E-NEWSLETTER
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MALAYSIA MADANI

MIDA

INVEST MALAYSIA

HIGHLIGHTS

Malaysia's Strong First Half of 2025 Investment Performance: Driving Growth and Confidence

INDUSTRY

Beyond Assembly Lines : Powering Malaysia's Rise in Semiconductor and High-Tech Frontiers

SERVICES

Turning Waste into Wealth: Malaysia's Circular Economy in Action

From the CEO's Desk

Dear valued partners and esteemed readers,

Malaysia recorded RM190.3 billion in approved investments in the first half of 2025, going beyond headline figures. In an era where global capital has grown increasingly discerning, these results demonstrate resilience and strategic recalibration. This performance affirms our nation's trajectory as we align with the Thirteenth Malaysia Plan (13MP), strengthening our position as a hub for innovation, sustainability, and inclusive growth.

This edition of our e-newsletter highlights how Malaysia is pushing boundaries across industries. In semiconductors, we are moving beyond assembly towards front-end capabilities, strengthening our role in wafer fabrication, IC design, and equipment manufacturing. With global supply chains shifting, Malaysia's ecosystem, anchored by our talent pool, policy clarity, and world-class infrastructure, continues to offer investors certainty and a competitive edge as they seek a trusted regional base.

Sustainability also stands out as a defining pillar. In this edition, we spotlight Malaysia's circular economy drive in waste management, where new technologies and investments are redefining how industries can transform waste into value. From advanced recycling to integrated solutions, the sector is moving beyond compliance towards creating new opportunities supporting our ambitions under the National Energy Transition Roadmap (NETR).

Equally inspiring is the story of Malaysian enterprises making their mark globally. Take Free the Seed, a homegrown pioneer from Perlis, sounded on a simple yet bold vision: to turn agricultural by-products into biodegradable packaging. What began as local innovation has now grown into a regional movement, with products reaching markets across Southeast Asia and beyond.

This journey demonstrates how Malaysia can incubate ideas with global relevance. In a world increasingly defined by the demand for greener solutions, Free the Seed demonstrates that sustainability is not only compatible with competitiveness, but also drives new market opportunities.

Partnerships remain central to our strategy. In July, MIDA and MUFG Bank formalised a collaboration to advance Malaysia's innovation economy, placing a strong emphasis on start-ups, digitalisation, and sustainable finance. Meanwhile, at the inaugural Economic & Market Development Conference, MIDA, KTPC, and HLB showcased how financial and industrial ecosystems can converge to drive regional competitiveness. These initiatives exemplify our commitment to providing investors not only facilitation, but also meaningful linkages that strengthen long-term success.

From the CEO's Desk

Regional development is another critical focus. In Sarawak, RECODA and OCI TerraSus are leading transformative projects in clean energy and semiconductor materials—reinforcing SCORE's role as a gateway for next-generation industries in East Malaysia. Together, these initiatives demonstrate how national and regional strengths converge to deliver balanced, sustainable growth.

I invite you to explore the insights and opportunities presented in this issue and to join us in shaping the next chapter of Malaysia's investment journey. Together, we can build a future anchored in sustainability, innovation, and shared prosperity.

Productivity isn't everything, but in the long run, it's almost everything. This captures the essence of our pursuit - transforming momentum into enduring capability.

DATUK SIKH SHAMSUL IBRAHIM SIKH ABDUL MAJID
Chief Executive Officer
Malaysian Investment Development Authority (MIDA)

In this issue

Malaysia's Strong First Half of 2025 Investment Performance: Driving Growth and Confidence

RM190.3 billion
(1H 2024 : RM160.3 billion)
Total Approved Investments

44 : 56
Domestic-to-Foreign Investment Ratio

RM83.5 billion
(1H 2024 : RM85.8 billion)
Domestic Investments (DI)

RM106.8 billion
(1H 2024 : RM74.4 billion)
Foreign Investments (FI)

89,294
(1H 2024 : 86,633)
New Jobs

3,011
(1H 2024 : 3,252)
Projects

Five Major States	RM (Bil)	Manufacturing RM (Bil)	Services RM (Bil)	Primary RM (Bil)
Johor	56.0 (1H 2024 : RM13.0 Bil)	13.1	42.9	-
Selangor	34.7 (1H 2024 : RM35.9 Bil)	8.3	26.3	-
W.P. Kuala Lumpur	30.1 (1H 2024 : RM36.4 Bil)	0.1	30.0	-
Pulau Pinang	18.9 (1H 2024 : RM13.1 Bil)	12.5	6.4	-
Sabah	11.4 (1H 2024 : RM1.9 Bil)	7.5	3.1	0.8

Top Five Foreign Investors*	RM (Bil)
Singapore	43.4 (1H 2024 : RM7.6 Bil)
The People's Republic of China	23.4 (1H 2024 : RM9.3 Bil)
The United States of America	10.4 (1H 2024 : RM6.0 Bil)
British Virgin Islands (BVI)	6.6 (1H 2024 : RM0.2 Bil)
Italy	3.3 (1H 2024 : RM0.1 Bil)

Note*: Reporting of foreign investments is based on the ultimate source.

Due to rounding, figures presented in this infographic may not add up precisely to the totals provided.

Malaysia continued to chart a resilient course in the first half of 2025 (1H 2025), recording RM190.3 billion in approved investments across the services, manufacturing, and primary sectors—an 18.7% increase compared to the same period last year. These 3,011 approved projects are expected to generate over 89,000 new jobs, further cementing Malaysia's position as a premier regional investment hub.

Foreign and Domestic Investors Sustain Malaysia's Growth

Investor confidence remained strong, with foreign investments (FI) contributing RM106.8 billion (56.1%) of the total approved investments, while domestic investments (DI) accounted for RM83.5 billion (43.9%). This healthy balance demonstrates enduring trust from global investors alongside unwavering commitment from local industry players in driving Malaysia's future-ready economy.

Anchored by the National Investment Aspirations (NIA)

The National Investment Aspirations (NIA) continue to guide Malaysia's transformation towards high-value, sustainable growth. In 1H 2025, RM88.3 billion (46.4%) of approved investments were aligned with NIA's priorities—advanced technology, digitalisation, green growth, and inclusivity. These 426 transformative projects are projected to create nearly 34,000 jobs, underscoring Malaysia's progress in moving up the global value chain.

Services 62.3%

RM118.6 billion (1H 2024 : RM94.4 billion)
Total Approved Investments

RM52.0 billion	RM66.6 billion	42,576	2,476
(1H 2024 : RM25.9 billion)	(1H 2024 : RM68.5 billion)	(1H 2024 : 52,496)	(1H 2024 : 2,696)
Foreign Investments (FI)	Domestic Investments (DI)	New Jobs	Projects

Top Services Sub-Sectors

Information and Communications	Real Estate	Utilities	Support Services	Distributive Trade
RM59.6 Bil	RM38.6 Bil	RM6.0 Bil	RM5.9 Bil	RM4.3 Bil
(1H 2024 : RM40.1 Bil)	(1H 2024 : RM31.0 Bil)	(1H 2024 : RM5.0 Bil)	(1H 2024 : RM1.7 Bil)	(1H 2024 : RM3.4 Bil)

Due to rounding, figures presented in this infographic may not add up precisely to the totals provided.

Services Sector Powers Ahead with Digital and Green Momentum

The services sector led with RM118.6 billion in approved investments across 2,476 projects—a 25.6% year-on-year increase. This growth was broad-based, with major contributions from information and communications (RM59.6 billion), real estate (RM38.6 billion), and utilities (RM6.0 billion).

Notable projects include DHL Express (Malaysia)'s RM300 million Kuala Lumpur Gateway, one of Southeast Asia's most advanced logistics facilities; Adventist Hospital & Clinic Services' RM300 million expansion in Penang to strengthen healthcare offerings; and large-scale renewable projects such as the Batang Ai Floating Solar Farm in Sarawak. Together, these initiatives reinforce Malaysia's rise as a digital infrastructure hub and a leader in green investments.

Manufacturing 36.0%

RM68.4 billion (1H 2024 : RM60.2 billion)
Total Approved Investments

RM53.3 billion	RM15.1 billion	46,690	518
(1H 2024 : RM47.6 billion)	(1H 2024 : RM12.6 billion)	(1H 2024 : 33,910)	(1H 2024 : 519)
Foreign Investments (FI)	Domestic Investments (DI)	New Jobs	Projects

Top Manufacturing Sub-Sectors

Chemicals and Chemical Products	Electrical and Electronics (E&E)	Basic Metal Products	Non-Metallic Mineral Products	Machinery & Equipment
RM15.5 Bil	RM13.1 Bil	RM9.8 Bil	RM7.1 Bil	RM5.2 Bil
(1H 2024 : RM 3.1 Bil)	(1H 2024 : RM36.9 Bil)	(1H 2024 : RM1.2 Bil)	(1H 2024 : RM3.6 Bil)	(1H 2024 : RM2.9 Bil)

Due to rounding, figures presented in this infographic may not add up precisely to the totals provided.

Manufacturing Sector Advances in High-Value Industries

The manufacturing sector attracted RM68.4 billion across 518 projects, reflecting a 13.8% year-on-year increase. Foreign investments contributed the lion's share at RM53.3 billion (78.0%), with domestic investments at RM15.1 billion (22.0%). These projects are expected to create 46,690 jobs, many in higher-skilled categories.

Encouragingly, the Managerial, Technical, and Supervisory (MTS) index climbed to 46.9%, up from 42.7% in the same period last year—signalling steady progress in nurturing a knowledge-intensive workforce.

Notable projects include Pentamaster Technology's RM1.8 billion investment in next-generation semiconductor test equipment; QL Foods' RM1.2 billion expansion to boost agro-food production and exports; and major semiconductor facilities by Chipbond and Altera, each worth RM1.0 billion. Other significant investments include Hunan Yuneng's RM560 million lithium battery cathode material plant, Singda Superalloy's RM336.8 million high-performance superalloy materials facility in Johor, and NetZero Technology's RM340 million green insulation plant in Kedah. Collectively, they reinforce Malaysia's competitiveness in advanced industries while opening new frontiers in energy transition and sustainable production.

Primary
1.7%

RM3.3 billion
(1H 2024 : RM5.7 billion)
Total Approved Investments

RM1.5 billion
(1H 2024 : RM0.9 billion)
Foreign Investments (FI)

RM1.8 billion
(1H 2024 : RM4.7 billion)
Domestic Investments (DI)

28
(1H 2024 : 227)
New Jobs

17
(1H 2024 : 37)
Projects

Primary Sub-Sectors

Mining	Agriculture	Plantation & Commodities**
RM3.2 Bil	RM13.5 Mil	-
(1H 2024 : RM5.2 Bil)	(1H 2024 : RM499.6 Mil)	(1H 2024 : RM14.2 Mil)

Note**: No projects approved for plantation & commodities

Due to rounding, figures presented in this infographic may not add up precisely to the totals provided.

Primary Sector Maintains Stability

The primary sector registered RM3.3 billion in approved investments across 17 projects, mainly in mining. Domestic investments made up RM1.8 billion (54.2%), while foreign contributions stood at RM1.5 billion (45.8%). While modest in scale, this sector continues to provide steady support to Malaysia's broader economic foundation.

High Implementation Rates Reinforce Malaysia's Track Record

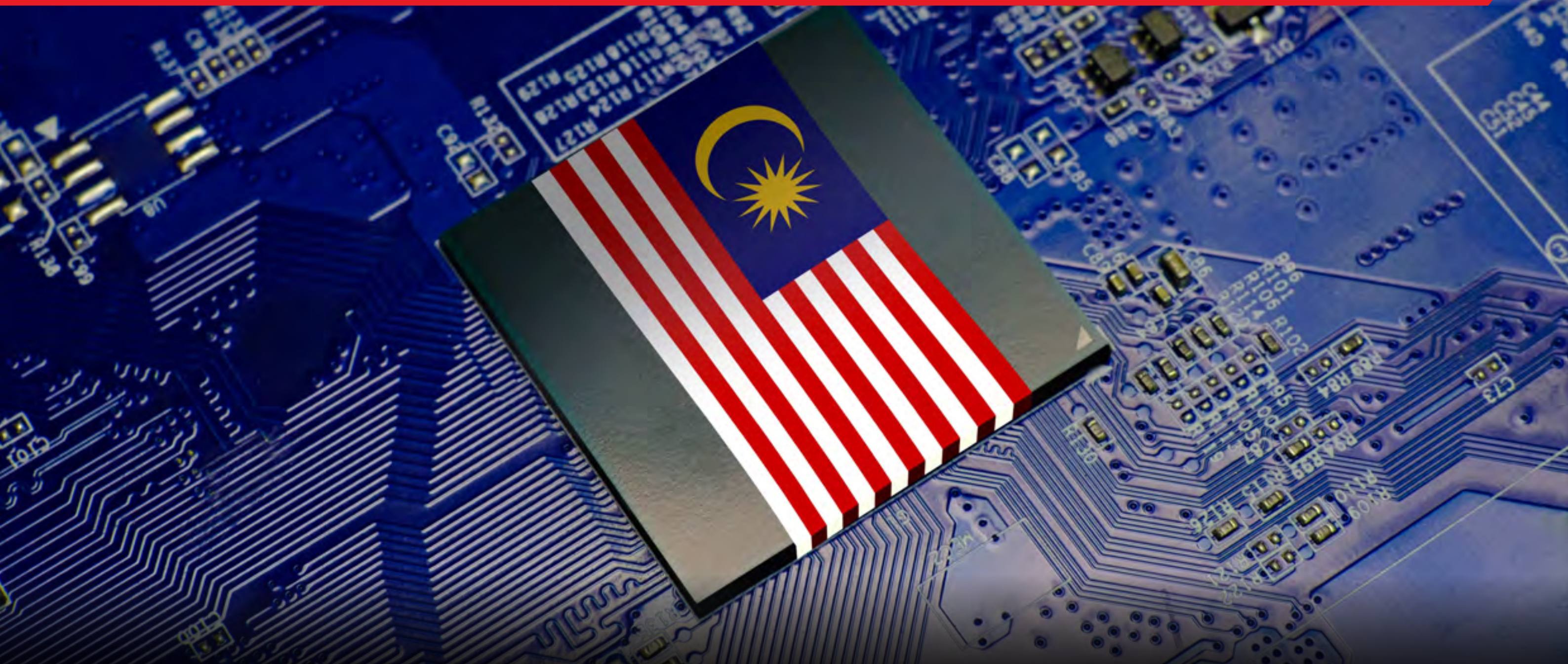
Malaysia's strong performance is not only reflected in approvals but also in implementation. Between 2021 and June 2025, 85.1% of 3,883 approved manufacturing projects have already progressed into stages of implementation—ranging from full-scale production to construction and equipment installation. Over 90% of projects approved from 2021 to 2023 are now operational, underscoring Malaysia's reputation for policy consistency and effective investor facilitation.

Looking Ahead: Strong Pipeline, Bright Prospects

As of July 2025, MIDA is facilitating 385 potential projects worth RM22.5 billion and actively engaging on RM103.8 billion in high-impact investment leads. The services sector continues to dominate this pipeline, with major opportunities also emerging in high-tech manufacturing and green industries.

Malaysia's role as ASEAN Chair in 2025 further enhances its strategic positioning, providing a platform to strengthen regional cooperation and attract quality investments.

1H 2025's performance demonstrates more than growth—it is a testament to Malaysia's enduring resilience, policy clarity, and ability to deliver real outcomes for investors. With strong fundamentals and forward-looking reforms, Malaysia remains a launchpad for innovation, sustainability, and regional expansion.



Beyond Assembly Lines : Powering Malaysia's Rise in Semiconductor and High-Tech Frontiers

For decades, Malaysia has been a pillar of the global semiconductor industry, primarily known for its strengths in assembly, testing, and packaging. As the industry advances towards AI-driven chips and next-generation technologies, Malaysia is now undergoing a strategic transformation moving beyond its traditional back-end role to explore and capture high-value front-end segments of the semiconductor supply chain. This repositioning is particularly vital for the development of the machinery and equipment (M&E) industry.

Spearheading this shift, MIDA is driving a national agenda aimed at establishing the country as a regional hub for front-end semiconductor machinery and equipment (M&E) manufacturing. This move marks a critical step in aligning Malaysia's industrial capabilities with the demands of next-generation semiconductor innovation.

Malaysia's Strategic Push in Advanced Manufacturing

While Malaysia continues to strengthen its position in downstream semiconductor activities, the strategic focus is also shifting upstream towards high-value segments such as chip design and advanced manufacturing technologies, intrinsically linked to specialised M&E such as lithography, deposition, and etching equipment — critical processes that define the performance and capabilities of every modern chip. To ensure Malaysia is not a participant but an active leader, MIDA is proactively engaging with global pioneers in front-end equipment manufacturing. The objective is to attract anchor investments that will catalyse the development of a sophisticated, high-value manufacturing ecosystem within Malaysia.

This strategic push is about building a resilient and dynamic ecosystem for M&E companies. By fostering partnerships with world-leading technology corporations, MIDA aims to embed Malaysian M&E industries into the most critical segments of the global value chain, enhancing our nation's economic complexity and security.

Precision Shift: Malaysia's Rise in Advanced Equipment Manufacturing

Malaysia's long-standing presence in the semiconductor industry is well-established, contributing to **13% of global Assembly, Testing, and Packaging (ATP) volume** and ranking as the **6th-largest semiconductor exporter globally.** The Electrical and Electronics (E&E) sector, which heavily relies on specialised M&E, accounts for over 40% of the nation's exports.

However, the narrative is evolving. Homegrown innovators like **ViTrox, Greatech, Pentamaster, and UWC** are spearheading this transformation. These Malaysian firms are now delivering sophisticated M&E solutions integral to the front-end fabrication process and advanced packaging lines, including smart automation platforms, Automated Optical Inspection (AOI) systems, precision engineering tools and cleanroom and handling systems. This shift signifies Malaysia's ascent from an auxiliary support role to a core position in the advanced chip production infrastructure.

Cultivating Innovation: Malaysia's Path to a World-Class Ecosystem

The foundation of this new chapter in Malaysia's industrial journey lies in the development of deep, homegrown capabilities. The focus is on nurturing expertise in highly specialised areas such as advanced mechatronics, precision optics, and complex process technologies.

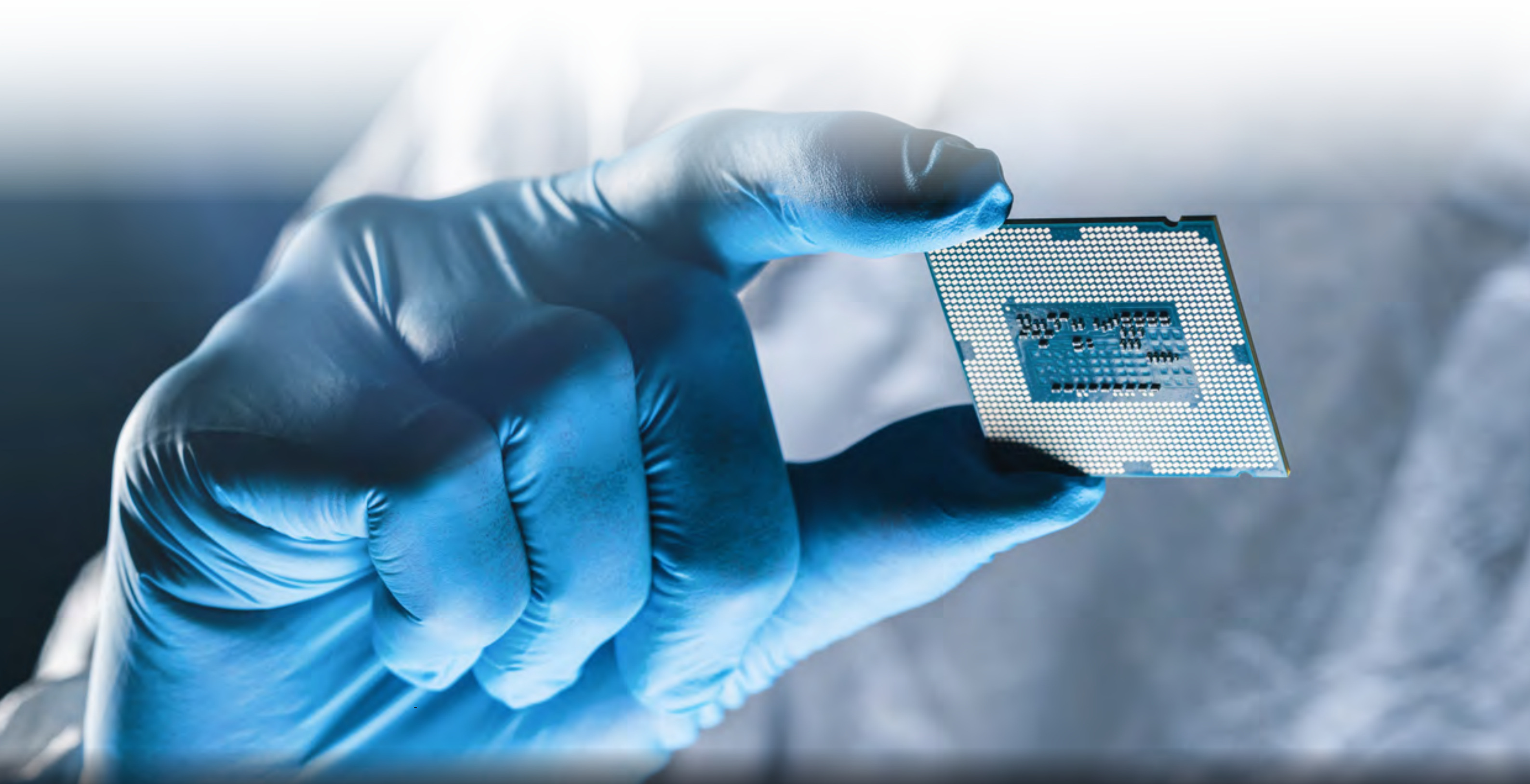
The strategy focuses on creating transformative opportunities for Malaysian companies to elevate their technical competencies and embed themselves within the global supply chains of industry leaders. This requires cultivating an ecosystem that supports technology transfer, knowledge exchange, and collaborative innovation. By doing so, we empower local players to meet and exceed the world's most stringent technological standards, advancing them from component suppliers to strategic innovation partners.

To further solidify Malaysia's role in the high-tech ecosystem, targeted efforts are being made to deepen integration into the front-end semiconductor equipment supply chain. This includes actively mapping the capabilities of local manufacturers and facilitating high-impact business matching engagements at key events like SEMICON Southeast Asia 2025. Through these strategic initiatives, direct pathways were created for Malaysian suppliers to integrate into the global supply chain and engage with global giants such as ASML, Ferrotec, and Micron. These efforts are critical to advancing Malaysian M&E firms up the global value chain.

Government Facilitation for a National Priority

The Malaysian government, through MIDA, is fully committed to nurturing a thriving high-tech ecosystem as a core pillar of national development. This commitment is embedded in key economic blueprints such as the **New Industrial Master Plan 2030 (NIMP 2030) and the National Semiconductor Strategy (NSS)**, which aims to position Malaysia as a regional leader in semiconductor and advanced manufacturing.

MIDA continues to assume a pivotal role by offering targeted facilitation, incentives, and ecosystem support to attract high-impact investments aligned with Malaysia's long-term high-tech ambitions.



Building a High-Income Future

Embracing the complexities of front-end M&E manufacturing is a positive step towards achieving Malaysia's vision of becoming a high-income nation. This strategic shift is designed to create a new wave of **high-skilled, high-value jobs,** drive domestic innovation, and significantly enhance the nation's economic output.

By building a robust ecosystem around these critical technologies, Malaysia is securing its relevance and leadership in the global economy for decades to come. MIDA remains steadfast in its mission to realise this vision, ensuring that Malaysia not only takes part in, but also shapes, the next wave of technological evolution.

To know more, please contact the **Machinery and Metal Technology Division at https://www.mida.gov.my/staffdirectory/machinery-metal-technology-division/.**

Turning Waste into Wealth: Malaysia's Circular Economy in Action

Today's waste, tomorrow's opportunity

Malaysia generates an estimated 39,000 tonnes of solid waste every day—the equivalent of filling almost 3,000 garbage trucks daily. With a growing population, rapid urbanisation, and expanding economic activities, this figure is set to rise, with the waste management sector as the second biggest contributor to national greenhouse gas (GHG) emissions.

For decades, the nation has relied on the conventional "take, make, manage, dispose" model. While this linear system drove economic growth in the past, it has also left a legacy of overflowing landfills, wasted resources, and widespread pollution. Today, landfills remain the dominant disposal method, and many are already reaching capacity.

But a shift is underway. The Circular Economy (CE) presents Malaysia with a compelling opportunity to reimagine waste as a valuable resource. This model extends the lifecycle of materials, reduces environmental harm, and supports innovation across industries. By adopting CE principles, Malaysia can align economic progress with sustainability, reduce greenhouse gas emissions, and position itself as a regional leader in green growth.

What is the Circular Economy?

The **Circular Economy Blueprint for Solid Waste (2025–2035)** defines CE as the reuse, recycling, upcycling, and repurposing of materials to minimise environmental pollution, conserve natural resources, and generate economic value. Unlike the linear economy, CE focuses on "closing the loop" by ensuring that materials remain in circulation for as long as possible.

Initially centred on the 3Rs (Reduce, Reuse, Recycle), the framework has evolved into a more comprehensive 9Rs:

- Refuse – Avoid unnecessary consumption.
- Rethink – Design smarter, more sustainable products.
- Reduce – Minimise material and energy use.
- Reuse – Extend product use beyond first ownership.
- Repair – Fix items rather than discard them.
- Refurbish – Restore products to working condition.
- Remanufacture – Rebuild products to original specifications.
- Repurpose – Adapt materials for new uses.
- Recycle & Recover – Extract value from waste at end-of-life.

This holistic approach embeds sustainability into production, consumption, and waste management, ensuring long-term efficiency and resilience.

Malaysia's Waste Management Challenges

Adopting CE is timely as Malaysia navigates key waste management challenges:

- **Landfill Dependence:** The country operates 135 landfills (114 dumpsites and 22 sanitary landfills), most of which are nearing full capacity and contribute to methane emissions.
- **Recycling Gaps:** The national recycling rate reached 37.9% in 2024, just shy of the 40% target set under the Twelfth Malaysia Plan (12MP). While progress is commendable, it still lags behind developed nations such as Germany (65%) and South Korea (59%).
- **Resource Loss:** Valuable materials such as metals, plastics, and organics are discarded, resulting in missed opportunities for resource recovery and economic gains.
- **Open Dumping & Segregation Issues:** Improper waste separation, especially at household and municipal levels, exacerbates pollution and undermines recycling efficiency.

These realities make a strong case for CE, not only as an environmental solution, but also as an economic and social imperative.

Why CE Matters for Malaysia

The adoption of circular principles carries wide-ranging implications:

- **Environmental Benefits –** Less reliance on landfills means lower methane emissions, reduced water contamination, and preservation of biodiversity.
- **Economic Efficiency –** By capturing the value of discarded materials, Malaysia can reduce raw material imports, strengthen resource security, and encourage innovation in recycling and remanufacturing.
- **Social Impact –** New industries in waste management, repair, and refurbishment can create thousands of green jobs, boosting local economies and improving community well-being.
- **Global Positioning –** As international supply chains increasingly prioritise sustainability, Malaysia's embrace of CE enhances its

competitiveness and attractiveness to investors.

Policy Ecosystem Supporting CE

Malaysia has taken meaningful steps to institutionalise CE principles across multiple sectors:

Solid Waste Management Policies

- National Solid Waste Management Policy – A framework for integrated waste solutions.
- National Cleanliness Policy – Encourages behavioural change in waste generation and segregation.
- Malaysia Plastics Sustainability Roadmap (2021–2030) – A phased plan for sustainable plastics use and recycling.
- Circular Economy Blueprint for Solid Waste (2025–2035) – A long-term roadmap for waste reduction and sustainable resource use.

Manufacturing Sector Initiatives

- MITI's Circular Economy Policy Framework – Transitioning manufacturing away from linear, fossil fuel-based systems to CE-driven models emphasising efficiency and green technologies.

National Development Plans

- Twelfth Malaysia Plan (12MP):
  - Plastics – Extended Producer Responsibility (EPR) programs to hold producers accountable for post-consumer waste.
  - Electronics – Expansion of e-waste collection centres to recover precious metals and reusable components.
  - Agriculture – Promotion of composting and bioenergy from organic waste.
- Thirteenth Malaysia Plan (13MP): Will deepen CE focus under "Improving the Well-Being of the People and Environmental Sustainability."

These frameworks signal Malaysia's strong commitment to embedding circularity in both industry and society.

International Benchmarks: Learning from Others

Malaysia can also draw lessons from global leaders in CE:

- **European Union (EU):** The EU Circular Economy Action Plan has driven high recycling rates and the creation of secondary materials markets.
- **Japan:** Pioneered a "Sound Material-Cycle Society" through strong recycling laws and public-private partnerships.
- **South Korea:** Introduced a volume-based waste fee system that significantly boosted recycling participation at the household level.

By adopting and adapting such best practices, Malaysia can accelerate its own transition.

Policy as a Catalyst for Investment

Malaysia's waste management policy framework is designed to foster a competitive investment environment, aligning with global decarbonisation and sustainability trends.

Green Investment Tax Allowance (GITA) – Tier 2
Introduced in **Budget 2023**, this incentive provides fiscal support for waste management projects:

- **Integrated Waste Management Projects** (involving recycling/treatment plus at least two additional activities such as collection, composting, storage or recovery):
    - 100% Investment Tax Allowance (ITA) on qualifying capital expenditure (QCE) for 5 years, offset against 100% of statutory income.
- **High-Technology Recycling Activities:**
    - Pioneer Status (PS): 70% income tax exemption for 5 years, OR
    - ITA: 60% of QCE for 5 years.

As at June 2025, the integrated waste management and recycling sector attracted **RM22.7 billion in investments**, including **RM3.2 billion** from 17 approved Integrated Waste Management (IWM) projects. This reflects Malaysia's proven ability to create a business environment where sustainability and profitability go hand in hand.

Looking Ahead: Malaysia's Path to Circularity

The road toward circularity requires innovation, collaboration, and public participation. For Malaysia, the priorities ahead include:

1. **Strengthening Waste Segregation** – Expanding infrastructure and education to improve separation at source.
2. **Scaling Extended Producer Responsibility (EPR) Schemes** – Extending producer accountability across industries beyond plastics.
3. **Investing in Technology** – Harnessing advanced recycling technologies, digital tracking of waste streams, and green manufacturing practices.
4. **Community Engagement** – Empowering households, local councils, and civil society to play an active role in waste reduction.
5. **Regional Leadership** – Positioning Malaysia as a CE hub in ASEAN by sharing expertise, technologies, and solutions.

MIDA's Commitment

As the Government's principal investment promotion agency, MIDA remains committed to facilitating high-value, technology-driven investments that support Malaysia's transition to a circular economy.

Embracing CE is not only about solving waste challenges—it is about building resilience, creating jobs, and ensuring Malaysia's economic competitiveness in a low-carbon future. Together, with strong policy support and private sector innovation, Malaysia can transform today's waste into tomorrow's opportunity, ensuring a cleaner, greener, and more prosperous future for all.

For more information, please contact the **Green Technology Division**, at **https://www.mida.gov.my/staffdirectory/green-technology-division/**

Free The Seed, Growing Beyond Borders

In 2009, environmental auditor Ramaness Parasuraman founded Free The Seed Sdn. Bhd. with a bold vision: to combat air pollution caused by the open burning of rice paddy straw in Malaysia. By transforming agricultural waste into biodegradable packaging, the company pioneered a "waste-to-wealth" model that reduce not only environmental harm but also uplifts rural communities through sustainable value chains.

Building the Foundation

Free The Seed established its operations in Gurun, Kedah, with investments of USD4 million in a 10-acre production facility that commenced operations between 2015 and 2017. Securing a decade-long supply agreement with local farmers, the company began manufacturing compostable packaging for diverse applications—from food containers and trays to specialised biomedical products such as bedpans and vomit bowls.

The company's proprietary biotechnology combines rice straw, husks, and papaya latex through enzymatic pulping and protease enzyme processes. This innovation produces durable packaging that completely biodegrades within six months, while providing farmers with supplemental income from agricultural residue that would otherwise contribute to air pollution.

Strategic Location and Global Ambitions

Free The Seed's decision to establish operations in Kedah was driven by both environmental urgency and the global shift towards sustainable packaging. To scale internationally, the company leveraged early recognition and support from innovation platforms, but its globalisation strategy was significantly accelerated through collaboration with MIDA. MIDA assumed a pivotal role in facilitating foreign investment and positioning Free The Seed as a key player in Malaysia's bioeconomic sector.

A watershed moment arrived in 2022 with the signing of a RM400 million (USD100 million) market access agreement with HOTPACK UAE, a leading packaging company. This strategic partnership, cultivated through MIDA's investment promotion initiatives, envisions establishing up to 10 biodegradable packaging factories in Kedah over the coming decade. The inaugural 3,200-square-meter facility, which broke ground in May 2022, is projected to produce 70 million FMCG packaging units annually while creating 1,200 jobs. The initiative also expands raw material sourcing to include pineapple leaves and other agricultural waste streams.

International Market Penetration

Free The Seed's export strategy has also gained momentum, with products now reaching markets in Germany, the Netherlands, the UK, Japan, and Australia. A landmark RM25 million contract secured the shipment of 40 containers of biodegradable fruit trays to the Netherlands over three years, marking a significant entry into the European market. By 2025, the company aims to achieve RM60 million in market value, with over 3,700 farmers participating in its supply chain and producing 120 million biodegradable units annually across food, medical, and electronics packaging segments.

A Model for Sustainable Development

The company's success reflects Malaysia's broader commitment to sustainable industrial development, with MIDA serving as a key enabler. Through targeted matchmaking, investment facilitation, and international promotion platforms including EXPO 2020 Dubai, MIDA has helped attract global interest in Malaysia's green technology and bio-based industries. Free The Seed stands as a model of how local innovation, supported by strategic investment promotion, can scale globally while delivering strong environmental, social, and economic impact.

Free The Seed's success offers valuable insights for companies pursuing international growth through sustainable innovation:

- convert local environmental problems into scalable business solutions
- secure certifications early to facilitate market entry and build credibility
- develop partnerships that align with ESG objectives and market expansion goals
- engage with investment promotion agencies like MIDA to access capital, markets, and growth opportunities

From tackling air pollution in Kedah to forging global partnerships across continents, Free The Seed exemplifies how bold environmental innovation and strategic investment facilitation can transform a local start-up into a global sustainability pioneer.

SCORE Driving Sarawak's Industrial Transformation

The Sarawak Corridor of Renewable Energy (SCORE) is one of Malaysia's five economic corridors, established to accelerate growth through clean and sustainable energy resources. Within SCORE, the Samalaju Industrial Park (SIP) serves as a hub for energy-intensive industries, strategically developed to attract world-class investors and drive Sarawak's industrial transformation.

Leading the charge is **OCI TerraSus**, a company that's proving clean energy manufacturing can thrive in Southeast Asia while delivering both environmental impact and economic growth.

Global Player Anchored in Sarawak

OCI TerraSus (formerly OCI M), a subsidiary of South Korea's OCI Holdings, is one of the world's few producers of polysilicon outside China, with sister facilities in the United States, Japan, and Korea.

In 2017, OCI TerraSus acquired Tokuyama's Samalaju Plant in Bintulu, marking its entry into Sarawak. The plant has since grown into the **first solar-grade polysilicon facility in Southeast Asia,** with a production capacity of **35,000 tonnes annually.** This output, fully UFLPA-compliant and conflict-free, supports the production of solar panels equivalent to **14GW of renewable energy** capacity worldwide.

Sarawak was chosen as the base for its political stability, reliable renewable energy — predominantly hydropower and strong government support for industrial development.

Expanding Horizons: Joint Ventures and Milestone

Beyond solar-grade polysilicon, OCI TerraSus has expanded into new ventures that strengthen Sarawak's industrial ecosystem:

- **OCI Kumho** (2022): **A RM2 billion** joint venture with Kumho P&B Chemicals to produce **epichlorohydrin (ECH),** used in epoxy resins, water treatment, and rubber manufacturing.
- **OCI Tokuyama Semiconductor Materials** (OTSM) (2025): A **RM2 billion** partnership with Tokuyama Corporation to produce **8,000 metric tonnes of semiconductor -grade polysilicon** annually by 2029.

With total investments of **RM7 billion,** OCI TerraSus is now **one of the largest foreign investors in Sarawak** and a long-term partner in driving the state's industrial transformation.

Local Impact and Talent Development

OCI TerraSus provides direct and indirect employment to over **2,000 people,** strengthening the local economy with stable, high-value jobs. Its presence also creates ripple effects across supply chains—from logistics and services to SMEs multiplying economic benefits across the region.

The company collaborates with local institutions such as **CENTEXS and the Sarawak Skills Development Centre (PPKS)** to cultivate a skilled workforce tailored for the clean energy and semiconductor industries.

Sustainability and Innovation

Powered largely by hydropower, OCI TerraSus' operations exemplify low-carbon manufacturing. The company applies a **three-pillar ESG framework**—resource efficiency, safety, and trust—and participates in global initiatives such as the **UN Global Compact and WEF's Transitioning Industrial Cluster programme.**

Its sustainability efforts extend to the community through education, health, partnerships, and sports initiatives, impacting more than **17,000 lives.**

At the same time, OCI TerraSus invests in advanced technologies and digital systems to strengthen efficiency, safety, and environmental performance.

Driving Sarawak's Green and High-Value Industrial Goals

OCI TerraSus' investments are closely aligned with the **Post-COVID-19 Development Strategy (PCDS 2030) and Malaysia's National Energy Transition Roadmap (NETR).** By advancing both **solar and semiconductor-grade polysilicon production,** Sarawak is positioned among a select group of countries capable of producing these high-purity materials—cementing its role in global clean energy and semiconductor supply chains.

The Road Ahead

From pioneering Southeast Asia's first solar-grade polysilicon plant to spearheading RM7 billion in investments across renewable energy and semiconductor materials, OCI TerraSus is a strategic partner in Sarawak's journey toward sustainable growth, industrial diversification, and global competitiveness.

To explore opportunities within **SCORE and the Samalaju Industrial Park, visit RECODA's website or contact +60-82-551199 | +60-82-551189 | contact@recoda.gov.my | investment@recoda.gov.my.**

Disclaimer: All figures in this article are under the purview of RECODA and are for informational purposes only. For specific details regarding investments and initiatives, please refer to official RECODA communications.

MIDA Milan: Catalysing Innovation, Investment, and Industrial Growth in Italy and Switzerland

MIDA Milan

MIDA Milan Office has been actively forging pathways to position Malaysia as a leading investment destination across Italy and Switzerland in early 2025. By connecting industrial transformation, innovation, and international partnerships, MIDA Milan has consistently showcased Malaysia's dynamic industries, robust talent pool, and pro-business environment.

Powering the Global Energy Transition

MIDA Milan began the year by spotlighting Malaysia's potential in energy and advanced manufacturing at the Baker Hughes Annual Meeting in Florence, Italy. Engaging with global energy leaders, policymakers, and investors, MIDA Milan emphasised the nation's strategic role in the global energy transition. Opportunities in oil and gas services, green technology, the hydrogen economy, and advanced materials were highlighted, underpinned by Malaysia's vision outlined in the National Energy Transition Roadmap (NETR) and the Twelfth Malaysia Plan (12MP).

From Industrial Energy to Nurturing Future Innovators

MIDA Milan carried its promotional efforts beyond industry boardrooms to the academic stage through the exploreASEAN project organised by the University of Applied Sciences and Arts Northwestern Switzerland (FHNW). During a brief on "Innovation in Malaysia's Halal Industry, "the team showcased how Malaysia has embedded advanced technologies and sustainable practices into its Halal ecosystem —underscoring the nation's role as a global leader in this high-value sector. By engaging directly with future decision-makers and industry leaders, Malaysia's innovation-driven capabilities were positioned at the forefront of international attention. This seminar also coincided with the 10th anniversary of exploreASEAN, which continues to strengthen economic and educational bridges between Switzerland and Southeast Asia.

Advancing Semiconductor Diplomacy

Malaysia's commitment to high-tech manufacturing was further reinforced at the Roundtable on Semiconductor Diplomacy in Bern, Switzerland. Amidst rising geopolitical tensions, the discussion held on 10th of April 2025, underscored the urgency of diversifying global semiconductor supply chains. MIDA Milan showcased Malaysia's growing semiconductor ecosystem, skilled workforce, and readiness for international collaboration, reinforcing the country's strategic relevance in a critical global industry.

Unlocking Trade and Investment Opportunities

MIDA Milan's efforts seamlessly extended to Southern Italy on 29 May 2025, where the office

participated in a business roundtable organised by Unione Industriali Napoli. Presenting Malaysia's industrial landscape, investment incentives, and facilitation services, MIDA Milan aided Italian companies in envisioning tangible opportunities in Malaysia. Real-world success stories, such as that of Fassi Asia Pacific, highlighted how Italian firms could thrive in Malaysia's market, strengthening bilateral trade and investment ties.

Supporting High-Level Engagements

These strategic initiatives dovetailed with Malaysia's broader diplomatic efforts, including the High-Level Visit of YAB Prime Minister Dato' Seri Anwar Ibrahim to Switzerland from 20th to 22nd of January 2025 in conjunction with the "World Economic Forum (WEF)" and Italy from 1st to 3rd of July 2025. MIDA Milan played a pivotal role in organising business meetings that complemented bilateral discussions, bridging government priorities with investor opportunities and reinforcing Malaysia's position as a forward-looking, innovation-driven economy.

Positioning Malaysia for Global Partnerships

Through a combination of industrial, educational, technological, and diplomatic engagements undertaken since January until July 2025, MIDA Milan has effectively highlighted Malaysia's strategic advantages: a skilled workforce, robust industrial ecosystem, and commitment to sustainable growth. From clean energy and semiconductors to the Halal industry—where Malaysia has successfully integrated technology with trusted global standards—MIDA Milan continues to catalyse investment, nurture partnerships, and elevate Malaysia's presence in the global economy.

Vendor Engagement Day: Driving Deeper Automotive Localisation

On July 23, 2025, the **Transportation Technology Division of MIDA** hosted a Vendor Engagement Day at Perdana Hall, MIDA Sentral. The event underscored Malaysia's strong commitment to **strengthening its automotive supply chain and fostering deeper collaboration across the industry ecosystem.**

The programme placed particular emphasis on enhancing localisation efforts, with the goal of driving greater value-added assembly and manufacturing activities within the country. By moving beyond basic operations, Malaysia aims to cultivate a more resilient and competitive domestic supply base capable of meeting global standards.

In her welcoming remarks, **Ms. Suziyanti Saad, Director of the Transportation Technology Division,** highlighted the **pivotal role of vendors in ensuring the sustained growth and success of Malaysia's automotive sector.** She stressed that the continued support and upgrading of vendor capabilities are vital for the industry to capture new opportunities, address technological gaps, and remain competitive in an increasingly dynamic global market.

Event Highlights

A significant portion of the event addressed **"pass-through" localisation,** where components are only lightly processed or repackaged locally without meaningful value addition. Such practice undermines genuine local content development. The insights and feedback gathered from the event will help guide the government in strengthening its support for authentic localisation efforts. In addition, Ms. Faza Sakinah, Assistant Director of the Transportation Technology Division, presented **"Malaysia Moving Towards Sustainable Investment",** outlining government facilitation measures for automotive projects.

Identifying Challenges in Meeting Localisation Targets

A discussion was held, moderated by Ms. Sudiana Muhamad Nawati, Deputy Director of the Transportation Technology Division, involving **32 vendor companies specialising in Body, Interior, Chassis, Electronic, and Powertrain (BICEP) components.** The primary aim of this session was to understand the **challenges vendors face in achieving the 30% localisation content target.** This target, part of

Malaysia's efforts to develop its domestic automotive industry, aims to encourage **the use of locally produced parts and components, which often face challenges related to cost, quality, technology gaps, and the availability of local suppliers for specific high-tech components.**

The presence of key representatives from **MITI and Malaysia Automotive Robotics & IoT Institute (MARii),** core members of the **Automotive Business Development Committee (ABDC),** significantly enriched the discussions. The ABDC is a strategic committee chaired by MITI, with representatives from the **Ministry of Finance (MoF), Royal Malaysian Customs Department (RMCD), MARii, and MIDA.** Their role involves **evaluating and recommending customised incentives for automotive investments, based on factors like localisation, production volume, technology transfer, and supply chain development, ensuring alignment with the National Automotive Policy (NAP) 2020.**

MIDA's Commitment to Elevating Local Component Manufacturers

MIDA reiterated its steadfast commitment to working hand in hand with **Original Equipment Manufacturers (OEMs)** and automotive vendors, not only to support but also to strengthen the capabilities of local automotive component manufacturers. This includes **facilitating access to advanced technologies, encouraging the adoption of international best practices, and promoting knowledge transfer to bridge existing gaps in skills and expertise.** By doing so, MIDA aims to empower Malaysian companies to move up the value chain, produce high-quality components that meet stringent global standards, and position themselves as competitive players in the international automotive supply chain.

MIDA and MUFG Bank Partner to Drive Malaysia's Innovation Economy

MIDA and MUFG Bank (Malaysia) Berhad signed a Memorandum of Understanding (MoU) on 7 August 2025 to strengthen investment flows into Malaysia. The partnership will target high-value sectors including semiconductors, specialty chemicals, aerospace, pharmaceuticals, medical devices, electric vehicles, digital economy, and green technology.

MIDA CEO, Datuk Sikh Shamsul Ibrahim Sikh Abdul Majid, said the collaboration underscores Malaysia–Japan economic ties and will create new opportunities for joint ventures and strategic partnerships. "By leveraging our networks, we aim to position Malaysia as a welcoming destination for Japanese investors and further promote bilateral prosperity," he said.

Motohide Okuda, CEO of MUFG Malaysia, highlighted the bank's commitment to channel high-quality investments through its global network. He also acknowledged MIDA's proactive engagement in initiatives such as MUFG's Net Zero World in Sarawak and the recent Semiconductor Seminar in Penang, which have helped global businesses better understand Malaysia's evolving investment landscape.

The MoU reflects both organisations' commitment to supporting Malaysia's long-term growth agenda under the 13th Malaysia Plan and advancing sustainable, innovation-driven industries

MIDA KTPC and HLB Forge Strategic Collaboration at Inaugural Economic & Market Development Conference 2025

The inaugural Economic & Market Development Conference 2025, held on 28 August at Kulim Golf Club in Kulim Hi-Tech Park (KHTP), brought together more than 400 industry leaders, policymakers, and investors, reinforcing KHTP's role as Malaysia's premier high-tech hub.

Jointly organised by MIDA, Kulim Technology Park Corporation (KTPC), and Hong Leong Bank (HLB), the conference marked a key highlight of KHTP's 30th Anniversary. The full-day event featured keynote addresses, expert discussions, and networking sessions that explored emerging market opportunities, future economic challenges, and strategies for sustainable growth.

Officiated by YB Prof. Dr. Haim Hilman Abdullah, Kedah EXCO for Industry & Investment, the event underscored the importance of federal-state collaboration. MIDA CEO, Datuk Sikh Shamsul Ibrahim Sikh Abdul Majid, highlighted KHTP's role in enabling both multinational corporations and SMEs to thrive within global supply chains.

Dato' Mohd Sahil Zabidi, Group CEO of KTPC, called the collaboration with MIDA and HLB a milestone for industrial players in the Northern Region, while HLB's Dafinah Ahmed Hilmi emphasised the bank's commitment to supporting green projects and community growth through its soon-to-open Meet @ HLB branch in KHTP.

The conference concluded with a shared commitment to strengthen public-private partnerships and drive innovation-led economic resilience.

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With more than 40,000 registered subscribers and growing, our monthly English e-Newsletter contains the latest industry and services updates, as well as activities held throughout the month.

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Our digital signages are situated within our HQ building. Located in the heart of Kuala Lumpur, MIDA's headquarters sees hundreds of visitors through its lobby every day.

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1. MIDA Lobby, Ground Floor
2. Business Information Centre (BIC), Level 2
3. Perdana Hall, Level 10
4. Corporate Reception Floor, Level 18

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About MIDA

MIDA is the Government's principal investment promotion and development agency under the Ministry of Investment, Trade and Industry (MITI) to oversee and drive investments into the manufacturing and services sectors in Malaysia. Starting operations in 1967 with a relatively small set up of 37 staff, MIDA has grown to become a strong and dynamic organisation of over 700 employees. Headquartered in Kuala Lumpur Sentral, MIDA today has 12 regional and 21 overseas offices. MIDA continues to be the strategic partner to businesses in seizing the opportunities arising from the technology revolution of this era. For more information, please visit www.mida.gov.my and follow us on X, Instagram and Facebook, LinkedIn, TikTok and YouTube channel.

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