IM BizWatch
NEWS·INFORMATION·OPPORTUNITIES
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ISKANDAR REGIONAL DEVELOPMENT AUTHORITY

INVEST MALAYSIA 2013

ASEAN'S MULTINATIONAL MARKETPLACE

13th - 14th June 2013 · Shangri-La Hotel, Kuala Lumpur

BURSA MALAYSIA · Maybank Kim Eng

Invest Malaysia organized annually by Bursa Malaysia, the Malaysian Stock Exchange is now in its ninth year, having grown from strength to strength.

Key objectives of Invest Malaysia for investors are:

- Be the first to hear groundbreaking key developments in the Malaysian capital market.
- Access to regulators and policy makers.
- Access to CEOs, CIOs and Senior Management of leading Malaysian PLCs as well as from other ASEAN countries.
- Network with policy makers and industry leaders to gain insights for informed investment decisions.

The highlight of the 2 day event is the keynote address by the Prime Minister who will share his views and strategies to take Malaysia forward with the audience comprising of both domestic and international fund managers, members of the foreign embassies and heads of listed companies in Malaysia. The Prime Minister will also take the opportunity to make announcements on regulatory changes and policies which will have an impact to the investment community.

This year's Invest Malaysia 2013 were co-organized and co-sponsored by Maybank Investment Bank, part of the Maybank Group which is also Malaysia's largest banking group.

Among the companies that participated in Invest Malaysia 2013 are :

- Dialog Group Berhad
- Digi Berhad
- IOI Corporation Berhad
- Maxis Berhad
- Public Bank Berhad
- Sime Darby Berhad
- Telekom Malaysia Berhad
- Tenaga Nasional Berhad
- UMW Holdings Berhad

Highlights

During the keynote address by the Prime Minister, YAB Dato' Sri Mohd Najib Tun Abdul Razak, the Prime Minister had shared with the audience on three reasons why the world will be different by the end of this decade.

Firstly, by 2020, China will be the world's largest economy surpassing the USA.
Four decades of double digit growth will culminate in restoration on a historic scale. The modernization of China's economy, and its effects on the global economy, will be one of the defining stories of the decade.

Secondly, the emergence of new competitors.
By 2020, BRICS (Brazil, Russia, India, China and South Africa) countries will command a greater share of global GDP and have a larger middle class than the USA, Canada and Western Europe combined. With wealth and development come greater influence. By the end of this decade, we will be living in a multipolar world.

Third, by 2020, ASEAN single market will be celebrating its fifth anniversary, boosting trade, investment and opportunity for half a billion people, reducing tariffs, harmonizing rules and opening up the flow of goods and services.
A dream which will take twelve years in the making, the ASEAN's single market will enhance our regional competitiveness, helping Southeast Asian firms to flourish into global corporations.

These three changes - China's modernization , the rise of emerging economies and the South East Asian single market will fundamentally alter Asia's investment landscape. These will pose challenges for policymakers and opportunity for investors.

Invest Malaysia 2013

Key initiatives

1. **Initiative aimed at attracting new talent to Malaysia's capital markets.**
   A new, 5 year Multiple Entry Visa will be introduced for qualified business investors and fund managers who are not Malaysian citizens.

2. **Enhancement of the Global Incentives for Trading (GIFT)**
   In efforts to build Malaysia into a regional energy hub, the GIFT programme will now be extended to include trading with both residents and non-resident companies, making it more attractive and supporting Malaysia's ambition to become a regional energy hub.

The Prime Minister also urged for the government linked investment companies especially the Employee's Provident Fund to step up and play a more prominent role, particularly in investing in good quality mid cap stocks.

In order to make sure that there is enough capacity and resources to support increased market activities, an initiative between the regulator and the industry, named the "Graduate Representative Programme" or GRP1000 will be launched, bringing a thousand new graduates to meet the needs of the securities and derivatives industry.

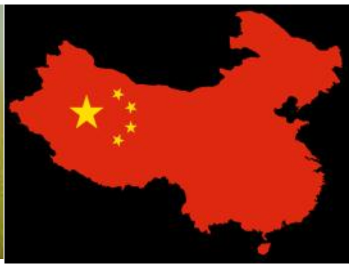
Working in Malaysia

Currently, business investors and/or expatriates who want to work in Malaysia will need to apply for an employment pass (with multi entry visa) which is generally approved for a period of two years with possible extension based on justifications. Expatriates in the manufacturing sector with employment pass approved in principle through MIDA may have a longer employment pass. There is also a 10 year Residence Pass for top expatriate corporate leaders.

The 5 year multi entry visa for qualified business investors and fund managers is a further relaxation on our immigration policy to attract more expatriate talents to Malaysia especially in sectors that require expertise not readily available in Malaysia.

Besides ease of getting the right pass to work in Malaysia, what will attract qualified foreign expatriates is the liveability of the country. Good education and good healthcare system are pre-requisites.

The presence of Marlborough College Malaysia in Iskandar Malaysia is a important component in building the right eco-system to attract talents (both foreign and returning Malaysians)



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The three phenomena in World economy, namely China's modernisation, the rise of emerging economies (BRICS), and the Southeast Asian single market will fundamentally alter Asia's investment landscape.

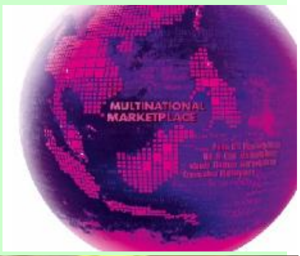
With these factors in mind, a flexible and open economy would be suitable; engaging more with the regional partners; securing inward investment and opening up industries up to greater competition.

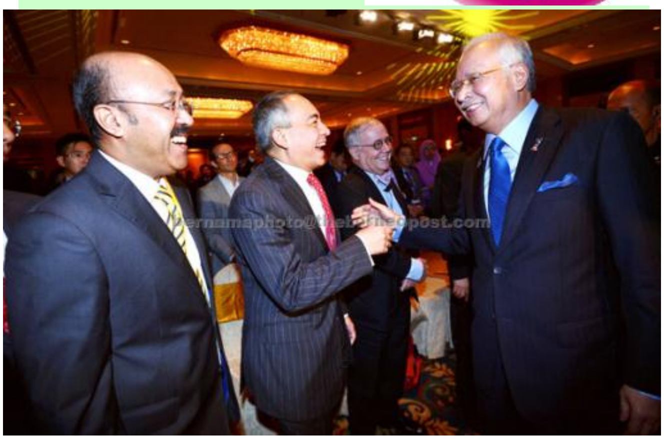
Therefore, in order to be competitive Malaysia must strengthen its domestic investment, building our government-linked and private sector companies into global and regional champions and giving our small and medium sized enterprises the means to compete on the world stage.

The initiatives announced by the Prime Minister is crucial and vital to strengthen and build capacity in the Malaysia's capital market.

These initiatives are positive for Iskandar Malaysia as we have significant investments in the oil and gas terminals and the extension of the GIFT incentive on trading with resident companies (companies with oil assets in Malaysia) can attract more investments in oil and gas storage terminals as well as in oil trading.

Where there is demand on the 5 year multi entry visas from investors in Iskandar Malaysia, we may want to further empower the Iskandar Service Centre to approve the visa in Iskandar Malaysia.





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World Bank Sees Solid Growth For Malaysian Economy

The World Bank expects the Malaysian economy to enjoy solid growth of 5.1% this year as well as in 2014, underpinned by strong consumer and business spending.

The growth forecast for 2013 comes within the official forecast of 5% to 6% and the World Bank says there is still a lot of value addition of investments in the pipeline this year.

Investment growth has been driving up imports of capital goods and construction services.

In its latest Malaysia Economic Monitor, the World Bank said while the momentum in domestic demand looks set to slow down in 2014, global demand is expected to help ailing exports, thus keeping the overall pace of growth unchanged.

“Domestic demand will remain strong this year although there could be a deceleration next year on the consolidation of action taken on subsidy reforms but the external side will likely have a better showing next year," according to World Bank senior economist Frederico Gil Sander.

The soft growth patch which Malaysia saw in early 2013 mainly reflected weakness in external demand, uneven economic recovery in advanced economies and a slowdown of growth in China, a key market for Malaysia's exports.

On risks to the current account slipping into a deficit, it would arise if there is a large reduction in commodity prices which would in turn affect the oil and gas investments in the country.

The World Bank observed that despite significant expenditure overruns, the government met its fiscal deficit target for 2012 as due to a combination of higher-than-targeted revenues, lower development expenditures and a higher-than-expected GDP figure.

The government has maintained debt levels below its indicative ceiling of 55 per cent of GDP, but debt guaranteed by the government to finance investment projects climbed, as did the deficit of the consolidated public sector, the latter reflecting higher capital expenditures by (non financial public enterprises).

Inflation has been kept subdued due to supply-side conditions which included a decline in domestic fuel prices and moderation in food prices despite a strong credit growth, output gap and rising wages in domestically-oriented industries.

Moody’s: Malaysia’s Sovereign Rating Stable But With Rising Public Debt

Malaysia’s A3 sovereign rating - with a stable outlook - is anchored by resilient growth and a strong external position, although debt levels continue to rise as deficit remain relatively wide according to Moody’s Investors Service.

The stable outlook balanced the initial gains from the government’s efforts at administrative reform and economic restructuring against structural weaknesses in the government’s finances. According to Moody’s, government revenue was still reliant on hydrocarbon-based receipts, while subsidy bill remained a main driver of expenditure growth.

Fiscal policy has been increasingly constrained as debt levels rise towards the debt ceiling of 55% of GDP. The government has reiterated its commitment to the narrowing of the fiscal deficit and implementing associated reforms but the ruling coalition’s weaker electoral mandate could slow down the pace of fiscal consolidation.

The current account surplus has eroded due to a deterioration in export demand against the backdrop of strong domestic economic activity. At the same time, the report said Malaysia's external accounts continued to be healthier than most similarly-rated peers.

Capital market depth, large buffer of foreign exchange reserves and a favourable debt structure also guard against a disruptive reversal of the non-resident accumulation of Malaysian government debt.

Following the parliamentary elections in May this year, policy continuity supports near-term growth prospects, although political noise is expected to persist in the near term.

The report also stated that Malaysia's relatively large banking system poses manageable risks, while an improved assessment of the country's capacity and willingness to service cross-border payments has led to higher foreign currency bond ceilings, as announced in January 2013.

The report classified Malaysia's economic strength as moderate to high; institutional strength as moderate; government financial support as high; and susceptibility to event risk as low.

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World Bank’s growth forecast for Malaysia of 5.1% is within Malaysia’s official forecast of between 5% and 6% for 2013. With the less than stellar first quarter performance, we must now ‘push’ to ensure the success of the Economic Transformation Programme to transform and grow the economy.

The positive sentiment is similarly echoed in the Moody’s Report which also highlight our fiscal deficit. We can expect continued financial prudence in both our operational and development expenditure and the need for more public private partnerships to drive our development.

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On 31 May 2013, IRDA organized the 1st Iskandar Malaysia Metropolis Forum, which is a continuation of the series of engagements and dialogues with investors and key stakeholders of Iskandar Malaysia. More than 320 investors and stakeholders (both local and foreign) attended the Forum which was held at the KSL Resort Hotel.

The keynote address was delivered by our Chief Executive, Prof Datuk Ismail Ibrahim who presented the overview of strategies moving forward to phase 2 of the sustainable development of Iskandar Malaysia.

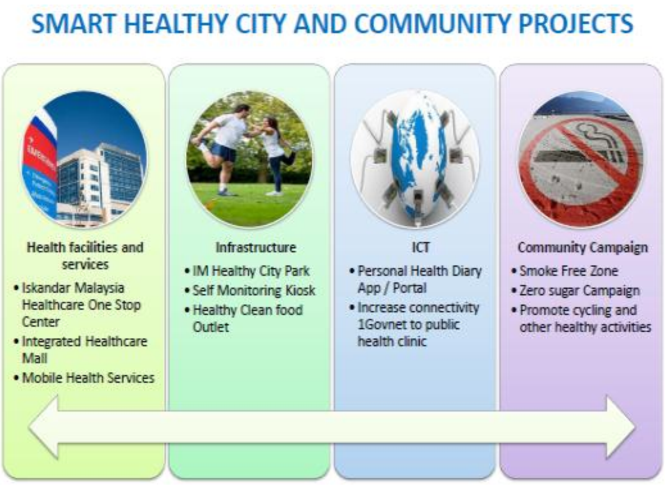
As we are now in the 7th year of development, this Forum showcased our strategies to develop a sustainable metropolis with presentations on:

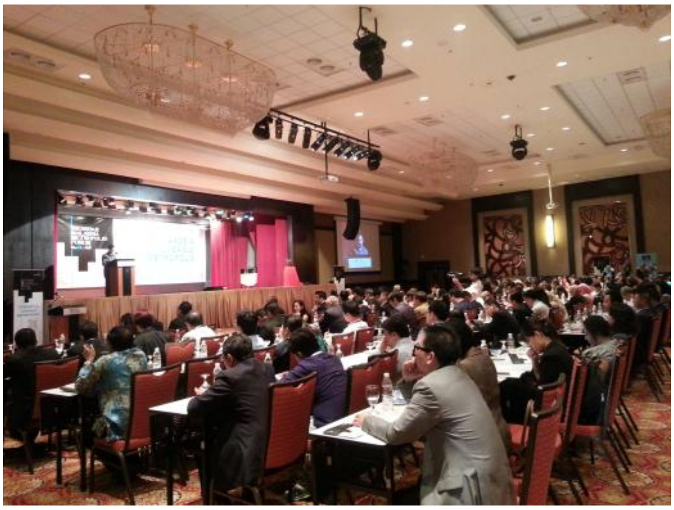
i. Iskandar Malaysia—towards Green growth (setting out our strategic environmental focus approach and introducing our Low Carbon Society initiatives)
ii. Johor Bahru—a liveable city (city rejuvenation into a vibrant heritage and cultural city)

Other key presentations were on the focused sectors for 2013 which are:

- **Healthcare in Iskandar Malaysia** (presented by Dr Khairi Yakub, State Health Director) where he shared on the smart healthy city initiatives and the setting up of the Iskandar Malaysia Healthcare OSC (One Stop Centre) to facilitate healthcare projects in Iskandar Malaysia

  The OSC will facilitate the licensing of healthcare facilities and practicing certificates for healthcare officers. The first meeting of the OSC was held on 21 May 2013.





- **Creative** (by Mr Michael Lake, CEO Pinewood Iskandar Malaysia Studios) on the exciting opportunities in the creative eco-system;

- **Business Services** (presented by En Zulfiqar Zainuddin, Head of Business Services Khazanah Nasional Berhad).

We launched the latest Map 2013/2014 during this Forum. For the first time, IRDA is collaborating with key stakeholders to develop the IM Map which also include information of strategic education and healthcare projects (both public and private facilities.

The next Forum will be held in the fourth quarter of 2013. Do keep a lookout for the invitation.

In our next issue, we will do a special column on our Social initiatives and Talent Development.

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