



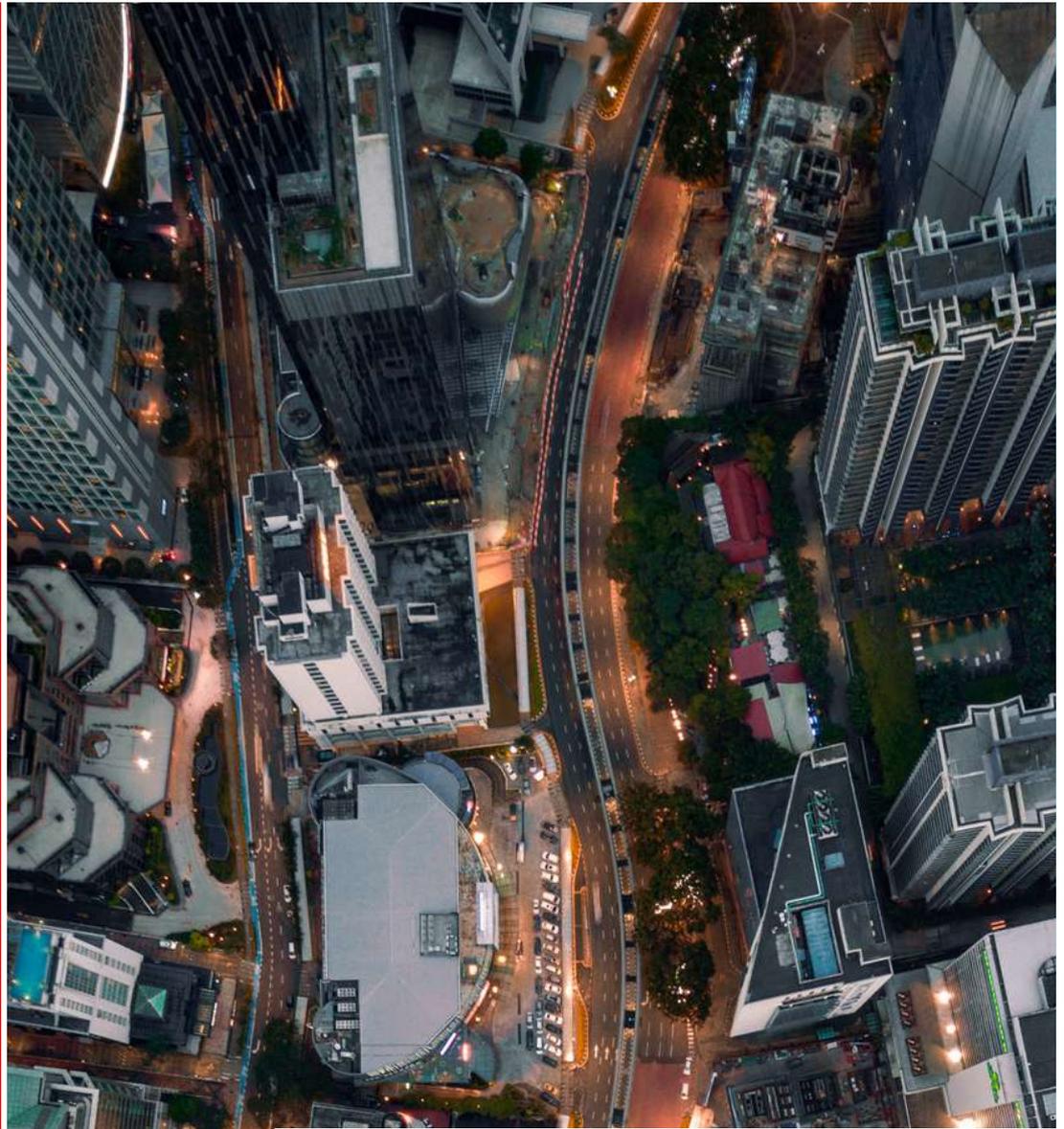
**June
2019
Issue**



MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY

MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY
E-NEWSLETTER

A MONTHLY INDUSTRY UPDATE FOR GLOBAL INVESTORS AND MORE!



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Malaysia Remains an Attractive Investment Destination: Recording Approved Investments of RM53.9 billion in Q1 2019

Malaysia has successfully attracted a total of RM53.9 billion approved investments in the manufacturing, services and primary sectors for the first quarter of 2019 (Q1 2019), an increase of 3.1% from the same period last year (RM52.3 billion). These investments are from 1,678 projects and are expected to generate more than 41,200 job opportunities for the country.

The positive investment growth in Q1 2019 was mainly driven by the robust performance of the manufacturing sector that

soared by 126.8% compared to Q1 2018, recording an impressive approved investments of RM25.4 billion.

The largest portion of approved investments, however, was contributed by the services sector, which garnered 1,445 approved projects with investments worth RM26.1 billion. The bulk of the investments came from domestic sources, which contributed RM18.0 billion or 69% of the total approved investments while the foreign

sources contributed RM8.1 billion or 31%.

Meanwhile, the primary sector contributed RM2.4 billion or 4.5% to the total approved investments in Q1 2019, with investments in oil and gas exploration activities dominating the approved investments in the sector. Given the challenging uncertainties in the global economy surrounding the US-China trade talks, investors remain confident about Malaysia as an investment destination. This is seen with the increase of foreign investments by 73.4% to RM29.3 billion from RM16.9 billion in the first quarter of 2018. Domestic investments raked in RM24.6 billion, contributing 45.6% to the total.

The manufacturing sector successfully attracted RM20.2 billion in foreign investments from January to March 2019, which is 127.0% from the corresponding period last year. The commendable increase reflects Malaysia's continuous competitiveness as a location of choice for investments.





As identified under the 11th Malaysia Plan, the targeted 3+2 catalytic and high potential growth sub-sectors namely the electrical and electronics (E&E), chemical and chemical products, machinery and equipment, medical devices, and aerospace continue to be the focus of industries developed in Malaysia, contributing 66.1% (RM16.8 billion) to the total approved investments in the manufacturing sector. The E&E industry contributed 92.8% of total investment approved in the 3+2 sectors for the first three months of 2019.

Once implemented, these approved projects are expected to generate strong multiplier effects, which include the growth of domestic companies or engineering supporting industries, cluster development, local sourcing, strengthening of R&D activities and human capital development.

Among the five investing countries are the USA (RM11.5 billion), China (RM4.4 billion), Singapore (RM2.2 billion), Japan (RM0.6 billion), and the British Virgin Islands (RM0.5 billion).

These countries accounted for 95.0% of the total approved foreign investments in the manufacturing sector for Q1 2019.

Following the encouraging numbers of approved investments in Q1 2019, MITI and its agencies particularly MIDA, will continue to assume a strong role in attracting more quality investments as well as facilitating the implementation of approved projects. As to date, MIDA has 471 projects in the pipeline with investments worth RM30.4 billion for the manufacturing and services sectors.



APEC 2020: Charting New Frontiers

Asia Pacific Economic Cooperation or better known as APEC, has grown into a dynamic engine promoting trade and economic growth in the Asia-Pacific region since its establishment in 1989. This inter-governmental forum comprising of 21 member economies was formed in response to the growing interdependence of the Asia-Pacific economies, regional trade blocs and establishment of new markets during the mid-1980s. Needless to say, APEC is still a very much relevant bloc in today's business world and exerts a significant influence across the global markets.

A milestone for APEC was the adoption of the Bogor Goals during the 1994 meeting in Bogor, Indonesia. The Bogor goals called for free and open trade and investment by 2020 through reducing trade barriers in the region and promoting the free flow of goods, services and capital among APEC economies. Coupled with the Osaka Action Agenda formulated in 1995 that developed 15 key areas to focus on, including tariffs, investments, customs and standards, member countries have made measurable progress in achieving these goals through the implementation of proposed action plans.

Some notable achievements by APEC are the promotion of regional economic integration and trade, expedition of customs procedures, structural reforms behind the border barriers and the introduction of APEC Business Travel Card (ABTC). As a result, reduction of trade barriers between members, harmonisation of standards and regulations,

streamlining and expediting customs procedures to enable goods to move more easily across borders; facilitating the movement of business people in the region and an improved business environment was experienced in the region.

The business community is also represented through the APEC Business Advisory Council (ABAC), the private sector arm of APEC. The primary mandate of this council is to advise leaders and other APEC officials on issues of interest to business. ABAC also responds to request from various APEC sub-groups for information about the business perspective of specific areas of cooperation.

ABAC members are appointed by their respective economic leaders and represent a range of business sectors, including micro, small and medium enterprises (MSMEs). For Malaysia, the Federation of Malaysian Manufacturers (FMM) is the Secretariat for ABAC.





The year 2020 is going to be a milestone for APEC member countries, and particularly for Malaysia. Malaysia will be hosting APEC once again, since the last in 1998. As Chile, the current host hands over the baton to Malaysia during the APEC Summit in November 2019, it will be a new phase for APEC, post-Bogor goals.

With the preparation of APEC 2020 underway, YB Datuk Darell Leiking, Minister of International Trade and Industry (MITI) shared Malaysia's vision for the hosting the meeting, saying "APEC's cooperation is beyond trade liberalisation and Malaysia will emphasise on people and inclusivity to foster a sustained increase in living standards as the main agenda for APEC post-2020."

Our Prime Minister, Tun Dr. Mahathir Mohamad, also reaffirmed Malaysia's commitment to hosting a substantive APEC 2020 as the Bogor Goals comes to completion. He will be the first democratically elected leader to be hosting the APEC meeting twice. This is a mark in the history of APEC.

The APEC 2020 National Secretariat is pioneered by MITI to carry out preparations for the hosting of APEC 2020. Malaysia will be organising 120 meetings of various levels across the country and will be receiving around 16,000 delegates from 20 economies.

In fostering and facilitating this cooperation, MIDA supports MITI with initiatives

relating to APEC. MIDA is the lead negotiator/organisation for APEC Investment Experts Group meetings, providing resource persons for international meetings, drafting inputs and assisting in building Malaysia's position on trade and investment issues negotiated. This includes investment policies and tariff matters such as the rules of origin to recommend for particular tariff lines. When requested, MIDA takes the lead in issues related to investments. MIDA's International Cooperation Unit under the Strategic Planning and Policy Advocacy (Manufacturing) Division is entrusted to handle all matters pertaining to international cooperation.

Malaysia is expected to gain substantial potential spillover benefits economically from the hosting of APEC 2020, especially in the hospitality and services industry. Businesses will also stand to gain from the business matching activities, which is a platform to showcase their products to potential investors. Internationally, Malaysia will be in the centre of media, showcasing the country's uniqueness in various sectors as an emerging market economy.

APEC 2020 will be determining APEC's success over the years, the next step for the development of the region, and the beginning of APEC's new era.

Circular Economy: The Way Forward for Palm-Based Industries



Malaysia is the second largest producers and exporters of palm oil in the world, supported by 4.49 million hectares of oil palm cultivation which produces 17.73 million tonnes of palm oil. This accounts for 11% of the world's oils and fats production and 27% of export trade of oils and fats. Hence, Malaysia assumes an important role to sustainably fulfil the global needs for edible oils and fats.

Malaysia is actively promoting the adoption and implementation of sustainable and good agricultural practices. Integrating circular economy into the production of palm oil is an effective solution to optimise the usage of resources (raw materials) and minimise wastage from production, emissions and energy inefficiency. This is done by reducing, reusing and recycling materials that are commonly underutilised in the current linear economy. The model adopts a circular pathway which utilises usable material after the first processing cycle, by reintroducing it back into the

second processing cycle of similar or different products as secondary raw materials. Ultimately, this process will translate into the optimisation of raw materials by continually adding value to its users along the supply chain.

Production of palm oil results in multiple types of secondary products (solid and liquid) in high volumes such as palm oil mill effluent (POME), empty fruit bunch (EFB), decanter cake and palm pressed fibres. These biomass products can be further utilised directly into producing new value-added products, or to be used as alternative energy sources to fuel the production facility.

The incorporation of this model will not only address the environmental aspect plaguing the palm oil industry, but also the economic concern of the supplies of primary raw materials. As the industry embarks into reusing its waste, the reliance on primary sources will diminish. This contributes to decreasing the need for new

plantation areas, which in turn reduce deforestation rate and carbon footprints. The introduction of new usages of secondary products will also bring about new economic opportunities. It could significantly disrupt the current energy industry by increasing the accessibility to biomass as an energy alternative; in tandem with Europe's commitment to decarbonising its economy by reducing its reliance on fossil fuels.

Malaysia has been at the forefront of promoting the use of palm oil and palm biomass in the manufacturing sector. National Biomass Strategy 2020 (NBS2020) set a stretched target to turn palm biomass into higher value products that will create an incremental gross national income (GNI) of RM30 billion and 66,000 new jobs while attracting RM25 billion in investment and reducing carbon emissions by 12%.



custom-built production lines to ensure its quality for vast enduses such as medium density fiberboard manufacturing, moulded wares and composite material production, medium density fibre-board manufacturing and others.

Recognising the growth potential of this industry, the Government, through MIDA, is promoting the utilisation of palm biomass into value-added products such as advanced biofuels, bio-based chemicals, biopolymers and second generation sugar. Tax incentives are offered as a stimulus to further drive the uptake by industry players. MIDA also continues to undertake several awareness programmes, such as the ones held in Penang and Sabah last year.

The circular economy model is undoubtedly the way forward for sustainable and ethical sourcing of palm oil. Despite the challenges of integrating it into the current linear model, the focus would be to create more value. There is much value to be extracted from reusing and recycling these raw materials. There is a need for better facilities, incorporation of more advanced technologies and substantial investments into the industry to ensure a competitive edge against traditional practices. The Government, together with the private sector, will need to work closely to operate these initiatives on a broader scale to make a difference for the country.

The Government aims for all mills to have biogas plants and promotes the development of bio-based chemicals and biofuels as a means of turning waste into wealth.

A special purpose vehicle, namely MYBiomass Sdn. Bhd. ("MYBiomass"), initiated by the Malaysian Industry-Government Group for High Technology (MIGHT) has been established to pioneer high value green chemicals and materials biorefinery through coordinated aggregation. MYBiomass is a joint venture company between MIGHT, FGV Holdings Sdn. Bhd. and Sime Darby Plantation Bhd.

According to NBS2020, Malaysia's palm oil industry is expected to generate about 100 million dry tonnes of solid biomass. This represents a massive deposit of untapped raw material ready to be re-included in the circular economy as open burning is being discouraged by the Department of Environment (DOE).

Palm Biomass Ecosystem

To date, there are more than 50 companies involved in the processing of palm biomass into value-added products such as dried long fibres for mattresses and cushions, renewable energy pellets and briquettes, and animal feed. In recent years, there has been growing interest in utilising palm fibre as reinforced polymer composites for low-cost construction materials, furniture as well as pulp and paper production. This is especially attractive as palm fibre allows for the introduction of materials that are low cost, low weight, high specific modulus, renewability and biodegradability.

A notable local producer in this industry, Heng Huat Group Resources Berhad, is also one of the biggest palm fibre producers in Malaysia. The company is able to produce large quantities of oil palm EFB fibre, which are not only long, clean and fine, but also in uniformity through self-designed and installed

E-Commerce: A Game Changer for Logistics Industry in Malaysia

The e-Commerce industry is growing exponentially within the Southeast Asia region particularly in Singapore, Malaysia, Indonesia, Thailand, Philippines and Vietnam. BMI Research in 2018 reported that these ASEAN countries are set to contribute an estimated of USD64.8 billion (RM257.9 billion) in 2021 from online shopping market activity, a giant leap from USD37.7 billion recorded in 2017. Malaysia's share of total online retail sales was at 2.7%, positioning Malaysia second in the region.

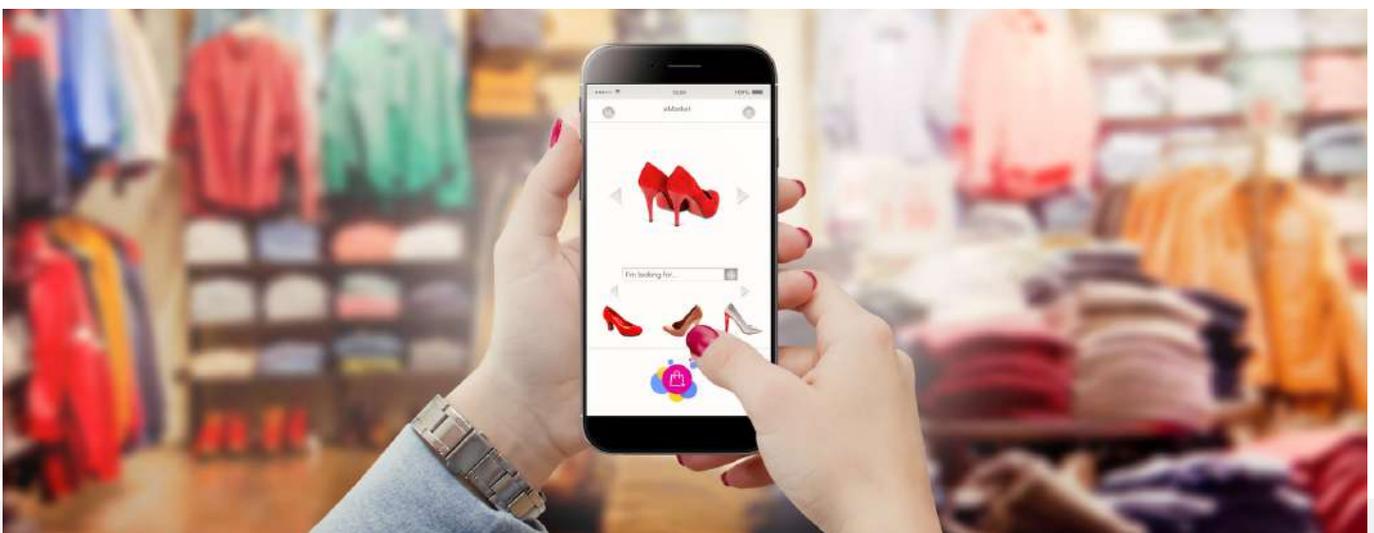
The rapid growth of e-Commerce industry, particularly in Malaysia today has created many positive outcomes such as technology adoption among communities and industry players,

increasing trade and supply chain activities, growth of SMEs and talent development. These positive outcomes had encouraged many SMEs to expand their business and Malaysian logistic players adopting technological infrastructure within its business operation.

Ministry of International Trade and Industry (MITI) reported in 2018 that the e-Commerce value-add and contribution to the gross domestic product in Malaysia continuously improved over a period of seven years to RM85.8 billion in 2017 from RM37.7 billion in 2010, with an average annual growth rate of 12.5%. The Government targets to increase the GDP growth rate by 20% by the year 2020.

The booming growth of e-Commerce industry had impacted the logistics industry in Malaysia to go through a series of evolution in their operation to form seamless fulfilment hubs in the country. Companies are looking forward to establishing its regional fulfilment operations in Malaysia to serve their global supply chain activities due to Malaysia's strategic geographical location and the increasing adoption of technology in the country makes the supply chain process seamless and efficient.

Zalora, Asia's leading online fashion destination which was founded in 2012, consolidated its fulfilment operations across six countries into a single operations hub in Malaysia. The company had spent a total of USD4.2 million (RM20 million) in 2017 to establish its regional e-Fulfilment hub in Malaysia which handles 100% orders from Singapore, 99.7% of which are fulfilled on the same day.



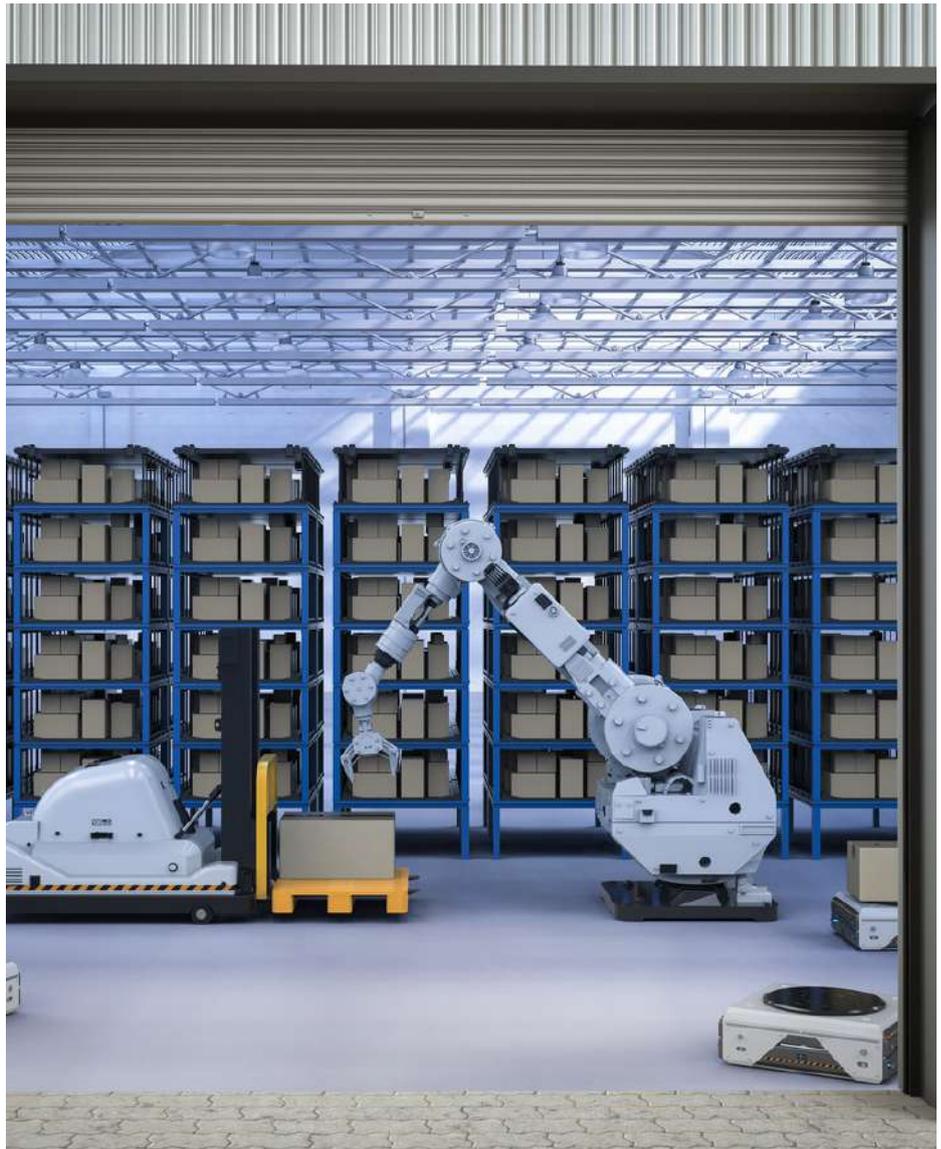


GD Express Carrier Bhd (GDex) a local Malaysian courier service provider established in 1997 has increased its daily parcel sorting capacity from 78,000 parcels per day in 2016 to 85,000 parcels per day in 2017. The company is expanding its current warehouse facility and expects to increase its capacity to 100,000 parcels per day by the end of 2017 and 130,000 per day in 2018 making them the regional champion in providing e-Fulfilment services.

The launch of Digital Free Trade Zone (DFTZ) in 2017 had provided e-Commerce companies with a seamless platform for trading activities and to fulfil the logistics requirements. The e-Fulfilment hub, Kuala Lumpur Airport Cargo Terminal (KACT1) located in the old Low-Cost Carrier Terminal (LCCT) facility was hence developed.

The KACT1 development was completed in 2017 and is currently operated by Pos Malaysia to serve Lazada. This e-Fulfilment hub is the first phase of DFTZ development. The second phase will involve developing a logistics park, which comprises over 60 acres plot of land near KLIA and will be operational by 2020.

Conventional logistics methods will gradually be replaced by the application of technology and ICT infrastructure in their daily logistics operations.



The adoption of technology helps companies to manage their operation in a more efficient manner providing seamless logistics services to their clients worldwide. The promising logistics services will thus encourage e-Commerce companies to establish their e-Fulfilment hubs in Malaysia making Malaysia as the regional e-Fulfilment hub.

This is in line with the Government initiatives led by

the Malaysian Investment Development Authority (MIDA) under the National e-Commerce Strategic Roadmap (NESR) which intends to position Malaysia as the regional e-Fulfilment hub.

Under this initiative, MIDA plays a key role in facilitating logistics companies to build their capabilities in operating e-Fulfilment hubs to cater to the diverse needs of the e-Commerce industry.



MIDA encourage logistics companies to invest in physical and virtual ICT systems, such as robotics and automation, racking system, warehouse management system, transport management system as well as scanning and tracking system which enables them to undertake complex activities such as managing large orders and inventories, coordinating and tracking real-time delivery and processing returned items.

The Integrated Logistics Services (ILS) incentive scheme under MIDA was developed in 2002 to encourage logistics companies to operate in an integrated manner under a single entity by offering three principal activities which include transportation,

warehousing, freight forwarding and at least one value-added logistics related activity.

Over the years, many logistics companies in Malaysia has utilised this incentive package for expansion and diversification of their business operation to cater for the growing global demand for total logistics solutions from various business sectors. MIDA has approved over 90 logistics companies under the ILS incentive scheme. Local logistics companies, such as PKT Logistics Sdn. Bhd., CJ Century Logistics Sdn. Bhd. (formerly known as Century Logistics Sdn Bhd), FM Global Logistics Sdn. Bhd., Citylink Express Sdn. Bhd. and GDEX had benefited from the ILS approval.

In 2017, MIDA introduced the second round ILS incentive which is an extension of the ILS incentive scheme with the intention of encouraging logistics companies to enhance their services by the adoption of technology in their operations to support e-Commerce industry in the region and position themselves as regional e-Fulfilment hub providers in Malaysia. As of 2018, MIDA has approved eight e-Fulfilment projects in which seven of these projects are locally owned logistics companies. MIDA hopes with the second round ILS incentive scheme being introduced to the industry, more logistics companies will be motivated to position themselves as regional e-Fulfilment players and thus support the growth of the e-Commerce industry in Malaysia.

Our Journey in Malaysia : Schmidt + Clemens (S+C)

Schmidt + Clemens (S+C), the German stainless steel specialist founded in 1879, committed at an early stage to the internationalisation of its business operation, founding its first foreign subsidiary in Spain as long ago as 1974. As the world market leader in tube systems for applications in the petrochemicals industry, it is a factor of major importance to S+C to be near to its markets. So the logical response to the growth in the markets of Asia was to establish a production company in Southeast Asia.

“We ran through various possibilities at that time,” remembers Managing Partner and CEO Jan Schmidt-Krayer. “Finally, in the year 2000, we decided on Malaysia. The reasons for this choice were complex, but we were swayed above all by the political stability of the country.” Consequently, the first site of the Schmidt + Clemens Group was created in 2001 in the vicinity of Kuala Lumpur.

However, S+C quickly realised that the leased capacities there were not sufficient to keep pace with the booming markets. In 2005, the company shifted to a more spacious premise in Shah Alam Industrial Park. Expiring tenancy agreements then made it necessary to embark on new planning. As the capacities at the second site had also become fully exhausted, it became necessary to start thinking about a completely new facility. Before long, S+C soon came across the new industrial zone in Seremban, and it was here that the foundation stone was laid in 2014, already followed in 2015 by the inauguration of a new, state-of-the-art foundry for the production of stainless steel spun castings. Over 14 million euros were invested by S+C in Seremban.



Jan Schmidt-Krayer,
Managing Partner and CEO,
Schmidt + Clemens (S+C)

The cooperation with the official authorities involved in Malaysia was consistently excellent and conducted in a spirit of mutual trust. Construction of the new plant in Seremban was also made possible through the outstanding support provided by the country's principal investment promotion agency, MIDA.

“Politically speaking, Malaysia is very stable and has an excellent infrastructure, but on top of that, the energy costs there are significantly lower than they are in Germany,” says Schmidt-Krayer, explaining why S+C decided to invest in Malaysia.





Dominic Otte,
Production Director,
Schmidt + Clemens (S+C)

Today, the S+C plant in Malaysia employs around 100 people and is set to grow further in the coming years. "In Malaysia, we find well-educated and qualified employees who are also able to speak English," adds production director Dominic Otte with regard to Malaysia's benefits.

In the field of initial and further training, the German family-owned business works in very close cooperation with the authorities in Malaysia. As well as numerous internal training programs, such as technical seminars and training in occupational health and safety, and soft skills, S+C also offers the opportunity for external seminars. In cooperation with the Federation of Malaysian Manufacturers (FMM), S+C offers numerous other training possibilities. The HR leadership in Seremban also attaches great importance to the National Dual Training System (NDTS). Modelled on the German system, this combines in-company training with external learning. This is offered in cooperation with Institut Latihan Perindustrian (ILP) Pedas and the Government Department of Skills Development. In January 2019, the first participants from Schmidt + Clemens Asia were able to successfully complete their vocational training.

Today, S+C has two companies in Malaysia. Since 2016, in addition to the production facility in Seremban, the Lindlar-based family enterprise has also been operating a service bureau in Johor Bahru. The operations in

Johor Bahru is responsible for looking after the petrochemical industry customers who decide to avail themselves of the S+C installation service. "This is where our project engineers are highly successful in planning and organising the dismantling and installation of tube systems for the entire Southeast Asian market," Jan Schmidt-Krayer explains.

Today, S+C is the world market leader in tube systems for the petrochemical industry, guaranteeing its customers throughout the world a uniformly high standard. It is, therefore, all the more important that the educational system in Malaysia provides a good foundation for this. S+C also participates in a support programme for students from Malaysia, which is coordinated through MIDA.

The Schmidt + Clemens Group is a leading producer of stainless steel components and provider of services for plant operators and machine manufacturers. Its principal sales markets are petrochemicals, energy engineering, separation technology, industrial furnace construction and the pumps industry. The Schmidt + Clemens Group employs over 1,000 people worldwide (including around 600 in Germany), and in addition to the parent plant in Germany, has production facilities in Spain, the Czech Republic, Malaysia and Saudi Arabia.



Kontron Malaysia: Joint Collaboration in High Technology Industries

Kontron is a global leader in embedded computing technology. With its employees in research and development, Kontron creates many of the standards that drive the world's embedded computing platforms. Kontron's product longevity, local engineering and support, and value-added services help create a sustainable and viable integrated solution for OEMs and system integrators. Kontron works closely with its customers on their embedded application-ready platforms and custom solutions, enabling them to focus on their core competencies.

In 2005, Kontron Design Manufacturing Services (KDMS), a wholly owned Kontron AG subsidiary was set up in Penang, Malaysia. KDMS was in the business of design and manufacturing embedded and communications standards-based, rugged commercial off the shelf (COTS) and custom solutions for OEMs & ODM systems integrators, and application providers in a variety of markets from avionics, medical, transportation, defence, industrial and IoT leveraging on majority local homegrown talents. In 2012, due to the continued effort of migrating towards the higher-margin business of systems and customer-specific solutions, the organisation structure of the manufacturing facility was transferred to another leading EMS partner to increase flexible working capital for Kontron and allow the company to focus primarily on its core engineering capabilities. By expanding Kontron existing strategic production alliance,



**Shanmuganathan Palanisamy,
Chief Executive Officer,
Kontron Malaysia**

it enables Kontron to concentrate on its core competencies in providing superior engineering services with increased efficiency in operational expenses and working capital that will allow positioning Kontron for larger market penetration of higher gross margin design wins.

Along being the main backbone of engineering for Kontron on developing critical mission technologies, Kontron Malaysia collaborated with many local initiatives to assist in developing joint IPs for the local ecosystem. In 2014, Kontron was nominated to take on the role of industry leaders for the CREST (Collaborative Research in Engineering, Science and Technology) Connected Healthcare Cluster (CHC) in Malaysia's initiative formed to drive relevant and far-reaching technology advancements in the application of Internet of Things (IoT) in healthcare. Driven by the Malaysian Government through a partnership with CREST, the objective of CHC is to deliver patient-centric, affordable and quality healthcare services and solutions through a collaborative technology development approach between industry and academia. Kontron volunteered to be the cluster leader due to its substantial local R&D presence, the company's global embedded computing market leadership in the medical equipment industry, and alignment of the company's strategic directions. The Malaysian Government has recognised the roles of CREST and Kontron for their contributions to



the National Internet of Things Blueprint of Healthcare. "As a cluster leader, Kontron works closely with CREST to support other cluster members for successful implementation of CHC's objectives. The technical knowledge sharing and idea exchanges within the Cluster will inadvertently encourage IoT innovation and bring positive impacts to the country's economic and social development; as well as setting the stage for additional IoT research, technology implementations and commercialisation," said Kontron Chief Executive Officer Shanmuganathan.

"The sharing of knowledge and ideas within the new CREST facility is also a catalyst for faster adoption of the IoT that can positively impact economic and social development, as well as setting the stage for additional IoT research, technology implementations and commercialisation," he added.

To strengthen further Kontron Malaysia strong footprint in Asia, Kontron Malaysia now focuses more on critical mission technologies, particularly on avionics, transportation and defence by collaborating with global Kontron counterparts on technology transfer.

Avionics

Kontron's 30-year experience in more than 3,500 commercial and business jet installations worldwide, demonstrates the company's expertise in engineering avionics products resulting in the industry's most advanced, cost-effective and certified IFE&C open platform solutions on the market. Its wireless connectivity products propel the future of the IoT "connected aircraft" to go beyond passenger entertainment to data-driven solutions that create greater operational efficiencies and new revenue streams. As a premier supplier of integrated hardware systems for the commercial aerospace industry, products include critical system components to enable in-flight broadband services including Internet, VPN access, email, multimedia capabilities, video-on-demand, games and additional entertainment choices in a fully integrated wireless cabin over a broadband air-to-ground or air-to-satellite link. Kontron Malaysia is a member of MAIA (Malaysia Aerospace Industry Association).

Transportation

Kontron's standards-based COTS and custom products offer transportation OEMs worldwide presence and experience. Each global and local application in rail, road and shipping traffic demands specific computing technology, answered effectively with Kontron's wide product portfolio and extensive experience in these transportation segments. Kontron's in-depth knowledge of local and international standards and requirements simplifies application development by ensuring validated solutions. Developing, engineering, certifying and manufacturing through a single source guarantee the highest quality and ensure that standards such as ISO9001, EN50155, SIL4 documentation support are adhered to strictly.





Defence

Kontron offers the industry's largest selection of military computing hardware solutions including application-ready COTS boards and platforms, and rugged enclosures. Kontron innovatively meets harsh environment reliability/survivability, as well as size, weight, power and cost (SWaP-C) requirement with scalable and long-life cost platforms that address budget limitations. Kontron's high performance embedded computing (HPEC) systems finally give military developers the advanced rugged architectures that balance processor power with I/O bandwidth to meet these needs. As COTS, standards-based multi-core platforms, Kontron's state of the art products include the 3U StarVX based on next-generation Intel® processors offer leading-edge DSP performance and future proof APIs for sensor data processing applications.

Kontron Value Proposition to Local Eco Systems

Moving up the value chain or upgrading is the way forward for local Industries in the future. By developing and manufacturing higher value-added products, local industries will position themselves at a higher tier position within the global value chains. However, developing high-value product and technologies like avionics, transportation and defence require huge investments in R&D resources, developments infrastructure,

development tools, software licenses, specialisation in different technologies certifications and advanced manufacturing.

The shortage of know-how talent and the right-skilling for these technologies remains a concern in Malaysia. These are the biggest challenge MNCs, and local industry face as the demand for a skilled workforce is more than the supply. These critical mission technologies and other cutting-edge innovations demand a multi-stakeholder ecosystem for skilling. Large corporations are able to make a major investment in R&D, but small and medium-sized enterprises (SME) are significant contributors to growth and job creation.

Thus, the local industry must overcome company and industry boundaries by establishing new networks through collaboration with these technologies leaders like Kontron. This, in turn, would enable local industry players to tap into these new high-value products and technologies that will help our local industry to grow. Today, most companies and even competitors can only succeed if they collaborate. Collaboration requires an open mind, skills and willingness to work with technology leaders. Kontron always explores local collaboration to create higher skilled local talents pools and joint develop products to penetrate new market segments in this region, particular in Avionics, Transportation and Defense sectors. Learn more at www.kontron.com.



Domestic Investment Seminar in Sarawak: Industry Players to Take Full Advantage of Government's Facilities and Incentives

MIDA organised the Sarawak Domestic Investment Seminar 2019 on 26 June 2019 in collaboration with the Ministry for Industrial and Entrepreneur Development Sarawak (MIED) as a platform to update the industry players especially in East Malaysia region on the latest policies and facilities by the government. YB Datuk Amar Haji Awang Tengah Ali Hassan, Deputy Chief Minister of Sarawak who graced the seminar said that the state has been conducting many outreach programmes, especially towards building the capabilities of the local industry players which consists mainly small and medium enterprises (SMEs).

"Despite all efforts, there are still lack of awareness within the local business community on various facilities and support provided by the State and Federal Governments. Moreover, in today's globalised world, competition is more intense, coming not just from developed economies but also from the developing countries. Therefore, the Government is making every effort to ensure the readiness of our local industry players in enhancing and sustaining their competitiveness. I look forward to more local SMEs going into high tech and high value-added ventures. We cannot continue to rely on low cost, low tech and labour-intensive strategies to grow our industries. Together, let us build a business landscape that is innovative, creative and sustainable, focusing on the future." he added.

Mr. Arham Abd. Rahman, Deputy Chief Executive Officer of MIDA in his welcoming remarks, said "The Government is providing



more opportunities for companies to move towards Industry 4.0 through various initiatives. This includes incentive packages such as the Pioneer Status (PS), Investment Tax Allowance (ITA) and the Domestic Investment Strategic Fund (DISF). There are also tax incentives for the production of robotics; the Automation Capital Allowance (Automation CA) to encourage automation in the manufacturing industry; and the Soft Loan Scheme for Automation and Modernisation (SLAM) to enhance manufacturing processes, upgrade production capability and capacity, and diversify into higher value-added activities. With these facilities in place, companies' particularly domestic players need to take full advantage of the facilities available.

Companies are urged to not only adopt automation and other smart technologies, but to also invest in talent development by retraining their workforce and undertake collaborations with training institutions that are available in the country." The Sarawak Domestic Investment Seminar 2019 was well attended by over 200 participants from various fields, including government agencies, manufacturers, service providers and potential investors. The seminar featured panel sessions by speakers from MIDA, MATRADE, MIDF, EXIM Bank, MPC, Standards Malaysia and SIRIM.

The Conference on Tourism Potential in Sabah and Sarawak

The Conference on Tourism Potential in Sabah and Sarawak organised by MIDA was held on 18 June 2019 at its headquarters. The event was attended by over 80 participants, who were mainly members of the Malaysian Association of Hotel Owners (MAHO), Malaysian Association of Amusement Theme park and Family Attractions (MAATFA), as well as hoteliers, tourist attraction operators, business chambers. This inaugural event was a collaborative effort between MIDA and the Ministry of Tourism, Arts and Culture Malaysia (MOTAC), Ministry of Tourism, Culture and Environment Sabah (KePKAS), Ministry of Tourism, Arts, Culture, Youth and Sports Sarawak (MTACYS), Sabah Economic Development and Investment Authority (SEDIA), Malaysia Convention & Exhibition Bureau (MyCEB), Malaysian Association Hotel Owners (MAHO) and Malaysian Association of Amusement Themepark & Family Attractions (MAATFA).

Madam Catherine Ridu, Senior Director of Services Sector Development Division at Ministry of International Trade and Industry (MITI), during her welcoming remarks said, "With the upcoming Visit Malaysia 2020 campaign, the country hopes to target 30 million international tourists and RM100 billion tourist receipts. There are many exciting opportunities for our domestic tourism stakeholders, especially those in Sabah and Sarawak, to support this landmark campaign. Therefore, it is crucial for us to strategically position our domestic tourism industry and maximise its capacity to propel the country's economic transformation."

Mr. Ahmad Khairuddin Abdul Rahim, Senior Executive Director of MIDA echoed the message of Madam Catherine Ridu for domestic players to be attuned to gaps and opportunities present in the market.



"MIDA has been looking beyond the common understanding of tourism as being limited to vacation activities only. We have been actively promoting investments and development in niche tourism areas such as ecotourism, halal tourism and cultural tourism. Many exciting international sports tourism events are scheduled in 2019. For example the TMBT Ultra Trail Marathon and Borneo International Yachting Challenge are set to attract more tourists arrivals into Sabah and Sarawak."

In 2018, the services sector continued to be the cornerstone of the nation's economic growth, contributing an approved investment of RM103.4 billion or 51.3% of the total approved investments for the year. Of this amount, the 63 hotel and tourism projects approved with investments of RM4.6 billion last year are projected to create almost 4,000 new jobs. This conference focused on ensuring that the domestic tourism industry players were well informed about the hospitality ecosystems in Malaysia and to encourage new investments into Sabah and Sarawak.

This conference featured presentations by the Healthcare, Education and Hospitality Division of MIDA, MOTAC and MIMOS Berhad, as well as several panel discussions and one-to-one networking session between the participants and MIDA, MOTAC, KePKAS, MTACYS, SEDIA, MyCEB, MAHO and MAATFA.

Highlights of June >>>



Mr. Arham Abd Rahman, Deputy Chief Executive Officer and Mr. Kim Jong Choon, Senior Executive Vice President, KOTRA graced the opening ceremony of the Korea Expo 2019 which was held from 12 – 14 June 2019 at KLCC Convention Centre.



On 14 June 2019, Mr S. Siva, Executive Director, Investment Promotion led MIDA's team to Vitronic, Penang. The company, which was founded in 1984 has 1,000 employees in four continents. Vitronic focuses on logistic automation solutions and traffic industry in Malaysia.



On 14 June 2019, Mr. S. Siva, Executive Director, Investment Promotion and few officials from MIDA met with Major General Charles Frank Bolden Jr., former NASA Administrator, Astronaut and Space Shuttle Commander at the Beyond the Moon: Apollo 50th Anniversary.





On 15 June 2019, Director of MIDA London attended the Pre-council meeting with the Prime Minister, YAB Tun Dr. Mahathir Mohamed during his working visit to London which included the Pre-council on the roundtable meeting with the British Investors.



On 17 June 2019, during YAB PM's working visit to London, MIDA organised a Roundtable Meeting with the British Business Community at Hyatt Regency London-The Churchill.



On 17 June 2019, Mr. Arham Abd Rahman, Deputy CEO of MIDA shared on Malaysia's investment opportunities to Italian and South East Asian delegates at the TO-ASEAN Business Days 2019, which was held in Torini, Italy.





On 18 June 2019, MIDA Penang and Green Technology Division organised a briefing session on Green Technology Incentives and Industry 4.0 to 24 members of the Taipei Investors' Association of Malaysia (TIAM) at Hotayi's new facility in Batu Kawan, Pulau Pinang.



On 18 June 2019, Chairman of MIDA, Dato' Abd. Majid Ahmad Khan together with the Australian Acting High Commissioner to Malaysia, Mr Michael Growder, officiated the opening of Cochlear's Global Repair Centre for Implantable Hearing Solutions in Kuala Lumpur. The company has thus far employed 150 Malaysians.



On 19 June 2019, MIDA organised a Specific Project Mission to Europe from 15 to 26 June 2019 in conjunction with the 53rd International Paris Air Show 2019 @ Le Bourget Paris. The mission was led by YB Minister Datuk Darell Leiking accompanied by officials from NAICO, MATRADE and representatives of Malaysian companies.



On 19 June 2019, YB. Minister MITI together with the CEO of MIDA met with many well-known international Tier 1 and Tier 2 suppliers as well as the OEMs in the aerospace manufacturing and services sectors at the Paris Air Show 2019.



On 19 June 2019, MIDA was honoured the Top Investment Promotion Agency of 2019 Award in the Asia Pacific National category by SiteSelection, together with EDB Singapore at the 2019 World Forum for FDI. MIDA was represented by the Director of MIDA Sydney.



On 21 June 2019, MIDA organised an Industry Talk on Investment Opportunities in the Petrochemical Sector during the the 17th Asian Oil, Gas and Petrochemical Engineering Exhibition at KLCC. The session was well attend by many enthusiastic stakeholders.



21 June 2019, Mr. S. Siva, Executive Director of Investment Promotion shared on investment facilities and opportunities in Malaysia to the members of IECnet, an international association of accountants, auditors and tax consultants.



On 22 June 2019, MIDA and MATRADE organised a Dialogue Session with Thai Corporate Leaders in Bangkok in conjunction with YAB Prime Minister's visit to the 34th ASEAN Summit. MIDA was represented by Mr. Zabidi Mahbar, Deputy CEO of MIDA.



On 22 June 2019, Dato' Azman Mahmud, CEO of MIDA and the director of MIDA Penang attended the Trade War Forum by CREST on How Industry Adapt and Capitalise. It was concluded that Malaysia is always open for business and companies need to move up the value chain and be connected with academia.



On 24 June 2019, the 2nd ASEAN Business Forum was held in The Hague, the Netherlands in collaboration with ASEAN Embassies, MFA and NVO Netherlands. MIDA Frankfurt represented Malaysia at the plenary and breakout session focusing on ASEAN and innovation.



On 25 June 2019 a roundtable meeting with Chinese investors was organised by MIDA and MITI led by YB Dr. Ong Kian Ming, Deputy Minister MITI in Guangdong, China.





On 25 June 2019, MIDA Dubai met with the Qatar Chamber to discuss the means of developing relations and enhancing joint trade cooperation between the private sectors in the two countries.



On 25 June 2019, YB Datuk Darell Leiking launched the MITI Report 2018 and Productivity Report 2018/2019 at MITI. MITI and Agencies remain committed to attract quality investments, increase trade, and create employment opportunities for the rakyat.



MIDA Korea facilitated the working visit of Datuk Seri Dr. Ismail Bakar, Chief Secretary to the Government of Malaysia from 23 to 25 June 2019.



On 26 June 2019, Mr. Ahmad Khairudin, Senior Executive Director of MIDA had a good sharing session at the Business Opportunities Conference, organised by the Islamabad Chamber of Commerce and Industry at JW Marriott Hotel, Kuala Lumpur.





On 26 June 2019, MIDA Johor had an engaging sharing session with industry players regarding #Industry4WRD during MITI's Outreach Programme.



On 27 June 2019, the Director of the Transportation Technology Division, MIDA attended the groundbreaking ceremony of the expansion project of Airfoil Services Sdn Bhd (ASSB) at Taman Sains Selangor.



On June 2018, MIDA Stockholm had a fruitful evening with the Findec members, highlighting the opportunities within Fintech sector in Malaysia.



On 28 June 2019, Dato' Sri Mustapa bin Mohamed visited MIDA and MATRADE offices in London. The visit was part of his official Parliamentary Select Committee Team (Budget) visit to London.



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ECONOMY NEWS

- **Nomura: Malaysia 4th biggest beneficiary of trade war**
- **Guan Eng: Malaysia on course for healthy Q2 GDP growth**
- **Malaysia welcomes investments that raise skills, wages - Lim**
- **Approved investments up 3.1% in Q1**
- **'Japan keen to invest further in Malaysia'**
- **More Chinese firms show interest to invest in Malaysia**
- **Three Japanese companies keen to invest over RM200 mln in Johor**
- **Dr M calls for high-tech investments from UK**
- **MITI's advisory council to discuss NAP, FDI & DDI**
- **Malaysia, South Korea initiate bilateral FTA negotiations — MITI**
- **Malaysia posts net FDI inflows of RM32.6b in 2018**

INDUSTRY NEWS

- **Deputy Minister: Kenaf processing plant to be built in Jasin, Melaka**
- **Malaysian manufacturers upbeat on future output volume : Nikkei**
- **PGB inks heads of agreements to expand industrial gas facility**
- **Petron spending US\$100mil to upgrade PD refinery**
- **'Country has potential to be leader in E&E industry'**
- **2 Chinese firms sign deal to invest RM5b**
- **DRB-Hicom's unit forms JV to enhance tech know-how**
- **5G network likely to spur demand for semiconductor components**
- **Bioalpha to boost exports of health supplements, eyes personal care business**
- **Tasco set to improve cold chain ops with Japan tie-up**
- **All eyes on ECRL civil works**
- **Alliance Steel's investment creates RM530 mln business opportunities**
- **Scientex aggressively expanding land bank**
- **US' Sanmina shifts production to Penang from China amid trade spat**
- **Petronas, Aramco start naphtha cracker at new Pengerang refinery**
- **PetChem, Plastic Energy explore possibility of setting up plant to recycle plastics waste**
- **Tashin to spend RM25mil to expand operations**
- **Selangor in talks with Airbus to set up region's first aircraft teardown facility**
- **Malaysia's aerospace industry now "more mature" in product supplies - MAIA president**
- **Vitol building Malaysian oil refinery to meet new low-sulphur ship fuel rules**
- **Taiwanese firm opens RM1bil plant**

MIDA
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SERVICES NEWS

- **Online Trader benefits from Industrial Revolution 4.0**
- **Leader Steel invests RM30mil in warehouse**
- **KPJ set to gain from opening of new hospitals**
- **Tasco set to improve cold chain ops with Japan tie-up**
- **Aerodyne sees 30 pct growth in local drone industry**
- **KBJ, Hanwha to develop 30 MW solar plant in Perlis**
- **Hyatt Hotels corporation sets to open five more hotels in three years time**
- **SILB expands ops to Bintulu Port**
- **Government preparing tax incentives for green property developer**
- **Malaysia actively pursuing energy market reforms to attract investment**
- **Synagie partners Malaysian government to accelerate e-commerce**
- **Sedania makes green energy venture with Belgian micro-hydro installations**

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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

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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
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MIDA's Website

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

E-Newsletter

Full page	RM6,000 per issue
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Banquet Hall (230 pax)	Inclusive of: • Basic AV System	3,000	3,500
Perdana + Banquet Hall	Inclusive of: • VIP Holding Room • PC Room • Basic AV System	7,500	9,000
F&B Packages*		G	P
A	Inclusive of: • Refreshment • Tea Break • Lunch • Hi-Tea	From RM100/pax	
B	Inclusive of: • Refreshment • Tea Break • Lunch	From RM80/pax	
C	Inclusive of: • Refreshment • Tea Break/Hi-Tea	From RM50/pax	

*Exclusive of:
GST (0%)
Service staff, linen, dome, logistic (RM200)
*F&B by MIDA's panel caterers

G = Government
P = Private

Room Types		Rates (RM)	
		G	P
Sigma/Gamma Room (40 pax)	Inclusive of: • Basic AV System • 1 Flipchart • 2 Mahjong Paper • 2 Marker Pens	850	950
F&B Packages		G	P
Inclusive of: • Refreshment • Lunch • Tea Break		RM60/pax	

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GST (0%)
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G = Government
P = Private



Perdana Hall



PC Room



Boardroom



Japan Room

Room Types		Rates (RM)	
		G	P
Board Room (30 pax)	Inclusive of: • VIP Holding Room • VIP Lounge • AV System	2,000	2,500
USA Room (25 pax)	Inclusive of: • Basic AV System	1,500	1,850
Japan Room (50 pax)	Inclusive of: • Basic AV System	1,500	1,850
F&B Packages*			
A	Inclusive of: • Refreshment • Tea Break • Lunch • Hi-Tea	From RM100/pax	
B	Inclusive of: • Refreshment • Tea Break • Lunch	From RM80/pax	
C	Inclusive of: • Refreshment • Tea Break/Hi-Tea	From RM50/pax	

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ABOUT MIDA

The Malaysian Investment Development Authority (MIDA) is the Government's principal promotion agency under the Ministry of International Trade and Industry (MITI) to oversee and drive investments into the manufacturing and services sectors in Malaysia. Starting operations in 1967, MIDA is the first point of contact for investors who want to take advantages of Malaysia's vibrant economy, world-class infrastructure and business-friendly environment to set up their profit centre in Asia. For more information, visit www.mida.gov.my or email us at investmalaysia@mida.gov.my.

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