Kuala Lumpur, Malaysia
Southeast Asia’s rising star

An investor’s guide
With strong foundations in place for stable and sustainable economic growth in Malaysia, the time is ripe for multinational companies (MNCs) to capitalise on Greater Kuala Lumpur’s potential as a gateway to Asia.
Kuala Lumpur – an Asian gem

Over the past decade, Asia has demonstrated not just growing influence in the global economy, but increasingly has emerged as an alternative engine of growth, surging ahead of the West.

The region has earned admiration, and even envy, for its resilience throughout the 2008/09 global economic downturn.

It has strengthened its prowess, now backed by economic powerhouses China, India and Southeast Asia.

Asia’s attractiveness to foreign investors can be attributed to a number of reasons: as a whole, the region is rich in natural resources, is home to a large population offering attractive consumer market potential, and offers capabilities in diverse economic activities which includes high-value service industries such as banking, telecommunications, oil and gas, healthcare, education and tourism.

As the world began to turn its attention to this bright spot amid the gloom, the question arises: where in Asia should investors be regionally headquartered?

While China in the past decade has been the destination of choice for multinational companies looking to establish themselves in Asia, the flood of investors into the country has pushed up costs thus making it a less attractive destination than before.

Traditional headquarters locations like Hong Kong, Singapore and Shanghai are proving to be high cost centres with talent bottlenecks. Then a ray emerges in Kuala Lumpur – a cost effective centre with much talent and facilities for control tower activities. As this publication illustrates, Deloitte sees Greater Kuala Lumpur as the ideal base for companies seeking to extend their operations not only into Malaysia itself, but also throughout the entire region.

With traditional expertise in areas such as manufacturing and commodity production, Malaysia’s growth story has become even more compelling in recent years. This largely is due to the country’s national transformation efforts, which have instituted civil service and economic reforms and positioned the country as a business-friendly destination. These measures have, in turn, resulted in the creation of myriad opportunities that foreign investors and MNCs can wisely use to their advantage.

With strong foundations in place for stable and sustainable economic growth in Malaysia, the time is ripe for MNCs to capitalise on Greater Kuala Lumpur’s potential as a gateway to Asia.

As a global leader in audit, tax and business advisory services, Deloitte offers leading expertise in establishing your presence in Greater Kuala Lumpur, and looks forward to joining you in optimising your investment potential in Asia.

Best regards,

Tan Theng Hooi
Country Managing Partner
Deloitte Malaysia
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Executive summary

Chapter 1
Why and where in Asia?
Asia can no longer be ignored by regional investors. Even so, this can be a daunting and overwhelming region with individual countries at different levels of maturity. This chapter proposes that investors take a closer look at Southeast Asia as a regional market, which is expected to rival the size of China’s in the medium- to long-term.

Chapter 2
Greater Kuala Lumpur – your bridge to Asia
Southeast Asia is one of the fastest growing regions in the world and investors from all over are rushing to capitalise on its strong domestic market and intra-regional trade ties. Nevertheless, investors face a key decision in deciding where to invest in Southeast Asia, and this chapter shows why Greater Kuala Lumpur is the ideal location to set up a regional platform. With attractive financial and tax incentives, and strategically located in the heart of the region, Greater Kuala Lumpur is an ideal hub for your regional management and trading activities.

Chapter 3
A nation’s transformation
Malaysia, in particular, Greater Kuala Lumpur is undergoing an ambitious programme of change tailored to raise the level of Gross National Income to high-income status by 2020. The National Transformation Programme is expected to drive private consumption in the country as well as regionalise Malaysia’s traditional economic sectors including the financial, palm oil and manufacturing industries. It will also see further development of greenfield, high-value service sectors such as tourism and healthcare, thereby creating new markets and opportunities for investors.

Chapter 4
Why Greater Kuala Lumpur?
Greater Kuala Lumpur today is more than just an export-oriented manufacturing centre: it is a metropolis thriving on a platform of diverse economic activities. In addition, with a dependable supporting infrastructure, a successful transformation programme and excellent government support to develop the region as a hub centre for Southeast Asia, investors need to take a closer look at the benefits offered by Greater Kuala Lumpur. The comparatively cheap costs of living and doing business is another reason investors should see Greater Kuala Lumpur as an attractive investment destination.

Chapter 5
Deloitte – your guide to investing in Greater Kuala Lumpur
Although Malaysia is not a difficult place to do business, Deloitte believes that any entry into a new market can be daunting owing to unfamiliarity with the local culture and regulations. As a global consulting services provider, Deloitte can help guide investors through the entire process, and help clients make the most of all that Greater Kuala Lumpur has to offer. This chapter explores some of the services offered by Deloitte in relation to investing in Greater Kuala Lumpur and how it can optimise business models.
Highlights

Malaysia’s GDP growth rate (2011 – 2012)

Source: Department of Statistics Malaysia

Malaysia and Greater Kuala Lumpur by the numbers

Global Competitiveness Index 2012 – 2013

The Economist Big Mac Index (comparative price of a Big Mac burger in US$)

Source: World Economic Forum

Source: The Economist Big Mac Index July 2012
Asia emerged from the global financial crisis with its standing strengthened, and is expected to become the largest economic region within the next two decades. This reflects its high degree of integration into global trading and financial systems, and a growing internal momentum.

– International Monetary Fund
Chapter One:
Why and where in Asia?
Asia’s growing influence in the world economy should come as no surprise to anyone. With the old world economies still teetering on the question of recovery, Asia has pulled ahead of the pack, which is still dealing with the fallout from the global financial crisis.

Despite the continent’s impressive expansion and raw potential, Asia is a coalition of heterogeneous countries at different levels of market maturity. The fact that the continent continues to grow unrelentingly is more a testament to the strength of its member countries than of Asia writ large. Therefore, the location of investment within Asia will affect returns.

Two well-known destinations are the Asian Tigers—China and India. In terms of growth potential, China and India are arguably unrivalled. However, they each have their own shortcomings, which may pose unacceptable levels of risk for investors without sufficient scale.

In China’s case, its popularity as an investment destination has prompted soaring levels of foreign direct investments (FDI), which have increased costs and lowered returns. Chinese regulatory policies have also remained frustratingly opaque, thereby creating risks for foreign investors who depend upon clarity and consistency in government regulation.

Meanwhile, the vast potential of India is still undermined by security issues and poverty. Although the South Asian nation is taking steps to remedy these obstacles, the slow progress over the past 20 years suggest that these issues are structurally ingrained, and will require greater reform efforts than are currently evident.
Asia-bound investors should also be aware of economic groups within Asia such as the Asia Pacific Economic Cooperation (APEC) and the Association of Southeast Asian Nations (ASEAN).

Country participation in economic groups is particularly beneficial as these groups are dedicated to creating integrated trading networks.
Since the late 1980s, 21 Asia Pacific nations have come together under the APEC banner to promote free trade and economic cooperation throughout the region. Efforts under this banner aim to ease business transactions by lifting regulatory barriers and reduce tariffs between APEC members to promote intra-regional trade.

The obvious strengths of Asia Pacific lie in its sheer diversity of its economic activities, its large populations and the potential of its relatively large number of developing member countries. Home to a diverse population of myriad backgrounds and religious heritages, Asia Pacific is enjoying today a resurgence of attention having weathered the 2008 financial crisis relatively well compared to the developed economies.

**Intra-regional trade key to Asia Pacific**
Home to about 40 per cent of the world’s population, and responsible for about 44 per cent of world trade and 55 per cent of global gross domestic product (GDP), Asia Pacific refers to the countries of Oceania, and East and Southeast Asia. APEC is the region’s economic forum, which guides the economic development of the Asia Pacific community as an integrated whole.

Indeed, it is namely because of this economic co-operation that Asia Pacific has weathered the financial crisis as well as it has. By decoupling itself from developed markets and promoting intra-regional trade, Asia Pacific shielded itself from the brunt of the financial crisis even as developed countries continue to deal with the consequences of the fallout.

**APEC share of GDP in 2011 (in current US$ trillions)**

<table>
<thead>
<tr>
<th></th>
<th>APEC</th>
<th>Rest of the world</th>
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<tbody>
<tr>
<td>$38.72</td>
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<td>$31.27</td>
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</table>

**Source:** StatsAPEC

2012 data was not available at the time of publication
“APEC’s continued efforts to make it cheaper, faster, and easier to do business in the Asia Pacific region may also help businesses manage the current economic downturn and put them in a better position for recovery.”\(^1\)

Between 1989 and 2011, the total trade of APEC economies increased 6.4 times to US$19.7 trillion, outperforming the rest of world trade, which grew only 5.8 times over this same period. In 2011, APEC member countries accounted for just over half of total world FDI flows.

Meanwhile, population data for APEC countries remain within healthy boundaries, with no immediate threat of an aging population or over-population on the near horizon. Indeed, the APEC population is growing more affluent thereby driving private consumption, and thus GDP growth, in the region.

Healthy demographics bode well for Asia Pacific

Total APEC population (in millions)

Source: StatsAPEC

2012 data was not available at the time of publication

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Greater private consumption also means less dependence on exports for economic prosperity, which has traditionally been the primary revenue generator for most Asia Pacific countries.
In a nutshell
Although the Asia Pacific region represents a significant market and is largely expected to continue its growth trend, it shares a similar problem with other part of Asia in that it, too, is a coalition of unequal markets with varying market and risk profiles. Moreover, while its trade association APEC is doing much to make trade more accessible among its member countries, progress in this area has been slow largely due to the diverse make-up of the organisation, which includes countries on the American side of the Pacific, including the US and Canada.
Southeast Asia has stolen some of the limelight in recent years as the place to be for investors. The opening of the Myanmar markets, for example, was undoubtedly one of the bigger business stories to surface in 2011, prompting the Wall Street Journal to describe the Southeast Asian country’s potential as “too great for some investors to ignore”. While each member country on its own may not be very attractive, as part of Southeast Asia, the smaller economies together can rival some of the biggest globally.

Emerging from the history of Western colonialism, Southeast Asia is today coming into its own, and counts among its members some of the largest global emerging markets, including Indonesia and Vietnam in particular. Indeed, Southeast Asia is quickly becoming the darling of global investors. Similar to Asia Pacific, the Southeast Asia economy can generally be represented by its trade forum, the Association of Southeast Asian Nations (ASEAN).

As a subset of Asia and Asia Pacific, ASEAN nations share a lot of the strengths of the larger regions, but have the advantage of having more uniform demographic and geography. ASEAN countries also have a long tradition of trade among themselves dating back several centuries, and this long-held culture has created commercial understandings which translate to freer markets.

ASEAN countries have also shown themselves to be resistant to the impact of the global financial crisis, and have consistently outperformed developed markets despite earlier suggestions that they might be among the most affected. Indeed, according to the International Monetary Fund’s (IMF) most recent Regional Economic Outlook, the Fund noted that “[s]everal ASEAN economies, led by Indonesia, Malaysia, the Philippines, and Thailand, have bucked regional trends, with growth remaining close to potential.”

There are several reasons why ASEAN nations have performed so admirably. Firstly, Southeast Asian countries were among the worst hit by the Asian Financial Crisis in 1998, the aftermath of which saw these countries take stringent measures to protect themselves from a re-occurrence. They pared down foreign loans, built up adequate foreign exchange reserves and put up protective regulatory fences, all of which served them well when the world crisis hit 10 years later.

Secondly, the rapid growth of the middle class helped accelerate private consumption in ASEAN countries for consumer goods and services. A concerted effort by these nations to grow local businesses and develop infrastructure to fulfil local demand created businesses of scale, some of which have now reached maturity and are starting to venture beyond local borders in search of further growth.

As a result of these two factors, ASEAN nations emerged from the world crisis relatively unscathed and are now primed as some of the most attractive investment destinations globally. Indeed, ASEAN reported an average GDP growth rate of 4.7 per cent in 2011, compared with the IMF’s 3.9 per cent global growth rate for the same year. Meanwhile, the Middle East grew by 3.1 per cent in 2011.

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5 International Monetary Fund, “Regional Economic Outlook October 2012”. 
Expanding ASEAN horizons

In line with the move by APEC to remove trade barriers, ASEAN has also embarked on its own programme of liberalisation. For instance, ASEAN will create the ASEAN Economic Community (AEC) by 2015, which aims to “transform ASEAN into a region with free movement of goods, services, investment, skilled labour, and freer flow of capital.”6

In essence, the creation of the AEC is expected to further remove barriers to trade among ASEAN members, and at the same time creating an infrastructure to allow for co-operative development in key areas. The AEC will also allow ASEAN to participate in the global economy as a single entity, as its member nations individually often lack the scale to do so in a meaningful manner.

## Selected key ASEAN macroeconomic indicators as of 14 January 2013

<table>
<thead>
<tr>
<th>Country</th>
<th>Growth rate of gross domestic product at constant prices</th>
<th>Inflation rate</th>
<th>Exchange rate at end of period¹</th>
<th>Unemployment rate¹</th>
<th>Year-on-year change in foreign direct investments net inflow¹²</th>
<th>[2011]</th>
<th>[2011]</th>
<th>[2011]</th>
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<tr>
<td></td>
<td>per cent</td>
<td>per cent</td>
<td>national currency per US$</td>
<td>Currency</td>
<td>per cent</td>
<td>US$ million</td>
<td>per cent</td>
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<tr>
<td>Brunei Darussalam</td>
<td>2.2</td>
<td>2.0</td>
<td>1.26 Dollar (B $)</td>
<td>2.6</td>
<td>582.9</td>
<td>93.2</td>
<td></td>
<td></td>
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<tr>
<td>Cambodia</td>
<td>6.4</td>
<td>5.5</td>
<td>4,079 Riel</td>
<td>0.2</td>
<td>109.2</td>
<td>14.0</td>
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<tr>
<td>Indonesia</td>
<td>6.5</td>
<td>3.8</td>
<td>8,775 Rupiah (Rp)</td>
<td>5.0</td>
<td>5,470.7</td>
<td>39.7</td>
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<tr>
<td>Lao PDR</td>
<td>8.0</td>
<td>7.6</td>
<td>8,011 Kip</td>
<td>1.3</td>
<td>(31.8)</td>
<td>(9.6)</td>
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<tr>
<td>Malaysia</td>
<td>5.1</td>
<td>3.2</td>
<td>3.06 Ringgit (RM)</td>
<td>3.1</td>
<td>2,845.0</td>
<td>31.1</td>
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<tr>
<td>Myanmar</td>
<td>10.4</td>
<td>5.0</td>
<td>766.59 Kyat</td>
<td>4.0</td>
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<td>-</td>
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<tr>
<td>The Philippines</td>
<td>3.9</td>
<td>4.6</td>
<td>46.39 Peso (PhP)</td>
<td>6.4</td>
<td>(36.0)</td>
<td>(2.8)</td>
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<tr>
<td>Singapore</td>
<td>4.9</td>
<td>5.2</td>
<td>1.26 Dollar (S$)</td>
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<td>15,245.6</td>
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<td>Thailand</td>
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<td>30.49 Baht</td>
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<td>(1,333.5)</td>
<td>(14.6)</td>
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<td>Vietnam</td>
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<td>18.6</td>
<td>20,510 Dong</td>
<td>3.6</td>
<td>(570.0)</td>
<td>(7.1)</td>
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<td>ASEAN</td>
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<td>n.a.</td>
<td>21,832.0</td>
<td>23.7</td>
<td></td>
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</table>

Sources: ASEAN Finance and Macro-economic Surveillance Unit Database, ASEAN Merchandise Trade Statistics Database, ASEAN Foreign Direct Investment Statistics Database (compiled / computed from data submission, publications and / or websites of ASEAN Member States’ national statistics offices, central banks and relevant government agencies, and from international sources)

**Symbols used**

- n.a. not applicable / not available / not compiled
- The official foreign exchange rate in Myanmar in 2011 was Kyats 5.5/US$. The exchange rate used in ASEAN statistical databases is derived from the IMF WEO Database April 2012 which is Kyats 766.59=US$1.
- Lao PDR figure is for 2005
- Unless otherwise indicated, figures include equity, reinvested earnings and inter-company loans.

2012 data was not available at the time of publication

## International merchandise trade (in percentage)

<table>
<thead>
<tr>
<th>Country</th>
<th>Ratio of exports to GDP</th>
<th>Ratio of imports to GDP</th>
<th>Ratio of total trade to GDP</th>
<th>Growth of nominal value of exports</th>
<th>Growth of nominal value of imports</th>
<th>Growth of nominal value of total trade</th>
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<td>48.0</td>
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<td>20.2</td>
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<td>22.6</td>
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<td>Indonesia</td>
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<td>21.0</td>
<td>45.0</td>
<td>29.0</td>
<td>30.8</td>
<td>29.8</td>
</tr>
<tr>
<td>Lao PDR</td>
<td>21.4</td>
<td>27.1</td>
<td>48.5</td>
<td>-28.2</td>
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<td>Myanmar</td>
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<td>The Philippines</td>
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<td>140.7</td>
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<td>Vietnam</td>
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<tr>
<td>ASEAN</td>
<td>57.0</td>
<td>52.6</td>
<td>109.7</td>
<td>16.0</td>
<td>17.6</td>
<td>16.8</td>
</tr>
</tbody>
</table>

**Notes**

- Data in italics are the latest updated / revised figures from previous posting
- ¹ The official foreign exchange rate in Myanmar in 2011 was Kyats 5.5/US$. The exchange rate used in ASEAN statistical databases is derived from the IMF WEO Database April 2012 which is Kyats 766.59=US$1.
- ² Lao PDR figure is for 2005
- ³ Unless otherwise indicated, figures include equity, reinvested earnings and inter-company loans.
The AEC focus

Based on this understanding of the AEC, ASEAN nations and private enterprises within their borders will be able to seek new markets and leverage on the strengths of their neighbours in seeking economic development.

Strength in people

Though nominally less diverse than APEC, ASEAN nations still have a combined population of about 605 million people with a third of them under the age of 30. But more important perhaps than such sizable numbers is each country’s rapidly growing middle class. According to the Organisation for Economic Co-operation and Development (OECD), ASEAN’s middle class development has been “among the most rapid in Asia and has boosted consumption growth.”

Indeed, the 2013 Southeast Asian Economic Outlook report noted that “Middle class development is affecting the structure of demand in Emerging Asia. Middle class households, particularly those in the higher portion of the middle-income range, tend to devote a larger portion of their income to purchases of automobiles and other major consumer durables than do poor households.”

“This increased demand for consumer durables and other consumer goods is also helping to spur innovations. Middle class households also tend to spend a higher portion of their income on education and health services, and to purchase more sophisticated services, than do poorer households.”

ASEAN market value USD2.1 trillion

For potential investors, the AEC creates an immediate bridge from any one of ASEAN’s member nations to a US$2.1 trillion market. This does not include any number of free trade agreements (FTA) that are presently being negotiated with mature external markets such as the US, and an existing FTA with China.

7 Southeast Asian Economic Outlook 2013: With Perspectives on China and India, p 8.
Differently put, Southeast Asians are spending and seeking a more diverse class of consumer goods as they become more affluent, which in turn translates into greater demand for product and service innovation. The age profile of the region’s population also implies a continuity in the growth of disposable income as most Southeast Asians will only just now be entering their prime income-generating age.

The OECD adds that the growing middle class, as well as other factors, has contributed to its projected 5.5 per cent average growth rate for Southeast Asia from 2013 to 2017.³

**In a nutshell**

ASEAN has lagged behind other global emerging markets the past several decades, but is now poised to become an important region because of two considerations as it serves as a bridge to the rest of Asia, and it is becoming in its own right, a burgeoning middle class economy.

As a base of operations, Southeast Asia combines the best that Asia has to offer—affordability, diversity, good infrastructure, a large domestic market and an educated workforce—at low-risk compared with emerging markets elsewhere. Within ASEAN, Kuala Lumpur is a choice location to take advantage of Southeast Asia’s exciting and burgeoning opportunities.

³ Southeast Asian Economic Outlook 2013, p 4.
Chapter Two:
Greater Kuala Lumpur – your bridge to Asia
When Portuguese explorers landed in Melaka in 1511, they were thrilled to have finally found what they were looking for: a gateway into Asia. This port city, located on the western coast of Malaysia, sat directly along the trade route between China and India, and provided shelter for sailors when the trade winds strayed their ships.

Dominion of Malaysia changed several times over the next 400 years, but each new European colonial power would recognise Malaysia’s value as a port-of-call and the richness of its natural bounty.

The story today is much the same. The goods traded may be different and trade winds less a necessity, but Malaysia still retains its strategic value as a gateway into Asia. The programme of economic development, implemented by the Malaysian government soon after independence in 1957, has yielded rich fruit, which today supports global trade and commerce.

As a result, Malaysia today has a well-educated and culturally diverse workforce, a comprehensive communication and transportation infrastructure, a well-developed system of jurisprudence and a regulatory structure supportive of business. It is also home to a population of 29.3 million people with diverse ethnic heritages, and a burgeoning middle class.1

As a business destination of choice, Malaysia’s appeal is rooted in its business-friendly environment. To ensure that Malaysia remains a top business and investment destination, several strategic reform initiatives under the transformation schemes, are being implemented by the government.

Of further interest however is that Malaysia is not just supporting the establishment and growth of multinational corporations in the country, it also is encouraging home-grown brands to thrive and build their name both at home and abroad. Indeed, we have seen a steady stream of local companies carve their name both regionally and globally, particularly in areas like banking, offshore energy production and real estate development.

The growing middle class has also created demand for new markets in service sub-sectors including telecommunication and professional services, healthcare and engineering.

1 Malaysians enjoy an average per capita gross income of US$9,700, which puts it squarely in the category of upper-middle-income countries. Per capita gross national income data is obtained from the Government of Malaysia which employs the Atlas method to calculate the average.
Malaysia is presently the third largest economy in the Association of Southeast Asian Nations (ASEAN) and the only ASEAN country recognised as an Advanced Emerging Market by the FTSE Group. Other international accolades include Kuala Lumpur’s number two ranking in Southeast Asia by the Economist Intelligence Unit’s 2012 report, *Hot Spots: Benchmarking Global City Business*.

**Malaysia and Greater Kuala Lumpur by the numbers**

While the country recorded lower foreign direct investment in 2012, FDI inflows remained at a healthy RM29.1 billion during the year (2011: RM36.6 billion). Furthermore, Malaysia has enjoyed robust domestic investment in recent years, driven by private sector investment which rose 22 per cent in 2012 from 2011, amounting to RM139.5 billion and accounting for 58 per cent of total domestic investment. Coupled with a 7.7 per cent increase in domestic private consumption during the year, Malaysia’s growth story continues to show resilience, with gross domestic product (GDP) rising 5.6 per cent in 2012. This outperformed market expectations and outpaced growth of developed-country neighbours Singapore and South Korea, whose GDP rose 1.3 per cent and 2 per cent respectively.

The message from the numbers and the international community is clear: Malaysia is reclaiming its historical position as a gateway into Asia, while at the same time establishing itself as an attractive investment destination in its own right.

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2 Department of Statistics Malaysia
3 Ibid
4 Ibid
6 In-Soo Nam, Slow Growth in South Korea Disappoints, http://online.wsj.com/article/SB10001424127887323539804578260703272163948.html [Date accessed: 27 March 2013]

*Source: World Bank – Doing Business Report, IMD World Competitiveness Yearbook, AT Kearney’s 2012 FDI Confidence Index*
The World Economic Forum (WEF) says that Malaysia’s key advantages are its supportive financial sector, business-friendly institutional framework, and efficient plus competitive market for goods and services. Malaysia stands out as being particularly successful at tackling issues such as opaque regulatory frameworks and bureaucratic red tape, which plague many countries in the region.7

Malaysia’s share of ASEAN GDP (2011) in billions of US$

Source: Association of Southeast Asian Nations
2012 data was not available at the time of publication

Malaysia – a quick history

Prior to obtaining independence in 1957, Malaysia was primarily an agriculture and resource-based economy that depended upon natural resources such as crude oil, natural gas, tin, timber, palm oil and rubber. However, an accelerated programme of development quickly pushed the creation of a manufacturing industry in Malaysia.

By the 1970s, Malaysia had established the beginnings of a multi-sector economy, which grew on average 7.3 per cent annually between 1985 and 1995. In those early days of the country’s economic development, Malaysia was a favourite of foreign investors who were drawn by the country’s cheaper costs and well-developed legal and business structures. A relatively educated workforce well versed in English – also a legacy of the British – also made Malaysia an attractive investment destination.

However, a major setback in the form of the Asian Financial Crisis (AFC) in 1997 and 1998 stalled growth and development for several years. At the same time, foreign capital quickly fled the country and region.

Malaysian population (‘000s of persons)

The AFC yielded important lessons for the country, which in turn would spur reforms that shielded Malaysia from the worst of the global financial crisis in 2008. The reforms it introduced to the financial system, for example, transformed the sector into one of the region’s leaders, particularly in the area of Islamic finance.

The AFC also forced Malaysian industrialists to focus on key commodity areas such as palm oil, electrical and electronic goods and natural gas. Malaysia picked up where it left off pre-crisis, but another threat was quickly emerging.
Despite being a leading exporter of palm oil, electrical and electronic goods and natural gas, the country was facing stiff competition from neighbouring emerging markets such as Indonesia, Thailand and Vietnam. While Malaysia’s economy was still growing steadily, the emergence of new competitors meant the country needed to accelerate its growth in order to hold its own against these new rivals.

At the same time, years of oil extraction and limited plantation land meant that Malaysia’s economy would plateau if it continued along the same vein without change. Thus, the decision was made to transform Malaysia into a services-driven economy, and concerted efforts are being made to ensure that concentration is placed on higher-value services.

These efforts culminated in the development of the National Transformation Plan (NTP), which was launched in 2009. Comprising the Government Transformation Plan (GTP) and the Economic Transformation Plan (ETP), the NTP aims to target specific objectives which are expected to push Malaysia to high-income status by 2020.

These initiatives so far seem to be working. The Asia Business Outlook Survey 2013 (ABOS 2013) published by the Economist Corporate Network in December 2012 indicates that greater investment into Malaysia is already in the works. The results of the survey show that Malaysia was the number two destination for investors, with 43 per cent of respondents indicating that they will increase their level of investment in 2013.

The next chapter of this publication will discuss the NTP in greater detail.

Features of the Malaysian economy
Malaysia’s appeal for many investors has largely been due to the nation’s political stability and policy predictability. The Malaysian economy is primarily market-driven, and the government has continually demonstrated its pro-business and pro-investment commitments. Malaysia’s legal system is based on British law and has a strong emphasis on property rights, intellectual property protection and investor protection.

The inflation and unemployment rates of the country are relatively low, coming in at 1.7 per cent and 3.4 per cent respectively in 2012. Per capita income presently stands at about US$9,700, but national initiatives under the NTP have been tailored to push that figure to US$15,000 by 2020.
Malaysia is also presently implementing strategic reforms to liberalise its business segments, to put to rest the protectionist policies of the past. For example, the government has relaxed equity limits for 30 services sub-sectors under its Competition Standards and Liberalisation Strategic Reform Initiative, which is a component of the ETP.

Further incentives and removal of entry barriers to other key economic segments have also been identified, specifically for the ETP’s National Key Economic Areas, which include financial services, oil and energy, healthcare, education and tourism. Meanwhile, the country is maintaining its focus on its core export product, electrical and electronics, although efforts are being made to ensure that the industry shifts its focus to higher-end goods.

The key lesson here is that Malaysia is no longer the same country it was 20 years ago. The Malaysian market and demographic is significantly different today, and presents greenfield opportunities for potential investors, especially in the newly liberalised service sectors.

Malaysia’s ties to the region, both in terms of its immediate neighbours and the Middle East due to its Islamic heritage, cannot be over-stated.

Since Malaysia is a Muslim country, it’s much easier for us to attract and do business in the Middle East market. Moreover, the multi-lingual workforce available in Malaysia is an added advantage to enter the new markets.

O.Y.L. was bought by Japan multinational conglomerate Daikin in 2006, and is now the largest Heating, Ventilating and Air Conditioning (HVAC) company in the world. Daikin’s purchase of O.Y.L. was made partially in recognition of the cost benefits of the Malaysian company, but also because of its strategic ties to new markets. O.Y.L. exports about 50% of its products to other countries.

Hitoshi Jinno
Chief Operating Officer
O.Y.L. Manufacturing Co Sdn Bhd (Member of Daikin Group)

How will your level of investment change in the following markets during 2013?

<table>
<thead>
<tr>
<th>Market</th>
<th>We will increase our level of investment</th>
<th>We are in the market, but will not invest more</th>
<th>We will reduce our investment in this market</th>
<th>We have no plans to invest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesia</td>
<td>53.5%</td>
<td>38.6%</td>
<td>33.9%</td>
<td>0.8%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>38.5%</td>
<td>25.2%</td>
<td>32.8%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Thailand</td>
<td>43.0%</td>
<td>2.4%</td>
<td>34.8%</td>
<td>3.3%</td>
</tr>
<tr>
<td>Vietnam</td>
<td>53.9%</td>
<td>25.2%</td>
<td>26.2%</td>
<td>10.6%</td>
</tr>
<tr>
<td>Singapore</td>
<td>0%</td>
<td>10.6%</td>
<td>3.3%</td>
<td>53.5%</td>
</tr>
</tbody>
</table>

Source: Economist Corporate Network ABOS 2013
Malaysia’s liberalisation regime
The following sub-sectors were liberalised in 2009 allowing for 100 per cent foreign ownership of businesses falling under them:

<table>
<thead>
<tr>
<th>Services sub-sectors liberalised in 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Computer and related services</strong></td>
</tr>
<tr>
<td>• Consultancy services related to installation of computer hardware</td>
</tr>
<tr>
<td>• Software implementation services — systems and software consulting services; systems analysis services; systems design services; programming services and systems maintenance services</td>
</tr>
<tr>
<td>• Data processing services — input preparation services; data processing and tabulation services; time sharing services and other data processing services</td>
</tr>
<tr>
<td>• Database services</td>
</tr>
<tr>
<td>• Maintenance and repair services of computers</td>
</tr>
<tr>
<td>• Other services — data preparation services; training services; data recovery services; and development of creative content</td>
</tr>
<tr>
<td><strong>Health and social services</strong></td>
</tr>
<tr>
<td>• All veterinary services</td>
</tr>
<tr>
<td>• Welfare services delivered through residential institutions to old persons and the handicapped</td>
</tr>
<tr>
<td>• Welfare services delivered through residential institutions to children</td>
</tr>
<tr>
<td>• Child day-care services including day-care services for the handicapped</td>
</tr>
<tr>
<td>• Vocational rehabilitation services for the handicapped</td>
</tr>
<tr>
<td><strong>Tourism services</strong></td>
</tr>
<tr>
<td>• Theme parks</td>
</tr>
<tr>
<td>• Convention and exhibition centres</td>
</tr>
<tr>
<td>• Travel agencies and tour operator services (for inbound travel only)</td>
</tr>
<tr>
<td>• Hotel and restaurant services (for 4 and 5 star hotels only)</td>
</tr>
<tr>
<td>• Food serving services (for 4 and 5 star hotels only)</td>
</tr>
<tr>
<td>• Beverage serving services for consumption on the premises (for 4 and 5 star hotels only)</td>
</tr>
<tr>
<td><strong>Transport services</strong></td>
</tr>
<tr>
<td>• Class C freight transportation (private carrier license — to transport own goods)</td>
</tr>
<tr>
<td><strong>Sporting and other recreational services</strong></td>
</tr>
<tr>
<td>• Sporting services (promotion and organisation services)</td>
</tr>
<tr>
<td><strong>Business services</strong></td>
</tr>
<tr>
<td>• Regional distribution centres</td>
</tr>
<tr>
<td>• International procurement centres</td>
</tr>
<tr>
<td>• Technical testing and analysis services — composition and purity testing and analysis services; testing and analysis services of physical properties; testing and analysis services of integrated mechanical and electrical systems; technical inspection services</td>
</tr>
<tr>
<td>• Management consulting services — general; financial (excluding business tax); marketing; human resources production; public relations services</td>
</tr>
<tr>
<td><strong>Rental / Leasing services without operators</strong></td>
</tr>
<tr>
<td>• Rental / leasing services of ships that excludes cabotage and offshore trades</td>
</tr>
<tr>
<td>• Rental of cargo vessels without crew (Bareboat Charter) for international shipping</td>
</tr>
<tr>
<td><strong>Supporting and auxiliary transport services</strong></td>
</tr>
<tr>
<td>• Maritime agency services</td>
</tr>
<tr>
<td>• Vessel salvage and refloating services</td>
</tr>
</tbody>
</table>

Table 1: List of services sub-sectors that no longer have foreign equity ownership limits
In tandem with the lifting of foreign ownership requirements, the Malaysian government has further pursued liberalisation by allowing foreign entry into sectors that were previously closed off until 2012. The six sub-sectors are as follows:

<table>
<thead>
<tr>
<th>Services sub-sectors liberalised in 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Legal services</strong></td>
</tr>
<tr>
<td>• The entry of foreign lawyers, foreign law firms or international partnerships, subject to fulfilling the required qualification and entry requirements.</td>
</tr>
<tr>
<td><strong>Medical specialist services</strong></td>
</tr>
<tr>
<td>• The entry of foreign medical specialists with recognised qualifications by the Malaysian Medical Council. Specialists will be allowed to practice in private hospitals only, and 100 per cent foreign ownership of ‘stand-alone’ medical specialist clinics is now permitted.</td>
</tr>
<tr>
<td><strong>Dental specialist services</strong></td>
</tr>
<tr>
<td>• Foreign dental specialists, with recognised qualifications by the Malaysian Dental Council, will be permitted to practice in private hospitals and institutes of higher learning only. 100 per cent foreign ownership of independent dental specialist clinics will also be permitted.</td>
</tr>
<tr>
<td><strong>International schools</strong></td>
</tr>
<tr>
<td>• Up to 100 per cent foreign ownership for international schools will be permitted.</td>
</tr>
<tr>
<td><strong>Private universities</strong></td>
</tr>
<tr>
<td>• Up to 100 per cent foreign ownership will be permitted for private higher education institutions with university status.</td>
</tr>
<tr>
<td><strong>Telecommunications — Network Facilities Providers (NFP) and Network Services Providers (NSP)</strong></td>
</tr>
<tr>
<td>• The liberalisation of NFP and NSP class and individual licences with up to 70 per cent foreign equity will be permitted.</td>
</tr>
</tbody>
</table>

Table 2: List of services sub-sectors liberalised in 2012
HSR: Bringing Malaysia and Singapore closer together

Since the early 1990s, Malaysia has put in place a comprehensive network of well-maintained highways linking Malaysia’s major growth centres to seaports and airports for the movement of goods and people. Kuala Lumpur is serviced by a network of public transport systems including intra- and inter-city bus networks, a monorail, light rapid transit, land rail and a new mass rapid transit system which will be completed by 2017.

Malaysia’s rail service is also an important passageway for goods meant for Southeast Asian markets. Malaysia and Thailand have initiated a Kuala Lumpur-Bangkok-Kuala Lumpur containerised service known as the ASEAN Rail Express (ARX), which will be connected to the Trans-Asia Rail Link, and will thus provide rail connectivity to Singapore, Vietnam, Cambodia, Lao PDR, Myanmar and China.

Meanwhile, the government has announced the creation of a high-speed rail (HSR) link to Singapore, which will cut travel time to and from the island nation to 90 minutes from Kuala Lumpur. While the project is in its early stages, its completion is expected to further improve trade and commercial ties between the two countries.

Connecting to Asia and beyond

In the 1980s, many Japanese companies came to Malaysia to set up operations and factories, and Kajima came along to support these companies in their construction work. We then expanded our business into project management and design in addition to construction. Going forward, we may also move towards property development.

Doing business in Malaysia has been quite easy and simple compared to other countries. The political environment in Malaysia is business-friendly, so much so that some Japanese companies are considering setting up their businesses here to reap the potential of the government’s conducive business policies.

Kajima is presently serving many ASEAN countries, and when our clients ask us where to set up, we tell them that Malaysia is considered one of the best countries for Japanese firms to establish their business operations.

As an added advantage, life in Kuala Lumpur is very comfortable. There are presently about 6,000 Japanese expatriates living here, and I consider Malaysia to be one of the best countries within Southeast Asia to live in, especially if you play golf.

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Malaysia has six international airports equipped with air cargo facilities. The largest of them, the Kuala Lumpur International Airport (KLIA), is less than an hour’s drive away from Kuala Lumpur, and has a handling capacity of 40 million passengers and over 1.2 million tonnes of cargo per year. Cargo import and export procedures are fully automated at KLIA to promote efficiency.

Seaports are crucial to Malaysia’s trade since 90 per cent of the country’s trade is conducted by sea via Malaysia’s seven international ports. All seven ports are equipped with modern facilities and provide petrochemical handling capabilities.

Malaysia’s telecommunications infrastructure is also among the best in the region, utilising the latest in digital and fibre optic technology. There are five network service providers that provide voice and data facilities as well as six internet service providers. Malaysia is connected to the world via various fibre optics and satellite consortia such as FLAG, SE-MA-WE, APCN, China-US, Japanese-US, Measat and Intelsat.

Apart from physical infrastructure, Malaysia’s government has been proactive in building crucial trade linkages with Malaysia’s partners in the region. The country is already a member of the ASEAN Free Trade Agreement (FTA) that aims to bolster trading within the Southeast Asian region and is a crucial element in the creation of the ASEAN Economic Community to be established in 2015. Malaysia has also signed FTAs with Japan, New Zealand and Australia. It is presently working on the Trans-Pacific Partnership with the United States and the European Union.
Kuala Lumpur – Malaysia’s commercial heart

Kuala Lumpur started out as a tin mining town in 1850 but quickly gained prominence as the country’s centre for commerce. Today, Kuala Lumpur is one of Southeast Asia’s most prominent cities, with an easily recognisable cityscape thanks to the presence of the iconic Petronas Twin Towers and the Kuala Lumpur Tower. Kuala Lumpur is the key driver in Malaysia’s transition into a high-income and developed nation, and is the centre for international commerce in the region.

Kuala Lumpur’s reputation continues to enhance even as the lustre of the two traditional hub countries of the region, Singapore and Hong Kong, has started to fade. The Asia Business Outlook Survey 2013 reported that the overbearing cost of living in the two countries is prompting investors to consider their options elsewhere.

“In Singapore specifically, more than half of respondents based there consider rising costs to be either a major constraint or a reason to relocate—and nearly 40 per cent consider property prices as having the same impact… The problem is almost as acute in Hong Kong, perhaps only mitigated by the fact that costs have long been so high there that firms have already recalibrated their expectations, while Singapore’s rising costs are a more recent shock” – the Asia Business Outlook Survey 2013 said.

Other regional competitors include Jakarta, the capital of Indonesia, which has consistently been identified as the fastest growing city in the region in recent years. Despite the country’s vast potential as a market—it is home to some 242 million people—it is relatively under-developed in terms of infrastructure unsophistication in such matters as finance and logistics. There is also a tendency on the part of the Indonesian government to adopt protectionist policies, as evidenced in recent years of abrupt changes in foreign equity ownership limits on banks, and changes to its palm oil tax regime. Limited English proficiency may also prove to be another obstacle for potential investors.

Similar to Jakarta, Bangkok in Thailand experienced major flooding in 2011 which caused billions of dollars in economic loss, particularly to the manufacturing sector. The Thai capital has also been undermined by political turmoil in recent years, and there as yet is no strong evidence that the government has stabilised.

With a strong supporting infrastructure and pro-business environment, Greater Kuala Lumpur is a choice location for multinationals looking to set up a base of operations in Southeast Asia and Asia generally. Specifically, Greater Kuala Lumpur offers the following advantages for business:

- Conducive environment for business
- Strong global trade ties
- Well-developed infrastructure and cost benefits
- Stable policy framework
- Strong banking sector
- Strong intellectual property (IP) protection
- Strategic location
- Relaxed immigration policy and incentives for expatriates
- Tax incentives
- Strong legal framework
- A young, productive workforce
- Affordable liveability
- Competitive rentals
1. Conducive environment for business
A commercial hub for over 150 years, Greater Kuala Lumpur offers a ready and conducive environment for business and trade. The city has developed a vibrant Small and Medium Enterprise (SME) network that provides ancillary and support services such as parts manufacturing. A number of purpose-designed industrial parks which offer various incentives are scattered throughout Kuala Lumpur.

A vibrant business support services sector in and around Kuala Lumpur provides a full range of services including, accounting, risk management and tax advisory services. The presence of business-friendly government agencies such as the Malaysian Investment Development Authority (MIDA), the Ministry of International Trade and Industry (MITI), InvestKL and HalalCorp also helps support greater business development.

2. Strong global trade ties
Greater Kuala Lumpur is home to a large pool of local and foreign corporations which are involved in a myriad of sectors that have long international trade ties. Malaysia has enduring trade links with the world’s largest economies including China, the United States and the European Union. Recently, Malaysia also moved to strengthen trade ties with other Asian countries. In 2011, Malaysia’s total trade was valued at RM1.269 trillion.

Malaysia is also a signatory of several free trade agreements (FTA) with some of the world’s largest markets both independently and through its membership in ASEAN. The FTAs signed by Malaysia are not limited to liberalisation and market-opening measures, but include other measures pertaining to investment, trade facilitation, intellectual property (IP) and economic co-operation in select areas.

Malaysia has established FTAs with the following countries:
- Japan
- Pakistan
- New Zealand
- India
- Chile
- Australia

On the regional level, Malaysia and its ASEAN partners have established the ASEAN Free Trade Area, which requires that members apply a reduced tariff of between zero and five per cent for goods originating within ASEAN. Malaysia also enjoys the benefits of the following regional FTAs:
- ASEAN – China
- ASEAN – Japan
- ASEAN – Korea
- ASEAN – India
- ASEAN – Australia and New Zealand

3. Well-developed infrastructure and cost benefits
Greater Kuala Lumpur has invested heavily in connectivity infrastructure including road and rail networks, as well as connections to its port and air cargo terminals. The country has also emphasised the development of telecommunications infrastructure through its national carrier’s high speed broadband infrastructure. Meanwhile, Kuala Lumpur offers a clear cost advantage when compared with other regional cities such as Hong Kong and Singapore in terms of office rentals, employee wages, utilities and services.

8 Exceptions apply as ASEAN members have the option of excluding products from the tariff scheme in three cases: 1) as a temporary exclusion, 2) if sensitive agricultural products are involved, and 3) as goods pertain to national security, public morals, etc. For more information, please consult your local Deloitte adviser.
4. Stable policy framework
Malaysian regulators take great pains to ensure market and policy stability. As a result, foreign investors in Greater Kuala Lumpur can expect few surprises when it comes to Malaysia’s policy and regulatory framework. Malaysia’s medium-and long-term strategic direction is clearly spelt out to ensure stability in policymaking.

5. Strong banking sector
Kuala Lumpur is home to a myriad of both home-grown and foreign commercial, investment and Islamic banks and financial institutions. Collectively, Malaysia’s banking sector has ample liquidity to help businesses finance their economic aspirations. The proposed development of the Tun Razak Exchange, a finance and commercial hub in the heart of Kuala Lumpur city valued at an estimated RM26 billion, will leverage on Kuala Lumpur’s financial strength to drive growth. (please see Chapter 4 of this publication)

6. Strong IP protection
Malaysia is a signatory to various international standards regarding intellectual property (IP) rights. It has also enacted seven laws to ensure enforcement and recourse over six main IP areas: patent, trademarks, industrial design, copyright, geographical indications and integrated circuit (IC) layout designs.

7. Relaxed immigration policy and incentives for expatriates
Foreign companies can apply to bring in expatriate staff with incentives if they meet certain requirements. Examples include companies setting up operational headquarters, global shared services and international procurement centres.

8. Tax incentives
Malaysia’s corporate tax stands at 25 per cent, which is the median tax rate of ASEAN nations (see Figure 4 below). However, Malaysia offers a wide range of tax incentives for specialised companies and industrial activities. Under these initiatives, companies that are considered pioneer companies will receive tax breaks, as will high technology industries. There are also added tax incentives for companies looking to establish international or regional service-based operations in the country.

ASEAN corporate tax rate 2012

Source: Departments of taxation for each country
9. Strong legal framework
Malaysia’s legal framework is based on the British common law system, which comprises widely adopted principles of jurisprudence familiar to most investors. The framework ensures strong legal protection for investors and companies, and has been further enhanced to handle commercial disputes and IP matters.

10. A young, productive workforce
Malaysia’s talent-base is one of the best-developed in the region with strong cohorts of young, educated workers at all levels. School-leavers joining the workforce have a minimum of 11 years of basic education, while many of Malaysia’s university graduates are trained overseas and exposed to international corporate environments. At the same time, there is also a high degree of proficiency in English as well as in other key trade languages, including various Chinese dialects, Bahasa Malaysia and Indonesia, Hindi and Tamil.

11. High and affordable liveability
With a moderate climate and sheltered from most naturally occurring disasters, Kuala Lumpur is one of the safest cities in which to live within ASEAN. Coupled with world-class living infrastructure and easy access to international education and quality healthcare, many expatriates find it hard to leave Kuala Lumpur after spending time there. The cost of living, furthermore, remains low for a world-class city.

12. Competitive rentals
Kuala Lumpur also offers cost advantages in terms of residential, commercial and industrial real estate. The lower rental costs are due in part to the large land bank within Kuala Lumpur and the surrounding environs grouped under the Greater KL region. Much of this area has been earmarked for commercial and industrial use, and the government is keen to work with the private sector in developing these areas.

13. Strategic location
Despite the proliferation of digital communication technology, physical location is still an important business consideration, and Greater Kuala Lumpur offers its strategic location. Nestled in the heart of Asia, Greater Kuala Lumpur is a point of confluence between the markets of China, South Asia, the Middle East and Oceania. With some of the best airports and cargo terminals in Asia and a full complement of airlines servicing most routes, connectivity is a breeze.
Kuala Lumpur factsheet

Global competitiveness Index 2012–2013

<table>
<thead>
<tr>
<th>Country</th>
<th>Ranking (126 participating countries)</th>
<th>Score (out of 7)</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>2</td>
<td>5.67</td>
</tr>
<tr>
<td>Japan</td>
<td>9</td>
<td>5.47</td>
</tr>
<tr>
<td>Singapore</td>
<td>10</td>
<td>5.40</td>
</tr>
<tr>
<td>Thailand</td>
<td>25</td>
<td>5.06</td>
</tr>
<tr>
<td>Indonesia</td>
<td>29</td>
<td>4.83</td>
</tr>
<tr>
<td>China</td>
<td>38</td>
<td>4.52</td>
</tr>
<tr>
<td>Malaysia</td>
<td>50</td>
<td>4.40</td>
</tr>
</tbody>
</table>

Source: World Economic Forum

The Economist Big Mac Index (comparative price of a Big Mac burger in US$)

<table>
<thead>
<tr>
<th>Country</th>
<th>Price of Big Mac (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>US (base)</td>
<td>4.33</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>4.33</td>
</tr>
<tr>
<td>Tokyo</td>
<td>4.09</td>
</tr>
<tr>
<td>Singapore</td>
<td>3.50</td>
</tr>
<tr>
<td>Thailand</td>
<td>2.59</td>
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<tr>
<td>Indonesia</td>
<td>2.55</td>
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<tr>
<td>China</td>
<td>2.45</td>
</tr>
<tr>
<td>Malaysia</td>
<td><strong>2.33</strong></td>
</tr>
</tbody>
</table>

Source: The Economist Big Mac Index July 2012

9 The Economist’s Big Mac Index is an informal, but accurate, guide that gives a rough idea of the comparative cost of a Big Mac hamburger from McDonald’s in countries around the world. The index gives a broad assessment of the strength of a country’s currency and a rough guide of the cost of living through the common ‘currency’ of a Big Mac burger.
**Most expensive city for expatriates**

Source: Mercer, Cost of Living Survey 2012

<table>
<thead>
<tr>
<th>City</th>
<th>US$/psf per annum</th>
<th>% y-o-y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangkok</td>
<td>29.44</td>
<td>+7.0</td>
</tr>
<tr>
<td>Kuala Lumpur</td>
<td>47.06</td>
<td>-4.3</td>
</tr>
<tr>
<td>Jakarta</td>
<td>53.38</td>
<td>-19.8</td>
</tr>
<tr>
<td>Singapore</td>
<td>104.66</td>
<td>-12.6</td>
</tr>
<tr>
<td>Shanghai (Puxi)</td>
<td>108.25</td>
<td>-1.9</td>
</tr>
<tr>
<td>Tokyo</td>
<td>197.27</td>
<td>-0.9</td>
</tr>
<tr>
<td>Hong Kong (Central)</td>
<td>246.30</td>
<td>-17.4</td>
</tr>
</tbody>
</table>

Source: CBRE Research 2012

**Cost competitiveness Index (2011)**

Index score: 10 - high  1 - low

8.6  Indonesia  8.2  Thailand  7.9  Malaysia  7.4  Vietnam  7.0  China  6.4  Singapore

Source: http://www.sourcingline.com/top-outsourcing-countries

2012 data was not available at the time of publication
Chapter Three:
A nation’s transformation
In the face of a contracting global economy and growing competition in exports and for foreign investments, the Malaysian authorities embarked on an ambitious process of government and economic reform in 2010.

Collectively known as the National Transformation Programme (NTP), this agenda of change saw the unveiling of the Government Transformation Programme (GTP) and Economic Transformation Programme (ETP), representing distinct yet complementary efforts aimed at propelling the country towards high-income nation status by 2020.

The GTP covers structural issues which seek to enhance the efficiency of the civil service as well as address the concerns of those living and working in Malaysia.

The ETP, meanwhile, was launched in response to a stalled global economy following the 2008-2009 global financial crisis and addresses the economic fundamentals needed for Malaysia to become a high-income nation by 2020. Built around a private sector-led model of growth, the programme is premised on elevating the country’s Gross National Income (GNI) per capita to US$15,000, creating 3.3 million jobs, and securing US$444 billion in investments by 2020.

The implementation of the NTP is overseen by the Performance Management and Delivery Unit (PEMANDU), which also monitors its progress, facilitating and supporting the government and the private sector in delivering the programme.
**Transformation bears fruit**

The ETP has recorded considerable gains since its launch, and is credited with supporting Malaysia’s rate of economic growth amid continued uncertainty in the global economy. In 2012, the country’s GDP rose 5.6 per cent, exceeding Asia Pacific’s average growth rate of 3.8 per cent. Malaysia’s GDP growth also outstripped that of Singapore, South Korea and Taiwan, which recorded growth of 1.3 per cent and contractions of 2 per cent and 1.25 per cent, respectively.¹

The programme is also on track to achieve its targets for 2020, with GNI having grown to US$9,974.42 in 2012 from US$7,058.67 in 2009. In addition, the ETP is credited with stimulating private investment through projects which create multipliers across the country. In 2012, private sector investment surged 22 per cent from 12.2 per cent in 2011, representing a threefold growth from the start of the ETP and accounting for 58 per cent of total investment during the year.²

Additionally, the implementation of the Strategic Reform Initiatives (SRIs), some of which build on existing efforts to boost the country’s global competitiveness, has also borne fruit. Some of the more significant reforms include the introduction of the Competition Act 2010, which came into force in 2012, the liberalisation of 17 out of 18 services sub-sectors, improvement in business processes and the establishment of a minimum wage.

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¹ ETP Annual Report 2012, PEMANDU
² Ibid
On track to achieve GNI target for 2020

Source: 2009 GNI; Ministry of Finance 2010 Q2 report
2012 GNI; Ministry of Finance 2012 Q4 report
2010 & 2011 GNI; Bank Negara Malaysia (Central Bank of Malaysia)

Projections: PEMANDU team Analysis
Source: GNI per capita of RM30,809 from Department of Statistics
Exchange rate at RM3.0888: US$1.00


Source: ETP Annual Report 2012
NKEAs in focus

Greater Kuala Lumpur / Klang Valley
The Greater Kuala Lumpur / Klang Valley NKEA represents a concerted effort to transform the nation’s capital and commercial heart into a vibrant metropolis, offering world-class facilities in areas covering commerce and liveability to residents, visitors and businesses.

One flagship project under the Greater Kuala Lumpur / Klang Valley NKEA is the Klang Valley Mass Rapid Transit system (MRT), an integrated public transport network which will serve the additional workers and residents expected to populate the area by 2020. The first phase of the network, connecting the Klang Valley from north to south and cutting through the centre of Kuala Lumpur, is targeted for completion by December 2016.

Another Entry Point Project (EPP) under the NKEA involves efforts by InvestKL, a special purpose vehicle established to catalyse Greater Kuala Lumpur’s emergence as a global investment destination. This EPP has identified the crucial role of multinational companies (MNCs) in positioning the region as a global business centre, with InvestKL aiming to attract 10 MNCs to the region each year. In line with the ETP, InvestKL targets the entry of MNCs operating in other NKEAs, such as business services, financial services, electrical and electronics, and oil and gas.

Oil, Gas and Energy
This NKEA aims to develop the country’s downstream oil, gas and energy sector, focusing on achieving stable levels of production and exploring alternative energy sources, in support of an industry that represents one of the country’s key engines of economic growth.

National oil firm PETRONAS plays a leading role in several EPPs under this NKEA. One EPP which has captured the spotlight is the Refinery and Petrochemical Integrated Development (RAPID) project. This RM60 billion undertaking consists of a crude oil refiner, naphtha cracker and petrochemical complex in Pengerang, in the state of Johor.

Other initiatives under this NKEA include the establishment by PETRONAS and its partners of Malaysia’s first regasification terminal, located in the state of Malacca, and another PETRONAS-led effort, the Sabah Ammonia Urea (SAMUR) project. The SAMUR project involves the construction of a fertiliser plant with capacity to produce 1.2 million metric tonnes of urea per annum.

Financial Services
As a crucial area of the country’s economy, the Financial Services NKEA seeks to strengthen Malaysia’s financial institutions by encouraging their regional growth and increasing the vibrancy and sophistication of Malaysia’s capital markets.
Wholesale and Retail
This NKEA focuses on transforming the wholesale and retail sector to encourage domestic consumption, which accounts for more than 60 per cent of Malaysia’s GDP. Initiatives under this NKEA include increasing the number of hyperstores and superstores, and strengthening the retail capabilities of local sundry shops.

Palm Oil and Rubber
As a sector in which Malaysia is a traditional market leader, the Palm Oil and Rubber NKEA emphasises advancing the sector higher up the value chain to catalyse production and strengthen market prices.

Initiatives introduced under this NKEA include promoting the use of technology in palm oil and rubber production and in the manufacture of palm oil and rubber goods. Specific targets include increasing higher oil palm fresh fruit bunch (FFB) yield by 2020, increasing average national rubber productivity, and increasing Malaysia’s global market share for latex gloves.

Tourism
Amid growing competition for tourist arrivals into Southeast Asia, the Tourism NKEA sets out EPPs across five themes: affordable luxury; nature adventure; family fun; events and entertainment; and spa and sports.

Electronics and Electrical
Representing an industry that has traditionally accounted for a major share of Malaysia’s exports, the Electronics and Electrical (E&E) NKEA seeks to increase the value add-on of the country’s E&E manufactures. Efforts under this NKEA are undertaken through four clusters: solar photovoltaics; light emitting diodes (LEDs)/solid state lighting; industrial electronics; and semi-conductors.

Business Services
This NKEA seeks to develop Malaysia’s specialisation in six sectors: aviation maintenance, repair and overhaul (MRO) services; outsourcing; data centres; green technology; engineering services; and shipbuilding and ship repair.
Communications Content and Infrastructure
In support of Malaysia’s transition to developed nation status, this NKEA recognises the country’s need to provide internet accessibility to all citizens. Efforts under this NKEA span content, network applications, and services and devices, with an aim to enable knowledge-sharing, open new channels of commerce, and expand the media landscape and enhance the quality of life for Malaysians.

Education
This NKEA emphasises providing one of the most basic requirements of a developed economy: an educated populace. The NKEA employs a multi-pronged approach that focuses on the full range of schooling, including early childcare and education, basic primary and secondary education, technical education and vocational training, and tertiary education for domestic and international students.

Agriculture
The main goal of the Agriculture NKEA is to move the industry away from its prevailing focus on agriculture towards a more intensive focus on agribusiness. Through this NKEA, the industry is realising a transformation strategy which covers four key themes: capitalising on competitive advantages, tapping premium markets, aligning food security objectives with increasing GNI, and participating in the regional agriculture value chain.

Healthcare
As a critical feature of any developed nation, the Healthcare NKEA seeks to ensure Malaysians have access to high quality and affordable healthcare, while exploring new areas of growth for the domestic industry. Initiatives under this NKEA cover education and research, the provision of comprehensive healthcare facilities, and the creation of a complete healthcare supply chain.
Malaysia – open for business

The government’s measures send a clear signal that it is prepared to gradually allow a more open and competitive market domestically, creating further room for investments particularly from abroad.

**Foreign exchange liberalisation**

To further promote a conducive business environment and international trade, Bank Negara Malaysia, the central bank, has gradually introduced foreign exchange liberalisation since 1998. During the last round of liberalisation in January 2012, the central bank lifted foreign exchange restrictions on the following actions and financial instruments:

- Buying and selling foreign currency against another foreign currency
- Ringgit-denominated interest rate derivative
- Swapping of Ringgit or foreign currency debt obligation into another foreign currency debt obligation for asset liability management
- Import and export of foreign currency

Other foreign currency liberalisation measures undertaken by Bank Negara since 1998 include:

- Allowing foreign currency-denominated trade financing: Residents may obtain foreign currency borrowing, including foreign currency-denominated trade financing up to the prevailing total limit of RM100 million equivalent for companies on a corporate group basis and RM10 million equivalent for individuals.
- Direct investment abroad: Qualified resident companies that meet prudential requirements will be allowed to undertake any amount of direct investment abroad.
- Approved Operational Headquarters (OHQ): Approved OHQs with domestic Ringgit credit facilities are allowed to convert Ringgit into foreign currency up to RM50 million per calendar year for investment in foreign currency assets. OHQs are also allowed to retain any amount of export proceeds in their foreign currency accounts maintained with licensed onshore banks; obtain any amount of domestic Ringgit credit facilities; and invest any amount abroad, including extension of credit facilities to non-residents, if financed with their own foreign currency funds or with foreign currency credit facilities. The company may also convert Ringgit into foreign currency to finance investment abroad up to i) any amount if it does not have any domestic Ringgit credit facilities; or ii) RM10 million equivalent if it has domestic Ringgit credit facilities.

**Fast-tracking business**

In addition to PEMANDU, the country’s transformation efforts have also led to the creation of several new government agencies with specific mandates in support of Malaysia’s march towards high-income nation status and the associated desired reforms. These include:

- InvestKL: Tasked with attracting and facilitating 100 large global multinationals to set up a base in Greater Kuala Lumpur
- Malaysian Petroleum Resources Corp Bhd: To oversee the transformation of Malaysia’s oil and gas services industry into a regional leader

Kuala Lumpur is well-known as an international commercial and financial center with many MNCs choosing to locate their centers of operations in the city. The Malaysian government has also taken a proactive stance in developing Kuala Lumpur into becoming a world-class city through its Greater Kuala Lumpur initiative under the auspices of the National Key Economic Area (NKEA). It has identified four dimensions including encouraging internal and external immigration programmes, enhancing regional connectivity through improved and integrated transportation system, as well as addressing gaps and/or upgrading existing areas in the city to enhance liveability and tourism.

All this, complemented by its market-oriented economy and pro-business government policies, serves as reasons for attracting foreign investors to Kuala Lumpur.

Sng Seow Wah
Group Chief Executive Officer
Alliance Bank Malaysia Berhad
• TalentCorp Malaysia: To facilitate and create a vibrant pool of human capital for the Malaysian economy

Malaysia’s current transformation programmes also build on earlier efforts to ease red tape in business activities, with the government launching PEMUDAH, a Special Taskforce to Facilitate Business in 2007. This initiative aims to improve the public service delivery system and national competitiveness by promoting public and private sector partnerships.

Through PEMUDAH, the government has appointed lead agencies, comprised of representatives from relevant ministries and the private sector, which facilitate specific tasks related to setting up a business in Malaysia.

The agencies are as follows:
• Starting a Business—Companies Commission of Malaysia (SSM)
• Dealing with Construction Permits—Ministry of Housing and Local Government (KPKT)
• Getting Credit—Bank Negara Malaysia (Central Bank of Malaysia)
• Enforcing Contracts—Chief Registrar’s Office, Federal Court of Malaysia
• Trading Across Borders—Ministry of International Trade and Industry (MITI)

In 2007, the government initiated the Business Licensing Electronic Support System (BLESS), an online portal for business licensing and permit applications. The portal allows applications for approvals, licenses and permits to do business in all sectors of the Malaysian economy.

BLESS also provides an online communication platform for licensing agencies to communicate directly with applicants for any clarification and justification of applications, effectively saving time and resources for both parties.

**Protecting intellectual property rights**

The country is also a signatory to various international standards in intellectual property (IP) rights, enacting laws to ensure enforcement and recourse over six main areas: patent, trademarks, industrial design, copyright, geographical indications and integrated circuits layout designs.

The seven IP laws (and their regulations) are:
• Intellectual Property Corporation of Malaysia 2002
• The Patents Act 1983 and the Patents Regulations 1986
• Trade Marks Act 1976 and the Trade Marks Regulations 1997
• Industrial Designs Act 1996 and Industrial Designs Regulations 1999
• The Copyright Act 1987
• The Layout Designs of Integrated Circuits Act 2000
• The Geographical Indications Act 2000

These activities have since contributed to improvements across various sectors, including starting a business, dealing with construction permits, enforcing contracts, employment, immigration matters and cross-border trade.
Doing business is a breeze in Malaysia

According to the World Bank’s *Doing Business 2013* report, Malaysia rose six places from the previous year’s report to rank as the 12th best place in the world to do business out of 185 countries. This represents a rise from 23rd in 2010, putting the country ahead of more developed economies including Sweden (13th), Germany (20th) and Japan (24th). Malaysia also far surpassed the regional (East Asia and the Pacific) average ranking of 86.

The World Bank’s competitive criteria in the *Doing Business* ranking include ease of starting a business, licensing approvals, tax administration efficiency and ease of cross-border trading.

Malaysia also clinched the top spot for best performer globally in three indicators of *Doing Business 2013*. The indicators on which Malaysia ranked number one globally are strength of legal rights, cost to import and cost to export in terms of US dollars per container.

<table>
<thead>
<tr>
<th>Economy</th>
<th>Ease of doing business rank</th>
<th>Filtered rank</th>
<th>Starting a business</th>
<th>Dealing with construction permits</th>
<th>Getting electricity</th>
<th>Registering property</th>
<th>Getting credit</th>
<th>Protecting investors</th>
<th>Paying taxes</th>
<th>Trading across borders</th>
<th>Enforcing contracts</th>
<th>Resolving insolvency</th>
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Additional note: All Doing Business 2012 rankings have been recalculated to reflect changes to the methodology and revisions of data due to new information. For further details on changes, please refer to the data notes page.

Source: http://www.doingbusiness.org/rankings
Economy overview

<table>
<thead>
<tr>
<th>Region</th>
<th>East Asia &amp; Pacific</th>
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<tr>
<td>Income category</td>
<td>Upper middle income</td>
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<td>GNI per capita (US$)</td>
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<th>Topic</th>
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<tr>
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<td>Getting electricity</td>
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<td>Registering property</td>
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<td>Getting credit</td>
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<td>Protecting investors</td>
<td>4</td>
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<tr>
<td>Paying taxes</td>
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<td>↑ 1</td>
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<tr>
<td>Enforcing contracts</td>
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<tr>
<td>Resolving insolvency</td>
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<td>48</td>
<td>↓ -1</td>
</tr>
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</table>

Source: http://www.doingbusiness.org/data/exploreeconomies/malaysia

Doing business 2013 rank | Doing business 2012 rank | Change in rank
12                      | 14                       | ↑ 2
Malaysia as a top foreign investment destination

Malaysia is keenly aware that its neighbours are vying for foreign investment, and faces competition from its closest neighbour, Singapore. Thailand and Indonesia are also stepping up in terms of investor offerings.

In a bid to gain an advantage amid regional competition for foreign investment, the Malaysian government has moved to strengthen its investment ecosystem, providing sound foreign investment protection.

The country’s growing allure as a foreign investment destination is reflected in the 2012 AT Kearney FDI Confidence Index, in which Malaysia leapt to 10th position from 20th in 2010, placing among only three Southeast Asian countries to make the top 10 on the index.

According to the report, total FDI inflows to Malaysia jumped 537 per cent to US$9 billion, while 15 per cent of North American respondents stated that they viewed Malaysia more positively in 2012 than in 2010.

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Investing ideas

Asia Pacific remains the top destination for foreign investment, attracting about 20 per cent of global FDI in 2010.

Source: AT Kearney 2012 FDI Confidence Index

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2012 FDI Confidence Index

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Values calculated on a 0 to 3 scale</th>
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<tr>
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<td>2007</td>
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<td>2010</td>
<td>2.00</td>
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</table>

Source: http://www.atkearney.com/gbpc/foreign-direct-investment-confidence-index
An earlier AT Kearney survey also highlighted Malaysia’s attractiveness as a global services location amid uncertainty in the global economy, ranking the country third behind economic giants China and India in the consultancy’s Global Services Location Index 2011. The survey measures a country’s financial attractiveness, people skills and availability and business environment. AT Kearney noted that India, China and Malaysia maintained top marks thanks to their deep talent pools and cost advantages.

In The Economist Corporate Network’s 2013 Asia Business Outlook survey, Malaysia emerged as the fourth-best investment destination, ahead of old favourites such as Singapore, Japan and Australia.

### The AT Kearney Global Services Location IndexTM, 2011

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Financial attractiveness</th>
<th>People skills and availability</th>
<th>Business environment</th>
<th>Total score</th>
</tr>
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</table>

Note: The weight distribution for the three categories is 40:30:30. Financial attractiveness is rated on a scale of 0 to 4, and the categories for people skills and availability, and business environment are on a scale of 0 to 3.

Source: AT Kearney Global Services Location IndexTM, 2011

2012 data was not available at the time of publication
The WEF notes that Malaysia’s key advantages lie in its supportive financial sector, business-friendly institutional framework and efficient and competitive market for goods and services.

Malaysia also stands out for being particularly successful in tackling the issues of lack of transparency and presence of red tape which plague many of its regional neighbours. Nevertheless, the developing nations of Southeast Asia have performed remarkably in enhancing their competitiveness, according to the WEF.

Led by Malaysia, these countries have, on the whole, outperformed the economies of South Asia.

**Malaysia as a regional hub**

Protecting foreign investment

Malaysia is committed to ensuring peace of mind for foreign companies investing in the country. To ensure foreign investors face no surprises when doing business in the country, the government has concluded Investment Guarantee Agreements (IGAs) with 58 countries including those in the Association of Southeast Asian Nations (ASEAN) and the Organisation of Islamic Countries (OIC).

The IGAs ensure:
- Protection against nationalisation and expropriation
- Prompt and adequate compensation in the event of nationalisation or expropriation
- Free transfer of profits, capital and other fees

The IGAs also guarantee settlement of investment disputes under the Convention on the Settlement of Investment Disputes, which Malaysia ratified in 1966. The Convention provides for international conciliation or arbitration through the International Centre for Settlement of Investment Disputes in Washington.

In 1978, Malaysia established the Kuala Lumpur Regional Centre for Arbitration (KLRCA), under the auspices of the Asian-African Legal Consultative Organisation. The KLRCA provides a speedy and confidential system to settle disputes in trade, commerce and investments within the region.

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1 Ministry of International Trade and Industry (MITI)
Chapter Four:
Why Greater Kuala Lumpur?
Greater Kuala Lumpur today is no longer merely the export-driven centre it was 20 years ago. Through a number of key developments, including a government drive to push the country’s economy up the value chain, Greater Kuala Lumpur has now positioned itself as a key business hub for the Asian market.

Indeed, since the Asian Financial Crisis of 1998, Greater Kuala Lumpur has risen to new heights in the field of innovation. It has prioritised infrastructure developments such as broadband connectivity, developed a strong financial sector, and cultivated a deep and diverse pool of talent. Greater Kuala Lumpur is also a global leader in both the Islamic finance and the halal sectors, which offer tremendous potential as growth markets.

What’s more, despite years of growth, Greater Kuala Lumpur remains one of the most affordable cities in Southeast Asia both in terms of doing business and liveability. A vibrant Small and Medium Enterprise (SME) segment and an international reputation for business service offerings have also supported Greater Kuala Lumpur’s transformation into a service-oriented centre.

In addition, the government’s move in recent years to give market forces a freer hand by liberalising key sectors has been a particularly welcome change for investors. Efforts to improve business regulatory structures and to bring them in line with international standards have also helped improve Greater Kuala Lumpur’s profile.

Through these changes Greater Kuala Lumpur is emerging as an obvious choice for investors looking to establish a regional operations hub, or control tower, for both the Southeast Asian and Asian markets. The Malaysian government is making similar efforts to establish the country as a whole as the preferred location in the region for knowledge-based industries and as a hubbing centre.

Specifically, Greater Kuala Lumpur is being marketed in three ways: hub for firstly, business; secondly, innovation; and thirdly talent, in line with the government’s plan to develop Greater Kuala Lumpur into a high-value, services driven economy by 2020 under the Greater Kuala Lumpur / Klang Valley National Key Economic Area (NKEA) transformation plan.

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1 Some 44 service sub-sectors have been liberalised since June 30, 2009 through the de-regulation of the Foreign Investment Committee guidelines governing foreign ownership. As a result of the liberalisation plan, there is no longer a need for 30 per cent native (Bumi) equity ownership of businesses in these sectors.
The unique characteristics of Greater Kuala Lumpur, together with the government’s drive towards regionalisation, make it an ideal location for a control tower set up by foreign multinationals looking to make a push into Asia. The idea is to use Greater Kuala Lumpur as a base of operations for the Asian and regional markets by taking advantage of the city’s cost-competitiveness, incentives, abundance of talent and well-developed infrastructure.

For instance, commodity-trading companies can take advantage of Malaysia’s Global Incentives for Trading Programme (GIFT), which offers benefits such as a nominal corporate tax rate, tax exemption for fees paid to non-Malaysian directors, and a 50 per cent exemption on gross employment income for non-Malaysian professional traders.

In addition to offering incentives for specific industries or sectors, the government through the Malaysian Investment Development Authority (MIDA) also provides specially tailored incentives depending on the product promoted or activity carried out by the multinational company (MNC) in Malaysia.

“We are positioning Greater Kuala Lumpur as a regional hub,” says Zainal Amanshah, the Chief Executive Officer of InvestKL, the government agency established to draw foreign investment into the city. “We want to be the launch platform for multinationals who want to capitalise on the Asia story, and we aim to be at the forefront.”

Zainal adds that while regional hubs tend to be cost-sinks, Malaysia, with its growing middle class and a quickly expanding domestic economy, can itself be a market destination, thereby offsetting costs of running the hub.
InvestKL helps facilitate the entry of large MNCs by providing end-to-end support from business application and all the way to post-launch support. Since 2011, it has helped establish the regional headquarters of a growing list of large MNCs in Greater Kuala Lumpur, including Alstom’s Centre of Excellence.

The main selling point, Zainal says, is the integrated and holistic solution that Greater Kuala Lumpur offers coupled with a stable policy and political framework.

“Greater Kuala Lumpur has been able to demonstrate focus through the ETP process. Investors were fundamentally happy enough with the consistency of our policies and the stability of Malaysia in deciding to set up shop here.”

In promoting Greater Kuala Lumpur as a business hub, the Greater Kuala Lumpur NKEA offers investors three propositions. Greater Kuala Lumpur can serve (1) as a central point to manage regional branches, (2) as the main financial hub to execute financial transactions, and (3) as an offshore trading platform for commodities-based businesses.

This model sacrifices some of the *in situ* monitoring that an individual country manager might conduct of a specific market, but the gains include quicker decisions, better mobilisation of resources, more efficient capital expenditure spending, greater uniformity of business operations, and better monitoring of the performance of a region as a whole.

**Positioning Greater Kuala Lumpur as the Regional Control Tower**

**KL as the business regional hub for MNCs to conduct Management, Finance and Trading activities**

*Control tower may include the above activities. Other related functions may be considered.*
Management Activities

Operational headquarters (OHQ)

Eligibility
- Serve at least three related companies outside Malaysia
- Have appointed at least three senior professionals or management personnel
- Carry out a minimum of three qualifying services*

* A full list of qualifying services is available from the Malaysian Investment Development Authority’s (MIDA) website, or get in touch with your local Deloitte desk for more information

Incentives
- Tax exemption for 10 years for income derived from the following sources:
  - Business income
  - Interest
  - Royalties
- Expatriate workers have chargeable income taxed only as per the number of days they are in Malaysia

International procurement and regional distribution centres (IPCs and RDCs)

Eligibility
- IPC - Provide qualifying activities to support affiliated / related manufacturing operations in Malaysia
- RDC - Located in free zones (free commercial zones) or licensed warehouses (public and private) or licensed manufacturing warehouses

Incentives
- Tax exemption of statutory income for 10 years*

* Upon fulfilment of additional criteria. Contact your local Deloitte desk for more information.

- Exemption of customs duties on import of raw materials, components and finished products into Free Zones or licensed manufacturing warehouses for repacking, cargo consolidation and integration before distribution to final consumers
- Expatriate workers have chargeable income taxed only as per the number of days they are in Malaysia
Financial Activities

Eligibility
Have appointed at least three senior professionals or management personnel
Provide qualifying treasury services to at least three related companies outside Malaysia*

* A full list of qualifying services is available from the Malaysian Investment Development Authority’s (MIDA) website, or get in touch with your local Deloitte desk for more information

Incentives
• Seventy per cent exemption on the statutory income arising from treasury services rendered to offices or related companies for five years (effective corporate tax rate of 7.5 to 8.0 per cent)
• Expatriate workers have chargeable income taxed only as per the number of days they are in Malaysia

Treasury management centres (TMCs)
Doing business in the global economy today has become so specialised that companies need to ensure they have the right talent in the right place at the right time. With most global companies aspiring to remain competitive, relocating key resources in the supply chain to low-cost regions to undertake regional operations is a step in the right direction in optimising business models.

A strategic regional location can help streamline business operations by turning them into leaner and more efficient organisations. Some functions include:

• Monitoring and managing increasing costs and price competition in specific industries
• Restructuring supply-chains to implement key functions such as global sourcing and procurement
• Centralising sales contract management to improve efficiency and reduce costs
• Housing strategic functions related to planning, intellectual property management, research and development (R&D) and Centres of Excellence

In all cases, Kuala Lumpur prevails as a choice location with the right offerings and incentives for investors to locate or re-locate their regional control tower operations.

Malaysia aims to create an efficient distribution network which takes advantage of the country’s strategic location within the heart of ASEAN. With a strong freight network and ample land for storage facilities, Greater Kuala Lumpur can play a central role in facilitating the flow of goods to and from Southeast Asia.

MNCs looking to establish a central trading presence in Greater Kuala Lumpur stand to benefit from a host of incentives introduced by the government, which include tax exemptions and expatriate permits for qualified companies. Certain restrictions on eligibility do apply, however, such as a limit on the volume or quantity of goods that can be sourced from outside Malaysia.

Nevertheless, with a strong network of Small and Medium Enterprises (SMEs) supporting the manufacturing sector and a strong government impetus to further develop this segment, MNCs should not find product sourcing problematic.

Greater Kuala Lumpur, with its strong banking sector comprising both local and foreign banks, has a strong record of financial services including, but not limited to, equity investments, foreign exchange transactions, capital market services, and mergers and acquisitions (M&A). It also holds the unique position of being the leading Islamic finance centre in the world and the foremost innovator of Islamic financial products.

Kuala Lumpur, Malaysia is a vibrant and iconic city with well-developed infrastructure, connectivity, a comprehensive telecommunication network, and a skilled workforce imbued with a professional work culture. It is a thriving international commercial and financial center that is home to many multinational companies. Kuala Lumpur has many of the conveniences of a modern city including international schools that provide quality education in various curricula as well as international universities. Expatriate families are able to settle down seamlessly into the city.

Of course, Kuala Lumpur also faces similar challenges to many of the world’s great cities such as traffic congestion and petty crime. However, the government is tackling these issues through its transformation program. A mass rapid transit system covering Greater Kuala Lumpur and the Klang Valley is currently underway and reports indicate that crime rates are down. Kuala Lumpur also stands to benefit if it continues to incentivise to attract further investment inflows and to encourage reinvestments given the competitive global market, especially within the ASEAN region.
The diversity and maturity of Greater Kuala Lumpur’s financial sector means that MNCs have access through it to virtually any market in the world to meet the needs of their investment and financing profiles. Indeed, the Malaysian financial sector remains one of the key drivers of growth of the Malaysian economy, and helps secure investor confidence with its healthy deposit and low-risk profiles.

Moreover, MNCs considering setting up a treasury management centre in Malaysia to service their regional branches enjoy various incentives offered by the Malaysian government (see table above). In addition, the Malaysian government has also expedited the application process of work permits for expatriate workers, who are taxed based only on the number of actual days they spend in the country.

Finally, the development of the Tun Razak Exchange (TRX), a financial hub to be situated in the heart of Kuala Lumpur city, will generate an estimated RM3.5 billion in foreign direct investment. Some 100 top global companies are expected to be based at TRX, which will create 500,000 jobs when completed.

The purpose in developing TRX is to create a strong business network which will leverage Greater Kuala Lumpur’s strong financial sector to create a comprehensive financial hub. Furthermore, with the anticipated creation in 2015 of the ASEAN Economic Community (AEC), TRX is poised to become a central trading post for all participating countries.
Commodities Trading

Offshore trading incentives

• Traders should also be aware of Malaysia’s Global Incentives for Trading Programme (GIFT) which offers a number of incentives for offshore trading of commodities. GIFT started out by focusing on petroleum-related commodities, but has expanded in 2013 to apply to non-petroleum resources.

• GIFT is a programme offered by the Labuan International Trading Commodity Company, which operates out of the Labuan international financial centre and free-trade zone based in East Malaysia. However, MNCs can still establish their offices in Greater Kuala Lumpur in addition to their presence in Labuan.

• The goal of GIFT is to promote Greater Kuala Lumpur as a hub from which to conduct offshore regional trading by providing the following incentives:

GIFT incentives

• Flat corporate tax rate of 3 per cent of chargeable income if conditions are met. Companies which do not meet the qualifying conditions will still be able to enjoy the 3 per cent tax rate for the initial five-year period
• Liquefied natural gas (LNG) trading companies would be entitled to a 100 per cent income tax exemption on chargeable profits for the first three years of their operations (provided the company is licensed before 31 December 2014)
• 100 per cent exemption on director fees paid to non-Malaysian directors
• 50 per cent exemption on gross employment income for non-Malaysian professional traders
• Tax exemption on stamp duties for documentation for Labuan business activities
• Tax exemption on dividends received by or from Labuan International Trading Commodity Company (LITC) companies
• All other fiscal incentives that are attached to a Labuan entity

GIFT eligibility criteria

• Generate a minimum company turnover of US$100 million annually
• Business spending of at least RM3 million annually within Malaysia
• Employ a minimum of three professional traders
• Use and engage local support services
Driving innovation in Southeast Asia

Greater Kuala Lumpur is transforming itself into a hub for innovation, and a number of new measures have recently been introduced to drive development in this field. In the 2013 budget tabled by the government, Prime Minister Dato Sri Najib Razak introduced five measures in support of this objective:

- Create a conducive environment for Small and Medium Enterprises (SMEs) to participate in research and development (R&D) and innovation
- Allow SMEs to use IP rights as collateral for financing
- Invest an additional RM1 billion into the SME Development Scheme
- Introduce tax deductions for angel investors
- Fund five research universities focused on research in strategic fields including nanotechnology, automotive, biotechnology and aerospace

Since 1983, the government has striven to create a robust framework for intellectual property (IP) rights to support innovation by Malaysian companies. First overseen by Pejabat Cap Dagangan dan Jaminhak, IP rights now fall under the purview of the Intellectual Property Corporation of Malaysia (MyIPO), governed by the Intellectual Property Corporation of Malaysia Act 2002. MyIPO’s services currently cover patents, PCT (Patent Cooperation Treaty) patents, trademarks, industrial design, geographical indications, IC layout designs and copyrights.

According to MyIPO, a total of 2,501 patents and utility innovations were granted in 2012, of which 2,193 were granted to foreign firms. In addition, between 2008 and 2011, the country consistently emerged as the region’s top destination for trademark applications.

Though the long-term goal is to establish Greater Kuala Lumpur as a hub for innovation, there remain challenges to be faced in securing this ambition. Accordingly, the government has established three main objectives: first, to encourage the development of the IP substructure by foreign companies; second, to use Greater Kuala Lumpur as a base to create technology to manage sustainability issues such as water and air conservation; and third, to monetise the innovation sector.

Some recent notable successes in the area of innovation include film production studio Rhythm and Hues, based in Los Angeles and a multiple Academy Award winner most recently recognised for Best Visual Effects for its work on the celebrated film “Life of Pi.” The studio’s facility in Greater Kuala Lumpur has been operational since 2009, and as a division of the studio’s global production infrastructure works on all the same projects.

Kuala Lumpur Regional Centre for Arbitration (KLRCA)

The KLRCA is a Malaysia-based centre that functions as a regional arbitrator settling disputes for parties within the Asia Pacific region who are engaged in international trade, commerce and investment. Independent and non-profit, the KLRCA provides international arbitration based on rules established by the United Nations Commission on International Trade Law.

The KLRCA is overseen by an international panel, and ensures that disputes involving cross-border transactions are speedily dealt with, and that foreign investors have a reputable and accredited court of arbitration to settle disputes arising from cross-border transactions.

For more information, please visit www.klrca.org.my
Southeast Asia’s talent hub

Greater Kuala Lumpur is establishing itself as a central hub for talent, and is developing a highly skilled workforce in anticipation of high demand.

That said, however, the government of Malaysia recognises that disparity still exists between the skill level of its local and regional workforce and the skill level available in developed markets. As such, if Greater Kuala Lumpur is to help realise Malaysia’s goal of becoming a high-income nation it will need a complementary workforce to accommodate demands for staffing. Accordingly, the government has adopted a two-pronged strategy to achieve this end:

1) To recruit and hire the best talent from foreign countries through a number of attractive programmes
2) To develop the local workforce through education and training programmes

The goal is to create a pool of highly talented individuals who will serve domestic needs but also the needs of MNCs who are considering establishing themselves in Malaysia. While incentives are already in place for those MNCs to bring in foreign talent, local people provide local knowledge and on-the-ground know-how, and thus provide unique value to organisations.

Recruiting and developing the best talent

As part of the Greater Kuala Lumpur / Klang Valley NKEA, the government established TalentCorp, which is responsible for developing talent in the country. Founded in January 2011, TalentCorp’s mandate is to optimise the potential of domestic talent, attract and facilitate global talent, and build networks of talent both domestically and internationally.

In accordance with this mandate TalentCorp has put in place a number of programmes to expedite Malaysia’s development in meeting its human resource needs. The FasTrack Programme for instance places high-performing engineering graduates with private companies for a 12-month apprenticeship. Students receive hands-on training on actual research and development projects, supplemented by formal training at the Penang Skills Development Centre.

The Structured Internship Programme takes a similar approach to skills development but is applicable to all students of higher learning. Meanwhile, the government is also working together with institutions of higher learning both locally and internationally to identify and recruit promising candidates for key positions.

Another key function of TalentCorp is to recruit Malaysian talent working overseas. Based on a World Bank report, an estimated one million Malaysians presently ply their trade overseas. These individuals are typically some of the best in their fields, given that they have to compete with local as well as other foreign workers and experts for their positions.
The Returning Experts Programme (REP) is designed to encourage these Malaysians to return home, though the programme only targets specific workers, particularly those required in the areas of development emphasised by the government. Under this programme, returning workers enjoy a flat income tax rate of 15 per cent for five years, tax exemption for all personal effects brought into the country, vehicle allowances and expedited immigration approvals for spouse and family.

Finally, the Malaysian government, through the *Malaysia My Second Home Programme* is also offering qualified expatriates presently working in the country the option to trade in their employment visas for residence passes, which will encourage them to remain in the country for the long-term. Holders of the pass enjoy a number of benefits including a 10-year work and residence term, the ability to change employers without having to renew the pass, automatic issuance of the residence pass for their spouse and children, employment permits for their spouse, and education benefits for the family.

### What expats are saying

**Talent is in supply but newer industries are expecting more from employees including a level of innovation and initiative, and thus attitudes need to adjust to this change. Staff productivity and labour discipline are good, but need to be monitored.**

*David Jones*
Past Chairman
European Union-Malaysia Chamber of Commerce and Industry

**I believe that Malaysia’s single greatest strength remains its diverse human resource and multilingual professionals competent in English and other major Asian languages – Bahasa Malaysia, Chinese and Tamil. But the challenge in taking the country to a higher plane of economic progress is to have the workforce empowered with the right skills and capabilities.**

*Dr Raymond Madden*
Chief Executive Officer
Asian Institute of Finance
Malaysian talent is highly educated and experienced. However, as in other countries, it can be a challenge to retain talent in Malaysia, while developing and training talent can be costly. Nonetheless, the development of extensive training programmes is key to talent retention, and represents a key factor in ensuring a company operates smoothly and upholds a first-class image.

Tsuyoshi Iseki  
Senior Manager,  
Finance & Admin, Corp Planning & Marketing  
Kajima (M) Sdn Bhd

Malaysia has abundant raw talent but they would be more competitive if they came with industrial experience. Malaysia has world-class capability in the primary, manufacturing, energy and Islamic finance sectors. But Malaysia can achieve more by rallying innovation capability behind these sectors. New sectors such as outsourcing and new media have great potential but entrepreneurs, managers and employees need more exposure to global opportunities and best practice. We must understand what we want to be and be focused, whilst getting the basics right-in particular in science and technology in academia.

Rob Cayzer  
Director  
Manpower Group Solutions Malaysia
Greater Kuala Lumpur as a *halal* hub

Malaysia is at the forefront of the global *halal* industry, and Greater Kuala Lumpur, with its developed infrastructure, logistics networks and linkages to other financial markets, serves as an ideal platform for investors seeking to establish themselves in this market.

Defined as objects or activities identified as permissible according to Islamic law, the global *halal* industry while traditionally centred on the food and beverage (F&B) sector, now includes Islamic finance, pharmaceuticals and cosmetics, and has grown to an estimated size of US$2.3 trillion.²

The rapid growth seen in this industry has been due to a number of factors including a sizeable and growing Muslim population globally, growing economic development in Muslim countries, and the emergence of potential new *halal* markets such as China and India.

**Opportunities in the *halal* food sector**

The vast and relatively untapped market for *halal* food products presents a compelling reason why food manufacturers should increasingly consider catering to Muslim tastes and demands. Malaysia’s capabilities in this sector, in addition to its geographic proximity to Muslim markets, make the country an ideal location for a *halal* food manufacturing base.

**Halal superhighway link with the global supply chain**

² MIHAS Secretariat, Malaysia External Trade Development Corporation (MATRADE)
The key global halal food markets include

- Indonesia: As the world’s most populous Muslim country, per capita consumption of chicken meat is projected to grow from 4 kilograms per year at present to 8 kilograms per year over the next seven to eight years. This amounts to an additional demand for chicken meat of 1.3 million metric tonnes.³
- GCC: Although the total population of the six-member GCC only totals around 45.9 million⁴, total imports of halal meat into these countries surpasses 1 million metric tonnes every year.⁵

Additionally, there appears to be growing potential in the market for halal food in the EU, with major supermarket chains such as Carrefour and Tesco starting to include halal meat products as part of their offerings.

In the Netherlands, the Port of Rotterdam has even built a dedicated storage facility for halal goods, while non-Muslim consumers have also shown growing interest in halal food, creating a demand that is estimated to reach around US$3 billion every year.

**Halal Parks in Malaysia**

In an effort to elevate Malaysia’s status as a global halal hub, the government, through the Halal Development Corporation (HDC), has introduced the concept of Halal Parks, which house halal manufacturing and service businesses on common property. There are currently around 20 Halal Parks in Malaysia, including the Selangor and Port Klang Free Zone (PKFZ) Halal Parks, which are located within Greater Kuala Lumpur.

The establishment of the Halal Parks seeks to maximise the economic performance of participating companies, while minimising their impact on the environment. Therefore, the Parks place emphasis on green designs, clean production, pollution prevention, availability and accessibility of raw materials and ingredients, energy efficiency, intercompany and market linkages, and consolidated services from public agencies.⁶

Although a large number of activities in these Halal Parks are focused on food production, incentives offered through the Halal Park initiative are available for park operators, halal logistics operators and industrial firms involved in the activities of meat and livestock, specialty processed food, halal ingredients, and cosmetics and personal care.

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³ Halal Industry Development Corporation (HDC)
⁴ The Cooperation Council for the Arab States of the Gulf (GCC)
⁵ Halal Industry Development Corporation (HDC)
⁶ Ibid.
Tsutomu Usui  
Chief Executive Officer  
Intercontinental Specialty Fats Sdn Bhd (member of Nisshin OilliO Group)

We located our factory here in order to produce halal-certified products. Malaysia’s efforts to promote the halal industry here are not limited to the food industries, but extend to other sectors, such as cosmetics; while consumers requiring halal products are not only limited to Malaysia but include the Middle East and Muslim communities in Europe and the US. Being in Malaysia has helped us to expand and market our products to these markets, especially the Middle East, which we are aiming to capture a larger share of.

Out of the 750 tonnes of refined oil which Intercontinental Specialty Fats Sdn Bhd produces each year, 60 per cent is exported, with Europe’s chocolate manufacturers, such as Ferrero Rocher, representing our largest export market.

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### Incentives for Halal Park companies

#### Incentives for Halal Park Operators
- 100 per cent tax exemption for 10 years
- Exemption on import duty for cold room equipment

#### Incentives for halal companies operating within Halal Parks
- 100 per cent tax exemption on export revenue for five years
- Double deduction on expenses incurred in obtaining international certification

#### Incentives for halal logistics operators
- 100 per cent tax exemption for five years
- Exemption on import duty for cold room equipment

Source: HDC
A global leader in Islamic finance

Malaysia is globally recognised as a pioneer in Islamic finance. From the establishment of the country’s first Islamic bank in 1983, the government and Bank Negara have laid the foundation for the local Islamic finance industry’s development into a global frontrunner, allowing it to create a niche for itself in the global financial industry, and increasing its eminence as a global Islamic finance hub.

The country’s leadership in Sukuk—or Islamic bonds—has resulted from the creation of a vibrant ecosystem for Islamic finance in the country, which includes a comprehensive legal and regulatory framework, an education hub, and diverse industry players such as Islamic banks, Islamic insurance (Takaful) operators, and Islamic wealth management firms.

Malaysia’s efforts to promote Islamic finance are aligned under the Malaysia International Islamic Financial Centre (MIFC) initiative, which comprises a network of the country’s financial sector regulators, namely Bank Negara, Securities Commission Malaysia, stock exchange regulator Bursa Malaysia and the Labuan Financial Services Authority, together with ministries and government agencies, industry players and professional ancillary services.

The MIFC positions Malaysia as a centre for Sukuk origination, Islamic fund and wealth management, international Islamic banking, international Takaful and human capital development.

The MIFC initiative, and the country’s overall vision for its Islamic finance industry, has been supported by the International Centre for Education in Islamic Finance (INCEIF), the world’s leading Islamic finance university, and the Islamic Banking and Finance Institute of Malaysia (IBFIM), an education and training centre for Islamic finance professionals, both of which were established by the Central Bank.

Additionally, the establishment of the International Shariah Research Academy (ISRA) under the auspices of INCEIF has put Malaysia at the forefront in formulating international rules and standards to govern Islamic finance.

Collectively, these efforts have facilitated Malaysia’s emergence as a global leader in the area of Sukuk. In 2012, for instance, Malaysia issued US$97.1 billion of the US$139.2 billion total Sukuk offered worldwide.7

What is Sukuk?

Sukuk is the Arabic name for a financial certificate, and can be seen as the equivalent of a bond which is Shariah compliant, or permissible by Islamic law. However, Sukuk, and other Islamic financial securities, prohibit the charging or paying of interest. Instead, Sukuk issuers pay investors a profit rate on the papers, which must also be backed by an underlying asset.

Source: Association of Islamic Banking Institutions of Malaysia and IBFIM

7 RAM Ratings Services Bhd
Greater Kuala Lumpur as a strategic global platform for Islamic finance activities

As the country’s capital city and financial centre, Kuala Lumpur acts as the hub for Islamic finance activities in Malaysia. The country’s strong regulatory landscape, coupled with the city’s robust infrastructure and links to global financial markets such as Hong Kong, London, New York and especially Dubai for Islamic finance, has attracted a broad range of foreign investors to Malaysia’s Islamic finance space, many of whom have chosen to make the city their hub for Islamic finance activities.
In March 2013, Franklin Templeton Investments, a global investment management firm, announced it had selected Kuala Lumpur as its strategic hub for Islamic fund management.

“It was a landmark decision to start in Malaysia in 2009 and we added the Islamic fund management business here because we felt very encouraged by the regulatory framework, the setting up of MIFC (Malaysia International Islamic Finance Centre), and the presence of Islamic financial businesses here.

We are positioning Kuala Lumpur as a strategic hub for Franklin Templeton’s Islamic fund management globally. It is quite prominent within the Franklin Templeton world and makes Kuala Lumpur an important strategic hub.”

— Sandeep Singh, Malaysia country head, Franklin Templeton
(Source: The Edge, 4 March 2013)
Greater Kuala Lumpur — your gateway to Asia

As Malaysia’s capital and financial centre, Greater Kuala Lumpur—with its sound infrastructure, strong trading links, and robust regulatory and legal and financial systems—presents the optimum gateway for firms seeking to establish themselves in the Asian and Middle East markets.

In the next chapter, we will look at how Deloitte can help you optimise your business potential in Greater Kuala Lumpur in a profitable and sustainable way.

10 best reasons to do business in Greater Kuala Lumpur

- Lower cost vis-à-vis other major regional cities
- Pro-business government which supports ease of doing business and open markets
- Varied demographics comprised of a multiracial population and sizable foreign population provide an ideal consumer test market
- Well regulated banking and financial services industry
- Malaysia’s standing as a major producer of palm oil and other commodities such as sugar, coal, and oil makes Greater Kuala Lumpur an ideal trading base
- Malaysia is the second largest producer of liquefied natural gas (LNG) in the world, offering LNG trading companies 100 per cent income tax exemption in their first three years of operations
- Unlike its neighbours Indonesia and the Philippines, Malaysia is not beset by natural disasters such as earthquakes, volcanic eruptions and typhoons
- A global hub for Islamic finance and the halal industry
- Malaysia is strategically located at the centre of Asia, and is a gateway both to Asia and the Middle East
- A multilingual and skilled workforce
Chapter Five:
Deloitte – your guide to investing in Greater Kuala Lumpur
Two immediate considerations present themselves to investors after they have made the decision to invest in Malaysia: in which areas and how? At Deloitte we recognise that investing in a new country is fraught with questions and challenges, and despite the relative ease of setup in Malaysia, navigating all legal and procedural requirements can always be challenging to newcomers.

For instance, Deloitte Malaysia’s Tax Practice Managing Director, Yee Wing Peng says it is important for MNCs who are interested to set up operations in Malaysia to be familiar with the country’s regulatory framework and legal requirements.

We believe that MNCs must have all the information they need, both in terms of their own strategy and the business conditions on the ground, in order to make an informed investment decision.

What kind of supply chains do you need to establish? Can materials be easily sourced in Malaysia? What steps do you need to take to protect your intellectual property (IP)? How do you reach out to your clients and vendors? What kind of regional headquarters would best serve your needs in Malaysia? Should you start a new company or take over an existing one?

These are just some of the questions that require extensive and thorough experience to answer, particularly from on-the-ground practitioners who have worked in the industry for years.

We provide comprehensive answers to these questions and others through our Business Model Optimisation (BMO) team, which focuses on helping MNCs integrate their operations and tax planning in a sustainable way.

Furthermore, MNCs should also be aware of any tax or legal requirements in their home country which could impact their foreign operations. In matters such as this, it is best for interested investors to consult with agencies that have desks in both their home country and Kuala Lumpur to ensure a streamlined and efficient strategy.

We recognise that the main objective of foreign expansion is to drive profits through developing new markets or by optimising the efficiency of existing operations, and this means making the most of the various incentives on offer in the host country. While Malaysia is certainly accelerating the development of its various economic sectors, not all sectors are equal and must be approached in different ways.

Deloitte offers support through its integrated line of services, from tax consultation to sector-specific advisory work. With our global presence, Deloitte is ready to help you make that first foray into Malaysia. We will always be present to advise you on your home country requirements, and we will always be ready to advise you on requirements in your intended investment destination.
“We see many large multinationals that view talent, cost of living, infrastructure, and a stable pro-business government as key factors in locating supply chain hubs and business centres increasingly considering Kuala Lumpur as an attractive location due to its strengths in these areas.”

Business Model Optimisation (BMO)

In light of today’s dynamic global economic environment and the potential for legislative changes, assessing a multinational’s global business model may no longer be an optional exercise. Deloitte’s BMO team provides high quality customised tax and business model transformation services. With its focus on helping multinationals integrate their operational and tax planning in a scalable and sustainable way, the BMO team enables business leaders to make more effective decisions on an after-tax basis. BMO is an approach for creating value through business transformation.

Operational restructuring. Supply chain rationalisation. Integration of acquisitions within existing structures. Centralisation of intellectual property management and use. Migration to centralised management structures regionally and globally. These are just a few ways your company may be pursuing new market share, developing new markets, or gaining economies of scale.

We focus primarily on global supply chain and intellectual property planning, seeking to align business objectives with managing tax minimisation. BMO can assist clients and targets who:

- Undertake large operational initiatives to pursue increases in revenue and margin
- Evaluate their supply chains
- Integrate acquisitions with existing structures
- Centralise the management and use of IP
- Want to centralise management on a regional or global basis to integrate operational and tax planning in a scalable and sustainable way

The BMO offers: a set of methodologies to obtain and deliver BMO project work; a dedicated cross-competency, cross-regional team; a set of tools designed to guide tax professionals through each phase of execution.

The preceding chapters have laid out some of the key factors that make Kuala Lumpur such an attractive investment destination. The next sections will look at Deloitte’s key proposition for investing in the Malaysian economy. What follows does not exhaust either Kuala Lumpur or Deloitte’s offering, but is simply a showcase of what is possible. For more information on any topic raised in this book or about investing in Kuala Lumpur in general, please contact your local Deloitte desk.
Human Capital

Malaysia's major advantage over neighbouring countries is its large skilled and multilingual workforce. Under the ETP, the government has identified human capital development as a strategic reform initiative (SRI), initiating measures aimed at upskilling the Malaysian talent pool and promoting skills development in specialised areas such as electrical and electronics, automotive engineering, and ship building and ship repair. This effort seeks to ensure the country has a reliable supply of human capital as the economy moves up the value chain, increase the employability of the Malaysian workforce, and unlock the potential of previously untapped employment sectors.

Human capital is also an area in which Deloitte specialises, through our Human Capital practice which helps companies maximise the value of their employees by focusing on three distinct areas: Organisation, Change and Talent; HR Transformation; and Total Rewards. The Human Capital practice addresses workforce-related issues across multiple industries, companies and functions, by leveraging the expertise of our entire broad-based consultancy and our tax, audit and financial advisory practices.

We can also help companies preparing to enter into new markets through our Global Employer Services (GES) practice, which supports clients in designing, developing and administering international mobility programmes. Our proven methodology will help ensure that your company’s transition into a new market is well-planned, implemented and accepted by all involved by customising a clear, simple and effective transition process for your specific needs. From defining roles and responsibilities to helping rollout your international mobility programme, our GES practice offers an end-to-end solution for employee deployment wherever you do business around the world.

Deloitte’s Human Capital practice service offerings

<table>
<thead>
<tr>
<th>Organisation, Change and Talent</th>
<th>HR Transformation</th>
<th>Total Rewards</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Organisation strategies</td>
<td>• HR strategy</td>
<td>• Rewards strategy and design</td>
</tr>
<tr>
<td>• Strategic change</td>
<td>• HR service delivery model</td>
<td>• Compensation and benefits design</td>
</tr>
<tr>
<td>• Talent strategies</td>
<td>• HR operations and processes</td>
<td>• Rewards dialogue</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Rewards ROI measurement</td>
</tr>
</tbody>
</table>

“Malaysian talent is very much sought after, and we have very talented people here, especially from the professional services firms which have trained a lot of audit, tax and advisory professionals. I think in general, the business world acknowledges professional services firms like Deloitte, which provides a good training ground for someone who is new to the industry. For expats looking to relocate to Malaysia, Kuala Lumpur offers all the basic building blocks. In terms of liveability, the city offers international schools and lifestyle attractions which are right up there with other cities.”

“If you want to invest in Kuala Lumpur and bring your own people here—even as a trial—do make sure that you consult with a local agency who can connect you to the right setup at minimal cost. You don’t want to be compromised and end up with a large bill. With Deloitte’s global presence, you can reach out to our desks anywhere in the world and they will be able to provide you with the right advice.”

Nizar Najib
Executive Director, Financial Advisory
Deloitte Malaysia

Ang Weina
Executive Director, Global Employers Services
Deloitte Malaysia
Healthcare

Kuala Lumpur has a number of strengths when it comes to the healthcare sector. Nevertheless, it has been overlooked somewhat due largely to the popularity of the offerings of neighbouring cities such as Bangkok and Singapore. There has, however, been a clear drive towards developing the sector, particularly in terms of medical tourism and the tertiary specialty services sector and support services.¹

Infrastructure development aside, Kuala Lumpur also possesses a number of intangible qualities that make it an attractive investment destination for healthcare players. We describe Malaysia’s healthcare sector as a “Blue Ocean” and believe that Malaysia is positioned at the right time and right place to service the burgeoning middle-income population of Southeast Asia.

Kuala Lumpur’s proposition

There are several factors that count in Malaysia’s favour. First and foremost, its strategic location in the heart of Southeast Asia makes it a natural destination for the region’s burgeoning middle class to seek medical treatment. Kuala Lumpur’s robust intra-regional connectivity is also an advantage, particularly with the strong growth in budget air travel.

Second, its multicultural heritage means its people have great fluency in multiple languages—English, Mandarin, Malay, Tamil and Bahasa Indonesia—which is an important consideration for something as personal as healthcare. In this respect, Kuala Lumpur has an advantage over Bangkok, where Thai is still the predominant language.

Third, Malaysian doctors have a strong reputation in the region as a large number of them receive training from world-renowned institutions including the big three countries: the United Kingdom, Australia and the United States.

Fourth, while the local Malaysian market may not compare with the size of bigger countries such as China, it is nevertheless a relatively affluent market. However, investors looking to enter this space should be thinking regionally, rather than locally, to maximise their returns.

Malaysian hospitals treated some 236,000 foreign patients in the first five months of 2012, and the number of patients was estimated to grow to 600,000 for the year as a whole, according to the Ministry of Health’s most recent set of data.

¹ The tertiary subspecialty services sector comprises of specific care for conditions such as specialty cancers, which are not always treated by general hospitals. Healthcare support services include financial intermediation and managed care.
The Indonesian population, for example, is growing steadily more affluent, but has a less developed healthcare sector than Malaysia. Indonesian tourists account for about 10 per cent of all tourists to Malaysia, and are some of the most regular medical travellers to the country. The percentage of the Asian middle class as a whole is also growing rapidly, and with greater affluence more will be more likely to travel in order to receive medical care (see Figure 1 below).

**Future outlook of healthcare in Asia**

The 21st century saw a rapid rise of this multi-billion dollar industry and with a favourable outlook, this growth and evolution will only accelerate. The medical tourism market in Asia is expected to reach 8.5 billion by 2013, with international patient arrivals to Malaysia expected to grow at a compounded annual growth rate (CAGR) of 29.27 per cent between 2009 and 2013. ²

**Advantageous geographical positioning for potential market catchment**

| Total Population Within a 6-hour Travel Radius | ≈ 3.19 Billion |
| ASEAN Region | ≈ 590 Million |
| Greater China Region | ≈ 1.34 Billion |
| Indian Subcontinent | ≈ 1.24 Billion |
| Australasia | ≈ 22.6 Million |

Figure 1: Industry Outlook Asia
Source: Deloitte

Boosting medical tourism is also a key pillar under the Healthcare NKEA of the ETP. Under this NKEA, the government aims to aggressively market Malaysia as a healthcare travel destination, which is expected to enhance further the numbers.

Though there is stiff competition from Bangkok and Jakarta as alternative destinations for healthcare tourists, we believe that the market is sufficiently segmented for Malaysia to be a key player in this sector. Given the varying maturity profiles of the three countries (see Figure 2 opposite), we believe that Malaysia will cater to a distinct but ample section of the Asian population.

<table>
<thead>
<tr>
<th>Healthcare quality / healthcare travel industry enablers: maturity profile comparison</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Malaysia</strong></td>
</tr>
<tr>
<td>Availability of skilled medical personnel and advanced technology</td>
</tr>
<tr>
<td>Low</td>
</tr>
</tbody>
</table>

Figure 2: Healthcare maturity profile
Source: Deloitte

Finally, there is also ample room for new players in the field of tertiary medical and support services, which is relatively underserved. This is an area currently receiving plenty of attention from foreign investors, particularly in the area of financial intermediation and managed care.

On the other side of the healthcare coin, namely in the field of research and development, the population density and multicultural makeup of the country makes Malaysia an ideal location for clinical research labs. Boosting clinical research is also a key objective of the Healthcare NKEA. Towards this end, the government has set up Clinical Research Malaysia (CRM), a unit under the Clinical Research Centre (CRC) of the Ministry of Health, to stimulate the growth of clinical trials in Malaysia.

Despite the vast potential for growth in the Malaysian healthcare sector, investors are cautioned to be selective about the area of healthcare they want to break into. Primary healthcare, for example, may not prove the best option in terms of returns, and some specialist hospitals may not do as well as others. Interested investors are encouraged to consult with our experienced healthcare team, who will be able to provide the necessary advice on the segment as a whole.
The palm oil sector has been a mainstay of the Malaysian economy for decades, and is a relatively developed market compared with other economic sectors. However, growth in this sector has stagnated in recent years, at least domestically, largely due to plateauing productivity and yield levels and the exhaustion of agricultural land.

As one of the NKEAs in the ongoing ETP, however, the sector is expected to grow by 7.1 per cent over the next 10 years into a RM74.6 billion industry, primarily driven by improved productivity as well as the expansion of land banks abroad. A projected increase in downstream activities is also expected to contribute to the sector’s overall growth, and will be the primary focus of new investors looking to break into the palm oil space.

To recap, plantation land has all but been exhausted in the country, with ownership of the plantations dominated by the largest private planters in the world including Sime Darby and Kuala Lumpur Kepong. Opportunities here in the upstream segment are thus limited for new investors, and even existing planters are presently foraying farther afield in search of new land.

The industry is presently tilted heavily towards the upstream side—activities such as the production of fresh fruit bunches (FFB), processing of FFB in mills, palm kernel crushing and palm oil refining—with output mostly exported as upstream products in crude or processed form.

Meanwhile, downstream activities in Malaysia are still mostly at the developing stage, and there is a strong government push to promote activities in biogas, high-value oleochemicals and second-generation biofuel. These represent areas which foreign investors, with advanced technological facility and know-how, will be able to exploit and develop.

**Greater Kuala Lumpur’s proposition**

Some of the strong points in Malaysia’s favour with respect to the palm oil sector include:

- One of the highest average palm oil yields in the region at about 21 tonnes per hectare; Indonesia, Malaysia’s most direct competitor, yields an average of 19 tonnes per hectare.
- A centralised and efficient regulatory environment. The palm oil industry is regulated by The Malaysian Palm Oil Board (MPOB), which is responsible for awarding licences across the value chain from seed producers to exporters of palm oil, as well as for developing policies, guidelines and practices to help monitor and assist the industry.
- Favourable government policies and incentives, which are expected to continue given the importance of the palm oil industry as the 4th largest contributor to Malaysia’s national economy.
- An experienced and skilled workforce which is familiar with on-ground conditions of the palm oil business in both the upstream and downstream sectors.

“Most downstream activities will require significant private investment from investors. The opportunities will also likely require significant R&D resource and technology know-how from abroad. There will be opportunities for foreign companies to work in collaboration with local large conglomerates in joint ventures.”

Jeremy Ng
Audit Partner,
Deloitte Malaysia
The 12 core Entry Point Projects (EPPs) provides a positive sign of progress in the Malaysian palm oil industry as the EPPs have been tailored to address specific issues in the palm oil production chain. We have seen increasing interest in the industry following the introduction of the ETP, which is a clear sign of intent from the government to energise the industry in a clear and focused fashion.

Malaysia also offers significant cost advantages compared to regional peers for support activities such as storage and transportation of palm oil. Kuala Lumpur offers lower freighting fees compared with Singapore, for example, and for an industry as competitive as palm oil cost savings in any area is a welcome boon.

Our proposition in the palm oil sector leverages on our global network and extensive experience in audit, tax, consulting, enterprise risk and financial advisory, which are targeted at securing the best outcomes for our clients. Our comprehensive presence in ASEAN means that we can help our clients optimise their business model by taking advantage of regional supply chains.

“Malaysia offers an edge over Indonesia mainly in terms of infrastructure and ecosystem availability, and from a sophistication perspective. In terms of foreign investment, it depends on whether the investor has a captive market. If they are coming from China, India or the Middle East with a strong domestic market, it makes sense for them to set-up shop in Malaysia.”

Muralidhar MSK
Executive Director, Consulting
Deloitte Southeast Asia

Kuala Lumpur, Malaysia Southeast Asia's rising star 81
Taxation
A key part of Deloitte’s offering in Kuala Lumpur and the surrounding region is the help we can offer in dealing with the inevitability of taxation. Taxes can sometimes be an overlooked consideration in deciding where to establish a base of operations, but can be a significant cost factor if not optimised.

Most of the tax incentives provided by the Malaysian government related to the establishment of regional operations and for expatriate employees have already been described in detail in the previous chapter. Potential investors however should also be aware of Kuala Lumpur’s property-related tax incentives and issues.

Real Estate Investment Trusts (REITs)
There are a number of tax benefits for companies looking to establish REITs in Malaysia. The table on the next page provides a general overview of these incentives.

<table>
<thead>
<tr>
<th>Real estate investment trust tax benefits</th>
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</thead>
<tbody>
<tr>
<td>• Certain income earned by REITs (e.g., interest on bonds, fixed deposits with licensed banks, gains on sale of investments, etc.) are tax exempt.</td>
</tr>
<tr>
<td>• All instruments of transfer of real property to a REIT approved by the Securities Commission will be exempted from stamp duty.</td>
</tr>
<tr>
<td>• REITs distributing 90 per cent of their income to REITholders are exempted from paying corporate tax. Where the 90 per cent distribution is not complied with, the REIT’s total chargeable income will be subject to corporate tax at the prevailing tax rate.</td>
</tr>
<tr>
<td>• Non-resident companies / individuals that receive distribution from the above exempt income will be subject to the following withholding tax:</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Malaysia</th>
<th>Singapore</th>
<th>Hong Kong</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resident individuals</td>
<td>10%</td>
<td>NIL</td>
<td>NIL</td>
</tr>
<tr>
<td>Non-resident individual</td>
<td>10%</td>
<td>10%</td>
<td>NIL</td>
</tr>
<tr>
<td>Non-resident companies</td>
<td>25%</td>
<td>17%</td>
<td>NIL</td>
</tr>
</tbody>
</table>
Property and buildings
In a bid to promote environmental sustainability, the Malaysian government has introduced a number of tax exemptions for owners of green buildings. The two following tax incentives apply to transactions involving these types of property:
- Owners of green buildings will be wholly exempted for an amount equal to the qualifying capital expenditure incurred for the purposes of obtaining the Green Building Index (GBI) certification.  
- Purchasers of GBI-certified buildings (first owner) will be exempted from stamp duty on the transfer of ownership instruments, e.g., sales and purchase agreements.

The government has also introduced incentives for infrastructure developers looking to build in the Tun Razak Exchange (TRX), a financial hub to be located in the heart of Kuala Lumpur. The package of incentives includes a five-year 70 per cent income tax exemption for property developers in the TRX.

Liberalising property tax for non-Malaysian residents
Malaysia is also taking additional measures to promote home-ownership by expatriate workers, which it hopes will encourage longer-term stays by in-demand talent. It has thus equalised the property tax regime for both citizens and non-citizens as follows:
- No real property gains tax levied on the disposal of property after five years of ownership
- Stamp duty incurred for the disposal of property belonging to non-citizens is borne entirely by the buyer and not the seller
- Similar levels of quit rent and assessment as levied on citizens

M&As and foreign investment from a tax perspective
Tax considerations also play a key element for companies evaluating merger and acquisition (M&A) opportunities in Malaysia. From this perspective, Deloitte offers end-to-end consultancy on the tax requirements for M&As in Malaysia, whether acquisitions are executed on the basis of assets or shares. We can also help companies identify the optimal holding company structure to minimise tax costs.

Deloitte has seen keen M&A interest from foreign investors in the oil & gas and manufacturing sectors, which has benefited from supportive government policies.

“Urbanisation is one of the key factors in shaping and driving the economic growth of a country. Statistics already show that Greater Kuala Lumpur dominates Malaysia’s urban economy. The population and GNI of Greater Kuala Lumpur targeted to grow by 5 per cent and 10 per cent respectively in the next decade, and steps already are being put in place to ensure such targets are met.”

Tham Lih Jiun
Executive Director, Tax
Deloitte Malaysia

3 The Green Building Index is Malaysia’s industry-recognised sustainability rating tool.
The government has also announced tax incentives to attract investors to the TRX including a 100 per cent income tax exemption for 10 years, stamp duty exemption on loan and service agreements for TRX status companies, industrial building allowance and accelerated capital allowance for TRX marquee status companies.

Often many companies find it useful for investors to partner with a service provider such as ourselves to fully explore the regulatory issues related to tax incentives, in order to optimise investments in Malaysia.

"1 + 1 = 2? This is not always the case in M&A transactions. Early and thorough involvement in the M&A process are key to an optimally structured transaction, including post-transaction strategy and compliance. It is also critical to carefully plan and analyse any M&A transaction in order to maximise its overall tax efficiency.”

Sim Kwang Gek
Executive Director, Tax
Deloitte Malaysia

Investing ideas

In our Top 10 M&A Predictions for Asia in 2013, produced in conjunction with law firm Herbert Smith Freehills, we highlighted Malaysia’s upstream oil and gas sector as a bright spot for investment through the Risk Service Contract (RSC) model. A government-led initiative to boost oil production and exploration, the RSC model promotes knowledge transfer through joint ventures between foreign and local players, thus providing shared risk and numerous financial incentives.

One project which has garnered much attention and allows investors to leverage the RSC model is the Refinery and Petrochemical Integrated Development in Pengerang, Johor. Announced by Petronas Nasional Bhd in 2012, the project will be operated by the national oil company and its joint venture partners. The project is expected to produce 9 million tonnes of petroleum products and 4.5 million tonnes of petrochemicals per annum, and to draw over RM120 billion (US$39.23 billion) in investment over the next five to six years.

“The next round of bidding for similar projects in Malaysia is expected early in 2013 and we understand that there is a lot of interest from Japanese, Australian and Singapore-based oil and gas companies wanting to participate.”

– Deloitte Top 10 M&A Predictions for Asia in 2013
Malaysia as a low tax jurisdiction
Cognisant of Malaysia’s need to compete with attractive neighbouring tax jurisdictions such as Singapore, the Malaysian government continues to adopt a business-friendly approach for MNCs looking to establish their base here, particularly in Kuala Lumpur.

Accordingly, the provision of tax incentives remains an important selling point for doing business in Malaysia, especially as MNCs centralise their operations in regional bases to avoid redundant operations in the various countries in which they are present. Moreover, the government is increasingly looking forward to offer more targeted incentives to attract global players to Kuala Lumpur, which may involve assessment on a case-by-case basis.

In all of these matters, Deloitte can help potential investors determine the appropriate tax incentives which applied to their business that can minimise tax costs.

Access to a wide network of tax treaties
Malaysia is a signatory to over 70 ‘avoidance of double taxation’ treaties with countries around the world, allowing foreign companies and non-resident individuals from these countries with operations in Malaysia to benefit from the preferential tax rates offered under these treaties. In addition, the Malaysian Income Tax Act 1967 provides for various exemptions and relief from taxation.
Greater Kuala Lumpur – maximising your investment potential

With Malaysia’s drive towards high-income status, especially through efforts under the ETP, the country and the capital city are poised to strengthen their position as a top destination for foreign investment in Asia. Offering numerous value propositions such as incentives for specialised sectors, attractive liveability, emerging investment opportunities and a large skilled and multilingual workforce, we at Deloitte see Greater Kuala Lumpur as an exciting prospect for foreign businesses seeking to establish a base in the region. We look forward to partnering with you to unlock business opportunities and maximise your investment potential in Greater Kuala Lumpur.

Reasons to choose Greater Kuala Lumpur

Asia has already started to dominate the world economy, creating strong momentum for the region to continue its rapid pace of development.

As Asia grows, its appetite and demand for new products and services is expected to intensify, thus creating new avenues and markets for innovative services and products. In its 2011 report, *Asia 2050: Realizing the Asian Century*, the Asian Development Bank notes that:

“Asia’s growth and much larger footprint in the global economy will bring with it new challenges, responsibilities and obligations… Asia will need to rethink its role on a very wide range of issues and institutions: from its stake in the global commons—global trade and financial systems—to its relation to other regions, to the implications of domestic and regional policies for others, to Asia’s role in international development assistance in Africa and so on.”

The bottom-line is a wealth of new opportunities, to be tapped leveraging on more intimate winning knowledge of diverse Asia through a presence in the region.

Greater Kuala Lumpur has emerged and is offering itself as that Asian presence regional centre. It has a number of strong points in its favour: a strategic location; a business-friendly and consistent regulatory framework; a cost-friendly business environment; an abundance of talent and other supporting infrastructure; and strengths in important business sectors.

With our local experience and expertise in assisting inbound investment, your choice of Deloitte will ensure your investment and expansion plans are well crafted. We are committed to helping you reach your commercial goals: our global presence, extensive international experience, and intimate knowledge of on-the-ground issues will all be directed to guiding you through the specific challenges of investing in Greater Kuala Lumpur.

Let us help guide you into the Asian century.

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InvestKL

InvestKL has been mandated by the Malaysian government to attract and facilitate large global multinationals, including Fortune 500 and Forbes 2000 companies, to establish their regional business, innovation and talent hubs in Greater Kuala Lumpur and strategically grow their business in Asia. InvestKL operates under the purview of the Ministry of International Trade and Industry (MITI), Ministry of Federal Territories, and PEMANDU, the Performance Management and Delivery Unit under the Prime Minister’s Department.

Contact:
InvestKL Office
16th Floor, Menara SSM@Sentral,
No 7, Jalan Stesen Sentral 5,
Kuala Lumpur Sentral,
50623 Kuala Lumpur, Malaysia
Tel: +603 2260 2270
Fax: +603 2260 2292
Email: info@investkl.gov.my
Website: www.investkl.gov.my

Malaysian Investment Development Authority (MIDA)

MIDA is the government’s principal agency for the promotion of the manufacturing and services sectors in Malaysia. The agency assists companies which intend to invest in the manufacturing and services sectors, and facilitates the implementation of their projects. Its services include providing information on investment opportunities and facilitating companies seeking joint ventures partners.

Contact:
MIDA Sentral
No.5, Jalan Stesen Sentral 5
Kuala Lumpur Sentral
50470 Kuala Lumpur, Malaysia
Tel: +603 2267 3633
Fax: +603 2274 7970
Email: investmalaysia@mida.gov.my
Website: www.mida.gov.my

Multimedia Development Corporation (MDeC)

MDeC directs and oversees MSC (Multimedia Super Corridor) Malaysia, the country’s ICT initiative, and serves as a one-stop agency for companies wishing to participate in the Corridor. Its role includes facilitating the entry of companies into MSC Malaysia, assisting in expediting permit and license approvals, and introducing companies to potential local partners and financiers. MDeC also advises the Malaysian government on legislation and policies, and development of MSC Malaysia-specific practices.

Contact:
MSC Malaysia Client Contact Centre (CliC)
MDeC
MSC Malaysia Headquarters
2360 Persiaran APEC
63000 Cyberjaya
Selangor Darul Ehsan, Malaysia
Tel: 1-800-88-8338 (within Malaysia) or +603 8315 3000 (outside Malaysia)
Fax: +603 8315 3115
Email: clic@MDeC.com.my
Website: www.mdec.my
Malaysian Biotechnology Corporation (BiotechCorp)
An agency under the purview of the Ministry of Science, Technology and Innovation, BiotechCorp is responsible for executing the objectives of the National Biotechnology Policy and identifies value propositions in R&D and commerce and supports these ventures via financial assistance and developmental services.

Contact:
Level 23, Menara Atlan,
161B Jalan Ampang,
50450 Kuala Lumpur, Malaysia
Tel: +603 2116 5588
Fax: +603 2116 5411
Website: www.biotechcorp.com.my

Halal Industry Development Corporation (HDC)
HDC coordinates the development of the Malaysian halal industry, focusing on the development of halal standards, audit and certification, and capacity-building for halal products and services. Its mandate includes providing assistance to manufacturers, distributors, retailers, entrepreneurs, researchers and investors to penetrate the global halal market. The agency also promotes the participation and growth of Malaysian companies.

Contact:
Halal Industry Development Corporation
5.02, Level 5,
KPMG Tower, First Avenue,
Persiaran Bandar Utama,
47800 Petaling Jaya,
Selangor Darul Ehsan, Malaysia.
Tel: +603 7965 5555
Fax: +603 7965 5500
Hotline: 1800-880-555 (within Malaysia) or +603 7965 5400 (outside Malaysia)
Website: www.hdcglobal.com
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About Deloitte Malaysia
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Your guide for living, playing and dining in Greater Kuala Lumpur

LiveKL

This LiveKL lifestyle guide is brought to you by Deloitte Malaysia
Welcome to Kuala Lumpur!

As a federal state of Malaysia and the country’s most populous city, Kuala Lumpur is known for its vibrant lifestyle, colourful culture and delectable cuisines. Kuala Lumpur offers an array of interesting places to visit and fun-filled activities for the whole family.

Golfers will enjoy challenging themselves at the numerous golf clubs located within Kuala Lumpur, with courses designed for all skill levels. Shoppers will have a field day visiting the shopping malls and specialty markets in and around the city. For nature lovers, parks and waterfalls abound, and offer the perfect place for a picnic with the family. Foodies will delight in discovering Kuala Lumpur’s world-class haute cuisine, hawker’s fares, international delights and local delicacies.

This guide will give you a flavour of what to expect when you visit Kuala Lumpur, the capital city of Malaysia.
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26 12-month calendar of events for Malaysia in 2013/2014
Golf all year round

Malaysia’s tropical climate is ideal for golfers looking to challenge themselves on the many courses located throughout the country. Indeed, Malaysia boasts more than 200 golf courses, including the historic Selangor Royal Golf Club located in Kuala Lumpur.

With numerous public and members’ courses to choose from, golfers are spoilt for choice. These courses offer a variety of terrains and challenges that will test the skills of both newcomers and experts. Most courses are concentrated in Kuala Lumpur, with more exotic courses situated off the mainland in Sabah and Sarawak.

Public golf courses
Kuala Lumpur’s public golf courses welcome all players who want to indulge themselves in a game on the greens. These public golf courses are well maintained and golfers can expect a good game every time.
Palm Garden Golf Club
Palm Garden Golf Club is an 18-hole course designed by Australian architect Ted Parslow, and is located at the fringes of Putrajaya, Malaysia’s administrative capital. A short 20-minute drive away from the Kuala Lumpur city centre, golfers at Palm Garden enjoy breathtaking views of nearby wetlands as they play their rounds.
Location: IOI Resort City, Putrajaya
Website: www.palmgarden.net.my

Glenmarie Golf and Country Club
Glenmarie Golf and Country Club has undergone a host of improvements and renovations that build on and extend the design of Max Wexler. Glenmarie’s 36 holes are divided into the Garden Course (resort course) and the Valley Course (championship course) to cater to different game modes. Glenmarie also offers swimming and tennis facilities, a gymnasium and other sports amenities, as well as the nearby Holiday Inn Glenmarie Hotel.
Location: Glenmarie at 3, Jalan Usahawan U1/8, Shah Alam
Website: www.glenmarie.com.my

Templer Park Country Club
The Templer Park Country Club’s 18-hole golf course was designed by Japanese professional golfer Jumbo Ozaki and renowned golf course architect Kentaro Sato. Located in the outer region of Kuala Lumpur, Templer Park sits in the foothills of the Bukit Takun limestone hill and the Templer Park Forest Reserve, making a convenient gateway for both golf and nature excursions.
Location: Kilometre 12, Jalan Rawang, Kuala Lumpur
Website: www.tpcc.com.my

“I play golf at Templer Park Country Club at least twice a week. It is very nice and relaxing to tee off in the morning due to Malaysia’s mild weather. Kuala Lumpur is truly a golf haven with many golf courses available in and around the city. Coupled with the cheaper prices and more challenging courses (compared to Japan), I really enjoy my golf sessions here.”

Koji Hiraoka (from Japan)
Director, Japanese Services Group
Deloitte Malaysia
Kelab Golf Sultan Abdul Aziz Shah (KGSAAS)
KGSAAS was designed by five-time British Open Champion Peter Thompson, who skillfully embedded the course within a natural terrain resplendent with ponds and lakes. The course is approved as of USGA championship standard, and is divided into three 9-hole feature courses. KGSAAS offers night-time golf sessions, excellent driving range facilities, and a seasoned team of knowledgeable caddies.

Location: Jalan Kelab Golf 13/6, Shah Alam
Website: www.kgsaas.com.my

Members’ golf courses
Kuala Lumpur is also home to many members’ golf clubs that are accessible to visitors who are guests of existing members, or who choose to purchase memberships at respective clubs. Some of Malaysia’s clubs are affiliated with overseas clubs and offer reciprocal rates and memberships. Please check with your local golf club for more information.

The Mines Resort and Golf Club
The Mines Resort and Golf Club is a par-71 golf course with 18 holes, and was the venue for the recent CIMB Classic 2012 tournament. The Mines Resort sits on transformed tin mining land and boasts a 150-acre lake on its tranquil setting. The Mines golf course was designed by world renowned architect David Klages in collaboration with Veritas Architects. Nearby lies the Mines Wellness City and Palace of the Golden Horses Hotel.

Location: Mines Resort City, Seri Kembangan
Website: www.minesgolfclub.com

The Royal Selangor Golf Club
With a history spanning over one hundred years, the Royal Selangor Golf Club remains Kuala Lumpur’s premier golfing facility and plays host to many international tournaments. It offers two 18-hole championship standard courses and a compact 9-hole course for golfers of all skill levels. The clubhouse also offers lifestyle amenities and dining options to suit every interest. The Royal Selangor Golf Club offers reciprocal memberships with two Japanese Golf Clubs - the Biwako Country Club and the Three Hundred Club - and is located in the heart of Kuala Lumpur.

Location: Off Jalan Tun Razak, Kuala Lumpur
Website: www.rsgc.com.my

Kuala Lumpur Golf and Country Club
The Kuala Lumpur Golf and Country Club is a luxury 36-hole course located just on the doorstep of Kuala Lumpur city. Its East and West courses recently underwent a complete redesign by international golf course architects.
E&G Parslow. These courses frequently host national and international golf tournaments.

**Location:** Jalan 1/70D, Bukit Kiara  
**Website:** www.klgcc.com

### Major golf events in 2013

- **June 25**  
  Mercedes Trophy Malaysian Final 2013  
  *Saujana Golf & Country Club, Selangor*

- **October 24 to 27**  
  CIMB Asia Pacific Classic 2013  
  *The Mines Resort and Golf Club*

### Golfing outside Kuala Lumpur

Beyond the golfing opportunities available in the capital city, many avid golfers travel elsewhere in the country to test themselves on other courses. Below are some particular favourite courses in Malaysia’s popular tourist destinations.

#### Perak

**Royal Perak Golf Course**

Royal Perak Golf Course offers an 18-hole championship golf course. Non-members are welcomed as walk-ins to enjoy a round at this stunning location.

**Location:** Ipoh, Perak  
**Website:** www.royalperak.com.my

#### Sabah

**Sutera Harbour Resort**

Sutera Harbour Resort is a favourite location for golfing holidays. Its 27 holes are divided into three courses, each with a distinct landscape and challenging features. The resort offers breathtaking views of the shores of the South China Sea and majestic Mount Kinabalu. Sutera Harbour also boasts a beautiful marina, exceptional recreational facilities and a five-star hotel.

**Location:** Kota Kinabalu, Sabah  
**Website:** www.suteraharbour.com

#### Langkawi

**The Golf Club, Datai Bay**

The Golf Club at the luxurious Datai Bay resort in Langkawi Island is set amid a tropical rainforest backdrop. The 18-hole, par-72 course is no mean feat to conquer! The Datai will soon unveil a new golf course designed by renowned golfer Ernie Els.

**Location:** Datai, Langkawi  
**Website:** www.dataigolf.com
Kuala Lumpur and its surroundings enjoy a wide diversity of natural attractions, a homage to Malaysia’s rich natural heritage.

Parks are located conveniently throughout the city for those who enjoy jogging or a leisurely stroll through the greenery. Right in the centre of Kuala Lumpur is the Lake Garden, an outdoor park popular with children and adults alike. Attractions around Lake Garden include the Kuala Lumpur Bird Park, the Hibiscus and Orchid Park and the National Planetarium. Putrajaya, Malaysia’s administrative capital, showcases the 400-hectare Putrajaya Lake and a wetland park.

Adjacent to the Kuala Lumpur City Centre (KLCC) Twin Towers is the Aquaria, a much-loved indoor underwater walkthrough park where visitors come up close to hundreds of different types of sea life, including sharks and giant stingrays. The national zoo, Zoo Negara, is an easy 15-minute drive from the city centre.
For those who like a challenge, an emerging favourite pastime amongst KL-ites is hiking. There are several popular hiking spots in Kuala Lumpur, such as Gasing Hill, the Klang Gates Dam trail and the Bukit Kiara trail. Further afield, Broga Hill beckons those who seek a greater challenge.

For a true blue nature experience, Janda Baik is a hidden gem where visitors can enjoy rainforests, waterfalls and quiet streams. Janda Baik is an hour's drive away from Kuala Lumpur, and offers many boutique and homestay accommodation options. Activities available include rainforest trekking, four-wheel drive tours, the orang asli museum, boutique resorts, an elephant conservation centre and Ulu Tampit waterfalls.

There are many waterfalls¹ near Kuala Lumpur. The Kanching falls near Rawang, the Gabai Falls in Hulu Langat, and Sungai Tua near Selayang are all ideal picnic locations and promise a fun day’s excursion for the family.

¹ http://waterfallsofmalaysia.com/state.php?state_id=12

"I enjoy the lifestyle here in Malaysia. It’s a beautiful country, with many things to do and interesting places to visit in close proximity to Kuala Lumpur. I recently took an impromptu trip to visit the fireflies at Kuala Selangor: it was a very pleasant way to spend the late afternoon and evening, and illustrates how much there is to see not far from the city centre. There are a lot of places I have yet to visit, but I intend to rectify this soon. I’m particularly looking forward to visiting Sarawak and the islands on the East Coast.”

David Lehmann (from Australia)
Director, Forensic
Deloitte Malaysia
Rich in heritage

Kuala Lumpur’s 150-year heritage lives on today in the various precincts that make up the city’s exciting cultural mosaic.

For a quick introduction to Kuala Lumpur’s history, take a walk to the Central Market for a sampling of Malaysia’s different cultures and local art. Tucked in and around Central Market, a treasure trove of temples and street markets lie waiting to be discovered. Down the road is the ever-bustling Petaling Street or Chinatown, a tourist magnet for shopping and street food.

At 10:30 am every morning, a Kuala Lumpur Heritage Walk departs from the Central Market. This walking tour takes visitors through old Malaysia, and through storytelling brings its historical buildings to life. You can find out how Kuala Lumpur evolved from a tin mining town to become a bustling international centre for trade.
Another showcase of Malaysia’s heritage is the Kuala Lumpur Craft Centre, found a stone’s throw from the base of the Twin Towers. The craft centre is housed in a traditional-style wooden house elevated on stilts. There, visitors can become acquainted with the musical instruments and traditional craft styles of Malaysian culture, with hands-on learning available.

Further out of the city find the Batu Caves, a Hindu Temple built 272 steps atop a limestone hill. Batu Caves offers a dark cave tour of the cave’s historic inner chambers - though be warned, this is not for the faint of heart!

“\nI took the cable car to Genting Highlands and that was an incredible experience. It felt like I was suspended in midair, surrounded by the lush greenery with crisp, fresh air. Another temperate place I love to visit is Fraser’s Hill. It feels as though one is enveloped in nature, peaceful and calm.”

Venkataraman Ganesan (from India)
Senior Manager, Tax
Deloitte Malaysia
Shopping

Kuala Lumpur was recently voted as the world’s fourth best shopping destination by CNN Travel.²

For regular visitors, this is no surprise: avid shoppers have long known that Kuala Lumpur’s shopping malls and markets cater to any and all tastes and ages.

For a dose of retail therapy and a mouth-watering culinary experience, head to:
• MidValley Megamall and Gardens
• Suria KLCC
• Pavilion
• One Utama

Visitors to these malls will find a vast selection of international and regional brands alongside department stores and restaurants.

Keep yourself abreast of the latest technology and IT gadgets at:
• Low Yat Plaza
• Digital Mall
• PIKOM ICT Mall CapSquare

These IT specialist malls offer the latest tech gadgets at competitive prices and even do repairs.

For the best in urban leisure wear and to keep up with the trendiest fashions, be sure to visit:
• Bangsar Shopping Centre
• Starhill
• Publika

At these markets situated in and around Kuala Lumpur shoppers will find a tasteful collection of independent retailers and luxury traders.

“I am an IT geek and I enjoy shopping for my IT gadgets in Low Yat Plaza (Bukit Bintang area). Besides Kuala Lumpur, Petaling Jaya and Damansara also offer a wide selection of IT gadgets and have now become my favourite hangout spots.”

Joseph Sosiawan (from Indonesia)
Information Technology
Deloitte Southeast Asia
Nightlife awakens

Kuala Lumpur comes alive after sunset with unique streets all over the city catering to good nights out with friends.

Changkat Bukit Bintang
Changkat Bukit Bintang, or Changkat as it is affectionately known, is a street just outside the city centre lined with Kuala Lumpur’s trendiest restaurants, bars and pubs. Favourite destinations in Changkat include Werner’s, El Cerdo, Daikanyama Japanese Restaurant, The Whiskey Bar, Twentyone Kitchen & Bar, Magnificent Fish and Chips and Frangipani.

Bangsar
On Friday nights the two ends of the Bangsar township spring into life with evening activity. At the one end, Bangsar Shopping Centre offers a range of drinking spots and fine dining restaurants. Popular joints include Busaba Thai, Kuriya Japanese Restaurant, Dancing Fish, Twentyone Tables+Terrace, W.I.P Café & Restaurant, La Bodega, Ming Room and The Press Room.
On the other side of Bangsar is Telawi Street, the heart of Bangsar’s nightlife. Telawi Street’s everchanging landscape draws crowds to it all through the week for a good meal and a few drinks. Here you will find bars, restaurants, coffee shops, local flavours and cafés. Enduring hotspots in the Telawi area include The Social, Devi’s Corner, Plan B, Alexis and Chawan.

“Generally, Malaysia is more organised when compared to my home country. Traffic congestion here is more tolerable, especially in the metropolis. The cost of living in Malaysia is cheaper than in the Philippines when it comes to the basic necessities (e.g. water, power/electricity, petrol). Property prices in both countries are almost the same but electronic gadgets here are cheaper. Some of my friends and family members have visited Kuala Lumpur and Selangor. They have enjoyed their stay here.”

Vanessa Cortez
(from the Philippines)
Senior Manager, Audit
Deloitte Malaysia

**Asian Heritage Row**
Located at a section of Jalan Doraisamy in a row of coverted colonial buildings. The Asian Heritage Row is home to some of Kuala Lumpur’s trendiest dining and entertainment hotspots. Some favourite night pubs and bars include The Loft, W Wine Room and Bar SaVanh, whilst popular dining options include CoChine Lounge & Restaurant, Mojo, Palacio and Senja Bistro.
Dine with a view

For an elevated dining experience, head to the top of Kuala Lumpur’s skyscrapers!

Here are the five hottest dining options for those who enjoy a cityscape with their meal.

Marini’s on 57
Petronas Tower 3
Fancy dining beside the Petronas Twin Towers? Head to Tower 3 where an express elevator will propel you up to Marini’s on 57 (located on the 57th floor) in 60 seconds. Here you will find the perfect spot for drinks as you watch the sunset, before turning to dinner and night views over the city.

Thirty8
Grand Hyatt Kuala Lumpur
For other dining options in the shadow of the Petronas Twin Towers, take the elevator up to Grand Hyatt’s 38th floor. Thirty8 offers stunning views of Kuala Lumpur and beyond. The restaurant offers a selection of east and west favourites, and dessert fans in particular will find their sweet tooth satisfied.
For the best of sky-high dining, The Troika’s 24th floor fine dining restaurant Canteloupe hits the spot. The Troika boasts unrivalled views of Kuala Lumpur’s skyscrapers. Plans are underway to also unveil an Italian and Argentinian restaurant at The Troika.

Luna Bar
Menara PanGlobal
Luna Bar is one of Kuala Lumpur’s first rooftop establishments but it is still wildly popular with those wanting to unwind from the city’s hustle and bustle. A large swimming pool sits right in the middle of the bar, with box seats and other tables spread all around. Did we mention its breezy open air venue?

Skybar
Traders Hotel
Modelled after Luna Bar, Skybar at Traders Hotel takes the pool-bar-rooftop concept and refines it. Cocktails and cigars are the speciality here. Just try not to fall into the pool.

“When it comes to food, I am quite adventurous and love to try anything. So far, your famous Nasi Lemak is one of my favourites. One thing I learned in Malaysia is that everything here revolves around food.”

Henry Sardo (from Venezuela)
Audit Principal
Deloitte Malaysia
Mont Kiara & Sri Hartamas
Previously Mont Kiara was the site of rubber plantations; today this area is a premium residential township. Indeed, with so many convenient amenities it is one of the most coveted addresses in Kuala Lumpur.

Four interlinked highways—the North Klang Valley Expressway (NKVE), the Penchala Link, Sprint Highway and the Duta-Ulu Kelang Expressway (DUKE)—connect Mont Kiara to the city centre and other parts of the country. There are three international schools — the Mont Kiara International School, the Garden International School and the French International School—and a number of government schools in the vicinity. Shops, cafés and restaurants are just a few minutes from home, as are Mont Kiara’s two golf courses, an equestrian and recreation club, The National Science Centre, and a garden reserve.

Sri Hartamas is located between Mont Kiara and Damansara Heights. Apart from being a preferred residential area among the upper middle class and expatriate communities in Kuala Lumpur, it is also a popular commercial and entertainment hub.
Damansara Heights
Another sought-after address in the Klang Valley, Damansara Heights is situated five kilometers from the city centre on the hills in a quiet and peaceful surrounding. This exclusive neighbourhood is also conveniently accessible from Petaling Jaya and Bandar Utama, and boasts first-class facilities, excellent restaurants serving international cuisine and popular nightlife hotspots.

Ampang
Ampang is considered an upmarket area populated by affluent locals and expatriates. Many embassies and high commissions are situated along Jalan Ampang, making it a preferred location for many diplomats and their families.

Bangsar
Bangsar is arguably one of the most desired residential areas in Kuala Lumpur. Famous for its bustling nightlife, the Telawi area in Bangsar is home to some of the city’s trendiest clubs, bars and restaurants. Located a mere 10 minutes from the city centre, it is an easily accessible and convenient location.
International schools

Japanese curriculum:

The Japanese School of Kuala Lumpur
The Japanese School of Kuala Lumpur (JSKL) is the fifth oldest Japanese school outside of Japan. It has been operating in Malaysia for 46 years. The school offers complete education from kindergarten through secondary school. In addition to the Japanese syllabus, JSKL emphasises sport and English language education.

Location: Saujana Resort, Kelana Jaya
Website: www.jskl.edu.my

British curriculum:

Sri Garden International School
Sri Garden is part of the Taylors Education Group. This international school offers a British curriculum with preparation for the IGCSE examinations.

Location: Taman Maluri, Kuala Lumpur
Website: www.srigarden.edu.my
The British International School Kuala Lumpur
The British International School Kuala Lumpur follows the British government’s standardised curriculum, and thus ensures continuity in education for children wherever they may study in the world. The school offers pre-nursery through to secondary level education.
Location: Bandar Utama, Petaling Jaya
Website: www.bskl.org.my

American curriculum:

Mont Kiara International School
Mont Kiara International School is based on the American curriculum for children from pre-kindergarten through Year 12. True to the American education system, the school emphasises a well-rounded education that includes art, sport, music, theatre and science.
Location: Mont Kiara, Desa Sri Hartamas
Website: www.mkis.edu.my

French curriculum:

French School of Kuala Lumpur (LFKL)
The French School of Kuala Lumpur (LFKL) was established in 1962. The school offers a French-based education system and the teachers are certified by the French National Educational System. LFKL programme covers primary (pre-school through Year 5) and secondary (Year 6 through Year 12).
Location: Segambut (close to Mont Kiara and Sri Hartamas)
Website: www.lfkl.edu.my
Health and wellness

**Prince Court Medical Centre**
Located in the heart of Kuala Lumpur, Prince Court Medical Centre is a premium healthcare centre that offers comprehensive medical care to the highest international standards through world-class facilities, innovative technology and excellent customer service. Prince Court is set apart from other hospitals by combining expert medical care and treatment with touches of luxury to deliver the best in patient healing.

**Location:** Kuala Lumpur  
**Website:** www.princecourt.com

**Golden Horses Health Sanctuary**
Golden Horses Health Sanctuary is a medical centre approved by the Ministry of Health, Malaysia. The centre is equipped with state-of-the-art technology and equipment and concentrates on practising preventive health. It thus provides patients with a holistic approach that combines both modern and traditional medicine.

**Location:** Mines Resort City, Seri Kembangan  
**Website:** www.ghhs.com.my
**Livingwell**  
Livingwell is a premium medical spa specialising in high-end general dentistry, cosmetic dentistry and chiropractic care. Through innovative and reliable treatments, Livingwell provides patients with the latest advances in medical care to help them look and feel their best.  
**Location:** Petaling Jaya & Kuala Lumpur  
**Website:** [www.livingwell.com.my](http://www.livingwell.com.my)

**Beverly Wilshire Medical Centre**  
Beverly Wilshire Medical Centre is an integrated beauty and medical centre that provides cosmetic surgery, aesthetic medicine (non-surgical and laser treatments) and healthy aging treatments to patients in the region. The centre is licensed by the Ministry of Health, Malaysia, and offers an extensive range of cosmetic procedures, aesthetic treatments and health services.  
**Location:** Kuala Lumpur  
**Website:** [www.beverlywilshiremedical.com](http://www.beverlywilshiremedical.com)
Outside Greater Kuala Lumpur

Cameron Highlands nature
The Cameron Highlands is Malaysia’s most extensive hill station and is situated approximately 200 kilometres north of Kuala Lumpur. This popular destination is an invigorating escape for tourists seeking to unwind in the cool air amidst lush greenery. Visitors can also explore the region’s magnificent mountains, jungle trails and waterfalls, and discover its many rose gardens, strawberry and vegetable farms and tea plantations.

Malacca heritage
Malacca, dubbed “The Historic State,” is situated along the west coast of peninsular Malaysia, about 148 kilometres southeast of Kuala Lumpur. The region’s history dates back over 600 years to when it was discovered in the 1400s by Parameswara, a Sumatran prince. The Sultanate of Malacca lasted for less than a century before its first foreign invasion by the Portuguese. Popular historical attractions in Malacca include Fort A Famosa, constructed by the Portuguese in 1511, and The Stadthuys, built in 1650 to serve as the residence of the Dutch Governor and his deputy, and now housing the Museum of History and Ethnography. This historical city was designated a UNESCO world heritage site in 2008.
Penang food trail
Penang has been said to have the best street food in Asia, an accolade difficult to refute considering the array of good food available on the island. Penangites are notably particular about their food, and so you can be sure to be satisfied at any hawker or mamak stall you visit, though there are some spots particularly popular with locals and tourists alike. One excellent choice with reasonable prices is the famous Gurney Drive hawker centre. Some must-try items include Char Kway Teow, Assam Laksa, Nasi Kandar and Nasi Briyani.

Langkawi relaxation
Known as the ‘Jewel of Kedah’, Langkawi is an archipelago situated on the west coast of Malaysia, comprising 99 islands surrounded by the Andaman Sea. Besides being famous for its folklore and fascinating legends, it is also a paradise for nature lovers. With white sandy beaches lined with coconut trees and picturesque paddy fields, Langkawi offers a wonderful and relaxing experience. Divers will enjoy diving at the Pulau Payar Marine Park, a conservation area rich with marine life. The Langkawi Cable Car is also a popular tourist attraction, taking visitors up to the top of Gunung Mat Chinchang for breathtaking views.

Sarawak eco tours
National parks in Sarawak constitute two thirds of the land in the state, and are home to many natural wonders as the Niah Caves, the Sarawak Chamber of the Clearwater Cave System (the world’s biggest cave chamber), and Loagan Bunut (the largest natural lake in the area). The rainforests in Sarawak offer a delightful experience of tropical flora and fauna, with highlights including the famous orang utan, the red banded langur, as well as the Rafflesia, the world’s largest flower.
### 12-month calendar of events for Malaysia in 2013/2014

<table>
<thead>
<tr>
<th>Month</th>
<th>Event</th>
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<tbody>
<tr>
<td>May 25</td>
<td>Colours of 1Malaysia Festival</td>
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<tr>
<td>June 22-30</td>
<td>Putrajaya Floria Parks and Gardens Festival</td>
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<tr>
<td>June 28-30</td>
<td>Rainforest World Music Festival, Sarawak</td>
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<tr>
<td>July 7</td>
<td>UNESCO World Heritage City Celebration in Penang and Malacca</td>
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<tr>
<td>July 19-21</td>
<td>Port Dickson International Triathlon</td>
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<td>Aug 8-9</td>
<td>Hari Raya Aidilfitri</td>
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<td>Sept 19</td>
<td>Lantern Festival</td>
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<td>Oct 1-31</td>
<td>Malaysia International Gourmet Festival</td>
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<td>Oct 19-20</td>
<td>Mount Kinabalu International Climbathon, Sabah</td>
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<td>Nov 2</td>
<td>Deepavali Festival of Lights</td>
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<td>Nov 16 - Jan 5</td>
<td>Malaysia Year End Sale</td>
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<td>Jan 16</td>
<td>Thaipusam</td>
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<td>Jan 18-20</td>
<td>Visit Malaysia Year 2014 Tourism Carnival</td>
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<tr>
<td>Jan 31 - Feb 1</td>
<td>Chinese New Year</td>
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<tr>
<td>March 21-23</td>
<td>Formula 1 Petronas Malaysia Grand Prix, Sepang</td>
</tr>
</tbody>
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*The grand prix date was retrieved from [http://www.malaysia-grand-prix.com/2387-malaysia/](http://www.malaysia-grand-prix.com/2387-malaysia/)*
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