

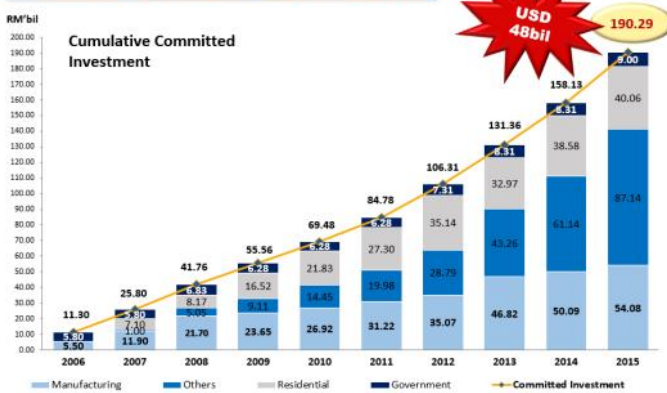


2015 Iskandar Malaysia's Committed Investments at RM32 billion.

Iskandar Malaysia ended the year 2015 on a high note with committed investments of RM32.16 billion despite lingering global economic uncertainties.

With the investments, the total cumulative committed investments from 2006 to 2015 now stood at RM190.29 billion.

Investment Updates 2006 to December 2015



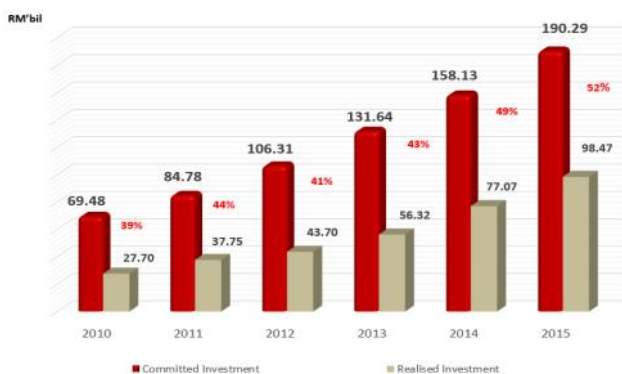
The committed investment for the year 2015 of RM32.16 billion is higher by RM5.65 billion or 21% as compared to the total cumulative committed investment for 2014 which stood at RM26.50 billion.

Out of the total cumulative committed investments of RM190.29 billion, 52% or RM98.47 billion had been realized to-date.

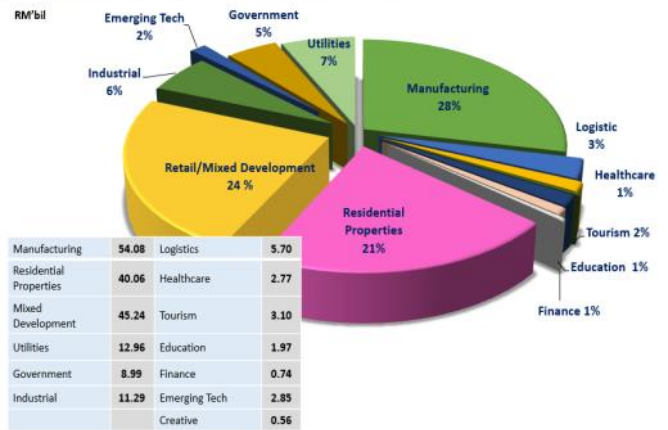
Manufacturing remained the largest contributor of cumulative committed investments at 28% or RM54.08 billion followed by retail/mixed development at 24% or RM45.24 billion and residential properties at 21% or RM40.06 billion.

Local investments continued to dominate the investment landscape in Iskandar Malaysia, accounting for 60% or

Cumulative Committed Investment 2006 to December 2015



Investment Updates 2006 to December 2015



RM113.68 billion of the total cumulative committed investment of RM190.29 billion, while foreign investors took up the balance of 40% equivalent to RM76.60 billion.

China has overtaken Singapore's position to be the largest foreign investor in Iskandar Malaysia with investments amounting to RM18.23 billion, mainly on mega property development projects in the likes of Country Garden (Country Garden Danga Bay & Forest City), Guangzhou R&F Properties (Puteri Cove) and Greenland (Jade Palace & Tebrau Bay Waterfront City).

Investments from Singapore stood at RM16.64 billion mainly in the manufacturing and services sectors such as education, healthcare as well as property.

Third place goes to USA, with total investment of RM6.33 billion mainly in the manufacturing sector while in fourth place is Japan with total investment of RM4.26 billion.

Going forward, BizWatch is of the view that investments from Indonesia will emerge onto our top 10 list as a result of our frequent engagements with potential investors in Indonesia through the Iskandar Malaysia Trans Regional Investment Promotion (IMITRA) programs .

Top 10 Foreign Investments in Iskandar Malaysia



Malaysia Investment Performance 2015

(source: MIDA)

BizWatch

MALAYSIA INVESTMENT PERFORMANCE REPORT 2015

DRIVING SUSTAINABLE GROWTH

On 29th Feb 2016, the Deputy Minister of International Trade and Industry announced Malaysia's Investment Performance for 2015.

The year 2015 was characterised by moderate global growth that slowed to 2.4% from 2.6% in 2014 (source: World Bank). The lackluster 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.

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.

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.

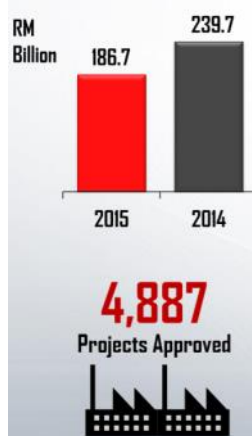
This attests to Malaysia's position as an attractive investment destination.

Nonetheless, when compared the investment performance against 2014, the RM186.7 billion reported is 21% lower than the RM239.5 billion reported in 2014.

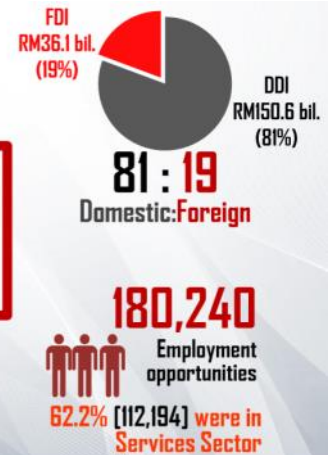
Of the total investments approved, RM150.6 billion or some 80.7% was contributed by Direct Domestic Investment (DDI) while approximately RM36.1 billion or 19.3% came from FDI.

Services sector

Malaysia's services sector remains the biggest magnet for in-



RM186.7 billion



MIDA

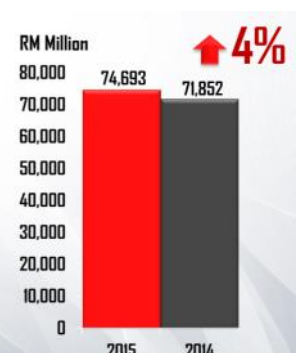
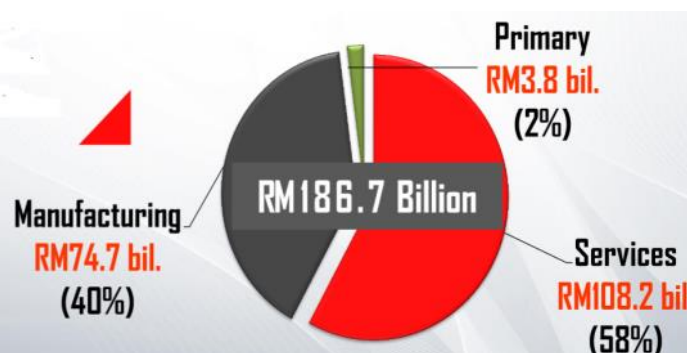
vestments. In 2015, it attracted a total of 4,150 approved projects in 2015 with investments amounting to RM108.2 billion or 57.9% of the total.

Manufacturing sector

The manufacturing sector too continued to play an important role in 2015, attracting investments worth RM74.7 billion or 40%. Approximately RM21.9 billion or 29.3% of total manufacturing investments were sourced from foreign sources while the balance RM52.8 billion or 70.7% 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% of the total investments approved, of which RM11.6 billion or 19.3% was from foreign sources, while RM48.6 billion or 80.7% hailed from domestic investments.

Some of the quality projects approved in the manufacturing sector for 2015 were:

- Xinyi Solar—clear and coated photovoltaic functional glass (RM380 mil)
- Tosoh Advanced Materials—synthetic zeolite (RM325 mil)
- UMW Aerospace—fan case for aero engines (RM247 mil)



Malaysia Investment Performance 2015 (cont.)

Sources of Foreign Direct Investments



The developed economies continued to be a vital component of the investment landscape in Malaysia in 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% of total foreign investments approved in 2015.

Investment Performance By State (Manufacturing)

In terms of investment performance by state, Johor top the list for three years in a row with total investment of RM31.1 billion, followed by Sarawak and Selangor with total investment of RM11.8 billion and RM7.9 billion respectively.



Investment By Major Industry

Petroleum products including petrochemicals, natural gas and electrical & electronics are the top three major industry for investment. These three industry accounted to approximately 62% of the total investment in the manufacturing sector.

Approved investments in the Services Sector—Global Establishments

Global establishments include Global Operations Hubs, representative and regional offices, Regional Distribution Centres, Treasury Management Centres as well as Principal Hubs. Malaysia continues to strengthen its position as a competitive regional operation base for major multinational corporations in 2015 with investments of RM8.2 bil and creating 4,217 jobs.

Following the rollout of the Principal Hub (PH) incentive in May 2015, six PHs with investments amounting to RM1.3 billion have been approved. The PHs include companies like Honeywell, Asia Pacific Resources International Ltd, the Aprical Group, Easic, PureCircle and Super Group Ltd.

Approved investments in the Manufacturing Sector—by Corridor

A total of RM25.3 billion investments have been approved in the regional development Corridors.

- Sarawak SCORE—RM10.6 bil
- Northern Corridor—RM8.1 bil
- Iskandar Malaysia—RM3.4 bil
- East Coast Economic Region—RM2.9 bil
- Sabah Development Corridor—RM0.3 bil

The investments in Iskandar Malaysia have been mainly in food manufacturing, fabricated metals and petroleum products.

The top 5 foreign investors in the manufacturing sector were:

- i. Singapore—RM586 million (33 projects)
- ii. Taiwan—RM325 million (2 projects)
- III. Korea—RM196 million (2 projects)
- IV. Switzerland—RM174 million (4 projects)
- V. USA—RM104 million (4 projects)

It is good to know that Singapore still lead in investing in the manufacturing sector in Iskandar Malaysia although its overall ranking in Iskandar Malaysia has fallen behind China in Dec 2015. USA and Korea retained their places as top 5 foreign investors.

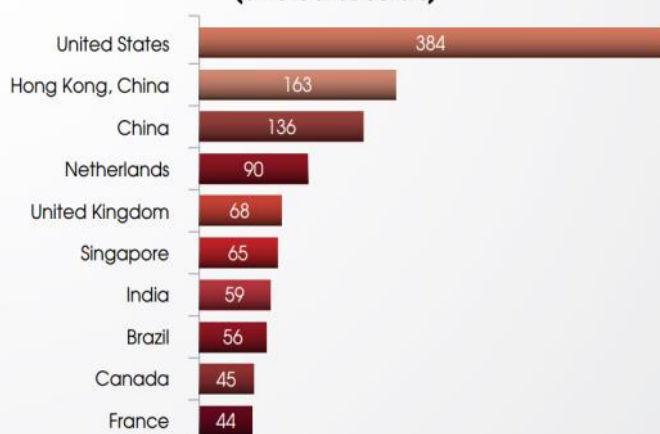
2015 Global FDI Performance

Global FDI

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.

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.

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.

BizWatch

The external headwinds in the global economic environment have affected many economies, including Malaysia. As such, while there is a general weak market and consumer confidence in the economy and the underlying political situation, the strong investments inflows into Malaysia as well as Iskandar Malaysia in 2015 bring forth a positive outlook for 2016.

Against the current situation, Malaysia retained its position as one of the top investment destinations as it leveraged on robust investment promotion strategies to ensure a pathway to continued prosperity.

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.

For its business-friendly climate, Malaysia was ranked 18th on the World Bank's Ease of Doing Business Report for 2016.

Meanwhile, Johor again topped the list in terms investment in the manufacturing sector in 2015, with total investment of RM31.1 billion as shown in the table below.

	2013	2014	2015
Johor	14.44	21.18	31.10
IM	10.0	3.7	3.4

However, manufacturing investment in Iskandar Malaysia has been declining from RM10 billion in 2013 to RM3.4 billion in 2015. This is due to the fact that the bulk of the investment of RM31.1 billion are located in Pengerang Integrated Petroleum Complex which is outside Iskandar Malaysia.

Nonetheless, BizWatch is expecting positive spill-over effects from the increased investments in the manufacturing sector especially in taking up residential properties and energizing the retail and entertainment sectors.

Besides manufacturing, Iskandar Malaysia continues to see strong growth in the residential property sector and the services sectors. As we implement the initiatives under our 5 Big Moves identified in our Comprehensive Development Plan, we look forward to higher contribution from the services sectors into the economy.

Editorial

Economics & Investment

Iskandar Regional Development Authority

Low Mei Leong

meileong@irda.com.my

Arif Kasmuri

arif.kasmuri@irda.com.my

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