

**2016**

**MALAYSIA**  
**Investment Performance Report**  
**Strengthening the Growth Momentum**

## On the global front

- Significant deceleration in developed market economies led to weak aggregate demand
- Volatile international financial markets, including currency fluctuations
- Sentiments from world events such as Brexit
- Uncertainties around the rebalancing of the Chinese economy
- Commodity prices and global economic activities remain subdued
- Evolving US economic policies on global trade
- Elevated geopolitical risks further amplifies economic challenges

## In the Malaysian context

- Continued volatility in the exchange rate
- Over-reliance on foreign workers
- Low productivity levels
- More intense competition from regional peers
- Misperceptions among investors

**Despite these challenges and issues, Malaysia still manages to maintain its investment growth momentum.**

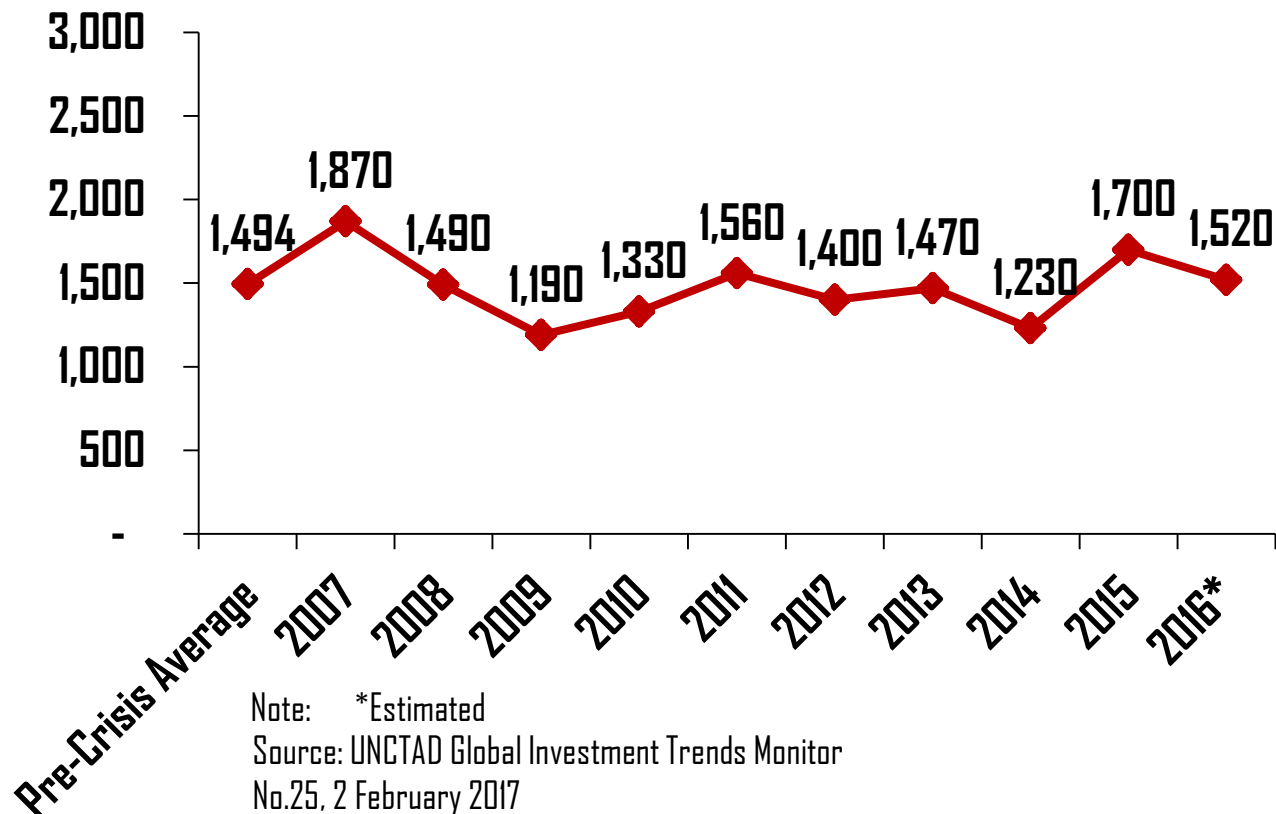
**This is reflected in the following slides on the investment performance of Malaysia's manufacturing, services and primary sectors for 2016**



*Building Investment Trust for Shaping the Nation*

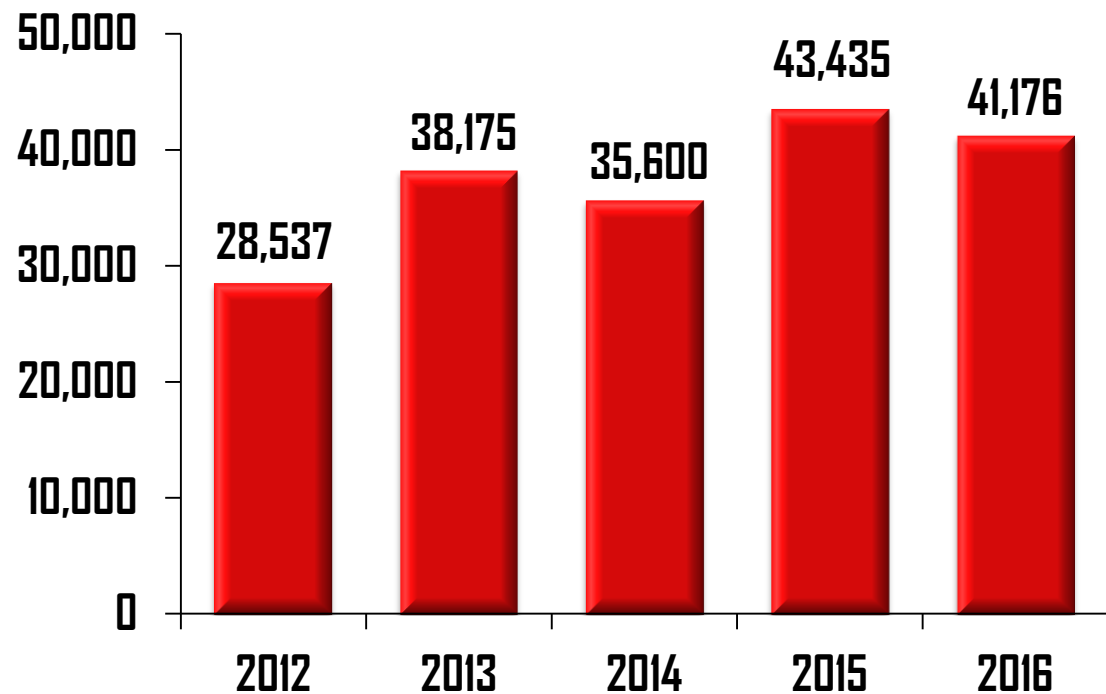
# FDI INFLOWS

Global FDI flows **fell 13% in 2016**, reaching an estimated US\$1.52 trillion, as global economic growth **remained weak** and world trade volumes posted anaemic gains.



In 2016, Malaysia's FDI inflows **drops slightly** by **5%** vis-à-vis the **more significant drops** in **global FDI** and **developing economies** of **13%** and **20%** respectively

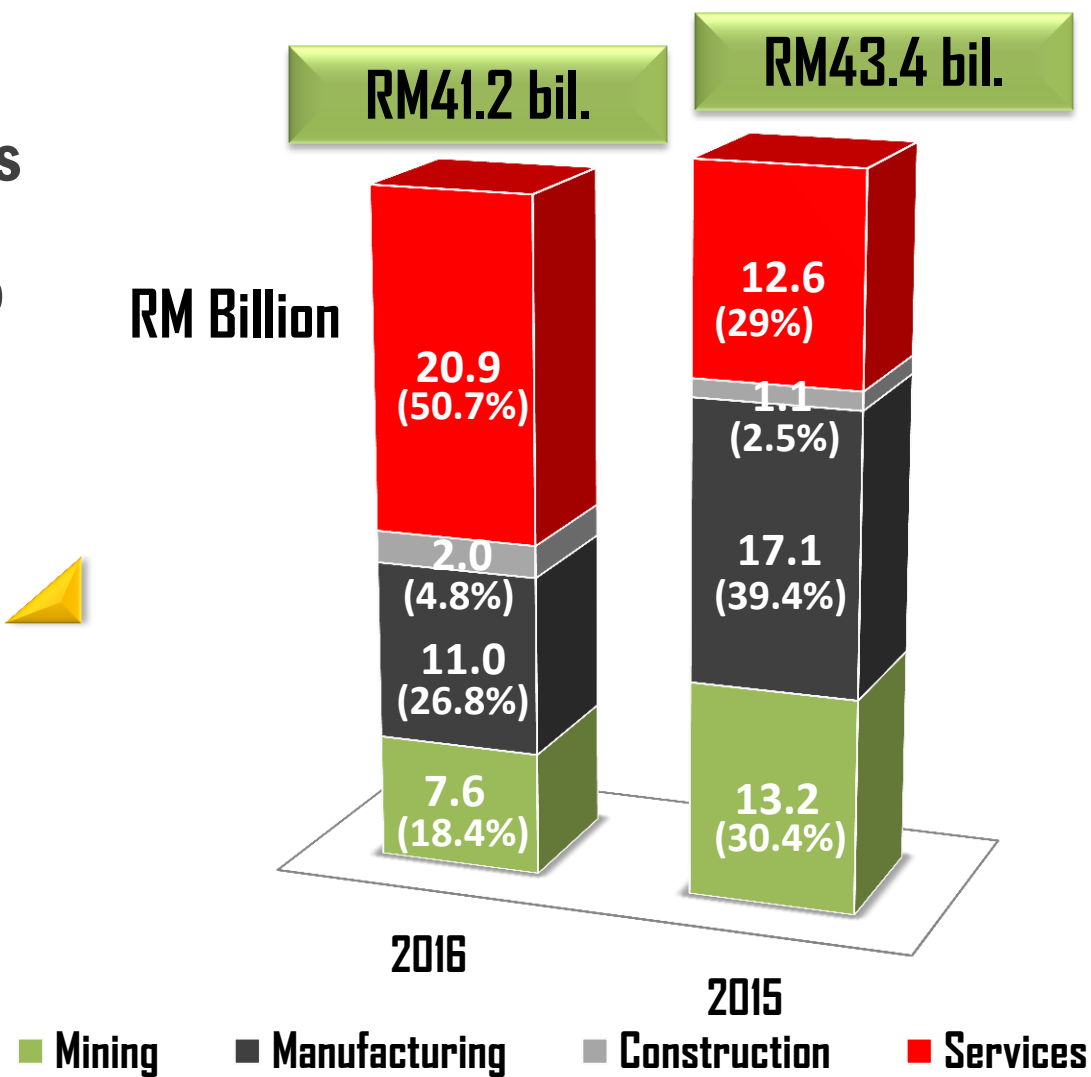
RM Million



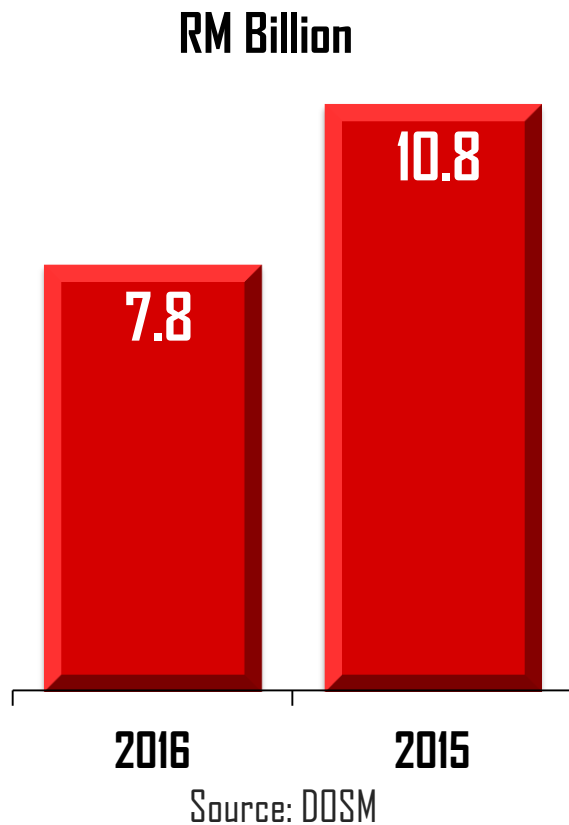
Source: DOSM

# Malaysia's FDI Inflows – *by Sector*

In 2016, FDI inflows in the **Services** sector **increased** to **RM20.9 bil.** compared with RM12.6 bil. recorded in 2015



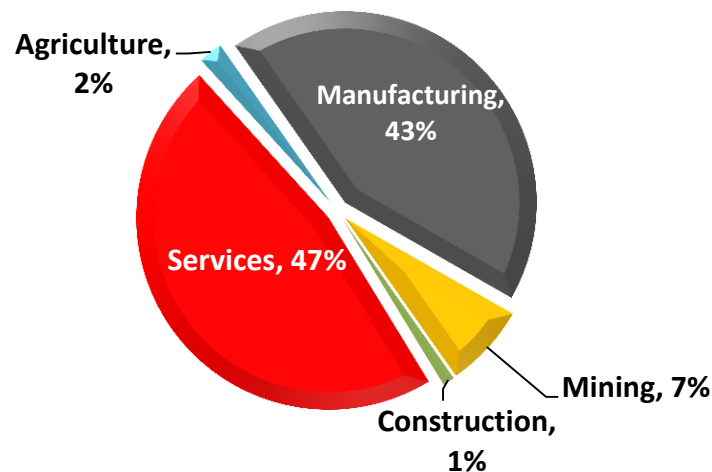
Source: DOSM



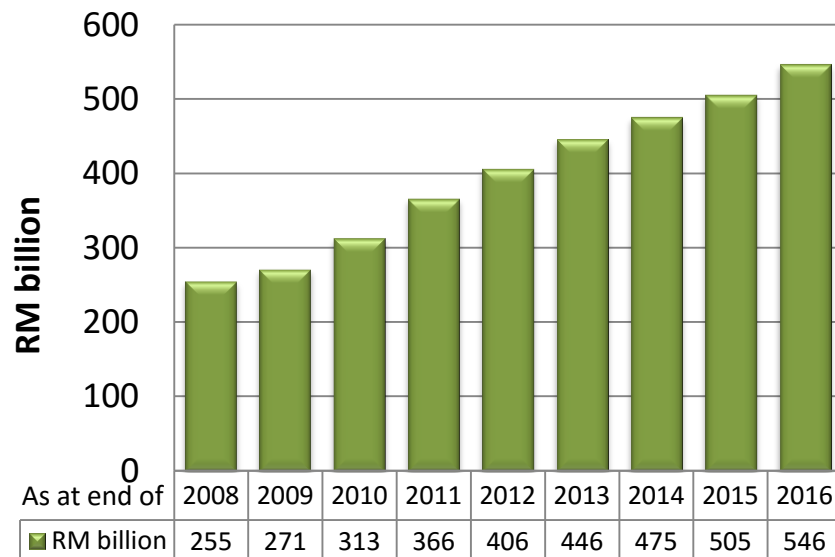
FDI by ASEAN countries into Malaysia decreased by **27%** to **RM7.8 bil.** compared to RM10.8 bil. in 2015

**Singapore and Thailand** are the major **ASEAN countries** contributing to the **FDI inflow** with investment of **RM6.7 bil. (16% of the total FDI inflows)** and **RM1.3 bil. (3% of the total FDI inflows)** respectively.

## FDI Stock by Sector as at Dec 2016



## FDI Stock as at end of Q4 2016 totaled RM 545.6



## FDI Stock by Major Sources as at Dec 2016

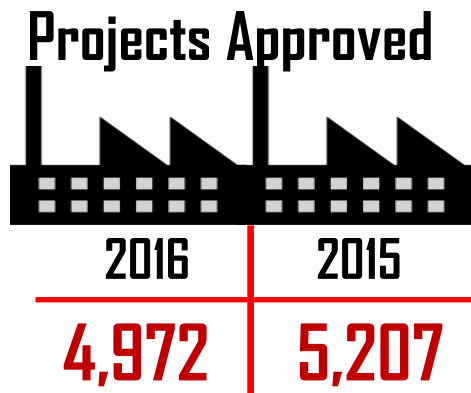
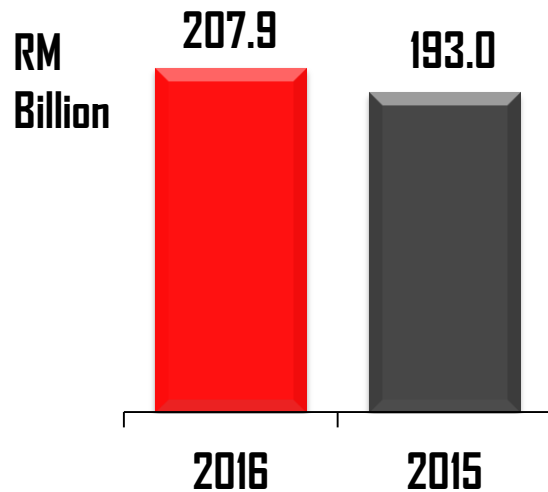
Country	RM billion	% Contribution
1. Singapore	115.7	21.2
2. Japan	70.5	12.9
3. Netherlands	48.2	8.8
4. Hong Kong	44.1	8.1
5. USA	36.2	6.6
6. Switzerland	25.5	4.7
7. Germany	19.7	3.6
8. British Virgin Islands	19.3	3.5
9. Norway	19.1	3.5
<b>Sub-total (top 9 economies)</b>	<b>398.3</b>	<b>73.0</b>
<b>Total FDI Stock</b>	<b>545.6</b>	

Source: DOSM



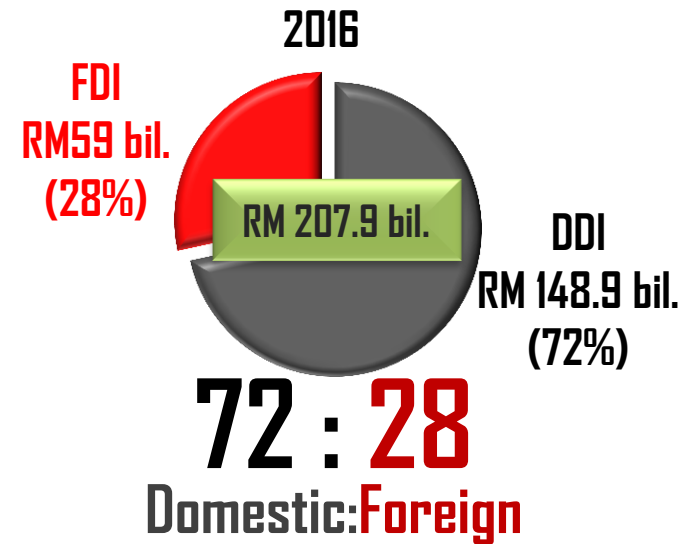
# TOTAL APPROVED INVESTMENTS IN 2016

# Total Approved Investments



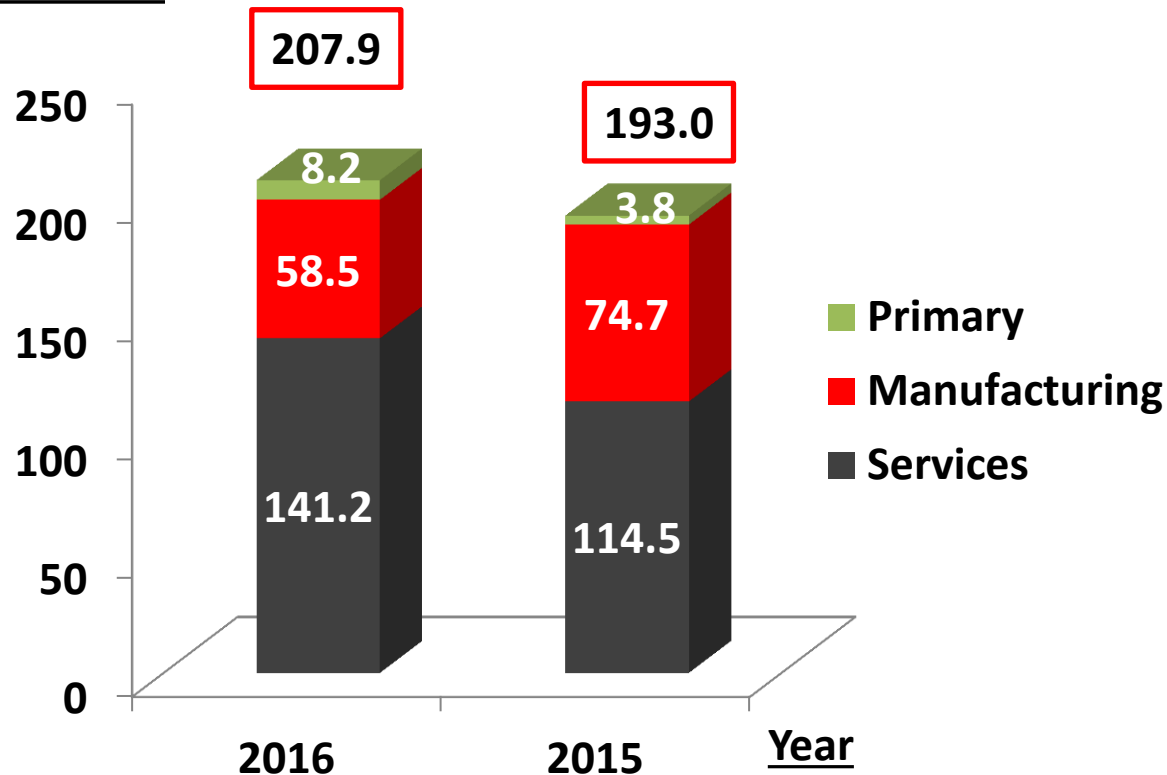
**RM207.9 billion**

↓ 4.5%



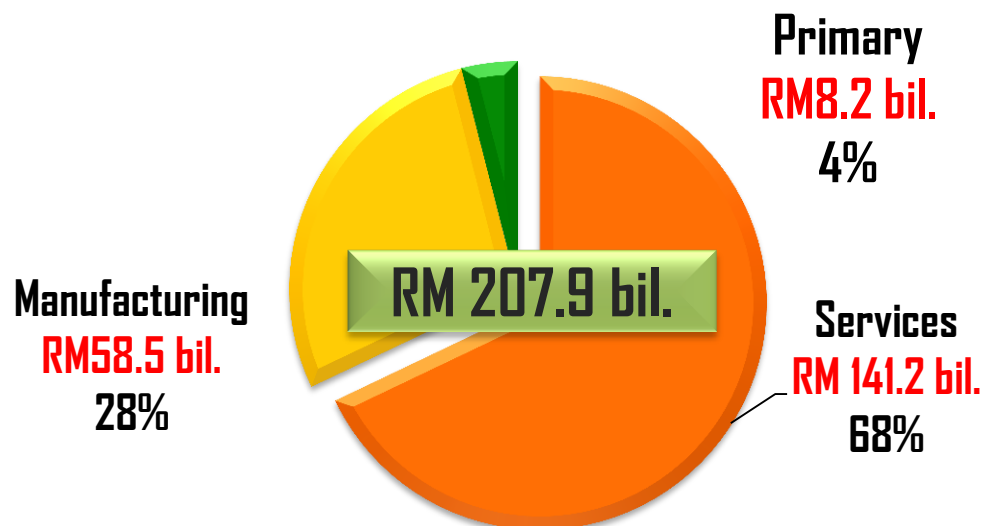
**Total  
Approved  
Investments  
in 2016  
increased by  
7.7%**

RM Billion



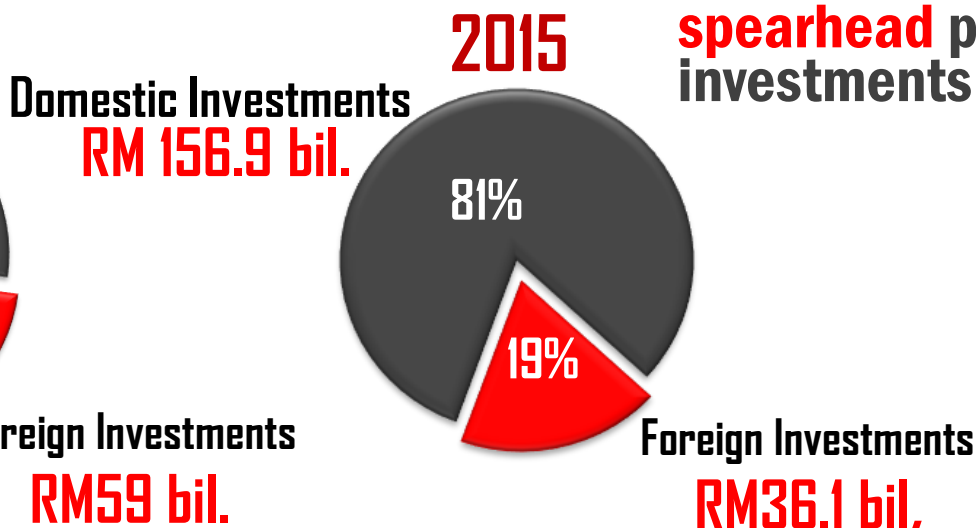
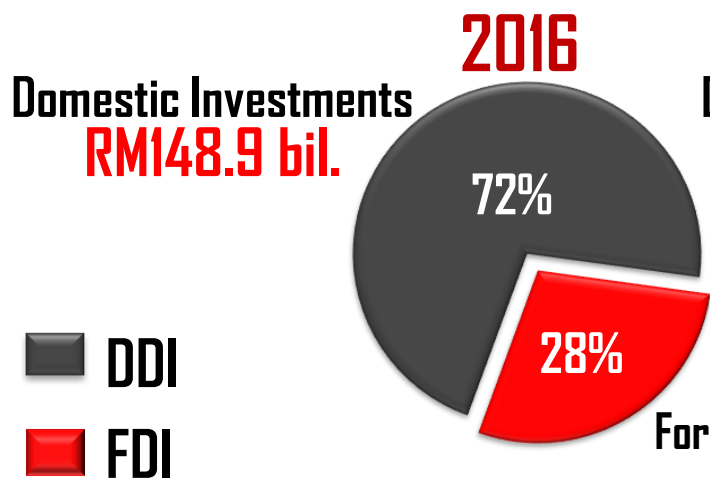
Source: MIDA

# Investments by Sector & Source



**Services** sector remains strong and continues to lead with investment of **RM141.2 bil.**

**Domestic Investments** continue to **spearhead** private investments





*Building Investment Trust for Shaping the Nation*

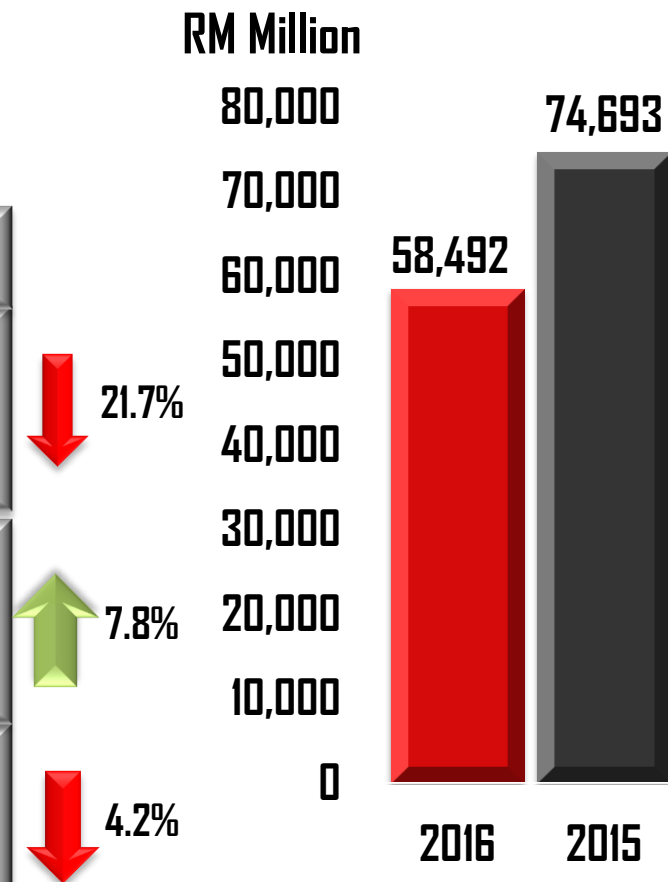
# INVESTMENTS APPROVED IN THE MANUFACTURING SECTOR

# Approved Investments in the Manufacturing Sector

## Manufacturing

Approved investments declined by **21.7%** year-on-year

Year	2016	2015
Approved Investments	RM58.5 bil.	RM74.7 bil.
Projects	733	680
Jobs	64,120	66,494

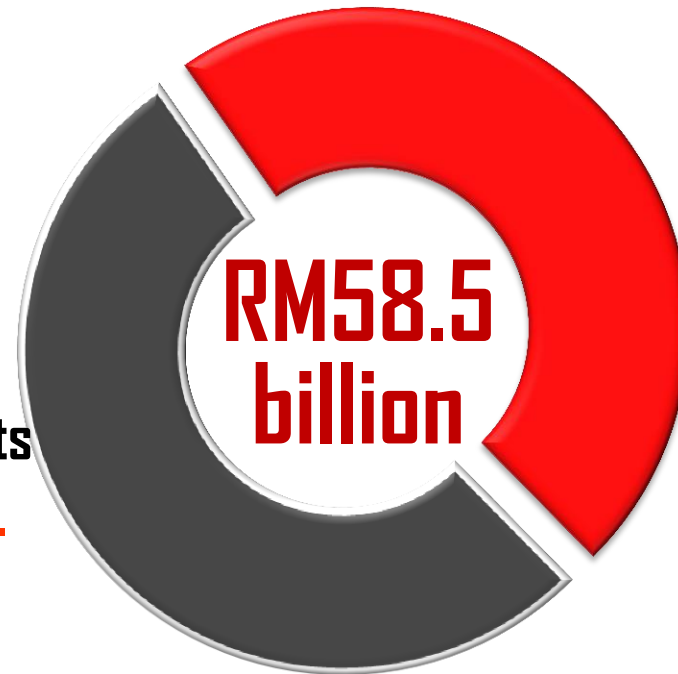


# New & Expansion/Diversification Projects Approved

**Manufacturing**

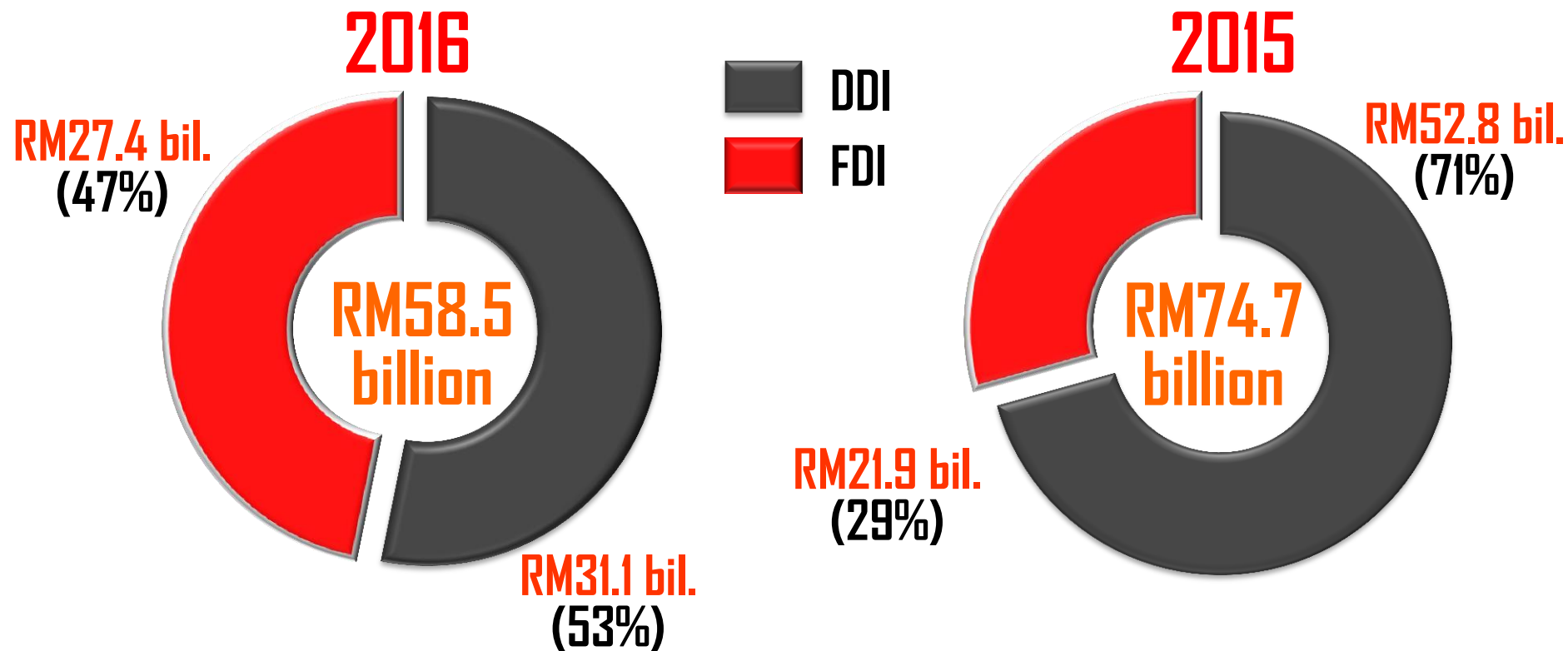
**Expansion/  
Diversification**  
projects reflects  
investors'  
**prevailing  
confidence** in  
Malaysia's  
investment  
environment

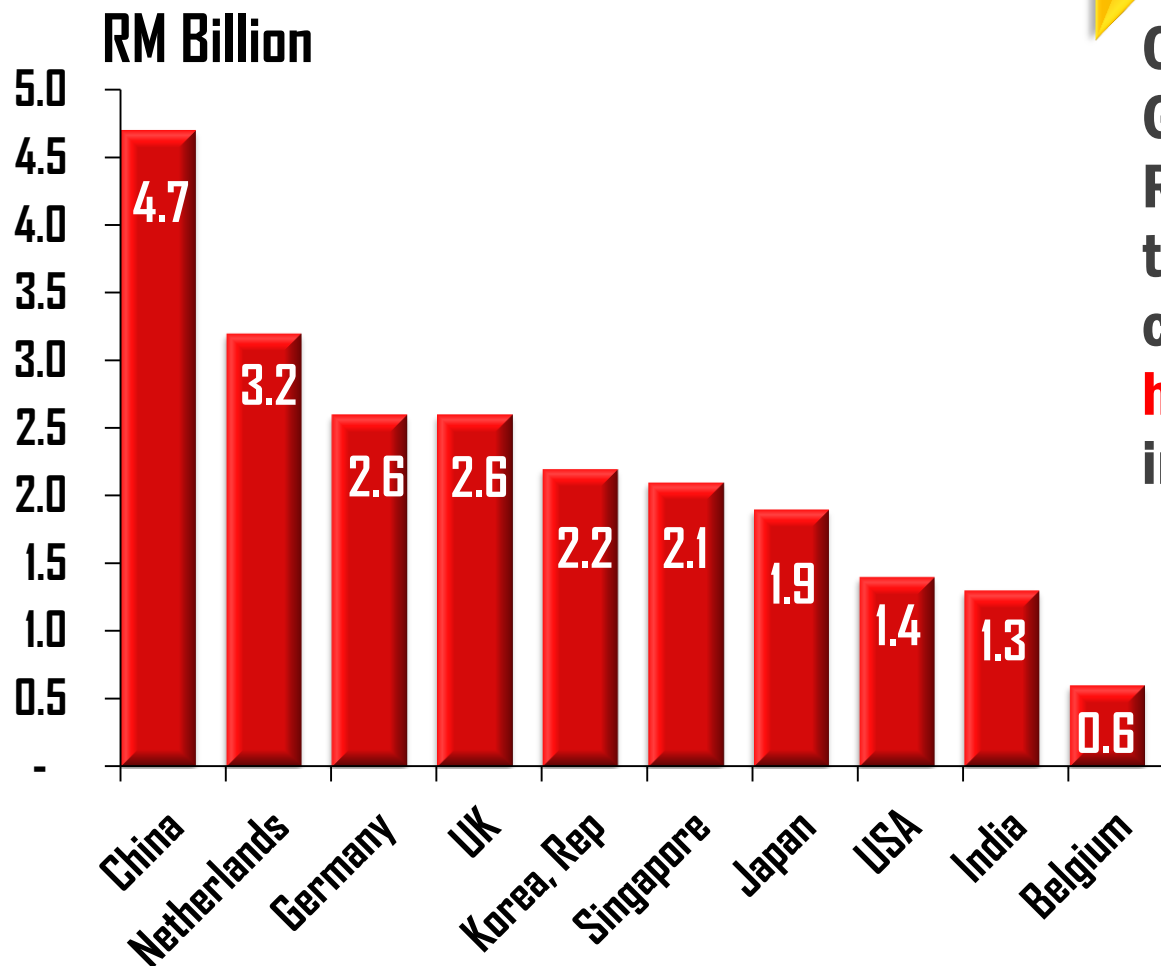
New Projects  
**RM27.7 bil.**  
47%



Expansion /  
Diversification  
Projects  
**RM30.8 bil.**  
53%

**DDI slightly surpasses FDI  
in investments approved in 2016**



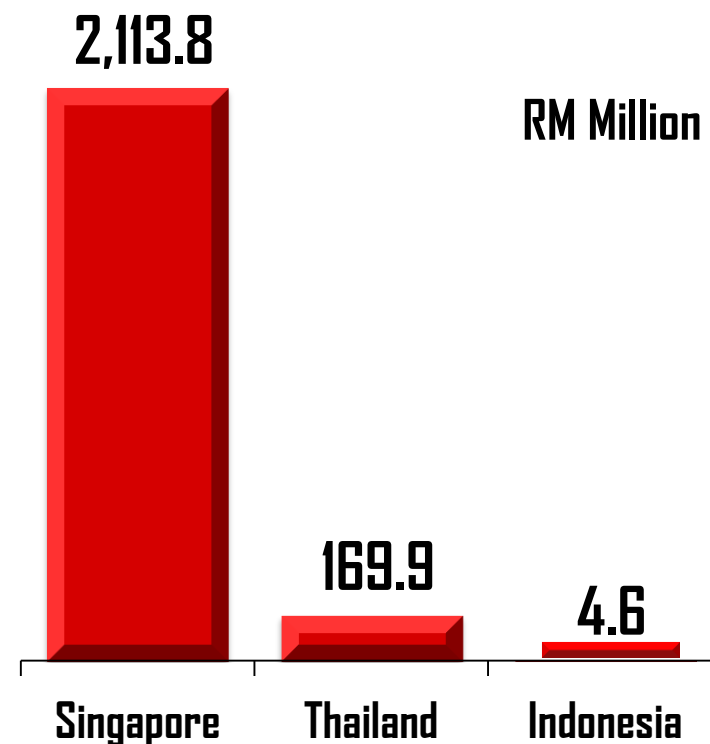


China, the Netherlands, Germany, the UK and Republic of Korea were the **main sources of FDI**, contributing **more than half** of total foreign investments approved

# Approved Investments from ASEAN Countries

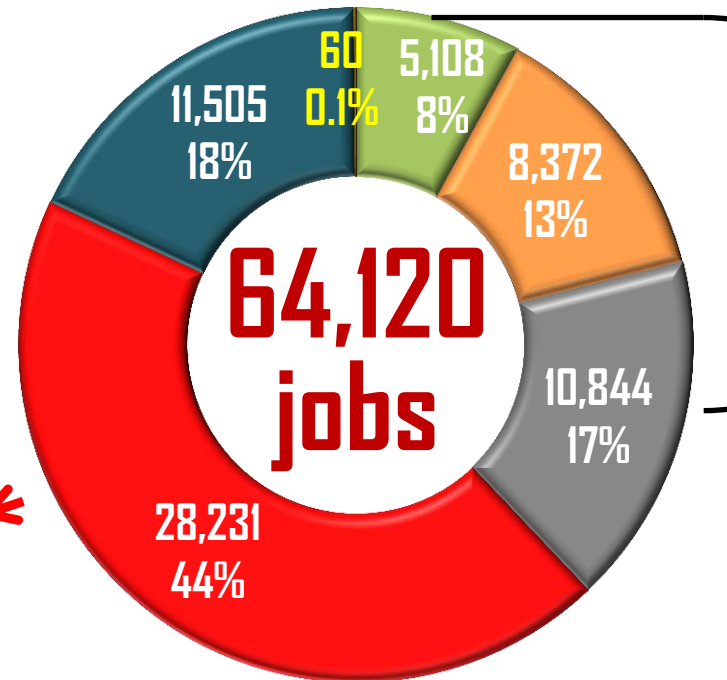
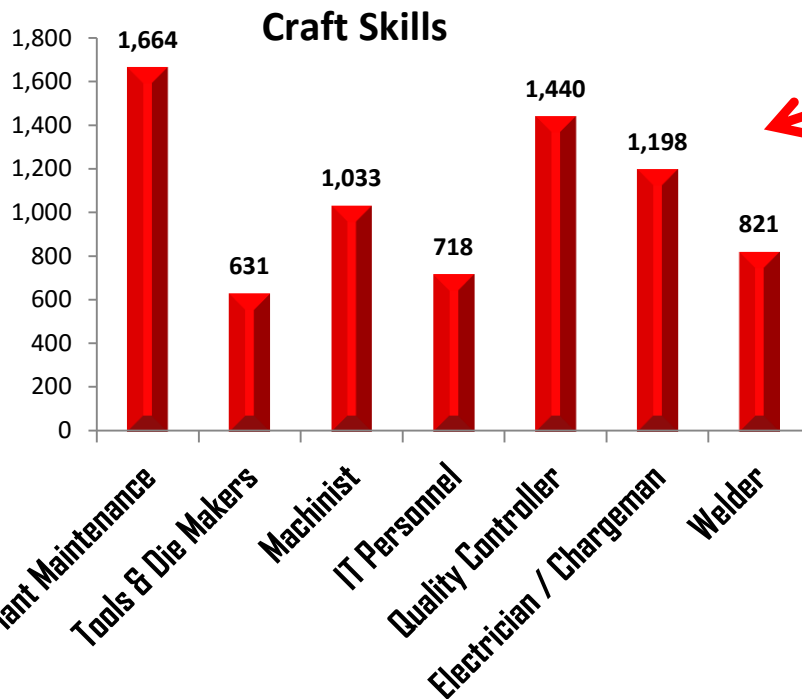
## Manufacturing

**ASEAN** countries contributed **RM2.3 bil.** or **8%** of total foreign investments approved in manufacturing sector



**38% skilled job opportunities** created from projects approved in 2016

**Manufacturing**



**38%**

- Managerial
- Technical & Supervisory
- Skilled Workers
- Craft Skills
- Sales, Clerical & Others
- Unskilled Workers

# Quality Projects Approved in 2016

## Lotte Chemical Titan (M) Sdn. Bhd.

**Existing Investments : RM 3,995.4 mil.**  
**Additional Investments : RM 1,502.7 mil.**

**Product/Activity:** Expansion of Ethylene, Propylene, Benzene, Toluene

**Existing employment : 1,074**  
**574** Engineers/Professional personnel  
**306** Management personnel  
**194** Skilled workers

**Additional Employment: 36**  
**32** Engineers/Professional personnel  
**4** Management personnel  
- Skilled workers

**Location:**

Johor

**Highlights:**

This expansion project will be using a new technology for cracking naphtha **feedstock**, based on fluidised catalytic cracking technology which has the **flexibility** to convert a variety of **feedstock** into **high- value** olefins (**ethylene, propylene**) and aromatics (**benzene, toluene**). This project is also in line with the 11th Malaysia Plan.

**LOTTE CHEMICAL**  
TITAN

## Lotte Chemical Titan (M) Sdn. Bhd.

**Existing Investments : RM 3,995.4 mil.**  
**Additional Investments : RM 568.4 mil.**

**Product/Activity:**  
Expansion of Polypropylene

**Existing employment : 1,074**  
**574** Engineers/Professional personnel  
**306** Management personnel  
**194** Skilled workers

**Additional Employment: : 29**  
**21** Engineers/Professional personnel  
- Management personnel  
**8** Skilled workers

**Location:**

Johor

**Highlights:**

This project will increase the capacity of polypropylene resin to meet the demand of domestic and overseas market. The proposed polypropylene plant will utilise propylene produced by them internally.

**LOTTE CHEMICAL**  
TITAN

## Biocon Sdn. Bhd.

**Existing Investments:** RM577 mil.

**Additional Investments:** RM405.8 mil.

### Product/Activity:

Insulin and analogues, Therapeutics rDNA Proteins-  
Insulin and Analogues, monoclonal Antibodies, small  
molecule sterile injectables and drug delivery devices:  
auto injectors, vials, cartridges and pens

**Existing Employment:** 450

**Additional Employment:** 81

### Location:

Nusajaya, Johor

### Highlights:

A project by a wholly foreign-owned company manufacturing first Malaysian made recombinant human insulin. It includes an integrated full-fledged R&D center. With the commercialization of the project, potential foreign exchange savings accrue to the Malaysian economy with the supply of locally manufactured product for diabetics.

## Ain Medicare Sdn. Bhd.

**Existing Investments:** RM206.7 mil.

**Additional Investments:** RM117.8 mil.

### Product/Activity:

Intravenous solution and irrigation solution

**Existing Employment:** 869

**Additional Employment:** 130

- All Malaysian
- MTS – 50% (65 workers)

### Location:

Kota Bharu, Kelantan

### Highlights:

A project by a Malaysian-owned company to manufacture intravenous solutions and irrigation solutions. This project is expected to train more graduates from local universities, especially in technical skills. The project has identified approximately 100 local vendors for vendor development programmes in various areas such as logistics, packaging, components, raw materials, engineering and electricals

## Assembly Services Sdn. Bhd.

**Existing Investments : RM255.9 mil.**

**Additional Investments : RM1.16 bil.**

### Product/Activity:

Assembly of Energy Efficient Vehicles (EEVs)

**Existing employment : 2,827**

**Additional Employment: 936**

**83** - Engineers/Professional personnel

**76** - Management personnel

**129** - Skilled workers

### Location:

Bukit Raja, Klang, Selangor

### Highlights:

This expansion project will adopt Toyota's latest state of the art manufacturing technology with application of smart manufacturing concept. Malaysia's operation will be one of Toyota's top global assembly facilities.

## Synergy Integrated Resources Sdn. Bhd.

NEW

**Investments: RM95.2 mil.**

### Product/Activity:

Automated wafer inspection module & machine, automated wafer 3D profiling & thin film measurement module & machine, automated material resistivity measurement module & machine, automated wafer packing/unpacking machine

**Employment: 45**

**29** Engineers/Professional personnel

**8** Management personnel

**5** Skilled workers

### Location:

Melaka



Synergy Integrated Resources is wholly owned subsidiary of Accules Sdn Bhd

### Highlights:

This project will help to strengthen and complement the semiconductor industry ecosystem in Malaysia, especially in the front-end equipment manufacturing. Invested heavily in R&D with expenditure reach up to RM84 million in the first 3 years of operation.

## Keysight Technologies Malaysia Sdn. Bhd.

**Existing Investments:** RM503 million  
**Additional Investments :** RM137.4 million

### Product/Activity:

Microwave & communications, component test, electronics instruments, oscilloscope and protocol and modular solutions

**Existing Employment:** 2478

**Additional Employment:** 400

353 Engineers/Professional personnel

47 Management personnel

### Location:

Bayan Lepas, Penang

### Highlights:

This project will bring high income jobs and knowledge of frontier technology in test and measurement which is in line with the national agenda of high income and high knowledge.



## ROHM-Wako Electronics (Malaysia) Sdn. Bhd.

**Existing Investments:** RM919 million  
**Additional Investments :** RM210 million

### Product/Activity:

'Wide Line Diodes', 'Ultra Hi-brightness LED Chips' and 'Ultra Hi-brightness LED Lamps'

**Existing Employment :** 1834

**Additional Employment:** 1,000

30% are Science & Technical staff

### Location:

Kelantan



### Highlights:

ROHM-Wako Electronics (Malaysia) is the biggest ROHM Group entity in Southeast Asia. Company produces wide-line diodes for automotive sector.

## Longi (Kuching) Sdn. Bhd.

**Investments: RM1.06 billion**

NEW

### Product/Activity:

Solar Ingot, Wafer Cells and Modules

**Employment: 2,360**

**124** Management

**588** Technical/Supervisory personnel

**659** Skilled workers

**200** Sales, Clerical & Others

**789** Operators

**LONGI**

### Location:

Kuching, Sarawak

### Highlights:

This project will help strengthen the current E&E solar industry ecosystem in Sarawak, expanding the scope and the value chain of front-end activities.

## Jinko Solar Technology Sdn. Bhd.

**Existing Investments: RM310 million**

**Additional Investments : RM482.8 million**

### Product/Activity:

PV Cells and Modules.

**Existing Employment: 1,333**

**Additional Employment: 2,552**

**71** Management

**619** Technical/Supervisory personnel

**1217** Skills workers

**1978** Operators

**Jinko** Solar  
Building Your Trust in Solar

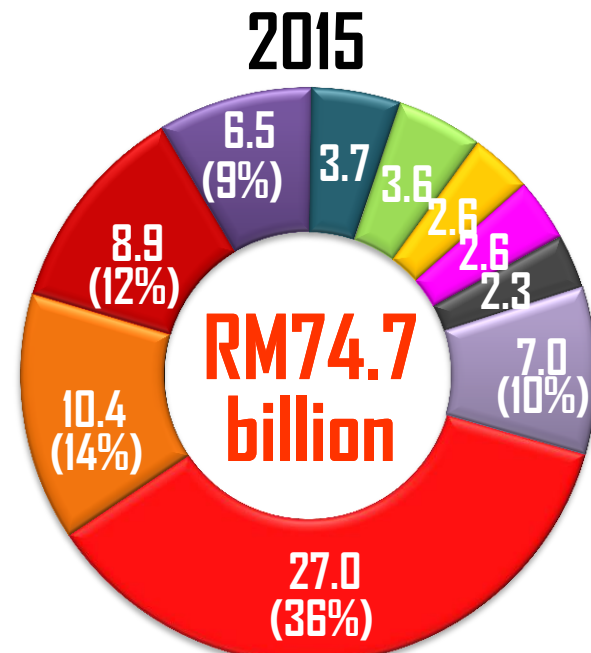
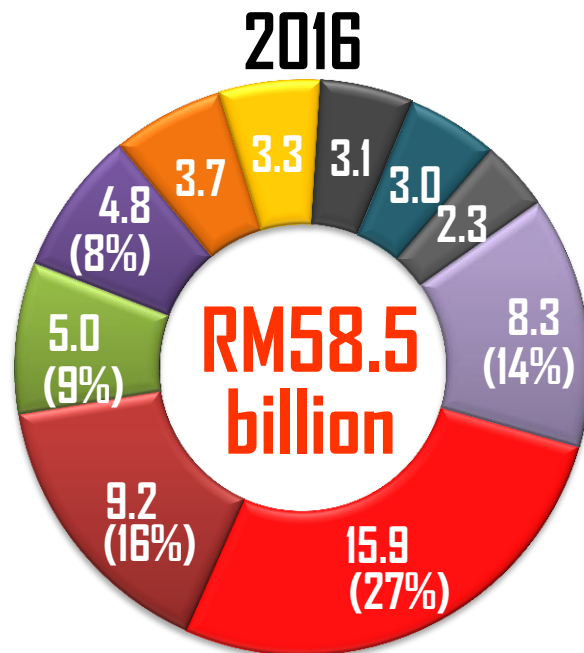
### Location:

Prai, Penang

### Highlights:

Established operation in Malaysia 2015 with production of solar modules of 1 GW, and now with expansion project the production capacity of solar modules to be increased to 1.5GW

The bulk of investments came from Petroleum Products, E&E Products, Basic Metal Products and Transport Equipment



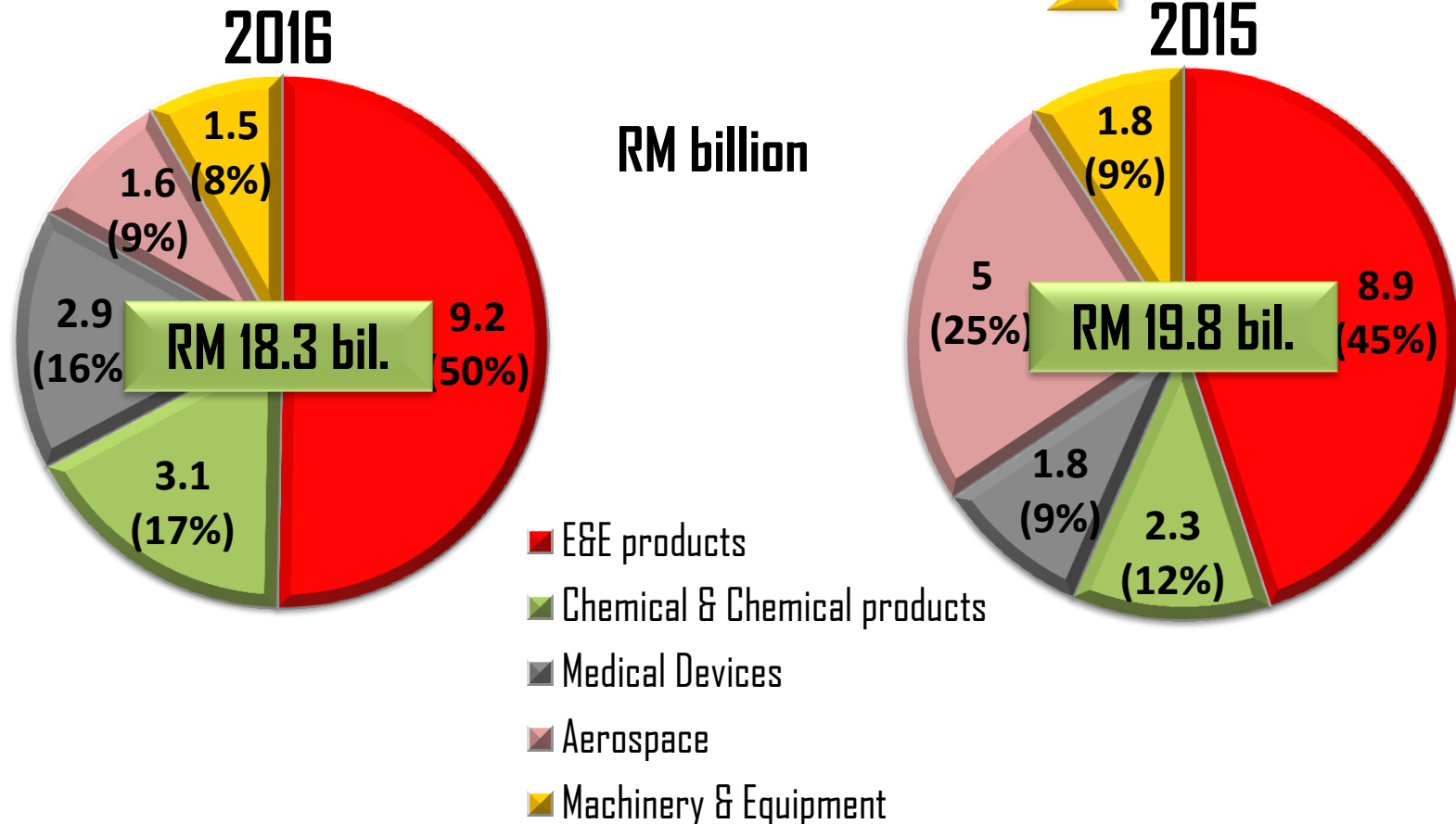
RM Billion

- Petroleum Products (Inc. Petrochemicals)
- Basic Metal Products
- Natural Gas
- Chemical & Chemical Products
- Rubber Products

- Electronics & Electrical Products
- Transport Equipment
- Food Manufacturing
- Non-Metallic Mineral Products
- Others

# Investments in Catalytic and High Potential Growth Sectors under RMK11

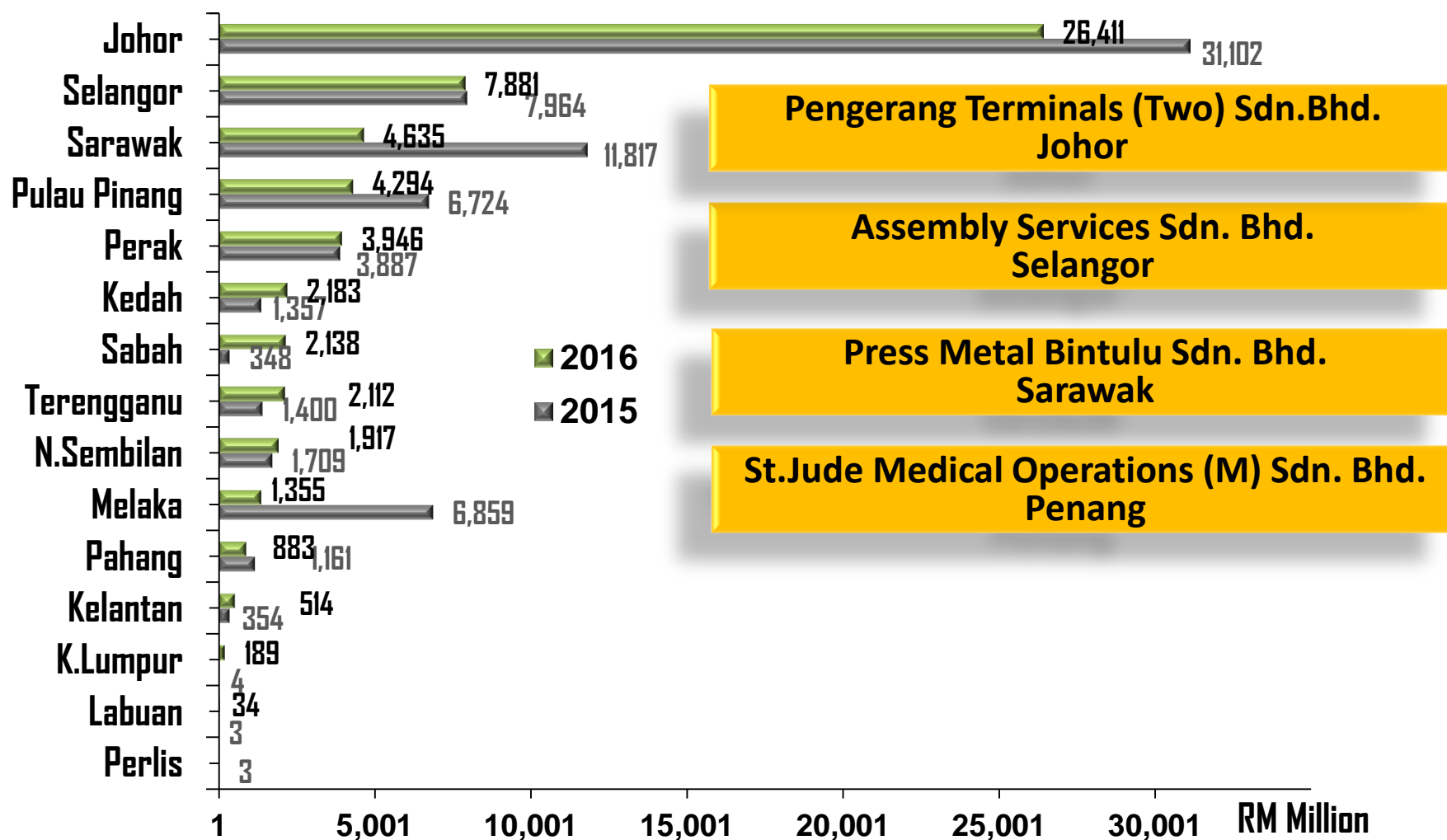
Approved investment in the **catalytic and high potential growth sectors** contributed to **31.3%** of total approved investments in the manufacturing sector in 2016



# Investments by State

**Johor's approved investments of RM26.4 bil. represented 45% of total investments approved in 2016**

**Manufacturing**



**MIDA's efforts** since the early years, in collaboration with the relevant agencies, contributed to **the investments in the states**

**Investment Missions** led by YAB PM, YAB DPM and YB Minister of MITI **promote** the **attractiveness of Malaysia** as the **preferred investment destination**

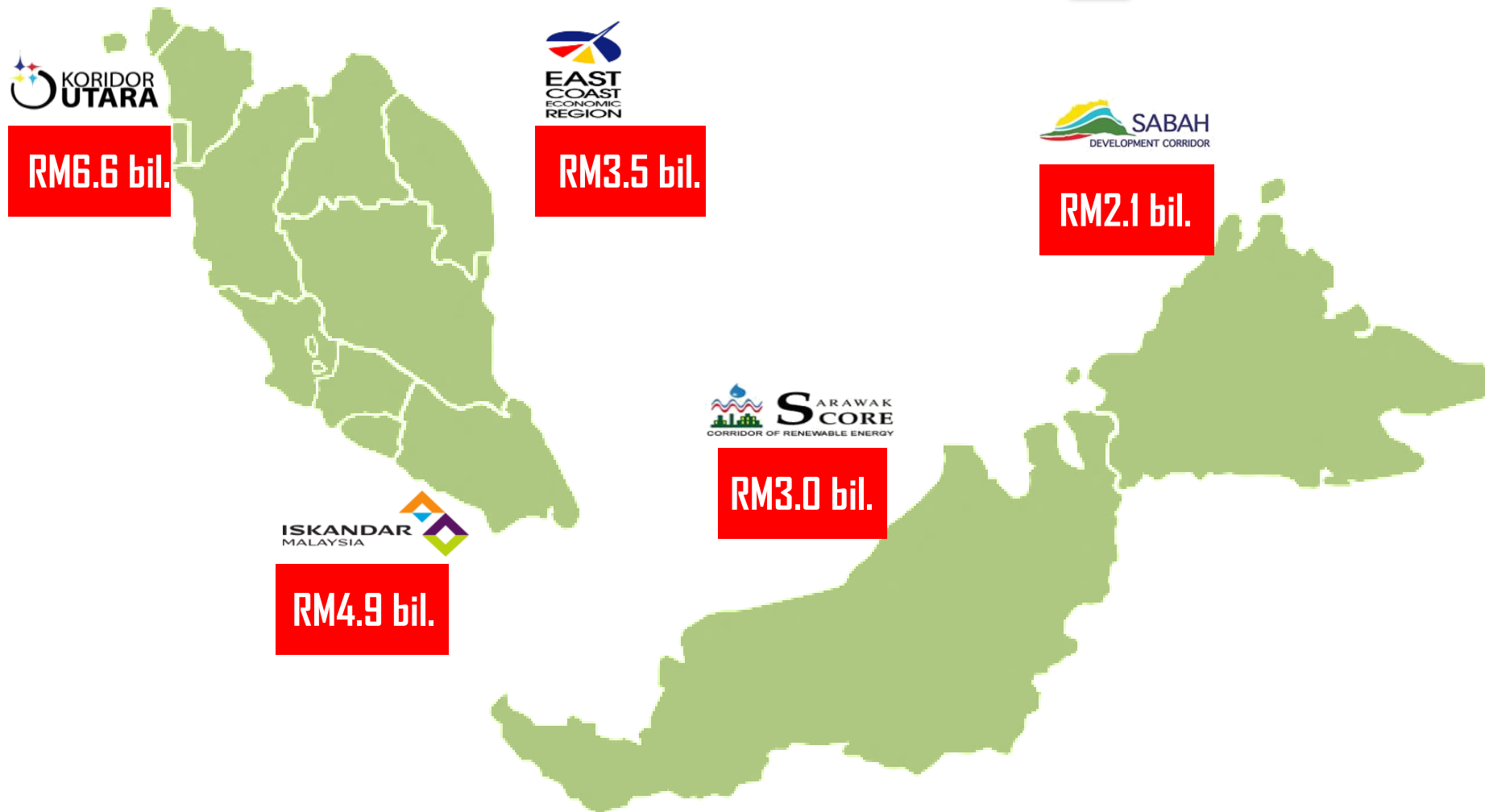
**Follow-up** investment Missions by the relevant states and agencies are **facilitated by MIDA** and its **overseas networks**

The **success** of the **top states** today as preferred investment destination is largely **contributed** by **investment facilitation efforts** as well as the more **developed infrastructure** undertaken over the years

# Investments By Corridor

**Manufacturing**

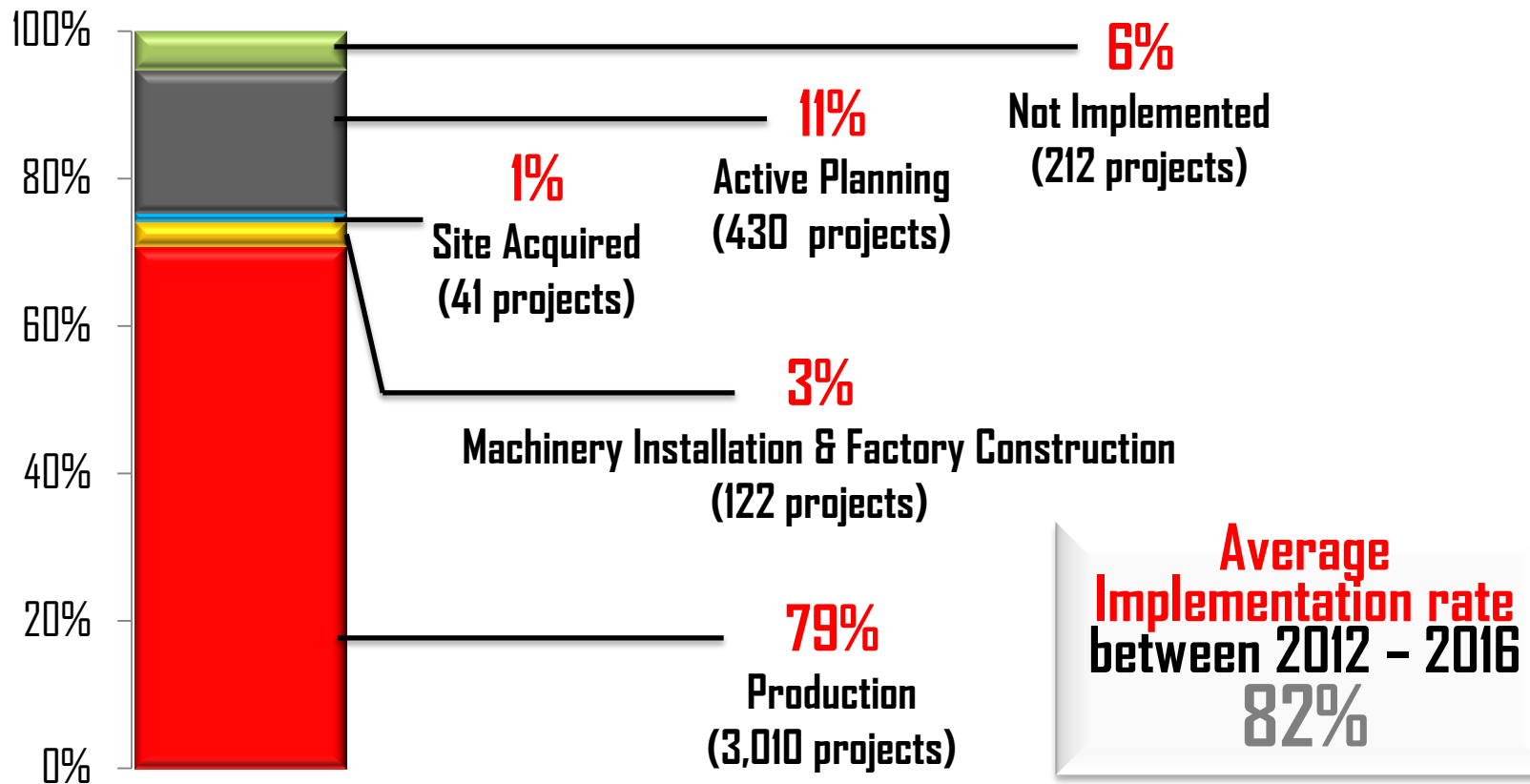
Investments of **RM20.1 billion** were approved in the investment corridors



# Projects Implemented as at 31 December 2016

## *Approved between 2012 – 2016*

### Investments worth RM207.7 bil. in implemented projects (2012-2016)



Source: MIDA



# INVESTMENTS APPROVED IN THE SERVICES SECTOR

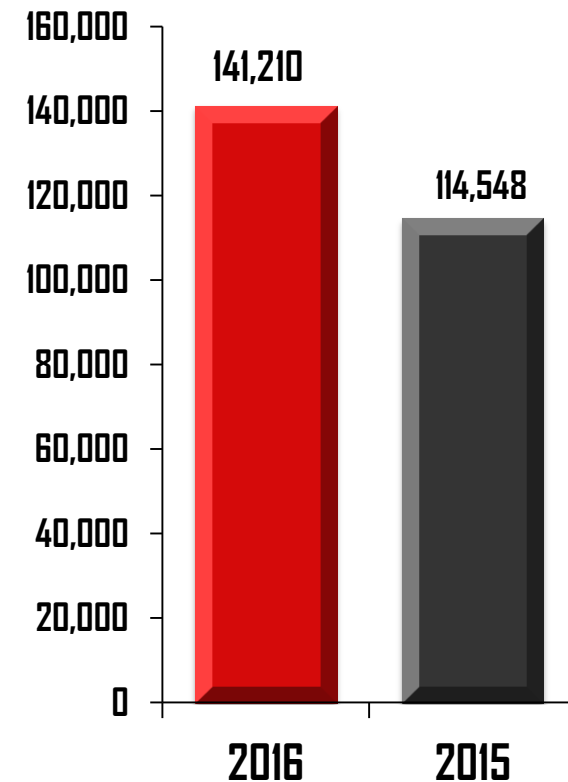
# Approved Investments in the Services Sector

Services sector contributed to **68%** of approved investments in 2016

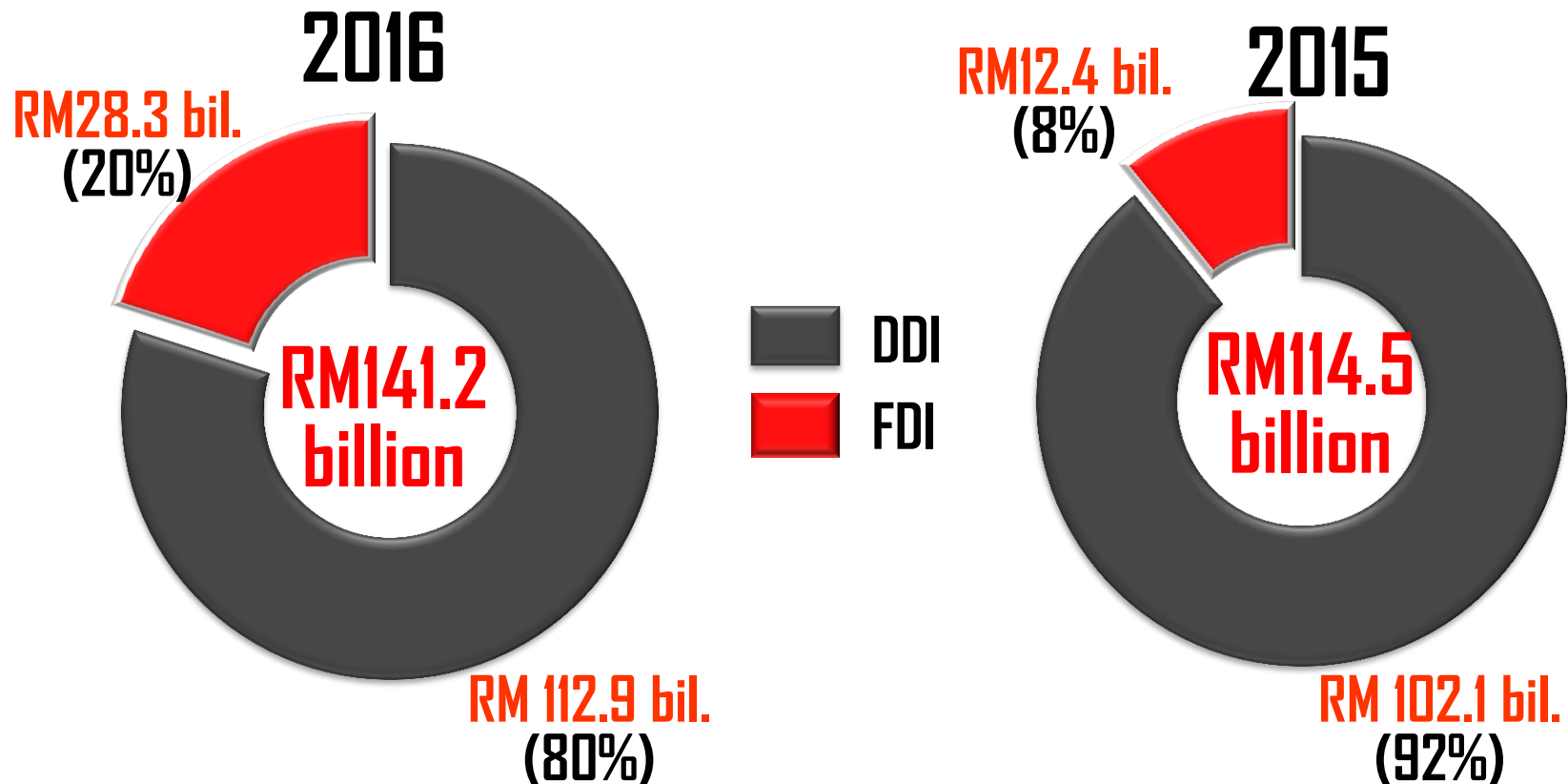
Year	2016	2015
Approved Investments	RM141.2 bil.	RM114.5 bil.
Projects	4,199	4,470
Jobs	88,108	112,194

↑ 23%  
↓ 6%  
↓ 22%

RM Million

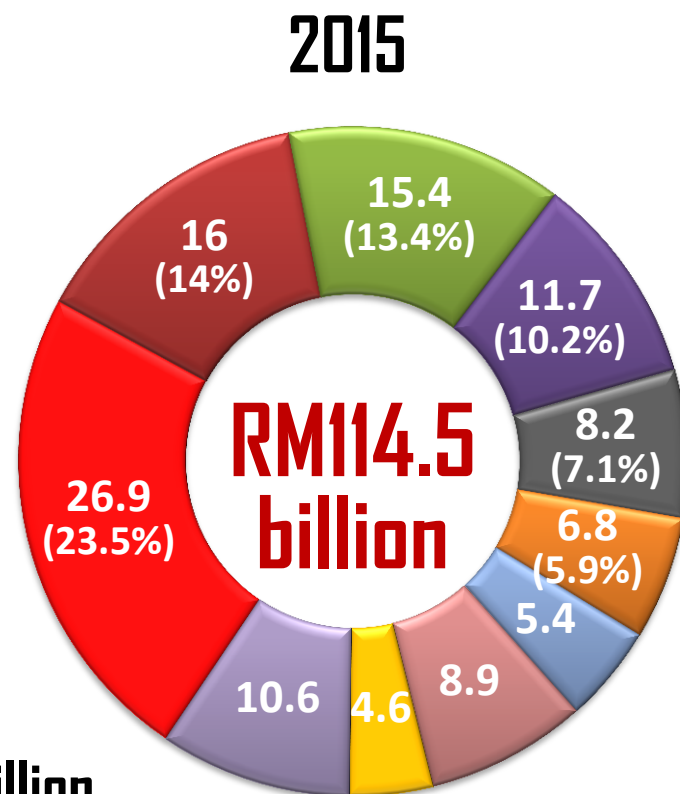
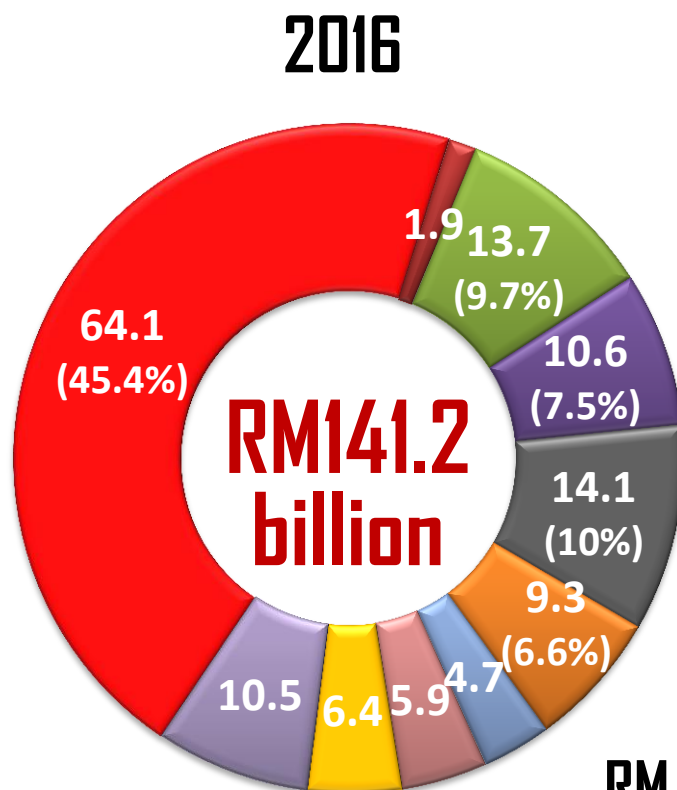


**Domestic investments continue to dominate.**  
**FDI increased by 128% to RM28.3 bil. compared to RM12.4 bil. in 2015**



Real Estate, Global Establishment, Financial Services, Utilities and Distributive Trade were the major subsectors

- Real Estate
- Transport
- Financial Services
- Utilities
- Global Establishments
- Distributive Trade
- Hotel & Tourism
- Telecommunications\*
- MSC Status
- Others



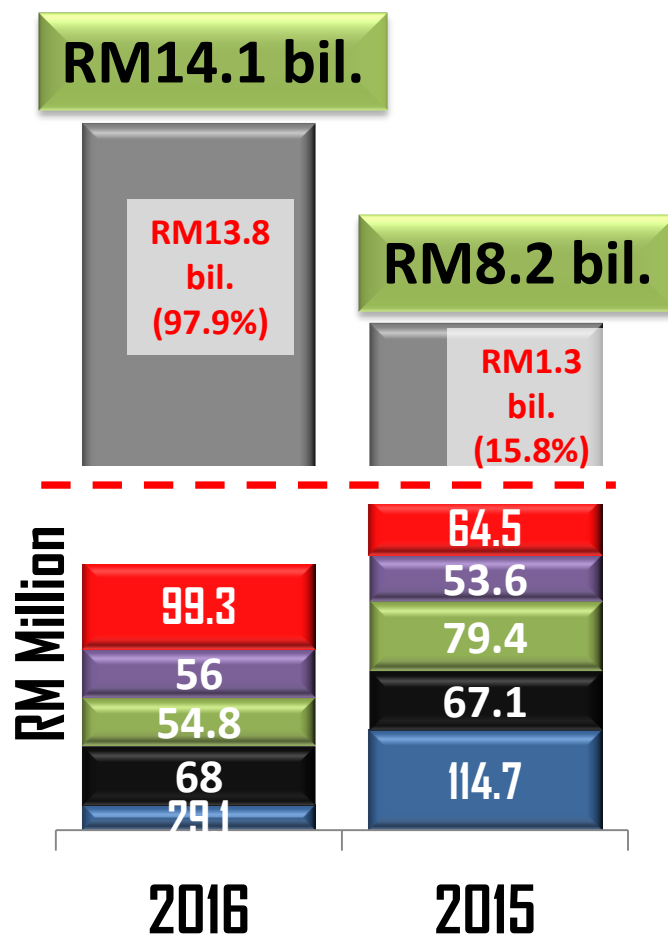
RM Billion

## Services

Investments in  
Global  
Establishments  
increased by **72%**

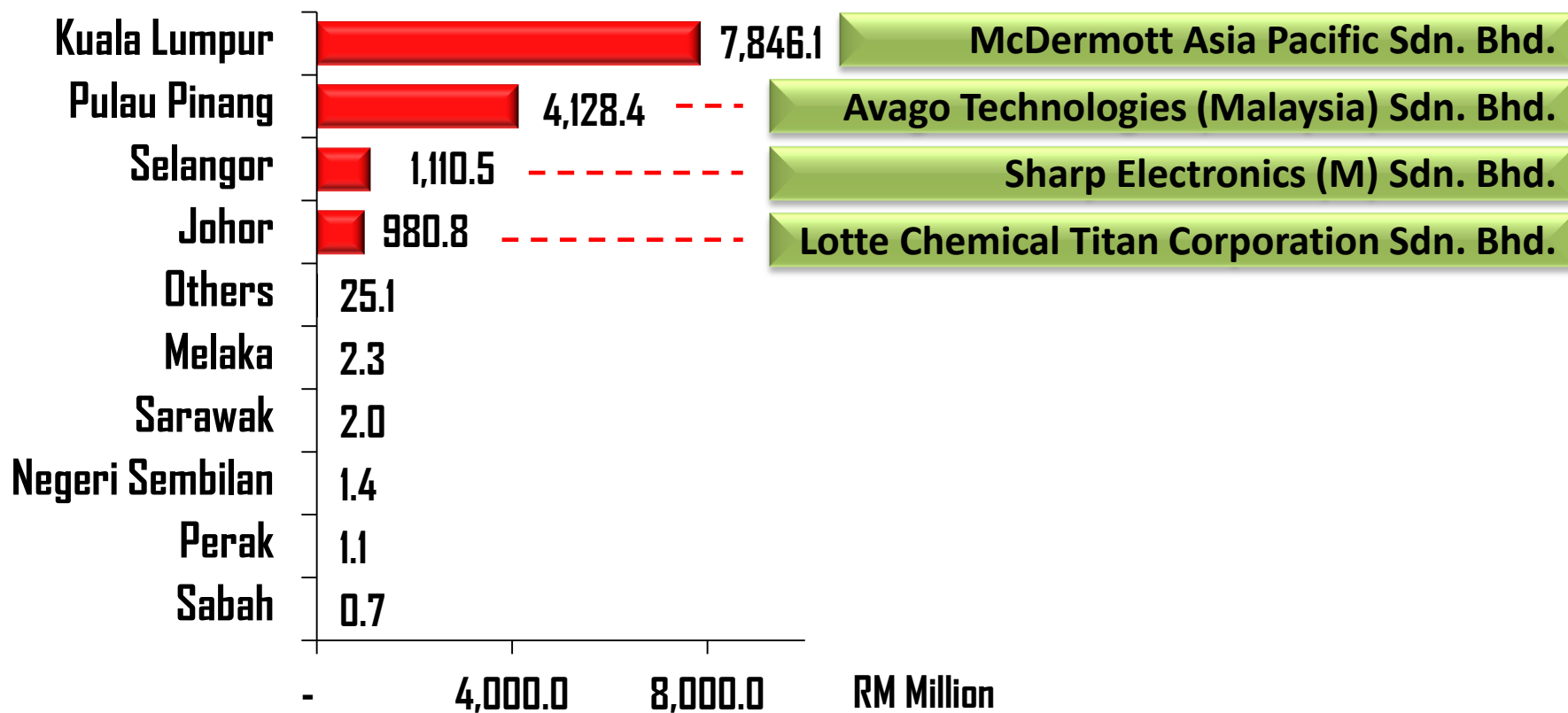
**RM 14.1 bil.**  
Approved  
investments

**211**  
Projects



- Principal Hub
- RE (Extension)
- RO (Extension)
- Representative Office (RE)
- Regional Office (RO)
- Treasury Management Centres (TMC)

**Kuala Lumpur, Penang, Selangor and Johor** were the major states approved with investments in Global Establishment

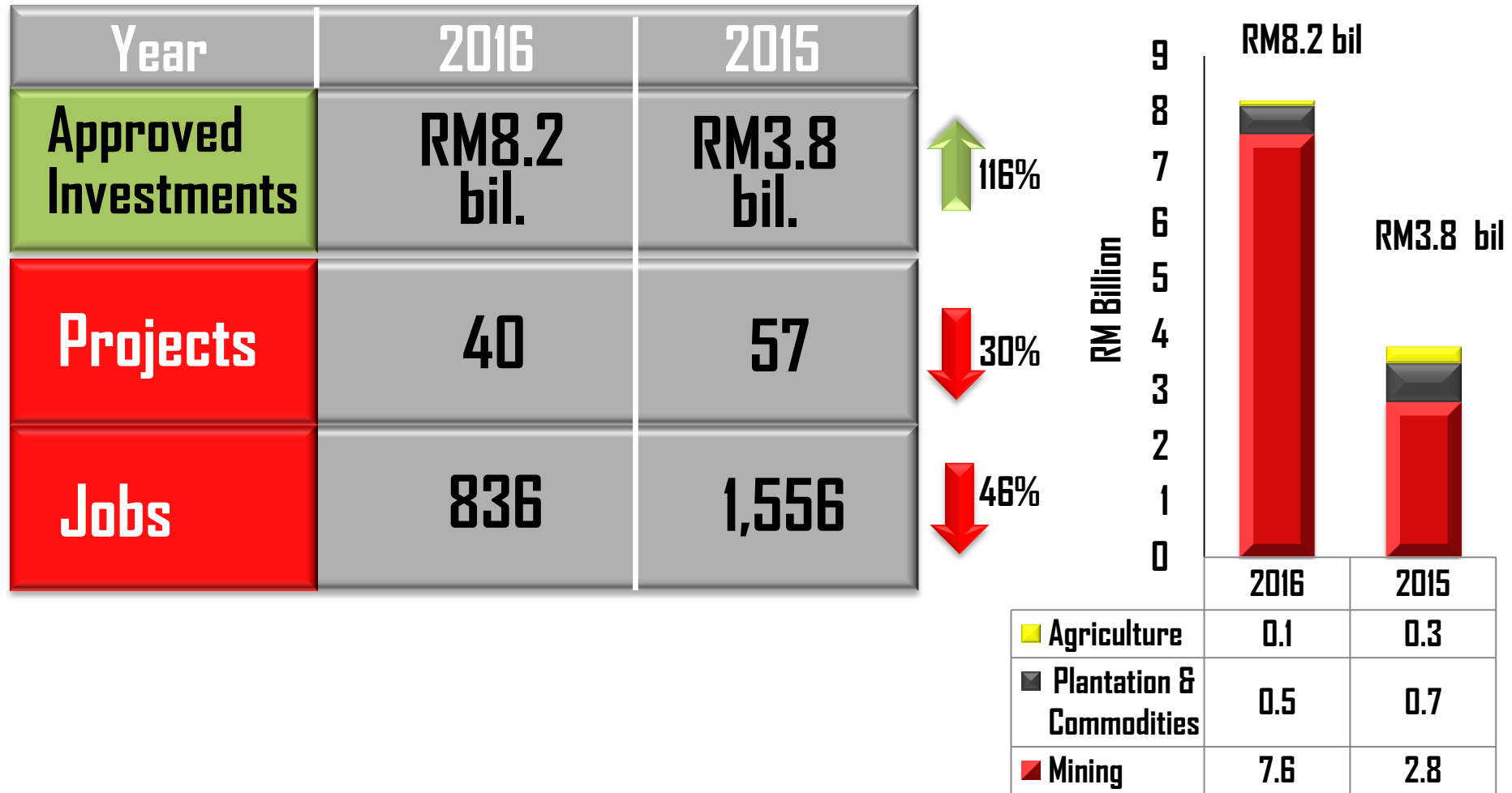




*Perkembangan Industri dan Perdagangan Luar Negeri*

# INVESTMENTS APPROVED IN THE PRIMARY SECTOR

# Approved Investments in the Primary Sector





# INVESTMENT SPIN-OFFs

## CYPARK RESOURCES BERHAD – Spurring the Growth of Renewable Energy (RE)

A **successful player** in Renewable energy solar PV, Across multiple locations in Malaysia.

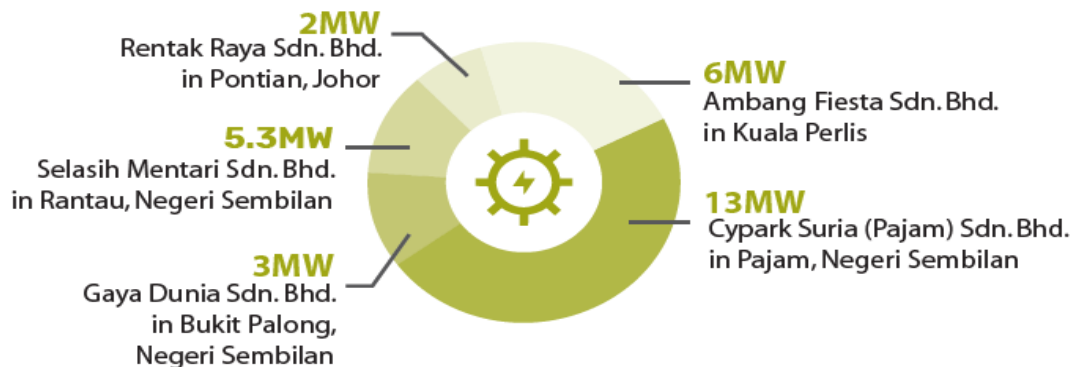


Already completed **12 utility scale solar projects** at six (6) locations in Peninsular Malaysia.

Exported more than **95,000MWh** of green electricity to the grid.

Successfully remediate **600 acres** of contaminated land for all its projects in Peninsular Malaysia.

### Installed Capacity:



As part of its **"Agriculture Integrated PV" (AIPV)** project, the company successfully integrated **agriculture into its solar parks**, producing both upstream and downstream agriculture based products under the brand name of **"eFRUTZ"**



Venturing into **waste-to-energy (WtE)**, and will be located in Ladang Tanah Merah, Port Dickson, Negeri Sembilan.

With investments of more than

**RM300 million,**

this is Malaysia's first integrated solid waste management system using **solid waste modular advanced recovery and treatment (SMART) system.**

## FINISAR MALAYSIA SDN. BHD

A leading US technology company,  
a global technology  
leader in optical  
communications.

**FINISAR®**



The world-class products enable  
**high-speed voice, video and data  
communications for networking,  
storage, wireless, and cable TV  
applications.**

The investment will  
include expansion of it



**100,000  
sq ft facility**  
in Chemor, Perak.

This will bring its total  
investment in Malaysia to  
**RM1 billion**  
with potential revenue of

**RM38.5 billion**



over the next ten years.

### FUTURE PLANS



Expected to invest  
heavily in sourcing  
local products as  
part of its supply  
chain amounting to  
**RM3 billion** over  
the next ten years.

**US160  
million**

Invested in Perak, Malaysia,



Looking at investing additional

**RM400  
million**

to expand its business in Malaysia.

With a workforce of

**6000 employees**



Finisar remains the largest  
employer in Perak  
contributing to

**24%**

of Perak's manufacturing GDP

## SANDISK STORAGE MALAYSIA SDN. BHD.

With its acquisition by Western Digital in 2016, SanDisk will **extend its product and technology platform** that includes both expertise in rotating magnetic storage and non-volatile memory



**In 2014**

SanDisk **established a new plant in Batu Kawan, Penang** which produces flash memory solutions and made the Malaysian plant the world's first state-of-the-art vertically integrated solid-state drive (SSD) manufacturing facility.

The plant, built on a

**30.4-acre**

land employs **1,000 employees** with over 50% of them working in professional and technical positions.

**SanDisk®**  
a Western Digital brand



Operation in Malaysia includes in its supply-chain over **100 local suppliers**, creating a healthy business climate for the local SSD industry. Through its Global Supply Chain Management Centre, the company it contributes positively to the logistics and financial services sector in Malaysia.



Will continue to strengthen the growth of the E&E industry in Malaysia with its continued developments in **high-technology manufacturing**

## HONEYWELL

Established its operation in Malaysia since 1985, Honeywell is a world-renowned Fortune 100 **diversified technology and manufacturing company**



**Created 100 high-value jobs.**

Of these, half of the workforce are local, With 88% of them holding leadership positions



Has invested **RM1.8 billion** into this operation.



Principal Hub has utilised **RM11.1 million** of local ancillary services

## Honeywell



The company's latest addition to its existing entities is the Principal Hub which will be a coordination centre leveraging on Malaysia's strategic location to support its **expansion into ASEAN market**



With expertise in areas defined as **National Key Economic Areas (NKEAs)** by the Government of Malaysia, Honeywell's Principal Hub supports knowledge transfer and creation of an ecosystem that supports these industries.



With the establishment of the Principal Hub in Malaysia, Honeywell is **strategically positioned** to complete both in the ASEAN region and Greater APAC markets



**THE WAY  
FORWARD**

According to **UNCTAD**, fundamentals support a rise in global FDI flows in 2017 but uncertainties abound

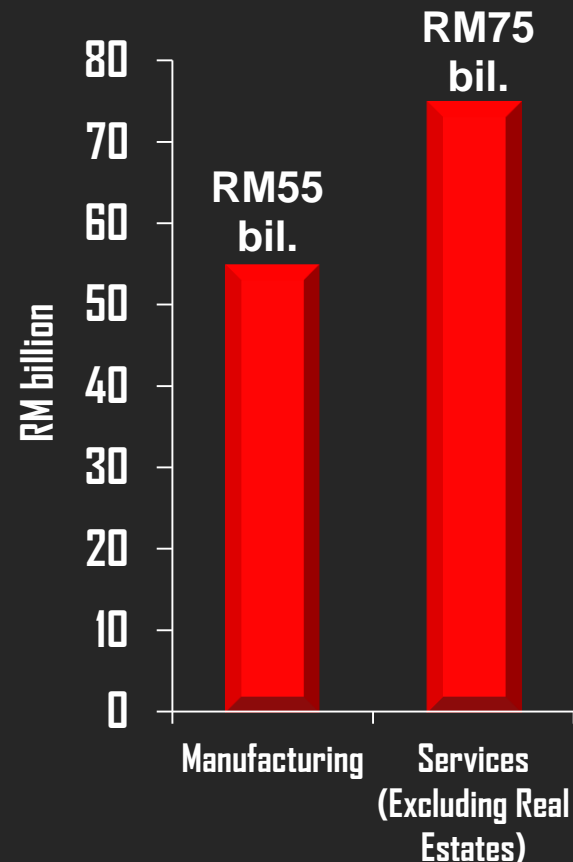
Global economic growth is **projected to accelerate to 3.4% in 2017** compared to 3.1% in 2016.

Greater economic activity boost world trade volumes and forecast to expand by 3.8% in 2017 compared to 2.3% in 2015

UNCTAD projects global FDI flows to increase by 10% over the year

The **World Bank** expects **Malaysia's economy** to **remain resilient** to external headwinds, with **GDP growth projected around 4.2% in 2016 and 4.3% in 2017.**

## APPROVED INVESTMENT TARGETS FOR 2017



Source: IMF / UNCTAD / The World Bank

## Mitigating Strategies



Implementing the manufacturing sector's investment strategies/policy formulations on **IIMP's "3+2"** catalytic and growth sectors

Increasing efforts to develop and enhance **local supply chains** to support MNCs.

Intensifying promotion of **high quality projects** with focus on **R&D, productivity, green technology** and other quality features to locate in Malaysia

Adopting and adapting to the **Fourth Industrial Revolution/ Industry 4.0** or the **Smart Manufacturing** revolution

Leveraging on **FTA Networks** and **AEC** in making Malaysia an investment gateway and to gain better market access

Continuously intensify **handholding** and **facilitation** efforts to **actualise** implementation of approved projects

Continuing with *Turun Padang* visits, Roundtable Meetings, and other **outreach** programmes as a means of more **direct engagement** with the private sector and relevant stakeholders.

# Investments in the Pipeline

**As at February 2017**

- **Manufacturing (RM18.8 billion)**

- ❖ **Sub-sectors**

- Chemicals & Chemical Products
- E&E
- Machinery & Metal

**Manufacturing &  
Services:  
RM35.3 bil.**

- **Services (RM16.5 billion)**

- ❖ **Sub-sectors**

- Global Establishments
- Healthcare, Education & Hospitality
- Others

- **Major Sources of Foreign Investments**

- The Netherlands, Japan, Singapore, Switzerland and USA



# Malaysia – Off to a Good Start in 2017

Despite the challenging global economic scenario, Malaysia is well on its way to creating conducive investment landscape and attracting investments

- Saudi Arabia's **state oil company Saudi Aramco** invested **RM31 bil. (US\$7 bil.)** into **Malaysia's Refinery and Petrochemical Integrated Development (RAPID)** project in Pengerang in Johor.
- The RAPID project is expected **to begin operations** in the first quarter of **2019**.
- RAPID will contain a **300,000 barrel-per-day oil refinery** and a **petrochemical complex** with a **production capacity** of **7.7 million metric tonnes**.

The project is a testimony of the confidence of investors in the economic policy and potential of Malaysia




أرامكو السعودية  
Saudi Aramco



 **Despite challenges and global uncertainties, Malaysia continues to strengthen its growth momentum and remains as a competitive investment destination**

**Some policy alignments are undertaken to address the misperceptions among investors**

**Investments projects realised will have substantial effect on the economy ;**

- **forward-and-backward linkages**
  - **development of supporting industries**
  - **transfer of technologies and R&D**
  - **creation of employment opportunities**
  - **local sourcing**
  - **skills development**
  - **generation of foreign exchange earnings**
- 



**THANK YOU**