



Briefing On The Investment Opportunities In The Manufacturing And Services Sectors In Malaysia

-The Premier Investment Destination –

SANGYO-TIMES CO., JAPAN

By
MIDA Penang
29 May 2012

- **Functions of MIDA**
- **Investment in the Manufacturing Sector**
- **Investment Policies & Incentives**



MILESTONES

**Established in 1967 under Act of Parliament,
1965**

**The principal Malaysian Government agency
responsible for the promotion and
coordination of industrial development in the
country**

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

**On 27 March 2004, the Government mandated
MIDA to promote investments in the services
sector**

Promotion

- Foreign Direct Investment
- Domestic Investment
- Business matching through E-Connect
- Manufacturing Services



Evaluation

- Manufacturing licenses
- Tax incentives
- Expatriate posts
- Duty exemption
- OHQ, RDC, IPC and R&D status



Planning

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



Follow-up / Monitoring

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



Based In MIDA

- Immigration Department
- Royal Malaysian Customs
- Department of Environment
- Tenaga Nasional Berhad
- Telekom Malaysia Berhad
- Labour Department

Based outside of MIDA

- Department of Occupational Safety and Health
- Ministry of Finance
- Ministry of Health
- Ministry of Tourism
- Ministry of Human Resource
- Ministry of Higher Education
- Multimedia Development Corp. (MDeC)
- Construction Industry Development Board of Malaysia (CIDB)



MIDA WORLDWIDE NETWORK



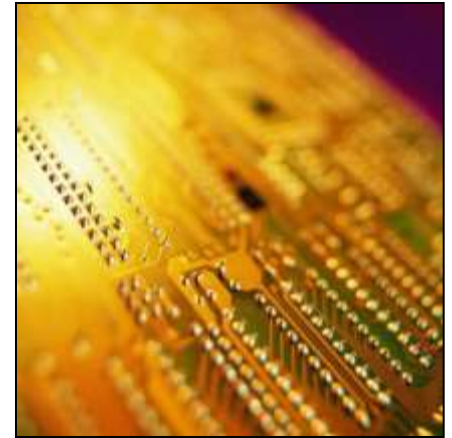
24 Overseas Centres



MIDA'S STATE OFFICES



Investment in Manufacturing Sector - Malaysia



Total Approved Manufacturing Projects

Year	No. of Approvals	Approved Investments (RM billion)		
		Domestic	Foreign	Total
2007	949	26.5	33.4	59.9
2008	919	16.7	46.1	62.8
2009	766	10.5	22.1	32.6
2010	910	18.1	29.1	47.2
2011	846	21.9	34.2	56.1
2012 (Jan – Mar)	184	9.2	5.9	15.1

Source: MIDA

Country	As At March 2012	
	No of Approvals	Proposed Investments (RM billion)
Japan	3,142	83.6
United States	1,057	81.9
Singapore	3,900	40.1
Taiwan	2,387	32.3
Germany	485	31.8
Australia	488	22.7
Korea	478	17.8
Netherlands	260	17.7
United Kingdom	618	14.2
HongKong	693	12.8

Industry	As At March 2012	
	No of Approvals	Proposed Investments (RM billion)
Electronics & Electrical Products	4,959	194.1
Basic Metal Products	1,033	116.0
Petroleum Products (Inc. Petrochemicals)	324	100.4
Chemical & Chemical Products	1,713	71.9
Non-Metallic Mineral Products	1,343	48.0
Transport Equipment	1,600	43.5
Food Manufacturing	1,772	32.3
Paper, Printing & Publishing	808	27.7
Fabricated Metal Products	1,975	22.7
Wood & Wood Products	1,447	22.2

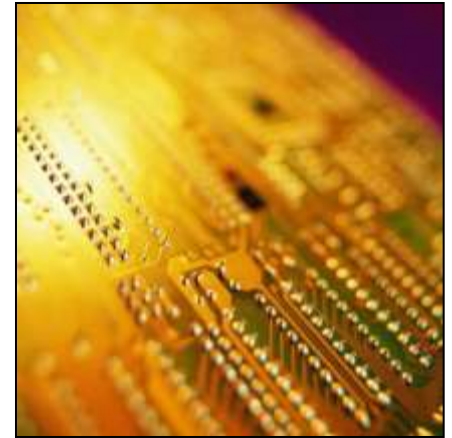
Source: MIDA

Implemented Foreign Investment in Manufacturing Projects By Major Country

Industry	As At 31 Dec 2010	
	No of Projects	Proposed Investments (RM billion)
Japan	2,360	57.0
United States	692	53.2
Singapore	2,654	22.6
Germany	339	18.3
Netherlands	177	13.9
Taiwan	1,527	13.8
Korea,Rep.	296	8.0
United Kingdom	394	5.1
Spain	6	4.2
India	106	3.6

Source: MIDA

Investment in Manufacturing Sector - Penang



Approved Manufacturing Projects by State

State	Jan – March 2012			
	No. of approvals	Proposed Investment (RM Million)		
		Domestic	Foreign	Total
Sabah	6	4,513.0	62.4	4,575.4
Selangor	68	3,145.7	730.0	3,875.7
Johor	36	459.6	1,561.0	2,020.6
Terengganu	7	120.5	1,302.7	1,423.2
Perak	10	52.8	951.8	1,004.6
Penang	19	239.4	639.0	878.4
Sarawak	5	260.6	168.7	429.3
Negeri Sembilan	5	270.4	150.4	420.8
Pahang	4	77.6	230.1	307.7
Melaka	8	36.7	53.9	90.6
Kedah	10	32.9	51.4	84.3
FT Kuala Lumpur	4	20.6	0	20.6
Kelantan	2	4.1	0	4.1
Total	184	9,233.9	5,901.3	15,135.2

Summary of Approved Manufacturing Projects in Penang

Year	No. of approvals	No. of employment	Proposed Investment (RM Million)		
			Domestic	Foreign	Total
2007	134	8,833	1,625	3,143	4,768
2008	151	22,215	5,069	5,088	10,157
2009	104	8,696	717	1,448	2,165
2010	128	21,618	1,787	10,451	12,238
2011	846	14,293	1,960.4	7,145.6	9,106.0
2012 (Jan – Mar)	19	3,323	239.4	639.0	878.4

Source : MIDA

Country	No. of Approvals	Jan – March 2012
		Proposed Investments (RM Million)
Netherlands	1	522.9
British Virgin Island	1	105.0
Taiwan	1	6.6
HongKong	2	3.1
Canada	1	0.8
Japan	1	0.7

Source : MIDA

Industry	No. of Approvals	Jan – March 2012
		Proposed Investments (RM Million)
Electronics & Electrical Products	5	675.0
Basic Metal Products	2	112.8
Machinery & Equipment	5	59.7
Plastic Products	1	7.8
Fabricated Metal Products	1	7.6
Scientific & Measuring Equipment	1	6.7
Food Manufacturing	2	3.9
Chemical & Chemical Products	1	3.5
Transport Equipment	1	1.2

Source : MIDA

Year	No. of approvals	No. of employment	Proposed Investment (RM Million)		
			New	Expansion / Diversification	Total
2007	8	1,048	32.2	14.7	46.9
2008	10	3,540	1,299.7	232.2	1,531.9
2009	8	1,712	1.0	70.3	71.3
2010	8	710	6.1	77.6	83.7
2011	10	2,128	1,826.3	1,474.3	3,300.6
2012 (Jan – Mar)	1	4	-	0.7	0.7
Total (as at Mar 2012)	422	50,353	5,178.3	5,083.2	10,261.5

Source : MIDA

Japan Investment In Manufacturing Projects By Industry In Penang

Industry	As At March 2012	
	No of Approvals	Proposed Investments (RM million)
Electronics & Electrical Products	195	6,229.4
Petroleum Products (Inc. Petrochemicals)	7	1,572.0
Plastic Products	31	812.2
Chemical & Chemical Products	23	418.7
Fabricated Metal Products	25	291.3
Machinery & Equipment	27	263.3
Textiles & Textile Products	14	254.2
Basic Metal Products	29	199.9
Transport Equipment	28	84.5
Non-Metallic Mineral Products	6	63.7

Source: MIDA

Major US Investment In Manufacturing Projects In Penang (As At March 2012)

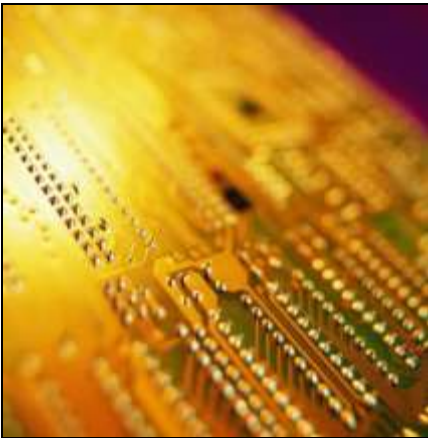
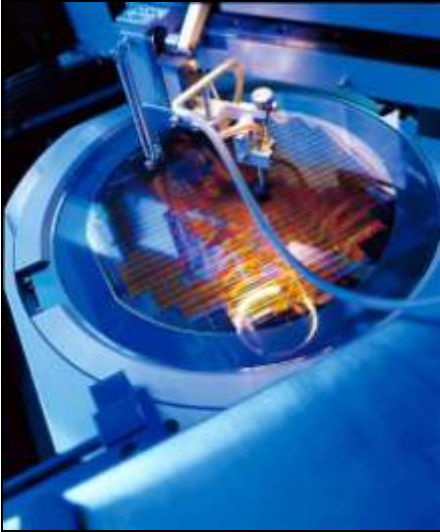
Company	Product
Ibiden Advanced Package Malaysia S.B	Advanced substrates for semiconductors
Ibiden Electronics Malaysia Sdn. Bhd.	PCB
Penfibre Sdn. Bhd	Polyethylene terephthalate (PET) chips (film grade) & films.
Toray Plastics (Malaysia) Sdn. Bhd.	ABS resin, SAN resin & compounds of engineering plastics; Advanced grade GPABS, transparent ABS PMI-AS polymer, specialty ABS grades resins & compounds, transparent ABS resin, PMI-AS resin
Kobe Precision Technology Sdn. Bhd.	Disk blank & disk substrates.
Hitachi Semiconductor Technology (M) Sdn. Bhd.	Lead wire; Transistors; Silicon Diodes & integrated circuits

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Company	Product
Sony EMCS (Malaysia) Sdn. Bhd.	Hard disc drive storage device.
Lintec Industries (Malaysia) Sdn. Bhd.	Silicone coated polyester film.
Canon Electronic (Malaysia) Sdn. Bhd.	Magnetic heads for audio products & iris galvanometer for VTR cameras, shutter unit & stepping motors.; Stepping motor; Advanced photo systems (APS) or head platen assembly
Renesas Semiconductor Technology (M) Sdn. Bhd.	Manufacture & testing of integrated circuits; Diodes
Kao Oleochemical Malaysia) Sdn. Bhd.	Potassium soap aqueous solution; Ethylene bisalkylamide

Source : MIDA



Investment Policies & Major Incentives

❑ High technology, capital intensive & knowledge driven industries:

- Biotechnology
- Advanced electronics
- Optics and photonics
- Wireless technology
- Display technology (TFT, LCD, Plasma & parts)
- Petrochemical
- Pharmaceutical
- Medical devices
- ICT

❑ Upgrading of other sectors in particular factory automation

❑ Industries manufacturing intermediate goods:

- Machinery & equipment
- Components & parts
- Moulds and dies

❑ Resourced-based industries:

- Food (Halal Hub)
- Value-added products from oil palm biomass (particle board, MDF board, animal feed)

- **Regional Establishments**
- **Logistics**
- **Tourism**
- **Environmental Management**
- **Business Services**
- **Education**
- **Healthcare Travel (Medical Tourism)**

- **Ownership**

Manufacturing & selected services sectors can be wholly foreign-owned (100%)

- **Capital**

Freedom to Repatriate Capital, Interest, Dividends & Profits - No restriction

- **Liberal Policy on Employment of Expatriates**

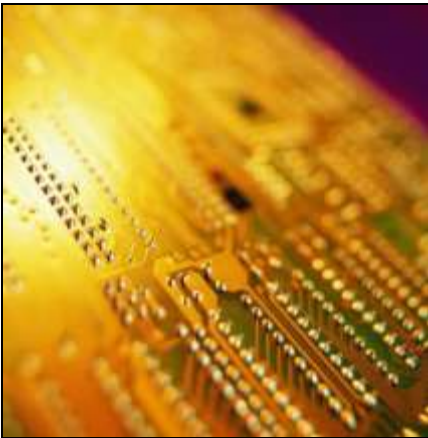
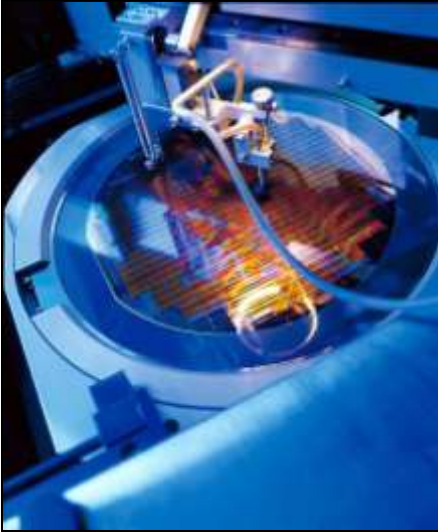
**Based on the merit of each project
(Key Post and Term Post)**

Automatic Approval		
Companies	No. of Post Eligible	Duration
Foreign paid-up capital of US\$2 million and above	Up to 10 posts (including 5 key posts)	<ul style="list-style-type: none"> • Key post-permanent • Exec.post -10 years • Non-exec.post - 5 years
Foreign paid-up capital of more than US\$200,000 but less than US\$2mil.	Up to 5 posts (incl. at least 1 key post)	<ul style="list-style-type: none"> • Key post-permanent • Exec-post - 10 years • Non-exec.post - 5 years

The Industrial Coordination Act, 1975 (ICA) requires manufacturing companies with shareholders' funds of RM2.5 million and above or engaging 75 or more full-time employees to apply for manufacturing license.

Fast Track Approval for Manufacturing License

Approval of manufacturing license is given within two (2) days for non-sensitive industries (ML08).



- 1. General Investments**
- 2. Reinvestment Allowance (RA)**
- 3. Incentives For Small-Scale Industries**
- 4. Import Duty And Sales Tax Exemption**

Pioneer Status / Investment Tax Allowance

- General Incentives
- Incentives for High-Technology Industries
- Incentives for Strategic Projects
- Incentives for R & D
- Incentives for Small-Scale Industries
- Incentives to Strengthen Industrial Linkages
- Incentives for the Manufacture of Machinery & Equipment
- Incentives for Automotive Component Modules
- Incentives for Conservation of Energy
- Incentives for the use of Renewable Energy Resources
- Incentives for Knowledge-Based Economy
- Reinvestment Allowance
- Incentives for Manufacturing Related Services

Incentives :

Pioneer Status (PS)

Income tax exemption, ranging from 70% to 100% of statutory income for a period of 5 to 10 years.

Investment Tax Allowance (ITA)

ITA of 60% to 100% on qualifying capital expenditure incurred for a period of 5 year; and can be offset against 70% to 100% of the statutory income for each year of assessment.

Reinvestment Allowance (RA)

- **RA of 60% on qualifying capital expenditure incurred for a period of 15 consecutive years; and can be offset against 70% to 100% of the statutory income for each year of assessment.**

a) Exemption from Import Duty on Raw Materials/Components

- Raw materials/components which attract import duty can be considered for exemption, provided:
 - Not produced locally
 - Directly used in the manufacturing process
 - Nil duty finished products

b) Exemption from Import Duty and Sales Tax on Machinery/Equipment

- Machinery and equipment which attract import duty and sales tax can be considered for exemption, provided:
 - Not manufactured locally; or
 - Directly used in the manufacturing process/ plantation/conservation of energy/environment protection
- Sales tax exemption can also be considered for machinery and equipment that are locally purchased

- **Political & Economic Stability**
- **Pro-business Government**
- **Liberal Investment Policies**
- **Transparent Policies**
- **Policy of Welcome**
- **Well Developed Infrastructure**
- **Harmonious Industrial Relations**
- **Trainable & Educated Labour Force**
- **Quality of Life**
- **Good Track Record**