



ANALYSIS REPORT **ASSESSING THE ROLES OF CHINESE ENTERPRISES IN MALAYSIA'S ECONOMIC DEVELOPMENT**

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1. INTRODUCTION

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1.1 Malaysia - China Economic Relationship

The economic relationship between Malaysia and China has historical roots, dating back to the ancient Maritime Silk Road period. During those days, trade between the two regions flourished, laying a solid foundation for cultural and economic exchanges. Zheng He was a renowned figure in early Ming Dynasty China. In the early 15th century, he led fleets on multiple maritime expeditions from China to Southeast Asia, significantly strengthening China's economic and diplomatic ties with Malaysia. His fleets visited Malaysian ports, such as Malacca, and engaged in extensive trade and cultural exchanges (Lee, 2005).

Goods such as spices, silk, and ceramics were traded, facilitating not only the exchange of products but also the sharing of knowledge, traditions, and cultural practices. These early interactions helped establish strong ties between the peoples of Malaysia and China, fostering a sense of mutual understanding and cooperation that has endured through the centuries.

As maritime trade routes became more established, the relationship between Malaysia and China continued to grow. Chinese merchants and explorers frequently visited Malaysian ports, contributing to the local economy and establishing long-lasting commercial connections. These interactions were not limited to economic exchanges; they also included the exchange of ideas, technology, and cultural influences. The integration of Chinese culture into Malaysian society, seen in the form of architecture, cuisine, and festivals, is a testament to this enduring relationship. The historical trade between Malaysia and China set the stage for modern economic collaborations and continues to influence the strong bilateral ties seen today.

In the contemporary era, the New Silk Road, embodied by China's Belt and Road Initiative (BRI), has further strengthened Malaysia-China relations, which have grown steadily since formal diplomatic ties were established in 1974. China has been Malaysia's largest trading partner for 15 consecutive years, demonstrating the resilience and growth of this partnership. Trade between the two countries hit a record RM487.13 billion in 2022, fuelled by key sectors like electronics, manufacturing, and agriculture (Prime Minister's office, 2023). China is also a major investor in Malaysia's economy, with Chinese enterprises playing an instrumental role in upgrading the country's industrial infrastructure. Chinese investments, particularly through the BRI, are focused on enhancing mutual connectivity, sustainable development, and regional integration. These investments not only lay the foundation for Malaysia's economic growth but also create employment and support local business development.

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Chinese enterprises are especially active in Malaysia's manufacturing sector, with partnerships like Geely's collaboration with Proton revitalizing the nation's automotive industry. Electronics firms have strengthened Malaysia's position in the global supply chain, while major infrastructure projects, such as the East Coast Rail Link (ECRL), reflect China's influence in transport and logistics. China has also been crucial to Malaysia's energy transition, with investments in renewable energy projects supporting sustainability goals. In the digital sphere, enterprises like Huawei and Alibaba have made significant contributions, boosting Malaysia's telecommunications, cloud computing, and e-commerce infrastructure. These diverse activities are integral to Malaysia's industrialization and digitalization efforts, reinforcing the bilateral relationship within the framework of the New Silk Road.

1.1.1 Historical Milestones and Key Events

Several key historical milestones and key events have shaped the economic relationship between Malaysia and China:

1974

Establishment of diplomatic relations, marking the beginning of formal economic cooperation.

1990s

Steady increase in trade volume, with Malaysia becoming an important trading partner for China in Southeast Asia.

2000

Launch of China-ASEAN Free Trade Area (CAFTA) negotiations; Malaysia supports China's entry into the World Trade Organization (WTO).

2009

China becomes Malaysia's largest trading partner, with trade volumes reaching record levels.

2024

50th anniversary of diplomatic relations; include visa-free entry, a five-year economic and trade cooperation agreement, and an MoU on digital economy and green development.

2023

Consensus on building a Malaysia-China Community with a Shared Future.

2019

Trade and investment agreements promote cross-border settlement in Renminbi (RMB)

2013

Introduction of the Belt and Road Initiative (BRI); Malaysia and China elevate relations to a Comprehensive Strategic Partnership.

Formal Diplomatic Ties in 1974

In 1974, Malaysia officially established diplomatic relations with China. This pivotal moment marked the beginning of a new chapter in bilateral cooperation across various sectors, including trade, investment, and culture. The establishment of diplomatic ties was a significant step that paved the way for increased economic interactions and mutual benefits.

Growth in the 1990s

In the decades following the establishment of diplomatic ties, the economic relationship between Malaysia and China deepened significantly. The 1990s saw a steady increase in trade volume between the two countries. Malaysia gradually became one of China's key trading partners in Southeast Asia. At that juncture, Malaysia's exports to China expanded beyond traditional commodities like palm oil and rubber to include a wide range of manufactured goods such as electronics, machinery, and chemicals (Tham, 2001). China's rapid industrialization and growing consumer market provided ample opportunities for Malaysian businesses to tap into new markets and increase their export revenues. Conversely, China exported a variety of products to Malaysia, including textiles, machinery, and consumer electronics, catering to the demands of Malaysia's growing middle-class and industrial sectors. This burgeoning trade relationship not only enhanced economic ties but also fostered closer political and cultural connections between the two nations.

China-ASEAN Free Trade Area (CAFTA)

The year 2000 marked another milestone with the initiation of negotiations for the CAFTA. This agreement aimed to reduce tariffs and other trade barriers between China and ASEAN countries, including Malaysia (Yang & Heng, 2010). Malaysia's strategic geographic location at the crossroads of major shipping routes makes it a key player in the CAFTA. Its ports, such as Port Klang and the Port of Tanjung Pelepas, serve as vital transshipment hubs, boosting trade flows between China and other ASEAN nations. Both ports were ranked 12th and 15th busiest ports in the world in year 2021 (David, 2022). Additionally, Malaysia's well-developed infrastructure, including extensive highways, railways, and airports, supports efficient logistics and transportation, further enhancing its role in the CAFTA framework. The robust manufacturing sector, particularly in electronics, automotive, and palm oil production, positions Malaysia as a critical supplier of goods within the free trade area.

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The establishment of CAFTA further strengthened trade relations and led to a significant increase in bilateral trade. For example, Malaysia's exports to China have diversified, ranging from natural resources to high-tech products, while imports from China include machinery, electronics, and consumer goods. China becomes Malaysia's largest trading partner, with trade volumes reaching record levels in year 2009 (Prime Minister's Office of Malaysia, 2023). In addition, the reduction of tariffs and trade barriers under CAFTA has made it easier for Malaysian businesses to access the vast Chinese market, fostering economic growth and development.

Moreover, the agreement has promoted regional integration by encouraging cross-border investments, joint ventures, and technological collaborations. Enhanced economic cooperation within CAFTA has also led to the sharing of best practices and innovations, contributing to the overall competitiveness and prosperity of the region.

In the same year, China and Malaysia signed an agreement supporting China's entry into the WTO, representing a pivotal moment in their bilateral relations. China's accession to the WTO in 2000 was a major milestone in its integration into the global economy, and Malaysia's support for this move highlighted the growing partnership between the two countries. The agreement underscored Malaysia's commitment to fostering closer economic ties with China, recognizing the potential benefits of China's expanded role in global trade. For Malaysia, China's entry into the WTO opened new opportunities for trade and investment, particularly in sectors such as electronics, palm oil, and manufacturing, areas where Malaysia holds competitive advantages. This collaboration laid the groundwork for both nations to enhance their economic interactions in an increasingly interconnected world.

By supporting China's accession to the WTO, Malaysia positioned itself to benefit from China's economic growth, which has since become one of the largest economies in the world. The agreement set the stage for deeper trade and economic cooperation, including increased exports and Chinese investments into Malaysia. Over the years, this partnership has been further strengthened through various bilateral agreements and initiatives, such as the BRI, which has significantly boosted infrastructure development and economic integration in the region. The 2000 agreement was not only a strategic move to enhance Malaysia's trade prospects but also a recognition of China's emerging role as a key player in the global economic landscape.

The Belt and Road Initiative (BRI)

In 2013, China introduced the BRI, which sought to enhance infrastructure connectivity and trade linkages among participating countries. Malaysia, given its strategic location in Southeast Asia, actively responded to and participated in this initiative. As a key partner in the BRI, Malaysia engaged in extensive cooperation with China in various fields such as infrastructure development, energy, transportation, and manufacturing. This initiative further propelled the economic relationship between the two nations, opening new avenues for collaboration.

Malaysia's involvement in the BRI has been significant and multifaceted. One of the most notable projects is the ECRL, which aims to connect the east and west coasts of Peninsular Malaysia (Global Times, 2023). This major infrastructure project, financed and constructed by Chinese enterprises, is expected to enhance regional connectivity, reduce travel time, and boost economic growth along its route. Another successful project is the Malaysia-China Kuantan Industrial Park (MCKIP), a joint venture that has attracted numerous investments in manufacturing, creating jobs and stimulating economic activities in the region (MCKIP, 2013). These successful projects demonstrate Malaysia's active and strategic participation in the BRI, which has not only strengthened its economic relationship with China but also contributed to its own economic development and regional integration. The BRI has thus opened new opportunities for Malaysia, fostering deeper collaboration and mutual growth with China.

Malaysia and China took a significant step in 2013 by elevating their bilateral relations to a Comprehensive Strategic Partnership, marking a new era of cooperation between the two nations. This partnership was designed to deepen collaboration in key areas such as trade, investment, infrastructure development, and regional security. Both countries recognized the mutual benefits of this enhanced relationship, as China's rapid economic growth presented new opportunities for Malaysia's trade and investment sectors. Malaysia, in turn, became a strategic partner for China in Southeast Asia, benefiting from increased trade volumes, greater foreign direct investment (FDI), and cooperation in large-scale infrastructure projects. The Comprehensive Strategic Partnership also opened doors for collaboration in high-tech industries, renewable energy, and other future-focused sectors, aligning both nations' goals for sustainable development.

Beyond economic ties, the partnership also aimed to bolster regional security and stability, which was essential for maintaining a conducive environment for economic growth. The agreement enabled China and Malaysia to cooperate more closely on regional issues, such as the South China Sea and ASEAN security frameworks, strengthening both countries' influence in regional decision-making. This collaboration has also been instrumental in addressing global challenges, such as climate change and public health, where China and Malaysia have worked together to promote sustainable solutions and share best practices. The Comprehensive Strategic Partnership solidified their long-standing relationship, ensuring that both countries continue to benefit from deeper ties while playing key roles in promoting regional peace, stability, and economic progress.

Trade and Investment Agreements Promote Cross-Border RMB Settlement

In recent years, trade and investment agreements between Malaysia and China in the palm oil sector have significantly strengthened, primarily through the use of the Renminbi (RMB) to facilitate exports and improve trade efficiency. In 2019, the two countries signed a Memorandum of Understanding (MoU) in which China committed to importing 1.9 million tons of Malaysian palm oil by 2023, reflecting China's continued demand for this commodity. To streamline trade processes and reduce reliance on the US dollar, Malaysia and China have increasingly adopted RMB in palm oil transactions, which not only simplifies the settlement process but also reduces currency conversion costs. Furthermore, the two countries have been actively promoting the trade of Certified Sustainable Palm Oil (CSPO) to meet global sustainability standards, and China's interest in environmentally-friendly palm oil products is steadily growing. These efforts are supported by Malaysia's participation in China's Belt and Road Initiative (BRI), which has encouraged Chinese investment in Malaysian palm oil refineries and processing plants, strengthening supply chains and promoting trade development. Through the use of RMB and commitments to long-term trade agreements, palm oil trade has further solidified its position as a key component of the economic relationship between Malaysia and China.

The governments of Malaysia and China have also further promoted the use of RMB in other trade sectors, including rubber products, electronic goods, and other export commodities. This cooperation has effectively reduced transaction costs for Malaysian exporters and enhanced overall trade efficiency. Malaysia's RMB clearing services have facilitated cross-border transactions, ensuring smooth capital flows, and allowing businesses on both sides to benefit from these financial arrangements. Last year (2023), 24.4% (nearly USD 13 billion) of trade with China was settled in MYR and RMB (Bank Negara Malaysia, 2024).

Malaysia- China Community with A Shared Future

In 2023, Malaysian Prime Minister Anwar Ibrahim and Chinese President Xi Jinping reached a consensus on building a Malaysia-China Community of Shared Future. This milestone marked significant progress in the long-standing bilateral relationship between the two nations, focusing on deepening cooperation in key areas such as economic development, infrastructure construction, trade, and regional security. The two countries envision a future based on shared interests, promoting sustainable growth, technological innovation, and cultural exchange, while maintaining regional peace and stability.

One of the outcomes of this visit was the signing of 19 business Memoranda of Understanding (MoUs) with a total value of RM170 billion, a record high. This framework builds upon the Comprehensive Strategic Partnership established in 2013, further strengthening cooperation within the Belt and Road Initiative framework. Anwar's visit reaffirmed the two nations' commitment to shared prosperity, connectivity, and collaboration, solidifying their crucial roles in shaping the future of Asian cooperation and integration (New Strait Times, 2023).

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The 50th Anniversary of Diplomatic Relations

The year 2024 marks the 50th anniversary of diplomatic relations between China and Malaysia, symbolizing a new chapter in their partnership that celebrates past accomplishments while charting a course for future collaboration. To commemorate this important milestone, both countries are organizing a series of events aimed at strengthening economic ties and fostering cultural exchanges. These events will include trade fairs, cultural festivals, and academic conferences, all designed to promote mutual understanding and deeper cooperation.

A notable initiative introduced to enhance people-to-people connections is the visa-free entry policy for citizens of both countries. Under this agreement, Chinese citizens can stay in Malaysia for up to 30 days without a visa, while Malaysians can enjoy a 15-day visa-free stay in China. This policy is expected to boost tourism and business exchanges, creating new opportunities for growth. For instance, increased tourist flows from China are likely to benefit Malaysia's local economies, particularly its hospitality and retail sectors. In 2023, Malaysia's tourism revenue reached RM882.75 billion, with 1,474,114 tourists coming from China (Tourism Malaysia, 2024). With the visa-free policy in place, the number of tourists from China is projected to reach new heights, significantly contributing to Malaysia's tourism revenue and reinforcing its position as a top travel destination.

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Malaysia has expressed strong support for China's global initiatives, which have significantly shaped the discourse on international cooperation, development, and security. Among these are President Xi Jinping's concepts of the Community of Shared Future for Mankind, BRI, the Principle of Amity, Sincerity, Mutual Benefit and Inclusiveness in Neighbourhood Diplomacy, the Global Development Initiative (GDI), the Global Security Initiative (GSI) and the Global Civilization Initiative (GCI). These frameworks reflect China's vision for promoting mutual benefit, peace, and cooperation on a global scale, which aligns with Malaysia's own diplomatic and economic goals (Ministry of Foreign Affairs, n.d.).

The Community of Shared Future for Mankind is a concept that advocates for global unity and the development of a world where all nations work collaboratively to address shared challenges. Malaysia views this initiative as a critical framework for enhancing multilateral cooperation, particularly in the face of global issues such as climate change, economic inequality, and security threats. Malaysia recognizes the value of this vision, as it mirrors the country's approach to diplomacy, which is rooted in fostering peace, regional stability, and sustainable development.

The BRI, which seeks to enhance connectivity and economic integration across Asia, Europe, and Africa, has been particularly beneficial to Malaysia. As a key partner in the BRI, Malaysia has seen significant infrastructure investments, including the ECRL and various port development projects, which have boosted the country's logistics and trade sectors. Malaysia appreciates the BRI not only for its economic benefits but also for the broader opportunity it provides to deepen regional integration, strengthen people-to-people ties, and create sustainable development pathways. The BRI has also allowed Malaysia to position itself as a key hub in Southeast Asia, enhancing its connectivity with major global markets.

In addition, Malaysia acknowledges the importance of China's GDI, which emphasizes poverty alleviation, sustainable growth, and narrowing the development gap among countries. Malaysia shares this commitment to sustainable and inclusive development, which is central to its own Malaysia MADANI framework. Through the GDI, both nations can collaborate on areas such as technology transfer, green energy, and infrastructure development, promoting shared prosperity and addressing global inequality.

The GSI proposed by China complements Malaysia's long-standing commitment to regional security and stability. This initiative advocates for a comprehensive, cooperative, and sustainable security framework, which aligns with Malaysia's focus on diplomatic solutions to conflicts, particularly in Southeast Asia. As a member of ASEAN, Malaysia values China's role in maintaining peace in the region, including its efforts to resolve territorial disputes in the South China Sea through dialogue and diplomacy.

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The GCI focuses on promoting cultural exchanges and mutual respect among nations, celebrating the diversity of human civilizations. Malaysia, a multicultural society that embraces diversity, resonates with this concept. Through shared cultural programs, academic exchanges, and diplomatic efforts, Malaysia and China can foster greater cultural understanding, enhancing people-to-people connections that strengthen the foundation of their bilateral relationship.

In return, China has expressed its support for "Malaysia MADANI," an initiative introduced by Malaysia's Prime Minister that embodies six core values: Sustainability, Prosperity, Innovation, Respect, Trust, and Compassion. This vision aims to create a holistic, inclusive society that promotes economic growth, social equity, and environmental sustainability. China recognizes the alignment between Malaysia MADANI and its own principles of Amity, Sincerity, Mutual Benefit, and Inclusiveness, particularly in the context of neighbourhood diplomacy and economic cooperation.

Through the shared objectives of innovation, inclusiveness, and mutual respect, Malaysia and China continue to strengthen their partnership, using both countries' frameworks to advance their common goals in areas such as technology, infrastructure, green energy, and education. The mutual recognition of each other's initiatives reflects the deep trust and collaborative spirit that defines their bilateral relations, positioning them for further cooperation in shaping a more connected and inclusive world.



1.2 Methodology

The methods used in this research include primary data and secondary data. Primary data is original data collected directly by the researchers for the specific purpose of the study. On the other hand, Secondary data refers to information that has already been collected by other researchers or organizations, such as reports, books, academic journals, government publications, and online databases. This type of data is used to provide background information, review existing literature, and support the analysis with previously established facts and trends. The combination of secondary and primary data allows for a comprehensive analysis, ensuring that the findings are both well-grounded in existing knowledge and enriched with new, first-hand insights.

1.2.1 Primary Data: Advisory Panels and Questionnaires

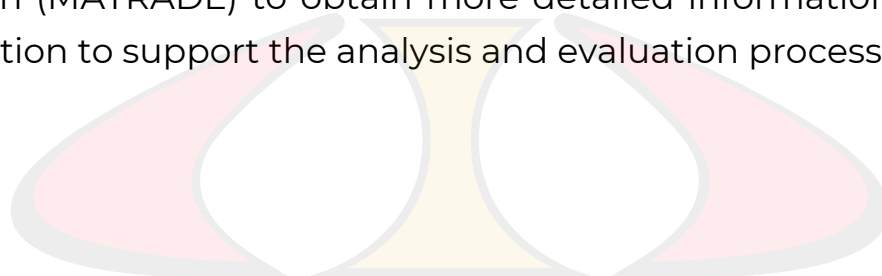
Two Advisory Panels discussions were conducted: 12 representatives' Chinese enterprises were selected for in-depth discussion. Through these discussions, we can gain an in-depth understanding of the actual operations and strategies of Chinese enterprises in Malaysia. These discussions help to reveal the specific measures taken by Chinese enterprises to promote talent development in Malaysia, as well as their actual role and contribution to green development and environmental protection projects. At the same time, dialogues with representatives of these enterprises can also help understand how they can assist Malaysia in improving the quality and technical level of industrial production, thereby making more specific contributions to Malaysia's economic and sustainable development.

Questionnaire survey: Enterprises are selected as samples based on the address book of the Board of Directors of the China Enterprises Chamber of Commerce in Malaysia. This address book covers enterprises from various industries, and representative enterprises will be selected, with a total of 153 samples. Selecting these representative enterprises as samples can help us gain a deeper understanding of the activities of Chinese enterprises of different industries and sizes in Malaysia. Through the questionnaire, we will be able to collect a large amount of quantitative data. This data encompasses various aspects, including the scale of investment, industrial structure, employment, technology transfer, and other dimensions of Chinese enterprises operating in Malaysia.

By analysing this data, we can make a horizontal comparison and analysis of the activities of Chinese enterprises in Malaysia to understand their actual impact and contribution to talent development, green initiatives and high-quality production. For example, we can use the questionnaire to understand the employment situation of Chinese enterprises in Malaysia, including the number of employees, the skill level of employees and training. This data can help us evaluate the talent development of Chinese enterprises in Malaysia and their impact on the local employment market. At the same time, we can also use the questionnaire to understand the implementation of environmental protection measures and green initiatives of Chinese enterprises in Malaysia, the safety and reliability of Malaysian operations, and their contribution to environmental protection and sustainable development, and also measure the company's ESG (environmental, social and corporate governance) performance. In addition, we can also use the questionnaire to understand the production quality management and technical level of Chinese enterprises in Malaysia, as well as to evaluate their impact and driving force on the local industry.

1.2.2 Secondary Data: Research Reports and Macroeconomic Data Analysis

The existing research reports and macroeconomic data analysis methods are used to evaluate the positive trade data results of China's investment in Malaysia. The data will be collected from institutions including but not limited to the Department of Statistics Malaysia (DOSM), and Malaysia External Trade Development Corporation (MATRADE) to obtain more detailed information on the trade situation to support the analysis and evaluation process.



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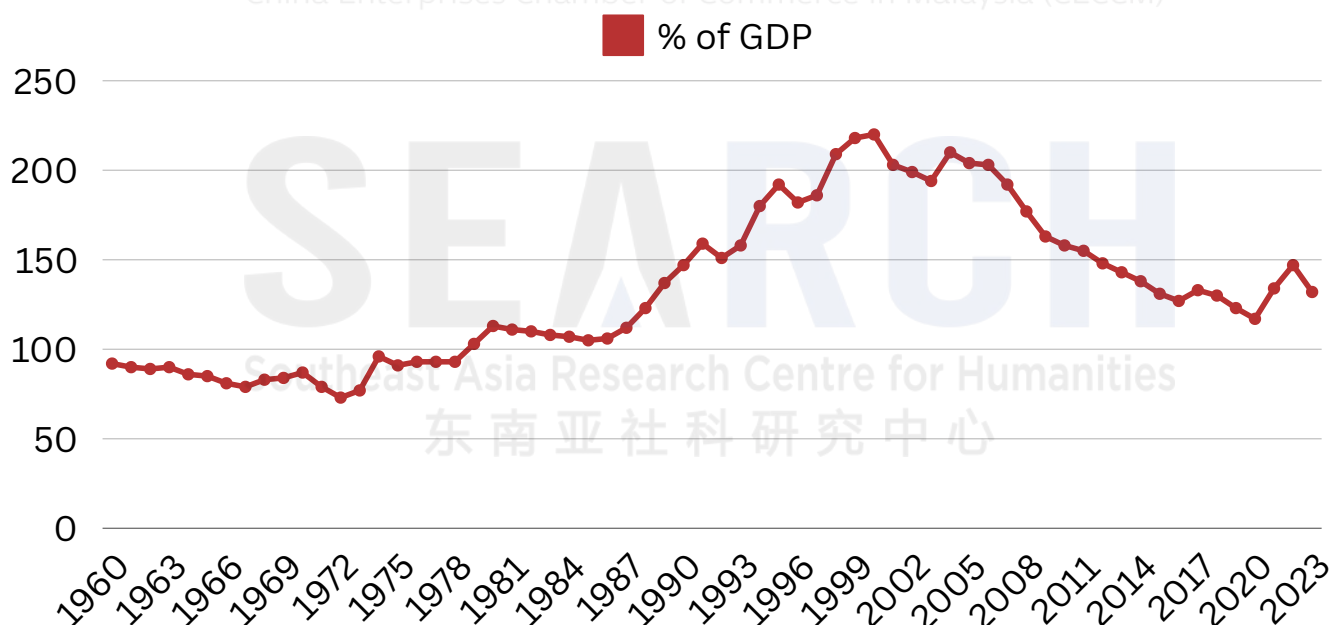
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2.1 Bilateral Trade between Malaysia and China

International trade has always been crucial for Malaysia, given its status as a small open developing economy. Unlike countries with large populations that benefit from substantial domestic markets to support growth and expansion, Malaysia must rely heavily on international trade (Department of Statistics Malaysia, 2024). Consequently, it is imperative for policymakers to closely monitor external trade data, as it is a key driver of Malaysia's economic growth. Malaysia joined the General Agreement on Tariffs and Trade (GATT) in 1957 and became a member of the World Trade Organization (WTO) in 1995. Since 1979, international trade has exceeded 100 percent of GDP, peaking at 220 percent in 2000 before declining to 147 percent in 2022 (see Figure 2.1).

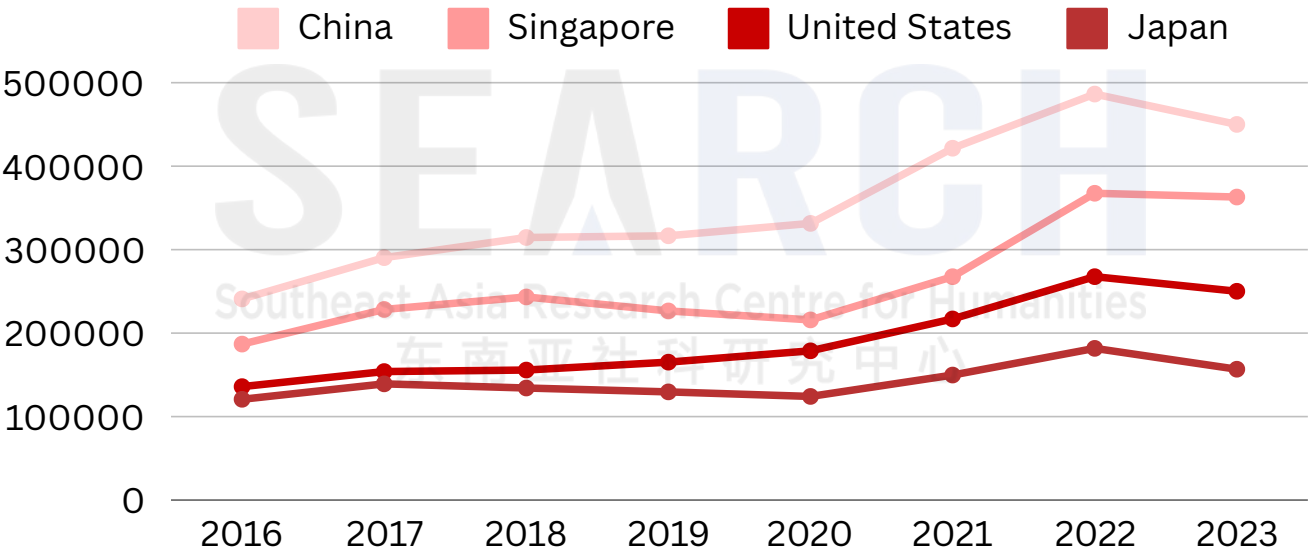
Figure 2.1: Trade (% of GDP) - Malaysia



Source: World Bank

China is one of Malaysia's most important trading partners. Figure 2.2 shows the top four trade partners for Malaysia from 2016 to 2023. Since 2009, China has been Malaysia's largest trading partner, with bilateral trade steadily increasing over the years (Ministry of Foreign Affairs Malaysia, 2024). In 2023, Malaysia's total trade with China amounted to RM 450,012 million. This trade expansion has been achieved through various channels, including multinational corporations operating in both regions, benefiting from the division of labor in global production processes. Additionally, Malaysia participates in several trade agreements that include China, such as the Regional Comprehensive Economic Partnership (RCEP), and China-Association of Southeast Asian Nations (ASEAN) Free Trade Area (CAFTA).

Figure 2.2: Malaysia's trade volume with its major trading partners (2016-2023) (RM Million)

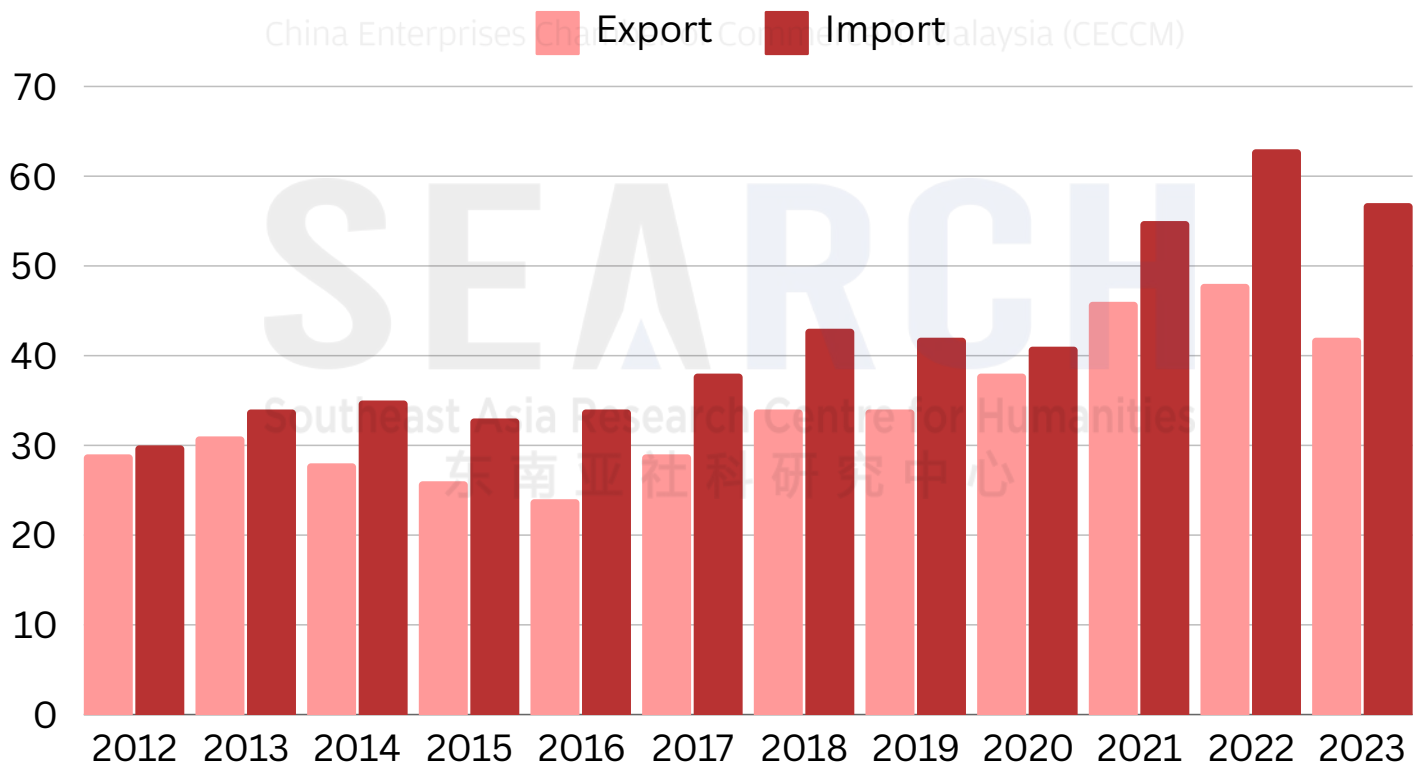


Source: Department of Statistics Malaysia

2.1.1 Analysis of the Total Bilateral Trade between Malaysia and China, and Its Evolving Trends

Figure 2.3 presents the statistics of Malaysia's total trade with China from 2012 to 2023. The trade volume has seen significant growth, rising from USD 58 billion in 2012 to USD 98 billion in 2023. This notable increase reflects the strengthening economic ties and expanding trade activities between the two countries over the past decade. The continuous growth can be attributed to various factors, including enhanced cooperation in trade agreements, increased investments, and the presence of multinational corporations driving bilateral trade.

Figure 2.3: Malaysia's Total Trade with China (USD Billions)


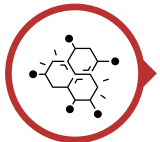


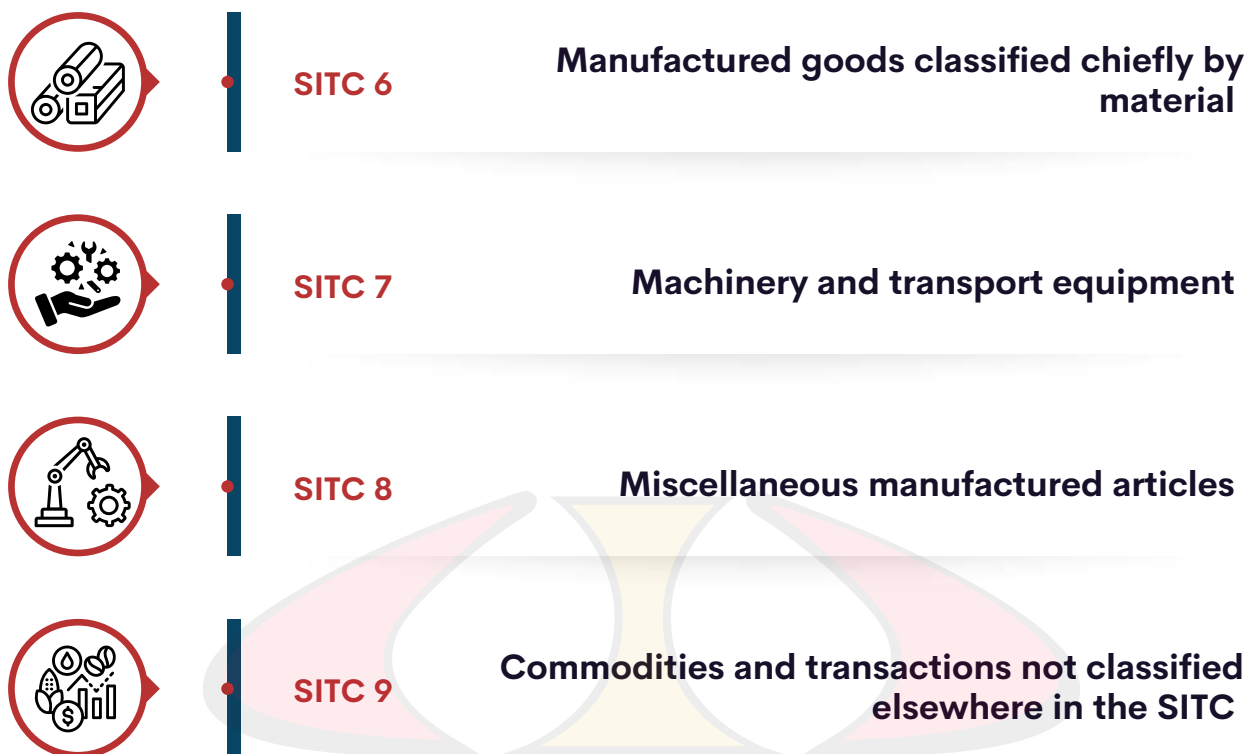
Source: UN Comtrade

2.1.2 Analysis of the Changes in the Commodity Structure of Malaysia and China Trade

Malaysia and China share a robust trade relationship, marked by significant exchanges of goods across various categories. Utilizing the UN Comtrade Standard International Trade Classification (SITC), we can analyse the trade flows between the two nations to understand the dynamics of their economic partnership.

The SITC categories encompass a wide range of products, including:

	SITC 0	Food and live animals
	SITC 1	Beverages and tobacco
	SITC 2	Crude materials, inedible, except fuels
	SITC 3	Mineral fuels, lubricants, and related materials
	SITC 4	Animal and vegetable oils, fats, and waxes
	SITC 5	Chemicals and related products, n.e.s.



These categories provide a comprehensive framework to classify and analyse international trade data. Figure 2.4 shows the latest trends in Malaysia's trade with China across these 10 major product categories in 2023. The figure reveals that trade between Malaysia and China is heavily concentrated in categories such as machinery and transport equipment (SITC 7), manufactured goods classified chiefly by material (SITC 6), chemicals and related products, n.e.s. (SITC 5), and miscellaneous manufactured articles (SITC 8). This concentration highlights the complementary nature of Malaysia and China's trade relationship, with significant exchanges in both high-value machinery and diverse manufactured goods.

Figure 2.4: Malaysia's Trade with China by SITC Categories in 2023 (USD Millions)

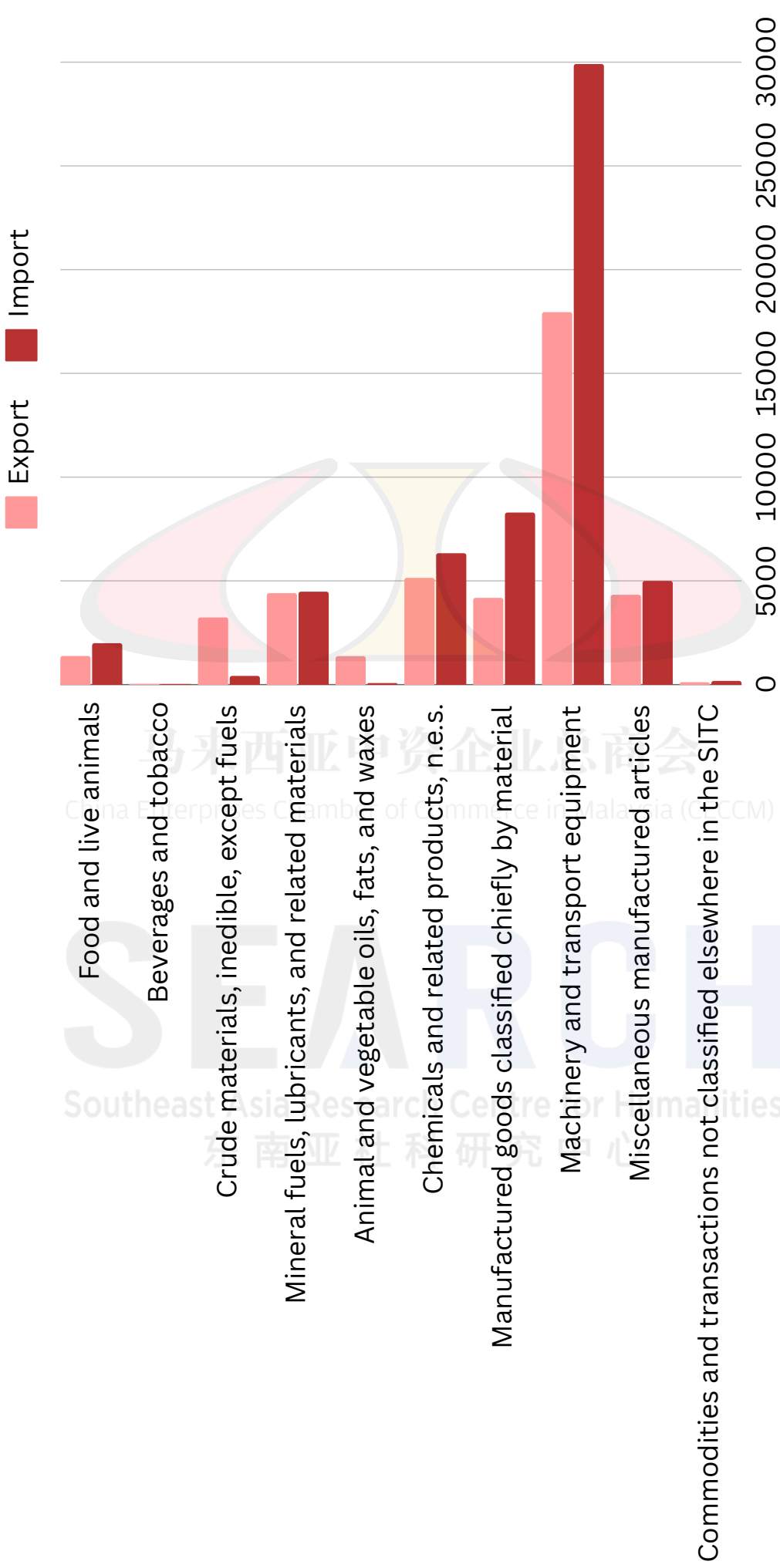
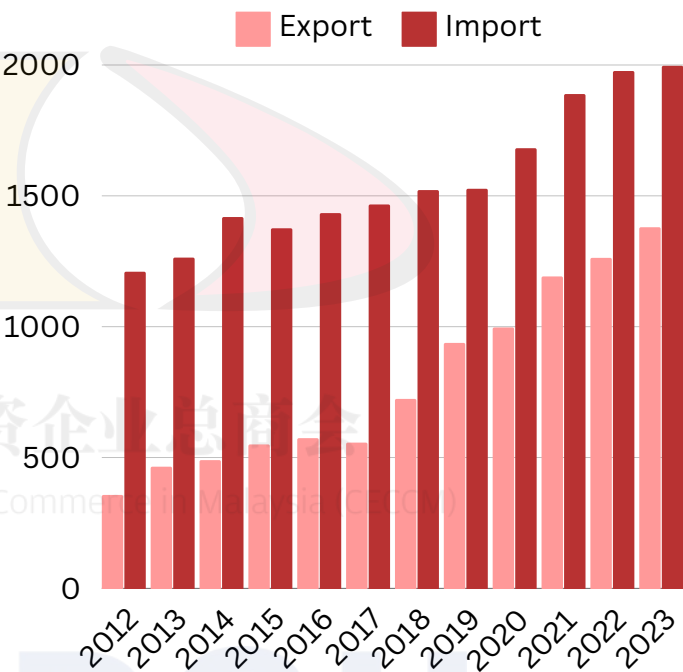


Figure 2.5 presents a comprehensive breakdown of Malaysia's trade with China across different SITC categories over the period from 2012 to 2023. This analysis provides valuable insights into the dynamics of the economic partnership between the two countries, highlighting the strengths and trends in various trade sectors.

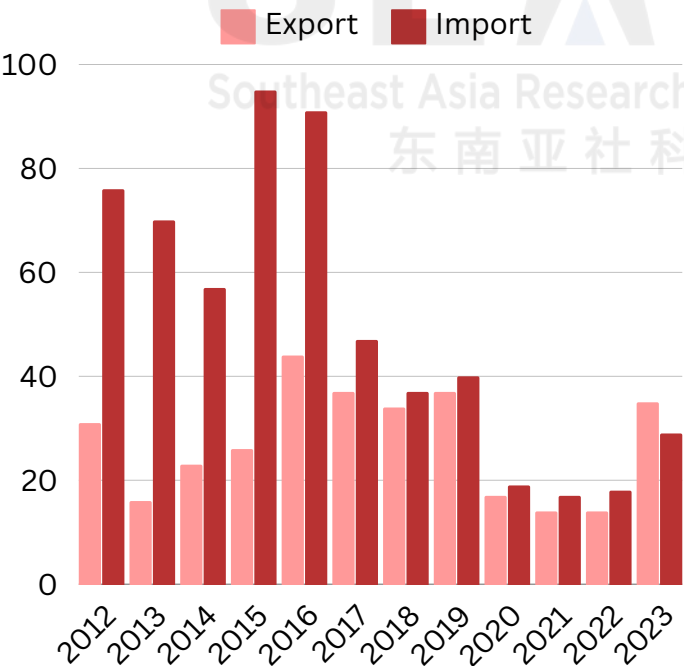
Figure 2.5: Malaysia's Trade with China by SITC Categories (2012-2023) (USD Millions)

SITC 0. Food and Live Animals

SITC 0: Food and Live Animals: This category has shown an increasing trend in both export and import values from 2012 to 2023. Notably, import values have consistently been higher than export values, indicating a robust and growing market for agricultural and animal products between Malaysia and China. The higher import values suggest strong demand for these products in Malaysia, while the steady growth in exports reflects Malaysia's expanding capabilities and market access in China.



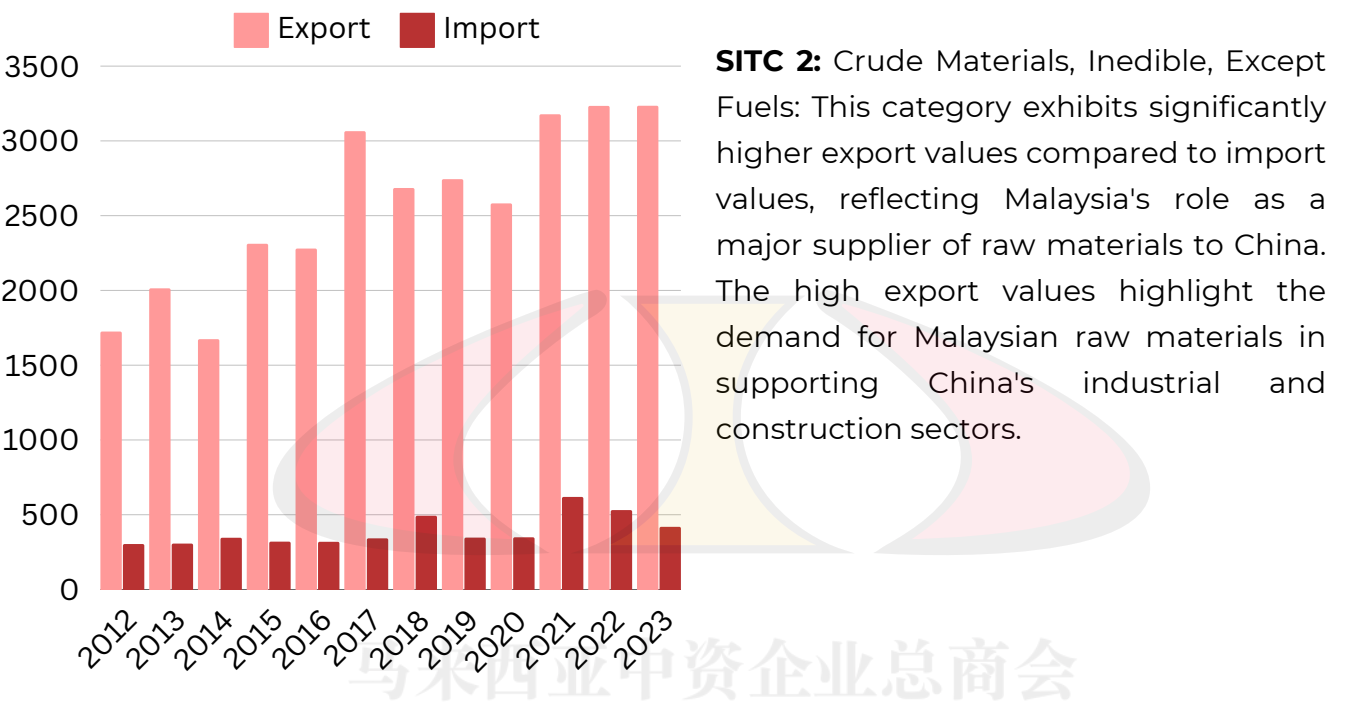
SITC 1. Beverages and Tobacco



SITC 1: Beverages and Tobacco: Trade values in this category are relatively lower compared to others, averaging less than USD 100 million over the period, with a decline to an average of USD 25 million in the last five years. While not a major trade category, the consistent presence of trade indicates niche market opportunities, despite the recent decline possibly suggesting shifting consumer preferences or market conditions.

Figure 2.5: Malaysia's Trade with China by SITC Categories (2012-2023) (USD Millions)

SITC 2. Crude materials, inedible, except fuels



SITC 3. Mineral Fuels, Lubricants and related materials

SITC 3: Mineral Fuels, Lubricants, and Related Materials: Both export and import values in this category are high and have become relatively similar in recent years. This underscores the importance of energy-related products in bilateral trade, with Malaysia's natural resources playing a crucial role in meeting China's energy needs.

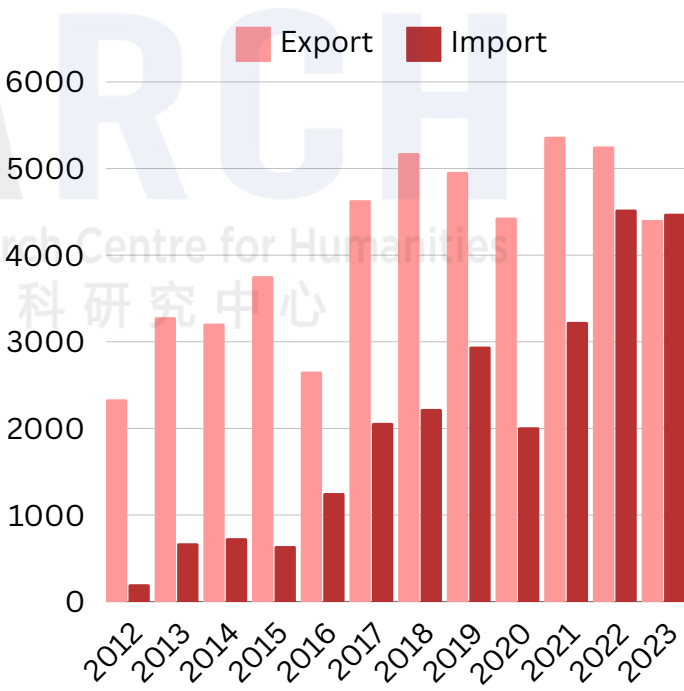
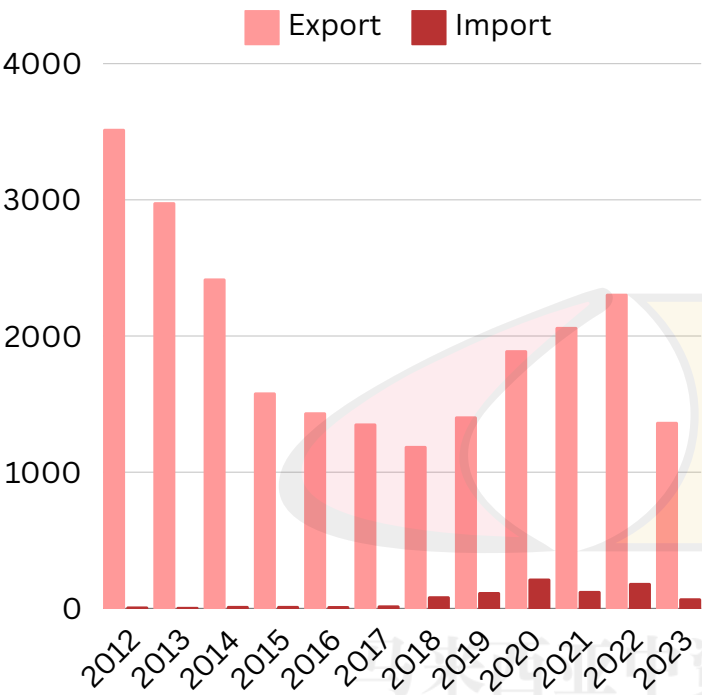


Figure 2.5: Malaysia's Trade with China by SITC Categories (2012-2023) (USD Millions)

SITC 4. Animal and Vegetable Oils, Fats and Waxes



SITC 4: Animal and Vegetable Oils, Fats, and Waxes: Export values in this category are much higher than import values, reflecting Malaysia's significant export of palm oil and related products to China. This emphasizes the agricultural trade's strategic role in bilateral economic ties.

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SITC 5. Chemicals and related products, n.e.s.

SITC 5: Chemicals and Related Products, n.e.s.: Both export and import values are high and have shown steady growth, highlighting the robust trade in chemicals essential for various industrial applications. This points to deepening industrial and technological cooperation between Malaysia and China.

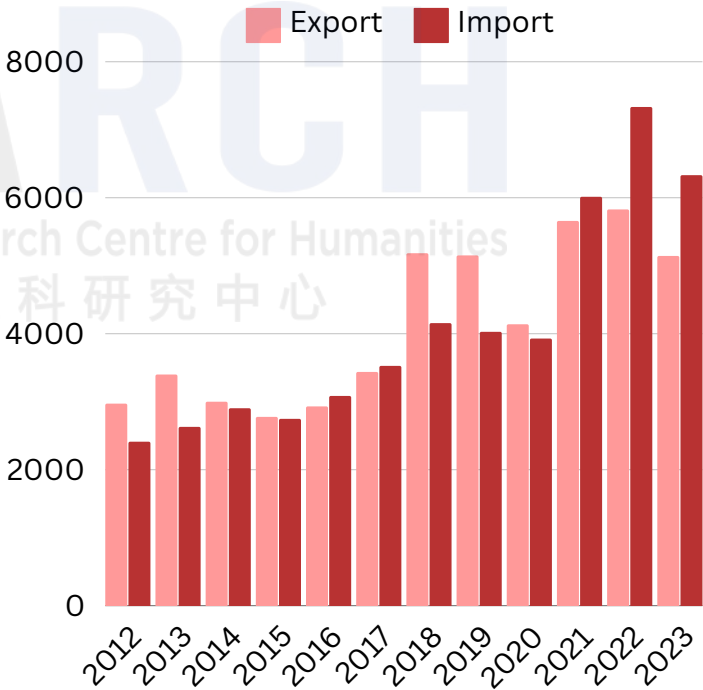
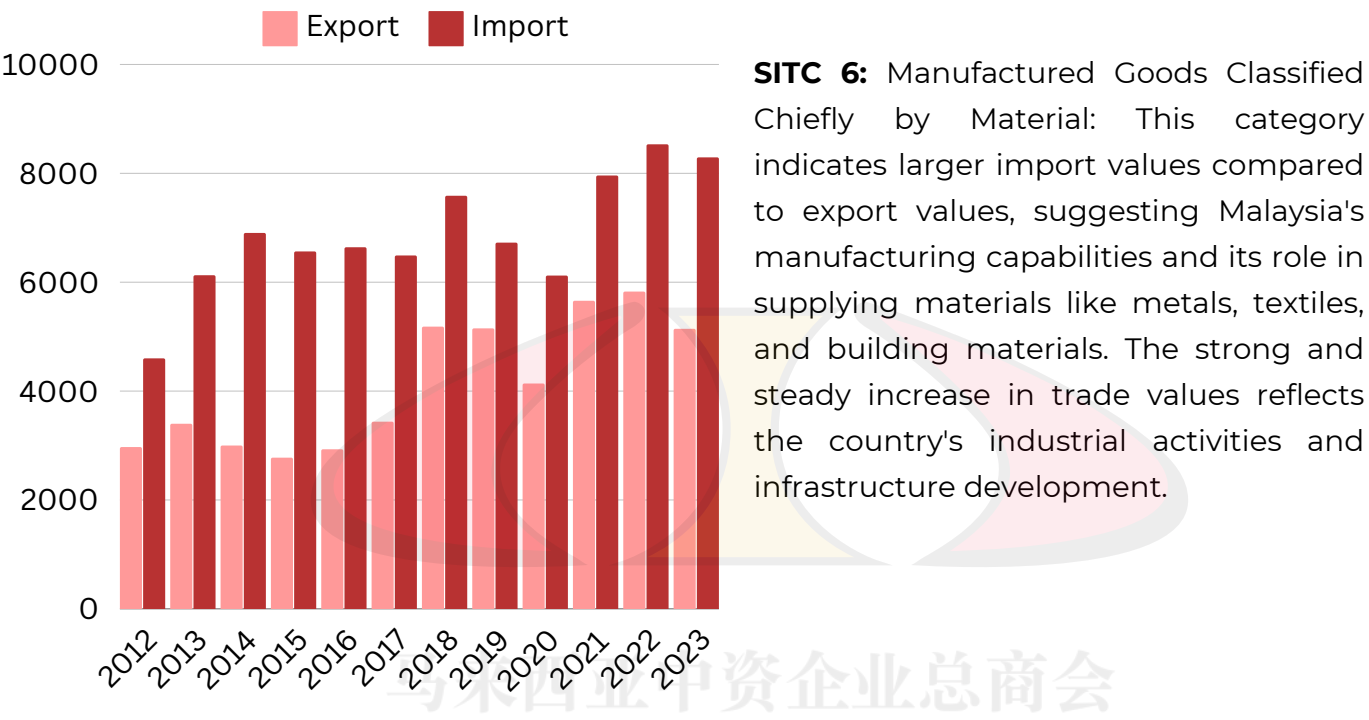


Figure 2.5: Malaysia's Trade with China by SITC Categories (2012-2023) (USD Millions)

SITC 6. Manufactured Goods classified chiefly by material



SITC 7. Machinery and Transport Equipment

SITC 7: Machinery and Transport Equipment: Consistently high import values in this category emphasize the importance of machinery and transport equipment in bilateral trade. The high trade values reflect significant technological and industrial exchanges, with Malaysia importing advanced machinery and equipment from China.

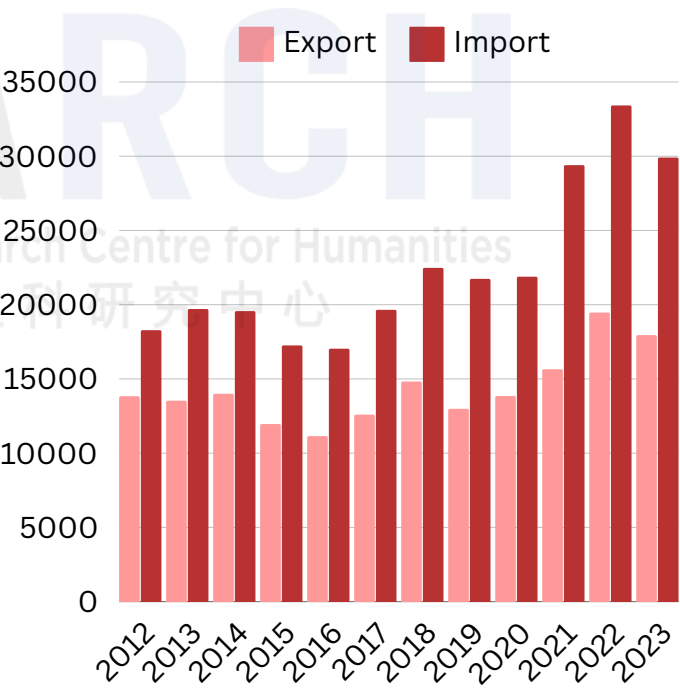
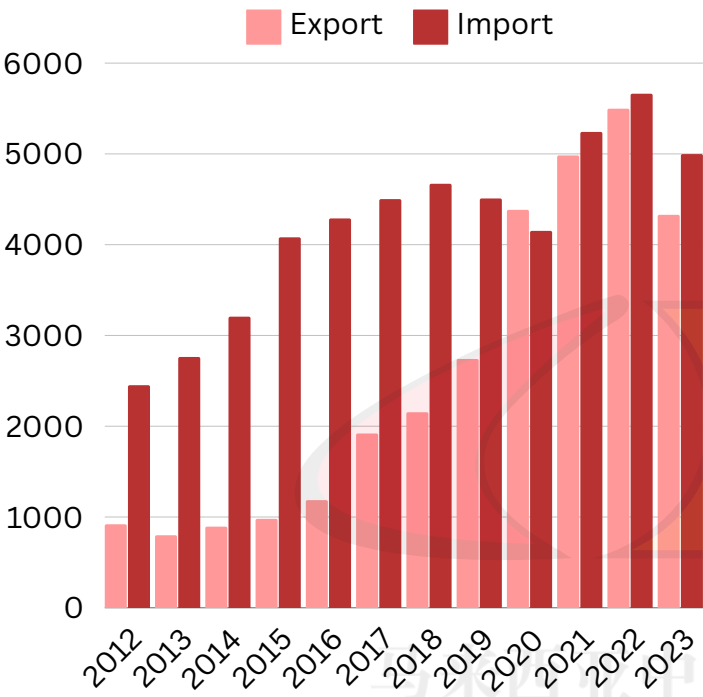


Figure 2.5: Malaysia's Trade with China by SITC Categories (2012-2023) (USD Millions)

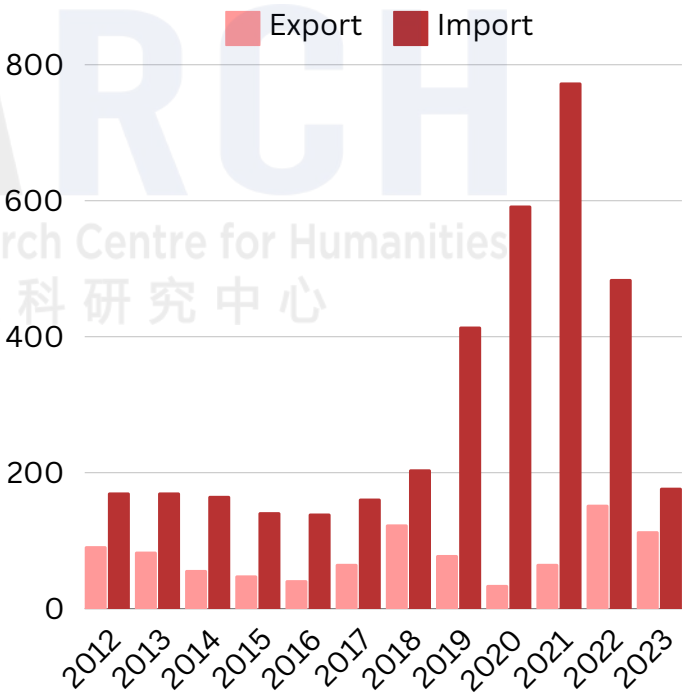
SITC 8. Miscellaneous Manufactured Articles



SITC 8: Miscellaneous Manufactured Articles: Moderate trade values in this category have shown steady growth, indicating diverse manufacturing capabilities and consumer goods trade. This reflects the adaptability and breadth of Malaysia's manufacturing sector.

SITC 9. Commodities and Transactions not classified elsewhere in the SITC

SITC 9: Commodities and Transactions Not Classified Elsewhere in the SITC: This category generally exhibits lower trade values, including unique or irregular trade items not captured in other categories, reflecting the specialized nature of these trades.



Storybox: Expanding Trade Ties through Machinery and Transport Equipment (SITC 7)

From 2012 to 2023, Malaysia's trade in Machinery and Transport Equipment (SITC 7) with China demonstrated significant growth, reflecting deepening economic ties and the pivotal role of China in Malaysia's trade expansion. As depicted in the graph, imports of machinery and transport equipment from China consistently outpaced exports, with both showing steady increases over the period.

Malaysia's exports of SITC 7 products to China have grown at a steady pace, highlighting the country's rising capability in advanced manufacturing and equipment production. This increasing trend indicates Malaysia's ability to supply value-added machinery and transport equipment, driven by strong demand from China's rapidly industrializing economy.

On the import side, the upward trajectory of machinery and transport equipment imports from China emphasizes China's role as a key supplier of high-tech and heavy equipment. By 2022, imports nearly reached USD 35,000 million, significantly higher than the corresponding exports of around USD 20,000 million. This gap underscores the strategic importance of China in providing Malaysia with advanced technology, manufacturing equipment, and transport solutions that have bolstered its infrastructure and industrial development.

The partnership in this sector has not only enhanced Malaysia's industrial capacities but also propelled bilateral trade to new heights. China's role as a leading global manufacturer has helped Malaysia expand its trade network in the machinery and transport sectors, contributing to the robust economic relationship between the two nations.

Looking forward, as Malaysia continues to industrialize, the ongoing collaboration in SITC 7 with China is expected to further deepen, fuelling innovation, growth, and economic integration.

The detailed analysis of Malaysia's trade with China across SITC categories from 2012 to 2023 reveals a dynamic and evolving trade relationship. Key sectors such as machinery and transport equipment, manufactured goods, chemicals, and mineral fuels dominate the trade landscape, reflecting the industrial and technological synergy between the two nations. The steady growth in trade values across most categories underscores the resilience and adaptability of Malaysia's economy in leveraging its comparative advantages to meet China's demands. This robust trade relationship is crucial for both economies, fostering economic growth and enhancing bilateral cooperation in various sectors.

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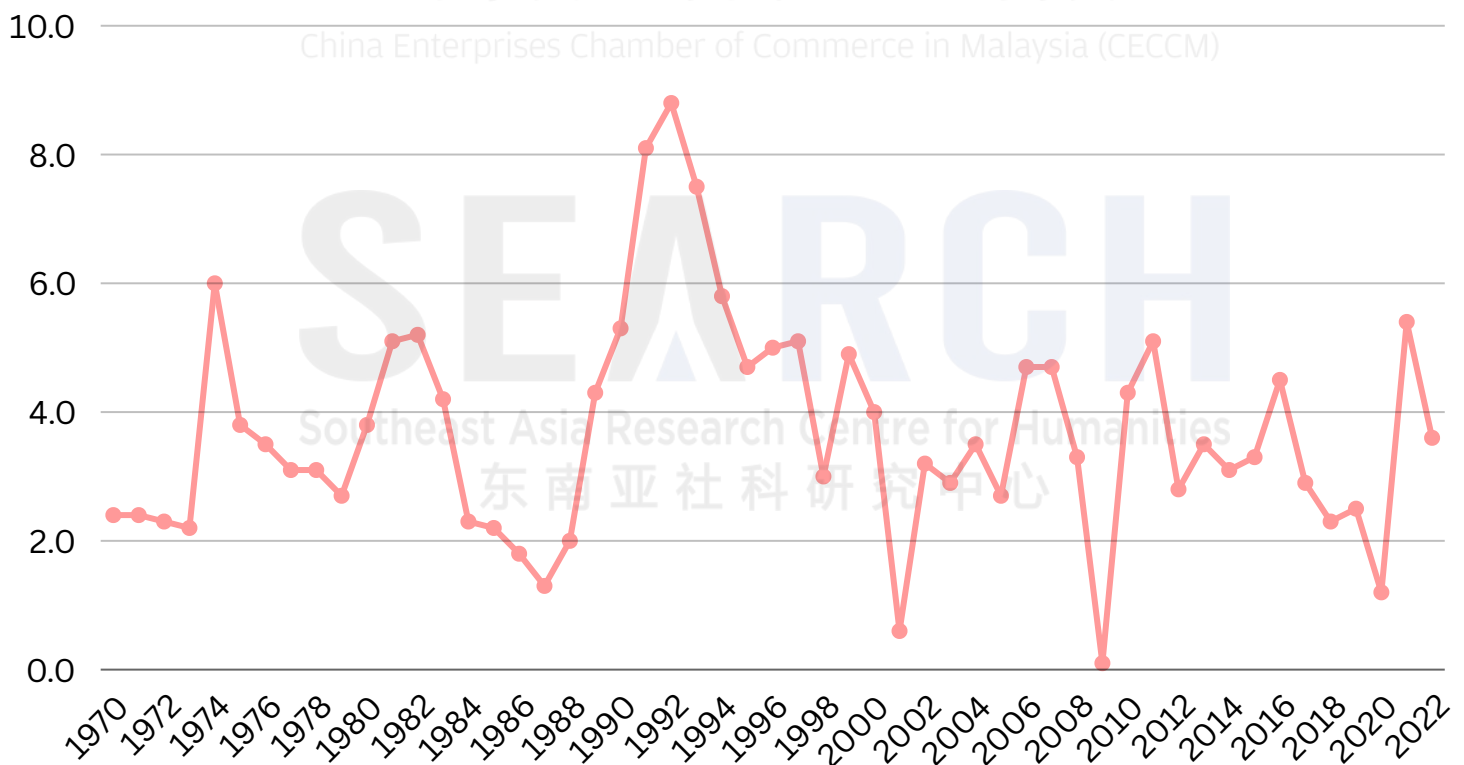
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2.2 Scope and Sectors of Investment by Chinese Enterprises

2.2.1 China Direct Investments in Malaysia

The Malaysian government has long prioritized foreign direct investment (FDI) as a cornerstone of its economic strategy, contributing significantly to its development trajectory. FDI reached its highest point at 8.8% of Gross Domestic Product (GDP) in 1992. Over the years, this percentage significantly declined, rising again to a new peak of 5.4% of GDP in 2021 before decreasing to 3.6% in 2022 (see Figure 2.6).

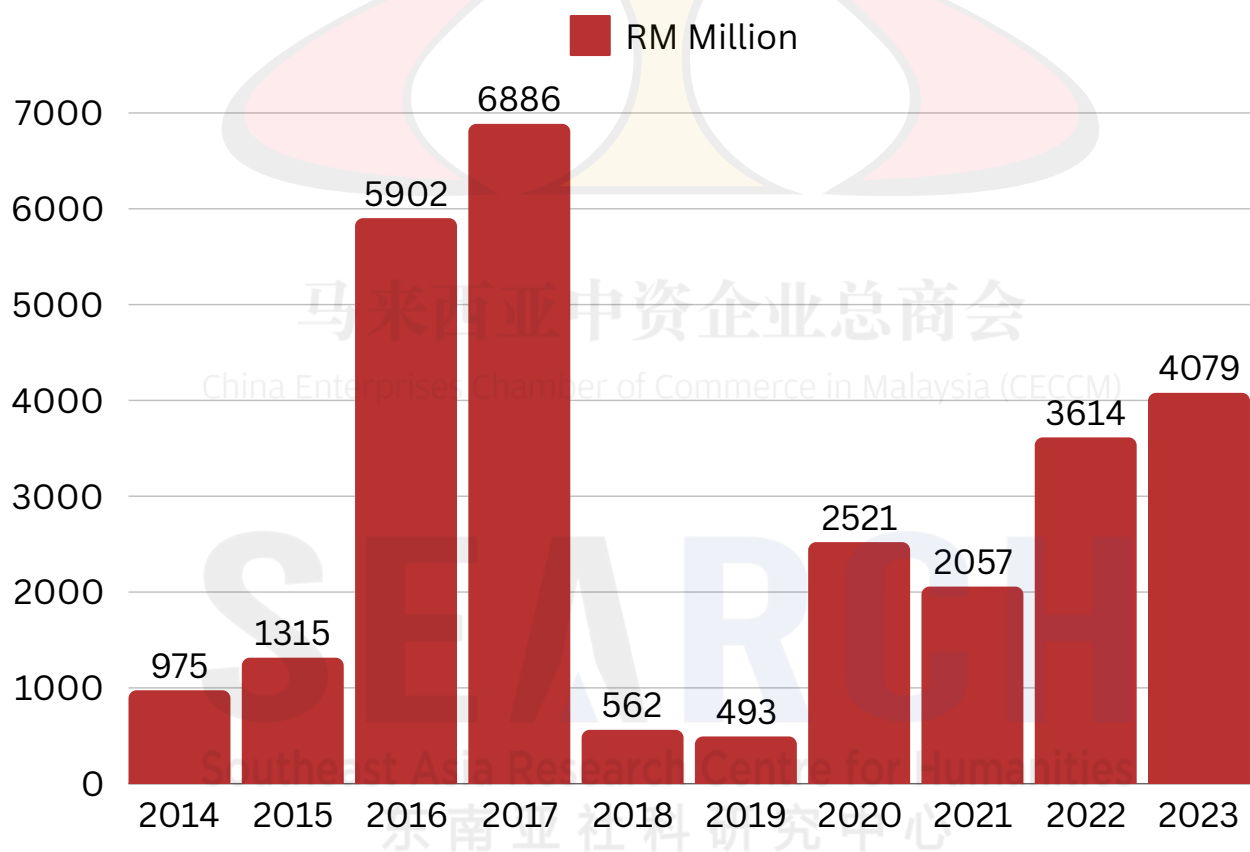
Figure 2.6: Foreign direct investment, net inflows (% of GDP) - Malaysia



Source: World Bank

The BRI, launched in 2013, marked a significant milestone in the history of China's investments in Malaysia. Figure 2.7 shows the total net inflows of Chinese FDI into Malaysia following the initiation of the BRI. Chinese investments surged, reaching a peak of RM 6,886 million in 2017. During former Prime Minister Najib's visit to China in late 2016, Malaysia and China signed 14 Memorandums of Understanding (MOUs) worth RM 143.6 billion (Malaysia Kini, 2016).

Figure 2.7: Total Net Inflows of Chinese FDI into Malaysia Post-BRI



Source: Department of Statistics Malaysia 2024

Following the 2018 general elections, despite initial uncertainties and a temporary pause on the ECRL project, the administration under former Prime Minister Mahathir positively evolved its approach to Chinese investments. Although Chinese investments dipped to RM 562 million in 2018, the reinstatement of the ECRL project in 2019 led to a rebound.

In 2020, despite the challenges posed by the Covid-19 pandemic and subsequent lockdowns, investments from China increased to RM 2,521 million. Due to China's continued adherence to the dynamic zero-COVID policy, outward investment was affected, slightly decreasing to 2.057 billion ringgit in 2021. However, with the reopening of China's economy, investments from China to Malaysia rose to RM 3,614 million in 2022, highlighting the resilience and continued growth of Chinese investments in Malaysia.

Table 2.1, sourced from the Malaysian Investment Development Authority (MIDA), highlights the value of approved private investments in Malaysia by major countries from 2022 to the first two quarters of 2024. In 2022, China demonstrated its strong economic recovery with a significant surge in foreign investments, reaching RM55,431.9 million, making it the top investor in Malaysia. This remarkable spike underscores China's commitment to international partnerships and its confidence in Malaysia as a key investment destination following the reopening of its economy.

In 2023, China maintained its substantial investment presence, securing RM14,466.1 million in foreign investments and ranking second with 122 approved projects, reflecting sustained interest in diverse sectors. Although slightly behind Singapore's 301 projects, this level of investment indicates the continued positive impact of China's strategic focus on Malaysia.

For the first half of 2024, China remains a major player in Malaysia's economic landscape, being the second-largest investor with RM9,813.8 million in approved investments, following Singapore's RM16,470 million. These figures reflect the ongoing strength and long-term commitment of Chinese investments in fostering growth and collaboration between the two countries.



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Table 2.1: Malaysia's Approved Private Investments by Major Country

Country	Jan – Dec 2022		Jan – Dec 2023		Jan – Jun 2024	
	Number	Foreign Investment (RM million)	Number	Foreign Investment (RM million)	Number	Foreign Investment (RM million)
Singapore	250	13,466.8	301	43,691.8	193	16,470.0
The Netherlands	44	20,368.1	37	35,513.6	13	4,042.3
USA	51	29,160.0	62	21,531.2	27	1,530.8
The People's Republic of China	91	55,431.9	122	14,466.1	66	9,813.8

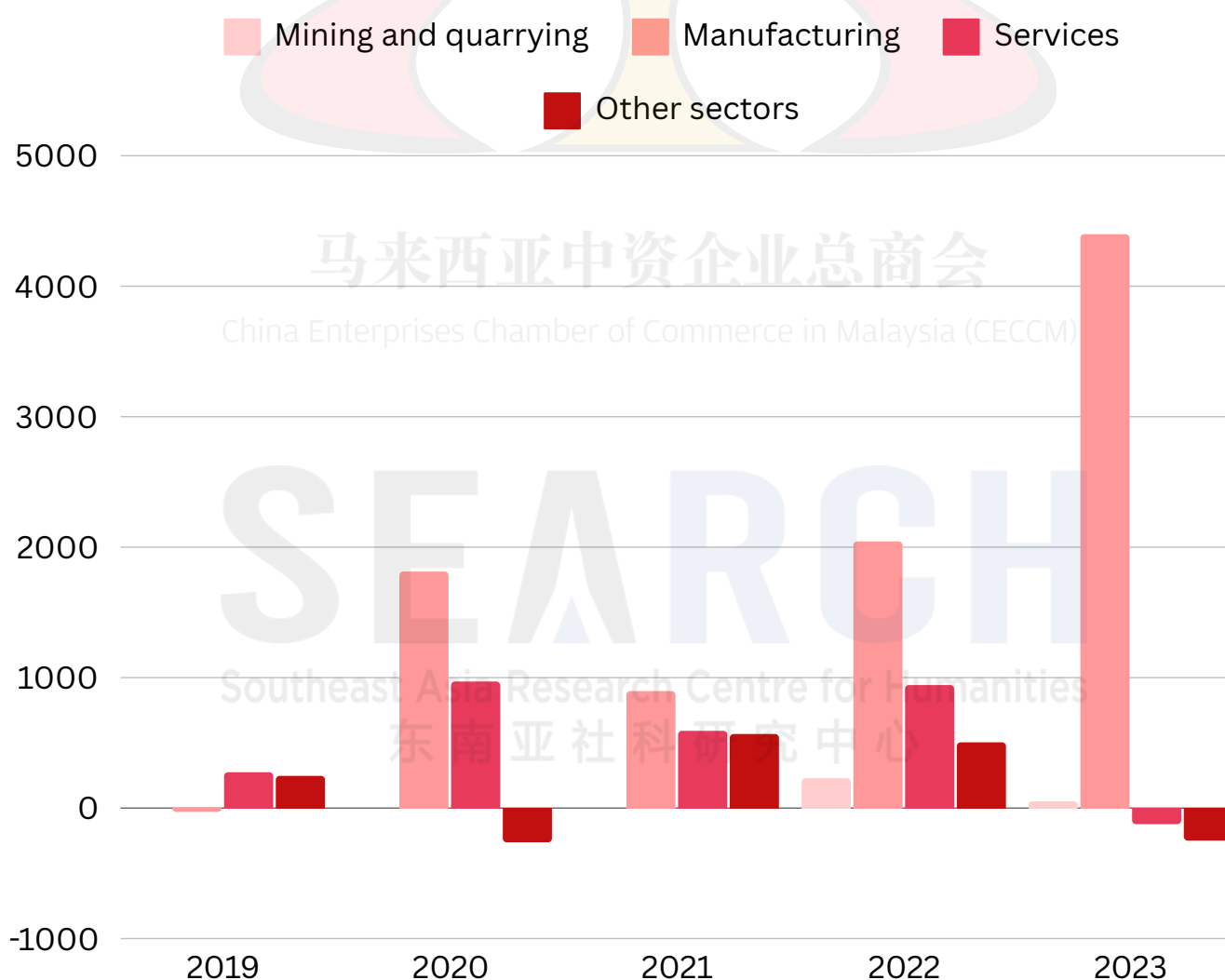
Source: Malaysian Investment Development Authority (MIDA)

Note: 2022: US\$1 = RM4.42; 2023 : US\$1 = RM4.59; Jan-Jun, 2024 : US\$1 = RM4.72

2.2.2 China's Key Investment Sectors in Malaysia

Among various sectors, the manufacturing sector has attracted the majority of net FDI inflows from China into Malaysia over the past five years (2020-2023), as shown in Figure 2.8. This trend underscores the significant role that manufacturing sector plays in Chinese investments in Malaysia.

Figure 2.8: Chinese Net FDI Inflows into Malaysia, by sectors (RM Millions)



Source: Department of Statistics Malaysia (DOSM)

Focusing specifically on the manufacturing sector, Table 2.2 highlights the top five countries with approved manufacturing projects with foreign participation in Malaysia in 2023. China consistently emerges as the leading country in this regard.

Table 2.2: Approved Manufacturing Projects with Foreign Participation by Country or by region, 2022 and 2023

Country or Region	2022			2023		
	No	Employment	Foreign Investment (RM million)	No	Employment	Foreign Investment (RM million)
The Netherlands	11	3,458	8,784.2	15	889	34,854.1
USA	24	10,844	4,300.4	27	6,063	18,119.7
Cayman Islands	1	40	87.5	10	2,143	16,862.0
Singapore	83	9,849	9,609.9	122	15,293	12,870.2
The People's Republic of China	46	6,193	9,554.9	64	9,305	11,992.0
Total			66,021.3			128,438.2

Source: Malaysian Investment Development Authority (MIDA)

When examining China's approved manufacturing projects in Malaysia, the data from 2022 to 2023 reveals a notable shift in investment patterns. In 2022, China had 46 approved manufacturing projects, generating employment for 6,193 individuals with a total investment of RM 9,554.9 million. By 2023, the number of approved projects had increased to 64, and the employment rose to 9,305 jobs. In addition, the total investment from China rose significantly to RM 11,992 million.

This shift suggests a strategic move by Chinese investors towards higher-value, capital-intensive projects in Malaysia's manufacturing sector. The increase in investment value, despite fewer projects and lower employment figures, indicates a focus on advanced manufacturing technologies, automation, and large-scale facilities. These types of projects require substantial financial investment but generate fewer jobs.

The sustained and increased investment from China highlights the ongoing importance and adaptability of Chinese investments in Malaysia's manufacturing sector. This trend reflects a response to changing economic conditions and evolving investment strategies, positioning Malaysia as a critical hub for advanced manufacturing within the region.

Chinese investors are increasingly exploring opportunities in Malaysia, bolstering its appeal as a prime investment destination. Prime Minister Datuk Seri Anwar Ibrahim's recent visit to China underscored this trend, securing investments exceeding USD 38 billion (approximately RM 175 billion). This influx could potentially contribute up to 10% of Malaysia's GDP, which was USD 373 billion (RM 1.72 trillion) in 2021 (MIDA, 2023).

2.2.3 China's Major Investment Projects in Malaysia

The following section introduces several Chinese investments that drive innovation in Malaysia's technology sector, support local startups, and expand regional presence.

(i) MCKIP

The MCKIP, officially inaugurated on February 5, 2013, is strategically located within the special economic zone of the East Coast Economic Region (ECER) in Kuantan, Pahang. Covering a total area of 14.2 square kilometres (3,500 acres), MCKIP is divided into three sections: MCKIP 1 (1,200 acres), MCKIP 2 (1,000 acres), and MCKIP 3 (1,300 acres). MCKIP 1 and 2 are designated for heavy and medium industries, while MCKIP 3 is focused on a logistics hub, light industries, as well as residential and commercial components.

MCKIP is the result of a collaborative effort between the Malaysia Consortium and the China Consortium, with its counterpart, the China-Malaysia Qinzhou Industrial Park (CMQIP), located in Qinzhou, China, officially launched on April 1, 2012. Supported robustly by both the Malaysian and Chinese governments, CMQIP and MCKIP form the foundation of an innovative international cooperation model called "Two Countries, Twin Parks." CMQIP spans 55 square kilometres and is being developed in three phases, featuring not only factories but also commercial and residential areas, schools, hospitals, and other essential amenities. Currently, CMQIP hosts 25 projects with a total investment value of RMB 5.3 billion.

The Kuantan Port-Beibu Gulf Port-Sichuan-Chongqing multimodal transport route enhances connectivity between MCKIP and China (Ariffin, 2023). The shipping duration from Kuantan Port to Qinzhou Port is approximately 3 to 4 days, with shipments to other Chinese ports taking between 4 to 8 days. Kuantan Port, managed by Kuantan Port Consortium Sdn. Bhd., has undergone significant expansion to double its capacity from 26 million to 52 million freight weight tonnes. Annual container volume is expected to increase from 150,000 TEUs to 1.5 million TEUs. This expansion reinforces the port's role in handling key bulk exports such as timber, petroleum, and palm oil products, further boosting regional economic activities.

This new international land-sea trade channel plays a pivotal role in fostering foreign investments, creating job opportunities, and boosting economic growth in the East Coast Economic Region. MCKIP specializes in heavy and medium industries, including steel and non-ferrous metals, clean technology, petrochemicals, electrical and electronic engineering, machinery, and equipment manufacturing. With its strategic connection to Beibu Gulf Port and the broader Chinese market, MCKIP not only facilitates trade but also serves as a transition hub between Malaysia and China, driving industrialization and regional supply chain development.

Industries Orientation

MCKIP is home to a variety of industries, including (MCKIP, 2024):



Contributions and Benefits to the Local Community

Job Creation and Economic Growth

MCKIP has significantly contributed to job creation and economic growth in the Kuantan region. One prominent example is Alliance Steel (M) Sdn Bhd, as a joint venture between Fujian Wugang Group Co., Ltd. and Guangxi Shenglong Metallurgical Co., Ltd. Other notable enterprises include lead acid battery manufacturer Camel Power Trading Sdn Bhd, and spun pile manufacturer Industrial Concrete Products Sdn Bhd. These enterprises in MCKIP, and the adjacent Kuantan Port not only provide 10,000 employment opportunities but also stimulate the local economy through the demand for goods and services. In 2023, MCKIP has realised RM14.55 billion in investments, and RM15.45 billion more has been committed. The industrial park is estimated to hit a gross development value of RM45 billion when completed (The Star, 2023).



Technological Transfer and Skill Development

The presence of advanced manufacturing and industrial operations in MCKIP facilitates the transfer of technology and expertise from China to Malaysia. This transfer is crucial for the development of local industries, enhancing their productivity and competitiveness. Training programs and collaborative projects enable Malaysian workers to acquire new skills and knowledge, thereby improving their employability and contributing to human capital development.

Infrastructure Improvements

The development of MCKIP has led to significant improvements in local infrastructure, benefiting both the industrial park and the surrounding communities. The construction of roads, utilities, and other essential services has improved connectivity and accessibility, making the region more attractive for further investments. These infrastructure enhancements also benefit local residents by providing better transportation options and improved public services. By 2027, MCKIP and Kuantan Port will be integrated with the East Coast Rail Link, a land-bridge which will connect the east coast to the west coast of Malaysia.



Boost to Local SMEs

The establishment of large-scale industries in MCKIP has created opportunities for local small and medium-sized enterprises (SMEs) to thrive. SMEs can serve as suppliers and service providers to the multinational enterprises operating within the park. This symbiotic relationship promotes the growth of local businesses, diversifies the regional economy, and enhances overall economic resilience.

Educational and Social Benefits

The economic activities generated by MCKIP have led to improvements in local educational and social amenities. The influx of investments and the resultant economic growth have prompted the development of better schools, healthcare facilities, and recreational areas. These improvements contribute to a higher quality of life for the local population, making the region more liveable and attractive.



Key Incentives for Investing in MCKIP (MCKIP, 2024):



A 10 + 5-year period of 100% corporate income tax exemption from the year statutory income is derived, or 100% qualifying capital expenditure incurred for 5 years.



Import duty exemptions for raw materials, parts and components, plants, machinery, and equipment.



Stamp duty exemptions on the transfer or lease of land or buildings used for development.

(ii) ECRL Project

The ECRL is an ambitious 665-kilometer railway project undertaken by Malaysia Rail Link (MRLSB), a subsidiary fully owned by the Ministry of Finance of Malaysia. This significant infrastructure initiative aims to connect the eastern states of Kelantan, Terengganu, and Pahang with the bustling Klang Valley on the west coast of Peninsular Malaysia. The project is executed through a strategic 50:50 joint venture between MRLSB and the China Communications Construction Company (CCCCM), symbolizing the largest economic and trade collaboration between China and Malaysia. The Ministry of Transport, through Agensi Pengangkutan Awam Darat (APAD), oversees and regulates the project's implementation.

In the context of the ECRL, CCCC's involvement not only ensures the project's technical success but also signifies a deepening of Malaysia-China economic ties under the BRI. The project is poised to enhance regional connectivity, foster economic growth, and serve as a model of international cooperation in infrastructure development.



Strategic Significance and Economic Benefits

1. Enhancing Transportation Connectivity

The ECRL is poised to transform Malaysia's transportation landscape by linking urban and rural areas, thus enhancing public transportation and connectivity. Before the ECRL, Malaysia's railway network spanned approximately 1,700 kilometers, primarily focused on the west coast of Peninsular Malaysia through the Keretapi Tanah Melayu Berhad (KTMB) network. The existing East Coast Line, which runs from Gemas to Tumpat, provided limited connectivity to the east coast.

With the addition of the 665-kilometer ECRL, Malaysia's railway network will significantly expand, enhancing transportation links between the east and west coasts. Once completed, the total length of Malaysia's railway network will surpass 2,400 kilometers. The ECRL will connect Port Klang on the west coast with Kota Bharu in the east, passing through key regions like Pahang and Terengganu, thereby addressing a long-standing gap in east-west connectivity.

The ECRL is projected to significantly boost economic development, trade, and tourism along the East Coast. Freight transport is expected to generate 70% of the railway's total revenue, while passenger transport will account for the remaining 30%. By easing transportation of goods and people, the ECRL is set to stimulate growth in underdeveloped areas and create more opportunities for investment, both locally and internationally.

2. Job Creation and Economic Stimulus

The construction phase of the ECRL has been a substantial economic stimulus, expected to create job opportunities worth RM17.6 billion (approximately \$4.2 billion). This surge in employment has provided significant economic benefits to local communities, particularly in the construction, engineering, and related industries. For instance, local enterprises have secured contracts for various project components, thereby promoting local business growth and expertise development.

3. Infrastructure Development and Modernization

The ECRL project is a testament to the fruitful collaboration between Malaysia and China. CCCCM, responsible for engineering, procurement, construction, and commissioning, brings world-class expertise and technology to the project. This collaboration ensures the highest standards in railway construction and operations, thereby modernizing Malaysia's infrastructure.

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Collaboration Benefits

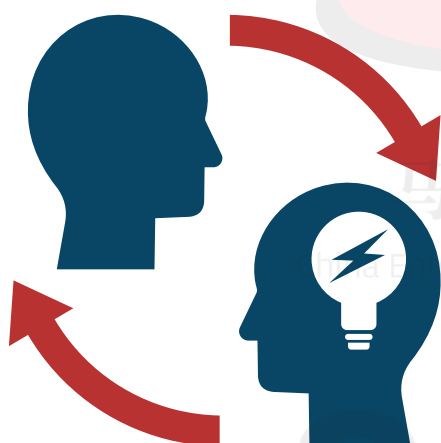
Local Industry Boost

Local suppliers and contractors have significantly benefited from the ECRL project. For example, Malaysian steel manufacturers have been engaged to supply materials for the railway, boosting the local steel industry. Additionally, local construction enterprises have been awarded sub-contracts, which have enhanced their capabilities and created more employment opportunities.



Skills and Technology Transfer

The partnership with CCCC has facilitated skills and technology transfer to the local workforce. Malaysian engineers and construction workers have had the opportunity to work alongside their Chinese counterparts, gaining valuable experience and knowledge in advanced railway construction techniques. This collaboration not only enhances the skill set of the local workforce but also positions Malaysia as a hub for future railway projects in the region.



Economic Integration and Growth

The ECRL is expected to drive economic integration between the east and west coasts of Malaysia, reducing travel time and transportation costs for goods and passengers. This improved connectivity is anticipated to attract investments, stimulate local economies, and promote regional development. For instance, the improved logistics network will benefit industries such as manufacturing and agriculture by facilitating faster and more efficient transportation of goods to major markets.



Project Timeline and Current Progress

Construction of the ECRL commenced in Kuantan, Malaysia, in August 2017 but faced a temporary halt in 2018 due to financial issues. The project resumed in July 2019 and is on track for completion by December 2026, with operations expected to start in January 2027. As of May 2024, the project's progress in Kelantan had reached 79.81%, according to the Ministry of Transport (Selangor Journal, 2024).



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(iii) Geely Auto Investment

Proton, Malaysia's national car company, has undergone significant transformations since its founding in 1983 under the leadership of former Prime Minister Mahathir Mohamad. Initially partnered with Mitsubishi Motors, Proton faced financial struggles that led to the end of this partnership in 2004. In 2012, the Malaysian conglomerate DRB-Hicom acquired Proton, setting the stage for a new era. A pivotal moment came in 2017 when Geely, a leading Chinese automotive manufacturer, acquired a 49.9% stake in Proton, reducing DRB-Hicom's ownership to 50.1%. This strategic partnership has since revitalized Proton, resulting in increased market share and promising future prospects (Nikkei Asia, 2017).

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Strategic Partnership and Market Impact



1. Revitalizing Proton

Geely's investment in Proton has brought about substantial improvements in management and technical support. This collaboration led to the release of popular sport utility vehicles (SUVs) and a significant increase in Proton's domestic market share, which rose from the teens to 20%. The injection of Geely's expertise and resources has been a catalyst for Proton's resurgence in the competitive automotive market.

2. Financial Performance

The positive impact of Geely's investment is evident in Proton's financial performance. In the automotive segment, driven mainly by Proton, DRB-Hicom earned an operating profit of 375 million ringgit (approximately \$78.7 million) in the previous year, nearly quadrupling its 2021 earnings, according to financial data firm Refinitiv. This remarkable financial turnaround underscores the success of the Geely-Proton partnership (Nikkei Asia, 2023).

Embracing Electric Vehicles (EVs)

Despite its recent successes, Proton has been slow to enter the electric vehicle (EV) market, releasing its first hybrid vehicle only in May of 2024. However, plans are underway to launch a fully electric vehicle under the Proton brand by 2025. Geely aims to elevate Proton to one of the top three auto brands in Southeast Asia, with EVs playing a crucial role in achieving this goal. To support this, Geely is training 5,000 people in the new energy vehicle sector over the next five years (The Star, 2024).

Transforming Tanjung Malim into an Automotive Hub

In July 2023, Malaysian Prime Minister Anwar Ibrahim announced that Geely would invest approximately \$10 billion in Malaysia's main automaking hub, Tanjung Malim, located in the state of Perak (Today, 2023). Geely's ambitious plan aims to transform Tanjung Malim into an "automotive high-tech valley," featuring state-of-the-art facilities for research and development as well as manufacturing. This initiative encourages both Malaysian and Chinese suppliers to establish operations in the area, with the goal of creating one of the leading auto industry centres in Southeast Asia.



Benefits of the Collaboration

1. Economic Growth and Job Creation

Geely's investment in Tanjung Malim is expected to drive significant economic growth and job creation. The development of the automotive high-tech valley will attract investments, stimulate local economies, and create numerous job opportunities in the automotive sector. For example, the establishment of new manufacturing plants and research facilities will require a skilled workforce, thereby boosting employment and enhancing the local skill set (The Star, 2023).

2. Infrastructure Development

The transformation of Tanjung Malim into an automotive hub will also lead to substantial infrastructure development. Improved transportation networks, modern facilities, and advanced technological infrastructure will position Tanjung Malim as a premier automotive manufacturing centre. This development will have a ripple effect, enhancing the overall infrastructure of the region and promoting further industrial growth.

3. Skill and Technology Transfer

Geely's collaboration with Proton has facilitated significant skill and technology transfer to the local workforce. Malaysian engineers and technicians have had the opportunity to work alongside their Chinese counterparts, gaining valuable experience in advanced automotive technologies and manufacturing processes. This transfer of knowledge not only enhances the capabilities of the local workforce but also positions Malaysia as a competitive player in the global automotive industry.

Alignment with Malaysia's Industrial Agenda

Geely's strategy aligns seamlessly with the Malaysian government's industrial agenda. In September, the government unveiled the New Industrial Master Plan (NIMP) 2030, which prioritizes the development of EVs. By 2030, electrified vehicles are expected to account for 15% of Malaysia's total sales volume, with significant aspirations for export growth. Geely's investment and Proton's foray into the EV market are crucial steps towards achieving these national goals.



Geely's Vision for Malaysia's Automotive High-Tech Valley

1. Transformative Investment

Geely's investment aims to transform Tanjung Malim into a hub of automotive innovation and technology, featuring state-of-the-art research and development facilities as well as manufacturing plants. This initiative encourages both Malaysian and Chinese suppliers to establish operations in the area, creating one of the leading auto industry centres in Southeast Asia.

2. Strategic Stake in Proton

Geely currently holds a 49.9% stake in Malaysia's national car brand, Proton. This strategic partnership has already revitalized Proton, enhancing its market share and financial performance. Geely's vision for Proton includes a strong focus on electric vehicles, aligning with Malaysia's industrial agenda and environmental goals.

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2.2.4 The Important Chinese Green Tech Projects in Malaysia

China has emerged as a major investor in Malaysia's green technology sector, spearheading projects that promise to revolutionize the nation's sustainable development landscape. From electric vehicles and battery manufacturing to solar energy, Chinese enterprises are playing a pivotal role in driving Malaysia's green tech advancements.

Electric Vehicles: A Green Revolution

1. BYD's Expansion

Shenzhen-based electric vehicle maker BYD is one of the largest Chinese investors in Southeast Asia. In Malaysia, BYD is represented by Sime Darby Motors, a subsidiary of the Malaysian state-owned conglomerate Sime Darby. Sime Darby Motors has announced a substantial 500-million-ringgit (\$106 million) investment to expand BYD showrooms across the country. This expansion aims to increase the availability of electric vehicles (EVs) in Malaysia, promoting sustainable transportation and reducing carbon emissions (Sime Darby Motors, 2022).

2. Market Entry by Great Wall Motors, SAIC Motor, Neta, and Chery

Great Wall Motors and Anhui-based Chery have entered the Malaysian market, enhancing the country's EV ecosystem. Alongside them, SAIC Motor and Neta are also making significant inroads. These enterprises bring a wealth of experience and advanced technology, offering Malaysian consumers a broader range of electric vehicle options and fostering healthy competition. Great Wall Motors, known for its robust line-up of SUVs and electric vehicles, and Chery, with its reputation for reliability and affordability, are valuable additions to Malaysia's automotive landscape. SAIC Motor, one of China's largest automotive manufacturers, is expected to bring cutting-edge technology and high-quality EV options, while Neta, an emerging player focusing on innovative and affordable electric vehicle designs, aims to attract young, tech-savvy consumers (Malay Mail, 2024). The combined presence of these automakers will increase the availability of EVs, stimulate market competition, drive innovation, and contribute to the overall growth of the EV market in Malaysia.

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Advancements in Battery Technology

1. EVE Energy's Investment in Kedah

Chinese battery enterprises are making significant investments in Malaysia to support the growing demand for electric vehicles and renewable energy storage. EVE Energy announced a \$422.3 million investment in December to establish a cylindrical battery production base in Kedah, with commercial operations expected to begin by 2025. This facility will play a crucial role in supplying advanced battery technology for electric vehicles and other applications, fostering Malaysia's green tech ecosystem (Business Times, 2023).

2. Senior Technology Material Plant in Penang

Senior Technology Material plans to invest \$685.9 million to construct a lithium-ion battery separator plant in Penang. This investment will bolster Malaysia's capacity to produce essential components for electric vehicle batteries, supporting the country's ambitions to become a regional hub for green technology manufacturing (Nikkei Asia, 2023).



Benefits of Chinese Green Tech Investments

Economic Growth and Job Creation

The influx of Chinese green tech investments is expected to drive substantial economic growth and create numerous job opportunities in Malaysia. For instance, the construction and operation of new manufacturing plants and renewable energy projects will require a skilled workforce, thereby boosting employment and enhancing local expertise in green technologies.



Infrastructure Development

The development of advanced manufacturing facilities and renewable energy projects will lead to significant infrastructure improvements in Malaysia. Enhanced transportation networks, modern production facilities, and cutting-edge technological infrastructure will position Malaysia as a leader in green technology manufacturing and innovation.

Environmental Sustainability

These green tech projects align with Malaysia's commitment to environmental sustainability. Increased adoption of electric vehicles, advancements in battery technology, and expanded renewable energy capacity will reduce greenhouse gas emissions, improve air quality, and support Malaysia's transition to a low-carbon economy.



2.3 Analysis of Chinese Enterprises across Various Industries in Malaysia

2.3.1 The Importance of the Manufacturing Sector in Malaysia's Economy

The manufacturing sector plays a crucial role in bolstering Malaysia's economy. According to MIDA (2022), Malaysia continues to demonstrate robust performance and consistent improvements in global competitiveness rankings, solidifying its position as a prime destination for high-value-added manufacturing investments. Moreover, MIDA highlights the sector's resilience in the face of challenges, driving transformative changes and yielding substantial economic benefits.

Table 2.3 illustrates the significant contribution of the manufacturing sector to Malaysia's GDP from 2013 to 2023. According to the data, the manufacturing sector consistently contributes over 20% annually, underscoring its pivotal role in Malaysia's economy. However, there has been a noticeable decline in its share of GDP contribution from 2014 to 2020. Specifically, the contribution declined by 0.6%, from 22.9% in 2014 to 22.3% in 2015. However, subsequent annual declines were more modest, with a reduction of only 0.1%, from 21.5% in 2018 to 21.4% in 2019.

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Starting in 2020, this trend reversed, with the manufacturing sector showing a steady and increasing contribution through 2023. Interestingly, MIDA (2021) reported that, in 2020, for the first time, China became the top source of Foreign Direct Investment (FDI) in Malaysia's manufacturing sector. MIDA approved 58 manufacturing projects with Chinese participation totalling RM16.77 billion in the first nine months of 2020. Thereafter, it is noticeable that the net FDI from China to Malaysia's manufacturing industry increased from RM1,813 million in 2020 to RM4,399 million in 2023, an increased more than 2-fold.

MIDA (2021) emphasized that Malaysia, through MIDA, will continue to welcome high-quality FDI from China, as FDI in the manufacturing sector plays a crucial role in Malaysia's economy, generating multiplier effects through the expansion of manufacturing activities and increasing its contribution to Malaysia's GDP.

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Table 2.3: The contribution of the manufacturing sector to Malaysia's GDP

Year	% of GDP
2013	22.8
2014	22.9
2015	22.3
2016	21.8
2017	21.8
2018	21.5
2019	21.4
2020	22.2
2021	23.4
2022	23.4
2023	23.0

Source: World Development Indicator

NIMP 2030

MIDA (2024a) reported that the unveiling of the NIMP 2030 on 1 September 2023 marks a monumental milestone in Malaysia's economic evolution towards the MADANI Economy. The NIMP 2030 is not merely an industrial policy, but a visionary framework designed to catapult Malaysia's manufacturing sector into a new era of growth and innovation.

The NIMP 2030 serves as a comprehensive blueprint for Malaysia's industrial future, with the primary objective of transforming the nation's manufacturing sector through strategic reforms and forward-thinking initiatives. This plan is meticulously crafted to address contemporary challenges and seize emerging global opportunities, setting ambitious macroeconomic targets to drive substantial progress.

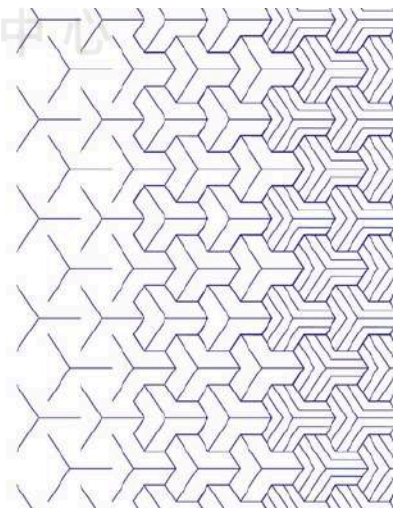
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Central to the NIMP 2030 is the ambition to elevate the manufacturing sector's contribution to Malaysia's GDP with a robust annual growth target of 6.5%. The plan also aims to achieve a 3.3% annual increase in sectoral employment and a 9.6% rise in the median salary for manufacturing workers. By the year 2030, these goals are projected to result in a remarkable RM587.5 billion contribution to Malaysia's total GDP, the creation of 3.3 million new jobs, and an enhancement of the median monthly salary to RM4,510 (MIDA, 2024a).

In alignment with the NIMP 2030's strategic vision, Malaysia is intensifying its efforts to attract high-quality FDI in the manufacturing sector. The focus is on securing investments that are not only substantial in volume but also transformative in nature, targeting high-growth, high-value industries. Key sectors of interest include electrical and electronics (E&E), automotive, and solar equipment manufacturing. Specific initiatives involve advancing integrated circuit design, developing cutting-edge battery technologies for electric vehicles, and spearheading innovations in high-end solar panel production.

The growing interest from Chinese enterprises in these advanced manufacturing segments presents a unique opportunity for Malaysia. To capitalize on this interest, Malaysia is implementing a series of strategic measures designed to attract substantial investment from China, Malaysia's key strategic partner. These initiatives align with the overarching goals of NIMP 2030, aimed at positioning Malaysia as a global leader in manufacturing excellence while strengthening economic ties with China (MIDA, 2024b). Additionally, according to Ishak Yusof Institute (2024), there is an increasing presence of Chinese multinational enterprises (MNEs) in Malaysia's E&E industry, exemplified by the greater involvement of Chinese-owned enterprises in chip packaging and assembly of graphics processing units.

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2.3.2 The Contribution of Chinese Enterprises in Malaysia's Manufacturing Sectors

The following highlights the contributions of several prominent Chinese enterprises to Malaysia's manufacturing sector.

(i) Dunham-Bush Industries Sdn. Bhd.

The Dunham-Bush Group is primarily owned by the internationally renowned HVAC manufacturing company, Yantai Moon Group, and is registered in Kajang, Sepang, Malaysia. According to Dunham-Bush (2022), the company operates within the machinery manufacturing sector and boasts a legacy spanning over a century. Its global operations encompass a diverse array of products and services, including but not limited to sustainable heating, ventilation, air conditioning (HVAC) systems, dehumidification and air purification solutions, service and parts support, advanced building control technologies, and various specialized equipment such as water-cooled chillers, air-cooled chillers, heat pumps, light commercial systems, and airside products.

In 1998, Dunham-Bush expanded its manufacturing capabilities by establishing a second Asian facility in Kajang, Malaysia, known as Dunham-Bush Industries Sdn. Bhd. This plant was strategically developed to meet the needs of customers in Southeast Asia, South Asia, and the Middle East. As part of its strategic realignment, Dunham-Bush also relocated its headquarters to Malaysia. As the largest commercial air conditioning firm with a global network of sales and service offices, approximately 80% of Dunham-Bush's products are exported worldwide, including to Europe, ASEAN countries, South Asia, Africa, Canada, the USA, South America, and the Middle East. This strategic move has not only bolstered Malaysia's economic development but has also enhanced the country's visibility and credibility among international consumers.

Today, Dunham-Bush Industries Sdn. Bhd. employs over 2,000 people and generates annual sales revenue exceeding USD 300 million. It is evident that its contributions to the Malaysian economy, particularly to the manufacturing sector, are substantial.

Dunham-Bush Industries Sdn. Bhd has been involved in several high-profile projects that significantly contribute to Malaysia's economic development, particularly in advancing modernization and enhancing international appeal. Key examples of these projects include:

1. Shell Headquarters, Malaysia

This building is recognized as a green building and serves as the official Malaysian headquarters for Shell, a major global oil and gas company headquartered in the Netherlands and incorporated in the United Kingdom.

2. PKNS Headquarters, Malaysia

Situated in the Shah Alam administrative centre, the Selangor State Development Corporation Headquarters is a prominent green building located adjacent to a man-made lake. The structure comprises multiple office blocks, ranging from 10 to 15 meters in width, all covered by an innovative, ascending green roof.

3. Pengerang Integrated Petroleum Complex

The Pengerang Integrated Petroleum Complex is a significant megaproject located in Pengerang, Kota Tinggi District, Johor, Malaysia. Spanning an area of 80 square kilometres, this complex includes oil refineries, naphtha crackers, petrochemical plants, liquefied natural gas terminals, and a regasification plant upon its completion.

4. Pantai Hospital Ampang, Malaysia

Pantai Hospital Ampang is part of the Parkway Pantai Ltd. network, a leading medical company based in Singapore. Parkway Pantai is the largest private healthcare provider in Southeast Asia and one of the largest in Asia.

In addition to the notable projects previously mentioned, Dunham-Bush Industries Sdn. Bhd. has also been involved in several internationally renowned projects in Malaysia. These include:

1. Kuala Lumpur International Airport (KLIA)

KLIA serves as Malaysia's primary international gateway and ranks among the major airports in Southeast Asia and globally. Located in the Sepang District of Selangor, approximately 45 kilometres south of Kuala Lumpur city centre, KLIA caters to the greater Klang Valley region and supports extensive international and domestic connectivity.

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2. Menara Landmark

Menara Landmark is a 35-story high-rise green building situated in Johor Bahru. This prominent structure represents a sophisticated architectural achievement in the heart of Johor Bahru City, embodying modern design and sustainability principles.

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3. Gleneagles Kuala Lumpur

Gleneagles Kuala Lumpur commenced operations on August 1, 1996. It is a subsidiary of Pantai Medical Centre Sdn. Bhd., which is part of IHH Healthcare, a major healthcare provider that also owns three other Gleneagles hospitals in Malaysia.

4. Kuala Lumpur City Centre (KLCC)

The KLCC is a vibrant urban district characterized by its high-rise buildings, upscale shopping malls, luxury hotels, and the iconic Petronas Twin Towers. The area features the expansive KLCC Park, which includes walking paths and musical fountains, offering a green respite amid the city's skyline.

These examples highlight the significant impact of Dunham-Bush Industries Sdn. Bhd. on Malaysia's economic advancement. The company's involvement in these projects has not only strengthened infrastructure and increased employment opportunities but has also invigorated the manufacturing sector, modernized technological equipment, and enhanced Malaysia's global standing. Such contributions build international confidence in Malaysian products and fortify trade relationships, thereby accelerating the nation's economic progress.

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(ii) Alliance Steel (M) Sdn Bhd

Alliance Steel (M) Sdn. Bhd. was established in April 2014 in Kuantan, Pahang, as a joint venture between Fujian Wugang Group Co., Ltd. and Guangxi Shenglong Metallurgical Co., Ltd. The company specializes in the production of high-speed wire rods, rebar, and H-beams. Notably, the Alliance Steel project is the first and foremost development initiative within the Malaysia-China Kuantan Industrial Park (MCKIP), a "Two Countries, Twin Parks" project jointly promoted and developed by the governments of China and Malaysia. Alliance Steel has played a significant role in driving the development of MCKIP and creating tens of thousands of direct and indirect jobs.

In its initial phase at MCKIP, Alliance Steel invested approximately RM 7 billion, covering 710 acres and employing over 4,100 people. This investment significantly boosted local employment and contributed to Malaysia's economic growth. The project utilizes advanced production technology, equipment, and processes, including waste heat recovery and SDA circulating fluidized bed desulfurization, incorporating energy-saving and environmentally-friendly technologies. These advancements place Malaysia among the global leaders in production technology and energy efficiency, thereby enhancing its international standing (Malaysia-China Business Council, n.d.).

Additionally, Alliance Steel plans to proceed with a second-phase expansion at its manufacturing plant, with an investment of RM 7.2 billion. According to the New Straits Times (2024), the Menteri Besar of Pahang, Dato' Sri Wan Rosdy Wan Ismail, revealed that the expansion would cover an area of 101.2 hectares and continue to explore innovative opportunities within the bilateral economic relationship between Malaysia and China under the Belt and Road Initiative.

The second phase will introduce "seamless strip production technology," adding 3.2 million tons of hot-rolled coil products and enhancing the production line for high-end steel plates. This expansion aims to increase steel production capacity from 3.5 million tons to 10 million tons, with steel plates as the new addition. Given that iron and steel products are a key export for Pahang, the expansion is expected to boost the region's export value and create 3,000 jobs, of which 80% (2,400 positions) will be reserved for Malaysians.

According to a report by The Edge, the expansion plan is expected to be completed within two years and is set to commence production in 2026. This development is expected to further enhance Malaysia's economic performance. Additionally, data from the United Nations Comtrade database indicates that Malaysia's net imports of steel decreased from USD 5.162 billion in 2013 to USD 4.454 billion in 2014, a change closely linked to the establishment of Alliance Steel. Since 2020, Malaysia has transformed into a net exporter of steel, with a net export value of USD 509.74 million. This significant shift in trade balance can be attributed, in part, to the contributions of Alliance Steel.

Alliance Steel is dedicated to the philosophy of "In Malaysia, For Malaysia" by complying with Malaysian laws and regulations, respecting local cultural practices and religious beliefs, and prioritizing employee well-being. The company actively engages in local public welfare and charitable activities, fulfilling its corporate social responsibilities and contributing to local economic development (Alliance Steel (M) Sdn. Bhd., 2024).

(iii) China Communications Construction Company (M) Sdn. Bhd. (CCCCM)



中国交通建设(马来西亚)有限公司

CHINA COMMUNICATIONS CONSTRUCTION COMPANY (M) SDN BHD

China Communications Construction Company (M) Sdn. Bhd. (referred to as CCCCCM) was established in 2012 as a wholly owned subsidiary of China Communications Construction Company Ltd. (referred to as CCCC). CCCC effectively leverages the scale and resources of the group to integrate assets and develop the Malaysian market while ensuring efficient operations. Since its establishment, CCCCCM has undertaken a variety of projects in Malaysia, including subway railways, dredging and reclamation, ports and terminals, roads and bridges, municipal works, building construction, marine oil and gas, design consulting, and real estate investment, with a total contract value exceeding RM 83 billion.

Since entering the local market, CCCCCM has undertaken over 60 key projects closely related to Malaysia's economy and people's livelihoods. These projects have significantly improved the efficiency of transportation and urban development in Malaysia, promoted national economic growth and regional integration, and created jobs for over 9,500 Malaysians. Representative projects include:

1. East Coast Rail Link:

This project is a vital strategic initiative for Malaysia's national development and a flagship project of the BRI. Its construction will greatly enhance the region's transportation infrastructure and strengthen economic ties between the East Coast and the more developed West Coast. This will drive economic growth in the East Coast, promote industrial upgrading and population mobility, and reduce regional development disparities. Resources and products from the East Coast will be able to reach international markets more swiftly, boosting trade and logistics along the route and contributing to the country's overall economic growth. Once completed, the project will significantly benefit industries such as trade, logistics, imports and exports, and tourism, improving convenience for residents.

2. Gemas to Johor Bahru Railway Electrification Upgrade:

This project involves the reconstruction of a 197-kilometre double-track electrified railway, a key component of Malaysia's railway modernization. As an important mainline of the Malaysian railway network, it aims to enhance the railway transport capacity and efficiency between Gemas and Johor Bahru. The electrification upgrade will transition the railway system from diesel to electric power, increasing train speeds and improving transport stability and punctuality. This will provide passengers with a more comfortable and convenient travel experience while facilitating quicker cargo movement, improving the commuting experience for local residents and reducing travel time and costs.

3. Kuala Lumpur Metro Line 2 Stations and Tunnel, and EPC Full Line Track and Traction Power Supply Works:

This project is a significant part of the capital's transportation system. Once completed, it will greatly improve urban transport in Kuala Lumpur, connecting the city centre with surrounding suburbs and emerging development areas, enhancing connectivity between different regions, speeding up urban expansion, and creating a balanced effect on city development, which will help stimulate economic growth in the suburbs and promote the construction of commercial and residential projects, enhancing local economic vitality.

4. Johor-Singapore Rapid Transit System (RTS) Elevated Section:

This project is an important cross-border rail transit initiative between Malaysia and Singapore, connecting Johor Bahru in Malaysia to the Woodlands area in Singapore. It will further strengthen the economic links between Johor and Singapore, facilitating the movement of people and goods between the two countries. This not only promotes economic cooperation but also stimulates growth in regional commerce, investment, and tourism.

5. Sarawak Methanol Plant EPCC Jetty:

This project is the first large-scale EPCC water engineering project undertaken by CCCCM in Malaysia. It exemplifies CCCCM's ability to leverage its full industry chain and integrated service advantages, providing comprehensive solutions from survey and design to procurement, construction, and commissioning. The transport of products from the plant will further enhance Sarawak's development in the oil and gas sector. Premier of Sarawak, Datuk Patinggi Tan Sri (Dr) Abang Haji Abdul Rahman Zohari stated that this collaboration promotes the Belt and Road Initiative, supporting the successful implementation of key infrastructure projects and achieving fruitful results.

These projects not only enhance transport and supply efficiency but also significantly improve the quality of life for local residents. Once operational, the jetty will support the transportation of products from the methanol plant, further driving the growth of Sarawak's oil and gas industry and contributing to Malaysia's economic development.

6. Sungai Pulai Bridge:

This important infrastructure project in southern Malaysia spans the Sungai Pulai and is 7.5 kilometres long, connecting significant transport nodes in Johor. The completion of the bridge will improve regional transport conditions and alleviate critical transport bottlenecks in Johor. It provides local residents with convenient river-crossing transport and enhances the traffic efficiency of Johor as an economic hub in southern Malaysia. The bridge will significantly shorten commuting times and facilitate connectivity between urban and rural areas along the route, promoting economic growth and logistics development in the region.

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According to the World Bank Group (2024), infrastructure is vital for connecting people to opportunities, driving economic growth, and improving quality of life. However, many developing regions still face severe infrastructure deficits. In this context, CCCC's large-scale infrastructure investments across Malaysian states are having a profound transformative impact. By advancing critical infrastructure development, CCCC is significantly accelerating Malaysia's economic growth, improving living standards, addressing key infrastructure gaps, and supporting sustainable development. Additionally, CCCC actively participates in local community development through innovation-driven and green development practices, supporting education, cultural, and sports initiatives to foster talent cultivation and community prosperity. These efforts aim to bring long-term, positive impacts to Malaysia and continuously promote cooperation and exchange between Malaysia and China in economic, cultural, and social domains.

(iv) TF-AMD Microelectronics (Penang) Sdn. Bhd

According to Malay Mail (2024), Datuk Seri Tengku Zafrul Abdul Aziz, Malaysia's Minister of Investment, Trade and Industry (MITI), has articulated an ambitious vision for the country's electrical and electronics (E&E) sector, aiming to establish it as a major global player. This anticipated growth is driven by increasing local and regional demand across several pivotal sectors, including electric vehicles (EVs), renewable energy (RE), aerospace, and the digital economy.

The convergence of technological advancements and sectoral expansions positions Malaysia's E&E sector at the forefront of global industry trends. This reflects the country's strategic emphasis on harnessing technological innovation and digital transformation as key engines of economic growth and industrial development. To elevate Malaysia's economy further, it is crucial to integrate Chinese E&E entities into the local ecosystem. Among these entities, Tongfu Microelectronics (TFME), listed on the Shenzhen Stock Exchange, has significantly contributed to this vision. Since acquiring AMD's operations in Penang in 2016 and rebranding as TF-AMD Microelectronics (Penang) Sdn. Bhd., the company has steadily increased its investments and production in the region (Ong, 2019). TFME's production of advanced 7nm Multi-Chip and Single-Chip modules has positioned Malaysia, and Penang in particular, to compete effectively on the international stage (TF-AMD Microelectronics Penang, 2024).

According to MIDA (2022b), TF-AMD Microelectronics Sdn. Bhd. has announced plans to expand its manufacturing facility in Penang with a substantial capital investment of nearly RM2 billion. The new facility, covering 1.5 million square feet and approximately 14 acres, will focus on advanced integrated circuit technology and is projected to be completed sooner. Upon completion, this expansion will increase TF-AMD's total manufacturing capacity to over 2.3 million square feet and is expected to generate more than 3,000 new jobs in advanced semiconductor engineering, design, and process technologies for high-performance computing solutions. This strategic expansion underscores the substantial investments TF-AMD has made in Malaysia, supporting the company's ongoing growth.

Penang's Chief Minister, YAB Tuan Chow Kon Yeow, has expressed enthusiasm regarding TF-AMD's deepening presence in the state. TF-AMD's expansion, spanning half a century, highlights the favourable business environment in Penang, characterized by a resilient supply chain, excellent infrastructure, and a future-ready talent pool. The company's extensive expertise in the E&E industry will provide significant opportunities for local talent development in high-performance computing solutions.

As one of the "Samurai 8" [1] key investors instrumental in Penang's industrialization, TF-AMD has played a crucial role in the expansion of the local semiconductor ecosystem. The new manufacturing plant will also create opportunities for local businesses through vendor development programs.

[1] Samurai 8 refers to the eight (8) key investors that drive the industrialisation of Penang, Malaysia.

In addition to accelerating Malaysia's economic growth, particularly in Penang, TF-AMD Penang remains committed to environmental preservation. The company adheres to the Responsible Business Alliance (RBA) standards, maintaining ISO14001 certification. Its environmental management system ensures a safe and healthy workplace for employees while upholding a strong commitment to environmental responsibility. TF-AMD has developed environmental management programs in compliance with Malaysian regulations to mitigate pollution and preserve Malaysia's environmental integrity (TF AMD Microelectronics Penang, 2024).



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(v) China State Construction Malaysia Sdn. Bhd. (CSCEC)

In September 2013, in line with China's Belt and Road Initiative, China State Construction Engineering Corporation established a wholly-owned subsidiary in Malaysia—China State Construction Malaysia Sdn Bhd (referred to as CSCEC). Currently, CSCEC is responsible for managing four main regions: Malaysia, Thailand, Cambodia, and Vietnam. Since its establishment, CSCEC has undertaken a series of landmark projects in Malaysia, completing over 60 projects with a total contract value reaching 26 billion RMB. These achievements highlight CSCEC's significant role in promoting infrastructure development and economic growth in Malaysia.

In the field of super-tall buildings, CSCEC has constructed the 452-meter TRX106 Tower, the 275-meter Astaka high-rise apartments in Johor Bahru, and the 192-meter Kota Kinabalu Twin Towers, establishing the tallest buildings in five states and significantly altering Malaysia's skyline. In high-end residential construction, CSCEC has undertaken 32 projects across major cities in both West and East Malaysia, laying a solid foundation for growth. Additionally, CSCEC has taken on industrial projects such as the Jinjing Glass Plant, Nine Dragons Paper Industries, and Kibing Mining Phase II, contributing to Malaysia's industrialization process and gradually forming a strong sequence of industrial facilities. In recent years, CSCEC has made inroads into the emerging digital factory sector, taking on projects like the Infinaxis Data Centre in Cyberjaya and the Qinhuai Data Centre. With a project management development system centred on "technology leadership, local management, commitment to delivery, and quality inheritance," CSCEC implements green construction methods to accelerate the industrialization and smart development of the building sector, enabling Malaysian enterprises to access cutting-edge technologies and fostering collaboration and innovation within the industry.

CSCEC has also contributed to Malaysia's infrastructure sector. Following the successful implementation of Malaysia's first infrastructure project—the Sabah-Tenom Railway Maintenance Project—CSCEC further undertook the group's first road and bridge project in Malaysia—the Saribas Bridge Project, broadening its business scope and building a bridge of friendship between China and Malaysia. These projects not only enhance local transportation capacity but also promote regional economic development and strengthen community connectivity. CSCEC is committed to providing higher standards of infrastructure construction in Malaysia, improving the convenience and quality of life for local residents. Since its establishment, CSCEC has actively fulfilled its social responsibility in Malaysia, forming the "Blue Ocean Volunteer Team," which currently comprises over 30 Chinese and Malaysian youth volunteers. In recent years, they have participated in more than 20 local volunteer services, accumulating over 500 service hours and embodying the spirit of volunteering—dedication, friendship, mutual assistance, and progress—thereby deepening the friendly relationship between the people of China and Malaysia.

CSCEC is also dedicated to enhancing the integration of industry and education, as well as school-enterprise cooperation, to empower talent innovation and growth and promote the sustainable development of enterprises. As of 2024, CSCEC has conducted 35 school-enterprise exchange activities with various domestic and international universities, including Tunku Abdul Rahman University of Management and Technology, Sultan Azlan Shah University (USAS) in Perak, and the University of Malaya, covering campus recruitment and academic cultural exchanges. These recruitment events not only achieve resource sharing but also attract numerous outstanding students, further establishing preliminary cooperation intentions with universities and injecting new talent into the industry.

Additionally, CSCEC has established a regular academic exchange mechanism, maintaining positive interactions with multiple universities and conducting diverse exchange activities. In 2022, CSCEC co-hosted an "Innovation Open Day" with the University of Malaya, introducing local high school students to research results on energy-saving and environmentally friendly materials, attracting over 150 participants. In 2023, CSCEC participated in course training at USAS multiple times to enhance employee skills. The collaboration between CSCEC and universities and research institutions lay a talent foundation for the long-term development of Malaysia's construction industry.

Beyond direct economic benefits, CSCEC plays a strategic role in promoting regional economic integration between Malaysia and its surrounding ASEAN countries. By positioning Kuala Lumpur as one of its primary operational bases, CSCEC has created a seamless platform for cross-border cooperation and trade. This regional network not only facilitates economic connectivity but also aligns with Malaysia's strategic positioning as a regional economic hub within the ASEAN Economic Community (AEC).



(vi) CRRC Zhuzhou Locomotive Co., Ltd.

CRRC Zhuzhou Electric Locomotive Co., Ltd. (referred to as "CRRC Zhuzhou") was established in 1936 and is a core subsidiary of China CRRC. Since signing the order for 38 units of the SCS high-speed train project with the Malaysia's Ministry of Transport of Malaysia in 2010, CRRC Zhuzhou has consecutively signed 16 vehicle and maintenance projects in the Malaysian rail transit market. This includes the export of a full range of products, such as high-speed trains (electric/hybrid), light rail, and electric locomotives. The company has also established three subsidiaries in Malaysia: CRRC Kuala Lumpur Maintenance Sdn. Bhd., CRRC Rolling Stock Center (Malaysia) Sdn. Bhd. (referred to as the "ASEAN Manufacturing Center"), and CKM Landas MRO Sdn Bhd. The total investment exceeds RM 400 million.

CRRC Zhuzhou actively explores an internationalized "Five-Source" business model, transforming from "basic investments such as market channels and investment" to "market, technology, products, services, management, capital, and talent" as the full support system. This approach has injected strong momentum into the modernization of Malaysia's rail transit, making CRRC Zhuzhou one of the key builders and drivers of the industry's development.

To actively implement the BRI projects and further advance its localization strategy, CRRC Zhuzhou has expanded its business in Malaysia through its three subsidiaries, covering the manufacture, repair, and full lifecycle maintenance services for high-speed trains, light rail, and electric locomotives. Since its establishment in 2011, CRRC Kuala Lumpur Maintenance Sdn. Bhd. has continuously provided over 4,500 days of maintenance services for the SCS high-speed trains, successfully addressing challenges brought by vehicles exceeding their operational lifespan.

During this period, the company also undertook maintenance services for the Ampang Line light rail vehicles and metre-gauge electric locomotives, earning high recognition from both the Malaysian government and its clients.

CRRC Rolling Stock Center (Malaysia) Sdn. Bhd established in 2012, is the most modern railway equipment manufacturing base in the ASEAN region. Equipped with flexible production lines, it has the capability to produce and overhaul all types of rail transit vehicles, including subway trains, high-speed trains, locomotives, and light rail vehicles. The annual production capacity is 200 new vehicles and the overhaul capacity is 150 vehicles. CKM Landas MRO Sdn Bhd established in 2014, further enhanced maintenance technologies and management capabilities through joint ventures with local Malaysian companies. Since 2017, it has become an important platform for CRRC Zhuzhou's maintenance business and has contributed to the modernization of Malaysia's rail transit system.

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In addition, CRRC Zhuzhou actively implements the "Five-Source" business strategy, which focuses on localization in manufacturing, procurement, workforce, services, and marketing. This approach has achieved significant results in promoting local capacity building, facilitating the development of the rail transit industry, stimulating local employment, and cultivating professional talent.

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Through the ASEAN Manufacturing Center, CRRC Zhuzhou has completed the localized production, manufacturing, and delivery of 60 trains, comprising a total of 278 vehicles, for projects including the Ampang Light Rail Vehicles (AMGLRV), ETS Intercity EMUs (ETS1/ETS2), DMUs, and Malaysia's LRT3 light rail line. This ended Malaysia's century-long reliance on imported railway vehicles and helped Malaysia realise the dream of "Made-in-Malaysia trains for Malaysia."

Over the years, CRRC Zhuzhou and its subsidiaries in Malaysia have actively developed and nurtured local suppliers of rail transit components, services, and consulting resources. Through technology transfers, joint ventures, and other collaborations, CRRC Zhuzhou has successfully localised nine major subsystems of rail vehicles, including air conditioning, passenger information systems (PIS), door systems, couplers, passageways, signalling systems (ATP/CBTC), lighting systems, passenger seating, and side window glass. By the end of 2023, the ASEAN Manufacturing Center, Kuala Lumpur Maintenance Sdn. Bhd. and its joint venture companies had more than 1,000 registered suppliers, with 88.4% being local Malaysian suppliers. This has made CRRC Zhuzhou one of the key drivers in the construction of the Malaysian rail transit industry's supply chain.

CRRC Zhuzhou has implemented its localization strategy in workforce employment through its subsidiaries, adhering to a management philosophy that ensures "people-oriented, the right person for the job, and maximizing the use of people's talents." The company has developed an annual training plan, providing targeted training by category, level, and position, to cultivate a large number of professional talents in Malaysia's rail transit sector. It has earned a reputation as the "cradle of rail transit talent" in Malaysia. At its peak, CRRC Zhuzhou employed over 500 local staff at its subsidiaries, with the local workforce ratio exceeding 90%.

CRRC Zhuzhou has set up 12 4S after-sales service points for rail vehicles across Malaysia, from the northern border with Thailand to the east in Kelantan, south to Gemas, and extending to Johor Bahru after the southern line is operational. These service points provide round-the-clock support to ensure the safe operation of the vehicles.

Leveraging its headquarters as a base, CRRC Zhuzhou has conducted in-depth research on Malaysia's political, economic, cultural, market potential, and competitive landscape. By hiring local employees and collaborating with expatriates, CRRC Zhuzhou has established a multicultural, localized marketing team. This team has enhanced its understanding of local market demands, driven the provision of innovative industry solutions, and significantly improved market responsiveness and competitiveness.

Through its deep localization strategy, CRRC Zhuzhou has not only established a solid customer base in the Malaysian market but has also brought about significant improvements and transformations to the local rail transit industry through innovative service models and strong technical capabilities. CRRC Zhuzhou has become a model for mutually beneficial cooperation between China and Malaysia.

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(vii) LONGi Malaysia Sdn. Bhd.

LONGi Malaysia Sdn. Bhd. (referred to as LONGi Malaysia), a world-leading photovoltaic solution provider, has launched two significant green projects in Malaysia, underscoring the country's supportive environment for renewable energy growth. On October 17, 2023, LONGi inaugurated its RM1.8 billion Serendah Module Plant on a 140-acre site, demonstrating its commitment to sustainable energy (Malay Mail, 2023). In the same year, LONGi Malaysia held a groundbreaking ceremony for its RM1.3 billion Samalaju plant in Bintulu, set on a 125-acre (50.59-hectare) site. The Samalaju plant, with a capacity of six gigawatts (GW) and will employ 1,213 new workers, with at least 90% of these positions filled by locals, including roles in science, technology, and engineering. Datuk Arham Abdul Rahman, CEO of the Malaysian Investment Development Authority (MIDA), highlighted that this significant investment reinforces Malaysia's position as a prime hub for comprehensive solar ecosystem manufacturing, aligning with the NIMP 2030 and showcasing confidence in local talent.

Beyond energy solutions, LONGi Malaysia also spearheaded environmental initiatives, such as organizing a beach cleanup at Trombol in 2023, with active participation from its employees. The company has further supported education and youth development by sponsoring Swinburne University's Future ICT Programming Workshops and Competitions for multiple years. Additionally, it presented book awards and industrial excellence awards to graduates of University of Technology Sarawak aiming to nurture innovation and technical expertise among students.

Fostering talent has also been a key focus for LONGi Malaysia. Over the period from 2021 to 2023, the company provided training programs for 12,040 employees and established robust partnerships with 18 higher education institutions. These collaborations encompassed research innovation, faculty exchanges, and employment support, enhancing technical skills among local talent while cultivating expertise crucial for the solar and renewable energy sectors.

Through these investments and projects, LONGi Malaysia has played a significant role in advancing sustainable economic and social development in the region. Its efforts align with Malaysia's "low-carbon" and "net-zero" ambitions under the National Energy Transition Roadmap (NETR). These initiatives underscore LONGi Malaysia's commitment to supporting Malaysia's transition to green energy while contributing to the balanced growth of the local economy and environment.

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2.3.3 The Importance of Service Sector in Malaysia's Economy

The service sector has emerged as the backbone of Malaysia's economy, contributing more than half of the nation's GDP and serving as a major driver of economic growth. This sector encompasses a wide range of industries, including finance, telecommunications, tourism, and retail, which are essential for supporting both domestic and international economic activities. The service sector's resilience and adaptability have been particularly evident during economic downturns, where it has shown the capacity to recover quickly and continue driving the economy forward. Moreover, the service sector plays a critical role in job creation, absorbing a large portion of the workforce, and providing diverse employment opportunities across various skill levels. According to MIDA (2022), Malaysia has consistently excelled and climbed in global competitiveness rankings, reinforcing its status as a top destination for high-value-added service sector investments. As Malaysia progresses in its economic development, the service sector is anticipated to play an increasingly crucial role in driving sustainable growth, promoting innovation, and boosting the nation's global competitiveness.

The service sector has consistently played a pivotal role in Malaysia's economy, contributing significantly to the country's GDP over the years. As shown in Table 2.4, the sector's share of GDP has remained robust, with a general upward trend from 49.94% in 2013 to 54.78% in 2020. This growth underscores the sector's importance in Malaysia's economic landscape, reflecting its expansion and resilience in driving economic activity, even amid global uncertainties.

However, the sector experienced a slight decline in 2021, dropping to 51.61% of GDP, likely due to the economic disruptions caused by the COVID-19 pandemic. Despite this setback, the service sector rebounded in 2022 and 2023, contributing 50.93% and 53.45% to GDP, respectively. This recovery highlights the sector's ability to adapt and its critical role in ensuring Malaysia's economic stability and growth.

Table 2.4. The Contribution of the Service Sector to Malaysia's GDP

Year	% of GDP
2013	49.94
2014	50.12
2015	52.01
2016	52.53
2017	51.88
2018	52.99
2019	54.14
2020	54.78
2021	51.61
2022	50.93
2023	53.45

Source: World Development Indicator

2.3.4 Contributions of Chinese Enterprises to Malaysia's Service Industries

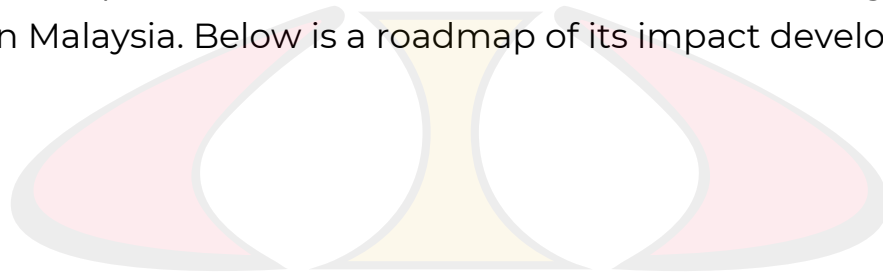
Chinese enterprises have indeed played a significant role in transforming Malaysia's service industries. This investment has likely contributed to various sectors within the service industry, such as finance, real estate, tourism, and technology, helping to modernize and expand these areas. Specific enterprises such as Alibaba and Huawei have played pivotal roles in these developments. In addition to these major players, numerous other Chinese enterprises have made significant contributions to Malaysia's service and digital industries. Their investments have led to the creation of jobs, the enhancement of local expertise, and the promotion of technological innovation. By fostering closer economic ties and collaboration, these enterprises have not only boosted Malaysia's economic growth but also positioned the country as a key player in the regional digital economy.

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The impact of Chinese enterprises extends beyond immediate economic benefits. Their presence has encouraged knowledge transfer, bringing in best practices and global standards that have elevated the quality and competitiveness of Malaysia's service and digital sectors. As Malaysia continues to embrace digital transformation, the ongoing contributions of Chinese enterprises will likely play a crucial role in shaping the future trajectory of the country's economic development.

(i) Alibaba

Alibaba has significantly influenced Malaysia's digital landscape through its investments and strategic initiatives. By fostering a robust e-commerce ecosystem and enhancing logistics capabilities, Alibaba has helped Malaysian businesses reach a broader global audience and improve operational efficiency. Furthermore, Alibaba's commitment to sustainability and technological innovation is helping to shape a more resilient and forward-looking digital economy in Malaysia. Below is a roadmap of its impact development:



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2014 - 2016

Initial market entry through Ali Express and investment in Lazada

Alibaba entered the Malaysian market via AliExpress and strengthened its presence by investing in Lazada, the leading e-commerce platform in Southeast Asia.

2019 - 2020

Digital transformation and support during the COVID-19 pandemic

During this period, Alibaba focused on digital transformation efforts, supporting local businesses through its platforms and maintaining e-commerce activities amid the pandemic.

2023 - present

Ongoing developments in digital economy initiatives and sustainability efforts

Alibaba continues to drive digital economy initiatives, collaborating with the Malaysian government and other stakeholders to boost e-commerce growth, digital transformation, and sustainability efforts, aiming for long-term impact and innovation in Malaysia's digital landscape.

2017 - 2018

Establishment of the regional logistics hub and expansion of cloud services

Alibaba established a regional logistics hub in Malaysia as part of the Digital Free Trade Zone (DFTZ) initiative and expanded its cloud services through Alibaba Cloud, enhancing digital infrastructure and cross-border trade.

2021 - 2022

Introduction of AI technologies and green logistics initiatives

Under the Cainiao Network, Alibaba introduced AI and machine learning technologies to improve user experience and operational efficiency while launching green logistics initiatives, such as eco-friendly packaging and electric delivery vehicles, to promote sustainability.

One of Alibaba's most significant contributions is its collaboration with the Malaysian government to establish the Digital Free Trade Zone (DFTZ). Launched in 2017, this project aims to facilitate seamless cross-border trade and enable Malaysian SMEs to actively engage in the global market (Choy, 2017). Through Alibaba's e-commerce platform, Malaysian businesses can now reach a wider audience, boosting their sales and growth potential. By 2017, over 30,000 Malaysians (including businesses and individuals) had registered for the DFTZ, allowing them to access international markets via Alibaba's extensive e-commerce platform (The Edge, 2017). This initiative provides these enterprises with new opportunities to expand their business scope and increase export potential, contributing to Malaysia's economic growth and its integration into the global digital economy.

The DFTZ offers a comprehensive suite of services designed to help SMEs overcome traditional trade barriers. These services include digital marketing, export facilitation, and financial and logistics support. Through the DFTZ, Malaysian SMEs can showcase their products to millions of potential customers globally, greatly enhancing their visibility and market reach (Yean, 2018). This initiative aligns with Malaysia's broader economic goals of promoting digital economic growth and increasing the contribution of SMEs to the national GDP.

The establishment of the DFTZ and related measures by Alibaba has had a significant impact on Malaysia's job market. These efforts have directly or indirectly created approximately 60,000 jobs, particularly generating numerous employment opportunities in logistics and e-commerce (Ministry of Finance, 2018). These job opportunities not only support economic development but also enhance the skill levels of the Malaysian workforce, further solidifying the country's key position in regional and global digital trade.

Additionally, Alibaba's logistics arm, Cainiao Network, has strengthened Malaysia's logistics infrastructure. The regional e-commerce and logistics hub established by Cainiao at Kuala Lumpur International Airport (KLIA) has greatly optimized the transportation of goods, reducing transit times and costs. This modern facility, known as the Cainiao Aeropolis eWTP Logistics Hub, is designed to efficiently handle a large volume of e-commerce goods. Equipped with advanced warehousing solutions, automated sorting systems, and integrated customs clearance processes, it facilitates faster and more reliable delivery services.

As a key component of Malaysia's logistics infrastructure, the Cainiao Aeropolis eWTP Logistics Hub has a significant capacity to process one million parcels daily, with plans to increase this capacity to 1.4 million parcels per day by 2029 (Malaysia Airports Holdings Bhd, 2021). This substantial increase in processing capacity underscores the hub's vital role in enhancing Malaysia's logistics capabilities, supporting the growing demand for e-commerce and international trade. The hub also introduces strategic investments and technological advancements, which significantly improve transportation efficiency and highlight its impact on enhancing the competitiveness of Malaysia's logistics industry, thereby elevating the overall experience for stakeholders in the e-commerce ecosystem.

Alibaba has significantly transformed the digital ecosystem in Malaysia and its surrounding areas, positively impacting various sectors primarily through its innovative platforms and technologies. Alibaba's presence has stimulated the growth of e-commerce, enabling local businesses to reach a wider audience through platforms like Lazada, encouraging SMEs to adopt online retail strategies. The integration with social media, especially platforms like TikTok, has created new avenues for interaction between brands and consumers, enhancing brand visibility and engagement.

Furthermore, Alibaba has pioneered the concept of live-streaming e-commerce, revolutionizing marketing strategies through real-time product showcases, boosting consumer interest and increasing sales. Its logistics arm, Cainiao Network, has improved the efficiency of Malaysia's supply chain, optimizing delivery processes, leading to faster shipping times for online orders and higher customer satisfaction. Alibaba's investment in technology promotes innovation within the local ecosystem, empowering startups and entrepreneurs to develop their own digital solutions, thereby enhancing overall economic growth.

In summary, Alibaba's strategic initiatives and investments have significantly transformed Malaysia's e-commerce and logistics landscape. By establishing the DFTZ and investing in advanced logistics infrastructure, Alibaba has not only improved the efficiency and competitiveness of Malaysian enterprises but also positioned Malaysia as a key player in the global e-commerce market. These contributions have far-reaching implications.

(ii) Huawei

Huawei has made significant contributions to Malaysia's tech landscape through its strategic investments and initiatives. One of its most notable contributions is the establishment of the Huawei Malaysia Global Training Centre (MGTC) and the Huawei ASEAN Academy (Huawei, 2020). These institutions aim to equip Malaysian talent with the latest Information and Communication Technology (ICT) skills and knowledge, cultivating a highly skilled workforce capable of driving the nation's digital transformation. The global training centre also offers training to ICT professionals worldwide. Over the past five years, the Huawei ASEAN Academy has trained over 50,000 individuals in ICT, providing them with the necessary skills to excel in the digital economy. This initiative aligns with Malaysia's broader economic goals of promoting digital economy growth and increasing the skilled workforce's contribution to the country's GDP.

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Huawei's investments extend beyond education and training. The company has played a crucial role in enhancing Malaysia's telecommunications infrastructure. Since 2020, Huawei has partnered with Telekom Malaysia (TM) to build Malaysia's only end-to-end (E2E) cloud and artificial intelligence infrastructure, ensuring data sovereignty and positioning Malaysia as a digital hub in Southeast Asia (Bernama, 2023).

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The collaboration between Huawei and TM has facilitated the deployment of advanced technologies, including 5G networks, which are essential for the development of smart cities and the Internet of Things (IoT). The rollout of 5G in Malaysia is expected to significantly enhance the country's connectivity, providing companies and consumers with faster and more reliable internet services. This improved connectivity enables a range of innovative applications and services, from autonomous vehicles to smart healthcare solutions, driving economic growth and improving Malaysians' quality of life.

Huawei's impact on Malaysia's technological infrastructure also extends to its involvement in multiple smart city projects. Leveraging its expertise in ICT, Huawei has collaborated with local governments to implement smart city solutions that improve urban management and enhance the delivery of public services. These solutions include intelligent traffic management systems, smart lighting, and advanced security monitoring, all of which contribute to a more efficient and sustainable urban environment. Huawei's smart city initiatives are transforming the urban landscape in Malaysia, making cities more attractive and liveable for residents and businesses. In 2024, Huawei partnered with Nur Power and JS Solar to develop the first smart green industrial park in Kulim Hi-Tech Park (The Sun, 2024).

Beyond strengthening telecommunications and urban infrastructure, Huawei has introduced various technological innovations to the Malaysian market. These include advanced cloud computing solutions, AI-based analytics, and cutting-edge cybersecurity technologies. Huawei's cloud services have enabled Malaysian companies to migrate to digital platforms, enhancing operational efficiency and competitiveness. Meanwhile, Huawei's AI solutions provide valuable insights for businesses, driving better decision-making and innovation. Additionally, Huawei's robust cybersecurity technology ensures the protection of critical data and infrastructure, fostering a secure digital environment.

The implementation of Huawei's AI-driven analytics has significantly increased operational efficiency across various industries, boosting productivity by 25% for companies using these solutions. Businesses can now leverage real-time data to optimize operations, reduce costs, and improve customer satisfaction. Huawei's cloud computing services have also facilitated the digital transformation of numerous small and medium-sized enterprises (SMEs), enabling them to scale their operations and enter new markets. These technological advancements have not only improved the competitiveness of Malaysian businesses but also positioned Malaysia as a key player in the regional digital economy.

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Moreover, Huawei aims to digitize traditional energy sectors and develop green energy solutions to drive an energy revolution and create a greener future. This includes utilizing Fusion Solar smart photovoltaic technology in several projects, such as the Asian Meranti large-scale solar (LSS) project in Kamunting, Perak. They have also implemented commercial and industrial (C&I) solution projects at IKEA in Kuala Lumpur and Lotus stores across Peninsular Malaysia (The Star, 2023). These initiatives highlight Huawei's commitment to promoting sustainable energy solutions and reducing the carbon footprint across industries.

In summary, Huawei's strategic initiatives and investments have profoundly transformed Malaysia's technology and innovation landscape. By establishing advanced training centres, enhancing telecommunications infrastructure, and introducing cutting-edge technologies, Huawei has played a crucial role in driving Malaysia's digital transformation. In February 2024, Maxis and Huawei showcased the first 5.5G technology trial in Malaysia and Southeast Asia, demonstrating Malaysia's leadership in digital infrastructure and its attractiveness as a destination for foreign investment. This, in turn, has fuelled the growth of digital services and e-commerce platforms, benefiting consumers and businesses alike. These contributions have had a lasting impact, fostering innovation, creating job opportunities, and strengthening Malaysia's overall competitiveness in the global market. Huawei's commitment to technological advancement and its collaboration with local stakeholders continue to keep Malaysia at the forefront of the digital economy, paving the way for sustainable economic growth and development.

(iii) Bank of China (BOC), Industrial and Commercial Bank of China (ICBC) and China Construction Bank (CCB)

China's increasing involvement in Malaysia's financial services industry is significantly reshaping the development landscape for small and medium enterprises (SMEs). Through investments and partnerships, Chinese financial institutions play a crucial role in enhancing financial support for Malaysia's SMEs, which are vital to the country's economic growth and development.

Chinese banks such as BOC, ICBC and CCB have made notable contributions towards the Malaysian financial market, not only by serving Malaysia's pillar industries and large-scale Sino-Malaysian economic and trade projects, but also by focusing on services that cater to the unique needs of small and medium-sized companies (SMEs). These institutions have introduced a range of financial products and services designed to support the growth and operational efficiency of SMEs. For example, BOC Malaysia has set up a team at its headquarters specializing in serving SMEs and has also set up branches in cities where SMEs are concentrated, such as Muar and Puchong. They have organized Malaysia-China business matching event for many years to facilitate SMEs' trade and investment exchanges and played a role as RMB clearing bank to provide Malaysian SMEs with RMB clearing tools to mitigate exchange rate risk.

For example, ICBC offers tailored products such as loan packages and financial solutions specifically designed for SMEs. These products include working capital loans, trade financing, and asset-based loans, providing businesses with the liquidity needed for daily operations, investment expansion, and tackling financial challenges.

Access to funding remains a significant challenge for many SMEs, and Chinese investments are helping bridge this gap. By offering targeted financial products and services, Bank of China addresses one of the most critical barriers to SME growth. Collaborating with local banks and financial institutions, Chinese financial entities have introduced innovative financing solutions, granting SMEs greater flexibility and accessibility. These services are crucial for SMEs that often struggle to secure traditional forms of financing. According to Bank Negara Malaysia (BNM), banks provide over 90% of total financing to SMEs in Malaysia (BNM, 2023).

The support provided by Chinese financial institutions aligns with Malaysia's broader economic development goals. SMEs form the backbone of Malaysia's economy, significantly contributing to job creation, innovation, and economic diversification. By enhancing financial support for SMEs, Chinese investments contribute to the overall growth and stability of Malaysia's economy. Moreover, these investments promote regional economic integration by facilitating trade and investment between Malaysia and China. These initiatives improve access to funding, diversify financing options, and help SMEs acquire the resources needed for growth and development.

China's growing involvement in Malaysia's financial services industry has significantly impacted the support available to SMEs. Through tailored financial products, innovative financing solutions, and advanced technologies, Chinese financial institutions play an essential role in enhancing the capacity and competitiveness of Malaysia's SMEs. These contributions not only support SME growth but also drive economic development and strengthen regional connectivity. As China's role in Malaysia's financial sector continues to expand, its positive impact on SMEs and the broader economy is expected to become increasingly pronounced.

(iv) Xiamen University Malaysia Campus

Established in 2015 in Sepang, Malaysia, Xiamen University Malaysia Campus (XMUM) is the first overseas branch campus independently set up by a Chinese "Double First-Class" university. This marks a significant milestone in Malaysia- China educational collaboration (MCBC, n.d.). XMUM integrates China's academic excellence with Malaysia's educational perspective, providing students with a diverse and holistic learning environment that combines global best practices with local relevance (Jie, 2018). Offering programs across disciplines such as business, engineering, and humanities, XMUM caters to a wide range of academic interests and career aspirations.

The university's programs are designed to cultivate a global outlook, equipping students to thrive in an increasingly globalized world. With faculty members from both Malaysia and China, XMUM ensures students receive a comprehensive education that blends diverse cultural and academic viewpoints. This internationalized approach not only enriches the learning experience but also enhances students' employability in an interconnected job market.

Additionally, XMUM addresses the growing demand for quality higher education in the region. By attracting students from Malaysia and neighboring ASEAN countries, the university contributes to the development of a highly skilled workforce that supports regional economic growth and innovation. Currently, XMUM offers 23 undergraduate programs, 11 master's programs, and 6 doctoral programs, with a total student population exceeding 8,000 from over 40 countries and regions.

Beyond its educational impact, XMUM plays a critical role in fostering regional cooperation and understanding. As a cultural and academic bridge between Malaysia and China, the university promotes mutual respect and collaboration. XMUM embodies the strong relationship and spirit of cooperation between Malaysia and China over the past 50 years (Bernama, 2024b). Its diverse student body and faculty create a multicultural environment that encourages dialogue and exchange among students from different backgrounds.

Furthermore, XMUM's role in strengthening Malaysia- China relations are significant. As part of China's Belt and Road Initiative, the university contributes to bilateral relations through educational diplomacy. By offering programs that emphasize the cultural heritage of both China and Malaysia, XMUM deepens understanding and collaboration between the two nations. With the increasing presence of Chinese enterprises in Malaysia, the demand for highly skilled talent continues to grow.

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The establishment of XMUM aligns with regional integration and broader collaboration goals. By attracting students from Southeast Asia, the university supports Malaysia's vision of becoming a regional hub for education and research. This regional focus helps build stronger ties among ASEAN nations, fostering academic, cultural, and economic cooperation.

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XMUM stands as a testament to how educational investments can promote regional cooperation and mutual understanding. Its establishment not only elevates Malaysia's educational landscape but also contributes to strengthening Malaysia-China relations and regional integration. By bridging cultural and academic divides, XMUM plays a vital role in shaping the future of education and collaboration in Southeast Asia.

3. FINDINGS FROM ADVISORY PANELS DISCUSSION

This section investigates the contribution of Chinese enterprises to Malaysia's economic development via Advisory Panels discussion through two Advisory Panels discussions. The study examines five key areas: an overview of economic contribution, talent development, green development, technological innovation and transfer, safety and environmental, social and governance (ESG) initiatives.

Twelve management personnel from Chinese enterprises in the construction, manufacturing, and services industries contributed their valuable insights on Chinese enterprises' contribution to Malaysia's economic development during about two-hour Advisory Panels discussion on July 18 and 19, 2024. Their perspectives provide a comprehensive understanding of the topic. (the perspectives are limited to the aforementioned twelve Chinese company executives).

3.1 Overview of the Economic Contribution of Chinese Enterprises

Based on the findings of the Advisory Panels Discussions, Chinese enterprises elaborate on their enterprises' roles in various aspects of the Malaysian economy, including trade, investment, collaboration with local small and medium enterprises (SMEs), and job creation.

Chinese enterprises highlighted their active engagement in import-export activities and bolstering Malaysia's international trade. This includes exporting locally manufactured goods. *"Some of the products from Chinese enterprises' manufacturing activities in Malaysia are used for export, significantly promoting Malaysia's foreign trade development."* Additionally, these enterprises support high-tech industries and sourcing materials locally, for example; chips.

Furthermore, substantial foreign direct investment from Chinese enterprises has been directly invested towards large-scale infrastructure projects, such as the construction of gas-fired power generation, hydropower stations and transportation facilities. *"Involved in the construction of gas-fired power plants, hydropower stations, photovoltaic new energy, transportation, and infrastructure, with approximately 30 projects in total, amounting to around 3 billion USD."* These enterprises are actively exploring opportunities in new energy projects. *"We are involved in the construction and development of new energy power projects and are now actively exploring opportunities to invest in this area."*

Chinese enterprises also actively collaborate with local SMEs by providing procurement and trade opportunities, fostering their growth, and contributing to local economic development. One participant noted, *"Most of the construction materials are purchased locally, creating demand and supporting SMEs."* Another added, *"We actively collaborate with local small and medium-sized enterprises, providing procurement and trade opportunities, helping these businesses grow, and promoting the development of the local economy."*

In addition, some enterprises have established dedicated SME teams to provide specialized financial services. *"Since 2018, a team dedicated to serving small and medium-sized enterprises (SMEs) has been established, providing them with financial services."*

Chinese enterprises assist SMEs in developing solutions for ICT networks and social transformation by establishing connections with various associations. For example, the company provides standardized and measurable solutions to SMEs with limited capital and technical capabilities, helping them enhance their technological proficiency and digital development. *"We provide assistance in three areas: first, helping them develop ICT network solutions tailored for small and medium-sized enterprises (SMEs), customizing digital transformation plans. Second, we assist SMEs with weaker capabilities or insufficient funds in enhancing their technical abilities, enabling them to use these solutions directly. Third, we train their personnel to become proficient in ICT networks and digital transformation plans."*

Beyond trade and investment, Chinese enterprises emphasized their dedication to job creation. Enterprises reported high rates of local employee recruitment. *"We have employed a large number of local workers, with localization rates reaching 60%, and some enterprises achieving nearly 98%, well above the government's requirement of 40%."*

3.1.1 Talent Development

Chinese enterprises operating in Malaysia are investing significantly in advancing human capital development and workforce training. Recognizing the need for continuous professional development, these enterprises span technical and management skills, reflecting their intention to cultivate a highly-skilled and efficient local workforce. These efforts typically include a diverse range of training programs, such as:

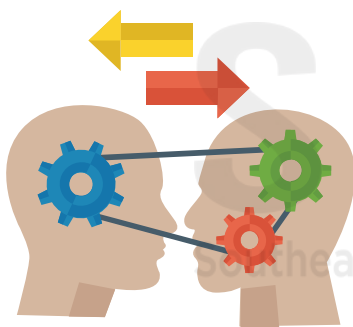
Mentorship Programs

These initiatives pair experienced professionals with newer employees to provide guidance, share knowledge, and help them navigate their career paths.

"We enhance employee skills through mentoring and regular training, ensuring they are competent in their roles and continue to develop."



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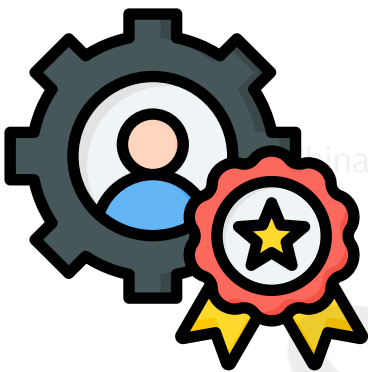


Training for partners

Chinese enterprises provide training and knowledge transfer to qualified partners to help them enhance their technical expertise and eventually become core partners. *"We have many local partners, and there is a specific process for selecting them. We screen and assess their capabilities, and afterwards, we provide them with project training and certification, enabling them to serve as our contractors and enhancing their ability to take on projects."*

Workforce upskilling and retraining

Improved the skills and knowledge level of local employees through various training programs and technology transfer and providing training specifically for Malaysian engineers and technicians to help them master the latest technology and management methods. *"We provide training for local employees and offer them access to technical platforms, regularly providing training certificates." One participant added, "We improved the local employee's technical skills by participating in national-level projects, including sending local employees to China for technical training, where they learned advanced operating methods and technologies."*

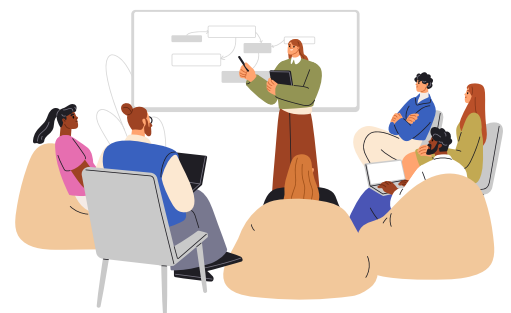


Specialized Technical Training

Recognizing the need for specific technical expertise, these enterprises often offer specialized training programs. These may focus on advanced technologies, industry-specific skills, or new processes that are crucial for the company's operations in Malaysia. *"Our company provides workforce training for local employees based on job requirements, improving their management skills and technical proficiency to a certain extent."*

Regular Training Sessions

Chinese enterprises often conduct ongoing training sessions to keep employees up-to-date with the latest industry practices, technologies, and methodologies. These sessions can be general and tailored to specific roles within the company. One participant shared, *"Our company offers various types of training, including routine training, overseas training, and technical training."*



Overseas Training Opportunities

Besides local training, many enterprises provide opportunities for Malaysian employees to receive training in China or other countries. This exposure allows employees to learn from international experts, gain a global perspective, and bring back advanced skills to their home country. A participant highlighted these efforts, "Our company selects graduates from Malaysian universities each year for global training programs." Another participant added, *"We provide opportunities for high-potential employees to receive training at headquarters in China."*

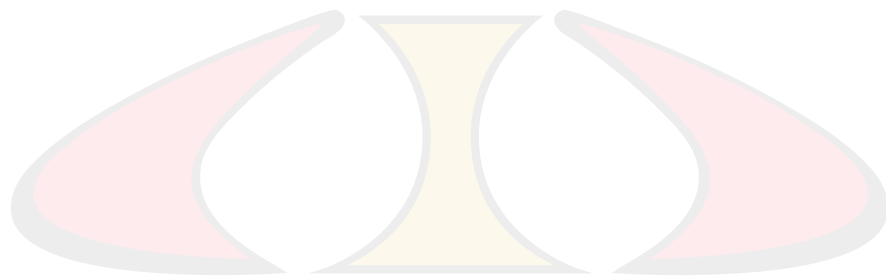


Collaboration with local universities



Multiple enterprises have collaborated with local universities to provide resources such as talent development, equipment and financial support. One notable example is the partnership with Multimedia University, which includes equipment donations, and scholarships for outstanding students to pursue advanced studies in China. These collaborations often extend to ICT talent development, encompassing training for ICT professionals, technology transfer initiatives, and developing high-end ICT talent development programs. *"We collaborate with many universities to train Malaysian students to become ICT professionals, with the hope that through their efforts, they can earn certifications and gain better platforms and opportunities."*

These training initiatives are part of a broader strategy to ensure that the local workforce is capable of meeting the company's demands but also being positioned to grow within the organization, contributing to the long-term success of both the employees and the company. In addition, Chinese enterprises have not only created numerous job opportunities but also enhanced local employees' professional skills and knowledge levels through knowledge transfer, career training, and educational cooperation.



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3.1.2 Green Development

Recognizing the growing importance of green development, Chinese enterprises increasingly embed environmental sustainability into their core business strategies. Participants highlight their enterprises' strong commitment to environmental sustainability across their Malaysian operations, highlighting various initiatives and practices implemented by their enterprises. These enterprises actively promote environmental elements under ESG principles, underscoring their dedication to environmental responsibility. Furthermore, they are encouraging clients to adopt green solutions. *"Our company has established a dedicated ESG subcommittee under the board of directors, responsible for managing and advancing green policies."*

In addition, the enterprises also emphasise concrete actions taken to minimize their environmental footprint. They are actively monitoring and reducing resource consumption in their daily operations, targeting areas such as paper usage, electricity consumption, and gasoline reliance. One participant expressed, *"Our company is actively monitoring and reducing consumption in our daily operations, including paper, electricity, and gasoline."*

Furthermore, enterprises are investing in renewable energy sources and energy-efficient technologies. This investment includes installing solar panels and implementing innovative solutions like night cooling systems that leverage natural cooling to reduce energy consumption.

Some participants also highlighted their involvement in Malaysia's energy transition plans. This support involves participating in photovoltaic, energy storage, and waste-to-energy projects, demonstrating a commitment to providing integrated clean energy solutions. *"We are very focused on hydropower, photovoltaics, and waste-to-energy projects. We are actively involved in investments and are pushing these initiatives forward."*

Collaboration with local stakeholders is viewed as crucial for advancing green initiatives. enterprises are actively tracking and advancing multiple solar projects and plan to implement green energy initiatives in future power stations.

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3.1.3 Technological Innovation and Transfer

The findings regarding their contributions to improving technological innovation and transfer were categorized into two areas: technology transfer and skills development.

Technology Transfer

Enterprises play a crucial role in driving technological innovation and transfer in Malaysia. Participants emphasized the proactive efforts of Chinese enterprises in bridging technical capability gaps among local partners, particularly small and medium-sized enterprises (SMEs). This effort is accomplished through structured training programs to equip these businesses with the skills and knowledge necessary to utilize and leverage advanced technologies effectively. One participant stated, *“Our company conducts rigorous qualification reviews of our partners. We assess and review their capabilities, after which we provide project training and certifications to equip them to work as our contractors and to enhance their ability to undertake projects.”*

Additionally, the findings revealed that Chinese enterprises actively support SMEs in developing solutions for ICT networks and managing social transformation. This support includes fostering connections with relevant associations and offering standardized, accessible solutions tailored to the resources and capabilities of SMEs. One participant further noted, *“We organized technology exchange activities to bring advanced technologies and experiences from China to Malaysia, and this helps promote the development of local SMEs.”*

Participants highlighted the introduction of advanced robotics and automation technologies from China, particularly in the construction industry. The use of automation and smart technologies, such as robots and intelligent devices, is widespread in Chinese enterprises when they do Malaysian projects. This not only boosts work efficiency but also reduces labour costs and error rates, driving technological advancement in sectors like construction. As one of the participants noted, *“Our company is implementing digitalization in management, and also fully developing innovation and technology to increase productivity.”*

Skills Development

Participants emphasized their commitment to enhancing the technical skills of local employees through systematic training programs. These programs focus on areas like Building Information Modelling and robotics technology, equipping Malaysian workers with the skills to operate and maintain advanced equipment and systems. The company's dedication to nurturing local talent in ICT networks and the digital economy was also highlighted. By providing specialized training and technical guidance, they empower local personnel to become proficient in these fields, further stimulating growth in these sectors. Some of the discussion in talent development also includes skill development.

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3.1.4 Safety Practices and Environmental, Social and Governance (ESG) Initiatives in Malaysia

Safety Practices

Chinese enterprises, particularly those in the construction and manufacturing sectors, place a strong emphasis on occupational safety within their operations. They commit steadfastly to safety and reliability, viewing it as a non-negotiable aspect of their operations. This prioritization is evident in their stringent safety protocols, proactive risk mitigation measures, and unwavering adherence to Malaysian regulations and internal company standards. A key aspect of their safety culture is adopting a top-down approach, with company leaders assuming ultimate responsibility for maintaining a safe working environment. This emphasis on leadership accountability ensures that safety remains a top priority at all organizational levels. For example, the company's first person is responsible for safety. *"We are very attentive to safety and ensure compliance with Malaysian safety laws and policies." There will be different safety officers at various levels, and project safety will be classified and assigned to safety officers to monitor it. "Project leaders are designated as the primary responsible persons for safety."*

Chinese enterprises are also strongly committed to ethical governance by strictly adhering to local Malaysian policies, industry best practices, and international standards. Participants emphasized the development and implementation of comprehensive safety management systems and responsibility documents. These measures aim to prevent accidents, promote a safety culture, and meet stringent safety requirements. *"Chinese enterprises place a strong emphasis on safety, and have not experienced any major safety incidents, and strictly adhere to local policies and ESG standards and requirements."*

Further reinforcing this commitment, enterprises implement robust monitoring systems to ensure ongoing safety compliance, including real-time operations monitoring. This proactive approach allows for the immediate identification and mitigation of potential hazards. "We use large screens to monitor various conditions in real-time and handle emergencies promptly through warning mechanisms and contingency plans to ensure project safety and stability."

Environmental, Social, and Governance (ESG) Initiatives

The Chinese enterprises are strongly committed to integrating ESG principles into their operations in Malaysia. They emphasized going beyond mere compliance to actively contribute to the well-being of the environment and local communities. Some participants stated that their enterprises prioritize environmental protection by conducting thorough environmental impact assessments before commencing any project. This measure ensures compliance with local regulations and identifies potential environmental risks for mitigation. Additionally, enterprises actively engage in community-based environmental activities, such as beach clean-ups, tree planting, and educational programs, demonstrating their commitment to preserving local ecosystems. *"We establish a volunteer group, organize environmental activities such as beach clean-ups to give back to the local community."* Another participant added, *"ESG activities are held annually, and every employee is required to participate. For example, last year we were involved tree planting. Each time, we collaborate with Malaysian charitable organizations or NGOs to engage in community service."*

Regarding social responsibility and community engagement, participants claimed that their enterprises have established dedicated volunteer groups that actively participate in a wide range of social initiatives, including charity events, and educational support programs for underprivileged students. Participants emphasized their commitment to the well-being of local communities, exemplified by their significant contribution during the COVID-19 pandemic, such as donating funds, medical supplies and essential goods to support those affected by the pandemic. Participants added: *"We also fulfil our social responsibilities, such as visiting orphanages, and we have made efforts in supporting the development of Chinese cultural initiatives in Malaysia."*

Moreover, Chinese enterprises recognize the importance of employees' well-being and its direct link to productivity and overall success. They prioritize employee care and motivation through various initiatives. They provide promotion opportunities and tangible rewards for high-performing employees, encouraging continuous skill development and contributions. They also focus on employees' mental health and fostering a positive work environment to enhance employees' happiness and their sense of belonging. *"Regarding employees' benefits, we provide medical insurance, snacks and beverages, arrange group meals, celebrate birthdays each month, and hold team-building activities to enhance employees' sense of belonging."*

Furthermore, engaging international third-party organizations for independent monitoring and ESG assessments demonstrates a commitment to transparency and external accountability, further strengthening their commitment to responsible and safe operations. *"We hire international third parties to monitor and track the implementation of ESG aspects of the project. We also develop detailed safety management systems and responsibility documents to ensure no safety incidents occur during project implementation."*

3.2 Challenges of Chinese Enterprises in Malaysia

Chinese enterprises operating in Malaysia revealed a generally positive outlook on the Malaysian economic landscape. The participants consistently acknowledged the nation's inclusive cultural environment, which is welcoming and conducive to integration. The fair business environment was highlighted as a significant advantage for Chinese businesses. Additionally, the young and growing workforce instilled confidence in the potential of the local talent pool. Despite acknowledging areas for improvement, businesses expressed optimism about the future of their operations in Malaysia, recognizing the country's stability and potential as an attractive destination for investment and business partnerships.

However, conducting business in Malaysia presents a unique set of challenges for Chinese enterprises. A recurring issue is the cumbersome nature of administrative procedures, with enterprises frequently encountering lengthy approval processes, complex administrative procedures, and inefficiencies within government departments. These bureaucratic hurdles lead to increased operational costs, delays in project timelines, and reduced business agility. The frequent changes in government policies, along with inconsistencies in their execution, create uncertainty for businesses, making it difficult to plan strategically and invest confidently.

Another significant challenge lies in the labour market. Although Malaysia boasts a young workforce, there is a notable shortage of skilled labour, particularly in specialized fields requiring high technical expertise. This skills gap is especially pronounced in sectors like manufacturing and technology, where finding qualified engineers and technicians remains difficult. Furthermore, some businesses have observed disparities in work culture, noting that local employees may not always exhibit the same level of urgency and efficiency as their Chinese counterparts.

By synthesizing the above perspectives, it is clear that Chinese enterprises operating in Malaysia need to adapt to and navigate the local policies and business environment. They also need to actively work on addressing challenges in the labour market, improving technological capabilities, and carefully selecting business partners. These efforts are essential for achieving stable development and sustainable growth in their operations.



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3.3 Recommendations

The Malaysian government can take several key measures to foster a more conducive business environment for Chinese enterprises. First, streamlining administrative processes, particularly those related to approvals and permits, is essential. Simplifying procedures, digitizing documentation, and establishing clear guidelines with realistic timelines would significantly reduce bureaucratic hurdles and expedite business operations.

Improving communication and transparency from government departments is equally important. Establishing clear channels for dialogue, providing businesses with easily accessible information, and ensuring consistency in policy implementation would foster trust and confidence among investors. Incorporating Chinese language support within government agencies would also help bridge language barriers and facilitate better communication.

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Strengthening cross-national coordination, particularly with Chinese authorities, could streamline processes for businesses operating across borders. This includes simplifying visa and work permit procedures for Chinese nationals, ensuring smooth customs clearance for goods and services, and proactively communicating policy changes to relevant stakeholders in China. Chinese enterprises also highly welcome the establishment of a one-stop centre to facilitate the approval of applications from foreign entrepreneurs to set up businesses or invest in Malaysia.

By addressing these challenges and implementing these recommendations, Malaysia can create a more attractive and business-friendly environment, encouraging further investment and collaboration with Chinese enterprises.

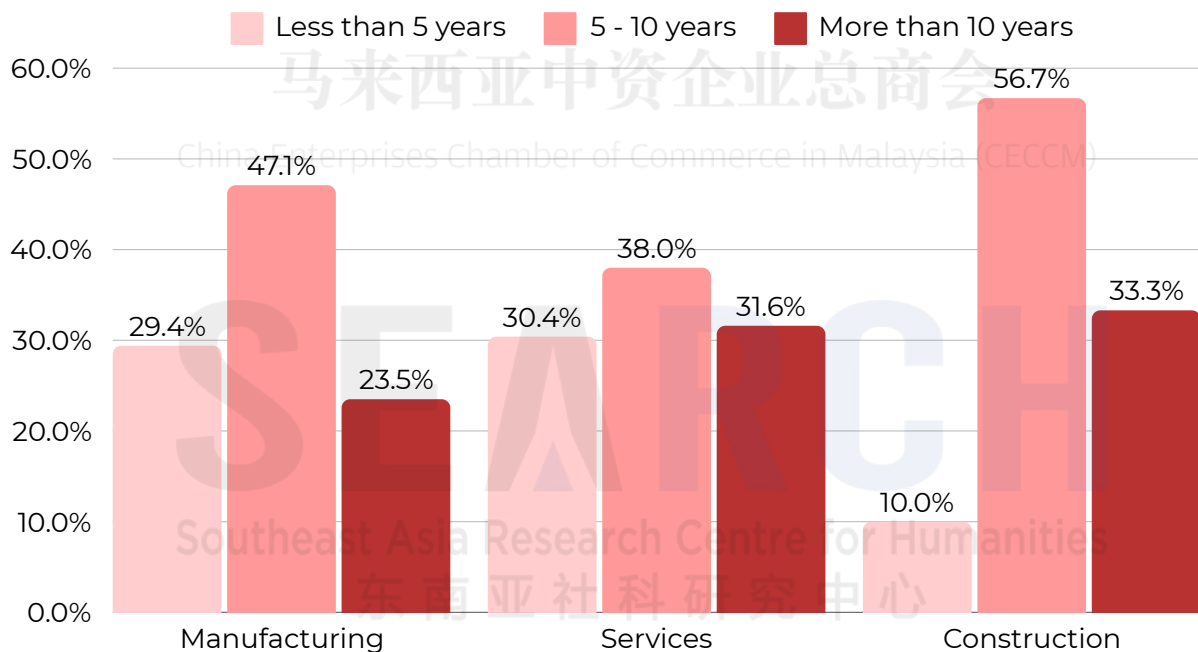
4. FINDINGS FROM SURVEY QUESTIONNAIRE

This section delves into the multifaceted impact of Chinese enterprises on Malaysia's development across various dimensions. It begins by exploring how these enterprises leverage technology transfer, training, and educational cooperation projects to foster talent development in Malaysia. The discussion then shifts to assessing the contributions of Chinese enterprises to green development and environmental protection initiatives in the country. Following this, the focus turns to how these enterprises enhance industrial production quality and technological standards within Malaysia. Additionally, this section evaluates the safety, reliability, and ESG (Environmental, Social, and Governance) performance of Chinese enterprises operating in Malaysia. Finally, the section addresses the challenges these enterprises face, such as regulatory and cultural hurdles, as well as the emerging opportunities for further Malaysia-China economic cooperation, particularly through initiatives like the Belt and Road.

4.1 Basic Information

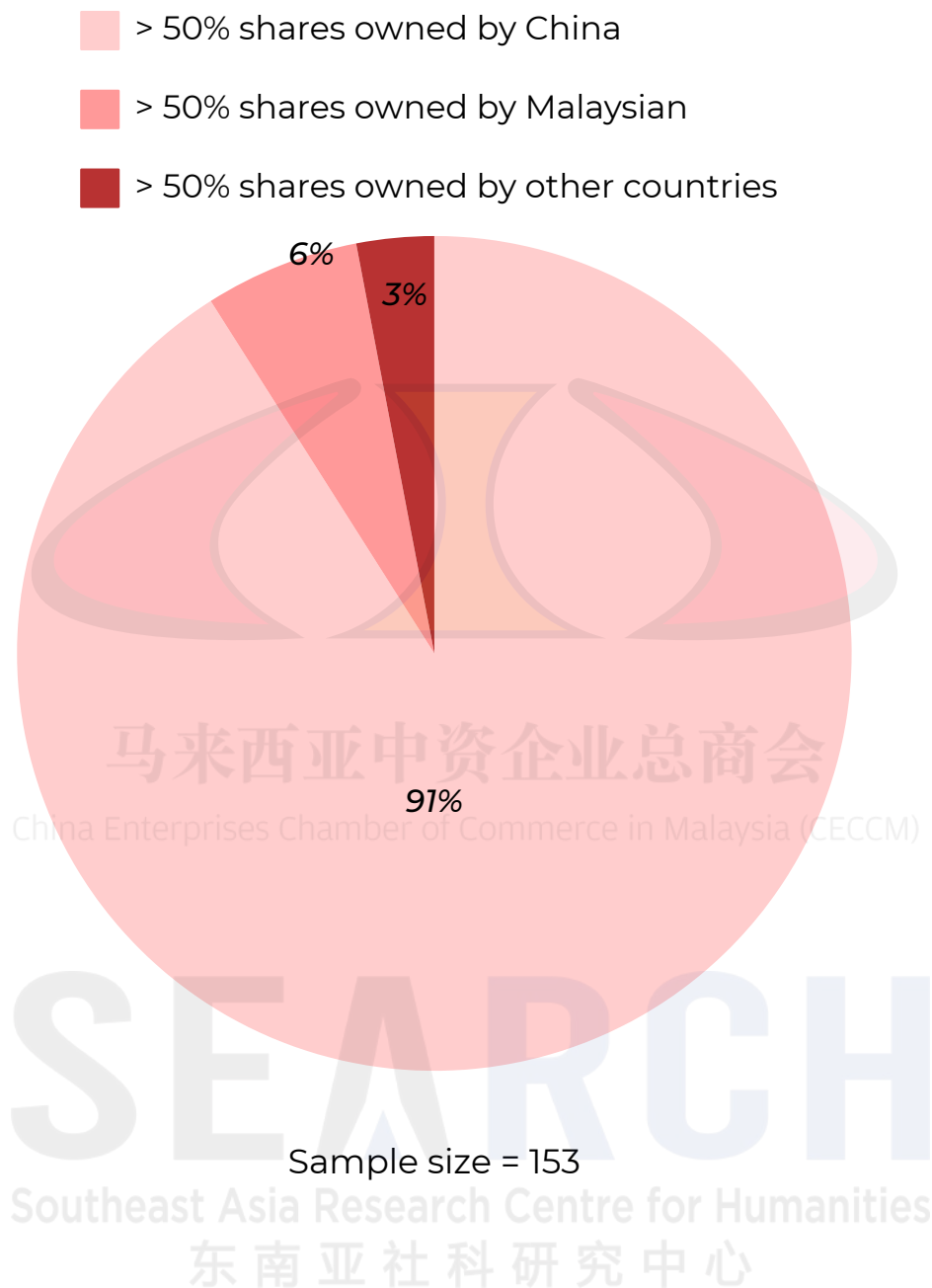
After 2013, an increasing number of Chinese enterprises were established in Malaysia through the BRI. Of the 153 enterprises surveyed, it was found that approximately 70% of them increased their operations in Malaysia following 2013 (Figure 4.1). About 76.5% of manufacturing-based businesses were founded in Malaysia, with the service and construction sectors following closely behind with 68.4% and 66.7% of new businesses respectively.

Figure 4.1: Percentage Distribution of Chinese Enterprises Established in Malaysia



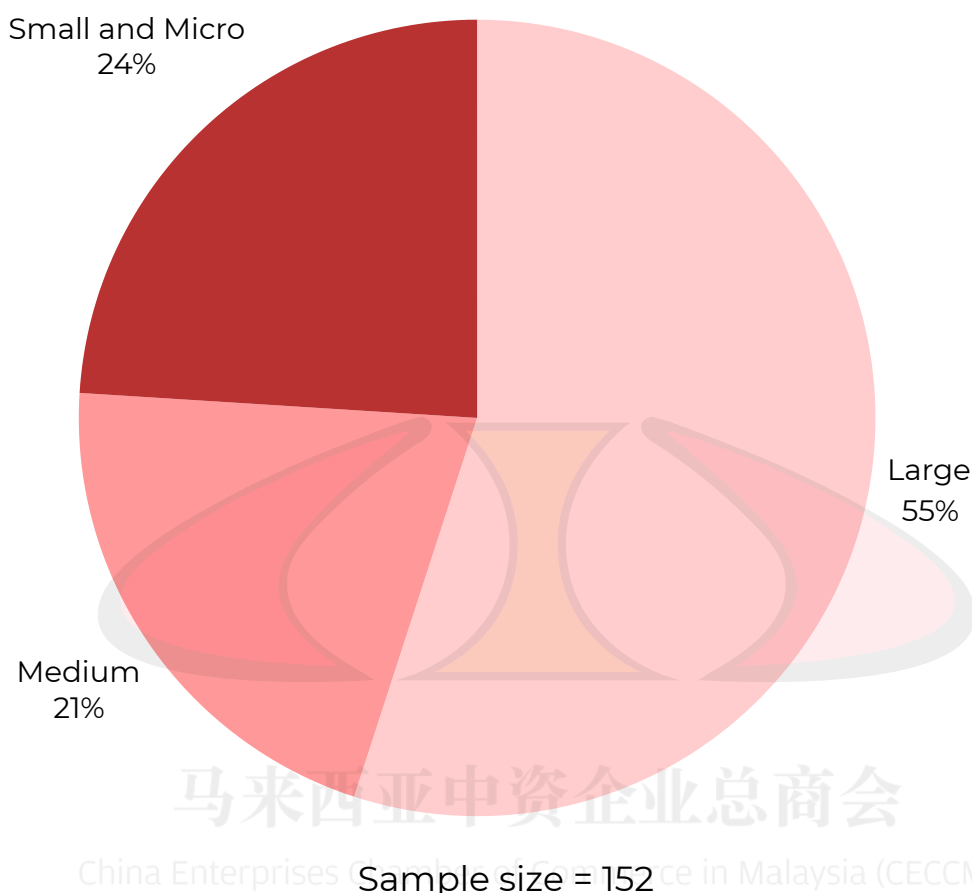
Sample size = 153

Figure 4.2: Percentage Distribution of Chinese Ownership Accounts



The graph from Figure 4.2 illustrates more than 50% of the shares in the 153 firms that were studied are held by Chinese, which indicates that Chinese ownership accounts for 91% of the enterprises. The remaining 9% of the businesses are either held by Malaysians (6%) or by foreigners (3%) from other nations.

Figure 4.3: Percentage Distribution of Chinese Enterprises by MSMEs

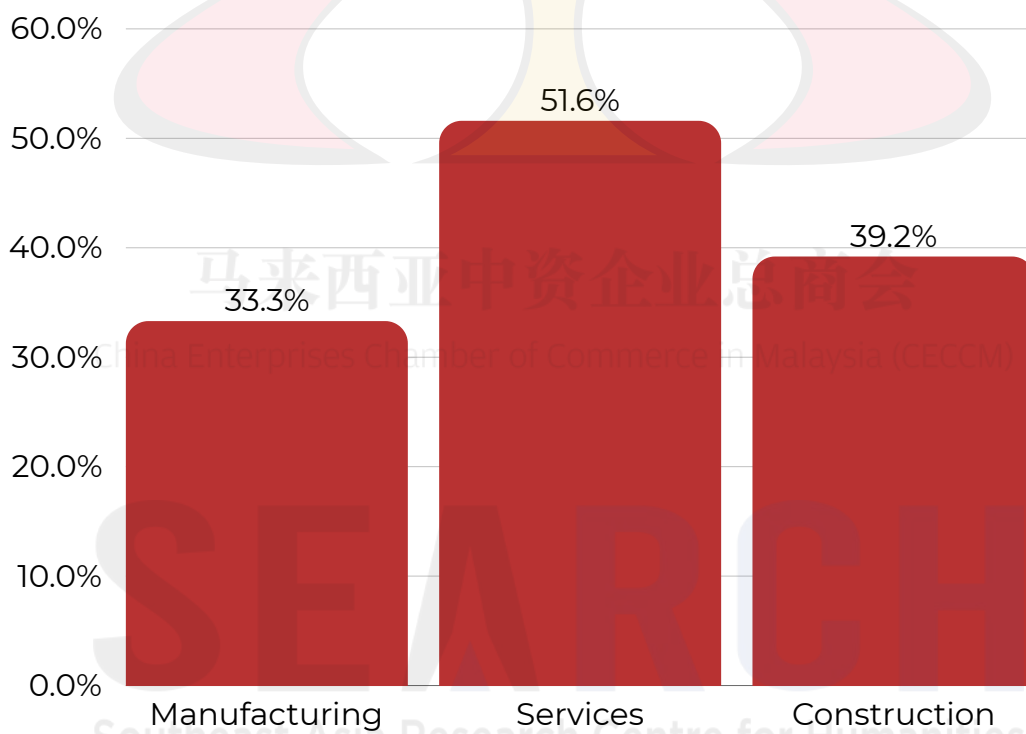


Based on turnover and full-time employees, over half (55%) of the surveyed enterprises are classified as "Large enterprises " in the manufacturing sector (annual turnover exceeding RM50 million / full-time employees exceeding 200) or the service and construction sectors (annual turnover exceeding RM20 million / full-time employees exceeding 75) (Figure 4.3).

The remaining 45% of the enterprises are classified as "Medium" (21%) (manufacturing sector - annual turnover from RM15 million to RM50 million / full-time employees from 75 to 200) or "service and construction sectors - annual turnover from RM3 million to RM20 million / full-time employees from 30 to 75) and "Small and Micro" (24%) enterprises (manufacturing sector - annual turnover less than RM15 million / full-time employees less than 75) or (service and construction sectors - annual turnover less than RM3 million / full-time employees less than 30).

In terms of distribution breakdown, the enterprises can be categorised into three primary sectors: the service sector (51.6%), the construction sector (39.2%), and the manufacturing sector (33.3%) (Figure 4.4). About 22.2% of enterprises are involved in more than one sector, including manufacturing and service sectors, manufacturing and construction sectors, service and construction sectors, and manufacturing, service, and construction sectors.

Figure 4.4: Percentage Distribution of Chinese Enterprises by Sectors



Sample size = 153

Nearly 60% of enterprises (93 enterprises) in the service sector are ICT (20 enterprises), trading (import and export) (19 enterprises), and transportation, logistics, and warehousing (16 enterprises) (Table 4.1). The second-largest category is the construction sector (59 enterprises). Last is the manufacturing sector; more than half of them are from mining and quarrying (16 enterprises), electrical, electronic, and optical products (11 enterprises), and machinery and equipment (8 enterprises). A representation of the responses' breakdown is as shown in Table 4.1.

For the manufacturing and construction-based sectors, about 34% of the surveyed enterprises claimed that their company products contain locally sourced materials more than 20%; contain locally sourced materials more than 60% is 18% and contain locally sourced materials 21-60% is 16% (Figure 4.5).

The Malaysia market was the primary focus of nearly two-thirds of the surveyed enterprises, while the remaining one-third was oriented towards the "both Malaysia and Export Market" (26%) and the "Export Market" (9%) (Figure 4.6).

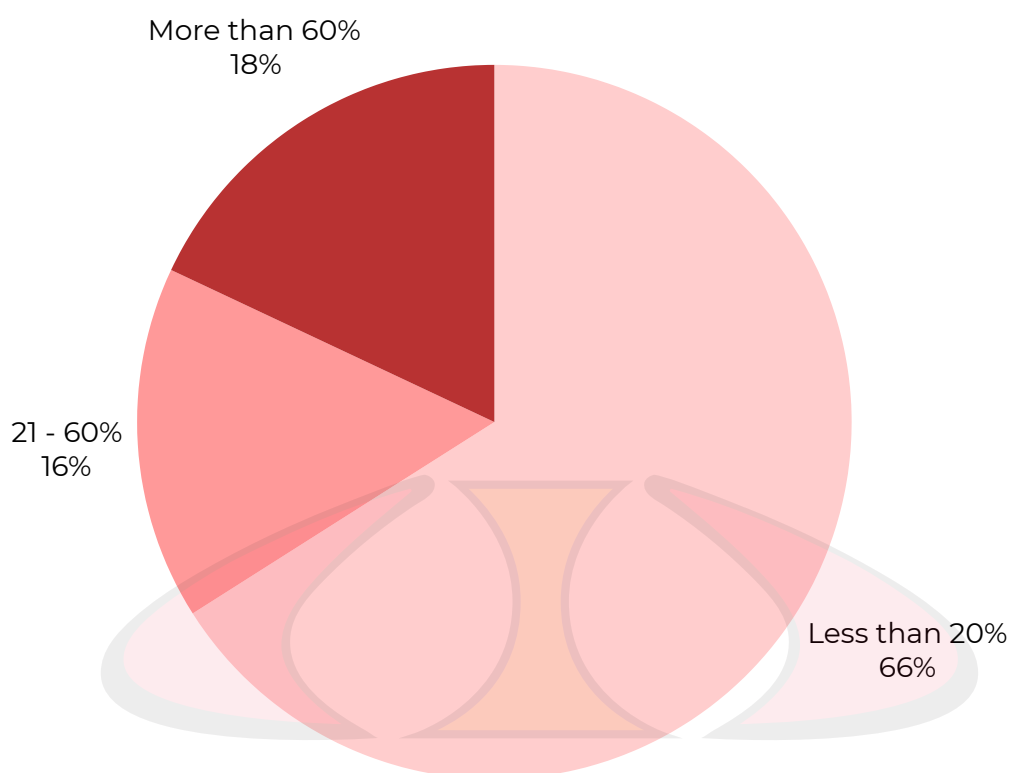
Table 4.1: Distribution of Chinese Enterprises by Sectors

Sector	Sample Size
Manufacturing Sector	62
Mining and Quarrying (Energy, Equipment, Clean Energy)	16
Electrical, Electronic and Optical Products	11
Machinery and Equipment	8
Petroleum, Chemical, Rubber and Plastic Products	6
Non-Metallic Mineral Products, Basic Metal and Fabricated Metal Products	5
Other Manufacturing Industries	5
Vegetable Or Animal Oils & Fats and Food Processing	3
Textiles, Wearing Apparel and Leather Products	3
Chemicals and Chemical Products	2
Transport Equipment, Other Manufacturing and Repair	2
Beverage Products	1

Table 4.1: Distribution of Chinese Enterprises by Sectors

Sector	Sample Size
Service Sector	93
Information and Communication Technology (ICT)	20
Trading (Import and Export)	19
Transportation, Logistics, Warehousing	16
Electricity, Heat, Gas and Water Production and Supply (Utilities)	8
Real Estate	7
Finance and Insurance	5
Leasing and Business Services (Professional Services) Facilities,	5
Scientific Research and Technical Services	5
Culture, Sports and Entertainment	2
Accommodation, and Food & Beverages	2
Agriculture, Forestry and Fishery	2
Private Healthcare	1
Residential Services, Repair and Other Services	1
Construction Sector	59

Figure 4.5: Percentage Distribution of Chinese enterprises by Product Contain

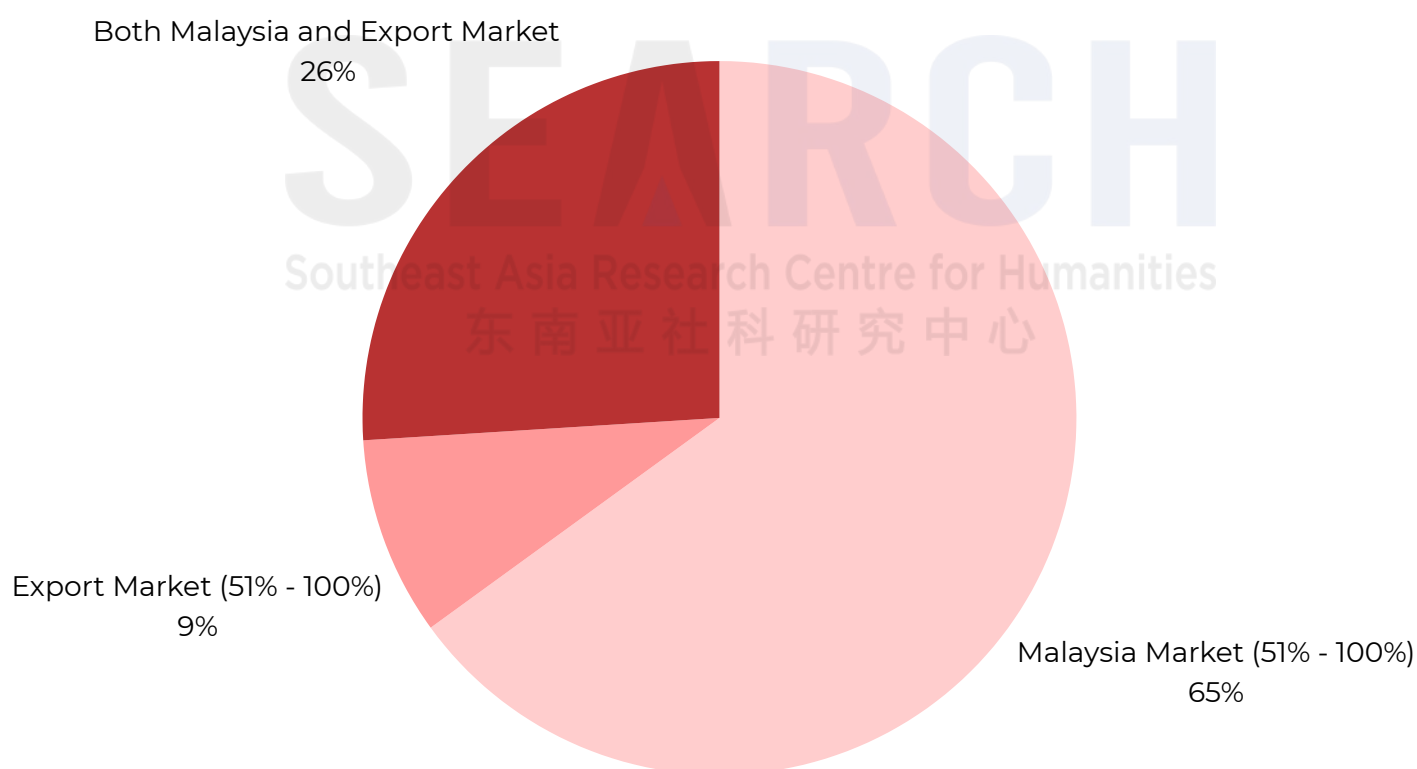


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Sample size = 100

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Figure 4.6: Percentage Distribution of Chinese Enterprises by Market Oriented

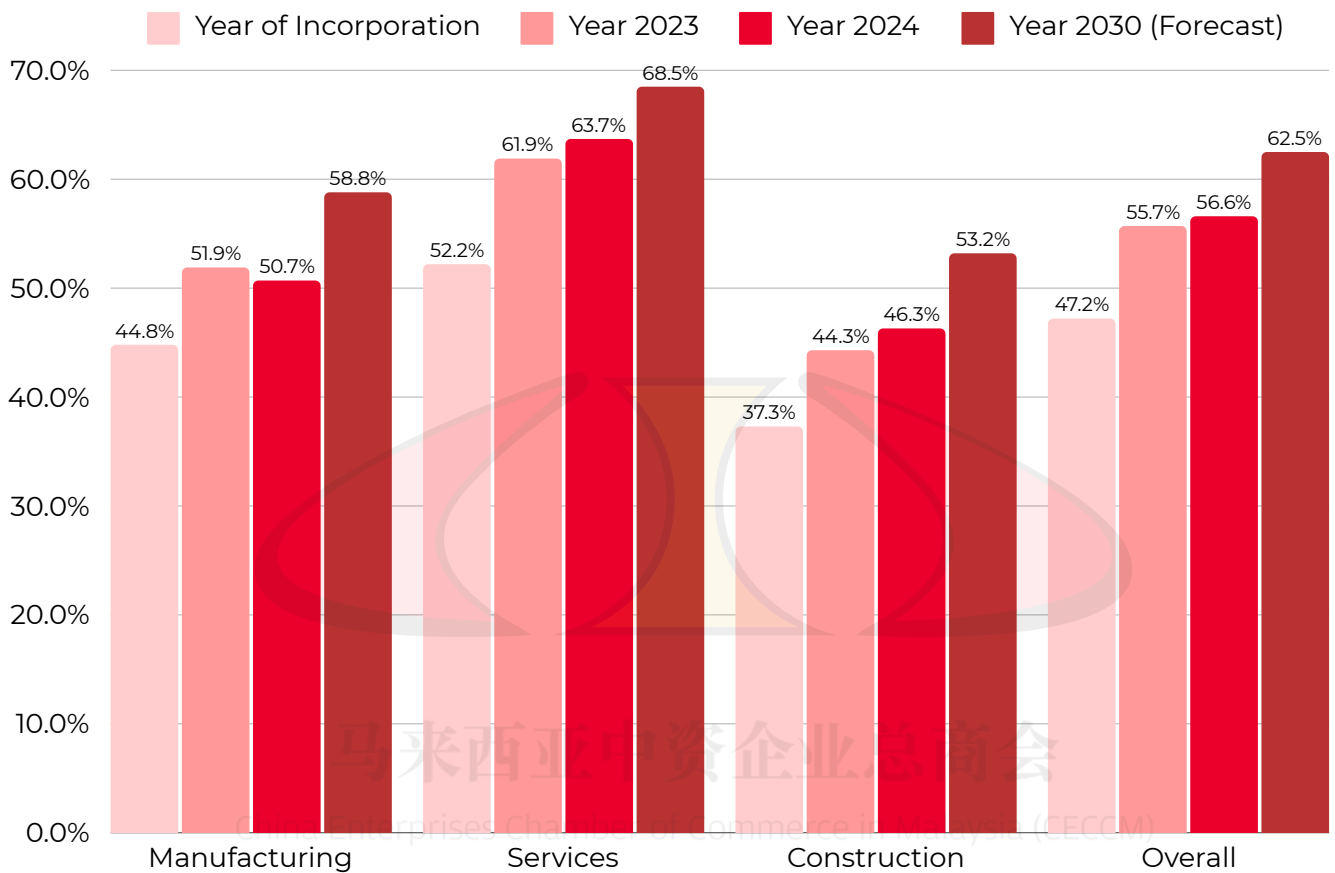


Sample size = 147

The graph in Figure 4.7 illustrates the percentages of skilled workers employed across various sectors in Malaysia, comparing the year of incorporation, 2023, 2024, and a forecast for 2030. The sectors analysed include manufacturing, services, and construction, with an overall percentage representing the total across these industries. The data reveals a consistent increase in the number of skilled workers, aligning with findings from Advisory Panels discussions. This growth is largely attributed to the emphasis on talent development and the increasing application of digital technologies in these sectors. Furthermore, the outcomes reflect the insights gathered from Advisory Panels meetings, which suggest that Chinese enterprises in Malaysia are prioritizing technological advancements, technology transfers, and talent development as part of the broader economic transition in the country. These enterprises are also playing a crucial role in creating high-skill, high-income jobs in the Malaysian labour market, contributing significantly to the rise in skilled workers. The overall trend suggests that Malaysia's evolving economic landscape, driven by these technological and workforce developments, is directly influencing the steady growth in the skilled workforce across sectors.

Starting with the manufacturing sector, the year of incorporation reveals that 44.8% of the workforce were Malaysian skilled workers, providing a baseline of the skill levels present when enterprises were first established. This percentage rises significantly to 51.9% by 2023, signalling an improvement in workforce skills over time. However, a slight decline to 50.7% is projected in 2024, which may suggest potential challenges or a temporary plateau in skill development. By 2030, the percentage is forecasted to increase substantially to 58.8%, reflecting optimism for continued growth in the skill levels of the manufacturing workforce.

Figure 4.7: Percentage of Employed Malaysian Skilled Workers



Similarly, the service sector shows an even more pronounced trend. The percentage of skilled workers starts at 52.2% at incorporation, which is relatively high compared to other sectors. By 2023, this figure rises sharply to 61.9%, indicating a significant improvement in workforce skills. The upward trajectory continues into 2024, reaching 63.7%, and is projected to peak at 68.5% by 2030. This consistent increase underscores the service sector's strong focus on skill enhancement, reflecting a robust commitment to improving workforce capabilities over time.

The increase in skilled workers in both the manufacturing and service sectors aligns with insights from Advisory Panels meetings, which emphasize that Chinese enterprises operating in Malaysia are making substantial investments in human capital development and workforce training. These enterprises recognize the need for continuous professional development across technical and management skills, aiming to cultivate a highly-skilled and efficient local workforce. This reflects not only efforts in new recruitment but also a sustained focus on talent development within their existing workforce, contributing to the overall rise in skilled workers across these key sectors. The projected growth in skilled workers by 2030 further illustrates the effectiveness of these initiatives, as enterprises continue to invest in advancing the capabilities of their employees, ensuring long-term economic competitiveness.

The construction sector initially had a lower percentage of Malaysian skilled workers, starting at 37.3% in the year of incorporation, which reflects the initial challenges faced in workforce skill development within this industry. Despite this, the sector has shown steady progress, with the percentage of skilled workers increasing to 44.3% by 2023, and further growth to 46.3% projected in 2024. Looking ahead to 2030, the forecast shows a significant rise to 53.2%, indicating that the construction sector is expected to make substantial improvements in the skill levels of its workforce over time.

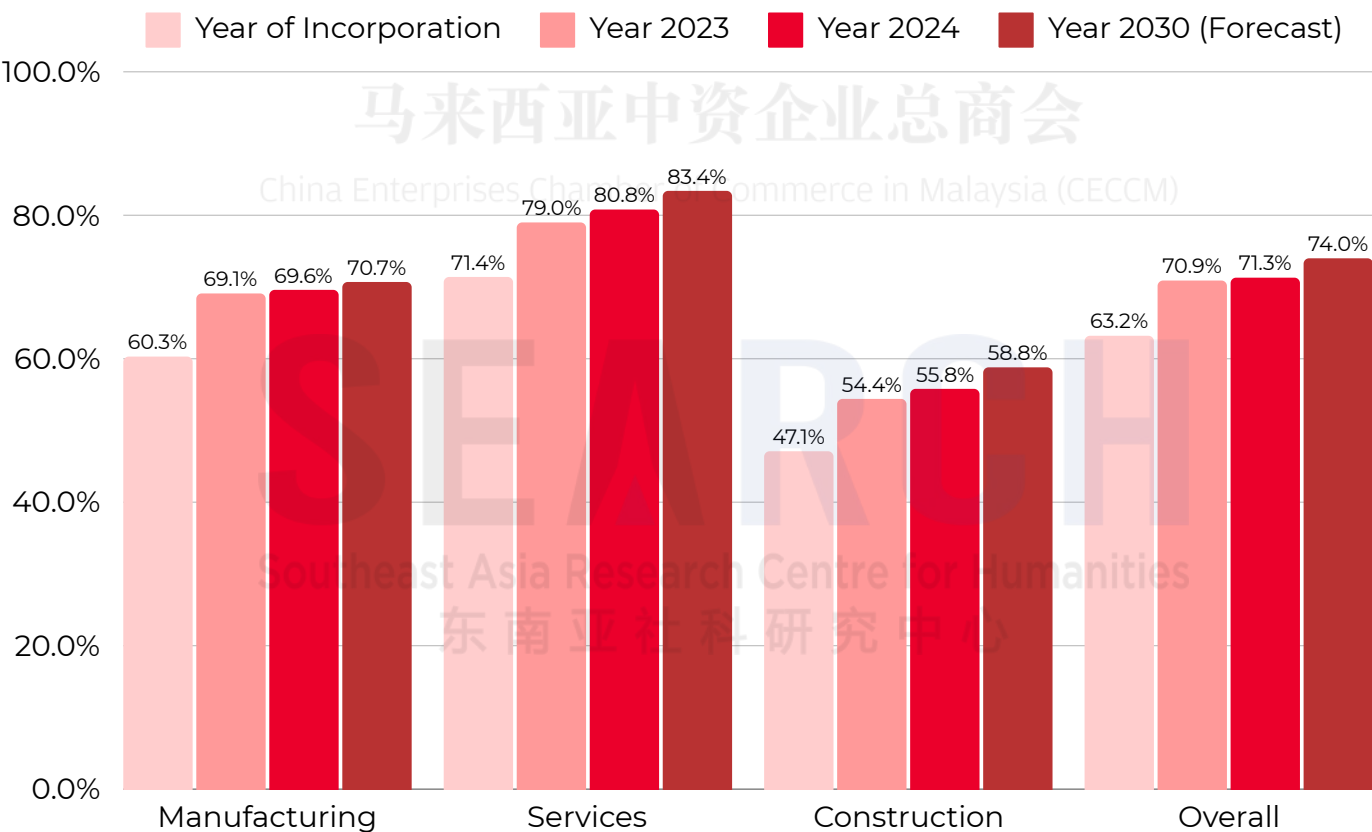
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This increase in skilled workers is consistent with insights from Advisory Panels meetings, which highlighted the introduction of advanced robotics and automation technologies by Chinese enterprises operating in Malaysia, particularly in the construction industry. The widespread use of automation and smart technologies, such as robots and intelligent devices, in these projects has been instrumental in driving the sector's growth in skilled labour. By incorporating cutting-edge technologies, Chinese enterprises are helping to transform the construction workforce in Malaysia, enabling workers to acquire new technical skills and increasing the demand for skilled labour to operate and maintain these advanced systems. The steady rise in skilled workers reflects both the industry's adaptation to these technological advancements and the growing emphasis on workforce training to meet the needs of a modernized construction sector.

Overall, the combined percentage across all sectors starts at 47.2% in the year of incorporation, reflecting the general skill level of the workforce when enterprises were first established. By 2023, this figure increases to 55.7%, showing considerable improvement across the board. The upward trend continues in 2024 with a slight increase to 56.6%, and the forecast for 2030 projects a further rise to 62.5%. This overall trend suggests that Malaysia's workforce is becoming increasingly skilled, with all sectors showing improvements over time, and the future outlook is positive with continued growth expected in the coming years.

The graph in Figure 4.8 illustrates the percentages of Malaysian semi-skilled workers employed across various sectors, including manufacturing, services, and construction, along with an overall average. It compares the employment levels from the year of incorporation to forecasts extending to the year 2030. The data shows that semi-skilled workers form a significant portion of the workforce across these sectors, with notable trends indicating steady employment growth for this group.

Figure 4.8: Percentage of Employed Malaysian Semi-skilled Workers



The outcomes may suggest several key points. First, the high presence of Chinese enterprises in Malaysia points to a strong localization strategy, where these enterprises are deeply integrated into the local economy. Second, Chinese enterprises are making a significant social contribution by providing employment opportunities to low- and middle-income families, as semi-skilled workers represent the largest portion of their workforce. These enterprises are not only contributing to the economy but also supporting social mobility by offering stable jobs to this demographic. Third, the continued growth of semi-skilled employment indicates that these enterprises are consistently contributing to the creation of decent jobs in the Malaysian labour market, helping to sustain employment opportunities and support the development of semi-skilled workers over time.

By forecasting a steady increase in semi-skilled employment, the graph reinforces the idea that these sectors, driven in part by Chinese enterprises, are playing a vital role in improving job quality and providing economic opportunities for semi-skilled workers in Malaysia. This aligns with the broader labour market trends where semi-skilled positions continue to form the backbone of industrial and service sector employment, providing stability and growth for a significant portion of the population.

In the manufacturing sector, the percentage of semi-skilled workers employed shows a gradual increase over time. Starting from 60.3% at the time of incorporation, it rises steadily to 69.1% in 2023, with a slight increase to 69.6% in 2024, and eventually reaching 70.7% by 2030. This consistent growth reflects the increasing demand for semi-skilled labour in the manufacturing industry, possibly driven by the need for more specialized roles as the industry evolves.

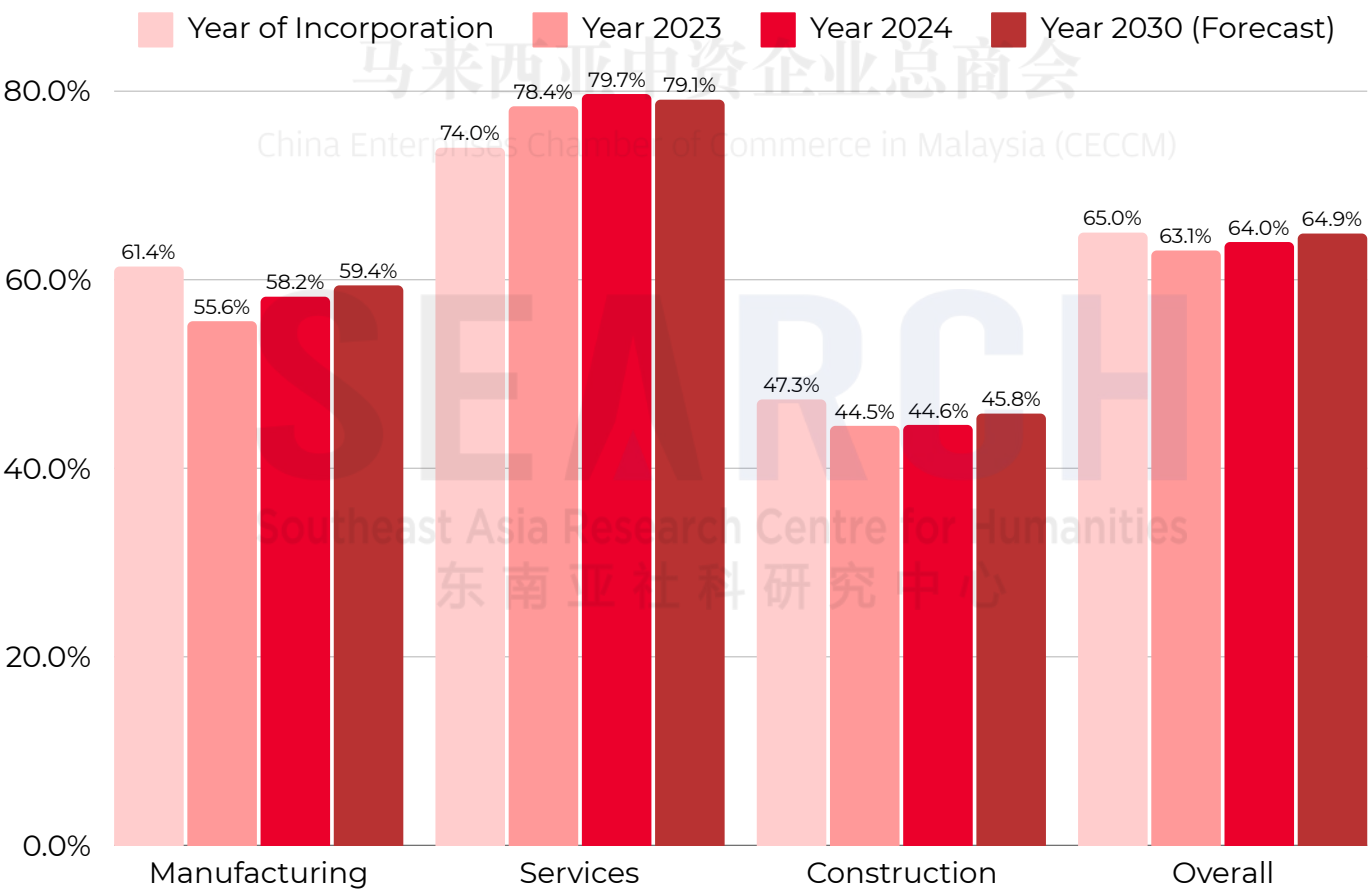
The service sector presents a more significant upward trend. Starting at 71.4% during the year of incorporation, the employment of semi-skilled workers rises sharply to 79.0% in 2023, followed by further increases to 80.8% in 2024, and reaching a peak of 83.4% by 2030.

In the construction sector, the growth in semi-skilled worker employment is more modest compared to the service sector. It begins at 47.1% during the year of incorporation, increases to 54.4% in 2023, continues to 55.8% in 2024, and reaches 58.8% by 2030. While the growth is steady, the percentages are lower than in other sectors, reflecting the construction industry's slower but ongoing adaptation to requiring more semi-skilled labour as projects become more complex and regulations demand higher skill levels.

Overall, the trend shows a consistent increase in the employment of semi-skilled workers across all sectors. Starting from 63.2% at incorporation, it climbs to 70.9% in 2023, further to 71.3% in 2024, and is expected to reach 74.0% by 2030.

The graph Figure 4.9 illustrates the trends in the employment of Malaysian low-skilled workers across three sectors: manufacturing, service, and construction, as well as an overall average across these sectors. It compares the percentage of low-skilled workers employed from the time of incorporation to forecasts leading up to the year 2030. The result shows a downward trend in the employment of low-skilled workers in Malaysia, with sectors like manufacturing and construction reducing their reliance on such labour, while the service sector maintains a steady demand. This reflects the evolving economic landscape where the need for higher skill levels is becoming more prominent.

Figure 4.9: Percentage of Employed Malaysian Low-skilled Workers



In the Manufacturing sector, the percentage of low-skilled workers employed shows a slight decline over time. It starts at 61.4% during the year of incorporation but decreases to 55.6% in 2023. The downward trend continues with the percentage slightly increasing to 58.2% in 2024 and then a further slight rise to 59.4% by 2030. This trend suggests that while the manufacturing industry initially relied heavily on low-skilled labour, there has been a gradual shift towards either upskilling workers or automating processes, reducing the reliance on low-skilled labour.

The Service sector presents a different trend, where the employment of low-skilled workers remains relatively stable with a gradual increase over time. Starting at 74.0% during the year of incorporation, the percentage increases to 78.4% in 2023, followed by slight increments to 79.7% in 2024, and reaching 79.1% by 2030. This trend reflects the service sector's consistent demand for low-skilled workers, which might be attributed to the nature of certain service-oriented jobs that require minimal training and can be filled by low-skilled labour.

In the Construction sector, the trend is more fluctuating but generally shows a decrease in low-skilled employment. The percentage of low-skilled workers begins at 47.3% at the time of incorporation but declines to 44.5% in 2023, stabilizes slightly at 44.6% in 2024, and is projected to be 45.8% by 2030.

Overall, across all sectors combined, the trend shows a gradual decline in the employment of low-skilled workers. The overall percentage starts at 65.0% during the year of incorporation, decreases to 63.1% in 2023, with a slight rise to 64.0% in 2024, and stabilizes at 64.9% by 2030.

4.2 Exploring How Chinese Enterprises Utilize Technology Transfer, Training, and Educational Collaboration Program to Promote Talent Development in Malaysia

4.2.1 Job Opportunities Created by Chinese Enterprises in Malaysia

In general, Chinese enterprises are aiming to generate more employment in Malaysia between 2023 and 2030. For instance, the median number of jobs created by a Chinese company was 49, with a target of reaching 100 by 2030. Nevertheless, some large Chinese enterprises created or targeted to create as many as 10,000, 10,000, and 100,000 jobs in Malaysia in 2023, 2024, and 2030, respectively (Table 4.2). Among the three sectors, the construction sector generated the most employment, with a median of 60 jobs per company in 2023, followed by the manufacturing sector, with a median of 50 jobs (Table 4.2).

Chinese enterprises target to increase the number of Malaysian middle and upper management personnel in their Malaysian operations between 2023 and 2030. Meanwhile, the median number of Chinese middle and upper management personnel in these enterprises is also expected to rise during this period. Still, it will remain less than 50% of the median number of Malaysian personnel.

Table 4.2: Median Employment Generated by Chinese Enterprises in Malaysia for 2023, 2024 (Estimates), and 2030 (Forecast)

Employment generated in Malaysia	2023	2024 (Estimates)	2030 (Forecast)
Overall			
Median	49	50	100
Max	10,000	10,000	100,000
Total Sample Size (n)	127	122	115
Manufacturing Sector			
Median	50	50	100
Sample Size (n)	41	41	38
Service Sector			
Median	32	40	66
Sample Size (n)	65	59	55
Construction Sector			
Median	60	60	100
Sample Size (n)	50	50	49

The median number of middle and upper management jobs created by a Chinese company for Malaysians was 10, with a target of reaching 20 by 2030 (Table 4.3). Nevertheless, some large Chinese enterprises created or targeted to create as many as 200, 250, and 350 middle and upper management jobs in Malaysia in 2023, 2024, and 2030, respectively. Meanwhile, the median number of middle and upper management jobs created by a Chinese company for Chinese was 5, with a target of reaching 10 by 2030.

Among the three sectors, the construction and manufacturing sectors generated the most middle and upper management jobs for Malaysians, with a median of 10 jobs per company in 2023, followed by the service sector, with a median of 8 jobs (Table 4.3). Meanwhile, the manufacturing sector generated the most middle and upper-management employment for the Chinese, with a median of 9 jobs per company in 2023, followed by the construction sector, with a median of 8 jobs.

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Table 4.3: Median Number of Jobs Created for Malaysian and Chinese (China) Workers in Middle and Upper Management by Chinese Enterprises for 2023, 2024 (Estimates), and 2030 (Forecast)

	2023	2024 (Estimates)	2030 (Forecast)	2023	2024 (Estimates)	2030 (Forecast)
	Creating jobs for Malaysian workers in middle and upper management			Creating jobs for Chinese (China) workers in middle and upper management		
Overall						
Median	10	10	20	5	5	10
Max	200	250	350	356	356	700
Total Sample Size (n)	116	120	111	125	119	113
Manufacturing Sector						
Median	10	13	20	9	8	11
Sample Size (n)	35	40	37	40	40	36
Service Sector						
Median	8	8	15	3	4	5
Sample Size (n)	60	59	53	63	57	54
Construction Sector						
Median	10	15	30	8	10	20
Sample Size (n)	47	48	47	53	50	49

4.2.2 Malaysian Suppliers and Subcontractors for Chinese Enterprises

Chinese enterprises aim to engage with more Malaysian suppliers from 2023 to 2030. In 2023, the median number of Malaysian suppliers engaged with Chinese enterprises was 27 (Table 4.4). This figure is expected to increase to 30 by the end of 2024 and is projected to reach 50 by 2030. Nevertheless, some large Chinese enterprises engaged and targeted to engage with as many as 909, 1,300, and 5,000 suppliers in 2023, 2024, and 2030, respectively. Among the three sectors, the construction sector engaged the most Malaysian suppliers. For example, the median number of Malaysian suppliers working with Chinese enterprises in the construction sector was 30 in 2023. This number is expected to rise to 40 in 2024 and reach 60 by 2030.

Overall, Chinese enterprises are expected to engage with a greater number of Malaysian subcontractors from 2023 to 2030. On average (measured by median), the number of Malaysian subcontractors engaged with Chinese enterprises was 15 in 2024 (Table 4.4). This figure is projected to reach 30 by 2030. Nevertheless, some large Chinese enterprises engaged and targeted to engage up to 1,500, 1,600, and 1,700, respectively, in 2023, 2024, and 2030. Of the three sectors, the construction and service sectors engaged with the highest number of Malaysian subcontractors.

Table 4.4: The Median Number of Malaysian Suppliers and Subcontractors of Chinese Enterprises in 2023, 2024 (Estimates), and 2030 (Forecast)

	2023		2024 (Estimates)		2030 (Forecast)		2023	2024 (Estimates)		2030 (Forecast)	
	Number of Malaysian Suppliers						Number of Malaysian Subcontractors				
Overall											
Median	27	30	50	15	30	15	15	15	15	30	30
Max	909	1,300	5,000	1,500	1,700	75	78	78	78	80	80
Total Sample Size (n)	99	99	96	75	80	75	78	78	78	80	80
Manufacturing Sector											
Median	23	30	50	10	20	10	15	15	15	20	20
Sample Size (n)	40	38	37	27	29	27	29	29	29	29	29
Service Sector											
Median	20	22	50	15	30	15	20	20	20	30	30
Sample Size (n)	42	44	41	29	31	29	31	31	31	31	31
Construction Sector											
Median	30	40	60	15	30	15	15	15	15	30	30
Sample Size (n)	45	47	46	45	46	45	45	45	45	46	46

Chinese enterprises target to engage with more Malaysian micro, small and medium enterprises (MSMEs) and Malaysian large local corporations (LLCs) from 2023 to 2030. In 2023, the median number of Malaysian micro, small and medium enterprises (MSMEs) engaged with Chinese enterprises was 20 (Table 4.5). This figure is projected to reach 50 by 2030. Nevertheless, some large Chinese enterprises engaged and targeted to engage with as many as 2,133, 2,300, and 4,000 Malaysian Micro, Small and Medium Enterprises (MSMEs) in 2023, 2024, and 2030, respectively.

Meanwhile, the median number of Malaysian large local corporations (LLCs) engaged with Chinese enterprises was 10 in 2023. This figure is projected to reach 20 by 2030. Nevertheless, some large Chinese enterprises engaged with as many as 852 and 869 Malaysian large local corporations (LLCs) in 2023 and 2024, respectively. However, this number is projected to decline to 300 by 2030.

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Table 4.5: The Median Number of Malaysian Micro, Small and Medium Enterprises (MSMEs) and Malaysian Large Local Corporations (LLCs) of Chinese enterprises in 2023, 2024 (Estimates), and 2030 (Forecast)

4.2.3 Promoting Talent Development in Malaysia Through Technology Transfer

Approximately 41% of Chinese enterprises were implementing digitalization in their supply chain systems, with the percentage expected to grow to 55% in 2030 (Table 4.6). Meanwhile, around 47% of Chinese enterprises reported knowledge or technology transfers to Malaysia in 2023. By 2030, about 58% of Chinese enterprises plan to transfer knowledge or technology to Malaysia.

Table 4.6: Percentage of Chinese Enterprises Involved in Implementing Digitalization in Company Supply Chain System and Knowledge or Technology Transfer to Malaysia 2023, 2024 (Estimates), and 2030 (Forecast)

	2023	2024 (Estimates)	2030 (Forecast)
Implementing digitalization in your company supply chain system (%) Sample Size (n)	40.5 74	40.8 71	54.7 75
Knowledge/Technology transfer to Malaysia (%) Sample Size (n)	47.3 74	44.0 75	57.9 76

Some of the technology or knowledge transfer initiatives by Chinese enterprises to Malaysia are listed below:



Cooperate with local Malaysian suppliers to transfer asphalt and concrete technology



Transfer BIM (Building Information Modelling) technology



Transfer other R&D technologies from the headquarters



DSM foundation treatment & drilled pile wall stabilization technology



ERP software implementation



Large capacity chiller technology



Pet recycling technology



Chinese construction techniques and standards



Provides financial knowledge transfer to local employees



Optimization of pile foundation construction techniques



Quay crane delivery and after-sales service technology at the port



Rail transit and high-speed rail construction technology

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Approximately 42% of Chinese enterprises, particularly in the construction (49%) and manufacturing (36%) sectors, were adopting providing access to online learning platforms that offer courses and tutorials on new technologies, allowing employees to learn at their own pace to promote talent development through technology transfer (Table 4.7). Other vital efforts were creating cross-functional teams that bring together employees from different departments to work on technology-driven projects (42%), organising workshops and seminars for knowledge sharing about new technologies, trends, and best practices (38%), pairing employees with mentors who are experts in specific technologies to provide guidance, support, and knowledge transfer (34%), establishing strategic partnerships with technology providers to ensure that employees have access to the latest tools, platforms, and resources (32%), and sponsoring employees to attend external training programs, workshops, and certification courses related to new and emerging technologies (31%).

The top three key efforts by Chinese manufacturing enterprises include: creating cross-functional teams that bring together employees from different departments to work on technology-driven projects (51%), organising workshops and seminars for knowledge sharing about new technologies, trends, and best practices (45%), and establishing strategic partnerships with technology providers to ensure that employees have access to the latest tools, platforms, and resources (40%).

Meanwhile, the top four key efforts by Chinese construction enterprises were: providing access to online learning platforms that offer courses and tutorials on new technologies, allowing employees to learn at their own pace (49%), pairing employees with mentors who are experts in specific technologies to provide guidance, support, and knowledge transfer (36%), creating cross-functional teams that bring together employees from different departments to work on technology-driven projects (33%), and organising workshops and seminars for knowledge sharing about new technologies, trends, and best practices (33%)

For Chinese service enterprises, the top four key efforts were: providing access to online learning platforms that offer courses and tutorials on new technologies, allowing employees to learn at their own pace (45%), creating cross-functional teams that bring together employees from different departments to work on technology-driven projects (43%), organising workshops and seminars for knowledge sharing about new technologies, trends, and best practices (36%), and establishing strategic partnerships with technology providers to ensure that employees have access to the latest tools, platforms, and resources (36%).

Table 4.7: Efforts Adopted by Chinese enterprises to Promote Talent Development through Technology Transfer

Efforts	Manu- facturi ng	Service	Con- structi on	Overall
Providing access to online learning platforms that offer courses and tutorials on new technologies, allowing employees to learn at their own pace.	36.2%	45.2%	49.1%	42.3%
Creating cross-functional teams that bring together employees from different departments to work on technology-driven projects.	51.1%	42.5%	32.7%	41.5%
Organising workshops and seminars for knowledge sharing about new technologies, trends, and best practices.	44.7%	35.6%	32.7%	38.0%
Pairing employees with mentors who are experts in specific technologies to provide guidance, support, and knowledge transfer.	34.0%	32.9%	36.4%	33.8%
Establishing strategic partnerships with technology providers to ensure that employees have access to the latest tools, platforms, and resources.	40.4%	35.6%	29.1%	32.4%
Sponsoring employees to attend external training programs, workshops, and certification courses related to new and emerging technologies.	34.0%	32.9%	29.1%	31.0%
Developing robust knowledge management systems to capture and share technical know-how, project learnings, and best practices across the organisation.	25.5%	32.9%	30.9%	29.6%

Table 4.7: Efforts Adopted by Chinese enterprises to Promote Talent Development through Technology Transfer

Efforts	Manu- facturi ng	Service	Con- structi on	Overall
Hosting regular tech talks and webinars where internal and external experts discuss the latest advancements in technology and how they can be applied within the company.	34.0%	21.9%	25.5%	26.8%
Partnering with universities, research institutions, or other enterprises to work on joint research and development projects.	29.8%	20.5%	20.0%	23.2%
Supporting internal incubation programs where employees can develop new technology-based ideas and projects, providing them with the resources and mentorship needed to succeed.	23.4%	20.5%	18.2%	20.4%
Producing internal publications, white papers, and reports on technological advancements and their implications for the company, keeping employees informed and educated.	10.6%	20.5%	21.8%	17.6%
Securing licensing agreements for cutting-edge technologies that can be integrated into the company's operations. Employees can learn and adapt these technologies, gaining valuable expertise.	23.4%	12.3%	16.4%	16.9%
Establishing innovation labs within the company where employees can experiment with new technologies, develop prototypes, and gain hands-on experience in a controlled environment.	25.5%	9.6%	14.5%	15.5%

4.2.4 Advancing Talent Development in Malaysia Through Training

Chinese enterprises aim to increase the upskilling of Malaysian employees between 2023 and 2030. For example, the median number of Malaysian employees participating in upskilling programs organized by Chinese enterprises was 20, with a target of reaching 50 by 2030 (Table 4.8). Nevertheless, some Chinese enterprises train as many as 2,570 and 3,300 Malaysian employees in 2023 and 2024, respectively.

Among the three sectors, the manufacturing sector provides the most upskilling training for Malaysian employees, with a median of 30 employees, followed by the service and construction sectors, each with a median of 23 and 20 employees, respectively.

Table 4.8: Median Number of Malaysian Employees Participating in Upskilling Training for 2023, 2024 (Estimates), and 2030 (Forecast)

Year	2023	2024 (Estimates)	2030 (Forecast)
Overall Median Max Total Sample Size (n)	20 2,570 115	20 3,300 106	50 700 107
Manufacturing Sector Median Sample Size (n)	30 38	30 35	100 35
Service Sector Median Sample Size (n)	23 58	20 54	50 53
Construction Sector Median Sample Size (n)	20 45	20 42	44 44

Chinese enterprises aim to increase their budget for upskilling Malaysian employees between 2023 and 2030. For instance, the median amount spent was RM50,000, with a target to raise the budget to RM100,000 by 2030 (Table 4.9). However, some Chinese enterprises spent up to RM200 million in 2023.

Among the three sectors, the manufacturing sector spent the most on upskilling training, with a median of RM92,000, followed by the service and construction sectors, each with a median of RM50,000 and RM20,000, respectively.

Table 4.9: Median Amount spent for training Malaysian employees in upskilling training for 2023, 2024 (Estimates), and 2030 (Forecast)

Year	2023	2024 (Estimates)	2030 (Forecast)
Overall			
Median (RM)	50,000	50,000	100,000
Max (RM)	200,000,000	100,000,000	200,000,000
Total Sample Size (n)	89	87	85
Manufacturing Sector			
Median (RM)	92,000	85,000	135,000
Sample Size (n)	33	30	30
Service Sector			
Median (RM)	50,000	35,000	100,000
Sample Size (n)	43	43	41
Construction Sector			
Median (RM)	20,000	27,500	59,000
Sample Size (n)	34	34	34

In 2023, approximately 76% of upskilling training resources came from Malaysia, while 75% came from China (Table 4.10). Only around 10% were sourced from other countries. The percentage of upskilling resources from Malaysia is expected to increase by about 8%, reaching 84%, while resources from China are projected to grow by about 4%, reaching 79%.

Table 4.10: Countries of Origin for Upskilling Training Resources in 2023, 2024 (Estimates), and 2030 (Forecast)

Countries of Origin	2023	2024 (Estimates)	2030 (Forecast)
Upskilling training resources mainly from China (%)	75.0%	75.4%	79.3%
Upskilling training resources mainly from Malaysia (%)	76.4%	78.2%	83.6%
Upskilling training resources mainly from Other Countries (%)	10.4%	0.0%	16.4%
Sample Size (n)	144	142	140

Chinese enterprises aim to increase the number of business partners, contractors, and suppliers participating in training between 2023 and 2030. For example, the median number of participants in training organized by Chinese enterprises was 10, with a target to double to 20 by 2030 (Table 4.11). However, some Chinese enterprises trained as many as 2,000 individuals in 2023, with a target of reaching 3,500 participants by 2030.

In 2023, each of the three sectors provided training to a median of 10 partners, contractors, and suppliers. The manufacturing and service sectors target training more business partners, contractors, and suppliers, with a median of 20 persons by 2030.

Table 4.11: Median Number of Business Partners, Contractors, and Suppliers Participating in the Training for 2023, 2024 (Estimates), and 2030 (Forecast)

Year	2023	2024 (Estimates)	2030 (Forecast)
Overall Median Max Total Sample Size (n)	10 2,000 52	18 2,000 44	20 3,500 51
Manufacturing Sector Median Sample Size (n)	10 19	10 16	20 81
Service Sector Median Sample Size (n)	10 26	20 22	20 24
Construction Sector Median Sample Size (n)	10 19	18 16	10 20

Chinese enterprises target to increase their investment in supplier, contractor, and business partner training in 2023 and 2030. For instance, the median amount spent was RM50,000, with a target to raise the budget to RM100,000 by 2030 (Table 4.12). However, some Chinese enterprises spent up to RM10 million in 2023.

Among the three sectors, the manufacturing sector invested the most in supplier, contractor, and business partner training, with a median of RM100,000, followed by the service and construction sectors, each with a median of RM50,000 and RM40,000, respectively.

Table 4.12: Median Amount Invested in Supplier, Contractor, and Business Partner Training for 2023, 2024 (Estimates), and 2030 (Forecast)

	2023	2024 (Estimates)	2030 (Forecast)
Overall			
Median (RM)	50,000	40,000	100,000
Max (RM)	10,000,000	5,000,000	10,000,000
Total Sample Size (n)	38	37	43
Manufacturing Sector			
Median (RM)	100,000	35,000	200,000
Sample Size (n)	14	14	15
Service Sector			
Median (RM)	50,000	75,000	100,000
Sample Size (n)	20	17	19
Construction Sector			
Median (RM)	40,000	35,000	75,000
Sample Size (n)	16	16	20

In 2023, approximately 70% of training resources were sourced from Malaysia, while 65% came from China and only around 18% from other countries (Table 4.13). The percentage of resources from Malaysia is expected to increase by about 5%, reaching 75%, while resources from China are projected to grow by about 2%, reaching 67%.

Table 4.13: Countries of Origin for Training Resources in 2023, 2024 (Estimates), and 2030 (Forecast)

Countries of Origin	2023	2024 (Estimates)	2030 (Forecast)
Training resources mainly from China (%)	65.2%	62.6%	67.2%
Training resources mainly from Malaysia (%)	69.5%	70.5%	75.2%
Training resources mainly from Other Countries (%)	17.7%	0.0%	24.8%
Sample Size (n)	141	139	137

4.2.5 Enhancing Talent Development in Malaysia Through Educational Collaboration Programs

In 2023, around 27% of Chinese enterprises reported having in-house research and development (R&D), while 13% reported engaging in external R&D by collaborating with local universities or external parties (Table 4.14). By 2030, these percentages are expected to grow about two- and three-fold, reaching 51% and 38%, respectively.

Table 4.14: Percentage of Chinese enterprises Involved in In-house R&D and External R&D for 2023, 2024 (Estimates), and 2030 (Forecast)

	2023	2024 (Estimates)	2030 (Forecast)
In-house R&D (%)	27.1	26.8	51.4
Sample Size (n)	70	71	72
External R&D (Engaging local universities or external parties for R&D activities) (%)	13.3	7.6	37.9
Sample Size (n)	60	66	66

Chinese enterprises have not been particularly active in providing research grants and scholarships to local universities. For example, in 2023, only one or two Chinese enterprises were offered such support (Table 4.15). However, an uptrend is emerging between 2023 and 2030, with eight Chinese enterprises projected to provide research grants and scholarships to local universities by 2030.

Meanwhile, Chinese enterprises have been relatively inactive in engaging in research collaborations with Malaysian large local corporations (LLCs) and Malaysian micro, small, and medium enterprises (MSMEs). However, from 2023 to 2030, a positive trend is anticipated, with seven and six Chinese enterprises projected to work together in research collaboration with LLCs and MSMEs, respectively (Table 4.15).

Table 4.15: The Number of Enterprises providing Research Grants, Scholarships, and Research Collaboration with Malaysian Large Local Corporations (LLCs) and Malaysian Micro, Small and Medium Enterprises (MSMEs) for 2023, 2024 and 2030

Research Grants, Scholarships, and Research Collaboration	2023	2024 (Estimates)	2030 (Forecast)
1. Research Grants	1	3	8
2. Scholarship	2	3	8
3. Research Collaboration with Universities	2	2	8
4. Research Collaboration with large Malaysian Local Corporations (LLCs)	0	2	7
5. Research Collaboration with Malaysian Micro, Small and Medium Enterprises (MSMEs)	1	1	6

In 2023, around 40% of Chinese enterprises reported involvement in training Technical and Vocational Education and Training (TVET) students. Additionally, about 42% offered talent and skills development programs, and 62% provided student internship opportunities (Table 4.16). By 2030, the participation of Chinese enterprises is expected to increase, with 67% involved in TVET training, 71% in talent and skills development, and 85% offering internship programs.

In 2023, approximately 71% of Chinese enterprises reported employing fresh Malaysian graduates, while 51% hiring Malaysian graduates after they completed upskilling/reskilling training organized by the company (Table 4.16). By 2030, these percentages are expected to rise to 89% and 79%, respectively.

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Table 4.16: The Percentage of Chinese enterprises Involved in Technical and Vocational Education and Training (TVET), Talent and Skills Development, Internship Programs, Employing Malaysian Fresh Graduates, and Employed Malaysian Graduates After Attending Upskill/Reskill Training Organised by the Company for 2023, 2024 (Estimates), and 2030 (Forecast)

	2023	2024 (Estimates)	2030 (Forecast)
Training for technical and vocational education and training (TVET) students Sample Size (n)	40.3% 62	33.9% 59	67.2% 67
Talent and skills development for students Sample Size (n)	41.5% 65	38.3% 60	71.4% 70
Internship programs for students Sample Size (n)	61.7% 81	61.5% 78	84.5% 84
Employed Malaysian fresh graduate Sample Size (n)	70.5% 88	68.8% 80	89.3% 84
Employed Malaysian graduates after attending upskill/reskill training organised by your company Sample Size (n)	50.7% 71	50.0% 68	78.9% 71

4.2.6 Efforts by Chinese Enterprises to Drive Talent Development in Malaysia

Approximately 82% of Chinese enterprises, particularly in the manufacturing (85%) and construction sectors (81%), are utilizing upskilling training for workers to promote the development of Malaysian talent (Table 4.17). Other vital efforts were on-the-job training, which includes implementing hands-on training opportunities (72%), offering training and development programs (68%), conducting regular performance reviews and feedback (62%), and career development plans for employees (60%).

The top five key efforts taken by Chinese manufacturing enterprises were upskilling training for workers (85%), offering training and development programs (77%), on-the-job training: implementing hands-on training opportunities (75%), leadership development programs for potential employees (63%), and conducting regular performance reviews and feedback and career development plans for employees (60%).

Meanwhile, the top five key efforts by Chinese construction enterprises were: upskilling training for workers (81%), on-the-job training: implementing hands-on training opportunities (66%), offering training and development programs (66%), career development plans for employees (66%), and internal mobility: encouraging internal job transfers (62%).

For Chinese service enterprises, the top five key efforts were: upskilling training for workers (79%), on-the-job training: implementing hands-on training opportunities (74%), offering training and development programs (63%), conducting regular performance reviews and feedback (62%), and leadership development programs for potential employees (54%).

Table 4.17: Efforts Taken by Chinese enterprises to Promote the Development of Malaysian Talent (in %)

Efforts	Manu- facturi ng	Service	Con- structio n	Overall
1. Upskilling training for workers.	85.4%	78.9%	81.0%	82.4%
2. On-the-Job Training: Implementing hands-on training opportunities.	75.0%	73.7%	65.5%	72.3%
3. Offering training and development programs.	77.1%	63.2%	65.5%	68.2%
4. Conducting regular Performance Reviews and Feedback.	60.4%	61.8%	53.4%	62.2%
5. Career development plans for employees	60.4%	51.3%	65.5%	59.5%
6. Leadership Development Programs for potential employees.	62.5%	53.9%	60.3%	57.4%
7. Internal Mobility: Encouraging internal job transfers.	58.3%	51.3%	62.1%	55.4%
8. Rotational Programs: Allowing employees to work in different departments or roles within the company.	54.2%	47.4%	50.0%	48.6%
9. Access to Online Learning Platforms, such as Coursera, LinkedIn Learning, or Udemy to facilitate continuous learning.	50.0%	47.4%	51.7%	48.6%
10. Organises workshops, conferences, and seminars.	58.3%	50.0%	37.9%	48.0%

Table 4.17: Efforts Taken by Chinese enterprises to Promote the Development of Malaysian Talent (in %)

Efforts	Manu- facturi ng	Service	Con- structio n	Overall
11. Mentorship programs: pairing less experienced employees with experienced mentors.	50.0%	43.4%	46.6%	46.6%
12. Training for business partners, contractors and suppliers.	45.8%	42.1%	34.5%	41.2%
13. Providing financial support for employees to pursue further education, certifications, or professional courses.	33.3%	39.5%	37.9%	39.2%
14. Wellness Programs: Offering wellness programs that include stress management, work-life balance initiatives, and mental health support.	39.6%	36.8%	41.4%	38.5%
15. Through digitalisation of working place.	33.3%	42.1%	25.9%	35.1%
16. Working together with universities and other educational institutions.	20.8%	19.7%	19.0%	21.6%
17. Conducting research.	12.5%	15.8%	13.8%	14.9%
Sample Size (n)	48	76	58	148

4.3 Assessing the Role and Contribution of Chinese Enterprises in Promoting Green Development and Environmental Protection Projects in Malaysia

Approximately 77% of Chinese enterprises, particularly in the construction (80%) and manufacturing (73%) sectors, were adopting waste reduction programs (implementing programs to reduce, reuse, and recycle waste) as greening or environmentally friendly initiatives (Table 4.18). Other vital efforts were implementing energy-efficient practices and technologies, such as LED lighting and automated energy management systems (40%) and sustainable materials (Using sustainable and recyclable materials in product design and packaging) (39%).

The top three key efforts by Chinese manufacturing enterprises include: waste reduction programs (Implementing programs to reduce, reuse, and recycle waste) (73%), renewable energy usage (Transitioning to renewable energy sources like solar) (46%), and sustainable materials (Using sustainable and recyclable materials in product design and packaging) and implementing energy-efficient practices and technologies, such as LED lighting and automated energy management systems (44%).

Meanwhile, the top three key efforts by Chinese construction enterprises were: waste reduction programs (Implementing programs to reduce, reuse, and recycle waste) (80%), green building practices (Constructing or retrofitting buildings to meet green building standards) (50%), sustainable materials (Using sustainable and recyclable materials in product design and packaging), and implementing energy-efficient practices and technologies, such as LED lighting and automated energy management systems (45%).

For Chinese service enterprises, the top three key efforts were: waste reduction programs (Implementing programs to reduce, reuse, and recycle waste) (67%), sustainable materials (Using sustainable and recyclable materials in product design and packaging) (34%), implementing energy-efficient practices and technologies, such as LED lighting and automated energy management systems and renewable energy usage (Transitioning to renewable energy sources like solar) (29%).

For more discussion on environmental initiatives, please refer to section 4.5.2 Environment, Social and Governance (ESG).

Table 4.18: Chinese Company's Greening or Environmentally Friendly Initiatives in Malaysia

Efforts	Manu- facturi ng	Service	Con- structi on	Overall
1. Waste Reduction Programs (Implementing programs to reduce, reuse, and recycle waste).	72.9%	67.1%	80.4%	76.6%
2. Implementing energy-efficient practices and technologies, such as LED lighting and automated energy management systems.	43.8%	28.8%	44.6%	40.0%
3. Sustainable Materials (Using sustainable and recyclable materials in product design and packaging).	43.8%	34.2%	44.6%	39.3%
4. Sustainable Supply Chain (Collaborating with suppliers who adhere to sustainable practices).	39.6%	24.7%	42.9%	33.1%

Table 4.18: Chinese Company's Greening or Environmentally Friendly Initiatives in Malaysia

Efforts	Manu- facturi ng	Service	Con- structi on	Overall
5. Renewable Energy Usage (Transitioning to renewable energy sources like solar).	45.8%	28.8%	37.5%	33.1%
6. Using Eco-Friendly Products, such as biodegradable, recyclable, or made from recycled materials.	41.7%	20.5%	42.9%	31.0%
7. Green Building Practices (Constructing or retrofitting buildings to meet green building standards).	27.1%	24.7%	50.0%	31.0%
8. Sustainable Packaging (using materials that are biodegradable, recyclable, or made from renewable resources).	18.8%	19.2%	26.8%	21.4%
9. Participating in environmental education and awareness through workshops, campaigns, and events.	25.0%	21.9%	19.6%	21.4%
10. Implementing water-saving technologies and practices, such as low-flow fixtures, rainwater harvesting, and wastewater recycling.	20.8%	8.2%	32.1%	19.3%
11. Supporting and participating in projects and initiatives, such as protecting and restoring natural habitats, promoting biodiversity, planting trees, preventing deforestation, etc.	16.7%	20.5%	25.0%	18.6%
12. Environmental Reporting (Regularly publishing sustainability reports).	20.8%	15.1%	23.2%	17.9%

Table 4.18: Chinese Company's Greening or Environmentally Friendly Initiatives in Malaysia

Efforts	Manu- facturi ng	Service	Con- structi on	Overall
13. Adopting green procurement policies.	18.8%	12.3%	25.0%	17.2%
14. Integrating environmental responsibility into the company's Corporate Social Responsibility programs.	10.4%	9.6%	21.4%	13.1%
15. Green Transportation (promoting electric or hybrid vehicles).	14.6%	9.6%	12.5%	11.0%
16. Carbon Offsetting (Investing in carbon offset projects such as reforestation, renewable energy projects, or methane capture to compensate for their carbon emissions).	10.4%	9.6%	14.3%	9.0%
Sample Size (n)	48	73	56	145

4.4 Evaluating How Chinese Enterprises Assist in Enhancing Industrial Production Quality and Technological Levels in Malaysia

Approximately 61% of Chinese enterprises, particularly in the manufacturing (64%) and service (61%) sectors, were providing ongoing training and development programs to improve service or production quality in Malaysia (Table 4.19). Other vital efforts were establishing key performance indicators (KPIs) to monitor quality levels (53%), implementing Quality Management Systems (QMS) such as ISO Standards and Continuous Improvement (52%), working closely with suppliers to improve their services, processes and product quality (52%) and adopting a customer-centric approach (50%).

The top three key efforts by Chinese manufacturing enterprises include: implementing Quality Management Systems (QMS) such as ISO Standards and Continuous Improvement (72%), providing ongoing training and development programs (64%), and establishing key performance indicators (KPIs) to monitor quality levels, and working closely with suppliers to improve their services, processes and product quality (60%).

Meanwhile, the top three key efforts by Chinese construction enterprises were: implementing Quality Management Systems (QMS) such as ISO Standards and Continuous Improvement (61%), working closely with suppliers to improve their services, processes and product quality (60%), and providing ongoing training and development programs and establishing key performance indicators (KPIs) to monitor quality levels (53%).

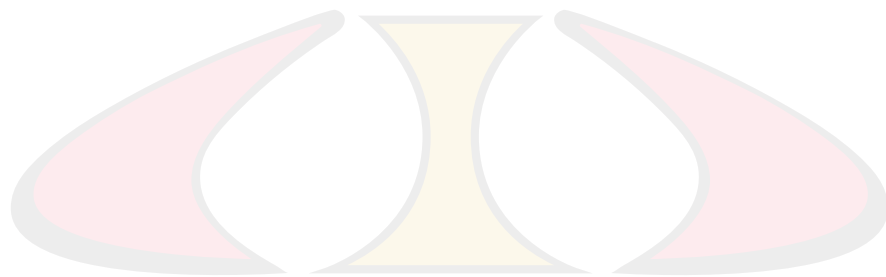
Table 4.19: Efforts Taken by Chinese enterprises to Improve Service or Production Quality in Malaysia

Efforts	Manu- facturi ng	Service	Con- structi on	Overall
1. Providing ongoing training and development programs.	63.8%	60.8%	52.6%	60.7%
2. Establishing key performance indicators (KPIs) to monitor quality levels.	59.6%	48.6%	52.6%	53.1%
3. Implementing Quality Management Systems (QMS) such as ISO Standards and Continuous Improvement.	72.3%	40.5%	61.4%	52.4%
4. Working closely with suppliers to improve their services, processes and product quality.	59.6%	44.6%	59.6%	51.7%
5. Adopting a customer-centric approach.	53.2%	43.2%	49.1%	49.7%
6. Strengthening supply chain management practices.	53.2%	32.4%	49.1%	42.1%
7. Establishing dedicated quality assurance teams.	44.7%	32.4%	43.9%	39.3%
8. Regularly benchmarking against industry leaders and adopting best practices to stay competitive and improve production quality.	46.8%	25.7%	47.4%	38.6%
9. Conducting regular audits of suppliers to ensure they meet quality standards.	51.1%	29.7%	43.9%	38.6%
10. Proactively identifying potential risks that could affect quality.	38.3%	28.4%	43.9%	35.2%
11. Utilizing real-time monitoring and control systems.	42.6%	32.4%	38.6%	35.2%

Table 4.19: Efforts Taken by Chinese enterprises to Improve Service or Production Quality in Malaysia

Efforts	Manu- facturi ng	Service	Con- structi on	Overall
12. Creating a culture where quality is a priority for everyone in the organisation.	31.9%	29.7%	40.4%	32.4%
13. Use of Technology and Automation such as data analytics: automation, robotics, artificial intelligence, and machine learning.	40.4%	29.7%	28.1%	31.7%
14. Obtaining and maintaining relevant industry certifications (e.g., ISO, CE, FDA).	44.7%	20.3%	33.3%	31.0%
15. Adopting a User-Centred Design	36.2%	23.0%	35.1%	30.3%
16. Integrating sustainable practices into production and servicing processes.	38.3%	27.0%	19.3%	24.1%
17. Partnering with universities, research institutions, and other enterprises .	12.8%	17.6%	24.6%	19.3%
18. Implementing predictive maintenance strategies using IoT and data analytics.	19.1%	13.5%	17.5%	17.2%
19. Investing in R&D to develop new production techniques, materials, and products.	21.3%	14.9%	14.0%	15.9%
20. Applying Lean principles or Manufacturing	21.3%	9.5%	15.8%	15.2%
Sample Size (n)	47	74	57	145

For Chinese service enterprises, the top three key efforts were: providing ongoing training and development programs (61%), establishing key performance indicators (KPIs) to monitor quality levels (49%), and working closely with suppliers to improve their services, processes and product quality (45%).



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4.5 Evaluating the Safety and Reliability of Chinese Enterprises Operating in Malaysia, and Measuring Their ESG (Environmental, Social, and Governance) Performance

4.5.1 Safety and Reliability of Chinese Enterprises Operating in Malaysia

The Simplified ESG Disclosure Guide (SEDG) was developed by Capital Markets Malaysia (CMM), an affiliate of the Securities Commission Malaysia (SC) (Capital Markets Malaysia, 2023). The SEDG serves as a guide to assist enterprises in determining which Environmental, Social, and Governance (ESG) disclosures to track and report. It is organized around three main pillars: Environmental, Social, and Governance, covering a total of 15 topics.

Under the Environmental pillar, the five topics include emissions, energy, water, waste, and materials. The Social pillar focuses on human rights and labour standards, employee management, diversity, equity and inclusion, occupational health and safety, and community engagement. For the Governance pillar, the topics are governance structure, policy commitments, risk management and reporting, anti-corruption, and customer privacy.

The SEDG includes 35 disclosures that are applicable across all industries, though their importance and priority may vary (Capital Markets Malaysia, 2023). Since this study provides an overview of ESG, it will highlight key topics that are particularly relevant to Chinese enterprises.

Occupational Health and Safety is one of the topics under the Social pillar in the Simplified ESG Disclosure Guide (SEDG). Approximately 92% of Chinese enterprises reported compliance with laws and regulations (ensuring adherence to national and local safety laws and regulations). Specifically, up to 95% of Chinese construction enterprises and 92% of Chinese manufacturing enterprises indicated adherence to these regulations (Table 4.20). Other key efforts by Chinese enterprises include designating the person in charge of the company as the primary individual responsible for safety (84%), displaying clear safety signs and maintaining open communication channels for reporting safety concerns (83%) and providing regular training sessions for employees on safety procedures, emergency responses, and the proper use of equipment (81%).

Chinese construction enterprises tend to adhere more strictly to safety regulations in the workplace compared to Chinese manufacturing and service enterprises. More than 86% of Chinese construction enterprises reported compliance with 12 out of 13 items listed in Table 4.20, while 83% of Chinese manufacturing enterprises reported compliance with 8 items, and approximately 80% of Chinese service enterprises reported compliance with 2 items listed in Table 4.20.

Table 4.20: Efforts taken by Chinese enterprises to promote safety at the workplace (in %)

Efforts	Manu- facturi ng	Service	Con- structi on	Overall
1. Compliance with Laws and Regulations (Ensuring adherence to national and local safety laws and regulations)	91.7%	88.3%	94.9%	91.9%
2. The person in charge of the company is the first person who is responsible for safety	83.3%	80.5%	89.8%	83.9%
3. Displaying clear safety signs and maintain open communication channels for reporting safety concerns.	89.6%	72.7%	94.9%	82.6%
4. Providing regular training sessions for employees on safety procedures, emergency responses, and the proper use of equipment.	83.3%	72.7%	94.9%	80.5%
5. Work Environment Controls.	83.3%	70.1%	89.8%	79.9%
6. Occupational Health and Safety Management Systems (OHSMS) (Implementing standardized management systems)	85.4%	70.1%	89.8%	79.2%
7. Ensuring employees have access to and using appropriate PPE, such as helmets, gloves, and safety glasses.	87.5%	64.9%	94.9%	77.9%
8. Conducting regular risk assessments to identify potential hazards and implementing measures to mitigate these risks.	75.0%	66.2%	91.5%	77.2%
9. Inspecting regularly and maintaining machinery and equipment to ensure they are in safe working condition.	85.4%	61.0%	89.8%	75.2%

Table 4.20: Efforts taken by Chinese enterprises to promote safety at the workplace (in %)

Efforts	Manu- facturi ng	Service	Con- structi on	Overall
10. Developing and maintaining emergency response plans, including drills for fire, chemical spills, and other potential emergencies.	70.8%	61.0%	89.8%	72.5%
11. Classifying project safety and assigning safety officers to monitor it. There will be different safety officers at various levels	62.5%	62.3%	89.8%	70.5%
12. Encouraging the reporting of all incidents and near-misses, followed by thorough investigations to prevent recurrence.	72.9%	54.5%	86.4%	69.8%
13. Establishing safety committees or appointing safety officers who are responsible for overseeing and promoting workplace safety practices.	68.8%	54.5%	76.3%	65.8%
Sample Size (n)	48	77	59	149

4.5.2 Environment, Social and Governance (ESG) Initiatives

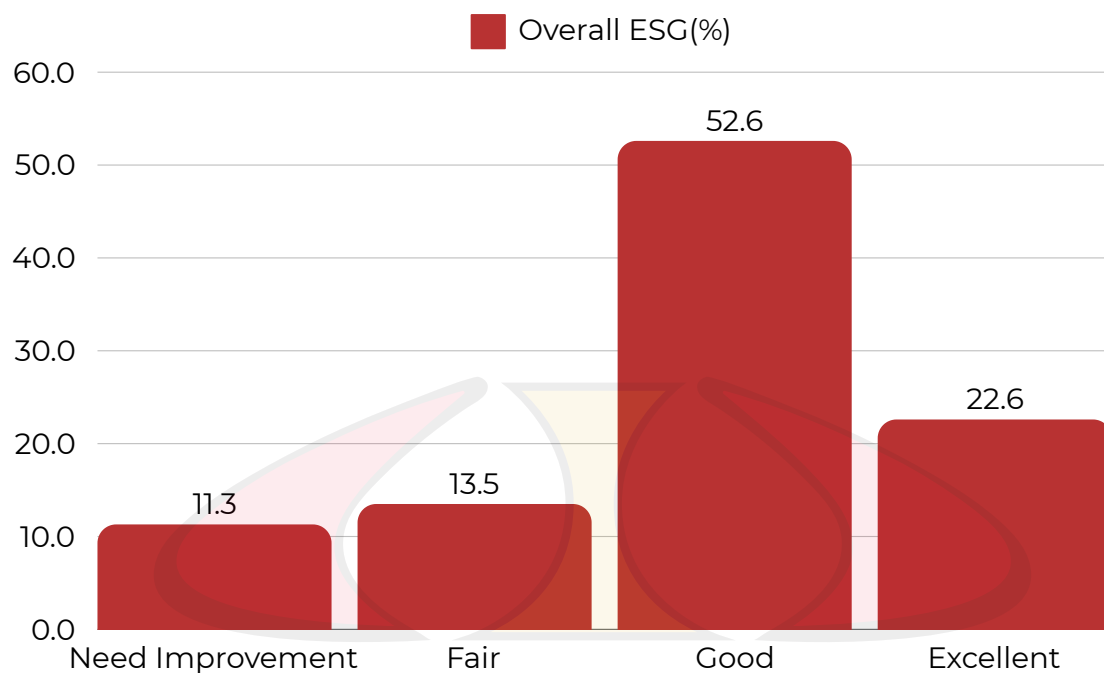
The following study is a perceived company's practice in the environment, social and governance (ESG). Approximately three-quarters of Chinese enterprises reported that their environmental, social, and governance (ESG) practices were rated as good or excellent (Figure 4.10). Among the three components, the governance component reported the highest achievement at 80.0%, followed by the environmental component at 79% and the social component at 72% (Figure 4.11 – Figure 4.13).

The overall rating of Environment, Social and Governance (ESG) was 2.86 (between fair and good) based on the range of (1 to 4). Among the three components, the governance component reported the highest rating at 3.10, followed by the environmental component at 2.99 and the social component at 2.85 (Table 4.21).

All ratings for the governance component were good, with each exceeding 3.09. Compliance with laws and regulations (3.25) (policy commitments topic under SEDG), audit and risk management processes (3.15) (risk management and reporting topic under SEDG, and management transparency and accountability (governance structure and anti-corruption topics under SEDG) reporting have relatively higher ratings (3.12).

All ratings for the environment component were higher than 2.83, with energy consumption and greenhouse gas emissions (2.89) (emission and energy topics under SEDG), climate change mitigation and adaptation strategies (2.88) (emission and energy topics under SEDG), and waste reduction and management (2.88) (waste topic under SEDG) reported relatively higher ratings.

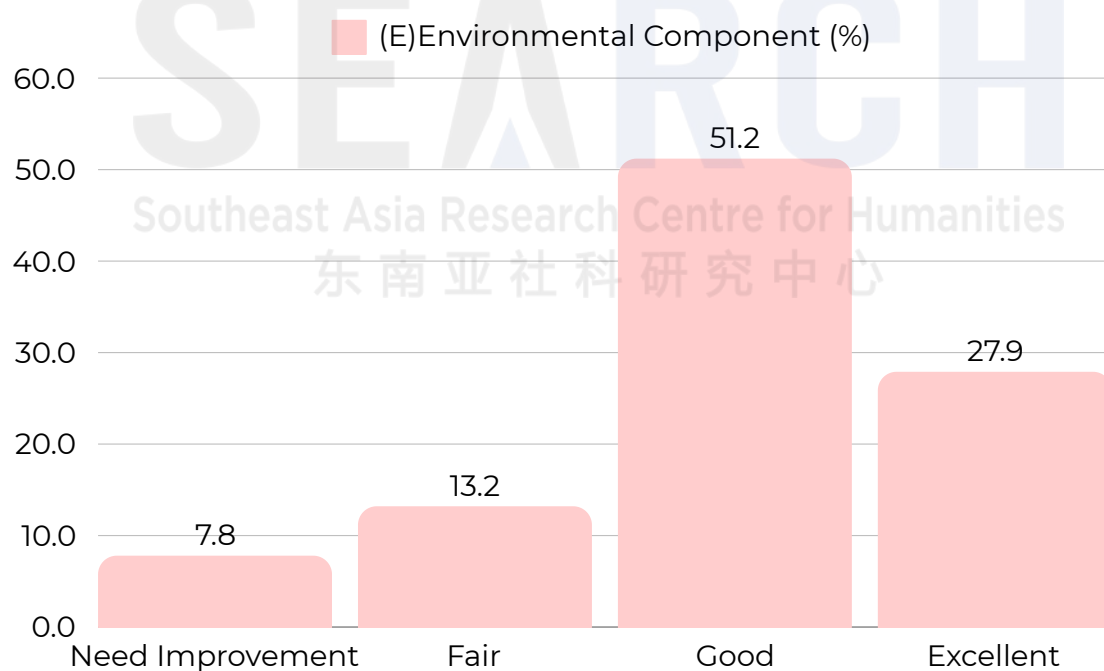
Figure 4.10: Perceived of Environmental, Social, and Governance (ESG) Practices Among Chinese Enterprises



Sample size = 133

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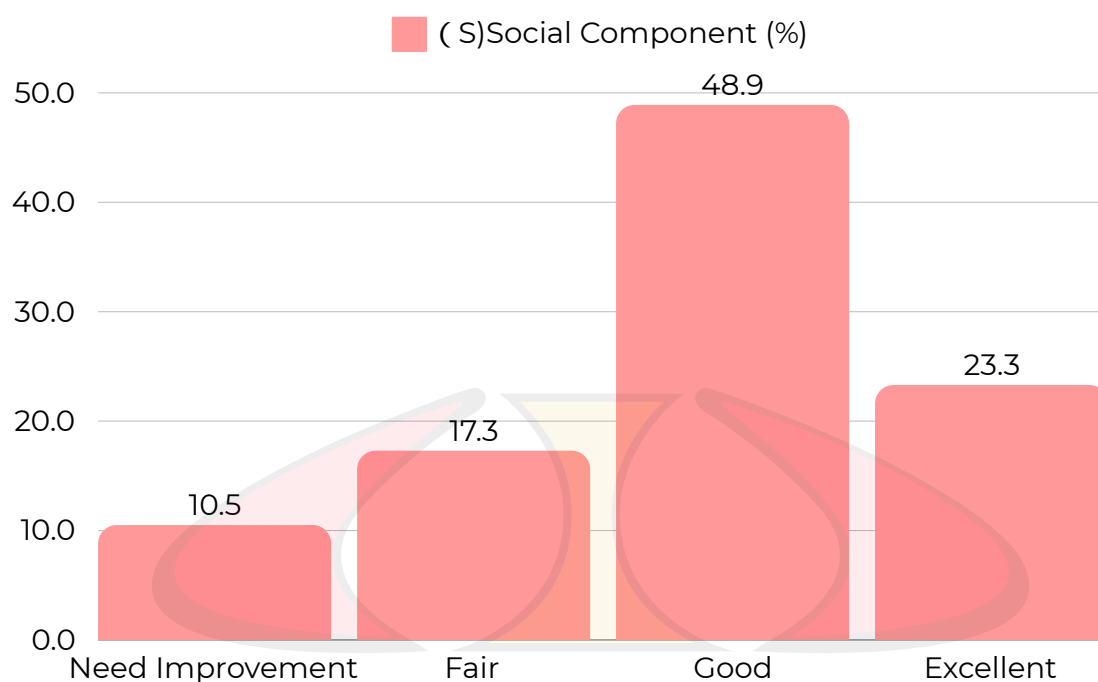
Figure 4.11: Perceived of Environment (E) Component of ESG Practices among Chinese Enterprises



Sample size = 129

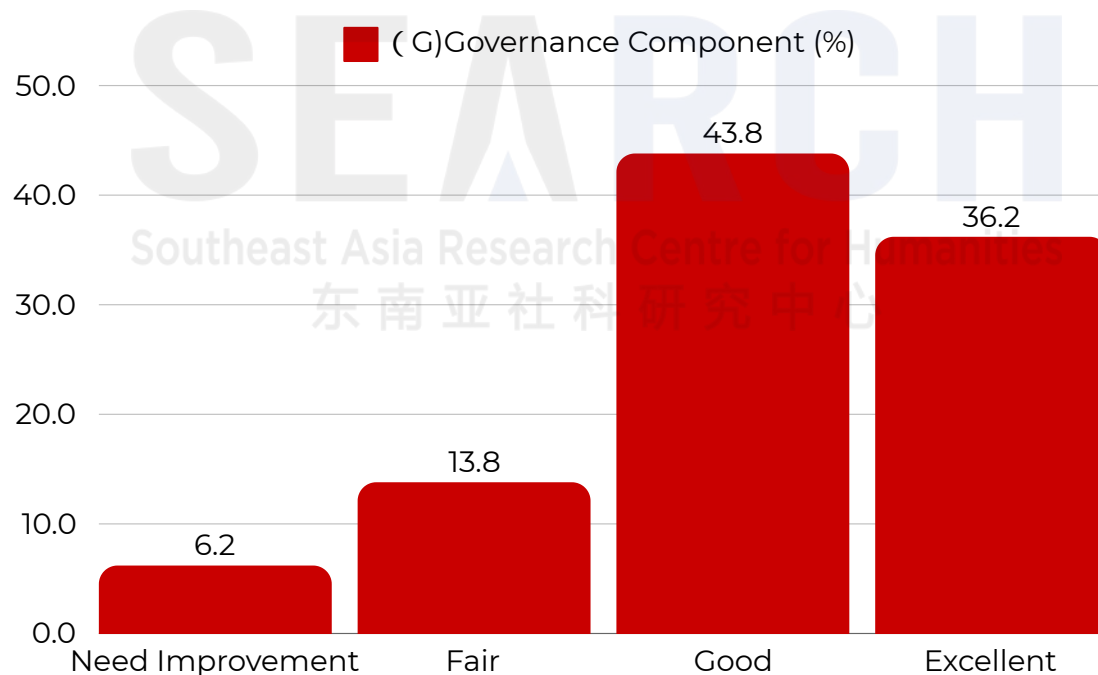
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Figure 4.12: Perceived of Social (S) Component of ESG Practices among Chinese Enterprises



Sample size = 133

Figure 4.13: Perceived of Governance (G) Component of ESG Practices among Chinese Enterprises



Sample size = 130

Table 4.21: Perceived Company's Practice in the Environment, Social and Governance (ESG)

Items	Topic under SEDG	Mean	Mean	n
Overall ESG			2.86	133
(E) Environment Component			2.99	129
2.1 Energy consumption and greenhouse gas emissions	Emission and Energy	2.89		124
2.2 Waste reduction & management	Waste	2.88		127
2.3 Climate change mitigation and adaptation strategies	Emission and Energy	2.88		120
2.4 Sustainable sourcing of raw materials/supply/services	Materials	2.83		124
2.5 Product sustainability and eco-design	Materials	2.85		120
(S) Social Component			2.85	133
3.1 Support for local communities such as job creation, aid/donation for needy people, etc.	Community Engagement	2.87		136
3.2 Employee diversity, equity, and inclusion	Diversity, Equity and Inclusion	3.06		140
3.3 Labor standards and working environments	Employee Management	3.13		136
3.4 Prevention of forced labour and child labour	Human Rights and Labour Standards	3.34		128
3.5 Staff Benefits	Employee Management	3.02		138

Note: n = Sample size; SEDG: Simplified ESG Disclosure Guide

Table 4.21: Perceived Company's Practice in the Environment, Social and Governance (ESG)

Items	Topic under SEDG	Mean	Mean	n
(G) Governance Component			3.10	130
4.1 Compliance with laws and regulations	Policy Commitments	3.25		138
4.2 Audit and risk management processes	Risk Management and Reporting	3.15		137
4.3 Data privacy and security	Customer Privacy	3.09		137
4.4 Management transparency and accountability	Governance structure & Anti-Corruption	3.12		137

Note: n = Sample size; SEDG: Simplified ESG Disclosure Guide

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It is interesting to note that while the overall rating of the social component was not very high, certain individual items within the social component were rated quite high. All the ratings for the social component were above 2.85, with prevention of forced labour and child labour (3.34) (human rights and labour standards topic under SEDG), labour standards and working environments (3.13) (employee management topic under SEDG) and employee diversity, equity, and inclusion (3.06) (diversity, equity and inclusion topic under SEDG) reported relatively higher ratings.

In 2023, approximately 70.2% of Chinese enterprises reported involvement in social activities, 60% in environmental activities, and 48.1% in governance activities (Table 4.22). Nevertheless, the trend of involvement in ESG activities is expected to increase from 2023 to 2030. By 2030, approximately 80% of Chinese enterprises aim to participate in environmental and social activities, while 70% plan to engage in governance initiatives.

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The lists of the Environmental (E) activities, Social (S) activities and Social (S) activities organised by Chinese enterprises please refer to Appendix 2.

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Table 4.22: Reporting Involvement in Environmental, Social, and Governance (ESG)

Activities	2023	2024 (Estimates)	2030 (Forecast)
Environmental (E) activities Sample Size (n)	60.0% 55	66.7% 57	80.3% 61
Social (S) activities Sample Size (n)	70.2% 57	74.2% 62	80.0% 65
Governance (G) activities Sample Size (n)	48.1% 52	57.7% 52	70.2% 57

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4.5.3 Participation of Chinese Enterprises in Forum, Training, Seminar and Awareness Programs

When asked about their involvement in talks, training, workshops, and awareness programs, 26 Chinese enterprises participated in workplace safety and health programs, 18 engaged in supplier, vendor, and product safety and quality initiatives, 16 took part in green initiatives, and nine were involved in community safety and engagement programs (Table 4.23). A positive trend is expected from 2023 to 2030. It is noteworthy that between 2024 and 2030, community safety and engagement programs (which increased by approximately 93%) and green initiative programs (which increased by around 67%) have gained more attention compared to conventional direct work or business-related training, workshops, or awareness programs (which only saw an increase of 10% to 26%).

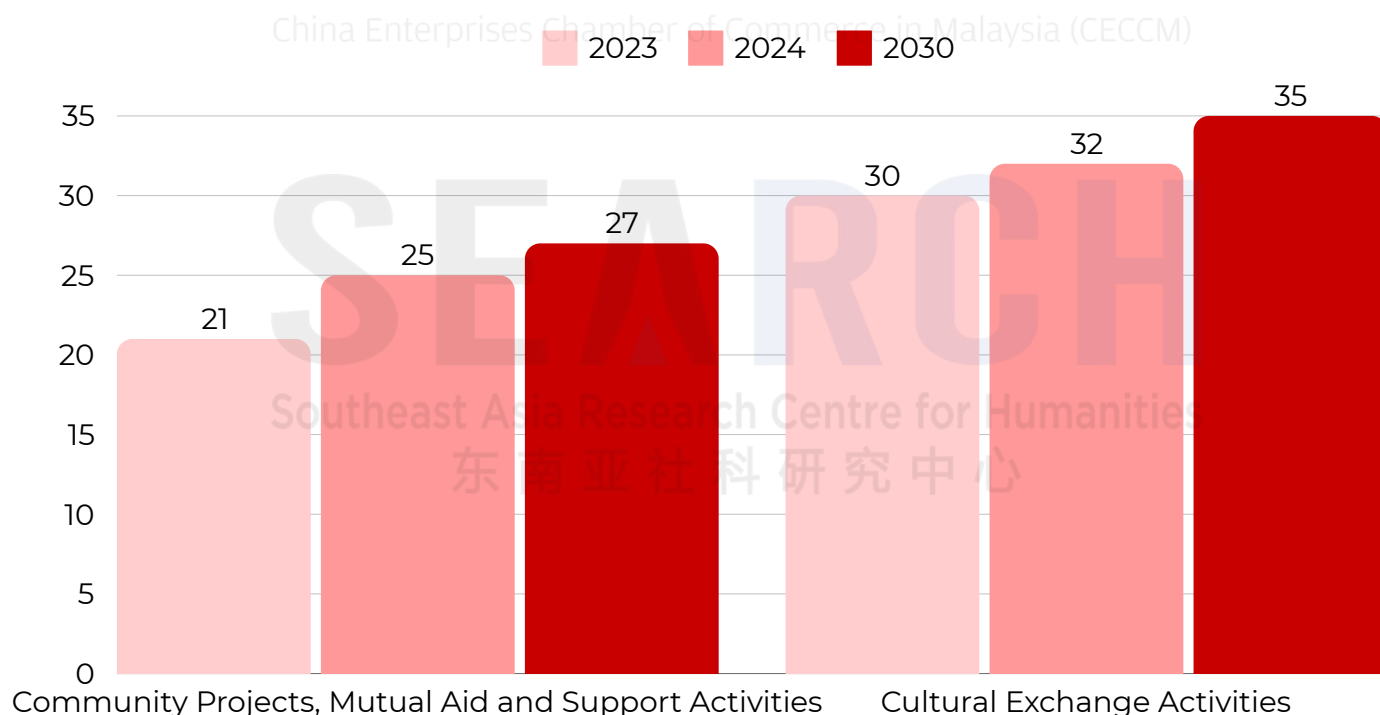
Table 4.23: Involvement of Chinese Enterprises in Forum, Training, Seminar, and Awareness Programs by Chinese Enterprises

Forum, Training, Seminar, and Awareness Programs	2023	2024 (Estimates)	2030 (Forecast)
Community Safety and Engagement program	9	14	27
Supplier/vendor/product Safety and Quality program	18	23	29
Workplace Safety and Health program	26	29	32
Green initiative program (recycling, Tree Planting, Habitat Restoration Environmental Awareness activities, Adoption of renewable energy sources)	16	15	25

4.5.4 Engagement in Community Projects, Mutual Aid, Support Activities, and Cultural Exchange Activities

Approximately 21 Chinese enterprises reported involvement in community projects, mutual aid, and support activities, while 30 enterprises organized cultural exchange activities (Figure 4.14). Some Chinese enterprises reported being involved in more than 20 community projects, mutual aid and support activities and 30 cultural exchange activities in 2023. The trend of involvement in community projects, mutual aid, support activities, and cultural exchange activities is also expected to increase from 2023 to 2030.

Figure 4.14: Involvement in Community Projects, Mutual Aid and Support Activities, and Cultural Exchange Activities by Chinese Enterprises (in Number)



4.6 Challenges and Opportunities

4.6.1 Key Challenges Faced by Chinese Enterprises in Investing in Malaysia

The first five challenges of doing business in Malaysia highlighted in the table reveal significant hurdles that businesses across various sectors: manufacturing, service, and construction encounter in Malaysia. The most pressing challenge is the complexity and time-consuming nature of obtaining work permits and other necessary permissions, with an overall 71% of enterprises identifying this as a major concern (Table 4.24). This issue is particularly pronounced in the construction sector, where 77% of enterprises report difficulties, reflecting the sector's reliance on a large, often foreign, workforce.

Closely following this is the challenge related to policies, rules, and regulations, with 67% of enterprises across all sectors expressing concerns. The manufacturing sector is particularly affected, with 71% of businesses reporting difficulties. This indicates that regulatory hurdles and policy inconsistencies are seen as major obstacles, complicating business operations and potentially stifling growth. The variation in responses across sectors suggests that while all industries are impacted, the specific nature of the regulations might differ, with manufacturing facing more stringent or complex rules compared to the service sector.

The third major challenge involves the recruitment of skilled workers, with 41% of businesses overall finding this to be a significant issue. The construction sector, at 56%, faces the greatest difficulty, highlighting a potential skills gap in the industry. In contrast, the service sector reports the least concern at 27%, possibly due to the nature of the skills required in service-based roles.

Table 4.24: Percentage Distribution of Chinese Enterprises towards Malaysia's Business Environment Challenges

Challenges	Manu facturing	Service	Constr uction	Overall
It is complicated and time-consuming to get work permits and other permissions	67.0%	69.0%	77.0%	71.0%
Policies, Rules and Regulations	71.0%	64.0%	67.0%	67.0%
Problems in recruiting skilled workers	46.0%	27.0%	56.0%	41.0%
Lack of execution capability	42.0%	40.0%	32.0%	39.0%
Unfamiliar with regulatory framework	40.0%	41.0%	37.0%	37.0%
Problems in recruiting foreign workers	25.0%	27.0%	40.0%	31.0%
Different business culture	27.0%	25.0%	40.0%	31.0%
Insufficient information	29.0%	24.0%	26.0%	27.0%
Taxes are relatively high	25.0%	27.0%	25.0%	26.0%
Customs clearance in Malaysia	17.0%	19.0%	21.0%	18.0%
Culture barrier	15.0%	13.0%	19.0%	17.0%
Lack of suitable partner	8.0%	11.0%	25.0%	16.0%
Maintain relationships and trust with business partners	8.0%	11.0%	26.0%	16.0%
Access to finance	15.0%	13.0%	23.0%	16.0%
Language barrier	17.0%	7.0%	18.0%	13.0%

Table 4.24: Percentage Distribution of Chinese Enterprises towards Malaysia's Business Environment Challenges

Challenges	Manu facturing	Service	Constr uction	Overall
Access to land	19.0%	9.0%	14.0%	12.0%
Maintain relationships and trust with customers	8.0%	7.0%	12.0%	10.0%
Sample size	48	75	57	147

A lack of execution capability is the fourth challenge, with 39% of enterprises identifying this as an issue. The manufacturing and service sectors report similar levels of concern (42% and 40% respectively), indicating that execution challenges are fairly common across different industries. The construction sector, however, shows slightly less concern at 32%, possibly due to the sector's hands-on, project-based nature where execution issues might be more easily identified and addressed in real-time.

Finally, the challenge of unfamiliarity with the regulatory framework is significant, with 37% of enterprises expressing this concern. The service sector slightly leads in this challenge with 41%, followed closely by manufacturing and construction. This suggests that businesses across all sectors may struggle with understanding and navigating Malaysia's regulatory landscape, which could lead to compliance issues or missed opportunities. The consistent concern across sectors points to a need for clearer, more accessible regulatory guidance, as well as perhaps more comprehensive support for businesses, especially those new to the Malaysian market.

The remaining challenges, although not as prominent as the top five, still represent significant obstacles for businesses operating in Malaysia. Problems in recruiting foreign workers, which is a concern for 31% of enterprises, particularly affect the construction sector, where 40% report this issue. This suggests that while foreign labour is essential for many businesses, navigating the processes to hire these workers remains a challenge.

Another concern is the different business culture, with 31% of enterprises highlighting this as an issue. This challenge seems more pronounced in construction, which may involve more direct, hands-on collaboration where cultural differences could be more evident. Insufficient information, identified by 27% of enterprises, indicates that businesses often struggle with a lack of access to critical information needed for decision-making, which can hinder effective operations.

Taxation is another area of concern, with 26% of enterprises believing that taxes are relatively high. This sentiment is consistent across the different sectors, suggesting a broader concern with the tax structure in Malaysia. Issues with customs clearance are less prevalent but still notable, with 18% of enterprises finding it challenging to move products through customs efficiently. This could reflect procedural inefficiencies or delays that disrupt supply chains.

Cultural and language barriers are also challenging, though they are less significant compared to others, with 17% and 13% of enterprises respectively identifying these as issues. These barriers could affect communication and negotiations, particularly in industries that rely heavily on international partnerships.

Access to land and maintaining relationships with customers and business partners are relatively minor challenges, with lower percentages of enterprises (around 10-12%) reporting difficulties. These concerns suggest that while these are not the most pressing issues, they still require attention to ensure smooth business operations.

Lastly, issues such as lack of suitable partners, difficulties in maintaining relationships and trust with business partners, and access to finance are recognized by a smaller portion of enterprises, indicating that while these challenges exist, they are not as widespread or impactful as the top concerns. Overall, these challenges highlight a mix of operational, cultural, and regulatory issues that businesses in Malaysia must navigate, with varying degrees of difficulty depending on the sector and specific circumstances.

The chart from Figure 4.15 highlights the most significant challenges businesses face, with the top concern being the complexity and time-consuming nature of obtaining work permits and other necessary permissions. This issue is notably the most pressing, with 76 enterprises identifying it as a major hurdle. This indicates that bureaucratic processes related to work permits are perceived as cumbersome and potentially hindering business operations, particularly for enterprises that rely heavily on foreign labour or need to bring in specialized talent from abroad.

Following closely is the challenge related to policies, rules, and regulations, which 63 enterprises find problematic. This reflects a general concern that the regulatory environment in Malaysia may be overly complex or rigid, making it difficult for businesses to navigate.

The next significant issue is the lack of execution capability, as reported by 29 enterprises. This suggests that businesses may struggle with the practical implementation of strategies or plans, which could be due to internal inefficiencies or external factors that hinder effective execution. Additionally, 27 enterprises highlighted unfamiliarity with the regulatory framework as a challenge. This is closely tied to the broader concern about policies and regulations, indicating that a lack of knowledge or understanding of the local regulatory environment can further complicate compliance and operational efficiency. Lastly, problems in recruiting skilled workers are a concern for 27 enterprises. This reflects difficulties in finding employees with the necessary skills, which could impact a company's ability to operate effectively or expand.

Figure 4.15: Top 5 Main Challenges for Chinese Enterprises in Malaysia (Number of enterprises)

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The figure and table outline key policies and conditions that have the potential to significantly enhance the company's contribution to Malaysia's economic growth (Figure 4.16 and Table 4.25). Simplifying administrative procedures stands out as the most significant priority across all sectors, with an overall support of 71%. This high percentage reflects a strong consensus among businesses on the need to reduce the complexity of company registration and approval processes. In particular, the manufacturing sector shows the highest demand at 77%, followed closely by construction at 73%. This suggests that these industries, which often involve extensive regulatory requirements, would greatly benefit from a streamlined administrative process that could potentially reduce time and costs, thereby enhancing their operational efficiency and competitiveness.

Figure 4.16: Percentage Distribution of Policies and Conditions towards Malaysia's Economic Growth

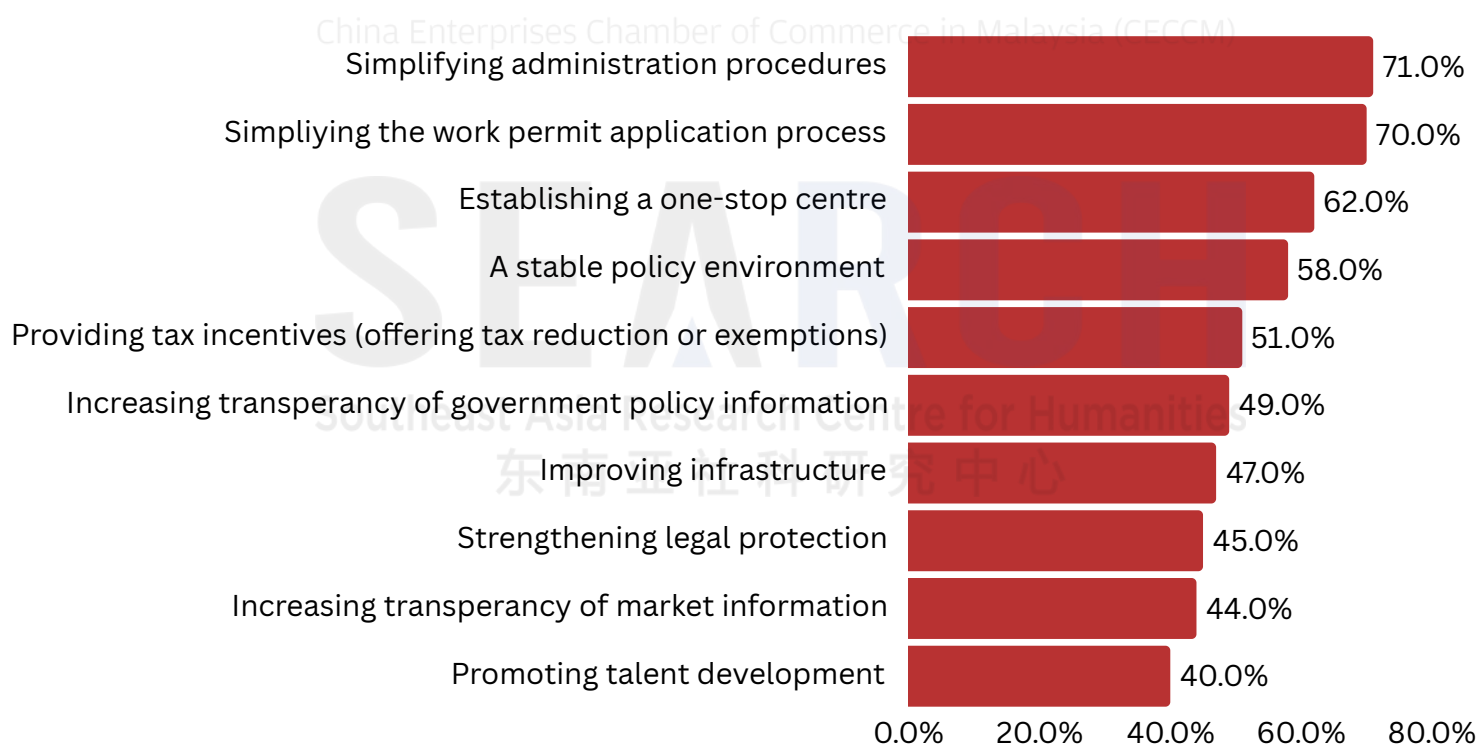


Table 4.25: Percentage Distribution of Policies and Conditions towards Malaysia's Economic Growth by Sectors

Policy/Condition	Manuf acturi ng	Servic e	Const ructio n	Overa ll
Simplifying administrative procedures (reducing the complexity of company registration and approval process)	77.0%	68.0%	73.0%	71.0%
Simplifying the work permit application process	73.0%	68.0%	71.0%	70.0%
Establishing a one-stop centre	75.0%	51.0%	71.0%	62.0%
A stable policy environment	63.0%	52.0%	61.0%	58.0%
Providing tax incentives (offering tax reduction or exemptions)	54.0%	43.0%	55.0%	51.0%
Increasing transparency of government policy information	44.0%	52.0%	48.0%	49.0%
Improving infrastructure	50.0%	41.0%	57.0%	47.0%
Strengthening legal protection	42.0%	45.0%	45.0%	45.0%
Increasing transparency of market information	48.0%	40.0%	45.0%	44.0%
Promoting talent development.	35.0%	40.0%	39.0%	40.0%
Ensuring enterprises have access to the necessary talent	40.0%	36.0%	32.0%	39.0%
Establishing bilateral cooperation mechanisms (establishing close communication and cooperation mechanisms with the Chinese government and business community)	46.0%	35.0%	39.0%	38.0%

Table 4.25: Percentage Distribution of Policies and Conditions towards Malaysia's Economic Growth by Sectors

Policy/Condition	Manuf acturi ng	Servic e	Const ructio n	Overa ll
Promoting public-private partnerships (enhancing cooperation between the government and businesses)	37.0%	35.0%	39.0%	37.0%
Optimizing investment policies	33.0%	33.0%	30.0%	34.0%
Adapting technical specifications to better align with Chinese technological standards	33.0%	27.0%	41.0%	34.0%
Financing support	33.0%	27.0%	41.0%	33.0%
Human resource training (investing in vocational training and skills enhancement)	29.0%	35.0%	30.0%	33.0%
Enhancing market accessibility (reducing barriers to market entry)	21.0%	25.0%	29.0%	25.0%
Encouraging enterprises to engage in technological innovation and research development (R&D)	27.0%	24.0%	20.0%	25.0%
Sample size	48	75	56	146

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Simplifying the work permit application process is another critical area of concern, with 70% of enterprises across all sectors identifying it as a priority. The challenge of obtaining work permits has been consistently highlighted as a significant barrier, particularly for industries that rely heavily on foreign labour, such as manufacturing and construction.

The importance of establishing a one-stop centre is also emphasized, with 62% overall support, indicating a strong preference for a centralized system that could handle various business-related processes, from registration to permits. The manufacturing sector again shows the highest level of support at 75%, suggesting that a one-stop centre could significantly reduce the bureaucratic hurdles that currently slow down business operations.

A stable policy environment is recognized by 58% of enterprises as crucial for business success. Stability in policies ensures predictability, which is vital for long-term planning and investment decisions. The construction sector, in particular, values this stability (61%), likely due to the long-term nature of its projects that require consistent regulatory and policy frameworks to avoid disruptions and financial losses.

Finally, providing tax incentives is seen as an important measure to enhance business growth, with 51% overall support. Tax incentives, such as reductions or exemptions, can significantly lower the financial burden on businesses, allowing them to reinvest savings into expansion, research and development, or other growth initiatives. This is particularly important for the construction sector (55%) and manufacturing (54%), where large-scale investments are common.

Beyond the top five priorities highlighted above, several other areas are also important to businesses operating in Malaysia, though with slightly less urgency. Increasing transparency of government policy information is supported by 49% of enterprises, indicating a need for clearer and more accessible information regarding government policies. This is particularly relevant for businesses in the service sector (52%), where understanding and adapting to policy changes is crucial for maintaining compliance and avoiding unnecessary legal complications.

Improving infrastructure is another key area, with 47% overall support, especially in the construction sector (57%), where the quality and availability of infrastructure directly impact project timelines and costs. Strengthening legal protection received 45% overall support, emphasizing the importance of a robust legal framework that protects businesses from unfair practices and disputes. This is equally important across the service and construction sectors, which both value legal stability for safeguarding investments and operations.

Increasing transparency of market information and ensuring enterprises have access to the necessary talent each garnered around 44% and 39% support, respectively. The former underscores the need for better access to market data and insights, which can help businesses make informed decisions, while the latter highlights the ongoing challenge of sourcing skilled labour in a competitive market. Establishing bilateral cooperation mechanisms and promoting public-private partnerships each saw around 38% support, reflecting the desire for stronger collaboration between the government and businesses, as well as with foreign entities.

Other areas of concern, such as optimizing investment policies (34%) and adapting technical specifications to align with Chinese standards (34%), indicate a moderate interest in ensuring that Malaysia's investment environment remains competitive and that businesses can easily integrate with global supply chains.

Lastly, categories like financing support, human resource training, enhancing market accessibility, and encouraging technological innovation received varying levels of support, ranging from 25% to 33%. These areas are important for ensuring that businesses have access to the necessary financial resources, skilled workforce, and market opportunities, as well as for fostering innovation and research and development activities that can drive long-term growth.

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4.6.2 Opportunities for Malaysia-China Economic Cooperation

Table 4.26 provides a detailed analysis of the primary reasons enterprises in different sectors: manufacturing, service, and construction choose to set up business in Malaysia. The percentages indicate the proportion of enterprises within each sector who identified each reason as significant. The result shows that there is a strong consensus on the strategic importance of Malaysia's location across all sectors, other factors such as multilingual population and trade links show more sector-specific variations. The service sector tends to place higher importance on linguistic capabilities, while manufacturing values trade agreements and access to broader markets more significantly. These differences highlight the diverse priorities of each sector when considering Malaysia as a base for operations.

The first category, "Malaysia is ideally situated in the Southeast Asia region," is overwhelmingly recognized across all sectors, with 90% of enterprises in manufacturing, 92% in service, and 91% in construction acknowledging this advantage. The overall percentage stands at 91%, reflecting a strong consensus on the strategic importance of Malaysia's geographical location. The slight variation among the sectors indicates a universal appreciation of Malaysia's position as a gateway to the Southeast Asia region.

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Table 4.26: Percentage Distribution of Primary Reasons for Chinese Enterprises Set Up Business in Malaysia

Main Reason	Manuf acturi ng	Servic e	Const ructio n	Overa ll
Malaysia is ideally situated in the Southeast Asia region	90.0%	92.0%	91.0%	91.0%
The multilingual population is fluent in Mandarin, English, Malay, and others	69.0%	75.0%	67.0%	70.0%
Extensive Trade Links (Malaysia has about 16 regional and Bilateral Free Trade Agreements (FTAs))	71.0%	70.0%	60.0%	66.0%
Gateway to ASEAN and beyond	69.0%	63.0%	59.0%	62.0%
Malaysia is an export-driven, diversified economy	54.0%	50.0%	41.0%	47.0%
An Educated Workforce	40.0%	50.0%	41.0%	43.0%
Well-developed Infrastructure and Connectivity	46.0%	42.0%	45.0%	42.0%
Lower cost of doing business	42.0%	43.0%	41.0%	41.0%
Lower labour costs	42.0%	34.0%	41.0%	39.0%
Ideal Place for Work and Life	23.0%	41.0%	45.0%	36.0%
Adequate Electricity and Water supply	31.0%	34.0%	38.0%	33.0%
Supportive Government Policies	33.0%	32.0%	33.0%	33.0%
China Plus One	25.0%	33.0%	38.0%	32.0%
Investment policies	35.0%	29.0%	29.0%	29.0%

Table 4.26: Percentage Distribution of Primary Reasons for Chinese Enterprises Set Up Business in Malaysia

Main Reason	Manuf acturi ng	Servic e	Const ructio n	Overa ll
A Haven for Foreign Enterprises (With over 5,000 foreign enterprises from more than 50 countries establishing their presence)	29.0%	30.0%	31.0%	28.0%
Well-developed financial and banking sector	33.0%	26.0%	21.0%	23.0%
The cost of living is low	12.0%	25.0%	24.0%	22.0%
Tax systems	23.0%	21.0%	22.0%	20.0%
Incentives offered	15.0%	20.0%	17.0%	16.0%
Risk diversification	17.0%	17.0%	19.0%	16.0%
Close to Sources of raw materials	19.0%	13.0%	16.0%	14.0%
Halal certification in Malaysia	2.0%	8.0%	9.0%	6.0%
Sample size	48	76	58	148

In contrast, the second category, "The multilingual population is fluent in Mandarin, English, Malay, and others," shows more variation among the sectors. The service sector places the highest value on Malaysia's multilingual population, with 75% of enterprises highlighting this as a key reason for operating in the country. This is followed by 69% in manufacturing and 67% in construction. The overall percentage is 70%, suggesting that while the multilingual capability is important across the board, it is particularly critical for the service sector, likely due to the diverse communication needs in this industry.

The third category, "Extensive Trade Links (Malaysia has about 16 regional and Bilateral Free Trade Agreements (FTAs))," also varies across sectors. The manufacturing sector (71%) and the service sector (70%) value Malaysia's extensive trade links almost equally, whereas the construction sector places less emphasis on this aspect, with only 60% of enterprises considering it significant. The overall percentage of 66% reflects the importance of Malaysia's trade agreements in facilitating business operations, particularly in industries that rely heavily on international trade.

Finally, the fourth category, "Gateway to ASEAN and beyond," shows a noticeable difference in perception across the sectors. The manufacturing sector again places relatively high importance on this factor (69%), followed by the service sector (63%), and the construction sector (59%). The overall percentage is 62%, indicating that while Malaysia's role as a gateway to ASEAN and beyond is valued, it is perceived differently depending on the sector, with manufacturing viewing it as more critical compared to service and construction.

Beyond the first four categories, the remaining factors in the table reveal a diverse range of priorities across the manufacturing, service, and construction sectors when it comes to operating in Malaysia. The category "Malaysia is an export-driven, diversified economy" is moderately valued across all sectors, with the highest importance placed by the manufacturing sector (54%), reflecting its reliance on export activities. The service and construction sectors show a lesser but still significant recognition of this factor.

The presence of an "Educated Workforce" is particularly valued by the service sector (50%), suggesting the importance of skilled labour in service-oriented industries, while the other sectors value this less, with manufacturing at 40% and construction at 41%. Similarly, "Well-developed Infrastructure and Connectivity" is recognized fairly evenly across sectors, with slight variations, indicating its broad importance for business operations in Malaysia.

Cost-related factors like "Lower cost of doing business" and "Lower labour costs" are appreciated relatively equally across all sectors, highlighting Malaysia's economic competitiveness. However, "Ideal Place for Work and Life" shows a more significant split, with the service and construction sectors placing higher importance on this, possibly due to the nature of work and the importance of attracting talent in these industries.

"Supportive Government Policies" and "Adequate Electricity and Water supply" receive moderate recognition, indicating that while these are important, they are not as critical as other factors. "China Plus One" and "Investment policies" also show a moderate level of importance across the board, suggesting that these are considerations but not primary drivers for business operations.

Categories such as "A Haven for Foreign enterprises," "Well-developed financial and banking sector," and "The cost of living is low" are generally less emphasized, though still relevant, particularly for enterprises looking at broader operational costs and the business environment. The incentives offered, risk diversification, and proximity to raw materials are considered less critical, with even lower emphasis on aspects like "Halal certification in Malaysia," which is notably less relevant except perhaps for specific industries or market segments.

The bar chart in Figure 4.17 provides a visual representation of the most important reasons why enterprises choose to operate in Malaysia, highlighting five key factors. The most significant reason, as depicted by the longest bar at the top of the chart, is Malaysia's ideal location in the Southeast Asia region. This factor is favoured by 69 enterprises, underscoring the strategic importance of Malaysia's geographical position as a central hub in Southeast Asia. This suggests that businesses see Malaysia as a crucial gateway to regional markets, benefiting from its proximity to other major economies in the region.

The second reason, with 41 enterprises indicating its importance, is Malaysia's extensive trade links, which include approximately 16 regional and bilateral Free Trade Agreements (FTAs). These trade agreements are crucial for enterprises looking to expand their reach and reduce trade barriers, making Malaysia an attractive destination for businesses involved in international trade.

Figure 4.17: Top 5 Main Reasons for Chinese Enterprises Set Up Business in Malaysia (in Number)



The multilingual population, fluent in Mandarin, English, Malay, and other languages, is the third most significant factor, with 36 enterprises acknowledging its importance. This reflects the value enterprises place on effective communication and the ability to operate in diverse linguistic environments, which is essential for engaging with both local and international markets.

The fourth reason, identified by 34 enterprises, is Malaysia's role as a gateway to ASEAN and beyond. This indicates that businesses recognize Malaysia's potential as a launching pad for accessing broader markets within ASEAN and other regions, taking advantage of the country's strategic location and connectivity.

Finally, 27 enterprises highlighted the lower cost of doing business in Malaysia as a key reason for their operations. This reflects the importance of cost-efficiency in business decisions, with enterprises likely attracted to Malaysia due to its relatively lower operational costs compared to other countries in the region.

Table 4.27 presents a detailed overview of the levels of satisfaction among enterprises in relation to various aspects of doing business. The first 10 areas of satisfaction highlight the strengths of Malaysia's business environment, particularly in terms of international relations, local business conditions, regional trade, safety, infrastructure, and cost factors. These areas of satisfaction indicate that businesses operating in Malaysia generally find the environment supportive and conducive to their success.

Table 4.27: Percentage Distribution of Chinese Enterprises towards Malaysia's Business Environment Strengths and Concerns

Strengths and Concerns	Unsatisfied	Neutral	Satisfied
Sentiment towards China	1.4%	18.2%	80.4%
Satisfaction towards Local Business Environment	2.7%	27.9%	69.4%
Free movement of goods within the ASEAN region	0.7%	33.1%	66.2%
Personal Safety and Security	2.0%	33.1%	64.9%
Infrastructure	6.8%	29.7%	63.5%
Availability of Trained Personnel	3.4%	33.8%	62.8%
Office Lease Costs	5.4%	32.4%	62.2%
Laws and Regulations	5.4%	33.8%	60.8%
Ease of Moving Products through Customs	2.7%	36.5%	60.8%
Housing Costs	4.8%	35.1%	60.1%
Availability of Low-cost Labour	4.7%	36.5%	58.8%
Availability of Foreign Workers	6.1%	36.5%	57.4%
A Stable Government and Political System	5.4%	41.9%	52.7%
Tax Structure	6.8%	41.2%	52.0%
Borrowing Costs	6.1%	50.7%	43.2%
Lack of Local Protectionism	8.8%	49.3%	41.9%
Incentives Offered by the Government	10.2%	48.6%	41.2%
Lack of Corruption	13.5%	52.7%	33.8%

The highest satisfaction level is towards sentiment regarding China, with an overwhelming 80.4% of enterprises expressing contentment. This suggests that Chinese enterprises have a very favourable view of the relationship between Malaysia and China, likely due to strong trade ties, investment opportunities, and the significant role China plays in the regional economy. The positive sentiment indicates that businesses find the Malaysia-China bilateral cooperation beneficial, contributing to their overall success in the region.

Satisfaction with the local business environment is also notably high, with 69.4% of enterprises indicating their approval. The high satisfaction suggests that the local environment is conducive to business operations, providing a stable and supportive framework for enterprises to thrive.

The free movement of goods within the ASEAN region is another critical area where satisfaction is strong, with 66.2% of enterprises expressing approval. This indicates that businesses highly value the ability to move goods across borders without significant barriers, which is essential for regional trade and supply chain efficiency.

Personal safety and security also score highly in terms of satisfaction, with 64.9% of enterprises feeling satisfied. This reflects the importance of a secure environment for businesses, where the safety of employees and assets is paramount. High satisfaction in this area suggests that Malaysia provides a safe and stable environment, which is crucial for attracting and retaining business operations.

Infrastructure is another key area of satisfaction, with 63.5% of enterprises expressing their contentment. This highlights the importance of well-developed infrastructure in supporting business activities. The strong satisfaction level indicates that Malaysia's infrastructure meets the needs of businesses, enabling efficient operations and connectivity.

The availability of trained personnel is also highly valued, with 62.8% of enterprises satisfied with the talent pool available in the country. This suggests that businesses find it relatively easy to recruit skilled workers, which is essential for maintaining productivity and competitiveness. The satisfaction level in this area reflects the effectiveness of Malaysia's education and training systems in producing a capable workforce.

Office lease costs are another area where satisfaction is relatively high, with 62.2% of enterprises expressing approval. This indicates that businesses find the cost of leasing office space in Malaysia to be reasonable and manageable, which is an important consideration for enterprises looking to establish or expand their presence in the country.

Laws and regulations also receive positive feedback, with 60.8% of enterprises satisfied with the legal framework in Malaysia. This suggests that businesses find the regulatory environment to be fair, transparent, and supportive of business operations. Satisfaction in this area is crucial as it reflects the ease with which businesses can comply with regulations and operate within the legal boundaries.

The ease of moving products through customs is another area of satisfaction, with 60.8% of enterprises content with the process. This reflects the efficiency and effectiveness of Malaysia's customs procedures, which is vital for businesses engaged in international trade.

Finally, housing costs also receive a positive response, with 60.1% of enterprises expressing satisfaction. This suggests that businesses find the cost of housing for their employees to be reasonable, which is an important factor in attracting and retaining talent. Affordable housing costs contribute to the overall attractiveness of Malaysia as a business destination, supporting the well-being and stability of the workforce.

The remaining categories in the table highlight areas where satisfaction is still significant but slightly lower compared to the top ten aspects. These categories include the availability of low-cost labour, availability of foreign workers, stability of the government and political system, tax structure, borrowing costs, lack of local protectionism, incentives offered by the government, and the absence of corruption.

The availability of low-cost labour sees 58.8% satisfaction, indicating that while businesses appreciate the relatively low labour costs in Malaysia, there are still concerns or challenges that prevent this aspect from being ranked higher. Similarly, the availability of foreign workers, with a satisfaction level of 57.4%, suggests that businesses generally find it possible to hire foreign labour.

Satisfaction with the stability of the government and political system stands at 52.7%, reflecting a generally positive view but also indicating that political uncertainties or changes could be areas of concern for businesses. The tax structure receives 52.0% satisfaction, suggesting that while businesses find the tax regime acceptable, there may be complexities or rates that are not fully favourable.

Borrowing costs, with a satisfaction level of 43.2%, are viewed less favourably, possibly due to high interest rates or challenging credit conditions that can impact business financing. The lack of local protectionism, at 41.9%, suggests a moderate level of satisfaction, indicating that businesses appreciate the relatively open market but may still face some barriers or competition challenges.

Government incentives, with 41.2% satisfaction, reflect a mixed view on the effectiveness or availability of these incentives for businesses, implying that while some enterprises benefit, others may find them insufficient or difficult to access. Lastly, the lack of corruption, with 33.8% satisfaction, highlights a significant concern, indicating that corruption is still perceived as a challenge in Malaysia, affecting business operations and overall trust in the system.

Overall, while there is general satisfaction in these areas, they reveal more nuanced challenges that businesses face in Malaysia, particularly regarding labour, political stability, financial conditions, and the regulatory environment. These areas, while not overwhelmingly negative, indicate where improvements could be made to further enhance the business climate.

5. CONCLUSION

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In recent years, the scale of Chinese investment in Malaysia has expanded significantly, driving both Malaysia's economic development and improvements across various sectors. This study aims to analyse the impact of Chinese enterprises' investments and business activities in Malaysia on local economic growth, as well as on talent development, green initiatives, high-quality production, safety and reliability assurance, and ESG (environmental, social, and governance) development. The objective is to gain a deeper understanding of the practical impacts of this collaboration.

To achieve these objectives, the study employs both qualitative and quantitative research methods. The qualitative component consists of two Advisory Panels discussions involving a total of thirteen management personnel from Chinese enterprises in the construction, manufacturing, and services industries. The discussions focused on five key areas: economic contributions, talent development, green development, technological innovation and transfer, and safety and ESG initiatives. The participants provided valuable insights into Chinese enterprises' contributions to these areas in Malaysia.

The quantitative component includes both secondary data analysis and survey questionnaires. Secondary data analysis involves a comprehensive assessment of the impact of Chinese trade and investment in Malaysia, using existing research reports and macroeconomic data sourced from institutions such as the Department of Statistics Malaysia (DOSM), the Malaysia External Trade Development Corporation (MATRADE), and the UN Comtrade Database. This data supports detailed analysis and evaluation.

Additionally, the survey questionnaires are divided into three sections: Section A explores the background of the enterprises, Section B examines the contributions of Chinese enterprises to Malaysia's economic development, and Section C gathers perceptions and expectations of Chinese enterprises regarding Malaysia. A total of 153 Chinese enterprises participated in the survey.

The secondary data analysis reveals that China has been Malaysia's largest trading partner since 2009, with bilateral trade steadily increasing over the years (Ministry of Foreign Affairs Malaysia, 2024). From 2012 to 2023, Malaysia's trade with China has demonstrated a dynamic relationship. The consistent growth in trade values highlights Malaysia's economic resilience and its ability to adapt to China's needs. This strong trade connection is vital for Malaysia's economy, driving growth and enhancing bilateral cooperation with China.

In addition, the Belt and Road Initiative (BRI) that launched in 2013, marked a major milestone in Chinese investments in Malaysia, with FDI peaking at RM 6,886 million in 2017. During former Prime Minister Najib's visit to China in late 2016, 14 MOUs worth RM 143.6 billion were signed (Malaysia Kini, 2016). Despite a dip in investments to RM 562 million in 2018 due to a temporary pause on the ECRL project and political changes, the ECRL's reinstatement in 2019 led to a recovery. In 2020, despite pandemic challenges, investments increased to RM 2,521 million. Although there was a slight decrease to RM 2,057 million in 2021 due to China's epidemic prevention measures, investments surged to RM 3,614 million in 2022 with the reopening of China's economy. Among various sectors, the manufacturing sector has attracted the majority of net FDI inflows from China into Malaysia over the past five years (2020-2023).

Notable Chinese investment projects in Malaysia include but not limited to MCKIP, ECRL, Geely Auto Investment, BYD's Expansion, Great Wall Motors, SAIC Motor, Neta, Chery, EVE Energy's Investment Project, and Senior Technology Material Plant. Meanwhile, Chinese enterprises such as Dunham-Bush Industries Sdn. Bhd., ALLIANCE Steel (M) Sdn. Bhd, China Communications Construction Company (M) Sdn. Bhd. (CCCCM), TF-AMD Microelectronics (Penang) Sdn. Bhd., China State Construction Malaysia Co., Ltd, CRRC Zhuzhou Locomotive Co., Ltd and LONGi Malaysia Sdn. Bhd. have significantly contributed to local economic development, technology transfer, and employment opportunities.

Additionally, Chinese enterprises have significantly transformed Malaysia's service industries, including finance, real estate, tourism, and technology. Key players such as Alibaba, Huawei, Bank of China, ICBC, and Xiamen University Malaysia have modernized and expanded these sectors, creating jobs, enhancing local expertise, and driving technological innovation. Their investments have strengthened economic ties, spurred Malaysia's growth, and established the country as a key regional player in the economy. Beyond immediate benefits, these enterprises have facilitated knowledge transfer and introduced global best practices, improving the quality and competitiveness of Malaysia's service and shaping its future economic trajectory.

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This study has conducted two rounds of Advisory Panels discussions to investigate the contribution of Chinese enterprises to Malaysia's economic development. From the Advisory Panels discussions, it is noted that Chinese enterprises have significantly influenced various aspects of Malaysia's economy through their roles in trade, investment, and collaboration with local SMEs. Their active participation in import-export activities and support for high-tech industries have bolstered Malaysia's international trade, particularly in sectors like chip production. Investments in large-scale infrastructure projects, including gas-fired power plants and hydropower stations, demonstrate their commitment to Malaysia's economic development. Moreover, these enterprises have facilitated substantial foreign direct investment and are increasingly exploring new energy projects, contributing to Malaysia's transition to greener energy sources. By partnering with local SMEs, providing procurement opportunities, and establishing dedicated teams to support these enterprises, Chinese firms are fostering local economic growth and technological advancement.

In addition to their economic contributions, Chinese enterprises in Malaysia are deeply invested in talent development and environmental sustainability. They implement comprehensive training programs for local employees, including mentorship, specialized technical training, and opportunities for overseas education. This investment in human capital aims to enhance the skills and capabilities of the local workforce, contributing to long-term economic success. On the environmental front, Chinese enterprises are committed to green development by incorporating ESG principles into their operations, reducing resource consumption, and participating in renewable energy projects. They also engage in community-based environmental and social initiatives, demonstrating a strong commitment to corporate social responsibility.

Based on the findings from survey questionnaire, generally the respondents were cautious and reluctant to disclose certain information, which may have led to underreported contributions from many Chinese enterprises. The median was used to report the central tendency or average, as extreme values were present in the data. Nevertheless, almost all measured variables showed an upward trend from 2023 to 2030, reflecting the confidence and optimism of Chinese enterprises regarding Malaysia's development. This trend suggests that these enterprises are keen to establish long-term business relationships with Malaysia. A list of contributions of Chinese enterprises in Malaysia is listed in Appendix 3.

Chinese enterprises are targeting to create more employment opportunities in Malaysia between 2023 and 2030. For example, the median number of jobs created by a Chinese company was 49, with a target of reaching 100 by 2030. The number of jobs created for both Malaysian and Chinese workers in middle and upper management by Chinese enterprises is also expected to follow an upward trend, with the number of Malaysians doubling compared to Chinese workers during this period. Additionally, Chinese enterprises aim to increase their engagement with Malaysian suppliers and subcontractors, as well as with micro, small, and medium enterprises (MSMEs) and large local corporations (LLCs), from 2023 to 2030.

Regarding technology transfer to promote talent development in Malaysia, Chinese enterprises' performance was moderate but expected to improve by 2030. For instance, approximately 47% of Chinese enterprises reported knowledge or technology transfers to Malaysia in 2023, and by 2030, around 58% plan to do so. Key initiatives include providing access to online learning platforms offering courses and tutorials on new technologies (42%), creating cross-functional teams that unite employees from various departments to work on technology-driven projects (42%), and organizing workshops and seminars for knowledge sharing on emerging technologies, trends, and best practices (38%).

In terms of utilizing training to promote talent development in Malaysia, Chinese enterprises have performed well by taking the initiative to train business partners, contractors, and suppliers. Chinese enterprises aim to increase the upskilling of Malaysian employees between 2023 and 2030. For instance, the median number of Malaysian employees participating in upskilling programs organized by Chinese enterprises was 20, with a target of reaching 50 by 2030. Additionally, Chinese enterprises are also supporting the training of business partners, contractors, and suppliers. For example, the median number of participants in such training programs was 10, with a goal to double this number to 20 by 2030.

Chinese enterprises have considerable room for improvement in research and development within their educational cooperation projects aimed at promoting talent development in Malaysia, though their efforts in student training are moderate. They have been relatively inactive in providing research grants or scholarships to local universities and in engaging in research collaborations with Malaysian large local corporations (LLCs) and micro, small, and medium enterprises (MSMEs). However, a positive trend is expected from 2023 to 2030.

On the other hand, in 2023, around 40% of Chinese enterprises reported involvement in training Technical and Vocational Education and Training (TVET) students, 42% offered talent and skills development programs, and 62% provided student internship opportunities. By 2030, this involvement is projected to increase, with 67% participating in TVET training, 71% offering talent and skills development, and 85% providing internship programs.

The top three efforts made by Chinese manufacturing enterprises to promote the development of Malaysian talent were utilizing upskilling training for workers (82%), on-the-job training, which involves implementing hands-on training opportunities (72%), and offering training and development programs (68%).

Chinese enterprises' top three key efforts in promoting green development and environmental protection projects in Malaysia were adopting waste reduction programs (implementing programs to reduce, reuse, and recycle waste) (77%), implementing energy-efficient practices and technologies, such as LED lighting and automated energy management systems (40%) and sustainable materials (using sustainable and recyclable materials in product design and packaging) (39%).

The top four critical efforts by Chinese enterprises to improve service or production quality in Malaysia were providing ongoing training and development programs (61%), establishing key performance indicators (KPIs) to monitor quality levels (53%), implementing Quality Management Systems (QMS) such as ISO Standards and Continuous Improvement (52%), and working closely with suppliers to improve their services, processes and product quality (52%).

In terms of the safety and reliability of Chinese enterprises operating in Malaysia, their performance has been strong, particularly in the construction sector. Approximately 92% of Chinese enterprises reported compliance with national and local safety laws and regulations. Specifically, up to 95% of Chinese construction enterprises and 92% of Chinese manufacturing enterprises indicated adherence to these regulations. Other key efforts by Chinese enterprises include designating the company leader as the primary individual responsible for safety (84%) and ensuring clear safety signage and open communication channels for reporting safety concerns (83%). Chinese construction enterprises tend to adhere more strictly to workplace safety regulations than Chinese manufacturing and service enterprises. More than 86% of Chinese construction enterprises reported compliance with 12 out of 13 safety items listed in Table 4.20, while 83% of Chinese manufacturing enterprises reported compliance with 8 items.

Chinese enterprises' ESG (Environmental, Social, and Governance) practices were generally good, though there is room for further improvement. Approximately three-quarters of Chinese enterprises rated their ESG practices as good or excellent. Among the three components, the governance component had the highest achievement at 80%, followed by the environmental component at 79%, and the social component at 72%. Meanwhile, the overall ESG rating was 2.86 (falling between fair and good) on a scale of 1 to 4. Governance received the highest rating at 3.10, followed by the environmental component at 2.99 and the social component at 2.85.

This report also found that Chinese enterprises investing in Malaysia face a range of challenges, with the most significant being the complex and time-consuming process of obtaining work permits and permissions, particularly in the construction sector, which relies heavily on foreign labour. Other major obstacles include navigating the intricate policies, rules, and regulations that affect various sectors, with manufacturing being especially impacted. Additionally, enterprises struggle with recruitment, particularly in the construction industry, due to a skills gap, while other issues include execution capability and unfamiliarity with the regulatory framework. These hurdles reflect a need for regulatory clarity and streamlined administrative procedures to support smoother business operations.

To overcome these challenges, enterprises have identified key policy areas that could enhance their contributions to Malaysia's economic growth. Simplifying administrative procedures and the work permit application process are top priorities across all sectors, alongside the establishment of a one-stop centre for handling business-related processes. A stable policy environment, tax incentives, and improved infrastructure also rank high in importance. Addressing these issues could significantly enhance operational efficiency, reduce costs, and foster a more business-friendly environment, particularly for industries like manufacturing and construction that are heavily regulated and reliant on long-term planning.

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The analysis highlights key factors driving economic cooperation between China and Malaysia, particularly within the manufacturing, service, and construction sectors. Malaysia's strategic location in Southeast Asia is universally recognized as a critical advantage, with a strong consensus across all sectors. Additionally, the multilingual population and Malaysia's extensive trade links, supported by 16 Free Trade Agreements, play vital roles in attracting businesses. Sector-specific priorities emerge with the service sector emphasizing linguistic capabilities and the manufacturing sector focusing on trade agreements and access to broader markets. Despite these differences, Malaysia's role as a gateway to ASEAN and its relatively low cost of doing business further solidifies its appeal to international enterprises.

In terms of business satisfaction, enterprises operating in Malaysia express high levels of contentment, particularly regarding relations with China, the local business environment, and regional trade. Personal safety, infrastructure, and the availability of trained personnel also receive strong approval. However, areas such as political stability, labour availability, and government incentives show room for improvement, as businesses highlight challenges in these domains. While the overall business climate in Malaysia is positive, continued efforts to enhance political stability, reduce corruption, and provide more effective financial incentives could further bolster the country's attractiveness as a key player in international economic cooperation.

All in all, the findings of this study benefit various stakeholders, including policymakers, government agencies, business leaders, investors, and academic professionals. The results offer valuable insights for future cooperation and development. Policymakers can use the findings to formulate strategies for attracting foreign investment and promoting economic growth. Government agencies can gain insights into methods for advancing talent development, promoting green initiatives, and enhancing production quality. Business leaders and investors can make informed investment decisions and explore collaborations with Chinese enterprises in Malaysia based on the research results. Additionally, academics can use this study to gain a deeper understanding of the impact of Chinese investment on the local economy and contribute to further scholarly discussions. In the context of globalization, the activities of Chinese enterprises in Malaysia will continue to significantly influence the local economy and society, making a thorough understanding of their behaviour and impact essentials.

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6. POLICY RECOMMENDATIONS

Based on the findings from the secondary data analysis, Advisory Panels discussion and surveys, here is a set of constructive and actionable policy recommendations to enhance the contribution of Chinese enterprises to Malaysia's economic development while addressing existing challenges:

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6.1 Streamlining Administrative Procedures and Minimizing Bureaucratic Red Tape

Simplify and Digitize Procedures

Simplify and Digitize Procedures

To foster a more conducive business environment for Chinese enterprises and other foreign investors, it is crucial to further simplify and digitize administrative processes. Malaysia has already made commendable progress in this area, as evidenced by its ranking improvement in the E-Government Development Index (EGDI) from 48th in 2018 to 47th in 2020 and its rise from 27th to 24th in the Online Service Index (OSI) during the same period (MyGovernment, n.d.). This progress shows Malaysia's commitment to digitalizing government services and improving online service delivery.

The Public Sector Digitalisation Strategic Plan (PSPSA) 2021-2025 outlines the government's objective to achieve a multiple-End-to-End (E2E) service target of 55% by 2021, with a broader goal of attaining 12th place in the OSI by 2025. Building on these digitalization efforts, the government should focus on further simplifying procedures, digitizing documentation, and establishing clear guidelines with realistic timelines, especially for business-related approvals and permits. Such measures would reduce bureaucratic hurdles, expedite business operations, and align with Malaysia's strategic goals under the Sustainable Development Goals 2030 (SDG 2030), Shared Prosperity Vision 2030 (SPV 2030), and the 12th Malaysia Plan (12MP).

Establish a One-Stop Centre (OSC) for Foreign Enterprises

To enhance Malaysia's attractiveness as an investment destination for foreign enterprises, it is proposed to establish a dedicated One-Stop Centre (OSC) for foreign investors. This centre would centralize and streamline administrative processes, providing a single point of contact for all regulatory, immigration, and business-related approvals, ensuring a smoother investment journey.

Building on the success of similar models, such as the newly established Invest Malaysia Facilitation Centre (IMFC) by the Malaysian Investment Development Authority (MIDA), a One-Stop Centre for foreign enterprises could further improve the efficiency and appeal of Malaysia as a preferred destination for Chinese investors. The IMFC, which commenced operations on December 1, 2023, integrates a whole-of-government approach to expedite approvals, reduce bureaucracy, and provide comprehensive advisory services (MIDA, n.d.b). It brings together key ministries and agencies, including the Inland Revenue Board of Malaysia, Immigration Department of Malaysia, Royal Malaysian Customs Department, Malaysian Communications and Multimedia Commission, Department of Labour Peninsular Malaysia, Tenaga Nasional Berhad, and Telekom Malaysia Berhad, offering a streamlined experience for investors.

A dedicated One-Stop Centre for foreign enterprises could leverage the IMFC model and provide tailored services such as faster processing of investment applications, facilitation of work permits, and comprehensive support in navigating Malaysia's regulatory environment. This initiative could involve collaboration between key agencies like MITI, MOH, MIDA, and the Immigration Department, with a particular focus on understanding the unique needs and business practices of foreign investors. By establishing such a centre, Malaysia could strengthen its position as a competitive, investor-friendly hub in the region, fostering economic growth and bilateral trade ties with China.

6.2 Enhancing Communication and Transparency

Improve Communication Channels Between Government Departments and Foreign Investors

To attract and retain foreign investors, especially from China, it is crucial to improve communication channels between government departments and foreign investors to ensure that policies and regulatory changes are clearly communicated in a timely manner. Malaysia's unique multicultural landscape and multilingual capabilities, coupled with the widespread availability of Chinese education, provide a significant strategic advantage in achieving this goal.

Malaysia's population is composed of three major ethnic groups—Malay, Chinese, and Indian—which makes it a truly multicultural nation. This diversity is complemented by the widespread ability to speak multiple languages, including Malay, English, Mandarin, and Tamil. This linguistic diversity allows Malaysia to bridge communication gaps with a wide range of investors. For Chinese enterprises, in particular, the presence of a large Chinese-speaking population ensures smooth, culturally sensitive, and effective communication.

Besides, Chinese education is well-established in Malaysia, with numerous Chinese-medium schools and educational institutions. This has resulted in a workforce that is not only proficient in Mandarin but also understands Chinese culture and business etiquette. This cultural familiarity can significantly enhance the quality of communication and reduce misunderstandings, making Malaysia a more attractive destination for Chinese businesses looking to expand or invest.

Leveraging these linguistic and cultural strengths, government departments can develop tailored communication strategies to better reach Chinese investors. This could include:

1. Establish dedicated hotlines, websites, and help desks that operate in both English and Mandarin to provide updates on policies, regulations, and incentives in real-time.
2. Provide translation and interpretation services in Mandarin, Bahasa Malaysia, and English to help Chinese investors understand local regulations, contracts, and business processes, as they often face significant language barriers.
3. Develop communication materials and outreach programs that reflect Chinese cultural values and business practices, helping to build trust and rapport with Chinese investors.
4. Collaborate with local Malaysian business associations and similar organizations to co-host webinars, workshops, and forums where government officials can directly communicate regulatory changes and policy updates to Chinese businesses. (CECCM)

To ensure that policies and regulatory changes are well understood, government departments can create regular engagement opportunities, such as quarterly town hall meetings or forums with Chinese and other foreign investors. These sessions would not only disseminate critical information but also serve as a platform for foreign investors to provide feedback, ask questions, and voice concerns, fostering a more transparent and responsive regulatory environment.

Building on Malaysia's existing digital infrastructure and commitment to e-government, enhancing digital communication channels can ensure that all policy and regulatory updates are promptly shared and easily accessible to foreign investors. A multilingual digital portal dedicated to investment-related information, with sections in Mandarin, Malay, and English, could significantly enhance the flow of information.

6.3 Strengthening Cross-Border Coordination and Collaboration

Cross-national coordination with relevant government departments

To further promote trade and investment relations between Malaysia and China, it is crucial to enhance cross-border coordination with relevant government departments. Effective coordination helps streamline regulatory processes, deepen bilateral economic ties, and support sustainable joint development. Recent initiatives and agreements underscore the importance both sides place on collaboration.

a. Single Window System for Trade Facilitation

Malaysia and China have agreed to collaborate on setting up a Single Window System to streamline cross-border trade (Jalil, 2024). This initiative aims to digitally exchange trade-related information between customs authorities of both countries, reducing the administrative burden and expediting the movement of goods. Such a system not only simplifies documentation but also ensures a more efficient, transparent, and secure trade environment. By prioritizing this digital trade facilitation, Malaysia can position itself as a hub for seamless cross-border trade within the region.

b. Enhancing Bilateral Economic Ties

The cooperation between Malaysia's Ministry of Investment, Trade and Industry (MITI), Ministry of Finance, and China's Ministry of Commerce, General Administration of Customs, and others reflects a strong commitment to strengthening bilateral economic ties. The Five-Year Economic and Trade Cooperation Plan (2024-2028) is another significant step, which builds on past successes since its establishment in 2013. The new framework will encourage not just bilateral trade growth but also the participation of businesses from other countries and international organizations, broadening the economic engagement.

c. Focus on Digital and Green Economies

The Memoranda of Understanding (MoUs) signed between Malaysia and China on Digital Economy and Green Economy further highlight the areas of future cooperation. In the digital sphere, Malaysia and China will explore cooperation in areas such as smart infrastructure, artificial intelligence, and 5G connectivity, which are critical to modernizing key sectors like manufacturing, transportation, and healthcare. Meanwhile, the MoU on green development underscores the mutual commitment to advancing clean energy, green finance, and sustainable infrastructure. These agreements emphasize Malaysia's strategic approach to fostering innovation and sustainable development.

In this context, it is recommended to establish a flexible coordination platform to facilitate communication among businesses, policymakers, and regulatory bodies.

- Form a joint working group to regularly review the progress of the single window system and other collaborative mechanisms. The working group should include representatives from relevant government departments, customs authorities, and private sector entities to ensure participation and cooperation from all parties.
- Develop a shared digital portal to provide stakeholders with real-time updates on policies and regulatory information, enhancing transparency and streamlining processes.

Through these initiatives, the Malaysian government can better support key investment projects, including those from Chinese enterprises, fostering close collaboration and active engagement among all parties to ensure the steady advancement of these projects.

6.4 Promoting Talent Development and Addressing Skills Gaps

Skill Development Programs

To maximize the benefits of foreign investments and enhance Malaysia's competitiveness in the global market, it is essential to invest in skill development programs that align with the needs of foreign investors, especially from China. Here are some key areas to focus on:

a. Strengthening TVET (Technical and Vocational Education and Training)

Chinese enterprises have already begun to play a significant role in providing TVET opportunities in Malaysia (Rosman, 2024). A total of 220 Chinese enterprises are currently offering 5,125 training places for Malaysian students across various industries for short-, medium-, and long-term training programs. This presents a valuable opportunity to upskill the local workforce in technical fields that are directly relevant to current and future job markets. Malaysia can leverage this cooperation to bridge the skill gaps and align the workforce's competencies with industry needs.

b. Fostering Strategic AI and Technology Partnerships

Malaysia aims to form a strategic partnership with China to bridge the talent gap in Artificial Intelligence (AI) and drive both nations to the forefront of technological advancements (Bernama, 2024C). By collaborating on AI and related technologies, Malaysia can enhance its position in the global tech landscape. This partnership should include exchange programs, research collaborations, and joint training initiatives focused on AI, data science, machine learning, and other emerging technologies.

c. Expanding Skill Development in High-Demand Sectors

The government can work closely with Chinese enterprises and other foreign investors to identify high-demand sectors where Malaysia's workforce could benefit from targeted skill development programs. For example:

- Training programs related to digital transformation, green finance, renewable energy, and sustainable infrastructure can be developed in collaboration with Chinese firms to prepare the local workforce for future demands.
- Leveraging Malaysia's strategic agreements with China, skill development in smart manufacturing, 5G infrastructure, and smart city planning should be prioritized to ensure a competitive edge in these high-growth areas.

d. Promoting Public-Private Partnerships for Workforce Development

Encouraging public-private partnerships between the Malaysian government, educational institutions, and Chinese enterprises can create a more structured approach to workforce development. This includes developing tailored curriculums, apprenticeship programs, and industry-driven certifications that align with the specific needs of foreign investors and emerging industries.

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6.5 Supporting Green Development and ESG Initiatives

Incentives for Sustainable Practices

To foster a green and sustainable economic environment, Malaysia should continue to strengthen and promote incentives for sustainable practices to attract foreign investors who prioritize sustainability. The government's recent initiatives already set a strong foundation for this.

a. Revised Green Technology Tax Incentives

Malaysia's commitment to increasing the share of renewable energy in its electricity generation capacity mix to 70% by 2050 is commendable. To support this ambition, the government has revised the Green Technology Tax Incentives during the 2024 National Budget, introducing a tiered approach that categorizes incentives into three main areas:

- **Green Investment Tax Allowance (GITA) Project for Business Purposes:** Encourages businesses to invest in green technology projects, with qualifying activities now expanded to include green hydrogen, electric vehicle charging stations, and wind energy.
- **Green Investment Tax Allowance (GITA) Asset for Own Consumption:** Supports enterprises in adopting green technology for their own operations by allowing tax allowances for various green assets.
- **Green Income Tax Exemption (GITE) Solar Leasing:** Promotes the adoption of solar energy by providing income tax exemptions for solar leasing arrangements.

These incentives not only encourage enterprises to integrate sustainable practices into their business models but also position Malaysia as a competitive destination for green investments.

b. Expansion of Qualifying Assets and Activities

The revision has also expanded the list of qualifying assets under GITA, providing more opportunities for enterprises to benefit from tax incentives when investing in sustainable technology and infrastructure. This is a positive step towards attracting foreign investors who are increasingly focusing on sustainability and ESG (Environmental, Social, and Governance) criteria.

c. Encouraging Investment in Emerging Green Technologies

The inclusion of new green technology projects such as green hydrogen and wind energy under the GITA Project for Business Purposes reflects Malaysia's forward-looking approach in embracing emerging green technologies. This strategic move could attract foreign enterprises involved in advanced green tech sectors, creating new growth areas and boosting innovation.

d. Promoting a Sustainable and Carbon-Neutral Nation by 2050

Aligning with Malaysia's aspiration to become a sustainable and carbon-neutral nation by 2050, these incentives can be further leveraged to attract multinational enterprises that prioritize sustainability in their global operations. Providing a clear roadmap for achieving carbon neutrality through targeted incentives will enhance Malaysia's appeal as a destination for environmentally conscious investors.

e. Strengthening Public-Private Partnerships for Green Initiatives

Malaysia can further promote public-private partnerships that focus on developing green infrastructure, smart cities, and clean energy projects. Incentivizing collaborations between local and foreign enterprises in these areas can facilitate technology transfer, create jobs, and accelerate Malaysia's green transformation.

6.6 Improving Safety and Regulatory Compliance

Strengthen Safety Standards and Monitoring

In sectors such as construction and manufacturing, safety standards are crucial due to the high-risk nature of the work involved. Ensuring a safe working environment not only protects workers but also reduces the likelihood of costly accidents and project delays. With the increasing presence of Chinese enterprises in Malaysia, there is a need for a collaborative approach to establish and enforce high safety standards.

a. Develop Collaborative Safety Standards

Malaysia can collaborate with Chinese enterprises operating locally to co-develop a comprehensive framework of safety standards that align with international best practices and local regulations. This includes adopting rigorous safety protocols, emergency response plans, and hazard identification and risk assessment procedures.

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A joint working group between Malaysian regulatory bodies (such as the Department of Occupational Safety and Health) and Chinese stakeholders should be established to regularly review and update safety standards, ensuring they are responsive to emerging risks and technological advancements.

b. Enforce Compliance Measures

Implement strict monitoring and enforcement mechanisms to ensure compliance with these safety standards. This could include unannounced site inspections, penalties for non-compliance, and a rating system that publicly ranks enterprises based on their safety records. Collaborating with Chinese firms to use digital tools and IoT (Internet of Things) solutions for real-time monitoring and reporting of safety incidents. This can help in the early identification of potential risks and the implementation of preventive measures.

c. Regular Safety Audits and Capacity-Building

Encourage regular, third-party safety audits to objectively assess compliance and identify areas for improvement. These audits can be made mandatory for high-risk sectors like construction, manufacturing, mining, and energy.

Organize joint capacity-building workshops and training programs involving both Malaysian and Chinese stakeholders. These workshops could focus on enhancing skills related to occupational safety, emergency preparedness, and hazard management.

Establish partnerships with local universities and technical institutions to develop specialized safety training programs, ensuring a steady supply of skilled professionals who are well-versed in industry-specific safety protocols.

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By implementing these recommendations, the Malaysian government can foster a more conducive business environment that encourages sustainable and mutually beneficial growth for both Chinese enterprises and the local economy. This approach will help leverage Chinese investments to drive Malaysia's economic development, technological innovation, green growth, and talent development in line with national priorities.

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APPENDIX 1: Survey on the Contribution of Chinese Enterprises to Malaysia's Economic Development

问卷调查中国企业对马来西亚经济发展的贡献

Survey on The Contribution of Chinese Companies to Malaysia's Economic Development

东南亚社科研究中心与东姑阿都拉曼管理及工艺大学 (TAR UMT) 联合进行一项名为“评估中国企业对马来西亚发展的贡献”的调查。该研究旨在分析中国企业投资和商业实践对马来西亚经济发展的影响。

Southeast Asia Research Centre for Humanities (SEARCH) collaborate with Tunku Abdul Rahman University of Management and Technology (TAR UMT) in conducting a survey titled “Assessing the Contribution of Chinese Companies to the Development of Malaysia.” The study aims to analyse the impact of Chinese companies' investments and business practices on economic development in Malaysia. China Enterprises Chamber of Commerce in Malaysia (CECCM)

数据将进行统计处理，您的个人信息将被严格保密，不会被泄露。

The data will be processed statistically, and your personal information will be strictly treated as confidential and will not be disclosed.

感谢您的参与。

Thank you for participating in this interview.

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A 部分：企业背景

Section A: Background of the Company

A1. 企业名称

Name of company in Malaysia: _____

A2. 中国企业成立年份

Year of incorporation in China: _____

A3. 贵企业在马来西亚成立年份

Year of establishment of your company in Malaysia: _____

A4. 请问贵企业的所有权架构？

What is the distribution of ownership in your company?

1. 中国股东持股超过50% More than 50% of shares owned by Chinese (China)
2. 马来西亚股东持股超过50% More than 50% of shares owned by Malaysian
3. 外国（其他国家）股东持股超过50% More than 50% shares owned by foreigners (Other Countries)
4. 其他，请具体说明 Other, please specify _____

A5. 贵企业在马来西亚运营的业务属于哪个行业？（可选择多个适用的选项）

Which sector of business is your company operating in Malaysia (Choose as many answers as apply)?

1.	能源矿业 - 能源, 装备制造, 节能环保 Mining and Quarrying (Energy, Equipment, Clean Energy)
2.	制造业（请到 A6） Manufacturing (Go to A6)
2.1	植物油、动物油及食品加工 Vegetable Or Animal Oils & Fats and Food Processing
2.2	饮料产品 Beverage Products
2.3	医药产品 Medication Products
2.4	纺织品、服装及皮革制品 Textiles, Wearing Apparel and Leather Products
2.5	木制品、家具、纸制品及印刷 Wood Products, Furniture, Paper Products and Printing
2.6	石油、化工、橡胶及塑料制品 Petroleum, Chemical, Rubber and Plastic Products
2.7	化学品及化学制品 Chemicals and Chemical Products
2.8	非金属矿产品、基础金属及金属制品 Non-Metallic Mineral Products, Basic Metal and Fabricated Metal Products
2.9	机械设备 Machinery and Equipment
2.10	电气、电子及光学产品 Electrical, Electronic and Optical Products
2.11	运输设备、其他制造及维修 Transport Equipment, Other Manufacturing and Repair

2.12	其他制造业 Other Manufacturing Industries
3.	电力、热力、燃气及水生产和供应业 Electricity, Heat, Gas and Water Production and Supply (Utilities)
4.	建筑业 Construction
5.	贸易(进出口) Trading (Import and Export)
6.	交通运输、物流、仓储 Transportation, Logistics, Warehousing
7.	信息及通信技术 Information and Communication Technology (ICT)
8.	金融业 Finance and Insurance
9.	房地产业 Real Estate
10.	租赁和商务服务业 - 设施, 咨询, 会计, 律所, 人力资源, 旅游, 签证 Leasing and Business Services (Professional Services) Facilities, Consulting, Accounting, Law Firm, Human Resources, Tourism, Visa
11.	科学研究和技术服务业 Scientific Research and Technical Services
12.	医疗和社会工作 Private Healthcare
13.	文化、体育和娱乐业 Culture, Sports and Entertainment
14.	住宿和餐饮业 Accommodation, and Food & Beverages
15.	居民服务、修理和其他服务业 Residential Services, Repair and Other Services

16	教育 Education
17	公共管理、社会保障和社会组织 Public Administration, Social Security and Social Organisations
18.	农林渔业 Agriculture, Forestry and Fishery
19.	其他, 请具体说明 Other, please specify

A7. 贵企业的年销售额是:

Your annual sales turnover is:

A7.1 制造业 Manufacturing	A7.2 服务及其他行业 Services & Other Sectors
1. 少于马币30万 Less than RM300,000	1. 少于马币30万 Less than RM300,000
2. 马币30万至1499万 RM300,000 – RM14.9 million	2. 马币30万至299万 RM300,000 – RM2.9 million
3. 马币1500万至4999万 RM15.0 million – RM49.9 million	3. 马币300万至1999万 RM3.0 million – RM19.9 million
4. 马币5000万至9999万 RM50.0 million – RM99.9 million	4. 马币2000万至4999万 RM20.0 million – RM49.9 million
5. 马币一亿以上, 请具体说明_____(百万) More than RM100.0 million, please specify_____ (million)	5. 马币5000万以上, 请具体说明_____(百万) More than RM50.0 million, please specify_____ (million)

A8. 贵企业的全职员工人数：

Your full-time employee is:

A8.1 制造业 Manufacturing	A8.2 服务及其他行业 Services & Other Sectors
1. 少于5人 Less than 5 persons	1. 少于5人 Less than 5 persons
2. 5至74人 5 – 74 persons	2. 5至29人 5 – 29 persons
3. 75 至 199人 75 – 199 persons	3. 30至74人 75 – 199 persons
4. 200至399人 200 – 399 persons	4. 75至199人 200 – 399 persons
5. 400人及以上，请具体说明 _____（人） 400 and above, please specify__ (persons)	5. 200人及以上，请具体说明 _____（人） 200 and above, please specify__ (persons)

China Enterprises Chamber of Commerce in Malaysia (CECCM)

A9. 请列出马来西亚按技能水平（职业）和国籍划分的就业人口百分比。

Please list the employed persons in Malaysia in percentage based on skill level (Occupation) and Country.

SEARCH
Southeast Asia Research Centre for Humanities
东南亚社科研究中心

A9. 请列出马来西亚按技能水平（职业）和国籍划分的就业人口百分比。
Please list the employed persons in Malaysia in percentage based on skill level (Occupation) and Country.

A9.1 高技能/ Skilled 经理、专业人员、技术人员及助理专业人员 Manager, Professionals, Technicians and Associate Professionals	马来西亚人 Malaysian (in %)	中国人 Chinese (China) (in %)	其他国家 Other Countries (in %)
成立年份 Year of Incorporation			
2023年 Year 2023			
2024年（预计） Year 2024 (Estimate)			
2030年（预测） Year 2030 (Forecast)			
A9.2 中等技能/ Semi-skilled 文职人员、服务和销售人员、农业、林业、畜牧业和渔业工人、工艺品和相关行业工人，以及工厂和机器操作员和装配工 Clerical Support Workers, Service and Sales Workers, Skilled Agricultural, Forestry, Livestock and Fishery Workers, Craft and Related Trades Workers, Plant and Machine Operators and Assemblers	马来西亚人 Malaysian (in %)	中国人 Chinese (China) (in %)	其他国家 Other Countries (in %)
成立年份 Year of Incorporation			
2023年 Year 2023			
2024年（预计） Year 2024 (Estimate)			
2030年（预测） Year 2030 (Forecast)			

A9.3低技能/ Low-skilled 基本职业 Elementary Occupations	马来西亚人 Malaysian (in %)	中国人 Chinese (China) (in %)	其他国家 Other Countries (in %)
成立年份 Year of Incorporation			
2023年 Year 2023			
2024年（预计） Year 2024 (Estimate)			
2030年（预测） Year 2030 (Forecast)			

A10. 请问您的销售(商品和服务)对象是以哪个市场为导向？

Could you please specify which market your sales (Goods and Services) targets are oriented towards?

China Enterprises Chamber of Commerce in Malaysia (CECCM)

1. 出口市场 (51 – 100%) Export Market (51 – 100%)
2. 马来西亚市场(51 – 100%) Malaysia Market (51 – 100%)
3. 马来西亚市场与出口市场 Both Malaysia and Export Market
4. 其他，请具体说明 Other, please specify _____

B部分: 中国企业对马来西亚经济发展的贡献

Section B: The Contribution of Chinese Companies to Malaysia's Economic Development

B1. 请填写贵企业对马来西亚经济发展的贡献

Please describe your company's contribution to Malaysia's Economic Development.

B1a. 经济贡献 Economic Contributions 注: 如果不适用, 请填写“NA” Note: If not applicable, please put "NA"	年份Year		
	2023 (百万令吉) (RM million)	2024 (百万令吉) 预计 (RM million) Estimate	2030 (百万令吉) 预测 (RM million) Forecast
销售/ 本地贸易 Sales/ Domestic trade			
出口(商品和服务) Export (Goods and Services)			
进口(商品和服务) Import (Goods and Services)			
投资 Investment			
基础设施/建筑项目 Infrastructure/Construction Projects			
数字基础设施 (如5G/电子商务平台) Digital Infrastructure (i.e., 5G/E-Commerce Platforms)			
其他, 请具体说明Other, please specify			

B1ai. 可否请贵企业提供三个最重要的投资、基础设施/建设项目或数字基础设施贡献?

Could you please provide the three (3) most significant investments, infrastructure/construction projects, or digital infrastructure contributed by your company?

- i. _____
- ii. _____
- iii. _____

B1b. 马来西亚商业伙伴 Malaysian Business Partners 注：如果不适用，请填写“NA” Note: If not applicable, please put "NA"	年份Year		
	2023 (数量) (in number)	2024 (数量) 预计 (in number) Estimate	2030 (数量) 预测 (in number) Forecast
马来西亚供应商（多少家？） Malaysian Suppliers (How many companies?)			
马来西亚分包商（多少家？） Malaysian Subcontractors (How many companies?)			
马来西亚中小微企业（多少家？） Malaysian Micro, Small and Medium Enterprises (MSMEs) (How many companies?)			
马来西亚大型本土企业（多少家？） Malaysian Large Local Corporations (LLCs) (How many companies?)			
其他，请具体说明 Other, please specify			

B1c. 人力资本发展 Human Capital Development 注：如果不适用，请填写“NA” Note: If not applicable, please put "NA"	年份Year		
	2023 (数量) (in number)	2024 (数量) 预计 (in number) Estimate	2030 (数量) 预测 (in number) Forecast
马来西亚创造的就业总数（多少人？） Total employment generated in Malaysia (How many persons?)			
为马来西亚员工创造中高层管理职位（多少人？） Creating jobs for Malaysian workers in middle and upper management (How many persons?)			
为中国籍员工创造中高层管理职位（多少人？） Creating jobs for Chinese (China) workers in middle and upper management (How many persons?)			
有多少马来西亚员工参与技能提升培训？ How many Malaysian employees participate in upskilling training?			
用于马来西亚员工技能提升培训的支出金额 Amount spent for training Malaysian employees in upskilling training	RM	RM	RM
技能提升培训来源 (可选择多个适用选项) Upskilling training resources mainly from (Choose as many answers as apply)	1. 中国China 2. 马来西亚 Malaysia 3. 其他国家 Other countries	1. 中国China 2. 马来西亚 Malaysia 3. 其他国家 Other countries	1. 中国China 2. 马来西亚 Malaysia 3. 其他国家 Other countries
有多少商业伙伴、承包商和供应商参加了培训？ How many business partners, contractors, and suppliers participated in the training?			
对供应商、承包商和商业伙伴培训上投资的金额 Amount invested in supplier, contractor, and business partner training			

B1c. 人力资本发展 Human Capital Development 注：如果不适用，请填写“NA” Note: If not applicable, please put "NA"	年份Year		
	2023 (数量) (in number)	2024 (数量) 预计 (in number) Estimate	2030 (数量) 预测 (in number) Forecast
培训资源主要来自（可选择多个适用选项） Training resources mainly from (Choose as many answers as apply)			
为技术和职业教育培训（TVET）学生提供培训 （多少人？） Training for technical and vocational education and training (TVET) students (How many persons?)	1. 中国China 2. 马来西亚 Malaysia 3. 其他国家 Other countries	1. 中国China 2. 马来西亚 Malaysia 3. 其他国家 Other countries	1. 中国China 2. 马来西亚 Malaysia 3. 其他国家 Other countries
为学生提供人才和技能发展培训（多少人？） Talent and skills development for students (How many persons?)			
学生实习项目（多少人？） Internship programs for students (How many persons?)			
马来西亚应届毕业生（多少人？） Employed Malaysian fresh graduate (How many persons?)			
完成技能提升/再培训的马来西亚毕业生（多少 人？） Employed Malaysian graduates after attending upskill/reskill training that organised by your company (How many persons?)			
其他，请具体说明 Other, please specify			

B1d. 创新/技术转移 Innovation/Technology Transfer 注：如果不适用，请填写“NA” Note: If not applicable, please put "NA"	年份Year		
	2023 (数量) (in number)	2024 (数量) 预计 (in number) Estimate	2030 (数量) 预测 (in number) Forecast
内部研发 In-house R&D	1. 有Yes 2. 没有No 3. 不适用Not applicable	1. 有Yes 2. 没有No 3. 不适用Not applicable	1. 有Yes 2. 没有No 3. 不适用Not applicable
如果是，内部研发支出是多少？ If yes, how much has spent on in-house R&D?	RM	RM	RM
外部研发（与当地大学或外部机构合作进行研发活动） External R&D (Engaging local universities or external parties for R&D activities)	1. 有Yes 2. 没有No 3. 不适用Not applicable	1. 有Yes 2. 没有No 3. 不适用Not applicable	1. 有Yes 2. 没有No 3. 不适用Not applicable
如果是，外部研发支出是多少？ If yes, how much has spent on external R&D	RM	RM	RM
在供应链生态系统中实施数字化 Implementing digitalization in your company supply chain system	1. 有Yes 2. 没有No 3. 不适用Not applicable	1. 有Yes 2. 没有No 3. 不适用Not applicable	1. 有Yes 2. 没有No 3. 不适用Not applicable
知识/技术转移到马来西亚 Knowledge/Technology transfer to Malaysia	1. 有Yes 2. 没有No 3. 不适用Not applicable	1. 有Yes 2. 没有No 3. 不适用Not applicable	1. 有Yes 2. 没有No 3. 不适用Not applicable
在马来西亚注册的知识产权 Intellectual Property (IP) registered in Malaysia			
在马来西亚申请的专利 Patents filled in Malaysia			
其他，请具体说明 Other, please specify			

B1di. 贵企业向马来西亚提供哪些技术或知识转移举措? (如果不适用, 请填写 “NA”)

What technology or knowledge transfer initiatives does your company offer to Malaysia? Please put “NA” if not applicable)

B1ei. 您如何评价贵企业在环境、社会 and 治理 (ESG) 方面的实践?

How do you rate your company's practice in the environment, social and governance (ESG)?

B1ei 环境、社会 and 治理 (ESG) 要素 Environmental, Social, and Governance (ESG) Component		不适用 Not applicable	需要改进 Need Improvement	一般 Fair	良好 Good	优秀 Excellent
1	整体环境、社会 and 治理 Overall ESG	1	2	3	4	5
2	环境要素 (E) Environment Component	1	2	3	4	5
2.1	能源消耗和温室气体排放 Energy consumption and greenhouse gas emissions	1	2	3	4	5
2.2	废物减少与处理 Waste reduction & management	1	2	3	4	5
2.3	气候变化的减缓和适应策略 Climate change mitigation and adaptation strategies	1	2	3	4	5
2.4	可持续的原材料/供应/服务采购 Sustainable sourcing of raw materials/supply/services	1	2	3	4	5
2.5	产品的可持续性与生态设计 Product sustainability and eco-design	1	2	3	4	5
3	社会要素 (S) Social Component	1	2	3	4	5

Blei 环境、社会和治理 (ESG) 要素 Environmental, Social, and Governance (ESG) Component		不适用 Not applicable	需要改进 Need Improvement	一般 Fair	良好 Good	优秀 Excellent
3.1	支持本地社区，如创造就业机会、对有需要的人提供援助/捐赠等 Support for local communities such as job creation, aid/donation for needy people, etc	1	2	3	4	5
3.2	多样性、给予公平和包容员工 Employee diversity, equity, and inclusion	1	2	3	4	5
3.3	劳工标准和工作环境 Labor standards and working environments	1	2	3	4	5
3.4	防止强迫劳动和童工 Prevention of forced labor and child labor	1	2	3	4	5
4	治理要素 (G) Governance Component	1	2	3	4	5
4.1	遵守法律法规 Compliance with laws and regulations	1	2	3	4	5
4.2	审计和风险管理流程 Audit and risk management processes	1	2	3	4	5
4.3	数据隐私和安全 Data privacy and security	1	2	3	4	5
4.4	管理透明度和问责制 Management transparency and accountability	1	2	3	4	5
4.5	员工福利 Staff Benefits	1	2	3	4	5

B1eii. 环境、社会 and 治理 (ESG) Environmental, Social, And Governance (ESG) 注：如果不适用，请填写“NA” Note: If not applicable, please put "NA"	年份Year		
	2023 (数量) (in number)	2024 (数量) 预计 (in number) Estimate	2030 (数量) 预测 (in number) Forecast
环境 (E) 活动 (几项活动?) Environmental (E) activities (How many activities?)			
年度预算分配于环境活动 Annual budget allocation for Environmental (E) activities	RM	RM	RM
社会 (S) 活动 (几项活动?) Social (S) activities (How many activities?)			
年度预算分配于社会活动 Annual budget allocation for Social (S) activities	RM	RM	RM
治理 (G) 活动 (几项活动?) Governance (G) activities (How many activities?)			
年度预算分配于治理活动 Annual budget allocation for Governance (G) activities	RM	RM	RM

B1eiii. 贵企业可否提供由贵企业组织的三个最重要的环境 (E) 活动吗?

Could you please provide the three (3) most significant Environmental (E) activities organised by your company?

i. _____

Brief Description (Outcome):

简要描述 (成果):

ii. _____

Brief Description (Outcome):

简要描述 (成果):

iii. _____

Brief Description (Outcome):

简要描述 (成果):

B1eiv. 贵企业可否提供由贵企业组织的三个最重要的社会 (S) 活动吗?

Could you please provide the three (3) most significant Social (S) activities organised by your company?

i. _____

Brief Description (Outcome):

简要描述 (成果):

ii. _____

Brief Description (Outcome):

简要描述 (成果):

iii. _____

Brief Description (Outcome):

简要描述 (成果):

B1ev. 贵企业可否提供由贵企业组织的三个最重要的治理 (G) 活动吗?

Could you please provide the three (3) most significant Governance (G) activities organised by your company?

i. _____

Brief Description (Outcome):

简要描述 (成果):

ii. _____

Brief Description (Outcome):

简要描述 (成果):

iii. _____

Brief Description (Outcome):

简要描述 (成果):

B1f. 社会责任及其他 Social Responsibility and Others 注：如果不适用，请填写“NA” Note: If not applicable, please put "NA"	年份Year		
	2023 (数量) (in number)	2024 (数量) 预计 (in number) Estimate	2030 (数量) 预测 (in number) Forecast
社区项目、互助和支持Community Projects, Mutual Aid and Support	RM	RM	RM
社区项目、互助和支持活动（多少活动？） Community Projects, Mutual Aid and Support Activities (How many activities?)			
旅游推广 - 吸引来自中国的游客（商业伙伴、家庭成员和朋友）（多少人？） Tourism Promotions - attract tourists (Business partners, family members, and friends) from China. (How many persons?)			
文化交流活动（多少活动？） Cultural Exchange Activities (How many activities?)			
其他，请具体说明 Others, please specify			

B1g. 教育 Education 注：如果不适用，请填写“NA” Note: If not applicable, please put "NA"	年份Year		
	2023 (马币) (in RM)	2024 (马币) 预计 (in RM) Estimate	2030 (马币) 预测 (in RM) Forecast
研究拨款 Research Grants			
奖学金 Scholarship			
与大学的研究合作 Research Collaboration with Universities			
与大型企业（LLCs）的研究合作 Research Collaboration with Malaysian Large Local Corporations (LLCs)			
与中小微企业的研究合作 Research Collaboration with Malaysian Micro, Small and Medium Enterprises (MSMEs)			
其他，请具体说明 Other, please specify			

B1h. 环境、社会 and 治理 (ESG) Environmental and Governance Responsibility and Others 注：如果不适用，请填写“NA” Note: If not applicable, please put "NA"	年份Year		
	2023 (数量) (in number)	2024 (数量) 预计 (in number) Estimate	2030 (数量) 预测 (in number) Forecast
环境与治理项目 Environmental and Governance Project			
社区安全与参与计划 (讲座/培训/研讨会/宣传活动) Community Safety and Engagement program(talk/training/workshop/awareness program)			
供应商/厂商/产品安全与质量计划 (讲座/培训/研讨会/宣传活动) Supplier/vendor/product Safety and Quality program (talk/training/workshop/awareness program)			
工作场所安全与健康计划 (讲座/培训/研讨会/宣传活动) Workplace Safety and Health program (talk/training/workshop/awareness program)			
绿色倡议计划 (回收、植树、栖息地恢复环境意识活动、采用可再生能源) Green initiative program (recycling, Tree Planting, Habitat Restoration Environmental Awareness activities, Adoption of renewable energy sources)			
其他，请具体说明 Others, please specify			

B2. 贵企业采取哪些措施来促进工作场所的安全? (请勾选所有适用项)

What efforts does your company make to promote safety at the workplace? (Choose as many answers as applicable)?

1. 企业负责人是安全的第一责任人

The person in charge of the company is the first person who is responsible for safety

2. 对项目安全进行分类, 并指派安全员进行监督。各级将设有不同的安全员

Classifying project safety and assigning safety officers to monitor it. There will be different safety officers at various levels

3. 遵守法律法规 (确保遵守国家 and 地方安全法律法规)

Compliance with Laws and Regulations (Ensuring adherence to national and local safety laws and regulations)

4. 职业健康安全管理体系 (实施标准化管理体系)

Occupational Health and Safety Management Systems (OHSMS) (Implementing standardized management systems).

5. 定期进行风险评估, 以识别潜在危害, 并采取措施降低这些风险

Conducting regular risk assessments to identify potential hazards and implementing measures to mitigate these risks.

6. 为员工提供有关安全程序、应急响应和正确使用设备的定期培训课程

Providing regular training sessions for employees on safety procedures, emergency responses, and the proper use of equipment.

7. 张贴清晰的安全标志, 并保持畅通的沟通渠道, 以便报告安全问题

Displaying clear safety signs and maintain open communication channels for reporting safety concerns.

8. 确保员工能够获得并使用适当的个人防护装备, 例如安全帽、手套和护目镜

Ensuring employees have access to and using appropriate PPE, such as helmets, gloves, and safety glasses.

9. 制定和维护应急响应计划, 包括针对火灾、化学品泄漏和其他潜在紧急情况的演习

Developing and maintaining emergency response plans, including drills for fire, chemical spills, and other potential emergencies.

10. 成立安全委员会或任命安全员以便负责监督和促进工作场所的安全实践

Establishing safety committees or appointing safety officers who is responsible for overseeing and promoting workplace safety practices.

11. 鼓励报告所有事故和险情, 并进行彻底调查以防止再次发生

Encouraging the reporting of all incidents and near-misses, followed by thorough investigations to prevent recurrence.

12. 定期检查和维护机器设备, 确保其处于安全工作状态

Inspecting regularly and maintaining machinery and equipment to ensure they are in safe working condition.

13. 工作环境控制 (确保适当的通风、照明和符合人体工程学的工作场所设计, 以最大程度地降低健康风险)

Work Environment Controls (Ensuring proper ventilation, lighting, and ergonomic workplace designs to minimize health risks).

14. 其他, 请说明

Other, please specify _____

B3. 贵企业为促进马来西亚人才发展做了哪些努力？（可选择多个适用的选项）

What efforts did your company make to promote the development of Malaysian talent? (Choose as many answers as applicable)

1. 提供培训和发展项目

Offering training and development programs.

2. 为员工提供技能提升培训

Upskilling training for workers.

3. 为商业伙伴、承包商和供应商提供培训

Training for business partners, contractors and suppliers.

4. 组织研讨会、会议和研讨班

Organises workshops, conferences, and seminars.

5. 导师培训计划：将经验不足的员工与经验丰富的导师配对

Mentorship programs: pairing less experienced employees with experienced mentors.

6. 员工职业发展计划

Career development plans for employees

7. 在职培训：实施实践培训机会

On-the-Job Training: Implementing hands-on training opportunities.

8. 为有潜力的员工提供领导力发展计划

Leadership Development Programs for potential employees.

9. 轮岗计划：允许员工在企业内部的不同部门或岗位工作

Rotational Programs: Allowing employees to work in different departments or roles within the company.

10. 内部流动：鼓励内部工作调动Internal Mobility: Encouraging internal job transfers.

11. 提供在线学习平台，例如 Coursera、LinkedIn Learning 或 Udemy，以促进持续学习

Access to Online Learning Platforms, such as Coursera, LinkedIn Learning, or Udemy to facilitate continuous learning.

12. 创新和黑客马拉松：组织黑客马拉松、创新挑战或想法分享会，以鼓励创造性思维和解决问题的能力

Innovation and Hackathons: Organizing hackathons, innovation challenges, or idea-sharing sessions to encourage creative thinking and problem-solving.

13. 通过工作场所数字化

Through digitalisation of working place.

14. 为员工提供经济支持，以供其继续深造、获得证书或参加专业课程

Providing financial support for employees to pursue further education, certifications, or professional courses.

15. 健康计划：提供包括压力管理、工作与生活平衡措施和心理健康支持在内的健康计划

Wellness Programs: Offering wellness programs that include stress management, work-life balance initiatives, and mental health support.

16. 定期进行绩效评估和反馈

Conducting regular Performance Reviews and Feedback.

17. 进行研究

Conducting research.

18. 与大学及其他教育机构合作

Working together with universities and other educational institutions.

19. 其他，请具体说明

Other, please specify



马来西亚中资企业总商会

China Enterprises Chamber of Commerce in Malaysia (CECCM)

SEARCH

Southeast Asia Research Centre for Humanities

东南亚社科研究中心

B4. 贵企业采取了哪些措施，通过技术转移并促进人才发展？（可选择多个适用的选项）

What efforts did your company adopt to promote talent development through technology transfer? (Choose as many answers as applicable)

1. 与大学、研究机构或其他企业合作，开展联合研发项目

Partnering with universities, research institutions, or other companies to work on joint research and development projects.

2. 获得尖端技术的许可协议，这些技术可以整合到企业的运营中。员工可以学习和适应这些技术，从中获得宝贵的专业知识

Securing licensing agreements for cutting-edge technologies that can be integrated into the company's operations. Employees can learn and adapt these technologies, gaining valuable expertise.

3. 组织研讨会和讲座，分享有关新技术、趋势和最佳实践的知识

Organising workshops and seminars for knowledge sharing about new technologies, trends, and best practices.

4. 定期举办技术讲座和网络研讨会，由内部和外部专家讨论技术的最新进展及其在企业内部的应用

Hosting regular tech talks and webinars where internal and external experts discuss the latest advancements in technology and how they can be applied within the company.

5. 创建跨职能团队，将来自不同部门的员工聚集在一起，合作开展技术驱动的项目

Creating cross-functional teams that bring together employees from different departments to work on technology-driven projects.

6. 实施借调计划，将员工暂时分配到其他组织或部门，以学习新技术和流程，然后将这些知识带回原团队

Implementing secondment programs where employees are temporarily assigned to another organisation or department to learn new technologies and processes, and then bring that knowledge back to their original team.

7. 在企业内部设立创新实验室，让员工在受控环境中实验新技术、开发原型，并获得实践经验

Establishing innovation labs within the company where employees can experiment with new technologies, develop prototypes, and gain hands-on experience in a controlled environment.

8. 开发健全的知识管理系统，以捕获和分享整个组织的技术诀窍、项目经验教训和最佳实践

Developing robust knowledge management systems to capture and share technical know-how, project learnings, and best practices across the organisation.

9. 赞助员工参与与新兴技术相关的外部培训项目、研讨会和认证课程

Sponsoring employees to attend external training programs, workshops, and certification courses related to new and emerging technologies.

10. 支持内部孵化计划，让员工可以在其中开发新的基于技术的创意和项目，为他们提供成功所需的资源和指导

Supporting internal incubation programs where employees can develop new technology-based ideas and projects, providing them with the resources and mentorship needed to succeed.

11. 与技术提供商建立战略合作伙伴关系，确保员工能够访问最新的工具、平台和资源

Establishing strategic partnerships with technology providers to ensure that employees have access to the latest tools, platforms, and resources.

12. 提供在线学习平台的机会，提供有关新技术的课程和教程，允许员工按照自己的节奏学习
Providing access to online learning platforms that offer courses and tutorials on new technologies, allowing employees to learn at their own pace.
13. 组织竞赛和黑客马拉松，重点是利用新技术解决现实世界的问题，鼓励员工创新和应用他们的技术技能
Organizing competitions and hackathons focused on solving real-world problems using new technologies, encouraging employees to innovate and apply their technical skills.
14. 将员工与特定技术领域的导师配对，提供指导、支持和知识转移
Pairing employees with mentors who are experts in specific technologies to provide guidance, support, and knowledge transfer.
15. 制作关于技术进步及其对企业影响的内部出版物、白皮书和报告，让员工了解情况并接受教育
Producing internal publications, white papers, and reports on technological advancements and their implications for the company, keeping employees informed and educated.
16. 其他，请具体说明
Other, please specify _____

B5. 贵企业如何帮助提高马来西亚的服务或生产质量？（可选择多个适用的选项）

**How does your company help to improve service or production quality in Malaysia?
(Choose as many answers as apply)**

1. 实施质量管理体系（QMS），如ISO标准和持续改进
Implementing Quality Management Systems (QMS) such as ISO Standards and Continuous Improvement.
2. 提供持续的培训和发展计划
Providing ongoing training and development programs.
3. 使用技术和自动化，如数据分析、自动化、机器人技术、人工智能和机器学习
Use of Technology and Automation such as data analytics, automation, robotics, artificial intelligence, and machine learning.
4. 利用实时监控系統
Utilizing real-time monitoring and control systems.
5. 加强供应链管理实践
Strengthening supply chain management practices.
6. 投资于研发，开发新的生产技术、材料和产品
Investing in R&D to develop new production techniques, materials, and products.
7. 使用物联网和数据分析实施预测性维护策略
Implementing predictive maintenance strategies using IoT and data analytics.
8. 应用精益原则或制造
Applying Lean principles or Manufacturing
9. 定期与行业领导者进行基准对比，并采用最佳实践，以保持竞争力并提高产品质量。
Partnering with universities, research institutions, and other companies.
10. 与大学、研究机构和其他企业合作
Partnering with universities, research institutions, and other companies.
11. 将可持续实践整合到生产和服务流程中
Integrating sustainable practices into production and servicing processes.

12. 建立专门的质量保证团队

Establishing dedicated quality assurance teams.

13. 获得并保持相关行业认证（如ISO、CE、FDA）

Obtaining and maintaining relevant industry certifications (e.g., ISO, CE, FDA).

14. 采用以客户为中心的方法

Adopting a customer-centric approach.

15. 采用以用户为中心的设计

Adopting a User-Centred Design

16. 定期对供应商进行审计，以确保他们符合质量标准

Conducting regular audits of suppliers to ensure they meet quality standards.

17. 与供应商紧密合作，提升其服务、流程 and 产品质量

Working closely with suppliers to improve their services, processes and product quality.

18. 创建一个将质量作为组织每个人优先事项的文化

Creating a culture where quality is a priority for everyone in the organisation.

19. 建立关键绩效指标（KPI）以监控质量水平

Establishing key performance indicators (KPIs) to monitor quality levels.

20. 积极识别可能影响质量的潜在风险。

Proactively identifying potential risks that could affect quality.

21. 其他，请具体说明

Other, please specify _____

B6. 贵企业在马来西亚的绿色或环保举措有哪些？（可选择多个适用的选项）

What are your company's greening or environmentally friendly initiatives in Malaysia?
(Choose as many answers as apply)

1. 可再生能源使用（转向如太阳能等可再生能源）

Renewable Energy Usage (Transitioning to renewable energy sources like solar).

2. 实施节能实践和技术，如LED照明和自动化能源管理系统

Implement energy-efficient practices and technologies, such as LED lighting and automated energy management systems.

3. 可持续材料（在产品设计和包装中使用可持续和可回收材料）

Sustainable Materials (Using sustainable and recyclable materials in product design and packaging).

4. 减少浪费计划（实施减少、再利用和回收浪费的计划）

Waste Reduction Programs (Implementing programs to reduce, reuse, and recycle waste).

5. 绿色建筑实践（建设或改造符合绿色建筑标准的建筑）

Green Building Practices (Constructing or retrofitting buildings to meet green building standards).

6. 可持续供应链（与遵循可持续实践的供应商合作）

Sustainable Supply Chain (Collaborating with suppliers who adhere to sustainable practices).

7. 碳补偿（投资于重新造林、可再生能源项目或甲烷捕获等碳补偿项目，以补偿其碳排放）

Carbon Offsetting (Investing in carbon offset projects such as reforestation, renewable energy projects, or methane capture to compensate for their carbon emissions).

8. 实施节水技术和实践，如低流量装置、雨水收集和废水回收

Implementing water-saving technologies and practices, such as low-flow fixtures, rainwater harvesting, and wastewater recycling.

9. 使用环保产品，如可生物降解、可回收或由回收材料制成的产品

Using Eco-Friendly Products, such as biodegradable, recyclable, or made from recycled materials.

10. 绿色交通（推广电动或混合动力车辆）

Green Transportation (promoting electric or hybrid vehicles).

11. 通过研讨会、宣传活动和事件参与环境教育和意识提升

Participating in environmental education and awareness through workshops, campaigns, and events.

12. 支持和参与项目和举措，如保护和恢复自然栖息地、促进生物多样性、植树、预防森林砍伐等

Supporting and participating in projects and initiatives, such as protecting and restoring natural habitats, promoting biodiversity, planting trees, preventing deforestation etc.

13. 可持续包装（使用可生物降解、可回收或由可再生资源制成的材料）

Sustainable Packaging (using materials that are biodegradable, recyclable, or made from renewable resources).

14. 环境报告（定期发布可持续发展报告）

Environmental Reporting (Regularly publishing sustainability reports).

15. 将环境责任纳入企业的企业社会责任计划

Integrating environmental responsibility into the company's Corporate Social Responsibility programs.

16. 采用绿色采购政策

Adopting green procurement policies.

17. 其他，请具体说明

Other, please specify _____

C部分：对马来西亚的看法/期望

Section C: Perception/Expectations of Chinese companies regarding Malaysia

C1a. 贵企业在马来西亚设立业务的主要原因是什么？(可选择多个适用的选项)

What are the main reasons for setting up the business in Malaysia? (Choose as many answers as apply)

No	原因 Reasons
1	马来西亚在东南亚地区地理位置优越 Malaysia is ideally situated in the Southeast Asia region.
2	通往东盟及其他地区的门户 Gateway to ASEAN and beyond.
3	广泛的贸易联系（马来西亚拥有约16项区域和双边自由贸易协定） Extensive Trade Links (Malaysia has about 16 regional and Bilateral Free Trade Agreements (FTAs).
4	马来西亚是一个以出口为导向的多元化经济体 Malaysia is an export-driven, diversified economy.
5	发达的基础设施和互联互通 Well-developed Infrastructure and Connectivity.
6	外资企业的天堂（超过 5,000 家来自 50 多个国家的外国企业在此开展业务） A Haven for Foreign Companies (With over 5,000 foreign companies from more than 50 countries establishing their presence).
7	发达的金融和银行业 Well-developed financial and banking sector.
8	较低的商业运营成本 Lower cost of doing business.
9	较低的劳动力成本 Lower labour costs
10	多语言人口，精通普通话、英语、马来语和其他语言 The multilingual population is fluent in Mandarin, English, Malay, and others.

No	原因 Reasons
11	充足的电力和水供应 Adequate Electricity and Water supply.
12	受过良好教育的劳动力 An Educated Workforce.
13	支持性的政府政策 Supportive Government Policies.
14	税收制度 Tax systems.
15	提供的奖励措施 Incentives offered.
16	投资政策 Investment policies.
17	靠近原材料来源 Close to Sources of raw materials.
18	风险分散化 Risk diversification.
19	中国+1 China Plus One.
20	马来西亚的清真认证 Halal certification in Malaysia.
21	生活成本低 The cost of living is low.
22	理想的工作和生活地点 Ideal Place for Work and Life.
23	其他，请具体说明 Other, please specify _____

C1b. 在上述因素中，哪三个（3）是最重要的？

Which three (3) are most important among the above?

1. 第一重要 Most important _____
2. 第二重要 Second important _____
3. 第三重要 Third most important _____

C2. 请阅读每个陈述，并表示您对该陈述的意见

Please read each statement and indicate your opinion on that statement.

强项与关切 Strengths and Concerns		非常不满意 Very Unsatisfied	不满意 Unsatisfied	中立 Neutral	满意 Satisfied	非常满意 Very Satisfied
1	当地商业环境 Satisfaction towards Local Business Environment	1	2	3	4	5
2	对中国的情感 Sentiment towards China	1	2	3	4	5
3	基础设施 Infrastructure	1	2	3	4	5
4	缺乏地方保护主义 Lack of Local Protectionism	1	2	3	4	5
5	政府提供的激励措施 Incentives offered by the government	1	2	3	4	5
6	法律和法规 Laws and Regulations	1	2	3	4	5
7	税收结构 Tax Structure	1	2	3	4	5
8	东盟地区内货物自由流动 Free movement of goods within the ASEAN region	1	2	3	4	5

强项与关切 Strengths and Concerns		非常不满意 Very Unsatisfied	不满意 Unsatisfied	中立 Neutral	满意 Satisfied	非常满意 Very Satisfied
9	产品通关便利度 Ease of moving your products through customs	1	2	3	4	5
10	受过培训的人员的可用性 Availability of Trained Personnel	1	2	3	4	5
11	外籍工人的可用性 Availability of Foreign Workers	1	2	3	4	5
12	低成本劳动力的可用性 Availability of Low-cost Labour	1	2	3	4	5
13	住宿成本 Housing Costs	1	2	3	4	5
14	办公室租赁成本 Office Lease Costs	1	2	3	4	5
15	借款成本 Borrowing Costs	1	2	3	4	5
16	腐败程度低 Lack of Corruption	1	2	3	4	5
17	稳定的政府和政治体系 A Stable Government and Political System	1	2	3	4	5
18	人身安全和保障 Personal Safety and Security	1	2	3	4	5

C3a. 在马来西亚做生意的挑战或潜在挑战有哪些? (可选择多个适用的选项)

What are the Challenges or Potential Challenges of doing business in Malaysia?
(Choose as many answers as apply)

No	挑战或潜在挑战 Challenges or Potential Challenges
1	政策、规则和法规 Policies, Rules and Regulations.
2	获得工作许可和其他许可手续复杂且耗时 It is complicated and time-consuming to get work permits and other permissions.
3	对监管框架不熟悉 Unfamiliar with regulatory framework.
4	缺乏执行力 Lack of execution capability.
5	马来西亚清关 Customs clearance in Malaysia.
6	税收相对较高 Taxes are relatively high.
7	招募技术工人的问题 Problems in recruiting skilled workers.
8	招募外国工人的问题 Problems in recruiting foreign workers.
9	缺乏合适的合作伙伴 Lack of suitable partner.
10	与商业伙伴维持关系和信任 Maintain relationships and trust with business partners.

No	挑战或潜在挑战 Challenges or Potential Challenges
11	与客户维持关系和信任 Maintain relationships and trust with customers.
12	获得资金 Access to finance.
13	获得土地 Access to land.
14	信息不足 Insufficient information.
15	商业文化差异 Different business culture.
16	文化障碍 Culture barrier.
17	语言障碍 Language barrier.
18	其他，请具体说明 Other, please specify _____

C3b. 在上述挑战中，哪三个（3）是最具挑战性的？

Which three (3) are most challenging among the above?

1. 第一最具挑战性, Most challenging _____
2. 第二最具挑战性 Second most challenging _____
3. 第三最具挑战性 Third most challenging _____

C4. 哪些政策/条件可以进一步增强贵企业对马来西亚经济的贡献？（可选择多个适用的选项） What are the policies/conditions that can further enhance your company's contribution to Malaysia's economy? (Choose as many answers as apply)?

No	政策/条件 Policies/conditions
1	简化行政程序（减少企业注册和审批流程的复杂性） Simplifying administrative procedures (reducing the complexity of company registration and approval process.
2	简化工作许可申请流程 Simplifying the work permit application process.
3	建立一站式服务中心 Establishing a one-stop centre.
4	稳定的政策环境 A stable policy environment.
5	提高政府政策信息的透明度 Increasing transparency of government policy information.
6	提高市场信息的透明度 Increasing transparency of market information.
7	加强法律保护 Strengthening legal protection.
8	改善基础设施 Improving infrastructure.
9	提供税收激励（提供税收减免或豁免） Providing tax incentives (offering tax reduction or exemptions) .
10	融资支持 Financing support.

No	政策/条件 Policies/conditions
11	推动人才发展 Promoting talent development.
12	人力资源培训（投资于职业培训和技能提升） Human resource training (investing in vocational training and skills enhancement).
13	确保企业能够获得必要的人才 Ensuring companies have access to the necessary talent.
14	优化投资政策 Optimizing investment policies.
15	提高市场准入门槛（减少市场准入障碍） Enhancing market accessibility (reducing barriers to market entry) .
16	鼓励企业进行技术创新和研发 Encouraging companies to engage in technological innovation and research development (R&D) .
17	建立双边合作机制（与中国政府和商界建立密切的沟通与合作机制） Establishing bilateral cooperation mechanisms (establishing close communication and cooperation mechanisms with the Chinese government and business community).
18	促进公私合作伙伴关系（加强政府与企业之间的合作） Promoting public-private partnerships (enhancing cooperation between the government and businesses) .
19	调整技术规格，使其更好地与中国技术标准接轨 Adapting technical specifications to better align with Chinese technological standards.
20	其他，请具体说明 Other, please specify _____

谢谢 Thank You

APPENDIX 2: ESG Activities Organized by Chinese Enterprises

Note: Please use with caution, as the classification of activities may be prone to misclassification.

2.1 Activities under Environmental (E) Pillar based on the Simplified ESG Disclosure Guide (SEDG)

P1.1. Emissions

- Greenhouse Gas (GHG) Emissions
 - Committed to Low-Carbon Operations, including Best Self-Operated Cloud Warehouse, Using Electronic Delivery Notes for Paperless Operations
 - Launched the Energy Expert product to track corporate carbon footprints and emissions, helping enterprises improve their ESG
 - Launched the Energy Expert product to help enterprises track carbon footprints and emissions in Malaysia.
 - Host industry seminars: How human society can address the greenhouse effects for sustainable development.
- Tree Planting.
 - Participated in tree-planting activities organized by the Chamber of Commerce in 2023.
 - Collaborated with NGOs for tree planting campaigns.
 - Conducted tree planting activities at EDRA Power Holding Sdn Bhd's Power Plant in Malaysia and Bangladesh in conjunction with World Environment Day.
 - Organized a tree-planting activity in Kelantan.
 - Engaged in various tree-planting activities.
- Air Pollution Control
 - Implemented dust control measures
 - Conducted monthly monitoring of air quality pollution at production and construction sites with favourable results

P1.2. Energy

- Promoted the use of electric forklifts at Best's U10 Distribution Centre to reduce carbon emissions and air pollution.
- Managed and conserved energy use in dormitories and offices.
- Share office to save energy.
- Advanced the implementation of photovoltaic and other new energy industries at Malaysia-China Kuantan Industrial Park.
- Use of Energy-Efficient Building Materials
- Reduce Energy Use at Adjacent Work and Accommodation Locations, and promote Walking to Maintain Physical and Mental Health
- Undertake the EVE Energy Factory Project
- Conducted the GREE High-Efficiency Energy Technology Malaysia Tour.

P1.3 Water

- Developed an Erosion and Sediment control plan (ESCP) to comply with government standards.
- Conducted monthly monitoring of river water quality pollution at production and construction sites with favourable results.
- Performed monthly monitoring of river noise pollution at production and construction sites with favourable results.
- Undertook water-proofing and erosion control in the Ipoh River
- Conducted environmental Management Activities for Rivers around the Park

P1.4. Waste

- Implemented segregation of scheduled waste, metal waste, and domestic waste with proper disposal methods.
- Scrap iron recycling
- Managed the removal and disposal of construction waste.
- Recycled and reused building materials.
- Mainly to reduce solid waste cleanup during production, using new equipment for recycling.
- Carried out beach cleanup activities at Melaka and Negeri Sembilan in conjunction with World Environment Day.
- Participated in Malaysia Jeram beach cleanup public welfare activity
- Conducted cleanup activities for river waste.
- Participated in coastal cleanup activities.
- Organize employees to clean up trash at tourist spots
- Marine Waste Cleanup at Port Klang
- Marine Waste Cleanup in Semporna
- Managed solid waste in compliance with government regulations.
- Introduce Suppliers Meeting Clean and Green Production Requirements
- Invested in the Supervision of Integrated Hazardous Waste Treatment Plant
- Conducted training on scheduled waste management, in compliance with DOE requirements and standards to familiarize the type of scheduled waste by Scheduled Waste (SW) code and application of the E-swiss system

P1.5. Environmental Management (May cover multiple topics under the SEDG)

- Implementation of ISO14001. Complied with international standards by implementing environmental management standards.
- Formulated an Environmental and Social Management Plan (ESMP) to meet government requirements
- Created a biodiversity management plan to meet government requirements
- Project Environmental Impact Assessment and Improvement
- Implemented environmental Greening Restoration
- Fruit Farming. EDRA Power Holding Sdn Bhd's 50MWac Kuala Ketil Solar Farm (KKSF) is the only large-scale solar project in Malaysia with an agrivoltaics model, providing land for local community agriculture activities
- 5S Activities for Accommodation Areas
- 5S Activities for Factory Area

2.2 Activities under Social (S) Pillar based on the Simplified ESG Disclosure Guide (SEDG)

P2.1. Employee Management

- Organized annual dinner (Fellowship with our colleagues)
- Organized employee Care Activities.
- Employee family open day.
- Improve employee education
- Enhancing employee benefits

P2.2 Diversity, Equity and Inclusion

- Enhance employee diversity and inclusiveness.
- Created a High-Quality Work Environment.
- Encouraging employees to participate in diverse team-building activities organized by the Company
- Provide all necessities to foreign workers (Beds, washing machines, uniform, etc.)

P2.3. Occupational Health and Safety

- Organized internal emergency drills
- Organize employees to participate in fire drills, fire response, and safety training to enhance their awareness of fire and environmental safety

P2.4. Community Engagement

- Charitable Donation
 - Donations of the Malaysian Chinese enterprises Chamber of Commerce.
 - Donated masks during MCO period.
 - Participated in the donation event for orphanages organized by the Chinese enterprises Chamber of Commerce.
 - Donation to orphanages in Kuala Lumpur.
 - Donated solar streetlights to Sibu Kuang Min Secondary School and seven village development committees.
 - Donated clothing, food, and books to orphans at Sibu Welfare Home.
 - Donation to Kuala Lumpur Nursing Home.
 - Donations to charitable organizations.
 - Donations to government disaster relief organizations.
 - Disaster relief donations.
 - Donations to elderly communities.
 - Donations to Malay communities.
 - Donated pandemic prevention supplies to PUSA Hospital at the Project Location during the Pandemic
- Scholarship and Educational Support
 - Donation to help 9 schools recover and rebuild from the disaster from the 2023 Johor floods, standing together with the schools in the affected areas.
 - Donated for the construction of new Chinese primary schools in 2023.
 - Donations to schools.
 - EDRA Power Holding Sdn Bhd Education Aid has benefited more than 30,000 students in Malaysia for over 20 years.

- Donated computers and books to Bentong Primary school with China Southern Airlines.
- Organized equipment operation training in collaboration with the Malaysian Road Transport Department (JPJ), with approximately 30 students receiving training.
- Donation to Chinese Primary Schools.
- Participated in Warm Donation Activities for Chinese Primary Schools.
- Participated in the Donation Event for SRJK(C) Perting organized by the Chinese enterprises Chamber of Commerce.
- Participated in the Donation of teaching equipment to local schools in Sarawak.
- Donated to build a storage room, safety fence, and water supply facilities at Pusa Chinese Primary School; also donated scholarships to underprivileged students.
- Awarding the "ICBC Malaysia Starlight Scholarship" to 10 students from local schools annually.
- ICBC Malaysia Chinese Language Scholarship, sponsoring RM100,000 each for 2023 and 2024 to support B40 underprivileged students studying in independent Chinese secondary schools. In 2023, benefiting 200 people (RM500 each), and in 2024, benefiting 100 people (RM1,000 each).
- School fundraising in Malaysia.
- Encouraging employees to donate and help those facing difficult living conditions in society.
- Donate desks, chairs, and benches to local poor schools
- Community Support
 - Dinner with 30 children from Pusat Jagaan Cahaya Kasih Bestari and delivered red packets to 148 children at the centre, providing companionship to make their Eid celebration joyful.
 - Participated in the Donation Event for Nursing Homes organized by the Seed enterprises Chamber of Commerce.
 - Celebrated Mid-Autumn Festival and Malaysia Day with 28 children from Fuaai Home in Klang; aimed to build closer ties with the community and increase local awareness

- Visited elderly residents at a nursing home to offer warmth and care.
- Participated in donations to local welfare organizations.
- Offer support to the poor.
- Blood donation activity.
- Visiting and providing comfort to elderly and lonely residents in the local community.
- Organizing visits to nursing homes.
- Organizing visits to orphanages.
- Organizing appreciation dinners to interact with industry communities.
- Encouraging employees to participate in blood donation activities.
- Assisted the Miri government's emergency rescue department in responding to a major tanker truck accident.
- Dengue fever prevention, etc.
- Housekeeping around communication base stations
- 520 富 of Love is Malaysia's first public welfare event combining "parent-child games, cultural heritage, and financial wisdom." This event features fun games and financial seminars, along with a tea ceremony, allowing parents and children to engage in unique parent-child interactions while learning financial skills. The event concludes with a focus on filial piety, encouraging children to appreciate their parents' sacrifices. Since its inception in 2018, the event has benefited 1,500 parents, teachers, and children.
- The primary goal of the 520 Million [Fortune] Wang High School Financial Literacy Workshops is to teach high school students financial skills before they enter society, set wealth goals, understand the latest fraud tactics and prevention techniques, as well as learning how to cultivate spiritual wealth, care for personal health, and promote a sustainable planet. From 2022 to 2023, approximately 10 seminars and workshops were held at specific independent and Chinese secondary schools across Malaysia, benefiting 3,000 students and teachers.

- KKIP affordable housing topping-out ceremony.
- Zoo Negara CSR
- Botanical Garden CSR
- Participated in Shah Alam Environment Day
- Promote Environmental Stewardship and Improving Awareness
- Promoting New Green Refrigerant Seminars across Malaysia
- Organized a roadshow about "MyHijau" Products, encouraging consumers to buy green products
- 50th anniversary of China-Malaysia diplomatic relations celebration.
- Participated in China-Malaysia Seed Industry Exchange
- Conducted legal knowledge outreach education
- Participated in the Malaysia-China 50th Anniversary Friendship Marathon
- Attract Chinese investors to Malaysia to increase economic and cultural exchange.

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2.3 Activities under Governance (G) Pillar based on the Simplified ESG Disclosure Guide (SEDG)

P3.1 Governance Structure

- Training on compliance for all staff.
- Strictly comply with legal, regulatory, and audit requirements.
- Company annual meeting, shareholders' meeting, and financial reports.
- Company tax reports, audits, and tax payments.
- Organized discussions with the Ministry of Industrial Development regarding company development and regulatory compliance.

P3.2 Risk Management and Reporting

- Risk Management Committee for the department.

P3.3 Anti-corruption

- Anti-Bribery and Anti-Corruption Policies and Guidelines. EDRA Power Holding Sdn Bhd has adopted a zero-tolerance policy against bribery and corruption in all its forms. EDRA Power Holding Sdn Bhd's Anti-Bribery and Anti-Corruption Policies and Guidelines have been formulated to demonstrate EDRA Power Holding Sdn Bhd's strong commitment to fighting bribery and corruption.

P3.4 Customer Privacy

- Confidentiality Management Policy. EDRA Power Holding Sdn Bhd's Confidentiality Management Policy is aimed to guide all employees concerning the protection of confidential information and responsibilities regarding the sharing of such information.
- Data Privacy training to handle customer information.
- Data security and privacy management

APPENDIX 3: Contributions of Chinese Enterprises in Malaysia

3.1 Infrastructure and Construction Projects

Transportation Infrastructure

- Batang Lupar 1 Bridge
- Batang Rajang Bridge
- Batang Samarahan Bridge
- Package B 500kV Transmission Line Project
- Similajau 500kV Transmission Line Project
- East Coast Rail Piling Construction
- East Coast Rail Station Project
- Kuala Lumpur MRT Project
- LRT 3
- MRT2
- KVMRT - 2nd Phase
- Penang Bridge 2
- Sarawak Sejingkat Bridge Piling Construction
- Sarawak Pan-Borneo Highway Section 9 Bridge Project
- Sarawak Saribas Bridge Project Section 02
- Sarawak Krian Bridge Project
- Malaysia East Coast Rail Link
- Southern Railway Project
- Joint Transport Cooperation with KTM
- Sabangun Wharf and its supporting EPC Project.
- Package GS06 for Light Rail Transit Line 3 (LRT3) from Bandar Utama to Johan Setia
- Malaysia-China Kuantan Industrial Park 275kV Substation
- Rail Transit
- Construction and Completion of Bored Piles and Pile Caps for Bridge 8
- Kuantan Steel Plant 3.5 Million Ton High-Speed Rail Project

Building, Parks and Residential Projects

- Alpina Residence
- D'Sini Residence Project
- Forest City, Johor Bahru
- Forest City Phase II Cargo Area Piling Construction
- Golden Wave Hotel and Apartment Project in Sabah
- High Rise Residential Building
- Mont Kiara Garden Apartments Project
- Regalia Beachfront Residence
- Project Space Residency
- Project Central Park
- The Face II Condominium Project, Malaysia
- Malaysia W Hotel Project
- Malacca Hotel and Apartment Building Project
- Xiamen University Malaysia Campus Project
- Johor Bahru Smart City
- Penang Smart City
- Kuala Lumpur Smart City
- Four Seasons Hotel Project
- Kuala Lumpur People's Square.
- Semporna Hotel Project RM 40 Million
- Warisan Merdeka Mall@118
- Forest City Phase II Cargo Area Piling Construction
- Malaysia Sultan Ibrahim Larkin Stadium

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Commercial, Industrial and Manufacturing Projects

- AT&T Semiconductor Factory
- Automotive High-Tech Valley (AHTV)
- Cadangan Mendirikan Sebuah Kilang Kertas (FASA1)
- Cadangan Mendirikan Sebuah Kilang Kertas (FASA1B)
- INV New Materials Factory
- Malaysia Anhydride Refinery and Decompression Plant Project
- Off-Shore Delivery Center
- Tawau Dam Project
- Factory Building
- Factory Renovation Project
- BDC Logistic Transportation Project
- INV New Materials Factory
- Excavator Equipment Procurement
- Jingxing Holdings (M) Sdn. Bhd. with an Annual Output of 1.4 Million Tons of High-Grade Recycled Pulp and Industrial Packaging Paper Project
- Sand Quarry, Quarry
- Concrete Batching Plant
- Terengganu Integrated Hazardous Waste Treatment Plant Investment Project RM 115 million
- Yikou Industrial Zone
- Mechanical and Electrical Engineering

3.2 Telecommunications and Digital Infrastructure

- Qinhuai Data Center
- Qinhuai Data Center Project
- Wanguo (Universal) Data Center
- GDS Data Center Projects
- Construction of 4G Networks
- Construction of 5G Networks
- DIGI 3G & 4G Network Equipment Installation & Commissioning Services
- DIGI/CELCOM Merge Project
- CelcomDigi Telecom Infra Equipment Installation And Optimization
- DNB 5G Network Equipment Installation & Commissioning Services
- Telecom POP
- Blockchain Electronic Bill of Lading (E-BL) GSBN Paperless Delivery Service
- Digital Infrastructure for Banks and Financial Institutions
- Digital Infrastructure for Tech Clients in China and Southeast Asia
- TIME FTTH Implementation
- Telecom Solutions Provided To 50+ Chinese and Malaysian Customers
- U Mobile network expansion
- U Mobile Telecom Infra Equipment Installation And Optimization
- Cyberjaya Data Center Project
- Measat 3D satellite earth station supply & installation
- Cloud Infrastructure
- Data Center Design
- Digital Ecosystem
- Digital Supply Chain
- MMU Joint Digitalization Pilot MMU

3.3 Energy Projects

- Tanjung Kidurong Combined Cycle Power Plant
- Main Civil Works of 1,285MW Baleh Hydroelectric Project, Sarawak
- Nenggili Hydropower Plant Project
- Jeram Waste to Energy 1 & 2 Project - Pile Construction Work
- Malaysia Bakun Hydropower Project
- Malaysia-China Kuantan Industrial Park 275kV Substation
- Kuala Ketil Solar Farm
- Longsan Off-Grid Solar Project
- Tadau 50MWac Solar Power Plant, Sabah
- YTLAPMC Waste Heat Power Generation
- YTL Perak- Hanjoong Cement Waste Heat Power Generation
- Jeram Waste to Energy 1 & 2 Project - Pile Construction Work
- Photovoltaic New Energy
- EMPP - EDRA Power Holding Sdn Bhd MELAKA POWER PLANT
- New Energy Vehicles

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3.4 Miscellaneous

Investment and Procurement

- Investment in Purchasing Office Buildings
- Investment in Purchasing Factory Buildings
- Investment in Purchasing Industrial Land
- Excavator Equipment Procurement

Logistics and Supply Chain

- Blockchain Electronic Bill Of Lading (E-BI) GSBN Paperless Delivery Service
- Import And Export Logistics Services For Chinese enterprises Going Abroad
- One-Stop Supply Chain E-Commerce Products
- Local Business Logistics Services
- Enhance Local Supply Chain (Local Procurement)
- Sustainability And Environmental Projects
- Local Film and TV Content Distribution
- Local Film and TV Production



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