Business Opportunities in Penang
A Destination of choice for investment, great place to work, live and play…
26-28 Feb 2014
Kuala Lumpur
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Introducing Penang

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Penang’s unique value proposition

Penang, preparing for the future growth
Penang Key Facts
Where business goes to grow

- 2nd smallest state in Malaysia
  1031 sq.km (MY 330,000 sq.km)
- 2nd most urbanized state
  pop 1.6m (MY 29.3m)
- 4 decades of industrialization
- > 770,000 workers supporting Penang's economy
- > 240,400 (31%) in manufacturing
- Languages Spoken
  Bahasa Melayu, English, Chinese, Tamil etc

Batu Kawan – Next Growth Centre

- A comprehensively planned industrial park with high standard infrastructure facilities.
- Development is in progress and will be completed in phases (expected 2010 - 2015).
- New township (6,717 ac)
- Excellent location and accessibility. Straight to Airport via second link and straight to Port through North South Highway

New Township Components

- Residential 16%
- Private Land 12%
- Commercial / Corporate Office 10%
- Mixed Development 8%
- Industrial Park 3%
- Government Institution / IHLs 5%
- Road Reserves / Mangrove Swamps 13%
- International Golf & Resort 11%
- State Stadium / Schools & Religious 4%

- Technology Park 3%
Snapshot of projects in Batu Kawan Island (6,717 ac) Next growth centre (Leisure & Entertainment, Medical, Education, Tourism, IT Park)

- International Theme Park and Golf Resort Projects
- Development of Premium Shopping Outlets
- Development of Penang International Technology Park (PITP)
- Development of Workers Villages
- IKEA, shopping mall & mixed development
Batu Kawan: Positioned for Growth

**Strong Industrial Base**

Manufacturing base in automotive, engineering, medical devices, electronics

- One Auto Hub – University of Hull Campus, PKT automotive logistics facilities, warehouses, jetty (by 2016)
- Degree courses in engineering, business, design, information systems (by 2017)

**Education Cluster**

- IKEA – integrated shopping mall development with offices and residences (over 5-10 years)
- Planned theme park and golf resort

"...expects property developers in the Batu Kawan area to benefit from improved infrastructure, inflow of population and workers, and demand for property..." Mr Edmund Tham, Mercury Securities Head of Research

Source: Business Times, 17 Jan 2014
### Penang in the news

An industrial base state, heritage city and campus for technology

- **Top 10 dynamic industrial cluster** locations in the world to have demonstrated a successful manufacturing experience among developing economies (UNIDO Industrial Development Report 2009)

- **Top 31 Business Processing Outsourcing (BPO)** locations of the future (KPMG’s “Exploring Global Frontiers” Report 2009)

- Voted the **eighth most livable cities in Asia**, on par with Seoul, Korea and above Kuala Lumpur and Bangkok by ECA International 2012

- George Town – **UNESCO World Heritage Site in 2008**

- Top in **Green initiatives** in Malaysia

- **CAT Governance** praised for anti-corruption efforts (Transparency International, AG Report 2010)

- **Top Ten Best Street Food Cities 2012** (VirtualTourist.com)

- **Top 8 islands** in the world ‘You must see before you die’ (by Yahoo! Travel, Feb 2011)
Penang economy

- **GDP**: RM 52.5 B (2012)
- **GDP growth in 2012**: 5% (3.9% :2011)
- **Contributes average of 7.0%** of GDP in Malaysia
- **Malaysia Inflation rate**: 3.2% (Dec 13)

Penang economy is still on sturdy track

*Source: DOS, Buletin Perangkaan 2012*
Economic Evolution in Penang
From predominantly primary driven economy to high value added industries

1970
Penang GDP by Sector (%)

61.8%
19.7%
12.7%
5.8%

Employment Structure (%)

57.4%
24.6%
15.0%
3.0%

1990
Penang GDP by Sector (%)

50.6%
43.1%
3.2%
3.1%

Employment Structure (%)

51.9%
33.6%
6.7%
7.8%

2012
Penang GDP by Sector (%)

47%
48%
3%
2%

Employment Structure (%)

58.9%
30.4%
7.6%
3.1%

### Industrial Evolution
From a port city to an export manufacturer to a knowledge economy

**40 years track record of success in manufacturing-based economy**

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#### 60’s
- Trading
- Agriculture
- Low cost
- Labor intensive operation

#### 70’s
- Precision tooling
- Local contract manufacturing
- Semiconductor automation
- Assembly & test
- Consumer electronics
- Development of local supporting industries

#### 80’s
- Hard disk drive
- Test system development
- Supply chain management
- R&D application
- Vertical integration
- EMS

#### 90’s
- LED-packing, testing
- Wireless / RFID
- Medical devices
- Biotechnology
- Optoelectronics
- Solar support
- Local SME migrating to system design & development
- Aerospace / avionics

#### 00’s
- SSO / BPO
- Design & development
- LED – solid state, chip, display/design
- Integrated solar industry
- Computing & mobile electronics
- Diversification beyond semiconductor
- Moving-up value chain

### 60's to 10's

**60’s to 70’s**
- Beginning of mechanical
- Precision tooling
- Local contract manufacturing
- Semiconductor automation
- Assembly & test
- Consumer electronics
- Development of local supporting industries

**70’s to 80’s**
- Industrialisation
- Setting up MNCs
- Beginning of mechanization
- Hard disk drive
- Test system development
- Supply chain management
- R&D application
- Vertical integration
- EMS

**80’s to 90’s**
- Highly automated manufacturing
- Diversification beyond semiconductor
- Local SME migrating to system design & development
- Aerospace / avionics
- LED-packing, testing
- Wireless / RFID
- Medical devices
- Biotechnology
- Optoelectronics
- Solar support

**90’s to 00’s**
- Moving-up value chain
- SSO / BPO
- Design & development
- LED – solid state, chip, display/design
- Integrated solar industry
- Computing & mobile electronics

**10’s**
- Diversification beyond semiconductor
- Moving-up value chain

**Industrial Evolution**
From a port city to an export manufacturer to a knowledge economy

**40 years track record of success in manufacturing-based economy**

**InvestPenang**
Over 300 multinational companies have chosen Penang as their location of choice to do business.

No of companies
Japan: >85  Taiwan: >70  US: >50  Singapore: >30  Germany: >10  Others: >50
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Penang investment updates (2013)

**Total Investment Approved (As of 28th Feb 2014)**

- **Total Investment Approved**: MYR3.9 bil
- **Projects Approved**: 119 projects
- **Jobs Created**: >9,000 jobs

**Manufacturing Project Approved by Sector & Country of Origin (As of 31st Dec 2013)**

- **% Total Investment in Penang (top 5)**
  - 51%: Electronics & Electrical
  - 25%: Basic Metal Products
  - 15%: Scientific & Measuring Equipment
  - 6%: Rubber Products
  - 3%: Transport Equipment

- **FDI into Penang – by country of origin**
  - 46%: Singapore
  - 37%: United States
  - 6%: Germany
  - 4%: Taiwan
  - 2%: Korea
  - 1%: Switzerland
  - 1%: India
  - 1%: Japan
  - 1%: France
  - 1%: Others (Netherland, China, etc.)

*Source: MIDA*

Top 5 Investment by country

2009
- Taiwan
- Singapore
- Denmark
- US
- China

2010
- US
- Germany
- Switzerland
- Taiwan
- Japan

2011
- Japan
- US
- Netherlands
- Canada
- Singapore

2012
- Netherlands
- Switzerland
- British Virgin Island
- Singapore
- US

2013 Oct
- Singapore
- US
- Germany
- Taiwan
- Korea
- Switzerland
Penang’s recent achievements in manufacturing & services

Air Asia opens their global shared services business in Finance & Accounting, IT and HR. Offers 500 knowledge based jobs.

Toll Global Forwarding, opens its first global shared services centre in finance & accounting, IT, custom clearance. To create 150 employees by Q4 2014.

Citigroup opens 2nd Hub in Penang handling approximately 20 million transactions with a throughput of around US$5.8 trillion annually across the Trade & Cash business. About 1,300 experienced professionals employed.

Wilmar opens first Global Business Centre in finance & accounting and expects to hire 200 staff by Q4 2014.

IHS Inc. APAC CoE continue to expand in Penang. Payroll will be raised to US$50 million by 2015.

VAT, Swiss high-tech company started its operation in April 2013. It is a world-renowned company supplying vacuum valves.

Ibiden expanded their plant in Penang with RM 1.3 bil investment and creates 1,500 jobs.

MAL launches new RM85m plant to increase the production capacity from 1.7 million lighting units per year to 2.9 million units per year.


The new Haemonetics Corporation plant in the BKIP will be the US company’s first establishment in Asia once it is completed in 2014. This would create new jobs for 700 employees.
Our promoted sectors

**Industry**

- Electrical & Electronics / Green Tech
  - Electronics Manufacturing Services
  - Light Emitting Diodes (LED)
  - Aerospace / Avionics
  - Reviewable energy
- Life Sciences / Medical Devices & Biotechnology
- Food industry
- Halal Industry

**Services**

- Shared Services & Outsourcing (SSO)
- IC Design & Development
- ICT / Software development & Creative Multimedia
- Operational Headquarters, International Procurement Centre and Regional Distribution Centers
- Logistics & Transportation
- Healthcare & Wellness Services
- International Education
- Meeting, Incentives, Conferences, and Exhibitions (MICE)
- Tourism / Hospitality
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Penang, preparing for the future growth
### GREAT LOCATION
- Strategic location - centre to ASEAN
- Green zone. Disaster free
- Stable economic profile

### TALENT & EFFICIENT COST
- Home to talent pool
- Competitive cost of doing business

### SUCCESSFUL TRACK RECORD
- >4 decades of industrial experience
- Home to >300 MNCs
- Efficient supply chain
- Investment Opportunities

### CONDUCTIVE BUSINESS ENVIRONMENT
- Quality lifestyle & vibrant cultures
- Good connectivity & infrastructure

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**Penang-**
Tranquil Island Resort in a Vibrant City...
Great Location

A unique destination with a mix of industry, technology, history, architecture, nature, food and culture; George Town is a UNESCO World Heritage City

Hub for the Northern Corridor of Malaysia and the Indonesia-Malaysia-Thailand Growth Triangle

Direct flight connectivity to Indonesia, Thailand, and major East Asian cities such as Hong Kong, Guangzhou and Taipei.
Home to talent pool

Valuable human talent
- Multi-lingual, multi-ethnic and highly trainable workforce
- Language: Bahasa Melayu, English, Chinese, Tamil and indigenous & Secondary Language eg Vietnamese, Japanese, Korean, Thai

Availability of competent & educated people
- 190,000 graduates annually
- 460,000 Malaysia Certificate of education & Higher School Certificate
- 449 IHLs (public & private), including training centres
- Education Literacy 93.5%

Demography
- 19 mil people aged 15-59 years old (65%)
- 6 mil (21%) population in Northern Region

Malaysia Output Graduates 2011
- Business, Science, Engineering & IT contributes 68% of total Malaysia Output Graduates

DOS: Mid-year population estimates based on the adjusted population and housing census of Malaysia 2010
Penang – Availability of human capital to support growth of both manufacturing and services sector

IHS Inc opens a CoE in Penang

“Our Center of Excellence in Penang will be the largest IHS center in the world, with the potential to hire some 1,000 people by 2015, with most of them locals, as we believe this is the only way to succeed. Penang was chosen as the location for the IHS CoE in the APAC region for many reasons, key of which is the abundance of skilled resources and prevalence of strong government support.”

- Jerre Stead, CEO, IHS Inc (July 2012)

National Instruments opens R&D operation in Penang

“A key factor in choosing Penang was its talented workforce, and we already have seen great contributions from the people working in the Penang offices. We will continue to hire the best and brightest Penang has to offer and, together, drive the company to greater success.”

- Alex Davem, COO, NI (Dec 1, 2010)

Haemonetics Corporation sets up new medical devices manufacturing facility in Penang

“Penang offers good infrastructure, well-established supply chain and highly skilled workforce from which to serve our emerging market customers”

- Sudhakar Varshney, Vice President of Global Engineering, Haemonetics, Jul 2013

Strong endorsement of Penang’s talent and infrastructure capabilities by international MNCs
Universiti Sains Malaysia – Accelerated Programme For Excellence (APEX) university
- Expected to move up the World University Rankings to become Top 50 ranking by 2020
- Focus on R & D

- > 40 institutions of higher learning in Penang
- Skills training institution such as Penang Skills Development Centre (PSDC), Japan-Malaysia Technical Institute

- 10 international schools with different curriculum
- Up coming: Toyohashi Technology University overseas centre, Asian Women’s Leadership University, University of Hull, KDU, GEMS International School, language centre and International Islamic School.
Penang a leading medical tourism hub of Malaysia.

- Competitive cost with high quality medical services and facilities
- **RM314m (55%) of Malaysia medical tourism revenue in 2012.**
- Recorded a revenue of RM174 million in Q1 2013 and projection of achieving RM376 million by end of 2013.
- **7 hospitals** committed to medical tourism.
- Specialized medical services such as oncology & cancer care and cardiac surgery
The Penang International Airport recorded 15% growth in 2013 from 4.8mil in 2012 to 5.5mil passengers in 2013.

International routes:
1) Singapore (89X/week)
2) Medan (70X/week)
3) Hong Kong (17X/week)
4) Jakarta (7X/week)
5) Bangkok (7X/week)
6) Guangzhou (7X/week)
7) Don Meung (7x/week)
8) Aceh (4X/week)
9) Surabaya (4X/week)
10) Phuket (4X/week)
11) Taipei (4X/week)
12) Koh Samui (3X/week)

Domestic routes:
1) Kuala Lumpur (254X/week)
2) Langkawi (21X/week)
3) Johor (21X/week)
4) Kota Bharu (14X/week)
5) Kota Kinabalu (11X/week)
6) Kuching (10X/week)
7) Kuantan (3X/week)
Quality lifestyle, good connectivity and infrastructure for development & investments

- Excellent network of highways & railways. Well-equipped seaport (3rd largest) & international airport (2nd largest)
- Reliable electricity (99.999%) and high quality telecommunications networks & services (4G telecommunication access + >2400 hotspot location)
- Fully developed industrial parks, including Free Industrial Zones & MSC Malaysia Penang Cybercity
- Strong Intellectual Property Protection
- International standard healthcare system
- Quality and affordable homes + Great food
- Combination of comfortable urban and resort lifestyle with world-class recreational facilities
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Penang Key Strategic Directions

- Retain & attract talents
- Knowledge intensive state
- International city with world class infrastructure
- Grow local SMEs
CAT CENTRE - “My Penang..... My Workplace”

**Our Mission**

- Increase Human Resources pool by retaining and attracting talent to Penang.
- Be the resource and networking centre in matching professionals, both Malaysians and global citizens.

**Our Initiative**

- **Branding Penang “My Penang....My Workplace**
- [www.penangcatcentre.my](http://www.penangcatcentre.my) - “resource centre and point of contact for employers and job seekers”
- Livable city status
- Road shows at local and overseas institutes of higher learning
- Continuous collaboration with stakeholders through dialogue and engagement

**Why Penang?**

*What do they say? Click to watch the video>*

http://www.penangcatcentre.my/

http://www.youtube.com/watch?v=kmwyT1w9tU&feature=youtu.be

http://www.youtube.com/watch?v=KLo5_S1TjI8
Penang as an international, intelligent & liveable city

A place that attracts human talents with people-centric policies that can transform it into a developed, sustainable and inclusive economy without poverty.

Protect local treasures such as hills, its beaches, its food and its colourful social and physical heritage

Improve public amenities such as pedestrian network, bicycle lanes, efficient public transport, green & open space etc
PENANG Key Projects to becoming a knowledge intensive state

Penang Creative Animation Triggers @ George Town Heritage (0.08 ha / 0.2ac)
The integrated arts creative & animation hub in Heritage site to support future product & technology development needs in animation industry.

Penang BPO Prime, Bayan Baru (2.75 ha / 6.8ac)
In the vicinity of well groomed Town with all facilities & amenities

Penang BPO Park, Bayan Lepas (28 ha / 70ac)
To capitalize on second bridge link, completing a multi-node live-work-play and learn environment.

Penang International Technology Park, Batu Kawan (81 ha / 200ac)
New Development Model: Integrated Live-Work-Play-Learn Township

High value manufacturing @ Batu Kawan Industrial Park (607 ha / 1500ac)
Knowledge intensive & innovation led manufacturing

Penang Education Hub, Batu Kawan
To meet demands of high-level graduate in view of high-knowledge employees required by companies in Penang
Integrated Live-Work-Play-Learn Concept

- Robust Infrastructure
- Vibrant surroundings with developed amenities & facilities
- Quality grade office buildings with flexible office space layout
- Offers more than 220,000 square meters (about 2.4 million sq ft) of high-grade office towers with integrated development of services apartments/SOHO, ancillary commercial with class ‘A’ amenities and facilities.
- Expected to generate about 25,000 to 30,000 high quality jobs opportunities which in turn will drive the demand for residential and commercial real estate
- Comprehensive Green & Open Space Network
- To be completed by end 2016
Penang, spices up for MICE

Penang Waterfront Convention Centre
Scheduled Completion 2016

Subterraneen Penang International Conference & Exhibition (sPICE) – Scheduled Completion 2015
Penang International Airport
• Phase 1 - upgrade and expansion of the existing passenger terminal, security fencing, and aircraft parking apron and Phase 2 - business-class hotel
• Terminal capacity to be increased from 3.5 MPPA to 5.0 MPPA

Penang Second Bridge – the longest in South-East Asia

Major Infrastructure Improvement

Electrified Double Tracking Project
North to Central Malaysia. Expected completion Q4- 2014

Penang – Next Generation Network - Fibre routes on the Penang Island & Batu Kawan IP

Expansion of North Butterworth Container Terminal Handling capacity will be increased to 1.8 mil TEUs (current capacity = 1.0 mil TEUs)
SME Development
Assist and Nurture Innovative SMEs to move up the value chain

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<th>Batu Kawan Ind. Park</th>
<th>Bukit Minyak Ind. Park</th>
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<tr>
<td>Total rentable area of 129,000 sq.ft; lots can be sub-divided, ranging from 6,000 sq. ft to 13,000 sq.ft</td>
<td>352 units of 54 lots; 174 terrace; and 124 semi-D (By phases)</td>
<td>27 Units (2 Bungalow, 2 Semi-D, 15 Terrace &amp; 8 Cluster)</td>
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InvestPenang – investor’s point of contact

- The Principal Investment Promotion Agency of the Penang State Government for the promotion of the manufacturing & services sectors
- Point of contact for investors.
- Collaborates with Federal/State agencies

**Planning & Evaluation**
- Assist State in Planning
- Policy advocacy

**Opportunities for Investment**
- Provides information on the business opportunities in Penang

**Facilitation**
- Facilitates implementation of the investment projects in Penang

**Promotion**
Penang offers the right balance - *invest, work, live and play*”
The Choice is obvious -
Penang
Tranquil Island Resort in a Vibrant City

Thank you!

www.investpenang.gov.my

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