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MALAYSIAN INDUSTRIAL DEVELOPMENT AUTHORITY (MIDA)

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Malaysian Industrial Development Authority (MIDA)

The Malaysian Industrial Development Authority (MIDA) is the government’s principal agency for the promotion and coordination of industrial development in Malaysia. MIDA assists companies which intend to invest in the manufacturing and its related service sectors as well as facilitates the implementation and operation of their projects. The wide range of services provided by MIDA includes providing information on the opportunities for investment and facilitating companies which are looking for joint venture partners.

To further enhance MIDA’s role in assisting investors, senior representatives from key government agencies are stationed at MIDA’s headquarters in Kuala Lumpur to advise investors on government policies and procedures. These representatives include officials from the Ministry of Finance, Ministry of Human Resources, Immigration Department, Royal Malaysian Customs, Department of Environment, Department of Occupational Safety and Health, Tenaga Nasional Berhad and Telekom Malaysia Berhad.

MIDA also evaluates the following applications for projects in the manufacturing and its related services sectors:

- Manufacturing licenses
- Tax incentives
- Expatriate posts
- Duty exemptions on raw materials, components, machinery and equipment.

Investors are encouraged to discuss their project interests with MIDA officers at MIDA’s headquarters in Kuala Lumpur or at the MIDA state offices closest to them. For the list of MIDA states offices and overseas centres, please refer to page 8 and 9.

Information on investing can also be obtained from MIDA’s website at www.mida.gov.my. Investors are also invited to visit MIDA’s Business Information Centre (BIC) where published information on investment, trade, financing and productivity pertaining to the manufacturing and services sectors is available.

MIDA’s BIC is located at:

Malaysian Industrial Development Authority
Ground Floor, Block 4, Plaza Sentral
Jalan Stesen Sentral 5, Kuala Lumpur Sentral
50470 Kuala Lumpur
Tel : 03-2267 3663
Fax : 03-2274 7970

Opening hours:

Monday to Friday - 8.30 am to 5.00 pm
1. APPROVAL OF MANUFACTURING PROJECTS

1.1 The Industrial Co-ordination Act 1975

The Industrial Co-ordination Act 1975 (ICA) was introduced with the aim to maintain an orderly development and growth in the country's manufacturing sector.

The ICA requires manufacturing companies with shareholders' funds of RM2.5 million and above or engaging 75 or more full-time paid employees to apply for a manufacturing licence for approval by the Ministry of International Trade and Industry (MITI).

Applications for manufacturing licences are to be submitted to the Malaysian Industrial Development Authority (MIDA), an agency under MITI in charge of the promotion and coordination of industrial development in Malaysia.

The ICA defines:

- "Manufacturing activity" as the making, altering, blending, ornamenting, finishing or otherwise treating or adapting any article or substance with a view to its use, sale, transport, delivery or disposal; and includes the assembly of parts and ship repairing but shall not include any activity normally associated with retail or wholesale trade.

- "Shareholders' funds" as the aggregate amount of a company's paid-up capital, reserves, balance of share premium account and balance of profit and loss appropriation account, where:
  - Paid-up capital shall be in respect of preference shares and ordinary shares and not including any amount in respect of bonus shares to the extent they were issued out of capital reserve created by revaluation of fixed assets.
  - Reserves shall be reserves other than any capital reserve created by revaluation of fixed assets and provisions for depreciation, renewals or replacements and diminution in value of assets.
  - Balance of share premium account shall not include any amount credited therein at the instance of issuing bonus shares at premium out of capital reserve by revaluation of fixed assets.

- "Full-time paid employees" as all persons normally working in the establishment for at least six hours a day and at least 20 days a month for 12 months during the year and who receive a salary.

This includes traveling sales, engineering, maintenance and repair personnel who are paid by and are under the control of the establishment.

It also includes directors of incorporated enterprises except those paid solely for their attendance at board of directors meetings. The definition encompasses family workers who receive regular salaries or allowances and who contribute to the Employees Provident Fund (EPF) or other superannuation funds.
1.2 Guidelines for Approval of Industrial Projects

Malaysia's industrial growth has been rapid over the last decade. This has created a high demand for labour in the manufacturing sector which, in turn, has caused a tightening in the labour market situation.

In view of this, the government's guidelines for approval of industrial projects in Malaysia are based on the Capital Investment Per Employee (C/E) Ratio. Projects with a C/E Ratio of less than RM55,000 are categorised as labour-intensive and thus will not qualify for a manufacturing licence or for tax incentives. Nevertheless, a project will be exempted from the above guidelines if it fulfils one of the following criteria:

- The value-added is 20% or more
- The Managerial, Technical and Supervisory (MTS) Index is 15% or more
- The project undertake promoted activities or manufacture products as listed in the List of Promoted Activities and Products for High Technology Companies
- It is located in the promoted areas i.e. the States of Perlis, Sabah and Sarawak and the designated Eastern Corridor of Peninsular Malaysia (the states of Kelantan, Terengganu, Pahang and the district of Mersing in the State of Johor)
- Existing companies (formerly exempted) applying for a manufacturing licence.

Expansion of Production Capacity and Product Diversification

A licensed company which desires to expand its production capacity or diversify its product range by manufacturing additional products will need to apply to MIDA.

For further information, please contact:

**Director General**
**Malaysian Industrial Development Authority**
**Block 4, Plaza Sentral**
**Jalan Stesen Sentral 5**
**Kuala Lumpur Sentral**
**50470 Kuala Lumpur**
**Tel**: 03-2267 3633
**Fax**: 03-2274 7970
**Website**: www.mida.gov.my
**E-mail**: secretariat@mida.gov.my
2. INCORPORATING A COMPANY

2.1 Methods of Conducting Business in Malaysia

In Malaysia, a business may be conducted:

i. By an individual operating as a sole proprietor, or

ii. By two or more (but not more than 20) persons in partnership, or

iii. By a locally incorporated company or by a foreign company registered under the provisions of the Companies Act 1965.

All sole proprietorships and partnerships in Malaysia must be registered with the Companies Commission of Malaysia (SSM) under the Registration of Businesses Act 1956. In the case of partnerships, partners are both jointly and severally liable for the debts and obligations of the partnership should its assets be insufficient. Formal partnership deeds may be drawn up governing the rights and obligations of each partner but this is not obligatory.

2.1.1 Company Structure

The Companies Act 1965 governs all companies in Malaysia. The Act stipulates that a person must register a company with the SSM in order to engage in any business activity.

It provides for three types of companies:

i. A company limited by shares where the personal liability of its members is limited to the par value of their shares and the number of shares taken or agreed to be taken by them

ii. A company limited by guarantee where the members guarantee to meet liability up to an amount nominated in the Memorandum and Articles of Association in the event of the company being wound up

iii. An unlimited company, where there is no limit to the members’ liability.

2.1.2 Company Limited by Shares

The most common company structure in Malaysia is a company limited by shares. Such limited companies may be either private (Sendirian Berhad or Sdn. Bhd.) or public (Berhad or Bhd.) companies.

A company having a share capital may be incorporated as a private company if its Memorandum and Articles of Association:

i. Restricts the right to transfer its shares

ii. Limits the number of its members to 50, excluding employees in the employment of the company or its subsidiary and some former employees of the company or its subsidiary.
iii. Prohibits any invitation to the public to subscribe for its shares and debentures.

iv. Prohibits any invitation to the public to deposit money with the company.

A public company can be formed or, alternatively, a private company can be converted into a public company subject to Section 26 of the Companies Act 1965. Such a company can offer shares to the public provided:

i. It has registered a prospectus with the Securities Commission.

ii. It has lodged a copy of the prospectus with the SSM on or before the date of its issue.

A public company can apply to have its shares quoted on the Kuala Lumpur Stock Exchange (KLSE) subject to compliance with the requirements laid down by the exchange. Any subsequent issue of securities (e.g. issue by way of rights or bonus, or issue arising from an acquisition, etc.) requires the approval of the Securities Commission.

2.2 Procedure for Incorporation

To incorporate a company, a person must apply to the SSM using Form 13A together with a payment of RM30 in order to determine if the proposed name of the intended company is available. The application will be approved if name is available and the proposed name will be reserved for the applicant for three months.

The following documents are to be submitted to the SSM within the three months to secure the use of the proposed name:

- Memorandum and Articles of Association
- Declaration of Compliance (Form 6)
- Statutory Declaration by a person before appointment as a director, or by a promoter before incorporation of a company (Form 48A).

The Memorandum of Association documents the company's name, the objectives, the amount of its authorised capital (if any) proposed for registration and its division into shares of a fixed amount.

The Articles of Association describes the regulations governing the internal management of the affairs of the company and the conduct of its business.

Once the Certificate of Incorporation is issued, the subscribers to the Memorandum together with such other persons as may from time to time become members of the company shall be a body corporate, capable of exercising the functions of an incorporated company and of suing and being sued. It has a perpetual succession under common seal with power to hold land, but with such liability on the part of the members to contribute to its assets in the event of it being wound up, as provided for in the Companies Act 1965.
2.2.1 Requirements of a Locally Incorporated Company

A company must maintain a registered office in Malaysia where all books and documents required under the provisions of the Act are kept. The name of the company shall appear in legible romanised letters, together with the company number, on its seal and documents.

A company cannot deal with its own shares or hold shares in its holding company. Each equity share of a public company carries only one vote at a poll at any general meeting of the company. A private company may, however, provide for varying voting rights for its shareholders.

The secretary of a company must be a natural person of full age who has his principal or only place of residence in Malaysia. He must be a member of a prescribed body or is licensed by the Registrar of Companies. The company must also appoint an approved company auditor to be the company auditor in Malaysia.

In addition, the company shall have at least two directors who each has his principal or only place of residence within Malaysia. Directors of public companies or subsidiaries of public companies normally must not exceed 70 years of age. It is not incumbent that a company director also be a shareholder.

For further information, please contact:

Chief Executive Officer
Companies Commission of Malaysia
2nd, 10-18th. Floor, Putra Place
100 Jalan Putra
50622 Kuala Lumpur
Tel : 03-4047 6000 / 4047 6111 (Hotline)
Fax : 03-4047 6317
Website : www.ssm.com.my
E-mail : enquiry@ssm.com.my

3. GUIDELINES ON EQUITY POLICY

3.1 Equity Policy in the Manufacturing Sector

Malaysia has always welcomed investments in its manufacturing sector. Desirous of increasing local participation in this activity, the government encourages joint-ventures between Malaysian and foreign investors.

Equity Policy for New, Expansion or Diversification Projects

The level of exports had been used to determine foreign equity participation in manufacturing projects. However, since 31 July 1998, the Malaysian government had relaxed the equity policy guidelines for all applications for investments in new as well as expansion/diversification projects in the manufacturing sector. Under this relaxation, foreign investors could hold 100% of the equity irrespective of the level of exports.
However, this relaxation did not apply to specific activities and products where Malaysian companies had the capabilities and expertise. These activities and products include paper packaging, plastic packaging (bottles, films, sheets and bags), plastic injection moulded components, metal stamping and metal fabrication, wire harness, printing and steel service centres. In these cases, specific equity guidelines prevailed.

To further enhance Malaysia's investment climate, equity holdings in all manufacturing projects were fully liberalised effective from 17 June 2003. Foreign investors can now hold 100% of the equity in all investments in new projects, as well as investments in expansion/diversification projects by existing companies, irrespective of the level of exports and without any product/activity being excluded.

The new equity policy also applies to:

i. Companies previously exempted from obtaining a manufacturing licence but whose shareholders' funds have now reached RM2.5 million or have now engaged 75 or more full-time employees and are thus required to be licensed.

ii. Existing licensed companies previously exempted from complying with equity conditions, but are now required to comply due to their shareholders' funds having reached RM2.5 million.

Equity Policy Applicable to Existing Companies

Equity and export conditions imposed on companies prior to 17 June 2003 will be maintained.

However, companies can request for these conditions to be removed. The government will be flexible in considering such requests and approval will be given based on the merit of each case. Companies with export conditions can apply for approval from MIDA to sell in the domestic market based on the following guidelines:

- Up to 100% of their output for those products with nil duty or those not produced locally
- Up to 80% of their output if the domestic supply is inadequate or there has been an increase in imports from ASEAN for products with Common Effective Preferential Tariff (CEPT) duties of 5% and below.

For further information, please contact:

Malaysian Industrial Development Authority
Block 4, Plaza Sentral
Jalan Stesen Sentral 5
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50470 Kuala Lumpur
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REPUBLIC OF KOREA
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E-mail: midaboston@aol.com
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Approval and Licensing

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2. NO-OBJECTION-LETTER FOR THE LOCATION OF PROJECTS
3. APPROVAL FOR PLANNING PERMIT
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### Guide For Malaysian Manufacturers

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This section describes the common approvals required by investors in setting up manufacturing projects. Depending on the nature of products manufactured or activities involved, investors may be required to obtain other approvals or licences from the relevant government agencies.

1. MANUFACTURING LICENCE

The Industrial Coordination Act (ICA), 1975 requires person(s) engaging in any manufacturing activity to obtain a licence from the Licensing Officer* in respect of such manufacturing activity. The objective of the Act is to ensure orderly development and growth in the manufacturing sector. Only manufacturing companies with shareholders' funds of RM2.5 million and above or engaging 75 or more full-time employees need to apply for a licence under the ICA. In this context, “manufacturing activity” is defined as the making, altering, blending, ornamenting, finishing or otherwise treating or adapting any article or substance with a view to its use, sale, transport, delivery or disposal and includes the assembly of parts and ship repairing but shall not include any activity normally associated with retail or wholesale trade.

Applications for a manufacturing licence should be made in three (3) copies to:

Director General
Malaysian Industrial Development Authority
5th Floor, Block 4, Plaza Sentral
Jalan Stesen Sentral 5
50470 Kuala Lumpur
Tel : 03-2267 3633
Fax : 03-2274 7970
Website : www.mida.gov.my
E-mail : secretariat@mida.gov.my

Investors intending to set up manufacturing projects in the states of Sabah or Sarawak will also have to submit three (3) copies of their applications to the respective MIDA offices in the two states. Their addresses are as follows:

Director
MIDA Sabah
Lot D9.4 & D9.5, Tingkat 9
Block D, Bangunan KWSP
Karamunsing
88100 Kota Kinabalu
Sabah
Tel : 088-211 411
Fax : 088-211 412
E-mail : midashb@tm.net.my

Director
MIDA Sarawak
RM 404, 4th Floor,
Bangunan Bank Negara
No. 147, Jalan Satok
93714 Kuching
Sarawak
Tel : 082-254 251 / 082-237 484
Fax : 082-252 375
E-mail : mida_kch@tm.net.my

* The Licensing Officer is the Secretary-General of the Ministry of International Trade and Industry as gazetted under Gazette Notification P. U. (B) 31/78.
2. **NO-OBJECTION-LETTER FOR THE LOCATION OF PROJECTS**

All manufacturing projects (except expansion project at the same location) need to obtain approval from the State Government for the location of a project. Approval in the form of a no-objection-letter from the State Government to verify the location of project in the designated zone can be obtained by applying to the respective State. The no-objection letter needs to be subsequently submitted to MIDA for the issuance of the manufacturing licence.

For the list of the respective State Government agencies that are responsible for issuing the no-objection-letter, please refer to pages 9 and 10.

3. **APPROVAL FOR PLANNING PERMISSION**

Under the Town and Country Planning Act, 1976 (Act 172), an application for planning permission in respect of a development and use of all lands and buildings should be made to the local planning authority.

For a list of the local authorities in each state, please refer to page 11.

4. **APPROVAL FOR BUILDING PLAN**

Under the Street, Drainage and Building Act 1974 (Act 133), construction of buildings including factories can only be undertaken with the written approval of the local authority.

Manufacturers who wish to construct any building need to submit the required plans to the local authority as required by Act 133 and the Uniform Building By-laws 1984.

Every plan, drawing or calculation in respect of the building must be submitted by a ‘qualified person’ defined as architect, registered building draughtsman or engineer. Applications for approval of building plan should be made to the One-Stop-Centre (OSC) established at every local authority.

For a list of the local authorities in each state, please refer to page 11.

5. **APPROVAL FOR CERTIFICATE OF FITNESS FOR OCCUPATION**

Under the Uniform Building By-laws 1984, all completed buildings need to be certified as being fit for occupation by the local authority. Applications for approval of a Certificate of Fitness for Occupation should be made to the One-Stop-Centre (OSC) established at every local authority.

For a list of the local authorities in each state, please refer to page 11.

6. **APPROVAL FOR BUSINESS-RELATED LICENCES**

Investors are required to apply to the local authorities for four main licences namely for factory premises, advertising signage, storage and canteen.

For a list of the local authorities in each state, please refer to page 11.
7. **APPROVAL FROM THE DEPARTMENT OF ENVIRONMENT**

Under the Environmental Quality Act, 1974 and the Regulations there under, industrial activities are required to obtain the following approvals from the Department of Environment, prior to project implementation:

- Environmental Impact Assessment reports (for prescribed activities);
- Site suitability evaluation (for non-prescribed activities);
- Written permission to construct any building or to carry out any work that may result in a new source of effluent or discharge;
- Written permission to construct on any land or any building; or to carry out work that would cause the land or building to become prescribed premises;
- Written approval for installation of incinerator, fuel burning equipment and chimney; and
- Licence to use and occupy prescribed premises and prescribed conveyances.

A handbook on ‘Environmental Requirements: A Guide for Investors’ can be obtained from the headquarters of the Department of Environment (DOE), Putrajaya, States Offices of the Department of Environment and the office of the DOE representative at the Malaysian Industrial Development Authority (MIDA). Enquiries and applications for approval should be made to the DOE Headquarters (address as below) or to the DOE State Offices:

**Director-General**
Department of Environment
Ministry of Natural Resources and Environment
Level 1-4, Podium 2&3
Lot 4G3, Precint 4
Federal Government Administrative Centre
62574 Putrajaya
Tel: 03-8871 2000 / 2200
Fax: 03-8888 9987
Website: www.jas.sains.my
E-mail: doe@jas.sains.my

8. **APPROVAL FROM THE DEPARTMENT OF OCCUPATIONAL SAFETY & HEALTH**

Under the Factories and Machinery Act 1967, manufacturers are required to:

i. obtain design approval of “certificated machinery”, i.e. steam boilers, unfired pressure vessels and hoisting machines such as cranes and lifts

ii. obtain a “Certificate of Fitness” prescribed for “certificated machinery”

iii. serve written notice to the nearest Inspector of Factories and Machinery of the intention to take occupancy of the factory and operate the machines.

Enquiries and applications for approval should be made to:

**Director General**
Department of Occupational Safety & Health
Level 2, 3 & 4, Block D3, Parcel D
Federal Government Administrative Centre
62502 Putrajaya
Tel: 03-8886 5000
Fax: 03-8889 2349
Website: http://dosh.mohr.gov.my
E-mail: jkkp_webmaster@mohr.gov.my
9. **EXCISE LICENCE AND SALES TAX LICENCE**

Excise duty is tax imposed on locally manufactured goods. In Malaysia, excise duty is the duty imposed by the Ministry of Finance under Section 6 of the Excise Act 1976. The Excise Duty Order 1981 lists the goods subject to excise duty. An excise licence is required for the manufacture of an excisable item. Fees for licence to manufacture excisable items vary and are gazetted in the Excise Regulations 1977.

Sales tax is a single stage tax because sales tax is charged once only, either at the input stage or at the output stage. Sales tax on imported goods is assessed and paid at time of release of goods from Customs control (import sales tax). For locally manufactured goods, sales tax is charged and levied when the goods are sold or disposed of.

All goods are subject to sales tax unless specifically exempted by order of the Minister of Finance under the following:

a. Schedule A of the Sales Tax (Exemption) Order 1980
b. Sales Tax (Exemption From Licensing) Order 1977
c. Special exemption by the Minister of Finance under Section 10 of the Sales Tax Act 1972

Companies manufacturing taxable goods with sales below RM100,000 per year may apply for a certificate of exemption. Exemptions are also given, by order, to persons, manufacturers and firms under Schedules B and C of the Sales Tax (Exemption) Order 1980.

Incentives and facilities to licensed manufacturers to obtain raw materials, components and packaging materials free from tax through the ring system (use of CJ5, CJ5A, CJ5BSection 9), the refund system (use of JKED 2-Section31) the credit system (use of CJ10- Section 31A) and duty draw back (Section 29).

Section 10 of the Sales Tax Act also provides for the Minister of Finance to refund sales tax and penalties paid by any person or class of persons.

Licensed warehouses and licensed manufacturing warehouses are deemed to be places outside Malaysia. They are therefore not licensed under the Sales Tax Act and finished goods sold locally are deemed to be imported.

The above licenses are processed by the State Customs and applications should be made to the State Director of Customs (one stop licensing centre).

The addresses are as follows:

**Perlis**

State Director of Customs, Perlis  
Royal Malaysian Customs Department  
State Customs Complex  
Jalan Kampong Pondok  
01000 Kangar, Perlis  
Tel : 04-976 1420/421  
Fax : 04-976 0242

**Selangor**

State Director of Customs, Selangor  
Wisma Kastam Selangor  
No. 1, Jalan Perigi Nenas 7/1  
KS II, Taman Perindustrian Pulau Indah  
42907 Pelabuhan Kelang, Selangor  
Tel : 03-3101 3160  
Fax : 03-3101 3162
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<th>State</th>
<th>Director of Customs</th>
<th>Royal Malaysian Customs Department</th>
<th>Address</th>
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<td>State Director of Customs, Kedah</td>
<td>Royal Malaysian Customs Department</td>
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<td>State Director of Customs, Pulau</td>
<td>Royal Malaysian Customs Department</td>
<td>Wisma Kastam</td>
<td>Tel : 09-510 1000/09-516</td>
<td>Fax : 09-516 3513</td>
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<td>Fax : 04-262 2637</td>
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<td>Kelantan</td>
<td>Royal Malaysian Custom Department,</td>
<td>Kelantan</td>
<td>Jalan Sultan</td>
<td>Tel : 09-748 1508</td>
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<td>State Director of Customs, Perak</td>
<td>Royal Malaysian Customs Department</td>
<td>No. 1 Jalan Kinta</td>
<td>Tel : 05-527 4322/527</td>
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<td>Kuala Lumpur</td>
<td>State Director of Customs, Wilayah</td>
<td>Wilayah Persekutuan Kuala Lumpur</td>
<td>No, 22 Jalan 6/3 Kelana Jaya</td>
<td>Tel : 03-7884 0800</td>
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<td>Royal Malaysian Customs Department</td>
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<td>Terengganu</td>
<td>State Director of Customs, Terengganu</td>
<td>Royal Malaysian Customs Department</td>
<td>Jalan Balik Bukit</td>
<td>Tel : 09-622 1077</td>
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<td>Sarawak</td>
<td>State Director of Customs, Sarawak</td>
<td>Royal Malaysian Customs Department</td>
<td>Jalan Gedung, Tanah Putih</td>
<td>Tel : 082-333 133/196/604</td>
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<td>93596 Kuching, Sarawak</td>
<td>Fax : 082-332 204/330 152</td>
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<td>Sabah</td>
<td>State Director of Customs, Sabah</td>
<td>Royal Malaysian Customs Department</td>
<td>Jalan Haji Saman</td>
<td>Tel : 088-231 411</td>
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<td>88000 Kota Kinabalu, Sabah</td>
<td>Fax : 088-214 160</td>
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10. FACTORY VEHICLE LICENCE

Companies wishing to operate their own vehicles for the transportation of their own workers and goods are required to apply for a licence.

Enquiries can be made to:

Director
Commercial Vehicle Licensing Board (CVLB)
Ministry of Entrepreneur and Cooperative Development
4th Floor, Podium Block
Lot 2G6, 2 Precint
62100 Putrajaya
Tel : 03-8880 5000
Fax : 03-8880 5621

However, applications should be made to the nearest regional office of the CVLB. The addresses are as follows:

Regional Director
Commercial Vehicle Licensing Board (Central Region)
Ministry of Entrepreneur and Cooperative Development
3rd Floor, Podium Block
Lot 2G6, 2 Precint
62100 Putrajaya
Tel : 03-8880 5000
Fax : 03-8880 5784

Regional Director
Commercial Vehicle Licensing Board (Northern Region)
Ministry of Entrepreneur and Cooperative Development
Lot 173 & 174, Taman Ria Jaya
Jalan Kelab Cinta Sayang
08000 Sungai Petani
Kedah Darul Aman
Tel : 04-448 5119
Fax : 04-448 5110

Regional Director
Commercial Vehicle Licensing Board (Southern Region)
Ministry of Entrepreneur and Cooperative Development
Lot 391, Km 7.2
Parit Bunga, Jalan Tangkak
84000 Muar
Johor Darul Ta’zim
Tel : 06-955 6000
Fax : 06-955 6008
Regional Director
Commercial Vehicle Licensing Board (Eastern Region)
Ministry of Entrepreneur and Cooperative Development
Wisma LPKP, Lot 2182
Jalan Bukit Kecil
21100 Kuala Terengganu
Terengganu Darul Iman
Tel : 09-624 1111
Fax : 09-622 8996

Director
Commercial Vehicle Licensing Board Sabah
Ministry of Entrepreneur and Cooperative Development
3rd. Floor, E Block
Kompleks KUWASA
49, Jalan Karamunsing
88000 Kota Kinabalu
Sabah
Tel : 088-238 245/237 497
Fax : 088-238 144

Head of Tawau Branch
Commercial Vehicle Licensing Board
Ministry of Entrepreneur and Cooperative Development
4th. Floor, Wisma Persekutuan
P. O. Box No. 62124
91031 Tawau
Sabah
Tel : 089-759 978
Fax : 089-759 976

Head of Sandakan Branch
Commercial Vehicle Licensing Board
Ministry of Entrepreneur and Cooperative Development
Ground & 1st. Floor, Block 14
Lot 3, Lorong Bandar Indah 4
Bandar Indah
Km 6.4, Jalan Utara
90740 Sandakan
Sabah
Tel : 089-238 244/246
Fax : 089-238 245

Director
Commercial Vehicle Licensing Board (Sarawak)
Ministry of Entrepreneur and Cooperative Development
Lot 421, Seksyen 10
Jalan Nanas
93400 Kuching
Sarawak
Tel : 082-412 033
Fax : 082-256 757
11. OTHER APPROVALS

Manufacturers of certain types of products are required to obtain specific licences from the relevant government departments/agencies. These include pharmaceutical and food products and the use of nuclear energy electrical appliances.

For more details on approvals and licensing for specific industries, manufacturers are requested to communicate with the relevant Industry Division of MIDA.

Any manufacturers who face difficulties or delays in obtaining support and approvals from Federal or State agencies are advised to discuss their problems with the special project officers at the Industry Support Division of MIDA headquarters or MIDA State offices.
STATE GOVERNMENT AGENCIES FOR APPROVAL ON LOCATION OF PROJECTS

JOHOR
Johor Corporation
Bahagian Pembangunan Perindustrian
Tingkat 9, KOMTAR
Jalan Wong Ah Fook
80000 Johor Bahru, Johor
Tel : 07-222 6922
Fax : 07-224 2221
(For projects to be located in industrial areas developed by Johor Corporation)

Lembaga Pelabuhan Johor
P.O. Box 66
81707 Pasir Gudang, Johor
Tel : 07-251 7721/251 7694
Fax : 07-276 1642/251 7684
(For projects to be located in industrial areas developed by Johor Port)

Pejabat Pengarah Tanah dan Galian Negeri Johor
Tingkat 4, Bangunan Sultan Ibrahim
Jalan Bukit Timbalan
80000 Johor Bahru, Johor
Tel : 07-224 3366/69
Fax : 07-223 8464
(For projects to be located other than in industrial areas developed by Johor Corporation and Johor Port)

PERAK
Perak Investment Management Centre (PIMC)
Aras 4, Bangunan Perak Techno Trade Centre
Bandar Meru Jaya
Off Jalan Jelapang
30020 Ipoh, Perak
Tel : 05-529 2442
Fax : 05-529 2440

KEDAH
Perbadanan Kemajuan Negeri Kedah (PKNK)
Tingkat 14, Wisma PKNK
Jalan Sultan Badlishah
05000 Alor Star, Kedah
Tel : 04-775 2455
Fax : 04-731 2957
(For projects to be located in industrial areas developed by PKNK)

Unit Perancang Ekonomi Negeri Kedah
Pejabat UPEN
Aras 3, Blok B, Wisma Darul Aman
Jalan Tunku Bendahara
05501 Alor Star, Kedah
Tel : 04-730 1957
Fax : 04-733 0908
(For projects to be located other than in the industrial areas developed by PKNK)

LOCALITY OF KULIM HI-TECH PARK
Taman Perindustrian Hi-Tech Park
Lot 01/02, KHTP Administrative
Kulim Hi-Tech Park
09000 Kulim, Kedah
Tel : 04-403 2266
Fax : 04-403 2277
(For projects situated in industrial area developed by PBT KHTP)

PELIRIS
Unit Perancang Ekonomi Negeri Perlis (UPEN)
Tingkat 3, Blok B
Bangunan Dato' Mahmud Mat
01000 Kangar, Perlis
Tel : 04-976 1957
Fax : 04-976 2951
(For projects to be located in industrial areas developed by UPEN)

Perbadanan Kemajuan Ekonomi Negeri Perlis (PKENPs)
No. 172-191, Taman Kemajuan
Jalan Raja Syed Alwi
01000 Kangar, Perlis
Tel : 04-976 2181
Fax : 04-976 2180
(For projects to be located in industrial areas developed by PKENPs)

KELANTAN
Perbadanan Kemajuan Iktisad Negeri Kelantan (PKINK)
Tingkat 11, Bangunan PKINK
Jalan Tengku Maharani Puteri
15000 Kota Bharu, Kelantan
Tel : 09-741 4141/4040
Fax : 09-741 4140
(For projects to be located in industrial areas developed by PKINK)

Unit Perancang Ekonomi Negeri
Tingkat 1, Blok 6,
Kota Darul Naim
15503 Kota Bharu, Kelantan
Tel : 09-741 4141/4040
Fax : 09-741 4140
(For projects to be located in industrial areas developed by PKINK)

SELANGOR
SSIC Berhad
24th Fl., Wisma MBSA
Persiaran Perbandaran
40000 Shah Alam
Selangor
Tel : 03-5510 2005/6
Fax : 03-5519 6403/5511 2008

PAHANG
Perbadanan Kerajaan Melayu Pahang
Tingkat 16, Kompleks Teruntum
Jalan Mahkota
25000 Kuantan
Pahang
Tel : 09-513 5566
Fax : 09-513 0510
E-mail : pknp@pahang.gov.my
TERENGGANU
Unit Perancangan Ekonomi Negeri
Tingkat 12-13, Wisma Darul Iman
20503 Kuala Terengganu
Terengganu
Tel : 09-623 1957
Fax : 09-624 6989
Website : www.terengganu.gov.my
E-mail : upent@terengganu.gov.my

PULAU PINANG
Penang Development Corporation (PDC)
No. 1, Persiaran Mahsuri
Bandar Bayan Baru
11909 Bayan Lepas
Pulau Pinang
Tel : 04-634 0111
Fax : 04-642 3616
(For projects to be located in industrial areas developed by PDC)

Majlis Perbandaran Pulau Pinang (MPPP)
Perancangan Bandar dan Pembangunan
Tingkat 16, KOMTAR
10675 Pulau Pinang
Tel : 04-268 2165
Fax : 04-262 3405
(For projects to be located on the ‘island’ and other than industrial areas developed by PDC)

Majlis Perbandaran Seberang Prai (MPSP)
Perancangan Bandar dan Pengindahan
Jalan Perda Utama, Bandar Perda
14000 Bukit Mertajam,Pulau Pinang
Tel : 04-549 7555
Fax : 04-539 5588
(For projects to be located on the ‘mainland’ and other than industrial areas developed by PDC)

W.P. KUALA LUMPUR
Dewan Bandaraya Kuala Lumpur (DBKL)
Jabatan Perancangan Bangunan
Tingkat 8, Bangunan DBKL
Jalan Raja laut
50350 Kuala Lumpur
Tel : 03-2617 9716
Fax : 03-2691 0442
LOCAL AUTHORITIES

PULAU PINANG
- Municipal Council of Penang Island
- Municipal Council of Seberang Perai

KEDAH DARUL AMAN
- City Council of Alor Star
- Municipal Council of Sungai Petani
- Municipal Council of Kulim
- Municipal Council of Langkawi
- Local Authority of Taman Perindustrian Hi-Tech Kulim
- District Council of Baling
- District Council of Bandar Baharu
- District Council of Kubang Pasu
- District Council of Padang Terap
- District Council of Pendang
- District Council of Sik
- District Council of Yan

SELANGOR DARUL EHSAN
- City Council of Shah Alam
- City Council of Petaling Jaya
- Municipal Council of Ampang Jaya
- Municipal Council of Kajang
- Municipal Council of Klang
- Municipal Council of Selayang
- Municipal Council of Subang Jaya
- Municipal Council of Sepang
- District Council of Hulu Selangor
- District Council of Kuala Langat
- District Council of Kuala Selangor
- District Council of Sabak Bernam

WILAYAH PERSEKUTUAN
- City Hall of Kuala Lumpur

WILAYAH PERSEKUTUAN LABUAN
- Perbadanan Labuan

SABAH
- City Hall of Kota Kinabalu
- Municipal Council of Sandakan
- Municipal Council of Tawau
- Local Authority of Kudat
- District Council of Beaufort
- District Council of Beluran
- District Council of Keningau
- District Council of Kinabatangan
- District Council of Kota Belud
- District Council of Kota Marudu
- District Council of Kuala Penyu
- District Council of Kunak
- District Council of Lahad Datu
- District Council of Nabawan
- District Council of Papar
- District Council of Penampang
- District Council of Ranau
- District Council of Semporna
- District Council of Sipitang
- District Council of Tambunan
- District Council of Tenom
- District Council of Tuaran

NEGERI SEMBILAN DARUL KHUSUS
- Municipal Council of Nilai
- Municipal Council of Port Dickson
- Municipal Council of Seremban
- District Council of Jelebu
- District Council of Kempas
- District Council of Kuala Pilah
- District Council of Rembau
- District Council of Tampin

PERLIS INDERA KAYANGAN
- Municipal Council of Kangar

JOHOR DARUL TA'ZIM
- City Council of Johor Bahru
- Municipal Council of Johor Bahru Tengah
- Municipal Council of Muar
- Municipal Council of Kuang
- Municipal Council of Batu Pahat
- Municipal Council of Kulai
- Local Authority of Bandar Penawar, Kota Tinggi
- Local Authority of Pasir Gudang
- District Council of Yong Peng
- District Council of Labis
- District Council of Kota Tinggi
- District Council of Pontian
- District Council of Mersing
- District Council of Simpang Renggam
- District Council of Segamat
- District Council of Tangkak

MELAKA
- Melaka Historical City Council
- Municipal Council of Alor Gajah
- District Council of Jasin

KELANTAN DARUL NAIM
- Kota Bharu Islamic City Council
- District Council of Bachok
- District Council of Gua Musang
- District Council of Jeli
- District Council of Keteri
- District Council of Machang
- District Council of Kuala Krai
- District Council of Pasir Mas
- District Council of Pasir Putih
- District Council of Dabong
- District Council of Tanah Merah
- District Council of Tumpat

TERENGGANU DARUL IMAN
- City Council of Kuala Terengganu
- Municipal Council of Kemaman
- District Council of Besut
- District Council of Dungun
- District Council of Hulu Terengganu
- District Council of Marang
- District Council of Setiu

SARAWAK
- City Hall of Kuching Utara
- Municipal Council of Kuching Selatan
- Municipal Council of Miri
- Municipal Council of Padawan
- Municipal Council of Sibu
- Bintulu Development Authority
- District Council of Bau
- District Council of Betong
- District Council of Dalat and Mukah
- District Council of Kanowit
- District Council of Kapit
- District Council of Lawas
- District Council of Limbang
- District Council of Luar Bandar Sibu
- District Council of Lubok Antu
- District Council of Lundu
- District Council of Maradong and Julau
- District Council of Marudi
- District Council of Matu and Daro
- District Council of Samarahan
- District Council of Saratok
- District Council of Sarikei
- District Council of Serian
- District Council of Simunjan
- District Council of Sri Aman
- District Council of Subis

PERAK DARUL RIDZUAN
- City Council of Ipoh
- Municipal Council of Kuala Kangsar
- Municipal Council of Manjung
- Municipal Council of Taiping
- Municipal Council of Teluk Intan
- District Council of Gerik
- District Council of Kerian
- District Council of Kinta Barat
- District Council of Kinta Selatan
- District Council of Lenggong
- District Council of Perak Tengah
- District Council of Pengkalan Hulu
- District Council of Selama
- District Council of Tapah
- District Council of Tanjung Malim

PAHANG DARUL MAKMUR
- Municipal Council of Kuala Lumpur
- Municipal Council of Kuala Selangor
- Municipal Council of Kuantan
- Municipal Council of Temerloh
- District Council of Bentong
- District Council of Bera
- District Council of Cameron Highlands
- District Council of Jerantut
- District Council of Lipis
- District Council of Maran
- District Council of Pekan
- District Council of Raub
- District Council of Rompin
Notes
Incentives for Investment

1. INCENTIVES FOR THE MANUFACTURING SECTOR
2. INCENTIVES FOR THE AGRICULTURAL SECTOR
3. INCENTIVES FOR THE BIOTECHNOLOGY INDUSTRY
4. INCENTIVES FOR THE TOURISM INDUSTRY
5. INCENTIVES FOR ENVIRONMENTAL MANAGEMENT
6. INCENTIVES FOR RESEARCH AND DEVELOPMENT
7. INCENTIVES FOR MEDICAL DEVICE INDUSTRY
8. INCENTIVES FOR TRAINING
9. INCENTIVES FOR APPROVED SERVICE PROJECTS
10. INCENTIVES FOR THE SHIPPING AND TRANSPORTATION INDUSTRY
11. INCENTIVES FOR THE MULTIMEDIA SUPER CORRIDOR
12. INCENTIVES FOR INFORMATION AND COMMUNICATION TECHNOLOGY
13. INCENTIVES FOR KNOWLEDGE-BASED ACTIVITIES
14. INCENTIVES FOR THE MANUFACTURING RELATED SERVICES
15. INCENTIVES FOR OPERATIONAL HEADQUARTERS
16. INCENTIVES FOR INTERNATIONAL PROCUREMENT CENTRES / REGIONAL DISTRIBUTION CENTRES
17. REPRESENTATIVE OFFICES AND REGIONAL OFFICES
18. OTHER INCENTIVES

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APPENDIX II  •  List of Promoted Activities - Manufacturing Related Services
APPENDIX III  •  List of Promoted Activities and Products - High Technology Companies
APPENDIX IV  •  List of Promoted Activities and Products - Industrial Linkage Programme (ILP)
APPENDIX V  •  List of Promoted Activities and Products - Small Scale Companies
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In Malaysia, tax incentives, both direct and indirect, are provided for in the Promotion of Investments Act 1986, Income Tax Act 1967, Customs Act 1967, Sales Tax Act 1972, Excise Act 1976 and Free Zones Act 1990. These Acts cover investments in the manufacturing, agriculture, tourism (including hotel) and approved services sectors as well as R&D, training and environmental protection activities.

The direct tax incentives grant partial or total relief from income tax payment for a specified period, while indirect tax incentives are in the form of exemptions from import duty, sales tax and excise duty.

1. INCENTIVES FOR THE MANUFACTURING SECTOR

1.1 Main Incentives for Manufacturing Companies

The major tax incentives for companies investing in the manufacturing sector are the Pioneer Status and the Investment Tax Allowance.

Eligibility for Pioneer Status and Investment Tax Allowance is based on certain priorities, including the level of value-added, technology used and industrial linkages. Eligible activities and products are termed as “promoted activities” or “promoted products”. (See Appendix I: List of Promoted Activities and Products – General, page 53).

(i) Pioneer Status

A company granted Pioneer Status enjoys a 5-year partial exemption from the payment of income tax. It pays tax on 30% of its statutory income*, with the exemption period commencing from its Production Day (defined as the day its production level reaches 30% of its capacity).

Unabsorbed capital allowances as well as accumulated losses incurred during the pioneer period can be carried forward and deducted from the post pioneer income of the company.

To encourage investments in promoted areas i.e. the States of Perlis**, Sabah and Sarawak and the designated “Eastern Corridor”+ of Peninsular Malaysia, applications received from companies located in these areas will enjoy a 100% tax exemption on their statutory income during their 5-year exemption period. Applications received by 31 December 2010 are eligible for this incentive.

* Statutory Income is derived after deducting revenue expenditure and capital allowances from the gross income.

+ The “Eastern Corridor” of Peninsular Malaysia covers the States of Kelantan, Terengganu and Pahang, and the district of Mersing in the State of Johor.

** The State of Perlis was declared as one of the promoted areas with effect from 2 September 2006 and companies undertaking promoted activities or promoted products in this state will be eligible for incentives presently given to such areas.

Applications for Pioneer Status should be submitted to the Malaysian Industrial Development Authority (MIDA).
(ii) Investment Tax Allowance

As an alternative to Pioneer Status, a company may apply for Investment Tax Allowance (ITA). A company granted ITA is entitled to an allowance of 60% on its qualifying capital expenditure (factory, plant, machinery or other equipment used for the approved project) incurred within five years from the date the first qualifying capital expenditure is incurred.

The company can offset this allowance against 70% of its statutory income for each year of assessment. Any unutilised allowance can be carried forward to subsequent years until fully utilised. The remaining 30% of its statutory income will be taxed at the prevailing company tax rate.

For the promoted areas i.e. the States of Perlis, Sabah and Sarawak and the designated “Eastern Corridor” of Peninsular Malaysia, applications received from companies located in these areas will enjoy an allowance of 100% on the qualifying capital expenditure incurred within a period of five years. The allowance can be utilised to offset against 100% of the statutory income for each year of assessment. Applications received by 31 December 2010 are eligible for this incentive.

Applications should be submitted to MIDA.

1.2 Incentives for Relocating Manufacturing Activities to Promoted Areas

In order to reduce the costs of doing business and to provide a competitive business environment, existing companies which relocate their manufacturing activities to the promoted areas, are eligible for the following incentives:

i. Pioneer Status with income tax exemption of 100% of statutory income for a period of five years; Unabsorbed capital allowances as well as accumulated losses incurred during the pioneer period can be carried forward and deducted from the post pioneer income of the company; or

ii. Investment Tax Allowance of 100% on the qualifying capital expenditure incurred within a period of five years. The allowance can be utilised to offset against 100% of the statutory income for each year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.

Applications should be submitted to MIDA.

1.3 Incentives for High Technology Companies

A high technology company is a company engaged in promoted activities or in the production of promoted products in areas of new and emerging technologies (See Appendix III: List of Promoted Activities and Products – High Technology Companies, page 66). A high technology company qualifies for:

i. Pioneer Status with income tax exemption of 100% of the statutory income for a period of five years. Unabsorbed capital allowances as well as accumulated losses incurred during the pioneer period can be carried forward and deducted from the post pioneer income of the company.; or
ii. Investment Tax Allowance of 60% (100% for promoted areas) on the qualifying capital expenditure incurred within five years from the date the first qualifying capital expenditure is incurred. The allowance can be utilised to offset against 100% of the statutory income for each year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.

Applications should be submitted to MIDA.

The high technology company must fulfil the following criteria:

i. The percentage of local R & D expenditure to gross sales should be at least 1% on an annual basis. The company has three years from its date of operation or commencement of business to comply with this requirement.

ii. Scientific and technical staff having degrees or diplomas with a minimum of 5 years experience in related fields should comprise at least 7% of the company's total workforce.

1.4 Incentives for Strategic Projects

Strategic projects involve products or activities of national importance. They generally involve heavy capital investments with long gestation periods, have high levels of technology, are integrated, generate extensive linkages, and have significant impact on the economy. Such projects qualify for:

i. Pioneer Status with income tax exemption of 100% of the statutory income for a period of ten years; Unabsorbed capital allowances as well as accumulated losses incurred during the pioneer period can be carried forward and deducted from the post pioneer income of the company.; or

ii. Investment Tax Allowance of 100% on the qualifying capital expenditure incurred within five years from the date the first qualifying capital expenditure is incurred. This allowance can be offset against 100% of the statutory income for each year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.

Applications should be submitted to MIDA.

1.5 Incentives for Small and Medium-Scale Companies

Small and medium-scale companies with a paid-up capital of RM2.5 million and below are eligible for a reduced corporate tax of 20% on chargeable incomes of up to RM500,000. The tax rate on the remaining chargeable income is maintained at 26%.

Small-scale manufacturing companies incorporated in Malaysia with shareholders' funds not exceeding RM500,000 and having at least 60% Malaysian equity are eligible for the following incentives:

i. Pioneer Status with income tax exemption of 100% of the statutory income for a period of five years. Unabsorbed capital allowances as well as accumulated losses incurred during the pioneer period can be carried forward and deducted from the post pioneer income of the company.; or
ii. Investment Tax Allowance of 60% (100% for promoted areas) on the qualifying capital expenditure incurred within five years. This allowance can be offset against 100% of the statutory income for each year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.

A sole proprietorship or partnership is eligible to apply for this incentive provided a new private limited/limited company is formed to take over the existing production/activities.

To qualify for the incentive, a small-scale company has to comply with one of the following criteria:

i. The value-added must be at least 15%; or

ii. The project contributes towards the socio-economic development of the rural population.

The company shall carry out the manufacture of products or participate in activities listed as promoted products and activities for small-scale companies (See Appendix V: Small Scale Companies, page 71).

Applications should be submitted to MIDA.

1.6 Incentives to Strengthen Industrial Linkages

To encourage large companies to participate in an Industrial Linkage Programme (ILP), expenditure incurred in training of employees, product development and testing, and factory auditing to ensure the quality of vendors' products, will be allowed as a deduction in the computation of income tax.

Vendors, including small and medium-scale companies that propose to manufacture promoted products or participate in promoted activities in an ILP (See Appendix IV: Industrial Linkage Programme, page 69), are eligible for the following incentives:

i. Pioneer Status with income tax exemption of 100% of the statutory income for a period of five years. Unabsorbed capital allowances as well as accumulated losses incurred during the pioneer period can be carried forward and deducted from the post pioneer income of the company.; or

ii. Investment Tax Allowance of 60% (100% for promoted areas) on the qualifying capital expenditure incurred within five years. This allowance can be offset against 100% of the statutory income for each year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.

To encourage vendors to manufacture promoted products or participate in activities for the international market, vendors in an approved ILP who are capable of achieving world-class standards in terms of price, quality and capacity, will be eligible for the following incentives:

i. Pioneer Status with income tax exemption of 100% of the statutory income for a period of ten years; Unabsorbed capital allowances as well as accumulated
losses incurred during the pioneer period can be carried forward and deducted from the post pioneer income of the company; or

ii. Investment Tax Allowance of 100% on the qualifying capital expenditure incurred within a period of five years which the company can offset against 100% of the statutory income for each year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.

Applications received by 31 December 2010 are eligible for these incentives.

Applications should be submitted to MIDA.

1.7 Incentives for the Machinery and Equipment Industry

1.7.1 Incentives for the Production of Specialised Machinery and Equipment

Companies undertaking activities in the production of specialised machinery and equipment, namely, machine tools, plastic injection machines, plastic extrusion machinery, material handling equipment, packaging machinery, robotics and factory automation equipment, specialised/process machinery or equipment for specific industries, and parts and components of the mentioned machinery and equipment, are eligible for:

i. Pioneer Status with income tax exemption of 100% of the statutory income for a period of ten years. Unabsorbed capital allowances as well as accumulated losses incurred during the pioneer period can be carried forward and deducted from the post pioneer income of the company; or

ii. Investment Tax Allowance of 100% on the qualifying capital expenditure incurred within five years from the date the first qualifying capital expenditure is incurred. This allowance can be offset against 100% of the statutory income for each year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.

Applications should be submitted to MIDA.

1.7.2 Additional Incentives for the Production of Heavy Machinery

Existing locally-owned companies that reinvest in the production of heavy machinery such as cranes, quarry machinery, batching plant and port material handling equipment, are eligible for the following incentives:

i. Pioneer Status with income tax exemption of 70% (100% for promoted areas) on the increased statutory income arising from the reinvestment for a period of five years. Unabsorbed capital allowances as well as accumulated losses incurred during the pioneer period can be carried forward and deducted from the post pioneer income of the company; or

ii. Investment Tax Allowance of 60% (100% for promoted areas) on the additional qualifying capital expenditure incurred within a period of five years. The allowance can be offset against 70% (100% for promoted areas) of the statutory income for each year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.
1.7.3 Additional Incentives for the Production of Machinery and Equipment

Existing locally-owned companies that reinvest in the production of machinery and equipment, including specialised machinery and equipment and machine tools, are eligible for the following incentives:

i. Pioneer Status with income tax exemption of 70% (100% for promoted areas) on the increased statutory income arising from the reinvestment for a period of five years. Unabsorbed capital allowances as well as accumulated losses incurred during the pioneer period can be carried forward and deducted from the post pioneer income of the company; or

ii. Investment Tax Allowance of 60% (100% for promoted areas) on the additional qualifying capital expenditure incurred within a period of five years. The allowance can be offset against 70% (100% for promoted areas) of the statutory income for each year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.

1.8 Incentives for Automotive Component Modules or Systems

New and existing companies that undertake design, R&D and production of qualifying automotive component modules or systems are eligible for:

i. Pioneer Status with income tax exemption of 100% of the statutory income for a period of five years. Unabsorbed capital allowances as well as accumulated losses incurred during the pioneer period can be carried forward and deducted from the post pioneer income of the company; or

ii. Investment Tax Allowance of 60% (100% for promoted areas) of the qualifying capital expenditure incurred within five years from the date the first capital expenditure is incurred. The allowance can be offset against 100% of the statutory income for each year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.

The qualifying modules or systems are front corner modules, rear corner modules, instrument panel modules, struts and absorbers and spring assembly modules, bumper modules, front cross member modules, function integrated door modules, fuel tank modules, seat modules, pedal modules, door trim modules, floor console modules, tyre and wheel modules, brake systems, wiper systems, exhaust systems, audio systems, heater ventilation air-conditioning systems, air bag systems, power and signal distribution systems, alarm systems, seat belt systems, exterior lighting systems, body in white modules, engine management systems, safety systems, telematics, navigational systems, engine fuel injection systems, and vehicle intelligence systems.

1.9 Incentives for the Utilisation of Oil Palm Biomass

Companies that utilise oil palm biomass to produce value-added products such as particleboard, medium density fibreboard, plywood, and pulp and paper are eligible for the following incentives:
(i) **New Companies**

a. Pioneer Status with income tax exemption of 100% of the statutory income for a period of ten years. Unabsorbed capital allowances as well as accumulated losses incurred during the pioneer period can be carried forward and deducted from the post pioneer income of the company; or

b. Investment Tax Allowance of 100% of the qualifying capital expenditure incurred within a period of five years. The allowance can be offset against 100% of the statutory income for each year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.

(ii) **Existing Companies that Reinvest**

a. Pioneer Status with income tax exemption of 100% of the increased statutory income arising from the reinvestment for a period of ten years. Unabsorbed capital allowances as well as accumulated losses incurred during the pioneer period can be carried forward and deducted from the post pioneer income of the company; or

b. Investment Tax Allowance of 100% on the additional qualifying capital expenditure incurred within a period of five years. The allowance can be offset against 100% of the statutory income for each year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.

1.10 **Additional Incentives for the Manufacturing Sector**

(i) **Reinvestment Allowance**

A manufacturing company that has been in operation for at least 12 months and incurs qualifying capital expenditure to expand, modernise or automate its existing business or diversify its existing business into any related products within the same industry can apply for Reinvestment Allowance (RA).

The RA is given at the rate of 60% on the qualifying capital expenditure incurred by the company, and can be offset against 70% of its statutory income for the year of assessment. Any unutilised allowance can be carried forward to subsequent years until fully utilised.

A company can offset the RA against 100% of its statutory income for the year of assessment if:

- The company undertakes reinvestment projects in the promoted areas i.e. the States of Perlis, Sabah, and Sarawak and the designated "Eastern Corridor" of Peninsular Malaysia; or

- The company attains a productivity level exceeding the level determined by the Ministry of Finance. For further details on the prescribed productivity level for each sub-sector, please contact the Inland Revenue Board.
The RA will be given for a period of 15 consecutive years beginning from the year the first reinvestment is made. Companies can only claim the RA upon the completion of the qualifying project, i.e. after the building is completed or when the plant/machinery is put to operational use. Assets acquired for the reinvestment cannot be disposed of within a period of two years from the time of the reinvestment.

Companies that intend to reinvest before the expiry of its tax relief period, can surrender their Pioneer Status or Pioneer Certificate for purpose of cancellation and be eligible for RA.

Applications for RA should be submitted to the Inland Revenue Board (IRB), while applications for the surrender of Pioneer Status or Pioneer Certificate for RA should be submitted to MIDA.

(ii) Accelerated Capital Allowance

After the 15-year period of eligibility for RA, companies that reinvest in the manufacture of promoted products are eligible to apply for Accelerated Capital Allowance (ACA). The ACA provides a special allowance, where the capital expenditure is written off within three years, i.e. an initial allowance of 40% and an annual allowance of 20%.

Applications should be submitted to the IRB accompanied by a letter from MIDA certifying that the companies are manufacturing promoted products.

(iii) Accelerated Capital Allowance on Equipment to Maintain Quality of Power Supply

In order to reduce the cost of doing business caused by interruptions in the power supply, companies which incur capital expenditure on equipment to ensure the quality of power supply, are eligible for Accelerated Capital Allowance (ACA) for a period of two years which allows the companies to write off the capital expenditure within two years, i.e. an initial allowance of 20% and an annual allowance of 80%.

Only equipment determined by the Ministry of Finance is eligible for the Accelerated Capital Allowance.

This incentive is effective from the year of assessment 2005.

Applications should be submitted to the IRB.

(iv) Incentive for Industrialised Building System

Industrial Building System (IBS) will enhance the quality of construction, create a safer and cleaner working environment as well as reduce the dependence on foreign workers. Companies which incur expenses on the purchase of moulds used in the production of IBS components are eligible for Accelerated Capital Allowances (ACA) for a period of three years.

This incentive is effective from the year of assessment 2006.

Applications should be submitted to IRB.
(v) **Tax Exemption on the Value of Increased Exports**

To promote exports, manufacturing companies in Malaysia qualify for:

- A tax exemption on statutory income equivalent to 10% of the value of increased exports, provided that the goods exported attain at least 30% value-added; or

- A tax exemption on statutory income equivalent to 15% of the value of increased exports, provided that the goods exported attain at least 50% value-added.

To further encourage the export of Malaysian goods, a locally-owned manufacturing company with Malaysian equity of at least 60% is eligible for:

- A tax exemption on statutory income equivalent to 30% of the value of increased exports, provided the company achieves a significant increase in exports;

- A tax exemption on statutory income equivalent to 50% of the value of increased exports, provided the company succeeds in penetrating new markets;

- A full tax exemption on the value of increased exports, provided the company achieves the highest increase in export in its category.

Claims should be submitted to the **IRB.**

(vi) **Group Relief**

To enhance private sector investment, group relief is provided under the Income Tax Act 1967 to all locally incorporated resident companies. The group relief is limited to 50% of the current year’s unabsorbed losses to be offset against the income of another company within the same group (including new companies undertaking activities in approved food production, forest plantation, biotechnology, nanotechnology, optics and photonics) subject to the following conditions:

a) The claimant and the surrendering companies each has a paid-up capital of ordinary shares exceeding RM2.5 million;

b) Both the claimant and the surrendering companies must have the same accounting period;

c) The shareholding, whether direct or indirect, of the claimant and the surrendering companies in the group must not be less than 70%;

d) The 70% shareholding must be on a continuous basis during the preceding year and the relevant year;

e) Losses resulting from the acquisition of proprietary rights or a foreign-owned company should be disregarded for the purpose of group relief; and

f) Companies currently enjoying the following incentives are not eligible for group relief:
- Pioneer Status
- Investment Tax Allowance/Investment Allowance
- Reinvestment Allowance
- Exemption of Shipping Profits
- Exemption of Income Tax under section 127 of the Income Tax Act 1967; and
- Incentive Investment Company

With the introduction of the above incentive, the existing group relief incentive for approved food production, forest plantation, biotechnology, nanotechnology, optics and photonics will be discontinued. However, companies granted group relief incentive for the above activities shall continue to offset their income against 100% of the losses incurred by their subsidiaries.

This incentive is effective from the year of assessment 2006.

Note: Please refer to Section 18 for other incentives related to the manufacturing sector.

2. INCENTIVES FOR THE AGRICULTURAL SECTOR

The Promotion of Investments Act 1986 states that the term "company" in relation to agriculture includes:

- Agro-based cooperative societies and associations
- Sole proprietorships and partnerships engaged in agriculture.

Companies producing promoted products or engaged in promoted activities (See Appendix I: List of Promoted Activities and Products – General, page 53) in the agricultural sector qualify for the following incentives:

2.1 Main Incentives for the Agricultural Sector

(i) Pioneer Status

As in the manufacturing sector, companies producing promoted products or engaged in promoted activities are eligible for Pioneer Status.

A Pioneer Status company enjoys a partial exemption from income tax. It pays tax on 30% of its statutory income for five years, commencing from its Production Day (defined as the day of first sale of the agriculture produce).

Unabsorbed capital allowances as well as accumulated losses incurred during the pioneer period can be carried forward and deducted from the post pioneer income of the company.
Applications received from companies located in the promoted areas i.e. the States of Perlis, Sabah and Sarawak and the designated "Eastern Corridor" of Peninsular Malaysia, will enjoy a 100% tax exemption on their statutory income during their 5-year exemption period.

Applications received by 31 December 2010 are eligible for this incentive.

Applications should be submitted to MIDA.

(ii) Investment Tax Allowance

As an alternative to Pioneer Status, companies producing promoted products or engaged in promoted activities can apply for Investment Tax Allowance (ITA). A company granted ITA is eligible for an allowance of 60% on its qualifying capital expenditure incurred within five years from the date the first qualifying capital expenditure is incurred.

Companies can offset this allowance against 70% of their statutory income for each year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised. The remaining 30% of the statutory income is taxed at the prevailing company tax rate.

Applications received from companies located in the promoted areas i.e. the States of Perlis, Sabah and Sarawak, and the designated “Eastern Corridor” of Peninsular Malaysia, will enjoy an allowance of 100% on the qualifying capital expenditure incurred within a period of five years. The allowance can be offset against 100% of the statutory income for each year of assessment.

Applications received by 31 December 2010 are eligible for this incentive.

Applications should be submitted to MIDA.

To increase the benefits to agricultural projects, qualifying capital expenditure is defined to include expenditure incurred on:

- Clearing and preparation of land
- Planting of crops
- Provision of plant and machinery used in Malaysia for the purpose of crop cultivation, animal farming, aquaculture, inland fishing or deep-sea fishing, and other agricultural or pastoral pursuits
- Construction of access roads including bridges, construction or purchase of buildings (including those provided for the welfare of people or as living accommodation), and structural improvements on land or other structures which are used for crop cultivation, animal farming, aquaculture, inland fishing and other agricultural or pastoral pursuits. Such roads, bridges, buildings, structural improvements on land and other structures should be on land forming part of the land used for the purpose of such crop cultivation, animal farming, aquaculture, inland fishing and other agricultural or pastoral pursuits.
In view of the time lag between start-up and processing of the produce, integrated agricultural projects qualify for ITA for an additional five years for expenditure incurred for processing or manufacturing operations.

Applications should be submitted to MIDA.

(iii) Incentives for Food Production

a) Incentives for New Projects

To encourage food production, a company which invests in a subsidiary company engaged in food production, together with the subsidiary company, qualify for one of the following incentive packages:

Incentive Package A:

i. A company which takes up at least 70% equity in a subsidiary company engaged in food production receives a tax deduction equivalent to the amount of investment made in that subsidiary; and

ii. The subsidiary company enjoys full income tax exemption on its statutory income for ten years commencing from the first year the company enjoys profits, in which:

- losses incurred before and during the exemption period can be brought forward after the exemption period of ten years;

- dividends paid from the exempt income are exempted in the hands of the shareholders.

Incentive Package B:

i. A company which takes up at least 70% equity in a subsidiary company engaged in food production will be given group relief for the losses incurred by the subsidiary company before it records any profit, and

ii. The subsidiary company enjoys full income tax exemption on its statutory income for 10 years commencing from the first year the company enjoys profits, in which:

- losses incurred during the tax exemption period can be brought forward after the exemption period of ten years; and

- dividends paid from the exempt income are exempted in the hands of the shareholders.

The eligible food products are as approved by the Minister of Finance. These include kenaf, deep-sea fishing, vegetables, fruits, herbs, spices, aquaculture, and the rearing of cattle, goats and sheep.

Companies should commence food production within a period of one year from the date the incentive is approved.

Applications received by 31 December 2010 are eligible for these incentives.
Applications should be submitted to the Ministry of Agriculture and Agro-based Industry.

b) Incentives for Existing Companies which Reinvest

An existing company that reinvests in the production of the above food products qualifies for the same incentives for a period of five years.

The food production project for both new and existing companies should commence within a year from the date the incentive is approved. Applications should be submitted to the Ministry of Agriculture and Agro-based Industry by 31 December 2010.

c) Tax Incentives for ‘Halal’ Food Production

To encourage new investments in 'halal' food production for the export market and to increase the use of modern and state-of-the-art machinery and equipment in producing high quality 'halal' food that comply with international standards, companies which invest in 'halal' food production and have obtained 'halal' certification from the Department of Islamic Development Malaysia (JAKIM) are eligible for the Investment Tax Allowance of 100% of qualifying capital expenditure incurred within a period of five years. This allowance can be offset against 100% of the statutory income in the year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.

Applications should be submitted to MIDA.

For further information on obtaining ‘halal’ certification from JAKIM, please visit JAKIM’s website at http://www.halaljakim.gov.my/

(iv) Incentive for Reinvestment in Food Processing Activities

A locally-owned manufacturing company with Malaysian equity of at least 60% that reinvests in promoted food processing activities is eligible for:

a. Pioneer Status with income tax exemption of 70% (100% for promoted areas) of statutory income for a period of five years. Unabsorbed capital allowances as well as accumulated losses incurred during the pioneer period can be carried forward and deducted from the post pioneer income of the company; or

b. Investment Tax Allowance of 60% (100% for promoted areas) on the additional qualifying capital expenditure incurred within a period of five years. The allowance can be offset against 70% (100% for promoted areas) of the statutory income for each year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.

2.2 Additional Incentives for the Agricultural Sector

(i) Reinvestment Allowance

Persons or companies engaged for at least 12 months in the production of essential food such as rice, maize, vegetables, tubers, livestock, aquatic products, and any other activities approved by the Minister of Finance can enjoy the Reinvestment Allowance (RA).
The RA is in the form of an allowance of 60% of the qualifying capital expenditure incurred within a period of 15 years beginning from the year the first reinvestment is made. The allowance can be offset against 70% of the statutory income in the year of assessment. Unutilised allowances can be carried forward to the following years until fully utilised. Companies that undertake reinvestment projects in the promoted areas i.e. the States of Perlis, Sabah, and Sarawak and the designated "Eastern Corridor" of Peninsular Malaysia, can offset the allowance fully against their statutory income for that year of assessment.

The qualifying capital expenditure includes expenditure incurred on:

- Clearing and preparation of land
- Planting of crops
- Provision of plant and machinery used in Malaysia for the purpose of crop cultivation, animal farming, aquaculture, inland fishing or deep-sea fishing, and other agricultural or pastoral pursuits
- Construction of access roads including bridges, construction or purchase of buildings (including those provided for the welfare of people or as living accommodation), and structural improvements on land or other structures which are used for crop cultivation, animal farming, aquaculture, inland fishing and other agricultural or pastoral pursuits. Such roads, bridges, buildings, structural improvements on land and other structures should be on land forming part of the land used for the purpose of such crop cultivation, animal farming, aquaculture, inland fishing and other agricultural or pastoral pursuits

Claims should be submitted to the IRB.

(ii) Incentives for Reinvestment in Resource-Based Industries

These incentives are offered to companies that are at least 51% Malaysian-owned and are in the rubber, oil palm and wood-based industries producing products which have export potential. Companies in these industries reinvesting for expansion purposes are eligible for:

a. Pioneer Status with income tax exemption of 70% (100% for promoted areas) of statutory income for a period of five years. Unabsorbed capital allowances as well as accumulated losses incurred during the pioneer period can be carried forward and deducted from the post pioneer income of the company; or

b. Investment Tax Allowance of 60% (100% for promoted areas) on the additional qualifying capital expenditure incurred within a period of five years. The allowance can be offset against 70% (100% for promoted areas) of the statutory income for each year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.

Applications should be submitted to MIDA.
(iii) **Incentives for Modernising Chicken and Duck Rearing**

To promote modernisation and the usage of environment-friendly practices in the agricultural sector, chicken and duck rearers who reinvest for the purpose of shifting from the opened house system to the closed house system will be eligible for Reinvestment Allowance (RA) for a period of 15 consecutive years commencing from the first year the reinvestment is made. This incentive is effective until the year of assessment 2010.

This incentive is given on condition that the minimum rearing capacity of the closed house system is as follows:

- 20,000 broiler chickens/broiler ducks per cycle; or
- 50,000 layer chickens/layer ducks per cycle; or
- 20,000 parent or grandparent stock of chickens/ducks per cycle

All projects must be approved by the Ministry of Agriculture and Agro-based Industry.

Claims should be submitted to the IRB.

(iv) **Accelerated Capital Allowance**

Upon the expiry of the Reinvestment Allowance (RA), companies that reinvest in promoted agricultural activities and food products are eligible to apply for the Accelerated Capital Allowance (ACA). These activities include the cultivation of rice, maize, vegetables, tubers, livestock, aquatic products and any other activities approved by the Minister of Finance.

The ACA provides a special allowance to write off the capital expenditure within two years, i.e. an initial allowance of 20% in the first year and an annual allowance of 40%.

Claims should be submitted to the IRB, accompanied by a letter from MIDA certifying that the companies are undertaking promoted agricultural activities or producing promoted food products.

(v) **Agricultural Allowance**

A person or a company carrying on an agricultural activity can claim Capital Allowances and special Industrial Building Allowances under the Income Tax Act 1967 for certain capital expenditure. Capital expenditure which qualifies includes expenditure incurred on:

- Clearing and preparation of land
- Planting of crops
- Provision of plant and machinery used in Malaysia for the purpose of crop cultivation, animal farming, aquaculture, inland fishing or deep-sea fishing, and other agricultural or pastoral pursuits
• Construction of access roads including bridges, construction or purchase of buildings (including those provided for the welfare of people or as living accommodation), and structural improvements on land or other structures which are used for crop cultivation, animal farming, aquaculture, inland fishing and other agricultural or pastoral pursuits. Such roads, bridges, buildings, structural improvements on land and other structures should be on land forming part of the land used for the purpose of such crop cultivation, animal farming, aquaculture, inland fishing and other agricultural or pastoral pursuits

A company continues to get the allowance for as long as it incurs the expenditure, regardless of whether it already enjoys Pioneer Status or ITA.

Claims should be submitted to the IRB.

(vi) Accelerated Agriculture Allowance for the Planting of Rubberwood Trees

To ensure a regular supply of rubberwood for the furniture industry, a non-rubber plantation company that plants at least 10% of its plantation with rubberwood trees is eligible for the Accelerated Agriculture Allowance whereby the write-off period of the capital expenditure incurred on land preparation, planting and maintenance of rubberwood cultivation is accelerated from two years to one year. This incentive is effective until the year of assessment 2010.

Applications should be submitted to the Ministry of Plantation Industries and Commodities.

Claims should be submitted to the IRB.

(vii) 100% Allowance on Capital Expenditure for Approved Agricultural Projects

Schedule 4A of the Income Tax Act 1967 provides for a 100% allowance on capital expenditure for Approved Agricultural Projects as approved by the Minister of Finance. This covers qualifying capital expenditure incurred within a specific time frame for a farm that cultivates and utilises a specified minimum acreage as stipulated by the Minister of Finance.

Approved agricultural projects are those for the cultivation of vegetables, fruits (papaya, banana, passion fruit, star fruit, guava and mangosteen), tubers, roots, herbs, spices, crops for animal feed and hydroponic-based products; ornamental fish culture; fish and prawn rearing (pond culture, tank culture, marine cage culture, and off-shore marine cage culture); cockles, oysters, mussels, and seaweed culture; shrimp, prawn and fish hatchery; and certain species of forest plantations.

The incentive enables a person carrying on such a project to elect to deduct the qualifying capital expenditure incurred in respect of that project from his aggregate income, including income from other sources. Where there is insufficient aggregate income, the unabsorbed expenditure can be carried forward to subsequent years of assessment. Where he so elects, he will not be entitled to any capital allowance or agricultural allowance on the same capital expenditure.

The qualifying capital expenditure includes expenditure incurred on:

• Clearing and preparation of land
• Planting of crops

• Provision of plant and machinery used in Malaysia for the purpose of crop cultivation, animal farming, aquaculture, inland fishing or deep-sea fishing, and other agricultural or pastoral pursuits

• Construction of access roads including bridges, construction or purchase of buildings (including those provided for the welfare of people or as living accommodation), and structural improvements on land or other structures which are used for crop cultivation, animal farming, aquaculture, inland fishing and other agricultural or pastoral pursuits. Such roads, bridges, buildings, structural improvements on land and other structures should be on land forming part of the land used for the purpose of such crop cultivation, animal farming, aquaculture, inland fishing and other agricultural or pastoral pursuits.

This incentive is not available to companies that have been granted incentives under the Promotion of Investments Act 1986 and whose tax relief periods have not started or have not expired.

Claims should be submitted to the IRB.

(viii) Tax Exemption on the Value of Increased Exports

A company which exports fresh and dried fruits, fresh and dried flowers, ornamental plants and ornamental fish is eligible for a tax exemption of its statutory income equivalent to 10% of the value of its increased exports.

Claims should be submitted to the IRB.

(ix) Incentives for Companies providing Cold Chain Facilities and Services for Food Products

Companies providing cold room and refrigerated truck facilities and related services such as the collection and treatment of locally produced perishable food products qualify for Pioneer Status or Investment Tax Allowance (ITA).

New Companies

New companies that provide cold chain facilities and services for perishable agricultural produce are eligible for:

a. Pioneer Status with income tax exemption of 70% (100% for promoted areas) of the statutory income for a period of five years. Unabsorbed capital allowances as well as accumulated losses incurred during the pioneer period can be carried forward and deducted from the post pioneer income of the company; or

b. Investment Tax Allowance of 60% (100% for promoted areas) on the additional qualifying capital expenditure incurred within a period of five years. The allowance can be offset against 70% (100% for promoted areas) of the statutory income for each year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.
Existing Companies that Reinvest

Existing locally owned companies that reinvest in cold chain facilities and services for perishable agricultural produce are eligible for the following incentives:

a. Pioneer Status with a tax exemption of 70% (100% for promoted areas) on the increased statutory income arising from the reinvestment for a period of five years. Unabsorbed capital allowances as well as accumulated losses incurred during the pioneer period can be carried forward and deducted from the post pioneer income of the company; or

b. Investment Tax Allowance of 60% (100% for promoted areas) on the additional qualifying capital expenditure incurred within a period of five years. The allowance can be offset against 70% (100% for promoted areas) of the statutory income in each year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.

Applications should be submitted to MIDA.

(x) Double Deduction for Expenses to Obtain "Halal" Certification and Quality Systems and Standards Certification

To enhance the competitiveness of Malaysian companies in the global market for "halal" products including "halal" food, double deduction will be given for the purpose of income tax computation to companies which incur expenses in obtaining:

a. quality system and standards certification as well as 'halal' certification from JAKIM

b. international quality systems and standards certification

Claims should be submitted to the IRB.

(xi) Double Deduction on Freight Charges for Export of Rattan and Wood-based Products

Manufacturers who export rattan and wood-based products (excluding sawn timber and veneer) qualify for double deduction on freight charges.

Note: Please refer to Section 18 for other incentives related to the agricultural sector.

3. INCENTIVES FOR THE BIOTECHNOLOGY INDUSTRY

3.1 Main Incentives for the Biotechnology Industry

A company undertaking biotechnology activity and has been approved with BioNexus Status by the Malaysian Biotechnology Corporation Sdn. Bhd. is eligible for the following incentives:

a. 100% income tax exemption for ten years commencing from the first year the company derives profit; or

b. Investment Tax Allowance of 100% on the qualifying capital expenditure incurred within a period of five years. Effective from 2 September 2006, a
BioNexus status company will be given a concessionary tax rate of 20% on income from qualifying activities for 10 years upon the expiry of the tax exemption period.

c. Tax exemption on dividends distributed by a BioNexus status company;

d. Exemption of import duty and sales tax on raw materials/components and machinery and equipment;

e. Double deduction on expenditure incurred for R&D; and

f. Double deduction on expenditure incurred for the promotion of exports;

g. With effect from 2 September 2006, buildings used solely for the purpose of biotechnology activities will be eligible for Industrial Building Allowance to be claimed over a period of ten years.

3.2 Incentives for Investment in a BioNexus Status Company

(i) Investment by a Parent Company in its Subsidiary

With effect from 2 September 2006, a company that invests in its subsidiary, which is a BioNexus status company, is eligible for tax deduction equivalent to the amount of investment made in that subsidiary provided that the investing company own at least 70% of that subsidiary.

(ii) Investment by a Company or Individual in a BioNexus Status Company

With effect from 2 September 2006, a company or an individual investing in a BioNexus status company is eligible for a tax deduction equivalent to the total investment made in seed capital and early stage financing.

(iii) Tax Incentives for Mergers and Acquisitions with a Biotechnology Company

A BioNexus status company undertaking merger and acquisition with a biotechnology company is eligible for exemption of stamp duty and real property gain tax within a period of five years until 31 December 2011.

Applications should be submitted to the Malaysian Biotechnology Corporation Sdn. Bhd.

4. INCENTIVES FOR THE TOURISM INDUSTRY

Tourism projects, including eco-tourism and agro-tourism projects, are eligible for tax incentives. These include hotel businesses, construction of holiday camps, recreational projects including summer camps, and construction of convention centres with a capacity to accommodate at least 3,000 participants.

Hotel businesses refer to the following:

• Construction of medium and low-cost hotels (up to a three-star category hotel as certified by the Ministry of Tourism);

• Expansion/modernisation of existing hotels
4.1 Incentives for the Hotel and Tourism Industry

(i) Pioneer Status

A company granted Pioneer Status enjoys a 5-year partial exemption from the payment of income tax. It will only have to pay tax on 30% of its statutory income, commencing from its Production Day which is determined by the Minister of International Trade and Industry.

Applications received from companies located in the promoted areas i.e. the States of Perlis, Sabah, and Sarawak, the Federal Territory of Labuan and the designated "Eastern Corridor" of Peninsular Malaysia are eligible for a 100% tax exemption of their statutory income during the 5-year exemption period.

Unabsorbed capital allowances as well as accumulated losses incurred during the pioneer period can be carried forward and deducted from the post pioneer income of the company.

Applications received by 31 December 2010, are eligible for this incentive.

Applications should be submitted to MIDA.

(ii) Investment Tax Allowance

As an alternative to Pioneer Status, a company may apply for Investment Tax Allowance (ITA). A company granted the ITA gets an allowance of 60% (100% for promoted areas) on the qualifying capital expenditure incurred within five years from the date on which the first qualifying capital expenditure is incurred.

Companies can offset this allowance against 70% (100% for promoted areas) of statutory income in the year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.

Applications received by 31 December 2010 are eligible for these incentives.

Applications should be submitted to MIDA.

(iii) Incentives for Reinvestment in Hotels and Tourism Projects

Companies that reinvest in the expansion, modernisation and renovation of hotels and tourism projects are eligible for another round of Pioneer Status or Investment Tax Allowance as follows:

a. Pioneer Status, with income tax exemption of 70% (100% for promoted areas) of the statutory income for a period of five years. Unabsorbed capital allowances as well as accumulated losses incurred during the pioneer period can be carried forward and deducted from the post pioneer income of the company; or

b. Investment Tax Allowance of 60% (100% for promoted areas) on the qualifying capital expenditure incurred within a period of five years. The allowance can be offset against 70% (100% for promoted areas) of the statutory income in each year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.
(iv) Incentives for the Luxury Yacht Industry

The luxury yacht industry is promoted as part of tourism products and is eligible for the following incentives:

- Companies that construct luxury yachts are eligible for the Pioneer Status incentive

Applications should be submitted to MIDA.

Companies that carry out repair and maintenance activities for luxury yachts in the island of Langkawi, Malaysia are eligible for an income tax exemption of 100% for five years.

Applications should be submitted to the Ministry of Finance.

Companies that provide chartering services of luxury yachts in the country are eligible for income tax exemption of 100% for a period of five years.

Claims should be submitted to the IRB.

4.2 Additional Incentives for the Tourism Industry

(i) Double Deduction on Overseas Promotion

Hotels and tour operators qualify for a double deduction on the expenditure incurred for promotional activities overseas. The qualifying expenditure are:

- expenditure on publicity and advertisements in any mass media outside Malaysia

- expenditure on publication of brochures, magazines and guide books, including delivery costs that are not charged to the overseas customers;

- expenditure on market research into new markets overseas, subject to the prior approval of the Minister of Tourism;

- expenditure that includes fares to any country outside Malaysia to negotiate or secure a contract for advertising or participating in trade fairs, conferences or forums approved by the Minister of Tourism. Such expenses are subject to a maximum of RM300 per day for lodging and RM150 per day for food for the duration of the stay overseas;

- expenditure in organising trade fairs, conferences or forums approved by the Minister of Tourism; and

- expenditure on the maintenance of sales offices overseas for purposes of promoting tourism in Malaysia.

Claims should be submitted to the IRB.
(ii) **Double Deduction on Approved Trade Fairs**

Companies are also eligible for a double deduction on expenditure incurred in participating in an approved international trade fair in Malaysia.

Claims should be submitted to the [IRB](http://www.irs.gov).

(iii) **Tax Exemption for Tour Operators**

a) **Foreign Tourists**

Tour operators who bring in at least 500 foreign tourists in groups in a year inclusive of tours that enter and exit the country by air, sea or land transportation, will be exempted from tax in respect of income derived from the business of operating such tours. This incentive is only applicable to tour operators licensed by the Ministry of Tourism.

b) **Local Tourists**

Companies that organise domestic tour packages for at least 1,200 local tourists per year qualify for tax exemption on the income earned. A domestic tour means any tour package within Malaysia participated by local tourists (excluding inbound tourists) by air, land or sea transportation involving at least one night's accommodation.

The incentive is available until the year of assessment 2011.

Claims should be submitted to the [IRB](http://www.irs.gov).

(iv) **Tax Exemption for Promoting International Conference and Trade Exhibitions**

a) Local companies which promote international conferences in Malaysia qualify for tax exemption on the income earned from bringing at least 500 foreign participants into the country.

b) Income earned from organising international trade exhibitions in Malaysia qualifies for tax exemption as long as the exhibitions are approved by MATRADE and the organisers bring in at least 500 foreign visitors per year.

Claims should be submitted to the [IRB](http://www.irs.gov).

(v) **Deduction on Cultural Performances**

Expenditure incurred by companies promoting and managing musical or cultural groups and sponsoring local and/or foreign cultural performances as approved by the Ministry of Tourism, qualifies for a single deduction.

To further encourage the private sector to sponsor local arts, cultural and heritage performances and shows, expenditure incurred in sponsoring such performances and shows has been increased from RM300,000 to RM500,000. However, the ceiling for deductions allowed on foreign performances and shows remains at RM200,000 per year effective from year of assessment 2007.

Claims should be submitted to the [IRB](http://www.irs.gov).
(vi) Incentive for Car Rental Operators

Operators of car rental services for tourists are eligible for full excise duty exemption on the purchase of national cars.

With effect from 2 September 2006, to enable tourists to explore challenging destinations, tour operators are also eligible for a 50% excise duty exemption on locally assembled 4WD vehicles.

Applications should be submitted to the Ministry of Finance.

Note: Please refer to Section 18 for other incentives related to the tourism sector.

5. INCENTIVES FOR ENVIRONMENTAL MANAGEMENT

5.1 Incentives for Forest Plantation Projects

Companies that undertake forest plantation projects are eligible for the following incentives:

i. Pioneer Status with income tax exemption of 100% of the statutory income for ten years. Unabsorbed capital allowances as well as accumulated losses incurred during the pioneer period can be carried forward and deducted from the post pioneer income of the company; or

ii. Investment Tax Allowance (ITA) of 100% on the qualifying capital expenditure incurred within five years. The allowance can be offset against 100% of the statutory income for each year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.

Applications should be submitted to MIDA.

5.2 Incentives for the Storage, Treatment and Disposal of Toxic and Hazardous Wastes

Incentives are offered to encourage the setting up of proper facilities to store, treat and dispose of toxic and hazardous wastes. Companies that are directly involved in these three activities in an integrated manner qualify for:

i. Pioneer Status, with income tax exemption of 70% (100% for promoted areas) of the statutory income for a period of five years. Unabsorbed capital allowances as well as accumulated losses incurred during the pioneer period can be carried forward and deducted from the post pioneer income of the company; or

ii. Investment Tax Allowance of 60% (100% for promoted areas) of the qualifying capital expenditure incurred within a period of five years. The allowance can be offset against 70% (100% for promoted areas) of the statutory income in each year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.

Applications should be submitted to MIDA.
5.3 Incentives for Waste Recycling Activities

Companies undertaking waste recycling activities that are high value-added and use high technology are eligible for Pioneer Status or ITA. These activities which include the recycling of agricultural wastes or agricultural by-products, recycling of chemicals and the production of reconstituted wood-based panel boards or products are eligible for:

i. Pioneer Status, with income tax exemption of 70% (100% for promoted areas) of the statutory income for a period of five years. Unabsorbed capital allowances as well as accumulated losses incurred during the pioneer period can be carried forward and deducted from the post pioneer income of the company; or

ii. Investment Tax Allowance of 60% (100% for promoted areas) on the qualifying capital expenditure incurred within a period of five years. The allowance can be offset against 70% (100% for promoted areas) of the statutory income in each year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.

Applications should be submitted to MIDA.

5.4 Accelerated Capital Allowance for Environmental Management

Companies using environmental protection equipment are eligible for an initial allowance of 40% and an annual allowance of 20% on the qualifying capital expenditure. Thus, the full amount can be written off within three years.

These companies are:

- Waste generators and wish to establish facilities to store, treat and dispose of their wastes, either on-site or off-site; and
- Undertake waste recycling activities.

Applications should be submitted to IRB.

In the case of companies that incur capital expenditure for conserving their own energy for consumption, the write-off period is accelerated by another one year.

Applications should be submitted to the IRB with a letter from the Ministry of Energy, Water and Communications Malaysia certifying that the related equipment is used exclusively for the purpose of energy conservation.

5.5 Incentives for Energy Conservation

a) Companies Providing Energy Conservation Services

In order to reduce operation costs as well as to promote environmental preservation, companies providing energy conservation services are eligible for the following incentives:
i. Pioneer Status with income tax exemption of 100% of the statutory income for a period of ten years. Unabsorbed capital allowances as well as accumulated losses incurred during the pioneer period can be carried forward and deducted from the post pioneer income of the company; or

ii. Investment Tax Allowance (ITA) of 100% on the qualifying capital expenditure incurred within five years. The allowance can be offset against 100% of the statutory income for each year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.

The companies must implement their projects within one year from the date of approval.

Applications received by 31 December 2010 are eligible for this incentive.

b) Companies Undertaking Conservation of Energy for Own Consumption

Companies which undertake conservation of energy for own consumption are eligible for ITA of 100% on the qualifying capital expenditure incurred within five years. The allowance can be offset against 100% of the statutory income for each year of assessment. Any unutilised allowances can be carried forward until fully utilised.

Applications received by 31 December 2010 are eligible for this incentive.

Applications should be submitted to MIDA.

5.6 Incentives for Energy Generation Activities Using Renewable Energy Resources

Companies undertaking generation of energy using biomass, hydropower (not exceeding 10 megawatts) and solar power that are renewable and environmentally friendly are eligible for the following incentives:

i. Pioneer Status with income tax exemption of 100% of statutory income for ten years. Unabsorbed capital allowances as well as accumulated losses incurred during the pioneer period can be carried forward and deducted from the post pioneer income of the company; or

ii. Investment Tax Allowance of 100% on the qualifying capital expenditure incurred within a period of five years. This allowance can be offset against 100% of the statutory income for each year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.

Companies must implement their projects within one year from the date of approval.

With effect from 8 September 2007, other companies in the same group are eligible for the same incentives as above even though one company in the same group has been granted the incentive. Applications received by 31 December 2010 are eligible for this incentive.
For the purpose of this incentive, 'biomass sources' refer to palm oil mill/estate waste, rice mill waste, sugar cane mill waste, timber/sawmill waste, paper recycling mill waste, municipal waste and biogas (from landfill, palm oil mill effluent (POME), animal waste and others), while energy forms refer to electricity, steam, chilled water, and heat.

Applications should be submitted to MIDA.

5.7 Incentives for Generation of Renewable Energy for Own Consumption

With effect from 8 September 2007, companies which generate energy from renewable resources for its own consumption are eligible for the Investment Tax Allowance of 100% on qualifying capital expenditure incurred within a period of five years. This allowance can be offset against 100% of the statutory income for each year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.

The equipment eligible for this allowance shall be determined by MIDA.

Applications should be submitted to MIDA.

Note: Please refer to Section 18 for other incentives related to environmental management.

6. INCENTIVES FOR RESEARCH AND DEVELOPMENT

The Promotion of Investments Act 1986 defines research and development (R&D) as "any systematic or intensive study carried out in the field of science or technology with the objective of using the results of the study for the production or improvement of materials, devices, products, produce or processes but does not include:

- quality control of products or routine testing of materials, devices, products or produce
- research in the social sciences or humanities
- routine data collection
- efficiency surveys or management studies
- market research or sales promotion."

To further strengthen Malaysia's foundation for more integrated R&D, companies which carry out design, development and prototyping as independent activities are also eligible for incentives.

6.1 Main Incentives for Research and Development

(i) Contract R&D Company

A contract R&D company, i.e., a company that provides R&D services in Malaysia to a company other than its related company, is eligible for:
• Pioneer Status with income tax exemption of 100% of the statutory income for five years. Unabsorbed capital allowances as well as accumulated losses incurred during the pioneer period can be carried forward and deducted from the post pioneer income of the company; or

• Investment Tax Allowance (ITA) of 100% on the qualifying capital expenditure incurred within 10 years. The allowance can be offset against 70% of the statutory income for each year of assessment. Any unutilised capital allowances can be carried forward to subsequent years until fully utilised.

Applications should be submitted to MIDA.

(ii) R&D Company

A R&D company, i.e. a company that provides R&D services in Malaysia to its related company or to any other company, is eligible for an ITA of 100% on the qualifying capital expenditure incurred within 10 years. The allowance can be offset against 70% of the statutory income for each year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.

Should the R&D company opt not to avail itself of the allowance, its related companies can enjoy double deduction for payments made to the R&D company for services rendered.

Applications should be submitted to MIDA.

Eligibility:

Contract R&D and R&D companies that fulfil the following criteria can apply for the various incentives:

a. Research undertaken should be in accordance with the needs of the country and bring benefit to the economy;

b. At least 70% of the income of the company should be derived from R&D activities;

c. For manufacturing-based R&D, at least 50% of the workforce of the company must be appropriately qualified personnel performing research and technical functions; and

d. For agriculture-based R&D, at least 5% of the workforce of the company must be appropriately qualified personnel performing research and technical functions.

(iii) In-house Research

A company that undertakes in-house R&D to further its business can apply for an ITA of 50% of the qualifying capital expenditure incurred within ten years. The company can offset the allowance against 70% of its statutory income for each year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.

Applications should be submitted to MIDA.
(iv) Second Round Incentives

R&D companies/activities mentioned in categories (i) - (iii) are eligible for a second round of Pioneer Status for another five years, or ITA for a further ten years, where applicable.

(v) Incentives for Commercialisation of Public Sector R&D

To encourage commercialisation of resource-based R&D findings of public research institutes, the following incentives are given:

a. A company that invests in its subsidiary company engaged in the commercialisation of the R&D findings is eligible for a tax deduction equivalent to the amount of investment made in the subsidiary company; and

b. The subsidiary company that undertakes the commercialisation of the R&D findings is eligible for Pioneer Status with income tax exemption of 100% of statutory income for 10 years.

The incentive is provided on the following conditions:

a. At least 70% of the investing company (holding company) and the company undertaking the commercialisation projects are owned by Malaysians;

b. The company which invests should own at least 70% of the equity of the company that commercialises the R&D findings;

c. The commercialisation of the R&D findings should be implemented within one year from the date of approval of the incentive.

6.2 Additional Incentives for Research and Development

(i) Double Deduction for Research and Development

• A company can enjoy a double deduction on its revenue (non-capital) expenditure for research which is directly undertaken and approved by the Minister of Finance.

• Double deduction can also be claimed for cash contributions or donations to approved research institutes, and payments for the use of the services of approved research institutes, approved research companies, R&D companies or contract R&D companies.

• Approved R&D expenditure incurred during the tax relief period for companies granted Pioneer Status can be accumulated and deducted after the tax relief period.

• Expenditure on R&D activities undertaken overseas, including the training of Malaysian staff, will be considered for double deduction on a case-by-case basis.

Claims should be submitted to the IRB.
(ii) **Incentives for Researchers to Commercialise Research Findings**

Researchers who undertake research focused on value creation will be given a 50% tax exemption for five years on the income that they receive from the commercialisation of their research findings. The undertaking has to be verified by the Ministry of Science, Technology and Innovation.

Claims should be submitted to the IRB.

*Note: Please refer to Section 18 for other incentives related to R&D.*

7. **INCENTIVES FOR MEDICAL DEVICE INDUSTRY**

7.1 **Incentives for Medical Devices Testing Laboratories**

Medical devices testing laboratories have been identified as an important support service in ensuring that locally manufactured medical devices are of high quality and of international standards.

(i) **Companies Investing in New Testing Laboratories for Testing Medical Devices**

With effect from 8 September 2007, companies investing in setting up new laboratories are eligible for the following incentives:

- Pioneer Status with income tax exemption of 100% of the statutory income for five years. Unabsorbed capital allowances as well as accumulated losses incurred during the pioneer period can be carried forward and deducted from the post pioneer income of the company; or

- Investment Tax Allowance (ITA) of 60% (100% for promoted areas) on the qualifying capital expenditure incurred within five years. The allowance can be offset against 100% of the statutory income for each year of assessment. Any unutilised capital allowances can be carried forward to subsequent years until fully utilised.

Applications received by 31 December 2012 are eligible for this incentive.

(ii) **Companies Upgrading Existing Testing Laboratories for Testing Medical Devices**

With effect from 8 September 2007, companies investing in upgrading existing laboratories are eligible for an Investment Tax Allowance (ITA) of 60% (100% for promoted areas) on the qualifying capital expenditure incurred within five years. This allowance can be offset against 100% of the statutory income for each year of assessment. Any unutilised capital allowances can be carried forward to subsequent years until fully utilised.

Applications received by 31 December 2012 are eligible for this incentive.

Applications should be submitted to MIDA.

*Note: Please refer to Section 18 for other incentives related to medical device industry.*
8. INCENTIVES FOR TRAINING

8.1 Main Incentives for Training

To encourage human resource development, the following incentives are available:

Investment Tax Allowance

Companies that establish technical or vocational training institutions are eligible for an Investment Tax Allowance of 100% for ten years. This allowance can be offset against 70% of the statutory income for each year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.

Existing companies providing technical or vocational training that undertake new investments to upgrade their training equipment or expand their training capacities also qualify for this incentive.

With effect from 1 October 2005, the incentive has been extended to:

- Private Higher Education Institutions (PHEIs) in the field of science; and
- Existing PHEIs in the field of science that undertake new investments to upgrade their training equipment or expand their training capacities.

The qualifying science courses are as follows:

i. Biotechnology
   - Medical and health biotechnology
   - Plant biotechnology
   - Food biotechnology
   - Industrial and environment biotechnology
   - Pharmaceutical biotechnology
   - Bioinformatics biotechnology

ii. Medical and Health Sciences
   - Medical science in gerontology
   - Medical science in clinical research
   - Medical biosciences
   - Biochemical genetics
   - Environmental health
   - Community health

iii. Molecular Biology
   - Immunology
   - Immunogenetics
   - Immunobiology

iv. Material sciences and technology

v. Food science and technology

Applications should be submitted to MIDA.
8.2 Additional Incentives for Training

(i) Special Industrial Building Allowance

Companies that incur expenditure on buildings used for approved industrial, technical or vocational training can claim a special annual Industrial Building Allowance (IBA) of 10% for 10 years on qualifying capital expenditure for the construction or purchase of a building.

Claims should be submitted to the IRB.

(ii) Tax Exemption on Educational Equipment

Approved training institutes, in-house training projects and all private institutions of higher learning are eligible for import duty, sales tax and excise duty exemptions on all educational equipment including laboratory equipment for workshops, studios and language laboratories.

Applications should be submitted to MIDA.

(iii) Tax Exemption on Royalty Payments

Royalty payments made by educational institutions to non-residents (franchisors) for franchised education programmes that are approved by the Ministry of Education are eligible for tax exemption.

Claims should be submitted to the IRB.

(iv) Double Deduction for Approved Training

Manufacturing and non-manufacturing companies that do not contribute to the Human Resource Development Fund (HRDF) qualify for double deduction on expenses incurred for approved training.

For the manufacturing sector, the training could be undertaken in-house or at approved training institutions. However, for the non-manufacturing sector, the training should be held only at approved training institutions. Approval is automatic when the training is at approved institutions.

For the hotel and tour operation business, training programmes, in-house or at approved training institutions, to upgrade the level of skills and professionalism in the tourism industry, should be approved by the Ministry of Tourism.

Claims should be submitted to the IRB.

(v) Incentive for Unemployed Graduate Training Scheme

To encourage private sector assistance in enhancing the employability of graduates, both public and unlisted companies under the supervision of the Securities Commission (SC) qualify for double deduction on allowances paid to participants of Unemployed Graduate Training Programme which are endorsed by the SC. The scheme includes the companies own in-house training programmes.
The incentive takes effect from 2 September 2006 until 31 December 2008 and the deduction is given for the period of three years.

Claims should be submitted to the IRB.

(vi) Deduction for Pre-Employment Training

Training expenses incurred before the commencement of business qualify for a single deduction. Nevertheless, companies must prove that they will employ the trainees.

Claims should be submitted to the IRB.

(vii) Deduction for Non-Employee Training

Expenses incurred in providing practical training to residents who are not employees of the company can be considered for single deduction.

Claims should be submitted to the IRB.

(viii) Deduction for Cash Contributions

Contributions in cash to technical or vocational training institutions that are not operating primarily for profit and those established and maintained by a statutory body qualify for single deduction.

Claims should be submitted to the IRB.

(ix) Human Resource Development Fund (HRDF)

Please refer to Book 8 – “Manpower Development and Training Facilities”.

Claims should be submitted to the IRB.

Note: Please refer to the Section 18 for other incentives related to the training.

9. INCENTIVES FOR APPROVED SERVICE PROJECTS

Approved Service Projects (ASPs) or projects in the transportation, communications and utilities sub-sectors approved by the Minister of Finance qualify for the following tax incentives:

9.1 Main Incentives for ASPs

(i) Exemption under Section 127 of the Income Tax 1967

Under Section 127 of the Income Tax 1967, companies undertaking ASPs can apply for income tax exemption of 70% of their statutory income for five years. Companies undertaking ASPs in Perlis, Sabah, and Sarawak and the designated "Eastern Corridor" of Peninsular Malaysia are eligible for income tax exemption of 85% of their statutory income for five years, while companies undertaking ASPs of national and strategic importance are eligible for a 100% income tax exemption of their statutory income for ten years.
Applications should be submitted to the **Ministry of Finance**.

(ii) **Investment Allowance under Schedule 7B of the Income Tax Act 1967**

The Investment Allowance (IA) under Schedule 7B of the Income Tax Act 1967 is an alternative to the incentive offered under Section 127. Under IA, companies undertaking ASPs are eligible for an allowance amounting to 60% on the qualifying capital expenditure incurred within five years from the date the first capital expenditure is incurred. The allowance can be offset against 70% of the statutory income and any unutilised allowances can be carried forward to subsequent years until fully utilised.

Companies undertaking ASPs in Perlis, Sabah, Sarawak and the designated "Eastern Corridor" of Peninsular Malaysia, are eligible for an allowance of 80% on the qualifying expenditure which can be offset against 85% of the statutory income.

Companies undertaking ASPs of national and strategic importance are eligible for an allowance of 100% on the qualifying capital expenditure incurred within five years. This allowance can be offset against 100% of the statutory income.

Applications should be submitted to the **Ministry of Finance**.

### 9.2 Additional Incentives for ASPs

**Exemption from Import Duty, Sales Tax and Excise Duty on Raw Materials, Components, Machinery, Equipment, Spares and Consumables**

Imports of raw materials and components not available locally and used directly to implement ASPs are eligible for exemption from import duty and sales tax, while locally purchased machinery or equipment are eligible for exemption from sales tax and excise duty.

Companies providing services in the transportation and telecommunications sectors, power plants and port operators can apply for import duty and sales tax exemption on spares and consumables that are not produced locally.

The above applications should be submitted to **MIDA**.

*Note: Please refer to Section 18 for other incentives related to ASPs.*

### 10. INCENTIVES FOR THE SHIPPING AND TRANSPORTATION INDUSTRY

#### 10.1 Tax Exemption for Shipping Operation

The income of a shipping company derived from the operation of Malaysian ships is exempted from tax. This incentive only applies to residents. A "Malaysian Ship" is defined as a sea-going ship registered as such under the Merchant Shipping Ordinance 1952 (Amended), other than a ferry, barge, tugboat, supply vessel, crew boat, lighter, dredger, fishing boat or other similar vessels.

The income of any person derived from exercising an employment on board a "Malaysian Ship" is exempted from tax. Income received by non-residents from the
rental of ISO containers to Malaysian shipping companies is also exempted from income tax.

Claims should be submitted to the IRB.

10.2 Sales Tax Exemption on Prime Movers and Trailers

Container hauliers qualify for sales tax exemptions on new prime movers and trailers that are produced locally.

Applications should be submitted to MIDA.

11. INCENTIVES FOR THE MULTIMEDIA SUPER CORRIDOR

The Multimedia Super Corridor (MSC), a 15-by-50 kilometre (9-by-30 mile) zone extending south from Malaysia's capital city and business hub, Kuala Lumpur, is a perfect environment for companies wanting to create, distribute and employ multimedia products and services.

MSC Status is the recognition granted by the Government of Malaysia through the Multimedia Development Corporation (MDeC) to companies that participate and undertake ICT activities in the MSC. Companies with MSC status enjoy a set of incentives and benefits that is backed by the Government of Malaysia's Bill of Guarantees.

11.1 Main Incentives for MSC Status Company

MSC status multimedia companies operating in Malaysia MSC Cybercities/Cybercentres namely Cyberjaya, Technology Park Malaysia, Kuala Lumpur City Centre, UPM-MTDC, Penang Cybercity-1, Kulim High Tech Park in Kedah, KL Sentral, Melaka International Trade Centre and MSC Cyberport Johor as well as multimedia faculties located in institutions of higher learning outside the cybercities, are eligible for the following incentives/facilities:

i. Pioneer Status with income tax exemption of 100% of the statutory income for a period of 10 years or Investment Tax Allowance of 100% on the qualifying capital expenditure incurred within a period of five years to be offset against 100% of statutory income for each year of assessment.

ii. Eligibility for R&D grants (for majority Malaysian-owned MSC Status companies)

Applications for MSC Status should be submitted to MDeC.

Other Benefits

i. Duty-free import of multimedia equipment

ii. Intellectual property protection and a comprehensive framework of cyberlaws
iii. No censorship of the Internet

iv. World-class physical and IT infrastructure

v. Globally competitive telecommunication tariffs and services

vi. Consultancy and assistance by the Multimedia Development Corporation to companies within the MSC

vii. High quality, planned urban development

viii. Excellent R&D facilities

ix. Green and protected environment

x. Import duty, excise duty and sales tax exemption on machinery, equipment and materials.

12. INCENTIVES FOR INFORMATION AND COMMUNICATION TECHNOLOGY

12.1 Incentives for the Use of ICT

(i) Accelerated Capital Allowance

Companies are eligible for Accelerated Capital Allowance (ACA) that provides an initial allowance of 20% and an annual allowance of 40% for expenditure incurred in acquiring computers and information technology assets, including software. Thus, the expenditure can be written off within two years.

The cost of developing websites is allowed as an annual deduction of 20% for a period of five years.

(ii) Deduction of Operating Expenditure

Companies enjoy a single deduction of operating expenditure including payments to consultants related to IT usage for improving management and production processes.

Claims should be submitted to the IRB.

(iii) Tax Exemption on the Value of Increased Exports

Companies in the ICT sector can apply for a tax exemption on their statutory income equivalent to 50% of the value of increased exports.

Claims should be submitted to the IRB.

Note: Please refer to Section 18 for other incentives related to the ICT sector.
13. INCENTIVES FOR KNOWLEDGE-BASED ACTIVITIES

Malaysia is in the process of transforming itself from a production-based to a knowledge-based economy. To further encourage companies to invest in knowledge-intensive activities, companies that qualify will be granted "Strategic Knowledge-based Status". These companies must have the following characteristics:

i. the potential to generate knowledge content

ii. high value-added operations

iii. usage of high technology

iv. a large number of knowledge workers

v. possess a corporate knowledge-based master plan

Companies granted "Strategic Knowledge-based Status" are eligible for the following incentives:

i. Pioneer Status with income tax exemption of 100% of the statutory income for a period of five years. Unabsorbed capital allowances as well as accumulated losses incurred during the pioneer period can be carried forward and deducted from the post pioneer income of the company; or

ii. Investment Tax Allowance of 60% (100% for promoted areas) on the qualifying capital expenditure incurred within five years. The allowance can be offset against 100% of the statutory income for each year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.

The expenditure incurred by a company for drafting its corporate knowledge-based master plan is eligible for deduction in the computation of income tax. The deduction can be claimed when the company begins to implement its corporate knowledge-based master plan.

14. INCENTIVES FOR MANUFACTURING RELATED SERVICES

Companies providing the following value-added manufacturing related services are eligible for the Pioneer Status or Investment tax Allowance:

- Integrated logistic services which comprise the entire supply chain management, including the procurement of software and hardware, warehousing, distribution (transportation and freight services), packaging activities and customs clearance

- Integrated market support services which comprise the activities of brand development, consumer development, packaging design, advertising and promotion

- Integrated central utility facilities which provide services such as the supply of steam, demineralised water and industrial gas
• Cold chain facilities that provide a wide range of services including cold room, refrigerated truck and other related services such as the collection, storage and distribution of perishable locally produced food products

(i) Pioneer Status

Companies undertaking these manufacturing related services are eligible for Pioneer Status with income tax exemption of 70% (100% for promoted areas) of the statutory income for a period of five years. Unabsorbed capital allowances as well as accumulated losses incurred during the pioneer period can be carried forward and deducted from the post pioneer income of the company.

Applications received by 31 December 2010 are eligible for this incentives.

Applications should be submitted to MIDA.

(ii) Investment Tax Allowance

As an alternative to Pioneer Status, companies may apply for Investment Tax Allowance (ITA). Companies granted the ITA get an allowance of 60% (100% for promoted areas) on the qualifying capital expenditure incurred within five years from the date the first qualifying capital expenditure is incurred.

Companies can offset this allowance against 70% (100% for promoted areas) of their statutory income in the year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised. The remaining 30% of the statutory income will be taxed at the prevailing company tax rate.

Applications received by 31 December 2010 will be eligible for this incentive.

Applications should be submitted to MIDA.

Note: Please refer to Section 18 for other incentives related to the manufacturing related services sector.

15. INCENTIVES FOR OPERATIONAL HEADQUARTERS

An approved operational headquarters (OHQ) generally refers to a company that provides qualifying services to its offices or related companies regionally and globally.

A company that establishes an OHQ in Malaysia can be considered for tax incentives and facilities under the OHQ incentive programme. A company is granted OHQ status and tax incentives under Section 127 of the Income Tax Act 1967 for the provision of qualifying services to its offices or related companies within and outside Malaysia.

15.1 Approvals for OHQ Status, Incentives and Other Facilities

Companies that meet the following criteria can apply for OHQ status and incentives:

• Locally incorporated under the Companies Act 1965
• A minimum paid-up capital of RM0.5 million
• A minimum total business spending (operating expenditure) of RM1.5 million per year
• Appoint at least three senior professional/management personnel
• Serve at least three related companies outside Malaysia
• Have a sizeable network of companies outside Malaysia which includes the parent company or headquarters, and other related companies
• Have a well-established network of companies that employ a significant and substantial number of qualified professionals, technical and supporting personnel
• Carry out a minimum of three qualifying services:

**The qualifying services are as follows:**

- General management and administration
- Business planning and coordination
- Coordination of procurement of raw materials, components and finished products
- Technical support and maintenance
- Marketing control and sales promotion planning
- Data/information management and processing
- Research and development (R&D) work carried out in Malaysia on behalf of its offices or related companies within or outside Malaysia
- Training and personnel management for its offices or related companies within or outside Malaysia

- **Treasury and fund management services** to its offices or related companies outside Malaysia which include:
  
  • Providing credit facilities, transacting or investing in stocks, shares and securities (including bonds, notes, certificates of deposits and treasury bills) in foreign currencies that are issued either by foreign governments, foreign banks outside Malaysia, or companies that are neither incorporated nor a resident in Malaysia
  
  • Transacting or investing in certificates of deposits, notes and bonds denominated in a foreign currency that are issued by any offshore bank in Labuan
  
  • Investing in foreign currency deposits with designated banks in Malaysia or offshore banks in Labuan
- **Corporate financial advisory services** to its offices and related companies outside Malaysia which include:

  - Provision of credit administration denominated in currencies other than the Malaysian Ringgit for related companies
  - Arrangement of credit facilities denominated in currencies other than the Malaysian Ringgit for related companies
  - Arrangement of interest rate or currency swaps in currencies other than the Malaysian Ringgit
  - An OHQ company may take over claims held by related companies and/or from third parties outside Malaysia at a discounted price (factoring)
  - All products and services which related companies invoice to each other can be re-invoiced by the OHQ (re-invoicing)
  - Netting of payments, other than the export proceed for goods exported from Malaysia, among related companies vis-à-vis the OHQ, is freely allowed
  - An OHQ company may purchase machinery, equipment or real estate with a view to lease them to its related companies (leasing)
  - An OHQ company may purchase machinery, equipment or real estate belonging to related companies with a view to lease them back to the same related companies (sales and lease back arrangements).
15.2 Equity Requirements

A company granted OHQ status and incentives under Section 127 of the Income Tax Act 1967, is allowed 100% foreign equity ownership.

15.3 Incentives

An approved OHQ company is eligible for 100% income tax exemption for a period of 10 years under Section 127, Income Tax Act 1967 for income derived from the following sources:-

- **Business Income**
  
  Income arising from services rendered by an OHQ company to its offices or related companies outside Malaysia

- **Interest**
  
  Income derived from interest on foreign currency loans extended by an OHQ company to its offices or related companies outside Malaysia

- **Royalties**
  
  Royalties received from R&D work carried out in Malaysia by an OHQ company on behalf of its offices or related companies outside Malaysia.

The income generated by an OHQ company in providing qualifying services to its offices and related companies in Malaysia will not be taxed during its tax-exempt period, provided such income does not exceed 20% of its overall income derived by providing qualifying services. Any excess of the 20% limit will not be exempted from tax.

An existing OHQ company will be given a 100% income tax exemption for its remaining exemption period.

Applications should be made to the Ministry of Finance.

15.4 Other Facilities

Other facilities accorded to an approved OHQ are as follows:

- Open foreign currency account (FCA) with licensed onshore banks to retain any amount of export proceeds in foreign currency.

- Open FCA with licensed onshore banks, licensed offshore banks in Labuan or overseas banks for crediting foreign currency receivables, other than export proceeds, with no limit imposed on the overnight balances.

- Obtain any amount of domestic credit facilities in ringgit

- Obtain any amount of foreign currency credit facilities from licensed onshore banks and licensed merchant banks in Malaysia and from any non-residents, provided the OHQ does not on-lend to, or raise the funds on behalf of, any resident
• Invest abroad any amount, including extension of credit facilities to their related overseas companies, to be funded with foreign currency funds or borrowing. They may also convert any amount if they have no domestic credit facilities or up to RM10 million if they have domestic credit facilities into foreign currency per calendar year for investment abroad.

• Use professional services of foreign firms, provided that such services are not available locally.

• Acquire fixed assets as long as the fixed assets are used for the purpose of carrying out the operations of the OHQ.

• Import duty, excise duty and sales tax exemption on machinery, equipment and materials.

• Expatriates working in OHQ companies are taxed only on the portion of their chargeable income attributable to the numbers of days that they are in Malaysia.

15.5 Expatriate Employment

There are two stages in the employment of expatriates: Application for an expatriate post and an endorsement of employment pass.

Companies applying for OHQ status can also apply for expatriate posts, including key posts. The approval will be granted according to the companies’ requirements subject to the condition that the company has a minimum paid-up capital of RM500,000.

All applications should be submitted to MIDA.

Upon approval of the expatriate posts by MIDA, the company must submit an application to the Immigration Department for endorsement of the Employment Pass. Once the Employment Pass has been endorsed, the expatriate can be hired.

16. INCENTIVES FOR INTERNATIONAL PROCUREMENT CENTRES / REGIONAL DISTRIBUTION CENTRES

International Procurement Centres

An international procurement centre (IPC) is a locally incorporated company, which carries on a business in Malaysia to undertake procurement and sale of raw materials, components and finished products for its group of related companies and unrelated companies in Malaysia and abroad. This would include procurement from, and sales made to, local sources and third countries.

Regional Distribution Centres

A regional distribution centre (RDC) is a collection and consolidation centre for finished goods, components and spare parts produced by its own group of companies for its own brand to be distributed to dealers, importers or its subsidiaries or other unrelated companies within or outside the country. Among the value-added activities involved are bulk breaking, repackaging and labelling.
16.1 Approvals for IPC/RDC Status

Companies that meet the following criteria can apply for an IPC/RDC status:-

- Locally incorporated under the Companies Act 1965
- A minimum paid-up capital of RM0.5 million
- A minimum total business spending (operating expenditure) of RM1.5 million per year
- Utilisation of Malaysian ports and airports
- A minimum annual sales turnover of RM50 million by the third year of operation
- Domestic sales of not more than 20% of its annual sales value. Not more than 30% of its annual sales turnover is derived from sourcing of goods from outside Malaysia to overseas destinations via drop shipment.

16.2 Equity Requirements

A company granted IPC/RDC status and incentives under Section 127 of the Income Tax Act 1967, is allowed 100% foreign equity ownership.

16.3 Incentives

An approved IPC/RDC status company can be considered for:

- Full tax exemption of statutory income for 10 years, under Section 127 of the Income Tax Act 1967
- Dividends paid from the exempt income will be exempted from tax in the hands of its shareholders

Eligibility criteria:

To qualify for the above incentives, an approved IPC/RDC status company must fulfil the following additional criteria:

- Annual sales turnover of at least RM100 million.
- Sales to the domestic market including sales to free zones (FZs) and licensed manufacturing warehouses (LMWs) are limited to 20% of its sales turnover. If sales to the domestic market exceed 20%, the additional sales will not be exempted from income tax.

16.4 Other Benefits

An approved IPC/RDC status company will enjoy the following benefits:

- Expatriate posts based on the requirements of the IPC/RDC
• Open one or more foreign currency account (FCA) with licensed commercial banks to retain its export proceed without any limit

• Enter into foreign exchange forward contracts with licensed commercial banks to sell forward export proceeds based on its projected sales

• Bring in raw materials, components or finished products with customs duty exemption into free industrial zones (FIZs), free commercial zones (FCZs), licensed manufacturing warehouse (LMWs) and bonded warehouses for re-packaging, cargo consolidation and integration before distribution to its final consumers.

• Expatriates working in IPC/RDC companies are taxed only on the portion of their chargeable income attributable to the numbers of days that they are in Malaysia.

16.5 Expatriate Employment

Companies applying for IPC/RDC status can also apply for expatriate posts, including key posts. The approval will be granted according to the companies’ requirements subject to the condition that the company has a minimum paid-up capital of RM500,000. All applications should be submitted to MIDA.

Upon approval of the expatriate posts by MIDA, the company must submit an application to the Immigration Department for endorsement of the Employment Pass. Once the Employment Pass has been endorsed, the expatriate can be hired.

17. REPRESENTATIVE OFFICES AND REGIONAL OFFICES

A Representative Office/Regional Office of a foreign company based in Malaysia performs permissible activities for its headquarters/principal. Such offices should be totally funded from sources outside Malaysia and are not required to be incorporated or be registered with the Companies Commission of Malaysia (SSM) under the Companies Act 1965.

Representative Office

An approved representative office collects relevant information regarding investment and business opportunities to develop bilateral trade relations and promote the export of Malaysian goods and products.

Regional Office

An approved regional office serves as the coordination centre for its affiliates, subsidiaries and agents within the Asia Pacific region. It is responsible for conducting designated activities within the region it operates.

The approval for the establishment of representative/regional offices and expatriate employment is valid for a period of two years and is renewable.
17.1 Activities Allowed

An approved representative office/regional office is allowed to carry out the following activities:

- Plan or coordinate business activities
- Gather and analyse information or undertake feasibility studies on investment and business opportunities in Malaysia and the region
- Identify sources of raw materials, components or other industrial products
- Undertake research and product development
- Act as a coordination centre for the corporation’s affiliates, subsidiaries and agents in the region

17.2 Activities Not Allowed

An approved representative office/regional office is not allowed to carry out the following activities:

- Engage in any trading (including import and export), business or any form of commercial activity
- Lease warehousing facilities; any shipment/transhipment or storage of goods must be carried out through a local agent or distributor
- Sign business contracts on behalf of the foreign corporation or provide services for a fee
- Participate in the daily management of any of its subsidiaries, affiliates or branches in Malaysia
- Conduct any business transaction or derive income from its operations

17.3 Equity Requirements

As representative/regional offices do not have issued capital in Malaysia, they are not subject to any equity condition.

17.4 Incentives

Expatriates working in regional offices are taxed only on the portion of their chargeable income attributable to the numbers of days that they are in Malaysia.

17.5 Expatriate Employment

An approved representative/regional office is allowed to employ expatriates at the managerial and technical level.

Applications for the establishment of representative/regional offices and expatriate posts should be submitted to MIDA.
Upon approval of expatriate posts, companies should forward their applications for Employment Passes to the Immigration Department for endorsement.

For further information in assessing and understanding the living environment in Malaysia, please refer to our publication on “Expatriate Living in Malaysia”.

18. OTHER INCENTIVES

This section covers other incentives not mentioned elsewhere and may be applicable to the following sectors: manufacturing, agriculture, tourism, environmental management, research and development, training, information and communication technology, Approved Service Projects and manufacturing related services.

18.1 Industrial Building Allowance

An Industrial Building Allowance (IBA) is granted to companies incurring capital expenditure on the construction or purchase of a building that is used for specific purposes, including manufacturing, agriculture, mining, infrastructure facilities, research, Approved Service Projects and hotels that are registered with the Ministry of Tourism. Such companies are eligible for an initial allowance of 10% and an annual allowance of 3%. As such, the expenditure can be written off in 30 years.

Claims should be submitted to the IRB.

18.2 Industrial Building Allowance for Buildings in MSC

To encourage the construction of more buildings in Cyberjaya for use by MSC status companies, IBA for a period of 10 years will be given to owners of new buildings occupied by MSC status companies in Cyberjaya. Such new buildings include completed buildings but are yet to be occupied by MSC status companies.

Claims should be submitted to the IRB.

18.3 Infrastructure Allowance

Companies in the States of Perlis, Sabah and Sarawak and the designated "Eastern Corridor" of Peninsular Malaysia are eligible for an Infrastructure Allowance of 100%. Companies eligible are those engaged in manufacturing, agriculture, hotel, tourism or other industrial/commercial activities and which incur qualifying capital expenditure on infrastructure such as the reconstruction, extension and improvement of any permanent structure including bridges, jetties, ports and roads.

These companies can offset the allowance against 100% of their statutory income in the year of assessment. The remaining statutory income will be taxed at the prevailing company tax rate. Any unutilised allowances can be carried forward to subsequent years until fully utilised. Applications received by 31 December 2010 are eligible for this incentive.

Claims should be submitted to the IRB.
18.4 Deduction of Audit Fees

To reduce the cost of doing business and enhance corporate compliance, expenses incurred on audit fees by companies are deemed as allowable expenses for deduction in the computation of income tax.

The incentive is effective from the year of assessment 2006.

Claims should be submitted to the IRB.

18.5 Tax Incentives for Venture Capital Industry

Venture capital companies (VCCs) have the option to choose between the following incentives:

i. Income tax exemption for 10 years for investing at least 70% of investment funds in venture companies (VCs) in the form of seed capital, start-up or early stage financing; or

ii. Deduction for income tax purposes equivalent to the value of investment made in VCs

With effect from the year assessment of 2007, to increase funding in seed capital, VCCs investing at least 50% of their investment funds in VCs in the form of seed capital are eligible for income tax exemption for 10 years.

Claims should be submitted to the IRB.

18.6 Tax Incentives for Mergers and Acquisitions of Listed Companies

To encourage public listed companies to expand and compete globally, stamp duty and real property gain tax (RPGT) exemptions are given on M&A undertaken by companies listed in Bursa Malaysia. This exemption is given to M&A approved by the Securities Commission from 1 October 2005 to 31 December 2007 and such M&A should be completed not later than 31 December 2008.

Claims should be submitted to the IRB.

18.7 Incentive for Acquiring a Foreign-Owned Company

A Malaysian-owned company that acquires a foreign-owned company abroad to acquire high technology for production within the country or to acquire new export markets for local products, is eligible for income tax deduction equivalent to the acquisition costs for five years.

This incentive is in the form of an annual deduction to ascertain the adjusted income of the locally-owned company, and any unutilised deduction can be carried forward until fully utilised.

Applications should be submitted to MIDA.
18.8 Incentive for Acquiring Proprietary Rights

Capital expenditure incurred in acquiring patents, designs, models, plans, trade marks or brands and other similar rights from foreigners qualify as a deduction in the computation of income tax. This deduction is given in the form of an annual deduction of 20% over a period of five years.

Claims should be submitted to the IRB.

18.9 Tariff Related Incentives

(i) Exemption from Import Duty on Raw Materials/Components

Full exemption from import duty can be considered for raw materials/components, regardless of whether the finished products are meant for the export or domestic market.

Where the finished products are for the export market, full exemption from import duty on raw materials/components is normally granted, provided the raw materials/components are not produced locally or, where they are produced locally, are not of acceptable quality and price.

Where the finished products are for the domestic market, full exemption from import duty on raw materials/components that are not produced locally can be considered. Full exemption can also be considered if the finished product made from dutiable raw materials/ components are not subject to any import duty.

Hotel and tourism projects qualify for full exemption of import duty and sales tax on identified imported materials.

Applications should be submitted to MIDA.

(ii) Exemption from Import Duty on Imported Medical Devices for Purpose of Kitting

To encourage local manufacturers of medical devices to kit their products to add value as well as to enhance their competitiveness, full import duty exemption is given on medical devices that are imported for the purpose of kitting or producing complete procedural sets, provided these medical devices are not manufactured locally.

Applications should be submitted to MIDA.

(iii) Exemption from Import Duty and Sales Tax on Machinery and Equipment

It is the policy of the government not to impose taxes on machinery and equipment used directly in the manufacturing process and not produced locally. Most categories of machinery and equipment are therefore, not subject to import duties. In cases where the imported machinery and equipment are taxable but are not available locally, full exemption is given on import duty and sales taxes. For locally purchased machinery and equipment, full exemption is given on sales tax.

Applications should be submitted to MIDA.
(iv) Exemption from Import Duty and Sales Tax on Spares and Consumables

Manufacturing companies qualify for import duty and sales tax exemptions on spares and consumables that are not produced locally and which are used directly in the manufacturing process.

Applications should be submitted to MIDA.

(v) Exemption from Import Duty and Sales Tax for Outsourcing Manufacturing Activities

To reduce the cost of doing business and enhance competitiveness, owners of Malaysian brands with at least 60% Malaysian equity ownership who outsource manufacturing activities are eligible for:

a) Import duty and sales tax exemptions on raw materials and components used in the manufacturing of finished products by their contract manufacturers locally or abroad

b) Import duty and sales tax exemptions on semi-finished goods from their contract manufacturers abroad, to be used by their local contract manufacturers to manufacture the finished products.

Applications should be submitted to MIDA.

(vi) Exemption from Import Duty and Sales Tax for Maintenance, Repair and Overhaul (MRO) Activities

Aerospace companies undertaking maintenance, repair and overhaul activities, qualify for import duty and sales tax exemption on raw materials, components, machinery, and equipments, spares and consumables. These are subject to each importation to be accompanied by certificates of parts and components issued by one of the following original equipment manufacturers (OEM):

a) FAA Form 8130-3 from the United States of America

b) EASA Form 1 from the European Union

c) Certificate of Compliance

d) Certificate of Conformance

e) Certificate from vendors

f) Distributor certificate

Applications should be submitted to the Ministry of Finance.

(vii) Sales Tax Exemption

Manufacturers licensed under the Sales Tax Act 1972 qualify for sales tax exemption on the inputs for their manufacturing operations. Manufacturers with an annual sales turnover of less than RM100,000 are exempted from licensing and are thus exempted
from paying sales tax on their output. However, these manufacturers can opt to be licensed and obtain sales tax exemption on their inputs instead.

Certain categories of goods are exempted from sales tax at both the input and output stages. These include all goods (inclusive of packaging materials) used in the manufacture of controlled articles, pharmaceutical products, milk products, batik fabrics, perfumes, beauty or make-up preparations, photographic cameras, wrist-watches, pens, computers and computer peripherals, parts and accessories, carton boxes/cases, products in the printing industry, agricultural or horticultural sprayers, plywood, re-treaded tyres, uninterruptible power systems, machinery, and manufactured goods for export.

Applications can be made to the Royal Malaysian Customs Department.

(viii) Drawback on Import Duty, Sales Tax and Excise Duty

Under Section 99 of the Customs Act 1967, Section 29 of the Sales Tax Act 1972 and Section 19 of the Excise Act 1976, a drawback on import duty, sales tax and excise duty that have been paid may be claimed by a manufacturer if the parts, raw materials or packaging materials are used in the manufacture of goods for export within a year based on conditions stipulated in the Acts.

Excise duties are imposed on a selected range of goods manufactured in Malaysia. Goods which are subject to excise duties include intoxicating liquor, cigarettes containing tobacco, motor vehicles, playing cards and mahjong tiles.

The movement of goods from the principal customs area or licensed premises (for goods subject to excise duty) for use in the manufacture of other products by a factory in a free zone (FZ) or licensed manufacturing warehouse (LMW) or the islands of Langkawi, Labuan and Tioman is considered as exports from Malaysia.

Applications should be made to the nearest Royal Malaysian Customs Department office where its factory is located.

18.10 Incentives for Export

(i) Double Deduction for the Promotion of Exports

Certain expenses incurred by resident companies in seeking opportunities to export Malaysian manufactured and agricultural products and services, qualify for double deduction.

The eligible expenses are those incurred in:

- overseas advertising, publicity and public relations work
- supplying samples abroad, including delivery costs
- undertaking export market research
- preparing tenders for supply of goods overseas
- supplying of technical information abroad
• preparing exhibits and participation costs in trade/industrial exhibitions, virtual trade shows and trade portals and fares for overseas travel by company employees for business

• accommodation expenses up to RM300 per day and sustenance expenses up to RM150 per day for company representatives who travel overseas for business

• maintaining sales offices and warehouses overseas to promote exports

• hiring professional to design packaging for exports, subject to the company using local professional services

• undertaking feasibility studies for overseas projects identified for the purpose of tenders

• preparing architectural and engineering models, perspective drawings and 3-D animations for participating in competitions at international level.

• participating in trade or industrial exhibitions in the country or overseas

• participating in exhibitions held in Malaysian Permanent Trade and Exhibition Centres overseas

Partnerships and sole proprietorships registered with the Companies Commission of Malaysia are also eligible for the above incentive. To qualify, they must provide the following professional services:

• legal

• accounting (including taxation and management consultancy)

• architectural (including town planning and landscaping)

• engineering and integrated engineering (including valuation and quantity surveying)

• medical and dental

For pioneer companies, the deduction is accumulated and allowed against the post pioneer income.

(ii) Single Deduction for the Promotion of Exports

Certain expenses incurred by resident companies in looking for opportunities to export Malaysian manufactured and agricultural products and services qualify for single deduction. The eligible expenses are those incurred in:

• registration of patents, trade marks and product licensing overseas

• hotel accommodation for a maximum of three nights in providing hospitality to potential importers invited to Malaysia.
(iii) **Double Deduction on Export Credit Insurance Premiums**

Premium payments on export credit insurance qualify for double deduction.

(iv) **Special Industrial Building Allowance for Warehouses**

An annual allowance of 10% of qualifying capital expenditure is given for buildings used as warehouses for storing goods for export and re-export.

(v) **Double Deduction on Freight Charges**

Manufacturers who ship their goods from Sabah or Sarawak to any port in Peninsular Malaysia qualify for double deduction on freight charges.

(vi) **Incentive for the Implementation of RosettaNet**

RosettaNet is an open Internet-based common business messaging standard for supply chain management link-ups with global suppliers.

To encourage local small and medium-scale companies to adopt RosettaNet in order to become more competitive in the global market, the expenditure and contributions incurred by companies in the management and operation of RosettaNet Malaysia and in assisting local small and medium-scale companies to adopt RosettaNet are eligible for income tax deduction.

The eligible expenditure and contributions are those on equipment (computers and servers) and salaries for full-time employees seconded to RosettaNet Malaysia; contribution of software, sharing of software and programming, as well as the training of the staff of local small and medium-scale companies to use RosettaNet.

Claims should be submitted to the IRB.

(vii) **Double Deduction for the Promotion of Malaysian Brand Names**

To promote Malaysian brand names, a company who is a registered proprietor of a Malaysian brand, or a company within the same group is eligible for double deduction on expenditure incurred in advertising the brand, subject to the following conditions:

a) the company must be owned more than 50% by the registered proprietor of the Malaysian brand name

b) the deduction can only be claimed by one company in a year of assessment.

c) the products meet export quality standard

Claims should be submitted to the IRB.
18.11 Incentive for the Use of Environmental Protection Equipment

Companies using environmental protection equipment receive an initial allowance of 40% and an annual allowance of 20% on the capital expenditure incurred on such equipment. Thus, the full amount can be written off in three years.

Claims should be submitted to the IRB.

18.12 Donations for Environmental Protection

Donations to an approved organisation exclusively for the protection and conservation of the environment qualify for single deduction.

Claims should be submitted to the IRB.

18.13 Incentive for Employees' Accommodation

Buildings used for employees for the purpose of living accommodation in a manufacturing operation, an Approved Service Project, hotel or tourism business, are eligible for special Industrial Building Allowance of 10% of the expenditure incurred on the construction/purchase of the building for ten years.

Claims should be submitted to the IRB.

18.14 Incentives for Employees' Child Care Facilities

Expenditure incurred for the construction/purchase of buildings for the purpose of providing child care facilities for employees are eligible for a special Industrial Building Allowance of 10% for ten years.

A single deduction also applies to gifts in kind and cash to provide and maintain child care centres for the benefit of employees.

Claims should be submitted to the IRB.
APPENDIX I

List of Promoted Activities and Products - General

List of Promoted Activities and Products which are Eligible for Consideration of Pioneer Status and Investment Tax Allowance under The Promotion of Investments Act 1986

I. Agricultural production

1. Cultivation of tea
2. Cultivation of fruits
3. Cultivation of vegetables, tubers or roots
4. Cultivation of rice or maize
5. Cultivation of herbs or spices
6. Cultivation of essential oil crops
7. Production of planting materials
8. Cultivation of crops for animal feed
9. Floriculture
10. Apiculture
11. Livestock farming (excluding rearing of chickens, ducks or pigs)
12. Production of breeder stock
13. Spawning, breeding and culturing of aquatic products
14. Off-shore fishing
15. Cultivation of medicinal plants
16. Sericulture*
17. Cultivation of cocoa*
18. Cultivation of coconut*
19. Cultivation of sago palm*
20. Rearing of chickens and ducks*

II. Processing of agricultural produce

1. Chocolate and chocolate confectionery
2. Fruits
3. Vegetables, tubers or roots
4. Essential oils
5. Livestock products
6. Aquatic products
7. Agricultural waste or agricultural by-products
8. Aquaculture feed
9. Plant extracts for pharmaceutical, perfumery, cosmetic or food industries
10. High fructose syrup
11. Cocoa and cocoa products
12. Food supplements
13. Illipe products *
14. Coconut products except copra or crude coconut oil*
15. Starch products *
III. Forestry and forestry products

1. Cultivation of timber, bamboo or cane
2. Cane products
3. Bamboo products

IV. Manufacture of rubber products

1. Earthmover tyres, agricultural tyres, industrial tyres, commercial vehicle tyres, motorcycle tyres, aircraft tyres or solid tyres
2. Precured tread liners
3. Retreading of aircraft tyres
4. Latex products:
   a. Surgical gloves
   b. Safety/special function gloves
   c. Condoms
   d. Catheters
   e. Rubber (elastomeric) specialty coatings
   f. Rubberised fabrics
   g. Carpet underlay*
   h. Swimming caps*
   i. Balloons*
   j. Finger cots*
   k. Toys*
   l. Latex thread*
5. Dry rubber products:
   a. Beltings
   b. Hoses, pipes and tubings
   c. Rubber profiles
   d. Inflatable rubber products
   e. Industrial and office equipment rollers
   f. Seals, gaskets, washers, packings and rings
   g. Anti-vibration, damping and sound insulation products
   h. Rubber linings
   i. Rubber floorings
   j. Rubber moulds
   k. Modified natural rubber
6. Reclaimed rubber
7. Rubber support

V. Manufacture of oil palm products and their derivatives

1. Oleochemicals or oleochemical derivatives or preparations
2. Margarine, vanaspati, shortening or other manufactured fat products
3. Fatty acid distillate derivatives
4. Cocoa butter replacers, cocoa butter substitutes, cocoa butter equivalent, palm mid fraction or special olein
5. Crude palm kernel oil and palm kernel cake/expeller
6. Palm-based nutraceuticals, constituents of palm oil/palm kernel oil
7. Palm-based food products:
   a. Specialty animal fat replacer
   b. Palm-based mayonnaise and salad dressing
   c. Substituted coconut milk/powder
   d. Red palm oil and its products
e. Palm-based food ingredient
f. Modified (interesterified) palm oil and palm kernel oil products
g. Microencapsulated palm-based products
8. Processed products from:
   a. Palm fatty acid distillate/palm kernel fatty acid distillate
   b. Palm kernel cake/expeller
   c. Palm oil mill effluent
9. Products from palm biomass
10. Refining of palm oil or palm kernel oil*

VI. Manufacture of chemicals and petrochemicals

1. Chemical derivatives from organic or inorganic sources
2. Fine chemicals
3. Basic manufacture of pesticides
4. Petrochemical products
5. Epoxy encapsulation moulding compounds
6. Cable compounds (excluding PVC cable compound)
7. Titanium dioxide pigment
8. Barium sulphate pigment
9. Iron dioxide pigment
10. Metallic pigment
11. Recycling of chemicals
12. Anti-tack solutions
13. Inkjet inks
14. Cleaning preparations, cosmetics or toilet preparations*
15. Wax products*
16. Specialised paints or coatings*

VII. Manufacture of pharmaceutical and related products

1. Pharmaceutical goods
2. Clinical diagnostic reagents
3. Gelatine or gelatine products
4. Intravenous, dialysis or irrigating solutions
5. Vaccines
6. Medicaments

VIII. Manufacture of wood and wood products

1. Reconstituted wood-based panel boards or products
2. Wooden solid or other specialised function doors or wooden solid windows
3. Multi-ply parquet
4. Design, development and production of wooden furniture
5. Insulation for cryogenic vessels
6. All wooden products except sawn timber, veneer and plain plywood*

IX. Manufacture of pulp, paper and paperboard

1. Pulp
2. Newsprint
3. Security paper
4. Resin impregnated paper and products thereof
5. Printing and writing paper
6. Corrugated medium paper, testliner or kraftliner
7. Kraft paper
8. Paperboard
9. Moulded paper
10. Specialty paper
11. All types of paper and paper products from pulp*

X. Manufacture of textiles and textile products

1. Natural or man-made fibres
2. Yarn of natural or man-made fibres
3. Woven fabrics
4. Finished knitted fabrics
5. Finishing of fabrics such as bleaching, dyeing and printing
6. Knitwear
7. Skiwear or winter outerwear
8. Non-woven products
9. Elastic webbings
10. Textile hose piping

XI. Manufacture of clay-based, sand-based and other non-metallic mineral products

1. High alumina or basic refractories
2. Kiln furniture
3. Laboratory, chemical or industrial wares
4. Artware, ornaments or articles for adornment of ceramic or glass
5. Glassware
6. High tension electrical glass insulators
7. Glass components or parts for electrical, electronic or industrial use
8. Glass fibre in all forms produced from basic raw materials
9. Finished woven fabrics of glass fibre
10. Optical glass blanks
11. Alumino-silicate ceramics fibres
12. Ceramic components or parts for electrical, electronic or industrial uses
13. Fritz, zirconium silicate powder, glaze or glaze stains
14. Silicon dioxide fillers
15. Rockwool
16. Synthetic industrial diamonds
17. Processed ball clay
18. Articles of pressed or moulded glass such as bricks, tiles, slabs, pellets, paving blocks and squares
19. Tableware
20. Coated glass
21. Integrated cement projects
22. Absorbent mineral clay
23. Marble and granite products
24. Gypsum plaster board
25. Panels, boards, tiles, blocks or similar articles of vegetable fibre, wood fibre, straw, wood shavings or wood wastes, agglomerated with cement, plaster or with other mineral binding substance
26. Crystalised glass panel
27. Processed kaolin*
28. Ceramic wall or floor tiles*
29. Vitrified clay pipes*
30. Calcium carbonate powder*
31. Coated or uncoated talc or barium sulphate powders (average particle size less than 5 microns)*
32. High grade silica sand or powder*
33. Clay roofing tiles*
34. Quicklime and hydrated lime*

XII. Manufacture of iron and steel

1. Blooms or slabs of steel
2. Shapes or sections of steel of height more than 200 mm
3. Plates, sheets, coils, hoops or strips of steel:
   a. Hot rolled plates, sheets, coils, hoops or strips
   b. Cold rolled/cold reduced plates, sheets, coils, hoops or strips
4. Seamless steel pipes
5. Seamless high pressure gas cylinders
6. Steel tyre cord and high pressure reinforced hose wire
7. Ferromanganese, silicon manganese or ferrosilicon
8. Electrolytic galvanised steel sheet in coil
9. Welded steel pipes or pipe fittings*
10. Bars or wire rods (except those of mild steel), angles, shapes or sections of all grades of steel either hot-rolled, cold-rolled or cold-finished*
11. Wires or wire products of iron or steel*
12. Steel fabricated products*

XIII. Manufacture of non-ferrous metals and their products

1. Dressing and/or smelting of non-ferrous metals other than tin metals
2. Primary ingots, billets or slabs of non-ferrous metals
3. Bars, rods, shapes or sections of non-ferrous metals except EC copper rods
4. Plates, sheets, coils, hoops or strips of non-ferrous metals
5. Pipes or tubes of non-ferrous metals
6. Copper clad laminates and products from in-house copper clad laminates
7. Powder, cream or paste of non-ferrous metals
8. Aluminium composite panel
9. Wire or wire products of non-ferrous metals*
10. Fabricated products of non-ferrous metals*

XIV. Manufacture of machinery and machinery components

1. Specialised/process machinery or equipment associated with specific industry including:
   a. Agricultural machinery or equipment
   b. Mining or mineral extraction/processing machinery or equipment
   c. Construction machinery or equipment
   d. Waste water/sewage treatment equipment
   e. Industrial sewing machines
2. Supporting services machinery or equipment including power generating machinery or equipment
3. Material handling machinery or equipment including elevators or escalators
4. Hand tools or power tools
5. Machinery and industrial parts/components including:
   a. Printing rolls or embossing rolls
   b. Dicing blades, accessories for silicon wafers or ceramic substrates
   c. Offset printing plates
   d. Industrial seals or seal materials
6. Machine tools (metalworking, woodworking and others) including welding/soldering equipment
7. Packaging machinery
8. Machinery or equipment for the services sector including:
   a. Fire fighting equipment
   b. Hand labellers
9. Reconditioning of heavy machinery and equipment
   a. Automobile air conditioning compressors
10. Servicing and upgrading or reconditioning of machinery and equipment

XV. Manufacture of transport equipment, components and accessories

1. Bicycles
2. Bicycles parts:
   a. Drive set (chain wheel and crank)
   b. Brake set
   c. Speed change set
   d. Hub
3. Specialty cars
4. Engines
5. Engine parts:
   a. Cylinder block, cylinder head, rocker cover, flywheel or pulley
   b. Crank shaft, connecting rod, cam shaft, rocker, rocker shaft, engine valve, sprocket, piston pin or piston
   c. Intake manifold or exhaust
   d. Oil pan, oil pump, oil pump gear shaft, fuel pump, water pump or oil seal
   e. Timing belt, timing chain, carburettor, ignition coil or distributor
   f. Fuel injection mechanism (injector, pump, tubing, valves, regulator, sensors, electronic control modules)
   g. High tension cables
   h. Engine bracket
   i. Magneto
   j. Capacitor discharge unit
6. Transmissions
7. Transmission parts:
   a. Transmission shift lever and fork
   b. Transmission control linkages
   c. Speedometer pinion
   d. Clutch
   e. Torque converter
   f. Drive shaft
8. Axle, wheel, wheel hub or knuckle
9. Disc brake, drum brake, brake cylinder, brake master cylinder, brake booster, anti-lock braking mechanism, clutch master cylinder or clutch operating cylinder.
10. Steering wheel, steering column, steering gear box, power steering pump, steering linkages, tie rod or constant velocity joints, rack tubes for hydraulic/electric power steering and feed pipes for hydraulic power steering
11. Stabilizer bar, suspension arm or suspension arm shaft and member
12. Body panels, chassis frame, fuel tank, window regulator, locks and keys or hinges
13. Head lights, indicating/signalling lights, meters, gauges, switches or horns
14. Weather strips, control cables, speedometer cables, metallic tubings or hoses
15. Catalytic converter
16. Vehicle safety air bag
17. Navigational system
18. Automotive electronic module/component or sensor
19. Seat mechanism including seat adjuster or locking mechanism or seat recliner
20. System integrator:
   a. Front corner module
   b. Rear corner module
   c. Instrument panel module
   d. Strut and absorbers and spring assembly module
   e. Bumper assembly
   f. Front cross member module
   g. Function integrated door module
   h. Fuel tank module
   i. Seat assembly
   j. Pedal assembly
   k. Door trim assembly
   l. Floor console assembly
   m. Tyre and wheel assembly
   n. Brake system
   o. Wiper system
   p. Exhaust system
   q. Audio system
   r. HVAC (Heater Ventilation Air-conditioning system)
   s. Airbag system
   t. Power and signal distribution system
   u. Alarm system
   v. Seat belt system
   w. Exterior lighting system
   x. Body in white assembly
21. Gear
22. Cooling equipment, air-inlet equipment or exhaust equipment, compressor and expansion valve for automotive air-conditioning
23. Aerospace industry:
   a. Manufacture and assembly of aircraft
   b. Manufacture of aircraft equipment, components, accessories or parts thereof
   c. Ground support equipment for aerospace industry
24. Pleasure crafts, hydrofoils or hovercrafts
25. Maintenance, repair, overhaul or service of aircraft, aircraft components or accessories or testing and repairing of avionics
26. Manufacture of train and related equipment:
   a. Construction of locomotive, rail car
   b. Coach, wagon, bogie
   c. Electric multiple unit and power generating car
   d. Railway signalling and communication system
27. Motor vehicles
28. Electrical or electronics systems instrumentation*
29. Shipbuilding*
30. Shiprepair*

XVI. Supporting products/activities

1. Metal castings
2. Metal forgings
3. Metal surface treatment/finishing
4. Machining
5. Moulds, tools and dies
6. Powder metallurgical parts (sintering of metal parts)
7. Heat treatment
8. Mould texturing
9. Irradiation service
10. Gas sterilisation service
11. Overhaul, repair, reconditioning, modification or servicing and testing of turbine engines, components or sub-assemblies
12. Advanced composite materials
13. Mould designing
14. Advanced surface treatment or finishing for precision engineering plastic parts
15. High purity gas piping system and parts thereof
16. Metal stamping*
17. Galvanising, shearing or slitting of metal sheets or other related engineering services*

XVII. Manufacture of electrical and electronic products and components and parts thereof

1. Digital television receivers
2. Colour television receiver parts:
   a. Cathode ray tubes
   b. Electron guns
   c. Polished glass panels or glass funnels for colour picture tubes
3. Digital audio video recorders/players and parts:
   a. Digital audio video recorders/players
   b. Digital tape mechanisms
   c. Digital disc mechanisms
   d. Optical pick-up units
   e. Magnetic heads
4. Computers, parts and peripherals:
   a. Computers (excluding detached peripherals not manufactured in-house)
   b. Monitors
   c. Computer printers (including printer mechanism)
d. Printer heads
e. Computer scanners
f. Drive units
g. Head gimbal assemblies/head carriage assemblies
h. Headstack assemblies
i. Computer magnetic heads
j. Data storage media
k. Voice coil motors
l. Actuators
m. Electronic games equipment including photodetector joysticks
n. Disk substrates or disk blanks
o. Re-manufacturing of computer drives

5. Electronic components:
a. Quartz crystals
b. Motors
c. Printed circuit boards (excluding rigid single sided circuit boards)
d. Cables or wires for electronic devices including flat cables
e. Hermetic seals
f. Electrical/electronic components moulded with magnets
g. Heat shrinkable cable joints and terminations
h. Thermistors
i. Connectors with or without wires or cables
j. Bonding wires
k. Lead-frames
l. Magnets or ferrite cores
m. Displays-electroluminescent, plasma or liquid crystal
n. Membrane switches
o. Surface mount components
p. Optical fibres or optical fibre products
q. SMT chipholders on lead-frames
r. Solar cells
s. Magnetron
t. Fabrication of light emitting diodes (LED)
u. Precision bond pads

6. Recorded and unrecorded media:
a. Compact discs
b. Magnetic webs or pancakes

7. Electronic machines and equipment/devices:
a. Teller machines
b. Office equipment
c. Alarm equipment/systems or devices
d. Ultrasonic cleaners
e. Computing scales
f. Cash registers
g. Demagnetisers
h. Industrial controllers
i. Computer Aided Design (CAD), Computer Aided Manufacturing (CAM) or Computer Aided Engineering (CAE) equipment
j. Robots or robotics
k. Multimedia integrated controller

8. Wafer fabrication:
a. Semiconductor wafer fabrication
b. Reclaimed silicon wafers
c. Wafer or die level preparation
9. Electrical products:
   a. Uninterruptible power supplies
   b. Batteries excluding manganese dioxide, dry cells and lead acid batteries
   c. Solar panels
   d. Discharge tubes
   e. High intensity discharge (HID) lamps and parts thereof

10. Telecommunication:
    a. Telecommunication equipment including multi feature mobile phones but excluding fixed line telephone sets
    b. Antennae for communication equipment
    c. Voice/pattern/vision recognition or synthesis equipment
    d. Data terminal displays
    e. Global positioning system
    f. Electronic navigational aid
    g. Electronic tracking aid

11. Software development and production

12. Discharge tubes and products thereof

13. Air sterilizer

14. Transformers or coils*

15. Automatic gate mechanisms*

16. Consumer electronic products; parts, sub-assemblies or accessories thereof*

17. Industrial electronic products; parts, sub-assemblies and accessories thereof *

18. Electrical household appliances and parts thereof *

19. Electrical industrial equipment or parts thereof *

XVIII. Manufacture of professional, medical, scientific and measuring devices/parts

1. Medical, surgical, dental or veterinary devices/equipment

2. Gauges or measuring apparatus

3. Surveying, hydrographic, navigational, meteorological, hydrological or geophysical instruments

4. Testing equipment

5. Clocks or watches

6. Stainless steel cannulae or tubes for needles

XIX. Manufacture of photographic, cinematographic, video and optical goods

1. Cameras

2. Lenses

3. Binoculars, telescopes, magnifying glasses or microscopes

4. Cinematographic or video equipment
XX. Manufacture of plastic products

1. Inflatable plastic products
2. Specialised plastic films/sheets
3. Geosystems products [Cellular Confinement System (CCS) and Porous Pavement System (PPS)]
4. Plastic products for engineering use
5. Precision engineering plastic products
6. Multiwall pipes
7. Expanded polystyrene foam*

XXI. Miscellaneous

1. Musical instruments
2. Furniture hardware
3. Souvenirs, handicrafts or giftware
4. Electronic toys
5. Sports goods or equipment
6. Spectacles or spectacle frames
7. Accessories for the textile industry
8. Cutlery
9. Lock sets or lock cylinder mechanisms
10. Jewellery of precious metal
11. Costume jewellery
12. Designing and printing of decorative surfaces for commercial applications
13. Integrated exhibits
14. Microbials and probiotics
15. Bank notes
16. Thermic containers and parts thereof
17. Biodegradable disposable packaging and household wares
18. Bio-ceramic embedded textile products
19. Personal ballistic armour
20. Ball pen tips
21. Fall protection equipment
22. Toys (excluding electronic toys)*
23. Art and design apparatus - all types*
24. Enamelled household ware*
25. Cooker or barbeque sets*

XXII. Hotel business and tourist industry

1. Establishment of medium and low-cost hotels (up to a three-star hotel)
2. Expansion/modernisation of existing hotels
3. Establishment of tourist projects
4. Expansion/modernisation of tourist projects
5. Establishment of recreational camps
6. Establishment of convention centres
XXIII. Film industry

1. Film or video production
2. Post production for film or video

XXIV. Manufacturing Related Services

1. Research and development (R&D)
2. Design and prototyping
3. Technical or vocational training
4. Integrated logistic services
5. Integrated market support services
6. Integrated centralised utility facilities
7. Total chemical management system
8. Cold chain facilities and services for food products
9. Environmental management
   (a) Energy conservation/efficiency services
   (b) Energy generation activities, using renewable energy sources (biomass, hydro power, solar power)
   (c) Storage, treatment and disposal of toxic and hazardous waste
   (d) Waste recycling activities
      (i) agricultural waste or agricultural by-products
      (ii) recycling of toxic and non-toxic wastes

XXV. Manufacture of kenaf based product

1. Animal feed, kenaf particle or fibre, reconstituted panel, board or products and moulded products.

XXVI. Protective equipment and devices

1. Coated/knitted safety gloves
2. Personal protective shield for body
3. Advance ballistic protection glass

Note:
1st Schedule Promoted activities/products for all areas

2nd Schedule * Additional promoted activities and products for promoted areas (other than the Federal Territory of Labuan) i.e. Sabah, Sarawak, Perlis, Kelantan, Terengganu, Pahang, and the district of Mersing in Johor.

3rd Schedule For the Federal Territory of Labuan, only the hotel business and tourist industry will qualify for the consideration of incentives gazetted for the promoted areas.
APPENDIX II

List of Promoted Activities - Manufacturing Related Services

1. Operational Headquarters
2. Regional Distribution Centres
3. International Procurement Centres
4. Regional Offices
5. Representative Offices
6. Research and development (R&D)
7. Design and prototyping
8. Technical or vocational training
9. Integrated logistic services
10. Integrated market support services
11. Integrated centralised utility facilities
12. Total chemical management system
13. Cold chain facilities and services for food products
14. Environmental management
   (a) Energy conservation/efficiency services
   (b) Energy generation activities, using renewable energy sources (biomass, hydro power, solar power)
   (c) Storage, treatment and disposal of toxic and hazardous waste
   (d) Waste recycling activities
      (i) agricultural waste or agricultural by-products
      (ii) recycling of toxic and non-toxic wastes
APPENDIX III

List of Promoted Activities and Products - High Technology Companies

List of Promoted Activities and Products for High Technology Companies under the Promotion of Investments Act 1986

I. Advanced electronics

1. Design, development and manufacture of:
   a. computer or peripherals
   b. microprocessor application
2. Development and production of communication equipment
3. Design and production of integrated circuits (ICs)
4. Development and production of cathode ray tubes and advanced displays
5. Design, development and manufacturer of printer heads, head gimbals/head carriages, headstacks, magnetic heads, voice coil motors and actuators
6. Development and production of advanced connectors
7. Development and manufacturing of high density interconnect printed circuit boards (PCB) excluding rigid single-sided PCB
8. Design, development and manufacture of printer mechanism
9. Development and production of surface mount components
10. Design, development and manufacture of electro-magnetic interference (EMI) shielding products
11. Design, development and manufacture of contra rotator washing machines
12. Development and production of digital audio/video products

II. Equipment/Instrumentation

1. Design, development and manufacture of:
   a. medical equipment
   b. medical implant or devices
   c. scientific equipment
   d. cyclonic separation equipment
2. Development and production of high pressure water cutting equipment
3. Design, development and manufacture of air flow equipment and related products
4. Development and production of high voltage busbars, auto transfer switches and dry type distribution transformers

III. Biotechnology

1. Development, testing and production of:
   a. pharmaceuticals
   b. fine chemicals
   c. food or food ingredients
   d. feed or feed supplements
   e. biodiagnostics
   f. horticultural products
2. Development and production of:
   a. cell cultures
   b. biopolymers
   c. biomaterials
3. Development and production of biotechnology processes for waste treatment

IV. Automation and flexible manufacturing systems
1. Development and production of:
   a. computer process control systems/equipment
   b. process instrumentation
   c. robotic equipment
   d. computer numerical control (CNC) machine tools

V. Electro-optics and non-linear optics
1. Development and production of:
   a. optical lenses
   b. laser application equipment
   c. fibre-optic communication equipment
2. Design, development and production of cameras including lens units, lens barrel units and view finder units

VI. Advanced materials
1. Application or production of:
   a. polymers or biopolymers
   b. superconductors
   c. fine ceramics or advanced ceramics
   d. high strength composites
   e. pigments
2. Nano particles and their formulations thereof

VII. Optoelectronics
1. Development and production of:
   a. optoelectronics systems components
   b. optical systems components
   c. photo-couplers
   d. semiconductors lasers

VIII. Software engineering
1. Development and production of:
   a. neural networks
   b. pattern recognition systems
   c. machine vision
   d. fuzzy logic systems
IX. Alternative energy sources

1. Development and production of:
   a. fuel cells
   b. polymer batteries
   c. solar cells
   d. renewable energy
   e. floating energy power system

X. Aerospace

1. Design or development and production or assembly of:
   a. aircraft
   b. aircraft equipment, components or accessories or parts of aircraft
2. Modification and/or conversion of aircraft
3. Refurbishment or re-manufacture of aircraft equipment, components or accessories or parts of aircraft

XI. Food production and food processing

1. Food production using emerging technologies and advanced farming systems.
2. Development, testing and manufacturing of food products using emerging technologies and advanced manufacturing systems

XII. Engineering support industries/services

1. Design or development and manufacture of:
   a. trim and form dies
   b. semiconductor cavity/encapsulation moulds
   c. suspension tooling for hard disk drive parts
   d. progressive tooling for lead frames
   e. fibre optic connection tooling
   f. moulds, tools and dies for automotive industry
2. Design, development and manufacture of advanced toolings and equipment for the production of precision components/parts for industrial applications
3. Development and production of precision machined and die cast parts using advanced manufacturing systems
4. Design and development including prototyping

XIII. Wood Processing

1. Development, testing and processing of engineered wood products

XIV. Iron and Steel

1. Super fine spring wire of diameter 2.0mm and below
APPENDIX IV

List of Promoted Activities and Products - Industrial Linkage Programme (ILP)

List of Promoted Products and Activities in an Industrial Linkage Programme (ILP) for Consideration of Pioneer Status or Investment Tax Allowance under the Promotion of Investments Act 1986

I. Manufacture of rubber products

1. Moulded rubber products
2. Conveyor belts, transmission belts, V-type belts or rubber beltings

II. Manufacture of plastic products

1. Plastic products for engineering use

III. Manufacture of clay-based, sand-based and other non-metallic mineral products

1. Ceramic components or parts for electrical, electronic or industrial uses
2. Glass envelopes
3. Glass fittings
4. Advanced composite materials or products

IV. Manufacture of textiles and textile products

1. Elastic webbings

V. Manufacture of iron and steel

1. Wire or wire products of iron and steel
2. Steel fabricated products

VI. Manufacture of non-ferrous metals and their products

1. Copper clad laminates and products thereof
2. Wire or wire products of non-ferrous metals
3. Fabricated products of non-ferrous metals
VII. Supporting products/services

1. Metal castings
2. Metal forgings
3. Plating
4. Machining
5. Moulds, tools or dies
6. Heat treatment
7. Mould texturing
8. Metal stamping
9. Industrial seals or seal materials
10. Powder metallurgical parts (sintering of metal parts)
11. Maintenance, repair, overhaul, modification, servicing or testing of turbine engines, components or sub-assemblies
12. Maintenance, repair, overhaul, modification, servicing or testing of aircraft, aircraft components or accessories
13. Maintenance, repair, overhaul, modification, servicing or testing of ship components or accessories

VIII. Manufacture of transport equipment, components and accessories

1. Parts and components for bicycles or tricycles
2. Parts and components for pleasure crafts, hydrofoils or hovercrafts
3. Parts, components or accessories for motor vehicles
4. Aircraft equipment, components, accessories or parts thereof

IX. Manufacture of machinery and machinery components

1. Machinery components

X. Manufacture of electrical and electronic products and components and parts thereof

1. Computer peripherals:
   a. Drive units
   b. Keyboards
2. Alarm equipment/system or devices
3. Parts, sub-assemblies or accessories of consumer or industrial electronic products
APPENDIX V

List of Promoted Activities and Products - Small-Scale Companies

List of Promoted Activities and Products for Small-Scale Companies for Consideration of Pioneer Status under the Promotion of Investments Act 1986

I. Agricultural Activities

1. Aquaculture
2. Apiculture
3. Flowers and ornamental foliages
4. Sericulture

II. Processing of Agricultural Produce

1. Coffee
2. Tea
3. Fruits
4. Vegetables
5. Herbs or spices
6. Cocoa and cocoa products
7. Coconut products except copra and crude coconut oil
8. Starch and starch products
9. Cereal
10. Sugar and confectionary products
11. Plant extracts
12. Aquatic products
13. Livestock products
14. Apiculture products
15. Aquaculture feed
16. Animal feed ingredients
17. Agricultural wastes and by-products

III. Forestry Products

1. Rattan products (excluding pole, peel and split)
2. Bamboo products
3. Other forestry products

IV. Manufacture of Rubber Products

1. Moulded rubber products
2. Extruded rubber products
3. General rubber products
4. Foam rubber products
5. Inflatable rubber products
V. **Manufacture of Oil Palm Products and their Derivatives**

1. Margarine, vanaspati, shortening and other manufactured fat products
2. Oleochemical or oleochemical derivatives or preparations
3. Biomass products
4. Palm heart products
5. Palm oil/palm kernel oil wastes or by-products

VI. **Manufacture of Chemicals and Pharmaceuticals**

1. Pigment preparation and dispersions and special coatings
2. Desiccant
3. Bio-resin (biopolymer)
4. Herbal medicament and preparations
5. Inkjet inks

VII. **Manufacture of Wood and Wood Products**

1. Decorative panel boards (excluding plain plywood)
2. Timber mouldings
3. Builders carpentry and joinery
4. Products derived from utilisation of wood waste (e.g. activated charcoal, wooden briquettes, wood wool)
5. Wooden household and office articles

VIII. **Manufacture of Paper and Paperboard Products**

1. Moulded paper products

IX. **Manufacture of Textiles and Textile Products**

1. Batik
2. Accessories for the textile industry
3. Knitted fabrics
4. Hand woven fabrics

X. **Manufacture of Clay-Based and Sand-Based Products and other Non-Metallic Mineral Products**

1. Artware, ornaments and articles of ceramic or glass
2. Glass fittings for lighting purposes
3. Panels, boards, tile blocks and similar articles of vegetable fibre, straw, wood shavings or wood wastes, agglomerated with cement plaster or with other mineral binding substances
4. Abrasive products for grinding, polishing and sharpening
XI. Manufacture of Iron and Steel Products

1. Wire and wire products
2. Fabricated products

XII. Manufacture of Non-Ferrous Metals and their Products

1. Wire and wire products
2. Powder, cream or paste
3. Fabricated products

XIII. Supporting Products/Services

1. Metal forgings
2. Machining
3. Metal stamping
4. Surface treatment/finishing
5. Moulds, tools and dies
6. Industrial seals or seals materials
7. Cutting tools
8. Metal casting
9. Powder metallurgical parts (sintering of metal parts)
10. Mould texturing

XIV. Manufacture of Handtools

1. Handtools

XV. Manufacture of Transport, Components, Parts and Accessories

1. Transport components, parts and accessories

XVI. Manufacture of Parts and Components for Machinery and Equipment

1. Parts and components for machinery and equipment.
XVII. Assembly and Manufacture of Electrical and Electronic Products, Components and Parts Thereof

1. Decorative lights
2. Antennae
3. Capacitors
4. Disc card players
5. Energy-saving lightings and/or displays
6. Resistors
7. Power supplies
8. Invertors
9. Key pads and key switches
10. Printed circuit board assemblies using surface mount technology
11. Electronic ballast
12. Three-phase electrical accessories or devices
13. Telecommunication equipment, computer/computer peripherals and industrial electronic equipment
14. Electrical security equipment/devices, components and parts thereof
15. Measurement or scale instruments
16. Security equipment/devices, components and parts thereof
17. Testing equipment
18. Consumer electrical parts and components
19. Consumer electronics parts and components
20. Industrial electrical parts and components thereof
21. Industrial electronics parts and components thereof

XVIII. Manufacture of Kitchenware and Tableware

1. Kitchenware
2. Tableware

XIX. Manufacture of Furniture, Parts and Components

1. Furniture, parts and components

XX. Manufacture of Games and Accessories

1. Games and accessories

XXI. Manufacture of Handicrafts and Souvenirs

1. Handicrafts
2. Souvenirs, giftware and decorative wares
XXII. Manufacture of Sports Goods and Equipment

1. Sports goods and equipment

XXIII. Manufacture of Jewellery and Related Products

1. Jewellery
2. Processed gems

XXIV. Manufacture of Plastic Products

1. Decorative panels and ornaments
2. Bathroom and kitchen accessories
3. Plastic coils/mats
4. Epoxy encapsulation moulding compound
5. Geosystem products (cellular confinement system)

XXV. Miscellaneous

1. Wax products
2. Microbials and probiotics
Taxation

1. SOURCES OF INCOME LIABLE TO TAX
2. COMPANY TAX
3. PERSONAL INCOME TAX
   3.1 Resident Individual
   3.2 Non-Resident Individual
4. WITHOLDING TAX
5. REAL PROPERTY GAIN TAX
6. SALES TAX
7. SERVICE TAX
8. IMPORT DUTY
9. EXCISE DUTY
10. CUSTOMS APPEAL TRIBUNAL AND CUSTOMS RULING
11. DOUBLE TAXATION AGREEMENT
<table>
<thead>
<tr>
<th>Book</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Book 1</td>
<td>Getting Started</td>
</tr>
<tr>
<td>Book 2</td>
<td>Approval and Licensing</td>
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<td><strong>Taxation</strong></td>
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<td>Employment Policies and Legislations</td>
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<td>Book 8</td>
<td>Manpower Development and Training Facilities</td>
</tr>
<tr>
<td>Book 9</td>
<td>Research and Development</td>
</tr>
</tbody>
</table>
Income of any person including a company, accruing in or derived from Malaysia or received in Malaysia from outside Malaysia is subject to income tax.

However, with effect from the year of assessment 2004, income received in Malaysia by any person other than a resident company carrying on business of banking, insurance or sea or air transport for a year of assessment derived from sources outside Malaysia is exempted from tax.

To modernise and streamline the tax administration system, the assessment of income tax was changed to a current year basis of assessment from the year 2000. The self-assessment system was implemented for companies in the year of assessment 2001 and, for businesses, partnerships, cooperatives and salaried groups, in the year of assessment 2004.

1. SOURCES OF INCOME LIABLE TO TAX

The following sources of income are liable to tax:

- gains and profits from a trade, profession and business
- gains or profits from an employment (salaries, remunerations, etc.)
- dividends, interests or discounts
- rents, royalties or premiums
- pensions, annuities or other periodic payments
- other gains or profits of an income nature

Chargeable income is arrived at after adjusting for allowable expenses incurred in the production of the income, capital allowances and incentives where applicable. Section 34 of the Income Tax Act 1967 allows specific provisions for bad or doubtful debts. However, no deduction for book depreciation is allowed although capital allowances are granted. Unabsorbed business losses may be carried forward indefinitely to offset against business income including companies with pioneer status, provided that the cessation of the period falls on or after 30 September 2005.

2. COMPANY TAX

A company, whether resident or not, is assessable on income accrued in or derived from Malaysia. Income derived from sources outside Malaysia and remitted by a resident company is exempted from tax, except in the case of the banking and insurance business, and sea and air transport undertakings. A company is considered a resident in Malaysia if the control and management of its affairs are exercised in Malaysia.
Effective from the year assessment of 2007, the corporate tax rate is reduced to 27%. The tax rate is to be further reduced to 26% in 2008 and 25% in 2009. These rates are also applicable to the following entities:

i. a trust body

ii. an executor of an estate of an individual who was domiciled outside Malaysia at the time of his death; and

iii. a receiver appointed by the court

A company carrying on petroleum upstream operations is subject to a Petroleum Income Tax of 38%.

With effect from the year of assessment 2007, deduction for payment of zakat made by a company, cooperative society or trust body shall not exceed 2.5% of its aggregate income in the relevant year of assessment.

Deduction for contribution to:

i. the Government, State Government, local authority, or other institution approved by the Minister of Finance;

ii. sports activities approved by the Minister of Finance or Commissioner of Sports; and

iii. project of national interest approved by the Minister of Finance;

shall not exceed 7% of the aggregate income of the company in the relevant year of assessment.

3. **PERSONAL INCOME TAX**

All individuals are liable to tax on income accrued in, derived from or remitted to Malaysia. However, a non-resident individual will be taxed only on income earned in Malaysia. The rate of tax depends on the individual's resident status, which is determined by the duration of his stay in the country as stipulated under Section 7 of the Income Tax Act 1967. Generally, an individual who is in Malaysia for at least 182 days in a calendar year is regarded as a tax resident.

Effective from the year of assessment 2004, income remitted to Malaysia by a resident individual is exempted from tax.

3.1 **Resident Individual**

A resident individual is taxed on his chargeable income after deducting personal reliefs at a graduated rate from 0% to 28%.
3.1.1 Personal Relief

The chargeable income of resident individuals is computed by deducting the personal reliefs from the total income. The types of relief available are as follows:

<table>
<thead>
<tr>
<th>Relief</th>
<th>RM</th>
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<tbody>
<tr>
<td>• Self</td>
<td>RM8,000</td>
</tr>
<tr>
<td>• Further self relief – disabled</td>
<td>RM6,000</td>
</tr>
<tr>
<td>• Wife/ husband</td>
<td>RM3,000</td>
</tr>
<tr>
<td>• Further wife/ husband relief – disabled</td>
<td>RM3,500</td>
</tr>
<tr>
<td>• Medical expenses for parents;</td>
<td>RM5,000</td>
</tr>
<tr>
<td>• Medical expenses for taxpayer, spouse or children on serious diseases</td>
<td>RM5,000</td>
</tr>
<tr>
<td>(include RM500 for medical examination);</td>
<td></td>
</tr>
<tr>
<td>• Expenses on supporting equipment for disabled taxpayer, spouse, children or parent;</td>
<td>RM5,000</td>
</tr>
<tr>
<td>• Expenses on supporting unmarried children</td>
<td></td>
</tr>
<tr>
<td>i. Below 18 years of age;</td>
<td>RM1,000</td>
</tr>
<tr>
<td>ii. Disabled child</td>
<td>RM5,000</td>
</tr>
<tr>
<td>iii. Over 18 years old (pursuing tertiary education at university or college)</td>
<td>RM4,000</td>
</tr>
<tr>
<td>• Life insurance premiums or approved fund contributions</td>
<td>RM6,000</td>
</tr>
<tr>
<td>• Insurance premiums for education or medical benefit</td>
<td>RM3,000</td>
</tr>
<tr>
<td>• Annuity premium on annuity purchased through EPF Annuity Scheme</td>
<td>RM1,000</td>
</tr>
<tr>
<td>• Fee of acquiring law, accounting, technical, vocational, industrial, scientific or technological skills or qualification. Extended to Islamic Finance with effect from the year of assessment 2007</td>
<td>RM5,000</td>
</tr>
<tr>
<td>• Purchase of books, journals and magazines and other similar publication (excluding newspapers) with effect from the year of assessment 2007</td>
<td>RM1,000</td>
</tr>
<tr>
<td>• Purchase of computer for once every three years with effect from the year of assessment 2007</td>
<td>RM3,000</td>
</tr>
</tbody>
</table>

3.1.2 Tax Rebate

The tax charged on a resident individual is reduced by way of the following rebates:

i. An individual with a chargeable income not exceeding RM35,000 enjoys a rebate of RM350. Where the wife is not working or the wife's income is jointly assessed, she also enjoys a further rebate of RM350. Similarly, a wife who is assessed separately will also enjoy a RM350 rebate, provided her chargeable income does not exceed RM35,000

ii. Any fee paid to the government for the issue of an employment pass, visit pass or work permit
3.2 Non-Resident Individual

A non-resident individual is liable to tax at the rate of 28% without any personal relief. However, he can claim rebates in respect of fees paid to the government for the issuance of an employment work permit.

4. WITHOLDING TAX

Non-resident individuals are subject to a final withholding tax of:

10% on special classes of income such as:

a. in consideration of services rendered by the person or his employee in connection with the use of property or rights, installation of or operation of any plant, machinery or other apparatus;

b. in consideration of technical advice, assistance or services rendered in connection with technical management or administration; or

c. rent or other payments made under any agreement or arrangement for the use of any moveable property

With effect from 21 September 2002, no withholding tax should be applicable for income received in respect of the services (a) and (b) rendered or performed outside Malaysia.

In respect of withholding tax not paid, a penalty of 10% is imposed on the total payment made to a non-resident. However, effective on 2 September 2006, the 10% penalty on withholding tax be imposed on the amount of unpaid tax and not on the total payment made to a non-resident.

5. REAL PROPERTY GAIN TAX

Capital gains are generally not subject to tax in Malaysia. Real property gains tax is charged on gains arising from the disposal of real property situated in Malaysia or of interest, options or other rights in or over such land as well as the disposal of shares in real property companies. The tax rates for Malaysian citizens and permanent residents are as follows:

<table>
<thead>
<tr>
<th>Disposal within 2 years</th>
<th>30%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disposal in the 3rd year</td>
<td>20%</td>
</tr>
<tr>
<td>Disposal in the 4th year</td>
<td>15%</td>
</tr>
<tr>
<td>Disposal in the 5th year</td>
<td>5%</td>
</tr>
<tr>
<td>Disposal in the 6th year and thereafter</td>
<td>Company 5%</td>
</tr>
<tr>
<td></td>
<td>Individual nil</td>
</tr>
</tbody>
</table>

Citizens and permanent residents also enjoy an exemption of RM5,000 or 10% of the gains whichever is the greater, besides a one-time tax exemption on the gains arising from the disposal of one private residence.
For non-citizens and non-permanent resident individuals, gains from the disposal of real property within five years are taxed at a flat rate of 30%, after which the tax rate will be 5%.

However with effect from 1st April 2007, all persons are exempted from all the provisions of the Real Property Gains Tax Act 1967.

6. **SALES TAX**

Sales tax is a single stage tax imposed at the import or manufacturing levels. In Malaysia, manufacturers of taxable goods are required to be licensed under the Sales Tax Act 1972. Companies with a sales turnover of less than RM100,000 and companies with Licensed Manufacturing Warehouse (LMW) status are exempted from this licensing requirement. However, companies with a sales turnover of less than RM100,000 have to apply for a certificate of exemption from licensing.

Licensed manufacturers are taxed on their output while manufacturers that are not licensed or exempted from licensing need to pay tax on their inputs. To relieve small-scale manufacturers from paying sales tax upfront on their inputs, they can opt to be licensed under the Sales Tax Act 1972 in order to purchase tax-free inputs. With this, small-scale manufacturers can opt to pay sales tax only on their finished products.

Sales tax is generally at 10%. However, raw materials and machinery for use in the manufacture of taxable goods are eligible for exemption from the tax, while inputs for selected non-taxable products are also exempted.

Certain non-essential foodstuffs and building materials are taxed at 5%, general goods at 10%, liquor at 20% and cigarettes at 25%. Certain primary commodities, basic foodstuffs, basic building materials, certain agricultural implements and heavy machinery for use in the construction industry are exempted. Certain tourism and sports goods, books, newspapers and reading materials are also exempted.

7. **SERVICE TAX**

A service tax applies to certain prescribed goods and services in Malaysia including food, drinks and tobacco; provision of rooms for lodging and premises for meetings, conventions, and cultural and fashion shows; health services, and provision of accommodation and food by private hospitals.

The tax also applies to professional and consultancy services provided by accountants, advocates and solicitors, engineers, architect, surveyors (including valuers, assessors and real estate agents), advertising agencies, consultancy firms, management service provider, insurance companies, motor vehicle service and repair centres, telecommunication services companies, security and guard services agencies, recreational clubs, estate agents, parking space services operators and courier service firms.

Professional services provided by a company to companies within the same group will be exempted from the current service tax of 5%. Courier services provided from a point within Malaysia to a destination outside Malaysia will also be exempted from the service tax of 5%.
Generally, the imposition of service tax is subject to a specific threshold based on an annual turnover ranging from RM150,000 to RM500,000 such as those

i. car rental agencies licensed under the Commercial Vehicles Licensing Board Act 1987 having an annual sales turnover of RM150,000 and above;

ii. employment agencies having an annual sales turnover of RM150,000 and above;

iii. companies providing management services, including project management and coordination services, having an annual sales turnover of RM150,000 and above;

iv. hotels having more than 25 rooms and restaurants within such hotels.

8. IMPORT DUTY

In Malaysia, import duty is mostly imposed ad valorem although some specific duties are imposed on a number of items. Nevertheless, over the last few years, Malaysia has abolished import duties on a wide range of raw materials, components and machinery.

Furthermore, Malaysia is committed to the ASEAN Common Effective Preferential Tariffs (CEPT) scheme under which all industrial goods traded within ASEAN are imposed import duties of 0% to 5%.

Malaysia continues to participate in negotiations of free trade arrangements in areas of trade in goods, rules of origin, and investments. To date, Malaysia has concluded a bilateral free trade agreement with Japan under the Japan-Malaysia Economic Partnership Agreement, and the regional agreements under ASEAN-Republic of Korea FTA, and ASEAN-China FTA. Import duties between FTA partners are subject to specific reduction and elimination schedules under these agreements.

9. EXCISE DUTY

Excise duties are levied on selected products manufactured in Malaysia, namely cigarettes, tobacco products, alcoholic beverages, playing cards, mahjong tiles and motor vehicles.

10. CUSTOMS APPEAL TRIBUNAL AND CUSTOMS RULING

Customs Appeal Tribunal (CAT) is an independent body, establish to decide on appeals against the decision of the Director General of Customs pertaining to matters under the Custom Act 1967, Sales Tax Act 1972, Service Tax Act 1975 and Excise Act 1976.

In addition, Customs Ruling is introduced under the Custom Act 1967, Sales Tax Act 1972, Service Tax Act 1975 and Excise Act 1976 to provide business sectors with the elements of certainty and predictability in planning their business activities.

The ruling issued by the Customs and agreed by the applicant shall be legally binding both parties for a specific period time. The main features of Customs Ruling are:
i. applications for Customs Ruling can be made with respect to classification of goods, determination of taxable services and the principles of determination of value of goods and services;

ii. application should be made in writing together with sufficient facts and prescribed fee;

iii. applications may be made before the goods are imported or the services are provided upon which Customs will issue an advance ruling.

11. DOUBLE TAXATION AGREEMENT

Double Taxation Agreement (DTA) is an agreement between two countries seeking to avoid double taxation by defining the taxing rights of each country with regard to cross border flows of income and providing for tax credits or exemptions to eliminate double taxation.

The objectives of Malaysian DTA are as follows:

i. to create a favourable climate for both inbound and outbound investments;

ii. to make Malaysia’s special tax incentives fully effective for taxpayers of capital exporting countries;

iii. to obtain a more effective relief from double taxation compared to relief gained under unilateral measures; and

iv. to prevent evasion and avoidance of tax

Currently, effective DTAs are as follows:

<table>
<thead>
<tr>
<th>Albania</th>
<th>Ireland</th>
<th>Poland</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina*</td>
<td>Italy</td>
<td>Romania</td>
</tr>
<tr>
<td>Australia</td>
<td>Japan</td>
<td>Russia</td>
</tr>
<tr>
<td>Austria</td>
<td>Jordan</td>
<td>Saudi Arabia*</td>
</tr>
<tr>
<td>Bahrain</td>
<td>Korea, South</td>
<td>Seychelles</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>Kuwait</td>
<td>Singapore</td>
</tr>
<tr>
<td>Belgium</td>
<td>Kyrgyz Republic</td>
<td>South Africa</td>
</tr>
<tr>
<td>Canada</td>
<td>Lebanon</td>
<td>Sri Lanka</td>
</tr>
<tr>
<td>China</td>
<td>Luxembourg</td>
<td>Sudan</td>
</tr>
<tr>
<td>Croatia</td>
<td>Malta</td>
<td>Sweden</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>Mauritius</td>
<td>Switzerland</td>
</tr>
<tr>
<td>Denmark</td>
<td>Mongolia</td>
<td>Syria</td>
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<tr>
<td>Egypt</td>
<td>Morocco</td>
<td>Thailand</td>
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<tr>
<td>Fiji</td>
<td>Namibia</td>
<td>Turkey</td>
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<tr>
<td>Finland</td>
<td>Netherlands</td>
<td>United Arab Emirates</td>
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<tr>
<td>France</td>
<td>New Zealand</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>Germany</td>
<td>Norway</td>
<td>United States of America*</td>
</tr>
<tr>
<td>Hungary</td>
<td>Pakistan</td>
<td>Uzbekistan</td>
</tr>
<tr>
<td>India</td>
<td>Papua New Guinea</td>
<td>Vietnam</td>
</tr>
<tr>
<td>Indonesia</td>
<td>Philippines</td>
<td></td>
</tr>
</tbody>
</table>

* Limited Agreement
As for Taiwan, double taxation relief was given to Taipei Economic and Cultural Office in Malaysia by way of Income Tax Exemption Order namely:

i. P.U.(A) 201 (1998)

ii. P.U.(A) 202 (1998)

For more information on DTAs, please contact:

International Tax Division 1  
Inland Revenue Board of Malaysia  
3rd Floor, Block 9  
Government Office Complex  
Jalan Duta, 50600 Kuala Lumpur  
Malaysia  
Tel : (603) 6203 2330  
Fax : (603) 6201 9884  
Email : lhdn_int@hasil.org.my
1. FINANCIAL ASSISTANCE FOR SMEs PROVIDED BY SMIDEC:

GRANTS
1.1 Matching Grant for Business Start-Ups
1.2 Matching Grant for Product and Process Improvement
1.3 Matching Grant for Certification and Quality Management System
1.4 Grant for Enhancing Marketing Skills of SMEs
1.5 Matching Grant for Enhancing Product Packaging
1.6 Matching Grant for Development and Promotion of Halal Product
1.7 Grant for Skills Upgrading
1.8 Grant for RosettaNet Standard Implementation
1.9 Special Assistance Scheme for Women Entrepreneurs

SOFT LOANS
1.10 Soft Loan for Small and Medium Enterprises
1.11 Soft Loan Scheme for Factory Relocation
1.12 Soft Loan for ICT Adoption

2. NEW ENTREPRENEURS FUND 2 (NEF2)
3. FUND FOR SMALL & MEDIUM INDUSTRIES 2 (FSMI 2)
4. REHABILITATION FUND FOR SMALL BUSINESSES (RFSB)
5. FUND FOR FOOD (3F)
6. BUMIPUTERA ENTREPRENEUR PROJECT FUND (BEPF)
7. FEDERAL GOVERNMENT SPECIAL FUND FOR TERENGGANU BASED SMALL AND MEDIUM ENTERPRISES
8. SOFT LOAN SCHEME FOR AUTOMATION AND MODERNISATION (SLSAM)
9. SOFT LOAN SCHEME FOR AUTOMOTIVE DEVELOPMENT (SLSAD)
10. SOFT LOAN SCHEME FOR INTERNATIONAL BRANDING (SLSIB)
11. MALAYSIAN INDUSTRIAL ENERGY EFFICIENCY IMPROVEMENT PROJECT (MIEEIP)
12. MARKET DEVELOPMENT GRANT
13. BRAND PROMOTION GRANT
14. COMMERCIALISATION OF R&D FUND (CRDF)
15. TECHNOLOGY ACQUISITION FUND (TAF)
16. EXPORT CREDIT REFINANCING
17. EXPORT CREDIT INSURANCE
18. GUARANTEE SCHEMES BY CGC (M) BERHAD
19. SPECIAL FINANCING FOR MANUFACTURING AND FRANCHISE PROJECTS BY MARA
20. MICRO CREDIT SCHEME
<table>
<thead>
<tr>
<th>Book 1</th>
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<td>Book 9</td>
<td>Research and Development</td>
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</tbody>
</table>
The well-developed financial and banking sector has enhanced the ability of Malaysian manufacturers particularly the small and medium industries (SMIs) to expand their operations and export overseas. Apart from the normal business credit, many commercial banks and financial institutions have been appointed by Bank Negara Malaysia to disburse Government grants and provide financing facilities allocated for SMIs.

The major facilities provided for manufacturers are as follows:

1. **FINANCIAL ASSISTANCE FOR SMEs PROVIDED BY SMIDEC**

The Government provides an enabling environment for the growth and development of globally competitive and resilient Small and Medium Enterprise (SMEs). Initiatives and programmes by the Government are directed towards addressing constraints and enhancing capabilities of SMEs in areas such as financial accessibility, advisory services, marketing, technology and ICT.

Incentives in the form of grants and soft loans are provided by the various Ministries and their agencies. Apart from the Government, Ministries and agencies funds are also channelled through development financial institutions as well as commercial financial institutions.

**Grants**

To provide greater financial accessibilities, the Government through its agencies offers various grants and incentives to the SMEs. Partial matching grants are provided to finance products and process improvement quality certification and management system improvements, market development, skills upgrading, factory audit and acquisition of strategic technology.

**1.1 Matching Grant for Business Start-Ups**

The objective for this Scheme is to provide assistance to entrepreneurs (less than 12 months of operation) in starting up of businesses.

**Qualifying Criteria**

The grants offered to assist companies to set-up enterprise comprise:

- manufacturing companies or companies providing manufacturing related services incorporated under the Companies Act 1965 or enterprise in the manufacturing sector incorporated under the Registration of Business Ordinance 1956 with annual sales turnover of not exceeding RM25 million or full-time employees not exceeding 150;

- for the services sector, business incorporated under the Registration of Business Ordinance 1956 with an annual sales turnover of not exceeding RM5 million or full-time employees not exceeding 50;

- at least 60% equity held by Malaysians; and

- possess valid premise license
Sector Coverage

- Manufacturing
- Manufacturing Related Services**; and
- Services (excluding insurance and financial services)

**Main activities under manufacturing related services are:
- Research and Development (R & D) such as product/process development and software development;
- Product and Process Design
- Distribution and Logistics such as warehousing, freight forwarding, bulk breaking, international procurement centre, haulage;
- Marketing such as packaging and market research;
- Environmental Management; and
- Other related services such as engineering support services, gas sterilisation services, calibration and testing services

Form of Assistance

Assistance is given in the form of a matching grant where 50% of the approved project cost is borne by the Government and the remainder by the applicant. For enterprises in the manufacturing sector incorporated under the Registration of Business Ordinance 1956 assistance is given up to 80% of the approved cost. The maximum grant allocated per application is RM 40,000.

Eligible Expenses

Expenses incurred in starting up a business, include:

- Preparation of Business Planning;
- Related Feasibility Studies;
- Rental of incubators and business premises up to 24 months;
- Rental of equipment and machineries related to incubator rental
- Development of prototype; and
- Product sample and testing

Application

Application can be made using the matching Grant of Business Starts-Ups Form which can be obtained free of charge from SMIDEC’s offices or downloaded from SMIDEC’s website: www.smidec.gov.my.

For further information, please contact:

Secretariat
Matching Grant for Business Start-Ups
Small and Medium Industries Development Corporation (SMIDEC)
Aras 20, West Wing, Menara MATRADE
Jalan Khidmat Usaha, Off Jalan Duta
50480 Kuala Lumpur
Tel : 03-6207 6000
Fax : 03-6201 6564
Hotline : 1-300-18-1801
E-mail : smidec@smidec.gov.my
Website : www.smidec.gov.my
1.2 Matching Grant for Product and Process Improvement

The objective of this scheme is to provide matching grant to SMEs for improvement and upgrading of existing products, products design and processes.

Qualifying Criteria

- Manufacturing companies or companies providing manufacturing related services incorporated under the Companies Act 1965 with annual sales turnover of not exceeding RM25 million or full-time employees not exceeding 150;
- For the services sector, businesses incorporated under the Registration of Business Ordinance 1956 with an annual sales turnover of not exceeding RM5 million or full-time employees not exceeding 50;
- at least 60% equity held by Malaysians; and
- possess valid premise license

Sector Coverage

- Manufacturing
- Manufacturing Related Services**; and
- Services (excluding insurance and financial services)

**Main activities under manufacturing related services are:
- Research and Development (R & D) such as product/process development and software development;
- Product and Process Design
- Distribution and Logistics such as warehousing, freight forwarding, bulk breaking, international procurement centre, haulage;
- Marketing such as packaging and market research;
- Environmental Management; and
- Other related services such as engineering support services, gas sterilisation services, calibration and testing services

Form of Assistance

Assistance is given in the form of a matching grant where 50% of approved project cost is borne by the Government and the remainder by the applicant. The maximum grant allocated per application is RM 500,000.

Eligible Expenses

Expenses related in improving and upgrading of existing products, product design and processes include:

- Technology Feasibility Studies;
- Fees for technology transfer;
- Development of prototypes and system design;
- Products testing;
- Products registration;
- Marking and labeling;
- Machine & Equipment testing and calibration;
- Development & Designing of equipment and machinery;
- Purchase of machinery and equipment related to the approved project;
• Initial patent registration/patent search/IP Protection;
• Specific Project Mission for technology study; and
• Cleaner Production and Waste Treatment Project including Energy Efficiency Audit

**Application**

Application can be made using the Matching Grant for Product and Process Improvement Form which can be obtained free of charge from SMIDEC’s offices or downloaded from SMIDEC’s website: www.smidec.gov.my.

For further information, please contact:

**Secretariat**
Matching Grant for Product and Process Improvement
Small and Medium Industries Development Corporation (SMIDEC)
Aras 20, West Wing, Menara MATRADE
Jalan Khidmat Usaha, Off Jalan Duta
50480 Kuala Lumpur
Tel : 03-6207 6000
Fax : 03-6201 6564
Hotline : 1-300-18-1801
E-mail : smidec@smidec.gov.my
Website : www.smidec.gov.my

1.3 Matching Grant for Certification and Quality Management System

**Objective**

The Scheme provides matching grant for SME’s to obtain certification and quality management systems.

**Qualifying Criteria**

• Manufacturing companies or companies providing manufacturing related services incorporated under the Companies Act 1965 with annual sales turnover of not exceeding RM25 million or full-time employees not exceeding 150;
• For the services sector, businesses incorporated under the Registration of Business Ordinance 1956 with annual sales turnover of not exceeding RM5 million or full-time employees not exceeding 50;
• At least 60% equity held by Malaysian; and
• Possess valid premise license

**Sector Coverage**

• Manufacturing
• Manufacturing Related Services**; and
• Services (excluding insurance and financial services)

**Main activities under manufacturing related services are:**
- Research and Development (R & D) such as product/process development and software development;
- Product and Process Design
- Distribution and Logistics such as warehousing, freight forwarding, bulk breaking, international procurement centre, haulage;
- Marketing such as packaging and market research;
- Environmental Management; and
- Other related services such as engineering support services, gas sterilisation services, calibration and testing services

Form of Assistance

Assistance is given in the form of a matching grant where 50% of approved project cost is borne by the Government and the remainder by the applicant. The maximum grant allocated per application is RM250,000.

Eligible Expenses

Expenses incurred in obtaining certification and quality management systems such as:
- ISO 13485, ISO 14000, ISO 22000;
- Product Certification;
- Hazard Analysis Critical Control Point (HACCP);
- Halal certification & MS 1500:2004;
- TS 16949;
- Quality Improvement Practice e.g. 5S, Six-Sigma and Productivity Audit;
- Good Manufacturing Practice (GMP);
- Occupational, Safety and Health Management System (OSHA);
- Restriction of Hazardous Substance (RoHS);
- Good Agriculture Practice (GAP);
- Good Hygiene Practice (GHP);
- Regulatory Impact Assessment (RIA);
- British Retailers’ Consortium (BRC);
- Globally Harmonised System (GHS);
- Safety Data Sheet (SDS);
- Other related costs to comply with requirement of standards and certification.

Application

Application can be made using the matching Grant for Certification and Quality Management Systems Form which can be obtained free of charge from SMIDEC’s offices or downloaded from SMIDEC’s website: www.smidec.gov.my

For further information, please contact:

Secretariat
Matching Grant for Certification and Quality Management Systems
Small and Medium Industries Development Corporation (SMIDEC)
Aras 20, West Wing , Menara MATRADE
Jalan Khidmat Usaha, Off Jalan Duta
50480 Kuala Lumpur
Tel : 03-6207 6000
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Hotline : 1-300-18-1801
E-mail : smidec@smidec.gov.my
Website : www.smidec.gov.my
1.4 Grant for Enhancing Marketing Skills of SMEs

Objective

This scheme provides assistance for SMEs to improve their marketing strategies to compete in both the domestic as well as export markets.

The scheme is aimed at assisting SMEs to enhance their employees’ marketing skills through short-term courses in areas such as marketing strategies and planning, pricing, distribution, development of brand, merchandising and customer services.

Qualifying Criteria

- Manufacturing companies or companies providing manufacturing related services incorporated under the Companies Act 1965 with annual sales turnover of not exceeding RM25 million or full-time employees not exceeding 150;
- For the services sector, businesses incorporated under the Registration of Businesses Ordinance 1956 (Amendment 2001) with an annual sales turnover not exceeding RM5 million or with full-time employees not exceeding 50;
- at least 60% equity held by Malaysians; and
- possess valid premise license

Sector Coverage

- Manufacturing
- Manufacturing Related Services**; and
- Services (excluding insurance and financial services)

**Main activities under manufacturing related services are:
- Research and Development (R & D) such as product/process development and software development;
- Product and Process Design
- Distribution and Logistics such as warehousing, freight forwarding, bulk breaking, international procurement centre, haulage;
- Marketing such as packaging and market research;
- Environmental Management; and
- Other related services such as engineering support services, gas sterilisation services, calibration and testing services

Form of Assistance

Assistance is given in the form of a matching grant where 50% of the cost of training is borne by the Government and the remainder by the applicant. For enterprises in the manufacturing sector incorporated under the Registration of Business Ordinance 1956, assistance is given up to 80% of the training cost.

Eligible Expenses

The scheme covers the participation or training fees for the following courses:

- Sales Performance Training
  - Professional Certified Sale Professional (CSP);
  - Professional Certified Sales Manager (CSM); and
  - Professional Certified Account Manager (CAM)
• Customer Services Training
  - Professional Certificate in Customer Service Practitioner (CCSP);
  - Skill Certificate in Customer Care; and
  - Skill Certificate in Customer Relationship Management (CRM)

• Marketing
  - Strategic Brand Building;
  - Analysing Market Opportunities through Market Research;
  - Developing an Effective Marketing Plan;
  - Maximising Marketing Communication; and
  - Developing the Market Driven Organisation

For further information, please contact:

Small and Medium Industries Development Corporation (SMIDEC)
Aras 20, West Wing , Menara MATRADE
Jalan Khidmat Usaha, Off Jalan Duta
50480 Kuala Lumpur
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Hotline : 1-300-18-1801
E-mail : smidec@smidec.gov.my
Website : www.smidec.gov.my

Institute of Global Management (IGM)
No. 39 & 41, 1st & 2nd Floor, Jln USJ 21/10, City Centre
UEP Subang Jaya, P.O Box 8629
46794 Petaling Jaya
Selangor.
Tel : 603 - 80240060
Fax : 603 – 80240086
Email : contact@igm.edu.my
Website : www.igm.edu.my

1.5 Matching Grant for Enhancing Products Packaging

The Scheme provides assistance to SMEs to acquire and improve product packaging, design and labeling, thus enabling companies to enhance product appearance and comply with market requirements.

Qualifying Criteria

• Manufacturing companies or companies providing manufacturing related services incorporated under the Companies Act 1965 or enterprises in the manufacturing sector incorporated under the Registration of Business Ordinance 1956 with annual sales turnover of not exceeding RM25 million or full-time employees not exceeding 150;
• for the services sector, businesses incorporated under the Registration of Business Ordinance 1956 with an annual sales turnover of not exceeding RM5 million or full-time employees not exceeding 50;
• at least 60% equity held by Malaysians; and
• possess valid premise license
**Sector Coverage**

- Manufacturing
- Manufacturing related services**; and
- Services (excluding insurance and financial services)

**Main activities under manufacturing related services are:**
- Research and Development (R & D) such as product/process development and software development;
- Product and Process Design
- Distribution and Logistics such as warehousing, freight forwarding, bulk breaking, international procurement centre, haulage;
- Marketing such as packaging and market research;
- Environmental Management; and
- Other related services such as engineering support services, gas sterilisation services, calibration and testing services

**Form of Assistance**

Assistance is given in the form of a matching grant where 50% of the approved project cost is borne by the Government and the remainder by the applicant. For enterprises in the manufacturing sector incorporated under the Registration of Business Ordinance 1956 assistance is given up to 80% of the approved cost. The maximum grant allocated per application is RM200,000.

**Eligible Expenses**

Expenses incurred in acquiring and improving product packaging, design and labeling such as:

- Costs and services for designing, packaging, marking and labeling
- Trade mark and patent registration; and
- Purchase of related machinery and equipment.

**Application**

Application can be made using the Matching Grant for Enhancing Product Packaging Form which can be obtained free of charge from SMIDEC’s offices or downloaded from SMIDEC’s website: www.smidec.gov.my.

For further information, please contact:

**Secretariat**
Matching Grant for Enhancing Product Packaging
Small and Medium Industries Development Corporation (SMIDEC)
Aras 20, West Wing, Menara MATRADE
Jalan Khidmat Usaha, Off Jalan Duta
50480 Kuala Lumpur
Tel : 03-6207 6000
Fax : 03-6201 6564
Hotline : 1-300-18-1801
E-mail : smidec@smidec.gov.my
Website : www.smidec.gov.my
1.6 Matching Grant for Development and Promotion of Halal Products

The scheme provides matching grant for SMEs to develop and promote Halal products (food and non-food).

Qualifying Criteria

- Locally incorporated companies with at least 60% equity held by Malaysian;
- Must not be listed on any stock exchange; and
- Possess valid premise license.

Sector coverage

- Manufacturing;
- Manufacturing related services** (such as warehousing, bulk-breaking and packaging); and
- Services (excluding insurance and financial services).

**Main activities under manufacturing related services are:
- Research and Development (R & D) such as product/process development and software development;
- Product and Process Design
- Distribution and Logistics such as warehousing, freight forwarding, bulk breaking, international procurement centre, haulage;
- Marketing such as packaging and market research;
- Environmental Management; and
- Other related services such as engineering support services, gas sterilisation services, calibration and testing services

Form of Assistance

Assistance is given in the form of a matching grant where 50% of the approved project cost is borne by the government and the remainder by the applicant. For enterprise in the manufacturing sector, incorporated under the Registration of Business Ordinance 1956, assistance is given up to 80% of the approved cost. The maximum grant allocated per application is RM150,000.

Eligible Expenses

Expenses incurred in developing and promoting halal products, including:

- product development & product formulation;
- sample testing;
- acquisition of machinery and equipment related to the approved project;
- renovation expenditure for compliance to Halal certification requirement;
- other related costs for compliance to requirements of halal certification; and
- promotional activities (marketing cost with Hypermarket and Media advertising).

Application

Application can be made using the Matching Grant for Development and Promotion of Halal Products Form which can be obtained free of charge from SMIDEC’s offices or downloaded from SMIDEC’s website: www.smidec.gov.my
1.7 Grant for Skills Upgrading

The scheme is aimed at enhancing the skills and capabilities of employees of SMEs in the technical and managerial levels, particularly in critical areas such as the electrical and electronic, information technology, industrial design and engineering fields.

SMIDEC has appointed 35 training providers to undertake technical skills training for SMEs:

- German-Malaysian Institute (GMI);
- Sarawak Skill Development Centre (PPKS);
- Johor Skill Development Centre (PUSPATRI);
- Penang Skills Development Centre (PSDC);
- Terengganu Advanced Technical Institute (TATI);
- Malaysian France Institute (MFI);
- Pahang Skill Development Centre (PSDC);
- Kedah Industrial Skill and Management Development Centre (KISMEC);
- Perak Entrepreneur and Skills Development Centre (PESDC);
- Selangor Human Resource Development Centre (SHRDC);
- Negeri Sembilan Skills Development Centre (NSSDC);
- Malacca Industrial Skills Development Centre (MISDC);
- Sabah Skills and Technology Centre (STC);
- SIRIM Bhd;
- Technology Park Malaysia (TPM);
- Malaysian Institute for Nuclear Technology Research (MINT);
- Malaysia Productivity Corporation (MPC);
- Kumpulan IKRAM Sdn Bhd;
- National Institute of Occupational Safety and Health (NIOSH);
- Institute of Global Management (IGM);
- Bureau of Innovation & Consultancy; and
- University of Malaya Centre for Continuing Education (UMCCed);
- Kulim Technology Management Sendirian Berhad (KTMSB);
- Malaysia Institute of Management (MIM);
- Institute of Marketing Malaysia (IMM);
- Leadership Resources (Malaysia) Sdn. Bhd.
• Perwira Conquest(M) Sdn. Bhd.;
• Might-Meteor Advanced Manufacturing Sdn. Bhd.;
• Professional Services Development Corporation (PSDC);
• Trainex Consultancy (Asia) Sdn. Bhd.;
• Sembilan Resources Management (M) Sdn. Bhd.;
• Global Perfection Sdn. Bhd.;
• Mid –Commerce Solution Sdn. Bhd.;
• FMM Institute; and
• Malaysian Institute of Accountants (MIA)

Form of Assistance

Assistance is given in the form of a matching grant where 50% of the cost of training
is borne by the Government of the remainder by the applicant.

In addition, the remaining costs can also be claimed through the Human Resources
Development Fund (HRDF), if the company is registered with the Human Resources
Development Board (HRDB).

For enterprise in the manufacturing sector, incorporated under the Registration of
Business Ordinance 1956, assistance is given up to 80% of the training cost.

For further information, please contact:

Small and Medium Industries Development Corporation (SMIDEC)
Aras 20, West Wing, Menara MATRADE
Jalan Khidmat Usaha, Off Jalan Duta
50480 Kuala Lumpur
Tel : 03-6207 6000
Fax : 03-6201 6564
Hotline : 1-300-18-1801
E-mail : smidec@smidec.gov.my
Website : www.smidec.gov.my

1.8 Grant for RosettaNet Standard Implementation

The implementation of the RosettaNet Standard will enable Malaysian companies to
adopt efficient business processes with large companies as well as preparing them to
embrace global Supply Chain Management (SCM) System.

The adoption of the RosettaNet Standard would enable local companies to conduct
business electronically through common codes for sourcing of parts and components
with their partners, suppliers and buyers apart from enjoying the benefits of reduced
inventory costs, time to market and lower transaction costs.

Qualifying Criteria

• Companies incorporated under the Companies Act 1965;
• At least 60% equity held by Malaysia; and
• Manufacturing and supplying products to large scale companies or Multi
National Corporation (MNCs) which have implemented the RosettaNet Standard
i. RosettaNet Direct Model

This model provides assistance for local companies to implement the complete RosettaNet Standard which enables companies to implement and host their own RosettaNet Gateway infrastructure.

Form of Assistance

The assistance is given in the form of matching grant, where 50 per cent of the approved project cost is borne by the Government and the remainder by the applicant. The maximum grant allocated per company is RM100,000.

ii. RosettaNet ASP Model

This model provides assistance for companies to implement the RosettaNet Standard through subscription to hosted services offered by Application Services (ASPs). The ASP must be registration with RosettaNet (M) Berhad and provided services and application that complies to RNIF1.1 or higher.

Form of Assistance

- For SMEs

The assistance is given in the form of a partial grant, where 70 per cent of the approved project cost is borne by the Government and the remainder by the applicant. The maximum grant allocated per company is RM30,000.

- For Non-SMEs

The assistance is given in the form of a matching grant, where 50 per cent of the approved project cost is borne by the Government and the remainder by the applicant. The maximum grant allocated per company is RM30,000.

For further information, please contact:

Secretariat
Grant for RosettaNet Standard Implementation
Small and Medium Industries Development Corporation (SMIDEC)
Aras 20, West Wing, Menara MATRADE
Jalan Khidmat Usaha, Off Jalan Duta
50480 Kuala Lumpur
Tel : 03-6207 6000
Fax : 03-6201 6564
Hotline : 1-300-18-1801
E-mail : smidec@smidec.gov.my
Website : www.smidec.gov.my
1.9 Special Assistance Scheme for Women Entrepreneurs

The Special Assistance Scheme for Women Entrepreneurs allows greater access to financing for women entrepreneurs. The main objectives of the schemes are:

- To integrate more companies/enterprise owned and run by women into the mainstream of manufacturing through inter and intra industries linkages;
- To enhance the global competitiveness of companies/enterprises owned and run by women; and
- To upgrade the technological capabilities and technical skill and expertise of companies/enterprises owned and run by women.

Qualifying Criteria

- manufacturing companies or companies providing manufacturing related services** incorporated under the Companies Act 1965 with annual sales turnover not exceeding RM25 million, or with full-time employees not exceeding 150
- for services sector, business must be incorporated under the Registration of Business Ordinance 1956 with an annual sales turnover not exceeding RM5 million, or with full-time employees not exceeding 50
- at least 60% of the equity held by Malaysians,
- possess valid premise license, and
- for a 100% Malaysian-owned company
  - a minimum of 51% of the equity must be held by the woman/women, or
  - in the case where the majority equity is not held by the woman/women,
    - the largest single shareholder must be a women and the company is run and managed by a women, or
    - the MD/CEO is a woman and has a minimum equity of 10% in the company
- for 60% Malaysian-owned company.
  - a minimum of 51% of the local equity must be held by the woman/women and the company is run and managed by a woman, or
  - the MD/CEO must be a woman and she must hold a minimum of 10% in the company.
  - For existing businesses with a minimum period of one year in operation, grants are offered for expansion programmes.

Forms of Assistance

Assistance is available in forms of matching/partial and soft loans from the Ministry of International Trade and Industry (MITI) and its agencies. These are in the forms of:

- Matching Grant for Business Start-ups,
- Matching Grant for Products and Process Improvement
- Matching Grant for Certification and Quality Management Systems,
- Grant for Enhancing Marketing Skills of SMEs,
- Matching Grant for Enhancing Product Packaging,
- Matching Grant for Development and Promotion of Halal Products,
- Grant for Skills Upgrading
- Grant for RosettaNet Standard Implementation,
- Soft Loan for Small and Medium Enterprises,
- Soft Loan Scheme for Factory Relocation, and
- Soft Loan Scheme for ICT Adoption
For further information, please contact:

Small and Medium Industries Development Corporation (SMIDEC)
Aras 20, West Wing, Menara MATRADE
Jalan Khidmat Usaha, Off Jalan Duta
50480 Kuala Lumpur
Tel : 03-6207 6000
Fax : 03-6201 6564
Hotline : 1-300-18-1801
E-mail : smidec@smidec.gov.my
Website : www.smidec.gov.my

SOFT LOANS

1.10 Soft Loan for Small and Medium Enterprises

This scheme is to assist existing as well as new start-up companies in project, fixed assets and working capital financing

Loan Amount

- minimum: RM50,000

The Maximum amount depends on the following

- Project Financing – RM1.5 million
- Fixed Assets financing – RM1 million: and
- Working Capital Financing – RM1 million

Qualifying Criteria

- manufacturing companies or companies providing manufacturing related services, incorporated under the Companies Act 1965 with annual sales turnover not exceeding RM25 million, or with full-time employees not exceeding 150:
- for the services sector, businesses must be incorporated under the Registration of Business Ordinance 1956 with annual sales turnover not exceeding RM5 million, or with full-time employees not exceeding 50:
- at least 60% of the equity held by Malaysians, and
- possess valid premise license.

Eligible Expenses

- **Project Financing**
  Covers the entire project cost items, including pre-operational expenses. Preoperational expenses include:
  - market survey and feasibility study;
  - professional fees for technical expertise;
  - office set-up prior to production;
  - staff salary;
  - advertisement and promotion cost;
  - production labour cost;
- factory overhead; and
- raw material cost for trial production.

• **Fixed Assets Financing**
  For the purchase of land and building, plant and machinery and office equipment for:
  - project start-ups;
  - existing ventures undergoing expansion, diversification or modernisation, and
  - relocation of projects.

• **Working Capital Financing**
  For the purchase of raw materials, components, inventory and labour costs.

**Percentage of Financing**

• **Fixed Assets**
  - up to 85% of the cost for new assets (90% for Bumiputera companies) and
  - up to 65% for used/reconditioned equipment which shall not be more than 5 years old.

• **Working Capital**
  - up to 75% of the working capital requirements (80% for Bumiputera companies); and
  - up to 80% of the working capital requirements (for revolving credit and factoring)

**Repayment, including grace period**

• Land and building – up to 15 years including grace period of up to 2 years,
• Machinery and equipment – up to 6 years including a grace period of up to 1 year
• IT equipment – up to 4 years including a grace period of up to 1 year.
• Term working Capital – up to 3 1/2 years including a grace period of up to 6 months, and
• Revolving Working Capital – subject to annual reviews

**Interest Rate**

• 4% per annum

**Security**

• debenture on the machinery/equipment financed
• charge on the land building financed, and
• guarantee by the directors and/or shareholders

**Mode of Disbursement**

Direct payment to supplier/contractor/bank or reimbursement or letter of undertaking to bank/supplier or other supporting documentary evidence.
1.11 Soft Loan Scheme for Factory Relocation

SMEs operating in non-designated industrial sites are hampered from gaining access to institutional credits, government assistance programmes as well as having limited capacity to expand. The Soft Loan Scheme provides assistance for Small and Medium Enterprises (SMEs) to relocate their factories to designated industrial sites as well as expand their business through acquisition of factory/business premises.

Objective

The Soft loan for Factory Relocation is introduced to assist SMEs to relocate and expand their business to designated industrial sites, and at the same time to enable SMEs to acquire assets that will enhance their capabilities and obtain other financial assistance.

This Soft Loan Scheme is provided to fund the:

- purchase of ready-made factories/business premises
- purchase of factory lot and construction of factories including related infrastructure, and
- costs to purchase related machinery and equipment due to relocation/expansion

Qualifying Criteria

- manufacturing companies or companies providing manufacturing related services incorporated under the Companies Act 1965 with annual sales turnover not exceeding RM25 million, or with full-time employees not exceeding 150,
- for the services sector, businesses must be incorporated under the Registration of Business Ordinance 1956 with annual sales turnover not exceeding RM5 million, or with full time employees not exceeding 50
• at least 60% of the equity held by Malaysians
• companies must have been operating not less than three years at the existing premises.
• companies have to verify their operation/business by providing company profile that includes annual sales turnover and other related documents, and
• companies to be relocated at approved location without having to close down the existing operation/premises

Form of Assistance

• the minimum loan is RM50,000 and the maximum loan is RM1.5 million per company
• interest rate is at 4% per annum
• repayment period of up to 15 years (including a grace period of two years) and
• the loan is only given once to each company and refinancing for any outstanding loans is not allowed

For further information, please contact:

Small and Medium Industries Development Corporation (SMIDEC)
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Development Finance Division
Malaysian Industries Development Finance Berhad
195A Jalan Tun Razak
50400 Kuala Lumpur
Tel : 603-21611166/21610066
Fax : 603-21615973
E-mail : inquiry@midf.com.my
Website : www.midf.com.my

1.12 Soft Loan Scheme for ICT Adoption

This scheme provides assistance in the form of soft loan for Small and Medium Enterprises (SMEs) to use information and communication technology (ICT) to improve competitiveness, efficiency and productivity.

Objective

This scheme is introduced to assist SMEs to:

• upgrade their engineering design capabilities
• acquire Enterprise Resource Planning (ERP) software, and
• acquire relevant software for the service sector
Qualifying Criteria

- manufacturing companies or companies providing manufacturing related services incorporated under the companies Act 1965 with annual sales turnover not exceeding RM25 million, or with full-time employees not exceeding 150
- for the services sector, businesses must be incorporated under the Registration of Business Ordinance 1956 with annual sales turnover not exceeding RM5 million, or with full-time employees not exceeding 50
- at least 60% of the equity held by Malaysians
- possess valid premise license
- subsidiaries of public-listed companies with shareholding not exceeding 20%
- companies must have at least one qualified IT Personnel for purchasing of ERP software or other related software and one designer for purchasing of engineering design software to manage and supervise the implementation of the project.

Sector Coverage

- Manufacturing or companies providing manufacturing related services
- Distributive trade
- Logistics, and
- Professional management services

Eligible Expenses

- For the upgrading of engineering design capabilities
  - Purchase of design software (Computer Aided Design – CAD, Computer Aided Manufacturing – CAM, Computer Aided Engineering – CAE) or subscription fee/license fee for on-line engineering design services;
  - Purchase of computer hardware and related equipment; and
  - Training cost.

- For the purchase of ERP software or other similar software
  - Purchase of ERP software or first year subscription to on-line ERP system, or other similar software such as Computer Integrated Manufacturing (CIM), Enterprise Resource Management (ERM), Material Resources Planning (MRP), Supply Chain Management (SCM) or Customer Relations management (CRM);
  - Purchase of other software for services sector such as Point of Sales System, Tracking System, Automated Store Management System and Inventory Management System;
  - Implementation costs such as system study, customisation and training; and
  - Purchase of server and related networking equipment.

Form of Assistance

- the minimum loan is RM20,000 and maximum loan is RM500,000
- interest rate is at 3% per annum
- repayment period of up to 5 1/2 years
- the loan is not to be used for refinancing of existing loan, and
- the percentage of financing is up to 75% (80% for Bumiputera)
2. **NEW ENTREPRENEURS FUND 2 (NEF2)**

NEF2 was launched by the Government in July 2001 to promote the growth of Bumiputera small medium-sized enterprises (SMEs) by ensuring that they have access to financing at a reasonable cost.

NEF2 is open to SMEs in all economic sectors that fulfill the following conditions:

- Maximum shareholders’ funds not exceeding RM2 million;
- Shareholding of public listed companies and Government link companies (if any) should not exceed 20%;
- Wholly-owned Bumiputera institutions residing in Malaysia incorporated under the Companies Act 1965, the Co-operative Societies Act 1993, the Societies Act 1966 and registered with the Companies Commission of Malaysia or any other authoritative bodies;
- Not more than 7 years in operation. Discretion is given to participating financial institutions to consider SMEs with more than seven years in operation provided average net profit is marginal over the last 3 years (i.e., less than 5% net profit margin).

The features of NEF2 are as follows:

- **Amount**: Maximum financing limit of RM5 million
- **Financing rate**: 4% to 6% per annum
- **Tenure**: Maximum of 5 years
- **Purpose**: To finance working capital and/or business expansion

**Participating Financial Institutions (PFIs)**: All commercial banks, Islamic banks, Bank Perusahaan Kecil & Sederhana Malaysia Berhad (SME Bank) and Malaysian Industrial Development Finance Berhad.
Applications should be made through the PFIs and will be subject to normal vetting procedures and security requirements of the individual PFIs. Further details can be obtained from the SMEinfo Portal at www.smeinfo.com.my or contact:

Financial Advisory Unit
Development Finance and Enterprise Department
Bank Negara Malaysia
Jalan Dato’ Onn
50480 Kuala Lumpur
Tel : 03 – 2691 6539, 2691 9463, 2691 3486

3. FUND FOR SMALL & MEDIUM INDUSTRIES 2 (FSMI2)

FSMI2 was launched by the Government in April 2000 to ensure that eligible small medium-sized enterprises (SMEs) in both the export and domestic-oriented sectors will have access to financing at a reasonable cost.

FSMI2 is open to SMEs in all economic sectors that fulfill the following conditions:
1. Maximum shareholders’ funds not exceeding RM2 million;
2. Shareholding of public listed companies and Government link companies (if any) should not exceed 20%;
3. Malaysians residing in Malaysia and own 51% shareholding in companies incorporated under the Companies Act 1965, the Co-operative Societies Act 1993, the Societies Act 1966 and registered with the Companies Commission of Malaysia or any other authoritative bodies;
4. Not more than 7 years in operation. Discretion is given to participating financial institutions to consider SMEs with more than seven years in operation provided average net profit is marginal over the last 3 years (i.e., less than 5% net profit margin).

The features of FSMI2 are as follows:
- **Amount**: Minimum financing of RM50,000 and maximum financing limit of RM5 million
- **Financing rate**: 4% to 6% per annum
- **Tenure**: Maximum of 5 years
- **Purpose**: To finance working capital and/or business expansion

Participating Financial Institutions (PFIs): All commercial banks, Islamic banks, Bank Perusahaan Kecil & Sederhana Malaysia Berhad (SME Bank), Malaysian Industrial Development Finance Berhad, Bank Pertanian Malaysia and Sabah Development Bank Berhad.

Applications should be made through the PFIs and will be subject to normal vetting procedures and security requirements of the individual PFIs. Further details can be obtained from the SMEinfo Portal at www.smeinfo.com.my or contact:

Financial Advisory Unit
Development Finance and Enterprise Department
Bank Negara Malaysia
Jalan Dato’ Onn
50480 Kuala Lumpur
Tel : 03 – 2691 6539, 2691 9463, 2691 3486
4. REHABILITATION FUND FOR SMALL BUSINESSES (RFSB)

RFSB was established in November 2003 by Bank Negara Malaysia to assist viable SMEs that are constrained with Non Performing Loans (NPLs) through the Small Debt Resolution Scheme (SDRS), by facilitating their request for loan restructuring and new financing, if necessary.

As part of the initiative, a dedicated Committee has also been established to undertake an independent assessment on the viability of SMEs after their applications for debt restructuring and / or request for new financing have been declined by participating financial institutions (PFIs).

The scheme is open to SMEs in all economic sectors that fulfill the following conditions:

- Malaysian-owned (at least 51%) SMEs registered under the Companies Act 1965, Registration of Business Act 1956, Societies Act 1966 or the Co-operative Societies Act 1993;
- SMEs with aggregate outstanding NPLs of not more than RM3 million with commercial banks, Islamic banks, Bank Pembangunan Malaysia Berhad and Bank Perusahaan Kecil & Sederhana Malaysia Berhad (SME Bank);
- The NPLs must only be for business-related loans; and
- Applicants must have on-going business.

The features of new financing granted under the RFSB are as follows:

- Amount : Actual working capital or RM1.5 million whichever is lower
- Financing rate : 5% per annum
- Tenure : Maximum of 5 years
- Purpose : To finance working capital and/or business expansion

The new financing under RFSB may obtain a guarantee cover of up to 80%, provided by the Credit Guarantee Corporation Malaysia Berhad.

Participating Financial Institutions (PFIs): All commercial banks, Islamic banks, Bank Perusahaan Kecil & Sederhana Malaysia Berhad (SME Bank) and Bank Pembangunan Malaysia Berhad.

Applications should use a standard SDRC application form obtained from the PFIs, ERF Sdn Bhd or Bank Negara Malaysia. The application forms and further details can also be obtained from the SMEinfo Portal at www.smeinfo.com.my or contact:

The Secretariat, Small Debt Resolution Committee
Development Finance and Enterprise Department
Bank Negara Malaysia
Jalan Dato’ Onn
50480 Kuala Lumpur
Tel : 03 – 2691 6539, 2691 9463
5. **FUND FOR FOOD (3F)**

The Fund For Food (3F) was launched in January 1993 to increase food production in Malaysia and to finance projects in the food sector at a reasonable cost.

3F is open to SMEs and individuals involved in the agriculture sector that fulfill the following conditions:

- Malaysian-owned institutions (at least 51%) incorporated under the Companies Act 1965, the Co-operative Societies Act 1993, the Societies Act 1966 or citizens residing in Malaysia and entrepreneurs registered under the Registrar of Business Act 1956 or any other authoritative bodies;
- The investment must be in Malaysia;
- Domestic oriented projects, where at least one-half of the total production is sold in the domestic market; and
- Viable projects* involving the following:
  a) Primary food production
  b) Integrated agriculture
  c) Processing and/or distribution of food.

*Applicants are advised to seek clarification from Bank Negara Malaysia for specific sectors which qualify under the scheme.

The features of 3F are as follows:

- **Amount**: Up to 90% of total project cost or RM5 million whichever is lower
- **Financing rate**: 3.75% per annum
- **Tenure**: Maximum of 8 years
- **Purpose**: To finance working capital and/or business expansion

**Participating Financial Institution**: Bank Pertanian Malaysia.

All loan applications should be submitted to Bank Pertanian Malaysia (BPM). The applications will be subject to the normal vetting procedures and security requirements of BPM. Further details can be obtained from SMEinfo Portal at www.smeinfo.com.my or contact:

**Financial Advisory Unit**
**Development Finance and Enterprise Department**
**Bank Negara Malaysia**
Jalan Dato’ Onn
50480 Kuala Lumpur
Tel: 03 – 2691 6539, 2691 9463, 2691 3486

6. **BUMIPUTERA ENTREPRENEUR PROJECT FUND (BEPF)**

BEPF is administered by ERF Sendirian Berhad, an agency set up by Bank Negara Malaysia in 1989 to assist in the development of Bumiputera Entrepreneurs.

The objective of BEPF is to provide financing to Bumiputera Entrepreneurs who have been awarded with contract / projects by the Government, Government related agencies, statutory bodies and reputable private / public companies.
BEPF is open to Bumiputera Enterprises that fulfill the following conditions:
• Enterprises are wholly-owned by Bumiputera with viable contract in hand;
• For contractors, they must be registered with Contractor Services Center (Pusat Khidmat Kontractor)
• Credit facilities have not been obtained from financial Institutions to finance the project.

The features of BEPF are as follows:
Amount : 60% of the contract value or RM3 million whichever is lower
Financing rate : 5.0 – 6.75% per annum
Tenure : maximum 5 years subject to cashflow requirement
Purpose : To finance working capital for the project / contract

**Participating Financial Institution:** ERF Sendirian Berhad

Application should be made to ERF Sendirian berhad (ERF) and will be subjected to normal credit approval procedures of ERF. Further details can be obtained from SME info Portal at [www.smeinfo.com.my](http://www.smeinfo.com.my) or ERF website at [www.erf.com.my](http://www.erf.com.my) or contact:-

**ERF Sendirian Berhad**
7 & 9 Floor, Dataran Kewangan Darul Takaful
No. 4, Jalan Sultan Sulaiman
50000 Kuala Lumpur
Tel : 03-2078 1378
Fax : 03-2070 8288

7. **FEDERAL GOVERNMENT SPECIAL FUND FOR TERENGGANU BASED SMALL AND MEDIUM ENTERPRISES**

The fund assists companies/firms in the manufacturing, manufacturing-related services and services sectors to acquire machinery/equipment and to obtain working capital. Companies/firms with at least 60% Malaysian equity and a licensed/approved premise located in Terengganu are eligible to apply for financing under this scheme. The maximum financing amount is RM50,000 with interest charged at 3% per annum on yearly rest.

**Implementing Agency:** This loan scheme is funded by the Government and managed by MIDF. Applications for financing under this scheme should be submitted to MIDF.

8. **SOFT LOAN SCHEME FOR AUTOMATION AND MODERNISATION (SLSAM)**

The SLSAM assists companies in the electrical and electronic, iron and steel, wood product and furniture, textile and apparels, plastic and chemical product, and automotive manufacturing sectors to modernise and automate processes, upgrade capability and capacity, diversify into higher value-added activities and rationalise/streamline operations through mergers and acquisitions. Companies with at least 60% Malaysian equity and has been in operation at least 2 years are eligible to apply for financing under this scheme to purchase machinery/equipment (including for diversification into higher value-added activities) and their installation, commissioning, and maintenance as well as operator training costs, softwares and peripherals for industrial adjustment, and merger and acquisition services costs and
expenses. Financing can also be applied for the purchase of automation-related machinery/equipment, and for their installation, commissioning, maintenance as well as operator training costs, and for the purchase of softwares and peripherals to develop automation systems. The maximum financing amount is RM5 million with interest charged at 4% per annum on yearly rest.

**Implementing Agency:** This loan scheme is funded by the Government and managed by MIDF. All applications for financing under this scheme should be submitted to MIDF.

9. **SOFT LOAN SCHEME FOR AUTOMOTIVE DEVELOPMENT (SLSAD)**

The SLSAD assists companies in the automotive parts and components manufacturing sector to rationalise their operations, acquire toolings, improve productivity, enhance export performance, and in development and production. Companies with at least 60% Malaysian equity, has been in operation at least 2 years, and are members of MACPMA, or PROTON Components and Parts Manufacturers Association or PERODUA Vendors Club are eligible to apply for financing under this scheme to purchase machinery/equipment, undertake due diligence exercises, incur rationalisation exercise expenses, acquire moulds, dies, jigs, and fixtures, develop prototypes and system designs, acquire TS 16949 training and ISO 14001 certification, participate in trade exhibitions, etc. The maximum financing amounts are RM250,000 (export enhancement), RM500,000 (productivity improvement), RM5 million (rationalisation) and RM10 million (tooling acquisition, development and production) with interest charged at 4% per annum on yearly rest.

**Implementing Agency:** This loan scheme is funded by the Government and managed by MIDF. All applications for financing under this scheme should be submitted to MIDF.

10. **SOFT LOAN SCHEME FOR INTERNATIONAL BRANDING (SLSIB)**

The SLSIB assists companies and enterprises in the manufacturing and services sectors to enhance the competitiveness of their Malaysian-made or -sourced products or services in international markets. Companies and enterprises with at least 60% Malaysian equity, annual sales turnovers not less than RM5 million, a sales record of at least 3 years and which are registered owners of trademarks are eligible to apply for financing under this scheme to undertake branding and re-branding exercises, establish overseas distribution channels, participate in international trade fairs, acquire overseas brands and distribution networks to promote Malaysian brands, and undertake overseas advertisement and promotion. The maximum financing amount is RM3 million with interest charged at 4% per annum on yearly rest.

**Implementing Agency:** This loan scheme is funded by the Government and managed by MIDF. All applications for financing under this scheme should be submitted to MIDF.
11. MALAYSIAN INDUSTRIAL ENERGY EFFICIENCY IMPROVEMENT PROJECT (MIEEIP)

The MIEEIP assists industries to implement energy-efficiency improvement projects in their operations. Applicant companies in the manufacturing and services sectors are subject to a prior energy audit by Pusat Tenaga Malaysia to determine their eligibility for financing under this Project to purchase energy-saving systems and machinery/equipment for installation at their premises which will enable a reduction in energy consumption in their production processes. The maximum financing amount is RM2 million with interest charged between 2.5% and 4% per annum.

**Implementing Agency:** This fund is made available through Pusat Tenaga Malaysia and managed by MIDF. Applications for financing under this fund should be submitted to MIDF.

For further information, please contact:

**Development Finance Division**
Malaysian Industries Development Finance Berhad
195A Jalan Tun Razak
50400 Kuala Lumpur
Tel : 603-21611166/21610066
Fax : 603-21615973
E-mail : inquiry@midf.com.my
Website : www.midf.com.my

12. MARKET DEVELOPMENT GRANT

The objective of the grant is to encourage and assist Small and Medium Enterprise (SMEs) to venture and further enhance their promotional activities for export markets.

SMEs can obtain a 50 per cent reimbursable matching grant on the approved cost of the eligible export promotion activities.

Effective 1st July 2006, the restriction on maximum grant of RM100,000.00 per company under Market Development Grant has been abolished.

Two new eligible activities included are:-
- Promotional activities undertaken with Hypermarkets and Retail Outlets Overseas and
- Overseas cost of conducting Export Market Research

The existing eligible activities are:
- Participation in Trade and Investment Missions
- Participation in Specialized Marketing Missions
- Participation in International Trade Fairs
- Participation in In-Store Promotion Overseas
- Participation in Industry Related International Conferences Overseas
- Participation in meetings related to negotiations on Mutual Recognition Agreement (MRA), Free Trade Agreement (FTA), ASEAN, WTO and other market access negotiations by representatives of Trade and Industry Associations and Professional Bodies
- Preparation of Promotional Materials to develop export markets
• Initial cost of Setting Up Office Overseas for purpose of promoting Malaysian products
• Participation in Overseas International Tenders

Companies are encouraged to apply for the grant at least one month before undertaking the activities. This is to ascertain if the company or activity is eligible for the grant.

Claims for reimbursement of all eligible activities must be submitted within 3 months of undertaking the activity, with receipts and supporting documents as required in the application form.

Application for grant should be made using the prescribed form (MDG 1/06) which is available free of charge at MATRADE or can be downloaded from MATRADE website www.matrade.gov.my.

For further information, please contact:

Malaysia External Trade Development Corporation (MATRADE)
Market Development Grant Unit
Menara MATRADE, Jalan Khidmat Usaha,
Off Jalan Duta, 50480 Kuala Lumpur
Tel : 03-6207 7077
Fax : 03-6203 7037
Website : www.matrade.gov.my
E-mail : info@matrade.gov.my

13. BRAND PROMOTION GRANT

The objective of the Brand Promotion Grant (BPG) is to develop and promote indigenous brand names owned by Malaysian companies in the international market.

Companies with at least 60% Malaysian equity, own a trademark certificate for the brand and having an annual sales turnover not exceeding RM 250 million can obtain either one of the following forms of grant :

(i) A 100% reimbursable grant for the development and promotion of brand subject to a maximum grant of RM 1 million for the Small and Medium Enterprises (SMEs).

(ii) A 50% reimbursable grant subject to a maximum grant of RM 2 million for non-SMEs.

(iii) Combination of a 100% reimbursable grant and a 50% reimbursable grant subject to a maximum grant of RM 2 million for SMEs.

To encourage companies to promote their brand overseas, not more than 10% of the total grant approved should be spent on domestic promotion.

The grant will cover the cost of developing and promoting only one brand per company.
The eligible expenses are for the following activities:

- Developing a brand and marketing strategy for the company
- Advertising and promotion which should not exceed 50% of grant approved
- Cost of conducting brand research including brand awareness, brand acceptance and market share of brand
- Expenses incurred in designing and redesigning logo for the brand
- Expenses incurred in designing and redesigning and improving product packaging and labelling
- Other costs related to the development and promotion of the brand as appropriate for the company’s products and services

Applications for BPG should be made using the prescribed application form BPG (1/06) which is available free of charge at MATRADE or can be downloaded from MATRADE’s website at www.matrade.gov.my.

For further information, please contact MATRADE.

14. COMMERCIALISATION OF R&D FUND (CRDF)

The Commercialisation of R&D Fund (CRDF) under the 9th Malaysia Plan (9MP) has been redesigned to provide financial assistance to universities/research institutions and eligible Malaysian companies to undertake full commercialisation.

Under CRDF, commercialisation refers to a process by which the results of research projects are converted to marketable products and commercially produced.

Objectives

- To leverage on science, technology and innovation (STI) for national development;
- To increase the commercialisation of STI products and processes developed by local universities/research institutions/companies;
- To increase wealth creation and technology content of SMEs/Large Corporation via commercialisation of R&D undertaken by local universities/research institutions/companies; and
- To foster greater collaboration between universities/research institutions and industry.

Priority Technology Clusters

Project proposals eligible for consideration must be listed in the following Priority Technology Clusters:-

- Biotechnology;
- Agriculture;
- ICT;
- Industrial (Advanced Materials, Advanced Manufacturing, Nanotechnology, Alternative Energy, Waste to wealth); and
- Sea to space
CRDF Category

CRDF is classified as follows:-
• CRDF for Universities/Research Institutions
• CRDF for SME/Large Corporation/Public Listed Company

Eligible Activities Under CRDF

CRDF for Universities/Research Institutions

• CRDF 1
  Feasibility Study on public sector R&D results for university/research institution’s commercialisation office.

• CRDF 2
  Commercialisation of public sector R&D results via university/research institution’s spin-off company.

CRDF for SME/Large Corporation / Public Listed Company

• CRDF 3
  Commercialisation of public sector R&D results undertaken by SME via Start-up Company.

• CRDF 4
  CRDF 4 comprises 3 sub-categories:-
  • CRDF 4(a)
    Commercial Production of Any Locally Generated R&D Results by SME
  • CRDF 4(b)
    Commercial Production of Public Sector R&D Results by Large Corporation
  • CRDF 4(c)
    Commercial Production of Public Sector R&D Results by Public Listed Company

14.1 CRDF1

Eligible Activity

Feasibility Study on public sector R&D results for university/research institution’s commercialisation office.

Target Group

University/RI’s commercialisation office.

Basic Eligibility Criteria

• Public Malaysian University and Public Research Institution only;
• R&D activities have been completed; and
• The proposed technology must be of a tangible product.

Eligible Expenses

• Cost to conduct feasibility Study; and
• Cost to produce samples for feasibility study purposes.
Funding Quantum

The quantum of funding approved under CRDF 1 will be determined on a case to case basis. The feasibility study will be undertaken by the appointed/selected Consulting Company.

Project Duration

The feasibility study must be completed within 5 months from the appointment date of the Consulting Company.

14.2 CRDF2

Eligible Activity

Commercialisation of Public Sector R&D Results via University/Research Institution’s Spin-Off Company.

University/Research Institution’s Spin-off refers to start-up company originating from public university/research institution where an employee with an idea to start his/her owns business leaves the university/research institute.

Target Group

Researcher/Academic Staff.

Basic Eligibility Criteria

• Public University/Research Institution’s spin-off company;
• The company must be 100% owned by Malaysian;
• The proposed technology to be commercialised must be from one of the Priority Technology Clusters;
• The technical team must be led by Malaysian researcher/academic staff with relevant technical qualification and/or experience;
• The R&D and commercial ready prototype must have been completed successfully; and
• The proposed project must be for the commercialisation of a tangible product.

The company must operate from university/RI-based technology centres.

Eligible Expenses

• Rental (Space & equipment);
• Cost of Technology;
• Cost of training;
• Purchase of equipment (lab/testing/QC equipment);
• Insurance/Maintenance/repair of the equipment;
• Cost of raw material;
• Intellectual Property Protection (IPP);
• Standard & Regulatory Compliance;
• Utility cost;
• Marketing & promotion; and
• Staff Allowance (Technical/Management)
Funding Quantum

The quantum of funding approved under CRDF 2 is up to a maximum of RM500,000.

Project Duration

The project duration under CRDF 2 is a maximum of 1 year for project implementation and product roll-out, and 1 year for project monitoring/impact study.

14.3. CRDF3

Eligible Activity

Commercialisation of Public Sector R&D Results via Start-up Company

Target Group

Start-up Company, excluding subsidiary of an existing company.

Start-up refers to a very early stage development of a new company excluding subsidiary of an existing company.

Basic Eligibility Criteria

- Start-up Company is incorporated in Malaysia (excluding subsidiary of an existing company);
- The company must be at least 51% owned by Malaysian;
- The proposed technology to be commercialised must be from one of the Priority Technology Clusters;
- The company must be led by Malaysians with relevant technical qualification and/or experience;
- The R&D and commercial ready prototype must have been completed successfully; and
- The proposed project must be for the commercialisation of a tangible product.

The company must operate from university/RI-based technology centres.

Eligible Expenses

- Feasibility Study (if applicable);
- Rental (Space & equipment);
- Cost of Technology;
- Cost of training;
- Purchase of equipment (lab/testing/QC equipment);
- Insurance/Maintenance/repair of the equipment;
- Cost of raw material;
- Intellectual Property Protection (IPP);
- Standard & Regulatory Compliance;
- Utility cost;
- Marketing & promotion; and
- Staff Allowance (Technical/Management)
Funding Quantum

The quantum of funding approved under CRDF 3 is up to a maximum of 70% or RM500,000 whichever is lower depending on the merits of each application.

Project Duration

The project duration under CRDF 3 is 1 year for project implementation and product roll-out, and 1 year for project monitoring/impact study.

14.4 CRDF 4(a)

Eligible Activity

Commercial Production of Any Locally Generated R&D Results By SME

Target Group

All Malaysian incorporated SMEs.

Basic Eligibility Criteria

To be eligible for CRDF 4(a), the company must meet the following basic criteria:-

- The company must be an SME incorporated in Malaysia;
- The company must be at least 51% owned by Malaysian;
- The management, marketing, and technical team must have relevant qualification and experience;
- The R&D and commercial ready prototype must have been completed successfully;
- The proposed technology to be commercialised must be from one of the Priority Technology Clusters; and
- The proposed project must be for the commercialisation of a tangible product.

All Malaysian incorporated SMEs are eligible. (Graduated University/RI’ Spin-off & Start-up companies, Post CRDF & IGS grant recipient are also eligible).

Eligible Expenses

- Feasibility Study (if applicable);
- Cost of Technology;
- Cost of training;
- Purchase of core equipment related to commercialisation;
- Modifications/fine-tuning related costs;
- Process optimisation costs;
- Intellectual Property Protection (IPP);
- Standard & Regulatory Compliance; and
- Marketing & promotion related costs.

Funding Quantum

The quantum of funding approved under CRDF 4(a) is up to a maximum of 70% or RM4 million whichever is lower depending on the merits of each application.
Project Duration

The project duration under CRDF 4(a) is 2 years for project implementation and product roll-out, and 2 years for project monitoring/impact study.

14.5 CRDF 4(b)

Eligible Activity

Commercial Production of Public Sector R&D Results Undertaken By Large Corporation

Target Group

All Malaysian Large Corporation including GLCs.

Malaysian Large Corporation refers to a company with annual sales turnover of more than RM25 million and full time employees of more than 150 employees.

Basic Eligibility Criteria

To be eligible for CRDF 4(b), the company must meet the following basic criteria:-

- The company must be incorporated in Malaysia;
- The company must be at least 51% owned by Malaysian;
- The management, marketing, and technical team must have relevant qualification and experience;
- The R&D and commercial ready prototype must have been completed successfully;
- The proposed technology to be commercialised must be from one of the Priority Technology Clusters; and
- The proposed project must be for the commercialisation of a tangible product.

Eligible Expenses

- Feasibility Study (if applicable);
- Cost of Technology;
- Cost of training;
- Purchase of core equipment related to commercialisation;
- Modifications/fine-tuning related costs;
- Process optimisation costs;
- Intellectual Property Protection (IPP);
- Standard & Regulatory Compliance; and
- Marketing & promotion related costs.

Funding Quantum

The quantum of funding approved under CRDF 4(b) is up to a maximum of 60% or RM4 million whichever is lower depending on the merits of each application.

Project Duration

The project duration under CRDF 4(b) is 2 years for project implementation and product roll-out, and 2 years for project monitoring/impact study.
14.6 CRDF 4(c)

Eligible Activity

Commercial Production of Public Sector R&D Results Undertaken By Public Listed Company.

Target Group

All incorporated Malaysian Public Listed Companies.

Basic Eligibility Criteria

To be eligible for CRDF 4(c), the company must at least meet the following basic criteria:-

- The company must be incorporated in Malaysia;
- The company must be at least 51% owned by Malaysian;
- The management, marketing, and technical team must have relevant qualification and experience;
- The R&D and commercial ready prototype must have been completed successfully;
- The proposed technology to be commercialised must be from one of the Priority Technology Clusters; and
- The proposed project must be for the commercialisation of a tangible product.

Eligible Expenses

- Feasibility Study (if applicable);
- Cost of Technology;
- Cost of training;
- Purchase of core equipment related to commercialisation;
- Modifications/fine-tuning related costs;
- Process optimisation costs;
- Intellectual Property Protection (IPP);
- Standard & Regulatory Compliance; and
- Marketing & promotion related costs.

Funding Quantum

The quantum of funding approved under CRDF 4(c) is up to a maximum of 50% or RM4 million whichever is lower depending on the merits of each application.

Project Duration

The project duration under CRDF 4(c) is 2 years for project implementation and product roll-out, and 2 years for project monitoring/impact study.

CRDF Agreement

A CRDF agreement will be signed between MTDC (on behalf of the government) and grant recipient detailing the terms and conditions of the funding.
Disbursement of Grant

Disbursement of grant will be made in accordance with the following:-
• Approved grant will be disbursed either on a matching or reimbursement basis according to the claims submitted by the grant recipient; and
• Approved grant will be disbursed in stages in accordance with Schedule 2 of the Grant Agreement and subject to the satisfactory progress of the project in terms of deliverables and milestones reached.

Application

Application Form and format of the Commercialisation Plan can be obtained from MTDC’s office or downloaded from MTDC’s website: www.mtdc.com.my.

For further information, please contact:-

Chief Executive Officer
Malaysian Technology Development Corporation (MTDC)
Level 9, Menara Yayasan Tun Razak
Jalan Bukit Bintang
55100 Kuala Lumpur
Attn: Government-Industry Technology Services (GITS) Department
Tel : 03-2165 2736/2737/2738/2739/2740/2741
Fax : 03-2163 7549
E-mail : comms@mtdc.com.my

15. TECHNOLOGY ACQUISITION FUND (TAF)

A key thrust of the 9th Malaysian Plan (9MP) is to raise capacity for knowledge and innovation, and nurture first class mentality. Harnessing science, technology and innovation (STI) has been identified as a key driver to achieve this.

Under 9MP, TAF will continue to provide financial assistance to eligible Malaysian SMEs to acquire foreign technologies. The acquisition will fast track domestic technology development capacity and ultimately bypass the expensive and risky developmental stages.

TAF supports the effort undertaken by Malaysian companies to enhance their technology level, production processes and competitiveness.

Priority Technology Clusters

Project proposals eligible for consideration must be listed in the following Priority Technology Clusters:-

• Biotechnology;
• Agriculture;
• ICT; and
• Industrial (Advanced Materials, Advanced Manufacturing, Nanotechnology, Alternative Energy, Waste to Wealth)
TAF Category

TAF is classified as follows:

- TAF 1; and
- TAF 2.

15.1 TAF 1

TAF 1 provides funding to eligible Malaysian companies to acquire foreign technology for immediate incorporation into company’s manufacturing activity. The acquisition of technology could be in the form of acquiring know-how / patent rights / prototype / design via the following methods:

- Licensing of technology;
- Purchase of technology; and
- Outright purchase of technology.

Objectives of TAF 1

- Promote technology upgrading via the introduction and exploitation of technologies in the manufacturing and physical development of existing and new products or processes;
- Enhance the competitive level of Malaysian companies to compete globally; and
- Increase wealth creation and technology content of Malaysian companies via acquisition of foreign technology.

Target Group

Incorporated Malaysian manufacturing companies (SMEs and large corporation) excluding GLCs, public listed companies and their subsidiaries.

Eligibility Criteria

- The company must be an SME/large corporation incorporated in Malaysia;
- The company must be at least 51% owned by Malaysian;
- The management, marketing, and technical team must have relevant qualification and experience;
- The proposed technology to be acquired must have been proven and commercially produced in the country of origin;
- The proposed technology to be commercialised must be from one of the Priority Technology Clusters;
- The technology acquired must be applied for the production of a tangible product; and
- The technology acquired must be immediately adopted in the company’s manufacturing activity.

The technology provider is not allowed to own any equity in the applicant company.
Eligible Expenses

- Cost of technology acquisition; and
- Training.

Funding Quantum

The quantum of funding approved under TAF 1 is up to a maximum of 50% or RM2 million whichever is lower depending on the merits of each application.

Project Duration

The maximum project duration under TAF 1 is 2 years for project implementation and product roll-out and 2 years for project monitoring/impact study.

15.2 TAF 2

TAF 2 provides funding to eligible women entrepreneurs to acquire equipment and machinery for immediate incorporation into company’s manufacturing activity. The acquisition of the equipment and machinery must be for the improvement of the current production capacity or process.

Target Group

Incorporated Malaysian majority woman/women manufacturing, manufacturing-related services or K-based companies (SMEs and large corporation) excluding GLCs, public listed companies and their subsidiaries.

Eligibility Criteria

- The company must be an SME/large corporation incorporated in Malaysia;
- The company must be at least majority owned by Malaysian woman/women for a minimum of 2 years prior to application;
- The company must be in operation as a manufacturing/manufacturing-related services company for a minimum period of 2 years;
- The CEO/MD/ED must be a woman, holds a minimum equity of 10% in the company and actively participate in the operation and management of the company;
- The management, marketing, and technical team must have relevant qualification and/or experience;
- The machine acquired is to be immediately adopted in the company’s manufacturing activity; and
- The proposed project must be from one of the Priority Technology Clusters.

Eligible Expenses

- Cost of acquisition of equipment and machinery; and
- Training.
Funding Quantum

• Up to a maximum of 50% or RM500,000 whichever is lower depending on the merits of each application for 100% woman owned company; and
• Up to a maximum of 25% or RM250,000 whichever is lower depending on the merits of each application for majority woman owned company.

Project Duration

The project duration under TAF 2 is a maximum of 1 year for project implementation and product roll-out and 1 year for project monitoring/impact study.

TAF Agreement

A TAF agreement will be signed between MTDC (on behalf of the government) and grant recipient detailing the terms and conditions of the funding.

Disbursement of Grant

Disbursement of grant will be made in accordance with the following:-

• Approved grant will be disbursed either on a matching or reimbursement basis according to the claims submitted by the grant recipient; and
• Approved grant will be disbursed in stages in accordance with the Grant Agreement and subject to the satisfactory progress of the project in terms of deliverables and milestones reached.

Application

Application Form and format of the Business Plan can be obtained from MTDC’s office or downloaded from MTDC’s website: www.mtdc.com.my.

For further information, please contact:-

Chief Executive Officer
Malaysian Technology Development Corporation (MTDC)
Level 9, Menara Yayasan Tun Razak
Jalan Bukit Bintang
55100 Kuala Lumpur
Attn : Government-Industry Technology Services (GITS) Department
Tel : 03-2165 2736/2737/2738/2739/2740/2741
Fax : 03-2163 7549
E-mail : comms@mtdc.com.my
16. EXPORT CREDIT REFINANCING

Export Credit Refinancing (ECR) is a scheme under which EXIM Bank provides short-term financing to direct/indirect exporters through the commercial banks. The facility is offered by commercial banks, which are then refinanced by EXIM Bank.

A direct or indirect exporter who wishes to use the ECR facility should arrange for an ECR credit line with the commercial banks and then obtain access approval to the ECR facilities from EXIM Bank.

Eligibility Criteria

The ECR facility is available to direct exporters and indirect exporters who involved directly or indirectly in export activities and has obtained ECR credit line from the commercial banks.

Type of Facilities

i. The pre-shipment ECR facility is a loan available to direct or indirect exporters to finance their purchases from domestic and/or foreign suppliers prior to shipment of goods to overseas buyers.

ii. The Post-shipment ECR facility is an advance or financing to direct exporter after shipment of goods to overseas buyers.

Method of Financing

Two method of financing are available for exporters under the pre-shipment ECR i.e. the order-based method and certificate of performance method (CP).

Under the order-based method, the pre-shipment ECR financing is against the export or purchase orders whilst under CP method, the pre-shipment financing is against the CP issued by EXIM Bank.

The method of financing under post-shipment ECR facility is bills discounting and the financing is against a set of export documents presented to the commercial banks.

Period and Amount of Financing

The maximum period of financing under Pre-shipment ECR and Post-shipment ECR is four (4) months and six (6) months respectively.

Under the order-based method, exporters can obtain financing up to 95% of the value of their export order, while under the CP method the amount of financing is subject to the CP limit granted by EXIM Bank.

The minimum and maximum amount of financing per facility under the ECR facility is RM10,000 and RM50 million respectively.
For further information, please contact:

Export-Import Bank of Malaysia Berhad (EXIM Bank)
Level 8, UBN Tower
No. 10 Jalan P. Ramlee
P.O. Box 13028,
50796 Kuala Lumpur
Tel : 03-2034 6666
Fax : 03-2034 6699
Website : www.exim.com.my

17. EXPORT CREDIT INSURANCE

The Export Credit Insurance Scheme protects Malaysian exporters against unpredictable catastrophic events beyond their control which prevents the payment of exports by the buyer. Export-Import Bank of Malaysia Berhad (EXIM Bank) is responsible to operate this scheme. EXIM’s objective is to promote Malaysian exports and foreign investments by providing a range of export credit insurance and financing guarantee.

EXIM provides protection from any of the following risks inherent in international trade:

Buyer Risks (Commercial) – Buyer’s insolvency, buyer’s payment default and buyer’s failure to accept the goods delivered. (which is not due to quality dispute)

Country Risks (Economic & Political) – Blockage or delay in transfer of payments to Malaysia, imposition of import restrictions, cancellation of import licenses, war between buyer’s country and Malaysia, war revolution and civil disturbances in the buyer’s country, default of a foreign government buyer, imposition of import restriction and the occurrence of any natural disaster such as earthquake, flood, hurricane, etc in buyer’s country.

The ranges of facilities offered are:

A. Short Term Facilities
   a. Comprehensive Policies (Shipments/Contacts/ Services Rendered)
      Policy that provides protection for exporters against any losses arising from non-payment in respect of goods/services exported on credit terms of not more than 180 days

   b. Bank Letter of Credit Policy (BLCP)
      A policy covering Malaysian banks that negotiates or discounts without recourse Irrevocable Letter of Credit issued by overseas banks in respect of Malaysian exports

B. Medium and Long Term Facilities
   a. Specific Policy
      A policy to cover export of capital or semi-capital goods and/or services with lengthy manufacturing and/or payment periods and high contract values. A minimum credit terms is one year up to ten years.
b. **Buyer Credit Guarantee**
Guarantee of repayment of fixed or floating rate of export loans lend to foreign buyer for Malaysian goods. A minimum credit terms is one year up to ten years.

c. **Oversea Investment Insurance**
A policy to cover non-commercial risks of loss to the investment or business established overseas by Malaysian enterprises such as transfer restriction, expropriation, war & civil disturbances and breach of contract. (extended coverage)

C. **New Export Financing Schemes for SMEs**
a. **MCTF Scheme for Conventional and Islamic Financing**
EXIM Multi Currency Trade Financing (MCTF) Policy to be issued to participating banks that provide pre-shipment and post shipment financing to SMEs covering the oversea LC issuing banks. Under the MCTF scheme, banks will not require any collateral from the SMEs.

b. **IEF Scheme for Conventional and Islamic Financing**
Indirect Export Financing (IEF) Policy to be issued to participating banks that finances the receivables of the Indirect Exporter for goods and/or services delivered and/or rendered on credit terms to the Direct exporters. Under the IEF scheme, the financing to the Indirect Exporter is on limited recourse basis.

Further information is available at EXIM’S head office in Kuala Lumpur, Regional Office North in Butterworth and regional Office South in Johor Bahru. The addresses of EXIM’s offices are as follows:

**Export-Import Bank of Malaysia Berhad (EXIM Bank)**
Level 8, UBN Tower
No. 10 Jalan P. Ramlee
P.O. Box 13028
50796 Kuala Lumpur
Tel : 03-2034 6666
Fax : 03-2034 6699
Website : www.exim.com.my

**Representative Office:**

Pulau Pinang
2nd Floor, No.53, Jalan Selat,
Taman Selat, Off Jalan Bagan Luar.
12000 Butterworth, Pulau Pinang
Tel : 04-332 1862
Fax : 04-332 2172

Ipoh
C-2-10, No. 2 Persiaran Greentown 3
Greentown Business Centre
30450 Ipoh, Perak
Tel : 05-255 6655
Fax : 05-255 4655
18. GUARANTEE SCHEMES BY CGC (M) BERHAD

The Credit Guarantee Corporation Malaysia Berhad (CGC) assists SMEs particularly those without collateral or inadequate collateral to obtain credit facilities from financial institutions by providing guarantee to cover such facilities at reasonable costs. The guarantee schemes available are:

18.1 New Principal Guarantee Scheme (NPGS)

This scheme enables SMEs to maximise the collateral value and obtain more loans. SMEs with an annual sales turnover not exceeding RM25 million or with not more than 150 full time workers are eligible to participate in the NPGS. Under this scheme, SMEs are eligible to apply for a maximum loan of up to RM10.0 million regardless of their business sectors. The guarantee cover is for up to 80% for the unsecured loan portion and 90% for the secured loan portion.

18.2 Flexi Guarantee Scheme (FGS)

This scheme eligible to all Malaysian owned and controlled companies (majority shareholding / interest is Malaysian) with net assets or shareholder funds not exceeding RM10 million. The objective of this scheme is to ensure greater access to credit for viable Malaysian SMEs especially those eligible for loans under the Fund for Small and Medium Industries 2 (FSMI 2), Rehabilitation Fund for Small Businesses (RFSB) and New Entrepreneurs Fund 2 (NEF 2). This scheme provides between 30% to 80% guarantee cover for SMEs.

18.3 Franchise Financing Scheme (FFS)

This scheme provides loans for businesses under the franchise system. Applications for loans must be submitted through the Ministry of Entrepreneur and Cooperative Development (MECD). The scheme provides guarantee coverage of up to 80% for the unsecured loan portion and 90% for the secured loan portion. All Malaysian owned and controlled companies with net assets or shareholder funds not exceeding RM1.5 million are eligible under this scheme.

18.4 Small Entrepreneur Guarantee Scheme (SEGS)

The objective of the SEGS is to assist small entrepreneurs who have viable businesses to obtain financing at reasonable cost from participating financial institutions. The scheme provides 80% guarantee coverage and up to 100% guarantee coverage for Bumiputera only. To be eligible under this scheme, borrower can only have one loan under the CGC guarantee at any one time.
18.5 Direct Access Guarantee Scheme (DAGS)

This scheme provides guarantee cover for credit facilities to all Malaysian owned, controlled and registered businesses (with the exception of co-operatives), with annual sales turnover not exceeding RM25 million or full time workers of 150 or less.

This scheme allows viable business activities under private limited companies, partnerships and sole-proprietorships to gain direct access to credit facilities from participating financial institutions. The guarantee cover is for up to 100% with the loan amount ranging from RM50,000 to RM2.0 million per customer. Application can be submitted directly to CGC for evaluation after which CGC will undertake to guarantee successful application.

18.6 Islamic Banking Guarantee Scheme (IBGS)

This scheme provides guarantee cover for credit facilities to SMIs with an annual sales turnover not exceeding RM25 million OR SMIs with not more than 150 full time workers. This is a comprehensive scheme applicable to most businesses, and follows prescribed Islamic financing principles. The maximum funding is up to RM10 million and the profit rate is to be determined by financial institutions.

18.7 Direct Access Guarantee Scheme – Islamic (DAGS-i)

This scheme provides guarantee cover for credit facilities to all Malaysian owned, controlled and registered businesses (with the exception of co-operatives), with annual sales turnover not exceeding RM25 million or full time workers of 150 or less.

DAGS-i aimed to meet the demand of SMEs who need Islamic financing directly via CGC as a compliment to existing conventional DAGS based on Syariah Principle. This scheme provides guarantee coverage up to 100% with financing amount ranging between RM50,000 to RM2.0 million. Application can be submitted directly to CGC for evaluation after which CGC will undertake to guarantee successful application.

For further information, please contact:

Client Service Centre
Credit Guarantee Corporation Malaysia Berhad
Level 2, Bangunan CGC
Kelana Business Centre
97, Jalan SS 7/2
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7880 0088
Fax : 03-7803 0077
Website : www.iGuarantee.com.my
Email : mailbox@cgc.com.my
19. SPECIAL FINANCING FOR MANUFACTURING AND FRANCHISE PROJECTS BY MARA

Majlis Amanah Rakyat (MARA) provides Islamic financing facilities to Bumiputera entrepreneurs to upgrade or start a business in manufacturing and franchising with special emphasis in high technology projects such as information technology, tourism projects, services industry and professional services.

This scheme provides financing from RM250,001 to RM500,000.

For further information, please contact:

Business Financing Division
MARA Head Office
Level 8, Ibu Pejabat MARA
Jalan Raja Laut
50609 Kuala Lumpur
Tel : 03-2691 5111 / 2691 5377
Fax : 03-2691 5475 / 2694 2919
Website : www.mara.gov.my

20. MICRO CREDIT SCHEME

The Micro Credit Scheme was introduced in May 2003 to further promote the development of small businesses in the country. This scheme, with an allocation of RM800 million, provides a loan of RM5,000 to RM20,000 to individuals/small scale businesses to start and expand their business. The interest charged is 4% per annum with a repayment period of 1 to 5 years.

For further information, please contact:

Manager
Credit Administration Division
Bank Simpanan Nasional
Wisma BSN
117 Jalan Ampang
50450 Kuala Lumpur
Tel : 03-2161 3222
Fax : 03-2142 6363 / 2163 1882
Website : www.bsn.com.my
### Infrastructure Facilities

1. **INDUSTRIAL ESTATES**
2. **FREE ZONES**
3. **LICENSED MANUFACTURING WAREHOUSES**
4. **ELECTRICITY SUPPLY**
5. **WATER SUPPLY**
6. **TELECOMMUNICATION SERVICES**
7. **AIR CARGO FACILITIES**
8. **SEA PORTS**
9. **CARGO TRANSPORTATION**
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A sound infrastructure is a prerequisite for sustained economic development and industrial growth. To date, various infrastructural facilities have been built and upgraded to meet the demands of industry.

1. **INDUSTRIAL ESTATES**

Malaysia has over 200 industrial estates or parks developed by government agencies, namely, the State Economic Development Corporations (SEDCs), Regional Development Authorities (RDAs), port authorities and municipalities. In addition to these, new ones are continuously being planned to meet the increasing demand for industrial land. Besides the government agencies, private developers have also developed industrial estates in certain states.

Prices and lease arrangements vary according to location

For a list of SEDCs, please refer to page 8.

2. **FREE ZONES**

A Free Zone is an area declared by the Minister of Finance under the provision of Section 3(1) of the Free Zones Act 1990. It is mainly designed to promote entrepot trade and specially established for manufacturing companies that produce or assemble products mainly for export.

A Free Zone comprise of a free commercial zone for commercial activities which include trading (except retail trading), breaking bulk, grading, repacking, relabelling and transit, and a free industrial zone for manufacturing activities.

The activities and industries therein are subject to minimal customs formalities and it is deemed as a place outside the Principal Custom Area except in respect of Prohibition of Imports and Exports under Section 31 of the Customs Act 1967.

2.1 **Free Industrial Zones**

Other than minimal customs formalities, FIZs enable these export-oriented companies to enjoy duty free import of raw materials, component parts, machinery and equipment required directly in the manufacturing process, as well as minimal formalities in exporting their finished products.

To-date there are 18 FIZs located at Pasir Gudang, Peringgit I, Peringgit II, Peringgit III, Tanjung Kling, Kinta, Telok Panglima Garang, Hulu Kelang, Sungai Way, Perai, Bayan Lepas, Batu Berendam, Jelapang II, Sama Jaya, Pulau Indah and Tanjung Pelepas I, II and III.

**Eligibility**

Companies can be located within FIZs when:

- their entire production or not less than 80% of their products are meant for export
- their raw materials/components are mainly imported. Nevertheless, the government encourages FIZ companies to use local raw materials/components
3. LICENSED MANUFACTURING WAREHOUSES

To enable companies to enjoy FIZ facilities in areas where it is neither practical nor desirable to establish FIZs, companies can set up Licensed Manufacturing Warehouses (LMWs). Facilities accorded to LMWs are similar to factories operating in the FIZs.

Eligibility

Companies normally approved for LMWs are those:

- whose entire production or not less than 80% are meant for export
- whose raw materials/components are mainly imported

Payment of Duty

Goods exported abroad from FIZs and LMWs are not liable to customs duty. However (except for cigarettes, liquor and motor vehicles), if the goods are allowed to be sold in the domestic market, termed Principal Customs Areas or PCAs, the following import duties apply:

i. For consumer and intermediate goods, where such goods are also produced in the PCA, import duties equivalent to the AFTA Common Effective Preferential Tariff (CEPT) rates will be imposed.

ii. For consumer and intermediate goods, where such goods are also produced in the PCA but have local content of more than 51%, an import duty of 5% ad valorem or equivalent excise duty rate (for products subject to excise duty), whichever is the higher, will be imposed.

iii. For consumer and intermediate goods which are not produced in the PCA, an import duty of 3% a.v. will be imposed.

iv. For intermediate goods such as raw materials/components, machinery and equipment for the manufacturing sector, manufacturers in the PCA can apply for full import duty exemption.

Information relating to the requirements for operating in FZs and LMWs can be obtained from:

Director General of Customs
Royal Malaysian Customs Headquarters
Ministry of Finance Complex (MoF)
No. 3, Perdana Boulevard
Precinct 2, Federal Government Administrative Centre
62592 Putrajaya
Tel : 03-88822100
Faks : 03-88895901
Website : www.customs.gov.my
E-mail : kastam@customs.gov.my
4. ELECTRICITY SUPPLY

Malaysia enjoys ample electricity supply. The national utility company, Tenaga Nasional Berhad (TNB), supplies power to Peninsular Malaysia, while in East Malaysia, the Sabah Electricity Sdn Bhd (SESB) and the Sarawak Electricity Supply Corporation (SESCO) provide power to the States of Sabah and Sarawak respectively.

TNB also offers electricity packaged with steam and chilled water under its Total Energy Solution for the benefit of certain industries that require multiple forms of energy for their processes.

At Kulim High Technology Park (KHTP), a ring formation electrical system, the most advanced of its kind in the region, ensures continuous uninterruptible power supply. This guaranteed, stable power supply meets the strict tolerances required by high technology operations, reflecting the government's thrust to promote such industries.

For more information, please contact:

Tenaga Nasional Berhad
No. 129, Jalan Bangsar
59200 Kuala Lumpur
Tel : 603-2296 5566
Fax : 603-2283 3686 (CoSec)/
603-2288 1419 (Corporate Communications)
Website : www.tnb.com.my
E-mail : CoSec@tnb.com.my

5. WATER SUPPLY

Consumers in Malaysia enjoy a 24-hour water supply and water is reliable and safe in terms of quantity and quality. It is treated according to international standards for drinking water set out by the World Health Organisation (WHO). All domestic, commercial and industrial users are metered. Water costs are low and vary from state to state. (Please refer to “The Cost of Doing Business in Malaysia” for details on water rates).

For a list of the state water departments and water supply companies, please refer to page 9.

6. TELECOMMUNICATION SERVICES

Malaysia's fixed line, mobile and satellite communications infrastructure provided by its five telco's and other network facilities providers support a full range of domestic and international services encompassing voice, video, data, and other advanced communications services.

Currently, there are more than 13 million subscribers of cellular telecommunications services. Fixed line and mobile telecommunications are augmented by VSAT and satellite-based land and maritime services.

There are six internet service providers (ISPs) with a total of 3.2 million subscribers. The major ISPs are TM Net and Jaring with a market share of 58% and 23%
respectively. The telecommunications infrastructure provides the full range of audio, data and video services with modern and fully digitalised networks deploying fibre optics, SDH, ATM, ADSL and other extended wireless bandwidth to provide high capacity and speed for voice and data transmission. At the domestic level, the country is currently being served by an infrastructure of more than 40GB. In the Multimedia Super Corridor (MSC), bandwidths of up to 10 GB capacity are provided.

7. AIR CARGO FACILITIES

The country’s air cargo facilities are well developed, especially in the five international airports in Malaysia.

The highly sophisticated Kuala Lumpur International Airport (KLIA) in Sepang, Selangor, has a current capacity of 25 million passengers and more than 650,000 tonnes of cargo per year.

The other international airports are the Penang International Airport, Langkawi International Airport, and Johor International Airport in Peninsular Malaysia, Kota Kinabalu International Airport in Sabah, and Kuching International Airport in Sarawak.

Malaysia’s national carrier, Malaysia Airlines, offers air cargo services through its wholly owned subsidiary, MASkargo. MASkargo operates an Advanced Cargo Centre (ACC) at the Kuala Lumpur International Airport within a Free Commercial Zone (FCZ). This centre features sensitive and sophisticated security systems and the latest technology including fully automated procedures, ensuring real-time data tracking and the smooth flow of communication. Among the facilities at the centre are the Animal Hotel, the one-stop Perishable Center and the world’s first priority business centre (PBC) for key forwarding agents.

MASkargo also provides airport-to-airport trucking services in the country. It offers freighter services to Penang, Amsterdam, Basel, Dubai, Frankfurt, Guangzhou, Hangzhou, Hong Kong, Malpensa, Melbourne, Shanghai, Taipei, Tokyo, Osaka and Sydney. Recently, the company has also launched I-Port, the world’s first airport within a seaport trans-shipment service. This service allows fast handling of sea and air cargo through Malaysian ports, via KLIA.

In addition, the national carrier delivers cargo to 100 international destinations across six continents and connects with other carriers to speed up the delivery of goods to any part of the world.

Air cargo services are complemented by Transmile Air which serves nine domestic destinations and five scheduled regional destinations namely Bangalore, Madras, Manila, Jakarta and Shenzhen.

For further information, please visit the MASkargo website at www.maskargo.com
8. **SEA PORTS**

The Ministry of Transport has under its jurisdiction seven major federal international ports whereby six ports are located in Peninsular Malaysia, namely, Port Klang, Penang Port, Johor Port at Pasir Gudang, Port of Tanjung Pelepas, Kuantan Port and Kemaman Port, and one in Sarawak, which is the Bintulu Port.

Bintulu Port is the country’s first liquefied natural gas port, Bintulu Port is the country’s only port which handles liquefied natural gas.

Modern facilities and equipment are available at all these ports to facilitate a full range of cargo handling and related activities including containerised cargo and bulk cargo.

For further enquiries, please contact the relevant port authorities or terminal operators as in page 10.

9. **CARGO TRANSPORTATION**

Various companies provide comprehensive containerised cargo transportation services in Malaysia. These include container haulage, freight forwarding, warehousing, bunkering, distribution related services, port and customs clearance, and container repair, leasing and maintenance.

Consignees and clients in Malaysia enjoy speedy, efficient and reliable cargo transportation through a network of local branches and offices. Most companies also offer a good international network of agents.

9.1 **Container Haulage**

The Malaysian government regulates inland container haulage through the Commercial Vehicle Licensing Board (CVLB) under the Ministry of Entrepreneur and Cooperative Development.

Sixty two hauliers cater to varied cargo needs through a diversified fleet of trailers and prime movers which also include modified vehicles. Some come equipped with modern tracking systems to enable contact with haulage vehicles on the road.

Numerous other medium and small-sized operators truck conventional cargoes to destinations in the country. Meanwhile, a block rail feeder service operates to specific destinations and a freight liner service takes care of container deliveries to outstation clients. This multi-modal (road and rail) transportation system assures prompt delivery of cargo.

9.2 **Freight Forwarding**

Hundreds of freight forwarding agents stationed throughout Malaysia offer nationwide freight forwarding services, while cargo bound for international destinations can be forwarded through various international freight forwarders.

Freight forwarders can also provide assistance to manufacturers in the processing of applications for required permits, licences and duty/tax exemption for the clearance of goods from the Customs authorities.
10. **HIGHWAYS**

The Malaysian Highway Authority supervises and executes the design, construction, regulation, operation and maintenance of inter-urban highways in Malaysia. These comfortable expressways link all major townships and potential development areas, and have catalysed industrial growth by enabling efficient transportation.

The country's successful privatisation programme coupled with its strong economic growth has also induced more highway development projects in the last few years. Today, the North-South Expressway together with the Penang Bridge and the Kuala Lumpur-Karak Highway form the backbone of Malaysia's road infrastructure, contributing to the country's rapid socio-economic development.

11. **RAILWAY SERVICES**

Keretapi Tanah Melayu Bhd (KTM), which operates in Peninsular Malaysia, is a corporation wholly-owned by the Malaysian government. As the single largest transport organisation in the country, KTM has the capacity to transport several classifications of goods ranging from grains to machinery.

Its network runs the length and breadth of Peninsular Malaysia from the northern terminal in Padang Besar to Pasir Gudang, Johor in the south and through to Singapore. The same northerly line serves wharves and port facilities on Penang Island.

12. **MULTIMEDIA SUPER CORRIDOR**

Malaysia's Multimedia Super Corridor (MSC) is Asia's most exciting investment location for information and communication technology (ICT). Conceptualised in 1996, the MSC has grown into a thriving dynamic ICT hub, hosting about 1000 multinationals, foreign-owned and home-grown Malaysian companies focused on multimedia and communications products, solutions, services and; research and development.

Located at the heart of Asia's fastest-growing markets, the 750-km square Corridor features state-of-the-art infrastructure and is governed by secure cyberlaws, policies and practices that enable operating companies to thrive and produce continuous innovation.

Based on the MSC's roll out to other states in Malaysia under the MSC Next Leap beginning year 2004 to 2010, MSC's designated areas are being recognised to provide conducive business and living environment for MSC status companies to operate in. In this context, MDeC is mandated by the Government of Malaysia to benchmark and set criteria and standards and process applications for the MSC Malaysia Cybercity/ Cybercentre status.
To date, these MSC’s designated areas known as the MSC Malaysia Cybercity/Cybercentre include:

- Cyberjaya
- Technology Park Malaysia
- Kuala Lumpur City Centre
- UPM-MTDC
- Penang Cybercity-1
- Kulim High Tech Park in Kedah
- KL Sentral
- Melaka International Trade Centre
- MSC Cyberport Johor

Other areas within the country which have fulfilled the necessary MSC qualifying criteria and performance standards will also be conferred with either the MSC cybercity or MSC cybercentre status based on their readiness in the future.

For further information, please contact:

Multimedia Development Corporation Sdn Bhd (MDeC)
MSC Malaysia Headquarters
2360 Persiaran APEC
63000 Cyberjaya
Selangor
Tel : 03-8315 3000
Fax : 03-8318 8519
Website : www.mdec.com.my
E-mail : clic@mdec.com.my
JOHOR CORPORATION
13th Fl, Menara Johor Corporation
Kotaraya
80000 Johor Bahru
Johor Darul Ta’zim
Tel : 07-223 2692
Fax : 07-223 3175
E-mail : pdnjohor@jcorp.com.my
Website : www.jcorp.com.my

SABAH ECONOMIC DEVELOPMENT CORPORATION
8th-10th Fl, Wisma SEDCO
Lorong Plaza Wawasan off Coastal Highway
P.O. Box 12159
88823 Kota Kinabalu
Sabah
Tel : 088-266 777
Fax : 088-219 263/179
E-mail : sedco1@po.jaring.my
Website : www.sabah.gov.my/sedco/

SSIC BERHAD
24th Fl, Wisma MPSA
Persiaran Perbandaran
40000 Shah Alam
Selangor Darul Ehsan
Tel : 03-3510 2005/6
Fax : 03-5519 6403/5511 2008
E-mail : info@ssic.com.my
Website : www.ssic.com.my

PERAK STATE DEVELOPMENT CORPORATION
Wisma Wan Mohamed
Jalan Panglima Bukit Cantang Wohab
3000 Ipoh
Perak Darul Ridzuan
Tel : 05-529 6600
Fax : 05-529 6604
E-mail : info@pknp-perak.gov.my

MALACCA STATE DEVELOPMENT CORPORATION
14th Fl., Menara MITC
Jalan Konvensyen, Kompleks MITC
75450 Ayer Keroh
Melaka
Tel : 06-232 4433/4455
Fax : 06-232 4434
E-mail : webmaster@pknm.com
Website : www.pknm.com

PAHANG STATE DEVELOPMENT CORPORATION
16th Fl., Kompleks Jeruntum
Jalan Mahkota
25000 Kuantan
Pahang Darul Makmur
Tel : 09-513 5566
Fax : 09-513 0510
E-mail : pknp@pahang.gov.my
Website : www.pahang.gov.my/pknp

KEDAH STATE DEVELOPMENT CORPORATION
14th Fl., Wisma PKNK
Jalan Sultan Badlishah
05000 Alor Star
Kedah Darul Aman
Tel : 04-775 2455
Fax : 04-731 2957
E-mail : admin@pknk.gov.my
Website : www.pknk.gov.my

SARAWAK ECONOMIC DEVELOPMENT CORPORATION
6th-11th Fl., Bangunan Menara SEDC
Jalan Tunku Abdul Rahman
93100 Kuching
Sarawak
Tel : 082-416 777
Fax : 082-424 330
E-mail : ssedc1@po.jaring.my
Website : www.sedc.com.my

TERENGGANU STATE ECONOMIC DEVELOPMENT CORPORATION
14th Fl., Menara Permint
Jalan Sultan Ismail
20200 Kuala Terengganu
Terengganu Darul Iman
Tel : 09-622 2155
Fax : 09-623 3880
E-mail : admin@pmint.gov.my
Website : www.pmint.terengganu.gov.my

PERLIS STATE ECONOMIC DEVELOPMENT CORPORATION
No. 173- 191, Taman Kemajuan
Jalan Raja Syed Alwi
01000 Kangar
Perlis Indera Kayangan
Tel : 04-976 1088
Fax : 04-976 2781
E-mail : pkenps@tm.net.my
Website : www.perlis.gov.my/pkenpsweb

NEGERI SEMBILAN STATE DEVELOPMENT CORPORATION
P.O. Box 158, Jalan Yam Tuan
70710 Seremban
Negeri Sembilan Darul Khusus
Tel : 06-762 3251/2/3/4
Fax : 06-763 7924
E-mail : pkns@tm.net.my
Website : www.sukns.gov.my

KELANTAN STATE ECONOMIC DEVELOPMENT CORPORATION
9th-11th Fl., Bangunan PKINK
Jalan Tengku Maharanee Puteri
15000 Kota Bharu
Tel : 09-741 4141/4040
Fax : 09-741 4140
E-mail : pkink@pkink.gov.my
Website : www.pkink.gov.my

PAHANG STATE DEVELOPMENT CORPORATION
16th Fl., Kompleks Jeruntum
Jalan Mahkota
25000 Kuantan
Pahang Darul Makmur
Tel : 09-513 5566
Fax : 09-513 0510
E-mail : pknp@pahang.gov.my
Website : www.pahang.gov.my/pknp

PENANG DEVELOPMENT CORPORATION
1, Persiaran Mahsuri
Bandar Bayan Baru
11909 Bayan Lepas
Penang
Tel : 04-634 0111
Fax : 04-643 2405
E-mail : enquiry@pdc.gov.my
Website : www.pdc.gov.my
### WATER SUPPLY DEPARTMENTS & COMPANIES

<table>
<thead>
<tr>
<th>NEGERI SEMBILAN WATER SUPPLY DEPARTMENT</th>
<th>WATER SUPPLY COMPANIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ground Floor, Wisma Negeri Locked Bag No. 31 70990 Seremban Negeri Sembilan Tel : 06-765 9510 Fax : 06-761 7841</td>
<td>SAJ HOLDINGS SDN BHD</td>
</tr>
<tr>
<td>SABAH WATER DEPARTMENT 6th Floor, Block A, Wisma MUIS Locked Bag No. 210 88825 Kota Kinabalu Sabah Tel : 088-232 364 Fax : 088-232 396</td>
<td>SAJ Headquarters</td>
</tr>
<tr>
<td>PERAK WATER BOARD Jalan St. John 30200 Ipoh Perak Tel : 05-255 1155 Fax : 05-255 6395</td>
<td>AIR KELANTAN SDN BHD</td>
</tr>
<tr>
<td>LABUAN PUBLIC WORKS DEPARTMENT Jalan Kg. Jawa, P.O. Box 81002 87008 Labuan W.P. Labuan Tel : 087-414 040 Fax : 087-412 370</td>
<td>Perbadanan Bekalan Air Pulau Pinang SDN BHD</td>
</tr>
<tr>
<td>SARAWAK PUBLIC WORKS DEPARTMENT Wisma Seberkas, Jalan Tun Haji Openg 93582 Kuching Sarawak Tel : 082-203 100 Fax : 082-429 679</td>
<td>Level 32, KOMTAR 10000 Pulau Pinang Tel : 04-262 5321 Fax : 04-262 5233/261 3581</td>
</tr>
<tr>
<td>PAHANG WATER SUPPLY DEPARTMENT 9-10 th. Floor, Tun Razak Complex Bandar Indera Mahkota 25382 Kuantan Pahang Tel : 09-572 1230 Fax : 09-572 1221</td>
<td>SYARIKAT AIR MELAKA BERHAD</td>
</tr>
<tr>
<td>SYARIKAT AIR TERENGGANU SDN BHD (SATU) Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Tel : 09-620 1111 Fax : 09-620 1104 E-mail : <a href="mailto:pbekal@satuwater.com.my">pbekal@satuwater.com.my</a></td>
<td>Graha Maju, Tkt. 12 Jalan Graha Maju Peri Surat 15 75900 Melaka Tel : 06-292 1758/59/60 Fax : 06-283 7266</td>
</tr>
<tr>
<td>SYARIKAT BEKALAN AIR SELANGOR (SYABAS) Jalan Pantai Baru, P.O. Box 5001 59990 Kuala Lumpur Tel : 03-2282 6244 Fax : 03-2282 7535</td>
<td>E-mail : <a href="mailto:pbekal@satuwater.com.my">pbekal@satuwater.com.my</a></td>
</tr>
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### WATER DEPARTMENTS

<table>
<thead>
<tr>
<th>PUBLIC WORKS DEPARTMENT</th>
<th>PERLIS PUBLIC WORKS DEPARTMENT</th>
</tr>
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<tbody>
<tr>
<td>Ibu Pejabat JKR Jalan Sultan Salahuddin 50582 Kuala Lumpur Tel : 03-2691 9011 Fax : 03-2692 1202</td>
<td>KM 3, Jalan Raja Syed Alwi 01000 Kangar Perlis Tel : 04-976 3573 Fax : 04-976 3932</td>
</tr>
<tr>
<td>KEDAH WATER WORKS DEPARTMENT No. 892, Jalan Sultan Badlishah 05710 Alor Star Kedah Tel : 04-740 0500 Fax : 04-740 0510</td>
<td>Kedah Tel : 05-765 9510 Fax : 05-761 7841</td>
</tr>
<tr>
<td>LABUAN PUBLIC WORKS DEPARTMENT Jalan Kg. Jawa, P.O. Box 81002 87008 Labuan W.P. Labuan Tel : 087-414 040 Fax : 087-412 370</td>
<td>Labuan Tel : 09-743 7777 Fax : 09-747 2030</td>
</tr>
<tr>
<td>SARAWAK PUBLIC WORKS DEPARTMENT Wisma Seberkas, Jalan Tun Haji Openg 93582 Kuching Sarawak Tel : 082-203 100 Fax : 082-429 679</td>
<td>LAKU MANAGEMENT SDN BHD 6th. Floor, Soon Hup Tower Lot 907, Jalan Merbau 98000 Miri Sarawak Tel : 085-442 003 Fax : 085-442 005</td>
</tr>
<tr>
<td>PAHANG WATER SUPPLY DEPARTMENT 9-10 th. Floor, Tun Razak Complex Bandar Indera Mahkota 25382 Kuantan Pahang Tel : 09-572 1230 Fax : 09-572 1221</td>
<td>PERBADANAN BEKALAN AIR PULAU PINANG SDN BHD</td>
</tr>
<tr>
<td>SYARIKAT BEKALAN AIR SELANGOR (SYABAS) Jalan Pantai Baru, P.O. Box 5001 59990 Kuala Lumpur Tel : 03-2282 6244 Fax : 03-2282 7535</td>
<td>Level 32, KOMTAR 10000 Pulau Pinang Tel : 04-262 5321 Fax : 04-262 5233/261 3581</td>
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<tr>
<th>SAI HOLDINGS SDN BHD</th>
<th>AIR KELANTAN SDN BHD</th>
</tr>
</thead>
<tbody>
<tr>
<td>SAJ Headquarters Jalan Garuda, Larkin P.O Box 262 80350 Johor Bahru Johor Tel : 07-224 4040 Fax : 07-224 0033</td>
<td>Lot 2 &amp; 257, Jalan Kuala Krai 15050 Kota Bharu Kelantan Tel : 09-743 7777 Fax : 09-747 2030</td>
</tr>
<tr>
<td>AIR KELANTAN SDN BHD</td>
<td>LAKU MANAGEMENT SDN BHD</td>
</tr>
<tr>
<td>TINGKAT 5, BANGUNAN PERBADANAN MENTERI BESAR</td>
<td>6th. Floor, Soon Hup Tower Lot 907, Jalan Merbau 98000 Miri Sarawak Tel : 085-442 003 Fax : 085-442 005</td>
</tr>
<tr>
<td>PERBADANAN BEKALAN AIR PULAU PINANG SDN BHD</td>
<td>SYARIKAT AIR MELAKA BERHAD</td>
</tr>
<tr>
<td>Level 32, KOMTAR 10000 Pulau Pinang Tel : 04-262 5321 Fax : 04-262 5233/261 3581</td>
<td>Graha Maju, Tkt. 12 Jalan Graha Maju Peri Surat 15 75900 Melaka Tel : 06-292 1758/59/60 Fax : 06-283 7266</td>
</tr>
<tr>
<td>SYARIKAT AIR TERENGGANU SDN BHD (SATU)</td>
<td>SYARIKAT BEKALAN AIR SELANGOR (SYABAS)</td>
</tr>
<tr>
<td>Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Tel : 09-620 1111 Fax : 09-620 1104 E-mail : <a href="mailto:pbekal@satuwater.com.my">pbekal@satuwater.com.my</a></td>
<td>Jalan Pantai Baru, P.O. Box 5001 59990 Kuala Lumpur Tel : 03-2282 6244 Fax : 03-2282 7535</td>
</tr>
</tbody>
</table>
PORT AUTHORITIES & TERMINAL OPERATORS

PORT AUTHORITIES

BINTULU PORT AUTHORITY
P.O.Box 296
97007 Bintulu
Sarawak
Tel : 086-253 888
Fax : 086-252 929

JOHOR PORT AUTHORITY
P.O. Box 66
81707 Pasir Gudang
Johor
Tel : 07-253 4000
Fax : 07-251 7684

KEMAMAN PORT AUTHORITY
P.O. Box 66
24000 Kemaman
Terengganu
Tel : 09-863 1590
Fax : 09-863 1599
E-mail : msbahrin@epicgroup.com.my

KLANG PORT AUTHORITY
Mail Bag Service No. 202
Jalan Pelabuhan,
42005 Port Klang
Selangor
Tel : 03-3168 8211
Fax : 03-3167 0211

KUANTAN PORT AUTHORITY
P.O. Box 161, Tanjung Gelang
25720 Kuantan
Pahang
Tel : 09-585 8000
Fax : 09-583 3866

JOHOR PORT BHD
P.O. Box 151
81707 Pasir Gudang
Johor
Tel : 07-253 5888
Fax : 07-251 0980 / 252 5582

PORT OF TANJUNG PELEPAS SDN BHD
Bangunan Pentadbiran Pelabuhan
Jalan Pelabuhan Tanjung Pelepas, TST 507
81560 Gelang Patah
Johor
Tel : 07-504 2222
Fax : 07-504 2288

SABAH PORT AUTHORITY
SPA Headquarters Building
Jalan Tun Fuad, Locked Bag 2005
Tanjung Lipat
88617 Kota Kinabalu
Sabah
Tel : 088-538 888
Fax : 088-243 284
E-mail : sabport@tm.net.my

TERMINAL OPERATORS

PENANG PORT COMMISSION
3A-6, Bangunan Sri Weld
Jalan Pengkalan Weld
10300 Pulau Pinang
Tel : 04-263 3211
Fax : 04-262 6211

PENANG PORT SDN BHD
No. 1, King Edward Place
P.O. Box 1204, Georgetown
10300 Pulau Pinang
Tel : 04-210 2211
Fax : 04-263 4792

NORTHPORT (MALAYSIA) BHD
P.O. Box 234
Jalan Pelabuhan
42009 Pelabuhan Kelang, Selangor
Tel : 03-3169 8888
Fax : 03-3169 8811

WESTPORT HOLDINGS SDN BHD
Klang Multi Terminal Sdn Bhd
P.O. Box 266, Pulau Indah
42009 Port Klang
Selangor
Tel : 03-3169 4000/4200
Fax : 03-3169 4119

JOHOR PORT CONSORTIUM SDN BHD
Wisma KPC
Km. 25, Tanjung Gelang
P.O. Box 199
25720 Kuantan
Pahang
Tel : 09-583 3205
Fax : 09-583 9393
Website : www.kuantanport.com.my

BINTULU PORT SDN BHD
Lot 15, Block 20
Kemena Land District
12 Mile, Tanjung Kidurong Road
P.O. Box 996
97008 Bintulu
Sarawak
Tel : 086-251 001
Fax : 086-253 597

LUMUT MARITIME TERMINAL SDN BHD
Lekir Bulk Terminal
Pulau Lekir Satu
Jalan Teluk Rubiah
32040 Seri Manjung
Perak
Tel : 05-688 9166
Fax : 05-688 9800

E-mail : msbahrin@epicgroup.com.my
Employment Policies and Legislations

1. EMPLOYMENT ACT 1955

2. INDUSTRIAL RELATIONS
   2.1 Trade Unions
   2.2 Industrial Relations Act 1967
   2.3 Relations in Non-Unionised Establishments

3. EMPLOYEES PROVIDENT FUND

4. SOCIAL SECURITY ORGANISATION

5. WORKMEN’S COMPENSATION ACT 1952

6. OCCUPATIONAL SAFETY AND HEALTH
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</table>
The Department of Labour is responsible for the administration of labour laws in order to maintain industrial harmony. The labour laws stipulate the minimum requirements that apply to all types of employment. Flexibility in the operation of businesses is facilitated by application for exemption to the Director of Labour.

1. **EMPLOYMENT ACT 1955**

The main legislation, the Employment Act 1955 applies to all employees in Peninsular Malaysia and the Federal Territory of Labuan whose monthly wages do not exceed RM1,500 and all manual labourers irrespective of their wages. Employers may draw up the contract of service but it should not contravene the minimum benefits stipulated under the law. Employees who earn between RM1,500 and RM5,000 a month can seek redress at the Labour Court on terms and conditions in their individual contracts of service.

Some of the obligations of an employer under the Employment Act 1955 are as follows:

i. Every employee must be given a written contract of service containing the terms and conditions of the employment, including provisions relating to the termination of contract.

ii. Maintaining of labour register pertaining to personal particulars of employees, payment of wages and deduction of wages.

iii. Special provisions for the protection of female employees pertaining to night work and maternity benefits.

iv. Normal hours of work and other provisions relating to numbers of working hours.

v. Entitlement of paid annual leave, sick leave and public holidays.

vi. Rate of payment for overtime and extra work.

For more information, please contact:

**Director General**  
**Department of Labour, Peninsular Malaysia**  
**Level 5, Block D3, Parcel D**  
**Federal Government Administrative Centre**  
**62530 Putrajaya.**  
**Tel** : 03-8886 5000  
**Fax** : 03-8889 2368  
**Call Center** : 03-8888 9111  
**Website** : jtksm.mohr.gov.my  
**E-mail** : jtksm@mohr.gov.my
The Labour Ordinance, Sabah and the Labour Ordinance, Sarawak

The Labour Ordinance, Sabah and the Labour Ordinance, Sarawak regulates the administration of Labour Laws in their respective states. The provisions of the Labour Ordinance, Sabah and the Labour Ordinance, Sarawak are similar to the provisions of the Employment Act 1955.

2. INDUSTRIAL RELATIONS

2.1 Trade Unions

The government encourages the growth of healthy, democratic and responsible trade unions and, towards this end, has enacted the Trade Unions Act 1959 and the Trade Unions Regulations 1959 to enable the administrative authority to have the general supervision, direction and control of all matters relating to trade unions throughout Malaysia.

Under the Trade Unions Act 1959:

i. a trade union may be formed by workmen with its membership confined exclusively to workmen and may also be formed by employers with its membership confined exclusively to employers.

ii. a trade union must confine its membership exclusively to workmen whose place of work is located in the Peninsular Malaysia, Malaysia, Sabah or Sarawak, as the case may be, or to employers employing workmen in Peninsular Malaysia, Sabah or Sarawak, as the case may be;

iii. a trade union must confine its membership exclusively to workmen whose within any particular establishment, trade, occupation or industry or to workmen within any similar trade, occupation or industry, as the case may be, or to employers within any particular industry or to employers within any similar industries, as the case may be;

iv. a trade union must be registered (as required under Section 8(1) thereof)

v. a trade union of workmen cannot call for strike without first obtaining the consent by secret ballot of at least two-thirds of its total number of members who are entitled to vote; and

vi. trade unions are inspected regularly to ensure compliance with the laws.
2.2 Industrial Relations Act 1967

The Department of Industrial Relations, Malaysia is the guardian of employer and employee through the Industrial Relation Act 1967 in order to maintain industrial harmony. The Act regulates relations between employers and workmen and their trade unions, including the prevention and settlement of trade disputes. The Act outlines the following:

i. Protection of the legitimate rights of employers and workmen and their trade unions;

ii. Handle claims for recognition and the scope of representation of trade unions for collective bargaining such as those relating to promotion, transfer, recruitment, retrenchment, dismissal, reinstatement, allocation of duties, and prohibition of strikes and lockouts over any of these issues;

iii. The Act emphasises on self-government within the industries as the key to industrial harmony whereby employers and trade unions negotiate and settle their differences without any intervention. In the event that the negotiation fails, the parties may refer to the Director General of the Department of Industrial Relation for conciliation. Where the matter fails to be resolved, it may be referred to the Industrial Court of Arbitration.

iv. The Minister of Human Resources may intervene and refer at any stage of any trade dispute to the Industrial Court for Arbitration.

v. A prohibition of strikes and lockouts once a trade dispute has been referred to the Industrial Court on any matters covered by a collective agreement or by an award of the Industrial Court.

2.3 Relations in Non-Unionised Establishments

In a non-unionised establishment, the normal practice for settling disputes is for the employee to try to obtain redress from his supervisor, foreman or employer directly. An employee can also lodge a complaint with the Ministry of Human Resources which will then conduct an investigation.

For more information, please contact:

Director General
Industrial Relations Department
Level 4, Block D3, Parcel D
Federal Government Administrative Centre
62502 Putrajaya.
Tel : 03-8886 5000
Fax : 03-8889 2355
Website : jppwww.mohr.gov.my
E-mail : jppm@mohr.gov.my
3. **EMPLOYEES PROVIDENT FUND**

The Employees Provident Fund Act 1991 stipulates a compulsory contribution for employees. Under the Act, all employers and employees (except foreign workers and those who are listed under the First Schedule) must contribute to the Employees Provident Fund (EPF). With effect from 1 February 2008 the rate of contributions shall be as follows:-

Employees who are Malaysian citizens, Permanent Residents and non-Malaysian Citizens who have elected to contribute to EPF before 1 August 1998 and Who Have Not Attained The Age of Fifty Five years (Refer to Part A Of the Third Schedule), the applicable rate shall be as follows:-

- Employers – Minimum of 12% of the employees’ monthly wages
- Employees – Minimum of 11% of the employees’ monthly wages

Employees who are Malaysian citizens, Permanent Residents and non-Malaysian Citizens who have elected to contribute to EPF before 1 August 1998 AND have attained the age of fifty five years (Refer to Part C Of the Third Schedule), the applicable rate shall be as follows:-

- Employers – Minimum of 6% of the employees’ monthly wages
- Employees – Minimum of 5.5% of the employees’ monthly wages

Employees who are not Malaysian Citizens but elect to contribute to EPF on or after 1 August 1998 and who elect to contribute under paragraph 3 and 6 of the First Schedule of the EPF Act 1991, (Refer To Part B of The Third Schedule) and who have not attained the age of fifty five years the applicable rate shall be as follows:-

- Employers – RM5.00 (US$1.33) per employee per month
- Employees – 11% of the employees’ monthly wages

Employees who are not Malaysian Citizens but elect to contribute to EPF on or after 1 August 1998 and who elect to contribute under paragraph 3 and 6 of the First Schedule of the EPF Act 1991 AND who have attained the age of fifty five years, (Refer To Part D of The Third Schedule) the applicable rate shall be as follows:-

- Employers – RM5.00 (US$1.33) per employee per month
- Employees – 5.5% of the employees’ monthly wages

All employers must register their employees with EPF immediately upon employment except for those who are exempted under the Act.

For more information, please contact:

**Chief Executive Officer**  
**Employees Provident Fund**  
7th floor, KWSP Building  
Jalan Raja Laut  
50350 Kuala Lumpur.  
Tel : 03-2694 8566/03-8732 6000 (Call Centre)  
Fax : 03-2693 3244  
Website : www.kwsp.gov.my  
E-mail : enquiry@epf.gov.my
4. SOCIAL SECURITY ORGANISATION (SOCSO)

The Social Security Organisation (SOCSO) provides two social security schemes to protect the welfare of employees and their dependents under the Employees' Social Security Act 1969. The two social security schemes namely are:

- Employment Injury Insurance Scheme
- Invalidity Pension Scheme

The Employment Injury Insurance Scheme provides employees with coverage by way of cash benefits and medical care in the event of any disablement or death due to employment injury.

The Invalidity Pension Scheme provides 24-hour coverage to employees against invalidity or death due to any cause not connected with his employment. However, the employee must fulfill the condition to be eligible for invalidity pension.

Employer Eligibility

Any employer who hires one or more employees as defined under the Act is required to register and make contributions to SOCSO.

Employee Eligibility

Employees receiving a monthly salary of three thousand ringgit (RM3,000) or less are required to contribute to SOCSO. Employees with a monthly salary of more than RM3,000, who have not registered and contributed to SOCSO, have the option of registering and contributing as long as both employer and employee agree to contribute. However, when an employee is already contributing under the said Act, he will still be eligible to contribute and be covered regardless of his monthly salary thereafter. The principal ‘Once In Always In’ is applicable.

For more information, please contact:

Chief Executive
Social Security Organisation (SOCSO)
Menara Perkeso
281, Jalan Ampang
50538 Kuala Lumpur.
Tel : 03-4264 5000 / 03-4257 5755 (Call Centre)
Fax : 03-4256 7713
Website : www.perkeso.gov.my
E-mail : perkeso@perkeso.gov.my
5. **WORKMEN’S COMPENSATION ACT 1952**

The Act provides for the payment of compensation for injuries sustained in accidents during employment and imposes an obligation on the employers to insure workers. The Foreign Workers’ Compensation Scheme (Insurance) Order 2005 issued under this Act requires every employer employing foreign workers to insure with the panel of insurance companies appointed under this order and to effect payment of compensation for injuries sustained from accidents during and outside working hours.

For more information, please contact The Department of Labour.

6. **OCCUPATIONAL SAFETY AND HEALTH**

The Department of Occupational Safety and Health (DOSH), under the Ministry of Human Resources, has been assigned the responsibility of administering and enforcing legislation related to occupational safety and health (osh) to ensure that safety, health and welfare of people at work as well as others are protected from hazards resulting from occupational activities in the various sectors which include manufacturing; mining and quarrying; construction; agriculture, forestry and fishing; utilities (gas, electricity, water and sanitary services); transport, storage and communication; wholesale and retail trades; hotels and restaurants; finance, insurance, real estate and business services; public services and statutory authorities. The department has taken all necessary actions to ensure excellent delivery system and has achieved MS ISO 9001:2000 certification from the Department of Standards Malaysia. Therefore, it is committed to improve its service to customers through the effective management of its ISO system. The department carries out enforcement activities on industries governed by the three legislations which are Occupational Safety and Health Act (OSHA) 1994, Factories and Machinery Act 1967; and Petroleum Act (Safety Measure) 1984.

The Occupational Safety and Health Act (OSHA) 1994 provides the legislative framework to promote, stimulate and encourage high standards of safety and health at work. The aim is to promote safety and health awareness, and establish effective safety organisation and performance through self-regulation schemes designed to suit the particular industry or organisation. The long-term goal of the Act is to create a healthy and safe working culture among all Malaysian employees and employers.

There are seven regulations under OSHA 1994 that enforced by DOSH. They are:

1. Employers’ Safety and Health General Policy Statements (Exception) Regulations, 1995

2. Control of Industrial Major Accident Hazards Regulations, 1996

3. Classification, Packaging and Labelling of Hazardous Chemicals Regulations, 1997
4. Safety and Health Committee Regulations, 1996

5. Safety and Health Officer Regulations, 1997

6. Use and Standards of Exposure of Chemicals Hazardous to Health Regulations, 2000

7. Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease Regulations, 2004

The objective of the Factories and Machinery Act (FMA) 1967, on the other hand, is to provide for the control of factories on matters relating to the safety, health and welfare of persons, and the registration and inspection of machinery. Some high risk machinery such as boilers, unfired pressure vessels, passenger lifts and other lifting equipment such as mobile cranes, tower cranes, passenger hoists, overhead traveling cranes and gondolas, must be certified and inspected by DOSH. All factories and general machinery must be registered with DOSH before they can be installed and operated in Malaysia.

DOSH enforces 17 regulations under FMA 1967. They are:

1. Certificates of Competency – Examination, 1970

2. Electric Passenger and Goods Lift Regulations, 1970

3. Fencing of Machinery and Safety Regulations, 1970


5. Persons-In-Charge Regulations, 1970


7. Steam Boilers and Unfired Pressure Vessel Regulations, 1970

8. Certificates of Competency-Examinations Regulations, 1970


12. Lead Regulations, 1984


17. Notification, Certificate of Fitness and Inspection (Amendment) Regulations, 2004

For more information, please contact:

Director General
Department of Occupational Safety & Health
Level 2, 3 & 4, Block D3, Parcel D
Federal Government Administrative Centre
62530 Putrajaya.
Tel : 03-8886 5000/03-8871 1228 (Call Centre)
Fax : 03-8889 2443
Website : dosh.mohr.gov.my
E-mail : jkkp@mohr.gov.my
Manpower Development and Training Facilities

1. LABOUR COSTS
2. FACILITIES FOR RECRUITMENT
3. MANPOWER DEVELOPMENT
   3.1 Facilities for Training in Industrial Skills
   3.2 Human Resource Development Fund
   3.3 Management Personnel
4. MANPOWER DEPARTMENT, MINISTRY OF HUMAN RESOURCES
   4.1 Industrial Training Institutes (ITIs)
   4.2 Advanced Technology Training Centre (ADTEC)
   4.3 Japan-Malaysia Technical Institute (JMTI)
   4.4 Centre for Instructor and Advanced Skill Training (CIAST)
   4.5 Short Term Customised Modular Courses
5. MALAYSIA PRODUCTIVITY CORPORATION (MPC)
6. MALAYSIAN ENTREPRENEURSHIP DEVELOPMENT CENTRE (MEDEC)
7. WOOD INDUSTRY SKILLS DEVELOPMENT CENTRE (WISDEC)
8. SIRIM TRAINING SERVICES SDN BHD
9. PENANG SKILLS DEVELOPMENT CENTRE (PSDC)
10. SELANGOR HUMAN RESOURCE DEVELOPMENT CENTRE (SHRDC)
11. KEDAH INDUSTRIAL SKILLS & MANAGEMENT DEVELOPMENT CENTRE (KISMEC)
12. JOHOR SKILLS DEVELOPMENT CENTRE (PUSPATRI)
13. GERMAN-MALAYSIAN INSTITUTE (GMI)
14. UNIVERSITI KUALA LUMPUR MALAYSIA FRANCE INSTITUTE (UniKL MFI)
15. UNIVERSITI KUALA LUMPUR BRITISH MALAYSIAN INSTITUTE (UniKL BMI)
16. UNIVERSITI KUALA LUMPUR MALAYSIAN SPANISH INSTITUTE (UniKL MSI)
17. FMM INSTITUTE
<table>
<thead>
<tr>
<th>Book</th>
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The quality of Malaysia's workforce is critical to the success of the nation's industrialisation programme. To cater to the manufacturing sector's expanding demand for technically-trained workers, the Malaysian government has taken measures to increase the number of engineers, technicians and other skilled personnel graduating each year from local as well as foreign universities, colleges, and technical and industrial training institutions. At the same time, it is also essential to foster a work culture that focuses on producing quality goods and services.

1. **LABOUR COSTS**

There is no national minimum wage law applicable to the manufacturing sector in Malaysia. Basic wage rates vary according to location and industrial sector, while supplementary benefits, which may include bonuses, free uniforms, free or subsidised transport, performance incentives and other benefits, vary from company to company.

Salaries and fringe benefits offered to management and executive personnel also vary according to the industry and employment policy of the company. Most companies provide free medical treatment, personal accident and life insurance coverage, free or subsidised transport, an annual bonus, retirement benefits and enhanced contributions to the Employees Provident Fund.

For more information on salaries and fringe benefits in the manufacturing sector, please refer to MIDA's brochure entitled "The Costs of Doing Business in Malaysia".

2. **FACILITIES FOR RECRUITMENT**

Besides registered private employment agencies, employers and job seekers can seek assistance from government employment offices located throughout the country. Employers seeking to recruit workers can obtain detailed information on job seekers registered with these employment offices whose functions include:

- Undertaking publicity campaigns to aid employers' recruitment drive
- Arranging preparatory work relating to holding interviews and aptitude tests

The polytechnics and the community colleges also provide facilities for prospective employers to conduct interviews for graduating students in their institutions.

3. **MANPOWER DEVELOPMENT**

The National Vocational Training Council (NVTC), under the Ministry of Human Resources, was established in May 1989 for the purpose of formulating, promoting, and coordinating Malaysia's vocational and industrial training strategy and programme in keeping with the country's technological and economic development needs. Effective 1 September 2006, NVTC has changed its name to become the Department of Skills Development (DSD) upon the gazetting of the National Skill Development Act (NASDA) [Act 652] on 29 Jun 2006.

The DSD coordinates the setting up of all public and private training institutions, evaluates the demand for existing and future skills, identifies future vocational and industrial training needs and will continue to develop standards under the National
Vocational Skill Standard (NOSS). To-date, there are more than 700 certified standards which cover certificate, diploma and advanced diploma qualifications. Under NOSS, 20 major industry sectors have been identified for future standards development.

3.1 Facilities for Training in Industrial Skill

In Malaysia, vocational and technical schools, polytechnics and industrial training institutions prepare youths for employment in various industrial trades. While they are mostly run by government agencies, several private initiatives complement the government's efforts in producing the skilled workers needed by industry.

The main government agencies involved in training are:

- Ministry of Human Resources which currently runs fourteen industrial training institutes (ITIs). The ITIs offer industrial skills training programmes at basic, intermediate and advanced levels for pre-employment or job entry level. These include apprenticeship programmes in the mechanical, electrical, building and printing trades as well as programmes to upgrade skills and train instructors. The Ministry also operates the Centre for Instructors and Advanced Skills Training (CIASIT), the Japan-Malaysia Technical Institute (JMTI) and four advanced technology centres (ADTECs).

- The Ministry of Higher Education, which was established in March 2004, supervises 21 polytechnics and 37 community colleges to prepare skilled manpower for industries. At the post-secondary level, the formal training conducted in polytechnics and community colleges aims to produce trained manpower at the semi-professional level in engineering, commerce and services sectors. More polytechnics and community colleges are being planned for establishment under the Ninth Malaysian Plan (2006 - 2010).

- Ministry of Education, which runs 90 technical schools offering technical and vocational courses. School leavers from the technical schools can either seek employment at entry level or pursue their post-secondary education at certificate or diploma level in Polytechnics or Community Colleges which are now under the purview of Ministry of Higher Education or other training institutions under the supervision of other ministries.

- Ministry of Youth and Sports, which provides basic, intermediate and advanced levels of industrial skills training through its seven youth skills training centres and the Youth Advanced Skills Training Centre. Short-term courses and skills upgrading programmes are also being conducted.

- Majlis Amanah Rakyat (MARA), or the Council of Trust for the Indigenous People under the purview of the Ministry of Entrepreneur and Cooperative Development. MARA operates twelve skills training institutes in different parts of the country which offer programmes at basic, intermediate and advanced levels. MARA also coordinates the operations of three advanced skills training institutions, i.e. the German-Malaysian Institute (GMI), British Malaysian Institute (BMI) and Malaysia France Institute (MFI).
3.2 Human Resources Development Fund

The Human Resources Development Act, 1992 which was enforced in January 1993 led to the establishment of the Human Resources Development Fund (HRDF) and administered by the Human Resources Development Council (HRDC). In line with the corporatisation exercise via the Pembangunan Sumber Manusia Berhad Act, 2001, the HRDC is now known as Pembangunan Sumber Manusia Berhad (PSMB).

The HRDF operates on the basis of a levy/grant system. Employers who have paid the levy will qualify for training grants from the fund to defray or subsidise training costs for their Malaysian employees.

Manufacturing companies contribute as follows:

- Companies that employ 50 employees and above (Effective from 1 January 1993) 1% of employees' monthly wages
- Companies that employ less than 50 to a minimum of 10 employees, with a paid-up capital of RM2.5 million or more (Effective from 1 January 1995) 1% of employees' monthly wages
- Companies that employ less than 50 to a minimum of 10 employees, with a paid-up capital of less than RM2.5 million are given the option to register with PSMB. (Effective from 2 August 1996) 0.5% of employees' monthly wages

Currently, the rate of financial assistance is 100% of the allowable costs incurred for training in Malaysia and up to 50% for costs incurred overseas, subject to the availability of levy in the employers' accounts with PSMB.

The apprenticeship schemes have been developed and implemented by PSMB with the aim of providing highly trained workforces for specific industries. Under the Eighth Malaysia Plan, an allocation of RM16 million was given by the Federal Government to PSMB for the payment of apprentices' tuition fees. At the same time, employers are eligible for a 100% rate of financial assistance on the allowable training costs such as apprentices' monthly allowances, insurance premiums and consumable training materials.

To date, PSMB has implemented various apprenticeship schemes, namely mechatronics, hotel industry, plastic injection moulding, industrial sewing machine, information technology (multimedia artist-authoring), tool and die maker and wood based (furniture maker) apprenticeship schemes to cater to the needs of employers.

In 2005, to facilitate employers in sourcing for suitable training programmes over the Internet, PSMB developed the HRD portal at www.hrdportal.com.my. This portal acts as a one-stop centre that allows training providers to market their training programmes more effectively and efficiently through the interactive facilities available in the portal.
3.3 Management Personnel

Up to 2006, there were 82,700 degree and 68,082 diploma holders who graduated from Malaysia's 20 public higher education institutions (IPTA) and other private higher education institutions (IPTS). These graduates are from various disciplines ranging from business management, information technology, engineering, medicine, science and mathematics to art and design.

Besides universities and colleges, agencies like the Malaysia Productivity Corporation, the Malaysian Institute of Management and the Malaysian Institute of Personnel Managers also provide training for management personnel. In addition many of Malaysia's management-level personnel have been educated overseas.

4. MANPOWER DEPARTMENT, MINISTRY OF HUMAN RESOURCES

The Manpower Department under the Ministry of Human Resources is one of the government agencies, which conduct training programs in order to produce a competitive and skilled industrial workforce. Currently, it operates 27 Skill Training Institutes which comprise 21 Industrial Training Institutes (ITI), 4 Advanced Technology Training Centre (ADTEC), Centre For Instructor and Advanced Skill Training (CIASCT) and Japan-Malaysia Technical Institute (JMTI).

The 21 ITIs conduct programs at the certificate level up to level 2 Malaysia Skill Standard (SKM Level 2), National Vocational Training Council (NVTC). The 4 ADTECs conduct programs at Diploma level up to level 4 Malaysia Skill Standard (SKM Level 4) NVTC, while JMTI conducts programs at Diploma and Advanced Diploma level up to level 5 Malaysia Skill Standard (SKM Level 5). CIASCT conducts the National Instructor Training Program (NITP) to produce competence skill instructors for skill training centres.

4.1. Industrial Training Institutes (ITIs)

The 21 Industrial Training Institutes offer 38 courses at the certificate level and one course at the diploma level.

Courses offered are in the areas of:

- Industrial Mechanics
- CNC Machining
- Mould Maker
- Metal Fabrication
- Automotive
- Heavy Commercial Vehicle
- CADD-Mechanical
- Refrigeration and Air-Conditioning
- Industrial Instrumentation
- Telecommunication Technology
- Electrician PW4
- Industrial Automation
- Building Construction-Wood Based
- Pipe and Sanitary
- Building Technology
- Printing Technology (Pre-Press)
- Plastic Technology
- General Machining
- Tool and Die Maker
- Foundry Technology
- Arc and Gas Welding
- Gas Pipe Fitting
- Industrial Product Design
- Quality Assurance Engineering
- Electrician
- Chargeman- AO (6 months)
- Industrial Electronics Technology
- Chargeman-AO (2 years)
- CADD-Architecture
- Diploma in Building Construction
- Furniture Technology
- Printing Technology (Lithographic)
- Printing Technology (Graphic)
- Ceramic Technology
Computer Technology (System)  
Computer Technology (Networking)  
Software Technology (Programming)  
Software Technology (Multimedia Interactive)  
Computer Technology (Safety)  

**Course Duration:**  
i) 6 months for Chargeman AO (6 month)  
ii) 1 year 9 month for IT courses  
iii) 2 years for Chargeman AO (2 years)  
iv) 1 year 3 month for other courses (Level 1-2 (SKM))

### 4.2 Advanced Technology Training Centre (ADTEC)

The 4 ADTECs offer 11 courses for the Diploma in Technology and one course at the certificate level.

**Courses offered are in the areas of:**  
- Welding Technology  
- Manufacturing Technology  
- Production Technology  
- Quality Assurance Technology  
- Mechatronics Technology  
- Electrical (Power) Technology  
- Electronics Technology  
- Telecommunication Technology  
- Computer Technology (System)  
- Refrigeration and Air-Conditioning Technology  
- Computer Technology (Networking)  
- Chargeman (A4) (Certificate)

**Course Duration:**  
i) 2 years for entrance with SPM and SKM level 2  
ii) 3 years for entrance with SPM only

### 4.3 Japan-Malaysia Technical Institute (JMTI)

JMTI offers 4 courses leading to the Diploma in Engineering Technology and 4 courses leading to the Advanced Diploma in Engineering Technology.

**Courses offered for the Diploma in Engineering Technology are in the areas of:**  
- Manufacturing Engineering Technology  
- Electronics Engineering Technology  
- Mechatronic Engineering Technology  
- Computer Engineering Technology

**Course Duration:** 3 years

**Courses offered for the Advanced Diploma in Engineering Technology are in the areas of:**  
- Manufacturing Engineering Technology  
- Electronics Engineering Technology  
- Mechatronic Engineering Technology  
- Computer Engineering Technology

**Course Duration:** 2 years
4.4 The Centre For Instructor and Advanced Skill Training (CIAST)

CIAST offers a Diploma in National Instructor Training Program (NITP) to produce skilled and competency instructors for training centre (public and private) and industries.

Courses offered are in the areas of:
- Manufacturing Technology
- Production Technology
- Welding Technology
- Automotive Technology
- Electronics Technology
- Telecommunication Technology
- Mechatronic Technology
- Computer Technology (Networking)
- Computer Technology (System)
- Refrigeration and Air-Conditioning Technology
- Quality Assurance Technology
- Tool and Die Maker
- Building Technology
- Metal Fabrication Technology
- Foundry Technology
- Instrumentation Technology
- Printing Technology
- Plastic Technology
- Electrical (Power) Technology

Course Duration:
 i) 2 years 6 month for entrance with SKM level 2
 ii) 3 years 6 month for entrance after SPM

4.5 Short Term Modular and Customised Courses

Short term customised and modular courses are also available at all the 27 institutes under the Manpower Department. The modular courses conducted at the respective institutes depend on the availability of resources. Hence, these courses are well planned and comply with the standards and needs of the industry. Customised courses are also conducted upon request of employers from both public and private sectors.

Short term customised courses offered by CIAST are in the areas of:
- Instructor Training
- Supervisory Training
- Automotive
- Machine Operation and Die Making
- Electrical, Electronic and Control Technology
- Computer and Information Technology
- Fabrication, Moulding and Casting Process
- Welding Technology

Short term customised courses offered by ADTEC are in the areas of:
- Mechanical and Production
- Electrical and Electronics
- Computer and Multimedia
- Computer Software
- Computer Engineering
- Mechatronics
- Telecommunications
Short term customised courses offered by JMTI are in the areas of:
- Mechatronics Engineering Technology
- Manufacturing Engineering Technology
- Computer Engineering Technology
- Mechanical and Production
- Electronics Engineering Technology

Short term customised courses offered by ITI are in the areas of:
- Industrial Maintenance
- Civil and Building
- Machining Technology
- Information and Communication Technology
- CADD CAM
- Electronics
- Automotive
- Plastic Technology
- Quality Assurance Engineering
- Computer Engineering Technology
- CADD-Mechanical
- Structure and Building
- Electrical
- Mechanical and Production
- Refrigeration and Air-Conditioning
- Pipe and Sanitary
- Electrical AO
- Building Construction
- Electronics Industry
- Furniture Making
- Computer Maintenance
- Welding
- Architectural CADD
- Electrical and Electronics
- Printing Technology
- Industrial Mechanics

For further information, please contact:

**Director General**
**Manpower Department**
**Ministry of Human Resources**
**Level 6, Block D4, Complex D,**
**Federal Government Administrative Centre**
**62502 Putrajaya**

Tel : 03-8886 5555
Fax : 03-8889 2417
Website : www.jtm.gov.my
E-mail : jtm@mohr.gov.my
MALAYSIA PRODUCTIVITY CORPORATION (MPC)

The Malaysia Productivity Corporation (MPC) is a training provider registered with Pembangunan Sumber Manusia Berhad (PSMB) and offers training programmes under the major training schemes established by the PSMB.

Productivity and Quality Promotion

MPC takes the lead to propagate the dissemination and sharing of knowledge on organisational excellence through various promotional activities namely Conventions, Seminars, Awards and Recognition, Productivity and Quality Publications and others.

Training and Management Systems Development

MPC offers dedicated programmes which focus on productivity, quality and competitiveness to equip organisations in meeting challenges. Courses are offered on the following key focused areas:

- Leadership and Management Development
- Quality Management Systems
- Process Improvement
- Innovative Small Group Activities
- Training Management
- Customer Excellence
- Strategic and Excellence Performance

Best Practices

MPC provides benchmarking as an effective management tool for organisations to search, learn, adapt and implement best practices towards achieving superior performance and global competitiveness. The benchmarking enablers include training and global networking, ICT-based knowledge sharing, interactive online e-benchmark system and best practices publication.

Productivity and Quality Research

MPC provides value-added information on productivity, quality, competitiveness and best practices through research activities and databases. Among focus areas for research include Productivity and Quality Management, Total Factor Productivity, International, National and Sectoral Productivity Performance, Human Capital Management, ICT, Performance Based Remuneration System and Others

For further information, please contact:

Director General
Malaysia Productivity Corporation
Lorong Produktiviti, Off Jalan Sultan
46200 Petaling Jaya
Selangor
Tel : 03-7955 7266 / 03-7955 7050
Toll-free : 1800-88-1140
Fax : 03-7957 8068 / 03-7955 1824
Website : www.mpc.org.my
E-mail : marketing@mpc.org.my
6. **MALAYSIAN ENTREPRENEURSHIP DEVELOPMENT CENTRE (MEDEC)**

The Malaysian Entrepreneurship Development Centre (MEDEC) was established within the MARA University of Technology (UiTM) in 1975 to facilitate the growth of Bumiputera entrepreneurs in the country.

Specialised programmes are offered under the following departments:

- Entrepreneur Development Department
- Entrepreneurship Education Department

Today, MEDEC is a prominent centre for entrepreneurship training and education. MEDEC is planning to expand its academic programmes to include entrepreneurship development courses such as training, research and consultancy.

For further information, please contact:

**Malaysian Entrepreneurship Development Centre (MEDEC)**  
Block 13, Intekma Resort and Convention Centre UiTM  
Section 7, 40000 Shah Alam, Selangor.  
Tel : 03-5522 5485 / 5486  
Fax : 03-5522 5467

7. **WOOD INDUSTRY SKILLS DEVELOPMENT CENTRE (WISDEC)**

The Malaysian Timber Industry Board (MTIB) established the Wood Industry Skills Development Centre (WISDEC) to provide skills training to increase the productivity of workers in the wood processing sector.

Courses are classified into “client-driven” and “technology-driven” courses, with emphasis on training in new and sophisticated technologies applicable to the wood industry.

Courses cover aspects such as:

- Wood anatomy and identification
- Wood technology - physical and mechanical properties
- Drying
- Preservation
- Furniture design
- Furniture production technology
- Material selection
- Selection and layout of woodworking machinery
- Furniture finishing
- Furniture production management
- Production planning and control
- Product costing
- Material management and inventory control
- Quality management
8. SIRIM TRAINING SERVICES SDN BHD

SIRIM Training Services Sdn Bhd (STS), is the Marketing and Sales Subsidiary of SIRIM Berhad and its plays a prominent role in the transfer of knowledge and skills in Quality and Technology to local industries. This is realized through organizing of public, inhouse training courses, workshops and seminars. In line with nation's vision 2020, STS plays a major role in developing human capital through its life long learning programme (Executive/Professional Diploma Programme). The STS’s training resources are tapped from a large pool of competent industry specific trainers and consultants from within SIRIM Berhad. STS is also a PSMB approved training provider and it strongly believes in providing quality services to meet customer requirements demonstrated through the certification of its services to ISO 9001:2000 standard.

Training Programmes Offered

Public and In-house Programmes
We conduct public training courses based on STS’s Annual Training Planner. In addition to this, we also conduct in-house/in-plant training programmes as per customer’s request.

Quality Training Courses
- ISO 14001:2004 for Environmental Management Systems
- TS 16949:2002 for Quality System Requirements for Automotive
- OHSAS 18001:1999 for Occupational Health and Safety Management Systems
- MS 1500:2004 untuk Kursus Mengenai Persijilan Halal untuk Makanan/Produk
- MS 1480:1999 & MS 1514:2001 for Hazard Analysis and Control Critical Point
- ISO 22000:2005 for Food Safety Management System (FSMS)
- ISO 13485:2003 for Quality Management System for Medical Devices
- MS 1537:2004 for Information Security Management System (ISMS)
- Metrology for Measurement

Quality Techniques for Quality Improvement Tools
- 5S Japanese Housekeeping
- 7 QC Tools
- Statistical Process Control (SPC)
- Advanced Product Quality Planning (APQP)
- Production Part Approval Processes (PPAP)
- Failure Mode and Effects Analysis (FMEA)
• Measurement System Analysis
• Value Engineering
• Kaizen
• Good Manufacturing Practice (GMP)
• Total quality Management (TQM)

Technology Training Courses
• Advance Manufacturing Technology (CAD/CAM)
• Machinery and Tooling Technology
• Advance Materials Technology (Ceramic, Plastics, Polymer, Composite, Nano Materials, Photonics)
• Metal / NDT/ Welding / Foundry
• Bioprocess and Chemical (Cosmetics, Detergent, Natural Products)
• Intellectual Property
• Packaging Design
• Technology & Manufacturing Management

Executive/Professional Diploma Programme
Executive Diploma in Production and Operation Management (EDPOM)
Executive Diploma in Productivity and Quality Management (EDPQM)
Executive Diploma in Office Management and Administrative Personnel (EDOFM)
Professional Diploma in Occupational Safety Officer and Health Management (PDOSH)

SIRIM Technical Certificate Programme
Certificate in Microprocessor Engineering
Certificate in Programmable Logic Controller
Certificate in Manufacturing Management
Certificate in Digital Electronics
Certificate in Pneumatics Technology
Certificate in Electrical Chargeman
Certificate in Troubleshooting Pneumatic System
Certificate in Hydraulic Technology
Certificate in Troubleshooting Hydraulic System
Certificate in Troubleshooting Electrical System
Certificate in Welding Skill Enhancement

Training Facilities
STS is also equipped with up-to-date facilities and equipment at its various Technology Centres in Shah Alam, Kulim, Sepang, Bukit Jalil, Kawasan Perindustrian Rasa and SIRIM Berhad Branches nationwide for direct technology transfer through training, consultancy and R&D services.

Recognition
STS is recognised as a prominent training centre of choice for Quality and Technology by the local industry. This is reflected by the number of requests received from the training records. STS is also a training house registered with PSMB and is an ISO 9001:2000 certified company. Through SIRIM Berhad, it is also the premier organization in the country which has been providing Quality and Technology related services including training activities for over 30 years. STS’s big pool of experts on critical technology areas has both national and international exposure. It has vast networking and strategic linkages to outsource expertise within the industries, higher education institutions and other training organization both locally and from technologically advanced countries.
For further information, please contact:

Khairolbariah Ismail - Tel: 03-55445954
Marketing Section

SIRIM Training Services Sdn. Bhd. (448249 – A)
First Floor, Building 25, SIRIM complex
No. 1, Persiaran Dato’ Menteri
P.O. Box 7035, Section 2
40911 Shah Alam, Selangor Darul Ehsan
Tel : 603-5544 5964 / 65/ 67/68 (Secretariat)
Fax : 603 – 55445969
Email : sts@sirim.my
Website : www.sirim.my

9. PENANG SKILLS DEVELOPMENT CENTRE (PSDC)

Established in 1989, Penang Skills Development Centre (PSDC) is the pioneer skills development center in Malaysia. Today, its 230,000 sq ft facility offers a world class set-up which supports the training and development of human resources in the country and region.

The PSDC is a non-profit training and educational center built upon a tripartite partnership between the industry, academia and government. This synergistic relationship has allowed the PSDC to evolve together with the changing needs of the industry and to produce industry-relevant students and trainees which are of international standards.

The PSDC continues to focus on being the best diploma-level institution by offering world-class engineering and technical diploma courses. The PSDC has articulation agreements with 17 well-known universities, both private and public from Malaysia, Australia, Ireland and the United Kingdom. Besides that, the PSDC is also involved in strategic partnerships with other local education institutions such as Multimedia University (MMU) to provide post-graduate programs.

The PSDC has been awarded the best training provider in Malaysia twice (2000 and 2005) by the Ministry of Human Resources and is benchmarked by many countries as the ideal human resource development institution.

In line with its mission to promote shared learning for the manufacturing and service industries to be globally competitive, the PSDC remains dedicated in its aim to provide quality and affordable training programs for school leavers, fresh graduates and working professionals. As part of its focused diversification efforts, the PSDC offers value-added training and services through its three divisions:

Academy
• Education & High Technology Programs
• Corporate Intervention
• SME Training & HR Development
Consultancy

- HR Development & Training Needs Analysis
- Institutional Set-up
- Industrial Development
- Process Engineering & Improvement

Services

- Events Management
- Shared Services
- Rentals
- SME Product & Service Promotion

For further information, please contact:

Chief Executive Officer
Penang Skills Development Centre (PSDC)
No.1, Jalan Sultan Azlan Shah
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11900 Penang
Tel : 604-6437909
Fax : 604-6437929
Website : www.psdc.org.my
Email : admin@psdc.org.my

10. SELANGOR HUMAN RESOURCE DEVELOPMENT CENTRE (SHRDC)

Established on 14th February 1992, the SELANGOR HUMAN RESOURCE DEVELOPMENT CENTRE ("SHRDC") was set-up as a response to the Malaysian Government's call for closer co-operation between the government and private sector to overcome the short supply as well as upgrade the quality and skill levels of the human resource in the State of Selangor. SHRDC rose to the challenge with the strategic provision of technical and technological training in the competency format.

The inception of SHRDC was originally sponsored by the Malaysian Federal Government and the Selangor State Government in collaboration with the Founding Members from the industries.

With funding from both the Federal and State Governments, SHRDC was able to facilitate capital-intensive equipment and machinery-based training along with other essential skills thus meet manpower requirement of the industries. Its endeavors have helped to significantly enlarge the pool of skilled manpower in the State of Selangor with improved skills and international exposures. At the same time, it was able to contribute indirectly to the country’s industrial activities and economic growth.

SHRDC’s Strategic Intent

With its base in Shah Alam, Selangor’s capital city, SHRDC on the one hand establishes smart partnership with leading corporations in manufacturing and other technology sectors in Malaysia to help identify and promote appropriate human resource development needs. On the other hand, it connects itself with professional institutions in the vocational education and training industry worldwide. The initiative gives the Centre a strategic advantage to bring latest technological innovations in human resource development to serve the state-of-art skills demand of
the industries. Moreover, the alliances enable SHRDC to access the intellectual and technological resources from both ends.

**SHRDC Learning Programs and Management**

**Strategic Business Units**

SHRDC offers a number of learning programs in line with the government policy to train graduates in industry-relevant skills. These learning programs are managed by strategic business units (SBUs). The SBUs hold the ownership for planning, organizing, designing and implementing the learning programs. They are also responsible for constant monitoring and upgrading of the quality, currency and relevancy of the learning programs. They carry out the learning program management events through liaison and consultation with industry leaders in the respective areas, who will actually endorse them before allowing to offer to the students.

The SBUs are headed by a Project Leader and supported by a team of industry specialists.

The SBUs currently are:

1. Microsystems Technology
2. Manufacturing Technology
   - Industrial Automation
   - Engineering Management
   - Footwear Technology
   - Plastics Technology
3. Information Communication Technology
4. Essential Skills

**Relevance and Currency**

All the learning programs offered at SHRDC are competency-based that are formulated through a systematic process of analysis of role responsibilities and tasks of industrial jobs. They focus on developing the appropriate skills, knowledge and attitude, and they are delivered by specially qualified trainers with related industry experience, to build the necessary capability in students to make them effective employees upon employment. Key industry personnel who are closely associated with the target jobs from respective industries provide the necessary input and consultation for continual change and improvement of the learning programs.

There is also an industry feedback mechanism that seeks to match and understand student learning against requirement of job performance. A continuous system is in place to amend any mismatch between them.

**Competency Certification**

SHRDC learning programs are competency-based and conducted according to student centered learning principles. The students are trained to become both capable and knowledgeable to carry out their jobs efficiently and effectively. Because the emphasis is on competency, the design and structure of the learning programs and courses follow a unique competency format that governs the actual learning as well.
All the learning programs are developed with timely assessment activities for both the critical knowledge and skills. The assessment activities are planned, validated and conducted according to the principles and guidelines that are highly valued in the vocational education and training environment. A carefully thought out criteria of competency demonstration on the part of the students decides the final judgment of competency certification.

For further information, please contact:

**Executive Director**
Selangor Human Resource Development Centre (SHRDC)
1A, 1st Floor, Block 2, Pusat Perniagaan Worldwide
Jalan Tinju 13/50, Section 13
40100 Shah Alam
Selangor
Tel : 03-55133560
Fax : 03-55133490
Website : www.shrdc.org.my
Email : info@shrdc.org.my

11. **KEDAH INDUSTRIAL SKILLS & MANAGEMENT DEVELOPMENT CENTRE (KISMEC)**

KISMEC – Kedah Industrial Skills & Management Development Centre was formed in 1993 with the objective of training and developing the skills and knowledge of the industrial workforce. KISMEC has two centres located in Sungai Petani and another in Kulim Hi-Tech Park.

In collaboration with SMIDEC, KISMEC provides free technical training for up to five employees for SMEs. SMEs who have utilised this facility can apply for subsidised training under which 80% of the cost will be borne by SMIDEC and the remaining 20% by the participating SMEs.

Courses are offered in:

**Plastic Technology**
- Fundamentals of Injection Moulding Process
- Condition Setting of Injection Moulding Process
- Trouble Shooting of Injection Moulding Process
- Fundamentals of SPC for Injection Moulding Process
- Advanced Injection Moulding Technique
- Quality for Plastic
- Design of Experiments for Injection Moulding Process
- Fundamentals of Blow Moulding Process
- Condition Setting of Blow Moulding Process
- Plastic Technology Skill Programmes
- Plastic Product Design & Mould Flow Analysis
- Fundamentals of Blown Film Process
- Condition Setting of Blown Film Process
- Trouble Shooting of Blown Film Process
Electrical
- Electrical and Regulations Act 1994
- Wireman Nil (PW3)
- Basic Electrical Power
- Chargeman AO Level
- Chargeman A4-1 & A4
- Chargeman A1

Industrial Automation
- Programmable Logic Controller (PLC)
- Introduction to Pneumatics
- Maintenance of Pneumatics Equipment and System
- Introduction to Electro-Pneumatics
- Programmable Logic Controller (PLC) Advanced Level
- Introduction to Industrial Robotics
- Understanding SMT Process
- Introduction to Microprocessor
- Micro controllers

Electronics & Instrumentation
- Industrial Electronics

Production / Manufacturing
- Effective Soldering Technique
- Soldering / Reworking for PCB
- Total Preventive Maintenance
- Understanding Customs / Shipping Operation

Manufacturing Management
- Introduction to Manufacturing Supervisory Management
- Advanced Manufacturing Supervisory Management
- Factory Management
- Effective Management for Line Leaders
- Production Planning & Control
- Logistics and Supply Chain Management

Information Technology
- Computer Hardware Maintenance and Troubleshooting
- Microsoft Office Application
- Computer Networking
- Web Publishing and Design
- E-Commerce
- Web Server
- Adobe Illustrator – Level I and Level II
- Adobe Photoshop – Level I and Level II
CAD & CADD
• Computer Aided Design and Drafting (CADD)
• CADD – Electrical
• CADD – Architectural
• CADD – Mechanical
• CADD – Landscape
• Architectural Draughtsman – Level I
• Architectural Draughtsman – Level II
• Autodesk Inventor Professional

For further information, please contact:

Executive Director
KISMEC - Kedah Industrial Skills & Management Development Centre
126, Jalan PKNK 1/1
Kawasan Perusahaan Sungai Petani
08000 Sungai Petani
Kedah Darul Aman
Contact : Mr. Wan Ismail Ibrahim
Executive Director
Tel : 04-441 4619 / 441 4621
Fax : 04-441 4622
Website : www.kismec.org.my
Email : kismec@kismec.org.my

12. JOHOR SKILLS DEVELOPMENT CENTRE (PUSPATRI)

The Johor Skills Development Centre (PUSPATRI) was established in 1993 with the objective of providing continuous technical training and skills upgrading for the industrial workforce. The centre located in the thriving Pasir Gudang Industrial Estate, is an approved training provider of Pembangunan Sumber Manusia Berhad (PSMB), Department of Skills Development, Small and Medium Industries Development Corporation (SMIDEC), Economic Planning Unit of Prime Minister’s Department and Ministry of Entrepreneur and Cooperative Development

Short and long term certificate courses are offered in:
• Industrial Automation
• Electrical & Electronics
• Information and Communications Technology
• AutoCAD
• Industrial Safety and Health
• Welding Technology
• Plastic Technology
• Computer Numerically controlled (CNC)
• Maintenance Technology
• Machining
**Course duration**
Short term courses : 1 day to 5 days
Long term courses : 14 days to 12 months

**Facilities :**
Small and medium industries (SMIs) need to only pay 50% of the course fees and the balance to 50% will be financed by SMIDEC. SMIs that contribute to PSMB will be eligible for reimbursement for another 50% of the courses fees from the Human Resources Development Fund (HRDF).

For further information, please contact :

**Johor Skills Development Centre (PUSPATRI)**  
PLO 2, Jalan Perak 4  
Kawasan Perindustrian Pasir Gudang  
81700 Pasir Gudang, Johor  
Tel : 07-2521606 / 08  
Fax : 07-2521722  
Website : puspatri.edu.my  
E-mail : puspatri@tm.net.my

13. **GERMAN-MALAYSIAN INSTITUTE (GMI)**

The German-Malaysian Institute (GMI) is a joint venture project between the Governments of Malaysia and Germany. It is a centre for advanced skills training in the fields of Production Technology and Industrial Electronics.

**Programme**
The main focus of the institute is its three-year full-time diploma programmes.

**Full-time diploma programmes:**

**Production technology:**
- Diploma in Tool and Die Technology
- Diploma in Mould Technology
- Diploma in Manufacturing Technology
- Diploma in Electronics & Information Technology
- Diploma in Mechatronics
- Diploma in Process Instrumentation & Control

GMI also offers the German A-Level Preparatory Programme (GAPP) to prepare Malaysian students to further their study in the fields of Engineering at the German Fachhochschules (University of Applied Sciences)

**Short-Courses**
Apart from the diploma programme, the institute also conducts short-term courses, ranging from 3 days to 5 weeks. These are modules taken out from the full time program. Tailor-made or customised courses can also be organize to suit the requirements of a particular industry. Some courses can also be conducted in-house.
GMI receives grants from the Small and Medium Industry Development Council (SMIDEC) to conduct courses for SMIs at 50% discount. Most short-courses are also approved under the PSMB training schemes.

**Typical courses offered by GMI:**
- Computer Numerical Control (CNC) Milling & Turning
- Computer Aided Design (CAD) & Computer Aided Machine (CAM)
- Surface Grinding & Cylindrical Grinding
- Electrical Discharge Machining (EDM & Wirecut)
- Quality Assurance (Metrology & Coordinate Measuring Machine)
- Technical Communication & Report Writing
- Pneumatics, Electro-Pneumatics & Hydraulics
- Programmable Logic Controllers
- Microprocessors & Microcontrollers
- Process Control & Instrumentation
- Electrical/Electronics Troubleshooting

**National Dual Training System (NDTS)**
GMI is also involved in the NDTS project which is led by the Ministry of Human Resources by providing the following:
- In-Service Technical Teachers Training
- Training of Trainers or Coaches from industry
- Work Process Analysis
- Action Oriented Learning

**Industrial Projects**
GMI undertakes industrial projects commissioned by industry on a commercial basis. A dedicated industrial group has been formed to provide such services. The projects vary from complete design, fabrication and testing of automated systems to the machining of parts.

**Consultancy**
GMI also offers consultancy services in Technical Education and Vocational Training (TEVT).

**Recruitment and sponsorship of students**
GMI conducts programmes for companies to recruit GMI graduates. It also seeks sponsorships from companies for its Diploma students.

For further information, please contact:

**German-Malaysian Institute**
No. 119, Jalan 7/91, Taman Shamelin Perkasa
31/2 Miles Cheras, 56100 Kuala Lumpur
Tel : 03-9286 1706 @ 03-92822624 (DL)
Fax : 03-9286 1707
Website : www.gmi.edu.my
E-mail : enquiry@gmi.edu.my
14. UNIVERSITI KUALA LUMPUR – MALAYSIA FRANCE INSTITUTE (UNIKL – MFI)

Universiti Kuala Lumpur – Malaysia France Institute (UniKL MFI- previously known as Malaysia France Institute) is one of the listed branch campuses under Universiti Kuala Lumpur.

Incorporated in February 1995, UniKL MFI collaborative project between Malaysia and France. UniKL MFI is an advanced technical training centre under MARA, to cater for the needs of various industries, particularly in the fields of Engineering Technology such as Automation, Electrical, Air Conditioning as well as Industrial Management.

The graduates of UniKL MFI are geared towards becoming professionals highly equipped with the required skills and competence in both the technical and non-technical fields. This is made possible through the programmes offered by UniKL MFI which have a balanced content of traditional good practice and the best of new technologies with a thorough ground in theory and practical application.

Field of Expertise / Programmes Offered:
UniKL MFI offers Full time program: Diploma and Degree; Short and Customised Program for Industry as well as Government Sector.

Bachelor of Engineering Technology (Hons.) in
- Air Conditioning and Industrial Refrigeration
- Industrial Automation and Robotics
- Mechatronics
- Welding and Quality Inspection
- Machine Tools Manufacturing

Diploma of Engineering Technology in
- Automated System and Maintenance
- Electrical Equipment and Installation
- Machine Building and Maintenance
- Air Conditioning and Refrigeration
- Metal Fabrication
- Welding
- Automotive Maintenance

UniKL MFI through Business Development and Marketing (BDM) provides various types of training- short and customized courses designed for specific needs of the industries as well as government agencies. Among the trainings offered are in the areas of:

- Electrical/Industrial Electronics
- Air Conditioning and Refrigeration
- Automation and Robotics
- Automotive Maintenance
- Pneumatic and Hydraulics
- Welding
- Metal Fabrication
- Management
- Mechanical Engineering
- Language and Communication
For further information, please contact:

Universiti Kuala Lumpur
Malaysia France Institute
Section 14, Jalan Teras Jernang
43650 Bandar Baru Bangi
Selangor Darul Ehsan
Tel : 603- 8926 2022/8925 4244
Fax : 603- 8925 8845
Email : cisma@mfi.unikl.edu.my
Website : www.mfi.edu.my or www.unikl.edu.my

15. UNIVERSITI KUALA LUMPUR – BRITISH MALAYSIAN INSTITUTE (UniKL- BMI)

Universiti Kuala Lumpur’s vision is to be the premier entrepreneurial technical university by the year 2020. Its mission to produce global and enterprising technopreneurs is critical in realising the vision. This will be achieved through excellence in four major thrusts of the university namely research and innovation; education and training; entrepreneurship; consultancy and community services. An integrated curriculum, comprising of technical, social as well as entrepreneurship knowledge and skills, moulds our graduates with global competencies. This is further reinforced through an application-oriented learning process which ensures that UniKL's graduates are professionally ready for the demanding new economy.

The Universiti Kuala Lumpur British Malaysian Institute (UniKL-BMI) is one of the campus of Universiti Kuala Lumpur focusing on Electrical, Electronics, Medical Electronics and Telecommunication Engineering.

The Diploma of Engineering Technology (DET) programme is offered in the following areas:
- Electrical and Electronics Engineering
- Medical Electronics Engineering
- Telecommunication Engineering

The Bachelor of Technology programme is offered in the following areas:
- Electrical Engineering
- Electronics Engineering
- Mobile Communications Engineering
- Data Communications Engineering

Course duration: 3 years for Diploma and 4 years for Bachelor

For further information, please contact:

UniKL-British Malaysian Institute
Batu 8, Jalan Sungai Pusu
53100 Gombak
Selangor
Tel : 03-6184 1000
Fax : 03-6186 4040
Website : www.bmi.edu.my
E-mail : enquiry@bmi.edu.my
16. UNIVERSITI KUALA LUMPUR MALAYSIAN SPANISH INSTITUTE (UniKL MSI)

The Universiti Kuala Lumpur Malaysian Spanish Institute (UniKL MSI) is a collaborative effort between the Malaysian government and the Spanish government. A project developed by MARA, UniKL MSI is established as an advanced technical institute which provides courses in the field of automotive manufacturing technology. UniKL MSI commenced operation at its temporary campus in Kulim Hi-Tech in August 2002 and moved to its main campus built on a piece of land approximately 39.27 acres in Kulim Hi-Tech Park, Kedah in December 2003. UniKL MSI is established in response to the rapidly increasing demands of the industry and to incorporate the most advanced technology in Automotive Engineering.

UniKL MSI offers 3 Bachelor programs and 5 Diploma programs:

Bachelor of Engineering Technology (Hons) in
- Mechanical (Automotive)
- Manufacturing (Automotive)
- Mechatronics (Automotive)

Course Duration: 4 Years

Diploma of Engineering Technology in
- Mechanical design and development
- Mould manufacturing
- Production
- Automated regulation and control
- Electromechanical installation and maintenance

Course Duration: 3 Years

For more information, please contact:

Dean
UniKL MSI
Kulim Hi-Tech Park
09000 Kulim
Kedah Darulaman.
Tel : 04-403 5199/5200
Fax : 04-403 5201
Website : www.unikl.edu.my
E-mail : enquiries@unikl.edu.my
FMM Institute is an approved training provider of the Human Resource Development Board (HRDB) and a private higher educational institution recognized by the Ministry of Higher Education. In addition to corporate training, the Institute conducts Diploma level programmes approved by the National Accreditation Board.

FMM Institute offers a wide range of functional training programmes to cater to the diverse needs of the manufacturing and services sectors. Its continuing professional development programmes in areas on logistics, manufacturing, human resource, safety and health, quality management, engineering and maintenance, sales and marketing and supervisory management provide the opportunity for working personnel to gain the necessary qualifications to upgrade themselves both professionally as well as for self development.

**Qualification Courses Offered:**
- Diploma in Logistics Management
- Diploma in Manufacturing Management
- Diploma in Human Resource and Industrial Relations
- Diploma in Business Management
- Bachelor of Management (Operations Management)

**Certification Programmes Offered:**
- FMM (ASQ) Certified Quality Engineer
- FMM (ASQ) Certified Manager of Quality/Organisational Excellence
- FMM (ASQ) Six Sigma Certification
- FMM Executive Certificate in Production and Operations Management
- FMM Executive Certificate in Human Resource and Industrial Relations
- FMM Executive Certificate in Logistics Management
- FMM Executive Certificate in Lean Manufacturing
- FMM-MNSC Certificate in Shipping
- FMM Certificate in Store and Warehouse Management
- FMM Certificate in Safety and Health Officer
- Certificate in Electrical Chargeman AO / A4
- Certificate in Wireman PW1 / PW3
- Certificate in Boilerman
- Certificate in Steam Engineer
Corporate Training Programmes Offered:
- Management and Performance Development
- Operations and Logistics
- Supervisory and Motivational Skills
- Quality Systems and Assurance
- Industrial Safety
- Engineering and Maintenance
- Sales and Marketing
- Financial Management
- Human Resource and Industrial Relations
- Information and Communication Technology
- Technical
- Export Management
- Communication and Clerical Development

For further information, please contact:

Senior Manager
FMM Institute
Wisma FMM, No. 3, Persiaran Dagang PJU 9
Bandar Sri Damansara
52200 Kuala Lumpur
Tel : 03-6276 1211
Fax : 03-6277 6712
Website : www.fmm.edu.my
Email : clsia@fmm.org.my
Research and Development

1. MALAYSIAN AGRICULTURAL RESEARCH AND DEVELOPMENT INSTITUTE (MARDI)
2. MALAYSIAN RUBBER BOARD (MRB)
3. MALAYSIAN PALM OIL BOARD (MPOB)
4. MALAYSIAN COCOA BOARD (MCB)
5. FOREST RESEARCH INSTITUTE OF MALAYSIA (FRIM)
6. FISHERIES RESEARCH INSTITUTE (FRI)
7. MALAYSIAN CENTRE FOR REMOTE SENSING (MACRES)
8. MALAYSIAN NUCLEAR AGENCY (NUCLEAR MALAYSIA)
9. MIMOS BERHAD
10. SIRIM BERHAD
11. INSTITUTE OF RESEARCH MANAGEMENT AND CONSULTANCY, UNIVERSITY OF MALAYA
12. UKM PAKARUNDING SDN BHD
13. RESEARCH MANAGEMENT CENTRE, UNIVERSITI TEKNOLOGI MALAYSIA
14. RESEARCH MANAGEMENT CENTRE, UNIVERSITI PUTRA MALAYSIA
Guide For Malaysian Manufacturers

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The Government encourages research and development (R&D) activities in both the public and private sectors which emphasizes the full integration of manufacturing operation through the value chain in order to enhance industrial linkages and increase productivity and competitiveness. Malaysian companies should thus invest in R&D to develop indigenous technology in order to increase their productivity and remain competitive in the international market.

The following are some of the R&D facilities in Malaysia, their R&D activities, and the services they offer:

1. **MALAYSIAN AGRICULTURAL RESEARCH AND DEVELOPMENT INSTITUTE (MARDI)**

   The vision of MARDI is to be a world-renowned R&D organisation in food, agriculture and bio-based industries by 2015. Its mission is to create, innovate, transfer and apply knowledge, competencies and services to transform the national food, agriculture and bio-based industries towards increased commercialisation and competitiveness.

   **Research Focus**

   To carry out research to generate innovative technologies for the development of the food, agriculture (except oil palm, rubber and cocoa) and agro-based industries through contract R&D projects in the following areas:

   - Horticulture, food and industrial crop varieties / clones
   - Livestock breeds
   - Crops and livestock management and husbandry practices
   - Post-harvest handling of horticultural and livestock produce
   - Food processing technology
   - Technological advancements in agro-biotechnology
   - Technological advances in agricultural mechanisation and automation
   - Techniques for environmental and natural resources management
   - Scientific agricultural and food technology information
   - Economics and technology management
   - Conservation of agro-biodiversity

   **Services Offered**

   - Contract R&D for innovative development of food and agriculture products
   - Consultancy and technical services to support the development of food, agriculture and related service industries
   - Joint ventures and licensing arrangements in the commercialisation of research results

   For further information, please contact:

   **Director General**
   Malaysian Agricultural Research and Development Institute (MARDI)
   P.O.Box 12301, 50774 Kuala Lumpur
   Tel : 03-8943 7111
   Fax : 03-8948 3664
   Website : www.mardi.my
   E-mail : arshukor@mardi.my
2. MALAYSIAN RUBBER BOARD (MRB)

The Malaysian Rubber Board (MRB) spearheads the overall development and modernisation of the various sectors of the Malaysian rubber industry.

Acknowledged globally as the centre of excellence in natural rubber research and development, MRB is ever ready to share its expertise through smart partnership with investors and entrepreneurs who plan to venture into a wide range of rubber and rubberbased product manufacturing.

A statutory agency under the aegis of the Plantation Industries and Commodities Ministry, MRB works closely with the government in formulating the nation’s rubber policies and at the same time, it carries out R&D primarily on all aspects of natural rubber and rubber products.

The Board’s major activities are:

- Research and development related to rubber production, processing and the manufacture of rubber products
- Transfer of technologies from research findings to rubber growers, processors and rubber product manufacturers
- Provide technical support and testing services to both the rubber processing and rubber product manufacturers
- Regulate the industry to ensure its orderly development and maintaining constant vigilance on the quality of Malaysian rubber and rubber products
- Provide training and know-how relevant to the rubber industry

Services Offered:

R&D activities are carried out both in MRB as well as the Tun Abdul Razak Research Centre (TARRC) in the United Kingdom. In addition there are two subsidiaries within the MRB. The units are RRIM-CONSULT Corporation or RRIMCORP, which undertakes commercialisation of MRB’s technologies and Lembaga Getah Malaysia Properties Corporation which manages MRB’s properties. TARRC also has a consultancy unit called Rubber Consultants which provides advisory and testing services to the rubber industry.

For further information, please contact:

Director General
Malaysian Rubber Board (MRB)
Bangunan Getah Asli (Menara)
148 Jalan Ampang
P.O. Box 10150
50908 Kuala Lumpur
Tel : 03-9206 2000
Fax : 03-2163 4492
Website : www.lgm.gov.my
E-mail : general@lgm.gov.my
3. MALAYSIAN PALM OIL BOARD (MPOB)

The Malaysian Palm Oil Board (MPOB) is the premier government agency that is responsible for promoting, developing and advancing the country’s palm oil industry. It is also responsible for providing scientific and technological leadership to support the development of the palm oil industry.

Research Areas:

- Biology that includes all aspect of research and development relating to production and crop management, advanced biotechnology and breeding materials, smallholders development and advisory services;
- Engineering and processing research to enhance the quality of palm oil and palm oil products, expand their uses and develop new milling and refining processes and technology for increased efficiency, energy and cleaner environment and utilization of biomass;
- Advanced oleochemical technology research focuses on expanding the non-edible uses of palm oil especially in downstream activities producing high value-added environmentally-friendly products from palm oil, oleo-chemicals and other palm products;
- Utilisation of palm oil in food, nutrition and quality enhancement, and technical promotion via a network of technical advisory offices abroad;
- Economic research and statistical analysis on production, marketing and new technologies in the oil palm industry.

Services offered:

- Collaborative research
- Scientific and technical consultancy
- Conferences and seminars
- Pilot plant facilities
- Palm oil mill technology
- Oils and fats, oleo chemicals and products testing
- Market information
- Technical training
- Scientific publication
- Product development
- Information and library services
- Transfer of technology and commercialization
- Extension services
- Matters on licensing

For further information, please contact:

Director General
Malaysian Palm Oil Board
No 6, Persiaran Institusi, Bandar Baru Bangi
43000 Kajang, Selangor
Tel : 03-8925 9522/ 8925 9482
Fax : 03-8925 9446/8926 4572/8926 1337
Website : www.mpob.gov.my
4. MALAYSIAN COCOA BOARD (MCB)

The Malaysian Cocoa Board aims to ensure the integrated and competitive growth of the cocoa industry through innovative development. It conducts research to improve the quality and competitiveness of Malaysian cocoa beans and products. The Board also coordinates the related activities such as processing, storing, regulating and marketing.

Services Offered

- Advisory and consultancy services on cocoa cultivation, downstream processing, product development and quality control
- Contract research on crop planting and product development
- Training courses on crop planting technology, chocolate making technology and cocoa beans quality management
- Pilot plant facilities for research on cocoa secondary processing and chocolate production
- Physical, chemical and microbiological analytical services
- Market and industry information

For further information, please contact:

Director General
Malaysian Cocoa Board (MCB)
5th & 6th Floor, Wisma SEDCO
Lorong Plaza Wawasan, off Coastal Highway
Locked Bag 211
88999 Kota Kinabalu
Sabah
Tel : 088-234 477
Fax : 088 253 037 / 239 575
Website : www.koko.gov.my
E-mail : mcb_equiry@koko.gov.my

5. FOREST RESEARCH INSTITUTE MALAYSIA (FRIM)

The Forest Research Institute Malaysia (FRIM) undertakes research and development activities on forestry and forest-based industry sectors. Improvements in the production, extraction, processing, storage, transportation and utilisation of forest produce are part of FRIM’s continual research efforts.

Focus Areas

- Forestry and Conservation – Forest Management & Ecology, Urban Forestry & Recreation, Tropical Forest Biodiversity Centre
- Biotechnology – Forest Plantation, Medicinal Plants, Biotechnology & Production of Planting Materials
- Research Management – Techno-economy
Priority Areas

- Silviculture and management of forest plantations
- Plant management & control
- Production of planting materials
- Natural product discovery
- Biotechnology
- Sustainable management of natural forest
- Sustainable production of timber & non-timber resources
- Urban, landscape and recreational forestry
- Conservation of forest biodiversity
- Wood processing and utilisation technology
- Development of pulp and paper technology
- Development and utilisation of composite products

Technical Services Offered

- Sustainable management of natural forests
- Assessment and certification of forest management
- Establishment and management of plantation forests
- Urban tree planting
- Economic evaluation of forest reserves
- EIA for forestry and land conversion activities
- Assessment of plants for medicinal / herbal uses
- Processing and utilisation of timber and other forest products
- Fire performance rating test for doors and other products
- Furniture testing
- Pulp and paper testing
- Testing of wood and non-wood products

For further information, please contact:

Director General
Forest Research Institute Malaysia (FRIM)
52109 Kepong
Selangor Darul Ehsan
Tel : 03-6279 7000
Fax : 03-6273 1314
Website : www.frim.gov.my
E-mail : directorgeneral@frim.gov.my

6. FISHERIES RESEARCH INSTITUTE (FRI)

The Fisheries Research Institute (FRI) conducts studies in various fields of aquatic organisms such as fish, mollusk and shrimp.

The major areas of research are:

- Aquaculture
- Aquatic ecology
- Fish diseases
- Stock assessment and fish biology
- Fisheries products and biotechnology
Services Offered

- Collaborative research with other institutions, universities and agencies
- Diagnosis for disease, soil and water quality testing, bacteriology and sensory services.

For further information, please contact:

Director of Research
Fisheries Research Institute (FRI)
11960 Batu Maung, Penang
Tel : 04-626 3925 / 626 3926
Fax : 04-626 2210
Website : www.fri.gov.my
E-mail : helpdesk@fri.gov.my

7. MALAYSIAN CENTRE FOR REMOTE SENSING (MACRES)

Malaysian Centre for Remote Sensing (MACRES), Ministry of Science, Technology and Innovation (MOSTI) was established as an R&D centre in August 1988. MACRES is responsible in the development of remote sensing and related technologies; and the operationalisation of their applications in user agencies for management of natural resources, environment and disasters, and strategic planning of the nation. These include agriculture, forestry, geology, water resources, marine, thematic mapping, town planning, infrastructure development, biodiversity, health, environment and disaster management.

As a centralised national remote sensing data provider, MACRES provides value-added data from Radarsat-1, and Spot 2, 4 and 5, Landsat, NOAA, Terra/Aqua (MODIS) and IRS (OCM) satellites which are directly acquired by MACRES Ground Receiving Station; and IKONOS and QuickBird data which are acquired through other ground stations outside the country. MACRES Remote Sensing Data Services is ISO 9001:2000 certified.

In fulfilling the need of users in both government and private sectors, MACRES conducts relevant training programmes comprising a 2-month Basic Remote Sensing Course and customised courses to meet specific users’ requirements. Contract research in specific technology application development is being implemented including provision of relevant facilities especially the anechoic chamber and scatterometer. Consultancy services are also being provided in various applications of the technologies.

For further information, please contact:

Head
Corporate dan Public Relations Section
Malaysian Centre for Remote Sensing (MACRES)
No. 13, Jalan Tun Ismail
50480 Kuala Lumpur
Tel : 603-2697 3400
Fax : 603-2697 3350
E-mail : azli@macres.gov.my / macres@macres.gov.my
Website : www.macres.gov.my
8. MALAYSIAN NUCLEAR AGENCY (NUCLEAR MALAYSIA)

Malaysian Nuclear Agency (Nuclear Malaysia) which was formerly known as Malaysian Institute for Nuclear Technology Research (MINT) is an R&D organization, which focuses on the enhancement of national development through nuclear science and technology. Besides R&D, Nuclear Malaysia is engaged in technical services, contract research, consultancy work, supply of specialty products, human resource development and many others.

Nuclear Malaysia is your innovative partner in scientific research and technological development. It has highly trained multidisciplinary professionals workforce made up of 70 PhD holders, 80 MSc holders and 200 graduates. Its laboratories are well equipped with advance analytical tools and equipments, and the latest analytical techniques are used in its analytical work and research activities.

SERVICES

- **Engineering solution for your R&D needs**
  - Design and system automation
  - Fabrication
  - Testing & Commission
  - System Automation
  - Medical Quality Assurance
  - Industrial Quality Assurance

- **Environmental Monitoring**
  - Radiological Impact Assessment
  - Water Resources Management
  - Agricultural, Industrial and Domestic Waste Management

- **Technical Services and Engineering**
  - Material, Structure and Industrial Plant Inspection and Testing
  - Industrial Inspection and Process Control
  - Agricultural Technology
  - Medical Technology
  - Material Analysis and Evaluation

- **Quality Assurance**
  - Personnel Dosimetry
  - Medical Quality Assurance
  - Industrial Quality Assurance

- **Non-Chemical Sterilization**
  - Gamma Irradiation
  - Electron Beam Irradiation

- **Training**
  - Testing and Inspection Technology
  - Radiation Safety and Health
  - Medical X-ray
  - Instrumentation and Engineering
  - Technology Management
PRODUCTS
• Radiation Prevulcanized Natural Rubber Latex
• Medical Diagnostic Kits and Medical Radioisotopes
• Plant Materials and Bio-Materials
• Polymer Compounds for The Automotive Industry
• Industrial Radioisotopes
• Agricultural Radioisotopes
• New Varieties of Ornamental and Fruit / Food Crops
• Biomaterials

CONTRACT RESEARCH
• Industrial Technology
• Medical Technology
• Agro-Technology & Bio-Science
• Radiation Processing Technology
• Environmental Technology
• Radiation Safety

CONSULTANCY
• Health & Safety
• Radiation Monitoring
• Environmental Pollution & Assessment
• Microbial Quality Assurance
• Management of Waste & Water Resources
• Plant Design & Process Control
• Engineering Design & Development
• Nuclear Advisory & Policy Planning

For further information kindly contact:

Director General
Malaysian Nuclear Agency (Nuclear Malaysia)
Bangi, 43000 Kajang, Selangor
(Attn : Dr. Wan Manshol Bin W. Zin)
Tel : 03-8925 0510
Fax : 03-8925 2588
E-mail : bkt@nuclearmalaysia.gov.my, manshol@nuclearmalaysia.gov.my,
or iberahim@nuclearmalaysia.gov.my
Website : www.nuclearmalaysia.gov.my

9. MIMOS BERHAD

MIMOS is a leading, Government-owned, Research & Development (R&D) organisation in Information & Communications Technology (ICT) and Microelectronics. MIMOS pursues exploratory and industry-driven R&D through multi-stakeholder smart partnerships with universities, research institutes, Government and industries in four technology thrust areas:

• Pervasive Computing
• Cyberspace Security
• Microelectronics
• Grid Computing & Bioinformatics
Research Services Offered
• Collaborative research
• Contract research
• Technical advice / assistance and consultancy
• Technical information for setting up microelectronic engineering laboratories to provide specific assistance to local investors.

Researchers at MIMOS have developed indigenous technology and competencies to generate products and services through their laboratories and research areas:

Pervasive Computing
• Language Engineering
• Mobile Computing
• E-Learning Technology
• Open Source Software (OSS)
• Advanced Informatics

Cyberspace Security
• Secure Network Infrastructure (SNI)
• Secure Domain Name Server Framework (SDF)
• Cyber Early Warning Systems (CEWS)
• Secure Electronic Documentation System (SEDS)
• Certification Authority Engine (CAE)
• Image Authentication Technology (IAT)
• Preservation, Recovery and Investigation of Digital Evidence (PRIDE)

Microelectronics
• Analog and Mixed Signals (AMS) Design
• Micro-Electro-Mechanical Systems (MEMS)
• Complementary Metal Oxide Silicon (CMOS) Process Technology
• Multi-project Wafer (MPW) Process

Grid Computing & Bioinformatics
• Bioinformatics Tools & Databases
• Grid Computing Infrastructure
• Grid Computing Applications & Service Management

For further information, please contact:

Corporate Communications Department
Shared Services Division
MIMOS Berhad
Technology Park Malaysia
57000 Kuala Lumpur, Malaysia
Tel : 603 8996 5000
Fax : 603 8996 4658
Website : www.mimos.my
E-mail : info@mimos.my
10. **SIRIM BERHAD**

SIRIM Berhad has established itself as a leader in industrial R&D for the country. SIRIM’s mission is “We make Business compete Better through Quality and Technology Innovation”. The Research and Technology Division of SIRIM Berhad undertakes market-driven R&D to help develop technology solutions for the manufacturing industry.

The Division’s core businesses are:-
- Contract Research
- Contract Development
- Contract Job
- Technology Innovation

These are offered through the four Technology Centres:-
- National Centre for Machinery and Tooling Technology (NCMTT)
- Advanced Materials Research Centre (AMREC)
- Advanced Manufacturing Technology Centre (AMTC)
- Environment and Bioprocess Technology Centre (EBTC)

In order to provide a complete value chain in technological innovation services, the division is supported by Techno-Economy and Commercialisation Centre (TECC) and Marketing and Business Development Department.

Techno-Economy and Commercialisation Centre (TECC) provides services to catalyze the commercialization of technologies, promote the transfer of technologies and nurture the development of technology enterprises. The services are:

- Technology Planning
- Techno-Economic Analysis
- Business Plan Development
- Commercialisation Services
- Technology Venture Development

**National Centre for Machinery and Tooling Technology (NCMTT)**

The Centre is to lead the development and enhancement of the local machinery and tooling industry by providing a pool of technical professionals as well as comprehensive design, development and pilot production infrastructure.

In spearheading the development of machinery and equipment cluster, the Centre focuses on four core areas, namely (a) machinery technology, (b) foundry technology, (c) tooling technology and (d) joining technology and inspection.

The machinery technology focuses on heavy and precision machinery, light machinery, agricultural machinery and also mechanical/electro-mechanical systems, devices and accessories whilst the foundry technology gives attention to sand casting, die casting and investment casting.

To boost the industry further, the Centre also offer expertise and facilities in the areas of production tooling, jigs and fixtures, precision machining, soft tooling, welding and joining technology, design and engineering, steel fabrication and also welders test procedures qualification and certification services.
(i) **Machinery Technology**

- Heavy and Precision Machinery
  - Metal cutting machine tools
  - Forming machine tools
  - General industrial machinery and equipment

- Light Machinery
  - Food processing and packaging machinery
  - Handicraft processing machinery
  - Mechanical/electro-mechanical systems, devices and accessories

(ii) **Foundry Technology**

- Sand casting
  - Green Sand Moulding
  - Chemically Bonded Sand Moulding
  - Product Development
  - Pattern Making
  - Ferrous and Non-ferrous metal
  - Prototyping

- Die casting
  - High pressure die-casting (Cold and Hot Chambers)
  - Low pressure die-casting
  - Tilted gravity die-casting
  - Al/Mg/Zn/Tin alloy casting product development
  - Die-casting dies design and casting simulation
  - Die fabrication and assembly

- Investment casting
  - Product development (souvenir and industrial product)

(iii) **Tooling Technology**

- Production tooling
  - Plastic injection moulds
  - Press die
  - Die casting die

- Jigs and Fixtures
  - Machining jigs
  - Inspection jigs

- Precision machining
  - CNC machining
  - High speed machining
  - Precision grinding

- Soft tooling
  - Soft steel for plastic and sheet metal parts
  - Aluminium tooling for plastics

- CNC Fabrication
  - CNC laser cutting
  - CNC turret punching
  - CNC press brake bending

- Part and Components
  - Plastics injected parts
  - Stamped sheet metal parts
  - Metal die cast parts
(iv) Joining Technology and Inspection

Welding Technology (metal and non-metal)
- Selection of welding processes
- Welding procedures
- Verification of welding quality
- Repair and maintenance welding

Joining technology
- Adhesive bonding
- Mechanical joining: rivets, bolts and nuts, etc.
- Diffusion bonding
- Hardfacing and resurfacing

Inspection and Verification
- Third Party DOSH Welders and Welding procedures Qualification and Certification (WPS/WQT)
- Failure Investigation and Condition Monitoring
- Structural Integrity Assessment
- Damage/Failure Assessment
- Fitness for service
- Non-Destructive Inspection and Evaluation of Structures
- Computational Stress Analysis

Advanced Materials Research Centre (AMREC)

AMREC undertakes strategic R&D to develop and commercialise advanced new materials and product prototyping. The research programmes and areas of research undertaken by AMREC are as follows:-

Advanced Composite Materials
- Fibre-resin composites
- Technical services and consultancy on plastic materials
- Identification, characterization, performance evaluation, contaminants and failure analysis of plastics and ceramic products
- Research and development on plastics materials and processing technology
- Polymer flow simulation analysis

Structural Materials
- Materials and structure and engineering applications
- Evaluation for ceramics, inorganic chemicals and minerals
- Powder metallurgy production
- Alloy and product development through powder metallurgy techniques

Biomaterials
- Materials for medical applications e.g. synthetic bone, dental composites, artificial skin templates and drug delivery systems

Photonic and Electronic Materials
- Optical fibres for telecommunications
- Ceramic sensor materials for automotive applications
- Ceramic capacitors and solder materials
Nano Materials
- Substrate material modifications
- Coating materials and technique for improved material properties

Electrochemical Materials
- Anode, cathode and solid polymer electrolyte materials for application in rechargeable advanced batteries

Advanced Manufacturing Technology Centre (AMTC)

Advanced Manufacturing Technology Centre (AMTC), a SIRIM Berhad technology centre, spearheads research and technology development activities towards developing national capability in the areas of industrial and manufacturing technology.

Operating from Bukit Jalil, Kuala Lumpur, AMTC offers a wide range of services to the industries through its three programmes: Electronics and Intelligent System Development Programme, Industrial Automation and Robotics Programme and National CAD/CAM Programme.

Focusing on the fields of electronics and ICT, industrial automation and robotics together with CAD/CAM/CAE technologies and manufacturing systems, AMTC offers:

Services:
- R&D (contract/strategic/joint development)
- Product development
- Design and prototyping
- Consultancy and advisory
- Technical support
- Technology transfer and dissemination through technical trainings

Key Technology Focus Areas

Electronics and Intelligent System Development
- RFID and signal processing
- Control and instrumentation
- Electronics identifications
- Communications
- Intelligent system development

Industrial Automation and Robotics
- Design and development of customized automated machines, manufacturing equipment and system
- Design and development of specialized test machines
- Design and development of pilot plants based on specialized processing requirements
- Consultancy in the areas of industrial automation, generic machines, production systems and robotics technology

National CAD/CAM
- Rapid prototyping
- CAD/CAM/CAE
- Bio-modeling
- Reverse-engineering
- CAD and product development training
Environment and Bioprocess Technology Centre (EBTC)

The Core Focus of the Centre is Bioprocess and Chemical Engineering, Environmental Engineering, Energy and Natural Products Development. The Centre undertakes research to harness Malaysia’s rich natural biodiversity to generate bioactives for cosmeceuticals, nutraceuticals and medical applications. Research to enhance the environmental performance of products, processes and systems also targets at development of renewable energy sources and recyclables as feedstock materials. Core Competencies are:

**Bioprocess Technology**
- Industrial biocatalysis
- Biomedical devices
- Biosensor development
- Bioprospecting
- Molecular biology from gene to protein

**Biocosmetics and Natural Products**
- Natural products research for bioactive metabolites, biochemicals, cosmeceuticals, nutraceuticals, biocolourants, biocides, aroma and flavours
- Extraction standardization and profiling
- Bioassays
- Product formulation

**Environmental Management Technology**
- Environmental and chemical safety evaluation
- Environmental performance profiling of products based on environmental risk assessment and life cycle assessment
- Ecodesign
- Integrated treatment technologies of air, water and soil based on bioremediation, physicochemical systems, advanced oxidation processes including ozonation and photocatalytic treatment

**Energy and Process Engineering**
- Provide process engineering consultancy services including cleaner production and good manufacturing practice (GMP)
- Process design and scale-up of biotechnological, biochemical and chemical processes for pilot plant studies
- Renewable energy
- Energy efficiency

**Commercialisation Effort**

Commercialisation is the ultimate aim for all R&D effort in SIRIM Berhad. The routes of commercialization are through:

- Licensing
- Sale
- Spin Off
11. INSTITUTE OF RESEARCH MANAGEMENT & CONSULTANCY, UNIVERSITY OF MALAYA

The Institute of Research Management & Consultancy, University of Malaya, was established on 11th October 2000 to manage all research related activities in the University of Malaya. The Institute engages itself primarily in planning, organising, promoting, monitoring and evaluating research conducted by researchers in the University. It also provides services in the transfer of technology and commercialisation of research outputs and products including providing consultancy services to the public and private sectors.

To carry out its responsibilities effectively and efficiently, the Institute is organised accordingly as follows:

1. Director’s Office
   The Director’s Office is the administration centre of IPPP. This office partakes in all the planning, execution, monitoring and assessment of research activities, consultancy, technology transfer and commercialisation. This office is also responsible for leading the efforts in policy making and undertaking main research activities.

2. Research Development Unit (UPP)
   The Research Development Unit is the intermediary between the various research units and it complements the activities to make the University of Malaya the nation’s leading Research University.

The objectives of the Research Development Unit are:

- To increase staff contribution in research activities.
- To identify research areas.
- To seek potential funding agencies.
- To encourage and establish international linkages.
- To disseminate information about research.
- To organise exhibitions, seminars and discussions on research outputs as well as compilation of related publications.
3. **Sponsored Research Unit (UPDiT)**

In 1995, the University of Malaya formed the IRPA Secretariat for the purpose of strengthening the IRPA management grant. Later, the scope of this secretariat was expanded to cover a large part of the research management administration at the University of Malaya and was renamed the R&D Management Unit. The main function of the R&D Management Unit was to manage the IRPA grant and the short term research allocation (Vote F) and other HRD research related programmes such as Malaysia Toray Science Foundation (MTSF), Malaysia Teaching Company Scheme (MTCS) and Nippon Sheet Glass Foundation (NSGF). With the setting up of the Institute of Research Management & Consultancy (IPPP), the R&D Management Unit was placed under IPPP and renamed as Sponsored Research Unit. In line with its establishment, the functions of the Sponsored Research Unit are as follows:

- To enhance research opportunities and facilities.
- To manage research grant accounts.
- To administer the appointment of research assistants.
- To manage “on-line” research information system.
- To coordinate international research programmes.

4. **Consultancy Unit University of Malaya (UPUM)**

The objectives of UPUM are as follows:

- To provide consultancy and contract research work to various government departments and industries.
- To offer professional services and sources to public and private sectors.
- To enhance greater interaction with industries.
- To promote various academic and professional expertise available from the University.

UPUM offers expertise from the University through:

a) Consultancy
b) Contract research
c) Joint-Venture projects

As UPUM is one of the suppliers of services from UM, it acts as a consultant and offers a complete range of integrated services including:

a) Feasibility studies
b) Technical aid and advisory services
c) Fact-finding mission and site selection studies
d) Monitoring, processing and analysis of field data
e) Impact assessment studies

5. **Technology Transfer and Commercialisation Unit (UPTK)**

UPTK was first formed on 1 July 1998 as the Department of Business Development. This Unit was formed to commercialise products, services and technologies created through research in the University of Malaya. The objectives of UPTK are:

- To promote the transfer of technology.
- To commercialise results of UM scientific research and technology.
- To monitor all activities in relation to commercialisation and cooperation.
- To administer and coordinate all matters relating to the intellectual property rights of the University.
- To help establish a society knowledgeable in science and technology through transfer of technology.
6. Radiation Protection Services Unit (UPPS)

The Radiation Protection Services Unit (UPPS) was formally established on 10 October 1998 under the auspices of the Registrar’s Department specifically to handle all matters pertaining to the applications of the license for radioactive materials and irradiating apparatus in the University. This Unit is also responsible for monitoring the handling and disposal of radioactive materials and irradiating apparatus in the University.

Objectives of the Unit:
- To manage the application, renewal and amendment of the Radiation Protection Licence.
- To implement efficiently and effectively a comprehensive programme of radiation protection in the University.
- To identify, plan and conduct training at the various levels required in radiation safety.
- To manage and maintain records of radiation workers, purchasing of radioactive materials and radioactive equipment and its maintenance in the University.
- To identify new methods and requirements for the management of radioactive equipment.

Areas of Expertise / Research Areas

In 2007, research activities in University of Malaya has been realigned into several clusters as below. The basis of research remains as one which will generate knowledge, develop human capital and k-workers and enhance the quality of life.

Research clusters:
- Advanced Engineering & Manufacturing
- Advanced Fundamental Research
- Advanced Material & Technology
- Biotechnology
- Clinical & Translational Medicine
- Humanities & Ethics
- Information & Computational Sciences
- Social & Behavioral Science
- Strategic & International Relations
- Sustainability & Environment

The research clusters are further supported by Centres of Research at both national and international levels. Some of the more prominent Centres of Research include:
- Institute of Ocean and Earth Sciences
- Centre for Research in Nanotechnology and Catalysis
- Glycolipids Research Centre
- Photonics Research Centre
- Centre of Research and Training in HIV
- Centre for Tropical Infectious Diseases Research
- Oral Cancer Research and Coordinating Centre
- Centre for Research in Biotechnology for Agriculture
- Centre for Natural Product and Drug Discovery Research
- Centre for Poverty and Development Studies
- University of Malaya Centre for Ionic Liquids
- Centre of Ionics University of Malaya
For further information, please contact:

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C313, Block C, Institute of Postgraduate Studies Building
50603 Kuala Lumpur.
Tel : 03-7967 4643
Fax : 03-7967 4699
Website : www.ippp.um.edu.my
E-mail : pen_ippp@um.edu.my

12. UKM PAKARUNGING SDN BHD

Formerly known as the Bureau of Consultancy & Innovation, UKM Pakarunding Sdn Bhd was incorporated in October 2001. The company offers multi-disciplinary consultancy services in the following focus areas:

Environmental Services
• Environmental Impact Assessment (EIA)
• Risk and Hazard Analysis
• Environmental Monitoring and Auditing
• Environmental Guideline Preparation
• Health Impact Assessment (HIA)

Social Sciences
• Social Impact Assessment
• Audit Assessment
• Feasibility Studies and Market Survey
• Industrial Master Plan
• Mineral Resources Master Plan
• Training Services
• Socio-economy Assessment

Information Communication & Technology
• ICT Strategic Plan Development & Implementation Services
• IT Design & Development Services (Application, Network and Systems)
• ICT Management Outsourcing Services
• Hardware Consultancy and System Integration Services
• IT Infrastructure and Network Management Services
• Application Service Provisioning
• Business Process Management

For further information, please contact:

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Selangor
Tel : 03-8925 0552 / 8921 3142
Fax : 03-8925 2469
Website : www.pakarunding.ukm.my
13. **RESEARCH MANAGEMENT CENTRE, UNIVERSITI TEKNOLOGI MALAYSIA**

The Research Management Centre (RMC) is the research arm of Universiti Teknologi Malaysia (UTM) responsible for coordinating, managing and facilitating R&D programmes and technological developments and innovation within the university through close collaboration with industry, the public sector, research institutes and other universities.

**Research Areas**
- Aerospace, IT and communications
- Automotive, marine and aeronautics
- Chemicals and biotechnology
- Construction
- Electronics
- Energy
- Environmental technology
- Manufacturing and machinery
- Materials and advanced materials
- Social sciences
- Science and mathematics

**Services Offered**
- Collaborative and contract research
- Expertise to transfer and exploit knowledge and technology into beneficial products, services or processes
- Intellectual property management
- Promotions and product development of research findings

For further information, please contact:

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81310 Skudai  
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Website : www.rmc.utm.my  
E-mail : dean@rmc.utm.my
14. RESEARCH MANAGEMENT CENTRE, UNIVERSITI PUTRA MALAYSIA

The Research Management Centre (RMC) was established by Universiti Putra Malaysia (UPM) in May 2000. The function of RMC is to enhance and strengthen the current research management system by intensifying R&D efforts in order to improve productivity and efficiency. It aims to increase collaborative R&D efforts between public R&D agencies and the private sector to facilitate commercialisation of research findings.

RMC is organised into three management units and one administration division that oversees the smooth functioning of the centre. The 3 units are Policy, Planning & Finance Unit, Research Grant Unit; and Publication, Promotion & System Unit.

Research Strengths & Fields of Research

There are currently more than 400 areas of research available at 16 faculties, 15 research institutes and centres, 2 academies and 9 centres of research excellence at UPM. The main areas of research are:

- Agriculture, Food and Forestry
- Bioscience and Biotechnology
- Economics and Management
- Health and Allied Sciences
- Information Technology and Mathematics
- Materials, Energy and Environment
- Science and Engineering
- Social Sciences and Humanities

Services Offered

- Teaching & research
- Human resource development
- Technology transfer
- Consultancies
- Contract research
- Product development
- Commercialisation of research products/technologies
- Patenting of research products/processes
- Management of Intellectual property rights (IPR)
- Organisation of national and international exhibitions
- Establishment of UPM-Industry linkages

For further information, please contact:

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