

# Penang Investment Updates

(January - March 2012)

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## ***Penang tops in manufacturing investments for 2nd consecutive year***

Penang again tops in the manufacturing sector in 2011 with RM9.1 billion of Malaysian Investment Development Authority (MIDA) approved investments (Table 1). This figure accounts for 16% of the total manufacturing investments approved for the country of RM56.1 billion.

Foreign direct investments at RM7.1 billion account for 78% of the total manufacturing investments approved for Penang. This figure, which is also the highest FDIs approved amongst the states in Malaysia, accounts for 21% of the total FDIs approved for the country. Once again, Penang proves to be the location of choice for FDIs.

The top five countries of origin of FDIs are Japan (46%), U.S. (23%), Netherlands (13%), Canada (6%) and Singapore (4%). The electrical and electronics industry tops the list, accounting for 80% of the total investments approved. The second and third largest sectors comprise the basic metal products and transport equipment industries, accounting for 8% and 6% of the total investments approved respectively.

New manufacturing projects account for RM4.5 billion (49%) of the approved investments while the remaining RM4.6 billion (51%) comprises expansion/diversification manufacturing projects.

This year's investments are knowledge-intensive, high tech and high value added in electronics such as next generation multilayer printed wired board and advance package substrate for semiconductor, LED, renewable energy, aerospace, medical devices and life sciences, which will help build Penang's human talents and capabilities to the next level.

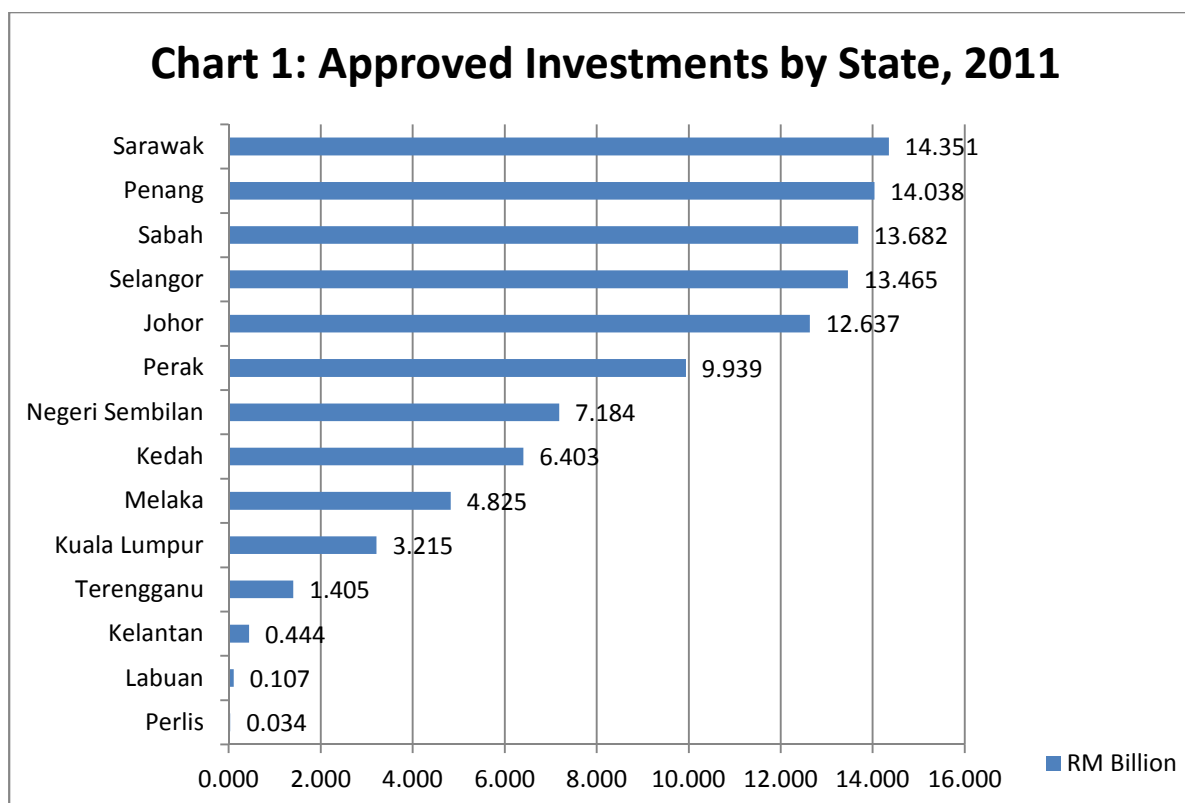
While Penang ranks first in terms of manufacturing investments, the State ranks second after Sarawak in terms of overall approved investments (Chart 1). With approved investments in the manufacturing, services and primary sectors at RM14.038 billion, the state falls behind Sarawak by a mere RM0.313 billion.

**Table 1: Approved Manufacturing Investments, 2011**

State	Jan - Dec 2011			
	No. of approvals	Proposed Investment (RM Million)		
		Domestic	Foreign	Total
Penang	109	1,960.4	7,145.6	9,106.0
Selangor	263	4,504.8	4,236.3	8,741.1
Sarawak	43	4,312.7	4,140.7	8,453.4
Johor	188	3,290.9	3,293.7	6,584.6
Kedah	42	140.3	5,995.7	6,136.0

Negeri Sembilan	38	1,571.1	4,334.3	5,905.4
Melaka	39	1,710.4	2,653.3	4,363.7
Pahang	25	2,054.3	983.7	3,038.0
Terengganu	15	306.0	1,086.7	1,392.7
Perak	30	894.9	90.0	984.9
Sabah	27	877.1	44.3	921.4
FT Kuala Lumpur	19	204.7	102.9	307.6
Kelantan	5	90.0	38.6	128.6
Perlis	3	20.3	3.0	23.3
<b>Total</b>	<b>846</b>	<b>21,937.9</b>	<b>34,148.9</b>	<b>56,086.8</b>

(Source: MIDA)



Note: The approved investments comprise primary, manufacturing and services sectors. The approved investments do not include investments that cut across state borders.

(Source: MIDA)

**December 16, 2011** – investPenang organized a **talk on Feed-in-Tariff (FIT)** as part of its CEO Speaks... Series of Talks. This talk is in conjunction with the introduction of FIT in Malaysia. The State Government, through investPenang, requested



the Sustainable Energy Development Authority (SEDA) to share with the business and industry community on FIT and how it works.

The State has requested for higher allocation of FIT quota, i.e. from the current RM300 million to RM1.3 billion annually so as to expedite the achievement of grid-parity. The State also called for the current “First-come-first-served” basis in the award of FIT be replaced with “FIT-for-all” basis. Penang has one of the best irradiance rate in the country, with 1809 kWh/m<sup>2</sup> and the State is projected to contribute near to RM20 million to the FIT fund annually. A “FIT-for-all” basis for FIT will ensure that Penang-based companies and individuals have equal opportunity to benefit directly from their contributions.

Pursuant to the talk in December, Bosch Penang celebrated the successful implementation of its 2<sup>nd</sup> phase of PV system on its plant on February 25, 2012. This installation is presently the largest PV system ever installed in Malaysia with total installation capacity of 647 kWp, total production capacity of 832 MWh of solar power per annum and reduction of carbon dioxide emission by 542 tons per year.

**January 17, 2012 - IHS**, a U.S. based company global information company with world-class experts in pivotal areas shaping today business landscape in the areas of energy, economics, geopolitical risk, sustainability and supply chain management, officially launched their Centre of Excellence (CoE) at the Menara KWSP in Penang.



IHS has been in business since 1959 and became a publicly traded company on the New York Stock Exchange in 2005. IHS serves customers ranging from governments and large multinational corporations to smaller companies and technical professionals in more than 165

countries in the following industries:- Aerospace & Defense, Agriculture, Automotive, Chemicals, Construction, Consumer & Retail, Clean Energy, Energy Oil & Gas, Electronics & Telecom, Financial, Government, Healthcare & Pharmaceutical, Metals & Mining, Military & Security, Power & Utilities, Shipping & Transportation.

The CoE in Penang is deemed to be the largest centre for IHS worldwide. It will be staffed and led by Malaysians. With an initial headcount of 192, the centre is expected to grow exponentially and eventually to achieve a total headcount of 1,600 in 2015. The activities identified for Penang include (i) customer care and procurement services; (ii) market intelligence analysis research and reporting; (iii) technical support and maintenance including information and insights operations services; (iv) general management and administration encompassing finance services, and (v) data / information management and processing services.

The implementation of these activities will widen career opportunities for the people of Penang trained in various expertise such as oil and gas; design and supply

chain; risk and security; environment, safety and health; finance and legal as well as country and industry forecasting to remain in Penang. This development is in line with the State Government's vision of developing Penang into a Business Process Outsourcing (BPO) Hub, which will promote higher value added activities. The higher value activities are expected to provide higher paying jobs for the Penang's populace, thus helping the State and its people to move out from the middle income trap.

**February 8, 2012** - VAT is a family-owned company, headquartered in Haag, Switzerland. VAT is a world renowned company supplying vacuum valves for the semiconductor industry, in the manufacture of flat screens and solar panels, in coating optical systems and tools, in the aerospace industry as well as in research.



Registered as VAT Manufacturing Malaysia Sdn Bhd, VAT ***signed the sales and purchase agreement with Penang Development Corporation*** for a 7.5 acre site at Batu Kawan. The VAT Penang facility is expected to commence production in December 2012 with 50% local sourcing.

With a total investments of US\$25 million, VAT is anticipated to create 100 new jobs, of which more than 65% are skill and knowledge-based jobs.



**February 16, 2012** - In line with the state's initiative to provide affordable quality housing to all Penangites, Penang Development Corporation (PDC) took the lead with the proposed development of ***Bandar Cassia Affordable Housing Scheme***. Bandar Cassia is located in Batu Kawan, Seberang Perai Selatan. The proposed affordable housing scheme will be developed in 5 phases on 200 acres of land over a period of 10 - 15

years.

The proposed affordable housing scheme is expected to cater to the housing needs of the increasing pool of talents who are currently and will be employed at the nearby industrial parks, such as Penang Science Park, which is 5 km away as well as in Batu Kawan Industrial Park, which is only 2 km away.

**February 21 - 24, 2012 - Business Meeting with Singapore Business**



**Federation (SBF).** A Seminar on 'Investment Opportunities' was organized by investPenang for the members of SBF and a business matching session was also held for members of SBF as well as the local companies. During the visit, the SBF delegation also had the opportunity to network with members of the Federation of Malaysian Manufacturers (FMM).

The objectives of the delegation were to (i) enhance trade and economic linkages between Singapore and Penang business communities; (ii) develop and promote networking between Singapore and Penang companies, relevant government agencies as well as organizations in Penang; and (iii) update and connect the delegates with the latest business and market developments.



**SME Centre ...** The Penang SME Centre at Bayan Lepas Industrial Park 4, is scheduled to be ready for occupancy and operation by end of June 2012. The Management Council, comprising members from the industry and public sectors has agreed on the tenancy period of 2 + 1 years with rental rates ranging

from RM1.80 for the 1<sup>st</sup> year to RM2.00 for the 3<sup>rd</sup> year for level 1 and RM1.50 to RM1.70 for levels 2, 3 & 4.

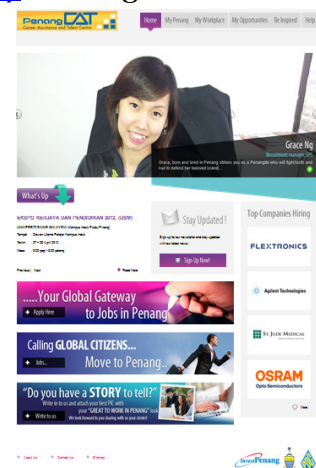
The SME Centre will not only provide space for budding SMEs but it also offers mentoring services to help incubate these companies. The Centre will also provide a showcase of SMEs' products and services to visiting MNCs and other foreign companies. Therefore, start-ups and innovative SMEs with aspiration to move up the value chain, tap on opportunities to proliferate own branding as well as to become market leaders are strongly encouraged to sign up for space at the SME Centre. Enquiries can be made with the SMART Centre @ investPenang, tel: 604-640 9988 or info@smartpenang.my.



**Penang CAT Centre...** The Penang Career Assistance and Talent Centre's website, [www.penangcatcentre.my](http://www.penangcatcentre.my) has gained much

popularity since its launch in July 2011. The purpose of the website is to enable companies in Penang to publicize vacancies that are available in Penang as well as for jobseekers and students from both within and outside Malaysia to access information on job vacancies and career opportunities in Penang.

To date, the website has received more than 7000 hits with more than 4000 visitors from different countries. More than 150 visitors have also signed up to the weekly newsletter updates. The Penang CAT Centre has also carried out the student outreach programme to more than 20 institutes of



higher learning in Penang to brief on the Centre's objectives and promote vacancies and job opportunities in Penang.



**MSC-Malaysia Penang Cybercity Updates...** MSC-Malaysia status companies and companies applying for the MSC-Malaysia status will have wider choice of locations, thanks to the revision of requirements by the Multimedia Development Corporation (MDeC). In its quest to encourage more companies to take advantage of the benefits conferred by MSC-Malaysia, MDeC now allows MSC-Malaysia companies to have the option to locate in non-MSC designated commercial buildings within an approved MSC boundary, e.g. Penang MSC Cybercity. Companies that take up this option will be required to forgo the Bill of Guarantee 1 (BOG1), i.e. the provision of world-class physical and information infrastructure. The revision took effect on January 1, 2012.

In Penang, the Penang MSC Cybercity 1 is a designated MSC boundary. Penang Cybercity 1 is located in Bayan Lepas, spanning from south of Penang Bridge to Bayan Lepas Industrial Park and Bayan Lepas residential areas up to the Penang International Sport Arena (PISA).

**40 Years of Industrialisation in Penang...** Penang embarked on industrialization as a means to generate jobs for its people as well as to revive its economy, back in the late 1960s and early 1970s. The first free trade zone in the country was set up at Sungai Kluang, Bayan Lepas, Penang in 1972 and attracted some very young foreign companies that were looking for low-cost and labour-intensive offshoring opportunities. Today, young foreign companies have grown together with Penang and they have also become world-class transnational corporations.

After 40 years of partnership in development and growth, the Penang Government, through investPenang and Penang Development Corporation (PDC), is jointly collaborating with the pioneer companies in the industrial parks to commemorate past successes and explore opportunities to nurture the foundations for Penang's future.

Companies are invited to join this celebration and interested parties are encouraged to contact investPenang at tel: 604-646 8833 for further information.

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