

MALAYSIA

INVESTMENT INCENTIVES IN MALAYSIA

(June 2011)

Investment Incentives in Malaysia

Introduction

Malaysia has established, over time, a vast array of incentives to attract Foreign Direct Investment (FDI). This note attempts to list and categorise these incentives. The purpose is to shed light on the various programmes, corridors, exceptions etc with a view to possibly providing input and ideas for the FTA negotiations.

Incentives are provided to promote the development of targeted industries and activities, which are believed by the authorities to contribute to the future growth and development of the Malaysian economy.

Incentives can be grouped in three main categories:

- Fiscal incentives such as tax allowance or pioneer status;
- Tariff related incentives such as import tax deduction;
- Other incentive such as exemptions from the bumiputera requirements.

These incentives are also provided in:

- the 5 economic corridors implemented under the 9th Malaysian Plan in order to promote balanced regional development and accelerate growth in designated economic areas. (Annex 1)
- the Multimedia Super Corridor is a Government-designated zone designed to leapfrog Malaysia into the information and knowledge age
- Biotechnology with the BioNexus status has been designed in order to promote Biotechnology
- Halal Parks have been designed to promote Halal industry in order to promote Malaysia as a Halal Hub.

1. Incentives from the Federal Government

In Malaysia, tax incentives, both direct and indirect, are provided for in the Promotion of Investments Act 1986, Income Tax Act 1967, Customs Act 1967, Sales Tax Act 1972, Excise Act 1976 and Free Zones Act 1990. These Acts cover investments in the manufacturing, agriculture, tourism (including hotel) and approved services sectors as well as R&D, training and environmental protection activities.

The direct tax incentives grant partial or total relief from income tax payment for a specified period, while indirect tax incentives are in the form of exemptions from import duty, sales tax and excise duty.

The two main direct incentives are:

- Pioneer Status with income tax exemption of x % (generally 70%) of the statutory income (i.e. gross income after deduction of tax deductible expenses and capital allowances) for a period of x years (generally five years). Unabsorbed capital allowances as well as accumulated losses incurred during the pioneer period can be carried forward and deducted from the post pioneer income of the company;
- Investment Tax Allowance of x % (generally 60%) on the qualifying capital expenditure incurred within x years (generally five years) from the date the first qualifying capital expenditure is incurred. The allowance can be utilised to offset against x % (generally

70%) of the statutory income for each year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.

However, in certain instances, for both the pioneer status and investment tax allowance, exemption of up to 100% of statutory income may be available, depending on the industry involved or activity undertaken by the company. For example, projects of national and strategic importance are eligible for 100% exemption.

These incentives apply for the following promoted sector

- Manufacturing (High technologies, strategic project, SME's, R&D, automotive industry etc)
- Agriculture (Clearing and preparation of land, Planting of crops etc)
- Tourism (theme park, business hotel, convention centre etc)
- Aerospace industry (design, development, spacecraft, aircraft etc)
- Knowledge based activities
- Manufacturing related services (logistics, market support)
- Environmental management (Forest plantation project)
- R&D
- Medical devices industry

There are also additional incentives such as:

- Reinvestment Allowance for the manufacturing sector (*It is in the form of an allowance of 60% of the qualifying capital expenditure incurred within a period of 15 years beginning from the year the first reinvestment is made*)
- Tax exemption (under income section 127 of the income tax act 1967) (for operational Headquarters, international procurement centre, shipping operation for “Malaysian ship” etc)
- Accelerated capital allowance for information communication technology
- Investment allowance and income tax exemption for approved service project (Project in the transports, communication, utilities sub sector...)
- Tariff related incentives such as the exemption of import duty (Raw material, component and machinery not produced locally)

Generally applications for these incentives should be submitted to the Malaysian Industrial Development Authority (MIDA)

Website: http://www.mida.gov.my/en_v2/index.php

2. Specific incentive programmes

A) The Multimedia Super Corridor

The Multimedia Super Corridor (MSC) program was launched in 1996.

The MSC is a Government-designated zone in Malaysia designed to leapfrog Malaysia into the information and knowledge age. This project is in line with vision 2020 and the MSC has been implemented to support Malaysia in its effort to become a knowledge-based economy.

It aims to attract companies with temporary tax breaks and facilities such as high-speed Internet access and proximity to the Kuala Lumpur International Airport.

There are now 2,520 MSC Malaysia Status companies, 21% of these companies are foreign-owned.

MSC Malaysia covers an area stretching from the Petronas Twin Towers to the Kuala Lumpur International Airport, and including the towns of Putrajaya and Cyberjaya. On 7 December 2006, Port Klang was added to the MSC.

The MSC is also supported by secure cyber laws, strategic policies; and a range of financial and non-financial incentives for investors.

Main Incentives for MSC Malaysia Status Company

MSC Malaysia status multimedia companies operating in MSC Malaysia Cybercities or Cybercentres are eligible for the following incentives/facilities:

- Companies with MSC status are exempted from the Bumiputera equity requirement.
- Pioneer Status with income tax exemption of 100% of the statutory income for a period of 10 years
- Or Investment Tax Allowance of 100% on the qualifying capital expenditure incurred within a period of five years to be offset against 100% of statutory income for each year of assessment.
- Eligibility for R&D grants (for majority Malaysian-owned MSC Malaysia Status companies)
- There are other incentives such as exemption of import duty and sales tax on raw materials/components and machinery and equipment and Double deduction on expenditure incurred for R&D

Website: <http://www.msomalaysia.my/>

B) BioNexus Status

BioNexus status has been launched by the Malaysian Biotechnology Corporation Sdn owned by the MOF. Biotechcorp has been tasked with supporting the industry both domestically and in terms of attracting FDI. Its BioNexus Status is one result of this.

The biotechnology sector has attracted RM5.4 billion in investments in the first phase of the National Biotechnology Policy from 2006 until December 2009.

A company undertaking biotechnology activity and approved for BioNexus Status by the Malaysian Biotechnology Corporation Sdn. Bhd, is eligible for the following incentives:

- Companies with BioNexus status are exempted from the Bumiputera equity requirement.
- An exemption from tax on 100% statutory income:
 - For a period of ten (10) consecutive years of assessment from the first year the company derived statutory income from the new business; or
 - For a period of five (5) consecutive years of assessment from the first year the company derived statutory income from the existing business and expansion project;

- An exemption of 100% statutory income derived from a new business or an expansion project that is equivalent to an allowance of 100% of qualifying capital expenditure incurred for a period of five (5) years.
- A BioNexus Status company is entitled to a concessionary tax rate of 20% on statutory income from qualifying activities for ten (10) years upon the expiry of the tax exemption period
- Eligibility for R&D grants
- They are other incentives such as tax exemption on dividends, exemption of import duty and sales tax on raw materials/components and machinery and equipment and Double deduction on expenditure incurred for R&D

Website: <http://www.biotechcorp.com.my/Pages/Default.aspx?AudienceId=>

C) Halal Parks

Development of Halal Parks is being monitored by HDC (Halal Industry Development Corporation) to facilitate its development status and provide with HALMAS status. With the HALMAS status, the Halal Parks operators and halal industry players operating in the Halal Parks can apply for Halal incentives provided by HDC and MOF.

The Halal Parks are develop by Federal Agencies, State Agencies and private initiatives'.

The incentives are eligible for park operators, halal logistic operators and industrial players who are involve in 4 promotional halal activities i.e. meat and livestock, specialty processed food, halal ingredient, cosmetics and personal care.

Halal Parks with the HALMAS status: Selangor Halal Hub , Melaka Halal Hub , techparkaenstek , PKFZ Flagship Halal Zone

Halal Park Operator

- Full income tax exemption for a period of 10 years; OR
- 100% income tax exemption on qualifying capital expenditure within a period of 5 years. Exemption from import duty and sales tax on equipment, components and machinery used directly in the Cold Room Operations subject to the current policies.

Halal Industry Player

- 100% income tax exemption on qualifying capital expenditure for a period of 10 years. OR
- Exemption from import duty and sales tax on raw materials used for the development and production of halal promoted products.

Halal Logistic Operator

- Exemption on import duty import duty and sales tax on equipment, components and machinery used directly in the Cold Room Operations subject to the current policies.
- 100% income tax exemption on qualifying capital expenditure for a period of 5 years.
- Full income tax exemption for a period of 5 years; OR
- Income tax exemption on export sales for a period of 5 years

Other Halal Park without the HALMAS status also seems to provide incentives. For instance the Tanjung Manis Halal Hub allows investor to apply for incentives such as pioneer status, investment tax allowance. Tanjung Manis Halal Hub allows 100% foreign equity.

Moreover companies which invest in *halal* food production and have already obtained halal certification from JAKIM are eligible for the Investment Tax Allowance (ITA) of 100% of qualifying capital expenditure incurred within a period of 5 years.

3. Incentives for the 5 Economic corridors

There are five Economic Corridors:

- SCORE (Sarawak Corridor of the Renewable Energy) based in the State of Sarawak
- NCER (Northern Corridor Economic Region) which includes the States of Perlis, Kedah, Penang and Northern Perak
- ECER (Eastern Corridor Economic Region) which includes the States of Kelantan, Terengganu, Pahang and Mesring district of Johor.
- SDC (Sabah Development Corridor) based in the State of Sabah
- Iskandar Malaysia based in the State of Southern Johor.

The corridors provide incentives in order to promote investment and development of certain areas.

SCORE

- Companies eligible for Pioneer Status in Sarawak are granted tax exemption of 100% (normally 70%) of their statutory income.
- For companies eligible for Investment Tax Allowance, rate of allowance is increased to a maximum 100% (normally 75%) of the statutory income
- Second round of pioneer status for existing and new companies.
- Selected industries located in Sarawak can be granted incentives (i.e. Pioneer Status or Investment Tax Allowance, which are no longer given for products manufactured in other parts of Malaysia)
- Cheap industrial land. Current price from RM2.50.
- Low down payment for the purchase of industrial land.
- Flexible terms of payment for the purchase of industrial land.
- Other incentive such as import duty exemption (e.g. raw material ...)

Website: <http://www.sarawakscore.com.my/modules/web/>

NCER

Financial incentives

NCER include soft loans, grants, venture capital funding, flexible land lease arrangements at the discretion of the State Governments.

- For the agricultural sector, there are two sets of funding and incentive packages:

Agro-preneur Incentive Package

- To enable trained and experienced agronomists to set up modern farming SMEs.

Commercial Agriculture Incentive Package

- To encourage large corporations to undertake promoted agricultural activities.
- For the manufacturing sector, the NCER Manufacturing Industries Incentive Package is available to promoted zones in manufacturing sub-sectors (biotechnology, agribusiness, electronic sector (E&E))

Fiscal incentives

- Companies eligible (approved agricultural project, seeds research and development centres in Perlis, operator of premier park in Pedah) for Pioneer Status in Sarawak will be granted tax exemption of 100% (normally 70%) of their statutory income.
- For companies eligible for Investment Tax Allowance, rate of allowance will be increased to a maximum 100% (normally 75%) of the statutory income
- The NCER Tourism Development Incentive Package (focusing on Penang and Langkawi) would include fiscal incentives, provision of key infrastructure and waiver from meeting certain Government requirements.

Website: <http://www.ncer.com.my/site/>

ECER

- In the Pahang technology park in Gambang (including a ago X-cell park , science park , cybertech city , halal park) 100% foreign ownership is allowed
- In the petrochemical sector, companies that commence operations before Dec 31, 2015, will be exempted from income tax for 10 years from the year the company derives profit.
- In manufacturing, companies will be exempted from income tax for 10 years from the year the company derives profits, or gain income tax allowance amounting to 100 per cent for companies developing infrastructure of industrial areas.
- In food production, companies undertaking projects in the agriculture sector, crop production and processing, livestock (excluding poultry) and fisheries will be given income tax exemption for 10 years starting from the date the company derives profit or income tax allowance amounting to 100 per cent on qualifying capital expenditure for five years.
- In education, operators and investors in educational projects who start operations before Dec 31, 2015, are eligible for income tax exemption of 100 per cent for 10 years, or investment tax allowance of 100 per cent qualifying capital expenditure within 10 years.

Website: <http://www.ecerdc.com/ecerdc/>

SDC

Incentives will be provided for companies undertaking R&D, design and technology, agriculture (Agri-Business Accelerator Programme) transfer activities , also for companies promoting human capital and sustainable development

A special incentive package may also be offered to attract private sector investment in the development areas, such as relaxation of Bank Negara Malaysia's guidelines with regard to foreign financing sources and tax exemptions for import of specific building materials.

An attractive incentive package is currently being considered for prospective investors to set up their manufacturing facilities and distribution centres in the SFZ (Sapangar Free Zone):

- exemption from Malaysia's Foreign Investment Committee rules (100% foreign ownership allowed)
- Companies operating within the SFZ are entitled to apply for corporate tax exemption of up to 10 years from the government.
- all goods and products brought in to the free zone area are exempted from duty, sales tax and service tax. Foreign companies

Website: <http://www.sedia.com.my/>

Iskandar Malaysia

Tax / fiscal incentives will be made available to approved companies located in the approved node within Iskandar. 'Approved companies' refers to approved developers, approved development managers and IDR-status companies. Approved companies must operate in 6 services based sector (Creative industries and related services, educational services, financial advisory and consulting services, healthcare and related services, logistics and related services an tourism)

The incentives are as follows:

Non-fiscal incentives for Iskandar

Approved companies operating in the approved node will enjoy:

- Exemption from the FIC guidelines (100% foreign ownership or equity allowed)
- Flexibilities under the foreign exchange administration rules as follows:
 - Make and receive payments in foreign currency with residents;
 - Borrow any amount of foreign currency from licensed onshore banks and non-residents;
 - Invest any amount in foreign currency assets onshore and offshore; and
 - Retain export proceeds offshore.
- Unrestricted employment of foreign knowledge workers

Fiscal incentives for Iskandar

Approved developers

- Exemption from income tax up to year of assessment 2015 on statutory income from the disposal of any right in or over land within the approved node designated by IRDA,
- Exemption from income tax up to year of assessment 2020 on statutory income from the rental or sale of buildings within the approved node designated by IRDA,
- Exemption from compliance with the withholding tax provisions (up to 31 December 2015) on payments made to non-residents for services, interest and royalties.

Approved development managers

- Exemption from income tax on statutory income from the provision of management, supervisory or marketing services to an approved developer until the year of assessment 2020
- Exemption from compliance with the withholding tax provisions on payments made to non-residents for services up to 31 December 2015.

IDR-status companies

- Exemption from income tax on statutory income for 10 years provided operations commence on or before 31 December 2015. The exemption is in respect of income from qualifying activities within the approved node for clients situated within the approved node and outside Malaysia or wholly for clients outside Malaysia
- Exemption from compliance with the withholding tax provisions on payments for services and royalties to non-residents for a period of 10 years from the date of commencement of operations.

Website: <http://www.iskandarmalaysia.com.my/>

4. Exceptions to the Bumiputera equity requirement / foreign ownership caps

This section summarises, for ease of reference, the various exception to the Bumiputera requirements and foreign equity caps previously mentioned in this note under the various programmes/initiatives.

A) Deregulation of the Foreign Investment Committee (FIC) guidelines (June 2009)

The FIC Guidelines originally foresaw a general 30% minimum stake in locally incorporated companies.

Highlights of the changes are:

Removal of the 30% bumiputera equity requirement for newly listed companies

Bumiputera (sons of the soil) are those ethnic groups (overwhelmingly Malays) benefiting from "affirmative action" policies/privileges set up to favour their economic development. The original objective of the policy was to raise the ***bumiputeras'*** share of ownership/participation in the Malaysian economy to 30%. It was 2.8% in 1957 (independence). It now stands at approximately 18-20%.

Under a new guideline introduced by the Securities Commission, for newly listed companies the bumiputera requirement is brought down to 12.5% and this can be further reduced if more shares are issued later. This does not apply to "strategic industries" such as water, telecommunications, ports and energy.

FIC guidelines on acquisition of interests, mergers and takeovers for non-strategic sectors

Foreign Investment Committee (FIC) guidelines on the acquisition of equity stakes, mergers and takeovers have been repealed. It will no longer process share transactions nor impose equity conditions on such transactions. There will no longer be any equity conditions imposed on sectors "not deemed strategic"

B) Liberalisation of 27 services sub-sectors plus certain financial services subsector

Liberalisation of 27 services subsector (e.g.: ICT, healthcare, tourism) with the removal of the 30 % Burniputera equity. **See Annex I for details**

C) Measure related to the 5 economic corridors

In Pahang technology park (ECER) in Gambang (including a agro X-cell park, science park, cybertech city, halal park) 100% foreign ownership is allowed;

In Iskandar Malaysia Approved companies operating in the approved node will enjoy an exemption from the FIC guidelines (100% foreign ownership or equity allowed) and the ability to employ foreign employees freely within the approved zone;

In Sabah Development Corridor (SDC) especially in the SFZ (Sapangar Free Zone) 100% foreign ownership is allowed.

D) Other measures

Manufacturing companies licensed by MITI (100% foreign ownership is generally allowed);

Companies with MSC status or Bionexus status (100% foreign ownership allowed);

100% foreign ownership is allowed in the segment of Luxury car (over 1800cc and priced of RM 150,000);

100 % foreign equity allowed for PHEIs (Private Higher Education Institutions);

100 % foreign equity allowed for companies registered in the Labuan offshore financial center:

100 % foreign equity allowed for Islamic financial institution.

5. Other incentives

Incentives to Support Green Industries

- Green Building Index (GBI):
 - Investment Tax Allowance (ITA)
 - Import Duty Waiver
 - Sales Tax Waiver

- Green Technology Financing Scheme (GTFS):
 - Government provides financial support to help incorporating green technology elements in specific project (only for Malaysian owned companies: at least 51 % for producer of green technology and 70%for user of green technology)

- Pioneer Status & Investment Tax Allowance for EE (Energy Efficiency), RE (Renewable Energy), Waste Recycling Projects under MIDA

- Feed-in Tariff (FiT) under Renewable Energy Act for:

- Biomass (including solid waste);
- Biogas (including landfill gas & sewage);
- Small-hydro; and
- Solar PV.

ANNEX 1

Malaysia's five Regional Economic Development Corridors

These 5 economic corridors aimed at developing the country and promoting education, sustainable, investment, growth, and development of infrastructure. These corridors have also been implemented to eradicate poverty. The implementation of these corridors began under the country's 9th Malaysia Plan (2006-2010), and will continue into the 10th Malaysia Plan (2011-2015) and beyond. Malaysia Plans aimed at a comprehensive economic transformation and at improving quality of life and at increasing income for all Malaysians. This is also in line with the New Economic Model in transforming Malaysia into a high-income economy by means of high value-added activities through industrial development.

Funds have been allocated to the corridor under the 9th and 10th plan. Total investments committed to the five economic corridors up to May 2010 totalled RM248.06 billion. So far 197 projects are in various implementation stages.

Under the Tenth plan, the economic development of regions will be accelerated by focusing around a limited number of high-density clusters in the corridors that have sector and geographical advantages.

The corridors provide diverse tax incentive packages for approved projects in order to promote investments and growth.

The Malaysian Investment Development Authority (MIDA) is coordinating all investment promotion activities undertaken by the country's economic development zones.

The Corridor Development Corporation (CDC) is an Investment Promotion Agency charged with the responsibility of complementing the Government's efforts and initiatives in promoting investment opportunities in Malaysia's five Regional Economic Development Corridors.

1. Sarawak Corridor of the Renewable Energy (SCORE)

- Implementation

The Sarawak Corridor of Renewable Energy (SCORE) was launched on the 11th of February 2008. Their major initiative is to develop the Central Region and be able to transform the Sarawak state in Malaysia by the year-2020. SCORE managed and promoted by the Regional Corridor Development Authority (RECODA).

- Main promoted economic activities

The core of the corridor is the energy resources, particularly hydropower (28,000 MW), coal (1.46 billion tonnes), and natural gas (40.9 trillion square cubic feet) found abundantly within the Central Region .SCORE singles out 10 key industries for development. These include tourism, oil, aluminium, metals, glass, fishing, aquaculture, livestock, forestry, ship building and palm oil

- Results and objectives

To give an example, Government-owned company IMalaysia Development Bhd (1MDB) has teamed up with power transmission and distribution company State Grid Corp of China (SGCC) to undertake projects in Sarawak that would generate RM36.6 billion worth of economic value.

At the launch of this initiative former Prime Minister Abdullah declared "By 2030, the corridor will bring in RM334billion in investments. The Government will provide 15%, the state 4%, government linked companies 23% and the private sector 58%".

2. Northern Corridor Economic Region (NCER)

- **Implementation**

The NCER initiative will span from 2007 to the end of the 12th Malaysia Plan period, i.e. 2025. Northern Corridor Implementation Authority (NCIA) is the apex body which responsible for establishing directions, policies and strategies in conjunction with the NCER.

- **Main promoted economic activities**

The Northern Corridor Economic Region (NCER) will aim to become more competitive in a number of its key economic sectors, such as Electrical and Electronics, Agriculture, Tourism, and Bio-technology. It will also focus on infrastructure and human capital.

The NCER initiative will be at the forefront of the transformation of Malaysia's agricultural sector, embracing commercial scale farming and increasing export of fresh product and helping Malaysia to meet its food self-sufficiency objectives.

Already a home to one of the most important sectors of the economy - namely the electrical & electronics (E&E) sector - the NCER initiative will seek to accelerate the sector's move towards higher value-add activities such as design and R&D.

NCER will also develop infrastructure (mainly in Penang) to become the processing, logistics and trade centre for the Indonesia-Malaysia-Thailand Growth Triangle

- **Results and objectives**

For instance, the NCER recorded RM3.23 billion worth of investments via private sector participation between January and April 2011.

One of the main projects is AMD (Advanced Micro Devices) which will invest RM768.6 million for a planned centre to test microprocessors in Penang.

It is planned that a total investment of RM 177 billion from both public and private sectors in the period to 2025. It aims to create 500, 000 jobs by 2012, rising to one million by 2018, besides increasing the region's GDP from RM 52.7 billions in 2005 to a targeted RM 214 billion by 2025.

3. East Coast Economic Region (ECER)

- **Implementation**

The ECER has an initiation of development having a time span for 12 years starting from 2007. The East Coast Economic Region Development Council (ECERDC) is a statutory body in charge of the ECER.

- **Main promoted economic activities**

East Cost Economic Region is focusing on mainland coastal development, sustainable island tourism, eco-tourism, cultural & heritage and ago-tourism

Petronas, the Malaysia owned oil and gas company is the primary core importance and master planner for the ECER

Petronas, which conducted a study and drafted the master plan for the ECER, had among others land for the cultivation of rubber trees as a source for wood. It has also identified Kelantan as

suitable for the cultivation of poultry and herbs, Terengganu for goat rearing and citrus valley and Pahang for cattle farming and pineapple.

- Results and objectives

ECER has to date attracted a total of RM26 billion in expressed and committed investments, from both local and foreign investors.

A Dubai-based company and a Malaysian one signed a joint venture agreement to build, own, manage and operate a Multifunctional common User Supply Base within the Tanjong Agas Oil and Gas and Maritime Industrial Park. Both companies have committed a total initial investment of RM620 million.

The ECER is projected to rake in up to RM112 billion of investments of which 40% will be spent to build roads to spur development.

The ECER is expecting to create 561,000 jobs and to increase the monthly household income of the population in the ECER from RM2,267 now to RM5,227.

4. Sabah Development Corridor (SDC)

- Implementation

The Sabah Development Corridor (SDC) was officially launched on the 29th of January 2008. SDC is managed and promoted by the Sabah Economic Development Corporation (SEDCO).

- Main promoted economic activities

The key objectives of the SDC were to make Sabah a getaway for trade, investment and tourism, create job opportunities, and poverty eradication. Under the IOMP the SDC initiatives will focus on identified strategic project in specific areas such as an Education Hub in Sandakan, an agro marine belt, a tourism and waterfront development project in the Brunei Bay, and an Oil and Gas clusters.

- Objectives

The SDC is projected to rake in up to M105 billion of investments. By 2025, Sabah Development Corridor initiative aims to triple Sabah's GDP per capita, and increase its GDP by four times through the implementation of the prioritized programmes. An approximate figure of 900,000 jobs is expected to be created with the projects.

5. Iskandar Malaysia

- Implementation

Iskandar Malaysia (IM) which is also formerly known as Iskandar Development Region (IDR) and South Johor Economic Region (SJER) is the core southern development corridor in Malaysia. It was initially established on the 30th of July 2006. The project is administered by the Iskandar Regional Development Authority (IRDA). It is said to be the more dynamic corridor, perhaps because it is envisaged to capitalize on its current synergies with Singapore as it aims to complement each other as an economic hub.

- Main promoted economic activities

Under the 10MP, the region will focus on the 5 identified growth node to build economic clusters in the areas of education healthcare, finance, creative industry, logistics and tourism. Among the keys projects will be the Johor Premium Outlet and MSC Cyberport City. These projects will lead to economic spin-offs and opportunities in employment and business to the surrounding areas. Complementing the above projects, several infrastructure projects such as the

road construction surrounding Johor Bharu city centre, the improvement in the public transport system and the proposed Johor Bharu City Transformation project will be implemented.

- Results and objectives

Iskandar Malaysia already registered a total committed investment of RM 69.5 billion as at June 2011.

To give a recent example, UEM Land Holdings Bhd plan to develop retail and residential units in Nusajaya, Johor with a gross development value of RM850mil.

Iskandar Malaysia aimed to attract RM73 billion in committed investments from 2011 till the end of 2015. One of its goals is to achieve a 8% growth per annum over the next five years.

ANNEX 2

Services Sub-sectors Liberalised in 2009

Computer and Related Services

1. Consultancy services related to the installation of computer hardware (CPC 841).
2. Software implementation services - systems and software consulting services; systems analysis services; systems design services; programming services and systems maintenance services (CPC 842).
3. Data processing services - input preparation services; data processing and tabulation services; time sharing services and other data processing services (CPC 843).
4. Data base services (CPC 844).
5. Maintenance and Repair Services of Computers (CPC 845).
6. Other services - data preparation services; training services; data recovery services; and development of creative content (CPC 849).

Health and Social Services

7. All veterinary services (CPC 9320).
8. Welfare services delivered through residential institutions to old person and the handicapped (CPC 93311).
9. Welfare services delivered through residential institutions to children (CPC 93312).
10. Child day-care services including day-care services for the handicapped (CPC 93321).
11. Vocational rehabilitation services for handicapped (CPC 93324).

Tourism Services

12. Theme Park (CPC 96194).
13. Convention and Exhibition Centre (seating capacity of above 5,000) (CPC 87909).
14. Travel Agencies and Tour Operators Services (For inbound travel only) (CPC 7471).
15. Hotel and Restaurant services (for 4 and 5 star hotels only) (CPC 64110 and CPC 64199).
16. Food Serving Services (for services provided in 4 and 5 star hotels only) (CPC 642).
17. Beverage Serving Services for consumption on the premises (for services provided in and 5 star hotels only) (CPC 643).

Transport Services

18. Class C Freight Transportation (Private Carrier License - to transport own goods) (CPC 7123).

Sporting and other recreational services

19. Sporting Services (CPC 9641) (Sports event promotion and organisation services)

Business Services

- 19. Regional Distribution Centre (CPC 87909).
- 20. International Procurement Centre (CPC 87909).
- 22. Technical Testing and Analysis Services - composition and purity testing and analysis services, testing and analysis services of physical properties, testing and analysis services of integrated mechanical and electrical systems, and technical inspection services (CPC 8676).
- 23. Management Consulting Services - general, financial (excluding business tax), marketing, human resources, production and public relations services (CPC 8650).

Rental/Leasing Services without Operators

- 24. Rental/Leasing services of ships that excludes cabotage and offshore trades (CPC 83103).
- 25. Rental of cargo vessels without crew (Bareboat Charter) for international shipping (CPC 83103).

Supporting and Auxiliary Transport Services

- 26. Maritime Agency services (CPC 7454)
- 27. Vessel salvage and refloating services (CPC 7454)

Fund management and stock-broking liberalization (CP715)

In addition to the 27 sub-sectors liberalised in April 2009, a few Financial Services subsectors were (partially) liberalised in June 2009:

- Raising foreign ownership shareholding limits in existing stock-broking companies from the current 49% to 70%. For the retail segment, foreign shareholding limits for unit trust management companies also increased from the current 49% to 70%.
- Ownership in the wholesale segment of the fund management industry fully liberalised to allow 100% foreign ownership for qualified and leading fund management companies to establish operations in Malaysia.