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Highlights from FMM 57th Annual Dinner

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Business in Action@FMM is FMM's quarterly online magazine, delivering updates on local manufacturing insights, trade policies, HR matters, global trends, and exclusive FMM news. BIA is circulated to over 4000 FMM members, government offices, ministries, agencies, trade offices, and other industry stakeholders, ensuring broad coverage and impact.

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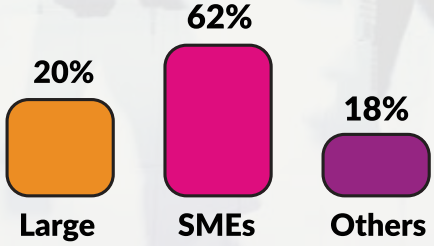
Circulation Profile



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- 17% F&B
- 14% Chemicals
- 10% Metals
- 9% Electric & Electronics
- 50% Others (Manufacturers / Ministries / Agencies / Embassies)

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ON THE COVER

PARTNERSHIPS, POLICIES AND PEOPLE: DRIVING MALAYSIA'S MANUFACTURING FORWARD

The Prime Minister underscored the importance of strong partnerships between government, industry, and key stakeholders in driving Malaysia's economic transformation.

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25TH ANNIVERSARY 1999 - 2024

PARTNERSHIPS, POLICIES AND PEOPLE: DRIVING MALAYSIA'S MANUFACTURING FORWARD

Highlights from FMM 57th Annual Dinner 2025

The ballroom at Sunway Resort Hotel buzzed with anticipation on August 18, as nearly 1,200 guests, from industry players to diplomats and government representatives, gathered for the Federation of Malaysian Manufacturing (FMM)'s 57th Annual Dinner.

Gracing the occasion were YB Gobind Singh Deo, Minister of Digital, and YB Steven Sim Chee Keong, Minister of Human Resources.

Though Prime Minister Dato' Seri Anwar Ibrahim could not attend in person, his presence filled the ballroom through a special video keynote address that set an inspiring tone for the evening.

In his message, the Prime Minister underscored the importance of strong partnerships between government, industry, and key stakeholders in driving Malaysia's economic transformation.

> ***"It is through these collaborations that Malaysia's economic future will be shaped. Let me be clear: manufacturing is not a sector of the past; it is the sector of the future. It forms the foundation on which we will build economic strength and national resilience."***
>
> ***YAB Prime Minister Dato' Seri Anwar Ibrahim***

He noted that today's manufacturing landscape is no longer defined by production lines alone but by integration with global supply chains, innovation ecosystems, and workforce development. He also added that as ASEAN Chair for 2025, Malaysia stands at the centre of a fast-changing regional landscape, ready to lead efforts in deeper cooperation and economic integration. Amid global shifts and evolving trade dynamics, Malaysia is well-positioned to benefit from its strategic location, robust infrastructure, and strong manufacturing capabilities.

He continued to say that the government remains committed to fostering free and fair-trade policies, supporting high-value investments, and enabling sustainable growth.

At the same time, he underscored the need to build local capabilities that meet global standards. According to him, investing in advanced technologies like automation and artificial intelligence, strengthening domestic supply base and upskilling our workforce will ensure Malaysian talent remains globally competitive.

The Prime Minister's message was clear: with the right partnerships and policies, Malaysia's manufacturing future is bright — and the world is watching.

Unlocking Opportunities for Talent Growth

The evening also brought encouraging news for employers and young Malaysians alike.

Taking the stage, YB Steven Sim Chee Keong, Minister of Human Resources, announced a bold new initiative to unlock up to RM2 billion in Human Resources Development (HRD) levy funds beginning September 1.

The initiative aims to help companies hire Malaysian graduates, strengthen local employment, and tackle brain drain—marking a significant shift in how HRD funds can be utilised.

For the first time, employers will be allowed to use their HRD levy contributions to pay graduate salaries, instead of limiting the fund strictly to training programmes.

The scheme will initially cover graduates from local universities and Technical and Vocational Education and Training (TVET) institutions, which equip students with industry-relevant technical and practical skills.

YB Steven Sim emphasised that workforce development remains central to Malaysia's economic agenda, aligning with broader efforts to equip Malaysians for the future of work — particularly in digitalisation, automation, and green technology.

Accelerating Digital Transformation

Adding to the night's momentum, YB Gobind Singh Deo, Minister of Digital, shared the Ministry's vision of a digitally empowered, innovation-driven Malaysia.

He reaffirmed the government's commitment to "accelerating progress by design": a transformation built on the pillars of world-class connectivity, cutting-edge infrastructure, innovation ecosystems, SME empowerment, and trust and security.

His message complemented the Prime Minister's and YB Steven Sim's earlier addresses; echoing a shared belief that people, policy and technology must move hand in hand to power Malaysia's next phase of growth.

Honouring a Decade of Leadership

The evening also served as a heartfelt tribute to Tan Sri Dato' Soh Thian Lai, whose eight-year tenure as FMM President has seen the Federation strengthen its advocacy role, deepen regional collaboration, and modernise its organisational identity.

FMM paid homage to Tan Sri Soh's visionary leadership and tireless dedication through a special tribute segment, reflecting on his pivotal role in positioning FMM as a formidable and respected voice for Malaysia's manufacturing sector.

Under his stewardship, FMM has actively engaged with policymakers, championed business-friendly reforms, and provided a consistent platform for manufacturers to voice their needs and aspirations.

A New Chapter: FMM's Rebranding

The unveiling of FMM's refreshed identity was another major highlight of the night, symbolising the Federation's growth and renewed purpose.

Following its name change in March 2025, FMM introduced a new wordmark that reflects both modern innovation and deep industry roots — positioning the Federation as the essential bridge between manufacturing excellence and industrial success.

The rebranding was officiated by YB Gobind Singh Deo, Minister of Digital, alongside YB Steven Sim, Tan Sri Dato' Soh Thian Lai, and Tan Sri Dr Lim Wee Chai, FMM President Emeritus.

The new brand identity underscores FMM's commitment to championing the entire manufacturing value chain, positioning itself as the essential bridge between manufacturing excellence and industrial success.

A Night of Celebration and Connection

Beyond the formalities, guests enjoyed a lively mix of formal and interactive segments, including the launch of FMM's new Corporate Video, FMM Membership Growth Award presentations, and Sponsor Recognition plaques.

The foyer came alive with engaging activities — from Nestlé Malaysia's ice cream booth and F&N's Teh Tarik demonstration, to live caricature drawings, photo booths, and fresh popcorn servings.

As the evening drew to a close, one message resonated above all: Malaysia's manufacturing journey is one of partnership, resilience, and shared progress.

Address by Tan Sri Dato' Soh Thian Lai, FMM President

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THE SKILLS SHORTAGE CRISIS IN MANUFACTURING:

WHEN PEOPLE AND TECHNOLOGY STRUGGLE TO KEEP PACE

Globally, the manufacturing sector is in the midst of a skills shortage crisis that threatens to slow progress just as the industry undergoes its most rapid transformation in decades.

The World Economic Forum's Future of Jobs Report 2023 found that 63% of employers cite skills gaps as the biggest barrier to business transformation. For manufacturing sector specifically, the challenge is acute: technical skills are lagging behind investments in digitisation, automation, and smart technologies.

Across the world, major manufacturing economies are facing similar constraints. A report from Deloitte and the Manufacturing Institute claims that in United States, roughly 1.9 million of manufacturing jobs could go unfilled if current labour gaps remain unsolved.

In Europe, persistent shortages of engineers and technicians are slowing industrial expansion, while Japan and South Korea are contending with an ageing workforce and declining labour participation.

And Malaysia, too, is feeling the pinch. Malaysia's high-tech manufacturing sector continues to grapple with workforce challenges, as talent shortages persist despite ongoing job creation.

According to the Department of Statistics Malaysia (DOSM), total labour demand in this sub-sector stood at 649,000 jobs in Q1 2025, down slightly from 655,000 in the previous quarter. Yet only 94.8% of positions were filled, leaving 5.2% vacant — the highest vacancy rate among all manufacturing segments. These gaps are widening even as companies continue to create new positions.

Skills Shortage: More Than Just a Hiring Problem

At first glance, the issue seems simple: not enough applicants for too many jobs.

But the problem is more complex.

Modern manufacturing no longer relies on repetitive manual work; it demands digital fluency, systems thinking, and problem-solving. Machines that once required simple mechanical know-how now operate through sensors, predictive analytics, and cloud-linked controls.

Operating a machine today may involve handling IoT-connected systems, data dashboards, or AI-driven diagnostics. The bar keeps rising; not because workers are less skilled, but because the technology itself is becoming exponentially more complex.

This evolution creates a paradox: companies automate to reduce labour dependency but then struggle to find workers capable of managing and maintaining these very systems.

The WEF predicts that 44% of workers' skills will be disrupted within the next five years; nearly half of what employees know today could soon be outdated.

Many young Malaysians, like their global counterparts, often perceive manufacturing as outdated or uninspiring. The image of noisy, dirty factories overshadows the fact that today's production floors are often high-tech environments filled with robotics, sensors, and smart systems. The industry has evolved, but public perception hasn't caught up.

Another major factor is the aging workforce. Many experienced technicians and engineers are nearing retirement, taking with them decades of practical know-how. Meanwhile, younger workers often lack the hands-on experience or technical depth needed to fill those roles.

The Human Factor

Despite the rise of machines, manufacturing remains fundamentally human. Creativity, problem-solving, and adaptability, which are the traits that make innovation possible, still come from people.

But when workers feel underprepared to handle new technologies, frustration and disengagement follow.

Many manufacturers report that their most valuable technicians are burning out, caught between traditional systems and next-gen processes that demand skills they were never trained for.

The solution can't simply be "hire new people." Experience matters. The retirement of older engineers and technicians, many with decades of hands-on knowledge, leaves a gap that new graduates, however enthusiastic, can't immediately fill.

Preserving institutional knowledge through mentoring, documentation, and digital knowledge-sharing systems has become as critical as hiring itself.

Without a robust pipeline of skilled workers, companies risk losing their competitive edge in global supply chains.

The Misconception of Underpayment

According to DOSM's Monthly Manufacturing Statistics, the average salary in the manufacturing sector rose to RM3,460 per month in April 2025, reflecting a 1.2% year on-year increase. In comparison, the average monthly salary across all formal sectors stood at RM3,441 in the fourth quarter of 2024, highlighting that manufacturing wages continue to outperform the national average.

These trends demonstrate the strength of Malaysia's wage growth.

Still, the problem isn't pay; it's participation. Despite offering above-minimum wages, manufacturers continue to struggle filling roles, especially the so-called "3D jobs" (dirty, dangerous, and difficult).

At the same time, automating or redesigning such roles isn't a quick fix. It requires financial investment, long-term planning, and skilled talent to manage the very technologies meant to reduce dependency on manual labour.

Closing the Gap: Building a Future-Ready Workforce

Solving the global skills shortage demands coordinated, long-term strategies that span education, industry, and policy.

Some promising pathways include:

1. Rebranding Manufacturing Careers

The industry must reposition itself as a field of innovation, creativity, and sustainability. Young people need to see manufacturing not as a fallback, but as a place where technology and impact intersect.

2. Strengthening Industry–Academia Partnerships

Training institutions must evolve with industry. Curricula should reflect real-world factory systems, not just textbook theory.

3. Leveraging Technology for Training

AI-driven simulators, VR workshops, and digital twins can accelerate technical learning safely and efficiently, especially in complex or hazardous operations.

4. Fostering Fair and Progressive Wage Structures

Productivity-linked wage policies, like Malaysia's proposed Progressive Wage Policy, can motivate workers to continuously upgrade their skills while ensuring businesses remain competitive.

In Malaysia, FMM has outlined additional policy measures that echo these global priorities. Among them:

- Expanding and enhancing TVET (Technical and Vocational Education and Training) programmes and industry-led training
- Introducing targeted incentives for automation and support for job redesign initiatives
- Formalising informal workers and tightening enforcement of wage regulations
- Establishing tripartite labour planning councils to develop collaborative, data-driven workforce strategies

Together, these efforts can help rebuild a resilient and future-ready global workforce.

Looking Ahead

The skills shortage crisis isn't about choosing between people or machines; it's about finding balance.

Technology will continue to reshape production, but it's people who will determine how well industries adapt. Balancing automation with human capability will be the key to sustainable growth.

For Malaysia, bridging the skills gap is more than an economic necessity; it's an opportunity to future-proof its workforce and solidify its place as a high-tech manufacturing hub. The NIMP 2030 provides the roadmap. Now, it's up to industry leaders, educators, and policymakers to turn plans into progress.

This is because, the future of manufacturing depends on the sophistication of our technology and the skill of the hands that guide it.

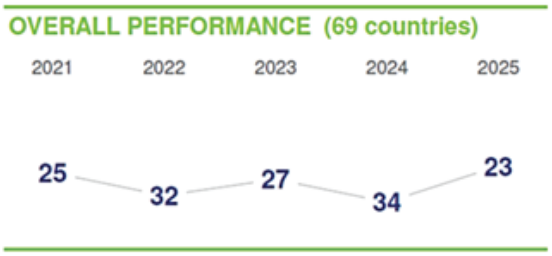
Source:

i. *The World Economic Forum - The Future of Jobs Report 2025*
ii. *FMM Press Statement*
iii. *Deloitte.com: Taking charge: Manufacturers support growth with active workforce strategies*
iv. *The Edge: High-tech manufacturing struggles to fill jobs as number of openings grows — official data*
v. *Reuters.com: Japan firms face serious labour crunch from aging population, survey shows*

MALAYSIA'S COMPETITIVENESS AND THE WAY AHEAD

Malaysia's Performance in the 2025 IMD World Competitiveness Ranking

Malaysia made a significant leap in the 2025 IMD World Competitiveness Ranking, jumping 11 spots from 34th place in 2024 to 23rd in 2025 among 69 economies. This marks Malaysia's best ranking since 2020 and reflects the positive impact of the Madani government's comprehensive economic reforms, including fiscal, industrial and social measures.



There are some areas in which Malaysia has performed commendably. In 2025, Malaysia ranked 4th globally in the area of economic performance, up from 8th the previous year. There were improvements in government efficiency and business efficiency, each rising by eight positions. The international trade sub-factor rose to 6th place, supported by strong export growth, diversified markets and rising tourism receipts.

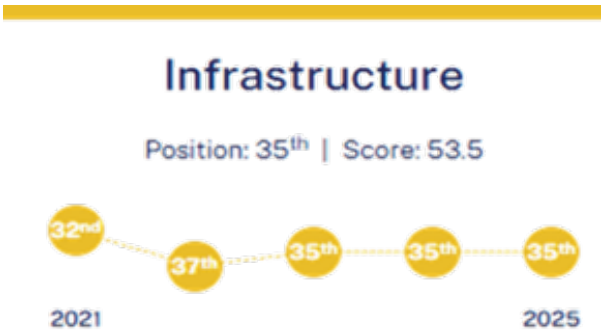
The improvements can be attributed to effective implementation of the New Industrial Master Plan (NIMP) 2030 and a whole-of-government approach under the MADANI framework, emphasising structural reforms and improved governance.

Malaysia's economic performance sub-component in the 2025 IMD World Competitiveness Ranking showed a significant improvement, rising from 8th place in 2024 to 4th place globally. This jump reflects stronger macroeconomic fundamentals, robust export growth, and improved domestic economic conditions. Key drivers include enhanced government efficiency, better business legislation and a more favourable institutional framework, all contributing to a more conducive environment for trade and investment.

The international trade sub-factor notably climbed 11 places to 6th, underscoring Malaysia's effective integration into global markets and diversification of export destinations. Overall, these gains signal a more resilient and dynamic economy compared to the previous year, supported by ongoing reforms and policy measures aimed at sustaining growth and competitiveness.

Malaysia's government efficiency component saw a significant improvement in the 2025 IMD World Competitiveness Ranking, rising by eight positions from the previous year. Efforts such as streamlining bureaucratic processes, enhancing investment facilitation, and modernizing policy frameworks contributed to this improvement.

Key initiatives include the whole-of-government approach led by the Ministry of Investment, Trade and Industry (MITI) and the Special Taskforce on Agency Reform under the Public Service Reform Agenda (2024-2030), which collectively dismantled bottlenecks and reduced regulatory burdens that previously hindered business and investor confidence.



Malaysia's business efficiency improved significantly in the 2025 IMD World Competitiveness Ranking, rising by eight positions from the previous year. This improvement corresponds to the positive impact of ongoing economic reforms, particularly those aimed at enhancing productivity, innovation and corporate governance.

While Malaysia made significant gains in economic performance, government efficiency and business efficiency, improvements in infrastructure remain a critical area to support sustained growth.

The government's ongoing reforms under the Madani framework and the New Industrial Master Plan (NIMP) 2030 aim to enhance physical and digital infrastructure to better facilitate trade, investment, and innovation. Strengthening infrastructure, such as transport networks, digital connectivity and utilities, will be essential for Malaysia to maintain its upward trajectory and meet its goal of becoming one of the world's top 12 most competitive economies by 2033.

Malaysia

Competitiveness Trends – Overall

OVERALL PERFORMANCE (69 countries)

CHALLENGES IN 2025

- Strengthen workforce efficiency through skills development and automation readiness.
- Accelerate technology adoption by boosting digitalization and AI capabilities.
- Boost private-led R&D investment to drive innovation and competitiveness.
- Modernize business regulations to foster productivity and economic growth.
- Strengthen supply chains and expand global market opportunities.

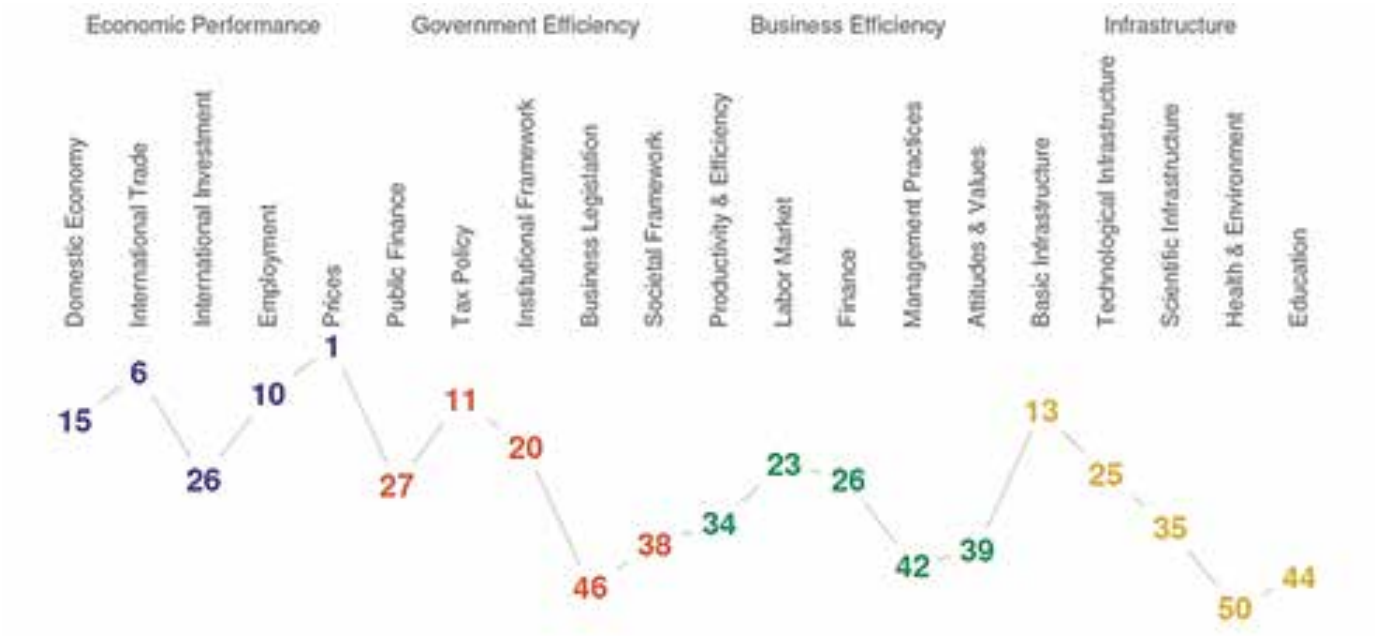
PROVIDED BY: Malaysia Productivity Corporation, Malaysia

BASIC FACTS

			Rank
Capital	Kuala Lumpur		
Land area (square km '000)	330	2024	
Exchange rate (per $)	4.576	2024	
Population - market size (millions)	34.10	2024	27
Gross Domestic Product (GDP) (US$ billions)	422.0	2024	33
GDP (PPP) per capita (US$)	40,384	2024	48
Real GDP growth (%)	5.1	2024	04
Consumer price inflation (%)	1.83	2024	18
Unemployment rate (%)	3.30	2024	13
Labor force (millions)	16.37	2023	25
Current account balance (% of GDP)	1.69	2024	32
Direct investment stocks inward ($bn)	201.7	2023	32
Direct investment flows inward (% of GDP)	2.16	2023	28

Moving Forward

Moving forward, Malaysia needs to deepen and accelerate structural reforms to sustain its recent gains in competitiveness and economic performance.



The chart above shows the areas that need attention for Malaysia's competitiveness ranking to improve. Some of the factors that should be addressed urgently include:

- the government's role in business legislation
- revamping the societal framework, which includes issues such as justice and social cohesion, gender and income inequality, aging of the population, and political instability
- healthcare reform and
- transformation of education

On the part of business efficiency, companies must implement more forward-looking management practices and ensure that workplaces have more positive attitudes and values.

FMM emphasises the need to further shift from an input-driven growth model toward one leveraging on innovation, digitalisation and high-value sectors to sustain long-term competitiveness. Overall, the enhanced business efficiency underscores Malaysia's strengthening position as an attractive investment destination and a more dynamic economy on the global stage.

To build on its momentum, Malaysia should prioritise innovation-driven growth by investing more in research and development, digital transformation and high-value sectors such as green technology and deep-tech industries.

Enhancing workforce skills through upskilling and aligning education with industry needs will be critical to creating high-skilled jobs and boosting productivity. FMM strongly believes in skills development and has been a strong advocate of TVET.

Strengthening infrastructure, particularly digital connectivity, and simplifying business regulations will further enhance Malaysia's attractiveness as an investment destination. These combined efforts will help Malaysia achieve its ambition to be among the world's top 12 most competitive economies by 2033 while ensuring sustainable and inclusive growth.

This article is contributed by FMM Research Unit (ResearchUnit@fmm.org.my)

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TRAVEL, EXPLORE & BUILD: THE TRANSFORMATIVE POWER OF TEAM BUILDING IN ORGANISATIONS

More and more organisations are realising that their greatest asset is not technology or systems, but people. A strong, cohesive team has the power to elevate performance, foster innovation, and create a workplace culture that attracts and retains top talent. One of the most effective ways to nurture such teams is through well-designed team building initiatives.

Why Team Building is More Than Just an Activity

Contrary to the perception that team building is just "fun and games," research has shown it to be a strategic investment that delivers tangible returns. Team building enhances communication, trust, and collaboration within an organization. Klein et al. (2009) found that structured team building activities significantly improve group performance and cohesion, particularly when they focus on goal-setting, role clarification, and interpersonal relations.

When employees understand each other's strengths and challenges, they can collaborate more effectively. These shared experiences also build empathy and trust—qualities that are essential in today's diverse and dynamic workplaces.

Strengthening Communication and Trust

One of the main barriers to organisational success is miscommunication or lack of trust between team members. Team building helps dismantle these barriers by creating opportunities for authentic interaction outside the confines of job roles. Through group activities, employees engage in problem-solving, role-sharing, and reflection, all of which enhance transparency and trust.

Salas et al. (2012) emphasise that team development interventions improve adaptability and coordination in high-pressure environments. In industries where change is constant, these skills are invaluable. A team that communicates openly and trusts one another is better prepared to handle challenges and seize opportunities.

The Power of Shared Experiences

Memorable shared experiences are powerful drivers of engagement. When employees travel together, they form bonds that go beyond the workplace. These moments create experiences (psychological safety), where individuals feel comfortable expressing ideas, taking risks, and learning from mistakes which lead to calmer and better focused work environments.

Edmondson (2019) highlights that psychological safety is a foundation for innovation. Teams that feel safe and connected are more willing to experiment, problem-solve, and adapt to changing business landscapes. This translates directly into higher performance, creativity, and organisational resilience.

Impact on Organisational Culture

The effects of team building extend far beyond the duration of the retreat or program. Teams often return to work with renewed motivation, energy, and a stronger sense of belonging. This ripple effect strengthens organizational culture, reduces workplace conflict, and fosters alignment with company values.

Aga, Noorderhaven, and Vallejo (2016) found that transformational leadership combined with effective team building significantly contributes to project success. Leaders who champion such initiatives signal that they value not just outcomes, but also the people who make those outcomes possible.

Well-being and Engagement in the Modern Workplace

As organisations place greater emphasis on employee well-being and work-life integration, team building serves as a holistic solution. It blends professional development with rejuvenation, giving employees a chance to recharge while developing critical skills. This aligns with global trends where employee engagement is closely linked to opportunities for growth, inclusion, and meaningful connections at work.

Building Teams, Building Futures

Ultimately, team building is about shaping the future of organisations through people. In Malaysia's dynamic economy, where industries are constantly evolving, the ability to cultivate cohesive, agile, and innovative teams will determine long-term success. When employees are given the chance to travel, explore, and build together, they don't just share memories—they create the foundation for trust, resilience, and growth.

Whether it is through outdoor adventures, cultural immersion, or skill-based challenges, team building empowers employees to step into their best selves and contribute more meaningfully to organisational goals. It is not just an event, but a strategic driver of transformation.

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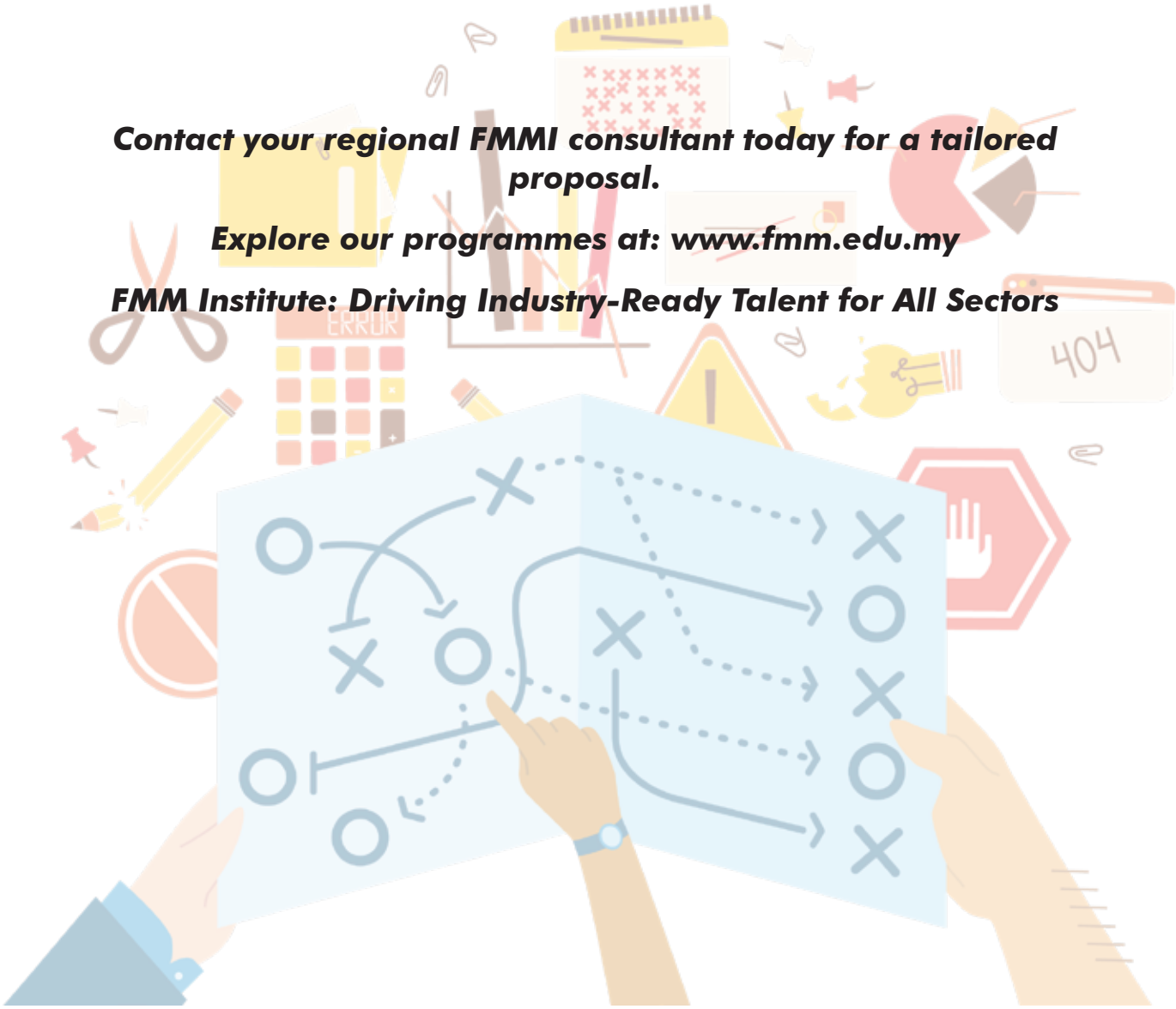


FROM BILLBOARDS TO ALGORITHMS: HOW AI IS CHANGING ADVERTISING

Advertising used to be simple. A billboard along Federal Highway, a full-page print ad in the newspaper, or a catchy jingle on the radio could grab attention and drive sales.

Fast forward to today: advertising has become an entirely different game. The digital world has taken over, and with artificial intelligence (AI) reshaping industries at lightning speed, the way businesses promote their products has fundamentally changed.

For Malaysian manufacturers, this shift is not just about keeping up with trends. It's about staying competitive in a world where consumers, even in B2B industries, expect more personalised, engaging, and value-driven interactions with brands.

Traditional advertising often worked on a one-size-fits-all basis. Place an ad, reach as many eyes as possible, and hope that a portion of them turn into customers. Today, AI flips that logic on its head.

Think of platforms like Google or Meta (Facebook/Instagram). AI now determines who sees what ad, when, and how often, based on behaviour, preferences, and even intent. For manufacturers in Malaysia, this means your message can be placed directly in front of purchasing managers, distributors, or niche audiences looking for exactly what you produce.

For example, a Johor-based electronics manufacturer may want to target multinational companies sourcing components. AI-driven platforms can help narrow the audience down to decision-makers in specific industries, in specific regions, and even at specific companies.

The Rise of Generative AI in Advertising

Beyond targeting, generative AI tools are changing how advertising content itself is created. Platforms like ChatGPT, MidJourney, or Canva's AI features can help design visuals, draft copy, or even generate video ads in a fraction of the time.

This is a game-changer for SMEs in Malaysia's manufacturing sector, which may not have big advertising budgets. Instead of outsourcing everything to agencies, businesses can now leverage AI tools in-house to create:

- Product brochures tailored for different client segments
- Quick ad visuals for social media campaigns
- Content ideas for LinkedIn posts, email campaigns, or newsletters

While AI won't replace the need for human creativity and strategy, it does lower the barrier for manufacturers to enter the advertising space with professional-looking campaigns.

Of course, Malaysia's business environment comes with its own flavour. Cultural nuances, language diversity, and market maturity all affect how advertising works here. AI tools may offer global solutions, but localisation remains key.

Here's where manufacturers need to be mindful:

- Language and tone: A campaign that works in English might not resonate the same way in Bahasa Malaysia. AI can help translate, but context and cultural sensitivity matter.
- Platform choice: While TikTok and Instagram dominate consumer-facing brands, platforms like LinkedIn and industry-specific trade portals are often more effective for manufacturers targeting B2B clients.
- Trust factor: Malaysians still value relationships and credibility. No matter how slick the AI-generated campaign looks, it must be backed by authenticity, whether through industry certifications, testimonials, or participation in trade exhibitions.

Challenges and Risks of Using AI

While AI offers opportunities, it also brings challenges that manufacturers should keep an eye on:

Over-reliance on AI

AI-generated ads can sometimes lack the human touch. Without oversight, the content may feel generic or miss critical nuances; especially in markets where cultural sensitivity and relationship-building matter.

Not all audiences are thrilled about the idea of AI shaping the messages they see. Some buyers feel that campaigns generated by machines lack authenticity, while others may even distrust AI-driven recommendations altogether. One survey has shown that almost half of consumers (47–51%) feel uncomfortable with brands using AI to create virtual brand ambassadors, including in advertising contexts

Competition for attention

Just because AI makes it easier to advertise doesn't mean it's easier to stand out. The digital space is crowded, and brands need clear differentiation.

Losing the personal connection

At its heart, advertising is about emotion and trust. While AI can optimise placement and automate content creation, it cannot replicate the empathy, intuition, and creativity that come from human experience. Manufacturers who rely too heavily on AI risk sounding cold or mechanical—turning potential buyers away rather than drawing them in.

Data privacy concerns

With regulations like the Malaysian Personal Data Protection Act (PDPA), businesses must ensure AI-driven targeting complies with privacy laws. Missteps here can damage both reputation and trust.

Where Manufacturers Can Start

For companies looking to explore AI-driven advertising, here are a few practical steps:

Experiment with AI tools: Platforms like Canva, ChatGPT, or even free AI-powered ad managers can help test campaigns without big investments.

Focus on storytelling: Even in B2B, buyers respond to stories. Share how your product improves efficiency, reduces cost, or contributes to sustainability goals.

Leverage data: Analyse which platforms deliver the best ROI. For instance, you may find that LinkedIn ads generate better leads compared to Facebook.

Blend online and offline: In Malaysia, trade fairs, exhibitions, and networking events are still powerful. Use AI to drive digital awareness before these events and to follow up afterwards.

AI as a Partner, Not a Replacement

At the end of the day, AI is a tool; one that can make advertising smarter, faster, and more efficient. But the soul of advertising still lies in understanding people: what they value, what they need, and how they make decisions.

For Malaysian manufacturers, the challenge is to embrace AI without losing sight of that human connection. Advertising in the modern day is no longer about shouting the loudest; it is about reaching the right person, at the right time, with the right message. And with AI, that goal is more achievable than ever.

Manufacturers who learn to integrate AI into their marketing strategies today will be better positioned for tomorrow's marketplace: whether that's reaching buyers across ASEAN, tapping into global supply chains, or strengthening their brand presence.

Source:

i. *Marketing-Interactive.com: Survey: Half of consumers globally uncomfortable with virtual brand ambassadors*

ii. *Adobe for Business: The future of marketing with (human-centred) AI*

iii. *Forbes: Half of Consumers Say AI-Generated Ads Are a Turnoff*

iv. *YouGov: AI-generated advertising: How do consumers around the world feel?*

HQ

Beautyexpo & Cosmobeauté Malaysia 2025

The FMM Malaysian Cosmetics and Toiletries Industry Group (MCTIG) Executive participated in Beautyexpo & Cosmobeauté Malaysia 2025 as a Supporting Organisation, underscoring its commitment to advancing the local cosmetics and personal care industry. The event served as a strategic platform to explore emerging beauty trends, engage with key stakeholders, and gather valuable market insights that would benefit FMM MCTIG members.

By connecting with manufacturers, distributors, and other industry players, the event created opportunities for collaboration, knowledge sharing, and potential business development. As part of its involvement, the FMM MCTIG Chairman, Mr Peter Kwong, delivered a seminar session on "Exploring the Malaysian and ASEAN Cosmetic Markets – Trends and Ecosystem" on 1 October 2025, from 1.00 pm to 2.00 pm at Hospitality Lounge 4, Hall 4 (closed session).

Additionally, the organiser extended a complimentary booth to FMM MCTIG, which was used to showcase the group's role, services, and initiatives in supporting the growth and competitiveness of the cosmetics industry in Malaysia. This participation not only strengthened FMM MCTIG's visibility within the sector but also reinforced its position as a proactive partner in shaping the industry's future.

From left: Tan Sri Abdul Rahman Mamat, Chairman of Informa Markets Malaysia, YB Datuk Seri Dr Noraini Ahmad, Deputy Minister of the Ministry of Women, Family and Community Development (KPWKM), presenting a token of appreciation to the FMM MCTIG Chairman, Mr Peter Kwong

FMM-RDS Stamp Duty Webinar

The FMM-RDS Stamp Duty Webinar on Implications of Recent Amendments to Stamp Duty Law & Managing Stamp Duty Audits was successfully held on July 30, 2025, via Zoom, featuring distinguished speakers from RDS Partnership, Mr S Saravana Kumar, Ms Nur Amira Ahmad Azhar and Ms Nur Hanina Mohd Azham. The session, which was attended by 98 participants, aimed to provide a structured and practical overview of the latest changes to Malaysia's stamp duty regime, along with effective strategies for managing stamp duty audits.

The speakers are providing the overview of the Stamp Act 1949 to the participants

Group photo of participants of the FMM Seminar on PDPA Compliance for Data Protection Officers (DPO)

Seminar on PDPA Compliance

The FMM Seminar on PDPA Compliance for Data Protection Officers (DPO) was successfully held on July 31, 2025, at Wisma FMM, Kuala Lumpur. The seminar featured distinguished speakers from Skrine, Ms Jillian Chia and Ms Beatrice Yew. Participants gained practical knowledge of the Personal Data Protection Act 2010 (PDPA) and the latest regulatory expectations for DPOs to strengthen their capability to effectively carry out their roles and promote a data protection culture within their organisations.

HQ

Handling Sexual Harassment at Workplace

The FMM Seminar on Understanding and Handling Sexual Harassment at the Workplace was successfully held on July 16, 2025, featuring distinguished speakers from Jabatan Tenaga Kerja Semenanjung Malaysia (JTKSM) – Puan Nurul Azura Arif; Lee Hishammuddin Allen & Gledhill (LHAG) – Mr Amardeep Singh Toor; and the Tribunal for Anti-Sexual Harassment (TAGS), Ministry of Women, Family and Community Development (KPWKM) – Puan Nur Sabrina Ahmad Gholib.

Attended by 30 HR professionals from various organisations, the session aimed to provide an overview of the provisions on sexual harassment under Malaysian labour laws and related guidelines, to help employers address workplace misconduct effectively. It also underscored that sexual harassment constitutes a form of misconduct subject to disciplinary action and shared local court cases to illustrate how such cases are addressed in Malaysia.

Group photo of the participants and speakers at the FMM Seminar on Understanding & Handling of Sexual Harassment at the Workplace

Participants of the FWA Workshop

Flexible Working Arrangement Workshop

FMM, in collaboration with Talent Corporation Malaysia Berhad (TalentCorp), successfully organised the Workshop on Flexible Work Arrangements (FWA) on August 7, 2025, at Wisma FMM, Bandar Sri Damansara. The event was attended by over 60 participants from 40 companies, comprising both FMM members and non-members.

Recruitment and Employment of Migrant Workers

FMM, in collaboration with the International Organization for Migration (IOM), organised a workshop titled "IOM–FMM Capacity Building with SMEs: Fair and Ethical Recruitment and Employment of Migrant Workers for SMEs in Malaysia" on August 27, 2025.

Through this capacity-building initiative, IOM and FMM aimed to better understand the challenges faced by SMEs in implementing responsible recruitment and employment practices, and to ensure that the voices of SMEs are represented in discussions and policy recommendations related to forced labour eradication efforts.

Group photo of participants at IOM-FMM Capacity Building with SMEs programme

HQ

Mr Jacob Lee Chor Kok and Datuk Dr Yeoh Oon Tean met with Mr Karl Godderis

FMM Meeting with EUROCHAM Malaysia

FMM Deputy President, Mr Jacob Lee Chor Kok and FMM CEO, Datuk Dr Yeoh Oon Tean, met with EUROCHAM Malaysia CEO, Mr Karl Godderis on July 14, 2025. The working level meeting explored potential collaboration between EUROCHAM and FMM, specifically focusing on ways to enhance industry understanding for the Malaysia-European Union Free Trade Agreement (MEUFTA), and to promote greater awareness among Malaysian businesses on the benefits and implications of MEUFTA.

NCCIM National Economic Forum 2025

FMM played a significant role in shaping the critical discussions at the NCCIM National Economic Forum 2025. Tan Sri Dato' Soh Thian Lai, FMM President, served as a distinguished panellist in Plenary Session V: "Presidents Fireside Dialogue - Chambers' Voice," articulating the manufacturing sector's strategic perspectives on Malaysia's economic direction and its hopes for government reforms. Complementing this, Mr. Jacob Lee Chor Kok, FMM Deputy President, expertly moderated Plenary Session 1: "From Blueprint to Bottom Line: Institutional Reforms & Strategic Execution for Economic Resilience," guiding discussions on translating economic plans into tangible outcomes through governance reform, performance measurement, and leadership accountability.

Held on July 17, 2025, the National Economic Forum (NEF), an annual event organised by the National Chamber of Commerce & Industry of Malaysia (NCCIM), served as a pivotal platform for robust dialogues and collaborative solutions. Themed 'Turning Strategy into Reality: Institutional Delivery, Economic Resilience & Investor Confidence', the forum addressed Malaysia's evolving economic challenges amidst global economic realignment, technological disruption, and the pursuit of sustainable growth.

With the participation of over 600 individuals, the forum commenced with the Organising Chairman's Address by Datuk Dr A. T. Kumararajah, Vice President of NCCIM, followed by the Presidential Address by Dato' Seri N. Gobalakrishnan, President of NCCIM. The event was further graced by insightful Minister's Keynote Addresses from YB Tuan Steven Sim Chee Keong, Minister of Human Resources, and YB Tuan Chang Lih Kang, Minister of Science, Technology and Innovation Malaysia (MOSTI).

Group photo of NCCIM General Council and Organising Chair with YB Tuan Steven Sim Chee Keong, Minister of Human Resources

HQ

CeMAT Australia 2025

The Malaysian delegation, led by FMM President Tan Sri Dato' Soh Thian Lai, wrapped up a successful visit to CeMAT Australia in Sydney from July 22 to 24, 2025. Joining him were Vice Presidents Dato' Gan Tack Kong and Dato' Nathan K. Suppiah, Council Member Dato' Palaniappan Joseph, and CEO Datuk Dr. Yeoh Oon Tean. A key highlight was the tour of top logistics facilities at BevChain and Linfox, arranged by Swisslog.

The visit ended with fruitful meetings and the signing of a Memorandum of Understanding (MoU) with the Australian Industry Group to boost cooperation, trade, and innovation between Malaysian and Australian industries. Ms Noraisyah Nordin, Director of MIDA Sydney, and Mohamad Hasif Farhan Harith, Investment Officer, were present at the MoU signing, underscoring the Malaysian Investment Development Authority's (MIDA) commitment to fortifying economic ties between the two countries.

FMM Delegation to CeMAT Australia 2025

With the delegation led by Mr Yu Mingtao, Director of the Weihai Municipal Bureau of Commerce

Courtesy Call by Weihai Municipal Bureau of Commerce

On September 23, 2025, FMM hosted a courtesy call from a delegation led by Mr Yu Mingtao, Director of the Weihai Municipal Bureau of Commerce. FMM's Deputy President, Mr Jacob Lee Chor Kok, and Council Member, Ms Lee Pang, alongside FMM members, received the delegates. Accompanied by Datuk Richard Lim of the Federation of Sabah Industries, the two parties engaged in discussions aimed at exploring investment opportunities and strengthening avenues of cooperation between Malaysia and China.

ASEAN Supply Chain Council (ASCC)

FMM successfully launched the ASEAN Supply Chain Council (ASCC) during its inaugural meeting on September 23, 2025. The Council, mooted by FMM in its capacity as Chair of the ASEAN Manufacturing Network, was established with the support of the ASEAN Business Advisory Council (ASEAN-BAC), which will convey the Council's recommendations to ASEAN governments. This new private sector-led platform is dedicated to strengthening ASEAN's supply chain resilience, efficiency, and integration.

The session, co-chaired by FMM President Tan Sri Dato' Soh Thian Lai and ASEAN Business Advisory Council Chairman Tan Sri Nazir Razak, brought together key private sector leaders to tackle the critical issue of regional supply chain resilience. The meeting was elevated by a keynote presentation from Dr Mari Elka Pangestu, Special Envoy to the President of Indonesia, and a presentation of the supply chain resilience survey findings by Mr Yasufumi Otaki of JETRO Jakarta.

This collaborative effort officially launched the new private sector-led council, dedicated to championing three core objectives: boosting intra-ASEAN trade, improving cross-border coordination, and accelerating the adoption of digital and sustainable practices. The ASEAN Business Advisory Council will serve as the secretariat for this council, with its chairmanship rotating in line with the ASEAN chairmanship.

Group photo of ASEAN Supply Chain Council (ASCC) members

HQ

The New Edition of ISO 37001 ABMS

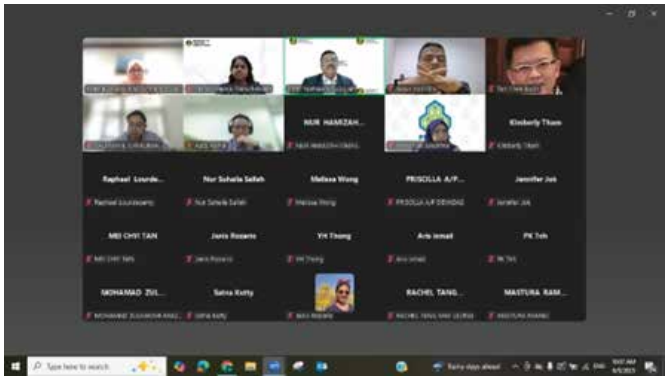
The Webinar on ISO 37001 Anti-Bribery Management System (ABMS): Updates in the New 2025 Edition of the Standard was held on Friday, August 1, 2025, via Microsoft Teams and attended by over 140 participants. Dato' Sri Victor Hii Lu Thian, FMM Council Member / Chairman, FMM Business Ethics & Governance Committee delivered welcome remarks at the webinar. The session was conducted by Ms Nuraini Abd Wahid, Scheme Leader, Management System Certification Department, SIRIM QAS International Sdn Bhd. Participants were provided with valuable insights into the 2025 edition of the ABMS standard and how the latest changes may impact their organisation's governance, compliance and anti-bribery practices

Ms Nuraini Abd Wahid briefing the participants on the updates in the new 2025 edition of the ABMS

Creating Second Chances Through Employment

FMM successfully hosted an online session in collaboration with Pertubuhan Keselamatan Sosial (PERKESO) and Jabatan Penjara Malaysia, attended by over 40-member company representatives from across the country on August 6, 2025. The session aimed to promote inclusive employment practices by encouraging businesses to support the reintegration of former inmates into the workforce, offering them a second chance while helping companies meet their manpower needs.

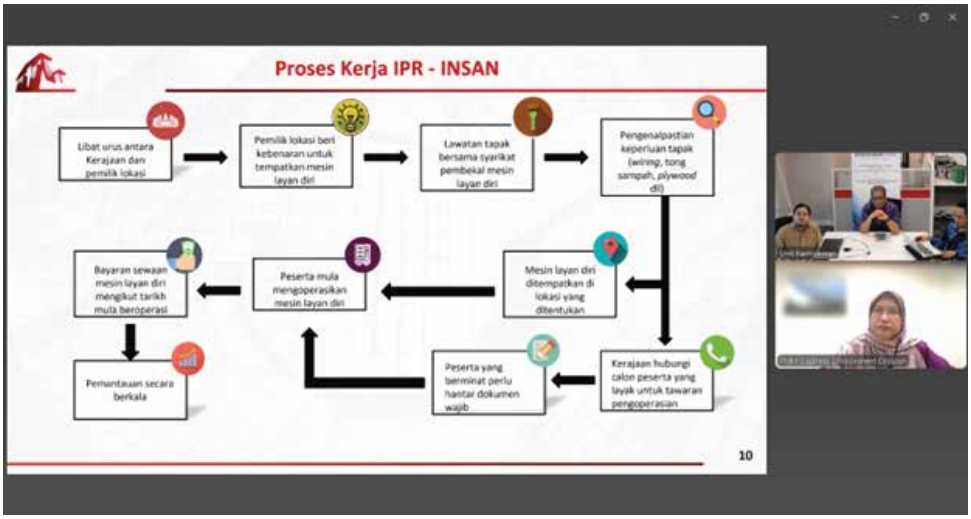
The online session also underscored how this initiative aligns with the social pillar of ESG, and the broader goal of creating a more resilient, diverse, and socially responsible workforce. FMM welcomed members to come together to create second chances, support national reintegration, and build a more inclusive labour market.



FMM Online Session: Reintegrate to Rebuild

Collaboration on Inisiatif Pendapatan Rakyat (IPR)

A briefing on Inisiatif Pendapatan Rakyat (IPR) – Inisiatif Usahawan Makanan (INSAN) briefing was held on July 11, 2025. IPR – Inisiatif Usahawan Makanan (INSAN) focuses on the sale of cooked/ready-to-eat food at affordable prices ranging from RM2 to RM5 through vending machines placed in public and strategic locations. Under this initiative, the Ministry of Economy covers the cost of vending machine rental as well as site and utility charges for a period of 24 months. Factories are encouraged to support this Government initiative as part of their corporate social responsibility (CSR) efforts by allowing the installation of these vending machines within their premises.



The workflow of the IPR INSAN programme

HQ

FMM Delegation to ASEW 2025

Asia Sustainable Energy Week (ASEW) 2025

FMM coordinated the participation of 16 representatives in the Asia Sustainable Energy Week (ASEW) 2025, the region's premier platform for clean energy solutions, sustainability initiatives, and advanced technologies. The event brought together global energy leaders, policymakers, and industry professionals to exchange insights and explore collaborations in key areas such as renewable energy, energy efficiency, smart grids, hydrogen, and carbon neutrality.

ASEW 2025 also featured showcases on wind and solar power, thermal and waste-to-energy solutions, hydro-powered initiatives, biomass, and other green technologies. Complementing the exhibition were the Renewable Energy & Energy Efficiency Clinics, where experts shared the latest innovations, best practices, and practical guidance to accelerate the transition towards sustainable energy.

Exploring Malaysia's Economic Zones at ASEAN Conference

FMM was represented by Deputy President, Mr Jacob Lee Chor Kok, who shared insights on "Exploring Malaysia's Economic Zones" during Breakout Track 2 at the ASEAN Conference held on July 3, 2025, in Singapore. The session, moderated by Mr Soo Wei-Chieh from the Singapore Business Federation, also featured Mr Mohammed Syafiq Mohd Shokri, MIDA Singapore; Mr Daniel Chua, GP Energy Tech International Pte Ltd; and Mr Steven Kong, Ningbo Deye Technology, highlighting Malaysia's ongoing efforts to strengthen economic growth and regional collaboration.

Mr Jacob Lee Chor Kok (first from right), shares insights on "Exploring Malaysia's Economic Zones"

FMM, SMF and UOB Sign Strategic MoU to Strengthen Regional Collaboration

On July 3, 2025, FMM, the Singapore Manufacturing Federation (SMF), and United Overseas Bank (UOB) officially signed a tripartite Memorandum of Understanding (MoU) in Singapore, in conjunction with the ASEAN Conference 2025. FMM was represented by its President, Tan Sri Dato' Soh Thian Lai, SMF by its President, Mr Lennon Tan, and UOB by Mr Frederick Chin, Managing Director, Group Wholesale Banking & Global Markets.

This strategic collaboration aims to boost regional investment, enhance cross-border trade, and support businesses, especially SMEs, in scaling across ASEAN. The MoU brings together financial expertise, industry leadership, and regional networks to strengthen ASEAN's future-ready manufacturing ecosystem. Through this partnership, UOB will provide financial and advisory support to help FMM and SMF members expand beyond their home markets, unlocking greater opportunities under the Johor-Singapore Special Economic Zone (JS-SEZ) and beyond.

FMM, SMF, and UOB officially signed a tripartite MoU

HQ

Courtesy Meeting the Director of the Illinois Department of Commerce, Office of Trade and Investment

FMM President, Tan Sri Dato' Soh Thian Lai together with FMM Deputy President, Mr Jacob Lee Chor Kok, FMM Vice-President, Ms Michelle Hah Mei Kian and FMM CEO, Datuk Dr Yeoh Oon Tean had a courtesy meeting with Ms Margo Markopoulos, Director of the Illinois Department of Commerce, Office of Trade and Investment on July 18, 2025. The meeting focused on potential areas of collaboration between Malaysia and Illinois, particularly in vocational training and investment incentives schemes with a view to enhancing bilateral economic cooperation.

Courtesy Meeting by Ms Margo Markopoulos, Director of the Illinois Department of Commerce, Office of Trade and Investment

Farewell Luncheon for High Commissioner of Bangladesh

The FMM leadership, led by President Tan Sri Dato' Soh Thian Lai, had the honor of hosting a farewell luncheon for H.E. Mr Md Shameem Ahsan, High Commissioner of Bangladesh, on August 14, 2025. The event, which included key representatives from both FMM and the Bangladesh High Commission, highlighted the strong collaborative relationship between our organisations and served as a token of appreciation for the High Commissioner's invaluable contributions.

Group photo of FMM Leadership with H.E. Mr Md Shameem Ahsan, High Commissioner of Bangladesh

Benchmarking Visit by Tanzanian Delegates

FMM President Tan Sri Dato' Soh Thian Lai and the FMM leadership team welcomed a delegation from the Ministry of Agriculture for The United Republic of Tanzania to Wisma FMM on August 14, 2025.

Led by Permanent Secretary Mr Gerald G. Mweli, the delegation included representatives from the Tanzania High Commission's Office, the Cereals and Other Produce Regulatory Authority (COPRA), AGRA Tanzania Country Office, and the Eastern Africa Grain Council (EAGC). The meeting fostered dialogue and strengthened ties between the two nations, focusing on agricultural collaboration and opportunities.

Tan Sri Dato' Soh Thian Lai and the FMM leadership team welcomed the delegation from Tanzania

Virtual meeting with the Embassy of Mexico in Malaysia and the Mexican Business Council

Trade and Investment Discussion with Mexican Embassy and COMCE

FMM President, Tan Sri Dato' Soh Thian Lai and his leadership team held a virtual meeting with the Embassy of Mexico in Malaysia and the Mexican Business Council for Foreign Trade, Investment and Technology (COMCE). The meeting, which took place on August 15, 2025, included key representatives from both sides, such as H.E. Ambassador Luis Javier Campuzano Piña and COMCE leader Mr. Stephane Michel. The discussion focused on strengthening bilateral relations and exploring potential future cooperation in trade and investment between the two countries.

HQ

FMM Luncheon Meeting with Invest Hong Kong

FMM President Tan Sri Dato' Soh Thian Lai, accompanied by Deputy President Mr Jacob Lee Chor Kok and Vice-Presidents Dato' Nathan K Suppiah and Datuk Noraini Soltan, met with Invest Hong Kong led by Director General Ms Libera Cheng and Mr Benjamin Wong, Head of Transport, Industrial and Advanced Manufacturing on August 18, 2025.

Discussions highlighted Hong Kong's renewed focus on manufacturing through its Northern Metropolis and green manufacturing hub, with synergies identified in right-hand drive automotive, EV, renewable energy, and automation. Both sides agreed to explore collaboration in strengthening supply chains, industrial upgrading, and attracting quality investment beyond services into substantive production.

Luncheon Meeting with Invest Hong Kong

FMM Welcomes SMF Delegation to Forge Stronger Collaboration

On August 19, 2025, FMM President, Tan Sri Dato' Soh Thian Lai, accompanied by FMM Vice-President, Dato' Gan Tack Kong, and FMM Council Member, Ms Lee Pang, welcomed a delegation from the Singapore Manufacturing Federation (SMF).

Led by SMF Deputy President, Mr Ryan Chioh, the meeting explored opportunities for collaboration, including reciprocal seminars, joint business missions, training programmes, and updates on ongoing initiatives. The discussions further strengthened bilateral ties and set the stage for future cooperation between FMM and SMF.

With the delegation from the Singapore Manufacturing Federation (SMF)

Malaysia-Taiwan Economic Cooperation Committee Business Advisory Group (MTECC BAG)

FMM organised a mission to Taiwan from August 19-22, 2025 to attend the 6th Joint Meeting of the Malaysia-Taiwan Economic Cooperation Committee Business Advisory Group (MTECC BAG). The meeting, held on August 20, 2025, was co-chaired by Mr Benny T. Hu, Executive Director of CNFI (Taiwan) and Mr Jacob Lee Chor Kok, FMM Deputy President (Malaysia), and centred on strengthening economic ties and exploring new opportunities for collaboration between the business communities of both economies.

In addition, the 16-person delegation including FMM Vice-Presidents, Datuk Noraini Soltan, Dato' Andrew Goh Boon Kim, Ms Michelle Hah Mei Kian, and FMM CEO, Datuk Dr Yeoh Oon Tean, participated in the Automation Taipei Fair, a major annual event focused on industrial automation and robotics held from August 20-23, 2025, and the Taiwan-Malaysia Industrial Collaboration Summit on August 21, 2025, where Mr Jacob Lee delivered the Welcome Speech.

FMM delegation to MTECC BAG 2025

HQ

10th RCEP Joint Committee Meeting - RBAC Presents Key Initiatives

Tan Sri Dato' Soh Thian Lai, FMM President, attended the 10th RCEP Joint Committee Member (RJC) meeting on August 23, 2025, as the RCEP Business Advisory Council (RBAC) Member for Malaysia.

The meeting was led by the Joint Committee's esteemed leadership: Chair, Mrs Dina Kurniasari, Director of WTO Negotiations, Ministry of Trade of Indonesia, and co-chairs Mr Izuru Kobayashi, Deputy Director-General, Economic Affairs Bureau, Ministry of Foreign Affairs of Japan, and Mr Tamura Hideyasu, Deputy Director General for Trade Negotiations, Ministry of Economy, Trade and Industry.

The meeting featured a presentation from RBAC, led by its Chair, Tan Sri Azman Hashim, and Mr Jack Yao Xin, Secretariat General of the China Council for the Promotion of International Trade (CCPIT) Commercial Sub Council (representing RBAC Co-Chair, Mr Nie Wenhui). The RBAC outlined initiatives and put forward recommendations to promote the greater use of the Regional Comprehensive Economic Partnership (RCEP) across East Asia.

The agenda also included a presentation by Mr Yasufumi Otaki, Senior Director of JETRO Jakarta, who shared key findings on RCEP from the East Asia Business Council (EABC) Business Outlook Survey 2025. Other RBAC Members, including Datuk Jason Tai Hee (Malaysia), Ms Louise McGrath (Australia), and Ms Liz Bell (New Zealand), participated in the meeting online.

Tan Sri Dato' Soh Thian Lai (second from left) at the 10th RCEP Joint Committee Member (RJC) meeting

With the delegation from the National Industrial Development Center (NIDC) of Saudi Arabia

Courtesy Meeting with National Industrial Development Center (NIDC) of Saudi Arabia

On August 29, 2025, FMM hosted a courtesy meeting with a delegation from the National Industrial Development Center (NIDC) of Saudi Arabia. The FMM delegation was led by FMM President, Tan Sri Dato' Soh Thian Lai, and included key representatives: Mr Jacob Lee Chor Kok, FMM Deputy President; Ms Michelle Hah Mei Kian, FMM Vice-President; and members of the FMM Industry 4.0 & Digital Economy Committee, including Mr Yong Yoon Kit, Mr Sew Chang Wei, and Prof Ir Dr Tan Chee Pin.

The NIDC delegation was headed by Eng. Khalid Y. Al Homoud, Executive Vice President of Machinery & Equipment, and was accompanied by Mr Sami I. Sarhan, Chief Advisor, Machinery & Equipment. Also in attendance were Mr Abdulghani Alrumaih, Vice Chairman of the Saudi Regional Council for South East Asia, and representatives from the Royal Embassy of Saudi Arabia, Mr Mubsher Alshehri, Commercial Attache, and Mr Ahmed Alobaidallah, Senior Commercial Specialist.

The meeting served as a platform to discuss potential areas for future cooperation between the industrial sectors of both countries. Discussions focused on key areas of mutual interest, including collaboration in Industry 4.0 technologies, understanding and sharing best practices in advanced manufacturing and supply chain models, and highlighting investment opportunities available within Saudi Arabia's industrial sector. This meeting marks a significant step towards strengthening economic ties and fostering a closer partnership between the manufacturing sectors of both nations.

Business Roundtable between Kuala Lumpur and Ho Chi Minh City

FMM Vice President, Dato' Andrew Goh Boon Kim, delivered a compelling address today on strengthening industrial collaboration through smart manufacturing and the digital economy. Speaking at a Business Roundtable between Kuala Lumpur, Malaysia, and Ho Chi Minh City, Vietnam, held at Taylor's University Lakeside Campus on August 26, 2025, Dato' Andrew Goh underscored the importance of leveraging technological advancements to drive mutual growth. The event provided a valuable platform for FMM members to engage directly with their Vietnamese counterparts and explore new opportunities for partnership and expansion.

Dato' Andrew Goh Boon Kim at the Business Roundtable between Kuala Lumpur and Ho Chi Minh City

HQ

Korea-Malaysia Business Forum 2025

On August 27, 2025, Tan Sri Dato' Soh Thian Lai, FMM President, delivered his congratulatory remarks at the Korea-Malaysia Business Forum 2025 (Maekyung Forum 2025), an event co-organised by FMM, KOTRA, and Maekyung Media Group. In his remarks, Tan Sri Soh underscored the strong and dynamic partnership between Malaysia and Korea, celebrating its 65th anniversary of diplomatic ties, and called for enhanced collaboration in key sectors like the semiconductor value chain and green industries, with a focus on developing a complete EV battery ecosystem. He reaffirmed FMM's commitment to working with all stakeholders to drive shared progress and create a more conducive business environment.

Tan Sri Dato' Soh Thian Lai delivered his congratulatory remarks at the Korea-Malaysia Business Forum 2025

Remarks by Dato' Andrew Goh Boon Kim

2025 China (Beijing and Guangxi)–Malaysia Trade and Investment Partnering Conference

FMM Vice President, Dato' Andrew Goh Boon Kim, delivered remarks at the 2025 China (Beijing and Guangxi)–Malaysia Trade and Investment Partnering Conference, which was co-hosted by the China Council for the Promotion of International Trade, the People's Government of Guangxi Zhuang Autonomous Region and the national chambers of commerce and industry of the 10 ASEAN countries, in conjunction with the 22nd China–ASEAN Business and Investment Summit (CABIS). The conference was held at the CCPIT Guangxi Committee Office Building in Nanning, China, on September 16, 2025. In his address, Dato' Andrew Goh underscored the importance of deepening cooperation opportunities and co-constructing the China–Malaysia Community with a shared future.

Zhengzhou–Kuala Lumpur "Air Silk Road" Forum

FMM Vice President, Dato' Nathan K. Suppiah, together with FMM Council Member, Mr Mark Wing Kong attended the Zhengzhou–Kuala Lumpur "Air Silk Road" Forum for International Collaboration on September 18, 2025.

The forum was organised by the Ministry of Transport (MOT) in collaboration with Malaysia Airports Holdings Berhad (MAHB) and the Henan Provincial Government. It was graced by YB Anthony Loke Siew Fook, Minister of Transport, Malaysia. The event aimed to strengthen cooperation in the aviation sector between Malaysia and China, with a focus on technical exchanges in civil aviation and enhancing connectivity between Kuala Lumpur International Airport (KLIA) and Zhengzhou Xinzheng International Airport, in support of realising the Air Silk Road between ASEAN and China.

Dato' Nathan K. Suppiah, together with Mr Mark Wing Kong at Zhengzhou–Kuala Lumpur "Air Silk Road" Forum

HQ

EABC-ASEAN BAC Malaysia Networking Dinner

FMM President, Tan Sri Dato' Soh Thian Lai, who is also a member of East Asia Business Council (EABC) Malaysia, attended the EABC-ASEAN BAC Malaysia Networking Dinner on the evening of September 22, 2025. The event served as a high-level culmination of a day dedicated to fostering business resilience and collaboration across the region, with close to 100 participants from ASEAN, China, Japan, Korea, and their respective Joint Business Councils.

Hosted by the EABC, the dinner was a first-of-its-kind gathering that brought together leaders from the EABC, the ASEAN Business Advisory Council (ASEAN-BAC), and the ASEAN Joint Business Councils (JBC). The evening provided a strategic setting for participants to forge stronger personal and professional relationships.

The evening featured speeches from Tan Sri Azman Hashim, Chairman of the East Asia Business Council; Mr Li Feng, Chief Representative of the China Council for the Promotion of International Trade (CCPIT) Office in Indonesia - representing Mr Nie Wenhui, EABC Co-Chair 2025; and Tan Sri Nazir Razak, Chairman of ASEAN-BAC Malaysia. The dinner not only celebrated the day's successful forum but also laid the groundwork for future partnerships and a more integrated, resilient East Asian business community.

Group photo of EABC-ASEAN BAC Malaysia Networking Dinner

Group photo of the participants at the East Asia Business Forum

East Asia Business Forum 2025

On September 22, 2025, FMM President, Tan Sri Dato' Soh Thian Lai, attended the East Asia Business Forum 2025 as a member of EABC Malaysia. The forum gathered over 180 leaders and experts under the theme, "East Asia Reimagined: Building Business Resilience in a Disrupted World." The event began with welcoming remarks from Tan Sri Azman Hashim, EABC Chair 2025, and Mr Li Feng, Chief Representative of the China Council for the Promotion of International Trade (CCPIT) in Indonesia, representing Mr Nie Wenhui, EABC Co-Chair 2025.

The first panel, "Digital Sustainability – The Convergence of Tech & ESG" explored on how technological innovation can be leveraged to achieve environmental, social, and governance objectives. Following the panel, Dr Mari Elka Pangestu, Special Envoy to the President of Indonesia, delivered a special address on "Resilient Growth in East Asia: Balancing Disruptions with Inclusive and Sustainable Development." Her session provided valuable reflections on the challenges and opportunities facing the region, highlighting pathways toward long-term growth and resilience.

The second panel, "Future-proofing East Asia Against Geoshocks," delved into economic strategies for a turbulent world. The speakers identified proactive measures and collaborative approaches to mitigate risks and ensure stability. The forum concluded with a special address from YB Tuan Liew Chin Tong, Malaysia's Deputy Minister of Investment, Trade and Industry, who underscored the importance of regional collaboration and technological advancement. The event also marked the official launch of EABC's new website, a user-friendly platform designed to serve as a central hub for communication and collaboration.

HQ

Courtesy Call from JETRO President

FMM President, Tan Sri Dato' Soh Thian Lai along with FMM Vice-Presidents, Dato' Nathan K Suppiah, Dato' Andrew Goh Boon Kim, and Ms Michelle Hah received a courtesy call from Mr Susumu Kataoka, President of Japan External Trade Organization (JETRO) to FMM on September 25, 2025, at Wisma FMM HQ. The discussions centred on exploring potential avenues for mutual collaboration and the strengthening of industrial and trade ties between Malaysia and Japan.

FMM President and FMM Vice-Presidents with the delegation led by President of JETRO

FMM Meeting with Advantage Austria

On September 29, 2025, FMM, led by President Tan Sri Dato' Soh Thian Lai, hosted a courtesy meeting with the Head of Advantage Austria, Mr Reinhart Zimmermann, and an accompanying Austrian business delegation. Key FMM representatives included FMM Vice-Presidents - Dato' Andrew Goh Boon Kim and Datuk Noraini Soltan, and FMM CEO, Datuk Dr Yeoh Oon Tean. The constructive discussion focused on establishing potential long-term MoUs in strategic areas, particularly aerospace, aviation, and green energy, to foster mutual growth.

With the delegation led by Mr Reinhart Zimmermann, Head of Advantage Austria

KEDAH / PERLIS

FMM Kedah/Perlis Annual Dinner 2025

FMM Kedah/Perlis Annual Dinner was held on July 11, 2025, at Purest Hotel, Sungai Petani, bringing together a vibrant assembly of industry leaders, government representatives, and stakeholders from across the northern region. The event welcomed 390 participants, reflecting the strong support and unity within the manufacturing fraternity of Kedah and Perlis.

Gracing the evening as Guest of Honour was YB Dr Haim Hilman Abdullah, Member of the Kedah State Executive Council and Chairperson of the Committee on Industry & Investment, Higher Education, and Science, Technology & Innovation, who represented YAB Dato' Seri Haji Muhammad Sanusi Md Nor, Menteri Besar Kedah. His presence demonstrated the state government's commitment to fostering industrial growth, innovation, and collaboration between public and private sectors.

The Annual Dinner served as a platform for manufacturers to network, exchange ideas, and celebrate the resilience and progress of the sector. It also provided FMM member companies with a valuable opportunity to engage directly with key government officials from various ministries, strengthening ties and encouraging dialogue on policy, investment, and innovation. The evening featured a blend of formal addresses, networking sessions, and entertainment, creating a memorable experience for all attendees. As Kedah and Perlis continue to evolve as industrial hubs, events like this play a crucial role in building partnerships, inspiring innovation, and reinforcing the collective strength of the manufacturing community.

FMM Kedah/Perlis Committee Members with YB Dr Haim Hilman Abdullah, Tuan Faizal Mohd Yusof, Senior Director, Industrial Development Division, MITI and Tan Sri Dato' Soh Thian Lai, FMM President

Group photo featuring YBhg. Dato' Wira Haji Isahak, YB Dr Haim Hilman Abdullah, Mr Ng Lai Choon (in the front row) and industry leaders together with some of the participants during the PKNK Townhall Session

Townhall session with Industrial Players

Perbadanan Kemajuan Negeri Kedah (PKNK) together with FMM Kedah/Perlis hosted a Townhall Session with Industrial Players at UniSHAMS, Kuala Ketil. Held on August 14, 2025, the session drew 110 participants from the local manufacturing and industrial community. The session was chaired by Dato' Wira Haji Isahak, Chief Executive Officer of PKNK, and graced by YB Dr Haim Hilman Abdullah, Member of the Kedah State Executive Council and Chairperson of the Committee on Industry & Investment, Higher Education, and Science, Technology & Innovation.

The townhall served as a vital platform for open dialogue between policymakers and industry stakeholders, aimed at fostering mutual understanding and collaborative problem-solving. Participants had the opportunity to share ground-level insights into the challenges and opportunities facing the industrial sector, helping shape more responsive and effective government policies.

Key updates were shared on regulatory frameworks, investment incentives, and development plans, ensuring that industrial players are aligned with both national and state-level economic goals. The session also reinforced the importance of innovation, inclusivity, and trust in driving sustainable industrial growth. By bridging the gap between government agencies and the business community, the townhall reaffirmed PKNK's commitment to supporting industrial development and enhancing Kedah's competitiveness as a thriving economic hub.

Courtesy visit from Utiliti Infra Darul Aman (UiDA)

On August 19, 2025, FMM Kedah/Perlis Branch welcomed an official visit from Ir Ahmad Taufik Radzi, Chief Executive Officer of UiDA, accompanied by Mr Mohd Asron Sofie Haji Basiron, Head of Corporate Affairs, and Mr Jefni Ehsan Rosni, Head of Corridor Utility. The visit featured a presentation by Ir Ahmad Taufik, highlighting UiDA's core functions and strategic initiatives aimed at enhancing industrial development.

Representing FMM were Mr Ng Lai Choon, Branch Chairman, En Baharudin, Vice Chairman, Mr Mazlan Kassim, Vice Chairman, and Mr Chee Li Jia, Committee Member, who engaged in meaningful dialogue with the UiDA delegation. A key outcome of the session was UiDA's proposal to establish a dedicated communication group to streamline updates and foster closer collaboration with industry stakeholders. In response, the FMM Secretariat has launched a WhatsApp group and extended invitations to all member companies, paving the way for more efficient information sharing and stronger engagement across the industrial ecosystem.

An official visit of UiDA CEO Ir Ahmad Taufik Radzi and delegation to FMM Kedah/Perlis, marking a productive exchange and the launch of a new communication platform for industry collaboration

PENANG

One Penang: Connecting Today, Building Tomorrow

The FMM Penang Membership, Social & Community Building Sub-Committee successfully hosted the Membership Networking Luncheon 2025: One Penang – Connecting Today, Building Tomorrow. The event attracted approximately 80 participants comprising Members and potential members.

The objective of the luncheon was to provide a strategic platform for industry players to engage directly with key government agencies, namely the Ministry of Investment, Trade and Industry (MITI), Malaysia Productivity Corporation (MPC), Malaysia External Trade Development Corporation (MATRADE), Malaysian Investment Development Authority (MIDA) and Pertubuhan Keselamatan Sosial (PERKESO). The event concluded with valuable networking opportunities and interactive visits to the helpdesks set up by MITI, MPC, MATRADE, MIDA, and PERKESO.

Group Photo Session with FMM Penang Chairman and with the Speakers

Photo Session FMM Penang Branch Committee Members with Tuan Yang Terutama Tun Dato' Seri Utama Haji Ramli Ngah Talib, Yang Di-Pertua Negeri Pulau Pinang

FMM Penang 56th Anniversary Dinner 2025 – Malam Merdeka

FMM Penang celebrated its 56th Anniversary Dinner – Malam Merdeka on August 29, 2025, led by Dato' Seri Lee Teong Li, Chairman, FMM Penang, together with Dato' Hun Keng Kuan, Organising Chairman. The dinner was graced by Tuan Yang Terutama Tun Dato' Seri Utama Haji Ramli Ngah Talib, Yang di-Pertua Negeri Pulau Pinang; YAB Tuan Chow Kon Yeow, Chief Minister of Penang; YB Tuan Steven Sim, Minister of Human Resources; and Tan Sri Dato' Soh Thian Lai, President of FMM.

Over 700 guests from the business community, industry, and government attended the event, underscoring FMM Penang's role as the trusted voice of manufacturers while celebrating Malaysia's unity and independence.

Leasehold Land Briefing Session

FMM Penang held a meeting with Dato' Dr Faizal, Pengarah Pejabat Tanah dan Galian Pulau Pinang, at the FMM Penang Branch to address pressing issues on leasehold land renewal. The session was chaired by Dato' Seri Lee Teong Li, Chairman of FMM Penang, and attended by 50 member representatives from various industries.

During the meeting, Dato' Dr Faizal provided members with a detailed briefing on the state government's policies and clauses governing the renewal of leasehold land. His presentation highlighted key considerations for industries, including the processes involved, requirements for applications, and the implications of the renewal terms. The session also aimed to shed light on areas where members had expressed uncertainty, particularly in relation to premiums, approval procedures, and potential incentives available under state directives.

Dato' Seri Lee Teong Li, Chairman Penang Branch, with Dato' Dr Faizal, Pengarah Pejabat Tanah dan Galian Pulau Pinang

PERAK

Group Photo during the courtesy visit to Tuan Zamakhshari Hanipah, Mayor of Ipoh

Courtesy Visit to the Newly Appointed Mayor of Ipoh

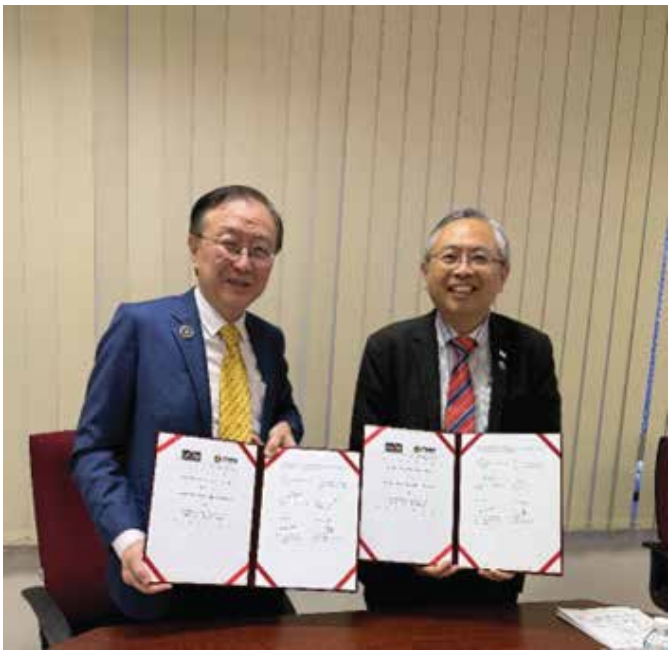
The Courtesy Visit to Tuan Zamakhshari Hanipah, newly appointed Mayor of Ipoh was to formally introduce the office bearers of the FMM Perak Committee and to foster a strong working relationship with Ipoh City Council (MBI). The Mayor agreed to reactivate the IPMC Ipoh and to hold quarterly meetings moving forward. The next meeting is tentatively scheduled for September 2025.

The Mayor acknowledged the need to prioritise public infrastructure upgrades, especially at Ipoh Airport, to attract investment. The Branch emphasised that increasing flight frequency is essential to support rising passenger numbers and improve connectivity for business and tourism.

Briefing on SST Registration

The Branch, in collaboration with Royal Malaysian Customs Department Perak, hosted a Briefing on SST Registration for Ground Calcium Carbonate (GCC) Manufacturer on August 12, 2025. A total of 27 participants from the GCC industry attended the Briefing. The briefing aimed to provide industry players, particularly GCC manufacturers with valuable insights and a consultation platform on SST-related matters. The session also included clarifications on the revised tax rates, manufacturer registration requirements under the Sales Tax Act 2018, as well as related compliance guidelines. It is intended to offer participants a clear, comprehensive and sustainable understanding of their tax obligations.

Group Photo of participants of the Briefing on SST Registration for Ground Calcium Carbonate (GCC) Manufacturer



FMM Perak Chairman, Mr Chua Kay Lin (left) and Ir Prof Dato' Dr Ewe Hong Tat, UTAR President (right) during the MOU signing ceremony

UTAR - FMM Perak MoU Signing Ceremony

The Memorandum of Understanding (MoU) between Universiti Tunku Abdul Rahman (UTAR) and FMM Perak was officially signed on September 24, 2025. This MoU formalises a strategic collaboration aimed at strengthening industry-academia partnerships, with a focus on creating meaningful impact in key areas such as talent development, research collaboration and workforce upskilling.

Following the signing of the MoU, UTAR and the Branch have agreed to hold biannual meetings to discuss and coordinate a range of joint initiatives and high-impact programmes aimed at delivering mutual benefits. These collaborative efforts are expected to particularly benefit FMM member companies through enhanced access to emerging talent, innovative research solutions and expanded opportunities for continuous professional development.

SELANGOR & KL

Petaling Jaya Networking Session 2025

The FMM Petaling Jaya Regional Committee successfully held its Networking Session 2025, with a total of 19 participants from various member companies and invited government agencies. The session served as a platform to enhance member engagement, gather feedback on local industrial issues, and strengthen collaboration with key stakeholders.

Among the attendees were representatives from PDRM IPD Petaling Jaya and Telekom Malaysia (TM), signifying the strong support received from both public and private sectors. The session also featured a roundtable introduction, where each participant shared their company's products and services.

Group photo of the PJ Region members and committees together with the representatives from IPD Petaling Jaya and TM

Group photo of FMM Delegation with the Director and Representatives of the Selangor Fire and Rescue Department

Courtesy Visit to Selangor State Headquarters of Fire and Rescue Department of Malaysia

FMM Selangor & Kuala Lumpur, led by Branch Chairman Dr Helena Eian Yeut Lan, conducted a courtesy visit to the Selangor Fire and Rescue Department (FRD) to strengthen collaboration on fire safety regulations, industry compliance, and emergency preparedness.

Key discussions included the upcoming Bomba Regulation 2026, which will require companies with Fire Certificates to establish a Fire Safety Organisation (FSO). The FSO's main role is to ensure continuous compliance, maintain documentation, and enhance fire prevention practices. Each company must appoint a Fire Safety Manager and at least three Safety Officers, all of whom must undergo competency training with FRD and renew their certification biennially. To assist SMEs, FRD has extended implementation to 2027, reduced training fees, and introduced shorter course modules. Members also raised issues concerning delays in Fire Certificate renewals via the e-Premises system, to which FRD recommended earlier submissions, prompt payment notifications, and direct engagement with officers to expedite inspections.

Additionally, FRD proposed the establishment of the Selangor Emergency Mutual Aid (SEGEMA) to facilitate coordinated emergency response and resource sharing among industries. The department also provided updates on the Automated Fire Monitoring System (SPKA), a digital initiative aimed at enabling real-time fault detection and monitoring of fire safety equipment. Targeting 90% adoption statewide, SPKA is expected to strengthen compliance, improve workplace safety, and enhance risk management within industrial facilities.

Business and Entrepreneurship Conference 2025

Held on September 25, 2025, the Business & Entrepreneurship Conference 2025 brought together industry leaders, academia, and aspiring young entrepreneurs for a day of knowledge sharing and networking. Organised by FMM Selangor & Kuala Lumpur under the Selangor State Government grant initiative, the conference represents the third key programme supported by a RM200,000 state grant dedicated to nurturing youth entrepreneurship and innovation.

The event was graced by YB Tuan Mohd Najwan Halimi, Selangor State Executive Councillor for Youth, Sports, and Entrepreneurship, who delivered the keynote address. Participants gained valuable insights from distinguished speakers including YBhg Dato' Dr Hooi Lai Lin, Mr Phillip Leong, Mr Danny Ng, and Ms Dayana Safian, who spoke on entrepreneurship, innovation, leadership, and digital readiness.

The afternoon workshop, themed "Sustainable Growth: Balancing Profit with Responsibility," provided participants the opportunity to engage with seasoned panellists from leading manufacturing companies.

By bridging academia and industry, the conference fostered meaningful mentorship and inspired future leaders to embrace innovation and sustainability as drivers of business success. The event reaffirmed FMM's commitment to supporting the next generation of entrepreneurs in shaping a vibrant and resilient economic future for Selangor and Malaysia.

Group photo of speakers, industry leaders, and youth participants at the Business & Entrepreneurship Conference 2025

MALACCA

A Visit to Centralised Labour Quarters

FMM Malacca organised a visit for companies interested in learning about the Centralised Labour Quarters (CLQ) of Pacific Food Products Sdn Bhd. During the visit, the group was given a tour of the CLQ, a six-storey building comprising 60 rooms and housing a total of 660 residents. The hostel also features several additional facilities, including a laundry area, management office, security control room equipped with CCTVs, and an on-site clinic that operates daily.

The management has appointed one designated worker representative per floor, responsible for monitoring and assisting with weekly cleaning activities. In addition, the management conducts weekly and monthly inspections of the rooms and common areas to ensure cleanliness and uphold discipline.

Briefing by Datuk Gary Choo Kok Sen, Executive Director of Pacific Food Products Sdn Bhd on the management of the Hostel

Pakistan Trade & Investment Counsellor Visit to FMM Malacca

On August 12, 2025, Ms Tahira Javed, Trade & Investment Counsellor from the Pakistan High Commission, visited FMM Malacca Branch to engage local stakeholders and explore potential investment opportunities in Pakistan. The meeting also served to introduce the upcoming FoodAg Exhibition, which will be held from November 25-27, 2025 in Karachi, Pakistan, and to invite Malaysian investors to participate.

Mr Jimmy Ong, Chairman, FMM Malacca Branch with Ms Tahira Javed, Trade & Investment Counsellor of Pakistan High Commission

JOHOR

Site Tour of Tanjung Langsat Port

On August 20, 2025, FMM Johor IBLCL Sub-Committee visited TLP Terminal Sdn Bhd at Tanjung Langsat Port. Strategically located within the 5,000-acre Tanjung Langsat Industrial Complex, the port supports heavy and medium industries such as petrochemicals, oil & gas, and palm oil. Key facilities include seven liquid jetties, two dry jetties, and a 100-acre Regional Marine Supply Base. Positioned near major shipping lanes and transport networks, TLP functions as Johor's integrated hub for industrial logistics.

The visit aimed to understand Tanjung Langsat Port's operations, systems, policies, products, and services. This engagement session fostered stronger rapport between industry stakeholders, FMM, and TLP Terminal, while also providing valuable insights into the port's infrastructure and strategic capabilities. The visit concluded with a tour of the Bulk/Breakbulk Jetty at Berths 6 and 7.

Official Visit and Site Tour of Tanjung Langsat Port

FMM Johor Chairman, Mr Saw Seong Ho presented a token of appreciation to Tuan Aguse Adi, Deputy Director of Technical Services, DOSH Johor accompanied by FMM Johor Vice Chairman, Dr Shamsul Rizal Shamsudin and Mr Chan Chee Meng

Courtesy Visit to DOSH Johor

On August 26, 2025, FMM Johor organised a visit to Johor State Department of Occupational Safety and Health (DOSH) Office, to strengthen rapport with Tuan Haji Jaafar Haji Leman, the State Director of DOSH Johor.

The visit also aimed to discuss key issues including the Guidelines on Airborne Chemical Hazards to Health (2022), ergonomics requirements, Certificate of Fitness (CF), as well as clarifications on the guidelines and approval procedures for Authorized Gas Tester and Entrant Supervisor (AGTES) and Authorized Entrant and Standby Person (AESP).

The delegation was led by Mr Saw Seong Ho, Chairman of FMM Johor together with Dr Shamsul Rizal Shamsudin, Vice Chairman of FMM Johor, and was warmly received by Tuan Aguse Adi, Deputy Director of Technical Services, DOSH Johor.

Good Jobs 2.0 Career Fair

On September 20, 2025, Pertubuhan Kebajikan Pelita Johor Bahru, in collaboration with FMM Johor, JCI Iskandar, and the University of Reading Malaysia (UoRM) organised the Good Jobs 2.0 Career Fair.

The event aimed to retain youth talent, promote quality employment, and boost the local economy. This collaboration reflects UoRM's commitment to supporting local youth and bridging education with industry in impactful and meaningful ways. More than 30 companies from various sectors including manufacturing, finance, technology, logistics, and education participated in the fair, which attracted over 500 attendees, comprising final-year students and alumni from UoRM and neighbouring institutions.

Group photo of FMM Johor Branch Committee with YB Liew Chin Tong, Deputy Minister of Investment, Trade and Industry (MITI) and YB Marina Ibrahim (Skudai)

EASTERN

Preventing Accidents at Workplace

FMM Eastern Branch organised a seminar titled "Preventing Accidents Caused by Slips, Trips and Falls in the Workplace" to raise awareness on one of the most common causes of workplace injuries.

The session was designed to educate participants on recognising potential slip, trip and fall hazards, understanding their root causes, and adopting effective preventive measures to reduce accidents. Key areas highlighted included workplace housekeeping practices, safe flooring and walkway designs, use of proper footwear, and the importance of hazard reporting and corrective action.

An experienced safety practitioner shared practical strategies and case studies on accident prevention, as well as compliance requirements under the Occupational Safety and Health Act (OSHA) 1994. The presentation also emphasised the role of management and employees in fostering a proactive safety culture at the workplace.

The seminar concluded with an interactive Q&A session where participants exchanged experiences and discussed challenges faced in maintaining a safe working environment. The event provided valuable insights for employers, safety officers, and employees alike, reinforcing the importance of vigilance and continuous improvement in ensuring workplace safety.

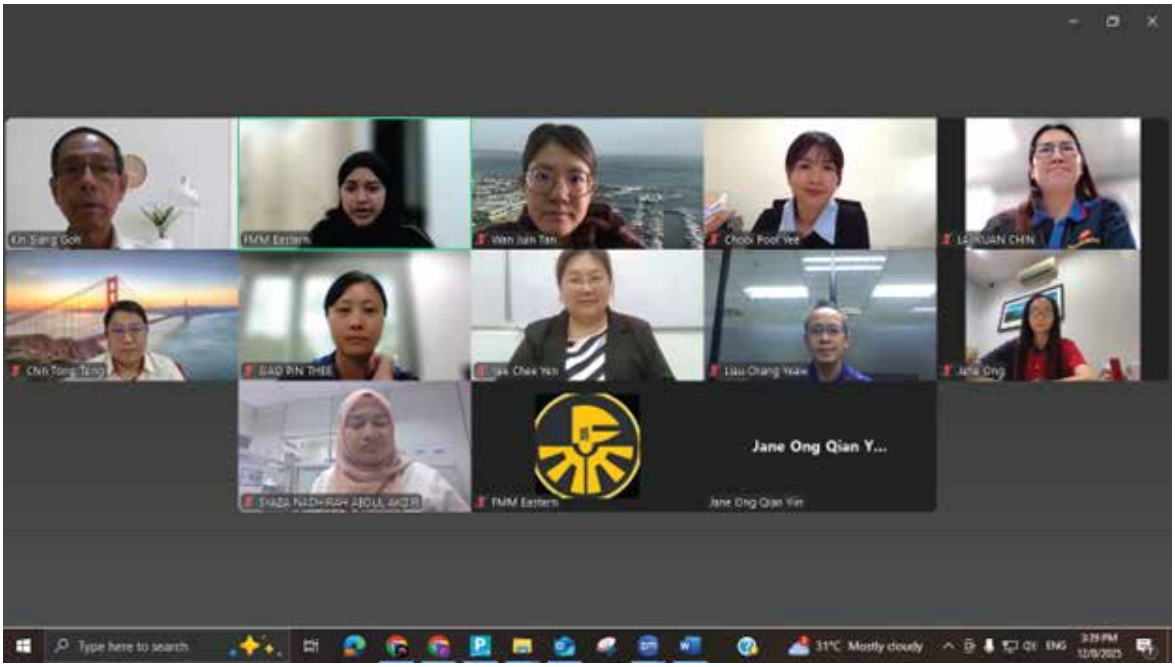
FMM Eastern members with Mr Abdul Rahim Jasmin, speaker for the "Preventing Accidents Caused by Slips, Trips and Falls in the Workplace" Seminar

Understanding Malaysia's Sales and Services Tax (SST) Webinar

Services Tax (SST) – Essential SST Expansion 1.7.2025" to help members prepare for the upcoming changes under the revised SST framework.

The session aimed to provide clarity on the scope and coverage of the SST expansion effective 1 July 2025, highlighting new taxable goods and services, compliance obligations, and potential impact on business operations. Participants were guided on how to assess their company's exposure to the revised requirements and the necessary steps to ensure readiness.

The trainer shared practical insights on key topics including registration requirements, invoicing and record-keeping procedures, exemptions and exclusions, as well as strategies for managing transitional issues. Real-life examples were also discussed to illustrate how different industries may be affected by the expansion.



Webinar on Understanding Malaysia's Sales and Services Tax (SST) – Essential SST Expansion 1.7.2025

ASK FMM

Q1. ***Company A has a branch in Sabah. An employee who earned RM2,500 per month filed for termination benefits under the Labour (Termination and Lay Off Benefits) (Sabah) Rules 2008 in the Labour Court in July 2025, alleging that he was retrenched on 1 January 2018. Is there any provision that limits such claims? As the company representative appearing before the Labour Court, what will be your plea to defend such a claim?***

A1. *Yes, there is a provision under Section 129B of the Labour Ordinance (Sabah Cap 67) regarding such limitation of action. Since the claim is made after seven years of the alleged retrenchment, the company can plead such limitation under Section 129B as below and apply to the court to strike out the claim:*

129B. (1) Subject to subsection (2), no complaint or dispute shall be referred to the Director in respect of any matter under section 7A or 7I, subsection (4) of section 7I or subsection (1) of section 18A after the expiration of six years from the date on which the cause of action accrued.

Q2. ***Employee B was employed as the Chief Operating Officer with a monthly basic salary of RM35,000. Under the terms and conditions of service, either party can terminate the contract of employment by giving three months' notice or by paying wages in lieu of three months' wages.***
Employee B terminated his contract without giving any notice or paying the wages in lieu of notice as agreed under the terms and conditions of service. Since the Employment Act 1955 is now applicable to all employees engaged under a contract of service, the management wishes to know whether the employer can sue the employee in the Labour Court to recover only the indemnity of three months' wages and not otherwise.

A2. *Since the employee is within the scope of the Employment Act 1955, the employer has two options to recover the indemnity from the employee. The employer can either file a claim in the Labour Court according to Section 69(2)(iii) of the Employment Act 1955 or file a claim in the Civil Court as allowed under Section 86 of the Employment Act 1955 to recover the indemnity. However, the employer cannot maintain the claim in both courts at the same time.*

Q3. ***Employee D, whose monthly wage is RM4,500, met with an accident during working hours. The employer reported the case to SOCSO to make a claim for temporary disablement benefits. While waiting for the temporary disablement benefits to be paid by SOCSO to the employee, the employer paid the employee full wages during the temporary disablement period. Later, SOCSO paid the temporary disablement benefits directly to the employee.***

i. Can the employer deduct the amount of temporary disablement benefits that have been paid to the employee by SOCSO from the employee's subsequent monthly wages?

ii. If SOCSO has paid an amount of RM4,200 as temporary disablement benefits to the employee, can the employer deduct the whole amount of RM4,200 from the employee's monthly wages?

A3. *i. Yes, by reading the proviso under Regulation 109 of the Employees' Social Security (General) Regulations 1971, together with Section 24(2)(d) of the Employment Act 1955, the employer is entitled to deduct the temporary disablement benefits that have been paid to the employee by SOCSO from the employee's subsequent monthly wages.*

Regulation 109 of the Employees' Social Security (General) Regulations 1971 states:

An employer may discontinue or reduce benefits payable to his employee under conditions of their service which are similar to the benefits conferred by the Act to the extent to which such employees may be entitled to the benefits under the Act:

Provided that, where an employee has received normal wages from the employer for the period of his temporary disablement, the employer shall be entitled to deduct from the wages of the employee the amount of temporary disablement benefit to which he may be entitled under the Act, but such deduction shall not exceed the amount paid as wages to the employee for the period of temporary disablement, and such deduction may be made after the employee has received the temporary disablement benefit from the Organisation.

Section 24(2)(d) of the Employment Act 1955 reads:

(2) It shall be lawful for an employer to make the following deductions:

(a) .....;

(b) .....;

(c) .....; and

(d) deductions authorized by any other written law.

ii. No. Although the law allows such a deduction, it is still subject to the limitation imposed under Section 24(8) of the Employment Act 1955, which states that the total deduction in one month cannot exceed 50% of the employee's monthly wages. By deducting RM4,200 from RM4,500, it clearly exceeds 50% of the employee's monthly wages.

Q4. ***Employer C is a construction company. The company has employed five backhoe operators at the construction site. Each employee is promised a basic wage of RM4,500, without overtime payment, although they are required to work overtime on certain days of the week. The HR Director is of the view that they are not entitled to overtime payment since their basic wage is more than RM4,000 per month, but the General Manager has a different view. As the Company HR Manager, please advise.***

A4. *Generally, an employee who earns RM4,500 per month and falls under the scope of Paragraph 1A of the First Schedule to the Employment Act 1955 will not be entitled to overtime payment. However, as a backhoe operator, instead of Paragraph 1A, the employee will come under the scope of Paragraph 2(2) of the First Schedule to the Employment Act 1955, under which the employee is entitled to overtime payment.*

Paragraph 2(2) of the First Schedule to the Employment Act 1955 states:

"He is engaged in the operation or maintenance of any mechanically propelled vehicle operated for the transport of passengers or goods for reward or for commercial purposes."

Q5. ***a. The company has defaulted on paying the EPF contributions for the last four months. One of the directors wishes to know whether he is personally liable to pay the contributions if the company fails to pay them.***

b. Company F is a partnership business comprising three partners. The three partners have different views on complying with the Minimum Wages Order 2024 and have not been paying the minimum wages to their employees. Can the authority prosecute the partners in court for not paying the minimum wages?

A5. *a. Yes, under Section 46 of the Employees Provident Fund Act 1991, the directors of such a company, including any persons who were directors of the company during the period in which contributions were liable to be paid, are jointly and severally liable to pay such contributions.*

b. Yes, under Section 49 of the National Wages Consultative Council Act 2011, the partners can be charged severally or jointly in the same proceedings with the partnership for failing to pay the minimum wages.

FMM members that require human resource or industrial relations advice can contact the Human Resource / Industrial Relations Advisor at Tel: 03-62867200 or E-mail to: hradvisory@fmm.org.my

INTRODUCING NEW MEMBERS OF FMM

Ordinary Members

- Able Perfect Sdn Bhd
- 004 International (MY) Sdn Bhd
- ABS Engineering & Trading Sdn Bhd
- Bake At Polymart Sdn Bhd
- Continental Summit Sdn Bhd
- CWP Food Manufacturing Sdn Bhd
- Dialight Penang Sdn Bhd
- Dippro Sdn Bhd
- Dwi Makmur Food Sdn Bhd
- Fortune Dynamicom AI (M) Sdn Bhd
- GC Packaging Sdn Bhd
- Golden Fresh Sdn Bhd
- Gopeng Kaltech Sdn Bhd
- Haijia Vehicle Parts (Malaysia) Sdn Bhd
- Halovega Solar Sdn Bhd
- Hisense (Malaysia) Sdn Bhd
- Hock Lee Heng Structural Engineering
- Homie Holdings Sdn Bhd
- Hong Hong Electro Plating Sdn Bhd
- ifm Electronic Sales (Malaysia) Sdn Bhd
- Innovative Ecographe Sdn Bhd
- Insulet Malaysia Sdn Bhd
- Iobed (M) Sdn Bhd
- Jalen Sdn Bhd
- Kajang Rocks Premix Sdn Bhd
- Kimberly-Clark Trading (M) Sdn Bhd
- Leader Range Hitech Sdn Bhd
- Legion Extruder Sdn Bhd
- Leung Kai Fook Medical Sdn Bhd
- Lotus Cofy House Sdn Bhd
- Magnum ICC MY Sdn Bhd
- Mega Label (Malaysia) Sdn Bhd
- MFG Technology Sdn Bhd
- Namicoh Suria Sdn Bhd
- Oji Asia Household Product Sdn Bhd
- Precise Harvest Sdn Bhd
- Premier Flavors Manufacturing Sdn Bhd
- Rinda Food Industries Sdn Bhd
- Ritelac (M) Sdn Bhd
- Sentrix Technology Sdn Bhd
- Spen Precision Sdn Bhd
- Sprintex Clean Air (Malaysia) Sdn Bhd
- Sunlight Power Sdn Bhd
- Sunner Industries Sdn Bhd
- Superb Aluminium Sdn Bhd
- Swagelok Malaysia Fluid Systems Technologies Sdn Bhd
- Trident Agro Global Sdn Bhd
- Unit Concept Sdn Bhd
- VTA Ball Valves (M) Sdn Bhd
- Waftech Sdn Bhd
- Waisun Confectionery Sdn Bhd
- Winstar Aluminium Manufacturing Sdn Bhd
- WJ Technologies Sdn Bhd
- WSA Venture Australia (M) Sdn Bhd
- Yun Fung Sang Group Sdn Bhd

Affliate Members

- Agytek Digital Sdn Bhd
- AKH & Partners PLT
- Amfibia Technologies Sdn Bhd
- Avares (M) Sdn Bhd
- Axcell Solutions Sdn Bhd
- Ektech Communications Sdn Bhd
- Evolvelectric Motors Sdn Bhd
- FC Connect (M) Sdn Bhd
- Get One Property Sdn Bhd
- Impero Engineering Sdn Bhd
- Ipenet Solutions Sdn Bhd
- J Style Premium Sdn Bhd
- Looop Energy Malaysia Sdn Bhd
- Maybank Islamic Berhad
- Metagreen Asia Sdn Bhd
- Permulab Sdn Bhd
- PRC Group Sdn Bhd
- Pro Cahaya Industries Sdn Bhd
- PT3 TalentXpert Sdn Bhd
- Putaran Semasa Sdn Bhd
- PX United Sdn Bhd
- RMA Sdn Bhd
- Synergy 101 Outsourcing Sdn Bhd
- Tekmark Sdn Bhd
- TNS Log Services Sdn Bhd
- VT Group Sdn Bhd
- WMK Coating Sdn Bhd
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FMM Business Conditions Survey

WEAK 1H2025, SHARPER DOWNTURN EXPECTED IN 2H2025

Issue No. 2/2025 **Released on September 17, 2025**

KEY RESULTS:	
BUSINESS ACTIVITY – 1H2025	• Business activity weakens on softer demand, as indices fall further below 100 • Both local and export sales contract, with domestic demand lagging further • Production and capacity utilisation ease on cautious operations • Cost pressures remain high, eroding margins • Capital investment and employment hold broadly steady, underscoring resilience
BUSINESS ACTIVITY – OUTLOOK 2H2025	• Business conditions to weaken further, with confidence slipping after earlier signs of recovery • Local and export sales to soften, with exports holding only a slight edge over domestic demand • Production and capacity utilisation to remain cautious, prioritising stability over expansion • Cost pressures to stay elevated, keeping margins under strain • Capital investment plans to soften, with fewer firms pursuing expansion • Employment expectations to remain broadly stable, but with hiring momentum easing further
GENERAL BUSINESS ACTIVITY – OUTLOOK 2H2025 VS 1H2025	• Revenue outlook fragmented: 39% of respondents expect growth, 34% declines, 27% stable • Profit outlook tilts negative: 47% of respondents expect declines vs 32% gains, 21% stable
BUSINESS CONFIDENCE: STABILITY AMID UNCERTAINTY	• Respondents expect stable operations, but weak outlook for economy and demand • 46% confident in company stability; only 2% see strong gains • Nearly half (47%) expect global decline and 44% domestic decline
GENERAL	• Top 3 challenges: Resource constraints, rapid change and collaboration gaps • Top 3 opportunities: New technologies, stronger partnerships and process improvements
INDUSTRY 4.0 ADOPTION: SLOW AND SELECTIVE	• Only 32% of firms have adopted Industry 4.0 • Focus on System Integration (66%), IoT (47%) and Cloud Computing (39%) • Advanced tech (e.g., 3D printing, Augmented Reality) remains niche (<10%)
US TARIFFS: PRESSURES AND STRATEGIC SHIFTS	• 37% face significant/major impacts; 13% report losses above 30% • 48% diversifying exports; others shifting supply chains and automating • Tariffs remain a persistent cost and competitiveness challenge
SST EXPANSION: HEAVY COSTS AND COMPLIANCE STRAIN	• Nearly half (44%) face significant impacts; 11% report major disruptions • 36% produce mixed goods, increasing compliance complexity; 17% unclear on classification • Key challenges: higher service costs (59%), exemption issues (35%), Customs tariffs classification challenges (35%) • Respondents call for GST reintroduction and urge exemptions, clarity and better guidance/support from government
NEW ELECTRICITY TARIFF REVISIONS ON BUSINESS COSTS	**Impact by Category:** • 60% overall report higher costs; HV users most affected (72% HV General, 67% HV TOU) • LV General shows more stability (25% no change), but most groups face broad upward pressure
	Impact by Load Factor • Higher costs dominate, especially for load factors 0.4-1.0 (over half reporting increases) • Very low load factors (<0.2) showed mixed results: 40% higher, 28% lower, 32% no change

KEY RESULTS:	
NEW ELECTRICITY TARIFF REVISIONS ON BUSINESS COSTS	**Impact by Estimated % Change** • Most cost increases fall in the 3-15% range, especially 3-5% (26%) and 8-10% (16%) • Cost reductions, where reported, were moderate (mostly 0.1-5%)
ENERGY EFFICIENCY: ON THE RISE	• Widely adopted: efficient lighting (46%), compressed air system optimisation (29%), power factor compression (23%), VFD (21%) • Strong intent to adopt: high-efficiency motors (46%), compressed air optimisation (45%), power factor correction (44%) • Advanced measures (waste heat recovery, co-gen) remain limited but under review
RENEWABLE ENERGY	• Current adoption modest: Net Energy Metering (22%), Self-Consumption (14%), Large-Scale Solar (12%) • Strong intent to adopt solar and grid-linked schemes (~40%+ across major options)
ARTIFICIAL INTELLIGENCE	• Familiarity modest: 12% familiar, 55% somewhat, 33% not familiar • Adoption still low: only 26% have implemented AI • Top uses: chatbots (40%), inventory (35%), product development (36%), production optimisation (33%) • Benefits: Biggest gains: productivity (60%) and faster decision-making (57%) • Other benefits: resource management (36%), quality control (36%), customer experience (35%), cost reduction (34%) • Niche benefits include QC root cause analysis, fewer errors and time savings

The manufacturing sector's performance in 1H2025 weakened as business activity, sales and production indices slipped from the earlier gains of 2024, weighed down by rising costs and fragile demand. Employment levels were largely stable, while investment activity eased slightly, reflecting continuity in operations but reduced appetite for expansion.

Looking ahead, the outlook for 2H2025 turns more challenging, with all major forward-looking indices falling further. Persistent cost pressures and softer demand expectations suggest that firms are shifting from cautious consolidation to a more defensive stance, prioritising efficiency and risk management over growth.

Indicators	FMM Business Conditions Index Values							
	Current (Compared to 6 months ago)				Looking forward (Next 6 months)			
	2H2023	1H2024	2H2024	1H2025	1H2024	2H2024	1H2025	2H2025
Business conditions	89	93	98	**77**	92	106	101	**89**
Local sales	86	81	88	**69**	92	95	94	**83**
Export sales	80	85	92	**77**	89	100	97	**84**
Production volume	91	91	99	**83**	99	110	109	**91**
Capacity utilisation	91	93	96	**80**	99	108	106	**90**
Capital investment	103	107	108	**102**	110	116	116	**108**
Number of employees	98	98	98	**97**	105	105	106	**99**
Cost of production	154	155	144	**158**	159	162	167	**163**

1H2025 PERFORMANCE: A SOFTENING ENVIRONMENT

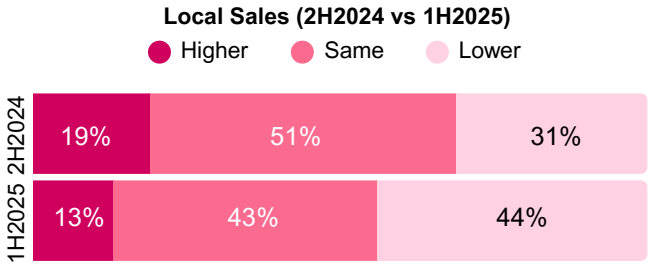
The manufacturing sector entered the first half of 2025 on weaker footing, with business activity, sales, production and capacity utilisation indicators all declining after earlier gains made in 2024. Rising costs and global uncertainties weighed on demand, pulling indices lower. While stable employment provided some resilience and capital investment eased, firms largely prioritised consolidation and stability over growth.

Business Conditions Decline as Optimism Eases

The general business activity index fell sharply from 98 in 2H2024 to 77 in 1H2025, signalling a shift from cautious optimism to renewed contractionary pressures. Only 17% of 627 respondentsreported higher activity, down from 27% in the prior period, while those reporting lower activity rose significantly from 30% to 40%. This deterioration suggests that businesses are scaling back expectations, with stability (42%) holding but expansion sentiment fading.

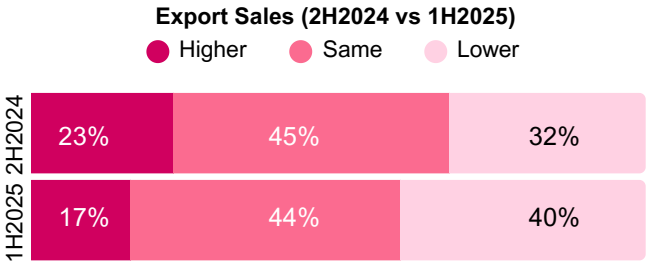
Local Sales Momentum Stalls

Local sales trends weakened, with the index slipping from 88 to 69. The share of respondents citing higher sales fell to 13%, compared with 19% in 2H2024, while those reporting lower sales increased to 44%. Although 43% recorded steady sales, the downturn highlights continued fragility in domestic demand, where optimism remains elusive and risks outweigh recovery momentum.

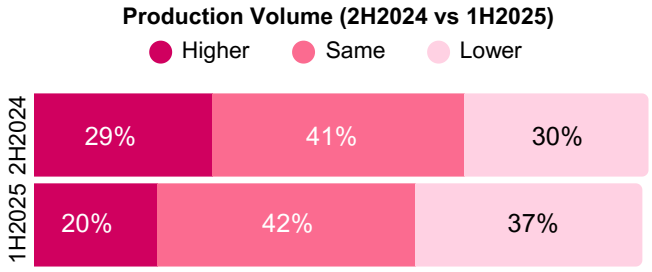


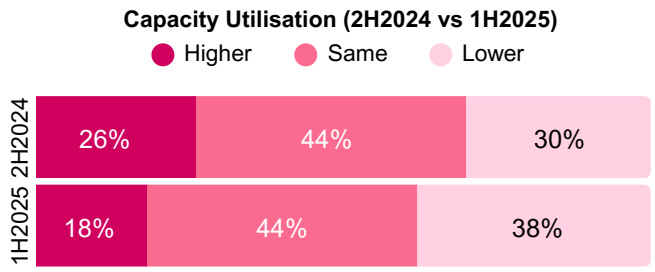
Export Sales Mirror Cautious Outlook

Exports showed a similar pattern, with the index retreating from 92 to 77. Higher sales responses edged down to 17%, while lower sales rose to 40%. Steady sales (44% of respondents) provided some balance, but the overall deterioration underscores persistent headwinds in global demand, where geopolitical and trade-related uncertainties continue to temper export confidence.



Production Volume Slows, Capacity Underutilised

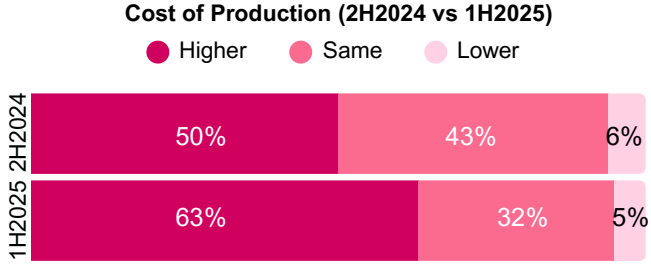




Production volume also contracted, with the index easing from 99 in 2H2024 to 83. Only 20% of respondents reported higher production, down from 29% previously, while lower production rose to 37%. Capacity utilisation followed suit, slipping to an index of 80 from 96, as fewer businesses reported expansion in capacity (18%) and more indicated declines (38%). The figures suggest that while output is still maintained, manufacturers are adjusting cautiously, holding back on fuller utilisation amid softer demand.

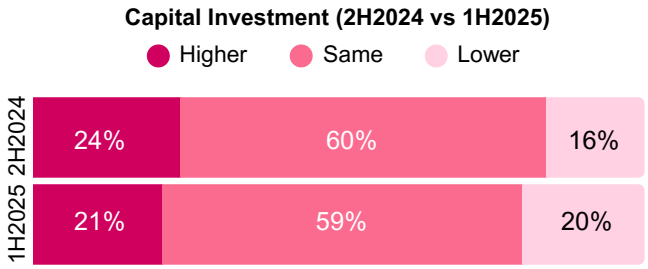
Costs Remain Elevated, Though Moderating

Cost pressures persisted, with the production cost index rising substantially from 144 to 158, remaining well above the 100-point threshold. More than half of respondents (63%) reported higher costs, though this share has eased from the 62% in 1H2024. Meanwhile, 32% cited stable costs, indicating some moderation. Elevated but stabilising input costs remain a structural challenge, limiting business expansion despite softer demand conditions.



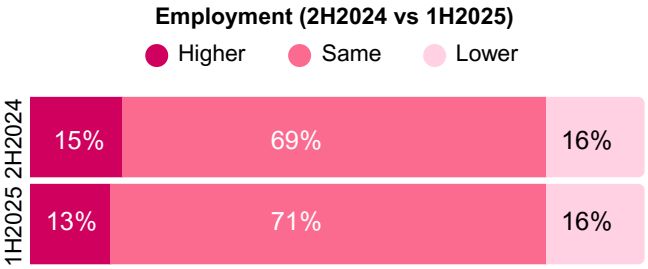
Investment Stable, but Growth Prospects Weaken

Capital investment sentiment eased slightly, with the index declining from 108 to 102. Around 21% of respondents increased investment, while 59% maintained current levels, reflecting continuity in planned spending but reduced appetite for aggressive expansion. The fall in momentum suggests that while businesses are sustaining necessary capital expenditure, uncertainty is curbing ambitious projects.



Employment Holds Steady

Employment conditions were broadly stable, with the index unchanged at 97. The majority (71%) reported no change in workforce size, while 13% expanded hiring and 16% reduced headcount, consistent with the prior period. This indicates a neutral labour market stance, where job losses have stabilised but hiring momentum is still subdued, reflecting businesses' preference to maintain workforce levels rather than expand.



OUTLOOK FOR 2H2025: PESSIMISM DEEPENS AMID COST PRESSURES

Manufacturers' expectations for the second half of 2025 point to a more challenging environment, with confidence weakening further across business activity, sales, production and capacity utilisation. All major forward-looking indices declined from the prior survey, slipping deeper below the 100 mark and signalling greater pessimism. Persistent cost pressures continue to weigh on margins, while investment and employment expectations remain steady but subdued. Overall, businesses appear to be shifting away from expansion, prioritising efficiency, consolidation and risk management amid growing uncertainty.

Expectations for general **business activity** softened, with the index falling to 89 from 101 previously. Only 23% of respondents expect higher activity, while 44% anticipate stability. The proportion expecting declines rose sharply to 34%, up from 25% in the prior survey. The deterioration suggests businesses are becoming more cautious, with optimism giving way to a more defensive stance.

Local sales expectations also weakened. The index dropped to 83 from 94, reflecting lower confidence in domestic demand. Only 19% of respondents expect higher sales, while 45% anticipate stability. The share expecting declines rose to 36%, up from 25% previously. This marks a notable shift toward pessimism, signalling that domestic demand conditions remain under pressure.

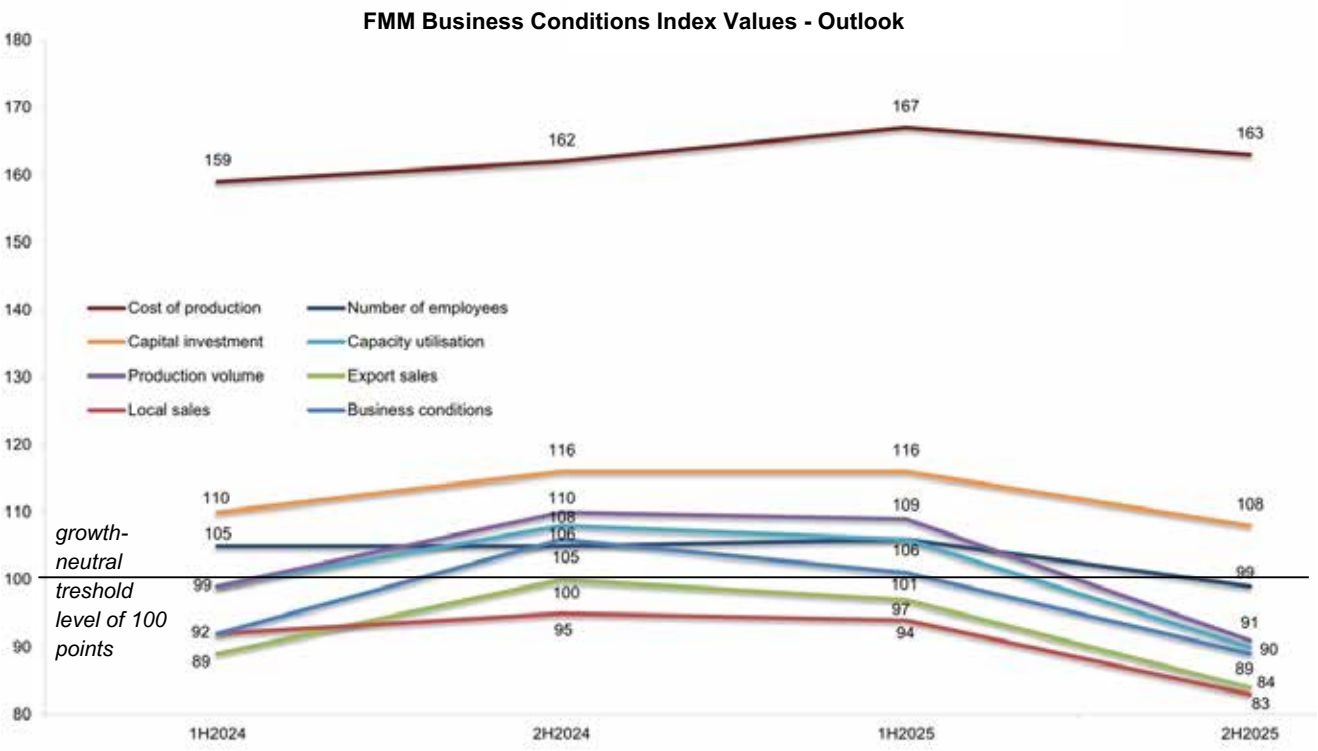
Export sales followed a similar trend, with the index falling to 84 from 97. Respondents anticipating higher exports fell to 21%, down from 23%, while those expecting stable exports held at 42%. The proportion expecting declines rose to 37%, up from 26% previously. Ongoing global trade uncertainties appear to be weighing more heavily on exporters, with confidence slipping further into negative territory.

Production and capacity utilisation also showed steeper deterioration. The production index fell to 91 from 109 previously, with only 26% of respondents expecting higher output compared with 32% previously. The proportion anticipating declines rose to 34% from 21%.

Capacity utilisation declined in parallel, with the index slipping to 90 from 106 in the prior survey. Just 24% expect higher utilisation, down from 27%, while those anticipating declines rose to 34% from 22%. These results point to weaker operating conditions and firms focusing on efficiency rather than expansion.

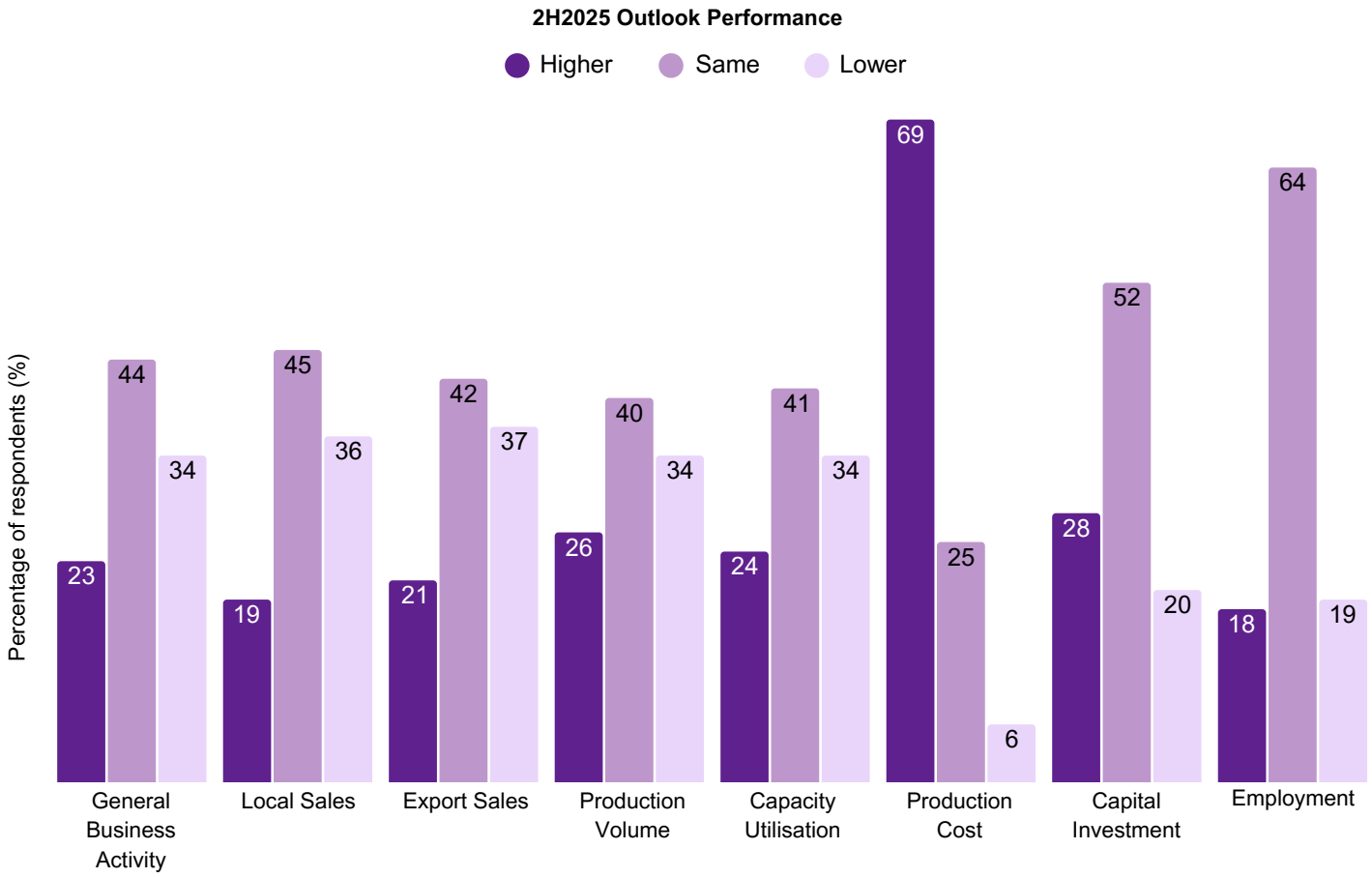
Cost expectations remain the most significant challenge. The index stood at 163, down from 167 previously but still far above balance. 69% of respondents expect higher costs in 2H2025, while only 6% foresee any relief. Persistent inflationary pressures and high input costs continue to erode margins, overshadowing any signs of recovery in demand.

Capital investment intentions softened modestly, with the index dipping to 108 from 116 previously. 28% of respondents project higher investment, but the share expecting declines rose to 20% from 16%. The majority (52%) plan to maintain current levels, suggesting that expansion plans are being reassessed in light of cost and demand concerns



Employment expectations were broadly stable but lost momentum, with the index slipping to 99 from 106. Only 18% of respondents expect higher hiring, compared with 22% previously, while those anticipating lower employment rose to 19% from 16%. The majority (64%) continue to expect no change, underscoring a holding pattern in workforce decisions.

Overall, the outlook for the second half of 2025 is characterised by deepening caution. Businesses face growing pessimism across most indicators, with sales, production and capacity outlooks turning more negative and costs remaining elevated. Investment and employment remain steady but subdued, pointing to consolidation rather than growth. Manufacturers appear to be bracing for a more challenging environment, emphasising resilience and efficiency over expansion.



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REVENUE OUTLOOK (2H2025 VS 1H2025) FRAGMENTED

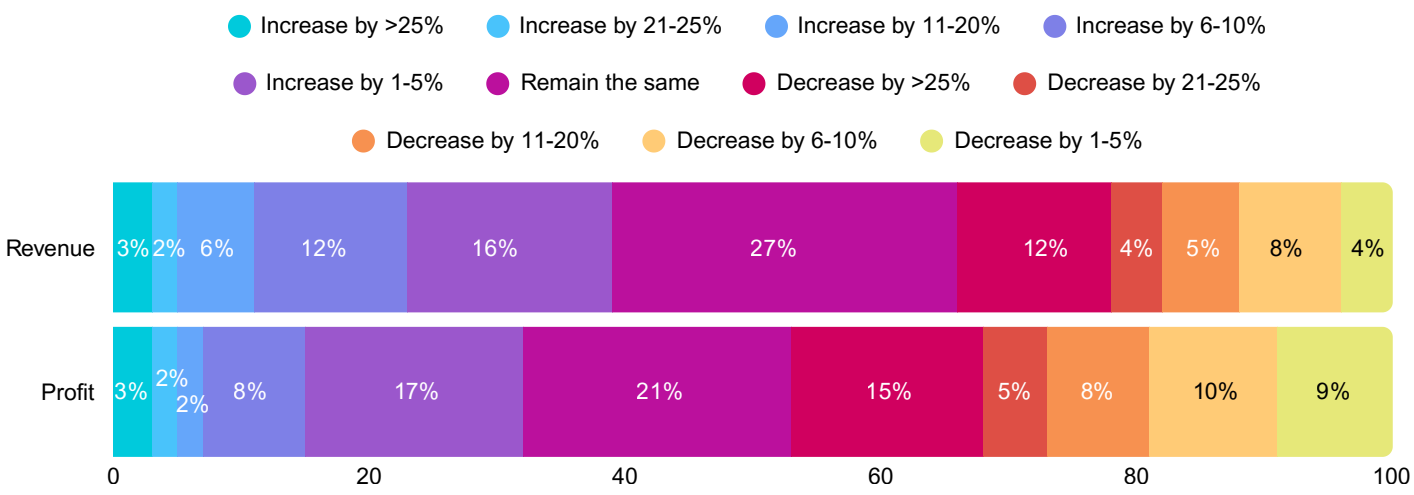
Survey results reveal a fragmented revenue outlook for 2H2025, with gains, declines and stability nearly evenly balanced. About 39% of manufacturers expect higher revenues versus 1H2025, though most of these increases are modest, underscoring limited confidence in broad-based recovery. At the same time, 34% of respondents anticipate contractions, including a sizeable share bracing for steep declines. A further 27% expect revenues to remain unchanged, signalling resilience in navigating headwinds, but also a cautious stance centred on consolidation rather than renewed expansion. This distribution reflects a sector divided between modest growth and contraction, with strong momentum largely absent.

Among firms expecting growth, most respondents expect only incremental improvements. Roughly 16% project increases of 1-5%, while 12% forecast growth of 6-10%. Only 3% foresee strong double-digit expansion above 25%, highlighting that optimism remains highly contained.

On the downside, revenue pressures are significant. While 8% of respondents anticipate moderate declines of 6-10%, another 12% expect sharp contractions of more than 25%. The severity of these projected declines underscores the fragility of many firms and their ongoing exposure to persistent operating challenges.

Overall, the outlook points to a fragile revenue landscape for 2H2025. Gains are limited and offset by equally large declines, with stability accounting for just over a quarter of responses. With strong growth rare and downside risks still evident, the sector remains focused on efficiency and resilience, prioritising risk management over expansion.

Expectations on Revenue and Profit Growth for 2H2025



PROFIT OUTLOOK (2H2025 VS 1H2025) TILTS NEGATIVE

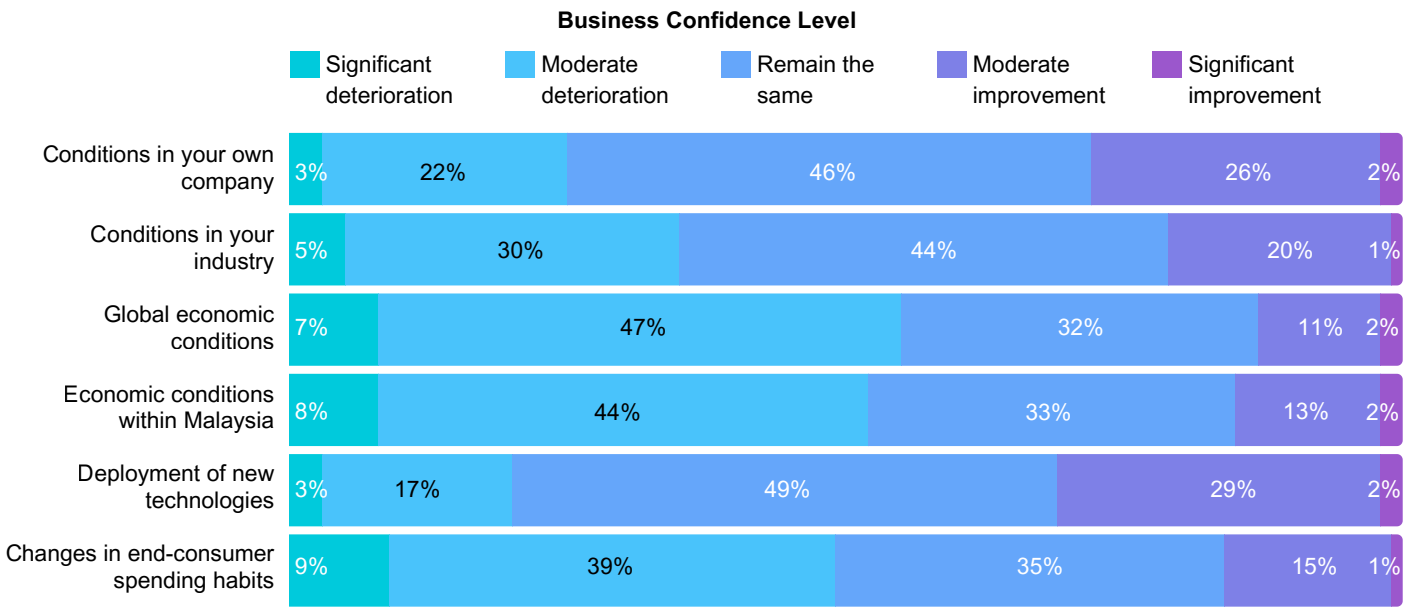
Survey results on manufacturers' profit expectations reveal a vulnerable and uneven outlook for 2H2025. Gains, stability and losses are all represented, but the balance tilts toward contraction, with modest improvements for some firms outweighed by sharper declines for many others.

Roughly 32% of firms expect profits to increase, though most anticipate only modest gains. About 17% project marginal improvements of 1-5%, while 8% foresee slightly stronger growth of 6-10%. Only a small minority (3%) expect significant double-digit expansion above 25%, underscoring that strong profit momentum remains rare.

The largest single group (21% of respondents) expect profits to remain unchanged, suggesting consolidation is a common theme as firms seek stability amid cost and demand pressures. Meanwhile, a considerable 47% of manufacturers forecast lower profit. Within this group, about 15% expect steep contractions exceeding 25%, while another 18% anticipate moderate decreases of 6-20%. This skew towards declines signals ongoing profitability challenges for a substantial share of the sector

BUSINESS CONFIDENCE LEVEL: STABILITY AMID ECONOMIC UNCERTAINTY

Findings on business confidence reveal a cautious outlook: while many firms express confidence in stable operations and see some optimism in technology deployment, confidence is far weaker regarding both the global and domestic economy. Concerns about consumer demand also weigh heavily, with a notable share of respondents anticipating further deterioration in spending habits.



Most respondents (46%) indicated confidence that their own company's conditions would remain stable or improve moderately (26%), while only a small 2% predicted significant gains. Confidence in industry conditions was weaker, with 30% anticipating moderate deterioration. Views on the broader economy were more negative: nearly half of respondents expected moderate deterioration in both the global (47%) and Malaysian (44%) economies, while fewer than 15% anticipated improvement.

By contrast, confidence in the deployment of new technologies was more balanced and relatively positive. Almost half of respondents believed conditions would remain unchanged, and 29% foresaw moderate improvement, reflecting cautious optimism about technological adoption. However, confidence in consumer spending habits was more negative, with 39% predicting moderate deterioration and only 15% expecting improvement, underscoring concerns over future demand.

KEY BUSINESS CHALLENGES AHEAD

FMM Business Conditions Survey 1H2025

When asked about the biggest challenges to their businesses, respondents pointed to a combination of cost pressures, tax changes and demand-related concerns as the most significant issues. While operational and financial risks such as competition, regulatory burden and labour access were also noted, the overall responses suggest that firms are most worried about rising costs and policy-driven changes in the near term.

The most pressing concerns were upward pressure on input costs (66% of respondents), the expansion of the Sales and Service Tax (SST) (63%), and changes in global trade policies (60%). These were followed by electricity tariff restructuring (54%), weak demand (52%) and increasing competition (47%). A notable share of respondents also highlighted challenges such as geopolitical instability and/or conflicts (42%), attracting new customers (41%), higher tax obligations (39%), and an increased regulatory burden (39%). Labour-related issues were reported by 31% for access to domestic skilled labour and 29% for foreign workers, while 29% also raised concerns over retaining existing customers.

Less frequently mentioned challenges included ESG sustainability compliance/obligations (28%), supply chain disruptions (26%), cash flow pressures (25%), RON95 subsidy rationalisation (13%) and difficulty accessing financing (10%). The least pressing concerns were data security (7%) and access to expatriate talent (7%), suggesting these are lower on the immediate risk horizon compared to cost, tax and demand pressures.

OPPORTUNITIES IN A SHIFTING LANDSCAPE

Manufacturers most frequently identified expanding product portfolios as their biggest opportunity, cited by 56% of respondents. This clear lead shows that diversification is viewed as the most immediate lever for growth, either by broadening offerings for domestic demand or tailoring products for overseas buyers. Similarly, exporting to new countries (38%) and new international business opportunities (29%) ranked high, underscoring the drive to tap external markets as a buffer against softer local demand. By contrast, some opportunities appear more conditional. 28% of respondents tied growth to a rebound if costs ease, reflecting the drag from persistent inflation and interest rates.

Longer-term opportunities centred on transformation. Digitalisation, cloud computing and AI (23%), along with ESG initiatives such as value-chain projects (16%) and net-zero strategies (14%) highlight areas that may reshape competitiveness over time, though less urgent in the near term.

A smaller group pointed to consolidation strategies, including vertical or horizontal integration (13%) and specialisation (11%), while reshoring (7%) was least cited. Notably, 14% saw no opportunities, signalling caution among a minority.

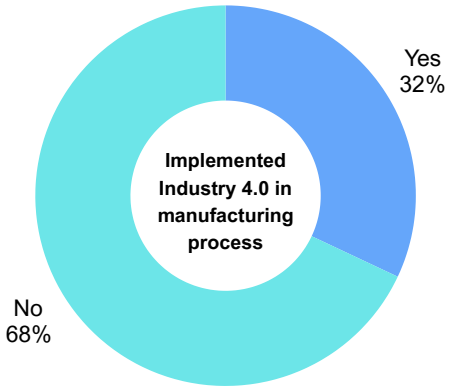
Overall, the findings reveal a two-speed outlook: short-term focus on product and market diversification, and longer-term bets on technology and sustainability. Cost relief remains the crucial swing factor. Until margins stabilise, growth ambitions will be tempered by caution.

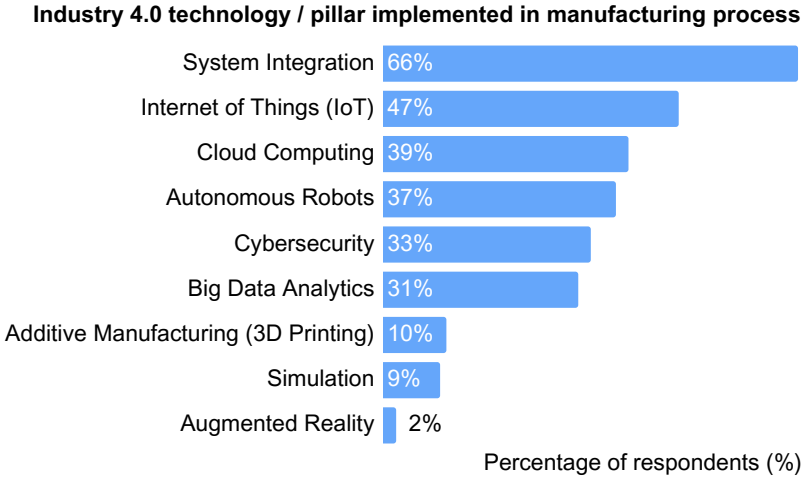
CHALLENGES IN INDUSTRY 4.0 ADOPTION, US TARIFFS AND SST EXPANSION

Manufacturers today are navigating a period of intense disruption, where technology adoption, global trade pressures, and domestic tax reforms converge to reshape operations and competitiveness. While progress has been made in embracing elements of Industry 4.0, most firms remain at an early stage, focusing on selective rather than widespread digital transformation. At the same time, external shocks such as US tariffs are adding costs and market uncertainty, pushing companies to diversify exports and rethink supply chains. Domestically, the expansion of the Sales and Services Tax (SST) has emerged as a major source of compliance complexity and rising operational costs, particularly for smaller firms. Together, these forces underscore a sector under pressure but also adapting with resilience and strategic adjustments.

Industry 4.0 Adoption: Slow but Targeted

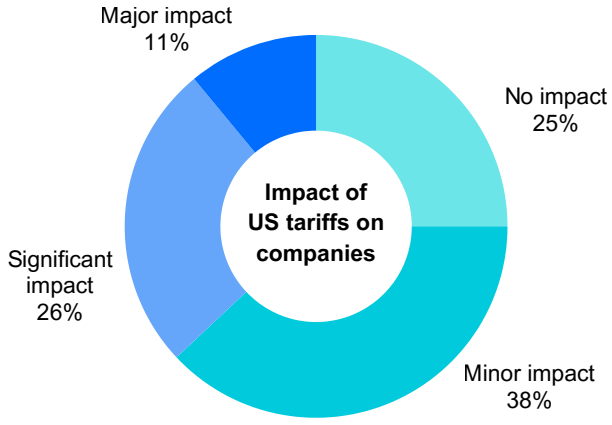
The survey reveals that adoption of Industry 4.0 technologies among manufacturers remains relatively limited. Only 32% of companies reported having implemented Industry 4.0 solutions, while the majority (68%) have not yet embraced them. Among the adopters, the most widely used technology is System Integration (66%), followed by the Internet of Things (47%) and Cloud Computing (39%). Other notable areas include Autonomous Robots (37%), Cybersecurity (33%) and Big Data Analytics (31%), indicating selective uptake focused on core efficiency and connectivity tools. In contrast, advanced solutions like Additive Manufacturing (10%) and Augmented Reality (2%) remain niche. This suggests that while progress is being made, most respondents are still at an early stage of digital transformation.

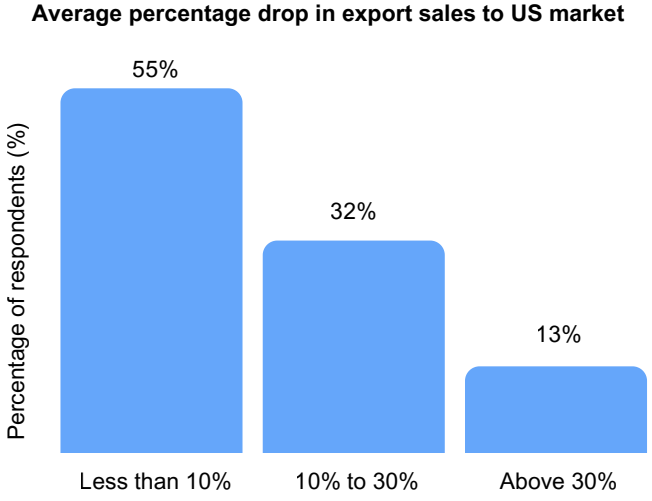




US Tariffs Bite: Manufacturers Diversify and Adapt to Survive

US tariffs are exerting a tangible influence on manufacturers, though the severity of impact varies. Around 25% of companies reported no effect, while the largest group (38%) experienced only minor adjustments. However, more than one-third faced serious challenges: 26% reported significant disruption and 11% said the tariffs posed major, long-term risks. Among those affected, 55% reported losses below 10%, but 32% endured 10-30% losses, and 13% suffered hits above 30%, pointing to serious financial vulnerabilities for a meaningful segment.



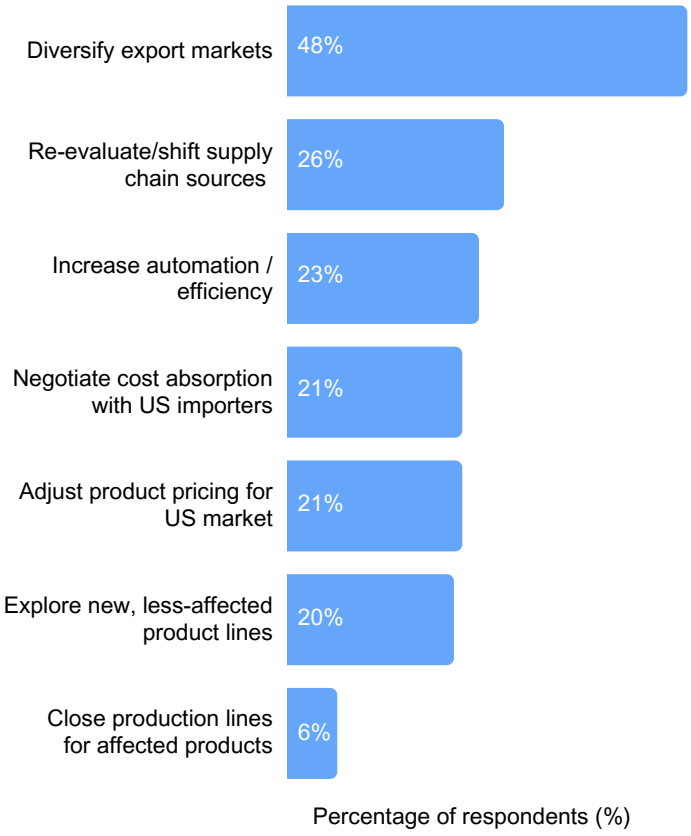


In response, manufacturers are pursuing proactive strategies. Nearly half (48%) are diversifying export markets, while others are re-evaluating supply chains (26%), increasing automation and efficiency (23%), renegotiating costs with US importers (21%) or adjusting product pricing (21%). These measures show resilience and a strong pivot toward adaptation in the face of external pressures.

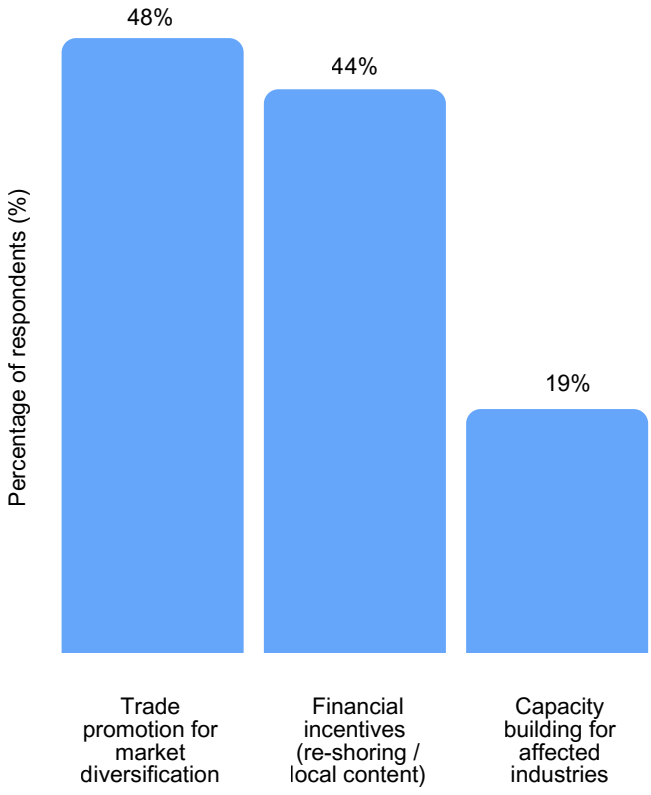
When asked about government support, respondents' top priorities were clear. Almost half of them (48%) favoured trade promotion for market diversification, underlining the need for expanded access to global markets. Nearly as many (44%) sought financial incentives to implement re-shoring and local content measures, while 19% called for capacity-building initiatives to help industries adapt and modernise.

Other suggestions, though voiced by only small numbers, included corporate tax reductions, digital transformation grants, better tax incentives and even calls for zero tariffs on US goods. These highlight a broader spectrum of expectations but reinforce the central message: respondents see market access and financial support as critical levers for resilience and competitiveness in today's challenging environment.

Key strategies to mitigate adverse effects of US tariffs



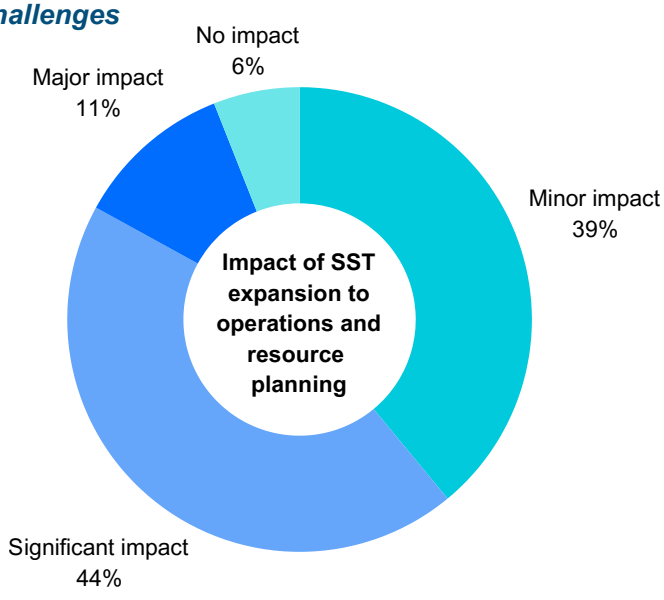
Government support / policy interventions to address US tariff challenges



SST Expansion Drives Higher Costs and Compliance Challenges

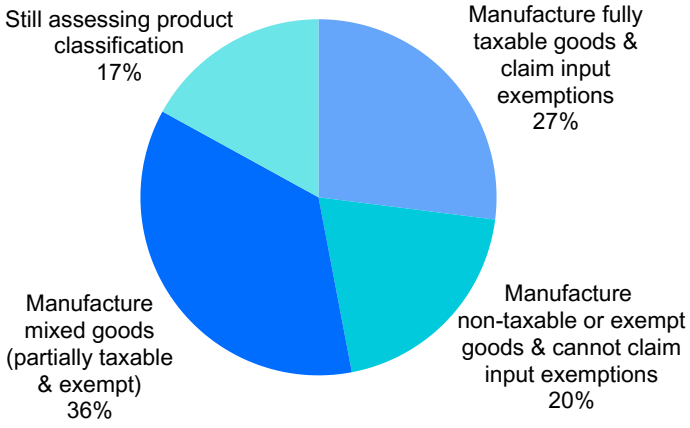
The expansion of the Sales and Services Tax (SST) scope has also had a pronounced effect on manufacturers. Only 6% of companies said they experienced no impact, while 39% described the effects as minor, involving manageable compliance or cost adjustments. However, the largest share of respondents (44%) indicated significant impacts, including added compliance burdens and operational complexities. A further 11% reported major disruptions, such as the need to alter business models or scale down operations.

This distribution underscores that while a portion of manufacturers can manage the new requirements without major strain, nearly half face substantial challenges that could hinder efficiency and competitiveness. The SST scope expansion is not a marginal issue; it is reshaping operations for the majority of respondents.

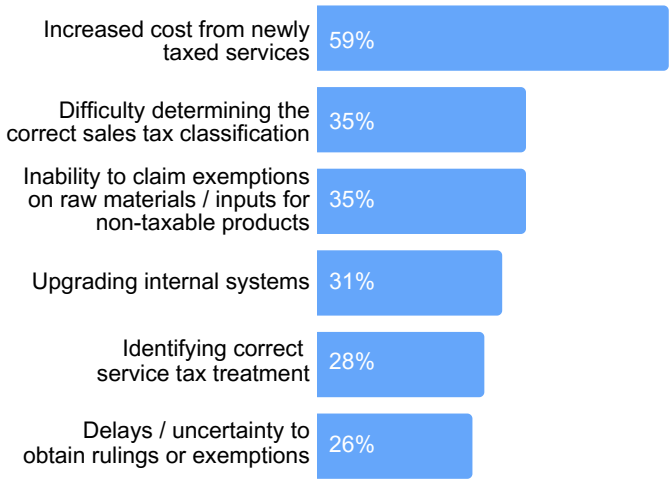


Beyond the direct cost and compliance burden, companies face varying degrees of exposure to the SST depending on how their products are treated under the tax. Around 27% indicated that their products fall fully within the taxable scope, meaning sales tax is chargeable on all their outputs. In contrast, 20% reported producing exempt or non-taxable goods. Although these companies are not directly exposed through output tax, they cannot claim input exemptions, which results in higher input costs. A significant share (36%) operates across both taxable and exempt goods, which increases complexity in tracking and applying the correct treatment. Notably, 17% remain uncertain or are still assessing their product classification, underscoring that a considerable portion of the industry has yet to fully determine its obligations. Taken together, these findings show that most companies are grappling not just with higher costs but with classification challenges and compliance uncertainty that risk undermining competitiveness.

Company's current SST position under the expanded scope



Main areas of impact from the SST scope expansion

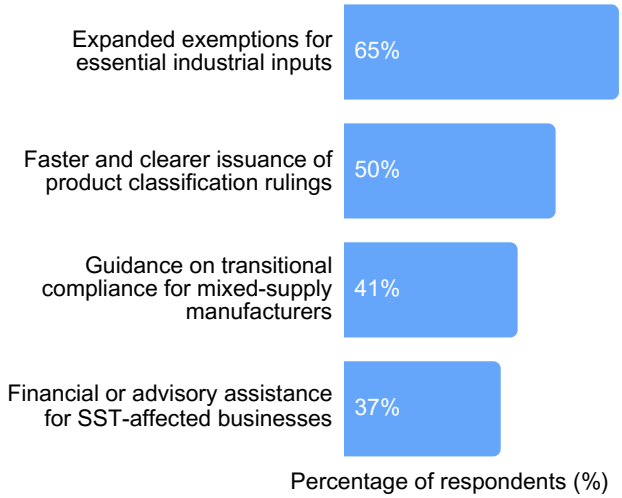


Respondents highlighted multiple pain points stemming from the expansion of the Sales and Services Tax (SST). The most frequently cited issue was the increased cost from newly taxed services (59%), particularly the inclusion of construction services at 6% and rental or leasing services at 8% from July 1, 2025, which has raised operating expenses. Close behind, 35% reported difficulties in obtaining or applying exemptions on raw materials and inputs, while another 35% struggled with determining the correct classification and tax codes for products. Beyond these cost pressures, companies also flagged broader compliance challenges. Other significant concerns include the need to upgrade internal systems (31%), uncertainty or delays in obtaining Customs rulings (26%), and challenges in identifying the correct service tax treatment for complex transactions (28%).

Although smaller in proportion, some respondents also flagged issues such as increased costs of imports, difficulties with exemptions, added workload for staff and disruptions to scrap sales. Together, these responses reinforce that the SST's broader scope is not only raising direct costs but also adding layers of compliance and operational strain, particularly for SMEs with limited resources.

The reintroduction of GST was the most notable measure suggested by respondents, reflecting industry preference for a more transparent system that avoids cascading costs and allows input tax credits. Beyond this, respondents also called for stronger government intervention to address the challenges arising from the SST expansion, with clear demands for exemptions, clarity and support. The most widely requested measure was expanded exemptions for essential industrial inputs (65%), showing that companies see cost relief on key materials as critical. About 50% also asked for clearer guidance on product classification, as many still face difficulties in identifying the correct HS codes under the expanded scope. In addition, 41% sought better support on transitional compliance for mixed-supply manufacturers and 37% requested financial or advisory assistance to cope with the expanded tax framework.

Government measures required to support manufacturers under the expanded SST scope



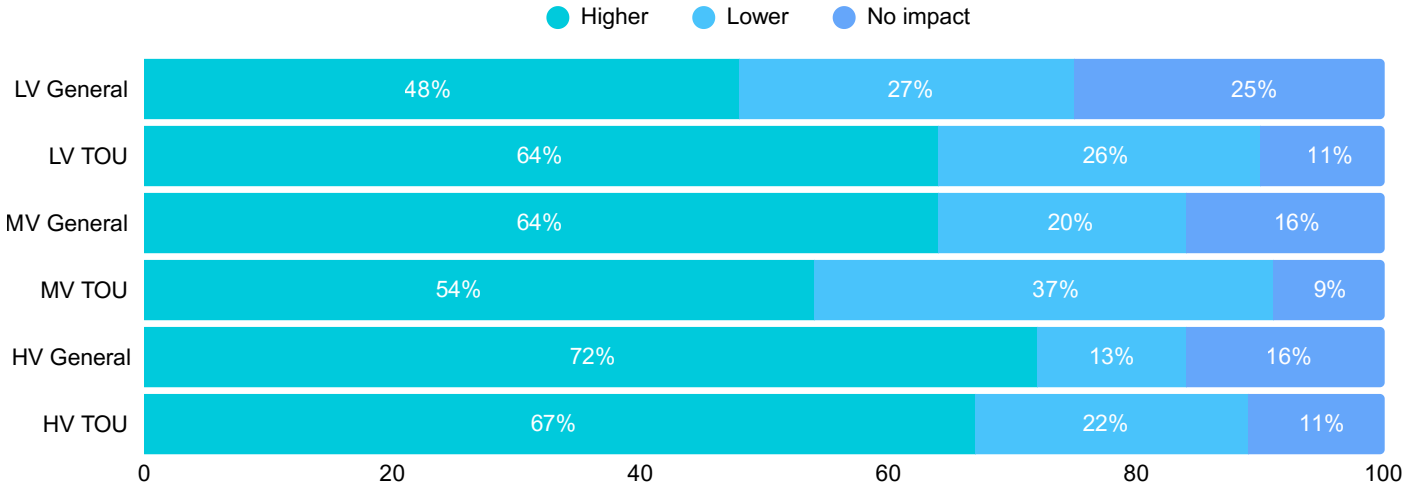
Respondents further suggested more active government briefings, clearer guidelines and exemptions for export-oriented or specialised industries. Taken together, these results show that manufacturers are not only burdened by higher costs and compliance complexity but are also seeking greater clarity, predictability and targeted relief measures from policymakers.

IMPACT OF TARIFF REVISIONS ON BUSINESS COSTS

Impact by Category *(analysis of LV, MV, HV, General vs. TOU)*

Survey results shows that the majority of businesses across all groups reported higher costs following tariff adjustments. Overall, 60.3% of respondents experienced an increase, 22.6% reported lower costs, and 17.8% indicated no change. High voltage users were the most heavily affected, with 71.7% of HV General and 66.7% of HV TOU respondents citing higher costs. Medium voltage users also reported significant effects, with 64.0% of MV General and 53.8% of MV TOU respondents facing cost increases. At the low voltage level, 63.6% of LV TOU and 48.2% of LV General respondents experienced higher costs, though LV General users reported relatively more stability, with 25.3% indicating no change. The results suggest that tariff revisions have had a broad and upward impact on business expenses, particularly for high-consumption categories. The reported higher bill in July 2025 however, could also be attributed to higher electricity usage for the month for some respondents.

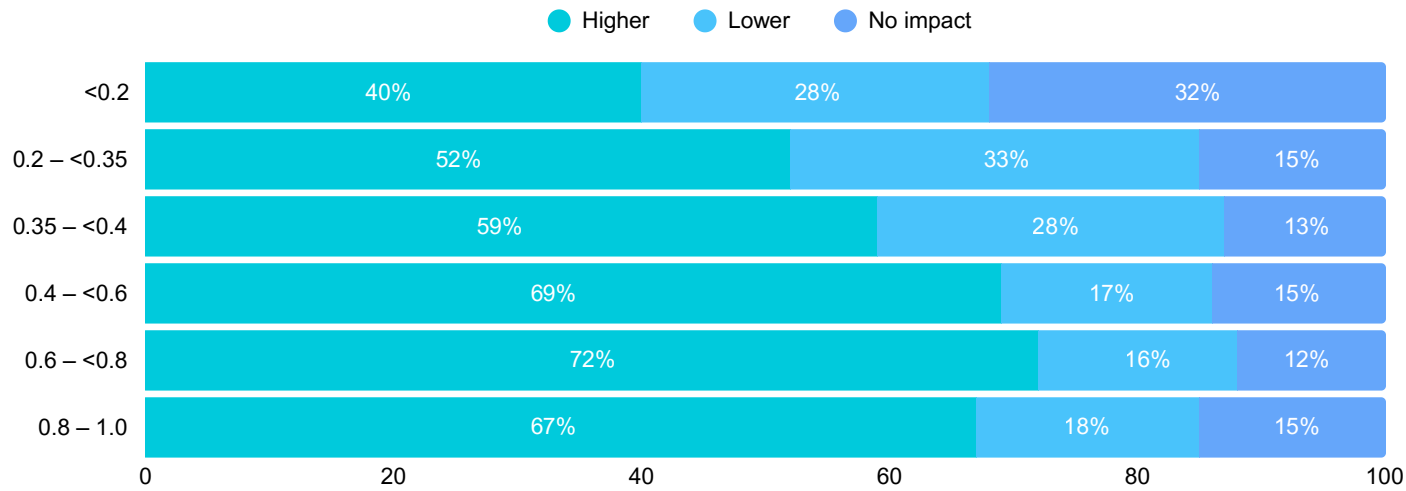
Applicable Tariff Category vs Expected Impact on Electricity Bill



Impact by Load Factor *(analysis by typical load factor ranges)*

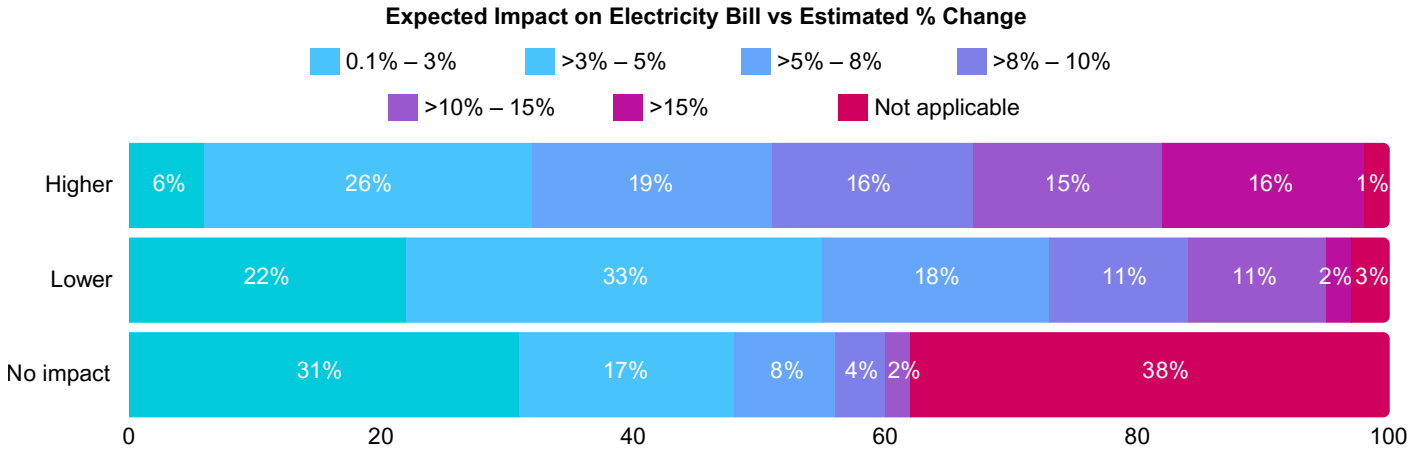
When analysed by typical load factor ranges, the survey results again highlight that higher costs dominate across most categories, with 60.6% of respondents overall reporting increases. Businesses with more consistent or efficient load factors, particularly those in the 0.4-0.8 and 0.8-1.0 ranges, were most affected, with more than half reporting higher costs. For example, 72.4% of firms with load factors between 0.6-0.8 reported cost increases. In contrast, those with very low load factors (<0.2) displayed a more mixed experience, with 40.0% reporting higher costs, 27.7% noting lower costs, and 32.3% indicating no change. This pattern suggests that businesses with higher and steadier energy utilisation were disproportionately impacted by the tariff changes, while low-utilisation firms experienced more varied outcomes. The observed impacts may not be attributed exclusively to the tariff changes; they could also reflect the higher electricity consumption levels of firms with steadier utilisation.

Typical Load Factor Range vs Expected Impact on Electricity Bill



Impact by Estimated % Change *(analysis of the magnitude of reported increases / decreases)*

A cross-tabulation of perceived impact with estimated percentage change further illustrates the scale of the adjustments. Among businesses reporting higher costs, the majority estimated increases in the range of >3-15%, with 25.7% citing >3-5%, 16.4% citing >8-10%, and 15.3% citing >10-15%. Smaller shares reported increases below 3% (6.1%) or above 15% (16.4%). For those who experienced lower costs, most reported reductions in the 0.1-5% range, with 33.1% estimating >3-5% and 21.8% reporting 0.1-3%. Respondents who reported no change aligned with the "not applicable" category, reflecting consistency in their responses. Taken together, the findings show that the dominant experience was moderate cost increases of 3-15%, confirming a widespread but not extreme upward pressure on operating costs.



Energy Efficiency on the Rise, with Strong Intent for Further Adoption

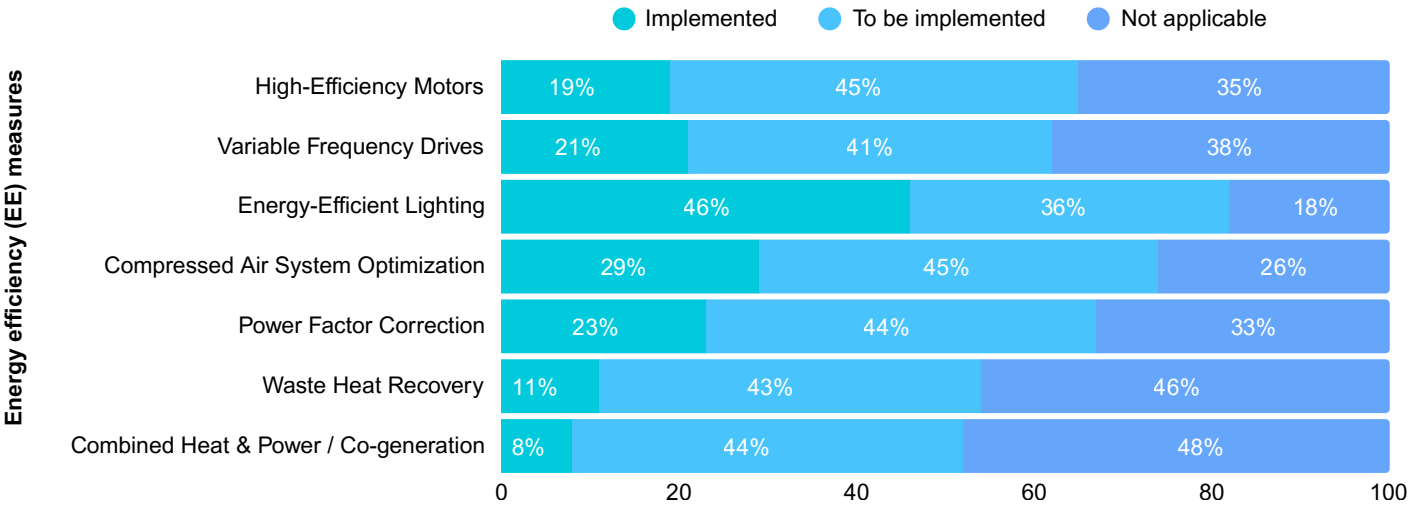
The survey shows that respondents are actively implementing energy efficiency (EE) measures, though uptake varies by technology. The most widely adopted initiative is energy-efficient lighting (46%), reflecting its cost-effectiveness and ease of deployment. This is followed by compressed air system optimisation (29%) and power factor correction (23%), indicating broader efforts to improve equipment efficiency.

Looking at planned actions, the highest share of respondents intending to adopt high-efficiency motors (45%), compressed air optimisation (45%), power factor correction (44%), and combined heat and power/co-generation (44%), signalling a strong pipeline of investments. Less common but still notable planned measures include waste heat recovery (43%) and variable frequency drives (41%), suggesting that more advanced solutions are under consideration even if not yet widespread.

By contrast, a significant share of firms reported measures as not applicable to them, particularly for waste heat recovery (46%) and co-generation (48%), likely due to sectoral differences in energy use.

Overall, the findings highlight a clear shift toward greater energy efficiency in 1H2025, with widespread implementation of low-cost, high-impact measures and growing intent to adopt more advanced technologies over time.

On other energy efficiency measures implemented and to be implemented, the survey results show that there is uniformly low uptake. Implemented measures included building envelope improvements and awareness programmes on electricity consumption, while future measures mentioned were energy monitoring systems and plant maintenance for efficiency.

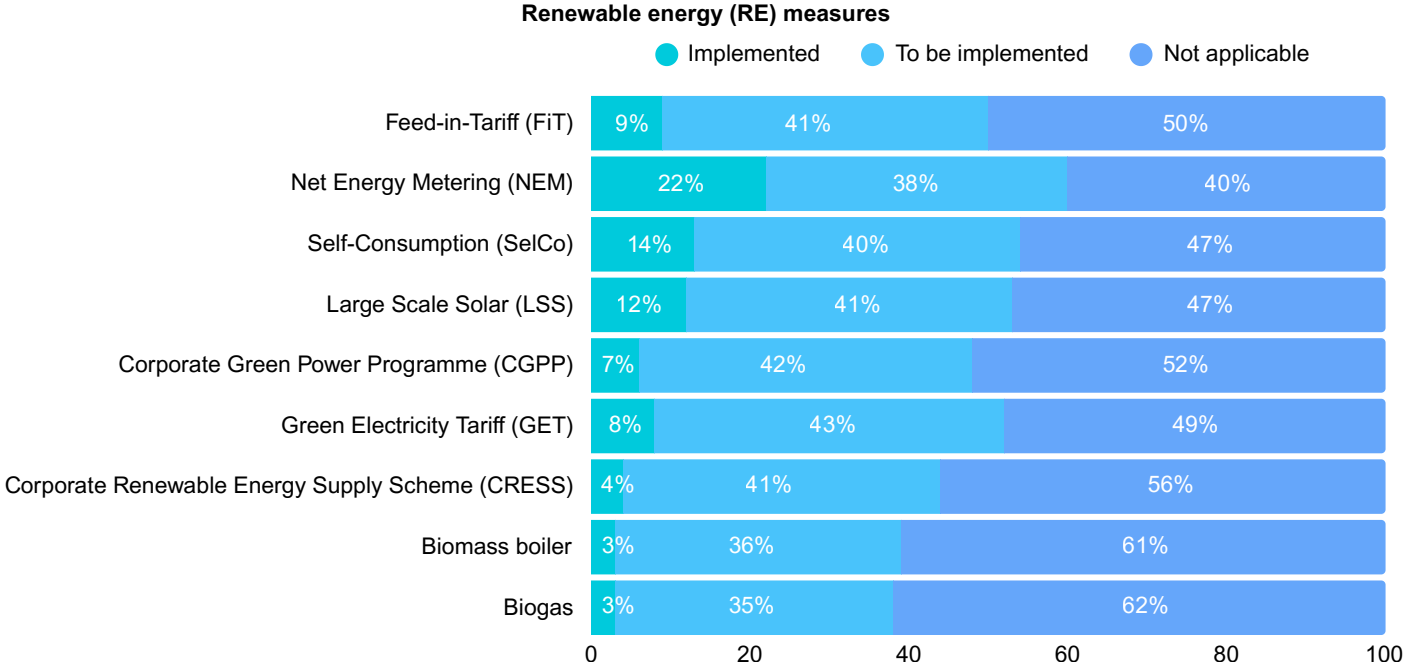


Renewable Energy Measures: Adoption Still Limited, but Growing Intent

The survey results show that renewable energy (RE) adoption among respondents is still modest, but there is growing intent to expand in the future. The most widely implemented measures are Net Energy Metering (22%), Self-Consumption (14%), and Large-Scale Solar (12%), indicating that solar-based solutions dominate current RE uptake. Other initiatives such as the Feed-in-Tariff (9%), Green Electricity Tariff (8%) and Corporate Green Power Programme (7%) are less common, while advanced schemes like the Corporate Renewable Energy Supply Scheme (4%) (which replaces the Corporate Green Power Programme), biomass (3%) and biogas (3%) remain niche.

Looking ahead, intent to adopt is considerably higher. For instance, 38% for Net Energy Metering, 40% for Self-Consumption, and 41% for Large-Scale Solar. Similarly, newer schemes such as the Green Electricity Tariff (43%)and CRESS (41%) show strong potential uptake. While current use of biomass and biogas is minimal, intent remains low here too, suggesting that respondents are prioritising solar and grid-based renewable solutions over bioenergy.

Overall, these findings highlight that while RE adoption today is relatively limited, there is significant momentum building toward solar and grid-linked renewable schemes, making renewable energy a growing focus for manufacturers going forward.



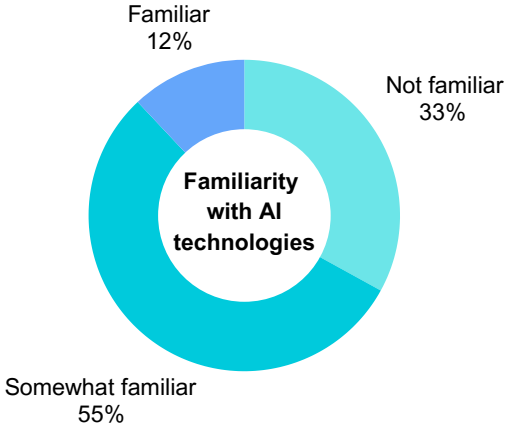
ARTIFICIAL INTELLIGENCE (AI)

Artificial Intelligence: Low Adoption but Emerging Applications

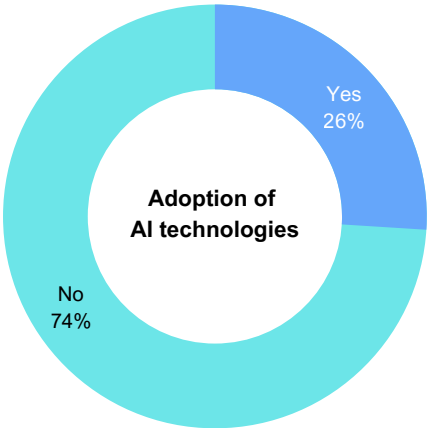
Survey results show that respondents' familiarity with artificial intelligence (AI) remains modest. Just 12% of them said they are familiar with AI technologies, while a majority are somewhat familiar (55%) and 33% not familiar. This indicates that while awareness is growing, a large proportion of firms still lack a deep understanding of AI.

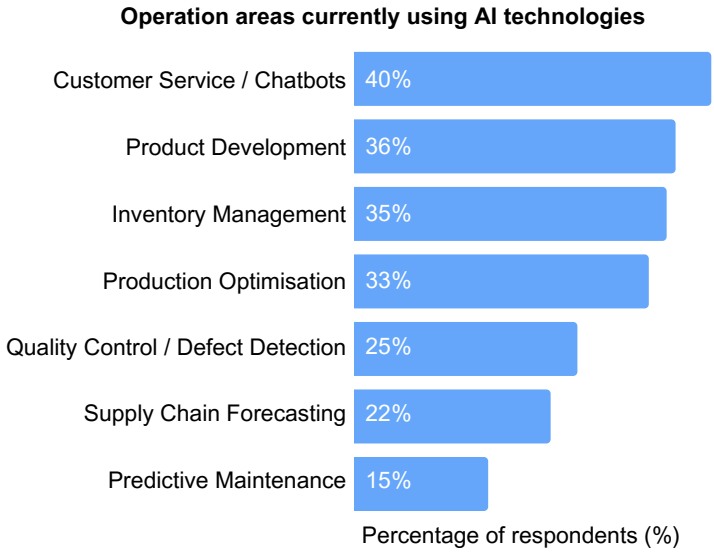
When it comes to adoption, only 26% of companies have implemented AI solutions, while nearly three-quarters (74%) have yet to take the step. Among adopters, AI is being applied in diverse areas, with the top use cases including customer service/chatbots (40%), inventory management (35%), product development (36%)and production optimisation (33%). Other notable applications are quality control (25%), supply chain forecasting (22%) and predictive maintenance (15%).

In addition, a range of niche uses were highlighted, such as marketing, administrative automation, OCR for invoices, ERP integration, cybersecurity and HSE data analysis, suggesting that experimentation is taking place across operational and support functions.



Overall, the results reveal that AI adoption in manufacturing is still in its early stages, with most firms at the awareness or exploratory phase. However, the breadth of applications already in use points to the growing potential of AI as a transformative tool for efficiency, innovation and customer engagement



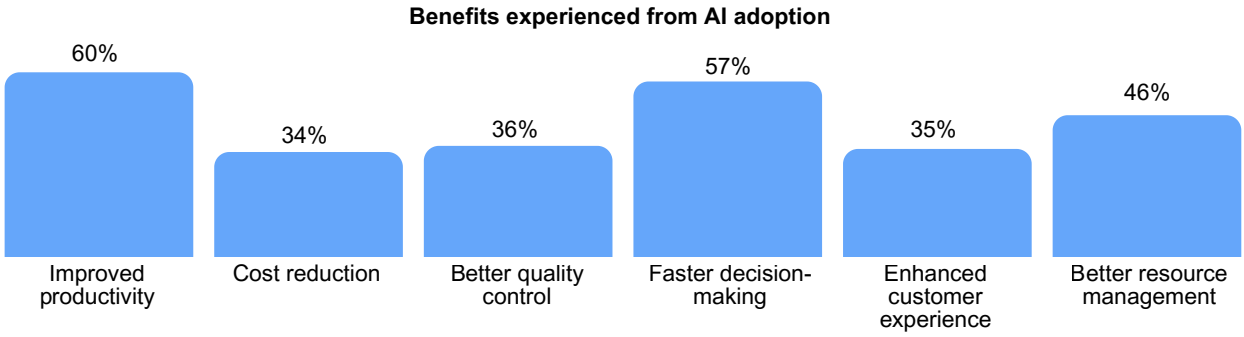


AI Benefits: Productivity and Decision-Making Lead the Gains

Respondents already using artificial intelligence (AI) are seeing clear benefits across a range of operational areas. The most frequently cited gain was improved productivity (60%), followed closely by faster decision-making (57%). Other key benefits include better resource management (46%), quality control improvements (36%), enhanced customer experience (35%) and cost reduction (34%). These results highlight AI's role not only in efficiency and productivity but also in improving quality and customer-facing outcomes.

A smaller number of respondents also highlighted niche benefits such as root cause analysis in quality control, increased employee engagement, fewer human errors and time savings in product presentation preparation. While less common, these examples show the breadth of ways AI is being applied in manufacturing contexts.

Overall, the findings reinforce that AI adoption, while still limited, is delivering tangible returns for early adopters, especially in productivity, decision-making and resource optimisation, areas critical for competitiveness in 1H2025 and beyond.



The FMM Business Conditions Index (FMM BCI) tracks the general state of the economy affecting business viability. The FMM BCI uses the current level of business activity as a proxy for current business conditions, compared to six months ago. Index values range from 0 to 200 points. A value above the growth-neutral threshold level of 100 points indicates an improvement or positive outlook, while that below the threshold indicates a worsening or negative outlook.

The FMM Business Conditions Survey 1H2025 was conducted from July 2, 2025 to August 15, 2025 and received 627 responses, of which 71.0% were SMEs (based on full-time employees), with 150, 107 & 72 responses from Klang Valley, Perak & Penang respectively. The top three industries for responses were: Food, Beverage & Tobacco (17.7% of respondents); Chemicals & Chemical Products (11.8%); and Plastic & Plastic Products (10.5%).

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