MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY

MALAYSIA INVESTMENT PERFORMANCE REPORT 2015

DRIVING SUSTAINABLE GROWTH

MIDA

MALAYSIA INVESTMENT PERFORMANCE 2015

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“DRIVING SUSTAINABLE GROWTH AMID CHALLENGING CONDITIONS”


MIDA

1 MIDA'S OVERVIEW

Moderate global growth

The year 2015 was characterised by moderate global growth that slowed to 2.4 per cent from 2.6 per cent in 2014. The lacklustre performance reflected the continued deceleration in the emerging and developing economies amid post-crisis lows in commodity prices, restrained capital flows and subdued global trade.

Merger & Acquisitions

Amid this challenging global economic landscape, it is heartening to note that global Foreign Direct Investment (FDI) inflows in 2015 rose by 36 per cent to reach an estimated US$1.7 trillion, their highest level since 2007. However, the growth was largely due to cross-border merger and acquisitions (M&As), with only a limited contribution from greenfield investment projects in productive assets. Moreover, a part of FDI flows was related to corporate reconfigurations involving large values in the financial account of the balance of payments but little movement in actual resources.

While the developed economies accounted for more than half of global FDI inflows, at the regional level, developing Asia remained the largest host region for FDI inflows with FDI rising by 15 per cent to a record-breaking US$548 billion.

Within Asia, the largest FDI recipient economy was the Hong Kong Special Administrative Region of the People's Republic of China (HKSAR). With FDI inflows of an estimated US$163 billion, it was also the second largest FDI recipient in the world after the USA. Within the Association of Southeast Asian Nations (ASEAN), FDI inflows to Singapore dropped slightly by 4 per cent to an estimated US$65 billion contributing to an overall decline of 7 per cent in ASEAN as a whole.

Malaysia bolsters its position

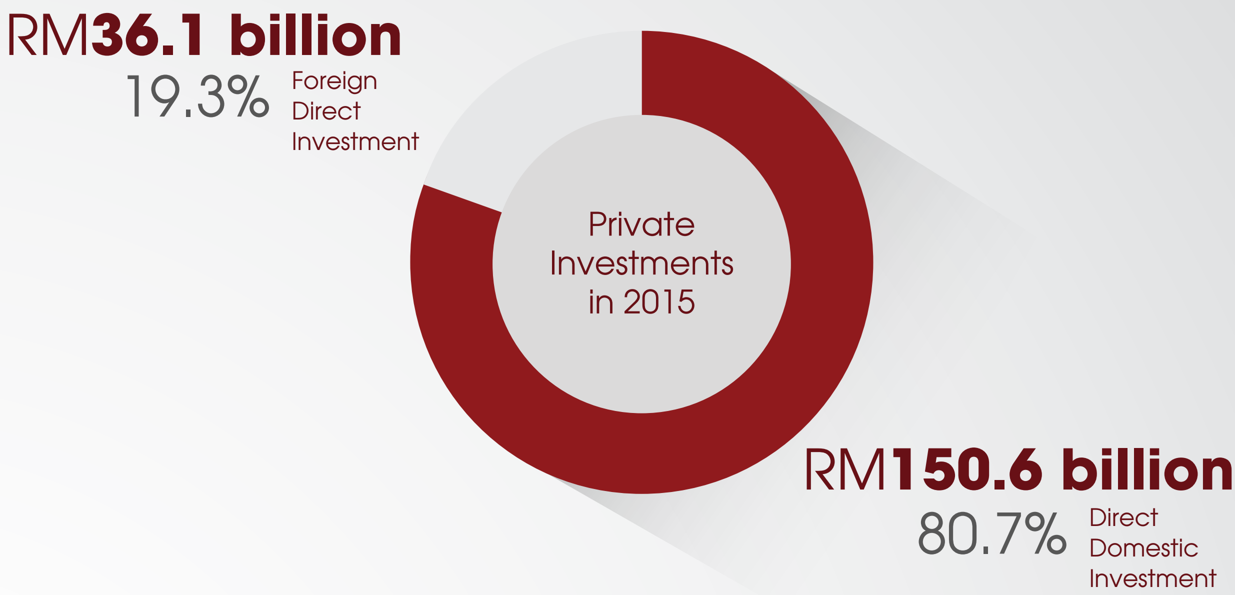
It is no secret that the headwinds in the global economic environment have affected many economies, including Malaysia. The road ahead requires Malaysia to go beyond just economic growth and build upon the core strengths of the country and secure opportunities with long-term benefits for all Malaysians. As we reflect on the past, our history proves that Malaysia is a resilient nation. We emerge stronger every time after each global crisis as we are focused on pushing horizons to reach our full potential, building resilience through stronger institutions, diversification and reducing dependency on commodities.

Against the current situation, Malaysia retained its position as one of the top investment destinations even as it leveraged on robust investment promotion strategies to ensure a pathway to continued prosperity. The country continued to be ranked favourably by several international organisations.

Malaysia was recognised as one of the top host economies for FDI over 2014-2016 in the United Nations Conference on Trade and Development's (UNCTAD) World Investment Prospects Survey. According to the Global Competitiveness Report 2015/2016 released by the World Economic Forum (WEF), Malaysia consolidated its position among the world's top 20 most competitive economies when it advanced two spots to 18th place out of 140 countries. Malaysia remained the highest ranked among developing Asian countries, an endorsement of the progress the country is making in enhancing efficiency and competitiveness through its Government Transformation Programme (GTP) and the Economic Transformation Programme (ETP).

Malaysia was also hailed in the WEF report as one of the 20 economies transitioning from efficient-driven to innovation-driven economies. With its enhanced competitive performance, Malaysia continues to be ahead of economies such as Belgium, Luxembourg, Australia, France, Austria, Ireland, Saudi Arabia, and the Republic of Korea. In the US-based *Foreign Policy* magazine's Baseline Profitability Index (BPI), a ranking of investment attractiveness, Malaysia improved five rungs from 11th in 2014 to 6th in 2015 out of 100 countries.

For its business-friendly climate, Malaysia was ranked 18th on the World Bank's Ease of Doing Business Report for 2016. Although this was a slight drop from 17th place in the preceding year, Malaysia still came out ahead of the Netherlands, Japan and Thailand. Malaysia's efforts to facilitate easier and less costly tax payments for companies by making electronic filing mandatory and reducing the property tax rate were among some of the business reforms undertaken. These positive rankings bear testament that the country's



investment promotion strategies continue to pay off.

The final lap to 2020

With its sights set on transforming into a developed nation by 2020, Malaysia has implemented several focused initiatives to make the final transition into a high-income economy. Under the ETP, Malaysia is aiming to propel its Gross National Income (GNI) per capita to US$15,000 by 2020. This will be achieved by attracting US$444 billion in investments, which will create 3.3 million jobs, many of which are high-income jobs.

In 2014, Malaysia's GNI per capita rose to RM34,123, from RM30,809 boosted by private sector investments at RM146 billion. Some 1.8 million new employment opportunities were also created over a four-year span from the inception of the ETP. Working in tandem with other programmes, such as the five-year Eleventh Malaysia Plan (11MP) which commenced in 2016, Malaysia is making good strides forward towards realising its ambitions.

The 11MP outlines six strategic thrusts and game changers to set the country on an accelerated growth trajectory. It acknowledges that forming a socio-economic development strategy that will increase resilience to climate change and natural disasters remains critical.

Focused on quality investments

Malaysia is now in full gear towards becoming a high income nation as we aim for high value added and high tech investments. Our priority now is not just about the numbers of investors or absolute value of investments but to bring in investments that can help fulfil the country's aspirations and give Malaysians high income and quality jobs. Under its current investment agenda, Malaysia has a preference for quality investments in targeted ecosystems that are projected to have significant knock-on effects throughout the domestic economy.

To strengthen the economy for long-term growth, MIDA continues to adopt and enhance the ecosystem approach for both the manufacturing and services sectors. A comprehensive and strong ecosystem supports job creation and improves the environment for innovation as well as facilitates the needs of businesses.

In 2015, the country attracted RM186.7 billion in mostly high quality private investments bearing testament to the resilience of Malaysia's economy amid the external challenges, the plunge in demand and prices for hydrocarbons and other commodities, as well as the weakening ringgit. Realised private investments measured in terms of Gross Fixed Capital Formation (GFCF) totalled RM198,747 million.

Despite the tough economic challenges over the final leg of the Tenth Malaysia Plan (10MP), Malaysia's investment performance surpassed the average annual investment target of RM148 billion set under the 10MP. This attests to Malaysia's position as an attractive investment destination.

Of the total investments approved, RM150.6 billion or some 80.7 per cent was contributed by Direct Domestic Investment (DDI) while approximately RM36.1 billion or 19.3

Malaysia attracted
RM186.7 billion
high quality private investments

RM108.2 billion
investment in **4,150** approved projects in the services sector

per cent came from FDI. Over the course of 2015, the investments in the National Key Economic Areas (NKEAs) under the ETP amounted to an impressive RM113.8 billion or 60.9 per cent of total investments. There were also significant investments in approved Non-NKEA projects amounting to RM72.9 billion.

The main sectors maintain their strong draw

Malaysia's services sector remains the biggest magnet for investments. In 2015, it attracted a total of 4,150 approved projects in 2015 with investments amounting to RM108.2 billion or 57.9 per cent of the total. Of the total investments, DDI amounted to RM95.8 billion and FDI totalled RM12.4 billion.

The manufacturing sector too continued to play an important role in 2015, attracting investments worth RM74.7 billion or 40 per cent. Approximately RM21.9 billion or 29.3 per cent of total manufacturing investments were sourced from foreign sources while the balance RM52.8 billion or 70.7 per cent stemmed from domestic sources. There was continued interest by foreign investors to invest in quality projects in new growth areas and emerging technologies.

Despite the global slowdown, Malaysia continued to attract new investments in manufacturing. In 2015, investments in new projects amounted to RM60.2 billion from 384 projects. This comprised 80.6 per cent of the total investments approved, of which RM11.6 billion or 19.3 per cent was from foreign sources, while RM48.6 billion or 80.7 per cent hailed from domestic investments.

The developed economies continued to be a vital component of the investment landscape in Malaysia over 2015. The leading sources of foreign investments in manufacturing for 2015 were the USA, Japan, HKSAR, the People's Republic of China (PRC) and Singapore. The USA was the manufacturing sector's biggest foreign investor in 2015 with investments of RM4.2 billion in 19 projects, followed by Japan RM4.0 billion in 60 projects, HKSAR RM3.2 billion in 9 projects, the PRC RM1.9 billion in 17 projects, and Singapore RM1.4 billion in 87 projects. These five countries jointly accounted for 66.6 per cent of total foreign investments approved in 2015.

The primary sector accounted for RM3.8 billion of approved investments in 2015. Foreign investments in the primary sector amounted to RM1.8 billion or 47.4 per cent, while domestic investments made up another RM2 billion or the remainder 52.6 per cent.

Preparing for economic integration

Collectively, the South East Asia region is the seventh largest economy in the world and, with a population of over 633 million people, represents the third largest market base in the world, behind only China and India. The establishment of the AEC will bring about opportunities in the form of a huge market worth over US$2.5 trillion. Moreover, a highly competitive and resilient ASEAN Community with a cohesive and deeply integrated economy, together with its sizeable population, combined GDP and shared aspirations, will create an economic region capable of competing with the world's largest economies.

The formal establishment of the AEC in 2015 is not a static end goal, but a dynamic process that requires continuous reinvention of the region to maintain its relevance in an evolving global economy.

To this end, the ASEAN Member Countries have adopted the AEC Blueprint 2025 to guide ASEAN economic integration from 2016 to 2025. Under the Blueprint, a stronger AEC is envisaged by 2025 with the following characteristics:

(a) a highly integrated and cohesive economy;
(b) a competitive, innovative, and dynamic ASEAN;
(c) enhanced connectivity and sectoral cooperation;
(d) a resilient, inclusive and people-oriented, people-centred ASEAN; and
(e) a global ASEAN.

In order to deepen regional economic integration, it is critical to include a clear strategy to address any unfinished goals in the post-2015 agenda.

RM74.7 billion
investment in **680** approved projects in the manufacturing sector

Primed to woo investors

Today, multinational businesses continue to be drawn towards Malaysia's part in the economic powerhouse that the AEC is fast on the way to becoming. As one of the community's most advanced and well-connected economies, Malaysia is well positioned to become the regional or global operations base for multinational companies on both the services and manufacturing fronts. Among the factors that ratify Malaysia as the right choice is its strong government-backed pro-business policies, its balance of costs and benefits, its world class transportation, communications and financial services infrastructure, as well as its talent, but at a fraction of the costs of neighbouring hubs. In fact, Malaysia was ranked 24th out of 144 economies in the WEF Global Competitiveness Ranking 2015/2016 for Infrastructure.

Several other incentives are being put in place to draw investors to ASEAN and Malaysia. At the regional level, the ASEAN Comprehensive Investment Agreement (ACIA) is expected to facilitate the transformation of ASEAN into an investment hub that will be able to compete effectively with other emerging economies in attracting FDI and intra-ASEAN investment. On the domestic front, the new Principal Hub Incentive announced under Malaysia's Budget 2015 and implemented in May 2015 is set to strengthen Malaysia's position as the global operational centre for multinational corporations. The Principal Hub incentive will leverage on economic cooperation within ASEAN under the ASEAN Trade in Goods Agreement (ATIGA) and ASEAN Framework Agreement on Services.

Focused investment activities to energise growth

Going forward, the Malaysian Investment Development Authority (MIDA) will continue to assume a pivotal part in driving investment promotion and ensuring that there is a significant leap in investment activities for Malaysia. To strengthen investments in the manufacturing and services sectors, the organisation will roll out the related ecosystems and ensure a purposeful approach in all our undertakings. The aim is to leverage on new sources of competitive advantage and undertake a strong role in bridging the human capital needs of individual potential investors.

MIDA will continue to promote quality investment projects that have these features: they must be high technology oriented; high value-added; knowledge-intensive; skills-intensive; and export oriented. At the same time, we are looking at capital, design and R&D-intensive projects. These projects must also possess a high GNI impact and strong linkages to domestic industries. MIDA will also pursue a host of new investment strategies including positioning Malaysia as a high-tech hub for manufacturing and services as well as transforming the domestic investment landscape.

In regard to regional integration, Malaysia will continue to cooperate and collaborate with ASEAN countries by leveraging investment feasibility studies as well as specific measures to promote access to potential industry. These initiative are aimed at enhancing trade and investment opportunities with ASEAN countries which would contribute towards regional growth and development.

An integrated ASEAN will increasingly influence how MNCs invest, plan, network and operate in the region. Recognising this, MIDA will leverage on ASEAN platforms to increase intra-ASEAN investment. As MIDA seeks to establish strong industrial and services ecosystems in ASEAN, we will continue to work closely with other ASEAN Investment Promotion Agencies (IPAs) to undertake joint promotional activities.

As the AEC bandwagon prepares to propel the region forward with Malaysia at the forefront, investors can expect an energetic and rewarding ride!

MIDA will continue to drive investment promotions and strengthen investments in the manufacturing and services sectors.

"WELL PRIMED TO DELIVER SUSTAINABLE GROWTH"

GLOBAL FDI PERFORMANCE

In 2015, Malaysia continued to roll out several focused initiatives which are helping it maintain its position on investors' radar as an attractive investor proposition. More importantly, these endeavours are going a long way in preparing the nation for tangible, sustainable growth amidst a fragile global economic landscape.

Malaysia's position vis-à-vis the global investment landscape

According to January 2016's Global Investment Trends Monitor by the United Nations Conference on Trade and Development (UNCTAD), global FDI flows rose by 36% to reach an estimated US$1.7 trillion in 2015, their highest level since 2007. A wave of cross-border mergers and acquisitions (M&As), which rose significantly in value, was largely responsible for this increase in FDI. Greenfield investment project announcements, in contrast, registered little change in value terms from 2014, with the rise in developed economies roughly compensating a pullback in capital expenditure by multinational enterprises (MNEs) in the developing economies.

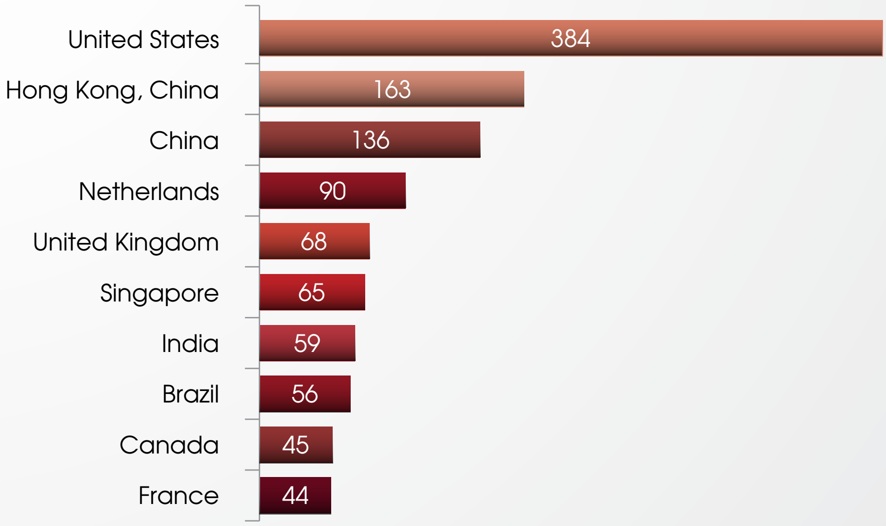
The increase of FDI inflows in developed economies changed the pattern of FDI by economic grouping in their favour. While the developed economies accounted for more than half of global FDI inflows, at the regional level, developing Asia remained the largest host region for FDI inflows, surpassing the European Union (EU) and North America. Developing economies continued to make up half of the Top 10 host economies in the year.

According to UNCTAD, global FDI flows rose by 36% to reach an estimated US$1.7 trillion in 2015, their highest level since 2007. However, this was mostly due to cross-border M&As and not so much greenfield investments.

As Malaysia sets its sights on transforming into a developed nation by 2020, it continues to bring into play several strategic initiatives such as the Eleventh Malaysia Plan (2016-2020) to help it make the final transition into a high-income economy.

The USA was in first position among the host economies in 2015 with an estimated US$384 billion in FDI inflows, followed by HKSAR with US$163 billion and the PRC with US$136 billion.

Estimated FDI inflows: Top 10 host economies in 2015 (billions of US dollars)



Source: UNCTAD

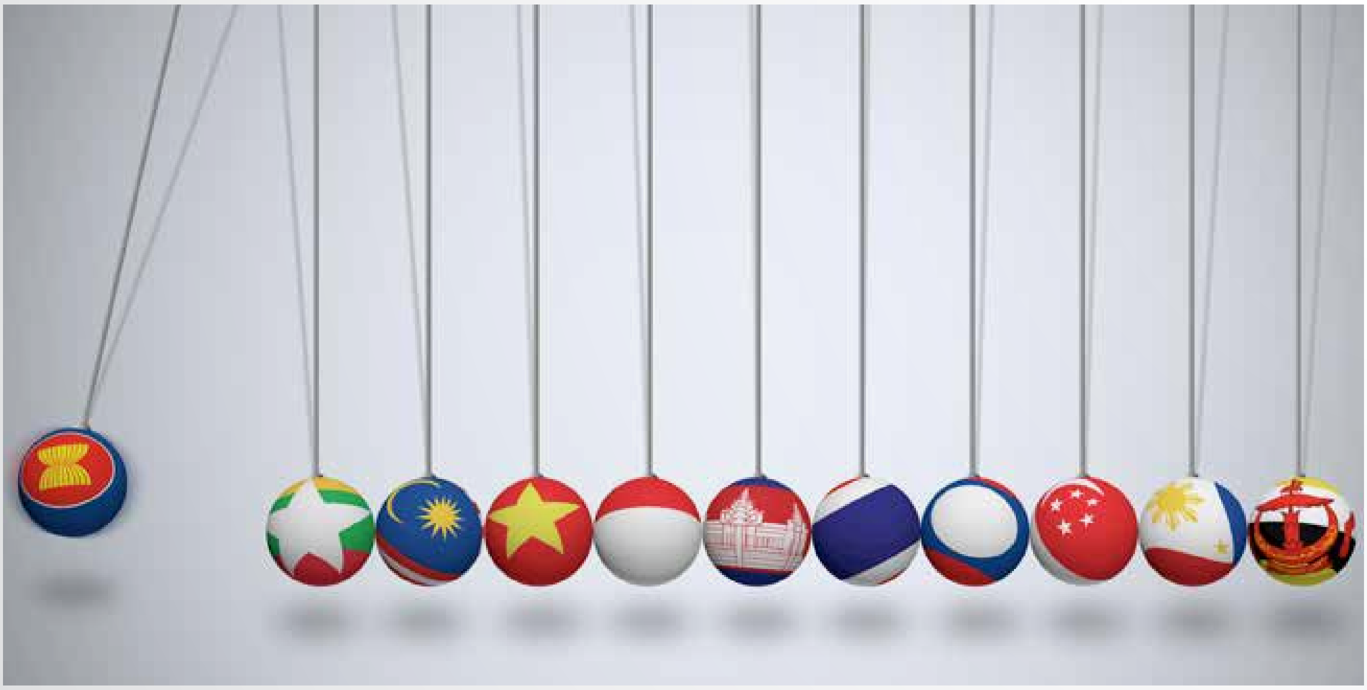
FDI flows among top host economies

In terms of FDI inflows by rank, the USA was in first position among the host economies in 2015 with an estimated US$384 billion in FDI inflows. The rise in FDI was largely due to a surge in equity investments and a sharp increase in M&A sales. Acquisitions of assets in manufacturing and services more than compensated for the decline in the primary sector, with total M&A sales rising to US$228 billion, the largest volume of cross-border acquisitions since 2000.

The second largest FDI recipient in the world was the Hong Kong Special Administrative Region of the People's Republic of China or HKSAR with US$163 billion in inflows. The rise in both economies, however, was due in part to inversion deals and reconfiguration of corporate structures involving large values in the financial account of the balance of payments, but little movement of actual resources. The third largest FDI recipient in the world was the People's Republic of China or PRC with US$136 billion of FDI inflows. Singapore, the only ASEAN country, was ranked sixth among the world's FDI recipients with US$65 billion in FDI inflows.

UNCTAD's preliminary estimates indicate that FDI flows to developed countries bounced back in 2015, reaching their second highest level at US$936 billion, and accounting for the majority of the increase in global flows. Buoyant cross-border M&A activities, most notably acquisitions of assets in the USA by foreign MNEs, boosted FDI flows. MNEs seeking growth, rushed to make acquisitions, the low interest environment and strong balance sheets facilitating such moves.

As such, the growth of FDI inflows did not translate into an equivalent expansion of productive capacity, as it was due in large part to cross-border M&As and with only a limited contribution from greenfield investment projects in productive assets. Furthermore, some deals were structured as inversions which usually involve little movement in resources.



FDI inflows to Asia

In 2015, FDI inflows to developing Asia rose by 15 per cent to an estimated US$548 billion, a new record. Asia continued to be the largest FDI recipient region in the world, accounting for one third of global FDI flows. With FDI inflows jumping to an estimated US$163 billion, HKSAR became the largest recipient economy in the region and the second largest in the world. FDI inflows to mainland PRC rose by 6% to an estimated US$136 billion. While inward FDI flows in manufacturing declined, those in services kept momentum and drove total inflows to a new record level. FDI inflows to Singapore dropped slightly by 4% to an estimated US$65 billion contributing to an overall decline of 7% in ASEAN as a whole. FDI flows to India nearly doubled, reaching an estimated US$59 billion. Measures taken by the government of India to improve the investment climate have had an impact.

Within ASEAN, Malaysia's near-term economic outlook overall remains favourable despite some risks. The economy has diversified moving away from a focus on commodities and the Malaysian Government has taken steps to broaden the revenue base by introducing a Goods and Services Tax (GST) in 2015. Short-term risks include further declines in oil prices and oil related taxes that still account for around 30 percent of public revenues, although this is partially compensated by the removal of fuel subsidies in 2014. Other risks are related to the volatility in capital flows from the normalisation of US monetary policy. The long-term sustainability of this favourable outlook hinges on structural reforms to strengthen medium-term fiscal planning, and to boost capabilities and competition within the economy.

"MANUFACTURING SECTOR: ENERGISING GROWTH"

2 INVESTMENTS IN THE MAIN SECTORS

Having undergone a major transformation phase, Malaysia's manufacturing sector continues to be given a boost under the strategic thrusts of the Eleventh Malaysia Plan (11MP). Robust building blocks are being laid to energise the manufacturing sector and ensure it remains a resolute engine of economic growth.

In 2015, the manufacturing sector continued to attract a healthy share of capital-intensive investments for flagship industries. The year saw major manufacturers taking the opportunity to consolidate their positions in the region ahead of the launch of the AEC at the end of December 2015. Amid the risks and uncertainties in the global economic landscape, investors remained confident about Malaysia as an investment destination. The favourable investment environment in Malaysia, including the availability of excellent infrastructure, telecommunication services, financial and banking services, supporting industries as well as a skilled and trainable pool of talent, all strengthened Malaysia's position as an attractive investment location from which MNCs can readily serve the global and regional markets.

The year in review saw a total of 680 new manufacturing projects with investments amounting to RM74.7 billion being approved as compared to 811 manufacturing projects with investments of RM71.9 billion approved in 2014. Foreign investments in manufacturing amounted to RM21.9 billion and accounted for 29.3 per cent of the total investments approved for the year. The balance of RM52.8 billion or 70.7 per cent stemmed from domestic investments.

Despite the prevalent global slowdown, there was continued interest by foreign investors to invest in quality projects in new growth areas and emerging technologies. In 2015, there were investments in 384 new projects amounting to RM60.2 billion constituting 80.6 per cent of the total investments approved. Of this, RM11.6 billion or 19.3 per cent was from foreign sources while RM48.6 billion or 80.7 per cent came from domestic investments.

Existing companies in Malaysia continued to expand and diversify their operations, reflecting their prevailing confidence in the country's investment environment. A total of 296 expansion/diversification projects with investments amounting to RM14.5 billion were approved in 2015, accounting for 19.4 per cent of the total investments approved.

The projects approved in 2015 are expected to create 66,494 employment opportunities.

Capital-intensity of manufacturing projects

Capital-intensity, as measured by the capital investment per employee (CIPE) ratio of projects approved in the manufacturing sector, stood at RM1,123,306 as at end 2015. The CIPE ratio of manufacturing projects has registered an increasing trend since 1990. This reflects the general trend towards more capital-intensive, high value-added and high technology projects.

In 2015, the industry with the highest CIPE ratio was the natural gas industry (RM81,333,125), followed by petroleum products including petrochemicals (RM14,495,080), transport equipment products

In 2015, some 680 projects amounting to RM74.7 billion or 40 per cent of total investments were approved in the manufacturing sector. DDI accounted for RM52.8 billion while FDI totalled RM21.9 billion.

The projects approved in 2015 are expected to create 66,494 employment opportunities primarily on the E&E front (22,599 jobs), followed by rubber products (6,890 jobs) and fabricated metal products (4,526 jobs).

(RM2,414,287) and chemical and chemical products (RM1,136,068).

In 2015, a total of 6 projects with investments of at least RM1 billion or more were approved with total investments amounting to RM46 billion and making up 61.6 per cent of the total investments approved. These 6 projects were mainly petroleum products projects including petrochemicals (1 project/ RM24.9 billion), natural gas (1 project/RM10.4 billion), transport equipment (1 project/RM4.6 billion), basic metal products (1 project/RM2.7 billion), electronics and electrical (E&E) products (1 project/RM2 billion) and food manufacturing (1 project/ RM1.3 billion). In comparison, there were 15 projects which recorded investments of at least RM1 billion or more in 2014 with total investments amounting to RM40.4 billion.

In 2015, there were 64 projects approved which recorded investments of at least RM100 million or more. Total investments in these projects amounted to RM64.8 billion or 86.6 per cent of the total investments approved.

Projects Approved by Industry

The petroleum products including petrochemicals industry recorded the highest investments approved in 2015, amounting to RM27.0 billion. This was followed by natural gas (RM10.4 billion), E&E products (RM 8.9 billion), transport equipment (RM 6.5 billion), non-metallic mineral products (RM3.7 billion), basic metal products (RM3.6 billion), food manufacturing (RM2.6 billion), fabricated metal products (RM 2.6 billion) and chemical & chemical products (RM 2.3 billion). These nine industries accounted for RM67.7 billion or 90.6 per cent of total investments approved.

Export-Oriented Projects

The favourable investment environment in Malaysia, including the availability of excellent infrastructure, telecommunication services, financial and banking services, supporting industries as well as a pool of talent and skilled and trainable workforce, has tamped Malaysia as an attractive investment location to serve the global and regional markets.
In 2015, a total of 227 approved projects involving investments of RM26.9 billion, proposed to export at least 80 percent of their output. Of the total investments approved, foreign investments amounted to RM13.1 billion or 48.7 per cent while the remaining was from domestic sources amounting to RM13.8 billion or 51.3 per cent.

The main industries with export-oriented projects were:

- E&E products (RM7.8 billion / 46 projects)
- Petroleum Products (Inc. Petrochemicals) (RM1.5 billion / 6 projects)
- Chemical & Chemical products (1.4 billion / 13 projects)

Employment Opportunities

The projects approved in 2015 are expected to create employment opportunities for 66,494 people. Of these, 4,759 or 7.16 per cent are in the managerial category, 9,192 or 14 per cent are in the technical and supervisory category, 10,227 or 15.38 per cent are in the craft skills category, 29,487 or 44.35 per cent are in the machine operators/assembly workers category, 12,829 or 19.29 per cent are in the sales, clerical category.

Most of the employment opportunities were in the E&E with 22,599 jobs, followed by rubber products (6,893) and fabricated metal products (4,515).

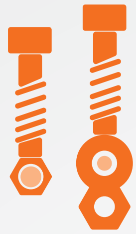
Ownership of manufacturing projects

Based on the current global economic scenario, as well as increasing competition for global FDIs, it is critical for domestic investments to assume the pivotal role of driving Malaysia's investment agenda to transform and reshape the economy. Malaysia's continued competitiveness is now dependent on strengthening the manufacturing and services sectors and accelerating the shift to high value-added, high technology, knowledge-intensive and innovation-based industries.
This transformation will not take place in the absence of stronger domestic investments.

In 2015, domestic investments approved leaped to RM 52.8 billion from RM32.3 billion in 2014 and RM21.6 billion in 2013, accounting for 70.6 per cent of the total investments approved.

The major portion of the domestic investments approved in 2015 amounting to RM48.6 billion was in new projects, while RM4.2 billion was in expansion/diversification projects. Domestic investments were mainly on the petroleum products including petrochemicals front

The major portion of DDI (RM48.6 billion) was in new projects, while RM4.2 billion went towards expansion / diversification projects. On the FDI front, RM11.6 billion was in new projects while RM10.3 billion was in expansion / diversification projects.



E&E products contributed **RM277.9 billion** of total manufacturing goods

with RM25.1 billion or 47.6 per cent of the total domestic investments approved in 2015. Other industries which recorded significant domestic investments were natural gas (RM10.4 billion), transport equipment (RM6 billion), food manufacturing (RM2.1 billion), fabricated metal products (RM1.6 billion), non-metallic mineral products (RM1.4 billion) and chemicals and chemical products (RM1.1 billion).

Malaysia continued to attract foreign investments in the manufacturing sector despite the global economic slowdown. The adoption of a more focused and targeted approach in attracting quality foreign investments in high technology, knowledge-intensive industries; high value-added industries; and R&D activities has manifested into high levels of capital investment.

Foreign investments in approved manufacturing projects in 2015 amounted to RM21.9 billion. Of the RM21.9 billion foreign investments approved, RM11.6 billion or 53.1 per cent was in new projects while the remaining RM10.3 billion or 46.9 per cent was in expansion/diversification projects.

The E&E industry accounted for the largest amount of foreign investments, totalling to RM8.2 billion. An expansion project for hard disk drives and media multi disk writers amounting to RM2.1 billion helped cement this industry's prominence in terms of foreign investments. Other industries with high levels of foreign investments were the basic metal products (RM2.7 billion), non-metallic mineral products (RM2.3 billion), petroleum products including petrochemicals (RM1.9 billion) and chemicals and chemical products (RM1.2 billion).

The leading source of foreign investments in 2015 was the USA with investments totalling RM4.2 billion in 19 approved projects. The USA's RM2.1 billion expansion project for the manufacture of hard disk drives and media multi disk writers solidified its presence as the leading source of FDI. The USA was followed by Japan with investments amounting to RM4 billion in 60 projects. The bulk of Japan's investments were also concentrated on the E&E front. The other major sources of foreign investments in 2015 were HKSAR (RM3.2 billion), the PRC (RM1.9 billion), Singapore (RM1.4 billion) and the Republic of Korea (RM1.4 billion). These six countries jointly accounted for 72.7 per cent of total foreign investments approved during the period.

Approved projects by location

A large number of projects were approved to be located in Selangor (222 projects), Johor (137 projects) and Penang (107 projects), which continued to be the leading states in terms of number of projects approved. A total of 466 projects or 68.5 per cent of the projects approved will be located in these three states. In terms of investments approved, the state of Johor received the largest amount, with investments amounting to RM31.1 billion. Sarawak ranked second with investments of RM11.9 billion, followed by Selangor (RM8.0 billion), Melaka (RM6.9 billion) and Penang (RM6.7 billion). These 5 states contributed 86.3 per cent of the total investments approved in 2015.

The highest level of investments approved for the state of Johor were contributed by a wide range of industries such as petroleum products including petrochemicals (RM26.0 billion), food manufacturing (RM1.6 billion) and chemical and chemical products (RM733 million).

The state of Sarawak registered the second highest level of investments amounting to RM11.8 billion. Major projects approved in Sarawak include a new Malaysian-owned project worth RM10.4 billion to produce Liquefied Natural Gas (LNG). Investments in Sarawak were concentrated in the fabricated metal products (RM646 million) and E&E (RM590 million) industries.

The state of Selangor attracted investments amounting to RM8.0 billion, mainly in transport (RM1.2 billion), E&E (RM986 million) and non-metallic mineral products (RM977 million) industries.

Implemented manufacturing projects

The approved projects in 2015 bring manufacturing projects approved during the five-year period of 2011 to 2015 to 3,928 projects. Of these, 2,967 projects have been implemented thus far, with 2,751 projects in production and 216 projects still under factory construction and machinery installation. Total capital investment in these 2,967 projects amounted to RM175.1 billion. Another 93 projects with investments of RM 25.9 billion are under site acquisition, while 680 RM79.5 billion are in the active planning stage. Once these

773 projects are realised, total investment in these projects will amount to RM105.5 billion.

The majority of projects implemented during the five-year period covered major industries such as E&E, petroleum products (incl. petrochemicals), transport equipment, chemical and chemical products and basic metal products. Selangor has the largest number of implemented projects to date, followed by Johor, Selangor, Pulau Pinang, Kedah and Sarawak.

In 2015, a total of 15 companies were forced to downsize their operations and retrenched 768 workers. Twelve companies had to cease operations altogether. The reasons cited for these closures were poor market conditions, increasing costs, financial problems and restructuring issues. Nonetheless, these closures were offset by the creation of 66,494 new job opportunities during the same period as 351 projects commenced production.

Electrical and Electronic (E&E) Products

Over the last few decades, the E&E industry has assumed the role of a prime mover in the Malaysian economy securing foreign investment and creating employment. This industry record of accomplishment was once again proven when it was hailed for its contributions as Malaysia's largest export earner in 2015. Exports of E&E products accounted for RM277.9 billion and contributed 44.4 per cent of total manufacturing goods in 2015. The PRC, Singapore, the USA, HKSAR and Japan were the top five export destinations, with the PRC accounting for 15.6 per cent of all Malaysian E&E product exports.

MNCs in the E&E industry continue to expand their R&D capabilities in Malaysia while enticing local companies to continue developing their competencies in research and development (R&D) and design and development (D&D) to support the MNCs' activities in line with Malaysia's aim to become a high-income nation by 2020.

In the Electrical and Electronics NKEA, sub-sectors such as semiconductors, light emitting diodes (LED), solar and industrial electronics are expected to drive the biggest growth and will contribute a projected RM90.1 billion to Malaysia's GNI and 157,000 jobs by 2020. The E&E industry continues to be a key driver of the Malaysian economy, with significant contribution to the country's manufacturing output, employment, investments and exports. The presence of top manufacturing services has created opportunities for local companies to form partnerships, thus allowing local SMEs to develop full-scale design-to-manufacturing capabilities. The emergence of new economic powerhouses brought on by liberalisation and globalisation has created a highly competitive market. In order for Malaysia to compete in this environment, the Government, through this NKEA, actively supports the transition of domestic players to large home-grown entities that are engaged in high-value activities.

MNCs have also contributed significantly to the local economy through comprehensive procurement. The level of procurement has evolved from raw materials procurement in the early days towards high-value products and services' procurement which involves technology collaboration. This has successfully groomed local companies like Vitrox and Qdos who today have the capability to produce products and to provide services for first tier customers. The impact of these MNCs' presence in Malaysia, particularly on the E&E front is huge.

Apart from contributing to high exports for the country, such establishments are also helping in the creation of high income, knowledge-driven job opportunities to Malaysian. While many MNCs in E&E undertake R&D and D&D as an integral component of their operations in Malaysia, local companies would also benefit from undertaking their own internal R&D activities as part of the requirements in product and process development upon becoming the MNCs' supply chains. This will ultimately help the industry to progress further. Today, many of the local companies that have built up their capabilities and capacities to become first, second and third tier suppliers to MNCs have been rewarded with contracts worth millions.

From serving as contract manufacturers to Original Equipment Manufacturers (OEMs), more local companies are already undertaking R&D, engineering design, innovation and system integration and developing proprietary E&E products for global exports. Thus, Malaysia continues to become a choice destination for MNCs seeking to outsource their manufacturing processes. Malaysia is proud to host a number of major Electronic Manufacturing Services (EMS) companies the likes of Jabil, Plexus, Venture, Flextronics and Celestica who have expanded their activities extensively to incorporate more design functionalities in their local operations. This has undoubtedly helped drive up the industry value chain several notches higher.

The increasing demand for E&E products through the Internet of Things (IoT) has resulted in this industry's role as the growth catalyst in other sectors. The E&E industry will be the main IoT enabler for other industry clusters such as healthcare, automation, transportation, logistics, security, smart city development and tourism. Embedded systems, wireless sensor networks, control systems, automation (including home and building automation) and others will be revolutionised to enable the IoT. IC design companies such as PMC-Sierra International, Altera, Phisontech, IC Microsystems and Symmid are major players in sensors and microelectromechanical systems (MEMs) technology.

FDI'S IMPACT ON THE MALAYSIAN ECONOMY

As of December 2015, the stock of foreign direct investment or FDI amounted to RM507.2 billion or 44% of Malaysia's GDP. It almost doubled this level prior to the onset of the global financial crisis in 2008. About 44% of FDI was channelled to the manufacturing sector, followed by 22% to the financial sector, while 9% to the ICT sector and 6% to the mining sector. Major sources of FDI included Singapore at 21%, Japan 16%, Netherlands 9% and the USA 7%.

According to data on investments implemented in the manufacturing sector from 1980 to 2015 compiled by MIDA, the Electrical and Electronics (E&E) industry was the major recipient of FDI of RM182 billion sourced mainly from the USA, Japan, Germany, Singapore and the Netherlands. Approved investments in the services sector of RM21.4 billion in 2015 were channelled to global establishments, MSC status companies, distributive trade, and the financial services sector.

FDI has had a multiplier impact on the Malaysian economy driving long-term growth, jobs, skills and innovation. It has enabled Malaysia to upgrade and diversify the range of products from advanced electronics to semiconductor equipment, medical devices and advanced aero structures. The strong presence of FDI in the manufacturing sector has also helped enlarge the market through the growth of the supply chain ecosystem and allied services industry. Foreign companies have impacted significantly on the manufacturing sector contributing an estimated 44% of total output, 39% of jobs, 56% of employee compensation and 37% of gross capital formation.

The key benefits of FDI to date have been:

Development of the supply chain

The supply chain has grown through outsourcing to local suppliers of raw materials, components, software, packaging and logistics. This has led to the integration of vendors to the global supply chain.

Collaboration with tertiary institutions

Industry-academia collaboration has improved the alignment between skills supply and demand as well as encouraged the transfer of technology and industry research.

An increase in the talent base for management skills

The management of many companies engaged in high value manufacturing and engineering solutions are staffed by employees who acquired skills while working in multinational companies. Accordingly, these human resource skills helped foster entrepreneurship and birthed Malaysian companies such as Amaleus, Globetronics, Inari, Pentamaster, SAM Engineering and Equipment as well as Vitrox. These companies are listed on Bursa Malaysia and the enhanced shareholders' value is shared with Malaysians through the distribution of dividends.

Growth of the shared services industry

FDI in the manufacturing sector has led to the growth of support services such as treasury management, information technology, engineering, management of human resources and purchasing. The strong momentum built in the shared services industry has spurred the establishment of regional headquarter functions.

Job creation

Malaysia's workforce had benefitted greatly from job opportunities created via the growth of high-income jobs in engineering, design and development. Foreign corporations have created 41,424 jobs representing 62% of jobs created in the manufacturing sector.

Innovation through research and development (R&D)

Innovation via R&D activities acts as a catalyst in value creation through the development of new products, new process and intellectual property in the form of patents. Through outsourcing of manufacturing, FDI has been driving technology by nurturing Malaysian companies to jointly design and develop new products. The diffusion of this knowledge across the value chain creates spillover benefits and synergies for additional new products and services.

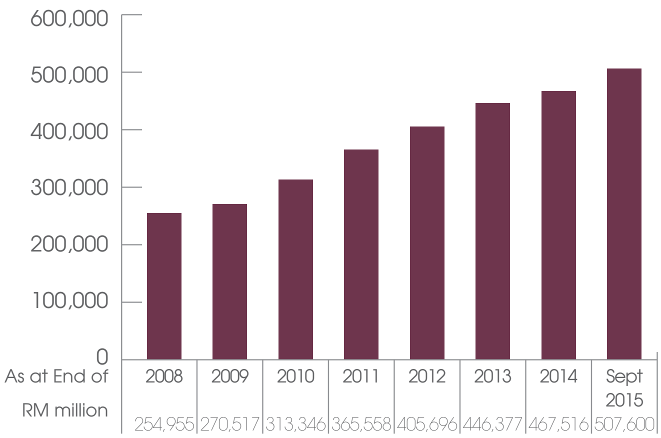
THE SHIFT TOWARDS VALUED ADDED ACTIVITIES

To complement FDI and to enable Malaysian companies to compete internationally in a more effective manner, MIDA is promoting the Domestic Investment Strategic Fund (DISF). The DISF is inducing the shift to high value-added, high-technology, knowledge and innovation based industries by enabling Malaysian companies to strengthen their absorptive capacity. Through building capacity to participate in the global supply chain, strengthening training and R&D, promoting the acquisition of new technology and acquiring international certification, Malaysian companies are steadfastly making their way up the value chain.

Today the fund is geared towards industries such as the aerospace, medical devices, pharmaceuticals, electronics, machinery and equipment, renewable energy and biotechnology industries. The DISF provides matching grants for expenditure on R&D, training, upgrading of facilities, licensing of new technology and obtaining international standards. DISF grants have had an impact on penetrating new export markets, improving skills and efficiency of equipment.

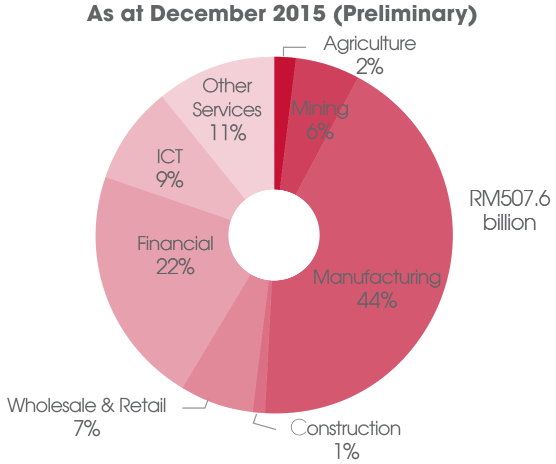
FDI continues to be a boon to Malaysia even as it drives long-term growth, jobs, skills and innovation. As Malaysian companies continue to leverage on FDI to nurture and strengthen their competencies and business sophistication, they are bolstering their competitive edge and making strong strides forward.

Malaysia: FDI Stock as at December 2015 (Preliminary)



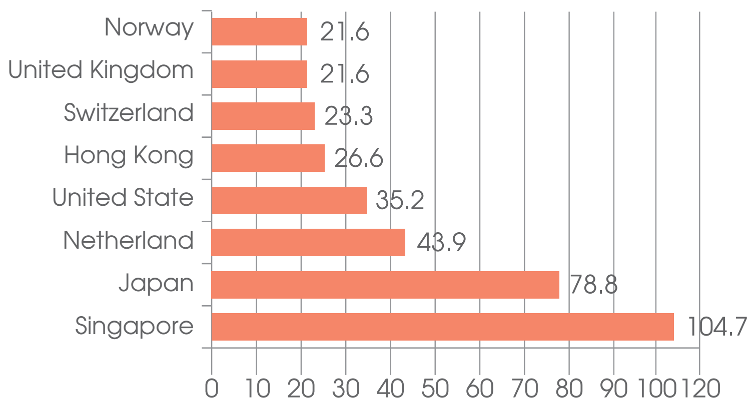
Source: DOSM, UNCTAD

Malaysia: FDI Stock by Sector As at December 2015 (Preliminary)



Source: DOSM, UNCTAD

Major Foreign Sources



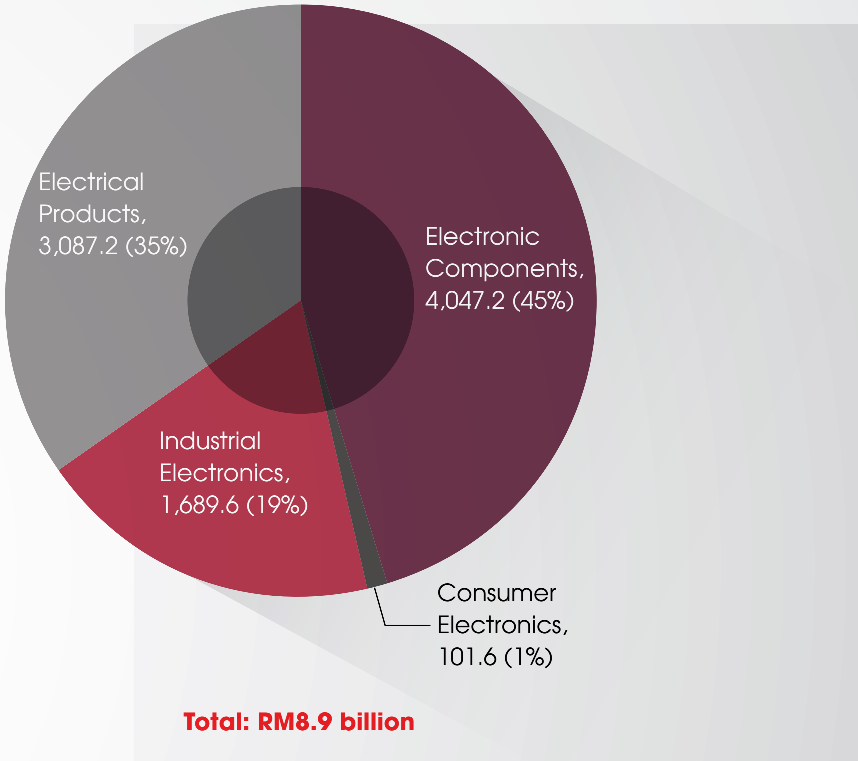
Source: DOSM

In the last few years, Malaysia has successfully attracted some of the major global solar photovoltaic manufacturers to set up their solar photovoltaic manufacturing plants in the country. Currently, AUO Crystal (wafers), AUO - Sunpower (cells), Hanwha Q-Cells Malaysia (cells), First Solar Malaysia (thin-film and monocrystalline solar modules) and Panasonic Energy Malaysia are already in production and exporting their products. The emergence of major solar companies in Malaysia is nurturing the solar value chain, opening up new opportunities for local companies.

Sectors	Sub-sector	Example of Products
Electronics	Components	Semiconductors, passive components, printed circuit boards, metal stamped parts and precision plastics parts
	Consumer	Audio video products such as television receivers, infotainment products, speakers, cameras and electronics games
	Industrial	Multimedia and information technology products such as computers and computer peripherals; telecommunications equipment; office equipment; and box built products for industrial applications
Electrical	Electrical	Distribution boards, control panels, switching apparatus, lightings, transformers, cables and wires, primary cells and batteries, solar cells and modules, air conditioners, household appliances

A total of 93 E&E projects with investments of RM8.9 billion were approved in 2015. Of this total, 26 projects were new projects with investments of RM2.1 billion while 67 were expansion/ diversification projects with investments amounting to RM6.8 billion. Domestic investments amounted to RM0.7 billion (8%) while foreign investments totalled RM8.2 billion (92%). Existing E&E MNCs in Malaysia continue to expand and diversify their operations, reflecting their prevailing confidence in the country's investment environment. Major sources of foreign investments were mainly from the USA, PRC and Japan. The investments approved from the USA were mainly in the electronics components sub-sector. Investments from PRC were mainly in the electrical components, while investments from Japan were primarily in the electronics components.

Approved investments in the E&E Industry by Sub-Sector, 2015 (RM million)



Electronics Components

The electronics components sub-sector contributed the largest share with 45 per cent of investments in the E&E industry last year. A total of 28 projects were approved with investments amounting to RM4 billion in 2015. The projects approved were for the production of electronic components such as hard disk drives, semiconductor devices, and optoelectronics devices. The sub-sector was driven largely by foreign investments.

Of the total investments approved in the electronics components sub-sector in 2015, foreign investments amounted to RM3.8 billion (94.4%), while domestic investments totalled RM228.6 million (5.6%). There were seven new projects with investments amounting to RM138.8 million while 21 projects (RM3.9 billion) were for expansion/diversification. These projects are expected to generate employment opportunities for 11,876 people.

This sub-sector has undergone structural changes where companies have shifted their focus to front-end processes which require more advanced research, design and development activities. It provides opportunities for local engineers to be engaged in new product development and leading edge technologies.

Among the significant projects approved were and an expansion project by a wholly foreign-owned company with investments of RM2 billion to manufacture hard disk drives and media multi disk writers. The project is expected to create additional employment opportunities for 8,559 people. Another project by a wholly Malaysian-owned company with investments of RM71 million, entails die preparation at the wafer level for photonics integrated circuits (IC).

Consumer Electronics

In 2015, three FDI projects were approved with investments of RM101.6 million. Out of the three projects approved for this sub-sector, two were for new projects while one involved expansion and diversification. The significant project approved was a new project by a wholly foreign-owned company with investments of RM66.5 million to manufacture speaker cones.

Industrial Electronics

In 2015, a total of 16 projects were approved in industrial electronics with total investments of RM1.7 billion. Of the projects approved, 12 projects were for expansion/ diversification with investments amounting to RM1.6 billion (93.1%), while four were new projects with investments totalling RM116.7 million (6.9%). Foreign investments amounted to RM1.6 billion while domestic investments totalled RM75.4 million.

Among the significant projects approved during the period were an expansion project by a wholly foreign-owned company with investments of RM567.8 million to manufacture multi-functional printer products. The project is expected to create additional employment opportunities for 771 people. Another new project by a wholly Malaysian-owned company involves investments of RM36.3 million for testing semiconductor devices.

Electrical

In 2015, a total of 46 projects were approved in the electrical sub-sector with total investments of RM3.1 billion. Of these, 13 were new projects and 33 were expansion/ diversification projects. The sub-sector is mainly dominated by foreign investments amounting to RM2.7 billion (86.5%) while domestic investments totalled RM418 million (13.5%). The projects are expected to generate employment opportunities for 6,248 people. Based on approvals in the E&E industry, the electrical products sub-sector was the second largest recipient of investment, with solar projects being the main contributor.

Among the significant investments approved were a new project with investments of RM609 million to manufacture photovoltaic solar cells which would create 692 job opportunities; an expansion project with investments of RM587 million to develop and manufacture silicon photovoltaic ingots, wafers, cells, modules and thin film solar modules; and a

new project with investments of RM50 million to manufacture solar panels.

Transport Equipment

The transport equipment industry comprises the automotive, aerospace, shipbuilding and ship repair (SBSR) and rail sub-sectors, with automotive being the largest sub-sector in this industry.

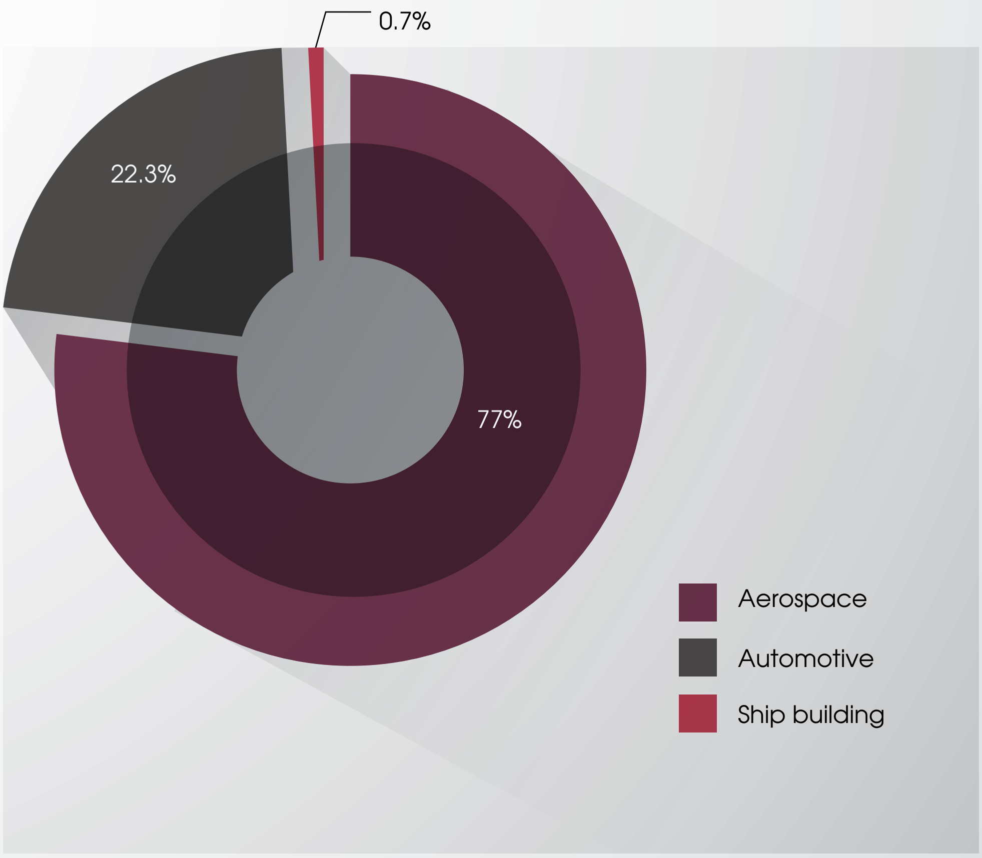
In 2015, a total of 55 projects were approved in the transport equipment industry with capital investments of RM6.5 billion. Domestic investments amounted to RM6.0 billion (92.3%), while foreign investments totalled RM506 million (7.7%). The approved projects are expected to generate a total of 2,696 employment opportunities.

Of the total projects approved, 16 were new projects while 39 were expansion/diversification projects. The investments in new approved projects accounted for 86% (RM5.6 billion) of the total investments approved, while expansion/diversification projects accounted for 14 % (RM876.8 million).

Automotive

The automotive industry comprises the manufacture/ assembly of motor vehicles, including motorised two-wheelers;

Investments in Projects Approved in the Transport Technology Industry by Sub-Sector (2015)



reconditioning/ reassembling/ rebuilding conversion of motor vehicles; and manufacture of parts and components, including coach and vehicle bodies.

There are currently four National Projects and nine assemblers in the motor vehicle sub-sector, with an annual installed capacity of approximately 963,300 units. In addition, there are 11 manufacturers/ assemblers of motorcycles and scooters with an installed capacity of 1,069,700 units per year.

According to the Malaysian Automotive Association (MAA), the production of motor vehicles in Malaysia for 2015 amounted to 614,664 units, comprising 563,883 units of passenger vehicles and 50,781 units of commercial vehicles. Sales of motor vehicles amounted to 666,674 units in 2015 consisting of 591,298 units of passenger vehicles and 75,376 units of commercial vehicles.

In 2015, a total of 50 projects were approved in the automotive industry with investments of RM1.45 billion. Domestic investments amounted to RM970.7 million (67.1%), while foreign investments totalled RM475.9 million (32.9%). The approved projects are expected to generate a total of 2,241 employment opportunities.

Of the total projects approved, 12 were new projects while 38 were expansion/diversification projects. New projects accounted for 39.9% (RM577.4 million) of the total approved investments including RM300 million by a Malaysian-owned company to manufacture special purpose vehicle (SPV) chassis, trucks and buses. Other significant new projects were an investment of RM99.8 million by a foreign-owned company to manufacture plastic fuel tanks for motor vehicles and a RM67.5 million investment by another Malaysian-owned company to manufacture and assemble commercial trucks, prime movers, buses, vans, pick-up & special purpose vehicles.

Expansion/diversification projects in the automotive sub-sector amounted to RM869.2 million (60.1%) in 2015, which include a project by a foreign majority-owned company with investments of RM150 million to manufacture an e-lighting system for automotive. Other expansion/ diversification projects involve investments of RM103 million by a foreign majority-owned company to manufacture Magnetic Resistance Element (MRE) sensor and another RM84.4 million by a Malaysian-owned company to assemble and manufacture commercial vehicles, multi-purpose vehicles and multi utility vehicles.

The approved investments in 2015 continue to be in line with the National Automotive Policy (NAP) 2014, where majority of the investments in automotive components are to support the energy-efficient vehicle (EEV) manufacturing eco-system. Domestic investments continue to dominate as the major contributor to the growth of the industry. Year 2015 also saw significant opportunities for many Malaysian companies to invest in EEV related manufacturing activities.

Guided by the National Automotive Policy (NAP), the automotive industry is forecasted to contribute 10 per cent to the country's GDP in 2020 where vehicle production is expected to increase to 1.35 million units. In terms of employment, the automotive industry is expected to create an additional 150,000 employment opportunities by 2020.

Aerospace

Malaysia's aerospace industry encompasses the manufacturing of parts and components; maintenance, repair and overhaul (MRO) activities; design and development; and assembly and operation of light aircrafts and support services. Currently, there are eight companies involved in aircraft assembly, 28 companies in the manufacture of aircraft parts and components including ground support equipment, while more than 50 companies are involved in MRO activities.

In 2015, four projects were approved in the aerospace industry with investments of RM5.0 billion. Foreign investments in these projects amounted to RM30.6 million (0.6%), while domestic investments totalled RM4.9 billion (99.4%). The approved projects are expected to generate a total of 395 employment opportunities.

Of the four projects approved, three were new projects with investments amounting to RM4.9 billion (98%). A significant new project approved is the manufacture and assembly of fan cases by a Malaysian-owned company with investments of RM317.7 million. The engine fan casing is one of the largest and most complex parts of the engine to manufacture. With the new investment, the local workforce will be able to migrate to higher value manufacturing in precision machining and assembly of aerospace parts.

Another project approved was an expansion project of RM7.6 million by a domestic and foreign joint-venture company to undertake the design, development and manufacturing of tooling and protective parts for aircraft engines.

The significance of the aerospace industry is further reinforced under the 11MP. Due to its strong inter-linkages with other sub-sectors as well as numerous multiplier effects, it will enhance the development of the aerospace manufacturing ecosystem ranging from MRO, to composite materials and metallic components and parts. As Malaysia becomes the hub for aerospace companies, it will help to create opportunities for other original equipment manufacturers (OEMs) to complete their supply chains and accelerate the participation of local SMEs in global markets. Moving forward, the nation's aerospace industry is set to soar guided by the Aerospace Blueprint for 2015-2030.

Shipbuilding and Ship Repair

The shipbuilding and ship repair (SBSR industry in Malaysia includes the manufacture of a wide range of ships including barges, passenger boats/ ferries, patrol vessels, tug-boats, landing crafts, tankers, leisure crafts, yachts, hydrofoils, hovercrafts and ship repairing activities.

According to Review of Maritime Transport 2015 by UNCTAD, Malaysia ranked 25th in the list of nations with the largest registered fleets (with 608 ships and a combined tonnage of 16,137,885 thousand DWT, contributing 0.9 per cent of the world total fleet) as at year end 2014.

There are approximately 100 registered shipyards in Malaysia, in which 39 are located in West Malaysia and 61 in East Malaysia. Most yards specialise in building small-medium size vessels such as ferries, barges, tugs, offshore support vessels (OSVs), yachts, fishing vessels, patrol crafts. The larger yards can build and service bigger ships such as bulkers and tankers; and can fabricate/ service offshore structures including upgrading and conversion of floating production storage and offloading/floating storage and offloading (FPSO/ FSO) vessels.

In 2015, one Malaysian majority-owned company was approved in the SBSR industry with investments of RM67.5 million. This approved project is expected to generate a total of 60 employment opportunities. The approved investments augur well for the Malaysian SBSR industry which is mainly driven by local players. The industry is

The Machinery and Equipment (M&E) industry can be broadly grouped under four main categories:

Specialised machinery and equipment for specific industries; Power generating machinery and equipment; Metalworking machinery; and General industrial machinery and equipment, modules and components.

projected to grow in tandem with the growth of the maritime sector which contributes significantly to Malaysia's economic development. Opportunities for expansions are abundant, particularly in the manufacture of related parts and components, system integration and other marine equipment production.

Machinery and Equipment (M&E)

The Machinery and Equipment (M&E) industry energises industrial revolution and continues to fuel advances in Malaysia's economic and technological development due to its cross cutting linkages with all economic segments such as the primary, manufacturing and services sectors. This sector provides essential and highly sophisticated technology which is translated into many innovative products combining electronics, advanced materials and software integration.

Continuous commitment to technological innovation is the key for advanced economies such as USA, Europe, Japan and Taiwan to remain as global leaders in the M&E marketplace. The application of IOTs via the smart manufacturing concept has led to greater automation and higher productivity, efficiency and sustainability among these global economies.

Malaysia's M&E industry is among the largest and strongest in the ASEAN region. The sector is dominated by small and medium sized companies that provide customized products and offer end-to-end manufacturing (total solution providers) that include the initial design and development phase right up to the distribution and logistics phase. This is to cater to the strong demand of both domestic and international industries.

Malaysia's modern M&E industry is a far cry from just servicing imported M&E to support the agricultural and resource-based industries. Over time it has evolved and attained global recognition amongst prestigious manufacturers of specialised process and automation equipment particularly for the E&E industry in the ASEAN region.

Around 120 major companies are based in Malaysia who are capable of producing advanced handling systems with full automation and incorporating intelligent robots including Machine to Machine (M2M) communication. Malaysia houses several world renowned players in this industry such as Vitrox, SRM Integration, Visdynamics and Walta Group that are home grown champions.

As such, it is imperative for the Government to intensify the strategy to further propagate the growth of the M&E industry, especially with respect to increasing the usage of advanced technology. The 11MP has identified the M&E industry as one of the catalytic sub-sectors under the manufacturing sector that needs to be further developed to spur the country's economic transformation.

More Malaysian companies are transforming from being contract manufacturers to becoming OEMs investing heavily in R&D, engineering design, innovation and system integration. With enhanced capabilities and involvement in higher value-added activities throughout the M&E ecosystem, Malaysian companies have achieved international recognition and integrated themselves into the global supply chain. Most exciting of all, Malaysians are also applying their knowledge and resources towards developing their own proprietary M&E for global exports.

In 2015, approval was given to 97 M&E projects, injecting investments worth RM1.8 billion.

Of these, 58 were new projects, with investments totalling RM1.4 billion (77.8%), while 39 were expansion/diversification projects involving the remaining investments of RM418.8 million (22.2%). The majority of investment inflows (53.5%, or RM964 million) came from domestic sources, and foreign investments comprised the rest (RM838.5 million, 46.5%). These projects are expected to provide employment for 4,428 people.

The general industrial M&E, modules, components and parts sub-sector was the biggest contributor of investments for 2015. A total of 51 projects with investments amounting to RM883.5 million were approved. These comprised 34 new projects with investments of RM677.3 million (76.7%) and 17 expansion/ diversification projects with investments totalling RM206.1 million (23.3%). Domestic investments in this subsector amounted to RM594.1 million (67.2% of sub-sector total) while foreign investments totalled RM289.3 million (32.8%).

The specialised M&E for specific industries sub-sector ranked second in terms of investments approved for the same period. It saw an influx of RM740.2 million in 31 projects, of which 17 were new projects with RM604.5 million (81.7%) and 14 expansion/ diversification projects with a total investment of RM135.7 million (18.3%). Investments in this sub-sector were mainly driven by FDIs with investments totalling RM448.8 million (60.6%) and will continue to dominate in technological innovation, while domestic investments amounted to RM291.4 million (39.4%).

The investments approved in the maintenance, upgrading or reconditioning of M&E sub-sector ranked third with investments amounting to RM121.4 million. It comprised four new projects with investments of RM52.4 million (43.2%) and seven expansions/ diversification project with investments totalling RM69 million (56.8%). Investments from foreign sources amounted to RM64.9 million (53.5%) while domestic investments totalled RM56.5 million (46.5%).

Four projects came from both the power generating and the metalworking machinery sub-sectors and involved investments of RM57.4 million with the majority of these being FDIs.

Among the significant projects approved were a new project by a wholly owned Malaysian company that has secured investments of RM15.7 million to undertake the assembly and integration of robotics for vision inspection and pick-and-place systems as well as the manufacture of 3D printers. The company is a subsidiary of a Malaysian conglomerate which has more than 35 years' experience in distribution and training of 3D design and analysis software and additive manufacturing equipment. The manufacturing of 3D printers will be targeting the domestic and consumer market. The technology involved in their 3D printer will be a hybrid combination of Digital Light Processing (DLP) and Stereolithography (SLA). The company is calling their hybrid technology "Stereo Photolithography". The company

will invest heavily in R&D and D&D with 23 out of 37 staff (62%) dedicated to undertaking various R&D and D&D activities. This project, once implemented will be the first of its kind involving the manufacture of 3D printers by a domestic company.

Another new project is wholly owned by a leading Japanese Multinational Company, which celebrates its 140th anniversary in 2015 and has established itself as one of the global leaders in producing analytical and measuring instruments involving methods such as gas chromatography, gas chromatograph mass spectrometry and spectroscopy, among other scientific methods. The proposed project in Sendayan, Negeri Sembilan will involve the manufacture of spectrophotometers, chromatographs and chromatograph-mass spectrometers. These analytical and measuring instruments are used to analyse scientific parameters such as material compositions, separation of elements and the amount of lights absorbed or reflected from a gas or liquid sample. This is crucial for ensuring the quality and safety aspects of production in the pharmaceutical, food, chemicals and other high technology industries. This project, which will be the first in Malaysia to manufacture spectrophotometers, chromatographs and chromatograph-mass spectrometers, is expected to commence operations by December 2016. This project will further strengthen the group's capabilities in the Indian subcontinent and Southeast Asia region, which have shown remarkable economic growth in recent years and are projected to continue growing in the future.

Extensive R&D will be carried out in Malaysia with 11 dedicated R&D personnel and R&D expenditure estimated to reach RM7.1 million for a period of 10 years. The project involves investments of RM85.1 million. Approximately 156 jobs will be created with 32 percent employment in the science and technical (S&T) field.

A new project by a wholly owned Malaysian company involves the manufacture of vision inspection and taping equipment and related components for semiconductor and solar industries in the northern part of Peninsular Malaysia. The company specialises in state-of-art die-sorting machines in the Wafer Level Chip Scale Package (WLCSP). Their clients include the giants and household names in the front-end semiconductor industries such as Broadcom, Qualcomm and Avago. The company also prides itself on offering attractive remuneration packages that include paying high salaries above the current market rate and an attractive profit sharing policy that commensurates with high efficiency and productivity, especially in the Engineering discipline.

Engineering Support Industry

The dynamic and resilient Malaysian engineering supporting industry (ESI) provides vital support for the growth of the manufacturing and services sectors. The industry can be regarded as the mother of all other industries as it is the cornerstone and has served as a fundamental base for the growth of other industries. The ESI has continued to grow in tandem with the nation's aspiration to evolve from an agriculture dependent economy to become an industrialised nation. To date, Malaysia is recognised globally for its capabilities, consistent quality of production, and fast and reliable delivery in a diverse range of engineering activities, particularly in precision machining and fabrication.

Amid these challenging economic times and the rise of low cost production countries such as Vietnam and Myanmar with their abundance of low skilled labour, Malaysia's ESI can only be competitive by producing high value-added products and integrated services. They should focus on low volume and high mix products and place an emphasis on design and development, stringent quality assurance and on-time delivery. This Blue Ocean strategy will ensure Malaysian ESI companies can compete in niche market segments with better margins and which involve more technologically advanced elements.

Malaysian ESI companies are encouraged to enhance their capabilities and capacities towards higher value chain activities in the ecosystem as well as provide total manufacturing solutions for high technology industries such as the semiconductor, machinery, medical, oil and gas and aerospace industries. This is in line with Malaysia's efforts to become the preferred location for global outsourcing.

A total of 45 ESI projects were approved in 2015, along with RM760.9 million in investments. Of these, 29 were new projects backed by RM374.1 million investments (49.2%), while the other 16 were expansion/ diversification projects with investments of RM386.8 million (50.8%). DDI totalled RM525.4 million (69%) and FDI came up to RM235.5 million (31%), with 2,669 jobs expected to be created.

The machining sub-sector's impressive share came from 21 projects with investments of RM279.7 million. Of these 11 were new projects with investments of RM129.2 million (46.2%), and 10 were expansion/diversification projects with investments totalling RM150.5 million (53.8%). FDI amounted to RM89.2 million (31.9%) while DDI totalled RM190.5 million (68.1%).

The metal casting sub-sector came next, with three projects involving investments of RM231.9 million. Two were new projects with domestic investments of RM217.5 million and the remaining a diversification projects with foreign investments of RM14.4 million. The mould and die sub-sector's 12 projects were backed by investments of RM164.8 million. These comprised 10 new projects with investments of RM145.3 million (88.2%) and two expansion/ diversification projects backed by investments of RM19.4 million (11.8%). FDI totalled RM61.3 million (37.2%) while DDI totalled RM103.5 million (62.8%).

The surface engineering sub-sector contributed six projects with investments of RM78 million. These comprised five new projects with investments of RM65.2 million (83.6%) and one diversification project with investments totalling RM12.7 million (16.4%). Foreign investments amounted to RM70.5 million (90.4%) while domestic investments totalled RM7.5 million (9.6%).

One new project was approved with domestic investments of RM6.5 million for the stamping sub-sector. One of the significant projects approved was a new joint venture project formed by a Malaysian conglomerate and a Japanese company, which will serve as a Centre of Excellence for R&D activity for moulds and dies as well as jigs and tooling for the automotive industry.This centre will focus on the areas of moulds and dies for door sashes, inner sashes, roof drip mouldings, belt line mouldings and inner and outer weatherstrips. The Japanese technical partner will transfer its technical know-how and technological knowledge to Malaysians with 16 experienced Japanese personnel stationed permanently at this centre for the first three years of its operation. A total of 32 Malaysians will benefit from this technology transfer. This new project will involve investments of RM48.9 million and will further strengthen the automotive industry ecosystem in Malaysia.

INTERNET OF THINGS: MACHINE TO MACHINE (M2M) COMMUNICATION & TECHNOLOGY CONVERGENCE

The M&E industry is highly competitive and is consistently striving to develop new production systems and integrated solutions that cover the entire production process and incorporate the most advanced technologies and automation.

In order to remain ahead in the highly competitive global arena, Malaysia's industrial sector has no option but to adopt and embrace automation and smart concepts in their processes such as embedded systems driven by the Internet of Things (IoT). In the future, there is going to be a fundamental structural change in the global industrial sector as we usher in the age of IoT, where any `thing' including M&E will be digitised and connected, establishing a network between machines, humans, and the Internet. The adoption of IoT into smart manufacturing would help improve process controls while other automation technologies would enable end-users to maximise the efficiency of their equipment.

The IoT has the potential to connect ten times as many `things' to the internet by 2020. Cisco predicts that by 2020 there will be 50 billion `things' connected to the internet, double the amount that is connected by 2015. As new technologies such as data lakes emerge, the ability to capture and process this data is now a reality. The traditional usage of embedded systems, wireless sensor networks, control systems, automation (including home and building automaton) and such others will be revolutionised to enable IoT.

Measurements, automated controls, plant optimisation, health and safety management and other functions can be provided and integrated with a large number of network sensors. This creates vast possibilities for the development of the M&E industry's ecosystem as it enables higher profitability, better energy efficiency and higher productivity.

Machine to machine (M2M) communication is a broad label that can be used to describe any technology that enables networked devices to exchange information and perform actions without the manual assistance of humans.

M2M communication is often used for remote monitoring. It is used for automated data transmission and measurement between mechanical or electronic devices. The key components of an M2M system are: field-deployed wireless devices with embedded sensors or RFID-Wireless communication networks with complementary wire-line access. Key components of an M2M system include sensors, RFID, a Wi-Fi or cellular communications link and autonomic computing software programmed to help a networked device interpret data and make independent decisions.

In the future, the M&E industry will focus on high technology and high value-added M&E activities combining key future technologies such as electronics, robotics, advanced materials and software integration. The industry must strengthen its core R&D, D&D, prototyping, software development, system integration, assembly, testing and calibration activities. With the availability of highly skilled human resources and strong prevailing IP protection laws, coupled with a dynamic engineering supporting industry capable of providing total solutions, Malaysia will remain competitive as a preferred location for manufacturing solutions and production technology.

Another project was an expansion and diversification project by a wholly owned Malaysian company based in the southern part of Malaysia to undertake composite machining, structural parts and components for the aerospace industry. The company was established in 1985, making after-market parts supporting the semiconductor manufacturing industry. Today, it has grown its capabilities and is making machined component parts and assemblies for various industries such as the semiconductor and automation equipment, oil and gas and aerospace industries. The business philosophy of the company is to achieve a high level of integration with its clients, by focusing and providing value added services. With continuous improvements in processes, systems and controls, it has achieved consistent quality performance of below 300 ppm for more than three years and on time and speedy delivery performance. The company is AS 9100C and ISO9001 certified and is currently pursuing NADCAP and ISO14000 certification. The company has invested in several state-of-the art multi-axes machining centres to cope with the increasing demand of its aerospace clients and to cater for the demanding usage of exotic materials such as Monel, Titanium, and Hastalloy which is the nature of this industry. This expansion project involves investments of RM35.2 million and will further complement the aerospace industry ecosystem in Malaysia.

A new wholly owned foreign company will undertake surface treatment of aerospace parts activity in central of Malaysia. This new facility will be fully NADCAP-certified and will offer etching, electroplating, anodising and conversion coatings for aerospace parts and components such as airframes, blades and flaps.

The aircraft parts manufacturing industry has high entry barriers due to the stringent international certification/standards requirements. Manufacturers must obtain various types of sophisticated certifications, including NADCAP to provide heat treatment and surface treatment services and other special processes. This project will further complement and add critical mass to the numbers of players in Malaysia offering secondary surface engineering services primarily to the aerospace industry. The company has identified a large portion of its sales for export to MNCs such as Pratt & Whitney, Minebea and Senior Aero. This new project will involve investments of RM33.7 million.

SPECIALTY SECONDARY PROCESSES: CRITICAL LINK TO HIGH TECHNOLOGY INDUSTRIES ECOSYSTEM

The surface engineering industry refers to a wide range of technologies designed to modify the surface properties of metallic and non-metallic components for specific and sometimes unique engineering purposes.

The industry is presently focusing on establishing modern plating plants with the state-of-the-art equipment and technology for high precision surface treatment and coating for the electrical and electronics, oil & gas, medical and aerospace industries.

Current trends in surface engineering technologies involve moving from aesthetic purposes to surface modification needed in high end industries such as aerospace and medical industries.

Latest technologies in surface engineering include physical & chemical vapour deposition and sputtering. These technologies enable both conductive and insulating materials to be coated to any type of substrates such as metals, ceramics, and heat-sensitive plastics. The services are applicable to hard disk manufacturing, computer and video displays, flat display panels, thin and hard coating of cutting tools and anti-reflective/ anti-glare coatings for automotive and glass industries.

In the aerospace industry, specialty secondary processes are governed by NADCAP (the National Aerospace and Defence Contractors Accreditation Program). NADCAP is an industry-managed approach to conformity assessment that brings together technical experts from both Industry and Government to establish requirements for accreditation of suppliers and define operational program requirements. This results in a standardized approach to quality assurance and a reduction in redundant auditing throughout the aerospace industry. In Malaysia, currently there are only a handful of companies able to offer NADCAP certified coating. Last year, showed a surge in approved investments worth RM59.2 million with 3 projects to undertake specialty secondary processes or coating for the aerospace industry. This is in line with the Government aspiration to be the No. 1 Aerospace Nation in Southeast Asia by 2030 as outlined in the National Aerospace Blueprint (2015 - 2030). Aerospace also has been identified as the high growth area in the manufacturing sector in 11th Malaysia Plan.

The engineering supporting industry continues to be a significant sector, reflected by a considerable number of quality investments approved last year. Projects approved indicated that the industry is moving towards producing higher technology and higher value added products. Non-equity mode of investments is currently on a rising trend and Malaysia's engineering supporting industry are currently positioning themselves to become a one stop centre by offering total solutions to their customers which offer end-to-end manufacturing processes. Future development of the engineering supporting industry will focus on strengthening its services, and enhancing its capabilities and quality of production to provide total solutions.

The industry is gearing towards international certification for the supply of parts and components for the oil and gas, aerospace, medical and solar/photovoltaic industries. As the global outsourcing market is growing rapidly, Malaysia needs to groom many total manufacturing solution providers to secure a larger share of the global outsourcing market, especially from the high technology industries. Malaysian companies need to consolidate to become bigger and rationalise themselves to provide total solutions to support the growth of the manufacturing sector in Malaysia which is moving towards high technology, capital intensive and high value added industries.

Basic Metal Products

Malaysia's iron and steel industry plays a major role in the development of the manufacturing and construction sectors. The industry comprises the manufacturing of basic metal products such as ferrous (iron and steel i.e. carbon steel and alloy steel) and non-ferrous (aluminium, tin, copper, zinc, lead, etc.) as well as fabricated metal products. In general, the industry can be categorised into two main sub-sectors namely:

- Long products comprising billets, blooms, sections, bars and wire rods in the upstream and midstream; and downstream products such a as wire mesh, fine drawn wire, bolts and nuts; and

- Flat products comprising slabs, plates, hot rolled coils (HRCs), cold rolled coils (CRCs), sheets and galvanised coils in the upstream and midstream; and downstream products such as pipes, tubes, tin plates and fabricated metal products.

The majority of Malaysian apparent steel consumption (ASC) are highly concentrated in long products primarily used in the construction sector. This accounts for approximately 69 per cent of total steel consumption in the country. The automotive sector was the second largest consuming sector followed by home and electrical appliances.

ASC per capita stood at 339 kg in 2015. The annual growth rate for steel demand is forecast at 4 per cent from 2016 to 2018.

In line with the proposed projects in the construction sector as outlined in the 2016 Budget, the Malaysian ASC is projected to increase to 11 million MT in 2016 from 10.4 million MT in 2015. Currently, the Malaysian iron and steel industry continues to face stiff competition from cheaper imports, particularly from the PRC. The influx of cheap steel imports caused by oversupply in the PRC has led to depression of steel prices and dumping in the ASEAN market. In addition, the local steel mills are operating below production capacity and have yet to achieve economies of scale.

Interest by foreign investments are being driven by the liberalised policies on equity ownership and the Government's support towards green and state-of-the-art technology projects that promote energy efficiencies, reduce carbon emissions and the production of high quality steel. The iron and steel industry players are encouraged to move up the value chain by shifting from scrap-based technology towards using alternative feedstock technology such as HBI, DRI or virgin ore to enable production of higher grades steel to support high technology manufacturing industries such as the automotive, oil and gas, E&E and machinery industries.

Malaysia ranked the fourth largest producer in ASEAN with

production totalling 4.7 million MT. Thailand ranked the largest with production of 6.8 million MT followed by Indonesia (6.4 million MT) and Vietnam (5.6 million MT) for the same period. In terms of ASC, Malaysia remains the fourth largest user of steel at 10 million MT. Thailand remains in the top spot (17.3 million MT), followed by Vietnam (14.4 million MT) and Indonesia (12.8 million MT).

In 2014, Southeast Asian countries' crude steel production recorded a drop of 48 per cent to 21 million MT in 2014 from 40 million MT in 2013, while ASC of steel products rose slightly by 4 per cent to 84 million MT from 81 million MT in 2013. There is still much potential to increase intra-ASEAN trade for steel and local steel mills are encouraged to move up the value chain to produce higher grade products and special steel materials to cater for high tech manufacturing activities on the E&E, oil and gas, automotive, M&E and aerospace fronts, among others.

The iron and steel industry will remain one of the key components to support Malaysia's overall economic growth as it is the agent required by multiple economic activities such as manufacturing and construction industries that literally powers and shapes the nation's development agenda. Supportive policies have also been developed to aid the industry and effective 1 July 2015, approval for new, expansion and diversification upstream projects must include elements of high technology as well as higher-value added, environment friendly and energy efficiency features.

Import duties on flat products have been reduced from 50 per cent to 15 per cent and a further reduction of between zero per cent to 10 per cent by 2021 will help grow the local fabrication industry and subsequently boost the demand for steel. Mandatory standards for long and flat products as well as the requirement for a Certificate of Approval has been introduced to prevent sub-standard products from entering Malaysia. The implementation of the CIDB Amendment Act 2011 (Act 520) effective 1 June 2015 will ensure issues regarding quality and safety are mitigated. Anti-dumping, countervailing and safeguard measures are some of the trade remedy instruments to safeguard and defend the interests of local steel industry from unfair trade practices.

For 2015, a total of 59 projects were approved with investments of RM5.0 billion of which 46 projects were of basic metal products while 13 projects were in the fabricated metal products. Of these, foreign investments amounted to RM2.9 billion (58%) while domestic investments totalled RM1.8 billion (42%). These projects are expected to generate employment opportunities for 5,654 persons.

In 2015, there were 46 projects approved involving the manufacture of basic metal products with investments of RM4.7 billion. Of these, 27 were new projects with investments amounting to RM3.8 billion while 19 were expansion/diversification projects with investments of RM961 million. FDI amounted to RM2.9 billion (62%) while DDI totalled RM1.8 billion (38%).

Of the 46 projects approved, five were for the production of upstream products (RM152 million - ingots and billets), six projects were for midstream products (RM3.4 billion – narrow strips and bars), 23 were for downstream products (RM739 million - pipes, aluminium cans), while the balance 12 were for steel service centres. The presence of DDI was prominent in the downstream products and steel service centres activities with 90 per cent of these projects being majority Malaysian-owned.

Among the significant projects approved in 2015 was a new majority foreign owned project with investments of RM2.7 billion to manufacture hot rolled narrow strips with potential employment opportunities for 1,545 persons. This integrated project from the PRC will use the blast furnace technology to produce higher grade hot rolled coils to support the oil and gas pipe manufacturers. Some 80 per cent of its production will be exported and this project will further complement the industry's eco-system for flat products.

Another project involves a majority Malaysian owned company currently producing steel wire rods who will diversify upstream into the production of billets as well as downstream to produce deformed bars. Their additional investment of RM147 million will make them one of the integrated manufacturers for long products.

A notable majority Malaysian owned project is currently producing a variety of aluminium cans product such as dry food cans, confectioneries cans, edible oil cans, processed food cans and etc. Company plans to produce 2 piece aluminium beverage cans with additional investment totalling RM217 million. This expansion is in line with the company's aspiration to offer total packaging solutions for the food and beverage industry in Malaysia.

The Government is encouraging the iron and steel industry to adopt the latest technology and shift towards the production of higher grade iron and steel products to cater for high-tech industries such as E&E, automotive, aerospace, M&E and oil and gas industries. Opportunities exist in the non-ferrous metal products as this sub-sector is still not yet established. To date investments in this sub-sector are mainly focused on downstream aluminium, tin and copper products.

Fabricated Metal Products

Metal fabrication activities can be classified into four categories: fabrication for the offshore/onshore oil and gas industries, building and civil construction, processing and manufacturing plant fabrication and industrial machinery, as well as equipment structure and component fabrication.

Local companies undertake fabrication for the offshore/onshore oil and gas industry, which includes fabrication works for the offshore oil drilling platform requirements such as jackets, production modules, platform decks, accommodation modules, line-pipe and spool and related industrial onshore activities such as petroleum refineries, petrochemical plants and storage facilities.

In the building and civil construction fabrication category, local companies fabricate steel superstructures for high-rise buildings, bridges, flyovers, transmission towers and other infrastructural facilities such as ports and airports. In the processing and manufacturing plant fabrication, companies undertake turnkey projects to build, install and commission processing plants in the country.

As for the fabrication of structures and components for industrial M&E, many companies have the capability to supply the needs of the local machinery & equipment manufacturing industry. The industry also covers other metal fabricated products such as the manufacture of tanks, drums, metal boxes and household wares.

A total of 13 projects were approved in the 2015, involving investments of RM200 million. Domestic investments amounted to RM113 million (57%), while foreign investments totalled RM86 million (43%). Of the 13 projects, 10 were new projects with RM143 million in total investments, and 3 were expansion/diversification projects with investments of RM56 million. These projects are expected to generate 867 jobs.

The metal fabrication industry in Malaysia is considered a fairly established industry. In the building and construction industry, many local fabrication companies have begun to source for jobs outside Malaysia. As a result, several local fabricators have gained international recognition in this industry.

Textiles and Textile Products

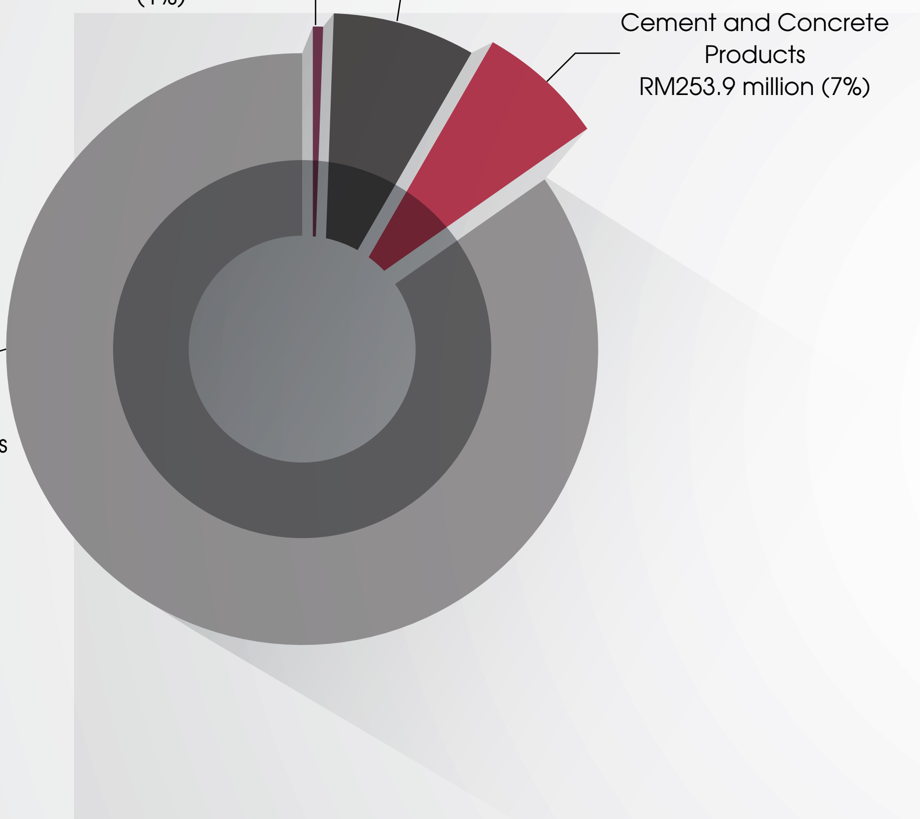
Malaysia's textiles and textile products industry encompasses a broad range of upstream and downstream activities from polymerisation to dyeing and printing. The industry became the country's 10th largest export earner in 2015, contributing approximately RM12.6 billion to Malaysia's total manufactured export. The USA remained the leading export market for Malaysian textile products, contributing 19 per cent of the industry's total exports followed by Japan and the PRC.

Despite the global economic slowdown, the projects approved in textiles and textile products industry in 2015 are mostly involved in high quality upstream activities. A total of 4 projects valued at RM25.3 million were approved in 2015 of which two were expansion/diversification projects (RM9.2 million) while the remaining were new (RM16.1 million). Of the four projects approved, three were in upstream/primary textiles production, with total investments of RM17.1 million and only one project in made-up garments valued at RM8.2 million.

One of the quality projects that has been approved will be an expansion project by a wholly foreign-owned company to produce *non-woven geotextile (secutex)*. It is a needle-punched staple fibre used for separation, filtration, protection and drainage. *Secutex geotextiles* are also used in many fields of civil engineering including hydraulic engineering, landfill engineering, road construction and tunnel construction.

Under the 11MP, Malaysian textile and apparel manufacturers are shifting towards new industrial revolution leveraging on smart and sustainable manufacturing systems focused on development of technical textile, medical textiles, smart textile and smart apparel. The Malaysian Government will be focusing towards new growth areas covering agrotech, builtech, clothtech, geotech, hometech, inductech, medtech, mobiltech, packtech, protech, sporttech and oekotech.

Approved Investments in the Non-Metallic Mineral Products Industry by Sub-Sector in 2015



Non-Metallic Mineral Products

This industry comprises of non-metallic mineral products such as ceramics, clay, cement and concrete products, glass products, quicklime, barite, marble, granite and Industrialised Building System (IBS) components.

In 2015, a total of 25 projects with total investments of RM3.7 billion projects were approved in this industry. A total of 18 of these projects were new and involved RM2.9 billion in investments, while the other 7 were expansions/diversifications backed by RM779.4 million of investments. Most of the investments (62%) came from foreign sources (RM2.3 billion), while the remaining came from domestic sources (RM1.4 billion). Of the above projects and investments, 10 projects involved cement and concrete, 6 projects for IBS components, 7 for glass products, 2 projects for ceramic products.

From the approved investment data, glass products sub-sector contributed 85 per cent of the total investments in 2015. It is expected that the glass and glass products industry will expand to encompass specialised/ functional glasses such as low emission glass, high performance and special coating glasses, thus catering to increasing demand from the construction and solar industries. The new growth areas are in the production of glass fibres and coated glass which serves as energy-efficient insulation products.

Among the biggest projects in the sub-sector are two wholly foreign-owned glass projects with the total investments of RM1.4 billion. These companies plan to produce high quality float glass with energy saving and environmental friendly application for architectural, automotive, solar engineering and electronics. The products are in line with the National Green Technology Policy to promote energy efficient green building materials. In addition, the establishment of these projects will contribute the transfer of knowledge and technology to the Malaysian via R&D activities, training as well as local vendor programme. The production of float glass in the country by these two biggest producers would gradually reduce the importation of float glass since Malaysia is currently importing 82 per cent of the demand for float glass in the country. While for solar glass, the company expects to export 80 per cent of its product to USA, Australia and Europe.

Another notable expansion project in this industry with investment of RM718 million is Nippon Electric Glass (NEG). Company plans to increase 17 per cent of the glass fibre production capacity located in Shah Alam, Selangor. NEG supplies approximately 30 per cent of the global market share. The product is used to reinforce high-performance resin for engineering plastics and automotive parts applications. With the increase in capacity, NEG will use this opportunity to further grow its glass fibre business. About 90 per cent of the products will be exported to Europe, USA, China and Republic of Korea market.

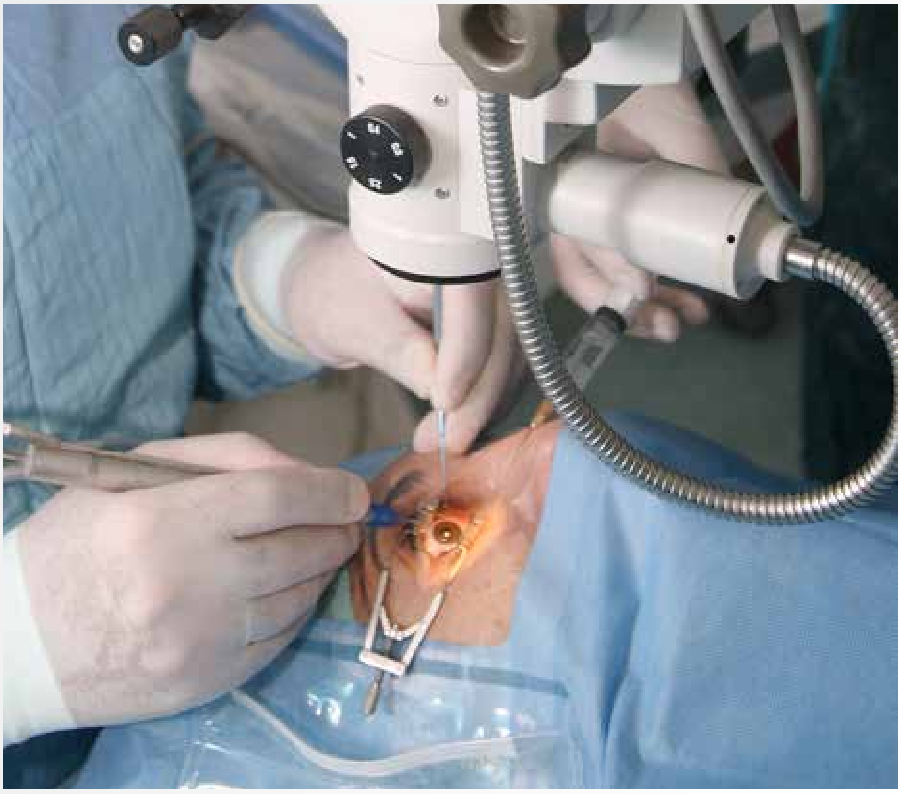
The adoption of Industrialised Building System (IBS) as part of the prefabricated components represent the modernisation and industrialisation efforts in the construction industry. Malaysian construction industry has enjoyed double digit growth over the past several years and is expected to achieve 10.3 per cent growth under the 11th Malaysia Plan. New initiatives were announced by the government recently under 2016 Budget to increase the adoption of IBS in Malaysia. Among the initiatives are mandatory for private construction projects worth of RM50 million and above to achieve a minimum of 50 IBS score, modular Coordination to be applied as standard to the design of IBS projects (MS 1064), elimination of import duty for heavy machinery and equipment for IBS projects, increase the levy rate for unskilled foreign workers, mandatory for Deed of Assignment for federal projects implemented via IBS method, introduce the IBS module in the Technical Vocational Education and Training (TVET) syllabus, IBS specialisation is required in the tender advertisements for the government's IBS project and finally exemption from implementing IBS method in Government projects (remote areas, projects less than RM10 million and renovation projects).

MIDA is focusing on upstream activities undertaken by IBS manufacturers to produce materials, parts and components and its integrated process in the supply chain. Many successful IBS contractors have in-house manufacturing and design capabilities. They also invest or invent systems and thus, are independent of existing manufacturers. They usually seek to partner with foreign IBS counterparts to upgrade themselves by acquiring new technologies. These are the kinds of collaboration MIDA is interested to promote.

Moving forward, the Construction Industry Transformation Programme (CITP) has been introduced by the government with the objective to transform Malaysia construction industry into a modern, highly productive and sustainable industry that is able to enjoy continued growth and enable Malaysian companies to compete domestically and abroad. CITP will drive an era of progress and growth in the industry over 2016-2020.

Medical Devices

The medical devices industry in Malaysia is highly diversified and produces a broad range of products ranging from medical gloves, implantable devices, orthopaedic devices, dialysers, diagnostic imaging equipment to minimal invasive surgery equipment that can be used for medical, surgical, dental, optical and general health purposes.



To date, the medical devices industry in Malaysia is made up of more than 190 companies, dominated by small and medium-sized. The industry encompasses higher value-added and technologically advanced products including cardiac pacemakers, stents, orthopaedic implantable devices, electro-medical, therapeutic and monitoring devices. More than 20 MNCs have chosen Malaysia as their offshore location for manufacturing and services related operations.

In June 2015, the Government announced that the medical devices sub-sector has been earmarked as one of the highly potential growth sub-sectors under 11MP. The industry is also designated as one of the growth areas under the Healthcare NKEA and targeted to have a great impact on the Malaysian economy. The Government has also eight Entry Point Projects (EPPs) for the medical devices sub-sector, under the Healthcare NKEA.

There are over 46,000 persons employed in this industry, a majority are in the managerial, professional, supervisory and technical staff levels.

A total of 30 projects with investments of RM1.8 billion were approved in 2015. Of these, 16 were new projects with investments of RM1.4 billion and 14 were expansion/diversification projects with investments of RM355.4 million. Foreign investments amounted to RM1.2 billion (66.3%) while domestic investments totalled RM603.2 million (33.7%). These projects are expected to generate employment opportunities for 7,872 persons. Of the 30 projects approved, 25 projects (83%) with investments of RM742.2 million were for the manufacture of medical devices other than medical gloves. These projects were mainly for high-end and high value-added products.

Among the significant projects approved were:

- A new project by a majority Malaysian-owned company to manufacture bio-scaffold surgical kits, 3D-printed bio-scaffolds, regenerative implantable stem cells. The project is the first of its kind to be established in Malaysia. The project involves investments of RM128.3 million. Approximately 128 jobs will be created with 77.3 per cent employment in the science and technical (S&T) field.

- A new project with investments of RM121.5 million by a foreign-owned company to manufacture surgical instruments and equipment, sterile containers, electro surgical units for high frequency surgery and operating room lights. The company is listed as one of the five companies in the world for these product segments. The company will be collaborating with local universities namely Universiti Malaya and Universiti Sains Malaysia in the area of product development and plans to establish a Centre of Excellence (CoE) in Malaysia. The company will export 80 per cent of its products to Asia Pacific, Europe, Japan, India and China. A total of 214 employment opportunities will be created with 19.6 per cent in the S&T field.

- A Malaysian-owned company with investments of RM51.3 million to manufacture metered-dose inhalers (MDI). The company plans to set-up a state-of-the-art facility to manufacture MDIs that complies with international standards through a collaboration with an international technology provider. This project will create 127 jobs for educated and highly skilled employees with 59.8 per cent of the employees in the fields of managerial, technical and science.

The approved projects are a testament to Malaysia gaining global interests from companies producing high value-added medical devices through capital and R&D investments in the country. The presence of such projects provides an opportunity to cultivate a larger pool of home-grown Malaysian talents by enhancing their technical capabilities in both R&D and manufacturing areas through technology transfer and training of Malaysians.

The pace of innovation in this industry will continue to

accelerate as new innovations and players revolutionise product development, manufacturing processes and business models. Examples of innovative products include combination products/ products of convergence of technologies such as drugs and biologics, electronics, ICT's Internet of Things (IoTs), and 3-D Printing (additive manufacturing), which are used in combination with medical devices.

With regulations in place along with well-established supporting industries as well as Government's initiatives and support, Malaysia's medical devices industry is set to grow stronger and further expand into the overseas market.

Pharmaceuticals

Pharmaceuticals is a growing industry in Malaysia that has the capability to produce almost all dosage forms, including sterile preparations, injections and time release medications. Among the major local companies are Pharmaniaga, CCM Pharmaceuticals, Kotra Pharma, Hovid, and Xepa-Soul Pattinson with some notable foreign-owned manufacturers such as Y.S.P. Industries, GlaxoSmithKline (GSK) and Ranbaxy. These companies focus mainly on generic drugs, particularly antibiotics, painkillers, health supplements and injectables.

Malaysia is a member of The Pharmaceutical Inspection Convention and Pharmaceutical Inspection Cooperation/ Scheme (PIC/S). As such, locally manufactured pharmaceutical products have been widely accepted globally, particularly to other PIC/S member countries, contributing to significant market growth.

As of November 2015, a total of 264 facilities were licensed by the Drug Control Authority (DCA), Ministry of Health Malaysia, categorised by 178 (67%) traditional medicine, 77 (29%) pharmaceuticals and 9 (4%) veterinary products. A total of 24,030 pharmaceutical products have been registered with the DCA, a significant increase in number of products registration constituting traditional (50%), prescriptions (28%), non-prescriptions (17%), health supplements (3%) and veterinary medicine (2%).

A total of 12 projects with investments of RM939.7 million were approved in 2015. These projects were dominated by domestic investments amounting to RM563.9 million (60%) and domestic investments of RM375.8 million (40%). Of these 12 projects approved, four were new projects with investments of RM329.9 million (35%) and eight were expansion/ diversification projects with the investment totalling RM609.8 million (65%). The projects approved are expected to generate employment of 447 persons.

Among the significant projects approved were:-

- A foreign-owned company with investments totalling RM249.8 million to undertake research, development & manufacturing of oral solid dosage, lypholized and liquid injectables for oncology products. The project will generate an additional 128 employment opportunities with 70 per cent in science and technical fields. The oncology products that will comply with European and US FDA standards, is expected to contribute over RM100 million to Malaysia's export in the first five years of their production. The project's potential will contribute significantly in strengthening the oncology drugs and Active Pharmaceutical Ingredient (APIs) ecosystem in Malaysia by leveraging the company's expertise in the formulation, development and manufacturing of complex and quality APIs.

- A Malaysian-owned project with a total investment of RM135 million to undertake the development, manufacturing and commercialisation of biosimilar products. The company is in collaboration with a foreign-based biopharmaceutical company and has secured rights to develop, manufacture and commercialise four biosimilar products in ASEAN. This project portrays the capability of a local company to produce high end biopharmaceutical products through in-house research and development.

The project is expected to create 33 employment opportunities for Malaysians in multidisciplinary areas of biopharmaceuticals.

The projects approved were major breakthroughs in Malaysian's pharmaceutical ecosystem on the manufacture of more sophisticated and higher value added pharmaceutical products. The investments approved in 2015 reflect the Government effort towards achieving the objectives to increased productivity and sustainable growth of high value-added pharmaceutical products, contributing to import substitutions in Malaysia.

Among the major focus for high value-added pharmaceuticals is biopharmaceuticals. Established pharmaceutical companies are now focusing on biopharmaceuticals as there is a huge potential demand globally. The number of patents applied every year has been increasing at 25 per cent annually, with more than 1,500 biomolecules undergoing clinical trials. Potential niche pharmaceutical products which have unique formulations or use special ingredients such as orphan drugs, oncology drugs, drugs for tropical diseases and targeted drug deliveries, are also expected to create a significant market segment.

The Malaysian Government expanded the scope of EPP3 - Malaysian Pharmaceuticals to include manufacturing activities for biopharmaceuticals comprising biologics and vaccines and over-the-counter (OTC) products. The Government also encourages strong ties between local companies and MNCs through contract manufacturing collaborations towards greater market access. Through concerted efforts by the Government, industries and other stakeholders, Malaysia is poised to become a significant driver in the pharmaceuticals industry.

Biotechnology Industry

Malaysia's foray into biotechnology is not new, evolving from conventional agriculture biotechnology into complex processes and high value added products such as biosimilars, drug discovery, molecular screening and stem cells. In 2020, Bioeconomy's contribution towards Malaysia's Gross Domestic Product (GDP) is targeted to contribute 8 per cent to 10 per cent.

As the first country in Southeast Asia to launch a bioeconomy initiative, Malaysia is providing an effective and conducive platform for the bio-based industries to positively contribute to Malaysia's sustainable development agenda, improve industry's competitiveness, encourage public-private partnerships and bring socio-economic benefits to nation.

As of December 2015, a total of 271 companies have been awarded with Bionexus status by the Malaysian Biotechnology Corporation (BiotechCorp) with investments totalling RM6.6 billion, creating 10,770 jobs. The highest contributing sub-sector was bioagriculture (62.9%) followed by bioindustry (25.5%) and biomedicine (11.6%). These companies are mainly involved in drug discovery, biomaterials, biochemical, molecular screening and diagnostics, bio-based farm inputs and high-value food varieties.

In 2015, a total of 26 biotechnology projects received BioNexus Status and three (3) projects were approved for Manufacturing Licence under Industrial Coordination Act, 1975 with a total investment of RM1.7 billion. The new investments in the biotechnology sector continued to grow with the largest percentage coming from the domestic front with investments totalling RM1.5 billion (89.9%) while foreign investments contributed to RM176 million (10.1%) of the total approved investment for the year 2015. These approved projects will create a total of 1,747 job opportunities.

Among the significant projects approved were:

A new wholly owned Malaysia project with investments of RM1 billion under Bioeconomy Transformation Project (BTP) for the commercialisation of shrimps utilising biotechnology elements contributed the lion's share of the year. The integrated project includes R&D, hatcheries, grow-out areas, a processing plant and feed mill is located in Sabah and expected to create 591 employment opportunities.

The biotechnology sector in Malaysia also saw the entry of a foreign owned project worth RM60 million by the leading manufacturer and distributor of cellular therapies in Asia Pacific. The project with an expected employment opportunities for 60 employees will include the establishment of an advanced manufacturing facility for cellular therapies in Malaysia capable of meeting the latest international cGMP and PIC/S manufacturing standards and delivering innovative therapies to patients across the Asia Pacific region.

Another interesting project to note is the investment of RM27.8 million to commercialise palm oil molecular diagnostic kit that provides precise and accurate method of determining oil palm fruit form from a seedling or field planted palm before planting or fruiting. This project in collaboration with Malaysian Palm Oil Board will allow breeder and planters to better manage and boost palm oil yields saving valuable resources and planting area.

These new local and foreign investments show Malaysian government's determination and interest in biotechnology development. The companies that have opted to invest in Malaysia indicated their choice was influenced by readily available bio-resources and the supporting infrastructure for further R&D. The abundance of natural resource such as palm-oil and rice husk will provide a platform to Malaysia to utilize these wastes and capitalize into higher value downstream processing to help create socioeconomic benefits to the nation.

Malaysia is an ideal manufacturing hub from which to serve Asia, combining excellent logistics connections, an established regulatory framework based on PIC/S standards and a strong commitment from the Malaysian government to development of a bio-industry labour force.

The evolution of Malaysia's economy into a biobased economy will become a GAME CHANGER for Malaysia to address its current economic needs, to become a high-income developed nation, providing employment opportunities, and to enhance global competitiveness.

Agriculture and Food Processing

The agriculture sector comprises aquaculture and marine fisheries; cultivation of crops, fruits and vegetables; floriculture;

ornamental fish farming; livestock farming; and apiculture. Livestock, fisheries, fruits and vegetables are the major sub-sectors with significant linkages to the Malaysian food processing industry.

Under the Agriculture National Key Economic Area (NKEA), Gross National Income (GNI) is expected to increase by RM21.4 billion through 16 Entry Point Projects (EPPs) and 11 business opportunities. The Agriculture NKEA is also expected to create 75,000 jobs, mostly in rural areas with the targeted outcome of reducing the income gap between the rural and urban population. It focuses on transforming a traditionally small-scale, production-based sector into a large-scale agribusiness industry that contributes to economic growth and sustainability.

This sub-sector comprises all value-added activities which utilise agricultural or horticultural products. Transformation in the food industry from conventional processes into processes which utilising emerging technologies is in line with the industry's developments globally.

For 2015, total food imports In 2015, a total of 27 agricultural projects were approved. Investments in these projects amounted to RM261.2 million compared with RM250.5 million in 2014 (29 projects). Of these approved projects, fifteen were new projects and twelve were expansion/diversification projects. Domestic investments amounted to RM261 million (99.9%) while foreign investments totalled RM0.2 million (0.1%).

The approved projects were in sub-sectors such as aquaculture, rearing of poultry and livestock as well as cultivation of fruits and vegetables.

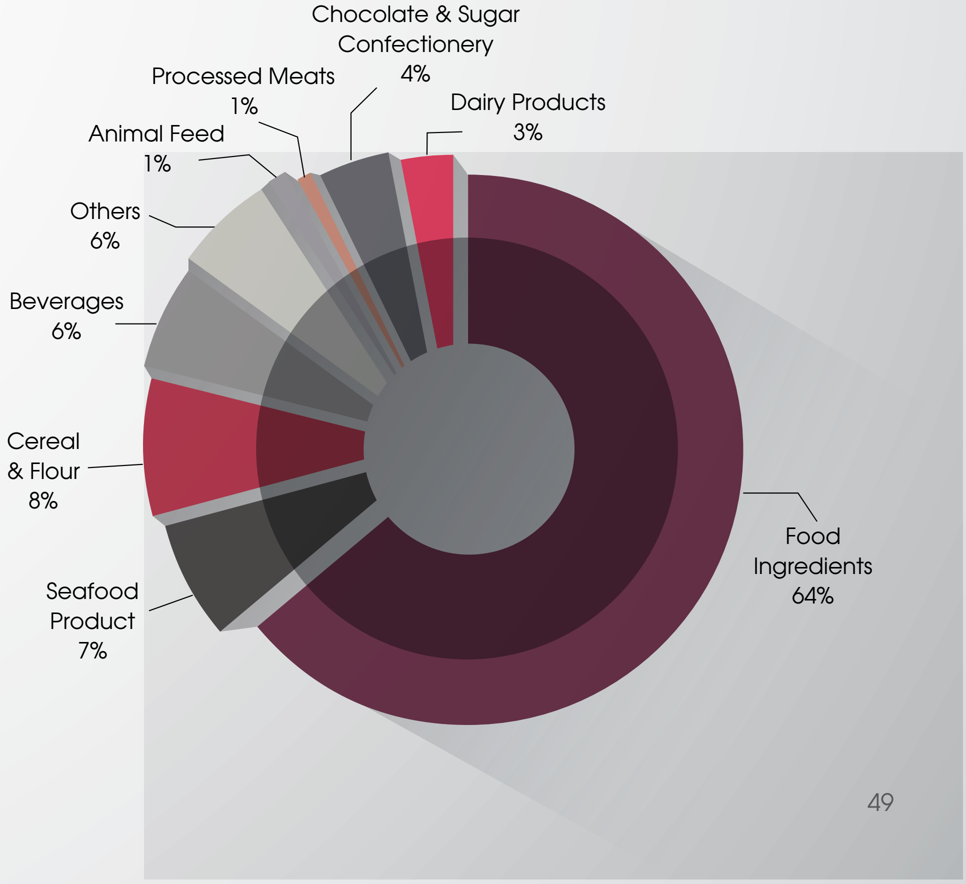
Among the major approved projects were:

- A new project by a wholly Malaysian-owned company with investments of RM151.7 million to undertake the activity of aquaculture prawn farming, processing of prawn and also deep sea fishing in Pahang.
- An expansion project by a wholly Malaysian-owned company with investments of RM45.4 million to undertake the activity of integrated livestock project in Sabah.

The food processing sub-sector comprises all value-added activities which utilise agricultural or horticultural products. Transformation in the food industry from conventional processes into processes which utilising emerging technologies is in line with the industry's developments globally.

For 2015, total food imports amounted to RM17.8 billion. Major imports were edible products and preparations (RM5.2 billion),

Approved Investments in the Food Processing Sector in 2015



dairy products (RM3.5 billion), sugar & sugar confectioneries (RM3.4 billion), vegetables and fruits (RM1.8 billion) and cocoa and cocoa preparations (RM1.5 billion). Total food exports amounted to RM18.0 billion for 2015. Among the major items exported were edible products and preparations (RM5.6 billion), cocoa and cocoa preparations (RM4.1 billion), prepared cereals and flour preparations (RM2.8 billion), dairy products (RM1.4 billion) and margarine and shortening (RM1.1 billion).
The Government has included the food industry as the 7th sub-sector to be part of the National Key Result Areas (NKRA) in addition to the existing six NKRAs. This is to address the issue of rising costs of living, whereby the global increase in food prices is now affecting countries all over the world. To ease the people's burden and to address food safety and security, the Government had announced a price control mechanism for most of the essential goods. This new NKRA includes food and other essential items and its related supply chain.

A total of 42 projects with investments of RM2.2 billion were approved in 2015. From the total investments approved in the food processing sub-sector including beverage and tobacco, domestic investments amounted to RM1.9 billion (85.5%) while foreign investments totalled RM0.3 billion (14.5%). These projects are expected to generate additional employment opportunities for 2,970 persons.

The approved projects were for the production of chocolate and sugar confectioneries, cereals and flour-based products, beverages, dairy products, seafood products, food ingredients, processed meat products and other food products which include honey products, herbs, spices and others. Significant projects approved were:

- A new project by a Malaysian majority company with investments of RM1.3 billion to produce refined sugar. This energy efficient project will be implemented in two phases and is expected to produce one to two million MT per annum of refined sugar in the country to cater local demand.

- A new project by a wholly foreign-owned company with investments of RM22.8 million to produce Halal natural food colouring. The company specialises in natural colours and caramel colour for food and beverage applications, derived from agricultural, biological or mineral sources.

Oil Palm Products

The oil palm products industry comprise of palm oil, palm kernel oil, oleochemicals and derivatives (including biodiesel) and products from palm biomass (including energy generation). Malaysia's palm oil industry remains one of the most important industries for the country and it is the fourth largest contributor to the national economy and the Palm Oil NKEA targeted GNI to reach RM178 billion by 2020.

Indonesia remains the largest producer of palm oil in the world while Malaysia is one of the largest exporters. The major consumers of palm oil are the People's Republic of China, India and Europe. Being one of the biggest producers and exporters of palm oil and palm oil products, Malaysia assumes an important role as a supplier of palm oil to sustainably fulfil the global need for oils and fats.

Based on MPOB Data 2015, the production of crude palm oil (CPO) in 2015 totalled 19.9 million tonnes, an increase of 1.0% from 19.7 million tonnes in 2014. The production of crude palm kernel oil and palm kernel cake amounted to 2.3 million tonnes and 2.5 million tonnes respectively (the same amount from 2014). The states of Sabah, Sarawak and Johor were the main producers of crude palm oil. The utilisation rates of palm oil mills and palm kernel crushers were 90.0 per cent and 67.8 per cent respectively, while the utilisation rates of palm oil refineries registered 63.6 per cent and oleochemicals were 84.5 per cent.

For 2015, a total of 73 projects with investments of RM2.2 billion were approved for the production of oil palm products compared with 49 projects with investments of RM5.6 billion in 2014. These included projects producing palm oil and palm kernel oil products, oleochemicals, products from palm biomass and energy generation from palm biomass. Foreign investments amounted to RM849.3 million while domestic investments totalled RM1.3 billion. The oleochemicals sub-sector had the highest investments with RM662.7 million followed by energy generation projects from palm biomass (RM543.9 million), palm oil and palm kernel oil (RM543.7 million) and products from palm biomass (RM397.2 million).

Palm Oil and Palm Kernel Oil

Refining and crushing are the main activities in this sub-sector. Currently, there are 52 refineries and 44 crushing plants in operation with a total capacity of 25.3 million tonnes and 7.0 million tonnes per year respectively. The refineries processed a total of 14.6 million tonnes of crude palm oil and 1.6 million tonnes of crude palm kernel oil while crushing plants processed 5.0 million tonnes of palm kernel. The main products produced are refined, bleached and deodorised (RBD) palm olein and stearin. Other products include margarine, vanaspati and specialty fat products.

For 2015, twelve projects with investments of RM543.7 million were approved for the palm oil and palm kernel oil products of which, six were new projects and six were expansion/diversification projects. Foreign investments amounted to RM276.1 million while domestic investments totalled RM267.6 million.

A significant project approved was an expansion project by a wholly Malaysian-owned company with investments of RM27.3 million to produce palm-based animal feed additive. The additive is a byproducts from oils and fats processing which provides specific nutrients that fits the needs of the livestock industry.

Palm Biomass

Six types of oil palm biomass are produced as by-products of the palm oil industry: oil palm fronds, oil palm trunks, empty fruit bunch, palm kernel shells, mesocarp fibre and palm oil mill effluent. Malaysia could benefit from an additional RM30 billion contribution to GNI and 66,000 incremental jobs by utilising biomass from the oil palm industry for higher value-added downstream activities.

In the palm biomass products sub-sector, 15 projects with investments of RM397.2 million were approved in 2015 compared with 12 projects with investments of RM82.9 million in 2014. Domestic investments amounted to RM249.3 million while foreign investments amounted to RM147.9 million. The approved projects were for utilisation of empty fruit bunches and oil palm trunk to produce pellet, pulp and briquette.

Refining and crushing activities have reached maturity levels in the country and are no longer promoted as growth areas. Significant opportunities, however, exist in downstream activities that generate high value-added products and in the palm biomass sub-sector. In the downstream activities, the growth areas are in oleochemical-based products and nutritional foods and ingredients as well as R&D activities which generally involve high levels of technology.

Oleochemical Products

As one of the world's largest basic oleochemical producers, Malaysia's gradual shift into production of higher value added oleochemical derivatives and bio-based chemicals indicates the success of the Entry Point Project (EPP) 6 under the Palm Oil National Key Economic Area.

The abundance of local raw materials and the availability of technology development in the oleochemical industry has spurred companies to produce specialty palm oil-based products such as surfactants, bio-lubricants and glycerol derivatives for the green chemicals and biodiesel industries. Even though current low petrochemical prices are giving petro-based products an advantage, oleochemical products will continue to generate interest and demand as safe and sustainable green chemicals.

A total investment of RM662.7 million was approved in 2015 for seven oleochemical projects approved, which are estimated to generate 304 new job opportunities. Of the seven projects approved, two were new projects. Over 62 per cent of these investments were

from foreign sources (RM413.3 million), while the rest came from domestic sources (RM249.4 million).

One significant project is a RM588 million biosynthetic base oil project which will utilise palm oil derivatives to produce base oils for motor oils and lubricants used in various light and heavy industries. Field trials performed by major motor oil and lubricant companies have shown better performance using biosynthetic base oil as compared to petroleum-based lubricants. The project will be located in the Kertih Biopolymer Park in Terengganu and will create 90 new highly skilled employment opportunities. This joint venture will hopefully help the downstream segment grow while insulating the upstream segment from volatile commodity price.

Chemicals and Chemical Products

The chemicals and chemical products industry comprise of agricultural chemicals, industrial gases, inorganic chemicals, paints, soaps and detergents, cosmetics and toiletries as well as other chemical products sub-sectors.

The chemicals and chemical products industry is one of the leading industries in Malaysia, with strong links to almost every other sector of the economy.

Chemicals are the key components in industries such as the electrical and electronics, automotive, oil and gas, pharmaceuticals, construction and other industries. Establishing a more efficient ecosystem in the chemical industry will reduce dependency on imported raw chemicals, while local industries benefit from the improved quality and shortened production time for their products. However, the chemical industry needs to keep abreast with the latest technology, automation, R&D and efficiency in order to stay competitive in the global market.

In 2015, a total of 28 projects with investments of RM877.2 million were approved, of which 14 were new projects (RM573.9 million) while the rest were expansion/ diversification projects (RM303.3 million). DDI amounted to RM221.4 million (25.2%) while FDI totalled RM655.8 million (74.8%). The approved projects are expected to create 1,326 new job opportunities.

Significant foreign-owned projects approved in 2015 include a new project for the production of synthetic zeolite in Terengganu (RM379 million) to support the cluster development of various industries, especially automotive, chemicals and petrochemical industries. This project will be the first in Malaysia and will potentially provide employment for 87 persons, where 62% will be in the managerial, technical and supervisory level.

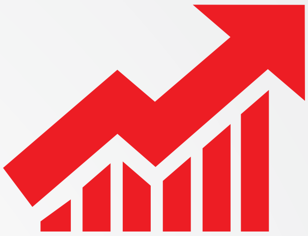
Petroleum Products Including Petrochemicals

The petroleum and petrochemical industry comprises three main sub-sectors: natural gas, petroleum products and petrochemical products.

A total of 13 projects with investments of RM37.4 billion were approved to produce petroleum and petrochemical products in 2015, higher than the total approved investments of RM15.9 billion in 2014, Domestic Direct Investments (DDI) totalled RM35.5 billion (95 per cent) testifying to the success of the Government's initiative in boosting domestic investments. These projects are estimated to generate 1,989 new employment opportunities.

Despite the slump in the oil and gas industry, the growth of the petroleum and petrochemical industry in Malaysia remains positive, due to the Government commitments, attractive investment environment and future demand.
The availability of feedstock from these approved projects will help to catalyse the growth of the petrochemical industry in Malaysia towards producing premium petroleum products and specialty chemicals while creating more high income and knowledge-intensive employment.

The year 2015 achieved another key milestone in the progress of the PETRONAS' Refinery and Petrochemical Integrated Development (RAPID) project



Petroleum and petrochemical products approved investment

RM37.4 billion

in Pengerang, Johor with the award of the Petrochemical Packages: three (3) Engineering, Procurement, Construction and Commissioning (EPCC) packages for petrochemicals for Polypropylene (PP), Linear Low Density Polyethylene (LLDPE), and Ethylene Oxide/Ethylene Glycol (EO/EG). The RAPID Project is progressing as scheduled.

Malaysia has also strengthened its position in world ranking as a supplier of Liquefied Natural Gas (LNG) with a new LNG train that will add another 3.6 million metric tonne per annum (mtpa) to the existing 25.7 million mtpa production capacity of the PETRONAS LNG Complex.

Plastic Products

The plastic products industry is one of the most dynamic and vibrant industries in the country's manufacturing sector. The available supply of locally produced resins contributes to the significant growth of the industry, making it as one of the well-established industry sectors in Malaysia.

The plastics sub-sector saw a total of 43 projects approved in 2015 with investments of RM911 million. A total of 31 of these are new projects with investments totalling RM570.9 million while the rest were expansion and diversification projects with investments of RM340.1 million. A total of 22 approved projects were wholly Malaysian-owned (RM364 million), 11 projects were wholly foreign-owned (RM175.1 million) and the remaining 10 projects were joint-ventures (RM371.9 million). Employment opportunities of 3,863 new jobs are expected from these projects in the plastics sub-sector.

Conducive government policies and incentives continue to develop the plastic industry into a highly diversified sub-sector producing wide array of products. Emphasis on investments in new machinery and automation will see the increase in productivity while reducing dependency on labour, particularly unskilled foreign workers. The government has introduced a new measure which could assist the plastic products manufacturers to automate their production processes to remain competitive as they enter new markets made possible by existing or new free trade agreements. Besides this, the plunge in oil prices is benefiting the plastic products manufacturers as the lower costs of raw materials and energy will provide them with better margins.

Rubber Products

The rubber products industry can be categorised into latex products, tyres and tyre-related products, as well as industrial and general rubber products. This is one of the well-established industries in Malaysia, dominated mainly by small and medium enterprises (SMEs) which are shifting towards higher value-added products and higher technology rubber products.

A total of 16 projects with investments of RM143.4 million were approved in 2015. Out of these projects, 10 were new projects with a total investment of RM132.5 million, while the rest were expansion/diversification projects with investments totalling RM10.9 million. Over 81.3 per cent of these came from domestic sources (RM116.6 million), while foreign sources made up the rest (RM26.8 million). A total of 10 of the approved projects were wholly Malaysian-owned (RM111.7 million), two projects were joint-ventures (RM7 million) and four projects were wholly foreign-owned (RM24.7 million). The investments mainly covered the manufacture of various types of tyres, retread tyres, 'green' rubber products, rubber compounds, industrial and general rubber products as well as recycling of waste tyres into rubber powders. These projects are estimated to generate 574 new employment opportunities.

The global decline in the price of natural rubber since 2013 and the weakening of the ringgit augurs well for rubber producers as they

enjoy lower costs of raw materials and better returns from the export market as their products are sold in USD.

The government has taken an initiative to boost the rubber products industry by developing the Rubber City in Kedah. The Rubber City will house the catalytic anchor manufacturers, specialised latex and rubber products, precision engineered rubber products, 'green' and other rubber products.

Wood and Wood Products and Furniture

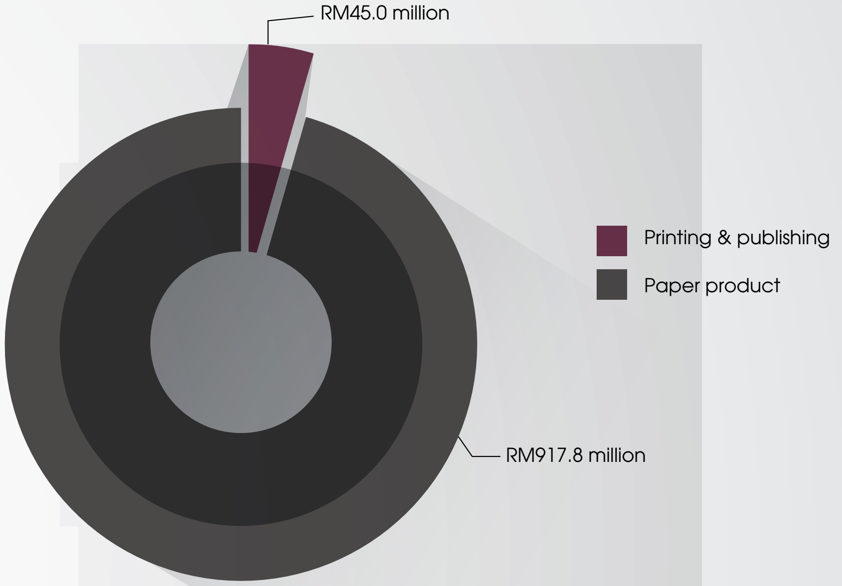
Malaysia's wood-based sector is predominantly owned by Malaysians, with about 87 per cent of companies comprising small and medium scale manufacturers. Over the years, it has developed from a primary processing industry to a more advanced industry producing a significant number of downstream value-added products.

In 2015, a total of 70 projects were approved with investments of RM902 million, of which 50 were new investments of RM641 million and 20 were expansion/diversification projects with investments of RM261. Domestic investments amounted RM654 million while foreign investments totalled RM248 million. These projects are expected to provide job opportunities to 3,268 persons.

The furniture sub-sector recorded the highest investments in 2016. The sector attracted RM87 million in 18 projects. Of these 12 were new projects with investments of RM72 million, while the remaining were expansion/diversification projects worth of RM16 million. Domestic investments accounted for RM61 million of total investments in this sub-sector while foreign investments of RM26 million made up of rest.

The panel products sub-sector and the mouldings and builders' carpentry and joinery sub-sector each attracted 6 and 7 projects respectively with approved investments of RM31 million and RM189 million. In addition, 39 projects with investments of RM595 million were approved for the manufacture of other wood-based products and materials such as wood pellets, sawn timber and agriculture waste.

Approved Investments in the Paper, Printing and Publishing Industry by Sub-Sector, Year 2015



Paper, Printing and Publishing

The paper, printing and publishing industry encompasses the manufacture of pulp, paper, paper products as well as printing and publishing activities. The paper sub-sector covers the production of medium paper, test liner, newsprint, printing and writing paper, tissue paper, joss paper as well as specialty paper. The paper products sub-sector consists of packaging products such as corrugated cartons, inner packaging and cushioning materials, labels, stickers and disposable diapers. The printing and publishing sub-sector includes all printing of packaging

materials, books, magazines, security documents, greeting cards, calendars and other miscellaneous printing activities. Malaysian paper industry has progressively increased the production capacity. There are 23 paper mills with a total production capacity of about 1.9 million metric tonnes annually. Wastepaper is the main raw materials used by industries to produce their paper products. To date, this industry has provided employment opportunities to more than 5,000 people. The domestic printing and publishing industry consists mainly of small and medium-scale domestic-oriented manufacturers. There are currently about 1,000 companies in operation mainly engaged in general printing.

NEW AND EMERGING TECHNOLOGIES

Factories can become smarter through the application of tools used for Industry 4.0 and the Internet of Things (IoT) initiatives. Smart factories will increase employees' productivity, improve energy management, analyse predictive maintenance, conduct inventory checking, investigate downtime minimisation and deploy integrated remote operation. This IoT phenomenon is the next wave of the Internet that has the potential to positively impact virtually every industry from agriculture to healthcare, for business and public communities.

The smart factory will be more responsive to consumer demands and operates in a more cost-effective manner by leveraging on the convergence of technologies such as big data analytics, cloud solutions, embedded systems, mobility and network connectivity.

While the industry is making progress in developing and using smart manufacturing, several challenges involving regulatory/compliance, infrastructure readiness and cyber security need to be addressed in order to facilitate the capturing of new competencies, capacities and market opportunities by Malaysian industry players so that a higher growth rate in IoT can be achieved.

In the new era of disruptive technology and creativity, the use of 3D Printing or "additive manufacturing" will create new market opportunities. An increasing trend towards mass customisation, distributed manufacturing as well as a small scale production is leading to favourable growth for this technology. It has the potential to completely revolutionise traditional manufacturing processes using materials such as metals or polymers. The technology, which can create complex objects that are difficult to manufacture traditionally, has been used to print highly customised products like hearing aids and parts for airplane engines.

There is a massive growth in lithium battery demands with the steady increases in hybrid and electric car production as well as mobile devices. Currently, the development of energy storage for automotive is very much a joint venture effort between car manufacturers and battery manufacturers. Lithium is still a preferred material for the energy storage; however there is no one superior technology from the rest. Battery management system is another important factor for energy storage and as the capacity and the usage is increasing, the need for reliability, efficiency and safety is paramount.

On the rare earth downstream applications, it was observed that there are more development activities especially in the automotive sector for electric motors, drivetrain and energy storage systems. It was also observed that academia and industries are looking at methods to minimise usage of rare earth metal in their products due to costs and concerns of supply inconsistencies. Hence, the consumption of rare earth is reducing per product, but there is still an increase in its applications.

For the year 2015, a total of 16 projects were approved with investments of RM962.8 million. Of these, two (2) were expansion/diversification projects with investments of RM645.7 million (67%), while fourteen (14) were new projects with investments of RM317.1 million (33%). Foreign investments amounted to RM813.7 million (85%), while RM149.1 million (15%) were contributed by domestic investments. These projects are expected to provide employment opportunities to almost 1,065 people.
By sub-sectors, the highest investments were recorded for paper products sub-sector with RM917.8 million (12 projects) and followed by the printing & publishing sub-sector with RM45.0 million (4 projects).

Primary Sector: Complementing Growth

The primary sector comprises three major sub-sectors namely agriculture; mining; and plantation and commodities. The primary sector accounted for RM3.8 billion of approved investments in 2015 with FDI amounting to RM1.8 billion or 47 per cent, while DDI comprised the RM2.0 billion or 63% of the approved primary sector investments. The mining sub-sector led the other sub-sectors with approved investments reaching RM2.8 billion in 26 projects. The rest of primary sector investment comprised the plantation and commodities sub-sector with investments amounting to RM712.2 million, as well as the agriculture sub-sector which registered investments totalling RM261.2 million.

Agriculture

In 2015, a total of 27 projects were approved with total investments of RM261.2 million. Domestic investments amounted to RM260.9 million (99.9%) and foreign investments totalled RM0.2 million (0.1%). These projects are expected to create 929 employment opportunities.

Mining

Investments in the mining sub-sector comprise oil and gas exploration and mining in other minerals. In 2015, a total of 26 projects were approved with investments of RM2.8 billion. Foreign investments amounted to RM1.6 billion (58.6%) and domestic investments totalled RM1.2 billion (41.4%). Oil and gas contributed RM2.5 billion with 23 projects in mining sub-sector in 2015 while the balances are in other minerals.

Plantation and Commodities

In 2015, investments valued at RM712.2 million in four projects were approved in the plantation and commodities sub-sector, which all are in oil palm sub-sector. Domestic investments amounted to RM583.3 million (81.9%) and foreign investments totalled RM128.9 million (18.1%). These projects are expected to create 360 employment opportunities.

SERVICES SECTOR: MAINTAINING A STEADFAST MOMENTUM

INVESTMENTS IN THE SERVICES SECTOR

Malaysia's bourgeoning services sector continues to maintain a steadfast momentum and draw in significant investments.

The year 2015, saw a total of 4,150 projects approved in the services sector tantamount to RM108.2 billion or 58 per cent of total investments. Of this amount, DDI accounted for RM95.8 billion while FDI totalled RM12.4 billion. The projects approved during this period are expected to create 112,194 job opportunities.

Within the services sector, the real estate sub-sector was the leading contributor with RM26.9 billion worth of investments approved, followed by the transport RM15.7 billion, financial services RM15.4 billion, utilities RM11.7 billion and global establishment RM8.2 billion sub-sectors. The Malaysian Government remains committed to progressive liberalisation to boost the competitiveness of the services sector and ensure its sustainability, thereby contributing to the success of the ETP.

In 2015, some 4,150 projects amounting to RM108.2 billion or 58 per cent of total investments were approved in the services sector. DDI accounted for RM95.8 billion while FDI totalled RM12.4 billion. These projects will lead to the creation of 112,194 jobs.

Malaysia Remains An Attractive Investment Proposition

Malaysia continues to be draw card to investors; its geographical location and ease of access to regional resources and supply chains in the Southeast Asia region continue to give it a strategic advantage. Factors such as its robust and pro-business trade policies, as well as its world class transportation, communications and financial services infrastructure that facilitate easy regional market expansion, all support the case for Malaysia as an ideal regional operations base for investors. In the WEF Global Competitiveness Ranking 2015-2016, Malaysia was ranked 24th out of 140 economies for its competitive strengths on the infrastructure front.

While all these elements, among others, help ensure that Malaysia is given serious consideration by MNCs looking for the ideal location to establish their regional or global operations, the Malaysian Government continues to introduce a host of appealing incentives to ensure the country remains an attractive investor proposition.

Malaysia's strategic location, ease of access to regional resources and supply chains in the Southeast Asia region, and a host of other strategic advantages continue to position it as an ideal regional operations base for investors.

Bolstering Malaysia's Strategic Advantage

In May 2015, the Malaysian Government implemented the customised Principal Hub or PH incentive to reinforce Malaysia's position as a choice location for MNCs looking to set up their global operational centres. Having observed shifting global supply chain trends and the evolving nature of existing business models, the Government saw the need to revise its existing incentives and move up the value chain to accommodate the diversified business needs of local and foreign companies. This PH tax incentive complements the nation's focus on the NKEAs under the ETP by encouraging global companies in the key sectors to strengthen their supply chain management and place their global operational functions in Malaysia.

By definition, a PH is "a locally incorporated company that uses Malaysia as a base for conducting its regional and global businesses and operations to manage, control, and support its key functions including management of risks, decision making, strategic business activities, trading, finance, management and human resources." The PH structure enables companies to optimise their resources, build capacity and quicken decision making so that they can strengthen their operational efficiencies and deliver better and consistent customer service and shareholder value. MNCs that adopt this structure are better able to share resources and experiences among companies within the group and take advantage of the benefits that better integration and harmonisation bring.

Today, as regional headquarters and supply chain models evolve, more and more MNCs are adopting the PH structure. The introduction of this timely incentive, which coincided with Malaysia's hosting of the ASEAN Summit in 2015, is enabling MNCs to benefit from the economic cooperation treaties within the ASEAN Economic Community or AEC such as the ASEAN Trade in Goods Agreement (ATIGA), the ASEAN Comprehensive Investment Agreement and the ASEAN Framework Agreement on Services.

The customised Principal Hub incentive has reinforced Malaysia's position as a choice location for MNCs looking to set up their global operational centres.

Given Malaysia's strategic location within the AEC, its steadfast economic growth, good regional linkages and robust infrastructure, the country also has all the right attributes as a regional logistics gateway. As the backbone of the entire supply chain, the logistics sub-sector continues its key to stimulating trade, facilitating business efficiency and spurring economic growth. In the Logistics Performance Index (LPI) 2014 by the World Bank, Malaysia was ranked 25th out of 160 countries, above China and Thailand in 28th and 35th place respectively. With high-income nations dominating the first 20 places within the LPI, Malaysia was among the leading upper-middle-income nations.

Following the introduction of the Logistics and Trade Facilitation Masterplan (2015-2020) in early 2015, Malaysia now has a strong framework to resolve bottlenecks in the logistics sector and elevate itself to become a regional player in the medium-term. This blueprint outlines the measures that need to be implemented to capitalise on the nation's logistics sub-sector strengths and create a strong foundation for the future.

In November 2015, Southeast Asian ministers adopted the Kuala Lumpur Transport Strategic Action Plan, a 10-year master plan for greater connectivity, efficiency, integration, safety and sustainability of the AEC's transport sector by 2025. As cooperation and connectivity amongst AEC member states is enhanced, Malaysia, along with the rest of the region, is fully expected to make strong strides forward. Trade facilitation and logistics will be significant priorities given the pivotal role connectivity and the streamlining of procedures and regulations plays in today's trade environment. Initiatives such as the ASEAN-China Free Trade Agreement too,

The Logistics and Trade Facilitation Masterplan (2015-2020) provides Malaysia a strong framework to resolve bottlenecks in the logistics sector and elevate itself to become a regional player.

are expected to be catalysts for growth for the logistics sub-sector while establishing Malaysia as a preferred location for value-added logistics services.

Continuing to serve the global and Regional needs of MNCs

In the year under review, Malaysia continued to strengthen its position as a competitive hub for global operations and establishments through its global operations hub, principal hub, treasury management centre and integrated logistics services centre initiatives, among others. These establishments provide support for a broad spectrum of sub-sectors and activities, ranging from supply chain management and logistics to banking and financial services, by helping improve the competitive edge of these sub-sectors while promoting sustainable economic growth.

Global Operations and Establishments

The year saw many MNCs continuing to capitalise on Malaysia's competitive advantages to establish their global and regional operations centres. As at 31 December 2015, a total of 3,683 global establishment projects have been approved by MIDA. Of these establishments, 2,042 were Representative Offices (REs), 1,035 were Regional Offices (ROs), 271 were Operational Headquarters (OHQs). The remaining approved establishments comprised 252 International Procurement Centres (IPCs), 32 Global Operations Hubs (GOHs), 35 Regional Distribution Centres (RDCs), 10 Treasury Management Centres (TMCs) and six Principal Hubs (PHs).

Global Operations Hubs (GOHs)

Between 2011 and 2015, the Government approved 32 Global Operations Hubs (GOHs) projects valued at RM26.6 billion as part of its efforts to encourage MNCs to locate their GOHs in Malaysia. In 2015, four GOHs projects were approved with a total investment of RM2.6 billion and 1,655 employment opportunities created.

Envico Enterprises Sdn. Bhd. is a subsidiary of the Valiram Group, a local company founded by Jethanand Valiram. Since its inception in 1935, Valiram Group has grown from being a textile business operator to becoming an industry leader in the luxury goods and specialty retail sector. The Group has 190 retail stores in the Asia Pacific region and markets major luxury brands in Watches and jewellery, Fashion and accessories, Perfumes and cosmetics, Chocolates and confectioneries & Food and beverage.

Envico Enterprise Sdn. Bhd., as the control tower of Valiram Group, will centralise the group's key strategic functions such as treasury, which would benefit Malaysians in developing skills in regional management. The tourism industry will also benefit from the increased trade of luxury goods attributed by this project.

Haemonetics Malaysia Sdn. Bhd. is a subsidiary of Haemonetics Corporation, which is a global leader in the manufacturing of full range blood and plasma management systems and products. The company provides devices, consumables, information technology platforms and consulting services to reduce healthcare costs for collecting blood, hospitals and patients worldwide. Haemonetics plays an important role in contributing to the healthcare sector which is one of the NKEAs promoted by the Government.

Haemonetics Malaysia Sdn. Bhd. is appointed as a toll manufacturer that provides warehousing and distribution services for some of Haemonatics' other global operations.. The products involved are non-filter bag sets, whole blood filter sets, red cell filter bag sets, plasma sets, platelet sets, cell saver sets and red blood cell sets and will be exported to Asia and Europe. The Global Supply Chain Management compliments the whole supply chain throughout Haemonetics' global operations.

QI Services (M) Sdn. Bhd. is a subsidiary of the QI Group, a diversified multinational with interests in education, hospitality, direct selling, financial services and retail. The Group has presence across 30 countries with key regional offices in Hong Kong, Malaysia, Singapore, Thailand and the Philippines. To strengthen its regional operations, QI has evolved its operational headquarters in Malaysia into its Global Excellence Hub to centralise the Group's regional procurement and distribution, data processing and analysis, as well as training and personnel management activities. The company will provide employment for 251 Malaysians who will be trained in areas such as treasury management and business coordination.

Japanese multinational electronics corporation, Panasonic, has achieved successful growth in Malaysia via its 20 subsidiaries that undertake variety of activities including R&D, manufacturing, procurement and distribution. Panasonic Management Malaysia Sdn. Bhd. which serves as the Group's first operational headquarters outside of Japan, will provide key management services such as business strategy development, marketing and product sourcing to Panasonic-related companies in Malaysia. Panasonic has also transferred its Lifestyle Research Centre to Malaysia which will undertake research on consumer behaviour and lifestyle preferences that are critical to the development of new products and markets. Panasonic's new project will involve an investment of RM243.7 million over 10 years and create an additional 45 employment opportunities.

Operational Headquarters (OHQs)

Malaysia remains a preferred destination for MNCs and local conglomerates looking to establish their Operational Headquarters (OHQs) for the Asia Pacific region. As at 31 December 2015, a total of 271 OHQs had been approved with the total investment amounting to RM8.7 billion. The establishment of these OHQs is expected to lead to the creation of 14,860 jobs for Malaysians. In 2015, a total of 17 OHQs were approved in comparison to 16 OHQs in 2014. These approved projects will involve investments amounting to RM2.7 billion and create 352 job opportunities of which 1,251 are for Malaysians.

Of the 17 OHQs established in 2015, Malaysian companies recorded the highest number of OHQs with four OHQs approved. This indicates that local companies are continuously choosing Malaysia as a base for managing their expanding operations overseas. Among the other nations that established OHQ in 2015 were France (2), Germany (1), United Kingdom (1), British Virgin Islands (1), Denmark (1), Netherlands (1), Finland (1) and Sweden (1). Two Singapore-based companies moved their OHQs to Malaysia to leverage on the country's strategic location for regional services as well as to maintain their operational and cost efficiencies. The remaining two companies hailed from the United Arab Emirates (UAE).

The OHQs established in Malaysia in 2015 serve various sub-sectors, with the oil and gas sub-sector being the most popular one. Within the oil and gas sub-sector, two of the companies that established an OHQ are oil and gas service providers, while one company is an exploration and production company. Another main sub-sector is the building and construction sub-sector which saw three OHQs being established. OHQs were also established within these sub-sectors: IT and communications (2), food and beverage or F&B (2), industrial (2), logistics (2), electrical and electronics or E&E (1) and market research.

Among the major OHQ projects approved were those belonging to NYKSM Maritime Services Sdn. Bhd., Arla Foods Sdn. Bhd. and a French multinational company.

The NYK Group, headquartered in Tokyo, Japan is a global logistics enterprise which operates in five continents and has a workforce of 8,000 people. The Group specialises in shipping services and Singapore was the regional base for its technical and ship management activities until 2015.

NYKSM Maritime Services Sdn. Bhd., was then established to become its new OHQ which will centralise technical support services for shipping companies. The OHQ will also run a training academy to train Malaysian cadets who will serve the Group's regional ship management operations. At least 20 Malaysian cadets will develop expertise in areas such as preventive maintenance, oil major vetting, dry-docking, ship inspection, lay-up services and retrofit services.

Arla Foods Sdn. Bhd. Is a subsidiary of Arla Foods amba, the fifth largest dairy product manufacturer in the world. Arla has manufacturing facilities in 11 countries and sales operations in 30 countries. Arla Foods chose Malaysia among four other countries as the preferred location to establish an OHQ to support its expanding regional activities in Southeast Asia as well as to serve as its management hub for Asia. The OHQ will provide services such as business planning and coordination, market control and sales promotion, as well as planning and corporate finance advisory services. Arla Foods is expected to invest RM95 million for its OHQ operation over a 10-year period.

A French multinational conglomerate was also approved to establish its OHQ in Malaysia. The company is a leading manufacturer of construction materials with a presence in 64 countries and recorded sales turnover of RM4.7 billion in 2014. The company owns the largest plasterboard manufacturing plant in Malaysia which caters to markets in Singapore, Indonesia and New Zealand.

The OHQ in Malaysia will manage the group's activities in Southeast Asia and provide services such as strategic business planning, financial advisory and technical training. The OHQ is expected to invest RM99 million for its operation and create 109 professional jobs.

International Procurement Centres (IPCs)

As at 31 December 2015, a total of 254 International Procurement Centres (IPCs) had been approved with total sales turnover estimated at RM79 billion while investments in these IPCs amounted to RM10 billion. Of the IPCs approved, some 100 IPCs or 39.3 per cent of the total number were from Japan, 44 from Malaysia, 18 from the USA, 17 from Singapore, 12 from Taiwan and 5 from Germany. The remainder were from countries such as Canada, the UK, India, Indonesia, Switzerland and the Cayman Islands. Many IPCs were also set up by joint venture corporations.

A total of 130 or 51.2 per cent of these IPCs are servicing the E&E industry while the remaining IPCs are servicing the chemicals/ petrochemicals industry (33); machinery and industrial parts industry (22); textiles industry (11), oil and gas industry (10); furniture industry (8) and other industries.

Many IPCs have diversified their activities to include supply chain management for their manufacturing operations in Malaysia and in the Asia Pacific region. IPC operations also enhance competitiveness through the establishment of synergetic linkages and integration within manufacturing plants as well as between common infrastructure and support facilities. This makes the entire manufacturing process more cost effective and efficient. In 2015, a total of nine IPCs were approved as compared to six IPCs in 2014. Of these approved projects, three were from Japan, one each from Taiwan and Thailand, while the remainder were from Malaysia. These IPCs brought in investments totalling RM1.01 billion, a 60 per cent increase over the total RM394.4 million investment approved in 2014. They also generated an estimated total annual sales turnover of RM2.3 billion, a 65 per cent increase over the total annual sales turnover of RM797.7 million in 2014. These IPCs will create 250 job opportunities of which 233 are for Malaysians. mainly in the managerial, technical and skilled categories.

Among the IPCs approved were LeBlanc Communications (Malaysia) Sdn. Bhd. and Scientex Distribution Sdn. Bhd. The main activities of LeBlanc Communications include manufacturing, distributing and the installation of telecommunication towers for network companies mainly world leaders such as Hua Wei, Ericsson, Alcatel-Lucent, ZTE and Nokia Siemens Networks, as well as for major clients such as P1, Maxis, UMobile, American Towers, Orange, Vodacom and Tigo. In line with increasing global demand for telecommunication towers, LeBlanc Communications expanded its operation to optimise its procurement activities. Its investments amounting to RM127.7 million for IPC operations, will provide job opportunities for 29 Malaysians.

Scientex Distribution Sdn. Bhd. (formerly known as GW Flexible Packaging Sdn. Bhd.) is a company under the Scientex Group. The main activity of the Company is manufacturing of stretch films with a manufacturing capacity of 10 billion metres per annum.

Scientex Berhad, the parent company listed under Bursa Saham Malaysia, was approved IPC status and incentive under Scientex Distribution Sdn. Bhd. to optimise its business operation supplying stretch films to the network of companies and major clients. Total investments for the IPC operation is RM455.6 million and will create job opportunities for 29 Malaysians.

Regional Distribution Centres (RDCs)

As at 31 December 2015, a total of 35 Regional Distribution Centres (RDCs) had been approved with investments totalling RM974.5 million and an estimated annual sales turnover of RM4.8 billion. A total of 833 job opportunities have been created with these RDC approvals, of which 89.7 per cent or 747 of these job opportunities are for Malaysians. A total of two RDCs were approved in 2015, as compared with the three RDCs approved in 2014. These involved companies from Singapore and the Netherlands with investments totalling RM238.9 million and an estimated total annual sales turnover of RM616.8 million which will create employment opportunities for 47 Malaysians out of the total 48 total jobs created.

Among the two new RDCs in operation are Puma Energy (M) Sdn. Bhd., a subsidiary of Puma Energy Asia Pacific B.V. (Netherlands). Involved in supplying quality fuels and oil products, the company also acts as an investment holding company for operations in 45 countries. Having established its operation at the Tanjung Langsat Industrial Complex in Johor, Puma Energy distributes its own products, mainly high grade bitumen oil to its network of companies in Asia Pacific and around the globe. The company's investment of RM198.3 million will provide employment opportunities for 29 Malaysians. The other RDC, Draka Marketing and Services Sdn. Bhd., is a subsidiary of the Prysmian Group which has some 130 years of experience in the energy and telecommunication cables sub-sector. The Prysmian Group operates in ASEAN with 10 plants and two distribution centres serving both energy and telecom markets. Draka Marketing and Services will operate its RDC out of Alor Gajah, Melaka which will serve the group's network of companies worldwide. The Prysmian Group will invest a total RM40 million which will provide employment opportunities for 18 Malaysians.

Principal Hubs (PHs)

Since the implementation of the Principal Hub or PH incentive in May 2015, MIDA has approved six PH projects from major MNCs in the electronics, aerospace, commodity (pulp & paper and palm oil) and F&B industries. These investments amount to RM1.3 billion and created 361 high value jobs of which 320 are for Malaysians. These approved projects will involve significant use of local ancillary services such as financial facilities, logistics and supply chain services as well as professional services and utilities. The PH scheme is not confined to a specific area but provides locational flexibility whereby companies may choose to establish their principal hub at any preferred location in Malaysia that best aligns with their strategic objectives.

Honeywell is a Fortune 100 diversified technology and manufacturing leader, serving customers worldwide with aerospace products and services; control technologies for buildings, homes and industry; turbochargers; and specialty materials. Globally, Honeywell has an annual turnover of about RM160 billion and engages 150,000 employees.

Honeywell includes three main business groups, which are Aerospace; Automation and Control Solutions; and Performance Materials and Technologies. The company has six entities in Malaysia, each of which specialises in a particular business segment.

Honeywell has made the strategic decision to become the first multinational company to join Malaysia's Principal Hub initiative to better allocate its resources to support its ambitious business expansion plan in Malaysia and region. Honeywell's innovative technologies are committed to making Malaysia cleaner and more sustainable, more secure, connected, energy efficient, and productive.

Asia Pacific Resources International Ltd or APRIL is one of the largest pulp and paper companies in the world and a leading developer of fibre plantations. Its flagship brand Paper One is sold in more than 75 countries worldwide. Via its PH, APRIL will focus on strategic sourcing, procurement and distribution, sales and marketing, business development and senior-level talent acquisitions. APRIL plans to make Malaysia the main trading hub for the group and will make investments totalling RM380 million over 10 years.

The Apical Group belongs to the extensive network of companies managed by Royal Golden Eagle (RGE) which specialises in the palm oil as well as pulp and paper industries. RGE has assets worth more than RM60 billion and employs 50,000 people worldwide. Having decided to move its operational headquarters from Singapore and to set up a PH in Malaysia via Apical (Malaysia) Sdn. Bhd., the group will now make total investments amounting to RM256.8 million within 10 years that will lead to creation of 55 high value jobs. Apical Malaysia will assume the role of a control tower that will develop the overall business strategy of Apical Group. It will also become the main trading hub for Apical by significantly increasing the trading volume in Malaysia.

Easic is a fabless semiconductor company which specialises in the design and development of Application Specific Integrated Circuits (ASIC). The Group is headquartered in Santa Clara, California and since its inception in 1999 has grown to own subsidiaries in Malaysia, Japan, Bermuda and Romania.

Easic delivers customised integrated circuits which enable its customers to increase their operational efficiency by reducing time, power and costs required to bring their technology products to market.

Easic Malaysia Sdn. Bhd. was established as the Group's main offshore R&D hub in Asia Pacific. The company's presence in Malaysia has led to the creation of high-value R&D positions for Malaysians and overall contribution to the semiconductor industry in the country. Easic will now strengthen its position in Asia Pacific by centralising the supply chain management for its products in Malaysia.

The PureCircle Group of Companies develops and manufactures natural food ingredients for use by the global F&B industry. PureCircle Malaysia has been central to PureCircle's global operation, as it is home to one of the Group's two stevia refineries. Due to the increasing global demand for stevia products, PureCircle will invest an additional RM186 million to expand its manufacturing capabilities in Malaysia and the PRC. The Group has also chosen Malaysia to become its main trading hub by centralising the distribution of its products through its PH operation. The PH will also manage the main business strategies for the group and undertake other key functions such as treasury and fund management as well as senior talent acquisition. PureCircle's decision to diversify from its manufacturing activities in Malaysia and move up the value chain by venturing into the provision of supply chain services, reflects its confidence in Malaysia's regional competitiveness.

Super Group Ltd is the leading producer of beverages and convenience foods in Southeast Asia. The Group pioneered the introduction of 3-in-1 beverages in the region. In Malaysia, the group operates one of the largest coffee powder manufacturing plants in Southeast Asia with a capacity 15,000 MT of instant soluble coffee powder. The Group's new PH, located in Johor, will centralise and control the management of coffee products under its food ingredients segment. Apart from implementing strategic functions such as business planning and central procurement, the PH will also take over the role as the main R&D centre for the development of new coffee product ingredients from Super Group's operation in Singapore. This transfer of R&D to Malaysia is a huge step for the group which had previously undertaken most of its R&D activities in Singapore. It is also a testament to its confidence in Malaysia's technology and talent capabilities in the R&D sector. Super Group's PH project will create 50 high value jobs.

The PH incentive caters to the current trend among companies in centralising strategic functions to increase their operational efficiency. This incentive also provides various flexibilities to companies such as eliminating the drop shipment limit for their procurement and distribution activities and making them eligible for Foreign Exchange Flexibilities by the Central Bank of Malaysia.

Moving forward, MIDA plans to undertake aggressive promotional activities such as seminars, specific project missions, one-to-one meetings and outreach programmes in order to get MNCs and local conglomerates to tap Malaysia as a base for conducting their regional and global businesses.

Treasury Management Centres (TMCs)

As at 31 December 2015, a total of 10 Treasury Management Centres (TMCs) had been approved with investments totalling RM301.6 million and 144 employment created opportunities for Malaysians. In 2015, a total of two TMC projects were approved compared with four projects in 2014. Despite the decline in the number of approved projects, the investment value of these projects in 2015 was still significant at RM114.7 million (2014: RM120.3 million).

The TMCs established in 2015 belong to local conglomerates in the food and beverage and energy infrastructure sub-sectors. Having expanded their operations overseas, these local conglomerates made the strategic decision to leverage on Malaysia's sound banking infrastructure and centralise their fund management activities in the country.

Regional/Representative Offices (ROs/REs)

Malaysia is a base for Regional/ Representative Offices (ROs/REs) to coordinate and support their operations in the Asia Pacific region. The establishment of these REs and ROs will provide opportunities for the companies to set up regional operations for the long-term. These REs/ROs were established as a first step to undertake feasibility studies on investment opportunities in Malaysia and to coordinate

Following the rollout of the PH incentive in May 2015, six PHs with investments amounting to RM1.3 billion have been approved leading to the creation of 361 potential high value jobs.

business activities for their parent companies regionally.

In 2015, a total of 116 new REs/ ROs were approved with a total investment of RM146.5 million. This is expected to create employment opportunities for 229 Malaysians out of the total number of 333 jobs created. Of the 116 REs/ROs approved, 67 projects (57.8%) were REs while 49 projects (42.2%) were ROs. The countries of origin of these REs/ROs vary and there was interest shown by companies from countries such as Brunei, Vietnam, the Cayman Islands, Egypt, Belgium and Portugal. The year also saw an increase in the number of companies from countries such as Hong Kong, with six projects approved in 2015 as compared to two projects in 2014. In 2015, there were three projects from Norway as compared to just one in 2014.

In 2015, Singapore with 12 approvals, was the country that had the most number of REs/ ROs approved. The remaining approvals were for REs/ROs from

Japan (11), the USA (8), the UK (7), and Germany (7). Companies from the machinery and engineering support, oil and gas, E&E, medical devices as well as IT and software sub-sectors, were the ones that primarily had their RE/ROs approved.

Support Services

To ensure the global and regional interests of MNCs are adequately supported from a logistics perspective, Malaysia's logistics sub-sector continues to leverage on in the country's strategic location, connectivity, state-of-the-art facilities as well as presence of major players in shipping and logistics.

Integrated Logistics Services (ILS)

As at December 2015, a total of 65 Integrated Logistics Services (ILS) with investments valued at RM3.7 billion had been granted incentives. A total of 12 ILSs were approved in 2015 in comparison to 12 in 2014. The growth of the logistics sub-sector has been robust over the years and the increasing trend is expected to continue into the future.

The ILS approvals in 2015 were for companies from Malaysia with investments totalling RM724.5 million which will create employment opportunities for 791 Malaysians. Based on current approvals of ILS projects, most ILS companies in Malaysia are moving towards integrated operations and ICT-driven innovation (e-commerce). They are also involved in providing specialised logistics services to support various industrial sectors such as oil and gas and the petrochemical sub-sector.

Among the major ILS projects approved was that for Lima Bintang Logistics Sdn. Bhd. which has grown rapidly to become a leading logistics company specialising in the oil and gas sub-sector. The company provides transportation for heavy and oversized project cargo and manages specialised warehouses for the storage of oil and gas equipment. To date, Lima Bintang Logistics has invested RM5 million to build a high bay warehouse with testing facilities to meet the demand from foreign subsea engineering companies, plus another RM6 million in multi-axle vehicles especially for the transportation of heavy lifting equipment. These investments will enhance the company's ability to support the PETRONAS RAPID project. The ILS incentives will also help the company to compete globally and make Malaysia a hub for offshore drilling. It is estimated that the company will make investments amounting to RM35 million over a five-year period.

Century Total Logistics Sdn. Bhd. is another leading logistics company in Malaysia. Its services include integrated logistics, oil logistics and procurement logistics. Already managing over 200,000 m^2 of warehouse facilities in the Klang Valley and Port of Tanjung Pelepas, the company will add another 60,000 m^2 via the construction of a multi-storey warehouse in the up and coming Eastern Gateway Industrial Hub. Upon completion of the state-of-the-art warehouse which will be operated as a distribution centre for various MNCs, Century will be the first local logistics company to operate a multi-storey warehouse in Malaysia. This facility will boast cutting edge ICT infrastructure which will cater to the company's contract logistics and e-fulfilment activities. Century Total Logistics has followed in the footsteps of major logistics players in Singapore who have had to look outside the island nation because land there has become scarce and expensive.

International Integrated Logistics Services (IILS)

International Integrated Logistics Services or IILS status is granted to a logistics company that provides integrated and seamless logistics services (door-to-door) along the logistics value chain as a single entity on a regional or global scale. A Customs Agent Licence will be issued to qualified IILS companies. In 2015, a total of 19 companies were awarded IILS status as compared to eight IILSs approvals in 2014. Of these companies, a total of eight were Malaysian-owned companies.

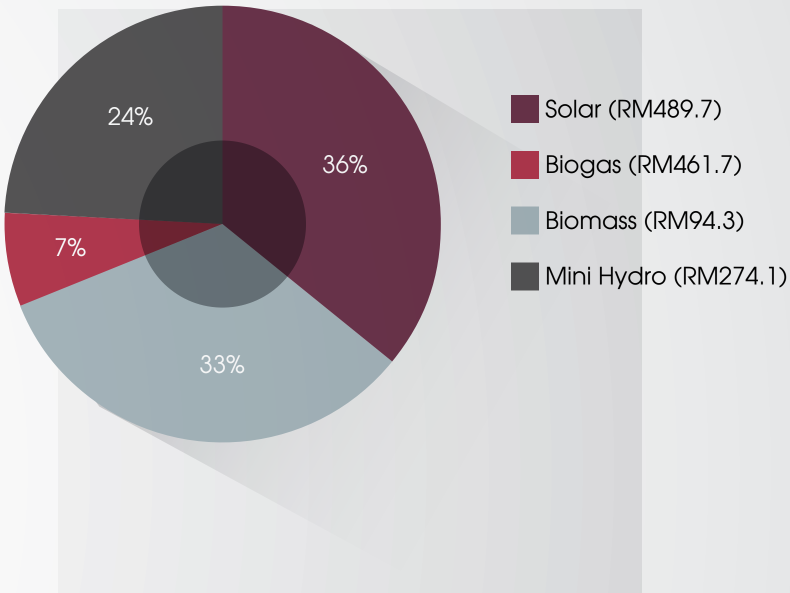
Moving forward, strategic and proactive measures to strengthen the logistics sub-sector are expected to result in significant spin-offs for the country, in the form of increased business investments, a higher employment rate and a reduction in the costs of doing business. The growing trend of e-commerce and customised high value products will drive demand for fulfilment centres, just-in-time delivery, and tracking and tracing services. Pervasive ICT adoption will become more critical for the logistics service providers to move into integrated supply chain services. Given its strong backward and forward linkages, the logistics sub-sector is crucial for national competitiveness and sustainable economic growth.

The approved investments in global operations and establishments and the logistics sub-sector are also aimed at promoting Malaysia as a direct trade market and as an easy, cost-effective gateway to the ASEAN market. At the same time, Malaysian SMEs wanting to establish themselves regionally benefit from partnerships with reputable and innovative MNCs which can offer high standard quality solutions and services.

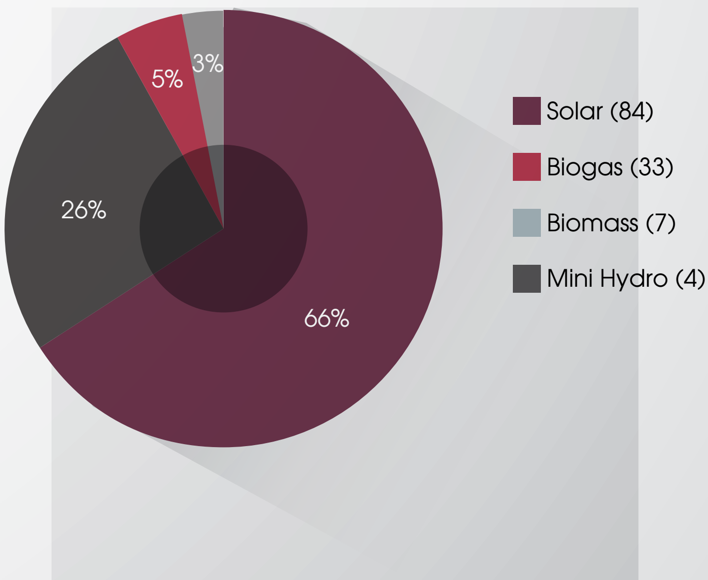
Renewable Energy

Balancing economic growth with environmental concerns is proving to be one of the greatest challenges in the journey towards sustainable growth. Thankfully, the low carbon economy is gaining momentum and the alternative energy sector is making headway following the positive outcome of the 2015 United Nations (UN) Climate Change Conference in Paris. At the conference,

Share of Approved Investments in Renewable Energy (RE) Project by Source, 2015



Share of Approved Numbers in Renewable Energy (RE) Project by Source, 2015



consensus was reached among the representatives of 195 nations as they inked the Paris Climate agreement which advocated limiting global warming to less than two degrees Celsius. The potential impact of the accord could well be the change that the global economy needs as it will spur investments in renewable energy and energy efficiency.

Malaysia like other countries has also placed renewable energy as a priority area. With the abundance of renewable energy resources of biomass, biogas, hydropower and strategic equator location for solar, the potential for renewable energy generation is enormous. Malaysia is already one of the major manufacturers of solar photovoltaic cells and panels for the world market. Having an attractive Feed-in-Tariff (FiT) scheme introduced by the Government, low risk of implementation and available financing, renewable energy generation from solar remains a preferred choice. In 2015, some 66 per cent of renewable energy projects approved were from a solar source.

In 2015, a total of 128 renewable energy projects with investments totalling RM1.37 billion were approved, of which domestic investments amounted to RM1.35 billion (98.3%) and foreign investments amounted to RM23.3 million (1.7%). These projects are expected to generate about 918 employment opportunities. Solar energy projects approved amounted to RM489.7 million in investments and 44 other energy projects in biomass, biogas and mini-hydro were approved with investments of RM887.2 million.

Among the significant projects approved was a RM274.1 million mini-hydro project in Machang, Kelantan with the potential to generate 20 MW capacity of energy to power 20,000 residential homes. Another notable approved project involving investments totalling RM170 million calls for biogas power plants to be located at several FELDA plantations whereby these plants will utilise the methane gas produced from palm oil mill effluents (POME) by using the latest technology.

Energy Efficiency/Conservation

Since 2000, Malaysia's energy intensity (energy/GDP) has been steadily rising. Malaysia uses more energy to produce one unit of GDP and this has made it very compelling for Malaysia to improve the efficiency of its energy use. The year 2015 saw a significant increase of energy efficiency projects approved as compared to the RM59 million worth of investments approved in 2014. In 2015, a total of 31 energy efficiency and conservation projects with total investments of RM406.5 million were approved. Five projects were undertaken through Energy Service Companies (ESCOs) and 26 projects (to be commissioned) stemmed mainly from the various sub-sectors such as the manufacturing, commercial and hospitality sub-sector. Investments were mainly from domestic sources, amounting to 79.9 per cent of the total investments approved and are expected to create 183 employment opportunities.

One major project approved within this sector was that relating to an energy service provider located in Penang. Involving a co-generation power plant with a total investment of RM207.1 million, the project will see energy in the form of electricity and steam supplied to operators in industrial parks which are involved in chemical, F&B and ceramic industries.

Another notable project approved was for a commercial building located in Negeri Sembilan which involved a company undertaking an integrated energy-efficient project for its clients. The RM34.8 million energy-efficient investment will help to reduce electricity consumption by up to 45 per cent.

With increasing awareness on the importance of sustainability by companies and the introduction of the Green Technology incentive under the Income Tax Act, 1967 which emphasises areas such as renewable energy, energy efficiency, green building, integrated waste management, electric vehicle service and green supporting services, the number of future green investments in Malaysia is expected to increase.

Business and Professional Services

In 2015, another premium outlet project was approved with investment of RM222 million from local sources. This is the first premium outlet to be located in the northern region of Malaysia. It will provide potential employment for over 900 Malaysian in the retail industry. The outlet has over 140 stores offering international and local brands and products. The project is geared to boost tourist arrivals as well as their spending in Malaysia.

Research & Development (R&D)

R&D continues to enhance innovation at all levels, paving the way forward to transform the nation into an innovation-driven one. This is in line with the country's goal of achieving

2 per cent gross expenditure on R&D (GERD) by 2020. Under the 11MP, R&D is expected to transform innovation into wealth through strengthening relational capital to foster stronger linkages, collaboration and trust among stakeholders.

MIDA continues to do its bit to sustain the momentum of economic growth and improve the competitiveness and resilience of the economy. The agency's focus is not just about absolute value of investments but the expansion of the eco-system as well. MIDA's goal is to rebrand Malaysia as the hub for high technology activities particularly on the R&D, design and development (D&D), testing and technical support centre and Centre of Excellence (COE) fronts. The objective is to attract investments which will help cement Malaysia's reputation as a country which can churn out innovative and creative products and services.

Among the agencies that drive the R&D sub-sector in Malaysia and the national innovation agenda are the Intellectual Property Corporation of Malaysia (MyIPO), Malaysian Industry-Government Group for High Technology (MIGHT), Malaysia Innovation Agency (AIM), Malaysian Global Innovation and Creativity Centre (MaGIC) and Malaysian Technology Development Corporation (MTDC). All these agencies are working together with MIDA to assist companies to conduct businesses with regard to R&D-related projects. The aim is to translate innovation into wealth through strengthening relational capital to foster stronger linkages, collaboration and trust among stakeholders as per the 11MP.

Of significance is the Domestic Investment Strategic Fund (DISF), a grant which serves as a catalyst to nurture more innovative or forward looking projects. The Fund aims to intensify technology acquisition by Malaysian-owned companies and enable them to obtain international standards/ certifications in strategic industries. This will help them to be more competitive internationally, enabling them to move up the value chain and ultimately enable companies to be active participants in the global eco-system. DISF grants are given to local companies for the purpose of facilitating training and R&D activities, outsourcing activities, compliance with the international standards as well as licensing/ purchasing of technology.

Between July 2012 and December 2015, a total of RM281.1 million worth of projects have been approved under the DISF R&D grant mainly on the advanced electronics (21 projects, RM113.3 million), machinery and equipment and advanced engineering (30 projects worth RM52.6 million) as well as life sciences fronts (11 projects worth RM23.7 million).

In 2015, RM84.3 million was invested in five approved projects in Malaysia. Of this, RM20.5 million (24.3%) came from foreign sources while RM63.8 million (75.7%) came from domestic sources. These projects are expected to create 61 high-income jobs. Of these five projects, three came from companies that were given approved tax incentives for Contract R&D, one was for an approved R&D Company and one company was awarded R&D Status. Approved Contract R&D projects made up investments totalling RM25.2 million, of which RM20.5 million came from foreign sources while RM4.7 million was from domestic sources. These Contract R&D projects will generate 27 high-income jobs.

One of the approved projects provides services to the E&E sector particularly in the area of schematic circuits design, printed circuit board (PCB) layout design, prototyping and sample built, small lot board built (complete turnkey), test and fixtures and test board design. This is the only Malaysian company that is able to assemble up to 12 layers of PCB by using leading edge technology and the only company that provides integrated circuit (IC) design and development in Malaysia. This wholly owned Malaysian company had been awarded the Pioneer Incentives under MIDA. A total of RM4.7 million has been invested in this project which will lead to the creation of eight highly skilled jobs.

A wholly owned Malaysian company specialising in industrial packaging has invested RM14.5 million to set up an R&D and testing centre to develop integrated nano-layered stretch films, a new technology for industrial packaging materials.

The centre will also undertake testing on stability and safety standards using a real-time simulator machine. Another significant project comes from a company based in the UK in the oil and gas sub-sector specialising in design, procurement and construction, pipeline installation, drilling exploration and refinery processes. The company is venturing into R&D and testing activities that focus mainly on chemical analysis, coatings, fracture mechanics, engineering critical assessment, failure analysis, metallographic analysis and on-site testing for the oil and gas and other industries. A sum of RM8 million has been invested in this project which will serve both local and overseas companies.

One prominent R&D project with an approved investment of RM44.5 million will involve R&D on the latest technology for the oil palm agriculture sector specifically for downstream activities relating to oleo, bio-chemicals and food. The approved project will adopt advanced technology to provide end-to-end solutions to clients in relation to the extraction of crude palm oil for commercial production. The company will also undertake collaborative research alongside Institution of Higher Learnings (IHLs) with the intent to further promote partnerships in similar areas and expand the benefits to a larger group in the ecosystem. The project is expected to create 23 high income jobs for Malaysians, especially for agriculture specialists.

Another R&D project that was approved in 2015 is that pertaining to the creation of a full-pledged R&D Centre to develop and formulate active pharmaceutical ingredients (API) for generic pharmaceutical products and related production processes. The API developed under this 100% Japanese investment amounting to RM11.5 million will be used in the manufacture of drugs for the treatment of lifestyle related illnesses such as diabetes, hypertension and heart disease. It is anticipated that the transfer of technology and expertise from Japan will bring substantial benefits to Malaysia and that the collaborative efforts between the R&D Centre and local universities will strengthen the capabilities of local universities to meet the real demands of industry.

Other Services

Solid waste generation has been growing and must be managed effectively to avoid any negative impact on the environment. To this end, the Ministry of Urban Well Being, Housing and Local Government has implemented a new compulsory separation of domestic waste beginning September 2015 to encourage 3R activities (reduce, reuse, recycle). Recycling creates new business opportunities and employment, generates revenue through the sale of recycled goods and helps to conserve raw resources. At present, the recycling rate stands at 14 per cent and if efforts continue to be undertaken to uphold this rate, Malaysia should be able to at least achieve a 22 per cent recycling rate by 2020. One of the projects approved in 2015 was for a company undertaking integrated recovery and recycling activities at the landfill in Penang. The RM10 million material recovery facility will help reduce the waste at the landfill as well as produce recycled goods for industries.

Oil and Gas

In 2015, 13 projects with a total investment of RM203.7 million have been approved by MIDA in the oil and gas manufacturing sub-sector. These projects are expected to create 542 job opportunities.

One of the significant projects approved in 2015 was for the manufacturing of wellheads from FMC Wellhead Equipment Sdn. Bhd., a subsidiary of FMC Technologies Inc. The company is expanding their existing facility with an additional investment of RM28.3 million. The company also plans to make Malaysia as their Global Manufacturing Hub for their surface and subsea products. Another quality investment is from Grayloc Products Limited, a US based company, with a total investment of RM9.7 million. This company is involved in the manufacture of specialised connectors and parts for the oil and gas sub-sector.

In the oil and gas services sub-sector, three projects were approved amounting to RM84.3 million. This will lead to the creation of 91 jobs. The approved projects involved navigation and geological services, non-destructive testing (NDT), engineering design, refurbishment, as well as repairing or reconditioning of machinery and equipment.

Over the course of the year, MIDA assisted three companies in the oil and gas services sub-sector with potential investment of RM3.7 billion. These investments are expected to generate 812 job opportunities. One of these companies is involved in establishing a Centre of Excellence or COE for deepwater as well as floating liquefied natural gas (FLNG) and enhanced oil recovery (EOR) activities. The value for this investment is RM3.4 billion. The other two companies are involved in the design and development of engineering services and well intervention activities.

Hotels and Tourism

Tourism has become one of the world's largest and fastest growing industries. The tourism sub-sector is globally a rapidly growing industry contributing to economic development as well as generating employment opportunities. The hotel and tourism sub-sector continued to grow in 2015 with a total of 118 projects approved with investments of RM5.4 billion. Of these, 90.7 per cent (RM4.9 billion) were from domestic investments, while foreign investments made up the rest (RM480 million).

One of the significant projects approved in the tourism sub-sector was Movie Animation Park Studios (MAPS), the first international animation theme park in Southeast Asia under a licensing agreement with DreamWorks Animation LLC (DreamWorks). It involves the use of 4 IPs for their famous animated characters in cinema and will also feature Southeast Asia's first car and bike live stunt show in a 2,000-seat arena. The project is anticipated to create more than 500 job opportunities, once completed.

Meanwhile, in the hotel sub-sector, among the significant approved projects were the new proposed luxury St. Regis chain hotel to be located in Langkawi and the new proposed upscale Sheraton chain hotel to be located along the Federal Highway in Petaling Jaya. Both hotels are under Starwood Hotels & Resorts Worldwide, Inc., one of the global high-end hotel management companies in the world.

Education Services

The education sub-sector can be divided into four priority segment areas namely, early childcare and education (ECCE), basic education (primary and secondary), technical and vocational education training (TVET), as well as tertiary education. Malaysia's private education sub-sector has been supporting the Government's efforts by providing access to quality education in all segments.

A total of 613 projects were approved in this sub-sector for 2015 involving investments of RM1.5 billion. Domestic investments amounted to RM1.1 billion (73.3%), while foreign investments totalled RM440 million (26.7%). In comparison, a total of 468 projects were approved with a total investment amounting to RM1.6 billion in 2014.

The investments approved in 2015 involved a mix of both new projects and expansion plans of private colleges/universities, skill centres and other private education institutions including international/private schools. In total, there were 22 private college/university projects worth RM1.2 billion in total investments, along with 61 skills centre projects amounting to RM318.8 million in investments. Another 530 projects for other private education institutions, mostly kindergartens and enrichment centres, amounting to RM578 million, were also approved.

A notable project in the education services sub-sector was that relating to the RM428 million expansion of an international school by Raffles American School. The school is strategically located in Iskandar Malaysia and will contribute towards making Malaysia a COE for education. This school is wholly owned by Raffles Education Malaysia Pte Ltd, Singapore. An additional 89 local jobs will be created upon the school's commissioning in March 2016.

Healthcare Services

Over the years, Malaysia has seen a positive growth of medical tourism which is in line with the Government's efforts to promote healthcare travel. In 2014, Malaysia received a total of 882,000 healthcare travellers, as compared to 881,000 and 728,800 travellers in 2013 and 2012 respectively. The total number of healthcare travellers in 2014 generated RM776.6 million of revenue for Malaysia in contrast to RM726.2 and RM603 in 2013 and 2012 respectively.

Malaysia's growing reputation as a preferred health and medical destination sees it welcoming visitors from around the world seeking treatment for a range of medical needs. The top five medical tourist groups visiting Malaysia hail from Indonesia, India, Japan, United Kingdom and Australia. Among the more

BRINGING LIKE-MINDED GROUPS TOGETHER

To create awareness about MIDA's role in developing industries and businesses in Malaysia as well as to strengthen ties between academia, students in local universities and potential investors, MIDA continues to organise knowledge sharing sessions between these groups. In 2015, MIDA collaborated with Monash University, Universiti Kebangsaan Malaysia, Universiti Teknikal Malaysia Melaka, Universiti Malaysia Pahang and Universiti Malaysia Terengganu to roll out this programme which is helping to align the universities with Malaysia's investment development agenda. The exchange of information is also enhancing the technical collaboration between universities and potential investors.

popular medical treatments sought out by medical tourists are health screening, general surgery, cardiology, oncology, orthopaedics, O&G, urology, gastroenterology, ophthalmology, as well as cosmetic and breast surgery.

In relation to investments in the private healthcare sub-sector, a total of 26 projects were approved in 2015 amounting to RM3.76 billion. Domestic investments accounted for RM3.7 billion (99.7%) of this amount, while foreign investments totalled RM9.4 million (0.3%). This is an increase of approximately 60.9% in investments as compared to 2014's figure of RM2.3 billion from 22 projects.

One notable project is the standalone cardiac and vascular COE in Southeast Asia which will offer a complete range of cardiac and vascular treatment as well as services under the banner of Cardiac Vascular Sentral Kuala Lumpur. The 74-bedded private hospital project is a partnership between TE Asia Healthcare Partners and leading Malaysian cardiac and vascular specialists. This hospital together with the National Heart Institute (IJN), are envisioned to strengthen Malaysia's position in Asia as the leader in cardiac healthcare services. The project is expected to create 300 job opportunities, of which 230 will be for skilled and semi-skilled positions.

Other than the abovementioned project, there were four other approved new private hospital projects and 10 approved expansion/modernisation/ refurbishment private hospital projects to be undertaken by the KPJ Healthcare Berhad Group of Companies. At full capacity, these projects are anticipated to create 3,061 new employment opportunities. Out of these, 2,157 jobs are expected to be in the managerial, supervisory and technical categories. KPJ will construct a hospital block at KPJ Perdana Specialist Hospital, Kelantan which will add an additional 75 hospital beds to its total number, as well as develop the new 122-bedded KPJ Pahang Specialist Hospital in Pahang.

MSC Status Companies

In 2015, 249 companies were approved with MSC Status with investments amounting RM4.7 billion and will create 12,853 new job opportunities. In comparison to 2014, a total of 230 companies were granted MSC Status with approved investments amounting to RM3 billion. Domestic investments amounted to RM2.5 billion while foreign investments totalled RM2.1 billion.

Out of 249 companies approved, 33 will be undertaking creative multimedia activities with investments of RM191 million (913 jobs); 75 will be involved in global business services with investments worth RM2.64 billion (7,503 jobs); six were Institutions of Higher Learning (IHLs) and incubators with investments amounting to RM66.6 million (191 jobs); one incubator company with investments of RM1.8 million (11 jobs); and 134 InfoTech companies with investments totalled RM1.67 billion (4,235 jobs).

As of December 2015, there were a total of 3,881 MSC Malaysia status companies, of which 2,808 or 74 per cent are currently active.

Real Estate (Housing)

The real estate sector covers the housing sub-sector (excluding commercial buildings) in Malaysia. In 2015, a total of 911 projects with total investments amounting to RM26.9 billion were approved, almost all of which came from domestic sources. In comparison, a total of 1,321 projects were approved with investments amounting to RM88.6 billion in 2014.

Transport

The transport sub-sector covers maritime transport, aviation, and highway construction and maintenance activities. In 2015, a total of 56 projects were approved with investments amounting to RM15.7 billion. Domestic investments amounted for RM15.6 billion of the total investments while foreign investments totalled RM74.5 million. A total of 513 employment opportunities are expected to be created by this sub-sector. In comparison, investments approved in the transport sub-sector in 2014 amounted to RM6.3 billion.

The investments approved in 2015 were mainly from domestic investments with the maritime transport sub-sector contributing the most with 21 projects valued at RM2.2 billion, while 32 projects were approved in the aviation sub-sector with investments amounting to RM1 billion.

Utilities

A major contributor to investments in the services sector, the utilities sub-sector consists of energy and water utilities' services. The energy utilities include generation, transmission and distribution of electricity by TNB, Syarikat SESCO Berhad (SESCO) and Sabah Electricity Sdn. Bhd. (SESB). Water utility services are offered by Suruhanjaya Perkhidmatan Air Negara (SPAN) and Pengurusan Aset Air Berhad (PAAB). Investments in 2015 totalled RM11.7 billion as compared to the RM9 billion registered in 2014. The investments for this period were also driven by DDI.

Telecommunications

The telecommunications sub-sector covers network facilities, network services, application services (including content application services), postal and broadcasting activities. In 2015, total investments in this sub-sector amounted to RM2.9 billion, all of which were domestic investments. In comparison, investments approved in the telecommunications sub-sector in 2014 amounted to RM8.2 billion.

Financial Services

The financial services sub-sector encompasses banking (conventional, Islamic and offshore), insurance (conventional, Islamic and offshore) and capital markets (fund management, investment advisory, financial planning, venture capital and brokerage). Investments for this sub-sector amounted to RM15.3 billion in 2015 compared with RM6.9 billion approved in 2014.

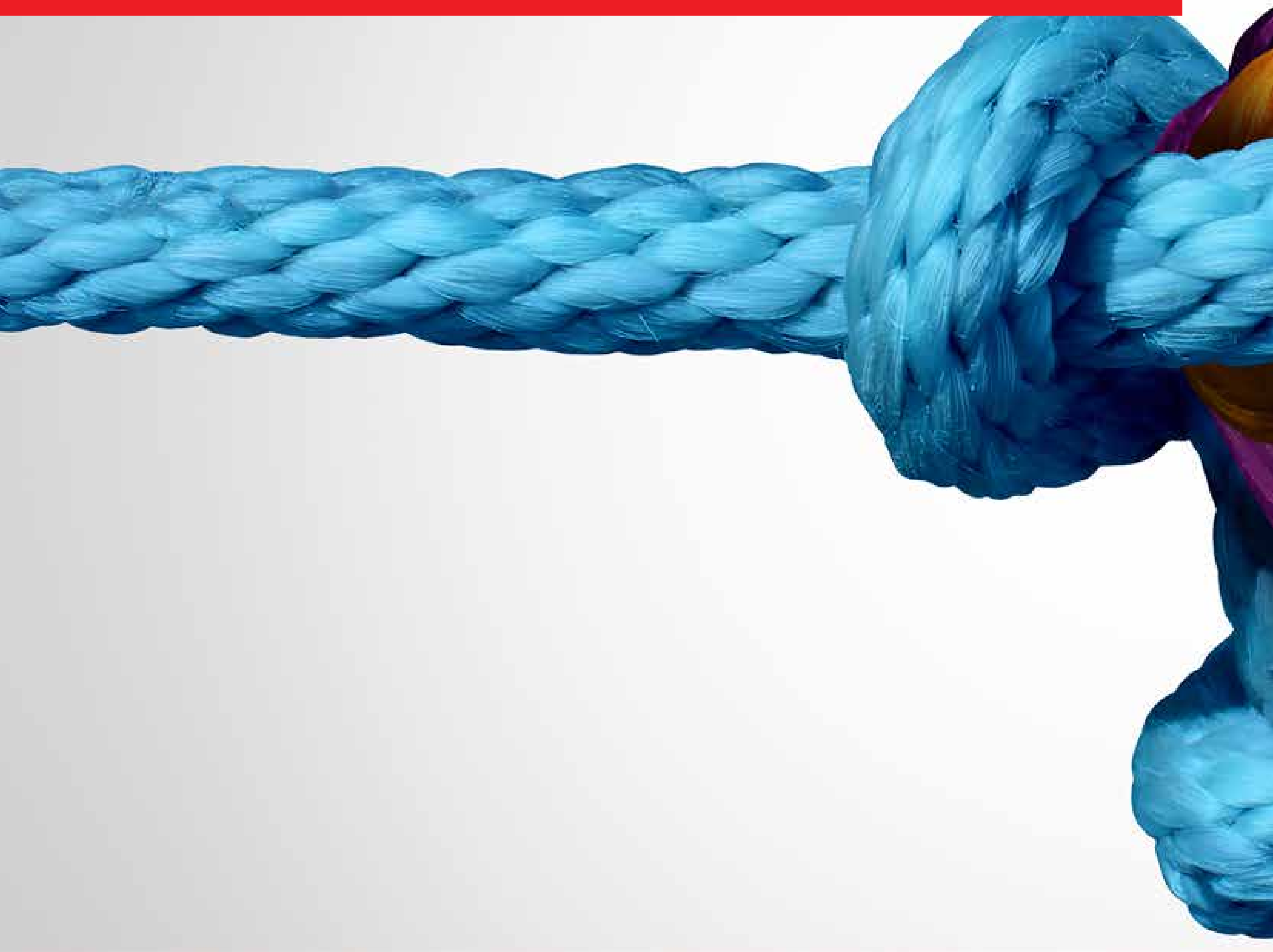
Investments were bolstered by domestic investments which amounted to RM14.1 billion (92%) and foreign investments valued at RM1.2 billion (8%). The banking segment remained the largest contributor to this sub-sector with investments totalling RM15 billion compared with RM6.6 billion investments approved in 2014. Investments in this segment were led by conventional banking activities which chartered RM13.8 billion, followed by Islamic banking with investments of RM1.1 billion and offshore banking with investments of RM81.6 million Investments in insurance and capital markets recorded RM341.7 million and RM6 million respectively.

Distributive Trade

Another key sub-sector in the services sector is the distributive trade sub-sector which consists of wholesale and retail trade, hypermarket/supermarket and department store activities as well as direct selling and franchising activities. It also covers projects approved under the Petroleum Development Act (PDA), 1974.

In 2015, a total of 1,317 projects were approved with investments amounting to RM6.8 billion. Moving forward, a total of 72,349 employment opportunities are expected to be created by this sector. Investments in 2015 were led by domestic investments amounting to RM4.2 billion in comparison to foreign investments totalling RM2.6 billion. However, foreign investments registered a drop from the RM4.9 billion in foreign investments registered in 2014.

"STRENGTHENING FOUNDATIONS, SHAPING THE FUTURE"



3 COLLABORATION TOWARDS ATTRACTING QUALITY INVESTMENTS

Bolstering the ecosystem for sustainable growth

To enhance Malaysia's competitiveness, the Government continues to refine and enhance its investment policies and incentives in tandem with global economic trends. Aligning with the Government's transformation framework, MIDA continues to work hard to ensure a significant leap in investment activities by adopting an ecosystem approach for both the manufacturing and services sectors. The aim is to leverage on new sources of competitive advantage as well as assume a key role in bridging the human capital needs of individual potential investors.

MIDA has also set its sights on promoting quality investment projects that are high technology-oriented; high value-added, knowledge-intensive, skills-intensive, and export-oriented. Project such as capital, design and R&D-intensive projects are also most welcome. At their core, these projects must possess a high GNI impact and strong linkages to domestic industries. MIDA is also pursuing a host of new investment strategies such as positioning Malaysia as a high-tech hub for manufacturing and services.

Driving investment growth through strong partnerships

In support of the Government's ecosystem approach to investment development,

MIDA continues to perform an invaluable role in fostering an investor-friendly environment through its good working relationship with a host of industry players and strategic government agencies.

In line with the provisions of the MIDA Act (Incorporation), 1965, MIDA has been mandated by the Government to act as a "single window" to coordinate all investment promotion activities in Malaysia. As the main investment coordination agency, MIDA is also the first referral point for investors looking to obtain any investment-related information on any sector of the Malaysian economy.

To strengthen the entire investment ecosystem, MIDA together with the Performance Management & Delivery Unit (PEMANDU), a unit under the Prime Minister's Department, came together to conduct the National Investment Coordination (NIC) Workshop and Mini Lab. These initiatives had one common goal in mind – to streamline all investment activities among Investment Promotion Agencies (IPAs), State Economic Planning Units (UPENs) and Economic Corridor Agencies. The success of the follow-on initiatives stemming from the NIC workshop and lab to a great extend was dependent on the collaborative efforts and commitment of all stakeholders to promote Malaysia as the preferred investment destination in the region. As shown by the solid track record to date, the many agencies did not disappoint.

MIDA's collaborative efforts to spur investor confidence also extend to fostering good working relationships with several agencies with strategic mandates. These include Collaborative Research in Engineering, Science and Technology (CREST), the Multimedia Development Corporation (MDeC), the Halal Development Corporation (HDC), the Malaysia Biotechnology Corporation (BioTechCorp) and Talent Corporation Malaysia Berhad (TalentCorp).

Reveal & Discover Lecture Series conducted by Dr Azizi (Siltera)

CREST
COLLABORATIVE RESEARCH IN ENGINEERING, SCIENCE & TECHNOLOGY

Collaborative Research in Engineering, Science and Technology (CREST)

Now into its third year of operation, CREST continues to serve as a catalyst to drive collaboration between industry, academia and government organisations involved in the development of Malaysia's Electrical and Electronics (E&E) industry.

To strengthen industry-academia collaboration, the 1st CREST Industry-Academia Forum was rolled out in March 2015 meeting with great success. The forum drew 115 technical experts, management leaders and academicians from 18 companies, 18 universities and seven government agencies.

The CREST R&D Grant programme continues to bring value to the country's R&D ecosystem as well as support industry-academia research collaboration through its focus on developing key clusters and technology domain areas identified by industry. Leveraging on the programme's unique model, companies and universities are deriving the benefits of synergistic collaboration to spark innovative new ideas as well as new services and products while nurturing industry-relevant talent and expertise. To date, 34 local companies, 17 MNCs and 21 universities are working on 97 projects valued at RM83 million within the CREST R&D grant portfolio. Of the 97 projects, 14 have been completed.

A number of research outcomes have already been applied to companies' product and services. Subsequent to the completion of R&D projects, research outcomes are shared with industry and academia through the Reveal & Discover Series platform. This helps promote further collaboration in related areas and expands the benefit from the specific research to a larger group. In 2015, the three technical sharing sessions on research outcomes that were conducted received overwhelming response from industry and academia. Under the CREST R&D Grant programme, projects with the potential for commercialisation continue to be identified and supported, while some continue to undergo additional research.

CREST continues to work together with a host of industry partners to bridge the gap between classroom learning and practical industry application. In 2015, CREST extended the industry-relevant curriculum within its ongoing undergraduate talent development programmes at Universiti Teknologi MARA (UiTM), Universiti Malaysia Perlis (UniMAP) and Universiti Sains Malaysia (USM). CREST introduced six new topics on embedded systems to final year UiTM students majoring in Computer Engineering and Microelectronics, while another four topics relating to electronic materials design and manufacturing were offered to final year Chemical Engineering students at USM. To date, CREST's efforts have seen over 2,583 undergraduate students from 15 universities trained by more than 30 industry experts covering 19 industry relevant topics.

Back in 2014, CREST established a strategic collaboration with the University of California Santa Barbara (UCSB) to benefit local companies in the development of the next generation of LEDs and laser lighting. The CREST-UCSB collaboration involves four Malaysian institutes of higher learning (IHLs) and three Malaysian LED manufacturers. The year 2015 marked the official commencement of the GaN-on-GaN (meaning gallium nitride on gallium nitride) initiative with UCSB. This will entail knowledge transfer and will see principal investigators from UCSB visiting Malaysia several times a year. The year also saw CREST cementing its leadership role in this area by inviting Nobel laureate Professor Shuji Nakamura – the "Father of GaN Blue LED" to present a public lecture at University Malaya.

CREST continues to foster ties to drive industry-university-government initiatives. The Industry Linkages initiative aims to leverage the linkages between universities to secure external funding to support industry-related initiatives. This is done in collaboration with ministries and agencies such as the Ministry of Education (MoE), Academy of Sciences Malaysia and the USM Apex Fund. The appointment of CREST as industry advisor to USM, UiTM, and UniMAP will further elevate its visibility and position the agency as industry's representative and voice.

To date, foreign-linked private universities like Curtin University, Monash University, the University of Nottingham and the University of Southampton have joined CREST's family of research collaborators. Going forward, CREST will continue to promote local industry and public university collaboration with renowned global partners in specific areas.

Another CREST initiative, The Great Lab open innovation platform continues to challenge undergraduate and postgraduate students to solve real industry problems. Shortlisted and winning ideas are rewarded with industry placements at participating companies under the mentorship of industry experts. In 2015, The Great Lab

platform rolled out seven industry challenges and workshops which saw participation by more than 350 students. In the next phase of The Great Lab, these challenges will form part of students' design projects at UiTM, USM and Universiti Malaysia Perlis (UniMAP).

CREST also continues to promote awareness and career opportunities in key cluster areas. Activities such as boot camps, industry visits, challenges and technical workshops relevant to cluster areas are organised for high school and university students with support from industry, universities and other government agencies. In 2015, CREST's Youth Programme impacted 1,167 students from 39 schools.

To help strengthen industry and the Malaysian economy, CREST embarked on its Phase II strategy to develop cluster initiatives. This phase saw the launch of the CREST Internet of Things (IoT) Cloud Data Centre and Research Laboratory (ICDC Research Lab) in Penang together with leading industry players Cisco, Dell, IBM, Intel, Kontron and USM. The ICDC Research Lab enables individuals and organisations to undertake collaborative R&D, develop proof-of-concept (PoCs) and innovate IoT-related solutions. To date, ICDC had enabled remote access to more than 10 researchers and technopreneurs working on IoT related projects in the area of healthcare, smart city, retail, manufacturing, agriculture and transportation.

CREST currently has in place two active industry-led IoT clusters, namely the Connected Healthcare Cluster and iTransport which are bringing into play IoT solutions in the healthcare and transportation market verticals. CREST is also assuming a pivotal role in the Malaysia National IoT Strategic Roadmap, where it supports the continuous healthcare monitoring project led by the Ministry of Science, Technology and Innovation (MOSTI).

The IoT initiative continues to make good headway, particularly on the Connected Healthcare Cluster front. The year in review saw the first Malaysian Telemedicine Conference taking place while a Telemedicine Innovation Challenge for the cluster community was also rolled out. The latter event not only drew good response from researchers in universities, but also from young technologists and technopreneurs eager to make a difference. The challenge brought together a total of 193 participants, invited guests and speakers.

Following the telemedicine challenge, a startup has taken up space at CREST Place. In 2015 alone, CREST Place welcomed seven active tenants who either provide services or are currently developing their own products in the area of IC design, IoT and turnkey engineering.

MDEC Driving Transformation

Multimedia Development Corporation (MDeC)

The Multimedia Development Corporation (MDeC) was established 20 years ago to develop the Multimedia Super Corridor (MSC Malaysia), counsel the Government on legislation and policies, as well as set breakthrough standards for multimedia operations. Today, MDeC continues to drive the development of the Malaysian ICT industry, enhance technology adoption as well as increase the economic impact and footprint of ICT for the nation.

The year 2015 saw MDeC achieving multiple milestones and launching several key national ICT programmes. Under the leadership of a new Chief Executive Officer, the reinvigorated organisation rolled out ICT initiatives that supported the national agenda and industry development. A total of 249 new companies were awarded "MSC Malaysia Status" in 2015 bringing with them some RM4.57 billion in investments. Domestic investments accounted for 55 per cent (RM2.5 billion) of the total investment while foreign investments made up the remaining 45 per cent (RM2.1 billion). These new investments are expected to create 12,852 jobs. As of December 2015, there were a total of 3,881 MSC Malaysia status

companies, of which 2,808 or 74 per cent are currently active.

The year saw the launch of two major national initiatives that took the form of a job crowdsourcing programme called eRezeki and an online entrepreneurship programme called eUsahawan. The eRezeki initiative is targeted at the Bottom-40 (B40) category of the Malaysian population and allows them to earn extra income by performing simple or menial jobs online. The eUsahawan programme caters to micro-entrepreneurs as well as students of technical vocational education and training or TVET institutions by teaching them how to conduct online marketing via social media platforms. Both programmes have garnered very encouraging response and are showing promising growth with plans in place for nationwide expansion.

In September 2015, MDeC organised the second annual MYCYBERSALE campaign which saw increased participation by online retailers given the longer campaign period and extension of the sale regionally. Over 400 merchants participated in the campaign, which recorded over RM117 million in sales over a five-day campaign period in comparison to the previous year's campaign which achieved RM67 million in online sales.

One of the year's key achievements was the increased awareness about big data analytics (BDA) which was driven by the efforts linked to the Big App Challenge 2.0 (BAC 2.0). The challenge showcased the importance of BDA in solving Malaysia's challenges pertaining to national issues and societal well-being through open data from the government and private sector. Some 258 registered participants battled it out to produce 65 BDA viable solutions. BAC 2.0 has proven to be an opportune platform to inspire creativity and digital innovation with the help of open data. It has enabled innovators to discover novel solutions to enrich lives on a daily basis while supporting the growth of Malaysia's digital economy under the Digital Malaysia national agenda.

The BDA initiative has also spun off other projects such as the ASEAN Data Startup Accelerator and ASEAN Data Incubator which are supported by the Ministry of Communications and Multimedia Malaysia (MCMM). These programmes will be incorporated into the ASEAN Data Analytics eXchange (ADAX), an advanced initiative by MDeC that will showcase an innovative human development model incorporating the latest BDA technologies and state-of-the-art data analytics pilot projects for ASEAN, as well as introduce BDA startups and accelerator programmes.

Another significant milestone achieved in 2015 was the launch of MDeC Americas in Silicon Valley, home to major tech companies such as Google, Apple and Cisco Systems. With the opening of MDeC Americas, MDeC has expanded the market access and investment opportunities for local MSC companies. In November 2015, MDeC organised the Silicon Valley Experiential Mission trip for 21 of the top MSC companies in an effort to enable local companies to experience the kind of research, innovation, product marketing, funding and market access that the Silicon Valley is renowned for.

To support the local gaming industry, MDeC launched a games development accelerator hub for the region called GameFounders Asia. This initiative was rolled out in partnership with GameFounders, a games-only global accelerator operating in Europe since 2012. The partnership aims to help Asian games startups or studios to overcome growth challenges by providing in-depth expertise related to funding, mentorship and market access. The accelerator programme provides access to over 120 top gaming gurus, CEOs and developers from global game studios such as Kings, PopCaps, Rovio, Unity, Nintendo and many more.

Recognising the growing talent in the local startup ecosystem, MDeC introduced the MSC Malaysia for Startups programme, an extended platform to nurture startups and take them to the next level of growth. On top of the incentives provided under the Bill of Guarantees (BoGs), MSC Malaysia Status companies can also take advantage of the many benefits available within the MSC Malaysia Community ecosystem. These include networking opportunities to further business objectives and partnerships, capability building programmes to enhance their competitive edge, and market access programmes to help them to compete globally. This nation-building initiative has the support of the Malaysian Global Innovation and Creativity Centre (MaGIC) and other major startup ecosystem players such as StartupMalaysia.org, the New Entrepreneurship Foundation (MyNEF), Cradle, Cyberview, National Incubator Network Association (NINA), 500 Startups, the Technopreneur Association of Malaysia (TeAM) and the Founder Institute (FI).

HDC™

Halal Development Corporation (HDC)

The Halal Industry Development Corporation (HDC) has the responsibility for coordinating the overall development of the national halal industry as Malaysia propels towards achieving its vision of becoming the Global Halal Hub. Malaysia's involvement in promoting the growth of the Halal industry began with the issuance of Halal certificates. This has evolved by leaps and bounds where Malaysia is now a key player in diverse sectors within the Halal supply chain. With the necessary policy framework, institutional support and infrastructure facilities for the further development of the industry already in place, Malaysia has made great strides forward.

Malaysia is now entering the final phase of the Halal Industry Master Plan (2008-2020) which aims to make the country the Global Halal Reference Centre on Halal integrity knowledge. Malaysia is also well on its way to becoming the leader in accelerated innovation, production and trade of Halal products and services and is looking for new ways to further invigorate growth in new, emerging and higher value added Halal areas.

In 2015, the HDC continued to make good inroads on several fronts. As at end December 2015, there were 14 HDC-accredited (HALMAS Status) Halal Parks throughout the country that had attracted investments amounting to RM 9.43 billion and which created a total of 7,749 jobs in Halal related areas. The HDC continues to attract foreign companies, particularly MNCs, to invest in the 22 Halal parks located across the country. To date, companies from the USA, Japan and Taiwan have made significant investments. The leading MNCs within these Halal Parks include Kelloggs, Kewpie, Cargill, Coca Cola, Pure Circle, Oleon and PML Dairies.

Interest in Malaysia's Halal Parks continued to grow in 2015. The Aljomaih Group of Saudi Arabia, one of the top 10 investment groups in that region identified Malaysia as the ideal location for their investment in Halal related projects and allocated a budget of US$150 million for investment in the pharmaceutical and nutraceutical businesses. The Group also plans to make Malaysia a pharmaceutical hub that will serve customers in the ASEAN region, the Gulf Cooperation Council (GCC) countries as well as Africa. To this end, the Group has established AJ Pharma Holding Sdn. Bhd. (AJ Pharma) to focus on the Group's investments in the healthcare and biotechnology sectors in Malaysia and the surrounding regions.

AJ Biologics Sdn. Bhd. (AJB) is AJ Pharma's the flagship investment project for its investments in the pharmaceutical, biotechnology and healthcare industries. AJB has been awarded BioNexus status by Biotech Corp and has also been identified as an Entry Point Project (EPP) under the ETP's Healthcare NKEA. With an investment of some RM250 million, AJB will be the first vaccine manufacturing facility in Malaysia.

AJ Pharma's second investment, AJ Research & Pharma Sdn. Bhd. (AJRP), is a research-driven branded generic formulation manufacturing company that will produce high quality Halal pharmaceutical and nutraceutical products. AJRP will make an initial RM126 million investment and will undertake direct marketing and sale of their products through leading pharmaceutical retail chains in the countries they intend to gain access. The company has already established offices in Malaysia, Myanmar, Vietnam, the Philippines, Cambodia, Singapore and Lao PDR. Both the AJB and AJRP plants are located at enstek@techpark, Nilai which is a HALMAS designated halal park.

The HDC has signed a Memorandum of Understanding with United Malayan Land Bhd (UM Land) for advisory and other support for the development of the Johor Halal Park (JHP). The JHP will be the first integrated halal park with world class facilities. It will offer excellent land, sea and air connections as well as cheap gas as a source of energy via its linkages to the main gas pipeline.

JHP will be an attractive proposition to potential investors since the planned facilities and services that it intends to provide are the elements that most investors consider in their decision making process. It will target bio-based industries and the manufacturers of Halal products as well as companies operating in Singapore that would be interested in relocating their operations. To be developed in three phases until 2020, the JHP project will culminate in the development of a convention centre and a data centre.

BIOTECHCORP
MALAYSIAN BIOTECHNOLOGY CORPORATION

BiotechCorp

BiotechCorp, an agency under the purview of the Ministry of Science, Technology and Innovation or MOSTI, is the lead development agency for the bio-based industry in Malaysia.

The year 2015 marked the final year of the Science to Business phase of the National Biotechnology Policy with BiotechCorp transitioning into the implementation of the Global Business phase. The latter phase will see BiotechCorp focusing its efforts on consolidating the strengths and capabilities of Malaysian companies as they discover and develop new bio-based products. At the same time, the agency will look to create global brands for Malaysia's biotech companies and their products.

To date, BiotechCorp has successfully built a network of 267 BioNexus status companies accounting for about RM6.5 billion in approved investments in the bio-medical, ag-biotech and bio-industrial sectors. For the year under review, 26 new companies were awarded the BioNexus Status. In 2015, BioNexus companies realised total investments amounting to RM181 million, of which RM96 million was contributed by the ag-biotech sector while RM54 million and RM31 million came from biomedical and bio-industrial sector investments.

Three key projects brought in a total of over RM1 billion worth of direct investments in 2015. The first substantial investment amounting to RM846 million was one in the ag-biotech sector. Spanning some 1,700 hectares, this project involves the establishment of an integrated shrimp aquaculture project that will also benefit local communities in the area. At the time of writing, more than 50% of the project has been completed.

On the bio-industrial front, some RM171 million was approved for investment in a commercial production project involving bioethanol, bioisoprene and organic acids. The company in question has developed a microbial-based fermentation technology platform that will convert carbon from multiple non-sugar feedstock sources to produce a variety of chemical products. The company's production plant is expected to be completed by the end of 2017.

Under the bio-medical sector, a RM50 million investment was made to establish a regional hub for contract manufacturing and distribution activities relating to cellular therapy products. The planned facility is expected to be able to supply a wide range of high quality, evidence-based cellular therapy on a commercial scale to ASEAN and beyond.

TalentCorp MALAYSIA

Talent Corporation Malaysia Berhad (TalentCorp)

At a time when Malaysia is facing competition for FDI, it is vital that the country be able to maintain its attraction as an investment destination through the quality of its human capital.

To this end, MIDA continues to work with Talent Corporation Malaysia (TalentCorp) which has been tasked with ensuring that the country has the talent pool it needs to achieve its economic objectives.

To ensure Malaysia's leading employers have a sustainable supply of industry-ready graduates to fuel business growth, TalentCorp is working closely with the Ministry of Higher Education (MoHE) and key industry players to drive greater Industry-Academia Collaboration (IAC). The IAC initiative aims to address the skills mismatch between new graduates and industries' expectation. April 2015 saw the launch of the first IAC initiative for the Electrical & Electronics (E&E) sector. With a focus on priority

technology clusters, the IAC for the E&E sector has led to greater industry exposure for budding young engineers. Platforms such as the Innovate Malaysia Design competition for final year projects and structured internships combined with training such as the iHIT programme at UiTM have all helped bridge the skills mismatch.

TalentCorp continues to provide tax incentives on expenses incurred by companies by hosting more than 12,000 undergraduates for structured internships and programmes co-funded with the private sector. In 2015, it held upskilling training programmes for more than 7,000 fresh graduates to move them up the value chain. Through the Scholarship Talent Attraction & Retention (STAR) initiative, Government-funded graduate scholars are able to serve out their bonds by taking up positions in the private sector with leading companies in Malaysia. In 2015, under STAR, more than 900 government scholars, including engineering, science and accounting graduates from both local and overseas universities were employed by private sector employers in sectors ranging from the oil and gas to the professional services and manufacturing sectors.

Under the MY ASEAN Internship programme, Malaysians are able to take up internships in Southeast Asia with Malaysian regional champions like AirAsia, Axiata and Maybank. To connect more students to internship and career opportunities within Malaysia's key industries, new initiatives such as the Industry Engagement Zone (Ind-E-Zone) career information centres, were rolled out at 11 public universities nationwide.

TalentCorp continues to support employer efforts to encourage Malaysians abroad to bring their expertise home by leveraging on the Returning Expert Programme (REP). The World Bank in its June 2015 report concluded that the REP had succeeded in attracting overseas Malaysians with the skills that Malaysia needs. Over the course of 2015, more than 600 experienced Malaysian professionals who were working abroad were approved under the REP. TalentCorp also continues to work more closely with employers and executive search firms to connect global Malaysian talent with job opportunities in Malaysia.

Foreign talent with the right professional skills will contribute to moving Malaysia's industries up the value chain, particularly in more knowledge-intensive areas. Upon assessing the Residence Pass-Talent (RP-T), an initiative by TalentCorp and the Immigration Department to bridge critical skill gaps by attracting top foreign talent to Malaysian shores, The World Bank hailed it as an effective tool to retain top foreign talent. In 2015, more than 1,000 expatriates were approved under the RP-T.

To ensure leading investors and employers have access to the requisite foreign skillsets, the Immigration Department and TalentCorp launched the Malaysia Expatriate Talent Service Centre (MYXpats Centre) in July 2015. This one-stop centre processes and issues all Employment Pass (EP) applications and other EP-related passes for expatriates working in Malaysia. In 2015, more than 75 per cent of the EP applications processed by MYXpats were approved within the five-day client charter.

Another key focus for TalentCorp in 2015 was to encourage employers to recruit and retain women on career breaks through the launch of two government grants in March 2015. The introduction of the Resourcing Grant and the Retention Grant are part of a nationwide plan to increase female participation in the workplace and maximise Malaysia's talents.

The Resourcing Grant is available for companies who have implemented or enhanced a programme or campaign to recruit women returnees. Companies receive a co-funding of 75 per cent of the cost incurred to run the programme, which includes recruitment costs, targeted campaigns, technology investments and/or other related expenses. In 2015, the Retention Grant facilitated the return to work of more than 200 women

professionals, by providing companies who have successfully recruited and retained women returnees for more than six months, with a grant equivalent to the returnees' one month salary.

Spurring investor confidence through strategic collaboration

In 2015, MIDA continued to drive investment development through strengthening ties with regional investment promotion agencies such as the East Coast Economic Region Development Council (ECERDC), the Northern Corridor Implementation Authority (NCIA), the Iskandar Regional Development Authority (IRDA), the Sabah Economic Development and Investment Authority (SEDIA), the Sarawak Government State Planning Unit (SPU), as well as Invest KL.

East Coast Economic Region Development Council (ECERDC)

The East Coast Economic Region Development Council (ECERDC) has been making good inroads in positioning the East Coast Economic Region (ECER) as the ideal gateway for investors who are keen to tap into the burgeoning ASEAN and Asia Pacific markets. Blessed with rich natural resources and strategically located facing the South China Sea, the ECER encompasses the states of Kelantan, Terengganu, Pahang and the district of Mersing in the state of Johor. These areas make up more than half of Peninsular Malaysia's land area with a total population of 4.2 million. Economic growth within the ECER is driven by seven main economic clusters while its highly attractive package of fiscal and non-fiscal incentives is considered to be among Malaysia's best incentives.

To accelerate the ECER's transformation, the Malaysian Government approved RM6.6 billion for 111 high-impact infrastructure and human capital development projects and programmes under the 9MP and 10MP. To date, all 67 initiatives under the 9MP and 26 under the 10MP have been completed while another 20 projects under the 10MP are ongoing.

As of November 2015, the ECER has attracted private investments totalling RM84 billion, thus meeting 76 per cent of its target of RM110 billion by 2020. Of these private investments, some RM41.6 billion has been invested in Pahang, RM27.5 billion in Terengganu, RM12.5 billion in Kelantan and the remaining RM1.6 billion is Mersing. Altogether, some 92,313 job opportunities are expected to be generated from these investments.

In 2015 alone, the ECERDC captured RM12.5 billion in investments which will lead to 19,349 job opportunities. Of this, RM8.46 billion was invested in the manufacturing cluster, followed by the bio-economy and services clusters at RM1.73 billion and RM826 million respectively. The fairly new bio-economy cluster incorporates the Kertih Biopolymer Park (KBP) which is set to become the hub for bio-economy investments. The KBP has to date successfully attracted foreign investors from the US, France, Korea and Taiwan.

Among 2015's investment highlights were Alliance Steel (M) Sdn. Bhd.'s RM5.6 billion investment in the Malaysia-China Kuantan Industrial Park (MCKIP), the twin park to the China-Malaysia Qinzhou Industrial Park (CMQIP), while the KBP saw new investments amounting to US$182 million and RM924 million from Biosynthetic Technologies Asia Sdn. Bhd. and Encompass Industry Sdn. Bhd. respectively. All of these new investments are in line with the Government's New Economic Model that focuses on people economy and capital economy.

The Kuantan Port, which is currently being expanded into a deep water port, will play a vital role in attracting more trade and investments into the ECER , thus positioning this economic region as the springboard to the fast growing markets of Asia, particularly China. Once completed, the port's throughput is expected to double to 52 million freight weight tonne (FWT) of cargo and it will enhance the positioning of the nearby MCKIP as well as Kuantan Port City. The construction of breakwater for the Kuantan Port's new deep water terminal is expected to be completed in the first half of 2016.

All ECER projects and programmes are designed to empower and benefit the people of the various states especially the rural communities. Among the ECERDC's programmes to elevate the socio-economic status of Bumiputeras in the region are the Teraju@ECER programme where to date 167 Bumiputera companies have benefited from guidance and business advisory services as well as investments from the TERAJU Facilitation Fund.

Northern Corridor Implementation Authority (NCIA)

The Northern Corridor Implementation Authority (NCIA), established under the Northern Corridor Implementation Authority Act of 2008 (Act 687), is the entity mandated to drive the Northern Corridor Economic Region or Koridor Utara development programme. This initiative, which serves to accelerate economic growth and elevate income levels in the north of Peninsular Malaysia, covers the states of Perlis, Kedah, Penang and the north of Perak.

Unlike the other corridors of development in Malaysia, the Northern region is largely a brownfield area. It has a large and educated workforce, a vast and sophisticated logistics network to support the key economic sectors, a thriving business culture, and the presence of large multi-national corporations with their global networks and markets. Koridor Utara's ability to diversify its economic activities will ensure the region's resilience and its long-term economic growth.

Since 2010, the NCIA has been surpassing its target key performance indicators (KPIs) and has produced solid outcomes. The region's performance has been driven by good fundamentals including strong government backing and robust private sector collaboration. In 2015, despite economic headwinds, Koridor Utara garnered investments amounting to RM12.48 billion which are expected to generate some 11,835 job opportunities.

Manufacturing activities, particularly those entailing strong engineering-based skillsets, continue to be the backbone of economic development throughout the region while continued spinoff investments are expected to be generated from tourism and agriculture projects. The NCIA also views sustainable energy as one of the potential new catalysts for the region's growth and is giving its full support towards initiatives that promote energy efficiency, renewable energy and energy security for future generations. As the region forges ahead, efforts are also underway to enhance the region's ecosystem and its new growth nodes, as well as bolster an industry-relevant talent pool.

Today, the NCIA is focusing its efforts on developing several growth nodes that will help sustain the region's growth momentum. These include the Lembah Chuping (Chuping Valley) Development Project that is set to transform Perlis into a high-income and industrialised state by 2025. The Chuping Valley project entails the development of green industries such as green manufacturing and green energy generation, plus a halal hub. Within this area, will be the Perlis Inland Port at Chuping, a comprehensive, integrated inland port that will incorporate a road-rail logistics hub with state-of-the-art facilities and good operational efficiency to attract cargo inflows, particularly from Southern Thailand.

The Kedah Science & Technology Park (KSTP), the region's newest industrial park will combine a modern industrial park with a global research centre as one of its key components. The Greater Kamunting Conurbation that aims to transform and strengthen the tourism, manufacturing and agriculture sectors in Kamunting and Taiping within Perak, will see about 241,000 potential jobs come into being by 2030. Ongoing efforts to develop and promote the Belum-Temengor Tropical Rainforest (BTTR) into a premier ecotourism destination is seeing continued involvement by the local community in product and human capital development. A comprehensive study is also underway to optimise the economic potential of Manjung and Pulau Pangkor within Perak.

ISKANDAR REGIONAL DEVELOPMENT AUTHORITY

Iskandar Malaysia Regional Development Authority (IRDA)

The Iskandar Regional Development Authority (IRDA) has the responsibility for regulating and supporting various stakeholders in both the

public and private sectors in the efforts to develop Iskandar Malaysia into a strong and sustainable metropolis of international standing. In 2015, the total cumulative committed investments in Iskandar Malaysia gained momentum as a result of ongoing promotional efforts by the IRDA, MIDA and related agencies to promote Iskandar Malaysia as the preferred investment destination in Malaysia.

Between January and November 2015, Iskandar Malaysia secured total cumulative committed investments amounting to RM29.83 billion in comparison to some RM25.62 billion over the same period in the preceding year. This brings the total cumulative committed investments for Iskandar Malaysia (until November 2015) to RM187.96 billion. Of this amount, some 49 per cent or RM93.39 billion in investments have been realised on the ground.

The property development and manufacturing sub-sectors remain the top sub-sectors in Iskandar Malaysia, contributing 51 per cent (RM96.14 billion) and 28 per cent (RM52.10 billion) of the total cumulative committed investments respectively. Domestic investments accounted for about 60 per cent or RM111.82 billion of the total cumulative committed investments, whereas the remaining 40 per cent or RM76.14 billion stemmed from foreign investments. Iskandar Malaysia-based companies achieved several key milestones over the course of 2015. Pinewood Iskandar Malaysia Studios made strong strides forward in its production of Netflix's Marco Polo Season One and Season Two, Fremantle's Asia's Got Talent Season One and Hollywood-China's feature Lost in the Pacific. In October 2015, the University of Reading Malaysia began delivering on its programmes from its new state-of-the-art campus in EduCity, while in November 2015, Gleneagles Medini Hospital in Medini, Nusajaya opened its doors to the public.

Several other key initiatives were successfully delivered in 2015. In November, the Muafakat Fair Price Shop convenience store chain in Pasir Gudang was launched by the Chief Minister of Johor. Managed by Iskandar Malaysia Co-operative (imCoop), the store chain will offer essential goods at reasonable prices to address the rising cost of living in Johor. The initiative continues to receive strong buy-in from the community with some 150 fair price shops expected to be set up by 2017.

On the talent development front, the IRDA was hailed as the best economic corridor partner in Malaysia by the Ministry of Education, particularly for its Technical and Vocational Education and Training (TVET) programmes. The year also saw the IRDA launch the Johor International Youth Hub and the Urban Farming initiatives in 2015. In line with the IRDA's commitment to ensure Iskandar Malaysia is developed in a sustainable manner, the IRDA represented the Asia Pacific region at the United Nations Climate Change Conference (COP 21) event in Paris. To underscore its commitment to upholding energy efficiency activities under the Lima Paris Action Agenda, the IRDA shared its action plans to improve energy efficiency via its Building Efficiency Accelerator and District Energy Accelerator initiatives.

Moving forward, the development of Iskandar Malaysia will be guided by the enhanced Comprehensive Development Plan ii (CDPii), which features Iskandar Malaysia's Circle of Sustainability foci on wealth generation, wealth sharing and resource optimisation. This is in addition to the fundamental Five Big Moves transformational programmes that are set to accelerate and create a paradigm shift on Iskandar Malaysia's economic, social and environmental fronts.

Sabah Economic Development and Investment Authority (SEDIA)

The Sabah Economic Development and Investment Authority (SEDIA) is the one-stop authority tasked with driving Sabah Development Corridor (SDC) investment opportunities. The SDC aims to enhance the quality of life of the people of Sabah by accelerating the growth of the state's economy,

promoting regional balance and bridging the rural-urban divide while ensuring sustainable management of the state's resources.

The year 2015 marked the end of the SDC's second phase (2011-2015) which saw greater participation in terms of private investment, small-medium enterprises (SMEs) and human capital development. The second phase of the SDC has been instrumental in accelerating Sabah's development. As at end of September 2015, a total of RM150.7 billion worth of cumulative investments had been committed since the launch of the SDC in 2008. Of this, RM55.1 billion in investments have been realised. These investments include completed high-impact projects and those undergoing construction within the tourism, oil, gas and energy, palm oil, agriculture, education and manufacturing and logistics sectors; as well as those within Greater Kota Kinabalu, the largest urban centre in Sabah.

The tourism industry remains Sabah's most important income-generating sector. It contributed some RM161 billion or 14.9 percent of Malaysia's GDP in 2014. Tourism projects such as the luxurious YTL Gaya Island resort, the Ming Garden Hotel, Gleneagles Hospital and Pedestrian Walkway and Cycle way are just some of the completed projects under the Greater Kota Kinabalu initiative. In the pipeline are projects such as the Sabah International Conference Centre (SICC), the Jesselton Waterfront, Jesselton Quay, Aeropod at Tg. Aru and the International Technology & Commercial Centre (ITCC), which will further stablish Sabah as a premier tourist attraction.

Although the oil, gas and energy sector is a sunrise industry to Sabah, it has attracted huge

investments from Petroliam Nasional Berhad (PETRONAS), Malaysia's fully integrated oil and gas multinational. PETRONAS's investments in Sabah to date include the fully operational 300 MW gas-fired Kimanis Power Plant (the biggest independent power plant in Sabah) and the 512 km Sabah-Sarawak Gas Pipeline project.

Among the other key investment projects in Sabah are the Sipitang Oil and Gas Industrial Park (the first and only industrial park in Sabah dedicated to oil and gas activities) and the Sabah Ammonia Urea (SAMUR) project (comprising a world class ammonia plant, urea plant and a granulation plant, as well as utilities and jetty facilities). SAMUR forms an integral part of PETRONAS' overall downstream plans to optimise the value of the oil and gas resources found offshore Sabah. Sabah has massive deep water potential. The discovery of the Gumusut-Kakap deep water fields off the coast of Sabah are expected to reach an annual peak oil production of around 135,000 barrels a day and contribute up to 25 per cent of Malaysia's oil production.

Sabah also continues to successfully woo investors on the biomass front. US-based Elevance Renewable Sciences together with their Malaysian partner, Genting Plantations Berhad have invested RM2 billion to build a 240,000 metric tonne (MT) integrated biorefinery complex at the Lahad Datu palm oil industrial cluster (POIC Lahad Datu), the hub for the development of biomass. This investment, the first such investment for Sabah, is expected to turn the state into a global biorefinery hub in the future. Hap Seng Consolidated Berhad is also tapping into the large biomass supply in Sabah by investing RM1 billion to build a refinery complex in Sandakan POIC in three phases.

Countries such as Brunei are interested to invest in the Keningau Integrated Livestock Centre (KILC) initiative. Upon completion the KILC will produce beef, fresh milk and other dairy products to meet local and export market needs.

In support of Bumiputera entrepreneurs, SEDIA has been collaborating with Teraju through the TERAJU@SDC programme to establish an incubator project at the Sabah Agro Industrial Precinct (SAIP). Located at Kimanis, Papar, the SAIP currently has 10 pioneer startups under its ambit.

SEDIA is now preparing to launch the third phase of the SDC, coinciding with the beginning of the First Rolling Plan under the 11MP. This is also timely, with the conclusion of Trans-Pacific Partnership Agreement negotiations. Going forward, SEDIA will place greater emphasis on ensuring the seamless movement of people, goods and services. This emphasis is timely as the state transforms into a diversified, knowledge-intensive with higher value-added economy. Efforts will be directed especially towards enhancing the efficiency of the logistics sector by improving the relevant infrastructure and the integration of land, sea and air services.

SARAWAK SCORE
CORRIDOR OF RENEWABLE ENERGY

Sarawak Government State Planning Unit (SPU)

Tasked with accelerating the state of Sarawak's economic growth, the Sarawak Government State Planning Unit (SPU) introduced the Sarawak Corridor of Renewable Energy (SCORE) development initiative in 2008. This is in line with Sarawak's aim to have in place a dynamic, market-driven economy by 2030. SCORE's major advantage is its abundant energy resources: 20,000 MW of potential hydropower, 1.46 billion tonnes of coal and 40.9 trillion square cubic feet of natural gas. Under SCORE, Sarawak's energy resources will undergo accelerated development which will enable Sarawak to price its power competitively and draw in investments in energy intensive industries.

In 2015, SCORE completed the final leg of Phase 1 (2008-2015) which sought to lay down strong foundations. To build the critical mass and momentum to spur the development, the SPU has been promoting 10 priority sectors under SCORE, namely the aluminium, glass, oil-based, steel, oil palm, fishing and aquaculture, livestock, timber-based, tourism and marine engineering sectors.

To date, SCORE has successfully attracted 20 projects and some RM30.6 billion in investments. Most of these investments are high priority trigger projects such as aluminium, ferroalloys and polycrystalline silicon projects and are expected to generate 16,204 employment opportunities. Of the 20 approved projects in SCORE, 15 projects are located in the Samalaju Industrial Park (SIP), Bintulu while the remaining projects are located in Mukah, Tanjung Manis and Tanjung Kidurong. The SIP projects involve investments amounting to RM25.185 billion and will create 13,052 jobs.

Of the 20 projects to date, seven amounting to RM13.58 billion have commenced plant operations, three amounting to RM2.08 billion are at the plant construction stage, while one amounting to RM0.82 billion has completed the plant site preparation. Another three projects worth RM5.64 billion are at site preparation stage and the remaining six projects are at the various stages of discussions and negotiations.

Tokuyama Corporation of Japan was the first foreign investor to invest in the SIP. Via Tokuyama Malaysia Sdn. Bhd., the company is producing polycrystalline silicone, the main component for solar cells and semiconductor and has created 1,050 jobs.

Press Metal Berhad was the first Malaysian company to invest in SCORE. Following its first aluminium smelting plant in Mukah which commenced operation in 2009 and is currently producing 120,000 MT per annum of aluminium billets and ingots,

Press Metal Berhad set up its second aluminium smelting plant within the SIP. Commissioned in December 2012, Polycrystalline SiliconePress Metal (Bintulu) Sdn. Bhd. is today producing 320,000 MT of aluminium billets and ingots per annum using the world latest 400-kiloampere (kA) smelting technology.

In the offing is OM Materials (Sarawak) Sdn. Bhd.'s proposed manganese alloy smelting project within the SIP that will create 2,684 job opportunities for the locals. OM Materials (Sarawak) Sdn. Bhd. is owned by OM Holding Limited (OMH) which is listed on the Australian Securities Exchange (ASX) and has its foundations in metals trading. Involving the use of the innovative submerged electric furnace technology, this project is also set to benefit the logistics handling business even as throughput amounting to some one million MT per annum is expected to be produced by the plant.

With Phase 2 of SCORE underway and following the establishment of the many trigger industries in Phase 1, the state is now in a better position to attract more downstream industries to Sarawak. It intends to do so by leveraging on the products of the trigger industries in SCORE as feedstock or raw materials. Efforts are also underway to promote downstream activities are in the areas of building materials and components, heavy construction materials, renewable energy products and transport equipment. These activities, which are all expected to be centralised within the SIP, will involve higher value added activities that will translate into higher paying jobs for the locals.

To sustain SCORE's competitiveness and attractiveness to both domestic and international investors, the Sarawak State Government is making concerted efforts to further develop the related infrastructure, power supply and human capital. At the same time, efforts are underway to develop the hinterland of SCORE areas via eco-tourism, aquaculture, agriculture, forest replantation and livestock farming activities.

InvestKL

InvestKL works in tandem with other government ministries, entities and agencies to formulate attractive fiscal packages for multinational corporations (MNCs) looking to identify business opportunities in the Greater Kuala Lumpur (Greater KL), while strengthening their competitiveness regionally and globally. Mandated to attract 100 MNCs to Greater KL by 2020, InvestKL crossed its 50th MNC milestone in 2015. This achievement was the result of InvestKL adopting a targeted approach to attract quality investments in the services sectors, meticulously positioning Kuala Lumpur as the optimal Regional Headquarters location for MNCs in ASEAN, and delivering superior services experience to MNCs.

To date, out of the approved/ committed investments of over RM5.7 billion by these 50 MNCs, over RM1.7 billion worth of investments and businesses spending have been realised. Currently these 50 MNCs employ over 4,500 people in highly skilled regional positions out of the over 7,000 jobs opportunities they have committed to and they procure business services from Malaysian companies.

Among the MNCs that chose Kuala Lumpur as their regional headquarters in 2015 were Honeywell, McDermott, Kadokawa and Dieffenbacher. Kuala Lumpur will become the ASEAN Principal Hub for Fortune 100 company Honeywell's Aerospace, Automation Controls and Solutions (ACS) as well as Performance Materials and Technologies (PMT) strategic business units. McDermott International, a global leader in engineering, will create over 300 jobs through the relocation of its Regional Head Office to Kuala Lumpur.

Kadokawa, Japan's leading creative content publisher, will establish its ASEAN and Middle

East Creative Content Hub in Kuala Lumpur to produce and export "made-in-Malaysia" content for the global market. German-based Dieffenbacher, a hidden champion company that specialises in complete press production systems for the wood panel, automotive and components industries, is looking to strengthen business growth from its Asia Pacific Headquarters in Kuala Lumpur.

In 2015, Site Selection Magazine and a distinguished panel of global foreign direct investment experts and site consultants awarded InvestKL the Top Investment Promotion Agency of 2015 Award in the Asia-Pacific National category.

LABOUR QUALITY AND MISMATCH OF JOB SUPPLY AND DEMAND

The Eleventh Malaysia Plan (11MP) recognises the importance of the availability of a skilled workforce in an effort to transform all economic sectors towards knowledge-intensive activities, driving labour productivity and attracting quality investments into Malaysia. The 11MP will continue to intensify human capital development strategies in order to achieve the country's vision of becoming a high-income and developed nation by 2020. The economic agenda outlined in the 11MP is expected to create 1.5 million jobs by 2020, where 60 per cent of the jobs that will be created are expected to require Technical Vocational Education and Training (TVET)-related skills.

Leveraging on its close network with the vibrant industrial sector, MIDA is in a good position to gauge the quantitative as well as qualitative gaps between the industries and education/training providers. In this context, MIDA undertakes the policy advocacy role to provide relevant feedback to the decision makers and educators.

Apart from addressing the human capital needs of potential investors, emphasis is also placed on addressing the human capital needs of existing companies in Malaysia, particularly those that are taking the initiative to move up the value chain and undertake higher value-added activities.

In 2015, the Industry Talent Management Division of MIDA undertook the following initiatives to enhance the quality of talent and also to address the mismatch of skills:

Facilitation for investors

The Industry Talent Management Division collaborates and forms smart partnerships with relevant stakeholders and leverages on existing talent development programmes to assist companies. The facilitation varies according to the needs of companies. It includes channelling the right talent pool to the industries, identifying sectors which require skilled manpower and finding solutions for timely supply. It also involves linking companies with training institutions that provide upskilling and reskilling programmes for their employees, as well as identifying issues and bridging the gaps based on feedback from the industries.

For companies that require experienced talent to fill up strategic positions, MIDA also engages employment organisations and headhunters to enable companies to source the right candidates. To date, the Industry Talent Management Division has facilitated a total number of 287 companies seeking assistance to search for the right talent as well as to bridge the talent gap.

MIDA-structured dialogue and information sharing sessions

The Industry Talent Management Division, with the assistance of MIDA State Offices, organises several structured and information sharing sessions. The objectives of the programmes is as follows:

- To provide updates on the latest investments approved and potential employment created at both the national and state levels;
- To understand and gather talent requirements for specific industries and to connect and match them to the relevant education and training institutions; and
- To act as a platform for discussions to initiate industry-academia collaboration in order to address skills mismatch/talent gaps.

In 2015, four structured dialogue and information sharing sessions were organised in Melaka, Pahang, Johor and Sarawak.

MIDA-Economic Development Board (EDB) Industrial Cooperation Working Group (ICWG) initiatives

The MIDA-EDB ICWG is a working group established to promote and coordinate the development of industrial and services activities between Iskandar Malaysia and Singapore with a focus on existing economic clusters and new growth areas. The priority industries identified in this joint effort are advanced materials engineering, electrical and electronics (E&E), food and creative services.

Skilled talent is highly demanded by industries within the targeted areas. In order to ensure that the ecosystem is conducive for current and future investment projects and to address the talent gap, MIDA undertakes ongoing collaboration with relevant stakeholders such as the Iskandar Regional Development Authority (IRDA) and EDB to roll out demand-driven talent development programmes designed for the specific industry sub-sectors. To help kick-start things, an apprenticeship programme is being planned for the precision machining sub-sector.

Industry-Academia collaboration with TalentCorp

On 22 April 2015, the launch of the Motivating Industry-Academia Collaboration for the E&E sector was held in conjunction with SEMICON South East Asia 2015 event. This collaborative effort between TalentCorp, the Ministry of Higher Education (MOHE) and MIDA, seeks to create and establish a platform to motivate and encourage Industry-Academia collaboration. It refers to the mapping of talent needs and interventions required by the industry and universities.

MIDA is tasked with identifying priority clusters/ sectors and engaging lead companies to draw industry participation. Seven key technology clusters in the E&E sector have been identified. A total of 14 companies and 10 universities are involved in this initiative.

Industry Skills Committee (ISC)

As part of the 11MP initiatives, the ISC, co-chaired by the Ministry of International Trade and Industry (MITI) and the Malaysian Employers Federation (MEF), has been established to collaborate with industry players in identifying relevant competencies for each sector and sub-sector. Under the guidance of the ISC, the Industry Working Group (IWG), co-chaired by MIDA and the Department of Skills Development (DSD), Ministry of Human Resources (MOHR), is responsible for overseeing the Sub-Industry Working Group (SIWG). The SIWG is responsible for engaging with industry players and stakeholders to determine human capital requirements and the industry outlook. This is to ensure that the curriculum and training programmes are in accordance with industry needs.

To date, 10 priority industries have been identified:

- Electrical and Electronics
- Chemicals and Petrochemicals
- Medical Devices
- Pharmaceuticals
- Machinery and Equipment/Advanced Engineering
- Automotive
- Aerospace
- Maritime
- Oil and Gas
- Information, Content and Infrastructure

The availability of highly skilled talent is vital if Malaysia's economy is to continue growing to achieve its vision of becoming a high-income and developed nation by 2020. To this end, MIDA will continue to undertake various initiatives and engagements to address the talent gaps in key sub-sectors such as chemicals, E&E, M&E, aerospace and medical devices to ensure that industry needs are fulfilled.

"CATALYST OF SUSTAINABLE GROWTH"

4 ANCHORING INVESTMENT GROWTH WITH ELEVENTH MALAYSIA PLAN (11MP)

The 11MP identifies six Strategic Thrusts, key points along which the economic policies will focus to ensure Malaysia reaches its goal of becoming a high-income country by 2020.

Anchoring investment growth on the Eleventh Malaysia Plan (11MP)

Against this backdrop, Malaysia continues to leverage on robust investment promotion strategies to ensure a pathway to continued prosperity while reinforcing its position as one of the top investment destinations within ASEAN. To anchor sustainable growth, the Malaysian Government will leverage the 11MP for the years 2016 to 2020. This is the final five-year development roadmap to propel Malaysia forward on its journey towards achieving Vision 2020.

Six Strategic Thrusts identified

The key target for the whole plan is for Malaysia to reach advanced economy status and attain GNI per capita of US$15,000 by 2020. The six strategies are inclusivity, prosperity of the people, human capital, green growth, infrastructure as well as innovation and productivity.

The 11MP has six Strategic Thrusts to address the needs of the rakyat and six Game Changers to accelerate Malaysia's development.

Thrusts

- Enhancing **inclusiveness** towards an equitable society
- Improving **wellbeing** for all
- Accelerating **human capital development** for an advanced nation
- Pursuing **green growth** for sustainability and resillience
- Strengthening **infrastructure** to support economic expansion
- Re-engineering **economic growth** for greater prosperity

Game changers

1. Uplifting B40 households towards a middle-class society
2. Enabling Industry-led Technical and Vocational Education and Training (TVET)
3. Embarking on green growth
4. Enhancing productivity
5. Innovation to wealth
6. Competitive cities

CATALYTIC AND GROWTH (3+2) SUB-SECTORS IN TRANSFORMING THE MANUFACTURING AND FOCUS AREAS UNDER THE ELEVENTH MALAYSIA PLAN (11MP)

The manufacturing sector is the largest contributor to total exports and the second largest to the country's GDP. The sector is expected to grow at a rate of 5.1 per cent per annum and contribute 22.5 per cent to GDP as well as 18.2 per cent of total employment by 2020. Although the manufacturing sector has shown positive growth in GDP and exports, it faces a great challenge with the decline of Malaysia's manufacturing exports especially in the electrical and electronics (E&E) sub-sector due to stiff competition from emerging economies such as the PRC, India, and Vietnam.

To overcome the issues and challenges faced by the manufacturing sector such as productivity, low value add, labour intensive industries, innovation, competitiveness, and enablers, ten strategies to transform the manufacturing sector have been identified under the 11MP. These strategies are clustered into five policy focus areas, one of which is moving towards complex and diverse products have been stated under the 11MP.

The manufacturing sector will transition towards more high-value, diverse and complex products, driven by three catalytic sub-sectors, namely chemicals, E&E and machinery & equipment (M&E) as well as industries with high potential growth comprising medical devices and aerospace.

These sub-sectors have strong linkages to other manufacturing sub-sectors and have demonstrated capabilities and potential to deliver more complex and high value added products. A move towards strategic diversification will be implemented to increase competitiveness, particularly in exports, by focusing on complex and high-value products, which are referred to as frontier products.

To strategise and plan the way forward for the development of the industry, MIDA has established five strategic councils for the 3+2 catalytic and growth sub-sectors for the benefit of relevant industries. The concerns are the Electrical and Electronics Strategic Council (EESC), Machinery & Equipment Strategic Council (MESC), Chemicals & Advanced Materials Investment Council (CAMIC), Medical Devices Investment Council (MDIC), and the Aerospace Strategic Council (ASC). These strategic councils will serve as the platform to monitor the effectiveness of policies and ensure that they are aligned with the national agenda. These councils are also expected to facilitate Malaysian-based companies to penetrate the global supply chains of specific industries.

Six Game Changers determined

The Malaysian Government has also identified six Game Changers, innovative approaches that will change the trajectory for the country's economic growth and enable it to reach its economic goals. These involve:

- Unlocking the potential of productivity
- Uplifting the B40 households (the Bottom 40% household income group) towards a middle-class society
- Enabling industry-led Technical and Vocational Education and Training (TVET)
- Embarking on green growth
- Translating innovation to wealth
- Investing in competitive cities

Bolstering the nation's macro-economic foundations

The following diagram illustrates the highlights of the five-year economic plan, which includes updated forecasts for the country's economy and its finances as well as the introduction of new infrastructure projects.

Strategies
Unlocking **productivity potential** to ensure sustainable and inclusive growth

Outcomes		
Promoting **investment** to spearhead economic growth	9.4%	Average growth of real private investment
	RM 291 billion	Average private investment in current prices
Increasing **exports** to improve trade balance	4.6%	Average growth of gross export
	RM 57.3 billion	Trade balance by 2020
Enhancing fiscal **flexibility** to ensure sustainable fiscal position	below 45%	Ratio of Federal Government total debt to GDP by 2020
		Fiscal position to be balanced by 2020

Initiatives		
National	**Industry**	**Enterprise**
Malaysia Productivity Blueprint	Productivity Champions based on industry	Enterprise-level productivity assessments and targets
Public sector productivity		

Multidimensional goals, 2016-2020
GDP growth at **5-6% per annum**
Labour productivity increase from (RM77,100 (2015) to **RM92,300 (2020)**
GNI per capital at **RM 54,100** by 2020
Average monthly household income increase from RM6,141 (2014) to **RM10,540 (2020)**
Compensation of employees to GDP increase from 34.9% (2015) **40% (2020)**
Malaysia Well-Being Index to increase by **1.7% per annum**

INCENTIVE COORDINATION & COLLABORATION OFFICE (ICCO)

On 16 March 2015, the Malaysian Government launched the Services Sector Blueprint, charting the strategies and development plans for the services sector until 2020. One of the four policy levers outlined in the blueprint was the effective management of the existing incentive framework. This would entail the centralisation of incentive schemes by consolidating these under a single entity plus the review of the incentive framework so as to make it a more effective and performance-driven one. Given MIDA's key role in attracting investments and offering incentives, the agency was tasked with the coordination efforts for the ICCO.

Against this backdrop, the ICCO was established at MIDA on 15 April 2015. The ICCO will enable cross-agency visibility and allow for a more holistic assessment of incentives through structured information sharing between the approving government agencies.

The main objectives of ICCO are as follows:

- To provide greater visibility and advisory services to investors, thus creating awareness of the total sum of incentives offered to investors;
- To better identify gaps and enhancement opportunities across total schemes offered, thus ensuring underserved segments will be taken care of;
- To ensure cross-agency visibility to avoid overlaps as individual agencies would not have the overall view of incentives enjoyed by companies; and
- To prevent abuse of the incentive system by rent seekers.

The ICCO will also functions as:

- A one-stop centre for businesses (all types and sizes, local and foreign);
- A central coordinator on incentives offered by relevant ministries and federal agencies such as MIDA, MATRADE, MDeC, HDC and others; and
- An advisory body to the federal incentive approving bodies such as the MOF and EPU.

To provide greater visibility as well as advisory services to the relevant stakeholders, the ICCO has developed an interactive web portal, the Incentives Information Portal, that will provide information on investment incentives. The web portal is expected to be launched in the first quarter of 2016 and will cover the incentives offered by all Ministry of Trade and Industry agencies during its pilot run with a view to extending this to all other ministries and agencies handling investment incentives down the line. When it is launched, the web portal can be accessed at www.incentives.mida.gov.my.

The diagram below summarises the focus areas of the 11MP.

Summary of focus areas Eleventh Malaysia Plan, 2016-2020

TRANSFORMING SERVICES

- Fastering a dynamic environment for knowledge-intensive services
- Implementing comprehensive and integrated governance reforms
- Stepping up internationalisation of services firms
- Enhancing management of investment incentives
- Expanding modern services

ENERGISING MANUFACTURING

- Moving towards complex and diverse products
- Enhancing productivity through automation
- Stimulating innovation-led growth
- Strengthening growth enablers
- Ramping up internationalisation

MODERNISING AGRICULTURE

- Improving productivity and income of farmers, fishermen and smallholders
- Promoting training and youth agropreneur development
- Strengthening institutional support and extension services
- improving market access and logistics support
- Scaling up access to agricultural financing
- intensify performance-based incentive and certification programmes

TRANSFORMING CONSTRUCTION

- Enhancing knowledge content
- Driving productivity
- Faster sustainable practices
- Increasing the internationalisation of construction firms

INVESTING IN COMPETITIVE CITIES AND REGIONAL ECONOMIC CORRIDORS DEVELOPMENT

- Developing city competitiveness master plans for four first-tier cities
- Strengthening corridors to fuel regional development

GROWING DYNAMIC SMEs

- Enhancing productivity through automation and innovation
- Strengthening human capital development
- Enhancing ease id doing business
- Increasing demand for SME Products and Services

TRANSLATING INNOVATION TO WEALTH

Enterprise Innovation
- Strengthening the governance mechanism
- Enhancing demand-driven research
- Strengthening industry-academia collaboration through intermediaries
- Promoting private financing of research, development, commercialisation, and innovation

Social Innovation
- Strengthening collaboration trough a whole-society approach
- Developing a social financing model
- Promoting higher order thinking skills to develop a dynamic society

Among the new Strategic Thrusts to be implemented is Strategic Thrust VI (Re-engineering economic growth for greater prosperity) which mandates the strengthening of investments in the manufacturing and services sectors.

Strengthening investments on the manufacturing and services fronts

Among the new Strategic Thrusts to be implemented in the next five years is Strategic Thrust VI (Re-engineering economic growth for greater prosperity) which mandates the strengthening of investments in the manufacturing and services sectors. The investment strategies/ policies formulation in the manufacturing sector, will focus on the 3+2 Formula, whereby the three catalytic sub-sectors, namely chemicals, E&E and M&E industries; and two high potential growth sub-sectors, namely aerospace and medical devices; will help to drive the growth of the manufacturing sector. These 3+2 sub-sectors were selected due to their strong inter-linkages to the other sub-sectors. Their capacities will indirectly serve as the base to support the development of the overall manufacturing sector.

MIDA's strategies to energise manufacturing

Moving forward, MIDA has identified five strategies to support the smooth implementation of initiatives for the manufacturing sector.

Strategy #1: Moving towards complex and diverse products

In order to incentivise companies that are on their way to becoming pioneers in the catalytic sub-sectors to promote the development of frontier products, the Promoted List under the Promotion of Investment Act (PIA) 1986 is currently being reviewed. Moving forward, the intention is to focus more on the promotion of frontier products which have high value and high complexity in the product space (as identified by the Complexity Analysis of Malaysia's Manufacturing study in 2014).

Strategy #2: Undertake continuous direct engagement activities with MNCs/Malaysian conglomerate companies

This aims to create awareness on current policies, promotions and facilities, so as to encourage effective collaboration between MNCs and Malaysian companies through vendor development/ supply chain programmes.

Strategy #3: Minimise mismatch in the Malaysian labour market (Thrust III)

MIDA had established the Industry Working Group (IWG) and Sub Industry Working Group to support the Industry Skills Committee (ISC) as well as to identify the specific human capital requirements for 11 economic sectors (i.e. electrical and electronics, chemicals and petrochemicals, medical devices, pharmaceutical, automotive, aerospace, maritime, information content and infrastructure, oil and gas, and machinery and equipment/advanced engineering).

Strategy #4: Establish a Research Management Agency (RMA) to manage Research & Development and Commercialisation & Innovation (R&D&C&I) initiatives

MIDA will actively participate in the RMA particularly to provide direction on the National R&D Agenda for emerging/promoted focus areas so that this aligns with the overall ecosystem approach. MIDA will also be realigning the current incentives mechanism by setting conditional collaboration between receivers of R&D incentives/grants with Government Research Institutes (GRIs) and imposing additional criteria pertaining to the approval of incentives.

Strategy #5: Strengthen industrial estate management by announcing the Industrial Park Management incentive during Budget 2015

MIDA has established the Working Committee for Pilot Projects relating to the management of industrial areas in four states, namely Johor, Selangor, Melaka and Perak.

Strategies to Transform Services

For the services sector, the investment strategy/policy formulation will involve three strategic shifts as follows:

- Strengthen knowledge-intensive services to develop highly skilled human capital and create high-income jobs;
- Integrate sectoral governance reforms to reduce regulatory costs, enhance competitiveness and attract greater investment; and
- Enhance internationalisation of local service providers to enhance their export capabilities.

These three strategic shifts will be further supported by the following five policy focus areas:

- Fostering of a dynamic environment for knowledge intensive services
    - To accelerate human capital development/ up-skilling in the services sector;
- Implementation of comprehensive and integrated governance reforms
    - To realign the functions of related ministries and agencies to reduce overlapping responsibilities;
- Stepping-up of the internationalisation of local service providers
    - To raise the capabilities of service providers for internationalisation;
- Enhancements to the management of investment Incentives
    - April 2015 saw the establishment of the Incentive Coordination and Collaboration Office (ICCO) under MIDA which will act as the coordinator for investment on incentives, in line with the Services Sector Blueprint.
- Expansion of modern services
    - A focus on sub-sectors that have high knowledge intensity, generate high-income jobs and strong linkages; as well as
    - A focus on sub-sectors such as the financial services, ICT, oil and gas services, private healthcare, private higher education, tourism, Halal industry, wholesale and retail trade, construction industry and professional services sub-sectors.

Moving Forward

As the central promotion agency in Malaysia, MIDA is responsible for the overall investments into Malaysia and all our targets are aligned to achieve the ETP' goals. The agency is focused on attracting new quality investments and is encouraging existing industries to shift from low value-added products and services to reinvest in higher value-added, knowledge-intensive activities and capital-intensive industries (including those with greater specialisation in the 12 NKEAs as well as other potential new areas of growth).

In line with the Government's transformation framework, MIDA will continue to assume an important role in ensuring that there is a significant leap in investment activities. An ecosystem approach will continue to be developed and enhanced for both the manufacturing and services sectors to strengthen the investments in these sectors. In this regard, MIDA will be leveraging on new sources of competitive advantage and will also assume a pivotal role in bridging the human capital needs of individual potential investors.

The promotion of investments will be continued within the context of promoting quality investments, i.e. projects that are high-technology oriented; high value-added; knowledge-intensive; skills-intensive; export oriented; capital-intensive as well design and R&D-intensive. MIDA is also on the lookout for projects that have high GNI impact and strong linkages with domestic industries. The new investment strategies include positioning Malaysia as a high-tech hub for manufacturing and services and transforming the domestic investment landscape.

All in all, MIDA has adopted a more focused and targeted approach towards attracting quality investments since the 10MP. Despite the decline in the overall number of projects approved, the value and quality of investments have increased as have the indirect contributions by way of the creation of high value jobs. To remain aligned with the 11MP, MIDA needs to ensure that there is significant leap in investment activities. There is also the need to ensure that the ecosystem approach is continuously upheld and quality investments promoted in order to strengthen investment performance in the manufacturing and services sectors.

With a focus on attracting new quality investments, MIDA is encouraging existing industries to shift from low value-added products and services, to reinvest in higher value-added, knowledge-intensive activities and capital-intensive industries.

"BOLSTERING CAPABILITIES FOR LONG-TERM GROWTH"

5 INVESTMENTS OUTLOOK

As Malaysia looks to bolster its capabilities and achieve sustainable growth by tapping initiatives such as the 11MP, it is also taking stock of the many opportunities that the AEC, RCEP, TPP and other free trade agreements bring to the table.

UNCTAD's quarterly publication dated 22 January 2016 projects that global FDI flows are expected to decline in 2016, reflecting the fragility of the global economy, volatility of global financial markets, weak aggregate demand and a significant deceleration in some large merging market economies. Elevated geopolitical risks and regional tensions could further amplify these economic challenges.

Stagnant greenfield investment globally and outright declines in a number of developing regions suggest that the current upswing in global FDI flows is potentially fragile and exposed to the vagaries of the cross-border M&A market. However, improvements in macroeconomic conditions (with global growth projected to reach 2.9% in 2016 as compared to 2.4% in 2015) due to modest recovery in developed economies, could strengthen the confidence of investors and induce them to make productive investments to cement their business plans. In addition, further depreciation of currencies in emerging markets and possible sales of assets to restructure corporate debt may also stimulate additional FDI.

The road ahead for Malaysia

The outlook for Malaysia's economy has remained bullish in recent years, following growth patterns that have allowed for many Millennium Development Goals (MDG) to be achieved ahead of target. However, like any other open economy reliant on international trade, Malaysia too remains vulnerable to external economic shocks.

What Malaysia, has in its favour though is its diversified economic structure which bodes well for sustainable growth. The country's growth today is determined by domestic demand and driven mostly by consumption demand which creates the foundation for more stable future growth. The host of structural reforms and institutional developments undertaken over the last two decades to address weaknesses and vulnerabilities have certainly helped rebuild and strengthen Malaysia's economic fundamentals while enabling the country to forge new areas of growth. These vital changes to Malaysia's economic structure have seen it transform from being an export-led nation that was over-reliant on specific sectors, to one that is now predominantly demand-driven with a more diversified economic structure and whose manufacturing and services sectors are now transitioning to higher value added activities.

The structure of Malaysia's economy today is also significantly more diversified in terms of sources of growth. While the export sector remains as integral component of the economy, domestic demand has now become the key driver of growth, anchored on strong private sector activity that now accounts for 70 per cent of GDP. Underpinning this robust domestic demand is sustained consumption spending and the revival of investment activity by the private sector. On the external balance front, the diversified exports and markets have led to a sound balance of payments position. As such, despite the fall in commodity prices, Malaysia's trade and current account is expected to remain positive, sustained by manufactured exports while the financial account is expected to adjust in an orderly manner.

In all this, it is important that the investing community understand that Malaysia's position of strength does not stem from recent policies or new measures to address external challenges. Rather the economic restructuring, financial reforms and development activities undertaken over the last two decades have reinforced our position as an attractive and steadfast investment proposition. Add to this the long-term activities that have helped form effective layers of buffers and Malaysia is in a strong position to weather the current challenging operating environment.

As Malaysia looks to implement mid-term initiatives such as the 11MP to strengthen its capabilities to achieve sustainable growth, it is also taking cognisance of the many opportunities that existing and potential free trade agreements (FTAs) such as the ASEAN Economic Community (AEC), Trans Pacific Partnership (TPP) and Regional Comprehensive Economic Partnership (RCEP) bring with them. Malaysia today is fully committed to regional engagements such as the TPP and the RCEP as these engagements will increase our trade opportunities, open our market to foreign investors and create jobs for Malaysians. We have now become a signatory to the TPP and are currently actively negotiating the RCEP which we are confident will soon become a reality. The ASEAN-Hong Kong FTA too is expected to materialise soon.

Leveraging on ASEAN for Growth

ASEAN makes for a compelling investment case for global businesses due to its expanding middle class economy. The ASEAN nations collectively are the seventh largest economy on the planet with a population of 633 million people. Moreover, with the AEC launched in 2015 and gathering momentum, the region is steadily moving towards achieving the AEC's objective of an integrated market with the free flow of goods, services, investments, capital and human resources, all of which will prove attractive to investors.

Understanding that the establishment of the AEC is not a static end goal, but a dynamic process that requirescontinuous reinvention of the region to maintain its relevance, ASEAN member countries have adopted theAEC Blueprint 2025 to guide ASEAN economic integration from 2016 to 2025. The blueprint envisions astronger AEC with these characteristics by 2025 - a highly integrated and cohesive economy; a competitive, innovative, and dynamic ASEAN; enhanced connectivity and sectoral cooperation; a resilient, inclusive andpeople-oriented, people-centred ASEAN; and last but not least, a global ASEAN.

Recognising the regulatory hurdles that investors may face when entering ASEAN, initiatives such as the ASEAN Pathfinder have been developed to address them. This initiative aims to resolve non-tariff barriers (NTB) and other operational issues which are hindering the realisation of ASEAN's full potential. The ASEAN Comprehensive Investment Agreement or ACIA too is another initiative that is expected to facilitate the transformation of ASEAN into an investment hub that is be able to readily compete with other emerging economies to attract FDI and intra-ASEAN investment.

Today, ASEAN provides an effective platform for investors to utilise and maximise its value chain. The varying levels of economic development in ASEAN coupled with each country's industry specialisation allows greater complementation

Understanding that the establishment of the AEC is not a static end goal, but a dynamic process that requires continuous reinvention of the region to maintain its relevance, ASEAN member countries have adopted the AEC Blueprint 2025 to guide ASEAN economic integration from 2016 to 2025. The blueprint envisions a stronger AEC with these characteristics by 2025 - a highly integrated and

cohesive economy; a competitive, innovative, and dynamic ASEAN; enhanced connectivity and sectoral cooperation; a resilient, inclusive and people-oriented, people-centred ASEAN; and last but not least, a global ASEAN.

among local and multinational companies (raw material supply and high value chain) and locational complementation between member countries (labour force and natural resources). Market-seeking and efficiency-seeking FDIs may leverage on these factors to increase their involvement in the regional supply chain.

The practice of finding another ASEAN country to complement current operations has led ASEAN-based investors to deepen their engagements within the region. Increasingly, multi-national companies in ASEAN are adopting production strategies that involve horizontal and vertical multi-plant operations in two or more ASEAN countries for strategic and economic reasons.

The ASEAN production network is used as part of the companies' regional value chain that is within integrated business arrangements and linked with different functions and operations (i.e. marketing, research and development, manufacturing).

Malaysia and MIDA will continue to cooperate and collaborate with ASEAN countries through investment promotion activities, market and investment feasibility studies and specific measures to promote access to potential host industries. These initiatives are aimed at enhancing trade and investment opportunities within ASEAN countries which would contribute towards regional growth and development.

When in evaluating opportunities in ASEAN, investors should view ASEAN not only as a market of 633 millionpeople, but rather a gateway to a market of more than three billion people created by the various ASEANPlus 1 FTAS with China, Japan, Korea, India, Australia and New Zealand.

When evaluating opportunities within ASEAN, investors should view ASEAN not only as a market of 633 million people, but rather a gateway to a market of more than 3 billion people created by thevarious ASEAN Plus 1 FTAS.

Moreover, with Malaysia committedto other regional engagements such as the TPP, RCEP and ASEAN-Hong Kong FTA, investors can leverage onthese opportunities for sustainable business growth.

Tapping the TPP for competitive advantage

In early October 2015, the 12 Trans-Pacific Partnership (TPP) countries, namely Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the USA and Vietnam, announced the conclusion of their negotiations. Malaysia has many benefits to avail itself of under the TPP. Malaysian exporters will gain a competitive advantage over their regional competitors in exporting electrical and electronics products, chemical products, palm oil products, rubber products, wood products, textiles as well as automotive parts and components.

The TPP will also provide preferential access for goods and services from Malaysia into four "new" FTA markets, namely the USA, Canada, Mexico, and Peru. Upon the TPP coming into force, Malaysia will see import duties for almost 90 per cent of its products eliminated in the USA; import duties for almost 95 per cent of its products eliminated in Canada; import duties for almost 77 per cent of its products eliminated in Mexico; and import duties for almost 81 per cent of its products eliminated in Peru. In addition, while Japan did not include plywood in the Malaysia-Japan Economic Partnership Agreement (FTA), the ASEAN-Japan FTA will offer preferential access to plywood and products sourced from Malaysia.

The rules of origin that allow for accumulation of inputs from all TPP parties will make it easier for goods from Malaysia to qualify for preferential duty. This also offers greater opportunities for Malaysian producers of parts and components products to supply the regional value chain. The high regional value content in the rules of origin for automotive vehicles and parts and components will encourage auto manufacturers currently sourcing parts and components from outside TPP countries, to source them from Malaysia.

Malaysia will eliminate import duties for almost 85% of products imported from TPP countries upon entry into force of the agreement. Consumers in Malaysia can expect to enjoy a wider choice of better quality TPP-origin products at competitive prices. The TPP is also expected to enhance transparency and good regulatory practices, both internally and among TPP members, through better coordination and the exchange of information.

While the AEC is a non-legally binding statement of mutual intent within ASEAN, and the TPP is a legally binding agreement between the 12 TPP countries, both ultimately aim for market access. The AEC and TPP will serve as incentives to attract FDI into Malaysia. Four of the ASEAN countries namely Brunei, Malaysia, Singapore and Vietnam, are TPP member nations and this will open up wider access to ASEAN. Other non-TPP member countries will be able to tap into the TPP market and gain access to potential investments.

Malaysia's allure as an ideal investor destination

In view of Malaysia' role within the economic powerhouse that the AEC is fast becoming and the abundant opportunities to be tapped in Malaysia when the FTAs such as the TPP, RCEP and other potential FTAs are formally rolled out, MNCs would do well to consider Malaysia as a potential investment location.

Malaysia's strong government-backed pro-business policies, its good balance of costs and benefits, its world class transportation, communications and financial services infrastructure, as well as its talented and multilingual workforce - all at a fraction of the cost of neighbouring countries - makes it an ideal investor proposition.

Initiatives such as the new Principal Hub Incentive too are set to strengthen Malaysia's position as the global operational centre for multinational corporations. With this incentive already leveraging on economic cooperation under the ASEAN Trade in Goods Agreement (ATIGA) and ASEAN Framework Agreement on Services, MNCs are in good hands.

THE IMPACT OF THE TPPA ON MALAYSIAN INTERESTS

Malaysia became a signatory to the 12-party Trans-Pacific Partnership Agreement (TPPA) on 4 February 2016. As a country that adopts an open trade policy, Malaysia's participation in the TPPA is consistent with national interests and will further enhance our competitiveness in regional and global markets.

Following five years of negotiations, the final round of TPP negotiations were held in Atlanta, the USA from 30 September to 5 October 2015. Subsequently, on 5 November 2015, the full text of the TPPA containing 30 chapters comprising 595 pages of treaty text, 5,755 pages containing the attachment for the table market access to 12 countries TPPA, a government-owned airline, rules of origin; and 20 letters on which the sides agreed to bilaterally, was made public.

The Ministry of International Trade and Industry (MITI) played its part in driving the cost-benefit study on the impact of the TPP helmed by the Institute of Strategic and International Studies (ISIS) and PricewaterhouseCoopers (PwC). MITI also conducted road shows and undertook information dissemination through various platforms to spread information and knowledge on the TPPA.

Under the TPPA's requirements, Malaysia will make 26 amendments to 17 laws, particularly those relating to labour regulations and intellectual property rights. However, these will not affect the Federal Constitution nor national policies, particularly those relating to Bumiputera Rights.

Malaysia's participation in the TPPA does not mean that Malaysia will marginalise China, ASEAN or the Islamic nations, nor does it mean that it will ignore the World Trade Organization (WTO). Malaysia still believes that the WTO is an important platform to enhance trade relations between the countries of the world. Moreover, negotiators have successfully safeguarded Bumiputera policy implementation in the areas of chapter procurement, SOE and cap investment and services, state affairs, and Halal certification. The importation and distribution of rice in Malaysia is also not subject to the TPPA.

Malaysia and Vietnam can continue to impose export taxes under the TPPA. Additionally, the Government can continue to implement regulatory Internet filtering for racy materials which contradict the moral and religious values of its citizens. The Government also has the right to manage volatile capital flows in the event of a financial crisis or the threat of a crisis. With many of Malaysia's rights maintained, the TPPA is neither suppressive nor lopsided.

Energising sustainable growth

Going forward, as the "single window" for investment into Malaysia, MIDA will continue to assume a key role in driving investment promotion and bringing about a significant leap in investment activities for Malaysia. The agency will strengthen its central coordination functions and increase the visibility of cross-agency functions, roles and incentives.

To energise investments in the manufacturing and services sectors to bring about sustainable growth, MIDA will continue to enhance the related ecosystems and implement more strategic and comprehensive investment promotion activities. The strategy going forward will be to leverage on new sources of competitive advantage and undertake a strong role in bridging the human capital needs of individual potential investors.

The Malaysian Government will continue to introduce various measures to bolster Malaysia's ability to face domestic and external challenges and opportunities, including those

Going forward, MIDA will focus on quality investment projects that are high technology oriented, high value-added, knowledge-intensive, skills-intensive; and export oriented. MIDA will also work to attract capital, design and R&D-intensive projects that have a high GNI impact plus strong linkages to domestic industries.

on the AEC, TPPA and RCEP fronts. It will work on fine-tuning investment policies, enablers, fiscal and non-fiscal incentives as well as continue to collaborate and engage with a variety of stakeholders to attract investors across all economic sectors. The focus will also be more on attracting quality investment projects, without discounting the importance of investment volume.

To this end, MIDA will continue to promote quality investment projects that are high technology oriented, high value-added, knowledge-intensive, skills-intensive; and export oriented. MIDA will also work to attract capital, design and R&D-intensive projects that have a high GNI impact plus strong linkages to domestic industries. The agency will also do its part to leverage on the strategies under the 11MP to drive growth momentum.

Now that the AEC has been realised, the TPPA concluded and upcoming FTAs such as the RCEP nearing completion, investors can avail themselves of the host of market access opportunities with zero or low duties for Malaysian products that are coming into play. In all this, MIDA stands ready to facilitate investments into the country by ensuring that the business environment is conducive for investments. The strong pro-business policy support by the Malaysian Government too will ensure the smooth implementation of these projects.

Given its sound fundamentals, its strategic position within the growing AEC, the host of existing and potential FTAs to be leveraged on, as well as MIDA and the Malaysian Government's active involvement in investment activities, Malaysia remains a strong contender as an investment location.

APPENDICES

Appendix 1: Approved Manufacturing Projects, 2015 and 2014

	2015			2014		
	New	Expansion/ Diversification	Total	New	Expansion/ Diversification	Total
Number	384	296	680	450	361	811
Potential Employment	37,233	29,261	66,494	44,926	33,417	78,343
Total Capital Investment (RM million)	60,239.4	14,453.7	74,693.1	43,468.6	28,384.0	71,852.7
- Domestic (RM million)	48,597.2	4,154.2	52,751.4	23,929.7	8,330.2	32,260.0
- Foreign (RM million)	11,642.1	10,299.5	21,941.6	19,538.9	20,053.8	39,592.7

Appendix 2: New Manufacturing Projects Approved by Size of Capital Investment, 2015 and 2014

Size Of Capital Investment	2015					2014				
	No.	Employment	Domestic Investment (RM million)	Foreign Investment (RM million)	Total Capital Investment (RM million)	No.	Employment	Domestic Investment (RM million)	Foreign Investment (RM million)	Total Capital Investment (RM million)
Less Than RM 2.5 million	36	794	50.8	5.5	56.3	48	1,467	61.5	7.3	68.9
RM 2.5 million - < RM 5.0 million	42	1,362	112.1	50.2	162.3	62	2,772	186.6	42.0	228.6
RM 5.0 million - < RM 10.0 million	96	5,132	549.5	152.4	701.9	110	7,286	670.9	139.0	809.8
RM10.0 million - < RM 50.0 million	151	12,498	2,324.5	1,048.8	3,373.4	158	14,029	2,407.3	955.7	3,363.1
RM50.0 million - < RM100.0 million	23	2,894	854.1	691.2	1,545.3	27	3,660	761.0	1,063.4	1,824.4
RM100.0 million - < RM500.0 million	23	4,734	1,682.4	3,552.3	5,234.7	32	6,109	3,569.5	4,329.2	7,898.7
RM500.0 million - < RM 1.0 billion	8	6,527	1,649.3	3,578.2	5,227.5	3	887	936.1	1,058.1	1,994.2
RM 1.0 billion And Above	5	3,292	41,374.5	2,563.4	43,937.9	10	8,716	15,336.9	11,944.1	27,281.0
TOTAL	384	37,233	48,597.2	11,642.1	60,239.4	450	44,926	23,929.7	19,538.9	43,468.6

Appendix 3: Approved Manufacturing Projects by Industry, 2015 and 2014

Industry	2015					2014				
	No.	Employment	Domestic Investment (RM million)	Foreign Investment (RM million)	Total Capital Investment (RM million)	No.	Employment	Domestic Investment (RM million)	Foreign Investment (RM million)	Total Capital Investment (RM million)
Petroleum Products (Including Petrochemicals)	12	1,861	25,112.9	1,862.4	26,975.3	19	1,581	11,255.3	4,726.5	15,981.8
Natural Gas	1	128	10,410.6	-	10,410.6	.	.	.	.	.
Electronics & Electrical Products	93	22,599	722.1	8,203.6	8,925.8	96	16,700	724.6	10,422.6	11,147.2
Transport Equipment	55	2,696	6,002.3	506.6	6,508.9	56	6,873	3,747.8	1,867.7	5,615.5
Non-Metallic Mineral Products	25	3,317	1,405.3	2,301.2	3,706.5	30	2,711	2,149.4	1,299.5	3,448.9
Basic Metal Products	28	3,628	929.9	2,679.8	3,609.7	33	7,133	1,974.9	7,969.1	9,944.0
Food Manufacturing	51	2,930	2,057.4	590.5	2,647.9	67	4,788	1,299.2	1,547.9	2,847.1
Fabricated Metal Products	77	4,526	1,639.2	966.7	2,605.9	101	5,156	1,420.6	793.7	2,214.2
Chemical & Chemical Products	50	2,009	1,086.5	1,195.8	2,282.4	83	4,709	3,046.5	7,704.2	10,750.8
Machinery & Equipment	97	4,428	964.0	838.5	1,802.4	98	4,568	1,758.3	720.6	2,478.9
Rubber Products	22	6,893	382.1	956.1	1,338.2	19	3,579	1,381.1	289.4	1,670.5
Paper,Printing & Publishing	16	1,065	149.1	813.7	962.8	17	2,144	348.5	555.8	904.3
Plastic Products	43	3,863	659.8	251.1	911.0	51	4,278	755.2	129.2	884.4
Scientific & Measuring Equipment	25	1,681	337.7	508.4	846.0	38	5,475	1,058.3	754.1	1,812.4
Wood & Wood Products	52	2,520	592.8	221.8	814.6	47	2,510	295.4	52.3	347.8
Beverages & Tobacco	3	423	107.9	6.6	114.4	8	1,007	161.1	65.3	226.5
Furniture & Fixtures	18	748	61.4	25.9	87.4	19	1,714	223.3	12.4	235.8
Textiles & Textile Products	4	219	17.9	7.4	25.3	17	2,260	597.5	635.7	1,233.2
Leather & Leather Products	1	74	9.7	-	9.7	2	194	21.4	0.5	21.9
Miscellaneous	7	886	102.6	5.6	108.2	10	963	41.4	46.1	87.5
TOTAL	680	66,494	52,751.4	21,941.6	74,693.1	811	78,343	32,260.0	39,592.7	71,852.7

Appendix 4: Approved Manufacturing Projects with Investments of RM100 million and above, 2015

Industry	New					Expansion / Diversification					TOTAL				
	No.	Employment	Domestic Investment (RM million)	Foreign Investment (RM million)	Total Capital Investment (RM million)	No.	Employment	Domestic Investment (RM million)	Foreign Investment (RM million)	Total Capital Investment (RM million)	No.	Employment	Domestic Investment (RM million)	Foreign Investment (RM million)	Total Capital Investment (RM million)
Petroleum Products (Including Petrochemicals)	8	1,736	24,947.7	1,637.9	26,585.6	1	24	139.2	208.9	348.1	9	1,760	25,086.9	1,846.8	26,933.7
Natural Gas	1	128	10,410.6	-	10,410.6	.	.	.	.	.	1	128	10,410.6	-	10,410.6
Electronics & Electrical Products	4	2,994	19.3	1,637.0	1,656.3	10	14,321	180.9	5,979.9	6,160.7	14	17,315	200.2	7,616.9	7,817.1
Transport Equipment	3	403	5,259.9	-	5,259.9	2	154	38.4	214.7	253.2	5	557	5,298.3	214.7	5,513.1
Non-Metallic Mineral Products	5	1,422	1,129.0	1,422.9	2,551.9	1	271	-	718.0	718.0	6	1,693	1,129.0	2,140.9	3,269.9
Basic Metal Products	1	1,545	134.0	2,546.7	2,680.7	3	429	374.0	98.8	472.8	4	1,974	508.0	2,645.5	3,153.5
Food Manufacturing	1	350	1,289.8	16.7	1,306.5	2	49	69.3	205.0	274.3	3	399	1,359.1	221.7	1,580.8
Chemical & Chemical Products	3	270	408.8	848.8	1,257.7	2	33	258.4	.	258.4	5	303	667.2	848.8	1,516.0
Fabricated Metal Products	2	247	607.9	-	607.9	3	220	158.9	626.2	785.1	5	467	766.9	626.2	1,393.0
Rubber Products	1	4,230	-	924.0	924.0	1	893	146.0	-	146.0	2	5,123	146.0	924.0	1,070.0
Paper,Printing & Publishing	1	62	-	113.9	113.9	1	30	-	613.5	613.5	2	92	-	727.4	727.4
Machinery & Equipment	3	665	262.5	379.6	642.1	.	.	.	.	.	3	665	262.5	379.6	642.1
Scientific & Measuring Equipment	2	342	83.4	166.4	249.8	1	128	-	249.8	249.8	3	470	83.4	416.2	499.6
Plastic Products	.	.	.	.	.	1	40	155.4	8.2	163.6	1	40	155.4	8.2	163.6
Wood & Wood Products	1	159	153.2	-	153.2	.	.	.	.	.	1	159	153.2	-	153.2
TOTAL	36	14,553	44,706.2	9,693.9	54,400.2	28	16,592	1,520.5	8,923.1	10,443.6	64	31,145	46,226.8	18,617.0	64,843.7

Appendix 5: Approved New and Expansion/Diversification Manufacturing Projects by Industry, 2015 and 2014

Industry	2015						2014					
	New		Expansion / Diversification		TOTAL		New		Expansion / Diversification		TOTAL	
	No.	Total Capital Investment (RM million)	No.	Total Capital Investment (RM million)	No.	Total Capital Investment (RM million)	No.	Total Capital Investment (RM million)	No.	Total Capital Investment (RM million)	No.	Total Capital Investment (RM million)
Petroleum Products (Including Petrochemicals)	10	26,613.7	2	361.6	12	26,975.3	10	15,288.0	9	693.8	19	15,981.8
Natural Gas	1	10,410.6	.	.	1	10,410.6	.	.	.	.	.	.
Electronics & Electrical Products	26	2,156.2	67	6,769.5	93	8,925.8	29	2,426.3	67	8,720.9	96	11,147.2
Transport Equipment	16	5,632.1	39	876.9	55	6,508.9	31	4,871.3	25	744.2	56	5,615.5
Non-Metallic Mineral Products	18	2,927.0	7	779.4	25	3,706.5	18	2,499.9	12	949.0	30	3,448.9
Basic Metal Products	15	3,029.0	13	580.6	28	3,609.7	21	6,554.3	12	3,389.7	33	9,944.0
Food Manufacturing	34	1,926.7	17	721.2	51	2,647.9	42	1,201.2	25	1,646.0	67	2,847.1
Fabricated Metal Products	51	1,293.1	26	1,312.8	77	2,605.9	57	1,301.9	44	912.4	101	2,214.2
Chemical & Chemical Products	24	1,562.4	26	720.0	50	2,282.4	49	4,682.5	34	6,068.2	83	10,750.8
Machinery & Equipment	58	1,383.6	39	418.8	97	1,802.4	58	970.7	40	1,508.2	98	2,478.9
Rubber Products	13	1,073.2	9	265.0	22	1,338.2	10	1,162.7	9	507.8	19	1,670.5
Paper,Printing & Publishing	14	317.1	2	645.7	16	962.8	8	198.2	9	706.1	17	904.3
Plastic Products	31	570.9	12	340.1	43	911.0	36	628.0	15	256.5	51	884.4
Scientific & Measuring Equipment	13	494.9	12	351.1	25	846.0	14	1,137.4	24	675.0	38	1,812.4
Wood & Wood Products	38	569.4	14	245.2	52	814.6	32	209.2	15	138.6	47	347.8
Beverages & Tobacco	2	78.7	1	35.8	3	114.4	6	85.9	2	140.6	8	226.5
Furniture & Fixtures	12	71.6	6	15.8	18	87.4	14	135.2	5	100.5	19	235.8
Textiles & Textile Products	2	16.1	2	9.2	4	25.3	6	33.6	11	1,199.6	17	1,233.2
Leather & Leather Products	1	9.7	.	.	1	9.7	1	18.5	1	3.4	2	21.9
Miscellaneous	5	103.2	2	5.0	7	108.2	8	63.9	2	23.6	10	87.5
TOTAL	384	60,239.4	296	14,453.7	680	74,693.1	450	43,468.6	361	28,384.0	811	71,852.7

Appendix 6: Approved Manufacturing Projects with Malaysian Majority* Ownership by Industry, 2015 and 2014

Industry	2015						2014					
	New		Expansion / Diversification		TOTAL		New		Expansion / Diversification		TOTAL	
	No.	Total Capital Investment (RM million)	No.	Total Capital Investment (RM million)	No.	Total Capital Investment (RM million)	No.	Total Capital Investment (RM million)	No.	Total Capital Investment (RM million)	No.	Total Capital Investment (RM million)
Petroleum Products (Including Petrochemicals)	3	24,926.1	.	.	3	24,926.1	8	14,957.8	3	39.0	11	14,996.8
Natural Gas	1	10,410.6	.	.	1	10,410.6	.	.	.	.	.	.
Transport Equipment	11	5,463.0	32	540.0	43	6,003.0	24	3,979.9	17	570.5	41	4,550.4
Food Manufacturing	25	1,723.7	8	272.9	33	1,996.6	33	707.3	13	637.1	46	1,344.4
Fabricated Metal Products	36	1,070.7	14	429.5	50	1,500.2	47	1,042.0	35	524.8	82	1,566.8
Non-Metallic Mineral Products	12	1,389.4	2	19.9	14	1,409.3	11	1,358.5	7	753.3	18	2,111.9
Machinery & Equipment	44	783.2	21	226.0	65	1,009.3	48	422.9	32	1,423.7	80	1,846.6
Chemical & Chemical Products	17	436.0	17	540.4	34	976.4	34	3,123.7	18	390.3	52	3,514.0
Electronics & Electrical Products	14	280.6	28	572.1	42	852.7	14	200.4	20	584.2	34	784.5
Basic Metal Products	13	319.3	11	472.1	24	791.4	11	149.1	9	770.0	20	919.2
Plastic Products	23	382.5	6	295.1	29	677.5	30	538.2	12	226.2	42	764.3
Wood & Wood Products	28	390.2	12	208.2	40	598.4	28	176.9	14	123.8	42	300.7
Rubber Products	11	126.4	5	263.0	16	389.5	10	1,162.7	7	246.2	17	1,408.9
Scientific & Measuring Equipment	10	315.1	7	70.6	17	385.7	10	774.3	14	410.6	24	1,184.9
Paper,Printing & Publishing	9	118.5	1	32.2	10	150.7	8	198.2	7	194.4	15	392.6
Beverages & Tobacco	2	78.7	1	35.8	3	114.4	6	85.9	1	33.5	7	119.4
Furniture & Fixtures	10	47.1	6	15.8	16	62.9	13	128.1	4	100.5	17	228.6
Textiles & Textile Products	2	16.1	1	1.8	3	17.9	6	33.6	6	695.4	12	729.0
Leather & Leather Products	1	9.7	.	.	1	9.7	1	18.5	1	3.4	2	21.9
Miscellaneous	4	100.6	2	5.0	6	105.7	7	41.4	.	.	7	41.4
TOTAL	276	48,387.6	174	4,000.4	450	52,388.1	349	29,099.5	220	7,726.7	569	36,826.2

* Projects with Malaysian equity ownership of more than 50 percent.

Appendix 7: Approved Projects in the Engineering Supporting Industry by Sub-Sector, 2015

Subsector	New					Expansion / Diversification					TOTAL				
	No.	Employment	Domestic Investment (RM million)	Foreign Investment (RM million)	Total Capital Investment (RM million)	No.	Employment	Domestic Investment (RM million)	Foreign Investment (RM million)	Total Capital Investment (RM million)	No.	Employment	Domestic Investment (RM million)	Foreign Investment (RM million)	Total Capital Investment (RM million)
Moulds, Tools & Dies	10	406	84.1	61.3	145.3	2	68	19.4	.	19.4	12	474	103.5	61.3	164.8
Machining	11	579	65.8	63.4	129.2	10	313	124.7	25.8	150.5	21	892	190.5	89.2	279.7
Stamping	1	76	6.5	-	6.5	-	-	.	.	.	1	76	6.5	-	6.5
Casting	1	181	13.8	-	13.8	3	552	189.9	14.4	204.3	4	733	203.7	14.4	218.1
Surface Engineering	5	221	7.4	57.8	65.3	1	92	-	12.8	12.8	6	313	7.4	70.6	78.0
TOTAL	28	1,463	177.6	182.5	360.1	16	1,025	334.0	53.0	387.0	44	2,488	511.6	235.5	747.1

Appendix 8: Approved Projects in Electrical & Electronics Industry by Sub-sector, 2015

Subsector	New					Expansion / Diversification					TOTAL				
	No.	Employment	Domestic Investment (RM million)	Foreign Investment (RM million)	Total Capital Investment (RM million)	No.	Employment	Domestic Investment (RM million)	Foreign Investment (RM million)	Total Capital Investment (RM million)	No.	Employment	Domestic Investment (RM million)	Foreign Investment (RM million)	Total Capital Investment (RM million)
Consumer Electronics	2	432	-	94.7	94.7	1	62	-	7.0	7.0	3	494	-	101.7	101.7
Electronic Components	7	848	134.5	4.3	138.8	21	11,028	94.2	3,814.2	3,908.4	28	11,876	228.6	3,818.6	4,047.2
Industrial Electronics	4	515	45.2	71.5	116.7	12	3,466	30.3	1,542.6	1,572.9	16	3,981	75.5	1,614.1	1,689.6
Electrical Appliances	-	-	-	-	-	12	867	36.6	-	36.6	12	867	36.6	-	36.6
Industrial Electrical	5	633	64.7	97.4	162.1	9	298	48.0	97.2	145.1	14	931	112.6	194.5	307.2
Electrical Components	8	2,993	59.5	1,584.4	1,643.9	12	1,457	209.3	890.2	1,099.6	20	4,450	268.8	2,474.7	2,743.5
TOTAL	26	5,421	303.8	1,852.4	2,156.2	67	17,178	418.3	6,351.3	6,769.5	93	22,599	722.1	8,203.6	8,925.8

Appendix 9: Manufacturing Projects Approved with Foreign Participation by Source, 2015 and 2014

Country	2015		2014	
	No.	Foreign Investment (RM million)	No.	Foreign Investment (RM million)
USA	19	4,150.2	23	1,350.1
Japan	60	4,009.3	55	10,869.9
Hong Kong	9	3,180.9	5	70.4
China	17	1,872.0	24	4,751.7
Singapore	87	1,394.8	121	7,821.7
Korea,Republic	22	1,353.4	11	1,549.0
Taiwan	24	1,275.5	30	692.1
Germany	22	1,160.8	13	4,416.8
Netherlands	9	976.5	11	816.4
Sweden	2	630.8	.	.
United Arab Emirates	3	320.6	3	767.3
Australia	6	255.1	10	213.0
British Virgin Islands	7	244.5	6	295.3
Switzerland	5	186.9	12	565.1
United Kingdom	11	146.9	8	393.1
Mexico	1	135.8	.	.
Italy	3	120.8	1	1,060.8
Norway	2	74.9	1	27.0
Egypt	1	58.1	.	.
Others	48	394.1	82	3,932.8
TOTAL	358	21,941.6	416	39,592.7

Appendix 10: Approved Manufacturing Projects by State, 2015 and 2014

State	2015						2014					
	New		Expansion / Diversification		TOTAL		New		Expansion / Diversification		TOTAL	
	No.	Total Capital Investment (RM million)	No.	Total Capital Investment (RM million)	No.	Total Capital Investment (RM million)	No.	Total Capital Investment (RM million)	No.	Total Capital Investment (RM million)	No.	Total Capital Investment (RM million)
Johor D.T.	73	29,552.5	64	1,549.8	137	31,102.3	102	17,931.9	77	3,244.4	179	21,176.4
Sarawak	11	11,701.6	11	115.3	22	11,816.9	8	1,839.4	10	7,800.6	18	9,640.0
Selangor D.E.	140	3,376.0	82	4,587.8	222	7,963.8	145	3,744.0	84	3,298.3	229	7,042.3
Melaka	11	5,621.8	17	1,237.2	28	6,859.0	13	3,867.7	15	651.9	28	4,519.6
Pulau Pinang	59	2,816.5	48	3,907.9	107	6,724.3	74	2,609.4	95	5,553.0	169	8,162.4
Perak D.R.	21	3,029.9	11	857.5	32	3,887.4	11	702.6	15	1,005.4	26	1,708.0
Negeri Sembilan D.K.	17	1,040.9	18	668.5	35	1,709.4	24	1,882.4	17	1,212.5	41	3,094.9
Terengganu D.I.	7	1,363.1	4	37.0	11	1,400.1	9	1,455.6	4	112.5	13	1,568.0
Kedah D.A.	19	365.1	30	991.4	49	1,356.6	22	961.2	28	4,324.1	50	5,285.2
Pahang D.M.	13	723.9	4	437.4	17	1,161.3	12	4,413.5	6	786.9	18	5,200.4
Kelantan D.N.	5	353.4	1	0.3	6	353.7	6	1,240.8	1	2.0	7	1,242.8
Sabah	6	290.6	4	57.6	10	348.2	17	2,539.0	6	378.7	23	2,917.7
W.P. - Kuala Lumpur	2	4.1	.	.	2	4.1	5	42.1	1	6.9	6	49.0
Perlis I.K.	.	.	1	3.1	1	3.1	1	210.0	1	2.9	2	212.9
W.P.- Labuan	.	.	1	2.9	1	2.9	1	29.1	1	4.0	2	33.1
TOTAL	384	60,239.4	296	14,453.7	680	74,693.1	450	43,468.6	361	28,384.0	811	71,852.7

Appendix 11: Approved Investments in Various Services Sectors, 2015 and 2014

Sub-Sector	Number		Potential Employment		Total Investment (RM million)	
	2015	2014	2015	2014	2015	2014
Real Estate	911	1,321	NA	NA	26,895.1	88,558.9
Transport	56	79	513	2,211	15,713.6	6,257.4
Financial Services	48	50	140	124	15,371.4	6,871.0
Utilities	NA	NA	7	122	11,706.6	9,046.1
Global Establishments	224	234	4,217	3,099	8,222.2	5,600.6
Distributive Trade	1,317	1,867	72,349	55,375	6,812.1	8,690.8
Hotel & Tourism	118	118	7,242	8,914	5,412.6	6,689.8
MSC Status	249	230	12,853	14,480	4,569.7	2,963.8
Support Services	251	158	2,605	6,752	3,680.8	5,258.7
Health Services	26	22	6,765	2,230	3,679.0	2,284.9
Telecommunications*	309	627	NA	NA	2,926.0	8,153.3
Bionexus Status & Software	28	22	1,711	1,112	1,713.7	1,426.9
Education Services	613	468	3,792	4,432	1,533.7	1,636.6
Total	4,150	5,196	112,194	98,851	108,236.6	153,438.8

Note NA : Data not available

* : Data for telecommunications is only up to January-June

Appendix 12: Approved Investments in the Primary Sector, 2015 and 2014

Primary Sector	Number		Employment		Total Investment (RM million)	
	2015	2014	2015	2014	2015	2014
Mining	26	36	156	288	2,813.2	13,450.8
Plantation & Commodities	4	7	471	317	712.2	724.2
Agriculture	27	29	929	874	261.2	250.5
Total	57	72	1,556	1,479	3,786.6	14,425.5

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