

MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY

Together with ASEAN

ANNUAL REPORT 2014





Contents

CLOSING THE DISTANCE

MIDA's strategic activities are key to attracting investments that will help Malaysia reach its goals

4

ORGANISATION

The Board of Directors, Management Team and Organisational Structure of MIDA in 2014

8

THE AUTHORITY AND ITS FUNCTIONS

MIDA is Malaysia's principal investment promotion agency, working in service of the nation's economic development agenda

14

TOGETHER WITH ASEAN

Tan Sri Amirsham A. Aziz, Chairman of MIDA, foresees new opportunities as ASEAN comes closer together

16

AWAKENING INNOVATIVE STRENGTHS

Dato' Azman Mahmud, Chief Executive Officer of MIDA has his eye set on quality innovation-based investments

20

ASIA'S BRIGHT SHORES

A milestone year for both Asia and MIDA in attracting direct investment

24

INVESTMENTS IN THE SERVICES SECTOR

The services sector continued to be the most important driver of Malaysia's economic growth

28

INVESTMENTS IN THE MANUFACTURING SECTOR

Despite the uncertainty that plagued the global economic environment, the manufacturing sector retained investor confidence

34

THINK STRATEGIC

MIDA continued to spearhead the national investment agenda in line with Malaysia's strategic goals in 2014

48

FINANCIAL HIGHLIGHTS

MIDA's audited financial statements for the year ending 31 December 2014

58

APPENDICES

MIDA's participation in local and overseas events, VIP visits and other activities and promotions in 2014

78

MEET MIDA

MIDA is represented by 24 offices worldwide and throughout Malaysia's states

90



Closing the Distance

MIDA's strategic activities are key to attracting investments that will help drive Malaysia towards its goal of becoming a high-income and knowledge-driven economy. The country's strong fundamentals and proven track record will serve it well in attracting more quality investments and weathering the challenges to come.

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in the Global Competitiveness Index (GCI) 2014-2015, ahead of Switzerland (ninth place) and Luxembourg (tenth place). Malaysia also climbed five places to be recognised as the sixth most attractive investment destination in the world as ranked by the Baseline Profitability Index (BPI) 2015 released by Foreign Policy Magazine.

Our appeal as an investment destination is critical for attracting inflows into the manufacturing, services and primary sectors in order to spearhead the country's economic growth and help it achieve its targets. The Tenth Malaysia Plan has to date achieved average private investment of RM162 billion per year at current prices and the Eleventh Malaysia Plan (11MP) has targeted an average private investment of RM291 billion per year (current prices) in order for Malaysia to reach its economic transformation goals and become a developed nation by 2020.

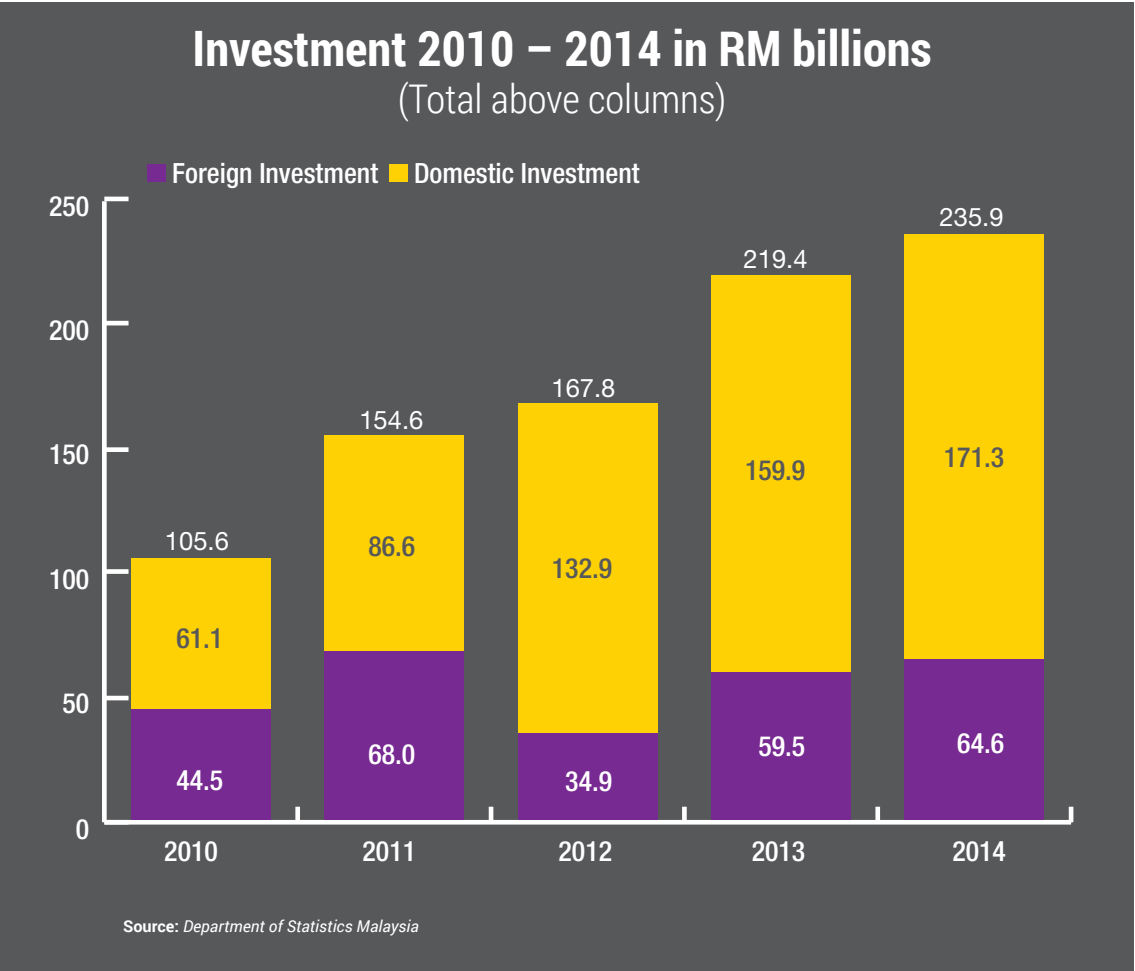
Fuelling high-impact growth

The 11MP has outlined the Malaysian National Development Strategy (MyNDS), which aims to rapidly deliver high impacts on both the capital and people economies at a low cost to the Government. Investments into areas such as transportation, logistics, trade facilitation, ICT infrastructure, energy and utilities will directly support the capital economy. At the same time, quality investments into knowledge-intensive activities will go hand-in-hand with the national strategic thrust to improve labour productivity and create high-skill job opportunities, benefitting the people economy. Investments into sustainable technologies will also support the Government's green growth strategy.

Bringing this strategy to fruition will not be a simple task. As the country's principal

Malaysia maintained its prized status as a beacon for foreign direct investment (FDI) in 2014, becoming the seventh top recipient of FDI inflows in Asia during 2014 ahead of the Republic of Korea, Taiwan and Vietnam. This came at a time when developing economies in Asia were becoming the new centre of gravity for investment. About 55 per cent of total global FDI inflows, or USD681 billion, went to developing economies, with nearly half a trillion dollars going to investment destinations in Asia.

Investors around the world have come to recognise the many advantages of doing business in Malaysia. The World Economic Forum (WEF) ranked the country as the eighth most efficient government globally



agency for investment promotion, MIDA will need to focus its strategic activities and work even harder to defy economic headwinds and build upon the momentum of Malaysia’s investment performance to date.

With the world’s investors flocking to the Asia region in search of investment opportunities, the Government has wasted no time in extending its trade promotion activities abroad. MIDA participated in seven trade and investment missions to China, India, Europe, Japan and the Republic of Korea. These missions, together with the efforts of MIDA’s overseas offices, have done much to raise Malaysia’s profile abroad.

Within Asia, the Association of Southeast Asian Nations is poised to become the

economic powerhouse of tomorrow and is projected to become the world’s fourth-largest economy by 2050. As the Chair of ASEAN for 2015, Malaysia has been well-positioned to steer the regional grouping toward the implementation of the ASEAN Economic Community (AEC), which will reduce barriers to trade and investment, and ensure expanded opportunities for businesses throughout the region.

Bridging key gaps

Although foreign investment plays a major part in Malaysia’s future growth, it is the contributions of domestic investors that will ultimately sustain the expansion of our economy.



The Domestic Investment Strategic Fund (DISF), launched in 2012, is aimed at boosting the participation of Malaysian-owned companies in high value added, high-technology, knowledge-intensive and innovation-based industries. A total of 148 projects benefitted from approved grants of RM631.8 million as of the end of 2014, with more than half of the grants going to the Electrical & Electronic and Machinery & Advanced Engineering industries.

MIDA’s policy advocacy role is also important for bridging the gap between industry needs and Government policies. The Investment Coordination and Collaboration Office (ICCO) under MIDA is aimed at improving coordination and effectiveness of the total incentives offered by all Ministries and Agencies. Its responsibilities include coordination and advisory for agencies that manage tax and non-tax incentives; providing visibility on incentive performance and gaps

for incentive approving and monitoring authorities; and serving local and foreign investors.

Malaysia has become a first choice for many technology companies and other multinationals because of its educated workforce and supportive labour environment. To maintain and extend Malaysia’s competitive edge in talent, MIDA works with the relevant Ministries and agencies to manage local talent development and workforce training.

The market adjustment in China, protracted Euro zone crisis, plunging oil prices and weakening of the ringgit signal that a bumpy road lies ahead. It will take all of MIDA’s domestic and global promotional activities, close partnerships with Government agencies, and the commitment of industry players to overcome these challenges and find new opportunities.



Board of Directors

MIDA's Board of Directors comprises thirteen (13) members headed by a Chairman appointed by the Minister of International Trade and Industry. Other Board members include the Secretary General of the Ministry of International Trade and Industry, a senior representative from the Ministry of Finance, the Chief Executive Officer of MIDA and the Permanent Secretary of the Ministry of Industrial Development for

Sabah. The Board also has eight members from the private sector representing the commercial, manufacturing, financial, industrial and services sectors.

Three Board meetings were held in the year 2014.



TAN SRI AMIRSHAM A. AZIZ
Chairman, MIDA



DATUK NOHARUDDIN NORDIN
Chief Executive Officer
(until 9 February 2014)



DATO' AZMAN MAHMUD
Chief Executive Officer
(from 10 February 2014)



TAN SRI DR REBECCA FATIMA STA MARIA
Secretary General
Ministry of International
Trade and Industry (MITI)



DATO' SITI HALIMAH ISMAIL
Secretary
Tax Analysis Division,
Treasury



DATUK HAJI HASHIM PAIJAN
Permanent Secretary
Ministry of Industrial
Development, Sabah



DATUK NG PENG HONG @ NG PENG HAY
Chairman
Wellcall Holdings Berhad



DATUK DR K. GOVINDAN
Group Chief
Executive Officer
RAM Holdings Berhad



DATUK NORIYAH AHMAD
Co-Chairman
Malaysia-Thailand Joint
Authority (MTJA)



DATO' GOOI SOON CHAI
Senior Vice President
Order Fulfillment
& Infrastructure
Keysight Technologies
Malaysia Sdn Bhd



TENGKU DATO' ZAFRUL TENGKU ABDUL AZIZ
Chief Executive Officer
CIMB Investment
Bank Berhad



STUART L. DEAN
Chief Executive Officer
GE ASEAN
GE Global Growth
& Operations



DATUK SERI SAW CHOO BOON
President
Federation of Malaysian
Manufacturers (FMM)



DATU HAJI ISMAWI HAJI ISMUNI
Director
State Planning Unit,
Sabah

Management Team



**DATUK NOHARUDDIN
NORDIN**
Chief Executive Officer
(until 9 February 2014)



DATO' AZMAN MAHMUD
Chief Executive Officer
(from 10 February 2014)



DATUK PHANG AH TONG
Deputy Chief Executive Officer
I (from 10 February 2014)



DATUK N. RAJENDRAN
Deputy Chief Executive
Officer II (from 1 July 2014)



ARHAM ABDUL RAHMAN
Director, Foreign Investment
Coordination Division



INON ABDUL HAMID
Director, Electrical &
Electronics Division



TENG YIT CHAN
Director, Healthcare, Education
& Hospitality



MOHD RASLI MUDA
Director, Food Technology &
Sustainable Resources Division
(from 3 February 2014)



DR. AMIR ROSLAN ABU BAKAR
Senior Executive Director,
Strategic Planning &
Investment Ecosystem
(until 30 June 2014)



DATO' WAN HASHIM WAN JUSOH
Senior Executive Director,
Strategic Planning &
Investment Ecosystem
(from 1 July 2014)



KANG LAY KIM
Executive Director,
Strategic Planning
(until 8 June 2014)



**DATO' MATHIALAKAN
CHELLIAH**
Executive Director, Services
Development (RESC, R&DBS)
(until 21 July 2014)



TAN CHEE CHAI
Director, Metal and Fabrication
Industries Division
(until 28 October 2014)



YEE NAI TUCK
Director, Technology & Frontier
Business



MOHD ZUKEPLI H.J. EMBONG
Director, Domestic Investment



HAFIZAH SHAHAR
Director, Industry Support
Division



N. SANGARAN
Executive Director,
Manufacturing Development
(Resource)



JASWANT SINGH
Executive Director,
Investment Ecosystem



**MOHAMED ZUHARI
MOHAMED NOR**
Executive Director,
Management Services



AZIAN MOHD YUSOF
Executive Director, Services
Development (O&G, KPH,
CTEM)



**JASBIR KAUR A/P BACHAN
SINGH**
Director, Tariff Division



FARIDAH ABDULLAH
Director, Machinery &
Equipment and Advanced
Engineering Division



CHOO WAI MENG
Director, Investment Statistics
Division



SHAHROL SHAHABUDDIN
Director, National Investment
Secretariat Division



ZABIDI H.J. MAHBAR
Executive Director,
Strategic Planning
(from 18 August 2014)



**AHMAD KHAIRUDDIN ABDUL
RAHIM**
Executive Director,
Investment Promotion
(from 18 August 2014)



MOHD ZULKAFLI ISMAIL
Executive Director,
Manufacturing Development
(Non-Resource)
(from 18 August 2014)



LIM BEE VIAN
Executive Director, Services
Development (RESC, R&DBS)
(from 18 August 2014)



ROESLINA ABBAS
Director, Regional
Establishment & Supply Chain
Management



M. UMARANI
Director, Chemical & Advanced
Materials Division



RASHIDAH OTHMAN
Director, Strategic Planning &
Policy Advocacy Division



BALKISH MOHD YASIN
Director, Oil & Gas Division
(from 1 July 2014)

Management Team



ZUAIDA ABDULLAH
Director, Clean Technology & Environment Management Division
(from 18 August 2014)



WAN HASHIMAH WAN SALLEH
Director, Building Technology & Lifestyle
(from 1 July 2014)



ZALINA ZAINOL
Director, Investment Communication Division
(from 1 July 2014)



MOHAMAD ISMAIL ABU BAKAR
Director, Industry Talent Management Division
(from 18 August 2014)



NORMI ALIAS
Director, Human Resource Management Division
(from 18 August 2014)



RAMLI BAKAR
Director, Transportation Technology Division
(from 18 August 2014)



NOR 'AINI MAT TALHA
Director, Licencing & Incentive Compliance and Monitoring Division
(from 18 August 2014)



AHMAD TAJUDIN OMAR
Director, Life Sciences & Medical Technology Division
(from 14 July 2014)



NOOR AIEDA AHMAD
Senior Deputy Director, R&D & Business Services
(from 18 April 2014)



ZAINI ISHAK
Director, Finance Management Division



FAUZIAH ADAM
Director, IT System Development Division



HASLIDAH JAAFAR
Head of Unit, Investment Information

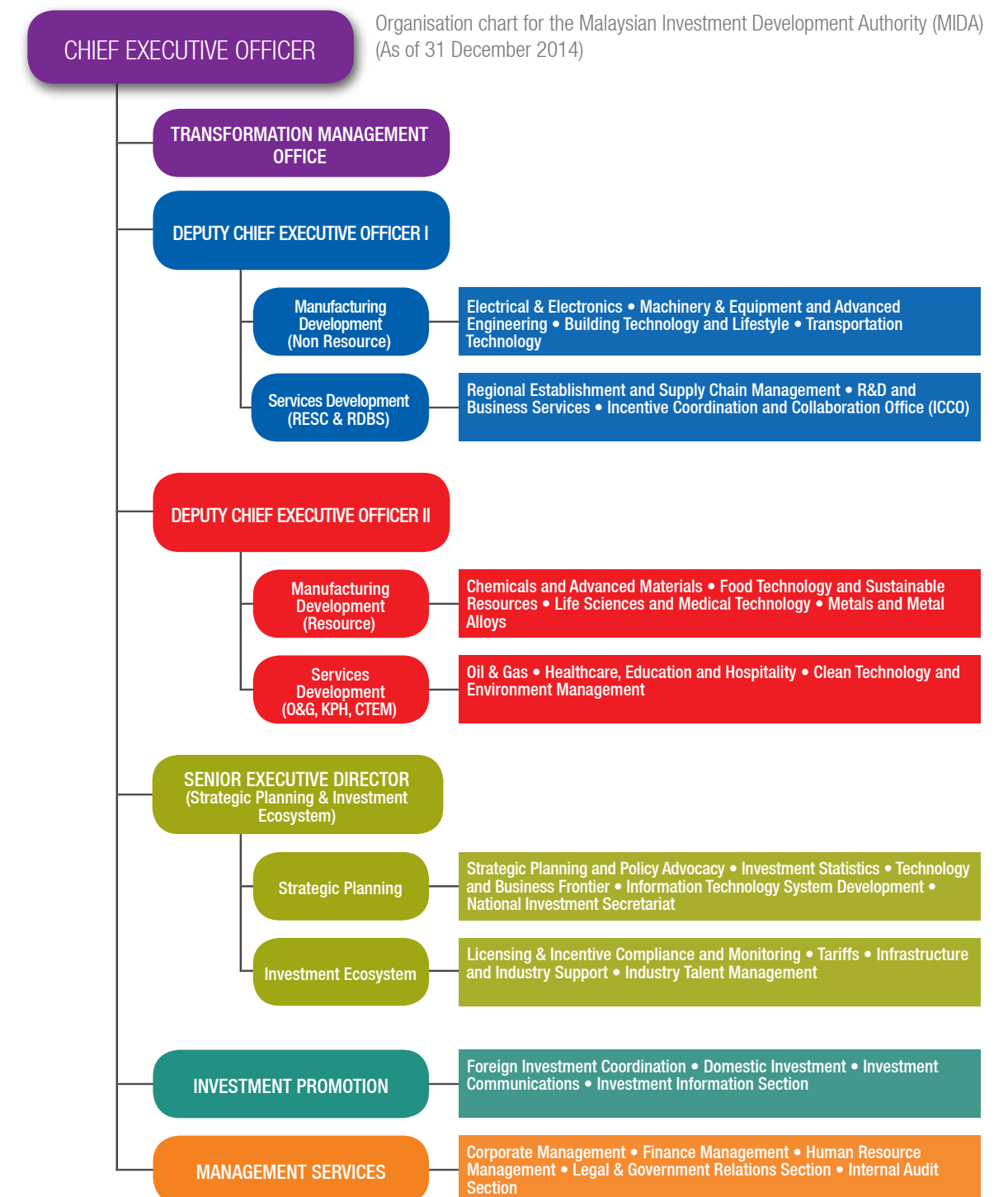


NADIA ZAINAL AZMIAN
Head of Unit, Legal & Government Relations
(from 15 May 2014)



JOHARIAH URIB MOHD ARIFIN
Head of Unit, Internal Audit
(until 31 July 2014)

Organisational Structure



The Authority and its functions

Malaysian Investment Development Authority (MIDA) is Malaysia's principal investment promotion agency for investments in the manufacturing and services sectors (excluding financial services and utilities).

Formerly known as the Malaysian Industrial Development Authority, MIDA was first established as a statutory body in 1967 under the Federal Industrial Development Authority Act 1965 under the purview of the Ministry of International Trade and Industry (MITI). In 2011, the Act was amended and renamed the Malaysian Investment Development Authority (Incorporation) (Amendment) Act 2011 with the launch of the New Economic Model. According to the Act, MIDA's functions are to:

- Lead, co-ordinate, monitor and evaluate the implementation of the policies, strategies, activities and development of investment in the manufacturing and services sectors (excluding financial and utilities);
- Undertake activities relating to the promotion of investment in the manufacturing and services sectors (excluding financial and utilities) within or outside Malaysia;
- Undertake or cause to be undertaken research and planning on matters relating to investment in the manufacturing and services sectors (excluding financial and utilities);
- Advise the Government on the policies relating to the promotion of investment in



the manufacturing and services sectors (excluding financial and utilities) including policies on:

- » the granting of manufacturing licences;
- » the incentives applicable to investors in Malaysia;
- » expatriate posts;
- » the imposition or alteration of, and exemption from, custom duties; and
- » any other fiscal or non-fiscal facilities;

- Formulate measures for the promotion of investment in the manufacturing and services sectors (excluding financial services and utilities);
- Co-ordinate and facilitate the activities relating to the promotion and implementation of investment in the manufacturing and services sectors (excluding financial and utilities) at the Federal and State levels;
- Provide consultancy services including training and technical assistance;
- Undertake any activity that promotes cooperation with other countries in line



- with the objectives of the Government with respect to investment in the manufacturing and services sectors (excluding financial and utilities);
- Assist Malaysian companies in seeking technology and investment opportunities abroad;
- Act as a centre for collection, reference and dissemination of information relating to investment across all sectors of the economy;
- Report periodically to the Minister on the progress and problems of investment in the manufacturing and services sectors (excluding financial and utilities) in Malaysia and make recommendations on

the manner in which such problems may be dealt with;

- Carry out any other functions consistent with this Act as the Minister may authorise in writing; and
- Generally do all such matters incidental to or consequential upon the exercise of its powers of the performance of its functions under this Act.



Together with ASEAN

Malaysia's chairmanship of ASEAN in 2015 will help realise the potential of ASEAN as a larger and more unified market via the ASEAN Economic Community and beyond.

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In 2014, Malaysia made encouraging progress in its journey to become a developed nation. Despite the difficulties from international economic turbulence, falling oil prices, and the global decline in FDI flows, the country once again broke investment records and maintained a resilient external position while continuing to make strides domestically.

Malaysia's approved investments, which exceeded their pre-2009 peak in 2011, have continued their growth trend from the past five years. Despite the World Bank's pessimistic lower growth forecast, new approved direct investments reached RM235.9 billion in 2014. Malaysia's investment performance outstripped the average annual investment target of RM148 billion set under the Tenth Malaysia Plan (10MP), while the ratio of foreign to domestic investments of 27.4:72.6 was also in line with national targets. The considerable contribution of domestic investments will help the country to meet our goals of developing a self-sustaining high-income economy. Meanwhile, the majority of foreign investments were injected into the manufacturing sector by companies already established within the country looking to expand their facilities. The top sources of foreign investment in 2014 were Japan, the EU, Singapore, China, Korea and the US. Significant FDI flows also went into other countries within the ASEAN region, reflecting the growth potential of the region.

The rising regional tide

While Malaysia stands out as a uniquely promising investment destination, the country will undoubtedly go much further through its close association with ASEAN. As chairman of ASEAN in 2015, Malaysia will be able to help realise the potential of ASEAN as a fully-

integrated investment region. The ongoing efforts to establish free trade areas within ASEAN and with its neighbours has brought a significant uptrend in FDI and intra-regional investment. Foreign companies are casting their gaze to the region to establish centres of operation, a factor that will boost Malaysia's opportunities to become the destination of choice for major MNCs looking to establish regional establishments such as operational headquarters.

As chairman of ASEAN in 2015, Malaysia will be able to help realise the potential of ASEAN as a fully-integrated investment region.

The steady shift of market tides towards Asian countries will help to spur the development of the ASEAN region. With the growing buying power of certain demographics and rising technological standards in the region, ASEAN has become a crucial growth market. The proposed Regional Comprehensive Economic Partnership (RCEP) and Trans-Pacific Partnership Agreement are both targeted to enhance the ASEAN market further. The influx of new investors and companies will also bring technological advances and knowledge-sharing opportunities alongside an influx of jobs for local talent.

Malaysia's attractiveness as an investment destination owes a great deal to the strength of its pragmatic and pro-business institutions, strategies and policies. In 2014, Malaysia improved upon its competitiveness ranking, climbing four spots to 20 in the Global Competitiveness Report from the previous year's figure of 24. Among ASEAN nations, Malaysia is second only to Singapore (2) and is followed by Thailand (31). The report analysed countries based

on 11 pillars of development. Of these, Malaysia excelled in healthcare and primary education, infrastructure, goods market efficiency and financial market development, but came short in technological readiness. Though the nation's adoption of technology was remarkably high, the comparatively low use of ICT for development resulted in a slightly lower grade. In terms of business attractiveness, Malaysia ranked 18 overall out of a total 189 countries. Following the reporting organisation's revamp of the computation methodology, the nation's progress is easy – and enlightening – to track. Malaysia scored 78.83 points compared with the 76.84 reported last year and successfully recorded improvements within four of the ten sections of the report: resolving insolvency, dealing with construction permits, enforcing contracts and getting electricity. Malaysia's global rank for protecting minority investors experienced no change, remaining at the admirable position of 5 out of 189 overall and coming above the US (25), Korea (21) and Denmark (17).

Talent powered

Malaysia's growth as a nation is further bolstered by the quality of its people. As the Malaysian pool of talent becomes more skilled and internationally-savvy, local and multinational companies have gained greater confidence in placing their business operations within the country. National efforts to improve the local workforce have clearly had an impact, as Malaysia recently made a substantial leap from 20th position to 5th within the IMD World Talent Rankings, a report that seeks to rate and classify countries according to the education, workplace readiness and corporate appeal of its citizens.

MIDA will remain focused on its mission to develop the country's investment environment as ASEAN integration grows nearer. MIDA will continue to take the lead role in coordinating investment promotion activities, with contributions from other Government Ministries and agencies. It is only through the collaborations between MIDA and the various Ministries, agencies, education institutions and industries that Malaysia has been able to compete and develop as well as it has, given the uncertainties in the global economy.

As chairman, I would like to thank all those involved for their efforts, from the MIDA management and staff who have worked tirelessly to ensure continuous improvements, to the industry players, other stakeholders and the rakyat who contribute to the economy on a wider scale. Despite the many potential pitfalls on our nation's journey to becoming a high-income nation, I am confident that Malaysia will ultimately come out all the stronger.

TAN SRI AMIRSHAM A. AZIZ
CHAIRMAN, MIDA



Tan Sri Amirsham A. Aziz, Chairman of MIDA, presents the 2014 Malaysia Investment Performance Report to YB Dato' Sri Mustapa Mohamed, Minister of International Trade and Industry.





Awakening Innovative Strengths

In its mission to attract investments, MIDA needs to target quality projects with the potential to create higher-income jobs for Malaysians, particularly domestic investments into R&D activities. To accomplish this, MIDA will need to close the gap with incentives and programmes for R&D.

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I am proud to present the 2014 Annual Report of the Malaysian Investment Development Authority.

The global economy displayed a mixed performance in 2014, with improved growth in the US contrasting with weaker performance in the EU and many other major economies. Nevertheless, Malaysia remained at the forefront of destinations for direct investment throughout 2014, with approved investments climbing 8.96 per cent to RM235.9 billion. Of this total, foreign direct investment (FDI) grew 8.57 per cent to RM64.6 billion, while domestic investors showed their confidence in Malaysia's prospects with domestic investment growing 9.1 per cent to RM171.3 billion in 2014. Altogether, the investments in 2014 went into a total of 5,942 projects that are expected to create 178,365 jobs, many of them in high technology and high value-added industries.

As investments into Malaysia grew, the services sector led the way with 5,059 projects worth RM149.6 billion, of which RM131.9 billion (88.2%) came from domestic sources. These investments are expected to create 98,543 employment opportunities. While services continued to attract the bulk of investment, Malaysia's manufacturing sector remained an important part of the economy, attracting RM71.9 billion in 811 approved projects. Over half (RM39.6 billion or 55.1%) of the manufacturing investments came from foreign sources, while the remaining 44.9 per cent originated from domestic investors. Foreign investors also accounted for most of the RM14.4 billion of approved investments into the primary sector in 2014. The mining sub-sector, with 36 approved projects, accounted for RM13.4 billion of this total.

Over the course of my first year in office, MIDA continued to build upon its strengths

as an organisation. In 2014, MIDA received 1,050 inquiries from both local and foreign investors regarding the establishment of future projects. We also played host to over 350 visits from foreign delegations, allowing us the chance to brief these potential investors on Malaysian policies, infrastructure, incentives and opportunities for expansion within the manufacturing and services sectors.

Championing quality investments

Under the Economic Transformation Programme (ETP), MIDA has been entrusted with the responsibility of coordinating investment activities and collaborating with the country's State Governments, regional corridors and development agencies. In 2014, we undertook efforts to reach out and connect with potential investors through a total of seven Trade and Investment Missions (TIMs). The purpose of these TIMs was simple – to update foreign investors on the business climate within Malaysia and provide an economic and technological outlook of Malaysia in the near future. During these missions, we hosted seminars on trade and investment opportunities, roundtable meetings, business matching meetings and networking sessions; these efforts were duplicated on home ground as we turned our sights to local investors.

Taking into account the New Economic Model and Malaysia's vision of becoming a developed nation by 2020, MIDA targets quality investments that will bring in projects that allow Malaysia's manufacturing sector to further its evolution from low-value manufacturing to high-value R&D-driven specialisation. The growth of industries that use emerging technology has given

Malaysian companies a unique opportunity to take the reins on future growth trends. At MIDA, we look for projects that enable local players to further develop their capabilities and benefit from knowledge sharing. To that end, we champion new projects that develop or utilise new and emerging technologies in areas such as graphene, medical devices and aerospace engineering.

MIDA targets quality investments that will bring in projects that allow Malaysia's manufacturing sector to further its evolution from low-value manufacturing to high-value R&D-driven specialisation.

The influx of new projects and investors has also brought with it a steady supply of new jobs for the people. By targeting high-quality projects, we have created an avenue for Malaysians to access better high-income job opportunities. Going forward, we must ensure that the skills of the local workforce continue to develop and improve apace with the country's infrastructure and jobs.

Dedicated to the mission

While our mission to attract investments remains unchanged, the methods of achieving it are constantly improving. At MIDA, we pride ourselves on constant innovation, learning and development as a means of sustaining our edge in the face of international competition for investment. With this in mind, the majority (70%) of the 183 human resource development programmes undertaken in 2014 focused on specialised subject matters and leadership skills. The programmes included new employee engagement through our on-boarding programme; managerial and leadership

skills development workshops, certifications and benchmarks; and overseas training programmes to expose middle managers to global leadership styles and practices.

In closing, I would like to thank Datuk Noharuddin Nordin for the work he has done over the years as my predecessor. With the support of the committed and dedicated staff at MIDA and our supportive partners within corresponding Ministries and agencies as well as industries, I look forward to continuing the nation's investment promotion agenda in the years to come.

**DATO' AZMAN MAHMUD,
CHIEF EXECUTIVE OFFICER, MIDA**



Dato' Azman Mahmud, the new Chief Executive Officer of MIDA, takes part in the official handing-over of notes from his predecessor, Datuk Noharuddin Nordin.





Asia’s Bright Shores

The year 2014 was a challenging time for investment due to the fragile global recovery. Under MIDA’s watch, Malaysia bucked the trend and remained a key destination for private investment.

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Global foreign direct investment (FDI) flows declined by 16 per cent in 2014 to an estimated USD1.23 trillion, down from USD1.47 trillion in 2013, amid economic and political uncertainty in many countries. The turbulent environment contributed to a 28 per cent drop in FDI inflows to developed countries and a halving of flows to transition economies. However, developing economies continued to perform well, accounting for 56 per cent of total global FDI inflows in 2014. As investors sought out brighter shores for their investments, inflows to these countries increased by four per cent to reach a new high of USD681 billion. In addition, developing countries in Asia reaped the lion’s

share of these investments, growing nine per cent to USD465 billion in 2014. Maintaining its position as Asia’s powerhouse, China became the world’s largest recipient of FDI with USD129 billion, up four per cent from 2013. Meanwhile, FDI inflows to India grew by 22 per cent to USD34 billion.

For MIDA, it was another milestone year. Approved private investment in Malaysia reached a new record high of RM235.9 billion in 2014, 7.5 per cent more than the RM219.4 billion recorded in 2013. The approved investments in 2014 will fund a total of 5,942 projects and are expected to create 178,365 new jobs, many of which are in high technology and high value-added industries. Domestic sources adding up to RM171.3 billion (72.6%) made up the largest share of investments approved, in line with the Government’s goal of having a domestic direct investment-to-foreign direct investment ratio of 73:27 by the year 2020. Malaysia’s realised private investments measured in terms of Gross Fixed Capital Formation (GFCF) rose 13.1 per cent to a new record of RM181.5 billion, which was 22.6 per cent more than the average annual target of RM148 billion under the 10th Malaysia Plan.

Private investments are targeted to be the main driver of Malaysia’s transformation into a high-income nation with a Gross National Income (GNI) of RM1.7 trillion by 2020 as outlined under the Economic Transformation Programme (ETP). Domestic investors in particular have supported this goal through their investments in innovation, training and new technologies. Under the Domestic Investment Strategic Fund (DISF), RM313.8 million of approved grants went to capital grants, RM220.1 million went into research and development (R&D) activities, RM56.6 million went into training, RM25.6 million went into licensing and purchase of new or high technology, and RM15.7 million was

invested into certification and international standards. Approved investments into National Key Economic Areas (NKEAs) made up 40.5 per cent of total investments (RM95.5 billion) while non-NKEAs accounted for the remaining RM140.4 billion in investments.

Investments in the services sector

The services sector continued to be the most important driver of Malaysia’s economic growth, underpinned largely by sub-sectors catering to domestic demand, while also accounting for 61.4 per cent of total employment. MIDA approved a total of 5,059 projects in the services sector in 2014 with investments amounting to RM149.6 billion (2013: RM144.7 billion), the largest share of approved investments into the economy. The projects approved in 2014 are expected to generate 98,543 job opportunities in the services sector.

MIDA approved a total of 5,059 projects in the services sector in 2014 with investments amounting to RM149.6 billion (2013: RM144.7 billion).

The services sector is especially important because intermediate services such as financial services, telecommunications and transport have a direct impact on the competitiveness of the economy by serving as inputs in the production of other goods and services.

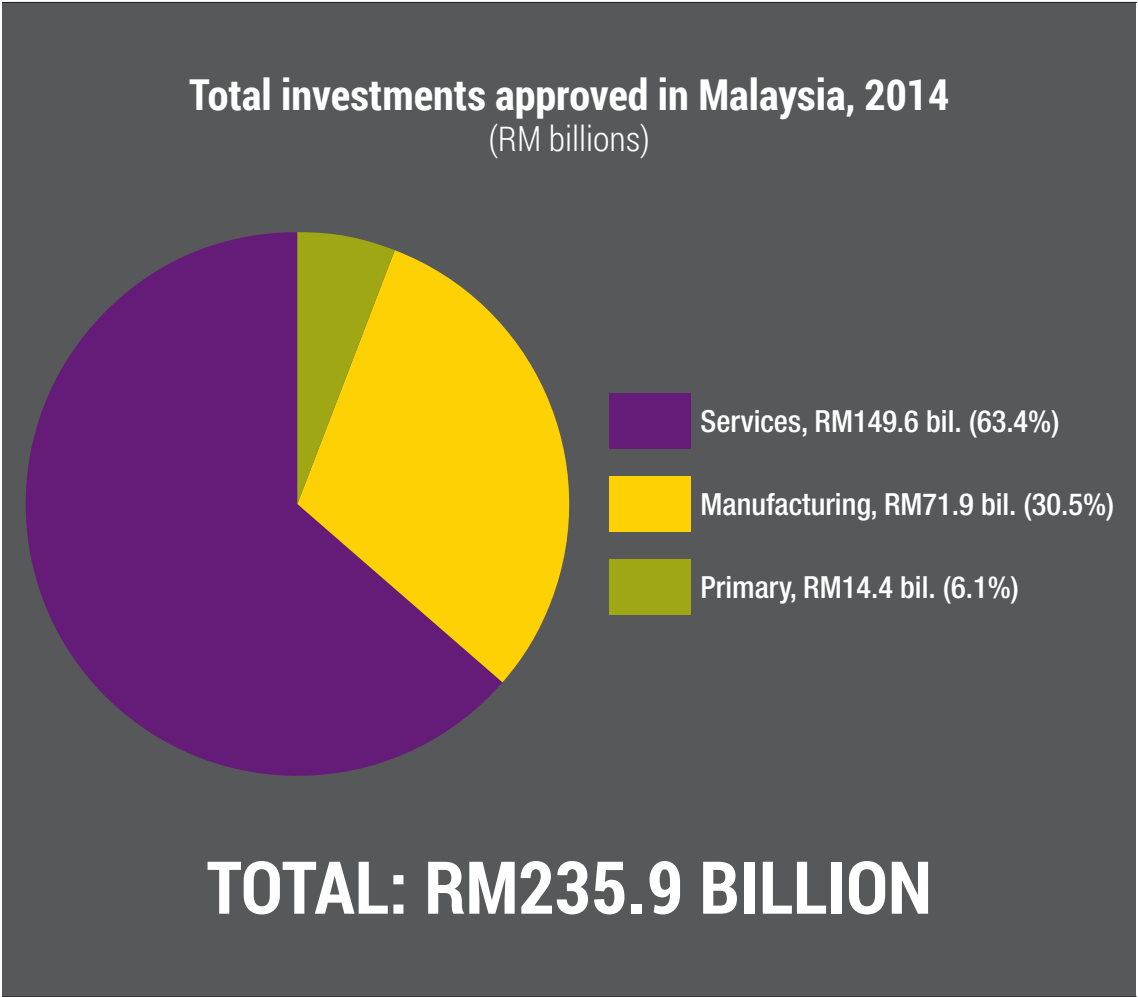
A total of 88.2 per cent (RM131.9 billion) of investments into services came from domestic sources, with the rest (RM17.7 billion) coming from foreign sources. The leading sub-sectors for investment were

real estate (RM88.5 billion), utilities (RM9.0 billion), distributive trade (RM8.7 billion), financial services (RM6.9 billion) and hotels and tourism (RM6.7 billion).

The Association of Southeast Asian Nations (ASEAN) member countries continued their journey toward the implementation of the ASEAN Economic Community (AEC). This development will likewise yield new opportunities for increased investment in the region’s services sector, which already accounts for over 50 per cent of total ASEAN FDI. Malaysia stands to gain from the free flow of services as outlined under the ASEAN Framework Agreement on Services (AFAS).

Malaysia continued to burnish its already attractive profile as an offshoring destination, as shown when the A.T. Kearney Global Services Location Index ranked Malaysia 3rd yet again in 2014. Malaysia’s political stability, multilingual environment and reasonable rates have allowed the country to pull more than its weight when compared with larger countries such as India and China, which are ranked 1st and 2nd respectively.

In 2014, 162 projects involving investments of RM3.0 billion were approved to establish **regional operations** in Malaysia, including 16 operational headquarters (OHQs), six international procurement centres (IPCs), three regional distribution centres (RDCs), 48 regional offices, 72 representative offices and four treasury management centres (TMCs). In addition, seven new global operations hub projects were approved in 2014 involving investments of RM2.4 billion and employing 1,268 people, including the RM1.0 billion expansion project by PKT Logistics (M) Sdn Bhd to expand and diversify its integrated logistics services in Shah Alam, Kuantan and Pulau Pinang while creating 286 employment opportunities for Malaysians.



The A.T. Kearney Global Services Location Index ranked Malaysia 3rd yet again in 2014.

To expand the reach of Integrated Logistics Services (ILS) activities in Malaysia, the Government granted ILS incentives to nine companies in 2014 and awarded International Integrated Logistics Services (IILS) status to eight companies. The Government has also allocated RM300 million to accelerate the development of the logistics industry under the newly-launched Logistics and Facilitation Master Plan.

Powering industry

Although global crude oil prices fell in 2014, Malaysia’s **oil and gas (O&G) industry** continues to play a crucial role in the growth of the country’s economy. To sustain its relevance, the industry will need to reinvent itself and seek out new markets and activities. In 2014, MIDA facilitated four projects by O&G service companies with investments totalling RM3.2 billion. These companies provide services in upstream and midstream activities such as repair, refurbishing and upgrading facilities, and the projects are expected to create 2,807 employment opportunities.



The GE Remote, Monitoring and Diagnostic Kuala Lumpur Centre (GE's iCenter) was launched in October 2014 to further strengthen the O&G ecosystem. This centre provides critical support to the overall operation of major O&G companies worldwide, making Malaysia even more indispensable as a global hub for O&G.

The National Energy Policy has singled out **renewable energy (RE)** as its Fifth Fuel, pointing towards the use of biomass, solar power and other sources as the key to meeting the Government's goal to reduce carbon emissions by 40 per cent by 2020. As it happens, Malaysia is a major producer of agricultural commodities and its oil palm plantations have no shortage of biomass to convert into energy. Studies have also measured Malaysia's considerable potential for exploiting solar and hydroelectric energy. MIDA approved a total of RM1.2 billion in RE investments in 2014, comprising 55 solar energy projects and 15 other renewable energy projects. Nearly all of the investments (96.6%) came from domestic sources and the projects are expected to create 743 jobs.

Investors have also turned to energy efficiency and energy conservation

technologies to meet their energy demands while reducing their costs and environmental impact. Government incentives and increased power tariffs were also factors in driving adoption of more energy-efficient technologies in the private sector. Seven **energy efficiency and conservation projects** worth RM59.0 million were approved in 2014, of which three were undertaken by manufacturing industries, while four were from the hospitality sub-sector and integrated properties development. The largest of these was a green-concept office tower in Sunway Resort City, Selangor (RM40.4 million).

Innovation imperative

Nurturing Pure-Play Engineering Services is the fifth Entry Point Project (EPP) within the Business Services NKEA. The Performance Management Delivery Unit (PEMANDU) estimates that Malaysia's **aerospace and automotive engineering services industry** could be worth RM3.3 billion by the year 2020. The industry has the potential to become a high-profile employer of the country's top engineering graduates. In 2014, an expansion project worth RM46.7

The Sky's the Limit



The development of the Asia Aerospace City (AAC) is one that will put Malaysia on the global map for aerospace engineering and talent development. A wholly-owned subsidiary of MARA, the AAC seeks to train and develop local graduates to prepare them for a future in the aerospace industry. MARA's aim is to create industry-ready talent that will fit the needs of the global sector, allowing the graduates to find and fill jobs within the field.

The AAC was incepted to fulfil six major tasks:

- Provide business consulting in the aerospace field
- Create business opportunities
- Provide state-of-the-art infrastructure for talent development and training
- Support high-skill engineering services both locally and globally
- Introduce a professional development centre

- Develop unique R&D opportunities to further the industry

With an estimated 40 per cent of aircraft sales to be in Asia by 2020, the European Aerospace Defence and Space (EADS) programme plans to invest up to USD250 million (RM800 million) in Malaysia by 2020. With the coming expansion of the industry, estimates suggest that 10,000 engineering positions for engineering services (excluding maintenance), repairs and overhaul will become available by 2020.

The AAC programme is being supported by the UK-based Atkins Global, a leading consultant in design, engineering and project management.

The first steps to establish AAC personnel are already underway, with top MARA students being sent for training in aerospace engineering at partnering international universities in the UK. With multinational collaboration underway and further expansion on the horizon, Malaysia's aerospace industry is definitely one worth investing in.



million was approved in Subang, Selangor to provide engineering services for the aviation sub-sector.

To prepare the country for the higher levels of competitiveness that come with globalisation and ASEAN integration, the Government has offered incentives and grants to support increased R&D activities in the areas of information and communications technology (ICT), engineering, sciences, agriculture, biotech and forestry. The National Science, Technology and Innovation Policy 2013-2014 has targeted for Malaysia to achieve Gross Domestic Expenditure on R&D (GERD) of at least 2.0 per cent by 2020.

In 2014, a total of RM295.8 million was invested in 17 approved **R&D projects** in Malaysia. RM161.4 million (54.5%) came from foreign sources while RM134.6 million (45.5%) came from domestic investment. These projects are expected to create 276 high-income jobs. The largest portion of R&D investments came from approved Contract R&D projects, which contributed RM227.9 million.

Malaysia's economy has already come a long way by leveraging on the advantages of **information and communications technology (ICT)**. The country sits in the top quartile of the world's most network-ready economies and ranks 30th out of 144 countries in the World Economic Forum's 2014 Global Information Technology Report.



The Government has offered incentives and grants to support increased R&D activities in the areas of information and communications technology (ICT), engineering, sciences, agriculture, biotech and forestry.

MIDA approved three projects with domestic investments of RM151.9 million in this sub-sector. The projects are expected to generate 163 jobs. In light of ICT's growth in key areas such as cloud computing, context-aware computing, networking and intelligence, and creative media, the Government has allocated RM100 million in Budget 2015 to promote the digital content industry.

Investing in essentials

The **transport sub-sector**, which is one of the essential intermediate services that facilitates the operations of other industries, comprises marine transport, aviation and highway construction and maintenance. MIDA approved a total of 78 projects in this sub-sector with investments of RM6.1 billion in 2014. About 96.7 per cent of these came from domestic investments, and a total of 2,211 jobs are expected to be created by these projects. The maritime transport sub-sector accounted for 17 of the projects, valued at RM331.4 million, while another 51 projects were approved in the aviation sub-sector, valued at RM3.3 billion.

The **telecommunications industry** is also an intermediate service that supports many of Malaysia's key industries. The sub-sector, which covers network facilities, network services, application services (including content application services), post and broadcasting, received a total of RM4.5 billion of approved projects in 2014.

In Malaysia, the **energy utilities** include the generation, transmission and distribution of electricity by Tenaga Nasional Berhad, Syarikat SESCO Bhd (SESCO) and Sabah Electricity Sdn Bhd (SESB). **Water utility services** are provided by Suruhanjaya Perkhidmatan Air Negara (SPAN) and Pengurusan Aset Air Berhad (PAAB). In

2014, total investments in this sub-sector amounted to RM9.0 billion, all of which came from domestic sources.

The banking industry, especially Islamic banking, helped to drive the growth of the **financial services sub-sector** in 2014. Investments in financial services more than doubled from 2013 to 2014, reaching RM6.9 billion in approved projects. Domestic investments made up 76.8 per cent of this total. Islamic banking activities registered RM2.8 billion in investments, or 40.6 per cent of total financing, which exceeds the 2020 target of 40 per cent of total financing set by the Financial Services NKEA, EPP 10: Becoming the Indisputable Global Hub for Islamic Financing.

Malaysia's **real estate (housing) industry** remained dominated by domestic investors, with 97.3 per cent of investments coming from local sources. A total of 1,320 projects with investments of RM88.5 billion were approved in the real state (excluding commercial buildings) sub-sector in 2014.

Despite setbacks due to unforeseen negative publicity events, Malaysia's **hotels and tourism industry** still benefited from a modest increase in tourist numbers, increasing 6.7 per cent to 27.4 million arrivals in 2014. MIDA approved a total of 118 projects worth a total of RM6.69 billion in investments, 94 per cent of which came from domestic investments.

The Government's liberalisation of the **private education services industry** continued to have an impact on investments, with 467 approved projects totalling RM1.64 billion. A total of 95.2 per cent of these investments came from domestic investors. The largest portion of investments went to 37 private college/university projects worth a total of RM1.3 billion, followed by 47 projects

approved for skill centres valued at RM305 million. Another 383 projects for other private education institutions worth RM21.4 million were also approved. With the new Services Sector Blueprint's focus on developing human capital and raising the profile of the Technical and Vocational Education and Training (TVET) pathway, education services will be even more important going forward.

The **healthcare services sub-sector**, which covers the establishment of private healthcare institutions, remains an attractive choice for investors. A total of 22 projects were approved in this sub-sector in 2014 with total investments of RM2.3 billion, all of which were domestic. The industry's future growth potential will be boosted by the continuing growth of healthcare travel, which contributed RM685 million in revenue in 2014, and demographic factors such as the ageing of the country's population.

Distributive trade includes wholesale and retail trade, hypermarkets and supermarkets,



To spur quality growth in the services sector, the Services Sector Blueprint calls for the Incentive Coordination and Collaboration Office (ICCO) to be established under MIDA.

ICCO will be a one-stop centre to advise and coordinate businesses on incentive offerings and provide cross-agency visibility.

department stores and direct selling. The sub-sector attracted considerable investments in 2014 amounting to RM8.7 billion in approved projects, a 74 per cent increase compared with 2013. This increase was largely due to a jump in foreign investments, which increased by over 212 per cent to RM5.0 billion.

In 2014, six projects were approved with total investments of RM4.0 billion in other high-value industries within the services sector. These included the development of a fully-integrated green park in Nusajaya with a total investment of RM3.3 billion and two premium outlets catering to tourist shoppers with investments amounting to RM491 million.

Outlook

The global investment environment in 2015 may be impacted by the ongoing Eurozone crises and China's slowing growth due to a property malaise and debt problems, but Asia's bright shores provide plenty of reasons for positivity. Even a slower Chinese economy is expected to achieve GDP growth that many other countries would envy, while ASEAN's integration into the AEC will create a single seamless market for services with a combined population of 600 million. The AFAS outlines an ideal setting for the free and fair trade of services – with Malaysia located conveniently at its nexus.

In 2014, Malaysia's services sector contributed about 55.3 per cent to the country's GDP. Going forward, the Services Sector Blueprint aims to further unlock the potential of the sector and transform it to become more knowledge-intensive and innovation-led. The sector is expected to grow at 6.9 per cent per annum, contributing 56.5 per cent to GDP in 2020, and providing 9.6 million jobs.

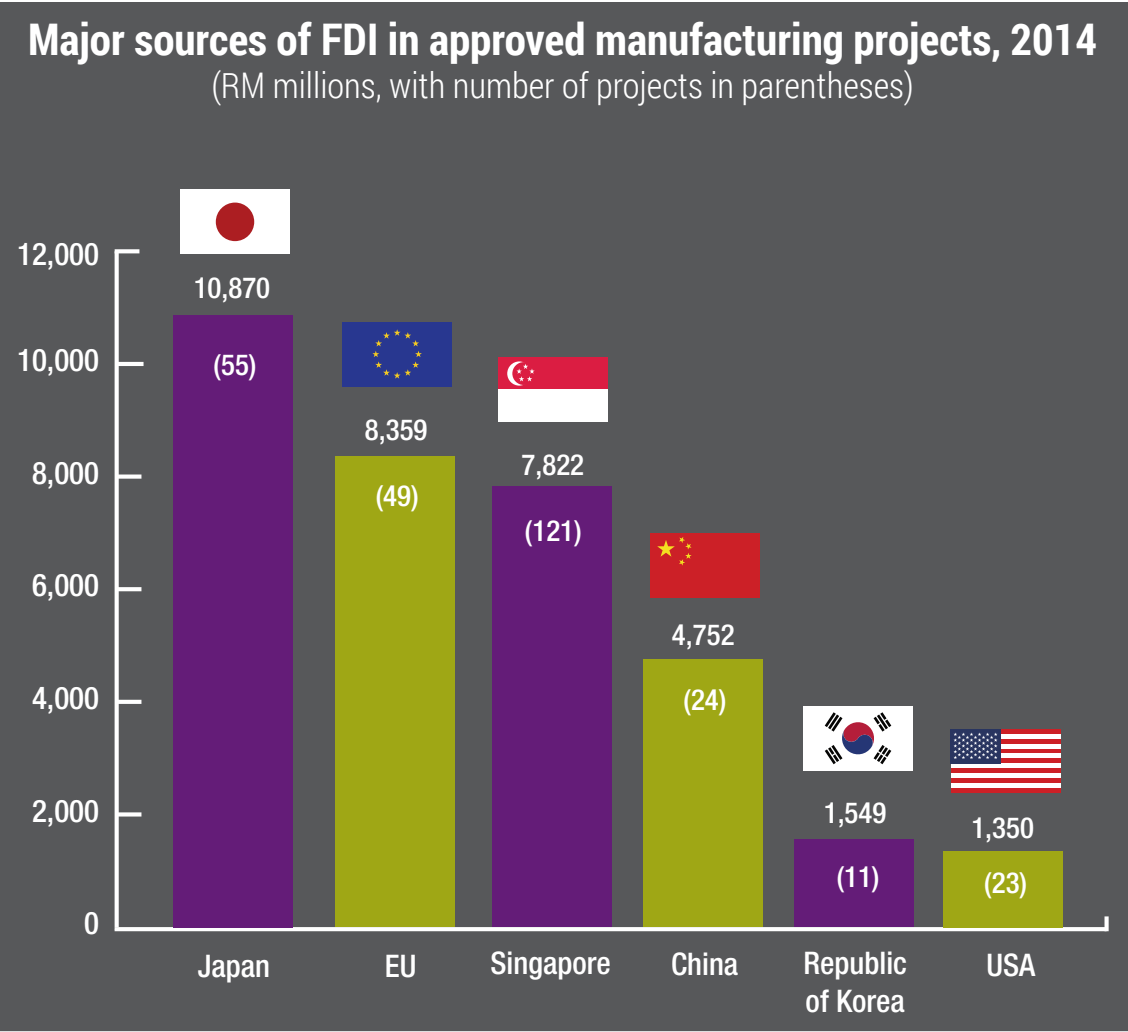


Under the Services Sector Blueprint, the Government will enhance the management of investment incentives with more effective, transparent and performance-based incentives programmes. This will be executed through the establishment of the Incentive Coordination and Collaboration Office (ICCO) under MIDA to act as a coordinator for all investment incentives. Initiatives will focus on delivering critical skills to industries and enhancing access to technology and R&D to create a more welcoming and dynamic environment for investment in knowledge-intensive services. The implementation of the Services Sector Blueprint and the Logistics and Trade Facilitation Master Plan (LTFMP) will create a more competitive services ecosystem.

Under the Eleventh Malaysia Plan, economic growth will be driven by high-value and knowledge-intensive activities. This will entail the promotion of modern industries

with linkages to the rest of the economy and the potential to generate high-income jobs in Islamic finance, ICT, O&G services, private healthcare, private higher education, ecotourism, the halal industry and professional services. Domestic investment is expected to be key to expanding the services industries in anticipation of domestic demand, which is forecast to grow moderately in 2015. Although the implementation of Goods and Services Tax (GST) will put a dent in consumer spending, it is expected that additional disposable income from lower fuel prices and Government support to targeted groups will more than compensate for this.

Under the Eleventh Malaysia Plan, economic growth will be driven by high-value and knowledge-intensive activities.



Investments in the manufacturing sector

Despite the uncertainty that plagued the global economic environment, Malaysia’s manufacturing sector retained investor confidence and remained on course to develop more high-value products in fast-growing industries, ahead of the upcoming ASEAN integration. In 2014, MIDA approved about RM71.9 billion worth of investments for 811 projects, representing a 38 per cent increase in total investments approved in the sector during 2013 (RM52.1 billion). More than RM39.6 billion or 55.1 per cent of these investments came from foreign investors,

while domestic investors made up the rest (RM32.3 billion). The 2014 investment total surpassed the average annual investment target of RM27.5 billion set under the Third Industrial Master Plan (IMP3). Greenfield projects made up 60.5 per cent of the total manufacturing projects approved with investments of RM43.5 billion in 450 projects.

Malaysia continued to attract positive attention from foreign investors, jumping 10 places to become the 15th most attractive destination for FDI in the A.T. Kearney Foreign Direct Investment Confidence Index. Asian investors were particularly influential in Malaysia’s manufacturing sector, contributing 70 per cent of the RM39.6

Brighter Future

Malaysia’s LED sector is one of the little-known successes of the country. Pioneered in the 1970s by Hewlett-Packard, the industry currently consists of many SMEs as well as large MNCs. However, Malaysia’s contribution to the LED game lies primarily in back-end functions such as packaging and assembly. In order to move up the value chain, Malaysia needs to take on higher-value front-end manufacturing.

The idea of a collaboration with the University–College of Santa Barbara (UCSB) was first voiced late in 2013, when a small team from UCSB paid a visit to CREST. From there, collaboration opportunities were discussed, and a joint R&D project and knowledge–transfer plan was formulated.

In just over a year, the collaboration was officially started, including professors and post–graduates from UCSB as well as academics, industry–players



and CREST on the Malaysian side. One of the UCSB professors is Dr Shuji Nakamura, Nobel Prize winner in 2014 for his work in inventing the blue LED.

The collaboration will focus on the area of epitaxial development, the process of growing additional layers of semi–conductor crystals on the surface of a wafer, which UCSB is particularly well–known for. Through this collaboration, Malaysia hopes to finally break free of the back–end operations and finally move on to a greater – brighter – future.

billion of FDI in manufacturing in 2014. Japan was the leading source of FDI in approved manufacturing projects with RM10.9 billion, beating the European Union’s contribution of RM8.4 billion. Other important Asian sources of manufacturing FDI were Singapore (RM7.8 billion), China (RM4.8 billion) and the Republic of Korea (RM1.6 billion).

The manufacturing projects approved in 2014 are expected to create 78,343 jobs.

Domestic investors also played a large role in accelerating the transformation of

the manufacturing sector to high value-added and knowledge-intensive industries. Approved domestic investments into the manufacturing sector grew by nearly 50 per cent to RM32.3 billion in 2014, accounting for 44.9 per cent of total investments approved.

The manufacturing projects approved in 2014 are expected to create 78,343 jobs, of which 22.5 per cent (17,635) are in the Managerial, Technical, Supervisory and Skilled Manpower (MTSS) category, while 61.9 per cent (48,468) are in the skilled worker category. The largest portion of the employment opportunities created in manufacturing were in the electrical and electronics (E&E) sub-sector

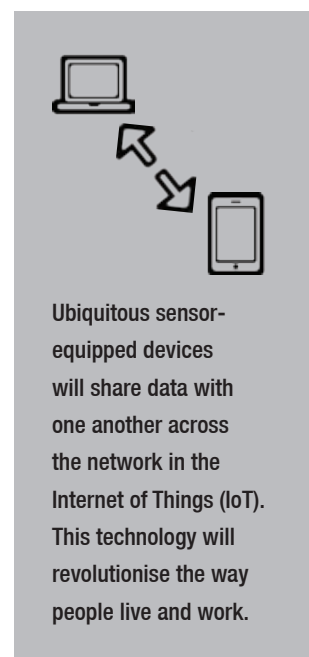
(16,700 jobs) followed by the basic metal products (7,133) and transport equipment (6,873) sub-sectors. The Government also approved a total of 1,339 expatriate posts in 2014.

The capital intensity (as measured by capital investment per employee, CIPE) of projects approved in the manufacturing sector in 2014 was RM917,155. The industry with the highest CIPE ratio was petroleum products including petrochemicals (RM10,108,693), followed by chemicals and chemical products (RM2,283,023) and basic metal products (RM1,394,081). MIDA approved a total of 15 projects with investments of RM1.0 billion or more in the manufacturing sector, worth a total of RM40.4 billion and contributing 56.2 per cent of total investments approved.

The growth of the manufacturing sector in recent years has been driven particularly by demand from ASEAN member countries and Free Trade Agreement (FTA) partners. The majority of projects implemented during the five-year period of 2010 to 2014 covered major industries such as E&E, machinery and equipment (M&E), transport equipment, chemicals and chemical products as well as fabricated metal products.

Strategic diversity

The Eleventh Malaysia Plan has identified **electrical and electronics (E&E)** as one of the three catalytic sub-sectors in the manufacturing sector, together with chemicals and M&E, that will drive the transition towards more high-value, diverse and complex products. The E&E industry saw a total of RM11.1 billion of investments into 96 approved projects in 2014. A total of 93.7 per cent (RM10.4 billion) of the investments originated from foreign sources, mainly from Germany, Japan and the USA. The remaining



6.3 per cent (RM700 million) of approved investments came from domestic sources. Investments from Germany were mainly in the electronic components sub-sector, investments from Japan were focused on the electronic components sub-sector and investments from the USA were mainly in the electronic components and industrial electronic sub-sectors.

Three particular ecosystems – semiconductor, solar and light-emitting diode (LED) – have benefitted from a strong focus on research, design and development activities on the part of both multinationals and local companies. These technologies are aligned to grow strongly with the next shift in worldwide consumer trends, with Gartner expecting worldwide semiconductor sales to reach USD358 billion in 2015. Innovations in application-specific standard products (ASSPs) in smartphones, solid-state drives (SSDs) and ultramobiles are all converging toward the “Internet of Things” (IoT), in which our everyday devices and personal items collect and exchange data autonomously. Malaysia’s E&E industry, which has developed strong

infrastructure and capabilities across the entire semiconductor value chain, will have a vital role to play in the IoT era as a hub for R&D and custom manufacturing. At the same time, the solar industry will continue to benefit from changing energy consumption trends, while LEDs will become more important as they supplant fluorescent and incandescent lighting as the global lighting standard. Malaysia has the potential to quickly move upstream in the LED and solar value chains in time to gain from next-generation technologies such as LED 2.0 and concentrated photovoltaics.

Robotics is another key technology that will drive the growth of Malaysia’s E&E industry. In 2014, one notable approved project was a RM1.1 billion diversification project for ViTrox Technologies, a majority Malaysian-owned company focusing on the development and production of intelligent robot vision systems and modules for the semiconductor, automotive and medical industries. This project will further complement Malaysia’s semiconductor ecosystem.

As one of the catalytic sub-sectors, the **machinery and equipment (M&E) industry** has many linkages with other industries in the Malaysian economy. The industry will play a critical role in supporting the diversification of the economy into high-value activities such as front-end semiconductor processing, healthcare and O&G. In 2014 there were a total of 98 M&E projects with approved investments of RM2.5 billion. About 72 per cent (RM1.8 billion) of these investments came from domestic sources, while foreign investments accounted for the rest (RM720.6 million). These projects are expected to generate 4,568 new jobs. The sub-sectors that attracted the most investments were specialised M&E projects with 62.4 per cent (RM1.6 billion); followed by general industrial M&E, components and parts with 16.8 per

cent (RM419.3 million); and maintenance, upgrading or reconditioning of M&E with 16.5 per cent (RM411.9 million).

The **engineering support industry (ESI)** is another important contributor to both the manufacturing and services sectors. The industry covers moulds and dies, casting, machining, metal stamping, heat treatment and forging activities. Malaysia’s ESI companies are focusing on building capabilities, improving products, and raising service quality in order to maintain their competitive edge. International certification will enable the industry to supply parts and components to a wider range of markets in the O&G, aerospace, medical and solar/PV industries.

There were a total of 68 ESI projects approved by MIDA in 2014 with RM1.1 billion in investments. Foreign sources contributed 55.2 per cent (RM574.7 million) of total investments while the remaining 44.8 per cent (RM492.8 million) came from domestic investors. These projects are expected to generate a total of 2,489 employment opportunities.

The **basic and fabricated metal products industry** will face new competitive challenges



Ready for the Game Changers

The Technology and Frontier Business Division continued to explore emerging technology trends that could drive rapid high-value growth for Malaysia's industries. In 2014, the Division conducted further study to identify industry players, new technologies and utilisation in the areas of rare earth downstream applications and lithium-based energy storage.

Rare earth downstream applications are gaining traction in the automotive sector for electric motors, drive trains and energy storage systems. As academic and private researchers continue to find ways to minimise usage of rare earth metals due to concerns of cost and supply reliability, the consumption of rare earth metals is decreasing even as the number of applications increases. Akademi Sains Malaysia forecasts that total demand for rare earth metals in 2016 will reach 162,500 metric tonnes (MT) due to applications such as permanent magnets, metal alloys and catalysts.

Lithium-based energy storage has seen massive growth in demand due to the steady increase in production of hybrid and electric cars as well as mobile devices. The development of the all-important automotive energy storage technology is currently a joint venture effort between the car manufacturer and the battery manufacturer. Lithium is still the preferred material for energy storage; however, there is no one superior technology available. Given the increasing battery capacities and usage, there is an overwhelming need to ensure reliability, efficiency and safety with battery management systems. According to a



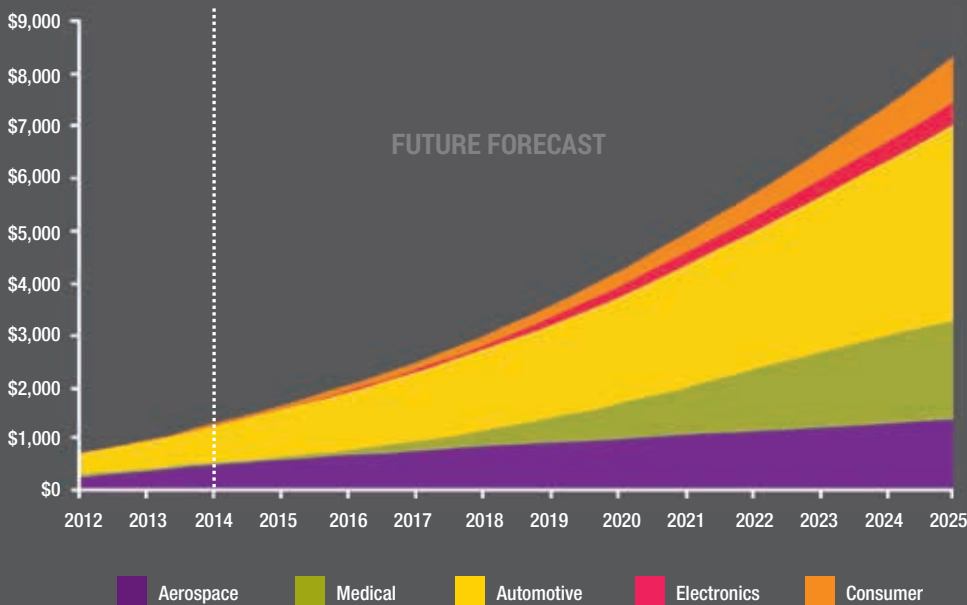
Demand for lithium-based energy storage is growing due to the hybrid and electric car industry.

signumBOX estimate, the total demand for lithium will grow to 204,732 MT in 2015 and 540,119 MT in 2025.

The Division also identified additive manufacturing (3D printing) as one of the new ecosystems which is seeing convergence across various industries, both in manufacturing and services. MIDA studied the technologies and environments necessary for the further development of the ecosystem and concluded that it is a potential game changer set to revolutionise the manufacturing industry.

Additive manufacturing is termed a disruptive technology with the potential to completely revolutionise traditional manufacturing processes using materials such as metals or polymers. The

3D printed parts market size (USD millions)



Source: www.luxresearchinc.com

services sector may be profoundly affected in a future scenario in which there may be no further need to stock spare parts. Particular spare parts may be 3D-printed according to demand, thus disrupting the whole logistics and warehouse supply chain.

Being relatively new in Malaysia, the ecosystem for this technology needs to be further developed. The ecosystem will require the participation of policy-makers, 3D printing software developers, metallic powder and polymer material suppliers, 3D printing equipment suppliers, 3D printing services providers as well as universities and training institutions. Universities and research institutes will have an important role to play in introducing 3D printing and training the next generation of designers and technologists in this technology. The Government must also do its part to ensure that local SMEs have affordable access to additive manufacturing technology.

To create better awareness and understanding between academia and students in local universities and investors in Malaysia, the Division completed knowledge sharing sessions with Universiti Malaya, Universiti Teknologi Malaysia, Universiti Tun Hussein Onn Malaysia, Universiti Malaysia Sarawak and Universiti Tunku Abdul Rahman. The programme was carried as a collaboration between the Technology and Frontier Business, Industry Talent Management and R&D and Business Services Divisions.

This year, the Division also extended the programme's scope to foreign universities and institutions in Japan, Republic of Korea, the UK and the USA, in order to tap into the advanced research and technologies at these institutions. The programme also helps to coordinate local companies and universities engaged in identifying and developing new and emerging technologies.

when AEC integration arrives. The industry established the Malaysia Steel Institute to deal with these future shifts and promote inter-ASEAN business. MIDA approved a total of 134 projects with investments of RM12.2 billion in 2014, with foreign investments accounting for 72.1 per cent (RM8.8 billion) and domestic investments accounting for the other 27.9 per cent (RM3.4 billion).

The largest portion of investments were in upstream projects, with 33 basic metal projects involving investments of RM9.9 billion. The foreign investments in the basic metals sub-sector are intended to make Malaysia a regional hub for steel manufacturing and distribution, and will help to meet the needs of the local construction industry. All in all, these projects are expected to create 12,244 new jobs in the industry.

The **transport equipment industry** covers the automotive, aerospace and shipbuilding and ship repair (SBSR) sub-sectors. In 2014, MIDA approved 56 projects in the industry with a total of RM5.6 billion in investments. Two thirds (RM3.7 billion) of these investments originated from domestic sources, while foreign sources contributed the rest (RM1.9 billion). The projects are estimated to generate 6,873 jobs.

The **shipbuilding and ship repair (SBSR) sub-sector** received the largest portion of approved investments within the transport equipment industry, comprising six approved investments worth RM3.1 billion. Of this total, domestic investments accounted for 70 per cent (RM2.2 billion) while foreign investments made up the rest (RM0.9 billion). The projects, which are expected to create

Graphene Scene

Felda Global Ventures Berhad (FGV), Malaysia's leading global agribusiness, has enacted an agreement with Cambridge University to set up a processing plant for the highly-touted "super material" graphene. It is a pure protein product with extraordinary features; 200 times stronger than steel, highly-efficient in conducting heat and electricity, and nearly transparent, many believe graphene is the material of the future.

Graphene can be used to create such things as flexible television screens, foldable digital newspaper sheets that auto-update news, wearable technology, and other such innovations. The only barriers to the industrial debut of graphene are the relative costs and environmental

effects of developing graphene. However, Malaysia is hopeful that a joint venture between FGV and Cambridge could bring innovative new solutions heretofore unheard of. Malaysia is particularly suited to become a provider of raw materials for the creation of graphene, as the oil palm husks that are leftover from the development of palm oil can be refined into graphene.

Malaysia looks to become a key developer, producer and supplier of graphene in coming years, and has made this known through the introduction of the National Graphene Action Plan 2020. If this plan is successful, it could generate a revenue of RM 9 billion and create some 9,000 jobs by 2020.

2,310 jobs, include a new, RM2.9 billion joint venture project between a Malaysian majority-owned company and its Korean partner to manufacture Wing-In-Ground (WIG) craft. The industry's growth will be driven by increasing global trading activities and the development of offshore O&G activities.

The **automotive sub-sector** attracted a total of 43 approved projects worth RM1.9 billion in investments. Domestic investments accounted for 58 per cent of this total (RM1.1 billion), while foreign investments accounted for the remaining RM800 million. These projects will create an estimated 4,039 jobs. Most notably, one project involves a RM660 million investment in a foreign majority-owned company to manufacture engines and engine components for Energy Efficient Vehicles (EEVs). These approved investments go a long way toward making Malaysia a regional hub for EEVs and promoting a competitive and sustainable domestic automotive industry, as laid out in the National Automotive Policy (NAP) 2014.

MIDA approved a total of seven projects in the **aerospace sub-sector** with a combined value of RM682 million in 2014, of which 27 per cent (RM187 million) came from foreign sources. These projects are expected to create 524 jobs. The fastest growth in the industry was in maintenance, repair and overhaul (MRO) activities, which attracted RM312.8 million in approved investments. These activities will become critically important for the sub-sector given the impending rise of the Asia-Pacific region as the world's largest air travel market.

Fuelling rapid progress

The ETP has identified the oil, gas and energy sub-sector as one of the NKEAs that will drive the country's economic growth, even against the backdrop of maturing oil fields and the structural shift in the world's oil supply. In line with this focus, a total of 19 projects in the **petroleum and petrochemical products industry** with investments of RM15.9 billion were approved



At Offshore Technology Conference (OTC) Asia 2014, YB Dato' Sri Mustapa Mohamed, Minister of International Trade and Industry examines the innovative pipeline technology used by local O&G player Romstar Sdn Bhd.

in 2014. Domestic investments accounted for 71 per cent of total investments (RM11.3 billion) while foreign investments made up the rest (RM4.7 billion). The projects are expected to create 1,581 employment opportunities.

The ETP has identified the oil, gas and energy sub-sector as one of the NKEAs that will drive the country's economic growth.

The largest portion of these investments was contributed by four new joint venture projects between PETRONAS and two foreign investors with total investments of RM14.8 billion. Located in the Refinery and Petrochemical Integrated Development (RAPID) complex in Pengerang, Johor, these projects will produce ethylene derivatives, propylene derivatives, elastomers and phenolic products. RAPID is part of a major catalytic project within the Pengerang Integrated Petroleum Complex (PIPC), a massive development that will transform Johor into one of Asia's biggest oil and gas hubs in the coming years. The entire development targets total investments of RM170 billion and is expected to boost Malaysia's gross national income (GNI) by an additional RM18.3 billion by 2020.

As with the other two catalytic sub-sectors, the **chemicals and chemical products industry** has strong linkages to almost every other sector of the economy, including the E&E, automotive, O&G, pharmaceuticals and construction industries. The creation of a more efficient domestic ecosystem for chemical products should be a high priority as it will reduce these industries' dependence on expensive imports while also building on the potential to deliver more complex and higher value-added products. In 2014, MIDA approved a total of 45 projects with

investments of RM5.9 billion. A total of 94.2 per cent (RM5.6 billion) of these investments came from foreign sources. An estimated 1,941 new jobs will be created by these approved projects.

Although the **plastic products industry** has faced challenges due to rising costs, manufacturers have responded by moving up the value chain and focusing on higher-quality products. A total of 51 products with investments of RM884.4 million were approved in 2014, of which 85.4 per cent (RM755.2 million) came from domestic sources. These approved projects are expected to create 4,278 new jobs.

As in the case of other manufacturing sub-sectors, the **textiles and textile products industry** has a bright future in the development of technology-driven upstream investments in advanced fibres, coatings, and other high-quality and niche products. In 2014, the industry saw an increase in upstream investments for the production of natural and synthetic fibres, yarns and fabrics. MIDA approved a total of 17 projects with a total value of RM1,233.2 million in investments. Foreign investors contributed 52 per cent (RM635.6 million) of the year's total investments, while domestic investors contributed the rest. These approved projects are expected to create a total of 2,260 jobs, of which 1,971 will be in managerial, technical and supervisory manpower categories. The projects will also provide knowledge transfer to Malaysian workers and help reduce the nation's dependence on imported raw materials.

The **medical devices industry** has been identified for its growth potential under the Healthcare NKEA, which features eight EPPs for medical devices. While Malaysia has a long history as a medical glove manufacturer, the investments into the medical devices

A Healthy Industry

The medical devices industry in Malaysia has emerged as one of the nation's key development areas. Having enjoyed remarkable growth, thanks to the Government's expansion of health services and facilities, Malaysia manufactures a multitude of medical apparatuses and is the leading producer and exporter of catheters and surgical gloves.

The domestic market is expected to grow by 15.9% annually, with projections suggesting a worth of US\$2.8 billion by 2017. The industry comprises mostly small to medium businesses, with a few multinationals, and employs over 20,400 people.

The Malaysian medical devices industry has historically been characterised by its rubber-dominated manufacturing portfolio; however, the production of higher-value non-rubber medical devices made from plastics, silicone and metal alloys is on the rise. With the increase in global prices of labour and manufacturing, international healthcare corporations are increasingly dependent on certified contract manufacturers outside of the



Western world and Japan. As a result, Malaysia's comparatively low costs have provided a fresh opportunity for international collaboration.

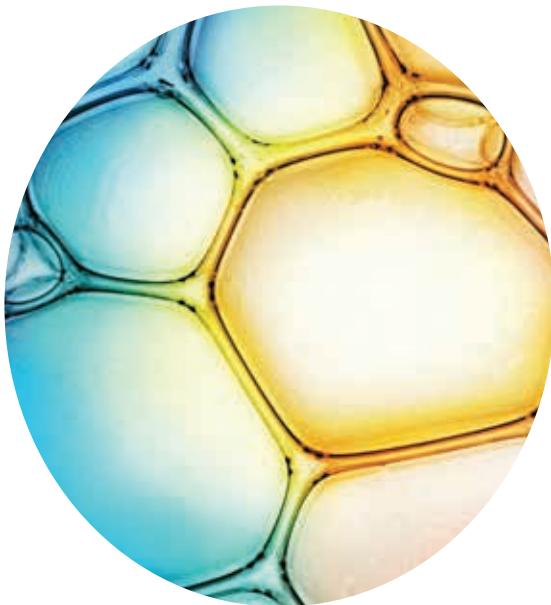
In the field of orthopaedic components manufacturing, Apex Healthcare established a joint venture with ABio Orthopaedics Sdn Bhd to contract manufacture surgical instruments, internal and external fixation devices, artificial joints and dental implants, with future hopes of expanding into advanced machining, forging and casting.

The growing number of local R&D-extensive activities has given hope to Malaysia's future as an established developer of high-value medical devices, while local manufacturers await the ASEAN Free Trade Area as a gateway to Asia's lucrative healthcare market.

industry are now weighed more heavily towards more advanced products. In 2014, the industry continued shifting its focus to higher value-added products and ecosystems through a total of 42 projects with approved investments of RM2.2 billion. About 91 per cent of the projects approved with investments of RM1.8 billion were for the manufacture of high-end and high value-added products other than medical gloves.

Domestic investments made up 54.5 per cent (RM1.2 billion) of total investments while foreign investments made up the other 45.5 per cent (RM1.0 billion). An estimated 7,300 jobs will be generated by these projects.

In 2014, Malaysia's **pharmaceutical industry** attracted RM747.3 million in 14 approved projects. Of these investments, 65.2 per cent (RM487.3 million) came from



foreign investors, with domestic investments accounting for the rest. The projects approved are expected to create about 1,100 jobs, and will go a long way towards preparing the country's ecosystem for the manufacturing of more complex, high value-added pharmaceutical products.

In addition, the Government has foreseen the importance of biopharmaceutical products and expanded the scope of EPP3 – Malaysian Pharmaceuticals



BiotechCorp is the agency responsible for identifying and supporting promising Malaysian biotechnology companies. To date, the agency has built up a network of 248 BioNexus status companies accounting for about RM4.6 billion in approved biotech investments.

to include manufacturing activities for biopharmaceuticals such as biologic products and vaccines as well as over-the-counter (OTC) medicines.

To develop such bio-based products, Malaysia's National Biotechnology Policy (NBP) promotes a conducive environment for the growth of the **biotechnology industry**. The NBP currently envisions Malaysia's transition from the Science to Business phase to the Global Business phase. To achieve Malaysia's biotechnology goals, the Bioeconomy Transformation Programme (BTP) was launched in 2012 to provide businesses with a platform for optimising and launching commercial biotechnology opportunities. A total of 22 biotechnology projects with investments of RM1.6 billion were approved in 2014, including five trigger projects for the BTP. These investments are expected to create 1,274 new jobs.

Natural opportunities

Agriculture and food processing are closely connected, as the food processing industry has major linkages with the livestock, fisheries, fruits and vegetables sub-sectors in the agriculture sector. Malaysia's primary agriculture sector attracted 28 projects



with approved investments of RM170.5 million in 2014, 99.7 per cent of which came from domestic investments. Meanwhile, the processed food sub-sector, which has been designated the Seventh National Key Result Area (NKRA) due to its importance to Malaysia's food security, attracted 68 projects with approved investments of RM2.2 billion in 2014. Foreign investments made up 52.9 per cent (RM1.2 billion) of this total, while domestic investments accounted for 47.1 per cent (RM1.1 billion). These projects are expected to create 5,262 jobs.

The **oil palm products and palm biomass industry** continues to be one of the largest contributors to Malaysia's GDP and accounts for RM53 billion in GNI with an NKEA target of RM178 billion by 2020. Much of the industry's potential growth lies in higher value-added downstream activities involving biomass by-products including oil palm fronts, oil palm trunks, empty fruit bunches, palm kernel shells, mesocarp fibre and palm oil mill effluent. Other downstream growth areas include oleochemical-based products as well as various R&D activities.

Investments in the palm oil industry in 2014 amounted to RM5.7 billion in 49 projects, more than doubling in value from the RM2.4 billion in 32 projects in 2013. These projects

covered palm oil production, palm kernel oil products, oleochemicals, products from palm biomass and energy generation from palm biomass. A total of 64.9 per cent (RM3.7 billion) of approved investments came from domestic investments, while the other 35.1 per cent (RM2 billion) was contributed by foreign investments. The two sub-sectors with the largest investments were the oleochemicals sub-sector with RM3.9 billion followed by the palm oil and palm kernel oil sub-sector with RM1.1 billion. One major project is a new RM2.2 billion integrated biorefinery plant at the Palm Oil Industrial Cluster (POIC) complex in Lahad Datu, Sabah. The plant will cater to the global shift from petrochemicals to environmentally-friendly oleochemicals by producing various palm-derived chemicals such as methyl ester sulphonate (MES).

The **rubber products industry** saw a total of RM1.3 billion in investments into 15 approved projects (excluding medical devices) in 2014. Over 92 per cent of this total came from domestic sources (RM1.2 billion), while foreign sources made up the rest (RM103.1 million). The approved projects are expected to generate 1,728 jobs. The industry is seeing a growing trend towards rubber recycling as well as the manufacture of rubber-based goods from eco-friendly

materials such as Ekoprena and Pureprena. The establishment of Rubber City in Kedah will provide industrial, commercial and R&D hubs for further development of the rubber products industry.

The **wood and wood products industry** attracted 48 projects with a total of RM465.4 million in investments. A total of 90.9 per cent (RM422.9 million) of the investments came from domestic sources while the remainder came from foreign investors. These projects should generate a total of 3,815 employment opportunities. The industry has expanded its downstream value-added activity with 19 projects with approved investments of RM102.5 million for the manufacture of wood-based products and materials such as wood pellets, sawn timber and agriculture waste or agricultural by-products.

In 2014, MIDA approved a total of 30 projects with RM3.4 billion in investments in the **non-metallic mineral products industry**. A total of 61 per cent of the investments came from domestic sources (RM2.1 billion), while the rest came from foreign sources (RM1.3 billion). One significant project in the sub-sector is a RM634.2 million wholly foreign-owned project to produce environmentally-friendly insulation materials used in buildings. The Government is encouraging the increased use of Industrialised Building Systems (IBS) to improve the productivity and environmental sustainability of the construction sector, and the non-metallic mineral products industry has a role to play in supporting IBS.

The **paper, printing and publishing industry** attracted a total of 17 projects with approved investments of RM904.3 million in 2014, an increase of 36 per cent in investment value compared with 2013. Foreign investments accounted for 61.5 per cent (RM555.8 million) while domestic investments accounted for

the other 38.5 per cent (RM348.5). These projects are expected to create 2,144 jobs. The largest portion of investments were recorded in the paper products sub-sector with RM816.8 million in 10 projects.

Outlook

China's slowing economic growth needs to be seen in a wider context, one in which the country continues to shape the global investment environment. While the Chinese property market faces a downshift due to its structural problems, Chinese investors are finding new destinations to shift their money to. In 2014, non-financial outward direct investment (ODI) reached USD102.9 billion, an annual increase of 14.1 per cent. Chinese companies invested into North America, Australia and a gradually recovering Europe across a wide range of sectors such as agribusiness and food, real estate, manufacturing and services. By diversifying and shifting to high-value complex products, Malaysia's manufacturers could also take advantage of Chinese investors' growing interest in high technology.

Meanwhile, the reshoring trend in the US has been driven by political pressures at home as well as rising wages and labour issues in low-cost manufacturing countries. However, there are reasons to believe that the trend is unlikely to make a strong dent in investments into Asian manufacturing. When multinationals bring production in foreign countries closer to home, they are more likely to only bring back a portion of manufacturing activities intended for markets at home. In fact, the 2014 A.T. Kearney Reshoring Index showed a year-on-year decline of 20 basis points from 2013, indicating that offshoring to manufacturing markets outside the US still outpaces reshoring.

Another important trend can be seen in the shale oil revolution in the US, which has shifted the balance of power in the world's oil production away from the Middle East. While OPEC's price war with US shale drillers did not stem American oil production, it did have the effect of keeping oil prices low, which provides a benefit to Malaysia as the country is now a net oil importer. In 2015, low oil and commodity prices together with a cheaper ringgit will keep Malaysia competitive in the investment landscape.

There are reasons to believe that the reshoring trend is unlikely to make a strong dent in investments into Asian manufacturing.

The manufacturing sector is intended to transition towards more high-value, diverse and complex products under the Eleventh Malaysia Plan. This transition will be driven by the catalytic sub-sectors, namely chemicals, E&E and M&E, as well as industries with high growth potential such as medical devices and aerospace. The sector is expected to grow at 5.1 per cent per annum and contribute 22 per cent to GDP as well as 18.2 per cent of total employment by 2020.

MIDA's promoted list of products will incentivise manufacturers to diversify into frontier products - products that are complex, technologically feasible and valuable for strategic diversification. Investment into innovation and R&D will play an important part in this diversification. Growth enablers such as financing, incentives, logistics services and industrial estates (IE) will be strengthened under the Eleventh Malaysia Plan, and MIDA will utilise a centralised



Asia Invests

Malaysia's direct investment outflows increased by 24.5 per cent to RM51.3 billion, widening the gap in the country's direct investment balance of payments. As of 2014, the country's net direct investment outflow was recorded at RM17.1 billion, compared with RM5.5 billion the year before. This was in line with a broader trend in which Asia became important not just as a destination for investments, but also as their source. The year 2014 marked the first time in which developing countries in Asia became the world's largest investor region, outstripping North America and Europe to account for almost one third of the total with investments of USD440 billion.

database on IEs to facilitate investment promotion.

ASEAN is set to become a single market and enjoy a consumer boom when AEC implementation gets under way. Under the Eleventh Malaysia Plan, the Government has targeted the manufacturing sector to ramp up investments by leveraging the AEC and various FTAs signed between Malaysia and its trade partners. The bilateral FTAs signed by Malaysia will give the country a larger platform for growing various industries such as textiles and electronic components through greater market access.



Think Strategic

MIDA continued to spearhead the national investment agenda in line with Malaysia’s strategic goals in 2014, participating in meetings and conferences around the world as well as promotional and supporting activities among local business communities. All the while, MIDA worked closely with policy-makers, Ministries and agencies, and maintained a fruitful relationship with the mass media.

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At a time when investments continued to grow by leaps and bounds, the agency did not rest on its laurels, but instead redoubled its efforts to promote and publicise the national investment agenda to investors. In 2014, MIDA took aim at attracting investors through exhibitions, trade fairs, events and road shows, both at home and abroad. MIDA also facilitated investment promotion visits overseas and sent officers on foreign project missions. From ASEAN member states to Europe, from the Middle East to East Asia, MIDA officers travelled far and wide to strengthen ties with stakeholders and cultivate opportunities for investment.

MIDA remained committed to maintaining open channels of communication with investors, the business community and the public as a central pillar of its strategy. To support all stakeholders, MIDA conducted seminars, briefings and roundtables while also gathering views and ideas. Through this contact with local and foreign investors, the agency was able to address important concerns such as Goods and Services Tax (GST) implementation, regulations for foreign workers and incentives for key ecosystems in Malaysia. In its role as an advisor on investment promotion, MIDA also collaborated with policy-makers as well as Government departments and agencies to close gaps with incentives and programmes.

MIDA continued to undertake promotional programs and activities to showcase Malaysia as an attractive destination for investment, in line with the New Economic Model (NEM) and the targets set under the Economic Transformation Program (ETP). MIDA’s targeted approach focused on attracting quality investments, particularly in new and emerging technologies that could support Malaysia in becoming a high-income nation by 2020. Facilitation of R&D investment was a focus area for the agency

aimed at catalysing the growth of high-value, high technology industries.

Over the course of the year, MIDA received 1,050 enquiries from foreign and local companies on the establishment of manufacturing and services projects. MIDA also conducted briefings for foreign delegations, private sector organisations, industry associations, chambers of commerce and Government agencies to update them on the policies, incentives and business environment in Malaysia. The agency received more than 350 visits by delegations from overseas. MIDA briefed the visitors on policies, facilities, incentives and opportunities for investments in the manufacturing and services sectors.

Outward bound

In 2014, MIDA’s promotional programmes and activities included Trade and Investment Missions (TIMs), roundtable meetings and mini seminars, Specific Project Missions, international seminars/forums/dialogues with foreign chambers and advertisements and advertorials. These programmes were targeted to attract new investments as well as encourage reinvestments (expansion and diversification) especially in high technology, capital-intensive, knowledge-intensive and high value-added industries.

In its effort to promote quality and sustainable FDI inflows, MIDA organised and participated in seven TIMs abroad in 2014. The missions saw the participation of Malaysian Government officials, including officials from state governments and regional economic corridors, as well as representatives from the private sector. The main objective of the TIMs was to update foreign investors on the business climate in Malaysia, while at the same time enhancing

and promoting business opportunities and partnerships. The missions featured seminars on trade and investment opportunities, roundtable meetings, business matching meetings and networking sessions.

In conjunction with the official visit of YAB Dato' Sri Mohd Najib Tun Razak, Prime Minister of Malaysia, to the People's Republic of China, MIDA organised a trade mission to Guangzhou, Xi'an and Beijing from May 25 to June 1, 2014. The mission, led by YB Dato' Sri Mustapa Mohamed, Minister of International Trade and Industry, participated in a seminar promoting business opportunities in Malaysia in Guangzhou attended by 605 industry participants, and joined in the commemoration of the 40th anniversary of Malaysia-China diplomatic relations. The mission also saw the signing of Memorandums of Understanding and trade agreements worth a total of USD800 million.

The year 2014 also saw the establishment of MIDA's office in Beijing to complement the activities of MIDA's offices in Shanghai and Guangzhou.

From September 29 to October 2, 2014, Dato' Sri Mustapa led a trade mission to the Republic of Korea and Japan, accompanied by a delegation comprising eight local companies as well as representatives from MITI, MIDA, Malaysian External Trade Development Corporation (MATRADE) and Malaysia Innovation Agency (AIM). The mission participated in business seminars, networking and business matching events as well as meetings with Japanese and Korean companies. One of the mission's aims was to enhance foreign direct investment in sub-sectors such as E&E, green technology, automotive, and ICT.

Dato' Sri Mustapa also led the mission to Europe from October 11-22, which covered Munich, Dusseldorf, Milan and Madrid. The mission was aimed at promoting trade and investment opportunities in Malaysia, strengthening business networking and establishing collaborative ventures.

MIDA was involved in organising seminars, roundtable meetings, private meetings and visits to companies in conjunction with



YB Dato' Sri Mustapa Mohamed, Minister of International Trade and Industry, speaks at a seminar on business opportunities in Malaysia in Guangzhou, as part of the trade mission to the People's Republic of China from May 25 to June 1.

the official visits of YAB Prime Minister, YAB Deputy Prime Minister, YB Minister of MITI, YB Deputy Minister of MITI and the Chief Executive Officer (CEO) of MIDA in 2014. These activities were organised with the aim of updating business leaders on business opportunities and latest economic developments in Malaysia.

MIDA together with MITI organised a roundtable meeting in conjunction with Prime Minister Dato' Seri Najib's working visit to Dubai, UAE for the 10th World Islamic Economic Forum (WIEF) from October 28-30. At the roundtable, Dato' Seri Najib spoke with UAE investors on the opportunities for investment in Malaysia.

MIDA organised a total of 19 Specific Project Missions abroad in 2014. These missions mainly targeted selected companies associated with high technology, capital-intensive and high value-added industries. In addition, MIDA organised an Industry Leader's Programme (ILP) for Semiconductor Research Corporation (SRC), a leading technology research consortium based in the USA, to provide exposure for Malaysia's semiconductor industry.

As part of MIDA's investment strategies, networking initiatives and public awareness programme, the agency organised and participated in nine international seminars, forums and briefings in 2014. These included the World Economic Forum 2014 in Davos, Switzerland; an Investment Opportunities Forum with the President of the Philippines; the Malay Muslim Business Conference 2014; the World Economic Forum East Asia 2014 in Manila, the Philippines; and the 3rd and 4th sessions of the MIDA-EDM Industrial Cooperation Working Group in Singapore.

This way to ASEAN

ASEAN represents one of the world's most vibrant and dynamic markets with 600 million consumers, including a youthful and growing middle-class population. The region boasts natural riches, increasingly robust infrastructure, and a business-friendly environment. Investors have already marked the region for expanded corporate presence to take advantage of its competitive advantages. Going forward, Malaysia's chairmanship of ASEAN in 2015 will help to realise the potential of a more unified ASEAN market via the long-awaited ASEAN Economic Community (AEC).

ASEAN's attractiveness will only increase with the creation of the Regional Comprehensive Economic Partnership (RCEP), which will include ASEAN together with Australia, China, India, Japan, Korea and New Zealand, forming the world's largest single trading bloc. The framework for the RCEP is made possible by these six countries' FTAs with ASEAN. Aside from the RCEP, the other pathway to Asia-Pacific free trade lies with the Trans Pacific Partnership.



As a destination for FDI, ASEAN drew even with China in 2013, attracting more than USD122 billion, which represented more than eight per cent of global FDI flows.

Malaysia is continuing to pursue negotiations to realise the TPP Agreement.

ASEAN's future integration was spotlighted at the World Economic Forum East Asia 2014, held in May in the Philippines. With the theme 'Leveraging Growth for Equitable Progress,' the forum focused on ASEAN's journey towards the realisation of the AEC, the post-AEC 2015 agenda and its impact on the East Asia region. Dato' Sri Mustapa led the Malaysian delegation and contributed as a panellist in the 'Connect on Trade: Lifting Barriers to Growth' session. Dato' Sri Mustapa also took part in private sessions on 'ASEAN Partnership Programme for East Asia: Advancing the ASEAN Economic Community through Public-Private Collaboration' and 'AEC 2015: What Next?'

In addition, MIDA participated in the ASEAN Finance Ministers Investor Seminar (AFMIS) 2014, also hosted in the Philippines just prior to World Economic Forum East Asia 2014. To further explore the business potential of the China-ASEAN FTA, MIDA attended the 11th China-ASEAN Expo (CAEXPO) in Nanning, China in September, where a wide range of products, materials and energy sources was exhibited to the Chinese and ASEAN business communities.

Home-grown opportunities

The Government continues to recognise the important role of domestic companies in meeting Malaysia's investment goals and driving the country's economic growth. The significance of Malaysia's domestic investors remained undiminished in 2014. Domestic investors made a strong contribution to Malaysia's investment performance, accounting for 72.6 per cent of investments approved, which nearly matched the ETP target of 73 per cent. To further facilitate

and support local investors, MIDA officers conducted numerous seminars, workshops and other programmes throughout the year.

MIDA organised five specific industry seminars/workshops in collaboration with the Regional Establishment and Supply Chain Management Division, Chemical and Advanced Material Division and the Machinery & Equipment and Advanced Engineering Division to provide updates on industry trends and disseminate information on business opportunities in the manufacturing and services sectors. Participants gained valuable information about the Government's initiatives and incentives, and also benefitted from networking opportunities with MIDA and other Government agencies.

To maintain open communications with the business community as well as key domestic industry players, MIDA conducted seven networking sessions at the state level in 2014. The agency also expanded its meetings with local conglomerates to cover a total of seven different conglomerates that could serve as anchors for their business ecosystems.

In April, the Infrastructure and Industry Services Division held a networking session with local and overseas companies. The session provided updated information on the issues of GST implementation, application procedures for foreign workers and incentives for Energy Efficiency uptake. MIDA also held a GST awareness session in November specifically targeted towards O&G associations and companies.

MIDA organised a total of four outreach programmes to facilitate local Industry Associations in 2014. The programmes provided updates and networking opportunities for SMI Malaysia (Sarawak



The official handing-over ceremony of HAZMAT and decontamination vehicles to the Fire and Rescue Department (JBPM), officiated by YB Dato' Abdul Rahman Dahlan, Minister of Urban Wellbeing, Housing and Local Government and YB Dato' Sri Mustapa Mohamed, Minister of International Trade and Industry. Datuk Wan Mohd Nor Ibrahim, JBPM Director General, was present to receive the vehicles. MIDA was represented by Tan Sri Amirsham A. Aziz, Chairman of MIDA, and Dato' Azman Mahmud, CEO of MIDA.

Branch), Palm Oil Industry Cluster (POIC) Sabah, Persatuan Pengilang dan Industri Perkhidmatan Bumiputra Malaysia (PPIPBM) and Dewan Perdagangan Islam Malaysia (DPIM).

Promoting bold endeavours

In recognition of investors' activities in 2014, MIDA organised various Turun Padang visits, media conferences and signing ceremonies in support of various noteworthy projects.

A total of ten Turun Padang visits were arranged for YB Dato' Sri Mustapa Mohamed, Minister of International Trade and Industry and YB Datuk Ir Haji Hamim Samuri, Deputy Minister, MITI, in 2014. These visits spanned the length and breadth of the country, covering venues in Perlis, Kedah, Penang, Kelantan, Terengganu, Selangor, Negeri Sembilan, Johor and Sabah. In April, MIDA organised a Turun Padang visit for Dato' Sri Mustapa to visit SR Technics

Malaysia Sdn Bhd in Selangor. During that visit, Dato' Sri Mustapa also chaired a roundtable meeting with selected industry players in Selangor to provide updates and gather feedback. Then, in June, Dato' Sri Mustapa visited two companies in Johor, namely M East Sdn Bhd (Marlborough College) and Iskandar Malaysia Studios Sdn Bhd (Pinewood Studios), and also participated in a groundbreaking ceremony for Nusajaya Tech Park.

During June 2014, MIDA also oversaw the handing-over ceremony of HAZMAT and decontamination vehicles to the Fire and Rescue Department of Malaysia. Both Dato' Sri Mustapa and YB Dato' Abdul Rahman Dahlan, Minister of Urban Wellbeing, Housing and Local Government were present. The vehicles, worth RM8 million, were stationed in industrial areas in Alor Gajah, Malacca and Bintulu, Sarawak to help the E&E and chemical industries safeguard against industrial emergencies. Also in June, at a joint media conference with Johor Corporation

(JCorp) Group, Dato’ Sri Mustapa announced the approval of eight healthcare travel projects worth RM561.4 million from KPJ Healthcare Berhad, a member of JCorp.

In July, MIDA hosted a dialogue with aerospace companies. The dialogue, chaired by Dato’ Sri Mustapa, attracted Malaysian aerospace companies such as Airbus Customer Services Sdn Bhd, CTRM, Sepang Aircraft Engineering, SME Aerospace, and Spirit Aerosystems. During the session, the companies received updates on the promotional activities of MIDA and MATRADE at Farnborough International Airshow (FIA) 2014 in Hampshire, United Kingdom, and

on the progress of the Malaysia Industry-Government Group for High Technology (MIGHT) in developing the Aerospace Industry Blueprint for 2015-2030.

In September 2014, YBhg. Tan Sri Amirsham A. Aziz, Chairman of MIDA, launched the Centre of Excellence (COE) of ViTrox Technologies Sdn Bhd at the Bayan Lepas Industrial Park in Penang. The COE plays a crucial part in creating a machine vision ecosystem in Malaysia to tap the growing global market for machine vision technologies and vision-related products and solutions, estimated to reach USD33 billion in 2020.

Talent-Powered Projects

MIDA’s Talent Management Division was set up in 2013 to scope out the human capital needs of investors and help bridge the gaps that exist between industry and education/training providers. During 2014, the Division continued to engage various policy makers as well as supply-side and demand-side stakeholders in order to develop an appropriate facilitation framework. Through its participation in 10 committees, working groups and other initiatives, MIDA supported the formulation of strategies and action plans related to human capital development.

MIDA drew upon its smart partnerships and collaborations, as well as existing talent development programmes through its Focal Point Network, to help companies fill their talent requirements. These talent development programmes include the Industry Centre of Excellence (ICoE) under the Ministry of Education and the Structured Internship Programme (SIP)

under TalentCorp. More than 140 companies have benefitted from the Division’s talent facilitation to date.

MIDA also collaborated with Universiti Kebangsaan Malaysia (UKM) and Universiti Malaya (UM) to bring students together with employers to create opportunities for recruitment, internship and networking. MIDA also conducted knowledge sharing and outreach programmes with a total of six local universities and training centres to update them on trends in both the manufacturing and services sectors.

In addition, MIDA organised promotional and benchmarking trips to the Republic of Korea and Chinese Taipei as well as to the USA to benchmark the various talent management models adopted by top industry players and government agencies in these countries.

MIDA also supported Kayaku Safety Systems (Malaysia) Sdn Bhd at the company’s launching ceremony in October 2014 in Sendayan Techvalley, Negeri Sembilan. The factory at Sendayan TechValley will see an initial investment of RM212.5 million for the production of airbag inflators and other components for commercial vehicles, catering to demand in the growing ASEAN automotive market.

In December 2014, Ybhg. Dato’ Asman Mahmud, Chief Executive Officer of MIDA, officiated the launch of the Island Site of Exclusive Master (M) Sdn Bhd in Penang. The facility enables the company to expand its operations for the assembly and testing of equipment and includes a dedicated R&D lab.

MIDA remained an important participant in various events organised by other Ministries and agencies throughout 2014. These included two training programmes on investment promotion for African Countries jointly organised by the Malaysian Technical Cooperation Programme (MTCP) under the Ministry of Foreign Affairs and the Japan International Cooperation Agency (JICA).

MIDA collaborated with Islamic Development Bank (IDB) on a familiarisation visit and training programme for KAZNEX, the Kazakhstan National Export and Investment Agency. MIDA also worked closely with the Ministry of Foreign Affairs and IDB on a familiarisation programme for officials from investment promotion agencies of the Organisation of the Islamic Member Countries (OIC).

During the 5th International Greentech and Eco Products Exhibition and Conference Malaysia (IGEM 2014), the largest green technology conference in Asia, MIDA provided business consultation and

carried out a presentation on ‘Investment Opportunities in Green Technology.’

MIDA was also a participant at the Satu Daerah Satu Industri (SDSI) Showcase 2014 in December. The showcase, located in Malacca, provided a platform for domestic entrepreneurs to promote and market their products, not only in Malaysia but also at the international level.

Domestic Investment Strategic Fund (DISF)

The Domestic Investment Strategic Fund (DISF) was launched in 2012 with the aim of accelerating the participation of Malaysian-owned companies in high value-added, high technology, knowledge-intensive and innovation-based industries. The DISF provides matching grants to cater for expenditures incurred for training of Malaysians; R&D activities carried out in Malaysia; modernisation and upgrading of facilities and tools to undertake manufacturing or services activities for multinational corporations (MNCs) and Malaysian conglomerates; obtaining international standards/certification; and licensing or purchase of new/high technology.

As of 31 December 2014, a total of 148 projects with investments of RM6.3 billion have been approved grants of RM631.8 million. Nearly half (49.7%) of the grants will go towards new capital equipment while R&D activities account for another 34.8 per cent. The two industries that saw the largest portion of the grants were E&E (28.9%) and Machinery and Advanced Engineering (24.1%). Under the DISF programme, MIDA customises a package of incentives based on the individual needs of each



A Local Journalist Programme visit to BMW Group, arranged by MIDA.

company, to help ensure their long-term sustainability. The promoted sectors under the DISF are aerospace, medical devices, pharmaceuticals, machinery and equipment, advanced electronics and services including design, R&D, testing, quality and standards certification, engineering services, technical and skills training and logistics. Other potential industries are considered on a case-by-case basis.

A word with the press

The media has an important role in supporting and disseminating MIDA’s investment promotion endeavours. In 2014, MIDA sustained its public awareness and public relations activities through advertisements and advertorials in print, broadcast and online media, including domestic as well as foreign publications.

Under the Journalist Visit Programme, MIDA organised a visit by a prominent reporter from China Daily to Malaysia to help him familiarise himself with the local investment environment.

MIDA also conducted Local Journalist Programmes to place a greater focus on the regional establishment and supply chain management, aerospace and O&G services industries. Members of the media gained a deeper understanding of the macro perspective of these industries, their challenges and roles in creating positive multiplier effects on the country as well as the Government’s role in developing and promoting them. The programmes were successful in promoting the selected industries and received wide coverage in both electronic and print media.



Turning Green



A MIDA official gives a presentation on ‘Investment Opportunities in Green Technology’ at IGEM 2014.

The adoption of greener and more efficient technology for energy generation and environmental management will be an important part of Malaysia’s future growth strategy. The new Clean Technology and Environment Management Division is tasked with facilitating industry players to understand the benefits and incentives associated with energy efficiency and clean technology. The Government has introduced the green building index (GBI) incentives as well as other tax incentives and exemptions to encourage this trend.

In October, MIDA was on hand at the 5th International Greentech and Eco Products Exhibition and Conference Malaysia (IGEM 2014) to provide business consultations and raise awareness of investment opportunities in several related industries. Themed “Creating Green Wealth,” IGEM 2014 was organised by the Ministry

of Energy, Green Technology and Water with the aim of boosting the rapid adoption of green technology as a means to ensure sustainable economic growth while addressing environmental and energy security issues. The conference drew 357 exhibitors and nearly 50,000 visitors, and generated an estimated RM1.9 billion in business leads.

The Clean Technology and Environment Management Division was one of the divisions involved in providing support at the Green Insights session, together with the Building Technology and Lifestyle, Electrical and Electronics and Transportation Technology Divisions. MIDA’s presentation on ‘Investment Opportunities in Green Technology’ highlighted the potential of these sub-sectors and provided an update on Government policies, incentives, facilities and support services available for local and foreign investors.



Financial Highlights

MIDA’s audited financial statements for the year ending 31 December 2014

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CERTIFICATE OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 31 DECEMBER 2014



STATEMENT BY THE CHAIRMAN AND A MEMBER OF THE BOARD

LEMBAGA PEMBANGUNAN PELABURAN MALAYSIA (MIDA)

PENYATA Pengerusi dan Seorang Ahli Lembaga Pengarah

Kami, **TAN SRI AMIRSHAM A. AZIZ** dan **TAN SRI DR. REBECCA FATIMA STA MARIA** yang merupakan Pengerusi dan salah seorang Ahli Lembaga Pengarah, **Lembaga Pembangunan Pelaburan Malaysia**, dengan ini menyatakan bahawa, pada pendapat Lembaga Pengarah, Penyata Kewangan yang mengandungi Lembaran Imbangan, Penyata Pendapatan, Penyata Perubahan Ekuiti dan Penyata Aliran Tunai yang berikut ini berserta dengan nota-nota kepada Penyata Kewangan di dalamnya, adalah disediakan untuk menunjukkan pandangan yang benar dan saksama berkenaan kedudukan kewangan **Lembaga Pembangunan Pelaburan Malaysia**, pada 31 Disember, 2014 dan hasil kendaliannya serta perubahan kedudukan kewangannya bagi tahun yang berakhir pada tarikh tersebut.

Bagi pihak Lembaga Pengarah,

Bagi pihak Lembaga Pengarah,



TAN SRI AMIRSHAM A. AZIZ

Pengerusi

6 JULAI 2015

KUALA LUMPUR



TAN SRI DR. REBECCA FATIMA STA MARIA

Ahli Lembaga Pengarah

6 JULAI 2015

KUALA LUMPUR

DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE
FOR THE FINANCIAL MANAGEMENT OF THE
MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY (MIDA)

LEMBAGA PEMBANGUNAN PELABURAN MALAYSIA (MIDA)

PENGAKUAN OLEH PEGAWAI UTAMA YANG
BERTANGGUNGJAWAB KE ATAS PENGURUSAN KEWANGAN
LEMBAGA PEMBANGUNAN PELABURAN MALAYSIA (MIDA)

Saya, **AZMAN MAHMUD** pegawai utama yang bertanggungjawab ke atas pengurusan kewangan dan rekod-rekod perakaunan **LEMBAGA PEMBANGUNAN PELABURAN MALAYSIA** dengan ikhlasnya mengakui bahawa Lembaran Imbangan, Penyata Pendapatan, Penyata Perubahan Ekuiti dan Penyata Aliran Tunai dalam kedudukan kewangan yang berikut ini berserta dengan Nota-Nota kepada Penyata Kewangan di dalamnya mengikut sebaik-baik pengetahuan dan kepercayaan saya, adalah betul dan saya membuat ikrar ini dengan sebenarnya mempercayai bahawa ia adalah benar dan atas kehendak-kehendak Akta Akuan Berkanun, 1960.

Sebenarnya dan sesungguhnya)
diakui oleh penama di atas)
di KUALA LUMPUR)
pada 6 JULAI 2015)



DATO' AZMAN MAHMUD

Di hadapan saya,



PESURUHJAYA SUMPAH

Lot 1.08, Tingkat 1,
Bangunan KWSP, Jin Raja Laut,
50350 Kuala Lumpur.
Tel: 019-6680745

BALANCE SHEET AS AT 31 DECEMBER 2014

	Note	2014 (RM)	2013 (RM)
NON CURRENT ASSETS			
Property, plant and equipment	6	171,206,633	187,653,236
Work in progress	7	12,401,089	3,392,323
Receivables	8	1,768,080	505,102
CURRENT ASSETS			
Receivables	8	723,549	57,712,811
Advances		114,563	193,934
Deposits		6,006,706	6,629,466
Prepayments		3,757,123	5,346,598
Fixed Deposits with licenced banks		200,000,000	340,000,000
Cash at bank and in hand		54,069,994	26,312,243
TOTAL CURRENT ASSETS		264,671,935	436,195,052
CURRENT LIABILITIES			
Special Accounts	9	152,984,268	290,539,772
Other Payables	10	65,807,954	54,484,820
Short Term Employee Benefits	11	522,514	793,769
TOTAL CURRENT LIABILITIES		219,314,736	345,818,361
NET CURRENT ASSETS		45,357,199	90,376,691
TOTAL NET ASSETS		230,733,001	281,927,352
FINANCED BY:			
Operating fund		25,555,760	61,406,626
Development fund	16	192,154,176	208,405,207
Conveyance loan fund		3,000,000	3,000,000
Computer loan fund		350,000	350,000
		221,059,936	273,161,833
NON-CURRENT LIABILITIES			
Long term employee benefits	11	9,673,065	8,765,519
		230,733,001	281,927,352

The accompanying notes form an integral part of these financial statements.

STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 (RM)	2013 (RM)
INCOME			
Government grant		167,150,500	140,000,000
Other income	12	20,003,634	20,694,851
		187,154,134	160,694,851
LESS: EXPENDITURE			
Emoluments	13	99,045,811	81,094,988
Other expenditure	14	106,181,558	106,171,033
Depreciation	6	17,777,631	18,117,512
		223,005,000	205,383,533
(LESS) INCOME OVER EXPENDITURE		(35,850,866)*	(44,688,682)

NOTE

* Current year's deficit of RM35,850,866 is funded by MIDA's reserves as approved by the Board.

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

	Operating fund (RM)	Development fund (RM)	Conveyance loan fund (RM)	Computer loan fund (RM)	Total (RM)
Balance as at 1 January 2013	106,095,308	225,640,657	3,000,000	350,000	335,085,965
Transfer of development grant to special accounts	—	(1,493,106)	—	—	(1,493,106)
Excess/(less) income over expenditure	(44,688,682)	789,157	—	—	(43,899,525)
Application during the year	—	(16,531,501)	—	—	(16,532,501)
Balance as at 31 December 2013	61,406,626	208,405,207	3,000,000	350,000	273,161,833
Transfer of development grant to special accounts	—	—	—	—	0
Excess/(less) income over expenditure	(35,850,866)	307,354	—	—	(35,543,512)
Application during the year	—	(16,558,385)	—	—	(16,558,385)
Balance as at 31 December 2014	25,555,760	192,154,176	3,000,000	350,000	221,059,936

The accompanying notes form an integral part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 (RM)	2013 (RM)
CASH FLOW FROM OPERATING ACTIVITIES			
(Less) Income Over Expenditure		(35,850,866)	(44,688,682)
Adjustment for:			
Interest on deposits at bank		(2,334,458)	(3,270,010)
Profit on Computer Loan		(753)	(1,397)
Interest on Conveyance Loan		(31,969)	(31,705)
Interest on Deposit		—	(4,247)
Gain on Disposal of Property, Plant and Equipment		(236,739)	—
Loss on Disposal of Property, Plant and Equipment		246,756	9,268
Deferred Grant recognition		(16,558,385)	(16,531,501)
Depreciation	6	17,777,631	18,117,512
Provision for Employee Benefits		1,557,783	1,425,811
Receivables Write-Offs		—	1,737
(Less) income from operating activities before working capital changes		(35,431,000)	(44,973,214)
Working Capital Changes [Increase/(decrease)]			
Receivables		55,726,284	(56,258,970)
Advances		79,371	18,323
Deposits		622,760	(137,234)
Prepayments [Increase/(decrease)]		1,589,475	(1,104,622)
Other Payables		11,323,134	16,119,515
Cash used for/from operating activities		33,910,024	(86,336,202)
Employee benefits payment		(921,493)	(454,003)
NET CASH USED FOR/FROM OPERATING ACTIVITIES		32,988,531	(86,790,205)

The accompanying notes form an integral part of these financial statements.

Continued on next page >>

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014 (CON'T)

<< From previous page

	Note	2014 (RM)	2013 (RM)
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of Property, Plant and Equipment		(1,822,917)	(2,226,447)
Capitalisation of MIDA Building/ICT Systems – Work in Progress		21,885	478,293
Proceeds from sales of Property, Plant and Equipment		481,873	46,791
Profit on Computer Loan		753	1,397
Payments for Work in Progress		(9,030,651)	(3,392,323)
Grant received – Development Fund		–	–
Transfer of Development Fund to Special Accounts		–	(1,493,106)
Interest received – Development Fund		484,407	779,627
Rental received – Investment Account		–	21,395
Payments – Development Fund		(177,053)	(11,865)
Grants received – Special Accounts		321,649,519	223,679,071
Interest received – Special Accounts		9,394,246	12,922,148
Payments – Special Accounts		(468,599,269)	(383,983,316)
Interest on deposits at bank		2,334,458	3,270,010
Profit on Conveyance Loan		31,969	31,705
Interest on deposits		–	4,247
Net cash used for investing activities		(145,230,780)	(149,872,373)
NET INCREASE IN CASH AND CASH EQUIVALENTS		(112,242,249)	(236,662,578)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR			
Effect of rate changes on foreign currency rates on cash and cash equivalents		26,064	(16,856)
Cash and cash equivalents at beginning of the year after effect of foreign currency exchange rates		366,286,179	602,991,677
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	15	254,069,994	366,312,243

The accompanying notes form an integral part of these financial statements.

NOTES TO THE ACCOUNTS**1. General information**

Malaysian Investment Development Authority (MIDA) was incorporated in Malaysia under the Malaysian Investment Development Authority (Incorporation) Act 1965 [Act 397].

MIDA's main activity is to promote and coordinate the development of the manufacturing and related services sector in Malaysia. MIDA is headquartered at MIDA Sentral, No. 5, Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia.

The Financial Statements were approved via a Board Resolution on 6 July 2015.

2. Basis of preparation

The financial statements have been prepared on the historical cost basis of Accounting and in accordance to applicable approved Accounting Standards in Malaysia for 'Private Entity Reporting Standard' (PERS) issued by 'Malaysian Accounting Standards Board' (MASB) and relevant Treasury Circulars.

3. Financial risk management policy

MIDA's financial risk management policy seeks to ensure that adequate financial resources are made available to carry out its activities and to meet its obligations whilst managing its risk of foreign currency rates, non-payment of loans to employees and liquidity and cashflow risk. MIDA is not exposed to market risks and interest rate risks as it is not involved either directly or indirectly in stock market transactions and borrowings from financial institutions.

a) Foreign currency exchange risk

MIDA is exposed to foreign currency exchange risk in maintaining the operating cost of its 24 overseas branches. To monitor the risk, MIDA sends remittances once in two months as well as utilisation of Accountant General's rate for translation of foreign currencies.

b) Credit risk

Credit risk is managed on loans to employees whereby all loans approved comply with MIDA's Financial and Accounting rules and regulations.

c) Liquidity and cashflow risk

MIDA relies on managing the Federal Government grants received, the operational cashflows and the allocation and utilisation of funds for working capital requirements.

4. Significant accounting policies**a) Property, plant and equipment**

Property, plant and equipment each costing RM1,000.00 and more or property, plant and equipment which requires regular maintenance irrespective of its cost have been capitalised. Furniture, curtains, carpets, office partition and other similar items, irrespective of the cost have not been capitalised.

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss (if any) except for freehold land and work-in-progress which is not amortised. Computer Software purchased on a package basis according to specific projects is capitalised. Depreciation of property, plant and equipment are provided on the straight line basis calculated to write off the cost of the assets over their estimated useful lives. The principal rates used are as follows:-

Office Building	2% per annum
Office machines and equipment	10% per annum
Motor vehicles	20% per annum
Computer hardware & software	20% per annum
Office renovation	20% per annum

b) Receivables

Known bad debts are written-off and allowance is made for any debts considered to be doubtful of collection.

NOTES TO THE ACCOUNTS (CON'T)

c) Special accounts

All receipts are credited and all payments are debited to the relevant account. Balances of special accounts at balance sheet date are recognised as liabilities.

Special Accounts managed by MIDA are financed by third parties according to specific projects and activities.

d) Federal government grants

Annual Government grants received for the purpose of meeting operating expenses are recognised as income in the income statement for the current year.

Other grants received for the purpose of meeting approved development project cost or other specific cost are credited to the development fund or the relevant fund. All applications are debited to the relevant fund. Balances at balance sheet date are recognised as fund balances.

e) Deferred grant

Deferred grant is a component of development fund and is recognised as income in the income statement over the period necessary to match them with the related cost that they are intended to compensate on a systematic basis.

f) Conversion of foreign currencies**(i) Foreign currency transactions**

Transactions in foreign currencies have been translated and recorded into Ringgit Malaysia at the Accountant General's Department of Malaysia (AG) rates of exchange ruling on the date of transaction except for contracts quoted in foreign currency whereby the transaction is translated using the Central Bank or Commercial Bank rate prevailing at date of payment.

Foreign currency balances at balance sheet date are translated into Ringgit Malaysia at the AG rates ruling on that date. All exchange differences are dealt with through the income statement.

(ii) MIDA overseas offices

The operations of MIDA overseas offices are integral to the headoffice operations and the foreign currency transactions are translated by applying the policy described above.

(iii) Closing rates

The principal closing rates used in the translation of foreign currency amounts are shown below:

Currency	2014 (RM)	2013 (RM)
US Dollar	3.3765	3.2297
Australian Dollar	2.9197	3.0158
Euro	4.2115	4.3557
British Pound	5.3290	5.1960
China Renminbi	0.5513	0.5301
Swedish Krona	45.5331	49.0327
Japanese Yen	2.9087	3.2334
Taiwan Dollar	10.9948	10.9400
South Korea Won	0.3077	0.3039
UAE Dirham	90.9323	87.0174
Indian Rupee	5.4800	5.1638
Singapore Dollar	2.6066	2.5899
Thai Baht	10.2969	10.2140
South African Rand	0.3043	0.3164

NOTES TO THE ACCOUNTS (CON'T)

g) Income recognition

Interest and rental income is recognised in the income statement based on the accrual concept. Interest on deposits at banks or that relate specifically to development fund or special accounts are credited to the development fund or special accounts.

h) Employee benefits**(i) Short Term Benefits**

Salary, wage, bonus and employee social security contribution are treated as current year's expenditure.

(ii) Permanent Contribution Plan

MIDA made contributions to the Employees Provident Fund (EPF) for employees on the EPF scheme and to the Pension Trust Fund for those employees on the Government's pension scheme. These contributions are treated as current year's expenditure. Once the contributions have been paid, MIDA has no further payment obligations.

(iii) Long Term Benefits**Cash award in lieu of accumulated leave:**

Cash award in lieu of accumulated leave is given to employees who are unable to utilise all their leave up to to a maximum of 150 days due to exigency of the service. The cash award is paid on the last working day before retirement and the computation is based on the salaries and fixed allowances at the balance sheet date.

i) Cash and cash equivalents

These are short term, highly liquid assets that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

j) Impairment of asset

The carrying values of assets are reviewed for impairment when there is an indication that the assets might be impaired. An impairment loss is charged to the income statement immediately. Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately.

k) Financial instruments

The carrying amounts of financial assets and liabilities approximate their fair values at the balance date.

l) Maturity principle

The Receivables maturity structure is as follows:-

- (i) Maturity due within 12 months
- (ii) Maturity due after 12 months

5. Taxation

Malaysian Investment Development Authority (MIDA) has been granted tax exempt status under Section 127, of the Income Tax Act, 1967.

NOTES TO THE ACCOUNTS (CON'T)

6. Property, plant and equipment

	Freehold Land		Office Building (RM)	Office Renovation (Development) (RM)	Motor Vehicles (RM)	Subtotal (a)	Computer Hardware & Software		Machines & Office Equipment		Subtotal (b)	Total (RM)	
	Operating Fund (RM)	Development Fund (RM)					Operating Fund (RM)	Development Fund (RM)	Operating Fund (RM)	Development Fund (RM)		2014 (a + b)	2013
COST													
As at 1 January	326,810	42,000,000	106,917,902	41,111,174	9,790,213	200,146,099	4,724,069	44,701,400	1,183,211	2,067,770	52,676,450	252,822,549	250,734,119
Adjustments	—	—	—	—	—	—	—	—	—	—	—	—	(13,000)
Additions	—	—	—	—	1,262,664	1,262,664	370,250	169,577	20,426	—	560,253	1,822,917	2,238,147
Disposals	—	—	—	—	(2,366,362)	(2,366,362)	(190,820)	—	(105,175)	—	(295,995)	(2,662,357)	(136,718)
As at 31 December	326,810	42,000,000	106,917,902	41,111,174	8,686,515	199,042,401	4,903,499	44,870,977	1,098,462	2,067,770	52,940,708	251,983,109	252,822,548
ACCUMULATED DEPRECIATION													
As at 1 January	—	—	8,549,599	16,444,470	7,842,807	32,836,876	4,278,567	26,920,631	719,688	413,550	32,332,436	65,169,312	47,133,759
Adjustments	—	—	—	—	—	—	—	—	—	—	—	—	(1,300)
Disposals	—	—	—	—	(2,006,062)	(2,006,062)	(138,079)	—	(26,326)	—	(164,405)	(2,170,467)	(80,659)
Current year's depreciation	—	—	2,138,358	8,222,235	885,029	11,245,622	260,561	5,991,018	73,655	206,775	6,532,009	17,777,631	18,117,512
As at 31 December	—	—	10,687,957	24,666,705	6,721,774	42,076,436	4,401,049	32,911,649	767,017	620,325	38,700,040	80,776,476	65,169,312
AS AT 31 DECEMBER 2013	326,810	42,000,000	98,368,303	24,666,704	1,947,406	167,309,223	445,502	17,780,769	463,523	1,654,220	20,344,014	—	187,653,236
AS AT 31 DECEMBER 2014	326,810	42,000,000	96,229,945	16,444,469	1,964,741	156,965,965	502,450	11,959,328	331,445	1,447,445	14,240,668	171,206,633	—

NOTES TO THE ACCOUNTS (CON'T)

NOTES TO THE ACCOUNTS (CON'T)

7. Work in progress

	Balance as at 1.1.2014 (RM)	Capitalised/ Transferred (RM)	Payments made in the year (RM)	Balance as at 31.12.2014 (RM)
Interior Design Works, MIDA Building, KL Sentral	3,323,538	—	8,417,204	11,740,742
Technical Advisor, Interior Design Works, MIDA Building	46,900	—	419,947	466,847
Procurement of office vehicles	21,885	(21,885)	—	—
Computer Hardware & Software	—	—	193,500	193,500
TOTAL	3,392,323	(21,885)	9,030,651	12,401,089

8. Receivables

	2014 (RM)	2013 (RM)
Other receivables	1,476,659	57,538,234
Receivables – Conveyance loan	998,459	658,355
Receivables – Computer loan	16,511	21,324
	2,491,629	58,217,913
Receivables due within 12 months	723,549	57,712,811
Receivables due after 12 months	1,768,080	505,102
	2,491,629	58,217,913

NOTES TO THE ACCOUNTS (CON'T)

9. Special accounts

	Strategic Investment, High Impact Project and Domestic Investment Strategic Funds	Upgrading of Basic Infrastructure of Existing Industrial Estates/ (NKEA–HAZMAT)	Industry Studies And Other Projects	Balance As At 2014	Balance As At 2013
Balance as at 1 January 2014	237,194,449	52,288,690	1,056,633	290,539,772	437,921,869
Receipts	270,900,000	50,000,000	749,519	321,649,519	222,136,225
Transfer from development fund	—	—	—	—	1,542,846
Interest on deposits with bank	7,662,167	1,730,599	1,480	9,394,246	12,922,148
Application	(397,651,710)	(69,478,136)	(1,469,423)	(468,599,269)	(383,983,316)
Balance as at 31 December 2014	118,104,906	34,541,153	338,209	152,984,268	290,539,772

NOTES TO THE ACCOUNTS (CON'T)

10. Other payables

- (i) In 2014, payment of **RM2,801,931** (2013: RM1,540,964) was paid to local service provider companies, service industry associations and professional bodies from the allocation of RM50 million received for the Services Sector Capacity Development Fund (SSCDF) project under the First Economic Stimulus Package. The project is to assist Malaysian service providers to enhance capacity and competitiveness in line with the Government's objective to liberalise the services sector.
- (ii) In 2014, payment of **RM9,273,944** (2013: RM6,655,398) was paid to local companies from the allocation of **RM12,571,944** received for the 'National Key Economic Areas' (NKEAs) 'Business Services' – 'Entry Point Project 5' (EPP5).
- (iii) Settlement of invoices are in accordance with MIDA's Financial Rules and Regulations.
- (iv) The breakdown of other payables in Ringgit Malaysia and foreign currencies are as follows:

Currency	2014 (RM)	2013 (RM)
Ringgit Malaysia	65,070,098	53,671,740
US Dollar	113,091	106,038
Australian Dollar	25,154	96,685
Euro	89,957	131,043
British Pound	114,558	35,948
China Renminbi	106,501	94,409
Swedish Krona	26,844	8,995
Japanese Yen	36,056	72,224
Taiwan Dollar	39,492	16,777
South Korea Won	121,453	201,658
UAE Dirham	14,761	16,486
Singapore Dollar	17,142	9,834
Indian Rupee	32,847	12,277
South African Rand	—	10,706
TOTAL	65,807,954	54,484,820

11. Employee benefits

Provision of employee benefits	2014 (RM)	2013 (RM)
Balance as at 1 January	9,559,288	8,587,480
Adjustment	(2,844)	(1,234)
Payment	(921,493)	(454,003)
Additions	1,560,628	1,427,045
BALANCE AS AT 31 DECEMBER	10,195,579	9,559,288
Payable within 12 months	522,514	793,769
Payable after 12 months	9,673,065	8,765,519
	10,195,579	9,559,288

NOTES TO THE ACCOUNTS (CON'T)

12. Other income

	2014 (RM)	2013 (RM)
Deferred grant recognition (Note 16)	16,558,385	16,531,501
Interest on deposits at banks	2,334,458	3,270,010
Interest on conveyance loan	31,969	31,705
Profit on computer loan	753	1,397
Interest on deposits	—	4,247
Rental income	457,938	598,902
Gain on sale of property, plant and equipment	236,739	—
Sales profit	8,056	—
Miscellaneous income	375,336	257,089
TOTAL	20,003,634	20,694,851

13. Emoluments

	2014 (RM)	2013 (RM)
Salaries and wages	57,919,017	53,247,287
Fixed allowances	11,510,745	11,268,366
Statutory contributions for employees	11,579,815	8,976,270
Overtime allowances	1,610,883	1,366,683
Other monetary benefits	16,425,351	6,236,382
TOTAL	99,045,811	81,094,988
No. of employees at the end of the financial year	807	802

14. Other expenditure

	2014 (RM)	2013 (RM)
Travel and transportation	17,096,593	19,323,398
Transportation of things	728,126	1,544,010
Communications and utilities	16,881,290	20,103,641
Rental	28,656,624	27,406,419
Supplies and materials	4,231,672	2,906,004
Maintenance and minor repairs	7,659,005	5,679,448
Professional/other services and hospitalities	28,975,681	27,192,339
Miscellaneous expenses	878,772	903,385
Loss on foreign exchange conversions	827,039	1,101,384
Loss on sale of property, plant and equipment	246,756	9,268
Write-offs	—	1,737
TOTAL	106,181,558	106,171,033

NOTES TO THE ACCOUNTS (CON'T)

15. Cash and cash equivalents

Cash and cash equivalents comprised of:–	2014 (RM)	2013 (RM)
Fixed deposits at a licensed bank	200,000,000	340,000,000
Cash deposits at licensed banks	54,033,284	26,270,686
Cash in hand	36,710	41,557
TOTAL	254,069,994	366,312,243

Cash comprises of cash at bank and in hand including deposits. Cash equivalents comprises of fixed deposits maturing within one month from the date of placement and which are readily convertible to known amount of cash which are subject to an insignificant risk of change in value. The weighted average interest rate that was effective during the year 2014 was **3.15%** (2013: 3.23%) with an average maturity period of two weeks.

Included in Cash and Cash equivalents are Ringgit Malaysia and foreign currency balances as stated below:

Currency	2014 (RM)	2013 (RM)
Ringgit Malaysia	247,719,014	358,887,573
US Dollar	2,185,460	2,622,508
Australian Dollar	160,858	236,081
Euro	1,953,246	1,640,544
British Pound	456,011	339,990
China Renminbi	261,343	149,308
Swedish Krona	73,303	141,391
Japanese Yen	772,000	1,144,993
Taiwan Dollar	67,881	77,997
South Korea Won	68,075	47,992
UAE Dirham	909	150,558
Singapore Dollar	235,136	432,063
Thai Baht	–	57,215
Indian Rupee	116,758	302,894
South African Rand	–	81,136
TOTAL	254,069,994	366,312,243

Also included in cash and cash equivalents at year end are cash balances of Special Accounts (Note 9) amounting to **RM152,984,268** (2013: RM290,539,772) which can only be utilised for the approved purposes.

NOTES TO THE ACCOUNTS (CON'T)

16. Development fund

Income statement

	2014 (RM)	2013 (RM)
INCOME		
Deferred grant recognition (Asset)	16,558,385	16,531,501
Rental Income	–	21,395
Interest income	484,407	779,627
	17,042,792	17,332,523
Less: Expenditure		
Expenditure	177,053	11,865
Depreciation	16,558,385	16,531,501
	16,735,438	16,543,366
Excess/(Less) income over expenditure	307,354	789,157
Deferred grant		
Balance as at 1 January	208,405,207	225,640,657
Current year's development grant (Cash)	–	–
Transfer of development grant to special accounts	–	(1,493,106)
Amortisation of deferred grant (Asset)	16,558,385}	(16,531,501)
	191,846,822	207,616,050
Balance as at 31 December	192,154,176	208,405,207

Development fund comprises of grants for projects related to MIDA Building KL Sentral, MIDA ICT Systems and the establishment of additional MIDA overseas offices.

17. Capital commitments

Capital commitments that have been contracted by MIDA and not provided for in the financial statements.

	2014 (RM)	2013 (RM)
Interior Design Works, MIDA Building	1,741,556	9,970,612
Technical Advisor, Interior Design Works, MIDA Building	124,632	128,975
Motor Vehicles	–	204,761
Computer Hardware, Software and Installation	1,187,500	–
TOTAL	3,053,688	10,304,348



Appendices

MIDA’s participation in local and overseas events, VIP visits and other activities and promotions in 2014

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Events

MIDA’s participation in local and overseas events in 2014.

Appendix 1 Local events

NO.	NAME OF EVENT	ORGANISER	DATE	VENUE
1.	Kongres Usahawan Muda Bumiputera Peringkat Negeri Kelantan	Pertubuhan Usahawan Generasi Muda Berjaya	17 January	Hotel Renaissance Kota Bharu, Kelantan
2.	SME Professional Services Day	SME Corporation Malaysia	14 February	Dewan Mahkota, SME Corp. Malaysia
3.	Forum Keusahawanan Malaysia (FOKEM) 2014	SME Corporation Malaysia	18 February	Putra World Trade Centre (PWTC)
4.	Program Kelantan–Linxia International Halal Food Expo 2014	J/K Perindustrian, Perdagangan, Perpaduan Masyarakat Dan Pembangunan Negeri Kelantan	25 February – 1 March	Perkarangan Stadium Muhammad ke IV, Kota Bharu, Kelantan
5.	Seminar on Energy Efficiency for Sustainable Business	TNB Perak	4 March	Hotel Casuarina, Ipoh, Perak
6.	Exporters Forum 2014	MATRADE	11 March	Menara MATRADE, Kuala Lumpur
7.	Energy Efficiency for Sustainable Business Seminar	Tenaga Nasional Berhad (TNB)	13 March	Pullman Hotel, Putrajaya
8.	1st MARA International Aerospace Symposium	MARA	18–19 March	Royal Chulan Hotel, Kuala Lumpur
9.	Industrial Energy Efficiency Open Day 2014	UNIDO, MITI & KeTTHA	25 March	Menara MATRADE, Kuala Lumpur
10.	Offshore Technology Conference (OTC) Asia 2014	Society of Petroleum Engineers (SPE) & PETRONAS	25 – 28 March	Kuala Lumpur Convention Centre (KLCC)
11.	Kongres Usahawan Muda Bumiputera	Pertubuhan Usahawan Generasi Muda Berjaya (GMB) & MITI	27 – 29 March	MATRADE Exhibition and Convention Centre (MECC)
12.	Malaysian–Danish Trade & Investment Seminar on Food and Agriculture	Danish Embassy in Malaysia	7 April	Hotel Sheraton Imperial, Kuala Lumpur
13.	Seminar Pengenalan dan Kefahaman Cukai Barang dan Perkhidmatan (GST) kepada Usahawan–Usahawan Bumiputera Peringkat Negeri Perak	SME Corporation Perak	17 April	Dewan Bandaran Teluk Intan, Perak
14.	Pameran dan Seminar Meneroka Peluang Dalam Sektor Perdagangan Dan Perindustrian	Kementerian Pembangunan Perindustrian (MID), Sarawak	22 April	Hotel Parkcity Everly, Bintulu
15.	Program Micro Financing Open Day	SME Corporation Malaysia & Unit Pembangunan Usahawan Bumiputera (UPUB), Sarawak.	29 April	Hotel Rh, Sibu, Sarawak

Events

MIDA’s participation in local and overseas events in 2014.

Appendix 1 Local events (con’t)

NO.	NAME OF EVENT	ORGANISER	DATE	VENUE
16.	APHM International Healthcare Conference and Exhibition 2014	Association of Private Hospitals Malaysia	3 – 5 June	Sunway Pyramid Convention Centre (SPCC)
17.	SME Annual Showcase “SMIDEX 2014”	SME Corporation Malaysia	4 – 6 June	Kuala Lumpur Convention Centre (KLCC)
18.	GLC Explorace 2014	MITI & Tenaga Nasional Berhad (TNB)	9 June	Kompleks Sukan Ibu Pejabat TNB, Bangsar
19.	Program OTOP – GROOM BIG Asean Trade Festival 2014	MITI Kelantan	15 – 21 June	Perkarangan Stadium Muhammad ke IV, Kota Bharu, Kelantan
20.	SME Week 2014	SME Corporation Pulau Pinang	16 – 18 June	UiTM, Penang
21.	Program “Halal Outreach Programme (HOPE)” Wilayah Utara	Halal Development Corporation & Kedah State Government	20 – 21 June	Stadium Darul Aman, Alor Setar, Kedah
22.	Minggu PKS Peringkat Negeri Perak 2014	SME Corporation Negeri Perak	20 – 22 June	RTC Gopeng, Perak
23.	Pameran dan Seminar Meneroka Peluang Dalam Sektor Perdagangan Dan Perindustrian	Kementerian Pembangunan Perindustrian (MID), Sarawak	21 – 23 June	Wisma Sanyan, Sibu, Sarawak
24.	Karnival Keusahawanan PKS & Kesenian UiTM Kelantan 2014	SME Corporation Kelantan	22 – 24 June	Dataran Usahawan, UiTM Machang, Kelantan
25.	Minggu PKS & Ziarah Kaseh	SME Corporation Terengganu	24 June	Terengganu Trade Center (TTC)
26.	META Expo 2014	Alliance Event & Exhibition Services Sdn Bhd	17 – 19 July	SPICE
27.	Seminar Halal Outreach Programme (HOPE), Anjuran Halal Industry Development Corporation (HDC), Kuala Lumpur	Halal Industry Development Corporation & MITI	18 – 19 August	Hotel Hilton, Kuching, Sarawak
28.	Majlis Perasmian Program Mesra Siswa Perdana 2014 (Siswa @ Jeli’14)	Himpunan Siswazah Kelantan (HIMSAK)	23 August	Kompleks UMNO Jeli, Bukit Nangka
29.	Seminar On Trade Remedies: Anti Dumping and Safeguard Measure	MITI	28 August	Imperial Ballroom, Imperial Hotel, Miri, Sarawak
30.	Pameran Perkampungan Usahawan Sempena Minggu Merdeka	Kementerian Komunikasi dan Multimedia Malaysia	28 August – 1 September	Jalan Tuanku Abdul Rahman, Kuala Lumpur
31.	MAI–Lafarge Automotive & Logistics Safety Exhibition	MITI	5 – 7 September	MATRADE Exhibition & Convention Centre (MECC)

Events

MIDA’s participation in local and overseas events in 2014.

Appendix 1 Local events (con’t)

NO.	NAME OF EVENT	ORGANISER	DATE	VENUE
32.	SME Bank Kuala Terengganu – Hari Bersama Pelanggan	SME Bank, MIDA Terengganu & MATRADE East Coast Region	9 September	SME Bank Terengganu
33.	28th Confederation of Asia Pacific Chambers of Commerce and Industry (CACCI)	Malaysia International Chamber and Commerce and Industry (MICCI)	17 – 19 September	Kuala Lumpur Convention Centre (KLCC)
34.	Sabah International Expo (SIE) 2014	State Government of Sabah, Federation of Sabah Manufacturers & MICCI Sabah Branch	18 – 21 September	Sutera Harbour Resort, Kota Kinabalu, Sabah
35.	Exporters Forum	MATRADE Pulau Pinang	23 September	Park Avenue Hotel, Sg Petani Kedah
36.	Malaysian Oil & Gas Services Exhibition and Conference (MOGSEC)	Malaysian Oil & Gas Services Council (MOGSC)	23 – 25 September	Kuala Lumpur Convention Centre (KLCC)
37.	Showcase for Asia Pacific Climate Change Adaption Forum 2014	Malaysian Automotive Institute (MAI)	1 – 3 October	PWTC
38.	International Greentech & Eco Products Exhibition & Conference Malaysia (IGEM 2014)	KeTTHA	16 – 19 October	Kuala Lumpur Convention Centre (KLCC)
39.	Nano Malaysia Forum 2014	Nano Malaysia	27 October	Kuala Lumpur Convention Centre
40.	Program Matrade Exporters Forum	MATRADE	4 November	New World Suites, Bintulu, Sarawak
41.	Program Outreach MITI	MITI, Agensi & Yayasan Pembangunan Usahawan (YPU)	5 November	Tabung Haji Hotel & Convention Centre Terengganu
42.	Terengganu International Timber Showcase (TINTS)	Malaysian Timber Industry Board (MTIB)	13 – 15 November	Terengganu Trade Center (TTC)
43.	Program “Lab Transformasi Halal Kelantan 2014”	MITI Wilayah Kelantan	15 – 16 November	Hotel Grand River View, Kota Bharu, Kelantan
44.	Ekspo Pembangunan Usahawan Belia Bumiputera, Kementerian Belia dan Sukan, Peringkat Zon Utara	Kementerian Belia dan Sukan	5 – 7 December	Amanjaya Mall, Sg.Petani Kedah
45.	“Grow Your Business with International Partnership” Supplier Day Event	Invest Penang	8 December	Hotel Equatorial

Events

MIDA’s participation in local and overseas events in 2014.

Appendix 1 Local events (con’t)

NO.	NAME OF EVENT	ORGANISER	DATE	VENUE
46.	High Tech Manufacturing Exhibition at the Industrial Roadshow MALAYSIA 2014	Orange Media	10 – 11 December	Hotel Equatorial
47.	Pameran Di Majlis Pelancaran Program Modenisasi Sektor Pertanian & Pertumbuhan Baru Melalui Konsep Pembangunan Wilayah Di Negeri Perlis	Koridor Utara Malaysia	14 December	Batu Pahat , Kangar Perlis

Appendix 2 Overseas events

NO.	NAME OF EVENT	ORGANISER	DATE	VENUE
1.	New Year’s Reception ASIA PACIFIC	DAW German Asian Business Circle	12 February	Kongress Center Kurhaus Bad Homburg v.d.H.
2.	CONSTRUMA EXPO & Conference 2014	Construma Exhibition Group	4 April	Budapest, Hungary
3.	China Overseas Investment Fair (COIFAIR) 2014	China Industrial Overseas Development and Planning Association	22 – 24 April	Shanghai, China
4.	SEMICON Singapore 2014	SEMI (Semiconductor Equipment and Materials International)	23 – 25 April	Marina Bay Sands Expo & Convention Centre, Singapore
5.	Offshore Technology Conference (OTC) Houston 2014	Society of Petroleum Engineers (SPE)	5 – 8 May	Reliant Park, Houston, USA
6.	Seafood Expo Global 2014	Seafood Expo Global & Seafood Processing Global	7 May	Seafood Expo Global 2014, Brussels Expo, Belgium
7.	Seminar on "Investment Opportunities in The Food Technology and Halal Industry in Malaysia"	MIDA	8 May	The Howard Plaza Hotel, Taipei
8.	Performance Day Exhibition	Weichert Agencies	14 May	Munich, Germany
9.	Outreach Programme with Malaysian Students on “Investment Performance and Talent Facilitation”	MIDA & MAYCHAM	17 May	Chinese Culture University, Yang Ming Shan, Taipei
10.	World Trade Day	Bryant University	20 May	Bryant University, USA
11.	Automatica Exhibition 2014	Messe München	4 June	Munich, Germany
12.	Intersolar 2014	Messe München	5 – 6 June	Munich, Germany

Events

MIDA’s participation in local and overseas events in 2014.

Appendix 2 Overseas events (con’t)

NO.	NAME OF EVENT	ORGANISER	DATE	VENUE
13.	FOOMA Japan 2014	Japan Food Machinery Manufacturers' Association	10 – 13 June	Tokyo Big Sight
14.	Selangor State Investment Center (SSIC) Seminar on "Investment and Business Opportunities In Malaysia"	SSIC & MIDA	24 June	Capital Hotel, Taipei
15.	ONS 2014	ONS Foundation	22 – 28 August	Stavanger, Norway
16.	18th China International Fair of Investment and Trade (CIFIT)	CIFIT Secretariat	8 – 11 September	Xiamen, Fujian Province
17.	China Asean Expo (CAEXPO)	CAEXPO Secretariat	15 – 19 September	Nanning, Guangxi Province
18.	NACD'S Global Village	National Association of Corporate Directors, USA (NACD)	13 – 14 October	Gaylord Resort & Convention Center, National Harbor, Maryland
19.	Electronica 2014	Primexpo	13 November	Messe München
20.	China Ocean Economy Exposition In Zhanjiang	Zhanjiang FAO Secretariat	3 – 7 December	Zhanjiang, Guangdong Province

VIP Visitations

Investment promotion visits facilitated by MIDA for the Prime Minister of Malaysia, the Deputy Prime Minister of Malaysia, the Minister of International Trade and Industry, the Deputy Minister of International Trade and Industry and CEO of MIDA in 2014.

Appendix 3 VIP Visitations

NO.	ACTIVITY	DATE
1.	Turun Padang (Johor) – ST Microelectronics Sdn. Bhd.	17 January
2.	Turun Padang (Selangor) – Weir Minerals Malaysia and Linatex Rubber Products Sdn. Bhd.	4 February
3.	Turun Padang (Penang) – Networking with CEO and Penang Industry Leaders.	13 February
4.	Turun Padang (Terengganu) – PETRONAS Supply Chain	16 February
5.	Turun Padang (Sabah) – Courtesy call to YAB Datuk Seri Musa Aman, Chief Minister of Sabah and meeting with YB Datuk Raymond Tan Shu Kiah, Deputy Chief Minister.	11 – 13 April
6.	Turun Padang (Selangor) – SR Technics Malaysia Sdn. Bhd., Roundtable Meeting with selected companies in Selangor	21 April
7.	World Economic Forum East Asia 2014, Manila, The Philippines	21 – 23 May
8.	Trade and Investment Mission Guangzhou, Xi'an & Beijing in Conjunction With YAB Prime Minister Visit to China	27 May – 1 June
9.	Turun Padang (Johor) – M East Sdn. Bhd. (Marlborough College), Iskandar Malaysia Studios Sdn. Bhd. (Pinewood Studios), Ground Breaking Ceremony for Nusajaya Tech Park.	11 – 12 June
10.	Turun Padang (Negeri Sembilan) – Messier–Bugatti Dowty (M) Sdn. Bhd. and Akashi Kikai (M) Sdn. Bhd.	21 June
11.	Turun Padang (Kedah/Perlis) – Dialogue with selected Industry Players in Perlis.	25 – 26 June
12.	China International Fair for Investment and Trade (CIFIT), Nanning, China	7 – 9 September
13.	Turun Padang (Kelantan) – ‘Program Kerjaya Kelantan 2014’	20 September
14.	YAB Prime Minister’s Working Visit to Dubai, UAE in Conjunction with the 10th World Islamic Economic Forum (WIEF)	28 – 30 October
15.	YB Minister’s Working Visit to 14th Asia Pacific Conference For German Business, Ho Chi Minh City, Viet Nam	20 November
16.	Working Visit to Beijing In Conjunction With YAB Deputy Prime Minister’s Visit to China	30 November – 3 December
17.	YAB Prime Minister’s Visit to Seoul and Busan, The Republic of Korea (ROK)	9 – 12 December
18.	Specific Investment Mission to China (Shanghai, Qingdao, Haikou, Shenzhen, Guangzhou)	20 – 26 December



Talent Management Activities

Activities and events participated in by the Talent Management Division.

Appendix 4 Talent Management Division Activities

NO.	ACTIVITY	DATE
1.	Career fair at Universiti Kebangsaan Malaysia (UKM)	2 – 3 April
2.	Universiti Malaya (UM) On–Campus Interview	5 – 6 May
3.	Career fair at Universiti Malaysia Kelantan (UMK), Jeli Campus	20 September

International Investment Promotion

Investment promotion missions, roundtable meetings, seminars and other trade promotion activities organised in 2014.

Appendix 5 General Trade and Investment Missions (TIM), 2014

NO.	ACTIVITY	DATE
1.	Trade & Investment Mission to the Republic of India (Bangalore and Chennai)	26 – 31 January
2.	Trade & Investment Mission to the People's Republic of China (Guangzhou, Xian & Beijing)	25 May – 1 June
3.	MIDA Mission to United Kingdom (London)	5 – 8 July
4.	Trade & Investment Mission to Australia (Sydney & Melbourne)	11 – 15 August
5.	Trade & Investment Mission to Canada & USA (Toronto, Boston & New York)	21 – 26 September
6.	Trade & Investment Mission to the Republic of Korea & Japan (Seoul, Tokyo & Osaka)	29 September – 3 October
7.	Trade & Investment Mission to Europe (Munich, Dusseldorf, Milan & Madrid)	11 – 22 October

Appendix 6 Specific Project Missions

NO.	ACTIVITY	COUNTRY VISITED	DATE
1.	Regional Production Center	USA	7 – 18 January
2.	Clean Technology and Environment Management	UK, Germany & Netherlands	26 March – 5 April
3.	Machinery & Advanced Engineering	Europe	7 – 11 April
4.	Basic Metal Products	India	20 – 27 April
5.	Oil & Gas, Machinery	USA	3 – 14 May
6.	Food Manufacturing & Food Processing and Halal Food	Taiwan	4 – 10 May
7.	Medical Devices, Pharmaceuticals & Biotechnology	USA & Korea	4 – 16 June
8.	Technical Textiles & Solar Glass	Japan	7 – 16 June
9.	Advanced Material & Fine Chemicals	Japan	21 – 28 June
10.	Aerospace & Automotive	Europe	6 – 17 July
11.	Oil & Gas, Machinery	Norway	22 – 29 August
12.	Electrical & Electronics Products	Europe	1 – 14 September

International Investment Promotion (con't)

Investment promotion missions, roundtable meetings, seminars and other trade promotion activities organised in 2014.

Appendix 6 Specific Project Missions (con't)

NO.	ACTIVITY	COUNTRY VISITED	DATE
13.	Technical Textiles & Solar Glass	Europe	13 – 26 September
14.	Rare Earth Ecosystem & Advanced Material	USA & Europe	13 –28 September
15.	Clean Technology and Environment Management	Japan	27 – 31 October
16.	Advanced Material & Fine chemicals	Italy, Germany, Belgium, Netherlands, Poland & U.K	22 November – 6 December
17.	Healthcare, Education & Hospitality	Japan & Korea	9 – 17 December
18.	Regional Establishment	USA	9 – 17 December
19.	Medical Devices, Pharmaceuticals & Biotechnology	India	9 – 17 December

Appendix 7 Seminars, Forums and Briefings, 2014

NO.	ACTIVITY	VENUE	DATE
1.	MIDA – EDB 3rd Industrial Cooperation Working Group (JMC ICWG)	Singapore	8 January
2.	World Economic Forum 2014	Davos, Switzerland	22 –24 January
3.	Investment Opportunities Forum with President Benigno S. Aquino III	The Philippines	28 February
4.	Roundtable Meeting with Oil and Gas Suppliers Based in Singapore	Singapore	24 April
5.	Malay Muslim Business Conference 2014	Singapore	7 May
6.	ASEAN Finance Ministers Investor Seminar (AFMIS) 2014	Manila, the Philippines	19 – 21 May
7.	World Economic Forum East Asia 2014	Manila, the Philippines	21 May
8.	MIDA – EDB 4th Industrial Cooperation Working Group (JMC ICWG)	Singapore	5 September
9.	The 11th China ASEAN Expo (CAEXPO)	Nanning, China	15 – 19 September

Domestic Investment Promotion

Investment promotion missions, roundtable meetings, seminars and other trade promotion activities organised in 2014.

Appendix 8 Industry Seminars/Workshops, 2014

NO.	ACTIVITY	VENUE	DATE
1.	Seminar on Investment Opportunities in Malaysia – Bank Negara Malaysia	MIDA HQ	23 April
2.	MIDA Roundtable Meeting with SMI Association Sarawak	Sarawak	28 May
3.	Seminar on Domestic Direct Investment Initiative between MIDA & POIC	Lahad Datu	12 June
4.	Seminar on Oleochemical Industry in Malaysia	MIDA HQ	20 August
5.	Seminar on Investment Opportunities in the Services Sector	Pulau Pinang	17 October
6.	Seminar Pembangunan Pelaburan Tempatan (Inisiatif & Peluang) with PPIPBM	Kuala Lumpur	30 October
7.	Seminar on Production Technology for the Future and Technical Outsourcing Workshop 2014	Kuala Lumpur	11 November
8.	Konvensyen Aspirasi Usahawan Muslim dengan DPIM	Kuala Lumpur	17 December

Appendix 9 Domestic Investment Group Networking, 2014

NO.	ACTIVITY	VENUE	DATE
1.	Networking Programme Sabah	Sabah	23 – 25 March
2.	Networking Programme Kelantan	Kelantan	30 March – 1 April
3.	Networking Programme Terengganu	Terengganu	2 – 3 April
4.	Briefing & Networking with Dewan Perdagangan Islam Malaysia (DPIM)	Putrajaya	17 September
5.	Briefing & Networking with Persatuan Profesional Melayu Malaysia	Kuala Lumpur	18 September
6.	Briefing & Networking with Persatuan Usahawan Internet Malaysia (PUIM)	Selangor	9 October
7.	Briefing & Networking with Persatuan Profesional Melayu Malaysia	Selangor	10 October

Domestic Investment Promotion (con't)

Investment promotion missions, roundtable meetings, seminars and other trade promotion activities organised in 2014.

Appendix 10 Meetings with local conglomerates

NO.	ACTIVITY	VENUE	DATE
1.	Meeting with KAJ Development (Melaka Gateway Project)	MIDA	29 January
2.	Meeting with Tan Chong Group	MIDA	29 January & 16 June
3.	Meeting with UMW Corporation Sdn. Bhd.	MIDA	12 March
4.	Meeting with Genting Malaysia Berhad	MIDA	15 April
5.	Meeting with Hong Leong Group	MIDA	15 April
6.	Meeting with MRCB	MRCB	4 August
7.	Meeting with Sime Darby Berhad	Sime Darby	6 August

Appendix 11 Other events

NO.	ACTIVITY	ORGANISER	VENUE	DATE
1.	MTCP–JICA Training Programme on Investment Promotion for African Countries – Two (2) programmes	MIDA/Ministry Of Foreign Affairs (MFA) and Japan International Cooperation Agency (JICA)	Kuala Lumpur/ Melaka & Kuala Lumpur/Kedah/ Penang	9 – 21 February & 22 Sept – 4 Oct
2.	Familiarisation Visit and Training Programme ITAP–IDB from KAZNEX	MIDA/ Islamic Development Bank (IDB)	Kuala Lumpur/ Perak	28 – 29 August
3.	IGEM 2014: MIDA Business Clinic & Exhibition	MIDA/Ministry of Energy, Green Technology and Water	Kuala Lumpur	16 – 19 October
4.	Familiarisation Programme for Officials of Investment Promotion Agencies of the Organisation of the Islamic Member Countries (OIC)	MIDA/Ministry of Foreign Affairs Malaysia (MOFA)/ Islamic Development Bank (IDB)	Kuala Lumpur/ Terengganu	12 – 21 November
5.	Satu Daerah Satu Industri (SDSI)	MIDA/MTI	Melaka	4 – 7 December

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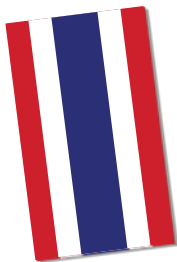
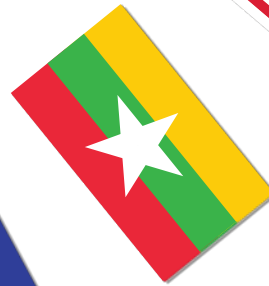
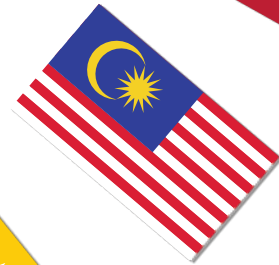
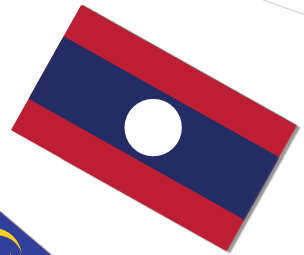
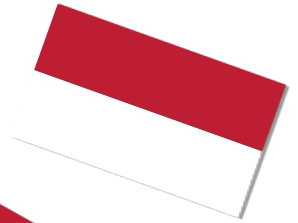
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