



24 NOV, 2022

Roadblocks to EV rollout

The Star, Malaysia



Page 1 of 3



Investors are advised to tread with caution in the local electric vehicle sector as challenges remain. > See page 3



24 NOV, 2022

Roadblocks to EV rollout

The Star, Malaysia



Page 2 of 3

Roadblocks to EV rollout

Investors advised to tread with caution

AUTOMOTIVE

By THOMAS HUONG
huong@thestar.com.my

KUALA LUMPUR: Investors should look into the electric vehicle (EV) sector in Malaysia at its nascent stage of growth, which could be structurally positive in the long run when the adoption of EVs pick up substantially, says Tradeview Capital chief investment officer Nixon Wong.

"However, investors are encouraged to understand the supply chain well before investing, and not jump straight into any company with just a signed memorandum of understanding but nothing concrete in hand," Wong told *StarBiz*.

He advocated focusing on companies with strong balance sheets as well as established track records of innovations and executions on their existing businesses.

"The global EV market has grown substantially over the past few years especially with established players like Tesla's proven track record in manufacturing and selling EVs.

"Locally, there are some listed companies that are indirectly involved in the EV sector via manufacturing of components, machineries' fabrication processes and solutions for EV makers in the global market as well as becoming distributors," Wong noted.

However, he pointed out that costs and infrastructure are major roadblocks to EV adoption in Malaysia.

"To bring costs down, the most direct and quick method would be to reduce taxes in the short term. Most governments are setting carbon neutral policies by 2030 or 100% EV by 2050.

"To develop the EV market here, there is a need for more research and development (R&D), tax incentives and subsidies from the

"To develop the EV market, there is a need for more research and development, tax incentives and subsidies from the government."

Nixon Wong

government such as import and excise duty exemptions to encourage more imports of EVs," said Wong.

To encourage the building of infrastructure to support the EV sector such as renewable energy generation or battery charging facilities, financial assistance is required from the banking industry to encourage more investments from the private sector.

There has been a flurry of announcements by Malaysian and foreign corporates on ventures into the EV space in the country.

In August, Proton signed a deal to sell and service vehicles from premium EV brand smart Automobile or *smart* in Malaysia and Thailand.

The first Geely-developed *smart* model to be sold by Proton will be launched in the fourth quarter of 2023.

Proton also has plans to invest in a charging network by collaborating with a local charging provider, as well as to provide and install EV home charging units.

In October, Proton deputy CEO Roslan Abdullah said the national automaker would send 16 engineers to China for six months to be trained in R&D, homologation, and testing to develop a homegrown new energy vehicle.

Two weeks ago, Roslan also said Proton planned to launch and produce its own EV by 2027, and had been discussing with potential

partners to embark on the venture.

In September, Sime Darby Motors, the automotive arm of Sime Darby Bhd, said it would distribute EVs from BYD Auto namely the *Atto 3* and new *e6* models.

It marked the entry of BYD Auto into the Malaysian passenger car market.

BYD Auto has recorded the top-selling new energy passenger vehicle sales in China for nine years.

The group is listed on both Hong Kong and Shenzhen stock exchanges, with revenue and market capitalisation each exceeding 100 billion yuan (RM64bil).

In October, Thamlev USA Ltd, headquartered in Arkansas, announced that it would be producing electric bikes in Malaysia, after relocating its production base from China this year. The company said its RM100mil investment is set to provide light electric vehicle to be shipped and distributed to dealers in the United States.

Catch up with the auto world!

Visit **StarCarSifu** at carsifu.my to get the hottest news and reviews on cars and more.

