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HIGHLIGHTS

LEVERAGE ON ACA TO INCREASE COMPETITIVENESS

The Automation Capital Allowance (ACA) incentive which has been introduced by the Government in 2015 is divided into two categories. The first category is for high labour intensive industries namely rubber products, plastics, wood, furniture and textiles. The automation capital allowance of 200% is provided on the first RM4 million expenditure incurred within three years of assessment from 2015 to 2017. Under the 2018 Budget, the incentive for the first category was extended until YA 2020.

The second category caters for other industries where an automation capital allowance of 200% will be provided on the first RM2 million expenditure incurred within five years of assessment from 2015 to 2020. While the number of applications for the incentive was slow in the beginning, it has been increasing as industries are becoming more aware of its existence and attractiveness. To date, MIDA has received more than 100 applications.



Members of the Muar Furniture Association at the briefing on ACA in December 2017

These are some of the frequently asked questions (FAQs) on the ACA incentives:

FREQUENTLY ASKED QUESTIONS Automation Capital Allowance

The incentive was introduced in 2015 for 2 categories:

- a) For High Labour Intensive Industries: ACA of 200% on first RM4 million expenditure incurred within 3 years of assessment from 2015 to 2017 (extended until YA 2020)
- b) For Other Industries: ACA of 200% on first RM2 million expenditure incurred within 5 years of assessment from 2015 to 2020

HOW DO I APPLY?

- Company submits ML-Automation CA form to MIDA
- MIDA & SIRIM evaluates the application (MIDA: Non-technical eligibility & SIRIM: Technical eligibility)
- MIDA provides approval letter to company. Carbon copies sent to the Ministry of Finance (MOF) and Inland Revenue Board (IRB)
- Company keeps letter for audit purpose by IRB.

WHAT ARE THE PRODUCTIVITY ELEMENTS MEASURED AND VERIFIED BY SIRIM?

- Reduction in the number of workers/operators
- Reduction in the number of man-hours
- Increase of production volume or capacity
- Quality improvement (reduction in defect rate).

WHAT ARE THE GENERAL ELIGIBILITY CRITERIA?

- Manufacturing companies incorporated under the Companies Act, 1965 and are residents in Malaysia
- Possess a valid Business License from Local Authority and Manufacturing Licence from MITI (if applicable)
- Companies have been in operation for at least 36 months;
- Companies currently claiming Reinvestment Allowance (RA) can opt to claim the Automation Capital Allowance provided that only one of these two incentives is claimed in the same year of assessment. The period of RA will continue even though the company has opted for this incentive. However, the company must utilize the full amount of RM4 million (Category 1) or RM2 million (Category 2) before it continues to claim RA
- If a company decides to claim the Automation Capital Allowance first before claiming RA, the incentive period for Category 1 and 2 (YA 2015 – 2020) will form part of the 15-year period of RA
- Company can only make a claim on one of the incentives granted that include RA, PS or ITA

WHAT ARE THE GENERAL ELIGIBILITY CRITERIA OF A QUALIFIED AUTOMATION EQUIPMENT?

- Automation equipment is used directly in the manufacturing activity
- Automation equipment should enhance the productivity such as reducing man hours, reducing workers and increasing volume of output and to be verified by SIRIM
- Automation equipment adopts technology that is more advanced than the technology currently used by the company and to be verified by SIRIM
- Machine should be used at least one (1) month after installation / commissioning
- For new products, the machine should be in operation for at least three (3) months after the production of the first batch of that new product.

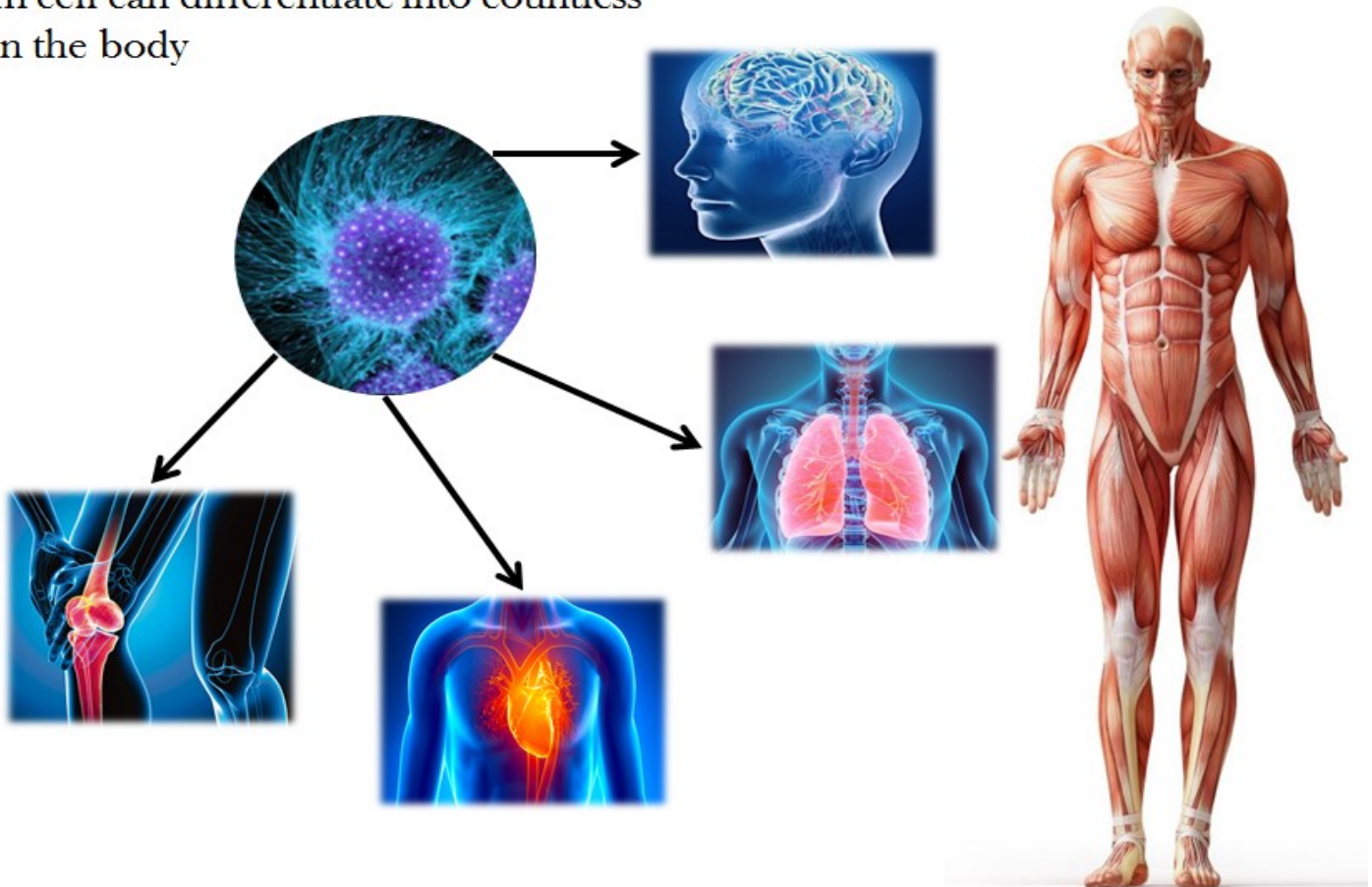
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Stem cells have emerged as one of the 21st century's "super drug" with promising hopes and hypes of cure-all and miracle treatments. The potential of stem cells was discovered in the 1960s when physicians carried out the first successful bone marrow transplant to treat leukemia. Known as "master" cells, it allows the possibility for the regeneration of damaged tissues/organs with a new supply of healthy cells. Generally, stem cells have the potential to repair, restore, replace, and regenerate cells, and could be used to treat many medical conditions and diseases that were considered terminal previously.

Miracle Cure

A stem cell can differentiate into countless cells in the body



Recent technological developments in this field have allowed the adult stem cell to be isolated from numerous sources such as the umbilical cord blood (UCB), adipose tissue, and deciduous teeth. These stem cells can be used in the treatment of coronary artery disease, lung fibrosis, orthopedic injury, myocardial infarction and Parkinson's disease, among others. However, it must be noted that stem cells and its related products must undergo appropriate animal testing and clinical trials to determine its safety, potency and efficacy.

The global stem cell market is slowly carving a niche in the innovative medicine spectrum as an alternative or supportive therapy to conventional mainstream medicine such as drugs and surgery.

According to a report by Grand View Research, Inc., the global stem cell market is expected to reach US\$15.6 billion and is growing at a strong compound annual growth rate (CAGR) of 9.2%. Meanwhile, Frost & Sullivan reports that the Asia-Pacific stem cell market was valued at US\$7.1 billion in 2014 and is projected to increase to US\$18.7 billion by 2018 at a CAGR of 27.3% for the period.

In Malaysia, the stem cell market is at its nascent stage with enormous potential to develop due to the growth of local economy and increase in the average lifespan of Malaysian. At only 4% penetration rate, the stem cell industry, in the form of stem cell banks to collect and store UCB, is valued at US\$18.6 million in 2013. This is expected to grow at CAGR of 16% from 2013 to 2018.

Recognising the potential, many countries are amending their regulations to promote the applications and research in stem cell. For example, the European Medicines Agency (EMA) has enforced the guidelines on advanced therapy medicinal products, or ATMPs. Of the 18 marketing authorisation applications submitted to EMA since the ATMP Regulation came into force in 2009, nine products have been approved.

This includes Co.Don AG's Spherox, MolMed Spa's Zalmoxis, Chiesi Farmaceutici's Holoclar, GlaxoSmithKline's Strimvelis and Amgen's Imlygic. In the United States, stem cell-based products approved by the Food and Drug Administration (FDA) consist of blood-forming stem cells derived from cord blood and is for limited use in patients with blood disorders. Regenerative medicine is currently dominating the stem cells market in terms of application, and is expected to maintain its leading position. Currently, a number of notable companies such as Pfizer, Shire, Reneuron, Reinnervate, Novathera, Promethera, Glycostem, and Epistem are involved in this field.

In Malaysia, the Guidance Document and Guidelines for Registration of Cell and Gene Therapy Products (CGTPs), December 2015 and Good Tissue Practice Guideline, 2nd Edition, December 2015 was enforced on 29 May 2017 by the National Pharmaceutical Regulatory Agency, Ministry of Health Malaysia. This provides a regulatory framework for cell and gene therapy products and will further enhance and promote a dynamic and competitive knowledge-based economy for healthcare biotechnology in Malaysia.

Kuala Lumpur's National Blood Bank and Kedah's Sultanah Bahiyah Hospital are the main organisations for public donation, collection and storage of UCB. Meanwhile, the Institute for Medical Research (IMR) conducts R&D related activities on stem cells. In addition to these entities, there are seven local private stem cell banking companies and five multinational companies operating in Malaysia. Extensive researches are also being conducted in almost all premier and research universities in Malaysia.

The promise of stem cell research remains positive – from restorative medication to life-saving treatments. It is therefore important for Malaysia to explore these promising avenues and seize growing opportunities to make scientific advancements that can transform lives, while adhering to strict guidelines that ensure responsibility and accountability. In efforts to develop the stem cell industry towards creating more quality jobs and business opportunities, the Malaysian Investment Development Authority (MIDA) continues to promote the entire value chain through an ecosystem approach.

While the industry is still at its infancy in Malaysia, it is gaining popularity due to its promising solutions for many illnesses with relatively fewer side effects. Industry players are encouraged to leverage on Malaysia's competitive advantage and expertise in many aspects including R&D, commercialisation, distribution and sales towards cementing Malaysia's reputation as a country which can churn innovative and creative products and services.

The Growth of Malaysia's Tourism Industry : Ecotourism

When cultures meet, be it East versus West or City versus Rural, there is a chance for mutual exchanges of understanding and experience, which leads to real long-term benefits. The spill overs are particularly tangible in the ecotourism sector where increased tourism activities in the rural areas offer business and job opportunities to the communities in the area. This sector, fuelled by tourists that are willing to pay premium prices to experience the unspoiled nature, encourages the preservation of the environment in exchange for financial gain.

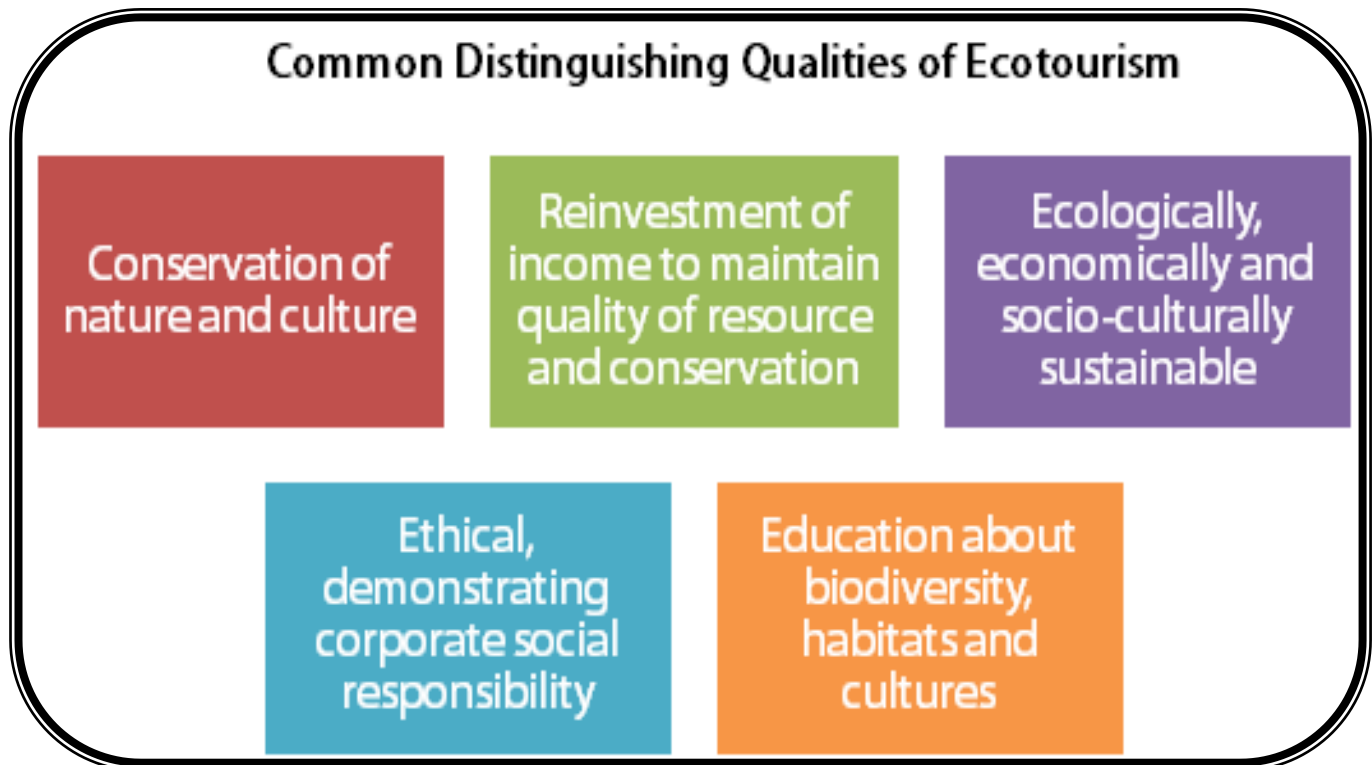
Tourism has traditionally been a significant sector in Malaysia, being the third largest contributor to the nation's economy. According to the Ministry of Tourism and Culture Malaysia (MOTAC), in 2016, the tourism industry contributed 14.8%, amounting to RM182.4 billion to Malaysia's GDP. As luxury travelling becomes more affordable and popular holiday destinations are increasingly overcrowded, travellers are seeking for locations which offer unique experiences and are comparatively preserved. Tapping into these preferences, the Malaysian Government has targeted ecotourism as a key segment to be developed within the tourism industry.



Perhentian Island,
Terengganu.
Source :-
TPRG UTM

Malaysia is at an advantage as 75% of the country's land area is covered with greeneries. This consists of 60% virgin rainforests, unchanged for millions of years, and lush tropical rainforests which harbour 20% of the world's animal species. Malaysia is also home to 60 Ecotourism sites, including 5 UNESCO world heritage

sites, namely the Kinabalu Park (2000), Gunung Mulu National Park (2000), Melaka and Georgetown historical cities (2008) and the Lenggong Valley (2012).



In 2015, MOTAC introduced the National Ecotourism Plan to spur the development of this sector. Within this initiative, several Government agencies are actively involved in promoting Malaysia's unique ecotourism features. Initiatives include engaging with stakeholders at international tradeshow and events and undertaking various nature-oriented programmes and activities such as diving, bird-watching, rock-climbing, sport-fishing and 4x4 adventures. These efforts have contributed to the growing demand in Malaysia's ecotourism sector.

Under the National Ecotourism Plan, MIDA focuses on reviewing the policies that support the development of the ecotourism sector. MIDA has been mandated to lead a technical committee to identify the infrastructure and facilitation required by industry players to implement their projects.

The Government, under Budget 2017, allocated RM400 million for ecotourism activities, extended the incentive for new 4-Star and 5-Star hotels until 31 December 2018 and increased tax deduction up to RM700,000 to encourage sponsorship by the private sector in local and foreign arts, culture and heritage shows and performances.

With these facilities, more industry players such as tourist and hotel operators will be able to upscale their business strategies to cater to the niche and ever-growing market of the ecotourism sector.

MIDA Expands Efforts in Providing In-depth Opportunities in Every State

MIDA expands efforts in providing in-depth opportunities in every state this year through its Special Briefing Session series. The first briefing session, 'An Update on Investment Opportunities in Perlis' was held on 12 January at the MIDA HQ. The series follows the successful regional supply chain conferences and domestic investment seminars that were held last year. To achieve more, the agency is leveraging on the close cooperation and coordination MIDA has with the state agencies. The event was a collaboration with the Perlis State Economic Planning Division, previously known as the State Economic Planning Unit or EPU Perlis. A presentation was delivered by its

Principal Assistant Director, Ms Sanisah Sarnuji.



"The Special Briefing Session series is a new initiative undertaken by MIDA in addition to our on-going efforts in facilitating investors. This serves as a platform for the relevant state government agencies to update the business community on the latest development and investment opportunities in their respective states. The series will be running throughout the year to cover the 13 states of Malaysia," said Dato' Azman Mahmud, Chief Executive Officer of MIDA.

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MIDA Forges Stronger Collaboration With CCI France Malaysia

MIDA deepened its close relationship with Malaysian French Chamber of Commerce & Industry (CCI France Malaysia) that was built over the years through a Memorandum of Understanding (MoU). This is set to intensify the promotion of French investments into Malaysia as well as to support existing French companies seeking to expand their activities in the country.

YB Dato' Sri Mustapa Mohamed, the Minister of International Trade and Industry (MITI) witnessed the exchange of MoU between MIDA and CCI France Malaysia in conjunction with the 60 Years France-Malaysia Gala Night, held at JW Marriot on 18 January 2018.

"We are excited to reinforce our partnership with CCI France Malaysia because this is an excellent model of how government and foreign chambers from both countries work together in achieving common goals. With this MoU, we look forward to continuously working with French investors in capitalising opportunities present in Malaysia and ASEAN, particularly in high quality and impactful sectors such as electrical & electronics, aerospace, chemicals, machinery, oil & gas, regional establishments including principal hubs, hospitality, healthcare and e-commerce," said MIDA CEO, Dato' Azman Mahmud.



MIDA Deepens Its Engagement With The Indian Business Community



“Notwithstanding our presence of more than 50 years in charting the industrial development of the country, there is still a lack of awareness on MIDA’s function in assisting and facilitating domestic companies as well as SMEs, especially among the Indian businessmen. Through this engagement, we hope to deepen our engagement with the Indian business community, which forms an integral part of local companies in the country,” said YBhg. Datuk N. Rajendran, Deputy Chief Executive Officer (DCEO) of MIDA during the exclusive media session with the Indian press held on 22 January.

“The Government has long recognised the capabilities and prospects of local companies in driving the economic growth of the country. For the first nine months of 2017, Malaysia recorded a total of RM113.5 billion worth of approved investments from 3,886 projects in the manufacturing, services and primary sectors. More than 73.5% of the approved investments were from local sources. Thus, we would like to urge more local companies, including those owned/managed by Indian entrepreneurs to come on board by leveraging on the programmes and facilities provided by the Government. Among them include the Domestic Investment Strategic Fund (DISF) that aims to accelerate the shift of Malaysian-owned companies in targeted industries to high value-added, high technology, knowledge-intensive and innovation-based industries. As at December 2017, a total of 270 projects with investments amounting to RM13 billion have been approved grants totaling RM1.3 billion under this fund,” added Datuk N. Rajendran.



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Over 150,000 Jobs Created from 1,142 Manufacturing Projects Implemented in Kedah



“Kedah is one of the oldest states in Malaysia and has captivating history behind it. In fact, there is more to this ‘Rice Bowl State’ than just paddy fields. In term of investments, there are 1,142 manufacturing projects implemented in Kedah with total investments of RM51.28 billion as at December 2016. These projects have created over 150,000 job opportunities for the state,” said Mr. Zabidi Mahbar, Executive Director, Strategic Planning (Manufacturing) of the Malaysian Investment Development Authority (MIDA) in his welcoming remarks at the MIDA Invest Series event held on 25 January. The event themed, “Unfolding States Business Potential” took place at MIDA headquarters in collaboration with Invest Kedah.

“Despite the challenging global economic environment, Kedah has persevered by attracting additional approved investments worth RM1.29 billion in the manufacturing sectors from January to September

last year, creating another 1,543 job opportunities for the state. These 26 projects were mainly in non-metallic mineral products, transport equipment, E&E, machinery and equipment, rubber products, and fabricated metal products.” he added.

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Highlights of January 2018



A fruitful meeting with Dr. Norida, MD A-Bio Sdn. Bhd. and Dr. Theodora Retsina COE of American Process Inc. was held on January 5.



On 8 January, MIDA had a fruitful discussion with Cenviro, which owns and operates Malaysia's first Waste Management Centre in Negeri Sembilan. MIDA looks forward to their exciting ventures in the country.

EVENTS



MIDA's media engagement with TV3 to feature the success stories of established companies in Malaysia. Featuring B.Braun Medical Industries in enhancing the skills of local workers through extensive training programmes and Intel Malaysia on its initiatives with USM School of Computer Sciences in building a competitive R&D, ecosystem and sustainable pipeline for industry-ready graduates on 10 January.



During MIDA's monthly assembly, following an opening speech by the CEO of MIDA, there was a Town Hall Session with YB Datuk Seri Ahmad Maslan, Deputy Minister of MITI on 8 January.



For MIDA Penang's first SME Desk Programme for 2018, the office had an engagement with the Junior Chambers International (JCI) Bayan Lepas on 16 January.

EVENTS



A demo centre was set up at MIDA HQ to highlight the importance of smart manufacturing and the process of transforming the production line to a smart manufacturing plant. YB Dato' Sri Mustapa Mohamed, Minister of MITI visited MIDA's demo centre on January 18.

An insightful engagement between MIDA and MIDF Property Berhad was held on 19 Jan.



Dr. Amissa from the Sustainable Energy Development Section of Tenaga Nasional presented a BizTalk on FiT and Net Energy Metering at MIDA. The event was held on 22 Jan.

EVENTS



A productive engagement with 57 Indian participants from 45 companies at the Roundtable Meeting organised by MIDA and Matrade during YB MITI Minister's visit to Mumbai on 22 January.



Mr. Ahmad Khairuddin, Executive Director of MIDA was among the panelists at the International Energy Week 2018 that was held at the Borneo Convention Centre in Kuching Sarawak.

ECONOMY NEWS

RAM: Malaysia to expand 5.2% in 2018

HNA IF sees Malaysia as ideal investment destination

Malaysia GDP to expand on private consumption, FDI

Nurturing pool of talent

PM: Malaysia-India ties to soar

Optimism highest since 2014

INDUSTRY NEWS

283 BioNexus firms set up ops in Malaysia, create 10,665 jobs

Pertama Ferroalloys to achieve full production in June

BBS Automation to expand facility

Kinsteel plans new furnace

CCMB investing RM90mil to boost capacity

Top Glove says M&A could bring double-digit growth

Petchem to invest RM6b-RM7b in new plants over 15 years from 2020

RM8.4bil methanol plant to be built in Bintulu

Mamee to adopt robotics technology worth RM2mil

F&N expects extra revenue of RM300mil

Pengerang Integrated Complex on track for overall start up in Q1 next year

SERVICES NEWS

TRX is Savills' top pick

Scomi eyes RM1b worth of renewable energy projects

Aviation sector set to fly higher

JV to expand high-speed net reach

Malaysia IT spending to grow 5.7% this year to RM65.2b, says Gartner

WCT, EPF launch New World Petaling Jaya Hotel

Aspen partners LG to provide innovation

World's largest condom maker to spend RM90 mil on automation

Embracing the Fourth Industrial Revolution

Malaysia on track to meet RE target

Japan eyes Malaysia universities as KL-Singapore High Speed Rail training centre partners

PRG eyes medical tourism market



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ABOUT MIDA

The Malaysian Investment Development Authority (MIDA) is the Government's principal promotion agency under the Ministry of International Trade and Industry (MITI) to oversee and drive investments into the manufacturing and services sectors in Malaysia. Starting operations in 1967, MIDA is the first point of contact for investors that want to take advantage of Malaysia's vibrant economy, world-class infrastructure and business-friendly environment to set up their profit centre in Asia. For more information, visit www.mida.gov.my or e-mail us at investmalaysia@mida.gov.my.

MIDA, your first point of contact for investments in Malaysia.



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