for its 20% and 23% in exports and imports from China. The asymmetric trade relations can thus be used as an economic weapon of political influence should Malaysia stand against China, as it happened when China sanctioned South Korea in 2016 for deploying the US missile defence system, and Australia in 2020 after

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PATRICK GOH/THE EDGE

Canberra supported calls for an inquiry into China's handling of the coronavirus.

But Malaysia seems to be very easy with — or even embraces — such asymmetric economic dependence. Even in the presence of "China shock", as economist David Autor framed it, where the abundant availability of cheaper Chinese imports has impacted many local businesses, unlike what happened in the US, there was barely any repercussion effect in its domestic politics.

People are simply quick to discard the adverse impact of import competition on local firms while celebrating the huge potential for export into the Chinese market.

We also have had our hard time in making structural adjustments in the aftermath of China's accession to the World Trade Organization, as the economy was lost in finding its new comparative advantage in global trade and investment. There was very little room for small middle-income countries like Malaysia to manoeuvre in the midst of the heightened "Chimerica", as in historian Niall Ferguson's words.

But still, no leader will hesitate to take the dependence as a token of recognition of their leadership by boasting about how many Chinese direct investments they have attracted.

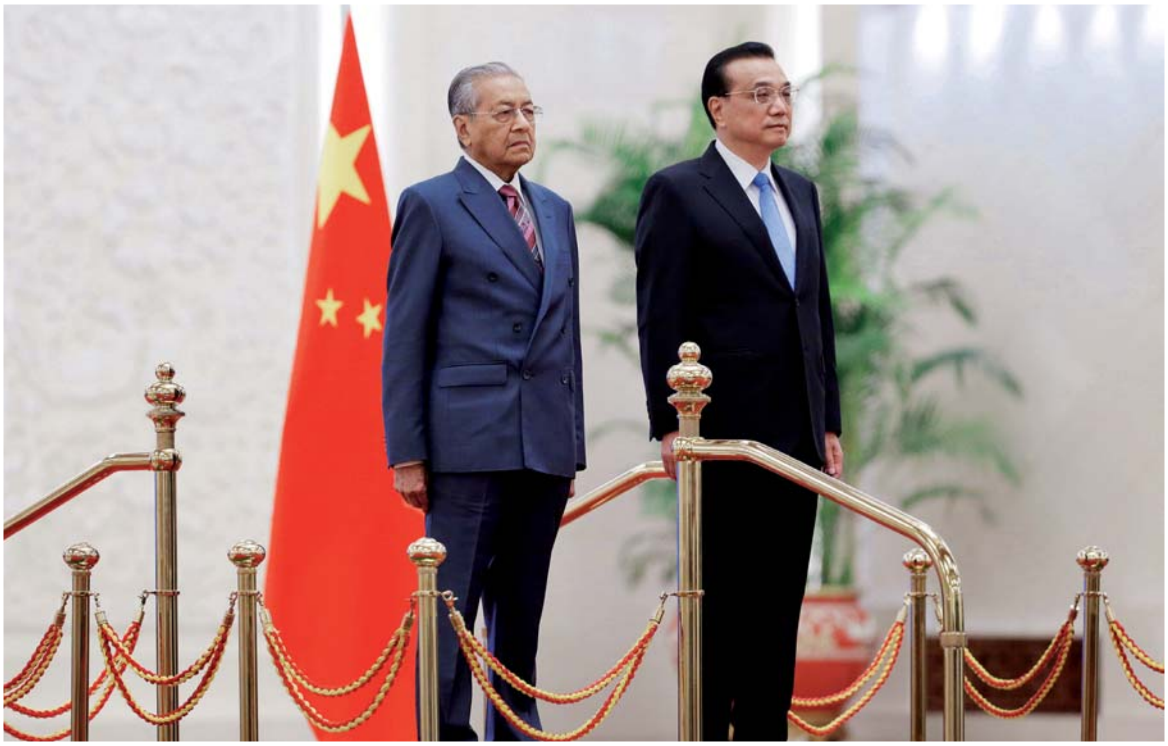
The growing trade dependence on China is even more astonishing when viewed in the context of the ongoing US-China geopolitical and geoeconomic competition. In 2017, a year before the onset of the US-China trade war, China's share in our exports and imports was just 19%. Fast forward to today, with 20% and 23% respectively, it seems like while others are recalibrating the dependence on China, we are marching forward.

Equally interesting, when Tun Dr Mahathir Mohamad suspended several China-led infrastructure projects after Pakatan Harapan took over the administration in 2018, and warned against "a new version of colonialism" during his visit to China to renegotiate the terms and conditions of the projects associated with the BRI, he was quick to reannounce his support for the BRI after reshuffling domestic economic interests and dismissed national security concerns over the installation of Huawei equipment.

So, what explains Malaysia's persistent friendly attitude toward China?

Prior to the emergence of China as an alternative great power, the global order to Malaysia resembles "a dominant firm with competitive fringes" model. In equilibrium, so long as the economic interest of the US (as the dominant firm) is not put at risk, Malaysia (as a fringe) can do whatever it prefers

REUTERS



Mahathir (left) and China's Premier Li Keqiang attending a welcome ceremony at the Great Hall of the People in Beijing on Aug 20, 2018. During his four-day state visit to China, Mahathir expressed concern about 'a new version of colonialism', highlighting broader Asian apprehensions regarding China's growing economic and political influence in the region.

The best move for Malaysia is not to blindly follow what the great powers are doing, but to act upon domestic considerations, without diminishing the interest of either power

that satisfies domestic political and economic constraints, which include accommodating China's rise for diminishing communist's influence, easing inter-ethnic tensions, creating economic opportunities, and promoting regional economic groupings that strengthen the governing legitimacy at home.

Should great power competition between China and the US return, Malaysia is positioned in "a duopoly with competitive fringes model". Two great powers observe each other in making their next move – the Nash equilibrium, while for small state like Malaysia (as a fringe again), the best move is not to blindly follow what the great powers are doing but to act upon domestic considerations again without diminishing the interest of either power.

It is unsurprising and not inconsistent then to see, for instance, Malaysia welcomes China in the Asean-led Regional Comprehensive Economic Partnership while joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership that was initiated by the US to contain China's influence. Both satisfy Malaysia's internal equilibrium without misaligning with the great powers.

> **"The asymmetric trade relations can thus be used as an economic weapon of political influence should Malaysia stand against China."**
> ***— Wong***

Which brings me to my take on the next 50 years of Malaysia-China relations.

Malaysia has been accommodating China's rise and keeping a growingly trusted bilateral relation in the past 50 years, irrespective of the ups and downs of the US-China relation. It is thus not unreasonable to believe that in the next 50 years, Malaysia-China relation will be equally, if not more cordial, even in the deepening bilateral fissures between the great powers, based on the fact that it serves Malaysia's interest the best. E

Protectionism will only lead to deterioration

Will Fung

Will Fung is the senior foreign counsel of Grandall Law Firm (Beijing) and the principal partner of Richard Wee Chambers (Malaysia). He is also the immediate past-chairman of the Malaysian Chamber of Commerce and Industry in China (Maycham China).

THE YEAR 2024 is an auspicious Year of the Dragon and it also marks the 50th anniversary of the establishment of diplomatic relations between China and Malaysia. The diplomatic relations between the two countries began with the signing of the Joint Communique between then prime minister Tun Abdul Razak and Chinese premier Zhou Enlai on May 31, 1974, and Malaysia was the first Asean country to set up ties with China.

This strong relationship between China and Malaysia later evolved from a Strategic Cooperative Relationship into a Comprehensive Strategic Partnership (CSP) in October 2013, in conjunction with President Xi Jinping's state visit to Malaysia. The 10th anniversary of the CSP in 2023 was celebrated by the mutual visits of Prime Minister Datuk Seri Anwar Ibrahim to China and the subsequent visit of chairman of the Standing Committee of the 14th National People's Congress of China, Zhao Leji, to Malaysia. These visits show that engagements between both countries remain strong, solid and dynamic, and they will surely continue to be enhanced.

In addition, the Belt and Road Initiative (BRI) was proposed by President Xi and launched in 2013. The BRI is a creative development that was initiated through the ancient silk routes. This initiative enriches the ancient silk route as well as provides a platform for building a global community of shared future. The global cooperation under the BRI has been a key contributing factor towards economic globalisation on top of developing the governance system globally.

Malaysia stands as a top 10 BRI recipient country, with projects involving transport, infrastructure, energy and construction amounting to hundreds of billions, arguably the widest in scope and largest in financial scale by comparison of any BRI project undertaken in the Asean region.

The BRI has greatly benefited China and Malaysia and has been described as an initiative that results in a "win-win" for both countries. A prime example is Malaysia's East Coast Rail Link (ECRL), a rail network spanning 665km that will connect several areas in the East Coast to the West Coast regions of Peninsular Malaysia via rail. The track is envisioned to span from Port Klang in Selangor to Kota Bharu in Kelantan. The ECRL has the potential to boost the economy in multiple sectors along the ECRL track. Malaysia and China, both being involved in the project, have had multiple rounds of negotiation to ensure the project continues to lend a hand in the former's economic and social development.

Fifty years since the Joint Communique in 1974, it is clear that the friendship and diplomatic ties between China and Malaysia not only remain strong but also have the potential to continue to be vital in the long term from the perspective of geopolitical stability in the region. The two countries can deepen their cooperation in terms of trade and investment if they maintain their strong friendship and diplomatic relations.

This is especially apparent in the recent implementation of the visa-free policy between China and Malaysia. Nationals of China and Malaysia can now freely visit each other's countries without having to obtain a visa prior to entry. This effort will only mutually benefit both countries and their citizens from a socioeconomic aspect, by creating more freedom for cultural exchange that will ultimately lead to a mutual understanding between nations, stimulating economic growth with more business opportunities.

Malaysian companies that are actively seeking collaboration should join Malaysia-based chambers of commerce. By following business delegations to China, many Chinese companies could help in technology support, increasing production capabilities and efficiency, and should there be mutual synergy, these Malaysian companies may even get some forms of financial investment from Chinese counterparts.

To navigate the uncertainty around the US-China trade war, Malaysia should just focus on business and economic development while leaving geopolitics aside, as that is something that ordinary citizens would have little say about or influence on. Maintain cordial rela-

SUHAIMI YUSUF/THE EDGE

The visa-free policy will only mutually benefit both countries and their citizens from a socioeconomic aspect, by creating more freedom for cultural exchange

tionships with all countries and continue to learn and improve on technological advancement by relearning, continuous learning and implementing new skill sets.

Chinese people, generally, are hardworking, eager learners and very well informed in all aspects. They are quick in execution, flexible in negotiation and almost always focusing on "business". The main driver of economic activities would, however, still be state-owned enterprises (SOEs), which will follow the direction of the government and leadership. Malaysians, on the other hand, are good "presenters" but lack the determination (for reasons attributed mostly to politics) to carry through and implement the plans. There are things that perhaps we could learn from the past 40 years of Chinese experience (since Deng Xiaoping's vision of reform and opening up of China began in 1979); protectionism will only lead to deterioration. It is through opening up that Malaysia may still stand a chance in overcoming the curse of the middle-income trap.

"It is through opening up that Malaysia may still stand a chance in overcoming the curse of the middle-income trap."
— Fung

Malaysia should never be fearful of opening up its doors to foreign talents. For example, after the end of WWII, the US emerged as the pre-eminent military and economic power in the world, owing to its policy of opening up and free policy, which attracted global talents to study and stay in the US to help build the nation. Many Chinese scholars, who had been trained abroad, be it Russia, the Western world or the US, had chosen to return to their homeland to do their bit for nation-building.

Therefore, the words "opening up" are not and should not be mere rhetoric; we in Malaysia must understand the actual meaning in order to enable the nation to achieve its goals.

Simply put, all industries can be strengthened from all aspects. We have to bear in mind that Malaysia is a nation blessed with rich natural resources and, arguably, all the talents that we need to grow, to make amends. We need the people to understand the paradox of protectionism, the pros and cons, versus "opening up".

After having spent almost 19 years in China and travelling extensively in helping Chinese companies in their cross-border and international deals, I truly believe that a nation can become "great" only through "opening up", and not by continuing to practise the policy of "protectionism". E

A case of asymmetrical power relations and cooperation

Samirul Ariff Othman

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IT CAN BE argued that there is no morality in foreign policy, there are only national interests. In 1848, Lord Palmerston famously made his speech in the British House of Commons where he declared that "we have no eternal allies, and we have no perpetual enemies. Our interests are eternal and perpetual, and those interests it is our duty to follow". More than a century later, Henry Kissinger echoed the same when he stressed that "America has no permanent friends or enemies, only interests".

Kissinger went on to assert that "power is the ultimate aphrodisiac". Hence, certainly asymmetrical power relations is a cause for concern. This is because in the intricate dance of power dynamics, an uneven distribution of resources, often paves the way for a scenario where the most dominant player wields threats and applies pressure. Such relationships bear a resemblance to structures seen in imperial or imperialistic settings.

The story begins when Malaysia and China established formal diplomatic ties on May 31, 1974, during the height of the Cold War. The then prime minister Tun Abdul Razak signed the joint communiqué with premier Zhou Enlai, making Malaysia the first Asean country to establish ties with China.

In 1974, Malaysia boasted a robust and self-reliant economy with its gross domestic product (GDP) standing at US$9.5 billion, while China's was US$144.2 billion and the US' was US$1.54 trillion. Fast forward to 2022, Malaysia's GDP stood at US$406.31 billion versus China's US$17.9 trillion and the US' US$25.46 trillion, which provides the context to the evolving trade relations.

In 1990, the total trade between Malaysia and China amounted to US$1.18 billion. It climbed to US$7.6 billion in 2001 and US$14.3 billion in 2002. By 2021, China had maintained its position as Malaysia's largest trading partner for 14 consecutive years, accounting for 17.1% of Malaysia's total trade at US$104.4 billion.

While the economic ties have proven beneficial, Malaysia faces challenges in expressing candid views on sensitive matters due to its economic dependence on China. The asymmetric trade dynamic gives rise to apprehensions about Beijing's potential sway over Malaysia's foreign policy, economy and internal political landscape.

Malaysia finds itself increasingly muzzled in its ability to speak frankly and openly about matters that should be routine, especially over the South China Sea and the treatment of Uyghurs and other groups.

Or even the perceived pressure in matters like the 5G rollout, which is being opened to accommodate China-based companies despite Malaysia's initial decision to implement a Single Wholesale Network model.

The surge in applications like TikTok has raised apprehensions among security officials in various countries, resulting in their partial or complete prohibition in over a dozen nations.

This is especially of note in Malaysia with the app playing a key role in garnering votes for certain political parties, influencing political opinions in the country and raising questions about foreign influence.

While Malaysia may have started its bilateral relations on equal terms, it has certainly been dwarfed by China's growth.

This would not be a problem as Malaysia certainly has dealt with more powerful countries in the past — especially Western ones — but China is intent on carving off sections of Malaysia's exclusive economic zone (EEZ) in the South China Sea through its "nine-dash line", which was reaffirmed in August. China certainly does not hide its intentions.

While in the past bilateral trade had been of benefit, Malaysia's participation in the Belt and Road Initiative (BRI) has opened it to yet more vulnerabilities.

The flagship BRI project in Malaysia is the East Coast Rail Link (ECRL), a mega railway that is meant as a land bridge connecting Port Klang and Kuantan Port, but the viability of the project — not to mention the enormous debt Malaysia has taken on for its construction — has raised many concerns.

Will this project ever add to Malaysia's economy? Already, it has fallen far short of the

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Once the ECRL is launched, there are doubts over whether its passenger and cargo services will be able to pay off the cost

promised job creation. Barely 4,000 Malaysians were employed when it was initially touted as being able to provide tens of thousands of jobs. Additionally, the project has resulted in swathes of forest, including protected areas, being cut.

And once the ECRL is launched, there are doubts over whether its passenger and cargo services will be able to pay off the cost. Of course, no one is considering what disruptions are in store for bus and freight lorry companies, which will see their market share reduced.

For those seeking answers on ECRL, a quick look at Cambodia, Laos, Sri Lanka or any number of African nations may be enough.

We have to also consider how our relations with China are holding back our development and upskilling of the Malaysian workforce.

Malaysia, being a major bauxite exporter, relies on fast and easy extraction for quick profits. Look at Indonesia, which is building aluminium smelters instead of simply exporting bauxite. Why would Malaysia ever move up the value chain if it can rely on exports of raw materials, with a resource-hungry China on its doorstep? And this is just one industry.

Malaysia must move on all fronts if it is to reaffirm its independence, whether on industrial, economic, security and foreign policy issues. The current trajectory indicates a dash towards a vassal status.

But it is not too late to turn things around. Even as the geopolitical situation between the West and China heats up, Malaysia must seize this opportunity

"While Malaysia may have started its bilateral relations on equal terms, it has certainly been dwarfed by China's growth."
— Samirul

to put its foot down and make its mark. It must pursue a truly non-aligned policy while leveraging its traditional trade and security partners to keep a voracious China at bay.

It does not take a massive military or other grand measures to secure one's national interest. Walking the talk and sticking to the principles of a rules-based order, one that has kept the peace for decades while building up its self-sufficiency and a credible deterrent along its maritime EEZ are small but vital steps.

Indeed, globalisation has become a hackneyed term, depending on which theoretical lens one uses to see the world. In fact, in the contemporary global international political economy, terms like deglobalisation, friendshoring and nearshoring have emerged. In the final analysis in trying to walk the middle path, Malaysia must be vigilant to avoid a perilous inclination. E

Datuk Ho Kay Tat

Malaysia-China ties steeped in history

Datuk Ho Kay Tat is the publisher + group CEO of The Edge Media Group

AS THIS SPECIAL EDITION published in magazine format to celebrate 50 years of Malaysia-China diplomatic ties shows, we have benefited from the great leap made by China since it opened up its economy in the 1980s. Through a combination of policy initiatives as well as the entrepreneurial zeal of businessmen such as Robert Kuok, Tan Kai Hee, Tan Sri William Cheng and Tan Sri Quek Leng Chan — among the earliest Malaysians to invest there — businesses have grown from strength to strength. China has been our biggest trading partner since 2009 and will remain so for years to come.

Few could have envisioned this 50 years ago on May 31, 1974 when Tun Abdul Razak shook hands with Mao Zedong and Zhou Enlai, sealing an agreement to make Malaysia the first Asean member to have diplomatic ties with Beijing. It was a significant moment in history on both the international and domestic front as Malaysia had just five years earlier experienced major race riots in which most of those killed were ethnic Chinese. And we had also been fighting a communist insurgency that was supported by the Chinese Communist Party.

As a 15-year-old, I certainly had no clue of the significance of May 31, 1974. However, I do remember that I was elated when I walked up the steps of the AIA building in Jalan Ampang, Kuala Lumpur, to go to school the next morning, and was told by those who had arrived earlier that a public holiday had been declared the night before. Yes, news spread at a snail's pace back in the days when not everyone had a radio or TV.

The world today is of course a very different one, not just compared with 50 years ago, but also just a few years ago when globalisation and multilateralism brought peace and prosperity to much of the world. We are today confronted by conflict between major military and economic powers. Of most concern is the deterioration in relations across the spectrum between China and the US. As I write this, the US has just imposed substantial tariffs on the import of electric vehicles, semiconductors, solar panels and even surgical gloves from China, which has threatened to retaliate. Things are likely to get worse from here. Malaysia can both gain (like our glove makers) and lose from this, depending on how our businesses are placed in the global supply chain.

It is well and good to say that we would like to do business with both the US and China, but it is not so easy in reality. We must minimise, if not completely avoid, having to take sides.

That said, China is closer to us than the US, not just geographically but historically too. We can trace our ties back to the 15th century when Admiral Zheng He sailed to Melaka and to the 19th century when the British colonial government brought in thousands of migrant workers from China after tin was discovered. This was followed by another wave of immigration after World War II and the outbreak of civil war in China. Hence, today in Asean, after Singapore, Malaysia has the largest percentage of population who can trace their roots to China, although we are now Malaysians.

These deep historical ties with China do not mean there are no problems between us. We do have competing claims in the South China Sea and local steelmakers have accused China of dumping some products in our market. There are also the controversial infrastructure projects tied to attempts to cover up the 1MDB hole, the full story of which has not been told. And, of course, the much talked about Forest City development in Johor.

But overall, China's amazing economic growth in the past 30 years has benefited Malaysia and there can only be more to gain in the decades ahead. E