



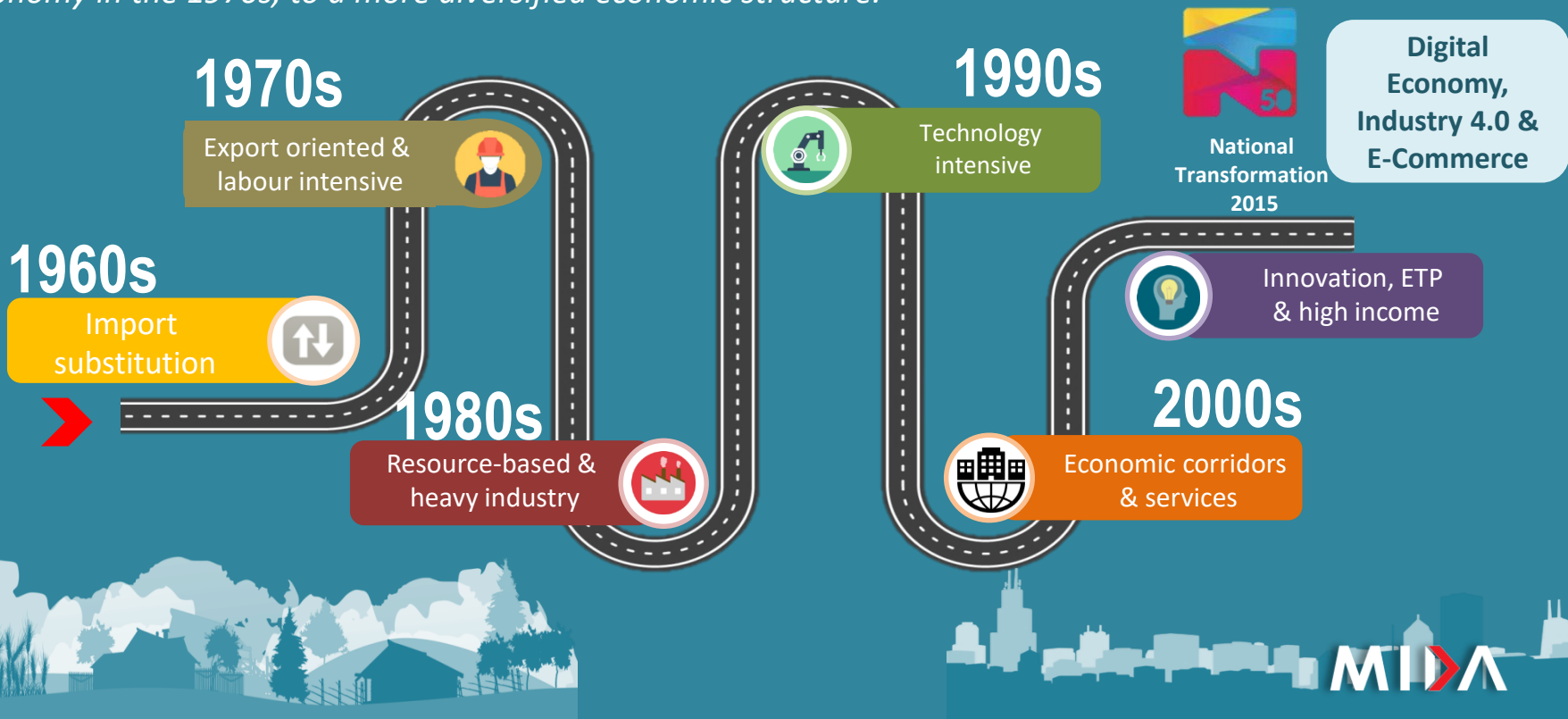
MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY

Investment Opportunities in Malaysia



MALAYSIA'S ECONOMIC DEVELOPMENT JOURNEY

Malaysia has successfully transformed from a predominantly agriculture-based economy in the 1970s, to a more diversified economic structure.



Who Are We?



MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY

The principal Malaysian Government agency responsible for the promotion of investments and coordination of industrial development and selected services sectors in the country. Established in 1967 under Act of Parliament, 1965.

1st point of contact for investors who intend to set up projects in the manufacturing and services sectors in Malaysia

PROMOTION

- Foreign Direct Investment
- Domestic Investment
- Manufacturing & Selected Services

EVALUATION

- Manufacturing Licenses
- Tax Incentives
- Expatriate Posts
- Duty Exemption
- Principal Hub & selected services

MONITORING

- Assist companies in the implementation & operation of their projects
- Facilitate exchange & coordination among institutions engaged in or connected with industrial development
- Advisory Services

PLANNING

- Planning for industrial development
- Recommend policies & strategies on industrial promotion and development
- Formulation of strategies, programmes and initiatives for international economic cooperation



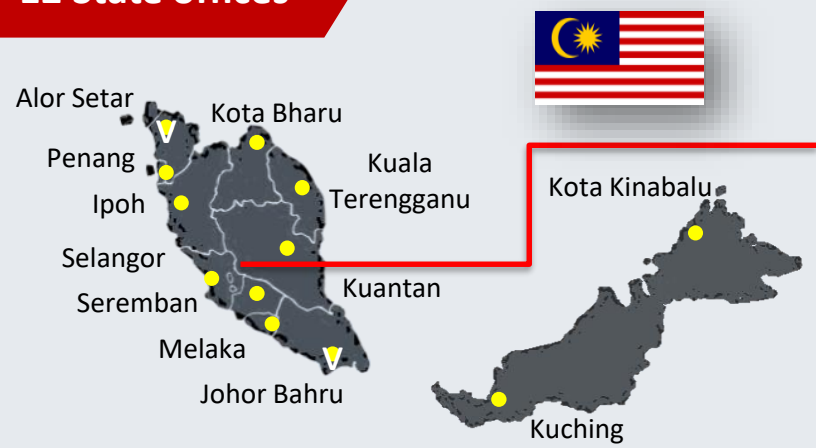
23 Overseas Centres around the world



- Los Angeles
- Houston
- New York
- Boston
- San Jose
- Chicago
- London
- Stockholm
- Munich
- Frankfurt
- Milan
- Paris
- Dubai
- Tokyo
- Osaka
- Beijing
- Guangzhou
- Shanghai
- Seoul
- Mumbai
- Singapore
- Taiwan
- Sydney



12 State offices

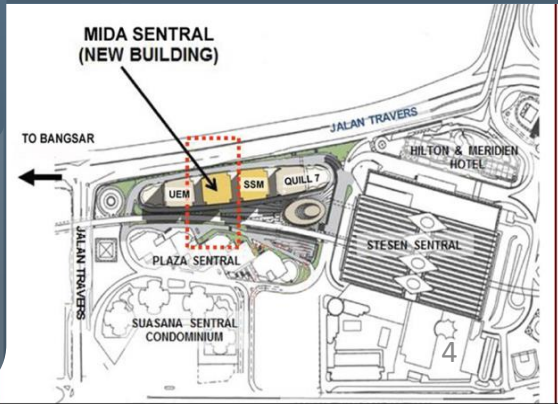


Headquarter KL Sentral, Kuala Lumpur

Address:
MIDA Sentral
No. 5 Jalan Stesen Sentral 5
KL Sentral
50470 Kuala Lumpur
Tel: 03 – 2267 3633
Fax: 03 – 2274 7970
www.mida.gov.my

KL Sentral

- 28 minutes (KLIA – KL Sentral) via KLIA Express Train
- Malaysia’s largest transit hub, is Kuala Lumpur’s integrated rail transportation centre.



Investment Policies



Equity Ownership

Foreigners are allowed to hold 100% equity ownership in the manufacturing and selected services sectors



Repatriation of Income

Freedom to repatriate capital, interest, dividends and profits. No restrictions



Employment of Expatriates

- Key posts (posts that are permanently filled by foreigners)
- Term posts (posts that are filled by foreigners for a period of 1-5 years)

Intellectual Property Protection

Malaysia's IP laws are in conformance with international standards

- Member of the World Intellectual Property Organisation (WIPO)
- Signatory of the Paris Convention and Berne Convention which govern IP rights
- Signatory of the Agreement on Trade-Related Aspects of IP Rights (TRIPS) under the WTO

Business Friendly Policies

Investment Guarantee Agreements (IGAs)

Malaysia has signed IGAs with more than 60 countries



Major Incentives

Pioneer Status

Income tax exemption ranging from 70% or 100% for a period of 5 or 10 years

Investment Tax Allowance

60% or 100% on qualifying capital expenditure for 5 years

Reinvestment Allowance

60% on qualifying capital expenditure for 15 consecutive years

Import Duty Exemption

For raw materials / components and machinery and equipment

Other Incentives:

Principal Hub

Automation Capital Allowance Expenditure

Less Developed Area

Independent Conformity Assessment Bodies (ICAB)

Promoted Activities

Investment Opportunities in the Services Sector



Logistics



ICT Services



Hotel & Tourism



Education & training



Regional Establishment



Environmental Management



Medical Tourism



Offshore & Outsourcing Activities

45 Sub Sectors
liberalised since 2009

Investment Opportunities in the Manufacturing Sector

Resourced-based industries

Oil & Gas, Food & Agro based and Value-added products from natural halal resources.

Machinery & equipment, components & parts and Moulds & dies

Industries manufacturing intermediate goods

High technology, capital intensive & knowledge driven industries

Alternative Energy Sources, Biotechnology, Advanced Materials, Advanced Electronics, Optics and Photonics, Petrochemicals, Pharmaceuticals, Medical Devices, ICT & Aerospace

Entering the Malaysia Market



Services provided:

1. Pre-Investment

- Briefings
- Data on Industries
- Meetings with MIDA HQ/ Foreign Chambers of Commerce/Foreign Companies
- Visits to Production Facilities & Service Providers
- Visits to potential locations

2. Evaluation and Approval

- Manufacturing License
- Tax Incentives Expatriate
- Posts
- Import Duty Exemptions
- Principal Hub (Operational Headquarters, Procurements Centres, Distribution Centres)

3. Implementation of Project

Steps and Options for Investors:

01

Representative
Office

Regional
Office

02

Principal Hub

Regional and global businesses and operations to manage, control, and support key functions including management of risks, decision making, strategic business activities, trading, finance, management and human resource.

03

Production/R&D Centre Facility

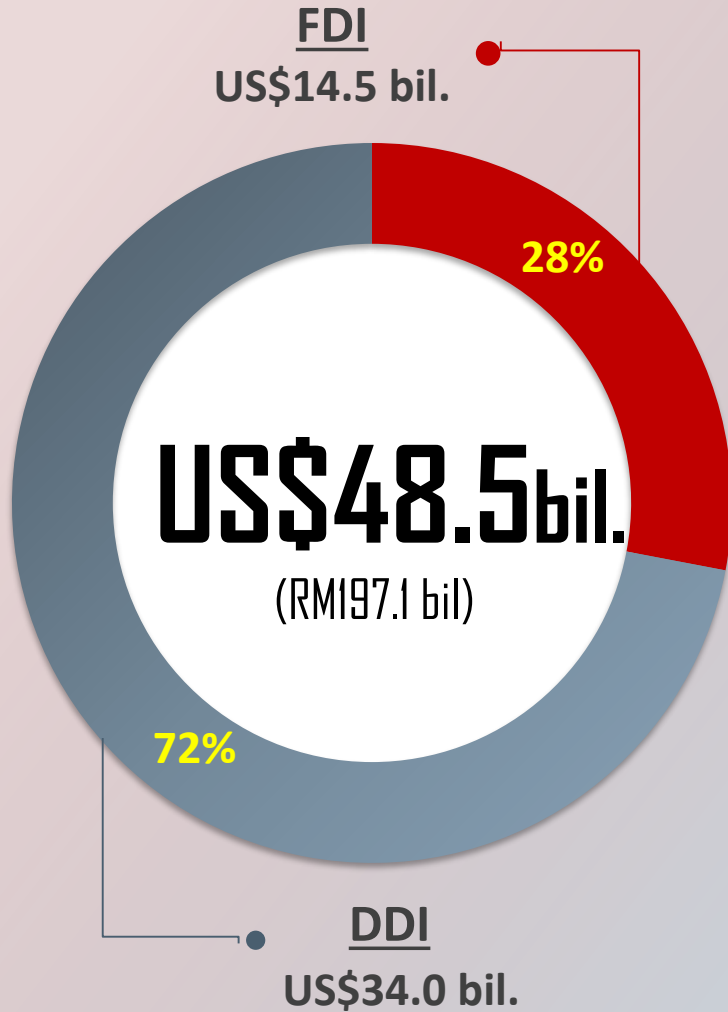


e-BizMatch:

Free online registration for
Business Matching

An online business matching service connecting businesses worldwide.

Total Approved Investment (Jan – Dec 2017)



Projects



5,466



5.8%

Employment

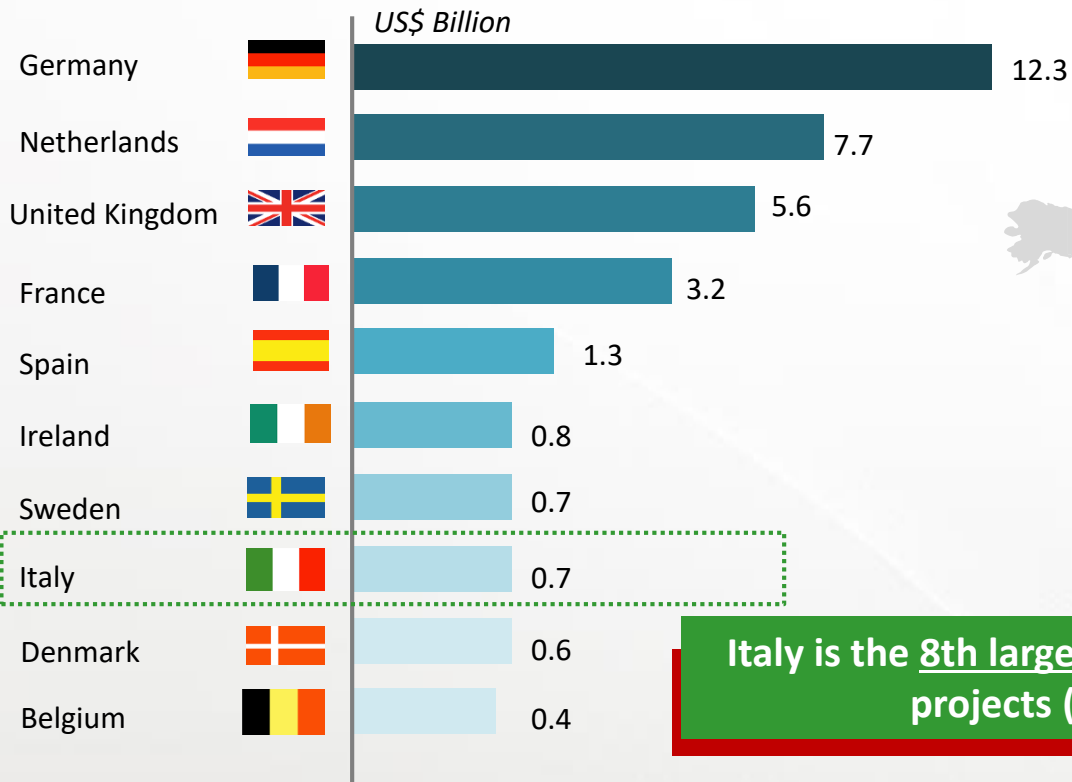


139,523

	Project	Employ.	Inv. (US\$ Mil.)
Manufacturing	687	56,421	15,685.9
Services	4,731	82,172	29,818.4
Primary	48	930	3,058.5

US\$1: RM4.06

APPROVED PROJECTS IN MANUFACTURING SECTOR BY MAJOR EU COUNTRIES (AS AT DECEMBER 2017)



Italy is the 8th largest Investor from EU with 123 projects (USD784.7 million)

ITALIAN FOOTPRINT IN MALAYSIA

MANUFACTURING



MSC STATUS



SERVICES



REGIONAL ESTABLISHMENT



POTENTIAL COLLABORATION BETWEEN ITALY AND MALAYSIA



**ITALIAN
STRENGTH**



**INDUSTRIAL
MACHINERY**



**ADVANCED
TECHNOLOGY**



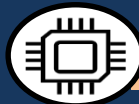
AUTOMOTIVE



FASHION



**POTENTIAL
COLLABORATION**



ELECTRIC & ELECTRONIC



**TRANSPORTATION
EQUIPMENT**



**FASHION DESIGNING
(FOOTWEAR & APPAREL)**



MACHINERY & EQUIPMENT



**OIL & GAS ENGINEERING
SERVICES**



E-COMMERCE



PRINCIPAL HUB



**REGIONAL
ESTABLISHMENT**



**FOOD &
BEVERAGES**

MALAYSIA AS A HUB FOR ASEAN

Population: 634 million (2016)
Youth: 60%



7th largest economy
(4th by 2050)



GDP: US\$ 2.55 trillion (2016)
GDP Growth: 4.8% (2016)
Per capita: US\$ 4,021 (2016)
Total FDI: US\$ 96 billion (2016)
Intra ASEAN: US\$24 billion (24.7%)



Total Goods Exports: US\$ 1.1 trillion
Intra ASEAN 24.7%



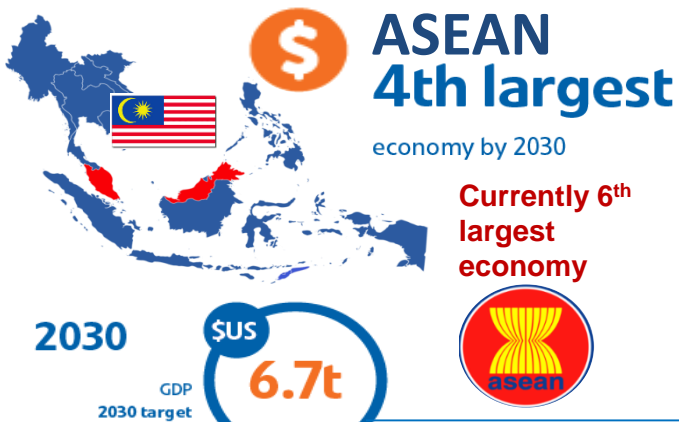
Tourist Arrivals: 109 million (2015)
Intra ASEAN: 46 million

ASEAN Dialogue Partners:

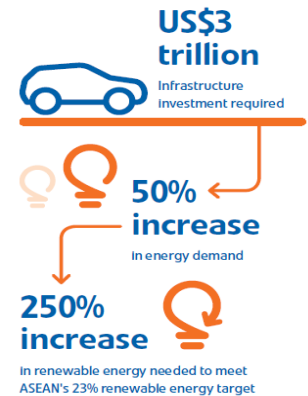
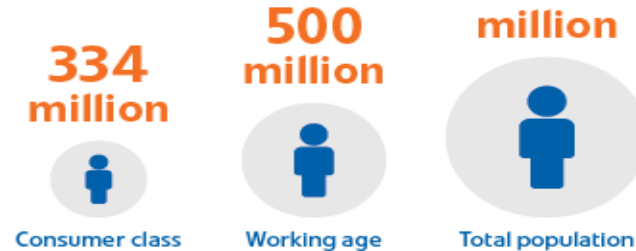
- Australia
- Canada
- China
- India
- Japan
- Korea
- New Zealand
- EU
- Russia
- USA



ASEAN 2030



ASEAN population in 2030

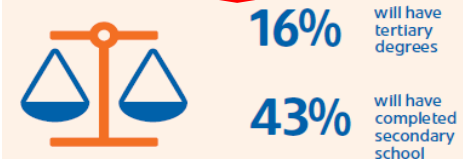


THE ASEAN CONSUMER IN 2030

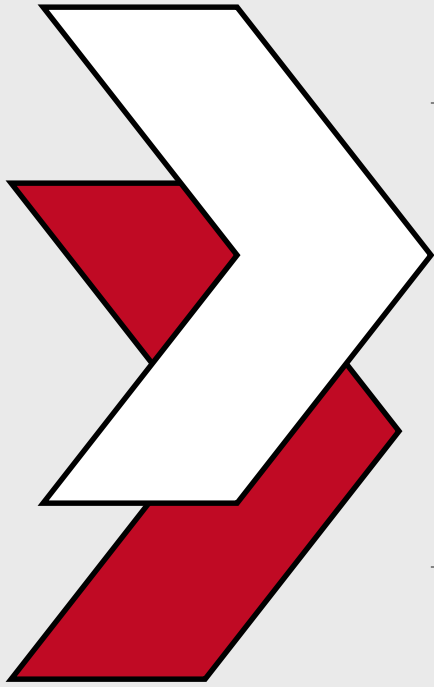


Demographic dividend peaking in 2030

Double digit
labour force growth in Indonesia, Malaysia, the Philippines and Vietnam



Source: Australian Government publication 'ASEAN Now' (November 2017)



Status of Machinery Industry in Malaysia

Machinery Industry in Malaysia as at 2017



Production
(RM44.5 billion)



Exports
(RM40.2 billion)



Imports
(RM78.5 billion)



Companies
(M&E – 1471), ESI (1185)



Employees
(162,998)

Machinery & Equipment

Engineering Supporting



Specialised Machinery & Equipment for Specific Industries

> This subsector refers to manufacturing of M&E and related parts which are specifically designed and customised for use in a specific industry or process e.g. oil & gas, electrical & electronics, packaging, agriculture, etc.



General Industrial Machinery & Equipment, Components and Parts

> This subsector refers to manufacturing of general purpose M&E and related parts which cover a broad category of products such as heating & cooling equipment, material handling equipment, factory automation, tools & apparatus, pumps, compressors, transmission shafts, etc.



Power Generating Machinery & Equipment

> This subsector refers to manufacturing of M&E and related parts for power generation which comprises mainly of steam or other vapour-generating boiler, turbines, engines and motors, etc.



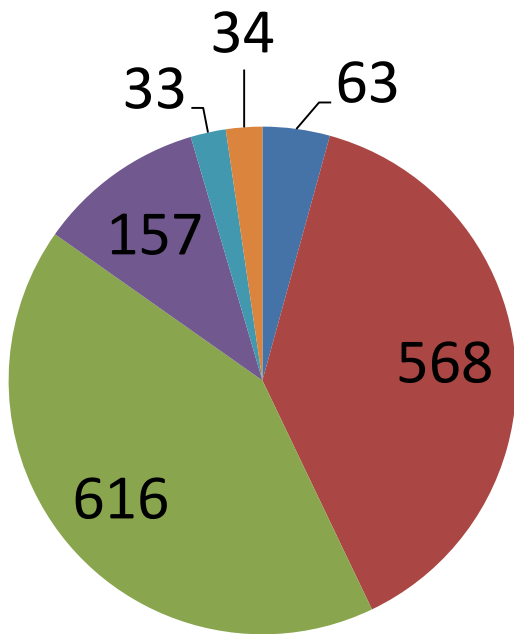
Machine Tools and Metalworking Machinery

> This subsector refers to manufacturing of machine-tools and related parts for working metal or other materials

- Surface Treatment
- Stamping
- Forging
- Casting
- Machining
- Mold & Die
- Tools, Jigs & Fixture
- Heat Treatment

Machinery & Equipment Industry Status

Realised M&E Projects from 1980 - 2017



Total Investment



RM21.3 bil

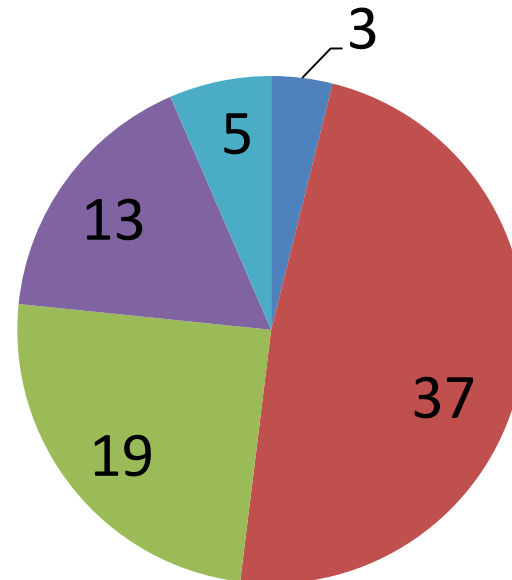
Employment opportunities



82,388

Total : 1471 Companies

Approved M&E Projects in 2017



Total Investment



RM2.2 bil

Employment opportunities



6,078

Total : 77 Companies

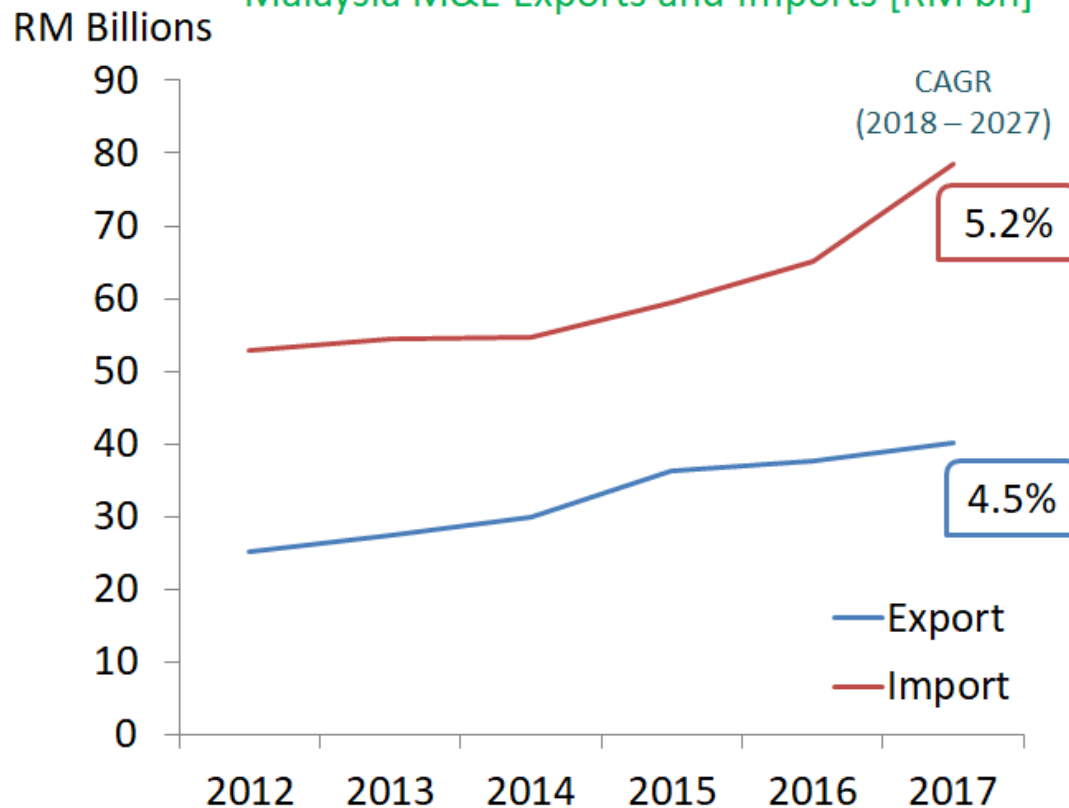
- Metalworking Machinery
- Power Generating Machinery & Equipment

- Maintenance, Upgrading or Reconditioning Of M & E
- Machinery Specialized For Specific Industries

- Machinery/Equipment Modules or Industrial Parts/Components
- General Industrial Machinery, Equipment & Parts

Import & Export Performance

Malaysia M&E Exports and Imports [RM bn]



Source: Matrade

Major Sources

Import



China



Japan



USA



Singapore



Germany

Export



Singapore



USA



Thailand



Indonesia



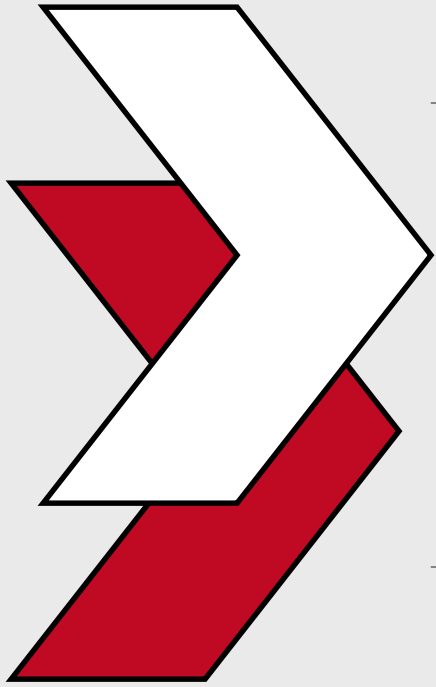
China

Major Import

Air Pumps ,Compressor, heating & cooling equipment, machine and mechanical appliances

Major Export

Pumps, rotating electric plants & parts, semiconductor machines, mechanical appliances



Incentives and Government Facilitation

SPECIAL INCENTIVES FOR M&E

Pioneer Status

Income tax exemption ranging from 70% or 100% for a period of 5 or 10 years

or

Investment Tax Allowance

60% or 100% on qualifying capital expenditure for 5 years

Incentive Quantum :

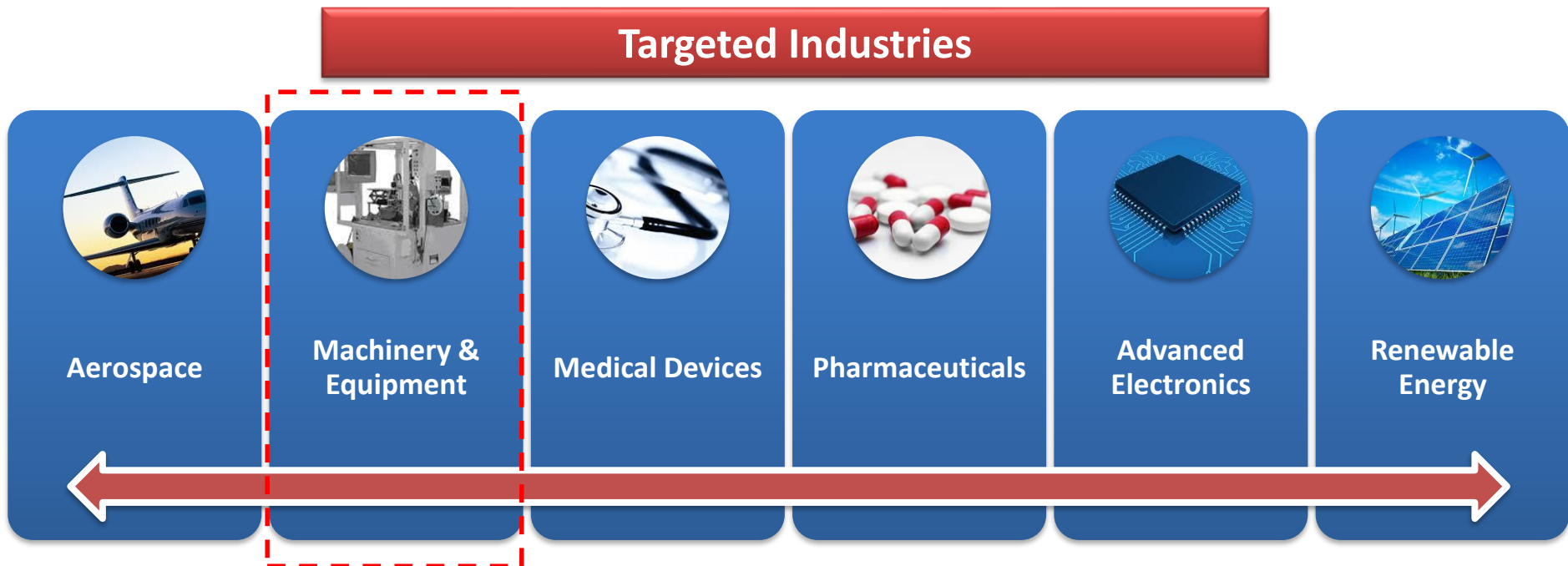
- Targeted Machinery & Equipment
- Level of Investment
- Level of Technology and R&D
- Transfer of Technology
- Spin off/ Outsourcing

Targeted M&E:

1. Specialised process machinery or equipment for specific industry
2. Robotics and factory automation equipment
3. Machine tools
4. Material handling equipment
5. Packaging machinery
6. Modules and components for the above M&E

Domestic Investment Strategic Fund

- To accelerate the shift of **Malaysian-owned companies in targeted industries** to high value-added, high technology, knowledge-intensive and innovation-based industries



- The fund will **provide matching grants (1:1) on reimbursable basis** to cater for expenditures incurred for the following activities:

- | | |
|---|--|
| ➤ Training of Malaysians | ➤ Obtaining International Standards/Certification |
| ➤ R&D activities carried out in Malaysia | ➤ Modernisation and upgrading of facilities and tools to undertake manufacturing or services activities for Multinational Corporations (MNCs) and Malaysian conglomerates (Outsourcing activities) |
| ➤ Licensing or Purchase of New Technology | |

Automation Capital Allowance

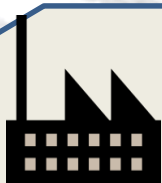


Automation Capital Allowance
(Automation CA) for companies
undertaking automation solutions



The Automation Capital Allowance was introduced to encourage swift adoption of automation among manufacturing companies in undertaking innovative and productive activities. It is divided into two (2) categories, namely;

- For **high labour-intensive industries** (rubber products, plastics, wood, furniture and textiles), an **Automation CA of 200%** will be provided on the first **RM4 million expenditure.**;
- For **other industries**, an **Automation CA of 200%** will be provided on the first **RM2 million expenditure.**



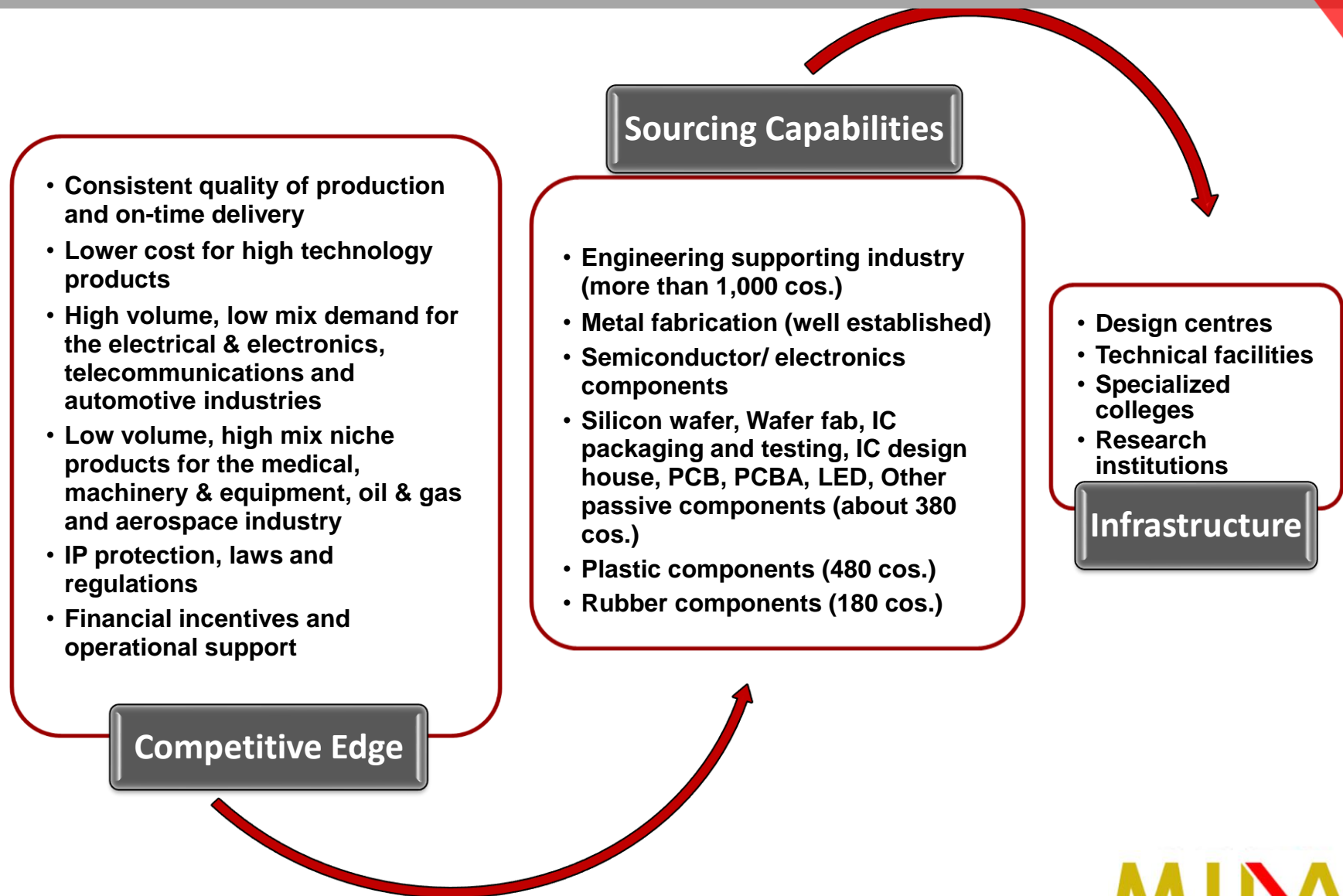
**88 Applications
Approved** as at 31 January 2018

Enabled companies to achieve an average increment
in production volume of between 200 – 300 %



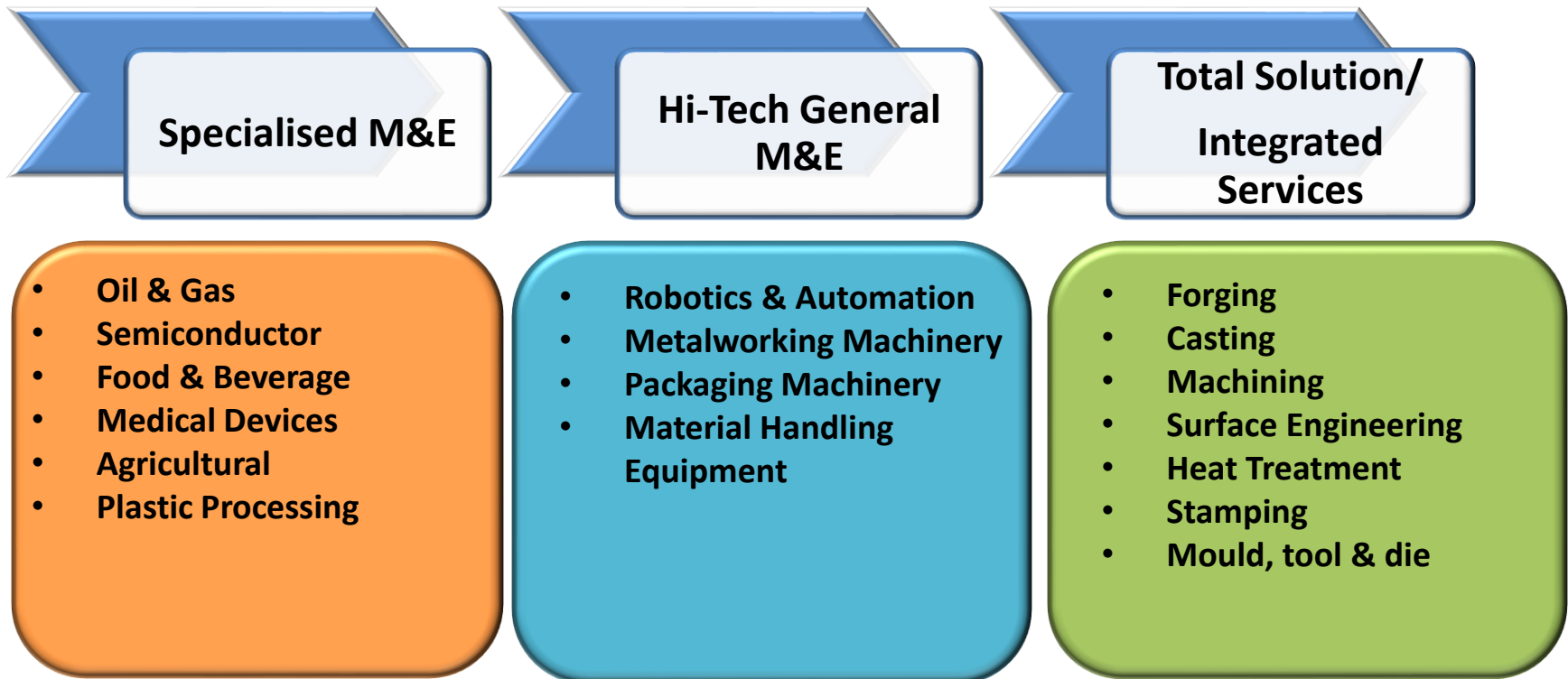
Engineering Supporting Services

MALAYSIA – YOUR MANUFACTURING SOLUTION PROVIDER



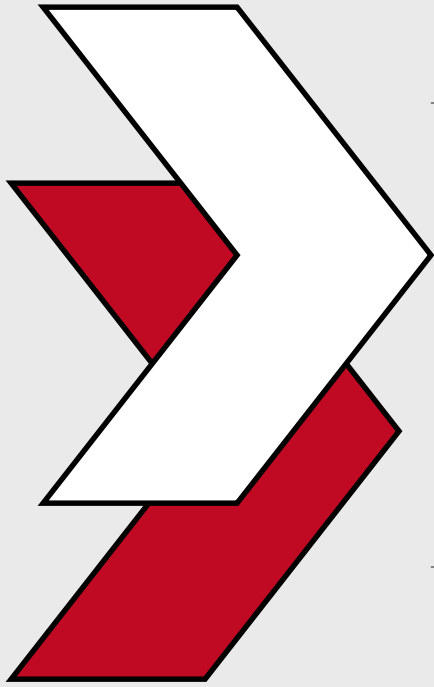
STRATEGIES FOR M&E INDUSTRIES

- Regional Production hub for high tech M&E
- Centre for training, reconditioning & upgrading of M&E, sales and distribution centre
- Moving towards high technology and high value added M&E manufacturing
- Promoting Malaysia as the strategic and cost effective destination for manufacturing solutions and outsourcing



Adoption of Industrie 4.0 key technologies in machinery production
(IoT, Big Data, Cloud, Simulation, Robotics etc)

Adoption of Industrie 4.0 in
machining facility / processing
(Protocols, Ethernet, ERP, MES)



Status of Food Industry in Malaysia

FOOD MANUFACTURING INDUSTRY IN MALAYSIA

FOOD PROCESSING IN MALAYSIA

Large
EXPORT
Market

10% of
Total
Mfg.
Output

FAST
Growing

> 8,000
Establishment

80%
SME's



Seafood
Products



Livestock
Products



Cocoa
Products



Cereal
Products



Herbs &
Spices

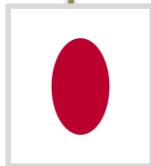
MAJOR FDI SOURCE



SINGAPORE



NETHERLANDS



JAPAN



USA



SWITZERLAND

GLOBAL RANKING

**WORLD'S SECOND LARGEST
EXPORTER OF PALM OIL**

Source : MPOB



**WORLD'S EIGHT LARGEST
COCOA GRINDER**

**ASIA'S SECOND LARGEST
COCOA PROCESSOR**

Source : MCB



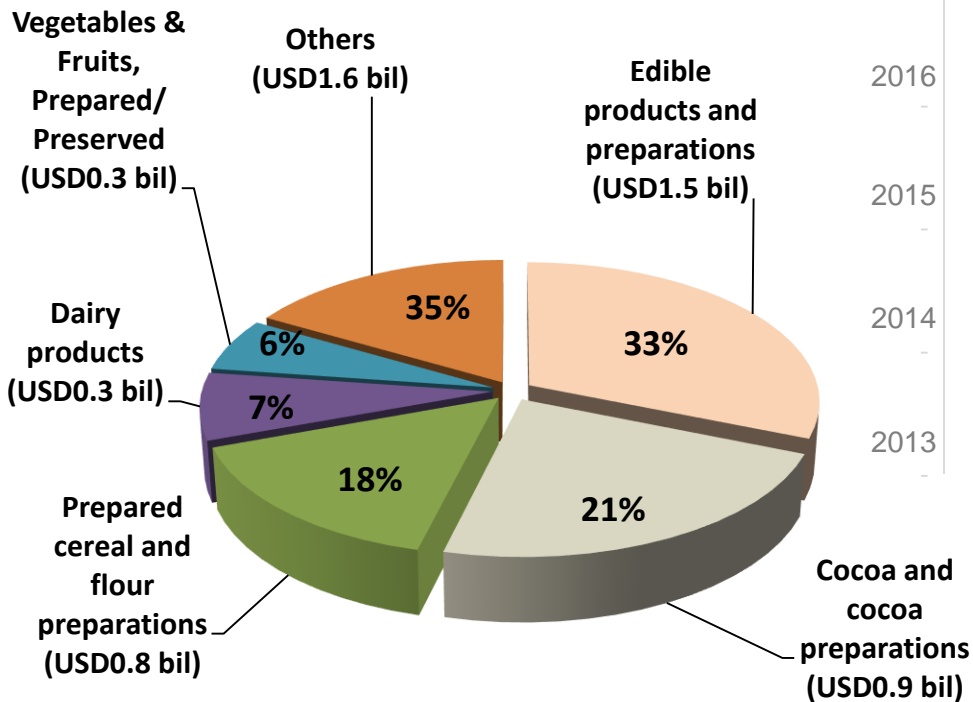
**WORLD'S FIFTH LARGEST
PRODUCER OF PEPPER**

Source : MPIC

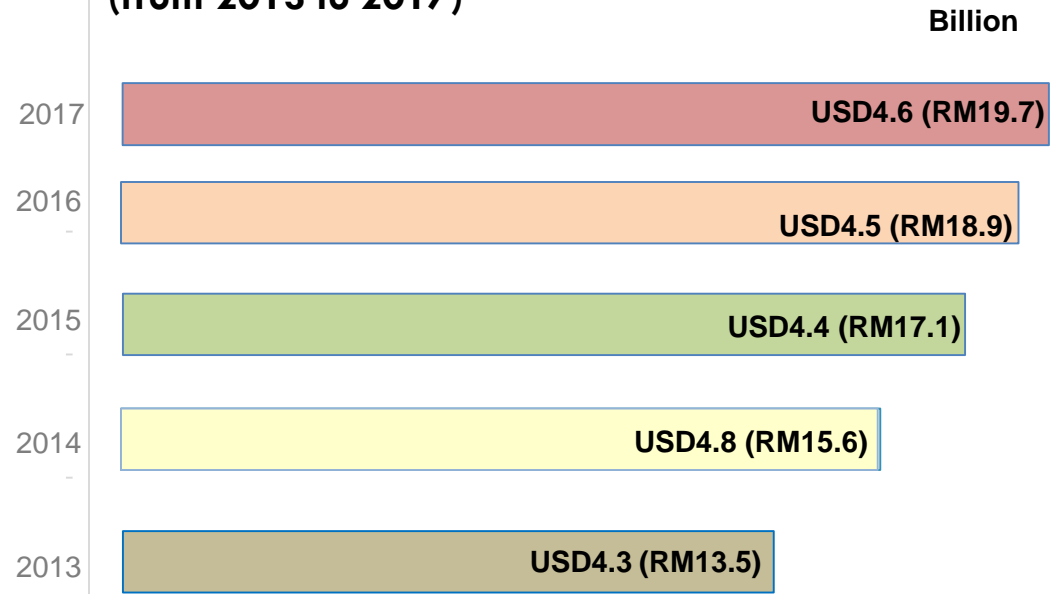


INDUSTRY CHARACTERISTICS OF PROCESSED FOOD PRODUCT

**TOTAL EXPORT IN 2017 :
USD4.6 (RM19.7) BILLION**



**Malaysia's Total Export, Annual
(from 2013 to 2017)**



Export to more than
200 countries

Exchange rate USD1:RM

2013 : 3.1509
2014 : 3.2729
2015 : 3.9055
2016 : 4.1483
2017 : 4.3004

Source : MATRADE

MAJOR FOREIGN COMPANIES IN FOOD MANUFACTURING IN MALAYSIA

EUROPE



SINGAPORE



Food Empire

FOOD EXCELLENCE SPECIALIST SDN BHD
(A member of Food Empire Holdings Limited)

APOLLO



JAPAN



USA



INVESTMENT - MALAYSIA IS A HOME FOR VARIOUS INTERNATIONAL BRANDS THAT ADOPTING HALAL STANDARD TO PENETRATE HALAL MARKET

1. Halal Food and Beverages



- Make Malaysia as Halal Centre of Excellence for Nestle world wide.
- Biggest Halal Producer in the world

Other famous brand manufactured in Malaysia for Halal market



2. Halal Ingredients



- Taking full advantage of abundant halal raw materials (palm oil based) in Malaysia – serve 70 countries



3. Halal Cosmetics, Personal Care & Pharmaceuticals



- Regards Malaysia an important Hub for Halal distribution to South East Asian market



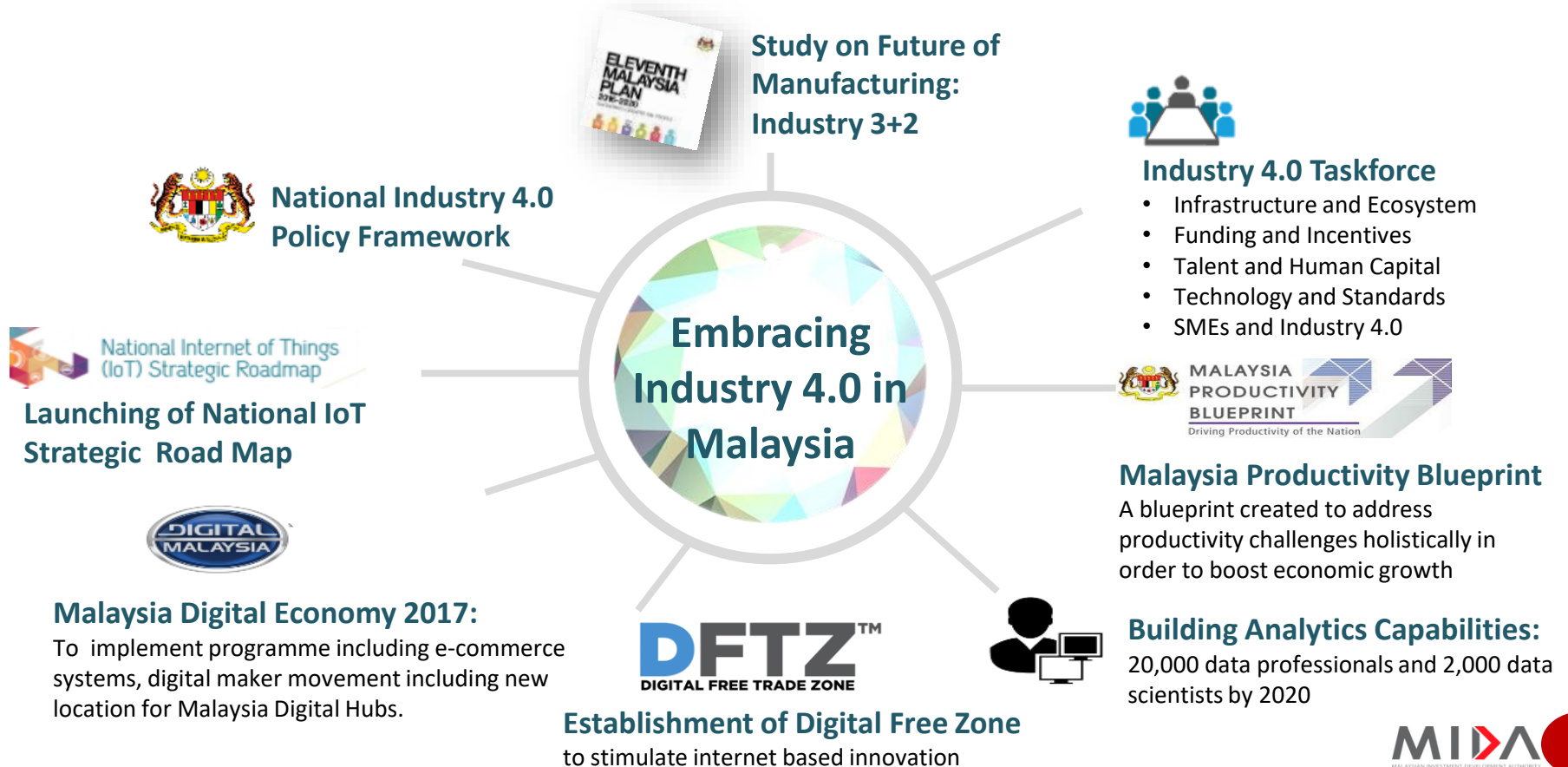
4. Halal Industrial Chemicals / Materials



- Regards Malaysia an important Hub for Halal distribution to South East Asian market



WAY FORWARD



Why Malaysia?



Well Developed Infrastructure/
Connectivity



Pro-business
Government



Liberal Investment
Policies



Liberal Business
Environment



Young, Trainable and
Educated Labour Force



50 years -Strong
Industry Base



Stable Banking System



Harmonious
Industrial Relations



Quality of Life



IP Protection



Political and Economic
Stability



Excellent Facilities -
Convention and Conferences

STRATEGIC LOCATION

*Home to Tropical Paradise
We Embrace Multiculturalism
An Unsurpassed Lifestyle*

English speaking language



Capital: Kuala Lumpur
Population: 31.7 Mil.
Land Area: 330,399 sq km



GRAZIE



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