

# China-based firms resilient

Demand encouraging due to cheap prices

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**KUALA LUMPUR:** Most China-based companies in Malaysia are still resilient despite the slowdown in China's economy.

Malaysia-China Friendship Association (PPMC) secretary Tan Kai Hee said the demand for the companies' products was still encouraging due to their cheaper prices.

"Bilateral trade between Malaysia and China is expected to exceed US\$50bil this year compared to US\$46.4bil last year based on the good demand," he told *StarBiz*.

However, he said, it was hard to predict the trade value for next year as the global financial crisis had not bottomed out.

He said the total value might be lower due to a drop in prices of oil and other commodities.

"The demand between China and Malaysia is still correlated as China needs commodities such as oil palm, rubber and oil from Malaysia; in return, we also need China-made machinery, textile and consumer products," he said.

Tan said the dent in the public's confidence on China's products was limited to dairy products following the melamine-tainted milk scare in China.

He said the PPMC, Malaysia-China Business Council and Malaysia-China Chamber of Commerce were planning strategies to help China-owned companies here and Malaysian companies that had business in China in the current hard times.

He welcomed the recent US\$586bil stimulus plan announced by China, saying that it would help companies there to grow and hence, indirectly boost the performance of China-owned companies in Malaysia.

Meanwhile, Bank of China (M) Bhd chief executive officer Zheng Jingbo said China-based shipping and manufacturing companies in Malaysia might see a business slowdown because of the drop in bulk and container shipping rates and lower demand for manufactured products respectively.

He said retrenchment was possible for certain companies if the global financial crisis worsened. So far, Bank of China has not seen any such situation.

"China's interest to invest in Malaysia is still positive," said Zheng, who is also the president of China Enterprises Association in Malaysia.

He said China-based companies were involved in sectors such as manufacturing, shipping, financial, electrical products and telecommunications.

"The companies that face any financial problems should have a friendly talk with the bank so that the bank can assist them in finding a solution," he said.

He said it was important to have a concrete expansion plan, with strategies to sustain growth, when applying for loans.

"We will try to help China-based companies that are planning to expand to look for good partners in Malaysia," he said.

He said that having a good cash flow and extensive risk management policies would help the company to ride out the



Tan Kai Hee



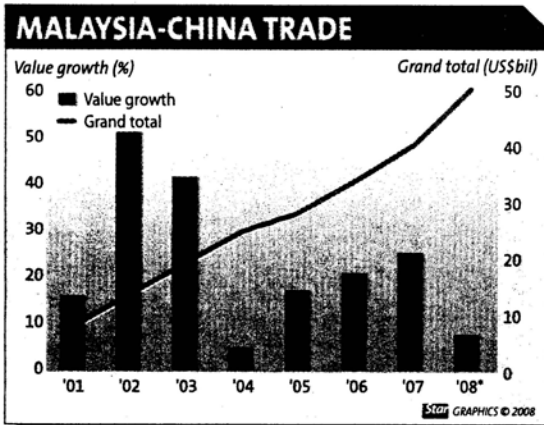
Zheng Jingbo

financial crisis.

Zheng said Bank of China (Malaysia) did not face any difficulty in its financial position, but financial institutions would be more cautious in lending activities amid the economic slowdown.

"The strict corporate governance in Malaysia has helped the bank to sustain its position during the crisis," he said.

He said the bank intended to work closely with local banks to come out with flexible plans to help Malaysian companies.



\* Estimates  
Source: Various