

Two local companies diversify their footprint into Penang with RM190m investments

Two public-listed large local companies (LLCs), namely, JHM Consolidation Berhad (JHM) and QES Group Berhad (QES) have chosen Penang's Batu Kawan Industrial Park (BKIP) for their new manufacturing operation presence in Penang. With a combined investment value of RM190 million, the construction works of both projects are slated to complete by 2023 and will create 1,100 new job opportunities over a 5-year period.

JHM: Renowned local electronics manufacturing services (EMS) provider

JHM provides integrated engineering solutions, ranging from design, product development, Printed Circuit Board Assembly (PCBA), design and fabrication of tooling, machining and stamping parts, production of microelectronic components and sheet metal fabrication, among others. While automotive lighting and industrial products are the key revenue drivers, JHM also serves the aerospace and medical device sectors and recently expands the product portfolio to include telecommunication equipment/devices.

QES: One-stop specialist in equipment manufacturing & distribution

QES's manufacturing division focuses on automated inspection and automated handling equipment for various semiconductor processes. Serving the needs of the semiconductor, E&E and automotive industries, QES is also the distributor for multiple brands that provide analytical instruments, inspection and test equipment, materials and engineering solutions. In 2021, QES and Applied Engineering (USA) established a joint venture to provide electromechanical contract manufacturing services. Lately, QES ventured into IR4.0 and smart manufacturing solutions, providing warehouse management, vending solutions, among others.

Conducive environment backed with strong MNCs presence

Being a key regional hub for semiconductor, machinery & equipment and medical device industries, Penang houses more than 350 MNCs and 4,000 manufacturing-related SMEs. The strong MNCs presence and their continuous growth in Penang created significant economic spill-over and multiplier effects, which include creating supply chain localisation opportunities. Setting foot in Penang could have far-reaching effects to the local companies as it opens the door for the homegrown players to penetrate or deepen the roots into the global supply chain in a cost-efficient manner, thanks to the State's strong industry clusters as well as proximity to the MNCs that create competitive advantage.

Encouragingly, the entrance of JHM and QES into Penang demonstrates Malaysia's dynamic and inclusive environment whereby local companies can operate at multiple sites within the country to reap the unique value propositions that are offered in different states. In this regard, JHM and QES have chosen the State as their expansion sites to leverage on its competitive edge and work towards catering to the needs in different segments and achieving better efficiency.

Heightened domestic direct investment – Increasing focus on high value-added manufacturing

According to data from the Malaysian Investment Development Authority (MIDA), Penang's domestic direct investment (DDI) has been experiencing significant growth recently. In 2020, the State's DDI surged 92% year-on-year and reached RM3.6 billion, 64% higher than the 10-year average of RM2.2 billion (2011 – 2020). The momentum persisted in the first half of 2021, with Penang clocking up RM700 million in DDI, which is equivalent to 54% of the State's total approved manufacturing investment.

Penang has been successful in its transformation journey for the past decades and will be celebrating the 50th anniversary of its industrialization journey in 2022. Its robust industrial ecosystem and active participation from both foreign and local companies, translated into immense potential that is ripe for the picking. Holding on to that, the State strives to maintain a sustainable ecosystem and elevate the liveability stature in order to attract high-quality investors and achieve greater heights in years to come.