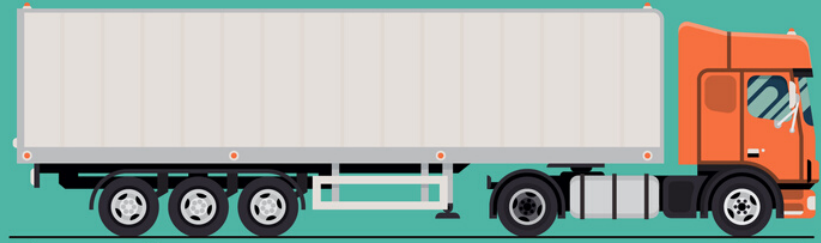




June
2020
Issue

MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY
E-NEWSLETTER
A MONTHLY INDUSTRY UPDATE FOR GLOBAL INVESTORS AND MORE!



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MIDA and Standard Chartered Malaysia Collaborate to Attract Targeted Global Investments

The Malaysian Investment Development Authority (MIDA) inked a Memorandum of Understanding (MOU) with Standard Chartered Malaysia on 11 June 2020. Both parties will further collaborate to attract targeted global investments within a higher value, impactful and technology-intensive investments, in the key priority sectors such as electrical and electronics, machinery and equipment, medical devices, aerospace, renewable energy and consumer technology. These sectors' ability in attracting quality investment augurs well for the country's economy as the market looks to get back in shape post the COVID-19 pandemic.

Dato' Azman Mahmud, CEO of MIDA, in his address, said, "Public and private sector collaborations are more important now than ever to achieve Malaysia's objectives as the country moves forward to reboot, restart and revitalise



the economy in this new normal. This ongoing partnership is very timely and crucial as MIDA is starting to receive more investment interests into the country following the Government's announcement of Pelan Jana Semula Ekonomi Negara (PENJANA)."

PENJANA, announced on 5 June 2020, will be the catalyst for the economy of the country to recover, particularly in returning the volume of investments to historical levels.

The MOU will leverage on both organisations' global network and expertise to facilitate companies to develop mutually beneficial partnerships and capitalise on FDI opportunities into Malaysia. Standard Chartered Malaysia's local expertise and global reach will enable potential foreign investors to not only gain access to banking services but also relevant foreign direct investment advisory to conduct businesses across various markets.



B'SMART Contributes Tech Solutions for COVID-19 Global Fight

Many countries worldwide have started easing their strict movement control orders (MCO) due to the COVID-19 pandemic but various features of the pandemic life will continue to stay and unlikely to disappear anytime soon. Wearing a face mask and practising social distancing will be part of the world's new normal measures, at least until a vaccine against COVID-19 is developed.

As part of the 'new normal' initiatives, companies and organisations have worked together with the frontliners to track and contain the spread of the coronavirus. Emerging technologies are being deployed by governments across the world to help combat the outbreak.

In supporting the Malaysian made #kitajagakita initiative, Malaysian companies are encouraged to take the opportunities arising from COVID-19 pandemic to leverage on innovation and technology adoption, including focusing on safeguarding potential national security issues by depending too much on foreign solutions.

BSMART Company

BSMART System Solutions Sdn. Bhd. is a wholly-owned Malaysian company incorporated in 2013 providing Internet of

Things (IoT) telematics services and solutions. BSMART invented the Front End Intelligence (FEI) Technology that revolutionises telematics solutions from a responsive stand-alone tracking system into an integrated system that enable real-time interactives, intelligent and event-driven transport management that monitor, communicate, evaluate and respond to event dynamically.

BSMART involves heavily in local research and development (R&D) with homegrown technology. Their technical team has vast experience in designing and customising BSMART products and services.

One of the company's main project is the contract to supply the regional electronic cargo tracking system (RECTS) for implementation at the port of Mombasa, Kenya, to be used by the Kenya Port Authority (KPA), Kenya Revenue Authority (KRA),

Uganda Revenue Authority (URA), Rwanda Revenue Authority (RRA) and Democratic Republic of the Congo (DRC) Revenue Authority. The implementation of the tracking system will allow the officials to monitor the completion of cargo transportation from the port of Mombasa, Kenya, and the cargo transfer to Uganda and Rwanda.

How BSMART Product Help during the Pandemic?

Fruits of investing in Technology: How the Regional Cargo Tracking System Helped to Intercept Truck Driver Who Tested Positive for COVID-19

As a new measure adopted to further combat the spread of COVID-19 at Uganda's borders, all truck drivers driving into Uganda are required to present themselves to the Ministry of Health officials for testing.





On 12 April 2020, a truck driver enroute to Southern Sudan went through the same procedure before getting clearance by immigrations and Uganda Revenue Authority (URA) to proceed with his journey.

24 hours after the test was done, the results came back and one of the drivers was tested positive. The URA Electronic Cargo Tracking System (RECTS) was used to trace the actual movement of the driver from Malaba OSBP up to Corner Kamdini Customs Checkpoint where he was intercepted.

RECTS utilises the Global Positioning System (GPS) to trace the movement of trucks from their point of entry into a country right up to the point of exit. This is to curb cargo dumping and other associated risks along the trade routes.

The monitoring activities further provided information to Uganda's National COVID-19 Taskforce on what is happening at the borders in terms of whether people are practising and adhering to the medical guidelines issued such as social distancing, washing and

sanitising their hands as well as who is sneaking into the country.

The Taskforce together with URA management further discussed on utilising the tracking system to ensure the safety of the truck drivers in a bid to combat the spread of the virus.

The use of emerging technology will also benefit Malaysia in tracking the potential spread of COVID-19 that could arise after the conditional movement control order (CMCO) is being lifted and followed by the reopening of more economic sectors.

Mobile APPS - Driver Health

During the COVID-19 outbreak, Driver Health Apps has been enhanced to include driver's health information for the Kenya National COVID-19 Taskforce references. The application is designed to reflect critical information such as driver's health details, sanitary and phytosanitary activities that can be easily uploaded during the en-route of the cargo transfer. The information will be stored online and can be accessed by health, immigration, customs and security officials at the designated areas to verify their identity, status and perform driver's inspection while in transit. It will also enable the authorities to decide the relevant standard operating procedures (SOP) to be used at the designated point.



Positioning Malaysia as a Global Supply Chain Hub:

MIDA Continues to Attract Investment from China

Malaysia is a progressive nation with a robust economy. Located in one of the fastest-growing economic regions in the world, the International Monetary Fund (IMF) projected our country to grow at a rate of 6.3 per cent in 2021 despite global economic uncertainties. This positions Malaysia as the fastest growing economy among our neighbours such as Indonesia, Thailand, the Philippines and Singapore.

Malaysia's industrial landscape offers exciting avenues for investment in areas such as pharmaceuticals, medical devices e-commerce, advanced electronics, machinery and equipment, advanced materials, research and development as well as global services and operations hub.

The Malaysian Investment Development Authority (MIDA), the country's principal investment promotion and development agency has been mandated to promote investments from all countries that meet our national investment agenda. MIDA's focus is not only on the absolute value of investments but the quality of investments that will eventually expanding



our local business ecosystem. Malaysia's ultimate goal is to move towards strategic economic diversification to increase competitiveness, by focusing on complex, knowledge-intensive and high-end products and services.

MIDA's overseas centres work to customise our investment promotion efforts strategically in specific regions to attract high technology investment based on the strengths of the industries in the respective region or country. For example, looking at the European block and the Brexit situation, MIDA has been systematically targeting not only big multinational corporations (MNCs) from the region to make

Malaysia their stepping stone into Asia, but we have also been engaging with small and niche technologies companies in Europe that are seeking to further expand their market coverage.

In considering the impact of the US-China Trade War and COVID-19 pandemic, MIDA has been re-formulating our country-specific promotion strategies specifically for China. After comprehensive market surveys, research and discussions, Malaysia is increasingly considered as a viable alternative location for Chinese companies and MNCs, particularly as a solution to mitigate risks associated with the supply chain disruptions.



China currently is the dominant manufacturing site for the world. In 2019, China produced and shipped USD2.499 trillion worth of goods around the globe. However, substantial supply-chain disruptions around the globe due to the trade war and pandemic have resulted in global companies seeking out new alternative bases of operations. Given our strategic location, Malaysia welcomes both Chinese companies and MNCs in China to leverage on Malaysia as an alternative supply chain hub in Asia.

Companies from China that are looking to navigate trade frictions due to the trade war can find a new ideal home base in Malaysia, provided that they comply with rules of origin (ROO). MIDA is equipped to facilitate the redeployment of investment and production to Malaysia by major companies who have existing operations both in China and Malaysia.

China's Belt and Road Initiative (BRI) complements Malaysia's policy direction and strategies in our Eleventh Malaysian Plan (11MP), which prioritises building up of infrastructure, logistics, transportation and energy, e-commerce, renewable energy as well as other emerging growth areas.

On 25 April 2019, MIDA and the China Communications Construction Company (CCCC) signed a Memorandum of Understanding (MoU) for the development of the Economic Accelerator Projects (EAP) along

the East Coast Rail Link (ECRL) Corridor. This includes the development of industrial parks, infrastructure, logistics hub and transit-oriented developments. This catalytic project will offer vast opportunities for new and existing local and foreign investors to grow and expand their businesses in Malaysia.

Malaysia will continue to target huge technologies companies

in China, particularly market leaders given their track record and capabilities. MIDA, through our three offices in China (Beijing, Shanghai and Guangzhou) are currently actively engaging with Chinese and foreign companies in China to better understand their investment trajectory, and ultimately to facilitate their shift to Malaysia as their new operation base outside of China.





China continues to be among the top investors in the country, representing the largest foreign direct investor in Malaysia's manufacturing sector for four consecutive years, from 2016 to 2019. These consistent investments from China are evidence of the increasing awareness among investors on the abundant business

opportunities available in our country. The investment strategies chart the way forward for Malaysia to further build on our strengthening economic relations with China.

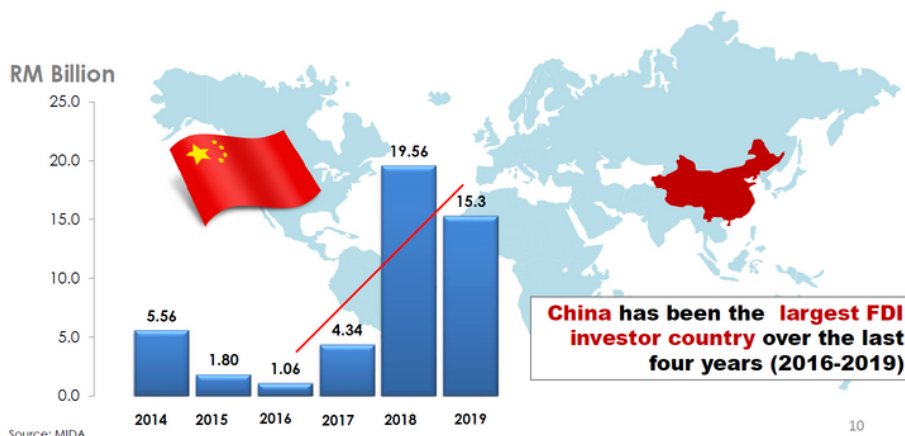
Renowned Chinese companies that have made their footprints in the country include Huawei, Longi, Jinko Solar, Bank of

China (BOC), Industrial and Commercial Bank of China (ICBC), Alibaba Group, Geely Auto Group, Alliance Steel, Xinyi, Eastern Steel, Jinjing, Kibing as well as Xiamen University.

On 19 May 2020, MIDA hosted a special briefing to YB Dato' Sri Tiong King Sing, Prime Minister's Special Envoy to the People's Republic of China. The briefing highlighted the economic ties between Malaysia and China, especially the commendable investment track record between both countries. MIDA also reaffirmed its commitment to continue targeting quality investments from China in line with Malaysia's current policies and strategies. The recent relocation incentives will further encourage flows of FDI from China.

Approved Chinese Investments in the Manufacturing Sector is on the Rising Trend

MIDA



Malaysia continues to welcome quality foreign investment through MIDA's engagements with investors; conferring of competitive incentive packages to strategic industries and facilitating the implementation of investors' projects. As partners to investors, MIDA's offices in Beijing, Shanghai and Guangzhou are ever ready to work together with investors to capitalise on the opportunities present in the region, and ultimately, to make Malaysia the preferred investment destination for companies in China.

The National Economic Recovery Plan (PENJANA)

1. Enhancement of Domestic Investment Strategic Fund (DISF)

- The fund was established to accelerate the shift of Malaysian-owned companies to be more competitive internationally, move-up the company's value chain and enable the company to be active participants in the global ecosystem.
- Projects and companies previously approved can be considered for a second round of DISF grants provided previous recipient company has utilised and claimed at least **50%** of the approved grant amount.

R&D Grant

Training Grant

Modernisation/
Upgrading of
Facilities and
Equipment Grant

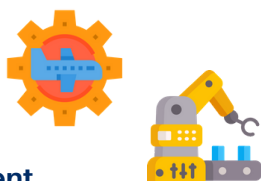
Licensing or
Purchasing of
New/High
Technology Grant

International
Standards/
Certification
Grant

Eligible sectors under DISF:

A. Manufacturing

- Aerospace
- Medical Devices
- Pharmaceuticals
- Advanced Electronics
- Machinery and Equipment
- Other industries on a case by case basis



B. Services

- Design and Development
- Research and Development
- Testing/Calibration
- Quality and Standard Certification
- Architectural /Engineering Services
- Technical and/or skills training
- Logistics Service Providers (3PL)
- ICT Solutions Providers related to Automation and Industry 4.0
- Integrated Green Technology Project



The eligible sectors have been expanded to include:

- Industries in the ecosystem of sectors classified as for National Importance
- Products/Activities prescribed in the List of Promoted Products and Activities for Small Scale Companies under the Promotion of Investments Act, 1986

Eligibility Criteria

- A company should be **incorporated** under the Companies Act, 1965/2016



- Existing companies** in the manufacturing and services sectors



- New companies** in the manufacturing or services sectors **with proven track record** in the relevant sectors through related companies



- At least **51%** of company's shares are owned by Malaysians

How to Apply

- Applications can be submitted via **Application Form ICA/JA-2 or 4** which can be downloaded through MIDA's website at www.mida.gov.my

- The effective date:
1 June 2020 - 31 December 2020





2. Project Acceleration and Coordination Unit (PACU)

- PACU provides end to end facilitation to all projects approved by the National Committee of Investment (NCI). PACU ensures acceleration from approvals of the projects to implementation. Adoption of digitalise system will provide real-time tracking.

1. **Assist and accelerate** the application submitted and track the status of approval. Application via e-ML 2.0 will be approved within 2 days (non-sensitive industries).



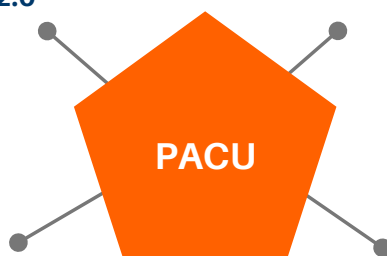
2. **Identify and facilitate** issues and challenges faced by companies in implementing their projects and proposed appropriate solutions.



3. **Monitor** the progress of implementation through the Implementation Tracking and Monitoring System (ITMS)



4. **Collaborate** with the Federal and State Governments, Service Providers, Investment Promotion Agencies (IPAs), technical agencies and other related technical departments



- No charges** will be applied for PACU services

For assistance, please scan the QR Code below or visit <https://tinyurl.com/MIDAPACU>



To contact:

Project Acceleration and Coordination Unit (PACU)
Post-Investment & Infrastructure Support Division
Malaysian Investment Development Authority (MIDA)
Level 20, MIDA Sentral,
No.5 Jalan Stesen Sentral
Kuala Lumpur Sentral,
50470 Kuala Lumpur
Tel. : 03 - 2267 6688
Fax : 03 - 2273 3872
Email : pacu@mida.gov.my

3. Additional Reinvestment Allowance (RA) Incentive

Incentive

Additional RA at the rate of 60 per cent on the qualifying capital expenditure which is eligible for reinvestment made within three years of assessment subject to the manufacturing projects and selected agricultural activities' RA and Special RA incentives period have expired

Type of Qualifying Projects

All manufacturing projects and selected agricultural activities as in the Schedule 7A, Income Tax Act 1967

Effective Date

For capital expenditure which is undertaken during the year of assessment 2020 to 2022

Manufacturing Activities



Selected Agricultural Activities



How to apply:

- The application to be submitted to the Inland Revenue Board of Malaysia (IRBM).



4. Fast Track Approval of Manufacturing Licence

- Applicable for **Non-Sensitive Industries** determined by the Malaysian Investment Development Authority (MIDA)

The Manufacturing Licence will be approved within

2 days

(48 hours)
starting from the date of complete information received

The approval mechanism would involve:



Self-assessment



Self-declaration

Companies can apply to MIDA with effect from

1 July 2020



Supporting documents to be submitted with the application:

Memorandum and Articles of Association (M&A)/Corporate profile from Companies Commission of Malaysia (CCM)



Manufacturing Licence and its conditions (if any)

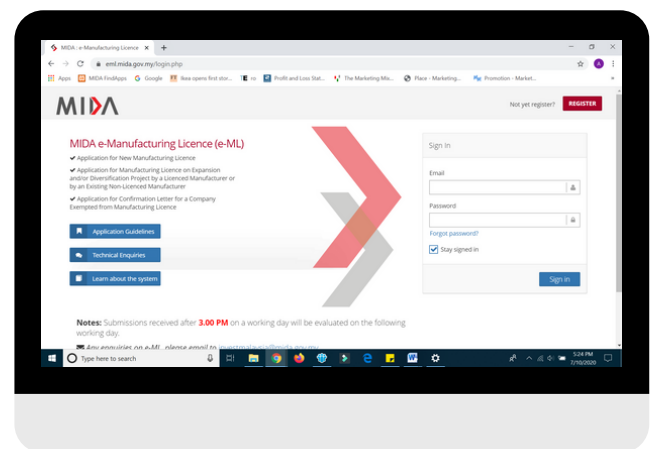
Business Licence from the Local Authorities (if applicable)



Manufacturing Process Flow Chart

Applications:

- Applications should be made using the e-Manufacturing Licence 2.0 Form (e-ML 2.0)
- Applications to be submitted online via <https://eml.mida.gov.my>





5. Tax Incentives for Company Relocating into Malaysia

In a continuous effort in promoting Malaysia to be an attractive investment destination, the Government of Malaysia is offering special incentive to attract foreign manufacturing companies to relocate their business into Malaysia.

Fixed Assets (excluding land cost)	New Company			Existing Company		
	Incentive	Rates	Duration	Incentive	Rates	Duration
RM300 million - RM500 million	Special tax rates	0%	10 years	Investment Tax Allowance	100%	5 years
RM500 million and above	Special tax rates	0%	15 years			

Eligibility criteria:

- New/additional investment in fixed assets (excluding land) to be incurred within **3 years period** effective from the approval date of the Relocation Incentive.
- The company will relocate its operation into Malaysia within a **one (1) year period** effective from the approval date of Relocation Incentive.
- The incentive is offered to **manufacturing activities** for all industries excluding sensitive industries.



How to apply:

The guidelines and procedure will be made available on **MIDA's website**.



Date of application:

- Applications received by MIDA from **1 July 2020** until **31 December 2021** are eligible to be considered for this incentive.

- The existing company relocating overseas facilities into Malaysia will be granted **Investment Tax Allowance (ITA)** of **100%** on qualifying capital expenditure for a period of **five (5) years** subject to fixed assets investment (excluding land cost) shall be **at least RM300 million** and above.

Opportunities in Speciality Chemicals

Global Speciality Chemicals Market

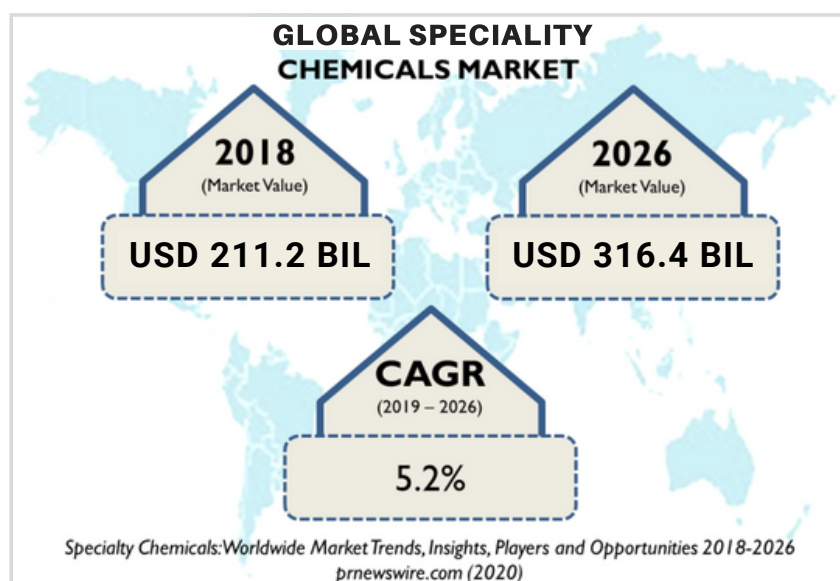
The market for speciality chemicals has emerged as among the top segments of the chemical industry globally. From 2019 to 2026, the global market of speciality chemicals is expected to grow at a compounded annual growth rate (CAGR) of 5.2%, reaching USD316.4 billion[1]. Asia Pacific is set to remain the largest market for speciality chemicals in terms of volume due to demands by established and rapidly industrialising nations like India, China, Japan, South Korea and Taiwan.

This growth is mainly driven by end-user industries such as food additives, cosmetic chemicals as well as pulp and

paper. The current changing consumer lifestyle has also indirectly led to increasing demand for speciality chemicals, especially for cosmetics and food additives. Moreover, heavy investments in the construction

industry in Asia Pacific such as India, China and Southeast Asia are expected to further boost the demand for speciality chemicals in this industry.

Currently established multinational companies, with their diversified product portfolio and ability to adopt modern technology, dominate the global speciality chemicals market.



Food Additives

Hydrocolloids, flavour enhancers

Cosmetics chemicals

Emollients, film former, surfactants

Textile chemicals

Colourants and auxiliaries, finishing chemicals, coatings

Water treatment chemicals

Biocides and disinfectants, coagulants and flocculants, activated carbon, anti-foaming agents, pH adjusters, softeners

Construction chemicals

Protective coatings, sealants and adhesives, concrete admixtures

Paper and pulp chemicals

Sodium hydroxide or caustic soda, coating chemicals, pigments, fillers

Oil field chemical

Drilling fluids and lubricants, cementing chemicals, acidising chemicals and fracturing chemicals

What are Speciality Chemicals?

Speciality chemicals provide a variety of chemical effects to finished products such as to enhance their performance and function. Most speciality chemicals are organic-based and used widely in consumer products such as cosmetic, food and beverages and personal care. According to the Allied Market Research report in December 2019, speciality chemicals can be divided into seven major segments.

7 major segments of speciality chemicals.



These companies also have the capabilities to undertake continuous R&D, leading to further development of speciality chemicals. Among the top global players in the industry are Dow Chemicals (USA), BASF (Germany), Dupont (USA), Akzo Nobel (Netherlands) and DSM (Netherlands).

McKinsey's 2017 report 'Digital in Chemicals: From Technology to Impact' anticipates the speciality chemical segment to be among the main sectors adopting digitalisation and automation of their production lines. This observation was based on the current trends of companies, which are going further by utilising advanced analytic models in their production to improve accuracy, collect real-time data and enhance the performance of finished products.

The report also highlighted that the chemical industry is poised to be an early beneficiary of the vastly expanded modelling and computational capabilities of quantum computing[2].

This new approach to computing has the potential to enable chemical companies to make better products, at a lower cost, in less time using artificial intelligence (AI) simulation. It can also assist in the formulation of mixtures by constructing complex molecular-level processes involved in shorter periods of time. Furthermore, this industry can support the optimisation of mixtures to be effective for a whole range of applications in various industries such as cosmetics, electrical and electronics (E&E) and food.

Speciality Chemicals in Malaysia

For years, the chemicals and chemical products sub-sector is one of the largest contributors to investments in the manufacturing sector in Malaysia. In 2019 alone, the sub-sector ranked fifth in terms of approved investments in the manufacturing sector, accounting for RM4.8 billion or 11.7% of the total approved investments in the sector.

Although the chemicals and chemical products industry in Malaysia can be considered to be matured with a well-established ecosystem, there are immense opportunities amidst challenges. Among the biggest challenges faced by Malaysian manufacturers is to compete in the global market by offering high-quality products while maintaining lower cost margins. The increasing cost of doing business in Malaysia, especially for energy and labour cost, is a prevailing issue that needs to be mitigated to strengthen the speciality chemical segment in the country.

The manufacturing process of speciality chemicals, in itself, is dynamic and flexible. The raw materials, products, processes, operating conditions and equipment used may change regularly. Given that speciality chemicals requires complex formulation and customisation to make up the chemical producer's portfolio, expertise in understanding chemical compositions, properties and applications of various speciality chemicals is very important. However, the development, innovation and new technologies within the industry are still driven by international companies that have well-equipped facilities such as BASF, Dow and DuPont. This puts additional pressure on local players to maintain their market share and remain competitive.

Strategy&, PricewaterhouseCoopers' (PwC) global strategy consulting business, highlighted that the speciality chemicals segment is highly dependent on innovation.



However, investments made for innovation by the industry within Malaysia is still below par. This needs to be addressed in line with the rapid development of the industrialisation of the country.

In this regard, the Chemical and Advanced Materials Division of the Malaysian Investment Development Authority (MIDA) has been actively engaging with industry stakeholders to promote and facilitate investments in the speciality chemicals segment. The production of speciality chemicals is listed among the products or activities eligible for consideration of an incentive under the Promotion of Investment Act (PIA), 1986.

To date, the feedback received from the industry has been very encouraging. Recently, prominent Malaysian chemical company, Petronas Chemical Group Berhad (PCG) acquired Da Vinci Group B.V., a Netherlands-based company producing speciality chemicals such as silicones and lubricant oil additives. The acquisition marks PCG's commitment to expanding its business into the promising speciality chemicals segment.

Opportunities in Speciality Chemicals

Moving forward, Malaysia is looking to venture into new sub-segments within the speciality chemicals segment. Industry players have begun exploring the possibility to produce speciality chemical products

directly from crude oil by using Crude Oil to Chemicals (COTC) technology. Non-fuel products such as catalysts, aromatics, white spirits (naphtha), wax and white oil offer a huge market potential to be explored. These products can be used as additives for various industries such as food and beverages, construction and automotive.

Against the backdrop of the COVID-19 pandemic, industry players must be prepared to shift their manufacturing processes. There is an urgent need to implement new technology and digitalisation as well as to invest in R&D, both primary and secondary, to ensure operational production can continue to meet the needs of the market.

MIDA is also actively encouraging digitalisation in the manufacturing sector, particularly in the speciality chemicals segment.

Digitalisation can be the 'magic' wand for industry players to boost productivity and reduce errors of production. Malaysia welcomes speciality chemical manufacturers to continuously seek out innovative, new technologies to enhance the quality of their product, optimise their value chains and ultimately align with market needs.

The Malaysian Government, through MIDA will continue to support and strengthen Malaysia's speciality chemicals segment. Potential players are encouraged to take the opportunity to explore the potential of leveraging Malaysia as their launch pad into the speciality chemicals market in Asia Pacific. Building upon the country's comprehensive local supply chain and ecosystem, Malaysia is indeed strategically positioned to be the preferred regional investment destination, particularly in the speciality chemicals segment.



Delivering in the Face of Pandemic: Leveraging on Supply Chain Digitalisation

Numerous industries are experiencing disruptions in business operations due to the outbreak of the COVID-19 pandemic. According to the United Nations, the pandemic has wiped US\$50 billion off global exports in February 2020. The global industry now faces an increasingly unpredictable global economic landscape due to supply chain disruptions as countries heightened its health and safety measures by suspending in-country deliveries.

In Malaysia, the pandemic and the subsequent implemented Movement Control Order (MCO) undoubtedly created challenges in the market. Non-essential services and offline businesses

were ordered to suspend operations to slow the spread of the virus. Incidentally, the retail sector was among the industries most affected. However, the logistics industry, particularly the e-commerce and e-fulfillment activities were declared essential services and therefore were allowed to operate.

This was a vital move as consumers turned to online platforms to shop during the MCO. Goods, especially food and grocery deliveries, were in high demand. This has created abundant business opportunities and some businesses adapted by quickly digitalising their operations to leverage on the new business environment.

The pandemic pushed stakeholders to re-evaluate and re-strategise their operations towards digitalisation. This in turn boosted productivity and enhanced business flow, which are fundamental for long term business sustainability.

GD Express Sdn. Bhd. (GDEX), the well-known Malaysian homegrown courier services company serves as an ideal example of how industries players use digitalisation to cope with the current business climate. Before the MCO, the company had already implemented technology such as Application Programming Interface (API) for its more tech-savvy customers such as Lazada. However, with the movement restrictions and work from home guidelines in place, GDEX introduced a programme to push more of its clients, particularly those that operate in more traditional manners, to adopt digital platforms as part of their business model to minimise service disruptions and increase efficiency.





By April 2020, the company's volume of goods delivery had gone up sevenfold, and in May 2020 it increased further. Not only did the digital transformation of GDEX's existing 50,000 corporate customers accelerate, it also created a more resourceful way to recruit delivery personnel to come on board as freelancers due to the available delivery volume. Approximately 10,000 deliveries per day were performed within less than a month after the programme's introduction. Ultimately, this illustrates how GDEX has strategically utilised technology to support the surge in demand for its services seamlessly.

Given the imperative role of technology during the pandemic, logistics companies are compelled to recognise the importance of technology advancement and adoption. This is in line with the growing demand for more services, faster and cheaper

shipping, as well as the uncertainties surrounding the global trade.

While signs point to a recovering global supply chain, the shipping industry will likely see increased investment in freight and supply chain technologies in the long run. Shippers and third party logistics (3PLs) companies need to ensure operational integration with a diverse set of systems. This includes suppliers and business-to-business partner connection technologies such as API and Electronic Data Interchange (EDI) systems; third-party picking, packing, and shipping software; as well as customer e-commerce websites such as marketplaces and e-commerce platforms. While some companies may already have one or more of these integration capabilities today, it is not sufficient. Companies will still need to implement the full set, which fundamentally relies on Industry 4.0 technologies, to ensure their continual success in the future.

The profound effect of technologies on global shipping cannot be overlooked and given the importance of international trade to Malaysia, the country will need to ensure its industry stakeholders are at the forefront of technology adoption to make a steady recovery. To prepare local logistic service providers for the shift towards Industry 4.0 technologies such as the Internet of Things (IoT), big data and digitisation, the Malaysian Investment Development Authority (MIDA) provides various facilitations, including grants. Additionally, the re-opening of the economic sectors by stages with effect from 4 May 2020 and the announcement of the National Short-Term Economic Recovery Plan (PENJANA) on 5 June 2020, lays the foundation to restore Malaysia's economy, preserve employment and give investors, particularly those in the logistics and shipping industries, the confidence to continue investing in Malaysia.

Paving the Road to Success through Transformation and Diversification: **UWC Holdings**

UWC Holdings' history dates back to August 1990, when Dato' Ng Chai Eng and Lau Chee Kheong incorporated Unique Wire Cut Sdn. Bhd. It commenced operations as a trading company in the same year from a rented shop lot in Sungai Puyu, Penang, where we supplied wire cut machines to our primarily Malaysian customers base. With only 2 employees back then, we held firm to our belief that transformation and diversification is the key to success. We ventured in the metal fabrication services and eventually transformed into a vertical transport or elevator manufacturer.

Today, we are an integrated engineering service support provider, manufacturing automated test equipment for a variety of industries, ranging from semiconductor to life science. Boasting of staff strength of more than 800 employees, 12 acres factory facility in Batu Kawan, Penang and a market capitalisation of RM2 billion, UWC has transformed from a micro-scale trading company to one of the leading manufacturers in the country. The company is listed in Bursa Malaysia in 2019 and was named the best initial public offering (IPO) in the same year by The Edge.

In 2018, UWC relocated two of its plants from Bukit Minyak, Penang to a new manufacturing plant in Batu Kawan, Penang. The new facility consists of a 2-storey office building and a detached factory with a total built-up area of approximately 255,364 sq ft. It is equipped with larger floor space to accommodate more



Dato' Ng Chai Eng
Executive Director/Group CEO
UWC Holdings

machinery and equipment as well as additional assembly lines. This new plant is ideally suited to meet the customers' growing demands.

UWC also did not rest on our laurels. Leveraging on our competencies in design and development, sheet metal fabrication, precision machining, sub-assembly and full-turnkey assembly, we extended our value propositions to offer a more comprehensive range of services for our customers' manufacturing needs.

UWC broadened its horizon in two important industries in Penang, the semiconductor and life science industries. To cater for the semiconductor industry, UWC's primarily product is the semiconductor tester; where else for life science industry, we are the original equipment manufacturer (OEM) for medical technology equipment.

The decision to diversify our business has proven to be the right choice for the company when the Asian Financial Crisis hit Malaysia in the year





1997. The economic crisis had largely impacted the domestic-oriented industries such as construction and services. As one of the largest suppliers for elevator components, albeit being only a small company then, UWC was not heavily impacted. The impact was offset by UWC new ventures in 2005 within the semiconductor industry and 2006 within the life science industries.

While UWC is actively acquiring machines for its operations, we are also in the early stages of our Industry 4.0 implementation. This transition is important for us to hedge UWC against the fast-paced technology evolution. Industry 4.0, or the fourth wave of the Industrial Revolution, will create 'smart factories' which offer many benefits, including higher productivity, increased speed of production and improved product quality. Moving forward, UWC will be investing in high precision machinery and further enhance our capabilities to provide a broader range of services to our customers.

Dato' Ng Chai Eng, Chief Executive Officer (CEO), Executive Director and co-founder of UWC, recalls the company's humble ventures in the past, "I remember a few years ago when UWC was working with one of our customers to transfer technology and manufacturing activities from Canada to Malaysia. It was a

project regarding diffusion pumps, whereby there were only a handful of manufacturers around the globe with the relevant manufacturing capability. Then, we required a huge investment, especially for machinery and equipment. We also needed to send our engineers and a technician to Canada for nine months to transfer the manufacturing knowledge to UWC. Fortunately, the Malaysian Investment Development Authority (MIDA) provided us with the necessary financial assistance for human capital training as well as the acquisition of machinery. The assistance indeed smoothened the project transfer process."

He added, saying, "Malaysia is a destination for investments, especially for high technology and high-value products. We have world-class infrastructure and a matured supply chain. Certainly, when looking to invest in Malaysia, the best authority to consult is MIDA. Being the principal investment promotion agency in the country, they are well-equipped and ever-ready to provide support and facilitation, in terms of incentive available, location and more."

Being a Malaysian company, UWC is always very proud to have our manufacturing facilities producing high value and high technology products serving global multinational corporations (MNCs) around the world.



Malaysia is Always Open for Business: A Global Supply Chain Hub



The European Union Chamber of Commerce in China (Shanghai Chapter) and the Malaysian Investment Development Authority (MIDA) successfully organised a webinar session on 16 June 2020. The webinar highlighted Malaysia's diversified economic structure, which contributes to the country's competitiveness as well as one of the top global manufacturing nations amid the COVID-19 pandemic.

Dato' Azman Mahmud, CEO of MIDA, during his presentation, said that the main challenge arising from the COVID-19 pandemic is supply chain disruptions. Countries such as Japan, Korea and the USA have made announcements to encourage their respective home-based companies to relocate from China, to mitigate risks of being overly-dependent on one singular country.

Therefore, as more companies are seeking to diversify their supply chains to be more resilience, Malaysia is positioning itself as a global supply chain hub in Asia. This builds upon Malaysia's current long term focus of developing catalytic industries, namely electrical and electronics (E&E), machinery and equipment (M&E) and chemical; as well as high-potential industries such as medical devices and aerospace. Coupled with Malaysia's transition towards the implementation of Industry 4.0, there are vast opportunities for innovative industries to grow in the country.

Dato' Azman strongly encouraged companies to consider Malaysia as a global supply chain hub in Asia. Malaysia has the advantage of having a robust E&E base, good supporting local

engineering clusters and a broad talent base. Notable supporting industries include medical precision engineering, tool and die making, contract moulding and assembly, machinery fabrication as well as electronics manufacturing services.

The DHL Global Connectedness Index 2018 study highlighted that Malaysia is among the countries that exceeded expectations of international flow. Ranked second in Southeast Asia and 12th out of 169 countries for trade connectivity, Malaysia is undoubtedly an important player in the global value chain. This is a result of Malaysia's strong and reputable diplomatic ties, linkages with the wider Asian supply chain networks and the ASEAN economic integration policies.

In closing, Dato' Azman reaffirmed that Malaysia is more than just a strategic location and gateway to Asia. The country offers a pro-business Government; economic stability; liberal investment policies; well-developed infrastructure and connectivity; high quality Malaysian products and services; young, trainable and educated labour force; IP protection; as well as 50 years-strong industry base. MIDA also stands ready to facilitate investors seeking to leverage Malaysia as their operations hub, easing their transition and project implementation.

The webinar also featured presentations from Mr. Julian Neo, Managing Director of DHL Express (Malaysia) and Mr. Christoph Muller, Senior Vice President Operations of B.Braun Medical Industries.



Collaboration Between MIDA, HSBC And BMCC: Webinar on “Diversifying the Supply Chain”

The Malaysian Investment Development Authority (MIDA) together with HSBC and the British Malaysian Chamber of Commerce (BMCC) organised a webinar entitled “Diversifying the Supply Chain” on 9 June 2020. The webinar was specially targeted for potential and existing British companies to better understand Malaysia as the possible destination for their global supply chain hub in Asia.

Mr. Arham Abdul Rahman, Deputy CEO of MIDA, delivered the Keynote Address. He emphasised the Government’s commitment to speed up the recovery of the country’s economy, particular through the National Short-Term Economic Recovery Plan (PENJANA) that was announced on 5 June 2020. Sharing on the major investment measures of PENAJA, Mr. Arham pointed out that Malaysia will remain as an investor-friendly destination for the long term growth, for both



foreign and domestic businesses alike. He welcomed more UK companies to leverage on Malaysia as their profit centre in Asia.

The panellists at the webinar session were Mr. Arham, Mr. Sanjeev Panchal from AstraZeneca Malaysia, Mr. Omar Mahmoud, Country Head of Global Banking of HSBC Malaysia and Ms. Deborah Clarke, Country Director of Department for International Trade, British High Commission in Malaysia. The panel session discussed Malaysia’s capabilities in terms of talent, logistic and reliable local supply chain network to support MNCs in Malaysia.

Collaboration Between Standard Chartered Malaysia and MIDA: Webinar on “Turning a Setback Into a Comeback”

On 17 June 2020, Mr. S. Sivasuriyamoorthy, Executive Director of Investment Promotion of the Malaysian Investment Development Authority (MIDA) presented to over 100 participants from Malaysia and Europe, who attended the webinar, co-organised by Standard Chartered Bank Malaysia and MIDA.

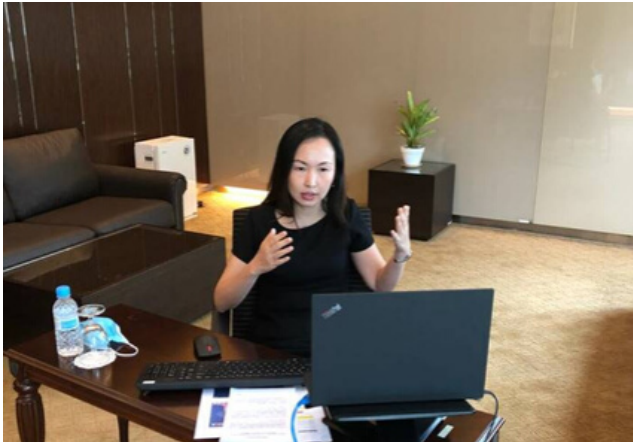


The webinar was among the programmes organised by Standard Chartered Bank Malaysia and MIDA, following the signing of the Memorandum of Understanding (MOU) on 11 June 2020. The MOU formalised the partnership between both parties to promote Malaysia as the strategic investment destination in ASEAN.

Aptly entitled ‘Turning a Setback into a Comeback’, Mr. Siva’s presentation also touched upon Malaysia as an alternative supply chain base in Asia. Following the opening of the country’s economy and the announcement of the National Short Term Economic Recovery Plan, he highlighted that Malaysia is well-positioned for companies seeking to seize emerging opportunities of the low-touch economy, in the post COVID-19 marketplace.

Representing Standard Chartered Bank at the webinar was Mr. Edward, Regional Head of Standard Chartered in Singapore. He shared updates on the current COVID-19 situation and economy outlook in ASEAN, highlighting Malaysia’s success in handling the pandemic and journey to economic recovery.

Highlights of June >>>



On 4 June 2020, MIDA, led by Ms. Lim Ming Yee, Senior Deputy Director of the Foreign Investment Promotion Division, had a fruitful interactive session with potential China investors at the Deloitte Malaysia webinar on Malaysia -The Ideal Investment Destination for Industrial Revolution 4.0 and Supply Chain Realignment.



MIDA looks forward to more effective engagements with the Asian Business Aviation Association (AsBAA) in promoting business aviation industry in Malaysia”, said Mr. Arham Abdul Rahman, Deputy CEO I of MIDA, during the exclusive webinar with AsianBAA members on 10 June 2020.



MIDA Sydney organised a post COVID-19 promotional programme on 11 June 2020 via zoom meeting with the Executives' Global Network (EGN) Australia and New Zealand. Ms.Fatmah Ahmad, Director of MIDA Sydney shared insights on the latest development of Malaysia' investment agenda and initiatives to attract investments.



Mr. Ahmad Khairuddin A.Rahim, Deputy CEO II of MIDA, delivered his keynote address at the Webinar titled 'Malaysia's Post COVID-19: Short-term Recovery Plan for Economic Restart' held on 11 June 2020 in collaboration with Malaysia Australia Business Council (MABC). He highlighted that Malaysia is well-positioned to weather the storm and emerge stronger from this pandemic. The country is resilient despite multiple changes faced by the global economy, due to its diversified economic structure.

Highlights of June >>>



MIDA Singapore and Singapore Business Federation (SBF) jointly organised a webinar on Malaysia Business Clinic - Doing Business in Malaysia Post COVID-19 on 11 June 2020. The event, which successfully gathered 87 participants, was supported by Enterprise Singapore and ZICO Law, a well-known law firm in Singapore.

The Malaysian Ambassador to Spain, H.E. Akmal Che Mustafa and Mr. Pravinganesha Rajoo, Director of MIDA Paris shared their insights on opportunities in Malaysia with Spanish investors at a webinar hosted by the Spanish - ASEAN Business Association (ASEMPEA) on 17 June 2020.



The director of MIDA New York, Mr. Nelson Samuel made a presentation on 'Malaysia as a Regional Hub in ASEAN' at a webinar session, co-organised with Global Chamber New York Chapter on 18 June 2020. The session was moderated by Ms. Susan Assadi and joined by Vistra Malaysia, an international based consultancy company that offers corporate services to foreign companies.

On 18 June 2020, MIDA Frankfurt in collaboration with Germany's largest industry association for small and medium-sized businesses (BVMW) organised a webinar featuring high-ranking speakers namely Mr. Mario Ohoven, the BVMW President, H.E Datin Sarah Al Bakri Devadason, Ambassador of Malaysia to Germany, Mrs. Dorothea Mertes, Head of International Markets, BVMW President, H.E Datin Sarah Al Bakri Devadason, Ambassador of Malaysia to Germany, and Mr. Niels Strohkirch, Managing Partner of Expandeers ASEAN & BVMW's Representative for Malaysia. The webinar was aimed to update the German business community on the current economic situation, economic policy conditions and existing market opportunities in Malaysia. H.E. Datin Sarah highlighted the recent developments and announcements of the Malaysian Government aimed at kick-starting the economy after the COVID-19 crisis. The Director of MIDA Frankfurt spoke on investment opportunities, ecosystems and the recently announced incentive package for relocations to Malaysia. The webinar session was conducted in English and German languages. It was followed live by around 150 viewers and watched nearly 6,000 times on BVMW's official Facebook page.



Highlights of June >>>



During a courtesy call to YB Datuk Lim Ban Hong, Deputy Minister of International Trade and Industry (MITI) on 18 June 2020, the China Enterprise Chamber of Commerce in Malaysia (CECCM) appreciated MIDA's efforts in supporting China investments into Malaysia.



On 22 June 2020, Mr. Pravinganesha Rajoo, Director of MIDA Paris made a presentation on the Malaysian Government's initiatives, post COVID-19 especially on the short term economic recovery plan and how the government would be facilitating the future and current investors. The webinar was organised by the French Chamber of Commerce in Malaysia (CCIFM) in collaboration with MIDA and Yellow, a law firm based in France.



On 23 June 2020, an exclusive webinar was put up by HSBC Malaysia and the American Malaysian Chamber of Commerce (AMCHAM) on making Malaysia the hub for regional establishments. MIDA was represented by Mr S. Sivasuriyamoorthy, Executive Director of Investment Promotion and Mr. Juha, Economic Counsellor represented the US Embassy to Kuala Lumpur.

Organised by: Singapore Chinese Chamber of Commerce & Industry

Co-organised by: MIDA

Sponsors: Maybank

Post-COVID-19: Business Updates and Outlook in Malaysia

Date: 24th June 2020 (Wed) | Time: 10am – 11.45am
Event Type: Webinar (Online session) | Fee: Complimentary

SPEAKERS



Chua Hak Bin, PhD
Senior Economist,
Macro Thematic
Maybank Kim Eng



Umarani Muniandy
Counsellor (Investment) /
High Commission
of Malaysia



Shahzul Jayawirawan
Mohd Yunus
Director
MIDA Johor



Marc Leong (Moderator)
Head, SME Banking
Maybank Singapore Limited

MIDA, led by Ms. Umarani Muniandy, Director of MIDA Singapore and Mr. Shahzul Jayawirawan, Director of MIDA Johor were among the speakers for the webinar titled "Post Covid-19 - Business Updates and Outlook In Malaysia" held on 24 June 2020. The webinar was co-organised by MIDA with the Singapore Chinese Chamber of Commerce and Industry (SCCCI).

Highlights of June >>>



“SMEs play a critical role in Malaysia's digital agenda”, said Mr. S. Sivasuriyamoorthy, Executive Director of Investment Promotion, MIDA during the discussion session at the Industry 4.0 webinar held for SMEs on 25 June 2020. Mr. Leong, the Chief Business Officer of the Credit Guarantee Corporation Malaysia Berhad (CGC) also spoke at the session.



On 26 June 2020, MIDA's team, led by Ms. Lim Ming Yee, Senior Deputy Director of the Foreign Investment Promotion Division visited TusStar Malaysia. TusStar is one of the earliest and largest national level incubators in China, helping the start-up companies to grow into unicorn or local leading enterprises. The campus in Petaling Jaya, Kuala Lumpur is their first overseas incubators in South East Asia.



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ECONOMY NEWS

- Malaysia may see gradual economic recovery starting next quarter - MIDF Research
- Economic Recovery Plan to cushion economy from sharp contraction — Affin Hwang Capital
- Several industries continue to show growth, still hiring: Jobstreet
- Govt wooing foreign companies to shift businesses to Malaysia: Muhyiddin
- 'Penjana initiatives will help boost investors' confidence'
- Highlights of the short-term Economic Recovery Plan
- Penjana reignites growth of trade, industrial, manufacturing sectors
- World Bank: Malaysia's economic recovery to begin from end-2020
- RM35 bln PENJANA Plan meets expectations - SERC
- Attracting high-value investments to Malaysia
- Malaysia's FDI rises 3.1% to RM31.7b in 2019, on higher investment from Japan
- Better Malaysian exports looming as global economy starts opening up
- MPC: Penjana digitalisation initiatives will boost productivity
- Malaysia remains competitive amid COVID-19 pandemic - MIDA
- Covid-19: US businesses in Malaysia adjusting, seizing opportunities
- Supporting Domestic Industry Players during an Unprecedented Crisis
- Malaysia will ride out COVID-19 storm better than others, says World Bank

INDUSTRY NEWS

- Malaysia's PMI rises sharply in May, indicating economic downturn have bottomed out - IHS Markit
- K-One secures licence to manufacture low-cost ventilators for use in Covid-19 treatment
- PMI recovery suggests signs of stabilisation, growth in 3Q20
- B. Braun expands global test centre for medical devices in Penang
- Bosch to set up new plant in Penang
- Daikin considering producing anti-virus air purifiers in Malaysia
- MIDA: Timely, critical for E&E companies in Malaysia to assess supply chain
- E&E sector poised to remain firm thanks to govt proactive measures, says MIDA
- Tax holiday for new capital investments above RM300 million in manufacturing
- PACU to facilitate approvals, speed up implementation of manufacturing projects, says Azmin
- Manufacturers laud PENJANA's inclusion of all economic sectors
- National Economic Recovery Plan to bode well for auto sector — Aminvestment Bank Research
- Developer turns into glove maker
- Supermax buys RM22m land in Klang for future capacity expansion
- AEM's unit and Palm Pro form JV company
- Condom-maker Karex to expand sanitiser production
- Kenanga: Industrial production to make a comeback in near term
- CCM to execute three-pronged strategy to manage COVID-19 impact
- Glove players may return to spotlight on Covid-19 resurgence
- AME builds plant for one of world's leading EMS providers in Johor
- Chocolate hub to be set up in Langkawi - minister

- MITI grants extension of project implementation period for manufacturing sector
- Malaysia's E&E to play critical role post-Covid-19
- Duopharma Biotech to expand consumer healthcare business
- JCorp identifies potential investments worth up to RM17.4 bln for PIP
- Kawan Food adapts to new norm
- Daibochi to spend RM60mil on 13 new production lines
- US-based Dexcom chooses Malaysia to open third continuous glucose monitoring manufacturing system site
- O&G industry urged to make use of Southeast Asia's biomass resources
- Lotte Chemical on track to be top-tier Asean petchem firm
- Pecca ventures into PPE business

SERVICES NEWS

- Sino Hua-An set to be key technology player in APAC via Techna-X
- Local industries should move towards digitalisation in new norm, urges deputy minister
- E-commerce to grow and boom in Malaysia
- MDEC expects 20% e-commerce growth contribution to digital economy this year
- Govt policies, economic, social systems key in driving digital economy — Saifuddin
- Tech, public-private collaborations to empower businesses' productivity — Microsoft
- Vsolar teams up with Mattan Engineering to explore development of large-scale solar facility
- Malaysia leads mobile wallet usage in Southeast Asia
- Advancecon turns to RE for new earnings stream
- Solar electricity an attractive investment amid economic downturn
- Petronas invests in agritech startup in first VC foray in Malaysia
- AME Elite forms solar energy joint venture

GLOBAL NEWS

- Global semicon sales rose 6.1% y-o-y in April to US\$34.4b, says SIA
- China, ASEAN to boost digital economy cooperation in 2020

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OUR COMMUNICATION TOOLS

1

Website

With more than 28,000 unique visitors each month, our website provides useful and relevant information, which serves as a reference for anyone interested in doing business in Malaysia.



Sample of MIDA's homepage at www.mida.gov.my

2

E-Newsletter

With more than 18,000 registered subscribers and growing, our monthly English E-Newsletter contains the latest industry and services updates as well as activities held throughout the month.



Sample of MIDA's E-Newsletter

OUR COMMUNICATION TOOLS

3

Digital Signages

Our digital signages are situated within our HQ building in KL Sentral, which receives heavy number of visitors daily



One of our video walls at MIDA lobby



Some of our LCD TVs at MIDA lobby

OUR ADVERTISING RATES

MIDA's Website

Homepage RM1,500 per week
Second Page RM1,000 per week/slot

E-Newsletter

Full page RM6,000 per issue
Half page RM3,000 per issue
Quarter page RM2,000 per issue

Digital Signages

Video Walls RM6,000 per month
LCD TV RM3,000 per month

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ABOUT MIDA

MIDA is the government's principal investment promotion and development agency under the Ministry of International Trade and Industry (MITI) to oversee and drive investments into the manufacturing and services sectors in Malaysia. Headquartered in Kuala Lumpur Sentral, MIDA has 12 regional and 20 overseas offices. MIDA continues to be the strategic partner to businesses in seizing the opportunities arising from the technology revolution of this era. For more information, please visit www.mida.gov.my and follow us on Twitter, Instagram and Facebook, LinkedIn and Youtube channel.

MIDA, your first point of contact for investments in Malaysia.

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