


MAINTAINING  
THE  
CROWN



Despite economic challenges, Muar-based listed furniture companies have shown resilience through cost management, market expansion, and operational efficiency, with strong export demand and market positioning driving positive revenue growth.

## SANDING DOWN THE EDGES: CAN MALAYSIA'S FURNITURE INDUSTRY STAY ON TOP?

Nestled along the scenic banks of the Muar River, this historic royal town is a hidden gem in Johor, blending old-world charm with industrial prowess. Muar, often dubbed the 'Furniture City of Malaysia,' is more than just a manufacturing hub—a town rich in culture, heritage, and entrepreneurial spirit.



With its colonial-era buildings, vibrant street art, and renowned gastronomic delights, Muar offers a unique blend of tradition and modernity. Yet, behind its laid-back façade lies a thriving economic engine, driving Malaysia's dominance in the global furniture trade. Home to generations of skilled artisans and forward-thinking entrepreneurs, Muar has evolved into an industrial powerhouse where craftsmanship meets innovation. From its bustling furniture factories to its scenic waterfront, Muar is a testament to resilience, adaptability, and the relentless pursuit of excellence.

Muar is instrumental in Malaysia's RM11.73 billion furniture industry, driving production and exports. Renowned for its skilled craftsmanship, efficient manufacturing, and strong global reach, the town accounts for nearly 60% of the country's total furniture exports. Over the decades, it has evolved from a traditional woodworking centre into a high-tech manufacturing hub, supplying premium furniture to over 160 countries, including major markets such as the United States, Europe, Japan, and Australia. This transformation has been fuelled by access to sustainable raw materials, government support, and a long-standing culture of excellence in furniture-making.

### Malaysia's Furniture Industry: Growth, Competition, and Resilience

Malaysia's furniture industry has a long and rich history, evolving from small-scale local woodcraft businesses to major global exporters. The sector has capitalised on Malaysia's vast natural resources, particularly its sustainable rubberwood supply, making it a preferred destination for high-quality wooden furniture production. Furthermore, the industry has successfully integrated modern technology and automation, ensuring Malaysian manufacturers remain competitive globally.

Malaysia's furniture industry has demonstrated remarkable resilience and adaptability despite recent economic uncertainties. From January to August 2024, Malaysia's total global furniture trade surged 15.5%. Exports accounted for RM8.34 billion, reflecting an impressive 11.7% year-on-year growth compared to 2023. This strong performance highlights the industry's recovery, its ability to navigate shifting market dynamics, and its ability to strengthen its global competitiveness.

The sector's export-driven nature remains key to its success, with over 80% of production intended for international markets. Malaysian manufacturers have built a strong reputation for high-quality furniture and competitive pricing, positioning them among the world's top 10 furniture exporters. Malaysia's products cover various categories, including bedroom sets, kitchen furniture, office furnishings, and modular designs tailored for modern living.

However, Malaysian manufacturers face increasing competition from regional powerhouses such as China and Vietnam. China, the world's largest furniture exporter, benefits from economies of scale and cost efficiency, enabling it to offer products at highly competitive prices. Meanwhile, Vietnam has become a strong contender thanks to its lower labour costs and aggressive trade strategies. Lastly, we should closely watch out the potential tariff imposition by US on consumer products

Despite these challenges, Malaysia's furniture industry has differentiated itself through product innovation, sustainable manufacturing practices, and superior craftsmanship. With a strong emphasis on eco-friendly production, Malaysian manufacturers have capitalised on sustainability trends, mainly using rubberwood, a renewable and environmentally friendly resource.

### Navigating Market Headwinds

MSWG closely monitors four public-listed furniture companies (PLCs) in Muar: **Homeritz Corporation Berhad, Lii Hen Industries Berhad, Poh Huat Resources Holdings Berhad, and Sern Kou Resources Berhad.**

These companies play a crucial role in Malaysia's furniture export sector, contributing significantly to the nation's economy while navigating dynamic global challenges.

Despite economic headwinds such as inflation, currency fluctuations, and shifts in consumer behaviour, these companies have exhibited resilience through strategic cost management, market expansion, and operational efficiency enhancements. The industry maintains strong revenue streams backed by sustained export demand and the ability to tap into multiple international markets.

While a few PLCs have experienced pressures on **net profit margins** due to increased financing costs and foreign exchange volatility (as shown in their latest quarterly results), most have managed to stabilise their financial positions through prudent capital management. Companies continue to

- ⊕ **Homeritz:** Strong revenue and net profit growth due to improved export demand.
- ⊖ **Lii Hen:** Marginal revenue growth but a significant drop in net profit, affected by forex losses and higher depreciation.
- ⊕ **Poh Huat:** Strong demand in the US office furniture segment fuels double-digit revenue growth. Its higher profit was in line with higher revenue and lower taxation.
- ⊖ **Sern Kou:** Record slightly lower revenue but posted higher net profit due to lower cost of sales.



prioritise **working capital efficiency**, ensuring liquidity for operational stability and ongoing investments in automation and sustainability.

The overall financial outlook remains **positive** as these firms focus on diversification strategies, product innovation, and improved operational efficiencies to sustain profitability. Integrating advanced technology and an effective cost-management strategy will mitigate risks and bolster long-term growth.

### Driving Operational Efficiency

These PLCs also accelerate investments in automation, digital monitoring, and smart manufacturing to remain competitive. Advanced robotics, AI-driven analytics, and automated production lines enhance efficiency, reduce material wastage, and ensure quality consistency while decreasing labour dependency.

Many companies also leverage Enterprise Resource Planning (ERP) systems for real-time inventory and supply chain management, enabling faster production cycles and better demand forecasting. 3D modelling and digital prototyping further streamline product development, allowing manufacturers to refine designs virtually before production, reducing costs and time to market.



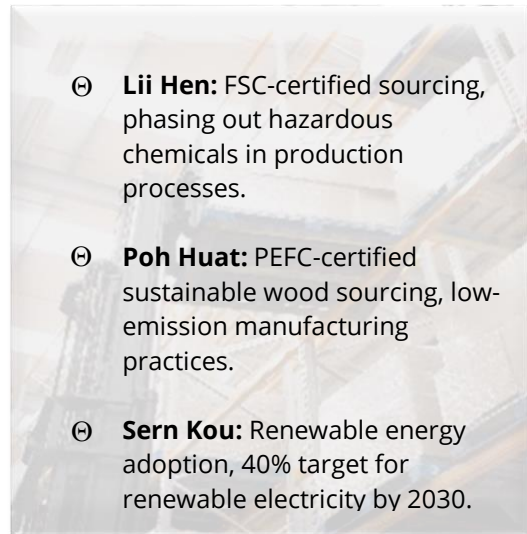
Recognising the need to remain competitive against cost-efficient rivals like China and Vietnam, Muar-based manufacturers have intensified investments in automation, digital monitoring, and production efficiency enhancements. Integrating advanced robotics, smart manufacturing systems, and AI-driven analytics transforms operations by reducing labour dependency, improving precision, and streamlining production processes. Automated systems, including cutting, assembly, and finishing technologies, ensure greater consistency in quality control while minimising material wastage and optimising resource utilisation.

### Sustainability and ESG Commitments

As ESG considerations become increasingly crucial in procurement decisions, Muar manufacturers embed sustainability into their business strategies. This involves focusing on **eco-friendly materials, carbon footprint reduction, and renewable energy adoption**, ensuring long-term competitiveness in the US and European markets, where stringent sustainability standards apply. Companies actively seek green certifications,

optimise production processes to minimise environmental impact, and integrate recycled materials into their designs.

Additionally, many firms are implementing **solar energy solutions and energy-efficient manufacturing practices** to lower operational costs and meet regulatory expectations. Waste management initiatives, including using sustainably sourced timber and low-emission adhesives, are prioritised to align with global environmental trends. These sustainability-driven efforts enhance compliance with international requirements and position Muar's furniture industry as a responsible and sustainable manufacturing leader.



### **Outlook for 2025: Opportunities and Market Expansion**

Looking ahead to 2025, Malaysia's furniture industry is poised for continued growth, driven by several key factors. One of the most significant influences is the strength of the US dollar, which makes Malaysian furniture more affordable to international buyers. If the Malaysian ringgit weakens against the US dollar, this could further boost export demand, making Malaysian products even more competitive globally.

Moreover, the devastating wildfires in Los Angeles have created an unexpected surge in demand for home furnishings. Reconstruction efforts are expected to drive significant furniture purchases in the US. Malaysian manufacturers, especially those offering durable and cost-effective furniture solutions, stand to benefit from this increased demand.

Beyond the US, Malaysia is also set to expand its footprint in emerging markets such as India and Southeast Asia, where rising disposable incomes and urbanisation trends fuel furniture consumption. India, in particular, is experiencing rapid growth in the home furnishing sector, presenting new opportunities for Malaysian exporters.

Despite ongoing challenges, Malaysia's furniture industry remains resilient and adaptable. Muar continues to lead the nation's exports and set quality, design, and sustainability benchmarks. With strategic advancements, a robust financial foundation, and an expanding global market, 2025 is set to be a year of renewed optimism and growth for Malaysian furniture manufacturers. As industry players embrace technological advancements and sustainability, Malaysia's furniture sector is well-positioned to reinforce its status as a global leader in high-quality and innovative furniture production.

**[END]**

# MSWG AGM/EGM WEEKLY WATCH

The following are the AGMs/EGMs of companies on the Minority Shareholders Watch Group's (MSWG) watch list for this week.


The summary of points of interest is highlighted here, while the details of the questions to the companies can be obtained via MSWG's website at [www.mswg.org.my](http://www.mswg.org.my).

## QUICK-TAKE

Date & Time	Company	Quick-take
10.02.25 (Mon) 09.30 am	United Plantations Berhad (EGM)	The EGM is to seek shareholders' approval for the proposed bonus issue of up to 208.13 million of new United Plantations (UP) shares on the basis of 1 bonus share for every 2 existing UP shares held on the entitlement date to be determined and announced later.
12.02.25 (Wed) 11.00 am	JOE Holding Berhad (EGM)	JOE proposes to seek shareholders' approval for the proposed reduction of its issued share capital of RM80.40 million pursuant to Section 117 of the Companies Act 2016.
12.02.25 (Wed) 02.30 pm	Vsolar Group Berhad (EGM)	The Company is tabling a special resolution for shareholders' approval for the proposed reduction of the issued share capital of Vsolar of RM100.00 million pursuant to section 117 of the Companies Act 2016.
14.02.25 (Fri) 10.00 am	AME Elite Consortium Berhad (EGM)	<p>AME is seeking shareholders' approval for the:</p> <ul style="list-style-type: none"> <li>Proposed Joint Venture between Central Gateway Development Sdn Bhd (CGDSB), a 60%-owned subsidiary of AME Industrial Park Sdn Bhd (AMEIP), which in turn is a wholly-owned subsidiary of AME, together with AMEIP And KLK Land Sdn Bhd (KLKL), a wholly-owned subsidiary of Kuala Lumpur Kepong Berhad (KLKB) to jointly acquire and develop part of 2 parcels of freehold agricultural land with industrial potential known in Mukim Ijok, Daerah Kuala Selangor, Negeri Selangor, measuring approximately 61.193 hectares.</li> </ul>

Date & Time	Company	Quick-take
		<ul style="list-style-type: none"> <li>Proposed Acquisition by CGDSB of the land from KLKB for a total purchase consideration of RM230.54 million to be satisfied fully in cash.</li> <li>Proposed Provision of Financial Assistance by AME and its subsidiaries, through AMEIP To CGDSB.</li> </ul>

## Special Announcement



**13 MARCH 2025 | TUESDAY**  
**8:30 AM - 4:00 PM**  
**AICB CENTRE OF EXCELLENCE, KL**

**1 DAY** (Before 14 February 2025)  
**RM1,800**


**Early Bird**  
**RM1,600**

**Group of 2 or more**  
**RM1,600**

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## Are You Ready for The National Sustainability Reporting Framework & Latest Bursa Listing Requirements?

**Programme Overview**

In September 2024, the Securities Commission Malaysia announced implementation of the National Sustainability Reporting Framework (NSRF). It mandates IFRS Sustainability Disclosure Standards (ISSB Standards) for listed and large non-listed companies. The framework aims to enhance transparency, accountability and business resilience, aligning the nation's sustainability goals. In December 2024, Bursa Malaysia announced corresponding amendments to the Listing Requirements. Compliance will be phased, starting in 2025 for large Main Market PLCs, extending to others by 2027.

**Part 1 | 8.30 am - 10.00 am**

**Developments in the International Sustainability Reporting Landscape**

- Commonly adopted sustainability reporting frameworks
- How the ISSB was formed and global adoption trends
- Adoption timelines for Malaysia – NSRF and Bursa Listing Requirements
- Design and applicability of the standards:
  - IFRS S1** – General Requirements for Disclosure of Sustainability-related Financial Information
  - IFRS S2** – Climate-related Disclosures
- Future developments in the pipeline

**Part 2 | 10.30 am - 12.00 pm**

**IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information**

- Conceptual foundations
  - Materiality
  - Reporting Entity
- How to shortlist financially material sustainability matters
- Sources of Guidance (SASB, GRI, ERS)
- Statement of Compliance
- Treatment of Errors

**Part 3 | 1.00 pm - 2.30 pm**

**IFRS S2 – Climate-Related Disclosures**


- TCFD 101 as a foundation for IFRS S2**
  - Climate Risks: Physical and Transition Risks
- IFRS S2 – Core content**
  - Governance, Strategy, Risk Management, Metrics and Targets

**Part 4 | 2.45 pm - 4.00 pm**

**Transitioning to an ISSB Report and other key considerations:**

- Reliefs – Proportionality and scalability mechanisms
  - Without undue cost or effort
  - Consideration of skills, capabilities and resources
- What would an ISSB Report look like versus the current sustainability report formats
- Assurance of Sustainability Reports

**Trainer's Profile**  
**San Mei Kim**



Mei Kim is a sustainability trainer. Prior to this, she was the former Sustainability Lead, Corporate Governance and Sustainability with the Regulation function at Bursa Malaysia. She co-led the development of key sustainability-related initiatives for the Malaysian capital market. This includes putting in place enhancements to Bursa Malaysia's Sustainability Reporting Framework (consisting of the listing requirements, sustainability reporting guides and related toolkits) as well as capacity building initiatives for public listed companies.

She is a GRI Certified Sustainability Professional and holds a Master in Sustainable Development Management from the Jeffrey Sachs Centre (Sunway University). She is also a member of the Association of Chartered Certified Accountants (ACCA), Association of Certified Fraud Examiners (ACFE) and the Malaysian Institute of Accountants (MIA).

### DISCLOSURE OF INTERESTS

With regard to the companies mentioned, MSWG holds a minimum number of shares in all the companies covered in this newsletter.

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