

CHAPTER

9

INFRASTRUCTURE SUPPORT





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INFRASTRUCTURE MANAGEMENT

1. INDUSTRIAL LAND

1.1 Industrial Estates

Malaysia has over 600 industrial estates throughout the country with world-class infrastructure and excellent connectivity, making Malaysia as the most sought-after, sustainable and conducive workplace for locals as well as foreign investors.

Specialised industrial estates have been developed in Malaysia to cater the needs of specific industries such as small-scale industries, Halal industries, furniture park, biotechnology park, technology-intensive industries and R&D activities. Kulim Hi-Tech Park and Batu Kawan Industrial Park in the northern part of Peninsular Malaysia, the country's first, fully integrated high technology park, i-Park Johor has created a unique concept of an 'industrial resort' and Selangor Halal Hub in the Pulau Indah, Westport focusing on Halal products activities. Built on an idea that fuses a resort-like or industrial-city concept integrated with amenities such as shopping centre, hospital, educational institutions and recreational facilities entice investors to come and invest in Malaysia.

1.2 Free Zones

A Free Zone is an area in any part of Malaysia declared by the Minister of Finance under the provision of Section 3(1) of the Free Zones Act 1990 to be a Free Commercial Zone or Free Industrial Zone. It is mainly designed to promote entrepore trade and specially established for manufacturing companies that produce or assemble products mainly for export.

The activities and industries therein are subject to minimal customs formalities as it is deemed under Section 2 (1A) of the customs Act 1967 to be a place outside the Principal Custom Area except in respect of Prohibition of Imports and Exports under Section 31 of the Customs Act 1967.

1.2.1 Free Commercial Zones (FCZs)

A Free Zone allocated for carrying out of commercial activities which include trading (except retail trading), breaking bulk, grading, repacking, relabeling, transshipment and transit.

To-date there are 21 FCZs located at North, South and West Port of Port Klang, Port Klang Free Zone, Pulau Indah MILS Logistic Hub, Butterworth, Bayan Lepas, KLIA, Rantau Panjang, Pengkalan Kubor, Stulang Laut, Johor Port and

Port of Tanjung Pelepas.

1.2.2 Free Industrial Zones (FIZs)

Other than minimal customs formalities, FIZs enable export-oriented manufacturing companies to enjoy duty free import of raw materials, component parts, machinery and equipment required directly in the manufacturing process, as well as minimal formalities in exporting their finished products.

To-date there are 22 FIZs located at Pasir Gudang, Tanjung Pelepas, Batu Berendam I, Batu Berendam II, Tanjung Kling, Telok Panglima Garang, Pulau Indah (PKFZ), Sungai Way I, Sungai Way II, Ulu Kelang, Jelapang II, Kinta, Bayan Lepas I, II, III, IV, Seberang Perai and Sama Jaya.

Eligibility

Companies can be located within FIZs when:

- their entire production or not less than 80% of their products are meant for export
- their raw materials/components are mainly imported. Nevertheless, the government encourages FIZ companies to use local raw materials/components

1.3 Licensed Manufacturing Warehouses

To enable companies to enjoy FIZ facilities in areas where it is neither practical nor desirable to establish FIZs, companies can set up Licensed Manufacturing Warehouses (LMWs). Facilities accorded to LMWs are similar to factories operating in the FIZs.

Eligibility

Companies normally approved for LMWs are those:

- whose entire production or not less than 80% are meant for export
- whose raw materials/components are mainly imported

Payment of Duty

Effective 1 January 2011, FIZ and LMW companies are eligible to enjoy import duty exemptions equivalent to ATIGA (ASEAN Trade in Goods Agreement) rates if they comply with the following conditions;

- achieve 40% of value from local content, and
- if the local content value does not reach 40%, consideration can be given if the FIZ/LMW companies can prove that the non-originating raw material to the end products produced had undergone substantive transformation process through a mechanism which has been set.

2. ELECTRICITY SUPPLY

Electricity supply in Malaysia is adequate and of high quality and reliability, compatible to other utilities in the region and globally.

The power supply to West Malaysia is provided by Tenaga Nasional Berhad, a national utility company, whereas in East Malaysia, i.e. Sabah and Sarawak is provided by Sabah Electricity Sendirian Berhad (SESB) and Sarawak Energy Berhad (SEB) respectively.

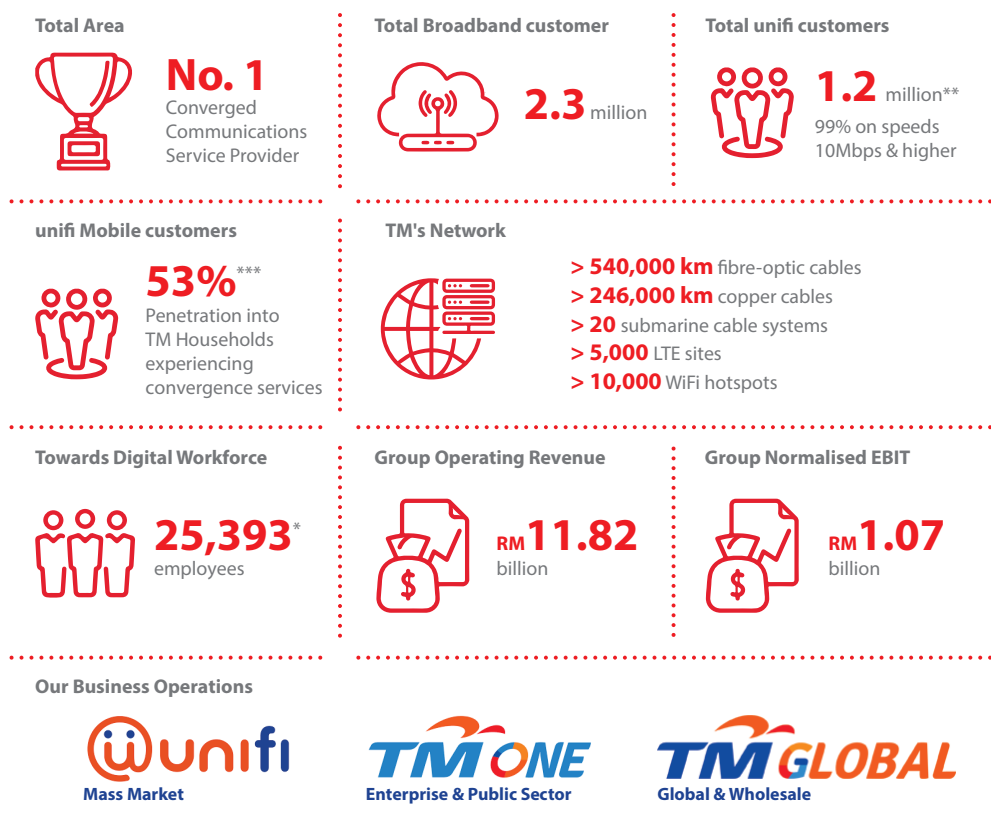
The power generation in Malaysia is mainly a mixture of thermal, gas and hydro. The generation plants are owned by both the utilities and Independent Power Producers (IPP). Renewable energy from solar, small hydro, biogas and biomass are being promoted too as part of the green technology initiative of Malaysia.

The transmission voltages in Malaysia are at 500 kV, 275 kV and 132 kV while the distribution voltages are at 33 kV, 11 kV and 400/230 V.

3. WATER SUPPLY

Water supply and services in Peninsular Malaysia and the Federal Territory of Labuan is under the concurrent jurisdiction of the Federal Government of Malaysia. In order to increase the country's water services quality particularly protecting consumers' rights, two Federal legislative frameworks; namely the Suruhanjaya Perkhidmatan Air Negara 2006 Act (Act 654) and Water Services Industry Act 2006 (Act 655) have been enforced since 2007 and 2008 respectively. With a well-regulated water services in place, this will help to promote efficiency and long term sustainability of the water industry to benefit the consumers, investors as well as the operators. Consumers in Peninsular Malaysia and the Federal Territory of Labuan enjoy continuous water supply which is reliable and safe. Close monitoring and routine testing are carried out by the Ministry of Health (MOH) to ensure all water operators comply with the World Health Organization (WHO) guidelines for drinking water quality. All domestic, commercial and industrial users are metered. Water tariffs vary from state to state.

4. TELECOMMUNICATION SERVICES



Completed and launched a Commercial Uptime Institute Tier-III Certified Data Centre in Malaysia

Data Centre
10 Data Centre nationwide, 2 regional – HK & US Contact Centre

Contact Centre
>8,000 agents in 2 countries

Malaysia's 1st Integrated IoT Operation Centre
>Nationwide coverage

TM ONE Experience Centre
>20,000 square-feet of immersive environment

Malaysia Best Brand
Award recipient for 2018

*Workforce Report Aua 2018 **As per 1H18 announcement ***As of 26th February 2019

Core Business & Focus

Our Managed Services Offerings

Smart Services

- Smart Infra Services
- Smart Parking Management
- Digital Signage
- Smart Energy
- FM Services
- Safety Security Services

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- *Intelligent end devices*
 - *Automated systems*

Turn On Services

- Public SaaS
- Enterprise SaaS
- Vertical Apples
- Enterprise Mobility
- UCC
- Tele Presence
- XaaS
- IaaS
- PaaS

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- *Modular*

Value Added Services

- Video On Demand (VoD)
- Voice/Video (VoIP)
- IPTV
- Cloud Computing
- Tele Presence
- High Definition (HD) Content
- IT Security
- Managed Services

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- *Enhances IT performance & provides better communication experience*

Connectivity

- Unifi High Speed Broadband
- IP VPN (MPLS)
- Global Connectivity
- Wifi & Hotspots
- Neutral Carrier Data Center
- Internet Exchange

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- *Basic amenities required by all buildings*

5. AIR CARGO FACILITIES

Malaysia's central position at the crossroads of South-East Asia makes her particularly attractive as a trans-shipment centre. Air cargo facilities are well developed, especially in the six international airports in Malaysia.

The highly sophisticated Kuala Lumpur International Airport (KLIA) in Sepang, Selangor, has a current capacity of 40 million passengers and more than 1.2 million tonnes of cargo per year.

However, KLIA's 10,000 hectares of land is planned to accommodate up to 60 million passengers and three million tonnes of cargo per year by the year 2020, and in the future, up to 100 million passengers and five to six million tonnes of cargo per year.

The other international airports are the Penang International Airport, Langkawi International Airport, and Senai International Airport in Peninsular Malaysia, Kota Kinabalu International Airport in Sabah, and Kuching International Airport in Sarawak.

MASKargo is the main cargo division of its parent company Malaysia Airlines (MAS) which operates scheduled, chartered air cargo services, ground handling services as well as airport to seaport cargo logistics via ground transportation.

In addition, MASKargo also offers belly space capacity on its holding company's aircrafts, MAS and its other subsidiaries via the national carrier's 100 international destinations across six continents.

MASKargo operates a state-of-the-art Advanced Cargo Centre (ACC) at the Kuala Lumpur International Airport within a Free Commercial Zone (FCZ). This centre features a secure and sophisticated security system with the latest technology including fully automated procedures, ensuring real-time data tracking and the smooth flow of communication. Among the facilities at the centre are the Animal Hotel, the one-stop Perishable Centre and the world's first Priority Business Centre (PBC) for key forwarding agents.

Currently it provides scheduled freighter services from Kuala Lumpur, Penang and Kuching (Malaysia) to Sydney, Shanghai, Taipei, Bangkok, Hong Kong, Manila, Jakarta, Surabaya, Tokyo, Osaka, Frankfurt, Amsterdam, and Sharjah. Currently MASKargo operates its own freighter fleet, two Boeing B747-400F and two Airbus A330-200F.

Recently, the company has been certified with the IATA Secure Freight Programme, which aims to a secure supply chain program, strengthening cargo security. The company also has a product called I-Port, the world's first airport within a seaport trans-shipment service. This service allows fast handling of sea and air cargo shipment through KLIA from Port Klang. In addition, MASKargo also provides airport-to-airport trucking services in the country.

Air cargo services in Malaysia are complemented by Transmile Air which serves six domestic destinations in Sabah, Sarawak and peninsular Malaysia and 2 scheduled and international destinations namely, Hong Kong and Singapore. The domestic flights to Labuan and Bintulu in East Malaysia cater mainly to the oil and gas industry which requires special handling facilities. In addition to scheduled services, Transmile Air also provides air charter services to the ASEAN and Asia Pacific region and it has the capability to fly to India, the Middle East and China.

For further information on MASKargo, please visit the company's website at www.maskargo.com.

6. SEA PORTS

Ports in Malaysia can be classified as federal ports and state ports. All federal ports are under the jurisdiction of the Ministry of Transport. At present there are seven major federal ports, namely, Port Klang, Penang Port, Johor Port, Port of Tanjung Pelepas, Kuantan Port, Kemaman Port, Labuan Port and Bintulu Port. All these federal ports are equipped with modern facilities. Bintulu Port is the only port which handles liquefied natural gas.

In tandem with the expansion of the economy and trade, ports in the country registered impressive growth in recent years. Two of the ports; Port Klang and the Port of Tanjung Pelepas, are ranked among the top 20 container ports in the world.

The government's policy on ports focuses on:

- i. Being supply-driven, i.e., the provision of ample capacity in ports to ensure that there is zero waiting time for ships.
- ii. Enhancing the utilisation of ports through:
 - improving efficiency and productivity of port operations;
 - port privatisation;
 - development and improvement of ancillary services; and
 - development and improvement of land-side transportation.
- iii. Load centering, Port Klang has been made the national load centre and the transshipment centre.

Whereas the Port of Tanjung Pelepas has been recognised as a regional transshipment hub.

7. CARGO TRANSPORTATION

Various companies provide comprehensive containerised cargo transportation services in Malaysia. These include container haulage, freight forwarding, warehousing, bunkering, distribution related services, port and customs clearance, container repair, leasing and maintenance.

Consignees and clients in Malaysia enjoy speedy, efficient and reliable cargo transportation through a network of local branches and offices. Most companies also offer a good international network of agents.

7.1 Container Haulage

The Malaysian government regulates inland container haulage through the Land Public Transport Agency.

Sixty two hauliers cater to varied cargo needs through a diversified fleet of trailers and prime movers which also include modified vehicles. Some equipped with modern tracking systems to enable contact with haulage vehicles on the road.

Numerous other medium and small-sized operators truck conventional cargoes to destinations in the country. Meanwhile, a block rail feeder service operates to specific destinations and a freight liner service takes care of container deliveries to outstation clients.

This multi-modal (road and rail) transportation system assures prompt delivery of cargo.

7.2 Freight Forwarding

Hundreds of freight forwarding agents stationed throughout Malaysia offer nationwide freight forwarding services, while cargo bound for international destinations can be forwarded through various international freight forwarders.

Freight forwarders can also provide assistance to manufacturers in the processing of applications for required permits, licences and duty/tax exemption for the clearance of goods from the Customs authorities.

8. HIGHWAYS

The Malaysian Highway Authority supervises and executes the design, construction, regulation, operation and maintenance of inter-urban highways in Malaysia. These comfortable expressways link all major townships and potential development areas, and have catalysed industrial growth by enabling efficient transportation.

The country's successful privatisation programme coupled with its strong economic growth has also induced more highway development projects in the last few years.

Today, the North-South Expressway together with the Penang Bridge, the Kuala Lumpur-Karak Highway and East Coast Highway form the backbone of Malaysia's road infrastructure, contributing to the country's rapid socio-economic development.

9. RAILWAY SERVICES

Keretapi Tanah Melayu Bhd (KTMB), which operates in Peninsular Malaysia, is a corporation wholly-owned by the Malaysian government. As the single largest transport organisation in the country, KTMB has the capacity to transport several classifications of goods, ranging from grains to machinery.

Its network runs the length and breadth of Peninsular Malaysia from the northern terminal in Padang Besar to Pasir Gudang, Johor in the south. The same northerly line serves wharves and port facilities in Penang.

10. MSC MALAYSIA

MSC Malaysia was established by the Malaysian government to accelerate the growth of the nation's Digital Economy, the MSC Malaysia status provides eligible ICT-related businesses, both local and foreign, with a wide range of incentives, rights and privileges to promote continued growth. Since its inception in 1996, the MSC Malaysia programme has managed to drive the nation's Digital Economy to new heights.

With over 2,000 companies and counting, the MSC Malaysia status is a designation that is highly sought after by many IT establishments in the country. Being recognised as a MSC Malaysia Status Company provides a company access to exclusive incentives that can give them the edge necessary in the hyper-competitive IT industry.

MSC MALAYSIA CYBERCITIES AND CYBERCENTRES

MSC Malaysia Cybercities and Cybercentres are designated MSC Malaysia areas with conducive business environment that provides the ecosystem to attract ICT investors and promote the growth of local ICT companies, in which companies from the same sector are placed together to spur rapid growth.

These companies are housed within a conducive ecosystem to grow their businesses within the framework of Malaysia's developed Digital Economy vision. An environment fostering healthy competition will encourage innovation and development while increasing competencies on national and regional levels.

As of July 2019, there are 61 MSC Malaysia Cybercities & Cybercentres as per below list:

KLANG VALLEY			
1.	Cyberjaya	25.	Technology Park Malaysia
2.	UPM-MTDC	26.	KLCC
3.	KL Tower	27.	KL Sentral
4.	i-City	28.	TM Cybercentre Complex
5.	Mid Valley City	29.	Bandar Utama
6.	Bangsar South City	30.	GTower
7.	Symphony House	31.	Quill 9
8.	The Intermark	32.	Wisma Hamzah Kwong Hing
9.	Jaya 33	33.	Puchong Financial and Corporate Centre
10.	Menara Worldwide	34.	Menara Binjai
11.	Persoft Tower	35.	Menara OBYU
12.	Menara Maybank	36.	UOA Damansara
13.	Capsquare Tower	37.	Sunway Resort City
14.	Damansara Uptown	38.	One City
15.	Linde ROC	39.	iHubSentulPark
16.	Menara LGB	40.	Putrajaya
17.	Luxor Tech Centre	41.	The Paradigm
18.	Oasis Damansara	42.	Menara Mesiniaga
19.	UOA Business Park	43.	Icon City
20.	Plaza Hap Seng	44.	Neo Damansara
21.	APM Technology Centre	45.	Menara Ken TTDI
22.	Wisma E & C	46.	Damansara City
23.	JKG Tower	47.	Nucleus Tower
24.	Dataran Maybank		

PENANG		JOHOR	
1.	PCCI	1.	Menara MSC Cyberport
2.	Spansion	2.	Iskandar Malaysia Studios
3.	One Precinct	3.	MEDINI
4.	Albukhary Building		
5.	Menara Zurich		
6.	GMS@Mayang		
MELAKA		KEDAH	
1.	Melaka International Trade Centre	1.	Kulim Hi-Tech Park
PERAK		PAHANG	
1.	Meru Raya	1.	Putra Square
SARAWAK			
1.	Town Square Bintulu		

Incentives for MSC Malaysia

The updates and more information on MSC Status is available in MDEC's website <https://www.mdec.my/news/important-updates-and-changes-on-msc-malaysia-bog-5>.