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MALAYSIA SUSTAINS GROWTH OF INVESTMENTS IN 1H2015

During the first half of 2015, approved investments in the various economic sectors totalled RM113.5 billion, a slight increase of 1.3% (RM112 billion) as compared to the corresponding period in 2014. The services sector led the economy with RM61.7 billion (2,071 projects), contributing more than half (54%) of the total share, followed by the manufacturing sector (RM49.5 billion, 44%) and primary sector (RM2.3 billion, 2%). These projects are expected to generate 101,785 employment opportunities.

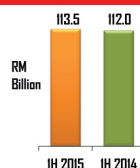
Services sector

Approved investments in the services sector saw a moderate growth of 4.9% in 1H2015, in comparison to 1H2014. Growth was registered in all subsectors, except in real estate (RM15.9 billion) and distributive trade (RM2.1 billion). The subsectors under the National Key Economic Area (NKEA) which include hotel & tourism, health services, education services, ICT (telecommunication and MSC Status companies) and business services (regional establishments and support services) registered increases in investments. Malaysia's strategic location, supported by the Government's on-going commitment in pursuing pro-business and pragmatic policies have continued to be the catalyst in making Malaysia an attractive destination for global businesses to set up their regional business hubs in the country.

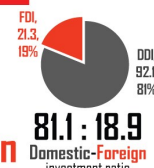
Manufacturing Sector

Malaysia continues to attract investments in the manufacturing sector in 1H2015, with approved investments of RM49.5 billion, contributing to 43.6% of the total investment share, and an increase of 14.8% against the first half of last year. Growth was bolstered by domestic investments (73.5%) with RM36.4 billion while foreign investments totalled RM13.1 billion (26.5%).

Total Approved Investments – 1H 2015



RM113.5 billion
Approved investments



Investments in the oil sector (petroleum products) made up RM25.4 billion (51.3%) while the non-oil sectors amounted to RM24.1 billion, mainly in the transport equipment, electrical and electronics (E&E), fabricated metal, non-metallic mineral products and chemical products.

Local manufacturers actively ventured into machinery manufacturing, wood and furniture, fabricated metal products (including engineering support services), transport equipment and food manufacturing industries. This has been manifested by 255 Malaysian-owned manufacturing projects approved in the non-oil sector, with investments totalling RM11.2 billion. Domestic investments surged to RM36.4 billion in 1H2015, compared to RM32.3 billion approved during the corresponding period last year. Notably, 42% or 107 of these projects proposed to export at least 50% of their outputs, denoting the strength of the Malaysian companies to compete in the global market.

Foreign investments were led by East Asia economies such as Japan, Hong Kong, China, Korea and Taiwan (RM7.4 billion or 56.5%) while Americas and Europe contributed RM2.3 billion and RM1.9 billion

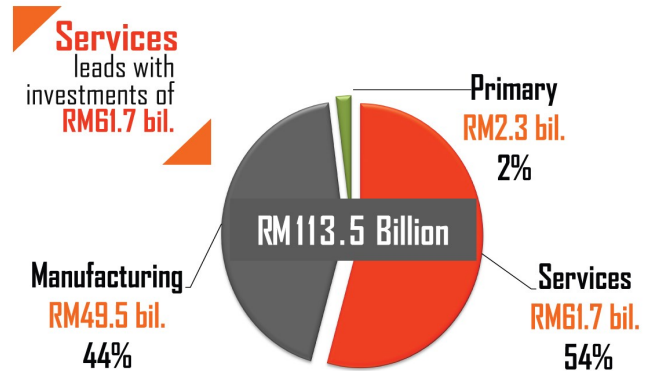
HIGHLIGHTS

respectively. Investment from East Asia concentrated on fabricated metal products, non-metallic mineral products and E&E industries while more than 80% of investments from the Americas continued to dominate the E&E sector. Europe focused on a wider industry scope ranging from E&E and machinery manufacturing to resource-based industries of paper products, petroleum products and food manufacturing.

Primary Sector

Approved investments in the primary sector during the first half of 2015 totalled RM2.3 billion as compared to RM10.1 billion in 1H2014. The significant decline in approved investments was due to lower investments in the upstream oil and gas activities, which were affected by the fall in crude oil prices. This resulted in a drop of 7% in the share of total private investments during the first half of 2015.

Despite the optimistic achievement, Malaysia will have to intensify its efforts given the challenging economic landscape for this year. In order to secure more sustainable investments, Malaysia will continue to focus on quality and innovation driven projects that will strengthen the industry's ecosystem.



MIDA Receives Top Investment Promotion Agency 2015 Award in the Asia-Pacific Category



MIDA has won a Top Investment Promotion Agency of 2015 Award in the Asia-Pacific National category, together with EDB Singapore. This award was published by Site Selection magazine in May as part of their Global Best to Invest series.

Site Selection is an internationally circulated business publication covering corporate real estate and economic development, published six times a year by Conway Data Inc.

The award was given based on the following set of criteria:

- Most professionally responsive to investor inquiries
- Most knowledgeable and linguistically diverse staff
- Most access to user-friendly databases of sites and incentives, both general and sector-specific
- Best information on timing expectations for permitting and processes
- Best access to recent investors in the region for testimonials
- Best reputation for protecting investor confidentiality
- Best reputation for after-care services

DRIVING MALAYSIA'S AEROSPACE INDUSTRY

UMW, First Company in Malaysia to become a Tier 1 Supplier of Engine Parts to Rolls-Royce

Malaysia's path towards becoming the champion in the aerospace industry is intensified with the recent agreement between UMW Holdings Bhd (UMW) and Rolls Royce Ltd to manufacture and assemble fan cases for Rolls Royce aero engines. With this collaboration, UMW, a home-grown Malaysian company will be the single-source supplier for Rolls Royce, specifically for its Trent 1000 and Trent 7000 engines. Both Trent engines are the most advanced in aero engine technology, with increased fuel efficiency and noise reduction. This project will ultimately lead UMW to be the Tier 1 supplier for Rolls Royce in Southeast Asia.

The Malaysian Investment Development Authority (MIDA) has played an active role to link the two prominent brands, UMW and Rolls Royce for this partnership. This catalytic project will bring along many spill-over effects. The engine fan casing is one of the largest and most complex parts of the engine to manufacture. The local workforce will be able to migrate to higher value manufacturing in precision machining and assembly of aerospace parts.

To support talent requirements in this sector, Majlis Amanah Rakyat (MARA), or the Council of Trust for the People will team up with UMW to develop an apprentice training centre to cater to the demand for highly skilled manpower as this project will generate more than 190 high income employment opportunities for Malaysians. This project also establishes new fields of industrial R&D with the Aerospace Malaysia Innovation Centre, a partnership between the Government with Rolls Royce and Airbus.

The aerospace industry has been designated by the Government as a strategic sector with high growth potential in the country's industrialisation and technological development programmes. The Malaysian Aerospace Blueprint 2015-2030, which was launched during the Langkawi International Maritime & Aerospace Exhibition early this year, have identified Aerospace Engine Manufacturing as a key gap in Malaysia's aerospace industry capabilities.



The collaboration between UMW and Rolls Royce is exactly the kind of collaboration Malaysia would like to encourage, as it will strengthen the Malaysian aerospace manufacturing ecosystem that ranges from maintenance, repair and overhaul (MRO) to composite materials to metallic components and parts.

The significance of the aerospace industry is further reinforced under the 11th Malaysia Plan, the country's final lap towards becoming an advanced nation. Due to its strong inter-linkages to other sub-sectors as well as numerous multiplier effects, the aerospace industry has been identified as one of the 3+2 subsectors to re-energise the manufacturing sector of the country.

An enhanced aerospace manufacturing capability such as the collaboration between UMW and Rolls Royce will create opportunities for other OEMs to complete their supply chains. Therefore, MIDA is intensifying its efforts to attract more high technology and high value added projects, which are necessary to move up the value chain.





Success Story: Century Logistics Holding Berhad

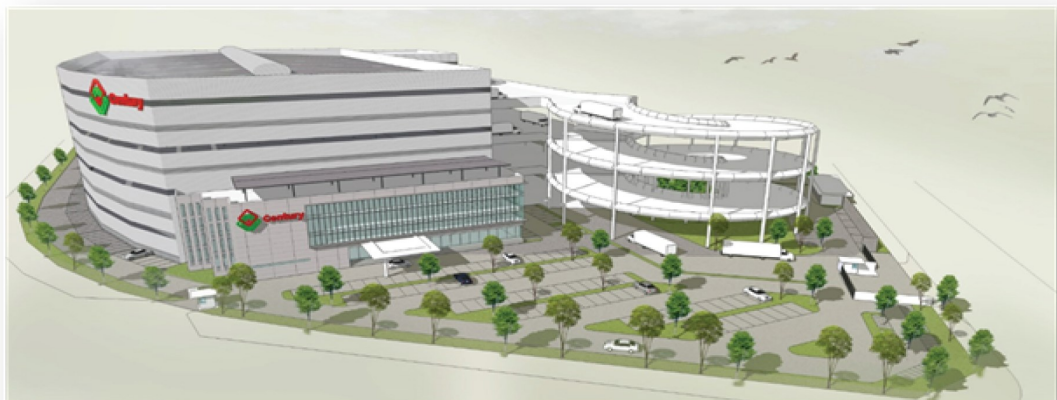
Century Logistics is no stranger in the Malaysian logistics industry. From its humble beginnings as a forwarding agent in 1970, the company has grown into one of the nation's largest providers of logistics services in the country. Century's services include integrated logistics, oil logistics (which entails ship-to-ship transfer of crude & fuel oil) and procurement logistics.

Century operates more than 2.2 million sq. ft. of warehouse facilities in Klang Valley and Port of Tanjung Pelepas. This impressive figure will be further enhanced by the construction of a multi-storey warehouse in the up and coming Eastern Gateway Industrial Hub, adding further space of 600,000 sq. ft. Upon completion of the state-of-the-art building, expected by 2017, Century will be the first local logistics company to operate a multi-storey warehouse in Malaysia. The company follows the footsteps of the major logistics players in Singapore where land has become scarce and expensive. This warehouse will be operated as a distribution centre for various multinational companies.

The trend by manufacturers in outsourcing their logistics needs is a huge potential market. Taking this into account and also the fact that Century is among one of the few truly integrated logistics providers in the country, as well as being a Halal certified logistics provider, the growth possibilities are endless.

Procurement logistics, another core service provided by Century, is a unique proposition to the Electrical sector in Malaysia. As part of its service, Century procures components, assembles and brands the finished products before distributing them to retailers. Among Century's major clients are Philips, LG and Hisense.

Century's New
Multi-Storey Warehouse
in Eastern Gateway
Industrial Hub



Century has in place several strategies for moving forward. The company has invested heavily in upgrading its ICT facilities, including developing its customized software, Century eFreight to facilitate online ocean freight booking. Customers will now be able to track shipping lanes and schedules online to ensure that their goods are delivered in a timely manner. In addition to its 3 core businesses, Century has also ventured into the provision of Data Management Solutions, in which it helps store clients' records physically and electronically.

Century intends to tap into the E-Commerce sector and will equip its new warehouse with the necessary management systems to operate as an E-Fulfilment Centre. According to the Economic Planning Unit (EPU), ASEAN's E-Commerce market currently stands at US\$1.1 billion. E-Commerce contributed RM48.6 billion (5.2%) to Malaysia's GDP in 2012 and RM53.5 billion (10%) in 2013. The E-Commerce market is expected to grow with participation from dominant E-Commerce companies, SMEs and individual sellers. As such, building a stronger logistics network and seamless system for just-in-time deliveries to cater to E-Commerce activities has been outlined as a strategy for economic growth in the Eleventh Malaysia Plan. As one of the pioneers in the local logistics industry, it is no surprise that Century is venturing into this new market. Judging by its previous records, the group is set to achieve further success in not only Malaysia, but also within the ASEAN region

EVENTS

Malaysia's Medical Device Industry Continues to Chart New (Higher) Ground, Says AMMI

The Association of Malaysian Medical Industries (AMMI) Medical Device Industry Outlook Report 2015 estimates that this year's export outlook for the medical device industry is expected to hit RM15.11 billion, a 12% growth in total exports from last year.

AMMI Chairman, Mr Hitendra Joshi said that AMMI members had a collective sales of RM7.60 billion last year (based on 41 AMMI members' surveyed), out of which export value amounted to RM6.95 billion or more than 90% of the total sales.

The report was launched in MIDA HQ by Dato' Azman Mahmud, CEO of MIDA on 14 July 2015. The medical device industry is an area of great promise as it plays a critical role in strengthening the healthcare landscape of Malaysia. As to date, Malaysia hosts more than 190 medical devices manufacturers with investments worth RM13.2 billion. Ansell, Ambu, Bard, B.Braun, Haemonetics and St. Jude Medical are among the foreign MNCs that have set their manufacturing base here. Not lagging behind are the local companies such as ABio Orthopaedics, Straits Orthopaedics, Dispo-Med, Vigilenz Medical Devices, Allen Healthcare, UWC Healthcare and Top Glove that have also successfully carved a name for themselves in the local and international arena.

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Arla Makes Malaysia Its New Regional Office for Asia

His Royal Highness Crown Prince Frederik from Denmark opened the new Arla regional office in Kuala Lumpur on 30 July 2015. It will be the main office for all of the company's activities in Asia and will set the strategy for all activities within retail and foodservice in Asia.

Arla's establishment testifies to the long term economic potential of Asia and the country's strategic position. Arla's offices in Bangladesh, Australia, Hong Kong and China will be supported by the Malaysian office in terms of business planning & coordination, corporate financial advisory and marketing control & sales promotion planning.

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Winner of Microelectronics Olympiad 2015 represents Malaysia in the 10th Annual International Microelectronics Olympiad of Armenia

MIDA hosted the Microelectronics Olympiad 2015 in conjunction with the 6th Asia Symposium on Quality Electronics Design 2015 (ASQED 2015) on 4 August 2015. The educational written contest for aspiring engineering students and young engineers covering topics related to digital and analogue circuit design was well participated. The fifty (50) contestants were mostly from Malaysia's local varsities. The winner of this Olympiad, Mr. Chew Bing Xun, a student from Tunku Abdul Rahman University College, will represent Malaysia in the 10th Annual International Microelectronics Olympiad of Armenia with all expenses borne by the Armenia Olympiad Committee.

ASQED 2015 was MIDA's inaugural involvement as sponsor and co-organiser, together with the International Society for Quality Electronic Design (ISQED) and Selangor Human Resource Development Centre (SHRDC). The engagement signifies MIDA's continuous dedication and commitment towards enhancing the electronics and electrical (E&E) ecosystem.

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Tosoh Corporation-Japan, First Producer of HSZ® in Malaysia

Malaysia is home to Tosoh Corporation's first overseas facility of high silica zeolite (HSZ®) following the groundbreaking ceremony of its manufacturing plant in Teluk Kalong Industrial Estate, Terengganu on 9 August 2015. Tosoh's establishment of its footprint in Malaysia reinforces its position to become the leading producer of high value added chemical products.

The stability of supply, and business continuity were among the reasons cited by the company to establish their footprint in Malaysia. The company was also attracted to Malaysia's industrial zones that are ideal for chemical manufacturing as well as other economic benefits to the company.

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Pensonic Launches "Fonebud" Brand and "Fonebud Essential Plus", the Smarter Power Bank

Pensonic Holdings Berhad (Pensonic) launched its "Fonebud" brand and "Fonebud Essential Plus" in MIDA on 11 August 2015. The event was graced by YB Dato' Seri Ong Ka Chuan, Minister of International Trade and Industry II with the presence of YBhg. Dato' Azman Mahmud, CEO of MIDA and Mr. Dixon Chew, CEO of Pensonic Group. The unique innovation was developed by the Pensonic Innovation Team.

Pensonic is in the forefront of Malaysian companies that utilise local manpower to spearhead the development of creative and innovative home appliances. This marks another milestone for the company and also the nation as it highlights Malaysia's progress as a centre of excellence in the electronic and communication devices industries. The company's move is also very much aligned with Malaysia's focus on the development of high value-added, technology intensive and knowledge based industries in new growth areas.

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EVENTS



MITI Minister Engages with Selangor Business Community, Addresses Woes of Industry Players

The Government welcomes the views and active participation of the private sector in the formulation of policies and review of processes to ensure Malaysia's economy maintains its growth trajectory. Dato' Sri Mustapa Mohamed said this during the Roundtable Meeting with industry representatives in Selangor. The meeting was organised by MIDA on 17 August 2015. Also present were YB Datuk Haji Ahmad Maslan, Deputy Minister of MITI, and YBhg. Dato' Azman Mahmud, CEO of MIDA.

Earlier, the Minister toured the facility of OYL Manufacturing Company Sdn. Bhd. (OYLM), which produces a wide range of HVAC (Heating, Ventilation and Air-Conditioning) equipment for local and global markets. OYLM has employed almost 1,500 people, where 31% of them are skilled workers ranging from managerial, technical and R&D personnel. The company's large pool of supply chain partners includes 42 local vendors that have achieved significant growth with annual business turnover of about RM3 billion.

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Lotte Ube Synthetic Rubber (LUSR) Celebrates the Inauguration of Malaysia's 1st Polybutadiene Rubber (BR) Plant

Lotte Ube Synthetic Rubber (LUSR), a joint venture between Lotte Chemical Corporation, South Korea, Ube Industries Ltd, Japan, Lotte Chemical Titan (M) Sdn. Bhd., Malaysia and Mitsubishi Corporation, Japan celebrated the inauguration of its Polybutadiene Rubber (BR) plant in Johor on 24 August 2015. The company will also be the first producer of BR in the country.

The main applications of BR are for the manufacturing of tyres, high impact polystyrene (HIPS), and shoe soles. Demand for BR is expected to grow by some 6% to 7% per annum in the future, with the focus on the Asian market which is the biggest market for BR. In the tyre market, many BR manufacturers focus to supply to major tyre manufacturers as they are moving ahead with plans to increase their production capacity in the Asian region.

Dato' Azman Mahmud, CEO of MIDA said, "The implementation of this project demonstrates continued investors' confidence that Malaysia provides a conducive business environment for long term investments. This catalytic and strategic project will bring along many spill-over effects. It will also add to Malaysia's export as 80% of their

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MALAYSIAN RANKING

Malaysia up to 6th in Baseline Profitability Index

Malaysia is 6th most business-friendly country

Malaysia is world's 8th most efficient government

S&P keeps 'stable' ratings on Malaysia

ECONOMY NEWS

FDIs likely to grow modestly

'Fitch Ratings upgrade will up investor confidence'

Malaysia at risk in China slowdown, says JP Morgan

Country's growth outlook still within projection

'Economy on sound footing'

'Local economy on steady uptrend'

Nations with strong IP system set to gain

Ringgits depreciation will lure more US investments-USABC

Malaysia to benefit from China overseas investment strategy

AEC expected to boost FDIs

German business fraternity to organise events featuring Malaysia

Malaysia continues to surprise World Bank

INDUSTRY NEWS

Heng Huat to invest RM35 mil on new plant

Tipco lifting capacity at Malaysian plant

Toyo Ink proposes RM 132.7m consulting services agreement for power plant project

New rolling mill to boost Masteel revenue by RM360m annually

Medical device industry gets RM464.6 mil

Smart devices to drive MMS Ventures growth next year

BASF's HR-PIB plant to start production in 2017

M'sia set to become regional green tech hub

Bacoff planting its flag in Malaysia, Company actively taking on different approach to market its 100% natural and organic cleaning products

Denko to go into plantation, battery production

Petroleum refineries bucking oil downtrend

SAM Malaysia set to soar with fresh investment

Astino to invest RM100mil in new facility

Hu-Chems to invest RM3.8bil in plant

S.Korea's Lotte Chemical to expand its M'sia naphtha cracking centre

Nestle upbeat on business in Malaysia

Flex set to expand investment footprint

Xinjiang-based Tbea in talks to invest in Malaysia

SERVICES NEWS

Yinson to reinvest RM228 mil into O&G projects

Agrobank eyes 40pc financing to food sector

PM: Medical tourism boom expected

Sime Prop, PDC ink park deal

Healthcare logistics an unexplored area in Malaysia

Platts' approval of FOB Straits benchmark lauded

IJM Land set to develop MCKIP

Tembikai field strikes first oil

Genting Hong Kong acquires Crystal Cruises

Three types of collaboration in supply chains

Mitsui partners Nusajaya in RM468m project

'Do more to bring back talent'

F-Secure bets big on Malaysia

Mitsui bullish on Malaysia

Uniqlo Malaysia plans major expansion

ABOUT MIDA

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

MIDA, your first point of contact for investments in Malaysia



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